

Budget 2002

BUDGET SPEECH

**Delivered in the
Legislative Assembly
February 19, 2002
by Honourable Gary Collins
Minister of Finance**



British Columbia Cataloguing in Publication Data

British Columbia.

Budget (1984)

Budget.—1984—

Annual.

Additional title: Province of British Columbia budget.

Delivered in the Legislative Assembly by the Minister of Finance, 1984–1986; by the Minister of Finance and Corporate Relations, 1987–

Continues: British Columbia. British Columbia budget (1984)

1. Budget—British Columbia—Periodicals. 2. British Columbia—Appropriations and expenditures—Periodicals. I. British Columbia. Ministry of Finance. II. British Columbia. Ministry of Finance and Corporate Relations. III. Title: Province of British Columbia budget.

HJ13.B732

354.7110072'252

Rev. Mar. 1987

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Budget Speech 2002

Introduction

Mr. Speaker.

Today I want to give official notice that, on February 17, 2004, I will present this house — and the people of British Columbia — with a balanced provincial budget that will be sustainable in the years beyond.

It will be a budget that balances — not just our books — but also our capacity to meet people's needs, and maintain a prosperous economy.

It will be a budget that marks a turning point in B.C.'s history — a point where our future is brighter than our past.

Mr. Speaker, the government has a vision of what this province can be — and what it will be, in the not-too-distant future:

A province where every young person has the choices, and the opportunities they need to build a successful life;

Where patients have access to health-care services that meet their needs, where they live and when they need them;

Where the vital public services that all of us rely on are not only supportive, but truly sustainable, year after year;

Where we get the maximum benefit from our natural resources — and maintain the clean, healthy environment that makes us the envy of people all over the world;

Where businesses are thriving, creating new jobs and giving new hope to all of our communities;

Where a culture of innovation harnesses the great ideas people in this province are generating every day, and turns them into great ventures that benefit society;

Where we enjoy the best-performing economy in the country, with the highest levels of private-sector investment anywhere; and

Where British Columbians have confidence and pride in a province that is the best place to live, to work, to do business, and to raise our families.

Mr. Speaker, this is the government's vision for British Columbia. And we have a sound plan for turning it into reality.

It's a three-year plan that takes a balanced, phased approach to reaching our goals, and builds on the work the government started last June.

And Mr. Speaker, let me digress for a moment to speak of the work that has been done over the last year.

I would like to thank my cabinet colleagues and their officials for the work they have done over the last eight months to help put this plan together.

As well, I would like to acknowledge the work done by the members of caucus and the hours they spent in the Government Caucus Committees providing input on the service plans.

But most of all I would like to extend my deepest respect and appreciation to the officials in the Ministry of Finance for their work over the past year.

I know this isn't normally done but just imagine if you will the amount of work they done this year.

In a normal year they have 12 months to prepare one budget.

This year was different.

Not only did they prepare the March budget for the previous government, but they had to prepare all the documents for transition.

They had to:

- liaise with the Fiscal Review Panel,
- brief a new Minister and Premier,
- help us completely restructure the government,
- prepare the Fiscal and Economic Update in July,
- bring in the largest tax cuts in BC history,
- develop 3 year service plans for government,
- develop a 3 year economic plan,
- help with the workforce adjustment plan,
- manage the events of September 11th and their effects on our economy, **and**
- prepare for today's budget a full month ahead of normal.

Mr. Speaker, I have never worked with a more dedicated, professional, committed and brilliant group of people in my life.

The people of this province are well served and on behalf of the people of British Columbia I say **thank you**.

Mr. Speaker, all of this hard work results in the 3 year fiscal plan to get B.C. back on track.

Implementing it won't be easy. We won't get there overnight.

But, Mr. Speaker, British Columbia will get there.

We will achieve this vision of British Columbia, and we'll do it by delivering on the commitments we made about our economy, and our finances, during the election.

We promised to do three essential things:

- to restore sound fiscal management;
- to revitalize the economy; and
- to put patients and students first.

The budget I am presenting today delivers on all three fronts:

It increases funding for health care. It protects funding for education.

