BC COMMENTARY

a review of provincial social and economic trends

CCPA
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INSIDE:

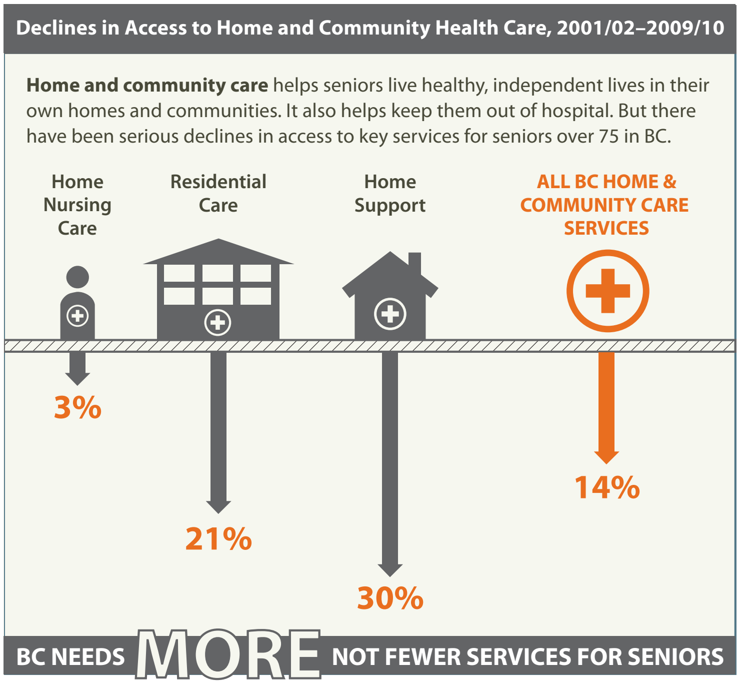
Better seniors care a solution to overcrowded hospitals and surgery wait times

By Marcy Cohen

This spring, a landmark investigation by BC's Ombudsperson highlighted the serious problems seniors face in accessing affordable high-quality home and community-based services (such as residential care, home nursing and home support). At the same time, BC continues to grapple with overcrowded hospitals and long waitlists for emergency care and surgeries.

Taken together, these challenges can seem overwhelming, prompting dire warnings about the "financial sustainability" of Medicare and fears that aging baby boomers are about to overwhelm the health care system, leaving few resources for younger British Columbians.

But a more comprehensive and better-coordinated system of seniors care can help us move beyond this impasse. It can help seniors stay healthy and independent in their own homes and communities. It can reduce strain on family caregivers, many of whom are already balancing full-time work and parenting. And it can reduce pressure on hospitals, the most expensive part of our health care system.



However, a decade of underfunding and restructuring has led to a home and community care system that is fragmented, confusing to navigate, and unable to meet seniors' needs.

A CCPA research report I authored in July finds, for example, that access to home support for seniors 75 and older dropped by 30 per cent since 2001/02. Access to residential care dropped by 21 per cent.

In both residential care and home support, eligibility criteria have become increasingly restrictive, to the point that seniors often have to wait until they are in crisis and admitted to hospital before they can access the community services they require. And even then, it can be very difficult.

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Subsidizing dirty industries with expensive clean electricity is a recipe for major rate hikes

