



BC Chamber of Commerce

When Business Needs a Champ

2019/2020 Policy and Positions Manual



INTRODUCTION

The BC Chamber of Commerce (the Chamber) is registered under the Societies Act (British Columbia) as a volunteer, not-for-profit association and serves its members as the provincial federation of autonomous community chambers of commerce, boards of trade, and corporate members.

Known to have been in operation as early as March 1867, the Chamber was re-established in 1952 to:

1. Develop a true cross-section of opinions of the British Columbia business community, and effectively present these opinions to government;
2. Build a diverse, competitive and sustainable economy that provides opportunity for all who invest, work and live in British Columbia; and
3. Create and nurture an effective membership organization that provides value and purpose to its members

This Policy and Positions Manual contains informed opinions and policy statements adopted by members during the policy session at the Chamber's 66th Annual General Meeting held in Kamloops, B.C., May 24th to 26th, 2018.

The Chamber's policy statements contained herein are submitted or presented to the provincial and federal governments and are individually called to the attention of the Cabinet ministers responsible in order to make it possible for pending government legislation and regulations to reflect the individual opinion of our chamber members.

The Policy and Positions Manual also serves as a working document for the Chamber's Policy Review Committee, whose members regularly review and assess the timeliness, importance, and scope of the Chamber's policy statements.

PLEASE ADDRESS INQUIRIES TO:

Dan Baxter
Director of Policy Development, Government and Stakeholder Relations
The British Columbia Chamber of Commerce
Suite 1201, 750 West Pender Street
Vancouver, BC
V6C 2T8

Telephone: (604) 638 8116
E-mail: dbaxter@bccchamber.org

T ABLE OF CONTENTS

POLICY PRINCIPLES	7
--------------------------------	----------

POSITIONS ON SELECTED PROVINCIAL ISSUES

AGRICULTURE

AQUACULTURE OPPORTUNITIES FOR CANADIAN SEAFOOD PRODUCERS (2019)	13
SUPPORT A PROSPEROUS, SUSTAINABLE AND INNOVATIVE TREE FRUIT SECTOR IN BC (2019)	15
SUPPORTING THE AGRICULTURAL LAND COMMISSION, THE RIGHTS OF FARMERS AND RANCHERS AND AGRICULTURAL BUSINESS (2019)	17

ATTORNEY GENERAL

INTRODUCING CHOICE IN AUTO INSURANCE FOR BRITISH COLUMBIANS (2019)	20
LOBBYING (2019).....	22

CHILDREN AND FAMILY DEVELOPMENT

CHILDCARE (2019)	24
------------------------	----

CITIZENS' SERVICES

IMPROVE BC REGISTRIES SERVICES TO SUPPORT NEW BUSINESSES (2019).....	26
--	----

EDUCATION

ART EDUCATION INVESTMENTS (2019)	28
LITERACY LOST – CANADA'S BASIC SKILLS SHORTFALL (2019)	30

ENERGY, MINES AND PETROLEUM RESOURCES

SUPPORTING OUR ENERGY RESOURCES SECTOR (2019)	34
---	----

ENVIRONMENT AND CLIMATE CHANGE STRATEGY

CRUSH AND CREDIT: PUT CONTROL OF RECYCLABLES MANAGEMENT INTO THE HANDS OF THE PRIVATE SECTOR (2019)	36
MAKING GOVERNMENT ENVIRONMENTAL PROGRAMS AND INCENTIVES MORE OPEN TO SMALL BUSINESS (2019)	38
REMEDIATION STANDARD FOR LEGAL AND ILLEGAL SUBSTANCE AFFECTED PROPERTIES (2019)	40
RENEWED INTEREST IN BROWNFIELD REMEDIATION (2019)	44
SPECIES-AT-RISK: CONSIDERING THE IMPACT TO BUSINESS (2019)	46
WORKING WITH AND SUPPORTING BUSINESS TO ACT ON PLASTICS WASTE (2019)	47

FINANCE

AMENDING THE PROPERTY ASSESSMENT PROCESS TO PROTECT BUSINESSES FROM UNSUSTAINABLE TAXATION (2019)	50
CHANGING BC'S SALES TAX MODEL – MOVING BEYOND THE PST (2019)	53
LEVELING THE PLAYING FIELD BETWEEN BC AND OUT-OF-PROVINCE CONTRACTORS WHEN BIDDING ON BC-BASED PROJECTS – EDUCATION AND ENFORCEMENT (2019).....	58
PST COLLECTION FOR CONTRACTS TO IMPROVE REAL PROPERTY (2019)	61
RAISING THE CAP: SUPPORTING BC BUSINESS WITH CREDIT UNION CAPITAL (2019).....	63
REAL ESTATE, CITIZENSHIP & RESIDENCY DATA COLLECTION, ANALYSIS AND REPORTING (2019)	65
STOP AND REWIND – END THE SPECULATION TAX NOW (2019).....	67

FORESTS, LANDS, NATURAL RESOURCE OPERATIONS AND RURAL DEVELOPMENT

FUTURE OF THE FOREST INDUSTRY (2019)	68
PROTECTING OLD GROWTH RAINFOREST TO THE ECONOMIC BENEFIT OF TOURISM-BASED COMMUNITIES (2019).....	71
PROTECTION OF INDUSTRIAL LANDS (2019)	74

HEALTH

9-1-1 IN REMOTE AND RURAL AREAS (2019)	76
IMPROVING PRIMARY CARE AND SAVING HEALTHCARE DOLLARS WITH PHYSICIAN EXTENDERS/PHYSICIAN ASSISTANTS (2019)	78

JOBS, TRADE AND TECHNOLOGY

A CANADA JOBS GRANT FOR ALL CANADIAN BUSINESS (2019).....	83
---	----

T ABLE OF CONTENTS

ADDRESSING BARRIERS TO SUCCESSION PLANNING FOR SMEs (2019).....	84
FOREIGN WORKERS NAVIGATOR FOR RURAL BC COMMUNITIES TO ADDRESS LABOUR SHORTAGES (2019).....	87
SUPPORTING THE SUCCESS OF THE INNOVATION AND CREATIVE ECONOMIES BY MAKING THE BC PNP TECH PILOT PERMANENT (2019)	89
TRANSPORTATION AND ITS ROLE IN BC'S EXPORT ECONOMY (2019).....	90
<u>LABOUR</u>	
WORKSAFE BC: REFUND OVERFUNDED SURPLUS TO EMPLOYERS (2019)	93
<u>MUNICIPAL AFFAIRS AND HOUSING</u>	
ENABLING A SUSTAINABLE RENTAL HOUSING MARKET (2019)	95
FULL RURAL DESIGNATION FOR SALT SPRING, SOUTHERN GULF ISLANDS AND JUAN DE FUCA (2019)	98
LOCAL ENGAGEMENT IN PROVINCIAL PLANNING (2019)	99
NORTHWEST BC RESOURCE BENEFITS ALLIANCE (2019)	100
PROGRESSIVE HOUSING SOLUTIONS TO ADDRESS WORKFORCE CHALLENGES (2019)	102
<u>OFFICE OF THE PREMIER</u>	
MAXIMIZING TAXPAYER DOLLARS ON PUBLIC INFRASTRUCTURE PROJECTS AND DEFENDING THE RIGHTS OF BC COMPANIES AND WORKERS (2019).....	106
PERMANENT DAYLIGHT SAVINGS TIME (DST) FOR BRITISH COLUMBIA (2019)	108
<u>PUBLIC SAFETY AND SOLICITOR GENERAL</u>	
EMERGENCY MANAGEMENT: ENHANCING PREPAREDNESS AND PREVENTION (2019)	111
EMERGENCY MANAGEMENT: WILDFIRE INTERFACE AND PREVENTION (2019)	113
FLOODS: AN EMERGING ECONOMIC THREAT REQUIRING ACTION (2019)	115
MADE IN BC SOLUTION TO STREAMLINE THE REGULATORY TRANSITION OF THE BC CANNABIS INDUSTRY (2019)	116
THE COST OF PROLIFIC OFFENDERS ON THE LOCAL ECONOMY (2019)	118
<u>TOURISM, ARTS AND CULTURE</u>	
SUPPORTING BC'S LAND-BASED WINERIES, CIDERIES & DISTILLERIES (2019)	121
<u>TRANSPORTATION AND INFRASTRUCTURE</u>	
ACCELERATING TRANSPORTATION INFRASTRUCTURE TO SERVE ON OF THE FASTEST GROWING REGIONAL ECONOMIES IN CANADA (2019)	124
DRIVING BC'S ECONOMY: IMPROVING HIGHWAY INFRASTRUCTURE IN NORTHERN BC (2019)	126
ENHANCING SUPPORT FOR CYCLING AS A MODE OF WORKFORCE TRANSPORTATION (2019)	129
INVESTMENT IN NORTHERN HIGHWAY INFRASTRUCTURE – ENSURING SAFE ROADWAYS FOR ALL BRITISH COLUMBIANS (2019).....	131
MANDATING ELECTRONIC LOGGING DEVICES (ELD) FOR COMMERCIAL VEHICLE DRIVERS (2019)	133
MELT – MANDATORY ENTRY-LEVEL TRAINING FOR COMMERCIAL TRUCK DRIVERS (2019)	135
PROTECTING OUR INFRASTRUCTURE – ASSET MANAGEMENT (2019)	137
RETURN TO USER-PAY SYSTEM FOR TRANSLINK INFRASTRUCTURE (2019).....	140
RIDESHARING (2019)	142
THAT AN AEROSPACE INNOVATION CLUSTER IN KELOWNA CREATES NEW BUSINESS FOR BC AND CANADA (2019)	144
THE BELT AND ROAD INITIATIVE – OPPORTUNITIES AND CHALLENGES (2019)	146
THE NEED FOR AN INNOVATIVE APPROACH TO TRANSPORTATION FOR AN INCREASINGLY URBAN PROVINCE (2019)	148

POSITIONS ON SELECTED FEDERAL ISSUES

FISHERIES AND OCEANS

PROTECTING CANADA'S SOCIAL AND ECONOMIC VALUES ASSOCIATED TO THE TIDAL RECREATIONAL FISHERY ON THE WEST COAST OF BRITISH COLUMBIA (2019)	155
---	-----

T

ABLE OF CONTENTS

FINANCE

CREDIT CARD MERCHANT FEES (2019).....158

SUPPORT OF A FEDERAL EXCISE TAX REVIEW FOR DISTILLED SPIRITS (2019).....160

INNOVATION, SCIENCE AND ECONOMIC DEVELOPMENT

ACCESS TO LABOUR: SECURING A STRONG, SUSTAINABLE TOURISM SECTOR (2019)162

ADDRESSING LABOUR SHORTAGES THROUGH THE INTEGRATION OF NEWCOMERS VIA BETTER
LANGUAGE TRAINING SUPPORTS (2019)164

NATURAL RESOURCES

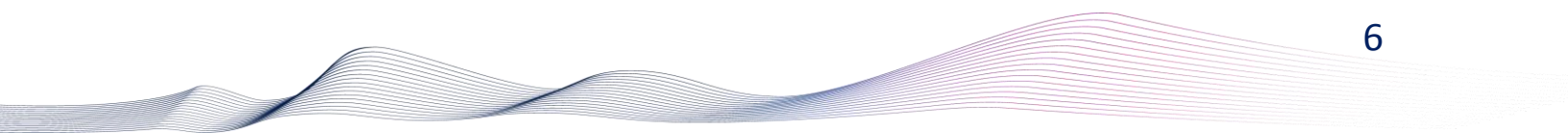
SUPPORTING CANADA'S STEELMAKING COAL INDUSTRY (2019)166

PUBLIC SAFETY

SHARE A HANDSHAKE: MOVE PEOPLE AND CARGO ACROSS BORDERS AND REDUCE REDUNDANT
PAPERWORK (2019)168

TRANSPORT

KEEPING CANADA'S AIR TRAVEL INDUSTRY SUSTAINABLE & AFFORDABLE TO CANADIANS (2019)172



Principles of Effective Public Policy

Public policy affects BC businesses and the economy of British Columbia through the impact of:

- Regulation;
- Taxation; and
- Provision of government services, programs and infrastructure.

Regulation

Well-designed and effectively enforced regulation does improve how the economy functions by providing certainty and predictability for the business community. Certainty and predictability is essential for decisions our businesses make when it comes to long-term investments. Effective regulation should achieve desired environmental and social policy goals without:

- Imposing significant compliance costs on firms; or
- Weakening the ability of businesses to adapt to changing economic conditions, technologies and consumer preferences.

Undue impact to business and constrained economic activity occurs when regulations have:

- Disproportionately high compliance costs (particularly administrative costs);
- Inconsistent enforcement (as unenforced regulation favours those who would ignore them);
- Inequitable design and application;
- Restrictions on competition; or
- Otherwise, created an onerous or uncertain burden on business.

The Chamber believes that government must ensure that regulation is:

Effective - Monitored or measured against intended outcomes to meet justified needs.

Equitable – Non-exclusive in their application to the greatest extent practicable, depending upon the circumstances.

Cost-Efficient – The cost of regulation, both in terms of administrative cost to government and cost to the economy is balanced against the intended benefits.

Predictable – Business must be comfortable the regulatory landscape is not open to sudden or dramatic change. Regulatory changes should not come as a surprise to the regulated sectors and have appropriate transitional provisions.

Transparent – Both the regulations and the process for establishing them must be open to public input and review.

Timely – Regulations should never be ‘set in stone’ but rather subject to periodic review.

Flexible – Regulations, individually and collectively, must be responsive to changing circumstances.

Integrated and Harmonized – Wherever it’s practical, governments should integrate and reduce regulatory requirements and streamline assessment and compliance processes (i.e. ‘one project, one process’).

Taxation¹

Business recognizes that government has a fundamental role to play in providing the infrastructure, both physical and social, that is essential to a vibrant and sustainable business climate. The Chamber recognizes that tax revenue must be raised by governments to pay for services, programs and infrastructure, but when properly designed should minimize distortive impacts on business and the economy.

Specifically, the Chamber believes government must ensure that taxes are:

- **Low, yet adequate** – Just enough to generate the revenue required for provision of essential public services and avoid structural deficits.
- **Broad-Based** – Spread over the widest possible section of the population or sectors of economy to minimize the individual tax burden.
- **Efficient** – Collection effort should not consume a significant portion of tax revenue and should be implemented in an economically efficient way (i.e. consumption taxes versus income or capital taxes). Tax credits, earmarking and exemptions are generally opposed by the Chamber.
- **Equitable** – Taxes should apply equally to all individuals or entities in similar economic circumstances.
- **Transparent** – To the extent that they interfere with or influence individual decision-making or favour some sector, explicitly acknowledge this intent.
- **Predictable** – Collection of taxes should reinforce their inevitability and regularity.
- **Simple** – Tax compliance, assessment and determination should be easily understood by an average taxpayer.
- **Competitive** – The overall tax burden must reflect the need for B.C. to remain competitive on a regional, national, and international basis.
- **Well-managed** – Effective and efficient systems of internal control are in place and proportionate to the risks they aim to mitigate yet support innovation and results for British Columbians.

¹ “Taxation” includes all methods applied by government to raise revenue, whether or not a tax, government budgeting and the application of fiscal and monetary tools by government.

Government Spending and Programs

The provision of government programs is a central responsibility of government. Whether it is education, health care, housing, policing or income assistance, government plays a fundamental role in providing services that support families, business, and the broader community. However, government has a greater responsibility to ensure funding dedicated to these programs is appropriately directed and provides value to the taxpayer. Specifically, government must ensure programs consider the following questions:

- **Public Interest** – Does the program or area of activity serve the broad public interest?
- **Balance** – Does it balance the overall needs of society and address the sometimes-difficult tradeoffs? For example, health care has increasingly crowded other areas of investment essential to the economic well-being of British Columbians.
- **Holistic** – Does the activity address the issue holistically (i.e. across society and government agencies)?
- **Funded Appropriately** – Is program funding linked to the natural cycle of the underlying investment (i.e. Municipal infrastructure has a different life cycle than education or unemployment insurance)?
- **Harness Competition & Innovation** – Does it consider and appropriately harness competition and innovation to control the cost of public services? For example, can delivery costs be lowered through intelligent use of technology, demand management, public-private partnerships or third party delivery?
- **Affordability** – Is there broad public support for the level of taxation that is required to support a program and does it appropriately control demand as well as supply?
- **Role of Government** – Is there a legitimate and necessary role for government in this program area or activity, or could the private/voluntary sector play a greater role in whole or in part?
- **Efficiency** – If the program or activity continues, how could its efficiency and effectiveness be improved?
- **Accountability** – Are British Columbians getting value for their tax dollars?



BC Chamber of Commerce

Know what's on BC's mind.

POSITIONS

ON

SELECTED PROVINCIAL ISSUES

2019 – 2020

AQUACULTURE OPPORTUNITIES FOR CANADIAN SEAFOOD PRODUCERS (2019)

ISSUE

The fish and seafood sector is important to our national food security, and the jobs and livelihoods of hundreds of coastal, rural and Indigenous communities in Canada, employing approximately 80,000 people. ¹ In British Columbia, fishing related employment totaled over 9,000 jobs in primary harvesting, processing and aquaculture from 2014-2016. By comparison aquaculture was responsible for upwards of 13,000 jobs in New Brunswick, 17,000 jobs in Nova Scotia, 18,000 jobs in Newfoundland and Labrador and 6,000 jobs on Prince Edward Island during the same period. ²

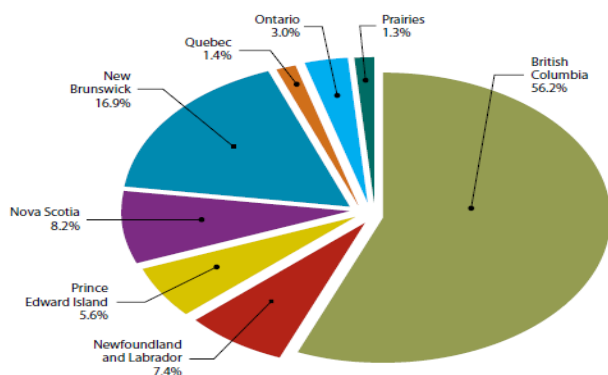
Collectively, Canada exported a record \$6.8 billion in fish and seafood products in 2017.³ As the Canadian aquaculture sector continues to grow, the need for a coordinated national aquaculture strategy remains critical.

BACKGROUND

Aquaculture is a significant contributor to the Canadian economy. The fish and seafood sector is highly export oriented, exporting about 75% of production.⁴

The socio-economic benefits, opportunities and challenges facing the Canadian Aquaculture Industry in 2018 are complex, however, with the appropriate regulatory framework, the industry could double in size in the next 10 years. ⁵

2014 Canadian Aquaculture Production Value at Farm-Gate, by Province
\$733.4 million



Source: DFO and Statistics Canada

1 Joint News Release Protect our Oceans and Fisheries for Future Generations CCFAM December 5, 2018
 2 Fishing-related employment by Industry and Province, 2014-2016 www.dfo-mpo.gc.ca/stats/cfs-spc/tab2
 3 Canada's fisheries fast facts 2017, Fisheries and Oceans Canada 2018
 4 Industry overview for fish and seafood www.arg.gc.ca 2016
 5 Thirtieth seafood value chain roundtable: record of decision June 2018 Ottawa, Ontario
 6 CCFAM aquaculture development strategy 2016-2019, page 6 April 2018 Report

To support continued growth in aquaculture production that is environmentally, socially and economically sustainable, federal, provincial, and Yukon governments established the CCFAM Aquaculture Development Strategy to set out a collaborative three-year plan (2016-2019) designed to achieve the following outcomes:⁷

- An improved federal/provincial/territorial regulatory framework;
- Improved coordination of aquaculture fish health management; and
- Improved support for regional economic growth through aquaculture.

In December 2018, the Federal government invested \$30 million in a National Market Access and Development Initiative to support and drive innovation in the fish and seafood industry in partnership with the provinces and territories.⁸ This investment was well received by Canadian aquaculture producers.

A \$42.8 million Canadian Fish and Seafood Opportunities Fund (CFSO) was launched in 2018.⁹ The fund is cost-shared (70% federal and 30% provincial/territorial). Investments focus on the fish and seafood sector with the aim of promoting market access and development for the fish and seafood industry, thereby increasing fish and seafood exports, creating jobs, and supporting coastal, rural and Indigenous communities in Canada. The CFSO fund aims to:¹⁰

- Advance the national approach to key cross-cutting market access issues; and
- Promote branding and recognition opportunities for the Canadian fish and seafood sector.

Through the support of:

- Branding and promotional strategies that increase the recognition of Canada as a global leader in providing high quality, sustainably sourced, value-added fish and seafood products;
- Maintaining access to new markets;
- Ensuring product integrity throughout the supply chain; and
- Strengthening relationships and fostering increased collaboration and organization within the Canadian fish and seafood sector.

The Atlantic Fisheries Fund is a contribution program funded jointly by the federal, provincial and territorial governments, with a commitment to invest over \$400 million over the next 7 years.¹¹ The Atlantic component of the CFSO Fund focuses on 3 areas:¹²

- Innovation;
- Infrastructure; and
- Science partnerships.

New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador are eligible to apply for the Atlantic Fisheries Fund. These provincial governments have committed to collaboration with indigenous groups, non-governmental organizations, industry and industry associations and scientific and academic communities to help identify and promote projects of mutual interest.

7 CCFAM aquaculture development strategy 2016-2019, page 3 April 2018 Report

8 Joint News Release Protect our Oceans and Fisheries for Future Generations CCFAM December 5, 2018

9 Canadian Fish and Seafood Opportunities Fund www.dfo-mpo.gc.ca/fm-gp/initiatives/opportunities 2018

10 Canadian Fish and Seafood Opportunities Fund www.dfo-mpo.gc.ca/fm-gp/initiatives/opportunities 2018

11 Atlantic Fisheries Fund www.dfo-mpo.gc.ca/fm-gp/initiatives/opportunities 2018

12 Atlantic Fisheries Fund www.dfo-mpo.gc.ca/fm-gp/initiatives/opportunities 2018

To date, a comparable model for a Pacific fisheries funding component of the Canadian Fish and Seafood Opportunities Fund has yet to be developed. Identifying focus areas in collaboration with Indigenous peoples on the west coast of Canada is a critical step in achieving greater certainty for Canadian fish and seafood producers and the continued growth of the aquaculture industry.

THE CHAMBER RECOMMENDS

That the Provincial government:

1. Continue cooperative partnerships with Indigenous, local, federal and international governments in the delivery of funding programs that assist Canadian seafood producers with getting their product to market.

That the Federal government:

2. Develop a Pacific fisheries funding component to the Canadian Fish and Seafood Opportunities Fund for Pacific aquaculture producers that takes into account the value of West Coast fish and seafood products to the Canadian aquaculture export economy.

SUPPORT A PROSPEROUS, SUSTAINABLE AND INNOVATIVE TREE FRUIT SECTOR IN BC (2019)

ISSUE

Appropriately administered provincial support for the tree fruit sector is key to continued growth of the sector. The Agriculture Census of 2016 shows the family-owned tree fruit farms in BC generate income of \$118.6 million per year; a packed value of \$218.8 million; and total economic activity annually of \$776.6 million.¹

However, erosion of support, or an early end to support such as the Replant program funded by the province threatens the ongoing health and growth of the industry. Previous governments increased funding of the Replant program from \$8.5 million to \$9.5 million over seven years until 2021. About 25% of the required investment for growers in a replant program needs to come from government.

BACKGROUND

The Province earlier agreed to increase the Replant Program by an additional \$5 million until 2021. There is not yet an indication of whether or not this funding will be honoured. The replant grant for soft fruit increased to \$5.50 for the 2019 Replant Program. Additionally, the administration of the program is currently split between governments and associations. The program ran smoothly when administered by associations only, and it is likely that a return to local administration would save time, money, and better represent the needs of growers. In fact, if all agricultural programs administration were moved to

¹ <https://www.statcan.gc.ca/eng/ca2016>

associations, similar efficiencies could be recognized, according to the British Columbia Fruit Growers' Association.² The Replant Program wait list is now funded by the Tree Fruit Competitiveness Fund.

The BC Fruit Growers Association (BCFGA) supports the BC Government School Fruit and Vegetable Nutrition Program. This program aims at reducing health care costs. As a matter of fact, an August 2009 report by the McGill World Platform for Health and Economic Convergence, entitled "Building Convergence, Toward an Integrated Health and Agri-Food Strategy for Canada"³, notes the importance of improved nutrition to reducing health care costs.

The School Fruit and Vegetable Nutrition Program is also a key investment for the Ministry of Health. During provincial budgetary challenges, the Ministry of Health might be tempted to reduce its investment in this program. However, doing so would simply increase long term health care costs due to an increased level of poor nutritional choices of the public. The BCFGGA works with the Minister of Agriculture to advocate for ongoing support for the School Fruit and Vegetable Nutrition Program that seeks to introduce impressionable youth to healthy eating choices.

The ongoing lack of negotiations of the Columbia River Treaty is impacting agriculture⁴ on both sides of the BC/Washington border. Late summer water flows need regulating, especially in light of 2017-2018 flooding.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Extend the long-term replant program indefinitely;
2. Continue provincial support of the School Fruit and Vegetable Nutritional Program to create healthy eating habits and save health care costs, while assisting the financial sustainability of the industry;
3. Allow administration of agricultural programs by local associations with funding residing in the BC Investment Agriculture Foundation, rather than being jobbed out to individual remote companies;
4. Stop duplicating Temporary Foreign Workers database segments already handled by the federal government; and
5. Re-start Columbia River Treaty review with Washington State and Indigenous peoples in the affected corridor/s.

² Presentation to the Select Standing Committee on Finance & Government Services, October 13, 2019.

<https://www.bcfga.com/files/SSC%20Finance%20%20September%2026,%202018.pdf>

³ https://www.ivey.uwo.ca/cmsmedia/3779216/buildingconvergence_summary.pdf

⁴ "Columbia River Treaty renegotiation will impact Okanagan: Proposing changes to negative environment consequences of original treaty" Barry Gerding, Black Press, Jun. 29, 2018 <https://www.trailtimes.ca/news/columbia-river-treaty-renegotiation-will-impact-okanagan/>

SUPPORTING THE AGRICULTURAL LAND COMMISSION, THE RIGHTS OF FARMERS AND RANCHERS AND AGRICULTURAL BUSINESS (2019)

ISSUE

The ALR was established in 1973 to protect land with prime agricultural conditions for farming and ranching. The ALR is administered by the Agricultural Land Commission, an independent tribunal.

On March 7th, legislation, Bill 15 The Agricultural Land Commission Amendment Act 2019 was introduced to the BC legislature, "to strengthen the independence of the Agricultural Land Commission (ALC), so it can better fulfill its mandate of preserving the Agricultural Land Reserve (ALR), while encouraging farming and ranching within British Columbia."¹

The importance of the ALC's role in protecting our ALR and farming use is recognized, as is both enabling land use planning ability for Government and the value of agricultural businesses to BC's economy. Taking rights away from farmers and ranchers for matters on their property however, and moreover, denying them recognition under the law as legal persons is not democratic and there are alternative approaches to consider.

BACKGROUND

Farmers are in the business of farming and rights are being taken away from business owners in the proposed legislation of Bill 15. In addition, more barriers and red tape are being put up against individuals and families in dealing with government on ALR operations, for example to address legitimate needs for industrial agricultural use and related activities.

The proposed new governance model and administrative structure centralizes decision making power and authority that undermines local regional administration and the rights of an individual owner of ALR land.

Key changes of Bill 15 would result in: one centralized commission with regional representatives and eliminating the previous six administrative regions, new decision making criteria and panels, more compliance and enforcement capacity but most controversially, requiring that exclusions be submitted to the ALC only by local governments, First Nations or the Province. The right to apply as an individual is taken away. Farmers are excluded from the definition as independent "persons" qualified to apply for exclusion under this law. A person is only recognized and qualified to apply for exclusion if an owner AND is also either a provincial, municipal or First Nations government.

The previous process to apply for exclusion involved application to the ALR and proceeded with or without the city's support of an application to the ALC with no legal requirement for the City to approve an application. In the new rules, an individual would be dependent on the capacity and willingness of the Province, City or a First Nation to submit *on behalf of the individual to the ALC. The right to apply directly to the ALC as an individual is taken away.* With no additional funding or staff capacity to process applications there is an administrative burden and a disincentive for government bodies to initiate applications.

¹ <https://news.gov.bc.ca/releases/2019AGRI0020-000336>

Not only is an individual not recognized under the law and the power to apply being shifted from the property owner to government, but there is no appeal process mentioned in place should a request to submit an application be turned down before it is even being considered by the ALC.

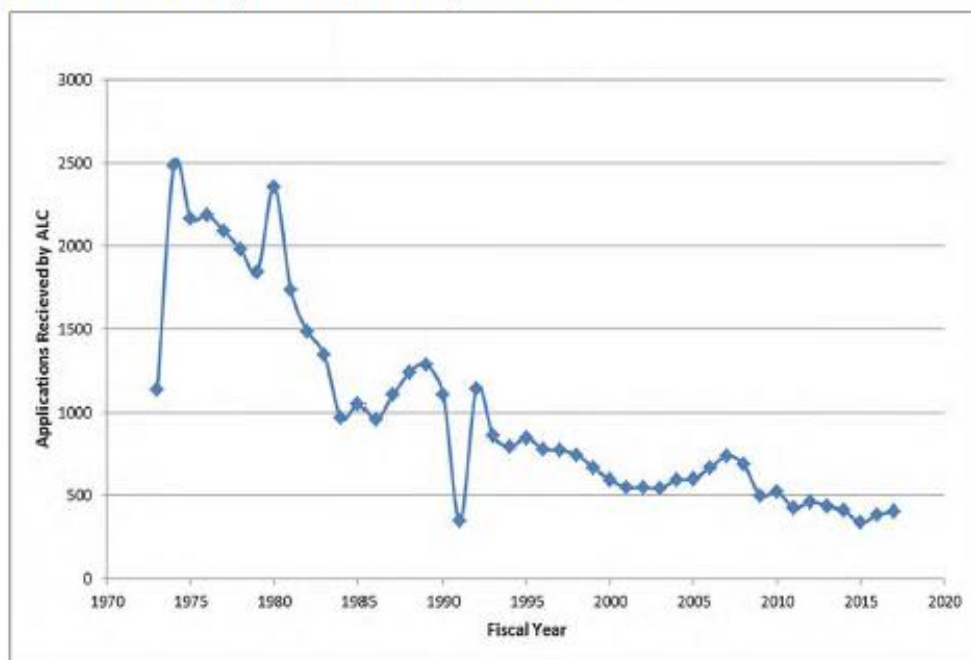
There is no justification for taking away the rights of farmers and ranchers or to impede industrial farming operations and business. There, moreover, is a questionable evidence basis for the claim that the legislative changes as proposed are needed to prevent the undermining of a defensible ALR and overly burdensome administrative volume of applications.

Last year in 2017/2018 as displayed in Chart 1 below, the total number of applications received by the ALC was less than 500. Total decisions² were 391 which included a mere 35 exclusion applications.³ Over the past 45 years there has been less than a 3%⁴ shrinkage in ALR due to land exclusions and the total size of ALR is in flux between inclusions and exclusions each year. Additionally, currently 10% of the land in the ALR produces 85% of B.C.'s farm receipts, and 3% of ALR land in the South Coast region produces 65% of the province's farm receipts.⁵

Chart 1

Total Number of Applications Received

Applications Received by Commission per fiscal year (1973-2018)



Lastly, the legislation is notably silent on the subject of delegation agreements. The government must clarify how proposed ALC changes impact oil and gas activities on ALR and delegation agreements such as with the Oil & Gas Commission.

² Includes both outright and condition decisions and delegated decisions from the Oil & Gas Commission and Fraser-Fort George Regional District.

³ https://www.alc.gov.bc.ca/assets/alc/assets/library/commission-reports/annual_report_2017-2018.pdf, p 16

⁴ https://www.alc.gov.bc.ca/assets/alc/assets/library/commission-reports/annual_report_2017-2018.pdf, p 48,49

⁵ <https://news.gov.bc.ca/releases/2019AGRI0020-000336>

Greater capacity for ALR and taxation infraction identification and enforcement measures, along with prioritizing the availability of industrial land and consulting with farmers are more effective tactics for the ALC to protect the ALR. When the ALR was introduced in the 1970s planning for industrial farm needs was overlooked. Currently, identification of ALR infractions is complaints and referrals driven. Proactive government measures to ensure exclusion applications are aligned with strategic government land use planning, map out infractions and to gather data to support compliance are needed.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Explicitly recognize and include farmers and ranchers as defined persons under all ALC and ALR legislation;
2. Review ALC and ALR legislation to ensure a holistic and balanced approach for farming and land use; reflective of industrial activity, family and farm worker needs;
3. Allow owners of ALR land to apply for exclusions independently AND/OR enable an appeal process for rejected applications that are not accepted to be applied for to the ALC;
4. Review exclusion application criteria and guidelines to improve quality of submissions; including strategic alignment with government land use planning, such as in Official Community Plans;
5. Support the availability of industrial land by considering:
 - a. coordinated strategic planning approaches with municipalities; such as identifying special zoning blocks or development areas within key Cities or geographies;
 - b. identify a process and plan for the best use of non-farmable land on ALR by consulting with farmers, ranchers and agrologists;
6. Protect ALR from infractions by supporting greater enforcement capacity and proactive measures to map out issues and gather data for compliance; and
7. Clarify plans related to the status and authority of delegation agreements such as with the Oil & Gas Commission.

INTRODUCING CHOICE IN AUTO INSURANCE FOR BRITISH COLUMBIANS (2019)

ISSUE

British Columbians pay some of the highest rates auto insurance in Canada yet often receive less compensation than average when they make a claim than drivers in other provinces.

While businesses and drivers in most other Canadian provinces – and virtually every other jurisdiction in North America – are able to shop around for their auto insurance needs, in British Columbia they must purchase the mandatory auto insurance from the Insurance Corporation of British Columbia (ICBC). At the same time, financial losses at ICBC have cost the provincial government \$1.3 billion in 2017/18 and are on track to again cost taxpayers \$1.18 billion in 2018/19. As a result of these trends, government is introducing major reforms to the BC marketplace such as a \$5,500 cap for pain and suffering and limiting expert reports lawyers can use in ICBC court cases. The government claims this will improve ICBC's financial position by \$1.2 billion annually with planned changes, however, they are not expected to reduce the price of insurance for drivers.

BACKGROUND

Opening ICBC to competition and providing BC drivers the ability to explore additional options is the simplest and most effective way to improve the affordability of auto insurance in BC, and to reduce the financial cost of ICBC to taxpayers. Recent research shows that doing so could save British Columbians up to \$325 every year through increased efficiency, innovation, and improved claims handling.

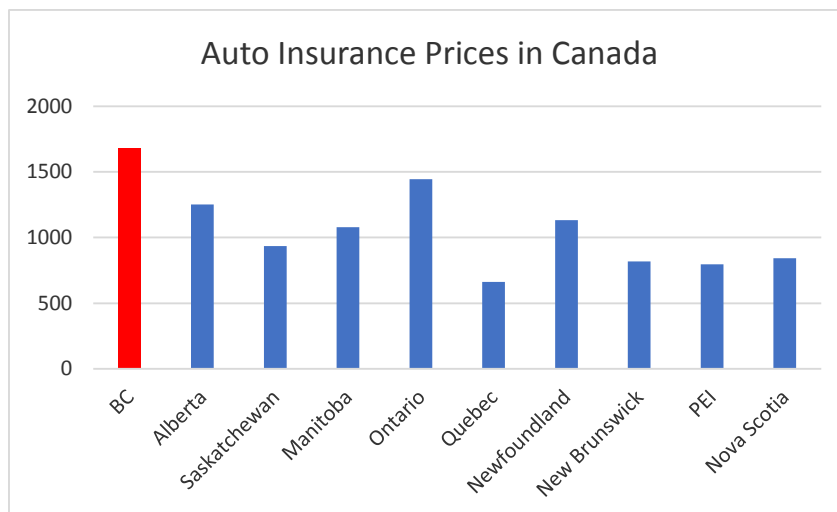
Furthermore, auto insurance -whether public or private – is beset by the underlying problems of a record number of crashes and claims, and record high claims costs. The price environment fostered by competition between the public and private insurance sectors will potentially allow auto insurance rates to be adjusted according to a driver's accident history and competence.

Rising prices for auto insurance is creating an affordability challenge for British Columbians and places additional cost pressures on businesses across the province. BC Auto Insurance prices – in some cases - are somewhat favourable or even competitive with private sector insurers out of province. However, ICBC's consistent deficits and reliance on the public purse remain detrimental and unsustainable as a single source insurance provider.

Providing businesses with options and the ability to choose the best insurance product, provider, and price that meets their needs could provide significant savings to them and their customers. Opening ICBC to competition and choice is the simplest and more effective way to achieve this.

According to ICBC, British Columbians pay – on average – \$1,680 for auto insurance annually and while the variety of products and services across Canada make comparison difficult, this is more than anyone else in Canada.¹

¹ ICBC 2018 & data from the General Insurance Statistical Agency (GISA)



Unfortunately, as high as prices are in BC, they do not cover ICBC's costs and the crown corporation has lost over \$2 billion in the last two fiscal years alone. These losses have negatively impacted the provincial budget and in discussions with the Minister of Finance it has been pointed out that ICBC's negative financial impact is a key reason why the province is unable to provide relief from the Employer Health Tax (EHT) and other tax increases to businesses and consumers across the province.

In exploring best practices, it is clear that BC is one of the few jurisdictions with government run auto insurance. In most other provinces – and virtually every jurisdiction in North America – the private sector competes for the auto insurance business of drivers.

Recent studies have shown that opening ICBC to competition could save drivers and businesses up to \$325 annually on auto insurance through:

- The ability to bundle home, business, and auto insurance into a single policy; and
- Increased innovation and new product development.
- Allows for value-based pricing for a diverse set of customers

In Canadian provinces with competitive auto insurance marketplaces, government maintains the ability to oversee prices and ensure that all drivers have access to insurance. Regulators in other provinces require any insurer providing auto insurance to provide it to all drivers (including those deemed high-risk) to ensure all who need insurance have access to it. Such a rule could be applied in BC to ensure more affordable auto insurance is available to all who live and drive here.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Commit to opening ICBC to competition and give drivers and businesses options to serve their auto insurance needs;
2. Amend the Insurance Corporation Act and the Insurance (Vehicle) Act to allow any Canadian insurer to provide auto insurance in British Columbia; and

3. Provide a transition plan and determine the economic impact/compensation for licensed brokers and infrastructure, such as autobody shops.

LOBBYING (2019)

ISSUE

Any organization that has staff collectively work on advocacy addressing specific BC/provincial legislation, and that work by any/all staff on any/all advocacy that is listed which exceeds 100 hours/year, must then register as an in-house lobbyist¹. Most Chambers of Commerce/Boards of Trade would easily surpass the 100 hours, if they are in the least bit active with their local MLAs, their policy/letter writing/op-eds, and other such advocacy. For the purposes of the Chambers/Boards, whose mandate is to advocate and, by definition, lobby government officials for their members (not paid clients, presumably), there is a case to be made for an exception to much of the legislated expectations.

BACKGROUND

As per the Lobbyists Registration Act² and Regulation:

- Chambers/Boards are “in-house” lobbyists rather than consultant lobbyists – unless they have been paid a fee specific to a lobby activity by a third party;
- Chambers/Boards mandate (going back 460+years) is to advocate on behalf of their business members to all levels of government:
 - Local & regional;
 - Provincial;
 - Federal;
- For local/regional and federal Chambers/Boards do not need to register their interactions with government representatives or officials – this is specific to BC/Provincial government;
- Any organization that has staff collectively work on advocacy addressing specific BC/provincial legislation, and that work by any/all staff on any/all advocacy that is listed which exceeds 100 hours/year, must then register as an in-house lobbyist. 100 hours is the equivalent of 12.5 days;
- Intent, according to the Registrar’s manager, is described as “once a decision is made to do an activity” that falls under the lobby list, the “clock starts ticking.” This means that the intent to do an activity must be registered within 30 days. How this works:
 - An organization registers as an in-house lobbyist is required to list its intent to reach out to various ministers, describing the various policies/legislation/program, etc., they anticipate to advocate for in the following 6 month period;
 - As each item listed is completed (sent letter, had meeting, submitted policy), or changed, that action is required to be registered within 30 days of completion or change;
 - If an organization determines an additional activity may be required, that intent is also required to be registered within 30 days of the decision to act is made; and
- Activities such as roundtables (unless specific to an issue with a determined ask), invites to events, etc., do not apply.

1 Lobbyists Registration Regulation http://www.bclaws.ca/civix/document/id/complete/statreg/284_2002

2 Lobbyists Registration Act http://www.bclaws.ca/civix/document/id/complete/statreg/01042_01

Given that the webpage is not as user friendly, the time to fulfill the obligations as expected include:

- Tracking each and every encounter with Ministers and MLAs of the governing party and determining whether it falls into the categories listed or not – by both staff & board members if representing the organization;
- Tracking each and every decision to act – even verbally – on a given government policy/legislation/program, etc.;
- Tracking each and all communications that request the government/minister do “something” about a policy/legislation/program, etc.;
- Determine whether all activities taken by the Chamber/Board all staff add up to 100 or more hours
- Then register, listing up to 6 months of anticipated activities; and
- And set the calendar for monthly reminders to update with all the activities that may have occurred that differ from the original list – completion, changes, new intents – that will need to be tracked carefully.

Given the above bureaucratic expectation to track and register what would be seen as a major part of Chambers/Boards’ operational plan (and has been for over 460 years of Chamber history); AND
Given that Chambers/Boards are not required to register all advocacy activities with local governments;
and

Given that the Chambers/Boards recognize the original intent of the lobbying registration legislation;

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Remove and acknowledge that Chambers of Commerce/Boards of Trade are exempted from the list of organizations that are required to register regardless of 100 hours minimum, unless they are acting as a paid agent to a third party;
2. Remove the need to register all intents to act, just track/register the actual act (letter, meeting, policy) upon completion; and
 - a. Simplify the online form by developing a portal specific to Chambers of Commerce/Boards of Trade to quickly “note” the advocacy action taken.

CHILDCARE (2019)

In 2018, the BC government made a landmark investment to begin addressing the affordability crisis in childcare. Our report shows just how urgently needed those measures are in BC, with Metro Vancouver having ranked among Canada's most expensive places for childcare last year (alongside Toronto and its suburbs).

The BC government has laid the foundation for a new universal, affordable, quality childcare system with a major investment of \$1 billion over three years

Over the last three decades, the need for childcare has grown steadily, with the rise in employment rates among women and the corresponding increase in dual-income earner families. This has accompanied changes in the composition of Canadian families, notably increases in lone-parent and step-families, impacting both the need and type of child care required.

Beyond need, the demand for quality childcare has also increased, due to the potential benefits on peer socialization, school readiness, and numeracy and language skills. In Canada, options for childcare are varied, ranging from nannies, home daycares, daycare centres, preschool programs, and before and after school services. Finding the most appropriate childcare arrangement can, at times, be challenging. Parents must often balance the need between the overall quality, convenience, availability and cost of childcare.¹

Surrey released their Surrey Child Care Report in April 2018 detailing a comprehensive analysis of Surrey's ability to provide childcare access for workers, and a lack of coordinated childcare planning and service delivery. The key findings of the report illustrated the lack of childcare resources and support services for families in the advent of Surrey's booming population. Early Childhood Educators (ECE) cannot receive training in adult education facilities in Surrey.²

The research done by Dr. Paul Kershaw of UBC found that work-life conflicts of parents raising young children is actually costly for employers with resulting higher absenteeism rates, greater turnover, and increased use of employer funded extended health benefits. ¹ Further, the cost to the BC business community, according to Kershaw, is over \$600 million annually and over \$4 billion for Canadian businesses. These costs are exasperated by the costs to the Canadian health care system of over \$2.5 billion and child welfare of over \$1.2 billion. Inadequate childcare is too costly to ignore.

In Surrey, there is a widespread shortage of qualified, well-trained ECE workers. Because of this shortage, operators are less stringent in hiring and vetting practices.³ The Fraser Health Authority has reported a high number of licensing exemptions.

ECEs in BC

- Comparing 2017 to 2014, the number of Early Childhood Educators remained unchanged⁴; and
- The budget for ECEs also remained unchanged when observing the 2014 provincial budget to the 2017 budget.

¹ <https://www150.statcan.gc.ca/n1/pub/89-652-x/89-652-x2014005-eng.htm>

² [Recognized Early Childhood Education Training Institutions](#)

³ 2018. Surrey Child Care Report.

⁴ 2017. Early Childhood Education Report.

In urban regions, prime employment areas for a diverse and skilled workforce, home ownership requires two reasonable incomes to cover mortgage payments. Childcare for one or more children can be the equivalent of another mortgage payment or higher than rent for family sized homes (2 to 3-bedroom units). To alleviate the pressure on families finding homes adequate to their needs, it is necessary to reduce the cost of childcare so that it is a small flat rate, such as \$10 per day. This would free up financing opportunities for young adults to enter the housing market, becoming stabilized, and contributing to a community's economy. Affordability and accessibility to quality childcare spaces are necessary for employees to be able to perform at peak productivity, confident in the knowledge that their children are cared for in a safe, learning environment. Building a universal, affordable, quality childcare system in BC is a smart use of public resources that will have ripple effects across the provincial economy by:

- Removing some pressure from young working families by freeing resources to pay off student loan, mortgage debt or rent;
- Providing a good start for all BC children;
- Allowing more parents (particularly mothers) to participate in the workforce, increasing tax revenues almost immediately; and
- Creating new jobs.⁵

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Provide more funding to adequately train Early Childhood Educators that have been exempted to date;
2. Improve access to childcare by introducing measures to strengthen private and non-profit childcare options, while also filling in the gaps in childcare with public options;
3. Enhance childcare quality and address the recruitment and retention crisis in the childcare sector; and,
4. Reduce childcare fees for families.

⁵https://www.policynote.ca/bc-budget-2019-maintain-momentum-building-a-universal-affordable-quality-child-care-system/?utm_source=enewsletter&utm_medium=email&utm_campaign=focused&utm_content=secondary

IMPROVE BC REGISTRIES SERVICES TO SUPPORT NEW BUSINESSES (2019)

ISSUE

BC Registries and Online Services administers the registrations of all BC businesses, not-for-profit societies, and cooperatives, but has been experiencing significant delays in processing time, causing delays for entrepreneurs looking to start new businesses. BC Registries and Online Services should be adequately staffed, trained, and resourced to provide timely services to entrepreneurs seeking to start businesses in this province.

BACKGROUND

All businesses, whether a bakery, a tech start-up, or a trades company, are registered via the BC Registries and Online. However, what should be a simple first step in the journey of an entrepreneur has unfortunately become an obstacle over the past year, causing weeks of delay for new businesses.

A name approval is the first step in registering a business in BC and is required to be completed before a business owner can register a sole proprietorship/partnership or file their articles of incorporation. Throughout 2018, BC Registries and Online Services has been operating with delays of several weeks for services which used to take just a few business days. Business name approvals, the first step in the process of starting a business, have routinely been taking 3-5 weeks to complete over the past year. This delay stops entrepreneurs from moving forward with their business idea as they cannot secure web domains, open business bank accounts, or seek other permits or licenses without their business name and registration.

And while applicants can opt to pay an increased fee to prioritize their application, a better, permanent solution would be an overall system that is more efficient and timely for all applicants, while keeping administrative costs for entrepreneurs as low as possible. While this may be only an additional \$100, it is part of a suite of registrations, licenses, applications and approvals which are required and which all cost a new business.

Currently, due to an increased volume in Name Approval Requests, processing time may take up to three weeks. If you require a response within 1 business day, please upgrade to a priority service for an additional \$100 fee.

A message explaining delays displayed on the BC Registries and Online Services name approval website

Becoming an entrepreneur and starting a new business can be a challenging and daunting task: bootstrapping the business with your savings, quitting stable jobs to pursue a passion, taking on new and unfamiliar challenges. BC regularly leads the country in entrepreneurship and business creation, and the provincial government should aim to support and encourage this entrepreneurial spirit and not delay and obstruct new businesses.

That staff at the BC Registries and Online Services is professional and provides a valuable and important service but this office must be staffed, trained, and resourced adequately to provide timely services to entrepreneurs seeking to start businesses in this province and eliminate the ongoing backlog and delay.

