BC SOLUTIONS

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Why the hold up on paid sick days? It's about power.

BY ALEX HEMINGWAY

Amid a raging pandemic, why do Canadian workers still lack access to decent paid sick leave as a right of employment? It's about power.

In May, BC finally announced a temporary paid sick days policy, guaranteeing three paid sick days under provincial employment standards law, with an unspecified permanent policy to follow in January. These are important baby steps in the right direction—but even in normal times, let alone in a pandemic, three days doesn't cut it.

The BC Employment Standards Coalition has called for provincial employment law to guarantee 21 paid sick days for all workers during the pandemic and seven days per year on a permanent basis, and the BC Federation of Labour is calling for 10 permanent days.

Access to real paid sick days, as a right of employment, is not rocket science. You tell your boss you're sick, you stay home and you get paid as usual. But a majority of Canadians don't have access to paid sick days, including nine out of ten low-income workers in BC.

The federal temporary sickness benefit introduced last fall is a poor alternative. That →

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program requires an after-the-fact application, you must be off for the majority of a given week to qualify, it pays less than minimum wage and there's a delay before you're paid.

Doctors, public health officials, labour leaders and policy experts increasingly see the imperative of employer-paid sick days. A strong majority of the public agrees.

What about small businesses that are struggling during the pandemic? Federal and provincial governments can easily cover the costs of paid sick days for those struggling small businesses as a temporary measure. (For example, the new temporary BC program will reimburse employers up to $200 per day for employee sick days, but unfortunately doesn't focus this support only on those struggling, which means that highly profitable low-wage employers will receive the public subsidy.)

With strong expert and public backing for paid sick days, who would stand in the way? The corporate lobby and low-wage employers.

From the beginning of the pandemic, corporate lobby groups saw that permanent, legislated paid sick days might result from the crisis, and they've been busy lobbying against it since.

In May 2020, 21 corporate lobby groups—including the Business Council of BC, the BC Chamber of Commerce and the Retail Council of Canada—sent two joint letters to the federal government. They pushed for a temporary federal program similar to the inadequate one that was later announced, aiming to avoid the more obvious step of legislating paid sick days under provincial law.

From the beginning of the pandemic, corporate lobby groups saw that permanent, legislated paid sick days might result from the crisis, and they've been busy lobbying against it since.

The lobby groups hammered home their view that any pandemic sick pay must be "sunset" when the pandemic ends (even bolding and underlining "sunset").

To date, the corporate lobby groups have largely got what they wanted from governments across Canada regardless of political stripe, despite the unprecedented public health crisis.

The fact that we're over a year into the pandemic and still without paid sick days for all Canadian workers tells us something about the power that corporate lobby groups and low-wage employers wield in our politics.

It also stands out that, among BC workers, two-thirds of those in a union have access to paid sick days, compared to only a third of those without one. Moreover, unions have been leaders in the broader fight for legislated paid sick days for all workers regardless of union membership.

In low-wage workplaces, and in our politics, employers hold a lot of the cards. But that's not inevitable. Organized workers can change the game and change the balance of power.

Alex Hemingway is a senior economist and the Public Finance Policy Analyst at the CCPA's BC office.

JUNE 2021

Regime of Obstruction

Exposing and confronting the power of the fossil fuel industry

The Corporate Mapping Project's virtual conference, Regime of Obstruction, looks at fossil fuel industry power and how we can challenge it. Taking place over the month of June, this **free series** is open to the public.

The conference will feature a number of terrific speakers from the CMP team, including a a kick-off event launching the CMP's newly-published book, *Regime of Obstruction: How Corporate Power Blocks Energy Democracy.* We'll also be joined by some exciting guests, including a keynote with Naomi Klein and Avi Lewis, a panel on decolonizing research and climate policy led by Eriel Deranger, and an audience discussion with filmmakers Jennifer Abbott and Joel Bakan following a screening of *The New Corporation.*

Learn more and register at:
CORPORATEMAPPING.CA/CONFERENCE

We thank the Minor Foundation for Major Challenges for their support of this event.

ROSENBLUTH LECTURE 2021
Peter Victor: Slower by design, not disaster

BY MARC LEE

The annual Gideon Rosenbluth Memorial Lecture honours this esteemed University of British Columbia economics professor who was a CCPA-BC research associate.

As a young person, Peter Victor looked at the now-iconic, then newly minted image of Earth viewed from space and wondered how human economies relate to the natural environment. He began to question the feasibility and desirability of long-term economic growth, a theme central to his approach to economics.

