CHARTING BC’S ECONOMIC FUTURE
OUR FUTURE, OUR VOICE
DISCUSSION GUIDE

SFU SIMON FRASER UNIVERSITY ENGAGING THE WORLD

2013 YOUTH FORUM
WELCOME TO THE SFU PUBLIC SQUARE
OUR FUTURE, OUR VOICE: 2013 YOUTH FORUM

Thank you for joining us for this important day of dialogue about BC’s economic future!

This forum will be a dynamic and interactive day. It will launch a larger Community Summit, hosted by Simon Fraser University’s (SFU) Public Square on the theme “Charting BC’s Economic Future”.

Faced with an increasingly competitive global economy, we at SFU Public Square believe it is more important than ever that British Columbians find ways to work together to promote the well-being of the province and its citizens. This year’s Community Summit will bring together diverse groups from across the province to discuss BC’s economic future. Through a series of activities, research projects and public events, we will be asking the question: How do we chart BC’s economy to create wealth, promote social equity and protect our environment?

The youth forum is launching the 2013 Community Summit, treating young people as major stakeholders in this dialogue. With youth voter turnout in BC at an all-time low, and issues such as mounting student debt, unaffordable housing, and underemployment weighing heavily on our shoulders, we hope that this event and others like it will help spark and nurture democratic engagement among young people in BC. After all, it’s our future, we should have a voice!

What will you be doing today? Over the course of the day you will have opportunities to share your ideas, questions and insights about BC’s current and future economy. After working in teams to ‘navigate the BC economy’, you will hear from the always innovative, Matt Hern, and have a chance to network with community representatives over lunch. Working with others, and drawing from your own experiences, you will have an opportunity to identify some of the actions the province could take to create wealth, address social equity and protect the environment. Throughout the day, we encourage you to tweet us any questions you have about how economic decisions are made (at the local, provincial and federal levels) using the hashtag #OurVoiceBC. We will pose your questions to a decision makers’ panel in the afternoon and get you some answers!

What is this handbook? This handbook was developed for all of the participants taking part in SFU Public Square’s Community Summit. While we recognize it may seem a little dry [okay, boring], we wanted to provide you with the same information that decision makers and representatives from across the province are reviewing to prepare for the other dialogues we are hosting this week.
The handbook includes: information on the current state of BC’s economy; the results of two months of research and analysis with leading economic thinkers; the summary of a recent poll; and guiding questions for your conversation. We hope it will help stimulate your thinking and your discussions today [and in the future, outside of this forum!]

You do not need to be an expert in economics to contribute today! We are all a part of the economy whether we are working, volunteering, studying or traveling the coast. All voices are important in this discussion. We encourage you to come to the table today with an open and curious mind—to learn and to share your wisdom and ideas with others.

How will your contributions be used? What impact might they have? Your ideas will help shape a broader conversation about BC’s economy. Our team of volunteers will capture major themes that come up throughout the day, and facilitators at your roundtable discussions will record your ideas, graphically, to display at a public event on October 3rd. You will also have a chance to complete an individual survey on BC’s economy. The results of the surveys and your conversations today will help inform a Citizen’s Agenda for BC’s Economic Future.

We hope that you enjoy your day today. Use this opportunity to ask questions, share your ideas, and learn from each other. Oh and most importantly, let’s have some fun!

If you would like to learn more about the SFU Public Square Community Summit, please visit our website at www.sfu.ca/publicsquare. If you have any questions about the youth forum and how it will help influence further dialogue, you can speak to a volunteer at the event, or contact Jackie Pichette, jpichett@sfu.ca.

Thank you again for participating in this exciting and timely forum. We look forward to hearing the results of your conversations today.

Best wishes,

Shauna Sylvester
Executive Director
SFU Public Square

Jackie Pichette
Research & Communications Officer
SFU Public Square
ACKNOWLEDGMENTS

The SFU Public Square is a signature initiative of SFU’s vision of a community-engaged university. The Community Summit is organized in collaboration with dozens of other organizations, individuals, businesses, academics and government bodies. We would like to extend a warm thanks to all of our generous funders, our SFU community of faculty, staff, students, alumni and volunteers. Special thanks to TELUS, and FortisBC for their generosity; this process could not have happened without you!

Shauna Sylvester, Dr. Daniel Savas, and Jackie Pichette wrote and compiled this handbook with contributions by dozens of economic thought leaders, academics and researchers. We would like to thank Janet Webber, Kathryn Sheps, Dominic Thiffault, Sebastien Mertz, and Betsy Ager for assistance with the research and development. We would also like to thank Helmut Pastrick, Chief Economist for Credit Union Central, Ken Peacock, Vice President of the BC Business Council and Iglika Ivanova, Economist and Public Interest Researcher at the Canadian Centre for Policy Alternatives for reviewing the overview of the BC economy outlined in Section 2. Additional thanks to Marissa Lawrence, Mark Friesen, Claire Havens, Connor Curson and Jasmine Lew for their contributions to the process design and production of the handbook, Dr. Philip Steenkamp for reviewing the guide, and the staff of Vision Critical who assisted with the opinion research on the BC economy.

