

**THE BRITISH COLUMBIA
CHAMBER OF COMMERCE**

POLICY AND POSITIONS

2003 - 2004

An Agenda for Progress

INTRODUCTION

The British Columbia Chamber of Commerce (The Chamber) was re-established in 1951 to promote and improve trade, commerce and the economic and human welfare of the people of British Columbia, and to develop and present a true cross-section of opinions of the British Columbia business community to the provincial government and, in some areas of national importance, to the federal government.

The Chamber was registered in 1983 under the Society Act of British Columbia as a volunteer, not for profit association, and serves its members as the provincial federation of autonomous community chambers of commerce, boards of trade and selected corporations throughout the province. Its purposes are:

1. to promote, support and strengthen the provincial chamber network and the free enterprise system and democratic principles;
2. to develop programs, in conjunction with members, aimed at creating a high level of economic awareness and maintaining an entrepreneurial spirit at all community, educational and political levels;
3. to monitor legislation at all levels of government, prepare timely response to legislative proposals, and recommend improvement to existing legislation; and
4. to take an active leadership role on behalf of its members and the business community by initiating, coordinating and/or developing programs and policies to be presented to appropriate levels of government.

This Policy and Positions Manual contains informed opinions and policy statements adopted by Members during the policy session at The Chamber's 51st Annual General Meeting held in Courtenay, B.C., May 22nd to 24th, 2003.

The Chamber's policy statements contained herein are submitted or presented to the provincial and federal governments and are individually called to the attention of the Cabinet ministers responsible in order to make it possible for pending government legislation and regulations to reflect the individual opinion of our chamber members.

INTRODUCTION

The Policy and Positions Manual also serves as a working document for The Chamber's policy committees, whose members regularly review and assess the timeliness, importance and scope of The Chamber's policy statements.

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TABLE OF CONTENTS

POLICY DEVELOPMENT PROCEDURES FOR 2003-2004	7
<u>STATEMENTS OF POLICY</u>	
AGRICULTURE	15
CONSUMER SERVICES.....	16
ECONOMIC DEVELOPMENT	17
EDUCATION	19
ENERGY AND MINERAL RESOURCES.....	20
ENVIRONMENT	21
FINANCE.....	22
FISHERIES.....	23
FORESTS	24
HEALTH	24
LABOUR AND EMPLOYMENT	26
MUNICIPAL AFFAIRS	27
NATIONAL UNITY	27
SOCIAL SERVICES	28
TOURISM AND TRAVEL	29
TRANSPORTATION AND HIGHWAYS.....	30
<u>POSITIONS ON SELECTED PROVINCIAL ISSUES</u>	
<u>ADVANCED EDUCATION</u>	
CLOSING THE SKILLS GAP (2002).....	37
FUNDING POST-SECONDARY EDUCATION IN BC (2002)	39
UNIVERSITY COLLEGE OPPORTUNITIES (2002)	40
PRIVATE POST-SECONDARY EDUCATION COMMISSION (2001).....	41
<u>AGRICULTURE, FISHERIES AND FOOD</u>	
LEVELLING THE PLAYING FIELD FOR BC'S AGRICULTURE INDUSTRIES (2003)	42
BC SHELLFISH INDUSTRY ENVIRONMENT, EXPORT AND EMPLOYMENT (2003)	43
AQUACULTURE IMPACT STUDIES (2001).....	44
FISHERIES BOARD APPOINTMENTS (2000).....	44
<u>ATTORNEY GENERAL AND TREATY NEGOTIATIONS</u>	
ABORIGINAL TREATY NEGOTIATIONS – LAND TITLE (2001)	45
ABORIGINAL TREATY NEGOTIATIONS – PROCESS (2001)	46
ABORIGINAL TREATY NEGOTIATIONS – OUTCOMES (2001).....	48
<u>COMMUNITY, ABORIGINAL AND WOMEN'S SERVICES</u>	
COMMUNITY CHARTER (2003)	51
BUSINESS VOTE (2002)	51
LOCAL GOVERNMENT FINANCE (1999).....	52
<u>COMPETITION, SCIENCE & ENTERPRISE</u>	
TOURISM BRITISH COLUMBIA (2003)	54
BC'S COMPETITIVE DISADVANTAGE FOR FILM PRODUCTION (2003).....	55
TRADE AS ECONOMIC STIMULUS (2002).....	56
IMPORTANCE OF BROADBAND INFRASTRUCTURE IN NON-URBAN AREAS (2001)	57
TOURISM – PROMOTION, MARKETING AND SERVICE (2001).....	58
CAN-AL RAIL LINK PROJECT (2000)	59
FUEL CELL TECHNOLOGY (1999).....	60
<u>EDUCATION</u>	
FOUNDATION SKILLS (2003)	61
QUALITY EDUCATION IN THE ABORIGINAL COMMUNITY (1998).....	61
TECHNOLOGY IN EDUCATION (1994)	62
<u>ENERGY & MINES</u>	
TRANSCO GOVERNANCE AND TARRIFS (2003)	63
ELECTRICITY MARKET REFORM (2002)	65
GEOLOGIC SURVEY BRANCH AND ENCOURAGEMENT OF MINERAL EXPLORATION, DEVELOPMENT, AND PRODUCTION (2002).....	67
DISTRIBUTED GENERATION (2001)	70
EXPLORATIONISTS LIABILITY ON ABANDONED MINE SITES (2001).....	71

TABLE OF CONTENTS

MINERAL TENURE IN BC (1999).....	72
PACIFIC COAST OIL AND GAS (1998).....	74
DELINEATION OF SURFACE AND MINERAL TENURE LAND RIGHTS (1998).....	75
ROAD DEACTIVATION (1998).....	75
FINANCE	
INTERNATIONAL FINANCE CENTRE (2003).....	76
TRANSPORTATION FUNDING AND INCREASED GASOLINE TAXES (2003).....	77
PROVINCIAL SALES TAX (2002).....	77
PROPERTY TRANSFER TAX (2002).....	78
HARMONIZATION OF PROVINCIAL SOCIAL SERVICES TAX WITH FEDERAL GST (2002).....	79
CENTRE FOR PUBLIC PRIVATE PARTNERSHIP (P3) INNOVATION (2002).....	81
FORESTS	
OPENING LOG MARKETS (2003).....	82
MOUNTAIN PINE BEETLE EPIDEMIC (2003).....	83
BUILDING BC'S FUTURE WITH WOOD (2003).....	84
BLUEPRINT FOR COMPETITIVENESS (2000).....	85
FORESTS (1998).....	86
HEALTH (PLANNING AND SERVICES)	
A NEW VISION FOR HEALTH CARE (2002).....	94
NATIONAL NURSING AND HEALTH CARE PROFESSIONAL SHORTAGES (2002).....	95
HEALTH CARE (2000).....	96
OFFICE OF THE PREMIER	
BC PROGRESS BOARD AND PROJECT 250 (2003).....	103
CROWN CORPORATIONS AND AGENCIES (2003).....	105
ECONOMIC DEVELOPMENT MINISTRY (2003).....	108
DECENTRALIZATION OF GOVERNMENT (2003).....	108
STATEMENT OF GOVERNMENT SUPPORT (2002).....	110
BC PROGRESS BOARD (2002).....	110
FISCAL RESPONSIBILITY (2002).....	111
AGREEMENT ON INTERNAL TRADE (1999).....	112
PROVINCIAL REVENUE	
CROWN LAND ASSESSMENT (2002).....	114
DISTRIBUTION OF RESOURCE REVENUES (2000).....	114
SKILLS TRAINING AND LABOUR	
LABOUR AND EMPLOYMENT (1998).....	115
SOLICITOR GENERAL	
THE CONTRIBUTION OF GAMING TO ECONOMIC DIVERSITY (2003).....	124
MARIJUANA CULTIVATION OPERATIONS (2003).....	124
SLOT MACHINES AT RACE TRACKS (2003).....	127
GAMING LICENSES (2003).....	129
SUSTAINABLE RESOURCE MANAGEMENT	
RESOURCE MANAGEMENT CONSULTATION (2002).....	131
REVIEW OF LAND RESOURCE MANAGEMENT PLAN – JURISDICTION OF PRINCESS ROYAL ISLAND (2001).....	131
LAND USE PLANNING (1999).....	132
YELLOWSTONE TO YUKON – PROPOSED WILDLIFE CORRIDOR (1999).....	134
TRANSPORTATION	
CONTAINERIZATION IN PRINCE RUPERT (2003).....	136
INSIDE PASSAGE #10 PORT HARDY TO PRINCE RUPERT (2003).....	137
TRANSPORTATION INFRASTRUCTURE (2003).....	137
HIGHWAY TOLLS FOR COMMUNITIES WITH SINGLE HIGHWAY ACCESS (2003).....	138
RIGHTS OF WAY AND REST AREA COMMERCIALIZATION (2003).....	139
RAPID TRANSIT, RICHMOND-VANCOUVER (2002).....	139
INTEGRATED PROVINCIAL TRANSPORTATION PLAN (2002).....	140
PRIVATIZATION OF THE COQUIHALLA HIGHWAY (2002).....	140
THIRD CROSSING OF BURRARD INLET (2002).....	141
ROADS REHABILITATION AND UPGRADING (2000).....	142

TABLE OF CONTENTS

HIGHWAY CROSSING OF THE FRASER RIVER BETWEEN MAPLE RIDGE –PITT MEADOWS AND LANGLEY-SURREY (2000).....	143
SOUTH FRASER PERIMETER ROAD (2000)	144
TRANS CANADA HIGHWAY (1999).....	145
HIGHWAY #37 UPGRADE (1997).....	146
RAIL CROSSINGS (1997).....	147
MASSEY TUNNEL EXPANSION (1997)	147
<u>WATER, LAND AND AIR PROTECTION</u>	
ENVIRONMENT – COMPOSTING (2002).....	148
ENVIRONMENTAL REVIEW PROCESS (1993).....	149
<u>POSITIONS ON SELECTED NATIONAL ISSUES</u>	
<u>ENVIRONMENT</u>	
GREENHOUSE GAS EMISSIONS AND THE KYOTO PROTOCOL (2003).....	153
ENVIRONMENTAL REVIEW PROCESS (1993).....	155
<u>FINANCE</u>	
GOODS AND SERVICES TAX REBATE (2003)	156
FEDERAL SPENDING AND DEBT (2002)	156
FEDERAL TAX REDUCTION (2002).....	158
FEDERAL GASOLINE TAX (2000).....	160
<u>FISHERIES & OCEANS</u>	
SALMON FARM RELOCATION AND THE CANADIAN ENVIRONMENTAL ASSESSMENT ACT (2003).....	161
SALMON HATCHERY FUNDING (2003).....	163
SPAWN ON KELP POLICY (2001).....	163
AQUACULTURE IMPACT STUDIES (2001).....	164
FISHERIES BOARD APPOINTMENTS – FEDERAL AND PROVINCIAL (2000)	164
DFO DE-CENTRALIZATION (2000)	164
<u>INDIAN AFFAIRS & NORTHERN DEVELOPMENT</u>	
ABORIGINAL TREATY NEGOTIATIONS – LAND TITLE (2001)	165
ABORIGINAL TREATY NEGOTIATIONS - PROCESS (2001).....	166
ABORIGINAL TREATYNEGOTIAIONS - OUTCOMES (2001).....	167
<u>INDUSTRY</u>	
IMPORTANCE OF BROADBAND INFRASTRUCTURE IN NON-URBAN AREAS (2001)	170
AGREEMENT ON INTERNAL TRADE (1999).....	171
<u>INTERNATIONAL TRADE</u>	
CANADA – UNITED STATES SOFTWOOD LUMBER AGREEMENT (2001).....	173
<u>TRANSPORT</u>	
HOVERCRAFT REPLACEMENT AT SEA ISLAND BASE VANCOUVER INTERNATIONAL AIRPORT (2003).....	174
VIA RAIL ON THE SOUTH LINE (2003).....	174
AIR TRAVELERS SECURITY CHARGE (2002)	175
NATIONAL HIGHWAY SYSTEM – TRANSPORTATION INVESTMENT STRATEGY (2000)	176
CAN-AL RAIL PROJECT (2000).....	177
TRANS CANADA HIGHWAY (1999).....	178
BOARD OF DIRECTORS 1999-2000	179
PAST PRESIDENTS AND CHAIRS.....	180

NOTES

POLICY DEVELOPMENT PROCESS

A REVIEW OF THE PROCEDURES THAT GOVERN THE POLICY DEVELOPMENT PROCESS

AN INVITATION TO YOUR CHAMBER TO PARTICIPATE IN THE POLICY DEVELOPMENT PROCESS

This is a formal invitation to our Member Chambers to participate in the British Columbia Chamber of Commerce (The Chamber) policy development process prior to, and during, the Annual General Meeting, May 27th to 29th, 2004 in Salmon Arm, BC.

You are invited to consider drafting and submitting a resolution for debate at the Annual General Meeting. This material will overview the procedures, established by the Executive and pursuant to Article 8 of the by-laws of The Chamber, that govern the policy development process. In any case of conflict between these guidelines and the by-laws, the by-laws shall prevail.

MARCH 29TH, 2004 IS THE DEADLINE DATE FOR RECEIPT OF RESOLUTIONS.

We hope that your Chamber will contribute to this important element of our work, and will help make the process even stronger in the future. Please review carefully this background information and, should you decide to prepare a submission, ensure that it is forwarded in order to arrive at The Chamber's office no later than March 29th, 2004 (sixty days before the commencement of the Annual General Meeting). Members are strongly encouraged to submit proposed policy resolutions well in advance of that date.

POLICY DEVELOPMENT PROCEDURES FOR 2003-2004

Due to a greater involvement by our Member Chambers, The Chamber's policy discussions have emerged as the centrepiece of our Annual General Meeting, and have attracted increasing attention from government, the news media and the public. Today, our debate and approval of public positions on provincial issues is widely recognised as "The Voice of B.C. Business".

To facilitate the process and to ensure the debate is timely and of overall high quality, we ask our members to recognise the following procedures:

1. each Member and each Standing Committee may submit resolutions in its own name for consideration at any Annual General Meeting. Each Member is encouraged to limit its submissions to two resolutions. Additional resolutions may be submitted in the name of other Members or, in exceptional circumstances and at the discretion of the Executive, by such Member.
2. the effective lifespan of each resolution, once approved by Annual General Meeting delegates, is three years from the date of adoption. Resolutions may be revoked, amended or replaced at subsequent Annual General Meetings or, pursuant to Article 8.6 of the by-laws, by The Chamber's Board of Directors or Executive.
3. the Policy and Positions Manual, published following the Annual General Meeting, contains the full text of all policy resolutions currently in force: that is to say, it will include the policy resolutions approved at

POLICY DEVELOPMENT PROCESS

the current and two preceding Annual General Meetings. (As such all readers, including provincial and federal legislators will be exposed to all policies currently in force.)

GETTING INTO ACTION - STARTING NOW!

At the 2004 Annual General Meeting of The Chamber, the quality and length of the policy sessions will depend on the content and total number of proposed resolutions that you submit for consideration.

QUESTION-AND-ANSWERS CONCERNING THE CHAMBER'S POLICY PROCESS

1. WHAT IS "POLICY" AND WHERE IS IT FOUND!

The official public positions of The Chamber on provincial and federal issues are known as its "policies". Policies are published in three sections:

1. the "Statement of Policy" section which outlines the basic principles in which The Chamber believes. Because these beliefs are intended to be broad in scope and general in application, the viewpoints generally remain unchanged from year to year unless a basic shift in business thinking results in modifications or amendments;
2. the "Policy and Positions" section on provincial issues which contains the full text of The Chamber's positions on major, current provincial issues, as approved by the membership each year at the Annual General Meeting; and
3. the "Policy and Positions" section on national issues which contains the full text of The Chamber's positions on major, current federal issues, as approved by the membership each year at the Annual General Meeting.

These approved provincial and federal resolutions form the basis for The Chamber's programs.

2. WHAT IS MEANT BY "THE POLICY PROCESS"?

The process is the complete chain of events by which issues are identified and analysed, resolutions are formulated and developed by local Chambers, Board of Directors, or a Standing Committee, submitted to The Chamber by the deadline (sixty days in advance of the Annual General Meeting), checked and revised by Standing Committees, screened for eligibility by the Policy Committee, circulated for study, and debated at the Annual General Meeting.

Once approved, these resolutions become the "official" policy positions of The Chamber for three years and are submitted each year to the provincial and federal government for action.

The term "policy process" covers every step, from the time a local Chamber decides to draft a proposed resolution on an important topic, to its submission as a resolution to The Chamber, to its appearance as approved policy in the Policy & Positions Manual.

3. WHAT ARE THE BASIC STEPS IN THE PROCESS?

POLICY DEVELOPMENT PROCESS

- A. Each year, usually no later than December or January, Members and The Chamber's Standing Committees are invited to draft proposed resolutions.
- B. The draft resolutions (with supporting documentation) must arrive at The Chamber's office no later than sixty days before the commencement of the Annual General Meeting. **FOR 2004 THE DEADLINE IS MARCH 29TH.**
- C. As each proposal arrives, it is referred to the appropriate Standing Committee and the Policy Committee. These Committees verify the facts presented in each resolution and generally apply their knowledge to strengthening the proposals, where appropriate. With the agreement of the submitting members similar resolutions may be combined into a stronger, single statement.

Note: The Standing Committees **do not do the work** of the submitting member, but where they have information that would improve the calibre of the material, they bring it to the attention of the submitter.

- D. Soon after the submission deadline, the Policy Committee meets to examine each proposed resolution in its revised form. The Policy Committee has the difficult task of determining the eligibility of proposed resolutions for discussion at the Annual General Meeting. (See Section 4 which deals with the eligibility criteria applied by the Policy Committee in making its decisions.)
- E. Proposed resolutions which meet the eligibility criteria are printed in the Proposed Resolutions Manual (also known as the "delegate's handbook").

This book is sent to all Members at least thirty days before the Annual General Meeting. Each member is strongly encouraged to study the items and determine the position it will take on each during the policy session.

- F. At the Annual General Meeting, a full day is usually set aside for discussion and debate of the proposed resolutions.

In order to speed up the process and to provide more time for debate at the policy sessions of the Annual General Meeting, the Chair of the sessions may accept a single motion to consider all proposed resolutions. However voting to approve or reject any resolution will be done individually.

In order to be adopted, any policy resolution at the Annual General Meeting must receive the support of sixty-seven percent (67%) of votes cast.

In the Proposed Resolutions Manual, and at the Annual General Meeting, the Chairs of the Standing Committees will inform the delegates of the Standing Committee's views on each policy resolution, with the full understanding that the final disposition of each policy resolution is the sole responsibility of the voting delegates.

- G. Any proposed policy resolutions that are received after the March 25th deadline are classified as "late resolutions" and are not circulated to members prior to the Annual General Meeting unless directed by the Board of Directors.

Late resolutions are examined by the Board of Directors or Executive, prior to the policy sessions of

POLICY DEVELOPMENT PROCESS

the Annual General Meeting, to determine whether they are of sufficient importance and timeliness to be considered at the Annual General Meeting. Any such late resolutions, may, at the discretion of the Board of Directors or Executive, be presented to the delegates at the completion of the regular policy debate.

H. After the Annual General Meeting, The Chamber publishes the text of all resolutions approved at the Annual General Meeting and those approved at the two previous Annual General Meetings in the Policy & Positions Manual. At the same time, The Chamber brings the policy positions to the attention of the appropriate levels of government through letters, briefs, private meetings, public statements... whatever is the most effective means available, depending on the issue and circumstances.

4. HOW IS THE DECISION MADE TO DETERMINE WHICH RESOLUTIONS WILL BE APPROVED FOR DEBATE AT THE ANNUAL GENERAL MEETING?

Delegates to recent Annual General Meetings have requested that the policy debates stress **QUALITY -- NOT QUANTITY**.

Therefore, and in accordance with the by-laws of The Chamber the Policy Committee will critically examine each policy submission with the following guidelines in mind:

- ➔ Is the issue a subject that affects all (or a significant number of) businesses in all parts of British Columbia?
- ➔ Is it a timely, current problem that requires action now?
- ➔ Is the resolution properly researched and is the background material factual, detailed and complete?
- ➔ Does the resolution deal with a provincial legislative or regulatory issue, or is it a programming suggestion more appropriate for consideration by The Chamber's Board of Directors?

In short, is the issue a matter of sufficient importance to a cross-section of British Columbia business that community and business leaders from across the province would be willing to spend their time debating it?

In purely legal terms, The Chamber's by-laws clearly specify that, in order to be eligible for discussion, all proposals must be provincial (or national) in character; timely in importance; and general in application to the economic public welfare.

It is important to remember that the final goal of the policy process is to provide the substance for informed debate at the Annual General Meeting - a debate that is carefully observed by the government, the news media, prospective members of The Chamber and the general public.

5. WHAT SHOULD A PROPOSED RESOLUTION LOOK LIKE?

Each resolution should bear a title which describes the issue; contain a brief statement of the issue;

POLICY DEVELOPMENT PROCESS

provide sufficient quality, quantity and clarity of background information to allow for understanding and meaningful debate at the Annual General Meeting (i.e., ensure that the facts presented are well-researched and accurate) and include one or more specific recommendations calling for action by the provincial or federal government.

6. SHOULD WE DECIDE TO DRAFT A RESOLUTION, WHAT MUST WE DO TO GET IT INTO THE PROCESS?

All resolutions, intended for debate at the 2004 Annual General Meeting, must be received at The Chamber office no later than March 29th. We suggest that Member Chambers consider using an **assured delivery system** in order to be certain that your material is received by the deadline.

7. I STILL HAVE A FEW QUESTIONS; WHO WILL ANSWER THEM?

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NOTES

The British Columbia Chamber of Commerce

STATEMENTS

OF

POLICY

2003-2004

S STATEMENTS OF POLICY

AGRICULTURE

Agriculture plays a larger and more significant role in the provincial economy than most understand or are aware of. It is a growth industry that can help the province achieve its economic and employment goals, provided the industry has a level playing field in comparison to competing jurisdictions.

The industry currently provides direct employment to over 30,000 people and continues to grow in farm cash receipts, now over \$2.3 billion. The total value of the industry from producer to consumer is \$19 billion and provides employment to 267,000 British Columbians. It is a diverse industry producing over 250 different commodities. While there is great strength in this diversity, each single commodity has unique needs and interests, creating challenges in addressing provincial agriculture policy. Agriculture is a stabilizing factor in many of the province's rural and regional communities. As other resources sectors face significant challenges, agriculture has maintained stability, employment growth, and economic contribution in these areas.

We believe that if government encourages investment through fostering a positive business climate, the industry can achieve tremendous growth, creating jobs and economic activity throughout the province.

The key elements of agriculture policy must include:

- Commitment to the real reduction of regulation in areas of environment, forest practices, and workers compensation and greater flexibility in employment standards. Regulatory approaches must be results or outcome based as opposed to the current regime of prescriptive regulation. This is particularly evident in environmental regulation. Duplication and overlap between federal and provincial regulation must also be rationalized.
- A strategy to encourage more BC food processing and value added by dealing with financial, regulatory and taxation issues to capitalize on the tremendous growth opportunities. An increase in food processing capacity will drive increased primary production.
- Continued efforts to address growing conflicts at the rural/urban interface and maintenance of provincial support for the Agriculture Protection Act and the right to farm under generally accepted farming practices.
- Continued support for federal provincial agreements that provide for revenue neutral, producer driven, effective farm safety-net programs, including crop insurance, stabilization and disaster assistance programming.
- Support for the maintenance of producer orderly marketing systems and the rights of producers to choose their approach to marketing in a collective manner. Maintaining these marketing systems is now more important than ever before, given today's global marketplace and increasing concentration in the food processing and retail sectors.
- Continued support for incentive based approaches for environmental stewardship and enhancement. Increased support and partnership from federal agencies including Fisheries and Oceans Canada and Environment Canada is required. Funding support provided through such important initiatives as the

S STATEMENTS OF POLICY

federal provincial Agriculture Policy Framework and the Agri-Food Futures Fund is an important component of this strategy.

- Security of access to resources, particularly water, and resolution of land claim processes to provide security and remove uncertainty of access to lands for BC ranchers and farmers.
- Continued support for both the purchase of BC grown products as first choice and the efforts of the industry managed delivery of the BUY BC Program.
- Recognition of the importance and value of education and awareness programs that focus on the important contribution of the industry through such initiatives as AgAware BC and the Agriculture in the Classroom Foundation.
- Continued support for the establishment of local and regional Agriculture Advisory Committees to provide valuable input and advice to local government decisions and land use planning.

The Chamber believes that by addressing these issues with a renewed commitment it can attract industry and real growth. The challenge for industry, both primary producers and processors, and for government is to work collectively and move forward in a positive, proactive manner.

CONSUMER SERVICES

The Chamber recognizes the need for protection of all consumers, as well as maintaining the integrity and credibility of the marketplace. The Chamber is the principal voice of free enterprise.

The role of the Chamber is to draw the provincial government's attention to any inequalities within the marketplace and to recommend corrective measures. The Chamber also believes itself responsible for providing informed input to and working with government regarding proposed legislation and associated regulations on a continuing basis.

The Chamber believes that the role of the provincial government is to encourage operating efficiency in the marketplace, maintain confidence in business and financial institutions, and stimulate individual investments in the province.

The Chamber believes that legislation dealing with both consumer services and corporate relations should be readily understandable and should be enacted only in response to a proven need. As much as possible, government should allow the marketplace to govern itself.

S STATEMENTS OF POLICY

ECONOMIC DEVELOPMENT

The British Columbia Chamber of Commerce believes the provincial government should provide a positive environment to support the private enterprise system.

The Chamber believes the role of government in economic affairs should be limited to providing a framework within which businesses are encouraged to develop their full potential.

The role of The Chamber in economic affairs is:

1. To encourage and support its members in the advancement of economic development in their communities;
2. To assist members in gaining access to government, in supporting constructive government programs, and in opposing counter-productive programs;
3. To foster educational programs which increase society's awareness that free enterprise and individual initiative are the keys to economic prosperity and social well-being; and
4. To recommend and to support the introduction and implementation of government policies which facilitate economic development and efficiency.

Independent Business Development

For its own purpose, The Chamber defines an independent business as a firm which is owner-managed and/or operated by an entrepreneur and is generally not dominant in its field of endeavour. The Chamber defines an entrepreneur as a person who takes the risk of profit or loss.

It is estimated that over 98% of the registered businesses in this province can be considered as small or medium-sized enterprises (fewer than 50 employees). In terms of numbers, this represents an excess of 342,600 independently owned and operated firms. Over 95% of businesses in BC employ fewer than 20 people and 82% employ fewer than five. No other province in Canada is as dependent as British Columbia on independent business for its economic well-being.

Home based business is a very important aspect of the small business community. It is estimated that one in four Canadian homes have some form of home business. The growth in this area is astonishing as there were approximately 349,440 new home based businesses in Canada in 1997. This shows a significant shift in our economy.

There are three major areas of concern to the independent business community.

Financing

A major problem for small enterprises involves the identification and acquisition of public or private equity financing opportunities. Present sources tend to restrict the flexibility of a firm. Government financial assistance is generally distributed to specific sectors or regions. The need for venture capital or early stage public financing is frequently a matter of survival. At times, interest rates, keen competition for reasonable financing, restrictive contractual obligations and cumbersome securities regulations (although we understand the need for securities regulations, the current regime is ineffective) result in a narrowing of the competitive alternatives available to independent business management.

S STATEMENTS OF POLICY

Adverse Impact of Government Policy Development Process

Too frequently, governments at all levels make regulations pertaining to business without considering the total cost of compliance or initiate arbitrary changes to legislation without due consideration of the impact on the business community. We do not deny the necessity for certain regulations, but some demands on businesses made by government can be a deterrent to the establishment of new enterprises and the operation of existing enterprises.

The operation of government is a public activity. Public policies ought to be shared with all members of the public, who are the customers and owners of the government.

Information sharing should be widely available and current. This sharing on the internet is becoming a relatively efficient method of providing information. For example, the federal government has published its regulations on the website.

Frequently, public policies, regulations and laws are created without notice to many affected parties. If an agreed method of considering and introducing proposed changes to these items were struck so that affected parties could provide input at an early stage, public policies may gain greater public acceptance and government operations may become better run.

The Chamber believes:

1. That all governments strengthen their programs that review existing legislation and regulations pertaining to business and eliminate those measures which result in an unnecessary cost to small business (and ultimately the consumer); and
2. That all governments, after consulting with the business community, should take those steps necessary in order to implement the required improvements.
3. Government should continue to provide ample notice of intention to modify its laws, regulations and policies, not just to interest groups, but to the public generally as a matter of practice

Taxation

The multiplicity of taxes and administration thereof which confront businesses add unnecessarily to the cost of doing business in a disproportionate ratio to some other jurisdictions. They do this in a number of ways. The first is through the direct costs of taxes, be they personal taxes meaning businesses in BC have to pay higher wages than their competitors to attract the talent, or business taxes that go straight to the bottom line or the proliferation of fees and licenses that business face in BC today. This problem will be compounded because the downloading of expenses to municipalities could lead to new fees and taxes. A second is the indirect addition of administrative costs. The use of private business as a conduit to collect taxes from the consumer has generally been viewed by the government as a politically expedient source of additional revenue. However, some of these administrative costs cannot be passed on to the consumer by the business operator because of market forces.

The Chamber believes the provincial government should recognize that it is essential that the provincial industries' ability to compete in world markets not be impaired either through undue, or disproportionate, business or personal taxation or government imposed competitive handicaps which would contribute to significant increases in operating costs. Such costs place all industries at a disadvantage relative to

S STATEMENTS OF POLICY

competitors in foreign countries and within Canada.

EDUCATION

British Columbia business and industry can become and remain competitive only by the maintenance of the highest standards in the development of human capital. These standards must reflect international levels of competitiveness reflecting the changing needs of the world economic activity to keep BC business and industry competitive for the future.

The Chamber believes that the provincial education system from kindergarten to elementary, secondary and post-secondary levels, must provide equal opportunity for all students to develop to the maximum of their potential. As the needs of society and economy change, so must the educational system.

The Chamber believes that the elementary and secondary school system must continue to stress basic educational skills, at least equal to leading world standards in the prescribed criteria. The system must also include critical and creative thinking, the ability to analyse and the skill to communicate. It must introduce students to the new educational technologies and provide means for students to become computer literate.

Students must have opportunities to explore the multitude of international and domestic opportunities which are available to today's secondary school graduates. Secondary students must be encouraged to proceed to graduation and where students leave the school system before graduation, adequate facilities must be made available for them to attain graduation at a later date through continuing education and community college programs. An alternative career pathway to the academic stream must be maintained similar to other world class programs affording students the opportunity to receive alternative skill development.

Career, vocational and post-secondary programs should afford students the opportunity to become involved in and be acquainted with a variety of work and entrepreneurial environments. This requires a closer liaison and open partnerships between business, industry and the school system.

In keeping with the ideal of an educational system which encourages and assists lifelong learning that keeps an individual up to date in their chosen field, educational programs should afford opportunities for those who are basically or functionally illiterate, including those who face the challenge of acquiring English as a second language, and those who seek a career in a non academic field.

British Columbia vocational programs must prepare students to meet the challenges of the local, national and international skills required to compete and make both the student and the BC economy strong and flexible now and in the future.

British Columbia colleges and universities, and our private and non-profit trainers, can assure the quality of their graduates only by the maintenance of high levels of academic excellence.

S STATEMENTS OF POLICY

ENERGY AND MINERAL RESOURCES

The materials derived from mineral and petroleum deposits, the power derived from energy resources, and the activities associated with their discovery, development and distribution are crucial to the continued economic growth of this province and Canada.

British Columbia is well endowed with these primary resources and the federal, provincial and local governments need to energetically promote the development of those resources for the future economic and social benefit of our society.

Guidelines for Action

Although the Chamber advocates the careful management and wise use of the natural environment, the preservation and enhancement of the social and economic environments essential for the welfare of humanity is nevertheless equally imperative. This requires the continued production of such resources as metals, coal, natural gas, industrial minerals, etc. Consequently, review processes of proposed resource developments must balance the impact on the natural environment against the social and economic requirements by society for the products recovered.

The benefits which should accrue from specific resource development are often threatened by review and permitting delays which undermine investor confidence and result in a loss of market opportunities. Time is of the essence and it is essential that government investigations be made promptly and decisions be rendered expeditiously. The provincial government must establish a transparent process with definitive timelines for the development and permitting of mineral opportunities.

Mineral Resources

A more positive investment climate that will be conducive to revitalizing the exploration and development of the mineral resources of British Columbia must be created by governments.

Energy

The development of energy resources must be for the primary purpose of establishing a secure supply of energy for provincial benefits. The provincial government is also encouraged to create the climate for open competition in the energy market.

S STATEMENTS OF POLICY

ENVIRONMENT

The Chamber believes there is a need for continuing economic development in British Columbia. The Chamber also believes that the impact on the environment must be minimised.

The Chamber supports the provincial government in its efforts to minimise this impact by the establishment and enforcement of appropriate standards and regulations based on supportable data which take into consideration:

1. technical feasibility;
2. economic feasibility;
3. the assimilative capacity of the environment on a site specific basis; and
4. recognition of the right of humankind to continue to enjoy the environments to which it has become accustomed; the natural environment as well as the technological, economic, social and material environments which are equally essential to its continued well-being.

The Chamber strongly recommends that all environmental standards and regulations established by provincial and federal governments and agencies be integrated and harmonised and that any required environmental assessment and enforcement be carried out on a joint basis by establishing a single point of contact, and setting clear guidelines which would permit the expeditious processing of applications for industrial and energy development within the province of British Columbia.

S STATEMENTS OF POLICY

FINANCE

The Chamber believes the provincial government should continue the process of encouraging efficiency within ministries.

The Chamber appreciates the prompt manner in which the government introduces legislation to implement budget proposals. However, in some instances, the proclamation of Bills or the release of regulations relating to certain laws has been delayed unduly. It is our hope that the proposed streamlining of the federal budget process will provide a better atmosphere for the provincial government to announce a timetable whereby the proclamation of laws and the release of associated regulations will be accomplished within a shorter period of time.

The Chamber is concerned about government controlled supply costs, the sum total of taxes collected and the efficient use of those tax dollars. In that regard, we believe government must reduce expenditures and annual deficits and improve in the areas of financial reporting and administration.

The British Columbia Economy

In the past, the province has been heavily dependent upon a few key industries for its economic prosperity, namely agriculture, energy, forestry, mining and tourism. These industries still supply the greatest portion of the province's income, and employment, but our economic potential will be enhanced through the continued growth of our emerging industries such as high technology and film, and through further diversification. The health of these industries in turn affects the many varied business enterprises which directly or indirectly rely on them for income, and has a major impact on the tax dollars available to fund government services and social programs.

The large sums of new investment capital required for expansion and for replacement of old plant and equipment and for the development of these new industries will not be made available from domestic or international sources unless certain conditions exist. Government must be prepared to ensure that prudent business people are able to realise a reasonable return on investment in relation to risk after payment of taxes, and investors have reasonable assurances that the legislative and regulatory ground rules will not be changed to the detriment of the investor after his or her funds have been committed.

It is essential that efforts continue in the development of secondary industries in British Columbia to further process our primary products and to manufacture more of the products used in British Columbia, increasing our capacity to export such products. At the same time, efforts should continue to further enhance the service sector of the British Columbia economy.

The Chamber believes that the provincial government should continue to direct its efforts and resources to the stimulation of economic conditions which encourage business investment through the following:

1. provincial, corporate and personal income tax policies that are competitive with other provinces and international trading partners and which encourage long term investment;
2. achievement of a common labour and management goal of improved productivity in and competitive position of British Columbia industry;

S STATEMENTS OF POLICY

3. reduction of the proportion of gross provincial output consumed by government services; and
4. consolidation of small business development programs and maintenance of clear legislation, rules and regulations relating to those programs.

FISHERIES

The British Columbia Chamber of Commerce recognizes:

1. that jurisdiction over salt water fisheries rests with the federal government;
2. that jurisdiction over fresh water fisheries rests with the provincial government;
3. that jurisdiction over the fresh water resources and habitat of the province, essential to all fisheries, resides with the provincial government;
4. that, in the commercial fisheries, the responsibility for processing and marketing of fish products resides with private enterprise and the provincial government;
5. that the responsibility for regulation of boating rests with the federal government (Department of Transport);
6. that the economic and social values to British Columbia and Canada of the commercial and sport fishing industries are significant; and
7. that the economic and social benefits to British Columbia and Canada from the development of mariculture and aquaculture industries can be very significant and should be encouraged.

The Chamber therefore urges the continuation and broadening of cooperation between the federal and provincial governments and private enterprise to protect, develop and ensure the optimum economic returns from this renewable material resource.

STATEMENTS OF POLICY

FORESTS

It is the policy of the British Columbia Chamber of Commerce that public forest policy contribute positively to the world competitiveness of forest dependent businesses in the province while meeting, on a sustainable basis, the social, environmental and economic needs of British Columbians.

As current public forest policy is adversely impacting this competitiveness, the Chamber recommends action be taken to improve this policy in at least two key areas:

- Amount of and Availability of Timber Supply: to reverse the trend of a declining timber supply and remove unnecessary impediments to the availability of that supply, the Chamber recommends that the provincial government:
 - protect the forest land base;
 - improve the process for establishing the Allowable Annual Cut including, but not limited to, establishment of Forest Land Reserve and Timber Product targets; and
 - encourage investment in our forests;
 - remove administrative and land use planning impediments to making the full AAC available for harvest.
- Cost of Timber Supply: to reverse the trend of increasing delivered wood costs, the Chamber recommends that the provincial government:
 - continue regulatory reform, deregulation with the intent of removing impediments to harvest; and
 - establish a stumpage system that reflects industry's ability to pay.

HEALTH

The Chamber believes that it is the responsibility of the provincial government to provide adequate programs for the prevention and treatment of disease and trauma-related illnesses or disabilities, within a balanced provincial budget. To this end, The Chamber supports the provincial government in its attempts to maintain a realistic level of funding, and to streamline services within the Ministry of Health while continuing to improve the quality of health care.

The Chamber strongly supports the continued independence of the self-governing licensing bodies of the health profession within the appropriate Acts of the Legislature.

The Chamber believes that:

Policy

- To ensure the optimum utilization of health care funding, the provincial government must develop a 10-year and longer range plan for the efficient delivery of health care services throughout the province. Such a model can be adjusted to reflect budgetary considerations.

S STATEMENTS OF POLICY

- The provincial government must actively encourage cooperation between community and government agencies and between ministries to ensure better health care delivery through coordination, integration, and elimination of duplicated services.
- The provincial government should increase the promotion of health-related research including holistic health issues so that British Columbia can continue to contribute effectively to medical progress.
- The provincial government should continue to study the impact of the ageing population of the province on health care costs.

Finance

- The provincial government should continue to negotiate with the federal government to implement an equitable cost sharing health care system in this province which would encourage individuals to be made aware of their responsibility as to the appropriate use of health care services.

Standards

- That the provincial government should review and upgrade the role of the rehabilitation professions to promote the preventative health care and improved physical and mental health of British Columbia's citizens.
- The provincial government should expedite the reaching of a resolution of the problems relating to the allocation of medical billing numbers and the distribution of medical practitioners in British Columbia.

Education

- The provincial government should continue to emphasise the responsibility of the individual regarding lifestyle, especially in the area of sexual practices, nutrition, exercise, accident prevention, and habitual use of alcohol, drugs and tobacco.
- The provincial government should integrate programs of public education which demonstrate to the individual the benefits that accrue as the result of good health habits.

S STATEMENTS OF POLICY

LABOUR & EMPLOYMENT

The vast majority of jobs and economic development in British Columbia is generated from the small and medium sized business sector ("SME"). SME currently accounts for 80% of job creation in Canada and their employees represent nearly 50% of all workers in the Province.

A disincentive to investment and killer of jobs is over-regulation by Government of SMEs. Labour and employment regulations have undergone significant changes since 1993. In most cases, the changes have made it more difficult for SMEs to operate and have significantly hindered job creation in British Columbia.

Although there are many Government regulations in this field, the key labour and employment regulations addressed by the BC Chamber of Commerce Policy Manual at the Provincial level are:

- *Labour Relations Code*
- *Employment Standards Act*
- *Workers Compensation Act*

At the Federal level, the focus of the BC Chamber of Commerce Policy Manual is the *Canada Labour Relations Code*.

Given the economic ills of the Province at this time, the Chamber recommends as a general policy that governments at both the Federal and Provincial level do not enact any changes that further regulate and restrict SME. Changes must be adopted to labour legislation that will promote job creation and make it simpler for SMEs to survive and grow.

Contrary to this philosophy, the Government has, since 1993, introduced significant changes to employment and labour legislation which have impaired the ability of SMEs to maintain and create employment opportunities. One of the key reasons businesses cite for either leaving the Province or not proceeding with expansion is labour and employment legislation. The *Labour Relations Code*, the *Employment Standards Act*, the *Workers Compensation Act*, and the *Human Rights Code* have all undergone lengthy and expensive reviews. Following these reviews, significant legislative changes have been introduced to the *Labour Relations Code*, the *Employment Standards Act*, the *Workers Compensation Act*, and the *Human Rights Code*. Today, the Government is considering further significant changes to the *Human Rights Code*, the *Labour Relations Code*, and the *Workers Compensation Act*. Changes to the Federal *Labour Relations Code* will likely be introduced in the near future. These changes do not favour or support SMEs. Changes to the labour and employment legislation that would assist SMEs have been repeatedly rejected. This trend is contrary to the interests of SMEs and the welfare of the Province as a whole.

S STATEMENTS OF POLICY

MUNICIPAL AFFAIRS

The Chamber encourages close co-operation between The Chamber, the Union of British Columbia Municipalities and the Ministry responsible for Municipal Affairs.

The Chamber urges local chamber members to become involved in municipal activities and ultimately to seek election for public office as representatives of the business community.

NATIONAL UNITY

In the past several years, the British Columbia Chamber of Commerce has joined with the Canadian Chamber to review issues of national unity, particularly as they relate to review of constitutional alternatives following the breakdown of the Meech Lake Accord and leading up to the defeated Charlottetown Accord.

The consequent election of a federal official opposition party and the possible election of a Quebec government which are each committed to sovereignty association or full separation are giving rise to political and economic uncertainty which probably already has caused and which may continue to cause considerable economic damage to the Canadian business environment.

