

Colin Hansen, Minister of Economic Development

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Greater Vancouver Home Builders' Association

Good evening. Thanks for having me here tonight. This is not the first time that I've been invited to speak to the Greater Vancouver Home Builders' Association. I can see Peter nodding his head, but I'll bet you Peter can't remember how long it was. It was actually about eight and a half years ago.

At the time I was the opposition labour critic. There was a different government in Victoria at that time, and there was a different premier in the premier's office at that time. It was actually around the time that the NDP government was ramming through some of the most draconian changes to the Labour Code that this province had ever seen and then scratching its head, wondering why we were seeing businesses and workers fleeing this province to go to other jurisdictions. It sort of reminded me of the recipe that different governments have in helping to create small businesses in British Columbia.

If you take the Gordon Campbell recipe for creating small businesses in British Columbia, you actually start with an idea, you start with entrepreneurs, and you start with a dream of things that you actually build from scratch, and you create jobs and build employment, and you create a small business.

The NDP recipe for creating small business is slightly different. And it goes this way: first you start with a large business. I'll let you fill in the rest of the recipe.

If I think back to eight and a half years ago, this province is really a very different place than it was eight and a half years ago. I think there is probably no other industry than the construction industry that has felt that dramatic change over that period of time... you'd know this more than any other sector in the province.

You know first-hand both the incredible growth that the economy is going through right now, but also each and every day you are the industry that is living both the opportunities and the challenges that come with that rate of economic growth, because every day it's your hard work that is a major contributing factor to B.C.'s stable economy.

Just this month — in fact, it would have been a week ago last Friday — we got the news out of Moody's Investor Services that it has upgrading the province's credit rating to a triple-A status. Now, that is the first time in 23 years this province has had a triple-A credit rating, which is the highest rating Moody's gives out. So I think it is testament to the fact this is a very different place than it was during the 1990's when we saw our credit rating going down on a consistent basis.

In 2006, new home construction in British Columbia entered its sixth consecutive year of growth, and that is the most consecutive years of growth ever on record in the province. In fact, the housing market grew by double digits for an 80 per cent gain since the year 2000. Last year there were almost \$10.2 billion in building permits issued in this province, up more than 25 per cent over the year prior. Home sales exceeded 106,000 units sold, eclipsing 2004's — what was then a record year — eclipsing that record by about 10,000 units.

So with your contribution, this province continues to be a major job generator.

According to CMHC, B.C.'s healthy economy, strong labour market and confident consumers will result in 37,000 housing starts this year. And again, thanks to your contribution in this industry, B.C.'s unemployment rate is at the lowest rate than has ever been recorded in the history of this province.

B.C. also remains Canada's top job generator. In fact, since 2001, the B.C. economy has generated 307,000 net new jobs, an increase of more than 16 per cent, which is far more than any other province has seen, including the province of Alberta. In fact, you know, we hear a lot about the dynamic growth that we see across the Pacific Ocean and China these days; in British Columbia during this period of time, we have seen a rate of growth of jobs that is twice the rate of growth of jobs that we see in China today. It is phenomenal and something that I think we are feeling each and every day.

The increase in the number of major projects that is planned or underway, I believe, is indicative of the province's growth and, I think, also a testament to what we will see in the future.

In the Ministry of Economic Development we track something that we call major projects. We have a thing called the Major Projects Inventory where we try to identify the major projects over \$20 million in the GVRD and over \$15 million in the rest of the province. So these are projects that may be in the conceptual stage, the planning stage, or the construction phase. We produce that report on a quarterly basis; it goes up on our website.

The June quarterly report, or the quarterly report for the period ending in June — when that came out, it showed at that time we had an all-time record: 769 major projects on the books or in construction in British Columbia. The first time ever that listing had exceeded \$100 billion — in fact, \$101.9 billion — worth of projects came out at that time. And that was actually an increase of about 23 per cent over the number of projects reported as of June of just last year — a phenomenal increase.

Well, the September edition of the major projects inventory is, in fact, going to be released at the end of this week. If I can give you a little bit of a sneak preview on what that's going to show when it comes out, we are now up to a new record.

The new record is 791 major projects, worth an estimated \$110.3 billion, that are planned or underway as of September of this year — phenomenal numbers.

