

**PREMIER GORDON CAMPBELL**  
**ADDRESS TO UNION OF BRITISH COLUMBIA MUNICIPALITIES**  
**SEPTEMBER 27TH, 2001**

This year's convention has a very special theme, and it's a theme that goes beyond what many of the organizers of the convention thought of when they put it together so many months ago: "Reflection and Vision."

Reflection and vision - it takes on a whole new potency in light of the events of September 11. In just one short hour, between 8:45 am Eastern Time and 9:45 am Eastern Time, things that we've taken for granted for generations were shattered. Everybody has been touched.

How close that was for all of us. I've spoken to you at previous UBCM conventions and I pointed out that my oldest son Geoffrey lives now in the city of New York. He thought last year at Christmas it would be a great idea to give his brother Nicholas a special Christmas present: tickets to New York. A week for the boys in New York. These guys are 24 and 21 - I wish I could have a week like they'd have in New York!

I was very, very lucky. I was called almost first thing and Geoff said that everything was okay. Both of my sons were all right. On September 10th my son Nicholas was doing what tourists do in New York: he was at the top of the Empire State Building looking around. And he got himself a ticket - right here - to visit the World Trade Centre on September 11th... Nicholas Campbell slept in on September 11th.

Thank God he did that. That event has touched all of us in so many different ways. It's touched the many things that we've taken for granted. There's a black cloud and shadow of pain and uncertainty and questioning that has spread from that event. But amidst that, amidst the rubble, there are beacons of courage, of love, of hope and community. And it is those beacons that are going to shine out and wipe the shadow away.

One story that touched me most deeply, as well as my family, was the story of the man and his colleague who were in one of the towers. His colleague was in a wheelchair, and he waited with his colleague in the wheelchair for help to come. They phoned their families and said they were okay, just before the buildings collapsed. That shows the power of love and of friendship that we can all hold up and strive for. And if we do, the world will be a better place for everybody.

I want everyone to know today that we are going to get through these dangerous and these critical times if we just focus on the values that we share, the values that we've inherited, and the values that others fought for and died for, for our sake: Liberty. Diversity. Tolerance. Mutual respect. We must guard them with all of our might, for they are the linchpins of democracy. There is evil in the world, but there is great good in the world, and the good guys are going to win.

Let's remember this: we have no better friend in Canada than the United States of America. We have two countries built on the same traditions - the traditions of openness, honesty and

integrity in public services. Those are our traditions that we inherited from the great Parliament in England. They are ones that we have built on. They are ones that we will strive to protect. They are traditions we must all strive to improve.

I visited New York and Washington in 1999. I went there to talk to people about the Softwood Lumber Agreement, what was happening and how we could prepare ourselves for what might be coming down the road. There weren't many people who would talk to me about the Softwood Lumber Agreement. They didn't know very much about it. But they knew about one thing - they knew about the arrest of Ahmed Ressam by customs officials in Port Angeles after discovering he had a trunk full of explosives that he was taking to Los Angeles Airport.

We all have to remember that one of the great gifts we have is freedom of movement back and forth across that massive border that stretches from coast to coast. We all have to do what we must to make sure that we maintain that freedom of movement - that we maintain that freedom of access while we are vigilant and we block out those terrorists and those criminals who would enter our country, whether it's Canada or the United States. We must do it together and we must do it forcefully and we must do it relentlessly and we must not fail.

I say to our Prime Minister today, Prime Minister Chretien, let us do our part to stamp out the curse of terrorism once and for all. British Columbia stands ready to offer whatever support is necessary so we can advance that great new national cause. Let us support the United States fully to the limits of our resources in their war against this blight of humanity both at home and abroad.

Let us work arm and arm with Americans to establish an airtight North American perimeter to defend against all those who would breach our borders for their murderous ends. Let us crack down with relentless resolve on security at our airports and borders to deny and punish those merchants of death. This is not just a moral imperative: it is an economic imperative for Canada.

As we do these things, as we create this Ziploc bag of security around our perimeter on this continent, let us not forget the other great symbol that the United States has held up to the world: the Statue of Liberty. The statue that says "you are welcome" - you are welcome in Canada, you are welcome in the United States to build a stronger more diverse, more vital society that we can all benefit from because of the richness of its diversity.

