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REPORT OF PROCEEDINGS
(HANSARD)

SELECT STANDING COMMITTEE ON

**FINANCE AND
GOVERNMENT SERVICES**

Vancouver

Friday, September 20, 2013

Issue No. 3

DAN ASHTON, MLA, CHAIR

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**SELECT STANDING COMMITTEE ON
FINANCE AND GOVERNMENT SERVICES**

Vancouver
Friday, September 20, 2013

- Chair:* * Dan Ashton (Penticton BC Liberal)
- Deputy Chair:* * Mike Farnworth (Port Coquitlam NDP)
- Members:*
- * Mable Elmore (Vancouver-Kensington NDP)
 - * Eric Foster (Vernon-Monashee BC Liberal)
 - * Scott Hamilton (Delta North BC Liberal)
 - * Gary Holman (Saanich North and the Islands NDP)
 - * Marvin Hunt (Surrey-Panorama BC Liberal)
 - * Lana Popham (Saanich South NDP)
 - * Jackie Tegart (Fraser-Nicola BC Liberal)
 - * John Yap (Richmond-Steveston BC Liberal)

** denotes member present*

Clerk: Susan Sourial

Committee Staff Stephanie Raymond (Administrative Assistant)

-
- Witnesses:*
- Tanner Bokor (Alma Mater Society of the University of British Columbia Vancouver)
 - Kari Boyle (Executive Director, Mediate B.C. Society)
 - Chardaye Bueckert (Simon Fraser Student Society)
 - Robert Clift (Executive Director, Confederation of University Faculty Associations of British Columbia)
 - Dean Crawford (President, Canadian Bar Association, British Columbia branch)
 - Mark De Mello (School District 38 — Richmond)
 - Darren Devlin (Chair, Emily Carr Students Union)
 - David Ewing (Mining Association of British Columbia)
 - Jon Garson (B.C. Chamber of Commerce)
 - Suzanne Gill (Genome British Columbia)
 - Rob Gloor (Executive Director, Alliance for Arts and Culture)
 - Sharon Gregson (Coalition of Child Care Advocates of B.C.)
 - Tracy Ho (Douglas Students Union)
 - Matt Horne (Pembina Institute)
 - Jim Iker (President, British Columbia Teachers Federation)
 - Paul Klassen (Motion Picture Production Industry Association of B.C.)
 - Dr. Richard Kool (President, Confederation of University Faculty Associations of British Columbia)
 - Julia Lane (Graduate Student Society, Simon Fraser University)
 - Peter Leitch (Motion Picture Production Industry Association of B.C.)
 - Jim McCaughan (British Columbia Real Estate Association)
 - Michael McSweeney (President and CEO, Cement Association of Canada)
 - Norma Miller (British Columbia Real Estate Association)
 - Cheryl Mixon (First Call: B.C. Child and Youth Advocacy Coalition)
 - Adrienne Montani (First Call: B.C. Child and Youth Advocacy Coalition)

Marco Antonio Murillo
Pierre Ouillet (University of British Columbia)
Monica Pamer (Superintendent, School District 38 — Richmond)
Madison Paradis-Woodman (Douglas Students Union)
Richard Rees (CEO, Institute of Chartered Accountants of B.C.)
Carlos Salas (Geoscience B.C.)
Donna Sargent (Board of Education, School District 38 — Richmond)
Pascal Spothelfer (University of British Columbia)
Margaret White (British Columbia Teachers Federation)
Alan Winter (President and CEO, Genome British Columbia)
John Winter (President and CEO, B.C. Chamber of Commerce)

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MINUTES

SELECT STANDING COMMITTEE ON FINANCE AND GOVERNMENT SERVICES



Friday, September 20, 2013

1:00 p.m.

ICBC Salon B, Morris J. Wosk Centre for Dialogue

580 West Hastings Street, Vancouver, B.C.

Present: Dan Ashton, MLA (Chair); Mike Farnworth, MLA (Deputy Chair); Mable Elmore, MLA; Eric Foster, MLA; Scott Hamilton, MLA; Gary Holman, MLA; Marvin Hunt, MLA; Lana Popham, MLA; Jackie Tegart, MLA; John Yap, MLA

1. The Chair called the Committee to order at 1:01 p.m.
2. Opening remarks by Dan Ashton, MLA, Chair.
3. The following witness appeared before the Committee and answered questions:
 - 1) Mining Association of British Columbia David Ewing
 - 2) Motion Picture Production Industry Association of BC Peter Leitch
Paul Klassen
 - 3) Marco Antonio Murillo
 - 4) Geoscience BC Carlos Salas
 - 5) Genome British Columbia Alan Winter
Suzanne Gill
 - 6) Cement Association of Canada Michael McSweeney
 - 7) First Call: BC Child and Youth Advocacy Coalition Adrienne Montani
Cheryl Mixon
 - 8) Institute of Chartered Accountants of British Columbia Richard Rees
 - 9) Canadian Bar Association, British Columbia Branch Dean Crawford
 - 10) British Columbia Real Estate Association Norma Miller
Jim McCaughan
 - 11) British Columbia Teachers' Federation Jim Iker
Margaret White
 - 12) British Columbia Chamber of Commerce John Winter
Jon Garson
 - 13) University of British Columbia Pascal Spothelfer
Pierre Ouillet
 - 14) Board of Education, School District No. 38 (Richmond) Donna Sargent
Mark De Mello
Monica Pamer
Darren Devlin
 - 15) Emily Carr Students' Union Sharon Gregson
 - 16) Coalition of Child Care Advocates of BC Kari D. Boyle
 - 17) Mediate BC Society Julia Lane
 - 18) Graduate Student Society at Simon Fraser University;
Simon Fraser Student Society Chardaye Bueckert
 - 19) Alliance for Arts and Culture Rob Gloor
 - 20) Confederation of University Faculty Associations
of British Columbia Dr. Richard Kool
Rob Clift

4. The Committee recessed from 5:59 p.m. to 6:00 p.m.
5. The following witnesses appeared before the Committee and answered questions:
 - 21) Alma Mater Society of UBC Vancouver
Tanner Bokor
 - 22) Douglas Students' Union
Madison Paradis-Woodman
 - 23) Pembina Institute
Tracy Ho
Matt Horne
6. The Committee adjourned to the call of the Chair at 6:42 p.m.

Dan Ashton, MLA
Chair

Susan Sourial
Committee Clerk

FRIDAY, SEPTEMBER 20, 2013

The committee met at 1:01 p.m.

[D. Ashton in the chair.]

D. Ashton (Chair): Good afternoon, everybody. Thank you very much for coming. I'll just start off with some preliminaries that we have here.

We are the Select Standing Committee on Finance and Government Services. This is an all-party parliamentary committee of the Legislative Assembly whose mandate includes conducting annual public consultations on the upcoming provincial budget.

We'd like to welcome everybody in attendance today. Thank you very much for taking this time to attend, and we really appreciate you participating in this important process.

The overview of the budget consultation process. Every year the Minister of Finance releases a budget consultation paper. This paper contains fiscal and economic forecasts and key issues that need to be addressed in the next budget.

Once a consultation paper has been released, this committee is required to hold provincewide public consultations. All British Columbians are invited to provide input on the budget.

Following the consultations, the committee releases a report of the consultations along with recommendations for the upcoming budget. This report must be presented to the Legislative Assembly no later than November 15.

Consultation methods. There are several ways that British Columbians can participate. This public hearing is one of 17 scheduled to take place around communities throughout the province. All British Columbians are invited to present or attend the hearings. We have also scheduled video conference sessions for five additional communities.

British Columbians can also participate in the consultation by sending a written submission, video file, letter or fax.

Information on the consultations, including instructions on how to make a submission, is available on our website, which is <http://www.leg.bc.ca/cmt/finance/budget-consultations.asp>. The deadline for submissions is Wednesday, October 16. All the public input we receive is carefully considered.

For the format of today's meeting, each presenter may speak for up to ten minutes. Up to five additional minutes are allotted for questions from the committee members. Time permitting, we may also have an open mike at the end of the hearing. Five minutes are allotted for each presentation.

If you would like to register for the open mike, please check with the staff at the information table — the nice young lady in the corner over there.

Today's meeting is a public hearing and will be recorded and transcribed through Hansard Services. A copy of this transcript, along with minutes, will be printed and will be made available on the committee's website. A live audio webcast is also broadcast through the website.

The committee is also on Facebook and Twitter. On Facebook, you'll find us under the Legislative Assembly of British Columbia. On Twitter, we are at twitter.com/BCFinanceComm.

I would now ask the members of the committee to introduce themselves, and I'll start over here.

L. Popham: My name is Lana Popham. I represent Saanich South.

G. Holman: Gary Holman, Saanich North and the Islands.

M. Farnworth (Deputy Chair): Mike Farnworth, Port Coquitlam.

E. Foster: Eric Foster, Vernon-Monashee.

S. Hamilton: Scott Hamilton, Delta North.

M. Hunt: Marvin Hunt, Surrey-Panorama.

J. Tegart: Jackie Tegart, Fraser-Nicola.

D. Ashton (Chair): Thank you. My name is Dan Ashton. I'm the MLA for Penticton. I will be chairing these proceedings and working very closely with the vice-Chair, Mike Farnworth, and all the committee representatives and staff to ensure that what is said today is forwarded to the government for proper consideration.

Also joining us today from the parliamentary committees office are some very hard-working individuals and dedicated individuals — our Clerk, Susan Sourial, and Stephanie Raymond, who is staffing the registration desk.

[1305]

Michael Baer — and I hope I pronounced that right — Jean Medland and Alexandra Hursey are also here on behalf of Hansard Services.

Thank you very much, folks, for being here. I greatly appreciate your expertise.

For our first presentation, on the list we have the Federation of Community Social Services of British Columbia. It's my understanding that they are going to be a little bit late. The second one is the Mining Association of British Columbia — David Ewing.

Is that correct, sir?

D. Ewing: That's correct.

D. Ashton (Chair): Would you mind coming forward early? What we'll do, if Shane gets in here, is we'll do a

quick swap. Once again, welcome. Thank you very much for coming, and I would just remind you: a ten minute presentation and room for questions after.

Presentations

D. Ewing: Given the time allotted, then, I'm going to jump right into it. You've got the presentations before you.

First and foremost, I thank you very much for the opportunity to contribute our views in this process. We appreciate the extensive consultation. Today I'm going to give you an overview of our organization, an understanding of our contribution to the B.C. economy and our view of what can be done to ensure that the mining sector contributes to the financial well-being of the province, going forward.

Turning to page 2. The Mining Association of British Columbia has been around since 1901. We've been the voice of the mining industry and represent metal, coal, industrial minerals and smelters. We work in partnership across the province. We're partners in job creation, creating direct jobs through our mines and indirect jobs through our suppliers.

We're partners in capacity-building through our contribution to training programs and educational institutions, including MineralsEd, B.C. Aboriginal Mine Training Association, the Norman B. Keevil Institute of Mining Engineering and numerous other organizations around the province.

We're also partners in advocacy through the associations, such as the Association for Mineral Exploration of British Columbia and the B.C. Business Council. Our vision is to ensure that we have a thriving mining industry in B.C. for generations to come.

Turning to page 3. It gives you an understanding of the MABC mining membership. We have 48 members, including companies such as Teck Resources, Imperial Metals, New Gold and Quinsam Coal.

Turning then to page 4. I wanted to provide you with an overview of the mining sector health and its contributions. B.C. has 21 major mines, over 30 industrial mineral producers and two smelters. B.C.'s gross mining revenues were \$9.2 billion in 2012, down approximately 7 percent from the year prior. Capital expenditures decreased to \$2.7 billion in 2012 from \$2.9 billion previously. Mineral exploration was \$431 million.

Perhaps more importantly here, total payments to governments were \$504 million in 2012, and the B.C. mining industry employed 10,419 people directly in 2012, an increase of 12 percent over the prior year. Average salaries increased to \$121,900 — salaries that I think we can all agree are family-supporting salaries.

The next page, page 5, gives you an understanding of some of the mines currently in British Columbia and some of the mines proposed in British Columbia. While the previous slide speaks to the state of the sector in 2012,

there are tremendous opportunities for this province to benefit from mining, going forward. There are currently over 30 potential projects at various stages of the environmental assessment and permitting processes, amounting to a capital investment potential of \$30 billion for British Columbia.

In addition, as these new mines come on, they will contribute a significant injection of new revenue into the government. This revenue could support B.C.'s effort to eliminate its debt and provide support for services and social programs in communities around B.C.

The B.C. jobs plan has recognized the importance and enormous potential of the industry, including a commitment to eight new mines and nine expansions. Meeting the targets of the plan will mean approximately 10,000 new direct and indirect jobs for B.C. Exceeding the commitment would mean more.

Moving to page 6. I wanted to discuss very briefly some of the challenges that we're facing to the competitiveness of the mining industry going forward.

[1310]

Part of B.C.'s strength as a mining jurisdiction has stemmed from favourable policies that make B.C. a desirable place to invest, explore and develop mineral resources. B.C.'s business tax remains among the most competitive in North America, and our sector continues to benefit from favourable taxation measures, such as the mineral exploration tax credit, the B.C. mining flow-through share credit and the new mine allowance. Our industry's future success will depend on retaining these important measures.

There are, however, a number of challenges I would like to speak about today that jeopardize our competitiveness going forward. The first: reduced government tax support in federal budget 2012 and 2013, such as the elimination of the corporate mineral exploration and development tax credit and the accelerated cost of capital allowance.

Two, concern is compounded by predictions that B.C. hydroelectricity price will increase by approximately 10 percent each year for the foreseeable future. B.C.'s longstanding low-cost energy advantage is a clear threat to an industry that requires power.

While MABC remains optimistic that a future review of PST will result in the creation of a new, permanent PST exemption for electricity used in a manufacturing or production process, similar to what existed under the HST, the transition from HST back to PST resulted in an additional 7 percent tax on the purchase of electricity used for mining operations.

Some municipal levels of government in B.C. have also considered measures such as extending city boundaries to impose new taxes on neighbouring mines. These policy changes have adversely impacted our reputation as a stable and consistent investment environment for resource companies.

Moving to page 7. I wanted to speak a little bit about what our recommendation is. I've got three for you today. The future success of our industry will depend on the province maintaining its favourable tax support for the mineral exploration and mining sector and on working with all levels of government to prevent detrimental tax measures that may weaken B.C.'s global competitiveness as a mining jurisdiction. MABC is making the following recommendation to address these competitiveness barriers.

MABC wishes that the provincial government maintain tax support for mineral exploration and the mining industry and collaborate with municipal and federal government counterparts to encourage favourable policies that enhance B.C.'s competitive edge as a jurisdiction of choice for mineral exploration and mining.

Moving, then, to the second key challenge, on page 8. We need to work to ensure that there is adequate capacity to implement environmental assessment and permitting processes. With 30 proposed mines in the pipeline, this is very important to us going forward. As some regulatory processes are streamlined, and given the recent creation of the Ministry of Natural Gas Development, we are advocating for the maintenance of the resources focused on mining and permitting.

We are concerned that key permitting departments do not have the resources necessary to carry out their permitting and First Nations consultation obligations in a timely manner. Permitting delays caused by a lack of sufficient resources or division of resources to other priorities delays private sector investment, job creation and, ultimately, economic recovery that the mining sector is poised to provide.

As mentioned, there are currently 30 projects in the pipeline representing \$30 billion in capital investment for British Columbia. Now is the time to address the competitive barriers to fully realize this great economic opportunity.

To ensure adequate capacity with the environment assessment and permitting processes, MABC is recommending the following: in Budget 2014 the B.C. government ensure that key ministries such as Energy and Mines; Environment; and Forests, Lands and Natural Resources have the resources they need to address permitting and First Nations consultation requirements for mining projects in a timely manner.

The final part of my presentation speaks to the future of mining in British Columbia and how it is shaped by the relationship with the First Nations communities.

I'm going to move from explanation here and move straight into our ask. Essentially, what this states is we've worked very hard with First Nations communities going forward to get mines approved. We recognize that this is both an opportunity for us and it's an opportunity to tear down a barrier that has been there in the past.

[1315]

Our primary recommendation to government is that it allocates resources in Budget 2014 to the continuing negotiation and implementation of revenue-sharing agreements, economic and community development agreements, strategic engagement agreements and treaties between the government and the First Nations. This would be really key for our industry going forward.

The last slide that we have here, page 12, basically speaks to the fact that... It recognizes the progress we have made over 2012. We don't want to lose sight of that, but we also state very clearly that we do have an opportunity going forward if some of these challenges are overcome.

D. Ashton (Chair): Boy, David. Perfect. Thank you very much. I appreciate it — if you don't mind the first-name basis.

Questions, if people don't mind.

G. Holman: Regarding electricity prices, the mining industry is very electricity-intensive. It's a big component of your input costs. You mentioned them going up by 10 percent.

My understanding is that industrial operations like mines pay about half the rate that the residential consumers do. What I'm wondering about is: when we hear about Hydro potentially increasing rates 26 percent over two years, whatever it was, does that same proportion apply to the industry? So if residential rates go up by 26 percent, does that same proportional increase...? Is that what you're facing as an industry?

D. Ewing: Our understanding is that, depending on the way in which you do the math, we pay an equal amount of electricity rates as the residential share. Certainly, we also contribute to connection and whatnot as well.

Can you ask your question one more time, please? I want to make sure I...

G. Holman: We've heard publically that Hydro is proposing — it won't necessarily be approved — a rate increase of 26 percent. I think it's over two years. My question is: does that apply to both industry and the residential sectors? Is that the kind of rate increase over a two-year period that would apply to you if the Hydro proposal was approved?

D. Ewing: I can't speak for the application, because the application of industrial rates is actually very complex. When we're talking about a comparison and what that 26.4 percent, I believe, that was published might mean, I honestly can't tell you that. I don't know at this stage.

What our studies have told us, however, is that the industry is facing a 10 percent increase per year going forward, approximately. That is a concern for the industry.

I think that recognition that the industry also plays

a role in hookups, infrastructure and power creation.... It's another thing that we have to recognize as well. It's not as simple as a residential rate that's charged. We also contribute in other aspects of the electrical grid.

M. Farnworth (Deputy Chair): A quick question. Your recommendation on maintaining the provincial tax support for mineral exploration. How long have the current tax benefits been in place? I guess there's the flow-through share arrangement and then the exploration support.

D. Ewing: I don't have that information for you, but I'm certainly happy to provide it at a later date.

D. Ashton (Chair): Any other questions of the presenter?

Any other comments in closing?

D. Ewing: No. Thanks.

D. Ashton (Chair): Thank you very much, David, for coming forward. Greatly appreciated. As we've said, we have the hard copy, and it's also in *Hansard*. We'll take it from there, and your recommendations will be considered. Thanks for coming today.

D. Ewing: Best of luck in the next three weeks.

D. Ashton (Chair): We'll take a momentary recess.

The committee recessed from 1:19 p.m. to 1:20 p.m.

[D. Ashton in the chair.]

D. Ashton (Chair): Gentlemen, how are you?

P. Leitch: Very well. Thanks for the invite.

D. Ashton (Chair): More than welcome.

The lay of the land is a ten-minute presentation and up to five minutes for questions from the panel. So I'll start at.... Actually, the names are out. If you don't mind, we can pick them up. I'll just let you start and take off. So welcome. Thank you very much for coming today.

P. Leitch: Awesome. Thank you very much. My name is Peter Leitch. I'm the chair of the Motion Picture Production Industry Association and also the president of North Shore Studios and Mammoth Studios, which are two facilities in the Lower Mainland that probably facilitate around 1,000 jobs each.

We've been in the business for quite some time. I started in 1987 with Stephen Cannell Productions as their CFO, when they brought up *21 Jump Street* and *Wiseguy* and all those series. So I've been in the business a long

time and seen a lot of growth, a lot of changes. It's still an exciting place to be. We're certainly glad to be here.

British Columbia is a major centre for screen-based entertainment. Actually, throughout the world there's an international marketplace that we service.

There are two parts of our industry.

We service the Los Angeles business, which is the big studios like Warner Brothers and Disney. Historically, most of our business — the majority of our business, around 80 percent — has been from Los Angeles.

That really has been responsible for allowing us to build the infrastructure that we have in the province, where we've got about a billion dollars' worth of investment from the private sector in infrastructure. I'm including studios and equipment — you know, all the trucks and everything else that you see around the streets.

The industry is a fantastic employer. There are 25,000 people employed in the industry. Plus, there's a lot of indirect employment. When we talk about employment in the industry, people like myself that work in studio space are generally not counted. We're talking about the people that are on set working on productions.

There are a whole bunch of spinoffs in the industry. We've got a new production coming into one of our big facilities in Burnaby called Mammoth Studios. It will probably spend in the area of \$100 million and create, probably, over 1,000 jobs when you throw in some of the additional people that'll be working on the show.

Out of that \$100 million, approximately half will be spent on labour and half will be spread throughout over probably a couple of thousand vendors. It's a huge benefit to the economy when that happens, because these are new dollars coming into the province.

The other side of the industry you've got is the domestic industry. Actually, we're starting to see an upturn in the domestic industry, which is great. These are B.C.-based producers creating their own IP, which is fantastic. So they own the copyright to it, and they get to sell that into the worldwide market. Shows like *Continuum* and *Motive* have been very successful and have sold worldwide.

I'd like to turn it over to my colleague Paul to talk a little bit about the labour situation and a little bit more about the statistics of the industry.

P. Klassen: Good afternoon. My name is Paul Klassen. I sit on the executive at the Motion Picture Production Industry Association of B.C., and I'm also the business representative at IATSE Local 891.

Our organization represents approximately 5,000 members who work as artists, technicians and craftspeople in the motion picture industry. We count among our memberships Oscar winners, Emmy winners and an extensive list of world-class talent who work hard to create the amazing sets and special effects seen in theatres and on televisions worldwide.

Our members come from across the province to not only work in a challenging and rewarding environment but also to raise families, pay taxes and contribute to the economy of the province.

Now, as Peter alluded to, the motion picture industry here in British Columbia is large. It's actually larger than a lot of people think. There was a recent study released by Nordicity on the economic contribution of the film and television value chain in Canada, and it produced some pretty impressive figures. These include 262,700 full-time-equivalent jobs; \$20.4 billion in GDP — and this is across Canada; and \$9.5 billion in tax revenue, which was roughly split 50-50 between federal and provincial tax revenue.

[1325]

British Columbia was ranked second in both employment and volume of film and television production in Canada, after Ontario, and we aim to be first.

The industry is fiercely competitive, as Peter mentioned, and highly mobile. Recognizing this, local businesses and labour organizations offer incentives to attract productions at all budgetary levels and work diligently to promote the province through various marketing initiatives. Government support, in the form of competitive tax policy, is a critical component of the overall package which B.C. offers producers from around the world.

The global entertainment and media market is estimated to be worth well in excess of \$1 trillion annually, and it's growing fast. The creative industries now represent a significant portion of many countries' GDPs and offer real economic growth potential.

B.C. is well positioned to continue its role as a major centre for screen-based content creation, to increase its share of the global market and provide well-paying jobs for tens of thousands of British Columbians today and for future generations.

Peter has got some more to say about where we can go from here.

P. Leitch: One of the things that we've got that I think gives us a competitive advantage is we've got A World of Looks. If you look around the province, there's such a diversity of locations, and we've, I think, utilized them all, from the Okanagan to the Thompson-Nicola valley, you know, up north and certainly Vancouver Island.

While the hub of the industry is in the Lower Mainland, with the way telecommunications work now, you can almost be located anywhere. We had a fellow in our office who was actually posting a show from New Zealand right from his office in Vancouver. Technology is changing things, where we can utilize more parts of the province, and I think there are some fantastic opportunities there — having these unique locations. When I was with Lions Gate Entertainment, we were looking to build a studio in New Mexico, and I can tell you that I couldn't wait to fly home after being there for about four different trips,

you know, because it's literally spectacular here and the opportunities it provides us with.

One of the important facets of the industry... It's not the only thing, because we've got tremendous talent here. We talked about the infrastructure in A World of Looks. It's the tax credits or the incentives. Just to give you a sense of what those are, these are.... In British Columbia the tax incentives are labour-based, and it's based on B.C. residence. So when you hear about George Clooney coming up here, and people say, "Wow, we're paying his salary," well, the fact of the matter is George comes up here, and there's a 23 percent withholding tax that he pays. There is no incentive paid to a guy like George Clooney.

It makes a huge difference when we get these productions coming up here and we have some of the American stars. We've got a lot of British Columbia stars, but when we have these American stars, they are not subject to receiving incentives for the production. And before those are paid out, they have to have worked, and then they apply for them. It will take up to two years to pay them out, although Creative B.C. does a fantastic job of turning around incentives.

In fact, it's one of our competitive advantages here. Also, they now provide the services of the film commission. They have a fantastic digital library, where they can send out packages to potential customers of ours in Los Angeles and other parts of the world and sort of grow the opportunities, in fact, worldwide. We're seeing that the Asia-Pacific is even a target for us now, and England and doing co-productions, etc., so we're very optimistic. It's a trillion-dollar industry — the content creation industry worldwide. We're very good at it here, and we think we can share in it.

For consideration today, there are a number of things on the Liberal platform that we'd like to bring up. One of them was including post-production as an eligible expenditure for digital animation and visual effects. This process is now blended right into these things, so it's really hard, almost, to differentiate where post starts or visual effects ends. It's a really important component of a film. You know, when you look at the sound and see a lot of the effects in these movies right now, in fact sometimes you can't even tell when physical production ends and visual effects end and post-production cuts in.

That's one thing that we've been asking for, and the cost there would be probably \$2 million or less to include that. But it's a very important component to make sure we still maintain our reputation as a film centre here.

[1330]

We want to establish more of a significant presence in Los Angeles, in terms of somebody like a film commissioner, which is a representative of the province, going down to Los Angeles as being a very important thing. We talked about an office in Los Angeles, but we might be able to facilitate our needs there by doing it in a different way. That's certainly something that.... We think

we need a stronger presence there, as other jurisdictions are there all the time. Of course, as people involved in the industry, we're there all the time as well.

Then, to cover the rural distant tax credit in Victoria, I think, is important, because it's such a unique asset for us, as we want to make sure we push production there and create employment.

I think, really, the last thing I wanted to talk about briefly is.... You know, the PST coming in was a competitive disadvantage for us, so that was a bit of a problem. But we understand other industries are facing that also. I think probably my time's up.

D. Ashton (Chair): Perfect timing again.

M. Farnworth (Deputy Chair): On the greater presence in Los Angeles, and you said other jurisdictions, which jurisdictions and what kind of presence do they have? Do they have like a temporary, or is it a permanent, resident presence there or...?

P. Leitch: Well, for instance, Ontario would have more of a permanent presence there, but I'm not saying that we replicate that model. I'm just saying that it would be nice to have more of a presence with representation from British Columbia down there more often.

I think what happened is, you know, just with budgets getting cut.... We understand that it was getting difficult for travel down to Los Angeles for the film commissioner, for instance. It would be nice to sort of restore some of that and continue to build that business, because they love coming up here. It's just a matter of.... We've got to continually market ourselves to our major customer.

G. Holman: Two questions. What, in your view, is the rationale for not extending the tax credit to Victoria and not extending tax credits to post-production? That's one question, just kind of a devil's advocate question.

Second, what's your estimate of the total tax expenditure that the provincial government...? We've heard fairly large numbers being attributed as a tax expenditure on the film industry. What's your view of that?

P. Leitch: I'll answer the last question first. My view on that is.... I think the last year, in 2012, it was \$260 million. That was the actual amount paid out. We certainly would like to measure as accurately as possible. But for us, we look at all the revenues coming in, and we're a little bit confused about why we talk about the expense side of income statement and not the revenue side. When we're talking about a \$1.2 billion industry, you know, there's a big multiplier there, too, because of the instant cash that goes right into the economy. Again, this is new money. I mean, other jurisdictions are saying it's a three-time multiplier, so we think it's a pretty good return on investment.

On the issues of post-production, I think the world has changed a little bit, and it's such an integral part of production that it should be covered, just like visual effects and animation are under the DAVE credit. I think it's just a bit misunderstood and got missed out when that policy was introduced.

G. Holman: An oversight?

P. Leitch: And sorry, the first question...?

G. Holman: In Victoria....

P. Leitch: You know, Victoria wasn't considered a have-not area, and I think the policy was to bring employment to areas where they didn't necessarily have employment. But the difficulty is that you're isolating them from the other areas around them. It's such a unique place, and it does cost more to get there, unfortunately. It's just the reality of it. So if you included them, I think you'd see an increase in production, and we could use that in terms of spreading the work out.

D. Ashton (Chair): Sirs, thank you very much for coming. Greatly appreciated. Thank you for your input and the information. Have a nice weekend.

Our next presenter is not here right now. Marco, did you want to ask some questions? We can kind of jump ahead. So I can interject for five minutes here and give you the opportunity.

It's Marco Antonio Murillo. Is that right?

M. Murillo: Yes.

M. Farnworth (Deputy Chair): Welcome, sir, and thank you for coming. The panelists.... We have five minutes for you.

M. Murillo: Thanks for your invitation. I was about to prepare something, but at the time I couldn't speak with the other members of the environmental advisory committee of the city of New Westminster, the city I'm representing.

While I take the opportunity to make comments on issues, proposals that we have received.... One of them has been the proposal by Fraser Surrey Docks and Port Metro Vancouver to build a coal transfer facility.

[1335]

I celebrate the news of job creation for that city or for that area. It's a very technically difficult process to transfer coal from trains directly into barges and from barges up the Georgia Strait. I think it's Texada Island where this coal is going.

My advice was just to consider that there are already two coal facilities in this region, and they have stockpiles. If they have stockpiles, that probably means that coal is

not moving that fast. I'll just leave it there. I don't know what type of interests or other investments might bring that operation that's originally coming from the United States. There might be more investment in that area in the future.

One of the other concerns I presented was that the number of barges that this operation will involve is about 600 barges a year. That is about 200 barges per day through the Fraser River, and that might interfere with salmon-fishing operations that First Nations or other commercial fishermen carry on in that area.