And it is a major step forward in balancing the budget, and making the most of the province's opportunities for new growth and increased private-sector investment.

It is a clear reflection of our plan for the future; our plan to restore hope and prosperity.

It is reasonable, responsible, affordable and realistic. And, Mr. Speaker, it demonstrates our unflagging commitment to serve this province, and its people, by providing good government.

The Plan

That's a massive departure from what we inherited. And — let's not mince words — it represents an enormous challenge.

The deficit for the coming year is \$4.4 billion — the legacy of the last 10 years.

This is the first year of our three-year plan.

To eliminate that deficit, the province needs two things: spending control, and stronger economic growth. Our plan will accomplish both.

In the second and third years of our plan, we will reduce government spending — in a phased, managed way — by \$1.4 billion. Revenues will increase by \$2.3 billion.

That's our plan. I'll talk more about how we intend to achieve it shortly.

First, I want to discuss how we got here in the first place — and why we're stuck with such a massive deficit.

The Challenge

Mr. Speaker, all through the 1990s, British Columbians knew that something wasn't right.

They were working harder, but they weren't getting ahead. And they felt, intuitively, that we had a problem.

The fact is, our economy was no longer competitive, and the government's financial track was anything but sustainable.

Mr. Speaker, the facts showed that B.C. — once a leader, once a magnet for opportunity — turned in a dismal performance during the 1990s.

Of all the Canadian provinces, B.C. had:

- the lowest productivity growth;
- the lowest growth in private-sector investment;
- the lowest growth in per capita GDP; and
- one of the least-competitive tax regimes in the country.

Families left. Since 1998, more than 50,000 people fled to Alberta and Ontario alone.

Businesses left. The standard of living fell significantly. And people's real disposable incomes fell — year after year.

All this was during a time when the previous government was singing its praises and telling British Columbians all was well.

Today we know differently. We believe that British Columbia, by all indications, became a have-not province in 1999-2000.

Some people might take comfort in the fact that being a have-not means we'll get an equalization payment.

But that hardly compensates for the utter indignity — the downright shame — of seeing this great province . . . with all our talented, hardworking people, and all of our resources, and all of our advantages . . . having to take a hand-out from our neighbours in other provinces.

It's shameful, Mr. Speaker. And this is the legacy of 10 years of reckless spending, over-regulation, poor economic choices, fiscal mismanagement and a deliberately hostile business climate.

The fact that we were on the very edge of becoming a have-not province was something we all felt in our bones, and in our pocketbooks.

But one-time revenue spikes, from record-high gas and electricity prices, papered over the truth about the province's structural deficit.

And I want to take a moment to clarify the difference between an operating deficit and a structural deficit.

An operating deficit happens when your spending is higher than your revenues for a short period of time.

But a structural deficit is something different — something far worse.

It results from a long-term pattern of consistently spending more than the government can afford — year after year after year — and it can't be solved with one-time, short-term revenue spikes.

In other words, even though last year's budget was balanced, and didn't show an operating deficit, the province was headed for serious financial trouble if that surge in revenues from energy disappeared.

That was eight months ago. And since then, we've run into a long list of new economic challenges:

First of all, compared to what was forecast in March, in the last NDP budget, we've seen over a billion dollars in energy revenues vanish — as a result of falling prices and falling demand in the U.S.

Another \$500 million expected from Crown corporations evaporated. And the \$1.4 billion pension adjustment in last year's budget was a one-time event.

We've also seen — not just a national, but a global economic slowdown, which is particularly tough for a province like ours that relies so much on exports.

The softwood lumber dispute continues to wreak havoc on our province, and our forest-based communities.

And, finally, the events of September 11th have had a huge impact on investor confidence, on tourism, and on the world economy overall.

It's a challenge, Mr. Speaker — a challenge that we're determined to face up to for the people of British Columbia.

It won't be an easy job, but it absolutely has to be done. We have no choice, if we want to have a future.

It's going to be a massive job. But it can be done. It will be done.

And the numbers in our plan show how we'll do it.

