

**UNBC Community Development Institute
Fall Speaker Series
Prince George, Vancouver, Prince Rupert**

**Developing a New North as a Knowledge-Based
Resource Economy Connected to the World**

Remarks By:

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Introduction

- It is a pleasure to be here this evening and to have been invited by the University of Northern British Columbia to be the Community Development Institute Speaker for this Fall.

- When Greg Halseth and Don Mason approached me to do this, it took me all of 30 seconds to say a resounding YES.
- UNBC is an institution that is at the leading edge of building the New North – it is an institution which we are tremendously proud of!!
- UNBC was the first new University built in 30 years in British Columbia when ground was broken in 1994.
- Some 15 years later it has ranks among the “best in class” for a research university of its size. Macleans Magazine rankings place UNBC at 2nd A tremendous accomplishment in such a relatively short period of time.
- UNBC has shown the way over its 15 years of existence for what the New North is, and what it can aspire to be.
- UNBC also points to how collaboration and partnership gets the job done.

- The propensity to collaborate in the North is something that we are becoming known for in the “South”.
- In early February, at the Premier’s Economic Summit in Vancouver, the key message that resonated was the “can do” attitude, the positive energy, and the sense of common purpose among attendees at the Northern Economic Opportunities Summit some two weeks earlier in Prince George.
- At another forum in mid-March hosted by the Business Council of British Columbia to discuss “Northern Issues”, participants were taken with how well the 40 communities of the North work together even though we are 375,000 people spread over 70 percent of the province’s geography.
- Some mused that even with our vast geography Northerners have accomplished the sense of common purpose that continues to prove elusive to the 23 municipalities of Metro Vancouver.

- I am not surprised – Northern and Central British Columbia is a place of promise and near-boundless opportunity. We all understand this!
- And make no mistake! This is where the future of British Columbia is – it is the place that will accelerate the growth of economic opportunity for the benefit of all British Columbians.

Developing the New North Based on Home Grown Knowledge

- The theme of my talk tonight is “Developing the New North as a Knowledge-Based Resource Economy that is Connected to the World”.
- I – and others – are indebted to Rob Van Adrichim, Vice President, External at UNBC and one of the North’s leading communications professionals for this excellent theme “tag-line”!
- The New North’s future will be related to its past.

- When we array the areas where the New North can and does excel, we quickly realize that resource sectors anchor our economy.
- In a highly competitive world – a world which will rebound from the current synchronized global downturn – the North’s distinctive excellence and competitive advantage will be related to the natural resource sector in all its forms.
- With the advent of our home-grown research University, UNBC, and with three high quality Colleges as well, growing the knowledge content of our resource-based industries is accelerating.
- The UNBC and Northern College advantage is that its leadership has collaboratively tailored its programming to the economy of the New North.
- Engineering in, for and by the North at UNBC laddered from college programming – and building on the successful model of the Northern Medical Program – will continue the

North's efforts to layer on advanced professional skills. We need to continue to make this happen to build our home-grown talent.

- Engineering disciplines in, for, and by the North mean building programming that is connected to the core strengths of our natural resource economy. Here we should push for multi-disciplinary approaches in areas such as production engineering, bio-energy and others building on the successful environmental engineering program already in place.
- Apart from the need to add new disciplines to our top-notch University, we need to think about the coming demographic challenges that will beset the Western world in just two year's time.
- In 2011, the top end of the baby boom generation hits that once magic age of 65. Despite the current economic downturn, we need to be very focused on addressing looming labour market shortages. In our organization, we have an award winning recruitment and retention partnership that is targeting untapped

labour pools in an effort to meet our existing and projected labour market needs in Prince George.

- It is true that we are faced with challenging times with our unemployment rate that is about 12 percent, or about double what it was just one year ago. This is certainly cause for short term concern, but these challenges will be short-lived. There are already signs of recovery.
- We don't have to go far to see how new ideas and leadership can go a long way to addressing our labour market needs and building the "knowledge base" that our resource economy requires, while helping to provide employment in underrepresented groups.
- Along the education continuum, the Northwest Community College School of Exploration & Mining based in Smithers is building capacity among First Nations across the north for employment in the minerals industry. Their training in exploration skills and environmental monitoring means they will be able to take advantage of the employment

opportunities created as a result of the Northwest Transmission Line which because of the recent federal funding announcement will proceed.

- Another aspect of building a “knowledge-based resource economy” is the need for Northern communities to have quality recreational and cultural amenities.
- An interesting – and disconcerting fact is that many high schools in the City of Vancouver have vastly better facilities than many communities in Northern British Columbia.
- Indeed, there are High Schools on the West side of Vancouver that have performing arts caliber auditoriums, aquatic centres, and even ice rinks. While I am anxious in these remarks to and work not play the “north versus south” card, to me this is simply not equitable – or acceptable – and must be addressed.
- So the bottom line in building a knowledge-based economy in the North is that we must not stop, we must continue to reach, and we must continue to take hold of our own destiny

by ensuring that our post-secondary institutions are connected to our region's core economic prospects.