In fact, if you've been following the inventory over the last few years, you'll have noticed both the number of projects and their value have been steadily increasing. You know this is a great thing because it is a sign not only the economy is booming today and people have confidence today, but it is also a sign we are going to continue to see B.C. leading the Canadian average when it comes to economic growth in the years ahead.

And it means there's going to be plenty of work for the construction industry. There is a lot of demand for residential and commercial buildings for infrastructure upgrades, and so on.

But it also brings with it a series of other challenges, which we are working to address. I know for your industry in particular, finding skilled workers is a significant topic of discussion. The surge in construction being experienced in B.C. has brought with it unrelenting need for skilled workers, like: carpenters, electricians, plumbers, etc. I know that you in this room know that list much better than I do.

It is resulting in the need for more training to help prepare people – prepare them for the estimated one million job openings that is expected in this province over the coming 12 years. I'm pleased to see industry is taking the lead in trades training, in developing the new industry training organizations for key sectors and bringing new apprentices onboard.

I can tell you that as of the end of August of this year there were 29,213 registered apprentices in British Columbia. That has actually doubled - almost to the number - doubled the number of registered apprentices we had in April of 2004 when the Industry Training Authority was first established.

It shows that B.C. employers are doing their part to train and develop new workers. Of course, getting young people interested in the trades at an early age is also a target of the Industry Training Authority.

Earlier this week I was joined by Brian Clewes, CEO of the ITA, in announcing a new program that they're rolling out. It was actually rolled out on Skilled Trades Day in Canada, which was yesterday. It was the unveiling of a new website that they've developed, which is: www.theskilledlife.com. This is a program that is actually designed to encourage kids to look at the trades as a profession, a very desirable, attractive, and lucrative profession. Encouraging youth to enter into the trades is clearly important for the competitiveness and growth of the provincial economy. This website is part of that campaign.

Participation in youth programs is, in fact, increasing throughout the whole province. Over the last three years we have seen participation rates increase more than three-fold, the number of students in secondary school, prior to their grade 12, that are actually actively engaged in apprenticeship programs. Today we have about 4,200 students in grades 10, 11, and 12 who are in registered apprenticeship programs – an increase from about 870 that were there just two and a half years ago.

We have been pursuing programs like ACE IT — some of you may be familiar with it — where a student can graduate from grade 12 not only with their Dogwood diploma, but they will also graduate with the first year of their apprenticeship already completed and be able to go right into the second year of their training.

In addition, the ITA, in cooperation with the Ministry of Education, has launched another program which we call YES 2 IT. It's attracting kids even younger. We're trying to work with kids in grades 6, 7, 8, and 9, to give them some familiarity with the trainings, to get them thinking early on that going to university isn't the be all and end all and that, in fact, going into trades is a very fulfilling and satisfying career, that they should be considering at an early age. We know that 40 per cent of students go straight into work after graduation. So we're making sure our education system supports those students and others who are interested in the trades.

As a government we also know there are people in other parts of the country and other parts of the world who are interested in moving to British Columbia. We've already seen a lot of British Columbians who fled this province during the 1990's, who are now looking to return to B.C. to take advantage of the new opportunities we have here. Last year we saw B.C. attract a net increase from other provinces: 4,800 people. That's a pretty sharp contrast to six years ago when we actually saw some of the largest exoduses, a net decline of population in British Columbia as a result of people moving to other provinces.

But there's still more that we can do. We have worked with the government of Alberta to establish a new agreement, which is called the B.C.–Alberta trade investment and labour mobility agreement. The acronym for it is TILMA. If you haven't already heard about it, I'm sure you will hear a lot, because what it effectively does, when it comes into effect next April 1, is to eliminate all of the economic barriers between B.C. and Alberta, to create one economy out of the two most dynamic provinces or provincial economies in all of Canada.

We've had the Conference Board of Canada do a study. Their assessment is this agreement in itself will add 78,000 job opportunities in British Columbia and about \$4.8 billion worth of economic activity. And Alberta will see comparable numbers because it's one of these win-win scenarios. By breaking down some of the barriers to economic activity, in fact, everybody comes out of it as a winner.

