

# BC SOLUTIONS

News & Commentary from the Canadian Centre for Policy Alternatives' BC Office | JANUARY 2021



## Canadian billionaires' wealth skyrocketing amid the pandemic

BY ALEX HEMINGWAY & MICHAL ROZWORSKI

The total wealth of Canada's richest 20 billionaires ballooned by \$37 billion during COVID-19 from March to September 2020.

Some billionaires did better than others, with the biggest gains going to the Thomson family fortune (an estimated \$8.8 billion increase in wealth), followed closely by Shopify's Tobi Lutke (a \$6.6 billion increase)—mirroring some of the huge gains among tech giants such as Amazon and Apple south of the border. Lululemon founder Chip Wilson has also done exceptionally well, with a nearly \$3 billion gain. These figures come from the *Forbes* annual and real-time billionaires lists.

We also examined the difference between billionaire wealth now and in last year's *Forbes* data, since some on the list had their wealth temporarily drop when stock markets tanked in the lead up to this year's March 18 reporting date. No need to worry about Canada's billionaires, however: the top 20 have still collectively amassed more than \$28 billion in wealth gains since the 2019 *Forbes* report.

Meanwhile, workers in Canada continue to bear the economic consequences of the crisis. Low-wage, front-line workers have been putting themselves in harm's way to keep our cupboards stocked with groceries and essentials, to keep the lights on and to care for children →

## IN THIS ISSUE ↘

- 3 Healthy forests for a cooler future
- 4 What federal leadership on long-term care standards should look like
- 6 The Trans Mountain pipeline expansion project is not needed
- 8 Just transition planning for a managed wind-down of fossil fuels in BC
- 10 Who benefits from caribou decline?
- 11 Reflections on a tough year, looking ahead to 2021



CCPA  
CANADIAN CENTRE  
for POLICY ALTERNATIVES  
BC Office

and the elderly. Low-wage workers have been hit hardest and Statistics Canada data show women and racialized workers are overrepresented among low-wage workers. Public support for essential workers led to a brief \$2-an-hour “pandemic pay” increase for many. But this was short-lived and ended in early June, including by companies owned by the very billionaires on the top 20 list.

The shares of Galen Weston’s (No. 3 on the list) Loblaws grocery and drugstore chain rose after it instituted this pay cut for workers in June. When Jim Pattison’s (No. 8) grocery chains cut back pandemic pay at the same time, he told reporters that he was “not involved” in the decision, while conceding that “we own and finance the company.”

/// The explosion in billionaires’ wealth illustrates how the crisis has only magnified the ways in which a wealthy minority lives in a very different world.

In past crises, Canada and other countries increased taxes on the income and wealth of the richest as a way of fairly spreading the burden of reconstruction and recovery. Today, Canada must get serious about taxing the rich to reverse the rise of extreme inequality, to start to undo the concentration of economic and political power, and to create revenue streams to fund badly needed public spending for the long-term.

Canadians face big challenges that demand we take action together through our shared institutions, including strengthening health care, creating universal child care, building affordable housing, and converting carbon-intensive industries and otherwise confronting the climate crisis.

At a time when Canada’s richest one per cent controls 26 per cent of our wealth and when billionaires hold 4,448 times the wealth of the typical family, both an emergency, one-time excess wealth tax and an annual wealth tax should be on the table.

As recent polling shows, taxing wealth is enormously popular and achieving it is within reach with enough organized public pressure from below. As a growing body of research shows, the key barriers to instituting wealth taxes are not technical or economic—but a matter of political will.

A wealth tax needs to be combined with other measures, including a major crackdown on tax havens, corporate tax reform and equalizing the tax treatment of income from wealth (capital gains) and income from work.

Canadians are frequently told “we’re all in this together” when it comes to the COVID-19 crisis. There is some truth to this as ultimately anyone can get sick. However, the explosion in billionaires’ wealth illustrates how the crisis has only magnified the ways in which a wealthy minority lives in a very different world.

