

**Premier Gordon Campbell
State of the Province Address
February 12, 2003**

Check against delivery

Good evening. Let me start by saying thank you to all of you for taking the time to let me talk with you about British Columbia. It's no secret that over the past year we have had to make a number of difficult decisions. And many of those decisions have impacted on lives of British Columbians all over this province. They were decisions that we felt we had to make if we were going to get British Columbia back on track to being the kind of province that we know it can be.

Tonight, I hope we can all take a moment to stop, assess what's taken place in the last few months and look forward to the future and what we might do to make our province even better. I intend to talk with you about health care and education, about the economy, about our new Heartlands Economic Strategy and the 2010 Olympics. I'll be making some announcements that I hope will be important to all of you and your families at home. But first, let's look back.

When this government was elected, we decided to put in place a dramatic personal income tax cut – about 25 per cent across the board. We did that because we believed that you deserve to have more of the money that you earn in your paycheque. We did it because we wanted to allow you to make choices about what to do about your income instead of government imposing them on you. Now I know that there are some people who say we should increase personal income taxes. We clearly disagree. And the evidence is coming in that our policy is making a significant difference.

When we were elected, that dramatic personal income tax cut left almost a billion dollars in the pockets of British Columbians. We now have the lowest base rate of personal income tax of any jurisdiction in Canada, and we are starting to see the results. Last year our economy generated almost 80,000 additional new jobs. That's a far cry from where we'd been before. Housing starts are up 25 per cent; mineral exploration's up 25 per cent; consumer sales are up; wholesale sales are up; our economy grew almost two times faster than many experts had projected. That's got to be good news. And listen to this: average weekly wage earnings in British Columbia went up three times faster than the national average. That's important for families across British Columbia.

And when the economy is creating up to 80,000 new jobs, other opportunities flow from that. Since last year, the number of people on income assistance has dropped by 55,000 people. Ninety-two per cent of those who were surveyed told us that they actually found work, they're going back for educational opportunity, or they're in better financial circumstances. We've provided \$300 million over the next three years to provide for skills and development training for those on income assistance who need that support.

And because our caseloads are down, we're able to focus more resources on people who need support the most. For people with disabilities, last year we increased their income exemption – that's the amount of money they can earn on top of their income assistance – from \$200 to \$300. I am pleased to tell you tonight that as of July the 1st this year, that earnings exemption will be increased by another \$100. We will have doubled the earnings exemption for people with disabilities in just two years.

We are making progress. In fact, this year – for the first time in a long time – every ministry of government is within budget. That's important. It's required us to make some pretty difficult decisions. We understand that. And some of them have been pretty tough on you and your communities. But they were decisions that had to be made.

Now I know that some people disagree. Some people ask, "Why do we have to balance our budget anyway?" Others ask, "Can't we wait until it's easier?" But we all know there is never an easy time to get your financial house in order. I hope all of us will be able to answer this question by the end of the evening: is it fair for us to ask our children to pay for services that they'll never benefit from? Or let me put it another way. Is it fair to ask our children to clean up our mess because we weren't willing to face up to our responsibilities?

Listen to some special interests and they'll tell you the answer is to take more money out of your pocket and put it into their pockets. We disagree. We want to have the costs of government under control so we can have a thriving private-sector economy to support important and critical government services.

We have a shared set of values in this province. We all want to live in safe communities where our kids can play in the parks and we can walk along our streets and towns and neighbourhoods feeling safe and secure. We want a health-care system that works. When our kids are sick, we want to get them care quickly to meet their needs, and as our parents age, we want them to have the respect that they deserve. We all want to have a superb public education system that teaches our children the thrill of learning and the excitement of discovery. These are shared values.

We have common goals in British Columbia. The goals we have in the legislature are shared by all of us – every political party. The debates you hear are not about our goals: they're about how we reach them.

There is nothing that will be more challenging to us in the years ahead than modernizing our health-care system. Here is one thing that you should know: between 1985 and today our health-care costs have tripled, and the pressures keep on mounting. We have an aging population. Over the last decade, health-care costs increased between seven and eight per cent a year while our economy only grew between one and three per cent. Our pharmaceutical costs are going up 14 and 15 per cent a year.

Last year the government added \$1.1 billion to the health-care budget. That's right – we increased the health-care budget by \$1.1 billion.

So where did all that money go? Well, to be candid, most of it went to wages. We now have doctors and nurses that are amongst the highest paid in Canada. Now that's good, because we are starting to attract doctors and nurses back to British Columbia. But our HEU, our health employees' union, is currently being paid 30 per cent above the national average for public-sector workers doing the same job. That's simply not sustainable.

