

Premier Gordon Campbell
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Check against delivery

I want to start by saying what a great opportunity it has been for us over the last little while to serve in B.C. Over the last 11 months, your MLAs from up and down Vancouver Island have made an enormous contribution to the government's work, and I want to say thank you to all of you for electing them because they have really been excellent representatives for your community.

We've had a lot of work to do in 11 months, and obviously there have been a lot of changes and challenges in front of us. I want to take us back and think where we've been, what we've tried to accomplish and where we have to go.

A year ago, when we were brought in to government on June 5th, we appointed a review panel. Just as you do in your business, we wanted to know where we were standing and what we had to look forward to. The panel reported out in July of last year, and it reported out that we were facing a structural deficit of about \$3.8 billion. Their summary conclusion was government was operating in a fundamentally unsustainable manner.

We have to think about this for a minute. Whether it's in terms of the economy, health care or education, if we're not getting the quality of service we desire and the results we want, it seems to me we have a task ahead of us, which is to change the status quo. We believe we were elected to change the status quo, and we undertook to do that.

The financial review panel told us we were facing a \$3.8-billion structural deficit. They were not aware – and we weren't either – that we were going to provide an additional \$392 million for physician compensation. They were not aware of the 22 per cent increase we were going to give to nurses. They were not aware of the millions of dollars that have been added to the cost of government as a result of legislation that was introduced two weeks prior to the election call. They were not aware of the impact of the softwood lumber agreement on the economy in B.C. And of course they were not aware of September 11 and what that would do to the global economy and how that might impact on us.

But they were clear that government was operating in a fundamentally unsustainable manner.

I'll tell you a story from last summer. In about August of last summer, one of the ministers came in to me and said, "Gord, I've got great news."

"What's that?"

He said, "I've just saved \$12 million."

Twelve million dollars – now, for me, that’s a lot of money. For just about everyone in this room, that’s a lot of money. But let me put \$12 million in context for you. Twelve million dollars is 0.3 per cent of our deficit.

Most of you in the room today are from my generation. Our generation has taken plenty out of this province. It’s time for us to give something back so the next generation has the opportunities we all enjoyed when we were growing up. And that requires some difficult choices.

The financial review panel has told us: “You have to do two things. First, you have to get your financial house in order – you have to build a sound financial base with the public services that people require. And second, you’re going to have to create an environment that encourages private-sector investment – you’re going to have to get your economy moving again in B.C.”

We followed that dual track over the last 11 months. And it’s a critical, critical path for us to follow because if we don’t, and if we’re not relentless in our pursuit of financial health and economic activity, we are going to lose the very assets we’ve come to take for granted in B.C.

So over the last 11 months there have been 17 separate tax reductions that have taken place in the province. We have left a billion more dollars in people’s pockets than a year ago. We’ve left \$400 million more in investors’ pockets than a year ago.

There was a dramatic cut in personal income tax that took place right away. And it took place because we wanted to send a message to British Columbians that if you’re willing to work hard, you can get ahead. So today in B.C., you pay the lowest base rate of personal income tax on the first \$60,000 of your income and the second-lowest marginal income tax rate of any place in the country.

Now, there are some people who have said, “Well, you know, you really shouldn’t have done that.” And there are some people who have said, “Gee, this balancing the budget is tough, so you shouldn’t do it. Why don’t we wait for the easy times to come along?”

There aren’t going to be any easy times if we don’t deal with some of the issues right away. We are already feeling the impact of some of those changes. Consumer spending in B.C., which reflects confidence in our economy, was up 30 per cent higher than the national average last year. That was important. Our housing starts are ahead of the rest of the country: we’re setting records on housing starts and housing employment across B.C. That, I would suggest, sends a message of confidence as well.

And just today, Canadian investment managers responsible for \$300 billion in assets said that B.C. was third place as their choice to invest. Last year, we were last place. I don’t like being Number 3. We are going to be Number 1 in B.C. once again.

We recognize that the challenges remain. We still have to work to create a competitive tax environment and a competitive regulatory system. Over the next month, I'm going to be having small business meetings across this province to hear from people on precisely the things we have to do to continue to build on the momentum we're gaining.