Financial Report

As I mentioned at open cabinet, we are facing a deficit of \$4.4 billion for the coming year. As we turn the corner and our economy starts to recover, the deficit will shrink to \$1.8 billion in 2003-2004, and the budget will be balanced in 2004-2005.

The economic forecast that underlies our plan calls for a recovery in the U.S. and Canadian economies in 2002.

In 2003 and beyond, these two economies are expected to lead global economic growth.

Based on these assumptions of growth in our major markets — and the steps we're taking to get the province working again — the B.C. economy is forecast to grow 0.6 per cent in 2002, picking up to 2.8 per cent the following year.

In 2004 and 2005, the B.C. economy is expected to grow about 3.0 per cent per year — and these numbers are slightly lower than the figures projected by the independent Economic Forecast Council.

Looking at the first year of our three-year plan, the \$4.4 billion deficit results from a 3.6 per cent decline in revenues, worth \$815 million — and a 0.3 per cent decrease in overall government spending, which amounts to a reduction of \$81 million.

We will also see a \$442 million improvement in Crown corporation contributions, and a \$750 million forecast allowance has been built in as a cushion against potential risks.

Without the forecast allowance and one-time restructuring costs of \$230 million, the deficit for 2002-2003 would be \$3.4 billion, which is about the same as the deficit forecast for the year just ending.

Revenues are forecast to grow by an average of 5.1 per cent a year in 2003-2004 and 2004-2005 — in line with the growth in nominal GDP.

And the full impact of our government restructuring will kick in, with expenditures declining by an average of 2.8 per cent per year, over the same period.

The resulting \$2.3 billion revenue increase and the \$1.4 billion spending decrease will reduce the deficit to zero by March 31, 2005.

In the meantime, government debt is expected to increase from \$36.4 billion to \$43.9 billion by the end of the three-year plan. This reflects the combination of cumulative deficits and capital spending.

However, as the deficit moves towards zero, the growth in the debt slows down. And the taxpayer-supported debt-to-GDP ratio begins to decline in 2004-2005.

Restoring Sound Fiscal Management

These numbers are, of course, projections. But we will achieve them, because we're absolutely committed to getting our fiscal house in order.

That means getting rid of the structural deficit, once and for all, by ensuring that government spending doesn't exceed our revenues.

Mr. Speaker, we know how hard people in this province work. We understand that the tax dollars they send to Victoria are theirs — not ours.

We respect that, Mr. Speaker. We respect taxpayers. And we've promised to get the maximum value from their tax dollars.

That's why we're making government more efficient, and doing the hard work needed to get spending under control.

All government MLAs are taking a five per cent pay cut. And, as the Premier announced last week, we're cutting the budget for government caucus by 25 per cent.

Total spending in ministries, except for health and education, is being reduced by an average of 25 per cent. That's a total of \$1.9 billion over three years.

We haven't cut across the board. Instead, we did a Core Services Review.

For seven months, we closely examined what government does — why we do it, how we do it, and whether we need to do it at all — and each ministry looked for innovative, creative ways to deliver public services more effectively and efficiently.

The process was careful, and closely considered — and not just by Treasury Board.

For the first time in the history of B.C. budgets, it brought to the table MLAs representing every community — big and small, rural and urban — all across this province.

The final result is a set of comprehensive service plans, which I am tabling in full today.

The plans set out exactly what we intend to do, how much it's going to cost and what results we expect — not just in the coming year, but for each of the next three years.

And these will be rolling plans, updated every year — to provide British Columbians with true accountability . . .

Accountability as a government, and accountability as individual ministers.

Starting April 1st, the government is automatically withholding 20 per cent of cabinet members' ministerial salaries.

Ministers will be able to earn half of that back by meeting their ministry spending targets.

The other 10 per cent will be paid out only if we meet or beat our bottom-line target.

Each of us is personally committed to making this work.

And, Mr. Speaker, I'm proud of the work that ministers and government staff have done to bring ministries in on budget for the year just ending.

Eight months ago, we were facing over \$500 million in spending pressures in ministries.

Those were areas where we were likely to go over budget — but we managed them down to the point where almost every ministry is on budget for the year just ending.

