BC SOLUTIONS

News & Commentary from the Canadian Centre for Policy Alternatives' BC Office | MAY 2018

Standing up to the corporate backlash

BY SHANNON DAUB

When BC's new government was elected last year, we knew it wouldn't take long for corporate and right wing groups to rally against progressive policies. And when the government tabled its first full budget in February, the gloves really started to come off.

The major budget announcements—on child care, housing and fair tax reform—are entirely reasonable, desperately needed and long overdue. But that hasn't stopped a growing chorus of voices from singing a familiar tune. The Greater Vancouver Board of Trade, for example, gave the budget a "C+" grade, cautioning about the need for "fiscal prudence" and admonishing the government for increasing taxes on corporations.

Indeed, it is fair tax reform that has corporate and right wing groups all riled up. This isn't surprising. The severity of the affordability crisis means that any real effort to resist new investments in affordable housing and child care wouldn't go over too well with the public—not to mention that the affordability crisis is hurting businesses too. But more importantly, the corporate sector is upset because it has enjoyed huge tax cuts in recent years and is none too keen for change.

Corporations (along with the wealthy) in BC have simply not been paying their fair share. Before the recent reductions to MSP premiums, for example, the province was collecting almost as much from this unfair tax on individuals as it was from corporate income taxes. →

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We were happy to see MSP get scrapped altogether in the 2018 BC Budget, to be partially replaced by a new Employer Health Tax (set at 1.95% of payroll, other than for small businesses with payroll under $500,000, which are exempt).

As Alex points out in his article on page 3, this kind of payroll tax is standard fare in other provinces like Ontario, Quebec and Manitoba, where the sky has not fallen for businesses. And for those employers who voluntarily covered MSP for their employees (like the CCPA–BC), the new payroll tax creates a level playing field. Yet since the budget was tabled, we've seen a string of headlines about corporate "outrage" over the Employer Health Tax.

> BC's most powerful interests had a cozy relationship with a friendly government for almost two decades. They aren't about to go quietly into the night.

We've also heard a lot of outrage about the new speculation tax and progressive property tax. The punditry has eagerly highlighted examples of people who will now have to pay these new taxes, without mentioning the various means by which these taxes can be paid, deferred or avoided (such as by renting one's property). Lost in the fray are the reasons we needed these measures in the first place — namely, to cool an out-of-control real estate market and generate revenues to fund new affordable housing.

And then the Kinder Morgan pipeline debate exploded. At the time of writing, a group of powerful BC business organizations has just held a news conference criticizing the BC government for its position on the pipeline, fear-mongering about the consequences for the province's economy.

And this is just the beginning. BC's most powerful interests had a cozy relationship with a friendly government for almost two decades. They aren't about to go quietly into the night. Our prediction is that in the coming months and years, corporate lobby groups along with right-wing organizations and intellectuals will seek to contain, undermine and derail a progressive policy agenda. Their efforts will be loudest on the topic of the economy — an area where progressives often lack confidence in the face of the relentless message that there is no alternative to the policies of austerity. Not only that, with the newly enacted ban on corporate and union donations to political parties, millions of dollars in corporate money will be redirected to business-friendly advocacy groups.

It is critical that we — organizations like the CCPA–BC, together with people like you who share our commitment to social and economic justice — not be afraid to defend our progressive ideas. Nor should we shy away from critiquing policies we disagree with (for example, see Ben Parfitt's article about the discovery of yet more unauthorized frack-water dams, this time on private lands, on page 6), or pushing the new government to be bold by making political space and demonstrating that our policy ideas are backed by solid research.

As you'll see from the articles in this issue, which provide just a flavour of our recent work, we're already rising to the challenge.

Shannon Daub is Associate Director of the CCPA–BC, and co-directs the Corporate Mapping Project.

Research and commentary on Kinder Morgan

Need a primer on the Kinder Morgan pipeline? We can help! The CCPA–BC has been debunking the economic arguments in favour of the Kinder Morgan pipeline for years. Through the Corporate Mapping Project, we've also taken a critical look at the reasons for its approval by governments with an all-too-cozy relationship to the fossil fuel industry. And with our friends at the Alberta-based Parkland Institute, we've published several reports on the larger climate and economic implications of new pipelines and continued expansion of oil sands production.

In this issue of *BC Solutions* magazine, check out Marc Lee's article on page 8, "Western Canada needs real climate action, not disingenuous arguments," and Seth Klein's piece on page 11, "Are we to be soaked or sued — what's Kinder Morgan's real end game?"

We also recently published a major new study of Canada's energy resources by earth scientist David Hughes, *Canada's Energy Outlook: Current realities and implications for a carbon-constrained future.*

You can find a round up of this work, including all the latest research and commentary, at: policynote.ca/kinder-morgan. Also be sure to check out the Corporate Mapping Project website, corporatemapping.ca.

