

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



Fall 2018

I. Executive summary

After 16 years of austerity and retrenchment under the BC Liberals, Budget 2018 saw the new government take important first steps toward rebuilding core public services and laying out important pathways for the introduction of expansive new strategies and programs to come. It announced significant new investments in housing, a historic new childcare program and supplied much-needed funding and resources to other vital areas of public service delivery. The budget also invested in infrastructure, took strides toward tax fairness, and significantly improved the government's fiscal position for long-term, sustainable public investment.

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But much remains to be done. Budget 2019 must continue this spirit of taking bold policy measures to address the province's current social and environmental challenges. We ask the committee to consider the following recommendations, grouped into four key policy areas, and advocate for their incorporation into this year's budget and fiscal plan:

1. Address B.C.'s housing crisis through increasing direct public investments in affordable housing;
2. Build up the public social service, regulatory and educational capacity necessary for an effective poverty reduction strategy;
3. Protect B.C.'s environment and natural resources by investing in the BC Wildfire Service, Emergency Management, BC Parks,

and improved environmental oversight and natural resource management capacity across the provincial public sector; and

4. Restore funding to our justice and corrections system to improve safety for corrections workers, inmates and the broader public.

The BCGEU also urges the government to consider further changes to support 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 to invest in a credible poverty reduction strategy will be especially crucial in the months and years ahead. To that end, the BCGEU also recommends that government take the following steps to access well over \$1 billion in new revenue annually:

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

II. Introduction

The BC Government and Service Employees' Union (BCGEU) represents more than 77,000 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 some recent slowing, B.C. remains a top province for economic growth through the 2018/19 fiscal year.

Notwithstanding a considerable change of approach on social policy between the current NDP government and past Liberal governments, there remains significant inequality throughout the province. The first quarterly report recently provided by the Ministry of Finance outlines significant steps taken by the government to address this inequality, but we welcome the opportunity to explore further measures for Budget 2019/20.

Economic outlook

With the conclusion of a full year under the new NDP government, B.C.'s real GDP growth is expected to top 2.2 per cent for 2018, softening to 1.8 per cent in 2019.¹

1 BC Ministry of Finance, *Budget 2018 Working for You – First Quarterly Report September 2018*. Available at: <https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/government-finances/quarterly-reports/2018-19-q1-report.pdf>

These corrected estimates are 0.1 and 0.2 percentage points lower than the original forecast Budget 2018, likely the result of weaker export and consumer spending, coupled with less intense activity in the housing and labour markets.²

The province is operating at near-full employment, leading the country for a second consecutive year with a comparatively low 4.9 per cent year-to-date average for monthly unemployment in 2018. This rate is 0.4 percentage points below last year's year-to-date average of 5.3 recorded in August.

Employment in the province has increased by (net) 19,100 jobs, with the strongest growth concentrated throughout health care and social assistance, construction, and the professional, scientific and technical sectors. However, in August, the goods-producing sector in B.C. showed a 12-month loss totaling 13,000 jobs (-2.6%),³ with declines in manufacturing (-3.4%), forestry, fishing, mining, quarry, oil and gas (-3.4%), and agriculture (-7.1%).⁴

Year-over-year hourly average wages in B.C. were up five per cent as of summer 2018, well above the national average increase of 3.2 per cent.⁵ Growth in personal income (6.1%) and disposable income (6.3%) were both strong in 2018, and are expected to continue to increase at more than five per cent annually over 2019 and 2020.

While key macroeconomic indicators remain strong for the province, B.C. workers continue to face significant affordability challenges. At the family and individual level, the cost of living has increased markedly over the past several years. Recent reports suggest that half of B.C. workers are currently living paycheque to paycheque and continue to carry very high levels of consumer and household debt.⁶

2 Ibid.

3 BC Stats, *Labour Force Statistics Highlights*, August 2018. Available at: <http://www.bcstats.gov.bc.ca/Files/9217ff6f-0609-45d4-a264-b92e06c842f2/LabourForceStatisticsHighlights.pdf>

4 Ibid.

5 See Central 1, *Economic Analysis of British Columbia Volume 38 • Issue 3*. Available at: https://www.central1.com/wp-content/uploads/2018/08/ea-2018_03-BC.pdf

6 See: "Half of B.C. workers living paycheque to paycheque, survey finds", *CTV News*, September 5, 2018. Available at: <https://bc.ctvnews.ca/half-of-b-c-workers-living-paycheque-to-paycheque-survey-finds-1.4080919>



The consumer price index for B.C. increased 2.9 per cent in August 2018 compared to the same month in 2017.⁷ This is 0.1 per cent above the overall change in Canada. Specifically, the costs of shelter and transportation were up 2.8 per cent and 6.3 per cent, respectively.⁸ This reflects the ongoing challenges of affordability faced by individuals and families in B.C., and particularly, within the Metro Vancouver area.

The housing sector continues to be a major contributor to overall economic growth in the province. Almost one-third of all growth over the past three years is tied directly to residential investment.⁹ In 2017, housing, construction and real estate accounted for a significant 18.1 per cent of B.C. GDP.¹⁰ Although housing starts are forecast to drop slightly in 2018, they are expected to remain relatively strong through 2020.

In the first quarterly report, the Minister of Finance recently highlighted again the unsustainability of continuing to rely on the real estate market as a primary driver of economic growth. The BCGEU shares this opinion and continues to flag the risks and longer-term consequences posed by unchecked growth and activity in the sector. Home sales in B.C. are expected to slow by 20 per cent in 2018, rebounding slightly in 2019 and then dropping again in 2020.¹¹ The effects of this cooling have already been felt in other areas of the economy, through lowered retail sales of housing-related goods and services.

