

METRO VANCOUVER FUTURE OF THE REGION SUSTAINABILITY DIALOGUES

SHAPING REGIONAL PROSPERITY AND COMPETITIVENESS

October 18, 2012, CENTRAL NORTHEAST

The Future of the Region Sustainability Dialogues are a series of discussions intended to assist decision makers shape the future of the region by inviting a range of views that challenge conventional wisdom and stimulate fresh thought on regional issues. The sessions explore topics such as housing, industry, labour and immigration, drugs and crime, the regional economy, transportation, energy and agriculture. The “issues summary notes,” below, provide an overview of unique points raised in the October 18, 2012, dialogue on regional prosperity. Summary notes from each regional dialogue and related board reports are available on the Metro Vancouver website www.metrovancouver.org.

Issues Summary Notes

ABOUT THE TOPIC:

SHAPING REGIONAL PROSPERITY AND COMPETITIVENESS

- We are here to discuss our regional economy and how we might ensure a prosperous and competitive region. We’ll be hearing about regional economic drivers and how to leverage assets and overcome challenges. We’ll look at affordability and explore what that really means. We will consider the future of jobs in the region and the role of regional affordability in attracting and keeping talent best suited to the jobs that we envision. These are large issues that together affect how we may prosper and maintain a competitive edge in the global economy.
- Government and private sector, academia and citizens like you can work together to ensure we maintain our quality of life. Today we hope to consider many different facets of this issue:
 - What factors might drive our economy into the future?
 - What types of jobs do we want to grow in our region?
 - There’s a growing income gap between the very rich and the very poor, presenting a challenge for decision-makers and policymakers.
 - How do we attract and retain good talent into our region so that we can have the level of innovation and quality of life that we’ve enjoyed for so long?
- This dialogue will explore how to shape our region’s prosperity and competitiveness, which of course is key when we’re competing across our nation, North America and around the world. We’re not just competing locally anymore.
- The primary question is: is the region prospering and if so, what is the number one contributing factor?

THE DIALOGUE

1.0 Context

- Economic growth helps pay for the standard of living that we’ve gotten used to. It pays for our social benefits, education and our medical system.



- While there's some agreement that the Metro Vancouver economy has its competitive advantages, there are a number of different viewpoints on what will drive our economy in the future, and how best to do that.
 - There's debate on some of the sub-regional economies and how they stand alone and integrate and how we might be more successful if we didn't have this siloed approach.
 - When New Westminster and Vancouver sit at the board table, we're theoretically taking off our municipal hats and thinking about the region over both the short and long term. We're trying to serve our region's population and not just those who happened to elect us.
- There is a bit of uncertainty in the region in affordability, regulation of land use, transportation, development expansion and the vital community infrastructure that we have to maintain. This is why this conversation about what makes us competitive and how we move forward is so important.
- We're pretty prosperous.
 - We're a great deal more prosperous than Niger, which is the second worst country in the world to live in, according to the UNDP index on quality of life. We're doing better than Ethiopia.
 - We're not quite as prosperous as Saskatchewan or Alberta.
 - We are, by Canadian standards and by world standards, doing OK despite some real challenges that need to be met.

1.1 Creating and applying knowledge is essential for our future economic health

- In a knowledge economy, the ability to create and apply knowledge is clearly what prosperity is about.
 - That's something we have been getting better at, but we have not been as good as we should be.
 - There's quite a disconnect along the spectrum from fundamental research down through applying that research on the job.

1.2 Innovation is essential for maintaining competitiveness

- If we're going to succeed and be competitive in a knowledge-based economy, we've got to realize that incorporating knowledge, being innovative and being flexible is an absolute necessity.
 - Someone at UBC, in the faculty of education, did a study of three sawmills in Sweden and three sawmills in B.C., each using the same technology.
 - After 18 months, all three sawmills in B.C. abandoned the technology. The workers were trained and did very well, but nobody in management really bought the innovation and committed to using it to increase productivity.
 - The Swedish sawmills, within 18 weeks, had all adapted the productivity changes and the learnings that the workers had, and as a result were vastly more productive.
 - This disconnect between learning and putting [the new knowledge] to work on the job is a huge problem in B.C., and it simply must stop. We've got to make sure that management realizes that knowledge, and incorporating knowledge in an innovative way, is the only way we're going to compete in the future.

1.3 The creative economy is an important area of economic growth

- I'm not sure that [resource extraction is] where our best future prospects are.
 - I don't agree that you have to harvest, mine or manufacture [for economic growth].
 - The service economy is certainly a whole other area, but it is not as big and generally doesn't pay as well.
 - There's a whole phenomenon of the last decade or two, which I would call the creative economy. This is really huge and really has a lot of potential. The products are very often kind of intangible. It includes everything from financial and legal services to games and the entertainment industry—all kinds of things that old duffers like me have not even thought of. That is a very large area.

2.0 Investing in the social infrastructure of the region

- In some ways it may seem strange to have a social planner addressing the question of economic competitiveness and prosperity, but as a society we've come to realize that well-being and quality of life are tied together [with prosperity]. The awareness of the growing inequality in certain segments of society has helped to accelerate some of the conversations about who we are, who we want to be and how we will get there together.
- To create a shared prosperity among everyone in this region, we need two things: strategic investments in the economy and investment in the social infrastructure. That means jobs, education and housing.
- We're talking about prosperity in terms of money, jobs and taxation. From the social side, there are softer issues that at the end of the day are going to increase our prosperity in very positive ways.
- I agree that the priorities are jobs, education and housing, but I'm not sure I agree that we have to invest in them. [Jobs and housing] require answers not on the investment front, but in the policy front. You get your ducks in a row to tempt businesses to come, and to help them prosper.
- We've done a good job. The region's got a lot going for it. We've been able to generate a high quality of life for many people, but you want a region where a rising tide is able to raise all of the boats.

2.1 Jobs in Metro Vancouver

- [The relationship between] prosperity and jobs is about the quality and nature of work that we're able to create in this region.
- At the time of the 2006 census, there were 141,000 people in Burnaby-New Westminster who were employed.
 - These were in the types of jobs that you'd expect: high-paying jobs in health, social services and education for example.
 - At the lower end of the scale there were still about 12,000 baristas, clerks and other people in lower-paying jobs.
 - That raises questions about some of the other parts of our social infrastructure. What do we do for these 12,000 people and the others behind them? As we grow, we'll be growing at all parts of the income distribution.
- Transportation is important [to fostering job growth], because you want to make sure that when you create the jobs, people can get to them.
- I'm not sure jobs are something you can buy. I'm not sure it's within our power to decide what kind of jobs we want. We're going to get what we get.

