

Premier's BC Business Council Keynote Address

Tuesday, November 12, 2013 3:04 PM

Premier Christy Clark: Thank you very much. Thank you for that kind introduction, Richard. I very much appreciate it.

I do want to start by acknowledging.... I won't name them all, but because there are, today with all of you, and speaking to the importance of this event, speaking to the importance of ensuring that we are connected with the business community, with the job-creators in British Columbia, is the fact that 13 cabinet ministers are here, and 37 members of the BC Liberal caucus joining us today to be a part of your deliberations. I hope you will make every one of those 37 members very welcome.

Thank you for that, because we are all here today because we have a job to do, and a job that we can only do if we decide to do it together. I want to talk to you about two things in particular today. The first one is the singular challenge that our generation faces, and the second one is our plan to strengthen British Columbia and British Columbia's economy for generations to come.

When any of us look back at our history, we'll see our parents and grandparents did so much to build the future for us. They stood up to meet their challenge when it was their turn to lead. I thought about that challenge and their sacrifices yesterday as I laid a wreath at the Cenotaph on Cambie. Those men and women who fought for us protected our way of life. And then through the post-war economic boom they built our province and our country. They built the services and the infrastructure that set the gold standard for what we expect and what, in many cases, we take for granted today. And they did that in times of 8% annual economic growth. Today the western world would be lucky to see 3% or even 2% annual economic growth, and that is not the new normal; it's the old normal, because it's been at about 2% or 3% on average for the last 40 years.

Leaders rarely talk about it, but I think we need to find the courage to have this discussion, because that is the central challenge our time. How, in a world where we have inherited the benefits of 8% growth, do we continue to maintain and build that when growth is more likely to be at 2%?

Well, the first thing we're going to do is make sure we live within our means. The first thing we're going to do is make sure that we don't act like we are living in a world where we have 8% annual economic growth. We're going to control our spending. We're going to balance our budget. We're going to maintain our triple-A credit rating. And we are going to honour the taxpayers of British Columbia, who pay our bills.

As I've said many times to the people of this province, if we don't have the money, we will not spend it, and we will do all that we can to ensure that our children are not paying for the decisions that we made but couldn't afford. We will live within our means, and that means, in our

fiscal plan today, three consecutive balanced budgets. It means continuing to control the cost of government through wage increases to our public sector unions. It means controlling government spending overall by limiting the growth of government and constraining the growth in government spending at 1%.

But at the same time, we will stick to our plan to grow this economy, because a shrinking economy won't give us the resources that we need to be able to build, to be able to invest in the future, for hospitals, schools, roads and transit -- all of those services that people want and have come to expect. That is why we are working so hard to realize the singular opportunity of our generation: liquefied natural gas.

Liquefied natural gas -- that is how we will meet the central challenge of our generation. That is how we will grow our economy while other economies around the western world will stagnate, and some will shrink.

And are we getting there? Are we getting closer to our vision of creating a new business in British Columbia of exporting natural gas to Asia? Well, earlier today I announced that CNOOC-Nexen had taken an option at Grassy Point. That's just north of Prince Rupert. They've taken the option to build an LNG plant there. What does that mean? It's the latest demonstration of the overwhelming interest we have seen from around the world in our natural gas, an expression of confidence that British Columbia is a good place to do business.

Look at the speed with global international companies are making these decisions to invest here in our province. In a little over a year CNOOC has gone from having on presence in British Columbia to buying Nexen, with their significant BC natural gas assets, to now taking a position at Grassy Point and aggressively working to bring their project to life, with our team and Minister Rich Coleman at the Ministry of Natural Gas Development. So mark an X on one of Grassy Point's two world-class LNG sites, and stay tuned for more as more proponents decide that they want to acquire the land that they'll need to build their LNG facilities here in British Columbia.

And there are more good signs that we are well on our way to grasping this generational opportunity. Petronas, another international LNG player, taking a significant position in our province in a very short period of time. Two years ago they bought Progress Energy, and when they did they bought their huge natural gas assets in the northeast. So today, two years later, we are talking about a \$36b investment from Petronas in British Columbia. Just to put that in context, that is more than three-quarters of the size of our entire provincial budget here in British Columbia. Petronas has begun developing their site at Lelu Island near Port Ed, and last week they announced a further \$1.5b investment to buy a large part of the Montney assets of Talisman energy. One half of all the gas rigs working in the northeast today are producing for Petronas.

