

# BC SOLUTIONS

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

## Time to change our electoral system

BY SETH KLEIN

This issue of *BC Solutions* comes out as our province prepares to vote in the referendum on electoral reform (voting through mail-in ballot will take place Oct 22–Nov 30). I encourage you all to seize this historic moment!

The CCPA–BC is strongly supporting the YES side in the referendum. We've been busy producing informative commentary and analysis outlining the case for change and debunking the arguments against proportional representation (pro rep). Two of our recent pieces are featured in this issue. Many more can be found at a special webpage we've created at [policynote.ca/pr4bc](http://policynote.ca/pr4bc) (to which we'll keep adding content until the referendum is over).

Our antiquated first-past-the-post electoral system is broken and needs to be replaced. It almost always generates “false majorities”—granting a majority of legislative seats and 100 per cent of the power to parties that win less than 50 per cent of the popular vote. It encourages strategic voting, forcing people to vote against what they don't want, rather than feeling liberated to “vote our values.” And it narrows political choice and political discourse. We can do better.

All three of the pro rep options on this fall's ballot represent a huge improvement. All would produce a legislature that reflects how the public voted. Evidence from around the world tells us that pro rep countries have higher voter turnout, and legislatures with better representation of women and Indigenous people, and more ethnic diversity. Pro rep also means many more minority governments, and that's great! Minority governments have given us some of our most prized and long-lasting social programs, from Medicare to the Canada Pension Plan.

So rally your friends, co-workers and family! Don't let this game-changing moment slip away.

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CANADIAN CENTRE  
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BC Office

# Deep poverty: The BC government can and should end it

BY SETH KLEIN & IGLIKA IVANOVA

The BC government's public consultations into the development of a poverty reduction plan have ended. Now ideas from thousands of British Columbians are in the hands of the government, as they turn all that input into the official plan.

We've been told to expect enabling legislation—including legislated targets and timelines—for the fall session of the BC Legislature and a comprehensive plan by the end of 2018 or early 2019.

This is good news, but there's much that remains to be seen, including what those targets and timelines will actually be. One area where it seems Ministry architects are reluctant to set targets is with respect to the *depth* of poverty—or how far below the poverty line a person might fall—for which the CCPA and the BC Poverty Reduction Coalition have long advocated.

The BC government can and should budget in 2019 to get all British Columbians on welfare to at least 75 per cent of the poverty line.

It's no mystery why the government is resisting this call—it costs money. As we have long noted, the *breadth* of poverty in BC (meaning the overall poverty rate) is primarily a low wage story, but *deep* poverty is mainly a story of inadequate welfare rates. A depth target would force the government to increase social assistance benefit rates.

That said, the cost of ending deep poverty is well within reach.

We've crunched the numbers, and found that the cost of getting all British Columbians on social assistance to 75 per cent of the poverty line would be approximately \$365 million—an additional annual expenditure well within the government's capacity (for context, this amounts to about 0.7 per cent of the annual provincial budget).

Clearly, the BC government can and should budget in 2019 to get all British Columbians on welfare to at least 75 per cent of the poverty line.

As the CCPA highlighted in our submission to the consultation, "Failure to include depth targets...in the BC plan risks leaving the poorest and most vulnerable behind, and would absolve the government of necessary action in the areas over which it has the most direct responsibility, namely social assistance and housing."

Any way one slices it, we can—and must—eliminate deep poverty in BC.

*Seth Klein is the CCPA-BC Director. Iglika Ivanova is a Senior Economist and the CCPA-BC's Public Interest Researcher. A version of this piece can be found online at: [policynote.ca/deep-poverty](http://policynote.ca/deep-poverty).*



PHOTO BY KPCCFGS / WIKIMEDIA

## CCPA-BC ANNUAL FUNDRAISING GALA WITH DESMOND COLE

### Are we there yet? The struggle for racial equity in Canada.

We are very pleased to announce that Toronto-based journalist, writer and activist Desmond Cole will be the keynote speaker at our 2018 Annual Fundraising Gala. Cole is an award-winning writer whose work focuses primarily on systemic racial injustice in Canada. His first book, *The Skin We're In*—to be published in September 2019—exposes policing practices that disproportionately target people of color in Canada and explores the experiences of black Canadians.