2.2 Housing affordability in Metro Vancouver

- Affordable housing is one of the biggest challenges in this region. Metro Vancouver recently did a poll and found that 77% of people identified affordable housing as the single greatest challenges for the region to address.
- Some of the areas within this region—the Tri-Cities, Pitt Meadows and Maple Ridge—are doing better at generating affordable housing. But although the housing is more affordable in these areas than in some other parts of the region, it's not necessarily affordable to the people who live there. We have to find ways to improve the affordability curve so that the housing becomes affordable for those who live and work in the region.
- I think people care about the region in a real way, and they're trying to figure out different [solutions to the housing problem]. The solution is good design, looking at our needs and trying to create complete communities, but it's a real challenge.
- [There are various effects of the housing affordability problem:]
 - Parents talk about how their children have to remain living at home because they can't find a place to live.
 - Some seniors want to downsize but can't find a suitable alternative.
- Renters, who sometimes have less stability, are starting to see increasing housing costs that are putting real pressure on their choices.
 - Renters in Metro Vancouver typically have a median household income of \$35–40,000, but new rental stock is coming in at about \$1,600 a month, which would require an income of about \$66,000 to carry.
 - For young households starting out on their housing careers, that's likely not possible. This will create pressure on younger families.
 - Region-wide this is creating real challenge and pressure in the economy.
- We can invest in housing, but the trouble is we don't have nearly enough money to create nearly enough houses to meet the need for affordable housing.
- Edward Glaser, a Harvard economist, has done an extensive study in the United States that concludes that housing is not expensive in cities that build a lot, and it is expensive in cities that don't build a lot.
 - How much is a lot? It depends on your demand. We build far less than our demand.
 - We need to get rid of some of the rules to streamline the process and make it less expensive.
 - We also need to deal with the landlord-tenant act. It's important to have protections, but it's not important to gum up the market by making people scared to invest in rental properties and thus keeping rents sky-high.

2.3 Investing in young children brings the greatest return to society

- We're very bad at investing in young people.
- The group with the highest return to society is the age group from minus nine months to five years. There's a Nobel laureate at the University of Chicago named Jim Heckman who has shown that the real return, net of inflation, from investing in minus-nine-month to five-year-old kids is 8–10% real return, net of inflation. This is far and away the highest return any society gets on any investment. The next highest return is investing in people six and up, and that return is estimated to be 5–7% real return. These are staggeringly high returns.

- The kinds of investments I'm talking about are:
 - starting with prenatal care and making sure when kids are born they get good food and nurturing;
 - making sure they live in a safe environment through their pre-school years;
 - ensuring that they have good diet and a good safe place to learn; and
 - preparing them for formal schooling after age five.
- A colleague at UBC named Clyde Hertzman has been studying this group for some time now. He heads a project and a study on children, and his work confirms what Heckman's has found. He's an epidemiologist, so he's less concerned with the economic return, but he shows that investing in young people has an enormous positive impact because they become productive contributors to a competitive society, and cuts down hugely on negatives like incarceration, which is very expensive.
- Early development is a tremendous resource for making sure that we have the skilled work force we need in order to be really competitive.

2.4 The economic impact of fetal alcohol syndrome

- The Nuu-chah-nulth stated in a publication some years ago that a person born with FAS/FAE can cost society 3–6 million dollars during the course of his or her lifetime. I wondered for decades why the alcohol industry gets such a free ride in that area. You talked about the return on investment from the first nine months of that five and three-quarters years, so what about getting real about FAS/FAE?
- There is a cost of poverty, and I think we're starting to realize that as a society. It is an important point that we will have fetal alcohol syndrome within society.
 - If we can target programs and initiatives that will support people better, you can reduce some of the other costs related to poverty in society.
 - I'm a believer in a strong affordable housing/social housing program and we haven't had that for a very long time.
 - This causes increased pressure on higher-cost services.
 - We need to come together as a region to consider how we can make investments that will not only improve the quality and circumstance in life for people at the low end, but actually make it the kind of region we want it to be. I believe very much that we're coming to that kind of thinking as a region, and I'm hopeful that we'll get it right.

3.0 Resources and manufacturing are essential economic drivers in B.C.

3.1 Manufacturing is essential to a country's economic health

- As explained in *The Case for a National Manufacturing Strategy*, a report by the Information Technology and Innovation Foundation, it is impossible for major economies to remain competitive without a viable manufacturing sector for five key reasons.
 1. Manufacturing plays a vital role in helping countries balance terms of trade.
 2. Manufacturing provides large numbers of above-average-paying jobs.
 3. Manufacturing is the principal source of an economy's R & D and innovation activity.
 4. The health of a nation's manufacturing and services sector are complementary and inseparable. Today you'll find that a lot of manufacturing companies look smaller, but they've outsourced a lot of stuff like I.T., legal and accounting. A lot of the service industry is dependant on manufacturing.
 5. Manufacturing is essential to a country's national security. We're seeing this in spades in the United States, with protectionism in some of the manufacturing

sectors and the fuss with telecom in China and bringing technology into the United States.

- These industries are the job creators.
- There are three ways of creating economic growth:
 - harvest it,
 - mine it, or
 - manufacture it.

The first two you know very well as the resource industry. It's a three-legged stool.

Weaken or remove any of these three legs and you impede your economy's ability to provide a high standard of living.

- It's the manufacturing and export sectors of both Germany and the U.K. that have led their countries' economic recovery from the last two world recessions. The United States has recognized the need for revitalizing the manufacturing sector with the key to reversal being greatly expanded efforts to support the efforts of small and medium-sized firms.
- The global industry output was 57 times greater in 2010 than it was in 1900. Manufacturing has grown far faster than the overall economy. The main reason is that factories keep getting smarter in ways that, for example, hair salons cannot. The volume and variety soar even as prices tumble. One estimate states that the world's factories crank out more unique products than there are people in the world.

