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**4TH SESSION, 37TH PARLIAMENT**

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Morning Sitting

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MONDAY, DECEMBER 1, 2003

The House met at 10:03 a.m.

Prayers.

### Orders of the Day

**Hon. S. Bond:** I call private members' statements.

#### Private Members' Statements

##### NORTHERN ECONOMY

**B. Belsey:** I rise today during this time to talk about the commitment this government has had to revitalize and to work with northern communities — by example, many of the great things that have happened in the North Coast riding.

[1005]

But it's not just in the North Coast riding. The commitment is for all of northern British Columbia. It's a commitment by the Premier to build strong, vital, important issues; to work with northern communities; and to work with the people that live and raise families in the north. It's a strong commitment. It's a commitment that he carries with every meeting he goes to. We've all heard and seen him speak, and we know that northern communities are very important to our Premier.

I would like to talk about some of the issues that have taken place across the North Coast riding. First, let me start with the cruise ship dock. This was a joint venture by our government, the federal government, the port of Prince Rupert and the city of Prince Rupert to build a cruise ship facility and once again bring back a strong and vital cruise ship industry to the North Coast riding.

You know, it was interesting that when this proposal was first put together, there was an estimate of nine cruise ships visiting our community in its first year. There are up to 36 cruise ships scheduled to come into Prince Rupert next summer. That's a relatively short period, but we now have 36 cruise ships booked to come into Rupert. Let me tell you what that means. That's between 60,000 and 70,000 people, passengers and crew, who will visit Prince Rupert during roughly 15 weeks this summer.

It's a huge benefit to northern communities and to our riding because it's not just our community that will benefit from it. There are opportunities whereby these cruise ship passengers will get off the cruise ships. They'll be able to get on rail, and they'll be taken to other communities further up the line towards Terrace, into Terrace — maybe as far as Smithers, depending on the length of stay.

There's a commitment on behalf of our government to work with first nations. Funding has been provided to the Tsimshian nation for tourist initiatives. They are going to market their brands and package their culture, their arts and crafts. They'll be preparing food, carrying

out dances — all of this in order to promote what we have in the north.

Another very important project that's happened in the north is a college. The Minister of Advanced Education has been instrumental in helping our community build a new college. This is an approximately \$9 million project, and it will see the expansion of retail training courses. The cruise ship passenger industry is already providing courses and will move into that college. It will be an opportunity for first nations to train and to develop their culture. The college is an important part of what's going on in Prince Rupert today.

Another very important industry that's taking off in the north is aquaculture — both finfish aquaculture and shellfish aquaculture. This is something that the province has made available to the central and north coast. Until this government came in, you couldn't have finfish and shellfish aquaculture. Now we have a number of companies, as well as first nations, that have become very interested in developing both finfish and shellfish.

[1010]

Finfish aquaculture. Right now Marine Harvest Canada has built a hatchery at Wolf Creek. They have approximately one million smolt being raised in there with plans to go to capacity, which is approximately four million smolt. This will allow siting and farms to be developed on the coast. There is already one first nations community, Kitkatla, that is very active in the application for farms. Another one is the wind farms. We have a wind farm application, a \$1 billion U.S. project, to develop wind farms — a 700 kV clean energy project that is being planned for the coast of British Columbia just off the Queen Charlotte Islands, Haida Gwaii.

Another very important project that's coming to the north is the heliskiing in the Bella Coola valley. Two successful applications have been made. They have thousands of vertical feet of powder snow in the winter months, and they're also looking at summer months with thousands of vertical feet of mountain biking paths. They have a project, one of the committees.... Bella Coola Heli Sports has what they call Springs and Corn. Corn snow in the spring and summer.... You can ski in the morning and fish for king salmon in the afternoon. It's a wonderful project bringing tourism into the central coast for both the summer and the winter, which is very important.

Another important area is the forest tenure. The ministry has been working very hard to bring in agreements, revenue sharing with first nations. Interim agreements have been put in place with the Gitga'at, the Hartley Bay first nation.

Forest tenure is important to forest communities. The ministry has been working extremely hard to build that industry. The minister responsible for northern development is going to join us and tell us some more of the issues for developing the north.

**Hon. R. Thorpe:** First of all, I'd like to thank the member for North Coast for his words this morning,

but more importantly than that, for his commitment not only to his own riding of North Coast but to the entire north of British Columbia. This member works very, very hard, is very focused and is achieving great results on behalf of his constituents and all of the constituents of the north.

As I reflect on his comments this morning, I go back to last summer when I had the opportunity to travel throughout the north. I'd heard very many times how important the ferry from Port Hardy to Rupert was and vice versa, from Rupert to Port Hardy. I thought it was important to take that ferry. My wife and I went off, and we travelled for two weeks through the member's riding and other ridings. As we all know, the north has faced its challenges, but I was so impressed. I was so impressed by the spirit and the attitude of the residents in the north. I was also very impressed by the hospitality in the member's riding and in the spirit of tourism as they venture into whale watching and, of course, capitalize on their great experience in fishing. Now we hear about heliskiing and so many opportunities.

As I travelled through the north Island and across the 16 corridor, there was one thing that everyone said: "Give us the tools to work with, and we will work with you." What more can we ask for than a partnership of people coming together? They all said their number one priority was a container port in Prince Rupert.

Now with our new B.C. Rail investment partnership, a commitment of \$17.2 million has been made under the leadership of our Premier. This is going to satisfy the needs and start the process where we can open another gateway to the world — another North American west coast gateway to Asia, one and a half days closer to Asia. The shortest route between Asia and Chicago is through Prince Rupert. It's the deepest harbour in North America and ice-free all year round. So there's tremendous potential.

[1015]

As we've worked during the past two years in providing some funding for studies, etc., at the request of the member and the members of his community, we are starting to build some critical mass. We are committed to working with the community, with all the resource communities through the north to ensure that we continue to pursue this goal, this dream, and turn this dream into a reality.

We have Ridley Island. The federal government is currently doing a review, and in the very near future we're going to receive a detailed briefing on where they are now and, more importantly, where they're going in the future. The province of British Columbia, together with our friends in the province of Alberta, is committed to working with the federal government so that we can realize the potential of Ridley Island.

There are 400 hectares of waterfront land available, port and rail infrastructures in place, and we have the room and the capacity to move from 12 million tonnes to 24 million tonnes of product. We have opportunities of the iron ore conversion plant, liquid petroleum gas, heavy oil facility, a pipeline from Fort McMurray across the 16 corridor and into Prince Rupert. So there

are great opportunities not only at Fairview but also at Ridley.

Of course, we have the great opportunity of offshore oil and gas development, on which it's been a pleasure to work with this member. It's been a pleasure to go to Houston with members of his community to the offshore oil conference so that we can begin to spread the word about the great opportunities in British Columbia and that we're open for business. This offers the region significant opportunities.

The member did speak briefly about cruise ships. When they first came to us two and a half years ago and talked about it, some of us wondered if that was where we should be investing taxpayers' money, but we have committed significant dollars, together with the federal government. I can say to this House that I'm currently reviewing another application to enhance the cruise ship facilities — namely, the Uplands project. We are moving forward.

Working together with the members, first nations of the region, we are committed to developing economic activity, and we are committed to building tourism. We are committed to working on the Stewart-Omineca resource road, and in the coming year we're very hopeful of that partnership.

In closing, let me say to this House and to this member that under the leadership of our Premier, our government remains committed to the development of not only Prince Rupert but throughout all northern British Columbia.

**B. Belsey:** In the time remaining I just want to thank some of the other ministries that have been so supportive to northern communities that were left devastated by the ill-conceived efforts of the previous government that shut down northern economies.

The Ministry of Energy and Mines has worked so closely with the mining industry of this province that was devastated. When we took over here, there was \$19 million in exploration dollars spent in the north. Now there's over \$80 million spent this year.

Agriculture, Food and Fisheries. Because of the commitment of that ministry, we are now able to look at aquaculture on the north coast. We weren't able to do that before.

The Minister of Community, Aboriginal and Women's Services. The first nation commitments that ministry has made in working with communities are stellar. That's what is developing northern communities. That's how we'll survive in the future.

The Minister of Competition, Science and Enterprise, who just spoke to us today. There's a ministry that has been very supportive of northern communities. That minister is responsible for economic development in the north, and he has been very proactive throughout the north.

The Attorney General and his support in treaty negotiations. Providing certainty in land is so important for economic development.

The Minister of Transportation. Her commitment to northern communities, as we've seen just recently with

the B.C. Rail-CN partnership, will go very far in developing northern communities. The development of the port in the north is one that will expand opportunities all across northern British Columbia.

The Minister of State for Deregulation. His work, and what he's done to simplify working in the north, is a tremendous movement forward.

