

BC SOLUTIONS

News & Commentary from the Canadian Centre for Policy Alternatives' BC Office | OCTOBER 2023



BC's carbon crossroads: The Energy Action Framework takes the wrong path

BY MARC LEE

Since embarking down the pathway of climate action in 2007, the BC government has both developed policies to reduce carbon emissions domestically while simultaneously promoting a growing liquefied natural gas (LNG) export industry. These contradictions were evident in the March 2023 announcement of a new Energy Action Framework, which tries to balance the interests of the oil and gas industry with the urgent need to get the world off fossil fuels.

The framework proposes an oil and gas emissions cap—a promising development—but BC is instead aiming for a new carbon pricing system for large emitters to meet this objective, starting in April 2024. Instead of paying the full carbon price, a BC-based facility with average emissions intensity would pay the full carbon price on only half of its emissions. An important exemption is LNG Canada, which has an agreement with the BC government to cap its carbon tax at \$30 per tonne.

LNG producers could also purchase offsets for up to 30% of their carbon bill. Carbon offset markets have been plagued by fraudulent claims of emissions reductions, and as recent wildfires have demonstrated, forest carbon offset projects can burn up at any time. Offset →

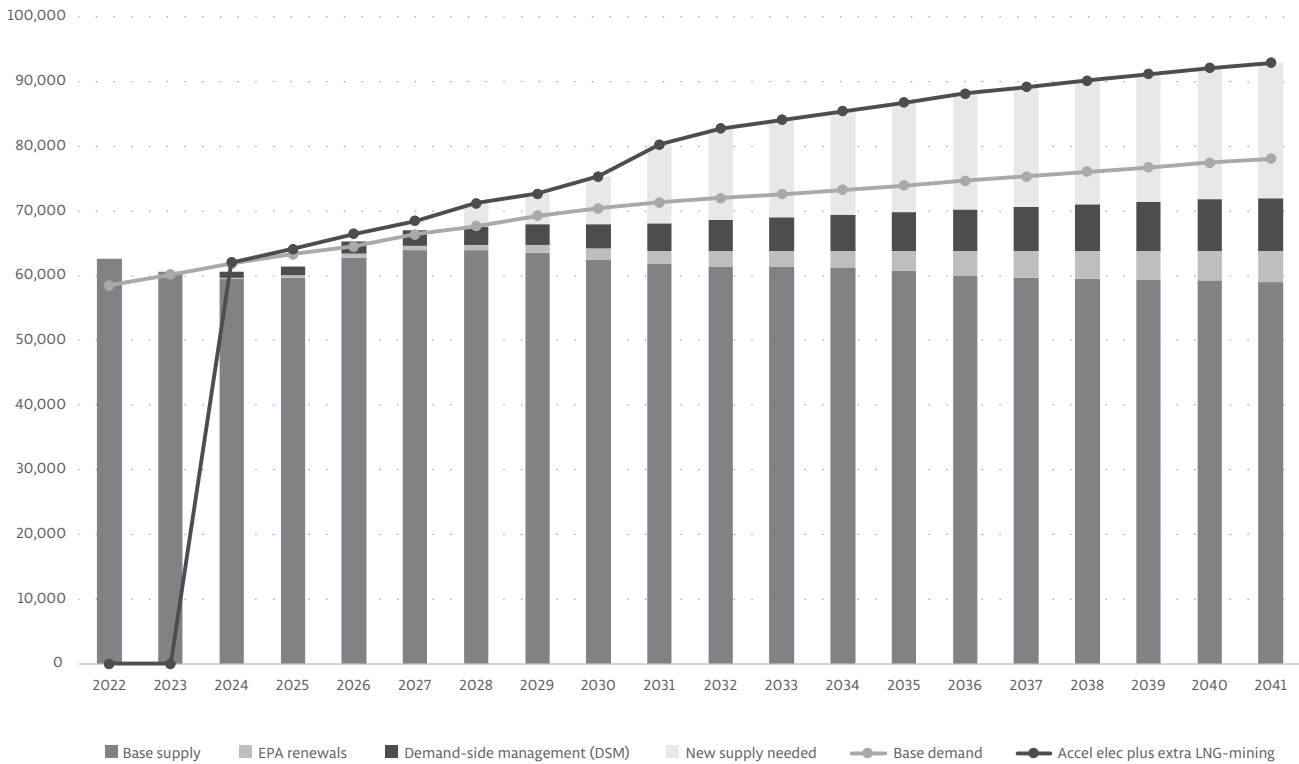
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FIGURE 1: BC HYDRO SUPPLY AND DEMAND OUTLOOK, 2022 TO 2041 (GWh)



