BCGEU SUBMISSION TO THE SELECT STANDING COMMITTEE ON FINANCE AND GOVERNMENT SERVICES

BC GOVERNMENT AND SERVICE EMPLOYEES' UNION
bcgeu

JUNE 28, 2019

I. Executive summary

British Columbia is reimagining what is possible for residents, proving that a different and better way is available to government. These ongoing changes offer a forward-thinking and yet practical approach to policy and fiscal planning, and one that will benefit everyone who has a stake in our future: workers, families and communities; Indigenous peoples; and business owners, too.

Budget 2019 showed a government committed to implementing the important, early steps needed for rebuilding core public services in our province and expanding upon the important pathways, strategies and programs it introduced in the previous year's fiscal plan (and in the initial Budget 2017 Update before that).

> **Budget 2019 showed a government committed to implementing the important early steps needed for rebuilding core public services in our province**

It stayed the course on milestone programs unveiled in 2018—namely, housing and child care—delivering scheduled funding increases in 2019, along with notable (though restrained) additions and enhancements in select areas. Budget 2019 also continued to spend on infrastructure, advanced affordability and tax fairness, and demonstrated again the government's strong fiscal position for managing long-term, sustainable public investment

But much remains to be done. Budget 2020 must resume this government's progress toward a bold, though very attainable agenda in order to address the province's onging social and environmental challenges. We ask the committee to consider the following recommendations, grouped into four key policy areas:

1. Address B.C.'s housing crisis by investing directly in affordability and public supply;
2. Accelerate and expand critical elements of the provincial poverty reduction strategy;
3. Uphold and strengthen our essential climate, environmental and natural resource goals, and promote future access to these public goods with transformative investments in B.C. Parks; and
4. Prioritize occupational health and safety in the province to ensure safe and supportive employment for all working British Columbians.

The BCGEU also urges the government to consider further changes to improve tax fairness and to ensure stable, ongoing funding for core programs and services. The revenue needed to address B.C.'s affordable housing emergency, and for continued implementation of a credible poverty reduction strategy, will be especially crucial in the months and years ahead. To this end, changes we propose to personal income tax rates, corporate tax rates and fossil fuel sector subsidies would generate well over $1 billion in new revenue annually for these investments. We ask government to:

1. Eliminate oil and gas subsidies;
2. Restore the corporate tax rate to 13.5 per cent and reduce costly deductions; and
3. Increase income tax fairness with a new bracket of 22 per cent for income $200,000 and above.

II. Introduction

The BC Government and Service Employees' Union (BCGEU) represents more than 79,000 workers in various sectors and occupations in more than 550 bargaining units throughout British Columbia. Our diverse membership includes direct government employees who protect children and families, provide income assistance to vulnerable individuals, fight forest fires, protect the environment, manage our natural resources, deliver care to people with mental health issues and addictions, administer B.C.'s public system of liquor control, licensing and distribution, staff correctional facilities and the courts, and provide technical, administrative and clerical services.

Our membership also comprises workers throughout the broader public and private sectors where members provide clinical care and home support services for seniors; a diverse range of community social services; highway and bridge maintenance, post-secondary instruction and administration, as well as other non-governmental industries, including financial services, hospitality, retail and gaming.

On behalf of BCGEU members, we appreciate the opportunity to provide this submission to the Legislative Assembly's Select Standing Committee on Finance and Government Services. Our submission outlines a number of policy and program spending priorities for B.C., as well as recommendations on revenue and taxation measures to support these objectives. We offer the committee practical strategies to ensure a strong and inclusive economy, a healthy natural environment, and excellent public services that support a high quality of life for all British Columbians, both now and in the future.

III. Economic and fiscal outlook

Despite significant slowing in 2018, the B.C. economy will continue to strengthen in 2019, remaining a top province for growth through the 2019/20 fiscal year. Private and financial sector outlooks stress a further (and considerable) softening of the residential real estate market and related sectors, but also highlight moderating factors that are enough to sustain strong overall performance throughout the larger economy.[1]

With a momentous shift in the approach to social policy under the current NDP government, measurable progress is now evident for many families and communities; however, there remains significant pressure and uncertainty for many workers and residents, and deep inequality throughout the province. We welcome the opportunity to explore further measures for Budget 2020/21 to improve the general security, equity and social distribution of economic rewards generated by our province's ongoing prosperity.

Economic outlook

Now approaching two years under the new NDP government, B.C.'s real GDP growth is expected to reach 2.4 per cent for 2019, perhaps softening slightly to 2.3 per cent in 2020.[2] These February estimates from government appear slightly conservative, likely out of caution for an ongoing, policy-driven shift in the provincial housing and real estate market. At the same time, private sector forecasts for the province are roughly aligned in this outlook, although slightly more optimistic approaching 2020. Together, these sources all point to compensating growth in business investment, major capital projects, and government infrastructure and program spending as significant drivers.[3]

---

1 See: "BC Economic Review and Outlook: *B.C.'s Outlook Still Decent as Real Estate Boom Unwinds*," Business Council of British Columbia, April 17, 2019. Available at: *https://www.bcbc.com/dist/assets/publications/b-c-s-outlook-still-decent-as-real-estate-boom-unwinds/BCE-RO_2019_01.pdf*; "*Provincial Outlook: British Columbia – As housing slumps, business investment takes over,*" RBC Royal Bank of Canada, June 2019. Available at: *http://www.rbc.com/economics/economic-reports/pdf/provincial-forecasts/bc.pdf*

2 BC Ministry of Finance, *Budget 2019 Making Life Better – First Quarterly Report September 2019*. Available at: https://www.bcbudget.gov.bc.ca/2019/pdf/2019_budget_and_fiscal_plan.pdf

3 "*B.C. Economic Outlook 2019-2021*," Central 1 Credit Union, Economic Analysis of British Columbia, 39(1), March 2019. Available at: https://www.central1.com/wp-content/uploads/2019/03/ea-2019_01-BC.pdf; "B.*C.'s Outlook Still Decent as Real Estate Boom Unwinds*," Business Council of British Columbia, April 17, 2019; "British Columbia – As housing slumps, business investment takes over," RBC Royal Bank of Canada, June 2019.

The provincial labour market continues to operate at near-full employment, leading the country for a third consecutive year with a comparatively low 4.3 per cent year-to-date average for monthly unemployment in 2019.[4] This rate is 0.5 percentage points below last year's year-to-date average of 4.8 recorded in May 2018.[5]

Employment in the province has also increased by 16,800 jobs (net), with the strongest growth concentrated throughout wholesale and retail trade, educational services, and transportation and warehousing.[6] However, most recently in May, accommodation and foods services lost 8,700 jobs (- 4.5%),[7] with other modest declines in professional, scientific and technical services (-2,700 or -1.2%).[8]

The average hourly wage in B.C. rose 4.1 per cent in 2018, well above the national average of 2.9 per cent.[9] This recent performance bucks the tendency of average wages in the province to rise more slowly than the national benchmark, and represents the largest one-year jump in more in than a decade.[10] This is expected to soften just slightly throughout the remainder of 2019, settling somewhere above roughly 3.5 per cent annually in the near term.[11]

At face value, this wage growth reflects conventional expectations of a very tight labour market (albeit historically unobserved in B.C. in recent years). At the same time, the upward pressure represents a nominal rate of growth, and when factored against inflation—although exceeding it slightly—amounts to only a very modest real wage gain for workers.[12]

In this context, the change is only a slight deviation from the prevailing trend in B.C., which sees wages rising sluggishly behind the pace of economic growth and productivity.

While key macroeconomic indicators remain strong for the province, B.C. workers continue to face significant affordability challenges, and at the family and individual level, the cost of living has increased markedly over the past decade. Nevertheless, British Columbians should be encouraged by the impact that public child care investments have had on reducing the living wage estimate for most B.C. communities in 2019 (a notable outcome of which is the first decrease in 11 years for the Metro Vancouver region—to $19.50 per hour, down from $20.91 in 2018).[13]

This provides an important confirmation of the significant (and relatively immediate) impact that well-considered government interventions and programs can have on affordability. However, in the absence of additional measures to support this progress on a continuing and longer-term basis, it is widely agreed that the reprieve will be temporary.[14]

Changes in the housing market now weigh heavily on private sector growth expectations, though most analysts are resolved that this particular market is misaligned from overall strength in the rest of the economy. Almost one-third of all growth over the past three years is tied directly to residential

4 BC Stats, Labour Force Statistics Highlights, May 2019. Available at: https://www.bcstats.gov.bc.ca/Files/9217ff6f-0609-45d4-a264-b92e06c842f2/LabourForceStatisticsHighlights.pdf

5 BC Stats, "*Labour Force Statistics Data 1905*," May 2019. Available at: http://www.bcstats.gov.bc.ca/Files/a92991a6-fa62-4c3f-be77-b9e-849be3cee/LabourForceStatisticsData.pdf

6 BC Stats, *Labour Force Statistics Highlights,* May 2019.

7 Ibid.

8 Ibid.

9 "*Strong B.C. Job Market Leads to Significant Wage Gains in 2018*," Business Council of British Columbia, May 2019. Available at: https://www.bcbc.com/dist/assets/publications/strong-b-c-job-market-leads-to-significant-wage-gains-in-2018/HCLPv9n1.pdf

10 Ibid.

11 "*B.C. Economic Outlook 2019-2021,*" Central 1 Credit Union, Economic Analysis of British Columbia, 39(1), March 2019

12 For further discussion of the weak wage response to labour market pressures in B.C., including the significance of worker bargaining power, see BCGEU's recent submission to the provincial Fair Wages Commission, May 30, 2019: https://www.bcgeu.ca/british_columbians_need_a_break_the_bcgeu_submission_to_the_fair_wage_commission

13 Living Wage for Families Campaign, "*BC's child care investments have a major impact on 2019 living wage,*" News release, (May 1, 2019). Accessed May 14, 2019. https://d3n8a8pro7vhmx.cloudfront.net/livingwageforfamilies/pages/52/attachments/original/1556748068/2019_Calculations_Release_for_Web.pdf?1556748068

14 Ibid.

investment.[15] In 2017, housing, construction and real estate accounted for a significant 26.6% of B.C. GDP[16]—which, as a share of the domestic economy, started to flag just slightly in the available data for 2018. This can be expected to ease further in 2019 as a proportion of GDP, along with some related spillover into lower consumer spending more broadly (for example, reduced sales of building materials, furniture, motor vehicles and other consumer durables[17]).