The Chamber believes that all Members should work together to:

1. Reaffirm the pride we hold in being Canadians and in our common history shared with all Canadians.
2. Recognize and reaffirm that the status and strength of Canada in the world community is disproportionate to the relative size of Canada and that in order to maintain that status it is in the best interests of all regions and peoples of Canada to remain united.
3. Recognize that the status quo may not be maintainable.
4. Recognize that all regions of Canada have legitimate aspirations for change to the existing constitutional structures.
5. Participate, at the national level, with the Canadian Chamber of Commerce in any future constitutional review process and seek the factual background to issues under review.
6. Encourage all our Member Chambers and Corporate Members to become involved in any such constitutional review process, including providing input to the Members of Parliament, the media and others.
7. Search for common ground between the anglophone and francophone business communities with a determination to keep Canada together.
8. Develop a speaker exchange to bring Quebec business leaders to speak at chamber of commerce events throughout the province and to make speakers from British Columbia available to speak in Quebec, thereby promoting a better understanding of our respective needs.

S STATEMENTS OF POLICY

SOCIAL SERVICES

The Chamber believes that the policies of the Ministry of Social Services and Housing should take into consideration the following:

1. that our social security and welfare philosophy, policies and programs recognize that most British Columbians can, and wish to, provide for their own needs;
2. that all welfare schemes provide every possible incentive to encourage the rehabilitation and/or retraining of the individual as well as adequate benefits for those in real need;
3. that the minimum basic needs for the work force be provided through soundly financed programs of social insurance with full scope and incentives of private indemnity plans for the balance of income continuation. Supplementary programs of social assistance should be constructed to obtain maximum incentives to work and save, and at the same time avoid abuses to both society and the individual(s).
4. that it is the moral responsibility of British Columbians to alleviate a lack of basic needs (food, shelter, clothing) and to provide opportunities that may achieve healthy productive lifestyles which are best achieved, in the short-term, through direct income support and appropriate counselling to the individual;
5. that it is the Ministry's primary task through education, training, rehabilitation, placement and other similar programs to prepare all able citizens to become capable of self-support and to make their contribution to our economic growth, as economic growth is a fundamental and an essential prerequisite to any adequate program of social security;
6. that improved coordination be brought about between the various levels and types of government to ensure that adequate funds and services are available to all those in real need, while at all times avoiding duplication of services; and
7. that a greater incentive for those individuals on income assistance be provided to encourage self-support and that consideration be given to establishing an "easement formula".

S STATEMENTS OF POLICY

TOURISM AND TRAVEL

Tourism has grown at an incredible rate in the last decade and the level of enthusiasm among professionals may surpass those of any other industry in the world. Even so there continues a constant struggle within the private sector of the industry to prove its worth as a viable industry, particularly in comparison to the resource industries which are the traditional base of BC's economy.

The Chamber has long believed in and recognised the importance of tourism and the extraordinary economic value it brings to all residents of the province. Every visitor, convention delegate or family member, must be treated with the utmost respect and guidance as his or her contribution to the economic value of the tourism industry reaches well past the classification of tourism alone.

The tourism industry in British Columbia continues to be an important producer of tax revenue, profits and employment. In fact, over 220,000 persons are employed under the tourism umbrella in this province alone and many more are reaching to the industry for career options. Training has become an integral component to the industry as a whole. People with professional skills and attitudes will be the future servicers of the British Columbia product. Both domestic and world competition must be recognised and responded to on a priority basis by both industry and government, and the country's and province's positions must be maintained in the global market.

The importance of a wide range of world class facilities, services, and products are known and striven for by both the private sector and government. Although it is clear our natural beauty coupled with our friendly people are major resources, both must be constantly groomed and nurtured. The Chamber will continue to contribute in all ways to ensure the good health and steady growth of the tourism industry of British Columbia within the global market.

S STATEMENTS OF POLICY

TRANSPORTATION AND HIGHWAYS

The establishment of long-term integrated provincial and national transportation strategies is essential to our economic and social development. These strategies must recognise the inter-relationships and inter-dependencies which exist between all modes of transportation and their attendant infrastructures: airlines, highways (and the concomitant bus lines and trucking systems), pipelines, railways, urban transportation (including both passengers and freight handling systems), and coastal shipping (including ferry systems).

In developing a transportation strategy, the designers must:

1. be cognisant of the need for efficient competition both within and between various transportation sectors;
2. recognize that government policy should regulate the competitive market aspect of transportation only to ensure that the competition is fair and in the public interest. Every effort must be made not to single out any one particular mode of transportation as the sole means of achieving government policy; and
3. recognize that transportation is a key to regional economic development.

If the strategy recognizes these three factors, it will allow all modes to have an equal opportunity to find their most effective role in the over-all system. Historically, we have tended to concentrate on one mode as the principal means of achieving government policy. This, in turn, has tended to exclude or at least retard other forms of transportation which have played and can play an important role in our economic and social development.

If financial assistance must be provided in order to achieve an economic or social objective, then it should be provided to the parties directly concerned with the achievement of the objective. This would enable the parties - industry or government - to purchase land transportation from the mode offering the best deal in a truly commercial and competitive environment.

The economics of transportation will be a key element in determining the magnitude of future economic expansion and our competitiveness in both the domestic and export markets. Recognition must be given to this important role. Both the federal and provincial governments must recognise the absolute necessity of integrated long-term planning as opposed to a system which functions on the basis of short-term plans based on political expediency.

The Chamber believes:

1. that recognition should be given to the necessity for an integrated approach to transportation planning and regional plans which are based upon an assessment of future municipal, provincial and federal economic expansion;
2. that planning should be coordinated under the Ministry of Transportation and Highways, with the key objective of formulating a provincial transportation policy coordinated with appropriate municipal, provincial and federal government agencies and other interested bodies; and
3. that the purpose should be to develop the most appropriate, equitable, efficient and effective

STATEMENTS OF POLICY

transportation system, which will provide an optimum level of service at the lowest capital investment, operating and maintenance costs.

Air Transport

Commercial and general aviation is a significant aspect of transportation in British Columbia, particularly with respect to the movement of people. The Ministry of Transportation and Highways should continue to study the requirements for air services within the province and make the studies available to the public. Greater recognition by provincial government must be given to regional and local air traffic requirements and to the local control of airport development and operation.

Marine Transport

As a maritime province, British Columbia relies to a great extent upon various forms of marine transportation for the movement of goods and people both domestically and internationally. Many coastal communities rely very heavily on this form of transportation either because of the lack of alternatives or because this form is the most economical and/or effective. Therefore, all aspects of this sector, including support facilities, require co-operative long-range policies from both the provincial and federal governments.

These policies and programs must address a number of important considerations:

1. the more effective utilisation of natural waterways;
2. on-going analysis of British Columbia ferry and Ministry of Highways ferry services in terms of service, schedules, rates and costs; and
3. short and long-term planning of port development, particularly the handling of general cargo.

New Primary Developments

In the planning of the transportation system, one of the priorities should be concern for the impetus it can provide for the development of new resources in otherwise remote areas. It is imperative, as developments are planned, that they be coordinated in order to provide sound transportation planning, and that consideration be given to the most modern technology to ensure the greatest economic benefits, both locally and provincially.

Railway Transport

Railways are essential to the economic expansion of British Columbia. It is imperative that the most advanced technology be utilised in the operation and expansion of all railway systems in this province. Efficient and dependable rail transportation is vital if we are to justify continued private and public capital investments in other industries.

The vitality of railways in British Columbia requires cooperative and parallel policy decisions at the federal, provincial and municipal levels in the following areas:

1. rail-line expansion and abandonment, including expansion of sidings, switching lines and yards;

S STATEMENTS OF POLICY

2. rail-line upgrading or relocation to accommodate safe haulage of dangerous and toxic substances through populated areas; and safety standards formulation for such haulage;
3. resolution of level crossing problems in urban areas;
4. common engineering standards for the maintenance of existing lines and also the construction of new lines;
5. design standards on rolling stock; and
6. general standards of maintenance and modernization.

Long-term co-operative and integrated railway planning is mandatory if this segment of the transportation industry is to be capable of meeting future traffic demands.

Regional Highways

Regional highways are the lifeline of many communities and resource operations. Reorganization of the Ministry of Transportation and Highways with emphasis on decentralisation has occurred. The Regional Directors of the Ministry of Transportation and Highways are empowered to analyse and plan for existing and future highways within their jurisdiction, in conjunction with the Provincial Transportation Plans. They should be encouraged to propose construction standards and safety requirements for their areas and to work with Economic Transportation Planning Committees, with local governments and other interested groups to arrive at sound and realistic forward planning. More authority should be given to regional directors to take remedial action to correct hazardous situations or other unsatisfactory situations. The Regional Director or his or her nominee should be an active participant in community planning where the provincial highways are concerned.

Urban Transportation

Transportation for urban areas will affect vehicular use of the provincial highways within the periphery of urban communities. It is therefore suggested that the Ministry of Transportation and Highways initiate and continue to assist in the funding of urban transport policy studies, in collaboration with the appropriate local authorities, to ensure compatibility between urban, regional and provincial policies and plans.

It is also suggested that encouragement be given to urban transportation policies which:

1. reduce traffic congestion, improve efficiency of traffic circulation and assist in conserving energy resources;
2. assist in improving public transit;
3. assist in strengthening downtown areas and offer the potential for enhanced development within the parameters of an area's official community plan or official settlement plan; and
4. safeguard the integrity of the major highway corridors by co-ordinating transportation plans with land use planning.

S STATEMENTS OF POLICY

CONCLUSION

The Chamber is concerned that transportation, provincially and nationally, lacks broad policy goals and objectives. Since transportation -- air, land and water-borne -- is so critical to the economic and social development of Canada in general and British Columbia in particular, it is essential that decisions and policies be made in recognition of long-term growth and needs projections and the most effective and efficient use of one or more modes of transport.

The provincial government should also develop policy to co-ordinate and harmonize the operations of all carriers engaged in transportation within the province by aircraft, marine vessels, motor vehicles, pipelines and railways.

The Ministry of Transportation and Highways should be responsible for all transportation modes and ensures planning and development of all transportation routes are properly coordinated to effect the highest level of efficiency and economic development in the province.

NOTES

The British Columbia Chamber of Commerce

POSITIONS

ON

SELECTED PROVINCIAL ISSUES

2003-2004

CLOSING THE SKILLS GAP (2002)

British Columbia is at a skills crossroads. The quality and creativity of the workforce has become the single most competitive factor in the industrialized nations. The degree to which skill shortages are averted by stakeholders will be a large determinant of BC's economic prosperity and social health. The BC business community in particular, can choose to take proactive action on this issue, or suffer the consequences.

Canadian governments including BC, reflect the importance of "human capital" in their recent strategic plans and policy statements. The BC business community has increasingly raised concerns about skill shortages. However, concrete strategies need to be implemented in order to convert "words to deeds." Otherwise, BC and its businesses and workers will be marginal players in the global, knowledge-based economy.

There are indications that Canada is weak in this arena. Global indicators show BC and the rest of the country rank very low in, for example, retaining highly qualified workers, labour-management relations, and staff training. Notwithstanding September 11th and the recent economic downturn, skill shortages are not a passing "fad." As renowned educator Dr. Paul Gallagher and economist Dr. Roslyn Kunin have warned, skill shortages will threaten British Columbians' quality of life.

The BC Chamber of Commerce *Skill Shortages Initiative*

In light of its concern about ensuring a globally competitive economy and workforce, the BC Chamber of Commerce undertook a project called *the Skill Shortages Initiative*. It involved a survey of over 1,000 Chamber members, six regional forums, and the analysis and synthesis of several reports and studies. The purpose of this project was to engage business and community stakeholders on skill shortages challenges, to identify best practices and solutions for addressing it, and ultimately, to stimulate action.

The many small and medium-sized enterprises that participated were very interested in the skill shortages issue, and most expect this to become a larger problem unless proactive measures that stimulate change are taken. The survey and forums also found that business and community leaders are calling for changes in the education system and for all stakeholders to work together. The consensus focused on doing something now—lifelong learning, improving the image of non-university careers, improved literacy programs, and more workplace education were some of the other themes from the Chamber forums.

As a result of this project the British Columbia Chamber of Commerce published a report in April of 2002 entitled *Closing the Skills Gap*. As well as outlining the challenges to addressing skill shortages, this paper provides recommendations for action from the BC Chamber and suggestions regarding tools and resources for businesses to use in order to recruit, develop and retain skilled workers. The paper also recognizes areas where government and the education system can take action to address the skills shortage issue.

Based on what it found from the survey and forums and other business groups, the Chamber offers 30 recommendations for addressing the skills gap. These recommendations are "opportunities" for action and the Chamber was careful in ensuring that each recommendation is directed at a particular or number of stakeholder sectors. Collectively, the recommendations reflect a shared responsibility among the skills constituencies: federal and provincial governments, business groups and employers, labour and employees, educators and trainers, and communities. Some of the key recommendations in this report are as follows:

ADVANCED EDUCATION

- Business, government and community service groups should make it a top priority and work together to develop partnerships and strategies to recruit and develop human resources from non-traditional sources of workers.
- Federal and provincial governments, professional and trade associations, educators, and immigrant-serving organizations should develop a fast-track foreign credential assessment and recognition service for immediate implementation in BC.
- Governments and educators should work with business groups to develop practical training and retention tools for smaller businesses with no such expertise or economies of scale.
- Governments should expand “welfare-to-work” training models using work-based training and industry groups to deliver it.
- In unionized environments, employers and unions should work together to develop innovative HR and training practices that respond to skill needs and do not overlap into collective bargaining.
- Business, labour, government and education should more aggressively champion and promote trades and technical careers and training among their constituents.
- The federal and provincial governments and business groups should conduct a feasibility study on the cost-benefit of a “human resource investment tax credit” program. Public policies and private practices should reflect the principle of “those who benefit from training, should pay for this investment.”
- The provincial government and post-secondary institutions should increase learning capacity through the use of internet-based training. If every full-time student enrolled in one internet-based course each term, it would increase seats by up to twenty percent.
- The provincial government and education groups should encourage and stimulate public-private partnerships among post-secondary institutions (e.g. public institution-private institution, public institution-industry, etc.)—perhaps even offer financial incentives.
- The provincial government should facilitate the development of a provincial human resource development strategy, lead by the business community with input from labour, education and community groups.
- The provincial government should re-negotiate with the federal government a new labour market development agreement that reflects a stronger employer role in its planning and implementation.
- The provincial government and post-secondary education institutions should significantly increase the use of flexible delivery methods throughout the province.

THE CHAMBER RECOMMENDS

That the provincial government endorse the recommendations of the BC Chamber report “Closing the Skills Gap” and where necessary, work with the Chamber and other key stakeholders to implement these recommendations.

FUNDING POST-SECONDARY EDUCATION IN BRITISH COLUMBIA (2002 - revised 2003)

There is a significant need in British Columbian businesses for a well-educated workforce to keep pace with the world economy.

Unfortunately, access is being denied to British Columbians for proper post-secondary education due to financial restrictions. Students are willing to pay for their education, but require loans to get the training they need to get working again, and to live while they are attending full time classes.

The current student loans system is inadequate to meet the needs of our population.

The amount of funds available to students is partly based on the number of weeks of a course. There are a proscribed number of weeks that will be financed, and a predetermined number of hours per week that will be financed. This is detrimental to schools' ability to creatively deliver training to students (for example, longer hours per week and less weeks, which has students working more quickly, or shorter hours per week, more weeks, allowing students to work more during training). This makes much education inaccessible to students.

Students frequently are denied access to funds because their unemployment situation reflects poor credit, or the funds available under the current formulas are simply inadequate to meet the needs of the student to pay for a course, or to contribute to their living expense while attending training.

THE CHAMBER RECOMMENDS

That the provincial government provide:

1. Improved accessibility to student loans, changing the restrictions which may apply to those with poor credit where appropriate due diligence measures have been taken;
2. An increase to the amount available for student loans so that it reflects the rising costs of education in both the public and private sectors;
3. A funding formula change that ensures the amount available for a student loan will not be tied to the number of weeks of a course or program; and
4. A change to the dependency restriction on student loans, reducing it from four years to two.

UNIVERSITY COLLEGE OPPORTUNITIES (2002)

As British Columbia becomes a more important player in the international knowledge economy, and as we deal with the day-to-day implications of a skills shortage that spans many industries, it is increasingly important to develop more post-secondary opportunities for the students of our province.

This is especially true in the Okanagan and other areas outside the Lower Mainland, where graduating high school students are about half as likely to complete a university degree as their Lower Mainland counterparts, and where educational attainment levels are lower than the provincial norm. This is in a province which has the second-lowest full-time post-secondary participation rates in the nation – about 10 percent below the Canadian average. (Statistics found in “A Review of Post Secondary Educational Requirements in the Okanagan-Shuswap” by Ian McKinnon of Pacific Issues Partners).

For example, developing the University of Southern British Columbia (USBC) does not require a new institution nor increased investment from the provincial government; Okanagan University College is in a position to become USBC and take advantage of the opportunities university designation will afford. The addition of a full status university will serve the students of our province by increasing opportunities for post secondary degrees. It will also provide economic opportunities for British Columbia and increase our international competitiveness.

THE CHAMBER RECOMMENDS

That the provincial government makes the legislative change necessary for a University College to transform into a full status university upon presentation of a sound, viable and financially responsible business plan and a demonstrable need for the change.

PRIVATE POST-SECONDARY EDUCATION COMMISSION (2001- revised 2003)

The private post-secondary training industry in British Columbia is not only an industry with great potential for growth but also provides a much needed service to students from within British Columbia and from around the world. The provincial government currently regulates this industry through the Private Post-Secondary Education Commission (PPSEC). PPSEC, however, has an outdated and flawed mandate that needs revision.

PPSEC has the absolute authority to make binding, arbitrary decisions affecting both the student and business owner without the option of appeal. PPSEC, the student and the private school business all wish for change in this incomplete and outdated legislation. PPSEC accredits private career colleges in BC and demands the school provide detailed, proven complaint resolution strategies and mediation access. In addition, legislation mandates that after investigation of the complaint, PPSEC may only grant a 100% refund or no refund at all. With the complications inherent in a student complaint, the most suitable remedy would often be a partial refund. This restriction impedes satisfactory compensation for either party.

Finally, the most important issue is the fact that there is no appeal process for any party. All decisions are final and binding. Where there is regulation and consumer protection, there must be an appeal process.

THE CHAMBER RECOMMENDS

That the government review and revise the mandate of PPSEC to ensure it meets the needs of, and provides workable solutions to both the clients and providers in this burgeoning industry.

LEVELING THE PLAYING FIELD FOR BC'S AGRICULTURAL INDUSTRIES (2003)

As a result of factors such as market forces, technological advances and innovation, many of British Columbia's traditional agricultural industries have changed significantly in the last decade. Specifically, in many sectors, agricultural producers have undergone an evolution that has seen them move away from "simple" farm production of fruits or vegetables, to include value added and high-end agricultural products and services. These products and services include the growing and processing of vegetables and herbal products, jams, dried food, juices, wine, and agricultural tourism.

Increasingly these activities are providing substantial employment, tourism, and economic benefits for all communities in British Columbia, and doing so in a manner that recognizes the importance of environmental stewardship and sustainable development.

Notwithstanding these advances, many of British Columbia's growing agricultural industries have struggled to achieve competitive positions in national and world markets. One area in which our agricultural businesses may suffer a competitive disadvantage is in the property class determinations imposed by the BC Assessment Authority. Many jurisdictions outside of BC and Canada have property class determinations which are more favourable to those in the business of agritourism and the production of value added agricultural products.

The current classification system used by the BC Assessment Authority does not adequately recognize or address the unique property uses involved in BC's changing agricultural industries. For example, properties used for agritourism, the production of wine, preserves, or juice are generally not classified as "Farm Land". They are presently classified as "Light Industrial" or "Business Other", and accordingly pay higher property taxes than those properties which meet the Assessment Authority's restrictive definition of "Farm Land."

THE CHAMBER RECOMMENDS

That the provincial government:

1. undertake an immediate review of the present classification of properties involved in British Columbia's value added agricultural and agritourism industries; and
2. that this review be conducted with a view to:
 - a) ensuring that value added agricultural properties are properly and fairly classified given the unique uses to which these properties are put and the changes that have occurred in British Columbia's value added agricultural and agritourism industries; and
 - b) ensuring that British Columbia's value added agricultural and agritourism industries can compete on a level playing field both in Canada and internationally.

AGRICULTURE, FISHERIES & FOOD

BC SHELLFISH INDUSTRY ENVIRONMENT, EXPORT AND EMPLOYMENT (2003)

Despite the fact that shellfish farming/harvesting has been practiced in BC for over 70 years, to many people it seems insignificant and doubtful. The reality is that this "in our backyard" phenomenon is an economic wonder that has shed its backwater image and emerged as a key industry for some communities. Consider these facts:

- Shellfish growing provides over 800 jobs, primarily in coastal British Columbia;
- Between 1998 and 2001 the value of wholesale production nearly doubled from \$12-15 million to \$26 million and continues to increase;
- Some 231 companies/individuals operate 415 tenures;
- The entire commercial harvest of oysters is farmed;
- While British Columbia is Canada's top oyster producer, it ranks only 12th in world, producing 12% of global revenues.

Despite growing over 300% in the past 15 years, the industry is still vulnerable to the capricious nature of governments and regulatory bodies. Highly regulated at both the federal and provincial level, and governed by 14 federal and 20 provincial Acts, the time involved in the completion of necessary environmental assessments is the most significant barrier to success.

The industry's access to desperately needed shoreline tenure has been severely limited by the government, despite its minimal environmental impact. It currently uses only .0034% of all of BC's foreshore.

In November 1992, the Vancouver Island Economic Developers Association identified shellfish growing as a key economic driver for rural coastal BC. The 1997 Coopers & Lybrand study commissioned by Western Economic Diversification Canada titled "Economic Potential of the British Columbia Marine Aquaculture Industry; Phase I – Shellfish" contained major findings:

- A. Shellfish farming has the potential to become a \$100 million industry in BC.
- B. Realizing this potential could create more than 1000 additional person years of employment in coastal communities.
- C. Significant long-term market opportunities for BC shellfish products exist in the US and the Pacific Rim.
- D. British Columbia has a significant inventory of capable aquatic lands, a portion of which could be allocated to expand shellfish production.
- E. Productivity is rising rapidly in BC due to the industry's involvement in technological improvements.
- F. New shellfish species hold further promise for economic expansion.
- G. Government support is necessary to address impediments to industry development.

THE CHAMBER RECOMMENDS

That the provincial government immediately take steps to realize the potential to this industry. Specifically:

1. Streamline access to tenure for all growers on crown land.
2. Streamline environmental screenings for new and renewing licenses.
3. Develop and support long-term strategies to assist the industry to reach its full potential.
4. Consolidate government bureaucracy at the federal, provincial and regional levels that control and/or regulate the shellfish industry.

AQUACULTURE IMPACT STUDIES (2001)

Aquaculture for both traditional and new species is growing and flourishing throughout the world as a viable economic industry.

Foreign funded environment organizations and preservationists groups are using suspect scientific analyses to pressure governments to delay the growth of an industry that is becoming a major contributor of food to a growing world population.

BC's coastal communities, particularly First Nation villages, are ideally situated to consider this new industry. Many communities, who are experiencing severe unemployment due to the decline of the wild fishery are considering this industry. However, incorrect and misleading information is being used by opponents' detractors to try to sway opinion on the industry.

THE CHAMBER RECOMMENDS

The provincial government and the federal government should fund legitimate and responsible research into the impact of aquaculture on the environment and on wild fish stocks.

FISHERIES BOARD APPOINTMENTS – FEDERAL AND PROVINCIAL (2000)

The senior levels of governments establish citizen boards to provide input and advice to both international and internal committees dealing with fisheries matters. The coastwide nature of the resource and its subsequent impact on the economic viability of local communities is not always recognized when appointments are made to these boards.

THE CHAMBER RECOMMENDS

That the federal and provincial ministers of fisheries recognize the coastwide nature of the industry by appointing appropriate representation from all regions affected or being discussed by such appointed boards or committees.

ATTORNEY GENERAL AND TREATY NEGOTIATIONS

ABORIGINAL TREATY NEGOTIATIONS – LAND TITLE (2001)

In the Delgamuukw decision, the Supreme Court of Canada recognized that aboriginal title existed as a distinct specie of aboriginal right - a right in the land itself. To succeed in a claim for aboriginal title, the Court held that certain criteria had to be met. The burden of proof lies with each aboriginal group and is a fairly complex burden to meet. Although Delgamuukw confirmed its existence, it did not resolve how aboriginal title was to co-exist with existing fee simple and regulatory tenures granted by the provincial government under section 92 of the British North America Act. Instead, the Court spoke of the need for consultation, compensation and negotiated settlement between the parties. Consequently, each claim of aboriginal title involves individual negotiations with no clear recognition or consensus between the parties of what is actually being negotiated. Aboriginal groups interpret the term quite broadly and have very high expectations as a result. Governments interpret aboriginal rights fairly narrowly and are stymied in the performance of their powers by the unknown scope of the duty to consult and compensate when infringing such rights. Third parties are very concerned by what impact such title claims will have not only on their private property but on key business interests such as forest and mineral tenures, and fishing and grazing rights. And, in the meantime, economic development within the province is slowly grinding to a halt.

To address this concern and to assist in the proposed fast tracking of treaty processes, the provincial and federal governments are contemplating a tripartite agreement with First Nations that acknowledges and admits the existence of aboriginal title without requiring First Nations to meet the burden of proof outlined in Delgamuukw. The Minister of Aboriginal Affairs spoke favourably regarding such an agreement at a conference on February 19, 1999 and again to the First Nations Summit on March 31, 1999.

The BC Chamber recognizes that fast tracking treaty negotiations may be one way to lessen the current uncertainty caused by aboriginal land claims but believes that the proposed acknowledgement of title may have extremely serious legal implications - especially given the large volume of land claimed by aboriginal peoples, the overlapping nature of many of those claims, and the fact that over 1/3 of aboriginal bands within the province have not even committed to the treaty process. The expense, time and constitutional implications involved in such an admission would be almost incalculable.

THE CHAMBER RECOMMENDS

That the federal and provincial governments should not acknowledge or admit any aboriginal title to specific land without first either securing the level of proof of title specified in the Delgamuukw decision or obtaining a full and final settlement of all aboriginal claims (treaty and non-treaty and overlapping land and use claims, alike) to possession and use within that specified territory.

ATTORNEY GENERAL AND TREATY NEGOTIATIONS

ABORIGINAL TREATY NEGOTIATIONS – PROCESS (2001 - revised 2003)

The length and opacity of the aboriginal negotiation process generates frustration for the participants and frustration and mistrust for third parties. It is preventing commercial development in areas throughout British Columbia. Aboriginal people and third parties alike have frustrations with the process that government must address to remove the uncertainty created by the negotiations that has become like an anchor to our economy.

Openness

One of the concerns of both the business community and the public at large is the uncertainty that is created by negotiations conducted in secret when they could have such a profound impact upon business operations or day to day life. Early in the process this led to a great deal of criticism regarding the lack of full disclosure of both the treaty and non-treaty processes and the absence of meaningful consultation with non-aboriginal groups within the province. In response to this criticism government announced a policy of “openness” and supported the creation of local Regional Advisory Committees (RAC) as a necessary and on-going mechanism for third party involvement with, and advice to, federal and provincial treaty negotiators. Increasingly, however, there are indications that the continuing negotiations may not be as “open” as originally envisioned. Furthermore, the province recently cut funding to the third party advisory committees (RACs, TNAC, TACs). This further hinders third party access to information. The timeliness of information provided to third parties is a particular issue. This problem is compounded by the move to sector by sector negotiated agreements. Often agreements made in one sector can have unforeseen impacts in other industry sectors. It is critical that such agreements be discussed at a general third party table prior to being finalized. The concerns expressed by businesses regarding adversely impacted tenures, lost resources and revenues, potential employee dislocation and the need for a fair and just compensation policy seem to be increasingly falling on deaf ears.

The question also arises whether the government can fairly represent the interests of all British Columbians at the treaty tables when the Supreme Court of Canada has determined that government owes a fiduciary duty to First Nations. The ambiguous nature of this fiduciary duty casts doubt upon the ability of the government to fairly represent the interests of third parties or the public at large. Given the serious nature of the matters at hand, the Chamber believes there needs to be an impartial representation of the public interest. The appointment of an impartial, independent body or a small group of judges to represent the interests of the public at large in the treaty process would do much to alleviate this concern.

This perceptual problem of where the federal government’s duty lies is exacerbated by the belief that government is not committed to completing negotiations. It has been noted that the costs of completing the negotiations would fall upon the government but the ongoing costs of negotiations are borne by the aboriginal interests and by third parties. In other words, it appears there is an actual financial incentive for government to prolong the negotiations at the expense of all other parties. Whether this perception is fair or not is irrelevant. The Government can only address this concern by demonstrating greater commitment to completing negotiations.

Interim Measures

In spite of all the concerns that exist regarding the outcomes and process surrounding the negotiations, the government, through various line ministries, has entered into dozens of interim agreements with aboriginal groups on a wide range of issues. Proposals are now being discussed at both levels of government for the fast-tracking of treaty benefits (including accelerated land, resource and cash transfer offers) through staged

ATTORNEY GENERAL AND TREATY NEGOTIATIONS

implementation of certain negotiated provisions prior to any Final Agreements being concluded.

In one sense it is good that the government recognizes the impact that uncertainty is having on the economy and is taking proactive steps to temporarily resolve issues while negotiations are ongoing. Unfortunately, the development of interim agreements has had a number of negative impacts. First, it raises expectations in the short term that may not be realistic. The industries involved often accept unfavourable conditions just so they can continue operations. It also sets precedents that other industries may not be able to support in the longer term. Second, interim agreements remove a certain sense of urgency that helps to drive the negotiations to conclusion for the benefit of all parties. By resolving only these interim issues other aspects of the agreement are likely to be delayed even longer. The result is continued uncertainty for all sectors of the economy but the one in which the interim agreement has been reached.

We believe that interim agreements can serve the purpose they currently do of temporarily resolving issues and can also help to drive the negotiations along if they are conditional. The continuation of the agreement, for example, would be contingent upon a certain stage of the negotiations being completed within an accepted timetable. This would provide impetus to all parties to complete negotiations in a more timely fashion while offering certain protections to the parties of resource values and social services advancement in the interim.

Overlapping Claims

Overlapping claims continue to exist among treaty and non-treaty aboriginal groups. The extent of this overlap problem can be understood when one realizes that traditional territories claimed by various First Nations (both treaty and non-treaty) presently exceed 100% of the land mass of British Columbia. Non-treaty aboriginal groups present a particular problem in their overlapping claims because they are not participants in the treaty process. Consequently, these overlaps are not being resolved prior to negotiations commencing. The result is that non-treaty groups are already beginning to attack the validity of agreements such as the Nisga'a Treaty. The long-term result could be a continual string of legal challenges to any completed treaty.

THE CHAMBER RECOMMENDS

That the federal and provincial governments:

1. negotiate no further agreements without first providing interested third parties with a reasonable opportunity to comment on proposals and to have their concerns meaningfully addressed;
2. reinstate funding for third party consultation bodies;
3. recognize the urgent need to complete these agreements by committing to a timetable for the completion of negotiations;
4. include sunset clauses in Interim Agreements that are contingent upon a particular stage of negotiations being reached; and
5. establish one unified resolution process for all aboriginal claims that brings non-treaty aboriginal groups outside the current process into the existing process and resolves the overlapping land and traditional use claims that exist between many aboriginal groups before Final Agreements are completed.

ATTORNEY GENERAL AND TREATY NEGOTIATIONS

ABORIGINAL TREATY NEGOTIATIONS – OUTCOMES (2001 - revised 2003)

There is no doubt that British Columbia and Canada must act to resolve treaty negotiations and aboriginal land claims. The negative impact of not resolving them expeditiously is too serious to ignore. From a business perspective the lost opportunity costs are immense as a great deal of investment, likely billions of dollars, has been driven away by the uncertainty generated by unresolved land claims.

Having said that, the business community has a number of serious concerns in regard to the outcomes of any treaty negotiations. The particular questions that arise are what will the treaties finally entail, what will the costs be, who will hold title, what will that title entail and what will be the impact on jobs and the economy?

Certainty & Finality

Past treaties have always included **cede**, **surrender**, and **release** clauses in which the aboriginal peoples gave up their largely undefined aboriginal rights in exchange for defined treaty rights.

This terminology, however, is abhorrent to the aboriginal people involved in the negotiation process. They perceive such clauses as akin to surrendering their culture, a fundamental component of their humanity, in return for something different. Given that the spirituality of aboriginal peoples is uniquely tied to the land and the aboriginal rights inherent to that land, it becomes easier to comprehend why they are adamant that such language be excluded. The challenge is to develop a legal mechanism that does not use this language yet still achieves the necessary legal certainty.

There are those who believe the language used in the Nisga'a Final Agreement (NFA) is an acceptable substitute. The Chamber is not convinced this is true for the following reasons.

- The words “cede”, “surrender”, and “release” all have specific definitions of different application that are extremely relevant in the courts system.
- Conflict with other bands over the territory or court challenges to the NFA could still create uncertainty for investors.

Another concern in regard to certainty is that the federal government has accepted the argument that treaties must be sufficiently “flexible” to meet the needs of future generations. It is unclear to the Chamber how a treaty can be both “certain” and “flexible”.

Costs and Compensation

The Chamber is concerned both by the actual costs of any settlement and the compensation of third parties. Estimates of what it will cost to complete agreements typically range from \$6-11 billion. Some estimates are as high as \$15-30 billion. It is unclear whether such estimates include the cost of resolving the issues and overlapping claims asserted by non-treaty aboriginal groups and the cost of dealing with the claims of urban aboriginals who appear to be excluded, in large part, from the current treaty process. It is also unclear whether these cost estimates have factored in realistic values for the lands, resources and tenures likely to be impacted by the treaty process. Furthermore, the ongoing costs involved in any agreement, such as the implementation and funding of any self- and co-management provisions do not appear to be fully accounted for in these estimates.

ATTORNEY GENERAL AND TREATY NEGOTIATIONS

A similar concern is the impact of land claim settlements on third party interests. Transfer of ownership and control of resources on large tracts of land is one key demand by native groups and is likely to be an element of any settlement. This will have an impact on private property and various tenure rights. The resource industries of British Columbia, particularly forestry, oil and gas, and mining, continue to be an economic force. There are many communities that would not be viable without the employment and activity generated for its residents by the resource industries. Understandably, First Nations want a fair share of the wealth and development potential attendant on possessing such resources; but, equally understandably, investors will not advance funds without knowing the rules and risks likely to impact on their return on capital.

Although government has stated its intention to omit private rights and title from the treaty negotiation process, no procedure or formula has yet been established for the fair and just compensation of tenure holders or other third parties whose rights are adversely impacted by the settlement of treaty and non-treaty claims. By excluding third parties from the negotiations government makes them enemies of the process. If they were encouraged to participate more fully they could help to evaluate the tenure (thereby establishing a unified asset value for both First Nation settlement and third-party compensation purposes). They could then work with the aboriginal people throughout the course of the settlement toward the establishment of joint ventures that could benefit both the First Nations and business.

Self Government and Law

Self-government is the most complex and challenging issue on the table and the one that is surrounded by the most controversy. In August 1995, the federal government released its policy on aboriginal self-government. The concept of self-government as outlined in the federal government's policy is complicated, if not impossible to achieve.

Self-government means different things to different aboriginal groups. In recognition of this, the federal government contends that implementation of self-government cannot be uniform across the country or result in a 'one-size fits all' form of self-government. Such a policy can only lead to confusion and possibly ill will, as different groups of aboriginal peoples could be living under their own laws for some purposes, and under Canadian or provincial laws for others. Non-native Canadians living on reserves or settlement lands could find themselves governed by federal, provincial and aboriginal law - the latter perhaps being imposed without the ability to vote on the process.

The Nisga'a Final Agreement is fraught with difficulties in this area. There is also the contention that the self-government provisions of the NFA are unconstitutional because they would create a new independent order of government with the power to make laws that may be inconsistent with and supersede federal and provincial laws. There is currently a legal challenge to that effect.

THE CHAMBER RECOMMENDS

That the federal and provincial governments:

1. must find a more concrete and expedient method for achieving certainty through full definition of the aboriginal rights in issue and release from any and all on-going fiduciary and other equitable or legal obligations that exist beyond the terms of each Final Agreement;
2. develop and implement, prior to any further treaties being concluded, a policy, in consultation with business and industry, for the timely and just compensation of third party interests adversely impacted by the treaty process, including without limitation the establishment of interim agreements

ATTORNEY GENERAL AND TREATY NEGOTIATIONS

- or amendments to existing resource tenure;
- 3. should encourage the development of post negotiation business ventures by involving third parties more directly in the negotiation process; and
- 4. should negotiate self-government provisions that are subject to the laws of the province and Canada, will provide equality for all Canadians and their businesses and that will avoid a proliferation of costly regulatory regimes.

C COMMUNITY, ABORIGINAL, AND WOMEN'S SERVICES

COMMUNITY CHARTER (2003)

The draft Community Charter, presently under review prior to adoption by the Legislature, has been recognized by the BC Chamber of Commerce as enabling local governments to pursue a wider range of important projects, as well as providing increased autonomy and flexibility to resolve important local issues and create potential new revenue sources.

We are particularly pleased with the Government's involvement of the Chamber in reviewing and recommending changes to those parts of the Charter that could potentially undermine larger public policy objectives of creating a positive investment climate and encouraging economic growth. These objectives are particularly important to the BC Chamber, as the health of the economy is highly dependent on a positive investment climate, and is currently very vulnerable as a consequence of the softwood lumber dispute and the general malaise of the resource sector.

THE CHAMBER RECOMMENDS

1. That the Government of BC integrate the principles and recommendations of the BC Chamber's "Investor Protection Package" by amending Community Charter legislation.
2. That the exercise of local government powers of taxation and fee collection be continuously evaluated against not only established and approved Municipal plans, but also provincial objectives.
3. That an oversight body to replace the Community Charter Council be appointed that includes business (including BC Chamber representation). This body would be charged with reviewing the legislation for effectiveness and recommendation of further amendments to the Minister.

BUSINESS VOTE (2002)

The *corporate vote* existed in British Columbia prior to 1973 at which time the legislation was repealed, and rewritten. The legislation was considered flawed in that it violated the principle of 'one person – one vote' and the imprecise language caused confusion.

The then Ministry of Municipal Affairs took the position that the right to vote ought to be defined by residency (plus other elector eligibility requirements) not corporate ownership. This effectively disqualified non-resident property owners, non-resident 'tenants in occupation' and corporations from voting. The legislation was repealed in 1993 via the Local Election Reform Act.

It is important to note that currently, in British Columbia, if land is held in the name of an individual (or sole proprietorship), that individual can apply to vote in the jurisdiction with proof of ownership. The individual may apply for only one vote regardless of the number of properties owned in the jurisdiction.

Notwithstanding the property owner vote, most leases are triple-net, in effect, the tax is being paid by the lessee not the lessor. Additionally, business license fees are a form of taxation.

THE CHAMBER RECOMMENDS THAT

1. Businesses have a greater say in municipal elections through their vote.

C COMMUNITY, ABORIGINAL, AND WOMEN'S SERVICES

2. The provincial government work with the BC Chamber through the Community Charter process to develop legislation that includes a clear and workable legal definition for a business vote.

LOCAL GOVERNMENT FINANCE (1999)

Local governments in British Columbia increasingly find themselves caught between the demand for and cost of local services on one hand, and downloading of financial burdens from senior levels of government on the other hand. In seeking solutions to this situation municipalities in British Columbia have resorted to a variety of taxes and other charges levied on business.

The prime example of this is the differential tax rate applied to business real property in comparison with the rate applied to residential property. Throughout the province the rate applied by municipalities to business property is generally at least 2 times the rate applied to residential property, and in numerous cases more than 3 times the rate. In the City of Vancouver the rate is 5.4 times that applied to residential property. This inequity is one of the hardships that affects the viability of businesses, and contributes to the relatively high failure rate among small businesses.

Part of the problem is that in the municipal government context businesses are a disenfranchised minority. Municipal governments faced with the prospect of raising taxes are more likely to raise residential taxes less and business taxes more. This is one of the reasons that in British Columbia as a whole businesses pay 60 percent of local government taxes. The Ministry of Municipal Affairs has indicated that as a whole there has been an upward creep in the ratio of business taxes to residential taxes.

In 1998 the Ministry of Municipal Affairs and the Union of British Columbia Municipalities jointly undertook a study on the subject of financing local government. A key focus of this study was the recommendation of new municipal tax mechanisms which by their nature target business. Examples include several new or expanded taxes where the proceeds would be paid to local government. The types of taxes are fuel tax, sales tax, entertainment tax, hotel tax, real property tax and liquor sales tax.

Of particular concern to business is that in several parts of report the recommendation is made that municipalities not be restricted in the levels of taxes of various types that can be applied. Given the demonstrated position of municipalities that business is a fair target for disproportionate tax increases, the suggestions in this report are financially threatening to business. Limits imposed on municipal taxing powers are a useful control tool that help to prevent inequities.

This report and the recommendations it contains were arrived at without consultation with the business community. Further, there does not appear to have been an assessment of the potential economic impact of these measures, including the implications of reduced business profitability, reduction in other taxes paid, and the reflection of this in both the local and provincial economies.

THE CHAMBER RECOMMENDS:

1. That the government undertake widespread consultation with the business community throughout the Province on the study sponsored by the Ministry of Municipal Affairs and The Union of British Columbia Municipalities called, Financing Local Government, and that until such consultation be completed there

COMMUNITY, ABORIGINAL, AND WOMEN'S SERVICES

should be no measures taken to implement the recommendations in the report.

2. That the Provincial Government examine and take whatever measures are necessary to correct the inequitable treatment of business in the application of local government taxes and charges.

TOURISM BRITISH COLUMBIA (2003)

In its First Report to the Legislative Assembly the Select Standing Committee on Crown Corporations made a number of “Observations” and “Recommendations” regarding the focus and activities of Tourism British Columbia. The BC Chamber largely agrees with the findings of the Committee save for “Observation #6.”

“One member commended Tourism BC for its “stellar” international and national reputation and its successful operations of visitor information centers.”

