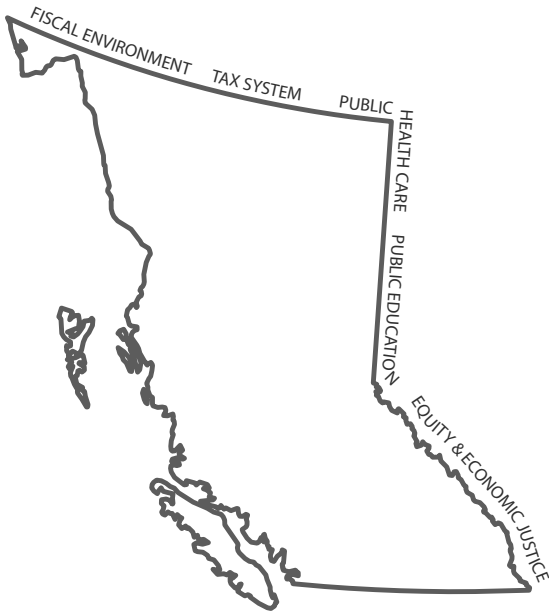


# Behind the Headlines

## A Review of Public Policy in BC

*By Marc Lee, Seth Klein and Stuart Murray*



### **Canadian Centre for Policy Alternatives–BC Office**

815–207 West Hastings St, Vancouver, BC V6B 1H7

Tel: 604-801-5121 Fax: 6041-801-5122

email: [ccpabc@intouch.bc.ca](mailto:ccpabc@intouch.bc.ca)

[www.policyalternatives.ca](http://www.policyalternatives.ca)

March 1999

# Behind the Headlines

## A Review of Public Policy in BC

By Marc Lee, Seth Klein and Stuart Murray



### Acknowledgments

The authors wish to thank the following people for their assistance, advice and feedback: Robert Allen, Marcy Cohen, Shannon Daub, Ed Finn, Marjorie Griffin Cohen, Cathy Hull, Irene Jansen, Stephen McBride, Alex Michalos, David Robinson, Gideon Rosenbluth, Anny Schaefer, Jim Stanford, and Catherine Walshe.

The contents, opinions and any errors contained in this paper, however, are those of the authors, and do not necessarily reflect the views of the CCPA.

Layout: Shannon Daub

### About the Authors

*Marc Lee* is Research Economist with the BC Office of the Canadian Centre for Policy Alternatives. He has a BA in Economics from the University of Western Ontario and an MA in Economics from Simon Fraser University.

*Seth Klein* is Director of the BC Office of the Canadian Centre for Policy Alternatives. He has a BA in International Relations and a B.Ed from the University of Toronto, and an MA in Political Science from Simon Fraser University.

*Stuart Murray* is an economic researcher with a background in corporate research and labour market analysis. He has a BA in Economics from the University of British Columbia and a Master of Industrial Relations from Queen's University.

ISBN# 0-88627-951-8

Cost: \$4.00

March 1999

## Contents

Executive Summary .....	i
Introduction .....	1
I. Fiscal Environment .....	3
II. Provincial Tax System .....	6
III. Support for Public Health Care .....	12
IV. Support for Public Education .....	15
V. Equity and Economic Justice .....	20
Conclusion .....	25
Appendix: Data and Sources .....	26
Notes .....	31

# Executive Summary

---

British Columbia is a province that enjoys a healthy fiscal environment. While absolute debt level has increased somewhat in recent years, debt-to-GDP ratio and debt service costs remain among the lowest of the provinces. Thus, BC is quite capable of servicing its debt, particularly since increased debt largely reflects a public choice on the part of the government to maintain investments in health and education.

Despite claims that BC has the highest taxes in Canada, BC's income taxes are not out of line with other provinces. In fact, for all but the highest income earners, BC's income taxes are among the lowest in the country. When all personal provincial taxes are considered, BC is, for most people, the second lowest tax jurisdiction. BC's tax structure itself, however, could be more progressive, particularly with regard to low income earners.

Public support for health care is strong in BC, contrary to trends in other provinces. BC's health system is the best funded in Canada on a per capita basis, and private health expenditures are among the lowest as a share of total health expenditures. By a variety of measures, BC has the healthiest population in Canada. However, BC could better allocate resources for areas such as nursing, which is highly understaffed, resulting in decreased quality of care.

Support for public education is also among the best in Canada. On a per-pupil basis, BC spends more on K-12 education than does any other province. Similarly, BC's funding for post-secondary education is the second highest in Canada, with additional government support in the form of a tuition freeze and efforts to expand the number of post-secondary institutions. Despite such measures, however, BC still has low post-secondary participation rates compared to other provinces. This is indicative of a larger concern that not enough graduates are coming out of BC's post-secondary institutions to meet the demands of the labour market.

The major weakness highlighted by this report is with regard to equity and economic justice in the province. BC has the worst record in the country with regard to income inequality. While the labour market performs well relative to other provinces in giving workers a fair share of the economic pie, BC does a worse job at redistributing this income.

Cuts to government funding are most apparent with regard to social assistance. In BC, the number of people living below the poverty line is growing. Programs to provide social assistance are not funded at adequate levels to provide sufficient income for the most vulnerable. This is a fundamental area of concern—and a highly visible one—that necessitates immediate government attention.



# Introduction

---

The BC government has been under heavy fire in recent years. The mainstream media and conservative think-tanks have gone on the offensive, stressing high levels of debt and taxes, and the need to cut red tape. Several commentators have made dire pronouncements that all is wrong with BC's economy, and that the government is to blame.

While such appraisals are colourful, they are often off the mark in terms of the everyday reality experienced by the people of BC. Yet they do have an impact on shaping people's perceptions of how the economy and government are performing. And in the current climate of an economic downturn, concerns about the economy spill over onto perceptions about the state of public services, such as the health care system and public education.

To respond to these concerns, and to assess how BC is really doing, there is a need for objective comparisons across all Canadian provinces. This policy review provides a detailed look at the performance of the BC government when benchmarked against that of other provincial governments. The intent is

neither to attack nor defend the BC government, but to point out areas of both strong and weak performance, and to draw attention to areas of concern for public policy.

Although the analysis is non-partisan, it is rooted in values of equity and fairness. It recognizes that unfettered markets lead to many perverse outcomes, including inequitable distribution of wealth and income, tendencies toward monopolization, environmental degradation, and underproduction of public goods. As a result, government has an essential role to play in addressing market failures, delivering services and providing public infrastructure.

Our assessment is based on an analysis of the most recent statistical indicators across five key areas of provincial public policy. These areas are not comprehensive of the full range of public policy areas in provincial jurisdiction. Rather, they represent the main policy areas that are most under discussion in BC. The period under consideration spans the 1992 to current period, which corresponds to the tenure of the current provincial government.

## The five areas, and their indicators, are:

### ***I. Fiscal Environment***

- Net debt-to-GDP ratio
- Debt service charges as a percentage of provincial revenues
- Government expenditure as a percentage of GDP
- Program spending per capita

### ***II. Tax System***

- Average provincial income tax as a percentage of income
- Combined federal and provincial income taxes as a percentage of income
- Personal disposable income per capita
- Total provincial taxes as a percentage of income
- Progressivity of the tax system
- Corporate tax rates—income tax (general and small business); capital tax

### ***III. Support for Public Health Care***

- Public health care funding per capita
- Public health expenditures as a share of total health expenditures
- Health status indicators—life expectancy, infant mortality, deaths due to cancer and heart disease

- Health expenditures by use of funds—hospitals, other institutions, physicians, other professionals, drugs, capital and other health spending
- Nurses per capita

### ***IV. Support for Public Education***

- K-12 public expenditures per pupil
- K-12 student-to-educator ratio
- Post-secondary spending per capita
- Tuition fees
- Full-time post-secondary faculty
- University and college participation rates
- Percentage of population with a university degree

### ***V. Equity and Economic Justice***

- Average weekly earnings
- Union density
- Wages and earnings—male vs. female; hourly vs. overall
- Unemployment rate—male vs. female; youth vs. overall
- Gini coefficients
- Percentage of population below the poverty line
- Income assistance rates

Assessment is based on several criteria: relative performance compared to other provinces; performance compared to past experience in BC; and, performance in relation to reasonable and equitable social policy objectives. While our analysis in each area looks at results across all provinces, key comparisons in many cases are with the other large provincial economies—Alberta, Ontario and Quebec.<sup>1</sup>

A comprehensive list of data sources is included in the Appendix. Where figures graphically present the data, tables of the data are also included in the Appendix.

# I. Fiscal Environment

---

Fiscal environment refers to the overall level of spending by government and the level of public debt. Fiscal environment is integral to the ability of a government to deliver programs. If debt is too large relative to the economy, the costs of servicing that debt can eat away at the funds available for services, be they health care, public works or libraries.

This does not necessarily mean balanced budgets are desirable year in and year out. Indeed, a key lesson from the Great Depression is that government should run a deficit to mitigate the impact of recessions, while offsetting this with surpluses when the economy is expanding. Thus, the relevant time frame for a balanced budget is the business cycle, not the fiscal year.

A stable fiscal environment means that a government has more flexibility to act in a manner consistent with the values of its citizens. It is both important and necessary that governments make core investments in public infrastructure, such as roads and bridges, and in the human capital of citizens, through expenditures such as health and education. So long as the rate of return exceeds the cost of borrowing, these investments make economic sense.

As the size of the economy grows, so does

the ability of a government to hold debt for these types of investments. While much alarm is expressed over the absolute size of the debt stock, this is less important than the relative size of debt compared to the overall economy, or net debt-to-GDP ratio.<sup>2</sup> The debt-to-GDP ratio is the most valid indicator of the degree to which an economy can sustain and manage public debt.

A relevant benchmark for all provinces is the federal government debt-to-GDP ratio. At 65.3% for 1998-99, all provinces outperform the federal government (though this ratio has been on a downward path in recent years). Provincial governments did not have the large build-ups of debt seen federally during the 1970's and 1980's. On the other hand, Ottawa's budget balancing exercise during the 1990's effectively offloaded federal deficits to the provinces. Through reductions in the Canada Health and Social Transfer (a decline from \$19.3 billion in 1994-95 to \$12.5 billion in 1997-98), the federal government has pushed tough decisions on funding programs onto provincial governments. How the provinces have responded is addressed in subsequent sections of this report.

Despite significant concerns expressed in the media about BC's public debt, BC's net debt-to-GDP ratio is low when compared to other provinces. In 1997-98, BC's debt stood at 20% of GDP, second lowest of the provinces. Only Alberta, at 13.1%, had a lower debt-to-GDP ratio, a fairly recent develop-

ment attributable to large budget surpluses. In spite of severe cutbacks since 1995, Ontario's debt was still 30.3% of GDP in 1997-98, fourth largest among the provinces. Quebec and Newfoundland had the highest debt-to-GDP ratios of the provinces at 43.7%.

As Figure 1 shows, BC's debt-to-GDP ratio has increased modestly, from 18.2% in 1992-93 to 20% in 1997-98, an increase of 10%. BC is one of only three provinces that had an increase in debt-to-GDP ratio over this time period. However, debt-to-GDP was very low at the outset, so relative changes are not of much interest when compared to provinces that began with much higher levels.

What is important is that the BC government increased its own debt burden to offset federal cuts to transfers. While other provinces have been cutting in areas like health and education, the BC government has maintained

funding for these key investments. This is critical considering that BC has had to catch up to other provinces in areas like post-secondary education, which was severely underfunded relative to BC's population at the start of the decade.

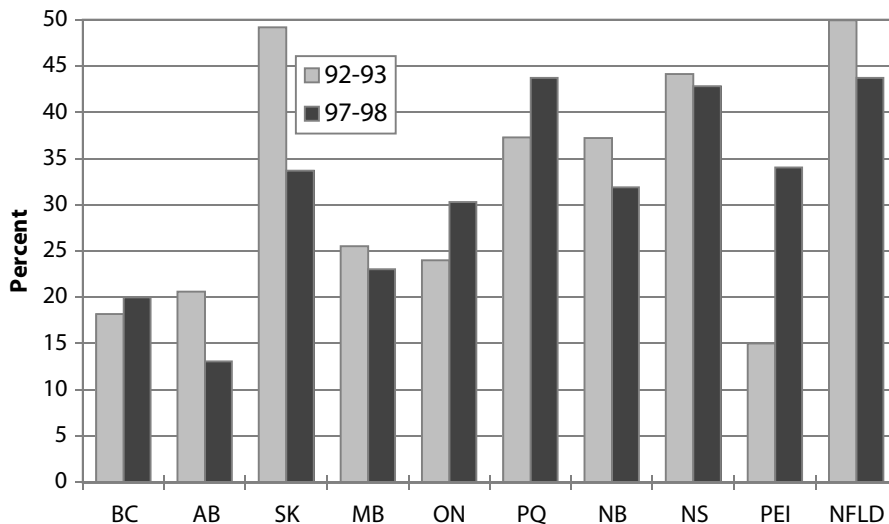
BC has not been insulated from making budget cuts. Indeed, cuts in social services have adversely affected low income people in the province (see Section V). Capital expenditures in BC have also been adversely affected by budget cuts. From an average of \$2 billion per year in the early 1990's, capital spending fell to under \$1 billion in 1997-98. While the government has recently announced increases in capital spending, the timing of cuts in this area came at a time of economic slowdown. Combined, these cutting measures served to undermine counter-cyclical fiscal policy and further depress the provincial growth rate.

Whether debt is for an individual, a company or a government, the main constraint to incurring debt is the ability to service it. BC's strong fiscal position is reflected in low debt service charges as a percentage of provincial revenues. Table 1 shows that BC will pay 7.5% of its revenues in the 1998-99 fiscal year in debt service costs, the second lowest in the country.<sup>3</sup> BC previously had the lowest debt service costs, but has been surpassed by Alberta, where 1998-99 debt services costs are only 7% of revenues due to budget surpluses in recent years. Nova Scotia has the highest debt service costs, with interest payments eating up 18.2% of government revenues, followed by Ontario (17.2%), Newfoundland

**Table 1: Debt Service Costs**

	Debt service as % of revenues 1998-99	Rank
BC	7.5	2
AB	7.0	1
SK	13.6	6
MB	8.7	3
ON	17.2	9
PQ	15.0	7
NB	13.5	5
NS	18.2	10
PEI	13.1	4
NFLD	15.7	8

**Figure 1: Debt-to-GDP Ratios, 1992-93 and 1997-98**





(15.7%) and Quebec (15%). Again, it is interesting to compare these numbers with federal government debt service costs, which currently stand at 27% of revenues for 1998-99.

