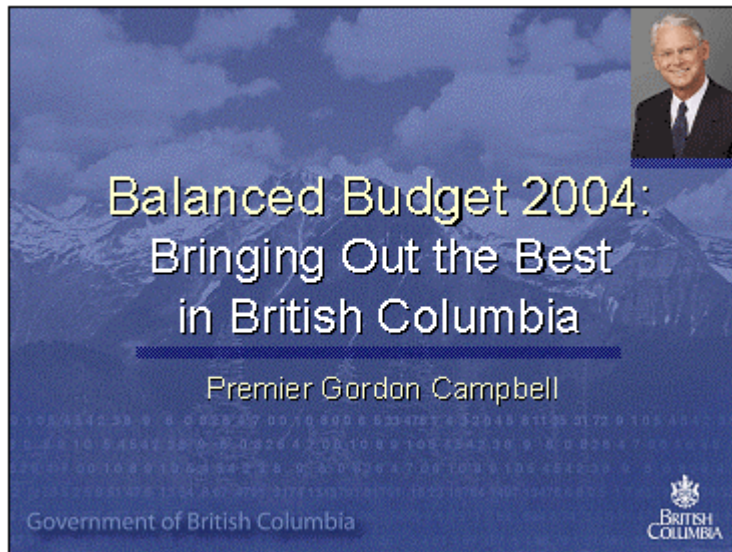


**Speech to B.C. Chamber of Commerce
Premier Gordon Campbell
February 20, 2004
Check Against Delivery**



All of our cabinet and caucus, working together on the plan we set in place a number of years ago, have brought us to the day that we all celebrated on Tuesday. For the first time in the history of this province, we balanced our books according to generally accepted accounting principles.

I appreciate that, and I appreciate your slogan here: leadership in action. Leadership comes when you set out and execute a plan, moving forward together.

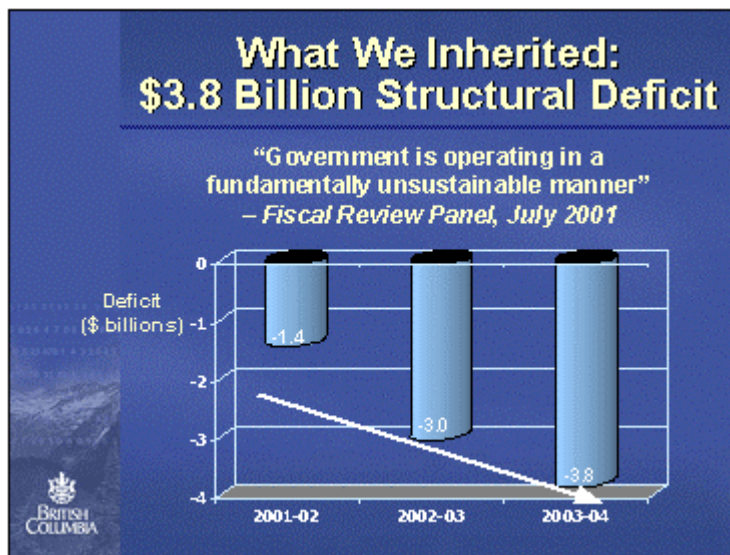
The chamber has always been willing to help. When I was first involved in provincial public life, the chamber's plan for the long-term economic future of the province caught my attention and that of my colleagues. It was a plan that called for tax competitiveness and for government to get out of the way of small business as it tried to create economic growth and job opportunities. It was a plan that recognized that British Columbia's economy remains based on our resource economy: mining, forestry, energy, the fishery, agriculture and tourism.

Our province is exceptionally endowed with natural resources. In government, we must remember — as the chamber always reminds us — that our most important natural resource is the people who live here. And as a government, we've tried to support their entrepreneurial spirit, their drive and their dreams.

When we were elected two and a half years ago, we inherited a province that was not nearly as confident as when I was growing up. I was born in British Columbia. I went to high school and university here, and at that time, there was no job I couldn't pursue. I could choose the fishery, the construction industry, a mill, a mining site. There was choice after choice available to me as a young person.

It's worth remembering that government should think long term – something we've tried to do. We have made difficult decisions to form a solid foundation that we can build a future on. We have to make tough decisions if we're going to think long-term, because for too long, governments thought short-term in this province.

