

**Premier Gordon Campbell
Provincial Congress
March 10, 2003**

Check Against Delivery

The Provincial Congress is an opportunity for us, not just to share what's happening from the provincial perspective, but to hear your perspectives on the various issues that you would like us to cover and try to move forward.

I thought we'd start with an overview of the year since our last congress. This isn't just a meeting where we get together and then forget about it for a year. We've done some significant work, and I want to thank the federal government, Minister Dhaliwal and the Liberal, Alliance and New Democrat MPs for the work they've done with us.

I also want to welcome the president of the Union of B.C. Municipalities, Pat Wallace. Municipalities have been working very closely with the province for more than a year to develop the community charter. The effort behind the charter is to provide more autonomy to local governments and get the province out of their way as they make decisions that are best for their communities.

We are very close to delivering that legislation, which has been developed in consultation with mayors and local government leaders from across the province. I want to thank them all for their hard work and their time.

The Provincial Congress is a once-a-year reminder that we all work for the same citizens and spend the same citizens' tax dollars. It allows us to focus on areas of agreement. Coming out of last year's Provincial Congress, we agreed to work together to share information on softwood, and we've done that. We've also had a special Transportation Congress and made some progress on transportation.

Over the next year, as announced in the Throne Speech, we will have two more specific sessions. The first will be a dialogue on crime, which will include local governments and, we hope, representatives of the federal and provincial governments. We're looking at how we can ensure policing works for communities across the province, and what the legislative reforms may be. We're looking at youth programs that may help us curb specific criminal activities.

Our Solicitor General, Rich Coleman, and our Attorney General, Geoff Plant, will help establish the agenda for that dialogue, which we'll schedule for when our MPs are in a break week or at least available here. We won't be able to have all the MPs, senators and municipal representatives that are here today, because we'll want to have people from community groups join us in the dialogue on crime – as we did on health care, education and other areas.

We'll also establish a Seniors and Youth Congress aimed at uniting all generations to look at the challenges we face. We need to think about how we can provide solutions that meet the unique needs of all generations. The demographic shifts that we heard about last year from David Baxter are real. The fastest-growing demographic cohort in British Columbia will be those over eighty-five years of age, and we have to be aware of that and prepare in a constructive, positive way.

I want to give you a quick update on the last year. We put a three-year plan in place in February 2002, which we've been implementing. It's necessitated many difficult decisions related to getting our financial house in order, but I want you to know that it's on schedule.

Each of our ministries is either within or under budget this year, for the first time since 1951. That kind of financial discipline is critical if we're going to provide a solid foundation for the health and education services people want.

The deficit was \$600 million below what we had anticipated, and we avoided the level of debt-growth we expected in February 2002. In fact, we have \$3.5 billion less debt at the end of the first year of the three-year plan than we had anticipated.

The updated plan is out now, as part of this year's provincial budget. The performance measures are still there, and we fully anticipate that by February 2004, we will be presenting a balanced budget. In fact, we're looking at a year-end surplus of about \$50 million. We believe the surplus will rise to about \$370 million for 2005-06. That's after funding increases for health care, education, social services and child development, which we've been able to realize because of the financial disciplines we put in place in the first year of the initial three-year plan.

It's important to recognize that the pressures we face at the provincial level remain consistent, persistent and unrelenting. I think the biggest challenge every province and jurisdiction faces is health-care spending. If you look at it in British Columbia, you will see that growth in health-care expenditures far exceeds growth in our economy.

Obviously, that growing gap is not sustainable. Health care today represents 41 cents of every dollar the province spends. It was 33 cents just a decade ago. Overall, health-care costs have tripled since the 1980s in B.C.

This phenomenon is not unique to B.C. or Canada. It's something most western economies are experiencing. We've watched as our health-care costs increased by between seven and eight per cent a year through the '90s. We're watching our PharmaCare costs increase 14 to 15 per cent a year. This puts substantial pressure on the budget and other services we'd like to provide, so we must find reforms that work.

We've made some progress in the last year. Following a meeting of the prime minister and first ministers, some additional federal dollars were provided for health care. We anticipate that B.C. will get approximately \$375 million to \$500 million more each year

as a result of the federal funding arrangement. That's less than the value of the pressures we'd already identified to sustain our health-care system in its current form.

The arrangement with the prime minister yielded two positive results. First, there was an agreement that we had to provide some funding for sustainability under the current Canada Health and Social Transfer formula. Second, it made dollars available for reforming primary and home care, to focus on the needs of patients at the bedside, as opposed to institutional definitions and reports.