⁷ BC Stats, *Consumer Price Index – Monthly highlights for August 2018*. Available at: <http://www.bcstats.gov.bc.ca/Files/26166ecc-88c9-428e-a4a2-31190692b65a/ConsumerPriceIndexhighlights.pdf>

⁸ Ibid.

⁹ 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>

¹⁰ Calculations based on figures from “BC Gross Domestic Product at Basic Prices database”. Available at: <https://www2.gov.bc.ca/gov/content/data/statistics/economy/bc-economic-accounts-gdp>

¹¹ Beata Caranci, et al., “Provincial Economic Forecast – Growth Performances Becoming More Tightly-Packed”, *TD Economics*, September 19, 2018. Available at: <https://economics.td.com/provincial-economic-forecast>

Fiscal outlook

The first quarterly report shows continued fiscal balance that will allow the government to pursue further investment in targeted areas related to affordable housing solutions and affordable child care. The operating surplus for 2018/19 is expected to reach \$669 million, which is \$450 million higher than initially estimated in Budget 2018.

This year, government saw improvements across many key revenue sources, but at the same time faced greater expenses primarily due to fire management costs as well as increased expenditure on film tax credits. The management of these two expenses may warrant consideration and adjustment in the fiscal plan for 2019 and beyond.

The BCGEU remains encouraged by measures this government has taken to expand key sources of revenue. In particular, the modest increases to both personal and corporate income tax rates that were presented in the previous budget have contributed significantly to the \$1.6 billion increase in projected annual government revenue.¹² This is added fiscal capacity the BCGEU has long-advocated for in its previous budget consultation submissions, thereby providing for early reinvestments in crucial government programs and services, as well as new ones.

The new NDP government has managed fiscal policy well in its first year, unveiling bold new programs 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 2019/20. Establishing further progressivity in the tax system and taking other measures on the expenditures side—such as eliminating certain 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.

¹² Ibid. 1.



Looking further ahead, the scheduled (and long overdue) elimination of Medical Service Plan (MSP) premiums in 2020 will pose a significant budgetary cost that government needs to plan for. The new payroll tax scheduled for introduction at the start of 2019 is estimated to provide \$1.9 billion in revenue, but will not completely cover the \$2.6 billion collected in MSP premiums in 2016/17.¹³

Government is in a strong position to continue its bold action and investment in public services and programs. However, its ongoing commitment to fully instituting core policies and social programs, such as universal child care and affordable housing, along with the legislated commitment to a comprehensive 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 2019/20.

IV. Investing in housing affordability and supply

Despite significant inroads made in Budget 2018, housing affordability and availability remains a crisis for communities across B.C. Astronomical prices have made purchasing a home impossible for many B.C. residents, and rents have soared 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.

Short supply of rental housing has led to vacancy rates well under 1 per cent in many B.C. communities, with Victoria at 0.7 per cent, Burnaby at 0.6 per cent, East Vancouver at 0.3 per cent and Kelowna at 0.2 per cent.

13 The Canadian Press, "B.C. Budget: B.C. to eliminate Medical Services Plan fees on Jan. 1, 2020", *Times Colonist*, February 20, 2018. Available at: <https://www.timescolonist.com/news/local/b-c-budget-b-c-to-eliminate-medical-services-plan-fees-on-jan-1-2020-1.23180199>

Across the province, 43 per cent of renters spent more than 30 per cent of their household income on rent and utilities in 2017, and 21 per cent spent over half their total income on meeting basic shelter needs. At least 10 per cent of renter households are living in overcrowded conditions. The numbers are even worse in many parts of the Lower Mainland.¹⁴

In some parts of the province, the issue of affordability has even become an economic concern for businesses, many of which have difficulty recruiting and retaining employees due to the lack of affordable housing in the region.¹⁵

Bold action will be required to address the crisis. Some measures have been taken to reduce overseas and investor demand for housing throughout the province, but these actions have not been enough. B.C. communities need access to a robust and stable supply of housing that is truly affordable in order to make a real impact on this growing crisis. 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 on B.C.'s housing crisis from the BC Liberals, the NDP government's first annual budget in 2018 signaled promising shifts in a new direction. This included new commitments to preserving and renewing existing affordable housing, and building new supportive housing for seniors and persons with disabilities, as well as additional purpose-built stock for Indigenous communities and students.

14 See the Canadian Rental Housing Index interactive webpage for these various statistics. Available at: <http://www.rentalhousingindex.ca/en/#intro>

15 Lori Mathison, "Commentary: High cost of living impacts business competitiveness", *The Georgia Straight*, October 11, 2017. Available at: <https://www.straight.com/news/979421/lori-mathison-high-cost-living-impacts-business-competitiveness>



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While Budget 2018 promises to build 114,000 new units over 10 years, these figures rely heavily upon partnerships with the private and non-profit sectors, many which cannot be guaranteed. To date, the newly-established HousingHub, which is designed to promote and coordinate these partnerships, has been unable to operate at the pace required for meeting these ambitious 10-year targets.

Housing that is funded directly by government can be delivered more reliably, however, and the B.C. government has committed to providing 37,000 affordable rental units over the next decade 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 currently 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 affordable units that would need to be met immediately.¹⁶ Moreover, Metro Vancouver Regional District estimates that 3,500 units of affordable rental housing for lower income households are needed annually in the

Metro region alone.¹⁷ 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.¹⁸

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 BC 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 other two-thirds from other levels of government and the non-profit housing sector.¹⁹ The CCPA has suggested investments of at least \$1.25 billion annually simply to address affordable housing in the Metro Vancouver region alone.²⁰ 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 in B.C.