We have another area of discussion, which is the upgrading of the Pattullo Bridge. One of the proposals by the TransLink–Surrey–New Westminster coalition that is conducting this public consultation is the Tree Island corridor. That Tree Island corridor is close to the Queensborough Island Bridge. It's a key part of the transportation of goods and containers that are moving from the United States into Burnaby industrial areas and Vancouver and also the ones that are coming from Delta, from the ports, into the city. Most of the traffic uses that passage, and I think it really deserves better consideration.

The city of Burnaby and the city of Richmond both pulled out from this consultation process, which I consider almost an insult. They should not pull out from this, because this should be part of the regional transportation plan. That is one of the options that I think might eliminate traffic from the Queensborough Bridge and the Pattullo Bridge. Those are the two main projects I can speak of right now.

D. Ashton (Chair): Well, Marco, thank you very much. Are there any questions from the panel for Marco?

M. Hunt: Just to correct the math: you said 600 barges a year divided by 365 is two a day.

M. Murillo: Less than two.

M. Hunt: Yeah. It was just that I think you said another number, and I just wanted to make sure that we had that clear. Thank you.

D. Ashton (Chair): Thanks, Marco. Any other questions for Marco?

S. Hamilton: During your presentation, you used the term "we" a few times. Are you here representing yourself or are you part of another organization?

M. Murillo: I'm speaking as a citizen of the city of New Westminster.

S. Hamilton: All right. Thank you. That's what I wanted to....

D. Ashton (Chair): Any other questions?

Marco, thanks for coming. You're more than welcome to stay, but just in case, we got you out of here a little bit earlier anyway.

Gentlemen, you're with...?

C. Salas: Geoscience B.C.

D. Ashton (Chair): Oh, okay. Since the other presenter isn't here, please make yourself comfortable, and we can start with this. Welcome.

The lay of the land is a ten-minute presentation with up to five minutes for questions. I'll give you a minute or so notice before the end of the ten minutes. Once again, thank you for coming.

C. Salas: I appreciate it.

As I said, my name is Carlos Salas. Before I start, I'd actually like to introduce our brand-new CEO and president, who is Robin Archdekin. We have Dan Jepsen, and he's our right-hand man with C3 consultants.

You all have the handouts in front of you, I hope? Very good. Away we go. So I'd like to talk to you a bit about attracting investment and jobs through geoscience.

[1340]

As you know, the backbone of B.C.'s economy is the resource sector. Certainly minerals and mining are very important to the province. This past year it has given the province \$680 million, invested into the province. As far as levies and taxes, it's paid close to half a billion dollars this past year.

It has employed 17,000 workers in the province as far as the mining sector goes, and the minerals sector employs about 1,000 employees in the northern rural areas.

Similarly, if you look at the oil and gas sector, it employs about 12,000 workers, and it's probably going to rise in the order of three times by 2035, if we can secure some markets to market our gas, our resource.

This past year over \$8 billion was invested by the oil and gas sector into our economy. As far as oil and gas, especially gas, it provides about 60 percent of the resource sector moneys that are coming into the coffers.

Another fact I'd like to throw out is that B.C. probably has a third of North America's gas reserves, which is a really staggering amount. With careful management, we could probably triple the production which currently exists, by three times, by the year 2020, which could be a lot of money for the province.

Let me tell you what we do — Geoscience B.C. Our mandate is to attract mineral and oil and gas investment into B.C. We do this through industry-focused reconnaissance programs for mineral exploration. We provide the mineral and oil and gas sectors with answers to technical problems. And we facilitate technical solutions to oil and gas social issues. We do a lot of outreach programs with the First Nations on the role of and the

importance of geoscience and responsible resource development.

How do we do this? We take a collaborative, entrepreneurial approach to what we do, involving First Nations, industry, government and also municipalities. We have very low overhead. Historically, we have 15 percent overhead. What that allows Geoscience to do is to leverage every dollar after the overhead, through partnerships, into \$1.50 for geoscience projects.

Our corporate intellect is also leveraged. We do that through technical advisory committees, where we use world-class academics, industry experts and ministry scientists not only on our oil and gas TAC committees but also on the mineral and the geothermal sides.

If you look at the makeup of our expenditures to date, you can see that we spent, probably, the lion's share — 62 percent — on mineral exploration projects. About 23 percent has gone to oil and gas projects, and the remainder, 15 percent, has gone into the overhead.

If we go on to the next slide, it shows you how we've been leveraging our investment. We've spent just over \$38 million to date. We do get hard cash from our partners, which is close to \$5 million.

Then we look at the next little block, in-kind contributions from our partners, which is about \$15 million. That's actually a very modest number. By that I mean it's actually much larger — when we look, for example, at the work at companies like NRCan and the OGC in support of our seismicity project. That number is actually much larger, but if you stack all three little cubes up, you can see that what we have is about \$58 million to play with, which is excellent leveraging, I think.

Now, as far as our mineral projects, here's a map where we have.... It shows you where we've conducted our mineral exploration. The blue signifies geochemical programs that we have done. The little black lines show our major airborne geophysical programs.

[1345]

You can see that most of the province has been covered by the work that we've done. Much of the work, you can see, is also centred in the middle part of the province, where we had the beetle kill. That does help, hopefully, with jobs in the future.

We've just begun a project in the Interior — a three-year, \$5 million project — to help find some new mines in that part of the world. Last year we actually finished a project on northern Vancouver Island to see if we can help kick-start some mining projects up in the northern part of Vancouver Island.

If we look at the minerals track record, we can attribute over a million hectares of staking to the work that Geoscience B.C. has done since 2005. Furthermore, this past year 20,000 hectares of staking on northern Vancouver Island can also be attributed to the work that we've been doing up there.

We have had several mine extensions — for example,

Huckleberry and at Silver Queen — which can be attributed to the work we have done. There are new discoveries at Dease Lake, Nadina and the Amarc work that has been done close to Smithers.

In fact, a couple of days ago Amarc press-released that they're going to be starting a drilling program based on the work that we have done. So we're quite proud of our track record that we've had as far as our mineral exploration programs.

Oil and gas. We tend to do objective research to support responsible development of gas reserves. We currently have two ongoing projects. One is that we're looking at seismicity and do seismicity. We've set up six new seismograph stations in partnership with NRCan and the OGC. That's helping the regulatory body with decision-making and safeguarding the water for our citizens.

The other project that we're working on in concert with the First Nations and the Horn River Basin Producers Group is in and around Fort Nelson. What we're doing there is base-level water monitoring for quality and quantity.

The last thing I'd like to point out there is that just recently, last week, we received the Premier's Award for innovation on a software widget, which we have on the OGC website. What that does is calculate out the runoff. It's a transparent tool. You can see what the OGC uses for their allocations for section 8 water licences and water approvals.

As far as the oil and gas.... Let's just go to our commitment and the government's commitment. We want to thank everybody in this room. We acknowledge their support here, and we want to thank you. Our commitment is that we want to work with the government to find a funding model that works for everyone.

In summary, mining and oil and gas are very critical to the northern areas of the province. We know that. We provide important data that helps these projects go and, at the end of the day, hopefully provide jobs to the province and revenue.

We're neutral. That's one thing I'd like to point out. We're not government; we're not industry. So we can work with all parties and come up with solutions that work for everyone. The way it is right now, we have funding for doing the ongoing projects we have until 2017. Then our funding would run out.

Lastly, I'd just like to say we'd like to enter into discussions with the government on a stable and predictable funding model.

D. Ashton (Chair): Carlos, perfect. Thank you very much.

Questions?

M. Elmore: Thanks for your presentation. In terms of the budget, is it an annual budget?

C. Salas: The way it has traditionally been done, it's ephemeral. So usually every three years, at the end of the year, we'll get funding.

M. Elmore: What is it? Is it \$35 million annually?

C. Salas: No, it's not. Our historical rate of spending is \$6.3 million a year. At the very end there is a.... I've circled the budget. You can see as to what....

M. Elmore: Just to follow up. I'm very interested in terms of your projects with respect to water. You have a number outlined here. I know from previous presentations that you've done a lot of work partnering with industry and also with municipalities.

[1350]

C. Salas: Yes, indeed.

M. Elmore: With your reference to the oil and gas track record — \$50 million spent to reduce surface water usage. That's factored into the partnerships with the various industry?

C. Salas: No, that \$50 million is not an in-kind contribution. What that is, is there are three different companies that actually put in probably closer to \$100 million in those water treatment plants. But it's not factored in there.

M. Elmore: All right, sure. Then could you just talk a little bit more with respect to your collaboration with municipalities?

C. Salas: Sure. We've worked with, for example, Dawson Creek in helping them out with understanding how surface water and groundwater interact in their area. Certainly, as you know, Dawson Creek — that whole area, the Kiskatinaw watershed — does have problems, certainly in the summer. So we're trying to figure out exactly what makes that interaction tick and how we can kind of help them with their problems there in the summer.

M. Elmore: So it's primarily with Dawson Creek. Are you involved with any other municipalities?

C. Salas: We are involved, also, with Fort Nelson, but we're not working directly with Fort Nelson per se, other than helping with the base-level water monitoring.

D. Ashton (Chair): Any other questions of the presenters?

Gentlemen, thank you very much for coming? Just a quick.... You mentioned the Interior for a project that you have underway.

C. Salas: Yes, TREK. We're actually flying right now a

very large airborne geophysical project. We are starting the geochemical sampling as we speak.

D. Ashton (Chair): Central?

C. Salas: Central. Yes.

D. Ashton (Chair): Okay, thank you. Have a wonderful day.

Boy, everybody is perfectly on time. It's good today.

Suzanne, Alan, thank you very much for coming today. I appreciate it. You have the panel's undivided attention for ten minutes. We have allotted five minutes for questions or comments from the panel. So at your convenience, I'll let you start.

A. Winter: Thank you, Mr. Chairman, and thank you to the panel for this opportunity to present to you. This is important for us. We're proud of Genome B.C. and thank the government for the support that you've given to us over the years.

With me is Suzanne Gill, our director of corporate development. Any tough questions I'll hand to Suzanne.

We've provided, as well, electronically, a three-pager briefing note, which is sort of a summary. But I thought the presentation would be more fun. If it's okay with the committee, I'll just take you very quickly through the presentation itself.

On page 1, Genome British Columbia. The way we look at this is driving life science jobs. The plan we're looking at is 2015 to 2020. At the bottom of page 1 and slide 2 you can see why genomics is important. Really, the Human Genome Project back ten years ago started the process of understanding biology at kind of a level of the mechanisms.

That then applies to all the sectors that have biology in them. That includes health, forestry, fisheries, agriculture, environment, bioenergy, mining and even — although you may think this is a bit manufactured — LNG. Around these things you have to understand what the ecosystem is. You have to understand the water quality, as you were asking the previous speaker. And we have to understand things like pipeline corrosion. All of those things are biology, and those are the sorts of things that we look at.

So — at top of page 2 — why is this important to British Columbia? What's the context? That context is really around what we call the bioeconomy. The bioeconomy, defined by the OECD, would say that today in British Columbia we have about 1 percent of our economy in what we call the bioeconomy. By 2030 the OECD estimates that that could be — depending on investment, depending on whether or not we want to go that direction — around 4 percent. That's a significant increase from about 14,000 jobs today to something like 56,000 in the future.

Behind all this the genomics is driving the understanding of biology applied to all those sectors that I mentioned. It's really providing the technology for new products in those areas. We have in British Columbia a very good engineering capability, as we heard from Geoscience B.C., to pick up on this and bring it into the economy, much as we've done in the tech sector.

[1355]

The three areas at the bottom of page 2 that the OECD talks about — they're, really, primary production value-added products. That's each of the areas that I mentioned: forestry, fisheries, livestock, crops, agriculture, environment, etc.

The second is around health — not just chronic health but around nutraceuticals, nutrition, wellness — all of the things that allow us to understand, from our DNA background, if you like, the types of things that we would be interested in.

The third area, which is a large area, is, then, industrial biotechnology — so, for example, plastics from biomass, that sort of thing. It's becoming quite a significant area of interest — industrial products.

That's a quick run-through of the context.

Page 3 is, really: what's Genome B.C.'s part of that, and what are we focused on? We're focused, as we mentioned at the beginning, in these various sectors. That's really important for us. Relative to population, British Columbia does very well. We're connected through contract to Genome Canada, so the federal government puts money into Genome Canada. We compete for that across all the provinces. There's no allocation of that.

Traditionally, we've won over 27 percent of all federal government dollars in this area, and that's because we have superb scientists and industry that are prepared to pick it up and use it. We have that in the health authorities as well: very good clinicians that are prepared to work in these areas.

Genome B.C. was founded by Michael Smith, and since that time, we've had a significant amount of effort going on. You can see the provincial contributions and the total plan numbers for each of the plans we've had right from 2001, which was \$107 million and to which the province contributed \$27.316 million, and plan 2, for which the province contributed \$75 million. This plan — up to 2015 we're on track for \$340 million, of which the province has already provided \$85 million.

What we do is: with the province's money, we go out and ask for co-investment in areas that are really important, so in health, in forestry, in fisheries, etc. Those investment sources, top of page 4.... As you can see, the province is about 25 percent of what we do. For each project, we put together the province, the federal government and industry around areas of significant interest. We match B.C.'s economic priorities. We attract user co-investment. We partner across British Columbia with the various research universities and colleges. We try to

bring government and industry and academia together and then encourage the downstream uptake of that into companies. That's our approach.

The bottom of page 4 is, really, bridging the gap between very good research and the industrial or the users. It's not always industry, because, as you know, in the province the province controls the trees, for example, in forestry, or they have rights in terms of mining, etc. So the province often is a key part of the operation of our projects.

Top of page 5. We have over 300 different partners around the world that have been involved over the last ten and 12 years with our projects, and these are often companies that are interested in what's going on here. They're also sometimes foundations, such as the Gates Foundation or the Wellcome Trust, that put money into some of the health projects here. We try and link that excellent research, then, across British Columbia — the bottom of page 5 — in a number of the institutions in B.C.

The top of page 6 is, really, economic analysis of this five-year plan, and I won't go through it unless there are any questions with it, but it's looking at, in the yellow portion, the five years of essentially running a research business.

We take a dollar from the province. We lever that up. What's the economic impact of that over that five-year period in the province? Then, of course, the longer-term economic impact is actually from the results of the projects. But even in that five-year period, according to B.C. Stats, the province gets back nearly what they originally put in because of the leverage factor or the co-investment factor there.

Of course, it's more than that, because there are issues like SARS, etc., that have hit in the past, and these issues become significant ones for British Columbia's health system. If we don't invest ahead of that to be able to track those sorts of things, then it's an economic issue too.

[1400]

The bottom of page 6 is really the balance that we're moving towards, from discovery through to translation. You can see the movement of Genome B.C. though that period.

The top of page 7 is really the sector focus. Since about 2007-2008 we've worked with each sector — with sector groups, sector workshops, etc. — to identify projects in each of these areas. I won't go through all the examples, of which you have many there.

Personalizing cancer treatment — the bottom of page 7. These have all been identified by either the health authorities or users in different places. Top of page 8 — adverse drug reactions, making drugs safer for children; personalized medicine around transplant patients, being able to do biopsies, etc., and being able to do blood tests rather than doing invasive biopsies. We've worked with the Centre for Disease Control on tracking H1N1, tracking tuberculosis, etc., through the province, and

also in water quality.

In agriculture, there's the wine industry. At the top of page 10 — agriculture, the bee colonies, etc. Bottom of page 10 — mining, etc., with Imperial Metals, with Teck Corporation.

Industrial contaminants, we work on. As I mentioned, it's interesting because in many of these common areas — understanding the ecosystem, looking at corrosion, etc., and looking at water quality — the industry is quite interested in understanding what we've got in the environment.

Just moving ahead, then, to page 14. This results in a number of companies. We've seen this, particularly, since about 2010. The research has become enough, if you like, in the way of technology, to actually advance companies in British Columbia, and that we've done through moving technology, through intellectual property, etc.

The bottom line, which is page 14 on the bottom, is that we're now heading into 2015. We have to look at that — that year ahead. For this next five-year plan, we believe we can continue at the level we're currently at. That's \$340 million over a five-year period, of which we would request from the province \$85 million, which is the same as we've done for the last five years. That's about \$17 million a year.

We then translate that, we use that, to attract another \$255 million over that five-year period into these areas of research. Therefore, we invest \$340 million in total. We focus on the sector-driven research. We sustain B.C.'s competitiveness in this area as technology for each of these sectors, and we hope to drive the life sciences plan for jobs over that five-year period.

D. Ashton (Chair): Perfect timing. Thank you. Questions?

M. Elmore: Thanks for your presentation. I enjoyed the presentation. I just had a question in terms of the role of Genome B.C. in bridging the gap from research to the downstream commercialization interests and that. Particularly, if you could talk a little bit more with respect to your partnerships with the research that takes place in our post-secondary institutions.

I hear from the sector that there's that competitive challenge to improve the support for masters and doctoral, to attract the best talent for that competitive advantage. Just talk a little bit about that in terms of your partnerships there and how that works. I'm very interested, as well, in terms of ensuring that that research flows through into benefits either in the market or new start-ups with business.

A. Winter: Yes. There are a number of questions. I think the way that we would look at it would be that we have discovery research, which is really curiosity-driven inside the universities. We've got applied research, where

there's a defined need — a need either from the province or from an industry partner or whatever it is. Then we have translation research, which is actually taking that research, turning it into technology for a particular product or service that the company would want to take forward. [1405]

We fund the research in the institutions, but a large part of what Genome B.C. does — because we are people who come from industry or people who come from that understanding of the sectors — is to actually act as a catalyst working in workshops, etc., with industry or with the government, identifying those areas of research needed, those user needs, and then putting proposals together which will then go forward for peer review. That's the way that we operate.

In doing that, because in British Columbia Genome B.C. is really the only agency in life sciences that's putting what I would call significant operating money into projects like this.... This is where there's a significant amount of attraction of post-doc students and so on, because these are projects that are sometimes \$5 million or \$10 million over, say, a four- or five-year period.

It's like starting a biotech company. You've got the faculty members, but then you've got a whole bunch of post-doc students, etc., that all want to be a part of that — so 20 or 30 might be part of that. It's not one faculty member and one post-doc; it's trying to put a team together. Industry or government might be part of that team. That's how we try to make the transition so that post-docs, and so on, become the transfer agent, often into industry or somewhere else.

M. Elmore: How many staff are working in Genome?

A. Winter: Well, actually, we have a small staff. We have about 30 in Genome B.C., but on any particular day we're funding something around 2,000 people in the province. That's how we get from actually a fairly small operation to the impact on all the projects. If you add all the projects and all the people whom we might fund, in terms of research and development, etc., it's about 2,000.

M. Hunt: Very quickly. I notice you have the cleanup of industrial contamination and that sort of thing. One of the debates that's currently going on is the transport of petroleum products through our waterways — that sort of stuff.

Would that analysis — for example, of what's happened in the Gulf of Mexico, that sort of thing — be a natural part of where you'd be going should the federal and provincial governments say more research is needed in this sort of an area? Is that a natural that you would be walking through type of thing?

A. Winter: Absolutely, Marvin. In fact, it's been very interesting. I won't go through all the details, but we've

looked at the ricin problem in the gulf and so on, and why the oil degraded fairly fast. Part of that, obviously, is because of microbial action, if you like. In fact, the breakdown of toxins is really microbes doing that, and that's all genomics. You have to understand the genomics of the microbe, what's going on there and how you encourage that type of microbe to act.

It's a very good point. As you look at different temperatures and different geographic regions, what toxin is it? How is it broken down? What speed does that take?

It's the same principle as mining, as you pointed out. In fact, in some of the discussion around the Prosperity mine, as an example, the questions from the First Nations have been: how long will it take from the time you finish mining till the time the toxins are taken apart? That's all microbial action. If we can encourage that, if it goes from 100 years to ten years, that's a big difference. That's the area we're looking at.

D. Ashton (Chair): Gary and Lana, and then we'll just carry on. I'm just trying to keep within the 15-minute block.

G. Holman: I was looking at page 6, the top graphic there and the Genome Canada contribution of \$170 million. What do you anticipate? Are they still in as partners at historical levels?

A. Winter: Yes, they are, Gary. As you may know, they've been funded each year, and in the last year they were funded for several years ahead. They're an independent organization. We're not tied, other than through contract. We have to compete for every dollar, but generally, B.C. competes very well for every dollar.

When we put in a proposal, the same goes in from Atlantic Canada or from Ontario or Quebec. The peer-review panels don't know whether it's really B.C. or somewhere else. It's a proper system. As a result of that, we've done much better than if it was allocated on the basis of 13 percent or 14 percent.

They are funded into the future. This is a way of bringing significant federal dollars into B.C. for this research.

L. Popham: Mine's a quick question about the work that you're doing about the bee colonies. Can you tell me what partners would be involved in that?

[1410]

A. Winter: I may have to get Suzanne to help me. Certainly, in terms of... We've had bee breeders that have been particularly interested in these projects. You know the issue and trying to track which viruses are causing some of the problems that they have, for example.

The bee breeders are looking, as well, at how you would be able to identify markers, genomic markers, in the genome of the bee that say: if you're going to breed these in

the future, which species would you choose, which variety would you choose, that would be more resistant to some of the pests that we see, some of the viruses we see?

L. Popham: Are the partners within B.C. always, or are they outside of B.C.?

A. Winter: No. In fact, in many of our projects, there has to be a B.C. benefit. There has to be a receptor in B.C. But in this case, for example, this is also funded by Genome Canada. There are several groups across Canada that are involved as well, but we have two or three groups — I can't remember exactly but in the north somewhere — where we have bee breeders. One, I seem to remember, is around the Kamloops area, I think.

S. Gill: We'll work with industry associations, where they make sense across the country, in other countries, where there's mutual benefit to extract some knowledge and apply it to B.C.'s specific problems.

D. Ashton (Chair): Folks, thank you. Very interesting. Suzanne and Alan, thank you very much for coming today, and thank you for the presentation — from all of us, that is; not just from myself.

A. Winter: Thank you for your support as well.

D. Ashton (Chair): Have a great day, folks.

Next up we have the Cement Association of Canada — Michael McSweeney.

Welcome, sir.

M. McSweeney: Thank you. Nice to see you all again. It's like old home week, either at the Finance Committee or over in Victoria at the Leg. or in your own ridings.

I'd like to thank you again for giving us this opportunity to hear about the plight of the cement producers. As most of you know, our plants are in Delta, Richmond and Kamloops. While we recognize that some of you are new MLAs... I see a few new faces around the table. You may not know as in-depth as some of your other colleagues about the plight of the cement producers and the union workers that work in our plants here in British Columbia.

The presentation today is to update you on the continued impact that the carbon tax is having on our industry and its ability to create family-supporting jobs here in B.C. while ensuring that B.C. has access to local, safe, reliable, cost-effective cement for important projects that you're undertaking in the province, such as Site C, LNG, transit, mines and upgrading your above-ground and below-ground infrastructure.

My remarks follow up on what I've said when I've met with you before — in Parksville last year or in Kamloops the year before that. As well, this is now the 103rd meeting that we've had on our issue in British Columbia on

the carbon tax with both sides of the Legislature, cabinet ministers, Ministry of Finance officials over the last three years.

It's really important for us to get the unintended consequences of the carbon tax that have put the cement industry at a disadvantage, which has affected jobs in our communities and our ability to compete with U.S. and Asian imports.

I wanted to update the committee on where we stand today. When I last presented to you.... Imports, which started in 2008 at 5 percent, last year when I spoke to you, were at 34 percent. Today they're at 43 percent. Imports from the United States and Asia are at 43 percent of the domestic cement consumption.

Imagine this: in a province that has three cement plants, almost one in two tonnes of cement used in all of the buildings here in British Columbia is coming from the U.S. or Asia.

I want to point out that B.C. is the only jurisdiction that has a carbon-pricing mechanism — you guys have the carbon tax — that does not protect energy-intensive, trade-exposed industries like cement. Even analysis by your own climate action secretariat has indicated that cement manufacturing is the most competitively impacted energy-intensive, trade-exposed industry in B.C.

[1415]

Other jurisdictions, like the European Union and Australia, have recognized this problem and implemented programs to protect industries like cement so that they can compete with jurisdictions that produce or export but where they don't have carbon-pricing systems equal to those here in B.C.

Make no mistake. The U.S. plants, which are bringing about 40 percent of the cement into British Columbia, are plants that are not as efficient and environmentally friendly as the state-of-the-art plants that Lehigh has in Delta and that Lafarge has in Richmond. Those are the cleanest of the fleet of cement plants here in Canada and in the province.

We're committed to investing and maintaining and growing the number of jobs we have here in B.C. We want to do our part to help the B.C. economy grow by ensuring that projects essential to the B.C. jobs plan have a safe, reliable, sustainable and locally produced supply of cement. The carbon tax as it's currently structured makes it cheaper to import cement than to manufacture it here in B.C.

Imagine a world where B.C.'s cement industry ceased to exist. We closed down our plants, and the U.S. capacity was at production. Ships weren't available to transport the cement from Asia. Oil prices soared. China cut down on its export quotas of cement. What would happen?

I'll guess that cement prices would increase dramatically, and you might not be able to get cement on a timely basis here in British Columbia. This could slow down and increase the price of your projects that are near and dear to the heart of people in B.C. — the development

of LNG, the upgrading and expansion of infrastructure, the continued growth in the residential and commercial office buildings.

By the way, this isn't a myth. In 2006-2007, when there were shortages of cement in Alberta and Saskatchewan and in Washington State, B.C. did not suffer shortages of cement because it had three cement plants and was able to continue unaffected by the demand that was going on.

It doesn't take much imagination to see how construction and, therefore, jobs could be affected. That's why we believe that the cement production here in British Columbia should be seen as a strategic asset and an economic commodity in your province.

Just remember, if you believe in the 100-mile diet — get your food from within 100 miles, and then that's a sustainable business practice — you should also get your building products from within 100 miles. Why are we getting one in two tonnes of cement from the United States and Asia? It's beyond me.

The B.C. cement industry has invested billions and billions of dollars in assets in British Columbia. Our industry employs over 3,000 people throughout the province, contributing over \$275 million to the provincial GDP and generating over \$1.8 billion in local revenue. We're responsible corporate citizens who invest actively in British Columbia communities.

If I can leave you with one question today, that would be: what investment do those importers who import cement from the U.S. and Asia and compete directly with cement made here in British Columbia — made-in-B.C. cement — make in British Columbia? I believe the answer to that question is: not very much.

I'd surmise that I don't even think they fill up the tanks of the trucks that bring the cement from Washington State with a tank of gas in British Columbia. I think they fill up in Bellingham, come in to deliver into the Lower Mainland and go back and fill up in the United States. They don't make any investment in the province of British Columbia, and Lehigh and Lafarge have made over \$3 billion worth of investment and want to continue to invest in British Columbia

We believe that cement and concrete are essential to the expansion and to the greening of the B.C. jobs plan.

Please let me reinforce my comments from last year. B.C. cement producers are not asking to be excluded from the carbon tax. We support B.C.'s commitment to reducing greenhouse gas emissions. We simply ask that everyone do their part.

By not applying the carbon tax to imported cement, the policy not only hurts the domestic cement producers and the B.C. families they support, but it does nothing to reduce GHG emissions or encourage environmentally sustainable business practices.

Remember, any greenhouse gas created anywhere is bad. When you're importing cement and you're trucking it into the Lower Mainland, you're creating more green-

house gases that come into the airshed here in the Lower Mainland. If you're shipping 60 percent of your cement from China, you're also creating more trans-greenhouse gases throughout the trans-movement of cement. It's not a good environmental practice.

[1420]

In Budget 2013 and '14 the Minister of Finance said that the carbon tax review....

"Our review determined that, in general, the carbon tax at the current rate does not appear to have a significant impact on B.C.'s overall economic performance. However, specific sectors involved in things like refining processes" — we know that — "and cement production continue to have concerns about their relative competitiveness."

Further, the Minister of Finance stated:

"We will continue to work with them to find a balanced, affordable solution to their challenges while remaining mindful that because it is revenue-neutral, the carbon tax helps keep other taxes low."

We ask you as members of the committee to encourage the Ministry of Finance officials and the Minister of Finance to work with the cement industry to develop a solution that restores a fair and competitive sector and market to British Columbia and that levels the playing field for the B.C. domestic cement industry.

We're not wedded to any one solution and believe that since the carbon tax left us in an uncompetitive position, a solution must be found to protect our industry, which employs B.C. citizens. It is crucial to the future of the B.C. jobs plan and the development of LNG, buildings and upgrading of B.C.'s infrastructure.

D. Ashton (Chair): Perfect timing. Thank you. Questions?

L. Popham: Thank you. That was great. It's nice to see you again.

I think at another presentation you mentioned that 7 percent of the company's operating budget goes towards the carbon tax. Do you have a number on that?

M. McSweeney: I think it's now up to eight.

L. Popham: Eight percent?

M. McSweeney: It moves up proportionately with the amount of imports.

L. Popham: And one quick follow-up question. The type of cement that you've told us about before that reduces the carbon footprint. Contempra — is that right? What percentage of the business could be around producing that type of cement?

M. McSweeney: That cement is only available if it's produced here by the Lehigh plant in Delta or the Lafarge plant in Richmond. In fact, I think we issued a press release this week talking about Contempra cement, which

reduces greenhouse gases by a net 10 percent. That number is really growing exponentially, but that cement is not available from the United States or from Asia.

J. Yap: Thank you, Michael. One of the solutions we've heard in the past — and you alluded to this — to level the playing field is some kind of levy on imports. My understanding is that there are some trade barrier issues that are challenges. Have you done any work to counter that, or is there a way forward to level the playing field on some kind of levy on foreign imports?

M. McSweeney: Junior levels of government cannot put in what would be called border adjustment mechanisms because that would be non-trade-compliant with the World Trade Organization.