Look at Chevron. Chevron bought into the Apache project, and they spent an astounding billion dollars in moving their project forward up in Kitimat. Shell has a 25-year export permit, continuing to plan their project and working with the province on an overall taxation framework agreement. Spectra, TransCanada Pipeline, are out on the ground, working with communities in the north to refine their pipeline routes. I could talk about BC. I could talk about Imperial or any

of a number of other companies that are showing significant interest in our province. Each is pursuing its own transactions. Each is making tremendous progress. And collectively, it is a game-changer for our province and for our country, with final investment decisions expected in the tens of billions of dollars a piece. And we very much hope that some of those final investment decisions will come by the end of 2014.

We often talk about the potential for LNG to boost our GDP in British Columbia by a trillion dollars over 30 years, how we will create a prosperity fund to pay off the debt a generation has accumulated, that our children will otherwise have to pay off. You heard me talk about the estimated 100,000 new jobs in British Columbia that will come when LNG comes, but I want to put that into perspective for you: 100,000 new jobs. If the entire auto industry of Ontario moved with all of its jobs and relocated to British Columbia, that would be 100,000 new jobs. If all of the jobs in the oil sands, times five, moved to British Columbia, that would be 100,000 new jobs. This is going to be a transformative change for our province. It'll change the future for our children. Those jobs will mean a generation can benefit from the investments that we have made, just as we benefited from a generation before us.

It's a huge industry, and as we develop it we need to make sure that there are people in line for those jobs. You can't build an economy without people to work in it, and we have to stick to this principle first, to make sure that British Columbians are the first ones to get the first jobs, and to do that, we need to make sure that they have the skills that they need to take them, so we need to strengthen our education system, work with business and labour to build and deliver the best skills training possible, work with our federal government to make sure that skills training is working here on the ground in British Columbia, because we are standing before an unprecedented opportunity, not just for British Columbia, but for this entire country.

All Canadians need all levels of government to step up and support skills training. Yes, as I've said, the federal skills plan needs fixing. And we are working with them to make sure we get it fix so that British Columbians, Canadians, can get those jobs that our economy is going to create. But we need your help to do that. We need you to join us in that vital work of setting out our skills plan for the future, making sure that governments, the private sector and labour are all there at the table, doing everything that we can to deliver maximum value for every dollar that we invest in skills and education, because our human resources need to be ready to take advantage of the huge potential of our natural resources.

The news from below ground these days is very, very good indeed. The National Energy Board, as you may have heard, reported last week that we have more than twice as much natural gas as previously thought. The Montney Formation's reserve potential is one of the largest in North America. It includes large amounts of liquid side products -- which are increasingly valuable -- like propane. The total amount in British Columbia now is estimated to be able to supply us for about 150 years in the business, and 150 years is a long time.

One hundred and fifty years ago, just to put this in context, John D Rockefeller started Standard Oil. He started Standard Oil at a time when oil companies were in the business of selling kerosene for lamps, and they were dumping the side product, gasoline, in the rivers because it was garbage. Well, things have really changed, and who knows what the world will look like 150

years from now. Who knows how our natural gas asset will be sold? Who knows what products will be used? Who knows what innovations will come to bear to change that future for us. But we do know this: that if we don't grasp the opportunity today, we may lose it forever.

LNG is going to be a huge industry in British Columbia on its own, but we are also determined to make sure that liquefied natural gas has an impact across the economy for small- and medium-sized businesses across the province. So we're going to help make introductions for LNG proponents and operators here with small- and medium-sized businesses here so that they can make sure that those small businesses have the chance to win contracts and the chance to grow, because winning those contracts means opportunities to do jobs not just in British Columbia and across Canada but globally. And as Jock Finlayson has pointed out very wisely, it is creating export opportunities that accelerates job growth. It's export opportunities that take small businesses and turn them into large ones, whether that's in tech or engineering, manufacturing, contracting, in the north, the Interior, Vancouver, on Vancouver Island. We can help accelerate those job-creators by linking them to the global export opportunities of LNG.

