



Second Session, 39th Parliament

OFFICIAL REPORT OF
**DEBATES OF THE
LEGISLATIVE ASSEMBLY**
(HANSARD)

Tuesday, May 25, 2010

Morning Sitting

Volume 18, Number 6

THE HONOURABLE BILL BARISOFF, SPEAKER

ISSN 0709-1281

PROVINCE OF BRITISH COLUMBIA
(Entered Confederation July 20, 1871)

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

SECOND SESSION, 39TH PARLIAMENT

SPEAKER OF THE LEGISLATIVE ASSEMBLY
Honourable Bill Barisoff

EXECUTIVE COUNCIL

Premier and President of the Executive Council	Hon. Gordon Campbell
Minister of State for Intergovernmental Relations.....	Hon. Naomi Yamamoto
Deputy Premier and Minister of Finance.....	Hon. Colin Hansen
Minister of State for the Olympics and ActNow B.C.....	Hon. Mary McNeil
Minister of Aboriginal Relations and Reconciliation	Hon. George Abbott
Minister of Advanced Education and Labour Market Development	Hon. Moira Stilwell
Minister of Agriculture and Lands.....	Hon. Steve Thomson
Attorney General and Minister of Public Safety and Solicitor General.....	Hon. Michael de Jong, QC
Minister of Children and Family Development and Minister Responsible for Child Care	Hon. Mary Polak
Minister of Citizens' Services and Minister Responsible for Multiculturalism and the Public Affairs Bureau	Hon. Ben Stewart
Minister of Community and Rural Development.....	Hon. Bill Bennett
Minister of Education and Minister Responsible for Early Learning and Literacy.....	Hon. Margaret MacDiarmid
Minister of Energy, Mines and Petroleum Resources.....	Hon. Blair Lekstrom
Minister of State for Mining	Hon. Randy Hawes
Minister of Environment.....	Hon. Barry Penner
Minister of State for Climate Action.....	Hon. John Yap
Minister of Forests and Range and Minister Responsible for the Integrated Land Management Bureau.....	Hon. Pat Bell
Minister of Health Services.....	Hon. Kevin Falcon
Minister of Healthy Living and Sport	Hon. Ida Chong
Minister of Housing and Social Development	Hon. Rich Coleman
Minister of Labour	Hon. Murray Coell
Minister of Public Safety and Solicitor General	Hon. Michael de Jong, QC
Minister of Small Business, Technology and Economic Development.....	Hon. Iain Black
Minister of Tourism, Culture and the Arts	Hon. Kevin Krueger
Minister of Transportation and Infrastructure.....	Hon. Shirley Bond

LEGISLATIVE ASSEMBLY

Leader of the Official Opposition.....	Carole James
Deputy Speaker.....	Linda Reid
Assistant Deputy Speaker	Claire Trevena
Deputy Chair, Committee of the Whole	Harry Bloy
Clerk of the Legislative Assembly.....	E. George MacMinn, OBC, QC
Clerk Assistant.....	Robert Vaive
Clerk Assistant and Law Clerk.....	Ian D. Izard, QC
Clerk Assistant and Clerk of Committees.....	Craig H. James
Clerk Assistant and Committee Clerk.....	Kate Ryan-Lloyd
Sergeant-at-Arms	Gary Lenz
Director, Hansard Services.....	Jo-Anne Kern
Acting Legislative Librarian	Peter Gourlay
Legislative Comptroller	Dan Arbic

ALPHABETICAL LIST OF MEMBERS

Abbott, Hon. George (L)..... Shuswap
Austin, Robin (NDP)..... Skeena
Bains, Harry (NDP)..... Surrey-Newton
Barisoff, Hon. Bill (L)..... Penticton
Barnett, Donna (L)..... Cariboo-Chilcotin
Bell, Hon. Pat (L)..... Prince George-Mackenzie
Bennett, Hon. Bill (L)..... Kootenay East
Black, Dawn (NDP)..... New Westminster
Black, Hon. Iain (L)..... Port Moody-Coquitlam
Bloy, Harry (L)..... Burnaby-Lougheed
Bond, Hon. Shirley (L)..... Prince George-Valemount
Brar, Jagrup (NDP)..... Surrey-Fleetwood
Cadieux, Stephanie (L)..... Surrey-Panorama
Campbell, Hon. Gordon (L)..... Vancouver-Point Grey
Cantelon, Ron (L)..... Parksville-Qualicum
Chandra Herbert, Spencer (NDP)..... Vancouver-West End
Chong, Hon. Ida (L)..... Oak Bay-Gordon Head
Chouhan, Raj (NDP)..... Burnaby-Edmonds
Coell, Hon. Murray (L)..... Saanich North and the Islands
Coleman, Hon. Rich (L)..... Fort Langley-Aldergrove
Conroy, Katrine (NDP)..... Kootenay West
Coons, Gary (NDP)..... North Coast
Corrigan, Kathy (NDP)..... Burnaby-Deer Lake
Dalton, Marc (L)..... Maple Ridge-Mission
de Jong, Hon. Michael, QC (L)..... Abbotsford West
Dix, Adrian (NDP)..... Vancouver-Kingsway
Donaldson, Doug (NDP)..... Stikine
Elmore, Mable (NDP)..... Vancouver-Kensington
Falcon, Hon. Kevin (L)..... Surrey-Cloverdale
Farnworth, Mike (NDP)..... Port Coquitlam
Fleming, Rob (NDP)..... Victoria-Swan Lake
Foster, Eric (L)..... Vernon-Monashee
Fraser, Scott (NDP)..... Alberni-Pacific Rim
Gentner, Guy (NDP)..... Delta North
Hammell, Sue (NDP)..... Surrey-Green Timbers
Hansen, Hon. Colin (L)..... Vancouver-Quilchena
Hawes, Hon. Randy (L)..... Abbotsford-Mission
Hayer, Dave S. (L)..... Surrey-Tynehead
Heed, Kash (L)..... Vancouver-Fraserview
Hogg, Gordon (L)..... Surrey-White Rock
Horgan, John (NDP)..... Juan de Fuca
Horne, Douglas (L)..... Coquitlam-Burke Mountain
Howard, Rob (L)..... Richmond Centre
Huntington, Vicki (Ind.)..... Delta South
James, Carole (NDP)..... Victoria-Beacon Hill
Karagianis, Maurine (NDP)..... Esquimalt-Royal Roads
Krog, Leonard (NDP)..... Nanaimo
Krueger, Hon. Kevin (L)..... Kamloops-South Thompson
Kwan, Jenny Wai Ching (NDP)..... Vancouver-Mount Pleasant
Lake, Terry (L)..... Kamloops-North Thompson
Lali, Harry (NDP)..... Fraser-Nicola
Lee, Richard T. (L)..... Burnaby North
Lekstrom, Hon. Blair (L)..... Peace River South
Les, John (L)..... Chilliwack
Letnick, Norm (L)..... Kelowna-Lake Country
MacDiarmid, Hon. Margaret (L)..... Vancouver-Fairview
Macdonald, Norm (NDP)..... Columbia River-Revelstoke
McIntyre, Joan (L)..... West Vancouver-Sea to Sky
McNeil, Hon. Mary (L)..... Vancouver-False Creek
McRae, Don (L)..... Comox Valley
Mungall, Michelle (NDP)..... Nelson-Creston
Penner, Hon. Barry (L)..... Chilliwack-Hope
Pimm, Pat (L)..... Peace River North
Polak, Hon. Mary (L)..... Langley
Popham, Lana (NDP)..... Saanich South
Ralston, Bruce (NDP)..... Surrey-Whalley
Reid, Linda (L)..... Richmond East
Routley, Bill (NDP)..... Cowichan Valley
Routley, Doug (NDP)..... Nanaimo-North Cowichan
Rustad, John (L)..... Nechako Lakes
Sather, Michael (NDP)..... Maple Ridge-Pitt Meadows
Simons, Nicholas (NDP)..... Powell River-Sunshine Coast
Simpson, Bob (NDP)..... Cariboo North
Simpson, Shane (NDP)..... Vancouver-Hastings
Slater, John (L)..... Boundary-Similkameen
Stewart, Hon. Ben (L)..... Westside-Kelowna
Stilwell, Hon. Moira (L)..... Vancouver-Langara
Sultan, Ralph (L)..... West Vancouver-Capilano
Thomson, Hon. Steve (L)..... Kelowna-Mission
Thorne, Diane (NDP)..... Coquitlam-Maillardville
Thorntwaite, Jane (L)..... North Vancouver-Seymour
Trevena, Claire (NDP)..... North Island
van Dongen, John (L)..... Abbotsford South
Yamamoto, Hon. Naomi (L)..... North Vancouver-Lonsdale
Yap, Hon. John (L)..... Richmond-Steveston

LIST OF MEMBERS BY RIDING

Abbotsford-Mission Hon. Randy Hawes
Abbotsford South..... John van Dongen
Abbotsford West Hon. Michael de Jong, QC
Alberni-Pacific Rim..... Scott Fraser
Boundary-Similkameen..... John Slater
Burnaby-Deer Lake..... Kathy Corrigan
Burnaby-Edmonds..... Raj Chouhan
Burnaby-Lougheed..... Harry Bloy
Burnaby North..... Richard T. Lee
Cariboo-Chilcotin..... Donna Barnett
Cariboo North..... Bob Simpson
Chilliwack..... John Les
Chilliwack-Hope..... Hon. Barry Penner
Columbia River-Revelstoke..... Norm Macdonald
Comox Valley..... Don McRae
Coquitlam-Burke Mountain..... Douglas Horne
Coquitlam-Maillardville..... Diane Thorne
Cowichan Valley..... Bill Routley
Delta North..... Guy Gentner
Delta South..... Vicki Huntington
Esquimalt-Royal Roads..... Maurine Karagianis
Fort Langley-Aldergrove..... Hon. Rich Coleman
Fraser-Nicola..... Harry Lali
Juan de Fuca..... John Horgan
Kamloops-North Thompson..... Terry Lake
Kamloops-South Thompson..... Hon. Kevin Krueger
Kelowna-Lake Country..... Norm Letnick
Kelowna-Mission..... Hon. Steve Thomson
Kootenay East..... Hon. Bill Bennett
Kootenay West..... Katrine Conroy
Langley..... Hon. Mary Polak
Maple Ridge-Mission..... Marc Dalton
Maple Ridge-Pitt Meadows..... Michael Sather
Nanaimo..... Leonard Krog
Nanaimo-North Cowichan..... Doug Routley
Nechako Lakes..... John Rustad
Nelson-Creston..... Michelle Mungall
New Westminster..... Dawn Black
North Coast..... Gary Coons
North Island..... Claire Trevena
North Vancouver-Lonsdale..... Hon. Naomi Yamamoto
North Vancouver-Seymour..... Jane Thorntwaite
Oak Bay-Gordon Head..... Hon. Ida Chong
Parksville-Qualicum..... Ron Cantelon
Peace River North..... Pat Pimm
Peace River South..... Hon. Blair Lekstrom
Penticton..... Hon. Bill Barisoff
Port Coquitlam..... Mike Farnworth
Port Moody-Coquitlam..... Hon. Iain Black
Powell River-Sunshine Coast..... Nicholas Simons
Prince George-Mackenzie..... Hon. Pat Bell
Prince George-Valemount..... Hon. Shirley Bond
Richmond Centre..... Rob Howard
Richmond East..... Linda Reid
Richmond-Steveston..... Hon. John Yap
Saanich North and the Islands..... Hon. Murray Coell
Saanich South..... Lana Popham
Shuswap..... Hon. George Abbott
Skeena..... Robin Austin
Stikine..... Doug Donaldson
Surrey-Cloverdale..... Hon. Kevin Krueger
Surrey-Fleetwood..... Jagrup Brar
Surrey-Green Timbers..... Sue Hammell
Surrey-Newton..... Harry Bains
Surrey-Panorama..... Stephanie Cadieux
Surrey-Tynehead..... Dave S. Hayer
Surrey-Whalley..... Bruce Ralston
Surrey-White Rock..... Gordon Hogg
Vancouver-Fairview..... Hon. Margaret MacDiarmid
Vancouver-False Creek..... Hon. Mary McNeil
Vancouver-Fraserview..... Kash Heed
Vancouver-Hastings..... Shane Simpson
Vancouver-Kensington..... Mable Elmore
Vancouver-Kingsway..... Adrian Dix
Vancouver-Langara..... Hon. Moira Stilwell
Vancouver-Mount Pleasant..... Jenny Wai Ching Kwan
Vancouver-Point Grey..... Hon. Gordon Campbell
Vancouver-Quilchena..... Hon. Colin Hansen
Vancouver-West End..... Spencer Chandra Herbert
Vernon-Monashee..... Eric Foster
Victoria-Beacon Hill..... Carole James
Victoria-Swan Lake..... Rob Fleming
West Vancouver-Capilano..... Ralph Sultan
West Vancouver-Sea to Sky..... Joan McIntyre
Westside-Kelowna..... Hon. Ben Stewart

CONTENTS

Tuesday, May 25, 2010
Morning Sitting

	Page
Introductions by Members.....	5677

Orders of the Day

Committee of the Whole House.....	5677
Bill 21 — Forestry Service Providers Protection Act	
N. Macdonald	
B. Routley	
Hon. P. Bell	

Proceedings in the Douglas Fir Room

Committee of Supply	5691
Estimates: Ministry of Health Services	
Hon. K. Falcon	
A. Dix	

TUESDAY, MAY 25, 2010

The House met at 10:03 a.m.

[Mr. Speaker in the chair.]

Prayers.

Introductions by Members

Hon. M. Stilwell: I rise today to introduce a group of young students who are in the precinct today from the riding of Vancouver-Langara. There are 48 grade 3 students and 12 adults from the J.W. Sexsmith Community Elementary here today to see how the Legislature functions, and I ask the House to please make them welcome.

Orders of the Day

Hon. P. Bell: In this House I call committee stage, Bill 21. In Committee A, I call estimates for the Ministry of Health.

[1005]

Committee of the Whole House

BILL 21 — FORESTRY SERVICE PROVIDERS PROTECTION ACT

The House in Committee of the Whole (Section B) on Bill 21; C. Trevena in the chair.

The committee met at 10:07 a.m.

On section 1.

N. Macdonald: With section 1, just to give the minister and staff... It's good to see staff again. I certainly appreciate the work that they do. Just to give a sense of where we'll go, my co-critic the member for Cowichan Valley and I are just going to go back and forth on this.

The bill that's before us replaces the existing Woodworker Lien Act, which the minister will be familiar with. It specifically protected workers. Now, the minister has talked about the bill as being archaic. It certainly is a longstanding bill that goes back to a time when some of the terminology would be deemed archaic. Nevertheless, there was a focus in the Woodworker Lien Act to protect workers.

