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 1951 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 65th Annual General Meeting held in Victoria, B.C., May 25th to 27th, 2017.

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.

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POLICY PRINCIPLES

Principles of Effective Public Policy
Public policy affects the businesses and 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 for the business community. Certainty is essential for decisions our businesses make when it comes to long-term investments. Regulation should achieve 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.

Harm to business and constrained economic activity occurs when regulations have:

- Disproportionately high compliance costs (particularly administrative costs);
- Inconsistency in the way they are enforced (as unenforced regulation favours those who would ignore them);
- Inequitable in their design and application;
- Restrict competition; or
- Otherwise create 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’).
POLICY PRINCIPLES

Taxation
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.

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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?
The BC Chamber of Commerce

POSITIONS

ON

SELECTED PROVINCIAL ISSUES

2017 – 2018
ABORIGINAL RELATIONS AND RECONCILIATION

INDIGENOUS ISSUES: ACHIEVING GREATER CLARITY (2017)

Businesses operate best in a stable and predictable environment, where rights are certain and protected by the rule of law. The biggest issue for the business community arising from indigenous claims is the lack of clarity around the Crown’s duty to consult and accommodate indigenous communities.

Many activities that businesses pursue, or would wish to pursue with the permission of the Crown, may be impacting asserted aboriginal rights in some way. It is clear that aboriginal rights and title still exist in the province, and are protected by the Constitution, but in most instances the extent of aboriginal rights is unclear, while the extent of aboriginal title still remains completely unknown.

Increased Expectations
The gap between what the indigenous and non-indigenous populations would accept as a reasonable resolution or reconciliation appears to have grown in the last decade.

Since the 1997 decision of the Supreme Court of Canada in Delgamuuk’w, to the extent that aboriginal title has not been extinguished in B.C., there has been a trend of increasing expectations by indigenous peoples as to the extent and strength of their rights.

Two recent and significant events that may have contributed in raising those expectations are the (non-binding) statements made by Mr. Justice Vickers in the William case, in November 2007, concerning the extent of aboriginal title of the Tshihtlqot’in people and the 2009 Recognition and Reconciliation (R&R) initiative of the provincial government. Although the ‘R&R’ initiative was ultimately not supported by indigenous leaders themselves, it did propose a very significant degree of control of provincial resources through “shared decision making”, as well as the potential recognition by the Province that aboriginal title existed throughout the whole of the province.

The level of indigenous expectations is probably best gauged by the extent to which a standard of “free, prior, and informed consent” has been adopted by varying indigenous groups as a pre-condition to business development. This principle was ultimately refuted by the Supreme Court of Canada in Haida decision in 2004 and further refuted by the federal government in 2010 when Canada issued a Statement of Support endorsing the Declaration as an aspirational document, but at the same time noted it was a non-legally binding document that does not alter the legal duty to consult. While the federal government has since indicate they will adopt the recommendations in the Truth and Reconciliation report, including the recommendation to adopt the UNDRIP, the Attorney General of Canada did say the adoption of the Declaration is “workable” as it relates to Canadian law.1

Achieving Long Term Certainty Will Require Negotiation, Litigation, and Time
Clarity concerning the extent of aboriginal rights and title will most likely be achieved by two methods running in parallel – that is, by a combination of court decisions which will provide better guidance to all parties as to the actual extent of aboriginal rights and title, and by negotiations culminating in final settlements in the Treaty process.

It is important to note that achieving clarity concerning the extent of aboriginal rights and title in the province will take time, and it is necessary to create a workable environment for the business community pending final achievement of that goal.

1 Ottawa won’t adopt UNDRIP directly into Canadian law: Wilson-Raybold, iPolitics, July 12, 2016
ABORIGINAL RELATIONS AND RECONCILIATION

Achieving Greater Clarity in the Short Term
The challenge for federal and provincial governments is to create an environment which will allow businesses to operate successfully and competitively – and with greater certainty – for the foreseeable future, while the resolution of the aboriginal rights and title issues is still underway. The solution, as noted below, is to institute an effective process of consultation, as suggested by the Supreme Court of Canada in Haida.

The most important recent decision that provides how to achieve greater certainty in the short term with respect to aboriginal rights issues is still the November 2004 decision of the Supreme Court of Canada in Haida.

The Haida decision – and the companion Taku decision – addressed the process the Crown should follow before granting licenses and rights which might affect unproven but asserted claims to aboriginal rights and title. This was further clarified by the decision in Rio Tinto Alcan (2010).

The key finding of the Supreme Court of Canada (the Court) was that the Crown has a duty to consult with indigenous groups who have not yet established their rights, before granting licenses or permits that might affect their asserted rights, and in some circumstances, the Crown has a duty to ‘accommodate’ those indigenous groups.

The Court made it clear that the duty to consult with indigenous groups is one owed solely by the Crown, and is not owed by the business community. A very interesting part of the decision was a statement by the Court that the Crown (both federal and provincial) could establish regulatory schemes to comply with the legal obligation of consultation. In effect, the highest Court in Canada advised the Crown that if a fair process for consultation was established, and followed, then the courts would uphold the decisions that emerged from that process. The Crown has, for the most part, delegated this procedural role to business through the regulatory process.

The Court described the nature of the consultation required as being on a sliding scale, based on an assessment of the strength of the aboriginal claim and the impact of the proposed activity on the asserted aboriginal interest.

The Court also commented on ‘accommodation’, describing it as a process of trying to harmonize the competing interests of development and the wish to protect aboriginal interests.

The consultation principles in Haida were also applied to Treaty rights in Mikesew (2005), and were further clarified in the Treaty context in Little Salmon (2010).

From the perspective of the business community, the consultation process largely remains confusing and lacking clear rules. This is a major impediment for people wishing to do business in the province. Achieving greater clarity with respect to the process of aboriginal consultation – with guidelines, timelines, and outcomes that can be relied on – is of critical importance to both the business community and indigenous communities looking to benefit from the long-term economic and social benefits found in resource development projects.

There have been some recent improvements in the provincial government process. There does appear to be more effort committed to developing expertise in consultation in the recent reorganizations of the “dirt
ministries”. There have also been some recent efforts to provide some guidance to the business community. The “Updated Procedures for meeting Legal Obligations When Consulting First Nations – Interim” (May 2010) and the companion “Guide to Involving Proponents When Consulting First Nations (April 2010) are welcome developments, as are the published policy statements of the Environmental Assessment Office that provide a guide for project proponents in consulting with aboriginal people in both a Treaty and Non-Treaty context. It is still an open question as to whether the recent Protocols with the Haida, Central Coast, and other groups will actually achieve any greater certainty.

With respect to the federal consultation process, Indigenous and Northern Affairs Canada made an initial effort to address this policy vacuum by releasing its “Interim Guidelines for Federal Officials to Fulfill the Legal Duty to Consult” in February 2008 and has followed up with the Federal Consultation Guidelines of March 2011.

However, these efforts fall short of the regulatory regime that was suggested to both levels of government by the Supreme Court of Canada in 2004 in Haida.

One additional point is that the provincial and the federal governments are often both involved in the same project, with permits required from each of them. The effort to coordinate the consultation processes required for the different permits has been appreciated, but could be more robust. The consultation process is still often unnecessarily duplicated by or uncoordinated between both levels of government, with little or no reference to the other, adding to both expense and delay.

**Revenue Sharing by the Crown(s)**

In addition to wanting greater control over the decision-making process of whether a new business activity should proceed, indigenous groups rightly want to benefit their communities over the long-term through a portion of the revenue derived from the proposed business activity.

While industry had worked closely with indigenous groups to develop long-term benefit agreements, ultimately such economic benefit agreements is a matter of policy that should be determined by the Crown. The provincial government has made this a priority is recent years.

In Haida – and the decisions that followed - the Court did not propose a practice of paying money as a requirement of ‘accommodation’ before aboriginal rights had been established.

There have been some recent developments in the Province to provide for the sharing of Crown revenues on a variety of projects. Examples of this are the Economic Benefits Agreements that have been negotiated between the Province and some members of Treaty 8, and the Resource Revenue Sharing Policy that was announced by the Province for the mining sector in October of 2008, which was implemented on two mining projects in 2010. There also appears to be a movement by the Province to apply a revenue sharing approach in the forestry sector.

In summary, while both levels of government have been taking steps in the right direction to assist in achieving greater clarity for business in the province, there is still much room for further improvement between business, indigenous communities and government.

**THE CHAMBER RECOMMENDS**

That the Provincial Government works with the Federal Government to:
develop harmonized workable regulatory processes for carrying out consultation with the aboriginal peoples that will amount to the regulatory schemes referred to in *Haida*;

2. continue to provide clearer guidelines for the business community with respect to its role (if any) in the consultation process; and

3. continue to develop policies around revenue sharing with Indigenous peoples.

**REPRESENTING THE PUBLIC INTEREST REGARDING FIRST NATIONS TITLE (2015)**

A body of jurisprudence, including the recent Tsilhqot’in decision of the Supreme Court of Canada (SCC),\(^1\) clarifies First Nations title rights. They provide a framework for government, industry and First Nations to address these rights. Such clarifications should increase certainty for investors and the public.

First Nations, at times, appear to be the only prominent voice discussing the implications of court decisions affecting aboriginal title. They also appear, at times, to be further asserting aboriginal title in ways that address neither the letter nor the spirit of the full court decisions and the body of jurisprudence. The Province has been silent on important aspects of the Tsilhqot’in decision. Most discussion has focused solely on the Court’s declaration of aboriginal title and the powers and authority such a declaration provides to a First Nations. Not enough has been said about how the Tsilhqot’in decision emphasizes the rights and powers of the Province, of particular importance is the right to infringe aboriginal title where justified in the public interest, and the Court’s unequivocal finding that provincial law applies in title and territorial areas:

- In 1990, this Court held that s. 35 of the *Constitution Act, 1982*\(^2\) constitutionally protected all Aboriginal rights that had not been extinguished prior to April 17, 1982, and imposed a fiduciary duty on the Crown with respect to those rights: *R. v. Sparrow*, [1990] 1 S.C.R. 1075. The Court held that under s. 35, legislation can infringe rights protected by s. 35 only if it passes a two-step justification analysis: the legislation must further a “compelling and substantial” purpose and account for the “priority” of the infringed Aboriginal interest under the fiduciary obligation imposed on the Crown (pp. 1113-19).\(^3\)

- Once Aboriginal title is established, s. 35 of the *Constitution Act, 1982* permits incursions on it only with the consent of the Aboriginal group or if they are justified by a compelling and substantial public purpose and are not inconsistent with the Crown’s fiduciary duty to the Aboriginal group; for purposes of determining the validity of provincial legislative incursions on lands held under Aboriginal title, this framework displaces the doctrine of interjurisdictional immunity.\(^4\)

Balanced discussion of the rights accorded by the SCC both to the Province and to First Nations is essential. Not managing expectations in regard to public interest and First Nations rights can plant new seeds of discord, as well as create uncertainty for investors and the public on how the Province will represent the interests of all British Columbians.

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\(^3\) SUPREME COURT OF CANADA, Citation: Tsilhqot’in Nation v. British Columbia, 2014 SCC 44, [2014] 2 S.C.R. 256 Date: 20140626; Docket: 34986, Paragraph 13

\(^4\) SUPREME COURT OF CANADA, Citation: Tsilhqot’in Nation v. British Columbia, 2014 SCC 44, [2014] 2 S.C.R. 256 Date: 20140626; Docket: 34986, Paragraph 2
ABORIGINAL RELATIONS AND RECONCILIATION

An example of unmanaged expectations is First Nations, so-far, uncontested assertion that their own mining policies and laws will apply in their asserted territories rather than the Province’s and ongoing demands for Impact Benefit Agreements, payments to consult or to even access lands (among other things). None of this seems to have a firm foundation in the body of aboriginal title decisions by the courts. The Province is the only appropriate body to address this.

The courts have been clear that First Nations do not hold a veto over projects or developments even where aboriginal title is proven, let alone on asserted territorial lands where overriding public interest can be demonstrated and an infringement of title can be justified according to long-established legal principles:

In the Delgamuukw decision, the SCC confirmed that infringements of Aboriginal title can be justified under s. 35 of the Constitution Act, 1982 pursuant to the Sparrow test and described this as a “necessary part of the reconciliation of [A]boriginal societies with the broader political community of which they are part” (at para. 161), quoting R. v. Gladstone, [1996] 2 S.C.R. 723, at para. 73. While Sparrow had spoken of priority of Aboriginal rights infringed by regulations over non-aboriginal interests, Delgamuukw articulated the “different” (at para. 168) approach of involvement of Aboriginal peoples — varying depending on the severity of the infringement — in decisions taken with respect to their lands.

What interests are potentially capable of justifying an incursion on Aboriginal title? In Delgamuukw, this Court, per Lamer C.J., offered this: In the wake of Gladstone, the range of legislative objectives that can justify the infringement of [A]boriginal title is fairly broad. Most of these objectives can be traced to the reconciliation of the prior occupation of North America by [A]boriginal peoples with the assertion of Crown sovereignty, which entails the recognition that “distinctive [A]boriginal societies exist within, and are a part of, a broader social, political and economic community” (at para. 73). In my opinion, the development of agriculture, forestry, mining, and hydroelectric power, the general economic development of the interior of British Columbia, protection of the environment or endangered species, the building of infrastructure and the settlement of foreign populations to support those aims, are the kinds of objectives that are consistent with this purpose and, in principle, can justify the infringement of [A]boriginal title. Whether a particular measure or government act can be explained by reference to one of those objectives, however, is ultimately a question of fact that will have to be examined on a case-by-case basis. [Emphasis added; emphasis in original deleted; para. 165.]

Constructive engagement is important, which is why the Province’s silence on the issue is such a concern.

The implications of this silence are clear. For example, international investors are being advised to avoid investing in B.C. because of the uncertainties surrounding these issues. At a so-called ‘Canada Day’ event at a March 2015 “Mines and Money” conference in Hong Kong attended by over 2000 people, several speakers specifically advised investors not to invest in Canada or B.C. because of the Tsilhqo’t’in decision. It seems a safe assumption this sentiment is not restricted to the mining sector.