The Minister of State for Women's Equality and her commitment to some of the social concerns we have, certainly, with children in preschool and the commitment she's made and the funding that she's put into keeping those programs open and keeping spaces available for children — all of this is good news for northern communities.

[1020]

All of this shows the commitment that this government has to work with northerners and to see the north get back on its feet, for that part of this province to be a contributor to the economy of British Columbia.

#### REGIONAL HEALTH CARE

**W. McMahon:** Every resident in British Columbia is keenly interested in the health care services offered in their community, and the communities I represent are no different. My riding of Columbia River-Revelstoke has certainly seen some changes as the interior health authority works to improve patient care in a responsive, sustainable and accountable manner. The interior health authority was created in December of 2001 in response to provincial legislation requiring all health authorities in B.C. to improve the delivery of health care services and to do so within a fixed, sustainable budget.

In the next ten years the overall population of interior health is projected to grow by 11 percent. At the same time, we are seeing an increase in chronic illnesses like heart disease, diabetes and cancer. I don't think it is a surprise to anyone that the older people get, the more they tend to need health services. Our aging population is growing rapidly as people live longer. It is projected that over the next ten years in our region, we will see a 21 percent increase in people aged 65 to 74 years and a 33 percent increase in people over 75. The 85-and-over age group is the fastest-growing segment of our population and also tends to have the most health care needs.

The problem in British Columbia and, therefore, in the communities I represent is an increasing demand from a growing and aging population, new advancements in treatments and technologies, limited federal funding and limited provincial resources. Added to these pressures is a worldwide shortage of health care professionals which is increasing competition for skilled nurses and doctors. It is worth saying again that the government is committed to achieving its vision of improving and modernizing public health care, putting patients first and providing high-quality health services that meet patients' most essential needs. The system will focus on patients' and consumers' needs, equity and accessibility, effectiveness and appropriateness

of care, and efficiency and safety for patients. These are all values of the Canada Health Act.

In British Columbia we are spending over 42 percent of the total provincial budget on health care. With \$2 billion in new funding added over the past three years, health care spending has nearly doubled in the last decade to over \$10 billion a year. While demands and costs continue to increase since the inception of national medicare, the federal government has reduced its funding from 50 percent to only 16 percent of B.C.'s health care expenditures.

This past month, I have noticed that the federal NDP candidate for the area I represent has focused his campaign comments towards the interior health authority. I am hoping that residents will focus their attention, as should the federal candidate, on the need for the federal government to provide a greater share of health funding. With seniors making up 21 percent of British Columbia's population by 2027, it is important that we focus on preventative health programs as well as acute and other health services. We will need appropriate, accessible health services in areas such as primary care, long-term and home care, and chronic disease management.

We know we inherited a health care system that was not sustainable. As one of my colleagues so aptly put it, sustainability is actually a simple concept but difficult to implement. If the health care system is sustainable, there will be enough revenue to pay the cost of providing service now and in the future. I believe that British Columbians recognize the challenges we face. I believe they understand that we have to change the way we deliver health care. I believe they understand the concept of three levels of care for seniors — home care, assisted living and residential care.

Seniors want the option of staying independent as long as possible. In the past they have not had very many options to choose from. Either they stayed at home and lived independently, or they were put into a care facility that, for many, was more care and less independence than they actually needed. The new system is about creating choices for seniors so they have an array of options.

[1025]

Our plan is in place, and as always, with a new plan comes change. Change is never easy, and it brings about anxiety. It is important that we take the time to understand how people are feeling and understand the concerns they have. The transition period we are experiencing in seniors care right now is difficult for many, and we must help them through this. In my riding I have listened, and I certainly respect the anxiety that has been articulated.

We are encouraged that \$134 million expands the University of British Columbia's medical school facilities, almost doubles the number of spaces and provides training through satellite centres in Victoria and Prince George — a first in B.C. We are almost doubling the number of trained doctors. Since 2001 there has been a \$59 million commitment to B.C.'s nursing strategy. There have been 1,266 new training spaces created, and

B.C. will graduate 6,500 new nurses by 2006. There has been \$2.7 million committed to primary care in Kimberley. Invermere will see the much-needed expansion of Columbia House. Both Golden and Invermere will see new assisted-living units. Moberly Manor in Revelstoke will become an assisted-living facility.

Interior health has approved a new information system that will improve access to patient information, allowing health professionals to follow the health record of any patient in interior health no matter where they're located. Over the past 12 months, interior health, in partnership with the East Kootenay Regional Hospital, has allocated over \$2 million for equipment and capital improvements for facilities in the East Kootenay health service delivery area.

I have asked the Minister of Health to respond to my comments.

**Hon. C. Hansen:** I want to thank the member very much for her comments. I can honestly say there is no greater advocate for the health issues of the residents of the Columbia River–Revelstoke area. She is very often in my office talking to me and bringing me concerns about the big issues of how redesign is affecting that part of the province but also the individual concerns of nurses and doctors and those that work in the system — but probably more importantly, the individual concerns of patients and their families that she is advocating for and we're trying to help navigate through the system.

I think the member has quite succinctly pointed out some of the big challenges we have in health care generally as our population ages, as new technologies are developed but at great expense, and as we tap into the scarce resources that we have for health care. I think what's important is that we have to rethink how health care is delivered in the province, if we're going to meet those challenges and make sure that we can continue to have better health care for the residents of this province as we move forward and still be able to do it in a sustainable way, as the member has mapped out.

When we took office, we had a health care system which was really being driven by the crisis of the day. What was a crisis one day resulted in knee-jerk policy decisions the next day. Under the leadership of our Premier we've been able to get away from that crisis management into a much more planned approach to health care delivery. Reform is about making sure that patients in B.C. get access to the care they need, when they need it and where they live.

You know, the old system was one where every hospital in the province was trying to be all things to all people, operating in isolation from other facilities. Clearly, that wasn't working as we could see from the last ten to 15 years in this province. We had to make sure that facilities started working together in cooperation, in a network of care to meet the needs of people.

The member has highlighted some of the issues that affect our seniors and our aging population. We've heard from seniors throughout the province that they want more options around the kind of care they get access to. They want to make sure they can maximize

their independence as they get older. The old model of taking a senior who can no longer cope with the pressures of the family home and moving them into a nursing home was something that every senior dreaded. What we needed were more opportunities in the middle. The projects in the Columbia River–Revelstoke area of the province that the member talked about, the assisted-living model, are something that seniors are embracing. When they see the environment and they move in and can enjoy that independence with the support right down the hall, seniors are thrilled and overjoyed with that kind of opportunity for independence.

[1030]

There are several projects. One that I know the member has come and talked to me about on occasion is Durand Manor in Golden. There are some improvements that are going to be made to that facility, and contracts for renovations have been awarded. I think it's a \$530,000 project to improve that particular facility, and that's great news for the residents of that part of the province.

In primary care we are developing new ways to make sure we can deliver primary health care services throughout the province. We are rolling out the funding that will be, over the next number of years, \$74 million across the province. There are some exciting projects that are in line for parts of the member's riding. In particular, one that's being worked on actively is Kimberley. The ministry is committed to making sure Kimberley has a primary health care project that will be up and running as soon as possible. We're working with physicians, we're working with the city, and we're working with residents, because what's important is that that primary health care model is not something that should be made in Victoria. It's not something that should even be made in Kelowna, where the headquarters of interior health is. It's something that should be made in Kimberley to meet the needs of residents of that area.

In the area of acute care we are developing regional centres of excellence around the province. Cranbrook, while not actually in the member's riding, is very close to the member's riding. It is being developed as a truly regional hospital. Unlike just being in name, as it was before, it's actually being resourced properly. We were able to attract six new specialists to that region as a direct result of the changes that have been made and building that centre of excellence, so residents of the member's riding, who used to have to go to Calgary or Kelowna or Vancouver to get access to care, increasingly can get access to care right in their own region, within easy driving distance.

I think we are seeing lots of changes. That's exactly what we were elected to do. I just want to acknowledge and thank the member for her contribution and her input and her advocacy on behalf of her constituents as we try to move forward to a better and improved health care system in the future.

**W. McMahon:** I want to thank the minister for his comments, his commitment and his leadership, as well

as that of the Premier, as we work our way through these difficult challenges in health care in the province.

As I stated before, there are people who have concerns about health care and senior care in my communities. The one thing I am hearing more often as I travel around is how pleased residents are with the Cranbrook Hospital in that it is truly, as the minister said, becoming a regional hospital. With the number of specialists that have been added as a complement there, it's made life a lot easier for people who have often travelled great distances to access specialist care.

