

## BUDGET 2010 - PREMIER GORDON CAMPBELL ADDRESSES THE BC CHAMBER OF COMMERCE

March 5, 2010

Premier Gordon Campbell gave the keynote speech at the BC Chamber of Commerce luncheon, outlining how Budget 2010 will renew economic growth, protect vital services, and build on the momentum of the 2010 Olympic and Paralympic Winter Games.



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*Check Against Delivery*

**Text edited for accuracy**

Well, it's quite a time to be given a chance to talk with the Chamber of Commerce. As John Winter so generously pointed out, we've just come through an Olympics where there were a whole number of Chamber of Commerce days that we got to show off to the rest of the world here in Vancouver. I prefer to call them British Columbia days, but I can tell you this – regardless of whether they were British Columbia days or Chamber of Commerce days, boy, did we ever have an Olympics in British Columbia, Canada.

Those Olympic Games and the whole effort to get us to the Olympics and the successes that we've all experienced, we've all felt in our hearts.... We actually should remember that we thought about this. We planned this. We planned this partnership. We planned to bring people together.

And I want to say, as we think about the successes of the Olympics, we should think about the lessons we learned from those Olympics. The first lesson is there is nothing we can't accomplish in Canada when we work in partnership with the federal government, we focus our attention, and we drive to the finish line – and that's something we should all remember for the future as we move into the 21st century.

The federal government could not have been a stronger partner for us. They took on the responsibility for security. You'll remember all of the plans before the games. Those games were exceptional: families with kids, with babies, downtown enjoying themselves, celebrating being Canadian, celebrating British Columbia, celebrating our Olympians and feeling safe and secure. So my hat's off to the Vancouver police department, the integrated security unit. They did a superb job for all of us.

And again private sector partners came to the table, the Royal Bank and Coke, as we started that torch relay off in Victoria and touched every province and every territory. They touched 15 million Canadians. They lit the spark that was the Olympic Flame, and that just kept building and building, and as it came through British Columbia, over 260 communities in British Columbia, it got brighter and brighter and brighter until that cauldron was one of the most photographed images in the world – the most photographed image in the world – for 10 successive days. That's success of partnership, and we should say thanks to all the private sector partners for what they did as well.

And of course, you can't say enough about Jack Poole and the VANOC board, John Furlong and the entire VANOC team. You know, sometimes we look right by the things that we do so well, and we should just take a moment and think of all the things that were firsts for this Olympic Games. The first time ever that there were Four Host First Nations that welcomed the world to celebrate with them their culture, their traditions and their pasts was one of the defining images of our games, and I think that's a first that we should all be proud of. The first time ever, of course, that we won a gold medal when we were hosting the games in Canada, and the first time in Olympics historic where there were 14 gold medals won by the host country.

The large single audience in the history of the games watched as we hosted the 2010 Olympic Games:

3.5 billion people. Now, just think of that for a second: 3.5 billion just sort of goes by – right? That's half of the population of the globe. It touched the hearts of children and families and communities and countries all around this great world, and what it did was say to the world: here's Canada; here's Canada in the 21st century; and by the way, here's British Columbia, Canada, Pacific Gateway, the diverse, exciting, vital and vibrant area of endeavour that you all want to at least visit if not want to move here. That's the 2010 Olympic Winter Games legacy for British Columbia.

You know, we had these Olympic Games take place, and we look at our North Shore Mountains today, and you know, you wonder: how did they do this? I'll tell you, while people talked about what took place on Cypress Mountain, there was a miracle of technical expertise, of commitment, of volunteers on Cypress Mountain where they carried off every single event in spite of enormous odds, and they deserve our thanks for the incredible contribution to those games.

Finally, one last group. No one could have come to the 2010 Olympic Winter Games here in Vancouver, British Columbia, Canada, without having come in contact with one of those incredible volunteers in a blue jacket. Some 25,000 people gave of themselves and gave to others so that we could host an Olympic Games that was second to none.

You know, as I watched those volunteers, I thought to myself of one of the things that Jack Poole said to me earlier on. When we host the Olympics, we want it to be a gift that we give. We want to think about the others, not about ourselves. I can't think of a more selfless, impressive and lasting legacy of the leadership of Jack Poole than how those volunteers greeted the world and served the needs of every person that came here in the best possible way, and we should remember that. That's Canada. That is, in fact, the message that we sent out.

I don't know if you had the chance to read some of the international media about what took place. I read a column from the Los Angeles Times the other day, and a fellow talked about this in his column. He comes and he says here: "My daughter was there. We were having the time of our lives." It was after the Americans – I can't believe this – won the game against Canada. She was walking down the street with a U.S.A. jersey on, and saying, "Hey, hey, U.S.A.". She was really excited, and she was having the time of her life. This fellow jumped out in front of her with a Canadian jersey on, and he sort of stepped back, and she sort of stepped back, and he looked at her and said: "Eh, eh, eh." She looked at him, and he said: "Go Canada." They gave each other a high five. He walked away, he looked back, and he winked at her father. The guy said: "You know what? I love Canadians."

That is the spirit of our Games, and everybody in this room, everyone in this province and across our country, should be proud of what we were able to accomplish as Canadians, as British Columbians and as people of this community. They did a great, great job for all of us.

Nothing would have been done or accomplished without the team, and I can tell you, from my perspective, we have had an exceptional team at the provincial level that have been working on these Olympics since 2001, when we were first selected. We started out in 2001, from the day that we heard that Vancouver was going to have the chance to win the Winter Olympics, which was July 13, 2001. We made it our goal to make these Canada's games, and every one of our caucus and ever one of our ministers never lost track of the fact that this was something that British Columbia could do for Canada. I want to say a special thank you to all of them, all of them who participated as we went through these last nine years, because without their commitment, without their dedication, we would have not got to the destination that we reached.