Another way of examining the fiscal environment is to look at the relative size of government expenditures. Table 2 shows government expenditures as a percentage of GDP for 1996. BC has the fourth lowest expenditure level of all provinces, with government expenditures accounting for 23.2% of GDP. Only Alberta (16.2%), Ontario (18%) and Saskatchewan (21.6%) have less public spending.

In spite of this, BC has the second highest program spending per capita — defined as total expenditures less debt service payments — of the provinces. A relatively light debt service burden and strong support of health care and education (see Sections III and IV) elevate BC in this category, as demonstrated by Table 3. At \$5,119 per person, BC's program spending per capita is topped only by Newfoundland, at \$5,164 per person. This amounts to a \$300 per person higher expenditure than Alberta (\$4,822 per person), and almost \$1,000 higher than Ontario (\$4,151 per person).

## Summary

BC performs well in terms of its fiscal situation and how it has managed federally-imposed cuts. When compared to other provinces, total debt stock is low, as are debt service payments. Where debt has been incurred, it has been in areas of investment in the people of the province, thereby strengthening the province's future. However, BC has unduly cut back on social assistance expenditures for the poorest (see Section V) and reduced capital expenditures at a time of economic downturn, thereby slowing growth.

These findings come in contrast to the conventional wisdom and media reports of high levels of debt. Altogether, key indicators of BC's fiscal situation suggest that while many provinces need be concerned about their fiscal situation, BC is in a more comfortable position. In the midst of a recession, the BC government has room to maneuver by running a deficit. While a rising debt-to-GDP ratio, year-in and year-out, is inadvisable, a short-term increase in BC's debt is desirable given the current economic climate.

**Table 2: Government Expenditures**

	Provincial Govt Expend. 1996-97 (\$millions)	GDP 1996 (\$ million)	Expenditure as a % of GDP 1996
BC	24,536	105,843	23.2%
AB	15,182	93,625	16.2%
SK	6,068	28,059	21.6%
MB	7,041	28,328	24.9%
ON	59,709	331,024	18.0%
PQ	47,934	178,935	26.8%
NB	4,817	16,705	28.8%
NS	5,007	19,654	25.5%
PEI	847	2,865	29.6%
NFLD	3,692	10,670	34.6%

**Table 3: Program Spending Per Capita, 1998-99**

	Program Spending, \$ millions	Program Spending, \$ Per Capita	Rank
BC	20,245	5,119	2
AB	13,901	4,822	6
SK	4,508	4,409	8
MB	5,371	4,703	7
ON	47,787	4,152	9
PQ	37,317	5,011	4
NB	3,861	5,077	3
NS	3,691	3,900	10
PEI	680	4,971	5
NFLD	2,872	5,164	1

Note: Program spending includes capital expenditures

## II. Provincial Tax System

Commentators in the media have expressed concerns over high taxes in BC. It is commonly reported that BC has the highest taxes in Canada, and that these high taxes dampen economic growth and impede competitiveness. Certainly, increasing taxes as a share of income over time are a concern, particularly as they affect low- and middle income people. However, a closer look at other provinces suggests that taxes in BC are not out of line.

**Table 4: Marginal and Average Taxes, 1998**

	Top Marginal Tax Rate 1998 (%)	Average Provincial Income Tax (%)
BC	54.2	5.8
AB	45.6	5.5
SK	51.6	7.9
MB	50.1	7.1
ON	50.3	5.2
PQ	52.5	8.3
NB	50.6	7.0
NS	49.7	6.6
PEI	50.3	6.8
NFLD	53.3	7.9

Note: Average provincial income tax is calculated as a percentage of income for a two income family of four earning the average family income of \$55,000

### Personal Income Taxes

Until 1999, BC had the highest top marginal tax rate in Canada at 54.2%. In 1999, previously announced tax cuts by the BC government came into effect. As of January 1, 1999, the top marginal tax rate fell to 52.7%, below Newfoundland's top rate of 53.3%, and is further scheduled to fall to 49.9% by 2001.

Unfortunately, the debate on high taxes begins and ends with the marginal tax rate, the rate paid on the last dollar of income. In BC, only

income in excess of about \$80,000 gets taxed at the top rate.<sup>4</sup> Interestingly, only about 4% of BC taxpayers make enough money to pay the top marginal rate, while most taxpayers pay a much lower marginal tax rate. As a result, the benefits of the recent reduction in the top marginal rate will accrue disproportionately to high income individuals and families.

A closer look at the tax system beyond marginal tax rates tells a different story. When average income tax rates are considered, BC has the third lowest taxes. As Table 4 shows, a two-income family of four earning the average family income of \$55,000 pays 5.8% of their income in provincial income taxes in BC. Only Alberta (5.5%) and Ontario (5.2%) are lower. Thus, marginal tax rates can be a deceptive indicator of the amount of tax actually paid as a percentage of income.

Looking at combined federal and provincial income taxes for 1998, the claim that BC has the highest taxes is again unsupported. As table 5 shows, an unattached individual earning between \$20,000 and \$75,000 would pay less tax only in Alberta and Ontario, but more

**Table 5: Federal and Provincial Income Tax as a Percentage of Income, 1998**

	\$10,000 Income	\$20,000 Income	\$35,000 Income		\$50,000 Income		\$75,000 Income		\$100,000 Income		\$200,000 Income	
	Single	Single	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family
BC	5.1	15.1	21.7	9.3	27.0	15.7	34.6	22.9	39.3	27.3	46.7	39.2
AB	2.9	14.9	21.3	8.7	26.4	15.5	33.0	22.4	36.1	26.6	40.9	36.1
SK	5.5	16.9	24.0	9.9	29.9	17.6	37.2	25.6	40.8	30.2	46.2	40.9
MB	4.4	17.0	24.1	9.2	29.9	16.7	36.8	25.0	40.1	29.8	45.1	40.1
ON	4.8	14.3	20.6	8.5	25.6	14.8	33.2	21.8	37.5	25.9	43.9	37.5
PQ	1.8	17.9	26.8	3.8	32.4	17.0	39.5	27.3	42.8	32.1	47.7	42.5
NB	6.1	16.2	23.3	10.3	29.0	17.0	35.8	24.6	39.2	29.1	44.9	39.3
NS	3.9	15.8	22.7	8.2	28.2	15.8	35.0	24.0	38.5	28.4	44.1	38.5
PEI	6.0	16.0	23.0	10.1	28.6	16.8	35.9	24.3	39.5	28.9	44.9	39.5
NFLD	6.5	17.0	24.3	11.1	30.3	17.9	37.8	25.7	41.7	30.4	47.5	41.7

Note: "Single" is an unattached individual with no dependents, "Family" is a two income family of four. For families, the next lowest income level for which there is data is \$25,000. At this level, income tax is not applicable.

tax in every other province. After about \$80,000, BC's top surtax kicks in, but an individual earning \$100,000 still pays the fifth lowest taxes in Canada. Only well above \$100,000 in income do taxes in BC rise beyond the average for the provinces. At the \$200,000 level, taxes are third highest of the provinces, after Newfoundland and Quebec.

Similar numbers hold for a two-income family of four. In the \$50,000 to \$100,000 range, income taxes in BC are the third lowest, after Ontario and Alberta. Even at \$200,000, BC has the fourth lowest income taxes of the provinces (no data is available for higher income levels).

Another way of looking at the impact of taxation is by personal disposable income per capita, which measures after-tax spending power. As shown in Table 6, BC has the third highest personal disposable income at \$18,199 per person, in a cluster just behind Alberta (\$18,488) and Ontario (\$18,411). Fourth place Manitoba is well behind at \$16,730. However, as noted above, BC spends more per capita in public programs than do Alberta or Ontario. Thus, the value of publicly-provided services in addition to high levels of personal disposable income put British Columbians in an enviable position.

Over the 1992 to 1997 period, personal disposable income in BC grew by 4.9%, the sixth highest growth rate among the provinces. Saskatchewan had the highest growth at 9.4%, with Alberta second at 8.5%. Ontario was last with 0.4% growth; Quebec was narrowly ahead of BC in fifth place at 5%.

### **Progressivity of Personal Taxes**

Progressivity is the principle that those with greater incomes should pay a greater share of that income in the form of taxes. This is generally represented in the income tax structure through marginal tax rates that increase as income does. For BC taxpayers,

progressivity comes from both the federal and provincial tax systems. Provincial tax is calculated as a percentage of federal tax owing, with surtaxes (additional tax calculated as a percentage of provincial tax payable) for higher incomes.

The top marginal rate ensures that high income earners in BC rightly pay a greater share of income in taxes. Table 5 notes that for the unattached individual earning \$200,000, this amounts to 46.7% of income, third highest of the provinces. A two-income family earning \$200,000 pays 39.2% of income, fourth lowest of the provinces, indicating some room for improvement with regard to progressivity at the high end.

The weakest area with regard to progressivity of income taxes in BC, however, is not for high incomes, but for low income earners. An unattached individual in BC earning \$10,000 would pay 5.1% of income in income taxes, about the middle of the pack. Several provinces are relatively better off in their tax treatment of low income people. In Quebec, the individual earning \$10,000 would pay only 1.8%, the lowest in the country. Despite low tax rates on high incomes, Alberta fares well in terms of progressivity, because of its comparably low tax rates on low incomes.

**Table 6: Personal Disposable Income per Capita, 1992-97**

	Personal Disposable Income per cap. 1997	1997 Rank	Personal Disposable Income per cap. 1992	% Change 1992-97	% Change Rank
BC	\$18,199	3	\$17,351	4.9%	6
AB	\$18,488	1	\$17,039	8.5%	2
SK	\$15,307	6	\$13,992	9.4%	1
MB	\$16,730	4	\$15,782	6.0%	4
ON	\$18,411	2	\$18,346	0.4%	10
PQ	\$15,762	5	\$15,015	5.0%	5
NB	\$15,208	7	\$14,082	8.0%	3
NS	\$15,055	8	\$14,699	2.4%	9
PEI	\$14,774	9	\$14,229	3.8%	7
NFLD	\$13,413	10	\$12,991	3.2%	8

**Table 7: 1998 Tax Comparisons for Various Income Groups (dollars paid)**

	BC	AB	SK	MB	ON	PQ	NB	NS	PEI	NFLD
<b>Two Income Family of Four: \$90,000 total income</b>										
Provincial Income Tax	\$6,722	\$6,271	\$8,975	\$8,849	\$5,990	\$10,809	\$8,120	\$7,654	\$7,920	\$9,185
Other Provincial Tax	\$3,765	\$3,266	\$5,228	\$7,385	\$7,286	\$8,162	\$4,367	\$4,602	\$4,199	\$4,358
Federal Income Tax	\$13,511	\$13,511	\$13,511	\$13,511	\$13,511	\$13,511	\$13,511	\$13,511	\$13,511	\$13,511
Net Federal GST	\$1,525	\$1,645	\$1,473	\$1,478	\$1,574	\$1,390	\$1,493	\$1,511	\$1,458	\$1,452
<b>Total Tax</b>	<b>\$25,523</b>	<b>\$24,693</b>	<b>\$29,187</b>	<b>\$31,223</b>	<b>\$28,361</b>	<b>\$33,872</b>	<b>\$27,491</b>	<b>\$27,278</b>	<b>\$27,088</b>	<b>\$28,506</b>
<b>% of Income</b>	<b>28.4%</b>	<b>27.4%</b>	<b>32.4%</b>	<b>34.7%</b>	<b>31.5%</b>	<b>37.6%</b>	<b>30.5%</b>	<b>30.3%</b>	<b>30.1%</b>	<b>31.7%</b>
<b>Rank</b>	<b>9</b>	<b>10</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>4</b>
<b>Two Income Family of Four: \$55,000 total income</b>										
Provincial Income Tax	\$3,189	\$3,036	\$4,321	\$3,924	\$2,842	\$4,587	\$3,852	\$3,631	\$3,757	\$4,357
Other Provincial Tax	\$3,329	\$2,663	\$3,695	\$5,034	\$4,888	\$5,370	\$2,863	\$3,518	\$2,916	\$3,202
Federal Income Tax	\$6,409	\$6,409	\$6,409	\$6,409	\$6,409	\$6,409	\$6,409	\$6,409	\$6,409	\$6,409
Net Federal GST	\$1,140	\$1,223	\$1,130	\$1,146	\$1,180	\$1,109	\$1,139	\$1,148	\$1,110	\$1,119
<b>Total Tax</b>	<b>\$14,067</b>	<b>\$13,331</b>	<b>\$15,555</b>	<b>\$16,513</b>	<b>\$15,319</b>	<b>\$17,475</b>	<b>\$14,263</b>	<b>\$14,706</b>	<b>\$14,192</b>	<b>\$15,087</b>
<b>% of Income</b>	<b>25.6%</b>	<b>24.2%</b>	<b>28.3%</b>	<b>30.0%</b>	<b>27.9%</b>	<b>31.8%</b>	<b>25.9%</b>	<b>26.7%</b>	<b>25.8%</b>	<b>27.4%</b>
<b>Rank</b>	<b>9</b>	<b>10</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>5</b>
<b>Two Income Family of Four: \$30,000 total income</b>										
Provincial Income Tax	\$1,211	\$940	\$1,302	\$881	\$239	(\$690)	\$1,463	\$1,379	\$1,427	\$1,654
Other Provincial Tax	\$2,174	\$1,818	\$3,485	\$4,206	\$4,079	\$4,041	\$2,430	\$3,134	\$2,560	\$2,509
Federal Income Tax	\$2,434	\$2,434	\$2,434	\$2,434	\$2,434	\$2,434	\$2,434	\$2,434	\$2,434	\$2,434
Net Federal GST	\$307	\$370	\$368	\$358	\$380	\$386	\$353	\$358	\$333	\$329
<b>Total Tax</b>	<b>\$6,126</b>	<b>\$5,562</b>	<b>\$7,589</b>	<b>\$7,879</b>	<b>\$7,132</b>	<b>\$6,171</b>	<b>\$6,680</b>	<b>\$7,305</b>	<b>\$6,754</b>	<b>\$6,926</b>
<b>% of Income</b>	<b>20.4%</b>	<b>18.5%</b>	<b>25.3%</b>	<b>26.3%</b>	<b>23.8%</b>	<b>20.6%</b>	<b>22.3%</b>	<b>24.4%</b>	<b>22.5%</b>	<b>23.1%</b>
<b>Rank</b>	<b>9</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>8</b>	<b>7</b>	<b>3</b>	<b>6</b>	<b>5</b>
<b>Unattached Individual: \$25,000 income</b>										
Provincial Income Tax	\$1,359	\$1,302	\$1,850	\$1,557	\$1,068	\$2,172	\$1,642	\$1,547	\$1,601	\$1,857
Other Provincial Tax	\$930	\$503	\$519	\$1,160	\$1,229	\$1,766	\$760	\$793	\$864	\$1,183
Federal Income Tax	\$2,732	\$2,732	\$2,732	\$2,732	\$2,732	\$2,732	\$2,732	\$2,732	\$2,732	\$2,732
Net Federal GST	\$266	\$308	\$265	\$277	\$292	\$246	\$269	\$273	\$247	\$259
<b>Total Tax</b>	<b>\$5,287</b>	<b>\$4,845</b>	<b>\$5,366</b>	<b>\$5,726</b>	<b>\$5,321</b>	<b>\$6,916</b>	<b>\$5,403</b>	<b>\$5,345</b>	<b>\$5,444</b>	<b>\$6,031</b>
<b>% of Income</b>	<b>21.1%</b>	<b>19.4%</b>	<b>21.5%</b>	<b>22.9%</b>	<b>21.3%</b>	<b>27.7%</b>	<b>21.6%</b>	<b>21.4%</b>	<b>21.8%</b>	<b>24.1%</b>
<b>Rank</b>	<b>9</b>	<b>10</b>	<b>6</b>	<b>3</b>	<b>8</b>	<b>1</b>	<b>5</b>	<b>7</b>	<b>4</b>	<b>2</b>
<b>Unattached Individual: \$80,000 income</b>										
Provincial Income Tax	\$8,570	\$7,443	\$10,765	\$10,241	\$7,902	\$12,888	\$9,441	\$8,899	\$9,609	\$10,956
Other Provincial Tax	\$2,367	\$2,203	\$3,699	\$5,435	\$5,274	\$6,955	\$2,822	\$4,140	\$3,267	\$3,988
Federal Income Tax	\$16,089	\$16,089	\$16,089	\$16,089	\$16,089	\$16,089	\$16,089	\$16,089	\$16,089	\$16,089
Net Federal GST	\$1,261	\$1,397	\$1,191	\$1,213	\$1,294	\$1,093	\$1,235	\$1,257	\$1,177	\$1,173
<b>Total Tax</b>	<b>\$28,287</b>	<b>\$27,132</b>	<b>\$31,744</b>	<b>\$32,978</b>	<b>\$30,559</b>	<b>\$37,025</b>	<b>\$29,587</b>	<b>\$30,385</b>	<b>\$30,142</b>	<b>\$32,206</b>
<b>% of Income</b>	<b>35.4%</b>	<b>33.9%</b>	<b>39.7%</b>	<b>41.2%</b>	<b>38.2%</b>	<b>46.3%</b>	<b>37.0%</b>	<b>38.0%</b>	<b>37.7%</b>	<b>40.3%</b>
<b>Rank</b>	<b>9</b>	<b>10</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>3</b>