Peter's journey took him from the UK to graduate school at UBC, where Gideon Rosenbluth was his professor and dissertation advisor. Peter had a long career in Canada and abroad, working at the intersection of economic and environmental issues. He is Professor Emeritus at York University and possibly Canada's leading ecological economist, best known as the author of *Managing without Growth: Slower by Design, not Disaster.*

> Many good ideas for a better society are shot down because of their presumed adverse effect on growth. Yet, the idea that growth might push us past planetary boundaries necessary for a prosperous human civilization is neglected.

At this year's virtual lecture, Peter recounted his journey towards ecological economics. From Gideon's class, Peter learned there was nothing just about the outcome of a fully competitive economy. Standard economic analysis holds up the primacy of markets but introduces the concept of externalities—unintended consequences of market transactions that are viewed largely as problems that can be ignored. The economics of natural resources, in contrast, was more about optimal rates of extraction and was not linked to environmental issues. Peter realized he could unify these strands by taking a critical insight from engineering—that production is a process of transformation of materials—to understand that economies take materials from the biosphere and transform them into products and wastes.

After working many years at Ontario's Ministry of Environment, Peter received a call from Gideon in 2001 to update their dialogue on the environment and the economy. That led to a co-authored CCPA paper, *Saving the Environment: How Canada Can Abolish Poverty* and *Unemployment Even in a No-Growth Economy.* After writing academic articles with Gideon that deepened this analysis, Peter was ready to write *Managing without Growth.*

While many criticize GDP for its shortcomings as an indicator of standard of living, Peter emphasized the philosophy of perpetual growth as being the core problem. Many good ideas for a better society are shot down because of their presumed adverse effect on growth. Yet, the idea that growth might push us past planetary boundaries necessary for a prosperous human civilization is neglected.

Peter reviewed his latest modelling results based on the LowGrow SFC ecological macroeconomic model he created. The model shows two scenarios, a carbon reduction scenario and a deeper sustainable prosperity scenario, and how key outcomes like unemployment, hours worked, household debt and income inequality are affected. He concludes there is little to worry about economically by pursuing a more sustainable pathway.

Drawing on questions from the Rosenbluth Lecture audience, Peter argued that capitalism was not necessarily incompatible with an economy that does not grow. Capitalism would evolve to new constraints we impose upon it through policy. He also advocated for supporting co-ops, worker-owned enterprises and other non-profit forms of organization outside of capitalism.

On climate, Peter cautioned against "net zero" approaches to emissions, noting that annual targets are needed, and a pathway to get to zero. Canada has made some modest progress but overall is moving too slow, he said.

Over 700 people attended the Rosenbluth Memorial Lecture zoom event, far more than we would normally host at an in-person lecture. The CCPA–BC would like to thank Peter Victor for a timely and thought-provoking talk and the family of Gideon Rosenbluth for their support.

Marc Lee is a senior economist in the BC office of the Canadian Centre for Policy Alternatives.

Building affordable housing: Let’s change the game

BY MARC LEE

We are often told that building affordable housing is too expensive: land prices too high, construction costs rising, development fees and bureaucratic processes stifling projects. This is true, but for a major build-out of affordable housing we need to stop relying on the current privatized, for-profit approach to housing in BC and Canada.

To achieve the public goals of affordable housing and related social and economic benefits, we should expand the stock of non-market and co-op housing with public-led approaches and non-profit development.

In previous research we called for 10,000 new, non-market rental units per year to be built in Metro Vancouver to keep up with population growth and alleviate the imbalance in the rental housing market. Our most recent report does the math on the costs of building that housing and how it can be delivered at much lower rents than newly built market rental housing.

It is usually assumed that for-profit developers must lead in delivering new housing supply even as this model seems unable to deliver the affordable housing we need. For-profit developers build with the expectation of reaping current market prices for their units, whether rental or ownership.

But those prices are out of reach for the vast majority of renter households (who have lower than average incomes to begin with). An analysis by Coriolis Consulting for Metro Vancouver found that private for-profit development leads to much higher rents.

To fix this broken market at its source, let’s scale up the capacity of public and non-profit developers to build the housing we need while driving down costs by eliminating parking requirements, waiving municipal fees and accessing lower-cost, government-backed financing. Using wood-frame construction and public or contributed land would also reduce costs.

Housing delivers a stream of income into the future in the form of rents. We are interested in the “break-even” rents needed to cover the upfront construction costs and monthly operating costs of new housing so that housing pays for itself over time (in this case, 50 years).

