2013 Community Summit
Charting BC’s Economic Future Research Findings
ACKNOWLEDGMENTS

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SECTION 1:
SURVEY FINDINGS

SFU Public Square commissioned Adjunct Professor in SFU’s Masters of Public Policy Program, Dr. Daniel Savas, and Vision Critical to conduct an online survey of 600 BC residents (18 years+) to obtain their views on various aspects of BC’s economy. The survey was conducted between June 28th and July 3rd, 2013. The margin of error for the survey is plus or minus 4.0. Data for the sample was weighted to reflect the actual distribution of BC residents based on region, age, and gender.

KEY FINDINGS

• British Columbians expressed some concern about the current state of the provincial economy, but displayed a good deal of optimism for the coming decade. They indicated key pressing needs, however, notably for affordable housing and for having an educated and skilled workforce.

• The BC public adopted a rather somber tone when it came to describing their own personal financial situations; most say they are either struggling to make ends meet or falling behind. And, they indicated that they feel they are worse off than their parents at the same life stage. They also indicated they are convinced the coming generation will be much worse off financially than themselves at the same stage in life.

• Participants did not foresee any significant realignment of BC’s comparative economic advantages in the future. They identified tourism and forestry as key sectors of the economy where BC has a comparative economic advantage today, but in the future, tourism and the oil and gas sectors. One sector stood out as having future potential: renewable energy. For British Columbians, investment in and development of renewables could hold significant advantage in BC’s economic future.
FIGURE 1
British Columbians Divided on Current State of BC Economy

Perceptions of Current BC Economy

- Very good shape: 1%
- Good shape: 19%
- Average shape: 54%
- Poor shape: 23%
- Very poor shape: 3%

Good shape 20%

Poor shape 26%

FIGURE 2
BC Population Optimistic about Future of BC’s Economy

Views on Future of BC’s Economy

- Very optimistic: 7%
- Somewhat optimistic: 37%
- Neither optimistic nor pessimistic: 29%
- Somewhat pessimistic: 22%
- Very pessimistic: 6%

Optimistic 44%

Pessimistic 28%
British Columbians Do Not Feel Like They’re Getting Ahead

Perception of Current Personal Financial Situation

- Falling behind: 25%
- Getting ahead: 19%
- Making ends meet: 56%

British Columbians Believe They’re in Worse Financial Shape Than Their Parents

Comparing financial Situation Of Current to Past Generation

- Much better off: 7%
- Somewhat better off: 24%
- In about same financial shape: 15%
- Somewhat worse off: 36%
- Much worse off: 18%

Better off: 31%
Worse off: 54%
SECTION 2: A SWOT ANALYSIS OF BC’S ECONOMY

Beginning in June 2013, leading up to the 2013 Community Summit, SFU Public Square conducted a SWOT (strengths, weaknesses, opportunities, and threats) analysis of BC’s economy. This comprehensive analysis includes input from 35 economic thought leaders who participated in the academic roundtable, or an alternative interview, and submissions from the 100 Community Conversations.

STRENGTHS

Resource Abundance

British Columbia is a resource rich province. Its natural capital includes both renewable and non-renewable resources (minerals, forests, water, fossil fuels, etc.), which are in high demand globally—especially in emerging economies where economic development depends on importing resources such as BC’s. With proper stewardship, the land-base in BC (agricultural and otherwise) will be a significant asset for the future. BC’s globally renowned natural environment and temperate climate in its most populous regions is also a strength that attracts visitors and talent to the province.

Location

BC is positioned strategically in the international marketplace: close to emerging and rapidly growing markets in Asia, which are projected to drive global economic growth in the coming decades (Vancouver and Prince Rupert are closer to Asia than any other Western city). The province is also neighbour to the US where a large market still demands its commodity exports. As a transportation hub for Canada, BC also plays an important national role in Canada’s economic prosperity.