3.2 Resource extraction is important in the B.C. economy

- We are prosperous and we owe our traditional roots. I would say that resources are what drives our economy. A lot of people in the Lower Mainland very often forget that.
 - The port people tell me that one person in nine in Metro Vancouver makes a living in ways associated with the port.
 - If you spin that out, presumably that's 11% of the teachers, doctors, nurses and baristas are making their livings by serving these people.
 - Resources are huge in the B.C. economy. And although it's very often hidden from view, a lot of the manufacturing sector is involved in resources in one way or another, in adding value.

3.3 Manufacturing plays an important role in B.C.'s economy

- B.C.'s manufacturing and exports performs as a strong economic engine for the province.
- There are about 12,000 manufacturing companies in B.C.
- Here in B.C., manufacturing represents about 400,000 jobs with wages totalling \$8.6 billion and paying 15% higher than the overall average wage for all industries.
- In B.C., manufacturing pays for one third of all business tax revenues, and the employees of manufacturing companies contribute more than \$2.5 billion in personal taxes every year. Manufacturing makes up 11.2% of the provincial GDP. This has expanded by over 43% since 1997. So it's not a dying industry. That 11.2% compares to 5% in the high-tech sector and 3.8% in tourism. Manufacturers represent 75% of merchandise exports. This is a value add to the resources before they get exported, [for example] processing logs instead of exporting raw logs.
- Economic spinoffs generate over \$3 in new economic activity for every \$1 that's invested in manufacturing. Manufacturing represents 42% of all private-sector R & D.

- Small-medium enterprises represent over 90% of those 12,000 companies. What does a small-medium enterprise mean? Usually in B.C. it's defined as less than 200 employees, but in fact the majority are made up of companies that only have between 25 and 50 employees.
- Manufacturing is one key industry sector that actually meets the Kyoto targets. Manufacturing has changed dramatically since those days of chimneys belching smoke. B.C. is the only province where more than 50% of its exports do not go to the United States. In comparison, our neighbour Alberta sends 85% of its exports to [the United States].
- Contrary to popular belief, manufacturing has not all moved to China. However, any firm, anywhere, can hook up to a global supply chain. A product may be designed in one country and assembled in another, using components from dozens more. We have many examples of that in B.C. I can think of one company that imports sub-components from 23 different countries around the world into its assembly of a product that it then sells all around the world.

3.4 B.C.'s manufacturers need more skilled workers

- Sixty-four percent of our members are saying that their growth is being impeded by not being able to find the skilled labour they need in order to expand their companies. We have an unemployment rate of close to 7% and yet 64% of our members saying they cannot find the people they need.
- We are doing something wrong in the education side.

4.0 Fostering economic growth in Maple Ridge

4.1 Maple Ridge is growing fast

- Maple Ridge is one of the fastest-growing areas anywhere in Metro Vancouver, and that presents significant challenges.
- Metro Vancouver has forecasted that our population and jobs will double by 2040.
 - To be ready, council considered whether we are able to meet the demand for housing and jobs.
 - There were several areas where we are not fulfilling [our projected needs], so they put an investment incentive in place in our town centre around our civic complex. Since January of last year we have had 40 new projects in that area and 500 in the rest of Maple Ridge. We've never seen the kind of comprehensive development that we're seeing.
- We've just completed a commercial-industrial study that's going to council in a couple of weeks.
 - It considers forecast demands, drivers for the labour force, and how we can attract the things that will achieve the kind of balance we need.
 - We're about halfway to our growth goals. There's lots of pressure on resources and infrastructure.

4.2 Maple Ridge is getting provincial and national attention as an example of how to encourage economic growth

- Maple Ridge was recently named the number five top Canadian investment city, the number two top B.C. investment town, and the place to live for lifestyle. We're getting lots of interest and attention about why that is.
- Last fall [the Invest North Fraser group] caught the attention of the provincial government and they named our region the number one top job creation area in B.C.

- Our work is being acknowledged across Canada and around the world. We receive delegations and inquiries from across Canada and North America. Recently, an Australian parliamentary delegation came and looked at the rural-urban interface between Metro Vancouver and Maple Ridge at the far outer region to see how we're working together.

4.3 Many groups within Maple Ridge work together to foster economic growth

- One of the key things that's making [this economic growth] possible for us with our limited resources is collaboration.
 - The economic development department is not responsible for economic development. It's everyone's job.
 - I might be out selling the opportunities in our community, but it's likely not me that gets the inquiries coming back. They'll come through other areas of the community.
 - We have everyone working together to create the kind of destination that your community needs to be.
 - There are no new resources, and there's no money to fund some of the things we need.
- We have a very unique and collaborative community network that represents all the service agencies and businesses, and all of the groups within our community.
 - By working together rather than competing with each other, they have been very successful in getting grant funding at several levels and making a real difference in the social fabric of the community.
 - During the lead-up to the Olympics, we were, as New Westminster was, part of the Metro Vancouver Commerce Initiative. And since that time we have formed a group that we call Invest North Fraser with our partners in Mission and Pitt Meadows, our neighbouring communities. That's put enormous pressure on us. Once again we're doing a great job with only small resources.
- There are lots of challenges, but I'm very optimistic that [we'll achieve our growth goals], particularly as we work together for some innovative solutions that we will find in the creative community with the knowledge class and knowledge workers. The Bohemian index that Richard Florida talks about produces creativity and innovation, and makes a complete community.
- What are the opportunities to enhance these collaborations?
 - Just being open to doing it.
 - We're looking at how to employ the people here by matching the skill set that's there. I had a call yesterday from social planning. We have a seniors' centre with a commercial kitchen that needs a new revenue source. And we have people trying to work out of the farmers market and help people understand good nutrition. It might not be a revenue stream, but it might be something that helps feed the community. Let's match the opportunity of the commercial kitchen to people who need to be well-fed so they can be educated so they can get jobs.
 - It's important to have connections within the community and know what we care about and where the gaps and opportunities are. We're asking how we can turn this upside down and do something different from the original approaches. Instead of working in silos, we can say, "I think I know someone who's working on this; let me ask a question," and see if there's a match rather than saying, "Too bad."

4.4 Low taxes in Maple Ridge encourage development

- In Maple Ridge we have a largely residential tax base at the moment.
- The [property] tax rates are about half of those around the rest of Metro Vancouver, simply because we've got so much to grow. [We want people to] be able to afford to pay their taxes and employ people confidently.