In Golden right now people are concerned about renovations to Durand Manor, a facility built in partnership with the community. The renovations will make the facility more comfortable for residents and safer for both staff and residents. They include things such as upgrades to washroom facilities and automatic wheelchair-accessible entrances. The renovations are slated to begin tomorrow, and once they are finished, Durand Manor will be a better place for seniors and staff. However, right now people are concerned, because as we prepare to make those renovations, there are no assisted-living units in Golden. However, we are working towards creating assisted-living units for seniors in that community. It will no doubt take time and a cooperative approach from all levels of government and the community.

I have met with seniors and community leaders in Golden on many occasions. While we still have a lot of work to do, I can say one thing with certainty. We all care deeply about the seniors in our communities, and we all have the same objective — to provide better care for them.

We knew the status quo in health care and senior care was just not acceptable. We also knew that making changes would not be easy, but we won't let that stop us. We must continue to work together — all levels of government, the interior health authority and the community — to improve seniors care. I am committed to that, and I know the minister, the health authority and the community are committed to that as well.

[1035]

#### AFFORDABLE HOUSING OPTIONS

**J. Bray:** Today I wish to speak about affordable housing. It is certainly an issue that is prevalent in my community and something I've been speaking about a great deal with constituents in the last couple of months.

Victoria, as you know, Mr. Speaker, has the capital regional district sort of downtown core. We're also now — this is sort of good and bad news — the city with the highest real estate prices in Canada. So affordable housing really is a significant issue. It's something that we're dealing with on a number of fronts with respect to citizens who are finding themselves living downtown — those with substance abuse and mental illness living downtown but also the ability of people who work in Victoria to actually afford to live here in Victoria. It's certainly an issue that I'm hearing more and

more about in my constituency office from constituents.

I've spoken, as you know, earlier this session on wet shelters and wet housing for individuals with chronic alcoholism. That's just one avenue. I'll be having a town hall meeting early this month on that very issue with various community leaders.

Affordability isn't just an issue dealing with the lowest-income demographic in our community, because, in fact, affordable housing affects seniors, people with disabilities, single-parent families and those who want to buy their first home. This logjam of upward mobility puts pressure on the rental market, as fewer people are able to move into their own purchased home. In other words, as young families look to buy their first home, they're currently occupying a rental space. As they find it more difficult to buy that first house, they continue to occupy that rental space.

We also know that in the early seventies, the federal government changed the way in which they dealt with tax issues with respect to those who invest in rental accommodation. That tax change actually meant that those who previously had invested in rental properties, knowing they'd get a long-term return, found there was actually a tax disadvantage and moved towards the development of strata-like properties — basically condominiums. We've had very little new rental stock built in the last 30 years in this country. Certainly, if you drive around my constituency in Victoria, you see a lot of 30- and 40-year-old apartment buildings. You don't see a lot of very new ones.

With this inability of people to move up into purchased homes, who continue to stay in rental properties, the pressure and demand for those rental properties pushes the rents up so that even rents become unaffordable for people. Also, as people don't move out of rental accommodation into other types of housing, it puts pressure on the vacancy rate. In fact, last year at one point Victoria had a vacancy rate of 0.5 percent. Affordability, and even at that point availability, became a real issue.

When I talk about affordable housing, I'm really talking about a broader spectrum than just the lowest-income demographic. Why is affordable housing so important to a community, so important to a region? Well, we know that affordable housing is one of the major social determinants of health. Along with nutrition, income and education, housing forms an important and critical part in the health of an individual, the health of children, the health of families and ultimately the health of a community. When any one of those factors is impacted, it has a dramatic impact on the actual health of individuals. If there's a large impact, it actually can have a negative impact on the health of a community. I think one need only look at the downtown east side of Vancouver to see a very large example of why housing, education and income are so critical.

The other thing we know about affordable housing and stable housing is that as people look to re-enter the workforce perhaps after an injury or after a long period

of time, if they don't have a stable address, the likelihood of them being able to successfully attach to the labour market is very, very low. If you can't even put down an address on a résumé or a job application, it makes it pretty hard for a prospective employer to call you back. Affordable housing really impacts the health of a community and of individuals and even the ability to move on in other areas of one's life, including employment. In essence, the stability of a community is anchored in part by having suitable housing for all citizens.

Victoria is a beautiful place to live. There are a lot of people who want to come and live here. That demand to come here does put a strain on what is suitable. We want to make sure that seniors live in safe housing. We want to make sure that families are able to afford to live in safe and suitable housing that's close to schools and to recreation centres that are well lit at night. We want to make sure that people who are working in a particular area can live as close to that area as possible.

[1040]

What types of non-market housing are currently offered here in the province? Well, the provincial housing program funds non-profit and cooperative subsidized housing for frail seniors, people at risk of homelessness, people with disabilities and low-income families, including women and children fleeing abusive relationships. We have also decided that under that program, we're going to provide housing for those that are most vulnerable.

Right now under the provincial housing program, we have committed to funding the construction of 3,400 new units of subsidized housing since June 2001. Since September of this year, 2,650 of those units have been completed and another 750 are in various stages of development. For those that are most vulnerable, 750 will provide independent housing with supports for seniors, and over 1,100 will provide emergency and long-term housing for people at risk of being homeless. Just over 1,300 units are for families with low incomes, and about 200 will house seniors who live independently.

Under the provincial housing program, there's a wide spectrum of services provided and types of housing to meet the demand of a variety of people in our community. Independent Living B.C. is a housing-for-health program for seniors and people with disabilities who require some care but do not need 24-hour facility care. This is where we're building 3,500 new units — independent, affordable units — with support services and assisted-living apartments for those who have a greater need of care.

Residential programs for persons with developmental disabilities are critical, and they promote clients' independence while meeting their individual needs. Where possible, placements are arranged in the client's home community, and a variety of options allow individuals and their families to select one of the suites that best suits their needs. Options under this....

I see that my time is up. I know that the Minister of Children and Family Development has some comments. I look forward to hearing those.

**Hon. G. Hogg:** Thank you, Mr. Speaker, and thank you to the member for Victoria-Beacon Hill. His experience in this area — his work experience and his life experience and interest in this — has given great leadership to this House. The issue of the highest real estate values in Victoria certainly exacerbates the issues as it applies to this specific area, and I know the member has been a big supporter of looking at the options and looking at the role of the state as we more broadly look at the continuum of care that must be provided.

As the member has so accurately pointed out, the issues with respect to the social determinants of health are a big responsibility of government to look at as we do our planning. The social determinants of health include the issues of housing, nutrition, education and income. Part of the role of the state is in looking at that comprehensive continuum of services and trying to rationalize a system of partnerships that looks at ways of addressing these determinants of health.

Those partnerships include looking at and working with other levels of government, looking at and working with for-profit and non-profit agencies as they look at ways we can respond from a community level to those types of needs. The continuum of care is rationalized through those partnerships across government from the levels of the cold/wet weather strategy that are provided through the Ministry of Human Resources to those who have great need, particularly in those times of the year when we do have the greatest amounts of cold temperatures and wetness. There are some 139 beds made available across this province through the ministry to address those.

As we move along that continuum, looking at the issue of shelters that the member has referred to and the government's goal to assist people, to move beyond just the temporary shelters that are provided and move to more stable types of housing and to those who are homeless or at risk of homelessness and the subsidized housing options, there are some 4,000 units that have been developed. Some 1,100 of those since 2001 support people who are at risk of homelessness. Those are through some of the partnership arrangements that have been referred to — partnerships with the Salvation Army, partnerships with the YWCA and partnerships with Lookout Emergency Aid Society to provide those types of services.

[1045]

Along the continuum even further, looking at the provincial housing and the affordable housing options, in this province in the year '99-2000 there were some 50,911 units that the province put some \$98 million per year into. In '03-04 it is anticipated there will be 56,100 of those with some \$153 million put in by the province. B.C. Housing manages 7,800 public housing units across the province — those units, again, looking at how we can provide that continuum within the context of the safety net.

The member so accurately made reference to the issues of rental space and market housing and the need for incentives to build more. By increasing the access and supply and therefore reducing some of the costs

and the demands associated with that, we will look at and have an ability for people to move into more options for low-cost rental housing in the market supply, particularly addressing some of those needs — as the member has again referenced — with respect to seniors and some of those who may be more vulnerable.

Reference was made to the developmentally disabled. The developmentally disabled in this province have had the opportunity of moving out of institutional settings and into community-based settings. In fact, this province has been leading North America in terms of being able to re-integrate the developmentally disabled into the communities and finding housing options within that — finding safe, stable and affordable options that allow them to be supported within the context of their communities.

We have a goal of wanting to move towards healthy families and communities. That continuum requires market affordability, supply, demands and options that will create a more home-like environment for people to look at and work with.

