



GREATER VANCOUVER
BOARD OF TRADE

Greater Vancouver Board of Trade
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Bridgitte Anderson, ICD.D

2024-25
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January 30th, 2025

Members of the Legislative Assembly
Parliament Buildings
Victoria, B.C.
V8V 1X4

Delivered via email

Dear all Members of the Legislative Assembly of British Columbia,

Today, the Greater Vancouver Board of Trade is launching *The 3% Challenge: Agenda for Economic Growth*.

This communications and advocacy campaign calls on all MLAs to adopt the challenge, committing to a target of 3% annual real GDP growth, and implement policies that will boost British Columbia's economic growth and increase our collective standard of living.

Further information about this campaign can be found in the attachments below. We look forward to continuing to work with all Members of the Legislative Assembly to prioritize economic growth to ensure that all British Columbians prosper.

Sincerely,

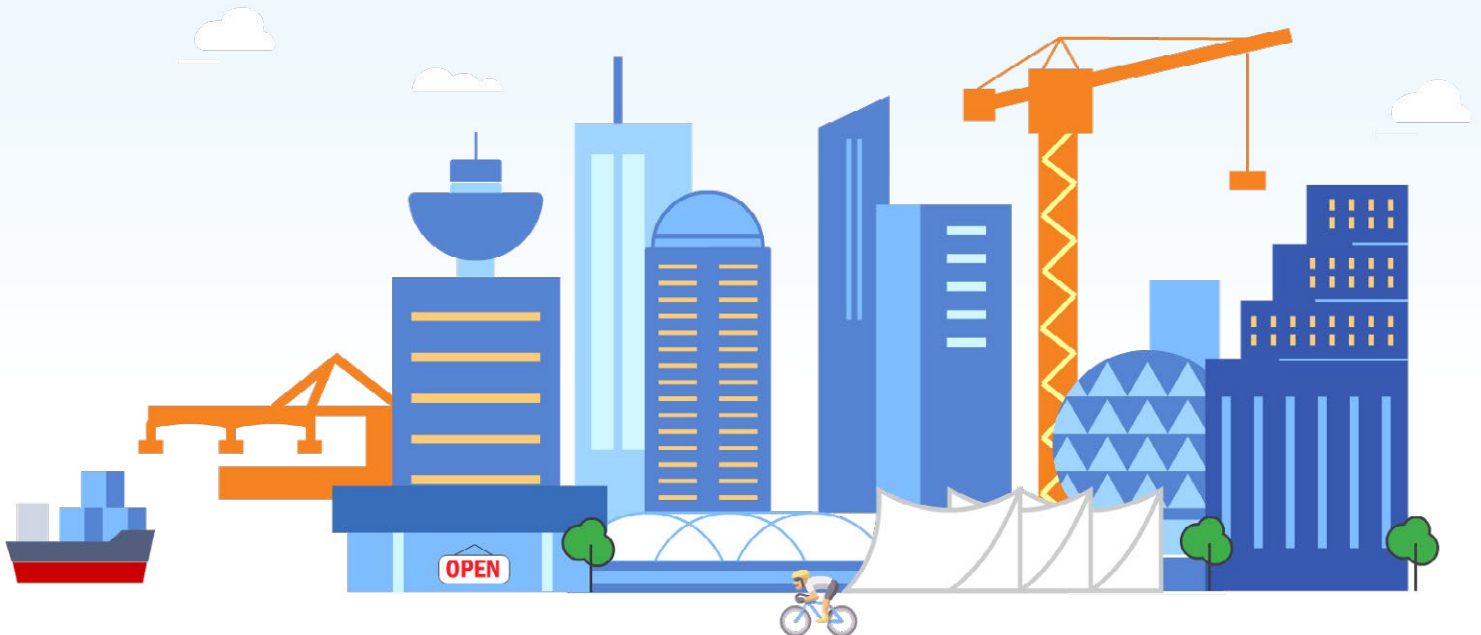
Bridgitte Anderson
President and Chief Executive Officer
Greater Vancouver Board of Trade



GREATER VANCOUVER
BOARD OF TRADE

THE 3% CHALLENGE

Agenda for Economic Growth



Executive Summary

Whether it's the rising cost of housing, unaffordable grocery bills, or an increasingly heavy tax burden, too many British Columbians feel the economy is not working for them.

We can do better. We must do better. To build a future worthy of our aspirations and one we can be proud to pass on to the next generation, we are calling on all MLAs to adopt *The 3% Challenge* and implement policies that will boost British Columbia's economic growth and raise our collective standard of living.