While new federal funding, and contributions from local governments and the non-profit sector are of course needed, this should not hold the province back from scaling up its own investments as soon as possible.

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

18 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>

19 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

20 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>

16 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



In the context of the ongoing housing crisis in many B.C. communities, we urge the government to expand and accelerate both its capital funding and public land contributions to immediately build new public, co-op, social and non-market housing.

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. The province should continue its efforts to secure matching funding from the federal government and other partners; however, the crisis is too urgent to delay provincial funding. 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.

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, 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 be 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—or otherwise “rocking the boat”—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.

V. Budgeting for an effective poverty reduction strategy

The BCGEU commends the government for launching its new poverty reduction strategy (PRS) as a priority for the next budget year. For too long, the provincial government has ignored this urgent priority and failed to allocate resources to British Columbians living in poverty, as well as the required investments in the services and supports they need.

In policy terms, the BCGEU is in general agreement with priorities identified in the report that emerged from the province's public consultations on a forthcoming poverty reduction strategy. Our budget recommendations in this area focus largely on building the service capacity necessary to deliver on the priorities and recommendations identified in past BCGEU pre-budget submissions, and in submissions to the PRS consultation process by allies such as the BC Poverty Reduction Coalition.²¹

Effective and accessible public and non-profit services will be the foundation of any meaningful poverty reduction strategy. In B.C., this means that progress in poverty reduction will require addressing

²¹ See: “Submission for the Development of a Poverty Reduction Strategy for BC”, *B.C. Poverty Reduction Coalition*, March 2018. Available at: http://bcpovertyreduction.ca/wp-content/uploads/2018/03/BCPRC_SubmissionPRConsultation_Mar15_2018.pdf and See: BCGEU, “Submission to the Select Standing Committee on Finance and Government Services – Budget 2017/18”, October 2017. Available at: https://d3n8a8pro7vhm.cloudfront.net/bcgeu/pages/5289/attachments/original/1508275775/BCGEU_Budget_Submission_2017.pdf?1508275775



longstanding staffing and resource problems across key ministries and agencies. The government's recent commitments and investments to improve staff ratios and quality of service in residential seniors' care provide a precedent for the kind of re-investment 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).²²

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22 See: "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>

The next challenge for this government will be to expand the capacity of childcare programs through new physical spaces and improved early childhood educator (ECE) wages to help address issues of licensed ECE recruitment and retention.²³

The BCGEU supports the Coalition of Child Care Advocates of BC and their call for increased capital support to expand publicly owned child care assets. This would add childcare 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 childcare programs and infrastructure into new publicly funded affordable housing construction (as discussed above).

One cost-effective way for the government to quickly create new childcare 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 childcare spaces from the start (which is how most Canadian provinces operate—they do not purchase privately owned child care assets).²⁴ The BCGEU encourages the government to allocate capital dollars towards creation of these modular ECE buildings which will permit more high quality, directly regulated spaces to be created in a timely manner.

While the BCGEU welcomes and applauds the commitment to raise ECE wages by \$1 per hour in both 2018 and 2020, it should be recognized that wages are still very low, with an average of just \$17 per hour.^{25 26}

23 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

24 Ibid. and 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>

25 Sharon Gregson, "ECE Work-force Strategy Announced!", *\$10aDay Campaign*, September 6, 2018. Available at: https://www.10aday.ca/ece_work_force_strategy_announced

26 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



The BCGEU therefore supports the \$10 a Day campaign's call to add another \$1 per hour wage increase in 2019. Low wages for ECEs are the prevailing cause of recruitment and retention challenges experienced across existing licensed childcare spaces.

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 needed 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 BC Liberal government, funding for the Residential Tenancy Branch 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 after that significant cut, 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 the RTB. B.C.'s population 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 underserved 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 of high caseload pressure; and
- A serious shortage of arbitrators, which has created widespread delays for both tenants and landlords.

Budget 2019 should take steps to address these shortfalls through further investments in branch staffing and resources.

Employment Standards Branch

Stronger employment standards and improved enforcement capacity are essential for addressing vulnerability in the labour market and are therefore part of an effective poverty reduction strategy.

After serious neglect, Budget 2018 offered a partial restoration of funding and resources for the Employment Standards Branch (ESB). However, BCGEU agrees with BC Employment Standards Coalition (BCESC) and the BC Federation of Labour that government should be moving more quickly and decisively to make needed improvements to employment standards legislation and to provide increased operating resources to the ESB itself.

The BCESC notes that even after the 2018 increase, total funding for the Employment Standards Branch in 2018/19 is only \$8.7 million. This is an improvement over 2017/18, but much less than the \$11.4 million that was budgeted in 2008/09. ESB staffing levels today are 51 per cent below 2001, despite a 25 per cent increase in the number of businesses with employees and a 24 per cent increase in the overall number of employees in B.C. Simply put, 74 ESB officers spread across B.C. is not enough to provide effective service to a workforce of more



than two million British Columbians. Moreover, ESB offices have been reduced from 17 to only nine locations across the entire province, further constraining the reach and accessibility of the ESB. Important services are increasingly pushed online, and the ESB no longer carries out random worksite inspections.

Staffing and funding levels at ESB should be restored, at a minimum, to 2008 levels. As part of this process, new offices should be opened around B.C. to facilitate services and accessibility for workers in remote and rural locations. A restored and modernized ESB will be crucial to protecting the rights of vulnerable, low-wage and precarious workers, and to help deter non-compliance with B.C. employment laws and regulations.

