

Kamloops Chamber of Commerce

Premier Gordon Campbell

February 15, 2005

Check Against Delivery

It is really great to be back in Kamloops. Claude Richmond and Kevin Krueger, your MLAs for Kamloops and Kamloops-North Thompson, and I had a chance to meet with some of your community leaders and your mayor. And I want to tell you that there are different types of communities in the province. In some communities, they talk about the past and why things aren't like they used to be. In other communities, they talk about the future, their vision for the future, what they can do and how we can help. I want to tell you you've got a great group of people here in Kamloops that are driving this city to a very, very bright future and I want to say thanks to all of them for doing that.

I also want to spend a moment to recognize Kevin and Claude and Wendy McMahon who are with me tonight. We've had a very interesting time over the last three years. We set out a plan. This is it. We showed everybody it during the election, it was called a New Era of Hope and Prosperity and in this plan, if you go back and you look at it, you'll see we had a number of things that we committed to do. They were normally in blue and highlighted with red and we told you that these were the steps we were going to take to build the kind of future we needed for British Columbia.

I was born in our province and brought up in our province. When I graduated from high school, there was nothing but opportunities in British Columbia. I knew if I had a dream, if I had something I wanted to do, I could pursue it. And in the 1990's, I felt like we lost a fair amount of that. People lost their sense of confidence, their sense of vision. We wanted to try and restore that vision with a detailed and explicit plan. And we could not have done the things that we've been able to accomplish without some truly exceptional people that were elected in 2001.

Kevin Krueger, Kamloops-North Thompson, was elected first in '96. He stuck with us, worked hard on behalf of Kamloops, talked about Kamloops, talked about the areas that you wanted to move forward in. He was re-elected in 2001 and has been just an invaluable member of our caucus, of our government. He's shown leadership, he's shown commitment and he's really made all of you proud and I want to say thanks to Kevin for the great work that you've done.

You all remembered Claude in 2001. Thank God they remembered you, Claude. Claude is someone who again has spoken up for Kamloops on a consistent basis, brings a whole range of experience and, I think, a certain wisdom to how government works and how it can operate to reflect the needs of different communities across the province. With the legislature that we elected, I needed someone who was willing to lead the legislature. We had major legislative reform, legislative committees, free votes in the house, a fixed legislative calendar, a set election date. We wanted to have a speaker who had people's

admiration and who actually would hold up the honour of the house. Claude Richmond has done that in an exceptional way. I want to say thanks to Claude for the contribution you've made, too.

And Wendy McMahon's here with us tonight. Wendy is the Minister of State for Women and Seniors' Services. She's the MLA for Columbia River–Revelstoke, one of those large, drawn-out constituencies that we have in the province. She's been our caucus chair and she also has been a real leader and a real spokesperson for her part of the province, for the Columbia Basin and for the things that the people there are trying to accomplish. They too have a vision, similar to your vision here in Kamloops – a vision of a brighter future for their young people, a place where their kids will grow up and see opportunity and have the freedom and support to pursue it. I want to say thanks to Wendy for taking time to be with us tonight.

Tonight I'm going to take you through some fairly technical slides, but I'm doing this on purpose. Your chamber represents the business leadership of your community. It's important for me to be able to explain to you what we've been trying to do, the goals we've into place and the objectives that we've set for ourselves.

And I'll tell you one of the things I'm proud of: when we put this New Era document out in 2001, an awful lot of people said we made a mistake. We were being too explicit and too direct. Well I can tell you that I'm proud of the way this has worked, because what's happened is I can go to this and show you exactly what we've done. It says here, for example: create a B.C. Trust for public lands – we've done that. Oppose the Sumas-2 Power Project – we did that and we were successful. Work to expedite interim measures of First Nations – we've done that.

I notice that our opponents are saying they're not going to give you a specific plan. I think it's important for us to let you know what we're doing, what we intend to try and accomplish, and then you can decide whether or not those are goals that you share, and if you do, we hope you'll support us. And if you don't, you should look at someone else because we intend to carry out the plans that we've put in place. We had some tough times, and you all know about those tough times. It goes from BSE, to the forest fires, to SARS, to avian flu, to 9/11, to the tech meltdown, the rising Canadian dollar — all of those things were things that were really in lots of ways outside of our control. But if you don't have a plan, if you don't have a destination, if you don't have a goal in front of you, you can get swept around by those winds of change, and you're never quite sure where you're going to go. We've been sure where we want to go. And I want you to know that we remain confident about where we want to go.

