



Business Council *of*  
British Columbia

**Choosing a  
Sustainable Future:**

**Preliminary  
Submission  
on Metro Vancouver's  
Growth Strategy**

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British Columbia

## CHOOSING A SUSTAINABLE FUTURE: PRELIMINARY SUBMISSION ON METRO VANCOUVER'S GROWTH STRATEGY

The Business Council of British Columbia welcomes this opportunity to provide feedback on the options for a Regional Growth Strategy (RGS) summarized in the consultation document Choosing a Sustainable Future for Metro Vancouver recently published by Metro Vancouver.<sup>1</sup>

By way of background, the Business Council, established in 1966, is an association representing approximately 220 large and medium-sized enterprises engaged in business in British Columbia. Our members are drawn from all major sectors of the provincial economy. Taken together, the corporate members and the associations affiliated with the Business Council are responsible for one-quarter of all jobs in British Columbia. More than three quarters of our members have an active business presence in Greater Vancouver.

Below we first offer some general comments on the future of Greater Vancouver, followed by more specific observations and recommendations on the material covered in the consultation document.

### GENERAL COMMENTS

The rapid growth of Greater Vancouver over the past decade can be linked to a number of macro-level trends that will continue to influence the region's development in the years ahead. In common with other big Canadian cities, Greater Vancouver is experiencing the effects of shifts in the structure of the global economy; the growing importance of

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<sup>1</sup> Metro Vancouver, Choosing a Sustainable Future for Metro Vancouver: Options for Metro Vancouver's Growth Management Strategy (November 2007).



innovation, human capital, and research as drivers of economic prosperity; the propensity of people to live in cities; and population aging. These trends have contributed to the strong growth of urban communities in both Canada and other advanced countries, propelling large cities to dominant positions in an increasingly knowledge-intensive global economy.

Urbanization is a long-term trend that has left a profound imprint on many societies. As The Economist recently observed, in 1800 just 3% of the world's population lived in cities; today, more than half do, and the figure continues to rise every year.<sup>2</sup> Canada is one of the most urbanized countries in the OECD: four-fifths of the population reside in cities, with two-thirds living in the 27 census metropolitan areas (CMAs) identified by Statistics Canada. These urban regions account for more than half of Canadian GDP and were the locus of two-thirds of the net new jobs created in the past decade.<sup>3</sup>

Within British Columbia, the municipalities that make up Metro Vancouver are home to more than half of the province's population – closer to three-fifths if the region's boundaries are extended to encompass the Squamish-Whistler corridor and the Lower Fraser Valley. Urbanization, and the population growth that is its most visible characteristic, has had a dual impact on Greater Vancouver. On the one hand, it has expanded the size and improved the quality of the workforce, benefiting businesses and employers across the region. On the other hand, Metro Vancouver's growing population has added to the pressures facing the region in areas such as housing affordability, transportation infrastructure, and the provision of social and health services.

With globalization, local consumers have a choice of an ever wider array of imported goods and services, while many local firms find themselves increasingly anchored within international supply chains. Thanks to lower trade barriers, falling transportation and communication costs, and BC's growing participation in global markets, Lower Mainland

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<sup>2</sup> "The World Goes to Town: A Special Report on Cities," The Economist (May 5, 2007).

<sup>3</sup> Conference Board of Canada, Mission Possible: Sustainable Prosperity for Canada, The Canada Project Final Report, Volume IV (Ottawa: Conference Board, 2007), p. 34.



businesses have the opportunity to reap benefits from greater access to external markets and the ability to source intermediate inputs from around the world. But the region's economy has also become more vulnerable to economic fluctuations elsewhere that can affect local business conditions.

Apart from urbanization, population growth in Greater Vancouver has also been fuelled by immigration. In recent decades, international immigration has become the primary source of the region's expanding population, and this is expected to continue. Many years of steady population growth have put more demands on municipalities to provide infrastructure and services, and on the region as a whole to integrate newcomers and accommodate a myriad of community interests and diverse types of economic activity.

One reason why large cities are becoming such powerful economic engines is the demonstrated tendency for many kinds of high-value business activity – notably in advanced-technology industries and knowledge-based services – to “cluster” in particular locales. Despite globalization, there is much evidence that the characteristics of local economic environments matter to firm behaviour, employment growth, and the extent and nature of innovation.<sup>4</sup> This underscores the need to pay close attention to the competitiveness of regions, and to the impact that public policies and the quality of infrastructure can have on industry structure, business location and investment decisions, and the overall prosperity of “city-regions.”