The principal reason for the success of Visitor Information Centers (VICs) is the commitment of Chambers of Commerce, Tourism Bureaus and other community organizations throughout BC. VICs are managed and largely subsidized by local organizations, primarily chambers of commerce. Tourism BC, the tourism industry and local economies are the major beneficiaries of this commitment. While chambers understand the value of VICs, both locally and provincially, there is genuine concern over the cost delivering this important service on behalf of Tourism BC. Many chambers have withdrawn from this program because they cannot sustain the expense.

The section of the report dealing with “issues for ongoing monitoring and future review”, states:

“Identification of Tourism BC’s performance targets

With respect to performance tracking, committee members asked whether it is customary for Tourism BC to identify target markets with potentially high yields and track the return-on-investment of expenditures targeted at such markets. They were informed that Tourism BC’s marketing strategies are based on identification of specific target markets. In addition, to the extent of the corporation’s control, Tourism BC assesses the return-on-investment on its programs.”

To increase traffic and track ROI from targeted areas assumes that Tourism BC is funded at a level that enables effective marketing. Unfortunately, Tourism BC is not well funded in comparison to its counterparts in competitive jurisdictions. The result is that BC is losing its share of many “high yield” target markets.

British Columbia tourism is competing on the international stage for revenue. What is needed is an effective, well-funded strategy.

As a commodity, BC has all the natural resources, attractions and currency advantages that should lead to a flourishing tourism industry. It is our observation the industry is underachieving and, as a result, tourism investment and provincial revenues are less than they could be particularly in the part of BC referred to as the “250 economy”.

The BC Chamber encourages the government to continue to view tourism as a new resource portfolio and aspire to new investments, but the existing industry will continue to underachieve until British Columbia is effectively promoted in high yield target markets. Without a centralized strategic marketing plan backed by the funding necessary to sell BC the tourism industry will continue to fall short of its potential.

Additionally, the Chamber believes that British Columbia itself is a target market and more in-province promotion is required to retain domestic tourism revenues and increase regional traffic. While “*Tourism BC works with the regional tourism associations in bringing visitors into the specific region*”, as noted in the Committee Report to the Legislature, the reality is that there are insufficient dollars and an insufficient mechanism to realize domestic potential.

THE CHAMBER RECOMMENDS

That the provincial government

1. amend the Hotel Tax Act to allow one-half of the funds collected in the 8% hotel tax to be allocated to BC;
2. recognize the priority of promoting domestic tourism and retain more of the revenue available within BC; and
3. recognize the priority of providing a level of funding for VICs commensurate with the resources required to deliver this service rather than requiring organizations across BC to subsidize the program.

BC'S NATIONAL COMPETITIVE DISADVANTAGE FOR FILM PRODUCTION (2003)

It is estimated that the film and television industry in British Columbia spent over \$1.18 billion in 2001, creating an overall economic impact of \$3.3 billion in British Columbia. The industry employs over 32,000 skilled workers, with British Columbians constituting 97% of the average film crew.

With over \$1 billion annually in total film production, there are still significant growth opportunities available at a time when traditional, resource-based industries are in a period of stagnation or decline. The future prosperity of the film industry is highly dependant on BC's competitiveness, both internationally and nationally.

1. The current administrative position of the BC government, with reference to the application of the social services tax (PST) to film production, creates a competitive disadvantage in BC for the film production industry in comparison to Ontario and Quebec;
2. The Federal government, for the purposes of calculating corporate tax, considers film production to be a manufacturing process;

Bulletin IT-145R, Section 40: Where a corporation is engaged in the production of motion picture films or programmes on videotape, the activities which would qualify as manufacturing and processing would include preparation and editing of the script, manufacture of screen sets and props, acting, directing, lighting, camera work (filming), adding sound and colour effects, cutting, splicing and editing the exposed film and reproducing copies from the master negative or video tape.

Ontario also qualifies film production as manufacturing for purposes of calculating its retail sales tax.

Alberta does not have a provincial sales tax and, therefore, the matter is not an issue in that province.

Quebec has harmonized its sales tax (QST) with the Federal GST. Its interpretation of the issue is consistent with that of the federal government.

3. The BC Ministry of Finance continues to consider the production of film to be a service, which is inconsistent with the other jurisdictions referenced above.

THE CHAMBER RECOMMENDS

1. That film production in British Columbia be recognized as a manufacturing process, consistent with the federal government's interpretation.
2. That Bulletin No. 076 issued by the Ministry of Finance and Corporate Relations (BC) on January 1987 and revised January 1991 be revised to be consistent with the positions of the Federal, Ontario and Quebec governments.
3. That the BC Government remove the competitive disadvantage to British Columbia in reference to film production by harmonizing our PST policies with other provincial jurisdictions.

TRADE AS ECONOMIC STIMULUS (2002)

Provincial budget flexibility evaporated with the ten-year downward trend in our economy and ended with the inability for any government to deliver programs at an affordable level.

All BC residents want the ability to direct funds to social, health and education programs rather than be forced to service the rising taxpayer supported debt. To afford our continuing way of life, a fundamental shift in government spending is required. While reducing costs is one part of the equation, strategic investment of taxpayer funds is also necessary to encourage growth.

Business agrees that tax cuts will return money to the provincial treasury over time, as part of a careful fiscal plan that balances rationalized government services with economic stimulus.

The BC Chamber believes that tax cuts alone are not enough to encourage economic growth. To attract capital and job creation, BC must demonstrate its regulatory reform and business friendly attitude to potential investors worldwide.

THE CHAMBER RECOMMENDS

That the provincial government work with the private sector to undertake an on-going international trade development program to promote British Columbia business, technology, education and tourism in selected major world centres.

IMPORTANCE OF BROADBAND INFRASTRUCTURE IN NON-URBAN AREAS (2001)

Broadband is a term that describes what are referred to as "advanced services", that is data transmission rates significantly higher than those that can be sent through ordinary, high quality voice circuits (i.e. 56KB). While there is no generally accepted definition, it is agreed that a speed of 1000KB/sec should be considered the minimum standard.

Broadband network (Internet) access has a direct relationship to a community's socioeconomic health. Rural, remote, First Nations and coastal communities in British Columbia - especially those undergoing transition from a resource-base economy - are at risk of further malaise without provision of the enabling technology enjoyed by larger urban communities for education, health, and economic revitalization. Broadband represents an unprecedented opportunity for advancement and not working to develop this new infrastructure creates the risk of non-urban falling ever further behind in the race to develop a modern knowledge-base economy in British Columbia.

The existing first generation, limited capacity broadband solution (either DSL or cable broadband services) does not scale well in non-urban areas as solutions to the first mile problem. There is the need for the consolidation and deployment of public resources and particularly for the Provincial and Federal governments to support coastal and rural communities in their efforts to realize these opportunities. It is possible for non-urban areas to achieve an unprecedented degree of economic growth through local management and coordination of community broadband resources.

A possible method of creating broadband connectivity will be some form of privately deployed wireless "first mile" service which interfaces customer equipment to a terrestrial fibre optic back-bone deployed through established BC Hydro rights of way. Power lines interfere with electrons in copper wire, but leave photons in fibre optic cables unaffected.

THE CHAMBER RECOMMENDS:

That the Province of British Columbia ensure:

1. That a higher level of implementation occurs within BC than that which would be the current Telco and Cable preferred strategies (i.e. ADSL and Coaxial Cable) i.e. Gigabit Ethernet.
2. That a regional strategy for deployment, management and support of coordinated community-owned broadband infrastructure be implemented.
3. That responsible provincial agencies, particularly the Information Technology Services Division, are prepared to partner and co-manage Broadband resources at the regional level.
4. That this provincial network be managed to allow an aggregated demand model at a local level. Common benefits from such aggregation include lower cost, adoption of common standards, efficiency and reduced risk of obsolescence through outsourcing to network providers.
5. That current resources and facilities be considered as a support and enabler of regional infrastructure development.
6. That BC Government Crown Lands, Forests, and Rights of Way be considered as an enabler and support

COMPETITION, SCIENCE & ENTERPRISE

to Broadband deployment throughout the Province.

7. That a coordinated effort to fund and implement Broadband within the Province be established. For example, the Province could establish a Management Board made up of representatives from a variety of agencies, Departments and NGOs with an interest and responsibility in the deployment of Broadband.

TOURISM - PROMOTION, MARKETING AND SERVICE (2001) (revised 2002)

Tourism is the growth industry of the future in British Columbia and throughout the world. It is a leading generator of both revenue and employment generating revenues of \$9.2 billion in 1999, and being responsible directly and indirectly for approximately a quarter of a million jobs in British Columbia. Tourism is a leading contributor to the provincial economy and should continue to be recognised as such.

The concerns and issues of the industry must be addressed by government when they are introducing long or short term plans or proposing changes. The need to maintain the position of the industry in the market place for future investment and marketing activity is crucial.

British Columbia's place in the highly competitive international arena must be restated and reinforced on an ongoing basis through the joint effort of industry and government.

Visitor Infocentres provide service to tourists and promote economic growth and activity in the tourism sector. Demand requires selected Infocentres to be open year-round. Furthermore, past surveys have shown 20% of visitors to a Visitor Information Centre extended their stay in our province as a result.

THE CHAMBER RECOMMENDS

That the provincial government must continue to recognize the contribution of the tourism industry as a leading generator of employment and revenue by:

1. continuing to accord the industry consultation and consideration on all matters that affect the industry;
2. ensuring priority to providing funds that enable Visitor Infocentres to be adequately staffed;
3. directing Visitor Infocentre funding to ensure regional distribution; and
4. continuing to supply all Visitor Infocentres with adequate publications.

CAN-AL RAIL LINK PROJECT (2000)

Rail transportation is the most cost-effective long distance method of overland transportation and is an essential component of the North American intermodal transportation system. It is energy efficient, capable of moving goods three to nine times as far as highway transportation with a given amount of fuel and has lower levels of harmful emissions. It also provides access to ecologically sensitive areas with low impact. Unfortunately, the continental rail system does not include all provinces, states and territories.

Alaska, the Yukon Territory, and BC all contain extensive oil and gas, mineral and timber resource reserves that are currently inaccessible, and require bilateral co-operation in the development of freight transportation infrastructure to facilitate their utilisation by both the United States and Canada. Northern rail transportation may also provide significant potential for the tourism industry by moving travelers comfortably over long distances with minimal impact on the environment.

In January of 2000 the BC Chamber of Commerce co-hosted a conference in Vancouver with the Alaska State government to discuss the potential of a rail link from northern BC to Alaska. It was decided at that conference that such a link would have immense benefits to both countries. The Alaska State government has recently enacted legislation to reauthorize the delineation and acquisition of a rail transportation corridor from the present terminus of the Alaska Railroad to the Alaska-Yukon border.

Through British Columbia there are two possible routes. One possible route involves the existing BCR Railway extension into the Northwestern BC that was begun in 1972 and later abandoned. During the construction years the railway bed had been extended from Fort St. James to Dease Lake with the installation of the majority of bridges required to that point. Another possible route would use an extension of the existing rail line that currently terminates at Fort Nelson.

THE CHAMBER RECOMMENDS

That the governments of Canada and British Columbia should establish a project team including all stakeholders including the United States, Alaskan, Yukon Governments, First Nations and private enterprise to conduct a the feasibility study of completing a rail link from northern British Columbia to Alaska.

COMPETITION, SCIENCE & ENTERPRISE

FUEL CELL TECHNOLOGY (1999)

It is quite likely that within the next 20 years fuel cells will dominate how energy is made useful and that, somewhere in the industrialized world, an enormous commercial complex will be established using fuel cell technology. The microprocessor (i.e. Intel) spawned companies which in total dwarf Intel because those companies make all aspects of computer hardware - and the resulting software. In the same way, the fuel cell under development in BC by Ballard Power Systems Inc. can spawn companies whose total output value could be on the scale of today's internal combustion engines, and their suppliers.

There is a chance that BC can seize on this opportunity to become for the fuel cell industry what Detroit is to the internal combustion engine or Silicon Valley is to microprocessors and software. The challenge is to ensure that the "brains" behind the industry stay in BC and in turn to use those "brains" to ensure that BC takes the lead in this exciting new industry.

The geographical location which encourages early development and adaptation of a product will often be the place where the "brains" reside, where problems are solved first and where product standards are set. While BC will have to fend off what will undoubtedly be fierce competition from other jurisdictions, BC has the leading chance to be that place if business, government, workers and the education and training institutions take the initiative today. In other words the "First to Adopt, First to Benefit" approach can make BC a world leader in this exciting new technology.

THE CHAMBER RECOMMENDS

That the provincial government:

1. implement the taxation, regulatory and labour market policy changes that will allow this new high tech industry to attract and retain the skilled people and investment needed to allow the fuel cell industry to develop in BC.
2. designate senior people within each of the Ministry of Employment and Investment and the Ministry of Education, to support the activities of the already appointed Deputy Minister of Advanced Education, Training and Technology, with the mandate to champion the industry and to implement the policies needed for the industry to develop.
3. use the purchasing and investment powers of government to encourage the development and testing of prototypes of fuel cell technology where it can be safely and economically used - this would include anything from buses (prototypes already in testing), BC ferries internal power uses, power sources for traffic lights and other power users.
4. in co-operation with the federal government and industry, establish a new, national, "Fuel Cell Centre of Excellence" in BC to draw on the excellence in, and to serve, industry and the academic institutions exploring uses of fuel cell technology.
5. co-sponsor regular (annual or bi-annual) symposia on fuel cell technology and applications to bring to BC the world experts on fuel cell technology.

EDUCATION

FOUNDATION SKILLS (2003)

The Chamber recognizes that literacy skills are the foundation of literacy. The provincial Foundational Skills Assessments (FSA, 2002) indicate that 20% of BC students in grade 4, 24% of BC students in grade 7 and 29% of BC students in grade 10 are failing to meet the minimum expected standards in reading comprehension. These results are very similar to the results from the 2001 assessments and slightly lower than those of 2000.

The importance of a K-3 reading program that ensures all children become successful readers cannot be underestimated. Effective early reading instruction requires extensive knowledge and training in the latest in reading research.

THE CHAMBER RECOMMENDS:

1. Improved support for the teaching of foundation skills.
2. Early identification and intervention measures for children at-risk (including preschool children) of literacy and numeracy failure, with those intervention measures evaluated for effectiveness and results in a timely manner.

QUALITY EDUCATION IN THE ABORIGINAL COMMUNITY (1998-revised 2000)

The BC Chamber of Commerce is concerned by the low graduation rate of the aboriginal community. Currently only 31% of this community complete high school. This rate is not acceptable.

The Ministry of Education has begun to address this issue through its Aboriginal Education Improvement Project which has created financial incentives for school districts who reach specified improvement targets for graduation rates and academic success for aboriginal students. This type of innovation is to be commended.

THE CHAMBER RECOMMENDS

That the provincial government take steps including expansion of the Aboriginal Education Improvement Project to ensure that aboriginals graduate at a rate comparable to that of the rest of the province.

EDUCATION

TECHNOLOGY IN EDUCATION (1994 – revised 2001)

The world is changing at an ever-increasing pace. The number one commodity of the future will be the information that any one individual is able to receive, understand and utilize for the benefit of themselves or others who require the same information.

The delivery of the education curriculum, although having changed over the years, must keep up to changes in technology that can deliver information which assists students to link theory with practical applications. This can happen through the use of computers, internet and teleconferencing.

THE CHAMBER RECOMMENDS

1. That cost efficient technologies be incorporated in the delivery of education curriculum.
2. That the best teachers, in all disciplines, be made available to students through the use of technology.
3. That the necessary investment in teacher training and skills upgrading be made within existing funding allocations.
4. That government expand virtual learning and allow more access for students.
5. That government encourage further research into the effectiveness of virtual learning.

TRANSCO GOVERNANCE AND TARRIFS (2003)

Background

After a year of consultation and review, in November 2002 the Ministry of Energy & Mines introduced its new energy policy framework: “*Energy for our Future: A Plan for BC*”. While the government could have effected more change in certain areas of the electricity sector, overall the BC Chamber believes the new policy is highly workable and is a “made in BC” solution for the issues facing the industry and the province.

“*Energy for our Future: A Plan for BC*” provides a forward-looking policy framework that will enable the industry to meet its obligations domestically and to achieve its potential as a new provincial resource portfolio. With the correct policies in place, private sector utility investors are willing to invest heavily in BC, shift risk from the taxpayer to the shareholder, create jobs, pay taxes and help BC achieve its economic and electricity potential.

Since November 2002 the government has introduced a number of new energy industry Acts in the Legislature and has moved from policy development to policy implementation. The BC Chamber applauds the decisiveness of the provincial government and, in the interest of developing industry efficiencies on a “level playing field”, we urge the government to fully consider the following information.

Transmission Corporation – Authority and Tariffs

Functional separation of BC Hydro is already underway and an independent Transmission Crown – at arms length from BC Hydro – will act as an Independent System Operator (ISO) with an independent board of directors. This initiative is fully supported by the BC Chamber of Commerce given it will:

- Protect Powerex US marketing license and sales revenues, consistent with Federal Energy Regulatory Commission (FERC) and Regional Transmission Operator (RTO) West requirements;
- Provide independent power producers (IPP’s) with non-discriminatory access to markets;
- Enable industrial buyers to seek new sources of supply from IPP’s; and
- Ensure a provincial perspective, rather than an owner perspective, on development of BC’s transmission grid.

To provide complete transparency and rational governance, the province should include the transmission assets of all BC grid owners under the administrative authority of the transmission operator. These include the assets of Aquila Networks Canada, Teck Cominco, Columbia Power Corporation and Columbia Basin Trust, and Alcan.

Transco will seek BC Utilities Commission approval of transmission tariffs. The first step in developing these tariffs should be to pool the transmission costs of all provincial owners into a single base-line rate. Once a single rate has been calculated, the base-line tariffs should be overlaid with regional locational credits, reflecting the true cost of transmission service between the producing regions and regional end users.

Access tariffs developed in this manner will result in correct price signals sent to consumers and enable accurate recovery of costs from those loads driving the cost of the transmission system. This approach eliminates distortions within the postage stamp cost of service, is consistent with RTO models, and correct cost-benefit analysis with respect to supply-side additions some distance from current producing regions. Ultimately the result will be sustainable supply-side additions in the regions, in part driven by the true relative cost of transmission, and effective recovery of costs by TransCo on behalf of asset owners, enabling much

needed investment in BC's high voltage transmission system.

Burrard Thermal

Burrard Thermal—an environmental and engineering liability—is frequently only “fired up” to stabilize the long-distance transmission system. If BC Hydro is to continue to meet domestic requirements—particularly the large load in the lower mainland—the provincial grid requires reinforcement. The use of Burrard as a “system stabilizer”, particularly given its poor operating performance and environmental liabilities, distorts the need to address the real problem of transmission system congestion.

New investments to expand the transmission system are critical to BC's energy security. These new investments can and should be made by the private sector.

In that regard, the BC Chamber fully endorses the appointment of a Special Caucus Committee to review the future of Burrard and to weigh its economic and environmental burden against its somewhat circumspect supply-side merits.

BC Hydro's Tax Obligation

In its report to the Legislative Assembly, the Select Standing Committee on Crown Corporations recommended that: “*Crown corporations include the financial implications of paying full property taxes as a factor in their budgeting forecasting.*”

It is impossible to suggest that the government should expect the same level of tax relief from the public service as is received from the private sector. Public services, by their very nature, exist to provide for the public interest on some level. The same cannot be said for commercial crowns, which provide services that are equally available from the private sector. The BC Chamber of Commerce endorses the recommendation of the Committee to “level the playing field” between commercial crowns and investor owned utilities by factoring in appropriate levels of taxation.

This is particularly true for BC Hydro, which delivers a return on equity commensurate with private sector utilities but avoids taxes to local governments. BC Hydro's school district payments and grants in lieu to local governments total \$137 million annually. Its tax payment to local governments should be in the order of \$250-\$300 million. This translates into a \$120-160 million tax loss for communities throughout BC. Again, if the shareholder is going to receive a Return on Equity (ROE) commensurate with the private sector, then the crown should be paying tax commensurate with the private sector, particularly with provincial transfer payments to local governments eroding.

THE CHAMBER RECOMMENDS

1. That the provincial government continue to move swiftly to restructure the electricity industry through decisive policy development and equally decisive policy implementation;
2. That the new Transmission Corporation:
 - a. Be directed to provide governance of all transmission assets in the province in order to assure completely transparent access and a single window of access for buyers and sellers;
 - b. Be directed to calculate its new transmission tariff by, first, pooling the transmission costs of all grid owners into a single base-line and, second, overlaying regional location credits on the base-line in order to send the correct cost of service signals to producers and consumers and to enable full cost-recovery for asset owners thereby fostering required grid investment driven by market principles;

3. That the Special Caucus Committee on the future of Burrard Thermal include social and environmental cost accounts in determining Burrard's supply-side merits;
4. That the provincial government continue to level the playing field between commercial crowns and investor owned service providers by ensuring that commercial crowns pay full property taxes, particularly where crowns are delivering ROE commensurate with private sector returns.

ELECTRICITY MARKET REFORM (2002 – revised 2003)

Background

In November 2002, the Ministry of Energy & Mines introduced its new energy policy framework: *“Energy for our Future: A Plan for BC”* incorporating most of the BC Chamber's recommendations to government.

Overall the Chamber believes the new policy is highly workable and is a made in BC solution for the issues facing the electricity industry and the province. By maintaining public ownership of major BC Hydro assets and retaining low-cost production through legacy contracts, British Columbians will continue to benefit from the third lowest cost of power in North America.

While the Chamber supports the provincial government's direction articulated in the policy, there are concerns that implementation is not proceeding within the spirit of the plan while the issues that precipitated the new policy have become more urgent.

BC's electricity liquidity has disappeared

BC has been a net importer of power in five of the last six years and within three to five years domestic demand will exceed the installed capacity of existing power plants. The province will then be forced to default to spot market purchases from the US and Alberta. During peak periods those purchases are 4-10 times more costly than power produced in BC. Neither domestic customers nor the economy can afford that sort of financial exposure.

With one notable exception, we support BC Hydro's recent green power RFP. It represents a positive step toward distributed generation through micro and small supply-side additions and we encourage BC Hydro to swiftly undertake its next public request.

Transmission Constraints

The 500 KV system that transmits bulk supply (two-thirds of BC's power production) from the Peace and Columbia Basins is heavily congested during peak periods and in need of ancillary support if power from Site C is to be used.

The current power system has a finite capacity to move power from Northern BC to the Lower Mainland. Add to this the problem of 5-10% loss in the lines themselves in sending the power these distances, capacity is reached at 90% of the limiting capacity. That capacity is being reached and, without significant cost and environmental issues to overcome, additional transmission from any new power generation such as Site C is not possible.

Independent Power Producers Require a Level Playing Field

With the appropriate policy encouragement, the Independent Power Association of BC has stated its members

are ready to invest \$1 billion in new generation over the next 3-5 years. The commitment of the IPP community is evidenced by the response to BC Hydro's RFP.

However, and here is the aforementioned exception, we find it untenable that the Columbia Power Corporation – Columbia Basin Trust expansion of the Brilliant Power Plant is included on BC Hydro's shortlist of potential power supply additions. Because of their tax-backed capital structures and their federal, provincial and local tax exemptions, CPC and CBT put IPP investors at an extreme disadvantage.

BC Hydro carries more debt and less equity than any major natural gas or electric utility in BC, Alberta or Saskatchewan. The government has identified this as a concern and has severely restricted any further BC Hydro investment in generation. The BC Chamber believes these same concerns hold true for the long-term debt and credit implications of CPC and CBT.

Independent Power Producers – a group that does not include CPC or CBT – will take up the province's challenge for new electricity projects, create jobs and increase local and provincial tax revenues. It is difficult for them to compete however with a publicly funded corporation.

Given BC's pressing need for new energy supply we cannot afford to drive out private sector investors while taking on more taxpayer debt through government-owned competition. CPC and CBT are impediments to private sector investment and a liability for BC taxpayers.

THE CHAMBER RECOMMENDS

That the government swiftly restructures the electricity industry through decisive policy development and equally decisive policy implementation. And that the government base its on-going policy framework on the principle of maintaining an adequate, sustainable and reasonably priced supply of electricity for all British Columbians.

More specifically the Chamber supports:

- Establishing an Independent System Operator run by a new, fully commercial crown.
- Creation of a robust, competitive wholesale market including division of the distribution network into at least four to six entities, serving Vancouver Island, the Lower Mainland, the North and the South. This structure will help facilitate wholesale competition, development of distributed generation projects, and reduce the inequities created by the central planning.
- Implementation of "legacy" contracts "fixing" quantity and price from existing power plants as a continuous supply obligation from the generation division to the distribution networks, thereby providing British Columbians with an indefinite entitlement to low-cost hydro resources.
- IPP development of distributed generation facilities—i.e. coal fired, micro-hydro and combined cycle combustion plants.
- Expansion of cost-effective alternative energy solutions such as demand-side management.
- Expansion of the role of the BC Utilities Commission to include oversight of the new transmission system operator, the new distribution entities and the application of performance-based regulation to ensure customer and operating efficiencies are immediately embedded in a restructured industry.
- A comprehensive review of BC Hydro's price and cost structure by the BC Utilities Commission prior to the introduction of any rate increases.
- Payment of all applicable local and provincial taxes by all commercial crowns and private sector investors in the electricity industry.

- Privatization of Columbia Power Corporation and Columbia Basin Trust.

GEOLOGIC SURVEY BRANCH AND ENCOURAGEMENT OF MINERAL EXPLORATION, DEVELOPMENT, AND PRODUCTION (2002)

Natural resources remain a significant component of the provincial economy. Many of our smaller communities are directly supported, and all other communities (especially cities) are indirectly supported, by mineral, oil and gas exploration, extraction, and production activities. Vancouver has one of the largest professional exploration and mining communities in the world.

British Columbians expect their subsurface resources (which belong to all British Columbians) to be managed wisely by the provincial government for the optimum benefit of all citizens. A thorough knowledge and clear understanding of those resources is fundamental to fulfilling that mandate. This requires a strong and properly funded Geological Survey Branch with crews working in the field to develop and enhance BC's geologic data-base (information that can be used to benefit a variety of uses other than mining as well).

Experience around the world has demonstrated that those jurisdictions with active Geological Survey Branches strongly supported by government are by far the most successful in attracting exploration investment, and experience across Canada has shown that every dollar invested in government geological surveys returns at least \$3 (and more likely \$4 or \$5) in short-term private sector exploration, exploration which leads to new discoveries and further new investment, and long-term jobs and tax revenues. Government monies spent on their Geologic Survey Branches and fieldwork has been shown to be a good investment in our future.

In recent years funding for the Geological Survey Branch has degraded to the point that BCGS geologists spent very little time in the field gathering new data. Geological mapping of British Columbia has lagged significantly (currently about 20 years) behind that of Canada's other major mining provinces. (At recent mapping rates of 0.7% per year it would take 140 years to complete the first iteration of mapping of British Columbia at the 1:50,000 scale required for mineral exploration.) Moreover, efficient exploration requires ongoing reevaluation and reinterpretation of existing geologic data in light of new information generated.

As GSB funding has declined private sector investment in exploration has declined even faster! The survival of our metal mining industry is now in doubt as known reserves are exhausted. "The most fundamental industry concern remains the lack of exploration and development expenditures in the province over the past 10 years. ... There have been no new significant discoveries in the 1990's Unless the province creates an environment that is conducive to exploration and development, the industry faces a very uncertain future in BC." (Price Waterhouse, 2001).

To maintain and revitalize our mineral industries more, (not less), geologic mapping and geoscience data collection (geophysical, geochemical surveying etc.) is required.

Unfortunately, the recent over 60% reduction in the Geological Survey Branch budget, (from already very low levels) and the on-going reorganization and downsizing of the GSB, has resulted in the cancellation of all field operating funds so that mapping of the province may now never be completed. Further, the BC GSB is currently blessed with a world class team of skilled and experienced geologic talent which, once lost, can never be replaced.

The cuts to the GSB have resulted in new programme directions. The Chamber is not opposed to the principle of public/private partnerships (P3's); however the implications of the new policies as applied to this sector have not been fully considered.

Prospectors, not major companies, are still responsible for over 70% of new discoveries and they depend on the availability of both a comprehensive, up-to-date and easily accessible geologic data-base, and on access to knowledgeable people and advice within an established Geologic Survey Branch.

Prospectors, and junior mining companies have very limited abilities to become involved in public/private partnerships, and major companies have been traditionally reluctant to share their store of geological information, however acquired. Moreover, any private sector entity involved in a P3 relationship with the Geological Survey Branch will demand a period of exclusive use of any information generated effectively giving them a preferred and unfair advantage over other explorationists.

Ongoing re-evaluation of existing data in light of new information requires intensive knowledge of the entire geological database. This is neither encouraged nor facilitated by the use of private sector contractors, nor is the maintenance of uniform standards of quality of data collection where the driving factor in awarding contracts will be price.

A public/private partnership approach to geoscience data collection is likely to prove to be an inefficient means of generating the geoscience data required to properly manage the province's mineral resource, and to attract new exploration investment.

Another principle cause of the exodus of mineral investment from BC (despite our having some of the world's best and most prospective geology) has been industry's experience with BC's regulatory structure.

BC has had for many years what has been called a "one-window" approach to permitting and approvals, an approach intended to streamline the regulatory process wherein applicants deal with just the Ministry of Energy and Mines. In practice, however, this has meant a 'one-window - many doors' approach as MEM distributes the applications to all potentially interested Ministries for comment and approval, resulting in unnecessary and unacceptable delays.

A true "one-window - full authority" approach wherein the Ministry responsible (MEM) is given full authority to manage the mineral resource (according to standards established by that Ministry in cooperation with other interested Ministries such as Water Air and Land Protection), and Sustainable Resource Management is required.

The British Columbia Chamber of Commerce supports government and industry cooperation to ensure that mineral exploration, development, production and processing continue to take place in an environmentally responsible manner. The MX (Mineral Exploration) Code is a significant step forward; a "Best Practices" guidebook would assist in ensuring high standards are met while encouraging exploration by explaining the regulations.

Currently known reserves of operating metal mines in BC are likely to be exhausted within a decade and a half. As those mines shut down so will several thousand jobs, and rural communities will be severely impacted. Given the long lead times required to find and develop new ore bodies there is now an urgent need to increase levels of mineral exploration.

THE CHAMBER RECOMMENDS

That the provincial government:

1. publish clear statements of support for continuing mining and exploration in British Columbia and demonstrate faith, confidence and commitment in BC's mineral potential by funding the Geological Survey Branch to a level that allows the Branch to put its crews to work in the field in British Columbia, developing and enhancing BC's geologic data base;
2. reaffirm the mandate of the Geological Survey Branch and investigate ways to maintain services and access to information through both print and electronic media;
3. continue to ensure that any partner or contract agreements entered into by the Geological Survey Branch do not take business away from the private sector, or restrict access to information gathered at the public's expense;
4. publish clear statements of support for continuing mining and exploration in British Columbia;
5. ensure that mineral exploration standards be clear, reasonable and practicable for enterprises of all sizes, be designed to minimize the adverse effects on trade and investment, and be subject to periodic reviews and revisions (including the MX Code beginning in the year 2003) to ensure it is working effectively in the field. The MX Code should be supported by development, in concert with industry, of a 'Best Practices' Guidebook for Mineral Exploration;
6. co-operate with the federal government in establishing and promoting mineral and exploration taxation policies that recognize the high level of risk to the investor;
7. ensure that approval processes for mining be streamlined in practice and that specific and firm deadlines for approvals for both exploration projects and mineral developments be clearly established and adhered to; and
8. designate the Ministry of Energy and Mines as the lead agency with full authority to issue permits within an appropriate time period and that approvals from the Ministry be based on consistent standards as determined by other relevant government agencies.

DISTRIBUTED GENERATION (2001) (revised 2002)

British Columbia is blessed with an abundance of natural resources, including in the Elk Valley there are hundreds of years of coal reserves and biomass energy. The utilization of this resource in a sustainable, responsible manner is important, and is conducted by balancing environmental, economic and social considerations. As natural gas prices rise and with the recent energy crisis we've seen in California and in other locations, it is crucial we open the markets to supplementary energy sources from independent power producers and co-generation plants.

Historically monopoly status has allowed BC utilities to build large power plants that would in theory, enable them to lower power costs. Today, in many cases, electricity can be generated economically and more efficiently through small-scale distributed generation options, including co-generating plants. Private generators of electricity in British Columbia have preceded the existence of BC Hydro; recently private generation has been encouraged to supply electricity to the export and domestic markets.

Two benefits of distributed generation and co-generation plants are, they generate power close to load reducing long-distance transmission costs and they increase regional reliability.

Co-generation is a process which generates two forms of energy, electricity and useful heat from a single fuel source. Once a co-generation plant is operational it will make the site self-sufficient in power and heat, and potentially generate electricity to sell back into the provincial grid.

Fuel sources for distributed generation are primarily hydro, coal and natural gas. Co-generation plants are generally fired by wood waste, bio-mass, or natural gas.

With the increasing demand for electricity, coal is a particularly attractive fuel source for distributed generation. More than 70% of the electricity produced in Alberta and Saskatchewan, and over 50% of the electricity produced in the U.S., is generated by coal-fired power plants. BC has an abundant supply of high-grade coal for fuel stock. When coupled with thermal scrubbing technologies, already in use throughout North America, the opportunities for coal generating plants in BC are very promising.

Of the total hydrocarbon reserves within British Columbia, coal is by far the most abundant energy resource and can play an important role the province's energy future. (BC Hydro Carbon Reserves: Total 105,000 Petajoules comprised of Coal 77%, Natural Gas 22% and Oil 1%. Source: National Energy Board. Conventional reserves only.)

In 2000/01 the provincial government collected \$17.9 million in direct resource revenues from the coal sector. The industry also contributes provincial income taxes, provincial sales tax, fuel tax and property taxes to local governments and is responsible for approximately 6,000 direct and indirect jobs.

The BC Ministry of Energy and Mines estimates that approximately 15 billion tonnes of BC's coal resources could be used for thermal electricity production. Of that, approximately 3 billion tonnes can be mined economically with available technology. The amount of energy contained within those 3 billion tonnes of coal is sufficient to supply BC's domestic electricity requirements for 100 years.

With a decline in employment opportunities in the province's resource sectors, direct and indirect employment would be available for the construction and operation of distributed generation and co-generation plants, and government revenues would increase.

The provincial government should establish a policy framework that encourages the development of distributed generation and co-generation projects that in particular utilize our extensive coal resources, and begin the process of developing coal-fired power plants as soon as possible to help meet domestic electricity needs with a view to optimizing energy exports.

THE CHAMBER RECOMMENDS

That the provincial government:

1. promote the development of distributed generation and co-generation projects providing that any such proposed power plants meet the federal and provincial environmental regulations for air and water quality;
2. open the market—including the transmission system and access to PowerEx US marketing license—to enable private investors to pursue domestic and export sales as the market will bear;
3. revisit established guidelines and policies regulating distributed generation plants; and
4. require BC Hydro to update its Integrated Electricity Plan (IEP) to include various regional/local resources for distributed generation plants, including coal-fired plants. Coal generation was eliminated from the previous IEP. At a minimum, it should be reviewed in an unbiased and rational manner in a process with clearly defined requirements and objectives.

EXPLORATIONISTS LIABILITY ON ABANDONED MINE SITES (2001)

Exploration companies and prospectors recognize their responsibility to conduct their activities in a safe and responsible manner. They accept their obligations and responsibilities regarding potential hazards to the public or environmental damage that they create or worsen. However, under current policy and legislation, individuals or companies involved in prospecting or mineral exploration assume all responsibility for pre-existing conditions created by previous exploration or mining activity.

A truism in the mining industry is that one of the best places to look for new mines is right next to old ones. But the early exploration, development and mining activities were conducted according to different standards and practices, (established by governments of the day), which may have left an environmental legacy which under today's standards is no longer acceptable and may be too expensive to remedy or hazards that are unmarked by either those early explorationists or the government.

It is unfair for today's explorationists to assume responsibility for the results of the activity of others. It represents an unnecessary business expense and indeed a threat to their livelihood. Because explorationists are required to assume liability on sites that have been unused for often up to a hundred years, many potentially valuable sites are not even being investigated, let alone developed, and British Columbians are denied the social and economic benefits of their mineral heritage.

Ontario has recently introduced legislation that clarifies the limit of an explorationist's liability for pre-existing environmental problems. As a result explorationists are only responsible for environmental contamination they cause or worsen. Similar adjustments to British Columbia's environmental regulations

would remove a barrier to economic growth in the mining sector.

BC's government has said that it would be unfair to grant the tenure holder the assets and leave society with the liabilities. Such a policy does not acknowledge that government realises some 80% of the assets that come out of the ground. It seems unfair to hold an individual solely responsible for a liability when so much of the corresponding asset goes to the government. Furthermore, Free Miners will rarely stake such land so long as such policies exist. Consequently, this situation acts as a significant impediment to mineral exploration in British Columbia and our mineral potential will remain unrealised.

THE CHAMBER RECOMMENDS

That the provincial government introduce legislation to relieve explorationists who acquire mineral tenure from the crown for the purposes of assessments or exploration from the responsibility for pre-existing hazards and that clarifies that explorationists are no longer responsible for environmental damage they did not cause or worsen.

MINERAL TENURE IN BC (1999) (revised 2001)

Tenure is one of the most important aspects of mineral exploration and development. Government initiatives such as land use planning, regulatory delays and constraints, and aboriginal treaty negotiations have a negative impact on security of tenure.

Tenure holders often suffer loss of income and opportunity as a consequence not only of the Land Use Plans, but also during the Land Use Planning process while areas are considered for Protected status or while the land is involved in an aboriginal land claim. The uncertainty of tenure in these situations affects the holder's ability to earn income, and the value of the mineral claim is degraded.

Furthermore, there are obligations which must be fulfilled under the Mineral Tenure Act which the holder may be unable to fulfill due to aspects of the land use planning process. The holder should not be penalized in this situation.

Proximity to protected areas/parks has a strong negative economic impact on the ability to attract investment.

Confidence to invest requires a clear understanding of the regulatory framework under which industry will be required to operate, and that framework must be consistent across the province.

Furthermore "no staking" reserves have been used indiscriminately and for a variety of reasons. The enactment of such a drastic measure is not necessary in most circumstances and serves to needlessly block acquisition of tenure.

THE CHAMBER RECOMMENDS

That the provincial government provide security of tenure by:

1. deleting Section (28.2) of the Mineral Tenure Act where the interest of a recorded holder of a claim is defined as a chattel interest;

2. amending the Mineral Rights Amendment Act so that it establishes a fair, reasonable and timely compensation formula for mineral interests that are adversely impacted by government action or inactions including loss of tenure through all takings (parks, protected areas, aboriginal land claims, etc.) and any reduction in tenure value as a result of government action or policy;
3. grandfathering tenures incorporated in any newly protected areas including access to such tenures to ensure that owners can elect to receive compensation or maintain the right to explore for minerals, and if successful, the right to develop and produce them;
4. boundaries around Protected Areas should be drawn in such a manner as to minimize any impact on the economic viability of mineral tenures, and where such economic viability is damaged by proximity to new Protected Areas fair and reasonable compensation should be due to the tenure holder;
5. notifying directly, and consulting in a meaningful fashion, all tenure holders of any and all proposed land use initiatives and management plans which could impact their holdings, (e.g. aboriginal land claims, Trans Canada Trail, large scale granting of crown lands, wildlife management or conservation areas, etc.) prior to the implementation thereof;
6. ensuring that, for past and future expropriations, all affected parties are compensated at fair market value for their tenures and in an expeditious fashion for all kinds of takings (including reductions in the scope of tenures including on renewals), not just those for park purposes, and that compensation include interest accrued from the time of the taking;
7. clarifying the effect of Aboriginal land claims on mineral tenure rights, and ensuring a seamless, consistent and economically neutral regulatory framework which will apply for both exploration and development and production in the event of any change over control of the resource;
8. refraining from undermining the ability of all mineral specific legislation and regulation to protect tenure and mineral development through other government acts and the creation of land use priorities on Crown Land;
9. minimizing the use of “no staking” reserves and reintroduce “sunset clauses” on all “no staking” reserves.

PACIFIC COAST OIL & GAS (1998 – revised 2003)

There are four major oil and gas basins on the BC offshore: the Georgia Basin, Tofino Basin, Winona Basin and the Queen Charlotte Basin. Each of these basins has the potential of significant oil and gas reserves.

- Queen Charlotte Basin – 736 billion cubic metres
- Tofino and Winona Basins – 266 billion cubic metres
- Georgia Basin – 185 billion cubic metres

Both the federal and provincial governments have restricted oil and gas exploration on the West Coast. However, this restriction is a matter of practice rather than law as there is no statutory moratoria banning exploration.

The economy of the Pacific North West of BC is currently dependent upon seasonal tourism, a fishing industry in transition, and the troubled forest industry. Offshore oil and gas exploration would not only be dependent on the current labour force, onshore and foreshore facilities but would provide much needed economic diversification to this area, as evidenced by development in the Beaufort Sea, Newfoundland and Nova Scotia. It would also provide greater employment and increase the tax base.

In 2003 the Federal Minister for Natural Resources announced that the government will embark upon a review process to determine the impact of exploration on the environment. Unfortunately, the review process is limited to a relatively small area. It does not recognize the need of explorationists to access larger areas in order to make such endeavours financially viable. The approval of exploration should not be conditional upon environmental studies. However, any projects that result from exploration must adhere to all applicable environmental review.

Furthermore, offshore oil and gas exploration and resource extraction are not unique to BC and have been conducted without harm to the environment in many other jurisdictions (Alaska, California, Hibernia, Norway, North Sea).

THE CHAMBER RECOMMENDS

1. That the federal and provincial governments reassess the inland marine zone to allow for offshore oil and gas exploration; and
2. That the appropriate Provincial, Federal, and First Nations authorities commit to working in concert prior to proceeding with offshore oil and gas exploration.

DELINEATION OF SURFACE AND MINERAL TENURE LAND RIGHTS (1998) (revised 1999)

Surface land rights and mineral tenure rights are held independently so there is potential for conflict between these rights. Although mineral tenure holders are required to notify surface title holders prior to developing a sight, there is not currently any process that ensures surface developers are aware of mineral tenure claims in areas slated for surface development or to notify mineral tenure holders of such plans.

THE CHAMBER RECOMMENDS

1. That a process be put in place to ensure that surface titleholders be made aware of mineral tenure prior to acquisition.
2. That the surface title holders must notify mineral titleholders prior to proceeding with development.