We are working to assure each person across the country gets the kind of health care they need in their province. It's a big shift to provide for that flexibility at the provincial level, and we were pleased to see that was part of the arrangement – particularly when it comes to redesigning primary care.

When I say primary care in British Columbia, it may well mean something significantly different from what Gary Doer means when he says primary care in Manitoba, what Bernard Landry means when he says primary care in Quebec or Roger Grimes means when he says primary care in Newfoundland. What we wanted to say to the federal government is, "Don't tie us into some mythical definition of what that is."

We want to ensure we bring people together and unify patient services. We don't want duplication of tests and overlapping services that aren't very effective but are quite costly.

It's striking that five per cent of B.C.'s adult population incurs one-third of all our doctor costs and two-thirds of our acute-care costs. That five per cent clearly has multiple, complex health-care issues, and we want to respond constructively, with comprehensive, integrated care. That unified care is a critical part of what we're trying to develop in primary care in British Columbia.

All health authorities in B.C. will tell you that if we can deal more effectively with those five per cent, we'll be far more effective in dealing with the needs of the other 95 per cent of British Columbians.

Colin Hansen, the Minister of Health Services, has announced a Fair PharmaCare package. Eighty-four per cent of B.C.'s 1.3 million families and seniors are actually paying less or the same under the new Fair PharmaCare program, which is still the second-most generous plan in Canada.

I want to emphasize that, with this new program, we are focusing on containing growth in PharmaCare costs, not reducing costs within PharmaCare. There's no question that pharmaceutical therapeutics are a major part of a comprehensive health initiative. They're a major part of a healthy society. But we have to contain their costs as we move forward and create accountability both within and outside the system.

The provinces are working on a common drug-review process with the federal Minister of Health. This process should save significant dollars and help us to contain pharmaceutical costs.

Meeting health-care needs is about more than spending wisely, though. In B.C., we've recognized that we have to train more health-care professionals.

The B.C. Life Sciences Centre will train 75 per cent more doctors than the province currently graduates; the first of its students will graduate in three years. For the first time, they will be trained in rural and remote medicine at the University of Northern British Columbia and in geriatric medicine at the University of Victoria. This collaborative model builds on the strengths of our UBC medical school, but also recognizes the unique needs of rural and remote areas and a geriatric population.

We've also added 1,800 new nursing spaces. Incidentally, we had 538 more nurses practicing in the province in 2002 compared to 2001.

The changes we're making are aimed at ensuring we can provide professional lives as well as personal lives for our health-care practitioners, while meeting patient needs in communities and regions in the most expeditious manner possible.

Health care will remain a challenge us all – certainly over the next ten years. If we work together and build on a fact base that allows us to make sensible, patient-centred policy decisions, we will be better off.

The other, major public-policy challenge that will impact communities across this province is forestry. We're in the midst of a year where we will focus on significant forestry reforms that will impact all of us.

Why are changes necessary? Since 1997-98, forestry revenues to the province have dropped by \$600 million. The return on capital for the forest industry has been less than half what it's been in the rest of the country – 3.3 per cent versus 7.1 per cent, between 1996 and 2000. And the larger issue is that 13,000 workers across the province have lost their jobs and 26 mills closed down for good between 1998 and 2003. In some towns, those jobs and mills are the basis of the economy.

The forest economy is absolutely critical to B.C. It represents 22.4 percent of all private-sector employment in the province. The next closest employment component is less than 50 per cent of that. That's why reforms are so critical.

Those changes are going to be difficult. I'll tell you a quick story. I had a meeting with about thirty representatives of medium- and small-sized forest companies, and I told them I needed their thoughts on what we should do to make the industry thrive. One person said, "Well, the critical thing is to stop the export of any logs of any sort from this province to anywhere else in the world, because I've got a mill, here, and I can use the logs."

As soon as he said that, five hands went up on the other side of the table. They said, “No, the problem is, we’re not exporting enough logs. We need more logs, because they create contract work in the forests all over the province.”

My point is, there’s probably no one right answer. Still, we must make changes. The status quo will only lead to a long and lingering demise of the most important industry we have.

There is no question that we have a high cost of production in British Columbia. There’s no question we face increasing competition that doesn’t care about workers or communities in British Columbia. There’s no question that we have too many mills on the coast and that there is value in the efforts of the coastal industry to work with the IWA, the industry, community leaders and contractors to try and develop a reform package that will work for the coast.

There’s no question that the softwood lumber dispute has had a major impact on all of us. There’s no question that we have to improve British Columbians’ understanding of our industry and how important it is to all of us, regardless of where we live. And there’s no question that we’re going to have to make changes to ensure First Nations are included in resource development in this province.