Progressivity of the tax system must also consider all other taxes, including sales tax, property tax, payroll tax, and health care premiums. These taxes tend to be regressive in nature, meaning that lower income people pay a proportionately higher share of their incomes to the tax. Sales tax, for example, is payable at the same rate as a share of total expenditure on goods and services. But sales tax disproportionately affects those with lower incomes, where a greater share of income is spent on basic consumption. Sales tax also raises the price of goods and services, decreasing their affordability.

When total direct provincial taxes are considered (i.e. excluding federal taxes), the degree of progressivity in BC's tax system has room for improvement. Figure 2 shows total provincial taxes at different income levels. A two-income family of four making \$30,000 per year would pay \$3,385 in total provincial taxes, or 11.3% of income. At \$55,000 per year, this rises to 11.9% of income, but if this family made \$90,000 per year, the total provincial tax burden would actually fall to 11.7% of income.

Quebec has by far the most progressive taxation system in Canada.<sup>5</sup> The comparable low income family of four making \$30,000 in Quebec pays 11.2% of income in taxes, similar to BC. Yet, a middle income family making \$55,000 pays 18.1% of income and a high income family making \$90,000 pays 21.1% of income. After Quebec, Alberta comes in second due to lower income tax for low income groups and the absence of a provincial sales tax. Because Alberta derives substantial tax revenues from royalties on oil and gas, the province relies less on taxes from other sources.

For unattached individuals, BC again has one of the least progressive tax systems. An unattached individual making \$25,000 in BC pays \$2,289 in taxes, or 9.2% of income. As income rises to \$80,000, the individual's income tax bill rises to \$10,937, or 13.7%. Other provinces are more progressive in taxing unattached individuals, with Saskatchewan the most progressive. At the \$25,000 income mark, taxes in Saskatchewan are slightly higher than BC at 9.5%, but at the \$80,000 income mark, they rise to 18.1%.<sup>6</sup>

---

**Notes for Table 7 (page 8):**

1. "Provincial Income Tax" represents provincial income tax less basic provincial credits and typical major deduction at each income level. The two-income family of four with \$55,000 income assumes one spouse earning \$35,000 and the other \$20,000. The two-income family earning \$90,000 assumes one spouse earning \$50,000 and the other \$40,000. The two-income family with \$30,000 assumes both spouses earning \$15,000.

2. "Other Provincial Tax" includes net child benefits, plus provincial taxes on property, retail sales, and fuel, payroll taxes and health care premiums. Property taxes are net credits for each province. Property taxes assume that each income group resides in a home of similar size and style in a major city. For example, the individual earning \$25,000 is assumed to rent; the families earning \$30,000 and \$55,000 own bungalows; the family earning \$90,000 owns a two-story executive style home; and the individual earning \$80,000 owns a luxury condominium. Sales taxes include taxes on meals, liquor and accommodation, based on expenditure patterns from the 1992 Survey of Family Expenditures. Health care premiums are levied in BC and Alberta only, however, neither of these provinces has provincial payroll taxes. Provincial payroll taxes exist in four provinces (Manitoba, Ontario, Quebec and Newfoundland).

3. "Federal Income Tax" represents federal income tax less basic credits. Federal payroll taxes, such as UIC and CPP are not included in this table.

4. "Net Federal GST" represents GST expenditures estimates for each income group based on the Survey of Family Expenditures, net applicable GST tax credits.

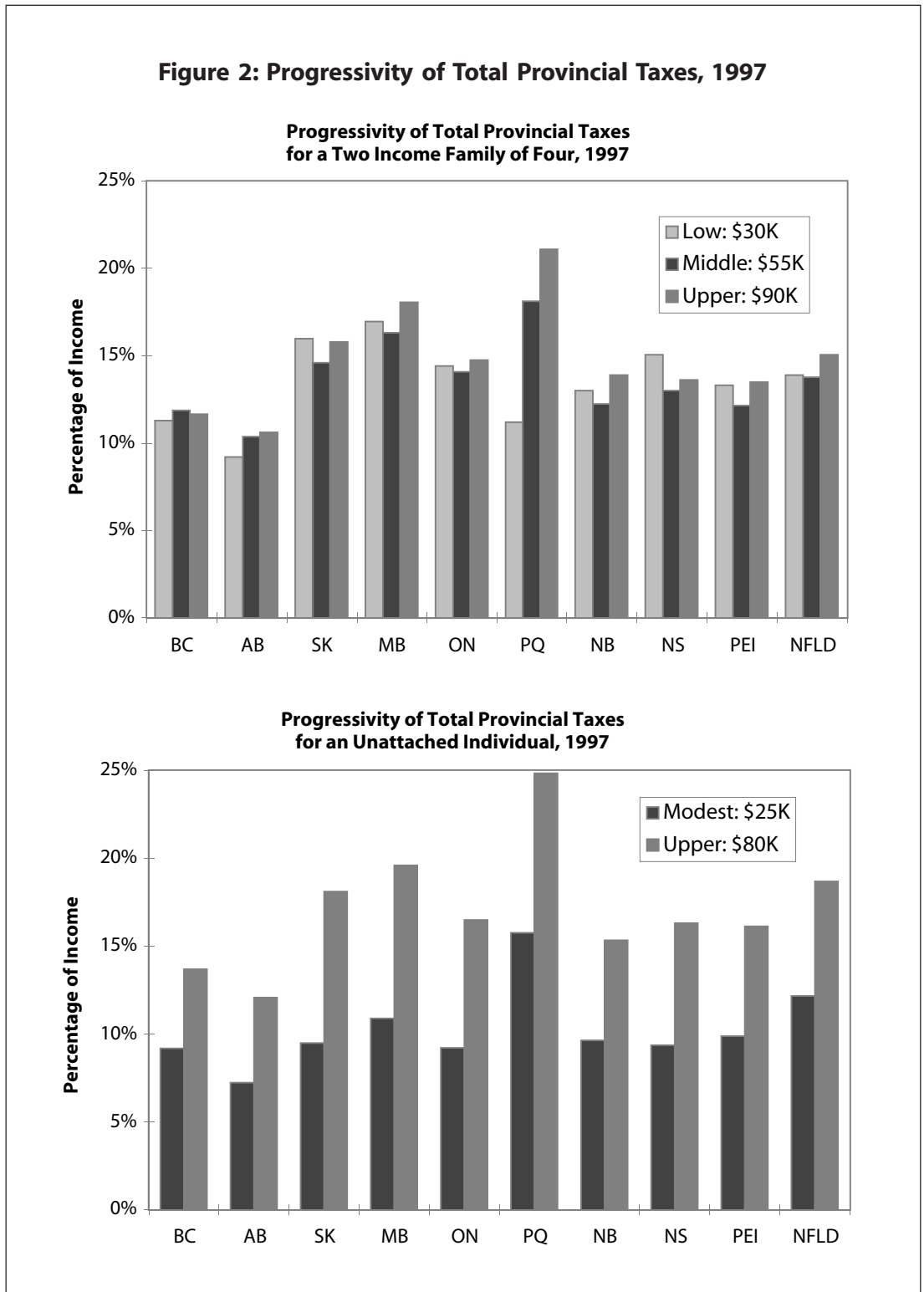
5. "Total Tax" represents the sum of "Total Provincial Tax" plus "Federal Income Tax" and "Net Federal GST".

6. Rankings are from highest to lowest taxes.

Overall, total federal and provincial taxes as a share of income are still low in BC relative to other provinces. Only Albertans pay a smaller percentage of income in total taxes for unattached individuals. Indeed, in each of the above

scenarios — family of four with two kids and incomes of \$30,000, \$55,000 and \$90,000, and unattached individuals with incomes of \$25,000 and \$80,000 — BC consistently has the second lowest overall taxes after Alberta.

**Figure 2: Progressivity of Total Provincial Taxes, 1997**



## Corporate Taxes

Corporate taxes in BC are also not out of line with those of other provinces. The general corporate income tax rate in BC is 16.5%, fourth highest in Canada. Quebec has the lowest tax rate at 8.9% (plus a surtax of 2.8%), followed by Newfoundland at 14%. The remaining eight provinces (including BC) all have rates between 15.5% and 17%. Despite claims that high taxes are driving business and investment out of the province, empirical evidence suggests that such small differences in tax rates have negligible impact on company decisions to invest or locate.<sup>7</sup>

All provinces also have a tax rate applicable to small business. Each of BC, Ontario and Manitoba charged the highest small business tax rate of 9% in 1998. BC's small business tax rate dropped to 8.5% on Jan. 1, 1999, and is scheduled to fall to 8% by Jan. 1, 2000. In addition, new small businesses in BC incorporated between May 1, 1996 and March 31, 2001 receive a two-year tax holiday. The lowest small business taxes in Canada are in Nova Scotia and Newfoundland at 5%, followed by Quebec at 5.75%.

In addition to income taxes, most provinces impose capital taxes (except for Alberta, PEI and Newfoundland). In BC, these are applicable only for those companies with net paid-up capital in excess of \$2.5 million (as of Jan. 1, 1999). Thus, more than eighty per cent of companies in BC do not pay the capital tax. The rate of 0.3% is slightly higher than the 0.25% in Nova Scotia, but the same as Manitoba, Ontario and New Brunswick.

All provinces also levy a separate capital tax on financial institutions. BC's rate of 3% is equivalent to or less than the rates in six other provinces. The lowest rates are in Ontario (0.9%), Quebec (1.28%) and Alberta (2%). Finally, BC is one of six provinces that do not levy a payroll tax.

Some companies may not find BC to be the most tax friendly jurisdiction in Canada, but neither are taxes unduly onerous. If taxes were the only consideration businesses based their investment and location decisions on, all companies would have already moved to Newfoundland, which has the lowest corporate taxes in Canada. All things considered, BC compares well to other provinces, about the middle of the pack in terms of overall corporate taxes.

## Summary

The weight of evidence does not support the hypothesis that BC has the highest taxes in Canada. While taxes are at reasonable levels for corporations and the wealthy, BC loses marks for recently granting tax cuts at the high end of the income spectrum. Related to this, BC must build more progressivity into the tax system — for income taxes, as well as other, more regressive taxes.

Further action to lower the top tax rates for only 1 in 25 British Columbians would exacerbate the province's weak progressivity. If any new action is to be taken to reduce taxes, as is much encouraged by the BC business community and the media, these tax breaks should go to those with low and modest incomes.

