



Stronger Tomorrow, Starting Today.

An Economic Plan for B.C. Families and Businesses.

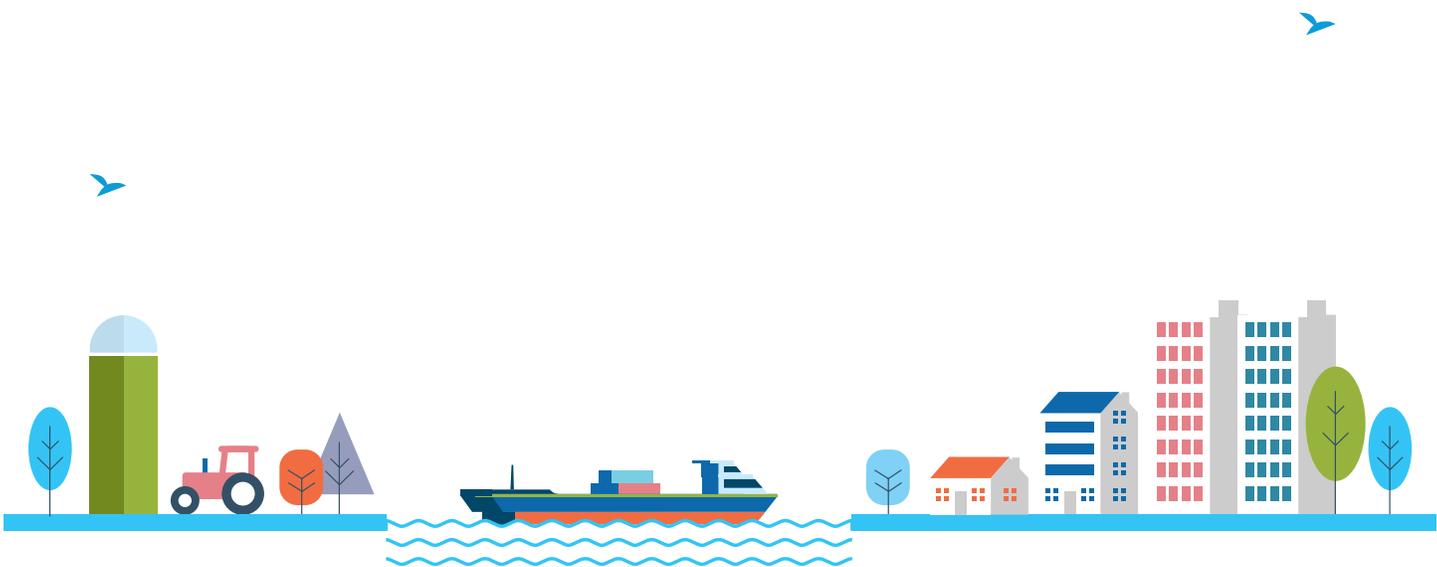




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BC needs a bold plan to support families and businesses and ensure a Stronger Tomorrow, Starting Today. Below are the key recommendations from the Economic Plan for B.C. Families and Businesses.



SPUR ECONOMIC RECOVERY...STARTING TODAY

- Short term reduction in Provincial Sales Tax leading to reform
- Accelerate capital spending, infrastructure development, and private sector investment to kick-start economic recovery
- Extend tax remittance deferrals for businesses significantly affected by the pandemic and the associated recession to the end of 2020
- Institute a pause on all administrative, regulatory and policy changes that add or raise costs for the private sector to support the job and business recovery process
- Quickly find additional locations and train additional childcare providers for childcare services



IMPROVE CONDITIONS FOR HIRING AND PRIVATE SECTOR INVESTMENT

- In the next two years, develop a plan for a made in B.C. value added tax to replace the PST
- Reform municipal government
- Protect the industrial land base in Metro Vancouver
- Introduce Nexus regulatory approval system for qualified operators
- Support the creation of an Indigenous Economic Development Centre of Excellence
- Make B.C. a top-tier location for investment and production in the forest sector



EMPOWER PEOPLE, TALENT AND SKILLS

- Review the structure, mandates, funding, and delivery models in the public post-secondary education system
- Support/enable rapid reskilling
- Make B.C. a leader in Work-Integrated Learning
- Continue to expand childcare assistance based on those that need the most help
- Address uncompetitive personal taxes



ACCELERATE HOMEGROWN INNOVATION

- Establish and fund the operation of Innovation Precincts
- Boost investment in strategic digital infrastructure
- Encourage the growth of technology-focused small and medium-sized enterprises



MAKE THE WORLD CLEANER AND PROTECT THE ENVIRONMENT

- Maximize our low carbon advantage to level the playing field for B.C.'s low-carbon export businesses and their employees
- Make B.C. the first fully digital regulator in North America for land use, environment and climate approvals and regulations
- Support the development of infrastructure and solutions that speed the adoption of alternative fuels for vehicles, aircraft, vessels and trains as well as land-based business operations
- Establish and implement a credible system that enables the creation and purchase of carbon credits (offsets)
- Develop a global centre for clean energy/clean technology innovation



In offering this plan, **Stronger Tomorrow Starting Today**, the community of large and smaller employers are pledging to play a leadership role in the economic recovery and rebuilding process.

British Columbia is one of the few places in the world that has, to date, successfully managed the first modern global pandemic. The province has reduced COVID-19 infection rates, resulting in comparatively few hospitalizations and a notably low fatality rate by North American and global standards.

This impressive feat rests on several foundations.

Front line health workers have done their jobs with skill and courage. They deserve our thanks. British Columbians have generally followed the sound advice of public health authorities. The provincial government has acted with purpose and competence. Businesses and other organizations have taken steps to keep their employees and customers safe. And normal political partisanship has been set aside, as British Columbians have risen to challenges posed by the biggest public health crisis in our province's history together.

A similar commitment to collaboration with common purpose is now required to repair the economic damage done by the pandemic and position British Columbia to thrive in an era of rapid technological change and notable shifts in the way we live, work, consume and play. We must focus on creating the conditions to attract the investment needed to get people back to work, ensure future prosperity, forge a more innovative economy, and provide a high quality of life for our citizens.

We have learned over the last few months that we can't take our health, jobs and economy for granted, and that we must become more resilient and self reliant. By undertaking the thinking that underpins this recovery and rebuilding plan, B.C. business, Indigenous and academic leaders are committed to finding solutions for our post-COVID world.

This must be enabled in collaboration with governments to advance ideas and policies which support good jobs and the conditions for employers and investors to create economic prosperity that can address the challenges we face and seize the opportunities ahead.

In this collaboration, supported by these policies, we will strive to rehire unemployed and laid-off employees and commit to creating new jobs that sustain communities and families. We commit to buying locally where possible, and to searching for B.C. solutions to B.C. challenges and opportunities. And we commit to working with the province to develop a more inclusive, cleaner and innovative economy.

It will take all of us doing our part to provide young people, Indigenous nations, and those most vulnerable with a brighter future.



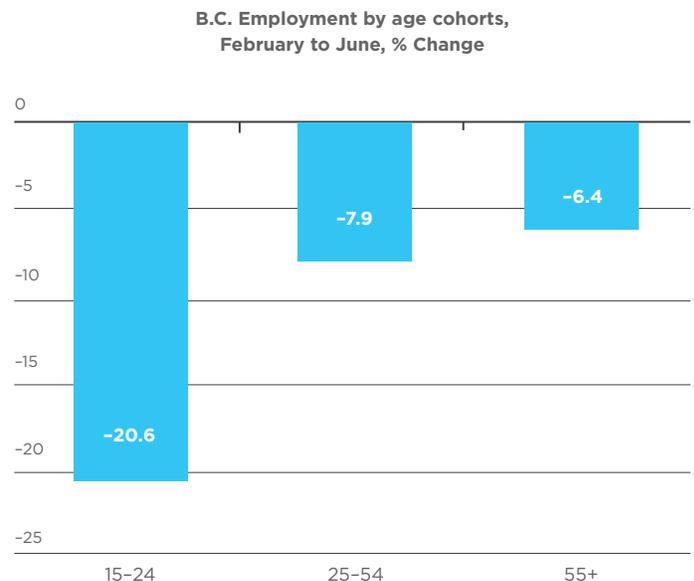
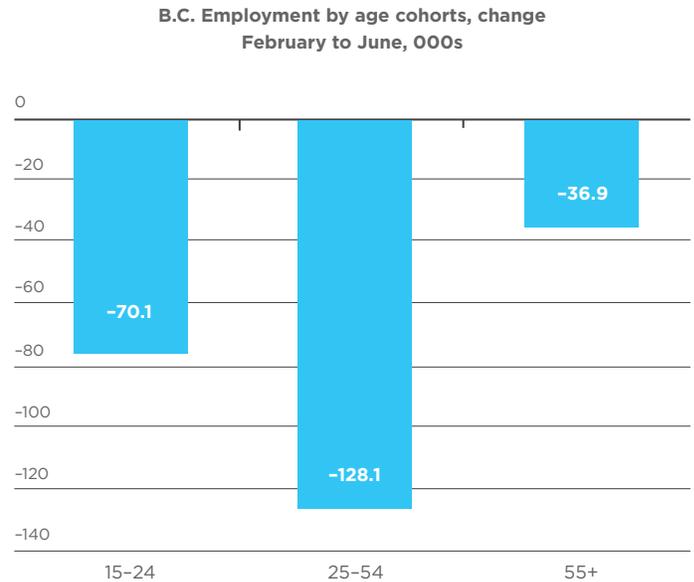
Using our strengths and potential, we can build a stronger tomorrow starting today through wise leadership, smart public policy, and purposeful action together.