THE CHAMBER RECOMMENDS

That the Provincial Government immediately improve the staff resourcing of the BC Registries and Online Services office to eliminate the current backlog of applications and return to the traditional processing time of 1-5 business days.

ART EDUCATION INVESTMENTS (2019)

The cultural economy of British Columbia is in trouble. The trouble stems from a dwindling supply of artists, and lack-luster investment in arts education from K-12 and post secondary. Without adequate investment in pre-K-12 and post-secondary art education, businesses are at risk of losing an essential skill: creativity.

BACKGROUND

The GDP of Culture equalled \$48 billion, contributing 3% to Canada's GDP in 2010.¹ Most creative sector jobs require a bachelor's degree in an arts field but without adequate funding for arts education in K-12, the cultural economy will diminish. Currently, not all students receive the necessary courses to fulfill high school requirements to apply to degree programs.

Arts Education – why is it important to business and to the economy:

Let's start with arts education. Exposure to high quality arts education isn't just a feel-good issue for those of us that appreciate the arts and culture. It's been demonstrated time and time again that incorporating arts education into student learning helps students become more creative thinkers and improves their performance in other subject areas. As a result, arts education is important for its own sake, but also to our ability to equip students with the skills necessary to succeed in an increasingly complex world.² Jobs in the creative and design industries are opening doors to economic growth.

Not only the creative industries, but all industries continue to increase the value they place on creativity in an increasingly competitive and ever-evolving business climate. A creative mind helps individuals develop problem-solving skills, fuels innovation and product development, encourages outside-the-box thinking, and allows for quick adaptation. According to a report conducted by the Conference Board and Americans for the Arts, creativity has risen among the top applied skills sought by today's business leaders. In short, creativity has become a business necessity in the 21st century.

Culture GDP in British Columbia grew 3.6% in 2014, following similar increases in 2012 and 2013.³ Culture GDP in most domains increased, with audio-visual and interactive media (+5.5%) and visual and applied arts (+7.8%) largely contributing to the overall gain.⁴ Economy-wide provincial GDP grew 4.4% in 2014. Culture jobs declined 1.7% after edging up (+0.1%) in 2013.⁵ The decline in arts and culture jobs are eroding the capability for the cultural economies to positively benefit the province.

Figure 1 shows that education investment has been decreasing in general. Although the BC government will be investing \$2.7 billion over three years to maintain, replace, renovate or expand facilities and there will also be \$550 million invested to hire new teachers and special education assistants, and improve

1 2014, Statistics Canada, Culture Satellite Account <https://www150.statcan.gc.ca/n1/pub/13-604-m/13-604-m2014075-eng.htm>

2 <https://blog.americansforthearts.org/2015/09/18/arts-education-is-essential-to-cultivating-the-creative-economy>

3 2016, Statistics Canada, Provincial and Territorial Culture Indicators, 2010 to 2014 <https://www150.statcan.gc.ca/n1/pub/13-604-m/13-604-m2016081-eng.htm>

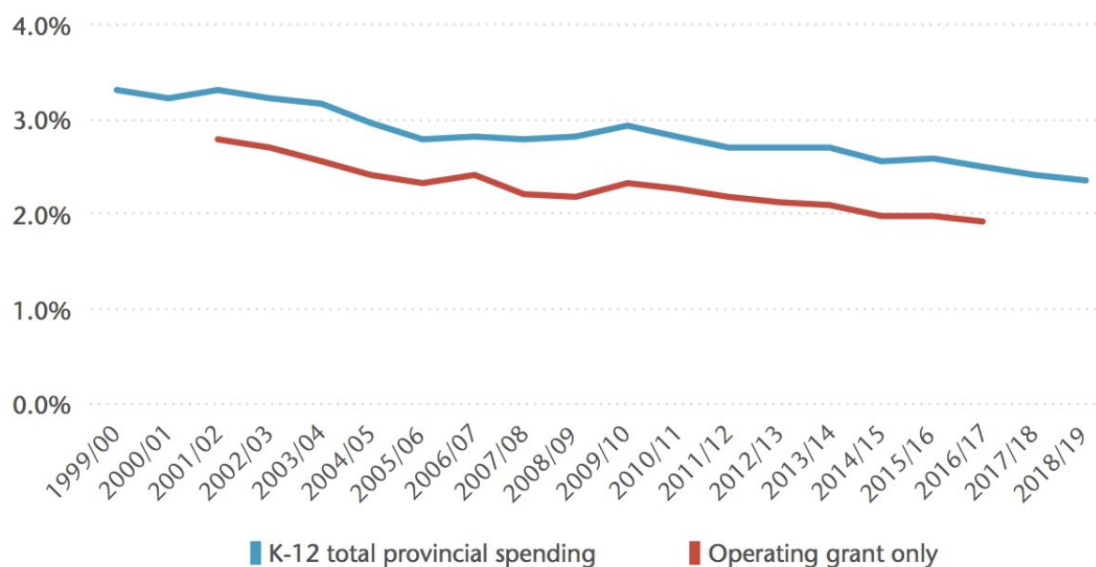
4 2016, Statistics Canada, Provincial and Territorial Culture Indicators, 2010 to 2014 <https://www150.statcan.gc.ca/n1/pub/13-604-m/13-604-m2016081-eng.htm>

5 2016, Statistics Canada, Provincial and Territorial Culture Indicators, 2010 to 2014 <https://www150.statcan.gc.ca/n1/pub/13-604-m/13-604-m2016081-eng.htm>

EDUCATION

classrooms, it does not equate to the value lost that occurred with substantial music program cuts.⁶

FIGURE 1



Source: 2015 BC Financial and Economic Review; 2016 BC Budget; BC K-12 Operating Grant summaries.

Note: 2017/18 and 2018/19 are forecasts from the 2016 BC Budget.

In the Lower Mainland, Kwantlen Polytechnic University has cut all in take for the music program for the 2019/2020 school year due to a \$12 million shortfall.⁷ Many high school graduates from south of the Fraser rely on Kwantlen's music programs to flourish.

Given the importance of creativity in today's economy, we must ask ourselves if we are doing all we can to promote the development of creative minds among the next generation of Canadian students—the employees and entrepreneurs of tomorrow. Unfortunately, the evidence suggests that we are not.

Additionally, development of creative minds benefits society as a whole, not just the economy. To this point, a 1997 study looking at social capital and community arts programs found that programs built social capital by boosting individuals' ability and motivation to be civically engaged, as well as building organizational capacity for effective action.⁸ The study observed that community arts programs often involve people who are disadvantaged in some way (at-risk youth, ethnic minorities, people in a poor neighborhood) and are designed in the context of some larger goal, such as neighborhood improvement (typically aesthetic) or learning and teaching about diverse cultures (multiculturalism). These goals are usually the basis for claims about the politically transformative potential of community arts projects.

There is a significant gap between what children are told is important for their future career success and

⁶ <https://vancouver.sun.com/news/local-news/b-c-budget-2019-what-it-means-to-you-six-things-to-know>

⁷ <https://bc.ctvnews.ca/students-sing-blues-as-quantlen-cancels-intake-for-2019-2020-music-program-1.4322154>

⁸ http://publications.gc.ca/collections/collection_2018/pch/CH4-187-2016-eng.pdf

what business leaders actually want from the emerging workforce. Creative individuals are actually in demand. Not just for arts careers, but for careers in business as well. For example, Disney and Apple are two of the most successful companies of our time, largely because of the creativity, innovation, and the leadership they have demonstrated in their respective industries. In an era when businesses are constantly struggling to find creative ways to stay at the top of their market, arts education can be a powerful tool to nurture the creative abilities of our young people, ensuring they are ready for the skills that are in demand.⁹

THE CHAMBER RECOMMENDS

That the Provincial Government invest in funding for arts education for early childhood to K-12 and post-secondary curriculums.

LITERACY LOST – CANADA’S BASIC SKILLS SHORTFALL (2019)

ISSUE

Work is changing due to automation and globalization. Literacy is not just the ability to read, it is the ability to read and understand well and then apply what has been read to a range of problems. According to international literacy assessments, more than 40% of Canada’s workforce do not have adequate levels of the literacy skills needed to learn efficiently and be highly productive in most jobs. Without this ability, many Canadians will not be able to keep their jobs – or find new ones – and a growing number of employers will not be able to find workers with the skills they need.

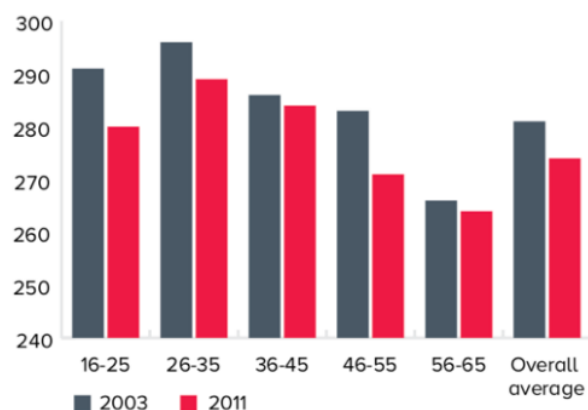
This issue will create a skills gap as employers cannot find workers, and employees will be unable to find jobs. Literacy levels of younger generations are going down overall, and skills become rusty with age through lack of use. The lack of available training tied to industry needs for adult workers compounds the problem. The problem is getting worse. Increasing the literacy skills in the workforce by an average of 1% would over time lead to a 3% increase in GDP or \$54 billion per year, every year and a 5% increase in productivity. Literacy scores and the level of skills for young people have been visibly on the decline.

BACKGROUND

Figure 1 illustrates the decline in literacy scores by age group over the years. There is a need for greater investment in literacy and numeracy at all age levels beginning with the 16-25 age demographics. Therefore, public schools and post secondary institutions must have adequate funding to test and improve literacy and numeracy scores. Skill loss occurs at a higher rate later in life per Figure 2. Ensuring that regional public and post-secondary institutions allow for adults to upgrade their skills would be instrumental in preserving skills and reducing the skill gap shortage.

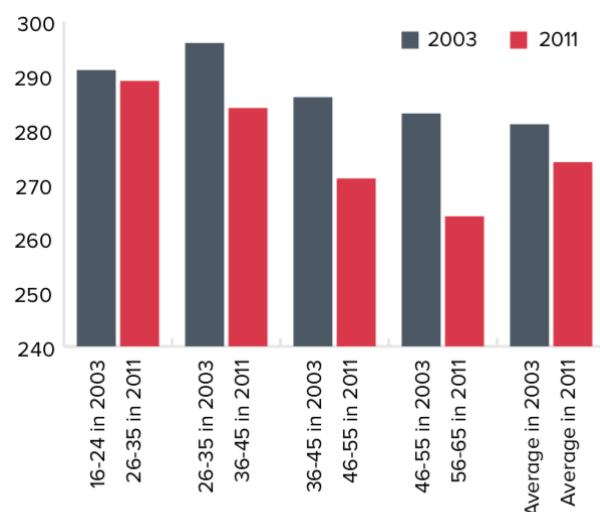
⁹https://www.washingtonpost.com/news/answer-sheet/wp/2013/01/29/why-we-love-artists-but-not-arts-education/?noredirect=on&utm_term=.92f4d47af508

Figure 1: Decline in literacy scores by age group comparing 2003 and 2011



Source: IALS, PIACC (Standardized to the PIAAC composition for comparison)

Figure 2: Skill loss by age group comparing 2003 and 2011



Source: IALS and PIACC

Ryerson University, the Conference Board of Canada and Blueprint ADE are working together to run Canada's Future Skills Centre at arm's length from the Government of Canada.¹ Located on Ryerson University's campus, the Future Skills Centre will support community-based projects across Canada, in all provinces and territories, and be responsive to regional differences. There has been an access issue for in-demand skills and training for service providers, employers, governments, and community groups; the Future Skills Centre fills this gap.

¹ <https://fsc-ccf.ca/>

The Centre will be partnering with and funding projects that are led by groups such as provincial and territorial governments, Indigenous governments, for-profit organizations, and not-for-profit organizations to:

- help Canadians make informed training decisions by identifying emerging in-demand skills required now and in years to come;
- help Canadians gain the skills they need to adapt and succeed in the workforce by increasing access to quality training; and
- share results and best practices across all sectors and with Canadians to support investment in the skills needed to be resilient in the face of change now and into the future.²

Jobs in the changing economy demand even higher levels of literacy

Technology is taking over many routine tasks leaving higher-level, more complex, interactive tasks to humans. While specific technical skills are a requisite to being hired for existing and newly created jobs, the capacity to adapt to and use changing technology and processes is also necessary. Employers are increasing the skill level demanded by their jobs to maintain competitiveness in the global economy. Manufacturing, for example, is becoming much more skill intensive, for technical and cognitive skills.

The pace of change that the industry is experiencing, combined with global competitive pressures, means that manufacturers will continue to expect more from their employees. Essentially, manufacturers need skilled workers who have the ability to master new, advanced technologies, work in highly collaborative team environments, use critical thinking and problem-solving skills, adapt to ever changing environments, and embrace an attitude of never-ending learning.

Training is lowest for those who need it most

The 2003 International Adult Literacy and Life Skills Survey (IALSS) looked specifically at the number of people who were involved in adult learning and training in 2002. The survey found that, in Canada, just 20% of people, who had low skills and were in low-skilled jobs were involved in a course or program, and this is 10 percentage points lower than Norway, Switzerland and the United States.

Over 60% of high-skilled people in high-skilled jobs in Canada participated in adult education and training – again, Canada was 10 percentage points lower than the United States (which is also troubling for productivity of our most skilled workers). Employer-financed training was highest for people who had higher-level skills and were in high-skilled jobs – 35% compared to 7% for lower-skilled people in low-skilled jobs. Employers were more likely to fund training for people with lower skill levels who were in higher-skilled jobs, but still, only 25% of them received employer-funded training of any kind in the previous year.

THE CHAMBER RECOMMENDS

That the Provincial Government in coordination with the Federal Government:

1. Build and implement competency frameworks to identify skill levels and competencies required by jobs in the economy and embed literacy in all workforce training and education initiatives;

² <https://www.canada.ca/en/employment-social-development/programs/future-skills/centre.html>

2. Mandate the new Future Skills Centre to include cognitive skills in its research and implementation programs; and,
3. Ensure that each of our province's K-12 and post-secondary institutions offer an adequate number of opportunities to learn and upgrade their literacy, numeracy, problem-solving skills & other essential skills.
4. Create a program to break down the stigma of functional illiteracy to encourage people with literacy challenges to come forward, and facilitate easily accessible government-funded literacy training

SUPPORTING OUR ENERGY RESOURCES SECTOR (2019)

ISSUE

Across Canada energy commodities generate direct and indirect wealth. These commodities already support tens of thousands of direct, indirect, and induced jobs. There continues to be an unprecedented opportunity for western Canada's energy products to play an even greater role in the economy, to the benefit of all Canadians. British Columbia and Alberta have historically been economic engines of Western Canada, enjoyed mutually beneficial workforce, trade and economic ties in particular in the oil & gas resource sector. BC is strategically located on the Pacific west coast and an international trade hub of goods and commodities such as those of our energy resources.

It is essential to our Provincial and national economy and to communities that we support the responsible development and trade of all our energy resources, related infrastructure and a safe, transparent regulatory system. Current energy consumption needs and demands cannot be met by existing alternative energy sources alone. As we continue to build on green technology and energy alternatives such as wind and biomass, we must recognize the current value and need for all our resource sector and support our industry, which sources energy commodities at the highest standards internationally for safety and quality. It is important to recognize that in BC, hydro is still a major part of meeting our energy consumption and close to 95% of BC electricity is generated from renewables.¹

BACKGROUND

The Chamber supports our resource development industries and the associated infrastructure such as pipelines, that grow our economy and create jobs. One key piece of infrastructure to unlock is the Trans Mountain Expansion Pipeline (TMX) project. Last year in May 2018, a poll by Ipsos commissioned by Global News² reported that a majority of Canadians and British Columbians support the project. 56% of respondents said they supported the expansion from Alberta to BC's coast, while 24% of respondents opposed and 20% were unsure. In BC specifically, 55% of respondents support it with 37% of them opposing.

In communities along the proposed pipeline corridor, annual property tax payments to more than 20 local governments and more than 24 Indigenous communities are expected to more than double to \$52.4 million from \$25.9 million per year, supporting community services such as police and fire protection, recreation and infrastructure or can be used to reduce the size of property tax increases.

Abbotsford is projected as the second-largest municipal beneficiary, forecast to receive \$1.3 million in additional taxes for a total of \$3.36 million. Additionally, it is estimated that, during construction, Abbotsford will see \$193 million in construction spending.

As well, there will be \$18.1 million in local spending by local and non-local workers:

- \$6.8 million on accommodation
- \$3.4 million in food

1 <https://www.neb-one.gc.ca/nrg/sttstc/lctrct/rprt/2016cndrnwblpwr/prvnc/bc-eng.html>

2 <https://globalnews.ca/news/4180482/majority-of-canadians-support-trans-mountain-pipeline-expansion-ipsos-poll/>

E_{NERGY, MINES AND PETROLEUM RESOURCES}

- \$946,000 on recreation
- \$867,00 on personal items and services
- \$617,000 on fuel

Our regional districts stand to benefit with the Fraser Valley Regional District tax payments up \$1.3 million to \$2.3 million.

It should be emphasized that project safety and integrity measures have been studied and planned for extensively by the proponent, including marking and protection of sensitive environmental lands during construction, pipeline spill prevention, emergency preparedness and response to land base and marine environments in the event of a spill. Trans Mountain requires its contractors to have Indigenous monitors on its environmental inspection teams at all construction areas, advising on traditional land use and cultural values.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Supports the recent National Energy Board second approval and recommendation for the TransMountain expansion project (Feb 22, 2019)³; and
2. Works with First Nations, communities, the province of Alberta, and the federal government to take action in support of sustainable and responsible development of energy resources and infrastructure projects such as TransMountain.

³ <https://www.neb-one.gc.ca/bts/nws/nr/2019/nr04-eng.html>

CRUSH AND CREDIT: PUT CONTROL OF RECYCLABLES MANAGEMENT INTO THE HANDS OF THE PRIVATE SECTOR (2019)

ISSUE

Although the return rate in Canada is good in many urban areas for recyclables, improvement is possible to reduce containers going into the waste stream. Current recyclable laws in Canada generally place restrictions on the amount of bottles and cans consumers can return to retailers. Also, the returns must have been purchased at the retailer who accepts them, in most cases.

An increasing amount of container waste has created critical issues regarding container disposal due to a limited number of landfills and restricted recycling depots, particularly in rural Canada. It is pivotal to adopt new recycling technology to manage waste effectively.

BACKGROUND

Current manual recycling methods discourage users who are required to collect the waste in bulk. The reverse vending machine (RVM) can be used in varied applications and provide refunds to customers by identifying the amount for each container, some right at the point of purchase. As a business opportunity, the revenue growth of the global reverse vending market is driven by new installations and servicing of older machines. Governments continue to pass new regulations to promote the reuse, reduce, and recycle philosophy. This is anticipated to propel the demand for reverse vending machine demand ¹ in the immediate future.

In Quebec, the Government has announced a \$15 million subsidy (May 28, 2019) to help retailers modernize their reverse vending machines by 2021. (2) The newer machines can offer e-payment and charitable donations. In BC, Encorp Pacific has one trial RVM in place as a pilot in a return depot.

Globally, RVMs collected more than 40 billion cans and bottles in 2018. This number is up 5 billion in only one year. ² Millions of those were contributed by North American consumers, most of whom are in the US. Extrapolation suggests the growth potential for new businesses in Canada is robust. Unlike returning material to a mass return depot, when a plastic bottle is returned to an RVM the material is protected from contamination from other types of household waste. The bottle maintains its food-grade status and can be turned back into another plastic bottle in a 'closed loop' - it does get downcycled or thrown away.

Containers contribute to the waste stream across Canada and around the world. Trucking of empty containers to central depots has an unnecessarily large carbon footprint, due to air in empty containers, prior to their being crushed and re-distributed to recycling users. Reverse vending functions through UPC codes, and vendor credits.³

1 The reverse vending machine market can be categorized as a broader industry for waste sorting, gathering, and recycling. The service amount depends upon the machine's volume and age, wherein higher volume machines require longer servicing cycles.

Technological advancements in reverse vending machines such as video recognition systems, touch panels, and smart card vouchers are expected to enhance the user experience. This, in turn, is anticipated to propel the market. The Independent, January 3, 2019

2 *ibid*: plq.org

3 <https://www.youtube.com/watch?v=gPmBJxKT07U>

Return rates internationally in countries introducing in-retailer “reverse vending machines” are in the high 80% - high 90% range⁴. Individual deposit rates on containers in Canada are also low by international and other provincial standards, averaging 5¢ to 10¢ versus an average of 40¢ internationally (Norway, Sweden, Australia). When reverse vending machines are readily available, container waste drops by an average of 50%. Higher deposit rates encourage higher recycling rates.

The reverse vending machine presents a robust new business growth opportunity. One market analysis predicts a 10.5% Compound Annual Growth Rate hitting \$570 million USD by 2024.⁵ Installing and servicing machines is a mature industry in Europe and Australia, {⁶where the machines were adopted in the 1970s, and increasingly, in the US. Quebec has used reverse vending machines for many years. The business opportunity in the British Columbia for introduction and growth is enormous.

Internationally, innovative recycling methods increase recycling percentages. Manufacturers have low incentives to improve recycling rates. Tetra packs have a laborious delamination process prior to recycling. This packaging is cheap for suppliers to manufacture but lacks consideration of environmental impact. Some provinces employ the newer “bag drop system” in use now across Canada and in the US, but it's often restricted to bottle return depots.

In this iteration, bulk bags are marked with a UPC code based on consumer-entered information, and automatic deposits of return funds are made to the consumer's bank account. The system is unwieldy and still requires a trip to bottle depots. The bulk system currently uses single use plastic bags that are increasingly on the radar for elimination from usage streams.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Promote RVMs to increase the recyclable stream across British Columbia, but especially in remote and underserved areas to create new business opportunities and better service for consumers; and
2. Increase deposit fees on all recyclables to at least the international standard ~ 40¢.

⁴ “Can Norway help us solve the plastic crisis, one bottle at a time?” July 12, 2018 <https://www.theguardian.com/environment/>

⁵ The reverse vending machine market can be segmented based on product type, machine use, capacity, end-use, and regions. In terms of product type, the market can be divided into metal recycling, plastic bottle recycling, and multifunction recycling. Based on machine use, the reverse vending machine market can be classified into commercial, industrial, and residential. In terms of capacity, the market can be categorized into less than 200 (cans or bottles), 200 – 300 (cans or bottles), 300 – 600 (cans or bottles), and more than 600 (cans or bottles). Based on end-use, the market can be segmented into distributors, retailers, municipalities, and beverage industries. SBWire, July 27, 2018

⁶ America, Europe, Asia Pacific, Middle East & Africa, and South America. North America is expected to dominate the market as the region has stable demand for reverse vending machines from governments, retailers, and beverage industries. The market in Asia Pacific is expected to expand at a significant compound annual growth rate from 2017 to 2025 due to the expansion of the food service industry. SBWire, July 27, 2018

MAKING GOVERNMENT ENVIRONMENTAL PROGRAMS AND INCENTIVES MORE OPEN TO SMALL BUSINESSES (2019)

ISSUE

Engaging the business community will be an essential part of successful climate change actions in BC, and that includes small businesses. However, too often small businesses are shut out of government environmental programs because of their scale, complexity, and up-front funding requirements. As the provincial government moves to implement its CleanBC program and other environmental initiatives, it should look to make more of its programming open and accessible to small businesses.

BACKGROUND

Empowering the business community to increase its sustainability can not only address greenhouse gas emissions and other environmental and climate concerns, it can improve BC's economic competitiveness through job creation, reinvestment, and improved business resiliency.¹ But too often small businesses are being left behind in this effort.

Given the sheer number of small businesses, we cannot afford to overlook this segment of our business community when it comes to increasing sustainability. According to the 2018 Small Business Profile from the provincial government, there are 501,300 total businesses in BC. Of those, 98% of those classify as a 'small business' with under 50 employees, and fully 83% have 5 or fewer employees. However, despite their small size, these small businesses contribute 35% of our provincial GDP and create 1.1 million jobs.² With this pool of businesses there exists a tremendous market for sustainability initiatives involving transportation, machinery, business processes, and the built environment.

Engaging this nearly half a million small businesses in BC to improve their environmental efficiency should be a fundamental part of any government sustainability efforts. This will not only generate emission reductions, efficiencies and improvements at individual businesses, it will create leaders and advocates for sustainability amongst the small business community, in turn encouraging others to act. It is one thing to engage and support large emitters and major industry, but if widespread behaviour change is desired in the area of sustainability, helping small businesses to participate is required.

Small businesses often look to government for supports to help them invest in and adopt greener technologies, products and processes, and many times they look in vain. But even where government

1 *Job Creation* – According to the “*Less is More*” report by Efficiency Canada and Clean Energy Canada released in May 2018, efficiency measures in the Pan-Canadian Framework on Clean Growth and Climate Change will create an average of 118,000 jobs annually in Canada between 2017 and 2030.

Reinvestment – Reducing energy use and materials consumption can act like a tax cut, releasing funds for reinvestment into a business or allowing households to spend more in other areas. An estimate from the 2018 “*Less is More*” report mentioned above pegs the economic boost of energy efficiency to Canada's GDP at \$356 billion between 2017 and 2030, largely due to the savings from lower energy bills being reinvested and spent in the economy.

Business Resiliency – Increasing sustainability and efficiency can help support the resiliency of BC businesses as we enter an era which may feature potential resource scarcity. Should climate change trends continue, there may be significant pressures, cost and otherwise, on raw resources, energy and other business inputs. In this scenario, those companies which have already maximized efficiencies in their processes and supply chains will be at an advantage while their competitors scramble to adjust to such changes and deal with increases costs or limited availabilities of materials.

2 *2018 Small Business Profile*, Ministry of Jobs, Trade and Technology, Government of British Columbia.

ENVIRONMENT AND CLIMATE CHANGE STRATEGY

programs do exist, they often are not designed with small businesses in mind and exclude this segment of our business community. To help small businesses participate in needed sustainability actions, the provincial government needs to address the issues of scale, complexity, and up-front funding in their incentive and funding programs to allow more small businesses to avail themselves of these initiatives.

Reduce Scale

Given that efficiency projects undertaken by small businesses would tend to be on a smaller scale, funding initiatives need to allow for more minor projects. Government programs to help fund new environmental practices or equipment tend to focus on large businesses and major industry. For example, while the province's recent 2019 budget provides \$168 million for incentive programs to help fund emission reduction projects and incentivise reducing emissions, it is targeted only at "large industrial operations, such as pulp and paper mills, natural gas operations, and refineries and large mines."³ Another example which spans both provincial and federal jurisdictions is the *Low Carbon Economy Fund*, which pledged \$2 billion in funding for projects that will, among other things, help businesses find innovations to increase their energy efficiency and productivity. However, only a small portion of the fund is accessible to the private sector, and that is limited to projects of \$4 million or more---with the government funding only 25%---cutting out a significant number of businesses which would not have need or capacity for projects of that scale.

Reduce Complexity

Second, as small business owners do not often have personal expertise in this area or dedicated staff available to assign to this, government programs should be made easier to find, navigate, and apply for. Currently, funding and incentive programs stretch across various departments, agencies, and crown corporations, not to mention whole levels of government themselves. Once a program is found, the application and reporting process can be lengthy and cumbersome. Albeit warranted for large-scale investments, if the scale of these programs is to be smaller, the application and reporting process should be simpler as well.

Reduce Up-Front Costs

Finally, provincial government programs, incentives and rebates need to offer more up-front funding to allow small businesses without significant reserve capital or cash flow to participate. The costs borne by small businesses of improving energy efficiency can be substantial and can prevent businesses from taking such actions in the first place. Many small businesses do not have the fiscal capacity to finance up-front energy efficiency upgrades themselves, and thus many do not. Many other businesses may be reluctant to take on debt from financing or loans specifically for energy efficiency projects and therefore again opt-out. It is irrelevant if a rebate or incentive program will 'pay for itself' over time if a small business is only able to plan quarter to quarter, or one fiscal year in advance.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Make future sustainability programs, incentives and CleanBC initiatives more available to small businesses by;

³ "Making Life Better", Budget 2019, Government of British Columbia, pg. 18.

- a. Lowering the size/cost that a project or initiative must be to be eligible for a government program to address the issue of scale;
- b. Simplify and streamline the application and reporting process of government programs to reduce complexity; and
- c. Offering more up-front funding and supports as opposed to rebates and reimbursements to reduce the initial hard costs borne by small business applicants.

REMEDIATION STANDARD FOR LEGAL AND ILLEGAL SUBSTANCE AFFECTED PROPERTIES (2019)

In late 2018, the Federal Government legalized cannabis for recreational use including providing all citizens the legal right to grow up to four (4) plants in their own home without required training to prevent potential damage to the residence. This change in law has further aggravated the concern of the Chambers of Commerce and the Real Estate Boards across BC as a lack of standard in remediation continues to hamper the housing stocks with banks and insurance companies refusing to finance or only doing so at increasingly higher rates.

Currently, the lack of a standardized remediation schedule (universally acceptable to lenders and insurers) of a home or commercial property that has been identified as being used to cultivate or manufacture drugs (illegal or otherwise) would not be financeable by a mainstream conventional mortgage.* Insurance companies, banks and other stakeholders consider the level of remediation needed for homes to be the same whether the residence was used for the purpose of legal or illegal drug cultivation (a grow-op or a meth lab)

Compounding these problems (due to the same lack of standard) is the fact that it is increasingly more difficult to insure these properties which in some cases makes alternative financing altogether cost prohibitive.** Given the number of illegal marijuana grow-ops which have been identified to date, the new allowance for citizens to grow in their homes with no formal training to prevent damage, and number of Health Canada Licenses having been issued for Personal Use (PUPL) and Designated Personal Use (DPPL), it is reasonable to say that this lack of acceptable standard poses a substantial risk to the financial ability of a significant segment of our residential housing stock in British Columbia. The new Federal Cannabis Legislation permits adults (19 years and older) to cultivate up to four (4) cannabis plants per household. Provinces may apply added restrictions on personal cultivation. While the federal government has provided an online resource to help educate potential home growers on recommended safety and security measures, it does not require the home grower to meet any of the suggested safety and security measures.

This approach does not properly address the need to keep residential homes safe when used for the production of cannabis. The stigma attached to cannabis still exists by the banking and insurance industry, and individuals that choose to grow the permitted four (4) plants in their home, could be unintentionally affecting their ability to finance or insure their home in the future. Further definition of adequate remediation and the extent of what remediation would be required is needed to create clarity amongst the industry.

Under the Cannabis Control and Licensing Act, adults 19 years and older may grow up to four non-medical cannabis plants at the dwelling house where they ordinarily reside. Non-medical cannabis plants cannot

ENVIRONMENT AND CLIMATE CHANGE STRATEGY

be grown in a place that is generally visible from a public place, such as parks, streets, sidewalks, sports fields, and K-12 school properties. Cannabis (including authorized medical cannabis) cannot be grown in a home licensed for childcare. Landlords and strata councils may further restrict or prohibit growing non-medical cannabis. Local and Indigenous governments can also further restrict growing nonmedical cannabis at home.¹

The Province of BC's Cannabis Control and Licensing Act does include consequential amendments to various statutes, including the Residential Tenancy Act and Manufactured Home Park Tenancy Act to prohibit cannabis smoking under existing leases that prohibit smoking tobacco and to prohibit the personal cultivation of cannabis under existing leases, except for federally authorized medical cannabis. For new leases, the existing provisions of each Act that allow landlords and tenants to negotiate the terms of leases will apply.²

Although much attention recently has been paid to the real estate market in the Metro Vancouver area and the Fraser Valley Region, this is a province-wide problem. Non-financeable homes pose differing difficulties to various parts of British Columbia. For example, in Quesnel and other similar economic regions, homes identified as being used for cannabis are often being left abandoned and unable to be re-introduced in the housing supply. Whereas, in areas such as the Fraser Valley (which traditionally attract new homebuyers with affordable homes as an extended suburb of the Metro Vancouver Region) the decreasing stock of mortgageable properties is making it increasingly difficult for these home-seekers to make a purchase. A freedom of information request, made by the District of Mission in 2013, uncovered that the community had 583 PUPL and 73 DPPL licenses and an additional 671 ATP (Authorize to possess) licenses covering a population of approximately 39,000 residents and between 12,000-14,000 residential homes. (Trade and Invest BC n.d.)

As a secondary concern, but no less alarming, across the province, homes that cannot be sold or reintroduced into the housing stock legitimately (with full remediation) would have the potential to be sold and/or rented privately to unsuspecting buyers or renters. This problem is not only affecting the current availability of homes but is also a public safety concern since there is no standardized schedule of remediation. For example, in the East Kootenays, housing availability for rental is at a historical low of 0.2%, lack of a minimum remediation standards in place allows homes that are not properly remediated or suitable for living, to be offered in the rental market to unsuspecting renters. Thus, potentially creating health and safety concerns for families.

Background research to illustrate the problem:

** "If we (TD Bank) know about the issue (former or current illegal substance operations) at the start of our interview process, we don't proceed with the application." -Bruce Murray, Branch Manager.*

** "All chartered banks and most single stream mortgage lenders will not finance former illegal substance operations such as grow-ops." "In most cases with alternate financing, more than a 50 percent down payment is required and some level of underwriting is required." - Doug Lifford Mortgage Services.*

¹ <https://www2.gov.bc.ca/assets/gov/public-safety-and-emergency-services/public-safety/cannabis/grow-nonmedical-cannabis-factsheet.pdf>

² <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis>

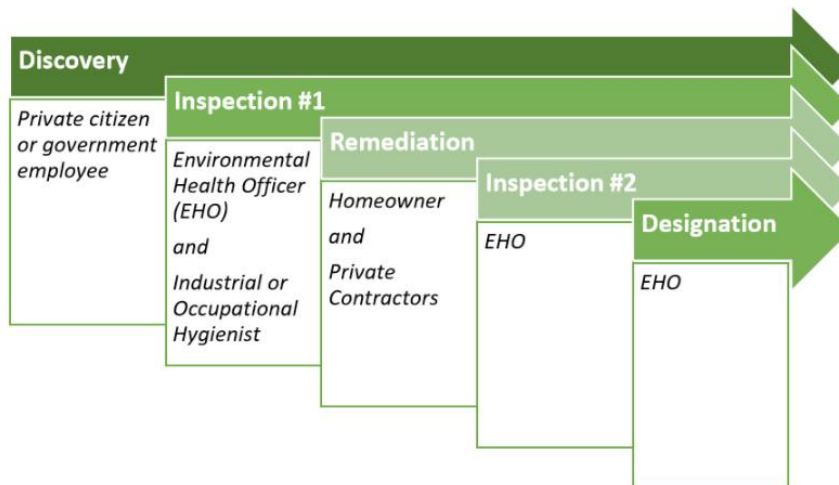
ENVIRONMENT AND CLIMATE CHANGE STRATEGY

*** "I (Johnston Meier Insurance) have one regular homeowners market that will insure a former grow op." "No matter how long ago they require Current Air Quality testing provided by a qualified contractor with CGL in place, current Electrical passed permit by someone with a CGL in place and current personal inspection by the broker, no matter how long since the grow-op." -Gloria Allinson, JM Insurance Group*

While this problem that is challenging our housing stock has received limited attention from a few individual municipalities, those organizations that are directly involved in the housing industry – such as the BC Real Estate Association (BCREA) and BC Homebuilders Association – have been actively advocating for provincial government intervention. The Mission Regional Chamber of Commerce has been working closely with the BCREA and BC Home Builders since 2014 to align their concerns, research and ask of government together. The Chamber strongly supports and is directly engaged in the research developed by the BCREA in partnership with UFV.³

Considering the unique harms inflicted on homes used in the production of cannabis and synthetic drugs, a structured remediation process is essential to ensure such properties are effectively reintroduced into the housing market. Unfortunately, BC has no provincial policy framework.

Research conducted by the University of the Fraser Valley School of Criminology and Criminal Justice proposes a remediation process that takes a public health perspective and identifies roles and responsibilities for various stakeholders.



It is suggested that the initial inspection and subsequent Orders be issued by a regional environmental health officer under the authority of the B.C. Public Health Act, that air quality and specific remediation requirements be the responsibility of certified experts, including Certified Industrial Hygienists or occupational hygienists, and that remediation work itself be carried out by contractors. Further, it is suggested that under Inspection #2 it would be the responsibility of the environmental health officer to designate a home as fully remediated.

It is proposed that further development of the healthy home definition and standards, as well as the standards and processes required as part of the DIRID process, come under the provincial Ministry of

³ The following makes up the summary page of the BCREA recent study calling for the province to create "Healthy Homes for British Columbians" (Ref: <http://bcrea.bc.ca/docs/government-relations/ensuring-healthy-homes-for-british-columbians.pdf?sfvrsn=2>)

ENVIRONMENT AND CLIMATE CHANGE STRATEGY

Health. It is believed that this process, or one similar to it, would facilitate a holistic provincial response and ensure the safety and health of residences and their occupants in the Province of British Columbia.

Stage	Description	Done by
D iscovery	Homes used for drug production are typically identified by self-reporting through application for a permit, through some sort of inspection, or by a neighbour. A report is made to the Ministry of Health.	Private citizen or government employee
I nspection #1	Qualified inspectors look for health hazards. If hazards exist, an order is issued to protect the public safety. Orders are publicly available, either through a website or on land titles.	Environmental Health Officer and Industrial or Occupational Hygienist
R emediation	Homeowners hire qualified contractors to bring the home up to healthy standards.	Homeowner and private contractors
I nspection #2	Provincial Environmental Health Officers inspect the home.	Environmental Health Officer
D esignation	Provincial Environmental Health Officers designate the home as fully remediated and healthy. All orders and land title notices are removed.	Environmental Health Officer

To date, there remains no consistent or universal policy which will satisfy the needs of potential buyers, financial institutions, or insurers in any meaningful way.

We believe the only way to sufficiently address this situation is for the Government of British Columbia to take a lead role in developing the necessary standards. Exemplifying a path for developing strong remediation standards, the Government of Alberta has shown leadership in this regard. Prior to the last Alberta provincial election, the Grow-Op Free Alberta Final Recommendations Report was adopted in 2014 containing thirty-seven (37) recommendations that encompass the health, safety, and remediation challenges residential grow operations pose to current inhabitants, potential buyers, and the community and province as a whole. The BC Government could certainly use these recommendations as a firm starting point along with the study completed by UFV to help in putting forward the framework.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. Develop a comprehensive remediation standard to secure the conventionally available housing stock affected by legal and illegal manufacture and/or cultivation of substances, which will satisfy the needs of the industries affected including the real estate, financial, insurance and construction-related industries and the clients they serve;
2. Create a clear definition of when remediation would be required to create clarity amongst the industry; and

3. Provide clear communication and training for BC citizens wishing to grow in their own homes so to reduce the risk of homes being classified as needing remediation.

RENEWED INTEREST IN BROWNFIELD REMEDIATION (2019)

ISSUE

Brownfields are an ongoing problem in communities across Canada. They affect both large cities and small rural municipalities, and can be any size – from small, former gas stations to large chemical processing sites.

Brownfields can be defined as “abandoned, vacant, derelict, or underutilized commercial or industrial properties where past actions have resulted in actual or perceived contamination and there is an active potential for redevelopment.” (National Roundtable on the Environment and the Economy, 2003)

BACKGROUND

Whether these sites are large or small, there are costs to inaction, and according to the Province of BC, there are anywhere from 4000-6000 brownfield sites across the province.¹ Brownfields can blight neighborhoods, impede municipal development or investment, lower property values, result in unpaid taxes, and increased enforcement and policing costs. That’s not to mention the potential environmental damage, contaminated soil and groundwater, safety, and health risks. Many of these can be found on the BC Ministry of Environment Site Registry, but this has limitations. The Site Registry is not solely a registry of contaminated sites, and it does not clearly outline the steps to redevelopment potential needed on each site.

Municipalities can play an important role in encouraging remediation, even on privately owned land, with planning, proper zoning and incentives for developers. In some case municipalities may also own contaminated sites themselves or have assumed responsibility for such sites. The provincial government plays an important role in setting out the legislative framework, as well as supporting the assessment and remediation/risk management activities that need to take place.

The Federation of Canadian Municipalities has played a leading role in supporting communities and private sector partners. They provide grants for planning and loan’s for remediation projects at low cost.

Ontario was the first province in Canada to recognize that the upfront costs faced in the development of brownfields is a barrier to redevelopment, and therefore created incentives in 2004. The Brownfields Financial Tax Incentive Program (BFTIP) is an initiative of the government of Ontario to encourage the cleanup and redevelopment of brownfield properties. It allows municipalities to provide property tax assistance to property owners in connection with environmental rehabilitation of brownfields properties within an approved community improvement project area. It also provides provincial tax incentives that match the municipal tax assistance (through a reduction in the provincial education portion of the taxes for that property). Other jurisdictions in Canada, including British Columbia, have followed Ontario’s lead with their own programs and incentives.

¹ (<http://www.brownfieldrenewal.gov.bc.ca/basics.html>).

E NVIRONMENT AND CLIMATE CHANGE STRATEGY

The Province of BC has, in the past, played a leadership role with its *Brownfield Renewal Strategy*, which helped to build awareness of brownfield issues. It encouraged communities to take advantage of the *Revitalization Tax Exemption* through the Community Charter, which allows municipalities to provide property tax exemptions for brownfield redevelopment projects (similar to the municipal property tax assistance portion of Ontario's program). The strategy included funding for site assessments as 'seed' money to assist in moving brownfield sites across the province back into productive use. The five-year Funding Program granted approximately \$7 million towards site assessment projects and was completed in 2013/2014.

It is important that BC maintains its momentum, and to recognize that brownfield redevelopment is a business issue. It is also an issue at risk of falling off of the provincial government agenda. The Province's *Brownfield Renewal Strategy* website acknowledges that Brownfield redevelopment can:

- improve local economic growth;
- increase local tax revenue from redeveloping vacant & underused properties;
- enhance land values surrounding redeveloped brownfields;
- replace lost jobs by creating space for new industry on redeveloped brownfields;
- and be a catalyst for surrounding development, creating a favourable climate for more brownfield redevelopment projects.

FCM has noted that for every \$1 invested in brownfield redevelopment, an average of \$3.80 is invested in the economy. UBCM has also recently advocated for improvements to the provincial policies on brownfields taxation after a resolution was passed in 2018. Further progress can be made to enhance transparency on liability issues (often historic information is needed to clearly identify who is responsible for the remediation), and on site specific information for developers. Additionally, incentives are needed for private sector motivation to encourage remediation on land that is known to be contaminated and would not be redeveloped otherwise.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Update the BC Brownfield Renewal Strategy, and continue to provide municipalities and developers with clear rules, incentives, and information;
2. Develop an inventory of all brownfield sites in British Columbia that are available for redevelopment so that municipalities and developers have clear awareness of redevelopment opportunities that are eligible for incentives through provincial programs, the FCM Green Municipal Fund, or other programs;
3. Follow Ontario's lead in its Brownfield Tax Incentive Program which involves a cancellation or deferral in the provincial portion of property taxes, and provide encouragement and incentives for local governments to match through the Revitalization Tax Exemption currently available to communities through the Community Charter; and
4. Consider re-investment in the Brownfield Renewal Strategy Funding Program for the next 3-year budget cycle.

SPECIES AT RISK LEGISLATION: CONSIDERING THE IMPACT TO BUSINESS (2019)

ISSUE

In 2018, the Government of Canada began to use provisions of the federal *Species at Risk Act* (SARA) to pressure the Province of BC into taking more aggressive action to protect Southern Resident Killer Whales and Mountain caribou, including the potential for full closures of large areas of backcountry and coastal regions. The absence of consideration of the socio-economic impacts of these decisions is creating uncertainty for investors and has caused a sense of panic in the business communities directly affected by these decisions.

In response to the federal government pressure, British Columbia has begun to contemplate the creation of its own species-at-risk legislation, using laws from Ontario and other international jurisdictions as models for its work. Species-at-risk legislation has the potential to maintain and support the natural values of our eco-system while supporting the economic players that work within them. However, the legislation, if developed and implemented without a full economic and social lens, can – through restrictions or prohibitions -- have devastating economic impacts on the local communities and industries like tourism and forestry.

BACKGROUND

- Canada's federal *Species at Risk Act* (a.k.a. SARA) has been in place since 2002;
- The purposes of SARA are to prevent wildlife species in Canada from disappearing, to provide for the recovery of wildlife species that are extirpated (no longer exist in the wild in Canada), endangered, or threatened as a result of human activity, and to manage species of special concern to prevent them from becoming endangered or threatened. Much of the focus of this act is on habitat, rather than on the animals themselves;
- Under SARA, socio-economic impacts of habitat protections only come into play when the federal Environment Minister makes a recommendation to the federal Cabinet for an order under the act; and
- Until recently, SARA had only been an issue for wildlife species with very small home ranges (e.g. Sage Grouse). However, it's contemplation of habitat protections for wide-ranging species such as Southern Resident Killer Whales and Mountain Caribou have made the implications of SARA to BC's business community (including tourism) of greater concern.

Impact on Tourism Industry

- Tourism is a sector of BC's economy that has the greatest potential to be a showcase for the integration of economic and environmental considerations. This is particularly true in the many businesses in, or partnering with the aboriginal tourism sector;
- Tourism's impacts on, and possible benefits to species-at-risk are not well understood by government staff at any levels;
- Tourism marketing, through Destination Canada, Destination BC, and regional and community DMOs, often focuses on protecting natural values and sharing those with guests from around the globe;
- Tourism is often lumped together with public recreation, which downplays the significant opportunities that professional, managed tourism businesses have to bring innovative solutions

to the table;

- The implications of SARA on tourism, and its weak consideration of economic (and social) impacts means that major decisions on habitat protection (and the impact of those decisions on business) may not be made in a fully-informed way;
- Federal staff in Natural Resources Canada use very restrictive approaches to economic analyses that have the potential to significantly under-represent the actual impacts of habitat protections and prohibitions on tourism businesses; and
- The uncertainty created by this situation is having negative impacts on investments in natural resource sectors such as tourism.

At present, the approaches taken by both the federal and provincial governments in species-at-risk initiatives (such as killer whales and caribou) have shown a lack of meaningful consultation with the business community and the unintended consequences of this approach are long reaching.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. If it were to proceed with its own species at risk legislation, should:
 - a. Include a socio-economic impact assessment, including robust engagement with the business sector and communities; and
 - b. Adopt a multi-species approach, including a thorough review of the predator/prey balance.

WORKING WITH AND SUPPORTING BUSINESS TO ACT ON PLASTICS WASTE (2019)

ISSUE

Plastic long believed to be a miracle material that has solved and continues to solve several needs of mankind while making lives easier is now emerging as a most environmentally damaging issue the world is facing especially from cheap “single use” plastics that are not reusable and recyclable. British Columbia, one of the most beautiful places of earth, need to take action to minimize, seek alternatives and eventually eliminate the use of “single use plastics” from day to day living.

BACKGROUND

Thanks to plastics, countless lives have been saved in the health sector, the growth of clean energy from wind turbines and solar panels has been greatly facilitated, and safe food storage has been revolutionized. But what makes plastic so convenient in our day-to-day lives – it’s cheap – also makes it ubiquitous, resulting in one of our planet’s greatest environmental challenges.

Since the 1950s, the production of plastic has outpaced that of almost every other material. Much of the plastic we produce is designed to be thrown away after being used only once. As a result, plastic packaging accounts for about half of the plastic waste in the world. Most of this waste is generated in Asia, while America, Japan and the European Union are the world’s largest producers of plastic packaging waste per capita.

ENVIRONMENT AND CLIMATE CHANGE STRATEGY

Our ability to cope with plastic waste is already overwhelmed. Only nine per cent of the nine billion tonnes of plastic the world has ever produced has been recycled. Most ends up in landfills, dumps or in the environment. If current consumption patterns and waste management practices continue, then by 2050 there will be around 12 billion tonnes of plastic litter in landfills and the environment.¹ By this time, if the growth in plastic production continues at its current rate, then the plastics industry may account for 20 per cent of the world's total oil consumption.