In last year's first quarterly report, and in two successive budget presentations, the Minister of Finance highlighted the unsustainability of continuing to rely on the real estate market as a primary driver of economic growth. The BCGEU has long-shared this opinion and continues to flag the risks and longer-term consequences posed by speculative activity in the sector if left to market forces alone. To date, the observed slowdown and correction, while uncomfortable in some respects (especially for speculators and other highly-leveraged investors), has been managed through policy, likely preventing far worse outcomes in the form of a market crash.

The current provincial government, aided by some important interventions at the federal level, deserve credit for managing a risky situation with minimal trauma to other sectors and industries. This preserves, by a large healthy macroeconomy and related fiscal position for government. But at the same time, early inroads to the larger affordability crisis for B.C. are just now being made.

15 Gerald Walsh, "*British Columbia – A housing-led growth slowdown*", *RBC Economic Research – Provincial Outlook*, June 2018. Available at: http://www.rbc.com/economics/economic-reports/pdf/provincial-forecasts/bc.pdf

16 Calculations based on figures from BC Stats, "*BC Gross Domestic Product at Basic Prices database*." Available at: https://www2.gov.bc.ca/gov/content/data/statistics/economy/bc-economic-accounts-gdp

17 "*British Columbia – As housing slumps, business investment takes over,*" RBC Royal Bank of Canada, June 2019.

Fiscal outlook

While we await the first quarterly report due later in the summer, figures contained in the current provincial budget (delivered relatively recently in February this year) show that total revenue for the current fiscal year (2019/20) will grow substantially above the updated forecast for 2018/19, by as much as $2.4 billion (+4.3%). This is followed by expected year-over-year increases of $991 million (+1.7%) in 2020/21 and $2.4 billion (+4.0%) in 2021/22.

Over the three years of the existing fiscal plan, total expected revenue growth is set to average 3.4 per cent per year approaching 2021/22, which is just slightly above the average Ministry of Finance forecast for (nominal) GDP growth over the same period. This indicates a capture of revenue that is more on pace with expansion in the provincial economy. It edges up the total revenue as a proportion of GDP to 19.1 per cent for the upcoming fiscal year—slightly above the ratio exercised under the previous Liberal government, as well as the previous year's budget.

The BCGEU remains encouraged by measures this government has taken to expand key sources of revenue. The modest increases to both personal and corporate income tax rates presented in their first budget in 2017 contributed significantly to the $1.6 billion increase in projected annual government revenue in that fiscal year. This additional capacity provided room for early reinvestments in crucial government programs and services, as well as new ones.

In 2019/20, total direct tax revenue is projected to increase by $1.1 billion (+3.4%). While this is a more moderate expansion in revenue than the year before (a result due primarily to the additional tax measures introduced in that budget), it continues to help offset an ongoing and concerning decline in natural resource rents, royalties, and other fees, which are down a further -$345 million (-11.7%) this year. Additional leeway is also found in the deceivingly large amount of fiscal prudence created by the budget, which totals roughly $2.1 billion for 2019/20. This figure comprises $274 million in surplus revenue, a $750 million contingency vote, $500 million in forecast allowance, and $553 million in additional contingencies under the Sustainable Services Negotiating Mandate.

Other revenue changes are starting to reveal the cumulative effect of federal and provincial policies aimed at cooling a highly speculative and overheated residential real estate market (see above). Slower market growth and fewer transactions can be expected to further weaken property tax and transfer revenues over the duration of the fiscal plan and in the upcoming budget for 2020—perhaps reflected in weaker spending throughout the B.C. retail sector and within its associated tax revenues as well. We expect government is aware of these adjustments, but we continue to highlight the value of securing predictable revenue from other segments of the provincial corporate and personal income tax base.

The new NDP government has managed fiscal policy well in its first two years, unveiling bold new programs, all while maintaining a balanced budget. Yet there is still significant work to be done to reverse years of underinvestment by the previous Liberal government. Unforeseen economic and fiscal pressures should also be given careful consideration in the planning for Budget 2020. Establishing further progressivity in the tax system and taking other measures on the expenditures side—such as eliminating specific subsidies and tax credits—will support the ability to make further reinvestments in important areas and to undertake critical new ones. We discuss these throughout the remainder of our submission.

The government is in a strong position to continue its action and investment in public services and programs. However, its ongoing commitment to fully institute core policies and social programs—such as the next steps toward universal child care and affordable housing, along with the newly introduced poverty reduction strategy—will require further exploration of new progressive (and responsible) fiscal planning measures.

The following proposals outline a promising approach for meeting the various economic and fiscal demands faced by the B.C. Government in 2020/21.

IV. Address B.C.'s housing crisis by investing directly in affordability and public supply

Despite the measures to reduce speculative demand that were launched in Budget 2018, housing affordability and availability remains a crisis for communities across B.C. Purchasing a home is still impossible for many B.C. residents, and rents are well beyond the range of affordability for a large percentage of tenants.

Since 2017, the city of Vancouver has been the least affordable place for housing in North America, and the problem has spilled into neighbouring Lower Mainland communities, Vancouver Island and parts of the Interior. Even with the current slowdown in home sales, RBC Economic Research reported in March 2019 that "affordability is still at crisis levels [in Vancouver]," where housing ownership costs would eat up to 85 per cent of the median household income (compared to 35 per cent in more affordable Canadian urban centres such as Edmonton).[18]

While rental vacancy rates have improved marginally since 2017, rental housing nonetheless remains in short supply in many B.C. communities. A vacancy rate of 3 to 5 per cent is widely accepted as a healthy and accessible market for renters, but B.C.'s overall rate at the end of 2018 was still only 1.4 per cent—a loosening of just 0.1 per cent over the previous year. The vacancy rate for the Vancouver metropolitan area, where about half of B.C.'s population resides,

18 RBC Economic Research, Housing trends and affordability, March 2019. Available at: *http://www.rbc.com/newsroom/_assets-custom/pdf/house-mar2019.pdf*

is only 1 per cent; Victoria's rate is 1.1 per cent; Abbotsford's is 0.8 per cent; and Kelowna's is 1.9 per cent.[19]

Despite this limited increase in vacancy, rental prices continue to rise. Average rents are up 6.3 per cent for the province as a whole, and recent increases across Metro Vancouver include an average 6.1 per cent hike in the City of Vancouver, 9.5 per cent in Coquitlam, and 8.1 per cent in New Westminster. Growth in prices was just as steep outside the Metro region, with increases of 8.1 per cent in Kelowna, 7.9 per cent in Abbotsford, and 7.5 per cent in Victoria.[20]

Across the province, 43 per cent of renters spent more than 30 per cent of their household income on rent and utilities, and 21 per cent spent more than half. At least 10 per cent of renter households in B.C. are living in overcrowded conditions, and the numbers are even worse in many parts of the Lower Mainland.[21]

In some parts of the province, the issue of affordability has become an economic concern for businesses as well, many of which have difficulty recruiting and retaining employees due to the absence of affordable housing in many regions.

Aggressive action is required to address the crisis. B.C. communities need access to a robust and stable supply of housing that is truly affordable. This will help directly, in terms of increasing affordable housing supply for those who live in the new units, as well as indirectly, by putting downward pressure on market rental prices through increased vacancy rates and a more diverse range of housing options for renters.

Scaling up and accelerating public and non-profit sector housing construction

After years of inaction from the B.C. Liberals, the NDP government's first annual budget in 2018 signaled a promising shift in housing policy. This included commitments to preserve and renew existing affordable housing, build new supportive housing for seniors and persons with disabilities, as well as establish additional purpose-built stock for Indigenous communities and students.

BCGEU commends the government on important successes to date through these measures, most notably the rapid action in delivering approximately 2,800 units of modular and supportive housing for homeless and at-risk people in communities across B.C. Under the government's housing plan, the 20,400 new homes completed or underway as of May 2019 show additional progress in the right direction, and will improve the lives of thousands of people across the province.