One of the solutions that the climate action secretariat asked us to consider was putting a new tax on all cement in British Columbia when it is sold into the concrete industry. So you would create a new tax. That tax would be applied to four people only: Lafarge, Lehigh, Ash Grove and CalPortland. Those are the only four people who sell cement in British Columbia.

You would apply a new tax to them, and then that is trade-compliant because it's on imports and it's on domestic. Then as a provincial government, you can decide to have input tax credits. You would offer an input tax credit to domestic producers of cement.

Lehigh and Lafarge would then apply for an input tax credit on the carbon tax that they paid in the manufacture of the domestically produced and consumed cement, and that is trade-compliant. That would generate — I heard the numbers talked about earlier — \$3 million to \$5 million additional revenue for the province.

We're not coming here asking you today for money. We're coming here today saying that if you took this solution, this would generate \$3 million to \$5 million of revenue for the provincial government.

M. Elmore: Just in terms of the status of that recommendation?

[1425]

M. McSweeney: We're working very closely with the Ministry of Finance officials.

They're reticent to apply, at any government. I was a municipal politician in an earlier life. We're all reticent to apply new taxes. We're putting up our hands, saying, "Put a tax on us, and we'll be happy to pay it," and there are only four people.

You know, some people say that if you add this new tax, it's going to increase all construction or all concrete prices across the province. I'd just like to say that the market decides what the price of a product is. When you specify for a job and you bid on a job, that's what decides the price of a commodity, not a government policy.

We think that this is a fair way of doing it. It would generate money for the government at a time when they need money, and it closes that unintended consequence of the carbon tax. It also improves the environmental airsheds in the area because we're going to be producing more here in more environmentally efficient plants rather than creating more greenhouse gases transporting from United States or Asia.

M. Elmore: I think you've done an excellent job outlining the values and benefit of our local industry here in B.C. Just in terms of it being alarming in terms of the growth of the imports.... Certainly, it's rapidly expanding. You mentioned it's 40 percent that's been coming in from the U.S. Is the remaining 60 percent from Asia?

M. McSweeney: No, it's a total of 43 percent. Forty percent of that 43 percent comes from Washington State, and 60 percent of the 43 percent comes from Asia.

M. Hunt: The majority of my answer came from a previous question, but I just want to make sure I clearly understand that you're saying there are only four producers or importers of cement.

M. McSweeney: There are only four. There are two producers in British Columbia and two importers. Lehigh and Lafarge are your producers, and your importers are CalPortland and Ash Grove, both U.S. companies.

Our proposal, or the proposal that was developed by the climate action secretariat after much consultation with our industry, suggested that we apply a carbon tax at the point of sale and that it would apply to only four people. It wouldn't apply to the consumer going to Home Depot, for example, because you just don't buy bags of cement. What you do is buy bags of concrete.

M. Hunt: Concrete, yeah. And it's already in.

M. McSweeney: It's already in there.

M. Hunt: Excellent. Thank you.

S. Hamilton: Thank you for the presentation. One of my questions was answered as well. But quickly, of the two-thirds imports that you spoke of before, what would the capacity be of the two existing manufacturers in British Columbia in terms of taking up the slack if those imports were to be reduced?

M. McSweeney: Normally, we run at between 90 and 95 percent of capacity. Today we're running at 60 to 70 percent capacity. When you only run at 60 to 70 percent capacity, it means layoffs for between a quarter and a third of the year for the employees.

S. Hamilton: So essentially, you're saying that you could probably make up a half of that two-thirds that is being imported now if you were to be running at 100 percent capacity?

M. McSweeney: Well, if we levelled the playing field, we'd certainly.... Over time we think we would be able to.... You know, it would be not as attractive to import, and we would be then able to gradually get back to our full capacity.

S. Hamilton: Just one other thing, if I could request. What you spoke about with regard to your solution pertaining to your trade-compliant mechanism.... I'd appreciate having that explanation in writing as something for this committee.

M. McSweeney: Okay. Sure, I'll send it to the Clerk.

S. Hamilton: I would appreciate that.

D. Ashton (Chair): Any other questions?

G. Holman: Just a quick one. Thanks for your presentation. In terms of energy consumption, have you been reducing your carbon emissions? Are there opportunities to do that? What's your energy source? Are there very limited opportunities to actually reduce that, so you're paying less of a carbon tax?

M. McSweeney: In the manufacture of cement, you're creating a chemical reaction that turns the limestone.... You heat the limestone to about 1,450 degrees Celsius. It turns into a molten material. Then you cool it, and it becomes what we call clinker. Then it's ground, and it becomes cement.

When you do that, you create.... Sixty percent of your emissions are what we call process emissions. Forty percent of the emissions are combustion emissions.

[1430]

We use B.C. coal or natural gas as a fuel today, and we're starting to use what we call lower-carbon fuels — tires, railway ties, plastics that can't be recycled. We're continually trying to work with Metro Vancouver and other jurisdictions to look at how we can source lower-carbon fuels so that we can get those 40 percent combustion emissions down.

There are plants around the world that operate on all renewable or alternative fuels and not on coal. We're working closely with Metro Vancouver and the Ministry of Environment to figure out ways to get and source these materials here in Metro Vancouver and in Kamloops as well.

G. Holman: Do you think the changes that you are suggesting would dampen the incentive to use those fuels?

M. McSweeney: No. You know, we have never been an industry that says no to climate or clean-air regulations. We want to partner with government. We are very responsible corporate citizens. We live in the communities; our employees live in the communities where we have our facilities. We want to be active partners with government in finding solutions to climate change and clear our problems.

L. Popham: Is sewage sludge one of the potential fuels for the cement industry?

M. McSweeney: Biosolids are a potential.... With our industry, it requires a capital investment in order to use alternative and renewable fuels. You always have to remember we're making a product that is going into all of your buildings here, so it's not garbage in, garbage out. We're not like an incinerator. When you have an incinerator, it doesn't burn high enough, so you always get bottom ash at the end of the process.

With cement production, there is no residue at the end of the day. Everything is incorporated into the product. We are looking for a reliable supply of material that we can get on a daily basis, and biosolids are certainly something that is produced every day and is reliable. So the long answer is: yes, it is a potential candidate.

D. Ashton (Chair): Sir, thank you very much, on behalf of all of us, for your participation.

M. McSweeney: Good luck on your hearings.

D. Ashton (Chair): Thank you, sir. And you'll forward that request?

M. McSweeney: Yes, I will.

D. Ashton (Chair): First Call: B.C. Child and Youth Advocacy Coalition. Thank you for your patience. Come forward. Welcome, and accept our apologies. We've just been trying to take everybody as they come in.

A. Montani: No problem. That was an interesting presentation. Now I know about cement.

D. Ashton (Chair): So the lay of the land is ten minutes for the presentation, five minutes for questions — okay? Start at your convenience.

A. Montani: Thank you for the opportunity to speak to you today. Some of you may know First Call; some of you may not. We are a coalition, non-partisan and cross-sectoral, of about 96 partner organizations and lots of individuals around the province. We focus on child well-being and child rights.

We're looking for a provincial budget this year, in

the coming year, that will respect our treaty obligations under the UN convention on the rights of the child and give first call on our society's resources to our children, as we've committed to do, and put their best interests first in any decisions that affect them. Of course that would apply to budget decisions as well.

We've framed our recommendations in the written submission you have before you. The way we frame our work is under the four keys to success: looking at the importance of early childhood, the support for youth, increasing income equality or reducing income inequality, and creating safe and caring communities. That's the way we've framed our recommendations to you.

Starting first — and there's more detail and research than I have time to present today, but it's in the brief that we've given to you — with the strong commitment to early childhood development. We know that a few years ago government committed to reduce early childhood vulnerability in this province to 15 percent by the year 2015. We know that children's developmental trajectories cannot be changed overnight. That increased investment, which would bring that vulnerability down, required to reach that target is actually a bit overdue. It should have begun years ago.

[1435]

We're urging that we pay attention to the research out at the human early learning partnership at UBC. Their early development instrument data, the vulnerability data for young children, show that about 31 percent of kids are entering kindergarten vulnerable on one or more of their indexes. It's been increasing over the last while. That's of concern, and we're kind of heading in the wrong direction on the indicator.

We also know that young families are overrepresented in poverty statistics, when we look at those. You've all probably heard of the squeeze on young families for time and resources — that they're really having a tough time right now. Some of that is due to a lack of supportive public policy.

We also know that B.C. has growing health inequities across the socioeconomic gradient from low- to high-income groups. That includes differentials in life expectancy — and those have gotten worse since 2008 — in 2013.

We're very concerned that inadequate and shrinking government funding for services for children with developmental challenges means that children are missing out on that crucial window of opportunity when they may need therapy and support during their very formative years. Those are some concerns about what the numbers are telling us.

We are pleased to see that the Ministry of Children and Family Development has a new commitment to an early-years strategy, and there's an incremental lift in that ministry's budget to support the strategy. We've seen some incremental investments in some early childhood

programming and family support programming over the years and appreciate the move to full-day kindergarten — that investment. But unfortunately, that whole early childhood–family support services sector remains fragmented and quite fragile.

In particular, we have a very strong concern around child care, an urgent concern, as it continues to be largely a parent-funded service. That is in access. There's a crisis in access, affordability and quality facing families, and that remains unaddressed. B.C. currently has among the highest child care fees in the country.

Our partners and our coalition have endorsed the \$10-a-day child care plan — I'm sure you've heard about it — that has been developed by our child care advocate partners. The plan points a rational way forward out of the current crisis for parents and, if implemented, would serve as a key part of a family poverty reduction strategy. We urge government and this committee to begin making the investments needed to implement the \$10-a-day plan. Besides providing for quality care and learning environments for young children, which they have a right to, this will address the crisis for parents who cannot work because they can't find child care or are working and paying more than they can afford to pay.

We also recommend that government fully fund the wage settlements that have been negotiated with contracted social service agencies and provide similar funding lifts to those that are non-unionized. Forcing these agencies to cannibalize their services to cover much-needed wage increases — this is the cooperative gains thing, I think — for front-line staff is directly harmful to the children and families they need to serve and to those waiting for help, because the wait-lists will grow.

To begin to address health inequities and rising health care costs, we recommend shifting provincial health spending to double the percentage spent on public health and prevention of chronic disease, including greater investments in children under six.

On transitions for youth and supporting youth in those transitions, there are many areas that we work on. In this brief we focus particularly on the K-to-12 system and our recommendations for the post-secondary system, as they form a crucial support for developing children's and youths' ability to participate in a functioning democracy and for the economy of the future.

We're concerned that there has been underinvestment in B.C.'s public education system at both levels. In the K-to-12 system, for example, the number of specialist teachers — English language learning teachers — has been decreasing, while the number of students needing those services has been growing. There are shockingly low completion rates for aboriginal children and for children in care. Again, those are indicative of our failure to provide the necessary supports that they need, both inside and outside of the school system. We recommend government reinvest in public schools to enable all stu-

dents, including those with extra challenges, to get the support they need.

At the post-secondary level, student financial barriers to access and soaring student debt levels are limiting many young people's potential. Students who must borrow to attend post-secondary school are paying a 30 percent premium on their education, compared to those who do not have to borrow.

We recommend government phase in tuition fee reductions, reintroduce the needs-based grant program that used to exist, and provide interest-free loans. We think this is a very good investment.

First Call applauds the B.C. government's recent announcement of an addition of \$1.5 million to the YEAF, or the youth education assistance fund, for youth transitioning out of care. Very pleased to see that investment as a commendable first step for a very vulnerable population. But we do recommend that this fund should be uncapped so that any youth in care who qualifies for this has access. We don't think it's going to be a huge number, because many young people come out of care not qualifying yet for post-secondary training.

[1440]

We focus a lot at First Call on child poverty and income inequality, because we know it's a huge social determinant of health for children. Income inequality has risen in B.C. over the past decade, even during times of economic prosperity, and public policy trends have reduced the efficiency of government attempts to both create social mobility and redistribute income through our tax system.

Too many British Columbian children — we do a poverty report card every year — are growing up in poverty right now. The rate is 11.3 on the after-tax measure. If you look at the market basket measure, which is another one that better takes into account the local costs, it's actually one in five — 21 percent. Whichever number you choose, it's an alarming figure. We don't like to argue over the numbers too much, because they're just what StatsCan puts out.

This is a longstanding problem — the issue of child poverty in the province — that spans decades and provides evidence of systemic discrimination, because certain populations are overrepresented in that. Aboriginal children, children with disabilities, children in single-mother families, immigrant and refugee families are way overrepresented in those statistics.

We're hoping that the next provincial budget would include funding for a comprehensive poverty reduction plan with legislated timelines and targets for moving this issue — the reduction of poverty and reducing homelessness. All provincial and territorial governments in Canada other than British Columbia and Saskatchewan have endorsed this kind of cross-government coordinated plan, and we'd like to see British Columbia step up to do that.

In our annual poverty report card — we've given you a copy there — we've put forward a whole list of recommendations. I don't have time to go through them all today because it's a complex issue. Those are many of the elements we'd like to see in a comprehensive plan. Some of them I've already mentioned — things like investments in a child care plan.

You may not know — some will know — that most poor children live with parents who work. It's the working poor that make up the bulk of the statistics. About 43 percent of them work full time, full year. First Call hosts a living wage for families campaign, because we know that that's one of the solutions. That's both for the private and public sector to take on. We call on government to make sure that living wages are paid to all government employees, as well as to employees who work for government-funded contractors, including the health care sector and the contracted social services sector, because a full-time job should be enough to raise someone, to lift people out of poverty.

Our recommendations in our submission also include indexing welfare rates, and there are a number of other.... Child support exemptions should be restored, and a whole range of things there would make it easier for people to get off income assistance, we think.

We'd like to see the minimum wage increased again and to be indexed so that the lowest-paid workers keep up with the rest of society.

We know our provincial tax regime has become increasingly unfair. For an example, rising MSP premiums take a larger share of low-income people's income than richer people's income. We'd like to see that fixed, and there's a whole range of things around when clawbacks happen in subsidies that really disadvantage families when they hit the \$35,000-or-so income range that we think would ease, again, their prospects if we staggered those clawbacks — things like child care subsidies, rental subsidies, some of the tax credits.

In the area of safe and caring communities, we have a range of things in our paper we'd like you to look at. We're concerned about cuts to programs that basically are prevention-oriented. A flat budget in the Ministry of Children and Family Development, for the most part, is concerning. We're concerned about cuts to mental health and addictions services, or erosion of that. Lots of families are in great distress because they can't access them.

We've put out a research report on child labour standards in the province. What we're looking for from the budget committee on that is to enhance the capacity of the employment standards branch to monitor and inspect where young people are working. We think we don't do a good enough job on that, and injury rates are rising among young workers.

We have some other recommendations around a tax on sugar-sweetened drinks — along with the Canadian Cancer Society and the B.C. Healthy Living Alliance —

concerned about obesity rates. That's one of the things we think would help.

We think our recommendations will actually reduce costs over time, because they're all aimed at prevention, so we hope you'll take them into account in your recommendations and look at the evidence of what those kinds of investments in children will do in the long run to create a healthier society and bring down some of the social costs.

We welcome your questions. I wanted to.... Cheryl, how much time do we have here?

C. Mixon: A minute. Do we have a minute left?

D. Ashton (Chair): Go ahead.

C. Mixon: My name is Cheryl Mixon. I work for Family Services of Greater Vancouver, and I'm on the steering committee of First Call. I think, for me, one of the things that really helps is to have a story. I have a story of a family that was referred to our Family Preservation and Reunification Services, which are funded by MCFD. The gateway is only through the protection doorway.

[1445]

The family was referred because they needed help with parenting. They needed help with stress management, connection to community resources and couples conflict.

It was a family where dad was working full-time, full-year. He was a mechanic in his country of origin, and he was working as a mechanic's assistant in a garage on Main Street. His wife.... They had two children, a five-year-old and a two-year-old. He was working full-time, full-year. They were living in a one-bedroom suite on a second floor.

The referral came in to the ministry via the school. The school was very concerned about the five-year-old, who was just not coping. They saw mom, who was distressed. They didn't feel like she was able to handle the parenting of this child.

When we went in, what we found was a child.... We got the child assessed. He was assessed as having attention deficit disorder and hyperactivity. He was just off the wall. Mom had been hospitalized four times in the last two years for depression and had suicidal ideations. Father was having to take time off work quite regularly.

They did not qualify for any daycare subsidies. They were earning \$2,100 a month. Their rent was \$950. Their utilities were \$150. The medications they were paying were \$150, and they were spending about \$450 on food. The other money went for their transportation, all the clothing, all of the emergencies that came up, etc. They had a huge debt load by this point. They were really trying to cope but were having a lot of difficulty.

I always think of these families, and we see them all the time. We've served 1,000 in the last year. What's the tipping point? When is there going to be a hospitaliza-

tion? When is a child going to have to come into care? When is somebody going to get hurt? We were working on couples conflict, stress management.

I just think, in terms of prevention, what housing would do. They were in a one-bedroom suite with the four of them — and this little boy who couldn't contain his energy. No yard space, no daycare for the children, and the stress on mom and the stress on dad. He was missing work quite regularly. You know, he was worried about losing his job.

These are the kinds of situations where people are doing their best, families are doing their best, but they're really struggling with some of the barriers that come up from their fiscal situations.

The ministry was concerned about domestic violence because there had been couples conflict, but it was a stress-load issue and a mental health issues, and....

A. Montani: And the lack of social support. No eligibility for child care. This is not a family that can afford to pay for it. If they'd had access to quality child care, it would do a tremendous amount for those kids.

C. Mixon: It's just having the stories and recognizing that there are things we can do as a society that make a huge difference and that save us a lot of money in the end: our time in terms of social workers or counsellors, health care time, school counsellor time — you name it. Let alone children coming into care, which was a possibility at one point for this little five-year-old. I think the stories are helpful, because it feels massive. But there is a great savings at the end of the day if we do provide some of these services.

D. Ashton (Chair): Thank you. Questions?

M. Elmore: Thanks, Adrienne and Cheryl, for your presentation — very comprehensive in terms of covering a number of bases. I certainly hear your message with regards to the recommendation to adopt a poverty reduction plan — many other provinces have one — and also the need for child care.

I'd like to ask specifically, to follow up on your point with regards to the challenges and need to support, particularly, youth with mental health issues.... Often it's mental health and addiction issues together. We've seen some cuts to those services. Just your experience with that and the importance of providing that support.

A. Montani: Cheryl might have more anecdotal than me. We just hear generally from our coalition partners. I'm sure some of you have read in the papers of parents going to.... Just services not being available, the revolving door: having crisis management, going into hospital, having children released — or not being able to find the door at all because this service only serves mental health but

doesn't serve addictions. There's a range of shortages and of services closing. I believe some in Victoria have closed. I don't know what you're seeing at Family Services.

[1450]

C. Mixon: We're certainly seeing increased numbers of what is called co-morbidity in the field, where you have the dual diagnosis, and you have children, youth in particular, who are struggling with both mental health and addictions.

It's that self-medicating, because one of the challenges, if you don't treat the mental health, is you will get children who will self-medicate. So the use of drugs becomes a way of coping with mental health issues or the trauma that they've experienced. Without treating the mental health, you're going to have an increase in addictions and street involvement. The lack of mental health services is really critical not only for youth but also for adults — and the ramifications of not treating.

In this particular scenario that I described, one of the things we needed to do was get medication stable for mom, get mom connected to community resources around the mental health and depression. That in itself alleviated some of the issues for the family.

But without those resources, you really are.... In the old days they'd be saying "throwing good money after bad" or "cutting your nose off to spite your face" or "penny-wise and pound-foolish" kinds of things if you don't have those services there.

D. Ashton (Chair): Any other questions of Adrienne or Cheryl? Gary. We'll just keep moving. I'm cognizant we have some other individuals here.

G. Holman: Well, your recommendation for a poverty strategy. It seems to me that if you're approaching, particularly, an issue like this that's so complicated and, over time, has become — in my understanding, anyway — worse, you do need.... I mean, a strategy is your first kind of step, it seems to me.

But it also seems to me.... You've made recommendations in here about specific things that can be done now, that I wonder whether that should await a strategy. Or there are some things that are so important to do and have such a good return on investment in terms of reducing future costs.... Should we be walking down both paths at the same time, working on the strategic front? But also, there's....

I guess I'm asking you. Should we, in your view, also be making immediate investments in key areas where we do know there's a return on investment, and we do know there's a problem and that those problems can be at least mitigated?

A. Montani: Absolutely, we should be working to do the things we can do now.

We were very happy when the minimum wage was raised. It's not a family wage, but at least it reduces the depth of poverty for some people, and some of those people are raising children. So we're always interested in any incremental quick fix — raise welfare rates, you can feed your kids. Wow. That would be a big deal while we're working on the big plan, sure.

But in the meantime, there are lots of things. And that's why we kind of... Here are the things that can go in a plan. They can be done outside the plan too.

But we think the plan is a smart thing to do, because sometimes you have unintended consequences. We know from talking to ministers individually that often they're like: "Well, this is my part of it. This is what I can do, but I can't do that."

Really it's: can we make these two ministries or help these two ministries work together so that we're not trapping...? You know, this minister is trying to do something, and then they can't get into post-secondary. Or you want to get into post-secondary, but you can't because welfare won't let you — those kinds of things that just trap people.

C. Mixon: There have been some small, incremental plans that make a difference, like the earnings exemptions being raised.

D. Ashton (Chair): Cheryl, thanks. I'm sorry. I see everybody starting... We're getting booked up.

Any other questions while we have everybody here?

Adrienne, Cheryl, thank you very much. All recorded. We have it. We've made notes, so thanks, and thanks for your patience when you first came in.

We have the Institute of Chartered Accountants of British Columbia.

Richard, is it?

R. Rees: Yes, it is.

D. Ashton (Chair): Welcome.

R. Rees: Thank you. I should just say, perhaps — and fascinating listening to that presentation — that as a former chair of the board of one of the large family service agencies in the Lower Mainland and a board member of Family Service Canada, I can personally attest to the great work that they do. So it was good to hear that.

D. Ashton (Chair): Perfect. That's noted.

R. Rees: But I'm not going to change tack completely.

D. Ashton (Chair): So the lay of the land is ten minutes for the presentation and up to five minutes for our questions from the panel.

R. Rees: I've done this many times, so I've got it scripted so that I can peak, say, right on time.

D. Ashton (Chair): Perfect. Thank you.

R. Rees: My name is Richard Rees, and I am the CEO of the Institute of Chartered Accountants of B.C. Over the last decade I have presented many times to this committee on behalf of the profession.

Today I'm here with a little bit of a different hat on. I'm here on behalf of the Chartered Professional Accountants of B.C., which represents 27,000 professional accountants and 7,000 students and CPA candidates.

[1455]

Established under three separate acts of the British Columbia Legislature, the CAs, CMAs and CGAs are working together to unite under the chartered professional accountant designation.

Yesterday we celebrated a historic event when the governing bodies of the three organizations signed a joint venture agreement, which allows us to combine our resources and start building a new, integrated organization. Together we are already working with the Ministry of Advanced Education to enact B.C.'s CPA legislation as soon as it is practicable and to legally merge and establish CPA B.C.

We're also in the process of updating our respective bylaws to regulate how the Canadian CPA designation is used by members in B.C. in conjunction with legacy designations. This will bring British Columbia into line with legislation and regulation already in place in Ontario and Quebec.

Most of Canada's accounting bodies are unified or have unified under the CPA banner. With 71,000 members already using the designation in Ontario and Quebec, CPA is now the largest accounting designation in Canada. Most provinces are looking to enact legislation in 2013 or '14. They're expecting to see it introduced in a number of provinces this fall.

It will represent a significant achievement in streamlining the province's regulatory regime. It reduces three British Columbia acts into one, one regulatory body, one common set of professional standards. This will enhance the protection of the public interest through consistent regulation for all of British Columbia's designated accountants.

So on behalf of all three organizations, I'd like to take this opportunity to acknowledge the support that we've already received from both government and opposition, who have indicated strong support for our initiative. It is the right move and a good move for the people of British Columbia and Canada.

Now, the professional accountants we represent are on the front lines of business in this province. So we hear firsthand what issues are affecting investment and the economy. To that end, I'd like to provide an econom-

ic snapshot that includes highlights of an annual *B.C. Check-Up* report we do and a B.C. outlook survey where we ask our members what's going on.

Since 1999 the CA institute has produced the *B.C. Check-Up*. This initiative has established a benchmark of key economic indicators that allow us to compare our economic performance against Alberta, Ontario and the national average.

Looking at the big picture, the world's major advanced economies enjoyed mostly positive economic growth in the second quarter of 2013, and the prospects for continued growth in the second half of the year are favourable. The U.S. economy and labour markets continue to improve. While there are some risks that could derail the halting global economy, there are tangible signs that the world economy is beginning to experience genuine growth.

In B.C. we have largely recovered from the 2009 recession. However, in 2012 we saw a slowdown in economic expansion as our province's real GDP growth declined from 2.6 percent to 1.7 percent in 2012.

Looking at some of the economic indicators for 2012, B.C.'s job creation rate was 1.7 percent, which saw an increase of 37,800 jobs to reach two million. B.C.'s unemployment and youth unemployment rates also both declined by 0.8 percentage points down to 6.7 and 13.2 percent respectively — still a little higher than we'd really like to see.

Consumer debt per capita rose by 2.9 percent in 2012. While this was below the national average of 4.2 percent, consumer debt remains an issue in British Columbia, as the absolute level of debt per capita is the highest in the country at \$54,793.

Looking ahead, exports are expected to lead British Columbia out of its late 2012–early 2013 rough patch. Merchandise exports during the first five months of 2013 were 4.2 percent higher than during the same period of 2012, due primarily to demand growth in both U.S. and China, with wood products showing the greatest gain at 35 percent.

Continued export growth through 2013 should rekindle job creation and consumer spending in B.C. both this year and next. B.C.'s economy is expected to grow 1.6 percent in 2013 and 2.7 percent in 2014.

In our recently completed business outlook survey, our members identified global economic climate, attracting and retaining high-calibre employees, and housing prices as the three top business challenges. Our members also felt it was important that the provincial government maintain a competitive tax regime and reduce red tape to attract investment and simplify the newly reinstated provincial sales tax.

Based on our members' input and economic analysis, this year we will make detailed recommendations in four areas: the need for tax strategy for LNG, simplification of the PST, a review of the Budget Transparency

and Accountability Act, and the promotion of financial literacy. We will make some high-level comments today and follow up with a very detailed submission as you complete your deliberations.

[1500]

I'll start first with the need for a definitive tax strategy for liquefied natural gas. Development of B.C.'s LNG resources offers tremendous economic potential. There have been a number of investment proposals to construct LNG plants that could generate \$100 billion in tax revenue over the next 30 years.

It is proposed that much of this tax revenue will be dedicated to the newly established B.C. prosperity fund. The priority of this fund is to pay down government debt, allow for enhanced tax competitiveness and fund public services. Such a fund could provide significant economic benefits for generations of British Columbians.

The B.C. government has made strides in supporting the timely development of LNG. The newly established Ministry of Natural Gas Development is a one-stop shop for regulatory approval, which removes barriers to the permit process. However, what we're hearing is that greater clarity is required regarding the proposed LNG gas export tax, which is still under consideration by the Ministry of Finance, in addition to existing royalties and taxes.

This uncertainty about whether there's going to be a tax and/or what level it's going to be at is affecting some foreign investment plans, with senior executives in the industry saying that they want to know the details of the tax structure before they will make a commitment to invest in British Columbia.

In addition, the province will also need to work with the federal government to advocate for a smart tax policy. Because LNG is converted from gas to liquid form for ease of transport, the Canadian Association of Petroleum Producers wants the federal government to treat LNG as a manufactured good rather than a raw material, which would have a material effect on the industry's tax structure and viability.

Good tax policy will help create a strong, competitive economy. As noted above, in today's global economy all businesses evaluate tax variables before deciding on where they are going to locate their facilities. That's why in previous submissions our organizations have all advocated for a simpler and more competitive sales tax.

When looking at the B.C. PST, the biggest issue at stake for business is the loss of input tax credits. We know that when businesses are not taxed on investment, they purchase a lot more new machinery and equipment and they hire and train a lot more people.

For this reason, we'd ask the government to consider reviewing the B.C. PST and turning it into a value-added tax modelled after that of Quebec. We understand that there would be difficulties in implementing this, given some of the restrictions about previous PST exemptions,

but we feel the benefits of BC VAT are too great to ignore.

Now that the PST has been reinstated, it is expected to add \$1.5 billion in costs to businesses, which inevitably will be passed along to consumers.

To date, government has done a good job in aligning the B.C. PST with the registration, administration and reporting for the federal GST, but more can be done to streamline the system, and we will provide detailed documents in our formal submission.

Now, in concert with a competitive tax regime is a streamlined and efficient regulatory system, and to that end, we feel we would recommend that the government should consider a review of the Budget Transparency and Accountability Act. We support the goal of balanced budgets. However, since this act was introduced in 2001, there have been significant changes in accounting principles.

As noted in the recent Auditor General's information bulletin in August, the provincial government utilizes the GAAP matching principle, which defers received funds to cover amortization expenses of capital assets. However, in the wake of the financial crisis of the last decade, accounting standards that have been generally accepted have moved away from this matching principle. Following outdated accounting standards as defined by the 2001 legislation can make balancing the budget difficult.

We have also noticed that there are other unintended consequences of the balanced budget legislation, including the buildup of excess working capital and the focus on short-term financial performance. The act should be reviewed and adapted to better serve the province.

The work of the committee focuses on the financial and economic health of the province. We also believe there's one more important area for consideration, which is the financial health of individual British Columbians. We believe that good financial practices and financial literacy must start with each individual.

Good financial health is very much like having a healthy and fit population. In the absence of high levels of financial literacy, we can expect significant public policy issues and costs. This has been underlined in the *Check-Up*, where we have the consumer debt per capita. It's up to \$55,000. Debt burdens have grown dramatically in B.C. and across Canada for the past decade as consumers have used credit to finance and purchase their homes, pay for education and buy goods and services.