Human capital

Having a world-class education system and premiere institutions for higher education, BC boasts a well-educated and skilled labour force. It has one of the best records in North America for youth completing secondary school, and attracts international students who add to its talent base—BC has 28% of Canada’s foreign students, despite having only 13% of Canada’s population.
Good governance

BC has a positive and strong investment climate buttressed by political stability, sound government finances (for example, a low debt to GDP ratio), and a favourable tax regime (for example, one of the lowest corporate tax rates in the world). Economic growth and development is shaped by public policy (through such instruments as subsidies and regulations), and is supported by publicly-financed infrastructure, such as transportation, hydro-electric, ports, education system, health system etc.

Diverse Population

BC, and particularly Metro Vancouver, is home to people with many different ethnic and cultural backgrounds. An open and multicultural society, BC is an attractive destination for individuals—whether to work or visit from around the world—many of whom bring needed skills and the potential for global connections that contribute to the province’s economic well-being. British Columbians are creative, passionate, engaged, and entrepreneurial with strong global connections and deep awareness and sensitivity to their environment. Aboriginal communities throughout BC also strengthen BC’s diversity of values and cultures, and have a growing population.

Infrastructure

BC benefits from a sound systems of financial support, and infrastructure that foster new business and investment. Some urban centers in BC boast cutting edge technological and communications infrastructure, efficient transit, and strong social programming. Such assets are benefit workers, entrepreneurs, and large and small businesses. Accessible and affordable energy is also key to a strong BC economy.

Diverse Economy

There are a range of diverse and emerging sectors in BC, including but not limited to: knowledge-based industries, the service sector, film and technology-based industries, food production, and health care. There is also a strong voluntary sector in many BC communities, which contributes to healthy, safe communities and overall quality of life.

WEAKNESSES

Vulnerability in our Resource Economy

BC’s traditional resource economy has been vulnerable to the “boom and bust” cycle of global commodity markets. Reliance on extractive industries, such as fossil fuels, forestry, or mining, with little value-added manufacturing means that the province benefits less than it could from those
industries, in terms of revenues and employment that stands to be generated.

**Minimal Economic Influence**

BC has a relatively small open economy with levels of investment in fixed capital that are disproportionately low in the resource sector, and a minimal manufacturing base. Outside of the mining sector, there are very few, if any, large business head offices in BC, the executive pool is small, and the technology sector lacks “critical mass” in the technology sector. Moreover, BC is far removed from the centres of decision-making in Canada where control over investment capital is located—notably in the financial sector, which is centred on the East Coast.

**Regulatory Environment**

Some argue that BC is shifting away from investment friendly policies and regulations to ones that actually increase costs of growing businesses (e.g. increased personal and corporate taxes, return to PST, carbon tax, etc.). Perceptions of excessive red tape and bureaucracy, and slow decision-making processes, hinder productive business activity. Furthermore, jurisdictional disputes between levels of government, duplication of regulations, and the absence of an economic strategy at the regional and local levels all contribute to an inefficient regulatory system.

**Political Climate of Conflict**

Decisions about future economic growth in BC are hampered by a polarized political climate. The traditional left-right (labour-business) ideological division re-emerges in the environment-economy split, and is reinforced by a growing North-South regional friction (where northern, or rural, resource development confronts southern, or urban, environmental values). Inequitably infrastructure investment, a lack of shared understanding, declining political engagement, and declining government transparency also cleave the divide. This makes it difficult to create a working consensus on an integrated economic strategy for the province as a whole.

On one side there is vocal opposition to large-scale economic development projects (e.g. LNG, pipelines, hyro dams, etc.), and short-term planning in fossil fuel development, and demands for greater emphasis on the need for social license for companies to operate. On the other side, there is resistance in the name of social and environmental health that constraint or limit economic growth, and there are demands for lower taxes.

**Rising Inequality**

British Columbia’s prosperity is not being shared equally across demographics [notably, Aboriginal groups, low-income families, and new immigrants in low wage jobs]. Job growth is also uneven
across the province—concentrated more in Metro Vancouver than in rural BC—and many residents/businesses do not pay their fair shares of taxes. Affordability is a prime issue, especially in Metro Vancouver, and threatens to drive away talent. This growing economic divergence undermines productivity; increases household debt; reduces the tax base paying for social services; and slows consumer consumption, a driver of growth.