For non-profit housing, average break-even rents could be as low as $1,273 per month for a one-bedroom, $1,641 for a two-bedroom and $2,009 for a three-bedroom wood-frame construction with contributed land. These rents are much lower

COMPARISON OF BREAK-EVEN MONTHLY RENTS, FOR-PROFIT VS. NON-PROFIT DEVELOPMENT

	Rent needed to cover operating costs, mortgage payment and developer profits required to finance capital costs			
	Private developer		Non-profit	
Capital cost scenario	**1 br (575 sf)**	**2br (750 sf)**	**1 br (575 sf)**	**2br (750 sf)**
Concrete—no land cost	$2,236	$2,911	$1,539	$2,003
Concrete—low land cost	$2,419	$3,151	$1,653	$2,152
Concrete—medium land cost	$2,695	$3,510	$1,824	$2,374
Concrete—high land cost	$2,970	$3,869	$1,995	$2,597
Wood frame—no land cost	$1,942	$2,528	$1,357	$1,765
Wood frame—low land cost	$2,126	$2,767	$1,471	$1,914
Wood frame—medium land cost	$2,401	$3,127	$1,642	$2,137
Wood frame—high land cost	$2,676	$3,486	$1,813	$2,360

SOURCE: Coriolis study for Metro Vancouver, 2019, *Reducing the Barrier of High Land Cost: Strategies for Facilitating More Affordable Rental Housing Construction in Metro Vancouver Phase 2 of The Transit-Oriented Affordable Housing Study.*

It is usually assumed that for-profit developers must lead in delivering new housing supply even as this model seems unable to deliver the affordable housing we need.

than current market rents and could be locked in at affordable rates and managed by co-ops or community housing organizations. Apart from a contribution of public or highly subsidized land, we do not assume further government subsidy to renters in determining these average break-even rents.

For land, the logical starting points include land owned by a non-profit society or government, land acquired through transit development or land currently zoned low density that could be rezoned for higher density. We should also add to the stock of public land through more progressive property taxation, which would also help tame land prices. Land could be strategically acquired by governments through taxation of windfall gains that have passively accrued to homeowners.

Deeper affordability could be achieved through a cross-subsidy within a building or series of buildings. Rather than all one-bedrooms renting at $1,273, one-third of the units could rent at the average, one-third could rent at $750 per month and one-third close to a market rate of $1,796. Many combinations and tiers of a sliding scale are possible.

To be genuinely affordable, housing costs must not exceed 30 per cent of household income. At $30,000 per year, rent of $750 per month meets this test. For people with the lowest incomes, additional public income or rent support would be needed to ensure affordability at 30 per cent of income.

Ultimately, scaling up the non-profit development of non-market housing on public/community-owned land is key to achieving the public goal of affordable housing over the long-term.

Marc Lee is a senior economist at the CCPA–BC and the author of How to build affordable rental housing in Vancouver *available at policyalternatives.ca/build-non-profit.* *The CCPA–BC thanks the Vancouver Foundation for supporting this research.*

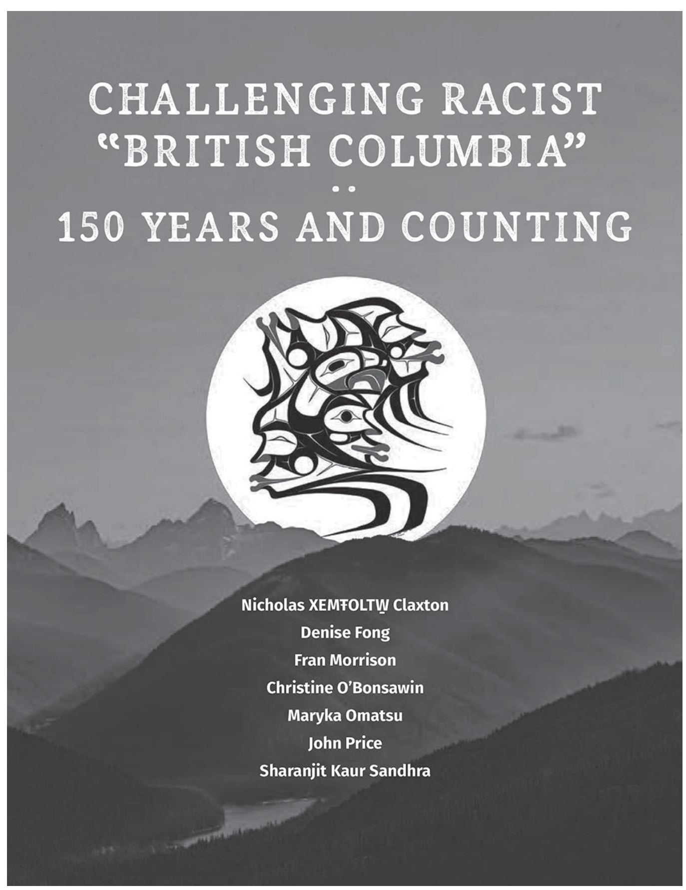
New resource weaves together history and present day anti-racist work in our province during 150th year

Together with the UVIC History project *Asian Canadians on Vancouver Island: Race, Indigeneity and the Transpacific,* the CCPA–BC published *Challenging Racist "British Columbia": 150 Years and Counting* this spring.