The Labour Relations Board

The BCGEU welcomed this year's review of the *Labour Relations Code*, and in March, submitted recommendations for improvements to this important legislation.²⁷

To maximize effectiveness, the Board requires sufficient resources. The financial starvation of the Board has deprived workers (and employers) of labour justice in numerous ways. For example:

- Industrial Relations Officers are rarely available to conduct investigations of voter lists or unfair labour practices, meaning that the parties are left to fight these issues in hearings, at great expense;
- The growing practice of ordering mail-in ballots (because of a lack of Board resources) not only provides employers with more time to pressure workers, but also results in tremendous delay and uncertainty for workers, unions and employers;
- Prior to 2002, it was common to have hearings heard by not only vice-chairs, but also members representing the union and employer communities. These three-member panels promoted a consistent application of Board policy, ensured

a broad range of perspectives in important decisions, and likely avoided unnecessary reconsideration of applications; and

- Until the extreme budget cuts by the previous government, the Board was equipped with a well-stocked library for members of the public to access and learn about their labour rights. This has disappeared and been replaced with a bare-bones website.

Ministry of Social Development and Poverty Reduction (MSDPR)

As lead ministry in the development and implementation of the provincial poverty reduction strategy (PRS), MSDPR will need scaled up capacities not only for traditional core services, but also for research and new program development tied to the PRS.

Budget 2018

The BCGEU applauded the significant investments in the ministry and its programs in Budget 2018. Spending in 2018/19 grew 8.3 per cent and will rise a further \$78 million in 2019/20 and another \$40 million in 2020/21. In total, annual expenditures are expected to be up \$377 million (+12.1%) by 2020/21 compared to 2017/18. Most of this expenditure growth is in income assistance, with much of this money allocated to disability and supplementary assistance.

Addressing poverty through improved income assistance programs

While these investments are important and long overdue, 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

²⁷ See our submission to the Labour Relations Code Review Panel: BCGEU, "B.C. Labour Relations Code Review", March 20, 2018. Available at: https://d3n8a8pro7vhm.cloudfront.net/bcgeu/pages/7335/attachments/original/1521734339/Labour_Relations_Code_Review_Submission_March_20_2018.pdf?1521734339



disabilities and families with children.²⁸ Significantly increasing earnings exemptions and reducing other barriers and clawbacks can also play an important role in reducing poverty for those on income assistance.

MSDPR staff, capacity and service levels

Effectively addressing poverty will also require a better resourced ministry, with an improved service model. Key recommendations 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.

Ministry of Advanced Education, Skills and Training

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

Budget 2018 offered some important investments in education and training that will contribute to the

goals of a poverty reduction strategy. We strongly support the government’s \$10 million investment to continue the Indigenous Skills Training Development Fund, as well as commitments to tuition-free adult basic education and English language learning. Budget 2018 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 attend a post-secondary program. This sets an important precedent for investment in the educational needs of young adults who face adverse circumstances, helping lift them from the cycle of poverty.

Last year’s investment in new early childhood education (ECE) training spaces is also an important step for building up affordable childcare infrastructure that will help many British Columbians move out of poverty.

However, Budget 2018 overlooked the need for improving overall access to advanced education by neglecting to eliminate interest on student loans, or by reducing tuition fees for students.

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 2019 include:

1. Supporting welfare recipients to attend post-secondary education programs and pursue apprenticeships;
2. Eliminating interest on student loans;
3. Reducing tuition fees at public post-secondary institutions and expanding the availability of post-secondary grants for low-income students;
4. Investing in new apprenticeship training spaces and trades instruction capacity to meet growing industry demand;
5. Increasing and stabilizing year-to-year funding for First Nations training and advanced education institutes and programs; and
6. Increasing rural and northern access with more spaces, and expanding funding and capital investment to create opportunities closer to where students live.

28 Seth Klein and Iglia Ivanova, “Deep poverty: BC government can – and should – end it”, *Policynote*, May 24, 2018. Available at: <https://www.policynote.ca/deep-poverty>



Ministry of Children and Family Development (MCFD)

Despite restored funding and resources in Budget 2018, significant challenges remain for this ministry. Budget 2019 should seek a means 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 capacity to supply training and mentorship in an environment of endless turnover.

In recent consultations with the union, BCGEU members working at MCFD report that while expansive new hiring has been welcome, it has had mixed results. In particular, MCFD workers report that new hires are in many cases not adequately trained, and that training and mentoring responsibilities are increasing workloads for existing staff in some situations. Another common concern was that hiring of administrative staff has not kept pace with the increased volume of work generated by additional social work staffing.

Budget 2019 will also need to resolve the continued underfunding of Delegated Aboriginal Agencies (DAAs), extending resources and support such that DAAs can guarantee the delivery of services and care at the same level provided to non-Aboriginal children.

Investing in community social services

An effective poverty reduction strategy will 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 substance 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,

stability of employment hours and staff recruitment and retention. Frontline workers say areas in need of investment include:

- **Training:** improved and expanded training for CSS workers, including training for workplace violence and aggression;
- **Facilities:** investments in improved CSS worksites, facilities and equipment, including measures to improve workplace safety and security;
- **Staffing:** increased staffing to improve staff-to-client ratios, especially in residential care and institutional settings;
- **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.