The February 2020 B.C. budget was fashioned around a modest 2% economic growth scenario and projected a small operating surplus. A little more than five months later, fueled by widespread business lockdowns, the closure of the Canada-U.S border, the near-collapse of travel, and the onset of a severe global downturn, the province’s economy is on course to shrink by 6-8% this year, an unprecedented fall-off in economic activity. At the same time, the B.C. government is staring at a \$12.5 billion deficit for 2020-21. Since February, the number of employed British Columbians has plummeted by 235,000 — equivalent to roughly five years of job growth in “normal” times. By June 2020, the unemployment rate stood at a once unthinkable 13%, up from near record lows at the start of the year. Alarming, the jobless rate among young people is now a record high 29%. Women and lower-income workers have been hit particularly hard by the job losses and business closures that have occurred since early 2020.

The economic recovery has started, but as noted by the Governor of the Bank of Canada on July 15, it is expected to be halting, uneven and sluggish. It was always clear that government decisions to shutter large parts of the economy would result in a recession and steep job losses. Similar actions in countries around the world have plunged the entire global economy into the worst downturn since the 1930s.

JOB LOSSES SPREAD ACROSS ALL AGE GROUPS, BUT YOUNGER WORKERS HIT DISPROPORTIONATELY





Business leaders and the broader business community are deeply concerned about the impact of the faltering economy and the accompanying job losses we face. The prospect of a choppy recovery and a persistently weak labour market where many young people and lower-income workers struggle is especially worrisome.

With these challenges and concerns in mind, we offer this plan created through thousands of hours of discussion and advice from business and other thought leaders from across the province. We understand what the province is facing and what can be done together to put the economy on a stronger and more certain recovery path. What follows is a suite of ideas designed both to kick-start and support the recovery process in 2020–21 and to position British Columbia for a prosperous economic future over the medium term. We offer these ideas humbly, in the knowledge that we are living in very uncertain times and that others may have different suggestions for moving the province forward.

During our consultations and research, a few important themes emerged.

First, there is pride in the fact that British Columbia has done well in suppressing the virus's spread and in keeping people safe. We particularly want to salute health care workers, provincial health officials and the Ministry of Health for their leadership and hard work.

Second, it is now time to address the economic damage wrought by COVID-19. This means adapting to the changes underway in the worlds of business, education, work, and consumption, amid the ongoing march toward a more digital economy and society. It also means expanding the economic pie so all may benefit. Quarrelling about carving up the pie will hinder economic recovery and growth and lead to

missed opportunities. Until employment has fully rebounded, governments should be looking at all of their policies and programs through the lens of job creation and investment attraction — this must become the top priority of elected officials at every level of government.

Third, returning to pre-crisis employment levels is vital but won't be easy. It will require supporting existing businesses, encouraging the re-hiring of furloughed workers, and spurring new job creation, training and business formation. Smart public policy can help to achieve these goals.

Finally, the pandemic and the related business closures have accelerated pre-existing trends around digital adoption, automation, and remote work. They have also reinforced interest in assuring a greater degree of self-sufficiency in critical health and medical goods as well as in agri-food products.

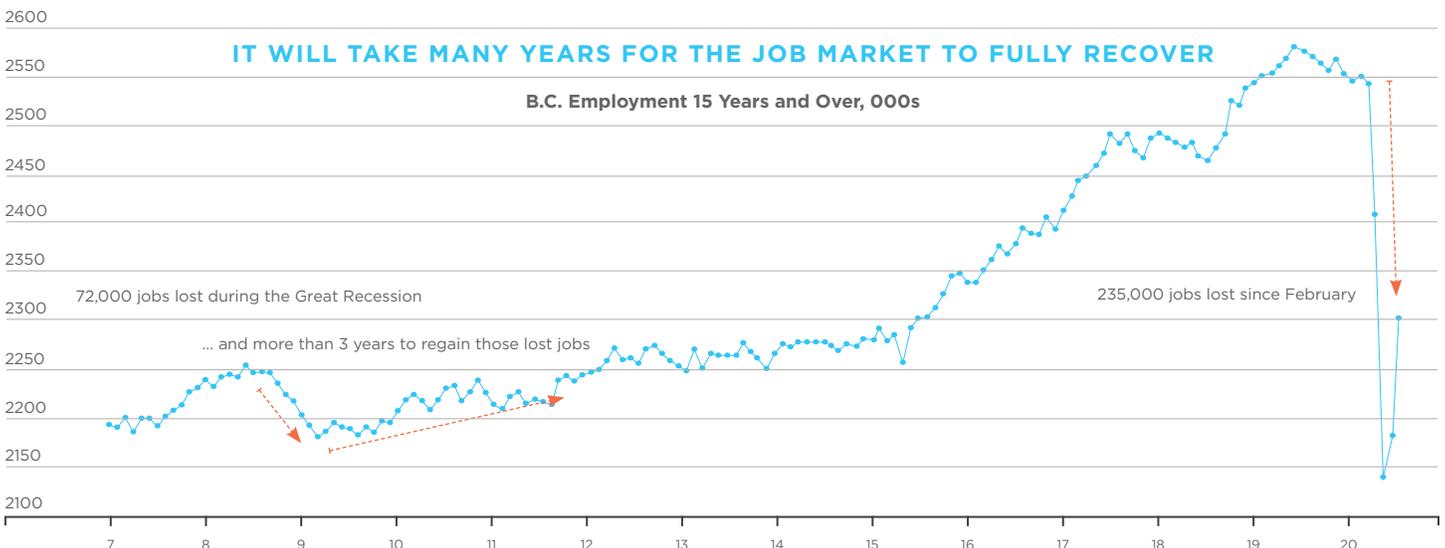


It will take time for the economy to return to its pre-recession level of activity. More concerning is that several years may pass before employment fully recovers. One reason why the COVID-19 recession will be around three times worse than the downturn B.C. suffered during the 2008-09 Global Financial Crisis is because the international backdrop is much weaker.

There are no easy lifts out of the deep economic hole the province has fallen into. One option is to accept the policy status quo and existing institutional frameworks and passively hope the economy revives. This is risky. The alternative is that our governments, together with business, academia, and communities, can act to seize opportunities by creating conditions to enable job-creating investment, stronger employment growth, and a better society.

The COVID-19 recession and the bumpy recovery expected to follow will have an outsized impact on several important B.C. industries. In a typical recession, businesses and industries can usually look beyond the immediate downturn and foresee a return to something that approximates “normal”. That is harder to do today. To begin with, there is great uncertainty about what lies ahead. In addition, education at all levels, retail stores, restaurants, movie theaters, accommodation providers, and audience-attended sporting events are all finding it necessary to make drastic changes to their operations in the reality of an unknown future. Some industries (think cruise ships) are probably facing lasting if not permanent damage to their operating models. In previous B.C. downturns, international tourism and air travel continued, even if on a diminished scale. Today, international tourism has all but disappeared and the pace of its recovery is very unclear.

As the domestic economy gradually rebounds, B.C.’s export sector — including the tourism industry — is being slammed by a record-breaking global recession, constricted travel, and disrupted international supply chains. These developments will conspire to dampen and elongate the economic recovery process in British Columbia.





