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## We can fix Vancouver's broken housing market

BY MARC LEE

*Metro Vancouver's housing market is broken. While most of the attention has been on the soaring price of housing, there is also a crisis in the rental market, and the complete absence of any secure housing for the most needy. Together, these factors have fuelled a widening gap between rich and poor.*

To address this crisis we must stop treating housing primarily as an investment rather than a place to live. Vancouver's housing should be owned by the people of Vancouver, not absentee owners or corporations.

First, we need to take external capital out of the game. The ability of outside wealth—whether Chinese, Russian, American or Albertan—to come into the housing market is largely unquestioned. But when Vancouverites have to compete for housing with the world's super-rich, locals cannot win.

In London's even crazier real estate market, the UK government has acted to curb foreign money inflows by making its property transfer tax steeply progressive (topping out at 12 per cent above \$3 million), and adding a 3 per cent transfer tax on purchases of second homes and rental properties.

BC's property transfer tax was recently amended along these lines to keep outside money at bay, but it fails to address other ills of the real estate market like speculation. And over the longer term, though, we need to have a conversation about outright restrictions on absentee ownership.



In addition to cooling demand, we need to build public housing supply, lots of it. The development industry maximizes its profits when it can sell exclusive, luxury units to the top bidder. We need to revive the role of public enterprises to build the housing that local people need, not what investors want.

The tools for such public investment are already in place, from CMHC to BC Housing to regional/municipal housing agencies, not to mention potential partnerships with a wide array of non-profit housing providers.

We can start with an ambitious expansion of the rental housing stock, ideally with cooperative and social housing models. We need about 5,000 new units per year just to keep pace with demand. And more if we want to address the housing backlog, from thousands of homeless people up to the estimated 145,000 households considered in "core housing need" (meaning they spend more than 30 per cent of their gross income on housing).

In addition to rentals, a building program should also explore innovative affordable

# Working for a living wage 2016

Each year, the CCPA-BC calculates the living wage—the hourly wage that two working parents with two young children must earn to meet their basic expenses. Annual updates are needed to capture changes in expenses like child care fees and rent, and changes to government tax and transfer policies.

This year, the living wage for Metro Vancouver decreased for the first time in the eight-year history of the living wage campaign. It's now \$20.64/hour, four cents less than it was in 2015 but still almost double the BC minimum wage. Although the cost of living continues to rise, the new, more generous Canada Child Benefit boosts family incomes enough to absorb the higher costs.

Living wage rates have also decreased in the Capital Regional District (\$20.02), District 69 (Parksville-Qualicum) (\$16.76), Prince George (\$16.52), Kamloops (\$17.21) and the Fraser Valley (\$16.28).

The decrease in the living wage rates demonstrates that good public policy can help families, but there is still much to be done.

Working poverty is a Canada-wide issue. Over fifty communities across the country, including 21 in BC, have active living wage campaigns and are advocating to improve quality of life for low-wage workers. As well, 57 organizations across BC, employing over 6,500 workers and covering many thousand more contracted service workers, have been certified as Living Wage Employers.

*Working for a Living Wage 2016: Making Paid Work Meet Basic Family Needs in Metro Vancouver, co-published by the CCPA-BC, First Call and the Living Wage for Families Campaign, is available at [policyalternatives.ca/livingwage2016](http://policyalternatives.ca/livingwage2016).*



*Continued from cover  
We can fix Vancouver's broken housing market*

ownership models, like community land trusts, where constraints on resale price serve to lock in affordability over the long term. Whistler also provides an excellent BC example of developing affordable ownership for local workers.

The challenge is how to fund the upfront costs of building new housing, typically about \$250,000 per unit (800 square feet, mid-rise apartment). That means an annual investment of between \$1.25 and \$2.5 billion to build 5,000 to 10,000 units per year, less where land is contributed or development charges waived. That said, most of that upfront cost would get repaid over the lifetime of the building through rent.

To finance such a build out, and to make the tax system more fair, we should reform how we tax property. For example, a progressive property surtax kicking in at \$1 million of assessed value would only affect the top one-third of homeowners, but would raise \$1–2 billion per year.

Similarly, the windfall capital gains from housing price escalation should be subject to tax, just like

income from working is or (to a lesser extent) income from selling stocks. A lifetime capital gains exemption of \$500,000 could be included, with only gains above this amount taxed.

