

**Premier Gordon Campbell
Address to Richmond Chamber of Commerce
February 19, 2003**

Check Against Delivery

Most of you here today are involved in one kind of business endeavour or another. You know that when you start out in business it's always good to have a plan. It's a good idea to know where you're trying to get to so that you can lay out the path to get there. Too often in the past government didn't do that.

Well, we have always had a plan – it's the election document that we ran on. It was a blueprint that we put in front of British Columbians, and we said we would work to put it in place.

And, when we took office, we laid out a three-year plan for transforming government so that it would be a government that acted on the needs that British Columbians – and now we are executing that plan.

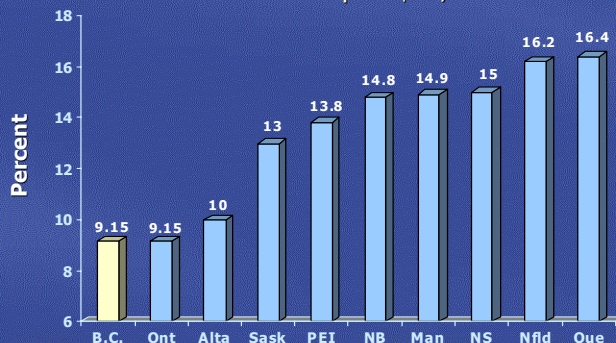
Most of us understand that we have to think long term. How many of you would like the government to think really short-term, like how do we get the best possible headline tomorrow as opposed to how do we get the best possible province a decade from now?

Our goal is to have the best possible province a decade from now. Budget 2003 shows that we are on track to achieving that goal. It shows we are on track for a brighter future, and we can already see the benefits of financial discipline that lets us focus your tax dollars on the areas that you think are most important.

It is not government money. It's your money being spent, and we think that we have an obligation to you to make sure those dollars are going the farthest and working the hardest that they possibly can. It takes you an awful lot of work and energy to generate your paycheque and your tax dollars. The least we can do is show that same discipline and energy as we utilize the resources that

Canada's Lowest Income Taxes

Personal Income Tax Rates (2003)
On Income up to \$60,000



government has at its disposal.

We started by saying there would be a dramatic personal income tax cut within the first 90 days, and we did that with a 25 per cent cut across the board. We said that we would have the lowest base rate of personal income taxes for the first \$60,000 of income by the end of our first term. Today in British Columbia you have the lowest base rate of personal income taxes of any jurisdiction in Canada.

Some folks are saying that somehow we're not carrying through with our commitment. But we did exactly what we said we'd do, and we're going to keep doing it.

In the first 20 months of our first term as government, we have actually introduced 27 separate tax measures, providing \$900 million in tax relief to British Columbians and \$350 million to businesses.

That includes some additional tax incentives and relief that we provided in yesterday's budget: a \$5-million increase in venture capital tax credits for the new media sector; a 15 per cent tax credit for film and television productions using digital animation and visual effects; a \$2.3-million tax credit for the book publishing industry; a \$4-million increase in tax credits under the labour-sponsored venture capital program.

We're also extending the mining exploration tax credit until 2006. We've doubled the threshold for the corporate capital tax paid by small financial institutions from \$5 million to \$10 million to encourage the building of our smaller financial institutions in the province.

All of those things are initiatives aimed at building the base of our economy across the province, building economic sectors across the province regardless of where they are so they can maximize the benefits.

Second Lowest Overall Provincial Taxes

Provincial Taxes by Province (2003)

	BC	Alta	Sask	Man	Ont	Que	NB	NS	PEI	Nfld
Family of Four -										
\$90,000 income	2	1	5	9	4	10	7	6	3	8
\$60,000 income	2	1	4	9	5	10	3	6	8	7
\$30,000 income	2	1	4	9	5	8	3	6	10	7
Single individual										
\$25,000 income	2	1	3	6	4	10	5	7	8	9
\$80,000 income	2	1	3	9	4	10	5	7	6	8
Senior couple - \$30,000 income	1	3	6	7	2	8	4	9	10	5

Includes provincial income, consumption and property taxes (including municipal property taxes)

What has all this meant in 20 months? After our first 20 months, we have the second lowest overall provincial taxes in the country.

For a family with \$90,00 of income, we have the second lowest; with \$60,000 of income, we're second lowest; for \$30,000, we're second lowest. Single individuals with \$25,000 income, we're second lowest; \$80,000 income, we're the second lowest; and for seniors and couples with \$30,000 income and less, B.C. has the lowest taxes in the country.

Generally speaking, Alberta is ahead of us. There's not one member in our caucus, there's not one person in the province, that wants us to be the next best. We are striving to be the best. Twenty months ago, B.C. was anywhere from seventh to tenth compared to other provinces, but we are now second and we're going for number one. That's our plan and that's where we're going to get to.

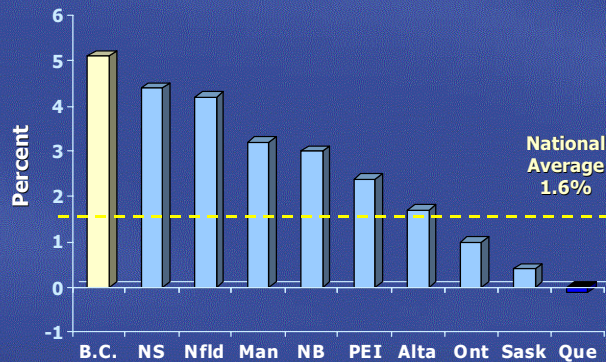
What does that mean to British Columbians? What it means is that their paycheques are growing. In British Columbia, the increase in average weekly wages in our province was number one in the country in 2002.