The member referenced, again, the specific needs of the Victoria area. The member for Victoria-Beacon Hill, in his active advocacy for his constituency and indeed more broadly for the needs of housing across this province, is one of those persons in this House who has probably been the most salient and focused person around these issues and initiatives as they apply to the lower Island. Certainly, he's had an interest in and fortitude for working with and looking at strategies that allow this House to have a more rationalized continuum of services, and I thank the member for his focus on that and his leadership in this field for this House.

**J. Bray:** I'd like to thank the Minister of Children and Family Development for his comments and also for the vision that he has provided this government as we transition the way we've provided services for both children and families, as well as for those with developmental disabilities, into the twenty-first century in a way that really has got the rest of North America looking very closely. I congratulate him for that.

As the minister spoke about the whole issue around affordable housing and the way in which government participates in that program, it's indeed critical. As I outlined, as did the minister, government is doing a great deal with respect to meeting housing needs for a variety of individuals and groups in our community. I believe this is critical as we move forward to provide hope and opportunity for everybody in our community. But I do not believe that government's ever going to be able to meet the demand for affordable housing. In fact, I think demand will always outstrip supply if government is seen as the sole provider or even the major provider of a variety of housing needs.

I do think it's time for us to advocate for additional solutions. First, to increase the available rental stock, the federal government must do two things. One is to increase funding for initiatives. The federal government must be re-engaged in the whole issue of affordable housing across this country and certainly in British

Columbia. Second, and I think in many ways more critical, the federal government must look at its tax rules that inhibit growth of rental property — inhibit investment in rental property or renovation of rental property. They must be prepared to make the changes necessary to allow the private sector to provide the bulk of rental housing in our province.

The city of Victoria, I believe, must look at creative solutions with respect to density. The city of Victoria must look at high density as a way in which we can get more non-market housing built as part of the deal allowing development to go forward. False Creek in Vancouver is a prime example where there were all sorts of housing and high-density housing done. Within that has been non-market housing, and it has been extremely successful in providing housing for seniors and low-income families to live in a mixed neighbourhood.

[1050]

Another area — and I'll be talking again on Wednesday about this — is rent subsidies and making them portable. Currently, rent subsidies are tied to a unit. In order to qualify for the subsidy, (a) your income must be at such a level as you qualify and (b) you have to be one of the lucky people to be in the units. Once you get in, it's not likely that you're going to move out without some real guarantees that you're not going to need the subsidy again. So what happens is that we have a bottleneck within the existing structure of subsidized housing. We spend a lot of money in the community on building those facilities — money that I think could be better used towards rent subsidies and allowing the market to provide the rental housing, and government and non-profit sector to look at providing rent subsidies that follow the qualified individual or family, not where the family has to follow the subsidized unit.

On December 12, I am meeting with a group in James Bay to explore the whole issue of portable rent subsidies, and I look forward to raising this issue again in a few days.

#### INVASIVE SPECIES

**V. Roddick:** We have borne the brunt of softwood lumber, SARS, fires and pine beetle. Although unrecognized by the general public, the next crisis that is already sweeping this province is costing untold millions and climbing. I am referring to the epidemic of noxious weeds, invasive species. The devastation exploding in the heartlands of our province has been well documented by the member for Yale-Lillooet. I wish to add my concern from the urban-rural perspective. Delta South has 22,000 acres of intensively cropped farmland. Plus, it is on the Pacific joint flyway, which is from South America to Russia. Delta South is a major stopover.

Our fields and marshlands are critical to humans and to wildlife and waterfowl. Over the years there's been a steady increase of foreign invader plants that have no natural predators to keep them under control

and, therefore, threaten the indigenous plants, which are part of the food chain for all of us. To name just a few, there's purple nightshade, which is not only poisonous, but its fruit is the same size as a pea. If it's found in a truckload of freshly harvested green peas, it causes the entire load to be rejected and, depending on quantity, could result in the entire field being bypassed.

Purple loosestrife has clogged our ditches and run rampant in the marshes — brought in as a pretty garden wildflower. The latest invasion is English cordgrass, brought into the U.S. from the U.K. where it was developed to shore up riverbanks. Today it has destroyed over 8,000 acres of shoreline habitat in Washington State and has mushroomed into a \$500,000-to-\$700,000 (U.S.) — real dollars — problem within a mere 30 years. This little darling with a root system from hell was spotted in Delta South between the ferry terminal and Roberts Bank this summer. DFO, Vancouver Port, TFN, Ducks Unlimited, etc., started ripping it up by hand and incinerating it — presently the only known method of control.

I would like to clarify. The definition of a weed is any plant that is out of place and requires the use of vast quantities of herbicides, which are expensive and not always very successful. This epidemic must be tackled head-on. We can ignore it no longer. The cost to every single sector of our province will be mind-boggling.

We need to tap into the people who advertise against our wood in China. If they are true environmentalists, they should be investing their money right here where it can be of real benefit to our province. Environmental groups should not be out to mock and deride our successes. They should be working with the people of British Columbia to attain sustainabilities. Countries with little or no economic growth or development have no environmental laws either. They simply cannot afford them. This government is striving to rebuild our province. Only a thriving economy can support the lifestyle we so deeply believe in for our communities, for our families.

[1055]

I attended a PNWER, Pacific NorthWest Economic Region, winter meeting in Portland, Oregon recently. PNWER is a public-private partnership of the United States and Canadian provinces — Alaska, Alberta, British Columbia, Idaho, Montana, Oregon, Washington and the Yukon. PNWER's mission is to foster sustainable economic development throughout the entire region. The invasive species meeting was led by Senator Dyson from Alaska with the Washington State University department of agriculture and the Portland university department of environment services and resources, and, interestingly enough, the Nature Conservancy in attendance.

With global travel and exposure to foreign species — be they weeds, bugs or bilge water — our countryside and waterways are in danger — definite danger, albeit a sleeping tiger at present, but just as deadly nonetheless if not addressed. This epidemic will not

only affect our ability to feed ourselves — and we still have to eat to live — but it is hitting us directly in the pocketbook. The estimated annual cost of non-indigenous species in the U.S.A. alone is approximately \$137 billion.

B.C. has suffered and is suffering from plant, animal and insect invasions. For instance, the Saanich Peninsula potato industry was hit by the golden nematode brought in on nursery rootstocks in the sixties. Central Saanich farms are still not allowed to produce spuds, and we are all familiar with the Eurasian water milfoil in the Okanagan and zebra mussels in the Great Lakes. Potato growers in Delta South are having problems dealing with European wireworm due to local soil conditions and the fact that we are part of the Pacific joint flyway for waterfowl. We cannot use the most effective methods of control because of the birds. The seed potato industry brings in valuable export dollars to our province. In fact, the Western Potato Conference is being held in Richmond, B.C., as we speak.

Management is the key issue here. As our world population grows and businesses become more global than ever, we need to work together to put a sustainable plan in place to enable coexistence. An excellent example of a workable working relationship is the Delta Farmland and Wildlife Trust. I will elaborate on this concept after we have heard from my colleague from Chilliwack-Kent.

**B. Penner:** Good morning. It's my pleasure to respond to the very forthright and clearly articulated concerns of the member for Delta South. Until a few years ago, frankly, until I got elected to this place, I hadn't heard of the term "invasive species." I suspect many British Columbians, if they heard that term for the first time, might think it had something to do with a Hollywood movie.

Invasive species can be defined as any species whose introduction does or is likely to cause economic or environmental harm or harm to human health. As a young person, I guess I encountered my first invasive species as being a starling. They were certainly not a type of bird that I was fond of, because they tended to raid the cherry tree that I was very fond of right outside my bedroom window. So at an early age I grew to understand that invasive species can be a very bad thing. Certainly, that type of bird has had a significant impact on agriculture in the Fraser Valley, whether it's berry producers or, formerly, Chilliwack's reputation for being a leading cherry producer.

There are a number of titles that people give to invasive species. They can be referred to as non-natives, weeds, pests, exotics, aliens or non-indigenous harmful species. The member for Delta South has already articulated what the reason is for some of the concern. Frankly, when these types of species get introduced into a new environment, they tend not to have the natural predators that they encountered in their original environment, which acts to keep them in check. Without that natural balance, unhealthy things can happen. It reduces the quality of the environment. It can have a negative

impact on our local species — and the member has rightly indicated the economic costs in terms of crop losses — but it can also have a negative impact on our forest sector and for ranchers who need access to rangeland. So there is a negative impact on biodiversity and an undermining of ecosystem stability.

[H. Long in the chair.]