**Table 8: Corporate Tax Rates, 1998**

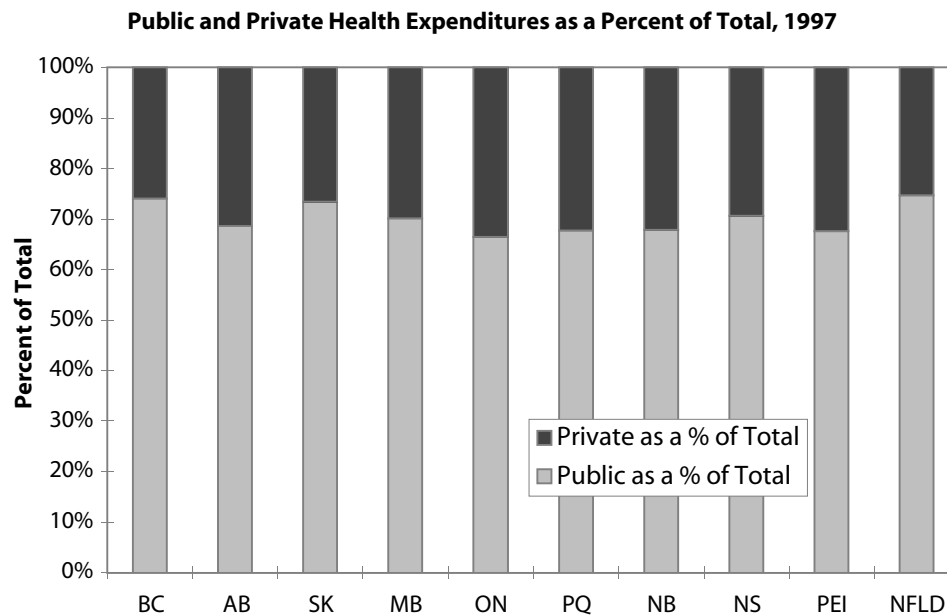
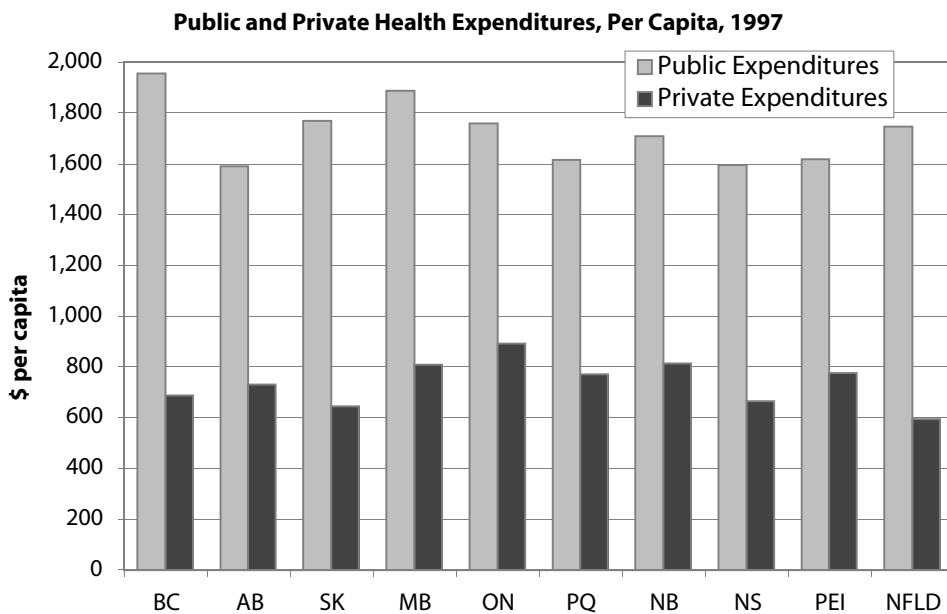
	Corporate Income Tax (%)		Capital Tax (%)		Payroll Tax (%)
	General Rate	Small Business Ratio	General Rate	Financial Institutions	
BC	16.50	9.00	0.30	3.00	0.00
AB	15.50	6.00	0.00	2.00	0.00
SK	17.00	8.00	0.60	3.25	0.00
MB	17.00	9.00	0.30	3.00	2.25
ON	15.50	9.00	0.30	0.90	1.95
PQ	8.90	5.75	0.64	1.28	4.26
NB	17.00	7.00	0.30	3.00	0.00
NS	16.00	5.00	0.25	3.00	0.00
PEI	16.00	7.50	0.00	3.00	0.00
NFLD	14.00	5.00	0.00	4.00	2.00

# III. Support for Public Health Care

Canadians care a great deal about their health system. In recent years, many Canadians have been concerned about cuts to health care that are undermining a system they cherish. Concerns aside, from a public policy perspective, health is an essential investment in people, un-

derlying the economy of any region. Even from a business perspective, publicly funded health care reduces the costs of providing health insurance and care services. This section looks at provincial government support for health care, a pressing issue given the 1990's climate of fiscal restraint.

**Figure 3: Public and Private Health Care Expenditures**



## Public and Private Funding

Despite federal cuts to the Canada Health and Social Transfer, BC has been unique in Canada for maintaining funding for health care. As Figure 3 shows, BC had higher public health expenditures on a per capita basis than any other province in 1997. At \$1,955 per person, BC ranks ahead of Manitoba (\$1,886) and Saskatchewan (\$1,768). The lowest public health expenditures are in Alberta (\$1,588 per person). Quebec has the eighth highest per capita expenditures (\$1,615) and Ontario fourth highest (\$1,757).

These numbers represent only public spending. However, in recent years, pressure has mounted for Canadians to cover costs out-of-pocket. These private health expenditures can range from physiotherapy to prescription drugs. In 1997, private health expenditures in BC amounted to \$685 per person.

Increases in private spending have clear implications for the overall equity of the health system, and the ability of low



income people to afford services increasingly (or more readily) offered in the private sector. Increased reliance on the private sector may also lead to higher overall health costs, as is the case in the United States.

Public expenditures in BC make up 74% of total health expenditures, the second highest share that is public among the provinces, and just behind Newfoundland's 75%. Other provinces show greater signs of stress on the public system, as shown in Figure 3. Ontario has the lowest share of total health expenditures being public at 66%, with Quebec fourth lowest at 68%, and Alberta fifth lowest at 69%. This indicates that BC has done well in terms of supporting public health care relative to other provinces. A cause for concern is the 26% of expenditures that is private.

These numbers may not tell the full extent of privatization in the health system. There are gaps in the information available to properly assess this situation. For instance, public spending may be going to for-profit providers for services such as hospital support services, diagnostic services, continuing care, rehabilitation, etc. Also, as care moves from hospitals to communities and homes, there is a worrisome trend towards private home care and long-term care facilities.

Government should more carefully track and provide data on the public dollars going to private providers. Wherever possible, it is imperative that public health care dollars remain in the public system. The province could play a leadership role by calling for a national

*Community and Home Care Act*, bringing the principles of the *Canada Health Act* to this growing area of health activity.

### Quality of Health Care

Spending more money does not necessarily lead to superior health outcomes. Spending too little, on the other hand, is a guarantee of poor performance. From the perspective of patients, the efficacy of the health system to deliver optimal outcomes is what matters most. Assessing outcomes directly related to the health care system is a difficult task, one in which a great deal of caution is required. In many areas of health care, public and professional debate rages over the merits of various health care options, from where health money is allocated to what strategies and procedures provide the optimum quality of care.

The availability of comparable statistical data across the provinces remains a serious issue for this type of exercise. Several bodies, such as the National Forum on Health, have recommended the development of a national health information system that would, among other things, enable better interprovincial comparisons. Better information in the public domain about all aspects of the health system would be highly valuable to enhance decision-making for health care policy.

**Table 9: Health Status Indicators, 1996**

	Life Expectancy: men (years)	Life Expectancy: women (years)	Infant Mortality (deaths per 1000 live births)	Cancer (deaths per 100,000 population)	Heart Disease (deaths per 100,000 population)
BC	76.1	81.8	6.0	166.3	155.6
AB	76.0	81.3	7.0	173.9	177.3
SK	75.3	81.5	9.1	171.6	173.7
MB	75.4	80.7	7.6	184.6	188.2
ON	76.1	81.4	6.0	179.6	175.7
PQ	75.1	81.5	5.5	202.6	175.1
NB	75.2	81.2	4.8	192.6	188.9
NS	73.9	80.8	4.6	206.7	212.6
PEI	74.9	80.8	4.9	209.8	188.4
NFLD	74.9	80.5	7.9	189.3	216.6

Note: Figures are for 1996, except for infant mortality, which is for 1995.

Available indicators suggest that BC has the healthiest population overall of the provinces. As Table 9 shows, BC has the longest life expectancy for both men (76.1 years) and women (81.8 years). BC also has the lowest rate of death due to leading causes, such as cancer (166.3 per 100,000 population) and heart disease (155.6 per 100,000 population). Finally, with respect to the infant mortality rate, BC rates in the middle of the provinces, all of which have very low deaths per 1000 live births.

Overall health indicators, however, may be more an artifact of healthy lifestyles, rather than a barometer of the efficacy of the health care system. Health policy increasingly recognizes the important, underlying relationships between health and factors like socio-economic status, degree of employment and equity. Preventive health is increasingly emphasized by the system itself.

Table 10 shows how public funds are allocated within the health system. BC spends just over 30% of its health budget on hospitals, comparable to Alberta,

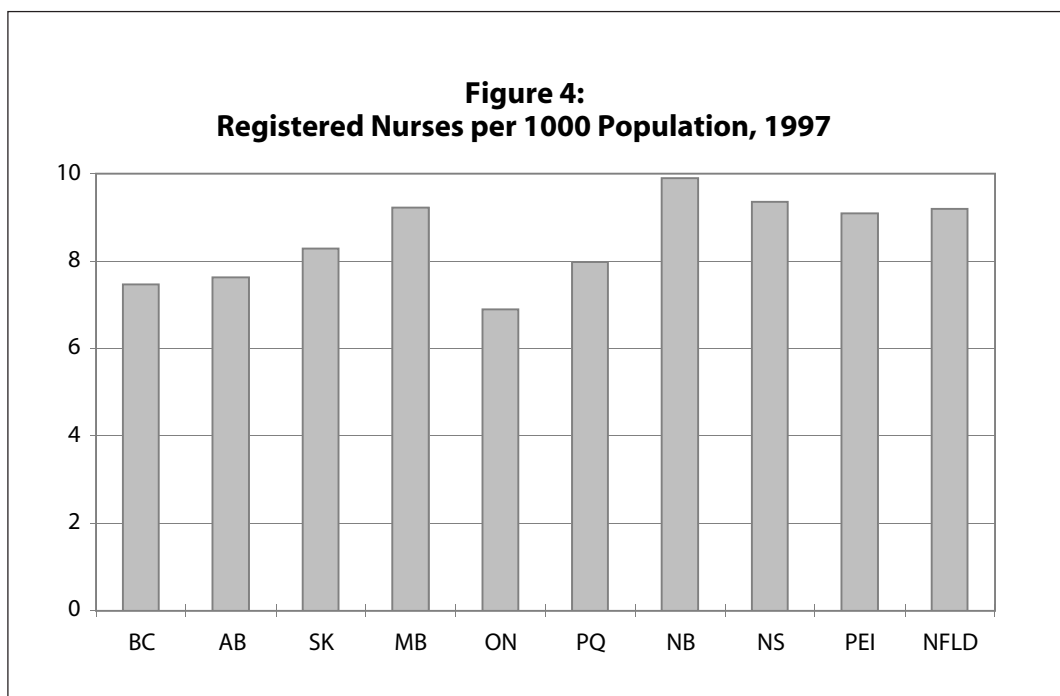
but lower than every province except for Saskatchewan. Like most other provinces, per capita spending on hospitals in BC has been falling in recent years, although not with as much drama as seen elsewhere. Declining spending on hospitals may be underlying waiting lists in the province, a concern much expressed in the media. Unfortunately, no provincially comparable (and empirically strong) data is available on waiting lists to better assess the situation vis-a-vis other provinces.

In addition to hospitals, BC's spending on other institutions — such as residential care facilities for the chronically ill and disabled, and nursing homes — is also low. Some 11.4% of total health funding in BC goes toward these institutions, fourth lowest of the provinces. BC also spent 3.3% of the health budget on capital expenditures, about the middle of the

**Table 10: Health Expenditures by Use of Funds, 1996**

	Hospitals	Other Institutions	Physicians	Other Professionals	Drugs	Capital	Other Health Spending
BC	30.4%	11.4%	16.6%	13.0%	10.5%	3.3%	14.8%
AB	30.3%	11.8%	12.1%	13.0%	12.5%	2.1%	18.1%
SK	28.0%	14.9%	12.2%	8.7%	12.9%	4.3%	19.1%
MB	35.0%	13.2%	10.2%	10.4%	12.5%	2.3%	16.4%
ON	33.3%	8.6%	15.7%	12.7%	14.3%	3.2%	12.1%
PQ	38.8%	9.0%	13.2%	10.6%	14.5%	2.7%	11.2%
NB	41.0%	11.0%	12.1%	7.6%	13.6%	4.1%	10.5%
NS	39.2%	13.6%	11.8%	9.6%	15.7%	0.9%	9.2%
PEI	37.1%	14.1%	10.0%	10.4%	16.2%	1.6%	10.6%
NFLD	43.8%	12.1%	11.1%	7.3%	15.0%	0.8%	9.9%

Note: Percentages for Ontario are based on forecasted numbers. Expenditures include both public and private expenditures. Numbers may not sum to 100% due to rounding.



pack. A difficulty with this data lies in unravelling what shares of each category of spending are public and private.

BC spends more than any other province on physicians, accounting for 16.6% of the health budget, comparable to Ontario, but well above that spent by every other province. This reflects the fact that BC has the most physicians relative to its population, at 1.08 general and family physicians per 1000 people.

In contrast, BC has the second lowest number of nurses per capita. As Figure 4 shows, in 1997, BC had 7.46 Registered Nurses per 1000 inhabitants. For 1997, New Brunswick has the most nurses, with 9.9 RNs per 1000. Ontario has the least, at 6.89, and Alberta is just ahead of BC with 8.33 RNs per 1000. These numbers are reinforced by the number of licensed practical nurses, or LPNs. Among the provinces, BC also has the least LPNs per capita, and has the lowest ratio of LPNs to RNs.