That means that families in our province watched as their paycheques grew faster than any other province in the country – three times faster than the national average. It means people have more dollars in their paycheques and they can decide where they are going to put their money, how they can take care of their kids.

Our plan worked in more ways than just higher paycheques. British Columbia created 78,000 new jobs last year. Our employment grew by

Paycheques are Growing

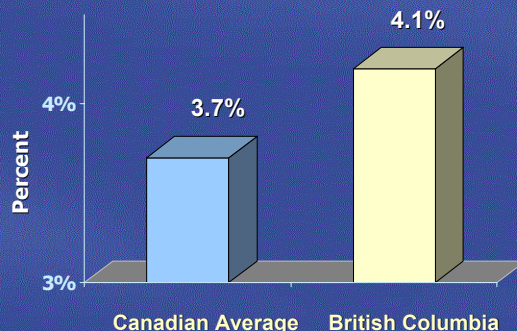
Increase in Average weekly wages (2002)



Source: Stats Can LFS

A Leader in Job Creation

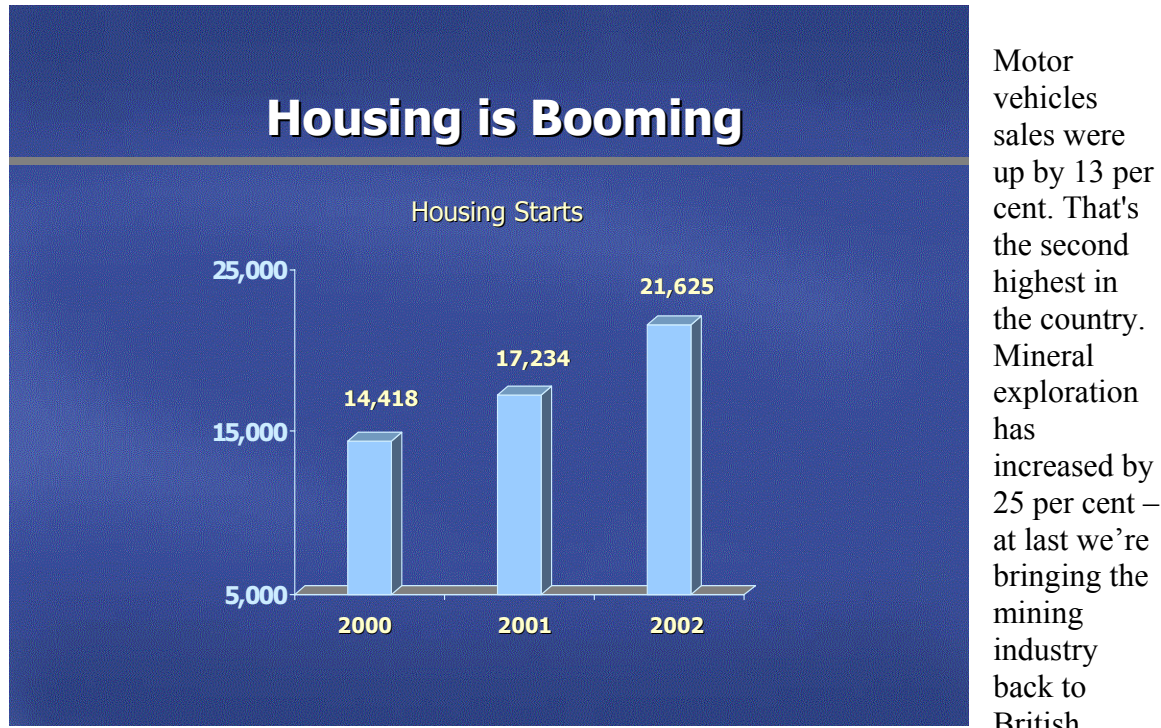
Employment growth (2002)



Source: Stats Can LFS

4.1 per cent, well ahead of the national average of 3.7 per cent.

Housing starts have jumped by 25 per cent, exceeding all forecasts. Home sales are up by 19 per cent with the most homes sold in this province since 1993.



Columbia after it was pushed out of our province. That means jobs, that means investment, and that means economic growth – and there are more opportunities ahead of us.

All of the experts looked at our province before the last budget and said that they expected our economy to grow at about 0.7 per cent. Our economy grew at 1.9 percent last year – almost three times what was expected. That's certainly in the right direction, and anytime that we are doing three times better than forecast I think we're on the right track.

So what has changed to make this happen? Last year we told you that we were going to balance the budget by 2004-05. We expected that the deficit could be as high as \$4.4 billion. Fortunately, because of the financial discipline that all of my colleagues exerted throughout government, we have far improved on that estimate.

The updated forecasts in the budget show we expect that the deficit will be \$3.8 billion. It may be even less than that, but that is a conservative projection of where we think we will be on March 31, 2003.

