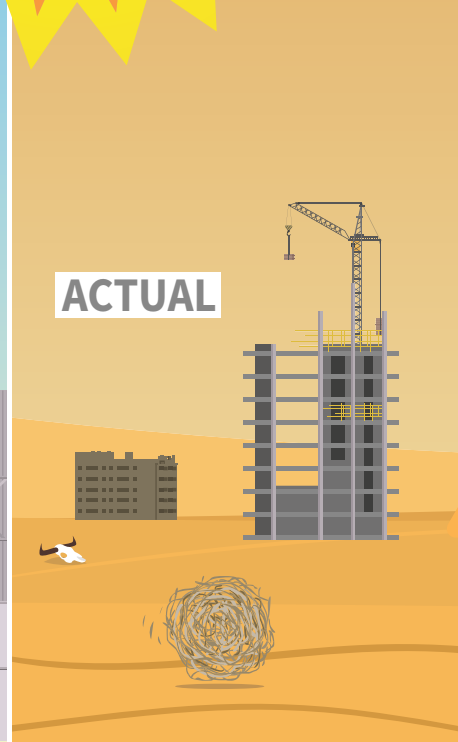


# BC SOLUTIONS

News & Commentary from the Canadian Centre for Policy Alternatives' BC Office | JUNE 2022



## The Numbers Game: What happened to those 114,000 new affordable homes in BC?

BY MARC LEE

During the 2017 election campaign, the BC NDP promised, if elected, to “build 114,000 affordable rental, non-profit, co-op and owner-purchase housing units through partnerships over ten years. These homes will be a mix of housing for students, singles, seniors and families and will range from supported social housing to quality, market rental housing.”

The 114,000 target remains rhetorically central to the BC government’s subsequent 2018 *Homes for BC* plan, which included planned investments in new housing, tax measures aimed at high-end properties and non-residents, enhanced renter protections and other regulatory changes aimed at the real estate market. However, there has been little follow-up in subsequent budgets.

Four years after the release of *Homes for BC*, it’s hard to see much progress on housing affordability. Indeed, recent price escalation →



## IN THIS ISSUE ↘

- 3 BC needs a public intercity transportation service
- 4 Jobs and forests up in smoke
- 5 Employment rights justice denied
- 6 CCPA-BC in the news
- 8 The case for a windfall profits tax to address surging gasoline prices
- 9 Event: 2022 Rosenbluth Lecture with Marjorie Griffin Cohen
- 9 Webinar: Petro-populism, climate denial and digital disinformation
- 10 COVID-19 and the living wage
- 11 Modernizing BC’s oil and gas royalty regime to tackle climate change
- 12 Together we are making a difference



**CCPA**  
CANADIAN CENTRE  
for POLICY ALTERNATIVES  
BC Office

has made the situation as bad as ever. There is much more work to be done to expand the stock of non-market rental housing, in particular. The BC government must play a much larger role in direct public investment in housing, including housing development, turning over public land to non-profits for development and providing low-interest financing for non-market projects.

*Homes for BC* promised only 33,700 units: affordable rental stock (14,350 new units, 4,900 existing), student housing (5,000 beds), modular and affordable rental housing for people experiencing homelessness and the most vulnerable (3,700 units), supportive housing (2,500 units), transitional housing for women and children (1,500 units) and housing for Indigenous people (1,750 units). The 2019 and 2020 budgets added funding for a Homelessness Action Plan consisting of 400 new units of supportive modular housing. And there is a big gap between the \$6.2 billion headline number announced in the 2018 budget, which is an intention over 10 years, versus the actual

/// The BC government must play a much larger role in direct public investment in housing, including housing development, turning over public land to non-profits for development and providing low-interest financing for non-market projects.

budget allocations of \$1.9 billion made in the initial three-year fiscal plan.

The total number of completed units has been very small, with the vast bulk of completions reflecting investments in modular and supportive housing for people experiencing homelessness or other deep vulnerabilities (3,156 units out of 3,625 total completions).

The Community Housing Fund, which most resembles historical social housing, has only completed 310 units. Although more units are on the way, including almost 2,000 units under construction, some 3,400 units are merely listed as “initiated.”

In place of more direct investment in affordable rental housing for ordinary households, the BC government is stepping in with low-interest loans. A major piece is the Housing Hub program, which “develops, facilitates, and supports partnerships across the housing sector to create market-based and affordable housing for middle-income households without the need for ongoing subsidies.” An increased ceiling of \$2 billion for low-interest loans was allocated to Housing Hub in the 2021 budget. Housing Hub has completed 1,687 units, with another 1,840 units in various stages of construction or development. These units are mostly for the Provincial Rental Supply program (2,995 units combined) and a lesser amount for an Affordable Home Ownership program (532 units). Low-interest loans have

been provided to universities developing 5,700 new student “beds,” representing almost half of the total completions.