British Columbia is the best place on Earth to live, to raise a family, to invest. We're the best province in the best country in the world, and we have leadership to show the rest of this country.

Because of that hard work that we've done — and all of us have done it together across this province, in resource communities, on the coast, in the north, the interior and the

heartlands of the province. All of us have worked together to get us to where we are today. We have built a foundation, and that foundation has now put us in a place where we are about to enter a golden decade for the Province of British Columbia.

This is a time for British Columbia to assume its responsibility and our obligations as leaders for our country. As we think about the assets we have that we've got, we should always remember that the most powerful natural resource we have in British Columbia is the people who live here, and together we are now ready to launch into a golden decade filled with pride and with confidence.

We've set five goals for ourselves in that golden decade. We want to have the best educated people in North America. We are going to have the healthiest, most physically active people in North America, the most physically fit jurisdiction ever to host a winter Olympics, right here in 2010 in British Columbia. We are going to have the best support system for people in need, for people that are vulnerable. We're going to be a leader in sustainable management. We are going to create the most jobs per capita of any jurisdiction in this country.

British Columbia is leaving behind a time of recovery, and we're moving into a new time of discovery where we discover our strengths, we discover our power, and we move to the future.

That's the power of free enterprise, of small-business people across this province creating the kind of future we all deserve in British Columbia. The power of a strong economy is the power that frees us up to do the things we need to do. It's the power that allows us to imagine the kind of future we want. It's the power of a strong economy that's allowed us to pay down debt, that's allowed us to provide for tax relief, that's allowed us to provide for investment in the people that live here.

You know, there are still people that are going to be negative. They're going to be destructive; they're going to be pessimistic. The thing that's important for us to know is we can never go back to what we inherited in 2001.

We had a specially appointed panel in 2001, independent from government, right after the election. They reported back and this is what they said: government is operating in a fundamentally unsustainable manner.

We inherited a \$3.8 billion structural deficit. We had high taxes. We had negative interprovincial migration. People were leaving British Columbia for other parts of the country. Young people were leaving because they thought there were other provinces that offered more opportunities. Housing starts were declining. We were ninth in job growth. We were last place in economic growth. Over that decade of the 1990s we took the province that had the best economy in the country, and it was driven to the worst economy in the country. In fact, we became a have-not province. That is not good for anyone.

So we decided that we had to have a plan that would build back a strong and a vibrant economy, and we had to have strong fiscal management.

We knew we were going to be bold and we were going to be direct. We were elected and on day one we had the largest single tax cut that you've seen in British Columbia: 25 per cent across the board. In spite of what you hear from some opponents, for those people in the bottom two tax brackets it was a 28 per cent reduction in their personal income tax.

We wanted to send a message to people: if you work hard in British Columbia, you can get ahead. If you work hard in British Columbia, there'll be more money in your jeans to take care of yourself and your family and build the kind of future that you want.

We decided we had to eliminate the tax on investment; we did that. We said we would eliminate the tax on productivity; we did that. We told you that we were going to eliminate unnecessary and costly regulations. We eliminated 173,000 regulations in the first three years so that we could free up small businesses and allow people to pursue their goals and their objectives.

And here's the great thing: our plan is working. If you look at what's happened, we are number one in job creation: between December 2001 and today, almost 200,000 new jobs. For the first time in the history of the province, more than two million people at work. We're first in housing starts growth. We have more people working in every single region of the province. We have the lowest level of unemployment we've had in British Columbia since 1981. We've had 10,000 people move back to our province over the last 18 months from other parts of the country.

Here is a direct quote from one of the bond-rating agencies: "The government's track record, since coming to power in 2001, is consistently meeting and in some cases exceeding annual budgetary targets." That's led them to upgrade our bond rating. That means millions of dollars in savings for taxpayers across this province.

It's important to recognize that discipline is what's critical.

The previous government put five plans in place over a period of five years and did not meet one target they set in five years. I'm proud to say that we have had three plans, and we have met or exceeded every single plan we put in place. I'd like to show you how that's worked.

First of all, that discipline has generated surpluses. We have moved from a \$3.8 billion structural deficit to a surplus. This year the surplus will be \$1.7 billion.

This is the second balanced budget we've had in a row. There's a \$1.4 billion surplus, and there's a \$300 million forecast allowance. That forecast allowance is to protect us against things that we have no control over. If, in fact, we don't need to use it — and we haven't yet used the forecast allowance in the last couple of years — it'll be a total \$1.7 billion surplus.

