

Premier Gordon Campbell
Address to the Canadian Hong Kong Chamber of Commerce
October 11, 2001

Check Against Delivery

The last time I was here in Hong Kong I was leader of the Opposition. At virtually every meeting we went to – whether we were talking about the new International Maritime Centre or the new banking centre we are creating in British Columbia – the first question I was asked was, “What on earth are you guys doing with that corporate capital tax?” Well, the government’s changed, and what we’re doing with the corporate capital tax is we’re eliminating it.

This is just the first step. In a financial statement last July, we said the tax would be eliminated by September of 2002. I highlight that because I think one of the challenges we have in British Columbia is to turn our province’s economic fortunes around. As difficult as the economies of the world are today, the thrust we are taking in British Columbia is to say this: If we get our fundamentals right, we’ll get through the difficult times, and we’re going to have a very bright future ahead of us.

We have a great asset base in British Columbia. We don’t just have great resources: we have a great geographical location. And we have a huge advantage over many other places, and that is the people that live in our province. If we develop our assets with a sense of commitment and vision, there are very few things we can’t accomplish.

I want to talk to you about what we’ve done in the first five months of being in office. The first thing we had to do was send out a clear message that British Columbia is open for business again, that British Columbia is a place that encourages private-sector investments, that British Columbia is a place that wants entrepreneurial activity. We want our young people to know that if they work hard, they can get ahead and build their future. We want to make sure we are leading the pack as opposed to following it. You know, and I know, that through the last decade British Columbia was under-performing its economic potential. When you look at economic growth rates and you see that Newfoundland with one oil well was out-performing British Columbia, you know you are in a lot of trouble!

So we decided to make some changes. One of the things I found out this week at the East Asia Economic Summit is governments have to learn to act quickly. The velocity of change far and away far exceeds what we’re used to dealing with. Yesterday we heard the president of the Philippines saying they had electrical policy that was sitting there and in eight years, they hadn’t got anything done. In five months she changed the direction of electrical and hydro policy in the Philippines.

In British Columbia we have issues like that. What we decided to do as a government was set a 90-day agenda. We said to British Columbians, if you give us the privilege of being government, we will act within 90 days to do a number of things. We sent a strong message to people – not just that we’ve changed government, but that we’ve changed the direction, we’ve

changed the philosophy, we've changed the approach of government. And so we were elected and sworn in on June 5th.

I'm going to tell you a bit about what we undertook in our 90-day agenda. First, we said it was critical that we got our private sector's economy moving again. Within a day of being elected, we had a dramatic cut in personal income taxes. We now have the lowest base rate of personal income tax of any jurisdiction in the country on the first \$60,000 of income, and by January 1st of next year we will have the second-lowest marginal income tax rate. If we recognize that in the economy of today and tomorrow our most important asset is people, we'd better create an economic environment where people know that if they work hard, take risks and make commitments, they can get ahead. That's the first stage of our income tax cuts. It sent a strong message out to people across the province and across the country, and we intend to continue to build on that as we move forward.

We said to people that we would reduce the tax on investment, and we cut half the corporate capital tax on September 1st, and it will be eliminated by September 1st of next year. We said we'd eliminate the tax on productivity. We did. On July 31st we eliminated the tax on machinery equipment – it no longer exists in British Columbia. If you want a productive economy that is firing on all cylinders, you'd better make sure you are not penalizing those people who want to make more productive investments in your province. So we acted on that.

We acted in other ways to send the message out to people who are interested at looking at British Columbia again that we are open for business. We decided that we were going to reduce and eliminate our bunker fuel costs, which means Vancouver, our major port, has an opportunity to deliver services. Vancouver has many economic advantages over our competitors up and down the West Coast. We want to take that gateway and make sure it can create the kind of economic potential we need for our province, as well as the economic potential we need for our country.

We reduced a 20 per cent flow-through tax on mineral exploration because we want our mineral exploration in the province to pick up again. One of the great opportunities in British Columbia is our whole energy policy: our energy policy and our mining policy are critical as we move forward to the future. We're going to take a bold, aggressive agenda to encourage investments, to encourage exploration for minerals, to encourage exploration for oil and gas. We're going to look at taking advantage of the 250 trillion cubic metres of coalbed methane, which is a huge, huge asset. We're going to make sure our energy industry generates private-sector investment, which can generate jobs. To put this in context for you, we believe that over the next five years, with the proper policy put in place, we'll be able to generate an additional \$24 billion in investments and 8,000 new jobs. We believe our energy asset is going to be critical as we not only build our economy but stabilize the North American economy and move forward together with our major trading partners in the United States.

We also reduced the tax on aviation fuel from three cents a litre to two cents so that our airports can be competitive once again with other jurisdictions.

All of this is meant to send a message out that we're open for business, that we're encouraging investments. We recognize it is private-sector investments that generate jobs, and we recognize

that without a private-sector economy we are not going to have the kind of excellent education and health-care services that are so critical to the quality of life of the people who live in our province. We believe we've taken steps in that direction. The 90-day agenda included not just tax cuts – it included regulatory changes. As we talked to our customers, one of the things they stated was, "Your labour laws aren't fair." We brought back the secret ballot. We restored open tendering. We removed fixed-wage legislation. We made sure there were the same rules for certification as for decertification.

We said to people that we would restore their right to negotiate contracts with their employers. We said to people that we believed it was critical that in this new world of flexible, open employee-employer relations they could develop the kind of future they wanted. We eliminated sectoral bargaining. All of those things were the first step in creating an environment that will make British Columbia one of the best places in the world to do business, as opposed to a place that carried what they used to call "the B.C. discount" in New York and Toronto. We want to change that B.C. discount. We want to have the B.C. advantage, and we think we can build that advantage as we move forward.