As part of its COVID response, the BC government purchased nine hotels in Vancouver and Victoria at a cost of \$221 million to house people experiencing homelessness and living in encampments. The 2022 BC budget committed ongoing support for some 3,000 people in shelters and other temporary spaces during COVID-19.

Budget 2022 added \$100 million to the Community Housing Fund to add 885 units, a modest measure as evidenced by the Fund’s 2021 call for proposals, which received applications for 13,000 new units of housing but approved only 2,600 due to funding constraints.

To summarize, the BC government has primarily focused new housing investments on people experiencing homelessness and other vulnerabilities. While there is some more traditional social housing in the pipeline, it is a relatively small amount and projects have progressed very slowly. The BC government’s performance is still far too modest to make a real dent in housing affordability. Housing assets can pay for themselves over time through the rents received so there’s no reason for the government not to build.

Instead, provision of low-interest loans, rather than grants, has become a more central focus of the government’s housing agenda. Low-interest loans can play a supportive role but are not the same as direct expenditures.

Towards the 114,000 target, over 14,300 units are complete or in some stage of development under the various granting programs with another 9,200 from loan programs. Total completed units from both streams amount to about 11,000 units. Thus, less than 10 per cent of the 114,000 unit target has been completed as of April 2021, rising to 22 per cent if we count units in progress. A large share is merely “initiated” rather than under construction.

A renewed effort is needed in subsequent budgets to put the *Homes for BC* plan back on target. The BC government has substantial fiscal capacity to scale up its efforts by acquiring public land and making it available for non-market development or by making direct upfront investments in dedicated affordable housing. Given the crisis of affordable housing, the BC government must take on more of the heavy lifting.

*Marc Lee is a senior economist at the CCPA-BC. This article is supported by a grant from the Vancouver Foundation.*

# BC needs a public intercity transportation service

BY PETER EWART, DAWN HEMINGWAY & ALEX HEMINGWAY

Northern British Columbia is a vast, mostly mountainous area where winter conditions often make travel hazardous and sometimes impossible.

Back in 2000, northern BC had three intercity transportation options: the public BC Rail passenger service between North Vancouver and Prince George, the private Greyhound bus line and the public VIA Rail passenger service between Jasper and Prince Rupert.

There were serious problems with those services, the inadequacies being a major factor in the disappearances and murders of women along Highway 16, most of whom are Indigenous, and who, in the absence of adequate public transportation, have often had to hitchhike. Despite the inadequacies, many people still relied on those transportation options.

In 2002, BC Rail passenger service was cancelled and in May 2018, Greyhound shut down all of its bus service in BC. Recently VIA Rail reduced its three-times-a-week schedule between Jasper and Prince Rupert to once a week. These cancellations and cutbacks, especially of bus service, have created a crisis in public transportation for the region.

Transportation deficiencies in Northern BC disproportionately affect people with low incomes, those living in rural, remote and Indigenous communities and people with disabilities.

For a number of years, Indigenous people, working with others, played a leading role in pushing various levels of government to address these serious transportation problems as specified in the 2006 *Highway of Tears Symposium Recommendations Report*. After 10 years they achieved an important success in having the provincial government launch the Community Transportation Grant Program in 2017 which provided \$2.6 million to 11 communities for shuttle buses in rural and remote communities to supplement existing services. This funding has recently been expanded to 18 communities with \$2.8 million in new money from a federal-provincial program. While these additional new grants will no doubt be welcomed at this time they are not secured for the long term.

In 2018 the BC government launched BC Bus North to replace the routes abandoned by Greyhound. This was in addition to the Northern Health Connections service set up in 2006 for



PHOTO: PROVINCE OF BC / FLICKR

people traveling to and from medical appointments.

Other than BC Bus North, intercity or interregional bus service continues to be very limited or nonexistent. And while the BC Bus North service was created to address access issues, a recent Auditor General report titled *Ensuring Long-distance Ground Transportation in Northern BC* found several deficiencies including a lack of routes and lack of frequency. These deficiencies disproportionately affect people with low incomes, those living in rural, remote and Indigenous communities and people with disabilities.

The group “Let’s Ride! Make Transit BC Wide”—which is backed by community groups, Indigenous leaders, student societies, climate justice organizations and others—has called for a publicly owned and “unified inter-community network” that guarantees access to the rest of the province. This is needed rather than simply patching up the fragmented mix of private, contracted out, or community-based transportation providers that currently exist. A situation that has resulted in a combination of “good service, poor service and no service at all, depending on where you live.”

One thing is clear from the current situation: safe, affordable and accessible public transportation must be considered a right for all British Columbians, as well as all Canadians.