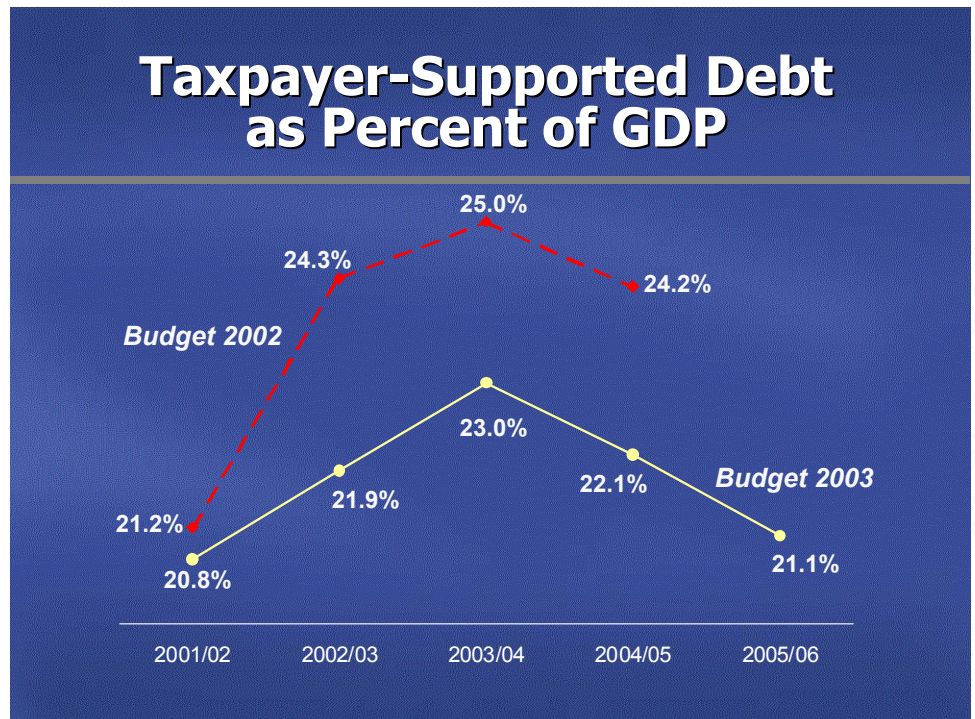
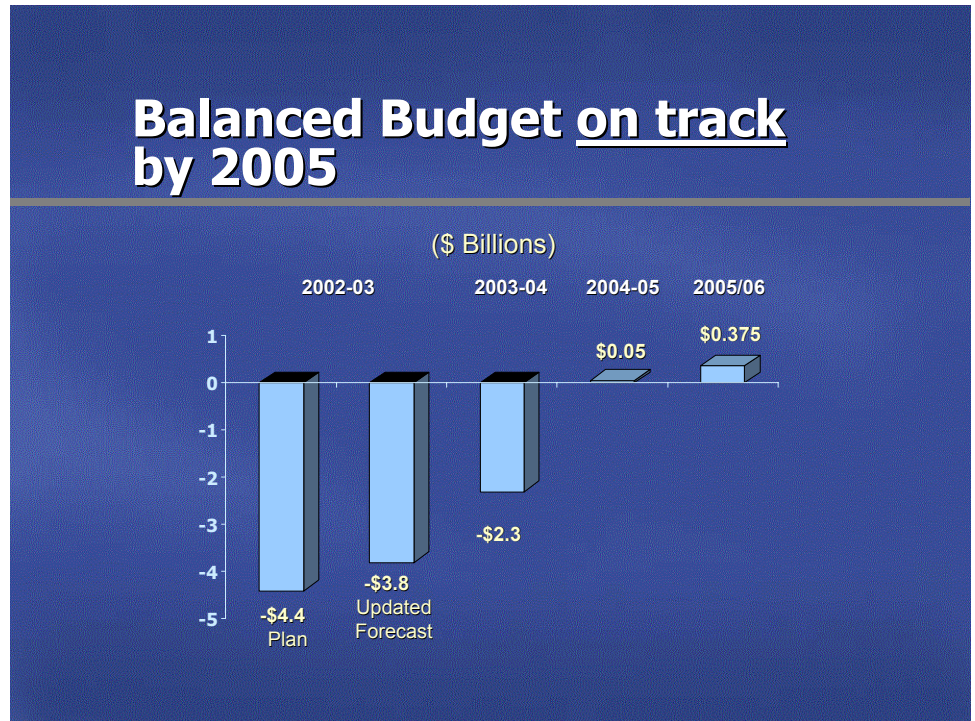
Next year we are planning for \$2.3 billion deficit, including a \$500-million forecasting cushion that we've kept in the plan.

In 2004-05, we expect to have a \$50-million surplus and by the year 2005-06 we expect a \$375-million surplus in the provincial budget, if we stick to the plan.

There are more encouraging numbers. We expected that by the end of this year 24.3 per cent of our debt would be taxpayer-supported debt. Because of our financial discipline, we reduced our borrowing by almost \$3.5 billion and so our taxpayer-supported debt will be 21.9 per cent. We expect that, by the end of budget 2005/06, our taxpayer-supported debt will be even lower.

That's the number that the bond rating agencies will look at. That is the number that they'll look at and ask if we're on target or not. And they'll see we are exceeding our plans because of the way we are managing the resources of the province.

Again, I want to take my hat off to my colleagues. This is the



first time that we know of, – and we went back as far as 1951 to check this – this is the first time that every single ministry of government has come in within or under budget in British Columbia.

We're on course, we're going in the right direction, and because of our fiscal discipline we have been able to refocus some resources on things that taxpayers feel are important.

There are few things that are more important to people than health care. But the challenges we face in health care remain significant. There are few services that are more valuable to people, and there are few services that create as large a challenge for us.