The economic and social arrangements that produce these

CANADIAN BILLIONAIRES’ WEALTH MARCH–SEPTEMBER 2020

Name	Forbes ranking Mar 2020	Wealth (\$bil) Mar 18	Wealth (\$bil) Sep 14	Change (\$bil) Mar–Sep
David Thomson & family	1	\$41.7	\$50.6	\$8.8
Joseph Tsai	2	\$13.2	\$17.7	\$4.5
Galen Weston & family	3	\$9.2	\$10.8	\$1.6
David Cheriton	4	\$7.3	\$9.2	\$2.0
Huang Chulong	5	\$6.7	\$6.9	\$0.1
Mark Scheinberg	6	\$6.5	\$6.5	\$0.0
James Irving	7	\$5.9	\$8.1	\$2.1
Jim Pattison	8	\$5.7	\$7.4	\$1.7
Emanuelle Saputo & family	9	\$5.0	\$5.9	\$0.9
Anthony von Mandl	10	\$4.4	\$5.8	\$1.5
Daryl Katz	11	\$4.2	\$4.6	\$0.4
Chip Wilson	12	\$4.2	\$7.0	\$2.8
Alain Bouchard	13	\$4.1	\$5.9	\$1.8
Tobi Lutke	14	\$4.0	\$10.6	\$6.6
Lawrence Stroll	15	\$3.4	\$3.4	\$0.0
Bob Gaglardi	16	\$3.3	\$3.6	\$0.3
Arthur Irving	17	\$3.3	\$4.4	\$1.1
Jean Coutu & family	18	\$3.2	\$3.6	\$0.4
Charles Bronfman	19	\$3.0	\$3.0	\$0.0
Mitchell Goldhar	20	\$2.9	\$3.3	\$0.4
<b>TOP 20 TOTAL</b>		<b>\$141.2</b>	<b>\$178.2</b>	<b>\$37.0</b>

Source: *Forbes* annual billionaires list and “Real-time billionaires” data. Shown in Canadian dollars.

outcomes are not laws of nature; they are the predictable results of policy choices. We have the power to make different choices. There’s rarely been a more important time to exercise it.

*Alex Hemingway is an economist and public finance analyst at the CCPA’s BC Office. Michal Rozworski is a CCPA–BC research associate and co-author of The People’s Republic of Walmart.*

*Alex and Michal’s look at the growth in Canadian billionaires’ wealth during COVID-19 was very popular in the media. In the first 24 hours of the release it had over 200 media hits, including BNN Bloomberg News, Yahoo Financial International and national CBC radio coverage.*

# Healthy forests for a cooler future

BY BEN PARFITT

There was every reason to believe in the early spring of 2020 that the most ambitious tree-planting program in BC's history would be scuttled by COVID-19. A record 310 million seedlings were slated to be planted. But with the unfolding pandemic, all bets were off.

Only after tree-planting companies, First Nations, provincial health and forestry officials, local governments and others agreed to rigid social-distancing protocols within tree-planting camps themselves and in interactions between the camps and nearby communities did the program proceed. And, remarkably, it was pulled off with no camp shutdowns or positive tests.

The 25 per cent increase in trees planted is a taste of what's coming if a federal climate action pledge to plant an additional two billion trees across Canada over the next decade is realized. The pledge is grounded in the undisputed fact that trees absorb carbon dioxide, the dominant greenhouse gas warming the earth. But an equally undisputed fact is that there is no guarantee that a tree planted today will be there tomorrow.

Underscoring that point, some of the federally funded trees planted in BC this year were sunk into the ground where wildfires in 2017 and 2018 burned a combined landmass greater in size than four Prince Edward Islands. The greenhouse gas emissions associated with such fires are massive. For perspective, the emissions from wildfires in BC in 2017 were 176 million tonnes, or 2.5 times higher than emissions from all other sources that year.

Author Naomi Klein has said that climate change “changes everything.” And nowhere may that observation be more applicable than with our forests.

On the credit side of the ledger, planted trees store carbon. On the debit side, burned trees release it. In between is an incredibly complex world involving our choices about what forests we log and what we do with the trees we log.

Ironically, one forest product that has exploded in use in the past two decades is wood pellets, which are being burned to create heat and thermal power. Several countries claim that burning wood for energy is preferable to coal, natural gas or oil because only wood is “renewable.” Yes, carbon is released when wood is burned, but the carbon stored in planted trees eventually offsets what is released, making it an “emissions-free” energy source—or so the European Union claimed when it signed the Kyoto Protocol in 1997.

But as demand for wood pellets has accelerated, something unforeseen has materialized. Instead of the wood waste at

milling operations becoming the feedstock for wood pellets, entire forests are now being levelled with the express purpose of turning carbon-storing trees into carbon-emitting fuels.

British power company Drax used to burn coal to produce electricity. Now it burns wood. Of the 6.8 million tonnes of pellets it burns annually, 4.1 million tonnes come from the southern US where environmental campaigners have documented whole forests being cut down just to supply that one power plant.

/// If we want to have healthy forests in future years, we need to think beyond the trees that we plant to what we do with them.

The same creep toward using living trees as the feedstock for something to be burned is gaining ground in Canada too, where environmental campaigners have documented old-growth trees from some of the country's rarest ecosystems being turned to pellets. This debit side of the ledger is rarely discussed.

That is why the CCPA and others have pressed the Canadian and provincial governments to embrace the recommendations in my 2010 report *Managing BC's Forests for a Cooler Planet*. These recommendations include thoroughly counting both the credits associated with planting trees and conserving forests and the debits associated with logging forests and the products we make from them.