So one of the angles that we'll be going on as we look at the act that will replace it is trying to find within the various sections any sign that woodworkers are going to be protected. Is this going to protect workers in any way?

The woodworkers were specifically protected in the past. It was an act that, despite being defined as archaic

in places, served a purpose in very practical ways in terms of protecting workers' interests. That is something that is not easy to find in this legislation — where that same protection actually is. So we'll be looking for that. If it's not there, it's clearly a weakness in the act that the minister has put in front of the House. So we'll have a look at that.

[1010]

The other things that we are hearing in terms of consulting with groups is that the lien protections talked about in this act do not actually help contractors the way the minister has described the act as supposedly being able to do. So that's another area that we're going to be looking at: do the lien provisions in this act actually do what the minister and the Premier had promised to do in terms of protecting contractors?

The third piece that we'll be looking at, in terms of section 1 but really throughout the early parts of the bill, is how silviculture contractors and groups that may not completely fit the narrow description of contractors are actually looked after with this bill.

As I say, the overall criticisms that we have heard and that we will be looking for the minister to assure us are not valid criticisms are that workers' rights are being infringed or taken away with this act, the concern that contractors are not actually helped with the lien provisions and will only be helped once it becomes clear what the fund looks like, and that that fund is not properly described in this legislation.

As well, the concern that silviculture workers and silviculture contractors, who do important work with nurseries, with doing the work in the woods to get greater productivity out of the forest, who do the re-planting — that their issues are not properly addressed with this bill.

Given that context, that hopefully will help the minister in framing his answers so that he can give assurance to the House that those things have been thought through and that they are properly addressed with this legislation. Otherwise, it really is not a piece of legislation that one can support.

Now, I understand that the minister has a series of amendments that they're going to be putting forward. My colleague will be putting forward an amendment to deal with some of the issues that we think are not addressed.

With that, I'm just going to turn over to my colleague to do some of the early part of section 1, and then I will come back after he's completed that.

B. Routley: Thank you to the minister and his staff for the opportunity to review these proposed changes. I do have a number of concerns. Certainly, I understand why it was necessary to deal with situations like the Pope and Talbot situation, where the primary owner or the main company goes bankrupt and leaves the contractors or

subcontractors, in some cases, holding the bag for large amounts of money. Essentially, they were providing services and work.

The act in the past was established back in the 1800s. In fact, 1888 was the start of the Protection of Workmen's Wages Act. Seven years later the Woodmen's Lien for Wages Act in 1895 created a lien over logs and timber.

Now, that was unique and special in its nature in that it allowed individual workers their rights to put a lien to protect their interest in the case of the faller, for example. Clearly, if they have fallen a bunch of timber — or, in the case of yarding and loading crews that had yarded and loaded some wood and may have even just made it to the side of the road and it hadn't been hauled out yet — there was an opportunity to put a woodsman's lien, as it was often referred to, against that timber in order to get paid.

I know there was a study done, because over the history of this act there were a number of situations where it was actually the contractor or subcontractor who was trying to put a lien. Now, I know that subcontractors were more likely to get paid, because the act, as it previously applied, was in favour of persons who actually had performed labour or services.

[1015]

The difficulty, of course, with a contractor is that they may have not actually done any of the work themselves. While they contracted to do, for example, stump-to-dump, essentially from the falling phase through yarding and loading all the way to a dry-land sort or a sort of some kind, that kind of work would be.... The owner of that stump-to-dump firm wouldn't qualify under the Woodworker Lien Act.

Unfortunately, what I see is that this fix is trying to get at a problem — the one that I talked about, the Pope and Talbot situation, which was very unfortunate. I understand why the contractors and some contractors involved would want some changes and were lobbying hard for those changes.

My concern is that I understand there were meetings with the minister and his staff, with contractors and subcontractors. I guess that's a good place for me to start, just to confirm: were there meetings with the Minister of Forests and his staff with the forest industry and stakeholders like contractors and subcontractors?

And what other groups would have been involved in those meetings in terms of setting the stage for this amendment or this change to the bill and essentially ripping up the old Woodworker Lien Act and putting in place this new bill?

Hon. P. Bell: There are kind of two elements to the answer to this question. The first is that there have been ongoing meetings, certainly since I've stepped into the role as Minister of Forests and Range not quite two years ago, over this particular issue. I know there were discus-

sions with previous ministers on this issue, as well, going back quite some time. So there have been many different discussions with many different groups.

I think the real theme to the answer that the member opposite is interested in is that we did establish in the late fall a committee of a combination of two groups. One represented the licensees, and there were people appointed to that committee from both the Council of Forest Industries and the Coast Forest Products Association and the Interior Lumber Manufacturers Association. Those three groups appointed a total of.... There were really four individuals at the table from their perspective.

Then the Central Interior Logging Association, the Truck Loggers Association, the North West Loggers Association and the Interior Logging Association — those four groups appointed three individuals who sat at the table on their behalf.

Although I have had many discussions and many meetings over the past two years with groups — such as the Western Silvicultural Contractors Association and other interested groups, consultants, woodlot associations and community forest associations — the primary group that developed this particular piece of legislation was a combination of representatives from the four logging associations and the three major licensee associations.

B. Routley: So were the Steelworkers or the CEP or the PPWC or any of the people who represent forest workers — other than the groups you've mentioned — consulted, or were there any meetings with those groups to talk about these changes?

Hon. P. Bell: While I've met with them many times, they were not part of the group that developed this particular legislation. As I said, it represented two bodies, the major licensee group that I spoke of: the three primary licensee associations — COFI, the Coast Forest Products Association, the Interior Lumber Manufacturers Association — and the four industry logging associations, the TLA, CILA, the North West Loggers Association and the Interior Logging Association.

B. Routley: If I could ask: why, if we were taking away rights from individual workers, would we not talk to individual workers? Is there some rationale behind that?

[1020]

Hon. P. Bell: I know through some off-line discussions I've had with the member opposite that he is of the view that individual workers' rights are being impacted by this particular piece of legislation. I might suggest that the section that probably deals with that is section 36, which is the repeal of the previous Woodworker Lien

Act. I would be happy to discuss this issue and canvass this issue when we reach that particular section of the bill, but I thought that might be the section where it makes the most sense to have this discussion.

B. Routley: Well, obviously, all of these sections, including the sections that lay out definitions, we have some concerns and issues with, because this is a dramatic change from history, if you like.

Back in the 1990s there was a report done on the Woodworker Lien Act for the province of British Columbia by the Law Reform Commission of British Columbia, and they went through in detail some of the issues. Certainly, one of the primary concerns was the fact that in the act you had to be a wage earner. Of course, if you're a contractor.... A subcontractor could claim that he was a wage earner of sorts, but a contractor might have difficulty asserting their rights. Certainly, a corporation would not be a claimant. That a claimant would have to provide labour services personally was certainly one of the issues.

The original act included millworkers. While it was primarily used by loggers and other forest workers and individuals, the liens put a first lien.... I want to camp there for a minute. A first lien was critical because you were putting your rights.... By putting a lien against the timber, you were essentially claiming that you had to be paid for those wages and services. It was very clearly laid out that the worker was going to have first right, if you like, to payment for the labour that he'd done on those services. So there's, as I said, a long history of this act being in place.

When this study was being done, they of course went back over the previous number of years. They looked at 1989, '90, '91. It's interesting. In 1990 there was over a million dollars paid out in this survey under the old Woodworker Lien Act. Under the Woodworker Lien Act there were provisions that.... By nature of what you're wanting to do here in introducing this Forestry Service Providers Protection Act, essentially you're wiping out the old Woodworker Lien Act, as I understand it.

Now, if I have that wrong, that would be news indeed. But pretty clearly, from all of the material that I've read, including the changes that you just talked about, the proposal is to rip up the old Woodworker Lien Act, and there will be a total change in the context of the act and what it does for people.

[1025]

The context is changing from one where it asserts rights for individual workers to lay a claim against timber, logs or even lumber and to have a proprietary interest or a first interest in that wood in order to be paid your wages or for your services in lieu of changing the context to provide rights for contractors who have, in many cases, employees and woodworkers themselves.

Just so we understand where I'm coming from, I actually was president of Local 1-80 at the time when we were dealing with the bankruptcies of Munns and LeRoy. We had the situation where the contractor, as opposed to the primary company, was going bankrupt, and it was the employees of the contractor who were able to assert rights under the Woodworker Lien Act for the services that they had provided.

The other side likes to talk about the trickle-down theory — that eventually something is going to get to the folks at the bottom of the scale, whether it's consumers or, in this case, workers. I'm certain that if contractors or subcontractors are getting paid, there will then be the issue of: do the workers themselves have rights? But this act rips up those rights. At the end of the day, that's what happens here as a result of these changes, and that's very alarming indeed.

When you look at the extraordinary remedy that was once there in favour of wage earners and the right to put a lien against logs.... It's noted here that the heaviest consistent volume of usage seems to be those who are registering in Prince George, which I'm sure the minister would be very interested in.

There were a large number of individual workers asserting rights for their wages and, obviously, benefits in areas like Prince George. They lay out \$439,783 in '89, \$1,102,537 in 1990. Obviously, we don't have the benefit of time to review all of the years. I don't know whether the minister looked at that, but there's a certain group that are going to be excluded from these provisions. Notionally, that's a bad idea.

Originally, we heard at the TLA.... We had the Premier of the province talking about amending this act to add to or make amendments to improve it. The words were "improve the act." Unfortunately, it's not an improvement to the act to tear up the old Woodworker Lien Act and essentially dissolve or eliminate the rights of individual workers, particularly the ones who work for the very people that the minister was meeting with. You've got the industry, the contractors and subcontractors that need to be addressed.

In conclusion, my question is.... What about the silviculture contractors, for example? I notice that they're in another group. We didn't talk to the workers; that's clear. There was no discussion with the people that actually get their hands dirty. If you're a faller.... Nobody consulted with the fallers. If you're a yarding and loading crew or if you're running a feller-buncher or a loader or a truck or any of that kind of equipment, you wouldn't have been consulted in this thing.

There was this high-level meeting with a certain group of people, but it didn't include the folks that get their hands dirty every day and know what it's like to get rain in their lunchbucket, so to speak. They weren't consulted at all. So I would like an explanation as to why this context has changed so dramatically. Why are we ripping up

the old act? Why do we have all these new definitions that clearly...? None of these definitions have anything to do with workers.

Hon. P. Bell: I think the member had three separate questions through that discussion, and I'll try and respond to them individually.

[1030]

These are not necessarily in any particular order, but the first one was with regards to workers' rights. I assumed that the member, in his discussion of workers' rights, is likely referring to individualized, unionized workers as opposed to subcontractors.

In that situation, as I've mentioned already, section 36 of the bill is the section that repeals the previous Woodworker Lien Act, which I think is largely responsible for the member's thoughts in this area. It is the section that would remove some of those rights, if that is what the member's pointing to. I think that discussion would best be had at section 36 of the bill, and I'd be happy and prepared to have that discussion at that point.

The second point, though, and one that I think the member may miss, is that subcontractors are also members of the industry association. The four logging associations that I referred to — the Central Interior Logging Association, the Truck Loggers Association, the North West Loggers Association and the Interior Logging Association — all have contractors who are individual owner-operators as members, who own a single truck and operate their truck or who are contract fallers and do that for a living.

All of those individuals were represented at the table in the formulation of this bill through the industry associations that were represented there, and that's clearly articulated under the definitions in the act — that this applies both to contractors and subcontractors.

Just again moving back to the original element, I think that the group the member may be pointing to would be the unionized workers in the mills in this. I said I'm happy to talk about that at section 36 of the bill.

Then finally, the member asked about silviculture contractors specifically. While I have had discussions with the Western Silvicultural Contractors Association on this particular bill and the work that we're interested in doing, and while I could see them becoming part of this Forestry Service Providers Protection Act at some future point in time, in order for us to get this bill to the House in a timely fashion, I believed it was necessary to keep the group relatively small in the discussion. For that reason I chose only to have the primary log-harvesting associations and the licensee associations at that table.

I've already talked to groups such as the Woodlot Associations provincially as well as the Western Silvicultural Contractors Association and said that, pre-

suming this bill does become law, I'd certainly be happy to talk to them. But I think we need to get it on the ground and operating first to understand the implications of the bill.

B. Routley: Under the definitions I notice that there is an excluded group, and that's the workers. To me, it's pretty important. In fact, I think it's pretty basic — that if you're going to look at amending the Woodworker Lien Act, wouldn't the first thing that you would do notionally is talk to woodworkers?

Now, I find it interesting that the minister has gone to great lengths to talk about the folks that he's included that may represent in one way or the other.... They may hire woodworkers. They may be the employer of woodworkers, but they're not actually the woodworkers. I'm interested, clearly, in.... Were there any conversations with Steelworkers, for example, who represent a large number of forest workers?

I'm aware of associations that represent forest workers that are not in the union that still, I feel, should be consulted — the fallers association, for example. There is an association that certainly would have some experience over time, particularly as fallers, and they would have an interest in putting a lien.

I'm sure if you looked at the history, there would be a large number of workers who actually had rights. I would think that one of the first obligations of a minister would be to review where it's being successful and make sure that you include those people.

What I see is that we've pulled together a group of people that represent folks where there's been failure, where it hasn't worked, and talked about shredding the old rights of literally hundreds of people that it has worked for. They have had satisfaction and have had wages and benefits paid for.

[1035]

I know I picked up the phone and phoned and talked to some actual workers and discovered that just the mere threat of the Woodworker Lien Act, just talking.... In some cases we're talking about the employees of a subcontractor or a contractor. A subcontractor could be even a falling subcontractor. He may have ten, 12 people working for him, or whatever the number is. But a subcontractor could include one phase of the actual work that's going on, or it could be a full-phase contractor that goes, as I've said, from stump to dump.

Unless you actually talk to the workers and include them in the definitions somewhere.... I think we need a crisp answer on why we didn't talk to the workers. What about the workers? Was there any attempt to talk to any actual workers? If so, who were they, when did you speak to them, and could we see the minutes, please?

Hon. P. Bell: I know the member opposite doesn't like the answer to the question, but I'll remind him that

section 36 would be the section under which this would most appropriately be canvassed.

B. Routley: Under section 1, I have a proposed amendment to the bill. I would like to move that amendment.

Do you need another copy of it? Do you want me to read it out?

The Chair: Yes, please, Member.

B. Routley: The amendment is in section 1(1).

[*In s. 1 (1), adding the following parts to the definition of "chargeholder"*

- (c) a person employed by a contractor
- (d) a person performing labour, including, but not limited to, mill-workers, silviculture, or any other person working in services in connection with logs, timber or manufactured woodproducts, in British Columbia, or his or her assignee.]

Right now in "chargeholder" there's an (a) and a (b), and I'm proposing to add (c) and (d).