We had a government through the '90s that thought really short term. An independent financial review panel determined that we inherited a structural deficit that would lead to about \$3.8 billion in deficit by 2003-04. It didn't factor in a coming drop of \$200 million in contributions from B.C. Hydro, or the cost of some significant settlements with public-sector workers.



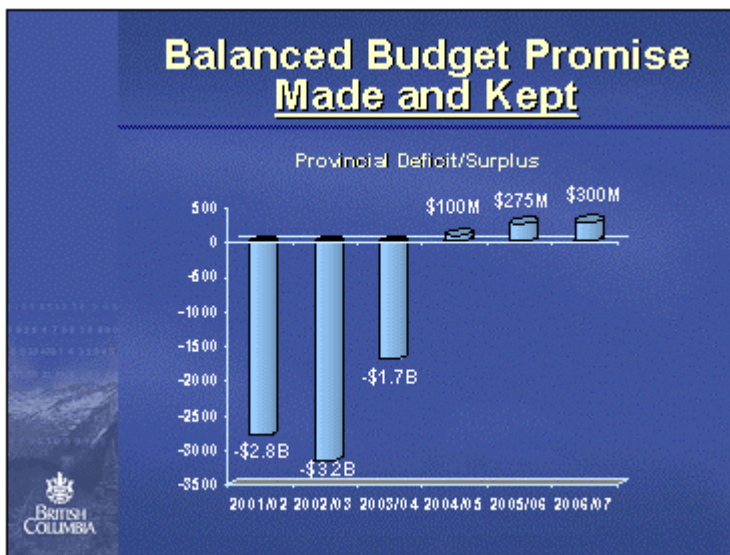
As I mentioned earlier, Tuesday's was the first B.C. budget balanced according to generally accepted accounting principles – something we talked about early in the 1990s while in opposition.

Only five budgets have been balanced, according to the bookkeeping standards of the day, in the past 25 years. As a result, we've seen the total public debt rise

from \$2.5 billion when I was graduating from university, to over \$35 billion today. In 1972-73, each British Columbian's share of the total public debt was about \$1,316. Today: \$9,427.

The result of the policies of taxing and spending and borrowing in the 1990s was really an undermining of the confidence and people of our province. We went from being a 'have' province, with the top-ranked economy in the country, to a 'have-not' province.

We needed a plan to move us forward – one that would deal with those structural deficits deliver us to a place where we could start planning our future again and be excited about it. So we presented you with our plan, three years ago, and pursued it. One result: 2002-03 was the first time in 50 years that every minister and every ministry budget came in on or under budget. That tradition will be carried forward in '03-04 and ever year.



February 17 marked the first balanced budget in our history according to generally accepted accounting principles – and it's only the first. Next year, we're budgeting for a \$100-million surplus; the year after, \$275 million; the year following that, \$300 million.

The further out we look, the less sure we can be of those estimates. But I am confident of this: we went through as bad a year as you could imagine in 2003. A year ago, we hadn't heard the initials "SARS" yet. We hadn't heard the initials "BSE." We hadn't imagined we were going to have the worst forest fire season in the history of the province. We didn't realize that we were going to face drought

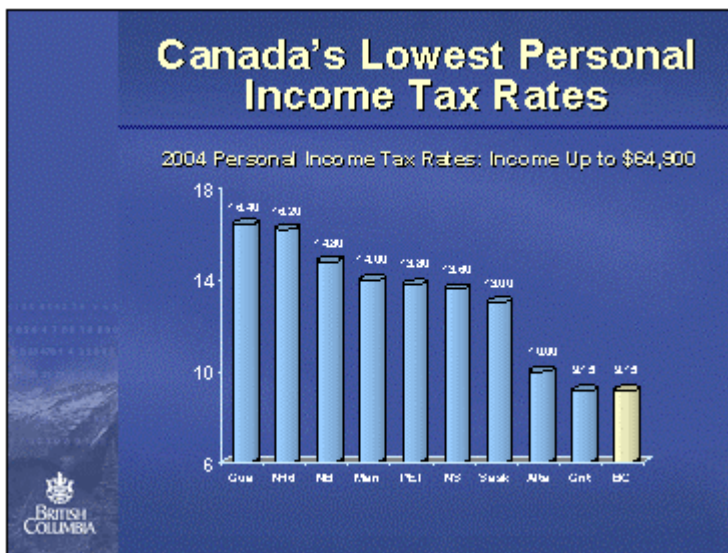
and floods. We didn't know there was going to be a war in Iraq. We didn't know the Canadian dollar was going to go up 20 per cent against the American dollar. We didn't know any of these things when we started out with Budget 2003 last year.