A tree logged and turned immediately into pellets is a very different thing from a tree logged and turned into boards that then frame a house. Pellets almost immediately go up in smoke and emit whatever carbon was once stored, whereas the wood framing in a house can last a century or more, continuing to store carbon. Such differences matter. If we want to have healthy forests in future years, we need to think beyond the trees that we plant to what we do with them.

*Ben Parfitt is a resource policy analyst with the BC office of the CCPA. His report, Managing BC's Forests for a Cooler Planet, is available at: [policyalternatives.ca/coolforests](http://policyalternatives.ca/coolforests).*

# What federal leadership on long-term care standards should look like

BY PAT ARMSTRONG, MARCY COHEN & SHANNON DAUB

As the COVID-19 pandemic second wave once again ravages long-term care homes in Canada, we must reckon with the obvious: it is time to set a higher standard for this care. The federal government promised as much in its September throne speech, and we have taken this as an invitation to propose standards informed by the research. Giving greater weight to the evidence, rather than political jockeying with the provinces, is the kind of federal leadership that is urgently needed.



This means not only developing federal standards for long-term care but also a more coordinated approach for the broader system of home- and community-based health services for seniors and people with disabilities (called continuing care).

Long-term and continuing care services have been developed by the provinces and territories on an ad hoc basis. As a result, access, quality of care and the conditions of work vary widely across the country. Indeed, it is more an underfunded patchwork of services—heavily reliant on for-profit delivery—than it is a system of care.

We recommend a way forward starting with strong, clear and transparent federal leadership on long-term care standards (using the federal spending powers under the constitution) to ensure that safe elder care is a human right, and requiring provinces and territories to be accountable for meeting these standards. That means instituting maximum wait times for admission to a long-term care home, improved infection control standards and ensuring access to care is based on need, without financial barriers.

It also means establishing and enforcing minimum staffing levels in these facilities—accompanied by decent working conditions and recruitment strategies to attract and retain staff.

One reason for COVID-19 outbreaks in long-term homes is that staff are forced to work in multiple homes to make ends meet, taking infections with them.

One reason for COVID-19 outbreaks in long-term homes is that staff are forced to work in multiple homes to make ends meet, taking infections with them. We recommend a minimum of 70 per cent of staff work full-time at a single site, and that all staff (including part-time) have permanent jobs with benefits and pay based on equity principles.

A federal plan for long-term care must be premised on the

understanding that care is a relationship and therefore must be inclusive of the entire range of support and care staff, as well as of the family and friends who support individual residents. This is essential for creating the conditions that support ongoing caring relationships through continuity, improved training standards and the time to meaningfully support the individual resident’s needs, autonomy and dignity.

Research clearly demonstrates a pattern of lower quality care in for-profit homes while there is little, if any, research demonstrating benefits from providing public funds to for-profit homes.

The federal government also needs to address the elephant in the COVID-19 room: our dependence on for-profit facilities. Canada needs a federal plan to ensure that all public money for continuing care goes to public or non-profit organizations with no subcontracting of services.

Research clearly demonstrates a pattern of lower quality care in for-profit homes while there is little, if any, research demonstrating benefits from providing public funds to for-profit homes. Subcontracting also undermines continuity, quality and teamwork—all core requirements for providing the best possible seniors’ care.

Last but not least, federal standards must include strong accountability mechanisms and penalties for non-compliance. Research shows that those countries with consistent national regulation and delivery of long-term care fared better during COVID-19.

Public accountability means requiring the provinces and territories to make information available at regular intervals, based on verified data, including public reporting on inspections. This is vital both for transparency and ongoing improvement of Canada’s long-term care homes.

The reaction of many premiers to the September 2020 throne



/// The setting of clear national standards in health care as a condition of funding is the only path forward to a universal public system of continuing care, the same path Canada took to universal hospital and physician care.

speech was deeply troubling. The setting of clear national standards in health care as a condition of funding is not an attack on provincial/territorial jurisdictions—it is the only path forward to a universal public system of continuing care, the same path Canada took to universal hospital and physician care.

Now is not the time for scoring political points over jurisdiction. COVID-19 brought tragic consequences of the lack of federal standards. We have a chance to right that wrong.

*Pat Armstrong is a CCPA research associate and a distinguished research professor in Sociology at York University. Marcy Cohen is a research associate with the Canadian Centre for Policy Alternatives and an adjunct faculty member in Health Sciences at Simon Fraser University. Their report, A Higher Standard: Setting federal standards in long-term care and continuing care, is available at [policyalternatives.ca/higher-standard](http://policyalternatives.ca/higher-standard). Shannon Daub is the director of the CCPA-BC.*

The media coverage for Pat Armstrong and Marcy Cohen's discussion paper, *A Higher Standard: Setting federal standards in long-term care and continuing care*, has been extensive. Both researchers have appeared in radio interviews across the country and the paper has been cited in hundreds of articles to date. Publication of the paper has also led to interest from federal and provincial political representatives from multiple parties. The public appetite for significant change in the sector is high and we look forward to continuing to bring people together to set higher standards in the sector.