The surge in real estate prices has further increased the gap between rich and poor, with homeowners essentially winning the lottery. A portion of those winnings should be taxed to build the affordable housing we need.

It's clear that we need a more rational management of housing in the interests of the people who live and work in the city. We have plenty of examples of success from our own history and other jurisdictions. The real challenge is political will, and overcoming the powerful collection of vested interests in the housing market.

*Marc Lee is a senior economist with the BC Office of the Canadian Centre for Policy Alternatives, and the author of Getting Serious about Affordable Housing, available at [policyalternatives.ca/fix-housing](http://policyalternatives.ca/fix-housing).*

*To address this crisis we must stop treating housing primarily as an investment rather than a place to live.*

# BC's public finances and the art of the possible

BY ALEX HEMINGWAY

*We sit less than a year away from the next provincial election in BC, and the legislature has now closed its doors for the summer. It's a good time to reflect on an important, big-picture question: what kind of path are we on in this province when it comes to public policy?*



## INTRODUCING THE CCPA-BC'S NEW PUBLIC FINANCE ANALYST

**Alex Hemingway's** work focuses on the state of BC's public services, including education, health care, social services and regulation, particularly in the face of growing societal challenges that require a collective response. He also investigates the taxation system and its relationship to inequality and the capacity of government to provide high-quality and accessible public services. Alex is finishing a PhD in Political Science at UBC, where his dissertation focuses on the relationship between economic inequality and inequality of political influence. He holds two master's degrees from the London School of Economics (MSc Social Policy and Planning; MSc Global Politics), as well as a BA in psychology from SFU, with a focus on evolutionary psychology and the evolution of human morality. *Follow Alex on Twitter @1alexhemingway*

While recent economic growth in BC has been at a slightly higher rate than the rest of Canada, we are facing a range of urgent social problems.

For example, major education cuts are coming to our largest school districts, which face multi-million dollar funding shortfalls from the provincial government. Our health care system is increasingly overloaded, with seniors' homes desperately understaffed and failing to meet government guidelines. At the same time, basic social assistance rates haven't budged in almost a decade, even as housing costs continue to skyrocket.

Yet we're told that action on these crises will have to wait—that the costs of public services are high and rising, and any major reinvestment in education, health care and poverty-reduction is impossible without faster economic growth (which, according to the latest BC budget, the government does not expect).

One good way to cut through the rhetoric is to focus on hard numbers, and we can learn a lot from the numbers in the *2016 BC Budget and Fiscal Plan*. In reality, BC has the fiscal capacity to begin tackling the crises we face now—it's a matter of priorities.

Let's begin with education. At first glance, the 2016 budget shows education spending (K-12 and post-secondary) increasing by an average of 1.7 per cent annually, from \$11 billion in 2009 to a projected \$12.9 billion by 2018. But once you begin to factor in inflation, population increases and economic growth, things look quite different.

In fact, as a share of BC's total economic pie, public education funding is actually decreasing. By 2018, education spending is expected to fall to 4.7 per cent of the province's GDP, down from 5.7 per cent in 2009.

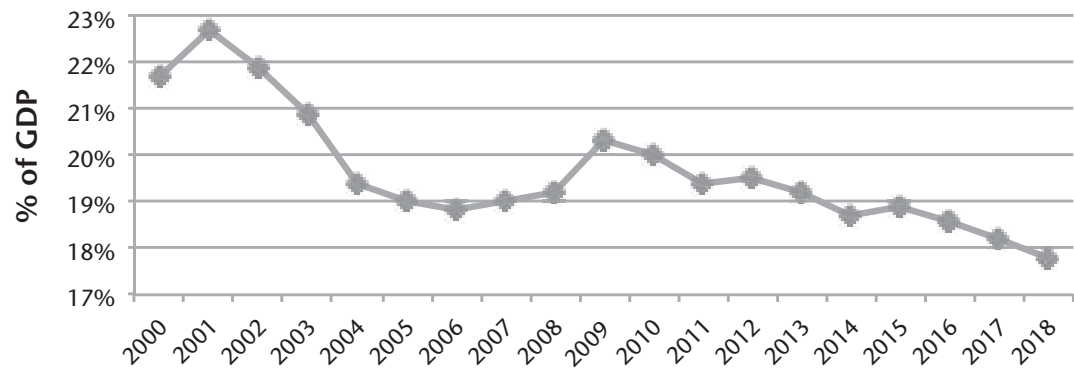
This is important because how much of the pie we're spending on public services is a more accurate reflection of our collective ability to pay for them, rather than simply looking at overall dollar amounts.