The national bodies of the CAs and the CGAs have focused on the need to help people deal with debt management, savings, retirement planning and money management.

[1505]

Our national body, CPA Canada, appeared before the standing Senate committee to offer its full support for Bill C-28, which has established a legislative framework to appoint a national financial literacy leader. This in-

dividual will coordinate a national effort aimed at helping Canadians become better money managers, and we believe that similar initiatives could play a crucial role provincially.

Our profession is trying to be proactive on this issue. We've developed some resources for Canadians. Two of note include the books *A Canadian's Guide to Money-Smart Living* and *A Parent's Guide to Raising Money-Smart Kids*, and some of that material has been provided to you.

D. Ashton (Chair): Richard, sorry. I apologize. Can I just get you to wrap up? I know there are going to be questions. I apologize, but we have other people starting to stack up now.

R. Rees: No worries. I only had one more paragraph.

D. Ashton (Chair): Give it to us, but it's just going to cut into question period.

R. Rees: A significant number of the respondents wanted to be better at saving. A quarter admitted to sometimes buying things they can't afford. In fact, the majority response admitted to having money worries. Helping citizens to develop financial knowledge and to live a consumer-low, debt-free life will create a stable and balanced economy.

That concludes my remarks today. I'd like to thank the members of the committee for their time and commitment to collecting the views of the people in this province. I'm very pleased to answer any questions you may have.

D. Ashton (Chair): Sir, thank you. I appreciate that. That was a mouthful at the end there.

M. Farnworth (Deputy Chair): I have two questions. The first is: have you done any analysis on what the impact would be in terms of cost of revenue to government of the changes on the PST?

R. Rees: No, we haven't.

M. Farnworth (Deputy Chair): The second question that I had was around.... You made comments on the balanced-budget legislation in terms of the changes they have taken in accounting standards and accounting principles.

I'm wondering: do those comments refer to the current ongoing controversy between the Auditor General — it comes out at budget time, or at the release of the audited budget statements — and the comptroller general on how transfers from Ottawa...? It relates to that?

R. Rees: In part. I think the way that I look at it, Mike, is that you pass a piece of legislation at a point in time

based on the environment that you're dealing with at that point in time. The whole situation with accounting standards and principles is that they are constantly evolving.

If you think about what's happened in the last ten years, we've had two really significant financial meltdowns with significant problems in the financial system that have led to tremendous changes in accounting principles. As a result of that, there's a bit of a mismatch at the moment. One of the ways it shows up is in the example that you gave and the disagreement between the comptroller general....

It's interesting to note, as the Auditor General notes, that if the B.C. government was a listed company, the BCSC would delist them.

M. Farnworth (Deputy Chair): Oh. That's very interesting.

R. Rees: Now, the Auditor General's report, which I believe he tabled this summer, will no doubt be coming before the Public Accounts Committee and things. I'm sure you'll have a great opportunity to talk to him about it directly.

M. Farnworth (Deputy Chair): Yeah, when you said that, I'm going: "Okay, that's what that relates to."

R. Rees: Yeah. But one of the things I think we wanted to say is that we think that this is actually.... I think the Auditor General has got some good points about how this isn't maybe helping. There are probably a number of excellent accountants, both in government and the comptroller general's office and the Auditor General's office and in practice in the province, who could figure this out.

G. Holman: I did have a conversation with the Auditor General about this issue, and it is his view — and you seem to be reinforcing it today — that the private accounting sector tends to agree with his view of how to deal with the issue that you raised.

I don't understand why.... Your comment about working capital. I may have misunderstood him, but my understanding is that both school districts and VIHA have accumulated large sums of actual cash, working capital, due to certain accounting principles.

R. Rees: That is my understanding as well.

G. Holman: It's actually dollars. This isn't an accounting term. It is something that I think really would be important for this committee to understand the implications of. Sorry, I guess that's a statement rather than a question.

I guess the other question is on your LNG tax regime. In fairness to government, I understand that that is being negotiated now and hopefully will be clear soon. Your

proposal to categorize LNG as a manufactured good — what's the tax benefit there for the industry?

R. Rees: I don't know that I can give you a precise answer. The challenge here, of course, is that it's a bit of a B.C.-Alberta thing, in that all the oil guys are in Alberta. They see LNG as a competing fuel, and if they can lobby and get the feds to go one way....

[1510]

It's a problem that's outside of British Columbia's control. The province of British Columbia has obviously got to go and lobby the feds pretty hard and see if we can keep it that way. I think that's, in a nutshell, what we're saying, because it would be a shame to lose that LNG revenue.

G. Holman: I didn't understand that. Sorry. But I don't want to create a long debate.

R. Rees: Well, I guess that federal income.... The fundamental taxation of this comes under federal jurisdiction and the federal income tax, and the feds can probably make the call as to what this is. They could make....

M. Farnworth (Deputy Chair): So if they change it to a manufactured good, that has an impact negatively, then.

R. Rees: Yes, because the rate would be much higher, and that would undermine the economic viability.

D. Ashton (Chair): Richard, thank you very much. Appreciate the conversation. Thank you for coming. See you in a bit.

We have Canadian Bar Association, I think, next.

Gentlemen, good afternoon. Welcome. So the lay of the land here today with the committee is a ten-minute proposition coming forward from yourselves and five minutes for question-and-answer.

If you don't mind, Mike, could you take over at the start?

M. Farnworth (Deputy Chair): Yeah, sure.

[M. Farnworth in the chair.]

D. Ashton (Chair): Mr. Farnworth will start you off, and we'll go from there. Thank you. I'll be right back.

M. Farnworth (Deputy Chair): Good to see you, Dean. You've got ten minutes and five minutes for questions. If we start now, we can get into it.

D. Crawford: Thank you very much. My name is Dean Crawford. I'm the president of the Canadian Bar Association, British Columbia branch. I'm joined here today by, to my right, Alex Shorten, the vice president of our branch, and Don McDonald, our director of gov-

ernment relations.

As president, I am pleased to speak on behalf 6,900 lawyers, judges and students from across British Columbia today. This marks our 11th submission to this committee.

The last few years have seen an increased focus on the justice system by the provincial government. The scope of reform undertaken by government has been significant. In just the last two years the following initiatives have been undertaken.

In February 2012 the government commissioned Geoffrey Cowper, QC, to provide recommendations for improving the justice system. In his report, *A Criminal Justice System for the 21st Century*, Mr. Cowper provided 12 recommendations to government, and these are now being implemented.

In December 2012 the government and the office of the Chief Judge of the Provincial Court signed a protocol agreement to work together on two backlogged reduction projects, one focused on child protection cases and the other on reducing the criminal case backlog.

British Columbia's new Family Law Act became effective in March of 2013. Importantly, the act encourages out-of-court dispute resolution processes and resolution through agreements, with the court as a valued but last resort.

I could go on and discuss several other initiatives, but I think these examples demonstrate the scope of the reforms that have been implemented. I am proud to say that in many of these cases, the CBABC has made a substantial contribution to the development of these initiatives.

We're starting to see some positive changes to the justice system from these initiatives. I'll briefly refer to two of them.

Mr. Cowper recommended the statutory establishment of a formal justice summit to attempt to break down silos and ensure collaboration amongst justice participants, including the judiciary and senior executives from the Ministry of Justice as well as other organizations such as the CBABC. The first summit was held in March of this year, and we were a participant there and were pleased to engage in a discussion to identify criminal justice priorities.

Secondly, there's the backlog reduction project, which I just referred to. The Legal Services Society is responsible for administering the legal aid program in British Columbia. As such, they have a pretty close watch on the criminal justice system, as they fund many criminal cases in the province.

LSS notes that because of the backlog reduction initiative, along with increased capacity at the Provincial Court, the time it takes a criminal trial to get to court in cases where the LSS is funding representation has been reduced significantly. In fact, they say that in some busy courthouses the time to trial has been reduced by half since the reduction project came into place.

That background brings me to our recommendation to this committee. With the government having put into motion much of its reforms of the justice system, it's now time to focus on access to justice for those most in need. By that, we mean assisting British Columbians in resolving very important personal legal issues by making an investment in legal aid.

As part of the ongoing conversation on justice reform, the CBABC released *An Agenda for Justice*, our election platform document, in February 2013. *An Agenda for Justice* proposes a series of investments in the justice system and legislative reforms and recommendations aimed at improving access to justice for all British Columbians.

As part of *An Agenda for Justice*, we recommended an immediate investment in legal aid. Access to legal aid remains the major stumbling block to B.C.'s justice system. Lack of adequate funding for legal aid not only affects those who need it the most, but it reverberates through the whole justice system, causing delays everywhere.

A few years ago I had the experience of attending a child custody dispute in the Supreme Court of British Columbia, and I was there assisting a witness. The parents of the child were young. They were probably about 20 years old each. On one side of the court room was the estranged husband who was surrounded by extended family, and he was very ably represented by a family law lawyer in the proceeding. I had the impression that his extended family had assisted to cover the lawyer's fees.

On the other side of the room was the estranged mother, again probably 20 years old. She had no one in the courtroom supporting her and no legal representation. As I sat there, it caused me to think about this a lot. Because of the province's current funding levels in respect of legal aid, legal representation was not available for this young woman in this custody hearing, and I noted the following.

First of all, the judge was doing his best to try and ensure a fair hearing, but that's not the judiciary's role to be an advocate for one of the parties. They're there to ensure a fair hearing and to render a decision.

Secondly, the trial was probably taking twice as long as it would have, had this young woman had legal representation. In fact, had she been able to obtain legal representation, the parties may have been able to settle the dispute in the first place, freeing up important judicial resources to hear other matters.

Lastly, as I sat there I couldn't envision too many challenges more daunting than having to argue for the custody of your own child without any legal support while the other parent has legal representation.

Sadly, this state of affairs continues today. Legal representation is not available through legal aid in most child custody cases, no matter the income of the parent. Nor is it available for child support, spousal support or division of asset cases.

Now, we acknowledge and applaud the government's

focus in the new Family Law Act on resolving such disputes out of court, but the reality is that there are and will continue to be many cases where individuals are not able to resolve their disputes out of court and will turn to the courts for a decision. That's what the courts are there to do — to render a decision if the parties can't agree on a settlement.

The current funding shortfall means that in the Provincial Court, 90 to 95 percent of family law cases involve an unrepresented person, and the figures are also quite high in the Supreme Court.

We recognize the fiscal challenges that we face in British Columbia. We also recognize the importance of the government's core review process. As part of its terms of reference, the core review is required to identify opportunities where savings can be redirected to high-priority programs. It is our view that legal aid is certainly a high-priority program, and we hope that savings in other areas of government operations will be identified so that government can redirect some of these savings to legal aid.

The CBABC recommends incremental steps for legal aid funding. We support the recommendations by the LSS for an immediate injection of \$4.9 million per year into legal aid funding. The money will provide for expanded duty counsel; enhanced family advice; new community services, including running family law lines seven days a week and in the evenings; legal information outreach workers and paralegals; and improved access to aboriginal services. We recommend that this funding be included in the 2014-15 budget.

The CBABC also recommends a commitment to an \$18 million increase to the budget of LSS over the next election cycle, as the government's financial position improves. This would satisfy the most urgent needs within the legal aid program, including \$7 million to cover family law matters not currently covered.

Importantly, we are not alone in recommending an enhancement in legal aid. Mr. Cowper, in his report, expressed the view that an investment in legal aid would be money well spent.

[1520]

Earlier this week, on Wednesday, the Union of B.C. Municipalities, recognizing the impact that individuals' unresolved legal problems have on their communities, endorsed the resolution calling for increased long-term and stable funding for legal aid.

Perhaps most importantly, the government itself has made a commitment to the public to enhance legal aid in the area of family law.

In part 2 of the white paper on justice reform, which was published in February of this year, the government recognized that there are situations where people need legal information or advice from a lawyer even when they intend to resolve disputes outside of court. The government then made the following commitment:

"Government intends to support LSS to expand the family legal aid services it currently provides."

We emphasize, then, that the recommendations we are bringing to you regarding investments in legal aid reflect priorities and commitments already made, including from the government's own commission headed up by Mr. Cowper as well as through the white paper too.

In order for government to meet this commitment, however, an investment of money will be required. The government has announced that it will be increasing the budget of LSS in 2014-15 by \$2 million. While this increase is welcomed, most of the additional funding will need to be directed to criminal legal aid to meet the government's existing constitutional requirement to fund legal aid cases in the criminal sphere.

That will leave very little funding for family law services. It's very unlikely, in our view, that LSS will be able to expand its family legal aid services, as envisioned by the government's commitment in the white paper, with the current funding commitment.

By contrast, our recommendation to increase funding by \$4 million now and \$18 million over the election cycle will make a real difference in the ability of LSS to help those who need family law advice and representation. In turn, this investment will enable the government to maintain the commitment it has already made in the white paper.

Lastly, I wish to speak to funding of the court services branch within the Ministry of Justice. As the CBABC noted in its presentation to you last year and as set out in *An Agenda for Justice*, today's justice system infrastructure relies on two key resources: people and technology. The human sector of the justice system has been under-resourced for years, but the past three years in particular have seen exceptional strain as work demands have increased and full-time position numbers have decreased.

Chief Justice Bauman of the Court of Appeal, while he was Chief Justice of the Supreme Court, noted that the Supreme Court has had courtrooms that cannot proceed because no clerk is available. Also, fewer registry staff are available, and there has been a shortage of sheriffs to provide security. This leads to delays for all litigants in the timely resolution of disputes.

It is imperative, therefore, that the advances that have been made in the justice system are not lost through cuts to the court services branch. We call for the government to make a commitment to long-term, stable funding of the court services branch.

In closing, we ask that you speak with your colleagues and relay the importance of getting this right, the importance of a sustainable legal aid system, the importance of courts that are available and efficient and the importance of access to justice. We ask that you consider carefully our strong message that there is an urgent and compelling need to invest in justice now.

On behalf of the Canadian Bar Association, B.C.

branch, I thank you for the opportunity to appear before your committee. We look forward to working with you to make justice accessible for all British Columbians.

M. Farnworth (Deputy Chair): Any questions?

M. Elmore: Thanks for your presentation in terms of outlining our justice system — an important foundation of a democratic society. Certainly, the principle of access to justice is a cornerstone.

We've heard over the years of a number of, I guess, increasing challenges and the stress that particularly access to legal aid has posed. I'm also concerned in terms of... There have been different cuts to different aspects of legal aid. I don't know if you have experience in terms of the impact to... There've been disproportionate cuts to family law, to poverty law and others. I'm just wondering if you have specific feedback on those areas. I'm also concerned about access for immigrants, new Canadians.

[D. Ashton in the chair.]

D. Crawford: Certainly. Prior to 2002 our legal aid program had a much-expanded scope of coverage, which included most family law matters where people were below the income threshold, and it included services and representation and advice in poverty law areas.

[1525]

By that, we mean if someone is injured and needs advice on how to navigate the workers compensation system, they could have representation. If someone was about to be evicted, unfairly perhaps, from a rental apartment, they might be able to obtain legal advice in those circumstances.

The impact of the elimination of poverty law representation and of the minimal coverage there is now in family law situations reverberates throughout the system. When individuals are not able to resolve these types of very personal and important life-changing legal issues, they become stressed. They become sick. They miss work. If they can't obtain legal aid to vary child support orders in court, they may not be able to properly feed their children.

It reverberates throughout the system elsewhere, so it's important to look at these issues not in isolation but in terms of the overall impact on the demands on government.

M. Elmore: I know that in my constituency — I don't know for others — that's a very common issue. People come in — in terms of just legal questions, access to lawyers — with a wide variety of concerns. I certainly see that in the community.

Can you comment, in terms of the decreased support to family law, on the impact on women? I'm also concerned for women who are experiencing domestic violence or transitioning out of those difficult situations.

Often it's very complex. Children are involved, and safety is paramount. That's an additional concern.

D. Crawford: There is legal aid available for those who qualify at an income level if there's an imminent threat of violence or a parent leaving the jurisdiction with the child. But beyond that, as I said, there's no support for child custody cases. There's no support for division of assets for child support payments or spousal support payments.

Disproportionately, that falls on women, who, more than men, have primary custody of children and may be seeking enforcement. It does disproportionately fall on women. There's no question about that.

D. Ashton (Chair): Dean, I apologize. I had to take a family call. I will read the transcript and also take a look at your submission. Thank you very much on behalf of everybody. Have a good day.

We have the British Columbia Real Estate Association — James and Norma. Are they here today?

Hi, folks. How're you doing? Thanks.

So Norma and James, from the British Columbia Real Estate Association. The lay of the land here today is ten minutes for the presentation and five minutes for questions. When you're ready, please start, and we'll take it from there. Thank you again. We're just trying to hold everybody on time, and we're pretty close here.

N. Miller: We absolutely respect your time, so we will do our best.

D. Ashton (Chair): Well, to be truthful, one didn't show up, so we're actually about 15 minutes.... Thanks.

N. Miller: Well, thank you, Mr. Chairman and distinguished members of the committee, for the opportunity to present the recommendations of the B.C. Real Estate Association. We really appreciate your time and commitment.

Our CEO, Robert Laing, wasn't able to make it today. My name is Norma Miller, and I'm the manager of government relations. I'm joined by Jim McCaughan, a realtor from Abbotsford, our past president and a long-serving and well-respected leader in the real estate community. The B.C. Real Estate Association represents 11 real estate boards and nearly 19,000 realtors around the province.

I'm pleased to recommend measures that will improve tax fairness for homebuyers. Realtors, like you, have concerns about housing affordability for British Columbians. Unfortunately, British Columbians face some of the highest housing costs in the country, as you well know.

The provincial property transfer tax, which is the highest in the country by far, places an unfair burden on homebuyers. Our recommendations are intended to en-

sure a fair approach for homebuyers now and also into the future. For those of you who don't know, the property transfer tax is levied at 1 percent on the first \$200,000 of the fair market value of the property and 2 percent on the balance.

[1530]

The structure of the tax has never changed since it was introduced in 1987, despite the dynamic nature of the real estate market. Therefore, our first recommendation is that the government index the 1 percent threshold, using Statistics Canada's new-housing price index, and then make adjustments every year so that the tax keeps pace with the cost of living. The threshold isn't indexed right now. That means B.C. homebuyers pay an increasingly unfair amount of property transfer tax per transaction every year.

Indexing will ensure that the tax has the same impact on current homebuyers as it has on future homebuyers. While indexing would result in less taxation revenue, the provincial government would be able to anticipate and account for this in its financial projections in the same way that it projects the number of sales that would happen every year.

Our second recommendation also relates to the property transfer tax. We recommend the 1 percent property transfer tax threshold be increased from \$200,000 to \$525,000. When the tax was introduced in 1987, the 2 percent portion of the tax was expected to apply to only 5 percent of sales. In 2012 the 2 percent portion applied to 85 percent of homes sold. The tax was originally thought of as a wealth tax, and it can't be called that anymore. It's clearly a tax on just about every homebuyer in the province.

Increasing the 1 percent threshold would result in less government revenue, obviously — about \$138 million, by our accounting, if this recommendation had been adopted last year. On the other hand, lower revenue from the property transfer tax could be eased by the increased number of British Columbians who could be able to enter the housing market or by homebuyers with more money to invest in other areas or in improving their homes.

Housing is a significant economic contributor to the provincial economy. The average housing transaction in B.C. results in \$64,500 in expenditures on services, transactions, taxes and other household purchases. I think included in that is about \$11,000 in tax revenue. Nearly 68,000 homes were sold through the Multiple Listing Service in 2012, representing investment of about \$35 billion by British Columbians.

Home ownership is an important part of the foundation of a healthy economy and a thriving province. We believe that fairer shelter taxes and a thriving economy will help citizens throughout B.C. enjoy an enviable quality of life.

Thank you for the opportunity to make these recommendations. There are more details in the packages you

have before you.

D. Ashton (Chair): Thank you. Jim, is there anything to add to that?

J. McCaughan: No. It's all here. We'd be happy to entertain any questions you might have.

M. Farnworth (Deputy Chair): Thank you for your presentation. I think all of us are well aware of the issue because...

N. Miller: We've said it before.

M. Farnworth (Deputy Chair): ...you present here, and then you meet us in Victoria.

I do have a question on something that you had said, and that was.... You would like the tax to be phased or the level at which it kicks in to be tied to the annual rate of inflation — that's my understanding — or the average increase in value of homes. You said that right now that doesn't happen. What's the difference between...? I was going to say that right now what happens is the government, each spring, says that the level at which it kicks in will be at X, and it's often raised. Sometimes, I think, it's lowered.

N. Miller: I think you're thinking of the exemption threshold.

M. Farnworth (Deputy Chair): Okay. That's what I want to know. What's the difference between what you're proposing and what happens now?

J. McCaughan: It has never changed. It has always been 1 percent. In '87 the average price of a house was \$101,000, which means the tax was \$1,020. Now the house has gone up 400 percent to \$535,000. The tax has gone up over 700 percent to \$8,700.

M. Farnworth (Deputy Chair): That's what I wanted to clarify.

J. McCaughan: And that's what we'd like to do. We'd like to tie the two of them to some kind of an index. There are a couple of choices. You could choose.

But if you index it, if you did come out every year and say the level of the 2 percent.... And you'll see in the comments that in 1987 the 2 percent portion was considered a wealth tax by pretty well everybody, and it only attracted 5 percent of the sales. Now it's 85 percent of the sales. For those of you who live either in Vancouver or Victoria, you're well aware of that. As we get farther out in the valley and other parts of the province, then maybe it's not quite so bad.

[1535]

But it's a dramatic effect. It just needs to be, first of all, we think, indexed. Then to make it really equitable, we need to raise the threshold from the average of \$100,000, or whatever it was — if we raise it to the \$525,000, which would seem to modernize the tax.

D. Ashton (Chair): Okay. Any other questions?

M. Elmore: So the threshold is \$200,000. For some reason I thought it was \$225,000 or \$250,000. In terms of the comparative, it's the highest provincial property transfer tax in the country. What's the range, I guess? I'm just curious.

J. McCaughan: The average price in Ontario is \$386,000, and the tax there would be \$4,265 — less than half for an average house.

M. Elmore: Is it the same percentage in terms of where it kicks in? I guess it's all variable.

J. McCaughan: I'm not 100 percent sure of the detail of theirs, but it's pretty much....

M. Elmore: I guess you could argue we're the highest house prices and, you know, generate the highest....

N. Miller: The actual tax rates do vary. I don't think any of them are the same as B.C., and they can get quite complex. If you want, we can send you the comparison.

M. Elmore: Yeah, that'd be great.

G. Holman: A question that's been asked of other presenters: what would be the...? It seems that the impact on provincial revenues of your proposal would be to kind of constrain growth in revenue from this particular source, kind of cap it as opposed to take existing dollars from the budget. Is that a fair characterization of the approach?

J. McCaughan: In the table on page 3 of the package, you'll see that if you were to raise the threshold to \$525,000, which is what we're recommending, the revenue to the province would go down by \$138 million.

But to factor into there, it's been shown by economics people that the average sale of a house in the province of B.C. would generate approximately \$64,000 in purchases of decorating, furniture — other kinds of services and things. Those aren't our numbers; they come from external areas. We believe that a more robust economy and more people being able to buy houses would have a dramatic effect.

I'll just share with you quickly. I hadn't planned to do this, because I didn't know about it. I work in Abbotsford. I've got 85 agents in my office. As I left this morning, I had to kind of console one of our realtors that had a trans-

action in place where a young family wanted to move up. They put their house on the market. They made an offer with him to purchase a superior home at a higher price, subject to being able to sell their own home and get financing, three or four days ago.

They called him this morning and said, "You know what? We've gone into the bank, and we've taken a look at all the costs and the tax, and we just can't do this," so that sale is not going to go ahead. They're not going to be able to move to a home they'd like to enjoy with their family. This is something that.... I wouldn't say it happens every day, but it happens far more than it should. It would be just reasonable, I think, to help people to make the dream of home ownership more attainable for everybody.

D. Ashton (Chair): Thank you. Any other questions? Thanks, folks. Sure appreciate you coming in. Have a good day.

British Columbia Teachers Federation. Good afternoon, Jim. How are you?

J. Iker: I'm doing fine. How are you all doing?

D. Ashton (Chair): Good, thank you.

J. Iker: Another nice day.

D. Ashton (Chair): Yeah, it's a busy day for many of us today.

Ten minutes for the presentation, five minutes for questions. Start at your convenience, and thank you.

J. Iker: Thank you for giving us the time to present our brief today. Teachers and the B.C. government share a common interest in a quality education system that serves both our students and society. Even with that common interest, we often don't agree on what resources are required to achieve and maintain quality education.

In this brief we intend to provide the teachers' case for resources that are needed for us to fulfil the mandate that society gives us to have a high-quality public education system that serves both our students and our society. It is our hope that this committee will find our case persuasive and will recommend to government that more resources need to be put into public education.

How much is enough? We recognize that many social priorities require more funding, but education is one priority that affects, directly or indirectly, every citizen. How should we decide how much is required for education?

[1540]

We suggest that there are two key ways to do this. One approach is to look at the mandate given to schools by the government. What would it cost to do well the many different things that are expected from our schools? We know, and we hope you understand as well, that we are being asked to do more than current resources allow.

We work with more students with special needs without the specialist support that could make this much more effective.

Many of us take from our own pockets to provide food for students whose performance is limited by hunger, and we frequently have to purchase the consumable resources we need because limited budgets are expended early in the school year. Ongoing improvements in teaching practice are carried out without time provided to respond to changes in curriculum and technology.

In the longer term, we think the province should undertake a systemic look at the finance formula to link the mandate of public schools with the funding provided to the schools. In theory, such an examination might lead to some of the expectations placed on schools being reduced to fit the underfunded mandate. However, as we all know, the expectation on schools and teachers keeps increasing and not decreasing.

While the financing system should change in the long run to better match resources and expectations, we are here now to talk about the shorter term. What resources will be included in the next provincial budget for public education? B.C. is getting further and further behind the rest of Canada in funding and in teaching conditions. I'm going to be pointing out, for you to be looking at, charts 1 and 2.

One way of judging whether funding is adequate is to look at what is happening in other provinces. One of the principles of the Canadian political system is that citizens should have similar levels of public service in all provinces. That's the basis of equalization that provides more resources. So where does education stand in B.C. in comparison to the rest of Canada?

You can see by chart 1 where we stand. Currently, right now, the government underfunds education in B.C. to the tune of almost \$1,000 per student behind. That's just to the Canadian average. That's from the most recent Stats Canada thing we have.

That Stats Canada data, which is in chart 2, also shows that B.C. has done considerably less than the rest of Canada to improve operating funding to school districts. You can see that in the five years between '06-07 and '10-11 — that's the most recent Stats Canada report we have — operating expenditures for elementary and secondary public schools in Canada have increased by 19.6 percent, while in British Columbia they've only increased by 9.6 percent. As you can see, our students in British Columbia have been shortchanged compared to students in the rest of Canada.

In the next table you'll see that B.C. ranks lowest of all the provinces in terms of improvements to education funding. Our province ranked lowest for seven key indicators used by Stats Canada to measure public schools. We shouldn't be last in Canada in such a beautiful and rich province as British Columbia.

The next charts I'm going to have you looking at are

charts 3 and 4, which show that B.C. falls behind other provinces in the student-educator ratio. Falling behind in funding has consequences for our students. The student-educator ratio has a clinical sound to it. However, in reality, it's at the heart of the process of education, where the student and the teacher connect and the teacher can guide the developing person.

If you look at chart 3, you can see, in terms of the student-educator ratio, where we are compared to the rest of Canada. In 2010-11, B.C. was at 16.8, where the rest of Canada was 13.8. We have the least amount of teachers working with students in classrooms and giving them services that they valuably need. In terms of our figuring, it would actually take 6,600 more teachers in classrooms with students just to reach the Canadian average in class sizes compared to the rest of Canada.

We often hear that the Premier or the Education Minister use declining enrolment to try to justify school closures and other education cuts. Yes, enrolment has declined in British Columbia, as it has in every other province except Alberta and Saskatchewan.

[1545]

The difference is that in all the other provinces, except in British Columbia, they've hired many more educators. Between '06-07 and '10-11 you can see what the increase in educators has been across Canada: a 3.2 percent increase. That's just the average. In British Columbia it's decreased by 3.7 percent. That's what chart 4 shows.

Our first recommendation is increase funding in each of the next three years by enough to reach the Canadian average per-student funding, or above, by 2016. Just getting to the Canadian average in expenditures doesn't seem like an outrageous goal. Surely we care enough about our children that we are prepared to improve to the average.

What we're asking for is only to the average — not even to be the best, but the average — rather than being the last in improving financial support for their education. If we were to go up just to the national average, that would provide an additional \$543 million in funding for B.C. public schools, based on the most recent Stats Canada data.

B.C. is the worst in Canada in resources. Does this make a difference? Teachers, of course, think it makes a great difference in many ways. Just focus on one factor: the support we need for B.C. students living in poverty. B.C. is persistently having the highest child poverty rates, with the latest figures showing child poverty actually worsening in British Columbia.

Our school trustees think underfunding is a problem. In a response to the ministry budget of 2013-14, the B.C. School Trustees Association pointed out that freezing the budget to the level of the previous year meant programs and choices for students that will be sacrificed as school districts struggle to meet those cost pressures. There's a cartoon in there, where even cartoonists think school districts are underfunded.

I'll try to speed her up here.

D. Ashton (Chair): Sorry, we just have a full gallery.

J. Iker: Recommendation 2: provide full funding to school districts to cover all increased costs over which the districts have no control. Example: MSP premiums, B.C. Hydro rates, the cost of busing students, pension, collective agreement provisions, support staff in-service for curriculum change and the development of expanded skills-training programs.

Did the learning improvement fund improve conditions? Not really. The learning improvement fund is described by government as responding to the needs for more resources. They claim — the Premier claims — that it has produced 500 additional teachers. The claim is not based on facts. In the first year of the learning improvement fund, the number of teachers in this province actually dropped by 33 full-time-equivalents compared to the previous year — not going up by 500.