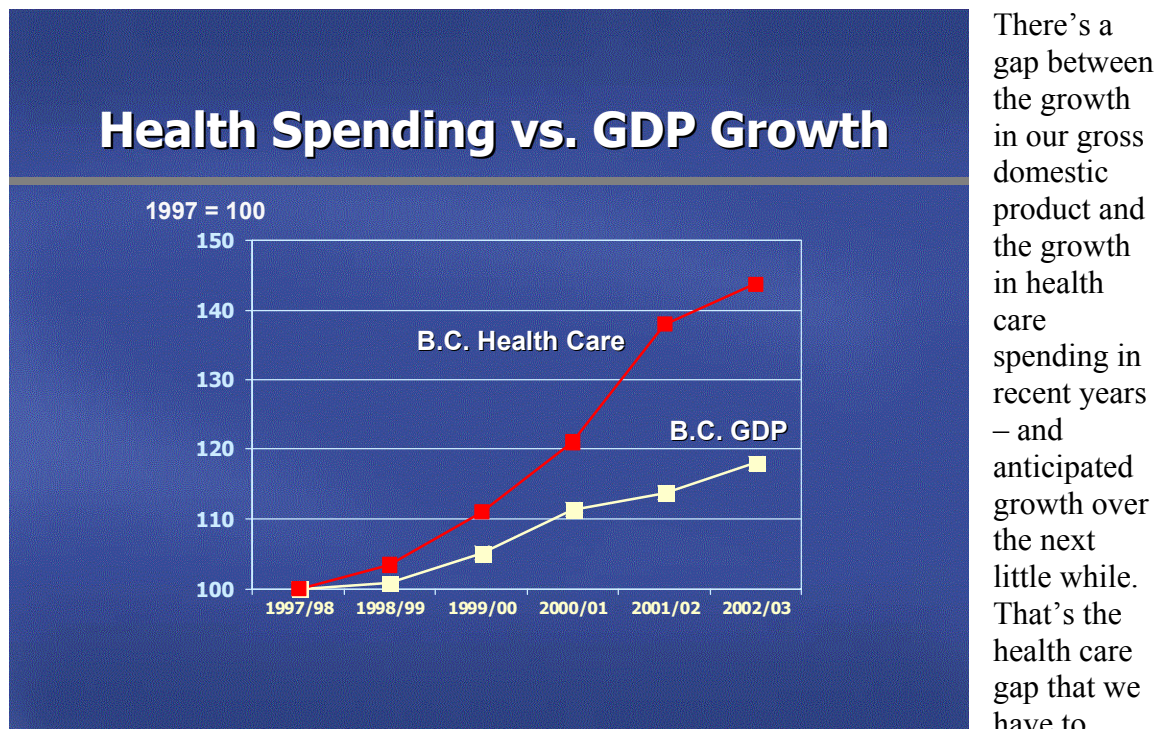
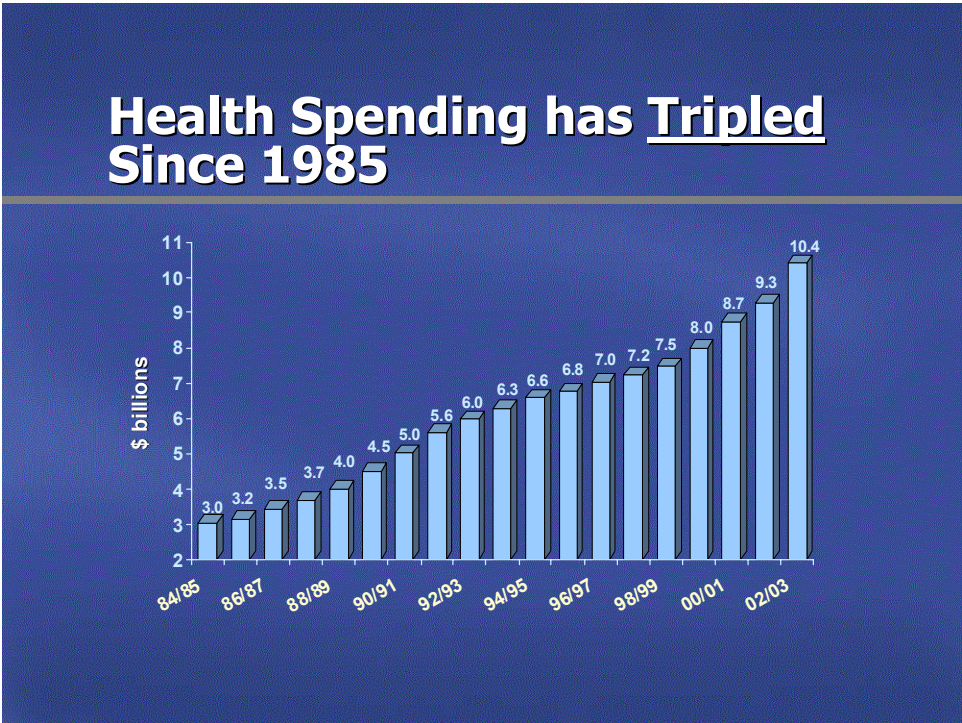


figure out how to close. We all have to be part of it. Whether we want to or not, we are part of it.