4.5 Dealing with labour shortages in Maple Ridge

- We've been working with the provincial government to try to identify what the labour shortage might be.
- We're looking for things like green jobs. Our incentive includes green building technologies and innovative [building methods] to build buildings that we know need to be built. We probably need to build 300–400 buildings. Why not have the education and training right there and use people who already have the skills?
- Related to that, we have a number of companies where the owner of the company is thinking of retiring in the next five years where the family has no interest in taking over the company. We're trying to work with the provincial nominee program to identify ways for people to come in who have the skills and training that match what the company needs to ensure that there's a gradual handoff that works both financially as well as on a skills base. It's challenging, no doubt, but we're looking for innovative solutions to help bridge the gap.

5.0 Education is essential to future prosperity and competitiveness

- Why is our attitude towards education so poor? I see disrespect for teachers, and our general attitude towards education is that you just need enough for job training.

5.1 Post-secondary education should combine both broad and narrow focus

- I grew up in post-war Germany. My father said, "I can't give you anything but a good education," and this education stood me in good stead all my life.
 - I very much appreciate a broad, humanistic type of education that does not only look at training towards certain jobs. So often, there's a push for a very specific education, but with our changing economies, you have to have a broad education.
- Germany's education system is no model for us to follow, because when you're a young kid, you have to decide whether you're going to be a tradesperson or whether you're going to university.
- The dichotomy between education and training is a false dichotomy. I would like to see much greater integration of theory or ideas with practice.
 - If you're going to teach somebody to be a digital repairman, you'd better teach them some quantum physics, because that doesn't change. But the method of repair and the device they're working on does change.
 - I think you need some big ideas, which are invariant over time, and then you need some trades. A good education allows students to [adapt to] a changing world.
- One of the most interesting programs I know of is at the master's level. It's a UBC-BCIT joined master's in computer engineering.
 - The people at BCIT don't know a lot of quantum physics, but they know very well how to work with digital equipment. The people at UBC know a lot of quantum physics, but they don't know anything about dealing with equipment. So we take the best from each.
 - The students, through this master's program, get great ideas and great theories that last for a very long time, and they also get wonderful hands-on training so that they

are both job-ready today and well-enough educated so they can change going into the future.

5.2 We need to find better ways to fund post-secondary education

- In economics, we talk about a benefits principle. If somebody goes into business school and they benefit, they should pay.
 - I recently listened to Gabriel Nadeau-Dubois who was the instigator of the tuition freeze in Quebec, and I was very impressed with his overall picture. He mentioned that a tuition freeze is not just because people don't want to pay for their education, it is to make education affordable for the poor rural students. Why has he received so much bad publicity?
 - There are more equitable ways of doing it than we've done, but having the kind of subsidy [they have in Quebec] makes no sense. Quebec has far and away the lowest tuition of any place in North America, and it's become an entitlement. In this world, we can't afford entitlements. That's not the way to be competitive.
 - Germany has no fees for university, and Europe is have some budget problems as a result.
- To me, one of the biggest slackers in funding education are big businesses. Businesses simultaneously want low taxes and want the government to do the training. You can't have that.
- For paying for education, one of the most interesting models is the Australian model. It is very equitable.
 - In Australia, the government pays for education until you make \$50,000. And then you pay it back.
 - If you never get up to that standard, [you don't pay].
 - I don't know why we haven't adopted that. That's very fair, and it's based on the benefits principle. People who benefit by making very high salaries, immediately have to pay back. Others who don't [benefit, don't have to pay back].
- I was glad to hear about the Australian income-contingent [tuition fees], but I was wondering whether we'd apply the same rationale to support for minus-nine-months-to-five-year-olds. Do they have to pay it back when they make money too? My answer would be no.
 - We have to look very carefully at who benefits from education. Certainly the individuals benefit. Certainly the employers benefit. Certainly society benefits. We have to figure out fair and rational ways to split the tab between all three groups.
 - One of the things we need to do is guarantee, on the public tab, a good basic level of education. How high and how good is certainly open to smarter minds than mine. Beyond that, we start parsing more carefully who specifically is benefiting and then leave them with the bill.

5.3 We need to offer more technical training

- There's very little training available.
 - When we talk about business paying for training, you've got to remember that a lot of job creators are small manufacturing entities with 25–50 employees. They don't have HR departments, let alone training departments.
- More and more, we're getting highly sophisticated machinery into this province. This is increasing productivity, but it's also raising the level of expertise that's needed.

- We have the conundrum of an unemployment rate of close to 7% and 64% of our membership screaming for skilled labour because kids have not been trained, or the programs aren't there.
- There's one company here in B.C. that has a new machine that's the only one of its kind in Canada. There are only four in North America. BCIT does an incredible job in training in the trades, but they're not interested in training on that machine because they need 20 people in the classroom to make revenue.
- My sympathy for small business isn't endless. When I was in Japan, small businesses had put up a satellite. They can do that because they work together. There are some lessons that could be learned from them.

5.4 Helping university graduates make the transition into the workforce

- At the Burnaby Board of Trade we recently launched a program called Access. We're working with BCIT and with SFU to launch a program helping students in their final year to make the transition into the workforce.
 - We've borrowed from an immigrant integration program called Connectors.
 - We pair up students with Burnaby-based business people. They get together for an hour or so to touch base and for students to get some input and some advice, and then that connector introduces them to two more people from their network, and they go through that process with them.
 - We did a lot of focus groups with the students of both SFU and BCIT. Students get a lot of help in things like writing a résumé and interview techniques through the universities, but they don't really have the opportunity to build up a network. That's where we try to help.
- There was a selfish reason that we developed the Access program, which was that most of us in the Board of Trade aren't getting any younger. The business community as a whole wants to develop the next generation of business leaders.
- I think the next phase will be a program for high school students to help them develop ideas on what they want to do next.

5.5 B.C. is deficient in adult education

- I read in *Teacher*, in the latest issue of the publication put out by the B.C. Teachers' Federation. They were criticizing deficiencies in adult education in this province at this time. They spoke in particular about two categories: immigrants and aboriginal people.
 - I sometimes contend that there's more culture shock for an aboriginal person coming hundreds of kilometres from some rural remote village to this urban area than for a well-educated person coming thousands of kilometres from somewhere to perhaps a receptive community of their own ethnicity.

6.0 Addressing the mismatch between the skills that are available and those that are in demand

- I keep seeing that people are trained and educated but there's no work available for what they're educated in. Yet I keep hearing that we have jobs in the manufacturing industry but not enough people trained to do those jobs.
 - Most people choose what they want to get trained in. Have we considered why people are not choosing to get educated for those jobs that are available? If so, have we addressed some of these issues so that we can connect people with the jobs that are available?
 - If people know that those jobs are available but they don't want them, maybe we can address those issues.