ROAD DEACTIVATION (1998) (revised 1999)

The ability to transport people and goods has built a standard of living to which citizens of British Columbia have become accustomed. The current activity of road deactivation, financed by Forest Renewal funds, is removing infrastructure used by many industries including mineral exploration and tourism. It is not reasonable that any one industry be charged with the responsibility of maintenance of these roads or the associated liability.

THE CHAMBER RECOMMENDS

That the provincial government assess the value of these roads as essential infrastructure with a view to their asset value including access to future timber harvest, mineral exploration and tourism before any further deactivations.

INTERNATIONAL FINANCE CENTRE (2003)

In 1988 Provincial Legislation was in place, for Montreal and Vancouver, dovetailing with federal legislation for International Financial Centres allowing grant exemption from federal income tax on earnings generated from financial transactions where both sides are on and operate on an arms length basis with non-residents.

In 1991 the Vancouver IFC peaked at 51 members. Membership declined under the previous provincial government to 33 in 2002. The Montreal IFC has added new members annually and now has 120 offices employing 1,300 people, including two British Columbia forest company subsidiaries.

Provincial legislation, notably Quebec's, is structured more liberally, providing exemptions from provincial income tax and capital tax – the latter being quite onerous in Quebec and currently not substantially less onerous for institutions in BC. For example, Quebec is more liberal with respect to transactions where one of the parties is non-arms length, and they are more liberal with their definition of an eligible company. They can draw into the Quebec IFC with considerable flexibility to carry out international transactions even when one of the parties is an affiliate of a Canadian company and this is attractive to fund operators in Europe and in the United States.

It is more challenging to entice Asian operators given the low tax regimes already in place in Hong Kong and Singapore, but the Canadian base and our British Columbia location have benefits beyond the tax advantage. In comparison, for example, in combination with the Cayman Islands, BC can provide a very reliable trustee structure, an effective clearing and settlement operation, a skilled multilingual workforce and knowledge of networks in the Asian milieu.

BC should waste no time in considering provincial legislation mirroring the Quebec model thereby creating a flexible regime for BC based global financial operators. Given the combined effect of federal legislation and a more competitive provincial legislation, the resulting package could provide an attractive new opportunity for financial enterprises with an international base, especially those from the United States, China and Japan. The resulting benefits would flow into our major urban centres and into the heartlands.

As British Columbia rebuilds its economy for the 21st century, the rebuilding of a vibrant financial sector must be a core strategy. The rapidly growing field of international financial transactions and servicing promises highly skilled, high-paying jobs; international networking with manifold spin-offs; clean, non-polluting enterprises; and organizations contributing to the cultural and civic life of our communities.

THE CHAMBER RECOMMENDS

That the provincial government move quickly to re-establish British Columbia's position as an International Financial Centre with the appropriate amendments to the current legislation.

TRANSPORTATION INFRASTRUCTURE FUNDING AND INCREASED GASOLINE TAXES (2003)

As part of its Budget 2003 Fiscal Plan, the provincial government announced and implemented a provincial wide increase in gasoline taxes of \$0.035 per litre.

The increased gasoline tax was introduced in order to provide funding in the amount of \$650 million, all of which is earmarked for provincial investment in transportation infrastructure from 2003/04 to 2005/06. The provincial government has stated its intention to leverage the \$650 million by obtaining investment from federal and private partners.

While the Chamber recognizes the necessity of maintaining the province's transportation infrastructure, it is also concerned that increasing gasoline costs and taxes reduce British Columbia's ability to provide a competitive business environment.

THE CHAMBER RECOMMENDS

That the provincial government:

1. maintain its commitment to using the revenues from the increased gasoline taxes for the sole purpose of improving transportation infrastructure within the province;
2. develop a plan with respect to highway infrastructure including an estimation of potential expenditures;
3. ensure that it leverages the increased funding available to the fullest extent possible by accessing federal cost-sharing programs and public private partnerships; and
4. ensure that it rescinds the \$0.035 per litre gasoline tax increase upon achieving its stated goal of raising \$650 million.

PROVINCIAL SALES TAX (2002)

In the 2002 budget, the provincial government increased provincial sales tax from 7% to 7.5% effective at midnight that night. Small business has always bristled at having to make sales tax changes instantly. These changes not only take time but also divert resources from serving customers to serving the government.

The government reasons that immediate implementation is necessary because consumer reaction could produce negative consequences. Indeed, retailers reported long lines of people wanting to stock up on cigarettes to avoid the new consumption tax. Alternatively, consumers would delay purchases with a tax decrease.

In this case, there were retailers whose point of sale systems could only handle full percentage point increases in sales tax. Many were unable to accommodate the .5% increase and until they were able to put new systems in place, charged 7% sales tax and the balance came out of profits. There were reports that yet other businesses charged 8% and calculated the difference for customer refunds. Either way, it fell on the business owner to adapt.

Business friendly means truly understanding the time and energy that business devotes to creating profit. What appears to be a small change can create huge costs. Small business is the economic driver that is going to help pull our province out of economic doldrums and government needs to be responsive to its needs. The BC Chamber questions whether the costs for business outweigh the costs associated with consumer reactions.

The provincial government reported that the hike in the sales tax was necessary to pay for recent public sector wages. As the economy and the province's financial situation improves, the expectation is that provincial sales tax should decrease. The provincial government has in fact stated that it would consider rescinding the .5% increase in the PST when the budget is balanced.

THE CHAMBER RECOMMENDS

1. The Ministry of Finance and the Consumer Taxation Branch work with the BC Chamber to develop a workable framework for future changes in Provincial Sales Tax.
2. The provincial government rescind the .5% increase in the PST upon achieving its goal of balancing the budget and at that time consider further reductions to the PST to make BC tax competitive.

PROPERTY TRANSFER TAX (2002)

With the downturn in the British Columbia economy over the last 5 to 6 years, no one industry has suffered more than the residential construction industry. Not only has this industry been plagued by a lack of buyers created by the "leaky condo crisis" but the industry has lost a large majority of its workers due to migration into Alberta or Washington State due to the large reduction of residential construction starts in British Columbia.

Compounding the industry's problems is that British Columbia is one of the few jurisdictions to charge a capital tax against the purchase of residential homes, namely the Property Transfer Tax. While the Provincial Government has taken steps to phase-out or eliminate capital taxes such as the Corporate Capital Tax, this tax still exists.

Indications are that the removal of the PTT would not only be good for this industry but also good for government. A study released by the BC Real Estate Association estimated that a removal of the PTT would mean:

- 6,400 additional Multiple Listing Service® (MLS®) residential sales;
- 2,600 additional housing starts;
- 20,640 person years of employment in the sales and construction industries;
- \$1,274 million increase in Gross Domestic Product (GDP); and
- \$357 million increase in government revenues.

THE CHAMBER RECOMMENDS

That the Provincial Government either immediately eliminate or implement a program to phase out the Property Transfer Tax in order to boost the residential construction industry and to eliminate a purely capital tax.

HARMONIZATION OF PROVINCIAL SOCIAL SERVICES TAX WITH FEDERAL GOODS AND SERVICES TAX (2002)

The federal government levies the Goods and Services Tax (“GST”) on most property and services supplied in Canada. The Province of BC levies the Social Service Tax (“SST”) on most goods and services supplied in BC. Most businesses operating in BC are required to collect, record, report and remit GST and SST on taxable sales of goods and services. Each government has its own audit processes, with the related necessity to maintain and store records.

These impositions of two levels of tax create significant and unnecessary costs for businesses in BC in two respects. First, many business inputs are subject to SST that, unlike the GST, cannot be recovered and thus represent a direct cost to business. While the recent SST exemption for manufacturing equipment has improved the situation, businesses in BC are still at a competitive disadvantage compared to jurisdictions that do not impose such taxes. Second, the requirement to act as a tax collector for two levels of tax imposes significant direct and indirect costs on businesses in having to administer the taxes. Each of the GST and SST has its own set of taxable items and each has a myriad of exceptions. Business operators must spend both time and money to understand the application of two taxes to their operations, establish systems to account for taxes and deal with two sets of auditors enforcing compliance.

These are costs that, unlike the taxes themselves, add nothing to government revenues. Furthermore, unlike some costs that may be incurred to promote business expansion, these costs create the opposite effect.

It is recognized that the nature and structure of the GST (a value-added tax) and the PST (a cascading tax with exemptions for certain business inputs) are quite different and that each tax has its own set of exemptions. However, all that stands in the way of harmonizing those taxes is the political will to make it happen.

The federal government has indicated a willingness and a desire to enter into agreements with the provinces to harmonize the GST with provincial sales taxes. In fact, agreements have been reached in Nova Scotia, Newfoundland and Labrador and New Brunswick to create a harmonized tax, the Harmonized Sales Tax (HST). The Quebec Sales Tax, though not harmonized with the GST, is almost identical to the GST in its application and thereby reduces compliance burdens and eliminates tax on business inputs. To date, the provincial government in British Columbia, more for political than economic or revenue generation reasons, has rejected the federal initiatives towards harmonization.

If agreement were reached between the Federal and BC Provincial Governments businesses would generally be relieved of tax on their business inputs and would have to administer only a single sales tax, thus both reducing their compliance costs and increasing the competitiveness of BC business. The result would be cost savings for businesses without any revenue loss to government (depending upon the harmonized tax rate and sharing agreements).

Since at least 1989, The British Columbia Chamber of Commerce has been on record as supporting, in

concept, a national value-added tax, provided that it satisfied at least the following principles (the “HST Principles”):

- (a) unlike the present structure under the GST, an HST must be a comprehensive, all encompassing, across the board tax, excluding those items which are currently tax exempt;
- (b) the process of collection of the HST imposed on businesses, particularly small businesses, must be as simplified as possible in order to mitigate against the disproportionate cost of collection imposed in businesses and the leakage of input credits that occur on small ticket items not fully receipted;
- (c) the SST must be harmonized with the GST;
- (d) as with the current GST, an HST must be visible to the consumer (i.e. added on at the cash register), because only then can government be held accountable for any increases in the rate;
- (e) as with the current GST, there should be tax credits for low income taxpayers to lessen the impact on them of a broadened tax base;
- (f) any changes to the rate of HST charged must only be possible after Parliamentary debate; and
- (g) the process of harmonization of the GST and SST must not be used as a means to the collection of higher taxes, in other words, the HST must be revenue neutral to governments.

THE CHAMBER RECOMMENDS

1. That the provincial government recognize the unnecessary negative impact on businesses and the BC economy of dual sales tax collection and therefore commit itself to moving quickly to reaching agreement with the federal government for the full harmonization of the SST and the GST, including the harmonization of the collection, reporting and remission of the GST and SST and the related audits.
2. That the provincial government commit itself to the HST Principles set out above in coming to agreement on a HST with the federal government.
3. That the provincial government, if it is unable to reach agreement with the federal government on the HST, at least streamline the collection of the SST on the basis of a single collection and audit and enforcement process with that under the GST and a closer matching of the taxable item bases of the GST and SST.

CENTRE FOR PUBLIC PRIVATE PARTNERSHIP (P3) INNOVATION (2002)

The BC Chamber recognizes that the advent and development of public private partnerships (P3) is a trend that will bring dramatic change to the manner by which programs services and capital projects are planned, delivered and maintained in our province. Public sector partners can include all levels of government (federal, provincial and local) and their affiliated agencies. This change is one that we believe should be embraced, but approached with a clear and competent understanding of the advantages and pitfalls.

The provincial government structure is being modernized. Emerging from this will be a continuum of opportunities, from the contracted delivery (outsourcing) of government services to full privatization, each with varying degrees of risk. It is anticipated that legislation will expand the ability for municipalities, local government, schools, health authorities and other agencies to enter into P3 agreements.

We believe that private sector participation at the formative stages is integral to the development of effective P3 processes. A core concept is the sharing of information and on-going educational opportunities to ensure partners have access to information. With its comprehensive new “Capital Management Framework” the provincial government will address the need to provide measurable, non-prescriptive guidelines for LARGE capital projects. Nonetheless, it is unlikely that the framework will address education, public relations or expertise issues outside of its large capital projects, i.e. those projects that will involve small and medium sized businesses and municipalities.

Therefore, we believe that business and government partners should work together to investigate and appropriate manner of addressing education, information issues while considering the opportunity development for P3 projects. We encourage the development of a body to act as a conduit for information, championing the development of capacity in BC to ensure success for all parties. Governance, funding and control issues of such a body would be addressed jointly.

Best practice expertise in P3 contract development, negotiation and implementation is critical to ensure successful partnerships and deliverables. The goals should be optimizing opportunity, mitigating risk and reducing transaction costs for each partner while protecting the public interest. We believe that developing capacity, capability and expertise so British Columbia can lead P3 projects at home and abroad should be a primary goal.

THE CHAMBER RECOMMENDS

That the provincial government:

1. take the lead in working with government, agencies or affiliates and the private sector to create a synergistic body to build P3 capacity, capability, expertise and to manage risk for all parties so that British Columbia can lead the field at home and abroad.
2. work with the BC Chamber in partnership with local chambers and the private sector to champion a P3 forum aimed at meeting the education, best practice, and public relations needs of small and medium sized businesses and municipalities with regard to P3s, other than large capital projects.

F ORESTS

OPENING LOG MARKETS (2003)

In an effort to reach an accord with the US over softwood lumber, the provincial government has embarked on policy and legislative change to revitalize the BC forest industry. As part of this revitalization, the government is creating opportunities for small businesses, First Nations, and communities to obtain forest tenure. In addition, it is their intention to provide more of a competitive bid system in order that stumpage reflects a more “market-based” pricing system.

Accordingly, if businesses are going to be required to bid competitively for timber, those businesses should also have unfettered access to both domestic and international markets.

An example where access to *all* potential log markets has been successful is the one granted in the Northwest allowing log exports. In a region that has seen a huge decline in manufacturing capacity because of poor timber quality and high logging and transportation costs, the opportunity to export logs has stabilized and actually enhanced logging, booming, hauling, shiptending and barging jobs. In addition, the ability to market logs for export has allowed businesses to access more marginally economic stands of timber for utilization by existing larger manufacturing facilities as well as smaller owner-operator processors. This is creating and fostering more economic opportunities and employment to businesses in the NW and exposing the NW to a broader range of domestic and international customers.

THE CHAMBER RECOMMENDS

That the province of BC permit log exports in regions that have an economically depressed forest industry and that:

- need an impetus for entrepreneurialism in the region’s forest industry
- have poor quality timber stands that would otherwise not be harvested because of marginal economics

and that such permissions be granted on a three (3) year renewable basis and based on an economic review of the region’s industry.

MOUNTAIN PINE BEETLE EPIDEMIC (2003)

Much of British Columbia, from the west central interior south to the Canada-US border, is in the midst of an extremely serious outbreak of the Mountain Pine Beetle. The beetle attacks Lodgepole Pine, which accounts for more than 50% of the growing stock in much of the affected area.

The scale of the epidemic is huge. The overall area affected by the epidemic is approximately three times the size of Vancouver Island, representing a significant portion of the Province's working forest.

The economic implications of the beetle epidemic could be devastating to the province. In 2000, the forest industry estimated that the total value of timber at risk is over \$12.5 billion. That number has increased. Given that forestry is a major driver of the provincial economy, future economic growth in the harder hit areas could be seriously affected due to the lack of merchantable timber.

The Chamber warned of the dangers of the beetle epidemic as early as 2000. Unfortunately, the Government of the day failed to heed the warnings and to take the decisive action required to control and contain the problem. While the Ministry of Forests has recently devoted considerable resources to dealing with this epidemic, the epidemic continues to expand at a rapid pace.

THE CHAMBER RECOMMENDS

The Government of the Province of British Columbia:

1. urgently continue to assess the expansion of the epidemic and promptly develop and implement decisive action plans to stop that expansion;
2. identify and implement to the maximum extent possible the use of natural methods and consider the use of strategic and selective harvesting and salvage logging within Provincial Parks to control the spread of the Mountain Pine Beetle and create a safe environment for residents in the surrounding areas; and
3. assess the short and long-term economic implications of the epidemic on resource-based communities throughout the province and develop plans to address the issues arising therefrom.

BUILDING BC'S FUTURE WITH WOOD (2003)

According to the recently released Ministry of Forest – Forest Innovation Investment Strategy (www.forestry-innovation.bc.ca/docs/IMPD_InvestmentStrategy0304.pdf)

- There is a singular focus on international marketing – domestic marketing of wood use that is not included as part of the strategy
- Engineered wood products are identified as a competitive threat/obstacle in the same way as steel and concrete, yet these products represent the future of the industry

Marketing wood successfully abroad begins at home. By marketing wood use domestically, we develop showcases of wood use at home, which then become strategic assets to help market BC's wood products abroad.

Other areas of Canada and the world are far more aggressive with regards to developing the value added sector and increasing the use of wood:

- Finland (pop. 5.2 M) – invested \$90 million in their 'Value Added Wood Chain' program which involves marketing, research/new product development, education and enhancing manufacturing capacity.
- France – adopted a 'build with wood' strategy to meet Kyoto goals. By increasing the use of wood in construction by 10%, they figure that they will reduce green house gas emissions by 20%.
- Alberta – inspired by leaders like Finland, Alberta will soon be releasing a Value Added Strategy that will seek to increase Alberta's competitiveness and manufacturing capacity in a wide range of value added wood products.

Despite several 'build with wood' resolutions spearheaded by Local Government calling on the Provincial Government to optimize the use of wood in all publicly funded projects, steel and concrete continues to dominate many public sector projects to the exclusion of wood use.

With projects like the 2010 Olympics and the Vancouver Trade and Convention Centre, BC has an opportunity to make a very powerful international statement of pride, environmental stewardship and excellence in the use of wood in construction.

The Provincial Government is making progress in enhancing the primary forest industry's competitiveness. Now, the same attention and dedication to competitiveness and advancement needs to occur for the wood products/value added sector of the industry. There is a US \$200 billion market for value added wood products in North America, and it is growing at 10% per year. Currently, BC has less than 1% of this market. (Peter Woodbridge and Associates, 2000).

THE CHAMBER RECOMMENDS

That the BC Government:

1. Initiate development of a long-term value added wood strategy that defines potential means of accelerating the growth of this industry sector;
2. Establish a provincial policy to encourage that all publicly funded and P3 (public private partnership) building projects consider showcasing, where feasible, the use of wood and sustainable building practices;

3. Allocate international marketing funds to assist in making BC projects of major international profile (e.g. Vancouver Trade and Convention Centre, 2010 Olympic Venues) world-class showcases of wood use and sustainable building practices.

BLUEPRINT FOR COMPETITIVENESS (2000 – revised 2003)

As BC's forest sector continues to be the key underpinning of BC's economy – creating employment for approximately 275,000 BC citizens and generating approximately \$4 billion in government revenues annually – it is extremely important to our province's future that government policy support a new vision of the BC Forest Industry where it becomes a growing, globally competitive, environmentally sound, world class leader.

In the past year the provincial government has either passed or introduced new legislation that meant to amend the Forest Practices Code, designate a working forest and reform the tenure system. These represent major steps on the route to reforming the province's most important industry. Work has not been completed however and the government must ensure that as these programs and initiatives are implemented the government adheres to the important principles of the Blueprint for Competitiveness.

THE CHAMBER RECOMMENDS

1. That the BC government support the BC forestry industry's vision, as outlined in its "Blueprint for Competitiveness", which emphasizes the need for:
 - protecting a sizeable and secure land base for the working forest that recognizes the need to dedicate portions of our province to growing and harvesting trees;
 - implementing a results and incentive based approach to regulating forest practices which are in line with other jurisdictions and substitute new certification systems for existing monitoring and auditing;
 - establishing a clear, unequivocal public objective to stabilize, then increase, the provincial AAC over time, together with the policies and programs that will make this happen while protecting environmental values;
 - providing a secure, certain, long-term system of tenure rights that encourages investment in our forests and allows for flexibility in business decisions;
 - developing a system of pricing public timber that yields a fair price to the government based on the ability of the industry to pay.
2. That in enacting this Blueprint the provincial government ensure that the mineral industry's access to these lands will not be impeded.

F ORESTS

FORESTS (1998) (revised 2003)

It is the policy of the British Columbia Chamber of Commerce that public forest policy contribute positively to the world competitiveness of forest dependent businesses in the Province while meeting, on a sustainable basis, the social, environmental and economic needs of British Columbians.

The Minister of Forests has embarked on a program of reform including the introduction of a new working forest policy on January 22, 2003 to provide greater land-based certainty for forestry and help build a stronger economy. The Minister then introduced a comprehensive forestry revitalization plan on March 26, 2003 that is part of the Heartlands Economic Strategy and that is aimed at

- creating new forest sector opportunities;
- opening up markets for BC forest products; and
- ensuring sustainable forest practices.

The Government states that this plan will open up forest sector opportunities for value-added manufacturers, remove barriers to regional job creation and open up new partnerships with First Nations. To create these opportunities, the Government plans to reallocate 20% of the long-term replaceable timber tenures in BC. To remove the barriers to regional job creation, the Government will allow the Province's 600 mills to obtain BC timber no matter where it was logged. The share of the Province's allowable annual cut available to First Nations will be more than doubled to 8%. The Government also proposes sharing \$95 million in forest revenues with First Nations over the next three years.

The Government will also revise tenure restrictions, including changing the cut control regulations, allowing licensees to log when it makes business sense to do so. The Government will eliminate mill closure penalties and permit tenure holders to transfer or subdivide licences without penalty or consent (the Government will continue to review these transactions to ensure that control of the timber supply does not become overly concentrated).

The forestry revitalization plan will also focus on diversifying the Province's forest industry to be globally competitive. Government will apply one per cent of all direct forest revenues to the global marketing of BC's forest practices and products to open up new markets in China and Japan.

In 2002, the Government introduced the *Forest and Range Practices Act* with the objective of achieving a results-based Forest Practices Code. This Act hopes to maintain high environmental standards while shifting the focus from paperwork to on-the-ground results. Companies must outline how they will meet these standards, and the Government will enforce these standards with a significant concentration on inspections and enforcement.

More information on these initiatives can be found on the Government web site at <http://www.for.gov.bc.ca>. Reform is required and the Chamber supports the Government's policy in this regard. In particular, the Chamber supports reform that intends to (i) reverse the trend of a declining timber supply, (ii) remove unnecessary impediments to the availability of that supply, (iii) determine fair compensation to forest companies surrendering 20% of their tenure, (iv) move towards audited forest certification and away from a punishment-based enforcement policy, (v) ensure that the *Forest and Range Practices Act* will be 'revenue

F ORESTS

neutral' to industry, (vi) develop stumpage reform based on relevant and supportable criteria that reflects industries' ability to pay, and (vii) contribute positively to the world competitiveness of forest dependent businesses in BC.

At the same time, the Chamber is sensitive to the fact that these changes will have adverse impacts on many businesses and communities who have come to depend upon the existing legislative and regulatory environment. It is important that change be effected in a manner that recognizes that British Columbians are entitled to expect and to rely upon reasonable stability and predictability in that environment.

THE CHAMBER RECOMMENDS

- Eliminate Unnecessary Regulation: the Government continue with its efforts to eliminate unnecessary regulation and to focus on results-based regulation and that it seek to create an efficient and effective market place in which business can flourish.
- Mitigate the Effect of Change on our Communities: as the Government proceeds with its program of reform, it be mindful of the legitimate interests of businesses and communities that will be adversely affected by the changes and that it make reasonable efforts to mitigate the effects of change.
- Amount and Availability of Timber Supply: to reverse the trend of a declining timber supply and remove unnecessary impediments to the availability of that supply, the Chamber recommends that Government:
 - protect the forest land base;
 - improve the process for establishing the Allowable Annual Cut ("AAC");
 - encourage investment in our forests; and
 - remove administrative and land use planning impediments to making the full AAC available for harvest.
- Cost of Timber Supply: to reverse the trend of increasing delivered wood costs, the Chamber recommends that the Government:
 - continue regulatory reform and deregulation with the intent of removing impediments to harvest and ensuring that such reform and deregulation has a 'revenue neutral' impact on industry and our communities; and
 - establish a stumpage system that reflects industry's ability to pay.

Contents

1.0	Introduction
2.0	Background
2.1	Benchmarks of Competitiveness
2.2	Issues and Initiatives Impacting Competitiveness
2.3	Trends in Benchmarks
3.0	Key Areas for Action and Chamber Recommendations
3.1	Improve the Amount of Timber Supply
3.2	Reduce the Cost of the Timber Supply

1.0 Introduction

The Province's forests and forest businesses are dominant in the lives of British Columbians.

Forests cover almost one half of British Columbia. Our forests are the most biologically diverse in Canada, providing habitat for hundreds of species of fish, wildlife, birds, plants and trees. These forests offer unequalled opportunity for wilderness and recreation pursuits. They represent great spiritual value to all British Columbians.

Our forests support about 270,000 jobs, 14% of the workforce, contribute 8%, or nearly \$8 billion, annually to the GDP of the Province and yield about \$4 billion per year in Government revenue. Forestry is the dominant employer in more than 200 BC communities, and more than 100 of these communities are classified as economically dependent on the commercial forest sector.

Because about 95% of these forests are publicly owned, public forest policy has a significant impact on the social, environmental and economic values derived from and supported by these forests. Although the Chamber is a strong advocate of a diversified economy, it also recognizes that the forest industry is and, with appropriate Government policy, can continue to be the single most important sector in the Province's economy.

The Chamber, therefore, believes that public forest policy must contribute positively to the competitiveness of BC businesses.

2.0 Background

2.1 Benchmarks of Competitiveness

This Chamber Policy focuses on the competitiveness of British Columbia's commercial timber supply and consequently the health of BC's overall business sector, given the significance of that sector to the BC economy.

Two key benchmarks of competitiveness for the timber supply are:

- **Adequacy:** the amount and quality of timber that is made available annually for harvesting; and
- **Affordability:** the cost of harvesting that timber, including the cost of harvesting fees paid to the Government and the cost of planning and reforestation associated with the harvesting.

2.2 Issues and Initiatives Impacting Competitiveness

Among the issues that can impact these forestry benchmarks of competitiveness are:

- **Land Use:** the amount of land in the Province available for commercial timber production;

- **Forest Practices:** the forest practices permitted or required on that commercial forest land base;
- **Allowable Annual Cut:** the rate of harvesting that the Province's Chief Forester determines may occur on land regulated by the Government after taking into account the foregoing and other factors;
- **Tenure and Stumpage:** the rights to harvest the AAC and the obligations that accompany those rights, including harvesting fees; and,
- **Administration and Enforcement:** the planning and administrative requirements to obtain authority to carry out forestry operations and the accompanying enforcement regime.

Among the public forest policy initiatives related to these issues are:

- **Land Use Strategy:** a new working forest policy proposed by the Government intends to provide greater land-base for forestry and help build a stronger economy. Under the proposed policy, about 45 million hectares of Crown land – 48% of the Province – will be given a new legal working forest designation. Parks, protected areas and private land will not be part of the working forest, nor will the designation limit treaty negotiations with First Nations.
- **Forest and Range Practices Act:** this legislation was introduced in 2002 with the objective of beginning a transition to a workable, results-based Forest Practices Code with tough penalties for non-compliance. The Government hopes the new code will ensure that British Columbia achieves high-quality forest management without reducing any environmental standards. The Chamber provided extensive comments prior to the introduction of this legislation. On the positive side, the Government included the Chamber's request by legislating a complete 'due diligence' defense to industry for non-compliance with Code practices. However, the legislation falls short by continuing to concentrate on enforcement rather than third party certification. It further falls short by compromising its promise to have a 'revenue neutral' impact on industry by requiring industry resource professionals to take on added planning and approval responsibilities resulting in increased costs to industry and increased liability to the resource professionals.
- **Treaty Negotiations:** the process to negotiate treaties with BC's aboriginal people and create a more certain investment and business climate.

Although the Chamber strongly supports the principles behind many of these initiatives, it is equally concerned about the manner in which these initiatives have been implemented, and the resulting adverse impacts on BC business.

2.3 Trends in Benchmarks

The trends in the forestry competitiveness benchmarks are not positive. The amount and quality of the timber supply available commercially is declining while the cost of administering, harvesting, and renewing the forests has increased dramatically:

Although the Chamber recognizes that the Government has taken some action to improve this situation, the Chamber believes considerably more action is needed to reverse the negative trend and return BC forest businesses to a sustainable competitive position.

3.0 Key Areas for Action and Chamber Recommendations

3.1 Ensure and Enhance the Amount of Timber Supply

3.1.1 Secure the Forest Land Base

Analysis

The new working forest policy proposed by the Government intends to permit a broad range of uses including tourism, mining, ranching and recreation while recognizing the critical importance of all primary industries. The Chamber is keen to work with the Government to ensure that a forest land base will not be further compromised and that special interest groups do not inhibit or frustrate worthwhile public processes by taking extreme or inflexible positions.

Chamber Recommendation

The Chamber recommends that, as part of the development of a land use strategy for British Columbia, the Government:

- Protect the Forest Land Base: clearly define and protect the “Working Forest” to reduce net losses through further alienation or withdrawals and ensure that any settlement of aboriginal land claims does not prejudice the viability and financial integrity of the forest industry and businesses and communities that depend upon it;
- Improve Planning Processes: ensure that in any process of land use planning that all persons and organizations (including the Chamber of Commerce) who are allowed to participate be representative of, and accountable to, a recognized segment of British Columbia society; and
- Provide Cost/Benefit Analysis: before alienating any further forest land or introducing further restrictive forest practices, undertake and make public a cost/benefit analysis of the forest land alienations and practices to date and, thereafter, undertake and make public a cost/benefit analysis of any proposed changes in a manner that contributes to an orderly, informed and timely public discussion before a decision is taken regarding the proposal.

3.1.2 Improve the Way the AAC is Established

Analysis

The determination of the Allowable Annual Cut (AAC) is one of the most important economic decisions in the Province. Recently, the AAC has declined and current indications are that further reductions are on the way. This threatens the economic stability of the Province, the industry and the businesses and communities dependent on the industry.

Factors influencing this situation include:

- **Responsibility for/Approach to AAC:** notwithstanding its economic significance, the AAC is not determined as a matter of Government policy, but rather by a civil servant, the Chief Forester, according to requirements set out in legislation. Unfortunately, the Chief Forester is not empowered to set objectives or targets for the AAC or to establish programs that will stabilize and potentially increase the AAC over time. Although the Government and the Chief Forester have indicated that a target approach to the AAC should be pursued, this is not yet occurring.
- **Timber Supply Process and Analysis:** the analysis used by the Chief Forester to assess timber supply can be constrained by lack of current information, overly conservative assumptions or inadequate public consultation. Continual improvement is needed in this area to ensure decisions about timber supply are as informed and widely supported as possible.

Chamber Recommendation

The Chamber recommends that the Government:

- Establish a Target Approach to AAC: change the method and responsibility for determining the AAC to a target-based approach, where the government sets a target that would achieve the level of economic activity that would generate adequate jobs and government revenue while the Chief Forester provides advice on the programs needed to achieve the targets and tracks the performance of such programs to ensure the targets are met.
- Improve Timber Supply Information and Analysis: continue to improve the data base, assumptions and analytical methods used in timber supply analysis and ensure that the public are provided the opportunity to provide informed and timely input into this work.

3.1.3 Establish Policies Encouraging Investment in Forestry

Analysis

The AAC can be impacted by the amount of investment in silviculture and forest health activities. Although some steps have been taken in public policy to encourage such investments, there remains many obstacles or lack of incentives within this policy.

Chamber Recommendation

The Chamber recommends that the Government work with the forest industry to establish policies that will encourage further investment in activities that can enhance the AAC.

3.2 Reduce the Cost of the Timber Supply

3.2.1 Continue Regulatory Reform

Analysis

The Minister of Forests has acknowledged the need to reduce industry costs and recently announced reforms are welcome, but the process must continue if this situation is to be resolved quickly and permanently. The BC forest industry has made a number of proposals, including *The Blueprint for Competitiveness* that the Government could implement in order to reduce costs to companies in the BC forest sector. We continue to be concerned with the new requirements under the *Forest and Range Practices Act* for the industry to bear increased costs in planning.

Factors contributing to this situation include:

- **Insufficient Code Reform to Date:** although the Government is taking steps to streamline the planning processes under the *Forest and Range Practices Act*, the promise for ‘revenue neutral’ costs to the industry may not achieve the cost reductions needed to restore competitiveness;
- **Ongoing Regulatory Growth:** while efforts are being made to reform existing regulations, new public policy that threatens to undermine competitiveness is being established;
- **No Guidance for Regulators:** unlike other jurisdictions, British Columbia has not established guidelines for developing new public policies that will ensure inappropriate burdens are not imposed.
- **Interference with the Market:** the Government should continue to move toward developing competition and free market forces.

Chamber Recommendation

The Chamber recommends that the Government:

- Complete Current Reform: continue, and complete on an urgent basis, an aggressive reform of current forestry regulation, particularly the *Forest and Range Practices Act*, to make British Columbia’s delivered wood costs amongst the world’s most competitive;
- Halt Further Costly Regulation: while this reform is ongoing, halt any other public policy changes that will increase delivered wood costs;

- Establish Regulatory Controls: implement a requirement that all future public policy:
 - > clearly state the economic, social and environmental objectives to be achieved by the policy;
 - > be supported by a cost/benefit analysis that demonstrates the stated objectives will be achieved; and
 - > be subject to public review before it is implemented; and
 - > involve the Chamber's Forestry Committee in stakeholder and legislative reform groups to permit the Chamber to participate in meaningful involvement in the development of forestry policy and legislation in BC prior to its implementation.

3.2.2 Establish a Stumpage System Reflecting Ability to Pay

Analysis

Timber harvesting fees comprise a significant proportion of delivered wood costs. Between 1992 and 1996, these fees increased by 197%. This increase was well beyond the ability of the Province's forest sector to pay on a sustainable basis.

A significant factor contributing to this situation is the method by which harvesting fees are determined. Since 1987, these fees have been determined under a target revenue system. Under this system, an initial total target for Government revenue was set, which was translated into an average target rate. Although the target rate fluctuates with forest product prices, the target itself was not set based on the value of the resource given market conditions from time to time. As long as such a system is in place, the BC forest sector is exposed to harvesting fees that the industry may not be able to afford.

Chamber Recommendation

The Chamber recommends that the Government work with the forest industry to establish a timber pricing system that better reflects the market value of the resource.

HEALTH (PLANNING & SERVICES)

A NEW VISION FOR HEALTH CARE (2002)

The key mandate of the British Columbia Chamber of Commerce is to advocate a policy framework that promotes a healthy and vibrant economy in which all British Columbians can grow and prosper. Given the importance of a viable, effective and efficient health system to the economy of the province, we take seriously our responsibility to provide reasoned and meaningful recommendations on this most important issue.

The members of the British Columbia Chamber of Commerce have raised a number of issues and concerns with respect to our health system. To address those concerns and to be proactive in providing specific recommendations to government, a discussion forum was held on January 14, 2002 at which knowledgeable business leaders engaged in discussion with respect to the fiscal, human resource, legislative, political and structural challenges facing our health system.

As a result of those discussions, and in consideration of the input of our Health Committee and individual members, the Chamber formulated a report entitled “A New Vision for Health Care ... The Need for Change”. The Chamber believes this report and the recommendations therein will enhance the effectiveness and viability of our health system.

British Columbia currently expends approximately 40% (\$9.5 billion) of the provincial budget on health. The rate of growth in health expenditures cannot be sustained. A different approach must be identified to enhance the likelihood that our health system not only survives - but also thrives. Quite simply, the current model will not survive the changing demographics of our population, the explosion of technology, public expectations and current economic realities.

The Chamber’s key messages in the report can be summarized as follows:

- Establish the overall strategic direction and priorities for our health system,
- Seek out greater efficiencies in the provision of health services,
- Identify revenue generating opportunities within our health system,
- Prioritize health services based on a patient/resident/client basis – “treat the patient, not the disease”.

The Report details 18 specific recommendations in support of these messages which related to Fiscal, Human Resource, Legislative, Political and Structural Issues.

THE CHAMBER RECOMMENDS

That the provincial government endorse and act upon the recommendations of the report “A New Vision for Health Care – The Need for Change” as published by the BC Chamber of Commerce in February, 2002.

HEALTH (PLANNING & SERVICES)

NATIONAL NURSING AND HEALTH CARE PROFESSIONAL SHORTAGES (2002 – revised 2003)

Health Care is in critical condition. Nursing and Health Care professional shortages are being reported in every region of the country forcing the closure of much needed beds and delaying surgeries to substandard levels. A shortage of available nurses and health care professionals is forcing hospitals and health regions to recruit much needed resources from other provinces and foreign countries. The US continues to recruit much needed resources from Canada driving up the costs by offering wages and benefits that are substantially higher than those being offered in Canada. Some provinces (Alberta) are able to offer better compensation packages because of their strong financial situation, while others are not able to meet the same level of compensation and losing much needed resources to other provincial jurisdictions. This will create an uneven playing field leaving the “have-not “ or poorer provinces to fend for themselves and forced to provide a much-reduced level of health care. This will also impact the level of care provided by urban versus rural centers.

As a society we expect the medical profession to be available, to provide us with their specialized training and care in our time of need. With an aging population, the need to have medical care is increasing annually and will continue to place extreme demands on our health care system. Nurses and Health Care professionals are essential to providing an expected level of health care as part of the Canada Health Act. The supply of nurses and health care professionals is not keeping up to the demand for staff resources. New graduate nurses are desperately needed to fill vacancies and to replace an aging workforce, which is expected to retire at an even quicker pace. Nursing shortages can be addressed at several levels including:

- Decreased funding of education seats in nursing programs. The health care system must increase the funds to prepare enough graduates to meet the needs of the health care system.
- Aging workforce - 48% of the registered nurses in Canada are between the ages of 45 and 65 years of age. This aging workforce will place even more demand for nurses and health care professionals.
- Lack of Human Resource Planning. The number of graduates are not keeping pace with the number of nurses expected to re-locate (brain drain) or retire, forcing regions to recruit outside of their jurisdictions.
- Health care funds have been cut regularly. Increased demands on the health care system is driving health care costs higher and forcing the closure of hospital beds. In addition, casual labour pools are preferred over full-time nurses.
- Staff Dissatisfaction. Patient-nurse ratios are high and have increased the level of burn-out.
- Qualifications of Registered Nurses versus Licensed Practical Nurses and how to better utilize their expertise in delivering health care services. A number of years ago, when there was an oversupply of nurses, a degree program (RN) was recommended increasing the minimum qualifications to practice nursing in a hospital.

There is a critical shortage of doctors in many rural communities. The net result is that many communities have doctors who cannot get any time off. ‘Burn out’ becomes a factor in the performance of these physicians and the residents of these communities do not always receive the appropriate care.

THE CHAMBER RECOMMENDS

1. That the Federal Minister of Health and the Provincial Ministers of Health develop a National Human Resources Plan to deal with the shortage of Nurses and Health Care Professionals.
2. That the plan be utilized to determine the severity of the shortage and that the HRP be updated annually until the crisis is resolved.

HEALTH (PLANNING & SERVICES)

3. That the educational requirements for qualified LPNs and RNs be reviewed to allow nursing programs to be accelerated to solve the nursing shortage in Canada.
4. That the number of LPNs and nurse practitioners be expanded throughout Canada.
5. That employment incentives be explored and implemented for regions that have nursing shortages.
6. That a portion of the forgivable loan or subsidized loan be funded by the Federal Government as part of its responsibility under the Canada Health Act.
7. That the working conditions be reviewed so that students and health care workers are retained (i.e. full time employment versus casual, shorter work days).
8. That recruitment of trained foreign national nurses be increased and qualified to work within Canada expedited.
9. Funding to pay for recommendations #5 and #6 to be found within existing program funding from the savings realized by decreased overtime, increasing available resources (supply and demand) etc.
10. That there be a review of the duties of nurses and that the professional designation be redefined to allow nurses to provide more patient care and less administration.
11. As an interim measure, establish a locum doctor pool for each health region.

HEALTH CARE (2000) (revised 2003)

Introduction

Health care has traditionally been thought of as primarily a public sector, social issue, not a subject of serious interest to the business community. The Chamber however does have serious concerns about health care issues for two primary reasons. First, health care in British Columbia is under intense pressures and needs to be better prepared to address pending challenges. Despite annual increases to health care funding in BC, waiting lists continue to be an important issue, emergency facilities overflow and practitioners deal with frustrations that cannot help but divert their attentions from their primary focus of patient care. Second, the Chamber believes that a healthy economy and the new investment needed to develop communities require an acceptable level of public services. That is why the seriousness of the current health care situation in BC is of paramount importance to the Chamber.

Regional Health Care Issues

All communities in the province of British Columbia share the need for efficient, accessible, and cost effective health care. In fact the Canada Health Act specifies five principles for health care, including accessibility and comprehensiveness. Nevertheless, the provision of services in many parts of the province does not provide reasonable access. There needs to be greater recognition in government policy that non-urban areas have unique health care issues separate from those of urban centres.

HEALTH (PLANNING & SERVICES)

Through the government's recent approval of the Northern Medical Program and the Island Medical Program, recognition has been given that health programs such as these are key to recruitment, retention and stability of healthcare throughout the province and are critical to the success of the medical education process.

There are other initiatives that can be undertaken at the local level to provide better service to those in more remote areas. One example is "First Call" which is a program in place in Vanderhoof and MacKenzie that allows people to see a nurse for minor ailments then be referred to a doctor where necessary.

Health care services affect health status and the economy. Residents should receive appropriate and effective services and, equally important, such services are required to attract and retain investments and key personnel. Furthermore, many facilities are inadequate and outdated because of limited capital dollars.

Millions of dollars have been spent on restructuring the health care system; dollars alone will not resolve problems in the health care system. It is clear that there is significant work to be done in maximizing and identifying the benefits of regionalization.

The Health Care System can also be improved through better use of technology to improve quality and accessibility of health care services. Internet and telephone have proved successful in providing tele-psychology, tele-radiology and tele-trauma services. They not only reduce costs but provide access to services not otherwise available in the rural or remote areas.

Another potential area for alleviation of the regional health care situation comes from the realization that even in the complete absence of other health care facilities, there are pharmacies in virtually every community in British Columbia; it is the best example of a "closer-to-home" health care system that we have. Government must seek ways to take advantage of this.

In November 2002, the Federal Ministry Advisory Council on Rural Health released *Rural Health in Rural Hands: Strategic Directions for Rural, Remote, Northern, and Aboriginal Communities*. This report gives a thorough analysis of the concerns raised above and makes a series of recommendations for addressing them. Many of those recommendations coincide with those made by the Chamber.