*Peter Ewart and Dawn Hemingway are writers and community activists based in Prince George, BC. Alex Hemingway is a Senior Economist and Public Finance Policy Analyst at the CCPA’s BC Office.*

# Jobs and forests up in smoke: Coalition calls for investigation into wood pellet juggernaut, Drax

BY SCOTT DOHERTY, GARY FIEGE, BEN PARFITT & MICHELLE CONNOLLY

The Drax Group owns and operates the world's largest wood-fired thermal electricity plant in North Yorkshire that burns 10 million tonnes of wood pellets annually. With trees in such short supply in the UK, Drax must get what it needs elsewhere, including in BC.



Last year, Pinnacle Renewable Energy loaded a massive ocean freighter in Prince Rupert with 63,601 tonnes of wood pellets to sail to the UK, marking the single largest shipment of wood pellets from Canada.

Weeks earlier, Pinnacle had been purchased by Drax, giving it full or partial control of half of BC's 14 pellet mills. Last year, Drax further increased its control by purchasing the sales contracts of the Pacific Bioenergy pellet mill in Prince George, which then closed shop, eliminating 55 jobs.

Drax's share of BC's pellet output now sits at 66 per cent. We fear that Drax's monopoly position is stifling competition in BC and could result in further job losses, which is why we have asked the federal Competition Bureau to investigate.

But our biggest worry is Drax's consistent claims that pellet mills use "residual" wood, mostly wood chips generated at sawmills when round logs are turned into rectangular lumber products. Our research, including photographs and video footage obtained in 2021, tells a different story.

Tens—if not hundreds of thousands—of cubic metres of logs from primary forests—which have never before been subject to industrial logging—are piling up at Drax operations in Smithers,

Houston, Burns Lake and outside Quesnel.

Such logs could be used in other ways. An example is a sawmill north of Smithers where logs that otherwise would be ground into pellets are turned into large rough-cut lumber pieces that are then shipped to Port Alberni to make higher-value boards, providing jobs for Indigenous and non-Indigenous workers in both communities. We need to make such stories the norm, not the exception to the rule.

Yet, BC's Forests Minister Katrine Conroy, along with then BC Chief Forester Diane Nicholls, has stuck to claims that pellet mills use only wood that would otherwise be burned in slash piles at logging sites.

We desperately need government leadership on the forest file, beginning with a thorough, publicly transparent accounting of how much forest is directly sacrificed to make wood pellets and what might be done with those trees instead.

British Columbians deserve better. We desperately need government leadership on the forest file, beginning with a thorough, publicly transparent accounting of how much forest is directly sacrificed to make wood pellets and what might be done with those trees instead.

In our view, the alternative is clear. Stop cutting down trees just to burn them. Conserve more of what remains of our primary forests and ensure that what is logged in BC is always processed into long-lasting solid wood products first. It's time to stop letting our forests and forest industry jobs go up in smoke.

*Scott Doherty is executive assistant to the national president of Unifor. Gary Fiege is president of the Public and Private Workers of Canada. Ben Parfitt is resource policy analyst for the BC office of the Canadian Centre for Policy Alternatives. Michelle Connolly is director of Conservation North.*

# Employment rights justice denied to thousands of BC workers

BY PAMELA CHARRON & DAVID FAIREY

Despite government reforms, the BC Employment Standards Branch does not effectively enforce the Employment Standards Act, meaning thousands of workers are denied their legal rights, a new report that we co-wrote with the BC Employment Standards Coalition shows.

The Act outlines the minimum standards of employment that most BC workers are entitled to including: employment conditions like minimum wage, minimum and maximum hours of work, overtime pay, parental leave, paid sick leave, paid vacations and statutory holidays. Among our findings are that complaints take between 18 months to three years to resolve and staffing and budgets are inadequate to enforce the Act.

Our report, *Justice Denied: The Systemic Failure to Enforce BC Employment Standards*, exposes some of the Branch's most serious failures to effectively, efficiently and fairly enforce the Act, which results in thousands of workers being denied their employment rights, in particular the timely recovery of unpaid wages due to employer wage theft. Employer wage theft is when employees are not paid the rates and wage-related benefits mandated by law or contracts of employment.

Our report shows Branch failures including:

- inaccessible offices, inconvenient hours of operation and a lack of informed procedural advice;
- poor communication or advising complainants to withdraw legitimate complaints without conducting proper investigations;
- clearly favouring employers in practices and procedures;
- procedural unfairness in investigating and adjudicating complaints.

BC's previous Liberal government made significant changes that made it harder for workers to achieve employment justice. And even though the NDP government has restored some workers' rights, the Branch budget, staff resources and complaint handling practices have not been restored to pre-2001 levels.