Addiction and mental health support

Confronting the opioid crisis

The creation of a ministry for mental health and addictions was a big step forward in 2017, and some progress has been achieved through measures such as the recently established Overdose Emergency Response Centre. However, much work needs to be done to stem the opioid crisis. In June and July 2018, overdose deaths jumped by 29 per cent, despite the efforts of government and health care providers.²⁹

For the 2019/20 budget, the government should expand measures to address this ongoing public health crisis, with a focus on clinical and social supports.

²⁹ Calculations based on figures presented in the BC Coroners Service "Illicit Drug Overdose Deaths in BC" report. Available at: <https://www2.gov.bc.ca/assets/gov/birth-adoption-death-marriage-and-divorce/deaths/coroners-service/statistical/illicit-drug.pdf>



Estimates suggest that treating those with addiction issues costs \$35,000 per patient per year as opposed to the \$100,000 per patient annually through the health and justice systems.³⁰

Specifically, the BCGEU hopes that the provincial government will take the following actions:

- Build new access points to enhance recovery and treatment options:
 - This includes expansion of supervised consumption sites in communities with need;
 - Expand quality public in-patient residential programs that can address both opioid addiction and concurrent mental illness.
- Invest in exploration of innovative measures to stem the rising tide of opioid related overdose:
 - The updated service plan from the Ministry of Mental Health and Addictions makes reference to this recommendation from the rapid review commissioned by B.C.'s Joint Task Force on Overdose Prevention and Response, but does not outline clear actions or funding measures.

Update the “Healthy Minds, Healthy People” plan

The Healthy Minds, Healthy People (HMHP) plan established in 2010 by the Ministry of Health Services and the Ministry of Children and Family Development laid the foundation for what should have been a ten-year effort towards addressing mental health and substance use issues in B.C. Unfortunately, it has not had the intended impact.

The HMHP plan set ambitious targets with specific milestones, but only one progress report has so far been published (in 2012).³¹ Moreover, it is not clear that the HMHP plan has directly informed budget decisions, nor is there clear indication that the

government has been allocating funds to the specific projects and programs needed to reach the plan's objectives.³²

Mental health transition program

BCGEU members working in the sector have identified the need to better address the mental health and well-being 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.³³

Budget 2019 should allocate resources to establish a transition program that will provide smoother support and guidance for youth who have aged out of government care, but may still need mental health services.

Delegated Aboriginal Agencies and mental health

The BCGEU continues to call upon the province to adequately fund DAAs to ensure that they have access to the training they need to deliver child and youth mental health services to Indigenous children and youth.

In the 2018/19 service plan, the Ministry of Children and Family Development (MCFD) reconstituted its objectives to better align with the goals of lasting reconciliation with Indigenous Peoples in B.C. The plan pledges to “ensure that provincial Delegated Aboriginal Agencies (DAAs) receive funding to offer services at parity with the funding allocated to those same services offered through MCFD.”³⁴ While these plans were welcomed by the BCGEU and other stakeholders, Budget 2018 made no firm commitments to allocate specific funding to these objectives.

The 24 DAAs serve approximately 1,900 of the 4,400 Indigenous children in the care of the provincial government, which represents 43 per cent of all Indigenous children in care in B.C.³⁵

30 Public Health Association of BC, “BC needs an opioid action plan: An open letter to the government of BC”, *Polycynote*, November 21, 2017. Available at: <https://www.polycynote.ca/bc-needs-an-opioid-action-plan-an-open-letter-to-the-government-of-bc>

31 See: “Healthy Minds, Healthy People – A Ten-Year Plan to Address Mental Health and Substance Use in British Columbia. Monitoring Progress: 2012 Annual Report”, *Government of British Columbia*. Available at: <https://www.health.gov.bc.ca/library/publications/year/2012/HMHP-progressreport-2012.pdf>

32 Alan Rheaume, “From vision to action: An analysis of BC’s mental health and substance use plan”, *UBCMJ*, December 18, 2016. Available at: <https://med-fom-ubcmj.sites.olt.ubc.ca/files/2016/03/v7i2-news-and-letters-1.pdf>

33 See: “2018/19 – 2020/21 Service Plan”, *Ministry of Children and Family Development*, February 2018. Available at: <https://www.bcbudget.gov.bc.ca/2018/sp/pdf/ministry/cfd.pdf>

34 Ibid. For more extensive details

35 Representative for Child and Youth, “Delegated Aboriginal Agencies – How resourcing affects service delivery”, March 30, 2017. Available at: <https://rcybc.ca/daareport>



The Representative for Child and Youth (RCY) last year completed an evaluation of DAA funding throughout our province and found that MCFD operates without a defined or transparent method for determining funding for individual agencies. The ways in which DAAs are funded vary between agencies and can depend on multiple factors such as a child's legal status, where a child lives (on/off reserve), the delegated authority of the agency, and the applicable MCFD service delivery area. This results in a complex dynamic of rules and funding sources between federal and provincial levels of government.³⁶

In 2015, the BCGEU published *Closing the Circle: A case for reinvesting in Aboriginal child, youth and family services*. This report concluded that significant investment is needed in order to transition the underfunded DAA patchwork into a collection of services that truly provide the best for Indigenous children in B.C.³⁷

The BCGEU also asks the provincial government to allocate funding to DAAs with the intent of developing specific child and youth mental health services for Indigenous children and youth. This funding should apply to cross-ministry collaborative planning between ministries such as MCFD, the Ministry of Mental Health and Addictions, and the Ministry of Social Development and Poverty Reduction, and be conducted in consultation with Indigenous groups.

VI. Protecting B.C.'s environment and natural resources through investment

Wildfire response and prevention: facing the "new normal"

In recent years, B.C. has experienced several of the most extreme wildfire seasons on record. Wildfire fighting costs for 2017 came in at over \$570 million, while 2018's wildfire suppression costs are expected to reach \$541 million.³⁸

³⁶ Ibid.