The 80-page, illustrated booklet, which is available as a free download from challengeracistbc.ca was co-authored by Nicholas XEMŦOLTW̱ Claxton, Denise Fong, Fran Morrison, Christine O'Bonsawin, Maryka Omatsu, John Price and Sharanjit Kaur Sandhra.

It is an engaging resource that is being released in advance of the 150th anniversary of British Columbia joining Canada, taking place in July of this year. In the resource, the authors examine the long history of racist policies that have impacted Indigenous, Black and other racialized communities in the province over those 150 years, tying those histories to present day anti-racist movements and individuals.

You can download the booklet and watch a video of the launch event at challengeracistbc.ca.



Burning our way to a new climate?

BY BEN PARFITT

Drax operates the largest thermal electricity plant in the United Kingdom, but with limited forests it must import 10 million tonnes of wood pellets annually. In February it bought Pinnacle Renewable Energy Inc., BC's largest and the world's second-largest, wood pellet producer.

Drax says that once its takeover of Pinnacle is complete it will be the world's largest producer of "sustainable biomass" power. It also says that using wood to create energy is part of a "virtuous cycle" that ultimately benefits "the forestry sector, rural communities and the environment." This allegedly helps the UK and EU get off "dirty" coal and lower greenhouse gas emissions.

New CCPA research, however, suggests that Drax's claims amount to greenwashing. Whole trees, indeed whole tracts of forest, are being logged to be burned. This is a major reason why 500 scientists have warned that wood pellet burning is a "false solution" to climate change.

Our research shows that from 2010–2020, three wood pellet companies—led by Pinnacle—took at least 1.3 million cubic metres of logs from BC forests. In addition to data analysis, we obtained photographs and video showing piles of logs—to be converted to pellets—at Pinnacle's mills in Smithers and in Burns Lake.

The pellet industry says "residual" (i.e., waste) wood fibre is used, but the piles of logs belie that claim. In addition to adding little value to logged trees, the wood pellet industry creates much fewer jobs than other wood manufacturing.

Virtuous energy or a false solution?

Working with two unions we estimated that BC's 14 pellet mills directly employed just 303 workers in 2020. The United Steelworkers Union and the Public and Private Workers of Canada report that unionized pellet plant workers earn about one-third less than sawmill workers.

Drax's entry comes at a pivotal moment for BC's wood pellet industry. A new company—Peak Renewables—proposes to build Canada's largest wood pellet mill and by far the largest in BC in the remote Fort Nelson region. "Biomass" for the mill would come almost exclusively from approximately 1.5 million aspen trees. When we published details in February, there were immediate concerns from forest industry unions and conservation organizations. The BC government must decide whether to transfer logging rights from Canfor Corp., BC's largest forest company, to Peak.

Even the Wood Pellet Association of Canada (WPAC) objects. "WPAC does not support wood pellet manufacturing proposals that are predicated on the large-scale harvesting of forests for the sole purpose of pellet production," executive director Gordon Murray wrote in *Canadian Biomass Magazine,* adding he was "inundated" with calls after details of Peak's plan surfaced.

> 500 scientists have warned that wood pellet burning is a "false solution" to climate change.

The European Union also opposes sourcing wood pellets from primary forests, which store huge amounts of carbon.

Quesnel Mayor Bob Simpson says wood should only be burned at the end of the production train. A logged tree should be used for everything from lumber to furniture because solid wood products retain and store the carbon in trees. Leftover wood should be sent to a pulp mill to make fibre for in-demand items like surgical gowns, bioplastics and biofuels.

Pellets: the antithesis of value-added

In 2018, Pulitzer Prize-winning author Richard Rhodes wrote *Energy: A Human History,* about how societies transition from one energy source to another. Rhodes makes two things abundantly clear: energy transitions occur as energy supplies run short and transitions do not happen overnight.

From his home in California, Rhodes said he is mystified that England appears to be reaching back in time to harness wood energy, a scarce raw material in the UK (Drax's home) that will ultimately not solve the planetary climate crisis.

"I really wonder about this cycling of wood," says Rhodes. "I wonder if there's a CO_2 advantage when they're shipping these pellets. They're putting them on diesel-fired freighters, I presume, and shipping them across the Atlantic."