We have taken some steps in the last year. We now have a results-based forest practices code aimed at maintaining our scientific and environmental standards – the highest anywhere.

The code also recognizes that in a province the size of British Columbia, one-size-fits-all solutions simply don’t work. As one faller told me as he was driving me along Highway 16 in Terrace as part of a major demonstration of the forest industry, “You know, the problem with you guys in Victoria is you don’t understand this. It’s not that one region of the province is different from another; it’s that one valley of one region is different from another valley in the region. You have to allow professionals to do their job, you have to have standards and be sure they’re met, and you have to audit them. But if you try to get in the way of everything that’s going on, you’re going to cause real, irreparable damage.”

We’ve brought forward a working paper on the working forest. The goal of the working forest is to remind us all that forestry is critical in British Columbia. There should be places where that industry’s activity has a first call on the land base. Not an exclusive call, but as a first call. Stan Hagen, the Sustainable Resource Management Minister, has been working to make that happen.

As it stands, protected areas make up 12 per cent of B.C., private areas are five per cent, and the land that is basically non-forest land is 34 per cent. We’re suggesting the working forest can be over 40 per cent and we should be able to manage that in a way that works for everybody.

Because of the financial disciplines that were brought in last year, we have been able to set aside \$275 million to help forest workers, contractors, industry and communities deal with this change. The funds will go toward compensation costs, allocating timber to community forests, and First Nations revenue-sharing – all things we think are critical to opening up opportunities in forestry.

We're building new partnerships with First Nations, and the revenue-sharing initiative that we've undertaken allocates \$95 million over the next three years to ensure they're part of a forestry future built on prosperity, job creation and economic activity.

I should highlight that over the last year, the work of the attorney general and the Treaty Negotiations Office has allowed us to approve 57 separate economic measures with funding totaling over \$13 million. This is part of a capacity-building strategy that we have with First Nations communities all over the province.

We've also doubled the First Citizens' Fund to \$72 million over the next three years, \$1 million of which will go to protect aboriginal languages. A memorandum of understanding means aboriginal communities are being included in child care in a direct leadership capacity. We have five new aboriginal authorities that we're building to help in the delivery of social services across the province.

All these things have been done to open up our province to economic opportunity and investment, and to recognize the strength of our resource economies.

At last year's congress, one of the things mentioned was how critical transportation is to the economic future of the province. Everyone in this room understands how important transportation has been in our past. Without investment in the railway, British Columbia wouldn't be part of Canada. Without huge investments in the Trans-Canada Highway, our ports and our airports, we would be a very different province.

This year, we recognized that we had to make a choice: we were going to make transportation improvements, or we weren't. We decided to make a number of highway and other improvements over the next three years.

We could have decided to put the cost of these improvements on the next generation of British Columbians. Instead, we decided to do as our parents did, and basically pay as we go. We have dedicated a new, 3.5-cents-per-litre gas tax to these improvements.

There are 42,000 kilometres of road and 2,750 bridges and tunnels in British Columbia. That's an asset – a \$66-billion asset that's been allowed to deteriorate over the years.

Forty-four per cent of our economy depends on a strong transportation network – and that's provincewide. It's not just a matter of whether we can move people around the Lower Mainland. It's whether or not we can move people in the heartlands of our province.

We've made a \$225-million commitment to improve northern and heartlands roads, which make up 70 per cent of B.C.'s highways, over the next three years. Thirty million dollars will be committed to airports and ports, and \$93 million will be committed to border-crossing infrastructure. Last week, when the Prime Minister was here, we announced \$211 million worth of improvements for eight separate roadway infrastructure projects across the border – crossings that impact our ranching, forest, agriculture, produce and tourism industries. Today, the faster we get to our customers, the lower delivery costs are.

Our number one priority is to try and make sure our roads are safe and secure for people to drive along, for goods to move along and for services to come along. We established the Kicking Horse Canyon on the Highway 1 through the Rockies as our number one federal-provincial infrastructure project. Last week, the Prime Minister announced a \$125-million project at the Ten Mile Bridge, or Park Bridge, to make the highway safer.

This builds on our efforts over the past year. We have invested millions of dollars in the Yoho Bridge. We've invested millions of dollars in the Victoria Street Interchange, which is very important to the city of Revelstoke. We have invested millions in 1.5 kilometres of road on either side of the bridge.

All of these are part of a long-term project that will cost about \$670 million dollars and improve the movement of goods and services through the Rocky Mountains into the heartlands of the province. The Shuswap, the Cariboo and the Kootenays will all benefit.