Economic growth is more than just a number. At its core, it reflects the lives of everyday people—the value of their efforts, their ability to provide for their families, and the hope that their children will have a better future.

Sustained economic growth raises incomes, creates opportunities, and drives innovation. It is the only path to greater financial security, improved affordability, and a brighter future for British Columbians.

That's why the Greater Vancouver Board of Trade (GVBOT) is launching *The 3% Challenge*. This campaign sets a provincial target of 3% annual real GDP growth and calls on Members of the Legislative Assembly (MLAs) to adopt and take action to achieve the target.

Put simply, economic growth must return to the heart of government decision-making.

We acknowledge that external threats, such as 25% tariffs from the United States, would create challenges to achieving this target. However, it is precisely in the face of such challenges that government and business must redouble efforts to prioritize growth.

A firm commitment to fueling economic growth is the most sustainable path to improving affordability and enhancing quality of life for all British Columbians.

By meeting the 3% growth target, British Columbia could realize the following benefits by 2030:

- Improve affordability by raising GDP per capita by up to \$9,000;
- Generate up to \$4.0 billion in additional government revenues for critical social services like healthcare, education, and public safety; and
- Create tens of thousands of new jobs across the province.

Throughout 2025, GVBOT will seek the commitment of all MLAs to adopt *The 3% Challenge*. We will advocate for policies that:

- Create higher-paying jobs and give workers better tools, technology, and training.
- Grow British Columbia's revenues to ensure the sustainability of our public services.
- Champion investment and significantly improve our ability to get projects built in B.C.

Meeting this target will require collaboration across businesses, government, and workers. It will demand coordinated actions spanning multiple policy areas and agencies, both inside and outside government.

In the coming weeks, we will outline the key policy pillars we believe are fundamental to achieving *The 3% Challenge*. The remainder of this document explores the current economic realities of British Columbia and delves deeper into the benefits of sustained growth.

We invite you to read on and we look forward to working together to build a future where British Columbia becomes the economic envy of Canada and the world.

The 3% Challenge Memo

The Opportunity: Faster Growth for Improved Affordability

Economic growth reflects the lives of everyday people and the value of their efforts. It is the idea that our children will be better off than we are, and our grandchildren will be even better off than their parents. Our ability to substantially improve our lives depends, in part, on how quickly the overall economy is growing. It is much easier for our slice of the pie to get bigger when the overall pie is also getting bigger.

At an annual growth rate of 3%, we would see our economy double in size in less than 25 years. For the next generation, this growth trajectory would deliver to them a transformational economy characterized by expanded opportunities, high incomes, thriving innovation, and an enhanced quality of life for all.

Sustained economic growth provides a foundation for broad-based prosperity, it is a critical driver in reducing poverty and creating a society where everyone has a chance to thrive. But in order to realize this future, it is critical that British Columbia takes action today.

In the coming months, the Board of Trade will be producing an advocacy agenda that will support putting B.C. on a path to achieving 3% annual real economic growth. To achieve *The 3% Challenge* to grow our economy and create better opportunities for British Columbians, we need policies that:

- Create higher-paying jobs and give workers better tools, technology, and training.
- Commit to a credible plan for B.C.'s finances to ensure the sustainability of our public services.
- Champion investment and significantly improve our ability to get projects built in B.C.

Setting the Stage: What's at Stake?

Our recent survey revealed that Metro Vancouver residents and businesses share this vision. Nearly half of residents and three-quarters of businesses believe B.C. lacks an effective economic strategy. Furthermore, it is evident that many British Columbians feel the economy isn't working for them; our survey also showed that 80% of residents and 92% of businesses believe affordability has worsened over the past four years.

A study by the Angus Reid Institute estimated that more than one-third (36%) of British Columbians say they are contemplating leaving the province because of the high cost of housing.

If these challenges alone were not enough cause for concern, looking to the United States reveals additional headwinds British Columbians may face due to proposed rapid and significant shifts in trade policy. Threatened across-the-board tariffs of 25% on Canadian goods will be a significant blow to Canada's economy, given that nearly 80% of its exports (roughly 55% of B.C. exports) are U.S. bound.

A meaningful trade war with the U.S. leading to across-the-board tariffs of that magnitude, coupled with retaliation by Canada would lead to a damaging recession. B.C. is forecasting a \$69 billion loss to the economy over three years, 124,000 fewer jobs, and a spike in the unemployment rate to 7.1%. This would make it even more difficult to afford the quality services that British Columbians and businesses rely on.