Ministry of Labour objectives in its most recent service plan include creating and enforcing "strong and fair labour laws and standards that respond to the rise of the gig economy and increased precarious work, update and modernize BC labour laws, ensure that labour laws are communicated and enforced through effective, client-centered service delivery, prioritize the processing of complaint files to improve service delivery for workers and employers."



However, our report demonstrates the ministry hasn't acted on these objectives and the Director of Employment Standards is not able to carry out their statutory mandate to ensure all employees receive the minimum employment standards to which they are entitled.

Complaints take between 18 months to three years to resolve and staffing and budgets are inadequate to enforce the Act.

As outlined in our report, the BC Employment Standards Coalition estimates the Branch budget needs to be doubled to effectively and efficiently carry out its mandate and achieve its stated objectives. This is the first step towards addressing the enforcement crisis of employment standards in BC. Incredibly, the provincial government's 2022/23 budget does not include an increase in the Ministry of Labour budget for the next three years, which signals a growing enforcement crisis for the foreseeable future that will continue to harm workers.

*Pamela Charron is Executive Director, Worker Solidarity Network and Co-Chair, BC Employment Standards Coalition. David Fairey is a labour economist and Co-chair, BC Employment Standards Coalition. Read the report at [bcemploymentstandardscoalition.com/justice-denied](https://bcemploymentstandardscoalition.com/justice-denied).*



# Changing the conversation: CCPA–BC in the news

BY EMIRA MEARS

Our work as a progressive research institute shows that our best values are possible. From national standards in seniors care, to policies that address gender and racial inequities in BC’s labour market, our staff researchers and associates develop concrete solutions for systemic change. But an important part of making our progressive vision a reality is sharing our ideas widely so more people know that there are viable alternatives to the status quo.

Rarely a day goes by that the CCPA isn’t mentioned in the media, whether on the opinion pages (online or print) of the major newspapers to television and radio news, our work and our experts shape the public conversation about urgent issues facing our province.

In the early days of the CCPA–BC Office we were often positioned as the “left-wing” alternative to right-wing voices like the Fraser Institute. But our profile has grown, along with the currency of progressive ideas. In fact, for the last two years our media presence in BC has been at least three times greater than the Fraser Institute and shows no sign of slowing down.

Here is just a sample of our recent media highlights:

**Seniors’ care and long-term care:** Our Director Shannon

Daub collaborated with the CCPA’s National Office and research associates Pat Armstrong and Marcy Cohen in early 2021 to re-release recommendations for much-needed national standards for long-term care. At a time when the failings of those systems had been laid bare, their analysis received significant coverage in print and online media, including op-eds in the *Vancouver Sun* and the *Ottawa Citizen*.

**Pandemic billionaire wealth:** Senior economist Alex Hemingway has been taking a close look at rising billionaire wealth in Canada and the need for a wealth tax to help address extreme inequality. His most recent call for a wealth tax led to interviews with provincial and national radio and TV stations, including Global and Bloomberg. His work in this area continues to be

cited in major publications including the *Toronto Star* and *Le Devoir*.

**COVID's unequal impacts:** Senior economist Iglia Ivanova's report in the summer of 2021 analyzed the first year of COVID employment data in BC and found highly uneven impacts of the pandemic, especially for women and racialized workers. Iglia made comprehensive recommendations for policy solutions—like 10 days paid sick leave—to create an inclusive BC economy. She was featured in print and radio outlets across the province.

Despite the efforts of the right wing to sow division and spread disinformation, the appetite for credible, bold progressive ideas continues to grow.

**The climate emergency and the limitations of net zero:** As part of his ongoing work on climate justice policies, senior economist Marc Lee authored a report last summer looking at why “net zero” as a climate policy is a dangerous distraction from the measurable emissions reductions that Canada should be focusing on. The reach of this analysis was especially significant in the financial media with Bloomberg TV, the *Financial Post* and Yahoo Finance covering the issue.

**The state of BC old growth:** CCPA-BC resource policy analyst Ben Parfitt has been keeping a close eye on BC forestry, and in particular on Drax, a UK-based pellet manufacturing company that has been buying up mills in northern BC. As Ben's reporting

reveals, Drax has chewed up millions of cubic metres of logs to produce wood pellets to be burned for energy production overseas. Ben's work on this story continues and has garnered coverage on radio, television, in online media outlets and in community papers around the province—particularly in northern BC—as well as in *Business in Vancouver*.

**Impacts and lessons of BC floods:** Following the devastating flooding last November, Ben obtained a government report written more than a decade ago that called for significantly increased staffing in the province's River Forecast Centre—a call that was ignored. Ben was extensively interviewed on major radio stations across the province, and was interviewed for CTV, Global and Omni TV. A news story on his research ran in the *Vancouver Sun*, in over 70 community papers and was followed by an op-ed that ran across the province.