[1100]

Now, at the national level, the federal government, through the department of agriculture, does take action occasionally to quarantine the importation of agricultural products when there is a fear that those products may contain some form of an invasive species. A rather recent example occurred about two years ago. There was an outbreak of sudden oak death syndrome in southern Oregon, and the Canadian federal government imposed a restriction on the importation of Christmas trees from Oregon into British Columbia. This upset Christmas tree growers in Oregon but also people in British Columbia who sell Christmas trees and were counting on this importation of Christmas trees from Oregon. Quick action was taken, however, and I believe — at least at the moment — the outbreak has been contained in terms of the sudden oak death syndrome.

The member has mentioned quite rightly that these species don't respect international boundaries or even provincial boundaries, so that means we all have to work cooperatively. Like the member for Delta South, I was at the Pacific NorthWest Economic Region meeting in Portland two weeks ago, where there was a presentation. I remember one in particular by a professor from Portland State University. That's where we saw that number of \$137 billion (U.S.) being the estimated cost to the U.S. economy as a result of invasive species.

The Pacific NorthWest Economic Region, starting in 2002, has formed an Invasive Species Task Force. We're trying to work cooperatively across various borders in the region. The goal of this task force is to make the region more resilient to the threats of invading species by creating a conduit for experts in the region to share information and best practices. Already, the regional Invasive Species Task Force has evaluated threats of both land- and marine-based invasive species. There's a considerable amount of information available on the PNWER website on this topic. Just type in [www.pnwer.org](http://www.pnwer.org), then click on "Working Groups" and look under "Agriculture," and there you'll find information on invasive species.

There's more work that needs to be done. I'm pleased to report that already Oregon and Idaho have established invasive species councils. PNWER is helping disseminate information to legislators in the region on model legislation that the states can introduce to help create these councils and get on top of the problem.

Of course, our legislative system works a little differently here in Canada, but there still is a role for legislators. I salute the member for Yale-Lillooet in his leadership in educating our caucus about the severe risk that British Columbians face if we don't take steps now

to control this epidemic. The effects grow exponentially if the problem is not dealt with, and therefore the costs grow exponentially, so a small investment now could pay huge dividends down the road. Stated differently, there's a huge cost to not acting now.

The member for Delta South — I noted her comments inviting environmental groups to participate. I, too, would like to challenge the environmental groups. Instead of spending money in China or Japan or Europe telling people not to buy British Columbia wood products, if they really want to help the environment, what they should do is help partner with British Columbia in funding the battle against invasive species. That will help protect our ecosystem and our environment.

**V. Roddick:** Thanks for the hard-hitting and to-the-point comments from the member for Chilliwack-Kent.

I am throwing out a challenge to all "environmental" groups, as they refer to themselves. I'm asking you: take a look at the Nature Conservancy and what it's doing to the south of us, and closer to home, look at the Delta Farmland and Wildlife Trust, a combination of farmers and environmentalists who were virtually at blows ten years ago when the trust was pulled together. As well, it is a public-private partnership, with the public money being invested in the Vancouver Foundation so that they are not lost tax dollars. They are hard-working tax dollars combined with private funds. Only the interest is used by the trust. These public dollars are there in perpetuity.

[1105]

We need to establish this coexistence provincewide. We need at least \$5 million up front, plus annual operating costs. Presently there are 89 different organizations doing their little bit as they see fit. We need to bring together these groups from the federal government, first nations, provincial government, local government, forest industry, agriculture, transportation, utilities, conservation and wildlife, recreation and tourism, research and many others to work on a common front.

Environmental groups, stop the enviro-shakedown of Canadian businesses. Invest in your country. Invest in the people of British Columbia. This should be your ultimate goal, because this is our ultimate goal.

**Hon. S. Bond:** Mr. Speaker, I call Motion 33.

**Deputy Speaker:** Hon. members, unanimous consent of the House is required to proceed with Motion 33 without disturbing the priorities of motions preceding it on the order paper.

Leave granted.

#### Motions on Notice

#### PUBLIC-PRIVATE PARTNERSHIPS

**J. Les:** Thank you for this opportunity. I rise to speak today to the motion standing in my name on the order paper, which reads as follows:

[Be it resolved that this House acknowledges the important role Public Private Partnerships can play in bringing private sector innovation and efficiency to the delivery of public services and providing BC taxpayers the best value for their tax dollars.]

This topic has been of great interest to me for quite a number of years, and I am appreciative of the opportunity to take some time today to further foster some discussion around public-private partnerships.

As we know, there's a considerable debate, not only in British Columbia but across the province and perhaps across the western world, about whether or not public-private partnerships are the public policy option of choice in delivering important government infrastructure and services. I believe, decidedly, that the answer to that question is yes. I believe that often those who would decry the use of public-private partnerships in the public sector are folks that have a bias against the private sector to start with. I think the private sector has demonstrated that it can build a great economy, that it can provide very good solutions to the needs of the private sector. Based on that, we have built what I believe is a great society. I don't believe it's any kind of stretch at all to assume that the private sector can also help the public sector address its needs and requirements.

A public-private partnership is quite simply a more effective competitive process, where the public sector describes its needs and then the private sector, on a competitive basis, fashions solutions to those expressed needs. Can you imagine if in about 1995, when the provincial government thought it needed some more ferries to move people back and forth from Vancouver Island to the mainland, it would have gone to a P3 proposal call process as opposed to the politically managed process that actually ensued? We all know the results of that. It was what we now fondly refer to as the fast ferry fiasco, resulting in the waste of \$463 million of the taxpayers' hard-earned money. The only return on that at auction was about \$20 million — a very sad chapter in the history of British Columbia.

If on the other hand the government of the day would have gone to the private sector and said, "Look, folks, we have a capacity problem on our ferries. Our ferry fleet is aging. Could you please tell us what the best possible solution would be to address this challenge?" I guarantee you that the private sector would have come back with a rational, well-thought-out, affordable solution for the B.C. Ferries' stated need. Chances are that we would have been riding today on a couple of additional Spirit-class ferries or something equivalent to that, which would have been providing the public with the service they needed at an affordable price. In the event, of course, the other process that I talked about ensued, which was the political manipulation of that whole process. It resulted in nothing short of the loss of all of that money that I've just described, and we still have no better ferries available to us in British Columbia.

[1110]

The other aspect of public-private partnerships that is extremely important is the transfer of risk. Often

government or people directly employed by government decide what the solution to a given problem is going to be. When that is accepted at face value and that is the basis on which the process moves forward, government then accepts the entire risk; whereas if the private sector provides competitive solutions, one of which is eventually accepted by government, it is the private sector that maintains the risk and deals with that risk and manages that risk. That is as it should be. There is nothing written or carved in stone anywhere that government must always be the final repository of risk. It simply isn't reasonable. There are lots of examples where government accepting risk has resulted in government paying a lot of money on behalf of the taxpayer. Public-private partnerships are a great way for government to place that risk squarely with proponents, thus shedding the liability the taxpayer is often stuck with.

Now, there are quite a number of very good examples of public-private partnerships in various fields across this country. I am, frankly, pleased to see that the concept of private sector involvement in the delivery of public services and infrastructure is starting to take hold in our country and indeed in our province.

One of the finest examples of a public-private partnership that's evolved — I guess it's about seven years ago now — is Nav Canada, which took over all of the operations of air traffic control across Canada in 1995. I'm sure very few Canadians actually realize that when they fly in an airplane across Canadian airspace, air traffic control is actually managed by a private corporation and not by government. I think it's a wonderful scenario where an important public service such as air traffic control is actually managed, under contract with the federal government, by a private sector agency. The result has actually been very, very good, in that the number of what are euphemistically called operational irregularities has actually declined substantially in Canada since 1995.

That proves and, I think, demonstrates very clearly that public-private partnerships are not about a decline in standards or a decline in service. These contracts can be drawn up in such a way that a very high level of service is established, and these private sector proponents can be held to those very high standards.

Another very good example is the town of Port Hardy, which entered into a public-private partnership about four years ago to have drinking water provided to that community by a private sector proponent. The water quality situation in Port Hardy prior to this arrangement was abysmal. A lot of people drink tea that isn't as dark as the colour of the water in Port Hardy was back in 1998-99. They entered into an arrangement with EPCOR Utilities. That is all in place now. New infrastructure has been provided by that corporation, and they are now fully involved in the provision of drinking water to the town of Port Hardy.

By all reports that is a very, very satisfactory situation. The contract in place between the town and EPCOR Utilities lays out exactly what the responsibilities of the private sector proponent are. The people of Port

Hardy are relieved indeed that today they enjoy good, clean, quality drinking water, something they were not able to enjoy previously.

In my own community of Chilliwack we've had a new courthouse facility developed in the last several years, which was a public-private partnership as well, and it has been a tremendous success. It is a beautiful, new, modern building right at the centre of downtown Chilliwack, and it's a real credit to the downtown community. Also, it is a huge tax saving for all of the taxpayers of British Columbia.