Our most particular thanks go to Stephen Jarislowsky, whose continuing record of philanthropy and civic leadership stands as one of the best examples of global citizenship and democratic engagement.

The views expressed in this publication are provided here to stimulate discussion and learning. They do not reflect the views of SFU staff, reviewers, funders, collaborators or the SFU Public Square.

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ABOUT THIS HANDBOOK

To provide some context for your conversation today, the SFU Public Square has compiled this handbook. It includes background information, analysis, data from a recent poll of BC residents, and guiding questions to frame your deliberations.

How the handbook is organized

The handbook is divided into four sections: Section 1 introduces you to the SFU Public Square, the 2013 Community Summit theme and the dialogue process. Section 2 provides background information on BC’s economy, outlining which industries are fueling growth and creating jobs, how equitably income is being distributed, and what is being done, currently, to protect our environment. Section 3 summarizes the results of consultative research with dozens of economic thought leaders on the strengths, weaknesses, opportunities and threats in BC’s economy. Finally, in Section 4, we provide you with some of the results of a recent survey of residents’ views on BC’s current and future economy. The appendices include a glossary of terms and a list of B.C. companies and clusters with position in the global arena.

This handbook is not intended to provide a comprehensive overview of the BC economy. It has been compiled to help stimulate your thinking and provide you with background information to enable an informed dialogue. If you have any questions or concerns about the information presented in this handbook, please let us know by emailing Jackie Pichette, jpichette@sfu.ca.
SECTION 1: INTRODUCTION TO THE DIALOGUE

What is SFU Public Square?

*SFU will be BC’s public square for enlightenment and dialogue on key public issues, and will be known as the institution to which the community looks for education, discussion and solutions.*

SFU Strategic Vision, February 2012

Simon Fraser University seeks to be the leading engaged university defined by its dynamic integration of innovative education, cutting-edge research and far-reaching community engagement. The SFU Public Square will act as a signature program to advance the university’s community engagement strategy. Our aim is to become the “go-to” convener for serious and productive dialogues on important public issues, working to diffuse polarization and promote community building in our region.

What is the Community Summit?

Each year, the SFU Public Square hosts a week long initiative that explores an issue of public concern. In 2012, we worked in partnership with the Vancouver Foundation to explore strategies to address the growing isolation that people are feeling in our urban communities. This inaugural Community Summit, which included 11 events over 6 days, engaged thousands of residents of Metro Vancouver and culminated in concrete initiatives in Surrey and Vancouver to address urban isolation and promote more community engagement.

This year, our theme is *Charting BC’s Economic Future*. The lead up to our Community Summit began in June with research and development and will culminate September 28 to October 4 with a series of activities designed to provoke discussion, and generate ideas and strategies for charting BC’s economic future. The Community Summit will set the agenda and identify mechanisms for a broader, non-polarized conversation about BC’s economy.
The 2013 Community Summit Theme: Charting BC’s Economic Future

Earlier in 2013, the BC Business Council (BCBC) hosted an important initiative entitled *The Shared Prosperity Summit*. The goal of this initiative was to consider how to develop the BC economy in a manner that creates a more prosperous future for all British Columbians. The BCBC’s research revealed BC’s rates of inequality are increasing.

One of the calls that emerged from the Shared Prosperity initiative was the need for a non-polarized conversation within the province about the future of our economy – a conversation that engages British Columbians in an informed dialogue, one which moves beyond traditional divisions.

Building upon the success of the Shared Prosperity initiative, the SFU Public Square selected the theme of Charting BC’s Economic Future for this year’s Community Summit. The guiding question for our 2013 Summit is:

**How do we chart BC’s economy to create wealth, promote social equity and protect our environment?**

Faced with an increasingly competitive global economy, it is more important than ever that British Columbians find ways to work together to promote the well-being of the province and its citizens. This Community Summit will bring together representatives from across the province to discuss British Columbia’s economic future. Particular attention will be directed to considering the interrelationship between wealth creation, social equity and protection of our environment. The summit will also explore the challenges posed by British Columbia’s political culture, and consider processes and mechanisms that might be used to overcome traditional divisions within the province, and to foster greater cooperation and collaboration in the development and delivery of such strategies.

SFU recognizes that wealth creation, social equity and environmental protection are key ingredients to a vibrant future economy for BC. This framing enables us to move beyond a narrow discussion on growth, and allows us to ask: What kind of growth do we want? How can our investments create wealth over the long-term for all British Columbians? How do we protect our natural capital not just today but for future generations? How can our actions decrease social inequality and reduce poverty?
By looking at the interrelationship between wealth creation, social equity and environmental protection, we promote a more visionary and inclusive discussion about the kind of future we want in this province and how we can create it.

What is a dialogue?