- Fundamentally, this means that the North must continue to focus on a knowledge-based resource economy.

Our Resource Economy Future

- I would now like to talk about our resource economy future.
- In a feature article on this Speaker Series by The Province columnist Paul Luke last Sunday, I stated that opportunity in the North is not “just good, or solid ... (in fact) it is staggering”.
- This, I can assure you is not a flight of rhetorical flourish, but is in fact grounded by the resource-based endowments and our strategic global location advantages.
- To begin with, Northern British Columbia's economic characteristics differ significantly from the rest of the province.

- We all know that the Northern part of the province produces a disproportionately high share of the province's wealth.
- Natural resource revenue in fiscal year 2008/09 represented 12% to provincial revenues (or \$3.8 billion) with 29% coming from forestry, 30% from natural gas royalties, and about 41% coming from other natural resources including energy and minerals.
- The multiplier effect is even greater. And to the extent British Columbia has an export economy, it is overwhelmingly resource-based. Don't let anyone (here) in the Lower Mainland tell you otherwise!
- With a mere 7.7 percent of the provincial population, we already punch above our weight in terms of our net contribution to the provincial purse. Put another way, if we were a jurisdiction in our own right, we would have a trade surplus with the rest of British Columbia.
- The enormity of the opportunity in the resource sector – in all its forms – is indeed staggering.

- The **forest industry** will come back. Dimension lumber will be in demand by the United States our largest export market, though this will take a number of months to happen.
- Despite the current downturn, our forest industry is highly competitive and because of this, it will return to better days.
- At the same time, we must encourage efforts to open up larger Asian markets to our forest products by building a ‘culture of wood’ where it did not necessarily exist before – especially in China.
- And we are making headway in this regard. Ministry of Forest statistics indicate that we had a record year last year for sales into the Chinese market and, as of August this year, we have surpassed last year’s total export levels!!
- **Natural gas** royalties have saved the day for the provincial fiscal framework. It is our province’s magic economic bullet!

- But, its potential contribution has only begun. For example, between the Horn River Basin and the Montney Basin there is an estimated 800 trillion cubic feet of gas in place. And these are just two plays!
- To put this in perspective, current British Columbia production is about 1 trillion cubic feet per year. With the proven and potential reserves we have, the British Columbia gas industry could rival Alberta within 20 to 30 years.
- And it is very important to remember that BC's gas industry in the North is underdeveloped relative to Alberta even though it has been in production for 50 years.
- The timing could not possibly be better for a full court press on energy development – in all of its forms.
- Consider the following:
- The province has an energy plan that is wedded to the proposition that new electrical energy

must come from clean, green and renewable sources.

- Public and private sector efforts to combat climate change are progressing here at home and accelerating south of the border. Natural gas is part of the “substitution continuum” (that is, gas can displace coal in the US and already has in the Pacific Northwest States).
- Energy security – increasingly from clean, green renewable and non-renewable sources – is steadfastly on the agenda of US President Obama. There are export opportunities we should not only consider, but pursue with vigor.
- In May 2008, former US Ambassador to Canada David Wilkins during a speech in Prince George spoke at length about US energy security and Canada’s place as a supplier of choice. Northern British Columbia is ideally situated between Alaska to the Northwest, Alberta to the East and the Lower 48 to the South. We must take advantage of this position, and strengthen our focus on resource exports to the US and, I would submit, to China to the West.

- British Columbia has a mixture of non-renewable energy and renewable prospects (especially biomass in Central BC) that place this province in a truly privileged position and on the leading edge of innovation, research and development.
- There are a number of northern bio-energy firms that must be nurtured.
- But there are some challenges.
- There are **public policy** questions to be considered and changes to be made. The complex matter of forest tenure is one. The complex issue of electricity pricing is another. The complex impacts both of these have on the existing forest industry is yet another.
- There are questions surrounding **venture capital**, particularly for the bio-energy industry. This is the perennial question for technology start-ups and the challenge is made all the more difficult in the recent economic downturn where access to capital tightened up considerably.