I want to introduce a number of them who are here with me today and say a special thank you to them. First, the Minister of Aboriginal Relations and Reconciliation, MLA for the Shuswap, George Abbott, is with us today. Just as the Olympics will be, I think, a turning point for Canada, they will be a turning point for First Nations. They did an exceptional job on behalf of all of us. Thank you, George, for that.

Hon. Pat Bell, Minister of Forests and Range and the MLA for Prince George-Mackenzie, joins us today. The Olympics again was a showcase for British Columbia wood products, and Pat has been working, as has the government for some time, to expand the international understanding of the opportunities that wood products represent, from the million board feet at the Richmond speed skating oval to the incredible new convention centre that we have in Vancouver. We are going to build our forest industry. Forestry is part of our future. It will be different, it will be better, it will employ people, it will encourage investment, if we continue to work together, and I want to say thanks to Pat for that.

We had the largest hosting program in the history of the games, over 9,000 connections that we made with business communities from clean technology to energy, to mining, to forestry, to small business, to new tech, to research and development, to tourism. The man who organized and pulled that together and made it work for all of us was Iain Black, the Minister of Small Business, Technology and Economy Development, the MLA for Port Moody-Coquitlam.

I think you couldn't have found a better front door for the Olympics than the Vancouver International Airport, but equally importantly, you couldn't have found a better front door than the whole transportation system that we have here. I want to recognize two ministers who are here today particularly with regard to that. First, the Minister of Transportation and Infrastructure, the MLA for Prince George-Valemount, Shirley Bond, joins us today – thank you, Shirley – and the minister who actually drove the Canada Line to a successful conclusion. He is now the Minister of Health Services, but I can recall standing with Kevin in the Vancouver International Airport and saying unequivocally:

"We are building the Canada Line. We are glad to have partners, but let me tell you this. It's going to get built." It was built. It arrived early, it arrived on budget, and it has been a phenomenal success. The Minister of Health Services, Kevin Falcon, joins us today.

And you can't argue with the success of not just the Own the Podium program but the build-up to these Olympics as young people were inspired by our athletes' success but also were inspired by our athletes' example. I had the chance to meet a number of our Olympic team, and I can tell you I couldn't have been prouder. You couldn't have met more articulate, more committed, more dedicated people. They are huge examples for the future. Ida Chong, the Minister of Healthy Living and Sport, the MLA for Oak Bay-Gordon Head, intends to build on that. Ida, thanks for being here today.

One of the things that some people didn't notice is we've had the most labour peace in the history of the province of British Columbia leading up these Olympics. We saw what we could do, again, when we work in partnership with our public sector unions, with people across the province, and I'm pleased that we have today the Minister of Labour, the MLA for Saanich North and the Islands, Murray Coell, with us. Thank you, Murray.

One of the challenges that we knew we faced but one of the challenges we face regardless of whether we have an Olympics or not was how we take care of those people who are most in need. We've had a minister who has, I think, led an incredible program of dealing with individuals who have challenges, whether they're mental illness challenges, whether they're income challenges. Whatever those challenges, we've decided as a government we want to treat those people like people. We want to give them individual care. We want to connect them with government services across the board. The leader of that and someone who I think does a phenomenal job for all of us, the Minister of Housing and Social Development, the MLA for Fort Langley-Aldergrove, Rich Coleman, joins us. Thank you, Rich.

Again, the public safety and the way that we dealt with people doesn't happen by accident. Kash Heed has been the Public Safety Minister and Solicitor General since the election. He was constantly in touch with ISU and working with police divisions and saying, yes, this is what we have to do; this is what we have to accomplish. I want thank Kash for all the work he did too. Thank you, Kash.

The Olympics is not just the largest sporting event we'll ever host in the country. It is the largest cultural event that we have ever hosted in Canada, literally hundreds of cultural activities that were free for the public if they wanted to enjoy them, and boy, did we show off Canada's talent across the board to the international audience. The Minister of Tourism, Culture and Arts, the MLA for Kamloops-South Thompson, Kevin Krueger, joins us today.

Our school kids were involved throughout. Our school kids did thousands of postcards to welcome every athlete with a special postcard from them to the athletes from around the world. Our education system, our teachers, took the opportunity of the Olympics to teach kids about the world, and I'm pleased that we have today with us the Minister of Education, the MLA for Vancouver-Fairview. Margaret MacDiarmid is with us.

We kept this all running because we had a great administrative backup. There were shared services across the board in terms of the Olympics, and I'm pleased that we have the Minister of Citizens' Services, the MLA for Westside-Kelowna, Ben Stewart, joining us. Thank you, Ben.

We have connections already with Sochi in terms of trying to build up their training for their volunteers. We're looking at opportunities to connect them with our universities, with our colleges across the province. The Minister of Advanced Education and Labour Market Development, the MLA for Vancouver-Langara, Moira Stillwell, joins us. Moira.

The best food you could ever have was at the B.C.-Canada Pavilion. Boy, was it good food right from B.C.'s farms across the board. I don't know if you guys ever tried it, but there was also, evidently, some excellent wine. The Minister of Agriculture and Lands, the MLA for Kelowna-Mission, Steve Thomson, joins us.

New memoranda of understanding with the Governor of California, the Governor of Oregon, the Governor of Washington; a new memorandum of understanding with the government of Montana. The leading edge of that was the Minister of State for Intergovernmental Relations. Naomi Yamamoto joins us. Thank you, Naomi.

The cleanest, greenest games in the history of the games, a dramatic reduction in carbon footprint. John Yap, Minister of State for Climate Action, joins us.