Metro Vancouver is at the heart of BC's shift to a knowledge-driven economy. Recent Canadian research shows that “urban agglomeration” (measured in such areas as access to talent, buyer-supplier networks, and knowledge transfer) plays a key role in stimulating productivity and output growth in knowledge-based economies.<sup>5</sup> As the Conference Board observed in its 2007 landmark Canada Project report, cities have become more important as

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<sup>4</sup> Ontario Institute for Competitiveness & Prosperity, [A View of Ontario: Ontario's Clusters of Innovation](#) (April 2002), esp. pp. 18-34.

<sup>5</sup> John Baldwin, Desmond Beckstead, W. Mark Brown, and David Rigby, [Urban Economies and Productivity](#), Statistics Canada (June 2007).



“...the platforms for the export of goods and services; the centres of the knowledge economy; the generators of extensive environmental activity; and the sites of profound social change.”<sup>6</sup>

Fortunately, most of Metro Vancouver's growing population is of working age, meaning that newcomers are a vital source of additional labour supply for local employers. As the region's working-age population continues to increase, policy-makers will need to consider the associated effects on the demand for transportation services and infrastructure as well as the requirements for commercial and industrial space to accommodate a steadily rising number of jobs.

Population aging presents a different set of challenges. These include greater demands for certain services – particularly health – combined with pressure to meet the housing and transportation needs of a rising number of elderly residents.

The macro-level trends outlined above are not unique to Greater Vancouver – they can be observed in cities across North America and in other parts of the developed world. Two important implications follow from this. First, while Greater Vancouver has been a leader in many aspects of quality of life and sustainability, lessons can be learned from other cities in how to manage growth and promote the kind of economic development that produces good-paying jobs and high-value business activity. Second, Greater Vancouver is not only a major Canadian urban centre, it is also a *global city-region* that must judge its performance and competitive standing on a much larger scale. This is particularly relevant when it comes to attracting and retaining companies, fostering the growth of industry clusters, and luring the talented workers, entrepreneurs and researchers on which long-term prosperity now depends.

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<sup>6</sup> Conference Board of Canada, Mission Possible: Sustainable Prosperity for Canada, The Canada Project Final Report, Volume IV (Ottawa: Conference Board, 2007), p. 32.



## **Benefits of a Regional Perspective**

Administratively, Metro Vancouver is a partnership of 21 municipalities and one electoral area that work cooperatively to deliver a variety of local services. Yet while the region is divided into a host of discrete jurisdictions, from an economic viewpoint it constitutes a single, diversified, and highly interdependent regional economy in which boundaries play a much less prominent role. People, goods, services, capital, and information all move freely within and through the region. Many employers with operations in Metro Vancouver attract employees from different municipalities and purchase business inputs from suppliers scattered across the region. By the same token, most firms in the region sell their goods or services to customers in various local communities. Individuals living in one city may shop or commute to college/university in another. And residents of suburban communities often travel to the city core for entertainment or to access specialized health or business services.

Greater Vancouver is also bound together by shared “infrastructures” that form an integral part of the region’s economic base and quality of life. These include key transportation networks, systems and facilities; educational institutions (universities and colleges); research centres; industrial parks; and venues for arts and culture.

Policy-makers and community and business leaders in the Lower Mainland need to think more systematically about the local economy on a region-wide basis. Regional approaches to economic development, investment promotion and sustainability have been adopted in many other North American city-regions, but have been slow to emerge in Greater Vancouver. We see advantages in working on economic strategy at a regional level, even if it is undertaken outside the current RGS process. A broadly supported regional economic strategy would assist in clarifying the goals in the RGS, particularly around land use and transportation planning. We also echo the argument recently made in the Vancouver Economic Development Commission’s Business Climate Report<sup>7</sup>, that a regional economic

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<sup>7</sup> Vann Struth Consulting Group and Eric Vance & Associates, “Blue Ribbon Council Report for the City of Vancouver Business Climate Strategy,” prepared for the Vancouver Economic Development Commission and included as part of its Vancouver Business Climate Report (October 2007).



development strategy must include a coordinated marketing and promotion function. Such an effort is best pursued regionally in order to lessen the inter-municipal competition and conflict that until now have made it so difficult to market (and “brand”) Metro Vancouver to investors, site selectors and companies outside the region. A key challenge for Metro Vancouver leaders is to recognize the changing global economic environment in which the region now operates, and to develop a framework that will help Greater Vancouver become known not just as a desirable place to live, but also as a dynamic urban community in which to invest, to create wealth, and to build successful businesses.