Nevertheless, because of the financial discipline of our government, our commitment to keeping our costs under control, we didn't touch *one cent* of our forecast allowance last year. This reflects a new culture of concern for your tax dollars. We know there's no such thing as government money. There's no such thing as federal money and provincial money and regional money and local money or municipal money. It's your dollars government spends.

Governments must be very careful about what they take away from you. When we do take something away, we'd better be able to say: we're investing those dollars in a way that you get value for.

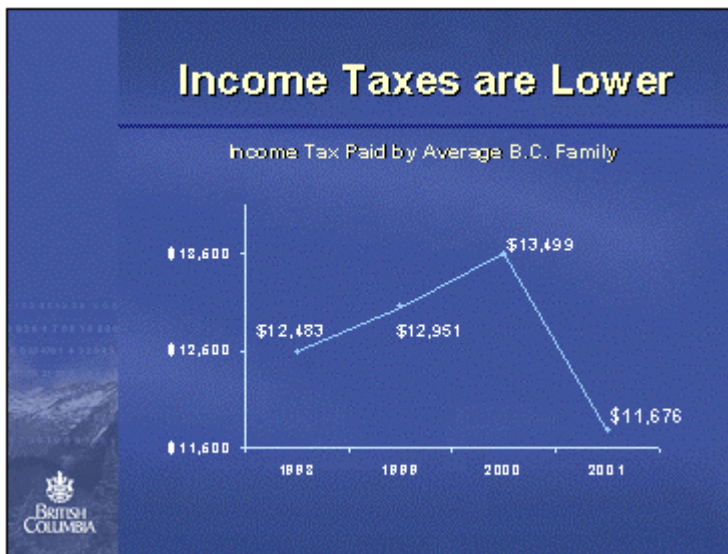
We made some very important and, I believe, substantial commitments to you when we were elected.

We promised the lowest base rate of personal income tax of any jurisdiction in Canada. We've done that. We were sworn into government June 5. On June 6 there was a 25 per cent across-the-board cut in your income tax in British Columbia. The result: we now have the lowest personal income tax on the first \$64,900 of income in this country.



Why is that important? Because it's your money, and families deserve to know that if they work hard, they can decide what to do with their money. With that cut alone, each B.C. family's average income went up, because we cut their tax by almost \$2,000, on average.

There's a lot of talk from our opposition right now, but I'm not sure quite what they're saying. One day, they say we haven't cut enough. The next day, they say we should increase your taxes by 40 per cent on the first \$32,000 of your income. Then they say, well, maybe we should increase it 51 per cent if you earn between \$33,000 and \$64,000. And if you're really, really fortunate and you have an income over \$150,000, the opposition's so-called budget says your income tax should go up 100 per cent.



Our government respects the work you do. Our job, as we move forward, is to try and drive down your income tax, not increase it, as our opposition would do.

Since we were elected, there are \$800 million more in British Columbians' pockets. There are over \$400 million more in investors' pockets and businesses' pockets.

We said we were going to eliminate the tax on investment. We did. We are now number one in the country in terms of attracting foreign investment, and that's the way we want to go in the future.

The way forward is with investment and jobs. The way forward is to build our economy so we have the resources we need to sustain excellent public services.


Today, after the 31 tax-related measures since June 2001, we have the second-lowest overall taxes when you take into consideration provincial income, consumption and municipal property taxes.

