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OPINION: 'Extended producer responsibility' model flawed

[Kelvin McCulloch. contributing writer](#) / North Shore News

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So why did the B.C. Liberal government set up its recycling stewardship program and Multi Material B.C. outside the jurisdiction of the office of the auditor general and the province's Financial Administration Act?

Back in the '80s and '90s, the game of choice for a dishonest federal or provincial government was to set up a governmentfunded program with broad motherhood objectives, then flow massive amounts of taxpayer dollars to one or more key advertising agencies that were supposed to produce the necessary information, marketing materials and ad campaigns.

But the real game was corruption involving misdirection and misuse of taxpayer dollars.

In the case of the federal government's sponsorship program in Quebec, the federal auditor general figured it out with the help of Ernst & Young and a whistleblower.

The AG reported on the "appalling and unacceptable" situation, then called in the RCMP. The AG reported in 2004 that as much as \$100 million out of \$250 million in contracts was awarded to Liberal-friendly ad agencies with little or no work done.

There was a lot of fallout.

The presidents of the Business Development Bank, Via Rail and Canada Post were all canned. The ensuing Gomery Commission reported that firms were winning contracts based on donations to federal Liberals with little or no work being done.

According to a recent CBC report, the RCMP said Jacques Corriveau, a longtime federal Liberal organizer and ad agent receiving sponsorship monies, alleged he could exert influence over the federal government to obtain contracts in exchange for millions of dollars of kickbacks for himself and others.

The sponsorship program ran between 1996 and 2004.

The Gomery Commission cost taxpayers \$14 million dollars. Untold amounts of additional taxpayer dollars went into the ensuing court cases.

The investigation into the activities of Jacques Corriveau continued until 2013. Finally, Jacques Corriveau's trial date has been set for next month, May 2014.

You think something like this couldn't happen in British Columbia? Well it already did.

In 1983, British Columbia's auditor general Erma Morrison uncovered inappropriate payments and missing expenditure controls in the Ministry of Tourism in British Columbia.

McKim Advertising had been appointed the "agency of record" for the Ministry of Tourism. All ad monies of the ministry were funneled through that agency.

Ultimately, Morrison reported in a Special Report to the Legislative Assembly that weaknesses in internal control and poorly documented payments to McKim Advertising were so numerous as to suggest

dishonesty on the part of the ministry. The commercial crime section was called in. Dennis Cocke, MLA for New Westminster, brought the matter to the Legislative Assembly citing secret bank accounts, double billing and a million-dollar cost overrun. The deputy Minister of Tourism took the fall.

Once again it was the province's auditor general who saved the day back in 1984. That's long enough ago that people don't remember. But I do, I might have been on the team of external auditors hired by the Ministry of Tourism to assist with the mop up after the auditor general and the commercial crime squad finished their investigations.

Now back to my original question: Why did the B.C. Liberal government set up MMBC outside the jurisdiction of the office of the auditor general and the province's financial administration act? Why is the evershrinking list of targeted companies being forced to pay fees in the millions of dollars directly to an organization taking the form of a not for profit society instead of paying taxes into the province's Consolidated Revenue Fund? Why did the B.C. Liberal government set everything up this way? I have more questions.

Why did MMBC file a notice of intention to borrow \$1.5 million from the Ontario-based Canadian Stewardship Service Alliance exactly one week after the last election? Why aren't the audited financial statements of MMBC from inception available for scrutiny? How is MMBC going to repay the other monies it intended to borrow from various industry associations in Ontario?

The answer to everything is hiding in plain sight, in a YouTube video by MC Hammer - "U Can't Touch This." What a great video, I watched it again last weekend. I can just imagine the provincial Liberals jumping around to the beat, "U Can't Touch This, U Can't Touch This," referring to the oversight responsibilities of the current auditor general, the legislature, and therefore you and I. Think I'm kidding? My friends, in my opinion you are about to see the entire recycling industry in British Columbia fall under the control of MMBC and CSSA with the B.C. Liberals controlling the situation from behind closed doors through its stewardship regulations.

It is your B.C. businesses that are being forced by the Liberal government to pay outside the public accounts of the province to make this possible.

And under the MMBC arrangements, no one has the authority to prevent or detect financial misdealings on behalf of the paying companies, the taxpayers, or you and I the voters. Not the federal auditor general, not the provincial auditor general, not anyone.

Do we know why the government has structured things to place the financial affairs of MMBC outside the scrutiny of the auditor general? No. Should we be concerned? You bet.

In five years, the magnitude of funds that will have flowed through MMBC - say \$400 million - will rival the total amount of all funds that flowed through the federal sponsorship program. But unlike that program, U Can't Touch This.

Wake up people, it's Hammer Time.

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