The WPAC, however, believes there will be a surge in wood pellet demand and that more wood pellet mills will be built, including in BC. Where all the wood will come from that's needed to make those pellets is anyone's guess.

If the new pellet mill in Fort Nelson materializes and is built to the scale that Peak Renewables envisions, there would be 15 pellet mills in BC. Based on last year's logging rate of 52.3 million cubic metres of timber, BC's pellet mill industry alone would account for the equivalent of just under 15 per cent of the entire provincial log harvest.

The combined annual output of all of those mills would be a little more than 3.1 million tonnes of wood pellets, less than one third of what Drax's power plant in North Yorkshire needs every year.

Can the world's forests supply enough biomass for another four such power plants while protecting forest ecosystems and forest industry jobs? We may soon find out.

Ben Parfitt is a resource policy analyst with the CCPA–BC.

PHOTOGRAPHS © STAND.EARTH

Opposite: Logs await grinding up for wood pellets at plant in Houston, BC.

Top: Walls of logs await conversion directly into wood pellets at a Peak Renewable Energy pellet mill in Burns Lake, BC.

Below: Provincial data shows that logging trucks delivered massive numbers of logs to BC wood pellet companies between 2010 and 2020.

Wealth tax on the super rich would raise far more money than previously thought

BY ALEX HEMINGWAY

While the lives of millions of working people have been upended by the COVID-19 pandemic, the wealth of the richest few Canadians has continued to balloon. A wealth tax on the super rich is an important policy to address extreme inequality and help raise revenue for long-term increases in public investment after the pandemic.

PHOTO: LYNN DOMBROWSKI / FLICKR

Inequality has reached new heights in Canada. The richest 1 per cent now controls 25 per cent of Canada's wealth, according to a recent Parliamentary Budget Office (PBO) report. CCPA research shows that the 87 richest families each hold, on average, 4,448 times more wealth than the typical family. Inequality is linked to worse performance on a range of health and social outcomes and high levels of inequality also damage economic growth.

Tackling inequality with a wealth tax on the super rich is hugely popular with an overwhelming majority of Canadians across party lines in the most recent polling. This is also supported by a growing body of economic research and analysis.

Using up-to-date national accounts data and estimating tax avoidance and evasion based on the latest academic research I found that a 1 per cent tax on wealth over $20 million in Canada would generate about $10 billion in revenue in its first year, substantially more than the commonly cited estimate of $5.6 billion.

With a $10 billion boost to annual public revenues, Canada could lift hundreds of thousands of people out of poverty, implement long-term increases to funding for important social programs like child care, health care and seniors care, and help pay for more ambitious climate action.

A moderately more ambitious wealth tax could reduce inequality further and fund additional investments. A wealth tax with rates of 1 per cent on net worth over $20 million, 2 per cent over $50 million and 3 per cent over $100 million could raise nearly $20 billion in its first year.

Wealth taxes of these kinds, targeted to net worth over $20 million, would apply to only about 25,000 wealthy families, representing the richest 0.2 per cent of the country. This tiny fraction of Canadians—the richest of the rich—together control $1.8 trillion of the country's wealth.

In estimating wealth tax revenue my work corrects for two limitations in the most recent and commonly cited wealth tax revenue estimate from the PBO in July 2020, while maintaining the core of PBO's methodology.

First, the PBO's July 2020 estimate of wealth tax revenues reflected a large drop in asset values early in the pandemic, however asset values have since then rapidly bounced back in Canada.

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Second, and more significantly, the PBO assumed that 35 per cent of the wealth tax base would be wiped out by "behavioural responses" such as tax avoidance and evasion. However, this estimated behavioural response rate is out of line with the latest economic research on wealth taxes such as those by University of California, Berkeley economists Emmanuel Saez and Gabriel Zucman who estimate a substantially lower average behavioural response of 16 per cent.

Saez and Zucman emphasize that levels of tax avoidance and evasion are not laws of nature, but determined by policy choices. An extensive body of research produced by the UK

Wealth Tax Commission, based out of the London School of Economics, reinforces this view. For a 1 per cent annual wealth tax in the United Kingdom, the Commission's review of the evidence suggests a 7–17 per cent behavioural response rate.

Enforcing a wealth tax

The use of tax havens and other large-scale tax avoidance and evasion is often assumed to be inevitable. But, as economists like Saez and Zucman emphasize, we know how to crack down on this behaviour and how to design a wealth tax that minimizes it. What's been missing is the political will.

Would Canada's super rich flee the country to avoid a wealth tax? Some may, but a well-designed wealth tax will not allow them to dodge their tax obligations.