³⁷ See our report: BCGEU, "Closing the Circle: A case for reinvesting in Aboriginal child, youth and family services", October 2017. Available at: http://former.bcgeu.ca/sites/default/files/postings/attachments/Closing_the_Circle_Report_FINAL.pdf

³⁸ "British Columbia boosts projected 2018-19 budget surplus." *Reuters*, September 7, 2018. Available at: <https://ca.reuters.com/article/domesticNews/idCAKCN1LN2GK-OCADN>

As a 2017 open letter from prominent forestry academics and fire ecologists noted, the province allocated \$183 million to wildfire prevention initiatives over the past decade, while the actual costs of fire suppression neared \$2 billion over that time period.³⁹

Budget allocations for wildfire fighting have for consecutive years been below actual costs by a significant magnitude, and reliant on contingency funds. The province's current fiscal plan allocates only \$64 million annually to fire management over the next two budget cycles. The reality of climate change and vulnerable pine beetle kill forests means longer, more intense and costly fire seasons promise to be the "new normal" for our province for some time to come. The government needs to establish a better way to budget for the wildfire season than relying on contingencies and statutory spending.⁴⁰

The devastating recent fire seasons show not only the exceptional public cost to government, but the broader economic toll faced by 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 healthcare costs resulting from wildfires in B.C. This past summer 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 use, admission to hospitals, and increased medication dispensing for exacerbated respiratory symptoms.⁴¹

³⁹ Dr. Lori Daniels, Robert Gray and Dr. Philip Burton, "2017 Megafires in BC- Urgent Need to Adapt and Improve Resilience to Wildfire," September 2017, available at: <http://treering.sites.olt.ubc.ca/files/2013/02/2017-Wildfires-and-Resilience.pdf>

⁴⁰ See Premier John Horgan's comments to CBC News in Prince George available from: <https://www.cbc.ca/news/canada/british-columbia/how-b-c-budgets-for-wildfires-choose-an-arbitrary-number-put-it-in-the-books-1.4793981>

⁴¹ McLean, Yao, and Henderson – An evaluation of BC Asthma Monitoring System and PM2.5 Exposure Metrics during the 2014 Forest Fire Season



Indeed, modeling from the BC 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

It's time for the province to face this "new normal" by making long overdue investments to ensure B.C. communities are more resilient to wildfire. The three years outlined in the 2018/19 budget plan signaled some shifts in the right direction, with increases including \$50 million for community wildfire prevention, preparedness and research; \$22 million for wildfire recovery activities; \$16 million to modernize land use planning; and \$14 million to develop and implement a new wildlife management strategy. In addition, improved contract language negotiated in 2018 will facilitate the conversion of more BC Wildfire Service (BCWS) auxiliaries to full-time regular status, which is a positive step towards stabilizing the BCWS workforce.

However, base fire management funding in Budget 2018 was increased by only \$700,000 (+1.1%) over the amount allocated by the BC Liberals in February 2017 to \$64 million for 2018/19, 2019/20, and 2020/21. Continuing with the Liberals' past practice, this amount has not been meaningfully increased over the past five years, despite the fact that every

year actual firefighting costs have far outstripped the fire management budget.

A more effective and proactive BCWS will mean investing in prevention and capacity to respond effectively to wildfires. Budgeted funding of the BCWS should be increased and stabilized to facilitate 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 mowing to the shoulder 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.

Budgeted funding of the BCWS should be increased and stabilized to facilitate increased wildfire prevention work outside the fire season, and more rapid mobilization of crews as the fire season ramps up.

⁴² See "B.C. wildfires 2018: Medical issues surge as air quality advisory becomes longest on record," *Vancouver Sun*, August 21, 2018. Available online at: <https://vancouversun.com/news/local-news/wildfires-2018-medical-issues-surge-as-air-quality-advisory-becomes-longest-on-record>



Flood response, management and prevention

As with wildfires, flood response costs have also significantly exceeded budget allocations in recent years. In 2017, flood response costs in B.C. reached more than \$73 million. Budget 2019 should consider new investments in flood prevention and increased allocations of response resources in advance of actual flood emergencies.

Key areas of investment should include restoring staffing levels in flood-related research and planning agencies and programs to 2001 levels, and increased 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 replace damaged culverts. Now, this kind of maintenance happens primarily ad hoc 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 coordinating 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 and preparedness, as well as the capacity to respond to large-scale disasters, requires investing in more capacity in the agency.

Investing in the future of BC Parks

B.C.'s parks and protected areas deliver economic, social, cultural and health benefits to British Columbians and provide critical protection of

biodiversity while also attracting millions of tourists every year.

For too long, the B.C. parks system has been desperately underfunded, and the results are visible across the province. There are overflowing parking lots and trails, broken bridges, outdated park plans, little action to ensure the conservation of ecological integrity, and nonexistent interpretation programs. B.C. parks have the potential to be a world-class system that deserves world class support.

The BCGEU renews its call on the government to increase BC Parks' annual budget to \$100 million in order to expand the system, invest in conservation and protection, and improve and expand recreational services as well as opportunities for parks users. While some of this budget would require new investments, we believe a significant part of the increased costs could be recouped in the form of economic benefits, increased tax revenues, increased usage volume and savings from transitioning front-country parks operations back "in-house," with an "own forces" delivery model.