The threats to our economy that a trade war poses combined with an economic status quo in B.C. that lacks both competitive standing and the confidence of its people necessitates that government and business leaders turn their attention towards faster economic growth.

What Do We Mean By "Growth"?

The 3% Challenge sets a target of "3% real GDP growth" annually. This document defines economic growth in terms of the increase in real (inflation-adjusted) gross domestic product (GDP). What this economic statistic represents is the increase in the quantity and quality of the goods and services that a country produces that improves the quality of life and standard of living.

One way to think about real GDP growth is that it is essentially the result of total hours worked and changes to labour productivity. If more people join the labour force or those already employed increase their hours and pay, GDP will grow. Labour productivity is a measure of how much economic value (or output) is produced for each hour of work. Simply put, it tells us how workers turn their time and effort into goods and services.

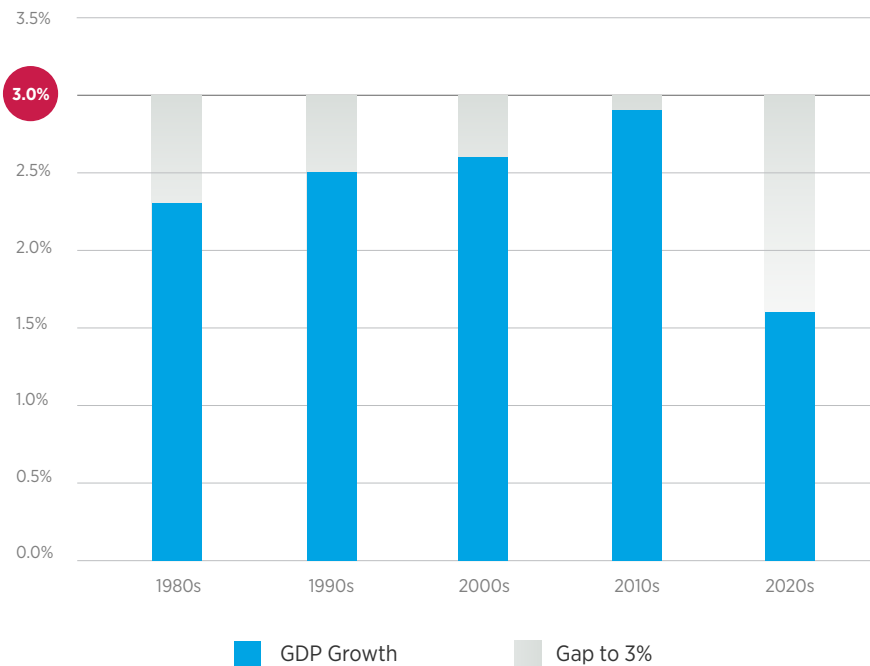
Higher labour productivity means more is being produced with the same amount of work. Higher productivity is linked to better wages over time. For Canada, since 2000, inflation-adjusted average hourly labour compensation has increased by 20%. Labour productivity over this same period has increased by 18.5%.

How is British Columbia Performing?

British Columbia has come close to meeting *The 3% Challenge* in recent decades. Broken down by decade, B.C. achieved between 2.3% and 2.9% in the 1980s and 2010s.

Looking at the current decade, the average rate of growth is predicted to slow considerably to 1.6%.

B.C. REAL GDP GROWTH, AVERAGE BY DECADE



From 1998 to 2015, average GDP growth in British Columbia was 2.6%, made up by a balanced mix of approximately 1.2% growth in hours worked and 1.4% growth in productivity. In other words, while we were adding to the total hours worked through population growth, a majority of GDP growth was derived from more productive work.

However, growth has shifted, driven by an increase in total hours worked. Between 2015 and 2023 (excluding 2020), the economy grew at an average rate of 2.9%, but this growth was essentially due to people working more hours rather than improvements in productivity. Getting back to a healthy mix of total hours worked (growing at a more typical 0.75% to 1.5% with productivity growing as quickly as possible) must be the new norm.



We can no longer depend on population growth alone to drive economic growth. In recent years, as a result of federal policies, B.C. has experienced extraordinary population growth of around 3% -- more than double, and in some cases triple, the province's prior rate of population growth. With these policies dramatically changing, B.C. could face a population decline of at least 0.2%, depending on how they are implemented.

While we should do our part to strive for growth, B.C. will still be affected by Ottawa, Washington, and other global factors, as it is a small, open, and trade-dependent economy. As we strive for The 3% Challenge to improve British Columbians' prosperity, it is critical that we have a growth strategy that improves quality of life.