**Thursday, November 15, 2018 at 5:30 pm**

Fraserview Hall, 8240 Fraser Street, Vancouver

Tickets: \$100 including Indian buffet dinner, available at: [policyalternatives.ca/bcgala2018](http://policyalternatives.ca/bcgala2018) or 604-801-5121 x221 / [ccpabc@policyalternatives.ca](mailto:ccpabc@policyalternatives.ca).

Table reservations available when 8 tickets are purchased in a single block by phone or email.

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## Low property taxes help fuel housing crisis

BY ALEX HEMINGWAY

You would never know it from the anxious talk about property taxes in BC, but rates are actually unusually low throughout the province, particularly in Vancouver—and this has helped fuel the current housing crisis.

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Vancouver has among the lowest property tax rates in Canada. The annual residential property tax rate in Vancouver—including municipal, regional and provincial portions—is a quarter of one per cent of assessed value. That’s less than half the rate in Toronto.

In concrete terms, property taxes on a \$1 million property in Toronto were approximately \$4,673 in 2017, while in Vancouver they were \$2,555. After you factor in BC’s generous Home Owner Grant, the bill in Vancouver falls to \$1,985.

The story is similar for a \$4 million property, which in BC could be subject to a new surtax on the provincial portion of property tax (known as the “School Tax”). Even after incorporating the School Tax, taxes on a \$4 million property are still more than 50 per cent higher in Toronto than Vancouver.

One little-discussed effect of having low property tax rates is that it encourages holding residential real estate as an investment. Most investments have a “carrying cost,” and low taxes mean the carrying cost for investing in property in Vancouver is very low compared to holding other types of assets.

For example, if you invest in mutual funds in Canada you will typically pay a carrying cost of about two per cent annually in investment management fees. Compare that to the nearly eight-times-smaller 0.26 per cent carrying cost of property taxes in Vancouver. When you combine very high investment returns from steadily rising property values in Vancouver with very low carrying costs, it’s clear why this makes an enticing investment.

### How did we get here?

Vancouver’s property tax rate is so low, in part, because of a quirk with how property taxes are levied. Each year, municipalities set tax rates at a level that will raise precisely the amount of money they need for their annual budgets. When property values rise, the property tax rate actually decreases to ensure revenues don’t exceed a city’s planned spending.

For example, the tax rate in Vancouver has fallen by more than half between 2000 and 2017—thus steadily decreasing the carrying cost of Vancouver property. And when increasing demand puts upward pressure on prices, tax rates decline further.

If the steady decline in rates were frozen or reversed, and property taxes were structured progressively, the result would be a mix of additional government revenue and lower property prices (because the increased carrying cost would make real estate a less attractive investment), decreasing demand. These are desirable outcomes.

The additional provincial School Tax on properties over \$3 million is an important step in the right direction, but more must be done to address the reality that low property taxes are helping to fuel our housing crisis.

*Alex Hemingway is an Economist and Public Finance Policy Analyst at the CCPA’s BC Office.*

PHOTO: MARTINEZ / ISTOCK.

# Politics vs. the future: Canada's Orwellian energy standoff

BY DAVID HUGHES

There is no denying the utility of fossil fuels, which currently meet 85 per cent of the world's energy needs. And consumption is rising along with emissions. Even in Canada, the second largest hydropower producer in the world, 76 per cent of end use energy is provided by fossil fuels.

We are told by the federal government that increasing oil and gas production and meeting emissions reduction targets are mutually compatible goals. Alberta has crafted a "climate leadership plan" that allows oil sands emissions to grow by 40 per cent and places no restrictions on oil and gas production outside of the oil sands. A phase-out of remaining coal plants and a modest carbon tax were also included.

Rachel Notley and Justin Trudeau have invested a lot of political capital in TMX but are ignoring the bigger picture.