Just think of this: 41 cents of every dollar we spend goes to health care – more than all of the income tax that we receive from you, your PST and your MSP combined. In spite of all that, it doesn't cover the cost of the health services we provide to you today in British Columbia. The facts are simple. Our health-care system is not sustainable if we keep on delivering programs in exactly the same way, with exactly the same funding mechanisms.

We've all got to face the challenge of delivering a health-care system that meets the needs of British Columbians regardless of their income and regardless of where they live. I know we can do that if we work together in a truly new partnership between the Province of British Columbia, the Government of Canada and you. I hope to spend more time talking with you about our health-care challenges in the weeks and months ahead. Solving our health-care dilemma is a complex and difficult problem, but we can achieve that goal if we're willing to work together and to work selflessly.

It's equally important that we work together to create a superb public education system. That's why we've taken the steps to encourage more parental involvement in our public schools. We know that when parents are actively involved in their child's education, children do better – and that's important. I know that our school trustees are under a lot of pressure right now. It's true the government did provide our teachers with a substantial wage increase while we protected our health-care funding. It is interesting to note that since 1998 our student populations have plummeted in British Columbia. We've increased the per-student funding by \$662. Today we spend \$6,455 on each student in our province, and next year it's projected to increase to \$6,506.

Tonight I am really pleased to announce that the province will be providing in excess of an additional \$100 million to our school boards to help meet the needs of our students in classrooms over the next three years. I hope that will make a big difference in the task that lays ahead for them.

The province will also be funding our inner city school and community programs to the end of this school year and beyond. Hopefully that will create the kind of certainty that's required to make sure that our children fully benefit from these programs.

And finally tonight I want to tell you about a new partnership in early childhood development. The province will be contributing a one-time-only grant of \$10 million to an early childhood development partnership with Credit Union Central B.C. and the United Way. This should allow us to be true leaders in Canada right here in British Columbia.

In the last 20 months, we've committed to invest almost \$700 million in advanced education and research to support our universities, colleges and institutes across British Columbia. These investments in education and health care are critical to the long-term social infrastructure of British Columbia.

But to make sure we have the resources to support them, you need a thriving private-sector economy. And that economy has got to be working in every part of this province: every region from the Kootenays to the Northwest, from the Peace to Vancouver Island.

That's why the government's new Heartlands Economic Strategy is so important. We've travelled over the last year and visited with people in every corner of this province. And their voices are clear. We have to make improvements to our transportation system – not just so that we can reach our full economic potential, but so that citizens throughout the province can access critical regional services to meet their needs.

So I can tell you tonight that this government is going to invest substantial dollars over the next three years in improving our transportation system. For too long, governments turned their backs on the North and our rural communities, and that's about to stop. In the next three years we'll invest \$362 million in rehabilitating the rural and remote road infrastructure. It's critical, and we're going to do more.

Over the next three years, we're going to invest \$210 million in rural and resource roads. And we're going to invest \$37 million in roads that are specifically intended to meet the needs of our oil and gas industry. That's \$609 million over the next three years, and that's just the start.

We know that the Kicking Horse Canyon is one of the most dangerous roads in the province of British Columbia. It's also Canada's gateway to our province. And so the number 1 priority we've set for ourselves in the new Canada-British Columbia Partnership is improvements to the Kicking Horse Canyon. They'll cost \$670 million, and we're hopeful that they will be fully shared – fifty-fifty – with the federal government.

We know that we need improvements to Highway 97, Highway 95 and Highway 3. We intend to get on with them.

We also know that we have to build a new bridge across Lake Okanagan at Kelowna. We're going to get on with that right away. And there's a demand for a new bridge at Needles that will connect the Okanagan with Nakusp and the Arrow Lakes. We're going to start the planning on that right away. And for all of those in British Columbia who depend on the inland ferries, I can tell you this tonight: there will be no tolls on the inland ferries in the province of British Columbia.

There's more we need to do. We have to improve our border infrastructure to make sure that our resources get to our customers south of the border. And we also have to make

critical improvements to the Sea to Sky Highway to make sure that it's a safe and secure road to travel to Whistler and to Blackcomb.

