

# THE BC AGENDA FOR SHARED PROSPERITY

*-Final Report-*

September 2013

Business Council of British Columbia  
BC Chamber of Commerce



## TABLE OF CONTENTS

Executive Summary.....	i-x
Statement from Advisory Council .....	I-II
<b>Part 1: Building the Agenda for Shared Prosperity .....</b>	<b>1</b>
Introduction to the BC Agenda for Shared Prosperity.....	1
Defining Shared Prosperity .....	3
Objectives.....	3
The Research and Report process .....	5
<b>Part 2: The BC Agenda for Shared Prosperity – Process Results.....</b>	<b>8</b>
BC Agenda for Shared Prosperity Process Results.....	8
BC Economic Review – Understanding the Foundation of BC’s Prosperity.....	8
Public Opinion Research Results.....	12
Regional Consultation Sessions Summary .....	14
BC Agenda for Shared Prosperity Summit Summary.....	16
<b>Part 3: The Pathway to Shared Prosperity .....</b>	<b>19</b>
Building a Foundation for Shared Prosperity – Recommendations .....	19
Creating Prosperity in BC .....	22
Participating in Prosperity.....	25
Improving the Public Discourse on Prosperity.....	31
Moving Down the Path to Shared Prosperity .....	36
<b>Appendix A: Advisory Council Terms of Reference .....</b>	<b>38</b>
<b>Appendix B: News Release .....</b>	<b>42</b>
<b>Appendix C: Public Opinion Survey Results.....</b>	<b>44</b>
<b>Appendix D: Regional Consultation Session Results .....</b>	<b>46</b>
<b>Appendix E: BC Agenda for Shared Prosperity Summit                     – Detailed summary of presentations .....</b>	<b>48</b>



## EXECUTIVE SUMMARY

---

### Why does BC need an agenda for shared prosperity?

The global economy is undergoing significant changes and BC – as a small economy dependent on trade for our economic prosperity – is being affected. In many ways, BC is well-suited to take advantage of these new economic conditions. Our highly educated population holds enormous potential as the information, technology, service and skill intensive industries grow in importance. Our abundant natural resources will continue to be in high demand as the world witnesses the largest transition of people to the middle class in human history. And our access as a gateway economy to the Pacific region gives us more opportunities to trade directly with these fast growing markets. Meanwhile, BC enjoys the benefits of a stable society, an enviable quality of life, and comparatively good health and educational outcomes.

Clearly, BC has much potential to develop and thrive in the near future – provided we can build on our strengths and tackle emerging challenges that increasingly threaten our long term prosperity.

While BC's economy as a whole has performed moderately well in recent times, the reality is that not all British Columbians are sharing in its success. This is clearly not just an issue in BC. Many countries are faced with a situation where moderate and low-income earners are not enjoying the benefits of the economic recovery. And certain people in BC – notably young workers, First Nations and some parents with young children – are facing especially tough obstacles.

Meanwhile, reaching decisions on key initiatives that can help to grow and further develop our economy has become more challenging. Too often public dialogues on important issues – be it economic development, public spending and taxation, or environmental protection – devolve into polarized debates between entrenched interests at the expense of facts. The result is missed opportunities, under-investment in crucial infrastructure, fiscal stresses for services, and growing public distrust of institutions, governments and the business community.

In an overarching sense, BC also faces an aging population, the task of preparing the next generation for a changing economy, increasing global competition to capture new trade and investment opportunities, the need to balance resource extraction and energy use with environmental goals, and so on. In short, this is a complicated time, but not one without opportunity.

What BC needs today is a more concerted focus on tackling challenges and realizing opportunities; a focus that recognizes that in order to improve the distributional side of prosperity, we first need to create a more prosperous economy.

This report details a year long process and a number of recommendations that we have called the 'BC Agenda for Shared Prosperity'. It is the product of an effort by the Business Council of BC and the BC Chamber of Commerce to move toward the goal of building a more successful, profitable and equitable province for all British Columbians.

## Defining shared prosperity

Shared prosperity is delivered by:

*A society where a significant majority of citizens work to pursue opportunities; where institutions enable individual and collective, and sometimes difficult, decisions to be made; and where all can share in the benefits of a thriving economy – both now and for future generations.*

## What shared prosperity looks like

To get a clearer idea of what it means to pursue shared prosperity, there is a need to expand on this definition. The following are among key characteristics of a society that enjoys shared prosperity:

- Continually expands and refines economic opportunities.
- Ensures that today's prosperity is sustained for future generations.
- Ensures that all citizens have the opportunity to contribute and benefit from economic activity in terms of jobs, services and a broadly increasing standard of living.
- Promotes an understanding that individual and family success is linked to wider economic success and social mobility.
- Enhances the ability to make responsible and timely public decisions that reflect the overall public interest.

## Identifying practical steps forward

Shared prosperity is a demanding, high-level concept. This report does not pretend that such a broad vision can be achieved quickly or easily; however, it does aim to help BC get closer to this ideal with a series of ideas and recommendations.

To determine what steps could be taken to help advance the goal of shared prosperity, the initiative undertook a comprehensive research process, involving British Columbians from across the province, leaders from various communities, academics and subject experts from around the globe that informed the initiative. The goal of this process was to identify the barriers that prevent BC from achieving prosperity and the principles for moving new initiatives forward that enjoy broad support. These principles form the basis of this report's recommendations.

## The BC Agenda research process

The BC Agenda research process was designed to capture the knowledge, values and ideas of a wide range of people, including subject matter experts, business and community leaders and citizens. This required a process with multiple elements:

- BC economic review: A comprehensive review of the economic environment facing the province and the opportunities and challenges BC will face as a result of changing global and North American economic conditions.
- Public opinion research: A poll of hundreds of British Columbians to gather insights into their views on the economy, their own personal prosperity and major public challenges.
- Community consultations<sup>1</sup>: A series of in-person consultations held in communities across the province to gain a more in-depth understanding of people's views on the "big questions" regarding shared prosperity.
- The BC Agenda Summit: A one-day summit, held in April 2013, where global and community leaders, academics and other experts could share their ideas about what is holding back shared prosperity in BC and what can be done to address those barriers.
- Oversight by the Advisory Council: Each step of the process, from design to final analysis, was subject to the guidance, critique and oversight of the Advisory Council, a voluntary group of BC leaders from diverse backgrounds.<sup>2</sup>

## Major findings

This research process generated a vast amount of feedback reflecting the values of British Columbians and the knowledge of subject experts. As one might expect, the answers were not always unanimous. The feedback we received throughout the process reflects the legitimate differences in priorities, preferences and opinions that underlie all complex public issues.

Ultimately, the research process did help identify certain themes that were considered important by a majority of experts and regular British Columbians. These themes serve as the basis for the recommendations included in this report:

1. Creating prosperity: A broad consensus emerged around the importance of creating new economic opportunities in order to ensure continued prosperity. This involves adapting to new economic conditions, moving boldly to capture emerging opportunities

---

<sup>1</sup> Note that these community consultations did not canvas all groups in BC. In particular, further consultations with First Nations and specific immigrant communities would be important additions to this research.

<sup>2</sup> Note that as per the Advisory Council Terms of Reference, the Council was not designed to endorse all of the findings and recommendations. See also the Advisory Council Statement.

that support companies and governments to make smart investments to strengthen the province's long-term productivity and competitiveness.

2. Participating in prosperity: There was also widespread agreement that simply generating prosperity is insufficient; BC must also ensure that its benefits are shared in an appropriate manner. Understandably, there are conflicting ideas about how this might best be done, particularly concerning how far the government should go to re-distribute wealth.
3. Improving the public discourse: Throughout the Agenda process, there was strong agreement about the need to improve the state of public discourse in BC. This is a multi-faceted challenge that places considerable demands on government to find the balance between dialogue and action that occurs in a timely fashion. And for groups advocating on specific public issues, there is a need to base arguments in fact, respectful dialogue, distinguishing between vested interests and broad interests, and engaging in a manner that seeks resolution, not endless confrontation.

## **Recommendations**

The report concludes with a series of relatively high level recommendations that address each of these three main themes. These recommendations are not intended to serve as a comprehensive set of action items for achieving shared prosperity but rather as a set of first steps and guides toward that goal.

### *Creating prosperity*

Creating prosperity describes the comprehensive efforts of British Columbians to expand economic opportunities – generating jobs and rising living standards. While it is clearly beyond the scope of this project to offer a detailed economic development plan for the province, the Business Council and the BC Chamber of Commerce have, as a primary objective, ongoing work in this area. This report offers a set of principles that can serve to guide future discussions on economic development. These principles include:

- Plan and act with the needs and interests of future generations in mind.
- Develop an education/skills agenda that emphasizes foundational skills, labour mobility, productivity, innovation and the alignment of labour market demands with current and future labour supply.
- Promote social mobility as a desirable goal to assist in achieving broadly shared economic well-being; education is the key driver here.
- Build infrastructure that is aligned to economic opportunities and improvements in the quality of life.
- Continue a course of fiscal prudence and careful management of public dollars and debt levels.
- Engage in more collaborative approaches to meeting public policy challenges.



### *Participating in prosperity*

Perhaps the most daunting challenge to achieving shared prosperity is addressing the increases in economic inequality that can, if unchecked, lead to dysfunction and unacceptable social stresses. This is made particularly difficult by the fact that much of the developed world is struggling with rising inequalities (stratification), the causes of which are complex and not all amenable to policy interventions – particularly for small sub-national jurisdictions such as BC. Furthermore, our research found very little support for increased government interventions, such as significant increases in taxation or massive spending increases on social programs. As such, the focus is mainly on growing the pie, with an emergent set of policies that provide some direction on future program priorities that could result from an increase in government revenues resulting from economic growth.

With these limitations in mind, this report does recommend a mix of policies designed to enable more British Columbians to share in BC's economic success. These recommendations cover five key categories: intergenerational resource wealth, infrastructure for the future, investments in human capital, early childhood development and improving outcomes for low- and modest-income working families and pensioners. Each of these is described briefly below:

#### *Inter-generational resource wealth – non-renewable resource fund*

- Establish a non-renewable resource endowment fund, operated at arm's length from elected officials, that takes a portion of non-renewable resource revenues accruing to the province to be used for clearly articulated future utilization/investment.

#### *Infrastructure for the future*

- Transportation, gateway and industrial infrastructure are all required now to realize economic opportunities tomorrow. This will be increasingly the case in areas of the province with high growth potential.
- New and innovative funding models are available and timely discussion is required to advance funding, especially with more federal infrastructure dollars and regional funding models under review.
- Pursue opportunities to decrease transit costs, notably for working individuals/families with lower incomes.
- Recognize that reducing congestion improves both the environment and the quality of life and productivity, delivering wide benefits.
- Pursue innovative ways of looking at the "SUCH" sector (Schools, Universities, Colleges, and Hospitals) particularly regarding infrastructure investments, innovation and partnerships with other sectors.

### *Investing in human capital*

- Build on the current base of cross-institutional coordination to forge better linkages between business/government/academic institutions and programs.
- Improve access to post-secondary education (PSE) and training for lower income individuals.
- Expand PSE capacity on a needs basis, more strongly correlated to population growth and unmet labour market demand.
- Increase support for graduate education and graduate students to enable BC to better compete with other jurisdictions and fulfill opportunities for attracting highly qualified international students
- Expand innovative university/college programs for blended career training models (combining university and technical university/college programs).
- Selectively shorten post-secondary program duration where this can be done without degrading quality and is consistent with market demand and institutional strengths.
- Reinforce opportunities for social mobility through education and life-long learning approaches. This includes benefitting from BC's steadily growing First Nations population.
- Renew K-12 programming to ensure programs are up-to-date and that new realities are reflected in content. Provide more counselling and information at the early high school level on post-secondary and career options.
- Update and modernize immigration policies to reflect labour market and societal needs that are important to BC businesses, communities and families.

### *Early childhood development*

- Reinforce and expand early childhood development programs, recognizing that while a targeted approach geared to income would be less costly than universal programs, universal access is important to maintain in some areas.
- Continue new financing models and improve utilization of private capital and high-quality government and non-governmental service delivery.
- Encourage greater awareness and ease of connection for companies and employees to support schools and early childhood learning. Encourage mentoring and reinforce linkages to existing successful NGO programming.
- Update programs and teaching based on latest advances in ECD related neuroscience research, of which BC has global practice leaders.
- Ensure a strong focus on First Nations and rural community outreach.

### *Improving Outcomes for Low- and Modest-Income Working Families*

- As fiscal conditions allow, consider introducing a provincial Working Income Tax Credit system, aimed at increasing the work incentives for individuals earning relatively low employment incomes.
- Ensure regular, predictable, modest increases in BC's statutory minimum wage that are tied to inflation.
- Consider pension reform to incent and make it easier for low- and modest-income working families to save for retirement. This should include simplified pooled pension plans and improved accessibility.

### ***Improving public discourse***

One of the main challenges to generating economic development in BC is the generally poor state of public discourse, which can become highly adversarial, inflexible and too removed from the facts. This risks creating a vicious cycle. Dysfunctional discourse results in diminishing trust, and a lack of trust results in yet worsening public discourse. The solution is to try and break the cycle; moving to more respectful and productive forms of dialogue on key public issues - recognizing some of the inherent tensions in a diverse province like BC. To this end, this report offers a set of guiding principles for improving public discourse in BC:

- Traditional processes need to be supplemented without being totally supplanted – improving public discourse involves a combination of altering existing structures and developing new ones.
- The public discourse needs a healthy dose of fact-based information; greater economic literacy is required with clearer bounds on debate.
- Institutional reform and innovations within government are required – a greater sense of trust in government is needed.
- Public processes that enable communities to more actively envision and create community level plans that meet current and future economic needs.
- First Nations should (and want to) be more engaged – building on economic reconciliation and local capacity needs.
- Young people need to be more involved – new media and approaches are required to tap the views and aspirations of young people in policy development.
- Businesses have a role and responsibility to engage civically as part of the economic conversations required for discussions about prosperity at more specific, project and sectoral levels.
- Municipal leaders should be more accountable for ensuring that sometimes parochial local views are balanced with fact based analytics and more diverse engagement processes that ensure all perspectives can be presented.

- The education system can play a stronger role in providing knowledge in the form of economic literacy and personal financial and career responsibility that connects with BC's future and inspires a new generation of leaders.
- Credible and respected actors – universities, professional groups such as accountants, and civic leaders – need to play more active roles in economic debates and in building literacy in the public.

