

Premier Gordon Campbell
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B.C. Construction Show
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Check Against Delivery

I would like to start by saying thank you to the construction industry in British Columbia. Over the last year we've heard a lot of not-great news about our economy, but one area that's managed to hold its own – and indeed has flourished – has been construction.

The construction industry employs over 100,000 people in British Columbia – 100,000 people working hard to build better communities and better services across this province. Today as you look at the challenges you face, I hope you take a moment to recognize that over the last year there has been progress made. Your industry has more than held up its end of the economy.

In fact, residential construction is at record levels: it increased 27 per cent last year, the largest increase we've seen in housing in some time. I think that's an important indicator: It says people are ready to live in this province and build a future here.

Less than a year ago, a lot of people were looking for change in the direction the government was taking. They were looking for a path they could follow to a future that would give them hope and confidence.

I'm proud to say that over the last 10 months we've followed the path we outlined for the people of this province. That path has been a lot steeper than many of us anticipated when we were elected.

Upon being elected, we appointed a financial review panel to look at the province's finances. In July of last year, based on all the information available to them – and not including any of the decisions we had made – the financial review panel told us the province was facing a \$3.8-billion structural deficit.

The way the government was being run was simply not sustainable. And that was before they discovered BC Hydro wouldn't be contributing what they were supposed to; before we discovered ICBC wasn't going to contribute the \$300 million they were anticipating. It was before the first softwood lumber agreement and was obviously before September 11th.

All of those things have had negative impacts on our balance sheet. But we are going to get our financial house in order. We are going to balance our budget by February 2004, and we are going to build the foundation for a future that will be economically vital and viable – not just for the province, but for the country. Too often we forget that when British Columbia is not firing on all cylinders, Canada itself is held back, and the social infrastructure that we have taken for granted for a generation is undermined.

So the challenge we faced in our first year in office was dealing with those facts straightforwardly with the people of British Columbia: it's not always fun to talk about the challenges we face.

But it should be exciting to look into the future – what we can do with our assets, talent and abilities in every single part of the province from the Peace River to the Kootenays to Vancouver Island to the Lower Mainland.

Today I want to review some of the things we've already done to set the course for the future and preview some of the things I think will help pull us along.

First, we said to people that we would reduce their income tax. We have done that. On the first \$60,000 of income, you pay the lowest rate of tax of any jurisdiction in the country. We have the second-lowest marginal income tax rate in the country. We've taken some large steps down the road to make this a place where people want to work, where they want to contribute and where they want to build a future for themselves.

We also said we were going to eliminate the tax on investment. I'm proud to tell you that by September 1st of this year there will no longer be a corporate capital tax, which has held back investment, construction and job creation. It will be gone.

We told you we were going to become competitive in terms of our productivity, so we eliminated the tax on machinery and equipment. That was effectively a tax on productivity that held our workers, our enterprises and our economy back. It is also gone as of this year.

In the past year we've reduced 13 separate taxes, so today individuals pay \$1 billion less in tax than they did last year at this time. Corporations are receiving \$400 million in net tax benefits. We raised the small business tax threshold from \$200,000 to \$300,000: that makes us competitive with any other jurisdiction in the country.

All of those are simply steps to create a foundation that allows private enterprise to generate the economic activity we need if we are going to sustain the vital public services we've taken for granted in the past.

There is more we have to do. It is estimated that regulation costs the economy about \$5 billion a year. We undertook in the election to eliminate one-third of all regulation on business. We know we can do that while protecting health and public safety, so we have a robust, vital, flexible, open regulatory regime that is based on results – not on somebody's idea of what might be something that we should regulate.

One of my favourite regulations told automobile repair shops how often they had to dust their blinds. How many of you who've been in an accident have gone into the repair shop and said, "Before I take your quote, I want to check the cleanliness of your blinds"?

Someone thought that regulation up. And then someone had to wander around the province and try to make sure the regulation was kept. Needless to say, that regulation has gone.

Since we were elected, we have cut over 4,000 regulatory requirements. That sounds like a large number – it IS a large number – but it's only one per cent of the total regulatory burden imposed on British Columbians.

The rules and regulations have gotten out of control, and we're trying to bring them back under control. There's the Workers Compensation Act – 35,300 regulations. Employment Standards Act – over 5,000 regulations. Forest Practices Code – over 10,500 regulations. Liquor Control and Licensing – almost 6,000 regulations.

On the weekend I was at a place up on the Sunshine Coast that has a remote access store. It was allowed to sell wine and beer and liquor – except on Christmas Day, Easter and Good Friday. But right down the street, a beer and wine store could be open.

I know a huge number of regulations and regulatory codes and legislative requirements are imposed on the construction industry. Again, I'm not saying we are going to end all regulation: I am saying we'd like to make sense out of it.

We've been very pleased with the co-operation we've had from members of the industry in trying to itemize and articulate the challenges you face in providing excellent construction and excellent products to the people of British Columbia.

Whether it's roads or hospitals or schools or homes or office buildings or water improvement districts, we want all of those construction projects to be the best possible. We want to set the highest standards possible, and we know that if we work with the industry, we are going to be far more successful than if we do something in isolation on the southern tip of Vancouver Island and hope that it works. So I am asking you to continue your contribution as we look at our deregulation initiatives.

These initiatives are also going to be combined with some other significant initiatives we've undertaken over the last year. Industry has been actively involved, but I want to encourage you to maintain your commitment to help us reform, revise and revitalize the legislative frameworks that help to shape our economy.