The biggest challenge for the energy framework may be in the new demand for BC Hydro electricity.

projects would likely cost much less than the full carbon price so the effective carbon price paid by industry would be well under 50%.

For new LNG facilities going through BC’s environmental assessment process, the energy framework proposes an emissions test and use of offsets to get to net-zero by 2030. The recently approved Cedar LNG facility—announced the same day as the Energy Action Framework—could be the template. If built, Cedar LNG would be among the lowest in the world in emissions intensity by plugging into the BC Hydro grid. The project has also committed to reaching net-zero by 2050 through the purchase of carbon offsets.

However, this is just the LNG facility itself. Ignored are emissions in BC from upstream fracking and processing, as well as the downstream (and lion’s share of) emissions that would enter the atmosphere after the BC gas is exported.

The biggest challenge for the energy framework may be in the new demand for BC Hydro electricity. Additional “clean LNG” plants would compete with the electrification needed to reduce emissions everywhere else in the BC economy. If BC Hydro tried to accommodate stronger demand from LNG and mining, the province would need a 24% increase in supply by 2030 and 50% by the late 2030s.

BC Hydro has a range of conservation and new supply options to accommodate new demand, including upgrades to the existing generation and transmission system and a new call for power aimed at BC First Nations providers. But new supply comes at a cost and if the industrial rates paid by LNG plants are too low, BC Hydro will end up subsidizing LNG even further.

As Canada burns from coast to coast, it’s abundantly clear that we need to say no to new fossil fuel projects. Rather than just saying no, the Energy Action Framework aims to set the rules for agreeing to yes and in so doing makes BC’s emission reduction targets even harder to achieve. ●



MARC LEE is a senior economist at the CCPA-BC.

Taxing land wealth for the public good: provincial policy options



ALEX HEMINGWAY is a senior economist at the CCPA-BC.

Property wealth has become a massive source of inequality in BC as home prices and rents have risen dramatically amid a severe housing crisis and shortage. A consequence of high prices has been an explosion of residential real estate wealth now totaling over \$2.1 trillion in the province, a stock of wealth that remains only lightly taxed.

In less than two decades, just the increase in residential property wealth has amounted to a staggering \$1.7 trillion. Even the most equally distributed segment of property wealth—owner-occupied principal residences—is highly concentrated. As of 2019, the top two-fifths of British Columbians (by net worth) held almost 80% of principal residence asset values.

The vast majority of BC’s residential property wealth—\$1.5 trillion—is in the value of the land rather than in the buildings on it. Unlike the value created by constructing or improving a building, increases in land values are not the result of any effort or expense by property owners. Rather, land values are generated by everyone participating in the life of a city or community, creating the culture, social connections, infrastructure, goods and services that make a place desirable to live.

Yet, in regions where land value gains have been most concentrated in BC, property tax rates have declined sharply over the past two decades. The existing annual property tax system is designed in a way that ensures only an ever-shrinking share of property value will be taxed and shared.

While the BC government has taken some worthwhile steps towards taxing the most expensive properties, these have only scratched the surface of the enormous property wealth gains in BC.

