

Premier Gordon Campbell
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Check against delivery

Too often in government we forget that the public services people count on, desire and demand are supported by a private-sector economy that's flourishing and that creates investment, jobs, disposable income and tax revenue.

The first thing we in government should say to the 30,000 retail storefronts in British Columbia is thank you, because you are an army of quiet tax collectors. We know that \$3.8 billion in sales tax comes to government through the retail sector of our economy.

One of the challenges we face is to provide you with the tools and the facilities to make it as inexpensive and easy for you as we can.

Bill Barisoff is our Minister of Provincial Revenue. One of his tasks and challenges is to work with the Retail Council to make sure that we are starting to meet those objectives.

Two hundred and thirty-five thousand British Columbians work in the retail sector. There's not a small town or village in this province that doesn't have a retailer at the centre of their activities – that doesn't have a village core where people go to get the goods they need and to have the retail sector meet their demands.

So we say to you: Thank you for the partnership we have, and thank you for creating this forum for us.

It is critically important, once a government has been elected, that the people who helped elect them feel comfortable being open and honest and direct about the challenges they face, as well as the solutions they believe we should be embracing so that we can create the kind of economic environment that encourages investment, that encourages people to get involved in business of all sorts, including retail, and that encourages people to move from a small business to a larger business – to the extent they know they are capable of.

We all know the last government had a small business strategy in place for this province: They took very big businesses and made them small businesses.

Our approach is a little different than that. We want to encourage people to get involved in business, and we'd like to take those small businesses and make them medium-sized, and take those medium-sized businesses and make them large. We want to have businesses opening head offices in British Columbia, just as Chuck (van der Lee, president and CEO of Rogers Video) did today in Richmond.

There have been a number of B.C. success stories. I'm sure the Retail Council of Canada and the B.C. Retailers are constantly reminding you of those mentors and those successes.

Purdy's Chocolates, 1907: still around – very, very successful. In fact, I think they're the largest chocolate retailer in Western Canada.

A&B Sound. I was meeting with the head of A&B Sound the other day. They have 22 locations in Western Canada and 1,000 employees right now. He said to me, "You know, we held back. We expanded in Western Canada, but we didn't expand much in British Columbia." I'm pleased to hear him say today that his plans for the next few years are expansion in British Columbia. That's what we want.

We've taken a number of initiatives and a number of steps to start us down the road to prosperity. I want to be very clear that we recognize this is just the beginning. It is just the start.

You're here today with ministers who'll be able to talk to you about other plans. But, equally important, they want to hear from you about what's left to be done.

What we have to do is to respond to the needs of the retailers across this province, from the largest town to the smallest community.

We started on our first day in government with dramatic personal income tax cuts. Many people have suggested that was a bad idea. They're wrong. It was a great idea. It said to British Columbians: if you work hard, you can get ahead.

If you look at our economy today – with the exception of a very, very significant drag in the forest industry – we're doing pretty well. We are outstripping Canada in retail sales growth and automobile sales growth. We have the fastest growth rate in home starts that we've had in years in British Columbia.

That means people are at work. That means people have paycheques. That means people have more money in their paycheques. And that normally means that people spend their money. Indeed, we are significantly ahead of the Canadian average in spending over the last year. And that's a start.

We must also meet financial disciplines in government that are no different than the financial disciplines you must meet in the retail sector.

Again, people will say, "Why are you so worried about deficits? Why does that bother you so much, Mr. Campbell?" Well, it bothers me because deficits are debts, and debts have to be serviced. One of the fastest areas of growth and costs to government over the last decade was debt servicing.

When I graduated from university at the age of 22, the total provincial debt was \$2.84 billion. When my son graduates from university at the age of 22, the total public debt will be \$40 billion.

If we don't get our costs under control and focus our resources where people need them to be focused – just as you have to do in your businesses – we are paving the way to decline, to loss of investments and jobs, and to deteriorating public services. We don't want to do that.

And so we are forcing ourselves to go through the financial disciplines to balance our budgets and start having our private-sector economy flourishing again. That to me is a critical component of building prosperity for British Columbia.

Because we were so strongly supported by the small business sector, it's as important for you to speak to us with the same voices and the same clarity now that we're in government as it was when we were in opposition.

I've noticed that people often shy away from telling us what their real problems are, because they're not sure we want to hear them. We need to hear them. We need to hear the challenges, and we need to hear the solutions.

And we've heard a number. The tax cuts that we've created for individuals put \$1.1 billion in tax relief in people's pockets, \$400 million in investor and corporate pockets. And we believe that has had a significant impact on British Columbia's economy.