Even with Alberta's oil sands cap in place, National Energy Board (NEB) projections for oil and gas production growth show that upstream emissions will increase greatly, to the point that a 49 per cent reduction in emissions from the rest of Canada's economy would be required to meet our Paris targets.

Notwithstanding the difficulty in making such radical reductions outside of the petroleum sector in a short timeframe, the federal and Alberta governments assert that if the Trans Mountain pipeline expansion (TMX) is not built, even Alberta's extremely modest "climate leadership plan" may be cancelled.

Rachel Notley and Justin Trudeau have invested a lot of political capital in TMX but are ignoring the bigger picture. Even if oil and gas production is allowed to grow per the NEB's projections, there are two other export pipelines likely to be built—Line 3 and Keystone

XL—that would provide sufficient pipeline export capacity for foreseeable production growth under the oil sands emissions cap.

Some environmental groups assert that it will be relatively easy to swap out fossil fuels for renewable energy—wind, solar, biomass, biofuels and geothermal energy. That is unlikely given the scale of such a transition. Renewable energy can certainly be scaled up a lot, but we will likely need fossil fuels for decades to come as we make the transition.

That's because solar and wind are intermittent, and the energy they produce—electricity—makes up only 17 per cent of current delivered energy in Canada. They need to be backed up by dispatchable sources like natural gas, or with storage, to provide reliable power. Solar and wind now provide less than five per cent of Canada's electricity generation.

Knowing that fossil fuels will likely be needed for a long time to come, and that producing them is very emissions-intensive, Canada's current *de facto* strategy of selling them off at rock bottom prices with declining revenues to government makes little sense.

Governments telling us we must increase emissions from oil and gas production in order to meet emissions reduction targets would make George Orwell proud.

Canada needs a viable energy strategy that will meet long-term energy security needs and emissions reduction commitments. Investments in political capital, to the exclusion of common sense and a view beyond the next election, seem to have relegated us to Orwell's world.

*David Hughes is an earth scientist and author of Canada's Energy Outlook: Current realities and implications for a carbon-constrained future, published by the Canadian Centre for Policy Alternatives and the Parkland Institute as part of the Corporate Mapping Project, and available at: [energyoutlook.ca](http://energyoutlook.ca).*

PHOTO: MARK KLOTZ / FLICKR.



# BC public pensions fuel climate change crisis

BY ZOË YUNKER, JESSICA DEMPSEY & JAMES ROWE

If you have a public pension in BC, your retirement savings are likely fuelling the climate change crisis. The pensions of over half a million British Columbians are administered by the British Columbia Investment Management Corporation (BCI), formerly known as the bclMC. It's the fourth largest pension fund manager in Canada and controls one of province's largest pools of wealth totalling \$135.5 billion dollars.

In 2016, Canada signed the Paris Agreement, acknowledging that global warming must not exceed 2°C above pre-industrial levels and further committing to work toward a 1.5°C limit. As one of the province's largest financial managers, BCI's investment decisions are critical for the urgent and sustained emission reductions that both targets require.

So, is BCI investing funds in ways that support the shift to a 2°C global warming limit?

Unfortunately, the answer is no. Our research found that instead of curbing investments to align with the two-degree limit, BCI promotes the status quo on carbon-heavy investments.

Since 2016, BCI has invested over \$3 billion in the top 200 publicly traded fossil fuel reserve holders—including investments in 74 per cent of the oil and gas companies with the largest fossil fuel reserves and 30 per cent of the biggest reserve-holding coal producers.

BCI doesn't believe these investments are a problem. It claims that its ability to be an "active owner" through shareholder engagement will create more lasting change in their investee corporations than if they withdrew or "divested" their money on ethical grounds.

Our research found that instead of curbing investments to align with the two-degree limit, BCI promotes the status quo on carbon-heavy investments.

However, when we investigated BCI's engagement strategies, we found that when it comes to climate action, their "active ownership" falls short. Companies often ignore climate-related shareholder resolutions, and their eventual responses can be minimal at best. Exxon—in which BCI holds an ownership stake—claims that its business model "face[s] little risk" from climate change despite its commitment to blow past the two-degree limit.