I think you have to admit that all of these Games in terms of the immediate economic benefits are nothing compared to the inspiration of an entire generation of British Columbians. From our youngest kids to people that are my age, I can tell you this was an incredible time. Mary Polak joins us, the Minister of Children and Family Development.

And the Parliamentary Secretary for Multiculturalism and Immigration. I can tell you this. These Olympics showed British Columbia and Canada off to the world. We're going to have a lot of people wanting to move here. Dave Hayer joins us from Surrey-Tynehead. Dave, thanks for being here.

Finally, I'd be remiss if I didn't say all of us as political leaders depend on the exceptional people that we have in the public service who helped put this together. I can tell you it wasn't a politician that

brought up the idea for the zipline, but it was a heck of an idea, and I highly recommend it. You've still got a chance between the 12th and the 21st to take on that zipline. Allan Seckel, the Deputy Minister to the Premier, joins us. Thank you very much for being here today, Allan.

I can tell you there's a lot of lessons that we can learn from the Olympics, and those lessons are ones that we hopefully will take with ourselves; we'll work with the federal government. They really are lessons of partnership. They're lessons of focus. They're saying to ourselves: how do we build on our strengths? Look at the strengths of our athletes. They didn't actually get successful and get to the top of the podium by saying to themselves: well, we'll follow our weakest line. They actually said: what are the strengths that we have that we can move forward?

So we are going to continue to learn these Olympics lessons, and as we learn them, we are going to have to work in concert with you. There's not one person who got to the top of the podium that didn't have days when they had doubts. In fact, there's probably very few that announced to their friends they were going to try and become an Olympic champion and their friends said: "Oh, of course." In fact, what their friends probably said is, "You'll never do it," or, "Are you crazy?" or: "Are you sure you want to?"

I think it's the same thing with us as a province as we look to the future. We now have to decide: where do we want to go? What do we want to be? What can we contribute to the country? I think we showed the country what we contribute. We are Canada's Pacific Gateway. We can lead by example. We can do things that other people may not have done before, and when we do them, we will surprise ourselves.

People have said to me: I never expected it to be this good. To be honest, I didn't expect it to be this good, but I always thought it would be an incredible time for British Columbians if we just stuck with it and got on with it and built those partnerships that become so valuable to us. So I want to say to all of you as a Chamber of Commerce we need to continue to build on these partnerships. We need to continue open communication. There'll be times we agree, there'll be times we disagree, but if we focus on our destination, there is nothing that we can't accomplish as a province, and we can make an enormous contribution to our country as we do that. I'm committed to doing that, and I know that the Chamber of Commerce will help us get there.

But we know that we have to build on our successes. We have to build on our Olympic advantage, there's no question about that. But we have to maintain our discipline. We have to be willing to make the difficult choices if we are actually going to get to where we want to go. We have to strengthen support for families across the province. In fact, if we think about what really are the driving forces behind whether it was the Olympics or any other endeavour, it's the people who live in British Columbia, it's the families of British Columbia and their children, and, candidly, we have to continue to strive to improve our competitiveness and to create jobs for all British Columbians.

What is the advantage that makes some 3.5 billion people watch these games? I don't know how many.... You know this, but there was an advertising campaign running by British Columbia called You Gotta Be Here. You Gotta Be Here went viral last week and was one of the top ten viral ads on YouTube last week. That is a way of saying to people here is our province in all its diversity and all its richness we can build on that.

There were 183 million American viewers that watched the Olympics. Already the Conference Board has suggested that we probably will have generated over \$770 million of benefits as a result of the games. You know, if you just hear anecdotally what's taken place, when you hear the Hudson's Bay was planning to generate about \$13 million in merchandise bills, it's at \$25 million. Everything has succeeded expectations, and we have to continue to build on this.

The 1.5 million people that visited British Columbia's showcase here in Robson Square.... And remember this. Starting next Friday, March 12 to March 21 Robson Square is open again. The Zip Line is open again. We're welcoming British Columbia for the opening of the Paralympic Games right here in Vancouver. There are still tickets available for the opening ceremonies, by the way, if you'd like to go. I recommend that you look at that.

But as we went through the Games, you know, we discovered in the eyes of others the strengths of British Columbians, the enormous new energy resources that Doug talked about earlier. Those are enormous economic advantages for us. We have a massive mineral resource that we can take advantage of working in concert with our mining industry, removing unnecessary regulation that actually impedes investment – that creates uncertainty. We can be certain about what we're going to do to secure the environment, to secure the economy, and we can act together when we do it. And that will not just strengthen our forest industry and our mining industry; it will strengthen our energy industry, it will strengthen our tourism industry, and it will strengthen the lives of families across this province.

This is an enormous opportunity. The world has been introduced to British Columbia, Canada. They came to the Olympics. We want them to come back, come back and come back again. We want them to invest, invest and invest again because that means job after job after job in every region of this province, and that's what we intend to do.

You know, when you think of [inaudible] this is people that came here. They loved the games. They loved the sporting events. But at the end of the day they're going to look at the balance sheets.

They're going to look at what our financial framework is. They're going to look at whether this government will deliver on its commitments. And we have every intention that we're going to do this.

There are some variables that are out of our control. We can't control what's happening in the United States. We can't control what's happening in Europe or in Asia. But we can put ourselves in a position where we take full advantage of all the opportunities that are in front of us where we meet the needs of our customers. California, Oregon, Washington, they all need new clean energy. We have it. Let's make sure they can access it.