In addition to these principles, the report also offers a set of specific recommendations concerning legislative reform, public engagement and fiscal and economic literacy. These recommendations include:

#### *Legislative reform*

- Review existing legislative reform proposals from both academics and practitioners, to see which can be adopted in BC.
- Expand the role and level of activity in the provincial legislative committee system.
- Allow/encourage more private members' bills – including second reading debate.
- Encourage more free votes in the legislature and prescribe a more limited set of confidence matters.
- Improve municipal- and regional-level policy engagement on issues that cross jurisdictional boundaries.
- Improve dialogue between local/regional needs and provincial/national needs by building on existing intergovernmental mechanisms.
- Shift BC's fixed election date to the fall to facilitate budget transparency with the election window.

#### *Public engagement – consultation model reform*

- Find opportunities to use detailed consultation models like the Citizen's Assembly, particularly for longer term policy challenges.
- Work with academic institutions to build more robust, public assessments based on deliberative-democracy fundamentals on critical policy areas, such as energy, environment, health care and skills development.
- Ensure greater First Nations engagement on both economic and social matters.
- Continue to modernize consultation instruments by utilizing social media engagement around key initiatives and policy issues of importance to promote civic and economic literacy.
- Improve the public engagement component of Environmental Assessment/project review processes by establishing clearer rules around scope and purpose of public commentary.

### *Fiscal and economic literacy*

- Review the idea of a German style external experts' advisory council that creates a legislative, high-level non-governmental body to provide economic/fiscal oversight and validation for key economic data/issues, reporting regularly to the public.
- Develop more accessible budgeting processes and information dissemination, including more fact based analytics around key indicators of prosperity. This should include looking at the benefits and costs of development trajectories.
- Develop and implement more comprehensive, coordinated public initiatives to improve economic literacy in BC – at high school, right through to community level.

### **Next steps**

The Agenda for Shared Prosperity is based on a year's work by two organizations that, admittedly, generally spend their time dealing with far narrower economic concerns. Producing this report required the Business Council of BC and the BC Chamber of Commerce to go beyond their usual comfort zones; consult with people outside in a broader fashion and contemplate issues outside areas of their primary expertise. The completion of this process was only possible through the generous contribution of many outside participants. The result, we hope, is a valuable product that captures the strong links between economic well-being and individual and family prosperity, the challenges we face in growing prosperity and our shared responsibilities in meeting those challenges.

The recommendations discussed here are merely first steps to realizing greater shared prosperity in BC; they are not meant to be the final word. This project is intended to stimulate further thinking, discussion and collaboration on how best to achieve a form of prosperity that benefits as many as possible.

The report concludes with a set of recommendations specific to the BC business community, recognizing the responsibility of business leaders to work on the ongoing objective of building a healthy economy, respect the values of British Columbians and earn the social licence that citizens extend to business operators. These recommendations include:

1. Improve dialogue by distributing the BC Agenda for Shared Prosperity report widely, by hosting an annual summit that looks at key economic matters, and by engaging with more stakeholders and encouraging greater coordination across sectors of the economy.
2. Support the assessment of outcomes by advocating for the establishment of a body that publishes metrics on how BC is performing in terms of measurable outcomes and by working closely with public and private institutions interested in undertaking outcome related research.
3. Assess existing policy advocacy based on the recommendations in this report and incorporate those assessments in future advocacy.

4. Work to increase economic literacy in BC by supporting the development of practical information products relating to the economy in both the educational system and other communication platforms.
5. Build stronger connection between business activity, the economy and British Columbians. This will involve institutional and process reform that allows business to engage in broader discussions around the economy; more complex, diverse discussion on the economy and societal needs at the project level; and the use of new consultation models to advance the reform of decision-making processes.

## **Conclusion**

BC is at its best when its many sectors, institutions and communities work together with shared purpose – even when they do not all agree on every point. BC has many advantages that will enable us to capture future opportunities and expand upon the prosperity that British Columbians enjoy today. It falls on businesses, governments, community leaders, advocates, academics, journalists and citizens to determine and debate the best ways forward. We certainly found strong resonance amongst most British Columbians for a collaborative model focused on ensuring that future opportunities are realized and acted upon responsibly.

It is our hope that the vision of shared prosperity outlined in this report will help us to do better, so that we may enjoy the enduring, widely shared prosperity that only realizing our full potential can achieve.

\*\*\*\*\*

## Advisory Council Statement on the BC Agenda for Shared Prosperity

We live in times of great change. Uncertainty is being driven by the challenges and opportunities presented by global realignments in economic power, social expectations and environmental values. While it is in some ways an unsettling period, it is also one that we believe can bring out the best in British Columbia – we have much to offer the world.

Our province's cultural diversity, strong public and private institutions, innovative and entrepreneurial population, and recognized leadership in the sustainable development of natural resources all serve as important foundations for prosperity. Despite these strengths there are tensions in BC, amplified in recent times, that demand a response. We need to build a better understanding and a greater working consensus on how to move the province forward.

The BC Agenda for Shared Prosperity initiative is a unique undertaking for the province's business community, as it tackles issues that go beyond the business community's traditional focus on the economy. This includes coming to grips with some of the distributional aspects of prosperity. The Advisory Council believes that this is a welcome step for the business community.

Within this context, the Advisory Council sees widespread support for the view that the distribution of prosperity is first and foremost enabled by a robust and growing economy. But this is not the end of the matter. There are legitimate questions around the manner and the extent to which the fruits of economic growth and development are being widely shared in our economy. Those concerns have helped to shape the BC Agenda project.

The BC Agenda process revealed that there is both a need and a desire in BC to build a stronger connection between the actions that create prosperity and the benefits that result from it. This is not a simple task.

One should be under no illusion that all citizens will suddenly become of one voice on subjects such as economic growth, fiscal and social policy, or how to ensure broadly based prosperity. However, as the Agenda process unfolded over the past year or so, we observed a number of encouraging signs: there is a tangible desire among a majority of community leaders and citizens to work through our challenges, and to think strategically and innovatively about the province's economic future.

The Advisory Council's role in this process was to be a sounding board – providing advice, feedback and support for the Business Council and the BC Chamber of Commerce, as detailed in the Terms of Reference for the Advisory Council (Appendix A). While the work undertaken to develop the BC Agenda report was extensive, the Advisory Council believes that follow-up and further engagement are essential.

There is much to be done in the years ahead and in some respects the BC Agenda for Shared Prosperity report is a commentary and starting point rather than a definitive analysis and end point.

Moving down the path to shared prosperity should involve both concrete steps and ongoing assessment of both progress and the need for further change. The Advisory Council understands that much of the advocacy contained in this report is directed beyond the business community to governments and other institutions of society. In this regard, the Advisory Council believes that while all levels of government and other civic institutions can consider the recommendations, the business community itself can and should also find the means to step up its engagement.

**Overall, the Advisory Council believes the report makes a compelling case for working collaboratively to develop a stronger province built on a foundation of shared prosperity.**

This report is one that all members of the Advisory Council agree is a true reflection of the process undertaken. We observed a high level of engagement and directional support for initiatives that seek to strengthen connectivity between the economy and individual and family well-being.

Janet Austin

Pierre Lebel

Kim Baird

Gerry Martin

Stephen Butz

Andrew Petter

Eric Carlson

Sharon Singh

George Iwama

James Tansey

Reid Johnson

Carole Taylor



## **Part 1 – Building the Agenda for Shared Prosperity**

### **Introduction to the BC Agenda for Shared Prosperity**

British Columbia has entered an era of great change and significant opportunity. This is not unique to our province. Like many other western nations, our demographic profile is shifting as the baby-boomers age and ever more of them move into retirement. BC's economic orientation is turning to the Asia-Pacific region as global trade patterns change. The province's productivity gap with other leading jurisdictions stubbornly persists. And many of our citizens continue to experience unsettling instabilities and financial hardships, sometimes linked to the after-effects of the 2008-09 recession – the world's worst economic downturn since the Great Depression of the 1930s.

What differentiates BC within this context?

#### **Opportunities and challenges**

To begin with, we are favorably positioned in North America as the strategic link between the Asia Pacific and our own continent. This positioning goes beyond geography and encompasses a series of other important success factors: a culturally diverse population that is already connected to the Asia Pacific; extensive port and gateway infrastructure that is readily available; a world-class array of natural resources; excellent academic and research institutions; a productive cluster of businesses, large and small; and a lifestyle that is admired across the world. Combined with a competitive tax structure for individuals, relatively low government debt, reasonably well-functioning institutions and high environmental standards, BC has many of the attributes needed to realize a promising future.

However, in an era of turbulence and uncertainty, we also face some very real challenges: fear of an unknown future and of change itself; hesitation to act when faced with choices – sometimes difficult ones; competitive tensions and an inability to get to “yes” in much of our policy and political discourse; and the struggle to ensure that the prospect of better times is meaningful for the majority of citizens.

Will our province address new challenges, embrace change and take advantage of the opportunities before us? Or will we retreat into close-minded and insular views that eventually erode our standard of living? And what role should/will businesses play in helping to shape a better future for the province and our citizens?

#### **The importance of a robust economy and a thriving business community**

For BC business collectively, as well as for other societal institutions, this context and these questions underscore a growing need to regain relevance and credibility in public debate. Despite recent financial scandals and a seemingly endless diet of negative media stories, the reality is that successful businesses are a critical ingredient in healthy, prosperous communities. A flourishing private sector is an essential underpinning of a prosperous economy.

## Addressing economic inequalities

The challenge of establishing greater business credibility and relevance is further exacerbated by the fact that a growing number of citizens do not feel they are sharing in the economic prosperity experienced by the province in recent decades.<sup>3</sup> Despite modest gains in disposable incomes and real wages, many citizens are grappling with the reality of high personal debt, significant cost of living increases, job insecurity and insufficient skills.

Today's challenge for business is not only to support and substantiate public policies that have helped to develop BC from an economic perspective, but to reinforce the connection between economic prosperity and personal, family prosperity. This means looking to new policy pathways to deliver the prosperity we need to pay for the public services and programs that British Columbians want and expect. Among other things, this requires that we develop a better understanding of the facts, do more to engage British Columbians to leverage our collective strengths, and strive to create "win-win" solutions wherever possible.

## Solutions through better dialogue, transparent processes and timely decisions

The concept of defining shared goals among British Columbians has often been positioned as a contradiction. Our institutions have tended to amplify differences for political, ideological or self-interested purposes, often based on rhetorical perspectives, limited or misleading fact bases and a bias in favour of divisive "us versus them" or "yes versus no" approaches to debate.

At times BC has risen above the fray and led the country with new development, world leading policies and institutions, and creative thinking. BC is at its best when we are going forward with a common goal to realize opportunity. However, too often the result has been political swings, internal discord, and a failure to realize our full potential. Public cynicism has been the inevitable result, at times accompanied and aggravated by sluggish economic growth.

Today's **challenge** for business is not only to support and substantiate public policies that have helped to develop BC from an economic perspective, but to reinforce the connection between economic prosperity and personal, family prosperity.

## The challenges to achieving shared prosperity

Within this context, defining a shared prosperity agenda is not easy, as it pushes against a combination of complex domestic and global shifts in economics, resource-use trends that can foster environmental tensions, and demographic shifts – all of which are fuelled by accelerating change enabled by rapid advances in communication and information technologies.

---

<sup>3</sup> This statement includes, for different but none-the-less important reasons, First Nations in BC.

As the province collectively takes stock of the challenges and opportunities in front of us, the Business Council and the BC Chamber of Commerce have embarked on a search for new ideas through a process that seeks to establish the ingredients needed to drive future prosperity.

The BC Agenda for Shared Prosperity is grounded in the belief that a robust economy is the ultimate foundation of prosperity and, moreover, that this can serve as a platform for unlocking the province's full potential.

### Defining Shared Prosperity

"Shared prosperity" describes a society where a significant majority of citizens work together to pursue opportunities, where institutions enable collective, and sometimes difficult, decisions to be made, and where all can share in the benefits of a thriving economy – both now and for future generations.

This definition highlights some of the key principles underlying this report. First, achieving shared prosperity depends on generating the economic growth and development that is required to secure a healthy, dynamic economy and society. Second, creating shared prosperity depends, at times, on the ability to make decisions that advance the public interest, even when there is some opposition. Third, shared prosperity is best achieved when citizens experience and see the benefits of a robust economy. Lastly, shared prosperity is a long-term objective; one that depends on strategic decisions and investments to ensure that economic success is sustained and enjoyed by future generations.

**Shared prosperity**  
is a society where a  
significant majority of citizens  
work together to pursue opportunities,  
where institutions enable collective,  
and sometimes difficult, decisions  
to be made, and where all can  
share in the benefits of a  
thriving economy – both now  
and for future generations.

These defining elements make up the idea and ideal of shared prosperity. They are further explained and reinforced in more practical terms throughout this report, and they inform the policy recommendations we offer on how shared prosperity might be best achieved in BC.

### Objectives

Shared prosperity is a demanding concept with multiple meanings and differing entry points. But by recognizing the challenges that stand in the way and identifying guiding principles we can follow, British Columbia can take concrete steps to move closer to this higher ideal. Below, we outline in summary form the main directions charted in this report.

### **1. Expand and diversify economic opportunities in BC**

Prosperity hinges on the availability of economic opportunities for citizens. BC is blessed with numerous strengths and advantages, assets that can be used to build wealth and improve well-being for families. This includes nurturing and growing more business enterprises within our borders and capturing/expanding trading opportunities with BC's commercial partners in North America and beyond.

### **2. Sustain prosperity for future generations**

Sustaining prosperity for future generations depends on the investments we make today in a number of critical areas, including physical goods, such as food, raw materials and energy; networks, such as roads, ports and communication systems; the human capital that resides in knowledgeable, skilled and capable citizens, and that is developed through our educational institutions; a healthy environment that is utilized in a sustainable manner; and the social capital needed to facilitate widely accepted collective decisions, including mutual trust, goodwill and earnest dialogue.

### **3. Ensure that all British Columbians can contribute**

Shared prosperity is based on the notion that most successful economic development requires collective action. It is best achieved when a significant majority of citizens contribute and experience both the creation and benefits of prosperity. Therefore, it is important that everyone has the ability to participate and reach their potential.

