

Kelowna Chamber of Commerce

Premier Gordon Campbell

February 16, 2005

Check Against Delivery

It is great to be here this morning. I want to say thanks to all of you for getting up this morning and sharing some time with us. I'm particularly pleased to be here with two MLAs from the Kelowna region, Sindi Hawkins and Rick Thorpe. You should know these two people have worked tirelessly over the last eight years to make sure that British Columbia took advantage of all the opportunities that are in front of us. They have been truly marvellous MLAs. I want to thank all of you for electing both of them in the last election. Thank you very much.

When we put this together four years ago we said we were going to turn this province around, we were going to drive the economy forward, we were going to work with small business, we were going to encourage investment, we were going to create new jobs. Ladies and gentlemen, that's what we've done in British Columbia in the last three and a half years.

This is our second balanced budget. We said when we ran in 2001 that we were going to restore fiscal prudence in British Columbia. We said we were going to bring into British Columbia something that hasn't existed across the country: generally accepted accounting principles, so you knew what was happening with your dollars.

When we listen to a Premier or a Finance Minister talk about a provincial budget, you have to remember this: they are talking about your money. They're talking about resources that your hard work has generated. We have to look to how we manage those public resources that we have in trust. We have to say: what are we going to do to make sure that we try and provide a better life for British Columbians in every part of this province? That is what motivated us in 2001 when we ran; it's what motivates us today.

As we went through our time in opposition, we used to talk about unleashing the power of free enterprise, unleashing the power of individual imagination, and unleashing the power of people who are willing to out and try and create new wealth, new jobs, and new opportunities. We talked about taking the government and moving it out of your lives so that you could get on with your lives in British Columbia, and that's what we have done in the last three and a half years.

And because of your hard work, because of your commitment, over the last three and a half years we have built a very strong foundation for our future. I believe that we are on the verge of entering into a golden decade for British Columbia. We are on the verge of British Columbia assuming a new national role as we lead Canada towards the

opportunities of the Asia Pacific and as we give our young people a sense of hope again about what they can do and how they can accomplish it.

I was listening to Jim Sinclair on the radio today. Jim Sinclair says: let's go back to 2001. Now, how many people in this room really want to go back to 2001? How many want to go back to a decade when we doubled the debt in British Columbia? How many want to go back to a decade when investment was fleeing the province of British Columbia? How many want to go back to a decade when young people in British Columbia said let's leave this province because there are better opportunities in other parts of the country? How many people really want to go back to 2001? Do you want to go back?

No. So, let's go forward together to a golden decade where British Columbia sets the standard, where we have the best educated and most literate population on the continent and where we are the healthiest, most physically fit place that an Olympics has ever been held. Let's move forward through a decade where we provide the best support system of any province in the country for those who need our support and need our help. Let's become a leader in sustainable resource management and sustainable economic activity that the world looks to for how we manage our water resource, our land resource and our air quality. And let's have the best economy in the country that's creating jobs and opportunity in every corner of British Columbia. That's what the golden decade offers to people in this province.

We are moving from a time of recovery to a time of discovery – a time when we discover what we can do as a province, what individual British Columbians can move forward with for themselves and their families and their communities all over B.C.

We're sitting here today in Kelowna. Think of what your city has been able to do over the last few years. Think of the opportunities that have been created here. You've got one of the best economic regions in the entire province. Because of the leadership that you've had in the Okanagan you've got the whole region together saying: what can we pursue together? How do we reinforce the objectives we've got, the dreams we have, for the place that we live?

There used to be a time when people were thinking back all the time. They were wondering: why couldn't things be like they used to be? You know what? We're going to make things like they should be.

In 2001 when we were elected we established a fiscal financial review panel. It was an independent panel and they came in and started to look at our budget. They said this: "government is operating in a fundamentally unsustainable manner" with a \$3.8-million structural deficit. If you looked at the last NDP budget, Mr. Ramsey said: you know, we don't even know how we're going to fund our programs in the future.

When we were elected we brought in three-year budgets so school boards and hospital boards and communities could know what to expect so they could plan out over three years. You know, in your business the better your plan is and the more you stick to your

plan and execute the plan, the better your results are going to be. If you have good measures against that plan, you can alter your activities to make sure that you are reaching your goals and achieving the results that you want.

You may remember that we had high taxes in British Columbia. Then on our first day in office, we introduced 25 percent across-the-board income tax cuts. We did that for one reason: the power of an economy comes from people, and if people don't know that if they work hard they can get ahead, they tend to sit back. We wanted to send a message to B.C.'s families: if you work hard in this province you can get ahead, you can take care of your family and you can build the future you want. That's exactly what we said we'd do, and that's exactly what we did.