We have people from around the world that want to have wilderness experiences. We have that. Let's make sure they can access it. We have top-quality food. People want to have quality food. We have that. Let's make sure they can access it. And let's make sure to go back. We understand that our position in the Pacific Rim is a huge competitive advantage. We are the only Canadian province in the Pacific Rim. We are a crossroads province. We bring people from Europe, we bring people from Asia and we can be their front door to North America. Let's make sure that we deliver on that commitment and as we do that, let's keep our fiscal house in order.

So I want to just say.... I saved this introduction to the last. We have never had a more challenging time, economic time, in government, in the private sector than over the last couple of years, and we've got someone in British Columbia who has been stable, who has been stalwart, who has been steadfast, who has led us through this very challenging time and he has set a course for us that will assure that we balance our budget by 2014. He introduced his budget on Tuesday. On Wednesday Moody's said it was a good, solid, prudent budget. We are one of the two provinces with a triple-A credit rating. We have it because we've had great financial leadership. The Minister of Finance, Colin Hansen, joins us tonight.

What you see on this graph is a dramatic drop in revenue, \$2 billion. The \$2 billion we lost between the end of June and early August of 2009 is never coming back. I don't know if any of you have ever gone through a business deal where you lost money, but I can tell you the worst thing you can do is say if only, if only, if only. The fact of the matter is we lost the \$2 billion. It's gone for good. So what we have to do is we have to have a financial plan that leads us forward, that builds the economy, that encourages investment, that generates additional revenue and if we stay disciplined and stay focused we will balance our budget in 2014. Count on this. We're going to stay disciplined, we're going to stay focused and if we can exceed our plan we will. But I'll tell you for sure we're going to meet our plan in this government on behalf of all British Columbians.

Right now we face a \$1.7-billion deficit. That's a lot of money. As we [inaudible] to introduce the budget there were people that said you shouldn't worry about the deficit. I just want everyone to remember what that actually says. It says we should not worry about our kids and our grandkids, and particularly our grandkids I think we should be aware of. Our initiative that we've taken as a role for government, we've said how do we make sure that we have a better province in 2030? I can't tell you how many people say to me: why don't politicians ever think long-term? We're thinking long-term.

It'll be tough. I remember when we said that, immediately we had some commentators saying: oh, they'll never do it. We're going to do it. And we're going to do it because it's actually what people expect of us. Regardless of what the easy politics is, I can tell you that where we're going to succeed in building our province is to think about 20 years down out and start taking the steps now, every single day, step by step by step to build the economy, to encourage investments, to create jobs and to create the revenues we need to provide exceptional public services. That's what this plan intends to do, and that's what we're committed to.

It is really important to note the budget pressures if we continued spending at the rate we were, we would have never got back to balance. We would have built in a structural deficit which would have meant that they never would have been able to find a way in British Columbia that we could secure health care, secure education and the important infrastructure projects we've got. So this plan, you can see, we'll get back to balance in 2014. We may be the first province in the country to get back to balance. But I'll tell you when international investors look at that, they look at the triple-A, they look at our financial plans, they look at how we deal with adversity and they decide whether they want to invest or not, and I am confident that international investors know that in British Columbia they can count on the government to deliver on its fiscal plans.

It's equally important, I think, as we think of this, that we actually think about how do we provide additional support for the services we've got. This budget, as you've already identified it, 76 per cent of all new investment is going to health care; \$2 billion over the next three years. Now, for those of you who are in the transportation business, I know that you thought that when you lost Kevin Falcon that you'd lose any opportunity for investments in your ministry. So you know, Jack, you're right. He's taken it all to health care - \$2 billion. And I want to just say that when you call for us to actually think of new ways of dealing with this, we've got the right guy in this portfolio. We're going to be smart about what we do. We are going to end up paying for performance. We're going to make sure that patients are always more important than administration. We are going to make sure that we maximize the benefits of every single dollar that we put into that health care system so we can deliver a sustainable long-term health care system. And let me just say this to all of us. This is all of our jobs. It is not just the Minister of Health's job; it is all of our jobs. It's our job to be physically active. It's our job to eat well. It's our job to try and give our kids the tools that they need. We have to do this if we're going to protect health care for them in the long term.

We're going to take the lead on that. We are not afraid to take it on. We think it's our responsibility to take it on. And I can guarantee you Kevin Falcon's going to take it on and we're going to succeed.

[Inaudible] on to education, and we as a government have decided that we're going to invest more in early childhood development. We're going to invest in full-time five-year-old kindergarten in our school system. We're going to try and make sure that we meet the challenges of the twenty-first century by thinking more about individual needs of students, by trying to not deal with them [inaudible] again but think of what [inaudible] individually, what are you passionate about, what do you want to follow, where is it that you can be excited?

We want our education system in British Columbia to be unequivocally great, because when it is, we have the best health prevention program we can imagine, we have the best economic development program we can imagine, and we give our kids the tools they need for the 21st century. We're committed to work with you on that and to make sure that that happens, and I can tell you our children will say thank you to us for taking these initiatives. We want to put more dollars into the education system.

I've got to go back to health care for a minute. In health care, just so you know, we've dedicated resources to health care. Every cent of our HST, our MSP, our tobacco tax revenues, our lottery health account and our federal health transfers will go to health care. Governments don't generally like to dedicate revenue streams, but we have to start showing people that health care is not free, health care requires investments, and that's why this was an important step for us to take at this time. Remember in just three more years we're going to find that the health care budget in British Columbia is \$18 billion. We are investing a lot in health care. Now, we're getting great results. We've been called the best health care system in the country. We want to stay there, and to do that, we're going to have to be a lot smarter.