- There are numerous **research** questions that require answers at the firm-level or in concert with a research university. Moving forward, we must ensure that UNBC is THE centre of research for the Northern renewable and non-renewable energy industry.
- Related to research is **talent**. Northern BC is home to many talented companies, each with proven or promising technologies.
- Connecting this private sector activity to top research talent at UNBC is imperative. We need to pursue top-notch research talent to help industry answer its research questions by growing it here, and by attracting “THE VERY BEST” from elsewhere.
- Time is of the essence. Other Universities see the research opportunity.
- But to me it makes sense that research and development in clean, green renewable energy should be connected to where industry and fibre are located – in Northern British Columbia

- In the development of the energy industry, particularly the non-renewable side, partnership and cluster development is essential.
- That is why Initiatives Prince George, along with six other public organizations (UNBC, CNC, ABDC, IRC, NRC, NDIT) and a number of private sector firms has establishing the Northern Bio-energy Partnership.
- The **Mining Industry** is also a critically important catalyst for future growth in the North. The industry is working very well with First Nations to build capacity and to partner on new developments.
- My organization and a number of other partner organizations are absolutely thrilled with the recent solid commitment from the federal government to proceed with the Highway 37 power line with their announcement of \$130 million towards the \$404 million price tag.
- We are assured the provincial government will fund its share of this critical project which has the potential to unleash \$15 billion worth of potential mining developments.

- Still confounding the mining industry though, are multiple environmental assessment processes. The issue here is not the provincial process, but the federal one.
- There is no reason why the federal government needs to replicate (sometimes repeatedly) the provincial environmental assessment and consultation processes.
- It simply makes no sense, and it holds up new Northern development that stands to benefit all British Columbians.

Connecting to the World

- There have been numerous developments which highlight the critical and emerging role the Northern Transportation Corridor will play in “connecting to the world”.
- Leaving aside for a moment, the critical importance of the North-South and East-West rail and road connections to the export of our natural resources, there are exciting

developments which will grow the Northern Corridor with Prince Rupert as the Northern Port and Prince George as the key inland Transportation hub.

- Consider the following recent and forthcoming developments:
 - Prince Rupert container shipping volumes are up, while those of other west coast ports are down;
 - Fairview Container Port Phase II is being planned and will be built in the next few years;
 - CN's inter-modal facility in Prince George is beginning move a considerable number of containers. CN Worldwide is committed to making this facility a key node in its Western Canadian network;
 - Some 800 hectares of land to the West of the Prince George Airport will be developed into an Air Logistics Park, and Phase I is now market-ready.

- Prince George has the third longest commercial runway in Canada ideally situated on a circum-polar route between the US mid-west heartland markets and the Pearl River Delta in Asia.
- Fuel / Tech stop and Air Cargo opportunities will come in the medium term with the development of the Air Logistics Park and the fact that Transport Canada has granted the Airport Transshipment status. This will take some time, but we are on course to make it happen.
- Initiatives Prince George and the Prince George Airport Authority have ongoing efforts to market the Airport, Air Logistics Park to prospective investors in Hong Kong and Shenzhen, China. The Port of Prince Rupert is undertaking similar initiatives on an ongoing basis.
- Earlier this week, we hosted a joint Northern Pacific Gateway Trade and Investment Forum in Prince George and Prince Rupert where we welcomed some 18 delegates from airlines, freight forwarders, logistics businesses, and resource firms

where it was clear we are getting tracking in the Chinese investment community. But realizing benefits will take time.

- Northern Corridor partners need to continue to work in partnership to strategically advance areas of common interest in transportation planning and improvement:
 - Joint marketing of the corridor to Asia and US customers and would-be users;
 - Presenting a unified voice on federal policy changes necessary to reduce supply chain friction and open the corridor up to investment by transportation, logistics and manufacturing businesses.
 - Prioritization of infrastructure needs along the corridor, particularly at the key nodes of Prince Rupert, Prince George and Edmonton.
 - Accelerating highway twinning (including Highway 16 and the Cariboo connector) is a strategic imperative to make sure all communities are knitted together to benefit

from and grow economic opportunity for the North – TOGETHER!

- Though the just-in-time requirements of CN Rail makes it difficult to stop in all communities along the line, modern (eventually four-lane) trade highways will ensure that that all communities in the New North benefit from growing economic opportunity.
- As an aside, we are delighted to hear the recent announcement of improvements to the “Pine Pass” to open up the Northeast gas fields to supply and service industries in Prince George and Central British Columbia. It is simply ridiculous that firms in central British Columbia currently cannot move over-sized equipment to the Peace River region gas fields without going east to Alberta and then back into Northeastern BC.
- “Connecting to the world” also includes our “silent transportation modes”. Here I speak of the need to continue to work with senior governments and private sector to secure leading edge cell phone coverage, broad band

connectivity, and fibre redundancy throughout the corridor.