I'm confident we will continue to meet our spending targets in the years ahead — and that's half the battle in overcoming the deficit.

Revitalizing the Economy

The other essential step is, of course, to revitalize the economy.

Mr. Speaker, for years now, B.C. has lagged behind the rest of the country in economic growth.

And let's be clear. Economic growth is not some figure.

It's what gives people jobs.

It's what gives people opportunities.

It's what makes young people want to stay here or come here to build their lives.

We have a plan to revitalize the economy, to get that positive growth happening again, to make this a province where everyone has choices and opportunities . . .

And we started putting our plan into action on day one, with tax cuts that put money back in British Columbians' pockets . . .

And Mr. Speaker, even the skeptics agree that, over time, tax cuts stimulate investment and strengthen economic growth.

That's why they're such an important part of our three-year plan.

After cutting personal taxes, we lowered taxes on businesses, to make B.C. competitive again.

We removed job-killing taxes on investment, to send a message around the world that B.C. is open for business.

We started cutting red tape and eliminating subsidies, to let the market work, and to give businesses the certainty and the flexibility they need to create jobs and increase wealth.

And today, I am announcing an additional tax change that's going to foster growth in British Columbia's small-business sector.

Small business is the store on the corner, the restaurant down the road, or the office up on Main Street — the lifeblood of communities.

Small business drives our economy: when it succeeds, B.C. succeeds.

Therefore, as part of our plan to revitalize the economy, we're introducing a tax change to encourage small-business growth and to bring us into line with the rest of the western provinces.

Effective April 1, we're increasing the threshold for small businesses' income tax rate to \$300,000 from \$200,000.

Small businesses are the province's biggest employers, and this change will save them money they can reinvest in new jobs and new growth.

We will continue reviewing the tax system regularly, to make sure the province stays competitive with the rest of the country.

We will also take important steps to make sure the province gets the most from our traditional resources — as well as our emerging industries.

For example, we will revitalize the forest industry. We will move towards a market-based stumpage system, introduce tenure reforms to help the sector compete, provide greater certainty with a working forest base, and streamline the Forest Practices Code.

We will also accelerate the development of the energy sector — one of the emerging stars of our economy.

We're putting in place a new royalty and regulatory structure to encourage the development of coalbed methane extraction, infrastructure projects to improve land access, and a single-window process to speed up and streamline the energy permitting process . . . furthering the industry's potential to generate billions of dollars a year in new investment.

The high-tech sector is also poised for further growth — as high as 10 per cent a year.

And the government will continue to work with the Premier's Technology Council to make B.C. one of the world's leading high-tech centres.

We will also continue to maintain the competitive tax environment that's played a significant role in the growth and development of B.C.'s film and television sector.

And we will consider measures in the next several months to encourage further growth in new media.

In addition, we're changing the way we develop public infrastructure — opening up new opportunities for the private sector, and opening up government to creative new ideas for providing public services at a cost we can afford.

And we're committed to working with the tourism sector to double its contribution to the economy.

Government will help with a series of initiatives, including a move to more flexible working arrangements, and streamlined decision-making for access to Crown land.

We will also realize an economic benefit from marketing our attributes to people around the world — through our promotion of the 2010 Olympic bid, and a new marketing strategy to raise the province's profile and celebrate our strengths.

We intend to let people know that British Columbia is a desirable destination, a great place to invest, and a source of world-class products and ideas.

Mr. Speaker, these are long-term investments, but we know they will pay real dividends. And British Columbians should be encouraged by the positive economic news that's already out there:

Lower taxes and record-low interest rates are generating consumer confidence, and we're seeing good results for retail sales, housing sales and housing starts.

We're also seeing early signs that tourism is strengthening. And, even though prices are low, our energy output is strong and growing — especially in the northeast.

On top of that, last month, the province created 27,000 jobs — one-third of all the new jobs in the country.

And overall, experts agree that B.C.'s economy will bounce back by 2003, along with the broader global economy.

We're well-positioned to take advantage of the turnaround.

We have a competitive tax structure.