Next, let's take our public health care system. We often hear in the media about spiralling costs, and indeed health spending in BC is increasing faster than other areas, rising from \$15.3 billion in 2009 to a projected \$20.8 billion in 2018.

There's no question that these are large numbers—but public health care spending is hardly breaking the bank. Again, when we look at these dollars relative to the size of our overall

*In reality, BC has the fiscal capacity to begin tackling the crises we face now—it's a matter of priorities.*

Provincial public spending as a proportion of the BC economy



Source: 2012 BC Financial and Economic Review (Table A2.8). Budget and Fiscal Plan 2016/17 – 2018/19 (Table A12).

economy, we get a more accurate picture. In fact, health spending has been relatively steady in recent years and is now expected to fall somewhat from 7.8 per cent of GDP in 2009 to 7.5 per cent in 2018.

Now, to be clear, improving public health care does require dealing with problems in the system, such as deep cuts to home and community care, which have increased expensive emergency room visits and loaded new pressures onto overcrowded hospitals.

But public sector solutions for improving health care are already at our fingertips. Health policy research shows the need to reinvest in home and community care, develop interdisciplinary teams of health care professionals, and use innovative best practices to reduce surgery wait times. These types of measures both increase quality of care and help contain costs.

Unfortunately, the persistent failure to make these types of long-term investments in the public health system means we actually end up spending more to get less.

Similarly, research from the CCPA's Iglia Ivanova estimates that inaction on poverty costs British Columbia at least \$8-9 billion every year. In contrast, a comprehensive poverty reduction plan would cost \$3-4 billion annually. For example, a program to fund housing for the homeless would actually be cheaper

than the status quo, by reducing the strain on expensive public services like ambulance calls.

Overall, provincial spending compared to the overall size of the economy (as a percentage of GDP) has dropped from 21.7 per cent in 2000 to 18.6 per cent in 2016, and is projected to fall even lower in the coming years. Meanwhile, the tax system has become less fair through policies like tax cuts for high income earners and hikes to the regressive and unfair MSP tax.

But new investment is possible. By restoring provincial government tax revenue to the 2000 share of GDP (10.9 per cent), BC would have over \$3.5 billion more to invest each year in education, health care, and raising social assistance rates—not to mention other critical priorities such as child care and climate action. In fact, if we had the same total share of the economic pie dedicated to public spending as in 2000, that would mean over \$7 billion more available.

Meanwhile, the current lack of investment in BC's public services is costing us billions, and, more importantly, perpetuating poverty, putting the environment at risk, and ultimately damaging people's lives.

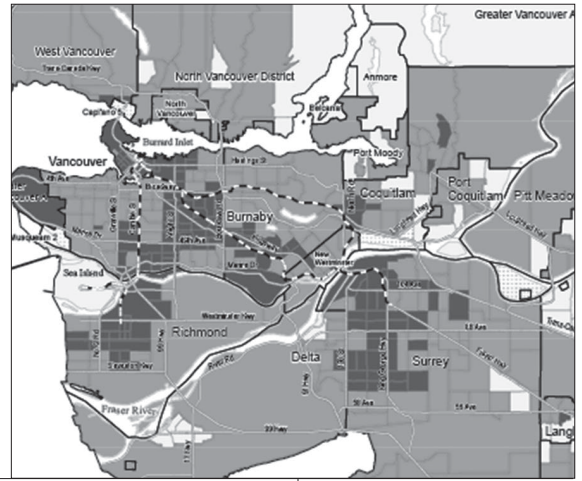
They say politics is the art of the possible, which is usually meant as a warning to restrain ambition and expectation. But when you get down to the hard numbers, for BC, the possibilities are significant and within our grasp. •

*The current lack of investment in BC's public services is costing us billions, perpetuating poverty, putting the environment at risk, and ultimately damaging people's lives.*