These numbers validate the perception that nursing is understaffed in BC, a significant cause for concern. Nurses have many

more interactions with patients than do physicians, which influence both quality of care and patient perceptions of that care. In addition, the time that a nurse has to spend with a patient is a significant determinant of how well-educated the patient is about his or her condition upon discharge, with corresponding consequences for readmissions. Of note, a new collective agreement between nurses and the Health Employers Association, which will hire about 800 new RNs (full-time equivalents), should begin to ameliorate this problem.

### **Summary**

BC deserves high marks for its support for public health, in particular ensuring stable funding for health care when other provinces have been cutting. However, there are some indications that funds could be reallocated to achieve better outcomes. A key area is clearly in nursing, where stronger support is necessary. In addition, there are concerns about the encroachment of for-profit entities and the challenges this poses for the public system.

## **IV. Support for Public Education**

---

Like health care, education is a key investment in the human capital of a region. Education is a broad determinant of the type of work people will find and the subsequent income that they will derive from work. Moreover, many commentators note that Canada is in the midst of a transition to a “knowledge-based economy”, where ability to add value through application of information and knowledge is fundamental.

Given the strong correlation between level of education and income, higher funding support for public education provides a long term economic benefit to the people of the prov-

ince and thus the provincial economy, and more than pays for itself through the taxes collected on higher incomes.

### **K-12**

As Figure 5 shows, BC spent more per student on K-12 education in 1996-97 than any province, at \$7,211 per student. Ontario is a close second at \$7,204 per student, Quebec third at \$6,694 and Alberta sixth at \$6,026. Over the 1992-93 to 1996-97 period, spending per pupil in BC rose by 11.7%, also highest in the country, with Newfoundland second at 9%. Expenditures per pupil fell by

4% in Alberta (the second largest decrease) over this period, and by 3.4% in Ontario (third largest decrease). In addition, recent BC provincial budgets have further increased

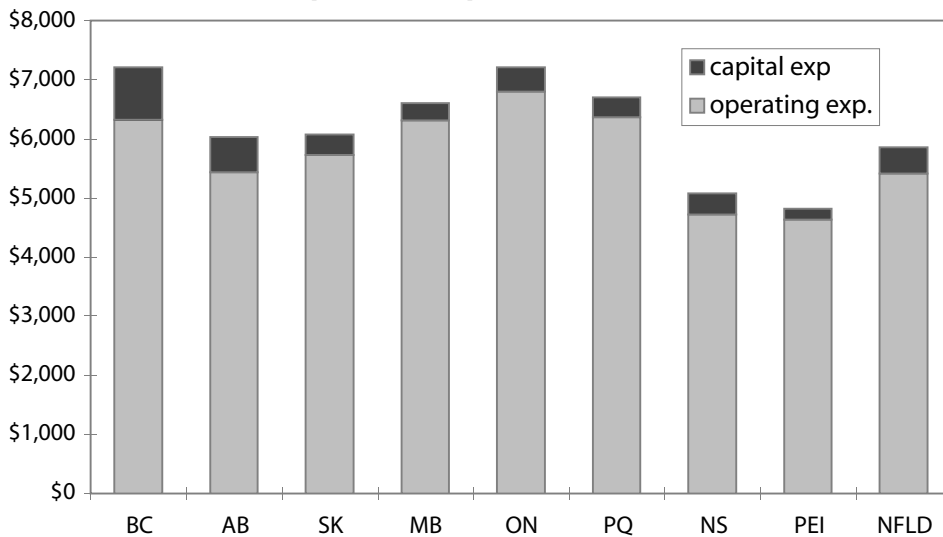
education funding for K-12.

Strictly based on operating expenditures—a closer reflection of how much money is being spent in the classroom—BC has the third highest expenditures in 1996-97, at \$6,321 per student, well behind first place Ontario (\$6,802), but just behind Quebec (\$6,368). Alberta is sixth at \$5,426 per student.

Capital expenditures, on the other hand, represent longer term investments in building and maintaining schools. BC is the clear leader at \$890 per student in 1996-97, a 53% increase over 1992-93. Alberta is second at \$600 per student, and Ontario fourth at \$402. For BC, this represents, in part, a “catching up” with other provinces, but it is also a necessary response to population growth.

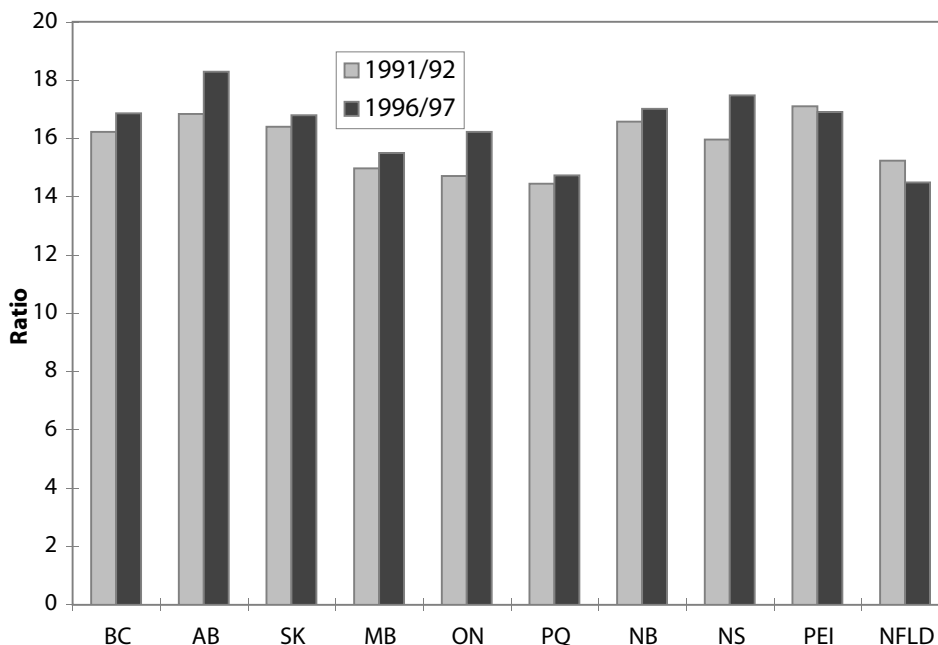
Beyond dollars spent, it is support in the classroom with regard to children that is the ultimate objective. As Figure 6 indicates, BC ranks in the middle for student-to-educator ratio, with a ratio of 16.85 students for each teacher in 1996-97 (note that this is just raw number of teachers to students; it does not imply “class size”). The best ratio is in Newfoundland with 14.48 students per teacher, followed by Quebec (14.73), Manitoba (15.49) and Ontario (16.23). Spending cuts have taken their toll on Alberta, which, at 18.29, has the

**Figure 5:  
K-12 Expenditures per student, 1996-97**



Note: No data available for New Brunswick

**Figure 6: K-12 Student-Educator Ratio**



highest student-educator ratio in the country.

In most provinces, over the 1991-92 to 1995-96 period, the student-educator ratio shows an upward trend, reflecting diminished education budgets. BC is no exception, as student-to-educator ratio has increased by 2.7% over this time frame (though it has been flat since 1993-94). Alberta saw an increase of 5.7%, while the sharpest increase was in Ontario at 9%. Notably, a new collective agreement between the government and the BC Teachers' Federation hired about 500 new teachers. This, and declining enrollments, have decreased student-educator ratios as of 1998-99 to 16.71 students per teacher, the lowest level since 1992-93.

### Post-secondary

Post-secondary education is now considered vital to employment prospects, income and overall job satisfaction. The BC government has been supportive of post-secondary education, increasing funding at a time when other provinces have been making cuts. In 1992, BC was only fifth among the provinces in per capita spending for post-secondary, at \$346, compared to leaders Quebec (\$481), Nova Scotia (\$427) and Alberta (\$417).

Figure 7 shows that since 1992, BC has made big strides,

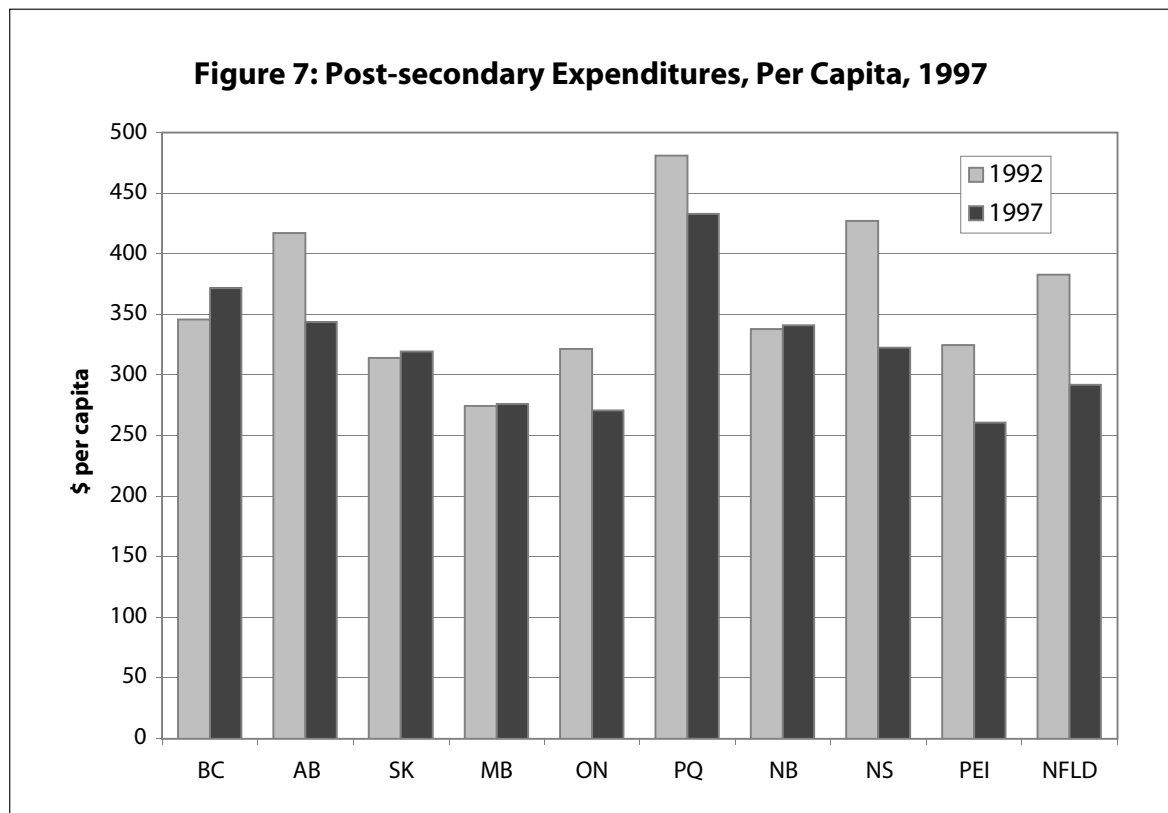
increasing per capita funding by 7.5%, the largest increase in the country. As a result, BC ranked second in post-secondary funding in 1997 at \$372 per capita. Although its funding decreased by 10.1% on a per capita basis since 1992, Quebec remained on top in 1997 at \$433 per person. Alberta had the third highest funding in 1997 at \$344 per person, a decline of 17.6% since 1992. Nova Scotia declined to fifth, with per capita funding of \$323, a decline of 24.5% over 1992.

For students, affordability of post-secondary education is an essential consideration. Notably, the BC government has capped increases in tuition fees in recent years, enabling more students to

**Table 11: University Tuition, 1997**

	Weight and Average Tuition	Rank
BC	\$2,308	2
AB	\$3,102	6
SK	\$2,872	4
MB	\$2,606	3
ON	\$3,122	7
PQ	\$1,723	1
NB	\$3,023	5
NS	\$3,673	10
PEI	\$3,150	8
NFLD	\$3,150	8

Note: Reflects the tuition fees for Arts and Science courses for September 1997, weighted provincially by university size.



attend. Based on average undergraduate tuition (for arts and sciences, weighted provincially by university size), BC rates second in affordability at \$2,308 for 1997. Quebec had the lowest average tuition in Canada at \$1,723. Ontario is eighth at \$3,122 and Alberta seventh at \$3,102.<sup>8</sup>

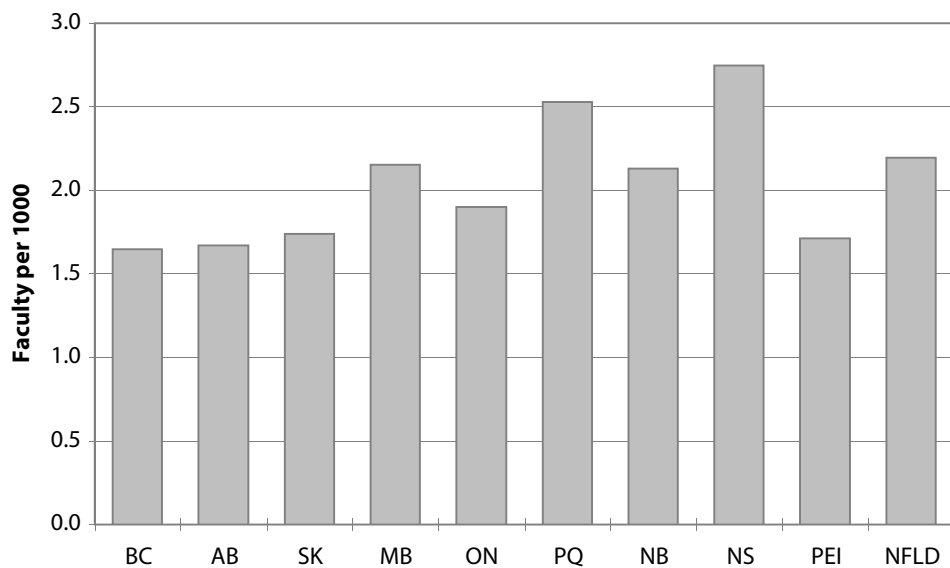
Another perspective comes from looking at the number of full-time faculty at the post-secondary level. This measure is particularly important as post-secondary institutions increasingly use part-time staff for teaching. Full-time professionals are an indicator of commitment to and from the institution, and also are indicative of income, job security and livelihood considerations. In 1995, BC had 1.65 full-time faculty per 1000 population (combined university and college), the lowest in Canada. Nova Scotia (2.75 per 1000) and Quebec (2.53 per 1000) led the country in this area.