As things stand, property taxes work very differently from other taxes. Rather than locking in a tax rate (or set of rates) as we do with income or sales tax, property tax rates change annually. When property values rise, the property tax rate (or “mill rate”) decreases to ensure revenues don’t exceed planned municipal spending. This tax structure effectively locks in land wealth inequality—ignoring hundreds of billions of dollars in land value gains—and ensures the property tax system does little to alleviate it.

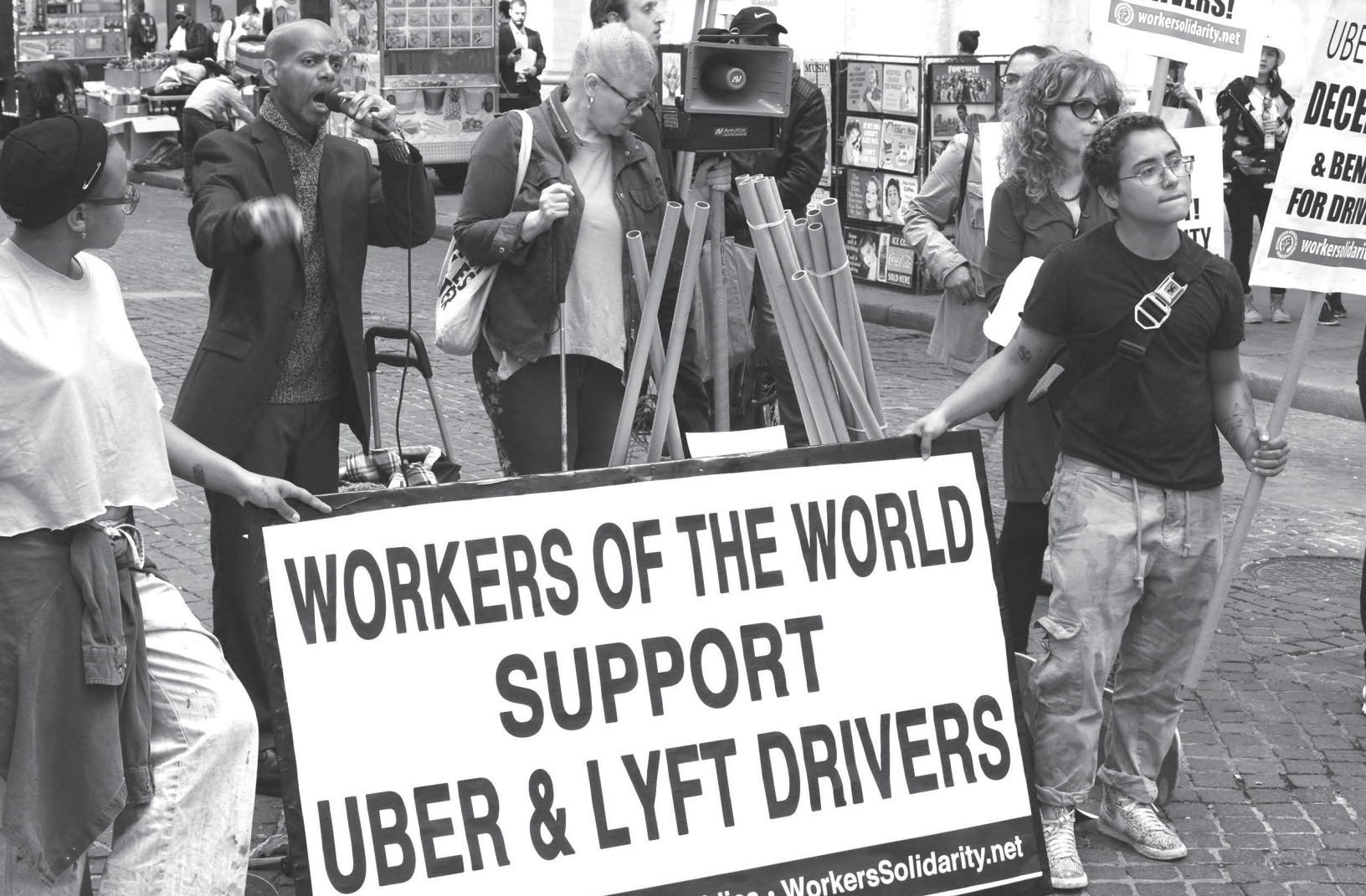


While the BC government has taken some worthwhile steps towards taxing the most expensive properties, these have only scratched the surface of the enormous property wealth gains in BC.