However, the scale and depth of B.C.'s ongoing housing crisis calls for a much larger and accelerated public investment in affordable housing. While Budget 2018 promised to build 114,000 new units over 10 years, many of those units are contingent upon developing partnerships with the private sector, non-profit groups and other levels of government—much of which cannot be guaranteed.[22]

In the meantime, housing that is funded directly by government can be delivered more reliably, and the government has committed to providing 37,000 affordable rental units over the next decade

19 Statistics Canada, Table: 34-10-0127-01 "*Canada Mortgage and Housing Corporation, Vacancy rates, apartment structures of six units and over, privately initiated in census metropolitan areas*." Accessed: June 14, 2019

20 Canada Mortgage and Housing Corporation, *Housing Market Information Portal*: *https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/#TableMapChart/59/2/British%20Columbia*

21 See the Canadian Rental Housing Index interactive webpage for these statistics. Available at: *http://www.rentalhousingindex.ca/en/#intro*

22 The HousingHub, established in Budget 2018 to promote and coordinate these partnerships, does not at this point appear to be operating at a pace that would deliver a large percentage of the promised 114,000 units. As of May 2019, HousingHub initiatives account for 960 of the approximately 20,400 new homes listed by the government as "*complete or underway.*"; See: BC Government News, "*More than 20,000 new homes underway for people throughout B.C.*," (May 22, 2019). Available at: *https://news.gov.bc.ca/releases/2019MAH0086-001019*

through direct public investment, including $445 million over the coming three years to build mixed income social housing. However, the total estimated requirement for new affordable housing is significantly higher than what this would provide. For example, while the BC Rental Housing Coalition estimated that an additional supply of 3,500 units of affordable housing is needed annually over 10 years, it also identified a current backlog of 80,000 units that needs to be resolved immediately.[23] Metro Vancouver Regional District also estimates that 3,500 units of low-income rental housing are needed annually in the Metro region alone.[24] Further still, an extensive analysis by the Canadian Centre for Policy Alternatives (CCPA) calls for a build-out of 5,000 to 10,000 new affordable units per year, just to address affordability in the hard-hit Metro Vancouver region alone.[25]

To meet this challenge, a substantial and direct public intervention on the part of the province is required, rather than yet-to-be-realized partnerships with the private and not-for-profit sectors. To estimate the cumulative scale of this investment, the B.C. Rental Housing Coalition, for example, has called for $1.23 billion in total funding annually for new affordable rental supply, with $410 million coming from the province, and the remaining two-thirds from other levels of government and the non-profit housing sector.[26] The CCPA has suggested investments of at least $1.25 billion annually just to address affordable housing in Metro Vancouver.[27] In contrast, the provincial budget in 2018 made commitments to mixed-income social housing worth $445 million total over three years— averaging just $148 million annually. Unfortunately, this comes nowhere near to addressing the current crisis-level requirements for new affordable housing supply in B.C. We urge the government to expand and accelerate both its capital funding and public land contributions to help build new public, co-op, social and non-market housing more rapidly.

At a minimum, we propose that the provincial government raise its investments in general mixed income, affordable housing construction to one-third of the total amount recommended by the BC Rental Housing Coalition. That would mean a commitment by the province to raise spending from an annual average of $148 million (as committed in Budget 2018), to at least $410 million annually. Investments should be targeted in areas hit hardest by the housing crisis.

The province should also continue its efforts to secure matching funding from the federal government and other partners; but the crisis is too urgent to delay provincial funding in the meantime. In the face of delayed action and coordination among other partners, provincial leadership in this area may also help spur investments from other levels of government that have been slow to follow through on commitments.

The province should also consider investing more than the minimum target of $410 million (outlined above), regardless of commitments from would-be partners. Housing affordability has become a social and economic emergency for tens of thousands of B.C. families and it warrants an accelerated, effective emergency response.

23 BC Rental Housing Coalition, *"An Affordable Housing Plan for BC," Housing Central, n.d.* Available at: *https://housingcentral.ca/SITES/HousingCentral/Advocacy/BC_s_Affordable_Housing_Plan/HousingCentral/Affordable_Rental_Housing_Plan.aspx?hkey=e2b2a8fc-486b-4a61-bd71-513f23c2990c*

24 See: Metro Vancouver, *"Regional Affordable Housing Strategy," June 20, 2016*. Available at: *http://www.metrovancouver.org/services/regional-planning/PlanningPublications/RegionalAffordableHousingStrategy2016.pdf*

25 Marc Lee, *"Getting Serious About Affordable Housing: Towards a Plan for Metro Vancouver,"* Canadian Centre for Policy Alternatives (BC Office), May 18, 2016. Available at: *https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2016/05/CCPA-BC-Affordable-Housing.pdf*

26 BC Rental Housing Coalition, *"An Affordable Housing Plan for BC,"* Housing Central.

27 Marc Lee, "Getting Serious About Affordable Housing: Towards a Plan for Metro Vancouver", Canadian Centre for Policy Alternatives (BC Office), May 18, 2016.

While the capital costs of a more extensive investment in housing would add to the provincial debt, current ratios of debt-to-revenue and debt-to-GDP in the province are healthy enough to comfortably permit the borrowing that this would require. Capital costs could be partially recovered over time through rents. In addition, the social housing managed by agencies such as Metro Vancouver Housing Corporation and other public and non-profit providers is typically self-supporting in terms of operating costs. This new housing could be managed efficiently through expanded partnerships with existing providers or through scaling up the provincial government's own housing management capacity.

An increased supply of affordable public and non-market rental housing will also be important for reducing inflationary pressures in the rental housing market and for empowering tenants in their relationships with landlords. Low vacancy rates can discourage tenants from exercising their legal rights out of fear of having to re-enter a prohibitively expensive rental market—or worse, ending up homeless. Unaddressed, this power imbalance can encourage poor, abusive and even illegal behavior by unscrupulous landlords. A more robust supply of affordable housing corrects this inequity and provides tenants more leverage with landlords, and greater freedom for exiting bad rental housing situations.

In addition, scaled up investment in new affordable housing can provide stimulus for the B.C. construction sector, especially at a time when the industry is facing "a sharp contraction in housing construction and the most pronounced drop in broader residential investment since 2009."[28] Increased public investment could help preserve (or even create) thousands of direct construction jobs around the province, as well as boost demand for B.C. wood products. As Central 1 economists have noted, public sector capital projects are already expected to be an important offset to the decline in private sector residential activity. Increased government investment in housing would help ensure a public sector counterweight to balance against slowdowns elsewhere in the economy.

28 "*B.C. Economic Outlook 2019-2021*," Central 1 Credit Union, Economic Analysis of British Columbia, 39(1), March 2019.

V. Accelerate and expand critical elements of the provincial poverty reduction strategy

The BCGEU commends the government for launching its new poverty reduction strategy (PRS) this past year. For too long, our province ignored this urgent priority and failed to allocate resources to British Columbians living in poverty, including the required investments in the services and supports they need.

The BCGEU continues to support the essential strategies outlined in *TogetherBC*. Our budget recommendations in this area focus largely on building the service capacity necessary to successfully deliver on these priorities and recommendations, including those identified in past BCGEU pre-budget submissions and in submissions to the PRS consultation process by allies such as the B.C. Poverty Reduction Coalition.[29]

Effective and accessible public and non-profit services will remain the foundation of success for implementing any poverty reduction strategy. In B.C., this means that progress in poverty reduction will require addressing longstanding staffing and resource problems across key ministries and agencies. The government's recent commitments and investments to improve staff ratios and the overall quality of service in residential seniors' care provide a precedent for the kind of re-investment

29 See: B.C. Poverty Reduction Coalition, "*Submission for the Development of a Poverty Reduction Strategy for BC*," March 2018. Available at: http://bcpovertyreduction.ca/wp-content/uploads/2018/03/BCPRC_SubmissionPRConsultation_Mar15_2018.pdf; and BCGEU, "*Submission to the Select Standing Committee on Finance and Government Services – Budget 2017/18*," October 2017. Available at: https://d3n8a8pro7vhmx.cloudfront.net/bcgeu/pages/5289/attachments/original/1508275775/BCGEU_Budget_Submission_2017.pdf?1508275775

the BCGEU envisions across public and non-profit service agencies. With similarly bold and robust commitments, these public bodies can easily supply the education, training, child care, social services, health and regulatory services that comprise the delivery framework for an effective poverty reduction strategy.

Moving forward with child care

The work completed by the current government to address one of the major crises related to child care, namely unaffordable infant and toddler care, has been significant. Additionally, the recent replacement of the child care subsidy with the affordable child care benefit will help with the pressures of school age child care (as more working families are now eligible to apply for this benefit).[30]

The BC NDP has accomplished in 22 months what the previous liberal government could not do in more than 10 years—make child care more affordable and accessible for more British Columbians. The next challenge for this government will be to expand the capacity of child care programs through new physical spaces and additional wage improvements for early childhood educators (ECE) to help address issues of licensed ECE recruitment and retention.[31]

The BCGEU continues to support the coalition of child care advocates of B.C. and their call for increased capital support to expand publicly owned child care assets. This would add child care spaces and improved resources to new or existing public facilities (e.g. schools, hospitals, libraries, community centres, etc.). There is also a valuable opportunity to build related child care programs and infrastructure into new publicly funded affordable housing construction.