We've provided a detailed explanation of this on pages 9 to 14, and hopefully, you'll take the time to read those pages in terms of how our explanation works. You will also see, in the chart on page 5, that the lack of the positive effect of the learning improvement fund is that the number of classes with more than three students with an individual education plan has grown to almost 15,000 last year. That has increased every year in terms of oversize. The bottom line: the learning improvement fund has not improved conditions for students or teachers.

D. Ashton (Chair): Jim, you're at ten minutes.

J. Iker: Can I just read...? I'll go right to the last recommendations.

D. Ashton (Chair): You'll cut into your questions. I apologize. I've just got to try and keep on track here. You're more than welcome, but it will cut into the question period. Mike has got some questions for you. We have the recommendations in front of us, so go ahead, please, if you want to.

J. Iker: Recommendation 3: put a priority on increased funding to support students with special needs, smaller classes, more special education, learning assistance specialist teachers.

Recommendation 4: restore other specialist positions that support students, like teacher-librarians, counsellors, English language learning teachers. In there you'll see that we make comment on the minister's three priorities called the ten-year agreement — the increases in skills preparation for trades, transforming education through the B.C. education plan. Hopefully, you'll take the time to read that also.

Recommendation 5: bring stability to the public edu-

cation system by providing adequate funding for reasonable salary increases, preparation time, in-service, and improved classroom conditions.

[1550]

And the last recommendation: provide resources specific to support changes in the public education system — resources for projects that support in-service for changing curriculum, student assessment and teaching practice.

We hope you find our case persuasive and recommend more funding for public education.

D. Ashton (Chair): Thank you.

M. Farnworth (Deputy Chair): Two quick questions. You used the figure of \$543 million additional that was required. Was that on an annual basis, or was that over the three-year period — the other parts of the presentation?

J. Iker: Well, that's what it would take just to bring us to the average. Now, what we're talking about is coming up to the average over a three-year period.

M. Farnworth (Deputy Chair): Okay. So it would take \$543 million over three years to come up to the average is what you're saying.

J. Iker: The way we see the Stats Canada.

Interjection.

D. Ashton (Chair): I'm sorry. We can hear you, but the galleries won't, so we need you to come to a microphone.

It's \$543 million per year over the three-year period — so 1.5.

A Voice: Implemented over the three years.

M. Farnworth (Deputy Chair): The second question was: on the thousand dollars underfunding, specifically, where would that go? Is that included in the \$543 million?

J. Iker: That's part of the \$543 million, yes. Right now.

M. Elmore: Thanks for the presentation, Jim. Do you have more information with respect to your recommendation No. 4: to restore the specialist positions that support students? I'm concerned, particularly with the English language learner teachers. I don't know if you have a number provincewide.

I know in Vancouver the numbers... There has been a decrease of 25 percent. Just with the demographics... Metro Vancouver — over 50 percent racially visible and very high numbers of immigrant students. I'm concerned about their success in high school and that that is a detriment to their success in completing high school and their

ability to transition to post-secondary.

J. Iker: Absolutely. I don't have the stat offhand, but it's a stat that we can get you, because that's part of what we're looking at in terms of specialist teachers and one of the areas that was stripped illegally out of our collective agreements.

D. Ashton (Chair): Any other questions?

Jim, thank you very much for staying in the time, and thank you for the presentation, and also to the two individuals that you brought with you.

J. Iker: You're welcome.

D. Ashton (Chair): Great. Have a good day.

British Columbia Chamber of Commerce. We have John Winter and Jon Garson.

Welcome, gentlemen. How are you today?

J. Winter: Very well, thank you.

D. Ashton (Chair): Good. We have ten minutes for the presentation, five minutes for questions. John, if you're doing it, I'll let you start right away, and we'll go from there.

J. Winter: Thank you, Mr. Chairman. I'm joined by my associate, Jon Garson, with me today. We're appreciative of the opportunity to address the group on behalf of the approximately 36,000 members of the chamber network across the province and to talk about government's priorities for the 2014 provincial budget.

We'll be providing a written submission later with some details on the full range of chamber recommendations. For now, in addition, all members of the committee have received copies of the B.C. chamber's annual policy manual, which catalogues the issues of concern to chamber members from across the province.

While B.C. has a stronger economy than many jurisdictions, the fact remains that B.C.'s economy remains fragile. On both the export and the domestic economy, B.C. is a mixed bag. On the export side, we have seen strong numbers across a range of sectors, including forestry. Unfortunately, this has been offset by a reduction in demand from other key markets, notably China.

In addition to a challenging global economy, we're also seeing mixed domestic conditions, with consumers remaining cautious in the face of rising household debt. These factors have led to most projections of growth being modest, at around 2 percent for 2013. In light of the fragile nature of the B.C. economy, the chamber believes the Budget 2014 must focus on the fundamentals and cannot include significant spending commitments.

In this light, we were pleased to see the chamber policy recommendations, reflected in fiscal prudence and debt

reduction, featured heavily in the recent B.C. Liberal election platform. We believe it is imperative that government act quickly to fulfil their electoral commitment and introduce legislation that will dedicate at least 50 percent of future surplus revenues to debt reduction and to continue to cap government spending increases against the rate of nominal GDP.

[1555]

We were pleased to see that the fiscal update confirmed that B.C. is on track to achieve a balanced budget in 2014. Our members have told us that returning to a balanced budget is government's overriding priority.

While our fundamentals remain strong, the chamber is increasingly concerned about a range of increasing costs facing businesses from all levels of government. We are seeing higher EI and WorkSafe B.C. premiums, increases to the minimum wage, uncompetitive property taxes and proposed increases to electricity rates, not to mention the current, very controversial MMBC situation to do with waste disposal. All of these are undercutting businesses' ability to grow and to create jobs.

While these are challenges, they pale into insignificance in the face of the return to PST. British Columbia has one of the lowest tax rates for both personal and income taxes in Canada. The government is to be commended for these actions, often taken in the face of criticism and opposition. While this means that B.C. has a highly competitive corporate and personal tax regime in both the Canadian and international context, our competitiveness has been fundamentally undermined with the reversion to the PST.

Our members have been clear: the loss of input tax credits to business will significantly hamper B.C.'s ability to compete against key jurisdictions. This will place B.C. companies at a significant Canadian competitive disadvantage, as we will be only one of three provinces who don't have a value-added tax system in place.

Despite the obvious benefits of an HST, the chamber recognizes that the public has spoken through the referendum process, and there is no appetite, either publicly or politically, for harmonized sales tax. With that said, it must be stated that the decision to scrap the HST was by all means the wrong choice by British Columbians — full stop.

While the referendum is behind us, the need for reform is not. Our members are also sending us a clear message that government must undertake an open and transparent public discussion on how we can improve our sales tax regime and on how we can move forward toward the creation of a made-in-B.C. value-added tax.

In the absence of wholesale reform, the chamber believes the most damaging aspect of the return to the PST and the aspect that therefore requires the most immediate attention is that the PST will be levied on investment in machinery and equipment.

While the chamber recognizes that the PST system al-

ready exempts some machinery and processing equipment used in manufacturing and agriculture, we need to widen the scope of sectors that can access these savings. This measure alone would go a long way towards improving our competitive position in the Canadian context.

We recognize that this is not a measure that can be introduced immediately or quickly. The expert panel on tax estimates that this measure alone would result in a reduction in revenue to government in the order of more than \$500 million by the year 2016-17. As a result, we don't believe this is a measure that is appropriate for Budget 2014 but is one that must be considered as fiscal conditions allow.

In light of the recently released report from UBCM, the chamber would like to make a comment on local government finance as well. The chamber agrees with local governments who say that they do not have the financial means to address the pressures they are facing, particularly in regards to infrastructure. However, any calls to provide new, unconditional revenue streams are unacceptable without reform.

The chamber now believes that the provincial government must step in to undertake a fundamental review of the local governments' financial sustainability with a view to establishing a funding system that is fair, equitable and reflects the cost of service for each taxpayer group.

A few comments on the prosperity fund. The chamber supports the government's recognition that the LNG opportunity can be a transformative opportunity for the province. Not only will the LNG opportunity be a significant creator of jobs and economic opportunity for communities all across the province, but under the auspices of the B.C. prosperity fund, it will leave a lasting legacy for future generations.

[1600]

This opportunity will only be realized if the fund is properly set up with well-defined objectives to ensure that our next generation has a nest egg for ongoing prosperity, rather than a slush fund for government.

This will be no small task. When we talked to potential revenue in the area of \$100 billion, the temptation for government to view this fund as an open source of revenue will certainly be significant. This temptation must not only be resisted, but the system must be designed in such a way that even if government succumbs to the temptation, the integrity of the fund cannot be compromised without full public debate and input.

Government must be cognizant of the fact that taxation structure that will be re-established to create the fund is being established in the context of a global, highly competitive industry.

B.C. has a competitive climate for the industry. In addition to our climate that reduces the cost of liquefying the resource, B.C. has access to markets and a taxation system that should allow the industry to flourish. We cannot allow the potential of this prosperity fund to lead us

to killing the goose that could lay golden eggs for today and for future generations.

The chamber therefore recommends that the B.C. prosperity fund has a well-defined and fixed contribution rate. Equally important if not more so is that the fund has a fixed withdrawal rate with clearly articulated objectives as to what the fund will be used for. Finally, the fund should be governed and managed by an independent board and a fund manager overseen by the Minister of Finance.

In conclusion, the chamber believes that Budget 2014 must be a "steady as she goes" budget. As you've heard, the chamber does not believe that Budget 2014 should contain any significant spending measures that would threaten the return to balance.

Now is the time for government to focus on returning to balance and continuing with its well-earned reputation for sound fiscal management. As B.C. looks to emerge from deficit, the pressure to increase government spending will be significant. Indeed, it has been a feature of these hearings. Presenter after presenter appears before this committee to ask for new spending, as often as not with no indication as to how these asks would be paid for.

I think we've been clear. This is an unsustainable way of thinking and one that must change. We must learn to do more with less. We must learn to spend money more efficiently, and more important, we must learn to innovate in service delivery. Perhaps health care would be a good starting point.

The chamber believes that this must be the foundation for both the recommendations of this committee as well as for government decision-making. Thank you for your time, and we'd be happy to answer any questions.

D. Ashton (Chair): Thank you, gentlemen.

Questions to the presenters? Any questions?

Well, thank you. You'll make sure that we do get a copy of that. Is that what I heard?

J. Winter: Absolutely.

M. Farnworth (Deputy Chair): One question, John. You've outlined a number of areas where there are concerns. Do you address them in fuller detail in your broader document that you talk about — for example, around the local government or health care or other areas?

J. Winter: Yes, absolutely. The problem with the chamber is that we're such a broadly based group, and to pinpoint specifics in ten minutes is really difficult. So we will be, yes.

M. Farnworth (Deputy Chair): Good — thanks.

D. Ashton (Chair): We look forward to the submission. Thanks, gentlemen.

University of British Columbia — Pascal and Pierre. Is that correct? Welcome.

P. Spothelfer: Thank you very much for having us. It's a pleasure for myself and my colleague Pierre Ouillet, who is our VP finance and resource operations, to present on behalf of the University of British Columbia. We will also make a written submission following this session today.

We're splitting it a bit in part. I'll give you the context, and Pierre will talk a little bit more about the programs and initiatives going forward.

When we think about the University of British Columbia, we're obviously the largest post-secondary education institution in the province. But we believe we are much more than that.

We have over 55,000 students. On a full-time-equivalent, it's over 40,000 students, both on our Vancouver and our Kelowna campus. Some of our programs are special to UBC, including our medical training program where we train 100 percent of all the physicians in British Columbia. The system that we use is a distributed system, which is not only unique; it's truly world-class.

[1605]

What that means is we have several sites in the province using technology to allow the decentralized training of physicians. And probably in each of your ridings you have clinical training for these physicians that's going on day in, day out.

We have over 280,000 alumni in 120 countries, so very strong international exposure through our alumni network. But the majority of them are in British Columbia.

From a research point of view, we do research for about \$500 million a year, and it's important to note that the vast majority of that money is money that's flowing into British Columbia, be it federal funding, be it non-governmental organizations and foundations, be it industry funding. We do about 93 percent of all the industry-sponsored research by post-secondary institutions in British Columbia.

This research also translates in an enormous innovation engine at UBC, which, compared to our counterparts in the rest of the country, actually stands very strongly. With 160 spinoff companies, we have a very successful technology licensing practice, and we are also strongly engaged with industry, with 1,100 active partnerships.

I think, as lined out by our president in his speech to the Vancouver Board of Trade just a few days ago, we continue to push in innovation and want to really be one of the key participants in British Columbia's innovation ecosystem.

We have brought along three examples of this innovation engine and how we can contribute to economic growth in the province. What they all have in common is they're all rooted in UBC research and in UBC talent, be

it faculty members or graduate and undergraduate students. Ostara is a spinoff company which, actually, was just.... Their technology was just adopted by the city of London in the U.K.

Another example, different style, is a cooperation between UBC and Vancouver General Hospital on the Prostate Centre, where we have a National Centre of Excellence for Commercialization and Research. Again, these are vehicles that attract a lot of outside funding, which we bring into British Columbia.

The final example, just to illustrate the point. The Composite Research Network is a collaboration across western Canada which is driven out of UBC, supported by Western Diversification and really ties our research into industrial work. We have just updated our economic impact study, and the estimate is that the University of British Columbia contributes about \$12.7 billion to the British Columbian economy on an annual basis.

So we have done a lot of work over the past few years, and this university has undergone a massive transformation. Pierre will talk more about that. We have done that both in the light of external pressures but also through our own ambition, what we want to realize with this world-class institution that British Columbia has built over the years.

From a government point of view, over the.... The grant cuts are affecting us. We have lost maintenance funding, and currently we have growing deferred maintenance issues, as other institutions do as well. Our tuition is capped at 2 percent annual increases, and Pierre will also talk about the debt cap from a funding point of view.

Globally, we're looking, obviously, at a challenging economy. Everybody does that. So our endowment returns have diminished, and the real estate developments that we can do on our lands face a higher degree of uncertainty, which affects our planning going forward.

Learning is undergoing fundamental change. On-line means, MOOCs and other phenomena are challenging universities to reinvent the ways they teach and challenging our students in the way they learn, which also has implications on the financial picture of universities going forward.

Nonetheless, we have big ambitions with this university. We want to have global leadership in ten research areas. So we have to focus, but we focus on areas of success. We will increase our international undergraduates to about 20 percent. This has both a huge impact on the university experience for our students but also financially. And we will continue to attract top talent to UBC.

Now I'll hand it over to Pierre to talk about the way going forward.

P. Ouillet: Just a couple of slides in three minutes.

I think the story of transformation that Pascal alluded to is something I really want to highlight — the work that

has been done since 2010. We didn't wake up yesterday.

We have followed a three-pronged strategy. The number one has been around relentless drive for efficiencies and cost reductions. We have reduced our annual costs by about \$30 million a year.

[1610]

You have an example of a number of actions that we have taken. Some of them are just best practices from the private sector, frankly. Some of them are just at the leading edge of what's being done in Canada right now.

I'll give you one example around copyrights. We left the Access Copyrights consortia a year ago to clear our own copyright access — a significant savings for UBC, a significant savings for our students. We just announced this week that our course packs are going to be 33 percent cheaper than last year. That's an example of fairly radical change and courageous action.

We are very keen to not only be a part of but a leader in the shared services initiative in B.C. We are taking the lead, both in IT and procurement, which are significant for the sector, because we have a buying power that we can lend to the entire sector.

We have been incredibly proactive around revenue diversification. Frankly, we are reaching the end of the road on savings. We've got to diversify revenues. Pascal has talked about international enrolment. It's not at the expense of domestic students. It's in addition to them. I want to be very clear. There are a number of initiatives that you can read on this slide.

Key stats for me, when I joined UBC five years ago, is over half of our operating grant came from the B.C. government. It's now less than 45 percent. It's going to be less than 40 percent within five years. That's incredible transformation. You can imagine the work that's taking place to manage under these conditions.

The third point on this slide is the amount of work that we are doing around flexible learning on line. We have four massive on-line courses now with Coursera, a leader in the sector worldwide. Our number one course had 180,000 students enrolled, and we are applying this kind of learning for the entire undergraduate days.

I conclude with the last slide with three requests. Again, we are very sensitive to the fiscal situation of the province and of this government.

Number 1 is a plea for flexibility. We've got to be able to invest non-taxpayer-supporter debt. We could today invest \$200 million to \$300 million in student residences that pay for themselves if and if only we had access to funding. We have the best credit rating in the country. We could do that tomorrow at very interesting rates. We just need to be able to be allowed to borrow.

Number 2 is we have significant issues around different maintenance — over \$500 million — and seismic issues over \$100 million. We fundraise quite effectively. Support from the government to match this investment for us would go a very long way.

The third point is we are driving a ton of change. We need fiscal stability. Right now we are not asking for more. We're just asking for maintaining the current grant, and we can deal with a number of efficiency pressures.

D. Ashton (Chair): Right on time. Thank you. Any questions from the panel?

M. Elmore: Thanks for your presentation. In terms of your three recommendations, I have a question. With respect to — we've heard it consistently over a number of years and from different institutions — the ability to access the non-taxpayer-supported debt, have you had any movement? Are you in discussions with the government? Is that moving anywhere?

P. Ouillet: Well, on this question with government, we have been for the last two or three years. It's a very complex file. The idea would be to move out of the government reporting entity, either as an institution or part of it. There are a number of accounting issues, and we could go into much more detail.

So yes, the conversations are taking place. Yes, we are hopeful, and yes, it's a burning platform.

M. Elmore: I'd be interested if you can supply that. If you've got a document that you can submit to the Finance Committee, we could take a look at it. It's been an interest.... I know we've raised it previously and are sympathetic to that.

Just secondly, you mentioned — it's impressive — 93 percent. You're able to secure that research funding. That's B.C.?

P. Spothelfer: Yeah, 93 percent of the industry-sponsored research is done at UBC.

M. Elmore: That's quite a good monopoly.

My question is in terms of the adequate support for your master's and PhD students to make that attractive. What's your assessment on that?

P. Spothelfer: The research funding we receive both through grant funding and other sources is obviously critical for us to attract the master's and PhD students. The other element of the equation ties back into the second point, from an infrastructure point of view. For these faculty members and their PhD and graduate students to do their research, we obviously need the adequate infrastructure.

I can give you a concrete example. We have gotten the Canada Research Chair in Quantum Materials. Now, to attract the faculty member and the staff for that \$10 million research chair, we have to build a \$25 million infrastructure so that we can actually house that centre for research.

These are the type of pressures we're under to maintain that research excellence.

[1615]

D. Ashton (Chair): Okay, thank you.
Any other questions?

J. Yap: First, thank you for the presentation. Getting back to the question that Mable brought up about the recommendation on borrowing, what is the status on being able to borrow independently and having to either remain...? Or are you obliged to leave the government entity if that happens? And in that scenario, would that affect your borrowing costs?

P. Ouillet: No, it would not. Our credit rating is double-A or A-minus, depending on the rating agency. It would be well below 5 percent. It's very attractive. Anything at 4 or 4½ percent is very attractive for us.

So yes, we could leave the GRE and borrow very easily — up to half a billion dollars in fact. And we would invest that in revenue-generating projects, whether it's student housing, which pays for itself, or infrastructure renewal and clean tech, which also pays for itself, through energy savings. So it's very easy for us to make a case.

J. Yap: So that's if you leave the GRE?

P. Ouillet: Yeah.

J. Yap: Is there a scenario where you can stay in the GRE but are able to borrow for stand-alone projects without affecting overall provincial debt?

P. Ouillet: It's a question for government. What we have been told is no, although there are different lines within government between taxpayer- and non-taxpayer-supported. Right now the position with the government and the comptroller general is that everything that's UBC debt is taxpayer-supported.

I would make a strong case that UBC debt could be split between taxpayer- and non-taxpayer-supported. That would potentially solve the issue.

J. Yap: Is that something you can pursue, to maybe do some research — you are a research institution — to see if you can gain accounting professional research support for making that case?

P. Ouillet: It's a policy issue with government, but we can make that part of the submission, for sure.

D. Ashton (Chair): Any other questions?
Gentlemen, thank you very much. Have a good day.
Now board of education, school district No. 38, Richmond — Donna Sargent. And I have Monica and

Mark. Is that correct?

D. Sargent: Yes.

D. Ashton (Chair): Thanks. Welcome, folks. You probably heard my spiel that it's ten minutes, and five minutes for questions. We're keeping our thumb on it.

D. Sargent: Okay, no problem. Thank you very much for the opportunity to speak with you. I have with me our superintendent, Monica Pamer, and our secretary and treasurer, Mark De Mello. In the audience we have our president of our teachers association, Al Klassen, and our excluded staff rep, Anita Doig.

On behalf of all the parents, trustees, administrators, teachers and staff to whom the education of over 20,000 students in school district 38, Richmond, is entrusted, we want to thank you for the opportunity to present our views on the importance of the K-to-12 public education system. We are especially pleased to make a presentation to a committee that includes a Richmond MLA.

This brief is presented to the Select Standing Committee on Finance and Government Services jointly by the board of education, Richmond; the Richmond District Parents Association; the Richmond Association of School Administrators; the Richmond Teachers Association; and the management staff of the district.

We have chosen to present this brief together because we are all deeply invested in public education and committed to providing the best possible learning opportunities for the students in our diverse community. We support an inclusive culture of collaboration and positive, open relationships with all our stakeholders. This is the Richmond way, where we all work together to achieve a common vision. As our motto states, our focus is on the learner.

Education must be a budget priority. As your committee ponders the difficult decisions that come with making budget choices for the province, we urge you to ensure that education is one of the highest budget priorities. We firmly believe that public education in B.C. is of such strategic importance to the province that simply maintaining existing funding levels for the K-to-12 sector is not sufficient.

If we want our provincial economy to be globally competitive and sustainable, we will need to ensure that we match that with funding that allows for a system that ranks globally in excellence. Education is expensive, but ignorance is more expensive still.

[1620]

There are numerous economic studies of education levels and economic capacity which demonstrate that every dollar that is invested in public education is a dollar that will pay off in future economic growth and a strong democratic society. Every dollar that is invested in the public education system is a dollar that works towards

reducing future health care and justice system costs.

Every dollar invested in our children's education is repaid many times over as they grow into skilled and productive members of the workforce who are able to absorb new information, acquire new skills and familiarize themselves with new technologies. To quote Benjamin Franklin: "An investment in education always pays the best interest."

The Richmond context. Richmond is the fourth-most populated municipality in the greater Vancouver region, with a population that has grown to just over 200,000, as indicated by the most recent estimates done by the city of Richmond. Over the next 30 years, as planned development of the city of Richmond centre unfolds, the population is projected to grow to over 280,000.

Richmond's population is diverse, with only 45 percent of Richmond residents who are Canadian by birth, 54 percent are landed immigrants, and 1 percent are living here on work permits. Thirty-nine percent of residents speak English as their mother tongue, but close to 53 percent say that English is the language used most at home. On the last census, the city had the lowest percentage of households speaking primarily English in B.C.

Despite a high average family income, about a quarter of the families in Richmond live at or below the poverty line. According to data gathered for the human early learning partnership, children in Richmond face the same range and severity of social, economic and educational challenges as those in other Lower Mainland municipalities. Early development instrument results indicate that 30 percent of kindergarten students score below the vulnerability threshold on at least one domain assessed.

It is within this diverse and complex context that the Richmond school district seeks to provide the best possible public education for the approximately 22,000 students we serve. We are the fifth largest of 60 school districts in the province, and 6,200 — about 28 percent — of our students are ESL students. A further 700 — 3 percent — are students with special needs in a category for which the ministry provides additional funding.

However, we also have over 800 students with special needs identified according to ministry guidelines who receive no supplemental funding. Except in very extreme instances, all students in Richmond are fully included in all aspects of the educational program and school life, regardless of their needs, abilities or background.

Our students are high achievers. Over 90 percent of them graduate six years after entering grade 8. This is one of the highest completion rates in the province and is noteworthy given how diverse our community is in terms of language, background and income.

We have three recommendations for your committee to consider. I will go as fast as I can.

Ensure that public education receives increased, stable and consistent funding. In recent years we've had to

significantly reduce our budget allocation for research, teachers, teacher-librarians, educational assistants and custodial staff in order to offset funding shortfalls. As a result, we have made this same request of this standing committee previously.

We continue to be concerned that funding levels are not adequate enough to allow us to provide the level of service that we believe parents expect for their children and that this province should be achieving as a global leader. In particular, the budget reductions mentioned above all had a noticeable impact in the classroom.

We are challenged to provide adequate support to the most needy of our students. The loss of resources means that others, such as gifted students, also feel the impact of fewer available specialized resources.

However, these students typically need to have two full-time support staff with them at all times because of the severity of their need. I'm speaking of the most needy students with special needs. The cost of such support is approximately \$80,000, which means that the funding shortfall must be made up from cuts to other student services.

School districts have adapted to the current funding levels, and staff at all levels have devised ways to ensure that we minimize the impact on the classroom. Our concern is not about the efficiency of the system. It is that our effectiveness continues to be eroded by budget cuts.

I will move on to the second recommendation. Reinstate a capital plan for facilities. An aging infrastructure in most school districts, along with specific concerns with respect to seismic upgrading and building envelope deficiencies, will need a major infusion of capital funding. [1625]

The seismic risk ratings of our schools continue to be re-evaluated by the technical experts, given our unique soil conditions. We would like to call your attention to the safety of our students and staff, for which we are wholly dependent upon funding allocations from the provincial government.

I'll move on to No. 3. Provide support for proposed new initiatives in education. The Ministry of Education continues to focus on personalized learning as a major new initiative. It recognizes that students learn differently, bring different experiences and motivations to the classroom and require different approaches from their teachers.

In Richmond we have embraced this initiative and have moved forward with our own version of the concept called Student Success Through Engagement. Investment in new initiatives such as this is extremely beneficial to our students but requires even more time and attention to individual needs than the current educational model. That will mean additional demand for staff, resources, training and technology.

In conclusion, as a district that places great value on a collaborative and consultative approach, we would be

pleased to make ourselves available for future consultation on educational initiatives that the provincial government might wish to implement. We appreciate the opportunity to present the standing committee with this brief, which emphasizes our belief in the importance of public education.

We conclude our brief with this quotation from Martin Luther King, since it embodies our goals for public education: "Intelligence plus character — that is the goal of true education."

D. Ashton (Chair): Perfect timing. Thank you.

D. Sargent: You're welcome.

D. Ashton (Chair): So questions. Any questions, committee?

M. Elmore: Thanks for your presentation. It's interesting in terms of your statistics. You mention, certainly, the diversity — well noted in Richmond. Interesting, your reference to 1 percent living in Richmond on work permits. I'd presume that those are temporary foreign workers.

I know there are some.... I've met with some and I've heard of some children of temporary foreign workers in Vancouver. Do you come across many of those children in Richmond?

D. Sargent: I'll let the superintendent answer that.

M. Pamer: We have children who we provide education for who are with parents on work permits, providing we get the documentation for that. It's a very small percentage, but it is a reality.

M. Elmore: Yeah. I think the number is around 50,000 temporary foreign workers in British Columbia, and the number is growing. Certainly, it's a growing reality.

You mention that the graduation rate is 90 percent in Richmond. Congratulations. That's a very high achievement. What's the average?

D. Sargent: In the province?

M. Elmore: Yeah.

M. Pamer: It's in the 80s.

M. Elmore: It's the 80s. Yeah — 80, 85, mid-80s. I thought it was around that.

Just a reference in terms of.... You mentioned the support for second-language teachers. I have a concern particularly in terms of supporting and ensuring that all students have equal opportunity. It's important to succeed in high school to transition to post-secondary

— and, certainly, the additional supports for new immigrant youth being successful here in Canada and on a successful trajectory.

Can you talk about the reality of the cuts to English-language support teachers and that reality in Richmond schools?

M. Pamer: As you mentioned, that is really a very real reality in Richmond schools. We've certainly extended our creativity to provide that support for our students, but as you're probably aware, over the years the students coming into Richmond.... We're finding their level of language when they come in is very basic. A lot of them are ESL level 1, which is a very beginning. So that stretches the system, puts our priorities there.

We work very hard to cope with this, but the resources that we would love to have to support them fully are just not affordable under our current situation. But we certainly do a good job, and our completion rate demonstrates that.

D. Sargent: If I may take one minute just to highlight that the school, for new immigrants, is the place where they learn to integrate into the community. It's not only for the children. We've really noticed that supporting the families.... We've actually spoken with the federal government several times about the importance that school plays for those families.

[1630]

G. Holman: I was wondering if you have an estimate of the cost impact of the CUPE agreement on the school district — a cost which, apparently, you're going to have to absorb into your operating budget.

M. De Mello: If I may speak to that, Mr. Chair, the estimate for us at 3½ percent is somewhere between \$1.2 million and \$1.4 million. The district is looking at that, because the impact on us has been transferred to the school district to absorb within the budget.

Compounding that impact is the effect of enrolment decline in Richmond. We're actually seeing quite substantial reductions in the number of students and so an overall decline in revenues anyway, which puts tremendous pressure on the budget.

Our expectation is that the vast majority of the savings are going to have to come from further staffing cuts. We've cut almost 40 staff positions this year just to balance our budget in light of declining enrolment. This is a burden that's going to come on top of that and on top of cuts we've made in prior years.

M. Pamer: If I can add.... We call it a savings plan, but we don't have savings. We're at bare bone already. As mentioned by the secretary-treasurer, we will be making staff cuts to pay for the CUPE agreement that was

negotiated.

D. Ashton (Chair): Thank you, Donna, Monica, Mark. Thank you very much for coming for the presentation.

D. Sargent: I also left you a report that we give our community, and I forgot to give it to your secretary.

D. Ashton (Chair): Oh please, just get it, and we'll have it circulated. Thanks for bringing that. Have a good day, folks.

Emily Carr Students Union — I have Darren here. Are you by yourself, Darren?