B.C. stands on the cusp of remarkable opportunity, particularly as the world’s economic centre of gravity shifts back to Asia. Our location on the Asia Pacific Rim positions us well to capitalize on emerging market opportunities.

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5 SUPREME COURT OF CANADA, Citation: Tsilhqo’t’in Nation v. British Columbia, 2014 SCC 44, [2014] 2 S.C.R. 256 Date: 20140626; Docket: 34986, Paragraph 16
6 SUPREME COURT OF CANADA, Citation: Tsilhqo’t’in Nation v. British Columbia, 2014 SCC 44, [2014] 2 S.C.R. 256 Date: 20140626; Docket: 34986, Paragraph 83
ABORIGINAL RELATIONS AND RECONCILIATION

But our ability to capitalize on these opportunities depends upon our ability to attract investment – and that depends upon establishing certainty surrounding First Nations land and title issues, the public interests and government’s ability to respond and reconcile such issues in a timely, fair and just manner.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. acknowledge and accept that the courts have given the province the right to uphold public interest rights where justified in the public interest in accordance with long-established legal principles in matters of aboriginal title;

2. develop a plan and institutional process for how to uphold public interest rights in regard to First Nations interest;

3. pro-actively manage public interest expectations in regard to First Nations and the appropriate guidance provided by the jurisprudence; and

4. publicly state how it will use the public interest rights and obligations afforded it by the courts with respect to aboriginal title and land claims in asserted territories.
ADDRESSING B.C.’S TECHNOLOGICAL AND ENGINEERING SKILLS SHORTAGE (2015)

The provincial government has undertaken a significant amount of work in enhancing B.C.’s skills training and closely aligning these programs with proven industry need. The creation of the *BC Skills for Jobs Blueprint*¹ demonstrates the government’s commitment to the skilled labour shortage in B.C. Over three years, $185 million will be invested in infrastructure and equipment for skills and trades training. Information will also be published on seats available at public post-secondary institutions for in-demand programs.

It is imperative that the money be strategically allocated across B.C., and that for northern B.C., the allocation focus on technological and engineering training.

The Asia Pacific Gateway Skills Table studied labour market requirements for northern B.C. between 2013-2022 and produced data predicting a tight labour market in northern B.C. for Civil Engineers, Civil Engineering Technologists and Technicians, Industrial Engineering and Manufacturing Technologists and Technicians, Industrial Instrument Technicians and Mechanics, and many other technology-related occupations for the duration of the survey period. Shortages of these skilled people are expected to restrict economic growth.²

Moreover, based on the *Workforce Intelligence Study: Identifying Canadian Talent Pools for Prince George’s In-Demand Occupations*³ done by Initiatives Prince George in May 2014, five of the twelve highest demand occupations in the Prince George (on the basis of employer identified shortfalls) are engineering or technology related.⁴ Within this report, and backed provincially by the National Occupational Classification (NOC) 2011 – Top 60 Jobs in Demand in B.C.,⁵ there is a strong consensus among employers interviewed that civil engineers, mechanical engineers, and electrical engineers should be a high priority for recruitment and training. The provincial list of NOC Top 60 Jobs in Demand includes five engineering / engineering tech occupations and an additional two related technical occupations.

From a provincial standpoint, Randstad Engineering completed a Canadian-wide study of engineering labour market conditions between 2011-2020, and predicts that B.C. as a whole will have the tightest engineering labour markets in Canada across the coming decade.⁶ Rising replacement demand adds to expansion demand as the decade progresses. Graduates from post-secondary programs are rising and peak in 2017 but these additions are not sufficient to cover demands. Immigration levels are assumed to remain at relatively low levels reported in 2011. The report suggests that B.C. employers’ focus will be on specialized and experienced engineers to replace retirements and to meet cyclical resource driven conditions.

**Continued growth and expansion of northern B.C. requires technologists and engineers trained in the north**

Investment in capacity-building fields, such as technology and engineering, will help to retain professionals as the northern economy continues to grow and diversify. Increasing the local capacity for innovation and

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⁴ Workforce Intelligence Study: Identifying Canadian Talent Pools for Prince George’s In-Demand Occupations. Prepared by R.A. Malatest & Associates Ltd. for Initiatives Prince George (IPG) March 31st, 2014. Table 3: High Demand Occupations in Prince George
⁵ Human Resources and Skills Development Canada, 2014
ADVANCED EDUCATION

Technology development is critical for economic and social development. Skills in these areas create entrepreneurs, business people and critical thinkers who become leaders and help build community capacity thus creating resilient communities that are more self-sufficient and less subject to the ebbs and flows of economic cycles.

More than 50% of all capital investment planned in the province over the next ten years will occur in northern B.C., though this region has less than 10% of the B.C. population. Therefore, it is essential that we not only endeavor to provide relevant training opportunities, but that those training opportunities are located in the regions where employees are needed. Graduates from northern B.C. institutions stay in the north. In the “B.C. Student Outcomes” survey done annually by the Province, it shows that 67% of UNBC alumni choose to live and work in northern B.C. after graduation, in contrast to 2.5% from all other B.C. educational institutions. In fact, UNBC now annually produces far more university graduates for the north than all other B.C. universities combined.

It should also be stressed that when UNBC was created, northern B.C. student participation in university education jumped from 8% in 1993 to over 47% in 2014. While this is a remarkable improvement, the regional post-secondary participation rate is still lower than the provincial average, indicating that there is still a largely untapped human resource in the north that with a properly resourced engineering program, will stimulate greater enrolment in Engineering education and subsequently stay and work in the North, stimulating further economic development in the region.

A UNBC Alumni survey was recently completed with over 1500 alumni participating from all across Canada. Though the official results are not yet published, the survey shows that the north is retaining about 75% of the northerners who go to UNBC and nearly 40% of the non-northerners who attend and graduate from UNBC. This is in stark contrast to a mere 2.5% of graduates from all other B.C. institutions that choose to live and work in northern B.C.

To further highlight the challenge of attracting university graduates to the north from major urban centers, UBC graduates over 6,000 students per year, but less than 1% (only 32 people in the 2010 example), choose to work in the north (2 years after graduation), despite engineers and engineer technologists being in short supply. This underscores the importance of providing education in close proximity to employment opportunities.

Engineering and technology programming needs continued support through northern B.C. educational institutions

UNBC’s Northern Medical Program has proven to be effective in retaining highly-skilled professionals in a desired field. The model for medicine has worked well for Prince George and the north, and could potentially be adopted by other specific programs in the technology and engineering fields.

The Wood Innovation and Design Centre recently established in Prince George is a critical investment in graduate-level wood engineering through UNBC, along with design programs from Emily Carr University. This is an excellent example of the Province supporting engineering education in northern B.C.

ADVANCED EDUCATION

engineering program must be supported by technologists and undergraduate engineering programs in order to be sustainable. UNBC would be well served with mechanical and civil engineering programs at the undergraduate level. Community colleges would also benefit from increased technology programs.

Many of the engineering and technology jobs and the projects associated with them are located in the northern part of B.C., yet it can be difficult to attract skilled employees. This is a limiting factor for the entire B.C. economy. With much of the capital investment planned in the north and the majority of the exported products from outside of the Lower Mainland, revenue generated from the rural and northern economies create prosperity throughout the province. Hence the recommendation that resources dedicated to education and training be allocated in northern B.C. so that the north can continue to be an important driver of the B.C. economy.

THE CHAMBER RECOMMENDS

That the Provincial Government allocates the $185 million for the BC Skills for Jobs Blueprint strategically across B.C., that the share for northern B.C. be proportionate to the economic opportunity associated with proposed projects, and that the allocation focus on technological and engineering training in the north.
AGRICULTURE

BUSINESS OPPORTUNITIES FOR AGRIFOOD/SEAFOOD PRODUCERS IN B.C. (2017)

Agriculture and food products exports rose 7.8%¹ and the Canadian food industry manufacturing GDP increased 7.4% in 2016.²

As B.C.’s agrifood and seafood sector continues to grow, the need for coordinated regional strategies for agrifood/seafood producers in the province remains critical.

The sector showed a 25% increase in annual revenue from $10.5B in 2010 to a record $13B in 2015.³ A coordinated regional approach for the delivery of goods to market will assist the Province with achieving the BC Agrifood and Seafood Strategic Growth Plan’s goal of growing the sector to $15B by 2020.⁴

A long-term strategy to grow the annual revenue of B.C.’s agrifood/seafood sector to $20B by 2025 should also be developed.

Approximately 7% of Canada’s land area is suitable for farming. Although B.C. has only 4% of Canada’s farmland, the province generates 6% of the country’s gross farm receipts.⁵

Between 2011 and 2013, B.C. produced over 80% of Canada’s apricots and sweet cherries, over 40% of its pears and plums, and over 20% of its apples, nectarines and peaches. British Columbia producers also lead the nation in sales of blueberries, cranberries, raspberries, garlic and leaks, apricots, cherries, pears, plums, apples, nectarines, peaches as well as salmon, halibut and a variety of other fish and shellfish.⁶

The adoption of a regional approach to business planning for B.C. agrifood/seafood producers will improve access to:

- funding programs/agencies for agriculture;
- food safety regulatory agencies;
- technical expertise and consultants; and
- methods of selling or expanding a farm business.

The Province’s BC Buy Local Program has invested $8M in 200 B.C. companies assisting businesses to expand their reach and sales in B.C. communities and leverage $29M in investments in “Matching Funds.”⁷ The 2017 provincial budget announced an additional $6M in funding ($2M per year) over the next three years.

The International Market Development Strategy developed by the B.C. Ministry of Agriculture outlines a plan to connect B.C. products with foreign buyers and markets, including The B.C. Export Catalogue showcasing 100 B.C. producers that are ready to export their products to foreign markets.⁸ The B.C. government’s network of 13 international trade offices, B.C. trade missions, and innovation and market development funding have all played roles in increasing our exports which reached a record $3.5B in 2015.⁹

1 CMEA Merchandise Sales Analysis Nov 2016 page 2
2 CMEA Merchandise Sales Analysis Nov 2016 page 10
3 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6
4 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6
5 COEDC Profile for Agriculture November 2015 page 5
6 COEDC Profile for Agriculture November 2015 page 5
7 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6
8 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6
9 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6
The Investment Agriculture Foundation is an industry-led not-for-profit organization that works with the agri-food industry to strategically invest federal and provincial funds towards projects that have the potential to transform ideas into solutions.\textsuperscript{11}

Up to $600,000 in federal and provincial funding is available for projects between April 1, 2017 and March 31, 2018 (FY 2017/18). Eligible projects should enable B.C.’s agriculture, food and seafood sectors to increase export sales and expand international market access through participation in international development activities. A maximum of $50,000 in funding is available and participants must contribute 50% in cash of the total project cost.\textsuperscript{12}

Agriculture and Agri-food Canada administers three broad federal programs under GF2 aimed at generating market-based economic growth in the agricultural sector. They are:\textsuperscript{13}

- AgriInnovation
- AgriCompetitiveness and
- AgriMarketing

GF2 is a five-year (2013-2018) policy framework for Canada’s agricultural and agri-food sector. GF2 is a $3 billion investment by federal, provincial and territorial (FPT) governments and the foundation for government agricultural programs and services. GF2 programs focus on innovation, competitiveness and market development to ensure Canadian producers and processors have the tools and resources they need to continue to innovate and capitalize on emerging market opportunities. In addition, an effective suite of Business Risk Management programs helps farmers in managing risk due to severe market volatility and disaster situations.\textsuperscript{14}

The Mandate Letter for the federal Minister of Agriculture and Agrifood commits to implementing a new multi-year agricultural policy framework to replace GF2 in 2018. Opportunities exist to engage in consultations with the federal government to help shape the direction of future policy and programs for the agriculture and agri-food sector.\textsuperscript{15} The federal government followed through on its commitment of a $950M investment in industry-led super clusters in sectors such as manufacturing and agri-food in the 2017 federal budget.\textsuperscript{16}

\textsuperscript{10} BC Strategic Plan 2017/2018, Agrifood/Seafood page 6
\textsuperscript{11} IAFBC Growing Forward 2: BC Agrifood & Seafood Export Program 2017/18
\textsuperscript{12} IAFBC Growing Forward 2 BC Agrifood & Seafood Export Program 2017/18
\textsuperscript{13} www.agr.gc.ca Growing Forward 2
\textsuperscript{14} www.agr.gc.ca Growing Forward 2
\textsuperscript{15} www.agr.gc.ca Growing Forward 2
\textsuperscript{16} Ensight Analysis: Federal Budget 2017 Innovation page 3
Continued cooperation between local, provincial, federal and international governments will assist B.C. agrifood/seafood producers resulting in increased economic growth and food supply security in our communities.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. extend investment of at least $2M per year in the B.C. BUY LOCAL Program in 2020;

2. develop a long-term strategy to grow annual revenue of the agrifood/seafood sector in British Columbia to $20B by 2025;

3. continue cooperative partnerships with local, federal and international governments in the delivery of funding programs that assist B.C. businesses with getting their product to market;

4. creates regional initiatives that promote incentives for agritech and agritourism investment and ecologically, environmentally and economically responsible innovation in B.C.’s agrifood/seafood sector;

5. provides support to SME businesses in our communities that create local agri-tourism activities for visitors to British Columbia; and

6. encourages regional economic development alliances focused on attracting and facilitating business retention and expansion.

That the Federal Government:

7. extend B.C.’s agrifood/seafood sector funding programs beyond the current commitment of $427M from 2013-2018.

CREATING A LEVEL PLAYING FIELD FOR B.C. BREWERIES, DISTILLERIES AND MEADERIES (2017)

Introduction
Regulatory changes to agri-business rules covering wineries and cideries in the Agricultural Land Reserve (ALR) were not equally applied to breweries, distilleries and meaderies, creating a barrier to the establishment and growth of this industry in many parts of B.C.