6.1 Education is done on a push system

- Most training is done on a push system. We do education, and when you come out of the pipe you hope you're going to get picked up.
- A pull system is when the industries, the service providers and the manufacturers say what they want, and so we train for that and pull the workers in.
 - We do not have a pull system. Every time we try to do a pull system, it's, "Oh no, the companies should be taking care of that themselves."

6.2 We don't know what kind of workers will be needed

- Another problem is that there's a whole other job set today that didn't exist even 10 years ago.
 - If somebody asks us to train an unemployed person, we don't know what to train them for.
- In nine out of 10 cases, the government doesn't know [what skills are in demand]. When will they start talking to the people who actually employ people and ask them where they think things are going?

6.3 We need to let high school kids know what job opportunities are available to them

- I agree with getting a good broad, general education. But there is something wrong with the system when we're producing 4,000 teachers today in B.C. when there are no jobs.
- I don't believe that every child that goes to school is destined for university. There are some kids who have to realize that there is an alternative if they can't make university.
 - Right now, we've got a whole load of BAs as baristas.
 - Kids have to be aware that there is an alternative out there other than university, and there are some really high-paying jobs and some really exciting jobs in the resource and manufacturing sectors. But we do not make those kids aware of them.
- In Quebec they have a program for grades 11 and 12, and dropouts as well to make students aware of what else is out there and what the trades are.
 - CME does it for manufacturing in Quebec.
 - The students tour companies and service providers.
 - It's not saying that they should go and work here, but that they should be aware of the opportunities.
- In the United States, there are a number of chambers of commerce putting together programs for high school students, to help have them develop ideas on what they want to do next. I've got a son in grade 12 and I know he'd benefit from something like that.
- I trained as an engineer and I worked in engineering and engineering management for many years.
 - When I had completed my engineering degree, I was in the British Royal Navy as an engineer. We had to do all these application courses and then you were a certified chartered engineer. During that time we went on two months of industrial visits. We went around all the industries who were suppliers to the Ministry of Defence.
 - If I'd known before I started my degree what I knew after I'd done that course, I might have done something totally different.

- I have to wonder whether sometimes trusting somebody to walk on their own feet through a door and see something might be worth many, many hours and many dollars we spend on people in the classroom.

6.4 Providing a labour force for industries that drive the economy is essential to maintaining demand for workers in other job sectors

- Service providers like the medical industry rely on these three economic generators in order to pay their workers.
 - We've had some fairly educated people from health who, when 2008 hit and unemployment came, said, "I don't see what the problem is. In the next 10 years I'm going to need 1400 people in the medical system."
 - First of all, you're not going to retrain a logger to become a heart surgeon.
 - Number two: where do they think the money is coming from to pay for those 1,400 medical workers? It has to come from an economic generator, and hospitals are not an economic generator. A restaurant is not an economic generator. A hairdresser is not an economic generator. They rely on disposable income in your pocket. If that's taxed out of your pocket, or there isn't a job that's an economic generator to put that money in your pocket, you can't spend it. Government doesn't seem to catch on to that too well.

7.0 Industry and manufacturing should pay taxes to fund education

7.1 A large tax base is essential for good schools and education

- When I was a graduate student in Berkeley, sandwiched in between Berkeley and Oakland is this tiny community of Emeryville.
 - Emeryville had the largest tax base per capita of any municipality in California. It was an overwhelmingly black community.
 - The kids came out of the Emeryville school system incredibly well educated because they had this massive tax base paying for school, which always featured cutting-edge schools with cutting-edge pedagogy.
 - To me that was an interesting example of what happens when you get it right.

7.2 Some industrial landowners have received a tax rebate for education

- In 2009 and 2010, the provincial government reduced the corporate and business tax for companies for education purposes. They gave them a rebate of 50%. In 2011 it was 60%. It really wasn't very well advertised, but that's the fact.
- There's a lobby coming from many members [of the CME] and manufacturing and industrial landowners to not have to pay school taxes. [These landowners are] now getting significant rebates in the school tax portion of their property taxes.
 - Since that's happened, we've seen extreme pressures on [the New Westminster] education system. Some of the first programs that have been cut, especially in our community, are the adult evening ESL programs and the shop programs. We recently had a discovery to pre-apprenticeship program for students.
 - I understand there are some skill shortages, especially in the manufacturing sector, and I find it really ironic that the industrial lobby is to not pay school taxes and forgo their obligations to training their own worker in the education system. Now maybe we're seeing some of the effects of that.
- Let me get it straight that [CME] is not pushing for not paying taxes in that area at all. We have had no push from our membership to not pay those taxes. Although they may be in the manufacturing sector, [those companies who are] are probably not members.

- If manufacturers are trying to get out from the school tax, it may well be because the municipalities and Metro Vancouver and others have piled too much on.

7.3 Is there an earmarked school tax?

- It would surprise me if there was a tax earmarked to education. I thought it was general revenue, but I may be wrong on that.

7.4 Industry should pay their fair share toward education

- We have real problems with the mismatch between residential and non-residential uses. Certainly industrial users should pay their fair share.
 - Property tax may be a cumbersome way, then there should be some other way to do it through some other surcharge.
 - Many firms say, “Why should I train? I’m just going to lose them.” Well, that’s specious argument; if everyone trained then you would lose people but there would be this enormous pool of educated people.
 - Given that you have a problem—the free rider problem in economics where some people may not want to train—the way you overcome that is through public policy. You say there’s going to be a levy on all manufacturing jobs or whatever and put that in a pool and make sure that pool is used to educate the workforce of the future. Not the workforce of the present.