By working hard to get our research widely covered by the mainstream media, we ensure our ideas for systemic change are reaching broad audiences and shaping the public conversation.

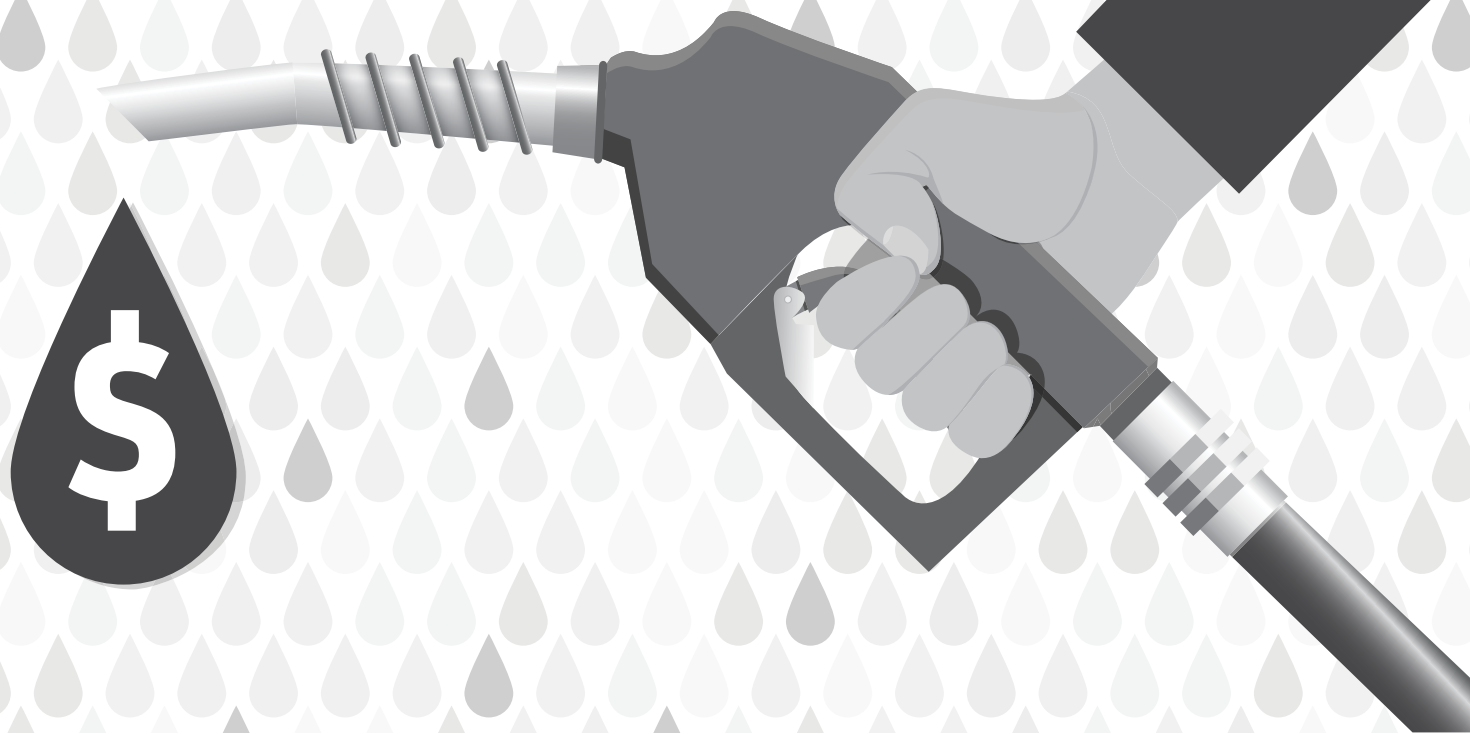
Despite the efforts of the right wing to sow division and spread disinformation, the appetite for credible, bold progressive ideas continues to grow.

And a recognition of our communications team—Joel French, Jean Kavanagh and Terra Poirier—who work tirelessly to reach and engage audiences. Their efforts are vital to our substantial impact!

*Emira Mears is the Associate Director of the CCPA-BC.*



Alex Hemingway speaking on Global TV News about the throne speech ahead of the provincial



## Over a barrel: The case for a windfall profits tax to address surging gasoline prices

BY MARC LEE

The recent surge in oil prices has caused pain at the pumps for many working people, further stoked inflation in the economy and led to a rash of bad ideas to double down on fossil fuels. The flipside of this economic pain has been massive profits for the oil and gas industry.