Relax. Employer health taxes haven't sunk businesses in other provinces.

BY ALEX HEMINGWAY

In this year's BC Budget, the provincial government confirmed it will scrap Medical Services Plan (MSP) premiums in 2020 and partly replace the forgone revenue with a new Employer Health Tax (EHT). This announcement was met, by some, with cries of concern—but by replacing the MSP with the EHT, BC is really only catching up to the rest of the country.

Here's what you need to know about the tax:

Eliminating MSP premiums means a fairer tax system. Whether you make $45,000 or $450,000, you pay the same flat dollar amount in MSP. Rising premiums are a part of the reason overall tax fairness was eroded so badly in BC between 2000 and 2016.

The new tax creates a level playing field among similar-sized businesses. Currently, employers who cover MSP premiums for their employees pay a disproportionate share of the tax compared to their competitors who do not pay for MSP. The EHT requires all businesses of a given payroll size to chip in.

Most small businesses are exempt from the EHT. Businesses with payrolls under $500,000 are entirely exempt from the EHT and those with payrolls between $500,000 and $1.5 million will pay a reduced rate. According to the government, 85 per cent of BC businesses will be exempt and only five per cent will pay the full EHT.

There is no "double dipping" problem with the EHT as opponents claim. It's true that businesses currently covering MSP premiums for employees will pay both the remaining 50 per cent of MSP and the new EHT in 2019. But they'll also gain large savings from the 50-per-cent reduction in MSP premiums in both 2018 and 2019.

BC has low payroll taxes by Canadian and international standards. Six Canadian provinces and territories, including Ontario and Québec, have payroll taxes at the same or higher rates than BC is proposing. And Canada has long had among the lowest total payroll taxes in the Organisation for Economic Co-operation and Development (OECD).

The BC business sector should count its tax policy blessings. Since 2000, BC's provincial corporate tax rate has been cut from 16.5 per cent to the current 12 per cent, and the small business rate has fallen from 5.5 per cent to two per cent. BC businesses also enjoyed even larger federal corporate tax cuts over the same period.

Businesses will benefit from elimination of the MSP and increased consumer purchasing power. Any additional tax that businesses pay because of the EHT is a savings for individuals and families. With more purchasing power, households will spend that money in the local economy.

The government should help schools, municipalities and service agencies with the EHT. Unlike businesses, these employers don't have profits to draw on and they haven't benefited from the slew of business tax cuts in recent years.

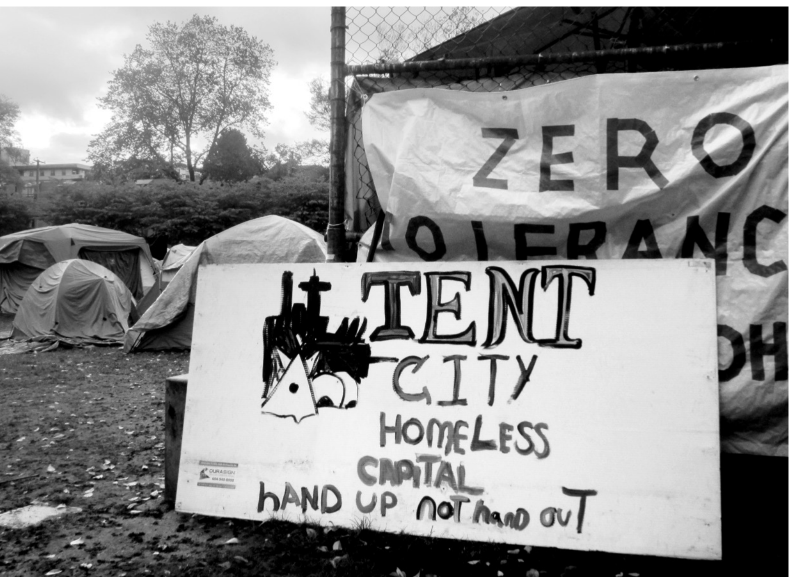
The remaining revenue from eliminating the MSP should be replaced. With the EHT, the government is so far only replacing $1.9 billion of the $2.6 billion in foregone MSP revenues. It should close this $700 million revenue gap to fund investment in housing, child care, poverty reduction and responses to climate change.

Alex Hemingway is the public finance policy analyst at the CCPA–BC.

BC's poverty reduction plans: Progress and next steps

BY SETH KLEIN

After years of the previous BC government refusing to develop a poverty reduction plan, the new provincial government is finally moving forward. The Confidence and Supply Agreement between the BC NDP and Greens includes a commitment to "design and implement a province-wide poverty reduction strategy."