By John Calvert and Marc Lee

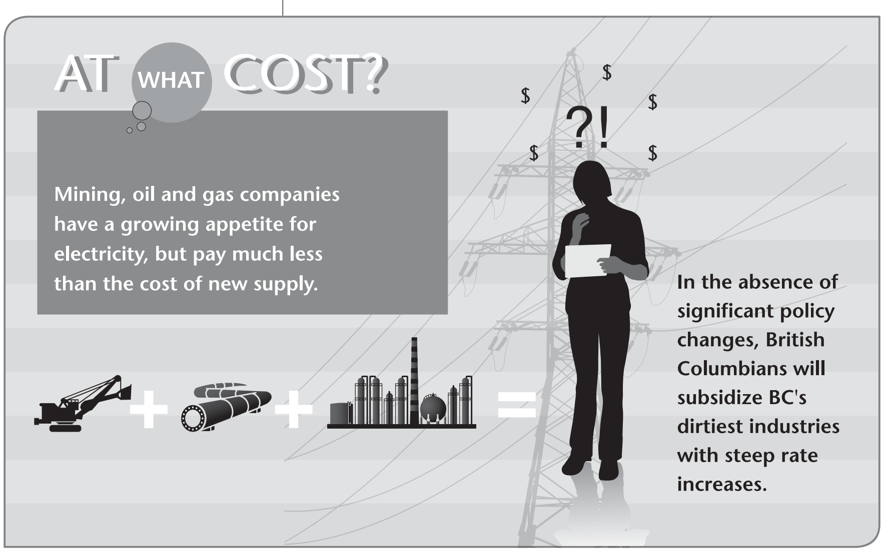
Premier Clark's decision to cap the BC Hydro rate increases next year may have ratepayers breathing a sigh of relief. But it's a short term fix that will only delay addressing the major financial challenges now facing our Crown utility. Once the 2013 election is over, whoever forms BC's new government will inherit an enormous problem.

BC must reduce, not increase its climate footprint. A range of government policies that currently support expanding export-oriented resource development must be curtailed.

Higher prices for electricity in BC are inevitable because of a decade of bad policy choices. While BC Hydro will get blamed, the key decisions have come from the BC government. The need for new electricity supplies is often explained away as "keeping the lights on in Vancouver," but the reality is that residential demand growth is projected to be flat, with increases in population offset by energy efficiency and conservation measures. Ditto for commercial buildings.

In fact, the demand for new power is coming from big, dirty industries. The province has pursued the growth of energy-intensive resource industries by offering them cheap electricity. But because new electricity is much more expensive than our existing supply, residential and commercial customers will end up paying more to subsidize heavy industry.

In its Jobs Strategy, the government outlines a vision for BC's economic development based on the premise that boosting our exports of oil, natural gas and minerals will create jobs and wealth for British Columbians. In fact, these sectors are very capital intensive and create few jobs. Even worse, their operations will make it impossible for BC to meet its legislated targets for greenhouse gas reductions.



Shale gas fracking and accompanying liquid natural gas (LNG) plants require enormous amounts of new energy. Even if it builds the controversial Site C dam, BC Hydro will not have sufficient electricity to meet the demands of the natural gas industry, while new coal and mineral mines in the northwest will also require significant amounts of electricity to power their operations.

BC Hydro and its ratepayers should be alarmed about the financial implications of this strategy. Under the current rate structure, all major customer classes — residential, commercial and industrial — share the cost of high priced new power. But the benefits will accrue almost entirely to resource projects. In other words, residential ratepayers will end up subsidizing the government's resource development agenda by paying more — a lot more — for their electricity in the future.

BC Hydro is already saddled with $40 billion in signed contracts to purchase private power. This is one major reason why it told the BC Utilities Commission (BCUC) in 2011 that it would need an increase of almost 100 per cent in revenues during the next decade. Directing BC Hydro to acquire even more power in the coming years to meet resource sector demands will only exacerbate this problem.

What are the options, then, for BC?

A first step is for the government to recognize the seriousness of climate change. Its economic policies need to incorporate an understanding that BC must reduce, not increase its climate footprint. A range of government policies that currently support expanding export-oriented resource development must be curtailed. Providing energy intensive projects with subsidized electricity encourages these industries to develop in BC while providing little incentive to conserve.

New resource projects, minimally, should pay the marginal cost of the new electricity BC Hydro has to acquire to meet their needs. The government

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Liquefied natural gas projects make no sense

By Ben Parfitt

In 2009, British Gas, a leader in the global liquefied natural gas (LNG) trade, submitted a voluminous environmental assessment report for a massive new gas processing plant and export terminal in Australia's Queensland state.

The plant, now under construction and scheduled to open in 2014, will produce just slightly more gas than two proposed LNG projects that have passed environmental reviews and been granted approvals to export processed gas from the Kitimat area on British Columbia's central north coast.