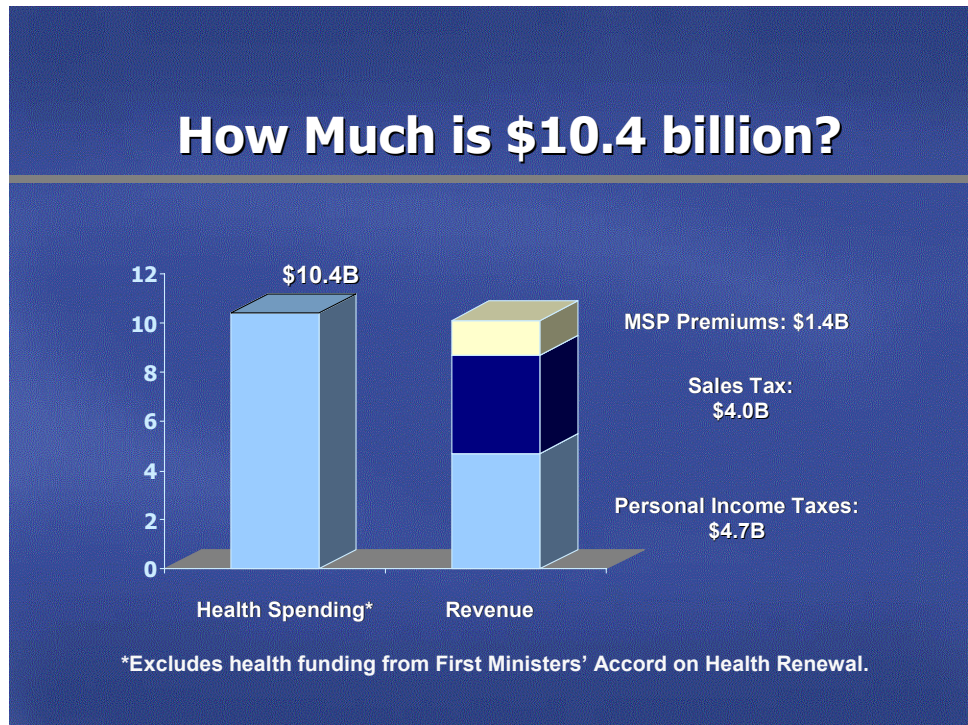
We live in an aging society and, lets face it, we want to live in an aging society because it sure beats the alternative. We're all getting older, and as we get older we put additional pressures on our health care system.

Health care costs have grown at seven or eight percent a year while our economy has grown at maybe one to three percent a year. Since 1985, health care costs have tripled – and they are continuing to rise.



Last year we put an additional \$1.1 billion in the health budget and we still couldn't keep up. That's a 12 per cent increase. This year we have come to a new arrangement with the federal government. They will be adding some additional resources to health care.

The additional resources they are adding will allow us to add about \$1.3 billion over the next three years to help support health care, and we're going to spend those dollars on health care.



It's important for us to recognize the burden that health care costs place on our government. In total, we spend \$10.4 billion a year on health care. That is more

than all the dollars we take in personal income tax, plus all the dollars we take in on provincial sales tax, plus all the dollars we take in on MSP premiums – and we still haven't paid for health care.

Forty-one percent of our budget goes to health care, and it's growing. Our pharmacare costs are growing by as much as 15 per cent a year. Those are substantial pressures that we have to deal with, and we are trying to deal with them within our plan. We need your help to do that.

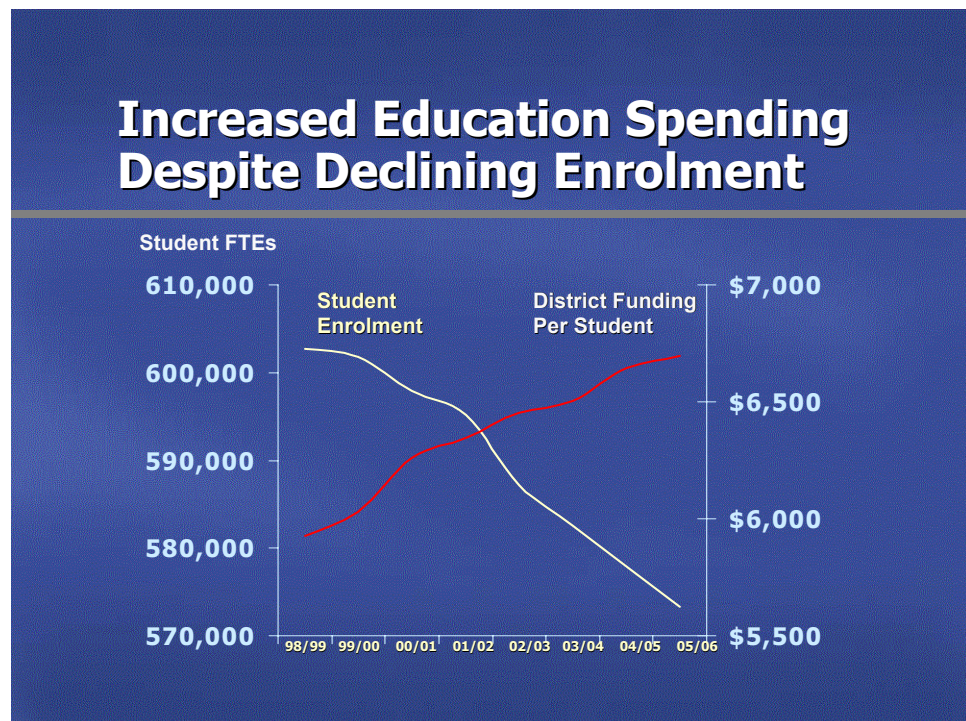
We are not going to solve our health care problems without people being part of the solution, without the federal government recognizing it has responsibilities for health care. It has responsibilities to take your tax dollars and put them where you think they can be used best. I just came from the First Ministers Conference in Ottawa where we were told all they had for health care was less than Roy Romanow had even recommended.