---

Even before Russia's invasion of Ukraine, industry profits rebounded strongly in 2021 after the COVID-induced slowdown of 2020. For example, Canadian Natural Resources booked a record \$7.7 billion profit, while Suncor merely flirted with all-time highs at \$4 billion. Picture oil execs gleefully throwing money around the boardroom and you're not far off the mark.

This clearly shows it's time to bring in a windfall profits tax on the oil and gas sector. Ideally the tax would be national and revenues redistributed back to households as transfers to those with low to medium incomes, or be used to support reductions in transit fares and investments that move us off fossil fuels.

In many ways, the oil and gas industry is at the heart of the current conflict in Ukraine. Russia accounts for about 12 per cent of world oil and 17 per cent of gas production. Russia's war on

Ukraine is essentially being funded by oil and gas revenues. A boycott of Russian oil and gas represents a major shock in the short term though much depends on the supply response from OPEC countries, which expand and contract production based on their own strategic interests.

Beyond the geopolitics of oil, the unfolding climate crisis is telling us we need to rapidly cut out fossil fuels from our energy diet. This is a bad time to double down on fossil fuels by increasing public funding for the massively over-budget Trans Mountain Pipeline Expansion, reviving Keystone XL pipeline or expanding infrastructure for liquefied natural gas exports.

Another bad political response to pain at the pumps is to cut fuel taxes. In Alberta, for example, Premier Kenney cut the 13-cent-a-litre fuel tax.



Alberta can make this political trade-off because high oil prices translate into higher royalties paid to the government by the industry. In most other provinces cutting fuel taxes cannibalizes the revenues that pay for the very roads and bridges drivers use.

It's not fair that ordinary Canadians are told to sacrifice when shareholders and executives garner massive unearned income. Those windfall industry profits are an example of what economists call an economic rent, which means unearned income by virtue of ownership, as opposed to income that flows from new productive investments in capital equipment or hiring people.

Economists consider it both efficient and fair to tax economic rents at a high rate. In the current context, those super-high prices were not necessary to bring today's oil production online.

A windfall profits tax could do much more for people hit by high gas prices at the pump than cutting fuel taxes. Revenues could flow directly to low- and middle-income households that bear the brunt of recent price hikes, unlike fuel tax cuts

It's not fair that ordinary Canadians are told to sacrifice when shareholders and executives garner massive unearned income.

that also give rebates to the wealthy.

Congressional Democrats in the United States, for example, have proposed a 50-per-cent tax per barrel on the differential between current oil prices and the 2015 to 2019 average price of \$66 per barrel. An appropriate baseline for Canadian producers would need to be determined for a Canadian tax.

While oil prices seem to have peaked and even come down somewhat, the industry will likely drag its heels on lowering pump prices. This is another reason to bring in a windfall profits tax.

Remember that Canadian oil and gas reserves are a public resource and extraction is publicly subsidized in many ways. Yet, unlike most countries with oil reserves that have created public corporations, Canada has handed extraction and processing to private companies that then gouge consumers at every opportunity.

In the past, governments have stepped in to prevent profiteering during wartime. Today is no different. A windfall profits tax makes sense to ease pain at the pumps while keeping us on a pathway to get off fossil fuels as quickly as possible.

*Marc Lee is a senior economist at the CCPA-BC.*

## BC OFFICE EVENTS

### 2022 Rosenbluth Lecture with Marjorie Griffin Cohen

**Planning for growth and the climate through a caring economy**

September 14, 2022 | Free | Online

During our office's 25th anniversary year, we are delighted that Marjorie Griffin Cohen—who played a central role in the founding of the CCPA BC Office—has agreed to give the 2022 Rosenbluth Lecture. Marjorie is an economist and professor emeritus of Political Science and Gender, Sexuality and Women's Studies at Simon Fraser University and has published in the areas of public policy, women, labour, international trade agreements, deregulation of the electricity sector and the Canadian economy.

To ensure you find out about the lecture when the free tickets are announced, join our email list at [policyalternatives.ca/bcemail](http://policyalternatives.ca/bcemail).

### Petro-populism in an age of climate denial and digital disinformation

**Free webinar recording at:  
[corporatemapping.ca/petro-populism](http://corporatemapping.ca/petro-populism)**

In early May, Shannon Daub and the Corporate Mapping Project hosted a webinar that looked at how fossil fuel industry-linked organizations and allied groups (like Canada Strong) are using social media to create a pro-fossil-fuel echo chamber and mobilize people who identify with their messages. Researchers Bob Neubauer and Nick Graham shared highlights of their latest research on this topic and were joined by CCPA-SK Director Simon Enoch.

Anjali Appadurai from the Sierra Club BC and the Climate Emergency Unit spoke of how exposing the ties between corporate power and the petro-populist movement can be used to help organize against the rise of the far right.