That's why we're headed to China, Japan and Korea on the fourth jobs and trade mission that I've lead since I've become Premier. Previous missions have resulted in deals of almost \$2b in new economic activity, and those deals are creating new mines with hundreds of jobs in the north, new markets for our forest industry across the province, new investments in our tech sector. Companies like DNA from Japan coming here and just opening up recently and hiring 70 new people in the tech sector in Vancouver. And now on this trip, we will work to help push those LNG deals across the final investment line.

The job of a Premier's trade mission remains the same: keep raising BC's profile in Asia and keep strengthening those relationships that are so vital to making sure we bring jobs home here. Let me tell you this. We could not be going to Asia at a better time. We just became the first foreign government to issue bonds in the renminbi market, and it's a huge success. The sale raised about \$428m, a strong vote of confidence in our triple-A bonds and the fact that British Columbia is on the right track.

That approach to Asia builds on ten years of success. Trade with Asia today in British Columbia is 40% of our total. We are the least dependent on the American market, we have the most diversified trading relationship of any province by a long shot in Canada, and now it's time to up our game. That's why I appointed Ben Stewart as our trade commissioner, because in China it matters that people with political influence are at the top, are there to take your call. In China it matters that people with real influence are there to make those decisions.

And it also matters that we are first. The first jurisdiction in the world to issue a government bond in Chinese currency. Mike de Jong, who just got back from Beijing yesterday, confirms the fact that the significance of that bond issue and the respect that it shows for our partners in China was not missed by those who make the decisions there.

So we're doing well, but we have a lot more to do. Clearly, we still have many, many challenges to overcome. But I have always believed that the way to confront challenges is not to avoid them, not to pretend that they don't exist. The way to confront challenges is to go back to your

core principles, to be guided by the underlying values that you believe in.

An example for me recently was about a year and a half ago, when I stood in a room of Premiers and I stood alone. I stood up for British Columbia and I set out our five conditions, clear consistent conditions for all heavy oil business in British Columbia. For a year and a half the naysayers said that no one would accept those principles. They said that it was all politics. They said that British Columbia would back down. Well, I don't believe in backing down. I don't believe you twist in the wind or that you change your principles when it's convenient, that you decide on a different set of values when things get difficult. You need to stay focused and you need to stay consistent, because those five conditions are, at their core, an articulation of how we do business here in British Columbia, and it works.

And I believe those five conditions are an example that the rest of the country could follow. It's all about environmental responsibility, about finding a way to work constructively to the mutual benefit of First Nations. It's about fairness for all of us, and it's about clear, consistent rules that the investment community knows won't change overnight. It's about certainty. It's about setting out a path to get to yes instead of just simply saying no.

So last week I no longer stood alone. Premier Redford stood beside me and accepted the five conditions.

I'd like to thank her for that, on behalf of all Canadian. And in return, we agreed to join the national conversation on a Canadian energy strategy. It's what we set out to do a year and a half ago. It was a promise that I made, and it was a promise that we've kept. But more importantly, it was about living up to our responsibilities, being realistic about the challenges before us, finding a way to get through those challenges in a way that worked for the people of this province, and never stopping working to bring opportunities and jobs and investment home for the people who live here.

Our forebears, our parents and our grandparents, took an economy that grew at 7% or 8% annually and they used that growth to fuel huge investments in our economy, in our infrastructure, and in our society. Those investments are what made the country that we know and love today. The choice before us now is to decide if we are going to continue to accept slow growth, if we are going to continue to accept that we can build the future, that we want to build the future in British Columbia on 2% growth or less. The choice before us is to decide if we want to change the future. Are we going to choose a slow economy, or are we going to choose growth? Are we going to choose to accelerate job creation? Are we going to choose to have the resources to pay off our debt so that our children don't have to? Are we going to choose to create the resources that we will need as a generation, to invest in the future the way that that generation before us did for us?

And for me, I say we choose growth. We choose the private sector. We choose investment. We choose opening up our doors to trade. We choose liquefied natural gas. We choose skilling up our workforce so that we can grow this economy. There are those who don't believe in growth, and some of them find their way to my front yard. But I can tell you, in this government we are very clear. We believe in growth. We know that growth is the only thing that can guarantee our

future, and we know that our children deserve that from us.

So thank you very much. Very nice to be with you today.