In a recent report, I examined provincial property tax policy options that can help tackle this extreme inequality, raise revenue for investment in badly needed public services and infrastructure including housing and make real estate a less lucrative target for passive, non-productive investment.

These policy options include raising tax rates on high-end properties, taxing the total property holdings of large landowners and shifting the focus of taxation to the land portion of property value rather than to the building or “improvement” value. To open up further political space for reform and bridge the conflicting interests at play, BC could also consider convening a Citizens’ Assembly on land and property tax reform.

In the lead up to the next provincial election, BC deserves a serious debate on how to fix a flawed property tax system that has contributed to massive wealth inequality and high housing prices. ●



Here's how BC should protect app-based workers



IGLIKA IVANOVA is a senior economist and public interest researcher at the CCPA-BC.

The rise of the “gig economy” and on-demand work through digital platforms like Uber and Skip the Dishes has ignited the public debate about precarious work.

Despite their high-tech image, digital platform firms employ practices that are familiar from centuries of insecure work, including compensating workers on a per-task basis, offering no guarantee of continuing work, requiring them to provide tools and equipment and classifying them as “contractors” not employees—thus denying normal statutory protections like minimum wage, access to paid sick leave and workers’ compensation in the event of on-the-job injuries among other protections.

This business model allows platform companies to avoid normal employment expenses and responsibilities, to shift costs and risks (including those associated with fluctuations in business conditions) to their workers and thus artificially reduce their labour costs. In fact, many platforms derive their competitive edge from exploiting gaps in current employment regulations—not from genuine advantages in productivity or efficiency. And, policymakers have been slow to respond.

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It took months of public engagement for the BC government to learn what worker advocates have known for years—that some ride-hailing and food-delivery workers experience serious vulnerabilities due to a lack of basic workplace protections.

Instead of acting immediately on its election promise to extend essential workplace protections to vulnerable app-based workers, the BC government embarked on yet another public consultation by launching a discussion paper in late summer (closed by the time you're reading this).

Stronger protections for app-based workers are urgently needed because for many of these workers, gig work is not a side job and many workers are new immigrants and people of colour. Denying them access to the full range of benefits and protections afforded other workers in our province is deeply unfair. It also goes against provincial government anti-racism commitments because it essentially creates a second class tier of (largely racialized) workers.

What's also needed—but was missing from the government's discussion paper—is to mandate platform companies to fulfill the same labour and fiscal responsibilities as traditional employers.

When global corporations like Uber, Lyft and Skip the Dishes are allowed to avoid paying employer health tax, WorkSafe, CPP and EI premiums, they are not contributing their fair share to support the services their workers will need when they get sick or injured and when they get older.

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When injured app-based workers are not covered by WorkSafe, everyone else in BC pays for their medical care. And, when app-based workers with no EI protection suffer a loss of income because they are terminated with no notice or can't work due to an illness or a disability, we can expect the need for provincial welfare and income support programs to increase. Plus, the ride-hailing business model of having drivers waiting for fares at no cost to the employer generates congestion and pollution for everyone else.

Not only is this model unfair and costly for traditional employers and taxpayers footing the bill, but without policies to limit these practices the platform model will spread to more industries. This could threaten workers' livelihoods, burden public health and income security programs and undermine businesses that shoulder standard employment costs and responsibilities.