When discarded in landfills or in the environment, single use plastic can take up to a thousand years or longer to decompose. Most plastics do not biodegrade. Instead, they slowly break down into smaller fragments known as microplastics which can enter food chains.

The provincial government, under the CleanBC plan², can play a major role in reducing unnecessary plastic waste through targeted investment and industry engagement.

However, in determining which applications are necessary and which can be made redundant it is industry itself which should play the primary role. The business community ought to be fully engaged by government in the effort of determining which sectors, processes and products can be targeted for plastics reduction initiatives. This will maximize the benefit of plastic reduction efforts by focusing actions on the areas with the most potential change and limit any unintended consequences of removing plastics where they are actually necessary, or alternatives would be untenable.

Where alternatives do not already exist, the provincial government can still play a role in funding efforts to develop such alternatives. In Budget 2019, the provincial government set aside \$299 million in funding for yet to be announced initiatives under the CleanBC banner. Some of that already allocated money could be focused on implementing new and enhancing existing programs to support research efforts targeted specifically at improving plastics recycling or developing plastics alternatives.

In addition, while there may already be plastics alternatives available in some cases, these are often difficult for businesses to adopt because they are untested in the marketplace or are uneconomical compared to current plastic products. The provincial government should consider funding demonstration projects and incentive programs specifically for implementing plastics alternatives in businesses. By helping businesses overcome the economic and logistic barriers of implementing plastics alternatives, it will create test cases that will show the viability of plastics alternatives and will encourage other businesses to adopt similar changes.

However, beyond simply finding and implementing plastic alternatives (which still generate waste through their creation, use and disposal) circular economy models could also be supported, developed and promoted. A circular economy business model focuses on keeping materials in use for as long as possible, planning for disassembly, re-use, or recapture of resources in an effort to make the supply chain a closed loop. As this is a major shift from traditional production and consumption patterns, government supports for businesses implementing circular economy model should be a priority.

1 2018, Single Use Item Reduction Strategy (2018-2025) – A priority Action in Zero Waste 2040, City of Vancouver

2 CleanBC is a provincial plan developed as a pathway to achieve the Province's legislated climate targets of reducing greenhouse gas (GHG) emissions by 40% by the year 2030, based on 2007 levels. The plan describes and quantifies measures that will eliminate 18.9 megatonnes (Mt) of its 2030 target.

E

NVIRONMENT AND CLIMATE CHANGE STRATEGY

In consultation with local businesses, it was learned that occasionally government requirements or regulations mandate the use of plastics in manufacturing, packaging, and other processes. In many cases these requirements will be necessary and warranted to protect consumers, increase efficiency, and reduce overall waste. However, in some instances, particularly in the food sector, there may be redundant or excessive requirements. A review by government of these types of regulations may uncover opportunities to reduce the demand for and use of plastics in certain instances.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Engage with industry and the business community directly to identify those sectors, processes, and products which should be first targeted for plastics reduction initiatives and efforts;
2. Through CleanBC's unspecified \$299 million in funding announced in Budget 2019, invest in:
 - a. Research efforts focused on improving plastics recycling and developing plastics alternatives;
 - b. Demonstration projects and incentive programs aimed at helping industry implement plastics replacements and plastic reductions initiatives;
 - c. Support, research, and incentives for the implementation of circular economy models that reduce source consumption of materials;
3. Review the requirements of government agencies such as regional health authorities to ensure plastic packaging requirements are updated to reflect current needs and are not excessive.
4. Commission a one-year study over one year through industry, businesses, educational institutions to research alternatives to "single use" plastic and commit to a timeframe for complete removal of such material from the waste stream in BC;
5. Work with the food and beverage industry that would see the elimination of the production of dirty Styrofoam. This would be done through education and through incentives to industries out there to produce recyclable products and or biodegradable (quick enough to be acceptable buy Biofuel plants); and
6. Implement an awareness campaign to help consumers understand that plastic overwrap and other flexible plastics can be taken to Recycle Depots.

AMENDING THE PROPERTY ASSESSMENT PROCESS TO PROTECT BUSINESSES FROM UNSUSTAINABLE TAXATION (2019)

ISSUE

Many businesses across BC are facing an existential threat in the form of unsustainably high property tax bills. This problem is directly caused by the rapid appreciation of property due to BC Assessment valuing property based on its “highest and best use”, not strictly on the current use. Because of this model, businesses, whether property owners themselves or through their leases, are being taxed on the future development potential of their sites with little regard for the current use of the property or the cash-flow or profitability of the current business. These high property tax bills can threaten the survival of many small and medium-sized businesses, and risk hollowing out local economies as businesses are forced to either relocate or close altogether due simply to the skyrocketing cost of their property tax bills.

BACKGROUND

Property taxes are the principle funding method for local governments and generate the revenue to fund important local programs such as police and fire services, parks and recreation, and roads, sewers and other basic infrastructure. Property taxes are based on two factors: a *local tax rate* and the *value of a property*.

The *local tax rate* is set by municipal governments¹ to meet the funding requirements of their annual budgets. There are nine classes of properties², one of which BC Assessment assigns to each property. The tax rate for each property classes is then set independently by each local government and is then applied against the value of a property to determine its property tax bill. The *value of a property* is based on an assessment conducted annually by BC Assessment, a provincial crown corporation responsible for maintaining up-to-date assessments of the value of properties throughout BC.



However, as laid out in the BC Assessment Act and executed out by BC Assessment, the value of a property is based on several factors, including its “highest and best” use. This takes into account what a given property could potentially be used for or what could possibly be built there that would be of more value than its current use.

For example, a property on a busy corridor may currently be used for a one-story retail bakery even though its local government would permit a future multi-level residential development to be built there.

¹ Or other ‘taxing authorities’

² Residential, Utilities, Supportive Housing, Major Industry, Light Industry, Business Other, Managed Forest Land, and Recreation Property, Non-Profit Organization.

In this instance, BC Assessment would value the property not just as a small, local bakery, but as a potential residential condo tower, and the taxes due would be levied according to that higher value. This means the bakery would be taxed substantially more than it ought to be as just a bakery; the property tax will be levied as if the bakery is actually generating the income of the future potential development.

In addition, further undue taxation can occur because of the significant difference in the tax rates between business and residential properties. For example, in Burnaby the “Business Other” tax rate which that small bakery would pay is 11.6773, whereas the “Residential” tax rate for a future condo development is only 2.8395. But since a property currently only has one classification, the full value of the property (including the appreciation driven by the redevelopment potential) is taxed at the rate of the current use, the much higher 11.6773 in this example.

Given the rapid increase in property values experienced across BC and in particular in population centres and along transit corridors, this process of property assessment has created a scenario where businesses are faced with significantly higher property tax bills despite there being no change in the current business use or improvement to the property, to the point of the taxes being too onerous and cost-prohibitive to continue. In these scenarios, the cash flow of the existing business is simply unable to support the tax bill that is being based on the future income of a potential redevelopment. It is a flawed system which needs to be reformed to separate the market value from the taxable value.

Further, with the prevalence of ‘triple-net-leases’ where property taxes are passed on to commercial tenants, many businesses are carrying this tax burden themselves without the potential future windfall of the sale or development of a property as they are not the owners.

BC Assessments & Property Taxes



Provincial Solutions

Some policy options to address this do exist at the municipal level, including property tax averaging which can gradually phase-in the tax implications of property value increases, and these options should be advanced. However, as property taxes are driven by the BC Assessment Act, provincial action is required to fully rectify this problem.

Split Assessments

Amending the BC Assessment Act to require split assessments of commercial properties would allow them to then be taxed at different rates for the current and future uses. Under a split assessment regime, BC Assessment would be mandated with reporting the portion of a property's total value that is based on its current use, and the portion that is based on its future potential. With this split assessment, local governments would then tax the commercial portion representing the current business use at the commercial tax rate, and the portion representing the future development potential at the lower residential tax rate.

This solution would result in meaningful tax relief for businesses and help mitigate the impact of property taxes on the viability of many businesses. In addition, a split assessment system would address the inherent unfairness of the current system by applying the commercial rate only on the portion of the property actually operating a commercial venture, instead of forcing local business owners to pay taxes on imaginary, possible developments which they may never have anything to do with.

Highest and Best Use' Exemption for Long-Standing Businesses

Creating a 'highest and best use' exemption would allow for long-standing local businesses to have their property value assessed based only on its current use. The provincial government recognized the need for this type of exemption when it passed Bill 42 in 2018 which permits BC Assessment to value major industrial properties "based on their current industrial use rather than their future highest and best use." Instead of this blanket exemption for just the major industry property class, a similar exemption only for long-standing businesses in any of the commercial property classes would be a more effective, sustainable solution.

A 'highest and best use' exemption for long-standing businesses could be modelled on the existing exemption for long-term residential homeowners in section 19(8) of the BC Assessment Act. Section 19(8) allows for residential property owners who have continuously owned and occupied a property as their principal residence for at least 10 years to apply to have their property assessed at its current use, based on sales of comparable properties with no development potential.

Using this as a model, a 'highest and best use' exemption for business should be created which allows businesses which have operated at their current premises for a similar length of time (more than 10 years) to apply to have their property valued for its current, long-standing use and taxed accordingly. This exemption should be available to both businesses which own their own buildings, and property owners who can demonstrate that their leaseholders meet the "long-standing" requirements.

A current-use exemption would provide a lifeline for those businesses, particularly small businesses, for whom increasing property tax bills are a true hardship and would preserve the local economies of communities across BC. This exemption would also signal a recognition of the intrinsic contribution long-standing local businesses make in helping build a community or neighbourhood.

Business Property Tax Deferral Program

Again inspired by what is already available to homeowners (to those either older than 55 or with dependent children), a property tax deferral program for businesses would allow businesses which own their property to apply to have their property tax bill deferred until a later date. As is current practice for

the homeowner deferral programs, the province would pay the property tax to the municipalities and charge a small interest rate to the business on the balance.

As ongoing or permanent deferrals would not be the goal, use of this program would be limited to a one-time window (5-7 years) at which point the property taxes, both current and deferred, would be repaid. Instead, the goal of this program would be to help businesses bridge the time until redevelopment of their property could begin to take place. Tasks such as finding a new location, securing a buyer, or initiating rezoning and development plans with municipal governments can take several years, and the deferral program would allow the business to survive over that time by making the tax bill payable when they actually realize the gains in the property value through a sale or redevelopment.

THE CHAMBER RECOMMENDS

That the Provincial Government amend the BC Assessment Act and work with BC Assessment and local governments to:

1. Implement Split Property Assessments for all commercial properties which delineates the proportion of a property's market value that is derived from its current use and the proportion derived from its potential use, and have it taxed accordingly by local taxing authorities;
2. Create a 'Highest and Best Use' Exemption for long-standing businesses to allow them to apply to have their properties valued and taxed on the current business use, and not on the potential redevelopment potential; and
3. Explore implementing a Business Property Tax Deferral Program to allow property owners to defer the property tax owed to help the business remain viable while bridging the time until redevelopment of the property can begin.

CHANGING BC'S SALES TAX MODEL - MOVING BEYOND THE PST (2019)

ISSUE

BC's tax competitiveness is seriously undermined by the antiquated Provincial Sale Tax. As a small, open trading jurisdiction this cannot be left unaddressed if BC wishes to advance itself as a competitive jurisdiction.

BACKGROUND

The move to a HST was greeted with wide support from the business community and virtually unanimous support from academics. This support was based on a recognition that the HST would result in increased competitiveness; increased productivity; harmonisation with most of the Canadian and global economy; stable government revenue and a reduction in paperwork for business.

A value added tax is common throughout the world and highly relevant to goods and services taxes and should be considered as important aspects of our future economy, particularly competitive advantage and productivity.

Since 2001, the provincial government has maintained a sustained effort of tax reductions for both individuals and business, which has placed BC as a leader in many taxation categories.

Table 1 - Interprovincial Comparisons of Business Tax Rates

	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
General Rate	12 ^a	12	12	12	11.5	11.6	14	16	16	15
-Manufacturing	12	12	10	12	10	11.6	14	16	16	15
-Small Business	2	2	2	Nil	3.5	8	2.5	3	3.5	3
Small Business Threshold (000s)	500	500	600	450	500	500	500	500	500	500
Corp. Capital Tax										
- Financial (Small Financial)	Nil	Nil	4 (0.7)	6	Nil	1.25	5 (4)	4	5	6
Payroll Tax (%)	1.95	Nil	Nil	2.15	1.95	4.26	Nil	Nil	Nil	2
Sales tax ^b	7	Nil	6	8	8	9.98	10	10	10	10

a BC's Corporate tax was 10% prior to the 2013 Provincial Election.

b On April 1, 2013 BC joined Saskatchewan and Manitoba as the only provinces who levy sales tax on business that is not offset by tax credits

As shown in Table 1, BC is still competitive today in a Canadian context across a range of key business tax rates. It must be noted, however, that these rates are focused on established businesses generating revenue or making sales (except for sales tax, which in BC, Manitoba and Saskatchewan is paid on business inputs). Future economic growth in BC will depend upon our ability to attract investments and new economic activity. If investment and new economic activity are the goal, BC's tax picture looks very different.

To understand BC's taxation landscape, as it relates to new investment, it is necessary to review BC's Marginal Effective Tax Rate (METR).¹

Table 2 - METR Rates by Province 2012, 2014² & 2017³

	2012	2014	2017
BC	17.8	27.5	27.7
Canada	17.4	19.0	20.3
Alberta	17.0	17.0	19.1
Ontario	18.2	18.2	19.0

1 METR is a measure used to compare the total tax burden on new investment by industry, type of investment, and size of firm. To do this, METR includes the effect of corporate tax rates, sales tax on business inputs, investment tax credits and other incentives, capital cost allowances, capital taxes and the ability to deduct interest costs.

2 2014 Annual Global Tax Competitiveness Ranking, Duanjie Chen and Jack Mintz, pages 12 & 13. <http://www.policyschool.ca/wp-content/uploads/2016/03/Tax-Competitiveness-Chen-Mintz.pdf>

3 2017 Tax Competitiveness Report: The Calm Before the Storm, Philip Bazel, Jack Mintz, and Austin Thompson, page 16. <https://www.policyschool.ca/wp-content/uploads/2018/02/2017-Tax-Competitiveness-Bazel-Mintz-Thompson-final.pdf>

Quebec	15.2	15.9	18.2
Saskatchewan	24.3	24.3	24.2
Manitoba	26.2	27.9	26.1
Newfoundland	10.7	10.7	11.4
Nova Scotia	13.4	13.4	18.7
New Brunswick	2.8	4.8	12.9
PEI	28.1	11.4	13.9

In 2012, BC was the 6th most competitive jurisdiction in Canada and well-placed against our western neighbours and in relation to Ontario – in short, against our competing jurisdictions. By contrast in 2014, we saw BC drop to the bottom of the Canadian ranking. This difference is due to the fact that British Columbia – like Saskatchewan and Manitoba – *“continues to levy the retail sales tax, which results in a significant tax on capital investments (other provinces have harmonized their sales tax with the federal GST, and Alberta has no sales tax, so capital taxation is less severe).”*⁴ In 2017, BC’s METR declined a little further, which – combined with an improvement of Manitoba’s METR – has resulted in BC being last among all the provinces.

It’s worth noting, the above METR calculations do not capture the full impact of the PST on BC’s competitiveness. This measurement only takes into account the PST on capital investment. The PST also applies to non-capital inputs that are used in business operations. In fact, the PST paid on non-capital inputs is four to five times the amount levied on capital inputs.

The other aspect of competitiveness is in regard to BC’s critical export industries. As a jurisdiction, BC has a smaller export base to most other provinces, as such it is critical that attention is paid to any tax changes that will negatively impact BC exporters’ ability to compete in other markets. The PST is a significant barrier in this regard.

As a small, open trading jurisdiction, BC exporters compete with producers from across the globe, the majority of whom do not have a sales tax structure that embeds costs at every stage of production as does the PST. Indeed, if we look at jurisdictions that levy a PST system, we see that BC stands relatively alone as one of only 3 jurisdictions in Canada that do not have a value-added sales tax in place. This makes BC the exception to the more than 130 countries worldwide that do have a value added tax. As such, these global producers have a significant competitive advantage over BC producers who endeavour to remain competitive by building these costs into their price. A VAT would also make BC producers more competitive against foreign competition who are selling in the domestic market for the same reason.

This is also an issue for many of BC’s resource industries that are the foundation of economic prosperity for communities across the province. Commodity-based exporters are price-takers in the global market context. PST represents a significant cost for the extraction and production of resources and in turn reduces profits and, therefore, the ability of these companies to further invest in innovation and job creation.

⁴ 2014 Annual Global Tax Competitiveness Ranking, Duanjie Chen and Jack Mintz, pages 11.
<http://www.policyschool.ucalgary.ca/sites/default/files/research/tax-competitiveness-chen-mintz.pdf>

The Productivity Imperative

The single biggest determinant of our per capita income and our ability to raise wages and living standards is our productivity – in short, how efficient is our economy? Countries that are innovative and able to adapt to shifts in the global economy will see higher productivity and thus a higher standard of living.

While there are a variety of factors that contribute to enhancing productivity, it is recognized that improvements will require investment in equipment and technology, particularly investments in information and computer technology. While BC's productivity performance is reason enough for government to find ways to boost investment in technology and equipment, the Chamber believes the ongoing demographic shift must make this one of the highest of priorities for government.

We know that the baby boomer generation is transitioning to retirement. While older workers are more encouraged to remain in the workforce, we can anticipate 615,000 workers will need replacements due to retirement between 2018-2028. During this same period, BC can expect to create 288,000 new job openings through economic growth while there will only be 454,000 new entrants to the workforce to help fill these positions.⁵ This represents a shortfall of 449,000 positions that will need workers to fill them.

While interprovincial migration and immigration will go a long way to make up that shortfall, we need to ensure this challenge does not impact the BC economy. To do so, we must ensure improve our productivity levels, which means a VAT is key.

The Importance to Small Business

While many of the arguments in favour of a value added tax focused on its broad provincial impact, this is an issue of particular importance for small businesses given the strength of BC's small and medium sized businesses for our economic prosperity.

BC's small business sector is critical to wealth generation and our capacity to grow and innovate. Employing over one million British Columbians, small business is responsible for 54% of all private sector employment in the province.⁶

While the concentration of small businesses largely reflects the economy at large with a significant focus on service sector industries, small businesses are significant economic generators. Small businesses shipped approximately \$18 billion worth of goods to international destinations in 2016, comprising over 43 per cent of the total value of goods exported from the province. In addition, small businesses are driving BC's innovation industries with 10,105 small businesses in British Columbia's high-tech sector in 2017, which represents about 96 per cent of all high technology businesses.⁷

This places small business as one of the key beneficiaries of a VAT. In fact, one of the largest productivity challenges facing BC is the difficulty small businesses face in accessing capital to invest in innovation or productivity enhancements. As such, the current PST has a disproportionate impact on these small businesses compared to larger firms in terms of addressing productivity.

5 https://www.workbc.ca/getmedia/1dce90f9-f2f9-4eca-b9e5-c19de9598f32/BC_Labour_Market_Outlook_2018_English.pdf.aspx pg. 12

6 2018 Small Business Profile, BC Stats pg. 1

7 2018 Small Business Profile, BC Stats pg. 3 and 50.

The Solution

The competitiveness and productivity issues outlined above have long been an issue. Indeed, so many business organizations supported the introduction of a VAT because it addressed many of these issues.

Reform is needed. As we have demonstrated, the PST has a significant impact on BC's competitiveness and productivity. The Chamber realizes there might be little desire for significant reform to our sales tax system. Over the long term, though, government should engage in a meaningful consultation with British Columbians on our competitiveness and productivity and the role taxation plays. A key component of this dialogue must be the role taxation plays in enhancing our competitiveness and productivity.

The Chamber believes that the most damaging aspect of the PST and the aspect that therefore requires the most immediate attention is that the PST will be levied on investment in machinery and equipment. This is not to suggest that the PST will see an increase in cost on all machinery and equipment. The PST already exempts certain machinery and processing equipment used in manufacturing and agriculture. Reform needs to widen these scope of sectors that can access these savings to reduce complexity but also to reduce BC's METR.

Indeed, the Expert Panel on Tax estimates that offering an Input Tax Credit on the acquisition of machinery and equipment would cut BC's METR to 19%, significantly improving BC position in the Canadian context⁸ The Chamber recognises that this is not a measure that can be introduced immediately. The Expert panel on Tax estimates that this measure alone would result in a reduction in revenue to government in the order of \$489 million in 2014/15 rising to \$511 million in 2015/16 and to \$534 million in 2016/17⁹

Over the long term, government must engage in a meaningful consultation with British Columbians on our competitiveness and productivity and the role taxation plays, a key component of this dialogue must be the role taxation plays in enhancing our competitiveness and productivity.

The PST represents a cost of \$1.5 billion, while BC businesses are also facing rising costs on a number of additional fronts. Business is facing higher payroll taxes (including the new EHT) and WorkSafe BC premiums, an increasing carbon tax that is no longer revenue neutral, increases in the minimum wage, and uncompetitive municipal property taxes. This direct hit on companies' revenue is amplified by the ongoing permitting issues that continue to impede investment in our critical resource sector and the ongoing regulatory impediments facing business at every level.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Provide a fully refundable investment tax credit claimed on businesses' income tax returns equal to the PST paid on all acquisitions of machinery and equipment (including computers and software) but excluding buildings and structures with a capital cost allowance rate of 5 per cent or less;

⁸ Expert Panel on Tax Report, Table 7

⁹ The Panel does estimates that this would be offset by higher economic growth that would increase revenue by \$12, \$50 and \$115 million in the period 2014-2017

2. continue to work with the chamber of commerce and others to find ways to reduce the administrative burden of the PST; and
3. commit to a dialogue with British Columbians on the development of a made-in-BC Value Added Sales Tax system to enhance BC's competitiveness and productivity.

LEVELING THE PLAYING FIELD BETWEEN BC AND OUT-OF-PROVINCE CONTRACTORS WHEN BIDDING ON BC-BASED PROJECTS – EDUCATION AND ENFORCEMENT

Chambers welcome reputable businesses, regardless of where their office base is located. We believe competition is good for both businesses and customers, spark creativity, and increase levels of service. Education, and sometimes enforcement, is needed to ensure out of province companies are aware and follow BC's labour laws, Highway & Transportation regulations, WorkSafeBC requirements, and tax laws - by creating educational opportunities, increased auditing, and enforcement of legislation.

When out of province companies have more favourable labour laws, taxes, & premiums in their home province, it's hard for BC companies to have a successful bid against theirs when comparing quotes based on dollars.

We recommend that the BC government consider mirroring portions of Saskatchewan's Provincial Sales Tax Act in relation to non-resident contractors. We are informed by those representing industry that there is a concern that non-resident businesses are not properly self-assessing taxes under BC's 1/3 tax formula ($PST\ due = \frac{1}{3} \times [(PST\ rate \times depreciated\ purchase\ price) - BC\ tax\ previously\ paid]$) or paying equivalent BC premiums. PST in BC is due under the 1/3 formula or the 1/36 formula each time the equipment is brought into the province until the full tax has been paid. If goods are temporarily brought into BC for less than 6 days, no PST is due.

However, if the goods are brought in for permanent use, then the person must pay PST on the greater of 50% of the purchase price and the depreciate purchase price. Vehicles are depreciated in BC at the rate of 30% per year and equipment is depreciated at a rate of 20% year. If the equipment brought into BC is leased, then the person is required to pay PST based on the number of hours the equipment is in BC. Where PST is owing, the person must pay the tax directly to government (self-assessing).

According to our understanding of Saskatchewan's Provincial Sales Tax Act, all non-resident contractors, including those who operate in the petroleum industry, are required to register with the Revenue Division for the purpose of reporting tax payable on materials, supplies, equipment, vehicles and tools used in Saskatchewan. Non-resident contractors may be required to obtain a clearance letter upon completion of their Saskatchewan contracts.

A non-resident contractor, including non-resident petroleum contractors, who brings equipment, vehicles and tools into Saskatchewan is required to pay PST on taxable equipment imported into the province for own use on either the depreciated cost of the equipment or on a temporary use method.

Tax must be paid on all equipment and consumables used in activities that are not directly related to exploration, drilling, testing and down-hole servicing including:

- pipeline inspection, laying and servicing;
- hauling goods and to convey personnel;
- collection and/or disposal of waste products;
- safety and environmental monitoring and testing;
- accommodation and other personnel facilities;
- storage and repair;
- road building and maintenance;
- snow removal;
- firefighting and fire prevention; and
- production and extraction

Tax is payable on the following at the time of purchase or upon entry into Saskatchewan:

- passenger vehicles, unmounted trucks and tractors and trailers including power units and bulk
- transport trailers used to transport equipment or other goods into the province;
- swabbing units used for production (in place of a pump jack);
- spool trucks used to string electrical wire down-hole;
- temporary storage and repair facilities • equipment used for inspecting and servicing drill stem;
- core vans (portable lab) used to examine core samples;
- perforation charges, swab cups and bridge plugs;
- well site-trailers and shop trailers;
- front-end loaders • water trucks, welding trucks, winch trucks;
- pressurizing, depressurizing and vacuum units' trucks used primarily for disposal services;
- hauling equipment, including waste disposal;
- firefighting equipment, safety clothing and safety equipment;
- steam injection equipment including water storage tanks, water treatment equipment, pumps and boiler packages, fire ignition unit, light plant, injection lines and portable enclosure;
- maintenance tools including welders, welding supplies, pipe cutters, grinders and hoists; and
- any other equipment that does not qualify for the remission of tax outlined in the Order-in-Council 1436/67.

Leased or rented vehicles, equipment and tools brought into Saskatchewan are subject to tax on the total daily, weekly, monthly or yearly lease/rental charges, including financing, freight, maintenance charges etc., with no pro-ration allowed. For vehicles, equipment and tools leased or rented in Saskatchewan, the PST must be paid to the vendor at the time of lease/rental. In BC, a business is required to pay tax on the equipment, but they pay tax based on the number of hours the rental equipment is in BC

Company owned vehicles and vehicles plated personally by owners and directors of the company are subject to the methods outlined in the Act. Businesses are required to self-assess PST on reimbursement charges paid to employees for use of their vehicles in the following circumstance:

- a non-resident employee brings their personal vehicle into Saskatchewan;
- the vehicle is utilized in the performance of the contract (other than for personal transportation to the job site); and
- the business reimburses the employee by some method. Note: Vehicles registered inter-jurisdictionally for the transportation of goods or passengers will be subject to the Prorated Vehicle Tax at the time of registration and not the methods outlined above.

Resident contractors who ship equipment or component parts outside of the province for repairs that are not eligible for the remission are required to self-assess PST on the repair parts and labour. Non-resident contractors who ship equipment or component parts outside of the province for repairs during a job are required to self-assess PST on the repair parts and labour unless the repairs qualify for the remission and are capitalized. Any related freight charges in and out of the province are not subject to tax. Repair parts and labour provided to non-resident equipment and component parts that are removed from the province for repair services between jobs are not subject to tax.

Under Section 29 of The Provincial Sales Tax Act, a non-resident contractor working in Saskatchewan is required to post a Guarantee Bond or cash deposit in an amount equivalent to 5% of the total contract amount. It is the duty of the general contractor or principal to ensure that the non-resident contractor complies with this provision. Failure to do so can leave the general contractor or principal liable for any taxes which the non-resident contractor fails to remit. In order to help meet this requirement, it is common practice to maintain a holdback of 5% until a contract clearance is obtained.

Before final payment is made on a contract, the subcontractor must obtain a clearance letter from the Revenue Division and provide a copy of the letter to the general contractor principal.

Saskatchewan fuel tax must be paid on all purchases or imports of gasoline and diesel fuel, except where specifically exempt under the Fuel Tax Act, 2000. No exemption is available in Saskatchewan for off-road use of these fuel products.

Of special interest, general contractors, subcontractors and principals must provide Saskatchewan's Revenue Division with the following information on all subcontracts which are awarded by them: the name & address of each subcontractor; the nature of each subcontract; the value of each subcontract and who is responsible for the tax; and the proposed date of commencement and completion of each subcontract.

It is the duty of the general contractor or principal to ensure that the non-resident contractor complies with the above-mentioned provision. Failure to do so can leave the general contractor or principal liable for any taxes which the non-resident contractor fails to remit.

Non-resident contractors are required to become registered as a consumer and pay tax on equipment used in carrying out their contracts in Saskatchewan. Tax is payable on the contractor's cost of all materials and supplies used to complete each contract. Formulas are used to calculate the pro-rata amount of tax owing on equipment.¹

THE CHAMBER RECOMMENDS

That the Provincial Government:

¹ Provincial Sales Tax bulletins, forms and information are available on the Internet at: <http://www.finance.gov.sk.ca/taxes/pst>
See PST-38, *Information for Non-Resident Real Property and Service Contractors* for further details at www.finance.gov.sk.ca › ... ›
Programs & Services › Provincial Sales Tax - <http://www.finance.gov.sk.ca/revenue/pst/bulletins/PST-38%20Non%20Resident%20Contractors.pdf> And see PST-13, *Information for PETROLEUM DRILLING & WELL SERVICING CONTRACTORS* at <http://www.finance.gov.sk.ca/revenue/pst/bulletins/PST-13.pdf>

1. Protect British Columbia companies' ability to compete on bids by creating a level playing field when bidding on contracts. Conduct a full and comprehensive analysis of Saskatchewan's tax laws in relation to non-resident contractors/businesses in comparison to British Columbia's tax laws to tighten loop holes and ensure BC businesses are submitting their base costs at the same level as non-resident contractors;
2. Fully staff a field audit branch in communities close to bordering provinces; UPDATE: This Ministry of Finance Field Inspection Office was implemented in July 2016 in Dawson Creek;
3. Monitor, track and publicly report the taxes collected from non-resident contractors, putting the majority of these funds back into education and enforcement programs;
4. Require all non-resident contractors coming to work in BC, including those who operate in the petroleum industry, to register with the Ministry of Finance for the purpose of reporting tax payable on materials, supplies, equipment, vehicles and tools used in British Columbia. Non-resident contractors to be required to obtain a Clearance Letter upon completion of their British Columbia contracts and provide it to the General Contractor or Principal prior to a hold back payment on contract being made. Provide proof of WorkSafeBC coverage, if necessary;
5. Require General Contractors or Principal to ensure non-resident contractors comply with BC tax and labour laws, or possibly be held liable for non-compliance;
6. Require Ministry of Finance to be responsible for providing Clearance Letters to sub-contractors, for the purpose of providing to General Contractor or Principal as proof of non-resident contractor's compliance;
7. Require General Contractor or Principal to identify/report to the Ministry of Finance their sub-contractors for the purpose of compliance and audit checks; and
8. Develop educational opportunities to raise awareness to non-resident contractors to educate as to what our BC tax and labour laws are. Encourage a better understanding through an information campaign through industry associations and government offices.

PST COLLECTION FOR CONTRACTS TO IMPROVE REAL PROPERTY (2019)

ISSUE

Ever since the re-introduction of the Provincial Sales Tax (PST) back in 2013, issues of administering and collecting the sales tax continues to pop up to this day. The latest issue involving the PST is regarding the collection of the sales tax by real property contractors.

BACKGROUND

Back in 2008, the provincial government changed the way real property contractors collected and remitted the PST on behalf of customers. Starting in October 2008, real property contractors were

required to pay the PST on any materials used in the completion of a contract to improve real property, unless explicitly stated otherwise in the contract that the customer would pay. Shortly after this change, the BC government began the transition to the HST, which made this transition by real property contractors moot.

When the provincial government transitioned back to the PST, they reverted back to the October 2008 method for real property contractors to pay PST on materials. But not all contractors began to pay the PST on materials they used to complete their projects. Instead, some contractors continued to use their PST exemption number when they purchased materials and then charged the customer the PST back on their invoice. These contractors would then remit the PST they collected from the customer to the provincial treasury.

Since real property contractors aren't allowed to collect the PST from customers under current legislation, any customer charged PST by the contractor had to be refunded that amount. At the same time, those contractors who used their exemption on materials still owed the provincial government for the PST on said materials, even though the provincial government already received the PST that the contractor collected from the customers.

The potential scope of this issue is massive. New home construction has materials making up \$175,000 of the cost for a home. With 30,000 new homes per year, that is \$5.25 billion worth of materials. That means contractors are responsible for paying and/or collecting potential PST up to \$350 million. For renovations, materials make up \$2 billion meaning contractor pay and/or collect potential \$140 million. For contractors, an honest mistake, whether working on large contracts or multiple projects, could mean owing tens of thousands of dollars or more. As a small business operator, with smaller operating margins, this amount is a significant hit on the bottom line for any small business owner.

These real property contractors thought they were doing the right things when they collected the PST from customers. Under current legislation, this turns out not to be the case, but an honest mistake none the less that is impacting the viability of several small businesses.

This issue does raise the question as to what is the best, most efficient way for real property contractors to collect and remit PST. The Chamber has been consistent in its view, that the introduction of a value added tax would solve many of these problems, but with the re-introduction of the PST it is vital that the provincial government work with real property contractors to find the right balance that works for them to collect the PST and remit it to the government.

While many audited and impacted contractors have recovered much of the audit penalties, they are still out of pocket for perceived fines, penalties, and interest. This auditing practice still exists without consideration of the discussion in this policy. There are now 2 key emerging issues. One is to recover full payment back to the contractors who have been audited, because the provincial governments admits to receiving all taxes due, and the second is to amend the tax legislation to prevent further audits and issues to contractors on this subject.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Review all impacted, audited contractors to reimburse, in full, all fines, penalties, and audited assessments with a signed provision for technical reimbursement if required;
2. Remove the existing legislation relating to real property contractors in the PST act. Therefore, contractors will purchase goods with a PST exemption number and charge customers PST on the retail amount of the product; and
3. Introduce new legislation into the PST Act that states the PST is to be prepaid, without the use of the PST number, in all new building construction and Municipal, Provincial, or Federal projects only.

RAISING THE CAP: SUPPORTING BC BUSINESS WITH CREDIT UNION CAPITAL (2019)

ISSUE

Across the province, credit unions are being forced to turn away loans to small and medium-sized¹ businesses because they are subject to an onerous regulatory penalty, unique to British Columbia. This regulatory penalty – the “*commercial cap*” – is problematic for two reasons:

1. B.C. businesses have fewer options to obtain financing, must pay higher rates, or risk being turned away by non-B.C.-based lenders who may not understand the local business environment; and
2. Credit unions, who provide thousands of quality, head-office jobs in the financial industry across B.C., are not able to effectively compete with banks, who are not subject to this penalty.

Businesses such as wineries, childcare centres, clean-tech, and small-scale housing developers are the lifeblood of the B.C. economy and challenges in efficiently accessing capital results in reduced economic output, ultimately impacting everyday citizens. This *commercial cap* forces credit unions to hold significantly more capital for a business loan over a certain limit², which makes it uneconomical for them to extend loans to their local businesses.

BACKGROUND

Putting the cap in place

In the 1980s, when the current *Financial Institutions Act* (the “Act”) was under development, credit unions were less sophisticated financial institutions, and other governments were reeling from the failures of Canadian Commercial (federal) and Northlands Banks (Alberta). The *commercial cap* was put in place at that time, limiting a B.C. credit union to lend only up to 30% of their overall loan portfolio. Credit unions have since grown to be prudently regulated institutions that work together, all while retaining their local roots. Indeed, no credit union member has lost a single dollar of deposits³ since the Reserve Board (now

¹ For most credit unions, loans are made to “micro-businesses” – those that employ less than 10 persons.

² Even if the loan in question entails the same amount of risk.

³ McPherson, Ian. *Cooperation, Conflict and Consensus. BC Central Credit Union*, 1995. Annual Reports, Credit Union Deposit Insurance Corporation of B.C. and the Credit Union Central of BC (now Central 1).

the Credit Unions Deposit Insurance Corporation) was created in 1958, even in regions that would traditionally be considered economically dependent on a single industry or resource (e.g. a pulp mill, a fishery).

Modern policy direction

Commercial caps have been replaced by sophisticated risk management practices and are no longer in place in any other jurisdiction in Canada. In 2015, the Ministry of Finance launched a [public consultation](#) on the review of the Act. In 2017, the newly elected NDP government made a minor change to the *commercial cap*, reducing the penalty slightly on the portion of the credit union's loan portfolio between 30%-35% of overall loans⁴. This amounted to taking a speeding ticket down to \$5,000 from \$10,000; the penalty still being so onerous that credit unions were unable to make any changes to their lending practices.

In 2018, the Ministry endorsed the recommendation to remove the commercial capital penalty entirely in the release of their [Policy Proposals](#)⁵. However, due to resource constraints, making further changes has taken a backseat to other government priorities. As such, credit unions have recommended a temporary increase of the cap to 35% while the entire rewrite of the *Act* is delayed. This will allow credit unions to safely increase their lending while wholesale changes are made to the regulatory framework.

Benefits

By raising the cap to 35%, B.C. businesses will have more options to obtain financing at no cost to government. This enhanced competition could lead to lower rates on loans as banks face increased competition. Additionally, because there are many communities in B.C. where a credit union is the only bricks-and mortar financial institution, businesses will have the opportunity to work with a financial institution that has a stronger understanding of local economic conditions and may provide higher quality advice.

All British Columbians will ultimately benefit from the economic multiplier effect generated by this increased lending. In North Vancouver, the local credit union estimates that by increasing their commercial lending to 35%, they could lend to an additional 271 businesses. If each of these businesses employed 3 people, this could create 813 jobs in the credit union's trading area – which spans from Pemberton to Kerrisdale. These jobs will create more opportunities for individuals to fully participate in BC's economy.

THE CHAMBER RECOMMENDS

That the Provincial Government raises the lending cap from 30% to 35%⁶ in order for credit unions to participate prudently and equitably in business lending. This is a no-cost solution to the government solution that will generate increased options for businesses seeking loans, build communities with limited access to capital, and generate regional economic growth.

⁴ The penalty was reduced so that instead of holding 2 times the amount of capital, a credit union was required to hold 1.5 times the amount of capital between 30-35% of the overall loan portfolio.

⁵ Ministry of Finance. *Policy Proposals*, 2018. Page 20.

⁶ Repeal Section 15(3)(a) of the Capital Requirements Regulation of the *Financial Institutions Act* which currently reads "an additional weighting factor of 0.5 shall be applied on the proportion of value exceeding 30% but not exceeding 35%".

REAL ESTATE, CITIZENSHIP & RESIDENCY DATA COLLECTION, ANALYSIS AND REPORTING (2019)

ISSUE

There is a growing level of concern that the British Columbia housing market, particularly in urban regions, has become beset by chronic undersupply to meet ever-growing demand. Many domestic and international organizations claim that BC is experiencing a housing bubble driven by a wave of global capital and ever-increasing offshore demand. Several partial studies¹ have attempted to determine the impact of foreign buyers on various segments of the BC housing market, however a full province-wide study has yet to be completed.

From 2010 to 2018, the benchmark price for Vancouver real estate jumped from just over \$600,000 to over \$1,000,000 – a price jump that has put the stable home ownership out of the reach out of any but the wealthiest in our province.²

Highly-priced and scarce assets are a prime target for speculators – both domestic and foreign. An increasingly volatile market leads to concerns regarding opacity, which in turn leads to fears related to the real estate industry, including suspicions of improper or dishonest dealings by those in the real estate profession. It also causes fears of potential risks to the economy, such as labour shortages and stifled business innovation as skilled workers prefer to locate to other regions where they can afford homes. Various regions also fear the loss of potential new businesses and the accompanying jobs they create if they are unable to find workers. A very clear example has been playing out in Whistler as this jurisdiction has struggled with a severe labour shortage resulting from a lack of affordable housing. This issue can lead to a negative impact on growth and financial contributions to public services.

In the absence of factual, reliable data, the public is left to speculate, and governments are unable to implement evidence-based solutions. As part of the BC Budget 2016,³ the provincial government announced that “Individuals who purchase property will need to disclose whether or not they are Canadian citizens or permanent residents of Canada. Individuals who are not Canadian citizens or permanent residents of Canada will need to disclose their home country or state. If a property is registered in the name of a corporation, the transferee must disclose the total number of directors, the number of those who are Canadian citizens or permanent residents of Canada, and the name, address and citizenship of all foreign directors.”

The provincial government has responded to this issue with the Empty Homes Tax in 2017 and the speculation tax in 2018 – both measures aimed at bringing some needed calm to the market. The effect has been mixed with some modest decreases in price and depressing home buyer demand below historical averages.⁴

¹<http://www.slideshare.net/ayan604/ownership-patterns-of-single-family-homes-sales-on-the-west-side-neighborhoods-of-the-city-of-vancouver-a-case-study>

² <http://creastats.crea.ca/vanc/>

³ http://bcbudget.gov.bc.ca/2016/bfp/2016_budget_and_fiscal_plan.pdf%23TaxMeasures

⁴ <http://creastats.crea.ca/vanc/>

BACKGROUND

As part of the BC Budget 2016,⁵ the provincial government announced that “Individuals who purchase property will need to disclose whether or not they are Canadian citizens or permanent residents of Canada. Individuals who are not Canadian citizens or permanent residents of Canada will need to disclose their home country or state. If a property is registered in the name of a corporation, the transferee must disclose the total number of directors, the number of those who are Canadian citizens or permanent residents of Canada, and the name, address and citizenship of all foreign directors.”

This was followed with a first-of-its-kind BC pre-sale condo registry put in place by the provincial government in 2019 with the express goal of collecting data on tracking condo flipping and other speculative behaviour.

However, the fact remains we do not have a clear understanding of who is buying homes, and why. To this end, we must expand data collection measures to track and analyze the citizenship and residency of property owners of existing properties within British Columbia. Furthermore, the Province has not made it clear how any of the collected data will be used or if it will be made available to the public. Canada is one of the few industrialized countries who fails to track foreign property ownership. One only need to look to our neighbours in the United States to find examples of how foreign property ownership is tracked, analyzed and recorded. Through organizations such as the National Association of Realtors (NAR), the United States records and reports data on foreign property ownership through a public⁶ annual report which focuses on the purchase of U.S. homes by people whose primary residence is outside the U.S.

For 20 years, it was standard practice to file citizenship declaration forms along with every property transfer registered in the BC Land Title Office. These statements indicated the citizenship of individuals and directors of corporations purchasing land in BC.⁴ They were collected and stored without any analysis during the tenures of previous provincial governments. No financial resources were ever allocated to inventory and catalogue these statements which resulted in the cancellation of the program in or about 1998. Subsequently all data was destroyed a case-study in accordance with the *Property Transfer Tax Act*, the Ministry of Finance currently collects a variety of personal data through a Property Transfer Tax Return (Version 26)⁷ which is filed electronically for every property transfer filed in the BC Land Title Office. Through the tax returns, the Ministry of Finance calculates and facilitates the collection or exemption of property transfer tax. Exemptions or partial exemptions are identified through a variety of clearly defined exemption codes. The Ministry of Finance is also responsible for auditing property transfer tax returns and investigating fraudulent exemption claims.⁸⁹

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Ensure that citizenship and residency data collected through Ministry of Finance Property Transfer Tax Forms are recorded, analyzed and publicly available on a regular basis; and

⁵ http://bcbudget.gov.bc.ca/2016/bfp/2016_budget_and_fiscal_plan.pdf%23TaxMeasures

⁶ <http://www.realtor.org/topics/profile-of-international-home-buying-activity>

⁷ <http://ltsa.us1.listmanage.com/track/click?u=22ec575f885cf030655dee478&id=3fefa97bd0&e=a4f81ea91b>

⁸ <http://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax>

⁹ <http://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/understand/exemptions>

2. Requisition a full provincial study to collect and analyze citizenship and residency data on all real estate property in British Columbia and publish the results.

STOP AND REWIND – END THE SPECULATION TAX NOW (2019)

ISSUE

In 2018, the BC Budget introduced the speculation tax as one of a suite of measures aimed at addressing the housing crisis in BC.

One year later, with the introduction underway in a geographically disparate implementation, many BC residents remain concerned that the “spec tax” will not help alleviate the housing crisis. In fact, the tax seems popular only in areas where the tax is not being implemented or with a demographic slice that does not include homeowners.

BACKGROUND

As 1.6 million homeowners throughout the entire province have had to complete intrusive government forms¹ prior to the end of 1Q 2019, it is increasingly clear that the government had no mandate based on business measurements to impose the tax. The system required to process over a million and a half forms creates in itself, a bureaucratic logjam that could consume much of the proposed \$200 million tax dollars the tax was meant to create.

More worryingly, the tax is creating municipal inequities,² hardships for thousands of long-term BC homeowners across a broad diversity of profiles, and worryingly, is creating a new database the government appears poised to utilize to tax profile its citizens, notably collecting Social Insurance Numbers and connecting provincial and federal tax authorities in multiple new ways.

Pushback against the tax has come from around the world, from individuals, governments, business groups, and counts into the multiple thousands.³ While an earlier policy “Anti-Canadian Tariff: Pressing the Pause Button” was unanimously adopted in 2018 at the BC Chamber AGM, it is clearly now time to get rid of the tax altogether.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Eliminate the speculation tax immediately; and
2. Destroy all submission records from citizens.

¹ <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/speculation-and-vacancy-tax>

² <https://www.westkelownacity.ca/en/city-hall/resources/Documents/Speculation-Tax-Impacts-in-West-Kelowna-26-JUL-18-VERSION-5.pdf> July 26, 2018 *Speculation Tax Impacts on West Kelowna*

³ <http://scrapthespeculationtax.ca/>

F

ORESTS, LANDS, NATURAL RESOURCE OPERATION AND RURAL DEVELOPMENT

FUTURE OF THE FOREST INDUSTRY AND ITS IMPORTANCE TO BRITISH COLUMBIA'S ECONOMY (2019)

BACKGROUND

The forest industry continues to be an important contributor to the province's economy: 2018, total economic output for the sector was \$33 billion; total Gross Domestic Product (GDP) from the forestry sector was \$12.9 billion; employed 140,000 British Columbians in 60,000 direct and 81,000 indirect jobs; generated 8.6 billion in wages to workers; consisted of more than 7,000 businesses, 83% of which employed less than 20 employees; approximately 250 primary and 1,525 secondary manufacturing facilities; and 4,737 forest management businesses primarily small independent contractors and family-owned businesses.¹

A study from 2017 confirmed the importance of the industry to BC showing that it generated 1 out of every 17 jobs in the Province. The forest industry contributed approximately 1.4 billion (federal), 2.6 billion (provincial) and \$200 million (municipal) government revenues. Approximately 40% of BC's regional economies are forest dependent – directly involved in harvesting and processing of forest products.

There are, however, challenges that are hampering forest industry competitiveness, stability and growth. For example:

Timber Supply

The supply of economically viable fibre is declining due to , among other factors, beetle infestations, wildfires, and decreases in the provincial timber harvesting land base due to other uses, including environmental set asides. Many primary manufacturing facilities rely on log supply from third parties such as auctioned timber from BC Timber Sales (BCTS) and purchases from other sources such as community forests and Indigenous peoples tenures. A vibrant secondary manufacturing sector in value-added wood products, pulp and paper and emerging bio-products industry, depends on a productive primary manufacturing industry to provide raw materials and residual fibre. Including purchases from other sources in the AAC apportionments hampers the secondary sector.

Transportation

Transportation of raw and processed products by Rail and Truck have issues not being addressed. Rail carriers are not being held accountable for a transport schedule or to provide regular transport of products. Trucking companies without a stable stock of product are not investing in equipment and are often hampered for the lack of available drivers.

Timber Quality

The Spruce and Fire beetle infestations and vicious fire seasons of recent years has created an economic challenge for good fibre. While the industry has been salvaging damaged timber for several years, and will continue to do so profitably, time is of the essence in terms of recovering this deteriorating resource while forest products can still be made of it.

1 Forestry Innovation 2019 Key Sector Data - https://www.bcfii.ca/sites/default/files/2019_FII_Key_Forest_Sector_Data_and_Stats.pdf

F

ORESTS, LANDS, NATURAL RESOURCE OPERATION AND RURAL DEVELOPMENT

Markets and Trade

The Softwood Lumber Agreement has increased the cost of shipments to Canada's largest market, the United States, which has greatly affected the industry's competitiveness and ability to grow into other global markets.