On the amendment.

B. Routley: On the explanation of that, it's what we've been talking about this morning. Obviously, the concern is that we have basically thrown the woodworkers and their families that need support and that this old Woodworker Lien Act has worked on behalf of for a number of years.... We seem to have thrown them under the bus.

You know, it's just sincerely unacceptable that we would not include workers. We'll certainly be addressing more under section 36, but under the definitions this proposal, we believe, is a first step to addressing the issue. We think that we need to be clear. I would hope that the minister and the other side would support amendments to clarify this matter and to be certain that woodworkers and this long history and legacy of protecting the rights and giving them first interest are not missed out on.

As I read this act in further definitions, I have some real concerns. It troubles me that it appears that, at the end of the day, we've got the big banks' interests first or the big industries — their interests being addressed. We're completely losing the opportunity to protect the actual workers. The workers, who I might add.... The mountains are literally littered with the bloodstains of all kinds of workers who throughout their history went out there and died on those mountains working for this forest industry.

It is unacceptable to me that we would just abandon them and say: "Well, everybody else's interest is going to come first." Somehow big bank or big employer interests come ahead of the people that are actually out there doing the work, as I say, with their lunch kits.

They know what it's like to get rain in their lunch kits and to do the actual work and to live and laugh and cry and even die on the side of those mountains. It's unacceptable that this is not.... This is something that has to move ahead, and I would hope that the other side would approve of this timely and thoughtful amendment.

Hon. P. Bell: There are two challenges with this particular amendment that I want to point out. The first is that the act by itself is intended to provide support for contractors and subcontractors. The member refers to people who get rain in their lunchbuckets. Many of those are actually subcontractors that are individual owner-operators of pieces of equipment and/or contract fallers as individual owner-operators. That's who is intended to be protected by this particular bill.

As I pointed out in my earlier remarks, the member opposite worries about some of the unionized workforce. While I respect that concern, I do think there's an appropriate place to discuss that, and that's under section 36 of the bill. I'd be happy to do that at that point in time.

The second challenge with this particular amendment is that it would require multiple additional amendments to the bill. The bill would become incoherent in nature by making a single amendment and not amending it throughout the full bill at multiple different sections. By itself, this amendment wouldn't resolve the issue that the member opposite is trying to accomplish.

He also touches, in the amendment, specifically on silviculture and/or other persons working in the services in connection with logs, timber, manufactured wood products. While I think that is a reasonable goal and I am open to pursuing that goal after the conclusion of this bill as an amendment to the bill in future years, I don't think now is the time to do that. I think we shouldn't, through an attempt at seeking perfection, not allow for at least an initial step forward in something that has been an objective of the log-harvesting associations for many, many years.

The government will be opposing the amendment, Madam Chair. That said, I think there is an opportunity at section 36 of the bill to have a more fulsome discussion to alleviate the fears and concerns that the member opposite has.

N. Macdonald: Well, the minister talks about perfection, but what we're talking about here is something well short of perfection. With this bill already the government, having just introduced it, is bringing in amendment after amendment.

What my colleague has pointed out, which is very clear, is that you do have a situation where you have existing legislation that this bill is replacing. In the definitions of those that are going to be looked after by this bill, it specifically excludes workers. In doing that, it takes away a

tool that has worked for people for a long time in terms of making sure that individuals who, as my colleague very well pointed out, have lived, have worked, have risked their lives in the industry and gave them some measure of protection.... Yet this government takes away protection after protection for individual workers, and here's another situation where that is clearly taking place.

As to silviculture workers, the minister met with the silviculture association, said he was going to be their champion, assured them that their concerns — which they have put very clearly again and again, both to this minister and previous ministers, to myself as critic, to my co-critic, to the previous opposition critic.... The concerns that the silviculture contractors have, have been put out again and again, yet you come here, and their concerns are ignored.

The minister recognizes there's a problem that needs to be addressed, says that at some point in the future it will be addressed. But so far what we have with this bill — and we see it in section 1, with what is not there — is that you have.... So far it looks like it's questionable whether this actually will help, in the lien provisions, contractors. It is certain that it hurts individual workers, who are the backbone of this industry and create the wealth, and it is certain that it does nothing to address the legitimate concerns that those in the silviculture industry deal with.

[1045]

This is a provision that is absolutely doable by the minister if he chose, if he was willing to look after those concerns. It is absolutely possible for the minister to take the time to go and make the subsequent changes to this bill that would be needed to address the concerns that my colleague has put forward.

If the minister cares about workers, this is a provision that he would support. If we had a government that cared about workers, this is an amendment that this government would support.

If the minister was concerned about the silviculture industry — which, by the way, will lose 2,000 jobs this year because of decisions this government made.... If they were concerned about the silviculture industry, they would support these amendments as well.

I fully support what my colleague has put in place. I think it is timely. That the minister has put forward this piece of legislation without talking in a meaningful way to silviculture contractors is problematic. That there was no conversation at all with workers is beyond belief. That you would take away all of the protections that have been there and replace them with — very clearly, looking at the definitions — nothing is to me ridiculous.

This amendment is something that improves this piece of legislation, as flawed as it is. It gives an opportunity for something to be improved. If this House worked the way that it should, good ideas should go somewhere. This is a good idea. I fully support what my colleague

is doing, and I would ask the government to properly reconsider the position that the minister has expressed here. It makes no sense. I look forward to supporting this amendment.

[1050]

Amendment negatived on the following division:

YEAS — 31

S. Simpson	D. Black	Fleming
Farnworth	James	Kwan
Ralston	B. Simpson	Austin
Karagianis	Hammell	Lali
Thorne	D. Routley	Horgan
Bains	Dix	Mungall
Chouhan	Macdonald	Corrigan
Chandra Herbert	Simons	Gentner
Elmore	Donaldson	Fraser
B. Routley	Huntington	Coons
	Sather	

NAYS — 44

Horne	Letnick	McRae
Stewart	I. Black	Coell
McNeil	Chong	Polak
Bell	Krueger	Bennett
Stilwell	Hawes	Hogg
Thornthwaite	Hayer	Lee
Barnett	Bloy	Reid
Thomson	Falcon	de Jong
Hansen	Bond	MacDiarmid
Abbott	Lekstrom	Yap
Heed	Cantelon	Les
Sultan	McIntyre	Rustad
Cadieux	van Dongen	Howard
Lake	Foster	Slater
Dalton		Pimm

[1055]

N. Macdonald: We'll just go through the definitions here, and these are informational as much as anything.

"Account debtor" specifies the payment "is to be made immediately or in the future." Just some explanation of the language there. This is section 1(1), the first definition, "account debtor."

Hon. P. Bell: Just before I respond to the member's question, I wanted to pass on special thanks to Ron Cuming, who was integrally involved in the development of this bill.

Ron is a professor at the University of Saskatchewan and has extensive experience in all kinds of law, including international secured financing, judgment enforcement law, leasing law, insolvency and bankruptcy law. He was the principal draftsman involved in Alberta, British Columbia and Saskatchewan in the preparation of the Personal Property Security Act. Ron did tremendous work in the development of this bill, and I just personally want to thank him for the work that he did.

The answer to the member's question with regards to "account debtor." The definition is used in the section of the act dealing with charges on accounts. The account debtor is a person who is obligated to make payment of money to a forest products owner or contractor.

The definition captures an obligation to pay money to a forest products owner or contractor, whether the payment is to be made immediately or at some time in the future. This means the charge affects accounts that are earned, due but not payable as well, and accounts that are payable.

N. Macdonald: For the students who are here watching, just a quick explanation of what's going on. This is the third stage in preparing a bill, a piece of legislation. The Minister of Forests is answering questions to a bill that he has put forward.

[L. Reid in the chair.]

The language is quite legalistic. The minister is surrounded by staff. The answer that the minister gives is the definition that courts or those who look at implementing or using the bill in the future.... They will go and look at the answers of the minister to get a better idea of exactly what the legislation means.

We're just going through definitions. The next definition that I just want the minister to clarify is under "chargeholder," section (b): "a person identified as a chargeholder in a registration." If the minister could just explain that term to me, please.

Hon. P. Bell: Just further for the students in the gallery, this section of debate.... As the minister responsible, I'm afforded the opportunity of having staff people with me in the House. It's typically the only time that staff people are allowed to be in the House and provide me with advice to make sure that I am responding to questions from the members opposite in a way that's factual and provides all of the correct information.

A chargeholder is a contractor or subcontractor who has a charge as well as a person identified as a chargeholder in a registration. The latter is necessary to cover the situation where the person identified in the registration no longer had or didn't have a right to have a charge and is required to remove it as provided in section 14(2) of this bill.

[1100]

N. Macdonald: Under the definition of "contractor" — the minister has alluded to this, but just to put it on the record — does the term "contractor" relate to any contractors that do silviculture work?

Hon. P. Bell: The member is correct. It does not currently include silviculture as a potential contractor although, as I've indicated, I'm certainly prepared, once we have an opportunity to test this bill and see how it works, to consider adding them at a future time.

N. Macdonald: I think that the minister, certainly in the meetings that we've had with the silviculture association.... I know that the minister and I both understand their concerns and both have expressed a commitment to deal with the issue.

"Forest products" means "timber, whether limbed, bucked or peeled" and "prescribed products manufactured from timber." Does this include chips? Is that part of the forest products?

Hon. P. Bell: While this particular definition does not specifically include chips, chipping is part of a forest service that would be provided and would be allowed for under a lien. A contractor who provides a chipping service could acquire a charge against an account receivable that a licensee has that would include chips as part of the value associated with that accounts receivable.

B. Routley: For "chargeholder," it's got a couple of definitions. In (b) it says: "a person identified as a chargeholder in a registration." Could you clarify for me what that means? What's the intent of that clause, and how would that work? How do you become a chargeholder in a registration?

Hon. P. Bell: This particular definition is necessary to cover a situation where the person identified in the registration no longer had or didn't have the right to have a charge and is required to remove it under section 14(2) of this act.

N. Macdonald: With "services," there's a listing of services under that definition. Presumably, in the future the minister is looking at adding definitions such as planting, seeding, pruning. Is that how the minister would deal with additions that would include silviculture contractors?

Hon. P. Bell: The member is correct.

Section 1 approved.

On section 2.

N. Macdonald: I'll just ask the minister to walk me through a few of these, beginning with section 2(1): "A contractor who has a contract for the provision of services with a forest products owner has a lien...." It talks about how the lien would work. Clearly, there's an order of precedence for liens. Can the minister just lay out with this act what the order is in terms of how the liens apply?

[1105]

Hon. P. Bell: The question of priority of liens is clearly covered in section 5 of the bill. I just suggest that for that particular question, we leave it until section 5. But the member may have other questions in this section.

N. Macdonald: Okay, that's fine. In subsection (2), the contractor's lien, it talks here about "fair value," which is a legal term. Can the minister just explain how fair value is determined or what the legal term means specifically?

Hon. P. Bell: Fair value would be determined as is described in the contract that is under dispute. In order for the contractor to place a lien on the forest products, he or she would be required to have a contract in place. The contract would articulate the value of the services provided, and that would be fair value.

N. Macdonald: Under subsection (5) it talks about the "default in paying an amount payable." I can presume what that means, but just to be clear, would the minister describe what being in default looks like? Is there a period of time? If the minister could just define that as clearly as possible.

Hon. P. Bell: The terms of default would occur based on the terms of the contract. So if the contract, just as an example, required payment within 30 days of the services being provided, a default would occur on the termination of that 30-day period. But it could be a shorter period of time or a longer period of time, depending on the nature of the contract that was negotiated between the contractor and the licensee.

Section 2 approved.

On section 3.

N. Macdonald: Here it may be that we would deal with it in a different section, but the sheriffs.... Presumably there's not a tremendous amount of work that would go with this. But has there been some discussion about the amount of work that the sheriff services would be expected to do on this particular issue, or is it considered relatively minuscule in terms of the work sheriffs are expected to do?

Hon. P. Bell: In the process of developing the legislation, we did consult with the sheriff services, and it was deemed to be a nominal amount of incremental work.

Section 3 approved.

On section 4.

N. Macdonald: Again, just a quick question. It talks here about the registration of liens. Just for clarity, where does the registration take place? Again, you can presume, but if you could lay out for this section where the liens are registered.

Hon. P. Bell: That was covered off in section 1 under the act and is described as being registered with "the registration of a security interest." Under "registrar," the registrar is defined as in the Personal Property Security Act, and that is the location for the registrations.

Section 4 approved.

On section 5.

N. Macdonald: I had initially asked a question in another section, but just if the minister could explain the priorities here. If we go in section 5 to subsection (1), the contractor's lien "has priority over any other interest in the forest products subject to the lien except as otherwise provided in this or any other Act."

I guess the question for the minister is if he could just go through the existing acts that would take precedence over this. As well, are there federal acts that would take precedence over this? If the minister could simply explain where the contractors would fit in terms of priority. If the minister could do that in subsection (1), that would be a good start.

[1110]

Hon. P. Bell: The priority of the contractor's lien falls behind any government lien that is in place — typically, that would be around rent payments or stumpage — and then also behind secured creditors. That is why the second element of this act is in place in terms of the insurance scheme.

Should a licensee default, then the insurance scheme kicks in and provides payment to the contractor. So it is behind two different chargeholders — the first being any government charge against the asset and the second being secured creditors.

N. Macdonald: To take a bit more time with this, in terms of the order, then, the government lien, if I understood from the minister — any government money owed to government and, presumably, for stumpage or anything else that's out there — would be paid first.

Behind that would be what the minister describes as secured creditors, and you did describe that to a certain extent.

Just so that I understand, one of the concerns and the complexities, I would presume, with coming up with this piece of legislation was the concern from the major licensees around being able to secure loans. They felt that if they were going to go to the banks and try to secure those loans and there were contractors that were ahead of them in case of a bankruptcy, that was problematic.

Just so I understand, at the top of the list you have the government. Behind that, included in the secured creditors, would be the financial services that provide funding for the licensees. Is that a correct assumption, or am I misunderstanding this?

Hon. P. Bell: Well, financial institutions could have two forms of debt, both secured and unsecured debt. Secured debt the member opposite and I would know as a mortgage, as an example, with a specific charge on it.

I will also add that while the lien is subservient to government liens and secured charge liens, that is only the case if the government lien or the secured charge lien was in place before the lien was brought to bear. If there were additional government liens and/or secured charges against the licensee after a contractor lien was brought to bear for a specific value, then they would fall behind the contractor lien as well.

I think the answer to the member's question is, first of all, it would have to be a secured charge. It couldn't be an unsecured charge from a financial institution. Just because it's a financial institution doesn't mean that it would necessarily be in front of the contractor. Any secured charges placed after the lien is placed would become subservient to that lien.