Background
In 2015, the B.C. Minister of Agriculture announced changes to agri-business rules in the Agricultural Land Reserve (ALR). Breweries, distilleries and meaderies would be allowed to open on farmland in the ALR provided they meet the same rules set out for wineries. As with wineries in the ALR, at least half...
the farm ingredients that go into the beer, spirits or mead must be grown on the farm.¹ The Agriculture Minister noted that hops farming is on an upswing in areas such as Chilliwack and Kamloops, and predicted the rule change will create an incentive for more farmers to take a risk and get into beverage production.²

However, when the Agricultural Land Commission Act regulations were issued, there was a noticeable difference in the wording regarding the 50% requirement for wineries and cideries,³ compared to breweries, distilleries and meaderies.⁴

The regulations for wineries and cideries state:

Section 2(2.1) A winery or cidery, and ancillary uses, are designated as farm uses for the purposes of the Act if

(a) at least 50% of the farm product used to make the wine or cider produced each year is grown on the farm on which the winery or cidery is located, or

(b) the farm on which the winery or cidery is located is more than 2 ha in area and at least 50% of the farm product used to make the wine or cider produced each year is grown

(i) on the farm, or

(ii) both on the farm and on another farm located in British Columbia that provides that farm product to the winery or cidery under a contract having a term of at least 3 years.

The regulations for breweries, distilleries and meaderies state:

Section 2 (2.3) A brewery, distillery or meadery, and ancillary uses are designated as farm uses for the purposes of the Act if at least 50% of the farm product used to make the beer, spirits or mead produced each year is grown on the farm on which that brewery, distillery or meadery is located.

Breweries, distilleries and meaderies do not have the ability to source 50% of their products from other farms in B.C. While areas like the Fraser Valley are developing a growing resurgence in the production of hops, an article in the Abbotsford News⁵ pointed out that the barley and hops used to make beer play very different roles in the brewing process. The barley forms the base of the beer, and generally makes up between 96% and 99% of the dry materials. Hops, berries and other flavourings give beers - especially increasingly popular craft brews - their unique character. They are much more expensive, per pound, than barley and rarely make up more than 4% of a beer’s ingredients.

The problem is that, while hops and other ingredients are grown in many different areas of the province, barley is not. A report⁶ prepared by the City of Abbotsford in response to an applicant looking to start a brewery on ALR land stated, “the cost of land and large quantity of malt barley used in brewing makes barley somewhat impractical as a crop, as it is not economically feasible.”

The following changes to the regulations would provide for equitable treatment of breweries, distilleries and meaderies:

¹ https://news.gov.bc.ca/stories/new-regulations-encourage-farming-on-alr-land
⁶ City of Abbotsford - Report PDS 025-2016 re: Agriculture Land Commission application to permit a non-farm use
Section 2(2.3) A brewery, distillery or meadery and ancillary uses, are designated as farm uses for the purposes of the Act if:

(a) at least 50% of any of the farm product used to make the beer, spirits or mead produced each year is grown on the farm on which the brewery, distillery or meadery is located, or

(b) the farm on which the brewery, distillery or meadery is located is more than 2 ha in area and at least 50% of any of the farm product used to make the beer, spirits or mead produced each year is grown

(i) on the farm, or
(ii) both on the farm and on another farm located in British Columbia that provides any farm product to the brewery, distillery or meadery under a contract having a term of at least 3 years.

In May 2016, Coralee Oakes, Minister of Small Business, Red Tape Reduction and Responsible for the Liquor Distribution Branch announced an additional $10 million a year in economic support for craft brewers in the province. She stated, “Today's announcement will support growth and create jobs for small businesses in B.C.’s booming craft beer industry. We are witnessing new craft breweries popping up around the province, and this speaks to the entrepreneurial spirit of the craft brewing industry as well as the success of our changes to date.”

The government of B.C. has recognized permitted agri-tourism activities as a significant benefit to preserving the economic viability of the ALR. Amending these regulations offers a needed balance while allowing B.C. farmers to supplement their incomes through secondary activities that support farming and agriculture on their land. In addition, these activities can provide incentive and economic viability to bring smaller and/or under-utilized ALR properties back into agricultural production.

THE CHAMBER RECOMMENDS

That the Provincial Government amends the Agricultural Land Reserve Use, Subdivision and Procedure Regulation (B.C. Reg. 171/2002) to permit breweries, distilleries and meaderies similar product content rules as wineries and cideries.

EFFECTIVE MEAT INSPECTION SYSTEM FOR ALL B.C.'S COMMUNITY SCALE LIVESTOCK PRODUCERS AND ABATTOIRS (2015)

The Issue
Changes to B.C. Meat Inspection Regulation (MIR) requirements for all provincially licensed abattoirs (slaughter facilities) in B.C. came into force in 2004, and compliance became mandatory on September 30, 2007. The changes and upgrades required were suited to large scale operations but costly for community scale (small and medium-sized) meat producers and abattoirs causing some to go out of business. Even as the price of beef (a primary livestock in B.C. agriculture) has risen dramatically in recent years, causing a resurgence of beef’s popularity on smaller properties and, therefore, more coming to the market from small producers, the existing regulations are causing a decline in capacity to process. Currently, B.C. agriculture

7 https://news.gov.bc.ca/releases/2016SBRT0024-000824
8 https://news.gov.bc.ca/releases/2016AGRI0044-001383
GDP as a percentage is one of the lowest in Canada at 3.1%.

When abattoirs went out of business, community scale producers in those areas had to transport their livestock further to abattoirs compliant with the MIR requirements or rely on mobile meat processing facilities. The abattoirs (often larger scale) that invested in the required MIR upgrades passed these costs on through slaughtering charges. These additional costs to producers resulted in significant increases in meat product charges, in some instances doubling the per pound charge putting these products out of reach for many customers.

Ultimately, the gap in consumer demand for unique and non-mainstream products may only soon be filled by importing, with the inability of small scale producers to play any significant role in the supply cycle.

Background

The changes to the Meat Inspection Regulation began, in part, as a result of Bovine Spongiform Encephalopathy (BSE) incidences in the beef industry and the federal government’s concern about food safety. BSE did not originate from community scale livestock producers and abattoirs. The 2004 MIR requirements were partially an attempt at preserving federal export markets for meat, particularly beef. Meanwhile B.C.’s producers and abattoirs of all community scale livestock (e.g., beef, poultry, bison, pork etc.) fall under the same regulations and have been affected by these changes.

In addition to large scale production facility licenses Class A, B, or C, there are 2 Meat Inspection Regulation licenses currently issued to community scale production facilities and producers in British Columbia, Class D and E. Class D is for 1 – 25 animal units (capacity to process own animals and other people’s animals) and Class E is for 1 – 10 animal units (capacity to process own animals only).

If you operate in one of ten “designated regions” you may apply for both Class D and E licenses. The ten designated regional districts are: Central Coast, Kitimat-Stikine, Mount Waddington, Northern Rockies, Powell River, Skeena-Queen-Charlotte, Squamish-Lillooet, Stikine, Strathcona (portions only of the Mainland and Discovery Islands) and Sunshine Coast. These areas have been designated by the Meat Inspection Regulation department based on a combination of the following criteria:

- The absence of licensed slaughter facilities;
- Low population density;
- Small livestock numbers; and
- Transportation barriers (e.g., required marine transportation or seasonal road closures).
Agriculture

If you operate in one of the 18 “non-designated areas”: Alberni-Clayoquot, Bulkley-Nechako, Capital, Cariboo, Central Kootenay, Central Okanagan, Columbia-Shuswap, Comox Valley, Strathcona (Vancouver Island portion), Cowichan Valley, East Kootenay, Fraser Valley, Fraser-Fort George, Greater Vancouver, Kootenay-Boundary, North Okanagan, Nanaimo, Okanagan-Similkameen, Peace River, Thompson-Nicola, you may apply for a Class E licence. Class E licences will only be issued in cases where an operator demonstrates a clear need for additional slaughter capacity, or requires services that are not available through an existing Class A, B, or C facility (e.g., species-specific slaughter or specialty slaughter services such as certified organic, halal, or kosher).

Community scale livestock producers/abattoirs are mostly small and medium-sized family run farms with an interest in running a viable business off their land. The majority of these businesses factor firsthand production and processing of their livestock as a way of offering fresh, quality and safe meat products. They aim to raise livestock in healthy conditions and to process in humane ways. Customers appreciate the integrity of the meat products these farms offer, choose to support these local farms and like to know where their food comes from. Before the MIR, these farmers kept their processing fees and product cost lower by raising and processing their own livestock and running abattoirs to process others’ livestock.

To partly fill the void, mobile producers began receiving licensing opportunities to operate in 2011 for the 2012 harvest year. However, since the decrease of operators had already begun, many have struggled, and continuing to operate in the face of restrictive regulation is increasingly not financially sensible.

The two-year pilot project in the North Okanagan ended in 2014, and has not been rolled out across the affected areas in spite of the original intent of the trial process.

The MIR requirements were designed for large abattoir operations and hence very expensive for community scale operations. Abattoirs that did become licensed have now taken over many of the abattoir services and transferred the costs of licensing to the community scale producers (their customers). This has resulted in small and medium farms going out of business or incurring additional processing and transportation costs and losing profits. With a loss of community scale farmers, B.C.’s consumers have also lost diversity of products and local connection to its food sources.

The Ministry of Agriculture has initiated the “B.C. Agriculture Plan” which states that “all British Columbians should have access to safe, locally produced food.” and that “B.C. will enhance its market brand to profile high-quality products reflecting our province’s reputation for environmental sustainability and healthy living.” The plan aims to increase agricultural diversity and produce healthy food and to “strengthen the connection between the people who purchase B.C. farm products and the farming and ranching families who produce them.” By restructuring the MIR requirements, our province could attain this in community scale production and processing of livestock raised by B.C. small and medium farmers.

The Chamber Recommends

That the Provincial Government:

1. expand “D” and E” licenses throughout the province to include the 18 non-designated areas; and

2. conduct randomized meat inspections based on a ranking system developed by the government meat inspectors. Examples of this can be found in the food processing industry: high risk ranking = frequent inspection, low risk ranking = less frequent random inspection.
CHILDREN AND FAMILY DEVELOPMENT

ADDRESSING CHILDCARE ACCESS FOR EMPLOYEES (2016)

Since the Province of B.C. published its Families First Agenda for B.C. in 2012, families and employers anticipated support for childcare access and affordability. Key findings in the report include the need to address fragmentation of B.C.’s services, and to “improve the affordability, accessibility and the quality of childcare programs to better meet the needs of families.” Recent findings suggest that rather than improving, accessibility is decreasing while fees are increasing. For those who can afford the fees, the biggest challenge is finding spaces within a reasonable distance to their community.

Dr. Paul Kershaw, from Generation Squeeze and UBC’s Human Early Learning Partnership (HELP), found that work-life conflicts of parents raising young children is actually costly for employers resulting in higher absenteeism rates, greater turnover, and increased use of employer-funded extended health benefits. Further, the cost to the B.C. 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.

However, in B.C. as of 2012, only 18% of children under 12 had access to a regulated childcare space, which is less than the Canadian average of 20.5%. Unregulated care arrangements include family members through to neighbourhood small care-givers, with no regulated standards of safety or quality, no inspections and no oversight.

Using First Call’s most recent figures, B.C. invested $398 / year for regulated spaces, which is substantially less than the Canadian average of $838 / year (including Quebec; without Quebec, the average is $436). Further, B.C.’s investment decreased by $16 million between 2011 and 2012. As a result, fees are higher on average across all age groups than the rest of Canada. Although provincial subsidies do assist some parents/guardians on the very low-income level, fees remain a critical barrier to full employment and high productivity. The premise of choice for adequate childcare does not take into account the necessity of a second income in order to finance a family in one of the highest cost of living areas in Canada.

Labour Force participation
- 1976: under 40% of mothers with children under 16 were in the paid labour force;
- In 2012: over 73% of mothers are in paid labour force and is continuing to climb; and
- The rate for mothers with a child under 3 years has increased from 28% to almost 70% in the same time period.

Child Care accessibility
- B.C. averages 24 spaces for every 100 children;
- After school care and under 3 years old care is in serious deficit;
- Very few facilities serve more than one age group;
- 93% of available childcare is commercial; and
- Child care fees as high as $1850 per month for under 3 and up to $1550 for over 3 care, and is the second largest expense in a family’s budget.

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1 2012, Province of B.C. The Families Agenda for British Columbia: Building a sustainable quality early years’ strategy to support B.C. families.
2 Latest figures are based on Statistics Canada Census and National Housing Survey, 2011. Data will be updated after the 2016 Census results are calculated.
3 2015 First Call. Make B.C.’s Young Children and Families a Priority.
CHILDREN AND FAMILY DEVELOPMENT

Parents in financial need can access B.C.’s childcare subsidy, a means-tested rate for children in various childcare settings (licensed and unlicensed) and different ages. The subsidy is scaled based on income and capped at a maximum amount with parents paying the market rate difference. Advocates for the $10 per day childcare would prefer parents paying up to a maximum, and the province paying the market difference. There are pros and cons to this, but a significant con to the government paying the market difference is the potential for this program to run into the billions of dollars. Of course, with more parents working there will be a concordant increase in income tax revenue to government. By some estimates, up to $104 is returned for every $100 invested provincially plus a further $43 for the federal government.4

Whatever the funding model for assisting families, the real issue is lack of quality spaces, particularly in urban economic centres. There is a deficit of spaces in those areas that have a higher population and employment opportunity. Even with the Childcare Operating Fund for centres with over 8 children5, the operating costs can exceed what parents would be able to pay. The operating grant of $5.48 per child between ages 3 and kindergarten for full-time care, per month, in a facility of more than 8 children, for example isn’t quite enough, particularly in areas where land is at a premium.

Operating costs are contingent on land (ownership, lease, rent), labour, materials, fees and other related business costs. Start-up costs also vary per region and per need. What is required is to concentrate extra assistance in those areas that have long wait lists for available spaces to encourage expansion of current facilities and the ability to develop others to alleviate the pressures. This would require a review of current support programs such as parent subsidies and capital grant funds for the purpose of increasing them for higher cost regions. In particular, the operating fund for childcare centres in urban regions with high land-lease costs may need to be increased to be more effective in supporting the development of more spaces.