THE CHAMBER RECOMMENDS

1. That the provincial government in reviewing the regional health plans ensure they contain strategies to advocate, and ultimately to ensure accessibility of services to all communities in British Columbia.
2. That the provincial government work with Regional Health Authorities to allow individual communities the flexibility to incorporate 'made at home' solutions to health problems.
3. That the provincial government continue to fully support the programming and infrastructure needs of the Northern and Island Medical Programs.
4. That the provincial government investigate how to make better use of communications technology to improve quality and accessibility in health services.
5. That the provincial government investigate options to enhance the utilisation of existing community pharmacies to play a greater role in making fundamental primary care available to the residents of British Columbia.

HEALTH (PLANNING & SERVICES)

6. That the Provincial Government work in co-operation with the Federal Government to set the priorities for addressing Rural Health issues as per the recommendations addressed in the Rural Health Study.

Human Resource Planning

The need for a highly qualified workforce within the health industry is fundamental to the effective delivery of care services. Instances have occurred, and seem to be growing in frequency, where a shortage of skilled health workers, be they doctors, nurses, pharmacists or technicians, has had a direct affect on the availability of health services. Furthermore, continuity is an important facet of health care and the significant turnover of physicians and the increasing reliance on locums seriously impairs that continuity. Although this is a problem for the province as a whole human resource issues are once again of particular concern in non-urban areas where the challenges that have led to this situation are exacerbated.

In 1997, the Royal College of Physicians and Surgeons of Canada, in consultation with federal and provincial governments restricted the licensure of foreign specialists to favor Canadian and American trained specialists. This is discrimination and does not ensure competency or availability. Many non-urban communities need specialists but will be unable to recruit them. Restrictions on visas issued to physicians and spouses are counter productive to encouraging long term residency by the physician in the community.

In addition, in some communities it is difficult for physicians to cope effectively with the volume of patients requiring services. The extreme "on call" requirements are another significant factor in physicians leaving communities. Additional physician capacity in these communities consistent with the community's Medical Manpower Plan would result in an enhanced level of care provided. The increased utilisation of locums to provide staged relief from workload issues should also be considered.

One way to reduce the work load of physicians is to examine alternative modes of delivery. Part of the physician problems are due to the fact that much of their capacity is taken up seeing to non-critical or 'lower-level' health services that could be easily shunted off to other health professions such a nursing and pharmacy. Things like immunizations and prescription refills, for instance need not occupy a physician's time.

Recruitment and retention of doctors is not the only human resource challenge facing British Columbia. There is also a severe nursing shortage, in part due to a lack of training spaces for nurses in BC and in part due to funding challenges. This shortage is leading to 'burn-out' and reduced service. Currently there are also at least 150 vacancies for pharmacists in BC, primarily in rural areas.

Finally, due to factors such as advances in technology and changes in service delivery modalities it is important that a comprehensive human resource strategy be developed for the health industry in BC. Although the Ministry of Health has committed to work with the Health Employers Association of BC (HEABC) to develop health human resource plans, the need for a comprehensive plan for equitable geographic distribution of certain health professionals continues to be an issue.

THE CHAMBER RECOMMENDS

1. That the federal and provincial government amend immigration and licensing policies to support its Physician Supply Measures initiative and to facilitate the retention of physicians in rural areas.

HEALTH (PLANNING & SERVICES)

2. That the federal and provincial governments and the Royal College of Physicians and Surgeons act to implement a competency model for licensure of specialists rather than one based on the origins of the specialist.
3. That the provincial government expand enrolment at the University of British Columbia's Faculty of Pharmacy.
4. That the Provincial Government continue to take steps to address the shortage of nurses and other health service providers including but not limited to the expansion of educational seats in all universities and colleges as outlined in the last budget.
5. That the Ministry of Health and HEABC work with associations, professional bodies, colleges and universities to develop and implement a comprehensive human resource plan for the health industry in this province that in particular includes a recognition of the need to recruit from outside BC and train within BC additional physicians in specialty disciplines.

Prevention

One of the most effective ways to reduce costs within the health care system is through prevention. Provision of an acute care hospital bed is one of the most expensive aspects of the health care system. The Government should focus efforts on keeping the population healthy and ensuring the most appropriate point of access to the health system.

The most basic method of prevention is through education. It is also recognised that responsibility for one's own health is the best way of addressing the utilization of health services, especially in the areas of sexual practices, nutrition, exercise, accident prevention, road safety, and habitual use of alcohol, drugs and tobacco. The Provincial Government should integrate programs of public education which demonstrate to the individual the benefits that accrue as the result of good health habits.

A key method of prevention is through appropriate screening of high-risk population for a variety of diseases where early intervention can reduce costs. For example, one of the reasons BC has some of the best outcomes for cancer treatment is screening and early treatment.

Socio-economic issues, such as poverty, also affect the health of people. It has been found that there is a direct relationship between poverty and morbidity (ill health). Good housing has a direct influence on health care and there is a need for properly planned housing for the aged, handicapped and disabled. This, combined with other outreach programs, would have the effect of keeping this group of citizens in their own housing as long as possible.

All these factors have a direct influence on health and if action was taken there would be fewer demands for expensive hospital and medical services.

THE CHAMBER RECOMMENDS

1. That the provincial government in concert with health authorities, community health care providers and individual school boards, continue to work with parent and/or social groups to expand significantly its wellness education programs on sexual practices, nutrition, exercise, accident prevention, and habitual use of alcohol, drugs and tobacco.

HEALTH (PLANNING & SERVICES)

2. That the provincial government ensure there is accessible, province-wide screening particularly for high-risk populations.
3. That the provincial government improve the community based health care initiatives for people below the poverty level in the province by, for instance, encouraging the development of adequate and affordable housing facilities and programs for the poor.

The Ageing Population

There is little doubt that one of the key cost drivers for the future of our health system will be the ageing of our population. The ageing of the war and post-war babies over the next four decades will result in spending on the 65 plus age group increasing from its current 54% of total provincial spending to 68% by 2040. In 1998 provincial health spending on this age group totalled \$4.3 billion; by 2021, under the assumption of constant age specific health per capita spending and in constant dollars, spending on the 65 plus age group will be \$8.0 billion – the same currently spent on all age groups in the province. That is the approximate size of the total health budget today and it will increase from that point.

There is little doubt that the key to paying for these increasing costs is stronger economic growth. Nevertheless, it is also incumbent upon the health care system to find better and less expensive ways to treat our aged.

One of the keys will be long-term care for as our population ages there will be an increase in the number of patients who require it. Unfortunately, many long-term care patients occupy beds in acute care hospitals. This creates an apparent need for more acute care beds as well as increasing the cost of caring for these long-term patients. The increased use of day care and home care should not only reduce the need for acute care and long-term hospital bed and hence reduce their inherent costs, but would provide a better environment for these long-term patients.

Finally, it is also important to note that 80% of health care costs occur within the last 6 months of an individual's life.

THE CHAMBER RECOMMENDS

That the provincial government:

1. provide further funding for research and services for the study of Gerontology in order to address the problems (and opportunities) arising due to the increasing numbers of elderly citizens;
2. encourage the University of British Columbia Medical Faculty to place more emphasis and funding on teaching and research of Geriatrics and to provide post-graduate work in that speciality area;
3. initiate additional policies to enable the aged to remain in their homes as long as possible through, for example, the use of senior citizen centres and outreach programs;
4. develop more home care and adult day care programs and facilities as it will result in a decrease in use of residential and hospital beds;

HEALTH (PLANNING & SERVICES)

5. optimise the utilization of acute care hospital facilities, extending further encouragement and support to non-government and voluntary agencies involved with adult day services and home care programs;
6. work with municipal government to continue and expand the provision of "congregate-life facilities", providing low rental housing accommodation with access to medical and nursing monitoring, dietary and housekeeping services and social, recreational and spiritual opportunities;
7. encourage further development and construction of Day Hospitals and Short Stay Assessment units as a method of reducing admissions to expensive hospital beds and services;
8. expedite construction of multilevel care facilities and encourage greater use of facilities operated by the private sector, and that the provincial government encourage the private sector, rather than just government or non-profit societies, to bid on the construction and operation of multilevel care facilities;
9. ensure that all multilevel care facilities and community agencies be accredited to ensure that quality standards are being met. An inspection process is not sufficient because it addresses minimum rather than optimum standards;
10. continue to promote greater co-ordination and communication between governments and institutions on research, studies and services being offered across Canada; and
11. work with health care and community counsellors to investigate ways to educate British Columbians with regard to end-of-life decisions that focus on less intervention wishes expressed in advance by the critically ill.

Cuts to Supplementary, Alternative and Pharmaceutical Care Programs

British Columbia has one of the healthiest populations in the world.

In the past, an important contributor to this was British Columbia's alternative or supplementary services to patients. These supplementary services included pharmacare, chiropractors, massage therapists, podiatrists and optometrists and their importance cannot be underestimated. Alternative services included naturopaths and acupuncture. Government believed it necessary to reduce the funding to such services in order to reduce the costs of the system. The Chamber is concerned that, although this may reduce line items in specific budgets, the long-term impact will add costs to the system in other areas as traditional medical services are forced to carry the burden of extra costs.

THE CHAMBER RECOMMENDS

That the provincial government initiate a cost benefit analysis to determine the total cost of these cuts to the system. The study should include administrative costs and be conducted on the basis of ensuring the same health outcomes.

Health Costs

The five principles of medicare in Canada are: comprehensiveness; universality; portability; accessibility and public administration.

HEALTH (PLANNING & SERVICES)

The British Columbia Chamber of Commerce is concerned with effectiveness and, in some cases, the appropriateness of health expenditures. Given the current concerns surrounding our health care system, it is an appropriate time to analyse where and how health dollars could be more effectively expended and/or reduced.

The Chamber also believes a significant number of emergency hospital visits could be reduced if there were more economical alternatives available. Such alternatives might include 24-hour ambulatory care centres. This also ties into the whole issue of prevention. Our health care system must strive to provide the most appropriate care by the most appropriate practitioner at the most appropriate time and at the most effective cost.

It is recognized that health is a labour intensive industry in that over 75-80% of health expenditures are wage and wage related costs; therefore, any discussion about health expenditures must be cognisant of this area. Recent agreements continue the trend of adding costs to the system without adding additional care.

Because there is little support in British Columbia for an additional tax burden, the Chamber believes that all health expenditures must be analysed to ensure "value for money" is being received for each dollar expended.

THE CHAMBER RECOMMENDS

1. That the provincial government, either directly or through delegated authority, ensure the appropriateness and effectiveness of health care expenditures.
2. That any further increases in labour costs be tied directly to corresponding increases in productivity within the health industry.

BC PROGRESS BOARD AND PROJECT 250 (2003)

In its initial benchmarking report, the BC Progress Board set targets to restore BC to an economic leadership position within Canada by 2010. These targets are set at a challenging time in the province's history. Rebuilding BC's regional economies is critical to efforts to improve overall provincial performance. While GDP, productivity, corporate profits and personal income have all declined in relative terms across the province, Region 250 has been hit harder than the province's urban areas – areas that generally kept pace with average annual economic growth rates for Canada during the 1990's.

This is particularly critical because BC's most important economic drivers are in these regions. Fully 60 percent of BC's export base comes from Region 250. And 72 percent of the value of BC's international goods exports is produced in Region 250.

In spite of the challenges these important areas of British Columbia face there is incredible potential. With abundant resource endowments, a high quality of life, and a population committed to using their knowledge to solve problems and spur growth, Region 250 has the tools necessary to succeed in the 21st Century.

Earlier this year the Progress Board released a report to address this issue called 'Restoring British Columbia's Economic Heartland'. This report details the following three-pronged approach to ensure that challenges currently facing Region 250 are overcome.

1. Restore the wealth generating capacity of the land base.

There are many industries that derive their wealth from the land base but the four major industries of forestry, tourism, mining and oil and gas are addressed in the report. Steps that can be taken in these industries to aid this restoration include but are not limited to:

- Market-based reforms within the forest industry including private-like forms of tenure allocation and the creation of a robust timber and log market.
- Community-based tenures where suitable.
- Providing tourism with secure access to the land base for commercial purposes, and to address transportation accessibility issues.
- Expand the marketing expenditure on Tourism.
- Improve certainty for the mining industry by addressing regulatory decision delays, access to and the use of the provincial land base for exploration purposes.
- Pursue development of offshore oil in Northwest BC and development of BC's vast reserves of coal-bed methane.
- Address the uncertainty surrounding Aboriginal Treaty Negotiations by focussing attention on providing clear and consistent principles for consultation when resource development is involved, encouraging the business community to strengthen business-Aboriginal partnerships, and continuing efforts to conclude modern day treaties where possible.

2. Nurturing new pathways in regional economic development

By pursuing a variety of "price setting" strategies that involve secondary production, product differentiation and branding, government can encourage real growth in these regions. However, nurturing new pathways in regional economic development and rejuvenating the wealth generating capacity of the land base will require

extensive new business investment in Region 250. In this connection, the government should begin efforts to communicate to international capital markets the changed and durable nature of the province's new investment climate. Any government effort must include the regions themselves in economic development. Allowing Region 250 more capacity to utilize their own resources – physical, human and economic – must be given priority. With this in mind, the Panel believes the government should consider instituting a "resource dividend" which would see a portion of provincial resource revenues returned to fund strategic infrastructure and research and development activity that will contribute to furthering economic growth in Region 250. An independent board of business and community interests could administer the funds to wherever possible, leverage federal, municipal and private funds.

3. Supportive Infrastructure

It is critical that the Government maintain and improve supportive education, transportation, and communications infrastructure that – first and foremost – enhance the prospects for spurring economic growth. Areas that can assist in this regard include:

- BC has a high quality K-12 education system, but regional disparities in completion rates and performance outcomes need attention.
- Government should consider extending the mandate of an existing provincial University to Kelowna.
- Government should consider extending the mandate of the British Columbia Institute of Technology to Kelowna and Prince George, two budding Region 250 agglomeration economies.
- Several aspects of transportation and communications infrastructure inhibit growth and government must either address or continue to support:
 - > monopoly service provision in air transportation.
 - > improvements in BC Rail that focus on efficient, market-driven freight service provision.
 - > ferry service should be maintained and enhanced within Region 250.
 - > provincial highways should be maintained and enhanced by incrementally restoring per capita provincial funding to 1991 levels.

One area that was perhaps not fully addressed in the report and yet is an important aspect of a supportive infrastructure is health care. The availability of amenities is often a key determinant in the decision making process for a business when it is selecting a location. It would be difficult for a business to attract quality employees if they cannot offer them appropriate health care. By the same token the viability of a community has a huge impact on the ability of health employers to recruit and retain staff. Employers no longer recruit a worker, but recruit entire family units. The local economy, schooling and culture must be conducive to family life. Key to this is employment for more than one member of the family. This symbiotic relationship must be taken into account by government as it tries to expand the economic base of rural communities through new, sustainable industry, or rejuvenation of current resource-based economies.

It is important to note that many of the recommendations contained within the report from the Progress Board are largely supported in different areas of the British Columbia Chamber of Commerce Policies and Positions Manual. Some have been standing policy for many years. It is also important to note that Government has already begun to take action in a number of areas.

THE CHAMBER RECOMMENDS

That the provincial government:

1. continue to aggressively pursue its heartlands growth strategy, adhering as closely as possible to the recommendations of the BC Progress Board's 250 panel;
2. implement the resource dividend and include the Chamber of Commerce representatives in the independent boards formed to distribute those funds; and
3. report regularly on its progress in meeting specific goals and targets for regional economic development.

CROWN CORPORATIONS & AGENCIES (2003)

BACKGROUND

Over the past two years Crown Corporations and Agencies have completed their Core Service and Deregulation and Red Tape Task Force Reviews. These reviews have resulted in clear, focused and effective service plans for each and have also enabled the government to eliminate some 16 entities that were either redundant or not in the public interest.

The BC Chamber supports the work completed to date and in particular the work of the Select Standing Committee on Crown Corporations. The ongoing oversight of this Committee will enhance public performance of crown entities and ensure compliance with the requirements of the Budget Transparency and Accountability Act.

In its First Report to the Legislative Assembly, the Select Standing Committee made a number of specific recommendations and several "General Recommendations" which the BC Chamber largely endorses and we encourage the Government to continue to encourage crown entities to meet higher standards of performance and accountability.

In that regard there are three entities that the BC Chamber recommends the province restructure, rationalize or eliminate:

- BC Community Financial Services Corporation
- Columbia Power Corporation
- Columbia Basin Trust

BC COMMUNITY FINANCIAL SERVICES CORPORATION

This crown, better known as Four Corners Community Savings, opened in April 1996. Four Corners defines, as a major part of its mission, "*assisting members who are under-served by existing financial services or who are in a state of suffering, neglect or poverty*". Such objectives are best assigned to social agencies, not a commercial crown.

Since 1996 the accumulated deficit of the BC Community Financial Services Corporation has grown 20-fold to more than \$4.1 million while revenue has grown by only 5-fold. Annual losses have increased year-over-year from \$0.6 million in 1996 to \$1 million in the latest fiscal year.

It is clear that this social banking institution is not viable.

THE CHAMBER RECOMMENDS

1. The provincial government immediately repeal the Community Financial Services Act; and
2. The province sell the assets of the Four Corners Bank to a federally or provincially regulated financial institution or simply cease operation of the Four Corners Bank.

COLUMBIA POWER CORPORATION AND THE COLUMBIA BASIN TRUST

The previous government created the Columbia Basin Trust through an Act of the BC Legislature in 1995. Its partner, the Columbia Power Corporation, is a crown corporation created concurrently. The sole purpose of these entities is to invest \$1 billion in power projects in the Lower Columbia Basin funded and/or guaranteed by all BC taxpayers.

Under the Act, the Columbia Basin Trust receives a \$250 million government grant and \$250 million in taxpayer backed financing over a 10-year period ending 2006. CBT retains all net earnings in the Lower Columbia Basin while the rest of the province is exposed to the long term costs.

While the Columbia Basin Trust has altruistic origins, it remains a regional entity engaged in a commercial industry at the expense and risk of all provincial taxpayers.

Meanwhile, the Columbia Power Corporation was created by the NDP to provide a social rather than a commercial or competitive benefit to BC. Its functions could easily be handled by BC Hydro or by a private, competitive company.

Viewed through the lens of the core review and from an electricity industry perspective the CPC serves no discernable purpose. The government must eliminate or privatize the CPC. In doing so, the government would immediately save \$3.5 million in annual operating costs and significantly reduce its future financial exposure.

Remaining Financial Exposure

Funding for the CPC and CBT is available until 2006. To date the two entities have invested ~\$800 million primarily in two power projects and a third that has just received government approval. The first was the purchase of an existing power plant, a transaction that unto itself provided little or no economic benefit. It simply displaced private sector investment. The second project installed turbines at the “drone” Hugh Keenleyside dam at a cost to taxpayers of ~\$270 million.

Keenleyside was, at best, a questionable investment because of stream flows out of the Lower Arrow Lakes. However, there is no way to carry out a business case analysis since neither the CPC nor the CBT include “cost of production” information in annual reports.

The third is a recent announcement of an expansion of the Brilliant Power Plant with a canal feeding surplus stream flows into a mini power plant on the river bank.

Moreover, the CPC and the CBT operate outside of BC Utilities Commission oversight. It is incongruous that the government would legislate BC Utilities Commission oversight of BC Hydro (Mar. 2003) while the CPC and CBT are exempt.

- Remaining Exposure 2003 - 2006: ~ \$220 million comprised of:
 - ~\$50 million *capital grant* to CBT
 - ~\$50 million in CBT debt guaranteed by the province
 - ~\$100 million in capital and debt guaranteed to CPC by the province
 - ~\$20 million *operating grant* to CBT (\$2 million per year until 2012)

Competition with the Private Sector

On April 25 the Premier announced that the CPC would proceed with the construction of the aforementioned \$204 million Brilliant Power Plant expansion. Despite the clear direction in BC's new energy policy to promote private sector generation this represents more public sector competition for that sector. The challenge facing these Independent Power Producers is detailed in the policy Electricity Market Reform.

The Current Situation

The financial obligations represented by the CPC and the CBT impose an unacceptable burden on provincial taxpayers and on the current government in its effort to balance the budget by 2005/06.

Should the government assure CBT of an annual revenue stream roughly equivalent to the share of revenues to which it would otherwise earn, this offer would arguably fulfill the government's obligation to the region and under the circumstances that should be adequate. The province could then forego future power plant investments at the cost of the taxpayer.

THE CHAMBER RECOMMENDS

1. The provincial government immediately privatize the Columbia Power Corporation;
2. The provincial government use the Columbia Basin Trust Act to fulfill its original formal obligation to the Columbia Valley;
3. That the provincial government overhaul the governance of the Columbia Basin Trust and ensure the governance model represents diverse and balanced interests, including a strong business presence; and
4. That the BC Utilities Commission carries out a full cost-benefit and cost-of-service review of the assets at the time of transfer so that BC taxpayers are made aware of the actual burden that these entities represent.

ECONOMIC DEVELOPMENT MINISTRY (2003)

The primary challenge facing British Columbia today is to create revenue sufficient to provide the services and support systems needed to enhance the lives of all British Columbians. Such revenue generation can only come with a thriving and expanding business community. This growth will only come with focused, coordinated and carefully planned efforts. The BC Chamber has recommended to a number of successive Standing Committees on Finance that British Columbia develop a comprehensive economic plan. Such a plan is still not completed.

Unfortunately, there is no clearly defined entity to provide a vision or plan for economic growth in British Columbia, or to promote BC to the world as a place to do business. There is no entity to liaise with business to secure a stable and attractive investment climate, to ensure that existing businesses and industry are retained in the Province, to aggressively expand our markets beyond the United States, especially in Asia, or finally to ensure that worthy projects receive the help and support of government for their timely development.

These initiatives need focused attention. The Ministries who are now represented in Cabinet are either social services (health and education) or management and governance, except for Competition, Science and Enterprise which has one small segment of its portfolio directed to economic development.

THE CHAMBER RECOMMENDS

That the provincial government establish an Economic Development Ministry whose Minister as a member of Cabinet will have a mandate to ensure that British Columbia competes globally to attract, secure and maintain a strong, vibrant, competitive business community.

DECENTRALIZATION OF GOVERNMENT (2003)

Premier Gordon Campbell, in his State of the Province Address on February 12, 2003, indicated that the government would focus on a new Heartlands Economic Strategy. This strategy will work towards ensuring the economy is working in every part of this province. Improvements will be made to the transportation system to enable the province to reach its full economic potential and to enable its citizens throughout the province to access critical regional services to meet their needs. Money will be spent in rehabilitating the rural and remote road infrastructure. Money will be spent on roads that are specifically intended to meet the needs of our oil and gas industry. It is intended that \$609 million will be spent over the next three years.

David Baxter of The Urban Futures Institute and Andrew Ramlo of Urban Futures Incorporated, have recently completed a report on Resource Dependency. Their study of the Provinces' average annual international exports indicates that the average value of exports originating in non-metropolitan regions is \$14,290 per person, while that originating in metropolitan regions is only \$ 4,278 per person. Non-metropolitan areas produce a \$6,261 per capita surplus from international exports while metropolitan areas have a \$4,176 per capita deficit. Their conclusion is that given the dependency of the metropolitan regions on the international export income generated by the work done outside the metropolitan regions, *that it is in their best interests to ensure that the non-metropolitan regions can attract and retain the people and investments that these resources need to produce the income that is to be shared.* Exports are the economic base of economies because they are ultimately the only source of money a region has to pay for imports.

The Northwest Corridor Development Corporation states that over 130 years ago, it was noted that the best route for shipments of goods to the west coast of Canada was the northern route; across the prairies, through Alberta and BC and terminating at ports in Kitimat, Stewart and Prince Rupert. This route follows the Trans-Canada Yellowhead Highway which links Winnipeg to the port at Prince Rupert. Many of the resources that bring wealth to Canada are in this northern region, so we need good transportation links for people, freight and resources. It is important to note that the corridor links an area that generates 40 percent of the GDP and contains 27 percent of the population of Alberta and BC. In order to support the development and usage of the Northwest Corridor, we need strong, vibrant communities along this important route.

These comments are timely as they recognize the importance of maintaining economic viability in our rural communities. People who work in the resource industries want to locate their families close to their work. Corporations that operate in the non-metropolitan regions need to draw on a local workforce. The citizens of the non-metropolitan regions expect and deserve equitable access to government services and amenities. Economic diversification is one way to assist in ensuring the basic infrastructure of the regions is sound.

One way to achieve this objective is for government to consider decentralizing Ministries and/or Crown Corporations that are vital to the non-metropolitan resource regions. This would involve more than the establishment of “field offices”. Much like BC Lottery Corp. in Kamloops, the key decision makers and administration would be located in Ministry “head offices” in the regions. These Ministries should include, but not be limited to, Forests, Transportation, Energy and Mines, Water, Land and Air Protection (Parks), and Tourism. Government needs to be connected to the whole of the province. We feel that Ministries should be closer to the resource locations and to the communities that exist in these resource rich areas of our province. The presence of government offices and employees offers stability to a community.

We acknowledge that a transition from a centralized government structure where senior ministry personnel are located in Victoria to a decentralized model would not be without its difficulties. Two issues would be justification from a cost-benefit perspective and addressing concerns of the unionized workforce.

The positive impact of such a decentralization policy is clearly evident when we analyze the effect of the decentralized educational structure in BC. The Government’s policy of establishing degree-granting universities and colleges outside the Lower Mainland allows people to be educated in their own communities and to learn skills that are pertinent to their local economy and resource area. As a result high paying jobs have been created in many communities as well as the positive economic spin-off effects for local businesses. These educational institutions have satellite classrooms in rural communities creating further economic benefit. With respect to the issue of decentralizing Ministries, the government should be able to take advantage of this knowledge pool by hiring students graduating from the local universities and colleges. Experience has shown that students tend to seek employment in the communities where they graduate.

THE CHAMBER RECOMMENDS

1. The government should consider decentralizing certain ministries based on a cost benefit analysis. Moving ministries to where the wealth is created would offer economic diversification and stability to these rural communities that are vital to the economic growth of the province.
2. The government should continue to work closely with all stakeholders, including the unions, to ensure any move would be for the beneficial good of the whole province.

STATEMENT OF GOVERNMENT SUPPORT (2002)

As the provincial government continues to implement its plan of fiscal reform, there is growing criticism by special interest groups regarding the difficult choices needing to be made in order to turnaround BC's economy. This has led some to express the concern that the provincial government's attempts to balance the budget may cause economic harm to British Columbia. We do not believe this is the case.

Measures affecting taxation, regulation, employment law, health care, education and other areas, are a part of a much needed restructuring program designed to restore fiscal responsibility and economic growth to our province.

THE CHAMBER RECOMMENDS

1. That the provincial government continues to make fiscally responsible decisions in taxation, regulation, employment law, health care, education and other key areas that are necessary to return British Columbia to economic prosperity; and
2. That the provincial government continues its commitment to balance the budget by 2004.

BC PROGRESS BOARD (2002)

The BC Progress Board is an independent body established by the Premier in July 2001 comprised of 15 eminent British Columbians. The Board has two key mandates:

- To provide advice on whether and to what extent the province is improving its competitive position and quality of life by establish an ongoing means to measure and benchmark BC's performance over time and relative to other jurisdictions; and
- To identify issues of importance to the province's future economic prosperity and to advise the Premier on strategies, policies and actions necessary to increase the economic and social well-being of British Columbians.

In its first report issued in February of 2002, the Progress Board established a benchmarking framework for BC and overarching goals to return the province to a leadership position within Canada. The overarching goals are to: *Make BC an economic leader in Canada by 2010*; and *Make BC a leader in Canada on environmental quality, health outcomes and social condition by 2010*.

THE CHAMBER RECOMMENDS

That government act on the Progress Board's plans and recommendations to achieve its overarching goals to return BC to a 'leadership' position within Canada.

FISCAL RESPONSIBILITY (2002)

The BC Chamber of Commerce supports the concept and process of the provincial government's extensive *Core Services* review. This review examined every program and service and re-evaluated their purpose according to the following criteria.

- Public interest test
- Affordability test
- Effectiveness and Role of government test
- Efficiency test
- Accountability

The government has taken difficult and painful decisions to create a competitive business climate, promote customer service and sound fiscal management. It is our belief that these measures will make BC better able to take full advantage of economic renewal as it unfolds.

Therefore, the BC Chamber of Commerce believes that any *new* program spending should meet the same tests listed above to ensure open and accountable decision-making and to avoid future difficulty with unsustainable program spending.

Additionally, since these tests may be subject to arbitrary redefinition over time, we would encourage the government to create explicit links between Ministry's 3 and 5 year strategic plans and core service definitions. As a part of the explicit links, we encourage the government to require that programs be evaluated on measurable and pre-determined outcome based criteria. Whenever a program misses its targets, there should be an automatic review of the program, its objectives, and goals.

THE CHAMBER RECOMMENDS

1. That the Provincial government create explicit links between each Ministry's 3 and 5 year strategic plans and *core service* definitions particularly for any *new* spending.
2. That any new program or service spending be held to the core services standard.
3. That programs are evaluated on measurable pre-determined outcomes based criteria.
4. That programs that miss their targets be automatically reviewed.

AGREEMENT ON INTERNAL TRADE (1999)

Internal trade barriers and other impediments to the efficient functioning of the Canadian market harm Canadians in several ways. In an era of increasing globalization, they keep firms from evolving to a shape and size large enough to compete in foreign markets. In a world where capital is instantly mobile, they cause investors to locate their business in other countries. Trade barriers exacerbate the inefficiencies and cost excesses that have plagued government and militate against the efficient provision of services demanded by the public. In a nation faced with increasing competitiveness and productivity challenges, trade barriers make it difficult for Canadians to work across the country. It is actually easier to do business between Athens and London than it is to do business between Halifax and Vancouver.

More fundamentally, internal trade barriers diminish our sense of nationhood by undermining the benefits Canadians may legitimately expect from belonging to the economic union. This is why in July 1994 the federal, provincial and territorial governments affirmed the importance of liberating internal trade by signing the Agreement on Internal Trade (AIT). This began the process of formally enhancing the movement of people, goods and services and investments within Canada. While the AIT is a start in dismantling some of the barriers to internal trade it still falls short of the mark. This is in part because of limitations inherent to the agreement itself.

The negotiation process under which the Committee on Internal Trade (CIT) operates is such that the agreement of 13 governments is needed to make any decisions. A process of negotiation where each party holds a veto results, at best, in lowest common denominator outcomes and at worst in produces deadlock. Eliminating the requirement for unanimity and replacing it with some form of majority rule would ensure that the process to liberalize internal trade not be held hostage to local or regional interests.

The dispute settlement system is accessible only on a limited basis by private parties. Moreover, rulings made by the AIT's dispute resolution bodies are not binding. Consequently the system is unable to provide redress for inconsistent measures taken by governments.

The basic architecture of the Agreement undermines its fundamental process, i.e., to provide ground rules by which governments conduct their affairs and which afford Canadian businesses and individuals a practical means of recourse against discrimination in matters relating to internal trade and mobility. This is because the General Rules are only applicable through the sectoral chapters of the Agreement. The general rules should be the basis on which the Agreement is built and on which all can count as applying. This would ensure that any trade measure or issue that is not addressed by a sectoral agreement or specifically excluded would be dealt with by those general rules.

At the present time, most of the AIT's sectoral chapters incorporate exceptions designed mainly to protect local business, commercial or economic interests that government considered important during the original negotiations. The AIT should apply to all of its Parties and be as simple as possible to ensure coverage is clear. Therefore, all exceptions should be subject to regular review and timelined for elimination.

Beyond these problems inherent to the current AIT there is also a lack of commitment to expanding the Agreement. The CIT has not met timelines, obligations and commitments it undertook when the AIT was signed, let alone taking the necessary steps to negotiate trade liberalization agreements for new economic sectors. Indeed, the CIT seems to rarely meet and is more than two years behind in the issuance of its Annual Reports on the functioning of the AIT.

Currently there is no Energy Chapter, no chapter covering procurement to Crown Corporations, delays on commitments to strengthen the Agriculture Chapter and to completely deregulate the trucking sector. There has been little movement on labour mobility or reconciling occupational standards. These were all to be phased into the current AIT.

Furthermore governments have not undertaken consultations with the business community, or with other interested parties to discuss the workings of the AIT, or trade liberalization agreements for other economic sectors. When combined with the delays in Annual Reports this makes for an opaque process with little input from or information to stakeholders.

THE CHAMBER RECOMMENDS

That the federal, provincial and territorial governments:

1. Reform the decision-making process of the CIT so that all decisions are made by some form of majority rule;
2. Reform the existing dispute-settlement process to allow effective access by private parties and ensure that the decisions or recommendation of dispute settlement panels are binding on parties;
3. Incorporate a more proactive blanket rule extending the coverage to all goods, services, investments, capital movements and economic activity where this is not otherwise dealt with specifically elsewhere in the Agreement.
4. Create a mechanism to review regularly the various exceptions of the sector chapters and recommend reductions for approval and elimination by the CIT.
5. Work diligently to fulfil the obligations and commitments they undertook when they signed the AIT within the prescribed timeframes;
6. Actively support the creation of bilateral or multilateral agreements to liberalize internal trade, independently from the CIT if necessary;
7. Undertake extensive, regularly scheduled consultations with the business community and other interested parties on new sectors which could benefit liberalized internal trade; and
8. Ensure that meetings of the CIT be convened at least annually with adequate notice, and a substantive, detailed agenda.

PROVINCIAL REVENUE

CROWN LAND ASSESSMENT (2002)

In 2001 the provincial property assessment authority embarked on a program of assessing numerous properties owned by the Crown and upon which are located commercial tourism operations such as fishing lodges and campsites. Large numbers of these properties were assessed for the first time in up to 15 years. As a result the increases in the assessed values of the properties were in many cases 400%-500% or more. Commercial tourism operators on Crown land typically pay "rent" or lease payments based on a percentage of assessed value and their rent payments have increased dramatically with the increased assessed values. As many tourism operators were not aware that the lands would be reassessed in 2001 or that the increases would be so drastic, they did not have an opportunity to build increases into their budgets or long range financial plans. Many BC tourism operators are now left with the difficulty of either passing these increases onto customers or absorbing the increased costs themselves.

THE CHAMBER RECOMMENDS

That the government implement a long-term strategy for the regular assessment of Crown owned land upon which are located BC tourism operations and that this strategy include consultation with lease holders and gradual and reasonable increases to assessed values.

DISTRIBUTION OF RESOURCE REVENUES (2000)

Many areas of the province are resource based, or single industry based. This leads to a boom or bust economic cycle with high unemployment and reduced economic output. This problem is compounded because many of these areas provide revenues to the provincial government vastly in excess of benefits returned to them. This imbalance is impacting the region's balance of payments and is providing an unlevel playing field for improving the local economy by siphoning much needed revenue outside of the region.

The "Fair Share" agreement reached by the Oil and Gas Commission in the Peace River district is an excellent example of the kind of measure that can reduce this imbalance. Its measures include:

- Sharing \$113.5 million over 10 years in revenue with local government.
- A memorandum of understanding with the Peace River Regional District. Under this MOU, cities like Dawson Creek and Fort St. John will have better roads and improved infrastructure.
- The 10-year memorandum of understanding will provide a stable source of revenues to Peace River member municipalities under the oil and gas revenue reallocation program.
- The province transferred \$6 million to the regional district in 1998/99, with funding increased to \$11.5 million in the 99/00 fiscal year.

This initiative sets an excellent precedent and shows that revenue sharing can work.

THE CHAMBER RECOMMENDS

The Provincial Government consider a revenue sharing program with the resource based regions based on a per cent of provincial revenues collected from the commodity similar to the Oil & Gas Revenue Sharing Agreement in Fort St. John to allow communities to set their own priorities (ie. Infrastructure, road/highway maintenance, taxation or business growth opportunities).

SKILLS TRAINING AND LABOUR

LABOUR AND EMPLOYMENT (1998 - revised 2003)

Introduction

The vast majority of jobs and economic development in British Columbia is generated from the small and medium sized business sector ("SME"). SMEs currently account for 80% of job creation in Canada and their employees represent nearly 50% of all workers in the Province.

A key disincentive to investment and killer of jobs is over regulation by Government of SMEs. Labour and employment regulations have undergone significant changes since 1993. In most cases, the changes have made it more difficult for SMEs to operate and have significantly hindered job creation in British Columbia.

Although there are many Government regulations in this field, the key labour and employment regulations addressed by the BC Chamber of Commerce Policy Manual at the Provincial level are:

- *Labour Relations Code*
- *Employment Standards Act*
- *Workers' Compensation*

The current provincial government has taken some significant steps to address the concerns of business and indicated that further measures are not only being considered but are inevitable. Discussion papers have been released and legislation introduced on the Labour Code, the Employment Standards Act and the WCB. The BC Chamber of Commerce continues to stand by recommendations for reform that it has been making for a number of years.

The Chamber is not the only organization that advocates for immediate reform. The Coalition of BC Business released a paper called "Labour Policies That Work". This document addresses the need for labour laws to be more reflective of the changing, modern workplace and in particular includes a paper by Morley Gunderson & Craig Riddell on employment standards in the modern world of work.

This work only highlights the critical nature of these issues. Given that the nature and extent of change being contemplated by the Province of British Columbia to ensure our local business community can be globally competitive is as yet unknown, the Chamber will continue to be active on these issues until such changes are law.

LABOUR CODE – SECTION 3 COMMITTEE

In December the Honourable Graham Bruce, Minister of Skills Development and Labour, announced the formation of a Section 3 Committee to provide advice on 14 policy issues related to the Labour Relations Code. Changes are all aimed at returning balance, flexibility and individual accountability to the Code – for both employers and employees. Half of the issues assigned to the Section 3 Committee address aspects of certification, de-certification and fair representation. Others include: Definition of Picketing, Definition of Employee – as it pertains to exclusion from a bargaining unit – and Successor Rights and Obligations – as they pertain to "contracting out". The five-person Section 3 Committee was drawn from the labour relations community.

SKILLS TRAINING AND LABOUR

The British Columbia Chamber of Commerce actively participated in the development of a submission from the Coalition of BC Businesses, which since 1992 has spoken for small and medium size business employers with respect to regulation of employment matters in the province, including labour relations, employment standards, human rights and WCB issues.

The Coalition's submission addressed the issues before the Section 3 Committee from a small business perspective. Its recommendations included, but were not limited to:

- An expanded definition of manager.
- A clear and concise definition of picketing that excludes consumer leafleting.
- Expanded unfair labour practice provisions that ensure employees enjoy the same protection from coercion, intimidation, threats or promises made by a trade union in the context of a decertification application as those which apply to employer conduct in the context of a certification application.
- That an employee can seek the assistance or advice of any source, including an employer, in exercising their rights under the Code without it being deemed an unfair labour practice.
- The inclusion of a clear right to partial decertification in the *Code*, which clearly spells out the requirements for such applications and requires the Board to process them on an expedited basis if the requirements are met.
- An amendment to provide that if a company has not employed any persons in the bargaining unit for over two years, the collective bargaining relationship should be declared to be terminated.
- The elimination of the possibility of successorship after the bankruptcy of a business.
- Strong opposition to the introduction of any provisions which would provide for a successorship in cases of contracting out.

The Chamber continues to support these recommendations made by the Coalition of BC Businesses. But there is an additional concern around the ability of organized labour to further harm the ability of a business to operate through activities that are outside the scope of the Labour Code. These include distributing misinformation during an otherwise legitimate consumer leafleting campaign or by extending pickets beyond the bounds of the dispute. Such activities force the businesses to incur costs, either to counter the misinformation, or to take legal action to prevent the extension of pickets.

THE CHAMBER RECOMMENDS

That the provincial government:

1. implement the recommendations the Coalition of BC Businesses has made to the Section 3 Labour Code Review Committee; and
2. prescribe activities such as misinformation campaigns and extended picketing and impose fines on those who are in contravention of the *Code* in this regard.

LABOUR RELATIONS CODE (BC)

Over the past year the Labour Code was one important area of labour legislation where significant amendments were made. Previous Chamber recommendations that have been acted upon include:

- a repeal of the legislation that had introduced sectoral bargaining in the Construction Industry (Bill 26);

SKILLS TRAINING AND LABOUR

- restoration of the secret ballot vote in all certification applications; and
- clarifying the status of education as an essential service

We commend government for taking these actions.

On March 12, 2002 The Hon. Graham Bruce, Minister for Skills Development and Labour, released a paper seeking input on further recommended changes to the Labour Code. The BC Chamber responded to this paper on April 10, 2002. Legislation has since been introduced but it does not address all the issues raised in the discussion paper.

The government action to date has been significant and helpful but the BC Chamber believes there is further action not yet being considered that is needed to ensure the code is balanced, fosters productivity, competitiveness and business growth.

These issues include:

1. Section 5(2)(a)

One of the issues the Discussion Paper does not address is the inherent unfairness of Section 5(2)(a) of the Code. Under this provision, a trade union may file an unfair labour practice complaint and force the LRB to commence a hearing into that complaint within three days of its filing. There are two problems here. The first is that there is no time limit on the filing of such a complaint, which means that the union can sit on the matter for several weeks (preparing its case, interviewing witnesses, etc.) before filing, thereby giving the union significantly more time to prepare its case than the employer gets. It is not at all uncommon for a trade union to file its complaint on a Friday afternoon, which requires the Labour Relations Board to commence the hearing on the following Monday.

The second problem is that it is often very difficult for the Labour Relations Board to arrange a hearing within the short period of time prescribed by this section.

2. Termination of Employment Due to Loss of Membership in a Trade Union

Section 5.1 of the former Industrial Relations Act prohibited trade unions from forcing employers to dismiss employees who had been expelled or suspended from membership in a trade union or who had been denied membership in a trade union, unless the employee had failed to pay the periodic dues, assessments and initiation fees uniformly required to be paid by all members of the union, or had engaged in activity against the union contrary to the statute.

This protection was eliminated when the Labour Relations Code was amended by the former government. The BC Chamber submits that it ought to be restored.

Most collective agreements require the employees to be members of the trade union as a condition of employment. Under the current regime, the trade union has the ability to rule the workplace with an iron fist, by requiring employees to comply with the union's directives or risk having their membership in the union - and therefore their employment - terminated. This power can be used by unions to prevent employees from exercising their right to cross a picket line, from performing voluntary functions outside of normal working hours, from speaking out against union policies with which they disagree, etc.

