

Premier Gordon Campbell
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Thank you for the opportunity to talk about our energy industry in B.C., and what we hope to accomplish.

For a long time people thought of B.C. as a forest resource economy – and we are. Forestry remains one of our primary industrial activities today. But we also see on the horizon huge opportunities in the energy industry. In fact, we have spent the last months developing the first comprehensive energy policy the province has had in a generation.

We think the critical component of any policy is to lay out your public goals and then allow the private sector to help you get there.

We are big fans of the private sector. Without the private sector, we will not be able to use our energy resource the way we would like to. And I have said quite clearly to my Minister of Energy, Richard Neufeld, that we expect substantial changes in the policy brickwork so we can encourage exploration and economic activity.

We have substantial reserves in B.C. About 18 billion barrels of oil, 110 trillion cubic feet of natural gas, 20 billion tons of coal, 90 trillion cubic feet of coalbed methane – all lie underground in wait of an economic development strategy that will encourage private-sector investment, job creation and economic growth.

In the last year we have had some pretty significant changes in policy structure, and we have had significant improvement in private-sector investment. Oil and gas production has jumped by 22 per cent to a record \$5.6 billion in the last year. We are on pace for a new record this year, but we don't want to let up.

One of the critical components of a meeting like this is for me to issue all of you an invitation: If you know what our goals are and you are willing to help, we would like you to give us your recommendations on how we can improve things.

It should be clear to everybody that we probably won't be able to do everything you may want, but we can do many things you may want. It requires a true, constructive, open dialogue and discussion for us to be able to take the concrete steps we need to make sure we reach our objective.

Last year the industry's investment jumped by 46 per cent in our province. That is a good start, but we want to do more. We want to do that with you, and we want to lay out for you what our goals and objectives are. We are hoping to generate about \$24 billion in

investment in the next five to six years in our province. We think that will generate an additional 8,000 jobs that will support people throughout the province.

I am sure most people in this room have heard of the Ladyfern discovery. Ladyfern South has 700 million cubic feet of natural gas. One of the wells is producing one million cubic feet per day. We think there is an opportunity to find more.

We have had other significant discoveries in the last few months. EnCana has uncovered five trillion cubic feet of gas in the Sierra region near Fort Nelson. Talisman has discovered one trillion cubic feet of reserves in Fort St. John.

There are opportunities in the rest of the province as well. You have probably heard of our initiative to look for offshore oil and gas. There has been a moratorium in offshore oil and gas exploration for almost a generation now. We carried out a scientific review, and the panel has said that we can explore for those resources off our shore if we cover off a number of significant hurdles.

We are trying to work with the federal government so we can have a positive framework for an environmentally sound, economically sensible development of that resource, which goes from the northwest coast right down along the eastern coast of Vancouver Island. We believe with the right policy framework, with the right science, and with the right environmental policy framework, we will be able to exploit that resource for the benefit of all British Columbians, aboriginal and non-aboriginal alike.

B.C. has been a clean energy producer for some time, and I want to talk about one of the uncertainties that is hovering above our energy industry. That is the Kyoto Protocol.

We have yet to hear from the federal government what their targets are. We have yet to hear how those targets will be met. We have yet to hear how they expect those targets to be met in the various regions of the province. We have yet to hear how they expect to mitigate the economic damages to our province.

We are looking at a loss of 11,000 jobs in B.C. We are looking at a drop in our GDP of about .5. We can't accept that kind of loss in our growth, so we have all said as provinces to the federal government: "It is time for you to be straightforward with Canadians. What are the costs to individual Canadians? What are the costs to people's families, what is the cost to industry, what is the cost to our regional economies and what is the cost to our Canadian economy? What is the cost in terms of competition?"

We are in a competitive global marketplace. We have enormous opportunities in this country if we are smart about the way we deal with that global economy. It is not too smart to tie our hands behind our backs in competing with our major trading partner, the United States.

We hope the federal government will come to its senses and recognize that fact as they create an implementation plan that is comprehensive and includes provincial policy objectives across the country. To date they have not been willing to do that.

In B.C., 90 per cent of our electricity is provided by renewable hydro electricity. We have the second-lowest level of greenhouse gas emissions in the country. We have planted five billion trees in the last 20 years.

We do that because we understand the importance of environmentally sustainable management. It is equally important for our federal government to understand the importance of that and to reward those public policy objectives as opposed to punishing them. To date they haven't seemed to recognize that message.

With the northern reserves in Canada and the U.S., we believe we can create for the American economy the secure energy future they want.

Now ask yourself this: if you lived in the U.S. and you were looking for an energy future that was secure, would you rather depend on Saudi energy or Canadian energy? I think the Americans would like to be able to depend on Canadian energy.

They are going to be looking at us with some pretty straightforward economic questions: what does it cost to deliver the energy to the customer? We believe that we can have continental strategies that will work for the Americans and reinforce Canada's economy, Alberta's economy and B.C.'s economy if we are smart about it.