Further, not taking climate change seriously in its investment decisions not only breaches BCI's claim to "responsible" investment on ethical grounds, it also threatens the financial stability of BC pensions.

A recent study published in *Nature and Climate Change* shows



PHOTO: GARTH LENZ.

that falling prices in renewables and low carbon technology means the demand for fossil fuel investments will drop before 2035, leaving companies with trillions in assets that cannot be sold.

We have started moving towards a post-carbon world. Our research shows, however, that BCI is stuck in the 20th century of fossil-fuelled investment.

*Zoë Yunker, Jessica Dempsey and James Rowe are co-authors of the Corporate Mapping Project report, Canada's Fossil-Fuelled Pensions: The case of the British Columbia Investment Management Corporation.*



These articles are 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).

# Electoral reform is simple, actually

BY SETH KLEIN & VYAS SARAN

As British Columbians consider trading in our centuries-old electoral system for one where all our votes count, our politicians cooperate and our governments get only the power they deserve, don't be surprised if—in more polite language, of course—we're called stupid along the way.

In the lead-up to the referendum on electoral reform this fall, a favourite argument of the “No” side is that the whole affair is frightfully confusing—that the options before us are just “too complicated” for British Columbians to navigate.

Yet most of us understand why we're being asked to consider a change: because our antiquated first-past-the-post (FPTP) system, while simple on the surface, consistently produces results in which the makeup of our legislature does not reflect the will of the people, and governments that rule by partisan decree without majority support.

## The ballot questions are in fact fairly straightforward

In truth, this referendum is pretty simple.

The mail-in ballot will have two questions. The first will ask whether or not voters want to change from our current FPTP system to a form of proportional representation (or “pro rep”). We have confidence that our fellow citizens will be able to manage this task.

### 1. Which system should British Columbia use for provincial elections?

(Vote for only one)

- The current First Past the Post voting system
- A proportional representation voting system

The second question will ask voters to rank three alternative pro rep options (which people can do even if they don't want change, or which they can opt not to do). Again, ranking three alternative options is a task we think most people can manage just fine. And importantly, if the public votes to change the system (via question one), this means the choice of a new system is in the hands of voters, rather than politicians.

## Three models are on offer

The three pro rep systems that we will be asked to rank (via the second question on the ballot) are:

**DUAL MEMBER:** This would see most ridings elect two MLAs. Most of the province's existing single-member ridings would be combined with a neighbouring riding to create larger

### 2. If British Columbia adopts a proportional representation voting system, which of the following voting systems do you prefer?

(Rank in order of preference. You may choose to support one, two or all three of the systems.)

	1 <sup>st</sup> choice	2 <sup>nd</sup> choice	3 <sup>rd</sup> choice
Dual Member Proportional (DMP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mixed Member Proportional (MMP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rural-Urban Proportional (RUP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

two-member ridings (other than a few rural ridings that are already very large). Parties will nominate two candidates for each riding. The first seat will go to the first candidate of the party with the most votes. The second seat will be allocated based on province-wide voting results as well as local riding results, to ensure that the overall share of seats each party gets in the legislature corresponds to their share of the popular vote.

**MIXED MEMBER:** This would see voters elect roughly 60 per cent of MLAs in single-member ridings as we do now. The other 40 per cent of seats would be drawn from regional party lists, such that the overall share of seats each party gets in the legislature corresponds to their share of the popular vote.

**RURAL-URBAN:** This is a mixed system that elects MLAs in two ways: in rural areas, MLAs would be elected using the Mixed Member model above; in urban areas, ridings would be combined into larger multi-member ridings with five to seven MLAs elected using the Single Transferable Vote (where people rank candidates in order of preference).

Our current FPTP system distorts and wastes votes cast by people who happen to live in the wrong place, particularly in “safe ridings.”

All three proposed systems are, to some degree, new innovations. But that just means they're *unfamiliar* to British Columbians, not “too complicated.” The systems on offer *should* be those that can accommodate the diverse nuances of BC, and that reflect how we want to balance local representation with



proportional outcomes, and urban and rural interests.