We're building a positive business environment.

And we're taking steps to get more value from our resources.

All these steps will help to revitalize our economy and support the quality services that British Columbians count on.

Putting Patients First

Mr. Speaker, for us, there is no greater priority than saving and renewing health care.

And it stands alone in terms of public services.

It's not just another government program. It's our health, our families' health, and one of the main reasons why B.C. and Canada consistently rank as world leaders in quality of life.

I know that every member of this government is passionate about the government's vision for health care.

We see a system that delivers high-quality services that meet all patients' needs, where they live and when they need them.

And we are absolutely committed to putting patients first.

That means we have to face reality, Mr. Speaker. And here are some facts about health care:

In this province, costs have more than tripled — from \$3 billion in 1985.

When Medicare was started 40 years ago, the federal government covered 50 per cent of the funding.

Today, the federal government contributes just 14 cents of every health-care dollar.

In 2001-2002, our health-care budget increased by 13 per cent.

This was before we fully addressed costs associated with paying the settlements for nurses and other health-care workers.

We had intended to hold the line on health-care spending, but wage pressures — as a result of processes started by the previous government — made that, frankly, impossible.

Increased compensation costs for recruiting and retaining high-demand doctors, nurses and other health professionals have forced us to increase health-care spending by almost \$700 million.

The extra cost includes funding the 21 per cent increase in nurses' salaries and, potentially, the first part of the arbitration award that increases doctors' fees by \$400 million.

It also addresses the higher wages awarded this year to paramedicals.

Some have tried to create the myth that health-care budgets are being cut.

Nothing could be further from the truth. Mr. Speaker, this year alone the budget for the Ministry of Health Services will increase from \$9.5 billion to \$10.2 billion.

That's a 7.3 per cent increase at a time when our economy is growing by less than one per cent.

So no one should confuse the changes we're making — changes designed to get more out of every health dollar, and to increase the quality of patient care.

No one should mistake these changes for funding cuts.

The truth is that the health-care budget is increasing, and costs are rising.

These are costs we can't avoid. Health care is not free.

It's the most expensive public service any province delivers, and the money to pay for it has to come from somewhere.

That's why we made the difficult decision to increase MSP premiums — as I announced at open cabinet two weeks ago.

MSP premiums will increase by 50 per cent on May 1st.

But we are protecting lower-income British Columbians from the increase: 230,000 people will actually see their MSP premiums go down, not up.

As well, I'm announcing another difficult decision today.

To provide for a possible doctors' pay increase, I am raising the provincial sales tax rate to 7.5 per cent from seven per cent, effective midnight tonight.

To protect lower-income earners — as we did with the MSP premium increase — we are raising the refundable B.C. sales tax credit from \$50 to \$75 a year.

The sales-tax increase will raise about \$250 million this year. This will go to pay higher health-care wages.

So will the revenue from an increased tobacco tax, which I am also announcing today.

Effective midnight tonight, the tax on cigarettes will increase by \$8 a carton — and the tax on fine-cut tobacco will increase by an equivalent amount. This measure will raise about \$150 million.

Not coincidentally, it will also help to reduce health-care costs in the long run, by giving a certain number of smokers the added incentive they need to quit. Which is why we chose this particular area for an increase.

Mr. Speaker, raising taxes is pretty much the last thing this government wanted, or ever intended, to do.

At the same time, we've always said that we would make the tough decisions when we had to — and, Mr. Speaker, this was a very tough decision.

After the arbitrator handed down his ruling, we had four choices:

Number one: I could ignore it and not provide for a possible settlement in the budget.

Number two: I could borrow another \$400 million, and undermine the hard work — the necessary work — that government is doing to get our fiscal house in order, and shunt the cost onto future generations.

Number three: We could make deeper spending cuts. We could cut every ministry except health and education by an additional five per cent.

And option number four was a focused tax increase. That is the option I chose.

Mr. Speaker, British Columbians want a health-care system they can count on, with highly trained, highly skilled professionals.

And now we can get to work on rebuilding the health-care system and getting costs under control.