We needed substantially more than Roy Romanow recommended for sustainability and to put in place the reforms that were necessary. So keep on your federal MPs, remind the federal government that there is a Canadian partnership that we're building between provincial governments, the federal government and the people we serve.

It's your money. You should decide where your priorities are. We need your help to try and create a true Canadian partnership that will provide for sustainability for all of us over the long term. We're doing our best, but we need everyone to help to protect health care for Canadians across the country.

We said at the outset we would protect funding for health care and education, and we have done that. We have done more than that – we have increased funding for health care and education.

Student enrolments in the province are dropping dramatically, with more than 15,000 fewer students since 1998. We expect that this year student enrolments will drop by another 4,700. That is a significant drop. The



funding per student has actually increased substantially an extra \$662 per student since 1998 and that will continue to grow over the next number of years.

And thanks to improvements and savings we've made, we were able to add \$42 million at the end of 200-02 in addition to the allotted funding for education. This year we added another \$50 million – we've found savings in the ministry that allowed us to dedicate another \$50 million to the school trustees across the province.

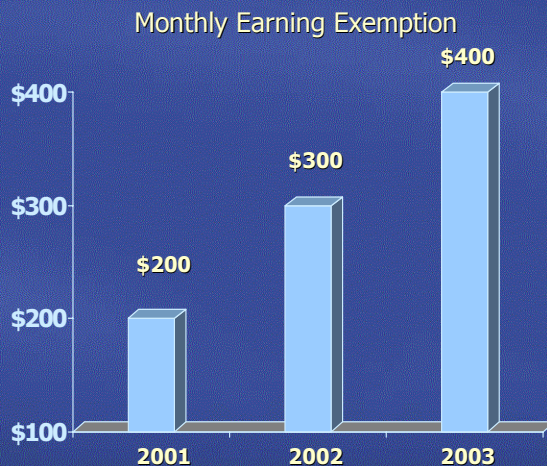
In the budget, we've added \$143 million over the next three years. That's almost another quarter billion dollars that's been added to school board budgets over the last twenty months to make sure that school boards can deal with the challenges of change that they face.

We also said that we were going to try to focus the resources that we had on those who need them most, on initiatives like child care for example. We've increased the number of childcare spaces eligible for subsidy assistance by 50 per cent.

We looked at issues like human resources and saw that our objective in human resources is to try and get people back to work. So we've invested hundreds of millions of dollars in training for people on income assistance that need it. In this year's budget, we're providing \$110 million for employment and training programs to encourage people to build independent lives – and it's working.

We have 55,000 fewer caseloads in human resources right now, and 92 per cent of the people we surveyed said they are going back to work, to educational opportunities or they are in better financial situations. Sixty-six per cent found paid work and are making two to three times more money than they were receiving on welfare.

More Earning Opportunity for People With Disabilities



And because the caseloads have dropped off, we've been able to take some resources and put them to people who need them the most. We've been able to increase the monthly earning

exemption for people with disabilities who receive income assistance. When we were elected, the income exemption was \$200 a month. We increased that 50 per cent to \$300. This year, because of savings we've found in Human Resources, by July 1st it will be increased again to \$400 – that's doubling the income exemption for people with disabilities.

That's got to improve their quality of life and we think that's the direction that we have to continue going, where we're focusing resources where they are needed the most. Where we are spending resources in a way that makes the most sense and delivers the most positive benefit.

Last year we invested an additional \$20 million into Early Childhood Development because we know those first three years of life and the first six years before school are critical to children's development. This year we've been able to establish a new \$10-million partnership with the United Way and Credit Union Central of B.C. to make sure that our young people have a good start in life.

There are no easy answers to a lot of the issues that we face. But we have to remember that if you want excellent public health care, if you want superb public education, if you want to be sure we have the social infrastructure that's necessary to give people the support they need when they need it, you must have a thriving private-sector economy to generate the resources needed to provide those services.

So we have taken initiatives to get the economy get back up on its feet. Our initiative to reduce unnecessary and unreasonable and expensive regulations is starting to bear fruit. If I'd come here last year and said we would have eliminated 39,000 regulations, you probably would have thought that was quite a few regulations. We have eliminated 39,000 regulations in the last year, and we have a lot more to do.

I need you to watch what the government imposes on you through regulatory regimes and if you think it makes no sense make sure you tell us. I am not pretending for a minute our job is done. I am suggesting it has started and we are making progress.

One of the things that we have heard about consistently in Richmond, in Revelstoke, in Terrace, in Fort St. John, in Fort Nelson on Vancouver Island is that we need transportation improvements.

I want to be sure that people understand why this is so critical. We have not actually sat and ever estimated the cost of roads that are not safe, or the cost for the people that are involved in the mining industry or forest industry or the oil and gas industry.

We've never estimated the opportunity costs when the oil and gas industry comes to us and says it can't even explore because of the quality of your transportation infrastructure. We've never estimated the costs when someone is in one of the horrible accidents that we might see in the Kicking Horse Canyon or the Sea to Sky Highway or any other road in the province. But we know it is a high price to pay.

So we faced a choice with regards to transportation and the choice was simple. We could carry on with what had happened over the last decade where there was not investment in our transportation infrastructure, where there was not investment in rehabilitation, where we watched as highways like Highway 3 were actually deteriorating to the extent that it was going to require us to rebuild the highway as opposed to maintain it. We could have carried that course, we decided not to.