# The Trans Mountain pipeline expansion project is not needed

BY DAVID HUGHES WITH PHOTOGRAPHS BY GARTH LENZ

The federal government's purchase of the Trans Mountain pipeline and expansion project (TMX) for \$4.5 billion in 2018 was justified by claims that additional export capacity was needed and that Canadian oil brought to the coast would fetch higher prices in Asia. Those assumptions no longer stand up.

---

The expansion project, which would nearly triple the pipeline's capacity, was forecast in 2018 to cost an additional \$7.4 billion, and costs have since escalated to \$12.6 billion.

Recent developments show that sufficient pipeline export capacity from Western Canada is being developed without TMX, and that prices in Asian markets, coupled with higher transportation costs, will net Canadian oil producers less than selling to the US.

The existing Trans Mountain pipeline provides refined products to the Lower Mainland, crude oil to refineries in Burnaby and Washington State, and exports via tanker primarily to the US west coast. Very little oil is exported to Asia.

Developments that eliminate the need for TMX include the announced optimizations of the existing Enbridge Mainline, Aurora-Rangeland, Keystone and Express pipelines, the reversal of the Southern-Lights pipeline for export use, and the completion of Enbridge's Line 3 project in 2021. These developments

will provide sufficient pipeline export capacity to meet production forecasts through 2040 without rail if Alberta's oil sands emissions cap legislation is enforced. Even without the emissions cap, if a portion of Western Canada's rail capacity is utilized, production forecasts of the Canada Energy Regulator (CER), Canadian Association of Petroleum Producers, Alberta Energy Regulator and International Energy Agency can be accommodated through 2040 and beyond without TMX or the Keystone XL pipeline.

The US has more than half of the world's heavy oil refining capacity and, given the decline in production of heavy oil in Mexico and Venezuela in recent years, pays a premium compared to other world markets. As a result, the price of heavy oil in recent years has averaged \$US4 per barrel higher in the US than in Asia. Canada is a major and growing supplier of heavy oil to complex refineries in the US Midwest and on the Gulf Coast.

Transportation costs for shippers on TMX will also increase given the inflation of the project's cost from \$5.4 billion, when it was initially proposed in 2013, to \$12.6 billion this year. Pipeline tolls, plus tanker shipping costs, will result in \$US2–7 per barrel higher transportation costs to Asia when compared to the US. Combined with market price differentials, this will result in a loss to Canadian producers of at least \$US4–6 per barrel for oil shipped to Asia on TMX compared to oil shipped on existing pipelines to US markets.

The federal government recently committed to reach net-zero emissions by 2050—TMX will not help Canada reach that goal. Oil and gas production in 2018 (the most recent year for which data are available) accounted for 26 per cent of Canada's emissions. Despite Canada's Paris Agreement commitment to a 30-per-cent reduction of emissions by 2030, emissions were down only 0.14 per cent from 2005 levels in 2018.

If Canada increases oil production in line with the latest CER forecast, even with Alberta's emissions cap on the oil sands, emissions from oil and gas production alone will exceed an 80-per-cent reduction target in 2050 for Canada by 81 per cent.

Clearly, oil and gas production will have to decline if Canada is serious about meeting its emissions reduction commitments. Although oil and gas are likely to be needed at some level by Canadians for the foreseeable future, more than half of current production is exported with declining returns to Canadians in terms of royalties and taxes.