# The hidden epidemic of working poverty in Metro Vancouver

BY IGLIKA IVANOVA, MICHAEL MCKNIGHT AND TRISH GARNER

*We are often told that the solution to poverty is for the poor to “get a job” or for various sectors to create more jobs. But the reality is that a job is not a guaranteed path out of poverty. Many of the new jobs created in BC since the 2008 recession have been part-time, temporary and low paid. The result is a growing group of workers living in poverty—the working poor.*



We all know that some jobs pay low wages and don't provide stable hours. At the current minimum wage of \$10.45, a minimum wage worker with no dependents working full-time earns less than the poverty line both before and after tax. Recently announced increases over the next year and a half won't change this.

Some people mistakenly believe that low wage jobs are filled mainly by teenagers and youth, and are a rite of passage of sorts while young people still live at home. But most low-wage workers are not kids—they have families, and they get stuck in dead-end jobs that keep them in poverty.

Over 100,000 working-age people in Metro Vancouver were working but stuck below the poverty line in 2012, according to *Working Poverty in Metro Vancouver*, a report we published in June. Another 73,500 working poor British Columbians lived outside the Metro Vancouver area. Across Canada, over a million workers aged between 18 and 64 were working poor.

These numbers are conservative estimates, as they don't count post-secondary students or adults living with their parents or other relatives. The true extent of the problem is likely much worse.

Almost two thirds of Metro Vancouver's working poor in 2012 were between the ages of 30 and 54—what economists consider prime working age (61 per cent). Almost half of the working poor had dependent children (42 per cent). In Metro Vancouver, single parents are the most likely to experience working poverty, followed closely by individuals living alone.

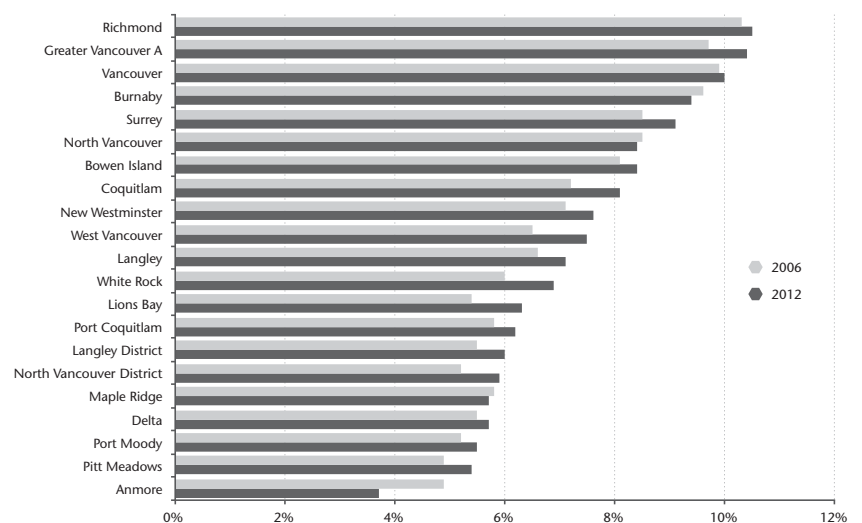
While we don't have data on immigrant status and working poverty, a recent Statistics Canada study showed that the poverty rate among Vancouver immigrants who have been in Canada for fewer than 15 years is double the rate of long-term immigrants and Canadian-born citizens.

Among Canadian cities, Metro Vancouver has the second highest rate of working poverty (8.7 per cent of the working-age population), after Greater Toronto (9.1 per cent). The hardship is even more severe in these two regions than the statistics show, since the measure of poverty used in the study does not account for differences in housing costs across the country.

*Over 100,000 working-age people in Metro Vancouver were working but stuck below the poverty line in 2012.*

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**Working poverty by municipality in Metro Vancouver, 2006 and 2012.**  
Percentage of working poor individuals among the working-age population.



Source: Statistics Canada, custom tabulation, T1FF tax filer data.

Note: Greater Vancouver A, also known as Electoral Area A, is an unincorporated area that includes UBC, the University Endowment Lands and several sparsely populated areas of Metro Vancouver.

# FIPPA: Our recommendations to the legislative review

BY KEITH REYNOLDS

Last May, BC's Special Legislative Committee to Review the Freedom of Information and Protection of Privacy Act (FIPPA) came down with recommendations that should go a long way to improving government transparency. In a rare act of unanimity, the Committee's recommendations were supported by both government and opposition Committee members.