Since we are now, according to BC's Minister of Energy and Mines Rich Coleman, in a "foot race" with Australia to ship our natural gas to Asian markets, we might want to reconsider the wisdom of doing so in light of two disturbing facts in that report from Down Under.

When British Gas released details on its Queensland plant three years ago, there were no fewer than 17 LNG plant proposals under consideration in Australia. In BC there are currently about half a dozen.

To grease the wheels of LNG developments here in BC, Premier Christy Clark announced in June that her government would amend its Clean Energy Act so that natural gas qualifies as a "clean" fuel when it is used to power up LNG plants. She was notably silent on what this means for the government's legislated greenhouse gas emissions reduction targets.

It's no surprise why.

When the Queensland LNG plant is in full production, the combustion of natural gas in its state-of-the-art combined cycle turbines, the venting of CO_2 from the feed gas entering the facility, and the flaring of gas at the facility will result in 2.8 million tonnes of additional greenhouse gas emissions per year.

Such emissions should give British Columbians pause. The National Energy Board has granted two LNG projects proposed for the Kitimat area—BC LNG Export Cooperative and Kitimat LNG—the rights to export virtually the same volume of gas as the plant in Queensland. In addition, Shell has recently announced that it is considering constructing what could be a third LNG plant in Kitimat that would produce another 12 million tonnes of LNG.

Were all three BC plants to materialize and be powered by natural gas turbines as Premier Clark has given them the green light to do, the increase in BC's greenhouse gas emissions would be enormous—potentially another 5.7 million tonnes, based on the projected performance in Queensland.

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Clean Electricity and Climate Justice Update

The editorial by Marc Lee and John Calvert on the opposite page was published on June 20, the day we released the study *Clean Electricity, Conservation and Climate Justice,* also by Marc and John.

The following day, there was an important development: the BC government announced that natural gas would be considered "clean energy" for the purposes of liquefied natural gas (LNG) production, thereby relieving BC Hydro of supplying the massive amount of electricity that would be required for these plants—a major concern raised in the study and the editorial.

Marc and John quickly wrote an update to the *Clean Electricity* paper that addressed this change, which you can download from policyalternatives.ca/electricity-justice.

Resource analyst Ben Parfitt also published the above editorial in the *Vancouver Sun,* revealing the flawed reasoning behind the LNG decision. According to Ben's estimates, if BC were to approve three LNG plants, and if these plants burned natural gas for power, it would push BC's greenhouse gas emissions up by 9 per cent, undermining the government's own GHG reduction targets.

What the government consciously did not do was actually raise welfare benefit rates, which are abysmally low.

New BC welfare rules: Some positive steps forward (and a couple steps back)

By Seth Klein

In June, the BC government surprised many when it announced a host of welfare policy changes (the full list can be found at www.newsroom.gov.bc.ca/2012/06/common-sense-changes-encourage-work-protect-vulnerable-families.html).

After more than a year as premier, the announcement was billed as "the first pillar of [Premier Clark's] Families First Agenda." The changes themselves were described as "common sense" reforms (which raises the question of why the government stubbornly refused to make these changes for 10 years).

Overall, these changes are good news and long overdue (with some important exceptions). That said, many of the changes are marginal; most will impact very few people, and the government estimates the cost of the changes at approximately $5 million—a rounding error in provincial budget terms.

BC will be restoring earnings exemptions for all welfare recipients. For the last 10 years, if you did not have a recognized disability or barrier to employment, BC offered no earnings exemption —every dollar earned was clawed back off your welfare cheque. As of June 11, people on social assistance in the "expected to work" category will be able to earn and keep $200 per month. The CCPA (along with many others) has advocated for the restoration of earnings exemptions ever since the government eliminated them in 2002. Given that welfare benefit levels are completely inadequate, this top-up is vital. But earnings exemptions are also a valuable path back into the paid workforce.