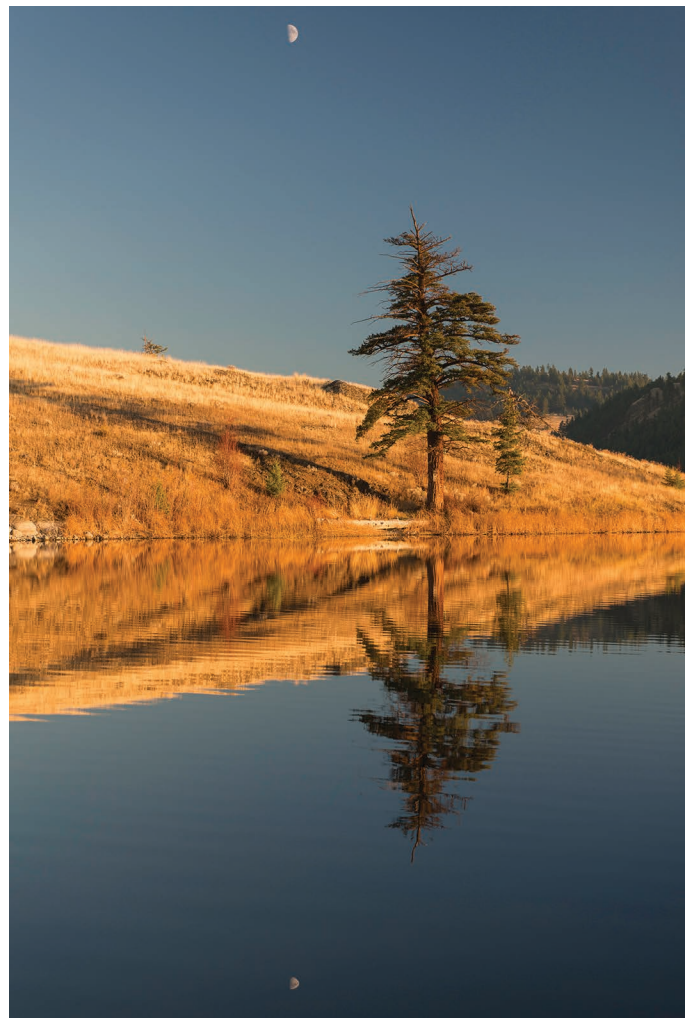
While the federal government claims that TMX will provide \$500 million per year to reduce emissions, the fact that sufficient alternative export capacity is being developed, that climate commitments are unreachable without reducing production, and that TMX will not provide a windfall for Canadian producers, means that the \$12.6 billion the government plans to spend on the project would be far better spent directly on emissions reduction.

Instead of proceeding with TMX, what Canada urgently needs is a viable energy strategy to ensure future energy security for Canadians that meets our emission reduction commitments.

*David Hughes is an earth scientist and a research associate with the CCPA–BC. His report, Reassessment of Need for the Trans Mountain Pipeline Expansion Project, is available at: [policyalternatives.ca/No-TMX](http://policyalternatives.ca/No-TMX)*



This analysis is part of the Corporate Mapping Project, a research and public engagement project investigating the power of the fossil fuel industry in Western Canada, led by the University of Victoria, the Canadian Centre for Policy Alternatives (BC and Saskatchewan Offices) and Parkland Institute. This research is supported by the Social Science and Humanities Research Council of Canada (SSHRC).



#### PHOTOGRAPHS

Opposite: North Thompson River just north of the community of Blue River. The proposed pipeline would run along the western shore of the Thompson River for a long stretch here.

Top: Jacko Lake, south of Kamloops, is a lake of great cultural significance to the Secwepemc people. The pipeline would travel along its western shore.

Bottom: A little south of Hope the pipeline flows through the heart of the Fraser Valley, the province's most fertile and productive agricultural area. The pipeline crosses the Chilliwack/Vedder River near the community of Yarrow in the Fraser Valley.

# Just transition planning for a managed wind-down of fossil fuels in BC

BY MARC LEE & SETH KLEIN

Resource development has long been central to BC's economy. But commodity prices swing, industries consolidate, and patterns of demand change over time. When they do, resource industry workers are often left holding the bag.

The price is often much more than just involuntary unemployment for laid-off workers; it also includes mental illness, increases in domestic violence and addiction. At the community level, this manifests as loss of income, declining home values, and closure of small businesses and local service providers who relied on the income generated from the core resource industry. There is a knock-on effect on municipal finances and services, too.

As we contemplate the necessary phase-out of fossil fuels by mid-century, we must acknowledge the potential of this transformation to disrupt worker livelihoods and resource communities around BC. Done well, a managed two- to three-decade wind-down period with thoughtful planning and just transition programs has the additional benefit of getting away from the boom and bust cycles typical of resource economies.

Done well, a managed two- to three-decade wind-down period has the additional benefit of getting away from the boom and bust cycles typical of resource economies.

In recent years, just transition has shifted from the abstract to actual policy and transition packages for workers, funded by governments. Transition for communities reliant on coal extraction and coal-generated electricity is now a real experience, marked by genuine consideration of the long-term well-being of affected workers and their communities, and a commitment to invest in them.

Alberta is an interesting case in terms of concrete policies for just transition. As part of its climate planning, the former Alberta government commissioned an Advisory Panel on Coal Communities. The panel issued 35 recommendations in 2017, and the then-NDP Alberta government followed by tabling a \$40 million multi-year Coal Workforce Transition Fund and a one-time \$5 million Coal Community Transition Fund, funded out of carbon tax revenues.

The Alberta plan is a landmark. Measures cover:

- Income replacement: workers can receive up to 75 per cent of previous weekly earnings (when combined with EI).