[1115]

Back in 1991 the then provincial government first proposed a new courthouse building for the city of Chilliwack. The figure they were using then was that this was going to cost somewhere in the order of \$22 million. In the end, the courthouse in Chilliwack wasn't actually built and completed and opened until 2002. What also happened, then, is that the courthouse that was built and opened in 2002, as I said, actually cost the provincial government \$7 million. The private sector came to the table with some ancillary buildings and amenities that they paid for. They came up with a design and a construction type that were geared to be much more cost-efficient than the sole-sourced design process from 1991. Here we have what was going to cost \$22 million in 1991 dollars eventually ending up costing the provincial government \$7 million in 2002 dollars. That is an enormous cost saving for the provincial taxpayer.

Currently under construction in Chilliwack is a new multi-purpose arena that will seat around 4,000 people. It, too, is a public-private partnership involving a number of investors, the ownership of the junior A hockey franchise in Chilliwack. Even someone such as Pat Quinn, who's the coach of the Toronto Maple Leafs, is also involved in this project.

Again, we're looking forward, about September of next year, to opening this facility. The exposure of the city of Chilliwack is clearly defined; the obligations of the private sector partner are clearly defined. I think this is going to be an enormously successful project — probably on par with the Skyreach centre in the city of Kelowna, which was a public-private partnership and completed about six years ago. That facility, too, has been an enormous success. One of the first events hosted in that facility was a rock concert, which 8,000 people attended. The city of Kelowna has been able to host events that were previously not possible because of the provision of this facility in their community.

I could go on and enumerate more of those kinds of facilities. There is currently one under construction in the city of Victoria, again by the same private sector partner that produced the very successful facility in Kelowna that I just described.

Near my own riding, in the city of Abbotsford, we're becoming somewhat more ambitious in that the new hospital for the city of Abbotsford is going to be a public-private partnership. This will be a project in the order of \$300 million. It will house, at any time, some 300 patients, and it will also include a cancer treatment centre. It goes without saying that it will be the most

modern medical treatment centre in the province of British Columbia when it opens its doors in 2007.

What we have at the moment are two private sector consortiums which are preparing, competitively, proposals for the production of this facility. Again I point to the fact that they are working in competition with one another, so each of those consortiums is well aware that they have to bring forward something that's imaginative and that brings the latest ingenuity to the table. Otherwise, they're probably going to lose out to the other party.

I am sure that when the two proposals are worked up and finally put on the table for evaluation, we will see two somewhat different approaches. That, as I've said before, is the essence of the public-private partnership approach — that is, not only do you get true competition on the price of a predesigned project, but you also get competition right from the very conceptualization of a project to the very construction of it. I think that is the essence of what a good public-private partnership is all about.

[1120]

People sometimes try to divert the discussion to one, for example, about how government can borrow money more cheaply than a private sector partner can. While that is sometimes — not always — true, that really is only a very minor part of the discussion. If you look, for example, at how often public sector projects were done and how a public sector project was designed without any real critical examination of how appropriate that design was, you often ended up with projects that were overdesigned, projects that incorporated features that were extremely expensive. But those features were simply never questioned. The best price on the wrong project is still the wrong project.

People need to understand that public-private partnerships also provide the opportunity for a full life-cycle costing of a proponent's proposal. That, too, is very important. I was in discussion with some folks the other day on that very topic. I said: "Wouldn't it be wonderful if you could take a proposal and as a requirement of the analysis, you were able to analyze what the operating cost of that facility was going to be for a 25-year period going forward?"

In the case of schools, for example, I think it would be a wonderful thing if school boards were able to analyze, on a going-forward basis, what the likely operating cost was going to be of a proposed new school as opposed to another proposed design. I think that in the future, this is something that the Minister of Education and school boards around the province will want to be very interested in.

I'm going to conclude by saying that I'm looking forward to many more public-private partnerships coming to fruition across British Columbia. It is all about making sure that taxpayers' dollars are used as efficiently and effectively as possible and ensuring that public services are delivered, again, effectively and efficiently.

**R. Hawes:** It's a pleasure, actually, to stand and speak today in favour of this motion. I want to use my

time to talk in some detail about the P3 proposal for the hospital in Abbotsford.

Before I do that, I want to preface my remarks with a comparison of what might happen in a P3 and what actually has been happening when the public sector builds facilities. I want to use a high school that was built a few years ago in my constituency in the city of Mission — the Heritage Park Secondary School. This is a high school that has a high school on one side of it. On the other side is the University College of the Fraser Valley, and in the middle is a community theatre. It's a very good concept.

The theatre itself above the stage has a big fly, as they call it. There's a big, high roof that allows them to pull props up to the ceiling, etc. Shortly after this approximately \$25 million building was constructed by the public sector.... They had gone through a tendering process the way that these sorts of things have traditionally been built by the public sector. The school was built, and a couple of years later the fly above the stage began to leak. It was thousands and thousands of dollars to repair this leaking roof, and the contractor who had won the tender said: "Well, it's not my fault. I built exactly in accordance with the plans. It must be the architect's fault." The architect pointed his finger back over at the municipality: "Oh, they clearly didn't inspect well enough. It's their fault."

The fingers went back and forth, and ultimately the taxpayer paid to fix the roof, which is traditionally what has always happened. For anything that is a problem following construction, there's great difficulty in having anyone step forward and accept responsibility, other than the taxpayer. When there are overruns during construction, and there frequently are.... What happens in the tender process is that the tenders are very competitive because the bidding parties all know there will be extras, and that's where they load up the costs. That's where the big profit is made.

[1125]

In the public sector this great panacea that some groups like to say protects us all, frankly, hasn't protected us at all. If that school had been built as a P3, likely what would have happened is that the maintenance of the building, following construction, would have remained with the P3 partner that did the construction. If he cut corners during construction, he would be responsible for the increased maintenance costs in a poorly constructed building. There's no finger-pointing anymore in these kinds of things, because as far as the taxpayer is concerned, the finger-pointing is outside of the room. The partner pays, and he can collect from whoever he wants to collect from but not the taxpayer. There are huge benefits in this for the taxpayer.

To bring that back to the new hospital in Abbotsford, there are groups out there that are saying this hospital should be built in the conventional way. It should be a public hospital. It should be publicly owned. We shouldn't have private for-profit health care. I'm going to go into some of the myths that are out there, but first I want to talk a little bit about who is saying these things.

Recently in Abbotsford there was a meeting — a rally or whatever you want to call it — sponsored by the B.C. Health Coalition. They had 60 or 65 people who were there to hear all of the terrible things about what was going to happen when the Abbotsford hospital is built under a P3 model. Included in that group were former members of the previous government, certainly one that has declared he intends to run again in the next election to save us all from things like this private health care model. They urged the people there to start lobbying the government so that we would get away from this P3 model.

Now, in the P3 model that has been proposed for the Abbotsford hospital, the P3 partner would be responsible for all of what some people call hotel services, the ancillary services to medical services such as housekeeping, laundry and food services. All of those would be provided by the P3 partner. There would be a fixed cost for those, a monthly payment made, and it would be the P3 partner's responsibility to provide those non-medical services.

In the conventional system, those are the jobs that are frequently held by those that are members of the public sector unions. I went to the Internet, and I looked up the B.C. Health Coalition. I wanted to know who these people are that are saying these things. From what position do they speak? Surprise of surprises, the B.C. Health Coalition actually reminds me a lot of the Citizens for Public Power with all trails leading back somehow to the NDP.

The members involved are the B.C. Federation of Labour, the B.C. Government and Service Employees Union, the B.C. Nurses Union, the B.C. Retired Teachers Association, the B.C. Teachers Federation, the Canadian Federation of Students — gosh, now there's a democratic outfit; the Health Sciences Association of B.C., the Hospital Employees Union. Gee, this is like a who's who of the labour world and actually a who's who of the NDP leadership convention that was held just a couple of weeks ago.

If they had announced at that NDP convention that they were going to hold a meeting of the B.C. Health Coalition, I'm quite sure no one would have had to travel very far, because they were all there. So I know the perspective from which they speak. This is about job protectionism for union members. When you boil that all backwards and you look at not the individual union members but at the unions themselves, this is about money.

If you take a look at the fees that are paid by all of these union members into their unions, we're talking — combined — hundreds and hundreds of millions of dollars. We're talking about a union collecting \$1,000-plus a year from each of its members, and if they've got 40,000 or 50,000 or 60,000 members or more, we're talking \$40 million and \$50 million a year in revenue. Lost membership is lost cash flow. I have absolutely no doubt as to why the unions would oppose any step whatsoever that might cause their membership to decrease.