I just want to show this quick graph on education, because one of the things that comes out of a budget is people, not unusually, ask for more. In education we have never spent more per student on education than we are right now: \$8,300 per student. We have to change our mindsets, though. We have to say to ourselves: how do we actually put more dollars into classrooms? What's the most important ingredient of a great education? It's thinking of the individual students and providing support to teachers in classrooms.

Again, all of us adults are going to have to put on our thinking caps and say to ourselves: what works? How can we do better? How can we find more resources to focus on our kids in the classroom? That requires us to change, and change is always a challenge, but I can tell you there is not one athlete that would be standing on the podium in 2010 if they were using the same technologies, the same approaches and the same ideas as they had in 1860. In fact, they wouldn't be able to stand there if they had the same ideas as they had 25 years ago. So we have to be willing, on behalf of our kids, to stand up, to look at the facts and to deal with them directly, and that's what we intend to do in British Columbia. We owe that to our children.

I think it's also important that we recognize that the most important building block we have in any of our industries, in any of our resource industries, our technology industries, is people and the families that live here. We want this to be a place that families want to live and raise their kids, so we've done a number of things to hopefully provide additional supports and additional choices for families. The property tax deferral option for families with children is something where they can choose to use it, and it may put literally thousands of dollars in their pockets while their children are young and they're growing up. That'll be their choice.

Full-day kindergarten for five-year-olds is a first step. We have every intention, over the next five years, to put full-time opportunities in neighbourhoods across the province for four-year-olds and three-year-olds as well. When you think of our workforce and you think of what parents go through today, some of them lining up at four in the morning.... If you thought the zipline was bad, try and get your kid into preschool. You know, we have to actually meet their needs. Our job is to meet their needs and the needs of their kids, and we intend to do that over the next five years with three-year-olds and four-year-olds as well.

We provided \$35 million for LiveSmart B.C. energy audits, an incredibly successful program. It puts people to work, it provides for home renovations and, more importantly, saves people money over the long term. There's a northern and rural homeowner benefit that's [inaudible] and will start next year, and of course, we have a \$60 million for 2010 sports and arts legacy that will encourage our kids and all of the volunteers across the province to pursue their goals and their objectives.

All of those things we think are important as we try and assure that our families have the kind of infrastructure they need to make the choices that are best for their kids, and we should never underestimate how important that is in terms of our economy. Like so many other things, dealing with all of these things provides integration of services, provides for integration of responses. It creates a better quality for life for people across the province.

But at the end of the day, all of these things – better health care, better education, better transportation systems – depend on a competitive, creative economy. Our job is to try and lower costs on business and productivity and to make strategic investments in infrastructure that actually improve our productivity for the long term, so we are carrying on with what is the single most important thing that we can do to make our economy more competitive.

I can tell you, as I've talked to international investors about our commitment to move to HST starting on July 1, there is not one that didn't tell me that that decision was a game-changer for their investments. You're going to find literally hundreds of millions of dollars coming to British Columbia over the next three years as a result of that, because when we talk about costs, just think about this. That is a 40 per cent reduction [inaudible] their decisions to make investments in...the marginal tax decision, investment decision in British Columbia. That makes an enormous difference in construction, in transportation, in energy, in mining.

These are huge, huge opportunities that we've created, and I can't tell you how pleased I was to hear that feedback from them, because I know this. The decision that we've made to move there, as challenging as it may be, creates a more transparent tax regime, creates a less regressive tax regime and encourages investment in the very areas that we need it.

So it's important for us to recognize what actually is to change here. If you think about a chair, a simple thing like a chair, what happens? There are so many embedded costs with the PST right now that people actually.... You can't tell where all those costs are. We're going to discover that, because they're all going to be forgiven and there's going to be one tax. But it doesn't matter what you're doing. If you're actually involved in building a chair, first, you've got to cut the tree. That's going to have PST. Then you've got to transport the tree to the mill. That's going to have PST. Then you've got to take it into the mill. In the mill it has PST. All of those PSTs, layer upon layer upon layer, keeps being built up, and that has taken away from our opportunities in the industry, about \$2 billion of added cost to industry across the province.

And this is what we have to remember. We are a trading economy. We don't have enough demand in British Columbia to take full advantage of all of the opportunities there, so we have to trade into the international marketplace. This puts our major industries on a [inaudible] footing, and I know this and you know this. When Canada, when British Columbia, can compete, when our industry can compete, on a level playing field, we win. That's why this makes so much sense.

So as you look at this and you eliminate all the PST and what happens with the HST.... There is one tax on the HST — one tax. Now, that tax is going to be the lowest HST in Canada. It will be the lowest one in Canada. It will be 12 per cent. We do believe it's going to drive literally tens of thousands of jobs into the economy. We all have to remember this. The critical component of any economy is people at work. When people have work, they have confidence. When people have work, we have more investment, and that's going to be critically important.

So we're going to carry on with that, and we're going to carry on with our plan to make sure that our corporate and small business income taxes are the lowest of any jurisdiction in the G7. As you know, we will have a 10 per cent corporate tax in 2011. We will have zero small business tax by 2012. All of those make this one of the most competitive jurisdictions not just in North America but in the world for investment, and when you're one of the most competitive jurisdictions in the world for investment, you are one of the best places in the world to create jobs, again, in every single part of this province.

If in fact what we're looking at is the human resource being our strongest resource — I think this is something that we sometimes forget. If you are investing in Quebec, the cost, the annual personal income taxes, for someone who is earning \$118,000 is \$17,600 a year. If you are in British Columbia, your employees actually only have to pay \$9,800 a year. I would suggest that's a pretty big gap in terms of employees. So we have decided we're going to continue to drive income taxes down. Since we've been government, we've watched as income taxes have come down for 37 per cent of all British Columbians. In fact, today in British Columbia there are about 325,000 British Columbians who pay no provincial income tax at all.

