

STRATEGIC CONSIDERATIONS FOR BC'S FUTURE: ISSUES AND TRENDS 2007 REPORT

Executive Summary

British Columbia's economy and society is rapidly changing, but continues to be shaped by many traditional forces as well. This report – based on the best available recent and forecast information – attempts to outline some of the major issues and trends likely to impact British Columbia in the near to medium term. Rather than make specific recommendations for government, business, community and individual action, this report sketches some strategic considerations for British Columbia's future based on available information. The intent is to help inform policymakers and the public-at-large about some of the key challenges and opportunities facing British Columbia with a view to ensuring the province continues to build on past progress and to continue to strive for excellence.

It must be noted that while this paper attempts to identify some of the main strategic considerations, it does not claim to have identified all factors that will impact British Columbia's performance. It is intended, however, to help British Columbians think about the province's future and how individual contributions will help address the critical issues and trends of our time. From today's perspective, it is hard to determine with any degree of precision the magnitude of change British Columbia will face or the nature of our economy and society as the province moves into the second decade of this millennium and beyond. Yet, some strategic considerations for BC's future can be predicted with a reasonable degree of certainty, and the main ones are briefly summarized below:

General

- ***BC's population will continue to age***, with the median age rising to 46.2 years by 2031 from 39.8 in 2006. By 2031 those aged 65+ will increase to 24.2 percent of the population in 2031 from 14.0 percent in 2006.
- ***BC's population growth*** will be concentrated in areas of the province that are already relatively dense: Greater Vancouver, Victoria, Nanaimo, Fraser Valley, Cowichan Valley and Central Okanagan.
- ***BC's Aboriginal population*** will experience growth to 219,400 by 2017, from 193,100 in 2006, or a 13.6 percent increase. The increase will be most pronounced in young people and in the under 30 work force.
- An ageing population will eventually impact ***labour force growth*** negatively, shrinking the number of workers relative to dependants which could decrease both economic growth and tax revenue in the absence of productivity improvements.
- Current and future ***immigrants*** are increasingly from Asia, and the lag time before immigrants have fully integrated into the provincial workforce has increased over the past 20 years. A “go forward” challenge will be ensuring that immigrant economic, education, and social transitions are facilitated as smoothly as possible.

Economy, Innovation and Education

- *BC's economy* will likely continue to be strong for the next five years, with real GDP per capita growing above the national average, while the unemployment rate will remain under 5 percent, or basically at full employment.
- *Beyond 2011*, BC's *economic performance* will be shaped by a number of factors including: the extent to which productivity growth occurs; the performance of traditional "price taker" industries in the natural resource sector; and the degree to which the provincial economy diversifies beyond its traditional commodity base.
- *Border security* will remain important in the wake of the 9/11 terrorist attacks. This implies that Canada and BC must strive for the most secure entry points possible, while considering further security integration with the United States. At stake is whether Canada and BC are part of a "fortress North America" or whether the United States goes it alone as "fortress America". Significant commercial relations are at stake for BC if security issues are not sufficiently addressed.
- The *energy sector* will continue to underpin the BC economy through to 2020, and represents the largest upside opportunity to provide relief to the Central Interior economy in the aftermath of the mountain pine beetle epidemic (post 2012) and associated decline following the harvesting of beetle-kill wood.
- BC faces a very steep challenge with securing *electricity supply* over the next couple of decades, demanding new capacity and a sharp focus on conservation. Transmission capacity will also have to be renewed and expanded.
- A growing population and economy will require further strategic improvements in *transportation* planning and development throughout the province (air, road, rail, marine), but especially in the Lower Mainland to ease value-destroying bottlenecks, to increase fluidity of supply chains, and to provide increased options for people movement.
- Competitive economies of the next few decades will be underpinned to a considerable extent by "*City States*" in many instances. This implies that the Lower Mainland will need to cooperate much more closely to increase regional competitiveness, especially with respect to the critical factors and activities that underpin economic development activities.
- BC's *productivity* and *information and communications technology* gaps with Canada and the United States should continue to close, but concerted efforts will be required to realize significant gains in this area.
- BC's *research and development* spending and "footprint" will continue to increase – albeit modestly – during the decade to come.
- BC's *education system* is of high quality, but continues to face challenges on a number of fronts, including: focussing additional efforts on costly – yet critical – early childhood education programs; continuing efforts to improve the high school completion rate from its current level of 79 percent; and furthering efforts to raise the level of adult literacy.
- Further efforts will be required to close *educational outcome* gaps between the *Aboriginal and general population* on high school completion, among other key measures.

- **Skilled worker shortages** will persist well into the next decade as the labour market ages and the baby boom generation reaches retirement age.
- Part and parcel of efforts to build an innovative economy will be whether BC “closes the gap” with other provinces in relation to the number of **graduate students** enrolled at post-secondary institutions.

Environment, Health, and Society

- BC will likely continue to be a national leader on comparable measures of **environmental outcomes**.
- **Climate change** is likely to persist as a critical provincial, national and global issue which will result in efforts to reduce greenhouse gas emissions over the short to medium term. It is imperative that British Columbia does so in a measured, balanced and economically sensitive fashion.
- The relative **scarcity of land** for commercial and residential development within the Greater Vancouver Regional District will require: increased efforts to build more compact urban forms; greater cooperation in land use and transportation planning among municipalities; and, overall balancing of economic growth and environmental impacts.
- As population growth in urban and regional British Columbia continues, **water quality and quantity** will increasingly be an issue. Similar to transportation and energy, questions about water sustainability will give rise to greater use of demand management techniques (i.e. conservation and regulation) to ensure both sufficient quality and quantity. BC must also ready itself for the prospect of the overdue “100 year flood” in the Fraser Valley.
- BC will likely continue to post top ranks in key **health outcomes** over the next decade. While not assured, there is no reason to believe there will be a dramatic alteration of BC’s leading pattern on key indicators such as life expectancy, cancer mortality, cardiovascular mortality, infant mortality and potential years of life lost.
- **Health care and costs** will continue to be critical issues for BC and other provinces in the coming decade. The question of sustainability of the system driven by population ageing, escalating technology costs, together with increased utilization of services underscores the need for prevention, healthy living and other individual efforts to reduce system costs and improve health outcomes. Here, the primary – though not exclusive – focus should be on continuing to reduce the incidence of smoking, overweight, and obesity in the population.
- Further efforts to close gaps between **Aboriginal and general population health outcomes** will be required in the decade to come.
- As a small, open, jurisdiction, BC must prepare for and to the greatest extent possible guard against **pandemic and infectious diseases**. The potential for economic and social disruption is significant, given an increasingly globally oriented economy and society.
- **Immigration** – particularly from Asia – will continue to underpin a significant portion of population and labour market growth in the decade to come. A key challenge for BC is to improve the ‘earnings gap’ of recent immigrants, together with finding ways to ease transitions into the labour market.

BC PROGRESS BOARD

- Current trends indicate that there is room to improve BC's *volunteer, donation and voter participation* rates. Democratic participation and an active citizenry are critical precursors for a civil society.
- Though BC's *crime rates* have generally been improving, BC's rates continue to be higher in many categories than other provinces. BC's higher use of illicit drugs relative to other provinces and their strong connection to crime and criminality will require concerted effort and attention by government, community interests and individual citizens over the next decade.
- Standard indicators of *low income incidence* and poverty suggest that BC's relative position has been improving relative to other provinces, though it remains near the bottom of inter-provincial rankings in most recent available data. Efforts to monitor and address low income incidence and find innovative ways to assist those in strained circumstances must be an ongoing focus of government, community interests, and individual citizens.