[1130]

The myths that have been brought forward by this group — let's look at them. The first myth. They ex-

plain in some detail about how P3s pose a threat to health. What's going to happen is that in a P3, the private sector will begin for-profit provision of health care. Let's look at the facts. All medical services within a P3 hospital such as Abbotsford — all medical services — will be delivered by the Fraser health authority under the Ministry of Health. The public sector will provide all medical services exactly the way they're provided today in hospitals right across this province. It is a myth that a P3 in a hospital is somehow private, for-profit health care.

The second myth is that the P3 in a hospital costs more and that the tendering and entering into of P3 contracts costs a fortune. I'll speak a little bit to a report that came out recently. First, let me just say that P3 partnerships do save money, because they protect taxpayers from things like cost overruns and design problems — things like that leaky fly in the Heritage Park high school, things like the fast ferry overruns. The previous speaker mentioned some of the things that have happened in the past that could have been avoided with the use of P3s, and that's an absolute fact. P3s save money, and that's very well documented.

Before I go on with the other myths, let me just speak to a recent report that came out from that bastion of free thinking, the Canadian Centre for Policy Alternatives. They published a document — a study, they called it — done by a number of economists that showed that P3s cost something like 10 percent more for the taxpayer and that they should be abandoned entirely. This study is a seven-page document. It makes almost no reference to anything financial. There are no cost comparisons of any kind. There is absolutely nothing to back up the assertions that are made within the study. They claim a 10 percent increase in costs with a P3, but they don't explain in any way, shape or form how they arrived at this 10 percent figure. It's a figure picked from the air. Fiction is what it is.

I really do suspect, in reading this, that this was a number of economists — in some cases they are economists who, I think, have retired — who took on a contract with a predetermined outcome that the Canadian Centre for Policy Alternatives, who incidentally is the same outfit that was paid \$200,000 in the last couple of weeks of the previous government in this province.... They were given \$200,000 to keep pumping out this left-wing drivel during the time the last government was out of power. This was an advertising arm for the previous government and for the big public unions. They seem to be continuing their spew of absolutely unadulterated mush that has no substance. That's what this is. It doesn't even make good reading.

I do have a list of what I would have considered to be real studies. *Value for Money Drivers in the Private Finance Initiative* is a report published by Arthur Andersen, which they immediately jump up and say is just terrible and that Arthur Andersen has been discredited because of the Enron situation. Arthur Andersen actually is one of the most highly respected accounting outfits in the world, and they have done some tremendous work. They looked at 250 P3s around the

world. In their studies the average cost savings was 17 percent.

Evidence from an independent report from the national audit office in England indicates savings of between 10 and 20 percent, which sort of verifies their report. Another report, *PFI: Meeting the Investment Challenge*, put out by Her Majesty's Treasury in July 2003 looked at 450 P3s in England from 1992 to 2002, and 88 percent of those came in on time. There were no cost overruns. They also looked at non-P3s; 30 percent were on time, while 73 percent of them were over-budget, and 75 percent of all of the P3 clients reported that operational performance after the project was completed was as expected or better. This is a pretty major study and, I think, an independent study — independent of groups like the Canadian Centre for Policy Alternatives.

[1135]

**H. Bloy:** Are they the ones that got \$200,000?

**R. Hawes:** They're the ones that got the \$200,000.

PricewaterhouseCoopers rate-of-return study looked at 65 projects and found that the risk transfer was complete. When you use a P3, you transfer the risk from the public sector — the taxpayer — to the private partner. There are many studies out there that indicate that P3s are actually the way to go.

The Health Coalition loves to point out failures in Britain. "Oh, these terrible hospitals that were built there, you know, in the P3.... That's why we should never go there. Why, do you know there's a hospital in England where they built the mortuary right next to a place where people are going to get their lab testing done, so they see bodies wheeled by every day? In another case, there was a broken sewer line dripping raw sewage into a ward where people were recovering from operations. Why, that's what P3s do. Yeah, that's what they do."

Well, to start with, those sorts of things can happen in any project and often do. If, as these people like to point to the failures in England.... If that were a factual thing, one would wonder, then, why the British government continues to build every single hospital in Britain on a P3 model. That's how they have found they save money for taxpayers, provide better health care, get more value for their money, and limit exposure and risk to their taxpayers — with the P3 model.

Yes, early in the game I'm sure there were some P3s that went ahead in England, which weren't as expected and weren't completely satisfactory. In fact, those are documented within the studies. They learned from their mistakes. Now hundreds have been built, and there aren't problems. They're running exactly as planned or better than planned. They've saved their taxpayers millions of pounds in England. The fear that's being spread by our local.... I was going to say our local public sector health unions, but I guess I'll just say by the coalition — these concerned people, who actually are more concerned about their own self-interest. It's just absolutely unfounded and really is unforgivable.

Services will deteriorate under a P3. That's myth No. 3. In the United Kingdom the partnerships, the P3s, show a 75 percent satisfaction base from clients and that the operation of these P3s is running as expected or better. So the fact is that under P3s, services actually improve. I'll give a little analogy about that too. I don't know how many people have been in some of our hospitals recently and seen what's going on there. I can tell you that within the MSA General Hospital in Abbotsford.... A friend of mine was in there a little over a year ago for an operation, and he actually had to spend a week there. I visited him the day after he got out of the operation, into his ward, and he said: "Look, I've been watching this bandage sitting on the floor in the corner over there since I got in here, and nobody's done anything. It just stays there." The week that he stayed in that hospital, that bandage never moved. He used that as a gauge, for himself, as to the quality of the house-keeping going on within the hospital. It was atrocious.

Under the P3 model there's a contract signed with the P3 partner and the health authority, and there are outcomes laid out in the contract. There are standards for cleanliness, for food service or whatever service is being provided spelled out in a contract. If the contract is not met to the letter, there are financial penalties against the contractor. That means, contrary to what happens in the public sector.... With the public sector union, when you try to discipline someone or say that their work is not up to standard, generally what happens now is that there will be a grievance filed. You will find that it leads to arbitration and a very expensive process, often forcing the management to back off any criticism, because they don't want to cause these expensive disruptions in the workplace. So what happens is that standards deteriorate. I think there's enough evidence out there to show that very clearly in a number of institutions all over this province. It doesn't happen in a P3 model.

[1140]

Myth No. 4 is that the cost of borrowing is higher for the private sector, so P3s can't be a good deal. The government can borrow money cheaper. The fact is that if you look at the two proponents for the Abbotsford hospital, you would find that the money behind those proponents is huge. In one case, if I'm not mistaken, there is a bank that's involved as part of the consortium. Often you'll find in a P3 that some of the immigration investment funds are involved. These are funds that have access to money, which are actually the ones depositing money in the banks and getting a very low rate of return. When they can invest in a project like this, they can afford to do it by earning slightly more than a deposit rate but less than a borrowing rate. I can tell you, they can finance cheaper than the government, and because they operate on a much more efficient basis, they are able to make money in spite of their interest costs.

This is an absolute myth being spread by the B.C. Health Coalition. Unfortunately, if you look at their history — I read off the names — these are people who have no business experience of any kind. Their word on something like that really is kind of laughable.

P3 companies must make a profit at the expense of taxpayers. This is one we hear all over — for-profit health care. Have these people got their heads shoved somewhere where they can't see the sun when they make these kinds of comments? Do they think for one moment that building a hospital under the traditional system doesn't involve hiring a company that wants to make a profit? Do they think the builder and the engineer and the designer are all working as a benevolence for us? These are people that are making profit. Do they think the doctors are working without pay and without making profit or their clinics are running without profit? Where are these people's heads?

The thing about profit and the thing this group and those whose path always leads to the door of the NDP have against profit.... They think "profit" is just a nasty, nasty word. The fact is that the world runs on making profits. That's how wealth is created. That's how we get the money to provide health services — by putting a regime in place that will help and assist companies to make profit. Gosh, that's a concept not understood by those who have always, always earned their money by taking union dues. I'm talking about the heads of some of these unions. Those are the ones who are promulgating this fiction. They should be ashamed of themselves.

Myth No. 6 — this is the last one I want to talk about — is a lack of transparency. Gosh, everything is secret with this government and in these P3s. You know, they keep everything quiet. If only we, over here on the union side, could expose all of these secrets. In fact, I've heard it in this House from the members opposite quite often, where they've gone out and said: "The NDP have uncovered another leak by looking on the Internet." Gosh, that's where they seem to get most of their information.

If you want to know about what's going on with the P3 in Abbotsford, you go to the Internet. It's public information. The only information that's not going to be released on that P3 proposal is the information that's proprietary to the parties. In every commercial transaction, there is some proprietary information. All other information is there. The request for proposals is there. Everything about this process is there.