The amount of uncertainty in the Forest Industry today, curbs growth throughout the sector. Investments in mills, equipment, logging efforts and market growth are challenged to the point that suppliers are not taking the chance on increasing their assets.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Provide Access to Economically Viable Fibre
 - a. Secure access to an economically viable fibre supply and identifies the timber supply that will be available given Indigenous peoples and stewardship allocations.
 - b. Provide all manufacturing facilities with the ability to secure volumes required to maintain these facilities in the face of:
 - i. a declining annual allowable cut;
 - ii. decreasing provincial land base (environmental and Aboriginal rights and title reserves, fires and beetle infestations); and
 - iii. expiring non-replaceable forest licenses.
 - c. Develop strategies to take advantage of relationships with Indigenous peoples to increase access to fibre.
 - d. Land use commitment to ensure access to timber to the full level of land use plans.
 - e. Communicate to industry what level of AAC will be available for harvest so that business can plan its operations, then support access to that timber supply. Timber supply projections are based on a land base that has not been curtailed by subsequent local decisions to place constraints on practicing forestry.
 - f. Reviewing and revising staffing in the Ministry of Forests, Lands, Natural Resource Operations & Rural Development who are responsible for issuing timber harvesting permits to ensure that decisions respecting access to fibre meet revenues will significantly contribute towards ensuring an adequate timber supply. Ensuring there is a commercial forest land base for forestry purposes must become a priority at both the provincial and local government levels; and
 - g. Sell BCTS apportionment volumes consistently. BCTS is an important supplier of timber to BC's log markets and must continue to sell its apportionment over the business cycle to get the full forest profile into log markets.
 - h. Indicate that the forest industry's costs to manage non-timber values is adequately recognized and that the forest industry pay to manage other forest resource users and values unless there is a direct cost recognition in the timber pricing system. This could include residual fibre deliveries, Indigenous people's consultation, and range management costs among others;
 - i. Provide direct cost recognition in the timber pricing system for consultation with Indigenous peoples communities. The scope, level and cost of consultation has increased

F

ORESTS, LANDS, NATURAL RESOURCE OPERATION AND RURAL DEVELOPMENT

as Indigenous peoples' communities increase their assertion of indigenous rights and title interests. Until agreement exists over indigenous strength of claim, and unless and until the Government of British Columbia effectively manages their obligation for consultation and accommodation, these costs will accrue to industry. Direct cost recognition will provide an important opportunity to improve industry competitiveness until the issue reaches an equilibrium and an appropriate cost variable can be determined.

2. Commit to Improving Forest Health

- a. Early and aggressive action is required to control and contain the current and growing Spruce and Fir Beetle infestations to keep this infestation from turning into a similar situation as the mountain pine beetle outbreak;
- b. Consider harvesting activity inside of fire perimeters for more immediate salvage opportunities within the economic shelf life of useable timber thus avoiding unnecessary waste.

3. Provide Secure Transportation Opportunities

- a. Commitments to hold rail carriers accountable and ensure capacity to move timber to the export market.
- b. Without investment certainty, there are a limited number of truck haulers who would commit to their fleet if they had commitments.
- c. Driver training through post-secondary institutions and financial support to make this happen.
- d. Continue investment in important infrastructure programs by improved road, rail, bridge and port structures; and
- e. The application of several provisions in Bill C-49 to help ensure the best results from this bill, specifically:
 - i. Interim performance reporting requirements taking effect 6 months from now, on November 23, 2019.
 - ii. Railways submitting their performance data within 5 days and the Agency publishing this information within 2 days.
- f. The option of extending the results of the Final Offer Arbitration decisions up to 2 years.

4. Ensure Market Access

- a. Continue investments in offshore and U.S. market development activities by organizations such as Forest Innovation Investment, as well as policies such as the wood first program. These initiatives provide necessary market diversification and will only strengthen our global competitive position;
- b. Continue working co-operatively with industry and the Government of Canada to address tariff and non-tariff barriers to the global export of BC forest products.
- c. Eliminate market barriers that will prevent an efficient re-alignment and/or consolidation of forest industry assets. In other words, match supply to demand and logistics from tree to market. Industry rationalization is inevitable as the forest industry adjusts to decreased timber supply resulting from the mountain pine beetle infestation. Allowable annual cuts will decline in the short to medium term. Industry requires flexibility to organize effectively;

F

ORESTS, LANDS, NATURAL RESOURCE OPERATION AND RURAL DEVELOPMENT

- d. Continue investments in offshore and U.S. market development activities by organizations such as BC “WoodWorks!” programs and BC Forest Innovation Investment, as well as policies such as the wood first program. These developing markets are important bailiwicks in providing market diversification and opportunities when the U.S. market is challenged. Unfettered access to other markets for forest products will only strengthen our global competitive position.
- 5. Provide Investment Certainty**
- a. Use a competitive tax environment to encourage investment in, and transformation of, the BC forest industry;
 - b. Support policies and incentives for capital manufacturing investments that increase the use of innovation and process technology to modernize facilities. This also includes incentives for new market entrants, such as investment tax credits, employment incentives, support for new technologies and creating small business opportunities for facilities aimed at products made from non-saw log fibre and logging residue;
 - c. Increase the scope of the current Provincial Sales Tax (PST) to include investments in non-harvesting heavy machinery within the definition of Logging Activities, when these assets are used primarily in logging operations. This would streamline the PST act regarding logging operations and increase investment in road building and earth moving machinery;
 - d. Support policies and incentives to support safety and environmental upgrades required under the BC Sawmill Code of Practice and other legislation;
 - e. Support clarity and efficient administrative processes regarding permit applications and reporting requirements;
 - f. Promote and fund labour force and skill training applicable to the forest industry to an equal level with other resource-based sectors.

PROTECTING OLD GROWTH RAINFOREST TO THE ECONOMIC BENEFIT OF TOURISM-BASED COMMUNITIES (2019)

ISSUE

Old-growth forests in many parts of the province are important for supporting tourism, recreation, scenery, wildlife, clean water, and wild fisheries, and enhancing nearby property values. Large numbers of tourists from around the world visit the province’s old-growth forests every year. Perhaps the grandest stand of unprotected old-growth forest in the province is the 500-hectare Central Walbran Valley near Port Renfrew on southern Vancouver Island. Port Renfrew has recently been dubbed as the “Tall Tree Capital of Canada”, and the tourism industry and most businesses in Port Renfrew and beyond stand to benefit significantly if the Central Walbran Valley and other nearby old growth stands are protected by the province as one of the world’s finest old-growth forest showcases. In many areas of the Province, the local economies stand to receive a greater net economic benefit over the foreseeable future by keeping their nearby old-growth forests standing.

F

ORESTS, LANDS, NATURAL RESOURCE OPERATION AND RURAL DEVELOPMENT

BACKGROUND

Old-growth forests have significant economic, social, and environmental value as tourism resources, wildlife habitat, carbon sinks, clean water sources for fisheries, and are important parts of many First Nations cultures. Old-growth forests today are in scarce supply in much of BC, such as on southern Vancouver Island, where about 90% of the productive old-growth forests have been logged south of Port Alberni. Demand by the tourism industry is high for many remaining old-growth stands.

Port Renfrew has been transformed in recent years into an old-growth forest tourism destination as thousands of visitors are coming from around the world to visit some of the world's largest trees and grandest groves in places like the Avatar Grove, Central Walbran Valley, Red Creek Fir, Big Lonely Doug, San Juan Spruce, and Harris Creek Spruce.

Visitor expenditures by tourists coming to visit old-growth forests near Port Renfrew also generate revenues in other BC communities, including Vancouver, Victoria, Sooke, Lake Cowichan, Duncan, Ladysmith, and Nanaimo. Many tourists fly, boat, or drive into BC from international destinations to see the old-growth forests. The appeal of the tall trees is attracting significant investment into Port Renfrew, including generating a boom in the real estate market as new residents and real estate investors focus their attention on the town with its surrounding natural beauty and enhanced tourism appeal.

Near Port Renfrew on Crown land, the Walbran Valley is 13,000 hectares in extent, of which 5500 hectares lie within the Carmanah-Walbran Provincial Park and the other 7500 hectares lie outside the park. A 500-hectare area, known as the Central Walbran Ancient Forest, is the most intact and recreationally significant portion of the valley and lies outside the park. Thousands of people have visited the Walbran Valley for recreation. The valley lies on Crown land in the traditional territory of the Pacheedaht First Nation band and is currently within existing forestry plans.

The most heavily visited areas in the Walbran Valley lie outside of the park in the Central Walbran. This includes the Upper and Lower Castle Grove, Emerald Pool, Fletcher Falls, Summer Crossing, Bridge Camp, Tolkien Giant, Karst Giant, and much more. Significantly greater numbers of visitors can be expected to visit the region if the area is protected.

Across British Columbia, many local communities economically would stand to receive a greater net benefit in revenues and jobs over the ensuing decades from the protection of key old-growth forests in their region.

Perhaps a most vital example of the economic value of protecting the old growth forest can be demonstrated in an anecdote from our Community:

Port Renfrew has for many years been known as **the** location on the south coast of Vancouver Island for excellent sport fishing. Fishermen come from all over North America to fish out of San Juan Bay and out to Swiftsure Banks. However, because of its exposure to the open ocean and limited marina facilities the fishing in Port Renfrew is seasonal and until recently the Community was busy only from May long weekend until mid-September. October to April in Port Renfrew was quiet. The restaurants closed or kept limited hours and people moved away for the winter to find work and other opportunities. In the summer

F

ORESTS, LANDS, NATURAL RESOURCE OPERATION AND RURAL DEVELOPMENT

of 2006, Deanna a local resident of Port Renfrew had established a cleaning service where she did contract cleaning for those property owners in Port Renfrew offering accommodation services to visitors. After September ended each year, business slowed, and she was forced to find work part-time at the local pub; when the pub managed to remain open during the winter.

In February of 2012, the Ancient Forest Alliance was successful in rallying the BC government to protect a spectacular ancient forest only a few kilometers from Port Renfrew called Avatar Grove. The designation by the Province gathered much media attention and by summer, visitors were flooding to Port Renfrew to see the massive trees and to hike in the pristine old-growth forest. Since that summer, local accommodation providers in Port Renfrew have reported that demand for accommodations has increased 75% to 100% year over year. What is especially noteworthy is that the off-season activity has steadily increased when sport fishing charters are not operating or operating on a limited schedule. Thanks to the trees, Port Renfrew is no longer a one-industry tourism town and has been able to successfully brand itself the “Tall Tree Capital of Canada”.

In 2014, Deanna our cleaning contractor incorporated The Port Renfrew Cleaning Company and now employs two to four people full-time year-round. In the summer, she must hire up to an additional 6 -8 people full time to keep up with the demand. She purchased a new Ford truck. And recently, she selected the lot on which she will build her new home overlooking the San Juan Bay in Port Renfrew.

In 2012 a kayaking company in Discovery Islands did an illuminating economic analysis. It calculated the economic value of 60 hectares of timber scheduled to be logged above and around the kayaking base camp across from the world-famous Robson Bight. It was determined that the value of the 60 hectares of timber was worth about \$3,600,000.00. Since the regeneration cycle meant the area could be cut only once every 60 years, the yearly economic value of the timber was \$60,000. The economic value to the kayaking company, however, was \$416,000 per year, or \$24,960,000 for the same 60-year period. In stark contrast to the approximately 300 person-days employment from logging the 60 hectares just once, the kayaking company provided 20,160 person-days of employment during the 60-year cycle. And this simple economic analysis didn't include the employment and earnings for the 40 other ecotourism businesses using the same area.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Support the increased protection of old growth forests in areas on the Province where they have or can likely have a greater net economic value for communities if they are left standing for the next generation and beyond; and
2. Protect endangered old-growth forests by enacting new regulations such as Old Growth Management Area, Wildlife Habitat Area or Land Use Order with the intent to eventually legislate permanent protection for areas through provincial park or conservancies.

F

ORESTS, LANDS, NATURAL RESOURCE OPERATION AND RURAL DEVELOPMENT

PROTECTION OF INDUSTRIAL LANDS FOR FUTURE PROSPERITY (2019)

ISSUE

With a growing population and increasing housing demand in Metro Vancouver and other cities around the province, industrial lands have been significantly decreased through both absorption and rezoning over the last 30 years. Much of the land base is lost to market pressure to convert industrial lands to uses such as multi-family residential and commercial developments. The challenge is that valuable, employment-generating industrial lands located near airports, rivers and roadways, are being lost forever and this will stifle our future economic growth.

With forecasts that the Metro Vancouver region, for example, will run out of industrial space within the decade, the provincial government needs to make preserving industrial land a top priority, and work with local and regional governments to protect and increase the supply of industrial land available for future economic activity.

BACKGROUND

Industrial land use is an important issue across the province as populations continue to grow and there are competing demands on available lands. Vancouver's Lower Mainland is most at risk given its limited size, projected population growth and its strategic border/port location. Various municipalities in the region have rezoned more than 3,000 hectares worth of industrial land to other uses in just the past 30 years.

Industrial land is vitally important to our economic performance and in Metro Vancouver, for example, almost one-quarter of all jobs are housed on industrial lands. However, the supply is quickly running out. A 2015 Site Economics Ltd study which examined the inventory of industrial land reported that based on average annual absorption rates and anticipated demand, the supply of vacant industrial land in the region could be depleted within a decade.¹ This warning was recently echoed by real estate brokerage CBRE which reported Metro Vancouver's industrial vacancy rate at its lowest level ever², and whose vice chairman has commented that the region could "literally run out of industrial land by the early 2020s."³

An additional million people are expected to move into the Metro Vancouver region by 2040. To accommodate this growth, there needs to be a strong local economy, which will require readily available high paying employment generating industrial lands. Lands zoned for industrial use typically generate jobs that pay double the average annual compensation rate per person. Retaining centrally located industrial land is important for long term sustainability for local communities as it ensures high paying employment within the city core and contributes significantly to municipalities by subsidizing the residential tax base. For every \$1 paid in taxes, industrial lands typically receive on average only \$0.25 in services.

For industrial businesses involved in trade, transportation, warehousing storage, and logistics, proximity

¹ The Industrial Land Market and Trade Growth in Metro Vancouver, Site Economics Ltd., October 2015

² CBRE Marketview: Metro Vancouver Industrial Q4 2018, CBRE Group Inc.

³ "Vancouver May 'Literally Run Out of Industrial Space' by 2020s," Natalie Wong, Bloomberg, February 26, 2019 Accessed online: <https://www.bloomberg.com/news/articles/2019-02-26/vancouver-may-literally-run-out-of-industrial-space-by-2020s>

F

ORESTS, LANDS, NATURAL RESOURCE OPERATION AND RURAL DEVELOPMENT

to highways, ports, rail yards and airports are of vital importance. However, this location and access to transportation networks also make industrial lands very attractive for other forms of development, increasing the pressure to redevelop them into commercial, retail or residential developments. While this would be a mistake, and would undercut future economic performance, many municipalities are allowing non-industrial uses such as office space, retail malls, and residential developments to creep onto industrial lands.

Metro Vancouver, a corporate entity that delivers regional services on behalf of 24 local municipalities and authorities, tried to protect industrial lands through a land-use plan called the Regional Growth Strategy (RGS) which requires that municipalities get approval from the Metro Vancouver Board before rezoning any industrial land. However, approximately 1/3 of the region's remaining industrial land is designated as 'mixed employment lands' which allows rezoning to commercial uses without approval.

Following the 2018 civic elections, Metro Vancouver reconstituted the Industrial Lands Strategy Task Force, which is tasked with developing a Regional Industrial Lands Strategy to manage the supply of industrial land until 2050. This represents a new and promising opportunity to advance the cause of retaining and augmenting industrial lands in the region, and to build on the original intents of the Regional Growth Strategy.

Due to the severe shortage of industrial lands in Metro Vancouver, preservation of the existing stock cannot be accomplished by local governments alone---it will require regional cooperation and provincial leadership. The province can help develop a strategy with the regional and local governments to prevent further depletion of critical industrial parcels and to ensure the replacement of lost industrial lands and a potential increase in the size of the industrial land base. While most pressing in Metro Vancouver, this strategy could be adopted where needed across the province.

This is an important investment in the future of the province of British Columbia in order to ensure industrial lands are preserved to accommodate growth without inducing further sprawl, and ensure a balanced, sustainable economy for ongoing local job security and prosperity for future generations. It is important that the provincial government maintain preserving and protecting industrial land as a top priority.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Acknowledge the current shortage of critical industrial lands, particularly in Metro Vancouver, and make protecting and preserving these lands a priority;
2. Engage with industry, government, and other stakeholders, particularly including Metro Vancouver's Industrial Lands Strategy Task Force, to help develop a comprehensive industrial land use strategy; and
3. Work with Metro Vancouver and the municipal governments of the Lower Mainland in implementing and enforcing this industrial land use strategy.

9-1-1 IN REMOTE AND RURAL AREAS (2019)

ISSUE

9-1-1 services are an integral part of the province's emergency communications system connecting the public to the correct emergency service dispatch agency. "There are currently ten 911 Public Safety Answering Points (PSAP) in British Columbia under local government authority, with a patchwork of different service providers"¹ that provide 9-1-1 services to most of the province. "There is a notable gap in 9-1-1 services in nearly one quarter of the province's land base impacting the Stikine Region, Central Coast Regional District, Northern Rockies Regional Municipality, and the Skeena-Queen Charlotte Regional District (outside the City of Prince Rupert) Although much of the territory within these jurisdictions is vast, isolated and inaccessible, it nonetheless encompasses numerous, long-standing communities with typical emergency service needs. Moreover, local economies are increasingly premised on burgeoning industries such as energy and tourism, which not only elevate demands on existing services but also create unique service pressures."²

BACKGROUND

For over two decades the majority of British Columbians has benefitted from having centralized emergency services however significant geographic areas of the province remain without 9-1-1 service and the Provincial priority of bringing on those underserved communities to a public service answering point has diminished. For these communities, pursuing the establishment of 9-1-1 has remained entirely in their hands, with an absence of priority between the required agencies involved.

Not only a service for residents, 9-1-1 is a critical service for visitors and business. A majority of citizens view 9-1-1 as a standard service however there are more than 500,000 transits on rural and remote corridors throughout the Northern regions of the Province annually, without access to consistent emergency 9-1-1 service. Visitors in particular are often unaware or uninformed of the requisite 10-digit emergency numbers in the various jurisdictions that lack 9-1-1 service. During an emergency, individuals react instinctively and 9-1-1 is ingrained as our emergency lifeline.

Significant annual industrial, commercial and tourist traffic on northern routes put emergency services under strain given the distances to cover, coupled with an antiquated method of dispatching help when needed. For most of the length of the arterial highways, roads are two lanes in width and support a mix of personal and recreational vehicles along with school buses and comingled with often high volumes of large commercial and industrial units frequently transporting heavy weight loads and dangerous goods. The potential for mishaps is high. Should accidents occur, the routes are sparsely populated, and help is often at a distance, making quick response times all the more critical.

Increased emergency services response time increases the likelihood of permanent injury or death impacting individuals, families and business. There are significant costs for business and persons through

1 <https://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/police/publications/government/emerg-comm-strategic-vision.pdf>

2 <https://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/police/publications/government/emerg-comm-strategic-vision.pdf>

lost wages, work safe premiums, case management and lost productivity as well as the emotional burden placed on families.

The Union of BC Municipalities authored a review of 9-1-1 services in British Columbia comparing access across Canada in 2013³ In their report they note “9-1-1 services are, first and foremost, a question of public safety.” “Emergency call handling is time-impacted and often life-critical.”

The availability of 9-1-1 services is a public safety issue. The situation is even more compelling when considering the impact on visitors. Local residents are aware of the existing limitations of their system (and the need to dial a 10-digit number for emergency services). Visitors, however, may not realize that 9-1-1 services are not available and may encounter significant delays in obtaining access to the appropriate emergency service as a result.

The cost of establishing and connecting remote communities to 9-1-1 services is substantial relative to the limited tax bases of these areas. It is, nevertheless, important to extend existing 9-1-1 services to each area of the province where there are landline connections or reliable cell phone coverage.

A 2015 discussion paper by the Ministry of Justice cites that funding for 911 varies by local government currently relying on call answer levy and property taxes. “With the proliferation of cell phones, and with 67% of 911 calls from cell phones, the Ministry is of the view that it would be reasonable for cell phone users to contribute to funding the emergency communications system. In fact, seven other provinces already have provincial CAL legislation in place.” The number of wireline (landline) telephones is declining as more people migrate from wireline to wireless services. This declining number means reduced revenue collected by local governments to support PSAPs in British Columbia.⁴

The 2013 UBCM reports notes the monthly wireless Call Answering Levy’s (CALs) in other provinces, before deduction of the collection fee permitted to be charged by the carriers, range from a low of \$0.40 in Québec (less a \$0.04 collection fee) to a high of \$0.70 in PEI (less a \$0.07 collection fee). Existing landline CALs in British Columbia range from \$0.47 per line per month to \$2.72 per line per month.⁵

The CRTC regulates the telecommunications carriers who supply the network however emergency responders and 9-1-1 call centres fall within the jurisdiction of provincial, territorial and municipal governments.⁶

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Prioritize the review and establishment of 9-1-1 services across the province where there are landline connections or reliable cell phone coverage; and

3 <https://www.agence911.org/wp-content/uploads/2014/12/911-services-in-bc.pdf>

4 <https://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/police/publications/government/emerg-comm-strategic-vision.pdf>

5 <http://aema.alberta.ca/911>

6 <https://crtc.gc.ca/eng/phone/911/>

2. Establish adequate policy, administrative and financial support.

IMPROVING PRIMARY CARE AND SAVING HEALTHCARE DOLLARS WITH PHYSICIAN EXTENDERS/PHYSICIAN ASSISTANTS (2019)

ISSUE

Physician Assistants/Physician Extenders make health care more accessible. There is clear evidence that availability of primary care has significant implications for British Columbia's economy both in terms of overall population health and the impact of employee productivity and absences on business. Though our government has made expanding availability of primary care a key priority, British Columbia suffers from a lack of primary care. In other jurisdictions, the shortage of primary care has been addressed successfully with the introduction of physician extenders, also called physician assistants. The terms are interchangeable. The British Columbia government should embrace the physician extender model so that our economy may reap the benefits of primary care and create new efficiencies in our healthcare system, truly providing universal, accessible health care for all.

BACKGROUND

Macro level research indicates that health (measured in terms of life expectancy) is positively correlated with economic growth (measured in terms of GDP growth rate)¹. Statistics show that two key drivers of employee absences:² either due to illness or to caregiving for family members³ are health related.

The costs of illness-related impacts on business are immense, as demonstrated by recent statistics:

- Conference Board of Canada: private sector organizations estimate direct cost of employee absences is 2.3% of gross annual payroll⁴
- Statistics Canada: in 2011, total work time missed due to illness or disability was 3.1% of the average work week, which translates to 7.7 days per year.⁵
- Stats Can's 2012 General Social Survey reported 1.6 million employee caregivers took leave from work; 600,000 reduced their work hours; 160,000 turned down paid employment; 390,000 quit their jobs to provide care.⁶

Against this backdrop, it is crucial to recognize the role of primary care in improving health outcomes and reducing the impact of employee illness on business.

1 D. E. Bloom, D. Canning, and J. Sevilla, "The Effect of Health on Economic Growth: A Production Function Approach," *World Development* 32, no. 1 (2004): 1-13

2 Employee absences cost the British Columbia economy more than a billion of dollars annually. Stewart, Nicole, "Missing in Action: Absenteeism Trends in Canadian Organizations," *The Conference Board of Canada*, September 2013 <http://www.conferenceboard.ca/e-library/abstract.aspx?did=5780>

3 Dabboussy, Maria and Sharanjit Uppal, "Work absences in 2011," *Statistics Canada*, April 20, 2012 <http://www.statcan.gc.ca/pub/75-001-x/2012002/article/11650-eng.pdf>.

4 Stewart, Nicole, "Missing in Action: Absenteeism Trends in Canadian Organizations," *The Conference Board of Canada*, September 2013, <http://www.conferenceboard.ca/e-library/abstract.aspx?did=5780>

5 Dabboussy, Maria and Sharanjit Uppal, "Work absences in 2011," *Statistics Canada*, April 20, 2012 <http://www.statcan.gc.ca/pub/75-001-x/2012002/article/11650-eng.pdf>.

6 Sinha, M. (2012). "Portrait of Caregivers, 2012." *General Social Survey*, Statistics Canada. <http://www.statcan.gc.ca/pub/89-652-x/89-652-x2013001-eng.htm>

It has long been accepted and confirmed that availability of primary care is strongly linked to better health outcomes.^{7,8} In addition, a larger supply of primary care physicians is associated with lower costs of health services^{9,10,11}, and higher quality¹². A healthier population means fewer employees who must miss work because they are sick or must provide care to a sick family member or friend. When employee illness occurs, primary care is in most cases dramatically more efficient than the alternative, a visit to the emergency room. Whereas physician office visits can be booked in advance to minimize work interruption, the emergency room waiting times in British Columbia are now routinely measured in terms of hours.

It is common knowledge that primary care is in short supply in British Columbia. In the Central Okanagan alone, it has been estimated that up to 40,000 people do not have access to a family doctor. Other regions in the province experience the same issue, including Vancouver and various smaller BC communities. The implications of BC's primary care shortage for business are not hard to grasp. Less primary care means lower productivity.

In February 2013, a joint initiative by the BC government and the BC Medical Association was launched to address growing concerns about lack of primary care. The initiative, "A General Practitioner (GP) for Me", had as its objective securing a General Practitioner (the principal purveyor of primary care) for everyone who wanted one by 2015.

Though *A GP for Me* made progress, the progress was incremental only, and the shortage of primary care remains. Although in the past, the provincial government has signaled a readiness to embrace a broader conception of primary care, Budget 2019 was a disappointment. Health care spending for 2019 tops \$21 billion. The Finance Minister said the previous government's policies "didn't work" but offered no specifics on the new government's "team approach." There was no mention of Physician Extenders.¹³

Solution

Recognition of the Physician Extender/Physician Assistant in the Medical Services Plan Billing Scheme
A physician extender is a trained assistant who can perform several tasks that a family doctor normally performs. Physician extenders are able to relieve doctors of many less complicated cases, which frees physicians to handle more patients in general. Crucially, the medical-legal responsibility for the physician

7 Starfield B, Shi L, Macinko J. *Contribution of Primary Care to Health Systems and Health*. The Milbank Quarterly. 2005;83(3):457-502. doi:10.1111/j.1468-0009.2005.00409.x.

8 Pierard, E. (2009). *The effect of physician supply on health status as measured in the NPHS*. Retrieved February 25, 2012 from <http://www.rdc-cdr.ca/effect-physician-supply-health-statusmeasured-nphs>.

9 Hollander, M.J., Kadlec, H., Hamdi, R. & Tessaro, A. (2009). *Increasing value for money in the Canadian healthcare system: new findings on the contribution of primary care services*. Healthcare Quarterly, 12(4), 32-44

10 Mark, D.H., Gottlieb, M.S., Zellner, B.B., Chetty, V.K. & Midtling, J.E. (1996). *Medicare costs in urban areas and the supply of primary care physicians*. Journal of Family Practice, 43, 33-9.

11 Baicker, K. & Chandra, A. (2004). *Medicare spending, the physician workforce, and beneficiaries' quality of care*. Health Affairs, (Suppl. web exclusive), W4-184-197).

12 Baicker, K. & Chandra, A. (2004). *Medicare spending, the physician workforce, and beneficiaries' quality of care*. Health Affairs, (Suppl. web exclusive), W4-184-197).

13 "Minister James said the government is hiring 200 new family doctors, 200 nurse practitioners and 50 pharmacists, to provide faster, better care in every corner of the province at urgent care and primary health clinics. The NDP scheme to hire 200 new primary care physicians is equally ambitious but James said the Liberal plan to find more family doctors obviously didn't work, so we're taking a team approach. She was referring to the government's oft-touted primary care strategy which envisions doctors, nurses and other health care providers working in teams at clinics, all under one roof. It remains more of an aspirational concept, as no specifics emerged Tuesday." Pamela Fayerman, Vancouver Sun, February 19, 2019 "The B.C. Ministry of Health will spend about \$21 billion in the 2019/20 fiscal year and \$21.5 billion in 2021/22." <https://vancouversun.com/news/politics/b-c-budget-2019-health-care-spending-tops-20-billion-a-year>

extender rests with a supervising physician, which ensures that physician extenders are delegated functions that are within their scope of practice. Accordingly, under the physician extender model, a physician retains primary responsibility for patient care, which distinguishes the use of physician extenders from other non-physician affiliated primary care models (e.g., independent nurse practitioners).

The United States pioneered the use of physician extenders in the 1960s. Their use of physician extenders has led to dramatic improvements in efficiency and PAs are widely accepted part of the primary care system in the United States.¹⁴

In Canada, physician assistants were first introduced into the Canadian Forces to address a shortage of military physicians and remain an integral part of the armed forces healthcare system. Other provinces in Canada, including Ontario, Manitoba, Alberta and New Brunswick have trialed and made provision for the use of physician extenders. Today, more than 600 physician assistants are working in clinics, communities and hospitals in Canada, qualified to do physical examinations, take medical histories, order tests, prescribe certain medications, and assist surgeons before, during and after surgeries.¹⁵ Their taxpayer-funded salaries range from about \$75,000 to \$150,000, comparable to what nurse practitioners earn.¹⁶ BC could expand its care profile, make clinics more profitable, and reduce the associated HR issues detailed earlier in this paper by adopted PAs immediately into the health care system. Issues around financial cost of expanding physical space in clinics can be dealt with through the range of financial models suggested by the Conference Board of Canada.^{17 18} Clinics in Peachland, Kelowna and Cranbrook all are experiencing first-hand not only physician shortages, but inability of physicians to expand their clinics for the potential inclusion of PAs without financial assistance.

The experience in other provinces demonstrates that physician assistants can improve health efficiencies in the Canadian health care setting.^{19 20} As the use of physician assistants expands, formalized post-secondary education programs for physician assistants have been established at the Universities of Toronto, McMaster University and the University of Manitoba.

The success and promise of physician extenders have not gone unnoticed by business. A recent report from the Conference Board of Canada²¹ found that physician extenders are able to substitute for more than 29 per cent of a physician's time, and that adding them to orthopaedic and emergency room care

14 See B. Hague, *The Utilization of Physician Assistants in Canada, An Environmental Scan*, Health Canada, April 2005. Available online: https://capa-acam.ca/wp-content/uploads/2012/06/2005_The-Utilization-of-PA-in-Canada-An-Environmental-Scan.pdf

15 P. Fayerman, "Pressure on government to recognize physician assistants", *The Vancouver Sun*, November 6, 2018. Available online: <https://vancouversun.com/news/local-news/pressure-on-government-to-recognize-physician-assistants>

16 *Ibid.*

17 **Physician Assistants Are Making Health Care Accessible: Why not in BC? October 10, 2018 A presentation to the Select Standing Committee on Finance and Government Services**, BC Patrick Nelson, Executive Director, CAPA-ACAM <https://capa-acam.ca/pa-news/physician-assistants-are-making-health-care-accessible-why-not-in-b-c/>

18 <http://www.conferenceboard.ca/e-library/abstract.aspx?did=8107>; <http://www.conferenceboard.ca/e-library/abstract.aspx?did=8347>; <http://www.conferenceboard.ca/e-library/abstract.aspx?did=9090>

19 Decloe, McCready, Downey, Powis *Improving health care efficiency through the integration of a physician assistant into an infectious diseases consulting service at a large urban community hospital*. *Can J Infect Dis Med Microbiol*. 2015 May-Jun;26(3):130-2. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC26236353/>

20 M. Vanstone, S. Boesveld and K. Burrows, *Introducing Physician Assistants to Ontario*, Health Reform Observer, vol. 2, no. 1 (2014). <https://mulpress.mcmaster.ca/hro-ors/article/view/1187/1226>

21 The Conference Board of Canada, *Gaining Efficiency: Increasing the Use of Physician Assistants in Canada* (October 2016). https://www.conferenceboard.ca/temp/3099d099-321e-488b-a6f0-3474c43614c6/8347_PhysiciansAssistants_RPT_.pdf

generates savings when they substitute for specialists' time. The report also concluded that integrating more physician extenders into health care teams "can help alleviate the increase in demand, decrease wait times, and alleviate workforce shortages."

Doctors recognize the potential. In an official policy statement, Doctors of BC has called on the provincial government to recognize physician assistants as a regulated profession, with oversight by the College of Physicians and Surgeons of BC.²²

In British Columbia, there is an ample supply of professionals (such as retired Canadian Forces physician assistants) with training and skills that are equivalent or superior to those who act as physician extenders in the United States and other Canadian jurisdictions. However, despite the availability of skilled workers who can fill these roles, the physician extender model is not used at all in British Columbia.

The reason for this is that in British Columbia, use of physician extenders is, for practical purposes, inhibited by limitations imposed by the "Guide to Fees", which governs what services physicians may bill to the British Columbia Medical Services Plan. More specifically, the section on "Delegated Procedures", section C. 20, on page 1-19 specifically provides that "visit" type services such as examinations, assessments and consultations may only be billed by physicians. Simply put, there is no practical way for physicians in British Columbia to financially integrate a physician extender into their practice.

The solution is to amend the *Health Professions Act* to recognize and regulate physician extenders, and to permit British Columbia physicians to use their Medical Service Plan billing numbers to bill for services provided by physician extenders.²³ The advantages of this solution include the following:

- Linking the physician extender billings to a supervising physician provides an unambiguous indication of the physician's professional and legal responsibility for the physician extender's practice
- Services provided by a physician extender can be billable at a lower rate than equivalent services performed by a physician, which creates the potential for efficiencies and greater return on healthcare dollars
- Enabling physicians to profit from physician extenders provides a financial incentive for enterprising medical school graduates to choose family practice over the traditionally more lucrative speciality practices, which will ultimately increase the supply of family physicians in British Columbia
- A recent study has shown that physicians are motivated to hire physician assistants to help deal with long wait times and long hours, which suggests that the physician extender model may help ease the burdens on British Columbia's primary care physicians.²⁴

THE CHAMBER RECOMMENDS

22 https://www.doctorsofbc.ca/sites/default/files/2013-10_-_physicians_assistants_-_new_template_id_238037.docx

23 The Conference Board of Canada has also produced a report on funding models for physician assistants; see *Funding Models for Physician Assistants: Canadian and International Experiences* (September 2017) <https://www.conferenceboard.ca/e-Library/document.aspx?did=9090>

24 M. Taylor, W. Taylor, K. Burrows, J. Cunnington, A. Lombardi, and M. Liou, *Qualitative study of employment of physician assistants by physicians: benefits and barriers in the Ontario health care system*, *Can Fam Physician*. 2013 Nov;59(11): e507-13. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC24235209/>

That the Provincial Government:

1. Integrate the role of “physician assistants/physician extenders” as an additional solution to the primary care shortage in British Columbia;
2. Recognize PEs/PAs in the Medical Services Plan Billing Scheme;
3. Provide British Columbia’s family physicians with the ability and incentives to financially integrate physician extenders into their practices; and
4. Support necessary training and regulation of PAs/PEs to ensure that British Columbians receive the best quality, most cost-efficient care.

A CANADA JOBS GRANT PROGRAM FOR ALL CANADIAN BUSINESS (2019)

ISSUE

The Canada Jobs Grant program helps Canadian businesses offset the high cost of training needed to improve employee skills which, in turn, keeps their businesses competitive and growing.

The problems however, with the Canada Jobs Grant are numerous. Some examples: few businesses know that the grant exists; the grant is difficult to access and apply for; if a company did apply, it took too long until they heard if they were approved (4 months); and the funding dried up too fast.

BACKGROUND

In Budget 2007, the Government introduced the Labour Market Agreements with an investment of \$3 billion over six years to assist Canadians who are low-skilled or not eligible for Employment Insurance (EI) benefits.

Economic Action Plan 2013 announced the Government's intention to renew the Labour Market Agreements with provinces and territories in 2014 with investments of \$500 million per year. The Agreements will be reformed to directly connect skills training with employers and jobs for Canadians with the Canada Jobs Grant - the centrepiece of the new agreements. The Grant will account for \$300 million of total annual Labour Market Agreement funding from the federal government on full implementation in 2017-18.

The grant, as delivered through Labour Market Agreements, will require matching from employers as well as provinces and territories. Businesses with a plan to train Canadians for an existing job or a better job will be eligible to apply for a Canada Jobs Grant. The grant will provide access to a maximum of \$5,000 federal contribution per person towards training at eligible training institutions. This means the grant could provide \$15,000 or more per person, including provincial/territorial and employer contributions.

Upon full implementation of the grant under the Labour Market Agreements, nearly 130,000 Canadians each year are expected to be able to access the training they need for gainful employment or to improve their skills for in-demand jobs.

The remaining funding of \$200 million per year will continue to be transferred to provinces and territories to support delivery of critical employment services, such as counselling, job search assistance, and administration.

The Government will work in cooperation with its provincial and territorial partners to transform the way Canadians get training to help achieve our shared objectives of creating jobs and economic growth.¹

Each province manages their own Canada Jobs Grant funding and, therefore, has developed different criteria and qualifications for the program. This creates inequities province to province. In other words, some provinces received funding all year (Alberta) and some funding ran out before it even got off the

¹ www.actionplan.gc.ca/en/initiative/canada-job-grant

ground (BC). This creates a number of issues, such as:

- There is no sustainable funding throughout the year; therefore, there is not always funding available when employers require training or programs offered later in the calendar year.
- Application process is difficult and often takes too long to process.
- Funding closed off too quickly.
- There is no cap on the amount of funding a company can apply for. This means that large employers applying for an amount of funding appropriate for their number of staff may secure a large portion of the funding available, leaving less available for the many smaller employees needing the grant dollars.
- The process to obtain employees through this program does not fit within normal hiring processes.
- Lack of awareness and communication about the program meant that the money ran out before most companies knew it existed.
- There were too many constraints on the program as to which personnel and which companies are eligible for funding.
- Approvals were not received in a timely manner. Applicants did not find out if they were approved for 4 months after they applied, in which time it often meant the program they wanted to access, or funding they had set aside, was no longer available.

The Canada Jobs Grant as administered in BC is ineffective, difficult to apply for and is inequitable province to province and business to business. This program needs to be immediately restructured with tighter and clearer guidelines to allow access for all Canadian businesses to receive funding for training.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Create a specific time frame for approval/disapproval that is no longer than 6 weeks;
2. Create a process for an expedited approval/disapproval process under special circumstances;
3. Implement a sustainable funding model to ensure equal access throughout the year; and
4. Set a maximum funding amount of \$50,000.00 per company and/or \$10,000.00 per employee.

ADDRESSING BARRIERS TO SUCCESSION PLANNING FOR SMALL TO MEDIUM ENTERPRISES (2019)

ISSUE

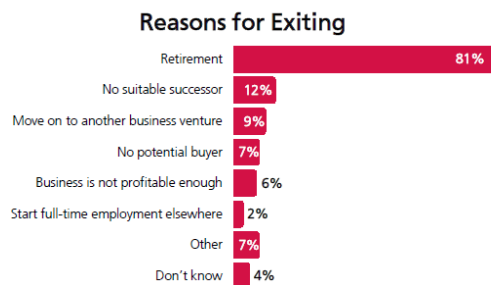
According to a 2018 survey completed by the Canadian Federation of Independent Businesses (CFIB), 72% of business owners intend to exit their business within the next 10 years, with over \$1.5 trillion dollars of business assets to be transferred to a new generation of business owners.¹ The importance of succession

¹ Canadian Federation of Independent Businesses (2018) Getting the Transition Right – Survey results on small business succession planning

planning and the creation of a business exit strategy should not be underestimated. CFIB research finds that 47% of business owners intend to exit their business within the next five years – 8% within 12 months, and 39% in the next 1 to 5 years.²

Retirement is the main reason cited for exiting³:

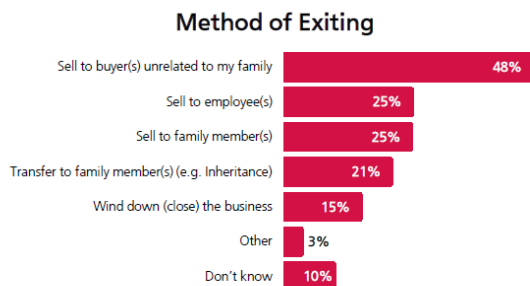
Figure 2



Note: Multiple answer question; therefore data does not add to 100%.

To ensure business owners successfully accomplish the transition of their business, it is essential to have the necessary tools and resources at their disposal. Under the current tax rules, when owners sell their business to a family member, the difference between the sale price and the price originally paid is considered a dividend. However, if they sell to an unrelated person, it is considered a capital gain. In effect, these rules can discourage the transfer of a business to a family member because the transaction does not include the right to a lifetime capital gains exemption and is therefore more heavily taxed.⁴

Figure 3



Note: Multiple answer question; therefore data does not add to 100%.

5

BACKGROUND

Innovation, Science and Economic Development Canada defines an SME when a business employs anywhere from 1 to 499 employees, which includes Micro-enterprises employing 1 to 4 individuals⁶. The large group of SMEs in Canada account for 98% of businesses, employ 48.3% of the labour force, and account for 40.7% of the GDP. Yet, studies have proposed that only 10% of owners have a succession plan

² Canadian Federation of Independent Businesses (2018) Getting the Transition Right – Survey results on small business succession planning

³ Ibid

⁴ Ibid

⁵ Ibid

⁶ Industry Canada (2011) Cited in CBC News (2011) 10 Surprising stats about small business in Canada www.cbc.ca/news/business/smallbusiness/story

in place⁷.

A succession plan helps a business owner deal with complex topics such as⁸:

- tax issues;
- required qualifications and skills of successors;
- legal issues;
- how the successor will be trained/prepared for the role; and
- mechanics for the purchase or transfer.

Some of the top barriers to succession planning include but are not limited to⁹:

- Finding a suitable successor;
- Valuing a business;
- Financing for the successor; and
- Access to cost effective professional advice.

British Columbia's *Venture Connect* prepares businesses for a sale so they can be transferred to a new owner – keeping businesses in our communities. Venture Connect began as a project created in response to the challenge that over the next 20 years, there will be unparalleled shortfalls of both business owners and employees resulting in potential closure of large numbers of small businesses throughout the province. Even with resources such as Venture Connect, SMEs have historically been, and continue to be, vulnerable with respect to receiving approval for financing from lending institutions. This not only includes entrepreneurs starting a brand new business, but also those looking to purchase an existing business, as in the case of succession.

Since 2013, several tax measures have been introduced to assist Canadian business owners with the transition of their businesses. The Lifetime Capital Gains Exemption (LCGE) is one very important tax measure because for many business owners, the sale of their business is their retirement income¹⁰.

The Lifetime Capital Gains Exemption (LCGE) is a federal tax deduction that can be claimed against taxable capital gains on the disposal by an individual of:

- Qualified small business corporation (SBC) shares
- Qualified farm property and
- For dispositions for qualified fishing property

The LCGE is indexed to inflation. LCGE for qualified farm or fishing property dispositions is the greater of:

- \$1 Million; and
- The indexed Lifetime Capital Gains Exemption applicable to capital gains realized on the disposition of qualified small business corporation shares.

It would be prudent for BC to focus on stimulus for succession planning for small business that addresses the various business structures while keeping in mind that vendor's general desire to use the Federal Tax

7 Canadian Federation of Independent Businesses (2011) Unnamed Poll. Cited in CBC News (2011) Canadian businesses score poorly on succession planning.

8 Canadian Federation of Independent Businesses (2012) Passing on the Business to the Next Generation, page 4

9 Canadian Federation of Independent Businesses (2012) Passing on the Business to the Next Generation, page 4

10 Canadian Federation of Independent Businesses (2012) Passing on the Business to the Next Generation, page

Act provisions to minimize tax on the transition. Overall, the results of the Chambers research indicate a need for awareness to the issue of succession planning as well as changes to existing government resources for financing to provide sellers and potential purchasers the incentives to conduct succession planning and transition effectively.

THE CHAMBER RECOMMENDS

That the Provincial Government and, where applicable, the Federal Government:

1. Review the current “qualifying activities” in the existing Eligible Business Corporation (EBC) program and
 - a. Include a clause which allows the program to be more inclusive towards small to medium sized businesses in a succession transaction;
 - b. Include a vendor financed arrangement as a qualifying activity, whereby the vendor will receive the same 30% tax credit for financing the business succession transaction, thereby reducing the vendor’s risk;
2. Expand the scope of existing small business financing programs to incorporate succession planning as a legitimate reason for business financing;
3. Allow small corporations to defer the tax on the capital gains from the transfer of a business to the owner’s children;
4. Increase the LCGE amount to \$1 million for all SMEs; and
5. Change the Income Tax Act so that intergenerational transfers of small businesses to family members are treated in a similar manner as those to a third party.

FOREIGN WORKER NAVIGATOR FOR RURAL BC COMMUNITIES TO ADDRESS LABOUR SHORTAGES (2019)

ISSUE

A workforce supply is vital to helping small businesses thrive in a strong BC economy. Currently, the provincial wide labour shortages are resulting in businesses struggling to attract/retain workers and ultimately forcing them to scale back business operations. This is especially pronounced in filling entry level positions in retail and restaurant industries in rural BC communities. The lack of a local hiring pool, wage discrepancies from resource employers, time and resources are all barriers to recruitment for small business owners.

Foreign workers are an underutilized opportunity to filling these business vacancy positions. However, small businesses wanting to use foreign workers to fill vacant positions and continue business operations require assistance in navigating the regulatory process. A BC “Foreign Worker Navigator” is a solution to help small business owners understand the opportunities in hiring foreign workers, identify agencies in delivering access to workers and attracting foreign workers to BC’s rural areas. Streamlining the process for small businesses will result in process efficiencies for both small businesses as well as the rural

geographic areas in which recruitment is needed. This recommendation is designed to better assist small businesses in hiring foreign workers to fill the skill and labour shortages in rural retail and restaurant industries.

BACKGROUND

In 2018, the BC Chamber of Commerce Mindreader Report¹ identifies clear and significant trends associated with the strong BC economy and tight labour market. These include:

- *Severity of labour shortages:* employers in most regions and industries of the province are challenged with recruiting and retaining quality staff due to the robust provincial economy and corresponding “tight” labour market;
- *Significance of skills mismatches:* with nearly three-quarters (72%) of employers indicating they routinely hire less-qualified employees and train them on-the-job, there is a clear need to improve the alignment of (skilled) labour demand and supply in B.C.
- *Emphasis on local recruitment:* considering the current severity of labour shortages, it is notable that most employees continue to focus recruitment efforts on the local/community labour market rather than recruiting more aggressively from other parts of BC and Canada.

Specifically, the Mindreader Report identifies that 66% of businesses indicate that there is a general lack of qualified applicants within the region, making local/regional recruitment challenging with more than half (54%) of businesses indicating they have reduced their business output and/or modified their products/services as a result of labour shortages. BC Business “New Labour Market Report Highlights BC Worker Shortage, Skills Mismatches”² reveals the Mindreader Report survey respondents from the BC’s seven economic regions that most respondents are from businesses with fewer than 50 employees, however, companies with one to four staff make up the bulk of that group.

In 2018, the Ministry of Jobs, Trade and Technology’s Small Business Profile identified that roughly 98 per cent of all businesses in BC are small businesses. In 2017, there were approximately 493,100 small businesses operating in the province, 3.6 per cent more than in 2016. Of these, about 84 per cent were micro-businesses with fewer than five employees.³

While the Government of Canada’s regulations dictate the process of hiring a foreign worker, direct provincial assistance is necessary to support small businesses located in rural BC. While information is widely available on-line regarding the foreign worker process, it is an overwhelming and frustrating process to small business owners trying to navigate on their own. For small business located in a rural community this process is especially challenging due to the lack of services when compared to the lower mainland. Further, small businesses in rural areas are not well served by private agencies where after considerable time, resources and effort may ultimately not be successful in attracting workers.

Creating a “Foreign Worker Navigator for Rural Communities” position will assist small businesses in rural communities in filling the skill and labour shortages experienced in retail and restaurant industries.