### **4. Ensure that the rewards flowing from economic development are widely shared**

Just as all citizens have a responsibility to help create a dynamic and sustainable economy, so too do they need to see personal, family and community benefits from a successful economy. It is not sufficient to have a thriving economy if some contributing groups (and those who aspire to contribute) are left behind. While social cohesion in democratic societies has inherent challenges and some level of stratification is part of our system, it is critical that prosperity is widely shared.<sup>4</sup>

The **objective** of the Agenda for Shared Prosperity is to help create a society that:

- Continually expands economic opportunities
- Ensures that today's prosperity is sustained for future generations
- Ensures that all citizens have the opportunity to contribute to healthy economic development
- Ensures that the rewards flowing from economic success are widely shared
- Promotes an understanding that individual success is linked to broader economic success
- Enhances our ability to make responsible public decisions

<sup>4</sup> This point is discussed in greater detail in the report; particularly the importance of social mobility and over time, the need to ensure the distribution of economic benefits is not overly concentrated.

## **5. Promote an understanding of how economic success relates to individual success**

Shared prosperity is something that all citizens help to create and from which all ought to benefit. It is most effectively achieved when there is a broad understanding that personal and family well-being are dependent on both personal and family work and effort and a healthy overall economy.

## **6. Enhance our ability to make collective decisions**

Many of the future economic opportunities available to BC, and the investments we will be called on to make to realize these opportunities, require that we have the capacity to reach sound and timely decisions in the interests of the province as a whole. This means moving beyond narrow interests, heated rhetoric and divisive debates. It involves identifying tangible facts that can be agreed on, acknowledging legitimate points of view – even when they are in conflict – and engaging in respectful dialogue to find common ground. We require better ways to discover when we can say “yes” to an idea and when we must say “no.”

### **The Research and Report Process**

Contemplating the nature of shared prosperity is a necessary first step, but not sufficient. The objectives listed above are calls to action. That said, we are under no illusions – shared prosperity will not happen overnight, and most of these objectives are clearly aspirational and long-term in nature. This report is far from being the final word on the matter. However, BC cannot stand still. As a province, we need to move forward to capture the economic opportunities that lie before us. We must also take steps to provide a strong legacy of high quality resources, institutions and knowledge for future generations.

The Agenda for Shared Prosperity is therefore committed to providing clear, practical recommendations on how BC can pursue and hopefully achieve the objectives outlined in this report. The recommendations are based on a multi-faceted research and outreach effort. The goal was to identify the main barriers BC faces in creating shared prosperity as well as some broadly accepted principles that can guide our actions. These challenges and principles form the basis of this report’s recommendations.

To flesh out these key concepts, the Agenda for Shared Prosperity team conducted considerable research and consultation, involving British Columbians from all regions, experts in a wide range of fields and various business and community leaders. The following sections describe the elements of this research and outreach effort.

## **Advisory Council**

The Advisory Council is comprised of prominent British Columbians representing BC communities, major institutions and businesses. The Council's role was and is to provide ideas, feedback and guidance for the overall Agenda for Shared Prosperity project. Advisory Council members suggested questions to ask, offered perspectives from the communities they represent and helped the Agenda team handle the tough questions associated with any major research project – e.g., what do we need to find out? What are we forgetting? Are we getting it right? Appendix A includes Terms of Reference that more fully describes the role of the Advisory Council.

## **Economic Review**

The Agenda for Shared Prosperity project included a review of BC's most pressing economic challenges, the most promising opportunities, and the province's weaknesses and strengths. This background work was conducted by staff members from the BC Chamber of Commerce and the Business Council, with support from outside researchers and feedback from the Advisory Council. Part 2 of this report contains a summary of the major issues identified in the economic review.

## **Public Opinion Survey**

A public-opinion survey was conducted early on in the Agenda for Shared Prosperity research process. The purpose was to gain insight into how British Columbians felt about the economy, their own personal prosperity, the economic challenges they face, important institutions and sectors in BC, and specific public policies. This process helped to identify key prosperity challenges as seen by British Columbians, and this in turn assisted us in determining the sorts of questions to ask in subsequent stages of the research process. Part 2 of this report contains a summary of the survey findings. Appendix C provides a more extensive review of the results.

## **Community Consultation Sessions**

Business Council and BC Chamber of Commerce staff conducted a series of consultation sessions in various communities across the province to get a more in-depth understanding of British Columbians' opinions on the "big questions" around shared prosperity. These sessions helped to both confirm and expand on the findings from the survey and background research, and also pointed to some regional differences. As with the survey, the consultations helped the team identify what British Columbians view as the province's most pressing prosperity challenges. Moreover, the consultation format allowed participants to more freely express their preferred solutions. Part 2 of this report contains a summary of the consultations. Appendix D provides a detailed review of the findings.

## **BC Agenda for Shared Prosperity Summit**

The BC Agenda for Shared Prosperity Summit was designed to address, at a high level, some of the key issues identified in the economic review, the survey and the community consultations. The Summit brought together a globally diverse group of subject experts and began a discussion about the shifting global economic landscape and how to address the challenges identified in earlier parts of the research process. The Summit provided a further baseline of dialogue and ideas, from which the BC Agenda research team built the recommendations described in this report. Part 2 of this report contains a summary of the major issues canvassed at the Summit. Appendix E provides a brief review of the individual Summit presentations.

## **Building on the Research**

Following these research efforts, the BC Agenda process shifted to highlighting two key components that served as a foundation for this report. The first is a comprehensive understanding of the most important impediments to achieving shared prosperity in the BC context. The second is a set of broadly supported principles that suggest how best to meet the challenges to realizing that goal. These overall findings reflect the opinions of a diverse range of British Columbians and build on the specialized knowledge of leading subject matter experts.

Part 2 of this report summarizes the Agenda for Shared Prosperity research process, with more detailed findings available in the appendices.

Part 3 of the report undertakes a discussion of the policy recommendations and a path forward to implement some of the results.

\*\*\*\*\*

## **Part 2 – The BC Agenda for Shared Prosperity – Process Results**

### **BC Agenda for Shared Prosperity Process Results**

One of the motivating ideas behind the BC Agenda for Shared Prosperity is that the economic future of the province is something that needs to involve more citizens – this includes understanding the inputs (human and resources) that generate prosperity and sorting through the outputs that help to determine the distribution of that prosperity. There is a general responsibility to contribute in meaningful ways to build a stronger economic foundation for society and to ensure distributional choices lead to a realistic approach to understanding shared prosperity. Creating shared prosperity is a societal challenge – no plan to realize this objective would be complete without attempting to ensure that the effort includes input from a broad range of British Columbians.

The Agenda for Shared Prosperity is based on research that includes input from hundreds of British Columbians who shared their thoughts on issues relating to the current and future BC economy. Economic analysis and discussion was supplemented by a front end, province-wide opinion survey conducted in August 2012. Following this, a series of live consultation sessions were held in communities across the province over the fall and winter of 2012-13. Finally, a major Summit was held in April 2013 that brought together community leaders and topic experts to share their thoughts on the major themes of the project.

This section of the report offers a brief overview of the research that helped inform the Agenda for Shared Prosperity project and also highlights some of the key findings. More detailed information can be found in the appendices. The research shows that British Columbians have a relatively diverse set of viewpoints and some conflicting priorities. However, we also found common concern about the need for a healthy, growing economy, a widely shared perception that growing inequality is a problem, and a strong desire for BC's businesses, communities, and institutions to collaborate more effectively to deal with the challenges confronting the province.

### **BC Economic Review – Understanding the foundation of BC's prosperity**

To develop and implement policies that support growth and extend the benefits of prosperity, it is necessary to understand BC's economic setting and what drives our economy. The most important factors to consider pertain to BC's small size relative to the global economy.

#### **Competing as a small jurisdiction**

With only 4.6 million people, BC is small – accounting for 1% of North America's economic output. Goods, services, capital and people flow freely across our borders, meaning BC is an open economy that is heavily exposed to external markets. As such, the province must be able to retain and attract labour and capital and encourage more of the high-value economic activity that supports decent employment and family incomes. This requires that BC maintain broadly competitive tax rates, quality infrastructure, and sensible regulatory frameworks that achieve the goals established by government in an efficient manner.



## **Maintaining a human-capital advantage**

Attention should also be paid to the fact that good education and health services can help to attract skilled people and induce investment and business growth. Supporting the continued and further development of human capital is critical to the province's economic success. This requires continued investments in education and training at all levels (inclusive of both government and the private sector). More fast-growing companies along with rising employment are important to creating a robust tax base to support public services. This advantage often comes in close coordination with a regulatory climate that enables development while maintaining a sustainable environment and a vibrant civic society.

## **Making the most of our diverse exports**

Today, BC's exports of goods and services – to other provinces as well as foreign countries – amount to almost 45% of all economic activity (GDP). Although the majority of jobs are in industries oriented towards domestic consumption, such as retail trade, food services and construction, a vibrant export sector and competitive export industries are central to building a prosperous BC economy. As with any small market economy, the injection of income into the province from selling goods and services into external markets – and through outside investments in local companies, universities and research activity – provides income to help pay for domestically-provided services as well as imports.

The shifting landscape of global export markets is pertinent to any discussion of BC's future. Rapid growth in demand for many industrial commodities, foodstuffs and other raw materials has made China the province's second most important foreign market. Initially this expansion was concentrated in pulp, but today China is purchasing lumber, coal, chemicals and a host of other products as well as services in growing volumes. Economic growth in other emerging Asian markets has also helped to bring about a greater diversification of BC's export sector.

And BC's export base is, in fact, surprisingly diverse. Merchandise exports are still dominated by resource extraction and related processing activity, but the composition of these products differs from what we see in some other provinces. Wood products, pulp, minerals, coal, and natural gas are all major exports for BC. Agricultural products are also a significant part of BC's export profile. The development of a variety of non-resource manufacturing industries – many quite small – has resulted in further diversification. Even more significant in terms of economic diversification is the evolution of the service industries, notably those whose outputs are tradable across borders. Tourism, transportation, engineering, education, finance, management consulting, film and television, communications, design, software and environmental services have all grown to the point where exports of services, in aggregate, now account for more than one-third of BC's external sales.

When thinking about how to strengthen prosperity, it should be noted that BC's service exports have grown more rapidly than goods exports in recent years, a trend that is bolstered by the expansion of Gateway-related transportation infrastructure and related logistics services. Professional service exports (engineering and mining services loom large), education, and real estate and financial services are also helping to expand the range of BC's tradable services exports.

## **Paying attention to growing sectors**

Other noteworthy growth sectors for BC include the advanced technology cluster that has taken root in the province; tourism, which will continue to benefit from the legacy of the 2010 Olympic Games and from Asia's ongoing economic growth and development; engineering and other professional services; education services for foreign students (now a billion dollar business for BC); and transportation services. BC's increasingly well-educated, creative, and multi-cultural population is a valuable source of the skills and talent needed to foster the development of globally-oriented businesses right across the industrial spectrum.

## **Supporting economic development with smart public investments**

There are a number of policy areas that are relevant to advancing economic growth and supporting the goal of shared prosperity. At the top of the list is investing in human capital. Arguably the most important determinant of BC's future economic success will be developing an increasingly skilled and educated workforce. A key part of meeting this objective is boosting the societal resources devoted to early childhood development. Too many young children aren't getting a strong start in life, leaving them without the tools, education and skills for gainful employment and full participation in our economy and society. BC also faces a human capital shortfall in educational attainment among First Nations, although there have been some improvements in this area.

Infrastructure is also critical to growing the economy and making sure that BC is an attractive, competitive location in which to invest and do business. Even if existing roadways, transit, and port facilities are viewed as sufficient in today's context, it is important to anticipate future growth, particularly in the case of the populous lower mainland region.

## **Maintaining an attractive business climate**

The nature and quality of the business climate also affects the economy and the capacity of local businesses to grow and create wealth. In particular, the academic literature shows that in a small region like BC, the success of companies that export depends not only on company specific traits, but also on characteristics of the jurisdiction in which they are located. Labour force skills, tax rates, the state of infrastructure, the quality of government services and the nature of regulatory frameworks all affect the competitive position of BC firms that export goods and services (as well as firms that compete with imports in the local market).

BC needs to ensure that it develops and sustains a competitive economic climate to attract labour and capital and retain and grow businesses. There is also a need to focus more attention on how to maximize the benefits of what economists call "agglomeration" in the Metro Vancouver area in particular. This region not only is home to 52% of BC's population and Canada's biggest port, it also hosts many of the province's newer economic clusters related to technology production, creative industries, professional services, educational services and so on.

## **Encouraging business development**

BC's future prosperity can be advanced by strengthening the capacity of local companies to innovate and commercialize good ideas into profitable products and services. In many leading jurisdictions around the world, governments are taking an active role in spurring growth and collaborating with the private sector to drive innovation, investment and business success. In cases where public sector institutions possess most of the relevant buying power, such as health care and education, government can provide a critical source of early or lead demand to accelerate the commercialization process. BC needs a multi-pronged research and innovation strategy that sets goals for improvement and seeks to optimize the substantial public resources already being devoted to research, innovation and commercialization.

## **Building and maintaining an appealing and stable place to live and work**

Well-educated people from around the world are attracted to locations that offer a high quality of life – safety, a good education system, top-notch healthcare and world class recreational activities. British Columbia's high quality of life should be protected and marketed as a key strategic advantage.

Sound fiscal policy also matters. Government revenues and expenditures must be sustainable over the long haul. Sound provincial finances provide the government with the flexibility to adjust and use spending levers when necessary. Sustainable funding for (largely) publicly financed services such as health care and education is essential to long-term prosperity. Well managed government finances also are necessary to signal to the market that taxes will be kept at broadly competitive rates.

## Public Opinion Research Results<sup>5</sup>

A public-opinion survey was commissioned to gauge the views of British Columbians on the Agenda for Shared Prosperity's key issues. The Ipsos Reid poll was conducted to enable a general understanding of how British Columbians felt about their standard of living, the economy and government policy. The survey was completed online between August 14 and 22, 2012, by 803 British Columbians selected to represent the regional, age and gender composition of BC. The survey's margin of error is  $\pm 3.5$  percent, 19 times out of 20.

### People's views on their own prosperity

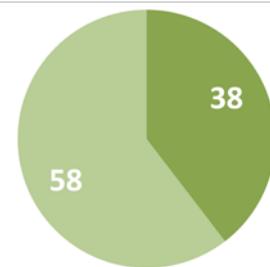
The survey described the attitudes of a province which, like many other jurisdictions, has fresh memories of the 2008-09 global financial crisis and associated recession. Respondents were more confident about the BC economy and their own local economies than the national and world economies. While most respondents reported that their standard of living was stable, they were more likely to say it was declining than improving. Many respondents felt that BC families were struggling to get by, particularly those with low or moderate incomes. Overall, young people (aged 18 to 35) were most pessimistic about their prospects. A solid majority of all respondents agreed that it was tougher for young people today to attain the same level of economic success as their parents' generation.