- It also includes getting behind pipeline projects such as the Northern Gateway Pipeline which will connect energy-rich Alberta and British Columbia to our west coast and overseas markets.
- I am pleased to lend my name and that of my organization to the efforts of the folks at Northern Gateway Alliance to make the Enbridge Northern Gateway Pipeline project a reality.
- One other way we can accelerate our connections to the world is through international student programming at our four post-secondary institutions.
- The demand for high-quality education (including but not limited to English language education) in Asia and Europe is very high. At UNBC and CNC, for example, International Student Education is growing.

- The demographic shifts that begin in two years time that I spoke of earlier in my remarks (i.e. those leaving the workforce will outnumber those entering for the first time) means the North will need to find creative ways to attract immigrants to help fill up-coming labour market needs.
- International Education is something we can sell that will bring about multiple benefits.
- These (mostly) young folks have money to spend in our communities while they learn English. At the same time they offer a direct way to market Northern British Columbia and to help build cross-cultural connections, while helping to sustain and build the financial base of our post-secondary institutions.
- Strategic, focused, international ‘twining’ and “linkage” efforts is something else Northern communities individually and as a collective can and should do to get the word out about Northern British Columbia and all it has to offer.
- This is why Initiatives Prince George is working with our shareholder, the City of Prince George,

and our counterparts in Prince Rupert and Edmonton to craft a Memorandum of Understanding on how we can jointly work together to build linkages between the Northern Corridor and China at the one end of the “supply chain”, and US heartland markets beyond Chicago on the other end.

- Before I conclude, I would like to touch on two other current “public policy” issues that are very important – though not without controversy – to building the export-oriented resource economy in the North the Harmonized Sales Tax and “social license”.

- The move to an HST by the Federal and Provincial governments is a “game changer” for BC’s productivity and competitiveness, and is an initiative our organization wholeheartedly supports on policy grounds.

- Moving to an HST will reduce the marginal effective tax on business inputs by some 41 percent overall, meaning that BC which moves from 26.4% to 15.7% will be more competitive than Alberta (16.6%), the Canadian average (16.1%), the US average (34.4%), and the OECD average (21.9%).
- Since the announcement there has been considerable debate about the introduction of the HST, with much of it grounded in the “political hay” of the way it was introduced, rather than the “public policy” merits of the measure.
- There will be transition effects for some sectors – tourism and restaurants – which is important to acknowledge. But if the experience of France and Quebec is instructive (each has a VAT/HST of 25 % and 13% respectively), these transitional effects will be short lived.
- Suffice it to say that this is the single-best measure that could be taken by the Federal and Provincial governments to shore up our export-oriented resource sector.

- The improvement of our relative competitive position will redound to the benefit of the Northern-based export-oriented resource sector.

- On the “social license” front, we need to move forward to build respectful, productive and lasting relationships with First Nations. We need to consult and accommodate First Nations in land and resource developments as the law requires.
- Today’s resource companies understand this and the need to take very careful stock of economic, social and environmental impacts *before* commencing operations as part of earning their “social license” to operate.
- An article in the renowned *Economist* magazine last year noted that “corporate social responsibility is not a public relations exercise, but part of systemic due diligence for new investments”.
- When private development proponents operate in this manner – as they should – it is then incumbent upon federal and provincial authorities to express the “public interest” in seeing development

proceed. If there is anything that will “poison the well” of economic development, it is prolonged uncertainty.

- In the wake of the Reconciliation and Recognition Act being pulled, we must focus on deepening relationships between the business community and First Nations for the economic and social benefit of First Nations and the “public interest” alike.
- And as I mentioned earlier, we must have federal and provincial governments truly align their environmental assessment processes to reduce uncertainty generated on this front as well.

Conclusions

- To conclude, the North has everything going for it and its “best days are still ahead”.
- We have accomplished a lot in the past 20 years – UNBC, the trail-blazing Northern Medical Program, Cancer Care Centre that will come on-line in a few years, Fairview Container Port Phase I, getting to “yes” on a commitment to build the Northwest Transmission line recently,

completion of the third longest commercial runway in Canada and the development of the air-side logistics park, acceleration of the development of the Northeast gas fields, the beginnings of the four-lane Cariboo Connector ... among many, many other examples.

- That is why Initiatives Prince George is committed to working with like-minded business, government, First Nations, community and academic interests in partnership and collaboration wherever we can to build the New North as a “knowledge-based resource economy that is connected to the world for the economic benefit of all British Columbians”.
- In my view, there needs to be a deeper understanding between North and South about the boundless economic opportunity in the North and the things we need to do to unleash it.
- The challenges and opportunities of Northern economic development must NOT be versed in terms that pit North versus South. We are all in this together!

- The economic opportunities in the North are indeed staggering! A Northern Decade is within reach!! This is our aspiration and our collective resolve!! for the economic and social benefit of all British Columbians.

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