In an open letter led by our office (CCPA-BC) and the Centre for Future Work, 61 leading experts in labour law, policy and economics highlighted five priority areas for regulating ride-share and delivery platforms:

1. Establish a clear test to evaluate whether app-based workers are genuinely independent contractors or are, in effect, employees.
2. Guarantee full coverage with minimum wage, notice for termination, WorkSafe and other normal employment standards where the test confirms that app-based workers are not genuinely independent businesses.
3. Ensure any business entity engaging workers, including global platform corporations, accepts full legal responsibility for protecting worker health and safety.
4. Apply all provincial payroll-based programs (in particular, WorkSafe and the Employer Health Tax) equally and fairly to platform companies and their workers.
5. Confirm that app-based workers have full rights to organize unions, negotiate collectively with their platform companies and take collective action in support of their demands.

The BC government has a unique opportunity to set high standards for sustainable, responsible platform-based work. We can be sure that global platform corporations are lobbying intensely against stronger regulations as they have done in other jurisdictions that have acted to better protect app-based workers. We expect our government to support BC workers, not multinational corporations.

With a year left until the next provincial election, the time to act is now. ●

Understanding **PRECARITY** in BC

This article is part of the Understanding Precarity in BC (UP-BC) partnership. The project will generate needed data on the extent and nature of precarious employment in BC. For more information about UP-BC visit understandingprecarity.ca



British Columbia's regulation of dikes full of leaks and in need of overhaul



BEN PARFITT is the resource policy analyst at the CCPA-BC.

The floods and landslides that paralyzed southwest British Columbia in November 2021, like the extensive wildfires that plagued the province this spring and summer, are widely viewed as a harbinger of climate change.

And the two are linked. Wildfires in watersheds actually change the composition of soils, making them shed water rather than absorb it, something that upped the severity of 2021's floods and that could easily make future floods more severe.

All of this underscores the need for regulatory vigilance when it comes to dikes, the engineered earthworks that stand between rivers and vulnerable communities.

Months after 2021's crippling floods, the Canadian Centre for Policy Alternatives' BC Office set out to understand just how vigilant—or not—municipal and provincial authorities were when it came to dikes.

The new research, based on an analysis of nearly 5,300 pages of documents released in response to a Freedom of Information

request, uncovered a shockingly laissez-faire attitude on the part of the provincial dike regulator when it comes to ensuring that dikes are structurally sound and capable of holding back rising rivers and protecting vulnerable communities.

Under BC's Dike Maintenance Act, dozens of local dike authorities, which are responsible for maintaining hundreds of dikes, are required to file annual inspection reports with the province. BC's Inspector of Dikes, or staff reporting to the inspector, are then supposed to review those reports and order corrective action if they see evidence that adequate precaution has not been taken.

The documents obtained by the CCPA show that for four consecutive years beginning in 2018, a professional engineer hired

by the City of Merritt (whose 7,000 residents were ordered to evacuate when portions of Merritt's dikes failed during the November storms) warned that the city's dikes were "severely compromised" and in need of speedy and significant upgrades.

But the city never did so, and the provincial government never once compelled Merritt to do so even though it knew of significant problems. The CCPA research also found that the southern BC community of Princeton failed in three of five years to file any dike inspection reports with the provincial government. And in Abbotsford, a key requirement to measure the height of its dikes was not done, or, if so, it was not reported to the province.

In neither instance did the provincial government order the communities to provide the missing information. Of note, portions of dikes in Abbotsford, Merritt and Princeton all failed during the November 2021 intense rains and floods.

It is unclear whether or not circumstances similar to those witnessed in Merritt, Princeton and Abbotsford occurred in other communities. The CCPA only requested five years' worth of data and only from five communities—Abbotsford, Chilliwack, Merritt, Princeton and Richmond. But based on questions I submitted to the provincial Ministry of Forests, which has responsibility for dikes, it is clear that the provincial Inspector of Dikes has never issued orders to any dike authority in the province in recent years.



ABOVE: Merritt's Middlesboro Bridge was a casualty in the floods of 2021. Replacing it will cost nearly \$10 million. OPPOSITE: A sign in Merritt near the banks of the Coldwater River warns of a bridge taken out by the floods of November 2021. Photos courtesy of Province of BC / Flickr.