We've projected for next year a \$220 million surplus plus a \$400 million fiscal forecast allowance; a \$450 forecast allowance with a \$200 million surplus in the year following; and a \$550 million allowance with a \$200 million surplus in the year following that. What we're trying to do is lay a stable plan that allows us to see where we're going to go and buffers us against the changes that we, frankly, just don't have much control over.

Two years ago I can tell you that no one was expecting the Canadian dollar to zoom up the way it did. Because we had a strong economy, we didn't have to use the forecast allowance, but even if we had to we would still have been protected in terms of balancing the budget.

Three more years of budget surpluses are about to follow. That means that we get to make some good choices.

After talking to people around the province, we heard one clear message: pay down the debt. I was encouraged by that because it showed people understood that that debt was built up in the 1990s.

You know, debt almost doubled in the 1990s. When the NDP came into power in 1991, there was a \$17 billion debt. By the end of the nineties, it was a \$34 billion debt.

So what we decided to do, and I think this was a smart thing to do, was to start paying down the debt. It's responsible in terms of fiscal management. Sometimes it's not a whole lot of fun, but this year we'll be paying down debt in this province like it has never been paid down before.

But this is what's important: debt as a per cent of GDP has dropped, since we were elected, from 26.9 per cent to 22.4 per cent. That's the trend that we want to continue to build.

What does that mean in terms of taxpayer supported debt? This is what's happened: we've watched as we have gone from 20.5 per cent of our debt being taxpayer supported, to 17.3 per cent projected in 2007-08. That is the trend that we want to continue to follow.

Why does it happen? Because we're prudent in the way we invest your capital dollars to start with, but equally important, because we have an economy that's growing again, because we have private sector investment that's coming to British Columbia, because we have thousands of new jobs that are being created in British Columbia. That's what allowed us this year to provide for the single largest annual reduction in debt in B.C. history: \$1.7 billion.

Just think of this. That pay-down of \$1.7 billion saves us about \$125 million next year in interest costs. What does that mean? Well, it means that we are able to pay for the largest single increase in support for people with disabilities that we've ever had in the province. It means that we can provide for the largest increase in support for police officers and

additions to police officers that we've had in 20 years in British Columbia. It means that we can provide 24/7 transition housing services for women and kids who are fleeing from abusive activities in their home lives. It means that we can pay for the entire new social housing component for independent living. Those are the kind of things we can pay for because we're not putting that \$125 million into debt.

That's why we have to continue to have our debt go down, as a percentage of our overall economy, while the economy grows. We can do that in the province of British Columbia.

Also if we have our economy grow, we have some new choices to make. Really, if you look at a budget, you have three choices. You can pay down debt, you can improve services, or you can reduce taxes or make taxes more competitive. Those are really the three components of any budget.

So we've made some choices this year. What does this mean to people? Well, it means that this year we're able to provide people with what we call the B.C. Tax Reduction. It's a new, non-refundable personal income tax credit. It will reduce or eliminate provincial income taxes for almost three-quarters of a million of British Columbia's taxpayers.

So what does that mean when you talk about those numbers? Well, it means if you're earning less than \$16,000 a year, you will pay zero income tax in British Columbia – that benefits 330,000 people. Now, what happens with that? I know what happens with it. Those dollars go into the economy. Those dollars are for those people to spend to take care of themselves and to try and build the kind of future that they want. For another 400,000 British Columbians earning \$26,000 or less, their taxes are reduced.

So, if you are an individual in British Columbia earning \$80,000 or less, you are paying the lowest rate of personal provincial income tax of any jurisdiction in Canada.

For me, that's good news because in spite of the fact that we're passing a government budget, remember this: there is no such thing as government money. It is all your money, and we're now able to leave a little more in your pockets because we have actually tried to provide some discipline around government expenditure. We have balanced our budget. We are properly planning for the future. We have executed a plan.

As we said to you in 2001, you should be the beneficiary of that plan. I think that we're starting to see that take place. We're starting to see the power of the strong economy turn over in British Columbia and start to generate the kind of momentum we want to have, to build an even more powerful and more exciting future.

It is more than just income taxes, though. We wanted to provide additional relief for B.C. families. A two-income family of four earning \$30,000 or less will pay \$1,300 less in taxes in B.C. than they did in 2001. Compared to 2001, that's over \$100 a month more they'll have in their pockets.

If you're making \$25,000 as a single individual, you'll see that it's about \$600 more a year that you have in your pocket, 50 bucks a month. If you're a seniors' couple with \$30,000 a year, it's \$930 a year that's going to be left in your pocket to take care of yourself and your future.