These are critical challenges that we face, but I believe that we will prevail because there is another very important lesson that came out from both Washington and New York. There is nothing stronger than the spirit of community. There is nothing stronger than each of us reaching out to help one another in times of difficulty. It is the spirit of community that you all represent in this room and in this great organization.

It's the spirit of community when you go and serve in public life that your families contribute to, that you contribute to, that makes our country the best country in the world to live in. And I would like to say thank you to you for the example that you set day in and day out to make your communities a better place to live.

Reflections and visions. Reflecting back to 1991, one of the things I'm very cognisant of is that the principles the UBCM is pursuing are the same today as they were 10 years ago.

The UBCM has said all along it's time for the other governments to get their financial house in order, just as you do. They said all along it was time for the provincial government to balance its budget. I'm pleased to say that we have Balanced Budget Legislation, and this provincial government intends to balance its budget.

I remember in 1991, the two political leaders were Premier Rita Johnston, and future Premier Mike Harcourt. We gave them a baseball bat and a baseball. It turns out that both of them swung at the ball and missed, but what can you do! The thing that you have not lost sight of is the goals that you set as an organization 10 years ago.

I don't think anyone suggests when we look at the world ahead of us today that the challenges we face are going to be easy. But I can tell you I've visited community after community after community in this province. I've met with many of you over the last couple of days, and I know that every single one of you is up for the challenge. The challenge to get through the difficult times so that we can have a brighter more prosperous future for all British Columbians regardless of where they live, in the north or the south, in a small community or a large community, so our province is leader again. In partnership we will all succeed.

To deal briefly with what we're facing at the provincial level, over that last decade from 1991 to 2001, the costs of government increased at a rate 35% higher than the rate of inflation. We watched as the government's budget has gone from \$15 billion a year to \$24 billion a year.

In view of all of the discussions that we've had about health care at the UBCM over the last few years, it's almost hard to remember that when we had the UBCM convention in 1991, the Seaton Royal Commission report hadn't even been released. There was no Closer to Home. There was health care, and it seemed to work.

On May the 16th this year the people of British Columbia were offered a choice. We said we thought it was important for us to recognize the private sector economy is critical if we are going to build strong, secure and sustainable public sector services.

Our government is committed to the private sector economy, to private sector investment. We are committed to the principle that has made British Columbia such a great place: if you work hard, you can get ahead.

We said at the time that if we were elected, there would be a dramatic cut to people's personal income taxes. And people said to me, what happens if things are worse than you think they are? And I can recall saying through the election, we are going to do more. We are living in a competitive world. We must be able to compete and we must allow British Columbians to compete and win.

Within weeks of being elected we had a report from an independent financial panel. It pointed out that over the next few years, regardless of anything we'd done, we were facing a deficit in the province of British Columbia of between \$3 billion and \$5 billion. All of the

budgets of all of the municipalities in this province amount today to \$4.7 billion - and there was a projection we might have a deficit by 2004-05 that would exceed that.

So we've taken action. We've done the things that we said we would do. Within a day of being elected there was a dramatic cut in personal income taxes so everyone in British Columbia regardless of their wage bracket had a benefit: they kept more dollars in their pocket. 25% across the board. \$1.2 billion more in your pockets in British Columbia for you to spend, for you to invest, for you to do what you decide to do.

In January, our province will have the second lowest marginal income tax rate in the country. Today, we have the lowest tax rate for the bottom two tax brackets in British Columbia - people that earn \$60,000 and less of income pay lower taxes than in any other jurisdiction in this country.

We decided we couldn't stop there. If we want to be competitive, if we want to give our small businesses a chance to flourish, if we want to be sure that we can build the kind of economic future we have, we have to encourage investment. And so we have begun phasing out the corporate capital tax on non-financial institutions that stops private sector investment.

We said we had to increase productivity. So we eliminated the tax on machinery equipment that held our productivity gains back. We said that a truck is not a luxury vehicle. The vehicle that you need to get to work is not a luxury vehicle. So we increased the threshold for luxury vehicles to \$47,000, because trucks are not a luxury.

We want to restore our mining industry. So we brought in a 20% flow-through share credit to boost mineral exploration, because we want mining to regenerate itself here so people are getting jobs instead of losing jobs in mining.