This is particularly gratifying for us at the CCPA. We convened the original table in 2008 that ultimately became the BC Poverty Reduction Coalition (PRC). And as founding members of the PRC, we've been advocating for a comprehensive plan ever since.

At long last, BC will no longer be the only province in Canada without a plan.

> Now is the time to keep the pressure up, and in particular to make clear that the new government needs to substantially raise welfare rates and take strong action to further control rent increases.

The lead provincial minister responsible for developing this plan is Shane Simpson. In the fall of 2017 he struck an advisory forum, and also launched an extensive public consultation process. That process, which culminated at the end of March, hosted meetings across the province and collected input from the public. The CCPA made a submission, and we have met with the Minister three times to share our expertise in the design of the plan.

According to the government's schedule, enabling legislation for a plan—including legislated targets and timelines—will be tabled in the Fall sitting of the legislature, and the Minister is to present the government's full plan by the end of this calendar year.

As we wrote in our submission, "Now it is time to deliver with a plan that is bold and ambitious, that will produce meaningful results, and that will stand the test of time. Having been national laggards on this file for years, BC now has a chance to lead."

Now is the time to keep the pressure up, and in particular to make clear that the new government needs to substantially raise welfare rates and take strong action to further control rent increases.

As the CCPA and PRC have long noted, a comprehensive plan must include:

1. Legislated targets and timelines, along with clear accountability mechanisms to ensure these targets are met.
2. A human rights foundation.
3. A whole-of-government approach (wherein all ministries must show how they are contributing to poverty reduction).
4. Bold action across a number of core pillars, including:
   - Significant increases to social assistance rates and an end to rules and requirements that discourage, delay and deny access to social assistance. Seeking assistance should not harm a person's dignity.
   - Increasing the earnings of those in the low-wage workforce through rapid and significant increases in the minimum wage, adoption of living wage policies by government ministries and agencies, and strengthening employment standards.
   - Large-scale expansion of social and co-op housing (we have called for 10,000 units per year), and strengthening rent controls.
   - Universal, affordable and quality public child care.
   - Expansion of community health services for seniors, people with disabilities, and those with mental health

illnesses and addictions, and enhancements to dental and eye care for low-income people.
- Greater access to post-secondary education and training for low-income people, and improved services for special needs students in the K-12 education system.
- Targeted actions to reduce poverty among populations where poverty rates are most acute.

It's great to see that the government has started to take important steps in some of these areas, notably with respect to child care, new housing, dental care and the minimum wage. Last summer, we saw small increases to welfare rates (after nearly ten years of frozen rates), the elimination of tuition fees for Adult Basic Education and English Language Learners, and expanded post-secondary tuition-waivers for foster youth aging out of care.

Targets aimed at eliminating the most extreme and severe forms of poverty—such as homelessness and hunger—are also necessary.

But as we noted in our submission, a comprehensive plan requires action in many more areas. And we highlighted two issues requiring urgent attention:

1. It is vital that the legislated targets tackle the depth and not merely the breadth of poverty. Meaning, we need targets that get all British Columbians out of deep poverty, as we also significantly reduce the overall poverty rate.

The depth target long advocated by the PRC and ourselves has been to commit that, within two years, every British Columbian has an income that reaches at least 75 per cent of the poverty line.

Targets aimed at eliminating the most extreme and severe forms of poverty—such as homelessness and hunger—are also necessary.

Failure to include depth targets such as these in the BC plan risks leaving the poorest and most vulnerable behind, and would absolve the government of necessary action in the areas over which it has the most direct responsibility, namely social assistance and housing.

2. While the government has begun to take needed action to cool the housing market and build new low-income housing, more is urgently needed to control rent increases. This issue arguably represents the greatest threat not only to the poverty reduction plan, but to the government's overall policy agenda. Given escalating housing costs, there is a grave risk that all the improvements and gains experienced for low-income people due to minimum wage increases, welfare rate increases, child care fee reductions and more will be wiped out by rent increases.

Highlights from the 2018 BC Budget

For too long, BC budgets have prioritized tax cuts and balancing the books over all else, while ignoring social, economic and environmental problems. But BC Budget 2018 was a turning point—with investments in many solutions the CCPA has long advocated: universal affordable child care, bold housing initiatives, fair tax reform (including eliminating MSP premiums), support for seniors and health care, investments in education and more.

That said, some key pieces are missing: There were no further increases to welfare rates, which remain thousands of dollars below the poverty line. And there was little to address climate change. That means our work is far from done.

We know that BC has the economic and fiscal capacity to put our best values into action. And we will keep working to make space for much-needed steps forward.

We published a series of articles analyzing the 2018 Budget (for example, the piece on page 3 by Alex Hemingway about the new employer health tax). Check them out on Policynote.ca (search "budget" for a complete listing).