Obviously, all of these transportation investments cost money. I'd love to be able to tell you I can do them for free. But I can't. You should know this: currently every cent from our provincial gas tax, and more, is spent on our transportation system. Again, we have a choice to make: we can leave the challenge of payment to our children, or we can face up to our responsibilities today. Starting March 1st, we will be adding 3.5 cents per litre to the provincial gas tax. And I want you to know this: every single cent will be spent on transportation improvements.

Just as our road system is critical to our transportation infrastructure, so is our rail system. BC Rail is critical to our resource communities and communities throughout British Columbia. Over the last 15 years, though, British Columbia Rail has been failing. It's cost you as a taxpayer almost a billion dollars in subsidies. It's got a dwindling customer base, it doesn't provide the kind of reliable service that's critical, and in fact it's not meeting the needs of our resource communities. We have to change that.

Some people have suggested we should sell BC Rail. We simply won't do that. Northern mayors have said it's time for a change: it's time for us to come up with some innovative solutions to the challenges that confront BC Rail. They've told us we shouldn't sell the rail bed, and we won't. They've told us we should keep the tracks, and we will. But they've also told us it's time to look for an investor who will invest in our infrastructure and make sure that we have an operator who can deliver services to the customers that are necessary for our northern communities to thrive. That's what we intend to do.

Within the next few weeks, we'll be issuing a request for proposal to do just that. I am going to be establishing a mayors council to provide their input and advice on that request for proposal because we know how important BC Rail is to their future. This initiative will bring in millions of dollars, it will retire BC Rail's debt, and it will provide resources to invest in other northern transportation and infrastructure projects across the province.

Just think of what this can mean to the entire northern region of our province. Let me give you just one example: the Port of Prince Rupert. For too long, the province turned its back on that historic and important northwestern city. But the Port of Prince Rupert has great economic potential. As we develop it, it will create new and quicker access from our Asian customers to the North American marketplace. The same benefits are available for our resource industries and Prairie farmers. The drive from Prince Rupert to Prince George will become recognized as one of the truly great scenic drives in the world. And we're going to work to ensure that there is daily ferry service between Port Hardy and Prince Rupert to help enhance that reputation.

Just as our rails and our roads are important to our transportation infrastructure, so are our airports a critical part of regional social and economic development. We intend to work

with communities around the province to ensure that their airports maximize their potential for those communities.

We'll be starting immediately to work with the City of Cranbrook to complete their airport expansion. They've developed a partnership that will make a difference to the entire Kootenays region, and we're looking forward to the completion of their runway extension.

As we build a Heartlands Economic Strategy around transportation improvements, we all know that our forest industry is a critical component of our heartlands economies. Over the last five years, our forest industry has been in serious trouble. Since 1998, we have lost \$600 million in provincial revenue from forestry. Twenty-six mills have closed for good since 1997. Literally thousands of people have lost their jobs. That simply can't continue. We have to make changes.

We all have to remember that families that rely on the forest industry for their livelihood have gone through a heck of a time over the last decade. They wonder whether they're going to have a job. They wonder whether they're going to be able to pay their mortgage. And since the softwood lumber dispute, many people wonder whether their towns are going to disappear. Think of how you'd feel if you were in that situation.

We're taking steps now to create some certainty and stability for those resource communities and those families that depend on forestry. The working forest land base creates a new opportunity for certainty for those who depend on forestry. The new Forest Practices and Range Management Act provides sound science and common sense as we manage our forest in a way that's exemplary to the rest of the world. It is time for a new generation of forestry in British Columbia – a new generation that combines the importance of environmental stewardship with economic viability. That's how we create stability for communities across British Columbia.

This transformation is going to be difficult. It's going to change the way we've practised forestry for a generation and more. And it's important as we move forward to think about the forest communities, the forest families and the companies who have relied on the framework that's been there in the past. Tonight I am pleased to announce that the government will be establishing a one-time-only, \$275-million Forest Transformation Fund to help forest workers, contractors, industry and communities deal with the changes that must be made.

I want to take a moment to offer a special thank you to the IWA. They've built a constructive relationship with government as we work together to cope with the challenges of the softwood lumber dispute and to modernize our forest industry.

Forestry is going to be a vital industry in British Columbia's future. It's critical to the economic and social health of our province.

As we move to make the changes in forestry, there is another exciting area of economic opportunity that's unfolding before us, and that's in energy. The energy policy that we passed last fall guarantees the public ownership of BC Hydro. It guarantees you low heritage energy rates overseen by an independent regulator, opportunities for independent power production and the development of B.C. clean energy sources, like tidal, solar, wind and fuel cells.