8.0 Some municipalities are charging excessive property tax on industrial land

- In some municipalities, the ratio of municipal taxes is three to one, with industry paying three times as much as residential.
 - We have seen some municipalities with a single industry who continue to spend and spend and spend even during really bad economic times like in 2008. The one industry cannot produce enough profit to pay the taxes, and the city is unwilling to reduce its costs accordingly.
 - We have seen industries close down as a result. They’re no longer profitable because of the general economy, but another huge factor was that the municipal taxes have gone through the roof. There has to be a balance.
- You said [the ratio of industrial to residential property tax] was three to one in some cases. It’s 29 to one in some cases.
 - North Cowichan charges 29 times more on its industrial rate than the residential rate per dollar of assessed value. In seven years, the entire capital cost of the mill is paid in property tax.
 - That’s outrageous, and it’s income-insensitive. If manufacturers are trying to get out from the school tax, it may well be because the municipalities and Metro Vancouver and others have piled too much on. Those taxes, in many communities, are debilitatingly high.
- You have seen manufacturing migrate out of Vancouver area down the valley. Just 10 years ago, most of our meetings for members would be in Vancouver. Now they’re out in Surrey, Abbotsford, Langley and Chilliwack.
 - Most of our meetings are held out in the valley because industry is migrated that way.
 - A lot of that is because of availability of land.
 - The cost of that land and the cost of the taxes is another factor. It’s a balance. If you’re talking about affordability and you’re talking about economic wealth and drivers and standard of living, you’d better not be pushing out the economic drivers from your municipality.

- In Maple Ridge we have a largely residential tax base at the moment. The tax rates are about half of those around the rest of Metro Vancouver.

8.1 What is industry's fair share of taxes?

- Is industry paying its fair share? What are you going to compare that to?
 - It's an important question, but we're not competing one municipality against another municipality anymore. We're not competing against other municipalities in B.C. We're not even competing against other municipalities in Canada. Whether you like it or not, it's global.
 - The decision is whether to close this plant down in B.C. and open it up across the border in Washington State, or to take it somewhere else completely.

8.2 Property tax is not a good way to raise large amounts of money

- Property tax is not a bad tax to raise some money, but the problem is when you pile it on.
 - The nature of taxation is every bit as important as the amount of taxation.
 - Property tax is completely income-insensitive, and it is one of the worst ways to raise a lot of money. It hits you in the bad years as well as the good. I think when you're taxing income that's a much better way to tax because only hits you when you've got money in your pocket.
 - When I talked earlier about getting those ducks in a row to get business development going, that's precisely the kind of thing I'm talking about.

9.0 Making the most of immigrants' skills

- Often immigrant issues get treated outside of the economic agenda and outside of the prosperity agenda, whereas everything we are going towards in immigration policy is about labour market issues. [Labour is the reason] we need immigrants in Canada.
- [The Burnaby Board of Trade] has been working with [immigrant employment council of B.C.] over the last few years.
 - It's amazing how different the requirements of people in northern B.C. compared to people here in Burnaby are.
 - In 2008, we started a program to attract immigrants into Burnaby, because at that time, that was the issue. Now the challenge is to make sure those people, once they've found employment, are engaged and retained and integrated into their organizations. That's been phase two of our work.
 - One of the challenges that we faced is that we could all get the B.C. Hydros, the Teluses and the people like that around the table to talk about integration, attraction and development of people, but our challenge has always been attracting SMEs to come to the workshops.
- [In Maple Ridge] we have been noticing that our immigrant population is increasing.
- All the citizens in the region are an important asset. The more people we can get into the labour market and working at their full potential the better we off we all are. Building on diversity as an asset is a really important piece. We have done a lot to create a welcoming and inclusive region, but finding the right partnership—and that happens through the academic institutions, through civil society, and then through the manufacturing sector and others reaching out is the way to go.

9.1 Many immigrants are highly skilled workers, but have trouble finding jobs that use their skills

- I come from Indonesia. My background is accounting and I worked in a bank. Here I work in a factory in a labour job. I don't mind because I enjoy Canada's quality of life and I understand that my children's future is very bright because I am raising them here.
- I am with the immigrant employment council of B.C. About 40,000 immigrants a year come to B.C., and the vast majority settle in Metro Vancouver.
 - When I hear about jobs in Metro Vancouver that are not filled because people can't find the skills, I see a disconnect with immigrants saying, "We have the skills and no one's willing to look at us."
 - How can we make sure that those immigrants who come with skills and talents get to the SMEs that have the jobs and get integrated in a seamless way?
- [Better availability of ESL training and a more equitable licensing for professional skills] would make an enormous difference in our being able to tap the skills, talent and experience of immigrants, which we're not doing now to the loss of us as a whole.

9.2 CME works to place skilled immigrant engineers

- I'll give you one practical example of a program [that CME] does for the federal government [Human Resources and Skills Development Canada] (HRSDC).
 - The federal government gives us a list of immigrants in B.C. with overseas engineering certification.
 - They're not recognized here in Canada, so they end up—you've heard the stories—doing things like driving taxis.
 - We meet with them. We talk to them about Canadian ways and resumes, and we do mock interviews with them.
 - Then we go out not just to our membership but to the whole manufacturing sector looking for companies who are looking for those skills. Often those companies don't want to pay for a P.Eng. because they're too expensive and they can't afford them, so we do a match.
 - Then we arrange for interviews, and it's up to the company and the individual whether they get matched.
 - It's mostly with SMEs, but we place people at companies like Telus as well.
- According to the federal government, it's a very successful program, and it doesn't cost much to get those people placed. They're considering expanding this program across the country.
 - Since it's successful, why not expand it beyond the engineering certification? Associations like ours don't have the money to take that on ourselves, so we have to look for some sort of funding in order to be able to do that. In my view there's a very successful program there. It can be expanded to cover more than just engineering jobs, and it's proved to work.

9.3 Professional organizations prevent skilled immigrants from using their skills

- [Programs like the CME's immigrant placement program are there] to get around a profound policy problem. The profound policy problem is that somebody has to deal with those protectionist SOB professional associations that keep immigrants out of the market.

- In a lot of cases immigrants will need some Canadian-specific education. Building standards, for example, that have to handle snow load are going to be different here than they are in Sri Lanka where it never snows. But that can be done through fairly intense, focused, training. That is not rocket science. We don't do it.
- We let the doctors, nurses, engineers, CPAs, everybody stand in the way of a free labour market for well-trained intelligent people who want work.
- [Professional licensing should be handled by a centralized licensing authority.]
 - The rent-seeking behaviour, the monopoly power that these professional groups have: nobody's doing it to raise wages. It's always done in the public interest. The conflict of interest built into a professional college being a regulator of who comes into that college is just obscene. It's so patently obvious it can't work, and it shouldn't be allowed to work.
 - Nobody in the [B.C. Medical Association] hands out licenses: it's a clerk who hands out licenses and goes through all the paperwork and says, "Yes, this person seems to be well qualified." You don't have to have a professional making those decisions.
 - There are other ways to do it. Alberta has a somewhat different system; they have a licensing authority. You can do an easy screening with a centralized licensing authority, which is connected to government, acts in the public good, not in the private good, and would greatly facilitate and would also be in a position to [let people know what additional skills they need.]
- The CAAs do have reciprocity with countries all around the world. Much more than lawyers, engineers, or any of the other professions.
- I interviewed an Iranian physician who is not allowed to practice. He was allowed to volunteer at a clinic and the doctor that he worked for would sign the prescriptions, but he was not paid. The only way he made money was he did some ghostwriting for the doctor he worked for—in English.