### Relationships with the economy

Most respondents felt the health of the economy is important and that they personally benefit when the economy performs well. However, inequality is a concern for many British Columbians. A majority of respondents agreed that the rich benefit the most from economic success, and fully one-third disagreed with the statement that people in BC can get ahead by working hard.

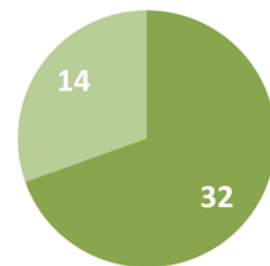
### Support for economic development

In terms of economic development, respondents generally agreed that BC's future will be increasingly shaped by trade with Asia and by the further development of the province's



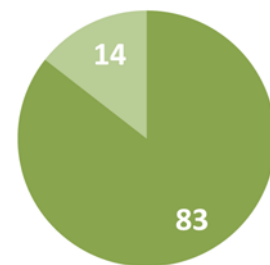
■ Poor ■ Good

How would you rate your personal financial situation?



■ Decreasing  
■ Increasing

Do you feel your standard of living is increasing or decreasing?



■ Difficult  
■ Easy

How easy or difficult is it for young people in BC to achieve greater economic success than their parents?

Ipsos Reid BC poll, August 2012

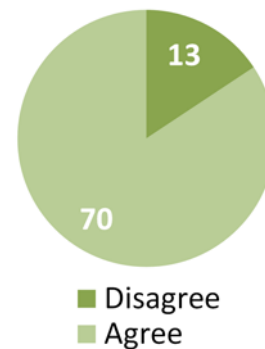
<sup>5</sup> See [www.bcagenda.ca](http://www.bcagenda.ca) for a detailed summary of the survey results.

natural-resource sectors. Most respondents supported a wide range of major economic projects, including expansion of trade-related transportation infrastructure, the development of a liquefied-natural-gas industry, and new power-generation projects.

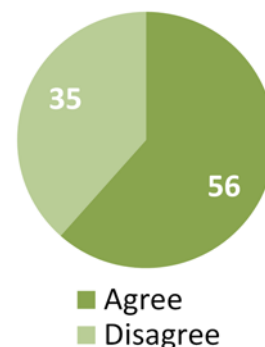
### Distrust of institutions

Perhaps the most troubling survey findings were those describing low levels of public trust in government and other societal institutions and actors. More than two-thirds of respondents described their level of trust in government as “little” or “none.” For political parties, that figure reached 90 percent. Most respondents felt governments were unaccountable and, despite the implementation of significant fiscal restraint programs, that in the case of the province, more could be done to reduce spending to balance the budget. A majority said the BC government should balance the budget, even if this meant reducing spending on programs. Interestingly, a majority of respondents concluded that the problems with government were largely the fault of institutions and systems, rather than elected individuals.

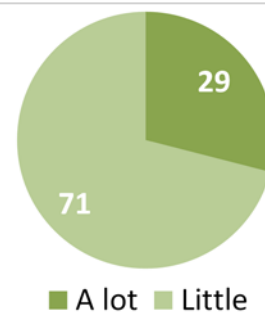
Respondents expressed mixed feelings about the business sector. Large businesses and CEOs were trusted less than smaller businesses. Most respondents felt that businesses in BC were not doing enough to protect the environment and did not pay enough taxes. But at the same time, majorities also agreed that business taxes should be competitive with other jurisdictions and indicated that they would be concerned about BC’s competitive position if taxes here were to rise.



New investment and projects are essential if BC wants to maintain government services



The province should balance its budget, even if it means reductions to services.



To what degree do you trust the provincial government?

Ipsos Reid BC poll, August 2012

## Regional Consultation Sessions Summary<sup>6</sup>

To further explore the attitudes of British Columbians on these issues, BC Chamber of Commerce and Business Council staff conducted seven consultation forums in communities across the province. Sessions were held in Terrace, Kelowna, Kamloops, Prince George, Nanaimo, Langley and Vancouver over the fall and winter of 2012-13. Each session began with a presentation on BC's current economic conditions and a review of the survey results discussed above. Participants then completed short written surveys and engaged in guided group discussions.

The results of these consultation sessions varied somewhat by region. However, overall there was a remarkable degree of convergence around the issues that need to be tackled and a common desire to see both improved decision-making processes and better outcomes for the province and its citizens. The sub-section below highlights some of what we learned from the regional sessions.

### 1. People and skills

Human-resource concerns were a dominant theme in all of the consultations. In some cities, people worried about young people moving away for lack of jobs and about the pressures stemming from an aging population; in others, the concern was about too few skilled workers to supply local labour markets. Overall, participants expressed concerns that young people weren't getting the skills they needed to meet BC's current and future labour demands. Many called for a greater focus on trades education, more collaboration between educational institutions and employers, and a greater investment in training from businesses. From these conversations, it was clear that post-secondary institutions are held in generally high regard, but with some concerns about their future. The K-12 sector, while not a primary focus of the sessions, garnered more mixed reviews with notably higher levels of dissatisfaction versus post-secondary education.

Participants had diverse perspectives regarding the economic well-being of BC's young people. Some expressed concern that young people are facing stagnant wages, rising costs of living, high student debts and relatively high unemployment rates. Most participants seemed to feel that BC's youth needed to adopt more realistic expectations and take more responsibility to prepare themselves for real-world opportunities.

### 2. A desire for improved collaboration

The groups attending the regional sessions elaborated on the public dissatisfaction with governmental/other institutions that was revealed in the polling. The dominant theme of this discussion was "improved collaboration". Many participants said they wanted government, businesses and other stakeholders to co-operate more effectively to produce a "shared vision" of economic development. In the larger urban centres, participants emphasized regional planning, particularly in terms of public transportation and ensuring that sufficient land was

---

<sup>6</sup> See Appendix D for a detailed summary of the consultation results.

available for businesses rather than residents alone. In more resource-dependent regions, participants were more likely to emphasize the need for better start-to-finish regulation for resource projects aimed at providing greater certainty. Several participants expressed a desire to see tax reductions, the resolution of First Nations land claims, “smarter” government regulations, and the preservation of resource wealth for communities and future generations.

### **3. Concerns over the state of public discourse**

A significant majority of the regional forum participants voiced concern about the state of public discourse in BC.

Many were particularly worried that anti-development attitudes were holding back economic growth and new projects and that too many people were unaware of the importance of such development to the province’s future. Many expressed concerns that some British Columbians appear to hold unrealistic expectations, particularly young people, regarding the job and career opportunities in the workforce.

#### **Perspectives from BC’s Next Leaders**

While the focus of the consultations was to hear from diverse BC communities, the Agenda research team took the opportunity to include another influential group of people: emerging leaders in BC’s business community serving on the Next Leaders Council.

The Council is a group of young professionals from some of BC’s largest companies that works with the Business Council of BC to help a new generation contribute to meaningful policy and economic solutions.

Members of the Next Leaders Council participated in the same consultation process as our other participants, beginning with an overview of the Agenda survey results, followed by in-depth discussions of the Agenda for Shared Prosperity’s major issues.

Many participants of this session were surprised that British Columbians viewed economies close to home as far healthier than those around the world. There was a sense that British Columbians may suffer from a sense of optimism not supported by facts.

The Next Leaders group was generally more sympathetic to the difficulties faced by young workers, particularly high costs of living, high student debts and time pressures.

Key drivers of prosperity in BC were identified as natural resources (particularly liquefied natural gas exports), BC’s role as a gateway facilitating trade between Asia and North America, immigration and innovation.

Key challenges for BC prosperity highlighted by this group included government regulations, problems in the education system, First Nations issues, environmental sustainability and the lack of public trust in institutions.

Overall, the Next Leaders group felt that BC does have the ability to create prosperity, although they were less enthusiastic on this point than any other group.

Participants in the Next Leaders group were the most likely to say that the situation of low- and moderate-income families in BC is difficult and becoming more challenging.

When asked to choose the most serious challenges to prosperity in BC from a list, the most common responses were global factors, BC government factors and lack of co-ordination between key groups.

#### **4. Views on community prosperity**

Overall, participants in the regional sessions expressed guarded optimism about the health of their local economies. While most felt their communities provided opportunities for employment and business growth, they also recognized that times are tough for those with limited skills and/or low to moderate incomes. BC's natural resources were generally considered to be the most important drivers of the province's prosperity, both in terms of exploitable resources for export and the beauty inherent in BC's natural assets and surroundings. The biggest barriers to creating prosperity were identified as a lack of co-ordination among key stakeholders, too few qualified workers, the performance of the education system, unresolved land issues with First Nations, regulatory challenges and shifting continental and global economic conditions.

#### **BC Agenda for Shared Prosperity Summit Summary<sup>7</sup>**

On April 5, 2013, the BC Agenda for Shared Prosperity organizers hosted a major summit in Vancouver, bringing together global experts, community leaders, business people, economists, social-services professionals, academics and leaders from the non-profit sector. The speakers touched on most of the major issues identified in earlier stages of the research process, offering global, continental, national and BC specific observations and important context for thinking about how the province can respond to today's challenges and opportunities.

##### **A global context**

The Summit opened with an overview of the world economy within which BC must compete for investment and talent, with insights offered by Zanny Minton-Beddoes, the Washington D.C.-based economics editor for The Economist magazine; Christina Romer, professor of economics at the University of California, Berkeley, and formerly the chairperson of President Obama's Council of Economic Advisers; and the former prime minister of Australia, Kevin Rudd. All agreed that global economic growth is likely to be sluggish in the short-term, with both Europe and the US experiencing political and economic pressures (although there is more upside for the US). Growth is expected to continue in Asia, albeit at a slower pace than in recent years. Asia as a whole is a region that BC is well-positioned to do more business with, if the province (and Canada) can match the efforts of competing jurisdictions.

##### **Rising inequality**

Income inequality is a problem faced, in varying degrees, by all advanced countries and some rapidly growing emerging markets as well. Median incomes in Canada have stagnated, noted former Bank of Canada governor David Dodge, and the gap between middle and high incomes has grown "enormously." Unfortunately, there is no clear or easy solution to the problem. Technological advances and heightened global competition are among the factors driving

---

<sup>7</sup> See Appendix E for a detailed summary of the BC Agenda for Shared Prosperity Summit.



inequality, and neither can be influenced by BC alone. However, government policy can assist those most affected, particularly First Nations communities, low-income working families and young people facing high debts and unemployment levels. Summit attendees were advised not to transpose the income inequality problem in the United States onto Canada – there are some important differences between the two nations, with Canada enjoying higher rates of inter-generational social mobility and a more equitable education system, and also providing greater social and income support to the less affluent segments of the population.

### **Skills and education**

One of the most promising remedies for inequality (and a comparative strength in Canada) remains education, as it offers pathways to higher earnings for individuals and also yields broader benefits in terms of higher productivity and more robust economic development. However, several speakers emphasized the need to ensure that the education system is giving young people the skills they need in today's economy. According to former University of Victoria president David Turpin, BC should significantly increase investments in graduate education in order to remain competitive with peer nations, and take (further) steps to ensure that schools collaborate more effectively with the private sector. Other speakers, including Mr. Rudd, pointed to the changing skill sets required for people to fully maximize opportunities, including trades programs, as well as for greater educational engagement in Asia – language training, exchanges, etc.

A weakness in Canada's broader human-resource strategy remains a lack of effective early-childhood-development programs, despite effective ad hoc programs, beyond the current maternity and parental leave policies. This was described by Dr. Dodge as providing the best available long term return on investment in human capital, with a robust body of research underscoring the potential benefits of directing additional societal resources to this area. Vancouver YWCA CEO Janet Austin commented that such programs can have a positive near-term effect in mitigating skills shortages by allowing more women to enter and stay in the workforce. She also pointed to compelling scholarly research that demonstrates the long-term economic gains that can accrue from investing more in early childhood programs.

### **Opportunities for First Nations**

For BC and indeed Canada, one important group of underutilized workers are found in First Nations communities, which have lower labour force participation rates, a substantially younger demographic than the rest of Canada and are often located in closer proximity to natural resource development opportunities. Businesses were challenged to improve their engagement with First Nations by, among others, former Tsawwassen First Nation chief Kim Baird and Dan George, president and CEO of Four Directions Management. Healthy relationships between businesses and First Nations are vital to moving major resource and infrastructure projects forward and to integrating First Nations communities more fully with the rest of the economy.

## Improving the public discourse

Many of the summit event's presenters observed that BC should work to improve the state of public discourse around economic and other policy issues to help address the challenges around creating shared prosperity. Too many public debates in BC are characterized by combative, inflexible rhetoric. The province would benefit from different processes designed to support respectful and meaningful dialogue based on shared facts and agreed principles of engagement. While BC's political culture and diversity can complicate this effort, a majority of citizens and groups want to see decisions made that move the province toward shared prosperity in a sustainable and broadly acceptable manner that encourages development. This reflects an ongoing desire to focus on the strengths of our resource management regimes.

Within this mix, improved dialogue is a key to building shared prosperity, stressed SFU president Andrew Petter. He commented that BC's business community is coming to recognize the problem of inequality and social licence, while the leaders of social-service organizations are ready to accept that a healthy economy is a crucial part of raising people's standard of living. However, YMCA of Vancouver CEO Stephen Blunt stressed that it would be a mistake to look for quick, easy answers to the problems raised by the BC Agenda for Shared Prosperity. A process of longer-term dialogue must be built and sustained to produce lasting positive results.

The BC Agenda for Shared Prosperity Summit was attended by over 400 business and community leaders and served as an important transition from the research and engagement phase of the project to the recommendation phase.

BC Agenda for Shared Prosperity Summit Speakers	
<b>Kevin Rudd</b> Prime Minister, Australia	<b>Andrew Petter</b> President, Simon Fraser University
<b>Zanny Minton-Beddoes</b> Economic Editor, The Economist	<b>Dan George</b> President and CEO, Four Directions Management Services
<b>Christina Romer</b> Garff B. Wilson Professor of Economics, University of California, Berkley	<b>Tamara Vrooman</b> CEO, Vancity
<b>David Dodge</b> Former Governor, Bank of Canada	<b>David Turpin</b> President and Vice-Chancellor, University of Victoria
<b>Janice MacKinnon</b> Professor of Fiscal Policy, University of Saskatchewan	<b>Jonathan Whitworth</b> CEO, Seaspan
<b>Kim Baird</b> Former Chief, Tsawwassen First Nation	<b>Janet Austin</b> CEO, Vancouver YWCA
<b>Stephen Butz</b> President & CEO, YMCA of Greater Vancouver	<b>Wayne Berg</b> Chief Commercial Officer, Coast Capital Savings
<b>Reid Johnson</b> President, Health Sciences Association of BC	<b>Bill Tam</b> President and CEO, BC Technology Industry Assn
<b>Gerry Martin</b> Co-owner, Kra-Mar Investments	<b>Max Coppes</b> President, BC Cancer Agency

## **Part 3 - The Pathway to Shared Prosperity**

### **Building a Foundation for Shared Prosperity – Recommendations**

British Columbia is a reasonably prosperous province – but it could be better.