There is tax relief in this budget for homeowners as well. The homeowner grant threshold was raised by \$100,000 so that 95 per cent of all British Columbians who own homes will be able to take full advantage of the homeowner grants. And we provided for an 18 per cent threshold lift for the property transfer tax for first-time homebuyers. Both of those are meant to make sure that people can afford to buy homes and build the kind of future that they want.

There's also been a \$4,000 increase in the threshold for MSP assistance. That's going to reduce or eliminate premiums for 215,000 low- and moderate-income individuals. Again, if you look at a seniors' couple or a family of four with a net income of \$29,000 or below, they will pay no MSP premiums; that means more money in their pockets. That's important to them as they provide for themselves and for their families.

As we provided for those additional tax benefits for individuals and for families, we have recognized that people want us to invest more in critical services, and we're doing that.

In fact, in health care we have been investing substantially in additional services for the last three and a half years. In 2000 and 2001 you'll see there that the overall budget for health spending, by functions, was \$9.5 billion. In this year's budget we will be investing \$12.5 billion in health care. That's a \$3 billion increase between 2000-01 and 2005-06.

With that increase in health funding, we've actually been able to start to build the kind of infrastructure we need for health care across the province. We've increased the amount of health equipment. There's a 75 per cent increase in MRIs. We've got more doctors and more nurses practising medicine here in British Columbia.

In this year's budget we'll be adding an additional \$1.5 billion between now and 2007. \$465 million is going to improve Pharmacare; \$200 million is to go to provide for additional hip and knee replacements; \$100 million for prevention in what we've called Act Now.

There's \$100 million more for vital health research, like the Michael Smith Foundation, which helped us discover the genetic code for SARS and that in turn allowed us to develop a SARS vaccine almost four times faster than would normally have happened in the past.

We'll invest \$200 million more in access to home, residential and palliative care and mental health and addiction services. All of those things are part of a long-term provincial plan to create the kind of health care system that people can depend on where they live.

Right here in Kamloops there are 37 more physicians at work in your region than there were when we were elected.

There are 600 more nurses at work in British Columbia today than there were in 2000-2001. Those are important initiatives, but we've done more.

It's the doctors and the nurses and the caregivers that make health care work for us in British Columbia. So we've invested substantially in training more doctors and nurses in B.C. In fact, we're nearly doubling the number of doctors we're training in the province. That's after going 21 years without any significant expansion of medical school training in British Columbia.

For the first time ever we've got rural and remote training taking place for doctors at the University of Northern British Columbia. For the first time ever we geriatric training taking place at the University of Victoria. We will have added 6,500 new nurses trained by 2006. All of that is about creating a health care system that works.

The new tele-health infrastructure that we've developed, that is focused right here at your hospital here in Kamloops, is making an enormous difference in people's lives in rural and remote British Columbia.

The advances and the improvements that we're making in the ambulance service across the province are making a huge difference in how people can experience their health care.

And as we've done that in health care, we have also increased our investments in education. I heard one of the commentators saying today that we haven't invested in training. Well, actually, if you look at what we're doing in education, we're investing substantial new dollars in training.

First, in K-12, we have seen the number of students drop by over 29,000 students since we were elected. In spite of that, we have continued to increase funding to our school boards. This does not mean that it's been easy. In some school districts, student populations are falling dramatically. In others they're going up.

We have just announced, as part of this budget, \$150-million for K-12 education. That is the largest increase that we've had in over a decade for K-12 education.

It will ensure kids have the learning resources they need, that school boards have the support they need to provide for arts programs and music programs, to provide for learning resources and library services and support our young people as they move through our education system.

Over the last three years dollars have gone to increase the funding for students by over \$860 per student. That doesn't mean that the decisions that have to be made at school districts are easy, but it does mean that they have resources that allow them the flexibility to make those decisions.

And as you know here in Kamloops, we have launched the most significant expansion of post-secondary education spaces in the province in the last 40 years. And tomorrow, in the legislature, a bill will be presented that will officially establish the new Thompson Rivers University right here in your community.

Thompson Rivers University will add substantial new opportunities and new resources to this region of the province and, in fact, to the entire province. From the outset, we said we were going to invest in education.

If you look in the New Era book, we said explicitly that when the economy got going we would not be reducing funding for education or health care. In fact, we said when the economy got going we would invest more in education and health care. We have done that.