As we looked at our transportation needs to the west, I have to take my hat off again – not just to the MLAs and community leaders – but to our MPs from the Okanagan. We're very clear in British Columbia that Highway 97 should be part of the national highway program. Highway 97 goes from Washington State to the Yukon. It is a transportation backbone. We will be investing in significant improvements to highways 97, 95 and 3, as I mentioned. We're also looking at a new bridge at Needles that will connect the Okanagan with the Kootenays, creating substantial tourism opportunities.

In Kelowna, work will begin on the new bridge forthwith. The existing bridge is 45 years old and a major bottleneck. The new bridge will improve safety and traffic flow. On the larger scale, Highway 97 improvements will impact Osoyoos, Oliver, Penticton, Kelowna, Vernon and other communities – particularly on its northern stretches.

And provincewide, we will also invest \$132 million in highway corridors, \$146 million in road rehabilitation and \$24 million in transportation infrastructure.

The oil and gas industry is another target for investment by the province. Our goal is to have the oil and gas industry reach its full potential. We think that over the next five to six years we'll see \$20 billion in private-sector investment, which should generate about 8,000 new jobs. So we will invest \$37 million in the industry.

Importantly, we asked the industry what they needed to encourage that investment. They told us, and we're trying to respond in a constructive way. Our first three-year plan set aside \$20 million for oil and gas, and we have seen major improvements in exploration – not just in the Peace River – but throughout the province.

I want to thank the Minister of Natural Resources for the leadership he's showing at the federal level with regard to offshore oil and gas and the development of the scientific and environmental information that's required for us to move forward.

The province has set aside \$2 million to assess the potential for offshore oil and gas, off the northwest coast and the west coast of Vancouver Island. Major potential benefits, we believe, exist for First Nations and coastal communities; no one has suggested otherwise. But we want to lead the world in proper exploration, strong science, and pursuing offshore oil and gas in an environmentally sound way.

The report we released last spring highlighted 15 separate goals and objectives that we need to meet to move forward with confidence. And we're working to encourage the federal government to get involved.

On a related topic, coalbed methane accounts for a potential 90 trillion cubic feet of energy – in the Peace, in the Kootenays, on Vancouver Island, in the Cariboo, and in the northwest. It presents a major economic opportunity for us. Seven per cent of America's energy needs are met by coalbed methane today. If we develop our industry properly – and we think we have created the necessary legislative and regulatory framework – we think opportunities exist, not just for investment, but for significant job growth throughout B.C.'s heartlands.

I mentioned that we recognize the importance of our airports, ocean ports and rail service. One project we'll be moving forward with quickly – with YVR, First Nations, the city of Cranbrook and the federal government – is the Cranbrook airport expansion. This expansion will open up the entire Kootenay region to international travel. If you go from Rossland to Nelson to Cranbrook to Invermere to Fairmont to Revelstoke to Golden, you will know that we have opportunities to build an international, all-season resort area that's unparalleled anywhere in the world.

The extension of the Cranbrook airport will encourage private-sector investment to pour into the area. We want that to happen. The small-business round tables I hosted throughout the Kootenays last spring all said that the Cranbrook airport expansion was critical to investment.

We are leveraging the talent of YVR, the initiative of the East Kootenays and the resources of the provincial and federal governments to do something for a relatively small cost that will have enormous economic benefits in the future. We know, for example, that Kamloops is looking at a similar opportunity with its airport. Sun Peaks Resort is one of the largest private-sector employers there, and an enormous proportion of

their international visitors come from Japan. The ability of those visitors to land in Kamloops will make a big difference to Kamloops and Sun Peaks.

I'm very pleased with the work the people of Cranbrook and the East Kootenay have done. Invermere, Windermere, Panorama, Kicking Horse, Fernie Resort, Kimberly Resort, Red Mountain: all are working well together to try and make sure we maximize the benefits. I want to thank, in particular, the MPs, MLAs and local leaders who have been a positive part of that initiative.

Moving north, we have joined with the City of Prince Rupert to provide a new gateway in the north. We simply cannot underestimate the value of Prince Rupert's port to the provincial and national economies. It's 30 hours closer to Asian markets than any other west coast port in North America. With the proper integrated rail transportation system, it can get Asian goods to markets in the middle of the continent faster than any other port on the continent. It can also help our grain farmers compete, by getting their goods to market as quickly as possible.