The word ‘dialogue’ is used so frequently today in business, politics and the media that it risks losing its meaning. We are using the term to mean much more than a casual conversation. Dialogue is a respectful, collective, free flowing but structured conversation among a diverse group of people who bring different life experiences and viewpoints to the discussion. It is a special kind of conversation that involves learning and working together to understand different points of view to try to build some common ground. Having a dialogue does not mean that all differences disappear or that 100% consensus emerges, but it does give more energy to the search for common understanding than amplifying differences. It encourages each of us to listen intently and to carefully consider perspectives and views that are different from our own. With a purpose to expand knowledge and create mutual understanding through the consideration of alternatives, dialogue encourages us to be open to the possibility of learning new ways to think about public issues.1

1 This description of dialogue and the section on dialogue versus debate was taken from the SFU Centre for Dialogue—Canada’s World project handbook that was prepared for a national deliberative dialogue process hosted in 2008 and 2009. For a copy of the full handbook to the national dialogue see http://www.canadasworld.ca/reports/dialoguere/nationaldi
This is not an invitation to a debate.

One of the goals of the SFU Public Square is to move beyond our traditional divisions and seek a non-polarized discussion about BC’s economy. We have intentionally pursued a dialogue format for our discussions today.

Dialogue is different from debate: “In dialogue the intention is not to advocate but to inquire; not to argue but to explore; not to convince but to discover” —Louise Diamond of the Institute for Multi–track Diplomacy.

The following chart outlines the difference between dialogue and debate:

<table>
<thead>
<tr>
<th>DIALOGUE</th>
<th>DEBATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assumes that others have pieces of the answer</td>
<td>Assumes there is one right answer (and you have it)</td>
</tr>
<tr>
<td>Attempts to find common understanding</td>
<td>Attempts to prove the other side wrong</td>
</tr>
<tr>
<td>Objective is to find common ground</td>
<td>Objective is to win</td>
</tr>
<tr>
<td>Listening to understand</td>
<td>Listening to find flaws</td>
</tr>
<tr>
<td>Explores and tests personal assumptions</td>
<td>Defends personal assumptions</td>
</tr>
<tr>
<td>Examines all points of view</td>
<td>Critizes others’ point of view</td>
</tr>
<tr>
<td>Admits that others’ thinking can improve one’s own</td>
<td>Defends one’s views against others</td>
</tr>
<tr>
<td>Searches for strengths and value in the others’ positions</td>
<td>Searches for weakness and flaws in the others’ positions</td>
</tr>
<tr>
<td>Seeks an outcome that creates new common ground</td>
<td>Seeks an outcome that agrees with your position</td>
</tr>
</tbody>
</table>

Source: Canadian Policy Research Network [www.cprn.org](http://www.cprn.org)
SECTION 2: BACKGROUND—AN OVERVIEW OF THE BC ECONOMY

The BC Economy At A Glance

BC is home to an abundance of natural resources, world-class education facilities, high levels of human capital, and reliable infrastructure. The site of major Pacific ports, and the endpoint of transcontinental railways, BC is a well-positioned trading partner, poised to take advantage of an increasingly Asia-oriented international economy. Indeed, many of the province’s industries and economic activities have developed because BC is a transportation hub for goods and people entering or leaving the country from the West Coast.

Although growth this year has been slower than expected, a comparison of BC’s Gross Domestic Product (GDP) with that of other North American provinces and states reveals the BC economy is performing relatively well, and real GDP is generally expected to grow at a rate of 1.6% this fiscal year.

Of course, economic performance varies across the province’s industrial sectors and regions. It is also contingent upon numerous factors including labour market trends, government policy, and external influences in the global economy. This section explores these factors in more detail.

It is important to note that although this section primarily refers to GDP as an indicator of economic performance, there are many other factors that influence how individuals experience and evaluate their economy. As you read this section, we encourage you to reflect on your own experiences and opinions and consider provincial economic performance holistically, including factors such as quality of life in BC.

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And, Richard Chu [Business in Vancouver] [2013] BC’s economy a writeoff in 2013

Major Industries in BC

BC’s major industries can broadly be categorized as those that produce either goods or services.

![BC GDP by Sector, 2012](image)

BC has one of the most service-oriented economies in Canada. There are 10 main industry groupings that make up the service sector, they are: wholesale and retail trade; health care and social assistance; accommodation and food; professional, scientific and technical services; education; finance, insurance and real estate; transportation and warehousing; information, culture and recreation; public administration; business, building and support services.⁴

The finance, insurance and real estate industry is the largest source of GDP in the services sector, and overall in BC. It alone accounts for approximately a quarter of provincial GDP. The industry covers services provided by consumer loans, mortgages, and credit companies, as well as establishments that sell, rent or lease housing and other property, and savings vehicles like pension funds and trusts.

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Wholesale and retail trade is the second largest service industry, in terms of GDP, followed by health care and social assistance.