In a global context, we have an enviable foundation to build a more prosperous province: high levels of human capital, an abundance of natural resources, good infrastructure, world-class education facilities, and a strategic location that positions BC to take advantage of a world that is increasingly becoming Asia-oriented. However, as detailed in the introductory chapter to the BC Agenda for Shared Prosperity report, there are challenges and constraints to realizing BC's full potential that require attention and action - backstopped by improved collaboration.

#### **A process to identify policy recommendations**

The BC Agenda for Shared Prosperity involved a broad research and outreach process led by the BC Chamber of Commerce and the Business Council of BC. Combining the research work with the regional sessions and summit conference, the analytic framework was structured around a combination of primary research and interactive dialogue. Throughout the exercise, the BC Agenda for Shared Prosperity Advisory Council provided valuable guidance and feedback on the process, content and direction in order to help build a more detailed understanding of the issues related to shared prosperity in a BC context.

Through this process, three key challenges have been identified that need be addressed in order to achieve the objectives of the BC Agenda for Shared Prosperity:

- *Creating Prosperity*
- *Participating in Prosperity*
- *Improving the Public Discourse*

Each of these challenges is reviewed briefly in the sections below.

#### **Key Challenge One: Creating Prosperity**

In the discussion around the foundations of prosperity in BC, the attempt was made to ground and build an agenda for shared prosperity in a principled economic construct - the conditions that must be met if a small, open economy like BC is to have a solid economic basis upon which to build a more prosperous province. The goal of expanding the economic pie is clearly a critical element of the BC Agenda for Shared Prosperity – sharing prosperity is enabled first and foremost by creating more of it. Absent economic growth, it becomes very difficult to deal with distributional concerns and ongoing pressures to fund improved services.

In a robust economic environment, there are more opportunities for people to become engaged in the job market, to build and improve skills, and to establish and grow businesses. A healthy, growing economy also provides the resources necessary to sustain public services and other programs intended to distribute the fruits of economic success.

## Key Challenge Two: Participating in Prosperity

This challenge focuses on how to define an agenda for “shared prosperity” in terms of distributional effects. This is a complex topic, in part because there continues to be debate as to why, in recent decades, a greater share of wealth and economy-wide income seem to have accrued to a relatively small fraction of the population.<sup>8</sup> It is also a complex topic because the relevant trends are common across much of the developed world and are not specific to Canada or British Columbia. Despite the recent improvement in Canadian poverty rates<sup>9</sup>, less extreme disparities between income groups and a better record on social mobility than the US or the UK, it is evident that some BC residents are not gaining from overall improvements in prosperity. For example, child poverty rates remain high in BC,<sup>10</sup> and we also have unacceptably high levels of poverty among First Nations.

However, the main forces contributing to a greater concentration of wealth and income are operating outside of BC – globalization, outsourcing, technological innovation, the rising economic premium associated with advanced skills and education, and so on.<sup>11</sup> All of this, coupled with the limited policy tools available to a small sub-national jurisdiction like BC, makes it difficult to design and implement provincial-level policies aimed at addressing these issues comprehensively.

For BC, this leaves an imperfect and incomplete set of options with which to address inequality. For some, the term “shared prosperity” conjures up notions of an activist government redistributing wealth via higher taxes, an ever expanding public sector, and a plethora of new government programs more directly targeted at struggling groups. For others, shared prosperity is less interventionist in orientation, focusing more on fostering conditions for social mobility, wealth creation and private sector growth.

Although these views may be seen as opposites on some levels, the reality is that most western jurisdictions today are seeking to achieve a balance between the two.<sup>12</sup> The differences are primarily about magnitudes and approaches to “sharing” prosperity. As a relatively wealthy economy, should BC direct resources toward institutions and policies that more indirectly support struggling households and promote social mobility, or is a direct redistributive approach more appropriate?

We recognize that reasonable people can hold different views on this question.

---

<sup>8</sup> This is set against a further backdrop of a financial crisis that has led to the most significant global economic challenge since the Great Depression, with a corresponding rise in public concerns about the financial and governance systems of western societies.

<sup>9</sup> See <http://www.statcan.gc.ca/daily-quotidien/130627/t130627c003-eng.htm>

<sup>10</sup> Although child poverty rates are falling, they are still amongst the highest in Canada.

<sup>11</sup> These issues are explored in detail in Claudia Goldin and Lawrence Katz, The Race Between Education and Technology, Belknap Press, 2008.

<sup>12</sup> Largely gone from contemporary public discourse are more ideologically divisive debates about the level of direct state control over the economy.

After completing the BC Agenda for Shared Prosperity process, the perspective with the strongest resonance is one that views shared prosperity as being grounded in a broad macroeconomic and societal context – a healthy economy that maximizes BC’s strategic advantages and assets to the benefit of families, communities and businesses. Within this context, there is a limited (but not zero) scope for incremental redistribution, combined with strong support for finding improved ways to enhance social mobility and the inclusion of more citizens in the benefits that flow from a successful economy.

### **Key Challenge Three: The Public Discourse**

As discussed in this report, many opportunities for increasing prosperity and improving the policies that distribute the outcomes of economic success require collective action. In terms of public-policy decisions, public investments in infrastructure and public support for major projects to develop BC’s economy, there is a need for process and engagement initiatives that strengthen what can be described as the social licence for business to operate. Unfortunately, as our research has shown, it appears to be getting more, rather than less, difficult to navigate through the issues related to economic development in BC, to say nothing of arriving at the compromises and consensus needed to come to decisions. Therefore, improving the public discourse was identified as a worthy and necessary objective throughout the Agenda for Shared Prosperity project.

On many levels, the public discourse on collective issues occurs through democratic institutions – the realm of political dialogue and governance. However, a core feature of the BC Agenda for Shared Prosperity is a recognition that businesses, as direct beneficiaries and the principal drivers of the economy, must do more to initiate and engage in dialogue to bolster the connection between economic prosperity and individual and family well-being. This is not a simple task, but it is one that elicited remarkable level of interest across the province as the BC Agenda for Shared Prosperity initiative advanced over the past year.

### **Generating practical recommendations to move forward**

All of the challenges described above are broad, complex and difficult to manage. No set of simple recommendations will fully address any one of them. The goal, therefore, is to recognize the problems, identify guiding principles that can motivate appropriate responses, and move forward. The recommendations outlined below speak to each of the three key challenges identified through this project’s research process:

- *Creating Prosperity*
- *Participating in Prosperity*
- *Improving Public Discourse*

The Agenda for Shared Prosperity’s research identified core values shared by a broad spectrum of British Columbians. The recommendations presented in the following sections are informed by these widely shared principles. The principles are articulated in each section through a vision statement and then a series of guiding principles. Each section concludes with a set of actions

to move the BC Agenda for Shared Prosperity forward as well as performance measures by which progress can be measured.

## Creating Prosperity in BC

The creation of prosperity through a strong economy and fostering innovation has underpinned the improvements in living standards experienced by most jurisdictions throughout history. Here in BC, the process of building a relatively prosperous province has focused largely around our world-class array of natural resources, and increasingly, our human capital. British Columbians are both proud of the province's resource abundance and convinced that BC needs to continue to pursue a more diversified set of economic opportunities – this includes expanding trade relations for resource goods but also working to develop non-resource economic generators and building more value-added and innovation intensive sectors.

### *Vision – An agenda for a prosperous province*

The BC Agenda for Shared Prosperity envisions further developing a robust foundation for prosperity in the province, one that maximizes the opportunities for current and future British Columbians and meets the full potential of our people, resources and institutions.

### *The Challenges*

Among the myriad factors that determine prosperity, there is general agreement in both the research and in citizen attitudes in BC that our future success will hinge to a significant degree on developing, attracting and retaining a highly skilled workforce that builds successful businesses and prosperous communities and families. As the discussion of the foundations of prosperity elaborated, BC has a solid base upon which to build in this area, but there are gaps and challenges on the horizon – both near and far. Important challenges include:

- An ongoing need to develop and maintain world-class infrastructure.
- Competitiveness challenges, particularly in the business context (tax and regulatory).
- Innovation and productivity gaps (compared to many other advanced jurisdictions).
- Sector specific skills gaps.
- Challenges around First Nations reconciliation (opportunity focused.)

### WHAT WE HEARD

**58%** say BC's future will be more closely aligned with Asia-Pacific than with US

**58%** say BC will need transportation infrastructure for Asia-Pacific trade

**66%** say BC's economic prosperity will rely on developing our northern resources

**70%** agree BC needs to diversify trading partners for energy resources

**53%** say they support the development of a liquefied natural gas industry

Ipsos Reid BC poll, August 2012.

- The need for trade diversification and stronger linkages to rapidly growing Asia-Pacific markets.
- Fiscally constrained governments in Canada (although comparatively healthy debt-to-GDP ratios).
- Persistent (but declining) poverty levels in some demographic groups.
- Inter-governmental conflict and poor intergovernmental coordination, which can impede progress and waste resources.
- The impacts of the energy transformations now occurring on a massive scale globally and in North America.

Based on the research and the regional workshops, these high level observations on the challenges/opportunities to creating prosperity can be further broken down into a set of guiding principles for improving prosperity as follows:

#### WHAT WE HEARD

**56%** say the BC government should balance the budget, even if it means cutting services

**45%** say the BC government has not gone far enough to reduce the growth in spending. **18%** say it's gone too far

Ipsos Reid BC poll, August 2012.

#### *Guiding Principles*

- Plan and act with the needs and interests of future generations in mind.
- Develop an education/skills agenda that responds to the need for foundational and higher level skills, research and innovation, labour mobility requirements, productivity, and the alignment of labour supply with future market demands.
- Ensure social mobility in support of the goal of broadly shared economic well-being; education is the most important driver here.
- Build infrastructure aligned to economic opportunities and improvements in the quality of life.
- Continue to follow a course of fiscal prudence and careful management of public dollars and debt levels.
- Engage in more collaborative approaches to meeting public policy challenges.

These observations and guiding principles on the creation of prosperity provide useful background “stage setting” for the development of a more defined policy framework. Developing a detailed economic policy blueprint for BC was beyond the scope of this initiative; however the BC Chamber of Commerce and the Business Council of BC have done extensive work on many of the specific issues that bear on economic growth. In particular, the BC Chamber has a well-established policy recommendation process, and the Business Council recently completed an in-depth future oriented economic development initiative under the rubric of its Outlook 2020 project.<sup>13</sup>

<sup>13</sup> See [www.bcbc.com](http://www.bcbc.com) and [www.bcchamber.org](http://www.bcchamber.org) for details.

## *Assessing the creation of prosperity in BC<sup>14</sup>*

Ultimately, progress in creating prosperity can be measured in both real and comparative terms. Measures and actions that can be used to determine how successfully the province is moving ahead include:

### *Productivity and Economic Growth*

- Move BC's productivity level closer to the national average – close the current overall productivity gap by 2020.<sup>15</sup>
- Grow BC's real GDP by more than the national average growth rate – target by 2014.

### *Fiscal Targets*

- Balance the budget, except in years of significantly below-plan revenue growth, and ensure that new program expenditures are sustainable.
- Focus on maintaining debt-to-GDP ratio that allows tax revenue to fund services rather than debt.

### *Educational Outcomes*

- Improve BC's current standing on educational outcome metrics.

### *Take-home pay*

- Improve BC's position within Canada on per capita real disposable income – target top three in the country by 2017.

### *Competitiveness*

- Build a competitiveness lens into government activities that supports investment and job creation. Assess BC's competitiveness across key areas of taxation. Use business surveys to gauge confidence levels, investment and hiring intentions.

---

<sup>14</sup> This analysis is similar to some of the research undertaken by the former BC Progress Board. While not advocating for the re-establishment of the Board, we believe that it is important to keep these key outputs in mind as part of an ongoing effort to measure progress over time.

<sup>15</sup> Business sector productivity in BC is approximately 10 percent below the Canadian average.



## Participating in Prosperity

A central purpose of the BC Agenda for Shared Prosperity has been to take a closer look at how policies and institutions can be structured to reinforce the connection between economic prosperity and family and community well-being. This was a challenging and multi-faceted endeavour.

Ultimately, what emerged from the research process is a collection of policies that can be described as practical, directional and aspirational in nature. British Columbians understand that there is both a need for improvements and a limited capacity for government to simply introduce and finance new programs to tackle society's complex challenges. Most people in BC realize there is no magic wand, but there are opportunities to make progress in many areas.

### *Vision—sharing prosperity*

The BC Agenda for Shared Prosperity envisions a province where economic success at a macro or community level supports and leads to greater personal and family well-being in BC. This includes high levels of social mobility and rising real wages, enabled by the development of a more productive and innovative economy.

### *The Challenges*

Perhaps the greatest challenge to creating a broadly supported notion of shared prosperity is the sense – which is supported by some evidence – that not all British Columbians have been enjoying the benefits of growth.<sup>16</sup> If people feel that they do not gain from economic development, this risks undermining public support for important activities needed to build the economy, be it infrastructure development, natural-resource projects, investments in education and research, or policy reform.

Our research has identified certain population groups that are at particular risk of falling behind in today's economy, including low- and moderate-income working families, young people entering the job market, and First Nation communities.

## WHAT WE HEARD

**52%** say their standard of living is **stable**

**32%** say it's **declining**

**14%** say it's **improving**

**83%** say it's harder for young people to achieve greater economic success than for their parents

**84%** agree that in BC the rich get richer and the poor get poorer

Ipsos Reid BC poll, August 2012.

<sup>16</sup> Although poverty rates are declining, income distribution is relatively flat in several mid to lower income categories.