Canada is a great place to live. It's often said that it's the best country in the world. I believe we live in the best province in the best country in the world. However, Canada cannot reach its full potential and promise if British Columbia is not making the full contribution it can to our national economy and our national social infrastructure. We're changing the way things work so we can restore British Columbia's leadership position.

Everyone in this room understands how important the Asia Pacific is to our future, and what an important role it's going to play in the global future. B.C. has to build our relationships and build and strengthen our social, our political, our trading and our economic relationships with the Asia Pacific. That's where Hong Kong plays such an important role.

I come to you today to ask for your help. I come here today to say that we want to work with you. We want to hear from you about what we have to do to make British Columbia one of the places where people want to invest because they know they will get a reasonable return, they'll do well, and they can build a future.

Many people in this room may think about British Columbia in terms of our mining and natural resources. One of the things that's changing in our province is that we also have a very strong and vital technology industry. Let me talk to you briefly about what the corporate tax burden is for an electronic manufacturing firm, for example. In California the tax burden is 37.1 per cent. In Washington State, right next door, the corporate tax burden is 34.9 per cent. In British Columbia, it's 27.6 per cent. We have the lowest rate of any of those competitors. And I'll match British Columbia's quality of life, health-care system, sense of safety and security in our community, and education system against any of those competitors. That's why I think we're going to watch as our technology industries, our bio-technology industries and our communication technology industries take off in the province.

We want to build a technology industry in this province that is second to none. We have the advantage in terms of our stable, secure, surge-free, environmentally clean energy. We recognize

the competition is going to be tough, but we're going to out-perform them by delivering services as quickly as we can in a thoughtful, cost-effective way.

One of our undertakings was to eliminate one-third of all business regulations within the first three years of government. People say to me, "Well, what kind of regulations will you get rid of?" Let me give you an example. There used to be a regulation in British Columbia that told automobile body repair shops how often they should dust their blinds. Now, who had the time to think up that regulation is the Number 1 question, and who has the time to enforce it is Number 2. We're eliminating that kind of unnecessary regulation.

We're looking at our Employment Standards Act right now because we believe the most important asset that any employer has is the employee. We want to create a flexible, thoughtful, modern, Employee Standards Act that allows employees and employers to work together. We look at our Workers' Compensation Board costs imposed on businesses in British Columbia: in the mining industry, they are almost two times what they are in Alberta. We have to start thinking about government services being results-oriented and committed to service as opposed to control. We have to make sure that we set standards people are allowed to meet and that we audit the standards as opposed to thinking we can do everything in a prescriptive, one-size-fits-all solution.

Right now, everyone around the world is facing a whole new set of circumstances. What took place on Sept. 11th dramatically brought into focus the things that are important to us and the things that are not important. It's going to challenge us to move through this in a way that's constructive and hopeful, as opposed to eroding confidence.

One of the challenges I face, and I ask you to join me with, is to make sure we keep the world an open place, a place where there's freedom of movement, a place where we recognize the importance and strength of open trade between various economies around the world. That's critical to a province like British Columbia with a small, open economy. Our future is in openness – in recognizing how important it is that we develop on a foundation of freedom, a freedom of movement, a freedom of communication so that we can move forward together – not just in terms of our province, but in terms of the Asia Pacific and in terms of the world in general. I believe we are up to the task, and British Columbia is ready to serve and to be an example of how to move forward in an open, constructive way.

Today I have with me two people who I've asked to take on the challenge of helping us transform the way government works in British Columbia. Brandt Louie is chair of the BC Lottery Corporation, and John McLernon is chair of BC Rail. They are both people with enormous successes in the private sector. They have come to help us as we transform our public sector and our public services into service-oriented, sensibly run organizations that reinforce the strength of B.C.'s economy and help build a stronger future. For those of you who think that because Brant is here you can get the winning lottery numbers, you're wrong about that. But I'm sure he'd be willing to talk about some of the things we're planning to do.

We have an exceptional opportunity in British Columbia. My government was given a strong mandate to change the way people think about government and to change the way government

works. I want our government to be flexible. I want our government to be able to respond rapidly to the changing world we live in. We are in the midst of what we call a Core Services Review, which asks fundamental questions about what government does. Does government need to do this or not? If government decides that there are compelling public policy reasons to pursue an objective, how do we deliver that? Do we deliver it in a cost-effective and thoughtful and results-oriented way, or do we simply carry on with the past?

I want to tell you that the status quo is no longer an option in British Columbia. It's not an option for us globally. We have to go back and look at our values, and in British Columbia our values are straightforward. We believe in the private-sector economy. We believe in free enterprise. We believe in strong, results-oriented public services: an excellent public health-care service that provides people with the care that they need, and an education service that gives everyone the opportunity to build the future they want because they can learn and develop the trades, the skills and the talents they need to succeed in their endeavours. Our government's goal is to create a province in which people know that if they are willing to work hard they can get ahead: they can build their economy, they can reach for their dreams, and we will be there to help them and to celebrate their successes.

I believe we live in the best province in the best country in the world. Our policies are aimed at sending that message out so people and investment come to British Columbia, and our future is one where we're setting a leadership role and are a beacon that others will follow into that future.

It's a bright future. Sometimes there are dark and cloudy days. We're in that period of time right now in the world, but I can tell you the sun's going to come out again. We want to make sure it comes out on the side of freedom of movement, open trade, open access and social interaction that strengthens us all, and I ask you to join me in that endeavour. Thank you very much.