The **goods sector** includes all those industries that harvest, extract or transform raw materials into products. The seven\(^5\) primary industries within the goods sector are: manufacturing; construction; agriculture; mining; oil and gas extraction; forestry and logging; utilities; and fishing, hunting and trapping.\(^6\) The goods-producing industries account for about a quarter of BC’s GDP.

The **construction** and **manufacturing** industries are the largest of the goods-producing industries in BC, based on their share of GDP. Despite relatively slow growth in residential projects, the construction industry has become the largest in the goods-producing sector.

\(^5\) The graph illustrating BC GDP by Industry collapses some of these industries, namely Agriculture and Forestry, and Mining and Oil and gas extraction

In recent years, most of the growth in the industry has stemmed from increased investment in non-residential projects by private sector groups. While the manufacturing industry has historically been dominated by resource-based activities, non-resource-based manufacturing (e.g. of electrical equipment, chemicals, clothing, and computers) accounts for a growing share of the industry’s GDP.

Since most of BC’s resource-based products are exported out of the province, the goods industries can be quite volatile. They tend to experience boom and bust cycles in relation to global economic conditions affecting demand for products and international commodity prices.

This year, increased demand for energy, forestry and industrial product exports has had positive effects on the goods-producing sector as a whole. Indeed, mining and oil and gas extraction have posted considerable gains.

The services industries on the other hand, are largely domestic consumer oriented, and therefore tend to be less vulnerable to changes in demand that originate outside of the province.

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7 Stroomer, Chad (BC Stats) (2012). *Public and Private Investment Intentions*

8 Stroomer, Chad (BC Stats) (2012). *Public and Private Investment Intentions*
Labour Market

According to BCStats, the unemployment rate (seasonally adjusted) in BC was approximately 6.3% in June 2013. This number is much higher among British Columbia’s Aboriginal population; in 2012 the Aboriginal unemployment rate was approximately double that of the non-Aboriginal population.9

As of 2012, roughly four of every five workers in BC were employed in the services sector, with the wholesale and retail trade industry being the largest employer, followed by health care and social assistance, and educational services. Meanwhile, construction has become the largest employer in the goods sector.10

The goods-producing industries tend to play a larger role in rural areas than they do in urban regions of BC. In the Northeast, Kootenay, and North Coast and Nechako regions, the goods sector employs the largest share of the workforce. BC’s urban areas (e.g. in Vancouver Island, the Mainland, and Southwest regions) tend to be more dependent on services industries as sources of employment.11

In terms of job growth, gains were recorded in manufacturing and primary resource industries last year. Employment was flat in the retail and wholesale trade segments, and it fell in both the broad professional services category and construction.

BC’s aggregate labour productivity (or real GDP per hour worked) in 2012 was roughly 10% below the Canadian average, at $43.60 per hour worked. According to the Business Council of British Columbia, increasing labour productivity is key to creating the conditions that support rising compensation.12

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Income Distribution

As of June 2013, the average weekly wage rate in BC was $869.32 (or about $45,000 a year, assuming full-year employment), slightly lower than the national average of $882.66. There is quite a large gap, however, separating BC’s highest and lowest earners. In 2009, BC had the second highest after-tax income gap (just after Alberta) of all Canadian provinces; the lowest 20% of income earners made just 16.5% of what the top 20% of earners made, and that is including transfers and taxes.\(^\text{13}\)

Compared with the rest of Canada, the incidence of those with low incomes is high in BC. In 2011, 11% of BC’s general population lived in families with annual incomes that fell below the low-income cut-off. This was the highest share of all Canadian provinces, and considerably higher than the national average of 8.8%.\(^\text{14}\) The same year, the child poverty rate in BC rose to 11.3 % (from 10.5% in 2010), placing BC in a tie with Manitoba for the worst child poverty rate in Canada.\(^\text{15}\)

Environmental Protection

BC has taken a number of actions to protect our natural environment and reduce greenhouse emissions (GHGs).

With 14.4% of lands under legal protection for conservation purposes, BC has the greatest proportion of environmentally protected territory of any Canadian province.\(^\text{16}\) The province also enforces an Environmental Assessment Act, requiring all major projects to be assessed in terms of their potential environmental, economic and social impacts.\(^\text{17}\) These measures have helped place BC as a national leader environmentally. Still there is room for improvement. The distribution of protected lands, for instance, is skewed; the majority of lands are located in regions of the province where population pressures are low, meaning natural capital in


\(^{14}\) *after-tax, 1992 base, based on size of family unit and community

\(^{15}\) First Call: BC Child and Youth Advocacy Coalition (2013). Child Poverty Rate in British Columbia Back to the Worst, Children of Single Moms Hit Hard

\(^{16}\) Environment Canada (2013). Canada’s Protected Areas

\(^{17}\) Government of BC, Environmental Assessment Office (n.d.), The Environmental Assessment Process (web)
highly populated regions is not well protected. Meanwhile, critics of the Environmental Assessment process argue for improvements in current assessment processes, such as evaluation of cumulative impacts (i.e., small effects that accumulate to result in a significant overall effect, and/or the cumulative effects of past and potential future human activities on the environment).