There are indications that BC is catching up. Full-time university faculty increased by 2.4% from 1992 to 1996, making BC the only province other than PEI to experience an increase over this time frame. BC has also seen an increase in the number of its universities over the 1990's, unique among the provinces. Two new public universities, the University of Northern BC in Prince George and Royal Roads outside Victoria have opened, and construction is scheduled to begin on a third, the Technical University of BC. The province has also significantly expanded its system of university-colleges, colleges and institutes, thereby increasing the choice and flexibility available to BC students.

In spite of provincial support for expanding education, BC is still weak in terms of post-secondary participation rates. In particular, low university participation rates in BC are a cause for concern. In 1996-97, BC had the second lowest university participation rate in Canada, at 21.1%, based on enrollment data divided by the age 18-24 population.<sup>9</sup> Fortunately, the university participation rate in BC has been increasing, at a time when most other provinces have seen a leveling off or decline. Many commentators note that, in spite of this, university participation rates are still insufficient to meet labour market demand for graduates.<sup>10</sup>

In addition to universities, colleges are of vital importance to those re-skilling or adapting to changes in the economy or their

**Figure 8: Full-time Post-secondary Faculty per 1000 population, 1995**



lives. Displaced workers and women leaving the home are among those who benefit most from technical training and non-diploma general education. As Table 12 shows, BC fares better relative to other provinces for college participation. Using enrollment data divided by the age 18-24 population, BC's participation rate for career and trade/vocational colleges was 19.8% in 1995-96, about the middle of the pack.

Ultimately, a province's future prospects are a function of the skills of its labour force. In BC, 14.7% of population aged 15 and over had a university degree in 1996, second highest in Canada next to Ontario at 15.3%. This relative abundance of human capital is striking given the province's low participation rate for university, and the gap between graduates and demand in the labour market. The shortfall has been made up by a high number of educated people moving to BC, mostly from the rest of Canada. This "brain gain" has benefited BC far more than the much reported net interprovincial outmigration that marked 1998.

## Summary

BC's support for public education generally rates well when compared to other provinces. Strengths include high funding levels, from K-12 through to post-secondary, and a commitment in recent years to further expansion. Other provinces, in contrast, have placed a greater emphasis on cuts to their public systems. To improve overall public support, BC needs to improve post-secondary participation rates, particularly for university, and to support full-time faculty positions in post-secondary institutions.

**Table 12: Post-secondary Participation Rates**

	Participation Rate (%)	
	College	University
BC	19.8%	21.1%
AB	18.9%	22.4%
SK	12.2%	24.1%
MB	9.0%	20.8%
ON	22.0%	23.5%
PQ	25.2%	37.4%
NB	30.2%	23.9%
NS	12.1%	32.5%
PEI	19.2%	19.6%
NFLD	21.7%	21.4%

Notes: Figures are based on total enrollment data, divided by the population aged 18-24. Enrollment is full-time equivalents (FTEs), where a part-time student is counted as one-third of a full-time student.

"College" includes both career college and vocational/trade college students; "university" includes both university and college-university transfer students, and for Quebec includes CEGEP.

College numbers are from 1995-96. University numbers are from 1996-97.

**Table 13: Percentage of population, 15+, with a University Degree, 1996**

	% of Population with a University Degree	Rank
BC	14.7	2
AB	13.3	3
SK	10.1	9
MB	12.6	4
ON	15.3	1
PQ	12.4	5
NB	10.5	7
NS	12.3	6
PEI	10.3	8
NFLD	7.7	10

# V. Equity and Economic Justice

Equity and economic justice is an area that captures many social considerations, including the ability of all citizens to share in prosperity and economic growth. One key element is related to market income, and the distribution of market income across different demographic segments of the population. Equity and economic justice considerations also reflect a jurisdiction's policies toward the most weak and vulnerable in society.

Caution is required in evaluating the success or failure of a provincial government along these lines. This is an area that has much to do with the inequalities resulting from

market outcomes. However, markets always exist within a framework of policy and regulation. Public policy also plays a role after the fact to address unsatisfactory market outcomes through the tax system and program expenditures. Thus, this is an area where public policy is very important.

Also significant are jurisdictional issues, such as trade, fiscal and monetary policies that are set federally, but that have regional economic impacts that must be addressed by provincial governments, who are most concerned with social policy and overall outcomes.

## Labour Market

For the average worker, BC is generally a good place to be working. Average wages and earnings in BC's labour market are the highest in Canada. As Table 14 shows, average weekly earnings in BC for all workers in 1997 were \$615 per week, followed by Ontario (\$606), Alberta (\$562) and Quebec (\$551).<sup>11</sup>

One element underlying higher incomes in BC is a high degree of unionization. Workers bargaining collectively have greater leverage to garner a fair share of the fruits of production. As Table 15 shows, BC ranks fourth among the provinces, with 36.8% of the labour force unionized. Quebec has the highest union density in Canada at 41.7%, followed by Newfoundland (41.1%) and Manitoba (37.5%).

In spite of overall labour market conditions, disparities are still evident. In BC, hourly workers make less on a weekly basis than do salaried workers. This is true across all provinces, although in BC, hourly workers make relatively more than in other provinces. This reflects both the higher minimum wage and higher unionization rate in BC. Hourly workers made average weekly

**Table 14: Earnings, 1997 (including overtime)**

	Weekly Earnings, All Workers	Rank, Average Weekly Earnings	Weekly Earnings, Hourly Workers	Hourly Earnings as a Share of All Earnings	Rank, Hourly vs. All Earnings
BC	\$614	1	\$489	79.6%	6
AB	\$562	3	\$443	78.8%	8
SK	\$507	6	\$389	76.7%	10
MB	\$509	5	\$394	77.4%	9
ON	\$606	2	\$489	80.7%	5
PQ	\$551	4	\$459	83.3%	3
NB	\$491	8	\$422	85.9%	1
NS	\$481	9	\$393	81.7%	4
PEI	\$440	10	\$349	79.3%	7
NFLD	\$498	7	\$422	84.7%	2

**Table 15: Union Density, 1997**

	Union Coverage (Thousands)	Total Labour Force (Thousands)	Union Density	Union Density Rank
BC	536.7	1,458.5	36.8%	4
AB	292.5	1,148.1	25.5%	10
SK	128.6	351.5	36.6%	5
MB	164.2	438.3	37.5%	3
ON	1,346.9	4,498.6	29.9%	8
PQ	1,147.1	2,747.8	41.7%	1
NB	81.7	268.2	30.5%	7
NS	101.4	329.6	30.8%	6
PEI	14.0	48.5	28.9%	9
NFLD	67.2	163.6	41.1%	2

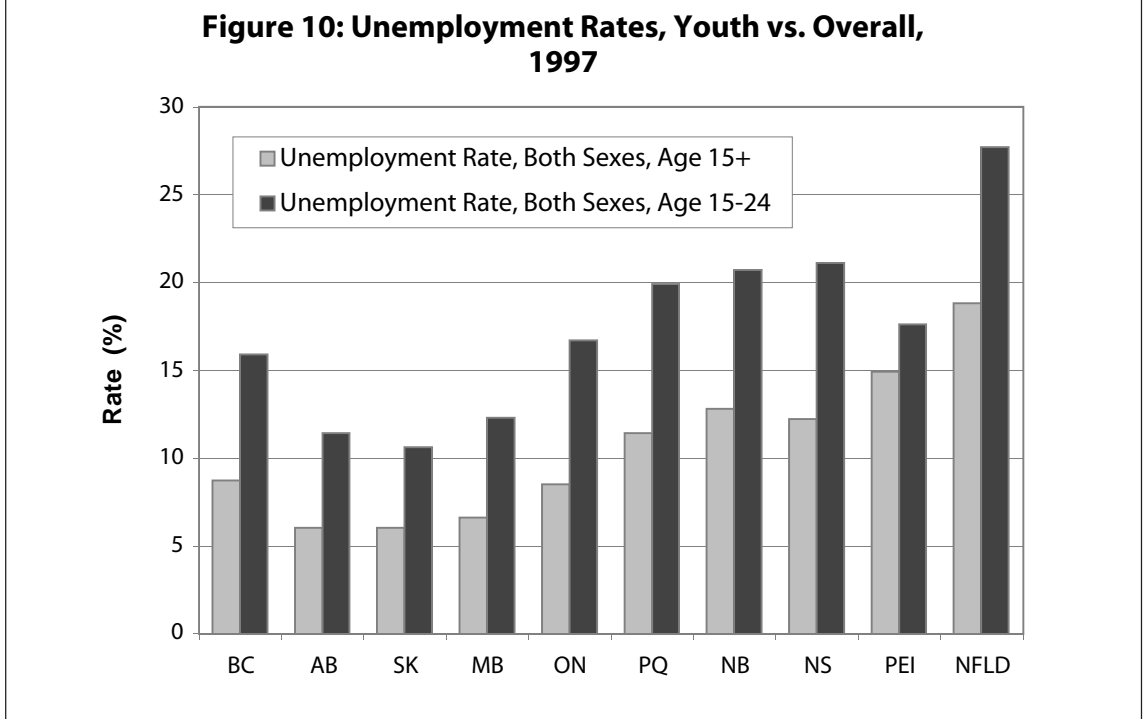
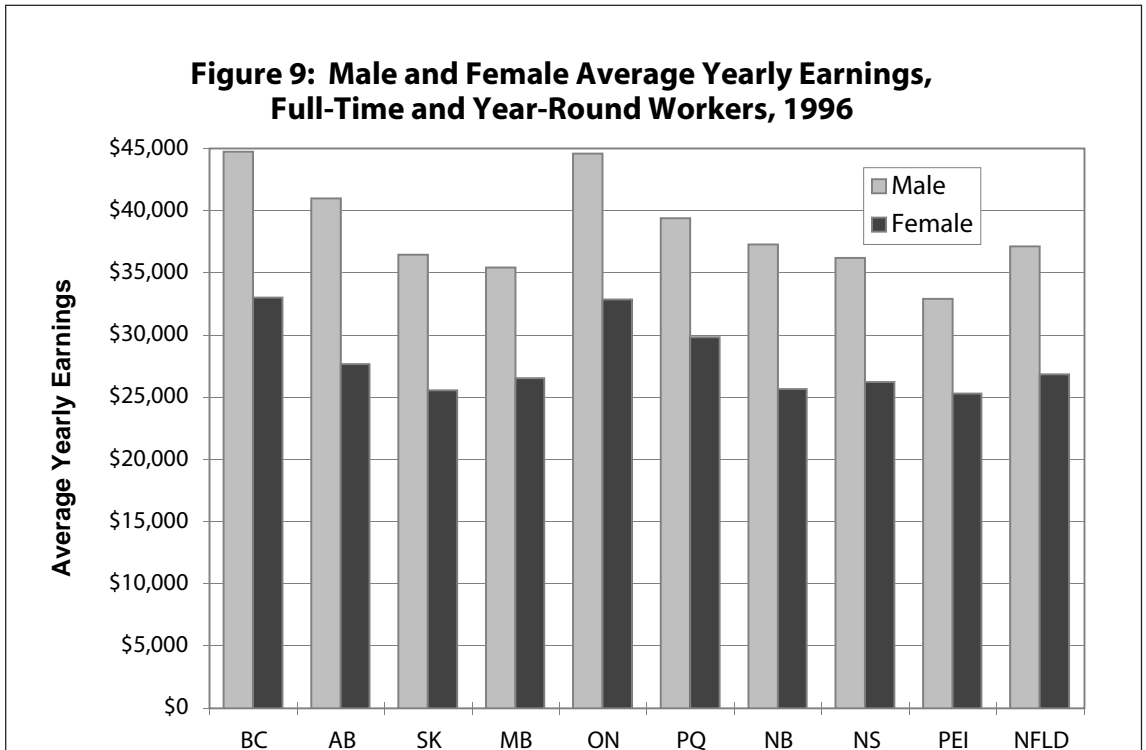


earnings of \$489 per week, tied for highest in Canada with Ontario. In spite of this, hourly workers made 79.6% of the average weekly earnings of all workers (sixth highest) due to relatively higher earnings of salaried employees compared to other provinces.

The labour market is also characterized by gaps between men and women. Average income in BC for full-time, year-round workers in 1996 was \$40,292, highest in Canada.<sup>12</sup> Figure 9 breaks this down by gender. On average, men made \$44,471, while women made only \$33,008. This indicates an ongoing disparity between men and women in take home pay (though this has been improving). The ratio of female to male earnings in BC is 73.8%, fourth highest in the country, behind PEI (76.8%), Quebec (75.7%) and Manitoba (74.9%). Alberta comes in last at 67.5% and Ontario fifth at 73.7%. While BC is not out of line, this gap persists and is a source of inequality in the province.

Notably, average incomes for both men and women (over 25 years of age, full-time, year-round workers) in BC are the highest in Canada

for their categories. In fact, the average woman in BC makes more than the average man in PEI. That PEI ranks No. 1 in terms of gender equity, therefore, is somewhat illusory, driven by lower male earnings rather than higher female earnings.



Over the past 20 years, the labour force participation rate for women in BC has risen from 41.9% in 1977 to 57.9% in 1996. In 1997, unemployment rates in BC for men and women over 25 years of age were comparable, at 7.4% for men and 7.3% for women. Over the 1990's, there is no clear overall pattern with regard to unemployment by gender. Some years show slightly higher unemployment rates for women, others slightly higher for men.

A final division in the labour market has to do with youth. Because of schooling and part-time work, youth tend to be less settled into work, reflected by higher and more variable unemployment rates in every jurisdiction. Many youth begin their work histories as minimum wage workers and as summer employees. BC's higher minimum wage is thus an important element underlying youth income, as factors such as work experience play less of a role. While many have asserted that high minimum wages increase unemployment, evidence suggests that any disemployment effects are small and are often statistically insignificant.

Figure 10 shows that unemployment in BC for those aged 15-24 was 15.9% in 1997, compared to the overall BC unemployment rate of 8.7%. Both youth and overall unemployment rates were in the middle of the pack when compared to other provinces. Youth unemployment was 83% higher than overall unemployment in BC, the seventh highest gap among provinces.