The government was quick to end the fixed-term lease loophole last fall. But other reforms are urgently needed to the Residential Tenancy Act (RTA). Currently, the RTA only limits rent increases for existing tenants. Once a tenant moves or is evicted, however, landlords are free to increase the rent as they wish. Moreover, even when rent control is in place, the current RTA allows for annual increases of two per cent beyond the inflation rate (CPI). Compounded, this means rents have been far out-stripping inflation in recent years.

Given this, we strongly recommend, as does the PRC, that the provincial government introduce stronger tenant protections including tighter limits on annual rent increases, tying rent control to the unit (not the tenant), and strengthening the application and enforcement of the Residential Tenancy Act.

Hopefully—and with sufficient pressure—we will see such actions in the fall.

Seth Klein is the BC Director of the CCPA.

PHOTO: KENNY MCDONALD / FLICKR.

Time bombs, fracking dams and the rush for H_2O on private farmlands

BY BEN PARFITT

The number of unlicensed and potentially dangerous dams built in recent years in northeast British Columbia is nearly double what the CCPA–BC previously reported, according to one of the province's top water officials.

A total of at least 92 unauthorized dams have been built in the region where natural gas industry fracking operations consume more water than just about anywhere on earth.

That's far more than the 51 dams initially identified in documents the CCPA obtained through Freedom of Information requests last March, when I published findings showing how dozens of such structures had been built in apparent violation of provincial acts and regulations including the Water Act, the Environmental Assessment Act and the provincial Dam Safety Regulation.

Nearly one third of the dams first identified as unauthorized were later found to have structural problems that posed serious enough risks to human health and safety and the environment that the companies were ordered to take corrective actions.

Now, with the number of unlicensed dams approaching 100, more questions are being raised about how so many structures were built without provincial agencies halting their construction.

> Nearly one third of the dams first identified as unauthorized were later found to have structural problems that posed serious enough risks to human health and safety and the environment.

Ted White, director and comptroller of water rights in BC's Water Management Branch, confirmed the higher number. The new total includes an additional 41 dams, all built on private lands, most if not all, on rural farm lots in the provincial Agricultural Land Reserve.

White said dams on private lands are subject to the same laws and regulations as those on public lands. Once dams exceed a certain height and/or impound enough water, they become regulated structures—and all of the dams identified to-date meet the criteria for regulated dams.

White's confirmation came after his ministry—the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRO)—quietly posted a consultant's report on its website early in the new year.

The report called some of the unauthorized dams potential "time bombs" and said a top priority must be "to find the high consequence dams and make sure they are properly constructed and operated and maintained in an appropriate manner before any of them fail."

The story of one of the dams on private land sheds light on the challenges ahead for FLNRO's dam safety and water officials.

Old Faithful Water Inc. is in the business of selling water to natural gas industry clients. Each of the company's four "all season" facilities in the Peace River region is near major hauling routes like the Alaska Highway.

"When it comes to easy water," Old Faithful's website gushes, "we have it for you."

But the "easy water" story has an edgier, uneasy narrative.

At least some of what the company sells to its industry clients comes from a reservoir impounded by a large earthen dam on private land. When the dam's reservoir is at "full capacity" the impounded water is six metres "above grade." In other words, a wall of water roughly as high as a two-storey house is at risk of spilling in the event the dam fails.

The company built the dam in violation of key provincial regulations, including obtaining a water licence before building it. Old Faithful's dam and reservoir are also on farmland in BC's Agricultural Land Reserve; land that can no longer produce crops because it is either covered by the dam and reservoir, or by the road leading to and from the facility, or the by the large clearing constructed for the tanks and pumps used to fill the incoming trucks with their frack water.

Last April—four years after the unlicensed dam was built—the Ministry (FLRNO) retroactively issued Old Faithful's owners a water licence. White said the government elected not to fine

or charge the company for violating the rules.

The lack of fines for building a dam without the required pre-approvals does not surprise Arthur Hadland, a long-time area resident, farmer and former elected director for the Peace River Regional District.

"It's the Wild West up here," says Hadland. "There's no sense of stewardship anymore."

The company built the dam in violation of key provincial regulations.

The penalties for building dams without permits can be significant, in part because the potential damage from the failure of even modest dams. Fines can run to $200,000 and in the most extreme cases $1 million. The worst offences can also result in jail terms.

To date, however, neither the Oil and Gas Commission (responsible for the 51 dams built on Crown lands) nor FLNRO have laid charges against any companies for violating provincial laws by building unlicensed fracking dams.

Instead, the province has taken the softer approach of coaxing companies to "come into compliance" after-the-fact. Time will tell whether or not that approach safeguards the public interest and proves a sufficient deterrent.