In 2007, the provincial government committed to cutting GHGs by 33% by 2020. Towards meeting this objective, the government implemented a carbon tax in 2008, which is applied to the vast majority of fossil fuels sold in the province. Originally set at $10 per tonne of GHGs, it has since increased to $30 a tonne. As of 2010, emissions had been reduced by 4.5% from 2007 levels.

BC is also the first jurisdiction in North America to achieve carbon neutral operation in the public sector. The Carbon Neutral Government policy requires all public sector organizations to measure, reduce and offset GHG emissions. Meanwhile, the LiveSmart BC energy efficiency programs are helping to reduce emissions by incentivizing efficient retrofits among homeowners and small business, and encouraging fuel-efficient transportation.

There is still a great deal of work to be done to reach emissions targets, however. The carbon tax, for example, does not currently cover release of methane from pipelines and other oil and gas operators. In its 2012 report, Making Progress on B.C.’s Climate Action Plan, the government also acknowledges emissions growth from the natural gas sector, new industrial projects, off-road diesel, and forest degradation are likely to add to provincial GHG emission levels and deter the province from reaching its target.

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Demographics

BC is home to roughly 4,650,000 people. Steady population growth in recent years has mainly been the result of increased international migration. Since 2011, BC has experienced a net loss of residents to interprovincial out-migration, a relatively new phenomenon after approximately 8 years of steady population gains from interprovincial in-migration. In the last quarter of 2012, the majority of those out-migrating to other provinces went to Alberta.24

The bulk of BC’s population is concentrated in the Lower Mainland, the Eastern and Southern portions of Vancouver Island, and the Interior. As of 2011, more than 50% of the BC population resided in Greater Vancouver, the most common destination choice for new immigrants landing in BC. Meanwhile, the percentage of BC’s population residing in rural communities has gradually declined.25

Like the Canadian population more generally, British Columbians are getting older. The BC population is older than it has ever been; with only half of residents under the age of 42,26 the median age in BC is slightly older than it is for the rest of Canada. BC’s population is also becoming more ethnically diverse. About 27%, or one in every 3.6 British Columbians was a visible minority, as of the 2011 National Household Survey.27

According to the 2011 Canadian National Household Survey, approximately 232,290 individuals who identify as being Aboriginal reside in BC, or approximately 5% of the total population. In comparison with the general population, the Aboriginal population in BC is quite young. Approximately 44% of those who identified as Aboriginal in 2011 were below the age of 25 (compared with 27% of the non-Aboriginal population). Consistent with the national average, approximately 22% of the Aboriginal population in BC reported living on reserves.28


Government Priorities and Spending

In its June 2013 Throne Speech and Budget Update, the Government of BC highlighted a focus on the energy sector, particularly plans to develop a liquefied natural gas (LNG) industry, as an economic priority for the province. It also emphasized jobs and skills training, along with plans to grow the clean energy sector (e.g., though the continued development of the Site C dam), and to enhance Asia/Pacific trade relationships.

The Budget Update anticipates a surplus of $153 million in 2013-14, which is a reduction from earlier projections. Despite lower than expected tax revenue (e.g., from personal and corporate income taxes, carbon tax and property tax) and reduced health and social transfers, the Government of BC has said it will rely on higher natural resource and other revenues, spending reductions (the Budget Update called for $130 million in cuts to provincial spending over the next three years), and the sale of assets to achieve the projected surplus.

The government has committed to keeping the carbon tax at $30 per tonne of CO₂ equivalent and freezing personal tax rates for the next five years.

Effective April 1, 2013, the provincial sales tax was re-implemented in BC. This transition is expected to lift consumer spending and provide some price inflation relief.²⁹ On the other hand, it will add business costs, increasing the overall rate of tax on new investment.³⁰

External Influences

International trading partners have a substantial influence on BC’s economic outlook. In the last fiscal year, instability in international markets meant slower than expected economic growth in BC’s trading partners, and in turn, lower demand and lower prices for many commodities which BC exports. While global economic growth is expected to accelerate, the potential for renewed weakness—a return to recession in the U.S., the ongoing European sovereign debt crisis, or slower than anticipated Asian demand for BC exports—poses major risks to BC’s economic growth.³¹

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²⁹ Central1 (2013). Brighter days ahead for B.C. economy, says Central 1 forecast. News
³⁰ Lammam, Charles, and Hugh MacIntyre (Fraser Institute) (2013). Return of the PST darkens the BC economy
SECTION 3: A SWOT ANALYSIS OF BC’S ECONOMY

In June 2013, SFU Public Square conducted a SWOT Analysis of BC’s economy (Strengths, Weaknesses, Opportunities, Threats). The following report is based on the comments and opinions of 35 economic thought leaders in British Columbia who participated in an Economic Roundtable discussion convened by SFU Public Square on June 24th 2013, or took part in a series of one-on-one in-depth interviews. In addition, special reports by the BC Chamber of Commerce and McKinsey & Company were considered for their insights.