1 <http://www.bcchamber.org/sites/default/files/Final%20MindReader%20Labour%20Market%20Report%2008.21.2018.pdf>

2 <https://www.bcbusiness.ca/New-labour-market-report-highlights-BC-worker-shortage-skills-mismatches>

3 https://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/business-management/small-business/sb_profile.pdf

There is currently no regional support program in place, however, an example of a simple, business-driven program is Small Business BC's Export Navigator Program, which offers businesses access to community-based specialists who can provide a personalized, step-by-step approach and help connect business with information, programs, financial services and experts at every stage of the process. The Foreign Worker Navigator for Rural Communities would fit into a similar model, with the key being that it is business-driven and tailored to small businesses in rural BC communities.

Funding for the program could be a partnership with the Province of BC to administer and support a pilot program with the goal of increasing the capacity of small businesses in rural communities to successfully fill vacant positions with foreign workers.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Create a small business focused, user friendly "Foreign Worker Navigator for Rural Communities" pilot program position and web portal to assist small businesses located in rural communities in all aspects of hiring foreign workers; and
2. Communicate with Employment and Social Development Canada and Service Canada to speed up Labour Market Impact Assessment Work Permit processing time.

SUPPORTING THE SUCCESS OF THE INNOVATION AND CREATIVE ECONOMIES BY MAKING THE BC PNP TECH PILOT PERMANENT (2019)

ISSUE

BC businesses in the innovation and creative economies, and their related sectors such as technology, digital media, and film/television, need access to skilled international talent to support their growth. The successful BC Provincial Nominee Program (PNP) Tech Pilot, which provides dedicated and expedited service for the technology and creative sectors to fill their labour needs with skilled immigration, has helped address this need but is facing expiration in June 2019. Therefore, the BC PNP Tech Pilot should be extended past its current expiration date and made a permanent feature of the immigration system to support BC's economic growth.

BACKGROUND

The most important input for business is talent. While it is crucial for the success of any business that it have the workers it needs, in certain industries such as the technology, digital media, and film and television sectors, having the right talent and skills is fundamental. As British Columbia continues to grow as a hub companies in these sectors, the demand for this type of talent will continue to grow.

BC's immigration system is one critical avenue for businesses to source this skilled talent needed to innovate and grow. And with many businesses experiencing difficulties in finding local talent to fill vacancies, having an efficient system of skilled immigration is important to the viability and success of our

economy.

The Government of BC has responded to this need for access to international skilled talent by the tech sector with the BC PNP Tech Pilot. The program is dedicated to finding talent for a select list of 29 skilled jobs¹ mainly related to the technology, digital media, and film/television sectors which were determined based on research on actual local labour shortages by the BC Tech Association and Vancouver Economic Commission. The Tech Pilot has several features that address the unique needs of the technology/creative sector, including:

- dedicated staff to work with technology employers and provide tailored assistance in the application process;
- weekly invitations for workers to apply to the system, reducing delays for both their own immigration process and their subsequent employment;
- prioritized and expedited applications to meet the industry's fast-paced nature, with applications in this pilot being processed much faster than the typical 2-3-month timeframe; and
- flexible eligibility requirements, in particular reducing the requirement for a permanent full-time job offer to just a one-year full-time job offer which reflects the nature of project-based employment in some of these sectors.

In consultation with BC businesses which have used the BC PNP Tech Pilot, they report timely and efficient processing of applications which allows them to quickly fill positions that may otherwise have remained vacant or taken much longer to fill. To the BC business community, the BC PNP Tech Pilot has been a success and is a valuable tool to support the tech sector and its continued growth across BC.

THE CHAMBER RECOMMENDS

That the Provincial Government extends the BC PNP Tech Pilot beyond its current June 2019 expiration date and incorporate it into the BC PNP program as a permanent feature.

TRANSPORTATION AND ITS ROLE IN BC'S EXPORT ECONOMY (2019)

ISSUE

Port facilities throughout British Columbia are in need of expansion to facilitate a diversified number of commodities – many of which support the economic growth of Canada as a nation dependent upon international trade. The Port of Vancouver is the largest port by export tonnage in North America and is the country's principal ocean gateway to the Pacific.

Canada's major ports have a legal designation under the Canada Marine Act as Canada Port Authorities (CPAs) and consist of 18 Port Authorities known as the National Port System. These Port Authorities were designated as being 'critical to domestic and international trade. Canada's Port Authorities handle approximately \$400 billion worth of goods annually, a quarter of all Canadian trade. The economic impact of this business activity exceeds \$25 billion dollars annually. The direct and indirect jobs created by

¹ For a list of the 29 occupations eligible for this program, visit https://www.welcomebc.ca/getmedia/0c9acee2-06ea-471b-bc9e-c7547d60d092/BC-PNP-Tech-Pilot_Key-Technology-Occupations.pdf.aspx

Canadian Port Authorities exceed 250,000.¹ A recent review of the Canada Marine Act made strong recommendations for changes to enhance the overall competitiveness of Canada's port system.

BACKGROUND

Canada's major ports require large capital investment into infrastructure to meet growing needs of port users and as trade continues grow. This is an essential service as ports are in the middle of an important transportation logistics supply chain and must work diligently to ensure the secure flow of goods to people.

Canada's seaports are key to moving goods and people via complex logistical supply chains extending to seaports in more than 160 countries throughout the world.

Marine terminals serve as the intermodal connector where foreign trade changes transportation modes between land and water transit. Ships carry over 90 percent of world trade.

BC coal export facilities currently consist of Ridley Terminals in Prince Rupert, and Westshore terminals within the Port of Vancouver. Similar to Westshore Terminals, coal is moving at capacity through the Prince Rupert northern gateway at Ridley Terminals.

Coal has been mined in BC since the 19th century. Coal is one of Canada's top bulk commodities transported by rail and handled by our ports. Each year, between 30 and 40 Mt are transported by Canadian National (CN) and Canadian Pacific (CP) rail operators and handled by west-coast ports.² As Canada's 5th most valuable mined commodity, coal mining is an important economic contributor and adds billions of dollars in direct and indirect impacts each year. A better understanding amongst the various levels of government of the contribution of coal exports and imports to the Canadian economy is required.

The coal industry also benefits Canadians through employment, investment in physical infrastructure, taxes and royalties.³ The mining industry is the largest employer of indigenous people in Canada and works with educational institutions and governments to provide training and employment opportunities.⁴

Approximately 42,000 people are directly and indirectly employed by the coal industry.⁵

In 2017, Canada exported 31 million tonnes of coal around the world and imported 7.5 million tonnes of coal mostly from the United States. Canada's exports are primarily metallurgical coal (93% in 2017).⁶ British Columbians benefit greatly from coal production. In 2017, Canadian exports of coal were valued at \$6.8 billion dollars. The major destinations for those exports were Japan (23%), South Korea (20%), and China (15%).⁷

In December 2018, Canada announced regulations to phase-out traditional coal-fired electricity by 2030

1 Association of Canadian Port Authorities website: www.acpa-ports.net/industry/industry.html

2 <https://coal.ca/coal-resources/about-the-coal-industry/transportation-ports/>

3 <https://coal.ca/coal-resources/about-the-coal-industry/transportation-ports/>

4 <https://coal.ca/coal-resources/about-the-coal-industry/transportation-ports/>

5 <https://coal.ca/coal-resources/about-the-coal-industry/transportation-ports/>

6 <https://www.nrcan.gc.ca/energy/facts/coal/20071>

7 <https://www.nrcan.gc.ca/energy/facts/coal/20071>

as well as greenhouse gas regulations for natural gas-fired electricity in an effort to support Canada's transition to cleaner energy, create well-paying jobs in the electricity sector and support the goal of 90% non-emitting electricity by 2030.⁸

In Canada's clean growth and climate change plan, the government acknowledges the importance of a just and fair transition to support Canadian workers. In an effort to better understand the impacts of phasing out coal and to support those affected, Canada launched the [*Task Force on Just Transition for Canadian Coal Power Workers and Communities*](#) in 2018. The Task Force's report, was published in early 2019 and provides expert advice that will help shape Canada's approach to assisting coal workers and communities affected by the transition to cleaner electricity.⁹

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments

1. Work with the appropriate transportation authorities to assist and expedite BC port expansion approval to meet with demand for increased export and import capacity;
2. Work with industry to develop and promote public and economic policies that create and encourage a better understanding of the importance of Canada's natural resources to international trade and address environmental concerns by committing to education and mitigation of environmental impacts; and
3. Apply just transition principles in planning, legislative, regulatory, and advisory processes to ensure ongoing and concrete actions throughout the coal phase-out transition to cleaner electricity.

⁸ <https://www.canada.ca/en/services/environment/weather/climatechange/canada-international-action/coal-phase-out.html#toc6>

⁹ <https://www.canada.ca/en/services/environment/weather/climatechange/canada-international-action/coal-phase-out.html#toc6>

WORKSAFE BC – REFUND OVERFUNDED SURPLUS TO EMPLOYERS (2019)

ISSUE

WorkSafe BC is a provincial agency entirely funded through mandatory employer premiums and investment earnings.

Currently WorkSafe BC appears to be in a massive overfunded position; according to the Association of Workers' Compensation Boards of Canada, the 2017 WorkSafe BC funding ratio is approximately 153% assets over liabilities, which equates to being overfunded by \$6.4 Billion.¹

This overfunding should be reduced by returning a portion of the fees charged to the employers who paid into the fund.

The 'Petrie Report', released in 2018, makes recommendations on worker benefits and the need for a worker-centred approach, but does not address this overfunded position and its impact on business.

BACKGROUND

The fund was established to financially support worker's recovery from injury and restore them to safe & productive employment and/or access to equitable compensation. The employers provide the funding, based on a fee levied on their payroll. Funds in excess of what is immediately required are invested for interest earning purposes.

This surplus has grown over the past number of years, from \$571M in 2002, and based on their 2017 financial reports, it is now at 153% (or \$6.4 billion) overfunded. BC, after Manitoba, is the second most over-funded workers' compensation boards in the country.

7 out of the 12 other provincial/territorial boards in Canada have rebate policies in place triggering refunds to employers when a certain threshold in funding is reached. For Example, WCB-Alberta's funding policy establishes a funding range between 114% and 128%. If WCB-Alberta surpasses the required funding level, a surplus distribution rebate is paid to employers.

Several provinces have recently refunded excess money to employers.

- In 2017: PEI's workers' compensation board refunded employers **\$21 million dollars**
- Alberta's workers' compensation board refunded employers **\$355 million dollars**
- Manitoba's workers compensation board set out a 5-year surplus distribution program commencing in 2019 to reduce their funding ratio to their target of **130%**
- In 2016: Alberta's workers' compensation board provided a refund of **\$467 million** and Saskatchewan's workers' compensation board refunded **\$281 million**

A funding ratio should be determined that properly insulates the system from premium fluctuations and changes in the economic climate while continuing to ensure sound management of finances. Once a funding ratio is set, then a rebate policy should be created that allows for refunds to employers when that

1 2017, Financial Measures http://awcbc.org/?page_id=9759

ratio is exceeded. This is no different than other tax overpayments; if a business overpays, they receive a refund.

In the Report from the Small Business Task Force as a special initiative of BC's Small Business Roundtable written to the Minister of Jobs, Trade and Technology, there was mention of this matter.²

Under Priority 1: Reduce costs of doing business to maintain and strengthen economic growth and competitiveness: item 1.6 recommended BC employers should receive rebates for the 2017 WorkSafeBC surplus and ensure future rates are fairly priced.

The recommendation included the call for WorkSafeBC to set the rates in order to maintain a maximum funding ratio of 110% of assets to liabilities on a medium-term basis.

WorkSafeBC is in the best position to determine what a reasoned medium-term Target Funding Ratio should be.

Employers are being overcharged and this is unnecessarily adding to the growing burden they face from increased taxes, EHT, increase in minimum wage etc. If these funds were returned, then employers could put these funds to productive use, including growing their business, creating jobs, and investing in new and safer equipment.

THE CHAMBER RECOMMENDS

That the Provincial Government working with WorkSafe BC:

1. Find a stable metric to direct a sustainable and responsible level of funding to create a Funded Ratio or Ratio Zone, and,
2. Create a process that allows for the refund of over-collected premiums to employers, based on the Funded Ratio or Ratio Zone.

² 2018, Small Business Task Force Final Report, https://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/business-management/small-business/small_business_task_force_final_report.pdf

ENABLING A SUSTAINABLE RENTAL HOUSING MARKET (2019)

ISSUE

In many parts of Canada, rental housing is in desperately short supply. Whether it is due to explosive population growth, the crisis in affordability of home ownership, or the aging and disrepair of existing rental stock, it is undeniable that the supply of rental housing is greatly outstripped by demand.

The shortage of rental housing is not news. Demand has exceeded supply for years. How is it that at the end of one of the longest booms in real estate construction that our country's major and mid-sized cities have ever seen, that there is still a shortage of rental stock? From October 2014 to October 2015, only 1,900 purpose-built rentals units were constructed throughout BC (CMHC). These are either new or renovated units returned to the market. Rents are rising in response to market pressure on average of 3.7% compared to 2.4% from the previous year. As mentioned, salaries have not.

The answer is simple economics. Those in the market with the capacity to build new housing, prefer to build units for sale, not rental. The reason for this preference is that the investment returns on housing built for sale is better than the returns on purpose-built rental stock. Given the tremendous increase in the cost of land and construction, this is no surprise. What builder would not prefer to get its investment and profit immediately after construction, as compared to waiting an average of ten years¹ just to get back the money it has sunk into a rental building?

Affordable housing solutions generally fall onto the shoulders of provincial and municipal/regional government bodies. Through their interventions in the market, the viability of rental housing for builders waxes and wanes with successive governments.² The federal government has acknowledged that it, too, has a role to play in housing Canadians. With housing security of low- and now middle-income Canadians a pressing issue, increasing rental stock is perhaps the most impactful change the federal government can aim for. For the past 15 years, 63% of Canadians have owned homes.

BACKGROUND

Rent controls

Ensuring the adoption of Recommendation #10 "Maintain Rent Tied to the Renter, Not the Unit" in the BC Rental Housing Task Force Review Report will assist in the provision of more supply and affordability of rental units by ensuring an attractive investment environment for investors while providing financial stability for landlords to maintain and upgrade buildings.

1 Institutional investment into existing residential properties highlights the low-cost of entry compared to new construction. The price of investment is sometimes 60% the price of new development. There is an opportunity to develop new housing units at currently unmet price points as new housing unit developments are frequently priced at 140% of average market rent and affordable units are frequently developed at less than 90% of average market rents. For non-profit organizations that develop affordable housing, the opportunity to finance affordable housing through generated revenue exists by developing market housing units at 120-130% of average market rents to subsidize affordable housing units. Source: *New Opportunities in Rental Housing Financing CANADIAN HOUSING AND RENEWAL ASSOCIATION May 3rd, 2017: Setting the Context; Steve Pomeroy, Principal, Focus Consulting Inc.*

2 The risk-to-cost profile of development changes over time. Risk of failure is high in the beginning of projects, making the low financial-investment in this phase extremely high risk. As projects move forward and confirm land, zoning, and other aspects, the risk decreases and the financial investment increases. For these reasons, early projects are best explored by working with external stakeholders, such as Canada Mortgage and Housing Corporation. Source *New Opportunities in Rental Housing Financing CANADIAN HOUSING AND RENEWAL ASSOCIATION May 3rd, 2017; Development Discussion and Examples Simon Davie, Chief Operating Officer, Terra Housing (BC)*

The principal effect of not adopting Recommendation #10 is that landlords will not have the ability to increase rents to match market rents when a unit is turned over to a new tenant. Instead, rents will be tied in perpetuity to a government-imposed control. This policy would have several unintended consequences:

- Landlords will be forced to increase rents by the maximum amounts every year, since there is no opportunity to “catch up” when tenants change in order to cover rising maintenance costs;
- Municipal taxes on housing and utility costs already outpace the maximum allowable rent increase (currently capped at Consumer Price Index Only), so any further rent control will significantly reduce landlord’s ability to maintain and upgrade rental buildings.
- When neighbourhoods become more attractive and real-estate values rise, landlords will have a strong incentive to reap the benefits of market appreciation by converting purpose built rental housing into units for sale, which will reduce rental supply;
- Create an unfavorable investment and cost recovery climate for the real estate and development community to build and sell purpose built rental housing.

There must be a stable environment for renters to have access to rental housing while also ensuring landlords have the ability to maintain and improve rental apartments and that builders (and the lending institutions who finance projects) can have confidence to make investments with decades long time horizons without fear of government interventions that will undermine the value of their rental projects. This is the way to create conditions for sustainable rental market growth.

Provincial and federal tax incentives

The federal government can play its proper role in this by incentivizing the construction of new purpose-built rental stock with a simple adjustment to the Income Tax Act.

Presently, multi-unit residential buildings acquired before 1980 and 1987 respectively, qualify for capital cost allowance (CCA, *i.e.*, depreciation expense) in classes 31 and 32.³ These classes have rates of 5% and 10%, respectively. A higher CCA rate allows an owner of property used to generate income (e.g., rental units) to write off a larger part of the undepreciated capital cost (in simple terms, the cost of the property less its accumulated depreciation) against income each year. The result is that higher CCA rates make capital investments (e.g., the construction of purpose-built rental housing) more profitable in the near term.

Creation of an additional accelerated allowance for new rental housing stock would make investments in rental housing relatively more attractive to owners of new, purpose-built rental housing, and, by extension, land builders. Incentivizing investments in this way is well-established in the Income Tax Act (most of the text in section 1100 (1) of the Income Tax Act deals with additional accelerated allowances for property used in manufacturing, film production, etc.), and a proven tool for spurring investment.

³ Class 31 (5%) and Class 32 (10%) include multiple unit residential buildings (MURB) certified by the Canada Mortgage and Housing Corporation (CMHC) to which all the following conditions apply: they are located in Canada; they contain two or more units; they provide their occupants with a relatively permanent residence. If the whole building qualifies as a Class 31 or Class 32 rental property (a MURB), then each unit within the building is a Class 31 or Class 32 rental property. To be included in Class 31 with a CCA rate of 5%, the building must have been acquired after 1979 and before June 18, 1987. To be included in Class 32 with a CCA rate of 10%, the building must have been acquired before 1980. For 1994 and following years, taxpayers can no longer create or increase a rental loss by claiming CCA on a Class 31 or Class 32 property. When a MURB no longer qualifies as a Class 31 or Class 32 rental property, it must be transferred to the correct class. Source: *Government of Canada: Rental – Classes of Depreciable Property 2019*

The reality is that rental builders would build a significant supply of new secure purpose-built rental housing if the legislative environment were more conducive to doing so (e.g. more restrictive rent controls were put in place last September). The risk/reward imbalance that exists between building rentals versus condos needs to be addressed through measures such as rental pre-zoning, fast-tracking of rental projects, DCL reductions, elimination of CACs, parking relaxation, elimination of inclusionary zoning requirements, reduced property taxes, GST exemption on new builds.

- GST: Builders must pay Goods and Services Tax (GST) on the development and operating costs of rental housing buildings, however, rent is GST exempt which places a burden on builders. To recover GST, landlords increase their rent. Because of the GST increasing operating and development costs, there is a substantial decrease of investment into the development of rental housing;
- Property Assessments: Older rental homes are more affordable. CMHC data show apartments built between 1975 and 1989 are, on average, 40 per cent cheaper than those built since 2005. But long-time landlords say the current system threatens their ability to operate the older rental apartments that form a crucial part of the city's housing stock⁴; and
- B.C. Assessment Authority's practice of assessing properties also needs to be reviewed. That means a property's value, upon which its taxes are based, isn't assessed based on its actual use — whether a single-storey neighbourhood pub or a three-storey rental apartment building — but on the use that would return the highest value. Residential landlords can't pass on soaring property tax bills or other increases directly to their tenants — they're restricted by rent control measures.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Adopts recommendation #10 "Maintain Rent Tied to the Renter, Not the Unit" in the Rental Housing Task Force Review Report;
2. Review BC's Property Assessment highest and best use Process;
3. Review the Strata Property Act, particularly Part 8, for opportunities of freeing up currently vacant condo properties as rental units;⁵
4. Work with local governments to provide incentives for increasing density that provide quality rental market housing units for mid-range income levels near centres of employment and transit hub;
5. Create a stable regulatory and zoning framework at the Provincial and municipal levels;
6. Examine appropriate tax incentives at the provincial and municipal levels, such as waiving PST and PTT for rental projects;

⁴ <https://vancouversun.com/business/real-estate/dan-fumano-the-ticking-time-bomb-threatening-affordable-rental-homes>

⁵ http://www.bclaws.ca/Recon/document/ID/freeside/98043_00

That the Provincial Government collaborate with the Federal Government to:

1. Modify the CCA so that the federal government incentivizes investment in new, purpose-built rental housing stock by providing for additional accelerated capital cost allowance on new rental housing property; and
2. Remove the GST on new rental housing.

FULL RURAL DESIGNATION FOR SALT SPRING, SOUTHERN GULF ISLANDS AND JUAN DE FUCA (2019)

ISSUE

Resolution for Permanent Rural Eligibility Leading to Full Rural Designation for The Regional Electoral Districts of Salt Spring Island, Southern Gulf Islands, and Juan de Fuca and Any Entity in the Islands Trust Area: There are two levels of government involved in the delivery of rural programs where Salt Spring Island, the Southern Gulf Islands and the Juan de Fuca Regional Districts have been excluded, primarily because they are part of the Capital Regional District

BACKGROUND

The Ministry of Municipal Affairs & Housing has Salt Spring Island, the Southern Gulf Islands of Mayne, Galiano, Pender and Saturna, and Juan de Fuca listed as “Rural” in the Community Charter, however, certain Regional Districts have been excluded from rural focused programs, namely those located in the Capital Regional District and, therefore, considered urban. Urban does not reflect their geography, population, demographics, or land use.

This inconsistency prevents these Regional Districts from being eligible for funding from the Islands Coastal Economic Trust (ICE-T) among other Provincial programs. The result has been a loss of access to a portion of the ICE-T \$52 million allocation plus other opportunities.

Furthermore, the Islands Trust mandate is to protect the rural character of these Islands, on behalf of the people of BC and the Juan de Fuca Electoral Area, has the lowest population density in the Capital Region. These factors have been the guide for the Rural Dividend Fund (RDF) when allowing an exception for these jurisdictions during each RDF funding intake.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Allow Provincial funding programs to reflect the rural status of the electoral districts within the CRD, as categorized within their Community Charters. Specifically, we believe it would be equitable to have these districts also included in the ICE-T program and to have the exception to the Rural Dividend Fund converted to permanent inclusion status as well as access to any other provincial government rural programs; and

2. In coordination with UBCM, write to the Federal Minister of Innovation, Science and Economic Development and Minister responsible for Western Economic Diversification to request that the Minister designate the Electoral Districts of the CRD eligible for Community Futures funding and other federal grant programs targeted to rural communities.

LOCAL ENGAGEMENT IN PROVINCIAL PLANNING (2019)

ISSUE

It is commonplace that where the Province undertakes land use planning reviews, initiatives or exercises (including, but not limited to wildlife restoration plans, park management plans, and the sale or granted tenure of Crown land) local governments are not advised of work underway or provided opportunity for input until well into the process.

BACKGROUND

There are currently no formal provincial planning protocols that acknowledge both the importance of local governments and their responsibility of managing the economic, social, environmental and other impacts as a result of land use in their areas.

Each Ministry and project define appropriate 'stakeholders' for collaboration on a case-by-case basis. As a result, Local Governments often find themselves learning about Provincial plans and initiatives from external sources (e.g. the media, other stakeholders, partner First Nations) placing them in a reactive position rather than having a proactive and collaborative role in the development or creation of plans impacting their regions. Local Government participation is regarded by the Province as a final step in the project development process despite any regulatory frameworks put in place by local government.

Engagement with local government, First Nations and other stakeholders should begin early in policy development when the policy is still under consideration and views can genuinely be taken into account. There are several stages of policy development, and it may be appropriate to engage in different ways at different stages. Every effort should be made to make available the Government's evidence base at an early stage to enable contestability and challenge ultimately resulting in a better decision-making process. As a guiding principle in deciding how to fulfil the duty to consult the Province should ask 'who has an interest in any area within which the Provinces decision making may impact'.

Ensuring that all stakeholders have a seat at the table in any plan, review or initiative related to land use will not only improve efficiency, but will also produce a result that reflects shared values and a greater likelihood of support across the board. At the core, public consultations should be based on the belief that those who are affected by a decision have the right to be involved in the decision-making process. All information relevant to understanding and evaluating a decision should be disclosed and all 'stakeholders' should have fair access to the consultation process and be given the opportunity to influence decisions.

Division 4 Section 475 of the Local Government Act states local government must:

(b) specifically consider whether consultation is required with the following:

- (i) the board of the regional district in which the area covered by the plan is located, in the case of a municipal official community plan;*
- (ii) the board of any regional district that is adjacent to the area covered by the plan;*
- (iii) the council of any municipality that is adjacent to the area covered by the plan;*
- (iv) first nations;*
- (v) boards of education, greater boards and improvement district boards;*
- (vi) the Provincial and federal governments and their agencies.”⁶*

It stands to reason that if local government is legislatively required to consult with all stakeholders and the Province that the provincial government should also be accountable to consult with local government on any processes being considered in an area covered by that municipal or regional district government.

When plans, reviews or initiatives may have the potential to impact communities in economic, social, environmental or other ways, local government must have an early seat at the table and a voice in collaboration with other stakeholders. The Province, across all ministries and agencies, must have a fundamental regard for the importance and responsibilities that local governments have over their jurisdictions;

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Develop protocols for Local Governments, First Nations, and other stakeholders to have a proactive and meaningful role in any planning, reviews, initiatives or other decision making that affects their areas of responsibility; and
2. Amend the Local Government Act to reflect consultation requirements.

NORTHWEST BC RESOURCE BENEFITS ALLIANCE (2019)

ISSUE

The Northwest economy has traditionally been based on natural resource extraction, which has generated tremendous amounts of wealth for the Province. However, the region has a long history of boom and bust and infrastructure is ageing. There are a number of major industrial projects proposed in the Northwest, and more recently LNG Canada and Coastal Gaslink made a positive Financial Investment Decision to proceed with their respective projects. As development proceeds, the region will not be able to meet the infrastructure and service needs of industry and community. In contrast, other regions with significant resource developments have shared in provincial revenues which have given them the capacity to meet their needs.

BACKGROUND

The Northwest BC Resource Benefits Alliance (RBA) was formed in 2014 and is an association of all 21 local

⁶ http://www.bclaws.ca/civix/document/id/complete/statreg/r15001_14#section475

governments in northwest BC. The RBA was formed to negotiate a new funding agreement with the Provincial Government to ensure Northwest BC can manage the service and infrastructure deficits resulting from the economic development in the region.

Over the past 5-7 years, more than \$13 billion has been spent on major capital projects in the region. The provincial government has earned at least \$500 million in revenue associated with these projects and LNG Canada's project will generate an estimated \$24 billion of direct investment in BC in the next 10 years. The project is also expected to generate about \$23 billion in public revenue over 40 years.

Often, very little local revenue is generated by major capital projects because the developments are largely outside of municipalities. Also, large projects drain resources required to review and plan for proposed projects, whether they proceed or not. Northwest BC has a significantly lower level of property assessment per capita than the rest of the province. The result is that many local governments in the Northwest do not have the capacity to fund their share of federal and provincial infrastructure funding programs. Infrastructure maintenance, upgrading and replacement are often deferred, which means that aging sewer, water, roads, buildings and other infrastructure used beyond its normal life.

If the physical and social infrastructure of our communities could be improved, we can support existing businesses and new resource development to build sustainable communities, not just work camps. This will allow communities to attract and retain workers and their families so we can grow our service and tourism sectors. Northwest BC needs financial help from the province to build the necessary infrastructure to support resource development and social infrastructure to ensure Northwest communities are places where workers and their families live.

The incremental revenue from new major project activity in the Northwest that goes to the provincial government is more than sufficient to allow the provincial government to support the Northwest in creating sustainable communities, while still making an enormous contribution to BC government general revenue.

The members of the RBA have formed and signed a Memorandum of Understanding (MOA) that their municipalities work together to pursue resource benefit negotiations and the funding be distributed between the Municipalities as they deem necessary. The purpose of this MOA is to seek a fair revenue sharing solution for the region that is proportionate to the level of activity, provides the capacity to prepare for future development and leaves the region, when the boom retreats, with a legacy for the future. At this stage, there is no set amount the RBA is requesting from the Provincial Government, but they are trying to justify how little the northwest communities are receiving back from projects. The RBA will conduct a study, commencing in May 2019, with initial results available by September 2019, reflecting how much revenue is being generated and how much is being returned to the area.

Other regions of the province have had longstanding arrangements. These have taken various forms, ranging from the Fair Share arrangement in the Northeast to the Columbia Basin Trust, to the various other trusts that have been created to promote economic development and share benefits. Northeast BC and Columbia Basin have both had regional funding arrangements with the provincial government for decades, which has helped these regions overcome the economic impacts of development activities. Additional revenue generated through their agreements has enabled them to successfully access cost-shared federal infrastructure funding that is twice what the Northwest has received on a per capita basis.

It is the RBA's goal that when a funding agreement is reached with the province, it would help achieve the objective of creating sustainable communities that will be able to support economic activity in Northwest BC in the future. The RBA intends to negotiate as a single entity for the entire region and be responsible to its members for how the contributions are distributed. \$100 million was gifted to the northern region in February 2019 by the Provincial Government as they recognized there was a need for community infrastructure projects.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Continue to engage and negotiate with the RBA on a new funding agreement that will benefit the Northwest as a whole;
2. Share the benefits of major resource development with Northwest municipalities allowing the local governments to address adverse impacts associated with these developments. This includes:
 - a. Advanced funding to enable the region to plan and actively participate in ongoing federal and provincial infrastructure funding programs;
 - b. A fair revenue sharing arrangement providing the region with a contribution from the provincial government based on the level of incremental economic activity in the region; and
3. Allow the members of the RBA to distribute the funding according to their respective municipal requirements.

PROGRESSIVE HOUSING SOLUTIONS TO ADDRESS WORKFORCE CHALLENGES (2018 – Revised 2019)

ISSUE

The lack of diverse and affordable housing options in parts of British Columbia is having a significant impact on employers and employees. To ensure future economic sustainability, municipalities must "increase the supply and diversity of the housing stock through infill developments, more compact housing forms and increased density" without delay.

BACKGROUND

The cost of housing in BC's major centres is rising. Demand for housing is out growing housing supply in both new builds and available rentals. By 2040, Greater Vancouver's population is expected to grow by over one million people, requiring over half a million new dwellings. While the Canadian Mortgage and Housing Corporation has noted record housing starts in 2016 and 2017, supply is still not keeping pace with growing demand.

Not only is the price of purchasing a home increasing, but rental vacancy rates across BC are alarmingly low compared to other Canadian regional centres. The overall vacancy rate in the rental market remains

below one per cent and the absorption rate for multi-family homes in the Greater Vancouver region is almost 100 per cent;⁵ compared to a 60 per cent absorption rate for single-family detached homes, it is apparent that the supply of multi-family housing is not yet meeting the existing demand.

Impact on Business and Community-At-Large

High demand, coupled with inadequate volume and a lack of diversity of supply, has resulted in soaring housing prices, which threatens to drive away young professionals and hindering the attraction of labour to our province. The inability to attract and retain talent will impact the province's productivity and competitiveness levels, compromising our economic competitiveness.

Gap Between Population Growth and Housing Supply/Demand

While there is no silver bullet when it comes to improving housing affordability, the province would benefit from initiatives that fall into two areas:

- Increasing housing density in major centres; and
- Streamlining and improving permitting processing procedures.

Increasing Housing Density

Greater Vancouver is one area whose unique geography provides challenges when it comes to addressing housing supply. Physical barriers and legislated land restrictions (Agricultural Land Reserve, Urban Containment Boundary etc.) significantly limit land available for new developments, meaning the majority of the needed increase in our housing supply will need to be in areas where housing already exists. This requires creative housing solutions that balance density with liveability. Despite constrained geography, inefficient land use continues to exacerbate Metro Vancouver's housing affordability challenges. 63% of residential zoned land is occupied by detached single-family homes, housing a small minority of our total population.⁶ This is unsustainable –building in this manner results in unaffordable city centres. Families and working professionals would be pushed out of the city and further away from their jobs, thereby increasing commute times and emissions.

To maximize the best use of our lands, we must look at options that increase density and diversity in our housing stock. Many municipalities fall short of contributing their pro-rata share of new housing. For example, the number of new housing units built in North Vancouver are far below what they should be contributing to the overall housing stock in the Lower Mainland. If municipalities are required to issue permits for new housing in sufficient volume to ensure they are contributing their fair share of the total, it would go a long way to ease the current shortage. Furthermore, if every municipality was required to issue a certain number of permits each year, they would have to face the tough decisions around where to build new housing and in what form.

Diversity in Housing Form

In order to make more efficient use of our land, we must construct higher density housing known as the "Missing Middle," which includes, but is not limited to: laneway housing and secondary suites in single-family home zones, townhouses, and apartment multiplexes. The availability of housing units that can support families is also of great concern. Lack of housing options make it difficult for businesses to attract people between the ages of 25 and 34, a highly desirable and productive demographic, that is also the demographic that tends to start families. While some local governments have recently introduced family-unit requirements for new developments, zoning and regulations have created disincentives to build denser family housing styles like townhouses and other higher density housing options. Increasing the

number of housing units that can support families while also contributing to density, will need to be a priority for all levels of government, not just to address issues around housing affordability, but also productivity and economic competitiveness.

Processing Time Limits

While increasing the diversity and density of housing supply is one part of the solution to the housing crunch in the province, improving and accelerating the approval process is equally as important. Long permitting times, re-zoning processes and unpredictable outcomes generate uncertainty for development proponents, often stall housing developments and act as barriers to increasing supply of housing.

Developers incur significant costs due to the uncertainty, inefficiency and delays. These costs are often passed down to the home buyer, further escalating the already high housing costs and worsening housing affordability. There is an incentive for developers to mitigate these costs and lengthy delays, which may result in undesirable consequences.

Data Collection on Timelines

Regulatory processes at the local government level can take more than a year for new developments, even if rezoning is not required.⁷ These processes, while generally similar, vary across jurisdictions. Currently, there is no consistent empirical way to measure, analyze and compare the development processes. This is a key barrier preventing new efficiencies in the development process.

To properly address lengthy development timelines across, there must be a consistent, empirical system to measure, monitor, and compare timelines and processes across municipal boundaries. If information on development timelines were collected in a consistent and empirical manner, this would provide local governments with the information needed to identify, make changes and address inefficiencies in the development process. There is a role for the BC Government to play a key role in prioritizing and mandating the collection of data and ensuring standardization for what data is collected and how it is made publicly available.

Concurrent Processes

When the development process is simplified and streamlined according to a set of clearly defined desirable outcomes, development timelines become much shorter. When the timelines are shorter, and the expectations are clearly laid out, homebuilders can invest quickly and with certainty. This allows greater diversity and supply to be added to the market at a rate which keeps better pace with rapidly growing demand.

Concurrency is the practice of processing permits simultaneously rather than sequentially, which can significantly reduce development timelines and improve the time it takes for new housing supply to enter the market.⁸ Understanding where duplications exist and working to streamline the permitting process can increase efficiency for both developers and local governments. The BC government should require local governments to achieve concurrency in permit processing.

Conclusion

Housing affordability impacts everyone from young families, seniors, employers and employees. There is an urgent need for the BC government to take immediate action to address the lack of density being built, and the length of time it takes for new housing supply to be built.

THE CHAMBER RECOMMENDS

That the Provincial Government works with Local Governments to:

1. Set density requirements for development;
2. Pre-zone for transit-oriented development during the planning process for new rapid transit investments;
3. To implement density bonus zoning wherever possible and appropriate to encourage diversity and density;
4. Prioritize and mandate the collection of information, in partnership with local levels of government to:
 - a. Densify local market gaps in housing supply and diversity;
 - b. Provide a means to compare timelines for development across regions;
5. Meaningfully reduce development timelines through concurrent permitting for housing types that introduce affordable and diverse housing supply by speeding up the process of enabling supply in the market; and
6. To increase flexibility in the existing framework and to increase the funding mechanism available to local governments, amend Section 941 (1) of the Local Government Act to read:

“ An owner of land being subdivided must, (a) provide, without compensation , park land or land to be set aside for attainable housing of an amount and in a location acceptable to the local government, or pay to the municipality or regional district an amount that equals the market value of the land that may be required for park land purposes or attainable housing under this section determined under subsection (6)”

MAXIMIZING TAXPAYER DOLLARS ON PUBLIC INFRASTRUCTURE PROJECTS AND DEFENDING THE RIGHTS OF BC COMPANIES AND WORKERS (2018 – revised 2019)

ISSUE

In April 2018, the Provincial Government formed the Transportation Investment Corporation, with the mandate to provide enhanced oversight, management and delivery of three major capital transportation projects: the Pattullo Bridge Replacement Project, the Broadway Subway Project and the Kicking Horse Canyon Project – Phase 4.

This mandate ensures that contractors who are signatory the BC Building Trades Unions (BTU), and their members will have exclusive access to working on those projects. Premier Horgan claimed that this process will result in the ‘best bids’ and that this process will maximize the benefits local communities receive from these projects as well as the number of women, youth, and indigenous people being trained and working on these projects. However, when such restrictive Project Labour Agreements (PLAs) are looked at more closely, we see that they can drive up costs if they reduce competition and unfairly restrict BC companies and employees from working on public infrastructure.

Furthermore, commercial agreements have become the norm in construction and all the benefits alluded to above can be realized while maintaining an inclusive, competitive bid process open to a variety of construction models, contractors, workers and unions. In order to maximize taxpayer dollars on public infrastructure projects and ensure that all qualified BC companies and employees can work on and benefit from these projects, an open and fair tendering must be the process by which governments tender public projects.

BACKGROUND

The BC Government has entered into an agreement with the BC Building trades that would give them exclusive right to represent workers on Public Projects. The BC Government has also instructed BC Hydro to build all future Hydro Projects using ‘Closed Shop’ or ‘restrictive’ practices, such as only workers with companies affiliated ‘Allied Hydro Partners’. That group represents less than 20% of the total construction sector.

There is significant evidence demonstrating that restrictive tendering, such as those PLAs and Community Benefits Agreements (CBAs) adopted by the NDP, can result in a 20% to 30% cost increase for bids on public infrastructure projects.¹ With \$25 billion of work planned over the next 3 years that amounts to an increase cost -- or less infrastructure built -- to the tune of \$5 billion to \$7.5 billion. That’s \$2.5 billion less every year for schools, hospitals, bridges and roads.

An important element is understanding how restrictive PLAs/CBAs actually force businesses to adopt foreign business models, decreasing efficiencies and stifling innovation. The most recent example, and one that has been used a model for future projects in BC, is the Vancouver Island Highway Project (VIHP). The VIHP used restrictive PLAs. Two separate government crown corporations were set up to manage the

¹ <https://www.cardus.ca/research/workandeconomics/publications/4290/hiding-in-plain-sight-evaluating-closed-tendering-in-construction-markets/>

project: (1) VIHP would manage and the contracts for engineering, procurement and construction of the project, while (2) Highways Contractors Ltd (HCL) was created to be the ‘employer’ of the workers and would supply all contracts with their labour.

HCL entered into a collective agreement with British Columbia Highway and related Construction Council - essentially the unions who were part of the BTU. Anyone who wanted to work on the VIHP would have to join the BTUs and would be allocated by HCL. Any companies who bid for work on VIHP would have to accept BTU terms and work arrangements.

For instance, in the BTU model, each ‘craft’ (electrician, plumber, etc.) is a separate jurisdiction with exclusive right to perform various tasks; i.e. only pipefitters can carry pipe. These jurisdictional barriers create significant inefficiencies. Moreover, many companies work in ‘wall-to-wall’ or ‘all employee’ bargaining arrangements that do not have these artificial boundaries and only restrict what tasks and worker can do based on safety. So, electricians in wall-to-wall companies don’t have to wait for a labourer to move that lumber on the floor before they can start work. This is one of many innovations non-BTU companies have been able to adopt that increase efficiencies, productivity and make them more competitive.

By forcing these companies to work under BTU arrangements, they are forced to not use their existing business model. To say that ‘all companies can bid on these projects, but they cannot bring their business model’ is to essentially restrict them from bidding in the first place.

Furthermore, more than 80% of all construction workers are not in Building Trade Unions, and most of them have consciously and democratically chosen to either work in “non-union” or ‘progressive union’ workplaces. A few of the reasons why workers don’t want to join the BTU are to do with a lack of confidence in their pension, poor workplace culture, limited opportunity for career development due to jurisdictional issues between craft unions, initiation fees, non-working dues and, higher monthly dues overall. To force these workers into a BTU model against their expressed choice is a violation of their rights.

Basic rights of Freedom of Association protected in the charter and a worker’s right to unionize or not protected in the BC Labour Code are being challenged by this new agreement signed between the BC Government and the BC Building Trades. Despite the current review of the Labour Relations Code (in February 2018 the Provincial Government appointed a panel to review the Code) in its report “Labour Relations Code Review Committee Recommendations for Amendments to the Labour Relations Code” delivered August 2018, the review committee clearly establishes that “In BC there is agreement employees must be able to freely choose whether or not to unionize”.²

THE CHAMBER RECOMMENDS

That the Provincial Government reinstate a fair and open tendering process for all Public Infrastructure projects including BC Hydro Projects.

² <https://engage.gov.bc.ca/app/uploads/sites/332/2018/10/Labour-Relations-Code-Review-Panel-Report.pdf>

PERMANENT DAYLIGHT SAVINGS TIME (DST) FOR BRITISH COLUMBIA (2019)

ISSUE

Twice a year, in B.C. and in most parts of Canada, Canadians join with approximately 76 other countries around the world and practice Daylight Saving Time (DST). Since 2007, the clocks have moved forward on the second Sunday in March and then moved back on first Sunday of November.

In 2007, the B.C. government received 4,300 submissions from businesses, individuals and organizations and conducted a 4-week public consultation on expanding DST by an extra 3 weeks every year in order to align with the U.S. and other jurisdictions. The final tally showed that 92 percent of respondents favoured DST and the extra hour of daylight during the evening hours.

In 2019, the provincial government has launched a public engagement on the time change that has garnered over 150,000 responses from British Columbians in just 1 week of the consultation process. This is clearly an issue top of mind for British Columbians and BC businesses like.

Currently, 78% of the world does not change time. In North America, only Saskatchewan, northeast B.C. and Arizona don't change time. Neither do other areas and countries, such as Hawaii, Puerto Rico, China, Japan, Russia, South Korea, India and most of Australia, South America and Africa.

In November 2015, a petition was launched to Stop the Time Change in B.C. Within the 4 months during Standard time (Nov – March), the petition has obtained almost 25,000 signatures, raised awareness across Canada and definitely started the conversation. There was a meeting held in November 2015 with provincial Ministers Terry Lake and Todd Stone to discuss the petition and start the conversation within the B.C. Legislature.

In 2018 and 2019, California, Washington State and Florida have overwhelmingly passed state legislature bills to remain on permanent Daylight Savings Time (DST). Oregon current has a bill introduced, but not yet voted on. In the United States changing the time requires federal approval. The states are now waiting for the federal approval to happen.

These states would join Arizona, Hawaii, Saskatchewan and parts of British Columbia as jurisdictions that do not change time.

BACKGROUND

The primary goal of Daylight Saving Time is to conserve energy, but whether DST actually saves energy is unclear and there are many contradictory studies. There are, however, even more studies that tell us that the change itself can cause accidents, injuries and even deaths. Many of these issues are related to sleep pattern change that the biennial shift mandates.

There is a growing collection of evidence to show that the biennial time change has plenty of unintended consequences, examples such as these can directly affect the operation of business.

Workplace accidents

Workplace accidents may be another side effect of sleep loss from the one-hour time change. They increase in frequency that Monday. "Perhaps even scarier, is the spike in injury severity," said Christopher Barnes, an assistant professor at the U.S. Military Academy at West Point. "Instead of bruising a hand, maybe you crush a hand." A study Barnes led in 2009, and reported in the *Journal of Applied Psychology*, looked at the severity of workplace accidents in miners on the Monday following the time change. The researchers found a 5.7 percent increase in injuries and a 67.6 percent increase in work days lost to injuries. Barnes said the results were likely to be similar in other workplaces with similar hazards. Sleep loss determines the difference between the relatively common near-miss that happens in mining, and a true accident, said Barnes. "We're closer to disaster than we realize," he said. "The margin for error is not very big." "If I were in that environment, one thing I would try to do is schedule your most dangerous tasks for other days."

Sleep loss

Alterations to sleeping patterns can mean employees have to make substantial changes to their routines, and some studies have shown that absenteeism goes up in the first few weeks of the introduction of Daylight Saving Time.

In a culture where we are constantly being told we need more sleep, the start of DST piles another hour per person onto the national sleep debt. "We're already a highly sleep-deprived society," said Russell Rosenberg, Vice-chair of the National Sleep Foundation. "We can ill afford to lose one more hour of sleep. Additionally, the shift in the period of daylight can present a challenge in catching up on sleep. "It does take a little extra time to adjust to this time change, because you don't have the morning light telling your brain it's time to wake up," he said.

Heart attacks

As our workforce is continuing to age, the connection between sleep and heart attacks gained attention following a 2008 Swedish study that showed an increase of about 5 percent in heart attacks on the three weekdays following the springtime shift. "Sleep and disruption of chronobiological rhythms might be behind the observation." Heart attacks have been found to be highest on Mondays after the time change, so a shift in sleeping patterns may explain that as well as Dr. Imre Janszky told *My Health News Daily*. According to a 2012 study at the University of Alabama Birmingham, the Monday and Tuesday after daylight saving time in the spring have also been associated with a 10% increase in heart attacks. The study found a corresponding 10 per cent decrease in heart attack risk over the 48 hours after people "fall back" and gain an extra sleeping hour in the fall.

Traffic accidents

An increase in traffic accidents is perhaps the best studied health consequence of the time shift. Sleep loss puts people at much higher risk for motor vehicle accidents," Rosenberg said. A 1996 study published in the *New England Journal of Medicine* showed an 8 percent increase in motor vehicle accidents on the Monday following the time change. A 2001 study from Johns Hopkins and Stanford universities also showed an increase on the Monday following the change. At least one U.S. agency has taken the point to heart. Last November, as the clock shifted back to daylight standard time, the National Highway Traffic Safety Administration warned drivers that, with nightfall occurring earlier in the evening, "adjusting to the new, low-light environment can take time, and that driving while distracted puts everyone — and especially pedestrians — at greater risk of death or injury."

Tourism Boost - many tourism and outdoor activity businesses believe that daylight saving time could provide a financial boost for the tourism industry. Shifting that extra hour to the end of the day could boost outdoor activities and bring in an extra two (2) percent in revenue from visitors, according to timeanddate.com

Moving clocks forward and backward every year in an increasingly complex digital world is not without consequences either. Air traffic schedules, train schedules, public transport schedules all must be changed biennially. It complicates timekeeping, disrupts meetings and even livestock have been shown to have trouble adjusting to new routines.

Moving the hours around twice a year is a complex matter. Although it was originally brought forward by Benjamin Franklin as a way to conserve energy, and that remains its primary purpose to this day, there is in fact no consistent evidence to show it is helping us. There is on the other hand, plenty of evidence to show that constantly shifting back and forth does harm.

With the recent bills being passed in California and Washington state, Premier Horgan has now reached out to these states for more information and has stated that all the pacific will benefit from remaining on the same time, and he is open to the idea of stopping the time change if the west coast states do the same.

It is for that reason that the Chamber of Commerce advocates a no-time-shift policy and remains on Daylight Savings Time for the calendar year

THE CHAMBER RECOMMENDS

The Provincial Government collaborates with Washington State, Oregon and California to have the Pacific Time Zone in Canada and U.S.A to remain on DST throughout the year.

EMERGENCY MANAGEMENT: ENHANCING PREPAREDNESS & PREVENTION (2019)

ISSUE

British Columbia's framework for disaster management has been severely tested in recent years. The effects of climate change and extreme weather events have had profound impact on our province, and it has become apparent that we collectively must adjust to a new normal of prevention and preparedness to mitigate impacts to the safety, health, and livelihoods of our people and communities.