9.4 Integrating immigrants requires more than just teaching English

- There's been a great deal of study about why immigrants don't succeed, and one of the biggest reasons they don't succeed is English language. That's a very big stumbling block for people to succeed in an English-speaking culture.
 - We haven't done a good job of educating people. When I grew up in New York, my parents' generation had an abundance of free English-language training programs, night schools, all over New York City, and people very quickly got up to speed. I think [access to English language training] is an absolute right.
- When language skills were mentioned you got a certain expression on your face.
- The reason I winced when language was mentioned is that there is language programming out there. There's ESL coming out of the yin-yang.
 - The challenge, when you speak to employers, is that it's not at a level that employers feel confident that the immigrant can operate in the workplace.
 - Often language is proxy for a lot of things. I moved to Canada about 13 years ago from India. I sent out hundreds of resumes and didn't get a call back. It wasn't because of my language skills. People didn't even pick up the phone and call me to find out if I knew the language or not.
 - I know that language credentials is what we've been trotting out as the reason why immigrant don't integrate for a number of years. I'm going to say that there's something deeper, which is beyond us. When you have research that shows you that Canadian-born visible minorities—they're not immigrants—are still doing worse

than white immigrants for lack of a better phrase—I hate to use these terms but it's understood.

- I'm going to argue that perhaps it's that the source countries of immigration has changed so much in the last 20 years and employers haven't changed. That there is an inherent bias that screens out people with names like mine that don't sound Canadian, and we're not really doing anything to address that. We can continue to put out language—and I'm not saying that language is not needed, I agree—but I also think that somewhere we need to talk about.
- We say diversity is a strength. I don't see that happening in the workplace. We say diversity leads to innovation; I actually don't see that being reflected in the way people engage with people from diverse backgrounds.
- In the 37 years I've been in this country—as a white immigrant, I admit—I've seen a complete change on the shop floor.
 - Not just on the shop floor, but in administration, engineering and design.
 - If a company doesn't phone you to give you an interview, I can guarantee you that you shouldn't be working for that company anyway because it's not open-minded enough, it's not progressive, it's not innovative, it's not thinking out of the box.

9.5 CME teaches essential skills to immigrant workers in manufacturing

- [We at CME] have another program that we do for the provincial government. We go into companies to teach essential skills:
 - Usually English as a second language.
 - How to operate in a company safely.
 - Productivity improvement in a manufacturing environment, so that when a continuous education trainer comes in and starts talking about Pareto charts, pie charts and bar charts, the employee's eyes don't gloss over.
- Another thing [the CME essential skills program] tries to teach is that in progressive companies all the good ideas come from the shop floor.
 - In some cultures, [workers] are not used to talking to their supervisors about things they would like to see improvement on or ideas they've got.
 - Very few ideas these days come from the top down. So another part of that of that training is teaching people that you should be speaking up. You should be making suggestions to your employer, whether that's directly to your supervisor or whatever.
- [However, this program is only available] for immigrants that are already in a company, because that's what the money is available from the government for.
 - The funds for that sort of training are very restricted. They're from the federal government, and are transferred under the EI program to the provincial government. The provincial government can only use these funds for unemployed and underskilled workers. We focus on underskilled.

9.6 Integration may be made more difficult by the general state of the economy

- This might not be a specific problem for new immigrants or recent immigrants. It could be a general challenge that we're facing as society. I think the whole [middle-income group] in the region is feeling the squeeze right now because all costs are increasing.
 - We have to consider income distribution as a Bell curve [with a] low, middle and high end. People will find jobs and take opportunities at different points.
 - There is a higher prevalence of poverty among recent immigrants. It used to be that after about 10 years they were able to catch up. We're not necessarily seeing that pattern anymore.

- Some of the broader structural changes that are happening are creating these pressures and we're all feeling it in certain ways at certain times.

10.0 Coordinating economic development among different levels of government

10.1 There's very little coordination among different levels of government

- I see a huge disconnect between the economic development policies of the federal government, the provincial government and cities in Canada.
 - Each city, as time goes by, gets an economic development program and an economic development officer. Not once has anybody from the federal government or the provincial government come and talked to us about the economy of New Westminster and what our overall plans are. There's no cooperation at all.
 - I think what's got to happen is what happens at a more local level. When we come to issues at a local level, we consult. We get a lot of input from business, citizens and organizations. Out of that consultation a kind of consensus emerges.
 - We get none of that in terms of economic development policy. Here's one clear example. The federal government goes off to China with a trade mission. The provincial government goes to China with a trade mission. And hundreds of cities in B.C. go on trade missions in China, and not once do they speak to each other.
- Last year [Maple Ridge's] MP, just before he went back to Ottawa, called together the chamber of commerce and some businesses and economic development and wanted to have a round table on the economy and what he could take back to Ottawa in terms of what we wanted to see.
 - We had just begun some of the work with the province on the B.C. jobs plan in their key sectors.
 - Our Invest North Fraser communities had already established what our strengths were, and we want to build on those.
 - When we went to this discussion we said that what would be really helpful to us is if the federal government would acknowledge the work that has already been done at the regional or local level. It would be really awesome if when we apply for a grant or look for collaborations, that would align with our strengths, needs and areas of momentum.
 - Timing is another issue. Sometimes we're not ready when that window is open but we probably have something that's a really good candidate for some of the funding.
 - That was well received but it seemed to me that it was a new thought.
 - There's a lot of work in the local community and across the region, and we're very different from [other parts of Canada].