STRENGTHS

Resource Abundance

British Columbia is a resource rich province. Its natural capital (e.g., minerals, forests, water, fossil fuels, etc.) is in high demand globally, especially in emerging economies where economic development depends on resources that BC possesses. BC’s globally renowned natural environment is also a strength as it 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 (e.g., Vancouver and Prince Rupert are closer to Asia than any other Western city). It also neighbours the large U.S. market where its commodity exports are still in demand. As a transportation “hub” for Canada, BC also plays an important national role in Canada’s economic prosperity.

Human Capital

Home to a world-class education system with premiere higher education institutions, BC boasts a well-educated and skilled labour force. It has one of the best records in North America for getting children through high school, and is a magnet for international students, adding 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 (e.g. low debt to GDP ratio), and a favourable tax regime, including one of the lowest corporate tax rates in the world. Economic growth and development is shaped by public policy (e.g. subsidies, regulations, etc.), and is supported by publicly-financed infrastructure (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 around the world to work and to visit, many of whom bring needed skills and offer the potential to contribute to the province’s economic well-being through their global connections.

WEAKNESSES
Vulnerability in our Resource Economy
BC’s traditional resource economy has been vulnerable to the “boom and bust” cycle of global commodity markets. Our reliance on extractive industries (e.g. fossil fuels, forestry, mining, etc.) with little value-added manufacturing means that the province does not benefit as much as it could from the business and employment that stands to be generated from our resource base.

Minimal Economic Influence
BC has a relatively small open economy with low levels of business investment in fixed capital (disproportionately 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. There is a small executive pool, and a lack of “critical mass” in the technology sector. Moreover, BC is far removed from the centres of decision-making in Canada, notably in the financial sector, where control over pools of investment capital is located.

Regulatory Environment
Some argue that BC is shifting away from investment-friendly policies and regulations to ones that 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 slow decision-making and create obstacles to productive business activity. Further, jurisdictional disputes between levels of government, duplication of regulations, and an absence of an economic strategy at the regional and local levels all contribute to an inefficient regulatory environment.

**Political Climate of Conflict**

Decisions about future economic growth in BC are hampered by the province’s polarized political climate. The traditional left-right (labour-business) ideological dividing line coincides with the environment-economy split, and both are reinforced by a growing North-South regional friction (where northern resource development confronts southern environmental values). This makes it difficult to create a working consensus on an integrated economic strategy for the province as a whole.

In particular, on one side there is vocal opposition to large scale economic development projects (e.g. LNG, pipelines, Site C, etc.), objection to a short-term orientation on fossil fuel development, and demands for greater emphasis on companies’ social license to operate. On the other side, there is resistance to constraints or limits placed on growth for social and environmental reasons, and demands for lower taxes and less government.

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 it can build its economy, and ensure wealth creation benefits all British Columbians.

**Rising Inequality**

British Columbia’s prosperity is not being shared equally between population groups (notably, Aboriginal groups, low-income families, and new immigrants in low wage jobs). Job growth is uneven across the province, concentrated more in Metro Vancouver than in rural BC, and many residents/businesses do not pay their fair share of taxes. Affordability is a key issue, notably in the Metro Vancouver area, and risks driving away talented individuals who could contribute economically. This growing economic divergence undermines productivity, increases household debt, reduces the tax base to pay for government services, and puts the brakes on consumer consumption as a driver of growth.
Ineffective Skills Training to Meet Market Needs

BC has a relatively small labour force with lower than average participation rates, and productivity that lags behind other Canadian provinces (BC is 6th). Skills training and education is not completely aligned with the types of jobs needed due to an under-investment in training and education, and an inability to anticipate market needs in a timely fashion. This mismatch results in a labour shortage, particularly in the trades related to natural resource development, and is compounded by competition with other provinces for skilled labour, notably Alberta (e.g. BC has been losing residents to interprovincial out-migration since 2011).

Relationship with Aboriginal Peoples

Relationships with Aboriginal peoples in the province remain problematic. Unsettled land claims, low education and socio-economic outcomes for the Aboriginal population, and inadequate consultation and accommodation of Aboriginal interests in economic development projects (particularly in the resource sector) hinder an otherwise positive investment climate. They also reflect an inability of decision makers (in business and government) to find ways to integrate Aboriginal peoples as full participants in the BC economy, thus reducing social cohesion.

 OPPORTUNITIES

Leverage Location for International Trade

British Columbia is poised to take advantage of its geographic positioning as an economic hub for Canada and North America, with closer access to Asia’s emerging economies. High demand in Asia has created unprecedented opportunities to export BC products (e.g. resource commodities, technologies, etc.) and services (e.g. education, urban planning, infrastructure know-how, etc.) to existing and yet to be accessed markets (e.g. China, India, ASEAN). BC has doubled the share of its exports to Asia over the past decade, but lags behind other countries such as Australia in this regard. As Canada pursues free trade agreements with a number of countries and regions (e.g. TransPacific Partnership, ASEAN, India, European Union, etc.), British Columbia’s location will only strengthen its competitive economic advantage.