Earnings exemptions for people with disabilities (those in the PWD category of social assistance) will now rise from $500 to $800 per month. Moreover, PWD folks will now be able to calculate and claim their earnings exemptions on an annualized basis, rather than on a monthly basis. This is great, and if I may be permitted to boast, something the CCPA first proposed to the BC government in a 2008 report, *Removing Barriers to Work: Flexible Employment Options for People with Disabilities in BC*. For some people (particularly those who wrestle with mental illnesses), the ability to work is intermittent. This new rule means that if you have a hard month and can't work, you can bank your unused earnings exemption amounts and claim them in months when you feel better.

But here's the rub. Most people on PWD don't use earnings exemptions. As we found in our 2008 report, fewer than one in five PWD folks claim any earnings exemptions, and only a small fraction of those use the full exemption amount (meaning, the previous allowance of $500/month). That stands to reason—most people classified as PWD aren't able to work.

Buried at the very end of the government's backgrounder was another long-overdue "win" —the government is scrapping the welfare time limits rule. In 2002 it introduced a very controversial rule limiting access to welfare to two out of five years. This rule galvanized opposition across the province, and the CCPA played a leading role in pointing out the profound social harm that would result from this policy. As the two-year mark approached in February 2004, however, the government backed down, and instituted an exemption to the rule that effectively made it moot. Anti-poverty activists and their allies, for all practical purposes, won. But the government stubbornly refused to remove the rule itself from the books—until now. Victory at last.

But it's never all good news. The government announced one particularly punitive rule change—the three-week wait that welfare applicants have been forced to endure since 2002 is being extended to five weeks. This penny-pinching move will cause increased hardship for many. The government officially refers to this period as the "work search" requirement. But welfare is already understood as an income of last resort. To make people wait longer is to risk evictions and forces people into compromising and dangerous circumstances (as we noted in our 2006 report, *Denied Assistance*). This rule clearly fails the common sense test: most people on social assistance have

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The case for exempting child support from welfare

By Kendra Milne

As Seth discusses in his recap (opposite), the June 11th announcements contained some positive changes. In particular, the re-introduction of an earning exemption for those in the "expected to work" category of income assistance is a significant policy shift. Since 2002, if recipients in that category earn any income, it has been deducted dollar for dollar from their monthly income assistance. The government's rationale for this has been that allowing recipients to exempt some earned income creates a disincentive for them to transition off of assistance to employment.

The Ministry of Social Development's June 11th announcement seems to acknowledge that policy rationale is not sound, noting that the new $200 per month per family earnings exemption would give "employable individuals a better opportunity to get job skills and experience, take advantage of short-term or temporary work, and better provide for their families while receiving assistance." That is a big and very positive shift in approach.

Given the Ministry's change in outlook regarding the balance between a welfare system that provides employable recipients some basic level of dignity and support, and a system that is so cushy that recipients will choose to rely on tax payer support over supporting themselves, this seems like a good time to raise another long-standing concern with the welfare system: child support.

History of child support exemptions

Prior to 2002, recipients could receive up to $100 per month in child support without impacting their assistance. The idea was that a limited exemption would create an incentive for parents to go out and get a child support order against their ex, and to take steps to enforce that order. In 2002, that limited exemption for child support was eliminated and, since then, any penny of child support received by a parent on income assistance has been deducted from their assistance dollar for dollar.

The government's rationale for the 2002 change was two-fold. First, the Ministry is the payer of last resort and if there is a private source of support available (a parent), a recipient should rely on that instead of welfare. The Ministry will top that amount up if it's not enough for basic necessities (as defined by the Ministry), but that's it. Second, the Ministry requires that all recipients pursue any potential income, so recipients are required to assign their child support rights over to the Ministry as a condition of welfare eligibility. There are government funded programs that obtain and enforce family support orders on the recipients' behalf, so the exemption is no longer required as an incentive in that respect.

The problem with no exemption

A quick look at how Ministry welfare rates work quickly illustrates the difficulties with the removal of any exemption: most of the financial support many recipients receive for their children comes from the federal National Child Benefit program, not the provincial Ministry.