BC Parks already provide extensive economic benefits to the province, and an expanded and improved parks system is likely to build on this record. A 2010 study of the B.C. parks system found that the \$47 million in operating and capital expenditures (excludes amortization) on the system in 2010 led to \$394 million in expenditures by visitors.⁴³ In other words, that is \$8.42 in visitor spending on food, entertainment, transportation and other goods and services for every one dollar of expenditure. Moreover, provincial park-related spending generated over \$28 million in tax revenues (sales and production taxes only, does not include income tax effects), returning 60 per cent of BC Parks' capital and operating expenditures. The study found that the combined economic impact of this spending brings a \$392 million boost to GDP and adds over 5,200 full-time jobs.

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



Services can be improved and budget savings realized by ending contracting out of front-country parks services and bring those operations back within government.

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 bringing those operations back within government.⁴⁴ 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, BC Parks staff now spend significant time and energy managing increasingly complex contracts. Moreover, there has been widespread public concern about the condition of B.C.'s parks. Clearly, it is time to re-evaluate, 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 BC Parks is currently piloting an own-forces model for Tweedsmuir Provincial Park (South), driven largely by public safety concerns.

⁴⁴ 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, Sept. 4, 2018

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 BC Parks could have operated the Golden Ears bundle itself for at least \$130,000 less (10 per cent) in the reference year examined, than costs incurred for private service delivery. 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.

Beyond cost savings, in-house delivery offers many other advantages, including improved flexibility in allocation of staff and resources. In addition, BC 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 as 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—collectively known as the "dirt ministries." 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 BC Liberals took an approach to government that largely ignored responsibility for traditional regulation, compliance and enforcement in many areas, with unfortunate results. For example, the independent Forest Practices Board noted in 2014 that it found five times more instances of significant non-compliance in its 2010 and 2011 audits than it did in the previous five years combined, and also exposed widespread non-compliance with the rules for building bridges on resource roads.⁴⁵ Another example came to light in 2017, when it was discovered that dozens of unauthorized dams had been built by the oil and gas industry in B.C.'s northeast.⁴⁶

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. For example, a significant proportion of our forest inventory data remains woefully out of date, and research in 2017 found that methane emissions from B.C.'s shale gas basins are 2.5 times higher than what the provincial government presently estimates.⁴⁷

Budget 2018 saw a few improvements in environmental protection and natural resource management. Significantly, \$9 million was added 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. The new hires will finally restore the number of officers to about the same level as in 2002, when deep cuts were made to COS staff by the BC Liberals. This was a welcome move. However, we urge the provincial government to provide further resources in the coming budget to restore the scientific and operational capacity of the public agencies that support wildlife conservation, and also set aside funds for land acquisition.

45 BC Forest Practices Board, *A Decade in Review: Observations on regulation of Forest and Ranges Practices in British Columbia Special Report*, May 2014. And BC Forest Practices Board, *Bridge Planning, Design and Construction Special Investigation*, March 2014.

46 Ben Parfitt, *A Dam Big Problem: Regulatory breakdown as fracking companies in BC's northeast build dozens of unauthorized dams*, CCPA, May 3, 2017. Available at <https://policyalternatives.ca/publications/reports/dam-big-problem>

47 Andrew Nikiforuk, "One-Third of BC's Oil and Gas Wells Leaking Significant Levels of Methane, Study Finds," *The Tyee*, July 5, 2017. Available at: <https://thetyee.ca/News/2017/07/05/BC-Oil-Gas-Wells-Leaking>

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 supported several government consultations and reviews in 2018 that provided opportunities for input on the future direction of environmental protection and natural resource management in the province. Notably, the BCGEU made submissions to the Professional Reliance Review, the engagement on Environmental Assessment Revitalization, the BC Flood and Wildfire review and the engagement on Wildlife and Habitat.

Despite these positive steps, major gaps remain after more than a decade of cuts under the previous government. Budget 2018 left many provincial environmental and resource functions and agencies untouched. The Environmental Assessment Office's budget, for example, is frozen at about \$11.8 million for the duration of the fiscal plan, and the budget for climate action was reduced by \$1 million for 2018/19.

Budget 2019 is the time to begin acting on the reports and recommendations that came out of the consultation processes, as well as addressing remaining gaps from Budget 2018. B.C.'s environmental protection and natural resource management capacity is 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.

Reforming the professional reliance system will be a particularly important step forward. For real change to be made on the ground, the provincial government must rebuild the public agencies mandated to protect our land, water and natural resources. A key recommendation in the report coming out of the review is to significantly improve staffing, capacity



and organizational culture in key government agencies that are mandated with land use planning, protecting wildlife and habitat, stewarding forest and mineral resources and ensuring that our air and watersheds are properly managed.

The BCGEU also welcomed the recent Environmental Assessment review, and broadly supported the proposals outlined in the accompanying discussion paper. In our view, their implementation would result in a greatly strengthened environmental assessment process, including genuine government-to-government involvement by Indigenous groups, greater transparency, and opportunities for communities to participate. Again though, building a stronger, more transparent process will also require building stronger, more proactive public agencies—including the Environmental Assessment Office itself.

More generally, we believe key environment and natural resource functions—compliance and enforcement, inventories, monitoring, and regional and strategic assessments—belong within public agencies, conducted as much as possible 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.

VII. Restore funding to our justice and corrections system

Beginning in 2002, the BC Liberals made deep, across-the-board cuts to public services. In our justice system, courthouses, jails and legal aid offices

were closed, and funding was slashed for court services, legal aid and corrections. As a result, access, timeliness, safety, effective offender rehabilitation, and dignity for British Columbians involved with the system have all been compromised.