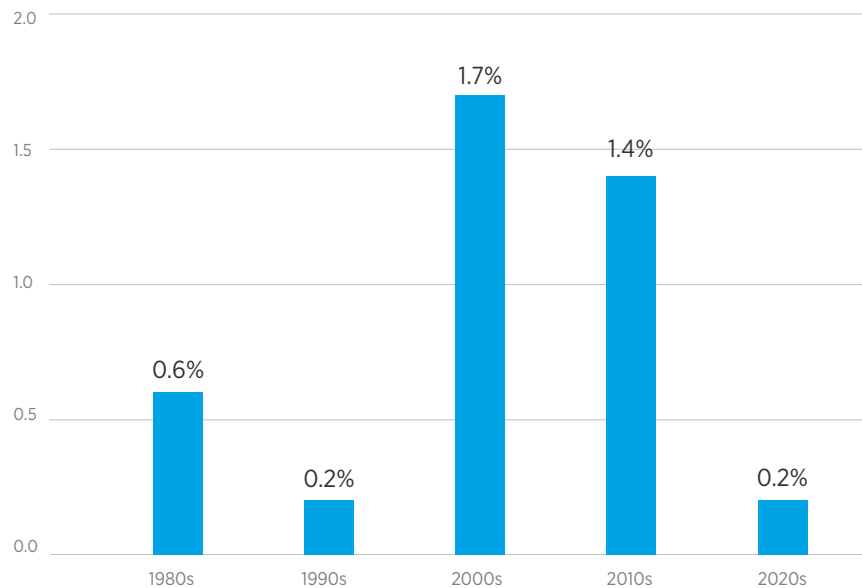
Faster Growth Drives Improved Quality of Life

If we can increase our growth, British Columbians will see significant improvements in their standard of living and quality of life.

A great measure of the standard of living over time is real GDP per capita. If we can increase productivity and our output per worker, it will translate into a higher collective standard of living.

B.C.'s per capita growth rate has varied widely by decade. Increasing our per capita GDP 1% per year until 2030 would mean \$4,465 per person by 2030, 1.5% is \$6,615. Growing at 2% per year would be the equivalent of over \$9,000 per person.

Avg Annual Growth - Real GDP per capita



Faster Growth Drives Stronger Public Services

Prior to the pandemic, B.C.'s finances were generally in a favourable position compared to other provinces. Today, British Columbia is running a substantial operating deficit of \$9.4 billion this year. Coupled with capital spending, overall debt is projected to increase by \$22 billion to \$130 billion by the end of the 2024/25 fiscal year. We are now spending 4.3% of all government revenues to pay the interest on our debt and the trajectory is for this to continue to rise.

Over the long term, B.C. is projected to face a significant gap between projected revenues and future spending. Over the next 25 years, as the population ages, this gap is projected to reach between 1.8% and 4.3% of GDP, depending on the projection.

To put it into perspective, closing the higher end of the fiscal gap would require raising the PST to approximately 20% or cutting all education spending. These are clearly not feasible solutions – growing the economy must be the solution.

Increasing our growth will help fund critical social services like healthcare, education, and public safety. We estimate that growing our economy at a more accelerated rate could mean up to \$4.0 billion in government revenues over the next five years

Delivering on *The 3% Challenge* is the only long-term solution for generating new government revenues, closing the gap and protecting the public services that British Columbians deserve.

Faster Growth Creates More Well-Paying Jobs

In order to succeed in *The 3% Challenge*, we will require sustainable growth in private sector jobs. We analyzed a six-year period and examined each sector to understand what is shaping B.C.'s economy:

Sector (NAICS)	2018 - 2024 (Job Growth %)
<i>Accommodation and food services</i>	-15.00
<i>Construction</i>	-13.90
<i>Agriculture</i>	-10.40
<i>Manufacturing</i>	-9.10
<i>Other services (except public administration)</i>	-8.70
<i>Business, building and other support services</i>	-7.70
<i>Transportation and warehousing</i>	-2.30
<i>Utilities</i>	1.60
<i>Forestry, fishing, mining, quarrying, oil and gas</i>	1.70
<i>Finance, insurance, real estate, rental and leasing</i>	8.30
<i>Information, culture and recreation</i>	15.20
<i>Wholesale and retail trade</i>	16.10
<i>Educational services</i>	42.70
<i>Public administration</i>	43.50
<i>Professional, scientific and technical services</i>	59.60
<i>Health care and social assistance</i>	74.80

On the plus side, four private sector industries have experienced real job growth over the past six years: Professional, scientific and technical services; Wholesale and retail trade; Information, culture and recreation; and Finance, insurance, real estate, rental and leasing. Professional, scientific and technical services have grown by an inflation-adjusted 53% or 7.6% per year.