- Bridge to retirement: also up to 75 per cent of previous earnings up to the point when employer pensions kicks in.
- Relocation assistance: up to \$5,000 for moves over 40 km away.
- Education assistance: a tuition voucher up to \$12,000 maximum for post-secondary.
- Other counselling and employment services, and potential for "worker adjustment committees" to be created by employers and unions.
- Support for communities: a fund to support alternative economic development opportunities.

The Ruhr Valley in Germany and the Limburg region of the Netherlands are also held up as model transitions. In addition to the basic components of Just Transition (income support, early retirement, retraining), key aspects of their plans included:

- Community-level initiatives recognizing the important role of local identity and community in ensuring successful transition.
- Engagement by all levels of government committed to developing high-wage decent work and to fund new infrastructure, education and training, and regional economic development.
- Planning to coordinate industrial decline in a staggered manner over the course of a few decades.
- Cooperation among companies, unions and workers, and multiple levels of government.
- Bottom-up processes of worker and community participation in the development of a vision and strategy.

With a managed wind-down most of the heavy lifting can be accomplished through job attrition and pension bridging, as existing workers hit retirement age. Ensuring decent and stable pension income is a central issue, including the combined income from public and private pensions.





In many respects, given an aging workforce over two to three decades, the challenge is more an issue for fossil-fuel-reliant communities than it is for specific workers. Thus, just transition strategies must include efforts to maintain employment in those areas where jobs are likely to be lost. In this regard, remediation of old coal mines and oil and gas wells should be a major category of reinvestment.

In terms of the regional dimension of BC's fossil fuel production, the province could consider new investments around recycled steel production through electric arc furnaces, perhaps located in or near a coal mining community. BC will continue to need a lot of steel for new green infrastructure and other transition items—wind turbines, high speed rail, buses, bikes, etc. This could also open up opportunities for new BC-based secondary manufacturing of such steel-based products. Accessing these new jobs may require some retraining and skills upgrading, although many skills would be readily transferable (e.g., electricians).

BC should also be more focused on deriving additional value from *renewable* resource sectors, in particular forestry. The current crisis in the BC forestry sector includes some 4,000 jobs lost in 2019, due to vastly reduced timber supplies in parts of BC brought on by unsustainable logging, massive wildfires linked to climate change, and growing numbers of dead trees due to insect attacks and pathogens (also linked to climate change). But forest management and concentrating on value-added

production should mean that forestry can have a robust future in a climate changing world.

Finally, community supports and development need to be a major part of any just transition plan. Investments in community-led processes should be used to identify and fund alternative economic opportunities. Areas disproportionately affected by the managed wind-down should receive a larger share of public reinvestment funds.

*Marc Lee is a senior economist at the CCPA's BC Office. Seth Klein is a CCPA-BC research associate and the former CCPA-BC Director. This article is based on a report published in 2020 in which the authors outline a four-part framework for a managed wind-down in BC to phase out fossil fuel industries over the next 20–30 years. To read the full report visit [policyalternatives.ca/winding-down](http://policyalternatives.ca/winding-down).*



This analysis is part of the Corporate Mapping Project, a research and public engagement project investigating the power of the fossil fuel industry in Western Canada, led by the University of Victoria, the Canadian Centre for Policy Alternatives (BC and Saskatchewan Offices) and Parkland Institute. This research is supported by the Social Science and Humanities Research Council of Canada (SSHRC).

# Who benefits from caribou decline?

BY ROBYN ALLAN, PETER BODE, ROSEMARY COLLARD & JESSICA DEMPSEY

Scientists predict caribou herds located in northeastern BC will go extinct within our lifetimes. How could this be? We were led to believe that environmental oversight introduced decades ago would protect this iconic Canadian species despite the large-scale industrial development that threatens them. We were promised a win-win: thriving caribou and a thriving economy.

Fast forward through the first decade of this century and we witness these herds quickly declining. Regulatory requirements and legislative protections failed us. In 2013, the last member of the Burnt Pine herd fell into a mining exploration pit and died. The region's other five herds have declined to fewer than 70 animals. The only reason they are hanging on is due to the efforts of First Nations who have resorted to stop-gap measures like corralling pregnant mothers in pens to protect them from predation.

What about the promised benefits—the taxes, jobs and economic growth—we were told about? Caribou extinction is a loss of huge proportion, but the promise of economic benefits that regularly accompany major industrial project approvals are vast. Our research focuses on the economic impact of three open pit metallurgical coal mines currently operating in northeastern BC—Willow Creek, Brule and Wolverine. We examined the tax, employment and production promises made from 1999 to 2019 and measured them against actual results.

We found that project approvals were based on unreasonable benefits expectations. Of the \$250 million predicted in corporate taxes, net corporate taxes paid, up to and including 2016, were zero. After Conuma Coal purchased the three mines out of receivership and reopened them, corporate taxes paid totalled \$86 million from 2017 to 2019. However, Conuma's weak financial performance suggests that even these taxes may be refunded—if not in whole, in part.