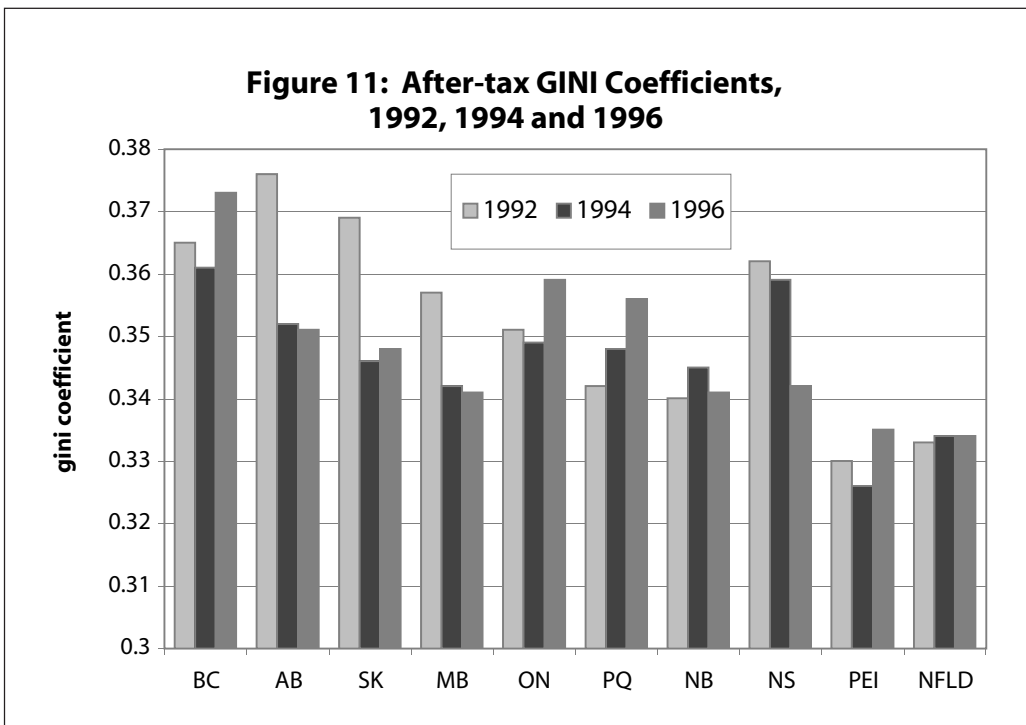
Whether this reflects particular features of the labour market and/or policy choices by the provincial government is unclear. High minimum wages in BC do not appear to be driving the gap, as larger gaps are found in both Alberta (90% higher) and Ontario (96% higher), where minimum wages are lower. Whatever the cause, high youth unemployment rates reflect the hardships faced by youth when trying to establish a life for themselves, and in some cases, to overcome poverty.

### ***Income Inequality***

Income inequality is one of the poorest areas of performance for BC. Measured by the gini coefficient, a measure of income distribution, BC was the most unequal of all provinces from 1993 to 1996 in income after taxes and transfers.<sup>13</sup> In 1992, BC had the eighth highest degree of income inequality. Only Alberta and Saskatchewan fared worse in 1992. Both of these provinces have subsequently reduced income inequality, with lower gini coefficients for 1996 by 6.6% and 5.7% respectively over 1992. In contrast, over the same time period, BC has become relatively more unequal, with an increase in the gini coefficient of 2.2%.<sup>14</sup>

This is certainly cause for

**Figure 11: After-tax GINI Coefficients, 1992, 1994 and 1996**

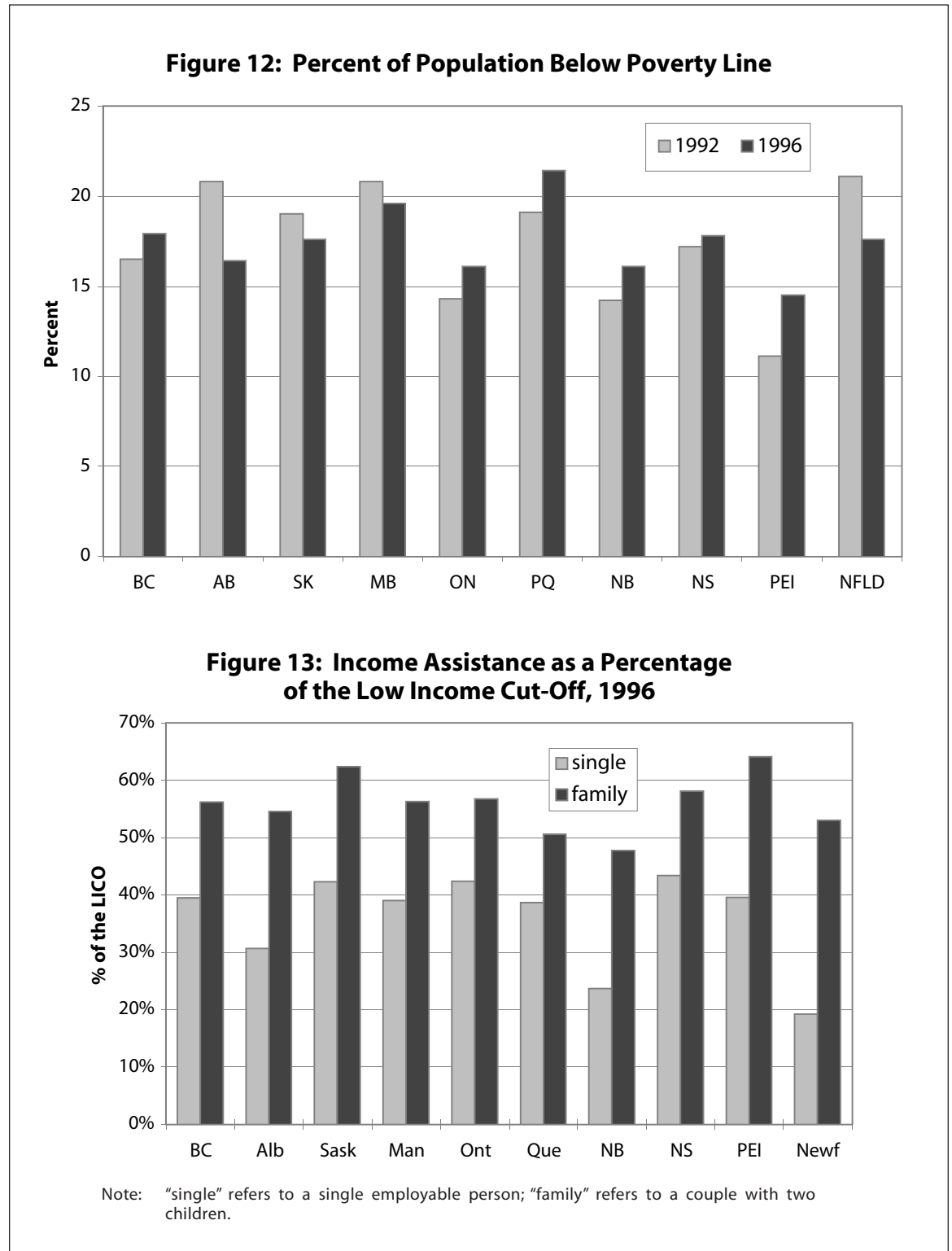


concern, particularly since BC has a labour market that distributes income relatively well compared to other provinces. Gini coefficients for income before transfers (i.e. market income) are, of course, higher than gini coefficients after taxes and transfers for all provinces. But the improvement in equality after taxes and transfers in BC is much less than in other provinces.

In 1996, BC had the sixth lowest gini coefficient when measuring pre-tax market income, but the highest gini coefficient after taxes and transfers (i.e. most unequal). In 1994 and 1995, BC had the third lowest gini coefficients, and in 1993 fifth lowest, but in each of these years became the most unequal province after taxes and transfers. In 1992, this drop was from second to eighth.

While there are year to year variations in the data, the pattern is clear. BC does the worst job of all provinces in redistributing income to those that need it, a point that reflects the poor progressivity in the tax system noted in Section II. Part of an

explanation lies in transfers to other provinces, which serve to decrease overall income. Still, the bottom line result is that BC remains last in equality when it comes to the actual money that people have in their pockets.



The inequality situation is highlighted by looking at the proportion of the population considered poor. In 1996, BC had 17.9% of all persons living below the poverty line, or “low income cut off” (LICO).<sup>15</sup> Only Manitoba (19.6%) and Quebec (21.4%) were worse. Ontario had the second lowest proportion at 16.1% and Alberta the fourth lowest at 16.4%. Breaking down the population by age, BC maintains its low eighth place rank for those 65 and over, and for those 18-65. Only in the under-18 category does BC rate better, with the fourth lowest proportion, though with one in five children living in poverty, this relative ranking is nothing to brag about.

As Figure 12 shows, the percentage of the population living below the poverty line in BC has been on an upward trend, from 16.5% in 1992 to 17.9% in 1996. In terms of relative changes, BC is in the middle of the pack — that is, other provinces have seen worse increases in poverty rates. Notably, Alberta has decreased its rate from 20.8% in 1992 to 16.4% in 1996, but this fall is likely related to 1993 cuts in social assistance, which encouraged the poor to move out of the province.

For many below the poverty line, welfare is the primary means of income. Yet, social assistance rates have been on a downward trend, to the point where they are insufficient for the purposes they are supposed to serve. Figure 13 shows income assistance rates as a percentage of the LICO. A single employable person on welfare in BC received income

of \$6,332 in 1996, only 39% of the LICO. In absolute terms, this is the second highest total welfare income, behind Ontario at \$6,809, an indication of the dismal state of social assistance in Canada.

The numbers tell a similar story for a couple with two children on welfare, though for all provinces, the gap between welfare and LICO is not as severe as for single employables. In BC, a couple with two children received \$17,906 in welfare income (third highest of the provinces in absolute terms), or 56% of the LICO. Ultimately, rankings do not convey the complete picture, as welfare rates in all jurisdictions are so far below the poverty line.

In recent years, the provincial government has introduced changes to social assistance in BC that are not reflected in the most recent data. The BC Benefits program, introduced in 1996, cut already low welfare rates for people deemed “employable.” The Family Bonus, also introduced in 1996, provides new income assistance for low and modest income families. Yet, while the Family Bonus reduces the poverty gap for the working poor, it does not help poor people on welfare, since it is deducted dollar-for-dollar from welfare cheques.

## **Summary**

Equity and economic justice is the weakest area of performance for BC of the five public policy areas examined in this report. While labour market outcomes are better than most

provinces, after taxes and transfers, BC is the most unequal of all provinces. Disparities in the labour market for youth, women or hourly workers are present, but not as severe as other provinces.

More disturbing is the high number of people living in poverty and the inadequacy of current social assistance rates. In spite of

the fact that BC is a good place to work, life for those that cannot work or cannot find work is hard. Given that many British Columbians will be on assistance at some point in their lives, this policy weakness exposes all but the most wealthy citizens to the risk of severe poverty. This area requires immediate government attention.

## Conclusion

---

The findings in this report card come in contrast to the conventional wisdom reported in the mainstream media. In part, this is because the analysis addressed a much larger set of statistical indicators than typically used to evaluate public policy. Contrary to many claims, BC's fiscal situation is sound and the province's tax regime is one of the least burdensome in the country. Both health and education are well funded, but both areas have important policy weaknesses that transcend funding alone.

Where policy-makers most need to turn their attention is to the problem of inequality in the province. Visible evidence of increasing poverty, such as can be found on the streets of Vancouver's Downtown East-side, is bolstered by the data, which show increasing levels of people living below the poverty line, while social assistance levels are insufficient to provide an adequate safety net. Recent tax

cuts that benefit the well-off will only serve to widen the income gap. A thorough and immediate action plan is required to stop the steady worsening of conditions for the many that have fallen between the cracks.

Given the strength of BC's fiscal situation and the overall wealth in the province, there is no reason why poverty and inequality should remain problem areas. As the province is experiencing an economic slowdown, government can and should run a deficit this fiscal year. With low debt-service costs, BC is in the fortunate position, unlike most provinces, of having room to engage in counter-cyclical fiscal policy. Critical areas include rural areas that remain dependent on forestry and mining, and urban areas where poverty is a deep social problem. Failure to address these areas will further undermine equality in the province. The need for action is clear.

# Appendix: Data and Sources

**Note:** Tables are presented here only for those statistics represented by figures in the body of the report.

## Fiscal Environment

**Figure 1: Net debt-to-GDP ratio**

Source: TD Economics, [TD Report on Canadian Government Finances](#)

	Debt-to-GDP Ratio (%)						97-98 Rank	% Change 92-93 to 97-98
	92-93	93-94	94-95	95-96	96-97	97-98		
BC	18.2	19.2	18.9	19	20	20	2	10%
AB	20.6	21.4	19.9	20.2	16.4	13.1	1	-36%
SK	49.2	47.2	42.2	40.9	34.8	33.7	6	-32%
MB	25.5	27.8	28.4	25.2	24	23	3	-10%
ON	24	27.2	29	31.4	30.7	30.3	4	26%
PQ	37.3	40.4	43.8	43.2	43.8	43.7	9	17%
NB	37.2	37.3	35.7	33.3	32.6	31.9	5	-14%
NS	44.1	48.3	49.1	45.2	43.7	42.8	8	-3%
PEI	15	31.3	39	36.4	34.6	34	7	127%
NFLD	49.9	53.3	53.3	50.3	46.7	43.7	9	-12%

**Table 1: Debt service charges as a percentage of provincial revenues**

Source: TD Economics, [TD Report on Canadian Government Finances](#); BC Budget 1998

**Table 2: Government expenditure as a percentage of GDP**

Sources: Statistics Canada, [Financial Management System](#)

**Table 3: Program spending per capita**

Source: TD Economics, [TD Report on Canadian Government Finances](#)

## Tax System

**Table 4: Marginal and Average Taxes**

Source: BC Budget 1998

**Table 5: Federal and Provincial income tax as a percentage of total income**

Source: Canadian Tax Foundation, [Finances of the Nation 1998](#)