Our Benchmarking Greater Vancouver 2024 report noted that "Greater Vancouver rates among the world's top 50 innovation ecosystems by value. Adjusted for size, the region climbs into the top 30 globally. Although our ecosystem is smaller than its peers, the technology sector has grown at a more rapid pace than all but 2 of its peers over the past 5 years.

Two sectors are essentially flat: Forestry, fishing, mining, quarrying, oil and gas; and Utilities.

Despite these successes, we cannot ignore the seven remaining categories that have experienced an outright decline with a cumulative loss of 67,100 jobs. These sectors—including Agriculture, Construction, Manufacturing, Transportation and warehousing, Business, building and other support services and Accommodation and food services – remain essential to B.C.’s long-term economic success.

Additionally, the B.C. Business Council has also highlighted the extent that B.C.’s economic performance has been lifted by mega capital projects – Trans Mountain, Site C, LNG Canada, and Coastal Gas Link. Trans Mountain became operational in 2024, and the Bank of Canada has estimated that the expansion increased GDP by about 0.25% in a single year. LNG Canada, via the CGL, will begin commercial operations in mid-2025.

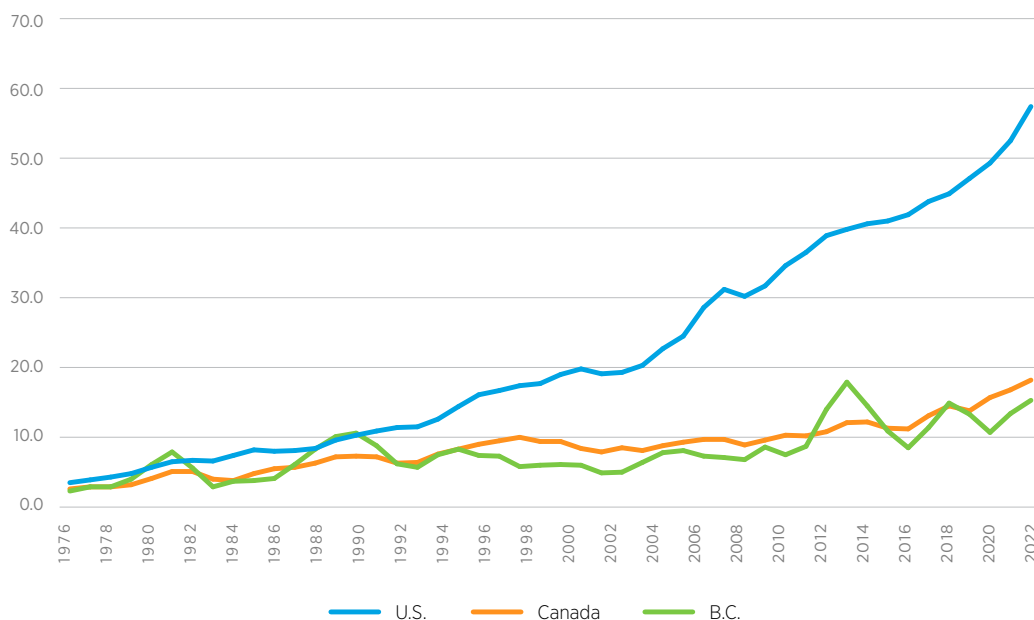
Unfortunately, there is yet to be a clear pathway for new major capital projects to replace these projects and maintain this momentum. A growing economy supports both higher wages and more private employment. By targeting 3% growth B.C. will create tens of thousands of new jobs.