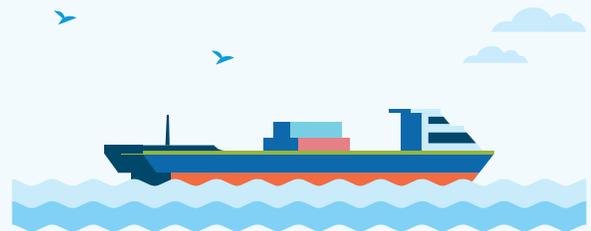
THE PATH AHEAD



Against this backdrop, we believe the most pressing task for policymakers is to support job restoration and employment growth. This will be key to engineering a broader economic recovery.

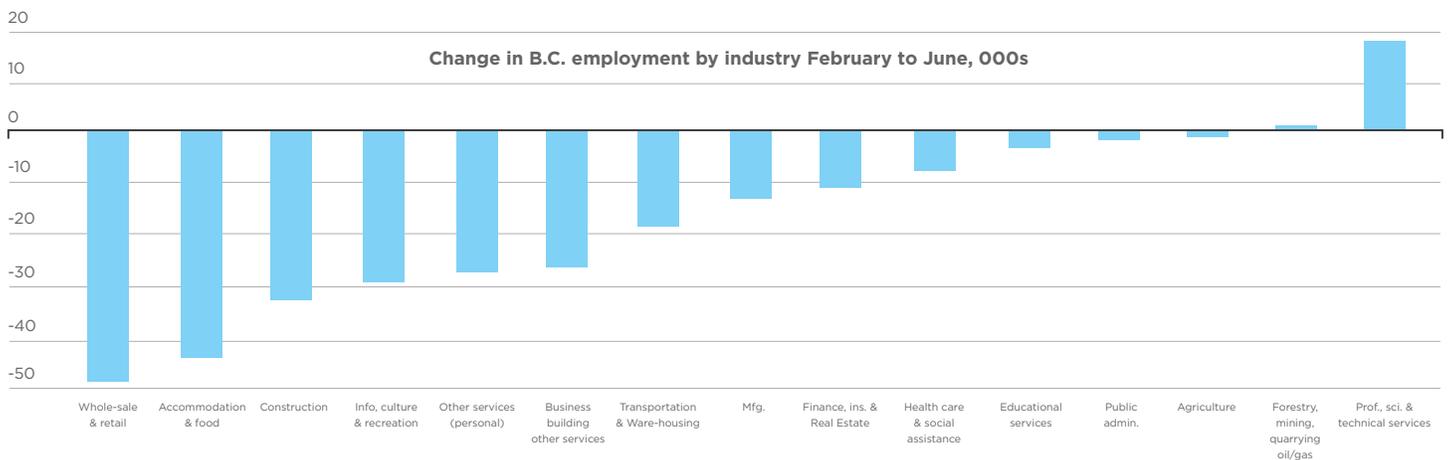
The standard of living for any small open economy is strongly influenced by the vibrancy of its tradeable industries, which can be distinguished from industries whose main orientation is to serve domestic markets. In looking to stimulate recovery from the COVID-19 shock and recession, provincial policymakers must pay close attention to B.C.'s leading export sectors: natural resources — forestry, mining, energy and agri-food — as well as manufacturing, tourism, advanced technology, commercial services, and education.

The above comments do not imply that industries which export are superior to those serving local markets. Domestic industries provide many valuable products and services that are essential in a modern economy, a point that's been magnified by the COVID crisis. For example, domestic industries provide infrastructure, construction, retail services, and health and education services, all of which are vital to daily life.



Reviving B.C.'s big economic engines will be critical to a sustained labour market turnaround. These include large industries like construction and retail services. They also include our low carbon industries that supply the exports of goods and services that B.C. relies on to pay for imports and to generate income for communities, families and workers. In fact, B.C.'s "tradeable industries" are central to the province's overall economic prosperity and that of communities and households.

GREATEST NUMBER OF JOB LOSSES IS IN RETAIL AND ACCOMMODATION AND FOOD SERVICE SECTORS





British Columbia business leaders believe that a proactive economic and job recovery strategy must also recognize and leverage B.C.'s strengths and assets. These include but are not limited to:

- An unusually rich endowment of well-managed natural resources
- Geographic proximity to major markets in the United States and the Asia Pacific
- Advanced transport and communications infrastructure. This includes the Gateway infrastructure embodied in Port of Vancouver, the Port of Prince Rupert, and the related rail and trucking connections, as well as Vancouver International Airport
- A well-educated workforce and excellent K-12 and post secondary education systems
- Abundant supplies of clean electricity and the ability to produce more of it
- Flourishing newer innovation-based industries in digital technologies and life sciences
- A solid but not perfect social safety net
- The rule of law backed by effective public institutions

B.C. also has a number of weaknesses. Among them, the following stand out as significant concerns for the business community:

- Insufficient progress in ensuring that Indigenous Peoples take their place at the heart of our economy and society
- Complex, outdated, delay-prone and increasingly costly government regulatory systems affecting large segments of the B.C. economy. This concern extends to municipal and regional governments as well as the province

- Inefficient and uncompetitive taxes that deter investment, make it hard to attract and retain talented people, and discourage the entrepreneurial activity that is critical to an innovation-driven economy
- A failure to leverage B.C.'s assets in digital, life sciences, and clean technologies to develop stronger industry clusters in these rapidly developing areas
- High housing costs in urban regions of the province affecting young people and lower income households

A different kind of affordability challenge is faced by businesses seeking to invest, innovate and create high paying jobs. In the last decade, B.C. has become a high cost jurisdiction for many important industry sectors, including some that employ large numbers of people, drive innovation, and supply most of the exports that help to pay the province's bills.

Finally, as policymakers and business and community leaders look to put the province on the road to success in the post-pandemic world, we believe it would be wise to follow a handful of key guidelines.



Affordability has been and remains a challenge for many families confronted with high housing and daily living costs. B.C. businesses are also facing affordability challenges making it tougher to compete and invest.



Ensure the biggest bang for taxpayers' scarce bucks

The pandemic and related shutdowns have damaged the economy. We expect many more business closures, foreclosures, evictions, and credit defaults in the coming months. In this environment, taxpayers' resources are strained and will remain so for the foreseeable future. This is a time to prioritize getting people back to work and businesses thriving again, as quickly and safely as possible. It is also a time to pursue long-needed structural reforms and to invest in infrastructure that makes our economy more productive. Highly inefficient taxes should be tackled — they are no longer sustainable and will hold back our economy. Outdated and overly complex regulatory systems should be modernized and streamlined. With borrowing costs low, the next few years are a time to dial up public sector capital spending. However, the B.C. government should rescind its flawed Community Benefit Agreement (CBA) framework for managing large projects and return to a model of open competition and choice in order to maximize the value of taxpayer dollars used to pay for public sector construction.

Focus on the leading economic engines

For the next two years at least, B.C. will need every job and every dollar of GDP it can muster. A glance at our export mix shows B.C. has proven comparative advantages in high value-added sectors such as natural resources, transport, manufacturing, and advanced technologies, along with film production, education, and technical and professional services. The most surefooted path to economic recovery is to do more of what we are already good at. In this regard, we should not overlook the fact that B.C. is a relatively low carbon producer of natural resources and manufactured goods, in a world that is moving to a lower-carbon future.

Embrace and grow the digital economy

There are exciting opportunities for B.C. presented by fast-developing digital technologies and the changing nature of work. Government should seek to make B.C. a centre of excellence and innovation in all aspects of the digital economy. This includes encouraging and speeding the adoption of digital tools, platforms and solutions across governments, and the business and not for profit sectors, including education and health care.