SKILLS TRAINING AND LABOUR

Whether or not the union decides to discipline or terminate the membership of an individual for such an "infraction" is a matter between the union and its members. But the union should not be permitted to force the employer to terminate the individual's employment in such circumstances.

3. Replacement Workers - Section 68

The BC Chamber was most disappointed to see that the Government has decided not to deal with Section 68 of the Code at the present time.

Section 68 is manifestly unfair, especially insofar as it affects small and medium-sized business in British Columbia. Where such an employer is involved in a labour dispute, it typically finds that the balance of power is tilted significantly in favour of the trade union because of the impact of Section 68. Under that provision, the employer is usually unable continue its operation in any form during the labour dispute. Its choices are often to shut the business down (and face the risk that it may never reopen) or sign a collective agreement that is not in the best interests of the business and ultimately the workers. The striking employees, on the other hand, are able to obtain alternate work during the labour dispute, which greatly reduces the employer's ability to counteract the union's economic pressure.

Moreover, Section 68 discourages investment, as it is a provision that does not appear in the labour legislation of most other Canadian jurisdictions. Eliminating Section 68 would send a strong message to the global business community that British Columbia has finally balanced the playing field in a way that opens up the many business opportunities that are available in this province.

4. Elimination of Remedial Certification - Section 14(4)(f)

It is the BC Chamber's position that the remedial certification power in Section 14(4)(f) should be repealed.

The recent amendment to the Code which reintroduced mandatory secret ballot votes in certification applications was designed to ensure that trade unions are not forced on groups of employees who do not want them. Remedial certification is inconsistent with this principle, and can result in significant damage to a workplace. Moreover, Section 14(4)(f) is unnecessary, as the LRB has sufficient other powers to fashion appropriate orders to remedy violations of the Code.

Other jurisdictions are beginning to remove the remedial certification power from their labour relations tribunals. We believe it is important for British Columbia to take this step, which ensures that workers' democratic rights are preserved.

THE CHAMBER RECOMMENDS

That the provincial government act on the recommendations included in the BC Chamber submission of April 10, 2002 and furthermore that:

1. Section 5(2)(a) should be eliminated, leaving it in the LRB's discretion to schedule expedited unfair labour practice hearings as it deems appropriate, considering the interests of the parties and the Board's available resources;

S KILLS TRAINING AND LABOUR

2. the limitations of Section 5.1 of the former Industrial Relations Act be restored such that trade unions be prohibited from forcing employers to dismiss employees who have been expelled or suspended from membership in a trade union or who have been denied membership in a trade union;
3. Section 68 be eliminated or at the very least amended to reduce the unfairness it currently creates for small and medium-sized businesses; and
4. that Section 14(4)(f) on remedial certification be repealed.

EMPLOYMENT STANDARDS ACT – MINIMUM WAGE

Contrary to BC Chamber recommendations the provincial government introduced an increase to the minimum wage in 2001. It is now the highest in Canada and represents a significant burden to BC businesses. Because the greatest proportion of minimum wage earners work for small businesses any impacts of a raise in the minimum wage are concentrated most heavily in that sector. This is important because small businesses in general and tourism/hospitality in particular are key areas for both economic growth and job creation in British Columbia today.

The BC Chamber understands the need to improve the standard of living for the “working poor”. For the following reasons, however, we believe an increase to the minimum wage is both ineffective and unfair as a way of achieving this.

- Only a small proportion of minimum wage earners are in the ‘working poor’ target group. A recent study by the OECD demonstrated that minimum wage earners do not generally come from low-income households. Local studies indicate that the vast majority of minimum wage earners are the second earner in the home or are youth living with their parents.
- Any increase in the minimum wage has a deleterious impact on the already high youth unemployment level in British Columbia. Most empirical studies estimate that a 10% increase in the minimum wage reduces the rate of employment among youth (ages 15-25) by 1 to 3%. This percentage is even greater for teenagers alone. Given that BC’s youth unemployment rate is currently the highest west of Quebec, now is not the time to further hinder the ability of our young people to find jobs by increasing the minimum wage.
- An increase in minimum wage will greatly limit our ability to compete on an international level. Tourism is an excellent example. BC competes for travelers with other destinations around the world and price is an important factor. An increase in the minimum wage would raise the price of our tourism product.
- An increase in minimum wage can have serious negative impact on the consumers, particularly those from low-income households. Many businesses will be forced to increase the price of their products in order to pay these higher wages. Such incremental increases in costs will have the greatest negative impact in the low-income households. So this measure would take money from the low-income consumer and put it into the pocket of a teenager who works in a retail outlet and lives at home.

Consequently, if the government wishes to better the income of the working poor it must find a more effective way than raising the minimum wage. Tax measures would be a far more effective measure of addressing the living needs of the “working poor”.

SKILLS TRAINING AND LABOUR

THE CHAMBER RECOMMENDS

That the provincial government proceed with no further increases to the minimum wage for at least five years.

WORKERS' COMPENSATION BOARD – INTRODUCTION

In late 2001 and early 2002 the Workers' Compensation Board underwent a pair of Core Reviews conducted by Alan Hunt and Alan Winter. The Government has taken some initial steps to address concerns raised but more needs to be done as the WCB, with its costly administration and weighty regulatory burden, continues to represent one of the most serious challenges facing business in British Columbia today.

The BC Chamber of Commerce recognizes the work the provincial government has done to date but advocates further measures to reform the WCB.

WORKERS' COMPENSATION BOARD – OCCUPATIONAL HEALTH AND SAFETY

Over the past few years the provincial government has implemented two major changes with regards to Occupational Health and Safety (OSH). The first initiative was the new OSH regulations introduced in April 1998 to be fully enforced as of April 1999. The second was the new Occupational Health and Safety Act introduced in Spring 1998 and based on some recommendations from Part 1 of the Report of the Royal Commission on Workers' Compensation.

Although the regulations were introduced over a year ago they still represent a challenge and a burden for employers, particularly SMEs, which are increasingly relied upon as job creators in our economy and find it more difficult than big business to operate under rigid regulations. To this end there are three aspects of the proposed regulations that must be addressed in any revision. These are:

- complexity - Neither SME operators nor many of their employees have the expertise to understand a host of complex regulations, all formulated by experts in a variety of fields. Large organisations and government have the resources to keep such experts on staff but this is not an option for SMEs. This leaves small business people with two options. They can run the risk of being unknowingly in violation of the regulations, or they can hire a series of experts to ensure their workplace is not in violation, a near prohibitive expense for an average SME.
- cost of compliance - One of the largest expense concerns of SMEs is directly related to the complexity of the regulations. In order to comply with the regulations as written, SMEs would have to hire a battery of consultants. They would need toxins experts, engineers and architects just to determine if they are in violation. This expense alone precludes compliance. There are also regulations that create unnecessary direct costs both by arbitrarily assigning to employers responsibility for issues that are not legitimately their concern, and by being so vague they can be interpreted as all encompassing. Furthermore, there is no evidence that these regulations will actually decrease the number of workplace injuries. Until a cost/benefit risk analysis can be conducted there is no way to justify such expense.
- prescription and inflexibility - The problems described above are all caused by the approach taken within the regulations. The regulations are prescriptive in nature and attempt to regulate every single activity

S KILLS TRAINING AND LABOUR

that may or may not occur in a workplace. The regulations are aimed at the lowest common denominator, those few employers who do not follow regulations. These few employers, however, will not follow regulations, regardless of how restrictive or all encompassing the WCB attempts to make them. The Chamber believes that this approach is ineffective and, indeed, unrealistic. Compliance instead must be encouraged through positive means.

The Workers' Compensation Board should set clear and consistent health and safety standards and leave businesses with the flexibility to determine how best to meet those standards. This approach would allow the employers to spend time and resources addressing potential problems rather than spend that time and those resources following needless and complex regulations. This approach would also put pressure on employers to produce results, they would be unable to hide behind the loopholes and red tape inherent to any attempt to create such comprehensive regulations.

The Workers' Compensation Board has attempted to address some of these issues through the production of sector specific guides that would help employers in certain sectors to better understand what regulations apply to them and how best to comply. So far only one has been produced (for the retail industry) and even that is over thirty pages long and includes such complex processes as 'risk analysis'. The original version does not even include a simple step-by-step checklist of what needs to be achieved in order for the small business to comply with the regulation.

The Chamber also has a number of concerns about the recommendations in the report from the Royal Commission and the resulting legislation - the new Occupational Health and Safety Act. The government introduced this Act (Bill 14) during the spring session after going through a consultation process. This process had a number of problems and the end result in no way incorporates the concerns of the business community.

The importance of education as a key to prevention has not been given adequate profile. Employers believe that preventing workplace injury and illness must be given the highest priority. One of the greatest flaws of the current system is the emphasis on penalties, inspections and orders rather than a proactive and preventive approach that encourages education for employers and workers about their rights and responsibilities.

All workplaces, where there are 20 or more workers, must now have a Joint Health and Safety Committee. Additionally, for workplaces with more than 10 workers, a safety representative must be appointed. There is no evidence to justify why a low risk business (i.e. a retail store) should be treated the same as a high-risk industry (i.e. a forestry company). This will create more bureaucracy and more expense as the employer will be required to pay for a minimum of eight hours of safety training per employee per year.

One of the more curious aspects of the legislation is that in certain areas it conflicts with the recently introduced regulation. The only parts of the Act that have been proclaimed are those that allow for changes to be made to the regulations to reconcile them with the Act. The regulations, however, are now being enforced despite the fact that this reconciliation has not been completed.

Another issue is the need for a "cost-benefit" analysis before new regulations or standards are implemented. New regulations must show measurable benefits to their costs.

Despite the further work required within this report, there are several recommendations supported by employers including the recommendations to fine workers who knowingly breach safety rules and the recommendation that regulatory review be continuous and completed every three years.

SKILLS TRAINING AND LABOUR

THE CHAMBER RECOMMENDS

1. That the government revise the current Occupational Health and Safety regulations to introduce a goal based model that will allow the employer the flexibility to achieve the required safety targets.
2. That the government incorporate business concerns into the Occupational Health and Safety Act.
3. That the Occupational Health and Safety Act be revised to emphasize a preventative and proactive approach that encourages education for employers and workers about their rights and responsibilities.
4. That the government rescind the provisions that create unnecessary bureaucracy such as requiring health and safety committees, and the appointment of safety representatives for small, low risk workplaces.
5. That all new regulations be subject to a cost-benefit analysis to ensure they will promise better health and safety outcomes.
6. That the government implement the Commission recommendation to fine workers who knowingly breach safety rules to recognize that both employers and employees are responsible for workplace health and safety.
7. That the government implement the Commission recommendation to complete a regulatory review every three years to reflect the constant pace of change in the workplace.
8. That the WCB do a better job of educating employers about their rights and responsibilities by ensuring that communications are in plain, easy-to-understand language.

WORKERS' COMPENSATION BOARD – REHABILITATION COSTS

One of the major objectives of the workers' compensation system is to assist injured workers in a timely return to productive employment. The BC Chamber strongly supports this goal and believes that more must be done to help make it a reality.

Early intervention by the WCB is the key to achieving successful rehabilitation results. Unfortunately, the experience of many employers is that the WCB's administrative processes in adjudicating and monitoring claims may result in lengthy delays before any vocational rehabilitation services are considered. In too many cases, the disabled worker has been away from work for such a lengthy period of time before the WCB's vocational rehabilitation services become involved that there is little chance of successfully returning the employee to any form of productive employment. This is evidenced by the massive increase in the number of days to return an employee to work over the past two years and the corresponding increase in costs.

On a related issue the Chamber is concerned by the recommendation from the Royal Commission that all employers with 20 or more employees must keep an injured worker's position open for two years. This puts an undue burden on smaller employers. It would require them to either work short for two years or keep an extra person thereafter. This is a challenge for a business whose resources are already stretched.

S KILLS TRAINING AND LABOUR

THE CHAMBER RECOMMENDS

1. That the WCB encourage timely return to work for injured employees by improving the practices of the compensation division and the delivery of vocational rehabilitation services.
2. That the provincial government avoid implementing the recommendation with regard to mandatory re-employment as it would place an undue burden on smaller businesses, particularly those with specialized employee positions.

THE CONTRIBUTION OF GAMING TO ECONOMIC DIVERSITY (2003)

The BC Liberals want our province to have the leading economy in the country with the highest levels of private sector investment anywhere.

Local governments throughout BC, especially small communities, are looking for revenue tools to attract economic development through diversification of their economy. Tourism, conference and convention centres, along with casinos, bring in new and extra dollars into communities.

The Provincial Government can benefit through increased casinos in communities. Last year the Alberta Government brought in net \$1.4 billion into their economy through casinos and gaming. BC's total was only \$606 million. The BC Government and Local community government could use the extra money to further develop our Health Care, Education and Transportation system.

Furthermore, the Community Charter provides municipalities with power to provide services the council considers necessary or desirable. Local governments are looking for revenue tools to attract economic development into their communities; and methods to increase their income in order to provide needed services for their citizens.

THE CHAMBER RECOMMENDS

That the provincial government enact legislation that will give BC communities the ability to make their own decisions to establish casinos and other gaming opportunities based on a sustainable business plan.

JUSTICE – MARIJUANA CULTIVATION OPERATIONS (2003)

Background

British Columbia has become Canada's "head office" for marijuana cultivation operations, commonly referred to as "grow ops". According to Statistics Canada 44% of all marijuana cultivation incidents in 2000 took place in BC.

The number of marijuana cultivation investigated and detected by BC law enforcement agencies rose by 222%, to 4802, between 1997 and 2000.

Marijuana Grow Operations in British Columbia Summary of Findings

	1997	2000	% Increase
Detected "grow ops" in BC	1,489	4,802	222%
• **Lower Mainland/ Southwest	736	3,012	309%
• **Thompson/Okanagan	181	447	164%
• **Vancouver Island/Coastal	420	872	108%
Incident rate per 1,000 BC population	0.38	1.18	211%
Number of plants seized	168,468	459,884	173%
Kilos marketable marijuana seized	17,820	49,054	175%

SOLICITOR GENERAL

*Study by the Department of Criminology and Criminal Justice, University College of the Fraser Valley, and the International Centre for Criminal Law Reform and Criminal Justice Policy, in conjunction with the RCMP.

** Regions of BC with greatest numeric increase of “grow op” detection.

The data shows that grow ops are becoming more numerous and are increasing in scale. The increase in both the number and size of grow ops in BC is due largely to the extraordinary profits that can be realized in a very short period of time, with little or no risk of punishment.

The street value of plants seized over the four-year study period is estimated at \$0.5 billion - \$1.25 billion, depending on market variables and quality at time of sale. The RCMP estimate there are some 15,000 active grow ops based in BC every year producing as much as \$6 billion worth of marijuana annually. That ranks marijuana cultivation as the third largest sector in the provincial economy behind forestry and fishing and ahead of tourism.

As a result, marijuana cultivation is rapidly becoming an enterprise of highly organized criminal groups – in particular gangs – which use the huge profits to finance other criminal activities or to control other parts of the local economy.

Crime with Little Punishment

Even offenders with a history of multiple criminal convictions receive little or no time in prison. The length of imprisonment from 1997-2000 averaged just 4.5 months. Imprisonment was ordered in just 18% of cases.

Sentencing seldom includes restitution or cost-recovery for victims, law enforcement agencies, or the courts despite the huge sums of money known to be associated with this illegal enterprise. Fines averaged just \$2,000 from 1997-2000. These sentences are trite compared to other jurisdictions. A comparison of sentencing patterns under Washington State Sentencing Guidelines illustrates that 60% of BC grow operators would be imprisoned for 5 years versus 4.5 months (average) in BC. Taken in the context of the escalation in grow operations, there is growing concern that these light sentences are encouraging grow operators to migrate to BC.

The Issue

There are virtually no deterrents to establishing marijuana grow ops in BC, while the potential rewards are enormous. The “disconnect” lies in the broad discretion of the courts and the narrow scope of matters considered at time of sentencing. It appears that the courts view grow operators through the same filter as they view pot smokers. In lay terms, the courts view grow ops as a victimless crime. There is not an integrated view of justice, that is to say, convictions are viewed in isolation of prior criminal history, isolation of the “organized crime” connection, and in isolation of other economic and social costs.

Power Theft and Utility Costs

In a report to the Federal Government in November 2002 the Canadian Police Association and the Ontario Electricity Distributors Association estimated that gang run grow ops are stealing \$1 billion in electricity per year across Canada. Power theft related to detected grow ops in BC is estimated at \$50 million annually. This represents 1.5 – 2.0 percent of the regulated cost of electricity in this province.

To put the cost in the context, the residential customers of a medium-sized city such as Kelowna are, in the aggregate, subsidizing grow ops in the amount of \$450,000-\$600,000 per year. While we don’t believe it is the intent of the legal or regulatory systems to do so, law-abiding citizens are subsidizing grow ops.

These power theft costs are based on detected incidents. Law enforcement agencies estimate that there are as many as 15,000 operations at any given time in BC. Using that estimate, power theft in BC is more likely in the range of \$100-\$200 million annually, a direct cost to the economy.

Endangerment of Human Life and Property Destruction

Many detected grow operators bypass normal electricity system connections – mainly at the electricity meter – in order to tap into a large supply of electricity at no cost.

Electric utility employees are exposed to life threatening injury on a regular basis when, in the normal course of business, a meter that has been bypassed is disconnected or changed.

In 250 incidents between 1997-2000, the grow ops were discovered only after the property caught fire as a result of electrical hazards. This not only poses a threat to neighbouring properties, it is a serious threat to firemen. The Workers' Compensation Board has documented numerous cases of injury and death resulting from tampering with the electricity system.

Many departments will not allow fire fighters to enter a premise suspected or known to be a grow op. This safety constraint results in the premise burning to the ground and, in the course, posing a threat to neighbouring properties particularly in multi-family and zero lot line subdivisions.

Federal Legislation on the Right Track

On 11 April 2003 the Honourable Martin Cauchon, Justice Minister and Attorney General of Canada, tabled legislation in the House of Commons to create a new offence against setting deadly traps in places used to commit crimes. The new offence recognizes the risks to police officers, fire fighters and other emergency workers due to dangerous traps in situations such as marijuana grow ops or clandestine drug labs. The nature of these criminal activities creates a risk of fire, with volatile chemicals used in drug labs and electric power stolen through unsafe meter bypasses. If fire fighters or police officers are ***put at risk, injured or killed*** the proposed amendments to the *Criminal Code* recommend a maximum sentence of 10 years in prison, which increases to 14 years if injury occurs and to a life sentence if someone is killed by a "trap". The BC Chamber strongly supports the Federal Government's proposed changes and would like to see the new legislation extended to electric utility employees who are also exposed to these traps.

Law Enforcement Costs & The Canadian Charter of Rights and Freedoms

There is a commensurate waste of tax dollars as a result of the time and expense required to investigate and try these cases relative to the meaningless sentences handed down. Following court appearances, grow operators immediately rent or lease other properties and begin the cycle of cultivation again.

Electric utilities are in a position to pinpoint likely perpetrators, but because of sections of the Canadian Charter of Rights and Freedoms related to "unreasonable search of free and private citizens" utilities are unable to share this information with law enforcement agencies. Essentially this means that the rights of known criminals are being protected at the expense of the greater good of society.

THE CHAMBER RECOMMENDS

SOLICITOR GENERAL

1. That the Solicitor General and Attorney General of BC begin working immediately with their colleagues across Canada to amend the sentencing guidelines included in Section 10 of the Controlled Drugs and Substances Act so that sentencing better reflects the severity of this crime and the impact on victims.
2. That the Solicitor General and Attorney General of BC begin working immediately with their colleagues across Canada to include restitution as a term of a conditional sentence, rather than a stand-alone restitution order (if one is imposed).
3. That the Solicitor General and Attorney General of BC begin working immediately with colleagues across Canada to develop/amend privacy/disclosure legislation/policy so that electric utilities may share information with police about:
 - a. suspected theft of power; and,
 - b. suspected grow operations where theft is not an issue but the use of power is indicative of a grow operation.
4. Include electric utility workers in the Criminal Code definition of those “put at risk” by the presence of marijuana “grow ops” and clandestine drug labs.
5. That the Solicitor General of BC organize a multi-stakeholder symposium (including, but not limited to electric utilities, law enforcement agencies, the judiciary, crown prosecutors and policy makers) to discuss issues related to the marijuana "grow operation crisis" in BC, and coordinate an integrated strategy that responds to the concerns of all parties impacted by this activity.

SLOT MACHINES AT RACE TRACKS (2003)

Today in British Columbia the horse racing industry has the wrong kind of export business. We are sending money and talent out of the province. Higher purses attract horse owners, drivers and trainers. Horse owners who start racing actively in other jurisdictions often divert their capital by filling their stables with horses purchased in those regions. With more funding on the home front, and a more economically viable local industry, British Columbia could become a net exporter of yearlings while still providing young horses for the racing industry in the Province.

We are hopeful that in BC this government will adopt the approach to save this industry from continuous loss of horses and the associated industry. An example of a government that has accommodated this industry is Ontario, where racetracks in tiny markets such as Sarnia and Sudbury are able to siphon off our best stables. In total, the Ontario horse racing industry is directly supported by 6,000 slot machines at racetracks.

The problem could grow much worse. The government of Alberta recently announced that their racing industry would be receiving greater access to slot machine gaming to allow it to better compete in the gaming marketplace. Within a year, the Edmonton and Calgary tracks could be operating up to 500 machines each. Estimates indicate that this might pump as much as \$8 million of new funds into the province’s horse racing industry annually.

In British Columbia, continuing the status quo option, without additional revenues from gaming, would guarantee a reduction in race dates, horses and investment. For instance, the current 100 – 120 Standardbred race days at Sandown Park and Fraser Downs would drop to about 50. Breeding and investment would continue to decline. Foal production in BC has already fallen to 40% of the mid-eighties level. While 500

foals were produced annually in the mid-eighties, we now record approximately 200. With no change in the revenue picture, yearling prices will decline and foal production will drop even further. Employment in the industry will drop and many of the existing jobs related to the horse racing industry would be eliminated. Fewer retired racehorses will be available for recreational use. Many communities throughout the province would suffer the brunt of such a reduction in economic activity.

The Ontario experience demonstrates that the success of horse racing operations has had a profound economic impact on agriculture all over Ontario. Thousands of acres of property have gone into production as training and breeding centers, or supplying the industry with feed. A revitalized industry in British Columbia would result in many benefits:

- More jobs and investment in facilities and equipment
- Patrons and horsemen would boost the economy of local communities
- Higher purses and more racing would provide a better opportunity for trainers and drivers to make a full time living
- Many grooms and backstretch personnel would upgrade from part-time casual to full time employment
- There would be more investment in racing stock by horse owners, particularly BC bred horses, and many BC owned horses now racing elsewhere would come home
- Breeders would produce more and better-bred horses to supply demand and export opportunities would develop
- More Agriculture Land Reserve acreage would go into production with increased employment created on breeding farms
- More retired racehorses would be available for recreational use
- Support industries would flourish (veterinarians, feed suppliers, farriers, construction companies, horse transporters, etc.)

THE CHAMBER RECOMMENDS

That the provincial government support the BC equestrian industry by revising the gaming policy to allow horse racetracks to operate slot machines, in order to allow the BC industry to compete with other successful racing jurisdictions in North America.

GAMING LICENSES (2003)

Background

In 2001/02 the Gaming Policy and Enforcement Branch distributed \$156.5 million to 2,400 non-profit organizations. These Direct Access Grants are funded by provincial gaming revenue. More than half of the qualifying organizations and roughly two-thirds of the dollars were distributed in the Lower Mainland.

The government has announced an increase in DAG funding for 2003/04. As recognized by the province, non-profit organizations serving communities in British Columbia are experiencing severe stress on human and financial resources.

After a year of consultation and review, BC's Solicitor General has issued streamlined guidelines for DAGs. The BC Chamber supports the new process and the four pillars of community investment that clearly define applicant parameters. Likewise, we support the automatic funding mechanism for Parent Advisory Councils and district PACs. These initiatives remove some of the guess work involved for applicants and provide a well-defined focus for distribution of Direct Access Grants.

However, much is still left to interpretation by the Gaming Policy and Enforcement Branch, particularly with respect to approval of Class A and B gaming licenses.

The Issue

All Canadian jurisdictions subscribe to the definitions governing gaming and lottery qualification as vaguely defined in Canadian Common Law:

- relief of poverty;
- advancement of education;
- advancement of religion; or
- any other purpose beneficial to the community not falling under the other three purposes.

However, there are no clear interpretations of the above. Rather, the interpretations used by various regulators, standards-setting bodies, the courts and in legislation vary from province-to-province.

In BC a number of provincial and regional non-profit organizations, which provide for the public good don't qualify for Direct Access Grants, nor do they qualify for raffle or lottery licenses because of the narrow interpretation of benefit to the community used in BC. A large number of non-profit organizations, which provide a service in the public interest or to the public good, have no access to gaming mechanisms as a source of ongoing sustainable funding.

At no cost to government these organizations can continue and enhance their valued services through gaming guidelines that enable in-house lotteries within their own membership for the purpose of generating "sustaining" revenue.

In-house and "B" type lotteries exist in some form in all Canadian jurisdictions including British Columbia. While they vary in scale and scope, these lotteries provide additional necessary funding to worthwhile community and non-profit organizations.

Non-profit organizations in British Columbia comprise a wide range of organizations that provide services to their respective communities or to the larger public good and are in need of sustaining revenues.

SOLICITOR GENERAL

THE CHAMBER RECOMMENDS

1. That the Solicitor General immediately begin a review of the definitions of organizations qualifying for gaming revenues and licenses. Current definitions are vague, highly subjective, decades old and highly exclusive of provincial and regional organizations required to meet society's needs in this day and age.
2. That the Solicitor General, as part of the review, expand qualification and licensing guidelines to enable non-profit organizations currently not captured under existing interpretation and policies, and with ongoing operational expenses to carry out "in-house" lotteries (within their own membership) for the purposes of generating "sustaining" revenues.

SUSTAINABLE RESOURCE MANAGEMENT

RESOURCE MANAGEMENT CONSULTATION (2002)

Consultation with affected parties is an important part of the formulation of legislation dealing with environmental matters like project approvals and land use planning. It is particularly important that local business and communities who are most impacted by these initiatives get an opportunity for meaningful consultation.

In the past this has not always been the case and the future of major industries, like forestry and mining, those economic generators that provide employment and spin-off benefits that keep small businesses healthy are being adversely affected. This has a detrimental impact on many small communities in BC.

THE CHAMBER RECOMMENDS

That when government provide affected businesses and communities an opportunity to consult meaningfully on projects, legislation and or programs that affect natural resource issues critical to them and that such a process include:

1. a reasonable opportunity to prepare a position paper or similar presentation having regard for the complexity of the matter and the nature of the body forming the stakeholder;
2. a requirement that technical and scientific data be given due consideration by qualified individuals within government;
3. a written report or summary be prepared by the Ministry, which identifies and responds to the main points written by the stakeholders; and
4. an opportunity for the stakeholder to clarify or correct any apparent misinterpretations.

REVIEW OF LAND RESOURCE MANAGEMENT PLAN – JURISDICTION OF PRINCESS ROYAL ISLAND (2001)

The British Columbia Ministry of Forests has recently initiated a working group for the establishment of an LRMP on the North Coast.

Prior to the North Coast residents being made aware of the LRMP, boundaries for the Central Coast LRMP included Princess Royal Island which, since the incorporation of the City of Prince Rupert in 1910, has fallen under the jurisdiction of the Federal and Provincial agencies operating out of Prince Rupert. Most of the economic activities have been tied to service and production facilities on the North Coast – mining, federal fisheries and provincial forestry management areas. To date the Central Coast LRMP plan has not come to a satisfactory conclusion.

The North Coast marine resource is of vital importance to the social and economic well-being of the area and an integral component of land development. This includes resource extraction/development, tourism and recreation. The region must be looked at as a multi-use area and all participants whether for land based or marine-based use should be included in the LRMP planning process.

SUSTAINABLE RESOURCE MANAGEMENT

THE CHAMBER RECOMMENDS

That the provincial government review the LRMP Central Coast boundaries, and transfer Princess Royal Island into the North Coast Boundary so the most affected users can participate in the process.

LAND USE PLANNING (1999 – revised 2001)

By earlier communication the British Columbia Chamber of Commerce expressed concern regarding the flaws in the CORE PROCESS. For example, the government announced an objective goal of 12% of provincial land be dedicated as "park". That goal soon became a minimum. Although CORE is no longer operational, the same approach to land use is being advanced under the Protected Areas Strategy. It is the concern of the British Columbia Chamber of Commerce that there has been no official statement or assurance that there is a corresponding goal or objective which recognizes the necessity of preserving or enhancing land use which will support the primary resource industries in the province. As these industries play a vital role in the social and economic well-being of British Columbians the BC Chamber of Commerce believes we must ensure that a proper assessment with the true costs associated with implementation of the Protected Areas Strategy is given the required level of attention.

Minerals are a resource which, when found, have a per hectare value far exceeding any other use of the land. However, they are hidden, and do not easily lend themselves to the kind of land use planning currently being practiced in BC. Discoveries cannot be planned for, but they can be 'planned' against.

Current Land Use plans in BC do not balance the environmental concerns against social and economic impacts. The upper agreed limit of 12% land in protected areas has been breached. Experience has demonstrated that the current Land Use planning approach does not respect sub-surface values, and does not work for managing British Columbia's mineral resource. Existing Land Use Plans do **not** adequately address industry's need for access to the land base. While mineral extraction requires less than one percent of the land base (and is a temporary use of the land), the hidden nature of the resource requires access to as much of the land base as possible for on-going exploration and re-evaluation.

The mining industry, having for several years tried unsuccessfully, (and at great cost) through its participation in various planning Tables, to have its needs met within the context of land use planning as practiced in BC has recently withdrawn from these processes and is seeking other avenues to achieve its needs.

Current land use planning does not recognize the differences between forestry and mining in the use of the land. They have different impacts on the land, and regulations can have different impacts on the industries. There is a concern that the Forest Practices Code, in particular the riparian Management Areas, may render placer mining inoperable. Mining regulations should be designed to mitigate mining not forestry impacts. Such was the rationale behind the MX code.

The declining mineral reserves for the province require that exploration and mining activities be encouraged in order that additional mineral reserves be found and developed to sustain mineral production and increase community stability. It is widely considered that annual exploration expenditures in the order of \$150-200 million are necessary just to maintain production at current levels. However, throughout the 1990's the level of expenditure has been well below that level; between 1990 -1998 the number of claims recorded has declined from 100,484 to 19,100, a decline of 81%, while exploration expenditures have dropped 84% from \$263 million (in current dollars) to \$40 million. Of that \$40 million 33% was spent around established mine-

SUSTAINABLE RESOURCE MANAGEMENT

sites, 57% on established or previously drilled properties, and only 10% was for grassroot/generative programmes. (Source: BC Mineral Exploration Review 1998)

Current impact analysis for mining (in proposed land use plans) places too much emphasis on existing mineral tenure to avoid the potential costs of taking that tenure. This approach ignores areas of hidden mineral potential not currently held under tenure. Economic impact analysis for mining must include calculation of the percentage of the land base which will be subject to more restrictive management and exploration guidelines, and the increased cost of exploration and administration.

THE CHAMBER RECOMMENDS

That the provincial government:

1. Reaffirm its commitment to 12% for protected areas in each region as a maximum goal which includes all parks and other protected area land use designations.
2. Immediately record and publish as part of the goal for the process the recognition of the fundamental importance of the primary resource industries in this province and set goals for the sustainability and enhancement of these industries within the context of the overall Protected Areas Strategy.
3. That criteria be developed by which the effectiveness of the land use strategy can be measured in terms of achieving those desired goals.
4. That the process of developing Land Use Plans incorporate full, complete and public socio-economic impact studies.
5. Take steps to avoid the concentration of negative impact upon any one individual, community or region.
6. Give assurances that any further park or restricted access additions necessary for inclusion of underrepresented features and eco-systems will be accompanied by reductions in overrepresented features and eco-systems elsewhere to maintain the 12% balance, (bearing in mind industry's need for certainty) and that any other areas removed from free access and development be minimalized;
7. Work with industry to develop and implement a separate land use planning process or approach for mining that recognizes the substantive differences between forestry and mining in the use of the land, and the unique character and needs of the mining industry in order to ensure access to as much of the land base as possible for mineral exploration.
8. Take steps to ensure placer mining remains a viable industry.
9. Ensure that assessment of impacts on mining include all provincial mineral lands and not just lands under current mineral tenure.
10. Take steps to ensure that mineral exploration and mineral development staking can continue in all areas outside of parks and in accordance with mineral specific legislation and regulation.

SUSTAINABLE RESOURCE MANAGEMENT

YELLOWSTONE TO YUKON - PROPOSED WILDLIFE CORRIDOR (1999) (revised 2001)

The British Columbia Chamber of Commerce is very concerned by the Wildlands Project's Yellowstone to Yukon conservation Initiative – Y2Y). The mandate of the Wildlands Project seeks to protect and restore the ecological integrity and biodiversity of North America through the establishment of a connected system of conservation reserves. The Y2Y initiative is an effort to develop a series of core protected areas, connected by movement corridors for wildlife and surrounded by buffer zones, from the south of the Greater Yellowstone Ecosystem in Wyoming to the north end of the Richardson Mountains in Yukon Territory.

This is an area some 1800 miles long that covers approximately 35% of the geographic area of BC. A wide corridor covering the area from the BC-Alberta border west to such cities as Grand Forks, Vernon, Quesnel are included. Immediately north of Prince George the proposed area flares west to cover most of the northern part of the province.

The Y2Y concept is NOT a provincial government initiative. Rather, it is a proposal by an independent group of environmentalists with input from non-Canadian conservation groups such as the Washington, D.C. based Wilderness Society. Much of the advancement has been through the US federal and state agencies, NGO's (non government organizations), and international organizations. Unfortunately, BC's population along the Rocky Mountains seems to be held hostage to this project – despite its being driven by external forces.

Dave Forman Chairman of the Board of the Wildlands Project (and a director of the Sierra Club) was the principle founder of the eco-terrorist group Earth First. He defines legitimate wilderness as 'vast landscapes without roads, dams, motorized vehicles, powerlines, overflights or other artifacts of civilization'. Reed Noss, another director of the Wildlands Project, has been quoted as saying 50% of North America needs to be set aside to achieve the Wildlands Project objectives. He has also said "the collective needs of non-human species must take precedence over the needs and desires of humans."

With such proponents the Y2Y concept is not friendly to the resource industries. In fact, it appears to seek the curtailment or elimination of resource industry activities within its boundaries, which could have a devastating effect upon the economy of the Province of British Columbia. If the provincial government supports this initiative it will allow the potential de-industrialization and de-population of the Rocky Mountains.

The impact of this is enormous. The Y2Y area includes approximately 35% of the provincial annual timber harvest (i.e. the Annual Allowable Cut). For example, it includes approximately 90% and 72%, respectively, of the Annual Allowable Cut in the Nelson and Prince George Forest Regions. Given that the economic base of these regions is resource-based, any significant reduction in timber harvesting would have an extremely negative effect on the affected regions and the province as a whole. A study by The Chancellor Partners has shown that the potential cumulative impacts from the forest industry alone could be as high as 80,000 jobs, \$3.9 billion in personal income annually, \$1.2 billion in provincial government revenues annually, and \$5.4 billion in GDP.

This does not even include calculations about the Mining Industry. The coal mines in the Elk Valley, for example, are a major economic driver in the region and are already overburdened with regulations and red tape. Conservationists discount these claims. A report prepared by the Wilderness Society implies that an economic base could instead be provided by "business owners, retirees and entrepreneurs who have decided that living in the Rockies is important to their quality of life."

SUSTAINABLE RESOURCE MANAGEMENT

The provincial government has implemented a number of local land use planning strategies such as the Land and Resource Management Planning (LRMP) process which allow all interested parties to participate in the decision-making process. In the East Kootenays, for example, the CORE process has already protected some 16% of the land base, well above the 12% target set by the provincial government. Consequently, a radical non local, independent approach which could gut the economy of the province is not appropriate. Unfortunately government has already chosen to undermine this process by announcing a new ‘Southern Rockies Wildlife Conservation Area’ that was developed independent of these existing community processes. This is a very dangerous precedent to set.

THE CHAMBER OF RECOMMENDS

That the provincial government:

1. continue to follow & honour making local land-use decisions inside the existing provincially-sponsored initiatives such as the LRMP process;
2. oppose any action by the proponents of the Y2Y concept which seek to alter or negatively affect the existing processes; and
3. reverse the decision to establish the Southern Rockies Wildlife Conservation Area.

T TRANSPORTATION

CONTAINERIZATION IN PRINCE RUPERT (2003)

Prince Rupert has a significant opportunity to develop container cargo traffic on the North Coast and to realize the considerable economic development benefits to be gained from such traffic. The dramatic shift towards the use of containers in international trade to satisfy the needs of Western Canadian producers and shippers continues to grow apace. The inherent strength of containerization is its simplicity, standardization, and cost effectiveness providing a strategic advantage to shippers. Furthermore, Prince Rupert's location on the shortest land-sea route between Asia and the US Industrial Heartland makes the port a strategically significant trade route in the movement of containers.

The barrier to fostering the development and growth of the container cargo handling and related industry on the North Coast is the lack of appropriate infrastructure. Consultation with both potential shippers and the container shipping industry clarifies that if the necessary infrastructure was in place, Prince Rupert would be a desirable gateway for their products and the deep sea vessels currently engaged in trans-Pacific trade.

Containerization has provided shippers a strategic advantage of gaining the ability to target smaller markets with less developed infrastructure. As the BC economy shifts to more value-added industries, the weatherproof storage gained through containerization is also becoming advantageous. An example of this is clearly seen in the forest industry – last year nearly 60 percent of all lumber shipped out of Vancouver was in containers.

Potential for the Northwest Transportation Corridor

- Improved competitiveness for Northern BC producers and manufacturers gained through reduced shipping costs and other inherent advantages associated with containerization.
- Containerization will provide opportunity for secondary industry development throughout the entire corridor, as the economical access to container handling facilities is integral to value-added production.

The Port of Prince Rupert and the Northwest Transportation Corridor have a realistic opportunity to develop into a significant gateway for the container volumes on the West Coast. The benefits including economic development, job creation, tax revenues, and overall economic impact are considerable and will increase the future viability Prince Rupert as a port and a community, the future prosperity of the Northwest Transportation Corridor, and the strength of the BC economy overall. Key to realizing the benefits of the development of Prince Rupert as a container port will be a strategic investment in infrastructure by the Province of British Columbia and other partners with an interest in economic development and international trade.

Clearly, the development of containerization facilities in Prince Rupert would be a strategic investment in support of international trade and economic development across British Columbia and Western Canada. Furthermore, this development is based upon trends in the marketplace and projected future demands of shippers across the Northwest Transportation Corridor and the investment in such infrastructure is both commercially viable and market driven.

THE CHAMBER RECOMMENDS

The government of the Province of British Columbia and the Federal government both support the development of containerized cargo handling facilities in Prince Rupert.

T RANSPORTATION

INSIDE PASSAGE ROUTE #10 PORT HARDY TO PRINCE RUPERT (2003)

Simply put, we must find a way to implement daily ferry service on Route #10 (commonly known as the “Inside Passage” and runs between Port Hardy and Prince Rupert). This is part of a visitor-circle route that allows tourists to travel through Vancouver Island, the North Coast and the Interior of British Columbia, without ever retracing their steps.

Ferries on Route #10 operate every other day from June to September and once per week during the winter. Tourism growth is being lost as a result of not operating at full capacity of once per day. The importance of this route is well known; in fact the Throne speech specifically mentioned the need to address this service.

The Inside Passage route contributes more visitor days to the Northern British Columbia than any other highway in the province. Sadly, because the ferry system does not maximize the service by offering daily schedules, further tourism dollars are being lost.

Fair equalization between the users of the ferry system in the north should not be subsidizing the ferry users in the South. It appears that Northern riders pay substantially higher fare structure rates over same distance users in the South.

THE CHAMBER RECOMMENDS

That the newly appointed BC Ferry Authority should be guided to start a May until September daily service on this route as soon as possible based on a fare structure that is equitable with the Southern routes.

TRANSPORTATION INFRASTRUCTURE (2003)

There are a number of transportation infrastructures issues around the province that could economically stimulate the province of British Columbia if they are properly planned on a regional basis. In the Northwest, for example, these issues include:

- containerization of the Port of Prince Rupert
- daily ferry service during the summer months on the Inside Passage (Port Hardy to Prince Rupert)
- improved rail connections to improve access to, and transportation of, the province’s resources and products
- resource road to allow ready access from the existing mine and mining potential north of Meziadin to the Port of Stewart
- completion of the Nisga’a Connector to join Highway 37 to the Nisga’a Highway to open up the Nass Valley and allow direct through-traffic from the north of the province to the northwest

The province, as a whole, will benefit through increased taxes paid to the province and new industry and resource development as a result of a co-ordinated effort to improve transportation infrastructure in British Columbia.

The province is currently constituting Regional Transportation Advisory Committees (RTACs). This is a good first step but comprehensive planning must begin immediately.

T TRANSPORTATION

THE CHAMBER RECOMMENDS

That the province develop cohesive, comprehensive regional transportation infrastructure development plans.

HIGHWAY TOLLS FOR COMMUNITIES WITH SINGLE HIGHWAY ACCESS (2003)

The Ministry of Transportation has recently made long awaited announcements regarding proposed upgrades to transportation throughout the province. This is great news. However, there is concern that the new 3.5 – cent-a-litre gas tax will not be able to cover all of the proposed projects, and that charging a toll has not been ruled out.

If a toll is going to be charged, it must ONLY be for highways or bridges that offer a practical alternate route where motorists do not have to pay a toll.

The Sea to Sky Highway is an example of where Highway 99 is the only practical route connecting the region with Vancouver. There is currently no public transportation or alternatives to driving the highway, other than limited Greyhound schedules and a handful of van pools. The elimination of BC Rail passenger services has further limited transportation options.

Highway 99 is the lifeline of the communities in the Sea to Sky corridor. If a toll is put in place, businesses would be penalized by having to pay an extra charge for the toll that no other community in BC (or in North America) currently faces. The provincial government funding cuts have forced critical services including the courts as well as Human Resources and Social Services to relocate their offices to the North Shore. For those people on extremely limited income, adding an extra cost for a highway toll would be discriminating when no alternate route or public transportation is available.