The large majority of democracies on our planet use some form of pro rep, many of which, like the options before us, combine local representation with proportionality in innovative ways. Surely British Columbians are as clever as all these other good folks; to imply otherwise is, frankly, insulting.

### **The current system sucks, actually**

In contrast to the three proportional models proposed, our current FPTP system distorts and wastes votes cast by people who happen to live in the wrong place, particularly in “safe ridings.”

The FPTP system far too frequently grants winning parties false majorities; parties with about 40 per cent of the popular vote get 100 per cent of the power, and rule with virtual impunity for four years. A system that does that is a bad system, full stop.

If we do vote to change our system this fall, the benefits coming our way are great, regardless of which of the alternative models we choose. Pro rep will mean having a legislature that much better reflects the real preferences and backgrounds of the voters. It will also lead to far fewer safe ridings, and thus more meaningful competition and fewer wasted votes. And

With pro rep, people will be liberated to “vote their values,” which research shows plays a major role in the increased voter turnout that proportionality produces.

people will be liberated to “vote their values,” which research shows plays a major role in the increased voter turnout that proportionality produces.

British Columbians deserve a democracy that ensures that you will have, in relatively close proximity, a local representative who shares your political values—and which gives you the voice you want in the halls of power.

*Seth Klein is the BC Director of the CCPA. Vyas Saran is a law student and the 2018 Rosenbluth Intern in Policy Research at the CCPA-BC.*

# Debunking a red herring: Electoral reform will not enable the far right

BY SETH KLEIN & VYAS SARAN

It's now clear that a core assertion the 'No' side in the electoral reform referendum will be endlessly repeating in the coming months is that proportional representation should be rejected because it will enable far right or "extremist" political parties. It is a spurious claim.

Throughout the past century, democracies around the world have wrestled with the scourge of far right, fascist and xenophobic political parties whose prominence tends to ebb and flow with political and economic events. Their political "success," however, has had nothing to do with the electoral system.

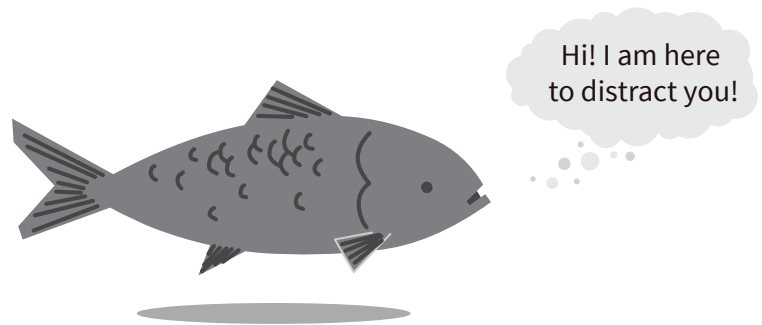
No electoral system has a monopoly on either preventing or fostering far right parties, and those advancing claims to the contrary are merely cherry-picking examples to make mischief in this referendum.

## The record of first-past-the-post

Our current first-past-the-post (FPTP) electoral system is actually the exception—not the norm—among democratic countries.

Most democracies employ some form of pro rep. There are really only four democracies that exclusively use FPTP. These countries have also been more apt to elect hard right governments with false majorities that impose radical right-wing agendas:

- THE USA, which most recently elected Donald Trump under a FPTP system. In that case, Trump won with less of the popular vote than his opponent Hilary Clinton.
- THE UK, which elected Margaret Thatcher with a false majority (she first won 100 per cent of the power with 44 per cent of the popular vote), ushering in the first hardcore neoliberal government of the post-World War II era.
- INDIA, which under FPTP most recently elected the Modi government with a false majority (100 per cent of the power with 31 per cent of the popular vote), whose Hindu nationalist Bharatiya Janata Party is seen as neofascist by many.
- AND THEN THERE IS CANADA. Our antiquated FPTP system has given false majorities to the likes of Stephen Harper, Gordon Campbell, Mike Harris, and most recently, Doug Ford, all of whom received 100 per cent of the power to impose their austerity agendas.