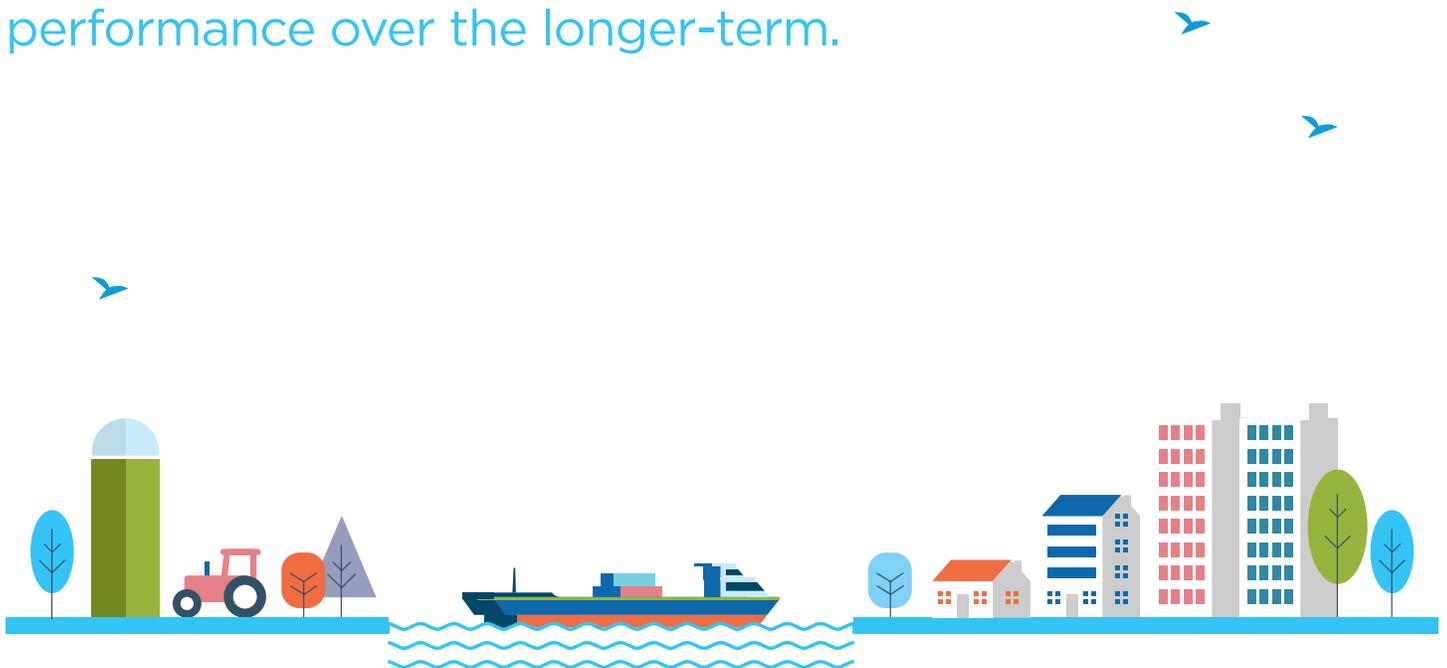
Pass the baton to the private sector

The public sector has expanded in size and activity during the pandemic while parts of the private sector are shut down or operating well below full capacity. Relying on the public sector to power and sustain the economy is not feasible over time. The public sector ultimately is funded by the taxes paid by industries, businesses, employees and investors in the private sector. An important task for policymakers is to set the conditions for a vibrant private sector. Many observers have indicated a need to distinguish between policy support and stimulus. The notion of “passing the baton” aligns with the shift from direct support intended to keep businesses and households solvent towards stimulus measures and other policy reforms aimed at achieving business growth and hiring. Stimulus should be interpreted broadly, to include cost-reduction and streamlining to support economic recovery.



Stronger Tomorrow: Recommendations

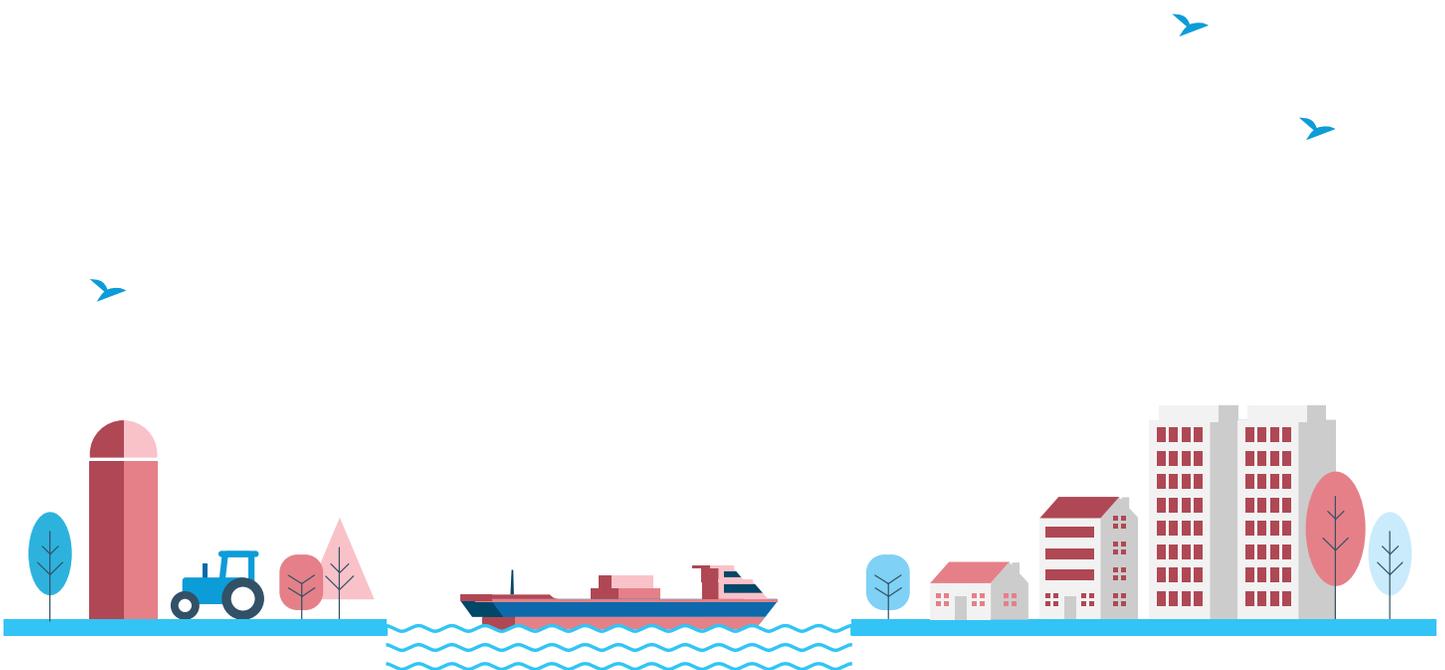
The following recommendations stem from consultations with a wide range of multi-generational business and community thought leaders from every part of the province, as well as a review of what some other jurisdictions are doing. They are quite diverse, in part because of the severity of the downturn and the pressing need to support job growth. Some are intended to bolster economic recovery in the next two years, while others aim to improve B.C.'s performance over the longer-term.





Spur Economic Recovery...Starting Today

The first set of recommendations focus on retaining and stimulating employment and boosting economic activity in 2020–21. These ideas can be implemented relatively quickly. Some come with substantial fiscal costs, meaning larger provincial budget deficits than we would normally want to see.





The suggestions that carry sizable fiscal price tags, however, also deliver large employment and economic benefits. The fiscal costs would be partly recouped in the medium-term by developing a stronger tax base and an improved competitive position — leading to faster economic and employment growth.

Today's unusual times call for a different policy approach and argue for returning to fiscal balance gradually — over a period of several years.

Short term reduction in Provincial Sales Tax leading to reform

The last several months have witnessed rapid moves toward socializing, working and purchasing online. More than 80% of us now see our doctors virtually. The digital future is here, yet our tax systems are still structured for a time when the Queen was a princess.

This a bold proposal. It would produce substantial economy-wide benefits in the near-term and — assuming the province undertakes fundamental sales tax reform — for decades to come.

With retail services now largely open, the measure encourages consumer spending, providing a well-timed lift to retailers across the province. Lowering the PST also supports much-needed capital investment. When businesses purchase computers, vehicles, machinery, and other inputs that go into their production and operations, the PST is applied, adding to business costs. A lower PST rate reduces such costs.



Starting today, B.C. should cut the Provincial Sales Tax (PST) rate in half for two years, and then move to a made-in-B.C. Value Added Tax (the latter is discussed in a later section).



Slicing the PST in half for two years saves consumers and households billions of dollars. Lower income households would particularly gain from the, lower sales tax.



Accelerate capital spending, infrastructure development, and private sector investment to kick-start economic recovery

In the 2008-2009 financial crisis, B.C. was well positioned to secure federal infrastructure funding. The province should repeat and build upon this past success.

Some specific infrastructure ideas are detailed below.