The only reason that the B.C. Health Coalition have been able to hold their meetings and make the outrageous statements they make is because they have access to this information. That's how they know about what's going on, because this project has been completely open. P3s do better when they are publicly aired.

Partnerships B.C., formed by the British Columbia government under the Premier, has a solid understanding that a government P3 project needs to have some transparency around it. That's one of the tenets they operate under. That's one of the tenets the P3 people that are working on the MSA Hospital are operating under. They have further committed that once the contract is signed, the entire contract — minus proprietary information — will be made public.

It's a myth to say this is not a transparent process. Every single claim that has been made by the B.C. Health Coalition is out there to scare people and to

generate some kind of a response from people who will just take their word, not look at the facts, and come to us and say: "This is a terrible thing." The facts show that everything about building the Abbotsford hospital under a P3 model will save us money; will give us a much better hospital and better health care; will move dollars closer to the patient, where they should be; and will absolutely deliver on every promise we made around health care in our *New Era* document.

[1145]

I'm going to close by just saying I wish that the public somehow could get their hands on and would take the time to read some of these other studies. In my own constituency, any of my constituents who have a concern — I urge them to please call my office. We will put you to where you can get those studies easily on the Internet. We will e-mail them to you; we'll print them off for you if you need them.

It is time for us to end the myths and the fiction and get on with building the hospital that the last group — that last government — promised and never, never planned to deliver. We are delivering it, and we're delivering it exactly the way that the people of this province should expect us to deliver it, and it is under a P3. So I very much support the motion brought forward by the member for Chilliwack-Sumas, and I appreciate the ability to speak to it.

**J. Nuraney:** I, too, rise in support of the motion proposed by the member for Chilliwack-Sumas. The question of government seeking efficiencies and the best method of making sure that every public dollar that they are entrusted with stretches and gets the maximum benefit out of this.... The governments across the world and across this country have had a few challenges of late, and those challenges spring from the fact that the revenue sources are not large enough to cover the spending that the governments are responsible for, resulting in deficits, debts and deficit financing. So the challenge of any government in these conditions is to seek the best way to spend their dollar without diminishing the services and yet being able to provide all the citizens need.

There are methods that this government has implemented in the past year or two where they have restricted some financing. They've cut some financing to projects. They have tried to reorganize, restructure the way the delivery of services has taken place, and one of the options that this government has is this question of public-private partnership. In my opinion, government cannot be be-all and end-all to all things. The services that the citizens need have to be provided, and the best way to provide these services.... All evidence has to be considered, and one of the evidences, in my opinion, is this question of public-private partnerships.

The word "privatization" somehow has become an unpleasant word for reasons totally unbeknownst to me. Privatization means inviting the private sector to become partners with the government, to deliver services with the private sector, who perhaps knows best how to deliver because of their experiences. It is, there-

fore, important that this government look at all kinds of options to make sure that without diminishing the services that are required, they invite proposals so that they not only not diminish but can enhance the services that are required.

We have seen, and our members who have spoken prior to me have demonstrated, the projects — some of them have been implemented; others are on the road to implementation — and the benefits that this gives to the citizens of our province. Without private sector investment, without private sector dollars, perhaps those projects would not have been able to even see the planning board.

I think it is critical for us to understand that this avenue that is now open to government, which it is seriously looking at, must also have certain cautious conditions that the government must be aware of. There has to be accountability. There have to be standards. There have to be criteria set. There have to be outcomes that have to be measured. After having done all that, if there are private interests and private moneys that are available and are wanting to strike partnerships with the government to deliver those services, I think it is a very, very good thing and to be pursued very seriously.

[1150]

Members have also talked about some of the cynics who talk very negatively about the public-private partnership initiatives. These are the cynics I don't have to see to see where they are coming from. We have seen the philosophies espoused by the opposition. We have seen those philosophies being exercised where government is everything to everybody. We have seen those policies being exercised in the eastern European countries. Look at what has happened to those countries. The walls came tumbling down because that philosophy does not work.

We have to and must pursue the philosophy of free enterprise, where the government must be open to inviting partnerships and enhancing and providing services that are better and more efficient. Those are the initiatives that this government must pursue. I stand here in total support of the motion that is before us.

**H. Bloy:** Thank you, Mr. Speaker, for the opportunity to speak today. You've heard about the negatives and the naysayers, as was so well expressed by the member for Maple Ridge-Mission. We have many members on the government side of the House today wanting to talk about this. Beyond the negatives, there are so many positives, and I get so excited.

Sitting across from me is the Minister of Advanced Education. All the work that she is doing to allow more university seats in the province through the development of a quality assessment board.... By next May we should have the announcement of hundreds, to begin with, if not thousands of seats that will be developed by the private sector to offer university-quality degree courses in British Columbia. I'm so excited.

There are so many good things about the motion that was put forward by the member for Chilliwack-

Sumas, and I know there are so many more members who want to speak about it in the House today. With the limited time we have, I just want to say that I support the member's motion, and thank you very much for the opportunity to speak.

**R. Sultan:** I, too, rise to support the motion from the member for Chilliwack-Sumas on a very important, innovative development that this government has pressed and which I think we support strongly. In the very brief time left to us this morning, I wanted to comment on two arguments that are frequently used against the concept of public-private partnerships.

One argument is that the government can borrow money more cheaply than the private sector. The other argument is that private organizations, institutions and companies have to earn a profit, so when they are involved, the price has to be higher. Let's address each of those arguments in turn.

In terms of the cost of borrowing, governments can indeed generally borrow money at a lower rate of interest than the private sector, and in many capital intensive projects this can be significant. Why is that true? Well, it's generally believed that governments representing, in lending terms, a sovereign risk never go broke — unlike companies, which go broke all the time. So there's a risk element there. However, we do know from experience that governments, in fact, do go broke as well: Brazil, Mexico, Argentina, Russia, Indonesia, the Ukraine, the current situation of the African states. Government itself is not without risk. The reason our governments in Canada, this government in British Columbia, have a very low borrowing rate....

As an aside, I think it's a historic accomplishment that our Minister of Finance can now go out on behalf of the Crown and borrow money and pay a lower interest rate than the government of Ontario. That is a milestone event in the debt history of this province for which we should all be very proud. This is a situation that should not be abused. It is because of the fiscal integrity and rectitude that the capital markets reward us with these very low interest rates.

[1155]

If we as a government went out and used our debt capacity to do all sorts of things, I think that situation would turn, because debt is not highly regarded in measuring the successes or failures of a government. If you wanted to take it to an extreme, if governments borrow money more cheaply, why don't we have all debt borrowed by the government? If you want to buy a house, let the government take out the mortgage loan.

Where governments do all the borrowing, the consequences aren't very happy. I suppose an extreme example would be Cuba, where people get into leaky boats to try and escape. There is a role for government debt, but it is certainly not to be universally applied. On projects where it appears a revenue stream can be

identified and recouped, I think it makes good sense to involve private capital as well.

The other argument used against private-public partnerships is that they involve a profit, and because there's profit involved, prices are going to be higher and the public will not be as well served. This is a phony argument. If the riskiness of the project is such that a profit, whether in real terms or shadow terms, should be earned, we're kidding ourselves to pretend it isn't there. In other words, my point is that projects should be priced in some marketplace. If a project cannot earn a profit in some fashion, whether it is actually recouped or just measured in terms of public weal or public good, it is probably not a good project in the first place.

The fact that profits are not perhaps collected on straight government-financed projects doesn't mean to say that in some measure they aren't required to be there if we are not to see some senseless, overcapitalized process of government investing. In underdeveloped countries we see that happen all the time — these gargantuan, capital-intensive monstrosities proceeding, and generations are left with the mistakes that have been made. I don't accept the profit argument.

There are, though, some other issues raised that I might just mention in passing. One is risk-sharing. Certainly, it is a valid point that if entrepreneurs enter into business partnerships with the government on the theory that they can thereby shove all the risk onto the government, that is not right and cannot be allowed. I think we've seen some recent examples where private-public partnerships were, at the end of the day, rejected for that reason. If we invite private money into projects on the basis that they're going to take some risks commensurate with their reward, by golly, they had better incur those risks and not somehow try and shovel those risks onto the government. That is only right.

The other huge benefit, of course, of P3s is the more driven, more cost-effective, more decisive operating mode of most private organizations, in comparison with the government. Here the benefits are manifold and can be seen in many sectors.

To wrap up, I think the member for Chilliwack-Sumas has produced an exemplary motion that all of us in this House can support, and certainly I do.

Motion approved.

Hon. S. Bond moved adjournment of the House.

Motion approved.

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

The House adjourned at 12 noon.