To do that we have to look at regulatory codes and tax regimes because – again – what we want to do is to encourage the private sector to be part of our energy future in B.C. Without the private sector, we will not succeed in meeting our goals.

Since we were elected 16 months ago, we have had 17 separate tax cuts in our province. We put 1.1 billion additional dollars in people's pockets, 400 million additional dollars in future investors' pockets. We have cut our corporate tax rates. We have eliminated the corporate capital tax for non-financial institutions. We have eliminated the sales tax on machinery and equipment, which really was a tax on productivity.

Some of these taxes are energy taxes. We have cut the domestic fuel tax, we have cut the aviation fuel tax, we have eliminated seven per cent on bunker fuel tax because we understand that all of those taxes could hold back our economic future.

We also cut personal income tax by 25 per cent across the board. We did that because we believe in a strong private-sector economy. The most valuable resource is the people you have working in it, and if people don't understand that if they are willing to work hard they should be able to get ahead, then you lose.

We are trying to create an environment in which people want to work. We are putting together the talent and abilities of British Columbians so we can build our economy with strong synergies between our resource industries and the rest of our economy.

We also undertook to eliminate one-third of all regulations on business in the first three years of our being in government. To date we have eliminated 16,500 regulations.

Regulations are often hidden taxes that people forget about. We have estimated that in B.C. the regulatory burden is approximately five to six billion dollars a year. If you are going to have that burden, then you have to have a return on it. And the 16,500 regulations that we have gotten rid of so far are all regulations that cost too much and return too little to the public purse.

We are working on reforming our workers' compensation process in B.C. Already we have a proposal before the legislature that will eliminate two-thirds of the time it takes for appeals under the WCB.

We are looking at single-window licensing and permitting. "More permits faster" is the goal, and we are starting to make progress on it.

Permitting, compliance and enforcement are all based on performance and results. That has made a big difference, I believe, in the quality of the regulatory program we have in place and the opportunities that have been created in the energy industries, oil and gas in particular.

We are eliminating overlapping regulations. Here is where the industry has been very helpful and will continue to be helpful, I'm sure, as we move forward. Overlapping and conflicting regulations are best identified by those of you who are on the ground. I am not out there working in the energy industry every day – even our minister isn't. It is important for you to identify those issues for us clearly, unequivocally and without fear of reprisals so that we can make the reforms that are necessary. We believe that as we do this, we have an opportunity to liberate exploration and development throughout B.C.

Now I know there are some challenges to be faced in our province as well, including uncertainty about land use. We are convinced about major land-use reform, and we believe the planning will be substantially done within the next year. It is critical that we get the energy industry to be part of the discussions.

By next spring, our review of the Muskwa-Kechika management area – the only part of the province where pre-tenure planning is required – will be complete. The energy industry has been a very active participant in that with our government.

We also have to recognize that our energy future in our province is directly linked to the energy future of our First Nations. We want to build an energy future with them, because as we do that we create the kind of certainty and stability that is essential for long-term investment and economic development. We have entered into MOUs with eight of the

Treaty 8 First Nations of the Northeast. We hope to exceed the goals of the MOUs so there is excitement and enthusiasm among our Treaty 8 First Nations as we move to the five and 10 years beyond that.

A critical part of what we want to do is to provide training, economical opportunities and capacity building for First Nations across our province. As we look at offshore oil and gas, we want First Nations to know that we are excited about them being a part of that economic activity.

We also have substantial coal reserves in our province. We believe clean coal is an export opportunity for the future. We believe that if we operate properly, clean coal can be a positive environmental investment as well.

Part of that clean coal is coalbed methane – 90 trillion cubic feet of coalbed methane throughout the province. Today, coalbed methane provides about seven per cent of energy Americans use. We have changed our regulatory regime to make sure that the costs that are included in coalbed methane up front are recognized in our new royalty package, and we are hopeful that coalbed methane will be an important part of our energy infrastructure in B.C.

We have a province that has for too long failed to recognize the true opportunities of energy development. Obviously natural gas is the number 1 priority within that. We believe we have reserves with potential, and we want to make sure we are moving forward with them. In terms of immediate economic impacts, clearly natural gas and coal bed methane represent the brightest lights for the future.

So what I came here to tell you today is that our province is ready to be a major player in energy development. We are ready to be a major source of supply for customers throughout the continent that need clean energy.

We have worked closely with the industry in the past, and we will continue to do that in the future. The critical component is the industry's willingness to speak openly, directly and frankly to us as government so we can respond positively to the recommendations they have made.

The goal we have set for ourselves is that your industry will be able to say in two or three years: "B.C. is the best place to carry out our business. This is where we think the opportunity is; this is where the cost structure makes more sense; this is where the regulatory code is reinforcing positive activities."

All those things are critical to us. I believe that if the province of B.C. and the province of Alberta, the territories and the state of Alaska work together, we can create an energy engine in the northwest part of our continent that is second to none. I appreciate the opportunity to be here today to with you to talk about just that. Thank you very much.