One cost effective way for the government to quickly create new child care spaces is through the use of modular centres positioned on publicly owned properties. There are numerous advantages to this strategy. One being that with the capital funding originating through government, this automatically results in publicly owned and licensed child care spaces from the start (which is how most Canadian provinces operate—they do not purchase privately owned child care assets).[32] The BCGEU encourages the government to allocate capital dollars toward the creation of these modular ECE buildings, which will permit more high quality, directly regulated spaces, and on a faster timeline.

While the BCGEU welcomes and applauds the commitment to raise ECE wages by an additional $1 per hour in 2020, it should be recognized that wages are still very low, with an average of just $17 per hour.[33] The BCGEU therefore supports the $10 a Day campaign's call to provide a $2 per hour wage increase effective April 1, 2020, rather than the $1 per hour increase already set for budget year 2020/21. Low wages for ECEs are the prevailing cause of recruitment and retention challenges experienced across existing licensed child care spaces.

30 See: BC Government, "*Child Care BC Frequently Asked Questions*", March 2, 2018. Available at: https://www2.gov.bc.ca/assets/gov/family-and-social-supports/child-care/stakeholder_faq_qa_child_care_final.pdf; and Tess Vikander, "*Affordable Child Care Benefit's arrival applauded by advocates*", The Star Vancouver, August 24, 2018. Available at: https://www.thestar.com/vancouver/2018/08/24/affordable-child-care-benefits-arrival-applauded-by-advocates.html

31 See: "*A Letter to the Minister of State for Child Care*," Coalition of Child Care Advocates of BC, April 12, 2018. Available at: https://www.10aday.ca/a_letter_to_the_minister_of_state_for_child_care

32 Ibid.; See: "*A Backgrounder concerning the Ministry of Children and Family Development's Child Care Major Capital Funding Program*," First Call – BC Child and Youth Advocacy Coalition, May, 2016. Available at: https://firstcallbc.org/wordpress/wp-content/uploads/2016/05/ECD-MCFD-Capital-Grant-Backgrounder-FirstCall-2016-05.pdf

33 Sharon Gregson, "*ECE Work-force Strategy Announced!*," $10aDay Campaign, September 6, 2018. Available at: https://www.10aday.ca/ece_work_force_strategy_announced; See: "Media Release – Investment in Early Childhood Educators: Important to a quality child care system," Early Childhood Educators of BC, September 5, 2018. Available at: http://www.ecebc.ca/news/0918_media_release.pdf

Resourcing and reforming the Residential Tenancy Branch

Introduced in Budget 2017 Update, the restoration of $7 million in funding (over three years) to the Residential Tenancy Branch (RTB) marked a significant and long-awaited change of direction. Compliance and enforcement capacity is crucial for protecting tenant rights, which are an important condition for mitigating economic vulnerability and poverty. Under the B.C. Liberal government, funding for the Residential Tenancy Office dropped from $7.8 million in 2002/3 (roughly $10.4 million in real, inflation-adjusted dollars), to less than $5.6 million in 2005/6. Annual funding rose gradually thereafter, but residential tenancy protection and dispute services remained critically underfunded for more than a decade.

Despite the important reinvestments offered through Budget 2017 Update, additional increases are now required at RTB, and unfortunately Budget 2019 improved the branch's resources only marginally. B.C.'s population has increased by more than 700,000 residents since 2002, and the number of renter households grew by more than 120,000 between 2006 and 2015 alone. Moreover, RTB offices and staff are concentrated in the Lower Mainland which limits accessibility in other parts of the province that are currently underserviced by the branch.

Consultations with BCGEU members in the RTB indicate that more staff and resources are required to address growing demand and to improve the agency's overall effectiveness. Issues highlighted by RTB staff include:

- Lengthy telephone wait times for people trying to access RTB services;
- Excessive wait times for hearings on time-sensitive matters, such as evictions or the return of security deposits;
- Lack of walk-in locations and a heavy reliance on telephone service;
- Overreliance on an online file system that many find difficult to use;
- Shortages of essential clerical and administrative staff needed for addressing caseload volume;
- Insufficient staff to carry out inspections and investigate violations;
- Poor translation capacity for working with non-English speaking tenants and landlords;
- Staff burnout and low morale as a result high caseload pressure; and
- A serious shortage of arbitrators, which has created widespread delays for both tenants and landlords.

Budget 2020 should take steps to address these shortfalls through further investments in branch staffing and resources.

Ministry of Social Development and Poverty Reduction (MSDPR)

As the lead ministry in the delivery and implementation of the provincial poverty reduction strategy, MSDPR will need additional capacity not only for traditional core services, but also for further program development tied to *TogetherBC*.

The BCGEU welcomed additional investments in the ministry in Budget 2019, including $26 million over three years to begin addressing access barriers and other challenges for clients. But this is only a modest start, unfortunately. At the same time, the budget's $50 increase to monthly income and disability assistance rates was woefully inadequate.

<u>Addressing poverty through improved income assistance programs</u>

Income assistance rates remain well below the poverty line. The BCGEU echoes the recommendations of the poverty reduction coalition calling on government to reduce the income gap between welfare and disability assistance and the poverty line, and indexing future rate increases to the true cost of living using the Market Basket Measure (MBM). In particular, the government should ensure that income assistance rates reach, at a minimum, 75 per cent of the MBM poverty line for persons with disabilities and families with children.[34] Significantly increasing earnings exemptions and reducing other barriers and claw backs can also play an important role in reducing poverty for those on income assistance.

We sincerely hope that next year's budget finally introduces a significant and desperately needed increase to income and disability assistance rates.

<u>MSDPR staff, capacity and service levels</u>

Effectively addressing poverty will also require a better resourced ministry, with an improved service model. Key recommendations the were drawn from consultations with BCGEU members in the ministry include:

- Pursuing significant reforms to the current service delivery model for income and disability assistance to allow all British Columbians fair and effective access to the support services they need. This will require that the ministry eliminate the excesses of the virtual "My Self-Serve" model, restoring primary intake through direct, in-person service from ministry staff (rather than over the phone or online);
- Creating a comprehensive, transparent, and accountable staffing strategy and hiring additional staff to address significant workload issues;
- Restoring directly managed and assigned caseloads in income assistance (rather than a "provincial queue"), and adopting caseload standards for workers based on best practices;
- Addressing occupational health and safety issues, including violence in the workplace and the occurrence of staff working alone; and
- Implementing a longer-term eligibility criteria for disability assistance and decoupling it from the shorter-term, regularly reviewed application process for temporary income assistance.

34 Seth Klein and Iglika Ivanova, "*Deep poverty: BC government can – and should – end it,*" Policynote, May 24, 2018. Available at: https://www.policynote.ca/deep-poverty/

Advanced Education, Skills and Training

Expanding advanced education and training opportunities, resources and accessibility will remain central to an effective poverty reduction strategy.

Recent budgets have offered some important investments in education and training that will contribute to the goals of *TogetherBC*. We strongly supported the government's $10 million investment in Budget 2018 to continue the Indigenous Skills Training Development Fund, as well as commitments to tuition-free adult basic education and English language learning. That same budget also made a crucial investment of $30 million over three years for tuition waivers and wraparound supports for young adults aging out of care, greatly expanding their opportunities to a attend post-secondary program.

More recently, Budget 2019 made the significant commitment of eliminating student loan interest, a specific recommendation made by, the BCGEU in multiple pre-budget submission to the Select Standing Committee on Finance. We commend the government on moving forward with this impactful measure to improve both affordability and access to education for British Columbians.

High quality training and education programs are essential for expanding access to stable, well-paying jobs. To support this goal, budget measures the government should consider for 2020 include:

1. Supporting welfare recipients to attend post-secondary education and apprenticeship programs;
2. Reducing tuition fees at public post-secondary institutions and expanding the availability of post-secondary grants for low-income students;
3. Investing in new apprenticeship training spaces and trades instruction capacity to meet growing industry demand;
4. Increasing and stabilizing year-to-year funding for First Nations training and advanced education institutes and programs, including equitable compensation for instructors (for example, eliminating pay disparities faced by

those who deliver programs and courses at the Native Education College in Vancouver); and
5. Increasing rural and northern access with more spaces, funding and capital investment to create opportunities closer to where students live.

Ministry of Children and Family Development (MCFD)

Despite improved funding and resources through Budget 2019, significant challenges remain for this ministry, including problematic and unresolved working conditions for staff that contribute to longstanding recruitment and retention issues throughout the ministry. Budget 2020 should seek to address the deep, unresolved staff retention issues in the ministry that prevent better resource management and workplace efficiencies for frontline teams. Far too many staff face vacancies and instability in their own teams, or sacrifice crucial work effort to supply training and mentorship in an environment of high turnover.

We emphasize specifically at this time, the experiences of frontline staff who deliver services for children and youth with special needs (CYSN).[35] Currently, these members report significant challenges in their working conditions and program area that include:

- Persistent staff shortages (the result of recruitment and retention problems, unfilled vacancies, absences and sick leave, and inadequate backfill);
- Extremely high caseloads (and workload in general);
- A reactive and crisis-based response model (rather than proactive and strategic workflow); and
- Poor organizational capacity for considering and integrating crucial staff input on service delivery decisions and policy.