N. Macdonald: Okay, in subsection (1) it talks about "this or any other Act." Could the minister just describe the various acts that would be brought to bear on a situation of a bankruptcy? Here the minister must have considered not only provincial legislation but federal legislation. What is the scope of other legislation that would take precedence over what is described here in subsection 5(1)?

Hon. P. Bell: The acts that tend to be defined here are federal acts, because when a company goes into bankruptcy it typically moves out of the jurisdiction of a provincial government into the federal government.

[1115]

It would certainly include the business insolvency act and the CCAA as well, and there may be elements of the wage earner protection act that also comes to bear here. But when a company moves from solvency to insolvency, they also shift jurisdictions, typically, from provincial to federal.

N. Macdonald: Part of what I need to understand is... Just in talking to individual contractors, some have said that they don't think the provisions will actually apply to them in very many cases — the provisions laid out here. That's part of the concern. Presumably, the government recognizes that concern, because within the bill there is a secondary plan that seems to be where more hope is put in terms of creating a fund.

The minister knows the mindset that I have in trying to figure out why it is that contractors would raise that concern. Is it because the federal legislation would lay out a sequence of events that very often would put contractors lower down and that there's not the ability with provincial laws to really change that fact? Or is there something else that the minister can explain in terms of what the contractors' expressed fear is? Is it a misunderstanding on their part, or is it a real problem that the minister is trying to address later on in the legislation?

Hon. P. Bell: I think if there are concerns on the part of individual contractors, they'd probably best be served by speaking with their industry association representatives who led the discussion.

They have assured me that they believe that the resolution we've come to — the combination of a lien, as long as the licensee remains solvent, moving to a compensation fund, when the licensee becomes insolvent or an insurance fund or whatever you choose to call it — will ensure that contractors are reimbursed for the services they provide in the way that meets their goal or objective that they articulated when we initiated this process.

The compensation fund, of course, is part of part 2 of this act, part 1 being the lien. The member kind of asked the question: "Should a contractor worry about the strength of this act, and would it provide them with the tools that they need in order to be protected and to ensure that they're paid for services that they provide?"

What I would suggest to the member opposite is that while the two parts of the act operate independently, it's important that they both exist to provide full coverage. Otherwise, I think that the concern that the member opposite expressed would be a legitimate one.

When you look only at the lien portion of the act, you would say: "Well, that's fine, but it doesn't protect me in insolvency. I become an unsecured creditor in insolvency." As the member opposite likely knows, unsecured creditors typically receive a very small portion of the money that's owed to them in insolvency. But the compensation fund protects the contractor at that stage.

If there was only a compensation fund in place but no lien in place, and then if the licensee chose to make life difficult for the contractor out of an insolvency situa-

tion, there'd be no protection, there'd be no lien ability for that contractor to lever and ensure that they are paid for those services, other than the normal court processes that exist today, which are deemed to be bulky and unworkable.

The act is two separate elements. The two elements individually, if they were stand-alone, would not necessarily function in the way that contractors would hope that they would function, but when the two elements are brought together, we believe it provides full protection. Certainly, the four logging associations that participated in the discussion have assured us that they believe it will also function in that way.

N. Macdonald: Then just the last question I have on this. In subsection (5) it talks about where there are two or more contractor's liens, and it says that there are no priorities.

[1120]

Can the minister just explain how that works? How will the payout be determined between possibly multiple contractor liens against the same forest products? What's the process that the minister sees in place to determine that?

Hon. P. Bell: This particular section of the act would refer to a situation where multiple contractors lien a licensee and the funds that are accrued from that lien action do not meet the full obligation of all of the liens that are combined. So if all of the liens together equal \$1 million and the funds acquired from those liens is \$500,000, then each of the contractors that have a lien would be paid on a pro rata basis out of the \$500,000 that is acquired from that lien.

However, the moneys would still remain outstanding. Further liens could be brought to bear on other products or value that the licensee has. In the event that the licensee moves from being a solvent licensee to becoming an insolvent licensee as part of that process, if the first 50 cents is recovered from the lien, the second 50 cents could be recovered from the compensation fund.

It is simply a function of ensuring that where there is more than a single contractor applying and where they are applying for the same pool of money, it is paid out on pro rata basis. But the right still is not extinguished, and they're able to continue to recover funds, either through further liens or application of the compensation fund should the licensee become insolvent.

B. Routley: Just on this section, there are a couple of questions I've got. One of them is in (4). It talks about: "A buyer of forest products from a forest products owner takes free from a contractor's lien...." Could you explain how it could happen that an owner would take free from the lien?

If I understand this right, there would be a lien only after what I would view as a quite onerous process. First of all, you have to wait till you're in default. In most cases contractors are anywhere from 30 to 60 days or even 90 days before they get paid for the services that they've done. So you could have a lengthy period of time before they're actually paid or in default. And then, it sounds like, you could be trying to put a lien against something as an individual.

[1125]

Let's say you're a subcontractor and you're trying to put a lien against something. I see this as such a vast number of amendments and complexities that the average subcontractor trying to weave his way through this is going to have to hire several Philadelphia lawyers just to work his way through it.

Let's say that he did finally get to put a lien against something. It appears to me in (5) that somebody can buy the product, like the logs, and they take free anyway. Do I have that right? Is it that simple that somebody can eliminate a lien holder's rights just by buying the product — the logs, for example?

Hon. P. Bell: The lien actually carries forward on all future products that the licensee acquires as well. The lien, although extinguished on those specific logs, wouldn't be extinguished on any future product — lumber or logs or anything else of that nature — and also on the accounts receivable of the company, which is more often than not where funds would be acquired in order to fulfil the nature of the lien.

B. Routley: Well, that begs the question. Could you give us a fuller definition of how this lien process works? We've got a definition for a lien holder, but the actual lien itself and how that might work....

There seems to be some kind of registry, and there's this security interest, where it sounds like the bank's or the company's interests are, of course, ahead of everybody else's. The bank's interests are first, and the secured holders, and then somewhere down there, unfortunately, the woodworker himself, who might have actually slaved away at doing the work, is somehow left out in the cold.

I'm not clear at all in terms of this security interest. You seem to suggest that the lien might not be put against, like, a load of logs, which is.... In the past.... I'll give the example. In the case of one of the locals, they actually put a lien against several booms of logs after they had been fallen, yarded and loaded, brought down to the dry land and put in the water. They were on their way to the mill, and they put a woodworker's lien on a couple of booms. They actually had to fly a couple of sheriffs up to track these booms down and paper the booms to secure them.

That's the kind of lien that some people are understanding. They understand that kind of lien, putting a

lien against logs. Now you're talking about putting a lien against future events, so I'm not clear on what exactly you're putting a lien on or what a lien is as you describe it. Could I get a more fulsome understanding of what all the circumstances are that we could be — what a lien is, in your view?

Hon. P. Bell: I think where the member may not understand this fully is that in the past, under the Woodworker Lien Act, often it was the specific logs the work took place on. This actually expands that far beyond that and allows the contractor to ask.... The term the member opposite used was "papered." Sometimes "stickered" is the term that people use.

It allows the contractor to sticker or paper other logs that aren't necessarily the specific ones where the work or activity took place — or the accounts receivable of the licensee or some lumber of the licensee or something of that nature — in order to acquire their payment.

[1130]

I would argue that it is, in fact, a much broader application and allows the contractor to acquire their rights of payment over a broader variety of opportunities from a licensee.

B. Routley: Are those all contemplated in future regulations? Is that what I understand? Like the notion that you just explained — I don't see it anywhere in the act, unless you could direct me to it. I'm not clear at all of what you just added, but maybe you're way ahead of us in terms of developing regulations that I have not seen. So could you...?

Hon. P. Bell: Actually, we've already passed the section of the bill that refers to this. I'll just refer the member back to it. It's section 1 under "forest products," which means "(a) timber, whether limbed, bucked or peeled, and (b) prescribed products manufactured from timber owned by a forest products owner...in which a forest products owner has given a security or has transferred ownership for security purposes." So that would probably be the key definition or section that's relevant for the member.

Section 5 approved.

On section 6.

Hon. P. Bell: I move the amendment to section 6 that's in the possession of the Clerk.

[SECTION 6, by adding the following subsection:

(2.1) A contractor's charge and the amount due it secures may be assigned.]

On the amendment.

Hon. P. Bell: The amendment to section 6 adds a similar provision regarding the assignment of a charge that exists for liens, the lien provision being section 2(4) of this act. The amendment is a result of comments received after first reading of Bill 21. While at law it is clear that a charge can be assigned, the provision dealing with the assignment of liens which overcomes a common-law prohibition against the assignment of the lien makes it prudent to include this provision for a contractor's charge. I would suggest that the amendment is routine in nature.

Amendment approved.

On section 6 as amended.

N. Macdonald: So just again, this looks fairly straightforward. The "contractor's charge attaches and is enforceable as provided in this Act whether or not a registration relating to it has been effected." That terminology.... This is section 6(2). Could there be an explanation for that provision there, please? I know the minister just went over part of it, but just a further explanation of what that means.

Hon. P. Bell: The charge actually comes into place when the contract terms are breached. So if it's a 30-day term of payment and on day 31 technically the lien is now in place but not registered, it would be prudent from the contractor's perspective to register the lien because the registration of the lien, which is what determines the priority of order.... If the contractor didn't place a lien until day 60 or 90 and there were other liens that came to bear, some of those liens — as I mentioned earlier, either secured interests or government liens — could be moved in front of the contractor's lien if they chose not to register it.

The lien becomes in effect at the termination of the contract period, whatever that period is, if it's not paid, but in order to stay in the appropriate priority, it would be prudent for the contractor to register that lien.

Section 6 as amended approved.

Sections 7 and 8 approved.

On section 9.

[1135]

N. Macdonald: We're starting to get into sections where, while we're talking about priority of lien in section 5, you're into "Priority of contractor's charge." So I'm presuming there are similarities in terms of when we're talking about legislation and things like that, that many of the questions we asked about, 5 would presumably be fairly similar in terms of 9.

With the "Priority of contractor's charge," can the minister just go through and give an explanation for the four subsections and just explain if there's anything significantly different in terms of some of the information that was given for 5 around the legislation that we'd be talking about? If it's fairly similar to the information provided around section 5, we can move on. Just basically, what this is intended to do and whether it is similar in terms of the various acts that we're talking about. Or is it substantively different from the acts referred to in section 5?

Introductions by Members

The Chair: Hon. Members, with your indulgence, I'd like to recognize a group of school students in the gallery today. We're being joined by the students from A.R. MacNeil Secondary in my riding. Their teachers are Niki Karamessinis, Ramon Klose, Linda Moran, Kate Walker, Terri Aldridge, David McDowell and Kevin Henders. I would ask the House to please make them welcome.

Debate Continued

Hon. P. Bell: This replicates section 5 of the bill, and I think the information covered off in section 5 also applies to this section.

For the students in the gallery, you have a wonderful MLA, who's currently sitting as the Chair of this committee. We are debating something called the Forestry Service Providers Protection Act, which is intended to provide a secured form of interest to log-harvesting contractors and others who work in our forests.

I'm the minister responsible for the act, and I'm joined by a couple of staff people. My co-critics across the room are grilling me with difficult questions on the nature of this act. This is kind of akin to watching paint dry. So stay as long as you like, but you'll probably get bored.

N. Macdonald: I'll just add to what the minister said to the students. Of course, we're very privileged to have their MLA as our Chair. While I'm sure those that are watching think it's the easiest job in the world, I can assure the students that this is as calm and relaxed as this place gets. Very often she's in the bigger chair, where trying to keep this lot all under control is far more challenging.

The minister's explanation for section 9 seems fairly complete, so maybe we'll move on, then, after the vote to section 10.

Section 9 approved.

On section 10.

N. Macdonald: Again, just a very general question, to explain the significance of the subsections in section 10

in very general terms. Then if there are specific questions, we'll move from there after the minister's definition.

[1140]

Hon. P. Bell: This section suggests the process under which payment from a licensee would go to the creditor or, in this situation, the contractor. Once a lien is registered, the contractor would send notification to the debtor or the licensee of that, and at that point in time, the debtor would no longer pay money to the contractor. The payment would be made to a sheriff, and the sheriff would then forward funds to the contractor. It's the flow of funds and how payments are made.

B. Routley: Yes, under this, under 10(1)(b) where it talks about "the forest products owner has defaulted in paying an amount payable." First of all, who determines the amount payable? Is it either the owner or the contractor? And if there's a dispute, how does that get resolved?

Hon. P. Bell: The amount that is owed is the amount that is in the contract.

B. Routley: Well, the second part of that was: how would a dispute get resolved? For example, somebody is hauling logs. There is a certain volume — or even timber that's been felled or felled and bucked. Somebody asserts that there's more volume there than the owner is prepared to accept. Where does one go if there is a dispute as to what is actually owed? Or is it just the forest owner that gets to determine that?

Hon. P. Bell: The courts are the body that would resolve that dispute in a lien, and that is the normal case for lien legislation.

Section 10 approved.

On section 11.

Hon. P. Bell: I move the amendment to section 11 that is in the possession of the Clerk.

[SECTION 11, by adding the following subsection:

(2.1) A subcontractor's charge and the amount due it secures may be assigned.]

On the amendment.

Hon. P. Bell: The amendment to section 11 makes the same change for subcontractor's charge that was made for contractor's charge in section 6 of the act — same situation that we just voted on a few minutes ago.

The amendment is a result of the comments received after first reading of Bill 21. While at law it is clear that a charge can be assigned, the provision dealing with

the assignment of liens, which overcomes a common-law prohibition against the assignment of a lien, makes it prudent to include this provision for subcontractor's charges.

Amendment approved.

On section 11 as amended.

N. Macdonald: So the question here, then, is.... Beneath the contractors, you have subcontractors. I suspect that this could get fairly complex in figuring out this. But maybe the minister could go through and just explain how exactly it works with subcontractors putting liens through on to the contractor, presumably. Then how do the charges, the various amounts of money, get disbursed?

If the minister could walk us through that process, that might take us through a number of these next sections. But like I say, if the minister could walk through the process in terms of how subcontractors are able to get what's owed to them.

Hon. P. Bell: In this situation, the subcontractor can place a charge on the accounts of the contractor but doesn't actually place a charge against the licensee. So it is against the accounts of the contractor.

Section 11 as amended approved.

Sections 12 to 14 inclusive approved.

On section 15.

[1145]

N. Macdonald: So section 15 with the multiple subsections — if the minister could explain, paraphrase, exactly what this section is intended to do.

Hon. P. Bell: This replicates, I believe, section 10 of the bill. Section 10 of the bill describes the relationship between the contractor and the forest products owner. This section refers to the relationship between the subcontractor and the contractor and replicates the same opportunities.

Section 15 approved.

On section 16.