Ineffective Skills Training to Meet Labour Needs

BC has a relatively small labour force, with lower than average participation rates, and productivity that lags behind half of Canada’s provinces (BC is 6th). Skills training and education are misaligned with the types of jobs available; not enough is invested in training and education, which means labour needs cannot be anticipated and met in a timely fashion. Compounded with the competition with other provinces for skilled labour—particularly in the trades related to natural resource development (BC has been losing residents to interprovincial out-migration since 2011, especially to Alberta)—labour shortages result. Bias against newcomers, poor recognition of foreign credentials, and the absence of a concerted strategy to attract skilled immigrants, further the inability to meet labour needs.

Relationships with Aboriginal Peoples

Relationships with Aboriginal peoples in the province remain unresolved, thanks to unsettled land claims, inadequate education, and socio-economic burdens borne by BC’s Aboriginal population, in conjunction with inadequate consultation and accommodation of Aboriginal interests in economic development projects (particularly in the resource sector). Additionally, decision makers (in business and government) struggle to integrate Aboriginal peoples as full participants in the BC economy, thus reducing social cohesion.

Barriers to Access

Rising costs of healthcare and education are beginning to stifle their continued improvements and expansion, yet they are required to include BC’s growing population—or, at least those in productive economic activities. These costs exert increasing financial strain on the public treasury, and draw investment away from other infrastructure and services. The resulting poor transportation infrastructure and reduced levels of public and social services in some areas of the province, reinforce regional divides, perpetuate automobile dependency, and isolate communities and individuals from the province’s economic activity.
OPPORTUNITIES
Leverage Location for International Trade

British Columbia is poised to take advantage of its geographic positioning as an transportation hub for not only Canada’s, but North America’s economy. High demand out of Asia for BC products (resource commodities, technologies, etc.) and services (education, urban planning, infrastructure know-how, etc.) has created unprecedented export opportunities with current and yet to be accessed markets (China, India, and the Association of Southeast Asian Nations). BC has doubled its export share in Asian markets over the past decade, but lags behind other countries, such as Australia in this regard. In short, as Canada pursues free trade agreements with a number of countries and regions (e.g. TransPacific Partnership, ASEAN, India, European Union, etc.), British Columbia is at a competitive economic advantage, which could lead to additional local manufacturing and value-added industries.

Invest in Infrastructure Development

With geographic access to Asian and North American markets, British Columbia’s existing economic infrastructure—transportation (roads, bridges, transit), ports (Vancouver, Prince Rupert), energy (oil and gas pipelines, hydroelectricity)—positions the province as a “gateway corridor” for economic development. New opportunities in the Liquefied Natural Gas (LNG) sector suggest further infrastructure investment will reinforce an already solid foundation.

At the same time, as the world transitions to a low-carbon economy, BC’s investment in “green infrastructure” (wind, solar, geo-thermal, etc.) and a “green public policy framework” (e.g. carbon tax) positions BC ahead of the curve with opportunities to benefit from that leadership position. This may require strategic public investment—made possible by a strong fiscal position, having relatively low debt, and strong revenue-generating capacity—and a stable investment climate.

Develop Markets in Knowledge Sector

British Columbia is home to a number of knowledge industries ripe for further development and innovation, which could position BC as a leader in many fields. These include, but are not limited to: green/clean technology, environmental remediation, digital media and technology, transportation and warehousing logistics, local food economy, tourism, education services, biotechnology and biomedical services. In the field of green/clean technology, in particular, BC can build upon its existing comparative advantage in energy resources and policies by developing innovative products and services that mitigate climate change and facilitate a transition to a carbon neutral economy.
Invest in Education and “Know How” to Build Human Capital

British Columbia has the potential to capitalize on its world-class educational institutions to attract and recruit talented knowledge workers to the province, and drive innovation. Despite newcomer bias and in contrast to credential recognition problems typically faced by immigrants, BC currently has 28% of Canada’s of international students, yet comprises only 13% of Canada’s population. Further, investment in skills and trade training will ensure that key industries have access to a broader labour pool with the required knowledge. In addition, investing in early learning and improving access to post-secondary education, especially in vulnerable populations, will increase opportunities to build BC’s future human capital.