Budget 2018 saw increased expenditure in some of the areas where the BCGEU has long been advocating for improvements and restored funding, including \$15 million to increase the number of court sheriffs and increase staffing of the Court Services Branch to address court delays. Last year's budget also saw important investments for Attorney General initiatives related to family dispute resolution services and increasing digital access to justice services, especially for people living in rural and remote communities, as well as expansion of legal aid service delivery.

However, there was little noteworthy change to the Ministry of Public Safety and Solicitor General's (PSSG) budget. Budget 2018 added just 0.9 per cent to the ministry's budget. Corrections saw an increase of \$2.5 million (+ 0.9%) in 2018/19, an amount that is not adequate to address the escalating violence in B.C.'s correctional centres. For the remainder of the fiscal plan, the budget will remain virtually unchanged. In short, funding for PSSG remains status quo.

For several years, and especially over the last two years with the BCGEU's Prison Safety Now campaign, the BCGEU has been calling for additional resources for adult corrections to address severe health and safety problems in addition to recruitment and retention issues. We have also called for investments in community corrections to address high workloads. Budget 2018 did not deliver these investments. Outside of the nominal increase to corrections, there was nothing in the budget to address the dangerous staff-to-inmate ratios, overcrowding and escalating violence in B.C. jails, or the challenges faced by staff in community corrections.

Real 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 2001/02.⁴⁸ Despite some recent progress towards 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. Unfortunately, these results continue to be 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. Average monthly violent incident rates take into account the growing number of inmates, and these rates have also increased by more than one-third since 2012.⁴⁹

Today, the vast majority of offenders are supervised in the community by community corrections staff. In 2016/17, 23,365 people were under community supervision, almost ten times the number of offenders in custody. The number of clients now under supervision in the community is 12 per cent higher than a decade ago, and caseloads for B.C. community corrections staff are among the highest in Canada. For probation officers, these heavy workloads are compounded as caseloads become increasingly complex and demanding. In the last ten years, the number of high risk offenders on probation has increased by 56 per cent, to 4,760 in 2016/17 from 3,051 in 2007/08. The number of sentenced domestic violence offenders (+25%) and bail clients accused of domestic violence offences (+80%) have also increased substantially.⁵⁰

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

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

50 BC Ministry of Public Safety and Solicitor General, Briefing binder prepared for incoming Minister, June 2017. Available at: http://docs.openinfo.gov.bc.ca/Response_Package_PSS-2017-72000.pdf

Like sheriffs, recruitment and retention pressures related to challenging working conditions are emerging for probation officers.

This government has committed to rebuilding B.C.'s justice system so that it is fair, responsive and effective. 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 2019 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 better protect public safety. The BCGEU is also hopeful that the committee on recruitment and retention issues agreed to in the recent round of contract negotiations can be a step towards the development of a long-term recruitment and retention strategy that addresses issues driving attrition and high employee turnover in correctional and sheriff services.

VIII. Revenue options

In last year's budget, the new 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.

With these positive first steps, the BCGEU now urges the government to consider further changes to support 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 to invest in a credible poverty reduction strategy 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 Ministry of Finance's first quarterly report recently indicated an updated provincial budget surplus of \$669 million for the current fiscal year, followed by an even larger \$810 million surplus in 2019/20. While partly the result of welcomed prudence 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.

Closer analysis also reveals additional structural surpluses that are currently booked as contingency funds and forecast allowance—a past accounting practice of the BC Liberals. Over the three years of the current fiscal plan, these prudent measures total \$3.4 billion, much of which could be safely designated as surplus and 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. In 2018, these tax subsidies have an

estimated worth of \$447 million, up from \$363 million (+23.1%) in 2017.

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 one 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 BC 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.



Introducing a new top income tax bracket of 22 per cent on the richest one per cent who earn more than \$200,000 could add in the range of \$535 million annually in provincial revenue.

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 Policy Alternatives found that introducing a new top income tax bracket of 22 per cent on the richest one per cent who earn more than \$200,000 could add in the range of \$535 million annually in provincial revenue.⁵¹ We recommend the government implement this measure, and invest resulting revenues in affordable housing and other key components of the provincial poverty reduction strategy.

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.⁵²

51 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

52 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>. Further policy and economic research on land value capture and land value taxation is available through the Lincoln Institute of Land Policy. For more information, see: <https://www.lincolninstitute.edu>

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.⁵³ 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.

This public revenue potential is significant and largely untapped. B.C. real estate was worth \$1.86 trillion by January 2018—up by more than \$1 trillion since 2007.⁵⁴ 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.

53 <https://biv.com/article/2018/09/surrey-lrt-collides-higher-land-values>

54 Numbers are drawn from B.C. Assessment information available at: <https://info.bcassessment.ca/property-information-trends/property-assessment-of-bc-province-wide>



The existence of our very capable provincial property assessment agency, BC Assessment, puts this province in a strong position to implement and administer this type of land value tax effectively.

IX. Conclusion

Budget 2018 saw the province begin to turn the corner after 16 years of neglect of vital public services. The BCGEU calls on the new government to continue this change of direction in Budget 2019 with further reinvestments in the service and infrastructure British Columbians need. Building a stronger, better-resourced public sector will be essential to delivering the housing, poverty reduction, environmental protection and corrections safety measures we have advocated in this submission.

In summary, the BCGEU applauds the government's efforts in the 2018 budget to move towards a fairer tax system and a better-resourced public sector. We urge the government to build on Budget 2018's spirit of boldness and change with additional investments to address the social, economic and environmental challenges we have identified in this submission.