Faster Growth Drives More Investment

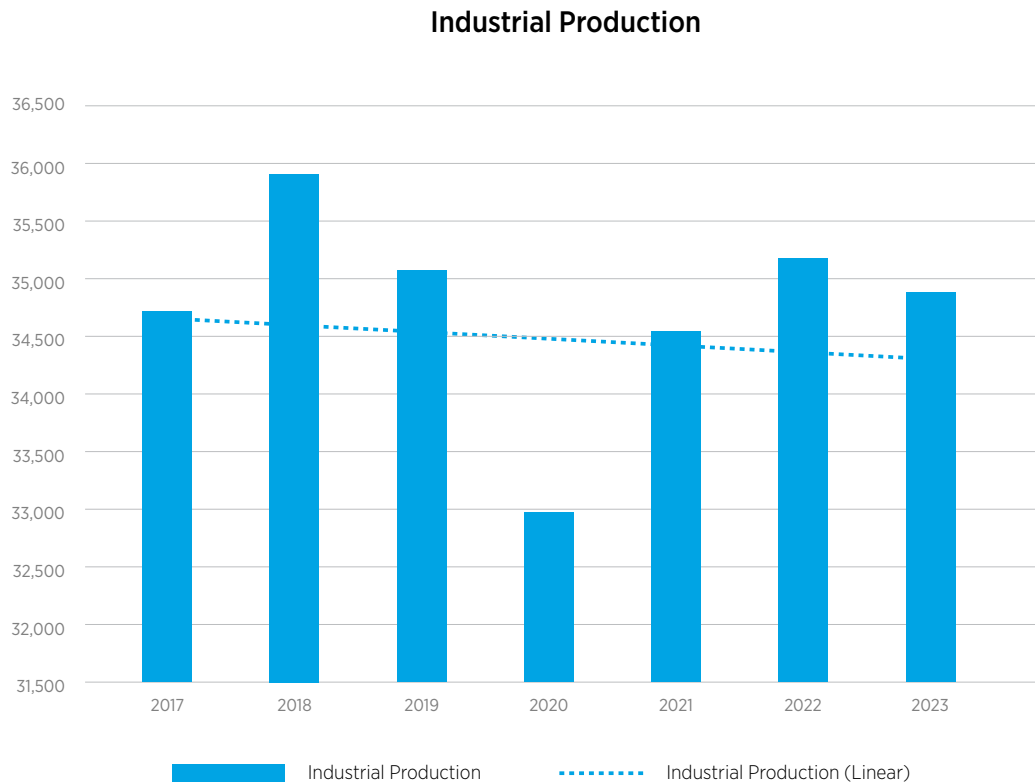
Investment in our job-creating sectors is a critical component of driving growth. In areas such as manufacturing, there has been talk about the opportunities for “reshoring” Canada’s production in response to global trade policies and disruptive events such as the pandemic.

Taking manufacturing as an example, B.C.’s record of investment and proactive growth strategies has fallen short. Manufacturing investment per worker is three times higher in the United States than in Canada. This lack of investment has contributed to the decline in manufacturing employment by approximately 10% since 2006.

Manufacturing Investment Per Worker



Zooming out from manufacturing to B.C.'s total industrial production, we find that there has been virtually no growth on an inflation-adjusted basis since 2017.



The Greater Vancouver Board of Trade's analysis suggests that we are experiencing capital flight to other jurisdictions, including Alberta. Firms are leaving Greater Vancouver, taking new jobs and investments with them. Over the past 4.5 years, an estimated 5.1 million sq ft of space has been taken up by firms in Calgary rather than Metro Vancouver. This has resulted in the loss of 6,300 direct jobs, \$477 million in wages, and nearly \$500 million in GDP. Investments in Calgary are also leading to additional environmental impacts as goods are often shipped through the Port of Vancouver, moved to Calgary, only to be trucked back to Vancouver.

It is evident that British Columbia needs to regain its momentum in attracting capital and in bolstering its industrial and manufacturing sectors, as examples. *The 3% Challenge* will not be achieved without concerted attempts to shore up these activities and regain B.C.'s pole position as a western gateway for the greater production and export of global goods and services.

THE 3% CHALLENGE

Agenda for Economic Growth

Moving Forward, Faster

Many British Columbians are struggling with the rising costs of living, from housing to daily expenses, leaving them feeling like the economy isn't working for them. To address these challenges and improve quality of life, the focus must be on policies that foster sustained economic growth. Growth isn't just an abstract concept—it has a direct impact on incomes, opportunities, and the ability to achieve shared goals like affordability and a better future for the next generation.

A collective effort from business, government, and individuals is essential to drive innovation and productivity for a stronger, more inclusive economy. By meeting the 3% growth target, British Columbia could realize the following benefits by 2030:

- Improve affordability by raising GDP per capita by up to \$9,000;
- Realize up to \$4.0 billion in additional government revenues for critical social services such as healthcare, education, and public safety; and
- Create tens of thousands of new jobs across the province.

To bring about a more affordable province, we need to restore and rebuild B.C. as a place of opportunity. If we rise to the occasion and achieve *The 3% Challenge* we will go a long way to bringing greater financial security and genuine opportunity British Columbians and for the next generation.