But one of the things that's significant in this agreement: it will allow skilled workers more mobility, so that workers will be able to move freely between the two provinces and have their credentials and their skills recognized by the new province, without having to go through additional training.

As well, through a program that's called the Provincial Nominee Program we're making headway to bring in workers from other parts of the world whose skills are in demand here in the province. We have seen some big uptake on that and it is primarily driven by the private sector, because if you as an employer identify a skilled worker from another part of the world that you would like to have come to this province and work for you, you can apply through the Provincial Nominee Program and we will fast-track their landed immigrant status. In some cases, it can happen in a matter of a few weeks.

It is a great program, and I know employers who have taken advantage of the program find it's just a fabulous tool at their disposal. In fact we are adding more staff in the PNP because of the increasing demand, and we expect in the next 12 months we'll increase the number of skilled immigrants we can bring in through that program by about 50 percent.

The PNP was actually first developed to bring in nurses and is a program we brought in shortly after we formed government. It was nurses and doctors. Then we started to extend it to bring in high tech workers for our growing high tech community. But lately the biggest growth has actually been from the construction sector. We've been bringing in quantity surveyors, project managers, carpenters, electricians, plumbers, architects, engineers. It's basically any skilled trade that the employer wishes to offer a job to, to come to this province. So it is a great tool that is there for you to use.

We have also introduced another program last year that we call Skills Connect, and that's to allow us to work with new immigrants to get their English language skills up to a level that they can fit into the workforce. A lot of the basic 'English as a Second Language' programs just deal with sort of living in the community, banking and getting kids into school. This program's actually aimed at getting new immigrants up to a level of English-language proficiency so that they can work in your companies at a level that you feel comfortable with, and it's a great program that's going to fill a big niche, a big void that is there in the province today. Ultimately, the quicker we can integrate skilled workers, skilled immigrants into our economy, the quicker we can help British Columbia reach out to that world of opportunity that is in front of us.

New Canadians also have another set of skills that are really there as a great benefit to British Columbia as we seek out new and expanded opportunities. People who speak other languages, who know other cultures, who have contacts in places like Asia and throughout the world are important assets to this province.

Asia, as we know, is expanding at a phenomenal rate and is bringing with it plenty of opportunity for us right here in British Columbia, provided we're prepared to move quickly to capitalize on those opportunities - because I can tell you those economies of the Asia-Pacific region are not going to wait for us. We have to make sure we can provide opportunities and services and goods that they require for their growing economies. We are going to have to start to boldly insert ourselves and make sure that British Columbia stands out from the competition, and we're prepared to do just that.

British Columbia has some unparalleled advantages. One of them is our strategic location. It's also our resources, our economic stability, our cultural and social links and I think, probably most importantly, is our people. We are at an ideal location geographically. We are at the crossroads between the economic block of North America and the huge growing markets in the Asia-Pacific region.

A lot of people, when I say that, they think I'm being a bit presumptuous about the importance of British Columbia. But if you looked up this afternoon and you saw the contrails of an international jet flying over top of greater Vancouver, odds are it was a jet going from Los Angeles to Tokyo, because this is the shortest route. And the same is true of goods that are going on cargo ships. The shortest route is not across the Tropic of Cancer.... Which is the northern one? But it's, in fact, up over the north Atlantic...or the north Pacific in order to get goods from Asia to North America and from North America to Asia.

As I mentioned, it is actually our people that are our biggest strength. Twenty-two percent of the British Columbia population is of Asia-Pacific ancestry. No other country in the world outside of Asia can actually claim that and it is a huge advantage we have. We're encouraging businesses in B.C. to think about what they can do to capitalize on this opportunity, and I know there seems like lots of opportunity for your industry here in British Columbia today, but we also have to look at how we can reach out and build the economy of the future through some of these international opportunities.

I know we were talking earlier about the Canada wood project that's taking place in China. We established it a couple of years ago - a project called 'Dream Home Canada', which is based in Shanghai. Already we're helping to show why B.C. has an international reputation for the use of high-quality wood products. We are working with the Chinese, not to tell them how to build houses the way we do, but rather to show them how our products and some of our construction techniques can assist them in meeting their demands that they have in China, huge opportunities for us in this province.