We have to continue on this path. We have to continue on this path of having smarter government, of making sure as we eliminate unnecessary and costly regulations, that we keep our tax load in an appropriate position. We are not the strongest economy in North America to get through this because we didn't act. It's because we did act. In spite of the critics, we took the steps and we are now well positioned to move into the future.

It's also important for us to recognize that we have to continue to invest, and those investments are going to be in major transportation, hospital, school and university infrastructure. We are right now investing in communities all over this province, in Fort St. John, in Kelowna. We are at the very beginning of creating the new Port Mann Bridge which will create an even better Pacific Gateway for people that are bringing their goods here to British Columbia. We're investing in our airports. We are investing in the South Fraser Perimeter Road, in the northern cancer centre. We're investing in universities across the province. All of these things are done to build a solid infrastructure for the future. They build the foundation for the future that is absolutely crucial. And just like before, there were those who said we wouldn't build the Canada Line. We said we would. I want you all in this room to know we are building the Evergreen Line and it's going to happen. That one project attracts \$417 million from the federal government, creates 8,000 jobs in our region.

So as we think of the future I ask you simply to do this. Imagine what you want us to be. Imagine what you think we can be as a province. I see huge opportunities, massive mineral and new energy opportunities in the northwest of our province, enormous natural gas opportunities in the northeast of the province, huge tourism and agricultural opportunities throughout the Okanagan region, major international tourism opportunities in the spectacular Kootenays, and forestry opportunities in literally

every region of our province. In Vancouver Island, in the Lower Mainland, we watch as our universities are developing new knowledge every single day that can be transferred to the international community.

One of the things we've become is an international crossroads. We are taking new steps to encourage even more investment in new digital media, in new life sciences through our international finance centres. This is our time in British Columbia. We are ready to go. We are at the beginning of the second decade of the twenty-first century. Together we will not just accomplish our goals but we will exceed our expectations. But we have to start with a vision. So my vision is this: a province where people are at work, where people are excited about the places they live and the opportunities that are in front of them, a province with an exceptional health care system that meets the needs of people throughout the regions of this province, a province with an education system that is second to none, not just in K-to-12 but in advanced education, a province where the economy is actually at the leading edge in technology, in forestry, in mining, in energy, in agriculture, a province where we take the power and the strength of the imagination of our people and we come together to pursue their dreams together. This is a province where dreams still come true.

Thank you very much.



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## NEWS RELEASE

For Immediate Release  
2010FIN0012-000218  
March 2, 2010

Ministry of Finance

### **BUDGET 2010 – BUILDING A PROSPEROUS BRITISH COLUMBIA**

VICTORIA – Setting the foundation for decades of renewed economic growth, protecting vital services, adding to British Columbia’s competitiveness and building on the tremendous momentum of the 2010 Olympic and Paralympic Winter Games are core elements of the 2010 provincial budget tabled in the B.C. Legislature today by Finance Minister Colin Hansen.

“We are enhancing support for B.C.’s families, meeting our financial targets, maintaining our commitments to health and education, and we are on track to return to balanced budgets in 2013,” said Hansen. “Recognizing the many opportunities resulting from the global exposure provided by the Olympic Games, we are also furthering our investments in areas such as clean energy, arts and culture and international commerce while ensuring future job growth across B.C.”

Budget 2010 maintains the government’s priority of protecting core services in health and education and commits every dollar raised through the Harmonized Sales Tax (HST) and four other revenue streams to be used for health services funding when the HST comes into effect July 1, 2010.

By 2012-13 the Ministry of Health Services’ budget will increase by over \$2 billion from the 2009-10 level. Total health spending will reach \$17.9 billion or 42 per cent of all government expenditures over the next three years. Funding increases are focused on sustaining front-line service delivery, including \$1.3 billion for the regional health sector to fund acute-care, community, assisted-living and other health services.

In education, per-pupil funding for students in the K-12 levels will rise from \$8,200 in 2009-10 to an estimated \$8,301 for 2010-11, the highest ever. Further supporting families and early-childhood education, the introduction of full-day kindergarten for five-year-olds is being phased in starting this September, and as it becomes fully operational, annual funding will rise to \$129 million by 2012. In the post-secondary sector, funding remains stable at \$1.88 billion in 2010-11.

With Budget 2010, the B.C. government continues to invest in job-creating construction projects such as highways, schools, bridges, hospitals and other needed infrastructure throughout British Columbia.

\$5.3 billion has been committed to over 850 accelerated capital projects across British Columbia, an increase of \$1.9 billion since the September Update 2009. This is generating and protecting approximately 34,000 construction jobs over the life of the projects in communities across B.C.

Budget 2010 also provides a new property tax deferral program for homeowners with children under the age of 18. Eligible homeowners will have the option of deferring their provincial and local property taxes in recognition of the high cost of raising a family. This program will come into effect in the next few months.

An additional \$26 million in funding over three years has been set aside to support child-care programs that assist low and moderate income families with the cost of child care through direct assistance to families for child care and funding to child-care operators.

As part of the Province's long-term vision for economic growth, expansion of the International Financial Activity Program will greatly increase B.C.'s potential as a hub for international companies. Major changes include adding digital-media publishing and distribution; certification and trading of carbon credits; and clean technology to the list of businesses that qualify for tax reductions under the program.

A new tax credit has also been introduced for digital media and enhancements to provincial film-tax credits have been made to reflect the convergence of these sectors and their importance to the B.C. economy.

To maintain B.C.'s leadership in addressing climate change, Budget 2010 commits \$100 million to climate action and clean-energy development, initiatives that will support new jobs and investments in B.C. communities, while lowering greenhouse gas emissions. An additional \$35 million will be invested in the successful LiveSmart BC program for household-energy audits and energy-efficiency retrofits.