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. Household expenditures are necessary for a vibrant local business community. Both are necessary for a family friendly community that supports and nurtures a healthy and engaged society. With the appropriate investment by the provincial government to encourage the development of more spaces, the return on investment is a richer economic environment for families and communities.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. utilize the current capital and operational grant funding tools and, in alignment with its Families First agenda recommendations, target child care investment for facilities and spaces in those areas experiencing greater space deficits; and

2. further, where there is capacity to expand funding with budget surplus or prosperity funding, increase the grants available to non-profit and private operations to support and increase child care capacity.

5 http://www2.gov.bc.ca/gov/content/family-social-supports/caring-for-young-children/running-daycare-preschool/child-care-operating-funding
ACCELERATING DEVELOPMENT BY ALLOWING FOR OPTIMUM TIMING OF PAYMENT OF DEVELOPMENT COST CHARGES (2017)

Introduction
In the Local Government Act under section 559 (4), local governments may, by bylaw, impose development cost charges (“DCC”) upon approval of subdivision, or a building permit. Specially the act states:

559 (1) A local government may, by bylaw, for the purpose described in subsection (2) or (3), impose development cost charges on every person who obtains
(a) approval of a subdivision, or
(b) a building permit authorizing the construction, alteration or extension of a building or structure.

(2) Development cost charges may be imposed under subsection (1) for the purpose of providing funds to assist the local government to pay the capital costs of
(a) providing, constructing, altering or expanding sewage, water, drainage and highway facilities, other than off-street parking facilities, and
(b) providing and improving park land to service, directly or indirectly, the development for which the charge is being imposed.

(3) Development cost charges may be imposed under subsection (1) in a resort region for the purpose of providing funds to assist the local government to pay the capital costs of providing, constructing, altering or expanding employee housing to service, directly or indirectly, the operation of resort activities in the resort region in which the charge is being imposed.

(4) Subject to subsection (5), a development cost charge that is payable under a bylaw under this section must be paid at the time of the approval of the subdivision or the issue of the building permit.

For a single detached building permit, the DCC, depending on the municipality, is typically between $15,000 and $30,000. The requirement for payment of the DCC at subdivision or building permit stage, well in advance of closing of the sale and occupancy, results in a significant demand on cash flow, particularly for smaller construction/development companies.

Background
Under the Local Government Act, local governments may, by bylaw, impose development cost charges (“DCC”) upon approval of subdivision, or a building permit authorizing the construction, alteration or extensions of a building or structure. The DCC is to assist the local government to pay the capital costs of providing, constructing, altering or expanding sewage, water, drainage and highway facilities, other than off-street parking facilities, sidewalk curb and gutter and providing and improving park land to service, directly or indirectly, the development for which the charge is being imposed. As an example, for the City of Vernon, the DCC for a single detached (400m² or greater) building permit located in the area defined as “Core” totals $22,253 and for the area defined as “outer” totals $27,006.

Under section 559 (4) of the Local Government Act, the DCC must be paid at the time of the approval of the subdivision or the issue of the building permit. The time between the payment of the DCC and closing of the sale and occupancy can be many months, with the cost of carrying the early payment of the DCC being borne by the builder/developer.

In November of 2016, the Greater Vernon Chamber hosted an Attainable Housing Forum and brought together civic leaders and the local development community to engage in a conversation on ways to improve...
efficiency at the local government level so as to address the growing need for attainable housing. Among the many items discussed was the timeframe in which DCCs are required to be paid. It was noted that if the timing of the payment was closer to when there is an actual sale of the property and occupancy, there could be savings for the small developer by reducing financial charges related to paying the DCC well in advance of any return from the investment. The representatives of the City of Vernon were supportive of exploring options to optimize the timing of the payment of the DCC but noted there are bound by the legislation that entrenches when payment must occur.

In order to better align the timing and payment of the DCC with cash flow, amendments to the Act are sought requiring payment at a later stage in construction, for example at insulation inspection or issuance of an occupancy permit.

It is believed that municipalities would not be opposed to delaying the payment of the DCC until a later stage in the building or development process, closer to the time of completion of a sale and occupancy. Since the financial impact relates to the time-value of money, there would be minimal impact to ratepayers given the DCC is still paid. This change would be of particular benefit to small-mid size developers who would see a reduction in financial charges related to the actual payment of DCC and thus a better cash flow situation with revenue (sales) in closer alignment with costs incurred for the development. Developers have suggested that this adjustment in the timing of payment could result in a) a benefit to consumers by changing the timing of DCC payment and thereby the financing costs inherit in the current system that are borne by the developer and ultimately passed on to the property purchaser and b) a change in the timing of DCC payment and thereby the financing costs that could yield a greater return on investment for developers who would then be able to access greater equity for reinvestment in future projects resulting in economic growth.

As most newly built homes are insured, requiring an occupancy permit for their insurance, the DCC payments could be tied to the occupancy permit. Another possible option would be to allow the payment through installments at certain points of inspection (i.e. at insulation).

Under 559 (5) of the Local Government Act, the Minister may authorize the payment of DCC in installments. Under current legislation, B.C. Reg. 166/84, a developer may elect to pay DCC in installments for amounts $50,000 or greater, and by local government bylaw on amounts less than $50,000. Payment must be not less than 1/3 of the DCC at the time of approval of the subdivision or granting of the permit, 1/2 of the balance within one year after approval and the remaining balance within 2 years after the date of approval.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. consult with local government and builders/developers to explore the preferred and optimum timing of payment of DCC, such as at occupancy permit stage, in better alignment with the cash flow needs of industry;

2. if required, amend the Local Government Act to reflect agreed upon changes regarding the timing of payment of DCC; and

3. in addition to considering the optimization of the timing of DCC’s, that all parties also consider the timing of payment as a potential incentive tool for affordable or rental housing.
COMMUNITY, SPORT AND CULTURAL DEVELOPMENT

CLOSING THE GAP BETWEEN NON-RESIDENTIAL AND RESIDENTIAL PROPERTY TAXES (2017)

Opening Statement
The Chamber has long expressed concern regarding local governments charging non-residential property owners some multiple over residential taxpayers, a practice that is not based on any concrete rationale, e.g. aligned with consumption of municipal tax-supported services. This practice affects business’ ability to compete with other jurisdictions and remain viable, impacts that will only worsen as property values rise and municipal costs increase.

Background
Prior to 1984, the Government of B.C. regulated ratios between residential and other property classes. This restricted local government’s ability to set arbitrary rates and restricted the difference between classes to between 2.6 and 3.5, depending on the class.

In 1984, the provincial government granted local government full autonomy in the setting of rates between the various classes. Property classes were then expanded to the current nine classes. This change allowed municipalities the maximum flexibility to allocate tax collection to distinct property types. In addition to the 1984 change, the Community Charter, introduced in 2003, provided local governments extensive control over the methods of tax collection and the services that they may choose to fund.

In some provinces, municipalities are free to set their own property tax rates without provincial involvement while in other provinces, the province is involved in the local tax structure through direct controls or limitations on what can be done. For example, in New Brunswick, each municipality sets its own local property tax rate but it is a provincial requirement that the non-residential municipal tax rate must be equal to 1.5 times the residential municipal tax rate. In Ontario, municipalities are permitted to set different tax rates (related to the residential rate) for different property categories although provincially set ranges of fairness limit a municipality’s flexibility in setting differential rates. In Manitoba, except for Winnipeg where differential tax rates may be used, municipalities are not allowed to apply differential tax rates to different property types.¹

Property taxes actually refers to a range of components levied on behalf of a range of different authorities: municipal, school, regional districts, hospitals, transportation authorities, and others. Municipal property taxes are calculated based on BC Assessment’s assessed value on specific properties, the municipal budgetary requirements, minus all other sources of funding. It should also be noted that while these are all levied at the local level, only municipal components are fully under the control of the local governments.

Property-tax rates vary by class of property: residential and non-residential, e.g. Industry, Business/Other,² Utilities, Supportive Housing, Farming, Non-profit, Recreational. The difference between residential mill rates and non-residential can be substantial; in Greater Victoria municipalities, the difference can vary from more than double to quadruple.³

The difference between residential and non-residential taxes is misaligned with the costs of providing

¹ Property Taxes and Competitiveness in British Columbia, May 2012
² Business/Other includes store and commercial services, office/commercial space, shopping centers, hotels, storage and warehouses, and strata non-residential.
³ There is no publicly available information from the Ministry of Community, Sport and Cultural Development nor BC Assessment relating to the representative commercial property owner’s taxes.
COMMUNITY, SPORT AND CULTURAL DEVELOPMENT

services. In fact, studies have shown that non-residential property owners do not consume the tax-supported services of residential owners.4

The autonomy provided to local government, the variety of recipients of property tax, the setting of the tax rate, and the number of classes of property all lend themselves to a complex system that does not encourage openness nor transparency.

For example, after extensive reviews of publicly available information, the Greater Victoria Chamber of Commerce specifically asked each of its 13 municipalities in January 2017 why they charged non-residential property owners a ratio between two to four times residential (see annex). More than half responded, each acknowledging the practice of charging a multiple – without having a rationale why. One municipality has a higher Business/Other rate in comparison to others in the region because it wants to maintain a very low residential tax rate. Another has a policy of not linking its Business/Other rate with Residential, instead worked to ensure its Business/Other rate was lower than surrounding municipalities. Most pointed out the lack of control they have over the overall “tax bill” due to levies from other authorities. But not one explained why a business is responsible for a greater portion of property taxes than a resident.

The Government of B.C. needs to ensure property taxation is fair, transparent, and sustainable.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. provide control and oversight on the level of property taxation levied to all taxpayer groups to ensure fair, transparent, and sustainable taxation practices; and

2. commission a study by the Auditor General of Local Governments to assess municipal property taxation with the goal of developing a more sustainable structure related to value for money.

Annex – Greater Victoria 2016 Mill Rates (Residential and Commercial)

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4 A 2007 report by MMK Consulting for the City of Vancouver found that, on average, residential properties in Vancouver paid $0.56 in property taxes for each dollar of tax-supported services consumed, while non-residential properties paid $2.42 for every dollar of tax-supported services they consumed.

5 2015 average single family dwellings (BC Assessment)

6 SD = School District
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<table>
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<tr>
<th>Township</th>
<th>Population</th>
<th>Households</th>
<th>Residential Tax Ratio</th>
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<th>Business Property Tax</th>
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REINSTATEMENT OF THE BUSINESS VOTE IN B.C. (2017)

Until 1993, a corporate vote existed in British Columbia municipal elections.

In British Columbia, businesses pay a significant portion of municipal property taxes, however businesses do not have the right to vote in the municipal election process. Businesses have become the silent taxpayers - essentially taxation without representation.

The fact that businesses have become the silent taxpayers has led to many municipalities levying an unfair burden of property tax onto their business community. The Chamber is concerned because studies suggest that business uses fewer services than residential and yet, they are paying so much more. As municipalities face increased infrastructure costs, the current system will encourage municipalities to conceal the true costs from the voting residential taxpayers by further increasing the inequity by saddling businesses with ever greater levels of property tax irrespective of their usage and ability to pay.

Business owners invest significantly in our communities - acquiring or leasing real property, employing our residents, supporting social causes, and making significant contributions to their communities. It is critical they have the right to vote in the municipalities in which they make significant investments.

We elect a municipal government to manage our public services (police, fire, economic development, transportation, education, utilities) and perform the planning and development of the industrial, residential and commercial zones.

All communities need an appropriate balance of residential and commercial activity to be successful. The decisions local governments make have to consider the future impact to all parties. Therefore, it is important that businesses have the ability to provide input and influence the election of municipal representatives, who will then determine the strategic plans and policies.

Further to this, local governments are able to levy tax on business irrespective of the profitability of the business. At the provincial and federal level, there is a focus on creating an environment conducive to
COMMUNITY, SPORT AND CULTURAL DEVELOPMENT

economic growth. Without such an environment, businesses will not flourish and tax revenues will reflect this. Alternatively, municipal governments are able to levy property taxes irrespective of the businesses’ success. At the federal and provincial level, where the ability to fund services is dependent on creating a positive environment for economic growth and prosperity, businesses are given the opportunity to play a central role in the decision making, this is not the case at the local level. A business vote ensures businesses are a central stakeholder in local government decision making.

There have been several projects that have proposed effective models, which would ensure fairness among businesses, equity for electors, and administrative workability. The key focus being a legitimate business, located in a municipality and paying business property tax.

In the past, this concept was debated and was not successful, specifically due to concerns over verifying voter eligibility and the ‘one person, one-vote’ concept. Residential property taxpayers currently have the right to vote both in the municipality where they reside, as well as in another municipality where they own property as a non-resident owner. They may only vote as a property elector for one piece of property in any municipality, regional district or school district. We recommend that a business who is paying business class property taxes, where the owner of the business is not a resident of the municipality, be permitted to have one vote on the same terms as residential property tax payers. In other words, if you have a business in one municipality and are a resident in another, you may vote in both jurisdictions.

The limited participation by business in the past has also been interpreted as insufficient public support to warrant the change. Business should have the right to vote, regardless of the preliminary number of businesses who choose to exercise that right.

Further to this concern, the Chamber also believes that the need for business to be represented in municipal elections has increased dramatically since 1998. Local governments are expected to provide an ever-increasing range of services through downloading from senior levels of government. The expansion of services provided by local government has a direct impact on the ability to meet the needs of the business community. Local governments are responsible to provide the foundation for economic growth as this is a key factor in a business’ ability to attract workers, service customers, and expand their businesses. While these services are also of significant importance to the residents of a community, the significant difference is that residents of a community have the ability to hold their elected representatives to account through the exercise of their democratic right to vote—business has no such right.

THE CHAMBER RECOMMENDS

That the Provincial Government allows business a voice in municipal elections by working with the business community to introduce a business vote for business property taxpayers where the business operator does not reside in the same municipality where the business property is located.