Coalbed methane is another tremendous opportunity for British Columbians in every single part of this province: 90 trillion cubic feet of energy is stored beneath our ground. Whether it's the Kootenays or Vancouver Island, the central part of the province or the Peace, that represents job and investment opportunities that will help stabilize the economies of our heartlands.

And offshore oil and gas is something that the world all knows about. Working with First Nations, communities in the Northwest and on Vancouver Island, we have the chance to build an energy future on the offshore that is incredible.

Our energy industry is a truly bright light as we look to the future, but there are other things that are taking place that will provide the kind of revitalization that our heartlands need. Our tourism industry remains one of British Columbia's strongest growth potentials for the future. We all have heard of Whistler and Blackcomb. We've heard about it; the world's heard about it. That's an asset that we should build upon, and we intend to do that.

Our B.C. resorts task force is aiming at assuring that we build a network of all-season resorts in all regions of this province, working with resort communities and First Nations alike. Just think of this: the fastest growing economy in our province in the last few years has been the Whistler/ Blackcomb/ Pemberton area. We can do that for other parts of the province as well. Big White, Silver Star, Red Mountain in Rossland, Sun Peaks near Kamloops, Mount Washington near Courtenay, Canoe near Valemount, Jumbo near Invermere, Panorama near Invermere, Kimberley Alpine Resort, Fernie Alpine Resort, Kicking Horse Resort in Golden, Garibaldi, Powder King near Dawson Creek, Hudson Bay in Smithers.

All of this activity will take place within an environmental framework that sets an example not just for our country but for the world. We are going to continue to work with Canada on the creation of a new national park in the southern Okanagan and the creation of new marine parks to protect valuable marine assets along our coast.

Environmental sustainability and public policy is a critical part of our social and economic future in British Columbia. It will be a keystone of our bid for the 2010 Olympic Games. Working with First Nations, communities and people from all over B.C. and across our country, we are now in a position where we have an opportunity to win the 2010 Olympic and Paralympic Games for British Columbia, for Canada. It's an exceptional opportunity.

I'd like you just to take a moment to think about this: what can the Olympics mean to British Columbia? I was in Williams Lake at the BC Winter Games when our women's hockey team won their gold medal. When that gold medal victory was announced, every single young athlete exploded with enthusiasm. And on Sunday, when our men were playing in their gold medal hockey game, 20 million Canadians watched, and every Canadian shared in their victory and in the pride of their success.

Think of the gift that the 2010 Olympics gives to our children. By creating the opportunity for our young people to strive for what's best in themselves, we give them a gift beyond economic value. That Olympic torch running through our streets and towns, and being lit in British Columbia, will touch the hearts of everyone in every corner of this province.

Imagine this: A young B.C. athlete today – touched by the excitement of the Olympics, striving to be the best they can possibly be – arrives in 2010 on the podium and stands there in the number 1 position. She bends over and her gold medal is put over her neck, and she stands and sings our national anthem as our flag is raised on that Olympic pole. We can be standing right beside her – singing right along with her.

The Olympics is about striving for excellence. It's about competition, yes, but it's about being the best that you can be. It's our opportunity to re-establish British Columbia on the world stage as an exceptional province with exceptional people. On February the 22nd, the people of Vancouver will be given the opportunity to vote on whether they want to host the 2010 Olympic and Paralympic Games or not. I hope everyone who can will cast their ballot. And I hope as you cast it, you think of how important the 2010 Olympic Games are to the entire province of British Columbia, to people who live literally hundreds of miles away from you. And I hope you'll vote yes – yes to the legacy of excellence that the 2010 Olympics will leave to our children and to our province.

Over the next year, we'll face a number of challenging decisions. I understand how difficult it is to balance the need for change with your requirement for some stability. We'll continue to work to find that balance and to keep it in place. But I want you to remember this: British Columbia is a great province. We have great people that live here, that are creative and innovative and are committed to one another.

We will find the solution to our health-care system so that people can have the care they need. We will reform our education system so our young people have educational opportunities that are second to none and they can build the future that they want. We will create a transportation system that meets the needs of people all over our province in connecting them to one another and connecting our resources to their global customers. We will tap into the incredible energy potential that we have in British Columbia, and we'll tap into the tourism potential that is represented by B.C.'s vast resort network. And we're going to do all of this in a way that's environmentally sustainable and sets an example that the rest of the world will want to follow.

When we do things as one province, working together in the spirit of generosity and kindness, there is nothing we can't accomplish. Let this be the year that we prove that to ourselves. Thank you and goodnight.

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