In some cases, conservative parties elected under FPTP have quietly accommodated ultra-right elements within their big tents, granting these tendencies considerable power within our existing system (witness Trump's inclusion of alt-right elements within his Republican government, or the Harper government's dog-whistle appeals to anti-immigrant tendencies).

So it's worth considering: What is better? Knowing what power these far right groups have because we can count their electoral seats and read the terms of a minority government policy program in black-and-white (as occurs under pro rep)?

Whenever we have seen the emergence of far right and neo-Nazi parties, it is clear they are a product not of the electoral system but of neo-liberal policies and austerity.

Or having these groups lurk in the shadows of big-tent conservative parties, without really knowing how much political clout they wield (as occurs now under FPTP)?

The point here is not to suggest that FPTP inherently produces more hard right governments. But rather, the contention that FPTP will somehow save us from far right political elements is rubbish.



## 2018 Gideon Rosenbluth Memorial Lecture with Mark Z. Jacobson

The CCPA-BC is proud to present, in partnership with UBC's Vancouver School of Economics, the 2018 Annual Gideon Rosenbluth Memorial Lecture. Mark Z. Jacobson will discuss technical and economic roadmaps to convert global energy infrastructure to 100% clean, renewable energy.

Mark Z. Jacobson is the world-renowned director of the Atmosphere/Energy Program at Stanford University, and a professor of civil and environmental engineering. His lecture will discuss how we can convert the energy infrastructure of homes, cities, countries and the world to be 100% powered by wind, water and sunlight—and, in so doing, mitigate global warming, air pollution and energy insecurity. Don't miss this opportunity to see Mark in person in Vancouver.

### Thursday, October 25, 2018

7:00 PM – 9:00 PM, SFU Segal Graduate School of Business, 500 Granville St, Vancouver, BC

Tickets: \$5\* Learn more and buy tickets: [ccpabc.ca/jacobson2018](http://ccpabc.ca/jacobson2018)

\* *No one will be turned away for lack of funds. Contact Dianne at 604-801-5121 x221 or [ccpabc@policyalternatives.ca](mailto:ccpabc@policyalternatives.ca) to register at no cost. Please note that space is limited and seats will be reserved on a first come, first served basis.*

### What encourages the emergence of far right parties?

Historically speaking, whenever we have seen the emergence of far right and neo-Nazi parties, it is clear they are a product not of the electoral system but of neo-liberal policies and austerity.

This was most famously true of Germany in the 1930s when Hitler's National Socialist (Nazi) party capitalized on the humiliations that came with punishing economic reparations and depression after World War I. In the 1980s, the UK saw an upswing in neo-Nazi movements under Thatcher's cuts. More recently, in Greece, the neo-Nazi Golden Dawn party has made political gains (winning 7 per cent of the vote in 2015) in the face of punishing austerity imposed by Greece's debt holders.

There are also pro rep countries like Austria, Hungary and Poland where far-right political parties have won disturbingly high seat counts. But these countries don't have an electoral system problem; they have a neo-Nazi problem, or they have right-wing populist parties that would likely win regardless of the electoral system.

In short, politics and platforms matter much more than electoral systems when it comes to scuttling the far right.

### Nothing to fear in BC

So where does this leave us in BC as we decide what electoral system to embrace?

First, we really have nothing to fear. This choice will not determine if our politics are about to be taken over by far right or other extremist elements. If BC's political culture has managed to avoid neo-Nazi and other radical fringe parties—which it thankfully has—that's not going to suddenly change if we choose a new electoral system.

Second, with each pro rep option that will be on the ballot this fall, the new system will require that a party receive at least five per cent of the vote province-wide to be able to win a seat. This minimum threshold provides a safeguard against fringe parties getting into the Legislature.

And lastly—for those still feeling nervous—recall that Attorney General David Eby has included a fail-safe provision in the electoral reform process, an “escape clause” if you will. If we choose to change our system, we get to road-test it for two elections and then there will be another referendum.