All of this played out with the provincial government being fully aware that, in most cases, local governments lack the financial resources to pay for necessary dike upgrades or outright dike replacements.

In Merritt, the estimated replacement cost for new dikes along the Coldwater and Nicola rivers is between \$140 and \$160 million, costs that the city's mayor, Michael Goetz, who lost a granddaughter during the forced evacuation of the city, says simply cannot be borne locally and must be covered by senior levels of government.

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Merritt's projected costs pale in comparison to the estimated \$9.5-billion price tag to raise dikes in the Lower Mainland region to protect low-lying communities from rising sea levels, as noted by the provincial government itself in a report released in 2012.

"Municipalities don't have that kind of money," John Clague, a geoscientist with Simon Fraser University, observed at the time.

Given the enormous costs associated with dike replacements and the lack of effective provincial oversight of dikes, the CCPA is calling on the provincial government to:

- Assume authority for all dikes, as endorsed by hundreds of local government representatives at the Union of BC Municipalities' annual convention in September 2022. This was 10 months after the floods that devastated First Nations communities, the cities of Merritt and Abbotsford and the Village of Princeton.
- Increase and dedicate provincial funding to upgrade structurally unsound or insufficient dikes, based on an assessment of those dikes most at risk.
- Order a review by the Auditor General's office of the province's regulation of dikes.

Ideally, any such review should look more broadly at the Ministry of Forests' regulatory record. As noted in previous CCPA-BC research, the ministry faced criticism following the 2021 floods for its lack of early and effective warnings to communities about pending floods. The ministry also oversees the safety of most dams in the province, authorizes logging activities and coordinates wildfire fighting response, all of which are important to communities living in flood-prone regions. ●

Landmark health care case spotlights problems of a profit-centred system



ANDREW LONGHURST is a research associate with the CCPA-BC. NOAL AMIR is a former BC Health Coalition campaigner. LORIAN HARDCASTLE is Associate Professor of Law, University of Calgary.

In April, the Supreme Court of Canada declined to hear a case involving the constitutionality of legal limits on private finance in health care. While this 14-year legal saga has ended, many provinces seem to be ignoring evidence in this case that a profit-centred system does not serve the public interest.



Proponents of for-profit health care have mischaracterized the Charter challenge as the “right to private health care.” Rather, the Cambie case was about the rights of doctors, investors and insurance companies to profit from patients in their time of medical need while also benefiting from significant taxpayer subsidy.

In 2007, BC’s Medical Services Commission informed Dr. Brian Day it would audit his for-profit Cambie Surgery Centre and the Specialist Referral Clinic in response to patient complaints about improper billing. Before it could conduct the audit, plaintiffs led by Day launched a Charter challenge to try to strike down key sections of the BC Medicare Protection Act that bans extra-billing and private duplicative insurance for services covered by the public plan.

Despite the plaintiffs’ efforts to block the audit, the report found extensive unlawful billing by Day’s clinics.

During the Supreme Court of BC trial, BC government and intervenor witnesses—physicians, health administrators and academics—provided expert testimony about the problems of private financing.

Most provinces restrict or disincentivize doctors from working in the public and private systems at the same time. If doctors choose to work entirely on a private-pay basis, they must generally un-enroll from their provincial health insurance plan and forgo the ability to bill the public plan.

Had Cambie Surgeries Corporation prevailed, the Canada Health Act would have been undermined and for-profit facilities would have had virtually unrestricted ability to charge patients *and* the public purse while creating a private insurance market for all health care.

In his decision, BC Supreme Court Justice John Steeves found that private health care financing would increase public wait times. He concluded that if Cambie’s claims were successful, “it would create a second tier of preferential healthcare where access is contingent on a person’s ability to pay.”

While this final decision by the Supreme Court means the principles of the Canada Health Act remain intact, many provinces and corporate interests have recalibrated their strategy to continue to undermine public health care. Alberta, Ontario and Quebec are entrenching for-profit interests by outsourcing surgeries to investor-owned facilities.