The BCGEU is aware that MCFD is developing a new service framework to better support children and youth with special needs, and that this will guide how the ministry provides and funds CYSN programs and services on a future (ideally, much-improved) basis. We hope that the upcoming budget will deliver significant resource and staffing investments to support these objectives.

Budget 2020 will also need to resolve the continued underfunding of Delegated Aboriginal Agencies (DAA), extending resources and support such that DAA's can guarantee the delivery of services and care at the same level provided to non-Aboriginal children.

Investing in Community Social Services

Effective delivery of the provincial poverty reduction strategy will also require investments in the community social services (CSS) sector. The BCGEU is the lead union in the sector, representing two-thirds of the unionized community social service workers in British Columbia. These caring professionals provide supports, services and resources to adults and children with developmental disabilities, women and children fleeing violence, Aboriginal families in need, at-risk youth, those with addictions, and more.

Consultations with BCGEU members in the sector point to key areas that need investment, including measures to improve staffing ratios, workplace safety (discussed separately in this submission), stability of employment hours, staff recruitment and retention. Frontline workers report that the following areas are in need of investment:

- Staffing: increased staffing to improve staff-to-client ratios, especially in residential care and institutional settings;

35 See: BCGEU, "*Submission to Special Project on Children and Youth with Neuro-diverse Special Needs*," June 7, 2019. Available at: *https://d3n8a8pro7vhmx.cloudfront.net/bcgeu/pages/9861/attachments/original/1560191046/Letter_to_Select_Standing_Committee_CYSN__NDN_Jun_7_2019_Final.pdf?1560191046*

- Recruitment and retention strategy: a comprehensive review of factors influencing recruitment and retention issues in the sector; and
- Measures to reduce precarious employment: far too many CSS workers are stuck in precarious employment situations, with irregular and inadequate hours that often provide no employment benefits. Some of these workers are themselves living in poverty. The government should consider options that provide more stability in the sector, such as longer-term contracts with providers, and successorship rights for CSS workers when contractors change.

Mental health, addiction, and confronting the opioid crisis

The creation of a ministry for mental health and addictions was a significant step forward in 2017, and some progress has been achieved through measures like the Overdose Emergency Response Centre. Despite the first signs of decline in average monthly overdose deaths (down 32 per cent in the first three months of 2019, compared to the same period in 2018),[36] much work is yet to be done to completely stem the opioid crisis.

For the 2020/21 budget, the government should expand measures to address this ongoing public health crisis, with a focus on clinical and social supports. Estimates suggest that treating those with addiction proactively costs $35,000 per patient per year as opposed to $100,000 per patient annually through the health and justice systems.[37]

Specifically, the BCGEU hopes that the provincial government will take steps to build new access points to enhance recovery and treatment options, by: 1) increasing access to supervised consumption sites in communities with need; and 2) expanding quality public in-patient residential programs that can address both opioid addiction and concurrent mental illness.

At the same time, BCGEU members who work in the sector continue to identify the need to better address the mental health and wellbeing of children and youth who are aging out of government care—and particularly for those transitioning from child and youth mental health services to adult mental health services.

Budget 2020 should allocate resources to establish a transition program that will provide smoother support for youth who have aged out of government care, but may still need mental health services.

VI. Climate and environmental goals, natural resources and BC Parks

The government has made progress since 2017 in confronting some of the environmental challenges faced by our province—yet much remains to be done. We propose a significant re-investment in BC Parks as a priority for the next budget, alongside further measures to support environmental protection and wildfire response capacity.

Investing in the future of BC Parks

B.C.'s parks and protected areas deliver economic, social, cultural and health benefits to British Columbians; they also provide simultaneous protection of biodiversity while attracting millions of tourists every year

While the recent announcement of 594 new campsites is a positive step, the parks system as a whole remains seriously under-resourced. For

36 Sean Boynton, "Overdose deaths in B.C. declined in first 3 months of 2019, but carfentanil on the rise," *Global News*, May 15, 2019. Available at: https://globalnews.ca/news/5279398/bc-overdose-deaths-first-quarter-2019/

37 Public Health Association of BC, "*BC needs an opioid action plan: An open letter to the government of BC*," Policynote, November 21, 2017. Available at: https://www.policynote.ca/bc-needs-an-opioid-action-plan-an-open-letter-to-the-government-of-bc/

too long, provincial parks have been seriously underfunded, and the results are now visible across the province. There are overflowing parking lots and trails, broken bridges, outdated park plans, aging parks facilities, little action to ensure the conservation of ecological integrity, and no interpretation programs. B.C. parks have the potential to be a world-class system, and they deserves world class support. Budget 2020 is an opportunity to make this transition.

> **B.C.'s parks and protected areas deliver economic, social, cultural and health benefits to British Columbians; they also provide simultaneous protection of biodiversity while attracting millions of tourists every year.**

The BCGEU renews its call on the government to increase B.C. Parks' annual budget from its current $41 million (plus approximately $8 million per year from the Parks Enhancement Fund), to $100 million. This will allow B.C. Parks to expand the system, invest in conservation and protection, and improve and expand recreational services, as well as other new opportunities for parks users. The additional $50 million in annual funding would amount to less than 0.1% of the current provincial budget, and we believe a significant part of the increased cost could be recouped in the form of economic benefits, increased tax revenues, increased usage volume and new savings from transitioning front-country parks operations back "in-house," with an "own forces" delivery model.

A reinvestment in parks would support growth in jobs and the economy. B.C. Parks already provides an extensive economic benefit to the province, and an expanded and improved parks system is likely to build on this record. A 2010 study of the system found that the $47 million in operating and capital expenditures on the system (excluding amortization) in 2010 led to $394 million in expenditures by visitors.[38] In other words, that is $8.42 in visitor spending on food, entertainment, transportation and other goods and services for every dollar of expenditure. Moreover, provincial park-related spending generated over $28 million in tax revenues, returning 60 per cent of B.C. Parks' capital and operating expenditures. The study also found that the combined economic impact of this spending brings a $392 million boost to GDP and adds over 5,200 full-time jobs.

New investment in parks infrastructure and operations would provide economic stimulus for parts of the province hit by the current downturn in the forest and resource extraction sectors. New, long-term direct jobs would be created across the province, in park operations and services, while capital investments in much needed construction, maintenance and infrastructure would also extend thousands of hours of work throughout rural and northern B.C. Similarly, increased access to B.C. parks will create opportunities for expansion in the adjoining food services, hospitality, retail and outdoor recreation sectors.

In addition to amplifying the province's appeal as a major national and international attraction, an expanded and reinvigorated parks system would also provide British Columbians with greater access to affordable vacation options close to home, increased opportunities for exercise, and will help renew and revitalize our connections to our natural environment, history and culture.

Improving services and saving money by bringing parks back in-house

Based on recent analysis, the BCGEU also believes that services can be improved, and budget savings realized, by ending contracting out of front-country parks services, and by bringing those operations back

38 See: Canadian Parks Council, "*Economic Impact of Canada's National Provincial and Territorial Parks in 2009*," April 2011. Available at: http://www.parks-parcs.ca/english/cpc/economic.php

within government.[39] Since the 1980s, front-country services in most of our provincial parks have been delivered by contracted park operators. Today's privatized model now involves long-term contracts with 74 operators, worth $30 million annually. Over the past five years, the cost of these contracted services has increased by a staggering 35 per cent, without a corresponding increase in visitor numbers or visitor satisfaction. Rather than interacting with park visitors, B.C. Parks staff now spend significant time and energy managing increasingly complex contracts, at the expense of better services and maintenance conditions within many provincial parks. Clearly, it is time to re-evaluate this arrangement, and consider an alternative model of service delivery.

As the province approaches the end of park operator agreement contract terms, it should begin looking at whether a publicly delivered, own-forces model would provide equal or greater value when compared to the current park operator model. We understand from correspondence with the ministry that B.C. Parks is currently piloting an own-forces model for Tweedsmuir Provincial Park (South), driven largely by public safety concerns.

Another opportunity to explore own-forces delivery has arisen in relation to the imminent expiry of the contract for the Golden Ears and Rolley Lake Parks bundle expiring later this fall. A very conservative estimate drawn from an analysis the BCGEU conducted and recently provided to the Minister of Environment, concludes that B.C. Parks could have operated the Golden Ears bundle itself for at least $130,000 less (10 per cent) than costs incurred for private service delivery in the reference year examined. If these results are applicable across the wider BC Parks system, they could lead to millions of dollars in savings, which could be invested in fee reductions and/or improved park services.

39 See: BCGEU letter and briefing Re: "*BC Parks Service Delivery Model and the Golden Ears Bundle Request for Proposals*," to Minister of Environment and Climate Change, George Heyman, September 4, 2018

Beyond cost savings, in-house delivery offers many other advantages, including improved flexibility in allocation of staff and resources. In addition, B.C. Parks employees and staff can build a career in the public service, and enjoy significantly better wages, benefits and working conditions. Bringing these services back in-house provides an opportunity to rebuild the connection between park visitors and BC Parks staff, and support better succession management within the agency.