Invest in Infrastructure Development

British Columbia's existing economic infrastructure, from transportation (roads, bridges, transit) to ports (Vancouver, Prince Rupert) to energy (pipelines, hydroelectric) reinforces
BC’s position as a “gateway corridor” for economic development, enabling access to Asian and North American markets. 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) and its public policy framework (e.g. carbon tax) can provide further opportunities for BC to position itself ahead of other jurisdictions, and benefit from a leadership position. This may require strategic public investment, made possible by a strong fiscal position (relatively low debt, strong revenue-generating capacity) and a stable investment climate.

**Develop Markets in Knowledge Sector**

British Columbia is home to a number of knowledge industries that can be tapped for further development and innovation, and can position BC as a leader in many fields. These include, among others, green/clean technology, environmental remediation, digital media and technology, transportation and warehousing logistics, local food economy, tourism, education services, biotechnology and biomedical services. With green/clean technology, in particular, BC can build upon its existing comparative advantage in energy resources and policies to develop innovative products and services in response to climate change and to the need to transition to a carbon neutral economy.

**Invest in Education and “Know How” to Build Human Capital**

British Columbia can capitalize on its world class educational institutions to attract and recruit talented knowledge workers to the province, and drive innovation. With just 13% of the Canadian population, BC currently has 28% of Canada’s of international students. Further, investment in skills and trade training will ensure that key industries have access to a broader labour pool with the required knowledge; and investing in early learning, and improving access to post-secondary education (notably for 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. It can bring, for example, new ideas for innovation, and help cultivate enduring trading relationships.
in countries where these cultures are dominant. It also provides opportunities for entry into new cultural and service industries and for much needed front-line and professional expertise. In short, they are an open door, bringing the world to BC, and British Columbia to the world.

**Take Advantage of “Beautiful BC”**

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

**Forge a Stronger Western Canadian Coalition**

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

**THREATS**

**Global Economic Slowdown**

The world economy has struggled to sustain an economic recovery in the 5 years since the 2008 recession. Warning signs abound that uncertainty is still in the air—European fiscal and economic woes, reduced growth rates in emerging economies in Asia (notably China), and slumping world commodity markets. This suggests 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 the only source of natural resource commodities needed to drive the world economy. Resource development in Asia (notably in Australia), Africa, and Russia puts BC in a very competitive market. This can mean operating in an environment where price-takers have the upper hand, and threaten the economic viability of specific industries tied to commodities. Time to market is also an element affecting or threatening the economic value of BC’s resources. In the case of LNG, for example, there are questions as to whether or not British Columbia will arrive too late in the game to truly benefit from its potential, especially if other jurisdictions are able to move faster to exploit emerging market demand.
Uncertainty of Land Base

Continued failure to resolve Aboriginal peoples’ entitlement and land claims in the province, and the duty to consult with and accommodate Aboriginal interests in economic development decisions means uncertain access to BC’s land base. This creates an uncertain business and investment climate, one that threatens resource development particularly in the North. The influence and impact of the environmental movement in economic discussions adds another layer of complexity to the decision making process, threatening to delay or significantly modify economic development projects.

No Public Appetite to Pay for Needed Infrastructure Investments

British Columbia, like other Western societies, is living through a period of time when citizens increasingly question the taxes they pay, and how public funds are spent. There is a growing “anti-tax” narrative that demands a more nuanced approach to governing. This means government must find innovative ways to make significant public investment in economic infrastructure (new and upgraded) that is needed to support continued economic growth.

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 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 the ability of BC to attract talent, and is one of the key reasons why people leave the province. In addition, the lack of success to date in fully integrating BC’s Aboriginal population and new immigrants into the market economy continues to represent a key missed opportunity for the province.
SECTION 4: SURVEY FINDINGS

SFU Public Square commissioned Dr. Daniel Savas, Adjunct Professor in SFU’s Masters of Public Policy Program, 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 (19 times out of 20). Data for the sample was weighted to reflect the actual distribution of BC residents based on region, age and gender.

Key Findings

- British Columbians express some concern about the current state of the provincial economy, but display a good deal of optimism for the coming decade. They do foresee some key pressing needs, however, notably affordable housing and having an educated and skilled workforce.

- The BC public adopt a rather somber tone when it comes to their own personal financial situation; most say they’re either struggling to make ends meet or falling behind. And, they feel they’re worse off than their parents at the same stage in their lives. They are also convinced the coming generation will be much worse off financially than themselves currently.

- British Columbians do not see any significant realignment of BC’s comparative economic advantages in the future. They see tourism and forestry as key sectors of the economy where BC has a comparative advantage today; in the future, its tourism and oil & natural gas. However, one sector stands out with future potential – renewable energy; for British Columbians, this could become a significant future comparative advantage for BC with enough development and investment.
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%

**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%
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%
CONCLUSION

Now it’s your turn. What do you think? As we have noted, the information outlined in this handbook offers a starting place for your conversations. The guide is intended to stimulate questions, help you consider options and develop your own view on how best to chart BC’s economic future.