So there's no need to vote from a place of fear this fall. Vote for what you want. And then liberate yourself to vote your conscience from then on.

## Stay up to date with our series, *Electoral Reform in BC*

These articles are part of our new series on BC's 2018 electoral reform referendum. For more pieces that explain the benefits of proportional representation and debunk myths from the “No” side, and to find additional resources, be sure to visit: [policynote.ca/pr4bc](http://policynote.ca/pr4bc).

# Remembering Kate McInturff

Friends,

You may have heard the news that feminist, activist and CCPA researcher Kate McInturff passed away in July. We will remember Kate fondly, and extend our deepest condolences to the many people whose lives she touched—those who collaborated with her, laughed with her and loved her—and those whose quality of life has improved as a result of her work to lift women out of low incomes, narrow the wage gap and address gender-based violence.

I first met Kate at a workshop on gender-based budget analysis in October 2010 when she was Executive Director of the Canadian Feminist Alliance for International Action. It was a treat watching Kate in her element, making a tight and convincing argument about why public policy affects men and women differently and how tax policy and government budgets can be better leveraged to fight what she called “the stupidities wrought by sexism, racism and misogyny.”

Kate’s ability to use data to shine a new light on the age-old problem of gender inequality was inspiring, as was her tireless advocacy for policies she knew would move us closer to gender equality. In addition to being a brilliant policy researcher who took every opportunity to speak truth to power, Kate was incredibly generous with her time and freely shared her expertise with younger colleagues like me.

I wish we had more time to work together, but Kate will always inspire me and the countless women she mentored to carry on the fight for equality.

— Iglia

*Kate reflected on her work and legacy in her final post, “Love and spreadsheets,” at: [behindthenumbers.ca/2018/07/27/love-and-spreadsheets](https://behindthenumbers.ca/2018/07/27/love-and-spreadsheets). A full statement on Kate’s passing can be found at: [policyalternatives.ca/kates-legacy](https://policyalternatives.ca/kates-legacy).*



## More analysis from the CCPA–BC on Policy Note

Our Policy Note blog delivers timely, progressive commentary from CCPA–BC staff, research associates and contributors. Here are some of our latest posts...

### ON POVERTY, LABOUR AND AFFORDABILITY:

*BC’s poverty reduction plans: Progress and next steps,* by Seth Klein

*Government wrong to exclude farm workers from basic minimum wage protection,* by David Fairey and Anelyse Weiler

*From housing market to human right: A view from Metro Vancouver,* by Marc Lee

*Urgent action needed to control rent increases: Submission to the BC Rental Housing Task Force,* by Seth Klein and Iglia Ivanova

### ON CLIMATE POLICY AND ENERGY INFRASTRUCTURE:

*What’s Kinder Morgan’s real end game?* by Seth Klein

*Tax breaks and subsidies for BC LNG,* by Marc Lee

*Kinder Morgan: Costs and benefits unbalanced, not in the national interest,* by Marc Lee

*The Petro State Lackey: How BC’s zest for natural gas fuels Alberta’s oil sands,* by Ben Parfitt

*British Columbians shortchanged billions from fossil fuel industry revenues,* by Ben Parfitt

### ON REPRESENTATION AND ACCOUNTABILITY:

*Why I am excited to be appointed to the Emerging Economy Task Force,* by Iglia Ivanova

*Threatened caribou further endangered: Suppressed audit shows Oil and Gas Commission undermining provincial efforts to save species,* by Ben Parfitt

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## Gas gouging in Metro Vancouver: Blame Big Oil, not taxes

BY MARC LEE

Everyone is talking about the high price of gas in Metro Vancouver, which hit a new record in May, topping \$1.60 per litre. The story making the rounds is that taxes are to blame—in particular the April 1 increase in BC's carbon tax. Some have seized on this moment to call for tax cuts to ease the pain at the pump for drivers.