The BCGEU recommends that the ministry consider bringing Golden Ears and Rolley Lake Parks back in-house when the current operator agreement expires this fall. The government should also undertake a study of the potential budgetary and service benefits of restoring all front-country parks services to a publicly delivered, own-forces model when current park operator agreements expire.

Reinvesting in environmental protection and natural resource management

Nearly 5,000 BCGEU members staff the public agencies that are responsible for protecting B.C.'s environment and managing our natural resources. These workers include biologists, forest technologists, check scalers, mining inspectors, park rangers, GIS analysts, oil and gas operations officers, conservation officers, First Nations relations advisors, water resource specialists, natural resource officers, environmental protection officers, administrative professionals and many more.

The B.C. Liberals took an approach to government that largely ignored responsibility for traditional regulation, compliance and enforcement in many areas. Lack of staff and funding has also compromised the capacity of public agencies to generate and share accurate, up-to-date information about our resources and environmental conditions.

Budgets 2018 and 2019 offered some much needed reinvestments in environmental protection and natural resource management. Significantly, $9 million was added in Budget 2018 to the budget of the Conservation Officer Service (COS) over three years to hire 20 new conservation officers and to enhance the WildSafe BC program. In Budget 2019, a new office of the Superintendent of Professional Governance was announced with an investment of $2 million over three years—a critical next step in implementing long-needed reforms in the professional reliance model and improving transparency and oversight in the natural resource sector. Budget 2019 also saw a 27 per cent increase to improve and expand the office of Environmental Assessment.

Despite these positive steps, major gaps remain after more than a decade of cuts under the previous government. We urge the provincial government to provide further resources in the upcoming budget to restore the scientific and operational capacity of the public agencies that support wildlife conservation, and to set aside funds for land acquisition. We also remain concerned about proposals to fund wildlife management based primarily on user fees, since this approach can risk prioritizing the needs of some interest groups or particular species above the overall health of ecosystems. In our view, the well-being and future prosperity of all British Columbians depends on our ecosystems being healthy and resilient. As such, it is the provincial government's responsibility to directly fund the management of our public lands appropriately.

BCGEU also calls for further investments to address the reports and recommendations that emerged from the Professional Reliance Review, the engagement on Environmental Assessment Revitalization, the BC Flood and Wildfire review, and the public engagement on Wildlife and Habitat. B.C.'s environmental protection and natural resource management capacity remains in dire need of repair, and public investment is needed to restore staffing and resource levels in key ministries and agencies to levels that existed prior to Liberal government cuts.

More generally, we believe key environment and natural resource functions—such as compliance and enforcement, inventories, monitoring, and regional and strategic assessments—belong within public agencies, and, as much as possible, conducted by public servants rather than delivered as one-offs by an array of different contractors or volunteers. Supporting a robust environmental assessment process requires being a knowledgeable owner of B.C.'s lands and resources. The provincial government should be responsible for managing B.C.'s land base on behalf of British Columbians. Doing this effectively requires investment to restore scientific and operational capacity within our public agencies.

Rebuilding compliance, monitoring and enforcement programs across government will be a gradual process, but an essential priority. More resources are needed now to re-establish capacity and repair public confidence in the ability of these agencies to effectively monitor industry activities and enforce resource and environmental protection rules.

Creating a new water sustainability fund

As climate change worsens, droughts, floods, and wildfires pose a more significant threat to our communities, ecosystems and water supplies. These challenges point to the need for long-term watershed-level planning and partnerships between governments and communities, including the allocation of adequate resources. Water protection as a government priority will require additional staffing (e.g. for monitoring, planning, and enforcement) and resources for aquifer mapping, the tracking of water use, and preparing for droughts, floods and a changing climate.

Alongside a number of B.C. non-governmental organizations, the BCGEU calls on the government to create a new Water Sustainability Fund. This would be a permanent fund to invest in initiatives and efforts that deliver long-term water and watershed sustainability across B.C., including:

- Collaborative partnerships at the local watershed level;

- Modernized watershed-based land-use plans;
- Community-driven restoration initiatives; and
- Innovation that supports province-wide advancements in watershed protection.

A variety of potential funding mechanisms exist to create and sustain a B.C. Water Sustainability Fund, but one sustainable funding source would be a dedicated portion of water rental fees. B.C. currently charges $2.25 per million litres for water rentals, the lowest rate of all the provinces that charge a water rental or royalty fee. Ontario charges $3.71 per million litres to industrial water users. Quebec charges $70 and Nova Scotia charge $140 per million litres. A modest surcharge to major industrial water users could be directed toward programs that will sustain the resource, and would not impact the competitiveness of business.

Wildfire response and prevention: facing the "new normal"

Budget allocations for wildfire fighting have for several consecutive years been below actual costs by a significant magnitude, and wildfire response has been reliant on contingency funds as a result. As a 2017 open letter from prominent forestry academics and fire ecologists noted, the province allocated $183 million to wildfire prevention initiatives over the preceding decade, while the actual costs of fire suppression neared $2 billion over that same time period.[40]

Budget 2019 began a shift toward acknowledging the ongoing severity of wildfires in B.C., with a new allocation of $101 million annually (+60% over 2018) for the B.C. Wildfires Service (BCWS). Preparedness was also expanded from $35 million up to $46 million (+31%).

However, these increased allocations are still nowhere near addressing the true costs of recent wildfire seasons. Fire management costs for the 2018 season were $551 million, and emergency program costs associated with flooding and wildfires were $308 million. Together, combatting floods and wildfires in 2018 cost the province $859 million.

These devastating recent fire seasons show not only the exceptional public cost to government of extreme wildfires, but the broader economic toll on the province's resource industry, tourism sector and small businesses. This should be understood as a severe and growing risk to the B.C. economy.

Concerns are also growing regarding public health risks and increased health care costs resulting from wildfires in B.C. This past summer we saw the longest continuous air quality advisory on record for the Metro Vancouver and Fraser Valley areas. Increasingly, epidemiological studies are showing associations between wildfire smoke exposure and use of health care resources, including emergency department visits, admission to hospitals, and increased medication dispensing for exacerbated respiratory symptoms.[41] Indeed, modeling from the B.C. Centre for Disease Control (BCCDC) suggests that there was a 120 per cent increase in physician visits and an 80 per cent rise in asthma prescription medication dispensing during 2018's record-breaking air quality advisory.[42]

The province needs to meet this "new normal" with further investments to ensure B.C. communities and the provincial economy are more resilient to wildfire. A more proactive BCWS will mean investing in prevention and capacity to respond effectively to wildfires. Budgeted funding of the BCWS should be further increased and stabilized to facilitate

40 Dr. Lori Daniels, Robert Gray and Dr. Philip Burton, "RE: 2017 Megafires in BC – Urgent Need to Adapt and Improve Resilience to Wildfire," September 26, 2017. Available at: http://treering.forestry.ubc.ca/files/2018/05/2017-Wildfires-and-Resilience.pdf

41 Kathleen McLean, Jiayun Yao and Sarah Henderson, "*An Evaluation of the British Columbia Asthma Monitoring System (BCAMS) and PM2.5 Exposure Metrics during the 2014 Forest Fire Season*," International Journal of Environmental Research and Public Health 12, no. 6 (June 2015): 6710-6724.

42 See: Pamela Fayerman and Behdad Mahichi, "B.C. wildfires 2018: Medical issues surge as air quality advisory becomes longest on record," Vancouver Sun, August 21, 2018. Available at: https://vancouversun.com/news/local-news/wildfires-2018-medical-issues-surge-as-air-quality-advisory-becomes-longest-on-record

increased wildfire prevention work outside the fire season, and more rapid mobilization of crews as the fire season ramps up.

Key wildfire prevention investments should include increased funding for prescribed burning and other fuel management projects, alongside BCWS support and training for communities (including First Nations communities) to undertake prevention activities. Funding should also be increased for wildfire-related research and planning. Wildfire planning and management should be better integrated with a properly resourced forest service.

Wildfire response investments should include strengthened detection systems, such as remote sensing, as well as improvements to fire behavior prediction systems and expanded initial attack capacity. In addition, BCWS needs more firefighting staff to reduce fatigue and improve worker safety. In recent years, BCWS has been hiring contract crews on long-term contracts. These resources should be spent on building staff capacity within the BCWS, rather than contracting out firefighting. BCWS should also be funded adequately to address ongoing challenges in workforce recruitment, retention and stabilization.

In addition, the Ministry of Transportation's highways maintenance contractors make an important contribution to preventing wildfires and minimizing damage to our road infrastructure during flooding. Over time, however, cuts to road maintenance budgets have limited regular mowing to highway shoulders and paved roads only, reduced mowing frequency, and ended the removal of brush and grass from the area. Going forward, we recommend that the Ministry of Transportation both requires and budgets for enhanced routine road maintenance to prevent wildfires.

Flood response, management and prevention

As with wildfires, flood response costs have also significantly exceeded budget allocations in recent years. Budget 2020 should consider new investments in flood prevention and additional response resources in advance of actual flood emergencies.

Key areas of investment should include restoring staffing levels in flood-related research and planning agencies to 2001 levels, and improving the integration of BCWS crews into flood response and prevention activities outside the fire season.