We found that workers were subjected to the layoffs that come with the boom and bust nature of the coal market and that employment was less than 60 per cent of that predicted. Coal production did not even reach 40 per cent of the level that regulators and politicians were led to believe would occur over the period we reviewed.

Such results can hardly be characterized as an economic win. When it comes to coal mines and caribou in northeastern BC, the reality is lose-lose.

The magnitude of the loss is more profound when we discover that Conuma Coal is on life support and Canadian taxpayers may be left with the bill.

In April 2018, Conuma raised US\$225 million in debt. Over the next two years it paid US\$225 million in dividends to its shareholders including its majority shareholder, US-based hedge fund, AMCI Group. Insufficient equity was retained within the company to weather the inevitable downturn.

Conuma's high debt load and low prospects led S&P Global to downgrade Conuma's credit rating last March. Before COVID-19, Conuma was in financial difficulty because of its aggressive dividend strategy. Now Ottawa's bailed out Conuma.

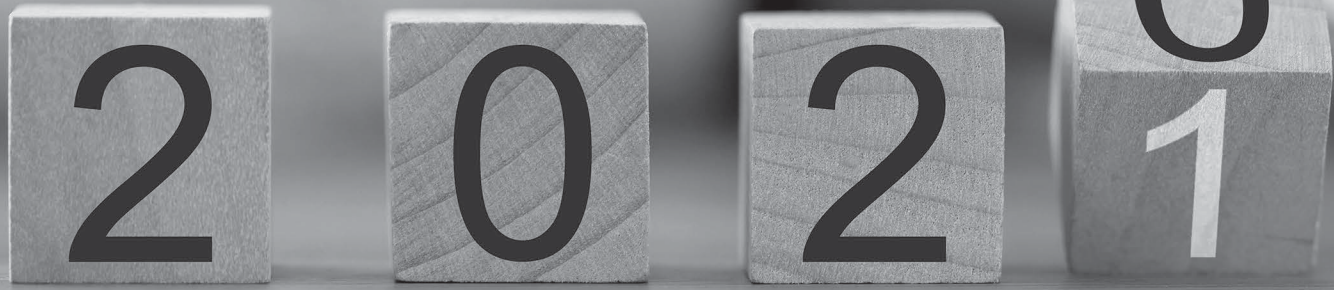
On October 21, 2020, the Canada Enterprise Emergency Funding Corporation—Ottawa's lender of last resort—announced it would lend Conuma \$120 million to cover cash flow needs and to expand the company's mining footprint. Moody's responded on October 28 by issuing a credit downgrade. Conuma's debt is speculative and the company has a high risk of defaulting. That risk is now on the backs of Canadian taxpayers.

For decades British Columbians have been fed a steady diet of win-win scenarios when it comes to industrial development and environmental sustainability. Our research proves this narrative false when it comes to coal and caribou in BC's northeast. It also begs the question, how many more of these win-win scenarios are actually lose-lose when you scratch below the surface?

*Robyn Allan is an economist; Peter Bode is a financial analyst; Rosemary Collard is an Assistant Professor, Geography, SFU; Jessica Dempsey is an Associate Professor, Geography, UBC. They are the authors of Who Benefits From Caribou Decline? available at: [policyalternatives.ca/caribou-decline](http://policyalternatives.ca/caribou-decline).*

This analysis is part of the Corporate Mapping Project, a research and public engagement project supported by the Social Science and Humanities Research Council of Canada (SSHRC).





# Reflections on a tough year, looking ahead to 2021

BY SHANNON DAUB, CCPA-BC OFFICE DIRECTOR

The hardship and tragic costs of the pandemic have reinforced the vital role of public services and collective action for our well-being. In my 23 years with the CCPA-BC, there has never been a more important time to be engaged in public policy.

---

Since the pandemic began, the CCPA has been called on like never before, with an explosion of demand for analysis, commentary and new policy ideas for addressing our pressing challenges in ways that would help create a more resilient and just society in the future.

Our attention in the initial phase of the pandemic was focused squarely on helping to navigate and make sense of what was happening in public policy terms—by tracking COVID’s unequal impacts, outlining and pushing for bold action, and providing rapid analysis and response to government announcements as they unfolded, often multiple times a day.

Much of that early policy response was extremely positive, when we witnessed a remarkable consensus in Canada that shutting down all but essential services and staying home was a sacrifice we needed to make for each other—a consensus that was made possible by large-scale economic intervention by the federal government in particular.

We felt fortunate to be in BC where we bent the curve on the first wave of the pandemic quickly, thanks to exemplary leadership by both public health and political leaders, including a strong package of provincial economic relief measures rolled out starting in March.