## *Six Guiding Principles for New and/or Reformed Policies*

Throughout the BC Agenda process, extensive research and discussion shed light on how BC can improve its policies and institutions to meet the forward-looking objectives supported by most citizens. To this end, the following six guiding principles were developed:

1. *Fund new and expanded programs primarily via economic growth*
  - Avoid re-distribution from a fixed or very slow growing “economic pie”. This principle does not preclude actions to deliver a modest degree of incremental re-distribution.
  - New public programs should be funded and sustained largely through economic growth and targeted allocations of new revenues.
2. *Social mobility is crucial*
  - As a comparative and cornerstone strength in Canada, preserving and advancing social mobility – where we already perform better than many OECD countries – should be a core focus of any agenda for shared prosperity.
3. *Child poverty concerns*
  - As an affluent society, we should do more to address the problem of still high levels of child poverty, particularly in a comparative context with other provinces.
  - This includes channelling additional public resources to this area over time.
4. *First Nations economic engagement*
  - Persistently lower quality of life and economic wellbeing indicators for BC First Nations require attention and ongoing improvements.
  - Public and private sector leaders need to work with aboriginal communities to accelerate economic development, expand economic opportunity, and strengthen skills development.
5. *Low and modest income working families*
  - As part of the focus noted above, where income re-distribution programs are developed or modified, a primary goal should be to improve the situation of working families with low to modest incomes.<sup>17</sup>

### WHAT WE HEARD

"[Income inequality] has pushed us away from the Canadian dream that you'll work hard and get ahead"

– Gerry Martin, co-owner,  
Kra-Mar Investments

BC Agenda Summit, April 2013.

<sup>17</sup> Of more recent concern on this front was the relatively under-reported fact that the reversion back to the PST from the HST has resulted in the poorest 15% of British Columbians actually facing a net tax increase vis-à-vis their situation under the now disbanded HST system.

## 6. *Future generations*

- Inter-generational equity and non-renewable resource utilization requires thoughtful analyses and innovative actions.

### **A Policy Agenda for Prosperous Families and Communities**

A challenge for any broadly conceived exercise such as the BC Agenda for Shared Prosperity is to prioritize and set a realistic framework for achieving results that move beyond aspirational goals. In an era of fiscal restraint and modest economic growth this is a daunting task.

With the guidance of the Advisory Council and an understanding that the BC Agenda for Shared Prosperity is, by definition, a long term endeavor, the following suite of policies has been prioritized to fit with the guiding principles as recommended areas for future action:

- Intergenerational resource wealth.
- Infrastructure for the future.
- Investing in human capital.
- Early childhood development.
- Improving outcomes for low- and modest-income working families and pensioners.

These policy areas have, as an overarching theme, a focus on future generations of British Columbians; they are also intended to be scalable in line with increased future resource availability. Each is discussed in more detail below.

#### *Managing inter-generational resource wealth – non-renewable resource fund*

- Establish a non-renewable resource endowment fund.<sup>18</sup>
  - Take a portion of incremental (to baseline) non-renewable resource revenues accruing to the province and establish a fund to be operated at arm's length from elected officials, with a focus on future utilization/investment (options: debt repayment, infrastructure development, education, innovation, environmental programs).
  - The main funding would be generated by LNG related gas production and exports, but the fund should include other non-renewable resources as well.

#### *Infrastructure for the future*

- Transportation, gateway (port/rail/airline/road), and industrial infrastructure are all required now to realize economic opportunities tomorrow.
  - Transit is critical to improve mobility and, particularly in urban centres, to address cost and quality of life challenges.

---

<sup>18</sup> A "Prosperity Fund" was announced by the provincial government in the 2013 Throne Speech. Note that the Business Council will be undertaking further background research on this topic in the fall of 2013.

- New and innovative funding models are available (P3s) and timely for discussion, especially with new federal dollars allocated and regional funding models under review.
- Opportunities to decrease transit costs for working individuals/families with lower incomes – need to work with employers to find ways of subsidizing public transit passes for employees.
- Reducing congestion improves both the environment and the quality of life and productivity, delivering wider benefits.
- More innovative ways of looking at the ‘SUCH’ sector (Schools, Universities, Colleges, and Hospitals) – infrastructure for this sector is required; includes ensuring that public institutions have capacities to utilize and develop new infrastructure innovatively and in partnership with business and local community interests.

### *Investing in Human Capital*

There is strong evidence that education and training are highly correlated to higher lifetime incomes, fuller participation by individuals in the economy and the labour market and a healthier society. This point was emphasized by many of those involved in the BC Agenda process.

- Desired actions to increase the quantity and improve the effectiveness of investments in human capital include:
  - Build on the current base of cross-institutional coordination to forge better linkages between business/government/academic institutions and programs.
  - Improve access to post-secondary education (PSE) and training for lower income individuals.
  - Expand PSE capacity on a needs basis, more strongly correlated to population growth and unmet labour market demand.
  - Increase support for graduate education and graduate students to enable BC to better compete with other jurisdictions and fulfill opportunities for attracting highly qualified international students.
  - Expand innovative university/college programs for blended career training models (combining university and technical university/college programs).

#### WHAT WE HEARD

"Education is an engine of growth and also a ticket for a better life. It's a no-brainer"

– Christina Romer,  
Garff B. Wilson  
Professor of Economics,  
University of California, Berkley

"Five years from now, we're going to be talking about how we need more workers, not about how there are graduates without jobs"

– Andrew Petter, President,  
Simon Fraser University

"Part of the job is to ensure young people are not being trained for jobs that are disappearing"

– David Dodge,  
former governor,  
Bank of Canada

BC Agenda Summit, April 2013.

- Selectively shorten post-secondary program duration where this can be done without degrading quality and is consistent with market demand and institutional strengths.
- Reinforce opportunities for social mobility through education and life-long learning approaches.
- Renew K-12 programming to ensure programs are up-to-date and that new realities are reflected in content. Provide more counselling and information at the early high school level on PSE and career options.
- Update and modernize immigration policies to reflect labour market and societal needs that are important to BC businesses, communities and families.

#### WHAT WE HEARD

"When you do the numbers, the best [human capital] investment you can make is that, by age 6, kids are ready for school"

– David Dodge, former governor,  
Bank of Canada

BC Agenda Summit, April 2013.

#### *Early Childhood Development (ECD)*

BC has been a leader in many areas of early childhood development. While new and expanded programs can be costly, the BC Agenda for Shared Prosperity process found a strong desire by many groups and citizens for program expansion in this area, particularly as fiscal conditions permit.

- Reinforce and expand early child-hood development programs:
  - a targeted approach geared to income would be less costly than universal programs; but universal access is important to maintain in some areas;
  - assessment of schools and programs should be prioritized by those most in need.
- Continue new financing models and improve utilization of private capital and high quality government and non-governmental service delivery.
- Encourage greater awareness and ease of connection for companies and employees to support schools and draw connections to early childhood learning; also encourage mentoring and reinforce linkages to existing successful NGO programming.
- Update programs and teaching based on latest advances in ECD related neuro-science.
- Ensure a strong focus on First Nations and rural community outreach.

#### *Improving Outcomes for Low- and Modest-Income Working Families*

- As fiscal conditions allow, consider introducing a provincial Working Income Tax Credit system, aimed at increasing the work incentives for individuals earning relatively low employment incomes:
  - ideally this should build on the existing federal government program (the Working Income Tax Benefit program);

- there are complex design issues that would need to be worked out before implementation.<sup>19</sup>
- Ensure regular, small increases in BC's statutory minimum wage:
  - index to inflation, with regular review of the overall economic impact;
  - avoid long stretches of a fixed statutory minimum wage as this reduces the real wage level and increases the pressure for potentially disruptive large one-time increases;
- Pension Reform<sup>20</sup>
  - expand the scope of pension reform to incent and make it easier for lower/modest income working families to save for retirement;
  - simplify pooled pension plans and improve accessibility.

#### WHAT WE HEARD

**43%** say the financial stresses for low- to middle-income families are very challenging.

**43%** say they are moderately challenging.

**14%** say they are manageable.

**70%** say financial stresses for low- to middle-income families are getting harder.

**30%** say they are getting better.

Agenda Consultations Series, 2013.

#### *Measuring progress*

The following measures can be used to track BC's progress in these identified policy areas:

- Accelerated downward trend in child poverty<sup>21</sup>; target end of decade to achieve parity with the national average.
- As new opportunities in key regions outside of metropolitan areas emerge, ensure job creation in rural BC provides local benefits (measured on project specific basis).
- Increase labour force participation among First Nations – reverse trend of declining (outside metro areas) jobs.
- Gini coefficients<sup>22</sup> for income distribution – aim to improve relative to recent results and taking into account demographics of an aging workforce. This metric tracks, broadly speaking, trends in economic stratification.

<sup>19</sup> A recent Ontario study that advanced a similar concept for that province provides useful background and proposes several possible design elements. See: Institute for Competitiveness and Prosperity, "Time for a 'Made in Ontario' Working Income Tax Benefit," September 2009.

<sup>20</sup> While the province's ability to engage in pension reform is very limited, this is an area of growing concern in the post-financial crisis world, particularly given the decline of defined benefit pension plans and inadequate pension savings by some demographic groups.

<sup>21</sup> Significant improvements in child poverty have occurred in recent years, however ongoing diligence will be required to continue this trend.

<sup>22</sup> Gini coefficients measure the distribution of income in a jurisdiction, with 0 being perfect equality and 1 being all income with one person.

- Grade 12 and post-secondary program completion rates improved; include continuing to reduce the gap between First Nation graduation levels and non First Nations.
- Prosperity Fund created with a sound legislative framework, and beginning to accumulate revenues by 2017.
- Better institutional coordination for labour supply challenges; correspondingly higher proportion of BC post-secondary graduates (all levels) finding work in BC. Outcomes measured through enhanced analysis/tracking of graduates.
- Reverse current trend of interprovincial population out-migration by 2016.
- Infrastructure plan – a long term plan in place for industrial activities that connects BC communities and facilities to the movement of goods and services efficiently. Enables value-added opportunities.
- Early Childhood Development – BC is recognized as a Canadian leader by 2020; metrics to support results and program expansion in place by 2016.
- Building an innovation imperative for the province – BC known as innovation leader in at least three defined and specific areas by end of decade.

### **Improving the Public Discourse on Prosperity**

A founding premise of the BC Agenda for Shared Prosperity was the need for business to engage and better understand the challenges to developing a more cohesive vision for the province's economic prosperity. Alongside this premise was the recognition that, for many British Columbians, the main institutions responsible for developing policies and supporting shared prosperity are experiencing low levels of trust. To effectively deliver an Agenda for Shared Prosperity in BC, the public discourse clearly requires improvement over time. While much remains in the hands of individuals in terms of delivering prosperity, institutions play an integral role in providing the conditions and foundations for enhanced economic well-being.

#### *Vision*

A province with a strong sense of collaboration among citizens, stakeholder groups and governments (all levels) around economic development, including the framework to grow the economy and raise living standards for the population.

## *The Challenges*

Addressing the challenges described in this report will require increased co-operation and a greater degree of societal consensus on some of the trade-offs that need to be made to move the province forward. Unfortunately, throughout the BC Agenda process we heard time and again how difficult it seems to be for groups in BC with different priorities to find common ground.

The norm, too often, is for opposing sides to take entrenched positions, backed often by pointed rhetoric. If BC is to address the many hurdles to achieving shared prosperity, ways must be found to do better when it comes to identifying basic facts, acknowledging relevant concerns and finding common ground. Without this, it may be impossible to make the collective decisions necessary to act on the recommendations presented in this report.

### *Guiding Principles for Improving the Public Discourse in BC*

Institutional reform is, at times, an academic topic that can lead in many directions – and throughout the BC Agenda process, a wide variety of conversations and research took place to explore what institutional reform should/could look like to deliver systemic improvements and a shift in the province’s political and policy development culture.

The summary on the following page is designed to provide some of the guiding principles that can assist in structuring a modest set of recommendations on institutional reform and improving the public discourse around shared prosperity.

- Traditional processes need to be supplemented without being totally supplanted – improving public discourse involves a combination of altering existing structures and developing new ones.
- The public discourse needs a healthy dose of fact based information; greater economic literacy is required.
- Institutional reform and innovations within government (parliaments and all levels of government) are required – a greater sense of trust in government is desired and needed.
- First Nations should (and want to) be more engaged – building on economic reconciliation and local capacity needs.
- Young people need to be more involved – new mediums and approaches are required to engage young people in policy development. This includes

#### WHAT WE HEARD

“People take extreme positions and scream across the divide, but it’s the middle where possibilities exist”

– Dan George, President and CEO,  
Four Directions Management  
Services

“The culture of debate with a preclusion to ‘no’ is the biggest barrier to prosperity in the province”

– Gerry Martin, co-owner,  
Kra-Mar Investments

"The truth is, there's a big sensible centre. It doesn't make good television, but it does make better policy"

– Christina Romer,  
Garff B. Wilson  
Professor of Economics,  
University of California, Berkley

BC Agenda Summit, April 2013.



both the education system and engagement initiatives undertaken by government and other groups.

- Businesses have a role and responsibility, varying to some degree by industry and activity, to engage civically as part of the economic conversations required to advance prosperity at more specific, project and sectoral levels. While many businesses and sectors undertake engagement programs (school programming for example), more can be done.
- Municipal leaders should be more engaged and accountable for ensuring that sometimes parochial local views are balanced with fact based analytics and more diverse engagement processes that ensure all perspectives can be presented, rather than the loudest voices.
- The education system can play a stronger role in strengthening civic and economic literacy along with personal financial and career responsibility that connects with BC's future. This can inspire a new generation of leaders.
- Credible and respected actors – universities, professional groups such as accountants, and civic leaders – need to play more active roles in economic debates and in building literacy in the public.

#### WHAT WE HEARD

**71%** say they have little trust in the provincial government.  
**81%** say they have little trust in political parties

**51%** tend to view government as an institution that contributes to making problems worse

**28%** say the problems with our political system lie with the individuals we elect.

**60%** say they lie with our institutions

Ipsos Reid BC poll, August 2012.

#### *An Agenda for Improving the Public Discourse - Institutional Reform*

The responsibility for improving public discourse falls on everyone, particularly on leaders of community, interest and advocacy groups, as well as those in government, the media and business. The three recommendation areas below highlight where policy reform can most effectively encourage change in how we as a province conduct public discourse.

- Legislative reform
- Public engagement – consultation model reform
- Fiscal and economic literacy

### *Legislative reform*

- review existing legislative reform proposals to see which ones can be adopted in BC.<sup>23</sup>
- expand the role and level of activity in the provincial legislative committee system.
- allow/encourage more private members' bills – including second reading debate.
- allow and encourage more free votes in the legislature and prescribe a more limited set of confidence matters.
- improve municipal and regional level policy engagement on issues that cross jurisdictional boundaries.
- improve dialogue between local/regional needs and provincial/national needs by building on existing intergovernmental mechanisms (FCM, bilateral discussions, Council of Federation etc).
- shift BC's fixed election date to the fall to facilitate budget transparency with the election window.