*The most important of the recommendations: that the government be compelled to document its decision making, something that has not been happening.*

Every five years the legislature reviews the Act and asks for public input. I made a submission on behalf of the CCPA's BC Office, and was glad to see our recommendations acknowledged throughout the Committee's report. The report made reference to our submission in nine places, touching on issues such as proactive disclosure of information, domestic storage of information, reducing response times and putting a check on the government's ability to withhold information. We suggested that fees be reduced and that corporations owned by public bodies be opened up to the provisions of the legislation.

We also supported the most important of the recommendations: that the government be compelled to document its decision making, something that has not been happening, as we see fewer and fewer things being written down.

Even though government members on the Committee supported the legislation it does

not necessarily mean the changes will be made. A number of the recommendations mirrored earlier suggestions from Committee reports five years ago and ten years ago that never made it to legislation.

This time, however, the government is under pressure to accept at least some of the changes due to recent information-related scandals, such as "delete delete delete." Legislation would have to be introduced in a fall session of the legislature (if one is held) or in the run up to the provincial election next spring.

*Keith Reynolds is the former National Research Representative for the Canadian Union of Public Employees, a board member of the BC Freedom of Information and Privacy Association, and a long-time research associate with the CCPA-BC.*

## More analysis from the CCPA-BC Office

### Can Canada expand oil and gas production, build pipelines and keep its climate change commitments?

This report finds that Canada cannot meet its global climate commitments while at the same time ramping up oil and gas extraction and building new export pipelines. The analysis also shows that there is already enough existing capacity to handle the maximum increase in oil sands production allowable under Alberta's oil sands emissions cap.

[policyalternatives.ca/more-than-enough](http://policyalternatives.ca/more-than-enough)

### Big dams and a big fracking problem in BC's energy-rich Peace River Region

This analysis describes FOI-released documents showing that, for years, BC Hydro officials have quietly feared that earthquakes triggered by natural gas industry fracking operations could damage their Peace River dams.

[policynote.ca/big-fracking-problem](http://policynote.ca/big-fracking-problem)

### What's the real story behind BC's education funding crisis?

This analysis challenges provincial government claims that education funding is "at record levels" funding, showing that it has actually shrunk substantially as a share of BC's overall economic pie, and fallen almost \$1,000 per student below the Canadian average.

[policynote.ca/education-crisis](http://policynote.ca/education-crisis)

# Rethinking BC's surgical wait time strategy

BY ANDREW LONGHURST, MARCY COHEN  
AND DR. MARGARET MCGREGOR

*Have you had to wait months for surgical consultation, let alone the surgery itself? If so, you're not alone. British Columbians are waiting an unacceptable amount of time to receive the care they need. Since 2010, surgical wait times have increased significantly for key procedures, including hip and knee replacements and cataract surgery. BC has some of the longest waits in the country.*



Why are wait times getting longer?

Over the last 10 years, BC has seen a number of successful initiatives intended to reduce surgical wait times in the public system—led by local groups of surgeons, health authority administrators and practitioners. But these have not been scaled up province-wide.

Instead, the BC government has focused almost entirely on short-term funding measures and incentives to complete more surgeries—strategies that, on their own, have a poor record of reducing wait times over the long term.

Last year, the government for the first time released a comprehensive report outlining its plan for tackling wait times. While the plan includes many good ideas, it proposes going in two contradictory policy directions at once.

On the one hand, the government's report acknowledges the need for more provincial leadership to reduce waits, but on the other, it recommends extending the length of stay in private surgical facilities for up to three days.

Currently, private surgical facilities can only perform day surgeries, meaning all other surgeries must be performed in public hospitals. Allowing up to three-day stays would be a massive step towards health care privatization—a move the College of Physicians and Surgeons of BC recognizes would lead to a private hospital sector.

The Vancouver Island Health Authority is already experimenting with new strategies to contract out day surgeries. Last year it announced plans to send 55,000 day procedures to the for-profit surgical sector over the next five years.

We are at an important crossroads for health care in BC. Attempting to move in these two directions at once takes us farther down the road of health care privatization, and makes it even harder to implement surgical wait time solutions in the public system.