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However, a closer look at what is driving price increases shows that it is gouging by the industry—not taxes—that is to blame. Factors controlled by industry (i.e. non-tax market factors) include the cost of crude oil, the margin taken (or mark-up) by refineries, and the margin taken by gas retailers.

From the low seen in the first quarter of 2016 to the second quarter of 2018, retail gas prices have gone up 46.4 cents per litre, of which 43 cents is due to market factors and only 3.4 cents is due to taxes. And only a mere 1.2 cents per litre of the increase due to taxes is from the April 1 increase in BC's carbon tax.

The cost of crude oil is the biggest factor—up 32.3 cents per litre. This is a reflection not of production costs, but that we pay the going world oil price. This price increase is thus pure profit for oil producers.

The current story really begins in late 2014 when crude oil prices tumbled. While crude oil prices fell 68 per cent between the first quarters of 2014 and 2016, the full price at the pump fell by only 18 per cent. In other words, refiners and retailers stepped in to take greater profits on the down side. (Compare this to the almost instantaneous increases in price at the pump whenever there is an accident, bad weather or any other excuse

that industry could use to justify a price hike.) And in recent years each industry segment has been taking a bigger cut and driving up prices at the pump.

This finding is of interest given the wolf cries from Alberta that BC is causing them to lose billions of dollars in oil revenues by opposing the Trans Mountain Pipeline Expansion.

It's time to regulate this industry—the same way we regulate other utilities like electricity and natural gas prices in BC. Even the synchronized weekly up-and-down swings of gas prices in Metro Vancouver could be tamed by a more regulated market.

While higher gas prices are ultimately a good signal to households to reduce driving where they can, regulating prices alongside a steadily rising carbon tax is a better way of inducing these changes than the market-driven shocks many drivers are now experiencing.

In the meantime, don't buy the tales told by anti-tax groups. The data show that over the past few years it's price gouging, not taxes, that is putting Metro Vancouver drivers over the barrel.

*Marc Lee is a Senior Economist at the CCPA-BC.*

## Exciting changes to our supporter services team

This past June, we said goodbye to our long-time fundraising specialist Leo Yu. Leo was a terrifically valuable part of our CCPA-BC team—having built a strong foundation for our long-term sustainability, and always demonstrating a passion and commitment to social justice. We're sad to see him go, but it is heartening to know that he will continue to work to advance social justice (including by continuing on as a monthly donor to our BC Solutions Fund).

We're also very pleased to announce that Rav Kambo (on right) has joined our team as Development and Supporter Engagement Specialist. The nine years Rav spent working with non-profits helped cultivate her passion for social and economic justice, and for engaging with members of the progressive community. Additionally, we welcome Emma Dolhai, our new Operations and Development Assistant, who helps keep

the office running smoothly, including by assisting supporters like you.

Both Rav and Emma look forward to speaking with you about our work and receiving your feedback, as they work with you to ensure the CCPA-BC remains strong and stable.

It's never too late to become an annual or monthly contributor to the BC Solutions Fund. And you can also support our work by purchasing tickets to our November Gala.



## Thank you to our BC Solutions Fund donors

Thank you to all our valued BC Solutions Fund donors for your ongoing support of the CCPA-BC, and for your incredible commitment to our work on vital public policy issues. We're honoured to acknowledge your support in the enclosed recognition insert. And we're especially grateful to our 277 BC Solutions Fund monthly donors. Your reliable, ongoing support helps fund critical research and is integral to the work we do.

Since the inception of online fundraising tools, the way many individuals give to their favourite causes has changed. Most people across generations prefer to give online, and thanks to our dedicated community of around 6,000 BC supporters we have increased our online giving over the last few years. Online giving is a secure, reliable, and cost-effective way to support our work—and it has been vital in helping the CCPA-BC continue to investigate the key challenges facing our province and develop real, workable policy solutions.

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

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The CCPA-BC is located on unceded Coast Salish territory, including the lands belonging to the xʷməθkʷəy̅əm (Musqueam), Skwxwú7mesh (Squamish) and səłilwətaʔ /Selilwulh (Tsleil-Waututh) Nations.

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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.

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*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.*