Leverage BC’s Cultural Diversity — the “2-Way Diaspora”

The linguistic competence and cultural understanding that exists among BC’s many diverse cultures offers opportunities for enhanced economic development and investment. They can bring new ideas for innovation, for example: help cultivate enduring trade relationships in countries where such cultures are predominant; and provide opportunities to enter into new cultural and service industries.

Take Advantage of “Beautiful BC”

Tourism remains a key opportunity for British Columbia. The province has a global reputation for its natural environment, which attracts visitors from around the world. As BC’s Asian population continues to grow, so too does its appeal as a destination for many Asian visitors. However, Canada is not currently among the top 10 chosen destinations for Chinese tourists.

Forge a stronger Western Canadian Coalition

There is room for BC to deepen co-operation, and to pool resources to build influence within the Canadian federation by leveraging already strong co-operative relationships between Canada’s three western provinces. This could involve a number of initiatives, such as joint procurement for health care services, pharmaceuticals, or medical equipment.

Unconventional Approaches

There are opportunities for new and alternative approaches when it comes to conventional economic challenges and social inequality. The social and economic framework is being reshaped in many communities through alternative ownership structures such as co-operatives, and investments in public goods, such as community gardens. Reconceptualizing the notion of ‘wealth creation’ and approaches to education in terms of how they span across regions and sectors, would uncover new opportunities to generate wealth. Along with enhanced collaboration across private industries,
operations across public ministries and between levels of government could lead to new solutions to old problems.

**THREATS**

**Environment**

Many British Columbians are concerned about the threat of climate change. In addition, resource depletion and disasters from natural and man-made events, such as oil spills, threaten the province’s ecological systems, environmental resources, social fabric, and quality of life.

**Global Economic Slowdown**

In the 5 years following the 2008 recession, the world economy has struggled to sustain an economic recovery—that uncertainty is signaled by current European fiscal and economic woes, reduced growth rates in emerging economies in Asia (notably China), and slumping world commodity markets. These point to weakening and unstable demand for BC’s exports; the longer the uncertainty lasts, the greater the potential harm for British Columbia.

**Competition in Commodity Markets**

British Columbia is not home to the only source of natural resource commodities needed to drive the world economy; resource development in Asia and Oceania (notably in Australia), Africa, and Russia puts BC in league with a very competitive market. This can mean operating in an environment where price-takers have the upper hand, which threatens the economic viability of specific industries tied to commodities. BC’s foray into LNG may be too late to benefit from Asian prices, which are currently quite high, when there are many other jurisdictions that are able to move faster.

**Uncertainty of Land Base**

Continued failure to resolve Aboriginal title and land claims in the province, despite the duty to consult First Nations and accommodate Aboriginal interests in economic development decisions, means uncertain access to BC’s land base. This in turn creates an uncertain business and investment climate, one that threatens resource development, particularly in the BC’s northern regions. The influence and impact of the environmental movement in economic discussions layer complexity onto the decision-making process, and threaten to delay, or significantly modify, economic development projects.

**Polarized Politics**

High levels of social cohesion and trust among citizens and institutions are needed to build long-term prosperity—these are glaringly absent from public discourse in British Columbia. Instead,
entrenched interests on all sides of BC’s polarized political culture make it exceedingly difficult to transcend differences and establish a working consensus on what BC wants to do: How can BC build its economy, and ensure wealth creation will benefit all British Columbians? Furthermore, large and foreign companies often exert a disproportionate amount of influence over BC politics. A polarized culture discourages long-term planning, which can stall government from making timely decisions.

No Public Appetite to Pay for Needed Infrastructure Investments

In British Columbia, like other Western societies, citizens increasingly question the taxes they pay and how public funds are spent. There is a growing “anti-tax” narrative demanding a more nuanced approach to governing. This means government must find innovative ways to make significant public investment in public infrastructure (new and upgraded) needed to support continued economic growth. Rising levels of personal and public debt, and disproportionate taxes, compound these problems.