This here was the document that we ran on. This is what we said we'd do. Let me read this to you. "Introduce a dramatic cut to personal income taxes within 90 days." We did it on day one. We got that goal set; we met it. We exceeded it.

You can go through this; you can look at all the things we said we'd do. Over 90 percent of them have been acted on. That's what's important. You should be able to hold us to account. I hope you will hold us to account, and I believe as we move ahead you will see that we have not just lived up to our commitments – we've exceeded expectations in many, many areas.

When we were elected in 2001, B.C. was ninth in job growth in the country. I remember there was a survey done of people involved in mining. British Columbia was ranked ninth on their list of places to invest in mining in the country. You know the province we beat? Prince Edward Island. They don't have mines in Prince Edward Island.

Over the last three years, we have watched as mining exploration has gone from \$29 million a year to over \$130 million a year. Mines are opening and jobs are being created in communities all over this province. We said we would bring mining back; we brought mining back in British Columbia.

High taxes, high regulation, a huge regulatory burden, taxes on investment, taxes on productivity: that's what we inherited in 2001. What did we say we'd do? We'd eliminate the tax on investments; we did – we got rid of the corporate capital taxes. We said we'd eliminate the taxes on productivity; we did – we got rid of the PST on machinery and equipment. We said we would reduce income tax; we did.

We said we faced a regulatory burden that is actually a way of hiding the tax that's imposed on small businesses across the province. We said that we'd eliminate 33 percent of all regulation within the first three years; we eliminated 37 percent – 173,000 regulations were cut and now we have a province that is driving forward. We said we'd do it; we did it. And that's how you get an economy that starts performing.

We said we had a plan for the new era. We said we were going to restore strong fiscal management. We said we were going to build a sound and a vibrant economy. Those are

critical things for the future of any province. We've started to do that. Right now in British Columbia I think it's fair to say any outside observer would look at our province and say: you know, their plan is working.

Think of what we've got. We are number one in job creation. Since December of 2001 we have created almost 200,000 new jobs in British Columbia. In 2001 we were number nine. In 2005 we're number one. Jim Sinclair wants to go back; I want to go forward. We are going to continue to be number one in job creation in this province for the decade ahead.

We're number one in housing starts. For every home that's started, there are 2.3 jobs that are created in the economy. There's \$27,000 of economic spin-off in the economy for every home that sells. We are outpacing the national average in housing starts about four to one. We are the only province where housing starts are expected to continue to grow over the years ahead. Why is that? Because in 2001 people were leaving the province; in 2005 they are coming back. Over the last 18 months 10,000 people have come to British Columbia from other parts of Canada because this is the province of opportunity. This is the province that's got the golden decade ahead of it, and this is the province that is going to be number one in job creation and housing starts in the future.

The most important plan you lay out as government is your financial plan. You might remember the previous government laid out five plans. They called them something different every year because they hoped that we wouldn't notice they did not meet one of their planned projections.

How would your relationship be with your banker if you went every year and said: you know, I just need a little more money? I know I didn't make my plan last year but I'm sure I will because I've changed the name of the plan. It doesn't work for business and it's the same with provinces.

Standard and Poors, Moody's, the Dominion Bond Rating Agency have all said that it is time for British Columbia's credit ratings to start going up. That is positive news for all of us. It means that you as taxpayers save millions of dollars. What did they say? They said government's track record since coming to power in 2001 of consistently meeting and in some cases exceeding budgetary targets allows them to talk about a credit rating upgrade. That saves you a lot of money in the long term. We have to maintain that fiscal prudence.

When we were elected we faced the structural deficit. We faced some problems and we had to work them through. We had to contain our costs. We had to manage our resources. I'm proud to say that this year again, for the third year in a row, every ministry of government has come in on budget or under budget.

Last year, we projected the first balanced budget as we said we would in the new-era document. This year we have the second balanced budget, and you will see that we have a significant surplus this year. That significant surplus is still buffered by a \$300-million forecast allowance. In our plan we always put in place a forecast allowance. That's for the

things we can't anticipate, like a rising Canadian dollar or falling commodity prices. That allowance is there to protect you, the taxpayer, so that we can project a balanced budget and know that we'll deliver it. Over the last two years, despite some of the unexpected challenges we've faced, we still didn't use the forecast allowance because we were managing our budget.