We decided it was important that we had a safe and secure road system in British Columbia. So we will be investing \$362 million over the next three years in improving our transportation system in this province.

Most of those improvements are in the heartlands of the province – the Kootenays, the Peace, the northwest, the Cariboo, the Chilcotin, the Okanagan, highway 97. They are highways that those of us who live here in the Lower Mainland may not drive a whole lot, but they are critical not just to the economic life of the province but to the social life of the people who live in those communities.

We will invest \$210 million in resource infrastructure roads. Those are the roads that are off the highway. Those are the roads logging trucks use. Those are the roads that we need to have our energy industry thrive. Those are the roads that ranchers depend upon, and the roads that our economy depends upon. We are going to invest in those roads.

We are going to invest \$37 million specifically in oil and gas roads because we know that there is a huge opportunity there. Oil and gas is the fastest growing generator of revenue to government in the province, so we want to make sure that sector has the infrastructure to grow, create jobs, and attract investment to British Columbia.

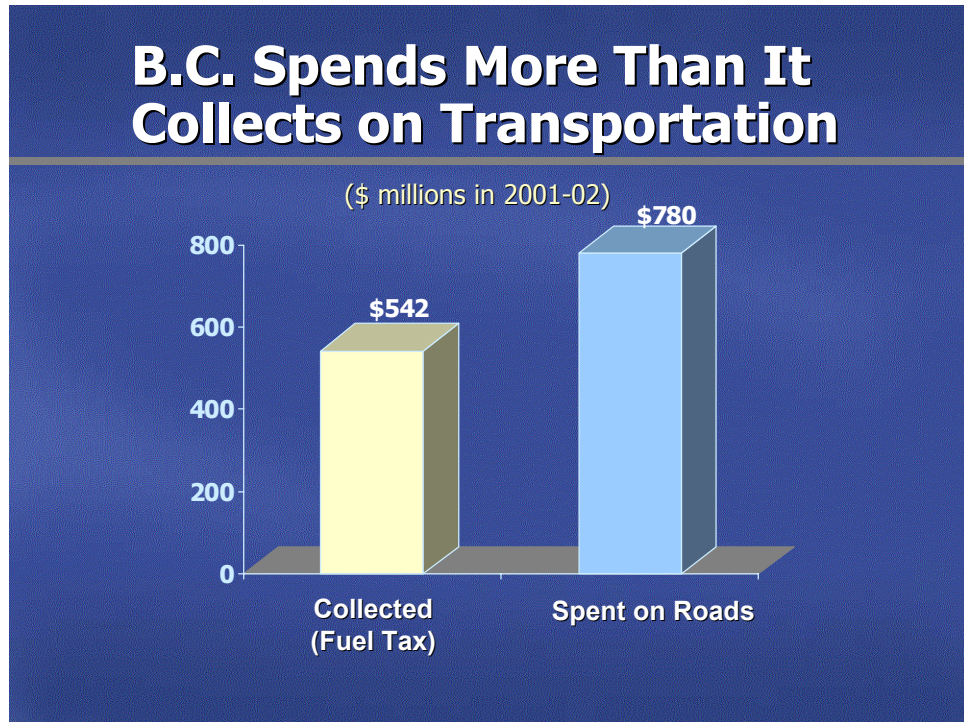
These are not new ideas, these are ideas that we've used in this province over our history. Think back, without roads where would our province be? without a transportation system where would our province be?

In Richmond here you have the Vancouver International Airport, one of the largest generators of employment in the province. Where would we be if there wasn't an airport here? Where would we be if there wasn't an ocean port in Vancouver? Where would we be if there wasn't a port in Prince Rupert? Where would we be if there was never the Cariboo Wagon Road that took miners into the heart of our province in search of gold? Where would we be if a railway had never been built to connect British Columbia to the rest of the country?

Transportation investments have always led us in terms of economic development. Where would we be if WAC Bennett had not decided that he was going to have what he called a Roads to Resources policy in the 50's, connecting people not just to our mineral resources but to the entire north and the opportunities that forestry presented to northern communities and to our entire economy?

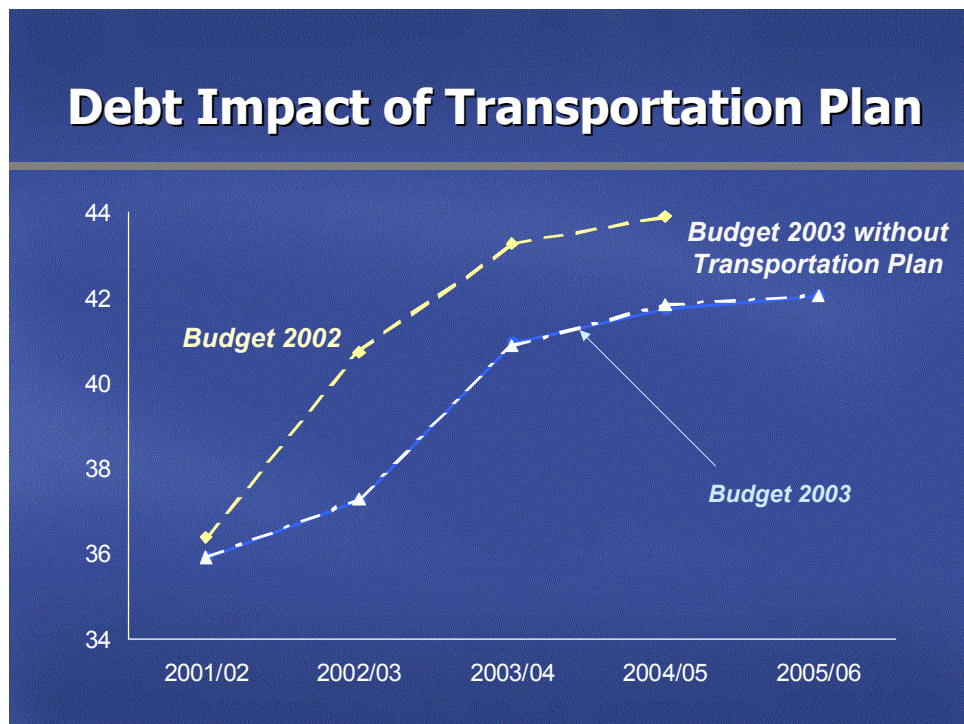
Last year, government collected \$542 million from fuel taxes and invested \$780 million in transportation infrastructure. We know we need more transportation improvements, but how are we going to pay for them? We could decide to let our kids pay for it – and we’re also