Second-Lowest Overall Taxes

Comparison of 2004 Provincial Taxes

	BC	AB	SK	NB	ON	QC	NB	NS	PEI	NF
Family of Four										
≥90,000 Income	2	1	4	9	5	10	7	6	3	8
≥60,000 Income	2	1	5	9	7	10	3	6	4	8
Single Individual										
≥25,000 Income	2	1	3	7	4	10	6	5	8	9

Includes provincial income, consumption and municipal property taxes

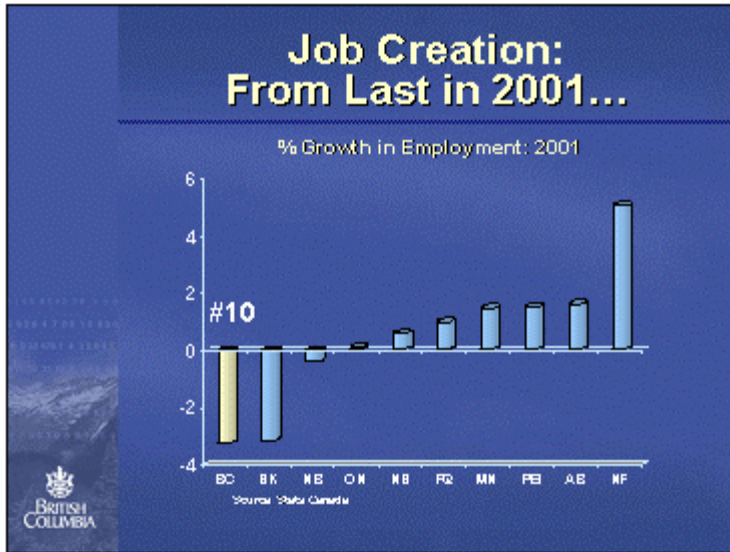


Now, we want to have the lowest – and we won't rest until we do, because we know that when we put British Columbia on a level playing field, British Columbians will win and we will create the number-one economy in this country.

When we started out, we determined at the cabinet table how we'd measure our success. We decided to use jobs to measure whether we were being successful or not, because jobs let people and their families control their future.

When we were elected, British Columbia was number 10 in the country in job creation. The '90s, that dismal decade of dismal performance, left us tenth. Prince Edward Island was creating more jobs. Newfoundland was creating more jobs.

Is there one person in this room that doesn't think B.C. should be able to create more jobs than any other province? Because there's not one member of cabinet or caucus who thinks we shouldn't be number one. And I'm proud to tell you that, after two and a half years, we're number one in job creation in Canada. In the last two years, no province in Canada has created more jobs – 159,000 in all.



It's not just the result of tax reductions. It's regulatory-regime changes. We've eliminated 90,000 useless, expensive regulations. That's helped to free up business, create jobs and create a future for people and their families. That's what we've been trying to do, and we're going to stay the course, so we're number one next year and the year after.

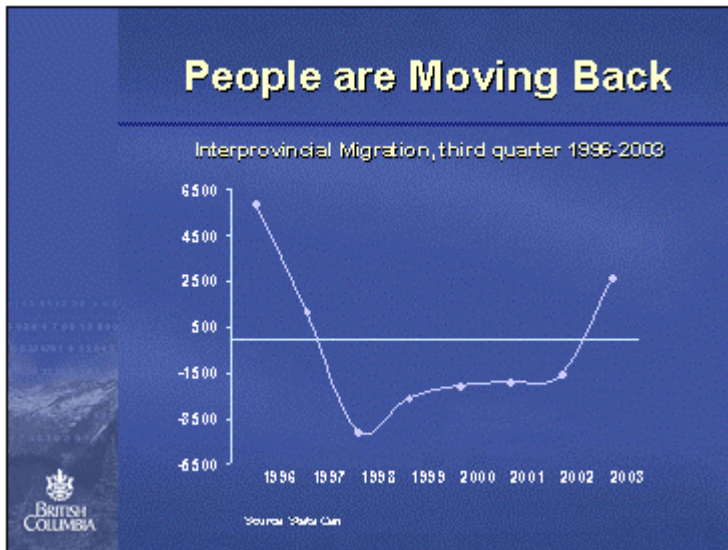


British Columbia is also number one in housing growth. Every new home we build represents 2.3 jobs. In 2004, we're looking to be number one again in housing construction among the provinces.



One more sign of success: from 1994 through the end of the decade of decline, we noticed young people were leaving our province. I visited California at one point. I went to a new start-up technology company. Fifty per cent of their employees were from British Columbia.

One of our goals was to bring our kids home, by creating opportunities for them here. Now, for the first time in six years, people are moving back to British Columbia.