Between 2000-01 and 2007-08, the increase in our investment in education will total \$2-billion to support a massive expansion of training opportunities and learning opportunities in every single corner of this province and that is critical to the economic future of British Columbians.

So how do we provide for this? How do you provide for a budget that's \$32.456 billion? Where does that money come from? It comes from a vibrant business climate. It comes from a climate that encourages investment. It comes from a climate that says we want investment and jobs and stability back in industries like our forest sector or our mining sector.

One of the things that we did in today's budget was we extended the mining tax credit for ten years – because we know it takes that kind of time horizon for people to be able to plan and invest. You can see the success that has already generated over the last few years. We've watched as the amount of exploration has more than quadrupled. We have gone from less than \$30-million in mineral exploration in 2001 to over \$130-million in exploration in 2004.

We've also decided in this year's budget to give a lift to small business. The small business tax threshold used to be \$300,000. As a result of today's budget that tax threshold now goes up to \$400,000 in British Columbia.

That will save small businesses about \$30-million a year. And why do we care about small business? Why do we care about raising that threshold?

Because small businesses account for 98% of the businesses in British Columbia. Small business creates new jobs. And with the BC Liberal government, small business becomes big business, which means even more jobs.

Now I haven't heard a political party that hasn't said to you that they care about small business. Even the government of the 1990s cared about small business. I just think that

their strategy was wrong. They cared so much that they made a real effort to turn big businesses into small businesses. We've been trying to do the opposite. We have been trying to have that small business become a big business – to have that spirit of enterprise, that spirit of commitment drive our province forward. And we have an incredible future as a result of that.

We have, as you know, already brought the PST back to where it was before. We've now also reduced increased the exemption for what's called the luxury tax on vehicles by \$2000 so that people can keep up in rural communities, where having a truck is not necessarily a luxury. And we are investing on the order of \$2-billion in the transportation infrastructure as we move through the next three years.

Let me close with this: we are Canada's only Pacific province.

Now that may sound like common knowledge to you. But I can tell you there are some times people forget that we are the only Pacific province. I remember being at a meeting with Ralph Klein and Laurence Decore. Ralph was the mayor of Calgary. Laurence Decore was the mayor of Edmonton. And I had just been elected as mayor of Vancouver and I remember going to this big conference. I was very shy. I was sitting there not saying too much until Ralph – I wasn't saying too much – until Ralph and Laurence claimed to be from Pacific Rim cities. And I pointed out to them there was this mountain range between them and the Pacific Rim.

So there are other provinces that may claim to be on the Pacific but we are on the Pacific. And as we look to the future, we have to build a transportation gateway to the Pacific, both for Canadian products to go to the Asia Pacific but also for their products to come to us.

The Prime Minister just came back from China, where they have taken a major step toward giving Canada something called approved destination status. Now what does that mean? There's going to be a hundred million tourists from China alone that are going to start visiting the world over the next 15 years. And with approved destination status, a lot of them will be coming to Canada and to BC. That means when Kamloops comes to me and says: you know, we have to expand our airport runway by two thousand feet because we want people to actually be able to land in Kamloops from around the world, then I can see the potential there and I can appreciate that vision that you have. Let's get some of those hundred million tourists land in Kamloops. Let's get some of them to come here and understand what you have to offer.

Transportation infrastructure is critical for that. The Trans-Canada is critical for that, Highway 97 is critical for that, and so is Highway 16 in Prince Rupert or down through the port of Vancouver and the Fraser port. Those are all important initiatives that we have to take to maximize the benefits and opportunities that are ahead of us.

After three years, I know this: when we set our minds on something we can accomplish it in British Columbia. I know that because you gave me the opportunity to go on your

behalf to Prague and ask for the opportunity to host an Olympics. We went up against the world and we won that. We didn't win it because of me or this government; we won it because of all British Columbians coming together to say, "Let's be part of that – let's show the best that we can."

Let's make sure that we sure that we dig deep and we show the BC spirit to everyone around. Let's take the power of our diversity, the power of our natural resources and the power of the people of British Columbia and let's light a torch. Let's light a torch for the future. Let's light a way to a special future and a special destination for our province.

We are on the verge of a golden decade for British Columbia. As we enter that decade, we should remember our goal is always to think of the next generation. Our goal is always to deliver our province to the next generation in better condition than we received it from our parents. And our goal is to recognize that now, of all times, it is time for British Columbia to lead. It is time for us to assume our national responsibility and help Canada move into the decade ahead.

With your help, I know we can do it. Thank you very much.