### *Public engagement – consultation model reform*

- Citizen's Assembly model – find opportunities to use detailed consultation models like the Citizen's Assembly, particularly for longer term policy challenges.
- deliberative democracy models – work with academic institutions to build more robust, public assessments on critical policy areas – energy/environment; health care; skills agenda are all areas for consideration.
- ensure greater First Nations engagement on both economic and social matters.
- continue to modernize consultation instruments by utilizing social media engagement around key initiatives and policy issues of importance to promote civic and economic literacy.<sup>24</sup>
- improve the public engagement component of Environmental Assessment/project review processes by establishing clearer rules around scope and purpose of public commentary.

### *Fiscal and economic literacy*

- review and consider the idea of a German style external advisory council that creates a legislative, high-level non-governmental body to provide economic/fiscal oversight and validation for key economic data/issues, reporting to the public. Such a body could be mandated to review and advise on (but not be limited to): long-term risks facing the province; debt management; demographic trends and implications; productivity and competitiveness issues; management of resource rents; accounting rules and financial policy issues.

---

<sup>23</sup> There are a wide variety of proposals in existence designed, in varying degrees, to modify and improve the legislative process. A comprehensive review of these proposals was beyond the scope of this report; however a thorough review is merited.

<sup>24</sup> For example the UK Government Digital Services Strategy.

- develop more accessible budgeting processes and information dissemination, including more fact based analytics around key indicators of prosperity.
- engage in more comprehensive, coordinated public initiatives to improve economic literacy in BC – at high school, right through to community level. Many sectors of the economy provide information to the school system – a more comprehensive approach to economic literacy is potentially merited and could begin with a broad based review of information currently available.

### *Assessing Improvements in Public Discourse*

While a difficult area to measure, improvements in the public discourse can be tracked on both an issue specific and general (attitudinal) basis over time:

- Trust measures for key institutions show improvement (Business Council of BC survey).
- Current tensions in resource development stabilize; broadly supported policy direction being implemented/worked on.
- Economic literacy improving, over time, against established benchmarks.
- Legislative reforms introduced and broadly accepted.
- Increase in voter turnout – particularly among the younger generation.
- Higher levels of trust and support amongst and between First Nations and non-First Nations.
- New constructs are developed for civic dialogue and deliberation (e.g., SFU Public Square initiative).

The bullet points above clearly do not do service to the complex and long term nature of improving the public discourse in BC. As a province with diverse cultural and normative values, there will of course be tensions and debates as the province moves forward. The challenge today is to provide improved constructs for working through areas of conflict that have the real and perceived potential to substantively impact prosperity.

## Moving Down the Path to Shared Prosperity

Over the past year, the BC Chamber of Commerce and the Business Council of BC undertook a unique and challenging task – exploring through research and dialogue, ways to develop a substantive and meaningful commentary on how we can build an agenda for shared prosperity in BC. The broad objectives, described in Part 1, led to a comprehensive research and engagement process that resulted in a set of high level recommendations that cut across a vast set of complex policy areas. This was no easy task for two business organizations whose main mandate has been to deal with economic matters.

However, the task of building a more comprehensive and understandable narrative for the economy and its connections to citizens at the individual and family level, has been an important one for the Business Council and Chamber of Commerce. BC has both serious challenges and unique opportunities going forward that will require a stronger public consensus and more thoughtful advocacy from the business community.

The results detailed in Part 3 above shed some light on directions that we believe reflect both the research and British Columbians’ broad aspirations for a strong economy – answering the question: what are the outcomes that we should seek for BC and what are some of the ways we can get there?

As a general set of observations and recommendations, there is an obvious need to undertake more detailed analysis and follow-up. More specifically, there are a number of tangible actions that we envision flowing from the BC Agenda for Shared Prosperity report for business.

### *Actions for the BC Business Community (Business Council and Chamber of Commerce)*

1. Improve the dialogue
  - Hosting an annual summit that looks at key economic matters with a broad range of key stakeholders.
  - Distributing the BC Agenda for Shared Prosperity report widely; undertaking follow-up tour to key cities.
  - Proactively engaging with more stakeholders and encouraging greater coordination across sectors of the economy. This includes meeting important convening groups such as UBCM.
2. Support the assessment of outcomes
  - Advocating for the establishment of a body (free standing or within the broader public sector) that publishes metrics on how BC is doing in terms of measurable outcomes.
  - Working more closely with public and private institutions interested in undertaking outcome research.

3. Build out the policy priority list into future advocacy
  - Review policy recommendations in the context of budget submissions and more comprehensive future policy research and advocacy.
  - Assess existing policy advocacy against benchmarks and proposed policies contained in this report; incorporate findings into future advocacy.
4. Increase economic literacy in BC
  - Support and work across economic sectors and with government/other stakeholders to build practical, informative inputs into both the educational system and other communication platforms with respect to the economy.
5. Build stronger connection between business activity, the economy and British Columbians
  - Advocate for institutional and process reform that allows business to engage in broader discussions of the economy; support project level processes with dialogue on more complex, diverse issues related to the economy and societal needs.
  - Help to develop and engage in new consultation models that emerge through government and other institutions to advance reform of decision-making processes.

Clearly there is also a significant (and central) role for government and other key public institutions to lead much of the follow-up stemming from this report. It is governments, stakeholder groups, think tanks and academic institutions that often lead much of the discourse on how to create, and what defines, shared prosperity. And in many ways there is a healthy debate and dialogue on these matters – which should continue as a defining characteristic of a robust and healthy society. The recommendations in this report can be viewed as a feedback mechanism to (and from) business for such activities, which can help inform future dialogue and more specifically, enhance the activities of the business community in related areas of advocacy.

The appropriate role for business in this discussion has long been the subject of debate. Given the challenges coming out of the 2008/9 recession and the growing complexity of economic and societal issues, we find there is some urgency to ensure that business does engage and help to build a framework that fosters a stronger sense of shared prosperity in BC. To be clear, the BC Agenda for Shared Prosperity did not find, nor does this report make a case for business assuming a preeminent leadership role in sorting through the myriad challenges, distributional and otherwise, to successfully moving our collective prosperity forward. The call to action in this report is for a more engaged business community, and a focus on exploring in greater detail, the series of policy and institutional changes that over time, will lead to a stronger sense of shared prosperity and ultimately a better, more cohesive province.

\*\*\*\*\*

## Appendix A: Advisory Council Terms of Reference

### **Background**

The *BC Agenda for Shared Prosperity* is an innovative plan to inform and advance public discussion in BC around the broad objective of providing a robust policy foundation for building and maintaining a strong provincial economy that fulfills the long-term potential of the province.

Within this overall objective, the *BC Agenda for Shared Prosperity* is also designed to improve the connection between businesses and British Columbians, by enabling a better understanding that our collective economic well-being is a pre-requisite for ensuring overall societal well-being. What makes this discussion different is a recognition that a simple and traditional defense of ‘free enterprise’ in the aftermath of the global financial crisis will fail. Instead, what is needed is a thoughtful attempt to achieve a stronger connection between businesses, citizens and the economy. In this context, the plan acknowledges the challenge of ensuring that, as we translate the economic opportunities our province has into reality, it is important that the public have confidence that the benefits of economic growth and economic progress are being shared across the population.

Within the design framework, the focus is centered on grounding foundational economic policies around competitive taxation, sound fiscal management, effective regulatory processes, a strong education system, a skilled workforce, well planned infrastructure, and a healthy society and environment, within an overarching objective to diversify and maximize economic opportunities for all British Columbians. Rather than a preoccupation with policies that re-distribute wealth, the *BC Agenda for Shared Prosperity* will aim to establish greater connectivity between the province’s economic opportunities and outputs, on the one hand, and the well-being of its citizens and businesses, on the other.

While ambitious in the sense of asking for a higher calling of engagement and seeking to change (to the degree possible) the policy discourse in BC, the plan for the *BC Agenda for Shared Prosperity* is modest in structure, and realistic in concentrating on a limited number of key topics and issues. The path to shared prosperity is undoubtedly a long one, with divergent views on the correct plan for improving our standard of living. Debate is an important part of the process, albeit it needs to be rooted in a solid empirical foundation and to support an informed dialogue.

Looking ahead, the province does face some pressing decisions that need to be addressed. These decisions are set against a backdrop of global uncertainty and strong competition for investment dollars and high-value economic activity that leads to increased/improved employment. A significant part of the *BC Agenda for Shared Prosperity* initiative involves working to embrace and understand the changes influencing and the opportunities before the province. As the *Building the BC Agenda for Shared Prosperity - Introduction* document explains, there are important decision points for our economy in front of us - ones that will have cascading effects for decades to come.

### ***Purpose of the Advisory Council***

The Advisory Council is a group of respected and trusted British Columbians brought together to review, discuss and ultimately help shape the content of the *BC Agenda for Shared Prosperity*. The intent of the exercise is to elevate the traditional discourse around economic issues in BC, and in doing so, to achieve greater prosperity for the population through factual, respectful and relevant debate to inform sound public policy.

To ensure that the Business Council and the BC Chamber of Commerce can define a set of policy foundations and new ideas that meet the objectives outlined, the *BC Agenda for Shared Prosperity* Advisory Council is designed to play an important contributory oversight and commentary role within the initiative.

The Advisory Council will work with policy experts from the Business Council and the BC Chamber of Commerce at an early stage to confidentially discuss, review and shape the draft policy products for the *BC Agenda*. These draft documents will initially be developed by staff with input from past and current research, policy experts, and from a broad collection of data, ideas and approaches from other jurisdictions.

The Advisory Council will also play a role in the planned regional and provincial summits, which are intended to gather regional and broader provincial input into a draft interim *Agenda* report. In advance of the provincial summit in 2013, the Advisory Council will again be engaged to provide input and discuss the draft framework report that would flow from the analysis undertaken to that point. Further details on the regional summits and the provincial summit will be provided as the *BC Agenda* is developed.

After releasing an interim report in early March, the Advisory Council would take a period of time off for the election process in BC to conclude through April and May, reconvening again in late May to discuss a final roadmap report that would be targeted for release in either June or September.

While the Advisory Council will not be asked to endorse and/or be held accountable for policy outputs, recommendations or particular ideas, it is expected that members of the Council will review and discuss a public position for the Council as the process moves towards a conclusion in the summer of 2013.

Finally, it must be stressed that the *BC Agenda for Shared Prosperity* is a non-partisan undertaking. The goal is to develop a coherent and credible set of ideas and recommendations to advance the province's economic well-being and help achieve its full potential in a way that benefits all citizens. We expect that the ideas, suggested new ways of doing things, and other recommendations will be relevant and useful regardless of whom BC voters choose to govern the province in May 2013 and beyond. This intent to elevate the level of policy dialogue in BC is a fundamental component of the *BC Agenda* process and will be reflected in both the process and products of the *BC Agenda for Shared Prosperity*.

## ***Policy Framework***

As part of its work, the Advisory Council will be asked to review and contribute to several policy outputs, including:

- (1) A foundational policy document that establishes some principles for creating a strong economy based on shared prosperity, and that establishes a vision for meeting BC's full potential.
- (2) One or more commissioned 'think pieces' that will help to set the context and shape the policy framework for the *BC Agenda for Shared Prosperity*.
- (3) An interim framework report outlining some higher level, key policy priorities as well as actions to be taken by non-governmental stakeholders (this will include proposals for institutional reform) for the *BC Agenda for Shared Prosperity*.
- (4) A 'road-map' document, the *BC Agenda for Shared Prosperity*, which builds a coherent framework for key strategic directions, new processes and initiatives.
- (5) Reports from the regional and provincial summits.
- (6) Other policy and research material that may be brought forward as part of the process.

Importantly, the Advisory Council will not be asked, or put in a position, to pass direct commentary on specific projects. A core objective of the Advisory Council is to reflect on broader market and societal forces that impact our opportunities as a province and influence the policy discourse. As this discussion could become quite expansive and even overwhelming, the scope will be focused largely on the economic dimensions that nurture and facilitate shared prosperity. Still, there will some opportunity to delve into topics such as governance reform, health care, those at risk, and the environment.

## ***Advisory Council Member Terms***

The commitment to serve on the *BC Agenda for Shared Prosperity* Advisory Council includes the following elements:

- 12 month term, beginning in September 2012 and concluding in September 2013.
- 7 Advisory Council meetings planned (September, October, December, January, February, May and August).
- Each Advisory Council meeting will be for approximately 2 hours, with 2-3 hours preparation time expected to review draft materials.
- Participation in 1 or 2 regional summits and the provincial summit as panel members, possibly in speaker roles on voluntary basis.



- Key purpose is to undertake the confidential review of draft policy and communications materials and participate in interactive discussions with other Advisory Council members using Chatham house rules.
- Council members will not be required to endorse policy positions found in the materials; however, the commitment to sit on the Advisory Council includes agreement to discuss a public commentary/position of the Advisory Council based on a super-majority of members, with ability to abstain or have contrary opinions noted and registered.
- Advisory Council members may be asked, on a voluntary and pre-approved basis, for quotes, video or written commentary for public dissemination detailing Advisory Council commentary and activities.

### ***Compensation/Travel Costs***

- The positions on the Advisory Council are voluntary.
- Travel costs will be covered for Council members outside the Lower Mainland.
- Travel costs for the regional and provincial summits will be covered.

\*\*\*\*\*

### Business Council of BC and BC Chamber of Commerce Launch New Policy Initiative

**September 20, 2012 (Vancouver, B.C)** – The BC Chamber of Commerce and the Business Council of British Columbia have launched an innovative new policy initiative designed to take a fresh look at the economic and social development issues affecting the prosperity of British Columbians called the *BC Agenda for Shared Prosperity*.

“Today’s challenge for business is to not only advocate for policies that will help to grow the province from a business perspective, but to restore a stronger connectivity between economic development and the personal, family driven prosperity that builds a thriving society,” said Greg D’Avignon President and CEO of the Business Council of BC. “This includes taking a new, non-partisan look at the opportunities and challenges facing BC’s prosperity with the intent to elevate and improve the policy conversations happening in BC. This will include exploring the culture and institutional constructs we use to evaluate the ideas, opportunities and challenges in front of us.”

In an effort to bring British Columbia’s economic opportunities forward and re-think how the province considers important decisions about the future, the two business organizations have launched the BC Agenda for Shared Prosperity to generate new ideas for policies and processes that seek to combine the ingredients needed to drive a future of shared prosperity for the province and its people. The initiative will be informed by an Advisory Council comprised of passionate, civic-minded British Columbians and will include a series of regional policy workshops this fall and events through 2013 and beyond.