**Table 6: Personal disposable income per capita**

Source: Statistics Canada, [Provincial Economic Accounts](#), cat. #13-213

**Table 7: Tax Profiles and Figure 2: Progressivity of Total Provincial Taxes**

Source: BC Budget 1998

### Two-Income Family of Four

	Total Provincial Tax (\$)			Provincial Tax as a % of Income		
	Low: \$30K	Middle: \$55K	Upper: \$90K	Low: \$30K	Middle: \$55K	Upper: \$90K
BC	\$3,385	\$6,518	\$10,487	11.3%	11.9%	11.7%
AB	\$2,758	\$5,699	\$9,537	9.2%	10.4%	10.6%
SK	\$4,787	\$8,016	\$14,203	16.0%	14.6%	15.8%
MB	\$5,087	\$8,958	\$16,234	17.0%	16.3%	18.0%
ON	\$4,318	\$7,730	\$13,276	14.4%	14.1%	14.8%
PQ	\$3,351	\$9,957	\$18,971	11.2%	18.1%	21.1%
NB	\$3,893	\$6,715	\$12,487	13.0%	12.2%	13.9%
NS	\$4,513	\$7,149	\$12,256	15.0%	13.0%	13.6%
PEI	\$3,987	\$6,673	\$12,119	13.3%	12.1%	13.5%
NFLD	\$4,163	\$7,559	\$13,543	13.9%	13.7%	15.0%

### Unattached Individual

	Total Provincial Tax		As a % of Income	
	Modest: \$25K	Upper: \$80K	Modest: \$25K	Upper: \$80K
BC	\$2,289	\$10,937	9.2%	13.7%
AB	\$1,805	\$9,646	7.2%	12.1%
SK	\$2,369	\$14,464	9.5%	18.1%
MB	\$2,717	\$15,676	10.9%	19.6%
ON	\$2,297	\$13,176	9.2%	16.5%
PQ	\$3,938	\$19,843	15.8%	24.8%
NB	\$2,402	\$12,263	9.6%	15.3%
NS	\$2,340	\$13,039	9.4%	16.3%
PEI	\$2,465	\$12,876	9.9%	16.1%
NFLD	\$3,040	\$14,944	12.2%	18.7%

**Table 8: Corporate tax rates**

Source: TD Economics, TD Report on Canadian Government Finances

## Support for Public Health

**Figure 3: Public and private health expenditures**

Source: Canadian Institute for Health Information, on-line statistics

	Public Expenditures	Private Expenditures	Public as a % of Total	Private as a % of Total
BC	\$1,955	\$685	74%	26%
AB	\$1,588	\$729	69%	31%
SK	\$1,768	\$643	73%	27%
MB	\$1,886	\$807	70%	30%
ON	\$1,757	\$890	66%	34%
PQ	\$1,615	\$769	68%	32%
NB	\$1,708	\$813	68%	32%
NS	\$1,595	\$664	71%	29%
PEI	\$1,616	\$774	68%	32%
NFLD	\$1,746	\$593	75%	25%

**Table 9: Health Status Indicators**

Source: Maclean's, CIHI/Macleans Health Report, June 15, 1998

**Table 10: Health Expenditures by Use of Funds**

Source: Canadian Institute for Health Information, on-line statistics

**Figure 4: Registered Nurses per capita**

Source: Canadian Institute for Health Information, on-line statistics; LPN data collected by Hospital Employees Union.

	Gen. & Family Practitioners	RNs
BC	1.08	7.46
AB	0.85	7.63
SK	0.85	8.29
MB	0.88	9.22
ON	0.86	6.89
PQ	1.02	7.98
NB	0.86	9.9
NS	0.69	9.35
PEI	0.98	9.09
NFLD	1.01	9.2

## Support for Public Education

**Figure 5: Expenditures per Student, K-12**

Source: BC Ministry of Education, Inter-provincial Education Statistics Project

	Operating Expenditures	Capital Expenditures	Total Expenditures
BC	\$6,321	\$890	\$7,211
AB	\$5,426	\$600	\$6,026
SK	\$5,719	\$348	\$6,067
MB	\$6,309	\$294	\$6,603
ON	\$6,802	\$402	\$7,204
PQ	\$6,368	\$326	\$6,694
NB	\$4,711	\$359	\$5,070
NS	\$4,632	\$175	\$4,807
PEI	\$5,414	\$441	\$5,855
NFLD	N/A	N/A	N/A

**Figure 6: Student-Educator Ratio, K-12**

Source: BC Ministry of Education, Inter-provincial Education Statistics Project

	BC	AB	SK	MB	ON	PQ	NB	NS	PEI	NFLD
1991/92	16.23	16.84	16.39	14.97	14.70	14.44	16.57	15.95	17.09	15.23
1992/93	16.40	17.31	16.54	14.96	14.89	14.27	16.74	16.45	16.81	14.96
1993/94	16.76	17.59	17.03	14.93	15.20	14.39	16.87	16.39	16.73	14.75
1994/95	16.82	17.87	17.05	14.99	15.62	14.43	17.03	17.09	17.10	14.66
1995/96	16.76	18.05	16.97	15.32	15.90	14.48	16.86	17.53	16.93	14.70
1996/97	16.85	18.29	16.80	15.49	16.23	14.73	17.01	17.47	16.91	14.48

**Figure 7: Post-secondary spending per capita**

Source: Statistics Canada, Financial Management System

	Post-secondary Education Expenditures, \$ per capita						% change 1992-97
	1992	1993	1994	1995	1996	1997	
BC	346	354	365	369	374	372	7.5%
AB	417	416	362	321	316	344	-17.6%
SK	314	315	312	309	302	319	1.6%
MB	274	269	254	259	256	276	0.5%
ON	322	270	263	293	243	271	-15.8%
PQ	481	465	483	471	449	433	-10.1%
NB	338	323	332	332	346	341	1.0%
NS	427	355	342	352	329	323	-24.5%
PEI	324	365	314	270	291	261	-19.7%
NFLD	383	335	325	313	296	292	-23.8%

**Table 11: University Tuition**

Source: Maclean's, Maclean's Directory 1997, November 27, 1997

**Table 12: Post-secondary participation rates**

Source: Robert Allen, The Education Dividend, published by CCPA, March 1999

**Figure 8: Full-time post-secondary faculty**

Source: Statistics Canada, Education in Canada, cat. #81-229; Provincial Economic Accounts, cat. #13-213

	University Full Time Educators 1995/96	College Full Time Educators 1995/96	Total Full Time Educators 1995/96	Full Time Educators Per 1000 Population 1995
BC	3,343	2,833	6,176	1.645
AB	2,981	1,605	4,586	1.671
SK	1,433	328	1,761	1.738
MB	1,637	800	2,437	2.153
ON	13,362	7,768	21,130	1.900
PQ	8,919	9,649	18,568	2.527
NB	1,183	432	1,615	2.128
NS	2,004	569	2,573	2.746
PEI	183	48	231	1.711
NFLD	962	300	1,262	2.195

**Table 13: Percentage of Population with a University Degree**

Source: Statistics Canada, Education in Canada, cat. #81-229



## Equity and Economic Justice

**Table 14: Earnings**

Source: Statistics Canada, *Employment, Earnings and Hours, 1998*, cat. #72-002 XPB

**Figure 9: male and Female Average Yearly Earnings**

Source: Statistics Canada, *Earnings of Men and Women, 1996*, cat. #13-217 XPB

	All Workers	Male	Female	Ratio of Female to Male
BC	\$40,262	\$44,741	\$33,008	73.8%
AB	\$36,026	\$40,978	\$27,648	67.5%
SK	\$32,380	\$36,478	\$25,542	70.0%
MB	\$31,992	\$35,408	\$26,524	74.9%
ON	\$39,856	\$44,570	\$32,838	73.7%
PQ	\$35,606	\$39,390	\$29,823	75.7%
NB	\$32,705	\$37,282	\$25,637	68.8%
NS	\$31,974	\$36,177	\$26,213	72.5%
PEI	\$29,635	\$32,903	\$25,275	76.8%
NFLD	\$32,800	\$37,138	\$26,821	72.2%

**Figure 10: Unemployment rates—youth vs. overall**

Source: Statistics Canada, *Historical Labour Force Statistics*, cat. #71-201 XPB

	Unemployment Rate, Both Sexes, Age 15+	Unemployment Rate, Both Sexes, Age 15-24	Ratio of Youth Unemployment to Population Unemployment
BC	8.7	15.9	1.83
AB	6.0	11.4	1.90
SK	6.0	10.6	1.77
MB	6.6	12.3	1.86
ON	8.5	16.7	1.96
PQ	11.4	19.9	1.75
NB	12.8	20.7	1.62
NS	12.2	21.1	1.73
PEI	14.9	17.6	1.18
NFLD	18.8	27.7	1.47

**Table 15: Union density**

Statistics Canada, *Labour Force Survey*, CD-ROM

**Figure 11: After-Tax Gini coefficients**

Source: Statistics Canada, *Income After Tax*, cat. #13-210 XPB

	1992	1993	1994	1995	1996
BC	0.365	0.368	0.361	0.363	0.373
AB	0.376	0.366	0.352	0.348	0.351
SK	0.369	0.338	0.346	0.352	0.348
MB	0.357	0.343	0.342	0.339	0.341
ON	0.351	0.346	0.349	0.354	0.359
PQ	0.342	0.338	0.348	0.353	0.356
NB	0.34	0.33	0.345	0.341	0.341
NS	0.362	0.343	0.359	0.348	0.342
PEI	0.33	0.322	0.326	0.323	0.335
NFLD	0.333	0.331	0.334	0.344	0.334

**Figure 12: Percentage of population below the LICO**

Source: Statistics Canada, Low income Persons, 1980 to 1996, cat. #13-569 XPB

**Percentage Below LICO, 1996**

	Persons Below Low Income Cut-Off			
	Children Under 18	Persons Aged 18 to 64	Persons Aged 65+	All Persons
BC	20.2%	16.9%	18.5%	17.9%
AB	20.7%	14.7%	15.2%	16.4%
SK	22.3%	16.1%	14.9%	17.6%
MB	26.6%	15.7%	24.3%	19.6%
ON	20.3%	14.5%	16.6%	16.1%
PQ	22.0%	19.2%	32.4%	21.4%
NB	19.8%	15.1%	14.7%	16.1%
NS	23.5%	15.7%	17.9%	17.8%
PEI	18.5%	12.6%	15.6%	14.5%
NFLD	20.2%	17.0%	15.1%	17.6%

**Percentage Below LICO, 1992-96**

	Percentage Below LICO				
	1992	1993	1994	1995	1996
BC	16.5	17.6	17.7	17.4	17.9
AB	20.8	18.8	16.9	17.9	16.4
SK	19.0	18.4	17.2	17.2	17.6
MB	20.8	20.3	19.0	18.5	19.6
ON	14.3	16.2	14.6	15.6	16.1
PQ	19.1	20.8	20.5	21.3	21.4
NB	14.2	15.1	15.8	17.6	16.1
NS	17.2	17.2	17.4	17.7	17.8
PEI	11.1	11.1	11.2	12.8	14.5
NFLD	21.1	18.4	19.2	20.6	17.6

**Figure 13: Income assistance rates**

Source: National Council on Welfare, Welfare Incomes 1996

	Single Employable			Couple with Two Children		
	Total Welfare Income (\$)	LICO (\$)	Welfare Income as a % of LICO	Total Welfare Income (\$)	LICO (\$)	Welfare Income as a % of LICO
BC	6,332	16,061	39%	17,906	31,862	56%
AB	4,927	16,061	31%	17,367	31,862	55%
SK	5,959	14,107	42%	17,451	27,982	62%
MB	6,269	16,061	39%	17,921	31,862	56%
ON	6,809	16,061	42%	18,076	31,862	57%
PQ	6,199	16,061	39%	16,104	31,862	51%
NB	3,331	14,107	24%	13,359	27,982	48%
NS	6,121	14,107	43%	16,250	27,982	58%
PEI	5,451	13,781	40%	17,521	27,338	64%
NFLD	2,701	14,107	19%	14,834	27,982	53%

# Notes

---

1. For a more detailed look at how Alberta compares to BC, see the CCPA's *A Tale of Two Provinces*, by Seth Klein and Catherine Walshe.
2. Net public debt is government debt net of the debt of self-financing Crown corporations (such as BC Hydro or BC Rail). Net public debt is approximately equal to the sum of all past years' deficits and surpluses.
3. The BC Budget cites debt service costs of only 4%. We have cited "taxpayer-supported debt", which includes payments to hospitals, municipalities, universities and provincially-supported Crown corporations, for their own debt service in order to make figures comparable with those reported by other provinces.
4. Applicable income for the top rate varies due to RRSP and other deductions, as provincial income tax is calculated as a percentage of federal taxes payable. In BC, two surtaxes are levied on provincial tax payable at higher income levels.
5. Of note, Quebec residents receive an abatement on federal tax of 16.5% of the total federal income tax payable.
6. These figures are derived from models based on average individuals and families. Comparisons are unavailable for incomes over \$80,000 per year due to breakdowns in the assumptions describing very high income earners, such as RRSP contributions and other deductions.
7. A literature survey by the US Federal Reserve Bank of Boston notes the weak link between regional tax policy regimes and company decisions on location and investment. Labour and energy costs, the availability of skilled labour and natural resources, climate and publicly provided services all play significant roles in determining where companies operate.
8. Tuition information for colleges was not available.
9. The numbers reported for Quebec include those attending CEGEP, a two-year college that follows Grade 11.
10. See the CCPA's "Standing Room Only: The Case for Expanding BC's Universities" by Robert Allen for more detailed information on the shortfall between number of degrees and certificates awarded and demand for graduates in the BC economy.
11. A contention with earnings numbers has to do with cost of living considerations. High cost of living in areas such as Vancouver may offset BC's earnings advantage, but this would be true for Toronto as well. Whether cost of living differences are a factor for comparable rural areas is unclear. Unfortunately, there is no generally accepted framework to account for different cost of living factors across Canada's regions.
12. Because women are less likely to work full-time and year-round, there are some limitations to comparisons between men and women on this basis.
13. The gini coefficient is derived by dividing income earners into fifths, and comparing the share of total income that accrues to each group. A gini coefficient of 1 means absolute inequality, while a coefficient of 0 means absolute equality.
14. Inequality for BC (and elsewhere) may be understated, as high incomes in excess of \$200,000 are rounded down to \$200,000 when gini coefficients are calculated.
15. The Low Income Cut-Off is the income level where a household will, on average, spend a disproportionate share of its income on food, clothing and shelter relative to the average family.