In fact, I understand your association is going to be showcasing a Sitka log home at some point at one of the Home and Garden shows in the New Year. Sitka Log Homes was the successful bidder who supplied us with this great log house that we had at Torino, Italy at the time of the Olympic and Paralympic Games last

February and March. The facility had a variety of exciting multimedia interactive displays that showcased all of British Columbia and really showed not just the tourism benefits but what our industries could offer, what investment opportunities we had in this province, how companies based in Europe or around the world can come and invest in some of these 769 major projects that are on the drawing boards in this province.

But this house was also a great showcase for British Columbia products. It was actually built from beetle-killed lodge-pole pine, and in its interior it features some of the newest and most advanced sustainable technologies and construction techniques. The venue exceeded all of our expectations. We had over 100,000 visitors come through that pavilion in downtown Turin during that two-month period of time. We actually generated about \$30 million worth of earned media coverage for our province as a result of it.

That actually brings us to a trip the Premier is embarking on next week to China where we hope to not only advance some of our province's interest but to sign an agreement with China as to the next B.C.-Canada Place that we'll have at the time of the 2008 summer games in Beijing. Again, we're going to use that venue to promote what we can offer and showcase that to the rest of the world.

That brings us to 2010 which is also part of my responsibilities. It's another exceptional opportunity that we have on our doorsteps to showcase our province. If the games in 2010 were just about a sporting event, quite frankly it would be a lot of work for not much benefit. Other Olympic jurisdictions have done that, putting on a good Winter Games – well we plan to do much, much more with that. We are going to showcase this province, and we're going to use the 2010 Winter Games to actually launch British Columbia into the next decade of growth we anticipate will come as a result of the international exposure we can generate.

Through the Olympic 2010 Commerce Centre we have developed in my ministry, we're trying to reach out to companies all over the province to say there are Olympic-related opportunities that you can tap into. We have a website – www.2010CommerceCentre.com – if you go in and log in your company, we will actually send you e-mails when there is Olympic-related procurement your company could help fulfil. So I urge you to take the time to go in to do that.

There is one last subject that I want to touch on before I close. That is the subject of health care. I spent three and a half years as the Health minister and no, this is not a flashback for me; this is actually a flash forward. I flag it in this speech because it is something I think is vitally important to each and every person in this room. It's vitally important to you as individual British Columbians because whether you are going to be a consumer of health care over the next 20 or 30 years or whether you have children or grandchildren for whom you want to have a stable health care system, you need to be involved today.

It's also relevant to you if you are a business owner in this province, because one of the things that we've been able to pride ourselves on in this province is to get some of our tax structures under control. But if we start to look forward at what's happening across the rest of Canada, and what's happening in terms of the growth of the cost of our health care system, we could see in not too distant a future that health care would consume 70 percent of the entire provincial government budget or your taxes are going up huge.

The Premier has given all of us an opportunity to be involved in helping to meet that challenge, to shape what the future of health care might look like. I know every one of you is busy. I know in the construction industry everybody's going flat out. But I urge you to take the time to get involved in that conversation on health, because it's in our self-interest to do that. We know there are all kinds of stakeholder groups that have a vested interest in the health care sector that are going to be out there, and they're going to be very vocal to push their agendas. My favourite expression when I was Health minister was somebody said that health care in Canada is suffering from stakeholder through the heart.

We need individuals such as you to get involved in that discussion. So please take the time to register, to participate in one of the forums, to volunteer to participate in one of the forums if your name was to be selected. I think it would be time well spent on your part.

In closing, we all know preparing for the future is integral to our success. I know this is true in business from my own experience, and I definitely know it's true in government, and that is why our government is really encouraging people and businesses to think not just about this year or next year but about the future, ten, 15 and 20 years from now. We are now only at the start of the golden decade the Premier has been talking about. It is a decade that reaches out five years before the 2010 Winter Games and five years after the 2010 games. The economic forecasters all predict some really good years are ahead for this province, with continued strong, above-average economic growth and strong investment in residential and non-residential construction. For the construction sector that means there are some really busy years ahead. With the Olympics now just around the corner and many opportunities available to us in the bustling economies of Asia, there is much for us to be excited about and to get ready for. It is for all of these reasons we know that British Columbia is the best place on earth to live, to work and to invest.

Thank you very much.