

INDUSTRIAL POLICY THAT INCENTIVISES GROWTH OF BC NATURAL RESOURCE SECTOR (2024)

Issue

British Columbia's reliance on its natural resource sectors, coupled with the emerging influence of high-tech industries, underscores the urgent need for a comprehensive industrial policy. The lack of such a policy has led to increased operational costs and investment shifts, adversely affecting businesses, workers, and Indigenous communities. Projections indicate a potential economic shortfall under the current policies, signalling a pressing need for the Provincial Government to collaborate with all sectors to develop an industrial strategy. This strategy should aim to support the province's economic base while fostering growth in emerging industries, ensuring economic prosperity and environmental sustainability in harmony.

Background

British Columbia's standard of living depends on the value of the goods and services we sell to people and businesses living outside our province. British Columbia's economic base continues to rely on the province's natural resource industries. BC Stats data shows BC's international goods exports are still heavily weighted to our natural resource sectors. This is complemented by the emergence of a new range of high-tech providers that are helping natural resource sectors boost their productivity and optimize their environmental performance. A growing economy provides the opportunity for a more prosperous society and gives the government the means to address its priority. The government's role is to ensure that businesses can succeed and that British Columbia, including Indigenous people, can benefit.

The government has not produced an industrial plan that provides a strategy for the future of industrial resource development in British Columbia. Given that the province's prosperity is clearly tied to its ability to produce and export goods, the government should focus on maximizing the opportunities within the province for BC's economic base. Instead, policy has often added additional burden and cost to companies and has seen investment move to other jurisdictions. When this happens, it isn't only the large-scale businesses that feel the brunt but also smaller businesses and workers all around the province. Furthermore, it is a loss for indigenous nations who are becoming strong players in all business sectors across BC, especially in the natural resource sector.

Navius Research, who provides modelling for governments across Canada, has modelled BC GDP growth at 1.54% and under a net-zero scenario at 1.34%.¹ This is lower than the Economic Forecast Council's anticipated forecast of 2.2% by 2025.²

The Business Council of BC (BCBC) has used the BC government's Navius Research modelling to show that under the current CleanBC plan, the province is expected to see a loss of \$28 billion by 2030. While the government has promised green jobs and opportunities, there is no current plan for how to achieve those that ensure the success of traditional industries.

An industrial plan could take many forms and could include changes to tax policy, credit backing for First Nations, or provide stronger protections for emissions-intensive trade-exposed (EITE). Still, the province must be open to engaging with a wide range of industries and producing a plan to do so. We noted in Budget 2024 the announcement to develop a provincial First Nations Equity Financing Framework intended to support First Nations ownership, partnership and shared prosperity in projects in their territories. This is a step in the right direction that is commendable.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Work with industries across the province to develop and adopt a comprehensive industrial policy that includes changes to tax policy and provides stronger protections for emissions-intensive trade-exposed businesses to ensure that there is not a provincial loss of \$28 billion estimated to occur by 2030.

¹ Navius "Canada Energy Dashboard"

(2024) https://canadaenergydashboard.com/view.html?policy=netzero®ion=BC&view=economy&settings=open&p_wss=1&p_hyd=1&p_dac=0&p_ccs=1&p_oil=1&p_lul=1

² Government of British Columbia "BC's economy forecast to slow in 2024, followed by steady growth"

(2023) <https://news.gov.bc.ca/releases/2023FIN0071-001908>