We said in the election that we would eliminate a third of all regulations on business. We've started. Does anyone in this room have any idea how many business regulations we actually have in the province of four million people? Anyone want to guess? Over 400,000.

Some of them don't make a lot of sense – for example, the regulation that told you when you were an automobile repair shop how often you had to dust your blinds. Has anybody here ever asked their automobile repair shop how often they were dusting their blinds? Can anyone think why that would be a regulation? Can anyone think why they were paying someone to think that regulation up – and more important, why we would pay someone to enforce that regulation?

We've eliminated it. In fact, in the first quarter report we've had on regulatory review, we've eliminated 4,000.

It sounds like a large number, but it's just one per cent of what we have to deal with. Do you know how many regulatory requirements there are under the WCB? Over 35,000. The Forest Practices Code has over 10,000 regulations. The Employment Standards Act has over 5,000 regulations.

We are currently reviewing WCB; we are looking at reforming that. But that's going to be a long-term process. It's going to require all of us to look at modernizing the WCB and the legislation to make sure we're meeting the needs of employees and employers alike, that we're reinforcing and rededicating ourselves to the initial agreement between employers and employees and that we don't get lost in a morass of procedure and paper that forgets about goals and results.

We're doing the same thing with the Employment Standards Act. And we need your help.

We want to make sure that we build public accountability into the regulatory regimes we've got. We have a minister of state for regulatory reforms whose sole job is to make sure we meet that commitment. It is estimated that the regulatory burden we put on big and small business across this province is on the order of \$5 billion.

We want to create a competitive, lively, innovative, imaginative economy that allows us to build the kind of future and prosperity that is essential to enhance people's quality of life across the province. As we do that, we're trying to reform some of the fundamental public services that are so critical to the quality of life we all share.

One of the areas that we are doing that in is health care. There's been a lot of discussion about health care, and I would imagine over the next decade there will be a lot more.

Let's start with a fact base here. Our health budget in B.C. has gone up almost 20 per cent in the last two years. Our economy has grown by about two per cent. Between last June 5th and today, our government has increased total health spending by \$1.1 billion. Forty-one cents out of every dollar we take out of British Columbians' pockets goes to create quality health care.

Let's be clear about what quality health care is. Where do you start? You start with the people in the system – with the nurses, the physiotherapists, the doctors, the caregivers. One of the things our government has done is provided remuneration for those people so we can keep them here in B.C. That is critical to our long-term future.

We said last year we would increase the number of medical school graduates. About three weeks ago, Shirley Bond announced \$134 million for the B.C. Life Sciences Centre, which will increase the number of medical school graduates in B.C. from 128 to 224. For the first time, there will be a medical school at UVic, training doctors with specialties in geriatric medicine.

We have added to the number of training spaces for nurses; in fact, we're doubling the number of nurses who will be trained at UVic this year. And we're going to increase the number of nursing graduates to 153 over the next three years.

Without doctors and nurses and caregivers, you don't really have much of a health-care system, and there's a very good example of that in B.C. It's an example of how not to plan for the use of your health dollars.

Now, I imagine most of you have visited Vancouver on occasion. You know the largest single building in the city of Vancouver? It sits at the corner of 12th and Oak. It was approved for rezoning in 1983. That was before I was even elected to city council.

Government announced that they would build a shell in the early 1990s, all on borrowed money. So we have this great, monolithic shell sitting there in the middle of Vancouver that you were paying for as taxpayers of B.C. There was no one in it – not a doctor, not a nurse, not a patient. There was no plan to equip it. There was no plan to furnish it. It sat there empty.

After a few years a structural engineer said, "You know, if we don't heat this shell, the structural integrity of the building will go." So we started heating the shell – **you** started heating the shell, with **your** dollars.

Some folks in Vancouver didn't have kind of accommodations they wanted, so they thought a heated shell would not be a bad place to spend their time. We decided we were going to have security officers to keep those people out of the shell, so now we've got borrowed money for a shell that we're heating and have security officers to protect.