The traffic on the Sea to Sky Highway is at capacity. The provincial government has committed to the required safety upgrades and improvements. However, the residents of the region should not have to pay both a gas tax AND ALSO a toll for use of the ONLY practical transportation route into and out of the region.

The West Vancouver, Lions Bay, Squamish, Whistler and Pemberton Councils have all gone on record as saying that Highway 99 should not be a toll road.

THE CHAMBER RECOMMENDS

1. That the BC government confirm that communities with only one practical transportation access will NOT have that access route be tolled.
2. That the costs for scheduled highway or bridge transportation safety upgrades and improvements, for communities that have only one access, be covered under the province wide 3.5-cent-a-litre gas tax.

T TRANSPORTATION

RIGHTS-OF-WAY AND REST AREA COMMERCIALIZATION (2003)

The Ministry of Transportation's proposal to make business opportunities available to operate commercial ventures in Highway rest areas, pullouts and rights-of-way is not in the best interest of the tourism industry in British Columbia, nor the many communities currently providing Visitor Information Services.

These ventures may undercut the significant summer tourist businesses from the permanent businesses who pay local taxes and support the communities.

In most cases Visitor Infocentres or Chamber Offices are located within a few minutes drive off the highway, as are services such as food & beverage, restrooms, fuel, etc. The BC Visitor Infocentre staff have received very extensive training and the facilities are operated under very strict criteria dictated by the government. They are the trained ambassadors to not only their community but also to the Province of British Columbia. The cost to operate the Infocentres is borne mostly by the community and Chamber of Commerce to encourage travelers to visit the community. The roadside stops may become the 'unofficial' Information Centre and the communities may lose out on providing quality detailed information about the opportunities available locally, and further travel in British Columbia.

THE CHAMBER RECOMMENDS

That the Ministry of Transportation work closely with Tourism BC and the Visitor Information Centre network when developing the proposal to make business opportunities available to operate commercial ventures in highway rest areas pullouts and rights-of-way.

RAPID TRANSIT, RICHMOND-VANCOUVER (2002)

The 1994 joint regional-provincial transportation study, Transport 2001, concluded that the Richmond-Vancouver corridor had the highest ridership potential for rapid transit of the areas under consideration.

The City of Richmond has 165,000 residents and 120,000 jobs. The city's population and employment continues to grow. Richmond has become a significant regional employment centre and as a result there is strong commuter travel demand both into and out of Richmond.

Rapid transit can contribute to an efficient and cost effective transit system. Of the peak hours commuter traffic only 11% use transit as they feel that the current transit modes are not fast and efficient enough for them. Rapid transit would better suit their needs.

The Vancouver International Airport (YVR) complex has 26,000 employees. In addition, 40,000 air passengers per day pass through this airport, many of whom go into downtown Vancouver. **YVR is one of only a few international airports of its size that does not provide a rapid transit connection to the major downtown core.** Efficiency of transportation is a significant issue to both the business and recreational traveler alike. YVR acts as a hub for all BC air travelers and this connection between YVR and downtown Vancouver is an issue for many travelers.

In addition to the obvious benefits to airport users, Richmond inbound/outbound commuters and the resulting lessening of traffic congestion, a rapid transit line will provide improved transit in Vancouver along the route

T TRANSPORTATION

corridor, the transit transfer connections, major health and educational institutions, commercial facilities, and the downtown area.

While a Richmond/YVR – Vancouver rapid transit system enhances the 2010 Vancouver Winter Olympic and Paralympic Games bid, this transit improvement is needed independent of the bid outcome.

THE CHAMBER RECOMMENDS

1. That the provincial and federal governments and TransLink work cooperatively with the Airport Authority and other affected agencies to develop a plan and timetable for the building of a rapid transit system from Vancouver to Richmond and YVR.
2. That in order to expedite the construction of this much needed infrastructure, consideration be given to public-private partnership financing for the building and operation of the project.

INTEGRATED PROVINCIAL TRANSPORTATION PLAN (2002)

The Ministry of Transportation, through its 2002 service plan, has indicated that it will include all modes of transportation and recognizes that the province must have a vision for the future. The BC Chamber of Commerce embraces economic prosperity and innovation as key components to the quality of life we enjoy.

Moving from the province as sole decision-maker in transportation infrastructure priorities to the establishment of regional committees supports the concept of open government. While we recognize the need to keep these regional committees to a size that is manageable, we believe the composition should allow for input from the *Voice of Business*.

THE CHAMBER RECOMMENDS

That the Ministry of Transportation *Regional Advisory Transportation Committees* have representation from Chamber of Commerce members.

PRIVATIZATION OF THE COQUIHALLA HIGHWAY (2002- revised 2003)

The Province of BC has announced it will seek to contract a third party to operate and maintain all aspects of the Coquihalla Highway.

Coquihalla Hope to Merritt follows a traditional First Nations trade route later developed as one of the fur trade “brigade” trails. In 1977, the BC government initiated a program to construct a new highway route connecting the south central interior with the southwest corner of the Province. Construction commenced in 1978.

Late in 1981, construction ceased and remained shut down as a restraint measure during 1982/83. Early in 1984 the City of Merritt and the Thompson Nicola Regional District (The “TNRD”) asked the Province to restart construction and accelerate project completion so it could be open in time for Expo ’86. Merritt and the TNRD proposed the road be tolled to pay for the accelerated construction.

T RANSPORTATION

In March of 1984, the Premier announced construction of the highway would recommence with an accelerated completion date and that a toll would be imposed to pay only for the cost of the accelerated construction. The Province committed that the toll would not be collected to recover the whole capital cost of the project, because to do so would discriminate against residents of the interior of BC, the road's primary users.

Inquiries into the actual costs of accelerated construction list the cost as being \$50 million. The annual toll currently produces a net in excess of \$40 million. These funds are currently directed into the province's general revenue fund.

The planned contract announced by the Provincial Government would be for a 55-year term with the Province receiving an up-front fee from a successful bidder. One rationale given for this course of action is a portion of the money received will be used for infrastructure improvements. However, the Province had previously announced that these improvements would be financed through increased gasoline taxes.

A real concern is that proceeds from this contract will go into general revenues. While this may achieve short-term objectives, there are many long-term consequences. It continues to place the financial burden onto the backs of a few, mainly those living in the Thompson-Okanagan region. It also conflicts with the Government's stated objective of not burdening future generations with today's financial problems. Instead of removing the toll once the acceleration costs had been recovered, future generations will be paying it for the next 55 years or more.

The possibility also exists under private ownership of unrealistic toll fees and improper maintenance, adversely affecting tourism, economic development and the health and safety of travelers. The Coquihalla Highway remains the only tolled highway in the province, again placing an unfair burden on the residents of the Interior.

THE CHAMBER RECOMMENDS

1. That the Provincial Government retain ownership and operation of the Coquihalla Highway; and
2. That at such a time as the acceleration costs of the highway's construction have been recovered in full, the toll be removed.

THIRD CROSSING OF BURRARD INLET (2002)

Between January 15th and January 22nd 2002 an Ipsos-Reid poll was conducted surveying a randomly selected sample of 600 residents of the Greater Vancouver Regional District. Results of the poll showed 69 percent of those polled believe the Lions Gate Bridge and the Ironworkers Memorial Second Narrows Bridge are insufficient to handle traffic today and 90 percent believe these bridges will be insufficient to handle traffic in 10 years time.

77 percent of those polled support construction of a third crossing to the North Shore via a tunnel built with private financing and supported by user tolls.

Supporting facts for the necessity of a third crossing include: 2 million vehicles use Horseshoe Bay terminal annually; the Vancouver Parks Board has clearly stated there will be no vehicle access through Stanley Park

T TRANSPORTATION

by 2030; Sea to Sky Highway volume is increasing annually; Cypress Park receives 1.5 million visits each year; and according to Translink average travel times in the GVRD have increased by 33% in the past decade. Much of the traffic generated throughout the GVRD is from visitors to British Columbia and we must recognize BC is a four-season destination. If tourism is to continue to grow within British Columbia we must make every effort to provide visitors with a positive experience. It is equally important to allow the movement of goods, services and people to support economic growth in our province.

THE CHAMBER RECOMMENDS:

1. That the provincial government recognize that a third crossing of Burrard inlet is important to the economy of British Columbia
2. That the provincial government work with the private sector and local governments to develop a private-public sector partnership to build and finance a third crossing of Burrard Inlet.

ROADS REHABILITATION AND UPGRADING (2000) (revised 2002)

Many of our industries rely heavily on our road and highway system. Tourism, forestry, mining, and oil and exploration industries are just some of the industries dependent on unhindered movement. A good road system can act as a catalyst for the growth of industry. Conversely, a poor road infrastructure could strangle that same growth and development.

The condition of BC's roads and highways is currently very poor and without proper restoration the problem will get worse. Much of BC's highway blacktop is more than fifteen years old. In some regions nearly 50% of the blacktop is this old. Fifteen years of age is quite late in the design life of a highway.

The Ministry of Transportation Service Plan of February 2002, states one of its goals is to "maintain a highway system that is safe, reliable and supports the economy" and that its priorities are to "maintain the asset" and "invest in improvements". The Ministry has set a four year plan to address "Pavement Condition" with 75% of Primary Highways to be in good/ excellent condition, 65% of Secondary Highways to be in good/excellent condition and 78% of Bridges to be in good/excellent condition.

It appears that the government will not meet its stated goals because the projected percentages of Highways and Bridges Pavement Conditions appear to be at too low a standard in order to meet public safety, reliability and economic development standards.

As governments delay the rehabilitation of our roads, the associated problems and costs increase geometrically. The province will save money by accommodating the relatively lower costs of rehabilitation now, rather than the much greater costs of replacement later.

One of the most serious problems created by the state of our highways is deteriorating safety. Highway 3 from Manning Park to Princeton has an extremely high accident rate as does Highway 1 from Kamloops to the Alberta border. The recent tour bus tragedy in a snowshed on Highway 1 is not only indicative of the danger posed by our deteriorating highways but also has a impact on the tourism industry indicating to the world that our highways are unsafe for travelers.

Improved roads will enhance safety, tourism, employment, productivity, and international competitiveness.

T TRANSPORTATION

BC has much to benefit by investing and improving the roads. The Chamber believes government must take seriously the urgent necessity of repairing, upgrading and upkeeping our transportation infrastructure.

THE CHAMBER RECOMMENDS

1. That government at all levels commit immediately to a long-range rolling priority upgrade of existing infrastructure with a specified and adequate percentage allocation of transportation budgets to accomplish this aim, and that safety concerns be a key factor in determining priorities.
2. That the Ministry of Transportation, by September 1, 2002, establish a panel of experts derived from the Ministry, The British Columbia Chamber of Commerce and the BC Roadbuilders Association, the mandate of such a panel being to ensure that Highway and Bridge maintenance are set at standards that will ensure that the Ministry can fulfill its stated goals for the benefit of British Columbia.

HIGHWAY CROSSING OF THE FRASER RIVER BETWEEN MAPLE RIDGE-PITT MEADOWS AND LANGLEY-SURREY (2000) (revised 2002)

The lower mainland highway infrastructure is gridlocked. This impairs commercial traffic movement within the lower mainland and inhibits access to commercial activity from northern, central and eastern British Columbia, and beyond.

The Albion-Fort Langley ferry between Maple Ridge and Langley is an important corridor connecting Highway 7 on the north side of the Fraser River to Highway 1, Highway 10 and major transportation routes to the lower mainland, shipping ports and Canada/US border crossings on the south. It is unable to adequately carry the present volume of cars and trucks and requires users to wait for one to three hours during peak operation. Length and weight restrictions prohibit use of the ferry by many commercial vehicles forcing them to put additional stress on the Port Mann Bridge, Highway 1, Highway 7 and Mission Bridge to move goods and services north and south of the Fraser River.

In September 1999 the Ministry of Transportation and Highways received a Fraser River Crossing Planning and Evaluation document prepared by Dillon Consulting Ltd. The document recommended various crossing options and implementation by 2021. The Dillon report was based on previous documentation and studies and did not examine all potential crossing options. Clearly there is urgency for the immediate completion of a crossing of the Fraser River. In order to address the urgency of the crossing issue it is imperative that a complete and in depth analysis be undertaken.

As financing is necessary, potential public partnerships and private funding alternatives must be identified. In addition to accessing provincial and federal funding, potential private funding sources may include:

- CPR and CNR who would be benefactors because of their intermodal transfer yards
- Public financing by way of interest bearing bonds
- User fees by way of tolls

THE CHAMBER RECOMMENDS

That the Ministry of Transportation and Translink continue to pursue the construction of a crossing of the Fraser River between Maple Ridge/Pitt Meadows and the South Shore.

SOUTH FRASER PERIMETER ROAD (2000) (revised 2002)

The communities of the Fraser Valley are seeking to increase employment in their local region, consistent with the Provincial Growth Management Act. Such employment generation in this region needs efficient movement of goods to and from:

- Vancouver International Airport
- Roberts Bank bulk terminal
- The planned expansion of the Deltaport container terminal
- BC Ferries Tsawwassen terminal
- Fraser Port/Surrey Docks
- Port of Vancouver
- Abbotsford Airport

There is, however, no adequate highway connection between Highway 1 and Highway 99, suitable for the movement of goods by truck.

The efficient flow of goods is hindered by traffic congestion on Highway 1 in Greater Vancouver, which congestion typically commences at the East end of the Port Mann Bridge. Goods movement from the interior of British Columbia depends almost exclusively on truck haulage, which is equally affected by congestion in the Lower Mainland.

The government of British Columbia in its document *Going Places - Transportation for British Columbia* has acknowledged, inter alia, that:

- Urban Transportation systems are not keeping pace with rapid growth in our population and transportation needs.
- Growing traffic congestion in and around urban areas is making long distance movement of goods and people more difficult and time consuming.
- Increased emissions are threatening our air quality, particularly in the Fraser Valley.
- Transportation-intensive resource industries are facing increasing international competition and must reduce their costs to remain competitive.

The Chamber of Commerce supports the Provincial Government's stated goals in the *Going Places* document to Relieve Lower Mainland congestion and to Support Economic Development and Trade.

The Ministry of Transportation and Highways has already defined this road as a priority and is planning to construct the Road in two distinct projects.

- The Surrey portion beginning at the junction #1 and 176 Street and ending at the Alex Fraser Bridge and planned for completion by 2006.
- The Burns Bog portion in Delta to commence after 2006 but with no definite time frame for completion.

The Ministry of Transportation and Highways has recently completed public information meetings in Delta and has delayed implementation of the first phase until 2002. It appears that consensus to build this roadway will be virtually impossible. Yet the need for this roadway will not disappear, in fact it will become more

T TRANSPORTATION

important over time.

THE CHAMBER RECOMMENDS

That the Ministry of Transportation and Translink establish a Public Private Partnership and develop a funding schedule to complete this project.

TRANS CANADA HIGHWAY (1999 – revised 2003)

The Trans Canada Highway is the most important link for travel in Canada from coast to coast. Our national highway should be constructed and maintained in a manner which will move the commercial and travelling public as efficiently, safely, and quickly as possible.

Frequent closures, poor maintenance and dangerous conditions on this highway drastically affect the economy of BC. All southern BC communities rely on tourism and related commerce throughout the year. This highway is the conduit for the movement of goods and services to and from BC.

The government must realize that now is the time to improve this most important highway and bring it up to acceptable travelling standards for the new millennium.

The condition of Highway #1 and the ease of moving commuters, tourists, business and transport vehicles efficiently, safely and quickly have a vital impact on the economic viability of the communities on this highway and the rest of BC. Additionally, the lack of four lanes or strategically placed passing lanes causes a high number of serious accidents, deaths and resultant property damage as well as lengthy delays due to road closures.

Some progress has been made and money has been earmarked for the improvement of this highway. The situation remains critical however and both more work and more money are needed.

THE CHAMBER RECOMMENDS

That the Provincial Government cooperate and work with the Federal Government to upgrade Highway #1, from Kamloops to the BC/Alberta border, to a standard that is safe and efficient.

T TRANSPORTATION

HIGHWAY #37 UPGRADE (1997)

Highway #37 is a major corridor route used by the commercial sector, residents and visitors into and out of British Columbia. From the Yukon border to just north of Meziadin/Stewart it is approximately 530 km in length. The northern section (Yukon Border to north end of Dease Lake) was constructed in 1972.

Many narrow stretches of the road continue to exist. It is not unusual to see three vehicular tire paths on the roadway instead of four. There is difficulty in safely passing vehicles and in particular large trucks (logging and transport). The existing gravel portions of the roadway, approximately 120 km in length, quickly degenerate into pot-holes, washboard and rough sections. Frequent grading, which manages to smooth the surface temporarily, is unable to effectively manage the problem. Inclement weather such as rain or snow quickly turns these stretches of roadway into mud and various sized depressions which are unforgiving on all vehicles. Three one lane bailey bridges remain to be replaced. According to 'SADT' (Summer Average Daily Traffic - Ministry of Transportation & Highways) 500 to 900 vehicles travelled this roadway daily in 1994.

Commercial traffic is steadily increasing. Forest activity and wood cutting is rising dramatically in Northwest BC and the Yukon. Heavy logging trucks are now travelling a highway never designed for such traffic. Motor homes and other vehicles have been forced off the road or clipped by commercial trucking which refuse to move over on many stretches of roadway.

Visitors and commercial traffic in the Yukon and those proceeding north in central British Columbia are being warned about the road condition and advised to use the Alaska Highway as an alternate route. The negative effect on tourism is being felt by all those who are experiencing the decreasing visitor road traffic, from the Yukon border south to Hwy 16 and points east and west thereof.

THE CHAMBER RECOMMENDS

The provincial government accelerate the upgrading of Highway #37 to current standards, giving the highest priority to the widening of the highway and replacement of the existing temporary bailey bridges with modern structures.

T RANSPORTATION

RAIL CROSSINGS (1997) (revised 2002)

A significant increase in rail traffic across the province of British Columbia to and from the Roberts Bank Terminal facilities has occurred as a result of the coal-loading terminal being augmented by the container and agricultural products terminals. Rail traffic has increased to as high as 22 trains per day.

Lengthy coal trains of approximately 5000 feet and even longer container trains of up to 10,000 feet in length create unacceptable delays in the increasingly heavy urban traffic, with subsequent safety risks and loss of time. The difficulties are compounded when two trains pass through a community within minutes of one another before the traffic backlog from the first train has cleared. Many communities are virtually dissected with no alternate corridor when these trains pass through, preventing fire, ambulance and police from quickly attending an urgent situation. First Responders in many communities are crippled by increased delays as a result of the frequency of rail traffic and ensuing vehicular gridlock. Difficulties also arise from the inability to predict or forecast when one of these long trains will be passing through a community as there is no set schedule produced or provided by the railroads.

THE CHAMBER RECOMMENDS

1. That the Ministry of Transportation immediately review the criteria that determines what constitutes a critical level crossing.
2. That the Ministry of Transportation provide funding for, and proceed with, the planning and construction of grade separations at level crossings which are deemed to be critical.

MASSEY TUNNEL EXPANSION (1997) (revised 2002)

A Highway by-pass to Ladner is no longer considered by the Ministry of Transportation and Highways to be a viable option and accordingly has been shelved in favour of building overpasses at the intersections of Highway 17 which create the most impact on improving the flow of traffic. However, these overpasses will only be considered when a solution to the traffic congestion at the Massey Tunnel is implemented.

The congestion at the Massey Tunnel continues to increase with no end in sight. The increase in Ferry Traffic at the Tsawwassen Ferry terminal, the increase of airport traffic at Vancouver International Airport and the expansion of the new Delta Port Terminal have added to the congestion at the Tunnel. Steps must be taken now to increase the crossing capacity of the South Arm of the Fraser River.

THE CHAMBER RECOMMENDS

1. That the provincial government initiate a plan to expand the capacity of the Massey Tunnel to accommodate the current and future traffic demand; and to bring the tunnel up to earthquake standards.
2. That the provincial government, on a high priority basis, address the financing and the building issues of the South Arm of the Fraser River crossing capacity improvements and move forward on this needed project.

ENVIRONMENT – COMPOSTING (2002)

The BC Chamber of Commerce's statement of environmental policy outlines its commitment to foster an environmentally healthy economy. The Chamber also recognizes the need to support initiatives designed to mitigate the environmental costs of material use and disposal that do not increase costs to taxpayers.

The Chamber recognizes that optimal recycling and composting are *at source programs*. Accepting current urban lifestyles and availability of land means that there is reasonable understanding that *at source* composting may not always occur.

Additionally, the Chamber understands the necessity of regulation based on supportable data to protect ground water and the public well-being while permitting innovation and entrepreneurial approaches to environmental issues. As such the Chamber supports a regional approach to composting with a strong private sector component meeting current provincial and regional environment laws and local by-laws as appropriately applied and enforced.

THE CHAMBER RECOMMENDS

3. Regional districts, municipalities and the provincial government encourage at source and regional composting facilities within the bounds of provincial or regional regulation and municipal by-laws.
4. That regional composting facilities be developed with strong private sector involvement allowing innovative solutions to address this environmental issue.
5. Composting activities should be approached as potential revenue generators or should be either cost neutral or reduce costs.

ENVIRONMENTAL REVIEW PROCESS (1993) (revised 2002)

The Chamber reiterates that it clearly recognizes the need for continued sustainable economic development in the province and the requirement for the environmental reviews to be carried out prior to new or expansion development. It has become apparent, however, that a co-ordinated effort is required in the process.

There is a need for all levels of government to standardize the process of environmental reviews. The "playing field" must be better defined and all regulatory agencies must subscribe to that definition. Also and equally important, the "goal posts" must not be moved during the process. Furthermore, government decisions based on internal "practice or policy" as opposed to legislation lead to inconsistency and make it difficult for business and industry to plan appropriately. As a result Canadian business becomes less competitive.

The present situation is creating a negative investment environment. Not only has this become a significant deterrent to investment in general but to offshore investment in particular.

The Chamber is aware of the Canadian Council of Ministers of the Environment (CCME) having established a process of consultation with the public prior to finalization of harmonization. The Chamber wants to ensure its concerns are addressed in this process.

THE CHAMBER RECOMMENDS

1. That the federal and provincial governments establish a "single window" for the processing of all environmental review and approval matters, in an attempt to introduce some measure of standardization and certainty to the process.
2. That government decisions be based on legislation and regulation rather than on unwritten policy and practice.
3. That, where approval for a project has been granted, that approval be final and binding.
4. That if the required approvals have been granted and the terms of the approval subsequently require amendment, or the approval is revoked, by any government body, including the Courts, then compensation for consequent loss, damage and expense to the affected industry, trade or business must be contemplated.
5. That governments keep the British Columbia Chamber of Commerce informed of progress made by the CCME.

NOTES

The British Columbia Chamber of Commerce

POSITIONS

ON

SELECTED NATIONAL ISSUES

2001- 2002

GREEN HOUSE GAS EMISSIONS AND THE KYOTO PROTOCOL (2003)

Canada ratified the Kyoto Protocol in December 2002, making it the 53rd country to do so. For the Protocol to be binding on all signatories, it must be ratified by at least 55 countries representing at least 55% of total emissions. By its ratification, Canada has committed to an approximate 25 percent reduction in green house gas emissions by year 2012. The 25 percent reduction is represented by a 6 percent reduction below 1990 levels combined with an approximate 19 percent reduction to reflect increased emissions since 1990. In 1997 the Kyoto Protocol was adopted as part of the 1992 United Nations Framework Convention on Climate Change (The Rio Convention). This framework set an ultimate objective of “*stabilizing green house gases in the atmosphere at a level that would prevent dangerous anthropogenic (human induced) interference with the climate system.*” In setting this objective, the Convention established or confirmed certain principles and conditions:

- A. Human activity has caused changes in the way energy from the sun interacts and escapes from the atmosphere. These changes risk altering the global climate by increasing the average temperature of the earth’s surface and by causing shifts in world-wide weather patterns. Green house gases, especially carbon dioxide, methane and nitrous oxide have shown significant increases since pre-industrial times. Average global temperatures have risen approximately 0.6 degrees Celsius over the last 100 years. A scientific consensus is developing that there could be further increases of 1.4 to 5.8 degrees Celsius over the next 100 years.
- B. A framework and process was established to agree to specific actions at a later date. This allows countries to begin discussions and to determine appropriate actions without having to fully quantify the problem. It will also allow them to take advantage of scientific and technological developments.
- C. The “cautionary principle” was also confirmed. Under this principle, “*activities that threaten serious or irreversible damage can be restricted or prohibited before there is absolute scientific certainty about their effects.*”
- D. The convention encouraged scientific research on climate change in order to create a body of knowledge and advice to assist countries in taking appropriate action.
- E. The convention established that the majority of the responsibility for climate change, and therefore the majority of the responsibility for responding to it, rests with the “developed” countries, including Canada.
- F. The convention supported the concept of sustainable development, whereby natural resources are not used at a rate faster than they can be replaced.

The Kyoto Protocol has advanced these principles through a set of objectives, processes and commitments by individual countries. There are several problems with the approach taken by the Protocol that may seriously compromise the reaching of targets and objectives set under the Convention. These problems lie in the areas of variable international support among signatories, lack of clarity around methodology and workability of accounting for reductions and credits trading, and the targets themselves being set as a process of political negotiation rather than in response to scientific evidence and feasibility.

Canada’s ratification of the protocol has created a heightened focus both on climate change and on the potential environmental, economic and social consequences of its implementation. The British Columbia Chamber of Commerce believes that strategies employed under the umbrella of the Kyoto Protocol by government and business to reduce green house gas emissions should have a “multiple bottom line” orientation – they should be effective environmentally, economically and socially.

THE CHAMBER RECOMMENDS

ENVIRONMENT

1. That a sectoral, industry driven approach be used in determining the most effective means of green house gas (GHG) reduction. This approach should include recognition and integration of past efforts and accomplishments, and incorporate incentive based measures for research, development and implementation of new and existing technologies in energy conservation and emissions reduction. Small and medium sized enterprises should be recognized as a sector, both for information exchange and financial support for capital investment and technology improvement.
2. That as a principle, GHG reduction strategies must represent good science and environmental practice as well as be economically sustainable. Where these strategies are compatible with Protocol based targets, they should be supported. Protocol targets or processes that are in conflict with these strategies should be re-examined and changed.
3. That government and business embark on a comprehensive program to provide non-partisan, objective information to all sectors regarding climate change conditions, trends and impacts, and clarification of emissions credits and trading processes. This is essential to enable industry to plan short-term and long-term business strategies that will enable us to remain competitive in the market place.
4. That the federal government actively pursue GHG emissions reduction goals in concert with the United States. The United States has said it will not ratify the Protocol, but instead will pursue its own GHG reduction measures. As Canada's major trading partner, our economic growth and well-being is inextricably tied to the United States. It is important that measures we undertake are compatible with maintaining a strong export based economy with the United States. In this regard, the United States' position on the Kyoto Protocol (they do not intend to ratify) and reaction to climate change (made in US measures) should be carefully and seriously considered by the Canadian government and the various affected industries.

ENVIRONMENTAL REVIEW PROCESS (1993) (revised 2002)

The Chamber reiterates that it clearly recognizes the need for continued sustainable economic development in the province and the requirement for the environmental reviews to be carried out prior to new or expansion development. It has become apparent, however, that a co-ordinated effort is required in the process.

There is a need for all levels of government to standardize the process of environmental reviews. The "playing field" must be better defined and all regulatory agencies must subscribe to that definition. Also and equally important, the "goal posts" must not be moved during the process. Furthermore, government decisions based on internal "practice or policy" as opposed to legislation lead to inconsistency and make it difficult for business and industry to plan appropriately. As a result Canadian business becomes less competitive.

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The Chamber is aware of the Canadian Council of Ministers of the Environment (CCME) having established a process of consultation with the public prior to finalization of harmonization. The Chamber wants to ensure its concerns are addressed in this process.

THE CHAMBER RECOMMENDS

6. That the federal and provincial governments establish a "single window" for the processing of all environmental review and approval matters, in an attempt to introduce some measure of standardization and certainty to the process.
7. That government decisions be based on legislation and regulation than on unwritten policy and practice.
8. That, where approval for a project has been granted, that approval be final and binding.
9. That if the required approvals have been granted and the terms of the approval subsequently require amendment, or the approval is revoked, by any government body, including the Courts, then compensation for consequent loss, damage and expense to the affected industry, trade or business must be contemplated.
10. That governments keep the British Columbia Chamber of Commerce informed of progress made by the CCME.

GOODS AND SERVICES TAX (GST) REBATE (2003)

Since the implementation of the GST businesses have seen costs rise and problems develop. More and more transactions are being processed by means of a credit card or debit card. All who accept these cards are subject to a user fee when processing these transactions. This fee applies to the cost of the goods and/or services received as well as the GST and PST.

The total burden of collecting the GST has been borne by the business collecting these taxes on behalf of the government. This is a service being provided on behalf of the Federal Government and the business providing this service is paying to provide this service. With the increased use of electronic payments by clients, the cost of providing the collection of taxes on behalf of the government will continue to increase.

The provincial government has made an allowance for the collection costs by allowing a 3.3% rebate to the business up to a maximum dollar value on a monthly basis. At the present time the federal government has not, which is adding to the cost of operations to all businesses across Canada.

THE CHAMBER RECOMMENDS

That the federal government make an allowance of a 3.3% rebate incorporated into each filing period for businesses collecting GST on the government's behalf.

FEDERAL SPENDING AND DEBT (2002)

Recent increases in government spending give the BC Chamber some cause for concern. Large budget surpluses in recent years have increased the temptation to spend without good planning. Indeed, federal government program spending has significantly exceeded the government's fiscal plan time and time again. Program spending in fiscal 2000-2001 was \$3.3 billion higher compared to Budget 2000 forecasts. Program spending in fiscal 2001-2002 is expected to exceed Budget 2000 forecasts by \$9.0 billion. Overall, program spending at the federal level is projected to increase (on net) from \$119.3 billion in fiscal 2000-2001 to \$130.5 billion in fiscal 2001-2002 and \$136.6 billion in fiscal 2002-2003. Thus, following a 6.7% increase in fiscal 2000-2001 (year-over-year), program spending is expected to rise by an additional 9.4% in fiscal 2001-2002 and 4.7% in fiscal 2002-2003. Increases of this magnitude are totally unacceptable.

In his 2001 Report to the House of Commons, the Auditor General of Canada stated that "the government needs to build in stricter discipline. It needs to continually challenge ministers and program managers to examine the worth of their programs and how they serve national priorities. Program-review did this, but on a one-time-only basis. Without continuous tending, the woods will again become overgrown – and a lot of growth may be of questionable value".

It is imperative that the federal government undertake a thorough review of all programs and continue to review all programs on a regular basis to ensure that program dollars currently in the system are spent as efficiently and effectively as possible.

Another concern is the government's use of part of the contingency fund and the amount set aside for economic prudence to help pay for the aggressive increase in program spending, as was done in Budget 2001. These amounts are set aside in the fiscal projections to cushion against unpredictable events and to cover risks

arising from adverse errors in the economic forecast, not for program spending.

It is crucial that the federal government keep real per capita program spending constant on a going forward basis. This implies an average annual growth rate in program spending of about 3% based on anticipated growth in population plus inflation. New needs that arise must be accommodated within this budget constraint. Moreover, the federal government must end its practice of last minute (i.e. fiscal year-end) new spending initiatives. In his 2001 Report, the Auditor General of Canada stated that “a scramble at year-end is not the way to ensure economy, efficiency and effectiveness in the use of public funds”. Discipline in spending is necessary so that the federal government does not slide back into a deficit position. Discipline in spending would also ensure that future budgets leave room and provide the flexibility for action on debt and taxes.

It was such discipline in spending that allowed the federal government to make significant progress in reducing the federal net public debt by \$35.8 billion in the last four years, to stand at \$547.4 billion as of March 31, 2001. As a result, the federal net public debt, as a share of GDP, has declined substantially, from 70.7% in fiscal 1995-1996 to below 51.8% in fiscal 2000-2001 (Public Accounts Basis). It is expected to fall to around 50% in fiscal 2001-2002. This decline in net public debt has resulted in ongoing savings in debt interest payments of about \$2.5 billion each and every year.

Although significant progress has been made in reducing the federal debt burden, federal debt charges still consumed \$42.1 billion in fiscal 2000-2001 (4.0% of GDP) or about 23 cents of every dollar of revenue. Canada’s net federal debt-to-GDP ratio is still high by historical standards. A Department of Finance working paper shows that since confederation, Canada’s net federal debt-to-GDP ratio has averaged 40%. In the 1960s, when Canada had relative fiscal stability, the net federal debt-to-GDP ratio steadily declined from 35.1% in fiscal 1960-1961 to 22.9% in fiscal 1969-1970. While there is generally no accepted ideal or “optimal” debt-to-GDP ratio (research provides little guidance on this issue), Canada should strive to reduce its net federal debt-to-GDP ratio to the 40% level in the medium-term and substantially lower than that in the longer-term.

Reducing the net public debt would increase national saving by freeing funds for investment and lowering the cost of capital. Savings generated from further debt reduction could also be applied to lowering Canada’s high tax burden and/or further debt reduction. Last, but not least, lower debt levels would reduce the exposure of government programs and taxes to fluctuations in interest rates and would enable Canada to better meet the requirements of an aging population going forward.

THE CHAMBER RECOMMENDS

That the federal government:

1. Continue its policy of fiscal restraint at least until the debt-to-GDP ratio has fallen below 40%;
2. Rebuild the normal Contingency Reserve and economic prudence as soon as possible. Continue to allocate the contingency fund to debt reduction. If the economy performs as forecast, the reserve for economic prudence should also be committed to debt reduction;
3. Allocate any unanticipated surplus arising at year-end to debt reduction;
4. Introduce more concrete debt reduction objectives going forward;

5. Limit growth in government spending to approximately 3% per annum based on anticipated growth in population plus inflation (i.e. keep real per capita spending constant over the medium term);
6. Undertake a thorough review of all programs and continue to review all programs every two years to determine where the payoffs are the greatest and to identify areas where spending can be reduced or eliminated; and
7. End the practice of last minute (i.e. fiscal year-end) new spending initiatives.

FEDERAL TAX REDUCTION (2002)

In recent years, both the federal and provincial governments have taken steps to reduce personal and corporate income tax rates. The BC Chamber of Commerce views this as a positive development. Lower personal income tax rates will increase the incentive for workers to save and invest, to increase work activity and effort, and to stay in Canada. However, more needs to be done. The overall tax burden in Canada – revenues from all levels of government as a share of GDP – remains substantially higher than in the United States (44.3% and 31.6%, respectively). The degree to which Canada's tax system can compete with that of our southern neighbour is vital in light of the large trade flows – goods, services and capital – between the two countries.

Personal Income Taxes

The BC Chamber of Commerce places a high priority on the government further reducing personal income taxes. Canada's personal income tax (PIT) burden (i.e. personal income tax revenue-to-GDP ratio) is the highest among G7 nations at 14.6%. The comparable ratio in the United States is 11.8%. The top marginal personal income tax rate in Canada (federal/provincial combined) averages 45.4% compared to 42.8% in the United States. Moreover, Canada's top marginal tax rate kicks in at a much lower level of income than the top marginal rate in the United States.

The marginal tax rate is the tax that is imposed on the next unit of economic activity. As such, marginal taxes greatly influence economic decisions -- they govern the choice between working more or taking more leisure and between consuming more or saving more. High marginal tax rates on labour reduce the incentive to work and stay in Canada. Going forward, Canada will face the increasing challenge of attracting and retaining skilled workers that are essential to our international competitiveness. In order to attract and retain highly skilled and productive human capital, much more needs to be done in providing tax relief for individuals at the top end of the tax spectrum. Similarly, more needs to be done in terms of providing tax relief for low-income earners. For these individuals, high marginal tax rates discourage work effort because many of the public benefits they receive end up being clawed back.

High marginal tax rates also discourage personal saving by reducing the ability and incentive to save. If we want a bigger "pie" to divide among Canadians, we must save more now. A higher saving rate increases the country's capital stock, boosts productivity growth and, therefore, economic growth and standard of living.

Business Taxation

For corporations, profits earned are very sensitive to tax rates since they easily can be shifted among countries. In Canada, the average general corporate income tax rate is 38.3%. This includes federal tax of

26.12% (the federal surtax of 1.12% is included) plus provincial/territorial tax. In the United States, the combined federal/state effective corporate income tax rate averages 39% (the federal-only rate is 35%; state and local corporate income tax rates average about 4.0%).

Despite the fact that the average general corporate income tax rate in Canada is, at present, lower than that of the United States, this is not a time for complacency. Business tax reform is proceeding in many OECD countries. Jack Mintz, of the C.D. Howe Institute, put it well when he wrote, “Canada should aim to create a distinctive Canadian advantage for businesses to locate here to serve the North American market.” Foreign direct investment is crucial. Not only does it create new jobs but it can also lead to an infusion of innovative technologies, management strategies and workplace practices.

Given the need for Canada to become more competitive, the BC Chamber of Commerce urges the federal government to continue reducing corporate income taxes beyond the current plan as fiscal conditions permit.

Withholding taxes can have a significant negative impact on the economy and on innovation. Withholding taxes can impede cross-border capital flows and act as a tariff on the importation of capital and/or knowledge. For example, US investors may require a higher rate of return on their savings in order to invest in Canada. Indeed, withholding taxes on interest payments are frequently shifted to the borrower, thereby, increasing the cost of capital. Similarly, withholding taxes on royalties can raise the cost to Canadian business on accessing foreign technology, a key component to the innovation process.

THE CHAMBER RECOMMENDS

That the federal government:

1. Allocate most of the planning surplus to tax reduction to make Canada more competitive internationally;
2. Lower personal and corporate income tax rates and raise the high income threshold to make Canada more competitive with the United States and more attractive to investors, entrepreneurs and highly skilled labour;
3. Eliminate withholding taxes on investment income flowing out of Canada and into Canada on a bilateral Canada-US basis.

FEDERAL GASOLINE TAX (2000)

For most British Columbians gasoline and the automobile are a necessity not a luxury. Other than in very few urban centres throughout the province, public transit is inadequate and does not provide reliable transportation. The automobile is the principal means for commercial activity, the movement of goods and services, and the mobility for most citizens in BC.

The federal government revenue of gasoline taxes collected exceeds \$6 billion annually, however less than 6% is spent on transportation infrastructure.

THE CHAMBER RECOMMENDS

That the Federal Minister of Finance:

1. redirect all of the revenue collected through the gasoline tax to transportation infrastructure improvements; and
2. that British Columbia's portion be based on the provincial pro rata share of 13.5%.

SALMON FARM RELOCATION AND THE CANADIAN ENVIRONMENTAL ASSESSMENT ACT (2003)

Salmon farm operators depend on access to growing sites to initiate, expand or diversify production. It is a fundamental requirement for sustainable (socially, economically and environmentally) growth. Impediments to such access can vary from industry-controlled factors (e.g. non-efficient use, improper husbandry); provincial regulations (e.g. site-leasing programs, moratorium); and federal governance mechanisms (e.g. Navigable Waters Protection Act, Federal Fisheries Act and environmental assessments as part of the Canadian Environmental Assessment Act (CEAA) requirements).

In 2000, both the federal and provincial governments announced two important major initiatives in support of salmon farming development. The provincial framework included a phased replacement of about 35 poorly sited farms, and 10 pilot projects (5 freshwater and 5 marine site) employing environmentally-friendly technologies. The federal Cabinet approved a 5-year \$75 million Sustainable Aquaculture Program designed in part to help industry gain access to new sites, and to overcome other developmental challenges.

The two government initiatives, as well as a lifting of the provincial moratorium on salmon farming expansion, created enormous expectations which resulted in: significant capital investments by farmers in anticipation of the relocations as well as access to new sites, increased socio-economic opportunity and benefits to coastal communities and First Nations and a fair and transparent regulatory environment in which to operate.

All farm grow-out sites (e.g. relocations, tenure renewals and new sites) require federal Environmental Assessment (EA) under CEAA regulatory provisions. Site applications must undergo an EA and include the following considerations:

- Scope and nature of potential effects;
- The need for mitigation;
- Scope and nature of residual effects;
- Follow-up (i.e. monitoring of environmental effects); and
- Public and stakeholder concerns.

However, and above all, assessments must also be linked to ongoing economic and social analysis on the project(s).

The Department of Fisheries and Oceans (DFO) is the federal authority responsible for conducting CEAA environmental assessments on salmon farm site applications. DFO has made little progress in completing the assessments on provincially endorsed relocations and the pilot projects. Commitments in February 2001, and in February, July, August and September of 2002, by senior departmental staff to address the site application backlog have not been met in any meaningful way. This lack of progress to address the BC situation contrasts sharply with what has occurred in the Atlantic provinces, and in particular New Brunswick and Newfoundland.

DFO's failure to address the priority site applications has resulted in: the destruction of several million salmon smolts which were destined to the relocation sites, significant company financial losses, lost economic and employment opportunity for coastal communities and an erosion of industry/First Nation relations. Yet, and despite these setbacks, the industry continued to spend thousands of dollars on pre-site assessment work,

developing and redeveloping business plans, purchasing equipment, funding research and development, and working with First Nations, all with the hope that both levels of Government would address the application backlog.

Important industry/First Nations partnerships have been developed, or are in process along the BC Coast (e.g. Kitkatla, Klemtu, Port Hardy, Port McNeil, Zeballos/ Gold River, Kyuquot, Churchhouse, and Tofino). Some education and training initiatives have been carried out to prepare First Nation communities to enter the industry's workforce.

Farmers have in the past and continue to make substantial capital and operating investments in anticipation that DFO will expedite efforts to address the application backlog. Of the 35 or so relocation applications in the system, DFO has completed less than a handful in the last 2 years. DFO Pacific Region continues to attribute delays to incomplete information (in the applications), potential habitat impacts, wild resource impacts, etc. More recently, DFO raised budgetary and organizational issues as other reasons for the delays.

Industry has expended significant resources and time to address and comply with DFO-Pacific Regions interpretation of CEAA assessment criteria—to a level which does not appear commensurate with nature and scope of the individual projects and their anticipated impacts. In other words, DFO's evaluation criteria for salmon farms appear to be overly comprehensive and restrictive. That the CEAA assessment for the Northumberland Bridge (to Prince Edward Island) took 18 months, while salmon farm assessments generally have exceeded 24 months is reason to seriously question the DFO-Pacific Region process.