D. Devlin: Yes.

D. Ashton (Chair): Okay, great. Come on forward. Darren, we have ten minutes allotted for presentation and five minutes for questions. Please have a seat.

D. Devlin: Good afternoon. I would like to begin by acknowledging the traditional Coast Salish territory that we are on today. I would also like to thank you for hearing our presentation regarding what we believe should be key budget priorities for the government of British Columbia.

I don't have a handout to circulate among you, but we will be e-mailing specific notes on what I'm presenting out to the committee.

D. Ashton (Chair): Thank you. And it is being recorded and will be transcribed for us.

D. Devlin: All right, cool.

My name is Darren Devlin. I am a fourth-year film and media student at Emily Carr University of Art and Design. I am chairperson of the Emily Carr Students Union, which is part of the Canadian Federation of Students Local 33 and which represents 1,900 undergraduate- and graduate-level students.

We have presented to this committee in the past and have discussed the U-Pass B.C. program. We were pleased to see that this has been made a budget priority for the government. Students across Metro Vancouver have renewed an agreement until 2016. We continue to celebrate this program, which provides students with affordable transportation options and allows them to make sustainable transportation choices.

Our presentation today focuses on two key opportunities we see for the B.C. government to show considerable leadership in supporting and investing in the people of British Columbia in preparation for the 2014 provincial budget: addressing record-high levels of student debt in B.C. through the elimination of interest on B.C. student loans and the progressive reduction of tuition fees back to 2001 levels; investing in the people of British Columbia through the restoration of operating funding

to universities and colleges to 2001 levels, accounting for inflation; and the provision of grad student funding for applied research.

Specifically regarding interest rates, one of the simplest steps that the government can take right now to support B.C. students and families, which Premier Christy Clark has been an outspoken proponent of supporting, is removing the interest rates charged on the provincial portion of student loans.

Currently a majority of post-secondary students in British Columbia cannot afford to pay their tuition fees and must borrow money from the provincial and federal governments through their student loans.

[1635]

On average, students, myself included, are graduating with debts of \$27,000 or more. Currently, at prime plus 2.5 percent, B.C. charges more interest on their student loans than anywhere else in the country.

Students and families affluent enough to be able to afford to pay their tuition up front accrue no debt and, therefore, pay no interest to the government on student loans. For those students who are fortunate enough to find a high-paying job after graduation, they will be able to pay off their student loans relatively quickly, paying little or no interest to the government. Therefore, it is low-income students and families who are then hit the hardest by interest rates and who will pay thousands of dollars in interest on their student loans.

This interest rate on B.C. student loans represents an inherent inequality in the system and, in essence, is a costly and often financially crippling fee on education charged to those who can least afford it.

In the broad scope of the budget, it would not take substantial funding to rectify this inequality. By eliminating interest charged on student loans, the government can make immediate and real progress towards effectively relieving B.C.'s record student debt levels.

We recommend the provincial government immediately eliminate the interest charged on student loans. Complementary to eliminating interest on student loans, the reduction in tuition fees would contribute to addressing student debt and to the accessibility of post-secondary education.

In the last ten years B.C. has seen the most rapid increase in tuition fees in Canada. High tuition fees have forced student debt levels to record highs. As the situation of accessibility grows more dire, the need to reduce tuition fees becomes more pressing for students.

We recommend a reduction in tuition fees back to 2001 levels in order to reverse waning domestic enrolment in B.C. post-secondary institutions and to provide much-needed relief to students struggling to pay for the rising costs of higher education.

Reducing tuition fees must be part of a larger strategy to ensure broad access to post-secondary education in British Columbia, a strategy that must also include provi-

sions of adequate funding to post-secondary institutions.

The government has already demonstrated a substantial commitment to invest in the future of education in the arts, design and media with the announcement of the development of the new home for Emily Carr University at the Great Northern Way Campus.

This investment represents not only the rejuvenation of a neglected area of the city of Vancouver but the creation of a new creative hub at the heart of the city between the arts, education and industry. Such investment is vitally important for the future economy of British Columbia and the future of Emily Carr University. We thank the government for making this a priority.

Having a state-of-the-art facility, however, will have limited benefit if we do not have the operational funding to maintain the quality of education and services that need to be provided to students.

As chairperson of the Emily Carr Students Union and student representative on the university board of governors, I am well aware of the impact that government funding has on the university budget. Being a smaller institution, we do not have the same capacity of larger institutions to handle further cuts to education. The university has worked exceptionally hard to trim down costs without detrimentally affecting the quality of education or services provided to our members.

Other institutions have not been so fortunate. Capilano University, facing a \$1.3 million deficit, budget shortfall, has been forced to cut a significant number of programs — including the entirety of their students' art program, which was considered one of the best.

If faced with further cuts to our institution, Emily Carr University will inevitably be forced into a similar situation, and what currently has the potential to be very invigorating for the B.C. economy will be crippled from the start.

We therefore recommend that the government restore operating funding to universities and colleges to 2001 levels, accounting for inflation.

The last issue we wish to address today is funding for students at the graduate level in B.C.'s special purpose teaching universities. Students at special purpose teaching universities in B.C. are leading the way in innovative research and partnership with institutions, organizations and businesses beyond the university. We believe that this is a fantastic opportunity for the government of British Columbia to include support in the upcoming budget to fund graduate student seats at B.C.'s special purpose teaching universities.

Graduate work in the applied arts master's program at Emily Carr University is relevant to the province of British Columbia. One example of past research has been using design thinking to influence healthy eating choices for families. The work of students in the program is incredibly varied. It ranges from grey-water adoption in apartments to a hospital-centred patient advocate sup-

port system.

[1640]

The strength of the program is in its ability to re-imagine the role of the university in our communities. Students are encouraged to work with community partners — from local hospitals to B.C. Hydro and its subsidiary Powertech. The contributions that students are making to the development of British Columbia are vast. Applied research is extremely valuable as a direct connection to industry for economic stimulation, recognizing and developing the experience to fill skills gaps and creating future jobs.

However, the grad program at Emily Carr currently receives no support from the government of British Columbia. We see an incredible opportunity for the B.C. government to invest in B.C.'s creative knowledge economy. Our recommendation is that new funding be made available for graduate student seats at B.C. special purpose teaching universities for the development and support of applied research.

In conclusion, we recommend that the government of British Columbia make the following priorities in the 2013-2014 budget: restore core operating funding to universities and colleges to 2001 levels, provide new funding for graduate student programs at special purpose teaching universities, reduce tuition fees to 2001 levels, and remove interest rates on provincial student loans.

We believe that these recommendations will reinvigorate B.C.'s post-secondary system, provide support for students and their families and strengthen our workforce and economy.

We are fortunate enough to live in a province rich in natural resources, and investment in these industries is needed and important. But investing in education means investing in British Columbia's greatest resource: its people. As such, we urge the Select Standing Committee on Finance and Government Services to listen to the voice of students and to the public and make recommendations to improve post-secondary education and invest in the people of British Columbia.

Thank you, and I welcome any questions you may have at this time.

D. Ashton (Chair): Good presentation, Darren. Thank you.

M. Farnworth (Deputy Chair): Thank you for the presentation. One quick question. When you're saying 2001 levels, are you talking about 2001 dollars actual in 2001 or 2001 dollars inflation-adjusted to today?

D. Devlin: We would be including inflation in that — yeah.

D. Ashton (Chair): Any other questions?

M. Elmore: Thanks, Darren — good presentation. Can you talk a little bit about your experience and what you hear on the campus? Certainly alarming, the high level of debt and the stress and strain on students. So do many students have to work part-time jobs? Does that also impact completion rates in terms of maybe attending one or two years and having to drop out and not finish degrees? Does the affordability have an impact on student success?

D. Devlin: It most certainly does. This is my fifth year at Emily Carr University, actually. I myself have taken a reduced course load so that I can work part-time. I work part-time as a security guard on the weekends as well as the work that I do for the student union to kind of supplement my own income. I know a number of my own friends at school have to work part-time jobs. I actually don't know a single person except for international students, and even they have to take part-time jobs to support the costs of living, let alone the cost of tuition.

I mean, loans will cover the cost of tuition and maybe a little bit of your living costs, but to make up all those other loose ends, part-time jobs are definitely a must. I even know.... I can't mention names because he might be kicked out of where he is, but I have a friend who is actually living out of a storage unit because he cannot afford to pay proper rent in addition to his education.

This is the kind of thing that students are having to deal with right now — grappling with these massive levels of debts, not just while we're in school, which is an enormous psychological and financial burden, but once we graduate.... You haven't even started to contribute to the economy yet or make a living for yourself, and there's already this massive weight hanging over your shoulders.

We've been told in the past that this is good debt to have, that this is debt that is investing in your future. But when you are saddled with these kinds of loans and the interest rates on top of that.... Okay, I have an education now. I might be able to get a good job down the road, but the next five, ten years of my life are going to be solely dedicated to trying to pay off these student loans. Otherwise, I go bankrupt.

M. Elmore: I think it's unprecedented in terms of the history. This is the first generation that's facing that type of debt. Certainly, for previous generations of students that hasn't been the situation.

[1645]

I'm just interested in your recommendation around supporting graduate seats. The special purpose teaching university — is that one location? Is that going to be out of Great Northern Way Campus? Is that a new initiative?

D. Devlin: From my understanding, that's the classification that we have as an institution. Therefore, our graduate students working on these programs cannot get funding. We are outside of the funding formula for

research funding in this area, which is really unfortunate, considering the work that students are doing at school.

G. Holman: Just a quick question. What is the interest rate paid on provincial debt?

D. Devlin: The rate that I have referenced is prime plus 2.5 percent.

D. Ashton (Chair): Darren, thank you. Good presentation. Thank you very much. Have a good day.

Coalition of Child Care Advocates in British Columbia. Sharon, welcome. So ten minutes for the presentation and five minutes for questions.

S. Gregson: Thank you very much. It's a pleasure to see many of you repeating on this committee. I must admit that I always wonder: do you volunteer, or do you pick straws, and the short straw gets to do this tour?

D. Ashton (Chair): "Conscription" might be a better word.

S. Gregson: Yes. Your powers of focus, though, are second to none.

You have before you a package, a lovely green booklet — the fourth edition of the *\$10 a Day Child Care Plan*. I'm hoping that many of you, if not all of you, will have heard of the *\$10 a Day Child Care Plan*. Certainly, your constituents have and are indicating their support for it. I hope to give you a little bit more information about it today so that you know why it's a good idea for you to be recommending that the province move ahead on implementation of this plan.

In your package you will have a number of items which I'll refer to as I go through my presentation.

Having been here before and having made a similar presentation, I'm going to speak from some notes but also ad-lib a little. I really want to stress this time — differently, perhaps, than in other presentations in previous years — that no matter if government chooses to focus on resource development and the popularity of liquid natural gas, the green economy or skills development that we hear so much about, or perhaps all three, a prosperous British Columbia requires strong labour force participation, and parents with young children need access to affordable, high-quality child care if they are going to be part of that prosperity — no secret to you, I'm sure.

As you campaign on doorsteps, you will have heard about the child care crisis in every one of your communities, from Lumby to Dawson Creek, to the Island, to Metro Vancouver. We know that the solution to the child care crisis in this province is a community plan for a public system of integrated early care and learning. That doesn't work very well on Twitter, so the branding quickly became the *\$10 a Day Child Care Plan*.

The plan builds on well-established evidence that could actually fill a room this size. Quality child care is early learning. They are not two different things. Current policies and approaches are not working. They haven't been working for decades. Public spending on the early years is a wise social and, importantly, a wise economic investment. Access to affordable, quality child care reinforces and builds on labour force participation rates. There's lots of evidence on how we can address B.C.'s low labour force participation by mothers by making child care more affordable and accessible.

If nothing else from my presentation today, I need you to leave here knowing that 1.6 million British Columbians are supporting this plan. In your package I'd ask that you look for the list of municipalities, school districts, businesses, labour, academics, politicians that are supporting the plan. Many of you if not all of you, in fact, will be able to look through that list and see, if not your municipality recognized on there, your local government, your school district, certainly community organizations from your particular area of British Columbia.

What are people supporting? They're supporting a move of child care from the Ministry of Children and Family Development — which is primarily a child protection ministry, as it should be — and into the Ministry of Education.

[1650]

I need you to know that that is not an unusual suggestion. There are now five provinces and two territories in Canada that have made that move: Ontario, Nova Scotia, New Brunswick, P.E.I., Northwest Territories and Nunavut — five provinces and two territories. We would be following the trend, not setting a trend, by making that move.

We need some new legislation in this province, not just adding the early years into the existing School Act. We need a new early-care-and-learning piece of legislation; a new role for boards of education to start planning for how we develop more child care spaces; development of early-years networks, building on existing child care spaces; enhancing kindergarten and grade 1.

I wonder if any of you know that at this point in British Columbia, it's possible to have a kindergarten classroom.... That's a room full of five-year-olds. In fact, you could have 22 five-year-olds with one teacher. So I'll just pause for a moment while you envision that: 22 five-year-olds, for a full day, with one teacher.

We need to respect that First Nations need to have the resources to govern their own early care and learning plans. We need to work for a strategy to get more people into the field of early childhood education and for a retention strategy. Lots of people enter; nobody stays. Once you've got a one- or two-year or even four-year credential, you still can expect to make 16 bucks an hour when you enter the field.

This plan, when in place.... I say "when," not "if," be-

cause I think it's inevitable. Child care will cost families a maximum of \$10 a day, \$7 a day for part-time care. No user fee for families who make less than \$40,000 a year, which would allow you to do away with the very bureaucratic, unwieldy, expensive subsidy system that exists now. This would be a voluntary access that parents would choose.

You need to know that the Surrey Board of Trade is supporting this plan, the Pemberton Chamber of Commerce, the Trail Chamber of Commerce. Economists are recognizing the importance of investing in the early years. An earlier presentation focused on K-to-12. We need to start even earlier than that when we think about investing in people. Craig Alexander, chief economist with the TD Bank of Canada, is on record constantly as saying that investment in early education helps address core economic and social challenges, reduces poverty, addresses skill shortages, improving productivity and innovation.

It's not just child care advocates and parents advocating for this. It's economists like Craig Alexander, like James Heckman in the *New York Times* this week, Canadian economist Pierre Fortin talking about the Quebec child care model. Theirs is \$7 a day. Whatever other problems Quebec might have, their child care system isn't one of them. It's paying for itself by increased labour force participation of mothers, who contribute income taxes, spend money in their local economy and pay consumption taxes.

In B.C., we've got the advantage of the human early learning partnership at UBC, which not only has costed out this plan — there is a way to start small and move in the right direction — but is also recognizing the economic impacts it'll have for British Columbia.

What about current government strategy, the early-years strategy? Sadly, it will not solve B.C.'s child care crisis. You need to know that. Whatever else it might do — and it might have some good elements to it, with a focus on coordination, collaboration and integration — it is not going to replace investment in child care services. A \$55-a-month tax credit to start in 2015 isn't even going to pay for one day of child care in Vancouver or Kelowna or Richmond. It's going to cost \$146 million to the taxpayer. We're suggesting starting smaller than that with an investment of \$88 million, which would have an impact on every licensed child care space for infants and toddlers in the province. So we're suggesting you start smaller and do more.

The 2,000 new child care spaces that are promised in government's early-years strategy? That won't even solve the need in Surrey, never mind the whole province. There's talk of investment in quality, which is a great thing, but it needs to be part of a more comprehensive plan.

Did you know that child care has reached a cost of \$1,900 a month in B.C. for one child? I'm looking at the ages of you around the table. You probably, some

of you, have got grandchildren. Can your kids afford to pay \$1,900 a month for child care services? I don't think many of us easily do.

It's also at the foot of government when, sadly, we hear about abuse and neglect and even death of children in illegal child care situations, where parents have no choice but to choose underground, unregulated child care services.

[1655]

The Union of B.C. Municipalities, for many years in a row, is supporting investment in child care.

I'll let you read some of the rest of this, which I'm sure you will, and I'll get to my recommendations. Endorse the \$10-a-day child care plan. That's simple. Move child care from MCFD into the Ministry of Education. That's a low-cost/no-cost item for you.

Implement an immediate moratorium on public funds going into commercial for-profit child care chains. We don't need to be sending parent fees to the Toronto venture stock exchange to invest as profits. Early care and learning act passed in the Legislature. Reduce all parent fees for licensed infant-toddler spaces to \$10 a day. That's the \$88 million cost I quoted earlier. And establish a five-year increased stable budget for child care. Some easy recommendations for you to adopt for the benefit of the province.

I'd encourage you to look at that list of who is already supporting the plan, to look at how B.C. is actually falling behind the Canadian average, both in how much parents are paying for child care here and how little government is investing. And I encourage you to pay attention to the reports from the economists telling you and telling all of us that investment in the early years is a wise investment.

Thank you. I look forward to your questions.

D. Ashton (Chair): Thank you, Sharon.
Any questions?

G. Holman: There's a lot here. Thank you for your presentation. I'm being educated on the issue. Can you explain to me the public funding to commercial operators? What's involved there?

S. Gregson: Right now, all you have to be is a licensed child care provider in British Columbia — whether that's family child care, group child care, for-profit, not-for-profit — in order to access public operating funds. So commercial, Costco-style, big-box operators are able to access public funds as a not-for-profit operator. Unfortunately, they also have much higher fees because they're responsible for making a profit to send to their investors and shareholders.

D. Ashton (Chair): Any other comments or questions?

M. Elmore: Thanks, Sharon, for your presentation and

the package that you've provided. I think most everyone on the panel — if you aren't familiar with the campaign, I'm sure you'll be brought up to speed. Congratulations on the success of the campaign.

My question is with regards to, certainly, outlining the need for child care, the crisis, the value and the benefits. We heard, as well, a presentation from First Call also supporting that as one of their issues that they presented.

The question I had is in terms of the revenue generation. I also talked to the Surrey Board of Trade, and they said they were supporting it. We asked them if they will also support generating that revenue to support the program. Have you had any movement on that or ideas coming forward from some of the endorsing organizations or from the campaign?

S. Gregson: We are getting a lot more interest from business, because we know there's a cost to business when well-educated, well-trained women have babies and plan to come back to work. Their job is held for them, of course. Then they discover that they would be working just to pay their day care bills, and so they leave the workforce. That's a huge cost to business. That is estimated at \$600 million in British Columbia. So business is getting more interested. We're just about to release a fact sheet that helps business come to terms with what that cost is to them and why they would benefit.

I have the opportunity and the advantage of traveling around the province to many of your communities, presenting this information to city councils, school districts, community organizations. Wherever I go, people say to me: "This is a no-brainer. Why isn't government doing this? We know that it's good for families. We know there's a crisis. We know we've got unacceptable rates of children not ready to learn when they get to kindergarten. We know that our economy needs more people working, particularly in the resource sector. Why isn't government doing this?"

We've got a suggestion on how government can start small. Certainly, it doesn't have to cost billions. There's a way to start small. As we ramp up, we start to see the economic paybacks with more women entering the workforce: children healthier and ready to learn at school and be successful over the life course.

So people shake their heads and say to me: "Why wouldn't the provincial government do this? It's a no-brainer." I'd like to reinforce that for you today.

[1700]

M. Elmore: The interest and support from business — certainly, I've heard from employers that the retiring of the labour force and the need to attract and retain qualified employees is key. It's very competitive, and that is one of the main concerns of not only young women but also young men who have families. That's a consideration, particularly for a number of businesses and industry.

S. Gregson: Absolutely.

I sense, Chair, you're moving me along. Thank you very much.

D. Ashton (Chair): I have to. I'm sorry. Thank you very much. Have a great day.

J. Tegart: Could I just ask a question?

D. Ashton (Chair): Oh, I apologize, Jackie.

J. Tegart: Sharon, I haven't read your report yet. But I guess I wonder if there is also a balance about: how do we help young moms who make a decision to stay home and raise their children? How do we help them? Is there a balance in your report around that?

S. Gregson: Absolutely. I would challenge you and say that women who choose to go to work and their children attend child care are still raising their own children. They're just getting help to do that. This plan moves forward, recognizing that up to 84 percent of mothers are in the workforce. We're not going away. It depends on the age of the child, but women are in the paid workforce.

There's lots of support out there for parents who are able to make the choice to stay at home. Whether you can visit the community centre that's got a mom-and-tots program during the day.... We have lots of publicly funded services — family resource programs, libraries, swimming pools that are available to parents who are able to make the choice to have a parent stay at home. There's quite a bit of support for that already.

But there is very little support for parents who need to and choose to use child care. It's a user-pay system at the moment. Government funds less than 10 percent of a child care space. The rest is made up of parent fees. We don't put that kind of burden on parents in other areas. In the K-to-12 system, for example, we don't income-test people before we send their child to grade 2. Why would we do that before we let them use child care?

D. Ashton (Chair): Have a good day. Thank you for your presentation.

Our next presentation is Mediate B.C. Welcome, Kari.

K. Boyle: My name is Kari Boyle, and I am the executive director of Mediate B.C. Society. I appreciate this opportunity to provide some input as part of the 2014 budget consultation process.

Mediate B.C. wishes to provide some useful comments and suggestions to support the government's goal of a balanced budget and to improve how government delivers programs and services. Our focus is on improving how B.C. citizens are able to deal with conflict. I will attempt to connect the dots between that goal and the goal of a balanced budget within a healthy economy.

Benjamin Franklin said: "In this world nothing can be said to be certain except death and taxes." But I would add one more thing to that list, and that is conflict. Everyone experiences conflict whether they're individuals, families, organizations, business or communities. It's not an if thing but more of a when and a how thing.

I also say conflict is not necessarily bad. It can result in significant learning opportunities, and it can also stimulate growth and change. However, unaddressed conflict creates significant costs to the economy, the public and the government. We know that those financial implications are significant.

Just a few examples. The Vanier Institute reported in 2010 that approximately 40 percent of first marriages will end in divorce, and that doesn't include common-law relationships. Statistics Canada reports that in 2010-11 almost 11,000 new divorce cases were commenced in B.C. That's just the tip of the iceberg of all the family disputes in and out of the courts.

A recent lawyers survey reported that the average legal fee for a contested divorce in western Canada is \$16,000 per party or \$32,000 for both. I think that's probably conservative. Many families, we know, cannot afford legal representation in that situation at all. But if you do the math — 11,000 times 16,000.... I'm not sure about this, but I think it's about \$350 million.

[1705]

So the more a family spends on the formal justice system to resolve family conflict, the less it has to spend on the fundamental needs of the children, and the less it can spend in the marketplace on consumer goods and other services that bolster the economy.

In the workplace, another example. Research shows that workplace conflict is ubiquitous, and it's very costly for business and for the public sector. Conflicts between employees result in over 65 percent of performance problems. They cause up to 90 percent of involuntary departures. It diverts productive time and increases absenteeism. It can lead to formal complaints and lawsuits, which we all know are expensive, and it can divert precious management time towards ongoing recruitment and retraining of employees.

Of course, the full cost of unresolved conflict goes way beyond just money. Problems most often come in clusters for people, and festering conflict can escalate to create other types of problems, including stress, medical and mental health issues, relationship issues and secondary financial concerns. It can also create costs for other sectors, such as social services, health, police services and so on. There are less tangible but serious costs as well. The more time a family has to spend in a formal process to resolve conflict and waiting around for judges and so on, the less time and energy it has to devote to parenting their children.

The purpose of Mediate B.C. Society is to try to support people to resolve their conflicts effectively, quickly

and affordably — either on their own or with the assistance of trained and experienced mediators — and to increase their capacity to manage inevitable future conflict arising from their ongoing business or parental relationships.

Mediation allows the parties themselves to discuss and resolve a conflict or dispute with the assistance of a neutral third party — the mediator. The mediator doesn't make any decisions, unlike a judge or adjudicator or an arbitrator. The parties are empowered to reach an agreement directly. Mediate B.C. administers rosters of qualified mediators.

Mediation is known to be practical, flexible, affordable, confidential, timely and safe. In addition, mediation considers the parties' interests and needs in addition to their legal rights. It can create uniquely tailored solutions for a family or a situation. It preserves relationships better than the adversarial system. It allows parties to make their own decisions, which create more durable outcomes. It increases conflict management skills, and it can address issues of culture and diversity.

Research shows that mediation saves money in at least five areas. It can save system cost. Resolving conflicts outside of or earlier in the court system allows limited resources to be reallocated to other matters. We know that matters that are mediated, even if they end up going to court, take less time because the issues are narrowed and the parties are better prepared.

It can save personal costs, as I mentioned earlier. People can save their money and spend it on their family or spend it in the economy. It saves business and social costs. Mediation can educate people about healthy ways to resolve conflict early and directly. This approach avoids the cost of unresolved conflict by smoothing business interactions, improving workplace environments and enhancing joint parenting — to the lasting benefit of children.

Government costs can also be saved by reducing workplace conflict and the costs associated with adversarial litigation involving the government. We note from research that Mediate B.C. has done that technology can be very effective in making mediation accessible to people who are not able or willing to meet in person. This saves their transportation costs, reduces time off work and is much more flexible.

Last year's report of this select committee recommended that the provincial government provide stable and long-term funding for the justice system, including support and programs to ensure equitable access and alternative dispute resolutions. Interestingly, the budget consultation paper for 2014 does not include these items in the list of options provided and the questions posed.

Mediate B.C. supports a strong and viable court system. In fact, we have programs that operate within the court system and mediators that do that almost exclusively.

But at the same time, more resources are needed to ensure that B.C. citizens have access to other ways of resolving their conflict, including mediation. Attached to the handout is a fact sheet that describes some of the things that we're doing. Our primary funders are, currently, the Ministry of Justice and the Law Foundation. We're trying to use our resources as effectively as possible, but so much more needs to be done.

The consultation paper asks: "What are the priority programs and services that government should continue or develop?" We suggest that effective conflict resolution and mediation should receive higher priority because an investment in these areas will undoubtedly result in significant savings for government, as well as for businesses, families and individuals, not just in the justice sector but throughout the economy. We say it will pay for itself easily over time. In addition, it will result in significant non-financial benefits that I noted earlier.

So we've come up with a list of five ideas for promising new initiatives that require funding.

The first one, I would say, is the biggest, and that is the need for communication and public education about mediation, particularly in the area of family conflict. This government should be very proud of the new Family Law Act, which came into force in March of 2013. It sends a very clear message that families should consider out-of-court options, including mediation, before resorting to the courts. However, there is little or no government-funded public education programming. I know that many families are completely unaware of the legislation and unaware of these other options and how to access them.

So Mediate B.C. is very willing to work with government communications experts to get the word out to families directly and their trusted intermediaries. Those are lawyers, accountants, doctors, therapists, librarians and so on.

The second idea is that Mediate B.C. is providing problem-solving and mediation referral services to low-income people within the Vancouver justice access centre. With appropriate funding, we could offer similar services to the public through the new Victoria JAC and, with technology, to citizens in other areas of the province.

The third suggestion is that the court mediation program, which provides free mediation services to small claims litigants in five registries, could be expanded to other registries around the province, and we could use streamlined processes and technology, as well, to save cost.

The fourth is building on the Family Justice Centres and the JACs. We suggest a centre for families, which could provide accessible, affordable, multidisciplinary public and private resources working together to assist families in conflict and would also train graduate students from a variety of disciplines. We are exploring a creative model implemented at the University of Denver.

Finally, increasing funding for legal aid but earmarked specially for family mediation services.

We have a proven track record of working successfully with government, and we offer our efforts and expertise moving forward.

I hope those comments are helpful, and I would be happy to answer any questions.

D. Ashton (Chair): Thanks, Kari.
Any questions of Kari?

M. Hunt: Just a point of ignorance that I need the help on. I'm assuming that your mediators are not lawyers, but in your 8(a) point you said: "Considers the parties' interests and needs in addition to their legal rights." Are you also giving them — and I'll use the word carefully but not in the legal sense — legal advice?

K. Boyle: Actually, that's a really good question, because many people get mixed up about this. Mediators can come from a variety of different backgrounds, including lawyers. So on our rosters of civil and family mediators, a little more than half come from a legal background. But many come from a variety of other backgrounds, including education, architecture, accountancy and so on. It's not a field that is restricted just to the legal community, although there are many lawyers involved in it.

In mediation you need to have a legal context. The parties need to understand the legal framework, and they are often referred out to seek legal advice if needed. Sometimes the mediator doesn't give legal advice but provides legal information.

G. Holman: In the submission made by the Canadian Bar Association, they also referenced the government's new Family Law Act and commended that legislation, as you are doing. There is encouragement in that initiative for families to consider out-of-court options. You're both applauding that.

[1715]

K. Boyle: Yes.

G. Holman: What's the problem, then? Does it come down to funding, essentially, in various ways that you've kind of suggested here? Is that the nub of the problem? You're looking for some additional funding. You would argue that that has a return on it because it reduces costs that would otherwise be incurred in litigation and in the courts. Is that the nub of it?

K. Boyle: Yes. Putting a new piece of legislation like that out there is a little bit of faith that if you build it, they will come. But if they don't know about the other options....

People don't often go and, for their pleasure-reading, read through a piece of legislation. How else are they going to find out unless there is some exerted effort, not just a one-time...? At the time the act came out, of course, I think it was exactly the same week that the election was announced. So it kind of fell into a bit of a void, unfortunately.

We were out there trying to do the best we could, but that kind of one-time communication is not enough. Families think: "Oh, everything's fine." It's only when they come into that awful conflict that they think: "Okay, what do I do now?" They need to know where to go. They need to know the resources, and the trusted intermediaries training is so important for that reason.

D. Ashton (Chair): Okay. Kari, thank you very much. Appreciate it. Good.

So Simon Fraser students, the graduate students. Is that correct?

J. Lane: Graduate Student Society and the Simon Fraser Student Society.

D. Ashton (Chair): Okay. Sorry. I was trying to short-cut it a bit.

We have ten minutes for the presentation, five minutes for questions. I just have to scoot out and take a family call again for a second, so Mike Farnworth will chair it, and I'll be right back. Thank you.

[M. Farnworth in the chair.]