While the face of Metro Vancouver has changed since the Liveable Region Strategic Plan (LRSP) was implemented in the mid-1990s, the Business Council believes there is potential to use the RGS to positively shape the region's future by embracing, in a balanced way, the three elements of sustainability: economic, environment and social. Integrating all three will be critical to maintaining the region's standard of living and quality of life. Greater Vancouver faces a number of often-interrelated economic, environmental and social issues, and the sustainability framework is a useful way to think about and to address these challenges. To date, however, the sustainability dialogue in Metro Vancouver has been preoccupied with environmental and, to a lesser extent, social concerns, with little attention given to the economic underpinnings of a thriving urban region. Yet as the Vancouver Economic Development Commission observes, “... public amenities and services, the social safety net, health care, education, and culture all rely on strength in the economy.”<sup>8</sup>

The buoyant economy that Metro Vancouver currently enjoys rests on a foundation that is less sturdy than many may think. While globalization has boosted trade opportunities and created markets for finished goods, commodities and resources – either generated in or flowing through the Greater Vancouver Gateway – it also increases the competitive pressure on local firms and leaves the region vulnerable to economic fluctuations in other parts of the world. As the Business Council has documented in numerous publications and

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<sup>8</sup> Ibid., p 17.



presentations, the Vancouver region does not score particularly well on a number of key indicators of economic success. Measured relative to size of population and GDP, both provincial and regional exports are lower than elsewhere in the country, and clusters of traded industries tend to be weak. Labour productivity and employment income in Metro Vancouver lag those in several other large Canadian cities. And the Vancouver region also stands out for a very poor record in maintaining - let alone growing - head office employment.<sup>9</sup> While the RGS consultation document touches on a number of important topics, it falls short in its treatment of the economic and competitive environment that will do much to define the region's future.

### SPECIFIC COMMENTS/RECOMMENDATIONS

Over the course of 2008 the Business Council intends to develop a more detailed position paper on Metro Vancouver's Regional Growth Strategy. In what follows, we provide several comments and recommendations on the November 2007 RGS consultation document. From a business perspective, we are particularly interested in Goals 3 and 5 ("support and strengthen a diverse regional economy," and "create a sustainable regional transportation system"), so most of the discussion below relates to these goals and the strategies proposed to achieve them.

#### *1. Vision*

The current vision statement ("a livable and sustainable region") makes no reference to the benefits of a strong regional economy. As the structure and performance of the economy help to determine residents' employment earnings and influence where they live and work, a compelling regional vision statement should include some reference to economic prosperity.

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<sup>9</sup> Jock Finlayson and Karen Graham, "Corporate Headquarters and Head Office Employment in British Columbia: 2006 Update," Business Council of British Columbia (December 2006); Desmond Beckstead and W. Mark Brown, Head Office Employment in Canada, 1999 to 2005, Statistics Canada catalogue No. 11-624-MIE (July 2006).



2. *Goal 3 – Support and strengthen a diverse regional economy*

In connection with assuring a strong and diverse regional economy, the consultation document introduces Strategy 4: “maintain an adequate supply of industrial land.” This is a welcome acknowledgement, but it needs to be more clearly thought out and warrants greater emphasis in fashioning the new regional growth plan.

Effective preservation of land for industrial uses is linked to whether the region has an economic vision/strategy. What types of land should be allocated in which areas? What kind of regional economy is anticipated or desirable over the next decade? Answering these questions would be easier if Metro Vancouver had an identifiable region-wide economic strategy that was integrated with a land use plan (not solely for industrial, but for other commercial uses as well) and a transportation plan. To a significant degree, an important aspect of the Lower Mainland's economic future has already been set in motion: the Gateway Strategy, which is intended to strengthen Greater Vancouver's role both as Canada's Pacific Gateway and as a leading North American trade and travel hub; together with the BC government's recently announced Transit Plan.<sup>10</sup> The business of moving goods and people within and through Metro Vancouver will affect patterns of economic activity across the region. Viewed through an economic lens, the Gateway Strategy underscores the critical relationships between economic development, land use and transportation. Metro Vancouver and its member municipalities should be developing their growth strategies and land use plans with a view to leveraging the opportunities created by the Gateway Strategy for the benefit of the entire region.