That's why the changes we made in the labour legislation — to give us flexibility in how we manage the system — were so very essential, and couldn't be avoided.

Those changes will mean the government will not have to spend hundreds of millions of dollars.

With the streamlined governance structure we introduced last year, we can also begin to reduce administrative costs, realize some economies of scale, and get the maximum value out of every health-care dollar.

To further support effective management, we're making sure health authorities get their budgets on time.

In 2000, they weren't given their budget allocations until three-quarters of the way through the fiscal year.

And that's a clear example of the kind of mismanagement that British Columbians simply won't stand for any more.

We are committed to good government, Mr. Speaker.

And, when it comes to health care, that includes more than just funding the system that supports people when they're sick or injured.

It also includes protecting public health — and that is why we've raised the budget for the program that monitors and protects the quality of drinking water, all across British Columbia.

This program was cut dramatically in 1996.

In the coming year, we will invest a total of \$3 million to increase water monitoring, protecting British Columbians' drinking water.

We think people should have confidence that the water from their taps is safe.

And if it's not safe, we're committed to making sure they know about it as soon as possible, so they can take precautions.

This is a fundamental part of protecting public health.

And it's a good example of the targeted investments we're making in important public services.

Mr. Speaker, more efficient management, and a continued commitment to recruiting and retaining the highly skilled professionals that make the system work . . . that's our formula for a better, stronger health-care system — a system that always puts patients first.

Today, we are also delivering on our promise to put students first in our education system.

Putting Students First

Mr. Speaker, student achievement is what education is all about.

The system that we talk about — the bricks and mortar, the books, the teachers, the school boards and administrators — they're all there for a single reason: to help children learn.

Because learning gives them choices. It gives them opportunities and self-determination.

It opens up a whole new world of possibilities — and that's the future we see for young people in British Columbia.

As for the system — we see it as a promise to our children, a promise that we will give them nothing less than the tools they need to fulfill their dreams.

That's why we're so committed to standing by our promise to build a top-notch education system — and our promise not to cut education funding.

I am confirming today that the budget for the Ministry of Education for 2002-2003 is \$4.86 billion.

Today, we are delivering on another key promise, as well.

Effective July 1, the government will refund the full amount of the B.C. sales tax on school supplies purchased with money raised by parent advisory councils.

For the Ministry of Advanced Education, the budget is \$1.9 billion.

And, as the government announced last week, we're lifting the tuition freeze to give colleges and universities access to the resources they need to meet increasing demands, and to deliver top-quality education to students.

Government is contributing more to higher education, as well.

Starting this year, we will establish our \$45 million Leading Edge Endowment Fund, which will, in partnership with the private sector, create 20 permanent research chairs at B.C. universities.

These chairs — in the fields of medical, social, environmental and technological research — will help attract the faculty that B.C. needs to compete and lead in the knowledge-based economy.

As the government outlined in last week's throne speech, we will also make a substantial investment in a joint project with the universities of B.C., Victoria and Northern British Columbia to increase the number of medical school graduates.

These funding commitments support quality education and underline our commitment to putting students first.

So do the other changes we're making in the system:

We're providing more choice and flexibility — for students of all ages, in all parts of the system.

We're putting decisions about K-to-12 education back into local hands, so the people who are closest to students — parents, teachers, principals and school trustees — can make decisions based on children's needs, instead of on arbitrary policies or contract language.

All across the system, we're focusing on setting goals and achieving measurable results for education.

We're holding school boards, colleges and universities accountable for improving student achievement. And we, as a government, will also be accountable.

We've set clear targets for what we plan to achieve.

For example, we will double the number of graduates in computer science, electrical engineering and computer engineering in the next five years to support growth of the high-tech sector.

We will increase the number of student spaces for nurses and residential care aides by more than 1,400 in the next three years.

In the K-to-12 system, we're committed to increasing high-school graduation rates, consistent with the specific goals that schools and school boards are setting province-wide.

And this one change — this change alone — is going to have a tremendous effect on this province's future.

It's just one small example of government's plan for positive change.