Every one of those measures will help us move forward. We want to be sure that we build a private sector employment base in this province that offers opportunities to people, including our young people. We said we were going to focus on youth employment, so young people have job opportunities across the province. I have directed the Minister of Competition, Science and Enterprise, Rick Thorpe, and Minister of Skills Development and Labour Graham Bruce to come forward with an aggressive plan to put young people back to work, to give them jobs, to give them opportunities throughout this province.

All of these things take time and they will bear results. Just look at the evidence of the last ten years, 1991 to 2001. In 1991, the Gross Provincial Product in British Columbia was \$81.8 billion. In Alberta it was \$72 billion. In 2001, our Gross Provincial Product is \$130 billion. But in Alberta it's \$158 billion. I'm tired of looking at Alberta and running to catch up. We have to catch up. We have to get by them, because it's time British Columbia led again and that's what we intend to do.

There are some people who disagree with the approach that we've taken. I got a letter from the head of the BC Federation of Labour yesterday who said to me that my government's fiscal strategy of "dramatic cuts in taxes is driving the demand for spending reductions." That

is wrong. Without any action from us, we were facing a \$3 billion deficit next year. We must get our structural deficit under control.

I want people to know this: if they think the tax cuts we've provided them with were wrong, I'm willing to allow them to personally change that policy by writing a cheque and sending it in to the Minister of Finance. The Minister of Finance will have a special account for those who don't want their tax cuts and want to send them back to government. And we will allow people to even tell us the services they would like to support with the money they are sending back.

We must get our financial house in order. To do that, you must have an economy that's growing as well as a government that exercises financial prudence in terms of its costs. That's what we intend to do. So Jim Sinclair, I'm waiting for your cheque. Mr. Chudnovsky, I'm waiting for your cheque. Send them in.

We set out a number of goals for ourselves when we established the New Era document. We left it up on our website, and it's there for you to look at, because this is our plan for the future. In spite of the fact that we have been hit with one problem after another, it remains our plan for the future.

We're going to continue to cut red tape and try to reduce the regulatory burden, which is imposed on small businesses in every part of this province. We're going to continue to face the tough challenges that are ahead of us.

We said we were going to manage your taxes prudently. We said that we believed in the private sector economy. We do. We said we were going to protect health funding - we have and we will. We said we were going to protect education funding - we have and we will. We believe those are critical services to people across this province.

We also said we were going to balance our budget by the year 2004-05, and that is an enormous challenge. It's a huge challenge when you look at what's taken place over the last number of months. First, we saw the initial impact of the decisions with regard to softwood lumber. They were enormous and people in your communities are paying a very heavy price right now.

I want to say that I think Mike de Jong, the Minister of Forests, has taken an active leadership role that is going to put British Columbia's interests at the table in the softwood lumber discussions. We are going to work tirelessly and we are going to come up with long term solutions so people in your communities can have some security and confidence about their future. It will be tough, it will take time, but we will do it.

We won't cut funding to health care and we won't cut funding to education. And by the way, we won't cut your transfer payments either. I have consistently said that we are opposed to downloading - we will not download.

But we will have to make some difficult decisions. I have instructed our Minister of Finance to ask each Ministry that's not health care or education to provide us with three scenarios: reductions of 20%, 35% and 50% over the next three years.

People have said to me, are there any surprises? There were a number of surprises when we were elected. There were surprises about the extent of the deficit that we face. There were surprises about the way budgets were done earlier. There were surprises about what was happening in Crown Corporations. And none of those surprises was very good.

There was a good surprise and the good surprise is this: I believe the public service in British Columbia is there to help us accomplish our goals. They have worked long, they have worked hard and they are going to be there with us as we go through this difficult challenge.

I can't tell you which scenarios will be the most practical. I can't tell you which scenarios are going to be put into effect. I can't tell you today which ones will be the most desirable. But one thing is clear: we will have to downsize our provincial government.

There are two parallel courses that we're walking down together. One is the budget road. On February 19th we will have British Columbia's budget presented to the House. Part of what I challenged the Minister of Finance and all of the Ministers to do is to come forward with their recommendations for a three-year service plan. That budget will be difficult. So the first question they ask themselves is, how can we provide the services that we have right now in the most cost effective and thoughtful way?