As experience under the LRSP has shown, merely espousing a goal of industrial land protection is not sufficient. A robust land use plan that includes an industrial land designation is essential to allowing the region to have a diverse economic base and to becoming a more attractive location for trade-oriented industries producing high-value goods and services. Simply stating that industrial activities are best located in industrial parks does

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<sup>10</sup> Government of British Columbia, [The Provincial Transit Plan](#) (January 2008).



not take full account of the needs of many industrial employers and employees, nor does it necessarily reflect the attributes of the goods they produce. The requirement for timely access to transportation, often via waterway, for finished or commodity goods means that some types of industry may best be located on waterfront lands. As these lands have skyrocketed in value, industry has found it too expensive to stay, and municipalities have at times pushed for alternative uses such as commercial/office or dense residential in order to capture tax revenues. A sensible and balanced growth strategy should aim to maintain a mix of industries within the regional economy. It should also ensure that sufficient land is available to support the activities of manufacturing, transportation/warehousing, and other traded industries that are vital to the region's economic and employment base. Metro Vancouver policy-makers also need to be sensitive to the cost of doing business and how local government decisions can impact the competitiveness of industry in the region.

3. *Goal 5 – Create a sustainable regional transportation system*

The Business Council endorses the two strategies outlined in the consultation document for achieving a sustainable transportation network – “advance a regional network of roads and highways that prioritizes goods movement, transit operations and high occupancy vehicles,” and “manage transportation demand.” In both cases, specific regional and local actions will have to be considered in the context of provincial policy, other institutions relating to transportation, and the economic needs of the region. Given the strong commitment to the Gateway Strategy by both the British Columbia and federal governments, the RGS should be supportive of the goals for regional roads, highways and transit networks. And with the province's recent commitment to significantly expand transit services and infrastructure in the Lower Mainland, municipal and regional policy-makers should pursue opportunities for higher density development along transit routes and around key transit stations.

With the recent shift in GVTA/TransLink governance, arguably the RGS is no longer the most appropriate instrument to provide detailed direction on the region's transportation network. Still, it is useful to identify the principles of sound transportation policy within the



RGS, as they reinforce the links between land use planning, economic development, housing and transportation itself.

In terms of managing transportation demand, the RGS consultation document rightly observes that vehicle travel tends to under-priced. Demand management measures can play a useful role in addressing the congestion problems afflicting Metro Vancouver and in planning for future investments in transportation infrastructure. However, for the reasons noted above, the RGS is probably not the best venue to put forward detailed policies and strategies around transportation demand management. Specific direction in this area will have to come from TransLink, leaving the RGS to focus on more general policy level matters.

#### 4. *Other Observations*

We have several other suggestions as Metro Vancouver moves forward with the RGS process. First, given the governance and structure of the region, jurisdictional boundaries are likely to remain a difficult political issue among Metro Vancouver members. We encourage the organization's Board to ensure that the geographic issues embodied in the RGS do not result in the "horse-trading" among municipalities that characterized the final consensus on the LRSP. Instead, the Board should look to what is best for the region as a whole.

Second, it would make sense to incorporate some degree of flexibility into the RGS, perhaps via a specific mechanism that allows for change over time. One of the flaws of the LRSP is that there has been no capacity to update parts of the Plan to reflect changing social or economic conditions. In this regard, we believe that amendment protocols should be written into the new RGS so that municipalities and other stakeholders understand how it may be updated.

Third, as discussed above, the RGS process gives Metro Vancouver an opportunity to provide greater clarity and certainty around land use. As the consultation document acknowledges, the supply of available industrial land has dwindled. Competing demands for



land – driven in large part by tax considerations – have resulted in some municipal decisions that will be detrimental to the region's long-term economic future. The land use component of the RGS should recognize the necessity of accommodating a growing regional employment and industrial base.

### CONCLUSION

The Business Council appreciates the opportunity to provide initial input on the Regional Growth Strategy. Later in 2008, we expect to complete a longer position paper that will offer a more substantive discussion of the economic and business context for regional policy-making and include a number of additional recommendations on the RGS.

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