10.2 Collaboration within Metro Vancouver

- Each group brings what they can to creatively address the problems that we see. You see that all over.
 - In affordable housing, there's an economic viability gap that a single city alone couldn't close without the federal or provincial government.
 - You see it in access to local food security. There's a way to feed people better in the community by taking advantage of opportunities.
 - [Collaboration brings] creativity, energy and running together. There will never be enough to fill all of the needs, but I think if we use the resources that we have better, we can get further than we are now.
- I think Metro Vancouver does an absolutely awful job on collaboration. [Metro Vancouver should work together to promote regional economic development.]

- The board of Metro Vancouver has banned the staff from developing a regional economic strategy, and that’s because they all want to be little balkanized fiefdoms. It’s very dysfunctional.
- The way the regional district is organized makes no sense. Local politicians will probably get very upset at this, but when councillor Louie said, “We put our regional hat on,” that’s nonsense. Every two years you get appointed by your municipality. It gives you both income and stature. It’s silly to think that the folks who appoint you are not going to be the folks who implicitly call the tune.
- We’ve got to go to a very different governance model for the Metro Vancouver region. It just doesn’t work, despite all the great things Metro has done. It’s stupid, stupid model, and when you extend it to TransLink it gets even worse.
- On the economic front, like it or not, the Metro brand is Vancouver. Maple Ridge does not have a global brand. New Westminster does not have a global brand. The smart thing to do is piggy-back off the global brand and find a way that everybody can say, “Look, in this collaborative effort we know we have certain strengths in our community that allow anyone coming into the region looking for a place to locate an activity to come here.”
- The notion that the 23 municipalities are going to get lost in the shuffle is a very foolish notion. If we constituted Metro Vancouver properly and we constituted a regional economic development and promotion strategy properly, and not from the bottom up, which we’re doing now, you would clearly find the strengths for the client. We’re each individually selling our own communities to the real dysfunction of the whole region.

10.3 What models for regional collaboration could we follow?

- There are two models:
 - The Metro Vancouver model, which is “create one big one.”
 - The way they used to do in Toronto, where you had an elected regional body with regional functions, and then elected municipalities.
- The amalgamation model really appeals to me on paper. But the couple of examples I’ve looked at—Toronto (somewhat) and Halifax (very closely)—were disasters. They took the worst of every jurisdiction and put them together.

10.4 How can the federal and provincial governments work with municipalities?

- I’d say the answer is to get fewer people at the table.
 - First of all, get the feds and the provinces out of there. To the extent they get involved in industrial development, they treat it like a card game: one for you, one for you. [They distribute funding] regardless of merit. What they wind up doing is too little too soon. They’re doling out inadequate amounts of money, in many case to places that aren’t ready for it. Look at what happened with the infrastructure program. They had to give money to everybody. The Tories just did this in 2008, copying exactly from the Liberal model before. All the places that didn’t have shovel-ready projects that were worthwhile got them for anything they could toss together on short notice that wasn’t worthwhile. It is a waste of time.
- I did give an answer about collaboration within the community, but I was also talking about across communities. Just using the example of the Invest North Fraser model, which is Maple Ridge Mission and Pitt Meadows. Maple Ridge and Mission are very large geographic communities, Pitt Meadows not so much so in terms of the area they can develop. As economic development officers, we looked together at what needed to happen, and we looked for synergies and places where we could make a

difference. We didn't take it to our political masters or ask for permission. We just said: this needs to be done, we're individually working on these things and together we will have a stronger voice. We've had much more effective results than we thought we might, even in the short term, simply because we're building on things that match our highest opportunity to our highest advantage or regional strength. It's a lot of work because we're doing it off the side of our desks with no resources to help us do it. We are not relying on funding because it isn't there. I agree completely that we need to find ways to fund these really important capacity-building initiatives, especially in an area that has so much forecasted growth. There's so much that needs to be done, so we would welcome a model that would allow us to have some funding.

11.0 Changing taxation structures to bring more funding to municipal government

- Each level of government owns part of the solution. At the local level, you only see about eight cents on the tax dollar. You need to get more revenue into local communities.
- The decisions need to be made locally.
 - The crux is a lack of money because the municipalities are dependent on the big governments to fund anything big.
 - The answer is for the big governments to get out of some aspects of taxation—not to give grants, because they always come with strings, but to just stop taxing some things and give the municipalities or the regions the ability to tax them if they want to.
- The feds have a constitutional problem where the provinces have consistently blocked the federal government from being directly involved in cities under section 92 of the Constitution.
 - If we had a powerful regional government with real regional powers, that would be the nexus for these discussions. This government, representing half the people in this province, would say, “Look, we're going to sit down and address the affordability issue.”
 - You have to keep raising these development fees because there's no other source of income. If the province would find a way of cascading fiscal power down to the region and the city, separately, now you still have to have a way that you can make rational land use decisions, not of getting fees to pay for municipal government, but actually promote the kind of land uses you want, not the ones you have to have to promote higher fees.

12.0 Tax transparency

- I come from Indonesia. I know that some small countries in Asia, like Singapore and Taiwan have really solid funding to support development.
- As a good accountant, you're saying you see the taxes being collected and in Canada you don't see where the money goes and what it's spent on. You'd like to see more accountability for where those taxes go.

12.1 Does Canada have significant tax leakage?

- All the tax goes to the government. How do they do that? Here, we go to a restaurant, they give you a receipt. They're taxed on that money, but I don't think the tax goes to the government. I keep all the receipts. I would like to send them to the minister of taxation and say, “I paid these taxes. Did you receive these taxes?” In Taiwan, all the taxpayers can keep all their receipts and check them online.

- I've lived in Singapore. Singapore finances itself with low income tax but then taxes everything else. Roads, cars, sales taxes. They're very efficient in creating taxes. It's a very small island, and it's not very difficult to track.
- I haven't seen any studies that say there's massive tax leakage in Canada.
 - We have an underground economy to some extent, but so does Singapore. You'll find doctors doing favours for people like plumbers and getting that black economy going, but the incentive isn't there because the tax rate is basically low. I don't think that's a problem.

12.2 Transparency about how taxes are spent

- We all pay tax, but we don't know what the tax is for. We keep saying that we have a lack funds, but how do we get the funds if not from people? I hope we can look at how other countries handle taxation.
- We have much more transparency about what we spend in Canada than Singapore. The Singapore government is awful at telling people what they're actually spending money on. We're very good.
 - You can look at government accounts and see precisely where your money is going.
 - In Singapore you don't even get close to knowing where they're spending the money.
- Singapore is one government. We have municipalities, regional districts, the province, Ottawa, and they're all very, very talented at spending money.