The Ministry provides a portion of monthly assistance geared towards shelter costs and that amount is based on the number of people in a family regardless of age. While a single person gets $375 per month for shelter costs, a two person family gets $570, a three person family gets $660, a four person family gets $700, and so on. The shelter amount continues to increase by $35-$50 per additional family member. So in terms of shelter benefits, the Ministry is providing some financial assistance for children in a family unit, just because the family unit is larger. The amount of that assistance depends on how many people are in the family, and can be quite minimal in larger families.

The larger problem involves the second portion of monthly assistance provided by the Ministry, which is intended to cover basic living necessities. This portion does not increase based on the number of children in a family. A single person gets $235, and a single person with any number of children gets $375.58. Beyond the increase for simply being a single-parent family with children, there is no additional monthly assistance paid by the Ministry for the children. Instead, most families receive much of the support for their children through the federal National Child Benefit program, which was intended to provide financial support for low income children not tied to eligibility for welfare. The program was designed to assist recipients to transition off of welfare by providing a stable source of financial support for children that a family can continue to receive if they transitioned from welfare to low paying employment.

Long story short, many families are getting only minimal or partial financial support for their

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The bottom line is, as long as welfare rates remain so low, creating even a partial exemption for child support payments would allow vulnerable families with children increased financial resources to meet basic costs of living.

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Better seniors care

The impact of these changes can be seen in the increasing number of patients who can't be discharged from hospital because the appropriate residential or home health services are not available. These patients are called "Alternate Level of Care" or ALC patients. Over the five years since 2005/06, the number of ALC patients in BC hospitals increased by 35.5 per cent.

For elderly patients, being stuck in hospital can lead to a decline in their mobility and their ability to live independently. It also contributes to overcrowded hospitals.

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Research shows that hospital occupancy rates of 85 per cent or lower are optimal. When hospitals operate above optimal capacity, it is harder to isolate patients with antibiotic resistant viruses, respond to emergency admissions without having to delay elective surgeries, or control wait times in emergency departments. Overall hospital occupancy rates in BC are about 97 per cent, and many hospitals are struggling to function at well over 100 per cent capacity.

The most cost-effective way to address these problems is to create a more accessible and integrated home and community care system, one that focuses on early intervention and supporting seniors to live well and die with dignity.

This shift requires, at least initially, increased funding to improve access to key services. It also requires changes in how health care is organized. For example, seniors with complex needs frequently have multiple health providers (a family doctor, one or more specialists, a home nurse, etc.) who often don't even communicate with one another, let alone work as a team. Many of the basic home support services they need, such as assistance with transportation and meal preparation, are not publicly provided.

These challenges can be resolved when services are reconfigured around a senior's needs, delivered by an interdisciplinary team of health professionals and front-line workers, and available 24/7.

A more accessible and integrated system also will save money down the road by reducing the need for expensive emergency room visits and hospital stays. The cost of treating a senior in hospital ranges from $825 to $1,968 per day, whereas the cost of residential care is approximately $200 per day.

The provincial government's stated goal is to support seniors as they age to live well in their own homes and communities. What is missing is strong leadership to make this goal a reality. The province has not committed the resources and infrastructure needed to rebuild BC's home and community care system or implement the Ombudsperson's recent comprehensive recommendations. These commitments are needed if we are to resolve the challenges in seniors care and the problems of hospital overcrowding and wait lists.

Marcy Cohen is the author of Caring for BC's Aging Population: Improving Health Care for All, *published by the CCPA-BC and the BC Health Coalition, and available at policyalternatives.ca/hcc-for-seniors.*

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Child support and welfare

children via the Ministry of Social Development, yet the Ministry deducts child support from the benefits it pays out, regardless of the amount of that support.