The wildfires and flood events of 2017 & 2018 were absolutely devastating, and impacted communities like rarely seen before. Spring flooding in 2017 resulted in the evacuation of 2500 people, mostly in the Okanagan, followed by a damaging flood event in 2018 that forced over 5000 individuals from their homes in Grand Forks and other small, rural communities. The impact of the wildfire seasons in these same years will be felt for many years to come. Over the course of Summer 2017, over 65,000 people were evacuated from communities, mostly in the Cariboo as a record 1.2 million hectares of our forests were burned. This record of total hectares burned would be surpassed in 2018 with 1.3 million hectares burned. The City of Prince George hosted more evacuees than any other community in British Columbia during this time. The cost of wildfire suppression alone in these years was \$568 million and \$350 million respectively and resulted in provincial states of emergency to be called. These catastrophic events have disproportionately impacted small, rural and Indigenous communities through traumatic evacuation experiences and longer-term impact to their forest and resource sector economies. Further to this, British Columbians have dealt with the health consequences of severely negative air quality, and the wellbeing of family, friends, and loved ones.

BACKGROUND

Managing such disasters is understandably an incredibly complex operation. Emergency Management British Columbia (EMBC) provides leadership in emergency management on behalf of the Province, and aims to work directly with local governments, Indigenous communities, provincial ministries, other jurisdictions and volunteers in a coordinated effort to prepare for, respond to and recover from emergencies. Disaster events are incredibly challenging to plan for between all of these parties, but the response and recovery efforts rely on this preparation. It is important that the lessons learned in 2017 and 2018 be incorporated into the emergency management framework for the province.

As a response to the 2017 disaster events, the Province commissioned an independent review lead by George Abbott and Chief Maureen Chapman, resulting in the May 2018 report, *Addressing the New Normal: 21st Century Disaster Management in British Columbia*. The report contains 108 recommendations with key themes of partnerships & participation, knowledge & tools, communication & awareness, and investment. An overarching theme of collaboration, planning, and prevention is also prevalent as a strategic shift from the often-reactionary response within emergency management. As referenced in the report:

"It is imperative that we move to a multi-year, multi-pronged approach to community safety — one that involves concerted, proactive investment before emergencies happen."

Such planning and prevention involve many stakeholders, most notably First Nations communities, local

governments, Federal departments, and Provincial ministries. It also includes private sector expertise, forest licensees, tenure holders, and private landowners.

The business community plays a vital role in the response and recovery efforts through on-demand and expert support to execute operations including feeding and supporting firefighters, volunteers, and evacuees alike. The same businesses may also employ and could potentially be run by community members affected in areas where wildfires, floods, and other disasters may occur. Local businesses could also play an expanded role in providing food and beverage, lodging and other needed support streams to evacuees. Forest licensees and forest professionals are often the placed to support the planning and execution of interface fire protection and overall fuel management objectives. The Province could also create efficiencies by opening up processes to new innovative tools from BC businesses. For example, the Emergency Social Services (ESS) registration process for evacuees is paper-based and inefficient and would benefit from technological solutions. By bringing the BC private sector, including tenure holders, professionals, and the businesses community into the preparation and prevention process, it will not only build British Columbia's capacity to prepare for, or even prevent disasters, but the following benefits can be achieved:

- Better awareness, coordination, and formal linkages to technical expertise and operational capabilities;
- Coordinated area-based planning and land use objectives, including fuel management;
- Local knowledge, relationships, and experience from BC-based contractors, both from technical experts and employees, during emergency operations compared to contractors from other jurisdictions;
- Potential technological improvements compared to stale and inefficient practices and systems in place.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Fully implement the recommendations from the Abbott/Chapman Report;
2. Develop a long-term vision and action plan to move towards disaster prevention, including strategic flood mitigation, and interface wildfire prevention;
3. Develop partnerships with forest licensees, tenure holders, professionals and the business community to form operational agreements and new prevention initiatives;
4. Develop a priority policy for BC based companies, contractors, and consultants for emergency planning, and for emergency operations;
5. Seek technological solutions to support the Province's Emergency Management system, and particularly those that benefit front-line workers;
6. Recognize the critical support that local community-based businesses provide to emergency response efforts, and ensure that voucher programs, accommodations, and other support programs are opened up to the broader business community; and

7. Encourage communities to develop business-based asset/suppliers lists of available equipment and resources that can be accessed during an emergency.

EMERGENCY MANAGEMENT: WILDFIRE INTERFACE AND PREVENTION (2019)

ISSUE

Since the wildfires of 2017 & 2018, many BC communities have taken it upon themselves, without provincial assistance, to begin developing strategies for the prevention of wildfires and floods through landscape management programs, and wildfire interface initiatives. This process has included expensive feasibility studies* and stakeholder sessions** to gather facts and options for the communities based on their own unique landscapes. While noble in concept, this approach where BC communities work in silos to address their very real dangers risks becoming counterproductive without provincial support and collaboration.

The lack of guidance and leadership from the provincial government on wildfire prevention strategies has led communities to take their own steps to address the issues, while asking the province to provide financial support to ensure sustainability of the programs.

BACKGROUND

Different landscapes around the province will require different approaches, however, the province should be coordinating these approaches to ensure proper collaboration and sustainability. Many communities currently looking to implement wildfire interface strategies, can only do so with proper provincial and or federal support. Such support is currently not clearly identified or earmarked in the provincial budget.

Many thousands of dollars are being spent at the municipal level to gain a better understanding of what communities can do to mitigate the risk of wildfire. Many of the ideas coming out of these studies are similar in nature and would benefit from a holistic provincial approach to ensure long term sustainability and provide access to rural and remote communities that do not have the resources to develop their own strategies.

Examples of Studies in Development

The City of Cranbrook commissioned a feasibility study in January 2018 asking for the province to use them as a “pilot project” based on their study to do an intensive fiber recovery from wildlands and create a 48,000ha full interface buffer around the community of Cranbrook.

In their study, Cranbrook cites the economic impact of an evacuation of the City of Cranbrook over a single day to be estimated at \$13,174,432 vs three days at an overwhelming \$51,205,040. The study goes on to state the cost of preventative treatment at a rate of approx. \$28,144,661, with additional options for cost recovery laid out based on how the province chooses to deal with post harvest fuels.

Cranbrook Proposition to the Province was:

- Cranbrook as a pilot project with industry and government;
- Recover the fibre to develop a biomass industry;

- Build a small pellet/torried pellet plant 10-30 k tonnes a year;
- Liquid biofuels;
- Co-gen plant would power our spray irrigation and water treatment plant; and
- Possible district heating project.

Outcomes and Potential Benefits:

- Fire safety for the community;
- Economic viability;
- Economic sustainability;
- Province enjoys positive economic impact (corporate and personal income tax, sales tax)
- City enjoys revitalization of the local forest industry; and
- Province, City and Industry seen as progressive, collaborative leaders.

What is needed from the Province:

- Waive stumpage on non-merchantable timber (status quo-zero revenue as is);
- Change the logging practices and rules as the project moves forward as a template for treating Wildfire interface areas in all areas around the province;
- Remove the wildfire interface from the timber harvesting land-base so it doesn't affect the AAC Licensees; and
- Work with the city to support start-up operations

The Cranbrook study was just one approach identified by a community which has seen the risk of wildfire on its doorstep with wildfires raging in the area as recent as 2018.

Another community looking into options for wildfire prevention measures is the City of Quesnel. Currently in the process of doing stakeholder engagement around the province, the leaders of this study are approaching their proposed project with a focus on “Managing for Landscape-scale Ecological Resilience” with the hope of showing ways to manage our forests more holistically, and with a lens for the long-term health of our lands, our resources and our communities.

“The Quesnel project aims to address landscape level problems with appropriately scaled ecological resilience models. Rather than dealing with a regional problem at the forest stand level, they aim to manage the land at the same scale that the problem exists. This means more coordination of information, and cooperation of First Nations, Local and Regional Governments, Provincial Ministries and Industry.”

While both studies hold great merit and are similar in nature of their ask of different levels of government involvement through funding and collaboration, the key to the success of either one is the financial support, collaboration and management at a provincial level. Because there is no part of the province that is untouched by the effects or risks of wildfire, it would make sense that the province leads the development of a comprehensive approach to wildfire prevention for the entire province, while considering the various forest types in each region.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Select a community in each tourism region to run a “pilot program” for new fire interface practices and then track and communicate the approach, costs and results; and
2. Develop a comprehensive approach considering the results of the pilot program, to create a long-term action plan to move towards disaster prevention, including strategic flood mitigation, and interface wildfire prevention.

FLOODs – AN EMERGING ECONOMIC THREAT REQUIRING ACTION (2019)

ISSUE

British Columbia has several thousand kilometres of coastline along which communities are located. Likewise, Fraser River and other rivers flow through BC that are vulnerable to flooding. Floods from rivers and oceans could destroy or affect residential, commercial, industrial and agricultural properties as well as affect transportation means (roads, highways, bridges) and cause widespread disruption to day to day living requiring significant expenditure to restore areas back to pre-flood conditions. The damage to the economy and businesses due to floods are significant, in the hundreds of million dollars. Flood protection structures, measures such as dikes and associated infrastructure (pump stations, flood boxes, rip rap and relief wells) throughout BC need to be upgraded to combat the threat of sea level rise of up to 1 m by 2100. Significant timebound expenditure is needed to upgrade flood protection infrastructure throughout BC.¹

BACKGROUND

Climate change as a result of global warming leading to melting ice caps in the north and south poles is causing sea level rise. The BC Ministry of Environment and Climate Change Strategy has directed cities to prepare for a 1m rise in sea levels by 2100. Extreme weather events causing significant rainfall/snowfall are being seen in BC communities. This can cause significant flooding of rivers flowing through BC. Flooding poses catastrophic risks to BC’s economic vitality, safety, environment, property owners and communities.

Although, cities have been directed to prepare for sea level rise, there remains the need for significant dollars (running into billions) to upgrade dikes and associated infrastructure over the coming years to prepare adequately for such flooding events especially the 1m rise of the sea level in the next 80 years. There is a 0.5% chance of an extreme flood today while there is a 50% chance of an extreme flood by 2100 AD. Complete restoration of coastal communities and infrastructure following a major flood event could take several years, needless to say, causing severe disruption to the economy resulting in losses of several hundreds of million dollars. To help prevent damage and losses, dikes across BC have to be upgraded in a timely manner and in a priority sequence.

As part of its long-term flood adaptation strategy, the City of Surrey has embarked upon a full review of existing dike infrastructure throughout the City limits and has identified priority areas around rivers

¹ 2019, Surrey Coastal Flood Adaptation Strategy – Presentation to the Surrey Board of Trade Environment Team by the City of Surrey Environment and Drainage Manager <https://businessinsurrey.com/wp-content/uploads/2019/02/CFAS-Surrey-BOT-Feb-14-2019-compressed.pdf>

(Nickomekl, Serpentine) and the coastline (boundary bay) requiring significant investment for upgrades over the next several years for which both provincial and federal funding will be required in addition to city funding.²

It is understood that dike inventory maps, designs etc. have been prepared by the Provincial Government and that funding for upgrades from both the federal and provincial government have arrived in pockets over the years since at least 2014. However, as stated previously, additional significant and strategic funding and planning is required to study flooding patterns of rivers, understand climate change implications with respect to sea level rise especially time sensitivities, as well as improve and upgrade flood protection measures throughout BC.³

Overall, we found the BC government is not adequately managing the risks posed by climate change. It is very likely that B.C. will not meet its 2020 emissions reduction target of 33% below 2007 levels, and models suggest the province is not on track to meet the 2050 target.⁴ Government has work underway to adapt to climate change, but more needs to be done. Actions are taking place at the ministry level—notably to build a strong foundation of knowledge and develop tools—but adaptation needs to be better integrated into policies and decision-making processes.⁵ Key climate-driven risk areas, like flooding and wildfires, require additional attention.

We found that government may not be able to manage flood risks, given that roles and responsibilities are spread across many agencies and levels of government, and these organizations may not have adequate staffing or technical capacity. Government's current activities to prevent wildfires are not sufficient, as a substantial number of hectares of forest require fuel treatments. Treatments have not been occurring in a coordinated manner, nor have they been targeting areas of highest risk. Adaptation is not just a provincial government issue. Local governments are on the front lines, but we heard that they are challenged to effectively take action. This includes a lack of financial support, reliable data and knowledge, and policies at the provincial level. As well, the provincial government has not yet significantly involved First Nations in provincial action.

THE CHAMBER RECOMMENDS

That the Provincial Government partner with various levels of government to provide funding through a strategic plan over time to ensure upgrades to flood mitigation infrastructure.

“MADE IN BC” SOLUTION TO STREAMLINE THE REGULATORY TRANSITION OF THE BC CANNABIS INDUSTRY (2019)

ISSUE

Private cannabis retailers in BC are an essential component of cannabis legalization, and vital to achieving the goal of moving consumers away from utilizing the unregulated market. To be viable, private retailers

2 Serpentine and Nikomekl Lowlands – City of Surrey <https://www.surrey.ca/city-services/3654.aspx>

3 Flood protection structures in BC <https://www2.gov.bc.ca/gov/content/environment/air-land-water/water/drought-flooding-dikes-dams/integrated-flood-hazard-management/dike-management/flood-protection-structures>

4 <http://www.bcrea.bc.ca/government-relations/flood-protection>

52018, https://www.bcauditor.com/sites/default/files/publications/reports/Climate_Change_FINAL_0.pdf

need a reliable supply of cannabis in terms of product quality, variety and quantity. Currently, some of the provincial regulations for retail and federal regulations for production are impeding the viability of independent private retailers, in relation to the local supply chain. Expedited regulation of BC's existing cannabis cultivators could end BC's, and the nation's, supply shortage. Chambers of Commerce throughout BC, working with this important economic sector have solutions to address the cultivation-supply issue, retail-distribution and processing.

BACKGROUND

The new federal, provincial and municipal cannabis regulations represent extensive requirements for current and aspiring cannabis businesses to integrate into the legal framework. Such integration is a vital component of achieving the goal of eliminating the illicit market.

British Columbia has a mature and well-established cannabis cultivation industry, sustaining an estimated 50,000 to 100,000 jobs, that seeks to be regulated. The unregulated cannabis industry is a significant economic driver in many regions of BC, estimated at \$2-7 billion per annum. For perspective, at the \$2B estimate cannabis is: bigger than fishing, forestry, and mining combined; 4 times larger than BC's wine industry; 3 times larger than BC's craft beer industry.

Disruption of existing cannabis businesses would create significant economic hardship for many regions, municipalities, small businesses, and citizens of BC. Further, disruption would create hardship to the health and wellness of many British Columbians, including critically and chronically ill, and senior citizens.

An opportunity exists to develop policy that will successfully regulate a significant portion of the cannabis industry in BC, an achievement that would be a clear economic benefit for the province. A thriving, regulated cannabis industry in BC would be well positioned to become a leader in what will soon be a global marketplace

These economic factors show that there is a need to support and strengthen the existing or "legacy" cannabis industry in BC.

Across the Province there are hundreds and perhaps thousands of small unregulated cannabis producers, who received a pathway for inclusion at the outset of the regulated recreational cannabis economy on October 19, 2018. Supply shortages in the regulated cannabis market are impacting provincial and private retailers across Canada: these shortfalls are predicted to continue through 2019 and into 2020 at a minimum.

Private retailers in BC are facing considerable challenges after receiving their licenses and attempting to stock with products from the LDB. There are currently 13 retail licenses in BC. Several licences are in various stages of the approval process. The success and sustainability of cannabis retailers depends on the strength of their supply chain, and a lack of availability of product from small local producers, and the resulting lack of buy-in from consumers is a concern for retailers in BC.

There is clearly an opportunity to successfully regulate a significant portion of the cannabis industry in BC, an achievement that would be a significant economic benefit for the province.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Ensure Fairness in Distribution and Retail:
 - a. That there be equitable distribution of products between provincial and private retailers;
 - b. That online sales be permitted for private retailers;
 - c. That the LDB price structure does not devalue the products and undermine private retailers;
 - d. That the vetting process for cannabis retail staff be equivalent to the vetting process for alcohol staff. At a minimum, provide temporary work permits while security screening is underway;
2. Support Craft Cultivation and Private Retail in BC, by creating programs that:
 - a. encourage municipalities to create by-laws for micro and standard license applications;
 - b. encourage craft cannabis cultivators in BC to join the regulated market;
 - c. encourage investment into these businesses;
 - i. Allow existing cannabis businesses that are applying to be regulated to maintain operations during the transition;
 - ii. Allow direct sales from craft producers;
 - iii. Prioritize the purchase of BC-grown products by the LDB to support and promote BC product;
3. Promote Sustainable Practices in Cannabis:
 - a. The packaging requirements for cannabis result in solutions that employ an undue amount of single use plastic, out of step with the global need to reduce plastic waste. We recommend packaging laws be revisited to allow simpler, sustainable, reusable packaging; and
 - b. We recommend that Health Canada conduct a review of the environmental impact of regulated packaging rules on waste production for the sector.

THE COST OF PROLIFIC OFFENDERS ON THE LOCAL ECONOMY (2019)

The economic development of any community relies upon its reputation as a safe, viable region in which to locate and do business with supporting infrastructure, community assets, and most importantly, customers willing to walk in the door. However, if customers feel unsafe, they won't come. If the reputation of a region is suspect, businesses won't come. If the media targets a community as one in which prolific offenders reside, its economy suffers.

Media reports often highlight threats to communities when an individual is released from incarceration and has not completed mental health or drug treatment programs. News reports headline those who re-offend shortly after their release. While the public does have the right to know, the impact of such media upon business decision-makers as to where they will house their companies and staff cannot be ignored. The media is not the problem. The concern is the profligacy of offenders and their return to the same

community time and again.

Solutions to the problems of prolific offenders are widely known and supported amongst the criminal justice community; however, federal and provincial budget decisions leading to program cuts can lead to the unsuccessful reintegration of some offenders. For example, reductions in federal funding for psychiatric services for offenders while incarcerated and post release can set up an offender for failure and increase community risk.

The Province of British Columbia released a report in December of 2014 entitled *Getting Serious about Crime Reduction*, which is one example of best practises across Canada to end the cycle. The six recommendations are listed below:

1. Manage prolific and priority offenders more effectively.
2. Make quality mental health and addiction services more accessible.
3. Make greater use of restorative justice.
4. Support an increased emphasis on designing out crime.
5. Strengthen inter-agency collaboration.
6. Re-examine funding approaches to provide better outcomes.

The current initiatives undertaken by the BC government in relation to the Blue-Ribbon Panel Recommendations include:

- Consideration of a regional, integrated community safety partnership pilot project that would bring together local, relevant government and non-government agencies in identifying and prioritizing community safety goals, focusing resource allocations and programs accordingly, and measuring and evaluating the outcomes.
- Collaboration between BC Corrections and provincial post-secondary institutions to expand job-training options for offenders and thereby better support their re-integration into society.

Since the release of the Blue-Ribbon Panel in December 2014, the Provincial government has not provided much public commentary on their efforts to enable the recommendations. Certain initiatives, such as the Integrated Court Services model recently approved in Surrey, British Columbia, do incorporate aspects of the recommendations in their development.

Provincial and federal resources contributed to the success of Community Courts and Integrated Services Programs. Senior B.C. Corrections staff led the development of the Mental Health Strategy for Corrections in Canada. The strategy seeks to ensure mentally ill offenders receive progressive and consistent care in custody and after release.¹

To date, BC Housing, and social assistance providers are the only points of access for released inmates to receive assistance in finding housing. Without adequate housing and jobs, re-offense becomes a higher risk. The current plan to move rehabilitated individuals into half-way homes then allowing them to reside in their choice of communities puts these communities at risk if stable jobs and housing assistance is not provided by governments.

Communities throughout BC benefit when stakeholders, service providers, police and justice agencies,

¹ <http://www.csc-scc.gc.ca/health/092/MH-strategy-eng.pdf>

under the leadership of the Province, work together to provide offenders with the best opportunities for re-integration and minimizing criminal behaviour. Services including housing, drug and alcohol rehabilitation programs, life skills, employment, and counselling are key to decrease prolific offences occurring in any community. Less crime leads to greater economic prosperity as businesses and customers come to a safe, viable community.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Work in coordination with the Federal Government to provide adequate budgetary support for offenders to receive treatment while incarcerated and for post-release housing and programming of prolific offenders to ensure successful societal reintegration and safer communities; and
2. Combine resources with the Federal Government to ensure the efficacy of programs such as the Integrated Court Services Plan and the successful implementation of measures such as the previous Blue-Ribbon Panel recommendations.

SUPPORTING BC'S LAND-BASED WINERIES, CIDERIES & DISTILLERIES (2019)

ISSUE

Agri-tourism offers farmers tremendous opportunity to add value to their operations, enhance local economies and educate visitors. Wine-based¹ agri-tourism supports a visitor economy in wine growing regions. Wineries are a catalyst for tourism in many regions. A 2015 report on the economic impact of the wine and grape industry in Canada estimated that there were 1 million tourists visiting B.C. wineries, having a total impact of wine-related tourism of \$246 million². Estimates suggest that for every bottle of wine produced in the province, there is \$48 of economic impact generated³.

A 2018 report estimates that the Liquor Distribution Branch (LDB) generates *over \$1 billion annually which goes into general revenue* of BC government revenues.⁴

Farm-based wineries attract visitors from all around the world to the region to sample the wine, taste local foods, see local sites and stay in local accommodation. A strong, well-known cluster of wine producers entices visitors and attracts export dollars into their communities and regions and contributes to BC's \$17 billion tourism economy⁵. A healthy tourism and hospitality industry contributes provincial and local taxes, creates jobs, enhances civic pride and provides visitors and residents with leisure activities.

BACKGROUND

The tourism sector is fiercely competitive; tourists have many global destinations to choose from. The success of a wine-based agri-tourism sector depends on farmers growing the finest quality grapes, wineries practicing advanced, high quality wine-making processes plus providing unique, memorable and remarkable visitor experiences. B.C.'s wine growing regions need government to support the success of B.C.'s wine-based agri-tourism sector while minimizing the hurdles and obstacles they face.

One such obstacle is the high property tax classification for land-based⁶ wineries. BC's Liquor Control and Licensing Branch categorizes all wineries in BC as either 'Land Based' (LB) or 'Commercial' Wineries. LB Wineries must: produce wine made from 100% BC grown grapes; have at least 2 acres of vineyards at the licensed winery site and use those to produce wine; make wine with at least 25% of the grapes used to make wine coming from land owned or leased by the LB winery; not use wine or juice from Commercial wineries; use 'traditional' wine-making techniques; and be independent wineries (i.e., no common ownership with a Commercial winery).

1 The term 'wineries' here is meant to include cideries and distilleries)

2 See <https://winebc.com/industry/wp-content/uploads/sites/2/2018/02/2015-Canadian-Economic-Impact-Report-BC-Fact-Sheet.pdf>

3 See <https://winebc.com/industry/wp-content/uploads/sites/2/2018/02/2015-Canadian-Economic-Impact-Report-BC-Fact-Sheet.pdf>

4 See WineLaw.ca

5 See <http://www.tiabc.ca/about-tiabc>

6 See http://www.winelaw.ca/cms/index.php?option=com_content&view=article&id=165:licensing-a-winery-in-bc&catid=27:winery-licensing&Itemid=27

TOURISM, ARTS AND CULTURE

Grape growers producing wine on their property face much higher property tax rates (almost six times) than other types of agriculture producers (e.g., dairy, fruit, fish). This is because the BC Assessment Authority classifies wineries/cideries as 'Light Industry' (Class 5) rather than a 'Farm' (Class 9).⁷⁸

However, a review of B.C.'s farm related terms clearly identifies viticulture as a farming activity. As example, a small emerging LB winery (that used to grow and process a different product) now faces an additional \$4000 annual tax increase as a result of reclassification of their farm buildings to 'light industry'. The property tax of another larger LB winery went from \$1,200 - \$26,000/yr.

LB Wineries, offering visitor experiences (e.g., wine tastings, tours) need every dollar to invest in their agri-tourism business in order to create high quality, unique, memorable visitor experiences. They use these dollars to improve viticultural practices; develop better quality wines; hire, train and develop staff; invest in tourism infrastructure; and market their product. B.C.'s wine tourism regions can only benefit from the production of excellent wine products and tourism experiences.

A comparative scan of other grape growing Canadian provinces reveals that most do not target farmers growing grapes and producing wine with higher taxes. Ontario (most comparative to BC in terms of quality and size of grape production) really supports their wine industry. The Ontario Ministry of Agriculture, Food and Rural Affairs announced a \$75 million commitment over five years to support implementation of the Ontario Wine and Grape Strategy⁹. Ontario's intention is to support *growth in the wine and grape sector* by building *tourism in the province's wine regions* through provision of incentives that encourage *wineries to increase investment in productivity, innovation, tourism and export development*.

B.C. wineries offering visitor experiences are the foundation of a strong agri-tourism sector in many of B.C.'s regional destinations (Okanagan, Islands, Lower Mainland, Thompson). The substantial economic spin-off from these wineries to local regional economies is significant¹⁰. B.C.'s governments need to reduce barriers in order to grow and develop LB wineries so that B.C. remains competitive with other wine producing regions in Canada and elsewhere. Government should support the winery based agri-tourism sector by recognizing how globally competitive the winery-based agri-tourism sector is and by encouraging the development of wineries. The economy of the wine region, the health of the region's hospitality providers and the local population will all benefit as a result.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Identify the best way(s) to support expansion and development of B.C.'s land-based wineries engaged in agri-tourism by providing recognizable and measurable tax relief that offsets the difference between Class 6: Business (production or storage of food and non-alcoholic

7 https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/finance/local-government-statistics/schedule702_2018.xls

8 <https://info.bccassessment.ca/Services-products/property-classes-and-exemptions/understanding-property-classes-and-exemptions>

9 See <http://www.omafra.gov.on.ca/english/about/wine-grape-strat.htm>

10 The tourism multiplier effect is successive and magnified particularly when compared to other economic sectors. The impact of tourists direct spending on a wide range of products and services in the region, generates indirect spending and finally induced spending.

TOURISM, ARTS AND CULTURE

beverages) and Class 5: Light Industry assessment applied to buildings on agricultural properties only when the activities is related to alcohol production. The provincial tax credit (relief) should offset the higher property taxes for LB wineries/cideries/distilleries offering unique, authentic experiences to visitors in B.C.; and

2. Undertake a planning process to encourage expansion and development of the wine, cideries and distilleries agri-tourism sector in BC. An ensuing plan or strategy needs to work in concert with B.C.'s Agri-tourism policies and regulations¹¹.

¹¹ See https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/agricultural-land-and-environment/strengthening-farming/consultation_summary-agritourism_consultations_sept_2016.pdf

T TRANSPORTATION AND INFRASTRUCTURE

ACCELERATING TRANSPORTATION INFRASTRUCTURE TO SERVE ONE OF THE FASTEST GROWING REGIONAL ECONOMIES IN CANADA (2019)

ISSUE

Efficiently moving people and goods is essential for economic growth and for building a prosperous future for the province, its communities and its citizens. The economies of the Okanagan Valley and the southern Interior are inextricably linked to that of BC, Canada, and to our trading partners in the United States. However, the current transportation infrastructure connecting Washington State through to the TransCanada Highway in the interior of BC is not keeping pace with the population and economic growth of the region.

The Okanagan Valley is one of the fastest growing regions¹ not just in the province, but in the entire country. A failure to address significant stress points along the valley corridor in a timely manner will limit that growth, minimize prosperity, create inter-community transportation challenges and consequently limit the region's contribution to the provincial economy.

Traffic in the region has grown along with the population and while individual mobility gets much of the attention from local governments, movement of goods, products and service vehicles gets very little attention. Given that transportation is a significant economic driver for BC and its efficiency impacts indirectly all other aspects of our economy, the establishment of a long-term integrated transportation strategy that considers business and industry needs is essential in ensuring BC's economic success.

BACKGROUND

According to the most recent census, British Columbia's population increased by 60% from 1986 to 2017 and the Central Okanagan has seen the largest regional population increase—114% since 1986.²

Population is projected to continue to grow rapidly through the Okanagan Valley, which will lead to further diversification of the economy through expansion in retail trade, construction, tourism and service industries. This growth is placing increasing traffic demands on Highway 97, Highway 97A and 97B.³

Significant provincial investment in transportation infrastructure improvements is needed to ensure the safe and efficient movement of people and goods, and reflect the objectives identified by communities as part of the 2011 Okanagan Valley Traffic Symposium.⁴

A recent Ministry of Transportation and Infrastructure study⁵ of the Central Okanagan identified a number of concerns and noted that by 2040, the WR Bennett Bridge linking Kelowna to West Kelowna and

1 <https://www150.statcan.gc.ca/n1/pub/91-214-x/2018000/section01-eng.htm>

2 Trends in BC Population Size & distribution – Ministry of Environment, BC Government
<http://www.env.gov.bc.ca/soe/indicators/sustainability/bc-population.html>

3 BC Ministry of Transportation Website – Okanagan Valley Corridor
<https://www2.gov.bc.ca/gov/content/transportation/transportation-infrastructure/projects/okanagan-valley-corridor>

4 <https://www2.gov.bc.ca/gov/content/transportation/transportation-infrastructure/projects/okanagan-valley-corridor/okanagan-symposium>

5 Okanagan Lake Second Crossing Project – Consultation Companion Report, Min. of Transportation, spring 2017. Summary of Key Findings

T RANSPORTATION AND INFRASTRUCTURE

spanning Okanagan Lake will reach capacity in its current configuration. The approaches on both sides will reach capacity before then. Counterflow lanes and pedestrian/bicycle lane removal are now being considered for retrofits to improve traffic flow. The study also noted that by 2040 all signalized intersections within developed areas in the study will experience significant congestion and delay.

Transportation improvements in the interior of British Columbia by both the Province and local governments over the past few decades have been positive but despite those improvements and because of the region's rapid growth, congestion and lack of infrastructure are creating significant challenges. As an example, the lack of a bypass or secondary routes around the urban centres; the continual risk of landslides along highway 97 and highway 97A connecting the central valley cities to the south and the US border; numerous other safety concerns; and congestion throughout the region all are threatening to hamper growth and constrain the economy.

Some studies and plans have been completed by various authorities. However, it has been some time since the Province fully engaged the business community and industrial stakeholders who rely heavily on the trucking industry to move more and more products to and from customers within, and throughout the region. Reduction in freight rail service over the last decade has also led to a dramatic increase in industrial traffic which has only added to the problem. This increased truck traffic, fueled primarily by diesel fuel, has led to a rise in GHG emissions which of course has a negative impact on the region's air quality, especially when traffic jams are factored in.

Unfortunately, responsibility for transportation is highly fractured; all levels of government retain some responsibility over the transportation system and as such all must recognize the absolute necessity of integrated long-term planning that addresses both the movement of people and products. This fragmented approach to planning may be one of the factors fueling the stalled discussions around a second crossing of Okanagan Lake and bypass routes around major metropolitan areas. Regardless of the causes of the delayed discussions, those in the trucking industry and commuters themselves are increasingly concerned and frustrated by the clogging of the transportation arteries that are the lifeblood of the economy.

It is also important to note that numerous surveys conducted by various Chambers in the interior have flagged transportation as the number one issue for businesses and industry. The Mayor of Kelowna said in a public speech in April of 2019 that transportation is the "number one most important issue raised by residents of Kelowna, year over year."

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Establish a long-term vision for the Okanagan's transportation network that builds on the vision of the "Cariboo Connector" and commits to a multi-lane highway that spans the entire region;
2. Re-engage the business community and industry leaders in the Okanagan in identifying and implementing strategic regional investments in the transportation network including but not limited to accelerating the planning and implementation of:

T RANSPORTATION AND INFRASTRUCTURE

- a. The second crossing of Okanagan Lake to better serve the rapidly growing cities of Kelowna and West Kelowna;
 - b. Highway bypass routes near Peachland, Kelowna, and Vernon; and
 - c. Grade separated interchanges along highway 97 near high population areas that accommodate higher vehicular capacity and reduce the negative impacts of stop and go industrial traffic at controlled intersections.
 - d. Realign Hwy 3 to improve the highway by widening and straightening to improve the flow of commerce and travel in southern British Columbia for the benefit of the entire province.
3. Initiate a discussion with regional local government leaders, along with industry and business leaders in evaluating the potential of creating a regional governance model to plan, implement, and operate a regional transportation system;
 4. Engage in discussions with transportation authorities in Washington State in identifying opportunities to enhance the inland transportation corridor for business and industrial traffic; and
 5. Work with the Federal Government to enhance the capacity and operation of the US border crossings in the interior of BC as a means of strengthening economic activity and providing a viable alternative to ever-increasing traffic gridlock along the US I-5 corridor.

DRIVING BC'S ECONOMY: IMPROVING HIGHWAY INFRASTRUCTURE IN NORTHERN BC (2019)

ISSUE

The rural and remote communities of Northern BC are at the heart of the provincial economy, providing resources and revenues that benefit all British Columbians. Much of the transportation supporting the Northern economy relies on dangerous and inefficient two-lane highway and road systems. With the economy of Northeastern BC growing rapidly, traffic on these highways is increasing, leading to more wear and tear on the roads, more risks, and more delays for BC businesses. We recommend that the provincial government invest in four-laning highways across BC's North, with attention to Highway 97 between Dawson Creek and Fort St. John. As part of this section of highway, we recommend the replacement of Taylor Bridge, which connects the north to the south across the Peace River.

BACKGROUND

BC's 2019 Budget acknowledges the importance of modernizing infrastructure and strengthening resource industries, with a commitment to invest \$20 billion over three years in infrastructure projects around the province. The provincial budget specifically draws attention to the new liquified natural gas (LNG) pipeline being built between Fort St. John and Kitimat. This new project will create 10,000 construction jobs, 950 permanent jobs, investments in BC businesses and communities, and billions of dollars in provincial government revenues.¹

¹ British Columbia. *Making Life Better: Budget 2019*. <https://www.bcbudget.gov.bc.ca/2019/download.htm>

T RANSPORTATION AND INFRASTRUCTURE

A report from the Conference Board of Canada shows the potential for further development in Northeastern BC as the LNG and subsidiary industries continue to develop.² The total value of major projects proposed and begun in Northeastern BC has tripled in the last decade,³ and Regional Labour Market Statistics indicate that employment growth is second-highest in Northeastern BC of the province's seven regions.⁴ This growth trend can only be expected to continue as the LNG industry develops, bringing more and heavier vehicles that wear down highways faster.⁵

These roads are relied upon by the oil & gas, forestry industries, tourism from the US to Alaska, and, currently, for construction of the Site C dam just outside Fort St. John. For many trips, there is only one possible route—a two-lane road in poor condition.⁶ This is a problem for the following reasons:

- **No Rail.** While rail is commonly used in Southern BC to transport freight and support industry, there is less rail infrastructure in the North, pushing all freight transportation onto highways.⁷
- **Delays.** A road in poor condition needs frequent maintenance, and occasionally more serious construction work, which means alternating traffic through one lane while work occurs on the other side. Many Northern roads have insufficient shoulder, and bottlenecks also occurs when a rig breaks down and is unable to pull out of the lane. These types of bottlenecks can also become safety hazards as cars attempt to maneuver around.⁸
- **Safety.** On two-lane roads with many large, slower-moving trucks and few opportunities to pass safely, there is a unique risk for head-on accidents, as drivers may make dangerous passing choices. The issues of safety on the highway and efficient traffic flow compound one another.⁹

To address these issues, work is needed to improve the following infrastructure:

- **Highway 97 from Dawson Creek to Fort St. John.** This is the corridor through which millions of dollars worth of goods flow back and forth between businesses in the north and south of northern BC, as well as Alberta, the Yukon, the Northwest Territories, and Alaska.¹⁰ A previous provincial government mandate to four-lane this route was never completed, and there are still many two-lane sections, with many of the associated safety and efficiency issues described above.
- **Taylor Bridge.** This section of highway also includes the two-lane Taylor Bridge, which crosses the Peace River, connecting the north and south of NE BC. This vital artery in the transportation network is located just outside of Fort St. John, and is busy with commercial traffic serving all LNG production and other resource industry facilities. A 2015 inspection found that the bridge's deterioration required \$1 million in repairs each year (expected to increase), causing long delays during short seasonal construction timeframes, and gave the bridge an urgency rating for

2 Robins, Allison, Prince Owusu, Dan Munro, and Len Coad. *A Changing Tide: British Columbia's Emerging LNG Industry*. Ottawa: The Conference Board of Canada, 2016. <https://www.conferenceboard.ca/e-library/abstract.aspx?did=7726>

3 Resource Municipalities Coalition. "Submission to Select Standing Committee on Financial and Government Services." <http://rmcoalition.com/reports/coalition-position-papers-and-letters/>; British Columbia. "BC Major Projects Inventory; Recent Reports." <https://www2.gov.bc.ca/gov/content/employment-business/economic-development/industry/bc-major-projects-inventory/recent-reports>

4 British Columbia. "Labour Market Statistics; Highlights, January 2019."

<https://www2.gov.bc.ca/gov/content/data/statistics/employment-labour/labour-market-statistics>

5 Report on the Budget 2019 Consultation. Select Standing Committee on Finance and Government Services.

6 Report on the Budget 2019 Consultation. Select Standing Committee on Finance and Government Services.

7 Railway Association of Canada. *Canadian Railway Atlas, 5th edition*. <https://www.proximityissues.ca/reference/maps/>

8 Report on the Budget 2019 Consultation. Select Standing Committee on Finance and Government Services.

9 Report on the Budget 2019 Consultation. Select Standing Committee on Finance and Government Services.

10 Letter from Dan Davies, MLA Peace River North. <https://www.energeticcity.ca/2017/11/davies-urges-transportation-minister-replace-taylor-bridge/>

T TRANSPORTATION AND INFRASTRUCTURE

replacement of 4 out of 5, which indicates “the dire economic issues that would arise should the span be closed.”¹¹

- **Taylor Hill.** The hills on either side of the Taylor Bridge are prone to landslides, and further drainage capacity is needed mitigate this risk.¹² A major landslide in this area is not only a risk to public safety, but also has the potential to cut off highway access to Fort St. John from the South for an extended period of time, causing extreme disruptions to the BC economy. Work has been done on four-laning and reducing risks on Taylor Hill, but the project has not been completed.¹³

This policy resolution is expected to receive broad support from Northern communities and businesses that rely on the highway for access:

- **Supporters.** The current resolution is supported by Mayor Rob Fraser of Taylor, by MLA Dan Davies, and by the Resource Municipalities Coalition.¹⁴
- **Past Proposals.** This recommendation builds on proposals made to the provincial government in the past by the North Peace Rural Roads Initiative, the BC Trucking Association, the Independent Contractors and Businesses Association of BC, and the Business Council of BC.¹⁵
- **BC Budget Consultation.** This resolution aligns with Recommendation #99 of the Select Standing Committee on Finance and Government Services for the BC Budget 2019 Consultation.¹⁶

The BC Ministry of Transportation and Infrastructure is currently putting together a business case for either replacing or renovating Taylor Bridge, and it is likely that the option to replace will be superior. Cost estimates for the project are not yet publicly available, but a typical estimate for a four-lane bridge is about \$250 million, plus at least \$70M to complete the risk mitigation on Taylor Hill and the four-laning of the highway from Dawson Creek to Fort St. John.¹⁷ It is hoped that between the revenues generated for the provincial government by the Northeastern economy— including an expected \$23 billion from LNG production in Fort St. John— and the provincial government’s commitment to infrastructure spending in the coming years, that this project can be prioritized for funding.¹⁸

The Resource Industries section of the BC Budget released February 19, 2019, begins, “B.C.’s resource industries — and the people who work in them — have built our province and will continue to be at the core of our economy moving forward.”¹⁹ It is now up to our provincial government to demonstrate their commitment to this statement by investing in the infrastructure needed to support continued growth, promoting regional equity for the North and driving BC’s economy into the future.

THE CHAMBER RECOMMENDS

That the Provincial Government:

11 Letter from Dan Davies, MLA Peace River North. <https://www.energeticcity.ca/2017/11/davies-urges-transportation-minister-replace-taylor-bridge/>

12 BGC Engineering. “Alaska Highway Upgrade.” https://www.bgcengineering.ca/alaska_highway_upgrade.html

13 British Columbia. “Highway 97 – South Taylor Hill.” <https://www2.gov.bc.ca/gov/content/transportation/transportation-infrastructure/projects/south-taylor-hill>

14 Personal correspondence.

15 Report on the Budget 2019 Consultation. Select Standing Committee on Finance and Government Services

16 Personal correspondence; Resource Municipalities Coalition. “Submission to Select Standing Committee on Financial and Government Services.” <http://rmcoalition.com/reports/coalition-position-papers-and-letters/>

17 Personal correspondence.

18 British Columbia. *Making Life Better: Budget 2019*. <https://www.bcbudget.gov.bc.ca/2019/download.htm>

19 British Columbia. *Making Life Better: Budget 2019*. <https://www.bcbudget.gov.bc.ca/2019/download.htm>

T TRANSPORTATION AND INFRASTRUCTURE

1. Four-lane Highway 97 from Dawson Creek to Fort St. John;
2. Replace the old two-lane Taylor Bridge outside Fort St. John with a new four-lane bridge;
 - a. Complete the four-laning of the highway and installation of drainage to prevent landslides on the hills on either side of Taylor Bridge; and
3. Explore further opportunities to streamline the provincial economy by improving highway and road infrastructure in Northern BC.

ENHANCING SUPPORT FOR CYCLING AS A MODE OF WORKFORCE TRANSPORTATION (2019)

ISSUE

Efficient transportation is key for building economic and environmental sustainability. Currently, transportation infrastructure and traffic congestion are major economic issues in BC's large urban centres as they create barriers and delays for employees getting to work, adversely impacting employers business operations.

There is a need for alternative transportation options to facilitate employees' commutes. Cycling, including e-bikes, provide viable alternatives for employees in commuting and general transportation. There are multiple barriers to using bicycles and e-bikes in BC's large urban centres principally, especially for commuting. These core barriers are related to concerns with the costs, convenience and comfort, infrastructure, lack of cycling facilities, and safety and security. Mitigating these barriers to cycling will allow for cycling to be a more accessible option in travel, and provide economic, environmental, and health benefits.

BACKGROUND

Active transportation as a mode of commuting is fast-growing. From 1996 to 2016, the number of people cycling to work increased by 87.9%, far in excess of the overall growth in the number of commuters.¹ Specifically, 182,015 British Columbians use active transportation as their main mode of commuting to work.² Active transportation is considered either walking or cycling, with the latter being more common.

Along with regular pedal bikes, electric bikes (e-bikes) are gaining in popularity and encouraging more people to ride. An e-bike is a two- or three-wheeled cycle with an electric motor (up to 500 watts). E-bikes allow riders to go further with less effort, thus extending the range and terrain people are willing to ride; opening up the option of cycling to work to a broader population.

Many employees are willing to ride to work, but studies conducted by the North Vancouver Chamber have identified that many are facing barriers in using cycling as a mode of transportation.

The core issues, which act as barriers to cycling or e-biking are:

¹ Statistics Canada, "Commuters using sustainable transportation in census metropolitan areas: Census of population, 2016," 2017.

² Ibid.

T RANSPORTATION AND INFRASTRUCTURE

- **Purchase Price:** Bicycles, and especially e-bikes, can be expensive. While costs have come down over time, e-bikes remain expensive and are not yet affordable for everyone. Reducing this purchasing barrier will support e-bike adoption.
- **Fear of Theft:** Given the value of an e-bike or regular bike, there are also the concerns of theft of the bicycles, e-bikes, and their batteries due to a lack of secure bike parking facilities. Increased secure storage areas and anti-theft initiatives will help mitigate these concerns and risks.
- **Lack of Available and Safe Infrastructure:** While some communities have designated bike lanes or pathways, many still don't. Investing in measures to support safety and connectivity on roadways, bridges, and through neighbourhoods is critical to further adoption of cycling or e-biking to work.

Although the Province has continued to invest in cycling infrastructure, more needs to be done to support the use of bicycles and e-bikes in BC. Indeed, increased use of e-bikes will allow for greater return on those investments. Furthermore, options to encourage e-bikes will also complement other efforts in promoting cycling in general.

First, cycling can play an increasingly significant role in policies to promote low carbon transport and healthy cities.³ Cycling can help reduce traffic congestion and the wear and tear on vehicle road infrastructure. In addition, e-bikes can substitute journeys by car that are deemed too challenging for conventional pedal cycling due to distance and topography. Furthermore, as cycling allows for access to clean-energy transportation, funding for some of the options can come from the CleanBC Communities Fund.

Second, cycling can make an important contribution to promoting wellbeing through independent travel. Promoting cycling to work offers significant benefits; including health benefits associated with biking and regular exercise, associated decreased health care costs, improved productivity and reduced absenteeism.⁴ This further falls in line with most worksite wellness programs.

Third, cycling expands opportunities to engage in activities spread across wider geographical areas. Multiple studies indicate that cycling contributes probably more to the local economy than the use of other transport modes.⁵ Cyclists go more to local shops, restaurants, cafés or other local businesses than users of other transport modes, thereby increasing the retail turnover of local retailers.⁶ Cycling, including

3 Jones, Tim, Lucas Harms, and Eva Heinen, "Motives, perceptions and experiences of electric bicycle owners and implications for health, wellbeing and mobility," *Journal of Transport Geography*, 2016.

4 Tran, Molly, Linda Forst, and Susan Buchanan, "Not on the radar: active commuting as a workplace wellness issue," *Journal of Occupational and Environmental Medicine*, 2015.

Vairo, Nicole, Melissa Bopp, and Dangaia Sims, "Best practices for businesses promoting bicycling," *International Journal of Health Promotion and Education*, 2017.

Laverty, Anthony A., Jennifer S. Mindell, Elizabeth A. Webb, and Christopher Millett, "Active travel to work and cardiovascular risk factors in the United Kingdom," *American Journal of Preventive Medicine*, 2013.

Hamer, Mark, and Yoichi Chida, "Active commuting and cardiovascular risk: a meta-analytic review," *Preventive Medicine*, 2008.

Xu, Huilan, Li Ming Wen, and Chris Rissel, "The relationships between active transport to work or school and cardiovascular health or body weight: a systematic review," *Asia Pacific Journal of Public Health*, 2013.

5 Blondiau, Thomas, Bruno Van Zeebroeck, and Holger Haubold, "Economic benefits of increased cycling," *Transportation Research Procedia*, 2016.

Clifton, Kelly, Kristina M. Currans, Christopher D. Muhs, Chloe Ritter, Sara Morrissey, and Collin Roughton, "Consumer behavior and travel choices: A focus on cyclists and pedestrians," 2012.

O'Connor, David, "Shopping Travel Behaviour in Dublin City Centre Survey," 2012.

6 Kåstrup, Marie. "Are cyclists good customers," *Cycling Embassy Of Denmark*, 2013.

New York City Department of Transportation, "Measuring the Street: New Metrics for 21st Century Streets," 2012.

T RANSPORTATION AND INFRASTRUCTURE

e-biking provides an option for people in commuting to work which would assist business owners to attract and retain employees.

Fourth, cycling can be a very effective way of bridging the 'first mile, last mile' gap, helping people connect to existing transit which may not be conveniently located to their residents. This improves modal shares of both active transportation and transit, and less reliance on automobiles.

Furthermore, it is recognized that the BikeBC program is providing support to cycling infrastructure projects. However, there could be additional improvements that could further benefit people who cycle to work. As such, in order to make cycling more accessible for employees, policies could be implemented to overcome the barriers of costs, practical inconveniences, and safety while commuting.

THE CHAMBER RECOMMENDS

That the Provincial Government reduce barriers to bike and e-bike adoption as a mode of workforce transportation in the following areas:

1. Reduce Purchase Price Barriers:
 - a. Remove PST Tax and provide rebates for the purchase of e-bikes;
 - b. Increase the BC Scrap-It! Program rebate from \$850 to \$1500 when you scrap a car and buy an e-bike;
 - c. Support and develop initiatives for employers and organizations to provide financial incentives to their employees to bicycle and e-bikes to work;
2. Reduce Fear of Theft:
 - a. Expand eligible proposals for BikeBC applications to include the implementation of end-of-trip amenities, charging stations, and secure parking facilities for bicycles and e-bikes;
 - b. Continue and create new anti-bike theft programs;
 - c. Expand availability of insurance for bikes including e-bikes; and
3. Improve Availability and Safety of Integrated Cycling Infrastructure:
 - a. Increase support for separated bike paths, protected and connected bike lanes, include designated safe bike lanes on provincial roadways and bridges, and improved designed standards which can also safely accommodate e-bikes.