A large body of international research shows that private, for-profit delivery actually costs more, is lower quality and less safe, and destabilizes the public system.

Meanwhile, the government itself acknowledges that 18 per cent of operating rooms in the public system are not regularly staffed, primarily due to a lack of funding. Some sit completely unused during summer months, and none have extended hours. And yet the government has no concrete strategy for better utilizing this existing capacity.

Our research offers many innovative public policy solutions, drawing on successful surgical improvement strategies from BC and beyond.

Here's just one example: Richmond Hospital reduced wait times for hip and knee replacements from 20 months to five months by using two operating rooms: surgeons moved between rooms and teams completed eight joint replacements per day instead of six. Yet this successful, innovative program was terminated two years ago. All hospitals in BC could be using this more efficient model, but provincial leadership and coordination is required.

Canada's Wait Time Alliance—made up of 18 national medical organizations—encourages us to learn from Scotland's impressive work. This is a country—comparable in population

*We are at an important crossroads for health care in BC.*

to BC—where 90 per cent of trauma and orthopedic surgery patients are treated within 12 weeks. In BC less than half of knee replacement patients receive surgery within 26 weeks.

Like Scotland, BC should adopt a central “first available surgeon” referral system so patients have the option to receive consultation and surgery faster. The current approach creates unnecessary bottlenecks and long waits. Scotland’s outstanding record comes from sustained leadership and a commitment to improving the quality and efficiency of care delivered in the public system.

The Wait Time Alliance also points to inadequate residential and home care for seniors as a barrier

to reducing wait times. An investment in this important social infrastructure will reduce hospital overcrowding, cancellations of elective surgeries and, ultimately, wait times for all patients.

Solutions to long surgical wait times are abundant. If the BC government chooses public innovation over privatization, it can improve timely access to high quality surgical and specialist care. With provincial leadership, long waits can be a thing of the past.

*Andrew Longhurst, Marcy Cohen and Dr. Margaret McGregor are authors of Reducing Surgical Wait Times in BC: The Case for Public Innovation and Provincial Leadership, available at [policyalternatives.ca/rethink-surgical-waits](http://policyalternatives.ca/rethink-surgical-waits)*

Contrary to stereotypes about poverty being concentrated mainly in Vancouver and Surrey, our study finds the working poor are spread out across the Metro Vancouver region. In 2012, the latest years for which we have data available, rates were highest in Richmond (10.5 per cent), Vancouver (10 per cent), Burnaby (9.4 per cent), Surrey (9.1 per cent), North Vancouver (8.4 per cent) and Coquitlam (8.1 per cent).

What is worse, working poverty rose after the recession in most Metro Vancouver municipalities. The largest increases occurred in the suburbs—West Vancouver, Coquitlam, White Rock, Lions Bay and the District of North Vancouver. Growing working poverty truly is a regional problem in Metro Vancouver.

Working poverty is somewhat invisible, even though these workers are all around us. They pour our coffee in the morning and clean our offices at night. They sell us groceries, housewares and clothes, they greet us at reception desks and keep our concerts and public events safe. They cook and serve our food when we are celebrating with a night out and tidy our hotel rooms when we are on vacation.

Metro Vancouver’s booming economy relies on these workers but it’s failing an increasing

number of them. Work should be enough to lift a family out of poverty.

Simply creating more jobs won’t fix the problem. But the good news is that working poverty can be reduced and eventually eliminated with a combination of labour market reforms, more generous income supports, and better public services.

Every level of government has a role to play, but the provincial government is uniquely positioned to take the lead since it has jurisdiction over the labour market and many crucial social policy areas.

A \$15 minimum wage, stronger employment standards, more affordable housing, a \$10/day child care program and better access to education and training for low-income earners are key parts of the solution. Ending working poverty can and should be part of a comprehensive poverty reduction plan for BC.

*Iglika Ivanova is a senior economist at the CCPA’s BC Office. Michael McKnight is President & CEO of United Way of the Lower Mainland. Trish Garner is the community organizer of the BC Poverty Reduction Coalition. Their organizations co-published the report Working Poverty in Metro Vancouver, available at [policyalternatives.ca/van-working-poverty](http://policyalternatives.ca/van-working-poverty)*

## BC COMMENTARY

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