B. Routley: Could you explain the necessity of this clause and the purpose and how it might work?

Hon. P. Bell: While this section is a relatively long section, the intent is relatively simple. It just simply describes how a charge that was placed inappropriately, if there was

a charge brought to bear where the charge was not a legitimate charge, is discharged and, of course, is required in order for us to appropriately describe that process.

Sections 16 to 20 inclusive approved.

On section 21.

Hon. P. Bell: I move the amendment adding section 21.1 that is in the possession of the Clerk.

[SECTION 21.1, by adding the following section:

Certain agreements or undertakings void

21.1 An agreement or undertaking, express or implied, to waive, surrender or modify any rights of a contractor or subcontractor provided in this Act is void.]

On the amendment.

Hon. P. Bell: The new section 21.1 ensures that the rights of subcontractors and contractors under this legislation cannot be waived, surrendered or modified. This type of prohibition is also found in the Builders Lien Act and the Personal Property Security Act.

The amendment is necessary because of unequal bargaining powers between licensees, their contractors and subcontractors. As a result of this imbalance, licensees would be able to require contractors and subcontractors to accept contract terms and waive their rights under this act.

Amendment approved.

Section 21 as amended approved.

On section 22.

Hon. P. Bell: I believe this is the last amendment. I move the amendment to section 22 that's in the possession of the Clerk.

[SECTION 22, by deleting the text shown as struck out:

Notice of lien or charge

- 22 (1) A contractor who registers a lien or charge must give a notice of the registration to the forest products owner promptly after the registration is effected.
- (2) A subcontractor who registers a ~~lien or charge~~ must give a notice of the registration to the contractor promptly after the registration is effected.
- (3) A failure to comply with subsection (1) or (2) does not invalidate a registration referred to in those subsections.]

On the amendment.

Hon. P. Bell: The amendment to section 22 corrects a drafting omission by striking out a reference to a subcontractor's lien. Under the act, subcontractors have a charge only.

Amendment approved.

Section 22 as amended approved.

On section 23.

B. Routley: There's service of notices and demands, and there's a whole lot of sections on how you would go about doing this. I assume this is an important section. So could the minister give us a more fulsome explanation of how this could work?

Hon. P. Bell: The importance of this particular section is to ensure that a notice is deemed to have been served to a forest products owner. Assuming that one were to follow the steps as articulated in this section of the bill, then that would ensure that their service has happened in an appropriate way.

B. Routley: Are there any time limits attached to any of these requirements and steps, or are there any time limits in between steps? If a person misses a step, what's the penalty for that?

[1150]

Hon. P. Bell: I think the main point of this section, because it's a relatively simple process to serve the charge.... It really is just a single step to serve the charge. The main point behind this is that it would be prudent for the contractor or subcontractor to register the charge as early as possible.

There is no restriction in the time frames. The charge can be placed at any time in the future, but it would be prudent for the contractor to place the charge early to make sure that they are placed in the appropriate order, as identified in my comments earlier around placement of the charges.

B. Routley: So do I have this right that the first opportunity to assert the charge is after they have not been paid for their services? At that point, if they're in violation of the time limits.... For further clarification, if the contractor and the licensee have a requirement to be paid within 30 days, I'm assuming that they could assert a charge on day 31, or if they had to be paid within 60 days, they could assert a charge on day 61. Do I have that correct, that they could assert a charge at that point in order to ensure that they're paid for their services?

Hon. P. Bell: The member is correct.

Section 23 approved.

On section 24.

N. Macdonald: So now we're entering into part 2 of the legislation. We've dealt with the aspects that are involved with the lien, and now we move into the com-

pensation fund. In general, there's much to be figured out still in terms of how that's going to work. We'll have some of the questions that we have in section 24, but they could easily be in other sections.

Essentially, what we're trying to understand here is how far along the government is with coming up with the regulations and how much thought has gone into putting this together. In terms of "contributor," it means: "a person in a class of persons designated by regulation...." At this time is the minister in a position to be more precise in terms of who the minister sees as contributors, or is that still something that will evolve over the next number of months or weeks?

Hon. P. Bell: While there have been some early discussions between the two bodies, it was the framework of the compensation fund that was agreed to in the discussions between the licensees and the contractors. It was also agreed that this part of the act is largely based on the Business Practices and Consumer Protection Act, which is the travel assurance fund. So that's where this is built out of.

While there is disagreement between licensees and contractors on who should pay and what portion should be paid by who, what we've assured the contractors and licensees is that, assuming this House sees fit to pass this act, this summer we'll be working through the process of determining the exact form of payment and how that fund will be populated.

The Chair: Member for Columbia River–Revelstoke, noting the hour.

N. Macdonald: Oh, okay. Well, I could move.... You'd think after five years, I'd have this figured out. I'd like to rise from committee and report progress and ask for leave to sit at the next opportunity.

Motion approved.

The committee rose at 11:55 a.m.

The House resumed; Mr. Speaker in the chair.

Committee of the Whole (Section B), having reported progress, was granted leave to sit again.

Committee of Supply (Section A), having reported progress, was granted leave to sit again.

Hon. G. Abbott moved adjournment of the House.

Motion approved.

Mr. Speaker: This House stands adjourned until 1:30 this afternoon.

The House adjourned at 11:56 a.m.

**PROCEEDINGS IN THE
DOUGLAS FIR ROOM**

Committee of Supply

ESTIMATES: MINISTRY OF HEALTH SERVICES

The House in Committee of Supply (Section A); J. Thornthwaite in the chair.

The committee met at 10:08 a.m.

On Vote 37: ministry operations, \$14,612,943,000.

The Chair: Good morning, everyone. These are the committee estimates for the Ministry of Health Services. I'd like to welcome everyone.

Hon. K. Falcon: Just before I begin, I want to welcome the Health critic and members for the debate of the estimates of the Ministry of Health Services. I'd also like to just take a moment to introduce the members of my staff. I'm going to do sort of a one-time introduction here. All of them won't be physically present in this room right now but will be in and out of the estimates process during the course of our debates.

First of all, I'm joined by my deputy minister, John Dyble; also by Stephen Brown, chief administrative officer with the ministry; and Michael MacDougall, the chief operating officer. I'm just going to go through the ADMs here without listing all the positions: Heather Davidson, Manjit Sidhu, Sheila Taylor, Elaine McKnight and John Bethel, also joined by our executive director of the health authorities division, Rebecca Harvey.

I wanted to take a moment to introduce them to really recognize, first of all, just what an important role our staff play in the Ministry of Health, not just at the executive level but staffers all the way down through the front lines and, perhaps even more importantly, the tens of thousands of workers across the province that deliver outstanding health care to British Columbians each and every day.

I want to recognize the contributions they make, whether they're doctors, nurses, LPNs, nurse practitioners, care aides — any of the support staff that are involved in working in the health care system.

[1010]

Since the last time we had the opportunity to discuss our estimates, there have been some pretty significant milestones achieved. I want to just make a few comments prior to entering into the back-and-forth question-and-answer portion of the estimates process.

As I mentioned, there have been a number of significant construction milestones for many of the capital

projects we've been involved with here in the Ministry of Health just since the last time we were together. Of course, in the north the work on the over \$100 million B.C. cancer agency centre in Prince George is well underway. The planning work is well underway, and renovations to the University Hospital for the north have begun to accommodate the new cancer centre. We also have in the northeast the almost \$300 million Fort St. John Hospital and residential care project, which is underway. In fact, every single day you have truckloads of steel and wood arriving for that major project.

In the Interior the \$432½ million Kelowna and Vernon hospitals project is underway. It's two very significant investments, the largest in the Interior, on two very important capital projects. The Kelowna and Vernon hospitals project, of course, includes a new patient care tower, a new University of B.C. Okanagan clinical academic campus and parkade at the Kelowna General Hospital, and the patient care tower at the Vernon Jubilee Hospital.

Also in Kelowna the Interior heart and surgical centre is getting off the ground. This is, of course, near and dear, literally, to the hearts of folks in the Interior and the north, because it will act as another area to be able to handle some important cardiac and surgical cardiac procedures in the Interior and be able to deal and provide closer-to-home care for folks not only in the Interior but throughout the province.

It will, of course, accompany the outstanding work that is done through our heart and surgical centres in the Lower Mainland. It will also benefit patients in the Interior with features that include an in-patient surgical unit combined with the cardiac program as well as support services in an adult psychiatric patient unit. The \$448 million Interior heart and surgical centre is an important part of building patient care in the Interior and will bring total capital investment in the Central and North Okanagan to almost \$900 million just in the last three years.

Of course, at Royal Inland \$28 million was invested in expanding the emergency room, and a further \$11 million is underway to expand the intensive care unit — something near and dear to my heart, as I had a family member receive outstanding treatment at the Royal Inland ICU many years ago.

In the Fraser Valley construction on the \$240 million Surrey outpatient care and surgical centre is past the halfway mark. The project, I am told, is now ahead of schedule, and I'm looking forward to the 450,000 surgical procedures which will be undertaken annually at that new facility. The Surrey outpatient centre will also have an important role in taking off some of the pressure from the Surrey Memorial Hospital.

The critical care tower at Surrey Memorial Hospital and the emergency department expansion, of course, move forward. That is almost a \$600 million contribution that

is currently going through procurement, with construction to begin early next year. Expected construction is to begin in January, and they've already begun the demolition — completed the demolition, in fact — of the old residential buildings on site to make way for the state-of-the-art care tower.

Here on Vancouver Island the new \$19 million emergency department expansion of Victoria General opened ahead of schedule. I had the opportunity to tour it. It truly is an exceptional facility and truly is state of the art in terms of the kind of care that the Vic General's emergency department can now provide for the residents of the greater Victoria area.

We've also got the award-winning \$350 million patient care centre at the Royal Jubilee Hospital underway, and I had the opportunity to tour that facility too. It's just absolutely state of the art. Not only is it the greenest acute care hospital in the country, it has gone into some spectacular detail to ensure that patients will have not only the best possible care, but built into the actual facility are some really interesting things that I found very, very important.

First of all, most of the rooms will be single rooms, and that's important for infection control. Just little things they did....

[1015]

In the hallways, for example, the lighting that you normally have on the ceiling of hallways is actually recessed over to one side so that when you're wheeling people on hospital gurneys through the hospital, they haven't got that constant light directly in their eyes. It's little things like that that they they've really been very thoughtful about. Or perhaps the handwashing stations that are strategically located on every floor to allow health professionals to be able to more easily wash their hands but, more importantly, to remind them of the importance of washing their hands for issues around infection control.

It's truly an exceptional facility. As I say, it is ahead of schedule and on budget — in fact, under budget the last time I received a briefing — and something that we're really pleased to see move along.

I mention some of these projects because I think that it's important to recognize that since 2001 over \$5 billion has been invested in health care capital projects. Over the next three years we will continue with a record level of investment of an additional \$2.6 billion, and that, of course, is just the provincial government share. There will be other dollars that will see that capital amount go to over \$3 billion.

This is important to catch up, to a certain degree, on the fact that we have an increasingly growing population, and we have, in many cases, very aged facilities, many that were built in the '60s and require the kind of investment that we are making in British Columbia to ensure that British Columbians will enjoy some of the finest health care facilities in the world.

Once again, we will be here discussing the budget estimates of the Ministry of Health Services, and once again, we will be in a situation where the health care budgets will be increasing substantially over the next few years. Yet in the face of this increased spending of almost \$15 billion in the 2010-2011 budget year, we still face unprecedented levels of demand.

This is not unique to British Columbia, of course; this is a challenge not only across Canada but across North America and, indeed, around the world. We have to, as governments, grapple with some realities. Some of them are uncomfortable, but they are realities, and we intend to deal with them head-on.

There are the exploding costs of new technologies, there's the aging population, there's increased demand, there are new drug therapies and advances in medicine, and there is an insatiable demand for the utilization of health care services. But we also have a responsibility, I think, to ensure that we have a health care system that is going to be there not just for our own children, and my own little daughter, but also for our grandchildren.

We do have to think generationally in government. This, I believe, is the challenge of our generation. It is a challenge that is difficult for politicians because politicians tend to be thinking in the short term, in terms of electoral cycles and not in terms of generational cycles and time frames.

I do think that we have an obligation and a responsibility to be honest with the public about what the limits are of government's ability to meet every need in the health care system and, also, to try and make decisions based on the best possible evidence we have. I've said it before in speeches, and I say it again. We have to be honest with the public in the sense that we cannot pretend to be all things to all people all the time at no cost. It is simply not realistic.

Our obligation — in fact, our duty and our responsibility — is to ensure that we deliver a health care system as cost-effectively as we responsibly can while, at the same time, being open to innovation and changes that will help achieve more for the dollars that we're investing into the health care system.

Easier said than done, because every change means you're moving away from the status quo, and the status quo is often the comfort level for people within the system. I understand that. I recognize that change is not always an easy thing, but I think it is a very important thing.

I hope as Health Minister, if I'm remembered for anything, to be remembered for not being afraid to challenge the status quo and to make sure we try and do better in our health care system, to make sure we try and respond to the needs of the public as best we can — but not afraid to try new things, to learn from what's happened around the world or in other parts of the country

or in other parts of North America, if need be, to try and deliver a health care system we can all be proud of.

[1020]

One of the things that I do know — and perhaps it is unique to health care from other ministries — is that there's not necessarily a correlation between better outcomes and more money. It is a fascinating field of study, but you can actually demonstrate very conclusively that in jurisdictions that will spend very heavily with much more money in health care, they are often achieving worse results for their patient population.

You have to be careful not to measure health care based on how much you're putting into it but in fact what you're getting out of it. I think that governments in Canada could, frankly, be dramatically served better if we did a better job at measuring what we get out of it. We're starting to see that happen now, with the first ministers identifying measurables now and being held accountable for trying to achieve measurements in the health care system.

Of course, we've got the measurements that CIHI, the Canadian Institute for Health Information, reports out on. While I'm pleased that British Columbia leads the country in meeting those timelines that were established for a number of surgical procedures — like hips, knees, cardiac, cataract, etc. — I do think that we always have to challenge ourselves to do even better and to think about what other things we can put in the window in terms of accountability to try and improve services to the public.

That's why we have asked our health authorities to come up with innovative ways to look at saving money, to eliminate duplication, particularly administrative duplication in non-clinical areas. Doing that, again, isn't easy. It means for a number of health authorities that they've had to eliminate administrative staff positions. They've eliminated communication positions, vice-presidential positions, executive director positions. But I know that the public demands it.

The public wants to know that as much dollars as possible is being put into front-line patient care and is being redirected into front-line patient care from administrative burden and administrative overhead.

A good example of some of the changes that we've implemented is the B.C. Health Authority Shared Services Organization, which is an innovative joint procurement model where the health authorities together jointly procure and leverage the buying power of the health authority so that they can cumulatively drive savings in the health care system.