INVESTMENT IN NORTHERN HIGHWAY INFRASTRUCTURE – ENSURING SAFE ROADWAYS FOR ALL BRITISH COLUMBIANS (2019)

ISSUE

Northern BC plays an integral role in the overall economy of the province. Northern exports per capita are more than one and half times the provincial per capita export amount. The ongoing growth of exports leaving Canada via the Port of Prince Rupert, and other northwestern ports, to key Asian markets continues to increase the importance of safe and efficient highway infrastructure throughout Northern British Columbia in order for the Province to fully realize its economic potential.

BACKGROUND

While the Province has made significant investments and improvements to the highways in the north over the past decade, further and rapid investment continues to be required to enhance the safety and efficiency of these critical components in a supply chain which is driving growth in the economy of British Columbia. Further, with historic private investments in liquefied natural gas (LNG) projects in Northern British Columbia, our corridors will see increased commercial and passenger vehicle traffic during critical travel periods. Large portions of the highway infrastructure along these routes remain single lane. This creates safety and efficiency issues as growing levels of both passenger and commercial traffic share space within restricted laneways. As well, higher clearances are required in some areas of the highways to enable direct and less expensive transport of large equipment within the north. Finally, substantial rerouting of some portions of the inter-provincial highway system needs to be undertaken to remove commercial traffic and dangerous goods from downtown urban areas.

The need for these investments in the northern highway system is further amplified, as noted above, by the historic private investment in LNG projects. With several final investment decisions announced, Northern British Columbia highways will see substantial increases to traffic. As an example, pipeline projects may be between 600 and 900 kilometers long. With commercial vehicles carrying two to three 50-foot sections at a time, a single pipeline installation could generate 15,000 or more additional truckloads on the roadways during construction, simply to transport the sections of pipe required, let alone transportation of other components, equipment and personnel.

Through Budget 2018, specific funds were allocated to the replacement of the Patullo Bridge without matching Federal capital commitments. The Chamber would like to see long term capital planning with specific priorities for Northern British Columbia identified.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Include in the Ministry of Transportation Capital Plan a number of improvements to highways in Northern British Columbia, specifically;
 - a. Undertake rerouting of Highway 16 to the south of Prince George city proper so that this heavily travelled commercial and dangerous goods route no longer bisects the downtown of a major city, and provide the same improvements to safety and congestion in Prince George as are being developed in Cache Creek and Quesnel;
 - b. Initiate planning for future projects on the Cariboo Connector after completion of the remaining projects, determine a timeline and commit budget for the four-lane expansion of the Connector by 2028;
 - c. Upgrade and replace structures such as bridges and overpasses to accommodate industry needs, and embark on technical and safety improvements to Highway 97 from Quesnel to Dawson Creek which will enable 5.3 metre (18 foot) high clearances for transporting large manufactured equipment between Central and Northeast BC;
 - d. Conduct a needs assessment of the Cariboo Connector and Highway 16 to identify high-priority areas for the installation or alteration of median, guardrail and wildlife barriers to improve highway safety and access for emergency vehicles; and

- e. Work with Chambers of Commerce, Municipalities, Regional Districts and Destination Marketing Organizations along Northern British Columbia highways to ensure proper engagement is performed with user groups at all levels.

MANDATING ELECTRONIC LOGGING DEVICES (ELD) FOR COMMERCIAL VEHICLE DRIVERS (2019)

ISSUE

As technology has advanced through the years, commercial trucks have become lengthier, more powerful and they have higher payloads. This gives them the ability to move goods across Canada and North America more efficiently than ever. As the industry continues to remove costs and improve efficiencies on the equipment side, there will be more and more pressure for trucking companies to find competitive advantages in productivity including, in some cases, pushing their drivers harder and harder.

Of course, as a society, we want the most efficient and productive transportation system possible while continuing to ensure the health and safety of the industry; the workers employed within it; and the rest of society that interacts with it. With increased volume of goods and materials moved by commercial trucking each year, and a growing shortage of professional drivers, there is now, more than ever, reason for companies to increasingly push their drivers to get the loads delivered as fast as possible, with the least amount of downtime.

This problem can be reduced with the mandatory use of Electronic Onboard Recorders and driver electronic logging devices (ELDs) in all commercial vehicles. Not only will the ELD's enhance the safety of the drivers and public at large, it will level the playing field for all companies involved in the industry.

BACKGROUND

Currently most commercial truck drivers are required to fill out a paper logbook to track their driving and on-duty time. The problem with this is that it is on the "honor system" and it is very easy to manipulate the logbook to show that the driver is not driving as many hours as they actually are. This issue often creates driver fatigue leading to the potential of an increase in accidents and companies promoting unsafe work practices.

The use of electronic logbooks will reduce the opportunities for companies to push their drivers beyond the legal hours of service.

As the technology has become more reliable and cost effective, many companies have voluntarily adopted the use of ELD's. This assists employers in ensuring compliance of regulations, helps to gather driver and vehicle information needed to build databases and provides clarity to help control operating costs and streamline operations.

Electronic Onboard Recorders (EOBR) are, in effect, the same as the "black boxes" well known in the airline industry. They are computers that connect to truck systems and collect data about the activity of the truck. This includes engine activity (rpm, braking, idle time, speeds, engine fault codes, etc.). They are often permanently installed in a particular truck and connected by wire or wirelessly to the truck Electronic Control Module (ECM) which extracts the data needed by the EOBR.

T RANSPORTATION AND INFRASTRUCTURE

The ELD is either an extension of an existing EOBR system (an add-on), or it performs both functions. The ELD records a driver's personal activity while using the truck (which may be all of the activity of the truck unless companies use multiple drivers on the same truck). Essentially, drivers are required to login to the ELD when they begin their day, and log out to end their day.

The ELD records all driver activity throughout their shift including things like driving time, load/unload time, safety checks, off-duty time, as well as their off-duty time between shifts. Because modern ELD systems utilize GPS, many of these activities are recorded automatically. For instance, drivers cannot manipulate driving time on their ELD because, if the truck is moving, the GPS system will put the driver on-duty, driving and record the distance travelled automatically.

Some in the trucking industry contend that ELD technology is too expensive, particularly for small, independent operators. In the past, that may have been a valid argument. Today, however, ELD technology has significantly decreased in price and systems that operate on a tablet or smart phone are available for as little as \$300 each, with an additional monthly charge of as little as \$25 for the required data plan.

Besides a reduction in the cost of compliance for trucking companies (internal auditing of manual logbooks, fines for non-compliance, etc.) EOBR and ELD technology provide companies with additional information for improving operational efficiencies, including GPS tracking of equipment; 2-way communication; fuel consumption information; idle time calculation; cycle/trip time data; speed monitoring; etc.).

A typical payback on an EOBR/ELD investment can be as little as 6-18 months.

On Feb 16, 2016, the Canadian Trucking Alliance (CTA) said that officials from Transport Minister Marc Garneau's office, confirmed media reports suggesting that the new federal government would move forward to replace current requirements for truck drivers to complete paper log books, with a mandate that trucks instead be equipped with ELDs as the standard mechanism for monitoring, auditing and enforcing compliance with national hours of service regulations. While Transport Canada cannot give a firm date for introduction of the regulations at this time, it is expected to align implementation as closely as possible to the timetable for similar measures in the U.S. – late 2017 or early 2018.^{1*}

The LED standard will enhance compliance with hours-of-service (HOS) regulations for federally regulated commercial vehicle drivers by eliminating opportunities for truck and motor coach drivers and carriers to abuse the HOS requirements. Along with improved compliance, the implementation will improve safety by reducing driver fatigue, decreasing the crash risk and allow enforcement officials to focus on safety concerns rather than dealing with paperwork errors.

ELD's do not change drivers allowed HOS, they only change the way HOS are recorded. The goal of ELD's is to eliminate work related injuries, illnesses and fatalities in the trucking industry.

THE CHAMBER RECOMMENDS

¹ www.cantruck.ca/feds-confirm-commitment-to-introducing-e-logs-and-e-stability-control-for-trucks

That the Provincial and Federal Governments:

1. Follow the commitment made by the federal government (Feb 16, 2016) to mandate the installation and use of Electronic Logging Devices (ELD) in all commercial vehicles excepting those vehicles and/or drivers that may be deemed exempt from the use of such devices;
2. Mandate ELD devices as soon as practically possible but no later than the end of 2019; and
3. Implement a standard for 3rd party verification of approved ELD's to ensure the devices cannot be manipulated to misrepresent data.

MELT – MANDATORY ENTRY LEVEL TRAINING FOR COMMERCIAL TRUCK DRIVERS (2019)

ISSUE

There has never been a better opportunity to help the trucking industry obtain the skilled professional truck drivers it needs and improve public safety at the same time. The Humboldt tragedy has focused public attention on the training and certification of commercial vehicle operators as never before. Ontario and Quebec have had mandatory training requirements for commercial drivers for several years; Alberta and Saskatchewan have adopted Mandatory Entry Level (MELT) training requirements consistent with Ontario this year. In January, Minister Garneau directed that a federal driving MELT training standard be developed.

Now, there is no mandatory training curriculum for truckers. The B.C. Superintendent of Motor Vehicles requires only a pass on a written examination and a 2-hour road test combined with a 16 hour ICBC-approved course on airbrake testing. There are cases in Canada where people have applied for and obtained a commercial vehicle driver's license in as little as three days.

There are over 300,000 commercial license holders in BC, working in all industries from transport trucks to logging, motor coach to local delivery. Of those 300,000+, over 50% will retire or be able to retire over the next decade. Over 30,000 new positions will be created over this time; some of that demand will come from an expanding industry, while some will be needed to replace a retiring workforce. Automation may assist in some sectors during this period (assuming a significant infrastructure buildout occurs) but regardless, BC will need to train and license tens of thousands of new commercial vehicle operators.

BACKGROUND

Trucks haul 90 percent of all consumer goods and food stuffs across Canada. They also handle 70 percent of our trade with the United States. According to the most recent data, trucking in Canada is a \$65 billion industry that employs over 300,000 drivers and somewhere in the order of 400,000 employees including dispatchers, office staff and managers. The industry consists of a few large companies and thousands of small and medium-sized businesses and independent owner-operators.

Trucking industry experts describe the current B.C. commercial vehicle driver test as minimal. It consists of demonstrating the ability to perform a short list of basic skills, such as shifting gears, safely merging

T TRANSPORTATION AND INFRASTRUCTURE

onto highways, unhitching a trailer, backing up, parking and so on. “The road exam does not require the truck to even be fully loaded, and often times they are not required to even back up the vehicle,” says the British Columbia Trucking Association, whose organization is lobbying for better trained drivers.

Only a fraction of new commercial vehicle drivers has attended one of the dozens of truck driver training schools in the province for preliminary instruction. A student’s financial constraints often dictate what the schools can teach, in some cases teaching only to the level needed to pass the written and road tests, denying the further required additional driver training.

Driving schools in most provinces are currently free to create their own curriculums which only need to meet minimal provincial standards. An example is: Thompson Rivers University/Columbia Transport training offers: Air Brake Course, Class 1 Greenhorn Truck Driver, Class 1 Long/Short Haul, Class 1 Extended, Class 1 Regular Driver Training, Class 1 Mountain/Highway, B-Train Driver, Class 1, 2 and 3 Upgrading, Class 2 Bus Driver, Class 3 Driver Training, Super B-Train Upgrade, 5th Wheel RV Trailers and Heavy Trailer Endorsement.

The reality is, even with these courses offered the student only has to pass the ICBC Class 1 licence road test exam.

This only requires the applicant to demonstrate the following commercial driving skills: Start and stop, shift gears, turn, steer, back up and park, merge with highway traffic and exit from highways, and drive in traffic.

With a Class 1 testing, you will only need to couple and uncouple a tractor unit from a trailer. To further complicate issues, driver training is also complicated by different regulations in each jurisdiction within Canada and the United States.

On January 21, 2019, in the wake of the Humboldt Broncos bus tragedy, Minister of Transport Mar Garneau and his provincial counterparts declared that government was “motivated by the need for highway safety” and that the federal and provincial governments would work together to create of a national mandatory entry level training (MELT) standard for all new commercial truck drivers by Jan. 1, 2020.

This would include harmonized technical standards for electronic logging devices (ELDs); as well as enhanced road safety for impaired and distracted driving. As part of this, BC must adopt and implement training consistent with the Federal MELT standard and must mirror federal ELD regulations.

Mandatory entry-level training for commercial truck drivers is the first step in the development of an education system which produces competent, employable, commercial vehicle drivers begins with a solid base of fundamental training through the development of a “reasonable minimum curriculum” which is delivered to students to the same standard both provincially and nationally.

THE CHAMBER RECOMMENDS

That the Provincial Government:

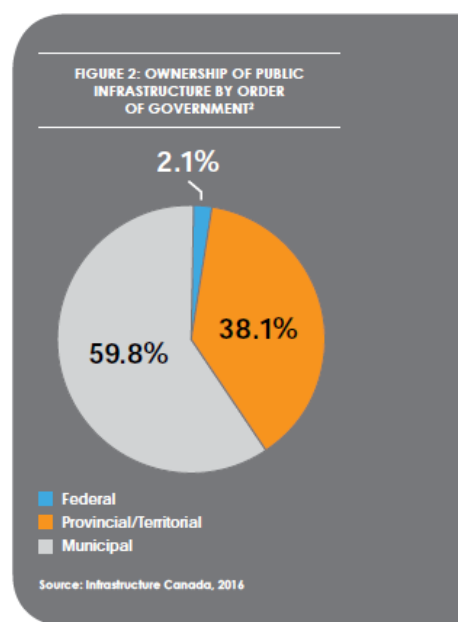
T RANSPORTATION AND INFRASTRUCTURE

1. Create and Implement a MELT program to National Standards by Jan 1, 2020 and ensure the training program is based on the National Occupation Standard;
2. Require mandatory graduation from an accredited commercial driving program in order to qualify to take the ICBC exam for the professional driver license; and
3. Amend the graduated license program to allow graduates of the accredited commercial driving program to obtain their Class Licence 1 or 3 upon graduation (as early as age 18).

PROTECTING OUR INFRASTRUCTURE – ASSET MANAGEMENT (2019)

ISSUE

Canadian families and businesses rely on municipal transportation networks, police services, recreation facilities, clean water, sanitation, a vast array of local services, and far beyond. Municipalities manage some 60 percent of the public infrastructure that drives our economy and quality of life.¹



In recent years, all orders of government in Canada have increased their investments in infrastructure. provinces, territories and municipalities, which own the vast majority of core public infrastructure (such as roads, bridges, transit systems, water and wastewater systems and culture, sport and recreation infrastructure) (Figure 2), collectively doubled their investments between 2003 and 2013, from \$14.5 billion to \$29.5 billion.³

1 Federation of Canadian Municipalities A critical time to deliver to Canadians Recommendations for Federal budget 2019, page 2

2 Statistics Canada. "Table 031-0005 — Flows and stocks of fixed non-residential capital, by industry and asset, Canada, provinces and territories, annual (dollars)." CANSIM (database). *Statistics Canada*, Government of Canada, 2017, <http://www5.statcan.gc.ca/cansim/a26?lang=eng&id=310005>. Accessed: 18 December 2017.

3 Infrastructure Canada. "2015–2016 Departmental Performance Report, Section III: Analysis of Programs and Internal Services." *Infrastructure Canada*, Government of Canada, 2016, <http://www.infrastructure.gc.ca/pub/dpr-rmr/2016/2016-03-eng.html>. Accessed 14 February 2018.

T RANSPORTATION AND INFRASTRUCTURE

But even as we embrace change, what hasn't changed is an outdated fiscal and legislative framework that limits our potential.⁴

Municipally owned infrastructure assets include but are not limited to⁵:

- water systems;
- roads and bridges;
- buildings;
- sport and recreation facilities; and
- public transit

Infrastructure demand has outpaced investments for several decades. In 2013 estimates ranged from \$50 billion to \$570 billion depending on the methodology used. There is consensus among Canadian municipalities that significant investments are needed to address the infrastructure gap. The additional \$95.6 billion in federal support announced in Budgets 2016 and 2017, including more than \$7.6 billion for Indigenous communities, along with significant investments in infrastructure by other orders of government, will help to close the gap while also supporting longer term investments to address emerging challenges and opportunities.⁶

To fully leverage public investments and eliminate the municipal infrastructure deficit, municipal governments need predictable, long-term revenue. According to the Vancouver Board of Trade, the provincial approach should be to group project priorities, and align provincial priorities with the available federal infrastructure funding opportunities⁷. With aging infrastructure and limited resources, our communities face huge challenges in financing the necessary repair, replacement and upgrade of our infrastructure.

The Investing in Canada plan is the Government of Canada's comprehensive, long-term plan for building a prosperous and inclusive country through historic infrastructure investments. Through this Plan, the Government is investing in people: to enable Canadians to get to work and home quicker and spend more time with their families; to have places to play and stay healthy; to enjoy clean drinking water and pristine environments; and to run their businesses and access services regardless of where they live.⁸

Over the 12 years of the Plan, starting in 2016, the federal government will invest over \$180 billion in infrastructure — more than doubling existing federal funding — to achieve three objectives:

- Generate long-term economic growth to build a stronger middle class;
- Improve the resilience of communities and transition to a clean growth economy; and
- Improve social inclusion and socio-economic outcomes for all Canadians.⁹

The Investing in Canada plan differs from previous infrastructure plans — it is longer-term and guided by clear priorities, concrete objectives and, instead of outputs, by measurable outcomes. It offers long-term,

4 Federation of Canadian Municipalities A critical time to deliver to Canadians Recommendations for Federal budget 2019 – 2018 Report, page 2

5 Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 5

6 Infrastructure Canada: Investing in Canada Plan Report April 2018, page 11

7 Greater Vancouver Board of Trade, Provincial Infrastructure Strategy position 2016

8 Infrastructure Canada: Investing in Canada Plan Report April 2018, page 4

9 Infrastructure Canada: Investing in Canada Plan Report April 2018, page 4

T RANSPORTATION AND INFRASTRUCTURE

sustained funding to enable planning and prioritization by all orders of government. It funds a wide variety of needs and priorities including large, transformative investments, from housing, to public transit, to community centers, to highways, that will benefit Canadians now and in the future. Provinces, territories, municipalities and Indigenous communities are key partners. Through the Investing in Canada plan, the federal government's increased investment in infrastructure will be further leveraged by all orders of government to more than double the reach of the Plan's funding.

There are 196 municipal governments and 198 First Nations communities in British Columbia. Our communities, industry and businesses rely on our utilities, transportation and power system to sustain our business. Business interruptions due to broken water mains, poor roads, inadequate transit and other disruption causes economic loss to businesses and limits our ability to attract new businesses to our communities. Our communities also face financial challenges from increasing standards and regulations without adequate financial mechanisms to pay for them. The primary resources at the municipal level are property tax. Our businesses pay a much higher tax rate than our residential taxpayers. Significant increases in property taxes are not affordable either for our businesses or for many of our residents.

Our built environment or infrastructure is critical to the economic capacity and livability of our communities and the viability of our businesses within them. Many communities are struggling with competing financial pressures and aging, failing infrastructure. Municipal budgeting processes currently fail to require accounting for future demands for infrastructure upgrades and replacement. Government support at all levels is required to renew our infrastructure as well as assist with paying for new and increased regulations and standards.¹⁰

The power industry estimates their backlog is in excess of \$300 billion for the renewal of the power grid plus unknown generation renewal costs.¹¹ There is also demand by School Boards, Health Care facilities and Universities and Colleges for public funds for upgrades and replacement along with billions of dollars of assets owned directly by provincial, territorial a federal governments. There are benefits to investing in infrastructure for all levels of government.

Municipal governments are essential to identifying and implementing projects that respond to local needs, while contributing to regional, provincial and federal prosperity. However, municipal governments often lack the resources and expertise to deliver productive and sustainable infrastructure in a cost-effective and timely fashion. The cost and complexity of maintaining public infrastructure introduces significant risk to the effective use of taxpayer dollars. To alleviate this risk, provincial funding programs should require structured project selection criteria that will ensure value for money and continuity of high paying jobs in our communities.¹²

Infrastructure plays a key role in Canada and the Province of British Columbia's future. In 2018, Canada and British Columbia signed the Integrated Bilateral agreement for the Investing in Canada Infrastructure Program (ICIP).¹³ The program invests in infrastructure that:

- Creates economic growth;
- Sustains well-paying jobs;

10 Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 6

11 Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 6

12 Greater Victoria Chamber of Commerce, Value for Money for Infrastructure Projects position 2016

13 www2.gov.bc.ca/gov/content/transportation/funding-engagement-permits/funding_grants/investing_in_Canada_infrastructure_program

T TRANSPORTATION AND INFRASTRUCTURE

- Builds inclusive communities; and
- Supports a low-carbon, green economy.

As the nation's Pacific Gateway, the Provincial government must actively formulate an overarching strategy to prioritize investment and attract federal funds. As communities in every Province compete for funding, it is important that a consolidated provincial strategy is in place to ensure that attention is paid to the needs of British Columbia communities.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Develop a long-term Infrastructure Strategy for British Columbia that includes funding incentives for municipalities that are tracking and reporting regularly on the following outcomes:
 - a. Rate of economic growth is increased in an inclusive and sustainable way;
 - b. Environmental quality is improved, greenhouse gas (GHG) emissions are reduced and the resilience of communities is increased;
 - c. Urban mobility in communities is improved;
 - d. Housing is affordable and in good condition and homelessness is reduced year over year;
 - e. Early learning and childcare are of high quality, affordable, flexible and inclusive;
 - f. Communities are more inclusive and accessible;
 - g. Infrastructure is managed in a more sustainable way; and
2. Amend the mandatory municipal budgeting process to require identification of future infrastructure needs.

That the Provincial and Federal Governments:

1. Execute as quickly as possible upon notice of Federal funding, the necessary Provincial-Federal agreements to ensure funding continues in a sustainable consistent manner that accrues to our communities for infrastructure improvements and upgrades, especially smaller communities for existing infrastructure, and required upgrades resulting from new regulations and standards.

That the Federal Government:

1. Clarify its readiness to continue a dialogue about a modernized fiscal relationship that empowers municipalities with tools to tackle a broad range of locally-defined priorities—efficiently, cost-effectively and with robust planning horizons.

RETURN TO USER PAY SYSTEM FOR TRANSLINK INFRASTRUCTURE (2019)

ISSUE

In 2017, the BC government decided to shift the burden of capital costs from the Port Mann and Golden Ears bridges from TransLink to British Columbia's taxpayers. This decision to transfer TransLink's obligations to BC's taxpayers will lead to higher taxes across the province.

BACKGROUND

Eliminating tolls increases taxes for all British Columbians

The government's decision to remove tolls from the Port Mann and Golden Ears bridges has led to a \$4.7 billion increase in the amount of taxpayer-supported debt in British Columbia.¹ Operational costs on the Port Mann bridge will now cost all British Columbians an additional \$135 million a year.²

These new costs have been redistributed from bridge users to others in the province. The provincial government will use increases to business, sales and income taxes to pay for the increased debt. TransLink will use gas taxes, property taxes, parking taxes and increased fees on other types of transit to raise revenue to cover operational costs. These changes are estimated to have negative impact on business in BC *beyond* the amounts collected, estimated at \$500 million.³

Congestion constrains business in Metro Vancouver

The impact of congestion in the Vancouver region is felt most strongly by businesses in the region. Congestion keeps workers from reliably getting to work on time, slows service delivery to a crawl, and stalls collaboration across sectors in BC's most integrated city.⁴ Congestion costs the average worker \$950 per worker in Metro Vancouver – a number only expected to grow alongside the region's population.⁵

Increased traffic has led to more accidents

The RCMP reported that accidents had increased on the Port Mann bridge after tolls had been removed from the bridge.⁶ A 20-30% increase in traffic across the Golden Ears and Port Mann bridges has led to more accidents along these key crossing, imperiling safety exacerbating congestion, and increasing costs to ICBC, who passes these along to drivers in the rest of the province.⁷

Future infrastructure investment will need to be made

As the province looks ahead to replacements of the Massey Tunnel and Pattullo Bridge, it should not look to subsidize TransLink's costs with the taxes of all British Columbians. Instead, the government should ensure that all future transit infrastructure investment is self-financing.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Take steps to ensure that tax fairness is practiced in the financing of TransLink's infrastructure development, including
 - a. Recognizing that TransLink has passed the responsibility for the Patullo and Golden Ears bridges onto all other British Columbians;

1 [Vancouver Sun](#)

2 [VanCourier](#)

3 [CD Howe: The Costs of Congestion](#), 8-9

4 [CD Howe: The Costs of Congestion](#), 4

5 [CD Howe: The Costs of Congestion](#), 9

6 [CBC](#)

7 [Vancouver Sun](#)

- b. Prioritizing the use of efficient revenue raising mechanisms instead of burdening all British Columbians with increased corporate, income, and sales taxes.

RIDESHARING (2019)

ISSUE

Ridesharing, the ability of a driver who has been through appropriate criminal record and driver safety screening to use their personal vehicle to connect with a rider via a smartphone, is a key sector in the sharing economy. Ridesharing is currently available in hundreds of cities around the world, providing a new transportation option and flexible income opportunities for those wanting to drive. Regulations are required to provide the needed support for innovative transportation provision and reassure the public that the service is safe.

BACKGROUND

The sharing economy is providing new economic opportunities for individuals and small businesses to increase the utilization of their assets by connecting with new customers via technology. PWC estimates that in 2013 the sharing economy generated \$15B in annual revenue compared to \$240B in the traditional rental sector. By 2025, it estimates that both sectors will grow to reach \$335B for combined revenue of \$670B.

BC residents are looking for more transportation options and ways to increase the affordability of living in Metro Vancouver and throughout BC. Ridesharing provides a key opportunity. It has been shown to:

- Grow the number of rides in a city, e.g., Portland, Denver
- Decrease impaired driving e.g., MADD, Temple University
- Complement existing public transit, e.g., Lyft, Uber
- Reduce car ownership, e.g., LA Times, IPSOS
- Encourage passengers to share rides & reduce congestion, e.g., UberPOOL (how it works, why it helps put more people in fewer cars)

Over 70 jurisdictions have adopted regulations that embrace ridesharing. Edmonton was the first Canadian jurisdiction to adopt such rules, and Toronto, Ottawa, Hamilton, Calgary, the province of Quebec, and many other Canadian jurisdictions have brought forward regulations. The Competition Bureau of Canada has encouraged regulators to support competitive markets by regulating ridesharing and reducing unnecessary red tape on traditional transportation providers.

Ridesharing regulations should be focused on enabling this innovative transportation option, while ensuring public safety and consumer protection. Below are key components of a regulatory regime for ridesharing:

- Ridesharing companies must obtain a provincial licence and pay fees.
- Any driver who meets the criteria should be allowed to participate. There should not be fleet size restrictions or area of operation boundaries which increase deadheading and decrease affordability
- Ridesharing drivers must have a valid, standard driver's licence issued by Province.

T RANSPORTATION AND INFRASTRUCTURE

- To be allowed on the platform, ridesharing drivers must:
 - Pass a federal criminal background check;
 - Pass an annual vehicle inspection by a certified mechanic;
 - Have valid insurance that meets the requirements established by the Province; and
 - Have a safe driving record.
- Ridesharing drivers can only provide service through the use of an app, and the app must provide the customer with the name and photo of the driver, make and model of the vehicle, and licence plate number prior to the trip commencing. This means that no ride is anonymous and provides assurance to the rider that the driver has been authorized to be on the digital platform.
- The app must provide GPS tracking and allow the rider to share their ride in real time with friends and loved ones, meaning that every trip is tracked.
- Ridesharing companies are permitted to set prices based upon market principles and competition to best serve customers
- Riders must be provided the fare rate in the app, have the ability to estimate the cost of their fare, and only make payment for the trip electronically through the smartphone app. This also helps reduce the chance of the driver becoming a target for theft.
- The rider must have the ability to rate every ride through the app to help ensure high quality and safe service.
- Ridesharing companies must have 24/7 customer service to respond in a timely manner to complaints.
- Ridesharing drivers would not be permitted to hail, accept cash or use telephone dispatch services, leaving this market to the exclusive domain of taxi companies.

Ridesharing and traditional transportation models can complement each other to better serve British Columbians, just as they do in communities across Canada and around the world. Rather than competing with taxi, apps like Uber are growing the overall transportation pie. This is most likely because ridesharing has attracted a whole new group of passengers, people who cannot regularly afford taxis or drive themselves instead.

Translink, the Canadian Competition Bureau and the government's own expert, Dr. Dan Hara, have all called for true ridesharing to be permitted in BC. The provincial government has established the Passenger Transportation Act, ICBC, Motor Vehicle Act and it can provide a province-wide safety standard for ridesharing.

The BC Government has brought forward ridesharing legislation, but now we are waiting for the final regulations and ICBC ridesharing insurance to be implemented. The nine-member committee examining ride-hailing regulations for B.C. recommended a regulatory framework that places few requirements on boundaries, fares, numbers of vehicles and the licensing of drivers.

They recommended not pursuing the contentious Class 4 driver's license proposed in the original legislation. The recommendation will create less barriers for people with disabilities, specifically those who cannot receive a class 4 driver's license due to health requirements, increasing the overall workforce.

Many not-for-profit and for-profit organizations, governments, Indigenous groups, and citizens are advocating for ridesharing. These groups are calling on government to allow ridesharing as quickly as possible to ensure that equitable and affordable transportation options are available.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Implement ridesharing and allow for ridesharing companies to enter and operate in the BC market;
2. To maximize the beneficial effects of competition, regulators should abolish geographic boundaries for drivers, allowing any qualified driver to participate without artificial caps, allow them to adjust their serving areas;
3. Allow for market-based pricing to ensure consumer choice, convenience and innovation; and,
4. Permit taxi and ridesharing drivers to utilize a Class 5 license similar to Ontario, Manitoba and Saskatchewan if the driver meets strict safe driver screening criteria.

THAT AN AEROSPACE INNOVATION CLUSTER OUTSIDE THE LOWER MAINLAND BE CREATED FOR THE BENEFIT OF NEW BUSINESS FOR BC AND CANADA (2019)

ISSUE

Canada is facing a severe pilot shortage, and it has lost the ability to generate the pilots it needs now and in the future. This shortage includes fixed wing, helicopter pilots, and related services, such as fully licensed AME (Aircraft Mechanical Engineers)¹ for both types of aircraft. This problem continues to grow across the country², and presents an opportunity for a centre for aerospace innovation based in Kelowna. Other related service positions in all sectors of the industry are struggling: airport ops, flight instructors, ramp escorts, customer service agents, marketing and other professionals.

The Kelowna international Airport is now the tenth busiest in the country, setting new records every year for traveler numbers. The airport is also a centre of mechanical excellence, with KF Aerospace maintenance crew numbering in excess of 2,000 and Okanagan College's trade program graduates finding jobs before diplomas are conferred.

The opportunity for such a cluster includes all related industries, either not, or only partially available in the Okanagan: digital engineering, innovation around materials and production, communication systems, ballistic systems, and related support industries available only in the lower mainland, or in Quebec and Ontario.

1 The most pressing problem facing the industry is a severe labour shortage that is predicted to be even worse than that facing the pilot profession. The Canadian Council for Aviation and Aerospace (CCAA) labour market report predicts 5,300 new AMEs will be needed by 2025 to keep up with growth and retirements. April 20, 2018 <https://www.avaerocouncil.ca>; BC Aviation Council, February 25, 2019 AMEs unite to create strong national voice

2 Canada has the third-largest aerospace sector in the world, generating \$29.8 billion in annual revenue and supporting 211,000 direct and indirect jobs and 5% of jobs in the north. Global air transport industries will double the number of aircraft and the amount of passenger traffic by 2036. This will require 620,000 new pilots to fly large commercial aircraft internationally. Eighty per cent of these pilots have yet to begin training, emphasizing the need and importance of the pilot training sector on a global scale. October 18, 2018, Member Motion M-177, Hansard

BACKGROUND

Aviation serves a variety of crucial roles in the Canadian economy by safely and efficiently transporting people, moving cargo and supplying or acting as a vital lifeline to northern and rural communities.

Canadian flight schools produce about 1,200 commercial pilots each year. Of these, only about 500 join the Canadian aviation industry each year as international student pilot graduates return home or to take up employment with international entities that purchase Canadian flight training schools which prioritize overseas home markets. International recruiting further strains Canadian- and territories-based northern operators, as well as critical crop-spraying and aerial forest fire operations.

Canada needs 7,000 to 10,000 new pilots by 2025, resulting in a projected shortage of at least 3,000 pilots, given current production rates.³ This problem will significantly worsen in the future, affecting the travelling Canadian public, unless action is taken.

With new carriers commencing operations and established larger airlines experiencing both growth and the retirement of senior pilots, there has been an increase in the rate of “move-up” pilots from regional airlines and small operators. This affects regional carriers, as they lose pilots to larger carriers, often preferred by pilots on aggressive career paths.

Pilots’ current move-up timeframe is six to 18 months, rather than the three years it has been historically. Type endorsement training costs have traditionally been amortized over the expected retention period of a pilot. With retention periods dropping from three years to six months, the economics change dramatically. Some regional airlines have reported cancellations of flights due to a lack of pilots and/or higher training costs. Plus, flying schools can’t maintain sufficient instructors for chief or senior roles, further reducing training capabilities.

The traditional pathway to becoming a pilot in Canada has involved earning licenses and ratings that cost approximately \$75,000 but can climb to twice that, with tuition and other student costs, when combined with post-secondary education. Most student pilots acquire substantial debt to cover these expenses. It is common to see high rates of attrition in flight programs due to lost financing⁴.

An aerospace innovation cluster would with a single blow, help solve all the inter-related issues around industry shortages in BC and across the industry. Such a facility would have a direct positive economic impact to the region with regards to employment, housing, education and taxes. Additionally, location in

³ Canadian Council for Aviation & Aerospace 2018 labour market information report states that this number will significantly increase when new flight duty time rules are put into effect by Transport Canada. As noted in the report, half of flight operators state that finding qualified pilots is a significant challenge, with regional airlines reporting flight cancellations due to a lack of flight crew in the busy summer months. Kevin Hillier, Vice-president, Carson Air, has stated: “If and when the proposed Fatigue Management Regulations for pilots come into effect, we estimate that there will be up to 30% more pilots required for the work that we are doing today. This does not take into effect attrition through retirement and airline hiring in the future. This will force operators to reduce service, and potentially create safety issues for operators who have no qualified pilots.” April 20, 2018 <https://www.avaerocouncil.ca>; October 18, 2018, Member Motion M-177, Hansard.

⁴ “As an Aviation Council that is focused on ensuring the sustainability of our industry, BCAC fears this pilot shortage will have severe and critical impacts not only on our economy and operators, but on our remote and Indigenous communities. As one of the barriers to increased pilot supply is definitely the financial burden of obtaining the requisite flight time experience, we feel increased financial aid would be a strong indicator that the government is aware of the issue and supporting positive change.” Heather Bell, Chair, BC Aviation Council, February 7, 2019 <https://www.bcaviationcouncil.org/wp-content/uploads/2019/02/BCAC-Presentation-to-House-of-Commons-Standing-Committee-on-Transport.pdf>

T TRANSPORTATION AND INFRASTRUCTURE

the central Okanagan would mean reduced land footprint costs, better access to and from northern communities, including the oilsands, and the introduction of state-of-the-art simulators for both fixed wing and helicopter pilot training which would act as a national and international draw, further stimulating local economies.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Work with the Federal Government, and the provinces of Ontario and Quebec to provide focused financial assistance for British Columbians pursuing careers as aviators, and in the aviation support industry;
2. Support the Federal Standing Committee on Transport, Infrastructure and Communities to identify and determine how communities can support federal Member Bill M-177 (amended) to rapid implementation;
3. Advocate to set up a new Aerospace Innovation Centre of Excellence outside of the Lower Mainland, supporting the aviation needs of the Province in conjunction with post-secondary institutions and the private sector.
4. Focus financial aid assistance to student aid in all areas of training, while encouraging women, girls and Indigenous Youth into the industry at all levels. Build in penalties for graduates receiving financial aid who leave Canada to pursue aviation-related careers outside the country within minimum service periods, *i.e.*, three years.

THE BELT AND ROAD INITIATIVE – OPPORTUNITIES AND CHALLENGES (2019)

ISSUE

The Belt and Road Initiative (BRI), was first proposed by President Xi Jinping of China in 2013. This is a development strategy proposed by China in order to strengthen infrastructure, trade and investment links between China and 65 other countries.¹ This strategy was first introduced in Kazakhstan in September 2013 and a month later in Indonesia. During the first speech the China's President announced that China was willing to create a "Silk Road Economic Belt" stretching from China to Europe. In the second, he announced the China's intentions for launching the 21st century Maritime Silk Road. This initiative was based on the ancient significance of the Historical Silk Road.

The BRI could transform the economic environment in which the economies operate by substantially reducing the trade costs and improving connectivity, thereby leading to high cross- border trade and investment with improved growth of the regions². The BRI involves six major initiatives: New Eurasian

1 Xiamen. (2018). China's Belt to Road initiative- Gateway to the Globe. *The Economist*, 13-16

2 Government of Canada. (2018, 05 08). Retrieved from Expanding regional ambitions: The Belt and Road Initiative-Canada: <https://www.canada.ca/en/security-intelligence-service/corporate/publications/china-and-the-age-of-strategic-rivalry/expanding-regional-ambitions-the-belt-and-road-initiative.html>

T TRANSPORTATION AND INFRASTRUCTURE

Land Bridge, China- Mongolia- Russia Corridor, China- Central Asia- West Asia Corridor, China- Pakistan Economic Corridor, Bangladesh- China-India- Myanmar Corridor and China- Indochina Peninsula Corridor.

BACKGROUND

In order to start this initiative Chinese government has established an Asian Development Bank, a multilateral organization estimated that the successful implementation of the BRI requires a capital investment of \$26trn in infrastructure development between 2017-2030. However, taking into consideration the amount of investment needed, IMF has raised concerns regarding the indebtedness as this money being lent is based on commercial rate of interest. As, a result many Chinese funded projects were either curtailed or suspended because of high payments.

The Belt and Road Initiative aims at increasing the transparency, ability to access schemes and achieve high standards and formal contracts. Through BRI, China intends to achieve dual objective of enhancing its own economic power by opening new markets for its state-owned enterprises and broadening their footprints across the globe while getting rid of excess industrial capacity (in steel, cement and glass) and secondly, to reduce its strategic vulnerabilities like political and social. BRI could also be considered as a geopolitical move that allows China to encircle India, providing access to critical energy resources in Central Asia and finally allowing China to influence Eurasia.

The Belt and Road Initiative is an opportunity that would enable Canada to enhance its engagements economically, politically and socially in Asia. Some of the opportunities are:³

- “Using Chinese distribution network to spread Canadian Products through Chinese hubs.
- Explore opportunities in Northwestern part of China where Canadian products still have large room to grow from agriculture technologies to clean energy.
- It might help decrease the fees related to exporting [Canadian] products.
- Cross-border investment work between China and other [BRI] countries.
- Infrastructure
- Technology
- Services
- [Canada is] a provider of minerals and products that will be essential to construct the One Belt One Road infrastructure.
- More business activities in [British Columbia] with China, as Pacific Gateway of China to North and South Americas.
- Satellite communications networks are key infrastructural elements of their build out.
- Providing specialised technologies and services for infrastructure development.
- Environment protection around the Silk Road area.”

The above-mentioned opportunities would enable Canada to formulate effective policies in order to nurture its small and medium sized enterprises (SME's) while opening doors for many Canadian businesses as well. The recent unrest going on between Canada and the United States the BRI could also be envisioned as an initiative towards enhancing free trade agreement talks with China and India and also, further develop relations with ASEAN member states.

3 Fleet, M. (2018). Cracks in the Liberal International Order- 2018 Global Trends Report. Balsille School of International Affairs.

Transportation and Infrastructure

The various risks and challenges associated with BRI are related to its impact on global supply chains and energy flows, financial repercussions and debt burden on weaker countries that might not be able to repay Chinese loans, and what forms of compensations would China seek in exchange for its capital. Canada's SME's might face challenges associated with the lengthy and complicated process for obtaining certifications, local content requirement and China's customs procedures, disputes related to China-Pakistan Economic Corridor could raise some resentment and conflict amongst other nations, concerns could also arise regarding the adherence to sufficient environmental and social standards.

The potential benefits as identified, require further analysis at a macroeconomic level in order to understand how BRI could actually benefit Canadian SME's, how the projects currently mapped under BRI umbrella will be adjudicated successfully. This would also require further analysis as to how the Canadian businesses could be encouraged to reap the benefits of comparative advantage in the areas of transportation services and its engineering skills in BRI projects. BRI is a great initiative, but Canada would need to be more diligent in order to understand if this would be the right direction and benefit not only economically and politically but also address challenges associated in regard to doing business with Chinese firms.

THE CHAMBER RECOMMENDS

That the Provincial Government, working with the Federal Government and identified stakeholders, create a working group designated to monitor and advise on the impact and opportunities of the Belt and Road Initiative for the benefit of all Canadian business.

THE NEED FOR AN INNOVATIVE APPROACH TO TRANSPORTATION FOR AN INCREASINGLY URBAN PROVINCE (2019)

ISSUE

Urban productivity, livability, and local community investment depends on the efficient and smooth movement of people, goods, and services. As urban areas continue to grow, new infrastructure, demand management tools, and innovative solutions will be required to maintain an efficient flow of people, goods, and services.

BACKGROUND

Canada, and B.C., are becoming highly urbanized. Urban population (% of total) in Canada was last measured at 81.35% in 2017, according to the World Bank.¹

B.C.'s largest urban areas are at tidewater where a considerable number of our transportation bottlenecks are located.² This affects transportation movements originating from outside these regions (goods moving from the remainder of BC, Western Canada, and U.S. to the ports and border crossings); trade from other

¹World Bank. Urban population (% of total). United Nations Population Division. World Urbanization Prospects: 2018 revision. <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=CA>

² Gateway Transportation Collaboration Forum. Greater Vancouver Gateway 2030. <http://vancouvergateway.ca/>

T TRANSPORTATION AND INFRASTRUCTURE

nations (such as imports from Asia to B.C., Canada, and the U.S.), and economic activity generated within the metro Vancouver region.

B.C. is Canada's gateway to the Asia Pacific and ideally situated to benefit from the huge increase in trade traffic from the fastest growing economic region in the world³. Increasing trade volumes and populations place a noteworthy strain on our entire transportation system.

Funding for several major projects that expand the primary transportation infrastructure across the province has been secured,⁴ such as the Pattullo Bridge Replacement⁵ and the Broadway Millennium Line Extension project.⁶ These projects are key drivers of growth for the Province. However, many areas of the province still experience significant congestion, which results in lost productivity, increased costs, and harmful effects on the environment. B.C. needs to address these issues in order to remain prosperous.⁷

Our economic success in BC and Canada depends on our competitiveness on the world stage. We can't attract shippers to the ports in Vancouver if the goods will then be stuck on trucks in congestion getting to markets. We can't sell our natural resources on the world markets if the congestion delays absorb all profits or negatively impact the quality of agriculture products.

The Chamber understands the challenge governments face to fund the existing and future transportation needs in the Province. However, stalling decisions and funds aimed at developing the transportation system in the Lower Mainland, and the Fraser Valley where a significant portion of the future provincial growth and development is predicted to occur,⁸ present a critical threat on the local, provincial, and national economies.

As noted above, the Lower Mainland and Fraser Valley are critical components of BC's Asia Pacific gateway, which depends heavily on an efficient and effective transportation system. Bottlenecks that arise due to the lack of funding, infrastructure, or stalled decision-making directly impact businesses across BC and Canada.⁹ Furthermore, as urbanization increases throughout the province, similar bottlenecks will grow within our other major centers.

The Chamber understands that there is significant public resistance to additional taxation. Metro Vancouver residents are paying property taxes, gas taxes, parking sales taxes, and transit fees to support the transportation system. It is important to highlight, that gas taxes are a key funding component of the current system. The gas tax is not an ideal funding source due to volatility in commodity prices. Additionally, as hybrid and electric vehicles become increasingly prevalent, the gas tax will become less

3 Greater Vancouver Board of Trade. Economic Scorecard 2016.

<https://www.boardoftrade.com/scorecard2016/files/Full%20Report%20-%20Greater%20Vancouver%20Economic%20Scorecard%202016.pdf>

4 Government of Canada. Projects funded by the National Trade Corridors Fund. <http://www.tc.gc.ca/en/-/programs-policies/projects.html>

5 Government of British Columbia. Pattullo Bridge Replacement. <https://engage.gov.bc.ca/pattullobridge/>

6 Translink. Broadway Subway Project. <https://www.translink.ca/Plans-and-Projects/Rapid-Transit-Projects/Broadway-Subway-Project.aspx>

7 Gateway Transportation Collaboration Forum. Greater Vancouver Gateway 2030. <http://vancouvergateway.ca/>

8 Statistics Canada. Table 17-10-0135-01 Population estimates, July 1, by census metropolitan area and census agglomeration, 2016 boundaries

9 Gateway Transportation Collaboration Forum. Greater Vancouver Gateway 2030. <http://vancouvergateway.ca/>

T RANSPORTATION AND INFRASTRUCTURE

effective at raising revenue.¹⁰ In other words, as we effectively reduce the use of single occupancy vehicles and move towards more fuel-efficient vehicles, the funding source for further investments in public transit declines.

Policy makers should look to viable and equitable strategies for managing demand and congestion and for ensuring a sustainable funding source for current and future transportation infrastructure in light of a diminishing gas tax, rapid regional expansion, and steady population growth. The Provincial Government should consider all relevant funding options to replace the gas tax and secure funding for the growth of the region. Determining a solution that works will require the Provincial Government to learn from other jurisdictions and global best practices while considering the unique elements of Metro Vancouver's geographical location and role as Canada's Asia Pacific gateway.

Transit investments become more effective at reducing congestion if they are a critical component of a comprehensive strategy that includes mechanisms such as: complementary mobility pricing, mobility management strategies, and smart growth land use policies.¹¹

If implemented in tandem with public transit improvements, mobility pricing is one of the policy levers that has been implemented in other jurisdictions to effectively manage demand on the transportation system, curb congestion, and provide stable funding for current and future transportation infrastructure.¹² The economic benefits of investing in transportation depend on good traffic speed, and to achieve this in the long term, is to ensure that appropriate price signals are placed on the use of the transportation network (roads and bridges) across the region. This is resulting in the global trend towards accepting mobility pricing as the optimal way to fund transportation improvements. Jurisdictions around the world are recognizing that to be sustainable, funding mechanisms should combine sustainability with the principle of user pay while managing traffic demand; one option to achieve this is a well-designed mobility pricing system. In circumstances where mobility pricing is approved, a comprehensive traffic demand strategy should be created to ensure that transportation solutions are integrated.

Mobility pricing is a means to directly charge levies for the use of roads, including road tolls, distance or time-based fees, congestion charges. Such charges are designed to provide funding, but more importantly influence congestion by discouraging driving on certain routes, discouraging travel at peak times, and encouraging the use of transit options.¹³ A mobility pricing model provides incentives that can be effectively utilized to manage demand. In the absence of effective price signals and capacity there will be an increase in single-passenger vehicles and use, which then leads to increased congestion and bottlenecks.

There is an opportunity for the Provincial Government to strengthen BC's transportation system by investing in transportation infrastructure and providing efficient, accessible, and reliable public transit

10 The Economist. How and why road-pricing will happen. <https://www.economist.com/international/2017/08/03/-how-and-why-road-pricing-will-happen>

11 Mayor's Council on Regional Transportation. Regional Transportation Investments: A Vision for Metro Vancouver. https://www.translink.ca/-/media/Documents/about_translink/governance_and_board/-mayors_vision/mayors_council_vision_mar_2015.pdf

12 SFU. Moving in Metro: A discussion on mobility pricing for roads in Metro Vancouver. [http://www.sfu.ca/content/dam/sfu/centre-for-dialogue/MovingMetro/pdf/gional%20Dialogue%20Discussion%20Guide%20\(web\).pdf](http://www.sfu.ca/content/dam/sfu/centre-for-dialogue/MovingMetro/pdf/gional%20Dialogue%20Discussion%20Guide%20(web).pdf)

13 Mobility Pricing Independent Commission. It's Time. Phase 1 Project Update Full Report. (Jan 2018). https://www.itstimemv.ca/uploads/1/0/6/9/106921821/its_time_-_phase_1_full_report_-_final_-_digital_version.pdf

T TRANSPORTATION AND INFRASTRUCTURE

service covering the entire region. Innovative mechanisms to manage current and future demand, provide the necessary funding to support current and future investments in transportation system, and ensure the efficient movement of people, goods, and services.