The budget also provides \$60 million over the next three years as a legacy for sports and the arts. Of the \$60 million, half will be used to enhance opportunities among British Columbians in the arts, such as visual art, music, theatre and dance. The other \$30 million will facilitate increased participation in youth sport, including improved athlete and coach development.

"Building on the legacy of the most successful Winter Games ever, we are positioning British Columbia for renewed growth and prosperity, while ensuring our financial resources are clearly focused on areas that meet tomorrow's needs as well as today's," said Hansen. "Through effective and prudent management of the Province's finances, we are setting the foundation for the province we want — not just five or 10 years from now — but for generations to come."

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For the Finance Minister's speech and more details on Budget 2010, visit [www.bcbudget.ca](http://www.bcbudget.ca).

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### **A RENEWED EMPHASIS ON SPORTS AND THE ARTS**

Budget 2010 builds on the momentum of the 2010 Olympic and Paralympic Winter Games by providing \$60 million over three years to support community engagement in the arts and youth sports.

The new 2010 Sports and Arts Legacy will dedicate \$30 million, or 50 per cent of the funding over three years, to increased participation in sport, with an emphasis on youth and improved athlete and coach development.

Funding being considered under the sport legacy program includes:

- Enhanced after-school programs and funding for coach development.
- An expanded KidSport program to reduce the financial barriers faced by families whose children wish to participate in organized sport.
- Establishing a “Sport on the Move” program to help school teams, particularly those in remote areas, with travel costs.
- Creating new regional sport academies that expand the role of B.C.’s regional centres focused on the province’s next generation of elite athletes.

The other \$30 million of the 2010 Sports and Arts Legacy will enhance opportunities for all British Columbians in the arts, including participation in music, theatre, visual arts, dance and digital media.

Programs may include regional events that reflect the diversity of communities and include multi-disciplinary arts presentations and performances by artists and performers in various communities, with a possibility of showcasing in larger centres.

### **Funding Sustains Olympic Legacies**

Budget 2010 builds on direct investments of over \$1 billion in sport since 2001, including infrastructure (more than \$655 million), support for community clubs and teams (more than \$200 million) and sport programming (more than \$155 million, including sport event hosting). The Province’s investment has leveraged an additional \$580 million from Canada and brings the total investment in sport to more than \$1.5 billion since 2001.

Our strong and vibrant sport system has enabled the 35 Olympic athletes from B.C. to achieve success at the 2010 Winter Games, thanks in part to support from the Province’s \$10-million investment in Own the Podium and \$40-million Olympic legacy funding for B.C.’s Integrated Performance System.

B.C. has also invested \$17 million in First Nations’ Olympic Legacies including the Aboriginal Youth Sport Legacy Fund. Through the fund, more than \$1 million has been distributed to Aboriginal communities, organizations and high-performance athletes throughout B.C.

There is also an existing endowment of \$20 million comprising the Arts Legacy Fund, the earnings of which support increased arts and cultural activities leading up to and beyond the 2010 Olympic and Paralympic Winter Games. The Province also provided over \$16 million in funding for arts to 2010 Legacies Now, and invested \$1.3 million in the Cultural Olympiad.

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### **NEW SUPPORT FOR COMMUNITIES, FAMILIES, AND YOUTH**

Budget 2010 provides an additional \$108 million over three years to reflect government's commitment to support families through investments in full-day kindergarten, services for families with children, youth sports development and excellence, and community level arts activities.

In addition to \$60 million for the 2010 Sports and Arts Legacy, the Province is fully funding the implementation of voluntary, full-day kindergarten for five-year-olds. Funding is also provided to support programs that assist low- and moderate-income families with the cost of child care.

Budget 2010 also provides measures to support families with children who struggle in difficult economic times, including the new property tax deferral program for families with children under 18, and continues to provide \$160 million in 2012-13 in support of those in need of income assistance during the economic downturn.

#### **Full-Day Kindergarten**

Budget 2010 reaffirms government's commitment to introduce voluntary full-day kindergarten for five-year-olds beginning September 2010. Full-day kindergarten programs will help ensure that every child in B.C. has the best possible start in school and in life. Funding has been set at \$44 million in 2010-11, \$107 million in 2011-12, and \$129 million in 2012-13, of which \$22 million in 2012-13 is new funding.

Full-day kindergarten will be available for more than half B.C.'s eligible students this September. By September 2011, full-day kindergarten will be available for every five-year-old in the province.

#### **Additional Child-Care Support for Families**

Budget 2010 also provides an additional \$26 million in funding over three years to support child-care programs that assist low- and moderate-income families with the cost of child care. This includes direct assistance to families for child care.

Additionally, the new Extended Family Program will improve upon the Child in the Home of a Relative Program, ensuring adequate assistance and safeguards for vulnerable children are in place.

### **Property Tax Deferral Program for Families with Children**

Budget 2010 includes provision for a new property tax deferral program for families with children under 18 for the 2010 tax year. Beginning July 1, 2010, homeowners who are financially responsible for a child under the age of 18 and have at least 15 per cent equity in their homes will be able to defer property taxes on their principal residence.

As with the property tax deferral program for seniors and the financial hardship property tax deferment program, eligible homeowners will be able to defer all or part of the unpaid portion of their property taxes. Deferred taxes must be paid if the home is sold, ownership is transferred or it becomes part of an estate.