REMOVING UNCERTAINTY FROM COMMUNITY AMENITY CONTRIBUTIONS (2017)

Issue
Community Amenity Contributions (CACs) are becoming a feature of development in the Lower Mainland. They have grown immensely, and seem poised to continue. The amount of CACs taken by the municipal sector can be high and it is growing. In a City of Vancouver report, it is noted that in “…2011 approvals of
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additional density secured approximately $180 million in public benefit commitments.¹ In 2014, one project was required to pay $148 million in community amenities. Along the Cambie Corridor, the CAC charges are $45 per square foot or $33,750 for a 750-square foot apartment. According to the Union of BC Municipalities, in 2000, developer contributions (Development Cost Charges and CACs) to municipalities were $100 million province-wide. This increased to $720 million in 2010.²

When CAC’s are negotiated and unpredictable, they can cause a number of issues:

- Affecting affordability by increasing the costs of development;
- Creating barriers to entry for small developers who don’t have the capacity to amortize these costs and manage the process, and so reduce the diversity of development projects;
- Causing proliferation of red tape, as every municipality seems to want to take a unique approach to CACs;
- Can be treated as general revenue meaning the benefit is not always felt where the development is taking place;
- Risks creating the perception of abuse because the process is not transparent; and
- There is also a lack of equity and consistency with regard to how the CACs are negotiated.

Both affordability and economic development can be impacted by CACs. In terms of affordability, the Province notes that when large CACs are extracted, developers are forced to lower their bids for land and/or raise the price of units built. Many land vendors will not accept lower prices and will effectively remove their land from the market. This shrinks the supply of available, developable land and the number of units that can be built. As well as the direct cost of the CACs, limiting the supply of land and housing units in a province that is projected to grow 1.3% annually (1.6% in the Lower Mainland) undermines housing affordability in British Columbia indirectly, which is already the most unaffordable province in Canada.

CAC negotiations can delay the construction of new projects and jobs. MNP Consulting, in 2013, outlined the economic impacts that the development industry has in B.C.³ Table 1-1 summarizes the economic impacts as a whole.

| Table 1-1: BC Property Development Industry – Total Economic Impacts (2012) |
|-------------------|-----------------|-------------------|-------------------|------------------|------------------|
|                   | Output ($ millions) | GDP ($ millions) | Employment (FTEs) | Federal Tax ($ millions) | Provincial Tax ($ millions) | Municipal Tax ($ millions) |
| Direct            | 20,400           | 8,106            | 106,875          | 639              | 670              | 634              |
| Indirect and Induced | 14,864       | 8,812            | 114,688          | 850              | 553              | 150              |
| Total             | 35,064           | 16,978           | 221,544          | 1,489            | 1,223            | 793              |

Because this tax is paid by a very small constituency, and has mostly indirect effects, the risk of exploitation is high and the need for careful implementation is clear.

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Why CACs
Distinct from DCCs, CACs are attached to re-zoning applications. They are justified as necessary to support a range of facilities that are excluded from consideration in DCCs, including new parks, community facilities, public art, affordable housing, daycare, etc. CACs mean these are paid for by development, not by the tax base. They are, in many cases, explicitly a way for the municipality to acquire some of the value created by up-zoning of property.

DCC by-laws must be approved by the province and are allowed only to cover specific costs. There is a detailed provincial Development Cost Charge Best Practices Guide for municipalities and the industry that is over 100 pages.

CACs arise through municipal discretionary powers in re-zonings. Councils have the right to review the impacts of projects when assessing them and what developers offer to mitigate those impacts. This discretionary power has evolved into CACs. There is no legislation or detailed best practices guide for CACs, so there are a variety of municipal policies and approaches. They are set on a fixed rate, or negotiated individually.

Fixed Rate CACs
The methodology for establishing the fixed rate CACs varies. The development industry supports needs based assessment:

- The impacts of growth are identified;
- The community infrastructure (beyond DCCs) needed to mitigate those impacts is determined;
- The costs of this community infrastructure is estimated; and
- Costs per unit, or per square foot for developers is established.

For example, Coquitlam charges a $3 per square foot CAC, based on this approach, for a community centre in the Burquitlam area that was identified by the community as a need. Surrey conducts a similar needs assessment for new development areas through its Neighbourhood Concept Plan process.

More problematic are revenue-based approaches: “land value increase” and “land lift”. The land value increase approach is determined by the per square foot value of land in an area and the project is charged a percentage (e.g. 35%, 50%, 65%, 75%, or 100%) of that value for the additional density allowed. The land lift approach uses the increase in land value from a re-zoning. Again, the municipality takes a percentage of the increase in value. The land lift calculation is particularly difficult to assess and negotiate, as developer pro formas can be several pages long with dozens of line items, each one debatable in terms of its value. In many instances, the developer and/or the land vendor is not allowed any share of the benefits of a re-zoning. Neither approach links development impacts with the fees charged.

Negotiated CACs
CACs that are fixed rate are preferred for their transparency and timeliness, whereas negotiated approaches can be problematic because of the risk and time they add to a project. It has been reported that some projects have taken multiple years of negotiations with municipal staff to determine the suitable zoning and on/offsite amenity contributions. Negotiations for small projects have also been difficult due to lengthy negotiations with municipalities on CACs.

The negotiations are often highly subjective and inconsistent on a square footage basis. In some municipalities, a comparison of major projects has resulted in negotiated CAC’s ranging from $6 to $38 per square foot, without reasonable explanation for the differences.
Additionally, due to a lack of standards, there have been municipal council decisions on CACs that are not necessarily in the best interest of the community and its amenity needs.

Province’s Guide on CACs
In March 2014, the Province released a high-level guide called Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability. It addresses the legality of CACs and their impacts on housing affordability. The guide also includes recommended best practices.

The Province is concerned about the legality of some municipal CAC approaches, as there is no clear legislated authority to charge CACs. In addition, section 931 of the Local Government Act, “… includes a number of restrictions on fees, charges and taxes that can be imposed on development applications. One provision of particular importance to rezoning applications is subsection (6).

(6) ‘A local government, the City of Vancouver or an approving officer must not
   (a) impose a fee, charge or tax, or
   (b) require a work or service be provided
   (c) unless authorized by this Act, by another Act or by a bylaw made under the authority of this Act or another Act.’”

The guide recommends that local governments pre-zone areas with density bonusing. Under Section 904 of the Local Government Act, municipalities are allowed to do this to fund growth-related amenities. With density bonusing, zoning bylaws are written to allow “… a developer to build either to the “base” density or to a higher level of density, if they provide certain amenities or affordable housing, or meet other specified conditions.” Some local governments are wary of using this power because it limits the flexibility they enjoy through the rezoning process.

The Province’s guide directs local governments to ensure that their density bonusing and CAC policies:
- Are a planning tool, not a revenue tool, and that CACs be modest;
- Follow the principles of the Development Cost Charge approach, in which growth impacts, and amenities/capital infrastructure to mitigate those impacts are determined and cost out, so clearer financial targets for projects can be determined; and
- Not base CACs on ‘land lift’.

The development industry and business groups generally support the targeted density bonusing/CAC approach in the Province’s guide. Nevertheless, there is no assurance that the guide will be followed, or little assurance regarding how the Province will monitor if local governments are following the guide.

All of the above point to the need for a complete overhaul of the CAC rules and the need for provincial government intervention.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. introduce a robust ongoing monitoring program to ensure that its Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability Guide is being followed; and report its findings every year;
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2. to the extent that non-compliance is identified create, in consultation with stakeholders, legislation on CACs and similar mechanisms that;
   a. ensure compliance with the Guide in implementation including transparency and mechanism will be adhered to; and
   b. minimize the effect on affordability/viability for all redevelopment sites; and

3. develop with stakeholders a detailed Best Practices Guide for CACs and density bonusing similar to the Provincial Development Cost Charge Best Practices Guide that would support the above legislative framework.


Opening Statement
Regional governments play an important role in our communities by delivering regional services where a regional service is appropriate and providing local level governance and service for unincorporated areas within its boundaries. As urban centres grow, and municipalities’ residents and businesses increasingly become inter-dependent, the importance of regional services increases, both in terms of type and complexity, e.g. transportation infrastructure, air-quality management, and sewage. However, regional governments can be rendered unable to act without voluntary buy-in from the municipalities. Without effective regional governance and service delivery, businesses experience increased costs – in terms of dollars, time and energy – to operate in more than one municipality and services are duplicated and inefficient or not provided at all.

Background
In 2003, municipal governance was modernized with the Community Charter, which set out principles for municipal-provincial relations and gave municipalities’ direct authority and accountability in regards to governing their respective municipalities.

Regional districts were created in 1966, and were intended to manage issues that transcended municipal borders and to be the local government for the 95 percent of the provincial land area that was outside of municipal boundaries. The Local Government Act describes the Corporate Power to make agreements respecting a wide array of services, regulation and property. In practice, regional districts provide services through authority derived from the Local Government Act, letters patent and - since the late 1980s - through Service Establishment Bylaws.

The purpose of regional districts is three-fold:
1. they are regional governments that deliver regional services;
2. they are inter-municipal and provide a political and administrative framework for the delivery of services on a partnership basis; and
3. they can offer local government services for unincorporated areas.

This policy resolution focusses specifically on the first, regional districts’ ability to effectively and efficiently deliver regional services, particularly in urban settings.

Today, there are 162 municipalities in B.C., plus 29 regional districts. Since regional districts were implemented, the municipal landscape has changed: the population has dramatically increased and urban areas have expanded. Most regional districts inhabit primarily unincorporated rural areas (electoral areas).
However, some are in urban areas where the municipalities are largely adjacent and things have changed. For example, Greater Victoria area has 13 municipalities (the majority of the Capital Regional District, minus the Gulf Islands) and Metro Vancouver has 21 municipalities.

The Capital Regional District (CRD) and Metro Vancouver have been in the past considered regional district anomalies because of their highly-populated urban areas. In these two districts, the regional governments primarily provide fully regional services like water supply and air quality management. In contrast, less populated regional districts are more focused on providing local services like planning, and fire protection. Both the CRD and Metro Vancouver share regional problems typical of growing urban settings, including transportation, homelessness, water and wastewater management, policing and fire protection, property taxation and land use.

Today, CRD and Metro Vancouver are no longer anomalies. Areas of B.C. are growing and other regional districts are quickly finding themselves in the same/similar predicament as the CRD and Metro Vancouver, including the Regional District of Central Okanagan, Regional District of Nanaimo, Regional District of Fraser-Fort George and North Okanagan Regional District.

The current legislation allows specific municipalities to opt in and out of services and requires any changes to be accepted by a weighted majority of the parties. This sets the stage for at best inaction, if not conflict, with municipalities acting against regional interests thereby rendering the regional district unable to act, such as what was seen in the CRD’s 50-year path to sewage treatment.

There are also many large and small areas where the regional district model does not meet the needs of taxpayers. For example, Section 375 of the Local Government Act does not specify or provide any information on the scope or type of public consultation during the development of financial plans. As such, it is left up to the regional district how much – or how little – taxpayers are consulted.

The regional district enabling legislation requires modernization to keep our economy strong and to maintain – if not further enhance – the quality of life of which British Columbians are so proud. Although there have been incremental changes to the governing legislation for regional districts over the past 50 years, it is time for a comprehensive review to align regional governance with B.C.’s growing communities.

THE CHAMBER RECOMMENDS

That the Provincial Government modernize regional district-related legislation by providing:

1. a clear mandate for certain regional districts that should have sole responsibilities for some specific municipal services;

2. transparency, such that regional districts are transparent in regards to taxation, ensuring citizens and businesses alike are aware of how much they are paying and for what; and

3. governance in the public interest, such that regional districts have the authority to act in the best interests of the region and to deliver their mandate.
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COMMUNITY BENEFIT POLICY (2016)

Background
B.C. is blessed with an abundance of natural resources. Timber, coal, natural gas, water and precious metals are available for extraction and development. The development of our natural resources will provide a stable economy and quality of life to British Columbians for generations to come. B.C. also has an Environmental Assessment (EA) requirement for projects which include:

- industrial projects: chemical manufacturing, primary metal and forest project industries;
- energy projects: power plants, electric transmission lines, natural gas processing or storage plants and transmission pipelines;
- water management projects: water diversions, dams, dykes, groundwater extraction;
- waste disposal projects: special waste facilities, local government solid and liquid waste management facilities;
- mine projects: coal and mineral mines, sand and gravel pits, placer mineral mines, construction stone and industrial mineral quarries and off-shore mines;
- food processing projects: meat and meat projects manufacturing and fish processing;
- transportation projects: large public highways and railways, large ferry terminals and marine ports; and
- tourist destination resort projects: large golf, marine, or ski hill destinations.

The Challenge
The people, communities and governments that support major projects are faced with significant challenges related to each new or expanded project.

Communities are required to provide accommodation, health care, staging and service support, recreation, social services, retail and hospitality services as well as emergency services, policing and infrastructure. Some projects have large workforce requirements during their construction stage. The addition of large numbers of temporary workers requires accommodation and transportation capacity.

Community issues and impacts are documented and articulated using a community consultation model, which is executed during the project development, assessment and approval stages, as required by the EA process.

Most major projects have a “compensate or remediate” strategy with regard to community impacts. Industry’s strategy of compensation or remediation may lead to a “wait and see” approach to community issues. This approach leaves communities with the responsibility for risk management, uncertainty and the burden of proof when seeking compensation.

Potential Solutions
One concept that has been suggested is the adoption of a strategy that will leave a community “better off” instead of compensated.

Better off at the project development level is the difference between a temporary camp with trucked in water and sewer services and a fully developed camp site that leaves in ground water and sewer infrastructure constructed to municipal standards. After the project, the site can be used for permanent development.
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Better off, at the community legacy level, could be a trust that is established to facilitate community and service organizations being able to build capacity at the local level for the long-term benefit of the community.

The Chamber believes that the end result must be a balance between mitigating the risks associated with major projects and creating communities that are vibrant, sustainable and stable.

THE CHAMBER RECOMMENDS

That the Provincial Government works with communities and stakeholders to adopt a Community Benefit Legacy Policy that meets the needs of business and communities.