- Leverage the positive economic effects of provincial public sector capital spending by accelerating project review and permitting processes and increasing spending on basic maintenance and repair work that can be undertaken with minimal delay
- Proceed expeditiously with the long-planned George Massey Tunnel replacement project
- Actively support already underway or imminent private sector capital projects that have faced delays and uncertainty (e.g., the TMX expansion, Coastal GasLink Pipeline)
- Work with and, if necessary, compel municipalities to speed up approvals for residential development projects which are in the queue and ready to go. At a time when the province desperately needs more private sector investment, it makes no sense to have residential development projects mired in municipal red tape
- Advance and support Gateway infrastructure spending based on lists of ready-to-go projects at Port of Vancouver, the Port of Prince Rupert and YVR
- Move forward with key TransLink capital projects, including the Surrey-Langley SkyTrain extension



Infrastructure projects on the books should be advanced quickly. New infrastructure creates and sustains thousands of construction jobs in every part of the province.



Construction is a big industry and a major employer. Indeed, the construction sector made the single largest contribution to economic growth in B.C. in the decade ending in 2019.



Extend tax remittance deferrals for businesses significantly affected by the pandemic and the associated recession to the end of 2020

This step would reduce the number of business insolvencies and related job losses in the next 12-18 months. When December 31, 2020 arrives, the government should give firms up to 12 months to pay any outstanding amounts. The cost to the B.C. government is minimal since the taxes owed will be paid, albeit with a delay, by the businesses that survive.

Institute a pause on all administrative, regulatory and policy changes that add or raise costs for the private sector to support the job and business recovery process

The pause should span the entire spectrum of provincial government Ministries and agencies and remain in place until the end of 2021. Note that this recommendation carries zero fiscal cost for the government.

Quickly find additional locations and rapidly train additional childcare providers for childcare services

There is plenty of vacant retail and office space in cities and towns that can be repurposed to increase capacity for childcare. This could be coupled with a rapid reskilling initiative led by the province and post-secondary education institutions to launch programs to train more childcare providers who can support B.C. families and children in the COVID period and beyond.

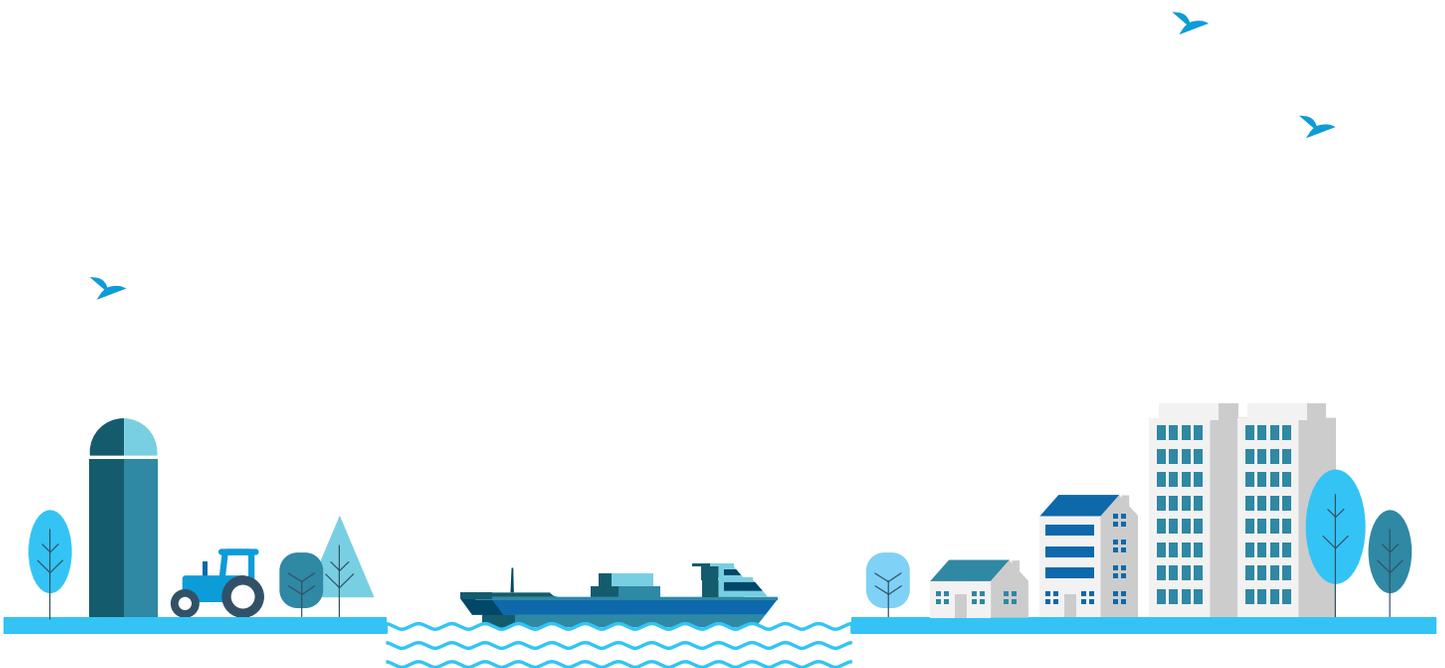


Expanding capacity for childcare is essential to facilitate a return to work for many unemployed British Columbians, especially women who bear most of the care-giving burden in families with young children.



Improve Conditions for Hiring and Private Sector Investment

Both in the near-term and beyond, it is important that B.C. create and maintain favourable conditions for companies and entrepreneurs to invest, grow their businesses, and hire more people. This is the best way to ensure the province enjoys a robust job rebound; it will also support higher wages and incomes for employees and families over time.





IMPROVE CONDITIONS FOR HIRING AND PRIVATE SECTOR INVESTMENT



In the next two years, develop a plan for a made-in-B.C. value added tax to replace the PST

When it comes to increasing capital investment, boosting business productivity, and delivering higher wages and salaries, replacing the antiquated PST with a modern consumption tax system would be a key step forward. A new, made-in-B.C. consumption tax — with the province in control of the design details — would improve the conditions for business investment and job growth. It would also help to generate the revenues necessary to pay for public services and programs. A modern consumption tax system captures a wider array of goods or services, including fast-growing digital and other online services, compared to the narrow and increasingly complex tax base used with the PST.

We are not proposing a return to the federal-B.C. Harmonized Sales Tax that voters narrowly rejected in the 2012 referendum. In the model we envisage, B.C. would retain full control of the tax base and other design details — what goods and services to tax, the tax rate, and any exemptions. All types of food consumption, for example, would be treated as tax-exempt under a modernized, made-in-B.C. consumption tax. The details of the new tax would be decided by government based on public and stakeholder input. But to frame the recommendation, the base for a new B.C. consumption tax should be broader than the PST, including more services (some of which are not covered by the PST because they did not exist when it was created). This means the tax rate could be set below today's 7% PST. Ideally, lowering the rate and broadening the base would leave most consumers little affected. And any new consumption tax should be structured to provide a net financial benefit to the lowest-income households, possibly by adding an income-tested tax credit similar to the one available under the federal GST.

Reform municipal government

Communities all across B.C. have changed, many have seen significant population growth, and the way we live and do business is evolving, yet our municipal and regional planning regimes are stuck in 1970s rules and structures.

Coming out of the COVID-19 recession, it is time for the Province to look at new zoning processes and a modernized framework for municipal finances to support affordability and encourage investment and job creation across the province.

We propose the development of a new Municipal Planning Act. It should provide the B.C. cabinet with authority to issue expedited zoning and redevelopment orders where this is necessary to advance the broader provincial and public interest. It should include a framework for time-limited local government permitting and approval processes for housing, commercial and industrial development. Long delays for project approvals, permits and other local authorizations, along with steadily increasing development cost charges, have significantly raised the cost of development — and thus of new housing — in many municipalities. The provincial government should insist on reasonable municipal approval periods as well as greater certainty and consistency. The Alberta Municipal Planning Act offers a useful model. It assigns the provincial government powers of oversight, including the ability to approve development and re-zoning applications. Something similar is needed in British Columbia.

A new B.C. Act should also address inequities and risks in B.C.'s municipal property tax system, by phasing in limits for the ratio of business and industrial tax rates relative to residential rates in municipalities. The current municipal



IMPROVE CONDITIONS FOR HIRING AND PRIVATE SECTOR INVESTMENT



property tax system is unique because it allows municipalities an unfettered ability to raise tax rates on any class of property for any reason. There are no checks or balances to promote fairness or certainty. This often undermines jobs and undercuts the provincial and public interest in industrial and other business development. The B.C. system also has an unusually large number of specific property classes. Over time, these features have led to inequities in the distribution of the municipal property tax burden. In many municipalities, tax rates for industrial property (and utilities) are five to six times higher than residential rates. In a few cases the ratios are higher still — up to 10 times. Commercial properties also face significantly higher tax rates than residential properties in many communities. Finally, there is little or no linkage between the tax burden imposed on property classes and the cost of local services provided to the properties in question.