This has resulted in savings of millions of dollars — millions of dollars by doing something differently that is driving a substantial benefit in terms of increasing our ability to deliver front-line care. To date, we've been able to save more than \$115 million by just procuring and doing things differently. That's \$115 million that can now go into, as I say, direct front-line care.

In my view, the Shared Services Organization is a great example of the way in which health authorities are collaborating to reduce administration and purchasing costs.

Now, had we not asked and demanded that they do that, those savings would never have been realized. That, again, goes back to my earlier point about the importance of leadership in government driving innovation and change within the system, so that we can realize those kinds of savings and benefits and redirect those back into the system.

We began the Lower Mainland consolidation project in the summer of '09 for the same thing, to try and reduce duplication and overhead. We are well underway with more than ten different lines of businesses, such as security, parking, communications, involved in consolidation. Again, we're estimating that there's the potential of up to \$75 million to \$100 million in potential savings — again, by doing things differently and by trying to identify savings that we can then redirect into direct patient care.

Looking over the next few months, we will continue to concentrate on transformation as an important part of the innovation and change agenda in the health care system.

In April of this year I announced that we would be investing, over the next two years, an additional quarter of a billion dollars — \$250 million — to launch a patient-focused funding model in British Columbia.

In the first year patient-focused funding will roll out in the 23 largest B.C. hospitals to make health care spending more sustainable while improving patient care. The goal is that patient-focused funding will gradually be expanded. Thus, we will see by the fiscal year 2012-2013 about 20 percent of eligible acute care spending that will be funded through this approach.

It is, I think, interesting that Ontario has announced that it will be following British Columbia's lead in moving forward on patient-focused funding. I expect other provinces to follow. These are innovations that have been adopted around the world in countries too numerous to list, but they include most European countries, many of the Asian countries — again, around the world.

[1025]

It is not a magic answer to the challenges that face health care, but it is one of the answers to try, within a publicly funded, universally accessible health care system, to create a system where the dollars follow the patient so that the patients become the centrepiece of the health care system and that hospitals and health authorities are rewarded when they look after the needs of patients.

They're rewarded financially, and that drives the kind of innovation and change that will have them responding to the needs of the patients, not necessarily the needs of the institution or the needs of the health authority. I do

think it is an innovation that we are excited about and that we believe will make some significant change in the health care system.

It is important to know that it is a change that was not adopted with any haste in British Columbia. We actually spent two years testing the ideas around patient-focused funding through the Lower Mainland Innovation and Integration Fund, to test-pilot projects utilizing a patient-focused-funding approach to determine what it would mean for patients. What would it mean in terms of quality of outcomes? What would it mean in terms of whether it would drive changes in behaviour that the system could see some benefits out of?

In case after case after case there was just no question. If you speak to the patients or the doctors or the nurses or the folks that are involved with those projects, the results were very, very compelling and very positive. It's one of the reasons why patient-focused funding will be a major part of the innovations that will be driving the health care system as we go forward.

We've seen significant improvements, which I won't go into. But in emergency departments across the province over \$400 million was invested in over 30 emergency departments throughout the province — again, expansion of the emergency departments, investment in those departments to provide an environment that is going to be as top-quality as it can possibly be for the health care professionals.

We've invested in seniors care such that wait times to access residential care have dropped from what was a year when I first got elected in 2001 to, on average, just under 90 days today. We are proud of that, but there are still challenges. There are still challenges in meeting the needs of an aging population, and it's something that we are focusing an inordinate amount of attention on to ensure that we continue to make the appropriate investments to try and meet the needs of our aging demographic in British Columbia.

We also are proud to have some of the most favourable cancer outcomes in North America, with the lowest mortality rates in Canada. I think that probably every member of this Legislature and every individual watching these debates will have, unfortunately, been touched in some way by the challenges of cancer. While the challenge is and remains in British Columbia, I think we can be proud when the Canadian Cancer Society, as it did last week, once again confirms that British Columbia does have the most favourable outcomes for cancer anywhere in Canada. That's something we intend to continue to lead on.

Finally, I do want to take a moment to talk about our health care professionals, because they are such an important part of the system. Again, it is a system that can only operate when we have first-rate medical individuals and health professionals working within the system. The fact that we've doubled the number of first-year

medical student spaces, with three medical training facilities having been put in place and plans for a fourth underway, has helped to ensure that we get that new generation of doctors being trained in British Columbia and able to work within our system.

We've increased the total number of nurses by some 37 percent since 2001, and we will continue to train our doctors and nurses and health care professionals at record rates in order to meet the needs, as I say, of an aging population and a system which, even with those dramatic improvements in the number of doctors and nurses being graduated, still today has challenges in recruiting and retaining health care professionals in different parts of the province.

The final point I would like to make — if I may, Madam Chair — is really on the issue of prevention. I do think it is important to recognize that all of us actually have a responsibility in the health care system. It is too easy, often, for individuals to say to government: "You must take care of every need I have, regardless of my own decisions I am making with respect to my health."

[1030]

In fact, prevention can be a very important part of a viable health care system in the country. A major study that was published by the *Archives of Internal Medicine* in 2009 — one of the largest studies ever — found that there are certain factors that can dramatically decrease the chance of developing chronic disease. Now, this should be of interest to governments everywhere.

I know that the member opposite, the critic, would likely agree that our hospital system.... Typically 60 percent to 70 percent of the patients in our hospitals at any one time are patients suffering from one or more chronic illnesses.

What is interesting from this study is that it pointed out that if individuals did just four things in their own life — if they did not smoke, if they exercised 30 minutes a day, if they kept a healthy body weight and if they ate reasonably well, not like a fanatical individual but just ate reasonably well — their risk of chronic illness.... That is the whole range of chronic illnesses from diabetes to hypertension to cancer to Alzheimer's to all of the different range of chronic illness and disease out there.... They can reduce that risk up to 80 percent by making some changes in lifestyle and taking some personal responsibility for dealing with some of these things.

I would argue, knowing that information, that I think it is incumbent upon government to ensure we do whatever we can to try and deal with those. I know that you will then get into discussions about the social determinants of health, and they are important too.

The investments that we are making, whether it's the major social housing investment being announced today by the Housing Minister and the Premier or the new assertive community teams that are going out into the

communities to identify those that are challenged by mental illness and drug addiction....

Whatever level of investment being made, the important element here is that individuals can make a difference. Individuals can make a contribution towards a sustainable health care system. I would hope that the public, any of the public that may be watching, will consider that as we go forward.

I want to thank the Health critic for the opportunity to allow me to make some opening remarks. I welcome any question that the critic or others may have with respect to the budget and programs of the Ministry of Health Services.

A. Dix: I want to welcome the minister and his officials. He kept his opening remarks under 30 minutes, so I won't encourage him any further.

He mentioned the social determinants of health at the end of his remarks. There have been numerous reports by his ministry, numerous reports as part of the Conversation on Health. I did a short lit review on the Internet on the weekend, which said that there is a profound link — that poverty, in fact, causes ill health, and inequality causes ill health. Does the minister agree with that, with those assertions? And we'll get into a little bit as to how that might guide policy.

Hon. K. Falcon: The short answer is yes. I would agree with that. It is one of the reasons that I ran for office in the first place. We had at that time a very weak economy in British Columbia. We were a have-not province for the first time in our history. One of the things that we were driven to try and do was create a strong economy. That is particularly challenging in the economic environment we are under today, when around the world we see what happens when governments are fiscally irresponsible or have not been appropriate and responsible stewards of public finances.

I think the situation in Greece is a canary in the coalmine. There is going to be a day of reckoning for many governments that have continued to spend beyond their ability to control that level of spending.

Here in British Columbia we are perhaps one of the few governments that have recognized that we have a generational responsibility in this regard. It is not only a responsibility to try and deliver services to the public to deal with issues of poverty — and we are doing that in terms of increased spending in both health and education, substantial increases — but also trying to restrain spending in a way that will be responsible so that our children will be able to enjoy the same services we enjoy.

[1035]

It is, I think, important to point out that we just had a third credit-rating agency give British Columbia a triple-A credit rating for our management of the economy and budgets in the economy.

I do think that as we look at a budget deficit this year of \$1.7 billion, it is important to remember that in an economy of just over four million people, a million of which are children, that really means — for the public out there — that each of those children, one million of them, will have inherited a \$1,700 debt for services they will never use. In other words, we are using services today and passing the bill for those services to our children who will never enjoy the benefit of those services.

It is again, to me, so important that we recognize that we have to make investments so that we have a strong economy. A strong economy isn't about spending profligately or spending irresponsibly and driving up debt and deficits as they've done in countries around the world — whether it's Portugal, Italy, Greece or others. It is being responsible in the management of the economy and ensuring that you put tax policies and regulatory policies in place that will strive and drive investment and create the kind of jobs and wealth creation that will benefit the population as a whole.

A. Dix: So in the minister's answer — which I believe was yes — he would therefore disagree with his colleague the Minister of Social Development when he says, "Historically, this linkage is not well established" — the one between poverty and health.

I could read from some of his ministry's own material that directly contradicts this. How about a scan of research literature that says that studies "all conclude that reverse causation is not a serious problem and that the main direction of influence is from poverty to poorer health"? Does the minister disagree with his colleague the Minister of Housing in that regard?

Hon. K. Falcon: I don't know the context to which the member is referring as what the minister made, so I'm not going to comment good or ill on the comments of a colleague. What I will say is that I don't think it requires a huge leap to understand that you are probably going to have more health problems, both mental and physical health, if you are struggling with issues around poverty. To a certain degree, I think it's fairly evident.

It is not the only issue, of course. There are complexities around these issues that the member would be well aware of. But the fact of the matter is I do believe that if we can have a strong and growing economy that allows for job opportunities for individuals, that people who are working in jobs that allow them to have dignity and allow them to earn an income to support their family, generally speaking, though not exclusively....

Generally speaking, I believe it is reasonable to deduce — I don't even require a stack load of studies — that those individuals, on balance, will probably be healthier than those that don't enjoy those same opportunities.

A. Dix: His colleague the Minister of Housing and Social Development made it in the context of another debate, which are cuts that are taking place to health programs for people on disabilities. Here's what he said: "Some reports link poverty and health." This is a written response from the minister. "Historically this linkage is not well established, although there is a correlation between poverty and poor health outcomes. The direction of causality is vague."

Just to be clear, nobody agrees with that view, including the Ministry of Health in literally dozens of reports over the last decade. I'll just make that point to the Minister of Health. It's important because, of course, it drives government policy when you have a minister essentially denying the evidence.

We'll move on — just to say that it's part of an introduction to the discussion of the proposed cuts to population and public health across the health authorities.

I just wanted to get a sense.... The minister himself commented on this and announced this on April 7, 2010. At the time it was to find ways to cut 10 percent from the population and public health budget of the ministry. I understand that number is now 12.4 percent. Can the minister confirm that that is in fact his request made of the health authorities?

[1040]

Hon. K. Falcon: Let me, first of all, start.... As I've said in the past to the member on this issue — and I want to be very clear about this on the record — there is going to be no cut to the public health budget, not one nickel.

What we have said to the health authorities is that we want them to identify 10 percent of their existing gross budgets in the public health field that we can look at to redirect towards programs, evidence-based, that will deliver real results on the ground in terms of public health improvement. I know this is a good example of where the member, the critic, and I always part ways because in the NDP view, you shouldn't do any change.

I just talked earlier in my opening remarks about changes with the shared services organization that undertook joint procurement, which has saved \$115 million to date. That is a change. The members opposite were opposed to it, but that is a change. It is an important change. That's \$115 million more that can be put into front-line care. Such is the case in the public health field. What we are challenging the health authorities to do is identify, within the dollars they are currently spending, 10 percent of their gross budgets with respect to public health so that we can look at how we can redirect them to maximum effect.

For example, that means it is the view of this minister and our team that we do not need to keep studying the issue of childhood obesity. That is an area where we continue to see studies churned out that are study-

ing something that is already readily apparent. We need less studies; we need more kids being active. That is a change. I acknowledge that, but it's an important shift in direction.

I could fill this room with the studies that have been done on childhood obesity in this country alone. It is evident what the problem is. What we need to do in government is say: "Let's stop studying what we know the problem is, and let's figure out how we get kids eating better and active." That is a change — I acknowledge it — but it is an important change.

It is also important that we look at duplication of programs. If we've got multiple health authorities delivering a plethora of different programs all trying to achieve the same thing, then we have an obligation to look at those programs and say: "Well, just a minute." Instead of delivering a multitude of different programs, maybe we ought to look at what is going to be most effective. Which program is most effective?

Maybe one of those multiple programs might be the best one, and we should concentrate dollars on doing what we see evidence of — that it is really working — and stop doing some of the other things we've been doing just because that's always been the case. That is a change — I acknowledge that — but it's an important change.

I think one of the things that government does not do particularly well is stop doing things that aren't working. Government tends to have a process where we just add new programs. We layer programs onto programs, and we keep delivering all this multitude of programs without somebody saying: "Just a minute. Why don't we stop the things that are not getting the results we need and redirect those dollars into things that can get the results we need?"

That is what's happening in public health. We have challenged the authorities, as I say, to find that 10 percent of their gross budgets to be made available to redirect into the programs that we identify with the health authorities are the most effective ways of actually delivering public health results in our communities. That, I think, is entirely appropriate.

A. Dix: The minister and I really don't have a disagreement, hon. Chair. He's asked them to cut \$45 million from their programs, and he says he wants to redirect that money somewhere else. Presumably, he's a better judge than the medical officers at the health authorities who direct those programs.

[1045]

Have the medical officers of health in all of the health authorities put together a joint proposal to the minister? Are they meeting with ministry officials this week with respect to the \$45 million?

Hon. K. Falcon: Yes, there would be regular meetings taking place. I imagine that the public health officers

are looking at the programs they deliver and developing their thoughts about where priority investments should go.

The member opposite has been around long enough to know how this process works. Again, whenever you move from the status quo, there is going to be a reaction from the status quo folks that say: "Well, of course everything we are doing is absolutely perfect. We shouldn't change a thing."

That results in the usual thing. Things get leaked to the member opposite. Then the member will stand up in the House and say, "The world as we know it is coming to an end. They're going to get rid of children's vaccination programs" — which, of course, is ridiculous. But these are the kinds of things that typically happen, and the member opposite would know that.

I understand how the game is played, but again, it's not so much.... To me it's not important that that game is going to be played. It always is. What is important to me is the fact that we are asking our public health officials within the various health authorities to look at the programs they're delivering — to really take a hard look and say: "Is this the best and wisest use of the dollars, or if we brought together some of these dollars, could we not focus them on outcomes that can make a real difference in the lives of British Columbians?"