Strains on the Social Fabric

Despite the many social and economic advantages British Columbians enjoy, the imbalance in the sharing of wealth creation and the social inequalities this produces, represents a huge challenge for fostering social cohesion. Child poverty, cost of living, affordable housing, and unfair taxation all jeopardize BC’s social fabric—especially in the Lower Mainland where housing affordability undermines social equality, restricts BC’s ability to attract talent, and is one of the key reasons why people migrate out of the province. In addition, the lack of success in fully integrating BC’s Aboriginal and new immigrants populations into the market economy remain key opportunities missed by the province. An ongoing focus on economic goals in opposition to social goals will continue to strain this fabric.
In our research for this paper, we asked economic thought leaders what sectors, clusters, and concepts within the BC economy are global leaders. We provide this information to reflect current popular knowledge and to stimulate discussion about potential innovation and growth areas in the economy. However, significantly more research must go into developing an accurate list of these clusters.

**Digital Arts and Technology** – Digital Arts use digital technology in the creative or presentation process. The term umbrellas: software design and development, digital animation, video game design, and development and web design, among others. Digital Arts leaders in Vancouver include Hootsuite, and Electronic Arts.

**Green Tech** - Green Tech is an emergent sector in BC. Some of the leaders in the Green technology sector include Westport Innovation (natural gas engines), Ballard Fuel Cells (fuel cells), Pinnacle Renewable Energy (biomass fuels), BioTeq (wastewater treatment), Nexterra, and Pulse Energy.

**Transportation/Goods Movement** – Not only is BC uniquely positioned on the Pacific Rim, and the terminus of continental railroads, the province is known for excellence in transportation and goods management; Vancouver Airport (YVR) and Port Metro Vancouver are each recognized as forward-thinking leaders in their respective fields. Several shipping companies are recognized for their expertise and leadership. TeeKay Shipping, for example, has grown from a regional shipping company into one of the world’s leaders in marine energy transportation, storage, and production.

**Telecom** – The telecom sector provides communications devices and infrastructure, including telephone, wireless, internet and cable, to name a few. Telus is Canada’s second largest telecommunications company, and is headquartered in Burnaby, BC. Wavefront provides advisory and technical services in the wireless field, as well as funding and training services to other wireless companies in the interest of accelerating the growth in Canadian wireless industry.

**Mining**– The mining sector is one of BC’s biggest and most important industries. In 2012, gross mining revenues for the BC mining industry amounted to 9.2 billion dollars. The mining sector employs over 10,000 British Columbians. Teck is Canada’s largest diversified resource company with
active coal, zinc and copper mines in operation in Western Canada, as well as interests in the oil sands of northern Alberta. Goldcorp is one of the world’s leading gold producers, with active mine operations across the Americas. BC is recognized for the “softer side” or the professional services of mining—how to set up mines, how to explore and develop mining practices.

Higher Education - BC is known for the caliber of its higher education—UBC and SFU rank among national and international universities—delivered by 25 publically funded institutions: 11 universities, 11 colleges, and 3 technical institutes, as well as a number of privately funded universities, colleges, and theological colleges. BC is also recognized as a leader in English as a Second Language Education, attracting students from around the world.

Asian Expertise - Although there are few head offices for major national and international corporations located in BC, many financial, legal, and business service providers with Asian business interests and expertise locate branches in BC.

Other global leaders in BC include:

**Lululemon** – A yoga-inspired athletic apparel company with stores throughout Canada, the US, Australia, and New Zealand, is headquartered in Vancouver, BC.

**Pacific Rim Engineered Products** – Designs, manufactures, services and repairs industrial equipment such as hoisting equipment, industrial powertrain equipment, and controls and monitoring equipment for industries such as oil and gas, mining, and marine.

**WhiteWater** – The global leader in the engineering, design, manufacture and installation of water park attractions.