“The opportunity for developing shared prosperity has often been positioned as a contradiction or a zero sum game of confrontation in BC,” said John Winter, President and CEO of the BC Chamber of Commerce. “However, increasingly our economic opportunities will require a stronger focus on leveraging our strengths and building a common fact base to make decisions. Business needs to reconnect with British Columbians and BC communities to reinforce the link between economic prosperity and the prosperity of one’s family if we are to support and sustain a quality of life most British Columbians envision for generations to come.”

“This is a conversation that is long overdue and one that will continue with leaders from all walks of BC,” concluded D’Avignon and Winter. “Against a backdrop of unprecedented global change, British Columbia has the opportunity, at this time in our history, to elevate the way we think and do things in BC in order to create a stronger sense of shared prosperity – we hope the BC Agenda for Shared Prosperity enables this discussion and looks innovatively at the priorities we should have as a province.”

In addition to the regional workshops, the BC Agenda for Shared Prosperity will release research information on British Columbians perspectives on the BC economy; a policy overview of the foundations for prosperity in BC; and a roadmap report of policy proposals designed to look at different aspects of social and economic development incorporating regional policy workshop recommendations.

The Business Council of British Columbia, now in its 46th year as the premier business organization in BC, represents over 250 leading companies and enterprises in every key sector of the economy. Our member companies and affiliated industry association partners together account for one quarter of all jobs in the province.

The BC Chamber is the largest and most broadly based business organization in the province. Representing over 120 Chambers of Commerce and 32,000 businesses of every size, sector and region of the province the BC Chamber of Commerce is “The Voice of Business in BC.”

Background material [available here](#).

Op-ed piece prepared by Winter and D’Avignon [available here](#).

-30-

Media Contacts:

Cheryl Muir  
Business Council of British Columbia  
604-812-5965

Neal Wells  
British Columbia Chamber of Commerce  
604-638-8114

\*\*\*\*\*

---

## Appendix C: Public Opinion Survey Results

The following is a summary of a public opinion survey conducted by Ipsos Reid between August 14 and 22 that was completed by 803 British Columbians, who were selected to represent the regional, age and gender composition of BC. The poll's margin of error is  $\pm 3.5$  percent, 19 times out of 20.

### Prosperity

- Standard of living: 52% say it's stable; 32% say it's declining; 14% say it's increasing
- 70% say they benefit when the BC economy does well
- 84% agree that, in BC, it's true that the rich get richer and the poor get poorer
- 65% of people agree that people in BC can get ahead by working hard
- 74% say they're hopeful about the future

### Young people

- 58% of those aged 55+ say their standard of living is better than that of their parents. For those aged 18-34 it's 29%
- 83% of people think it's harder for young people to get greater economic success than their parents

### Education

- 86% agree that education is the best way to improve standard of living
- 96% agree that training in trades is as important as academic training
- 41% agree BC is doing a good job educating students for the jobs of the future; 44% disagree

### First Nations

- 57% agree it's important to have First Nations more involved in economic activities
- 50% say they're not concerned that government is not settling treaties fast enough

### Economic development

- 58% agree that BC will need transportation infrastructure for Asia-Pacific trade; 15% disagree
- 45% agree that they are prepared to suffer inconvenience to develop trade infrastructure; 30% disagree
- 70% agree BC needs to diversify trading partners for energy resources
- 66% agree that economic success will depend on Northern resources
- 53% support development of LNG-export industry; 24% oppose
- 72% agree BC needs more electricity generation; 54% support new facilities, including Site C (17% oppose)
- 86% agree BC needs more renewable energy resources

## **Environment**

- 50% say government does too little environmental regulation; 10% say too much
- 46% agree the government is doing a good job balancing economy and environment; 41% disagree
- 76% agree the BC government should take an active role fighting climate change
- 33% support the carbon tax; 54% oppose it

## **Governance**

- 71% of people rate their trust in the provincial government as "not much" or "none." For political parties it's 90%
- 81% say government is doing a poor job of being accountable.
- 60% say problems in government are the fault of institutions. 28% say it's the fault of individuals

## **Public finance**

- 56% say government should balance budget, even if it means cutting services
- 53% disagree that government should spend more to stimulate the economy
- 76% say government is doing a poor job ensuring that the public gets good value for their tax dollars
- 60% say personal taxes should decrease and 65% say sales taxes should be decreased
- 37% say business taxes should be increased; 25% say they should be decreased
- 71% agree it's important that business taxes are competitive with other jurisdictions

## **Business sector**

- 52% say businesses are not doing a good job protecting the environment and paying enough taxes
- 53% say businesses in BC are doing a good job at creating jobs
- 48% say ethics in business has gone down in the last 10 years; 7% say it has gone up
- 62% say large businesses make positive contribution to society
- 83% say it's important for BC to attract large businesses

\*\*\*\*\*

## Appendix D: Regional Consultation Session Results

The following is a summary of major themes that emerged from a series of seven public consultations held in Terrace, Kelowna, Kamloops, Prince George, Nanaimo, Langley and Vancouver in the fall and winter of 2012-13.

### Economic Concerns

- Most common: lack of skilled workers, provincial government factors, First Nations land claims, global factors, the K-12 education system
- Settling First Nations land claims  
Kamloops, Langley, Nanaimo, Prince George, Terrace
- The need for more transportation infrastructure  
Langley, Nanaimo, Prince George
- Concerns about being able to meet the demands of an aging population  
Kamloops
- Businesses lacking succession planning, failing to mentor new leaders  
Nanaimo
- The need for a fund to preserve resource wealth for future  
Prince George
- The need for new businesses, innovations to transition from resource economy  
Prince George
- High costs of living  
Vancouver
- The need to attract more large companies  
Vancouver

### Skills

- Concerns over the lack of skilled workers  
Kelowna, Nanaimo, Prince George, Terrace
- Concerns that the private sector is not investing sufficiently in training  
Kamloops, Nanaimo, Terrace
- The need for better links between the educators and employers  
Langley, Nanaimo, Prince George, Terrace, Vancouver

### Young People

- Concerns over their declining living standards  
Kamloops, Nanaimo, Vancouver
- Concerns over their unrealistic attitudes and expectations  
Kelowna, Langley, Nanaimo, Prince George
- Many opportunities because of high demand for workers  
Kelowna, Prince George
- Concerns over young people leaving because of a lack of jobs  
Kamloops, Nanaimo, Terrace
- More need to move into the skilled trades  
Kamloops, Kelowna

## Attitudes

- Concerns over nimbyism, anti-development attitudes  
Nanaimo, Terrace
- Concerns over lack of awareness of role business plays in generating prosperity  
Kamloops

## Governance Concerns

- Lack of confidence in government is a significant problem  
Vancouver
- Government lacks transparency, accountability  
Langley, Vancouver
- The need for better start-to-finish resource regulation  
Kamloops, Prince George
- High taxation  
Kamloops, Langley, Terrace

## Collaboration

- Desire for better collaboration and "shared vision" between business sectors and governments  
Kamloops, Langley, Prince George
- Greater municipal co-ordination to promote business development and public transit  
Langley, Vancouver

## Prosperity

- Most cited current drivers of prosperity:
  - Natural resources
  - Tourism
  - Trade activities
  - Construction
  - Manufacturing
- Most cited future drivers of prosperity:
  - Trade activities
  - Innovation
  - Technology
  - Education services
  - Population growth
- Government services, such as health-care and educational institutions, were frequently identified as a source of prosperity

\*\*\*\*\*

## Appendix E: BC Agenda for Shared Prosperity Summit – Detailed summary of presentations

The following are summaries of presentations given at the Agenda 2013 Agenda for Shared Prosperity Summit in Vancouver.

### **Dan George, President and CEO, Four Directions Management Services**

- On First Nations land issue, businesses can't afford to wait for the lawyers and technicians; they have to act
- Co-operation between businesses and First Nations rely on:
  - Building shared structures
  - Communication and reciprocity
  - Involving First Nations at the beginning of a project, not at the end
- First Nations must be seen as an imperative to business, not an impediment
- Too often public dialogue is based on two parties taking extreme positions. But it's the middle where possibilities exist

### **David Turpin, President and Vice-Chancellor, University of Victoria**

- Education is a key driver of prosperity
- Post-secondary education in BC is ranked in the top of the country
- Pursuing an opportunity agenda should focus on three goals
  - Ensuring there is space for every qualified student
  - Guarantee financial support for students in need
  - A commitment to jobs, with schools working together with the private sector

### **Kevin Rudd, former prime minister of Australia**

- Key issues for growing prosperity
  - Investing in human capital
  - Building infrastructure (particularly information infrastructure)
  - Connections between people
- Starting in the 1980s, Australia focused on engaging with Asia
  - A key resource is a population that can speak the languages of Asia
  - Asia is much more than China. Engagement with Asia should involve many partners
  - Trade with Asia is about more than just raw materials. The rising middle class has a large demand for high-quality services
  - Quality universities are an important resource given the huge demand for credible credentials in Asia
- Australia also pursued a human-capital revolution, involving
  - Investments in pre-school and early learning
  - Wired schools
  - Language and science training in secondary schools
  - Trades training at the university level



**Christina Romer, Garff B. Wilson Professor of Economics, University of California, Berkeley**

- It is both important for the economy to grow and for that growth to be shared
- Education is a key driver of both economic growth and personal well-being
- Early-childhood education is important to lifelong earnings and productivity
- Income inequality should be addressed using targeted social programs
  - Progressive taxation is important and should be used to fund programs that assist vulnerable groups
- Good public dialogue will be needed to tackle tough issues such as entitlement reform
  - Education is a key component
  - People are able to reach compromises when they realize what the trade-offs are
  - It's damaging when politicians promise that people can "have it all"

**Janet Austin, CEO, Vancouver YWCA**

- Biggest challenges for shared prosperity
  - Entrenched, polarized political culture
  - Rising income inequality
- A great need for better family policy
  - Ages 0 to 6 are vital for brain development. Returns on investment are greatest in the early years
  - Canada is at the bottom in the OECD in terms of early childhood education
  - Public money going increasingly to the oldest
- There's a need for a shift in political culture
  - A need for long-term strategic thinking, not short-term tactical thinking
  - A need to reach out beyond traditional boundaries to seek common ground

**Zanny Minton-Beddoes, economics editor, The Economist**

- One of the biggest developments in rich economies is the widening income gaps
  - In Canada, it's less severe than in the US and the UK
  - It has become an important part of the social agenda
  - Causes include globalization, technical change, and the phenomenon of skilled people marrying and effectively passing off skills to their children
  - A major concern is the decline of social mobility. Canada still has fairly high levels of mobility and it's worth investing to maintain that
  - A key advantage in Canada is its education system
- The tax system must be broad based; you can't tax just the richest
  - But there's a need to invest money into young people, while governments tend to transfer more and more to the oldest
- Good public dialogue will be a continuing challenge
  - Educating people about issues is one challenge
  - Another is to address people's legitimate concerns
  - Dialogue is not part of traditional partisanship
  - It can be successful when people have a good realization of what the stakes are, but it will not succeed through slogans and half truths

**David Dodge, former governor, Bank of Canada**

- Facts on inequality
  - Median incomes have fallen in real terms
  - There has been a decline in “middle” jobs
  - Low incomes have stayed the same, but the gap between middle and top incomes has grown enormously
  - Causes include technological change and globalized trade
- Challenges for young people
  - The best return on investment in terms of human capital is to make sure kids are ready to start school by age 6
  - A challenge for educators is to ensure they’re not training young people for jobs that are disappearing
  - Young people finishing high school need better advice on what they should do next
  - It is unfortunate that training in trades has become unfashionable
  - University programs should provide students with information about completion rates and job success rates
- The tax system should be reasonable and simple
  - It is important that the tax system be seen as reasonable to prevent avoidance
  - A predictable, simple tax system is best. It is too crude a tool by which to accomplish sophisticated social goals

**Janice MacKinnon, professor of fiscal policy, University of Saskatchewan**

- Poverty and inequality are major economic problems
  - Wages of highest income earners have risen astronomically
  - BC is expecting labour shortages and can’t afford people to go to waste
  - There may be little we can do to affect the roots of the problem
  - But we can target pockets of inequality, particularly First Nations and young people facing low employment
- For tax policy, the rates themselves aren’t the whole story
  - Business confidence also depends on stability and predictability
  - Having competitive tax rates does not mean having the lowest taxes

**Gerry Martin, Co-owner, Kra-Mar Investments**

- A culture of debate with a preclusion to saying “no” to resource development is a major barrier to economic development
- Another important challenge is the fear among many that our major institutions are inadequate
- Inequality threatens the dream that if you work hard, you can get ahead
  - The solution to inequality should not just be redistribution
  - There’s a need for policies that address equality of opportunity

**Stephen Butz, President and CEO, YMCA of Greater Vancouver**

- It's easy to define prosperity, but much more difficult to determine what we mean by "shared"
- Achieving shared prosperity will not be a quick and easy task
  - There is a risk of trying to approach these deep problems in simplistic ways
  - True co-operation means taking the time to build relationships and about being willing to give something up for the greater good
  - Achieving co-operation will require an investment in time, a good agenda and a decision about how we will decide
  - Most of all, it will require a willingness to enter into a process where we cannot predict the final outcome

**Reid Johnson, President, Health Sciences Association of BC**

- Improving dialogue requires us to invite unfamiliar people into our "camps"
  - It will require long-term engagement where we are not afraid of each other
  - Dialogue must be grounded on a shared fact base
- The private sector has neglected training
  - Everyone wants someone else to invest in training. We need to take responsibility
  - Past generations had intensive on-the-job training, which is now rare
  - In the health sector, millions spent on foreign recruiting, money that could go to training people here

**Andrew Petter, President, Simon Fraser University**

- Public dialogue needs to move from a zero-sum to a positive-sum game, where the dynamic is win-win, not win-lose
  - One challenge is a lack of trust in society
  - However, when economic prosperity begin to be more widely shared, trust will improve
- The Shared Prosperity process is achieving some common ground on inequality
  - Businesses are recognizing that inequality is a major problem
  - Social-service leaders are recognizing that fighting inequality will require economic growth
- Education is a key component to growing shared prosperity
  - Investments are needed at the PhD level and for early-childhood education
  - BC is headed toward a skills shortfall. Educated young people without jobs will not remain a problem for long
  - There is a major need to provide education pathways to First Nation people.

\*\*\*\*\*