

RESTORING BRITISH COLUMBIA'S ECONOMIC HEARTLAND

EXECUTIVE SUMMARY

In its initial benchmarking report, the Progress Board set targets to restore BC to an economic leadership position within Canada by 2010. These targets are set at a challenging time in the province's history. Rebuilding BC's regional economies is critical to efforts to improve overall provincial performance. While GDP, productivity, corporate profits and personal income have all declined in relative terms across the province, Region 250 has been hit harder than the province's urban areas – areas that generally kept pace with average annual economic growth rates for Canada during the 1990's.

The Panel report begins with recognition of this dichotomy and is firmly grounded in the proposition that the province's regions – referred to throughout the report as Region 250 (corresponding roughly to the 250 telephone area code) – are in fact the heartland of the provincial economy, not the hinterland as often portrayed. Fully sixty percent of BC's export base comes from Region 250. And 72 percent of the value of BC's international goods exports is produced in Region 250.

The Panel is struck by just how dedicated Region 250 communities are to their own survival. They believe in a vision of a prosperous future and are ready to make the tough choices necessary to realize it. With abundant resource endowments, a high quality of life, and a population committed to using their knowledge to solve problems and spur growth, Region 250 has the tools necessary to succeed in the 21st Century. The Panel's report details a three-pronged approach to ensure that challenges currently facing Region 250 are overcome.

First, we must restore the wealth generating capacity of the land base. Government is encouraged to pursue market-based reforms within the forest industry including private-like forms of tenure allocation and the creation of a robust timber and log market. The Panel also encourages government to experiment further with community-based tenures where suitable. For the tourism industry, obtaining secure access to the land base for commercial purposes, transportation accessibility issues, and insufficient levels of expenditure on marketing all require attention from provincial authorities. Turning to mining, regulatory decision delays, coupled with continued uncertainty over access to and the use of the provincial land base for exploration purposes continues to hamper development potential. Here, as with other resource industries, there is a need to provide further certainty by bringing to a conclusion the Land and Resource Use Management Planning process and continuing to be vigilant in ensuring a competitive regulatory structure. The province's oil, gas, coal and energy industries hold considerable promise as a means to generate additional basic income. The Panel encourages the provincial government to pursue development of offshore oil in Northwest BC and development of BC's vast reserves of coal-bed methane. A few large-scale land-based projects accessing private capital could provide very positive economic stimulus in Region 250.

Lack of certainty over land use, coupled with only modest progress in building Aboriginal-business partnerships and concluding modern day treaties, is inhibiting the development of crucial capacity in many communities and is hindering tangible economic development opportunities in Region 250. Making progress in this area requires government focusing more attention on providing clear and consistent principles for consultation when resource development is involved, encouraging the business community to strengthen business-Aboriginal partnerships, and continuing efforts to conclude modern day treaties where possible. In the meantime, non-treaty interim solutions must be given higher priority to spur economic development.

Second, renewal will require nurturing new pathways in regional economic development through pursuing a variety of "price setting" strategies that involve secondary production, product differentiation and branding. Intensive data analysis conducted as part of the Panel's review indicates that while forestry is the only advanced industry cluster apparent within "Region 250", there are embryonic signs of clustering in: information and human capital-based industries; recreation and tourism; and, specialty agriculture. Nurturing new pathways in regional economic development and rejuvenating the wealth generating capacity of the land base will require extensive new business investment in Region 250. In this connection, the government should begin efforts to communicate to international capital markets the changed and durable nature of the province's new investment climate. This includes focusing efforts to build a one-window web-based portal to attract new investment, creating a "virtual investment centre" seamlessly integrating agencies and industry associations with a stake in investment promotion, along with other traditional approaches such as trade missions and provision of investment intelligence. Any government effort must include the regions themselves in economic development. Allowing Region 250 more capacity to utilize their own resources – physical, human and economic – must be given priority. With this in mind, the Panel believes the government should consider instituting a "resource dividend" which would see a portion of provincial resource revenues returned to fund strategic infrastructure and research and development activity that will contribute to furthering economic growth in Region 250. An independent board of business and community interests could administer the funds to wherever possible, leverage federal, municipal and private funds.

Third, the government must maintain and improve supportive education, transportation, and communications infrastructure that – first and foremost – enhance the prospects for spurring economic growth. BC has a high quality K-12 education system, but regional disparities in completion rates and performance outcomes need attention. Special consideration should be given to raising the involvement of Aboriginal learners. Local access and capacity constraints in the Okanagan, along with looming skill shortages, and the need for research driven economic development in Region 250 mean that the government should consider extending the mandate of an existing provincial University to Kelowna. On the trades and technical side, the Panel believes that government should consider extending the mandate of the British Columbia Institute of Technology to Kelowna and Prince George, two budding Region 250 agglomeration economies. Turning to transportation, Region 250 interests expressed considerable concern that deteriorating and inadequate transportation and communications infrastructure may be inhibiting growth. Monopoly service provision in air transportation argues in favour of the provincial government pressing federal counterparts to work towards reciprocal cabotage for Canadian and US carriers. Efforts to improve BC Rail should focus on efficient, market-driven freight service provision. The provincial government should also continue to work with local community interests affected by the closure of BC Rail passenger services to identify sustainable commercial alternatives. Over the long run, ferry service should be maintained and enhanced within Region 250. The Panel also encourages the government to maintain and enhance provincial highways by incrementally restoring per capita provincial funding to 1991 levels. Funding constraints for strategic and economically productive transportation and communication projects should be addressed through: public-private partnerships; leveraging provincial and municipal funds; and, general revenue.

With this carefully targeted approach the Panel strongly believes that Region 250 can – and will – continue to play a vital role in a thriving and prosperous British Columbia.