The biggest concern is that the wealthy will engage in outright criminal tax evasion, flouting the law to hide or misreport their wealth in tax havens. Ramping up tax enforcement and cracking down on tax avoidance and evasion is critical if we are going to make a wealth tax work.

There is an answer to organized money: organized people. With public support and a growing body of research, a wealth tax can be won if Canadians demand it.

Key measures include increasing funding for enforcement efforts focused on the rich, steeper penalties for tax evasion, enforcement against financial services providers that help organize and enable evasion, and imposing stronger transparency and third-party reporting requirements on financial institutions doing business with Canada.

Tackling the super rich and funding the public good

A wealth tax is only one piece of the puzzle to take on the super rich and expand public services. Canada needs to end preferential treatment of income from wealth (i.e., capital gains from stocks, real estate, etc.) compared to income from work. Currently, capital gains are taxed at half the rate of income from work, costing billions of dollars in lost public revenue.

The tax system is only part of the solution. Other actions necessary to address extreme wealth and equalize economic power in Canada include strengthening workers' rights and new models of public, employee and community ownership.

There is an answer to organized money: organized people. With public support and a growing body of research, a wealth tax can be won if Canadians demand it.

Alex Hemingway is a senior economist and the Public Finance Policy Analyst at the CCPA–BC. Thanks to Gabriel Zucman, Rob Gillezeau and Rhys Kesselman for comments on earlier drafts of this paper.

One year into the COVID-19 pandemic, Canadian billionaires have increased their wealth by $78 billion

Data from Forbes' "real-time billionaires" listing on April 7 compared with a snapshot provided by their annual billionaires report last year shows this massive increase. Together, 47 Canadian billionaires now control $270 billion in total wealth.

Among the biggest winners are the Thompson fortune ($14.4 billion increase in wealth), Tobi Lutke of Shopify ($8.8 billion increase) and BC's Jim Pattison ($7.2 billion increase). Last year Pattison's grocery chains, along with those of billionaire Galen Weston, infamously clawed back pandemic pay bumps for frontline workers while their profits soared.

Meanwhile, 5.5 million Canadian workers lost their jobs or had more than half of their hours cut at the pandemic's peak. Recent Statistics Canada data show the number of jobs affected remaining at over half a million (with 300,000 fewer people employed and another 250,000 with the majority of their hours cut). Moreover, some recent job growth is likely to be reversed in response to the third wave. Low-wage workers have consistently been hit hardest in the job loss numbers throughout the pandemic.

Interest in a wealth tax as I've outlined here continues to build in Canada. My research into the growth of billionaire fortunes was covered by multiple outlets in print, online and radio, including an interview with *Bloomberg News.*

—Alex Hemingway

Stay-the-course BC budget misses the mark on key areas of urgency outside health

BY IGLIKA IVANOVA & ALEX HEMINGWAY

The BC government tabled a surprisingly stay-the-course budget, making some improvements on the margins but missing the opportunity to shift BC towards a more inclusive and sustainable economy. While the budget appropriately includes large sums of time-limited spending relating to the pandemic (and indeed BC has led other provinces here), it is scarce on major, ongoing new dollars for priorities like child care, housing and climate action. It also failed to introduce new tax fairness measures to tackle inequality and require the wealthiest few to pay more.

Instead, the budget emphasizes declining deficits over the next three years and a misplaced aspiration to return to balanced budgets through constrained spending.

Starting with a look at the fiscal picture, the BC government is running deficits, which is precisely the right thing to do under the circumstances. However, the deficit for this past fiscal year (2020/21) is now forecast to be $8.1 billion, far less than the December 2020 forecast of $13.6 billion, meaning there was fiscal room this past year to deploy funds for priorities like paid sick days or additional supports to low-income renters.

The budget forecasts a $9.7 billion deficit in 2021/2022 declining to $4.3 billion in 2023/24. As has been true in BC budgets for two decades now, each of these estimates is padded with large contingency funds, forecast allowances and low-balling projections of economic growth. There's good reason to expect the usual "surprise good news" with respect to the headline budget balance numbers come next year. Notably, despite higher provincial debt levels, interest costs from debt remain close to multi-decade lows.

> A too-cautious approach to budgeting can itself be economically and fiscally misguided, since failing to address long-standing challenges like gender, racial and economic inequalities or climate change makes us vulnerable.

A too-cautious approach to budgeting can itself be economically and fiscally misguided, since failing to address long-standing challenges like gender, racial and economic inequalities or climate change makes us vulnerable, as the pandemic has shown, and because tackling them is crucial to building a stronger economy going forward.