Ben Parfitt is the resource policy analyst at the CCPA-BC.

PHOTO OF SWAMP DONKEY DAM BY VICKY HUSBAND.

Government reaction to dams

Our initial report on the unauthorized dams in northeast BC was published one week before the BC election last May and received extensive media coverage. Since then, belated inspections by Oil and Gas Commission and Environmental Assessment Office personnel uncovered significant problems at 16 of those dams, and companies were ordered to take corrective action. Problems were also found with another dozen dams, and more problems may yet come to light—in particular at the 41 recently identified dams on private lands.

All of this makes the government's failure to communicate these risks to the public—going so far as to cut off virtually all communication and delay release of additional documents until after the election—particularly disconcerting.

For more on what we've learned about this visit: **Policynote.ca/damming-the-information-flow**

Western Canada needs real climate action, not disingenuous arguments

BY MARC LEE

In Western Canada's slow lurch towards sane climate and energy policy, two prominent arguments have been advanced for the continuation of business-as-usual for the fossil fuel industry in BC and Alberta. Both are interesting because they invoke the need for climate action to justify the further growth of fossil fuel production.

PHOTO: NOMAD TALES / FLICKR.

The first argument comes in support of Kinder Morgan's Trans Mountain Pipeline Expansion (TMX). It goes like this: Alberta's buy-in to climate action is dependent on new pipelines being built, and undoing that compromise would unravel the fragile Pan-Canadian Framework (the federal-provincial climate agreement made in November 2016). A variant of that argument is that as long as good climate policies (like a carbon tax) are in place, then we need not worry about pipeline expansion.

> We see wishful thinking based on the preposterous assumption that expanding energy-intensive unconventional fossil fuel production (bitumen mining and gas fracking) in Western Canada is tantamount to good climate policy.

The second argument focuses on BC's fossil fuel of choice: liquefied natural gas (LNG). That argument is that a massive expansion of the province's gas industry through LNG exports would actually be good for global climate action efforts, because they would reduce coal usage in other countries.

In both cases we see wishful thinking based on the preposterous assumption that expanding energy-intensive unconventional fossil fuel production (bitumen mining and gas fracking) in Western Canada is tantamount to good climate policy.

Let's start with TMX, the need for which is justified by ever-expanding oil sands production in Alberta. That province's climate plan includes a cap on oil sands emissions—but one that allows emissions to grow a whopping 40% above current levels. The Alberta plan also has some bona fide climate actions including a (well-designed) carbon tax and a commitment to reduce leaks of methane—although mostly the plan is predicated on a welcome phase-out of coal-fired electricity.

In pledging to eliminate coal-fired electricity, Alberta is coming late to the party. Ontario has already phased out its coal electricity, and Maritime provinces have mostly done the same. Phase-outs in these provinces led to emission reductions that have roughly offset Alberta's increased oil sands emissions, meaning Canada as a whole has stayed about flat in terms of overall national emissions.

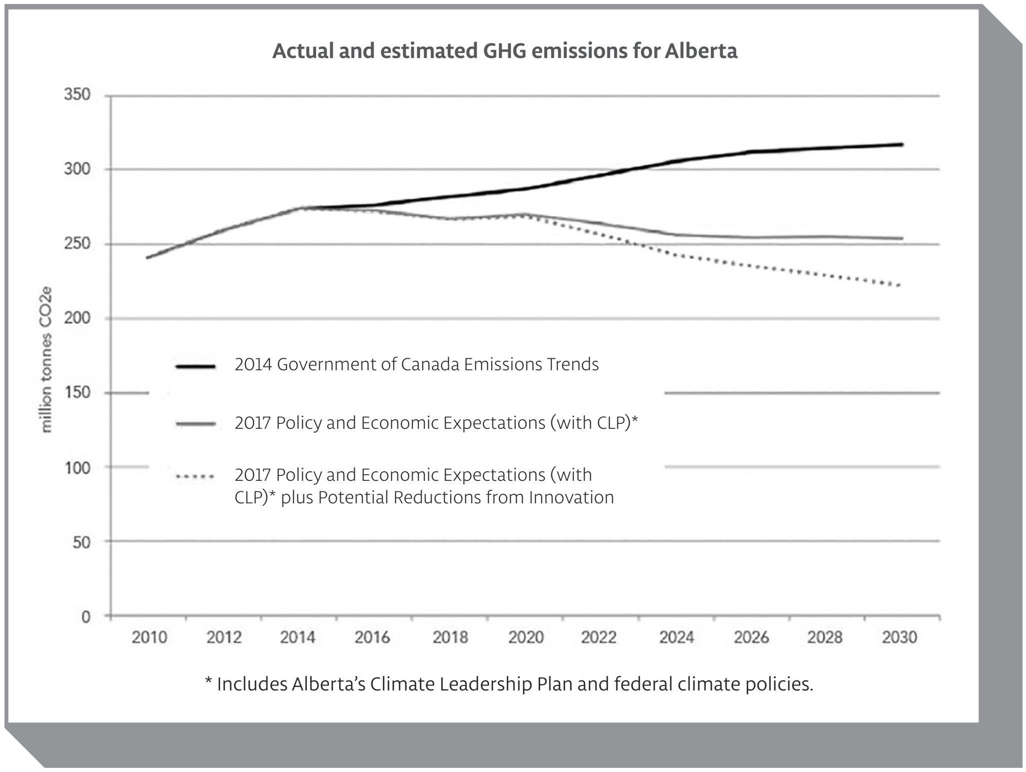
This is an eerie parallel to what Alberta is proposing for itself. By 2030, emission reductions from phasing out coal, among other measures, merely facilitate increased emissions from oil sands expansion. The figure (right) shows what that looks like, according the Alberta government's own estimates.