M. Farnworth (Deputy Chair): The floor is yours.

J. Lane: Thank you. We'd just like to begin with an acknowledgment that SFU is on the unceded territories of the Coast Salish people and that this is the penultimate day of the Truth and Reconciliation Commission here in Vancouver.

We'd also like to welcome you to SFU, as SFU students — thank you for being here today — and to briefly introduce ourselves. I'm Julia Lane. I'm doing a PhD in arts education study and clowning here at SFU. And my colleague....

C. Bueckert: I'm Chardaye. I am a fourth-year political science student, and I am the external relations officer for the Simon Fraser Student Society, which represents the undergraduates at SFU.

J. Lane: Together, the Simon Fraser Student Society and the Graduate Student Society at SFU represent the over 30,000 students that study at SFU. We'd like to begin by expressing gratitude to the government for their \$1.9 billion investment in advanced education, as well as innovative programs like the U-Pass that really support

students in this province.

We're going to cover quite a bit of territory today. We've handed out a lot of background information, since we're just going to do a brief swing through all of them.

The first is a discussion of an investment in a provincial graduate scholarship. The proposal for this graduate scholarship is the collaborative work between graduate student societies at Simon Fraser University, the University of Victoria, the University of British Columbia and the University of Northern British Columbia.

A B.C. graduate scholarship that's available to both domestic and international students, such as the formerly established but now no longer active Pacific Century Graduate Scholarship, will help B.C. to become the preferred destination for the world's best student researchers. Ontario, Alberta and many states in the U.S. have chosen to support students attending their universities with such a dedicated graduate student scholarship.

Supporting graduate students' education facilitates the innovation and technological development needed to maintain B.C. as a leader of emerging industries. The natural resource sector, which is the historic backbone of B.C.'s economy, also benefits from the research-driven innovations that graduate students produce, which improve efficiency, productivity and sustainability in the province.

Some may also argue that graduate students are what we might call recession-proof. We have a smaller increase in unemployment during economic downturns, such as in 2008 to 2010, and higher overall employment rates during those same periods.

Our proposal is for a B.C. graduate scholarship that would provide \$15,000 a year for 1,000 graduate students, which represents 6 percent of the total graduate student population in B.C.

[1720]

We are asking for the B.C. government to fund 65 percent of the total program cost of \$15 million, the other 35 percent being made up through institutional fundraising.

We aren't currently asking the committee to create the scholarship but rather to review the document that we've circulated and to work with the graduate student societies of the province to discuss how we might implement such a program by 2015-2016.

C. Bueckert: The next thing we'd like to talk to you about is some of the restrictions around government reporting entities. The Simon Fraser undergraduate student society has started a project to build a student union building and a stadium, called Build SFU. This is going to be funded completely through a student levy. It's going to be a \$65 million project completely funded by students and built by students for students. Given the structure of the levy, which is graduated, the project will need upfront financing to go forward on time.

We have been in consultation with various financial in-

stitutions to try to secure financing, but without having Simon Fraser University as an entity income-guarantee our loan, it has proven rather difficult. Very recently we did get some news that financing could be possible independently as a student society without the support of Simon Fraser University, but we are pretty confident that the levels of interest that we would have to pay on that loan would be substantially higher.

As a student society, we're committed to ensuring that as many dollars from our students go into the project itself, as opposed to paying interest on the loan. So in terms of what we would like to discuss with the committee, we're just making a recommendation that you would recommend to the Ministry of Finance a potential exemption for Simon Fraser University to income-guarantee this loan.

We understand it's rather complex and might be a big ask, but we are hopeful that, potentially, the committee could champion that on our behalf in order to ensure that student dollars went into what they had initially been intended for when we passed this levy through the democratic process. There's a little bit more information in the package.

The next issue that we want to talk to you about is transit, which I'm confident you've probably heard a bit about already and will probably hear more about. This is a pretty important issue in this province. I'll start off by saying we are aware of the transit referendum for TransLink-specific funding, but we did want to talk to you about that today because it is a very important issue to the students of Simon Fraser University.

Sixty-nine percent of our students do rely on public transit, and that was in 2011. We do suspect that the uptake is actually probably higher, particularly with the U-Pass program, which is of great benefit to our students.

As we are a university with three campuses — you're at one of them, our Vancouver campus here; we also have a campus in Burnaby and one in Surrey — it makes transit really important to our students. So what we'd like to see would be increased transit funding.

Leaving the referendum issues aside, one of the major impetuses for this increased funding would be the Burnaby Mountain gondola, which is a project that's been discussed at great length. Unfortunately, it was put on the back burner in 2011, mostly because of a lack of funding. This project would be a huge benefit to our students. It would be more environmentally friendly. It would reduce transit times, reduce congestion on our roads and, over 25 years, would only be a cost differential of \$480,000 compared to running diesel buses.

We should also mention that projections done in a business case prepared for TransLink indicate that the levels of transit demand could exceed the capacity of bus services as early as 2021, so we think that it's probably better to get the funding to make this project go forward before that happens, thinking proactively.

We also want to highlight that it wouldn't just be students who would benefit from this gondola project. We have almost 6,000 employees at SFU and 3,500 residents at UniverCity, which is a sustainable community located on Burnaby Mountain. So it wouldn't just be us students who would benefit from it. I think that's important to highlight.

In terms of what we would like to see from the committee, I'm just going to ask for the provincial government to increase funding for public transit and support for increased transit at SFU's three campuses specifically.

[D. Ashton in the chair.]

J. Lane: Our next topic is deferred maintenance at SFU, an issue that you may have seen in the media recently. Deferred maintenance refers to the routine repairs and upkeep that are required to ensure that a building maintains its normal operational state. Deferred maintenance is when that maintenance is not able to be done due to a funding shortfall.

[1725]

At SFU deferred maintenance has become a major concern. But we as students love SFU, and we want it to be healthy. That's a point that maybe wasn't emphasized as strongly in the media as we had hoped it would be. But our campaign around this has always been called the I Heart SFU campaign to highlight that point.

In April of 2011 SFU published a five-year capital plan in which addressing deferred maintenance was listed as a top priority. The capital plan estimates that \$20 million would be needed yearly to maintain our buildings and do necessary upgrades in a way that would not land us in a deferred maintenance situation.

The chief facilities officer at SFU Burnaby has indicated to us that SFU Burnaby's academic buildings alone are now currently requiring upwards of \$160 million in deferred maintenance.

We recently received word that in 2013 SFU has been allocated \$2.2 million of funding specifically for deferred maintenance projects at SFU, which is great news but still quite a far cry from the \$20 million that has been estimated as our yearly need.

We have some aspirational goals, which would be that all publicly funded infrastructure be built with maintenance plans in place that would stipulate what their funding plan is for the duration of their intended length. However, there are many other steps that can be taken in the short term that would not impact the province's balanced budget.

We've listed a few of those in this package and many more of them in the deferred maintenance-specific package. Some of the specific ones are to bring awareness to this issue. Part of the reason that deferred maintenance happens is because no one knows what it is. We don't talk about it, necessarily, and it's got a weird name that people

don't understand.

So talking about it and making sure that it's a visible issue is something that we would definitely encourage. Also, just engaging with us in conversation about that \$2.2 million that has been allocated — and whether there are any stipulations as to where that funding will specifically be used — would be wonderful.

C. Bueckert: We're cognizant of time here, so we are into our last topic, which is going to end on a high note. We really strongly support the B.C. open textbook program, which is an initiative that was released last year. Hopefully, as you know, this initiative is going to save students a lot of money. Very recently 20 more titles were announced. The government initially committed to funding 40 titles, and they recently announced they would fund another 20. This is great news for us.

In terms of what we'd like to see from the committee, it would be great if you could recommend sustained, long-term funding for the program. This would allow BCcampus, which is the organization that runs the program, to be able to plan ahead and be able to keep the textbooks fresh, as they call it, into the future — ensuring that they're kept up to date so that the concerns about the quality of the textbooks could be alleviated.

There are some figures in the packages that show that if students were able to completely use open textbooks, they could save 80 percent on their course materials — which would be great news for us. We're basing this research on American figures, because British Columbia is the first province in Canada to have this program, which is very exciting and something that we're really excited about.

That's the last piece of business we have to discuss with you today. But just in terms of the program, for annual funding we request \$1.8 million per year for this program. The current funding level is at \$1 million per year. We're just getting that number, again, from the American research that we've cited in this package.

J. Lane: Thank you very much for your time. If there's anything we can do to help you with any of these things in the future, please do contact us, because that's our job.

C. Bueckert: We thank you for the opportunity to speak today. We're certainly not professionals at this or anything.

D. Ashton (Chair): You did a good job. Chardaye and Julia, thank you very much. It was a very good presentation.

Any questions?

M. Elmore: Thanks for your presentation and for the documents. It helps a lot to be able to reference it. I'm interested in... You have a table of the cross-provincial

scholarship comparison for support for graduate students. I think it's an important aspect that's often maybe not appreciated in terms of our post-secondary institutions but is very key, not only for attracting and supporting talented graduate students but also a lot of the spinoffs that come out of that — research and innovation and spinoffs to business and to other sectors and industries.

You've got the proposed scholarship amount for British Columbia. What is it now, and how does it compare to other provinces? You've got Ontario, Alberta, Manitoba. Those are the current numbers. British Columbia — you've got the proposed.... Where's it now, and where does B.C. rank in Canada?

[1730]

J. Lane: Currently, there is no graduate provincial scholarship in B.C. There was the Pacific Century Graduate Scholarship, which was very similar to what we've proposed here. It was \$10,000 provided by the provincial government per year, per student. It was around 6 percent. I don't remember exactly how many scholarships there were offered. It would be different numbers now, but it was very similar. That program, I believe, was ended in 2010.

Currently there is no provincial graduate scholarship in B.C., but the numbers that you see for Ontario, Alberta and Manitoba are current.

M. Elmore: Okay, that's in place. So these are for master's programs?

J. Lane: Master's and PhDs.

M. Elmore: Master's and PhDs. But there is some support, isn't there, for master's and PhDs?

J. Lane: Absolutely. There are various kinds of support. There is support through the institutions themselves. There are also federal scholarships that students are eligible for, though it's important to note that for many professional programs international students aren't eligible for those federal dollars, which is one of the things that we would hope to address with a provincial scholarship. Also, provincial scholarships help you get federal scholarships, so they bring more money into the province as well.

There are also the MITACS program, currently funded by the B.C. government, and the Michael Smith foreign study supplement, which are two programs. They are more limited in scope, in terms of who is able to access them, but they are current programs that are available to graduate students in the province.

G. Holman: I need to declare a conflict of interest. I did my post-grad at Simon Fraser, and I can assure you that you are much more together than I was at your age.

I was interested in the skybus proposal.

J. Lane: Oh, good word. Good word choice.

G. Holman: Yeah, your branding.

According to TransLink, a strong economic justification, yet it costs \$480,000 per year more than a bus system. I'm not understanding why there's a strong economic....

By the way, I would assume that the gondola is powered rather than diesel, so there'd be a greenhouse gas benefit as well. But I'm confused about the TransLink comment that there's a strong economic justification, yet on an annual basis, when you roll in the capital and operating costs, it costs \$480,000 a year more.

C. Bueckert: I think there are two elements to that to kind of explain it — I apologize for not making that clear in the document — the first one being that the buses that currently run up and down the mountain could be re-routed to other locations, which would save the purchasing of new articulated buses, which are in high demand, particularly in areas south of the Fraser. So those buses could be freed up. The route is also incredibly hard on the vehicles. It's a mountain. It's pretty hard for the buses to go up and down.

The other element to that would be that after 25 years, they do estimate it could eventually become cost-neutral. According to the business case, they only did projections for 25 years. At 25 years it would be a \$10 million difference, but the gondola would have a lifespan beyond that.

G. Holman: Okay. It was the ridership.... Would the ridership be higher than with the conventional bus system as well?

C. Bueckert: Yeah, definitely. The capacity of the gondola would be much higher than the diesel bus service. As we cited, they anticipate the diesel buses could possibly be inadequate to meet demands going up and down Burnaby Mountain as early as 2021.

J. Lane: We also anticipate that the gondola would be more attractive to have an increased ridership than the currently packed buses that go up the mountain.

D. Ashton (Chair): Chardaye, Julia, thank you. Have a good day. Thank you for your presentation. Alliance for Arts and Culture. Rob, good afternoon.

R. Gloor: Good afternoon, and thank you very much for the opportunity. I appreciate that you have several long days ahead of you. I know that it's a very, very valuable exercise for those of us in the community to have the chance to talk to you.

D. Ashton (Chair): Ten minutes for the presentation and five for questions — just so I can get it in. I forgot to say it.

R. Gloor: My name's Rob Gloor. I'm the executive director of the Alliance for Arts and Culture. The alliance represents over 350 organizations active in the cultural sector in B.C. Our members come from all disciplines of arts, culture and heritage and include both professional companies and community organizations. They include thousands of artists and cultural workers, who in turn engage thousands more volunteers and have combined budgets of tens of millions of dollars, much of it leveraged by small but really critical investments from the provincial government.

[1735]

I'd like to start by acknowledging the steps this government has taken toward a healthier arts and culture community. Thank you for increasing funding to the B.C. Arts Council in 2013, including a \$2 million increase to programs which support operations and projects of professional arts organizations. Thank you, as well, for increasing investment in arts programs for children and youth, bringing the B.C. Arts Council's total grants budget this year to \$24 million.

We acknowledge how important it is to lay the groundwork for arts involvement in our youth and applaud the government's decision to strengthen links between our community's culture and education.

However, we still have a long way to go. You will hear echoed today some of the same words I spoke last year, because our request to government remains unchanged overall and the case for increasing B.C.'s investment in arts and culture is stronger than ever.

For starters, it's about jobs and a healthy economy. Across Canada cultural workers make up 3.3 percent of the overall labour force. Direct and indirect economic activity combined, the cultural sector generates \$85 billion per year, or 7.4 percent of our GDP, and it impacts over one million jobs.

In B.C. the direct labour numbers are even greater — 3.7 percent of our workforce, or 87,000 jobs. Along with that great number, B.C. boasts one of the highest rates of attendance and participation in culture and the second-highest level of consumer spending on culture. British Columbians care about arts and culture in their communities.

Unfortunately, the other side of the coin is that B.C.'s per-capita investment in arts and culture has been the lowest of any province in Canada. This in turn impacts federal investment into culture in B.C., which is also the lowest of any province in Canada. The recent increase to the B.C. Arts Council is a positive step, but we still need to do more.

Of course, it's not just about jobs and the economy. Investment in arts and culture benefits our communities

by increasing literacy, developing leadership and self-esteem in our children, reducing youth violence, promoting lifelong learning, increasing philanthropy and volunteerism, and the list goes on.

British Columbians want to make our province greater through its culture. Mounting evidence proves that the arts are not optional extras. They are essential to the health of a society. Arts and culture are really the life-giving blood which flows from our community's heart to nourish its mind and strengthen its spirit.

Our culture represents who we are as British Columbians and what we strive to become. Next weekend in our annual celebration of Culture Days over 500 free events will be presented by B.C. artists and arts organizations in every corner of the province. These events and the countless cultural events which take place throughout the year activate British Columbians' imaginations and creativity and connect them to each other.

Vibrant arts and culture activity helps to shape the identity of our province. We have a very active cultural life in British Columbia in spite of very challenging conditions for the arts and culture sector. Imagine how much more vibrant our super, natural B.C. could be if better conditions could help culture to thrive.

This is by no means an insurmountable task. Relatively small amounts have the potential for tremendous impact. For several years now we have asked for an increase in the B.C. Arts Council's grants budget to \$32 million. With this level of investment we could start to address the backlog of demand already in the system, stimulating new creation and innovation in our arts community and leveraging increased investment from other sectors, including federal government.

Joining with our colleagues across B.C.'s non-profit sector, we also ask that community gaming grants be immediately restored to \$156 million, including reinstatement of the capital grants program, and that the province revisit its gaming grants policy as recommended by the B.C. Association for Charitable Gaming.

Speaking for our colleagues on the creative industry side of our cultural sector, we ask that the new Creative B.C. agency — a great step, by the way — be given increased resources for promoting work that can be developed and produced in B.C. and exported throughout the world.

Altogether, these investments are very small in relation to the impact of arts and culture in our society and our economy, and especially in relation to the long-term impact on the future of British Columbians.

Finally, I'd like to express an overarching request which extends beyond budget discussions to the way we see culture as integral to our quality of life.

[1740]

In order to build understanding of the impact of arts and culture across many areas of life in B.C., we recommend the formation of a cross-ministerial council to

explore the shared benefits of arts and culture to health, education, tourism, economic development and ultimately our collective vision for a vibrant British Columbia.

D. Ashton (Chair): Thanks, Rob. I appreciate the point. That was short and sweet.

Any questions of Rob?

G. Holman: I thought you said because the B.C. investment, I think you said, was the lowest in Canada.... I'm not sure what measure you used there. But as a result of that, the federal investment was lower. Is that a matching kind of phenomenon going on there?

R. Gloor: I don't claim to be able to prove the cause and effect, but there is definitely some consideration given at granting agencies of all levels to the levels of funding that are provided by other sectors, including other government sectors. So it's no mere coincidence that B.C.'s per-capita funding of arts and culture is lowest and that the federal level of support here is also correspondingly low.

G. Holman: So you would argue that if the B.C. investment rose through partnerships, which is common in your sector, you'd draw in federal dollars into the province. Is that right?

R. Gloor: Yes. It demonstrates, basically, leveraging of investment toward other sectors. It also helps with our ability to raise funds in the corporate sector and in individual giving. But the biggest hurdle that we have is federal and provincial government support.

M. Hunt: A question. When you refer to the Alliance for Arts and Culture, do you include the film industry in that?

R. Gloor: We don't have any restrictions to our membership. While most of our members are in the non-profit arts sector.... The film industry has strong collectives of their own for representation and advocacy, so they depend a little less on us. But our membership does include some of the art service organizations that are part of the Creative B.C. — creative industries and so on, Music B.C., the book publishers — and we're part of a larger collective of art service organizations that are discipline-based, called the Arts Coalition of B.C., and all of those groups are represented there.

M. Hunt: So that when you're using numbers, you're not including the film industry per se.

R. Gloor: When I'm using numbers about the arts and culture sector, I'm not just counting our members. I'm counting everything in the sector. It does include the

film industry.

L. Popham: I enjoyed your presentation. I'm the critic for arts and culture now. So we're yet to meet, but it's nice to see your face today.

You mentioned a few figures around increased funding, but I didn't hear you put a number on the increase to Creative B.C.

R. Gloor: I would leave that to those in the creative industry groups that are making separate presentations. I left it general.

I know that they're seeking an increase. I believe that initially when the concept was presented to the government and the model was adopted, there was a figure that had been recommended. That has not been met yet.

D. Ashton (Chair): Any other questions?

Rob, thank you for your presentation. It was good.

The Confederation of University Faculty Associations of British Columbia, Dr. Richard Kool. Is that correct?

R. Kool: It is.

D. Ashton (Chair): Welcome, sir.

The context for today is that we're here to listen and take the input from yourself. Ten minutes for the presentation; five minutes for questions. And I'm holding everybody to the line today.

R. Kool: Absolutely.

As said, my name is Richard Kool — Dr. Kool. It's a good one, right? I'm also the president of the Confederation of University Faculty Associations of British Columbia, and an associate professor at the School of Environment and Sustainability at Royal Roads University in Victoria. While my colleague isn't here, I'm also hopefully going to be here with Rob Clift, who's the executive director.

CUFABC represents 4,600 professors, lecturers, instructors, librarians and other academic staff at B.C.'s five research-intensive universities: UBC, SFU, UVic, UNBC and my home institution, Royal Roads. Our purpose is to promote quality higher education and research in British Columbia and to advocate for the interests of our members. We've been involved with change and advocates for change in higher education in British Columbia for more than 40 years now.

[1745]

Before I talk briefly about our recommendations, I want to provide you with some context of the impact of higher education in British Columbia. University education is a societal good by any measure. University graduates, on average, are less likely to be unemployed, have higher annual earnings, have lower rates of absenteeism, have higher pension earnings and are more resilient during economic downturns than workers with other

levels of education. They also pay much more than the total cost of their education through taxes, income taxes, over their life.

But a university degree isn't just an investment in a career. It's also an investment in a better life for the individual and a better community in which they live. University graduates are more likely to volunteer, to belong to voluntary organizations, to attend public meetings, to be politically engaged than people without university degrees.

Higher levels of education are also positively correlated with healthy lifestyles. University graduates experience lower rates of depression and mental illness and report a higher degree of satisfaction with life, even after accounting for differences in gender, age and income, and they are less likely to be involved in criminal activity.

Now, it's true that the economic payoff of a university education is not as large as it was a couple of decades ago, in part as a consequence of increasing tuition fees and student debt as a result of government's per-capita contribution to post-secondary institutional budgets being decreased over the past decade. There has also been a stagnation of income for many professionals and the middle class in general. But still, a university degree remains a competitive advantage in the job market, and for many careers, it's virtually a requirement.

The impact of universities goes far beyond the individual benefits. B.C.'s research-intensive universities also are transforming our economy and our society. For example, UBC has a \$10 billion annual impact on the B.C. economy, and about half of that is resulting from its research activity. As a whole, the five research-intensive universities have about 10,000 funded research projects on the go at any time. It's an extraordinary amount of research that gets carried out here.

This culture of investigation and exploration spills over into the wider communities through graduate students. A 2006 survey of graduates found that 85 percent of B.C.'s doctoral program graduates and 45 percent of the master's program graduates conduct research after graduation. So these are people who are interested in research, interested in innovation and exploration further.

In an address to the Vancouver Board of Trade last year UBC President Stephen Toope used the metaphor of post-secondary education and research as being the soil — that's the phrase he used — from which our economy and society grows. Our brief overview of the impact of university education and research, I hope, gives a small demonstration of this.

As our time is limited, I'll constrain discussion of our recommendations to three areas, and we will provide you with a report. The three areas I'd like to talk about are access and success, innovation and institutional autonomy.

First of all, access and success. The intellectual capacity, work ethic and inquiring spirit necessary to succeed in university are not limited by social or economic background. For example, many — in fact, maybe all — of the

presidents of the doctoral-granting university faculty associations, and that includes me, are people who are the first in their families to attend higher education, many of us, being of a certain age, entering post-education three or more decades ago.

Nonetheless, today people whose families are well educated and are well off are disproportionately represented in B.C. universities. The reason we see this increasing disparity between those whose families are well educated and well off disproportionately representing children at B.C. universities is because as a province we haven't made the necessary commitment to all of our citizens to provide them with the opportunity to start and successfully complete a post-secondary program. And in that sense, I'm not talking only about university education but trades and technical education as well.

We've a particular concern about our First Nations and Métis communities. Many of those communities need all of the skills and abilities that one can gain through a university education, and we know that the success of aboriginal and Métis students, once they reach university, can be significantly improved through institutional policies, programs, services and financial aid that supports these students holistically.

[1750]

Aboriginal students, for example, are much more likely to enter university at the age of around 25 than they are at, say, post-high school at 18, and at 25 they have different sets of needs and concerns than their younger classmates. Our institutions need to have the funding to support their intellectual, physical, emotional and spiritual needs within a context respectful of social and family context, community, culture and place.

There are good examples of this around the system, but more is needed for improvement, and more funding is needed to do that. In particular, we really advocate for more needs-based financial assistance for First Nations and Métis students to overcome the federal government's inadequate investment in the post-secondary student support program, which would allow B.C.'s post-secondary institutions to help capable First Nations and Métis attend and graduate from our universities and potentially go on to do further post-graduate study.

When it comes to reducing financial barriers for all students, there have been successes, but we are losing ground because our efforts have not kept pace with rising costs. To address these matters, we recommend increased funding for institutional support programs and services and increased needs-based direct financial assistance for aboriginal and Métis students.

We also feel that we need to increase the maximum StudentAid B.C. funding available to students. There's a necessity to help rural B.C. students with extra costs associated with travelling from rural settings into the major cities where the post-secondary universities are and then in fact to review StudentAid B.C.'s programs to figure out

how they might be modified to better suit the needs of graduate and professional students.

Now, innovation. Governments have long made the mistake of assuming that innovation is a solitary act that can be encouraged by the right kind of grant or tax break to individual companies. The truth is that innovation takes place within a multi-dimensional web of economic, intellectual, social, institutional and regulatory forces. The fabric of that web is people with knowledge, embodied knowledge. Without these people, there are no connections; there's no innovation.

These innovators are primarily university graduates. Some of these people need to have advanced research skills that can only be developed through masters and doctoral studies.

D. Ashton (Chair): Sorry. I don't want to interrupt, but you have two minutes.

R. Kool: Okay.

We don't have sufficient support for those graduate students, so we are concerned about our inability to compete with other jurisdictions like Alberta, Ontario and Quebec, all of which have graduate student support programs. We feel we should be creating a B.C. graduate fellowship program; re-establishing research opportunities through venues like the B.C. forest science program, which was cut a few years ago; guaranteeing stable and predictable funding for the Michael Smith Foundation for Health Research; and allowing the universities to use the carbon tax, which we support, to further fund research in green technologies and sustainability.

Finally, the Public Sector Employers Council has been an impediment to creative problem-solving to deal with tightened financial situations at universities. We are in agreement that our institutions need to be fiscally responsible and do have an obligation to be accountable to the citizens of British Columbia, but we note that the B.C. government now provides less than 50 percent of the overall budgets to many of our member institutions.

Universities are full of bright, committed and sophisticated administrators and managers, who should be trusted to manage the funds provided them. It should be their responsibility to bargain honestly and in good faith with the faculty associations that we represent, within the constraints of those budgets. University labour negotiators should not be forced into the PSEC cookie-cutter approach to negotiations. We recommend that government save the money it now spends on PSEC, perhaps creating a few new scholarships from those savings, and then let the parties bargain in good faith together within the constraints of clear budget numbers.

Overarching these recommendations, and additional ones we'll make available in our report, is the need to ensure public post-secondary institutions have stable and predictable funding. We hope that this has been food for

thought for you, and that our presentation that we will send you will be helpful further. We're open for comments and questions.

D. Ashton (Chair): You're right on time. Thank you. Rob, welcome, by the way. Questions?

M. Hunt: Yeah, not exactly a budget question, but I am curiously wondering: when we're called the Confederation of University Faculty Associations, why do we not include places like Kwantlen Polytech?

R. Kool: They have their own organization that has grown out of their...

M. Hunt: The non-confederated...?

R. Kool: No, they're called the Federation of Post-Secondary Educators of British Columbia.

[1755]

The institutions that began as colleges, on a different trajectory from the universities, have an organization. We work very closely with them. There are now actually more universities outside of our organization than inside, but we differentiate the two by the fact that the CUFA universities are all doctoral-granting institutions, and the others are really just ramping up.

M. Hunt: Okay, so that's how you do it.

R. Clift: It's historical. There are a lot of reasons why it ended up that way — history, ultimately.

R. Kool: We recognize that colleges, and our colleagues there, are a hugely important part of the higher education fabric of British Columbia.

M. Hunt: I did notice that in your presentation. You did cover them in some of your descriptors, but I was just curious about that. Thank you.

D. Ashton (Chair): Any other questions for the presenters?

M. Elmore: Thanks for your presentation. We had a previous presentation from the SFU Graduate Student Society. They also had a recommendation in terms of support for graduate programs. Their recommendation is for a B.C. graduate scholarship — provide \$15,000 a year for 1,000 graduate students.

My question: can you tell us what's in place in terms of support for graduate students, master's and doctoral in British Columbia? Are there provincial supports?

R. Kool: No. Graduate students in British Columbia

have access to federal funding through SSHRC and NSERC and Canadian Institutes of Health Research, but there are no organized provincial graduate fellowships per se.

R. Clift: There was a program that ran from 2007 to 2011. Unfortunately, when that four-year funding ran out, the program was not renewed. There are similar programs in Alberta, Manitoba, Ontario and Quebec.

M. Elmore: Yeah, just the point that.... I think you laid it out in terms of the value and benefit not only of attracting talented and bright students, contributing to important and valuable research in British Columbia that often flows into successful businesses or other areas — life sciences or other areas.... Do you have any statistics around graduates that come in or PhD students that remain in British Columbia?

R. Kool: That's a really important point. I don't have the statistics, but we can get them for you. It's a very big number that people who do their graduate work in our province — or, really, anywhere — tend to stay there. So if you can attract them into your jurisdiction, you have a much greater chance of keeping them as knowledge workers and producers of wealth — both financial and social wealth.

R. Clift: We have detailed numbers, and those will be in our written submission to the committee.

M. Elmore: I'm interested. I think it's a significant strategic consideration in terms of our competitive advantage in that area. Often we talk about our competitiveness in terms of jobs or jurisdiction in B.C. That's one area, I think, that we can provide some support and really leverage those strengths and a lot of the resources we have in British Columbia.

R. Kool: Actually, if you look at the presidents, of which I am one, of the faculty associations — that's how I came to British Columbia — I think almost all of them, many of them, did their graduate work somewhere here and stayed.

D. Ashton (Chair): Thanks, gentlemen.
We're just going to recess until the next group comes in, which should be 6:05.

The committee recessed from 5:59 p.m. to 6 p.m.

[D. Ashton in the chair.]

D. Ashton (Chair): Welcome, Alma Mater Society of UBC Vancouver — Tanner. Is that correct?

T. Bokor: Yes.

D. Ashton (Chair): Welcome. The lay of the land is ten minutes for the presentation and up to five minutes for questions, and we are holding people to the ten minutes. Go ahead.

T. Bokor: First off, my name is Tanner Bokor. I'm the vice-president of external affairs for the Alma Mater Society of UBC Vancouver. I wish to thank you for providing me with this opportunity to make a presentation to the all-party Select Standing Committee on Finance and Government Services regarding British Columbia's 2014-2015 budget.

The AMS is incorporated under the B.C. Society Act and represents nearly 50,000 students at UBC's Vancouver campus. We have an operating budget of \$30 million, run 14 student-owned businesses and are the largest student union in Canada.