There are substantial, non-pandemic-related increases in expenditure for capital spending. These increases are largely driven by BC Hydro and specifically Site C. Notably, capital spending plans across a wider range of areas were already at historic highs prior to Budget 2021, and health and education saw further increases. Still, capital spending increases in this budget fall short of the annual $3-billion increase promised in the NDP platform, even when including BC Hydro.

Child care

After the landmark federal commitment to build a quality, non-profit, affordable child care system across the country in the federal budget, the BC Budget investment in child care is disappointing. The new provincial funding commitment of $233 million for child care over three years is far short of what was promised in the election platform ($1.25 billion over the next two years alone).

Seniors care

The COVID-19 crisis revealed long-standing challenges in seniors care, including—but not limited to—the standards of care in long-term care facilities, in particular in for-profit ones. It's good to see single-site health facility orders continuing, as per the election commitment to make leveled-up wages for long-term care workers permanent. New infrastructure funding for renewal and expansion of publicly owned long-term care facilities is also welcome as is funding for workforce development. The federal budget included a plan to negotiate national standards for long-term care over the next year, with modest funding to implement these standards starting in 2022/23. It's perhaps not surprising that the provincial budget doesn't make bigger investments in long-term care at this stage, though it is disappointing to see no steps being taken to get profits out of long-term care.

Health care

In addition to $900 million in the current fiscal year for the ongoing pandemic response, BC Budget 2021 invests $2.6 billion to support the public health care system and a further $500 million over three years to expand access to mental health services.

This is the largest mental health investment a BC government has made, and its centrepiece is long-overdue funding to accelerate the response to the opioid crisis, which has claimed over 7,000 lives in BC. The rising death toll is irrefutable evidence that BC's existing response has fallen vastly short of what is needed. Whether the $330 million earmarked over three years is sufficient to tackle this public health emergency remains to be seen.

Housing

Given that BC's housing affordability crisis continues and prices are soaring, the budget contains surprisingly little new on the housing file. The biggest item is a $2-billion increase in rolling construction loan financing to facilitate construction of middle-income rental housing. The budget also continues to fund the operations of temporary shelter and hotel spaces related to tackling homelessness during the pandemic.

Funding the next phase of BC's poverty reduction strategy

Budget 2021 includes previously announced increases to disability and social assistance benefits of $175 per month and a $50 per month increase in the seniors supplement for low-income seniors. While this is a historic increase that will benefit more than 300,000 of the most marginalized British Columbians—if only because of our regrettable history of leaving the poorest amongst us behind—it is considerably lower than the $300 per month increase that advocates and the BC Basic Income Panel asked for.

Even with this new increase, a troubling gap remains between the standard set by the $2,000 per month Canada Emergency Relief Benefit (CERB) and later the Canada Recovery Benefits on one hand, and BC's income and disability assistance rates on the other. Even with the newly announced increase to $935 per month for an individual in the "expected to work" category, income support rates remain vastly lower than the new standard set by the CERB for what is considered adequate to live on, which happens to be very close to the poverty line as measured by the Market Basket Measure for urban areas in BC.

Budget 2021 includes a few other notable, if modest, investments that will help with poverty reduction and a more-inclusive recovery, including free transit for children under 12, some additional funding for expanding broadband internet and cellular access to rural and remote communities, additional funding to support adults with developmental disabilities and modest new funding to improve access to justice for women, racialized communities, Indigenous people, new immigrants, refugees and low-income British Columbians.