There are different measures that the rating agencies and analysts use. One is the percent of provincial debt as a percent of GDP. Over the last year we've watched as it has dropped from 29.9 percent to 22.4 percent. That's all forms of debt.

There's another kind of debt that is called taxpayer-supported debt. In Budget 2002, we expected to have taxpayer supported debt of 24.6 percent. In Budget 2005, we're expecting to be about 18.5 percent. To do that you have to manage your debt properly and you have to have an economy that's growing. One of the reasons this is happening is not just that we haven't needed to borrow as much as we expected, but it's also the economy has been growing faster than we expected, so the proportion has been reduced. That makes it more and more affordable.

What does this mean? It means that this year we have been able to provide for the largest single write-down of taxpayer debt in the history of the province - \$1.7 billion will be paid down this year. As I mentioned, that saves you money – about \$125 million a year.

When you save that \$125 million in interest costs you actually can afford to pay for the largest increase in support for people with disabilities on income assistance. You can pay for the largest increase in the number of police officers across the province in over 20 years. You can pay for the largest increase in support for transition houses for women and children who are escaping abusive relationships and provide 24/7 access for those people in transition houses. You can pay for all the increase in the social housing for independent living programs that we put in place over the next three years.

When we save on those interest costs we have resources we can invest in services that make a difference to people's lives. That's why we are going to remain a fiscally prudent, management-oriented government that takes your dollars and manages them as well as we possibly can so that debt keeps going down.

We continue to believe that we want to leave more money in people's pockets. So we've decided to create a new B.C. tax reduction. It is a new non-refundable personal income tax credit. It will lower taxes or, in some cases, eliminate income tax all together for 730,000 B.C. taxpayers

For people that are receiving only \$15,500 a year they will actually pay zero B.C. income tax. What does that let them do? They're going to be able to spend their dollars in the economy where they think it's most important for them – and those dollars are going to work their way back through the economy again.

We now have a balanced tax regime. That means if you're an individual British Columbian and you're earning \$80,000 or less you are paying the lowest provincial income tax of any place in Canada. That's powerful because that means that your cheques are going up. Your take-home pay is going up a little. If you want to go back with Jim Sinclair to 2001, I can tell you over that decade British Columbians' take-home pay went down by \$1,738. Since we've come to government, after-tax family income has grown five times as fast as the national average.

When you take these measures that we put in place in this budget what does it mean? It means a family of four with two incomes earning \$30,000 a year is actually going to have \$1,300 more dollars in their pockets this year than they did in 2001. It means a senior couple that's making \$30,000 or less is going to have \$930 more dollars a year in their pockets. That's \$77 a month.

One of the things that's critical to a strong economy, a strong province, and strong communities is home ownership. So with this budget, we've increased the homeownership grant threshold by \$100,000. That means 95 percent of all British Columbians will be able to take full advantage of the homeowner grants. The first time homeowner exemption has also been increased by 18 percent across the province because we want to make sure that young people have the opportunity to buy homes and to start to build the future that they want.

One of big lies that people try to say over and over again is that somehow or other we've cut services. Since we were elected we have added resources, substantial resources, to services that are critical to people like health care resources, like education resources, like transportation resources, like policing resources.

Let's look at health care, the number-one area that British Columbians are concerned about. In 2000-2001, \$9.5 billion was invested in health care. In 2004-05, \$11.8; 2005-06 \$12.5. By 2007-08 \$13.3 billion will be invested in health care. We're glad to invest it because we know when we invest it the quality of people's lives improve.

There are 600 more nurses at work in British Columbia today than there were in 2001. We are going to be training nearly twice as many doctors today as we were in 2001. We've got new facilities for training doctors in Prince George. We've got a new medical school in the University of Victoria. We've added 6,500 nurse training spaces by 2007 and we know over 90 percent of nurses trained in British Columbia today are staying to practice their profession in British Columbia today.

As we look ahead to how we're going to invest your dollars in health care, there's \$465 million for Pharmacare, \$200 million more for hip and knee replacements and other acute care services, \$100 million for health prevention, \$100 million for health research and \$200 million more to improve access to home care, to residential palliative care, mental health and addiction services. We have a strategy, a long-term plan to continue to improve health care across this province. Over the last three years, by the way, we've increased the number of MRIs available in British Columbia by 75 percent. We've increased the

number of CAT scanners that are available. We've had a 40 percent increase in the number of renal dialysis facilities that are available across the province. We've increased ambulance services.

The rest of the country now looks at B.C. and says: how are you guys doing this? We're doing it because we're listening to professionals, we're working with communities and we put patients first in this province, and that's where they're always going to be with a B.C. Liberal government.