So Alberta is patting itself on the back for a plan to keep emissions essentially flat (pink line) when they need to be coming way down. The dotted pink line implies greater potential but this is largely hand-waving based on "innovation." The province could start to bend the curve by merely keeping oil sands emissions at 2015 levels, but that is not on the table.

Thus, the only way Alberta's emissions would go down is if other countries do not buy Alberta fossil fuels. But the industry and government want to bring to market all the supply they can justify economically.

Furthermore, this math conveniently does not count the much greater carbon emissions downstream when fossil fuels extracted in Alberta are combusted in other countries. The total amount of extracted carbon (that would go into the atmosphere) from Alberta soil alone, facilitated by Kinder Morgan's Trans Mountain Pipeline Expansion, is 84 million tonnes of CO_2 per year. This is about the same amount of emissions as all of the cars currently driving on Canada's roads.

I've so far picked on Alberta, but don't think I'm giving BC a free pass. Yes, the new BC government rightly objects to a pipeline that threatens disastrous spills on land and from tankers passing through the Burrard Inlet. But it is also encouraging growth of its own fossil fuel extraction—namely the natural gas sector through proposed LNG exports.



SOURCE: CLIMATE LEADERSHIP PLAN PROGRESS REPORT 2016–17 (GOVERNMENT OF ALBERTA, DECEMBER 2017)

The argument that LNG will displace Asian coal, and thus be a net gain for global climate efforts, is one of those zombie ideas that never seems to die. There is a small kernel of truth in it—which is that at the point of combustion, gas is about half as emissions-intensive as coal in producing the same amount of energy.

> Albertans may feel their province is being singled out, but in a carbon-constrained world, BC will also need to put a pin in its LNG fantasy.

However, getting liquefied gas to Asia is a very energy-intensive endeavour. First, it requires huge amounts of energy and emissions to frack, process and pipe gas to the coast, and even more energy is required to liquefy it for trans-ocean shipment by tanker. This greatly reduces the emissions advantage relative to coal.

The advantage is lost entirely when we consider leakages that can occur throughout the supply chain and in particular during the fracking process, in which a high-pressure injection of water, sand and toxic chemicals a couple of kilometres below the earth's surface cracks open shale rock to release gas. When leaked into the atmosphere, natural gas—which is methane—dissipates relatively quickly but is a super-potent greenhouse gas—100 times more warming than carbon dioxide. Recent research shows that these leakages are much larger than industry has been reporting.

Finally, whether LNG would actually displace coal in other countries is an open question. China has a growing appetite for energy of all types. It is possible that LNG exports to China would displace coal, but it is also possible they would displace renewables. In the case of exports to Japan or Korea (the world's largest LNG importers), they would almost certainly displace renewables or nuclear power.

To date no one has proposed a trade agreement that would guarantee that LNG replaces coal. We do not control what happens outside our borders—but we do control what we dig up and sell on world markets.

Alas, many seem to have bought into these convenient arguments that we can have it every which way we choose. They ignore the central fact that commitments to the Paris Agreement are far from sufficient to keep global temperature increases below 2°C, and that the Pan-Canadian Framework itself is insufficient to meet Canada's inadequate Paris pledge.

If Canada wants to get serious about climate action, that means winding down fossil fuel industries. That does not need to happen overnight, but over two to three decades. And it can be done in a way that stabilizes employment and mitigates larger problems for workers whose livelihoods are tied to boom-and-bust commodity price cycles. But certainly we cannot keep growing the industry. To pretend otherwise is simply a delusion.

While Albertans may feel that their province is being singled out for disproportionate measures because it cannot grow its already oversized fossil fuel industry in a carbon-constrained world, BC will also need to put a pin in its LNG fantasy. Time for talk is over: we need real action that invests and creates jobs in green alternatives.