That is the challenge we have put forward to the health authorities. I get that there's going to be the usual reaction among some. They will say, again, that the world as we know it is coming to an end. But I want to be clear: not a nickel reduction in their budgets. But yes, there will be a redirection of dollars towards those programs which are most effective and are going to drive the best public health results for the members of the community.

[The bells were rung.]

The Chair: We're going to be taking a break. Division has been called in the big House, and we'll resume when we're done.

The committee recessed from 10:48 a.m. to 10:59 a.m.

[J. Thornthwaite in the chair.]

A. Dix: Hon. Chair, when we left for the vote — which, shockingly, the opposition side lost — we were talking about the minister's cuts. He prefers the term, I think, "redirection," so we'll use cuts or redirection of \$45 million, or 12.4 percent of population public health funding.

He was talking about childhood vaccination programs — which is something, actually, that he referred to in the initial story. I didn't refer to it, although he ascribed those remarks to me. I wanted to ask the minister

whether he thought that kindergarten audiology, dental and vision screening are programs that have value and whether those programs are in fact on the list to be cut in what the minister calls administrative cuts.

[1100]

Hon. K. Falcon: The short answer is: yes, I would assume. It is a valuable program. But I would not assume — as I wouldn't with any of the programs without having all of the facts — that the program is being delivered as effectively or as great as it possibly can be. It may very well be; I just don't know.

What I do know is that the health authorities are looking at all the areas of public health in which they deliver services to determine whether or not they're delivering those programs as smartly and effectively as they possibly can, ensuring that they are meeting the needs of the targeted populations and doing it in a manner that is respectful of the taxpayer dollar also. But they're also determining whether or not the program is, as I say, being delivered to its utmost efficiency.

I don't have those details. That's why the discussions are underway. Those discussions will go back and forth between the public health officers and, no doubt, the ministry folks to identify where there are possibilities of redirecting dollars that can go into programs that deliver concrete results for British Columbians.

A. Dix: The minister said, in describing these cuts previously.... I'm quoting him. I wouldn't want to misquote him. I'm assuming, since he said it in the *Globe and Mail*, that it must be.... Well, I don't want to go that far. This is what he said: "Health authorities will be looking at administrative overhead, duplication of services and contracts with outside agencies."

He was referring to these \$45 million in cuts. So does he believe that these important kindergarten screening programs fit into those categories, or can he affirm today that they won't be cut?

Hon. K. Falcon: The member seems to be implying.... I'm not sure. The member correctly quoted me. He's absolutely right that if there's duplication of programs, then that is something that we want to look at to make sure that scarce taxpayer dollars are being put forward in the most efficient possible way.

[1105]

Again, these discussions and all these programs are just beginning and are underway now. So I have no way of being able to say to the member, without having the detail in front of me, what and where they think they can do things better in the field of audiology, if at all. I have no idea whether even changes proposed are going to be changes that would be accepted at all.

I can tell you that the principle we're operating under is that we want to ensure that important, needed programs

that are being delivered effectively are going to continue. That principle is not going to be violated. That does not mean that there may not be a change in how a program is delivered. There may be more effective ways of delivering the program. All of those pieces, of course, would be on the table for a discussion.

If the member is hoping to have this minister say today that I'm not even prepared to have a discussion about some of these things, then he will be sadly disappointed. In fact, we will be having a discussion to try to figure out the best way we can achieve 10 percent to be redirected towards more effectively delivering some important programs.

A. Dix: What we're doing today is talking about the Health Services budget for this fiscal year, and this is relevant to this. We asked about it in question period a number of weeks ago. It's not a surprise to the minister.

I understand that the elimination of these screening programs is on the table. So I think it's not.... It's a specific question, and I suppose the minister can refuse to answer, but I'm asking him about the value of these programs that are on the table in this fiscal year we're debating.

They simply do not fit into the categories of administrative overhead, duplication of services and contracts. So I'm asking him, if they're on the table, why he thinks these programs — which have always been seen to have value and are at the core of the delivery of public health services to children — would be the subject of elimination now. That's the reason for the question.

I'd like to follow up — the minister could comment on that — and ask him about specifically — because we talked earlier about tobacco policies, which I think it's fair to say, under both previous governments and this government, have had an effect on tobacco usage — whether as part of these cuts the minister is considering cutting, in the health authorities, the tobacco reduction enforcement teams. They, as the minister will know, go into businesses and ensure that the sale of tobacco is not being sold, essentially, to minors.

I am wondering if the minister has a view about the value of this initiative and whether it's on the table to be cut, just as kindergarten screening is.

Hon. K. Falcon: Again, we know how this game plays. The member would know full well that every group that is receiving any funding under the public health budgets of the health authorities is going to immediately put out information to suggest that of course these very valuable services they're delivering are now going to be cut.

In most — virtually almost all — cases that is probably not going to be the case. But again, this is early parts of discussions that have just begun, and those discussions will encompass the whole range of services that are being delivered under the public health component of health authority budgets.

I get that all the various groups within there will be saying: "Well, you know, Mr. NDP Critic, make sure you ask him about ours, and make sure you get a commitment out of him that he's not going to cut" — so-called cut — "our particular program." Of course, I'm not going to make those commitments, because first of all, there is going to be no cut.

There may be redirection; there may be changes to the way the programs are being delivered. I certainly wouldn't rule that out. If someone brings forward a rationale that suggests you can achieve better results by doing things differently, you can be absolutely sure that that will be something that is going to be carefully considered by the ministry. The health budgets, the public health budgets, will continue to remain exactly what they were, but again, how they get delivered may be different.

You know, Member, I'm not.... You've got your list, because I know they released a list of: "Oh, you know, there will be no more of this and no more of that, and the world as we know it in public health is going to come to a screeching halt because of this terrible government."

Now, that is certainly not going to be the case, but it is a common and tried-and-true practice — so I don't have any problem with it — within government that whenever programs are even being reviewed, the assumption made by the groups that are involved in those programs is: "Well, this will be the end, so we must, therefore, try and do a pre-emptive strike to scare the public into believing that these programs are going to come to an end and that their kids are no longer going to receive audiology." Or they're not going to receive vaccinations, or in the case of the member talking about tobacco, suddenly there are going to be no tobacco teams.

[1110]

The bottom line here is this. What we are asking the.... Frankly, you would hope that these would be commonplace events that take place in government — apparently, maybe they aren't — that you would look at some of these programs to determine basic efficacy. Are we getting the results that we originally intended? If we are getting those results, will we continue to get those results? Is there a way we can actually improve on those results? Could it be that there's a way of delivering the program differently to try and drive better results?

Those are not bad questions to ask. I get that the people involved in the programs are going to be worried about the fact that someone is looking at the programs, but again, the idea is: are we delivering them as effectively as we can? Should we not look to see whether we can identify some savings that could be redirected into really driving some important public health policy outcomes?

That is what is happening. The member can go through every single one of those items and try and get the Minister of Health to pre-empt the decision, which I'm not going

to do because we're in the midst of having those discussions right now at a staff level. I haven't even been briefed on the discussions they've started to have.

I will tell you what the principle is. The principle is that we are not afraid to look at programs and ask fundamental questions about how they're being delivered. Could they be delivered more effectively? Are there potential savings that could be realized? Could those potential savings then be put into some programs that are evidence-based and can drive very effective results for the public of British Columbia?

I would hope that that would be a practice that would happen on a regular basis within ministries. I certainly have tried to do that in ministries that I've had responsibility for, because I am most interested in outcomes.

I am most interested in making sure that we stop a situation where our children's generation will be the first generation that does not outlive its parents, as a result, primarily, of lifestyle choices. I do think that we have an obligation in government, when we're aware of those things, to take a look at the public health dollars we are currently spending, some \$450 million, and say: "Now, wait a minute."

Yes, I could make the easy decision of just doing exactly what we've always done — don't change a thing and continue to allow a situation where we've got levels of childhood obesity that are, frankly, very disturbing, where one out of five children is overweight or obese in this province and country. While British Columbia is doing better than most of the other provinces and most of North America — and we ought to be proud of that — we still should be doing even more.

That means looking at how we're delivering these programs and asking some questions about whether we're getting the kinds of results that we would expect and whether we can actually look at doing things differently. I make absolutely no apologies for that. That is exactly the right thing to do in a ministry and as the Minister of Health.

In respect to the member's questions on the tobacco teams, I have no idea what kind of results they're getting. If they're getting great results, obviously, we're not going to change it. If there's nothing that can be done to change to improve those results, then obviously, there would be no need to even think about making any changes.

But, Member, we're going to have those discussions, and we are going to find out exactly what we are doing in the public health portions of the health authority budgets to ensure we are driving the best possible results we can.

A. Dix: I think it's astonishing that the minister thinks it's new that public servants or ministries review programs every year to see how effective they are.

What's happened in this case is that he's redirected a \$45 million cut, which he wants to redirect to some

other purpose. I mean, that's what he's done. No, I'll be fair to the minister. We'll call it a \$45 million redirection. We'll humour the minister for the moment — a \$45 million redirection.

Is the minister saying that that is non-negotiable? Has he ordered the health authorities to cut that \$45 million so that it will be redirected?

While he's answering that question, as he knows, the Fraser Health Authority last year made a change with regard to home visits for new mothers. They're only doing it now in specific at-risk cases. Is that policy going to become the policy across the province?

[1115]

Hon. K. Falcon: I think it might be helpful for the member opposite to know — and he would know, from looking at the budgets for population health and wellness — that last year the budget amount was just over \$470 million. For '10-11, this fiscal year, the projected budget is just over \$500 million. That's an increase of almost 7 percent.

The member now raises another issue. Again, I would say to the member that.... I know that the member can go issue by issue and try and create fear and try and upset people unnecessarily, but actually, what we are doing is engaging in a discussion with the health authorities, again, to have them look at all the programs they're delivering and determine what the best way is to deliver them.

I have a little bit of firsthand knowledge in this case. My wife just delivered a baby in Fraser Health. We did not have a health nurse come to our house, nor did we require a health nurse to come to our house. We had the opportunity to phone. I think we received a phone call from a public health nurse. I thought that was an exceptional level of service, to be perfectly honest with you. But I certainly wouldn't have expected someone to visit the home.

I have no idea how Fraser Health delivers that particular program, but I can tell you that I would expect that when they look at that program and at all the programs they deliver under public health, they will, I would hope, be making sure that the program is being delivered as smartly as possible, and I would hope they're focusing the attention on folks that probably require the additional attention. To me, that would make some sense.

Again, these are discussions that are just underway, and it will be up to the health authorities to present to the ministry what they are looking at and what they are thinking of doing. Then we will have a discussion on which evidence backs up the suggestions they're making. Whether or not that is a smart decision — we will work with them to determine that.

A. Dix: Well, there certainly seems to be a growing tradition where we ask specific questions about actions

the health authorities or others have taken and the minister doesn't answer. This is a new tradition. Maybe it's not such a new tradition. I wasn't here for the Transportation estimates in the past.

Let me try another question for the minister. Interior Health, as I understand it, is proposing to stop or severely limit the inspections of small family day cares. I asked the minister specifically about this in the House a month ago. Presumably, there's a note somewhere in the big book there that talks about it. Can the minister tell us today where that initiative sits?

Hon. K. Falcon: No, I don't have any information on that. The member knows full well that I am not a minister that in any way is known for not answering questions. All I am telling the member is that these discussions are actually underway now.

We are in the process of having discussions with the health authorities, looking at them to see whether they can identify 10 percent of their gross budgets in the public health field — remember, that's 10 percent in budgets that are going up by almost 7 percent this year — that can be redirected towards programs that can drive real, important outcomes to ensure that we can turn around a situation that will see our children be the first generation not to outlive their parents.

I think that is actually a very important public policy purpose. It does require us to refocus what we are doing. Again, what I would say to the member.... On something like the member mentions, of course we're not going to do something that is going to jeopardize inspections of day cares. That should be fairly obvious.

[1120]

What they are doing, though, I am sure, is looking at all of the programs they deliver and trying to determine: are they delivering them in the best possible way? Are they getting the best possible outcomes? We would ask all of the public health officials to bring forward and determine whether or not that would be an area where they would find 10 percent of the savings.

If they cannot make a good case for that, then there is no chance that they would receive authority to redirect dollars from programs that are achieving their stated purpose and are being delivered as effectively and efficiently as the public would expect. That will be the case for every example that the member opposite and the critic bring up.

But again, I have to say that these are discussions that we're currently having, and I have not even had the opportunity to be briefed on discussions because they haven't concluded. So when those discussions do conclude, I imagine I will get a very fulsome briefing based on the interactions between the health authorities, the public health officers and the ministry, and they will bring forward the recommendations that will be made.

We will look very carefully at those recommendations. The determination I will make is that in ensuring any funds that are redirected towards programs that will drive better outcomes to help us to turn around this state of affairs that we have in this country — where our children are going to be the first generation not to outlive their parents — we do so in a manner that protects programs that are delivering the results the public would expect.

A. Dix: Just to be clear, then, the minister has instructed the health authorities to come up with \$45 million in savings. Presumably, this number doesn't have some magical quality. The minister has \$45 million in spending he'd like to do, and he's talking about redirection.

So can I ask the minister if decisions have been made as to how that \$45 million will be spent and whether, in fact, the decision has been made to cut that spending by \$45 million and the health authorities are merely determining with the ministry how that \$45 million will be found?

However he wants to describe it. I know he doesn't like the word "cut," so the \$45 million in redirected funds, just to be sympathetic to the minister's position. Have decisions been made about how it will be spent? Is the instruction in place that they will be finding \$45 million from this budget? And in terms of the decision as to how the new money is spent — presumably, the decision as to how the existing money is spent is made as the budget is developed every year — who's made the decision about how the new money will be spent?

Hon. K. Falcon: Actually, I think that's an entirely fair question for the critic to ask. It is fair for the critic to say to government: "Look, Government, you're asking for 10 percent redirected, but we want to hear on the record that that's not just dollars that are going to become a cut, that they actually don't get redirected somewhere and just become savings for government, and that's the end of it." I think that's an entirely fair question.

So I want to answer that very clearly and unequivocally for the critic and for any of those that are watching, and the answer is no. There will not be a reduction in the public health budgets that are being delivered through the health authorities. In fact, as I pointed out, the budgets are increasing by almost 7 percent this year alone.

What we are doing, though, Member.... In terms of where the redirected money will go, the shorter answer is that I don't have all the answers yet. The reason I don't have all the answers is that we're working, actually, with another ministry, called Healthy Living and Sport, to identify the evidence and the work that they've been doing on where those dollars might go.

So actually, in fact, Member, we are trying to work cross-ministry to ensure that the dollars go on a preventative

basis to where they will achieve the most dramatic results. A lot of work is being done by Healthy Living and Sport in cooperation with our own staff, along with discussions with the health authorities.