This is not an easy discussion. Our economy is complex and our global circumstances are shifting daily. We recognize that navigating the best course for BC is difficult, but we can decide not to engage in the exercise and get swept up in the global current, or we can set sail in a direction that we have mapped out and defined together. Imagine you have the power to chart a path for BC’s economy. What ideas, insights, questions and options would help you in making decisions about what course BC should follow?

We invite you to think about the following questions as you participate in discussions today:

In 2030 what does BC’s economy look like?

What is the future you imagine and what would it take to create it?

What actions would you take to create wealth, promote social equity and protect our environment?
APPENDIX 1: GLOSSARY OF TERMS

Capital - A factor used in production of economic goods and services. It includes all aids to production, such as land, machinery and equipment, as well as buildings and other structures.

Human Capital – All those human capacities that can be used productively (e.g., skills, abilities, knowledge, creativity and other attributes that effect the ability to perform labour or produce economic value in some way). The term often refers to formal educational attainment.

Natural Capital – The stock of an economy’s natural resources, such as water and forests, land and ecosystems. Unlike other forms of capital, many natural resources are nonrenewable. In addition to being essential for economic production, natural capital is also needed to sustain human (as well as other animal) life.

Deficit – A shortfall in revenue. A budgetary deficit is the difference between government revenues and government spending.

Fiscal year – A period used for calculation of annual financial statements. Fiscal years can vary between different businesses, institutions and countries. The fiscal year for the Province of BC begins on April 1 and ends March 31.

GDP – The market value of all officially recognized goods and services produced within a country within a designated period of time.

Real GDP – A measure of economic output adjusted for price changes (i.e. inflation or deflation).

Growth – The increase in goods and services produced over time.

Infrastructure - The basic structures, services and facilities needed for the operation of a civil society, including roads, buildings, electrical power lines and facilities.

Labour Market – The market in which potential employees compete for jobs and employers compete for employees.
Labour Productivity - the final value of all goods and services produced in an economy in a given period, divided by the total number of hours worked over the same period, i.e. real GDP per hour worked.

Low-income cut off – An income threshold, used by Stats Canada, below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family.

Liquified Natural Gas (LNG) – Natural gas (primarily methane) that has been converted into a liquid form for ease of storage and transport.

Recession – A slowdown of economic activity. Technically, this refers to a decrease in GDP over two consecutive quarters. Some economists prefer to define a recession as a 1.5% rise in unemployment within 12 months.

Natural Population growth – Population growth that is due to a positive difference between the number of live births and the number of deaths during the year.

Unemployment Rate – The percentage of the total labour force that is unemployed but actively seeking employment and willing to work.

Visible minority – A person who belongs to a visible minority group as defined by the Employment Equity Act. The Employment Equity Act defines visible minorities as “persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour”. 
APPENDIX 2: LEADERS IN BC’S ECONOMY

In our research for this paper, we asked economic thought leaders what sectors, clusters and concepts within the BC economy are global leaders. Significantly more research must go into developing an accurate list of these clusters. We provide this information to reflect current popular knowledge and to stimulate discussion about potential innovation and growth areas in the economy.

**Digital Arts and Technology** – Digital arts is a general term for a variety of works that use digital technology in the creative or presentation process, and includes software design and development, digital animation, video game design and development and web design among others. Digital Arts leaders in Vancouver include Hootesuite, 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), Nexxterra, and Pulse Energy.

**Transportation/Goods Movement** – Perhaps due to our unique positioning on the Pacific Rim, and as the terminus of continental railroads, BC is recognized for excellence in transportation and goods management. Vancouver Airport (YVR), 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 leaders in marine energy transportation, storage and production companies.

**Telecom** – The telecom sector provides communications devices and infrastructure, including telephone, wireless, internet and cable. Telus is Canada’s second largest telecommunications company, and is headquartered in Burnaby, BC. Wavefront provides advisory and technical services as well as funding and training services to companies to accelerate the growth of Canadian wireless companies.
Mining - The mining sector is one of the biggest and most important in BC. In 2012, gross mining revenues for the BC mining industry were 9.2 billion. 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” of mining—i.e. the professional services—how to set up mines, how to explore and develop mining practices.

Higher Education - BC is known for the caliber of its higher education, which is delivered by 25 publicly funded institutions. This includes 11 universities, 11 colleges and 3 institutes, as well as a number of privately funded universities, colleges and theological colleges. UBC and SFU are both nationally and internationally ranked universities. 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 of major national and international corporations are located in BC. Many financial, legal and business service providers with Asian business interests and expertise locate their Asian practice offices in BC.

Other global leaders in BC include:

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

Pacific Engineered Products – Designs, manufactures, services and repairs industrial equipment including hoisting equipment, powertrain, and controls and monitoring equipment for oil and gas, mining, marine and other industries.

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