The bottom line

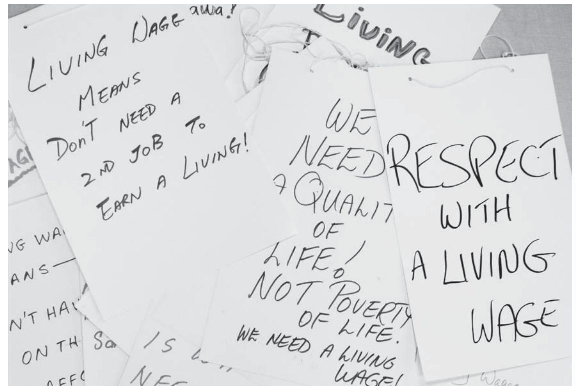
The level of child poverty in BC is well known. While the remedy to that problem may be multifaceted, one thing seems certain: low income families with children are struggling and we're far from a welfare system so lavish that families will choose it over self-sufficiency. The Ministry has a number of tools available to ensure that families receiving extraordinarily high levels of support will not inappropriately rely on the public system, and the federal benefit system has its own eligibility criteria.

The bottom line is, as long as welfare rates remain so low, creating even a partial exemption for child support payments would allow vulnerable families with children increased financial resources to meet basic costs of living.

Kendra Milne is a CCPA-BC research associate and a lawyer at the Community Legal Assistance Society. Her work focuses on legal issues that impact people with disabilities and those living in poverty, including income security, housing, debt and human rights.

Metro Vancouver living wage in 2012: $19.14/hour

By Iglika Ivanova and Seth Klein



In April we co-published Working for a Living Wage 2012 *with First Call: BC Child and Youth Advocacy Coalition, and the Metro Vancouver Living Wage for Families Campaign. This is the third annual update of the original Metro Vancouver living wage calculation published in 2008.*

The living wage is calculated as the hourly rate at which a family with two full-time earners and two young children can meet its basic needs, once government taxes, credits, deductions and subsidies have been taken into account. Despite the recent increase in the minimum wage, it is estimated that at least 25 per cent of families with children in Metro Vancouver still earn less than a living wage.

The 2012 living wage saw a notable $0.33 increase over the 2011 Metro Vancouver living wage of $18.81/hour.

The jump is driven by big increases in shelter costs and child care fees, already the most expensive items of the family budget. Shelter costs rose by $76/month (or close to 6 per cent), driven by soaring rents in Vancouver and modest increases in the cost of utilities and telephone. Child care fees took a big jump of $33/month, a 3 per cent increase. The BC government provides child care subsidies for low-income parents, but rates have not increased since 2005. Finally, MSP premiums increased by 6 per cent a year over the last three years (and are slated to increase again in 2013).

However, not all items on the budget rose. Most notably transportation costs fell by $28/month (despite increases in car costs) due to the introduction of the universal U-Pass for students in all publicly funded post-secondary institutions in BC as of September 2010. The living wage budgets for two college courses per year to allow one (or both) parents to upgrade their skills and eventually land a better job. The parent enrolled in courses is eligible for the U-Pass, which reduces the family public transit costs from $110 to $30 per month for the eight months (two semesters of four months each). Without the U-Pass, the living wage in 2012 would have to be 22 cents per hour higher to meet the family's living expenses.

This illustrates the important role of public programs in enhancing affordability. When public services are made more affordable, the living wage rate is moderated, easing the role of employers in ensuring that families can meet their core budgetary needs.

Many cities around the province are starting to get serious about this issue, following the lead of the city of New Westminster in exploring passing a living Wage Policy. In fact, just this week School District 69 in (Parksville/Qualicum) became the first School District to pass a Living Wage policy.

In Metro Vancouver, a growing number of leading corporate and non-profit employers are committing to pay a living wage to all their direct staff and contracted service staff, including janitorial, security and cleaning staff.

Twenty six organizations in Metro Vancouver, employing over 5000 workers and covering many thousand more contracted service workers, have been certified as Living Wage Employers. These include SAP–Vancouver, Vancity, The Canadian Cancer Society–BC and Yukon Division, the United Way of the Lower Mainland and [the Small Business BC's "Best Employer in 2012,"] Eclipse Awards.

Iglika Ivanova and Seth Klein are co-authors of the report Working for a Living Wage 2012: Making Paid Work Meet Basic Family Needs in Metro Vancouver. *Download it at www.policyalternatives.ca/livingwage2012*

Despite the recent increase in the minimum wage, it is estimated that at least 25 per cent of families with children in Metro Vancouver still earn less than a living wage.