Again, I do want to be clear that it may be that in one of those health authorities they are already delivering a program or programs that are achieving very good results, and what we may want to do is say: "Actually, let's do a lot more of that, because that is really working, and that deserves further support."

[1125]

This is really an effort of saying: "How can we ensure that we are redirecting dollars to where they will get the absolute best possible results?" As the minister, that is something that I am very passionate about, because I do think, given the evidence that I mentioned earlier in my opening remarks, that the value of prevention, if properly undertaken in a society, can have remarkably positive results. We've seen it in terms of cancer outcomes here. We've certainly seen it in terms of all the efforts we've taken to reduce smoking levels.

All of the things that we are doing or could potentially do have to be looked at, but we have not come to those decisions at this point. We are in the midst of those discussions, both cross-ministry and with the health authorities, to try and identify what those priorities would be.

A. Dix: Very directly, then, the \$45 million in savings that is being asked of from the chief officers of health — those \$45 million in savings — that's an instruction. That money will be spent elsewhere in government. The minister is saying that this isn't a matter of choice. You know, when the minister says administrative overhead, duplication of services and contracts with outside agencies.... I mean, clearly that doesn't add up to \$45 million.

With respect to the minister's discussion.... Often the decisions you make in government are making an assessment between one program and another, a program that exists versus a program that might replace it. These are often positions.... In many cases they're both good programs, and you've got to make choices — right? That's the process you're involved in here.

I just want to be clear that the \$45 million cut is an instruction from the ministry to the health authorities, or to the medical officers of health, or the health authorities who direct those budgets. Then the minister, in consultation with colleagues and the Ministry of Healthy Living and so on, is determining how that \$45 million will be spent. Clearly, if the minister is preparing to spend the \$45 million, then he clearly has an expectation that those cuts will come forward. So that will allow us to clarify this issue and perhaps move on.

Hon. K. Falcon: To be clear: those dollars that will be redirected would be dollars that would be redirected elsewhere in prevention and public health, so it's not like

those dollars are going to end up over in Transportation or some other ministry. They will remain in prevention and public health.

They may be doing things differently, but they will remain, the idea being, again, to ensure that we drive the best possible prevention programs that we possibly can in the province of British Columbia to ensure that we do everything we can to have a healthy population capable of helping to, as a side benefit, drive down the cost of our health care system because we have a healthier population. Some of that may require early investment to ensure that that happens.

Now, the member quite rightly points out that sometimes that means that you have to look at a plethora of different programs and say, maybe, that one is delivering better than some of the others. I agree with that, although the challenge, of course, is that I have yet to hear of a single program that the opposition have determined is not delivering to the fullest extent.

What I always hear is that any change in any program is terrible and that we mustn't ever consider it. In fact, typically I'll get someone standing up in question period from the opposition saying that this beloved program is now going to be no more and, therefore, that the world as we know it is never going to be the same.

The fact of the matter is, Member, that you cannot, on the one hand, say that it is normal for government to look at multiple programs delivering the same thing and have to make choices amongst those programs but, on the other hand, make it part of your position publicly to continually oppose every single change being made by government in making decisions around which programs are achieving their purpose and supporting those — perhaps even supporting them with additional resources — and not supporting programs that are either duplicative or are not meeting the original purposes.

So in this regard, what we have said to the health authorities is that we want you to identify 10 percent of your gross budgets, recognizing that those budgets are increasing by almost 7 percent this year. We want them to identify 10 percent within those budgets that could be potentially available for redirection. I say "potentially" because it's not necessarily the case. It could very well be that they come back and, in fact, we find we are getting exceptional results in virtually every area that they're working on. That is possible. I don't think that it's entirely likely, but it is possible.

But we have said that we want them to identify 10 percent so that we could redirect those dollars to prevention and public health programs that the evidence would support as driving the best possible results for the broader public health in British Columbia.

[1130]

That is the direction that was given. Those discussions are now underway. I, first of all, respectfully acknowledge, I understand, that there's a sense of concern about that.

You know, some of those programs out there.... I know that everyone likes their programs, and as I say, they may be very good programs. I want the folks to know that if they're delivering very good programs, delivering exceptional results for British Columbians in terms of prevention and public health, then this should be a very positive experience to go through.

In fact, we want to identify what those programs are and perhaps even further reinforce what we're trying to do there. But we should never be afraid or resistant to look at how we're delivering services to determine whether we can do them better.

For example, in inspections of restaurants, are we doing a risk-managed approach where we are really paying a lot of attention to those restaurant operators that consistently have a poor record of running clean establishments? That, to me, makes eminent sense. We should be bearing down very hard on those that are repeat offenders and making their lives very miserable in terms of their ability to deliver poor-quality food or food that may be at risk of contamination as a result of the fact that they are not taking the appropriate care to have restaurants that are as clean as possible.

We should be, under that risk-based approach, rewarding those that are doing a good job, because part of what you want to also achieve, it would seem to me, is to reward good performance. Perhaps they don't have to be inspected as frequently — that could be one of the benefits — but they recognize that when they get those spot, random inspections they had better be maintaining their high-level standard to find themselves in that position.

Those, to me, are the kind of normal, fundamental questions that one would ask of our program delivery to ensure that we are doing it based on the best practices and best evidence of other jurisdictions around the world.

A. Dix: I think it's fair to say that if, in fact, the minister cuts \$45 million from the population public health funding, from what's being currently spent, some very good programs are going to be cut. I mean, there's no evidence that the administrative costs in that area are high. After nine years in government I can't imagine that the minister would be talking about that too much if they were.

I guess just one further question, just because he mentioned it. I wasn't going to come to this now, but he mentioned the public health inspection of restaurants. Does the minister plan to increase fees that are associated with those public health inspections of restaurants?

Hon. K. Falcon: Not across-the-board increases, but certainly, I think, one of the areas that they would likely be looking at is an increase in fees for those that are consistently performing to a poor standard. Again, this is all

about the carrot-and-stick approach that, I think, good regulation should involve.

If you are not performing to a high standard and keeping your restaurant spic and span and clean — so that the public can have some confidence that when they're being served a meal, they're being served a meal that is not potentially contaminated as a result of poor practices — then you should be ready to pay a price of some sort. I wouldn't be surprised at all if one of the areas they're looking at is having higher fees for those restaurants that do not meet the high standard that the public would expect.

I can tell you, just at sort of a high level, that I wouldn't have any objection to that at all, because I do believe that the whole point of regulation should be risk-managed. There should be consequences for those that are not maintaining high standards. There should be benefits if you are, but there should be consequences if you aren't. I think a good regulatory regime — and that has been demonstrated around the world — should have all of those elements.

A. Dix: The minister is clear that there'll be no across-the-board increase in fees for public health inspections of restaurants. That's very interesting. I presume that what he's talking about would be instituted in one of two ways. One would be fines, presumably, or punishment if one doesn't meet the standard. But I don't think that's what the minister is talking about. Presumably, what he's talking about is that if a reinspection is required, those fees for reinspection would be increased dramatically. Is that what he's talking about?

[1135]

Hon. K. Falcon: Well, the truth is that I don't know at this point. I don't know because we're still having discussions. This would just be one of a range of issues in which discussions would be taking place between public health officers, the ministry and health authorities.

But again, the principle that I would be supportive of would be that if you are a poor operator, if you have a consistent pattern of not meeting the high standards that the public and government would expect out of you in running your operation, then you can expect that there's going to be a financial consequence.

How that gets carried out — I'm willing to listen to the recommendations that are made, and I'll study those and look at those — will have to be in accordance with that overarching principle that I believe and our government believes very strongly in. That is that there are benefits to being a good operator. Those benefits may be that you aren't as frequently inspected, so you don't have the disruption of people coming into your facility on a regularized basis.

That may be one of the benefits. I don't know. But the consequences of not meeting those high standards

should also be real in terms of higher costs for those operators. I don't have any problem with that. Frankly, if some of them decide that that's too high a cost and they need to get out of the business, such is the way it should be.

I do believe that the public expects — indeed, the public demands — that we have an inspection regime that is not going to be countenancing or accepting low standards in the preparation of food. I look forward to the discussions taking place between our ministry and the health authorities and the public health officers, but I would expect that those kinds of overriding principles would guide the discussions and any suggestions on what changes may or may not be made.

A. Dix: Just a very specific question, which I don't expect the minister to have an answer for now. There's a really valuable program in Vancouver called the Vancouver Chinese Diabetes Education Centre. I myself know a little bit about the value of good initial training in terms of care for diabetes. Perhaps the minister can get back to us later in estimates to say whether the funding for that agency will continue or not.

I guess just to sum up on this, I think that part of the challenge here is that, of course, all of these discussions, which are very important to public health, happen in private. Ultimately, the minister, the ministry and the government won't comment on any of these programs and won't even say whether they're good programs or not in the ministry estimates that are designed for that purpose.

The discussion as to whether the \$45 million that the minister proposes to launch, based on the \$45 million in cuts.... That discussion never comes to the public. Presumably, the programs would be announced first, and then the cuts would be announced later. We'll see how all that goes.

I had just a very simple question for the minister, because I know how he likes to go off on flights of fancy. It's a very specific question about deficits in the health authorities. Will any health authorities or Providence Health Care be running deficits this year — in the 2009-10 fiscal year that's just ending?

Hon. K. Falcon: The answer is no.

A. Dix: I want to move on to the question of the HST and the government's proposal to compensate long-term-care homes that are affected by the HST, largely on service contracts. It's not any great secret. We have a letter from Mr. Dyble, which is on the B.C. Care Providers website and which talks about that agreement. I'm not calling him out for any specific reasons. It's actually quite a lovely letter.

To the minister: it says that the health authorities will compensate private care home providers, principally —

although some non-profits, I think, as well — for the costs of the HST. I understand that how this will work is that the care provider will pay the HST, as you'd expect. Mr. Dyble's letter suggests it's \$6 million. The care providers suggest that it would be something more than that. The care provider would pay the HST, and then out of the health authority funds the health authorities will compensate the provider.

[1140]

Is that how it's supposed to work? I understand that there's a survey now of care providers where they're going to give estimates as to their expectations as to the cost. I think, if I know correctly, Carital, which is the care provider on Grandview Highway, beside the Italian Cultural Centre — the minister will be familiar with that care home — was estimating it would be in the neighbourhood, for them, of \$200,000.

Is the minister saying that in that case — for example, if it were \$200,000 — the health authority, the Vancouver Coastal Health Authority, would essentially be sending a cheque to Carital for \$200,000?

Hon. K. Falcon: Yes, we did make a commitment in government that the care providers, both residential and assisted-living providers, would be made whole for any HST impact. We are, as the member correctly points out, undertaking that survey. The survey is really to identify what the impacts are on each individual operator so that we have a sense.... Although we have a high-level sense, we want to specifically identify that through each of the providers.

The example the member used is entirely correct. If the HST cost was, for example, borne out to be \$200,000, then they would be reimbursed that \$200,000. How they get reimbursed is still a subject of some discussion that we're having with the Care Providers Association.

It could be done, largely, in two ways. The first is that you could write a cheque, for the \$200,000 in that case, or you could adjust their per-diem rate to achieve it back through the per-diem rate that we pay the operators through government. Both of those options will be looked at, and we will try and work with the association to figure out what the best possible result would be for the care providers.

The Chair: Member, and noting the hour.

A. Dix: It seems early somehow. It seems like we just started, really — you know? I can claim no filibustering. I think that we've tried to be pithy here.

Let me ask just a couple of more specific.... We'll leave this subject, and then we'll go on to some others after the break.

Specifically on this, essentially what's happened is that the government transfers.... The \$6 million is part of the billions of dollars transferred to the health authorities.

The \$6 million is part of that. Then it will be paid, in some fashion, either through a higher per-diem rate or through direct payment, to the care provider, and then the money will come back into the provincial treasury for the provincial share of the HST.

So essentially.... The conclusion, I think it's fair to say, is that this is \$6 million out of health care — it's not lost to government, because it comes back to government — and into general revenue. Is that a fair description of what happens? I know the budget is big, and so on, but is that a fair description of what's happening here?

Hon. K. Falcon: Quickly, to the member: I liked every part what he said except the last part. So all I would say to the member, and I think that it is appropriate, is that HST is a very good example of where....

You know, the public doesn't like paying any taxes, and I totally support that. I can tell you that I have spent most of my adult life reducing taxes as part of a government that has reduced the personal income tax rate by, on average, 35 percent, corporate tax rates from 16½ percent to 10 percent, and general corporate tax rates

and the small business tax rate from 9 percent in the '80s under the Vander Zalm administration to zero percent next year under this government.

All of those, I think, are important to trying to grow the economy. But I recognize, whether it's HST or any other tax, that there is an understandable reaction against it, that folks that would rather not pay taxes.

[1145]

The important thing for the member to know is that those dollars are actually the dollars that allow us to increase the health care budget, as we have done and will do over the next three years, by 15 percent — the operating budget — and allow us to make the additional capital commitments that I referenced earlier in my opening remarks.

Having said that — and noting the time, Chair — I move that we rise, report progress and seek leave to meet again.

Motion approved.

The committee rose at 11:46 a.m.

HANSARD SERVICES

Director
Jo-Anne Kern

Manager of Print Production
Robert Sutherland

Post-Production Team Leader
Christine Fedoruk

Editorial Team Leaders
Laurel Bernard, Janet Brazier, Robyn Swanson

Senior Editor — Galleys
Heather Bright

Technical Operations Officers
Pamela Holmes, Emily Jacques, Dan Kerr

Indexers
Shannon Ash, Julie McClung, Robin Rohrmoser

Researchers
Jaime Apolonio, Mike Beninger

Editors
Anton Baer, Aaron Ellingsen, Deirdre Gotto, Margaret Gracie,
Jane Grainger, Betsy Gray, Iris Gray, Linda Guy, Barb Horricks,
Bill Hrick, Paula Lee, Nicole Lindsay, Donna McCloskey,
Bob McIntosh, Anne Maclean, Constance Maskery, Jill Milkert,
Lind Miller, Lou Mitchell, Karol Morris, Dorothy Pearson,
Erik Pedersen, Peggy Pedersen, Janet Pink, Amy Reiswig,
Heather Warren, Arlene Wells, Glenn Wigmore

Published by British Columbia Hansard Services,
and printed under the authority of the Speaker.

Printing Agent
Crown Publications, Queen's Printer for British Columbia
563 Superior St., Victoria, B.C. V8W 9V7
Toll-Free: 1-800-663-6105 Telephone: (250) 387-6409
Fax: (250) 387-1120 E-mail: crown@crownpub.bc.ca

Rates
Single issue, \$2.85; per calendar year, mailed daily, \$398. GST extra.

www.leg.bc.ca

Hansard Services publishes transcripts both in print and on the Internet.
Chamber debates are broadcast on television and webcast on the Internet.
Question Period podcasts are available on the Internet.