going to ask our kids to pay for the health care that we’re going to use and the \$40-billion in debt that we’ve left them.

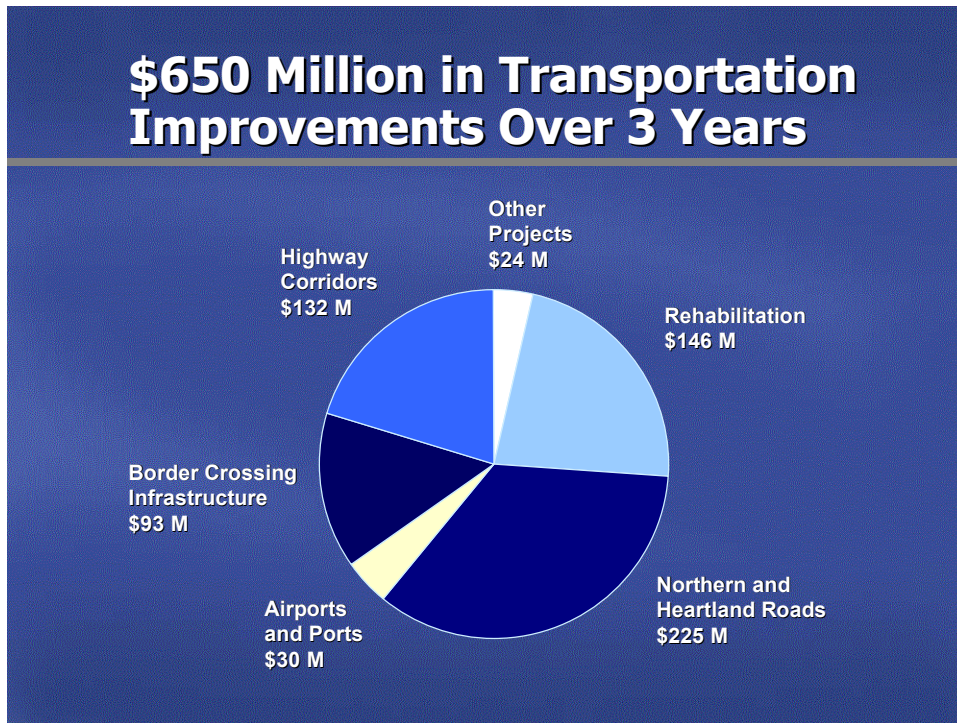


Debt servicing is already the third largest cost to government. Health care is number one, education is number 2, and debt servicing is number 3. So, rather than add to the debt that our kids would need to pay for, we’re going to pay as we go. We’re going to make the

transportation improvements we need, without adding to the debt.



The total dollars that will be generated over the next three years by the additional 3.5-cent fuel tax is \$650 million. That \$650 million is going to one thing and one thing only:



transportation improvements. Those transportation improvements are critical to the future of our province. There's \$30 million for airports and ports, there's \$93 million for border infrastructure, there's \$132 million for highway corridors, there's \$146 million road

rehabilitation, and there's \$24 million for additional transportation improvements.

Those improvements are critical to our long-term future. They are an investment in forestry, they are an investment in mining, they are an investment in oil and gas, they are an investment in health care, they are investment in education, they are an investment in tourism. Making these investments is the right thing to do. It's the right thing for our economy, for our fiscal future, and for our children. It's the right thing in terms of the next generation of British Columbians.

I want to close today with one last right thing that I think we are doing that really is critical to the long-term future of our province. I'm talking about hosting the 2010 Olympics and Paralympic Games here in British Columbia. This is an enormous economic opportunity for all of us. I travelled from Rossland, to Invermere, to Terrace, to Smithers, to Mt. Washington, throughout the province people are excited about the 2010 Olympics.

Why are they excited? They're not excited just because it's going to add over 200,000 jobs to the economy, or just because it's going to add up to \$10 billion of economic activity. They're excited because of what the Olympics represent.

They're excited because they know what that flame is about. That flame is about excellence. That flame is about reaching into ourselves and being the best that we can

possibly be. And the Olympics remind all of us how good we can be. They remind all of us of the gifts that we have when we live in a province as great as British Columbia.

With the rich diversity of our province, the richness of our economic opportunity allows all of us to take our province and put it on the world stage and say, “Here we are, ready to go, and look how good we are when we work together.”

The Olympics are about setting a goal for ourselves that may be higher than we think we can reach today, but that we know we can achieve if we work together as a province, as individuals, as communities. We are the best there is, and it’s time to show that to the world.