The province should also restore funding for routine flood prevention work by highways maintenance crews. In the past, highways crews also did routine maintenance to clear culverts of brush and sediment, and replaced damaged culverts. Unfortunately, this kind of maintenance now only happens when an issue is identified, rather than on a regular, preventive basis.

Emergency Management BC

In addition, there is a pressing need to build capacity within the key provincial emergency management agencies that deal with wildfires, floods and other emergencies. Emergency Management BC (EMBC) is the lead agency for coordinating B.C.'s emergency management activities, and its ongoing work on planning and preparedness contributed greatly to the success of provincial responses over the past two summers. However, EMBC staff report tremendous workloads, and major backlogs in regular duties as a result. Improving provincial emergency planning, preparedness, and the general capacity to respond to large-scale disasters will require new investment. Unfortunately, the ministry's service plan currently shows the agency's budget frozen at about $17.5 million going forward. Budget 2020 should expand EMBC's budget to meet the increasing demands and overall workload facing the agency.

VII. Prioritizing occupational health and safety for B.C. workers

The BCGEU represents tens of thousands of workers in community social services, community living, long term care, and corrections. They care for some of our province's most vulnerable citizens and play a critical role in public and community safety. They also bear a disproportionate risk of physical and mental injury on the job, which is exacerbated by factors like chronic under-staffing, recruitment and retention issues, outdated facilities and inadequate training.

Improving safety in the B.C. corrections system

For several years, and especially since the launch of our Prison Safety Now campaign, the BCGEU has called for additional resources for adult corrections to address severe health and safety problems, alongside related recruitment and retention issues. Budgets 2018 and 2019 did not deliver the required investments. Outside nominal increases to corrections, there was nothing in either budget to address dangerous staff-to-inmate ratios, overcrowding and escalating violence in B.C. jails.

Recent surveys of BCGEU members in the corrections service show significant ongoing concerns regarding violence, high ratios of inmates to officers, overcrowding in facilities and other safety issues.

> **The government has committed to rebuilding B.C.'s justice and corrections systems–to make them fair, responsive and effective.**

Real inflation-adjusted funding for corrections remains below 2001 levels. For the adult custody division, this has occurred despite the fact that in 2015/16 there were 20 per cent more inmates in B.C.'s jails compared to 2001/02.[43] Despite some recent progress toward expanding capacity in the adult custody system, overcrowding is an ongoing and serious issue across all of B.C.'s corrections facilities, and double-bunking inmates remains extensive.

According to corrections literature, this kind of overcrowding makes it harder to separate incompatible inmates, limits opportunities for rehabilitative programming, increases the tension and risk of conflict between inmates and staff, and contributes to higher rates of illness and suicide among inmates. These results are painfully borne out in B.C.'s adult custody system today. Violent incidents in our prisons have been increasing for years, and when combined with the impact of gang activity and the prevalence of co-occurring mental health issues, the trend is intensifying. In 2016, there were 1,481 incidents of violence recorded in B.C. prisons, 47 per cent higher than in 2012.[44] Assaults on Correctional Officers also hit an all-time high in 2018, with 124 attacks occurring over the course of the year.[45]

The government has committed to rebuilding B.C.'s justice and corrections systems—to make them fair, responsive and effect¬ive. The BCGEU encourages this government to move forward quickly and boldly in this effort, with more resources to improve working conditions and hours for workers in the sector.

Budget 2020 should allocate funding to increase frontline staff numbers in corrections to improve safety for workers and inmates. In addition, staff increases are still needed in community corrections to address high caseloads, improve outcomes for clients, and to better protect public safety. The BCGEU is also hopeful that the committee on

---

43 Statistics Canada, Table 251-0005, Adult correctional services, average counts of adults in provincial and territorial programs.

44 BC Corrections Branch, Violence Statistics, 2011-2016, provided to the BCGEU by the Corrections Branch

45 BC Corrections Branch, Violence Statistics, 2018, provided to the BCGEU by the Corrections Branch

recruitment and retention (agreed to in the recent round of contract negotiations) can be a step forward in the development of a long-term recruitment and retention strategy that addresses issues driving attrition and high employee turnover across correctional and sheriff services.

The government should also study further expansion and renewal of correctional facilities to reduce overcrowding (alongside other safety improvements for officers and inmates). In addition to safety and program benefits, capital investment in facilities can be an economic boost for adjacent communities. Construction of the replacement Nanaimo Corrections Centre, for example, is expected to create approximately 1000 local jobs.[46]

Improving safety in community social services and community living

A 2018 survey of Community Social Services (CSS) workers by the BCGEU reinforced what members have been telling employers and the government for several years now: workplace verbal abuse, threats and violence are common in the sector, and a significant issue for workers. An alarming 79 per cent CSS workers in the survey said they had experienced threats or verbal abuse at work in the previous two years. More worrying still is that 38 per cent said they were also victims of physical violence at work in the same time period. A majority—61 per cent—felt at risk of violence in their current position.

The problem appears to be worst in the community living sector. Almost half of the community living workers that responded to the survey said they experienced at least one incident of physical violence in the previous two years. In fact, two-thirds of all survey respondents who reported being victims of physical violence were from the community living sector.

46 BC Government News, "Jail replacement to bring local jobs, enhanced programs," (June 10, 2019). Available at: https://news.gov.bc.ca/releases/2019PSSG0071-001201

In March 2019, BCGEU members working in the community living sector came together for a dialogue on ending violence in the workplace. Forum participants agreed that many of the changes needed to reduce workplace violence and improve safety will require provincial government action. Many of these recommendations are applicable across the wider community social services sector.

Key provincial government investments that can help address these safety problems include:

1. ***Increased funding and resources for community living***

   Despite improvements over the two most recent provincial budgets, community living funding remains inadequate.

   Funding and resource shortages were identified by workers as the underlying structural cause of many of the safety issues in the sector. Lack of funding is the common denominator across a range of problems that increase the risk of workplace violence, including inadequate staffing levels, problems with equipment and facilities, lack of training and problems with recruitment and retention.

   Workers also said it is important to ensure that funding allocated to the sector is being used efficiently, and called for greater transparency regarding agency budgets and spending. Many workers are concerned that provincial funding is not always being used by individual agencies in ways that best support worker safety and client wellbeing, and some suggested improved audits of CLBC-funded agencies. Workers also emphasized the importance of eliminating "claw backs," which impact individual and overall funding in the sector.

   In addition, participants called for new funding to be allocated for specific purposes rather than through blanket, global increases. Specifically, workers said they want to see dedicated funding for measures focused on workplace safety, including better staffing ratios, higher compensation to help retain frontline workers, better safety-related equipment, and specific training programs to help reduce violence in the workplace.

2. ***Improving staffing ratios***

   Understaffing was identified as a major risk in incidents of workplace violence. Workers called on the province to provide the funding and regulations required to ensure staff are not left alone with clients who have histories of violent behavior, and to ensure staff ratios are adequate to reduce risks in situations involving other potentially challenging clients.

3. ***Better information sharing and record-keeping systems***

   Workers said that gaps in the information provided to workers are a significant source of risk in the sector. All too often, agencies are not providing staff with accurate and complete information regarding past incidents of violence, relevant medical diagnoses, behavioral challenges, and/or potential environmental, social or communicative "triggers" for clients. These information gaps create unnecessary safety risks for workers, and also negatively impact clients' quality of care.

   The province should work with employers to develop, fund and implement mandatory, consistent and accurate systems for recording and sharing information regarding past incidents of violence and other relevant safety information.

4. ***Improved training and certification***

   Workers also said inadequate training and deskilling in the sector increased the risk of violence and made workplaces less safe. Budget 2020 should invest in training and certification measures that include:

   - Consistent training and consistent provincial standards, with a reliance on hands-on instruction.
   - Ensuring all workers entering the sector have basic training and a recognized professional certification.
   - Providing financial support for mandatory recertification at specified intervals.
   - Increasing advanced education and training opportunities for workers in the sector.
   - Mandatory Nonviolent Crisis Intervention (NVCI) training provided by employers to all frontline staff.

5. ***Monitor and ensure employer compliance with safety protocols***

   Forum participants said it was crucial to improve government safety oversight in the sector and ensure employer compliance with existing protocols and procedure. Measures that could be implemented with new funding include:

   - Regular inspections to ensure compliance with safety and violence prevention measures.
   - Setting up a system that allows workers to report "over the head" of their direct employer in situations where employers are not addressing safety problems.

Reducing workplace injury rates in home support and long term care

B.C. took a major step forward this year when the Fraser Health, Vancouver Coastal Health and Vancouver Island Health authorities announced they will bring delivery of home support services in-house. The BCGEU has recommended bringing home care support workers under government employment for over two decades, and welcomes an impactful change that will provide greater security to workers, better care to B.C. seniors, and the potential for better, safer work environments.

This transition creates opportunities to begin addressing longstanding occupational health and safety problems that have plagued the long-term care sector as well. In recent years, workplace injury rates in long term care have been more than four times the average rate for all B.C. workers. More than 120,000 work days in the sector were lost to injuries in 2018 alone, with total claims exceeding $28 million.[47]

Inadequate staffing levels are a major factor in many of these workplace injuries. Notably, recent statistics show that 44 per cent of injuries in long term care are due to overexertion, and 17 per cent due to acts of violence. Increased staffing to assist with heavy lifting and other physically demanding tasks can help reduce the frequency of injuries from overexertion, while improved staff-to-client ratios will help prevent violent incidents and reduce their severity.