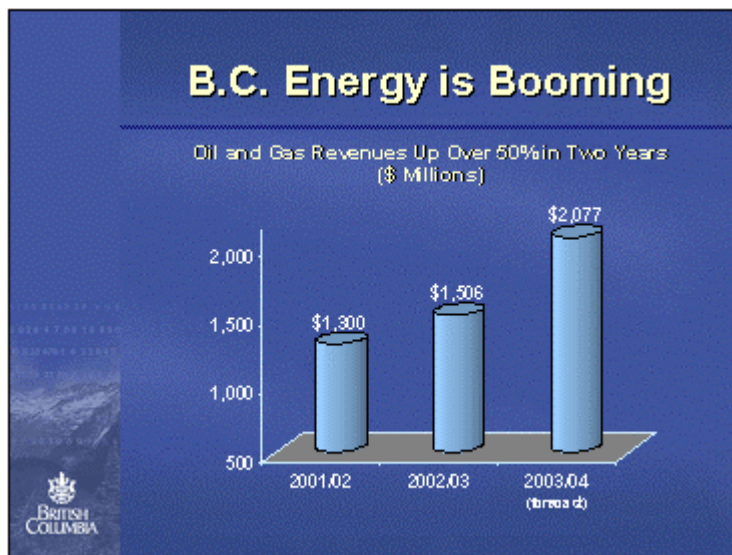


I want to see that trend continue, and I want our kids to know they have opportunities in every community of this province. To that end, we're working in concert with those who want to invest in British Columbia.

When we were elected, one of the first groups we talked to was the Canadian Association of Petroleum Producers. We asked, "How can we become known as an energy powerhouse that attracts investment and creates jobs?" They provided many recommendations, and Dick Neufeld, our Minister of Energy and Mines, came to cabinet with a plan. He felt that, over the next five to six years, we could stimulate \$20 billion in private-sector investment and 8,000 new jobs. We said: go for it.

Last spring, we introduced a new royalty regime that encouraged low-productivity well production, deep-well production and summer drilling. As a direct result, we had the largest single oil and gas rights sale in Canadian history – \$418 million last September. The CEO of Encana phoned and said: "We couldn't have done that without those changes."

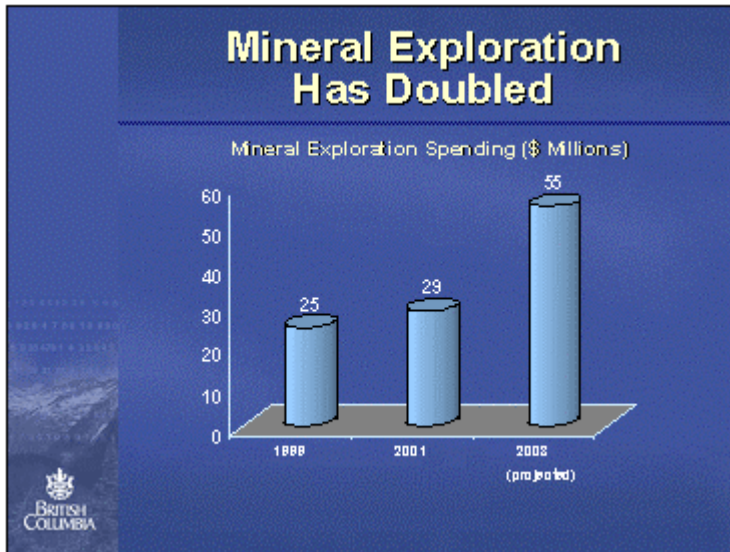
We're creating a year-round energy industry. Drilling activity is up 60 per cent in the last two years. Oil and gas revenues are up 50 per cent in the last two years. Green energy investment, which our government set out to encourage, worth \$800 million is coming to fruition in many communities.



Our coal industry has doubled the amount of coal they'll ship to China next year. New mines are opening up, and we're going to keep working with the mining industry to rebuild it as a traditional source of opportunity in British Columbia.