The results of a recent study of the DFO-Pacific Region's environmental impact assessment procedures and practices by M. Husain Sadar et al, states among other things that the present approach by DFO is contrary to the letter and spirit of CEAA and is in opposition to the fundamental goals and principles of Environmental Impact Assessment. It also recommends that a joint DFO-Provincial task force be created for the sole purpose of clearing the backlog.

Delayed site relocation is also affecting fish health and environmental management strategies at an increasing number of existing farms, to the point where industry cannot maintain current production levels. Unless corrective measures are taken to address the application backlog within DFO, the BC industry will experience further erosion of its share of the US market. Even more worrisome is the growing potential for serious economic losses leading to industry collapse.

THE CHAMBER RECOMMENDS

1. That the DFO-Pacific Region fairly interpret and apply CEAA as it pertains to proposed salmon farming projects.
2. That government work quickly to create an early and fair resolution to the existing and long outstanding site relocation application backlog.

SALMON HATCHERY FUNDING (2003)

The Federal Government (Fisheries and Oceans Canada) has the responsibility of managing the salmon resources of Canada. Though there continues to be some financial commitment from FOC, the level of funding for several BC salmon hatcheries is inconsistent with the FOC recognized decline in salmon stocks. Due to the ever increasing budget cuts to all main FOC sectors (Habitat, Stock Assessment, Management, etc.), the present funding for salmon enhancement, as well as other FOC programs, including hatcheries, continues to be at risk of being reduced if not eliminated. Two major FOC funded programs, the Habitat Restoration Salmon Enhancement Program (HRSEP) and the Habitat Conservations Stewardship Program (HCSP) have both ended recently with no plans for any mechanism to continue the financial support of this type of activity. These programs have provided funding for capacity and projects which focus on habitat restoration, stock assistance/enhancement, stock/habitat assessment and inventories, stewardship of the resource and education and awareness throughout the province (BC).

THE CHAMBER RECOMMENDS

That the Federal Government:

1. continue to provide a stable level of funding for hatcheries, and
2. renew its commitment to funding salmon enhancement and habitat programs.

SPAWN ON KELP POLICY (2001)

The Spawn-on-Kelp industry currently employs over 4,600 people in 10 processing plants coast-wide during the annual harvest. The economic value of the 370 tons processed in 2000 for export was approximately \$8 million.

In the March 2001 announcement of the Department of Fisheries and Oceans directly violated its own policy on spawn-on-kelp, by announcing a First Nations production quota of 44,000 Kilograms. This closed door agreement has caused grave concern for the Spawn-on-Kelp Industry Association, which is made up primarily of native bands.

The last significant increase in production occurred in 1996 and 1997, and has been blamed for the dramatic drop in the export price from \$39 in 1995 to just \$10 in 2000. The industry fears a further increase in product could result in the market price dropping below the cost of production.

In the past the DFO has adhered to a quota policy of retiring existing licenses with compensation to satisfy First Nations Land Claims settlements. This ensures the viability and sustainability of BC's coastal fisheries.

THE CHAMBER RECOMMENDS

That in order to satisfy First Nations Land Claim settlements, the Department of Fisheries and Oceans retire existing Spawn-on-Kelp licenses with compensation rather than increasing the quota.

AQUACULTURE IMPACT STUDIES (2001)

Aquaculture for both traditional and new species is growing and flourishing throughout the world as a viable economic industry.

Foreign funded environment organizations and preservationists groups are using suspect scientific analyses to pressure governments to delay the growth of an industry that is becoming a major contributor of food to a growing world population.

BC's coastal communities, particularly First Nation villages, are ideally situated to consider this new industry. Many communities, who are experiencing severe unemployment due to the decline of the wild fishery are considering this industry. However, incorrect and misleading information is being used by opponents and detractors to sway opinion on the industry

THE CHAMBER RECOMMENDS

That the provincial and federal governments should fund legitimate and responsible research into the impact of aquaculture on the environment and on wild fish stocks.

FISHERIES BOARD APPOINTMENTS – FEDERAL AND PROVINCIAL (2000)

The senior levels of governments establish citizen boards to provide input and advice to both international and internal committees dealing with fisheries matters. The coastwide nature of the resource and its subsequent impact on the economic viability of local communities is not always recognized when appointments are made to these boards.

THE CHAMBER RECOMMENDS

That the federal and provincial ministers of fisheries recognize the coastwide nature of the industry by appointing appropriate representation from all regions affected or being discussed by such appointed boards or committees.

DFO DE-CENTRALIZATION (2000)

The Department of Fisheries and Oceans has over 1,000 full time employees in Ottawa. The need to relocate a significant number of these employees to British Columbia was recognized in October 1998 by the Standing Committee on Fisheries and Oceans. It was also a recommendation in the January 2000 Business Development Summit sponsored by the City of Prince Rupert; a community severely impacted by the restructuring of the west coast fishing industry.

THE CHAMBER RECOMMENDS

That the federal government decentralise the Department of Fisheries and Oceans by relocating staff from Ottawa to coastal communities to assist closer in the restructuring process.

INDIAN AFFAIRS & NORTHERN DEVELOPMENT

ABORIGINAL TREATY NEGOTIATIONS – LAND TITLE (2001)

In the Delgamuukw decision, the Supreme Court of Canada recognized that aboriginal title existed as a distinct specie of aboriginal right - a right in the land itself. To succeed in a claim for aboriginal title, the Court held that certain criteria had to be met. The burden of proof lies with each aboriginal group and is a fairly complex burden to meet. Although Delgamuukw confirmed its existence, it did not resolve how aboriginal title was to co-exist with existing fee simple and regulatory tenures granted by the provincial government under section 92 of the British North America Act. Instead, the Court spoke of the need for consultation, compensation and negotiated settlement between the parties. Consequently, each claim of aboriginal title involves individual negotiations with no clear recognition or consensus between the parties of what is actually being negotiated. Aboriginal groups interpret the term quite broadly and have very high expectations as a result. Governments interpret aboriginal rights fairly narrowly and are stymied in the performance of their powers by the unknown scope of the duty to consult and compensate when infringing such rights. Third parties are very concerned by what impact such title claims will have not only on their private property but on key business interests such as forest and mineral tenures, and fishing and grazing rights. And, in the meantime, economic development within the province is slowly grinding to a halt.

To address this concern and to assist in the proposed fast tracking of treaty processes, the provincial and federal governments are contemplating a tripartite agreement with First Nations that acknowledges and admits the existence of aboriginal title without requiring First Nations to meet the burden of proof outlined in Delgamuukw. The Minister of Aboriginal Affairs spoke favourably regarding such an agreement at a conference on February 19, 1999 and again to the First Nations Summit on March 31, 1999.

The BC Chamber recognizes that fast tracking treaty negotiations may be one way to lessen the current uncertainty caused by aboriginal land claims but believes that the proposed acknowledgement of title may have extremely serious legal implications - especially given the large volume of land claimed by aboriginal peoples, the overlapping nature of many of those claims, and the fact that over 1/3 of aboriginal bands within the province have not even committed to the treaty process. The expense, time and constitutional implications involved in such an admission would be almost incalculable.

THE CHAMBER RECOMMENDS

That the federal and provincial governments should not acknowledge or admit any aboriginal title to specific land without first either securing the level of proof of title specified in the Delgamuukw decision or obtaining a full and final settlement of all aboriginal claims (treaty and non-treaty and overlapping land and use claims, alike) to possession and use within that specified territory; and

That the federal government should introduce legislation that fully defines the nature and extent of the aboriginal rights and title that are protected by the Constitution Act, 1982. Any such legislation must be developed in consultation with First Nations.

INDIAN AFFAIRS & NORTHERN DEVELOPMENT

ABORIGINAL TREATY NEGOTIATIONS – PROCESS (2001 - revised 2003)

The length and opacity of the aboriginal negotiation process generates frustration for the participants and frustration and mistrust for third parties. It is preventing commercial development in areas throughout British Columbia. Aboriginal people and third parties alike have frustrations with the process that government must address to remove the uncertainty created by the negotiations that has become like an anchor to our economy.

Openness

One of the concerns of both the business community and the public at large is the uncertainty that is created by negotiations conducted in secret when they could have such a profound impact upon business operations or day to day life. Early in the process this led to a great deal of criticism regarding the lack of full disclosure of both the treaty and non-treaty processes and the absence of meaningful consultation with non-aboriginal groups within the province. In response to this criticism government announced a policy of “openness” and supported the creation of local Regional Advisory Committees (RAC) as a necessary and on-going mechanism for third party involvement with, and advice to, federal and provincial treaty negotiators. Increasingly, however, there are indications that the continuing negotiations may not be as “open” as originally envisioned. Furthermore, the province recently cut funding to the third party advisory committees (RACs, TNAC, TACs). This further hinders third party access to information. The timeliness of information provided to third parties is a particular issue. This problem is compounded by the move to sector by sector negotiated agreements. Often agreements made in one sector can have unforeseen impacts in other industry sectors. It is critical that such agreements be discussed at a general third party table prior to being finalized. The concerns expressed by businesses regarding adversely impacted tenures, lost resources and revenues, potential employee dislocation and the need for a fair and just compensation policy seem to be increasingly falling on deaf ears.

The question also arises whether the government can fairly represent the interests of all British Columbians at the treaty tables when the Supreme Court of Canada has determined that government owes a fiduciary duty to First Nations. The ambiguous nature of this fiduciary duty casts doubt upon the ability of the government to fairly represent the interests of third parties or the public at large. Given the serious nature of the matters at hand, the Chamber believes there needs to be an impartial representation of the public interest. The appointment of an impartial, independent body or a small group of judges to represent the interests of the public at large in the treaty process would do much to alleviate this concern.

This perceptual problem of where the federal government’s duty lies is exacerbated by the belief that government is not committed to completing negotiations. It has been noted that the costs of completing the negotiations would fall upon the government but the ongoing costs of negotiations are borne by the aboriginal interests and by third parties. In other words, it appears there is an actual financial incentive for government to prolong the negotiations at the expense of all other parties. Whether this perception is fair or not is irrelevant. The Government can only address this concern by demonstrating greater commitment to completing negotiations.

Interim Measures

In spite of all the concerns that exist regarding the outcomes and process surrounding the negotiations, the government, through various line ministries, has entered into dozens of interim agreements with aboriginal groups on a wide range of issues. Proposals are now being discussed at both levels of government for the fast-tracking of treaty benefits (including accelerated land, resource and cash transfer offers) through staged implementation of certain negotiated provisions prior to any Final Agreements being concluded.

INDIAN AFFAIRS & NORTHERN DEVELOPMENT

In one sense it is good that the government recognizes the impact that uncertainty is having on the economy and is taking proactive steps to temporarily resolve issues while negotiations are ongoing. Unfortunately, the development of interim agreements has had a number of negative impacts. First, it raises expectations in the short term that may not be realistic. The industries involved often accept unfavourable conditions just so they can continue operations. It also sets precedents that other industries may not be able to support in the longer term. Second, interim agreements remove a certain sense of urgency that helps to drive the negotiations to conclusion for the benefit of all parties. By resolving only these interim issues other aspects of the agreement are likely to be delayed even longer. The result is continued uncertainty for all sectors of the economy but the one in which the interim agreement has been reached.

We believe that interim agreements can serve the purpose they currently do of temporarily resolving issues and can also help to drive the negotiations along if they are conditional. The continuation of the agreement, for example, would be contingent upon a certain stage of the negotiations being completed within an accepted timetable. This would provide impetus to all parties to complete negotiations in a more timely fashion while offering certain protections to the parties of resource values and social services advancement in the interim.

Overlapping Claims

Overlapping claims continue to exist among treaty and non-treaty aboriginal groups. The extent of this overlap problem can be understood when one realizes that traditional territories claimed by various First Nations (both treaty and non-treaty) presently exceed 100% of the land mass of British Columbia. Non-treaty aboriginal groups present a particular problem in their overlapping claims because they are not participants in the treaty process. Consequently, these overlaps are not being resolved prior to negotiations commencing. The result is that non-treaty groups are already beginning to attack the validity of agreements such as the Nisga'a Treaty. The long-term result could be a continual string of legal challenges to any completed treaty.

THE CHAMBER RECOMMENDS

That the federal and provincial governments:

1. negotiate no further agreements without first providing interested third parties with a reasonable opportunity to comment on proposals and to have their concerns meaningfully addressed;
2. reinstate funding for third party consultation bodies;
3. recognize the urgent need to complete these agreements by committing to a timetable for the completion of negotiations;
4. include sunset clauses in Interim Agreements that are contingent upon a particular stage of negotiations being reached; and
5. establish one unified resolution process for all aboriginal claims that brings non-treaty aboriginal groups outside the current process into the existing process and resolves the overlapping land and traditional use claims that exist between many aboriginal groups before Final Agreements are completed.

That the federal government appoint an impartial, independent body to represent the public-at-large on treaty matters.

ABORIGINAL TREATY NEGOTIATIONS – OUTCOMES (2001 - revised 2003)

There is no doubt that British Columbia and Canada must act to resolve treaty negotiations and aboriginal land claims. The negative impact of not resolving them expeditiously is too serious to ignore. From a

INDIAN AFFAIRS & NORTHERN DEVELOPMENT

business perspective the lost opportunity costs are immense as a great deal of investment, likely billions of dollars, has been driven away by the uncertainty generated by unresolved land claims.

Having said that, the business community has a number of serious concerns in regard to the outcomes of any treaty negotiations. The particular questions that arise are what will the treaties finally entail, what will the costs be, who will hold title, what will that title entail and what will be the impact on jobs and the economy?

Certainty & Finality

Past treaties have always included **cede**, **surrender**, and **release** clauses in which the aboriginal peoples gave up their largely undefined aboriginal rights in exchange for defined treaty rights.

This terminology, however, is abhorrent to the aboriginal people involved in the negotiation process. They perceive such clauses as akin to surrendering their culture, a fundamental component of their humanity, in return for something different. Given that the spirituality of aboriginal peoples is uniquely tied to the land and the aboriginal rights inherent to that land, it becomes easier to comprehend why they are adamant that such language be excluded. The challenge is to develop a legal mechanism that does not use this language yet still achieves the necessary legal certainty.

There are those who believe the language used in the Nisga'a Final Agreement (NFA) is an acceptable substitute. The Chamber is not convinced this is true for the following reasons.

- The words “cede”, “surrender”, and “release” all have specific definitions of different application that are extremely relevant in the courts system.
- Conflict with other bands over the territory or court challenges to the NFA could still create uncertainty for investors.

Another concern in regard to certainty is that the federal government has accepted the argument that treaties must be sufficiently “flexible” to meet the needs of future generations. It is unclear to the Chamber how a treaty can be both “certain” and “flexible”.

Costs and Compensation

The Chamber is concerned both by the actual costs of any settlement and the compensation of third parties. Estimates of what it will cost to complete agreements typically range from \$6-11 billion. Some estimates are as high as \$15-30 billion. It is unclear whether such estimates include the cost of resolving the issues and overlapping claims asserted by non-treaty aboriginal groups and the cost of dealing with the claims of urban aboriginals who appear to be excluded, in large part, from the current treaty process. It is also unclear whether cost estimates have factored in realistic values for lands, resources and tenures likely to be impacted. Furthermore, the ongoing cost of any agreement, such as the implementation and funding of any self- and co-management provisions do not appear to be fully accounted for in these estimates.

A similar concern is the impact of land claim settlements on third party interests. Transfer of ownership and control of resources on large tracts of land is one key demand by native groups and is likely to be an element of any settlement. This will have an impact on private property and various tenure rights. The resource industries of British Columbia, particularly forestry, oil and gas, and mining, continue to be an economic force. There are many communities that would not be viable without the employment and activity generated for its residents by the resource industries. Understandably, First Nations want a fair share of the wealth and development potential attendant on possessing such resources; but, equally understandably, investors will not advance funds without knowing the rules and risks likely to impact on their return on capital.

INDIAN AFFAIRS & NORTHERN DEVELOPMENT

Although government has stated its intention to omit private rights and title from the treaty negotiation process, no procedure or formula has yet been established for the fair and just compensation of tenure holders or other third parties whose rights are adversely impacted by the settlement of treaty and non-treaty claims. By excluding third parties from the negotiations government makes them enemies of the process. If they were encouraged to participate more fully they could help to evaluate the tenure (thereby establishing a unified asset value for both First Nation settlement and third-party compensation purposes). They could then work with the aboriginal people throughout the course of the settlement toward the establishment of joint ventures that could benefit both the First Nations and business.

Self Government and Law

Self-government is the most challenging issue on the table and the one that is surrounded by the most controversy. In August 1995, the federal government released its policy on aboriginal self-government. The concept as outlined in the federal government's policy is complicated, if not impossible to achieve.

Self-government can be interpreted in different ways. In recognition of this, the federal government contends that implementation of self-government cannot be uniform across the country or result in a 'one-size fits all' form of self-government. Such a policy can only lead to confusion and possibly ill will, as groups of aboriginal peoples could be living by their own laws for some purposes, and by Canadian or provincial laws for others. Non-native Canadians living on reserves or settlement lands could be governed by federal, provincial and aboriginal law - the latter perhaps being imposed without the ability to vote on the process.

The Nisga'a Final Agreement is fraught with difficulties in this area. There is also the contention that the self-government provisions of the NFA are unconstitutional because they would create a new independent order of government with the power to make laws that may be inconsistent with and supersede federal and provincial laws. There is currently a legal challenge to that effect.

THE CHAMBER RECOMMENDS

That the federal government:

1. find a more concrete and expedient method for achieving certainty through full definition of the aboriginal rights in issue and release from any and all on-going fiduciary and other equitable or legal obligations that exist beyond the terms of each Final Agreement;
2. develop and implement, prior to any further treaties being concluded, a policy, in consultation with business and industry, for the timely and just compensation of third party interests adversely impacted by the treaty process, including without limitation the establishment of interim agreements or amendments to existing resource tenure;
3. should encourage the development of post negotiation business ventures by involving third parties more directly in the negotiation process; and
4. should negotiate self-government provisions that are subject to the laws of the province and Canada, will provide equality for all Canadians and their businesses and that will avoid a proliferation of costly regulatory regimes.

IMPORTANCE OF BROADBAND INFRASTRUCTURE IN NON-URBAN AREAS (2001)

Broadband is a term that describes what are referred to as "advanced services", that is data transmission rates significantly higher than those that can be sent through ordinary, high quality voice circuits (i.e. 56KB). While there is no generally accepted definition, it is agreed that a speed of 1000KB/sec should be considered the minimum standard.

Broadband network (Internet) access has a direct relationship to a community's socioeconomic health. Rural, remote, First Nations and coastal communities in British Columbia - especially those undergoing transition from a resource-base economy - are at risk of further malaise without provision of the enabling technology enjoyed by larger urban communities for education, health, and economic revitalization. Broadband represents an unprecedented opportunity for advancement and not working to develop this new infrastructure creates the risk of non-urban falling ever further behind in the race to develop a modern knowledge-base economy in British Columbia.

The existing first generation, limited capacity broadband solution (either DSL or cable broadband services) does not scale well in non-urban areas as solutions to the first mile problem. There is the need for the consolidation and deployment of public resources and particularly for the Provincial and Federal governments to support coastal and rural communities in their efforts to realize these opportunities. It is possible for non-urban areas to achieve an unprecedented degree of economic growth through local management and coordination of community broadband resources.

A possible method of creating broadband connectivity will be some form of privately deployed wireless "first mile" service which interfaces customer equipment to a terrestrial fibre optic back-bone deployed through established BC Hydro rights of way. Power lines interfere with electrons in copper wire, but leave photons in fibre optic cables unaffected.

THE CHAMBER RECOMMENDS:

That the Federal Government ensure:

1. That a higher level of implementation occurs within Canada than that which would be the current Telco and Cable preferred strategies (i.e. ADSL and Coaxial Cable) i.e. Gigabit Ethernet.
2. That a national strategy for deployment, management and support of coordinated community- owned broadband infrastructure be implemented.
3. That responsible federal agencies, particularly Industry Canada and the CRTC, are prepared to enable the management of Broadband resources at the regional and community level.

AGREEMENT ON INTERNAL TRADE (1999)

Internal trade barriers and other impediments to the efficient functioning of the Canadian market harm Canadians in several ways. In an era of increasing globalization, they keep firms from evolving to a shape and size large enough to compete in foreign markets. In a world where capital is instantly mobile, they cause investors to locate their business in other countries. Trade barriers exacerbate the inefficiencies and cost excesses that have plagued government and militate against the efficient provision of services demanded by the public. In a nation faced with increasing competitiveness and productivity challenges, trade barriers make it difficult for Canadians to work across the country. It is actually easier to do business between Athens and London than it is to do business between Halifax and Vancouver.

More fundamentally, internal trade barriers diminish our sense of nationhood by undermining the benefits Canadians may legitimately expect from belonging to the economic union. This is why in July 1994 the federal, provincial and territorial governments affirmed the importance of liberating internal trade by signing the Agreement on Internal Trade (AIT). This began the process of formally enhancing the movement of people, goods and services and investments within Canada. While the AIT is a start in dismantling some of the barriers to internal trade it still falls short of the mark. This is in part because of limitations inherent to the Agreement itself.

The negotiation process under which the Committee on Internal Trade (CIT) operates is such that the Agreement of 13 governments is needed to make any decisions. A process of negotiation where each party holds a veto results, at best, in lowest common denominator outcomes and at worst in produces deadlock. Eliminating the requirement for unanimity and replacing it with some form of majority rule would ensure that the process to liberalize internal trade not be held hostage to local or regional interests.

The dispute settlement system is accessible only on a limited basis by private parties. Moreover, rulings made by the AIT's dispute resolution bodies are not binding. Consequently the system is unable to provide redress for inconsistent measures taken by governments.

The basic architecture of the Agreement undermines its fundamental process, i.e., to provide ground rules by which governments conduct their affairs and which afford Canadian businesses and individuals a practical means of recourse against discrimination in matters relating to internal trade and mobility. This is because the General Rules are only applicable through the sectoral chapters of the Agreement. The general rules should be the basis on which the Agreement is built and on which all can count as applying. This would ensure that any trade measure or issue that is not addressed by a sectoral agreement or specifically excluded would be dealt with by those general rules.

At the present time, most of the AIT's sectoral chapters incorporate exceptions designed mainly to protect local business, commercial or economic interests that government considered important during the original negotiations. The AIT should apply to all of its Parties and be as simple as possible to ensure coverage is clear. Therefore, all exceptions should be subject to regular review and timelined for elimination.

Beyond these problems inherent to the current AIT there is also a lack of commitment to expanding the Agreement. The CIT has not met timelines, obligations and commitments it undertook when the AIT was signed, let alone taking the necessary steps to negotiate trade liberalization agreements for new economic sectors. Indeed, the CIT seems to rarely meet and is more than two years behind in the issuance of its Annual Reports on the functioning of the AIT.

INDUSTRY

Currently there is no Energy Chapter, no chapter covering procurement to Crown Corporations, delays on commitments to strengthen the Agriculture Chapter and to completely deregulate the trucking sector. There has been little movement on labour mobility or reconciling occupational standards. These were all to be phased into the current AIT.

Furthermore governments have not undertaken consultations with the business community, or with other interested parties to discuss the workings of the AIT, or trade liberalization agreements for other economic sectors. When combined with the delays in Annual Reports this makes for an opaque process with little input from or information to stakeholders.

THE CHAMBER RECOMMENDS

That the federal, provincial and territorial governments:

1. Reform the decision-making process of the CIT so that all decisions are made by some form of majority rule;
2. Reform the existing dispute-settlement process to allow effective access by private parties and ensure that the decisions or recommendation of dispute settlement panels are binding on Parties;
3. Incorporate a more proactive blanket rule extending the coverage to all goods, services, investments, capital movements and economic activity where this is not otherwise dealt with specifically elsewhere in the Agreement;
4. Create a mechanism to review regularly the various exceptions of the sector chapters and recommend reductions for approval and elimination by the CIT;
5. Work diligently to fulfil the obligations and commitments they undertook when they signed the AIT within the prescribed timeframes;
6. Actively support the creation of bilateral or multilateral agreements to liberalize internal trade, independently from the CIT if necessary;
7. Undertake extensive, regularly scheduled consultations with the business community and other interested parties on new sectors which could benefit liberalized internal trade; and
8. Ensure that meetings of the CIT be convened at least annually with adequate notice, and a substantive, detailed agenda.

INTERNATIONAL TRADE

CANADA-UNITED STATES SOFTWOOD LUMBER AGREEMENT (2001)

In response to protectionist actions by the United States government and certain US-based forestry lobby groups, the Canadian government, in consultation with the provinces and the forest industry, signed on to the Canada-United States Softwood Lumber Agreement in 1996.

When the Canada-US Softwood Lumber Agreement expired on March 31, 2001, it was clear that the quota-based arrangement which had added such cost to lumber producers in BC was both undesirable and unworkable. Canadian firms found themselves constrained in terms of what they could sell into the US market. Moreover, consumer groups in the United States also want to eliminate the quota system and to recommend that softwood lumber and manufactured products derived from it come under the provisions of the North American Free Trade Agreement (NAFTA). This would reduce the cost of constructing a home in the United States and allow Canadian forestry companies to compete in the global marketplace.

The Canadian forest industry has agreed to these six principles:

- a. Free trade in lumber between Canada and the United States is the goal; the current quota based trade agreement is undesirable.
- b. The best long-term solution is a growing North American market for lumber, supported by free trade, investment in increasing the demand for wood products and recognizing the importance of our stakeholders - our customers, employees, communities and investors.
- c. No Canadian lumber producing province or region should receive an unfair advantage or disadvantage in serving the US market. In addition, Canada must not be disadvantaged relative to third countries.
- d. Dispute resolution processes should be fair and unbiased.
- e. Fundamental changes to Canada's public land model are not possible in light of the country's historical, cultural and philosophical beliefs regarding land ownership.
- f. The industry is committed to timber pricing based on market principles that ensure the public gets a fair return for its resource. Appropriate markets are for standing timber logs or lumber, depending on the operating circumstances for any particular provincial or regional industry.

THE CHAMBER RECOMMENDS

That the federal government hold discussions at a high level and reach agreement with the US on the free bilateral trade of softwood lumber and manufactured products derived from it on a basis that conforms to the six principles which have been agreed to by the Canadian forest industry.

HOVERCRAFT REPLACEMENT AT SEA ISLAND BASE VANCOUVER INTERNATIONAL AIRPORT (2003)

The Vancouver International Airport (YVR), situated on Sea Island in Richmond, British Columbia, is one of the busiest airports in Canada. It is the gateway to many destinations internationally and within Canada and manages the travel of over 14 million passengers a year.

Sea Island, at the mouth of the Fraser River, is surrounded by over 500 square kilometers of tidal mud flats, shallow water and the Pacific Ocean. A 24-hour rescue team well trained in marine and air disaster is necessary.

The Coast Guard on Sea Island responds to the heaviest concentration of marine and aviation distress calls, not only on Sea Island but as far away as Victoria and Nanaimo on Vancouver Island and up and down the BC Coast. The Coast Guard on Sea Island reports some three hundred incidents each year.

YVR is the hub of commerce for the Richmond/Vancouver area and the Western and Pacific Regions of Canada and Canada's Gateway to the Pacific and elsewhere in the world. With its high density of air and marine travel, a minimum of two appropriate all-weather hovercraft capable of meeting the rescue and disaster response needs of YVR and area are an absolute necessity if the Coast Guard is to meet its demands and if the safety of air travelers is to be protected.

Two hovercrafts in good working order - Both the Coast Guard and Vancouver International Airport have reported that a minimum of two hovercrafts are necessary in their disaster response plans.

Unfortunately, in 2002, one of the two existing hovercrafts stationed on Sea Island was decommissioned and not replaced. Not only does that leave the area with inadequate coverage at the best of times, when the remaining (and relatively new) hovercraft is out of service several weeks each year for its annual maintenance and overhaul, there is no hovercraft coverage at Sea Island. Helicopters alone are not an adequate back-up, because of the different rescue functions each is capable of performing

THE CHAMBER RECOMMENDS

That the Federal Government take urgent steps to replace the decommissioned hovercraft and to ensure that at all times two hovercrafts are stationed and operational at Sea Island.

VIA RAIL ON THE SOUTH LINE (2003)

VIA Rail Canada, a federal crown corporation, is considering re-introducing passenger service on the southern route from Calgary, through Banff, Kamloops and Vancouver. VIA abandoned this service in 1989 and put the Rocky Mountaineer up for public bid. After a hotly contested public process it was sold to the current owner, the Great Canadian Railtour Company Ltd. (GCRC).

GCRC has invested tens of millions of dollars in establishing the market and building its fleet of railcars without government subsidies. The company has had significant economic impact in BC and Alberta and pays significant taxes. Having built the business ten fold over when it was operated by government, it is an example of the private sector's ability to operate a business more effectively than government.

T RANSPORT

GCRC has done everything asked of it by the government at the time of sale and more. Surely it would be inappropriate for the vendor, VIA Rail, to re-enter the market after GCRC has done the work to develop the market. The BC Chamber of Commerce is opposed to the government competing with the private sector.

VIA tried unsuccessfully to re-enter the market in 1997 and the federal government concluded that it would not be appropriate for them to compete with a private sector operator. VIA is back pushing the government again. VIA already has a transcontinental service over the northern route. Taxpayers currently subsidise each round trip of the western transcontinental on the northern BC route by approximately \$100,000. Each round trip passenger is subsidised \$200 by taxpayers.

Discussions of Western Canadian rail service often assume that VIA and Rocky Mountaineer serve distinctly different markets. The reality is that the overseas tourist knows little about different services and carriers in Western Canada. The visitor sees all companies as options. VIA and the Rocky Mountaineer appear to be in the same market. The differences between the two is further blurred as international tourists often purchase their trips as part of a bundled tour package, so any price differential between the two rail services may not be apparent.

The economic impact of the Rocky Mountaineer is greatest in Kamloops, where the rail carrier injects \$15 million annually into the economy. In the past few years the Rocky Mountaineer has delivered over 90,000 overnight visitors to Kamloops each year – more visitors to the city than there are residents.

The province of BC and the province of Alberta have both advised the federal government of their opposition to VIA reintroducing service on the southern route as has the Chambers of Commerce of Calgary and Kamloops.

Private operators such as GCRC need to know that after they have borne considerable financial risk and built up a market, the government is not going to subsidize another operator to unfairly compete with them.

THE CHAMBER RECOMMENDS:

That the Federal Government reject VIA Rail's initiative to re-instate passenger service on BC's southern route between Vancouver and Calgary.

AIR TRAVELERS SECURITY CHARGE (2002)

Beside the concern for the comparatively high cost of this program compared to the American program, and the impact on regional tourism, our issues with the implementation of this security charge as follows:

1. We question whether it is appropriate that a 'user-pay' funding model be used for issues of national security.
2. We question the focus on air travel. The terrorist threat to airports is unquestioned yet we still must address ferries, and harbours, in addition to protected and unprotected border crossings.
3. We believe the charge is disproportionately high, in effect, penalizing short haul and regional flights.
4. We believe that any government funding models must have clearly delineated accountability measures.

T RANSPORT

We fully recognize that our border must be made to run efficiently so as not to inhibit cross-border trade with resulting negative economic impacts. We acknowledge federal government's efforts in this area and believe the government needs to further recognize that undue emphasis on one mode of travel unfairly impacts that industry.

Fundamentally, we accept that the federal government must deal expediently with threats to national security. We also accept that terrorism is a *new* threat involving *new* costs requiring long-term vision. However, we know upfront costs need not become on-going costs. The federal government needs to recognize that if national security is a priority then other federal spending must be reconfigured to direct funds where they are needed rather than going back to the taxpayer.

THE CHAMBER RECOMMENDS

1. That the Air Traveler's Security Charge be revoked.
2. That any security costs resulting from national security be funded from existing budgets or general revenues not from taxes targeting a single transportation mode.

NATIONAL HIGHWAY SYSTEM - TRANSPORTATION INVESTMENT STRATEGY (2000)

An efficient national transportation system is of vital importance to Canada's economic competitiveness and continued national prosperity. Insufficient funding of highway maintenance and construction over the past two decades has resulted in a sub-standard national highway system, for example.

A report prepared by the Council of Ministers Responsible for Transportation and Highway Safety (CCMTA) entitled *The National Highway System: Conditions and Investment Needs Update 1997* (released in September, 1998) concluded that despite expenditures of approximately \$11 billion in capital improvements and maintenance since 1988, A... the length of the system with deficiencies in the areas of paving roughness, operating speed/capacity has increased about 30 percent." The study also concluded that the benefits that would be associated with an upgraded national highway system have increased significantly (from the previous 1988 study).

All major industrialized nations, except Canada, have recognized the importance of an effective, efficient national transportation system. They have established programs to provide the necessary capital for the ongoing maintenance and upgrading of their transportation networks. An efficient national highway system is one of the fundamental requirements of a strong growing economy. There is strong evidence that investment in improved highway infrastructure can generate significant productivity growth and support economic development. Yet, despite this evidence, the federal government has failed to implement a national highway policy or funding program.

The federal government currently collects in excess of \$6 billion annually in fuel excise and other taxes and road user fees. Less than 6 percent is returned to the system in the form of construction and maintenance projects. The estimated cost of correcting current deficiencies on the national highway system is \$17.4 billion. The benefits derived from renewal of the highway system include improved safety and efficiency, yielding reduced travel time, reduced vehicle operating costs, reduced injuries and fatalities, reduced fuel consumption and associated Greenhouse Gas (GHG) emissions, expansion of economic development, tourism and trade, and an overall increase in economic competitiveness and productivity.

The following elements are considered essential to a successful National Transportation Investment Strategy:

1. A federal/provincial/territorial agreement on a long-term funding formula to provide for the ongoing maintenance and construction of the national highway system in Canada.
2. A major part of the funding will focus on the national highway system and related safety and safety enforcement facilities to preserve essential transportation service, improve domestic productivity and enhance national competitiveness.
3. The funding program will also include provincial, territorial and federal priorities related to trade corridors, border crossings, strategic economic transportation corridors and intermodal facilities and infrastructure as part of a broader investment strategy.

The province of British Columbia has spearheaded the development of a proposal that would lead to such a program. We commend the provincial government for this initiative and encourage the federal government demonstrate greater commitment to our important transportation infrastructure.

THE CHAMBER RECOMMENDS

That the federal and provincial ministers responsible for transportation agree on a long-term National Transportation Investment Strategy that will include sufficient funding for the ongoing maintenance and construction of Canada's national highway system and associated safety facilities.

CAN-AL RAIL LINK PROJECT (2000)

Rail transportation is the most cost-effective long distance method of overland transportation and is an essential component of the North American intermodal transportation system. It is energy efficient, capable of moving goods three to nine times as far as highway transportation with a given amount of fuel and has lower levels of harmful emissions. It also provides access to ecologically sensitive areas with low impact. Unfortunately, the continental rail system does not include all provinces, states and territories.

Alaska, the Yukon Territory, and BC all contain extensive oil and gas, mineral and timber resource reserves that are currently inaccessible, and require bilateral co-operation in the development of freight transportation infrastructure to facilitate their utilization by both the United States and Canada. Northern rail transportation may also provide significant potential for the tourism industry by moving travellers comfortably over long distances with minimal impact on the environment.

In January of 2000 the BC Chamber of Commerce co-hosted a conference in Vancouver with the Alaska State government to discuss the potential of a rail link from northern BC to Alaska. It was decided at that conference that such a link would have immense benefits to both countries. The Alaska State government has recently enacted legislation to reauthorize the delineation and acquisition of a rail transportation corridor from the present terminus of the Alaska Railroad to the Alaska-Yukon border.

Through British Columbia there are two possible routes. One possible route involves the existing BCR Railway extension into the Northwestern BC that was begun in 1972 and later abandoned. During the construction years the railway bed had been extended from Fort St. James to Dease Lake with the installation of the majority of bridges required to that point. Another possible route would use an extension of the existing rail line that currently terminates at Fort Nelson.

THE CHAMBER RECOMMENDS

That the governments of Canada and British Columbia should establish a project team including all stakeholders including the United States, Alaskan, Yukon Governments, First Nations and private enterprise to conduct a the feasibility study of completing a rail link from northern British Columbia to Alaska.

TRANS CANDADA HIGHWAY (1999 – revised 2003)

The Trans Canada Highway is the most important link for travel in Canada from coast to coast. Our national highway should be constructed and maintained in a manner which will move the commercial and travelling public as efficiently, safely, and quickly as possible.

Frequent closures, poor maintenance and dangerous conditions on this highway drastically affect the economy of BC. All southern BC communities rely on tourism and related commerce throughout the year. This highway is the conduit for the movement of goods and services to and from BC.

The government must realize that now is the time to improve this most important highway and bring it up to acceptable travelling standards for the new millennium.

The condition of Highway #1 and the ease of moving commuters, tourists, business and transport vehicles efficiently, safely and quickly have a vital impact on the economic viability of the communities on this highway and the rest of BC. Additionally, the lack of four lanes or strategically placed passing lanes causes a high number of serious accidents, deaths and resultant property damage as well as lengthy delays due to road closures.

Some progress has been made and money has been earmarked for the improvement of this highway. The situation remains critical however and both more work and more money are needed.

THE CHAMBER RECOMMENDS

That the Federal Government cooperate and work with the Provincial Government to upgrade Highway #1, from Kamloops to the BC/Alberta border, to a standard that is safe and efficient.

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Conchita's Designs
Gibsons, BC

DISTRICT FOUR

Craig Hodge
Tri City News
Coquitlam

DISTRICT FIVE DIRECTOR

Ron Hagerman
CIBC
Chilliwack, BC

DISTRICT SIX DIRECTOR

Lorraine McGrath
Prospera Credit Union
Kelowna, BC

DISTRICT SEVEN DIRECTOR

Shelby Harvey
D & S Acoustics
Revelstoke, BC

DISTRICT EIGHT DIRECTOR

John Murray
Murray Geological Services
Nelson, BC

DISTRICT NINE DIRECTOR

Sandra Roberts
Kimberley, BC

DISTRICT TEN DIRECTOR

Ken Wilson
Williams Lake, BC

DISTRICT ELEVEN DIRECTOR

Bruce Bennett
B&B Ventures
Mackenzie, BC

DISTRICT TWELVE DIRECTOR

George Wright
TD Canada Trust
Ft. St. John, BC

DISTRICT THIRTEEN DIRECTOR

Justin Rigsby
Alm-Wood Contracting
Terrace, BC

DIRECTOR AT LARGE

Mike Boehm
TD Canada Trust
Richmond, BC

DIRECTOR AT LARGE

Charlie Parkin
Prince Rupert, BC

DIRECTOR AT LARGE

Lorne Calder
Prince George Savings and Credit
Union
Prince George, BC

DIRECTOR AT LARGE

Peter Leitch
Lions Gate Studios
North Vancouver, BC

DIRECTOR AT LARGE

Phillip Elchitz
YVR (Cranbrook),
Cranbrook, BC
(also Jaycees representative)

LEGAL COUNSEL

Lynne Charbonneau
Russell & DuMoulin
Vancouver, BC

DIRECTOR (Board of Governors)

Doug Smith
North Shore Credit Union
North Vancouver, BC

DIRECTOR (BCCE)

Bonnie Bates Gibbs
Kelowna Chamber of Commerce
Kelowna, BC

PAST PRESIDENTS & CHAIRS

1951 - 1952	Dr. Charles Wright, Trail
1952 - 1953	James V. Hughes, Vancouver
1953 - 1954	E.W. Arnott, Vancouver
1954 - 1955	J.T. Harvey, Prince Rupert
1955 - 1956	H.J. Fosbrooke, Vernon
1956 - 1957	J.H.N. Walters, Vancouver
1957 - 1958	J.V. (Vic) Rogers, Trail
1958 - 1959	G.F. (Pat) Dunn, Victoria
1959 - 1960	R.W.J. (Ron) Angus, Vancouver
1960 - 1961	Maurice P. Finnerty, Penticton
1961 - 1962	E.D. Forward, Kitimat
1962 - 1963	Ralph D. Baker, Vancouver
1963 - 1964	K.N. (Ken) Stewart, Fernie
1964 - 1965	R.G. (Reg) Miller, Vancouver
1965 - 1966	J.A. Wallace, Victoria
1966 - 1967	E.L. (Bill) Harrison, Vancouver
1967 - 1968	J. Bruce Smith, Kelowna
1968 - 1969	Edward Benson, Vancouver
1969 - 1970	E.G. (Ed) Stroyan, Nanaimo
1970 - 1971	Neil S. McKenchnie, Vancouver
1971 - 1972	C.W. (Cliff) Laver, Courtenay
1972 - 1973	D.A.L. (Dave) Tait, Vancouver
1973 - 1974	Frank Beinder, Trail
1974 - 1975	Jack C. Broatch, Vancouver
1975 - 1976	B.A. (Bert) Price, Burnaby
1976 - 1977	Win D. Stothert, Vancouver
1977 - 1978	Elido (Slam) Salvador, Creston
1978 - 1979	Jack B. Greenwood, North Vancouver
1979 - 1980	R.A. (Bob) Petrick, Dawson Creek
1980 - 1981	R.K. (Ron) Wood, West Vancouver
1981 - 1982	R.J. (Bob) Hallam, Langley
1982 - 1983	N.D. (Norm) McLaren, Campbell River
1983 - 1984	G.E. (Gerry) Frederick, Summerland
1984 - 1985	J.R. (Joe) Oberhoffner, New Westminster
1985 - 1986	A.J. (Gus) Boersma, Fernie
1986	W.N. (Bill) Vander Zalm, Surrey
1986 - 1987	Lorne K. Lacey, Powell River
1987 - 1988	Colin Smith, Victoria
1988 - 1989	T. Brian Prentice, Burnaby
1989 - 1990	Leslie Abramson, Delta
1990 - 1991	Stuart A. Lang, Cranbrook
1991 - 1992	David B. Reid, Richmond
1992 - 1993	Ian C. MacLeod, Vancouver
1993 - 1994	Dean Cooper, Kelowna
1994 - 1995	Terry Farmer, Victoria
1995 - 1996	Jim Thompson, Vancouver
1996 - 1997	Darrel Smith, Richmond
1997 - 1998	Naomi Yamamoto, North Vancouver
1998 - 1999	Al McNair, Kamloops
1999-2000	Laurie Kerr, Prince George
2000-2001	Archie Novakowski, Delta
2001-2002	Doug Smith, North Vancouver
2002-2003	Brenda Plowman, Vancouver