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

It's time for forestry to benefit British Columbians, not multinational companies

BY BOB WILLIAMS

There was a time when securing a good-paying forestry job in British Columbia was not just an option but an expectation for many.

This was a time when the provincial government took an active role in managing our public forests and overseeing the activities of private companies whose workers cut trees, milled wood and made pulp.

All that started to change in the mid 1970s and has accelerated over the past 20 years, during which approximately 100 mills shut down and more than 22,000 forest industry jobs disappeared. Communities that once thrived with a forest economy experienced severe economic decline and the number of people employed in forestry has fallen precipitously.

BC's forest industry today is a shadow of what it was in the post-war period. But it doesn't have to be this way. I believe from my five decades experience with the industry, including as minister of forests in the Dave Barrett government, that a better way is possible.

> The number of mills closed and jobs lost since the early 1990s and the unprecedented number of raw logs exported from BC from 2013 to 2016—26 million cubic metres—demonstrate why we need to do forestry differently.

A system of regional-based forestry would best serve British Columbians, our forests and forestry-dependent communities. In recent years I travelled to many forestry communities on Vancouver Island, the Interior, the Kootenays and along the coast with two registered professional foresters and a land planning researcher to examine the state of BC forests and speak with people who took control of local forests and forestry operations in order to protect valuable public resources for future generations and to create jobs today.

Right now we have an industry that for the most part is in the cheap commodity lumber business. We have pretended that we've developed a scientifically sound base for sustainable forestry practice with a successful licensing and cutting program, and we've pretended that we get full value for our trees with a competitive system for selling timber and cutting rights. On these points, and more, we have failed.

We no longer have reliable inventory data from the forests ministry, we no longer have a Forest Service and we no longer have adequate reporting from either the public or private sectors.

But if the provincial government again took responsibility for our public forests and didn't forfeit their management to multinational corporations, this iconic BC industry could again thrive and create economic growth and improve equity and fairness throughout the province.

To do this, we need a new model of regionally based forestry management governed by a BC Forest Charter passed by the legislature that includes an overall vision for the province, sustainability principles, standards and goals for this valuable public resource. We should institute a new independent officer, a Forester General, to work with regional chief foresters on local land planning processes. This would correct the mistakes we've made over the decades of transferring more and more authority to manage our public forests over to corporations.

The number of mills closed and jobs lost since the early 1990s and the unprecedented number of raw logs exported from BC from 2013 to 2016—26 million cubic metres—demonstrate why we need to do forestry differently.

We can look to Sweden and other Scandinavian countries for better models. Sweden's total forested lands are equal in area to BC's commercial forests, but the Swedes manage their lands in a scientific manner. We do not. Over time, Sweden has increased the value and volume of trees growing in managed forests and we can learn from them.

Change is also needed because of our failure to deal honourably with First Nations who have borne the burden of decades of misguided forest policies. Regional management would allow First Nations to participate in planning processes as equal partners, which is not only vital but the direction in which our courts are telling us we must go.

Such change may seem radical, but if future generations of British Columbians are to benefit from one of our province's greatest natural resources, change is needed now.

Bob Williams is the author of the CCPA-BC report, Restoring Forestry in BC: The story of the industry's decline and the case for regional management.

Are we to be soaked or sued—what's Kinder Morgan's real end game?

BY SETH KLEIN

Here's a different albeit speculative take on Kinder Morgan's ultimatum and the so-called "constitutional crisis" it has sparked: we're getting played. It is entirely possible that Kinder Morgan has already decided to cut its losses and walk away from the Trans Mountain Pipeline Expansion (TMX).

The economics of TMX have long been on shaky ground, as the CCPA has extensively documented. With the Keystone XL and Enbridge Line 3 expansion now green-lighted, industry's need for TMX has been undercut. The temporary gap between international and North American oil prices is also now largely gone, along with the case for Pacific "tidewater" access.

But the real barrier to TMX is the Indigenous-led opposition and growing protests. Full disclosure: on April 7, I joined a group of people blocking the gates of Kinder Morgan's Burnaby site, standing behind the full executive of the Union of BC Indian Chiefs. I was prepared to get arrested, but the company didn't call the RCMP. Little did we know, Kinder Morgan would announce the next day that it was "suspending non-essential spending" on TMX.

Since then, arrests have continued. If pipeline construction resumes, these protests are likely to become the largest civil disobedience in Canada's history.

It remains my view that this pipeline will never be built—and the company may finally have realized it. But Kinder Morgan has focused on the BC government as a strategic whipping boy. Political leaders federally and in Alberta, along with much of the punditry, are playing right along.