We're in the midst of a review of the Workers Compensation Act and a review of the Labour Code. Both of those require your input. I can't guarantee you're always going to agree with what the government says, but I can guarantee we're always going to ask you what you think so we can meet our mutual goals.

Whether we agree politically or not is not nearly as important as what we're trying to accomplish. If we agree we're trying to create an environment where the construction industry can flourish and create jobs and opportunity and provide taxpayers with the best

value possible for every tax dollar, then we're starting to understand there's a lot we can do together.

We have to recognize that the economy is interconnected. As we look at environmental standards, or goals we set for ourselves for housing, or creating an industrial plant, it's necessary for us to work together.

When you sit here today and think about the construction industry in the years ahead, it's very difficult for you to have a solid understanding of where we are going until we know what is going to happen to our forest industry.

Some people think tourism can take the place of forestry. People should understand that without the forest industry, we lose a lot of our tourism industry. What we have to do is recognize that our whole economy works together and that we need all of it to be thriving. Tourism, forestry, construction, the public sector, hospital construction, school construction, road construction – all of those things help to create an environment that will allow our province to move forward.

I want to tell you what I believe is going to take place with softwood over the next little while. The decision made by the United States was wrong. It was an outrageous decision; it was brutal in terms of its impacts on Canada and particularly on British Columbia.

Fifty per cent of the \$10-billion trading relationship with the United States comes from British Columbia. We have already launched a major marketing initiative to inform American customers.

Many of the American customers we're going to talk to are your friends, colleagues and people you've met in your business endeavours. I encourage you to write to them and tell them to get active. Tell them to talk to their congressman; tell them to talk to their senator. Tell them to write to their president and say they are going to be hurting because of the softwood lumber dispute.

Protectionism doesn't work except for a very small few. The protectionist decision that was made in the United States is for the lumber barons of the Southeast. It had nothing to do with economic policy.

Thousands and thousands of families in the United States are going to have home ownership put out of reach because of that decision. Thousands of workers are going to lose their jobs. We need to make sure that message goes down south of the border to the United States. Anything you can do to make sure you spread that to friends, colleagues and associates in your sector of the economy of the United States will be helpful to British Columbia.

We are not asking for any special favours. We are asking for a fair and a square deal that allows us to compete openly in the marketplace, as we should – as is our right under NAFTA and certainly under WTO.

So we are going to pursue the litigator route. We are also going around the world to expand our markets so we don't have the dependency we've had on the United States in the past.

We've been to China; we're going back. We're going to India; we're going to Europe. Our product is Number 1, our workmanship is Number 1 and the value people get for our product is Number 1. And we're not going to allow our people in British Columbia to be legislated out of work.

There are other areas of our economy where we're going to ask for your assistance. We are going to look aggressively at public-private partnerships: We are going to tap into the imagination, the expertise, the innovation of the private sector to meet our public-sector needs. We are going to set very high standards to do that.

We've had discussions with industry groups who are anxious to move forward with those opportunities. As we structure those public-private partnership opportunities, we are going to make sure the public interest is always met. And in meeting that public interest, we believe we can do even better than we've done in the past by tapping into the talent of the private sector.

We are looking right now at an expansion of the Fraser Valley Regional Hospital, which will cost hundreds of millions of dollars. We are examining that as a potential project for public-private partnership.

These are shifts in what we've done, and let's be clear about why we had to make them. We're facing a \$4.4-billion deficit in British Columbia. Our debt doubled in the years 1991-2001. You simply can't carry on that track and maintain sound financial footing for the future.

We are going to the private sector, and we are saying, "We want to work with you. We want to look to the opportunities you think you can create in our public-sector infrastructure that will work for all British Columbians."

As we do that and we get our financial house in order, we will continually move our debt down so we have the financial health we need to take advantage of the opportunities in front of us.

Let me tell you there are many opportunities. In energy alone, we have enormous opportunities for expansion. We expect that in our energy industry in British Columbia – the oil and gas sector particularly – we can encourage about \$20 billion to \$25 billion of investment over the next six years.

We think that's critical because it will create 8,000 additional jobs. We have massive oil and gas reserves, and that doesn't even count the potential for offshore exploration in the northwest part of the province.

We have coalbed methane in virtually every part of the province. And we now have the technology and the regulatory regime that will encourage exploration for coalbed methane. As a result of technologies developed in the United States in the '80s, seven per cent of all of their industrial energy requirements are met by coalbed methane.

Whether you're living on Vancouver Island or in the Kootenays, whether you're in the North or the Cariboo or the Chilcotin, you've got the potential for coalbed methane and mineral and energy exploration and expansion.

We want to enhance that and take advantage of it. You in the construction industry know that means roads, jobs and plants. All of those things are an important part of building a stronger, more vital, more robust construction industry.

We believe we have a bright future, and the symbol of that is the 2010 Olympic Winter Games. Hundreds of millions of dollars of public infrastructure can be built as a result of that.

We are in the midst of negotiations with the federal government and the private sector looking at a partnership to expand the Vancouver Trade and Convention Centre. That will be an almost \$500-million project. There is also potential for public-private partnership for an expansion of the transit link from Vancouver to the airport. There is potential for a public-private partnership to expand the road from here up to Whistler. There are opportunities in every part of the province as we build Olympic centres in each of the various regions of the province where people can view the Olympics and participate in the excitement.

In total to date we have estimated that direct economic benefits could be in the order of \$10 billion over the next eight years, should we be successful. Again, we're looking to you – to your expertise, to your imaginations and your excitement – to help us build it.

We live in a great province, we've got a great future and working together we will lead the country again. Thank you very much.