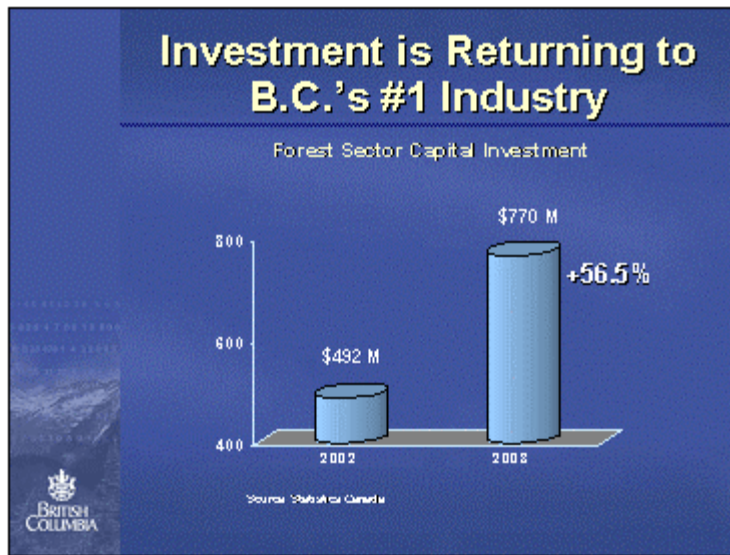
In the '90s, we lost half the jobs in our mining industry. Remember, mines eventually close, so exploration is essential to sustain the industry. We've

doubled the amount of exploration in the last two and a half years, and we have to quadruple it in the next two and a half years.



To make sure that happens, Pat Bell is the new Minister of State for Mining. The mining industry is ready to come back to British Columbia if we ensure them great environmental standards and solid, certain access to the land base.

Of course, our economy remains synonymous with our number-one industry. Forestry has been, and will always be, critical to our economic future. That's why we've begun a revitalization program for the entire industry, large and small. Mike de Jong is working basically around the clock to try and revitalize this industry, which is starting to respond. We've seen a 56 per cent rise in investment in forestry over the past year.



Slocan is opening a \$200-million OSB plant in Fort St. John. We just opened the largest single mill of its kind in the world in Houston. There's a \$300-million investment into a value-added mill here in the Lower Mainland. The entire province will be rejuvenated and reinvigorated as we build forestry in the future on a competitive and sustainable footing.

I want people to know, around the world, that B.C. is back. We're coming to China. We're selling you wood. We're coming to India. We're selling you wood. You're coming here for the Olympics. You're going to see wood and all it can do for you. Wood is good, and it's part of our future.

When we get our economy firing on all cylinders, an economy that's responding to the needs of small business and getting out of its way, an economy that recognizes individual initiative and drive as a solid foundation for communities, we generate the resources we need to sustain exceptional public services.

Over the last two and a half years, we've focused on health care and education. In the last two years, we've increased health-care funding by almost 20 per cent. We've invested it in physicians and in nurses. We invested it in physician training. We've invested almost \$900 million in advanced education.

For the first time in our province, we're going to have doctors attend UNBC and study for rural and remote medicine. For the first time, we're going to train doctors at the University of Victoria and offer specialization in geriatric medicine. We're going to almost double the number of physicians that we graduate, with the first class graduating in 2005.

We're doubling the number of technology graduates – computer scientists and electrical and computer engineers – supporting the fastest-growing biotechnology sector in the country. We're number one, and we're going to build on that by investing in people.

Looking ahead, we know we face substantial challenges in health care. We have an aging population and, as we get older, we put more demands on the system. New technologies put more demands on the system. Pharmaceutical costs have gone up 14 per cent a year, far outpacing growth in the economy.

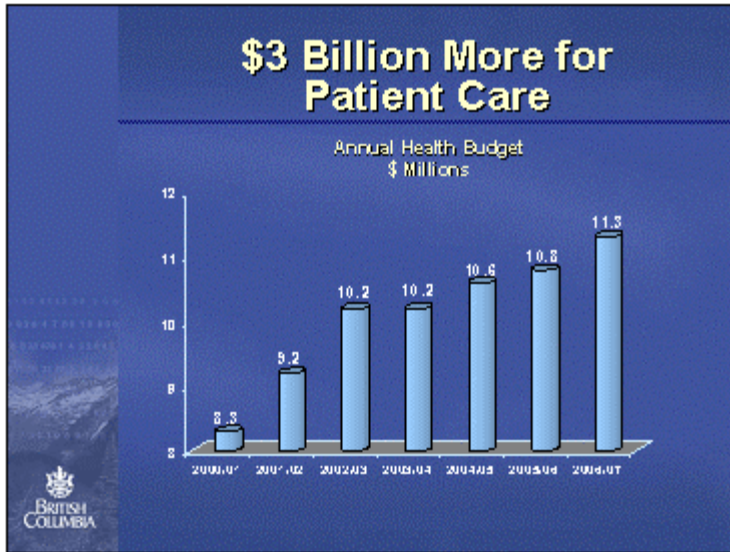
We must reform the system to work for people. We started that two years ago. We said we wouldn't reduce budgets and, in fact, would invest more as economic growth improved. We've done that.