# COVID-19 pandemic highlights the need for a living wage

BY BETHANY HASTIE

The first year and a half of the pandemic, in addition to highlighting the essential nature of many precarious jobs, also saw advancements for workers in relation to job protection and sick leave. Many provinces amended employment statutes to ensure that all workers could take some form of unpaid sick leave and protected them against termination for doing so. Some, such as BC, have gone further to extend at least some entitlement to paid sick leave for these workers.



PHOTO: JOE TABACCA / SHUTTERSTOCK

The past two years of the pandemic have also highlighted numerous issues for precarious workers and resulting labour shortages have not been limited to periods of high COVID caseloads. More workers have left jobs, especially in industries like food services and hospitality, citing lack of stability and job security, few benefits, and most often at the top of the list, insufficient wages.

The pandemic has both illustrated and spurred on a demonstrated need for a living wage. A living wage is one that allows a household to “meet its basic needs.” In Metro Vancouver, the calculated living wage for 2021 is \$20.52 which is much higher than the current minimum wage. For example, an individual working 40 hours per week at minimum wage would gross just over \$600 per week, or \$2400 per month.

The minimum wage is set to rise from \$15.20 per hour to \$15.65 in June of this year, and the government has announced that minimum wage increases will be tied to inflation, but those increases will not close the gap between the current minimum wage and a living wage. In light of the rising cost of living across

BC, especially in the last two years, this is not enough to make ends meet.

Many precarious jobs have typically paid at or near the minimum wage and lack benefits. For employers facing serious labour shortages, a living wage may help attract and retain workers.

Since the onset of the pandemic, some employers in food services, especially, have taken a step in this direction, offering higher than minimum wages and other benefits. Others long ago took an even greater step by becoming a “living wage employer” in BC. And in unionized workplaces, achieving decent pay and working conditions is a matter of collective action and rights. In fact, since the onset of the COVID-19 pandemic, more people in precarious jobs and under-represented industries in BC have started to unionize as a means to increase their wages and working conditions.

/// The recognition that many precarious jobs are essential to the functioning of our economy and society should be a priority for employers and policy makers alike.

The recognition that many precarious jobs are essential to the functioning of our economy and society should be a priority for employers and policy makers alike. Movement from a minimum wage to a living wage by individual employers may help address growing labour shortages. Legislated changes to move from a minimum wage to living-wage model under employment law would help ensure that all workers can have a measure of economic security in the long run.

*Bethany Hastie is an Assistant Professor at the Peter A. Allard School of Law at the University of British Columbia.*

# Modernizing BC's oil and gas royalty regime to tackle climate change

BY MARC LEE, TOM GREEN, PETER MCCARTNEY & ANJALI APPADURAI

At the time of writing we are waiting on the results of the BC government's review of the oil and gas royalty regime. This review is an opportunity to signal that BC is ready to take climate action seriously. Provincial policies remain heavily tilted towards encouraging extraction and production, including subsidies to industry through cheap BC Hydro rates, negligible charges for water use and lax oversight from the Oil and Gas Commission.

BC's royalty system promotes oil and gas production through low royalty rates and subsidies in the form of "royalty credits" for fracking and other production activities. The single largest royalty credit is the Deep Well Credit, essentially applied to fracking techniques that constitute 90 per cent of production. These credits almost wipe out any public revenue from the public resource that is extracted.

The government's release of a "What We Heard" report from the public consultation phase of the royalty review is a welcome step forward. There was widespread agreement that the royalty regime subsidizes production, fails to provide an adequate public return and is contrary to BC's climate and environmental goals.

That may reflect what the government heard in the consultation, but the key question is to whom they will listen. Submissions from industry largely favoured token reforms while seeking to maintain current fossil fuel subsidies.

The royalty review must break with the idea that more investment in the oil and gas industry is desirable and instead support a managed wind down of the industry, including a just transition for workers and returns to the public and local First Nations.

The danger is that the BC government becomes overly concerned about appeasing the oil and gas industry and rejects changes that would affect their "competitiveness" vis-a-vis other jurisdictions. It may even seek to align BC's regime with Alberta in a way that would make it easier to boost production.

The royalty review must break with the idea that more investment in the oil and gas industry is desirable and instead support a managed wind down of the industry, including a just transition for workers and returns to the public and local First Nations.

The government need not worry about the "competitiveness" of an industry whose product is causing incredible damage.

The climate emergency means the BC government must quickly and boldly reform the royalty regime.

**First, royalty rates must be increased to reflect the climate, environmental and social impacts of this industry.** Higher royalties are justified because of environmental and social costs of extraction, processing and transportation. Embedding a carbon fee at the wellhead to, at minimum, reflect the current BC carbon price would apply carbon pricing to exported oil and gas.