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New BC welfare rules

a recognized disability or barrier to employment, yet this policy paradoxically presumes employability. It too merits abandonment.

Overall, some welcome changes. But what the government conspicuously and consciously did not do was actually raise welfare benefit rates, which are abysmally low and unlivable. If the government thinks it can make a significant dent in poverty reduction without spending money, it is mistaken.

Seth Klein is the Director of the CCPA-BC Office and co-author of Living on Welfare in BC *and* Denied Assistance, *downloadable at www.policyalternatives.ca.*

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Expensive clean electricity

should stop subsidizing new transmission infrastructure, new roads and other services for resource projects and end its policy of requiring BC Hydro to continue to purchase large volumes of over-priced private power. BC also needs to revamp its generous tax and royalty regime, which currently focuses not on getting full value of resources for the province, but rather on getting as many new projects started as quickly as possible in the short term.

BC also needs to implement many of the conservation options outlined in BC Hydro's 2007 Conservation Potential Review. Instead of planning to develop more and more power, we need investments that will use our existing hydro power more prudently. We need tougher building codes for new construction, mandatory energy audits and other regulatory tools to push energy conservation. We also need a concerted effort to retrofit the existing stock of buildings, which consume about 40 per cent of the total energy we use. Investments in building retrofits, new public transit and other conservation measures are a much better—and more cost effective—approach to job creation.

Unlike other jurisdictions, BC generates over 85 per cent of its electricity from our historic renewable hydro facilities. We have an excellent base on which to build a low carbon economy. But none of this will happen without a fundamental change to the government's current resource based economic development agenda.

John Calvert and Marc Lee are the authors of Electricity, Conservation and Climate Justice in BC: Meeting Our Energy Needs in a Zero-Carbon Future, *published as part of the Climate Justice Project, a research alliance led by the CCPA–BC and the University of British Columbia. Download at: www.policyalternatives.ca/electricity-justice.*

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Liquefied natural gas projects

Such an increase would push BC's overall emissions as of 2010 up another 9.1 per cent. That's precisely the opposite of what we need to do. By 2020, BC is by law supposed to have reduced its overall emissions to 33 per cent below 2007 levels. Worse, the emissions associated with getting all of the natural gas out of the ground to run through those LNG plants will be even higher.

Clark and Coleman ignore such troubling details, arguing that natural gas is "clean" when burned to liquefy gas that is then sold to China, Korea and Japan and allegedly displaces the burning of coal. In this, they may have company. NDP energy critic John Horgan has mused that he's untroubled by "burning a little gas" here if it displaces the burning of allegedly dirtier fuels somewhere else.

BC politicians may wish this "displacement" to happen, but in truth there is little evidence to suggest that it will. A more plausible outcome, based on the fact that greenhouse gas emissions in China, Japan and Korea continue to rise and that there is no global commitment to cap such emissions, is that those countries and others will end up burning more gas and more coal.

As disquieting as it is to see our government apparently abandoning BC's climate change commitments, equally alarming is that their boosterish stance on LNG exports also ignores some troubling economic realities.

In its Queensland LNG report, British Gas noted that there was only a narrow window of opportunity to get its new plant into operation. That's because the supply of natural gas from Australia alone could flood export markets and send prices spiraling down.

"It is unlikely that all but a few projects will proceed," the company reported, adding that it was critical to the company's financial bottom line to win the so-called foot race and have its Queensland operation in place by no later than 2014–2015.

In the global race to supply Asia with LNG, it looks like Queensland is well ahead. Which begs the question: Why do BC's elected leaders persist in entering a race that looks more and more like a climatic and economic race to the bottom?

Ben Parfitt is a resource policy analyst with the Canadian Centre for Policy Alternatives and research associate with the Polis Project on Ecological Governance at the University of Victoria. He is the recent author of Fracking Up Our Water, Hydro Power and Climate: BC's Reckless Pursuit of Shale Gas, *a CCPA/Climate Justice Project publication.*

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