The new Act should ensure the Province restricts the use of Community Amenity Contributions (CACs) and other development fees to finance only true community amenities, not general municipal operations. To further promote investment in affordable housing, we also propose that the province mandate that new purpose-built rental and affordable housing projects will be exempt from all CACs and other related municipal fees and levies.

We recognize these policy reforms will in some cases strain municipal finances. To give municipalities time to adjust, a five-year phase in period may be required for some of the recommendations. And as part of a larger reform package, the province should look to grant municipalities additional taxation tools — ideally tied to their actions taken to support economic development. This could include giving local governments room to “top up” an eventual new made-in-B.C. consumption tax within their particular jurisdictions.

Protect the industrial land base in Metro Vancouver

This is a complex issue involving different levels of government and multiple public and private sector operators. A plan is needed to protect existing industrial land and establish a pathway for expanding the inventory of land parcels to accommodate future Gateway activity and demand for industrial land. The pandemic has elevated the importance of safeguarding industrial land as companies reorient supply chains and look to increase domestic production capacity. B.C. policymakers must recognize the key role of manufacturing as an economic engine. Businesses in this space require land zoned for industrial activity. In the B.C. context, most non-resource manufacturing is in the Metro Vancouver-Fraser Valley region. As an initial step, the province should evaluate all marginal and near-marginal land in the Provincial Agricultural Land Reserve through a “best use lens”. The process should identify parcels that could accommodate industrial and light industrial activities, including agri-food manufacturing, agri-tech businesses, and other innovation-based business activities.

Introduce Nexus regulatory approval system for qualified operators

Businesses that consistently show they meet or exceed regulatory standards and requirements should qualify for expedited permit approvals and other forms of “light-touch” regulation. Cutting time, complexity and costs — but not standards — should be the goal. Much like the Canada-U.S. NEXUS program that expedites border crossings for trusted travelers, this system would ease the regulatory and paperwork burdens for excellent business operators — backed up by a strong audit and compliance regime with significant penalties for any infractions. An added benefit of this model is that it would enable Ministries and regulatory agencies to deploy their limited resources to address higher risk activities and poor operators, leading to better use of scarce public dollars.



IMPROVE CONDITIONS FOR HIRING AND PRIVATE SECTOR INVESTMENT



Support the creation of an Indigenous Economic Development Centre of Excellence

Establishing the Centre would enable the B.C. Assembly of First Nations to advance their work to foster sustainable economic development for all Indigenous Nations that want to pursue such development as a means to generate sole-source income to support self-determination. The Centre could help to define and promote best practices as Nations build and refine their governance and development structures. Further resources could be deployed to build expertise and capacity for thorough, timely reviews of projects and ongoing operations within Nations' territories, including support for early engagement to facilitate meaningful relationships and partnerships with businesses and providers of investment capital.

Make B.C. a top-tier location for investment and production in the forest sector

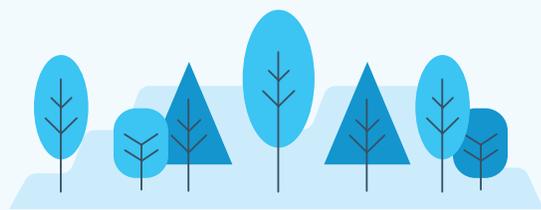
Forestry is B.C.'s number one export industry, supplying 30-35% of international merchandise exports (depending on the year).

Historically, B.C. was known for having attractive "hosting conditions" for forest industry investment and innovation, with reasonably low fibre and regulatory costs, a large forest land base, and excellent manufacturing facilities. Unfortunately, B.C.'s advantages have waned. Declines in fibre supply, escalating costs, reduced access to the land base, and increasingly complex regulatory and administrative processes have severely undermined the province's competitive position in the sector, forcing many local companies to move to other jurisdictions where it's more economically viable to operate even though B.C. continues to have a large and diverse fibre basket. Recent studies find that B.C. is saddled with the highest total costs among 29 global jurisdictions. Recovering from the COVID-19 downturn will be harder and take longer if our biggest export industry is left out.

We urge the B.C. government to make immediate policy changes designed to expand fibre supply and lower costs for the logging and wood products manufacturing industries.

Instead of having the highest fibre costs among competing jurisdictions, the province should aim in the short term to be a top quartile performer.

This is particularly important at a time when we should be maximizing the opportunity to provide customers around the world with the sustainably harvested, climate-friendly forest products they are seeking.



Forestry sustains 100,000 direct and indirect jobs and more than 100 communities in every region of the province.



Empower People, Talent and Skills

The labour market cannot recover unless displaced and new workers are able to train or retrain. And B.C. will not prosper in the long-term unless we have top notch education and training systems that are aligned with the realities of a shifting economy and an increasingly diverse society.





Review the structure, mandates, funding, and delivery models in the public post-secondary education system

B.C. universities, colleges and institutes are grappling with a dynamic and challenging environment driven by rapid advances in educational technologies, greater demand for “micro” credentials, and uncertainty about future enrollment – including by international students. They also face the reality that a growing share of the workforce will need reskilling. And all of this is unfolding at a time when government will be under considerable fiscal pressure.

Academic leaders and institutions must collaborate and do more together even as they continue to deepen linkages with employers and industry. Government should provide stable funding for educating B.C. students and consider incentives to help PSE institutions respond to delivery and demand changes for education, training and research.



We believe the time is right to step back and reflect on how to build on the strengths of the province’s Post Secondary Education (PSE) system to ensure that it continues to meet the needs of British Columbians.

Rapid reskilling

One priority is supporting B.C.’s digital transformation by equipping many more people with skills for digital-related jobs. Another is to help individuals with talents in particular occupations and industries that are shrinking find related opportunities in other jobs and sectors that require some degree of retraining and retooling. Specific new programming and earmarked provincial funding are necessary to bring a stronger focus to rapid reskilling in an era of accelerating change.



To help address job losses and assist displaced workers transitioning to new careers, post secondary institutions, with support from government and industry, need to boost capacity for rapid retraining and reskilling.

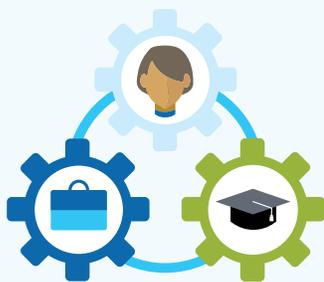


Make B.C. a leader in Work-Integrated Learning

Work integrated Learning (WIL) is a model of education which seeks to integrate a student’s academic training with workplace or other practical or professional experience. It typically involves an academic institution, a “host” organization, and the student. WIL comes in various forms, including applied research projects for university graduates or current students, co-op terms, mandatory practical or clinical placements (e.g., for physicians in training), and the apprenticeship programs found in the skilled trades.

There is strong evidence that WIL is an effective way to enhance the benefits that flow from post-secondary education and technical/professional training programs that lead to the granting of degrees and other credentials.

Connected more readily to business and labour market needs. Large and medium sized enterprises are prepared to step up their commitment to WIL by providing placements and work opportunities and collaborating with academic institutions and professional associations through efficient and consistent process.



British Columbia should seek to be a leader within Canada in the development and use of WIL across the array of education and training programs offered by public and private institutions.

Continue to expand childcare

Providing more accessible, quality childcare solutions should be part of the recovery and rebuilding process. The province is already committed to this path. With almost half of B.C.’s pre-COVID workforce consisting of women, it is essential to support their full participation in the labour market. Women were hit particularly hard by the recent economic downturn, reflecting their outsized presence in industries like retail, arts and culture, and hospitality. It is well known that women bear most of the burden of child-rearing and provide large amounts of “unpaid” caregiving.

The business community favours an expansion of childcare services through an income-tested model that delivers scarce public dollars to low- and middle-income families with dependent children.

We also believe employers and non-profit organizations — not just governments — have an important role to play in boosting childcare capacity.

Address uncompetitive personal taxes

B.C. levies comparatively steep tax rates on the incomes of highly skilled workers and entrepreneurs. To support economic recovery and allow the province to attract and retain the talent and high-value businesses that underpin our prosperity, the government should avoid further hikes in already uncompetitive personal tax rates. As fiscal circumstances improve, B.C. should lower income tax rates, so the combined federal-B.C. top rate is no higher than 50% at incomes below \$300,000 (the top rate is almost 54% today at \$220,000). Even a top rate of 50% would rank among the highest in North America and exceed the top rates charged in several European countries.