Of all the barriers facing TMX, the BC government's legal reference case is the least consequential. Numerous Indigenous court challenges are more likely to succeed (legal challenges by the Tsleil-Waututh, Coldwater, Upper Nicola, Stk'emlupsemc Te Secwepemc, and Squamish First Nations remain outstanding).

Consent is lacking from a number of First Nations directly along the route. The Tsleil-Waututh and Squamish Nations, whose territories encompass the Burrard Inlet at the pipeline's terminus, oppose the project and insist they were not properly consulted. The Secwepemc, who are also opposed, claim unceded territory covering about half the pipeline's route in BC's interior.

Kinder Morgan's focus on the BC government may also have an economic angle. If the corporation is indeed ready to walk, it may be hoping to launch a NAFTA Chapter 11 challenge to recoup its losses (as TransCanada was preparing to do over Keystone XL prior to Trump's decision to revive that project).

A related but different theory is that we are witnessing a

PHOTO: PROTECT THE INLET

corporate "shakedown" of the Canadian public. Trudeau and Notley recently admitted they are in discussions with Kinder Morgan about offering up billions in public money to defray investor risk. Disturbingly, Trudeau and Notley's repeated insistence that "this pipeline will be built" places them (and all of us) in a terrible bargaining position. They are effectively saying, "name your price." Moreover, the real barrier facing TMX—Indigenous opposition—can't be resolved by May 31. If the federal government indemnifies the company against this risk we are going to get hosed.

Whatever Kinder Morgan's motives may really be—whether to soak us or sue us or both–here are three key lessons for our governments:

First, don't take the bait. Reinforcing Kinder Morgan's claim that BC government opposition triggered a decision to stop the project merely helps build their NAFTA case.

Second, Canadian jurisdictions should stop fighting with each other, and walk away from this ill-advised project.

Third, now that political leaders are so keen to invest in energy infrastructure, let's focus on the next economy, not the old fossil fuel one. Climate investments will produce far more jobs and won't become stranded assets—a much wiser use of public funds than socializing the losses of a Texas-based multinational pipeline company.

Join us at a BC Solutions research briefing

BY MARIWAN JAAF, CCPA–BC DIRECTOR OF OPERATIONS & FINANCE

One of our favourite ways to engage with supporters who donate to the BC Solutions Fund is by hosting small research briefings and other special events. During our 20th anniversary event series last year, we hosted three research briefings in Vancouver and two in Victoria, plus three large public events. We've also started to provide live broadcasts of these research briefings for BC Solutions supporters from all across the province.

The research briefings in particular are a great way to bring together members of our CCPA–BC community to participate in rich discussions about our timely interventions on vital public policy issues in BC. For example, on April 25 this year we hosted a BC Solutions research briefing to discuss issues related to democratic reform—like the upcoming referendum on BC's electoral system, stemming the flood of corporate lobbying, and other ideas for creating a stronger democracy. We hosted the gathering at a community centre in Vancouver and broadcast the discussion online.

We also host special briefings for members of the BC Donor Circle, individuals who give $84 monthly, $1,000 annually or more to the BC Solutions Fund. We recently hosted a briefing on BC's natural gas sector, and our ground-breaking investigation into the disturbing regulatory breakdown of this industry. We hosted the gathering in our Vancouver boardroom, and invited donor circle members to also join by webcast and telephone.

Please consider joining our growing base of around 6,000 committed supporters by making a donation of any amount to the BC Solutions Fund. The success of the CCPA–BC Office has always been a result of a collective effort, so a donation of $5 per month goes a long way! Please also consider joining 70 other people who are members of the BC Donor Circle. Their leadership gifts have given us the flexibility we need to focus on what matters most: hard-hitting, timely research.

We'd be delighted to answer your questions and to provide you with more information about the BC Solutions Fund. You can reach us at 604-801-5121 or support@ccpabc.ca.

Laying the groundwork for future generations

Please join the Visionaries—a group of supporters who have chosen to make a planned gift to the CCPA.

By including the CCPA as a beneficiary in your will, you help to ensure we can continue to develop solutions that benefit your loved ones, neighbours, and the environment for years to come. A legacy gift is especially impactful—it is often the largest gift that anyone can give.

You can download a printer-friendly brochure at: policyalternatives.ca/BC-Legacy.

We would be grateful to know if you have planned a legacy gift to the CCPA, and how it has been designated (we encourage you to designate a part of your bequest for both the BC and National CCPA offices, as undesignated gifts go entirely to our National Office). Please contact Leo Yu at 604-801-5121 ext. 225 or leo@ccpabc.ca.

As a Visionary, you will receive special updates and invitations to social events to thank you for making social, economic and environmental justice a part of your legacy.

BC SOLUTIONS

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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.