EQUITABLE HOSPITAL CAPITAL TAXATION FOR BRITISH COLUMBIA (2016)

A stated policy principle of the BC Chamber of Commerce Policy and Positions Manual is “government must ensure that taxes are:

Equitable – taxes should apply equally to all individuals or entities in similar circumstances; and

Broad-Based – spread over as wide as possible section of the population, or sectors of economy, as the case may be, to minimize the individual tax burden.”

Issue
Premier Christy Clark is quoted by Vaughn Palmer, July 10, 2015.

“In answer to the specific suggestion that the province should increase the annual operating subsidy for the regional transit system, she recalled how the Lower Mainland already enjoys a funding advantage over other regions on capital costs for hospitals.

Municipal taxpayers all over the province pay a tax for hospitals,” she noted, hearkening to a change that occurred under the previous New Democratic Party government. “People in the Lower Mainland don’t pay that tax ... It has always been the understanding that local governments would find a way to fund part of transit in the Lower Mainland because in the rest of the province local taxpayers pay for transit and hospitals.”

Background
Metro Vancouver does not pay a hospital tax whereas the rest of British Columbia does. Initially Metro Vancouver was forgiven the Hospital Tax so that there could be an increase in the taxation to support the regional transit system. As the taxation for transit has not been fully implemented, the Hospital Tax should be reinstated, once again ensuring that there is equal taxation throughout the province.

As well, there is inequity in how the tax is levied.

Hospital taxes are levied on assessed values of property, therefore subject to discrepancies between municipalities and even within a municipality.

Hospital taxes are levied at a different rate for businesses than residential. The business rate can be substantially higher.
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THE CHAMBER RECOMMENDS

That the Provincial Government reviews the B.C. hospital capital tax and transit property tax to ensure an equitable and fair taxation across the province.

REVIEWING REGIONAL DISTRICT ACCOUNTABILITY (2016)

Historical Purpose of Regional Districts
Regional districts were created in 1965 to meet the needs of rural, unincorporated areas that were either completely without services or were using municipal services without contributing to their funding. According to the Union of BC Municipalities (UBCM) and the former Ministry of Community Services, regional districts serve three explicit purposes:

1. to act as local governments for unincorporated areas;
2. to provide political and administrative frameworks for municipal collaboration on the provision of sub-regional services; and
3. to provide regional services.

The opt-in model of regional districts ensures local autonomy of municipalities and electoral areas and allows for flexibility in the design of service arrangements. This means that "over time, member jurisdictions can be molded and re-moulded by member jurisdictions to meet different needs and serve different purposes." (Regional District Tool Kit Fact Sheet, 2005)

The changing demographics, economic, political, social and structural conditions with a region can lead to changes in the importance of the regional district and its primary purpose. This means that every regional district is able to model itself to the needs of its constituents.

However, regional districts have recently found themselves in conflict with the private sector by expanding beyond the scope of their mandate. For example, in 2014, the Greater Vancouver Regional District (GVRD) attempted to institute market and price controls on the solid waste sector through the extreme Bylaw 280 in an attempt to build an incinerator that has since been proven to be an inefficient and expensive method for waste disposal. They also currently serve as a service provider and regulator in the solid waste sector—a clear conflict of interest.

While the GVRD was attempting to implement proposed Bylaw 280, many other regional districts quickly provided their support and intent to follow suit. This would indicate that when one regional government expands outside the scope of their mandate, it sets a precedent for other regional districts.

As seen in these examples above, regional districts have not always made the optimal decisions for their region. To ensure optimal decisions, accountability measures must be taken.

Reviews and Changes to Regional Districts
As these regional bodies have changed over time, there have been periodic reviews to assess whether the system should be changed. Recommendations from those reviews since the late 1960s have been selectively implemented. However, it has been nearly 20 years since the last comprehensive review of regional governments, during which time the role of these organizations has evolved considerably.

In the mid-1990s, the Province undertook a three-part reform of the Local Government Act that resulted in...
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giving broad powers to regional district boards to undertake activities and services that they feel are important to their regions. The services available to regional districts since this change include:

- Water and sewer utilities;
- Recreation programs and facilities;
- Community and regional parks;
- Libraries;
- Regulatory services such as animal control and building inspection;
- E-911 and fire protection;
- Economic development and film industry promotion;
- Regional growth strategies;
- Airports;
- Television rebroadcast.

The Environmental Management Act also gives regional districts the responsibility for solid waste management through Integrated Solid Waste & Resource Management Plans.

The last change made to regional governance structures was in 1999, when the Ministry of Municipal Affairs consulted with the UBCM to alter the Local Government Act and the Community Charter. This change was conducted in partnership with local governments and generally lacked input from the business community.

With the last review being over 15 years ago, it would be prudent to review the scope, function, effectiveness and efficiency of the regional district system.

Regional Flexibility and Adaptability

While regional districts were designed to be flexible, most regional district boards also have broad sweeping control of their scope, without any external accountability. Nearly two-thirds of electoral districts have more than 50 percent of their boards appointed by municipal councils. Other regional boards are mostly comprised of directly elected representatives and, therefore, are directly accountable to the electorate for their decisions. Directors of a regional district are expected to make decisions at the board table that are in the best interest of the region—not as representative of the constituency that elected them.

There is also no external body that is responsible for ensuring that regional districts are acting within the scope of their intended purpose. While the Auditor General for Local Government (AGLG) has the ability to perform audits on regional districts, they exist solely in an advisory role, not a supervisory role and have no way of enforcing accountability mechanisms.

While there are varying degrees of accountability with regional districts across the province, it is prudent to recognize that the ability to customize service provision at the local level is important for communities across B.C. and should be maintained in balance with accountability. Due to drastic differences in communities across the province, implementing a one-size fits all solution for regional districts is not an appropriate course of action. However, flexibility should not compromise accountability—this is a key focus of this policy resolution.

With this flexible opt-in model, the size and scope of some of these bodies have drastically changed. They have evolved beyond service provision and moved into a regulatory and policy space that the regional district system was arguably not designed for, and that exists without any certain accountability.
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mechanisms.

As regional districts are legally considered an independent level of government, there should be direct accountability to an electorate, as there is with our federal, provincial and municipal forms of government. At the moment, only some regional districts are structured to have such accountability.

In light of the lack of external, independent review or direct accountability to constituents, the flexibility in the scope of purpose of regional districts can have unintended consequences, allowing regional districts to expand their reach far beyond what is necessary.

Existing Policy Positions
The Chamber movement in B.C. has clearly identified regional district governance as an issue for industry across the province. The BC Chamber of Commerce has already adopted policy resolutions recommending the modernization of regional district legislation, the elimination of the conflict of interest between municipal governments and regional districts, the assigning of specific service provision responsibilities and a study into the best practices for urban and rural regional districts. However, there is still an absence of policies advocating for new accountability mechanisms, which take into considerations their ever-changing role.

THE CHAMBER RECOMMENDS

That the Provincial Government, due to the consistently changing scope of regional districts and varying levels of accountability to the electorate across the province:

1. establish a task force responsible for:
   a. reviewing the scope, governance and accountability of regional districts with the purpose of increasing clarity of role, effectiveness and efficiency while reducing red tape;
   b. establishing concrete guidelines regarding scope, governance and accountability; and
   c. ensuring adequate authority to enforce the above guidelines; and

2. include a broad group of stakeholders, such as UBCM, the business community, and citizen groups amongst others, during the review process.

ONLINE MUNICIPAL VOTING (2015)

The success of businesses in B.C. is directly impacted by the policies of our municipal and provincial governments such as:

- Business tax levels, including income taxes, capital taxes, commodity taxes;
- Property tax levels, including the relative proportions to individuals and businesses; and
- Various regulations that impact the efficiency of doing business in the province and/or community i.e. employment standards, health and safety standards, environmental standards, insurance regulations.

As a province, we are looking to create a more successful business environment and economy. Measures such as cost reductions, improving efficiency and reducing red tape are measures to facilitate such success. The current voter participation levels in municipal and provincial elections are extremely low and signal very poor engagement of the constituents. Province-wide, in the 2014 municipal elections, turnout
according to CivicInfoBC was 33.3%, hardly a clear representation of public input. CBC News posted on November 19, 2011 that, “Municipal voter turnout in B.C. has dropped to the lowest in Canada.” Overall, statistics from Elections BC show a decline in provincial voter participation from 77.66% in 1983 to 50.99% in 2009 (voter turnout in 2013 was slightly higher at 55.32%).

This low turnout poses the following risks:
- Lack of government accountability to implement policies that positively impact business success;
- Implementation of policies that do not represent the will of the majority of constituents, i.e. biased by minority views; and
- Further voter apathy as voters feel less ability to influence the public policy process.

Internet voting is a method that reduces many potential barriers and therefore can positively impact engagement. Internet voting has strong public support. Other municipalities in Canada have previously conducted municipal Internet voting. For example, for the 2014 municipal election, the City of Kingston introduced remote voting (online and phone) for advanced voting purposes only, and saw a 33% increase in advance voting, leading to a 2.8% increase in voter turnout overall. This experience demonstrates the desire of Canadian voters to use technology for the elections process. It also suggests that there is potential over time for further gains in voter turnout. Furthermore, in B.C., both major political parties have already endorsed the concept by using online voting options for party members in leadership votes since 2011.

Internet voting can provide the following direct and indirect benefits:
- Provide easier access to time constrained voters;
- Reduce overall apathy as voters feel their vote is accurately counted and does in fact have an influence;
- Allow business owners, particularly sole proprietors, to improve their accessibility to voting;
- Enable people with disabilities to vote by themselves, easily and in secrecy; and
- It is expected that e-voting leads to more reliable results since human error is excluded.

Internet voting has not been implemented within B.C. to date because of concerns such as:
- Internet hacking;
- Technical difficulties;
- Difficulty in verifying voter identification; and
- Lack of evidence that internet voting will increase the turnout at the polls.

In this day and age of technology, the internet is an accepted method of communicating sensitive and confidential information safely. The business community transacts routinely via the internet with security. Municipalities in Ontario have already demonstrated their ability to design effective and secure systems, and this is constantly improving with audit and verification procedures. In October 2014, about one-quarter of the municipalities in Ontario (98 out of 414) offered internet voting in municipal elections. Voters could choose, which voting channel they wanted to use. The municipality of Markham has already effectively dealt with voter identification with a system that required login to the system prior to registering. The voters were issued an access code and had to provide their address and date of birth to mitigate this difficulty, similar to applying for a homeowners’ grant.

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4 Elections Canada has shown considerable support for online voting, as noted in a 2009 report on the matter.
5 City of Kingston: Report to the Administrative Policies Committee (Report Number AP-15-009)
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There may exist new risks with internet voting, but all systems have risks and generally these risks can be addressed and mitigated over time.

In 2012, the Chief Electoral Officer formed the Independent Panel on Internet Voting, following an invitation of the B.C. Attorney General, to examine opportunities and challenges related to the potential implementation of internet-based voting as a channel for provincial and municipal elections in B.C.\(^7\). The panel recommended that the Province not implement internet voting at this time. However, it did conclude “that internet voting has the potential to provide some benefits for administering local government elections and provincial elections in British Columbia, and that the most significant potential benefit of internet voting is increased accessibility and convenience for B.C. voters.” Although, current evidence does not consistently demonstrate a significant increase in voter turnout with internet voting, there is not sufficient data to negate the potential positive benefits. In fact, technology adoption has commonly occurred on a bell curve, with limited early adoption before the majority follows. Internet voting is likely to follow the same model, provided that good communications tools are in place to support the success of early adopters. With regards to security, the issues can be overcome with a focus on secrecy of the vote, verifiability, and voter authentication.

The Panel’s report stated that “weighing the benefits and challenges to implementing internet voting in specific circumstances is the role of policymakers.” The Chamber believes that the panel did not take a long-term view in its report. The panel also provided useful recommendations on how the Province can implement internet voting:

- Take a province-wide coordinated approach to internet voting;
- Establish an independent technical committee to evaluate internet voting systems and support jurisdictions that wish to implement approved systems; and
- Evaluate any internet voting system against the principles established by the panel (which includes Accessibility, Ballot anonymity, Individual and independent verifiability, Non-reliance on trustworthiness of the voter’s device(s), One vote per voter, Only count votes from eligible voters, Process validation and transparency, Service availability, and Voter authentication and authorization).

If we are committed to reduction of red tape and generating efficiencies, on-line voting can be an effective tool to facilitate such success. By maintaining the current legislation and processes under Elections BC we are effectively avoiding the opportunities to eliminate unnecessary labor costs and streamline the overall voting timeline process (from ballot creation to completion of count verification and reporting). This could save a significant amount of tax dollars and public resources.

**Conclusion**

The potential benefits of internet voting can reduce barriers to access and positively align the voting system with other preferred technology increasingly being used by a large component of the population.

**THE CHAMBER RECOMMENDS**

That the Provincial Government:

1. commence a plan to implement a province wide approach to an electronic ballot system for the 2018 municipal elections;

\(^7\) [http://www.internetvotingpanel.ca/docs/recommendations-report.pdf](http://www.internetvotingpanel.ca/docs/recommendations-report.pdf)
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2. amend the appropriate legislation to allow for the option of electronic ballots in municipal elections; and

3. establish an independent technical committee to evaluate internet voting systems to ensure the Elections BC criteria are met (i.e. accessibility, Ballot anonymity, Individual and independent verifiability, Non-reliance on trustworthiness of the voter’s device(s), One vote per voter, Only count votes from eligible voters, Process validation and transparency, Service availability, and Voter authentication and authorization).

PROVIDING IMPROVEMENT DISTRICTS WITH EQUAL ACCESS TO GRANTS (2015)

Issue
Over 200 Improvement Districts across B.C. operate as a form of local government under the Local Government Act. These Improvement Districts serve over 307,500 people and their businesses, majority providing domestic water. All Improvement Districts must comply with provincial regulations, including the Drinking Water Protection Act.