We also said that we'd eliminate duplication, unnecessary bureaucracy and administrative costs. We've done that. We took 52 separate agencies and brought them down to six authorities, saving almost \$100 million a year.

Every single cent of that has gone to patient care. We saw 38,000 more medical procedures in 2002-03 versus 2001-02. And we're seeing doctors move into Cranbrook and Prince George and Kamloops, bringing care closer to where people live.

We have a rural transportation assistance program to make sure people can get to the care they need without placing an unnecessary burden on them. This, too, is about creating a better health care system.

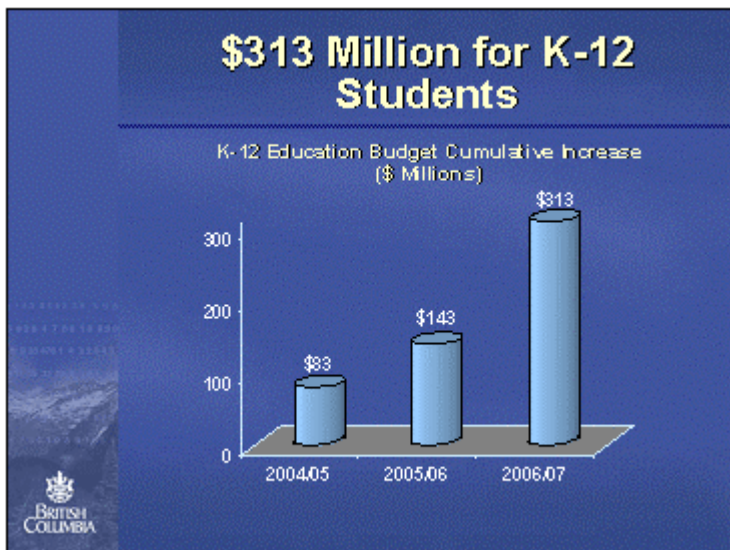
Over the next three years, our plan is to invest another billion dollars in health care. From 2000-01 to 2006-07, you're going to see a 36 per cent increase in health-care funding. Every cent of that will go to patient care.



Beyond health care, it's critical that we maintain an education system that meets the needs of each of our kids, builds on their particular talents in their communities. That's not an easy task, either.

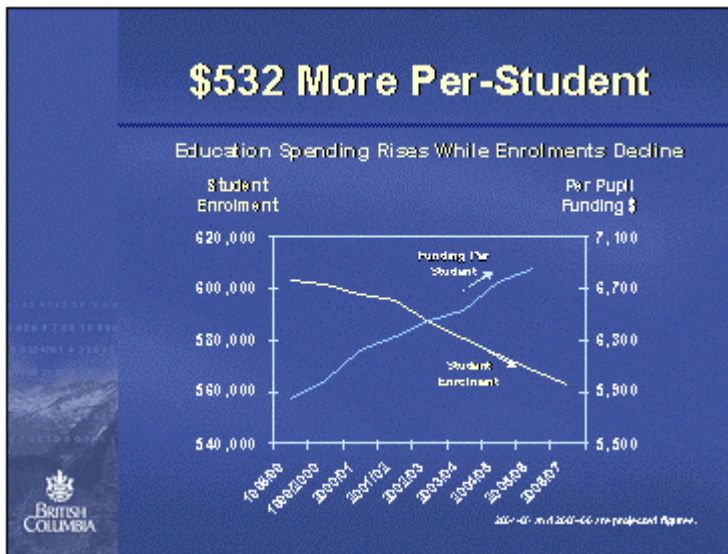
We believe education is the best preventative health-care program. It is certainly the best job-creation program. That's why, over the last two years, we've invested more in education, even though the student population is shrinking.