Interest on deferred taxes will be charged at the prime lending rate of interest. The rate will be set twice annually. To be eligible for the program, homeowners with financial responsibility for a child under 18 must also meet the basic eligibility requirements of the current property tax deferral programs. They must:

- Be the registered owner of the home.
- Be a Canadian citizen or permanent resident under the Immigration Act (Canada).
- Have lived in B.C. for at least one year prior to applying.
- Apply on the home in which they currently live.
- Have a current fire insurance policy on their home.

This expansion of existing property tax deferral programs enables the B.C. government to assist families with children, especially during years when household costs are highest.

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### FISCAL PLAN 2010-11 – 2012-13

#### **Economic Outlook**

The Ministry of Finance forecasts the economy to grow by 2.2 per cent in 2010, 2.3 per cent in 2011, and return to more normal growth of 2.8 per cent in the medium term. In the September Update 2009, B.C.'s economy was projected to grow 1.9 per cent in 2010.

The upgraded B.C. forecast for 2010 reflects the emerging economic recovery in the U.S. and throughout the world, stabilizing commodity and financial markets, and improved domestic demand in British Columbia.

#### **Revenue Outlook**

Following two years of declining growth in 2008-09 and 2009-10, revenue is expected to average 4.9 per cent annual growth over the next three years. Total government revenue is forecast at \$39.2 billion in 2010-11, \$41.0 billion in 2011-12, and \$42.8 billion in 2012-13.

Projected revenue growth during this period reflects improving economic conditions, higher commodity and lumber prices, and increased forest harvest volumes as compared to 2009-10 when total revenues declined 3.3 per cent.

#### **Expense Outlook**

Total expense over the three-year plan is forecast at \$40.6 billion in 2010-11, \$41.6 billion in 2011-12 and \$42.5 billion in 2012-13.

#### **Priority Program Funding**

The B.C. government will fund an additional \$1.36 billion in program priorities over the next three years. Savings and efficiencies identified in 2009-10 have enabled the government to reallocate \$500 million in federal HST transition funding from 2009-10 to 2010-11 and 2011-12.

Budget 2010 provides additional priority program spending in the following areas compared to September Update 2009:

- A \$447-million funding increase for health care in 2012-13 (total budget increase of over \$2 billion since 2009-10).
- \$108 million focused on families and youth, including \$60 million in new funding for a 2010 Sports and Arts Legacy, and an additional \$22 million for full day kindergarten in 2011-12.
- An additional \$156 million over three years for education, including \$150 million for schools in addition to the allocation for full-day kindergarten for five-year-olds.
- \$69 million for justice and policing operations.
- \$58 million in additional provincial funding for infrastructure projects in communities, to be matched by other levels of government.
- \$35 million in additional funding for LiveSmart BC programs.
- \$100 million in new clean energy development funding, to support new jobs and investments in communities, while at the same time lowering greenhouse-gas emissions.

### **Significant Budget Decisions Health Care**

Protecting health care is a top priority for the B.C. government. By 2012-13, the Ministry of Health Services' budget will increase by over \$2 billion from the 2009-10 level. This represents the largest share of government funding increases during the fiscal period. Government is committed to allocating to health spending all revenue received from five key revenue sources – harmonized sales tax, medical services plan premiums, tobacco taxes, lottery revenues dedicated to the Health Special Account, and health transfer payments from the federal government.

Total health spending will reach \$17.9 billion or 42 per cent of all government expenses by function by 2012-13.

### **Education**

Per-pupil funding for students in the K-12 levels will increase from \$8,200 in 2009-10 to an estimated \$8,301 for 2010-11, the highest ever. In total, operating funding for K-12 schools is increased from \$4.55 billion in 2009-10 to \$4.66 billion in 2010-11 on a school-year basis. This increase includes the phased introduction of full-day kindergarten for five-year-olds in 2010.

Budget 2010 maintains funding to post-secondary institutions at \$1.88 billion for 2010-11. This includes a \$55-million increase added in Budget 2009 for universities, colleges and institutes.

### **Tax Deferral Support for Families**

Beginning in 2010, homeowners who are financially responsible for a child under 18 will be able to defer property taxes on their principal residence. Eligible homeowners who have at least 15 per cent equity in their homes will be able to defer all or part of their annual property taxes. Interest charged on deferred taxes will be at the prime rate.

### **Capital Spending**

Over the next three years, capital spending on schools, hospitals, roads, hydro-electric projects and other infrastructure in B.C. is expected to total \$20.7 billion. This assumes federal contributions of \$1.5 billion.

### **Accelerated Infrastructure Spending**

Budget 2010 continues B.C.'s commitment to accelerated infrastructure spending to keep British Columbians working and stimulate the economy. \$5.3 billion has been committed to accelerated infrastructure investments throughout British Columbia. This is an increase of \$1.9 billion since the September Update 2009. Accelerated infrastructure funding is provided through a number of sources, primarily by the provincial and federal governments, as well as by local governments and other third parties.

### **Debt**

The total provincial debt is forecast to be \$47.8 billion in 2010-11, \$52.4 billion in 2011-12 and \$55.9 billion in 2012-13.

From 2002-03 to 2008-09, significant reductions were made in the taxpayer-supported debt burden. The taxpayer supported debt-to-GDP ratio – a key measure of debt affordability – was reduced by 37 per cent during this period. Taxpayer-supported interest costs continue to remain low, representing less than 5.2 cents per dollar of revenue in each year of the three-year plan.



**Budget Outlook**

Budget 2010 projects deficits of \$1.7 billion in 2010-11, \$945 million in 2011-12, and \$145 million in 2012-13, and reaffirms government's commitment to return to balanced budgets by 2013-14.

The fiscal plan includes contingencies of \$450 million in each year of the fiscal plan. A forecast allowance of \$300 million has been included for 2010-11 and 2011-12, and \$400 million for 2012-13.

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