It's had a significant impact on the increase in wages for British Columbia's workers. British Columbia is far ahead of the national average for wage increases. That creates a better quality of life for families in the province. But there's more we need to do.

There is a hidden tax sitting like a great big lump in everybody's enterprise, and that is the regulatory burdens that are imposed across this province. So we have a minister here today whose specific responsibility is to spearhead our deregulation initiatives.

Regulation imposes a cost on our economy of between five and six billion dollars. Often they're small regulations. And too often we've forgotten what those regulations were supposed to do – what results we were looking for when those regulations were put in place.

So we have an initiative to reduce the regulatory burden on businesses in this province by 33 per cent over the first three years of government. We have a little over a year and a half left to go in meeting that target.

Now, to date we've managed to eliminate almost 17,000 regulations that affect British Columbian businesses. We've managed in the last year and a bit to eliminate 955 different fees and licences. That's a 33 per cent reduction in the fees and licences in the

province, and that should be a savings across the board of about \$18 million in the economy.

Those things are starts.

But today, I hope that when you have the chance to sit down and talk with (Minister of State for Deregulation) Kevin (Falcon) and (Skills Development and Labour Minister) Graham (Bruce) and others, you take the opportunity to point out the regulations that really drive you nuts – that you can't figure out why you're asked to do them or what the public benefit is.

We've tried to meet a number of needs. We've tried to create increased flexibility in the Employment Standards Act. Graham brought that legislation in last spring. We know there's more that needs to be done, but we've made a start.

We've tried to increase accountability and flexibility in the WCB. We know that is just a start.

We've taken the Labour Code, and we've balanced it out and created the same rules for certification as for decertification. We've re-established workers' rights in negotiated contracts with their employers.

We've re-established workers' rights to their pensions, once they leave their employment, regardless of what they decide to do afterwards.

All of those are focused on the new world of British Columbia, the new world of economic competition, the new world where you have to be flexible and responsive to your customer. We recognize that employees and employers, working together, are what make a business thrive.

I want to take just a moment to deal with the two specific issues. One has had an incredible dampening effect on our economic activity in the last year and a bit, and the other I think should stimulate the economy.

The first is softwood lumber. There's probably no other sector in the economy that is more related to the retail sector than forestry. There is not a town, of whatever size, in this province that is not touched by what takes place in the forest industry. Twenty-five per cent of our employment is directly related to the forest industry. Billions of dollars comes into government coffers to support those critical government services we count on.

Now, as you know, last spring the United States brought in a very heavy-handed protectionist measure, which has done significant harm in our forests economy. The uncertainty that's been created by softwood lumber, I'm sure, is felt across the province in every community of every size. I'm sure that every retail outlet in the province feels it in one way or another.

We've had some sectors of our economy that have been booming. Car sales have been booming. Retail sales, generally, are significantly up. But retailers in the province in resource-dependent communities – and that resource is normally forestry – are feeling a real pinch.

We are working very hard to try and resolve the softwood lumber issue so that we can establish open access to American markets, establish our competitive position and market our excellent forest products to the world.

Just a couple of weeks ago (Forests Minister) Mike de Jong and I announced that we were extending and expanding our forest marketing to markets like China, where they have seven per cent economic growth; and India, where they're looking at five and six per cent economic growth. We have an exceptional product that will meet their needs for their economy and their customers. We want them to know that British Columbia has the product they need.

We'll be investing millions of dollars to build those markets so we can create long-term stability in our forest markets and be less dependent on our American neighbours.

While we do that, we're going to carry on with our legal challenges to the protectionist – and we believe illegal – measures the Americans have invoked. And we are going to look for a long-term solution that will provide the kind of security people need in their lives so they have confidence in their future. We believe that will have a huge positive impact on our forest industry.

All of our industries are interconnected and interrelated. A strong and vibrant economy fires on all cylinders, not on one cylinder or two cylinders.

We're going to have a forest industry that works. We are going to have a booming oil and gas industry in this province, which I believe will not just be something that the nation notices but something the world will notice.

We can help meet the energy security needs of that massive consumer to the south, the United States, if we liberate our energy industry. Just about every region of the province has an energy source known as coalbed methane – huge potential, 90 trillion cubic feet of coalbed methane. Today, seven per cent of American energy needs are met with coalbed methane. We believe we can enhance that.

I can tell you, when you ask an American consumer, "Would you rather be dependent on oil from Saudi Arabia or coalbed methane, natural gas from Canada?", they're going to pick Canada every single time. That's nothing but good news for us in British Columbia.

We have enormous reserves off our coast. One of the things we've been very clear about is we would like to exploit those reserves if it can be done in an environmentally sensible and sound manner.