I had one public servant, a Deputy Minister, come up to me and say that "Currently we are providing a service with 280 people. I believe we can provide an equivalent or better service with 70." I would be irresponsible not to follow that course of action. Another Deputy Minister suggested that one department has 355 people throughout government. And she believed that she could do a better job with 100 people. I would be irresponsible not to follow that.

But that's classic efficiency stuff - let's do things sensibly, let's make sure we're getting the best value we can. This isn't my money, it's your money. We have an obligation to ensure we're spending it as cost effectively as we can.

There is another program that's underway which many of you have talked to me about, called the Core Services Review. That's what we said we'd do in the election. We're saying to ourselves, "What is it important for government to do? Is there a compelling public reason for government to do this? If there is, are there better ways that we can deliver services? Can we afford to deliver all of these things?"

We can't afford not to provide excellent public health care. We can't afford not to provide excellent public education. We do intend to provide those two services, and there may be some that are sacrificed because those are most important to us. That's what we said during the election and that's what we intend to follow through on.

We're going to end the duplication that takes place. We don't need the same service provided by Ministry after Ministry after Ministry. We don't need the federal government and the provincial government fighting about different services that they can provide to our citizens. We are all serving the same people, but we're asked by our citizens to do different jobs. The least we can do is work together to make sure that we're giving the most cost-effective services possible, that we're being thoughtful, and that we always remember this: one size fits all solutions do not work in a province the size and breadth and scope of British Columbia.

We have huge challenges ahead of us. In forestry we are going to have to look at making our industry more competitive. We're going to have to look at stumpage systems. We are going to have to look at tenure systems. We're going to have to do that together and again, we open our arms to all of you and say help us. We need your assistance as we move forward to create a globally competitive, environmentally sustainable forest industry that works for everyone because all of us depend on forestry in British Columbia.

We need to continue to build on our tourism industry. Think about how people are feeling in tourism today. Think of what's happened to them. One of the things I would like to say to all British Columbians is, travel. Go outdoors, visit, meet your friends, don't be afraid. Stand up to the people who are trying to keep you at home and tell them we're out, we're about, we're mobile, we're sharing, we're talking and we're building tourism again in British Columbia and across the continent and around the world.

In the last couple of weeks alone, the equity markets lost a trillion dollars in value. A trillion dollars is the Gross Domestic Product for Canada, and it has disappeared in the last 16 days. But again, I think if we build on the principles that we believe in, if we build on the principles of community, we will build an even brighter future for every Canadian, every British Columbian and an example for people around the world.

Ten years ago, in 1991, this organization passed resolutions calling for a Local Government Bill of Rights. It has been interesting for me to listen to the conversations that have gone on around what we now call the Community Charter. The Community Charter was born here,

the Community Charter will be written with you. The Community Charter is for you so you have autonomy, so you have resources, so you can build a quality of life for your people in your community that you think makes sense.

I want to thank those who are serving on the Community Charter Council. I never thought I'd be able to get Joyce Harder and Marilyn Baker and Gerry Furney in the room together again to work on behalf of municipalities, but I'm glad that they're doing it. I want to thank Jim Abram for the work that he has done in helping us to bring that together.

On January 15th the Charter Council will make its presentation. Next spring there will be a piece of legislation, which we will put in the Legislature for exposure. You will have months and months to look at it, to think about it, to raise issues with it, to suggest how it can be improved between next spring and the fall session of the Legislature in 2002. It will be your Charter. It will be for your communities. And I know if we work together it will work.

On February 26th for the first time we will be hosting a Provincial Congress. It's going to bring together the mayors of British Columbia's 15 largest communities, the presidents of your regional municipal associations, the president of the Union of BC Municipalities, Aboriginal leaders, all MPs from all parties, all Senators and all MLAs from all parties, in one place, so we can talk about our province and what we will do together to make the lives of British Columbians better in the future.

We live in a great province. We have powerful, imaginative, thoughtful, creative, industrious people who live here. You have consistently set an example. You have set an example of integrity and strength and decisiveness that I believe other levels of government should try to follow. The principles and the examples that you have set in your communities are ones that we intend to try and follow in our caucus and our government.

We have 22 former locally elected officials in our caucus in government. In 1994 I was elected Leader of the Opposition and I came to the UBCM. You let me speak to you, and I said I will not forget. I won't forget the lessons I learned. I won't forget the strengths, the commitments that all of you have. And I can tell you this, we're not going to let you down.