Investing in new capacity will not solve the cycle of congestion, a coordinated approach involving elements such as mobility pricing, infrastructure investments, and transit investments should be implemented. The Chamber has been consistent in its support for projects such as the Lower Mainland Gateway Strategy and the need for transportation infrastructure investments in other regions of the province. Underpinning this is a firm belief these projects can only be successful if the associated transportation networks receive related improvements to improve the flow of goods both now and in the future.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Commit to funding transportation infrastructure investment and implementing policies that are equitable, efficient, and contain basic traffic demand management principles in order to ensure the efficient and smooth movement of people, goods, and services throughout BC, in particular in increasingly urban areas of the province;
2. Make as a prerequisite of these visions the need for investment in public transit to provide viable alternatives to single passenger vehicle travel; and
3. Review the financial impacts of eliminating the current gas tax and determine the most economically efficient policy for replacing the gas tax, such as mobility pricing, that gains public support while securing sustainable transportation funding.



BC Chamber of Commerce

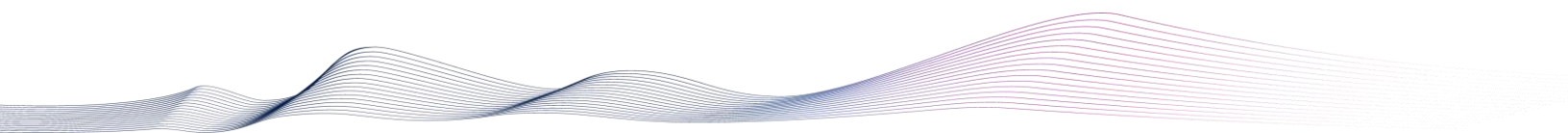
Know what's on BC's mind.

POSITIONS

ON

SELECTED FEDERAL ISSUES

2019 – 2020



PROTECTING CANADA'S SOCIAL AND ECONOMIC VALUES ASSOCIATED TO THE TIDAL RECREATIONAL FISHERY ON THE WEST COAST OF BRITISH COLUMBIA (2019)

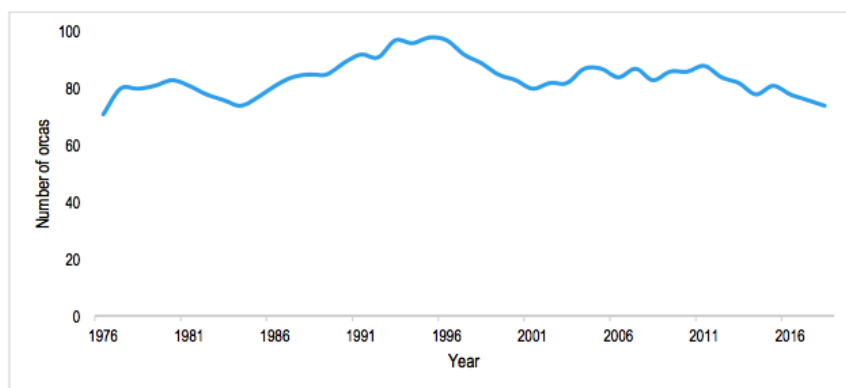
ISSUE

BC's recreational fishery generates over \$1 billion in economic activity annually. The recreational fishery on British Columbia's west coast tidal waters has been subject to significant area closures to protect populations of iconic Southern Resident Killer Whales (SRKW). BC's many coastal communities have strong economic reliance upon the recreational fishery and tourism. These values are potentially threatened by fishery closures.

BACKGROUND

Populations of SRKW have historically fluctuated over the 60 years they have been systematically studied. The population during that period has never exceeded 98, it has fluctuated over time, and has been as low as 66. The current population is 75.

Figure 1: Southern Resident orca population trend [5]



Source: Washington State Southern Resident Orca Task Force – November 2018

Southern and Northern Resident Killer Whales share the same diet which is almost exclusively salmon. Recent comparative population trends demonstrate significantly different trends:

- NRKW – increased from 265 in 2011, to 281 in 2017
- SRKW – decreased from 87 in 2011 to 76 in 2017

Vessel presence (physical & acoustic noise) has been cited as a significant factor, which impedes whales ability to hunt using echolocation. SRKW are largely urban animals, exposed to much greater vessel disturbance than their NRKW cousins. Differential exposure to vessel disturbances may explain population performance results. Experts agree that the foundation of a good recovery strategy is to increase prey (salmon) abundance and SRKW accessibility to successfully forage to acquire salmon that are present using the following recovery strategies:

1. Increase abundance of Chinook coast-wide by reducing removals by fisheries;
2. Increase abundance of Chinook in specific areas and times by adjusting removals by fisheries; and
3. Increase accessibility of Chinook by decreasing acoustic and physical disturbances.¹

¹ Trites & Rosen 2018 – Availability of Prey For Southern Resident Killer Whales –

The scientific technical workshop engaging international experts considered the efficacy of prey availability strategy options noted above and determined that the most effective recovery strategy to improve availability of prey was to address physical and acoustic vessel disturbance to improve whales ability to forage successfully to acquire or access their prey. Fishery closures and reducing removals were judged against their scientific justifiability and determined to have unknown, low or medium benefit.

Early data collected from the Salish Sea Survival Project exploring hatchery release strategies shows improvement in the marine survival rates and distribution of hatchery coho and Chinook salmon, as well as reducing competition in the early marine environment between hatchery and wild salmon.²

Recreational fisheries are most attractive to potential participants if there is both “opportunity” and “expectation” of catch. Without these, people who might become engaged in the fishery will simply not pay the economic cost to travel and participate in a fishery where their access or opportunity has been impacted by fishery closures or reductions in fishing opportunity or catch limits.

The associated economic impacts to small coastal communities to fishery closures or restrictions are significant. The attached table summarizes the historic growth in economic contribution associated with recreational sport fishing.³

- Real GDP associated with sport fishing activities increased for a fifth straight year, rising 5.8% to \$389.8 million in 2016.
- Sport fishing was the largest industry in the fisheries and aquaculture sector, accounting for 39% of the sector’s total GDP, and employing 60% of the workers in this sector.
- An estimated 9,000 people were employed by the sport fishing industry in 2016, slightly less (-1.1%) than in the previous year.
- Wages and salaries earned by employees in the sport fishing industry rose 5.8% to \$236.5 million in 2016.
- Sport fishing revenues were estimated at \$1.1 billion in 2016, up 6.7% over the 2015 value.

Sport Fishing

Text Table 5: Key Indicators for Sport Fishing

	Sport Fishing							
	1990	2000	2010	2016	% change, 2015-2016	% change since 1990	% change since 2000	% of sector total in 2016
GDP (\$million)	236.4	220.8	313.7	422.8	6.6	78.8	91.5	34.9
% change from previous period		-6.6	42.1	34.8				
GDP (\$million, chained 2007 dollars)	376.0	257.1	313.9	389.8	5.8	3.7	51.6	38.5
% change from previous period		-31.6	22.1	24.2				
Revenue (\$million)	575.0	606.7	896.9	1,110.0	6.7	93.0	83.0	33.6
% change from previous period		5.5	47.8	23.8				
Employment	9,663	6,100	7,500	9,000	-1.1	-6.9	47.5	60.0
% change from previous period		-36.9	23.0	20.0				
Wages (\$million)	164.2	119.6	187.1	236.5	5.8	44.0	97.7	50.9
% change from previous period		-27.2	56.4	26.4				

Data Source: BC Stats

² Salish Sea Marine Survival Project https://marinesurvivalproject.com/research_activity/list/hatchery-wild-interactions/

³ BC Stats report on BC’s Fisheries and Aquaculture Sectors (Nov 2018)

These are very significant inputs generating far reaching economic spin offs all along the value chain and across many communities. Those are particularly experienced in small coastal communities that are reliant upon tourism and support to the recreational fishery.

THE CHAMBER RECOMMENDS

That the Federal Government through the Fisheries Minister direct the Department of Fisheries and Oceans to:

1. Adopt a Mobile Avoidance Sanctuary approach to manage Recreational fisheries, rather than static sanctuaries;
 - a. Vessel operators whom inadvertently find themselves within the Mobile Avoidance Sanctuary are required to turn off sounding devices and slowly exit the zone at under 7 knots speed;
 - b. Applies in all areas SRKW roam including those outside designated Critical Habitat;
2. Fixed Sanctuaries, where implemented, be small scale and located in key forage areas that are scientifically established based on frequent SRKW use;
3. Fisheries Minister removes recreational fin-fish closures implemented in 2018 within Critical Habitat Areas, except in areas established as fixed sanctuaries;
4. Fishing closures to support SRKW prey accessibility, must be scientifically validated to achieve materially significant benefit to achieve SRKW recovery;
5. Invest significant long-term financial resources to dramatically increase hatchery production, release times and habitat improvement on Chinook stocks that materially contribute to SKRW diet;
6. Invest in programs to make prey species that form the diet of Chinook throughout their life cycle more abundant to help promote Chinook rebuilding; and
7. Consider the relative proportion of catch by commercial and recreational fisheries and remove restrictions on recreational fisheries where the relative catch is a small proportion of the population.

CREDIT CARD MERCHANT FEES (2019)

ISSUE

Every year, \$44 trillion worth of payments are made in Canada. Only 20% of this value is done with cash, down from 50% in the 1990s. This signals the growing reliance and importance of credit card and debit transactions, not only for consumers, but also for the businesses that rely on these methods to accept payments. However, at \$5 billion per year, the credit card fees paid by Canadian merchants are among the highest in the world, costs which trickle down to the consumer regardless of their payment method.

BACKGROUND

Many of the businesses accepting credit card payments for goods and services are unclear on the inner workings of merchant services providers (MSPs). MSPs are a third party, such as VISA and MasterCard, who process credit card transactions. The current system has resulted in many businesses paying higher fees for credit card acceptance than necessary. Businesses are enticed to switch service providers on the premise of lower rates. However, as most businesses are unaware of the actual VISA and MasterCard rates - the actual Merchant Discount Rate (MDR) - they are misled to believe that a lower MDR results in savings on their actual credit card transactions. On the contrary, a lower than actual MDR means that the MSP is losing money on every transaction and, thus, has to recoup its losses through the card brand fee and/or non-qualified surcharges, which can vary substantially across different service providers.

The 3 Components to Credit Card processing:

1. *Merchant Discount Rate (MDR)* - This is the base rate charged by the provider. Any rate below the rate VISA charges the MSP for processing one of its credit cards causes the MSP to take a loss on the transaction. In order to recoup this loss, the MSP thus has to bump up the rates in 2. and 3;
2. *Card Brand Fee (CBF)* - 0.10% or more (the actual cost is 0.08% but is rounded up by most MSPs): This fee is used by VISA and MasterCard to advertise their brands, as well as to improve the stability of their networks; and
3. *Non-qualified Surcharge (NQS)* - 0.30% is the average value of this surcharge. However, it can vary greatly depending on the base rate offered by the MSP. Certain MSPs will undercut the Merchant Discount Rate (MDR) and then increase the Non-qualified surcharge (NQS) to make up for the loss they incur. Monies raised through this rate are used by major banks to promote their credit card programs and to pay for benefits received by credit card holders. The rate is also charged on keyed transactions, which are considered higher risk, as well as on all Infinite credit cards (i.e. Avion, Aeroplan, etc.). Transactions made using international are also considered non-qualified.

In 2010, the federal government introduced a voluntary code of conduct for the credit and debit card industry in Canada aimed at alleviating issues of asymmetric information and flexibility. When this code of conduct is adopted by the MSPs, they are expected to:

- to ensure that merchants are fully aware of the costs associated with the acceptance of credit and debit card payments;
- to provide the merchant with increased pricing flexibility to encourage consumers to choose the lowest-cost payment option (i.e. clearly show all components of the total fees, as most credit card agreements do not allow merchants to use incentives to discourage the use of credit card or premium credit cards); and

- to allow merchants to freely choose which payment options to accept.

However, this remains a voluntary code of conduct and, therefore has been adopted only by a limited number of service providers. Its voluntary nature stands to undermine any real benefits to merchants these policy proposals may have. In a 2013 decision, which dismissed a complaint against two large credit card service providers, finding that they had not violated the Competition Act, the federal Competition Tribunal acknowledged the issues in the country's credit card payment system and called for a regulatory solution. They stated that despite finding that the MSPs had not violated the Competition Act, "...we note that the Tribunal found that VISA's and MasterCard's conduct is influencing the price of credit card services in Canada upwards and having an adverse effect on competition. At the same time, the Tribunal felt that regulation of the industry would provide a more appropriate solution than any remedy that it could provide."¹

Providing merchants with greater flexibility in choosing their MSPs and discriminating against more expensive transactions is seen as an OECD international best practice, a practice currently not allowed in Canada.²

In April 2015, the federal government released *Balancing Oversight and Innovation in the Ways We Pay: A Consultation Paper*, aimed at seeking comments on national retail payment systems. In 2017 the Ministry of Finance proposed a new Retail Payments Oversight Framework, a new federal oversight framework for retail payment systems, which was also sought public consultation and feedback. However, there has been little movement on this issue since then, or an indication of the actions the government plans to take post-consultation.

In August 2018, American Express announced an agreement to increase transparency and fairness while Visa and Mastercard agreed to a five-year voluntary reduction in fees they charge retailers to an average annual effective rate of 1.4 per cent from the current 1.5 per cent. This agreement will come into affect starting in 2020, which is when the 2014 voluntary rate reduction agreement expires. While these initiatives provide opportunities for smaller businesses to benefit from lower credit card processing fees and brings us one step closer towards closing the gap between rates that smaller businesses pay and those available to large firms, they remain some the highest in the world and more needs to be done to provide rate certainty for businesses.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Consult with the banking industry in changing from a voluntary to mandatory code of conduct, as introduced in April 2010 for the credit card and debit card industry in Canada, thereby ensuring that all parties are required to abide by and comply with the existing code's guidelines for greater transparency, disclosure and flexibility;
2. Provide merchants with increased pricing flexibility to encourage consumers to choose the

¹ <http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03614.html>

² <http://www.oecd.org/competition/PaymentSystems2012.pdf>

lowest-cost payment option (including the ability to up charge the cost of the credit card transaction), as is consistent with the views of competition authorities across the OECD;

3. Work to better educate merchants on their rights and options to battle any informational asymmetry;
4. Enact legislation requiring full disclosure by service providers of all costs associated with acceptance of credit and debit payment; and
5. Work with the credit card industry to reduce fees charged to merchants when accepting international credit cards.

SUPPORT OF A FEDERAL EXCISE TAX REVIEW FOR DISTILLED SPIRITS (2019)

ISSUE

The Federal Excise Duty on alcohol is applied in an unbalanced manner that puts small distilleries at a distinct disadvantage both amongst wineries and breweries in Canada, which pay none or very little excise duty on the alcohol they produce, and amongst foreign distilleries that operate in lower cost/tax environments.

BACKGROUND

In Canada, bulk alcohol production is monitored and taxed by the Canada Revenue Agency (CRA) via the Excise Duty Program and the *Excise Act* is the legislation. There is a Federal Excise Duty applied to all alcohol products both domestic and import. However domestically, depending on the type of alcohol product, the application of Excise is widely varied and unevenly applied.

For example, a 750ml bottle of wine produced by a Canadian vineyard using Canadian grown grapes pays no Federal Excise. In fact, a Canadian wine producer can use any Canadian grown agricultural product to produce a wine and their product will still qualify as excise exempt. Breweries have Excise Duty applied using a tiered system based on each brewery's annual production and no requirement to use Canadian grown agricultural products. For a brewery that is similar in size to most of the craft distilleries in Canada, the rate is \$6.244 per hectolitre (100 litres) or the equivalent of \$0.05 for a 750ml bottle. Whereas for a distillery in Canada, regardless of distillery size and where in most cases the distillery is using 100% Canadian grown agricultural products, the Excise Duty is applied at \$12.375 per litre of absolute alcohol (LAA), which is the equivalent of \$3.51 per 750ml bottle of spirit at 40% alcohol by volume (ABV). Even when corrected for the difference in alcohol strength between beer and spirits, the rate applied to spirits is 9.4 times more than for beer.

Table 1.0 – Excise Duty Rate Comparison

	Raw Material Origin	Size Requirement	Duty Rate
Beer	Anywhere	Tiered	\$0.06 per litre
Wine	Canada Only	No Limit	\$0.00
Spirits	Mostly from Canada	N/A	\$12.375 per litre

The US lowered their Federal Excise rate for their domestic small distillery producers to spur growth in the sector and increase jobs and demand for domestic agricultural materials. Their rate is now 14% of ours on the first 100,000 proof gallons (approximately 200,000L LAA) This has spurred exponential domestic growth in their industry while also protecting against major excise revenue losses, as it only applies to the first 100,000L of production which is the volume equivalent of smaller domestic distilleries.

It is estimated that the Craft Distillery industry in the US, that was once trailing the Craft Distillery sector here in Canada, is now expanding at more than a distillery per day and has in the last few years grown from a handful of regional distilleries to now more than 1,700 distilleries nationwide. (20-100 employees per distillery)

The spin off from this growth alone on associated enterprises is estimated nationwide in the US to be in the billions.

The federal government has already extended support to both the wine and brewing industries to support growth of these industries by changing policy to help make the producer more competitive and having more capital to invest in growth and labour. More specifically, for Canadian wineries the government eliminated Excise Duty completely, as long as Canadian agriculture products are used. For breweries, the government introduced a tiered system that recognized small producers need more help early on; as they grow, they can afford to pay more. At present, no consideration has been extended to craft distilleries. In an attempt to stimulate local economies, compete with U.S.A. distilleries and grow the industry, eliminating (or reducing) imposed Excise Duties would be a natural extension of what has already been granted to Canadian wine and brewing companies.

Fundamental to the future success of operating distilleries is to have more available working capital to support growth through equipment acquisition, additional labour, building/storage expansion, and developing distribution/sales channels. Expansion activities undertaken by each craft distillery would certainly lead to greater employment opportunities in both the spirits industry and related ancillary manufacturing areas, greater usage of Canadian agricultural products, increased investment in land due to increased demand for raw materials, and export growth potential.

Producing hand crafted spirits using Canadian agriculture (raw materials) is costly. Economies of scale are not in place for small producers. The cost of packaging, labour, and establishing effective distribution channels is prohibitive, resulting in craft spirits that are noticeably more expensive than large spirit producers. The elimination of Excise Duty would support small business growth and stimulate regional economies. Surplus dollars resulting from saved 'Excise Duty' could then be re-invested into future business growth strategies through improved working capital and equipment acquisition plans.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Revitalize the excise tax for distilleries that mirrors the US craft modernization and tax reform act to reduce the excise tax to \$1.77 per litre on the first 150,000 liters of absolute alcohol; and
2. Match the excise rate in the US on an ongoing basis on volume produced, for Canadian distilleries to have the ability to compete to help grow the Industry to a point where exports become a viable option.

ACCESS TO LABOUR: SECURING A STRONG, SUSTAINABLE TOURISM SECTOR (2019)

ISSUE

Governments at every level have articulated the need for a strong, sustainable Canadian tourism sector. The industry has proven itself as an economic force in British Columbia, with nearly 6.1 million international visitors from around the globe choosing destinations throughout the province last year. This represents a new record, and an increase of 6.4% over 2017.

In addition to record visitation, in 2017 BC's tourism industry generated \$18.4 billion in revenue — up 8.4% over 2016, and 41.3% since 2007.¹ Furthermore, B.C.'s tourism industry added the largest value to the provincial economy between 2007 and 2017, relative to primary resource industries, such as oil and gas, mining, forestry and logging, and fishing.

The ability to efficiently and effectively source temporary seasonal labour is critical to the growth and sustainability of B.C.'s tourism sector and, in turn, the sector's ability to deliver a source of revenue to fund provincial priorities including affordable housing, universal childcare, mental health and addiction, and Indigenous reconciliation.

The BC tourism sector struggles to access the temporary labour to meet existing demand, including seasonal employment in rural and remote regions.

In 2018, there were 302,700 jobs in the BC tourism and hospitality sector. The 2018 BC Labour Market Outlook projects 106,000 additional tourism and hospitality job openings — approximately 10,000 each year — between 2018 and 2028. This growth reflects exits from existing roles as well as industry growth. It is projected that local new entrants to the sector will fill 50% of those openings, with only half of those jobs filled by local entrants to the job market, with an additional 35% projected to come through interprovincial and international migration. This leaves a significant gap of 15%.²

Total revenues from B.C.'s tourism sector are targeted to increase from \$18 billion to \$39 billion by 2030.³ This growth will be challenged without modifications to the Temporary Foreign Worker Program.

BACKGROUND

Canada's Temporary Foreign Worker (TFW) Program

Introduced in 1973, the Government of Canada's Temporary Foreign Worker Program or TFWP was designed to allow employers in Canada to hire foreign nationals. At launch, the program primarily centred on highly skilled workers. A "low-skilled workers" category was introduced in 2002 and has usurped higher-skilled labour as the major component of labour sourced through the program.

Recent History

Now known as the Temporary Foreign Worker (TFW) Program, several iterations have introduced both

¹ <https://www.destinationbc.ca/content/uploads/2019/04/2019-Value-of-Tourism.pdf>

² <https://www.workbc.ca/Labour-Market-Industry/Labour-Market-Outlook.aspx>

³ https://www2.gov.bc.ca/assets/gov/tourism-and-immigration/tourism-industry-resources/our-tourism-strategy/welcoming_visitors_benefiting_locals_working_together_-_final.pdf

expansions and contractions of the system. In 2006, the program was expanded to fast-track applications for locations with severe labour shortages.

Revised again in 2014, the program was amended to raise wages, introduce employer fees, and remove accelerated application processes in order to manage the perceived abuse of the program by a small number of employers.

In 2017, 16,251 TFW positions were requested on positive LMIA by employers in BC in Q1 and Q2 (amounting to 50% of the annual total for 2017 of 32,432). This number increased to 20,907 in Q1 and Q2 in 2018⁴.

Of these applications less than 1,000 were for tourism centric jobs in 2017, as a result of the stringent requirements and limitations of the program, compared with 9,864 positions for the general farm workers and nursery workers in the same period.⁵

Federal and Provincial Consultations

Following its commitment in Budget 2017, the Federal Government began a review of industry sectors – including tourism – that are heavy users of the current TFW Program. During roundtables in Vancouver with the Federal and Provincial Ministers of Tourism, access to temporary foreign labour was identified as a critical barrier to tourism sector sustainability, with specific industry consultation occurring in 2018 in partnership with Tourism HR Canada and Employment and Social Development Canada.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Make the following minor modifications to the Temporary Foreign Worker (TFW) Program. These modifications will serve to meet the needs of employers, while ensuring that Canadians remain first in line for available jobs and that foreign workers are protected;
 - a. Reduced minimum advertising periods of 2 weeks for roles and regions where there is a demonstrated lack of domestic labour supply and regional unemployment rates are lower than 5%;
 - b. An expansion of applications eligible for ten-day expedited processing to include applications with employment durations of six months or less to match the need of the sector as a specific stream of TFW visas. This is necessary given the demonstrated shift of visitation in many resort communities across all four seasons. Through the extension, staffing would be ensured for the entirety of peak season and transitional period between; and
 - c. A review of screening processes to ensure that decisions with respect to completeness of applications are made by staff responsible for application review. This will enhance

⁴ Table 12: Number of temporary foreign worker (TFW) positions on requested Labour Market Impact Assessments (LMIAs) by province/territory between 2017Q1 and 2018Q2

<https://open.canada.ca/data/en/dataset/e8745429-21e7-4a73-b3f5-90a779b78d1e>

⁵ Table 7: Number of temporary foreign worker (TFW) positions on positive Labour Market Impact Assessments (LMIAs) by National Occupational Classification - 2011 (NOC) and province/territory between 2017Q1 and 2018Q2

<https://open.canada.ca/data/en/dataset/e8745429-21e7-4a73-b3f5-90a779b78d1e>

procedural fairness for applications that meet all requirements and contribute to timely processing

ADDRESSING LABOUR SHORTAGES THROUGH THE INTEGRATION OF NEWCOMERS VIA BETTER LANGUAGE TRAINING SUPPORTS (2019)

ISSUE

English is the language of business in BC, and to fully participate in our economy people need the ability to read, write and speak comfortably in English. However, newcomers to BC and Canada may not, understandably, be proficient in English and this may undercut their integration into the community and delay their success in the workforce. Language training programs are effective methods of helping newcomers improve their language skills, however government programs are often over-subscribed causing newcomers to wait until space is available. In addition, only some program providers offer free childcare or childminding services, a critical element that allows newcomers, especially women, to avail themselves of this service.

BACKGROUND

The business community is already facing a labour shortage and the number of job vacancies is only expected to rise. According to the BC Chamber's Mindreader Report – Labour Market Issues in British Columbia "2/3 of BC businesses report having had positions that were difficult-to-fill in the past year" and "employers in most regions and industries of the province are challenged with recruiting."¹ And in the BC Chamber of Commerce's 2018 Collective Perspective Survey, 61% of businesses say that the availability of workers has only worsened over the past year.² As for job openings, the 2018 BC Labour Market Outlook forecasts that "there will be 903,000 job openings over the next 10 years" which cannot be filled simply with domestic labour joining the workforce.³

Immigration is and will be a pivotal solution in addressing our labour needs, and therefore it is imperative that all newcomers be given the tools to fully participate in our economy, starting with language skills. In BC, English is the language of business and a lack of proficiency in English can hold newcomers back economically. For example, in a review of recent census data, Associate Professor of Economics with the University of Calgary Arvind Magesan found that while the wage gap between native-born Canadians and newcomers is 16%, it is only 5.8% for newcomers who speak English at home (a good measure of English proficiency) and fully 27.3% for those who do not.⁴

The Government of Canada funds the Language Instruction for Newcomers to Canada (LINC) program

1 BC Chamber of Commerce Mindreader Report – Labour Market Issues in British Columbia, The British Columbia Chamber of Commerce, 2018. Accessed online:

<http://www.bcchamber.org/sites/default/files/Final%20MindReader%20Labour%20Market%20Report%2008.21.2018.pdf>

2 2018/19 BC Chamber of Commerce Collective Perspective Survey, The British Columbia Chamber of Commerce, 2018. Accessed online: <http://www.bcchamber.org/sites/default/files/BC%20Chamber%20CP%202018%20FINAL.pdf>

3 British Columbia Labour Market Outlook: 2018 Edition, Government of British Columbia, 2018. Accessed online:

https://www.workbc.ca/getmedia/1dce90f9-f2f9-4eca-b9e5-c19de9598f32/BC_Labour_Market_Outlook_2018_English.pdf.aspx

4 Closing the immigrant wage gap: Is speaking English important?, Arvind Magesan, The Conversation. October 25, 2017. Accessed online: <https://theconversation.com/closing-the-immigrant-wage-gap-is-speaking-english-important-84891>

throughout the country, and it is delivered locally by various settlement services providers. LINC Classes are fully funded so are provided free of charge to permanent residents or convention refugees, 17 years of age or older. LINC classes provide basic language training that will help newcomers with daily activities and with finding employment.

However, settlement services providers report continued and regular waits of several months for LINC classes, which delay the ability for newcomers to access this language training. If newcomers are forced to wait months to even begin language training, this unnecessarily delays their ability to join the workforce, and can cause undue economic hardship as those newcomers are unable to access employment and generate income for a longer period of time.

In addition, there is an exacerbating element which further prevents women from accessing LINC classes: childcare. For many newcomers, particularly women, they will require childcare services to be able to take advantage of LINC classes. And while some program providers do offer free childcare alongside the classes, it is limited to certain sites or certain hours of operation, and the waits for these programs are reported by service providers as significantly longer. This lack of childcare means that women, who are in many instances the caregivers for children, are sometimes unable to take LINC classes and thus have greater difficulty integrating and joining the workforce.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. In light of the economic imperative of fully and quickly integrating newcomers into the workforce to address ongoing labour shortages:
 - a. Prioritize additional funding for the Language Instruction for Newcomers to Canada program and similar language training programs to reduce and eliminate waits; and
 - b. Prioritize additional funding for childcare and childminding services offered in conjunction with language training to allow more equal opportunities for women to avail themselves of these language supports.

SUPPORTING CANADA'S STEELMAKING COAL INDUSTRY (2019)

ISSUE

Canada's steelmaking coal industry makes a significant contribution to the economy through employment, tax revenue and contribution to provincial GDP.

There is a long history of environmental responsibility in the mining and transportation of steelmaking coal internationally. Canada's port industry operates under strict environmental regulations that are among the highest in the world, ensuring no health risks for those who live near or work at steelmaking coal terminals.

In recent years, industry opponents have made misleading and false claims about coal transportation and have lobbied municipal governments to act. This has resulted in some municipalities considering or taking policy positions against coal transportation in their communities and opposing expansion and infrastructure improvement projects. In fact, the industry contributes to Canada's export growth strategies and ensures critical upgrades are made to terminal facilities to improve and mitigate environmental and residential impacts. It is essential that Canada's steelmaking coal industry have access to international markets.

Restricting or delaying enhancements to the coal supply chain will result in the loss of livelihood for a significant number of families in many parts of Canada that are supported by the steelmaking coal industry and will further reduce Canadian global competitiveness.

It is important that all levels of government protect the economic benefits of this sector by informing the general public and municipalities about Canada's steelmaking coal industry and corresponding global demand for steel, and ensure its transportation is not inhibited at critical points in the supply chain.

BACKGROUND

As a nation, Canada produced 61 million tonnes of coal in 2017, including 33 million tonnes of steelmaking coal¹. Virtually all the steelmaking coal in Canada is exported, making Canada the world's third-largest exporter of steelmaking coal, after Australia and the United States. Canada's production of the world's coal industry is less than 1%, yet our steelmaking coal resources are in high demand due to its superior quality.

Restricting the availability of Canadian steelmaking coal will have limited impact on the world market but will severely impact our domestic economy.

Steelmaking coal is vital to everyday life around the world. It is used to build major projects like bridges, rapid transit systems, wind turbines, hospitals, schools and everyday consumer products like cars, bicycles, tools, lawn equipment and household appliances. It is also one of the most commonly recycled products.

Steelmaking, like many industrial processes, does create some emissions. Steelmaking coal, also known

¹ Coal Association of Canada

as metallurgical coal, is an essential part of a chemical reaction needed to create new steel. 770kg of steelmaking coal is required to produce one tonne of steel. It is not used to generate power.

Steelmaking coal is inert. It can be handled with bare hands. It is not considered a dangerous or hazardous material by Transport Canada and it is safely handled by thousands of workers every day. The Canadian port sector operates under strict environmental regulations that are among the highest in the world, ensuring no health risks for those who live near or work on port terminals.

Rail is the most efficient mode of transport to move commodities and has been shown to be two to five times more fuel-efficient than truck transportation depending on the commodity.

As the population continues to grow, residential neighbourhoods have expanded and, in some areas, are closer to port terminals. In some communities where rail lines connect with port terminals, public debates have been held in the media and with their municipal representatives, calling for the elimination of coal transportation through communities where rail lines have been located for decades, in most cases, long before the residential neighbourhoods were built around them.

Steel is vital for the world's advancement. Coal exporting is a major economic contributor for Canada and our ports play a critical role in transporting Canadian steelmaking coal to important international markets. Governments at the municipal, provincial and federal levels have an important role to play in supporting expansion and infrastructure improvements in this important industry and protecting exports from being inhibited at critical distribution points.

THE CHAMBER RECOMMENDS

That the federal government work with the provincial and territorial governments to:

1. Promote the productive and environmental benefits of high-quality Canadian steelmaking coal to international markets;
2. Work with industry to develop and ensure sound public and economic policies that foster Canada's steelmaking coal mining industry; and
3. Support educational opportunities to inform the public of Canada's steelmaking coal resources, its contribution to meeting global demand for steel production and the corresponding economic prosperity through high paying jobs for tens of thousands of families, to Canada's small businesses through local procurement, through tax generation and the related economic spinoffs.

SHARE A HANDSHAKE: MOVE PEOPLE AND CARGO ACROSS BORDERS AND REDUCE REDUNDANT PAPERWORK (2019)

ISSUE

Canada and the United States share a long history of border innovation and excellence. Four major bi-national efforts since the 1995 Shared Border Accord created our current framework for cooperation, culminating in the 2011 Beyond the Border Action Plan. The 2015 Land, Rail, Marine and Air Transport Preclearance Agreement (LRMA) also promises to generate incremental benefits in the coming years.

Much work remains, however, to address a range of processing and policy issues to fully co-ordinate efforts between governments and between the private and public sectors. The Beyond Preclearance Coalition was formed to develop a long-term vision for trade and travel, especially with the still-pending United States-Mexico-Canada Agreement (USMCA), which is expected to be the successor to the North American Free Trade Agreement (NAFTA). The consultations revealed a strong desire to create predictability in border and security processing. More importantly, the border was seen as a place that goods and people flow, not as a single line or step. A shared vision was developed encapsulating a future for the United States and Canada. The Beyond Preclearance Coalition of 41 bi-national organizations is outlined in the Beyond Preclearance White Paper.¹

BACKGROUND

The new vision is based on eight major challenges within travel and trade sectors and the services that enable border and security clearances:

1. Inability to keep up with traffic growth

Traffic volumes will continue to grow, nearly doubling across all modes in the next 20 years, with the aviation sector reaching almost 2.5 times more traffic by 2038. The concern is whether our systems will be able to keep up with growth or be limited by insufficient resources, leading to long queues.

2. Wasted resources from duplication

Significant progress has been made in the last 25 years to remove a large portion of paper-based processes, from multiple data-entry to duplicated application forms. More work remains to simplify programs, many of which are separate, requiring almost the same information and are aimed at similar objectives.

3. Privacy issues must be addressed up front

With the proliferation of information sources tied to personal identity or commercial confidentiality, there is the need to improve the performance of the entire system to better manage privacy. Privacy by Design and its seven principles identify best practices that augment existing public agency requirements to conduct privacy impact assessments and do so early in the process.

¹ <https://www.beyondpreclearance.org/the-white-paper> Beyond Preclearance: The White Paper October 5, 2018

4. Ensuring ideas are future proof

Scalability and systems that cannot be linked together are examples of problems still faced as border process requirements evolve. Standalone systems may be desirable for speed of implementation but there is the need to ensure connectivity with future changes to systems.

5. Resilience to evolving threats

Dynamic and asymmetric threats are problems faced by public and private sector stakeholders. The resilience of the system to accommodate future shocks through risk-based approaches also further reinforces the need to develop as much efficiency in the system today as possible.

6. Lack of sustainable private-public partnerships

From user fees to investments in facilities and requirements, there is a perception of an unsustainable model for funding future changes. The private sector presents strengths in investment, acquisition, technology deployment and research. These may also represent the opportunities to sustain future co-operation.

7. Underuse or overuse of technology

In the past two years, there have been focused efforts towards product-based pilot projects. “The blockchain pilot” or the “biometric pilot” are important because they are emerging technologies with benefits. The use case however needs to balance the process, staffing envelope and risk model to ensure the success for new technology adoption.

8. Global competition

Finally, the challenge collectively is not the debate over whether Canada or the US stands to gain from future improvements. The economies are intricately linked, as are the cycles of innovation in border and security excellence. The competition is how Canada and the United States, as a joint US \$100-trillion economy by 2038, will remain competitive in the world market. Movement of people and goods include land,² sea,³ air^{4,5} and rail.⁶

2 Land borders require careful co-ordination of lanes and infrastructure at border plazas. Preclearance offers more flexibility to locate activities away from the physical border. More efforts are needed to ensure traffic can be streamed through the introduction of biometrics to confirm identities, by using mobile technologies to ensure trucks and cars are ready to proceed and by limiting the amount of stops at the physical border in favor of activities before departure, enroute or at a controlled destination upon arrival.

3 Maritime Container, break-bulk and other commodities shipped to the United States and Canada have experienced significant changes since 2001. Pushing the borders out is largely a success, especially for container movements. More work remains to incorporate clearances for US Customs and Border Protection (CBP) and Canada Border Services Agency (CBSA), and across all government agencies. This will enable intermodal transfers to trucking and rail to move more efficiently from one country to the other.

4 Cruise passengers are largely air transfers and for certain markets (e.g., Alaska or Caribbean cruises) there is the opportunity to further leverage biometrics further to enhance processing. Same-day entry and exit between countries could be greatly facilitated. Six cruise lines have already started to generate pilot projects on biometrics with CBP and this can be further integrated with air transfers and CBSA processes.

5 A robust system exists for in-bond air cargo, but similar to the maritime mode, more is needed than just approvals from a customs agency. A government approach is needed to deal with different commodities – specifically agricultural products. Consequently, a future view towards testing out full in-bond air-air and air-truck is needed, as well as advancing air cargo preclearance. Air passengers have several important dynamics due to the rapid growth of traffic, and the large number of biometrics implementations.

6 Rail is the second largest mode after trucking, moving some 15% of US-Canada trade. One of the major sources of demand for rail movements is shipments moved to rail cars from ports. At the same time, there is US and Canadian-origin traffic from North American-based factories, lumber yards, etc. The principle is the same: clear before departure and minimize the activity needed at the border itself. Remote screening and enroute clearance processes could significantly reduce the burden on rail lines at the border to de-stuff containers or rail cars for inspection. Similar to air and cruise ship processing, the model for preclearing passenger trains or clearing upon arrival would greatly benefit from the biometric model of processing.

A number of key initiatives are already in research or about to begin.⁷

Next Steps

A set of 16 pilot projects with five major themes are recommended to begin immediately as a first step towards realizing the vision of a predictable, secure and integrated border. Pilot projects are modal independent – meaning each transportation mode has the potential to implement pilot projects along five themes:

1. Adopt a Remote Clearance Approach;
2. Screen Once, Accept Multiple Times;
3. Manage to a Trusted Secure Token;
4. Move Away from Fixed Checkpoints to Clearing Flows; and
5. Harness Big Data.

Net Benefits to 2038

- Co-economy Canada & US: \$100 trillion; 460 million residents;
- Cargo growth: 2-2.5x;
- Travel growth: 1.7-2x;
- Border: predictable; secure; integrated;
- 38,000 FEWER new officers needed; and
- New Model: joint governance; tech accelerated; applied research; facilities.

Net Results – More competitive Canada & US

- \$13 billion/year travel/supply chain benefits;
- Reduced/deferred facility costs;
- Potential savings to incremental hires; and
- 2x – 4x return on investment.

Why It Matters to BC

1. Three of the top 11 busiest airports in Canada: Vancouver, Kelowna and Victoria
 2. Common two-hour line-ups at truck crossings
 3. Exports of Mining, wood, coal, propane, oil, LNG/mixed goods imports internationally
 4. Annual container volume Vancouver ports: 3 million TEU from 27 major marine terminals
 5. Cargo value \$200 billion Canadian
 6. 898,473 cruise ship passengers in 256 sailings
- (all statistics 2018)⁸

THE CHAMBER RECOMMENDS

⁷ Key initiatives include: (a) Further integration of passenger vetting and biometrics to ensure that Canada and the United States are not at a competitive disadvantage versus Europe in attracting foreign tourists. (b) Early results demonstrate upwards of 50% throughput benefits compared with the current generation of automated passport control. A unified approach is needed in the preclearance environment. (c) Create a streamlined connections environment. Canada has made major improvements at airports in recent years. Biometrics may provide the ability to better manage connections at US facilities. Further co-operation can be advanced by leveraging excess capacity at new US preclearance sites for Canadian-bound traffic. Joint preclearance could be a stepping stone for full global preclearance starting with allied countries such as the United Kingdom, Australia and New Zealand and potentially be integrated with exit control facilities and systems.

⁸ <https://www.beyondprecleanance.org/the-white-paper> *Beyond Preclearance: The White Paper* October 5, 2018

That the Federal Government working with the Provincial Governments:

1. Support the contributions of the Beyond Preclearance Coalition of 41 bi-national organizations including the Canadian Chamber of Commerce, specifically:
 - a. Implement the six Beyond the Border II Initiatives:
 - i. US-Canada Facial Recognition Pilot Project;
 - ii. Single Window eTA/ESTA⁹;
 - iii. Conduct Research to support policy making;
 - iv. Remote screening of goods and co-location of facilities in the US;
 - v. Trusted traveler program integration; and
 - vi. Rescreening elimination.

⁹ eTA – Canada: electronic Travel Authorization; ESTA – US: Electronic System for Travel Authorization, an automated system that determines the eligibility of visitors to travel to the United States under the Visa Waiver Program (VWP).

KEEPING CANADA'S AIR TRAVEL INDUSTRY SUSTAINABLE & AFFORDABLE TO CANADIANS (2019)

ISSUE

Domestic air travel within Canada is significantly more expensive than domestic air travel across the United States. The high cost of Canadian domestic air travel makes it inaccessible to some Canadians and limits Canada's ability to grow the tourism industry and to operate multi-city Canadian businesses. Due to the competitiveness of air travel prices in the US, many Canadians head south of the border to depart for flights meaning that Canadian airlines, airports and businesses lose possible revenue streams that could be otherwise redirected into the Canadian economy. Despite recent progress on foreign ownership restrictions increased to 49 percent from 25 percent previously which allows for more Ultra Low-Cost Carriers to enter the marketplace, there is another hurdle to overcome in order to keep air travel costs low. If the federal government continues to roll out its carbon tax, hundreds of millions of dollars will be added to the cost of domestic air travel.

BACKGROUND

Domestic air travel in Canada is already excessively expensive as a result of high federal fees and airport fees. To add a carbon tax to the mix will have significant environmental, economic and social impacts and will jeopardize the longer sustainability of the Canadian aviation industry.

The taxes and fees for domestic air travel in Canada include:

- 5% - 15% GST / HST
- \$7.12 Air Travellers Security Charge (ATSC) each way up to \$14.25
- \$5-\$30 in Airport Improvement fees (no limits)

A \$600 round trip flight within Canada could be subject to \$165 in taxes and fees (over 27% increase from base fare). For comparison, domestic air travel taxes and fees in the United States include:

- 7.5% US domestic transportation tax
- Up to \$5 domestic passenger federal flight segment tax
- Up to \$4.50 passenger facilities charges for airport improvements (up to 4 per journey and max 2 per one way trip)
- A \$600 round trip flight within the US would be subject to up to \$69 in taxes and fees (11.5% increase from base fare)

Lower fees for US domestic travel appeals to Canadians and as such they head south of the border for departures to international locations. An estimated 5 million Canadians crossed the border to fly out of the US and avoid high Canadian airline fees. Many of the large airports in small US towns bordering Canada have a significant number of Canadian customers. Canadian travellers re-routing through the US causes Canada to lose both revenue and jobs that could be retained or created if domestic air travel within Canada were more accessible and affordable.

The Canadian economy is shifting away from reliance on the oil and gas industry and moving towards technology. While, the oil and gas industries required more travel to remote destinations, technology companies in Canada require travel to other Canadian cities. Technology entrepreneurs should be encouraged to grow businesses within Canada to penetrate and stimulate the Canadian economy. This means opening offices in various cities across the country. The current cost of domestic air travel

discourages growth of companies within Canada as it is too expensive to frequently travel between Canadian destinations. This drives Canadian businesses to open offices within the US as the cost to travel to these offices is reduced. Although Canadian business penetrating the US market can be a positive thing, many Canadian businesses are acquired by US companies once parts of their operations move south of the border. Reducing the cost of air travel within Canada could help to stimulate small business growth across the country and allow successful acquisitions within Canada.

The National Airlines Council of Canada has recently commissioned three studies to assess how a carbon tax would affect domestic air travel. The first study, *Carbon Pricing in the Canadian Aviation Sector*, found that a carbon tax would not reduce carbon emissions in the medium term because of the aviation industry's technological and systems maturity with respect to fuel consumption and emissions. The second finding of the study was that a carbon offset system was better suited to the industry and would result in measurable emission reductions. Simply stated, a carbon tax will not curb carbon emissions from aviation.

The second study, *Impacts and Analysis of Carbon Pricing on Canada's Trade Exposed Aviation Sector*, examined some of the more salient market distortions that the backstop carbon tax on air travel would cause.

The most recent study, *Evaluation of Carbon Tax Backstop Costs on Domestic Air Travel: 2019-2030*, reviewed the cost impact on various domestic routes, the effects of a national carbon tax on air travel between 2022-2030 and the competitive position of Canada's commercial aviation industry. It also quantified the revenue windfall generated by a carbon tax on domestic aviation which would be almost \$850 million a year by 2030.

The carbon tax would not only conflict with the federal government's plans to grow Canada's visitor economy, it would weaken domestic tourism thus encouraging Canadians to travel outside of Canada and creating an anti-tourism bias, albeit unintentionally. Linked to this, a carbon tax will drive even more Canadians to USA airports and destinations than it is currently.

Implementing a carbon offset system, similar to the one adopted by the International Civil Aviation Organization in 2016, which the federal government endorsed, would generate less tax revenue than a carbon tax by hundreds of millions of dollars a year. By 2022, tax revenue from the carbon tax would be greater than that from the federal excise tax and provincial aviation fuel taxes combined.

Canadian air passengers pay some of the highest government taxes, fees and charges in the world¹. In exchange, they expect to receive value for their investment and support. The reality is, these fees and taxes have continued to increase over the last few years, contributing to the general revenue fund for the federal government rather than being specifically reinvested back into Canada's airport authorities, airline industry and its related infrastructure as it was in previous years.

ATSC = Air Travellers Security Charge

CATSA = Canadian Air Transportation Security Authority

¹<http://www.parl.gc.ca/Content/SEN/Committee/411/trcm/rep/rep05jun12-e.pdf> and <https://www.fraserinstitute.org/article/europe%E2%80%99s-airfares-bargain-compared-canada>

Year	ATSC2	Total Gov't Funding for CATSA3	Difference
2007-2008	\$385,713,000	\$482,634,000	(\$96,921,000)
2008-2009	\$386,461,000	\$476,472,000	(\$90,011,000)
2009-2010	\$374,468,000	\$580,000,000	(\$205,532,000)
2010-2011	\$600,078,000	\$598,400,000	\$1,678,000
2011-2012	\$631,003,000	\$584,400,000	\$46,603,000
2012-2013	\$635,600,000	\$549,940,000	\$85,660,000
2013-2014	\$661,948,000	\$538,892,000	\$123,056,000
2014-2015	\$695,702,000	\$597,971,000	\$97,731,000
2015-2016	\$721,224,000	\$611,911,000	\$109,313,000
2016-2017	767,856,000	\$673,157,000	\$94,699,000
2017-2018	\$822,569,000	\$706,023,000	\$116,546,000

An efficient, cost-effective transportation network is a key part of a prosperous nation. Adding a carbon tax, or any additional government-imposed costs on air travel, should be considered in the context of their cumulative and compounding impact on the cost of air travel and its system-wide implications.

Canada's reliance on the US transportation network diverts revenue and jobs that could stay within Canada. The lack of affordable domestic air travel in Canada harms the growth of Canadian small business, particularly in the technology and tourism sectors by expanding growth into the US and international markets instead of within Canada. From the federal government's own study, *Unlocking the Potential of Canada's Visitor Economy*, it suggests that by increasing the cost of air travel in Canada would damage Canada's appeal as a visitor destination and, by making it more difficult to develop secondary destinations, would reduce the length of average visitor stays.

It is believed that the taxes generated by additional economic activity, the creation/retention of Canadian jobs in the airline and tourism industries, and the increase in success of Canadian small business would make up for losses in collection of the current federal fee structure.

THE CHAMBER RECOMMENDS

That the Federal Government:

2 Public Accounts of Canada

3 CATSA Annual Reports

1. Reduce the current fees for domestic air travel;
2. Re-evaluate the implementation of a carbon tax on domestic air travel and instead, implement the measures contemplated in the International Civil Aviation Organization's carbon offsetting and reduction scheme for international aviation (CORSIA) as it would result in measurable emission reductions; and
3. Earmark revenue collected be reallocated proportionately to Canadian airports to assist with equipment, maintenance and operational costs.



BC Chamber of Commerce

Know what's on BC's mind.



www.bcchamber.org
www.BCMindReader.com