We are in the midst of reviewing that. We've invested \$2 million up at the University of Northern British Columbia to make sure we do that properly. We've got a scientific panel that's reviewed the issues and has laid out a course of action for us, which is 15 separate issues that we have to deal with.

That is also heartening for the future as we build a solid foundation on our resource industry and continue to build our technology industry, our film industry, our communications industry, our energy industry and our retail industry.

Another critical cornerstone industry is tourism. One of the great advantages of tourism is that it allows us to bring in money from outside our borders so we can enhance the quality of life we have here.

I think the 2010 Winter Olympics is an enormous opportunity for our province. It's the largest single public-private partnership you can think of. We can attract resources from the federal government as well, which we've always been after in British Columbia to help meet infrastructure needs that have been there for years.

Let me give you a couple of examples. Our top transportation priority right now is the Kicking Horse Canyon on the Trans-Canada Highway. It's not a safe road. There have been a lot of accidents and fatalities on that road. That is the connection between British Columbia and the rest of Canada.

We want to open British Columbia up to Canada. We think this is the best place in Canada. It's the best place to live. It's the best place to learn. It's the best place to invest. It's the best place to bring up your kids.

Most of you have an advertising budget. Think of how much money you would have to spend to get two billion people to watch you for two hours. The Salt Lake City opening of the Winter Olympics had two billion viewers around the world. Those are two billion potential investors.

You've watched the Olympics. I've watched the Olympics. They have the downhill, and then they have a break where they tell us what's happening in British Columbia, and then they have another skier, and then they have a break where they tell us what's happening in another part of British Columbia. They have 16 or 17 days to fill up with stories about what's happening in British Columbia. That's pretty good promotional value because it's paid for by the private sector. It doesn't cost us a cent.

I look at a place like the Kootenays – it's a small region of the province, right? The Kootenays is two times the size of Switzerland. In British Columbia we don't recognize how spectacular it is. There are not just spectacular winter resorts, there are spectacular summer places. Why not bring people from around the world and introduce them to the Kootenays? I'll tell you what's going to happen: they're going to come back and come back and come back again and generate all kinds of economic activity.

It's what's happened in the past when Olympics have been held. How many people here ever heard of Lillehammer, Norway, before they had the Winter Olympics?

When you thought of Norway, what did you think of? You thought of Oslo. I thought of sardines.

In the four years before the Lillehammer Winter Olympics were held, tourism increased by 43 per cent in Norway, which is about the size of British Columbia.

In Calgary, tourism didn't just increase in the year of the Games; it grew at 3.5 per cent on average over the next five years.

Think of bringing someone to British Columbia and taking them up the Vancouver Island Highway and from Port Hardy across to Prince Rupert. How many here have taken the trip along the Skeena River and down either Highway 97 or 95? Tell me they're not going to go home and tell people to come back. They're going to.

That's why, when you look at economic impact studies, there's such enormous benefits.

Some people have been critical of economic impact studies, and I'm sure those of you in business will know that economic impact studies are based on assumptions.

The first one we did was back in February. It said the potential was for about \$10 billion increase in the gross domestic product and about 220,000 new jobs in the province between now and when the Olympics come, in 2010.

Some people say those numbers are too high. I say: fine, make your own assumptions. Say we're two times too high, and it's only \$5 billion of increase in gross domestic product, and it's only 110,000 new jobs. Are we going to say no? If it's half of what we predicted, it would be \$1.25 billion of additional revenues into government for public services. Would we say no to that?

How many of you, if you could see \$1.25 billion of additional revenue in your stores, would say: "No, I don't really need that right now"? I bet everyone would say they'd take the \$1.25 billion.

We have a chance to do something that's exceptional, that builds our public infrastructure using federal and private dollars, that creates thousands of new jobs and that increases economic activity. I think that's good news for the retail sector of this province.

But we understand the challenges that you face in your businesses. I appreciate it when I'm told that over the last 16 months we've made some progress. I think we have. I think people are excited about coming to British Columbia and investing here again.

But I don't, for a minute, think the job is done. When we wake up in the morning – and government is, frankly, pretty much the same as you waking up in the morning with a

small business – you wonder what you’re going to get hit with, you wonder how you’re going to deal with it, and you hope you make enough right decisions that you’re still standing and running and thriving the next day.

That’s what we want to be in British Columbia. We think we can be a thriving economy. We think we can be an economy that’s leading the country. We want to be a government that encourages creativity and innovation and private-sector investment and that celebrates your success. With your help, we’ll be able to do just that.

Thank you very much.