Over the next three years, we'll invest \$313 million more dollars in K-12 education. That means \$532 per student more than in 2000-2001.



We've rightly given school boards and local communities the power to decide how those dollars should best be spent. Everything can't be run from the southern tip of Vancouver Island, so we've said to school boards: exercise your autonomy; exercise your judgment; do what's best for your students.

We will be investing \$442 million more dollars over the next three years in capital improvements and school construction and upgrades. We'll be investing substantially more in seismic upgrades across British Columbia, so our children learn in safe, secure environments.



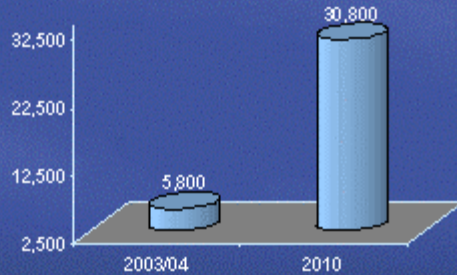
And, as larger percentages of Grade 12 students are graduating – 79 per cent last year – we're going to support them in their post-secondary aspirations. Too many young people are being held out of universities in this province.

If we had the kind of grade point average requirements and accessibility when I was graduating from school that we do today, I would have had a difficult time getting in. Ninety-two per cent was not an average on my report card.

So our government has decided to invest in advanced education, in one of the most aggressive opening up of opportunities that you've seen in this province, creating 25,000 new spaces in every corner of this province by 2010.

25,000 New Post-Secondary Spaces by 2010

Increase in Student Spaces Over 2001/02 (FTEs)

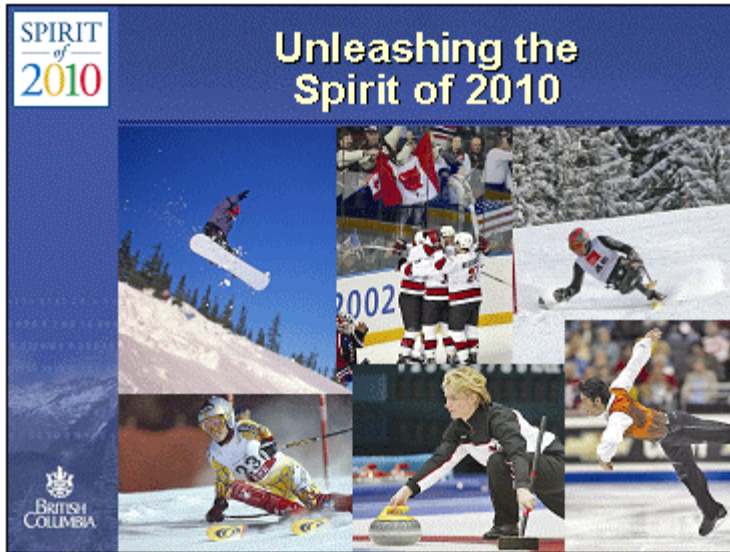


Your chamber said you wanted us to invest in skills development. Over the next three years, an extra \$105 million will go to create 12,000 new spaces.

Some may say we're shooting too high. I remind them of this: when British Columbians work together, we can hit any target and reach any goal.

Last year, our goal as a province was to have the opportunity to host the 2010 Winter Olympic and Paralympic Games.

In July 2003, hard work, together, yielded an incredibly important day for us all. This is Canada's Games, our opportunity to show Canada how we can contribute to this great country. Most importantly, the opportunity to host the Olympics is our opportunity to show the world about the strength of diversity and of the people who live here.



It's an opportunity for our young people to dream their biggest dreams and know their province wants to help them succeed. When that Olympic torch goes through our streets and our towns, it's going to be held high and its light is going to shine in the eyes of every young British Columbian across this great province. As it shines, it's going to light their way to their own special dreams of how they can be the best that they possibly can.

How do they achieve that goal? With focus, discipline and commitment to something bigger than they maybe ever could have imagined. That's the opportunity we have, individually and as a province.

At the end of the 1990s, there were people that looked back and said: the best is behind us in this province. I want to tell you all this: in British Columbia, the best is yet to come. With you, we're going to get there.