To improve the port, there's been a \$50,000 feasibility study for a container terminal that's been approved. There's \$1.4 million in federal-provincial funding to design a new cruise-ship facility. We're working with the federal government, the City of Prince Rupert and the port to meet the \$15-million cost for new docking and shore facilities that we believe will be very important in the long term. We're also working to establish daily, summertime ferry service between Port Hardy and Prince Rupert, which will be very important to tourism opportunities in the northwest, along Highway 16, down Highway 97 and through the Rocky Mountain Trench.

All of this transportation upgrading is about creating an integrated, comprehensive transportation strategy for our province. Without a strong, solid transportation infrastructure, we lose economic opportunities in every community and region of the province.

Part of that strategy is to revitalize rail opportunities in British Columbia. B.C. Rail has consumed a billion dollars in taxpayer subsidies over the last 15 years. Mayors along the line have told us it's time to invest in the rail and ensure it meets the needs of the entire province. So we are going to look at how we can develop a public-private partnership, with the province maintaining ownership of the rail right-of-way. No one should have any illusions about that. It's a provincial asset and it's going to remain in provincial hands. But we are going to look at the potential for bringing in a private-sector partner to help us create the kind of integrated rail service critical to the province.

As I mentioned, we've dedicated a new, 3.5-cents-per-litre gas tax to the transportation plan I've outlined. We didn't want to load up the next generation with a lot of additional debt. When W.A.C. Bennett was building infrastructure, our parents were paying as they went. And that's the decision we made. We decided it was the best thing for us to do, in terms of our economic future.

To conclude, we said last year that we were going to try and establish a new Canada-British Columbia partnership. We told you we wanted to work together. And we have seen some significant progress in the last year.

We have a transportation partnership worth an additional \$225 million for the province. We've seen \$130 million as part of the softwood package. The federal government has also contributed over \$200 million to the expansion of the convention center, \$137 million for municipal infrastructure programs and \$319 million for the Olympics. We've also seen a new national park in the Gulf Islands.

We haven't finished building our partnership, but we've made a good start. It's important for the communication between our MPs and our government to remain open and direct. If you're frustrated, concerned or need answers, feel free to call either MLAs you know or ministers – and if you're not getting the answers you want, feel free to call me.

Last week, we hosted people from around the world, as part of the International Olympic Committee, to review our Olympic bid. We had an event in Vancouver that would have made everyone in this room proud to be Canadian. We put forward an Olympic bid that has the support of all provincial and federal parties. Mayor Campbell and the city council in Vancouver supported it, unanimously, and I should say that Mayor Campbell has been a very strong advocate. I know many of you mayors, whom I visited through January and February, were concerned about what would happen in Vancouver, and we all should recognize that Larry Campbell never lost sight of what the Olympics meant to his city and to his province.

The province will be investing \$600 million in the Games. We believe, and the Auditor General concurs, that they will generate over \$2 billion in revenue for governments across the board, create up to 228,000 new jobs and generate billions of dollars worth of private-sector investment. Most importantly, it creates huge opportunities for young people, athletes, artists and First Nations across our province.

Part of the plan is a \$620-million venues plan, cost-shared 50-50 between the federal and provincial governments. Of that, \$120 million will go to establish a legacy endowment to ensure the facilities created are not a burden in the future.

Olympic live sites have received another \$40 million; they're a way of conveying the Olympic spirit to communities all over the province. Each council in the province has received a letter from Ted Nebbeling and myself, asking them what their proposals are for Olympic live sites. Councils have responded with incredible enthusiasm, creativity and support – whether it's the mayor of Prince George talking about the facility that he believes will complement the University of Northern British Columbia and the entire north, the mayor of Kamloops talking about a project to improve Kamloops's position as B.C.'s tournament city, Penticton council's ideas for their convention centre and wine industry, or Courtenay talking about what they can do.

One of the great things the Olympics does is get people to think collaboratively and long-term. I encourage all of you to think of that, to ask questions and be part of this, because it's going to be exceptional. The reception we had from the IOC, as noted by the media, was very warm. I wasn't at the Pyongyang reception, so I don't know if it was as warm. And I won't be at the Salzburg one, so I don't know whether it will be as warm in Salzburg as it will be here.

I do know this: the best place in the world that they can host the 2010 Olympic and Paralympic Games is right here in Vancouver, British Columbia, Canada.

So I want to close by saying "thank you" to all of you. It's no small task for each of you to carry out your day-to-day activities serving your constituents, in various area of endeavour. I know the time and effort you put into serving your citizens, and I want to say on behalf of all of my colleagues in the legislature how much we appreciate you joining with us in these congresses. We hope they add to your understanding of our province and what we're trying to do. It's equally important that they let us hear from you. The fact we generated as much positive activity out of last year's Provincial Congress is a tribute to your work, your effort and your energy.