And, Mr. Speaker, let me give the house some idea of how much impact one small change can have:

Today in British Columbia, 80 per cent of the people on social assistance did not graduate from high school.

Ninety per cent of the people in correctional institutions did not graduate from high school.

Imagine what will happen when we're able to get our grad rates up from the current 75 per cent to 80 or 90 or even 100 per cent.

We will see a different society. We will see a different economy.

We will have more people working and fulfilling their dreams.

Children and their parents will be healthier, and communities will be stronger.

It won't happen overnight. Change takes time.

But this is a good example — and Mr. Speaker, let me repeat, it's only one, small example — of how we're making positive changes in our province.

It demonstrates that the vision we have for a proud and prosperous future can be achieved.

It will be achieved . . .

And the province will be well on its way three years from now — when the budget is balanced, the deficit is gone, and government is affordable, efficient and sustainable.

Conclusion

Mr. Speaker, we use the word sustainable a lot.

And what it really means is that we have a solid footing — a sound, stable, reliable foundation to support public services — not just today, but for years, and for generations to come.

Unfortunately, the previous government didn't seem to grasp that. In fact, one of their members used to tell a story about it, during his time as the minister of health.

He had some personal experience with the subject. Because, years ago, he built a house — and, somehow, forgot to lay a foundation.

I mention it now because it is an apt analogy for how the previous government ran this province.

It was always in a hurry to build; to spend more; to make its programs bigger and its services broader.

But it never did the hard work needed to ensure there was a solid and sustainable economic footing for all that spending.

That's what we're doing now, Mr. Speaker.

It's hard work. It's challenging work and — just like a major household renovation — it will create some discomfort along the way.

Some people will be upset. Some will be angry.

Some will say the government is making the wrong decisions.

But Mr. Speaker, the work we're doing can no longer be avoided.

It has to be done, because this province can only truly prosper with a solid economic and fiscal foundation.

Every budget is based on choices and priorities.

And we've been very clear about where our priorities lie.

We're committed to:

- restoring sound fiscal management;
- revitalizing the economy; and
- putting patients and students first . . .

And we have a sound, achievable plan to meet these goals.

The province faces huge challenges and we need to face up to them, head-on.

Reckless spending and high taxes turned us into a have-not province.

History proved that that approach was wrong, Mr. Speaker — and history will prove that our approach is right.

It's already worked in every other province — even in places with far fewer resources to work with.

They've balanced their budgets, lowered their taxes, got their regulatory systems in line and created a business climate where people could come and invest, and create jobs and opportunities for their people.

As they did, their economies grew, they were able to serve their citizens, and they found they had some money left over to pay down their debts.

They recovered, Mr. Speaker. And B.C. will recover, too.

We have great advantages:

- an educated workforce;
- natural resources that are second-to-none;
- a strategic location;
- excellent access to markets;
- a competitive tax environment;
- a quickly-improving business climate . . .

And word is getting out: B.C. is back.

Investors know we're going through a tough time right now.

But they also know we have a plan — and everyone the Premier and I talked to at the World Economic Forum, earlier this month, said they understood, and they were very encouraged by what we're doing.

They know, and we know, that the year ahead will be challenging.

But, after that, we'll turn the corner, as long as we stick to our plan.

We will emerge from this difficult time able to compete.

We will once again have opportunities; we will once again control our own destiny.

We will leave behind the indignity and stigma of have-not status, and build a new future — a future that delivers on the vision I've described today.

This will be a province where every young person has the choices, and the opportunities they need to build a successful life;

Where patients have access to the health-care they need;

Where vital public services are supportive, and sustainable;

Where we get the maximum benefit from our natural resources;

Where businesses are thriving, creating new jobs, and giving new hope to all of our communities; and

Where British Columbians have confidence and pride in a province that is the best place to live, to work, to do business and to raise our families.

Mr. Speaker, our vision for this province is clear.

And this budget will set the course to make it reality.

This budget is about good government, Mr. Speaker.

It's about sound fiscal management.

It's about building a strong, prosperous economy.

It's about hope. It's about opportunity.

And, Mr. Speaker, after 10 years of decline, it's about time.

Let's get to work.