Current government policy does not allow improvement districts to access grant funding to meet rising infrastructure demands placed on them through the Act, unless it is through a regional districts or municipality. Provincial government policy then requires shifting ownership of improvement district systems to the regional districts upon successful completion of the project. As a result of this policy, improvement districts cannot access federal and provincial funding that would allow them to meet rising infrastructure demands. Instead, they must rely on taxation to secure capital funding. The burden this policy places on the residential and business tax base within improvement districts is of increasing concern and creates unnecessary regulatory burdens.

Background
Improvement Districts were first established in the 1920s as a means to publicly manage several large irrigation systems in the Okanagan Valley and provide access to provincial borrowing programs. In 1965 the B.C. government began forming an additional layer of local government called Regional Districts to provide broader services to larger regions.

In 1979, in recognition that Improvement Districts had more in common with local governments than they had with private water utilities, the legislative provisions relating to Improvement Districts were removed from the Water Act and responsibility for all Improvement Districts was transferred from the Ministry of Environment to the Ministry of Municipal Affairs. Ten years later, a ministry Task Force on Rural Services and Governance, created a report with the first mention of what would later become government policy. “Regional districts have access to grant programs for study and capital cost purposes,” the report noted, and “improvement districts do not have direct access to these grants.” While this report was never published, these recommendations have guided ministry policy ever since.

1 http://www.bclaws.ca/Recon/document/freideside/96323_00
3 http://www.bclaws.ca/Recon/document/freideside/00_01009_01
5 Ibid p2
6 Ibid p5
In 2006, the then Ministry of Community Services created the Improvement District Governance Policy, which directly references the 20-year old practice of restricting access to funding as a means of shifting ownership of Improvement Districts to the Regional Districts. However, there were 240 Improvement Districts in the province when that report was written almost a decade ago and in 2015 there are still 216 Improvement Districts, all struggling with rapidly increasing capital cost demands.

Current Situation
Improvement Districts must ask their Regional District to apply on their behalf for funding for critical infrastructure upgrades to rehabilitate water and sewer systems. If the application is successful, both entities and their communities and businesses must agree that ownership of the system will shift to the Regional District. This is under the assumption that regional districts have increased efficiencies because of an economy of scale. This has not been the case.

Regional Districts are not necessarily better situated to assess the infrastructure needs of Improvement Districts and balance their upgrades against other regional priorities. In one example, the Village Point Improvement District (VPID) located on Mayne Island approached the Capital Regional District (CRD) in 2006 to review their existing systems and provide recommendations for improvement. From 2006 to 2012 the VPID worked diligently with the CRD to move critical sewer and water projects forward with the objective of the CRD taking over responsibility from the VPID. However, after years of delay and a CRD estimate for the sewer upgrade alone of $7.6M to $9.49M, the VPID was forced to withdraw from the collaboration and complete their projects on their own, to health authority standards, with bank loans and withdrawals from their accumulated reserve account. Note, in true Improvement District manner, VPID trustees and employees oversaw all the work and used local labour wherever possible. Their combined cost of sewer upgrades and an additional project to replace mainline pipes was just $1.5M.

Costs to operate tend to increase under regional districts. Improvement Districts are operated mainly by volunteer boards while Regional Districts have paid staff and boards, resulting in increased costs for operations. The Ministry of Community, Sport and Cultural Development does not track in general how costs change when Improvement Districts convert to Regional Districts so may be unaware of this fact.

For example, the Central Coast Regional District took over the Bella Coola Improvement District. After receiving grants, totaling two-thirds of the costs to undertake significant upgrades to the infrastructure, operational costs have skyrocketed and the taxes and tolls to businesses alone have increased 668%. Tolls alone went from $162/year to $583/year and an added $500/year parcel tax that did not exist prior to the CCRD control.

Data supplied by the Thompson-Nicola Regional District demonstrates that, across the board the costs to the tax payer associated with the regional district assuming and operating an improvement district’s water systems, always increases significantly, in some cases by 40%.

Conclusion
Currently, responsibility for compliance to the Drinking Water Protection Act and regulations within the boundaries of an improvement district must be borne by the tax base alone. Regional Districts can access...
government grants to both plan for, and implement the structures to meet these costs. Improvement districts do not have this financial assistance and must rely solely on taxation.

Even so, with no substantial reduction in the number of improvement districts, the government’s policy of shifting these systems to regional districts has largely failed.

Furthermore, improvement districts, with their volunteer structure and high level of business representation on the boards, do not form an additional costly bureaucratic layer of government. In fact, they are an efficient means to deliver a critical infrastructure service that supports local economies.

Yet, without grant funding the cost for upgrades and compliance to the DWPA hits businesses hard. Fully 100% of the costs must be borne by the tax base, and those who are expected to benefit the most and can afford it the most, will be expected to carry the lions share. For example, North Saltspring Waterworks District reports that they expect to have to borrow up to $8.4 million to build a new treatment plant. This will result in increases to businesses (and a corresponding increase to rate payers) of up to 76.8% in tolls and up to 69.8% in parcel tax for 25 years - until the loan is paid off. Should they be able to access two thirds of the cost in grants - as is currently available to regional districts - you can reasonably expect that increase to be reduced proportionately.11

Amending the existing policy to allow improvement districts equal and direct access to funding need not increase funding allocations, nor require new funding sources. In fact, all 216 improvement districts operating in B.C. would be able to begin the scheduled, phased-in grant application. This tends to be a multiyear process often beginning with identifying next steps through a feasibility study or an engineer’s report ensuring affordability and compliance to the Ministry of Health’s requirements.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. remove all barriers to improvement districts receiving equal and direct access to federal and provincial grant funding; and

2. enable improvement districts to access capital funding without ownership of their systems shifting to regional districts.

PROVINCIAL ROLE IN MUNICIPAL RESTRUCTURING (2015)

Background
The local government system in British Columbia is comprised of municipalities, regional districts and other special purpose bodies such as improvement districts and the Islands Trust. The legislation that applies to the province’s largest municipality, the City of Vancouver, is contained in the Vancouver Charter. Prior to January 1, 2004, the primary legislation that applied to all other municipalities, regional districts and improvement districts was the Local Government Act. On January 1, 2004, the provincial government changed the legislation for municipalities and created a separate Act for them, the Community Charter. There are a number of situations in British Columbia where urban municipalities share common boundaries

11 Personal communication, May 22, 2015 Anne Williams, North Saltspring Waterworks District
such as is the case with the City of Vernon and the District Municipality of Coldstream. In addition, municipalities and unincorporated areas in close proximity come together under a federated governance structure referred to as regional districts. The result is electors within a specific geographical area may receive services from a municipality and/or a regional district or even from a separate entity those local governments create in order to manage a specific service. This causes confusion among electors, business owners and investors as to who is providing which service and how it is funded. This works against the principle of having an accountable and transparent government which is a hallmark of good governance.

It is clear that this will become an increasing feature of B.C.’s government landscape as we continue to develop.

As neighbouring communities continue to grow, or as unincorporated communities reach a critical mass, decisions must be made as to the next step these communities must take in their evolution. As it stands at the moment these decisions are taken at the local level. While there is some logic to that the challenge for many is that these decisions are made in the absence of sound information and fact. This means that the decision often results from a lack of understanding of the benefits that would accrue and is often a result of self-interest.

There is also the issue of equitable funding by all those who may benefit from a service particularly in the case of those who live just outside the boundaries of a municipality but still benefit from all the services, infrastructure and programs paid for by those within that municipal jurisdiction. Aside from applying an inefficient tiered user fee schedule where those living outside a municipality pay more than those within a municipality, there is very little that can be done to address that inequity. In some cases, where individuals live just outside an incorporated municipality, they benefit from all that a city provides while not having to pay for any of it. In fact, their cost is subsidized by city taxpayers, a large part of which is covered by the businesses in that municipality.

Amalgamation is one way in which to address the issues referenced above but it is a rare form of restructuring in British Columbia. The most recent amalgamation was the merger of Abbotsford and Matsqui into the City of Abbotsford in 1995. Under the Community Charter, the forced amalgamation of municipalities is prohibited.

The Community Charter references the issue of amalgamation of two municipalities under section 279 but only as it refers to the mechanics of such amalgamation and the requirement for approval in both jurisdictions. Specifically, it reads:

**SEC 279** If a new municipality would include 2 or more existing municipalities, letters patent incorporating the new municipality may not be issued unless;
(a) a vote has been taken in accordance with section 8 of the Local Government Act separately in each of the existing municipalities, and
(b) for each of those municipalities, more than 50% of the votes counted as valid favour the proposed incorporation.

The referendum procedure is to be instigated by the respective municipalities, though it can also be instigated by the initiative of the provincial minister responsible, if the minister is of the opinion that those persons should, in the public interest be incorporated into a new municipality.

There has been academic research on the amalgamation of adjacent municipalities, some of which indicates
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Those municipalities may function better as a single unit (Patrick Smith, Simon Fraser University, 2004). Other studies have suggested that municipal amalgamation has its drawbacks. Highlighted in academic writings include Halifax Regional Municipality (HRM), because it is the only large scale amalgamation in North America to have been studied from the outset by a team of academics, a team, moreover, that received high levels of co-operation from the authorities of the new municipality.

Bob Bish of the University of Victoria was a key member of the team, which was headed by Dale Poel of the Dalhousie School of Public Administration that undertook a study on HRM. Their study, which covered 1996-2000, was financed largely by the Donner Canadian Foundation, a private foundation which supports important public policy work in this country. The general outcome was that amalgamation resulted in an increase in costs and less political responsiveness to area specific issues.

The study of these outcomes is useful but the short timeframes of each of these examples, with amalgamation dates ranging from 1972 to 2003, is problematic. It could be argued that the challenges these organizations have faced are merely a result of short term transitional changes as opposed to any long-term consequences.

It is also important to note that an example of amalgamation that has resulted in increased cost and a less responsive municipality does not mean that amalgamation, by definition, will lead to these outcomes. Indeed, the research into examples such as Halifax should not be confused with a study of amalgamation but should serve as a template for how not to amalgamate. We can and we will make sure that amalgamations in B.C. do not make the mistakes that saw wage levels increase and that saw a lack of focus and structure on ensuring that the public are well served by the new entity.

Outside of referencing how an amalgamation could be considered, what is not referenced under the Community Charter is how regional governance could or should be reviewed. The value of such work in advance of any amalgamation or alternative local governance restructuring decision including municipal boundary expansions, is that voters would have greater knowledge of the risks and benefits association with any restructuring such that they could make an informed decision at the ballot box.

The challenge is that undertaking such a study is costly and while one local government may be interested in exploring the issue with a desire to create a more transparent and efficient regional governance structure, the electors within the given jurisdiction are reluctant to completely fund a study that others, outside of defined municipal boundaries may benefit from. Initiating such a study, even with some assistance by the province (Restructure planning grants are available but only to a maximum of $40,000) can and does result in conflict with the elected officials of adjacent jurisdictions which undermines the need to have a harmonious relationship in order to manage the delivery of services under current regional district legislation.

The result is that local government elected officials avoid the issue altogether so as to maintain a reasonable relationship with their neighbors even though there may be significant benefits to electors from regional governance restructuring.

The requirement for municipal amalgamation to be a self-generated initiative, as per the Community Charter, perpetuates a growing problem of inefficiencies in urban centers. Fractured governance has become entrenched in municipal self-interest and may be creating unfortunate circumstances for urban centers and electors.
As noted in previous Chamber policy, infrastructure investment funds are generally best applied to projects that are regional in scope. Generally, those types of projects require a cooperation and partnership not always found in smaller neighbouring municipalities. The danger is that millions of federal dollars will be poorly invested due to fractured municipal structures and the inability of the smaller entities to come to the table with large scale, regional projects that provide lasting economic benefits beyond any one specific municipality.

Previous Chamber policy also noted that another example of inefficiency is the application of Federal funding formulas. Funding formulas for federal programs are generally population-based using municipal boundaries. Yet challenges addressed through the funding programs, such as homelessness and transportation, are in reality regional issues in areas with immediately adjacent municipalities or electoral areas. Fractured local governments in urban settings lose out on available funding to adequately address important social issues on a large scale and/or often fail to co-operate in the effective implementation of regionally beneficial investments of federal or federal/provincial dollars.

Where municipalities fail to examine the question of amalgamation or other changes that could improve regional governance for the benefit of the greater community and business sector, the Minister responsible should have the authority in specific situations to initiate a regional governance review where they believe it to be in the best interest of the region and province as a whole and act on the recommended outcome of such a review.

THE CHAMBER RECOMMENDS

That the Provincial Government amends the Community Charter to:

1. allow the Province to undertake a local government regional governance review, when at least one of the municipalities making up at least 50% of the regional population or 50% of the assessment base within a region, requests such a review; and

2. include an option for instigating municipal restructuring by order of the Province where a clear benefit exists.

REBALANCING MUNICIPALITIES AND REGIONAL DISTRICTS (2015)

Issue
Local governments, both municipalities and regional districts, govern communities around the province. Growing cities, as well as legislative changes over the years, have changed how we are governed by such entities.

In 2003, municipal governance was modernized with the Community Charter. The Community Charter set out principles for municipal-provincial relations as well as gave municipalities’ direct authority and accountability in regard to governing their respective municipalities.

Regional districts, which were created in 1966, were intended to manage issues that transcended municipal borders and to be the local government for the 95% of the provincial land area that was outside of municipal
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boundaries. The Local Government Act\textsuperscript{2} describes the corporate power to make agreements respecting a wide array of services, regulation and property. In practice, regional districts have provided services through authority derived from the Local Government Act, letters patent and since the late 1980s through Service Establishment Bylaws. The commonality between regional districts is that they all have responsibility within the province to provide local government services to unincorporated areas within their boundaries, and regional or sub regional services within municipalities included in their geographical area. Regional districts are governed in a complex manner, which includes weighted voting. Directors are appointed from their respective municipalities, and within the unincorporated areas, (called electoral areas) directors are directly elected to the Regional District Board. The number of directors as well as voting strengths of each are calculated by population. Generally, each local government receives one vote for every 5,000 residents, or portion thereof, in addition, each municipality receives one director for every 25,000 people, or portion thereof. In the example of the Capital Regional District, this formula prescribes 24 directors with a total voting strength of 81.