But as time passed we grew increasingly concerned that the pandemic was deepening existing socio-economic and racial inequities. From the vulnerability of those in precarious work who do not have access to paid sick time, to the worsening opioid crisis and poisoned drug supply, to the greater impacts of job losses

on racialized workers and those in lower wage sectors, to the total immunity of Canada’s top billionaires—whose combined wealth ballooned by \$37 billion between March and September alone, as the CCPA’s Alex Hemingway and research associate Michal Rozworski detail in the cover piece for this issue.

Sadly, as I write this, we are experiencing a true second wave, and our collective response is proving more challenging. Governments are still talking in economic policy terms about the recovery. Many pundits are raising the spectre of deficits. But this isn’t a linear crisis, and the same-old, same-old politics of austerity will only harm us further.

As my colleague Randy Robinson, Director of the CCPA’s Ontario office, noted recently, “tackling COVID-19’s second wave will require a commitment of public resources on a scale with what happened in the first wave.”

You’ll hear more about this from us and our colleagues across the country this year, as we map what those commitments should look like and push for action.

Of course, the many issues we were working on before the pandemic began are no less important now, and we’ve continued to intervene on issues ranging from seniors care to the Trans Mountain Pipeline Expansion. Looking back on what else we accomplished in 2020, the list is impressive:

- We published two major studies on assisted living, which resulted in the BC Seniors Advocate committing to undertaking a much-needed review of this sector. →

## BC SOLUTIONS

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

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

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

policyalternatives.ca  
blog: policynote.ca

 policyalternatives

 @ccpa\_bc  @ccpa\_bc

### Editorial team

Shannon Daub, Emira Mears & Terra Poirier

Layout & production: Terra Poirier

Design: Paula Grasdøl & Terra Poirier

### ABOUT US

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

### CCPA-BC COMMITTEES & STAFF

#### Board of Directors

Elaine Alec, Steven Beasley, Bill Carroll,  
Sophie Fung, Andrée Gacoin, Gavin McGarrigle,  
Geoff Mann, Matthew Norris, Desiree Schell,  
Suzanne Skidmore, Miriam Sobrino

#### Research Advisory Committee

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

#### Staff team

Shannon Daub, BC Office Director  
Alex Hemingway, Economist & Public Finance  
Policy Analyst  
Igljka Ivanova, Senior Economist & Public Interest  
Researcher  
Mariwan Jaaf, Director of Operations & Finance  
Rav Kambo, Development & Supporter  
Engagement Specialist  
Jean Kavanagh, Manager, Media & Publications  
Sylvan Korvus, IT Administrator  
Marc Lee, Senior Economist  
Emira Mears, BC Office Associate Director  
Ben Parfitt, Resource Policy Analyst  
Terra Poirier, Creative Lead & Communication  
Specialist

*Any errors and opinions presented in this paper are those of the authors, and do not necessarily reflect the views of the Canadian Centre for Policy Alternatives.*

- We detailed a path to winding down BC's fossil fuel industries over the coming decades, in a way that supports resource dependent workers and communities.
- We weighed in extensively during the provincial election, as the parties outlined their key promises.
- We published groundbreaking investigative research about geotechnical problems at the Site C dam, and the impacts of fracking.
- We began publishing the results of a major new survey into the extent and impacts of precarious work across BC.
- We continued with the Corporate Mapping Project's work, publishing studies detailing the true impacts of LNG development, debunking the need for the Trans Mountain Pipeline Expansion, and assessing the costs and benefits of the coal industry.
- We convened roundtables (virtually of course) on housing affordability with experts and advocates, that informed a forthcoming series about solutions to the crisis.
- We worked closely with our colleagues at the CCPA's National Office on a discussion paper outlining what national standards should look like in long-term care, and the key principles that should guide reform of the broader seniors care system (such as access based on need, not ability to pay).

There's much more—too much to cover here, but of course you can have a look at our blog [Policynote.ca](http://Policynote.ca) for all the latest commentary and short summaries of our reports.

In 2020 we were also called on to reckon with colonization and racial injustice more deeply and actively than we have—as an organization and a society—to date. I recognize that this is not a new call, but it is one we are hearing and acting on in new ways—and we take it very seriously.

There is much work to be done, friends, and we already have a busy year mapped out ahead of us. Thank you for your ongoing support of this organization—you make the CCPA's research and impact possible.

## Online fundraiser gala with Faiza Shaheen



Thank you to those supporters who were able to make it to our online gala in November 2020. It was an inspiring event with thought-provoking analysis from our keynote speaker Faiza Shaheen (left). If you were unable to join us, you can view a recording of the event at: [policynote.ca/gala2020](http://policynote.ca/gala2020).