A new Parkland Institute study by Andrew Longhurst (*Failing to Deliver: The Alberta Surgical Initiative and Declining Surgical Capacity*) found that contrary to the Alberta government’s claims that for-profit surgical delivery increases provincial surgical capacity, data show the expansion of for-profit facilities diverted resources away from public hospitals and, in turn, reduced provincial surgical volumes and increased wait times.

Although the Supreme Court of Canada upheld legal limits on private finance, it acknowledged that long wait times can engage constitutional rights. This should catalyze policymakers into making necessary improvements to the public system. The time for action is now. ●

Some important updates from our team at CCPA-BC

Shannon Daub takes a well-deserved leave. Our esteemed Director, Shannon, is on a well-deserved leave until March 2024 after dedicating over 25 impactful years to the CCPA-BC, including four years as the Director. During her tenure, Shannon has led the CCPA-BC with steadfast dedication, guiding our team through numerous challenges, including the recent global pandemic. Her influence has been profound, steering us towards remarkable achievements.

We deeply appreciate Shannon's quarter-century-long commitment to our cause and her stellar leadership as Director. We eagerly await her return next year, recharged and ready to continue the valuable work she has championed.



Bill Kilgannon steps in as Interim Director. In Shannon's absence, we're fortunate to have Bill Kilgannon joining us as Interim Director. Bill, a familiar face to the CCPA and a committed advocate for the work we do, was the founding Executive

Director of the Parkland Institute—our sister organization in Alberta. His leadership roles with the Council of Canadians and Public Interest Alberta, along with his recent experience as Interim Executive Director at Parkland, make us confident that Bill's directorship will ensure the CCPA-BC's continued growth and impact.

MEET OUR NEWEST TEAM MEMBERS



Véronique Sioufi is the CCPA-BC's Researcher for Racial & Socio-economic Equity, a data-driven, intersectional initiative that investigates structural racism and socio-economic inequalities in BC.

An interdisciplinary researcher, Véronique critically examines the social and political structures affecting the ability of the working class to thrive. She brings a rich blend of expertise and work experience in labour, economic geography, critical data studies, critical race theory and communication.

Currently a doctoral candidate in geography at Simon Fraser University (SFU), her SSHRC-funded study delves into crowdwork in Canada and Tunisia, particularly how platforms rely on and reproduce precarity and the uneven

distribution of that precarity across gender, race, class and geography. Véronique also holds an MA in Communication from SFU, where she explored the tensions in Canadian unions' use of privately owned social media platforms for collective organizing.

Véronique is proud of her Palestinian roots, which make her particularly sensitive to the geographies of politics and power. She is passionate about community-driven, collaborative and hopeful research.



Marianela Ramos Capelo is the CCPA-BC's Digital Communication Specialist. She is passionate about translating our work into compelling and accessible online content to reach audiences far and wide.

Previously, Marianela worked at the digital advocacy organization OpenMedia as the Manager of Digital, specializing in visual communications and data analysis. She comes to the CCPA-BC with over 10 years of experience in communications, having worked with progressive non-profits such as rabble.ca, BCFIPA and the School of Communication at SFU.

She holds a BA in Communication from SFU and is an alumnus of the Communication Arts and Electronic Media Design programs at Langara College.

As Shannon steps back for a well-earned break, we want to wish her a rejuvenating leave. To Bill, Véronique and Marianela we extend a warm welcome and best wishes in their new roles. We're excited for the road ahead and can't wait to see what we can accomplish together.

2023 Gideon Rosenbluth Memorial Lecture with Ha-Joon Chang



The CCPA-BC, in collaboration with UBC's Vancouver School of Economics, is excited to present the 2023 annual Gideon Rosenbluth Memorial Lecture on October 5th. This year, we have the privilege of hosting the renowned Ha-Joon Chang of Cambridge University. Drawing from his extensive research challenging conventional economic perspectives and his latest popular book, *Edible Economics: A Hungry Economist explains the*

World, Ha-Joon will take us on a global journey, examining how economic policies influence development, income distribution and international trade.