Accelerate Homegrown Innovation

The following recommendations are intended to encourage the growth of new and emerging industries and the rapid adoption across business and government of new technologies and the best solutions – including those developed in B.C.





Establish and fund the operation of Innovation Precincts

This concept was proposed in the final report of the first B.C. Innovation Commissioner. Precincts are groups of related companies and activities that take place in a specific location. This differs from an “industry cluster” which typically are not concentrated in a single place.

The goal of Innovation Precincts is to nurture and quickly grow smaller industry clusters in which the province has identifiable strengths, including the presence of local firms.

The Precincts would reduce some of the regulatory and tax burdens on newer sectors to enable initial growth.

Potential Innovation Precincts the province could advance include the following:

- A Life Sciences Innovation Precinct adjacent to the new St Paul’s hospital campus with a mandate to leverage B.C.’s strengths in genomics, life sciences research, health data and clinical trials to support the growth of businesses in the digital health, biotech, therapeutic, pharmacological and medical device industries. B.C. should also commit to be a global leader in the efficient and rapid process for phase one and two trials of new drugs and therapies in development. Combined, this would bring talent and capital together to support the scaling of B.C. companies, including the development of local manufacturing and related pharmaceutical and biotech production capabilities.

- A Global Transportation Gateway to the New Economy Precinct to attract global talent and support the development of data systems and smart regionally connected infrastructure. An innovative and integrated Gateway cluster could focus on the safe movement of people and goods in the post COVID world, using new transportation and fuel modes and digital applications. YVR would be an ideal location for such a centre.
- A Global Agri-Tech Precinct to promote innovation and growth in B.C.’s diverse and steadily expanding agri-food and related technology cluster. This would grow local companies that can expand safe food production while reducing climate, water and toxicity impacts using less land. Supporting companies that are using technologies and biochemistry, B.C. should aspire to become a leader in healthy, higher yield, sustainable food production. Combined, this approach can meet the growing local and global demand for safe, secure and low environmental impact food products and production.

We note that the Province has already supported a commercially focused Quantum Computing Institute at SFU Surrey. This centre could be a model for other sector-based innovation initiatives like those proposed above.



ACCELERATE HOMEGROWN INNOVATION



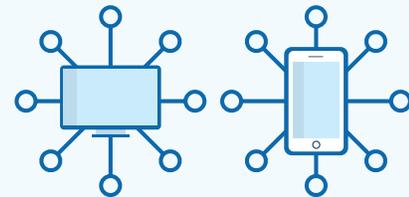
Boost investment in strategic digital infrastructure

Clean energy, broadband access for remote, rural and Indigenous communities, digitized health systems and the rapid reskilling of talent were all “on the radar” long before COVID-19. Advancing programs in each of these areas would stimulate economic growth, support high-paying jobs, and deliver on other critical policy goals. Canada’s Digital Technology Supercluster, headquartered in Vancouver, is working on collaborative innovation models to support digital initiatives.

The Province has made impressive strides in building broadband connectivity, but there is still more to do to improve connectivity. Citizens across B.C. need broadband access so they can tap into training and educational opportunities, undertake work, and receive public services. One measure to support the investment required to develop broadband infrastructure is to build more data traffic, particularly in rural and remote locations.

In healthcare, countries around the world were ill-prepared for the pandemic. Health systems were not equipped to scale, pivot and rapidly adapt. Digital technologies can drive better resilience, trust, resource management, capacity, speed, safety and savings in nearly every element of the healthcare system. B.C. should aim to bolster system resilience, ensuring we are prepared for subsequent pandemics and adopting an efficient and cost-effective approach to delivering the best care for British Columbians. The Province should provide incentives to speed digital transformation across the healthcare system. This should include a plan with metrics, dates and outcomes. Where possible, there should be a preference for digital technologies made by B.C. companies.

The Province should also fast track public investments in healthcare data management and systems. To support this, B.C. needs a renewed and forward-looking privacy policy to enable the use of data to ensure a healthier population and open up new commercial opportunities for the B.C. life sciences industry.



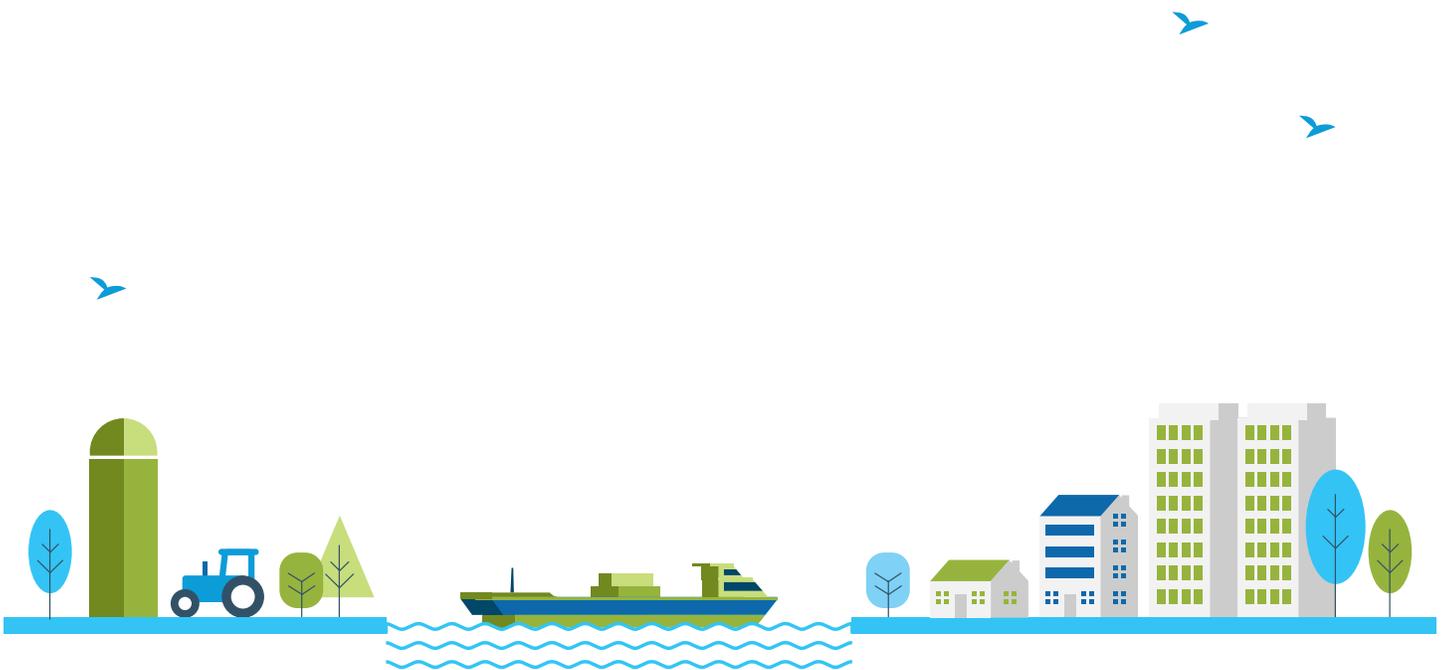
Working with the Supercluster, the province and local businesses can accelerate digital transformation, support innovative small and medium-sized enterprises (SMEs), retain high-paying jobs in B.C. and create new ones.

Encourage the growth of technology-focused small and medium-sized enterprises

Small and mid-sized innovation-based businesses need access to patient capital. The Province should support investment in technology SMEs. Many such firms have been hit hard by COVID -19, making them ripe for acquisition by non-Canadian buyers which could lead to a “hollowing out” of a sector we want to retain to help pave the way to the province’s return to prosperity. B.C. could — on its own, or through working with the Canadian government — use incentives or establish dedicated funding to encourage investments by Canadian companies in Canadian-based technology SMEs to ensure these innovative companies can grow while remaining B.C.-based and Canadian owned.



Make the World Cleaner and Protect the Environment





MAKE THE WORLD CLEANER AND PROTECT THE ENVIRONMENT



Maximize our low carbon advantage to level the playing field for B.C.'s export businesses and their employees

B.C. businesses have supported carbon pricing as part of the policy tool kit to utilize B.C.'s low carbon advantage. Today, however, B.C. is the only jurisdiction in the world that has adopted broad carbon pricing but done virtually nothing to protect export-oriented local industries from the negative financial effects of domestic carbon pricing. Leaders in climate like Norway and California have those measures in place, as do other Canadian provinces. Only B.C. does not.