With any luck, by 2003 – 20 years after that project was approved – we will have patients and doctors and nurses throughout that building. By the time it opens, it will have cost you on the order of \$100 million dollars in heating costs, security costs and carrying costs – for no benefit to any patient. That’s not a really good way to spend your money.

What we thought would be sensible would be to have a long-term plan. Every health authority in this province now has provided the public with a three-year plan. They will be held to account for the delivery of services to patients.

Our goal is to focus our health-care resources on patients and their needs. We have no illusions about the difficulty of making the transition from focusing on institutions to focusing on patients. But we are committed to doing it. Over the next three years, 43 per cent of health administration will be eliminated – not so government can save money; so we can focus those dollars on patient care instead of administrative costs.

Because if we don’t change the way we think – if we don’t change the way we do things – we are not going to change the results we’ve got. And I can tell you that last year as I travelled the province, I didn’t have a lot of people saying to me, “Boy, if we could just leave the status quo in health care, everything is going to be great.” The parents of a young fellow who broke his arm in Terrace and it took three days to get it set weren’t saying, “Boy, the health-care system is working the way I’d like.”

We do have to challenge ourselves to think about the results we want and then to think about whether the system and the services are delivering those results or not. If they’re not, we have to have the courage to try to change them.

There is nothing more powerful than the status quo, and the voices of the status quo are strong. But I think the voices of quality services and innovation are going to be stronger as we move through the next few years in B.C., and patients are going to benefit from them.

It is a challenge to build a strong financial footing for B.C. after the last 10 years, but it is a challenge that can be met. It can be met by encouraging investment.

We said last year that we were going to eliminate the backlog of applications on Crown lands because we knew a billion dollars of economic opportunity was being lost. Stan Hagen, the minister of sustainable resource management, went to work, and 97 per cent of that backlog is now eliminated. Investment and job opportunities in every community of this province are being created.

That does not mean that everyone who made an application got a yes. About 60 per cent were yes, and about 40 per cent were no. But at least people know what they can do so they can get on with their lives.

I think it is important that I outline for you some of the things that we are going to be looking ahead to in our next year.

We think our province has exceptional opportunities, and the technology industry is an example. We've increased the number of technology graduates, not just at UVic, but across the province, because we know there are huge opportunities.

We know the technology industry is the third-largest job creator in Victoria. People will come to Victoria: you've got an exceptional quality of life, you've got a great university, you've got a great health-care system, and you've got a technology industry that's starting to build a critical mass.

People say to me, "Why did you do the income tax cut?" I'll tell you one of the reasons: It allowed us to keep some of the best and the brightest British Columbians right here at home, and it allowed us to have new jobs created right here at home.

A couple of years ago it was said that 50 per cent of all new jobs created by B.C. technology industries were being created outside our province. Today the technology industry is excited about job growth and investment opportunities here in B.C.

I love small business, but I love it particularly when it continues to grow to become big business. Now, I say this with some trepidation, but I do think there was a small business policy with the previous government. All you had to do is have a big business at the start of the decade, and by the end of the decade you had a small business.

We'd like to reverse that trend, and we know we can. We know by liberating your enthusiasm – by allowing you to pursue your goals – people of B.C. have the energy and the commitment to reach higher than they sometimes anticipated they would achieve – and to succeed.

You as a chamber bring together the best ideas in your community. You provide mutual reinforcement and encouragement to one another. You provide an important incentive to government in terms of new ideas for us to consider.

I want to encourage you to continue with that. We're going to need as many new ideas, opportunities and approaches as we can develop: B.C. is not the only place in the world that's trying to compete.

But we have a very, very fortunate position. We have exceptional natural resources – our forest resources, our mining resources, our mineral resources, but most important, our human resources. The most important natural resource we have in this province is the people who live here. It's your ideas, it's your imagination, it's your commitment to building a stronger and brighter future that's going to make B.C. come back over the next few years. We're going to be Number 1, we're going to be leading again, and we're going to be setting the example that every other province will be trying to follow.