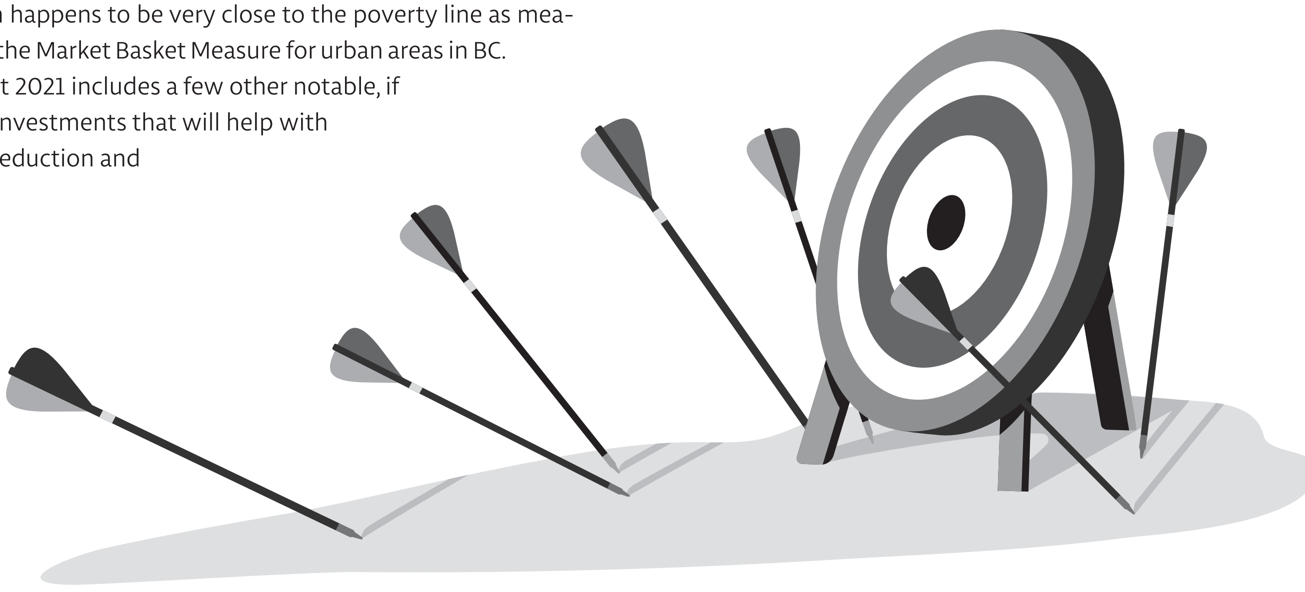
Education and training

Budget 2021 provides some additional funds for K–12 education, however, most of it seems to be to cover the costs associated with the growing number of students and negotiated staff wages, rather than enhancement to services. We know that additional funding is urgently needed to ensure that students with learning disabilities and special needs receive the supports they need to thrive. Notably this budget does provide some welcome investments to expand access to mental health services in schools, which were overdue. The public education system will also benefit from additional infrastructure investments in schools.

Unfortunately, Budget 2021 does not include additional supports for post-secondary students or for public post-secondary institutions generally, aside from funding for targeted workforce-related training programs.

Overall, while there are important new commitments in the budget, the cautious fiscal approach is a missed opportunity to go bigger and bolder to address some of the major challenges of our time—housing, child care, climate change, poverty, among others—and to tax the rich to curb income and wealth inequality and sustain increases to public investments for the long term.

Iglika Ivanova is a senior economist and the Public Interest Researcher, and Alex Hemingway is a senior economist and the Public Finance Policy Analyst at the CCPA's BC Office.



Donor spotlight: Jorge Amigo

Jorge Amigo is a monthly supporter of the CCPA's BC office. Rav Kambo chatted with Jorge to learn more about him and find out why he supports our office.

Jorge left the volcanoes of Mexico City in 2007 and settled in Vancouver. He currently works as the head of cultural programming for the Vancouver Public Library, re-imagining arts and culture programming for the library during the pandemic. Jorge's approach to public engagement is centred around anti-racism, decolonization and building a more equitable society that uplifts marginalized voices.

Rav: What area of our work is most interesting to you?

Jorge: I'm particularly interested in your climate justice work. It's hard to witness how Big Oil has captured Canadian democracy and not despair about the impossibility of achieving a just transition to a green economy. I think your work is crucial for showing the public and the government that their support of this fossil fuel industry is based on corporate talking points, rather than science or sound economic policy.

Rav: Has the pandemic changed the way you think about the role of policy in social change?

Jorge: For me, the pandemic has made our past and current policy failures impossible to ignore, and made it more urgent for all of us in civil society to push for social change. Bad policy is costing lives, period.

Rav: Why did you decide to become a monthly donor?

Jorge: I became a monthly donor because I was impressed by the quality of your work, and realized that through your research you have the power to hold our governments accountable. I think the work you produce gives citizens and advocacy organizations the information we need to point out government failures and to push for change.

If you're reading this, you probably already know that the research that the CCPA–BC produces has the power to effect policy change and make our lives better.

Rav: What would you say to encourage someone to become a monthly donor to the CCPA–BC?

Jorge: I believe it's important to pay for the work that we value. I think it's crucial that we support journalists by subscribing to our preferred newspaper. When we enjoy a piece of art or music, we should pay the artists. I think the same applies for the CCPA: if you think their research will help create a better society for you, even if you are not the intended audience/reader of their reports, it is important to support their efforts.

Rav: If you could wave a magic wand and make one policy a reality in BC what would it be?

Jorge: TAX THE RICH! It's the ONE key policy that would have a reverberating effect in both reducing inequality and enabling the funding of numerous social policies to make BC a more equitable place.

To sign up to become a monthly donor you can visit policyalternatives.ca/bcgive or return the slip enclosed in this issue to our office. If you have questions about becoming a monthly donor, please contact Rav Kambo at rav@policyalternatives.ca or 604-801-5121 x225.

BC SOLUTIONS

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