The B.C. carbon tax was introduced at \$5/tonne and rose over time to \$40/tonne. For a time, offsetting reductions in personal and corporate income tax rates were implemented as the carbon tax crept higher. But starting in 2013, the main offsetting business tax reductions were reversed, thus removing any financial benefit from carbon pricing for large segments of the business community.

Today, B.C. natural resource companies, agricultural producers, manufacturers, and transportation companies are paying hundreds of millions of dollars in carbon taxes every year, while competitors elsewhere do not face the same tax burden. Nor does B.C. any longer have an advantage in other areas of business taxation — in fact, just the opposite is true. B.C.'s current approach to carbon pricing is undermining the commercial viability of some of the province's leading export industries and threatens to accelerate “carbon leakage” as industrial production in the natural resource and manufacturing sectors migrates out of B.C. to jurisdictions with no or less burdensome carbon pricing schemes.

There is a sad irony here. Compared to the U.S., most other provinces, and much of the world, B.C. export goods have comparatively low-carbon content. In fact, on average our energy and other resource-based commodity exports have half the greenhouse gas intensity as similar goods produced by competing jurisdictions. The main reason for B.C.'s low carbon advantage is that virtually all of our electric

power comes from carbon-free sources — mainly hydro. Electricity is a significant input into the production of many B.C. export products — from natural gas through food, pulp and paper, aluminum, minerals/metals, lumber, and many other manufactured items — resulting in substantially lower carbon content than comparable goods produced in other provinces, states and countries.

Many jurisdictions that B.C. competes with rely on fossil fuel-based electricity such as coal and levy lower (or no) carbon taxes on their industries, including their export industries. B.C. can contribute to reducing global greenhouse gas emissions by selling more of our relatively low-carbon goods to customers abroad. Instead, the province's current policy regime increasingly disadvantages our own low-carbon exports and producers. The added cost burden is prompting many B.C. companies to invest and create jobs elsewhere or to delay or cancel investment in the refurbishment and upgrading of equipment and buildings here in the province. This is jeopardizing high-paying jobs in some of our biggest export industries.



The solution is for the provincial government to commit to adopt a form of carbon pricing that is consistent with the rules laid down by the Canadian government and that offers a level of protection to B.C.'s low-carbon energy, forestry, mining, manufacturing, and agricultural industries similar to what the same industries enjoy elsewhere in Canada.



MAKE THE WORLD CLEANER AND PROTECT THE ENVIRONMENT



Make B.C. the first fully digital regulator in North America for land use, environment and climate approvals and regulations

Current regulatory review and permitting processes across land-based industries depend heavily on in-person interactions and outmoded, traditional paperwork that cannot consolidate all data and information resulting in added costs, time and complexity. Much of what needs to be done can be completed electronically, as evidenced by the responses to the COVID-19 shutdown and the shift to online communications.

This would require consolidation of all infrastructure, climate, biodiversity and land use data to allow for faster and more integrated project approval and permitting processes, while also enabling streaming of regulatory and permit compliance data from operations, infrastructure maintenance and monitoring, including for forest fire risks. The result will be greater efficiency, more transparency and better environmental and business outcomes.

We believe B.C. has the capability to fully digitize and stream these approvals and permitting processes using locally developed visual and connected data technologies. In turn this creates data volumes that could support capital investment for expanded rural and reliable broadband connectivity that enables online learning and healthcare and market access for Indigenous and remote communities and businesses.

Support the development of infrastructure and solutions that speed the adoption of alternative fuels for vehicles, vessels and trains as well as land-based business operations

B.C. has abundant clean energy resources: carbon-free electric power, the capacity to develop and use more carbon-free electricity, and huge reserves of low-carbon natural gas. The province also has scope to stimulate local demand for such energy as well as to expand local supply.

Recent policies announced by the federal government create a strong incentive for the use of alternative fuels to lower GHG emissions. B.C. is going in a similar direction. But greater uptake of such fuels requires infrastructure to support existing operations and policy to encourage new investment and certainty for ongoing operations. The Province should continue to encourage the uptake of alternative fuels such as marine LNG fuel use and bunkering. It should also do more to leverage B.C.'s multiple clean energy assets and advantages across the spectrum of energy sources.

Position B.C.'s regulatory framework to capitalize on growing global demand for low carbon fuels with incentives for local production and job creation.



We believe the B.C. government can facilitate this by moving quickly to make the province the first fully digital land, environmental and climate regulator in North America.



MAKE THE WORLD CLEANER AND PROTECT THE ENVIRONMENT



Establish and implement a credible system that enables the creation and purchase of carbon credits (offsets)

Many businesses and even some individuals are looking to “offset” their emissions of greenhouse gases by purchasing or acquiring carbon offsets. These offset purchases need certainty about the validity of acquired credits.

Emissions offsets are being used around the world as part of the climate change policy tool kit. Offsets were a component of B.C.’s framework for managing GHGs in 2008. They are also recognized in global agreements.

B.C. has the potential to develop significant carbon offsets, but to date the province has done little to put in place the rules and legal frameworks to allow this opportunity to be realized. Meeting the aggressive GHG reduction targets the province has set — as well as the targets that a growing number of companies have adopted to reach “net zero” emissions by 2050 — cannot be done without access to and use of carbon offsets.

With its extensive Crown and Indigenous land base, B.C. is well positioned to become a global leader in GHG-related technologies and nature-based solutions through a well-structured offsets system that links up over time with similar systems in other provinces and non-Canadian jurisdictions. B.C. can also advance its leadership using technology like blockchain to verify these offsets that will be purchased by households and corporations seeking to achieve net-zero emissions.

Therefore, a priority for the provincial government should be pursuit of this carbon offset market structure and the development of technology and systems to verify the quality of offsets and then establish mechanisms to sell/trade accredited carbon offsets into the future.



A well-developed offset system supports the shift to a lower carbon economy and can create new economic opportunities for B.C. businesses and Indigenous communities.



MAKE THE WORLD CLEANER AND PROTECT THE ENVIRONMENT



Develop a global centre for clean energy/clean technology innovation

British Columbia is already home to a sizable clean energy/clean technology cluster. However, there is significant advantage in pursuing a more globally impactful virtual cluster with Alberta and Saskatchewan by combining our strengths that create scale and impact. Each jurisdiction, through business, investors, researchers and entrepreneurs, are working to address climate change, reduce emissions and sequester and utilize carbon through natural and technological means. This work is pursued to provide commercially viable technology solutions through new Canadian companies that can be adopted at scale to reduce the cause and effects of climate change here and abroad.

At the same time, the province should identify and commit to policy consistency and certainty over longer periods that are required to realize innovation uptake. The government should also ensure that the B.C. public sector offers more local market access for made-in-B.C. clean technology solutions through public sector procurement. Finally, the growing global interest in “sustainable finance” suggests these provinces need to be part of this trend. British Columbia and these western provinces have numerous companies, investment funds and other organizations operating in each province that are active in mobilizing finance for sustainable growth. The province should consider how B.C. can reap economic and job benefits from the development of sustainable financing products, solutions and standards within this recommendation.



Looking ahead, we believe there is an opportunity to further expand this sector by leveraging the province’s clean energy resources, helping local companies scale, and using and promoting B.C. solutions to help reduce the climate and overall environmental impacts of industrial and other human activity.



Concluding Thoughts & Summary

Our collective efforts at flattening the COVID-19 curve so far now requires that same degree of collaboration, leadership and focus to get outcomes that address the once in a century economic crisis before us.

Simply hoping for a successful economy and future to materialize is not an option. It requires a clear plan and purposeful action by each of us.

Families, Indigenous nations, and the half million businesses in our province all innovate, invest and consume goods and services. This creates revenue that governments need to provide the services and protections, such as healthcare, we depend on for our high quality of life. The immediate goal must be to create the conditions to get people back to work and for businesses and communities to invest in enabling job growth and a stronger economy.

It is the time to stop working around old rules, structures and the ways we have done things for decades, hoping that needed change and good outcomes will happen. Now is the time to think boldly and be purposeful; to use our talent and inherent strengths and advantages and seize the innovative economy and quality of life we want for our families.

We can be stronger tomorrow starting today to the benefit of all British Columbians and the generations that follow. By acting on the ideas within this plan, the people of B.C. can take hold of opportunity and realize a future that is more resilient, prosperous, inclusive and healthier for all of us.