Budget 2020 should allocate new, dedicated funding to improve overall staffing levels in the sector, and provide resources to ensure safer staff-to-client ratios in long term care.

VIII. Revenue options

In Budget 2018, the B.C. government made important strides toward building a fairer and more progressive tax system for the province. The BCGEU enthusiastically welcomed the decision to incrementally increase the carbon tax and end its revenue neutrality, expand the low income climate action tax credit, raise the corporate income tax rate, and lift the personal income tax rate for the province's highest income earners. It also embraced several new tax measures aimed at reducing harmful speculation in residential real estate, and supported the province's plan to phase out and eliminate regressive Medical Service Plan premiums.

Many of these were measures that the union had recommended to government on multiple occasions, including through several previous budget consultation submissions. They were impactful first steps toward undoing an entrenched and highly inequitable tax regime that, over a generation, has been weighted heavily in favour of society's highest earners and its most profitable businesses—primarily at the expense of working people, our most vulnerable communities, and the public services that they depend on.

While Budget 2019 took further action on tax fairness, especially through the new B.C. Child Opportunity Benefit, there was a notable absence of new revenue generating tax measures (apart from a scheduled $5 per tonne increase to the provincial carbon tax). The BCGEU urges the government to consider changes in 2020 to further improve tax fairness, increase revenue and ensure stable, ongoing funding for programs and services. The revenue needed to accelerate and scale up the response to B.C.'s affordable housing emergency and to invest in poverty reduction will be especially crucial in the months and years ahead. To that end, the changes we propose to personal income tax rates, corporate tax rates and fossil fuel sector subsidies would generate well over $1 billion in new revenue annually to support these investments.

Reassign budget surpluses

The government booked a very large amount of fiscal prudence into the budget for 2019/20, totaling roughly $2.1 billion. This figure comprises $274 million in surplus revenue, a $750 million contingency vote, $500 million in forecast allowance, and $553 million in additional contingencies under the Sustainable Services Negotiating Mandate. While partly the result of appropriate caution in its fiscal planning, government should allocate a significant portion of these additional revenues toward the urgent investments in housing, poverty reduction and environmental protection outlined above.

47 See: WorkSafeBC, "Industry Safety Information Centre" web portal. Available at: *https://online.worksafebc.com/Anonymous/wcb.ISR.web/IndustryStats-Portal.aspx?c=2*

Closer analysis also reveals additional structural surpluses that are currently booked as contingency funds and forecast allowance—a past accounting practice of the B.C. Liberals. Much of this could be safely designated as surplus, and therefore used as operating revenue for services.

Eliminate oil and gas subsidies

The province should begin to phase out its significant and inefficient subsidies to oil and gas companies. Through various royalty deduction programs, this wealthy industry is able to further reduce the amount it pays in royalties on our province's natural resources. Figures for the most recent fiscal year have not yet been released, but these tax subsidies were worth an estimated $447 million in 2018, up from $363 million (+23.1%) in 2017.[48]

These outmoded benefits for industry are exceptionally costly for the province and our environment. They provide unnecessary support for an already profitable industry whose activities entail significant environmental risks and impacts, and additional greenhouse gas emissions—all of which represents a future cost for government.

The BCGEU renews its decade old recommendation to the provincial government: end subsidies and royalty breaks to the oil and gas industry and redirect these tax expenditures to social programs and services, as well as environmental initiatives.

Increase the corporate tax rate and reduce costly deductions

The general corporate income tax rate received a much-needed increase through Budget 2017 Update, rising to 12 per cent (from 11 per cent). The BCGEU supported this change but now recommends that a further increase could be made without negatively impacting B.C.'s economy. Restoring the corporate income tax rate to the 2002 rate of 13.5 per cent would generate hundreds of millions per year in additional revenue. Furthermore, combining this increase with the elimination of costly corporate tax deductions would save about $300 million in foregone revenue annually.

Increase tax fairness with a new income tax bracket for $200,000 and above

Provincial tax cuts under the BC Liberal governments delivered the lion's share of benefits to B.C.'s wealthiest. The richest 1 per cent of B.C. households saw their taxes cut by an average of $41,000 per year—which incredibly, was more than the average income for the poorest 30 per cent of households in the province during that period.

The B.C. Liberals made across-the-board cuts to personal income taxes (by 25 per cent in 2001/02 and 10 per cent in 2007/08), which, despite the changes introduced in Budget 2018, mean that B.C.'s income tax rates are still among the lowest in Canada today. The legacy of these deep cuts to personal income taxes constrain the revenue available to fund health care, education and social services for children and families by at least $2.5 billion each year.

Tax reform scenarios modeled recently by the Canadian Centre for Alternatives found that introducing a new top income tax bracket of 22 per cent on the richest 1 per cent who earn more than $200,000 could add in the range of $535 million annually in provincial revenue.[49] We recommend the government implement this measure, and invest the resulting revenues in affordable housing and other key components of the provincial poverty reduction strategy.

---

48 B.C. Office of the Comptroller General, Public Accounts 2017/18. Available at: *https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/government-finances/public-accounts/2017-18/public-accounts-2017-18.pdf*

49 Correspondence with the CCPA-BC re: updates to scenarios modeled in: *https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2013/01/CCPA-BC-Tax-Options_0.pdf*

Land value taxation

The BCGEU also encourages the government to undertake a serious study of land value taxation as a potential source of new public revenue to support investments in affordable housing and public transit.

Land value taxes focus on taxing increases in land value that arise from property speculation, rezoning and infrastructure improvements.[50] Private land value increases are often tied directly to public investments in infrastructure and services, A notable recent example can be found in Surrey, where land in close proximity to the forthcoming Surrey-Langley Light Rail Transit project increased in value by 100 per cent over two years.[51] It makes sense for the public to recoup through taxation some of that economic benefit that has been accrued by landowners due directly to public investment.

Land value taxes can also help slow down the pace of unproductive, speculation-based increases in land prices by making it more expensive to hold and transfer speculative properties. At the same time, land value taxation incentivizes landholders to make economically productive use of land by building on it instead of leaving it idle in the hope of future speculation-based price increases.

The public revenue potential is huge and largely untapped. B.C. real estate was worth $1.99 trillion by January 2019 – up by more than $1 trillion since 2007.[52] That is much larger than any other component of the provincial economy, and makes up a bigger share of B.C.'s GDP than oil and gas does for Alberta. However, most of this value increase currently goes untaxed and only benefits private investors, while driving up housing costs for B.C. residents. Land value capture is an effective way to recover some of this value and use it for the benefit of the people who live and work in this province. A tax of one per cent on the land value lift in B.C. over the past 10 years would give the province an additional $10 billion to invest in affordable housing.

While the province and local governments would need to work together to develop a specific model of land value taxation tailored to the needs of B.C. communities, land value capture policies based on similar core concepts have been used to fund housing, public transit and other public investments in many jurisdictions across the United States, Europe and Asia. The existence of our very capable provincial property assessment agency, B.C. Assessment, puts this province in a strong position to implement and administer this type of land value tax effectively.

In summary, the BCGEU applauded the government's efforts in the 2018 budget to move towards a fairer tax system. While Budget 2019 made further progress towards a better resourced public sector, it also missed opportunities to expand and stabilize the revenue base needed for additional investments to address the social, economic and environmental challenges facing this province. We urge the government to consider the revenue strategies we identify in this submission as options for Budget 2020.

---

50 For a more in-depth exploration of land value taxation and land value capture in the B.C. context, see the BCGEU's 2017 report, Building an Affordable B.C. Available online at: *https://d3n8a8pro7vhmx.cloudfront.net/bcgeu/pages/8362/attachments/original/1536791619/housing-plan-FINAL-CUPE.pdf?1536791619;* Additional policy and economic research on land value capture and land value taxation is available through the Lincoln Institute of Land Policy. For more information, visit: *https://www.lincolninst.edu/*

51 Frank O'Brien, "*Surrey LRT collides with higher land values*," Business in Vancouver, September 26, 2018. Available at: *https://biv.com/article/2018/09/surrey-lrt-collides-higher-land-values*

52 Calculations based B.C. Assessment information available at: *https://info.bcassessment.ca/property-information-trends/property-assessment-of-bc/province-wide*

IX. Conclusion

Successive budgets in 2018 and 2019 saw our province begin to turn the corner after era of pronounced neglect of vital public services. The BCGEU calls on government to continue this change of direction in Budget 2020 with further reinvestments in the services and infrastructure British Columbians need. Building a stronger, better-resourced public sector will be essential to delivering the housing, poverty reduction, environmental protection and occupational health and safety measures we have advocated in this submission.

In summary, the BCGEU applauds the government's efforts to date in moving toward a fairer tax system and a better-resourced public sector. We urge the government to build on this vision through Budget 2020, with additional investments to address the social, economic and environmental challenges we have identified in our submission.

BC GOVERNMENT AND SERVICE EMPLOYEES' UNION

bcgeu