As we look to the future, education and training are critical. We have increased education funding every single year since we were elected. In this budget we announced \$150 million more going to school boards across the province. We're going to ensure that our kids have the learning resources they need. We're going to be sure that they have the art and the music programs they need for a full and complete education. We're going to continue to improve services for special needs students across the province of British Columbia. This budget has the highest education budget ever in the history of the province of British Columbia because we're going to make sure our kids get the best education possible right here in B.C.

We have 29,000 fewer students in K-to-12, but funding continues to rise. In fact, the funding per student is up over \$860 since we were elected. Today I think one of the things that we should be encouraged by is not just that we're investing more, but that we're actually graduating more students from high school, our achievement levels are going up, and we're doing very well in international tests. We have an education system that is working very well for our students.

As they graduate we want to be sure that they have advanced education and training opportunities in every part of this province. We're standing here today in Kelowna which is about to become home of the brand new UBC-Okanagan. We will increase the funding for post-secondary by \$196 million by 2007-08. That's for training activities; that's for educational opportunities; that's for our colleges and our universities to reach out across the province. We're going to provide for \$450 million for student financial assistance to make sure that we open the doors of opportunity for all children across British Columbia. There will be 25,000 additional spaces added by 2010.

We can't do any of this without a strong economy. We don't have a vibrant and vital public life without a strong private sector economy. To have that strong and vibrant economy, we need a strong small business sector. Small business accounts for 98 per cent of all businesses in British Columbia. Small business does create the economic engine for the future. Every political party will come and tell you they have a small business strategy. Ours was to listen to small business. You said get rid of regulations; we got rid of regulations. You said reduce tax; we reduced tax.

This last year we heard from a lot of small businesses that they thought it was important that we increase the small-business tax threshold. So this year we increased that small-

business tax threshold from \$300,000 to \$400,000 a year, and that will save small businesses \$30 million in British Columbia over the next three years.

Our strategy is to take small businesses and let them grow. To do that, you have to have a competitive tax regime. We've provided for a competitive tax framework for our film industry. What happened? We've got \$350 million more dollars that's coming to B.C. in production as a result of that.

We brought the PST back down to 7 per cent, which was something we said we'd do. We extended the mining exploration tax credits to 2016 so the mining community knows that they are an important part of our future in British Columbia. We have PST relief for hybrid vehicles. We increased the threshold for the vehicle surtax across the province by \$2,000. There's a PST exemption for energy-efficient heating. We are working today on making sure that our intellectual property is protected and becomes a true asset for all British Columbians as we build our economy. All of those things are about opening up opportunity in British Columbia.

I want to close today by reminding everybody of something that sometimes we take for granted: we are Canada's only Pacific province. We're going to open the Port of Prince Rupert. We're going to open the Port of Vancouver to more opportunities. We're going to make major investments in transportation. You're going to benefit from the Okanagan Lake Bridge.

We're going to open the Port of Prince Rupert as it's never been opened before: new container facilities, new rail infrastructure, and new opportunities for mining and for the shipping of our resources across that Pacific Ocean - 30 hours closer to China, 30 hours closer to the ports in India, the two fastest-growing economies in the world.

We're going to improve our border crossings because we still have a major trading relationship with the United States. We're going to make airport improvements because we want people from around the world to be able to land in different parts of our province. There are a hundred million Chinese tourists that they're expecting to leave China and visit the world between by 2020. We want to be ready for them. Let's have them land in Kelowna. Let's have them land here and have you show off everything you have in the Okanagan region of our province. We will invest in transportation infrastructure because it is critical to the lifeblood of our economy. That's how you create a golden decade: you invest in it.

Ladies and gentlemen, I am very proud of the 2005 budget. It provides for tax relief for those that needed it most. It will help reinvigorate the economy. It provides for industry sectors to help encourage investment and encourage job creation. It provides for prudent financial management where we pay down our debt to a record level. It provides for a continuing reduction of taxpayer-supported debt as we move out into the future. It provides for improving services that are critical to the quality of people's lives.

But most importantly, it provides a foundation. It provides a foundation that says to all British Columbians: dream again and use your imagination. What do you want to be?

I'm asking you to think out ten years; think of how you want to feel in 2015; think of what you want to be in 2015; think of the qualities that you can deliver to the next generation by 2015. We have a golden decade ahead of us. The only thing that will hold us back is the limit of our imagination. Dream again. British Columbia is ready. The golden decade is at hand.