Whether a seasoned economist or a culinary enthusiast, *Edible Economics* will leave you with a fresh perspective on the big issues of our times.

ABOUT HA-JOON CHANG: Ha-Joon Chang is a distinguished economist and influential figure in the academic realm. He has authored numerous acclaimed books that challenge conventional economic wisdom, offering fresh perspectives and fostering a deeper understanding of the subject. As a faculty member at the SOAS University of London, Chang's research and teaching have shaped the minds of aspiring economists worldwide. *Edible Economics: A Hungry Economist explains the World* is his latest book, written for a popular audience.

If you're reading this before October 5th and want to join, register for the free online lecture at policyalternatives.ca/rosenbluth. The talk is scheduled for 12:00 pm PDT.

Missed it? Catch the recording from October 16 at vimeo.com/ccpa.



We are excited to announce that our annual in-person gala IS BACK!

This year's CCPA-BC Annual Fundraising Gala stands not only as a celebration of our continued commitment to progressive policy advocacy, but also as a cherished reunion of our community. Over the years, luminaries such as Desmond Cole, Grand Chief Stewart Phillip, Senator Murray Sinclair, Amy Goodman and Naomi Klein have graced our stage, bringing their powerful insights and transformative ideas. Their words have shaped our narrative and inspired action. Be on the lookout through our e-newsletter and website for the unveiling of this year's esteemed speaker.

But at its core, this gala celebrates you, our cherished community. Beyond fundraising, this event is a unique moment to reflect, reconnect and rekindle our collective spirit. Your presence is invaluable and together, we continue the legacy of championing progressive policies. We look forward to sharing this special evening with you.

Date: November 23, 2023

Location: Fraserview Hall, 8240 Fraser Street, Vancouver, BC V5X 3X6



Donor spotlight

Alice Lutes

By Rav Kambo

Alice was born in 1947 in Port Mellon, BC. When she or one of her five siblings acted out, Alice's mom would say, "How would you like someone to treat you like that?" This was an early lesson in social justice for Alice. Later as a mother, she got involved with the Parent Advisory Committee because she believed if we invested more in children at an early age we could greatly impact their lives. Alice's subsequent involvement with her local union, CUPE, sparked an interest in political action. From 2008 to 2018 she was a municipal councillor for the District of Sechelt. During this period, she learned about the CCPA-BC and was encouraged by our research's influence on public policy. After retirement Alice and her husband moved to Surrey to be closer to family. In 2022, Alice was diagnosed with cancer, but she is happy to report she's now in remission, a testament to the exceptional medical care she received.

Rav What social justice issues are you passionate about? Why?

Alice I am passionate about education. It is my belief that a complete education can impact everything. If we give children tools to manage their health, emotions, social development and the ability to learn then we can help them blossom.

Rav Please share why the CCPA-BC's research on social, environmental and economic justice matters to you.

Alice It's impossible to be heard by those who can implement change if you don't have strong fact-based research. The research the CCPA-BC does helps inform governments so they will consider progressive public policies. That's why the work you do is so important.

Rav Has our work impacted you personally?

Alice I believe changes in health care have been moved forward through your work. There will always be more to do but I know the CCPA-BC will be there for all of us.

Rav Why did you decide to make your first donation to the CCPA-BC this year?

Alice I have long talked about the work you do and felt the need to give financially.

Rav What makes you feel hopeful about the future?

Alice Having worked with secondary students I saw many of them grow into active community citizens and take on social justice issues. This makes me hopeful for our future.

Rav What is one message you would like to pass onto younger generations?

Alice Nothing changes if you sit on the sidelines. Stand up, shout if you have to, but be heard, take part in your life and your future.

To stand with Alice and countless others, please complete the donation form included to support the work of the CCPA-BC office.