I'm here today to talk about three areas, the first being post-secondary education, the second being public transit and the third being child care.

On post-secondary education, studies conducted in Canada and elsewhere demonstrate that post-secondary institutions are essential to economic development by providing thousands of jobs to faculty, administrators, staff and students — UBC is, for example, the third-largest employer in the Lower Mainland — and major infrastructure investments throughout the province by building state-of-the-art teaching and research facilities and an innovation ecosystem that leads to inventions, new processes and patents.

Universities also play a crucial role in improving workforce training, as demonstrated by the statistics showing that people with a post-secondary education enjoy a higher income than the rest of the population; are less likely to be unemployed; find jobs more quickly if they are laid off, even during economic downturns; are less likely to engage in criminal behaviour; tend to lead healthier lives; and have children who are more likely to succeed in school.

The individual economic benefits described above are of special interest to lower- and middle-income families, but the rising cost of living in Metro Vancouver makes it increasingly difficult for many students in these income brackets to attend a post-secondary institution, even when they are willing to take on high levels of debt. In fact, the group of students that benefit most from a university education are being priced out of the system.

The B.C. government plays a crucial role in making university education more affordable for students in the lower-income brackets, thereby giving them a better chance to become productive members of society and earn more than their parents. Increasing accountability to post-secondary education is not only equitable but is essential for B.C.'s continued economic and social pros-

perity. The need is especially urgent since the province may soon face important labour shortages lasting into the next decade.

As Minister of Finance Michael de Jong acknowledged in Budget 2013, we have to stop thinking of education as just K through 12. By 2020 almost 80 percent of new job openings will demand at least some post-secondary training, and that proportion is growing all the time. The AMS completely agrees with the minister's statement.

We also believe that all post-secondary institutions and academic disciplines are essential to support the province's overall economic health, including the programs in the fundamental sciences, arts and fine arts. They all deserve improved, targeted investments from the B.C. government. Given the comments from Minister Virk regarding the government's interest to invest more in skills training, the AMS has a significant concern that this is going to be at the detriment of the arts and sciences, which help drive innovation in this province.

We would like to see improvements to the entire student loan system in order to address the pervasive burden created by high interest rates, living costs and academic fees in British Columbia, and especially in the Lower Mainland.

As such, in order to increase access to and maintain the quality of post-secondary education, we believe the government should institute a system of needs-based, upfront student grants; significantly reduce interest rates charged to students down to prime plus recovery; adjust student aid allocations for post-secondary students to accurately reflect the cost of living expenses, particularly with regards to housing, and provide an annual cost-of-living adjustment to these allocations; restore and index core funding for all disciplines in B.C.'s post-secondary institutions, including the fundamental sciences, arts and fine arts.

We are aware that, with the exception of the first suggestion, these recommendations will require additional financial commitments from the government. We are of the view, however, that these investments will lead to important dividends for the province in the form of lower indebtedness of young people entering the workforce and improved training for workers in all sectors of the economy.

On the issue of public transit, public transit plays an essential role in supporting British Columbia's future population and economic growth as one of the most cost-effective and least punitive ways to remove single-occupancy vehicles from our roads. This, in turn, leads to shorter commutes for all road users, not to mention reduced traffic congestion and pollution.

[1805]

One of the more important positive results of improvement is that it can lead to improved productivity across all economic sectors by reducing the time and stress involved in commuting every day to work. Reducing the

number of single-occupancy private vehicles on the road can greatly increase the fluidity of all commercial and business-related traffic, including the shipment of goods.

Our members are keen to see improved public transit services in Metro Vancouver and especially along the Broadway corridor leading to UBC's Point Grey campus. The Broadway bus corridor is by far the most heavily used public transit corridor throughout British Columbia.

Indications are that the congestion situation there and almost everywhere else in Metro Vancouver has taken a dramatic turn for the worse in September. We believe this is a result of the perfect storm created by the arrival of significant service cuts in the midst of ever-increasing ridership numbers. The AMS has actually received reports from our students of ten to 15 pass-ups on all routes leading to UBC, which is worse than it has ever been before, so this particular issue is very urgent to us.

The AMS remains convinced that a rapid transit solution is the only one that makes sense in the long term and that a below-grade rail system is likely to be the only feasible solution. We also acknowledge that since any long-term rapid transit solution would probably take more than a decade to be fully operational, significant improvements to the current bus work must also be implemented in very short order.

Public transit must be supported by the provincial government. As Premier Christy Clark stated a few weeks ago at a public transportation announcement in Kelowna: "As communities grow, services have to grow with them. We just can't keep it at the status quo." Kelowna's RapidBus project clearly demonstrates the kind of leadership the province can and should pay in respect to building new public transit projects.

As such, given these considerations, the AMS believes the government should permit public transit authorities in Metro Vancouver to use all of the funding tools at their disposal so that they may improve service. These funding mechanisms include but are not restricted to new road-usage fees and revenue-neutral reallocations of various municipal and provincial taxes and user fees, including the carbon tax.

Support short-term fixes for the Broadway line by changing the appropriate provincial regulations and providing some funding as required.

Provide the leadership necessary to get approval for and partially fund a long-term, robust, reliable rapid transit solution on the Broadway corridor that will extend all the way to UBC's Point Grey campus.

Given the announcement from the Premier this morning on the George Massey bridge now, we would like to see an equal response when it comes to public transit in this region. We understand transportation infrastructure is incredibly important, but there will be no transit over that bridge unless there's funding that comes from this government.

On the issue of child care. With respect to child care,

I would like to begin by commending the government for finishing in the fall of 2011 the implementation of a comprehensive and publicly funded kindergarten system. We're also pleased that additional childhood care initiatives were announced in Budget 2013 in line with past commitments to extend fully publicly funded full-day programming for three- and four-year-olds.

However, the \$660 these measures will provide annually per child in B.C. is not enough for families in the lower-income brackets that are not poor enough to qualify for child care subsidies. Most students with children require dependable, affordable and quality child care to balance their family and student life. Pushing many students too early in the workforce and without all the skills necessary to succeed or progress limits B.C.'s economic growth.

The province's post-secondary institutions do not have the budget or capacity to provide all of these services needed to their students or staff. In fact, we do not believe that the system currently in place for children under five years of age in the province can meet the needs of all students and lower-income families.

Given these considerations, we believe the government should consider extending programs currently in existence so they will be of the most benefit to lower-income families, including students. Launch a feasibility study and pilot program to implement a comprehensive public child care system throughout the province within the next two years.

I'm convinced that post-secondary education contributes to the development of a vibrant, innovative society and is a key driver of British Columbia's economy. I also believe that the B.C. government plays a key role in maintaining and improving access to higher education.

To summarize, the AMS would like to see the government make the following commitments to post-secondary institutions and to students: decrease the cost of getting an education in British Columbia; ensure that funding provided to our post-secondary institutions is high enough to maintain a world-class system; improve physical access to education by providing public transit authorities with the predictable and robust funding mechanisms they need to improve the reliability, speed and frequency of services; and provide an affordable, high-quality child care program for students that are raising families, which will benefit both parents and their children.

With that, I would like to thank the members of this committee for their attention and for their time.

D. Ashton (Chair): Tanner, thanks. Good presentation.

Marvin, and any other questions?

[1810]

M. Hunt: Yeah, when you were talking about transit, TransLink in particular, you talked about revenue-

neutral reallocation of various fees. In other words, I'm taking the money from one pocket and putting it in the TransLink pocket. What pockets are you considering appropriate to remove?

T. Bokor: Again, we believe that the carbon tax, which was initially designated for programs that reduce our carbon footprint, should be reallocated. That is a prime tax that we see that needs to be reallocated.

G. Holman: Does every student at UBC pay a U-Pass?

T. Bokor: Yes.

G. Holman: I guess I'm.... Just a comment. I'm struck — other student groups coming forward as well mentioning transit as an important way to reduce the costs of going to university, and so in my mind.... Public transit itself is a public policy goal, and, you know, we're taxed with greenhouse gas emission targets and all that. You could kind of kill two birds with one stone with that kind of measure, and the same with child care, whether it's the \$10-a-day plan or whatever.

But you're making the point that by funding child care, you're also helping university students, and so there's a nice double-up of impact there with initiatives that have a strong policy support in their own right, but they also help students.

T. Bokor: Yes. We believe that all of these issues are integrated, so solving one also assists us to solve the greater picture.

M. Elmore: Thanks, Tanner, for your presentation. In terms of your recommendations supporting post-secondary institutions, supporting transit initiatives and child care initiatives, besides reallocation, in terms of revenue needed, has the Alma Mater Society contemplated or discussed revenue streams to fund these initiatives, which are quite substantial?

T. Bokor: Yes, and actually, in particular, with transit. That is an issue that students do have an issue in exploring and potentially making a contribution. However, we're looking for leadership as well from the provincial and federal governments before we proceed with that.

M. Elmore: Just additionally, around child care, we've had a presentation on a provincial child care program, \$10 a day. It's estimated, you know, \$1 billion or \$1.5 billion a year. And so maybe additionally there can be more discussion or suggestions coming forward in terms of.... It's going to require to generate revenue, either to raise taxes, and often that's....

T. Bokor: I should actually point out that the AMS

does contribute, I believe, about \$1 million per year to child care within our institution. We're one of the prime benefactors at UBC. But the actual expenses at our university for those child care spaces is exceedingly high.

M. Elmore: Yeah, UBC is known, I think, to have top-notch and leading child care facilities — certainly leading. When we talk about implementing these programs provincewide, it also comes with needing to generate that revenue — and so just a thought about that in terms of recommendations coming forward for finding those revenue streams.

D. Ashton (Chair): Tanner, thank you very much. Thank you for your presentation.

Douglas Students Union — Madison and Tracy. Is that correct? Welcome. The format tonight is a ten-minute presentation and five minutes for questions allowed. I am holding everybody to the ten. Okay?

Welcome to the committee.

M. Paradis-Woodman: Good evening, everyone. My name is Madison Paradis-Woodman, and this is Tracy Ho. We are from the Douglas Students Union. We would like to take the time to thank the committee for hearing our presentation today and to note our appreciation for the opportunity to participate in this process.

We will be presenting six recommendations to the committee today to improve the quality and accessibility of post-secondary education at Douglas College and throughout the province. These recommendations are: reduce tuition fees; increase core funding for post-secondary education; regulate international tuition fees; establish an upfront and needs-based grant system; eliminate student loan interest; and keep adult basic education free.

[1815]

The Douglas Students Union will provide the committee with detailed support for these recommendations in our written submission, and we will also elaborate on these recommendations, starting with reducing tuition fees and increasing core funding.

Higher education in British Columbia has always been funded with a mix of government spending and student tuition fees. But over the last decade we have seen an increasing reliance on student tuition fees and other private sources of funding for education.

Tuition fees in B.C. have more than doubled in the last decade, outpacing inflation by every possible measure. Statistics Canada has determined that students from low-income families are less than half as likely than those from high-income households to pursue higher education. Statistics Canada has also found that the most frequently reported reason high school students did not pursue post-secondary education was financial.

This overreliance on student tuition fees and private

sources of funding is the outcome of decreased government funding for post-secondary education in B.C. Higher education is simply too far out of reach for many of the people that Douglas College works to serve. Sixty-eight percent of Douglas students make \$10,000 or less in gross annual income.

When accounting for inflation, per-student funding from the government to B.C.'s institutions is actually lower than 2001 levels. This problem is not exclusive to domestic students. International students have been seen as a funding model for institutions in the absence of a truly accessible and fully funded post-secondary education system. Unlike domestic fees, international fees are not regulated by policy, and institutions can increase fees at any rate they choose.

There are myths perpetuated that all international students are wealthy with unlimited financial resources from their home countries, that they are given grants to participate in post-secondary education overseas and that the higher the sticker price of post-secondary education, the higher the quality. In fact, the opposite is true. Students and their families plan to make sacrifices to attend post-secondary education in B.C., much like domestic students.

Increases to tuition fees are not anticipated during the planning process because they are not told when and how much they will increase. When fees go up every year, international students must find a way to make up for the shortfall in which they previously budgeted. As international students do not qualify for student loans and most bursaries, they rely heavily upon credit cards, private debt and taking on extra work to fund their education.

As governments anticipate the significant shortages in the labour market over the next 15 years, one way to benefit is from international students from which we could draw skilled workers. A number of international students make the transition to the domestic workforce, particularly in key sectors and regions that help to meet all the skills shortages.

Our fourth recommendation is to create a student grants program. This is crucial in post-secondary education today because skyrocketing tuition fees and the prevalence of loan-based assistance have pushed student debt to historic levels. Canadian youth are now the most indebted generation in Canada's history, and this debt will have far-reaching implications for Canada's economy and socioeconomic equality.

According to a report released in October 2008, students in British Columbia received the lowest proportion of non-repayable assistance in the country. Only 12 percent of student aid in B.C. is not in loan form. That study was conducted before the 14-percent cut to student aid in B.C. in the 2009 B.C. budget update.

Back-end measures, such as the repayment assistance program, assist some students with their debt once it is

already incurred but do nothing to reduce the need to borrow in the first place. The student grants program more effectively relieved the financial pressures that students faced while in study and enabled students to focus more on being successful in their classes rather than worrying about how to make the next semester's tuition fee payment.

Our fifth recommendation is eliminating student loan interest. Increasing tuition fees have pushed many students into loan-based financial aid to finance their education.

[1820]

The Canadian average public student debt for a four-year program is \$26,738. With compound interest that adds an additional \$8,083 to that amount over a ten-year repayment schedule.

Students and families with the fewest financial resources have to borrow the most for post-secondary education. As a result, these same students end up graduating with higher debt levels and end up paying more in interest payments. Ultimately, they pay more for their education than those who can afford to pay up front. This is fundamentally unfair to lower-income students and their families.

Students that do not qualify for loan-based financial aid, receive bursaries or simply do not qualify for their full educational needs, will often rely on family contribution, take on work during the academic year or finance their education with private debt, such as credit cards or student lines of credit.

Following graduation, student loan borrowers pay interest on their public student loans at a rate of prime plus 2.5 percent — a rate substantially above the government's cost of borrowing, of prime minus 1 percent, and the highest rate in the country.

Our final recommendation is to keep adult basic education free. The bulk of adult basic education students have already completed high school and have returned to post-secondary level education for employment or to enrol in other programs.

In 2007 the provincial government wisely eliminated tuition fees for adult basic education. Since that time operating budgets for B.C.'s colleges and universities have essentially frozen, making it difficult for institutions to maintain free adult basic education offerings to meet demand.

Adult basic education is a gateway for post-secondary credentials for many of the most marginalized British Columbians, including aboriginal learners returning to school. Boosting skilled-trades enrolment or solving other labour shortages is undermined by eroding access to programs that allow under-represented groups to complete a Dogwood certificate.

The B.C. government must take aggressive steps to maintain its commitment to free adult basic education by lifting enrolment targets and providing the funding

to support new and existing spaces.

Investments in students, colleges and universities are investments in British Columbia's future. Record-high tuition fees and growing student debt is a major concern for families who are struggling to make ends meet.

Making post-secondary education in British Columbia more financially accessible by implementing our recommendations is not only good for the economy overall but will have long-lasting impacts on our society as a whole. Thank you for your consideration.

D. Ashton (Chair): Madison, thank you.
Any questions?

G. Holman: I'd just like to point out that government appears to making 3 percent interest on money they lend to students. That they borrow 3 percent less seems....

D. Ashton (Chair): There may be defaults in there that have to be taken into consideration, though.
Thank you very much for the presentation.

M. Elmore: Thanks for your presentation. What's the student population at Douglas approximately?

M. Paradis-Woodman: We roughly have, during a fall semester, 12,000 to 14,000 students enrolled. Over the summer semester that drops to maybe around 8,000.

M. Elmore: That's pretty significant. Is it the one campus, in New West?

M. Paradis-Woodman: No, there are two campuses. So there's one in New West, and there's also one in Coquitlam, and that's our David Lam campus.

M. Elmore: Right. We've had a number of presentations from other institutions as well. We've heard concerns from students and faculty — the important role of education in society and access to post-secondary education.

Can you talk about...? I'm happy to see that you included a reference to the adult basic education. In terms of your student union, is there a lot of interaction with students who are taking those courses — and their participation and just the challenges and the realities that they face accessing courses at Douglas?

[1825]

M. Paradis-Woodman: Right. Particularly, I don't believe there is as much interaction as we'd like between students who are accessing adult basic education.

One of the larger challenges is the fact that Douglas College is vying for space right now within classrooms, and we have the New West campus, which is operating at 110 percent capacity. Unfortunately, for many of

the continuing education programs and free adult basic education programs, there seems to be a disconnect between students there and students who can access those adequate resources.

T. Ho: With adult basic education programming at Douglas College, what we've seen happening in the last couple of years is that they've been pushed out — the ones that are free for members of the community to access — to replace them with fee-charging programs instead. We see that as an issue because there are folks in the community that live in New West and in Coquitlam that do desperately need that programming to be able to then continue on in other programming at Douglas College and to pursue further post-secondary education as well.

What we've seen is the college making the decision to put on the fee-charging programs over prioritizing adult basic education simply because the budget doesn't allow for it. They have to make those choices because they just don't get enough operating funding to run those programs.

We see that as a huge issue for those that are trying to get their first toe — not even their first foot — through the door to get post-secondary education, to build a better life for their families, to get well educated and to get those skilled jobs. They're not even able to get their first toe through the door because the spaces are not available.

That's what we see, and what Madison referred to is that we don't get that interaction because we simply see fewer and fewer of those students on our campuses.

M. Elmore: I know that I have a lot of constituents who come in and that I've worked with accessing adult basic education through the school board in terms of upgrading their skills.

A lot of them are new immigrants as well, and part of the problem is around the lack of recognition of their foreign credentials and also their language proficiency. Often that's an area where they attempt to transition. They want to upgrade their skills and have access to courses.

So thanks for bringing forward that concern and advocating on behalf of those courses.

D. Ashton (Chair): Thank you, folks. I appreciate your input today. Good day.

We have Pembina Institute here — Matt. Is that correct?

M. Horne: That's me, yeah.

D. Ashton (Chair): Welcome. The lay of the land is ten minutes for the presentation, up to five minutes for questions. We'll hold you to it. I'm sorry.

M. Horne: That's totally fine.

D. Ashton (Chair): The floor is yours.

M. Horne: Thank you very much, everyone. I'm glad to have the last spot of the day. Hopefully, you're not too tired.

My name is Matt Horne. I'm the director of the Pembina Institute's climate change program. For those of you that don't know us, we're an environmental group focused on energy and climate change issues in Canada. We're about 50 staff across the country and 12 in British Columbia.

I also just want to thank all of you for your efforts on this committee. I know it's a huge time commitment to travel the province and take in what I'm sure is a huge breadth of ideas. So thank you for that, and thank you for taking the time to listen to our proposals.

What I wanted to talk about was the B.C. budget and recommendations I hope you make to the Finance Minister for how the budget can be used to advance B.C.'s climate change targets.

I wanted to start a little bit — it's not the title slide but the first slide after that — just in terms of what I would characterize as B.C.'s economic and environmental success over the last five to six years. This is just a snapshot of some recent research from the University of Ottawa looking at B.C.'s fossil fuel consumption, greenhouse gas emissions and economic performance, essentially since the climate action plan came into place in 2007-2008.

You can see the first chart there showing per-capita fuel consumption, with B.C. relatively tracking the rest of the country up until about 2007 and then a fairly sharp divergence. I know that we don't have a clear answer as to exactly what's causing that. I think some of it is, arguably, the carbon tax, which this study was forced on. Some of it's investments in transit. Some of it's a number of other policies that were implemented.

But I think there is a clear divergence, essentially a clear, positive direction we want to be moving in, in terms of reducing fossil fuel consumption in the province. That was certainly one of the underpinning objectives of the climate action plan in the first place.

[1830]

Coupled with that, overall greenhouse gas emissions have been going down as well. It's still sort of a relatively short window of four or five years, so time will tell how that trend emerges. But I think the early signs, based on those policy initiatives, are certainly very promising.

The other part of that which the study looked at is on the economic side. You hear lots of claims that if we take action on this, it means costing jobs over here. I think the evidence from this is that that hasn't been the case in British Columbia.

Again, plotting B.C.'s performance versus the rest of Canada in terms of GDP, both are down, so it's not the

direction we want to be heading. B.C.'s, over that window, is down 0.15 percent, whereas the rest of Canada is down 0.23 percent.

I don't think you would be overstating it to claim that those climate policies have accelerated the economy. But I think it's also certainly hard to make a case that they've been really hurting the economy in the province. That's a similar finding the province produced with the carbon tax review earlier this year as well.

I guess the challenge, which is on the next slide, is to both accelerate that environmental progress and also maintain that economic success. It is a really big challenge. It's not just a B.C. challenge; it's around the world.

You can see here those little blips there at the top of that curve. They're the initial progress we're seeing. The challenge is not just to sort of flatten it out from there. We have targets that are pretty significant drops for 2016-2020 and then all the way to 2050. That's going to take a pretty continued effort in terms of new policy and new initiatives for that time frame. It's not a one-and-done issue, unfortunately. It's going to take continued action from government.

I guess the major risks of that... I think one is that there aren't new policies and we sort of rest on our laurels in terms of the initiatives that have been implemented. The other one also identified in the province's climate action plan progress report was if and how LNG develops in the province and what scenarios unfold. There could be very major new sources of emissions.

The provincial budget isn't going to answer that challenge on its own, but I would argue it has to be one of the major tools if the province is going to achieve those objectives. We have things like federal action, local government action, regulations — all those, the suite of policies that are going to effectively deal with climate change. But the budget is certainly an important part of that.

Just some examples, and I think you could actually check off some good ones in B.C. on all these examples.

Taxation. The carbon tax fits in there. Infrastructure investment, such as transit spending incentives, the LiveSmart grants, the clean energy vehicle program in the province and also government policy in terms of the climate action secretariat. There are lots of different models from around the world, but certainly, in terms of that bucket of ideas, B.C. has shown some progress on each of those over the last five years.

I guess this is what I would see as the biggest challenge looking, certainly, at the most recent budget. If that's the trend over the next few years, we're not going to be up to the challenge of continuing our progress toward those targets.

I think there are a number of opportunities to build on existing policies and some ideas for new policies that I'll mention. But to date, anyway, in the most recent budget those haven't been acted upon.

With the carbon tax, we have a freeze for four years.

With the LiveSmart program, there are no new grants forthcoming. The clean energy vehicle program is almost out of funding. The climate action secretariat has had a declining budget. The transit plan is also below promised investment levels in the initial climate action plan.

There are a number of gaps there that raise some big flags for me in terms of looking at this and the province's greenhouse gas emissions. If we're serious about meeting these targets, we have to address those gaps if we're going to move forward as a province.

I guess my macro-recommendation is that I hope and urge you to recommend to the Finance Minister to find ways of using the budget to advance our climate targets. I have a number of ideas. I'm not going to recommend or push any of the individual ones, but I wanted to give you the idea that there are a number of options out there and a number of ideas through which the budget could be used to advance progress on climate in a way that works well for our economy as well.

The first category here is building on existing policies and programs — ideas such as broadening or increasing the carbon tax, renewing LiveSmart funding, increasing the climate action secretariat budget and also meeting our full commitments to fund the transit plan. Those would all be characterized as building on existing policies and initiatives that are out there.

Then in terms of new policies and programs, no shortage of discussion about LNG through the UBCM conference and in general. But we know there's an LNG tax coming. We don't have a lot details as to what that's going to look like, but it could certainly be structured in a way that it's not just a revenue generator but also structured in a way to encourage greenhouse gas emissions reductions from LNG production.

Right now we don't charge royalties on all vented and flared gas in the province, so there's no incentive for companies to reduce that venting and flaring. There's an option there, using the budget, to push forward on some of those sources of emissions.

[1835]

We've had, I guess, a renewal of the Sustainable Development Technology Canada funding, which has been a fairly successful support program for clean tech entrepreneurs in Canada. There are a lot of opportunities and good ideas from the clean tech community in the province for the province to be partnering and ensuring more investment in B.C. companies that are pushing for the huge opportunity for clean tech around the world.

Finally, investing in community climate adaptation projects. The province's climate action plan does a good job of identifying a number of those risks and opportunities to invest. I think, moving forward, the next step is to make those investments.

I would close it there and am happy to take your questions.

D. Ashton (Chair): Matt, first of all, thanks for being early and for being so concise and precise in your presentation.

Questions?

G. Holman: Thanks very much, Matt. When you say that LiveSmart.... There are no additional grants. Does that mean that grants are zero at this point, that there is no funding in the program? I should know this.

M. Horne: I've been on parental leave for the last three months. This may be a little out of date, but there are no new grants for residential. I think there may still be a small pot of remaining funds for some of the small commercial grants.

G. Holman: Okay. When you say to structure the LNG tax to encourage GHG reductions, can you explain that a little more?

M. Horne: Sure. Right now.... I haven't seen any detailed proposals, but from the little bit I've heard about it, it sounds like it's going to be structured mostly as an export royalty.

I think you could, certainly, instead of just charging it at the export point, spread it across the supply chain and base it on the amount of greenhouse gas emissions produced. Essentially, it would become a carbon levy across the natural gas supply chain. You'd structure it in a way that you're extracting the same amount of revenue from the sector but would use it in a way that encourages greenhouse gas reduction.

I know that the Finance Minister has mentioned a number of times that he's figuring out how much fiscal wiggle room is there to impose that LNG tax. Once you've made your decision on that, there are lots of ways to structure it so that you've got the same total amount of dollars.

G. Holman: Finally, the SDTC. What is that, again? Can you explain what...?

M. Horne: Sorry. It's Sustainable Development Technology Canada. There's an arm's-length program with the federal government designed to encourage clean tech entrepreneurship and innovation in Canada. A number of companies in B.C. — such as Ballard, Pulse Energy, Westport — have all been recipients of SDTC funding.

Generally, there was a program review fairly recently. The program has been well received, and it's regarded as being fairly successful in international clean tech funding.

G. Holman: So are you suggesting that B.C. isn't contributing to that right now and could?

M. Horne: It's purely a federal program right now. There is no reason why B.C. or other provincial governments couldn't say: "We'd like to partner with this and encourage additional clean tech development, clean tech entrepreneurship in British Columbia."

G. Holman: For example, through Pacific Carbon Trust — through that mechanism?

M. Horne: It's a little different. The Pacific Carbon Trust is more about deployment of projects in British Columbia. The SDTC is more about growing clean tech companies in Canada or possibly in British Columbia. So whether they deploy those technologies in B.C. or the U.S. or China, SDTC doesn't really care too much. They're trying to grow successful companies.

M. Elmore: Thanks, Matt, for your presentation. My question is with regards to your recommendation for the new policy or program to invest in community climate adaptation projects. Can you talk about what's in place now and what specific initiatives you think we would benefit from?

M. Horne: There have been a number of studies around the risk climate change poses to British Columbia. A number of you may have seen the big study that came out around the risk of sea level rise to Metro Vancouver last year.

Some fairly big price tags are associated with preparing for those risks. The one most cited was increasing the dikes around Richmond and coastal areas. That's sort of a prominent one, and you could look at a lot of opportunities just in terms of the way we manage fire risks.

There's a range of price tags. A lot of them do tend to be fairly big, but they're spread over pretty large time frames. I think it's important to be working with local governments to identify the highest priorities and start investing in those today.

M. Elmore: Is this area...? I know that in other countries, just because of the reality.... You know, if they encounter natural disasters, they have much more rigorous adaptation projects. Is this an area that the municipalities at UBCM are addressing?

M. Horne: It's going a little outside my expertise in terms of the specific initiatives. I know it's definitely an area where local governments are doing a lot more in terms of identifying risks. We're seeing some investment in the sort of preparation to be more resilient. I don't think there's been a lot of that investment to date, though.

M. Elmore: Right. Just more in terms of studies coming out and raising awareness.

M. Horne: Yeah, identifying the risks and figuring out what the best course of action is in the face of those risks.

G. Holman: Just one quick question on LiveSmart. It's a relatively small investment that triggers an investment by, say, the householder. I don't know what the ratio is, but the incentive might be \$1, and the householder will spend \$10 to get that \$1— that kind of notion. I don't know if that ratio's right, but it's a pretty high ratio.

Of course, that spending will generate tax revenue. Again, maybe the ratio is wrong. Maybe it's 5 to 1, not 10 to 1, but there is a multiplier effect there. I'm just wondering if you've run any numbers on the provincial government revenue generated by those incentives and how that would compare to....

Say if LiveSmart was \$10 million a year, but it triggered \$50 million or \$100 million in household spending. It's the principle here, not the exact numbers. And that generates provincial revenue. Have you run any numbers on that?

M. Horne: We have done some rough numbers based on a Natural Resources Canada assessment. This was, I guess, the old ecoEnergy program, which is the same system as LiveSmart. We applied those in a B.C. context, and I'm happy to send those to the committee. They are admittedly fairly rough, so a fair bit of uncertainty around them.

B.C. Hydro has also done a fair number of studies on both the economic multipliers and job spinoffs from energy efficiency and conservation investments in the

province. I can point you to those resources as well. I don't have them off the top of my head.

G. Holman: That would be useful. Thank you.

D. Ashton (Chair): Matt, thank you very much for your presentation. Greatly appreciated. Have a good evening.

Before the committee goes, Susan, we have a request from the north.

Public Hearing Locations

S. Sourial (Committee Clerk): Yes. The Fort Nelson and District Chamber of Commerce had requested.... We have a video conference session on October 16, and the facilities are in Fort St. John. It's a four-hour drive for them to get to Fort St. John, so they're asking if they can join the video conference session but do it in a facility in Fort Nelson.

A Voice: Sure, I think it's good advice.

D. Ashton (Chair): Okay, thank you. Perfect.

Ladies and gentleman, thank you very much for your participation today — a long day for all of us. We'll adjourn the meeting, and we'll see you all, if not Sunday night, on Monday in Surrey.

To Hansard: thank you.

The committee adjourned at 6:42 p.m.

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