**Second, subsidies should be eliminated and previously issued credits restricted.** Outstanding credits should be restricted by placing a cap on how much can be claimed annually or by ensuring a minimum net royalty is paid per unit extracted.

**Third, Indigenous jurisdiction must be respected and royalty revenues shared.** Any new royalty system must be developed in full partnership with Indigenous peoples whose territories have been impacted by the extraction, transport and processing of gas.

**Fourth, water use by the fracking industry must be on the table.** The sector pollutes billions of litres of water a year and pays almost nothing for it. This review should introduce stricter regulations and drastically raise water royalty rates.

Our proposed reforms would mark a dramatic shift from subsidizing an industry that is harming the global climate and is unjust for Indigenous peoples from whose land the oil and gas is extracted. By enacting them BC could become a global leader in harmonizing its royalty regime with the urgent need for climate action.

*Marc Lee is a Senior Economist at the CCPA's BC Office. Tom Green is Senior Climate Policy Adviser, David Suzuki Foundation. Peter McCartney is a Climate Campaigner, Wilderness Committee. Anjali Appadurai is Climate Justice Lead, Sierra Club BC.*

# Together we are making a difference

BY RAV KAMBO

Donations from individual supporters have helped grow the CCPA-BC Office into a strong and credible voice for progressive policy in our province over the last 25 years. Donations from people like you account for nearly half of annual revenues! We truly cannot do this work without you.

Included in this issue you will see a list of hundreds of donors who contributed directly to the work of the BC Office in 2021 with donations to the BC Solutions Fund. And, in honour of our 25th year, a group of high donors came together to create a \$25,000 fund to match all individual donations up to \$25,000 in our current fundraising campaign. It is this kind of generosity that helps us shape the public conversation in BC.

The pandemic has been a time like no other at the CCPA-BC Office. Policy changes and opportunities to fundamentally rethink how we structure our economy have been on the table like never before in our 25-year history. And while we have been busier than ever with media requests, supporting our partners and conducting our own research, it has also been a challenging time to work remotely with less face-to-face contact. Despite it all, our community of individual donors and supporters helped us maintain momentum and grow our impact. As we reflect on the work we have done and all we hope to still accomplish, the key role you have played in writing our history cannot be overstated.

Thank you to all of you who have been with us over these last 25 years and to those of you who have discovered our work more recently. We really are stronger together!




BC SOLUTIONS

News and commentary from the Canadian Centre for Policy Alternatives' BC Office

tel: 604-801-5121  
520-700 West Pender Street  
Vancouver BC V6C1G8

The CCPA-BC is located on unceded Coast Salish territory, including the lands belonging to the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish) and səliwətaʔ/Selilwítlh (Tseil-waututh) Nations.

policyalternatives.ca  
blog: policynote.ca

 policyalternatives

 @ccpa\_bc  @ccpa\_bc

## Editorial team

Shannon Daub, Joel French, Rav Kambo, Jean Kavanagh, Emira Mears & Terra Poirier

Layout & production: Terra Poirier

Design: Paula Grasdál & Terra Poirier

## ABOUT US

The Canadian Centre for Policy Alternatives is an independent, non-partisan research institute concerned with issues of social, environmental and economic justice. We depend on thousands of supporters for our core funding.

## CCPA-BC COMMITTEES & STAFF

### BC Office Steering Committee

Elaine Alec, Steven Beasley,  
Andrée Gacoin, Geoff Mann,  
Leanne Marsh, Shannon Murray,  
Matthew Norris, Sussanne Skidmore,  
Miriam Sobrino

### Research Advisory Committee

Clifford Atleo, Liz Blackwood, Marcy Cohen,  
Maya Gislason, Bethany Hastie,  
David Hughes, Andrew Longhurst,  
Geoff Mann, Kendra Milne, Maged Senbel,  
Suzanne Smythe, Kendra Strauss

### Staff team

Shannon Daub, BC Office Director  
Joel French, Communications &  
Digital Engagement Specialist  
Alex Hemingway, Senior Economist &  
Public Finance Policy Analyst  
Igljika Ivanova, Senior Economist  
& Public Interest Researcher  
Mariwan Jaaf, Director of Operations & Finance  
Rav Kambo, Development &  
Supporter Engagement Specialist  
Jean Kavanagh, Media Manager  
Sylvan Korvus, IT Administrator  
Marc Lee, Senior Economist  
Emira Mears, BC Office Associate Director  
Ben Parfitt, Resource Policy Analyst  
Terra Poirier, Creative Lead  
& Communication Specialist  
Bojan Stanojlovic, Project Manager  
- Corporate Mapping Project  
Stephanie Yu, Administration  
& Operations Specialist