Business Issue
Regional districts are, through responsibilities stipulated within the Local Government Act and through the delivery of local, regional and sub-regional services within their boundaries, a large and important government structure in our communities. In most regions, the regional district is significantly larger in both employees and budget than any individual municipality and has direct affect through its operations on business.

Regional districts need to be held to a similar accountability and achieve efficiency in the use of taxpayer dollars. The Local Government Act does not work well with the new Community Charter and the balance between these two levels of local government has been lost.

Loss of Balance
Regional districts were intended to govern the unincorporated areas and provide services and opportunities for collaborative service delivery to municipalities. The act foresaw that delivering some service throughout a region including within a municipality could be efficient and made accommodation for that process. In many areas, regional services such as water, sewer, and waste management has been mandated by the Province or agreed to by the various municipalities and electoral areas. As the population of the province grows from 1.8 million in 1966 to 4.6 million and 45 new municipalities added since 1966, there are many more adjacent communities. The Local Government Act was not designed to function in this environment and needs to adapt.

The Community Charter was developed in 2003 and it provided both new powers of taxation to municipalities with accompanying accountabilities. One of the most startling of imbalances is that municipalities have to conduct a referendum to borrow funds (Elector assent). Regional districts can achieve elector assent by receiving support from member councils rather than consulting the voters. For example, a community may need to replace an existing bridge and in order to borrow funds to replace that bridge ($40 million for example) they will have to conduct a referendum process to have the borrowing approved. In contrast, a regional district building the same bridge would only have to receive the support of affected city council

Local governments whether they are regional or municipal should have similar accountability to taxpayers.

\textsuperscript{2} http://www.bclaws.ca/civix/document/LOC/complete/statreg/--%20L%20--/Local%20Government%20Act%20[RSBC%201996]%20c.%20323/00_Act/96323_07.xml
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Service Agreements
Regional districts have a variety of service agreements with municipalities. Indeed, these letters of agreement number in the 10s or hundreds for each regional district. A regional service delivered by a regional district is now usually through a Service Establishment Bylaw, agreed to by every entity involved in the service (i.e. each municipality, electoral area and First Nations) and approved by the Province. In Metro Vancouver, with 21 municipalities one electoral area and one treaty first nation, a region-wide service would ideally be provided through one agreement (bylaw) but could be provided through a variety of separate agreements. This is all further complicated by the variation in the service delivery may vary from municipality to municipality within the service.

The regional districts were created in 1966 and since then, the municipalities have transformed, the population has increased by 3 million people, 45 municipalities have been added and regional districts remain bound by letters patent drafted in 1966 through to the mid/late 1980s, and since then many letters patent have been converted to Establishment Bylaws and new services have been created by new Establishment bylaw (one bylaw per service, regardless of the number of municipalities or electoral areas). The result of this extremely complex method of managing regional services is that the administrative burden is overwhelming and service delivery extremely complex and any potential efficiencies possible through operating on a larger scale are hampered by the structure.

Conflict of Interest
The regional district boards are made up from the elected representatives of municipalities and electoral areas in a Region. The regional district makes agreements (Adopts Bylaws) with municipalities and then manages the delivery of those services within the agreement (Bylaw). Ideally the members of the Regional Board would, when representing the region, solely operate in the best interest of the regional district. Unfortunately, the voting structure is such that they represent a block of voters inside the municipality they were elected in. This results in the directors feeling the obligation to represent their constituency. This conflict of interest at the regional district board table does not optimize regional thinking and collaboration.

In addition to the personal concerns of the directors there is a very real contractual concern. The regional district negotiates service agreement (Service Establishment Bylaws) amongst the municipalities which really results in the regional district negotiating with themselves. When considering the strongest and best way to structure a service regional politicians will often defer to weaker agreement that allows control more control by the municipalities and inefficient customization of services on a municipality by municipality basis.

A recent court decision (Schlenker v. Torgrimson, 2012 BCSC 413) found directors of the Islands Trust to be in conflict because they had an indirect pecuniary interest as they voted to allocate funds from the Islands Trust to a water society where they were members of the board. The directors received no direct benefit, but were considered to be in conflict none the less. As the regional district board by its nature manages relationships involving consideration with municipalities (Service agreements) the same conflict could exist. Indeed, in 2015 the Capital Regional District had difficulty achieving quorum (13 of 24 directors) to approve its annual budget.

Examples
In Vernon, in the fall of 2014, golf courses received a massive 400% increase in their water bill for reclaimed water they use for irrigation. The scale of this increased threatened the survival of these golf

courses. The water rates in the region are set by the regional district and they approved a significant increase in rates. The reclaimed water rate was set at 80% of the potable water rates and resulted in an automatic rise in the reclaimed water rate. This challenge was delayed with the City of Vernon changing its own bylaw to hold rates and revisit the issue at a later date. The complex nature of the relationship with the city and regional district threatened the business viability of the two affected golf courses and the related jobs/tourism income.

In the Capital Region, an $800 million sewage project has been in the detailed planning stage since 2004 and implementation commenced in 2012 under a complex partnership with both federal and provincial governments. One municipality in the region offered land for the treatment plant and rezoned the land to permit that use. Unfortunately, the local politicians have changed and municipality even after having approved the plan, and approved the zoning for the plant have changed their mind. As the land use authority, they have that authority and effectively blocked the entire project even after tens of millions of dollars have gone into planning and the construction of two pump stations to support the plan. As the municipality has sole land use control the project cannot continue. This scenario puts at risk any long-term planning that exceeds a municipal council’s term in office discourages the use of Regional Services in areas where they are most appropriate such as sewage treatment.

Metro Vancouver has not been without its challenges. The recent debate on flow control, controversies in regional transportation, and lack of coordination in law enforcement are some of the most notable areas.

Summary
Regional governments play an important role in our communities by providing local level governance and service for unincorporated areas within its boundaries and delivering regional services where a regional service is appropriate. As the province grows the role of the Regional Governments becomes more important and the underlying legislation the “Local Government Act” is inadequate. The conflict of interest for Regional District directors must be resolved and taxpayers deserve a more accountable and efficient regional governance system.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. modernize the Regional District legislation;

2. eliminate the conflict between municipal government and regional government through direct election a prohibition from holding a seat on both bodies; and

3. consider assigning authorities to regional districts without the need for agreements. Particularly in the areas of waste management, water services, regional transportation and protective services.

Preamble
The job sector is rapidly evolving with technological solutions changing the way we work and increasing productivity. These innovations, including industrial robots, 3D printing, and other distributed and automated manufacturing technologies, are transforming our economy before our eyes. The key to staying engaged with and relevant in this present and future economic reality will be highly skilled technological workers with deep backgrounds in mechanics, computer coding, mechatronics and critical thinking/problem solving. A workforce empowered with these skills will be necessary for B.C. businesses to stay competitive in the evolving economy.

Business Issue
A recent study has shown that over the next 20 years, almost 42 per cent of the Canadian labour force is at a high risk of being affected by automation. However, this same study, using the Canadian Occupational Projection System (COPS), also found that the occupations with the lowest risk of being impacted by automation are projected to produce nearly 712,000 net new jobs in Canada by 2024. While this will create room for the unemployed, it is important to understand what sectors these jobs will be in, and the type of skills and education the workforce will need to fill these jobs.

Occupations that will be the most impacted from the growing trend of automation include trades, transportation and equipment operations, natural resources and agriculture, sales and services,

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1 “The Talented Mr. Robot – The impact of automation on Canada’s workforce”, June 2016, Brookfield Institute for innovation and entrepreneurship.
manufacturing and utilities, office support and general administration, and to a lesser degree technical occupations in health, natural, and applied sciences.

Occupations that are the least impacted, and show potential for growth as automation increases, include the arts and culture sector, recreation and sport management, and professional occupations including education, law, health, nursing, applied sciences and natural sciences.

“The occupations least at risk appear to rely on humans’ cognitive advantage over technology and require more job-specific skills, complex problem solving, as well as people management and oversight.”

Furthermore, “…the tasks computers are able to perform ultimately depend upon the ability of a programmer to write a set of procedures or rules that appropriately direct the technology in each possible contingency.”

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3 “The Talented Mr. Robot…” - page 12.
In order to shift the economy to the evolving reality of automation, the education system has to adapt and provide the necessary skills and knowledge to students at all levels.

The best hope for workers entering this increasingly automated and computerized economy is an education system designed for the jobs and skills that will be required. If we consider that computers and robots will be able to perform a significant amount of what we view as knowledge work, the education system will have to reduce the current emphasis on knowledge transfer, and pivot to building students’ capacity for coming up with original ideas.

This past summer, the Roosevelt Institute published a paper that called for a remodeling of elementary and secondary education to teach creativity instead of “routine cognitive skills.”

A new literacy is going to be required to flourish in the emerging automated and computerized economy including studies from other parts of the curricular spectrum. To quote Joseph E. Aoun, president of Northeastern University: “That literacy includes quantitative skills as well as humanities such as art and design. It broadens students’ viewpoints; pushes them to make connections, and helps them contemplate the deeper truths of human existence. Above all, it encourages exploration; hence creativity. Creativity doesn’t arise according to a rational sequence of steps. It strikes as the mind sifts through a wide range of concepts and experiences.

Education is most powerful when it integrates classroom work with the world. To that end, experiential learning is another invaluable means to acquire robot-proof skills. Long-term internships impart independence, problem-solving skills, and teamwork. Original research trains students to redefine problems and generate ideas. Entrepreneurship provides students with opportunities to develop business plans and enact them. And through experiencing the world, students learn a broader, more empathetic way of thinking.

Robotics classes provide just such applications of creativity, problem solving, and team work. Robotics deals with the design, construction, operation, structural disposition, manufacture and application of robots and computer systems for their control. Today, robotics is a rapidly growing field with great career prospects. Many robots now do jobs that are hazardous to people such as defusing bombs, exploring shipwrecks, and mines. Robotics programs teach students how to develop and construct robotic devices for a variety of commercial, manufacturing and security purposes.

Beyond robotics, the same skills will be required in the ever-changing market place. As the studies reviewed point out, creative and social skills will be key to workers staying employed. Currently in B.C., robotics is taught in an ad hoc fashion with no official curriculum. Educators have found some avenues for ensuring that their students receive course credits for some of their work, but there is a large gap to fill.

Despite no formal incorporation into the B.C. education system, robotics teams at all levels from B.C. have been competitive on the world stage. This year (2017), there are eight B.C. robotics teams competing at the World Robotics High School Competition in Louisville, Kentucky.

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The integration of robotics into the education system should begin with it being included as a component of regular science classes at the elementary level. Robotics would be easy to introduce using the Lego Mindstorms system, and with the already self-started programs across the province, implementation of this change would come with minimal costs. At the secondary level, more intense robotics classes should be offered as elective courses, with similar status and funding to how chemistry, biology, physics and advanced mathematics electives are offered currently. This would be in line with the programs at post-secondary institutes where diploma and degree programs in robotics are now offered (i.e. BCIT has a full-time mechatronics and robotics diploma program).10

At the post-secondary level, there are still more opportunities for further robotics programmes. While UBC and UVIC both offer certain courses and have dedicated laboratory space, full degree programmes could be developed.11,12

The economy and work is transforming. Signs are visible everywhere including automated check-outs, e-commerce, and highly automated fast-food restaurants. For B.C. businesses to stay competitive in this new reality, education is more crucial than ever.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. through the Ministries of Education and Advanced Education, review current robotics programs and develop related curriculum;

2. increase and maintain education funding for automation, information studies, robotics, mechatronics, and related subjects for public schools to ensure the B.C. economy remains competitive in an ever-changing technological economic environment; and

3. work with post-secondary institutions across the province to add new or expand existing robotics programs.

10 BCIT Website: http://www.bcit.ca/study/programs/7340diplt
11 UBC Website - https://www.ece.ubc.ca/research/robotics-and-control
12 UVIC Website - http://web.uvic.ca/calendar2016-05/CDs/MECH/430.html
ENERGY AND MINES


Issue
B.C. industry, businesses and commercial organizations are responsible for two-thirds of the electricity use in B.C. and pay, through their electricity rates, 58% of BC Hydro’s revenue requirements. The cost of electricity is a key component of business expenditures and critical to a number of B.C.’s export-oriented enterprises.

In the 15-year period starting 2005 and ending 2019, BC Hydro has required rate increases totaling over 90% on a compound basis. In BC Hydro’s revenue requirement application, BC Hydro has identified costs just short of a billion dollars that are expected to be recovered by the B.C. government’s capped rate increases. If these costs, which have to be approved by the BC Utilities Commission, aren’t covered, they would be collected in future rate increases.

BC Hydro’s Load Resource Balance indicates that for 2017 it has a surplus of approximately 5,000 GWh. This represents energy acquired in prior years including energy savings from DSM (estimated at about $30/MWh) and energy from BC Hydro’s 2009 Call IPPs (estimated at $111/MWh based on prices from Clean Power Call). This energy was acquired at an average cost of $70/MWh, and, when held in surplus under average water conditions must be sold for electricity market prices, which BC Hydro forecasts to be approximately $36/MWh.

BC Hydro’s Integrated Resource Plan for 2013 and BC Hydro’s Application for Revenue Requirements show that BC Hydro is planning to continue sourcing energy from renewal of Independent Power Producer Energy Purchase Agreements (EPAs) and from BC Hydro’s Standing Offer Program (SOP) which is currently undergoing a pricing review.
The graph to the right shows the level of uncertainty in forecasting for each year after the forecast up to 10 years following the forecast and is based on BC Hydro supplied information. For each of those 10 years, BC Hydro’s forecasts have over-forecast customer demand. The level of over-forecasting over the last 10-year period was exacerbated by the recession in 2008 and paper mill attrition between F2006 and F2010. Over 50 years the lowest level of over-forecasting by BC Hydro has been approximately 0.6% per year. Over forecast by 1.5% per year is equivalent to a 100% over estimate of the demand growth per year. The minimum level of over-forecasting is equivalent to about a 40% over estimate of demand growth.

Over the last 10 years, BC Hydro has had virtually zero growth in customer demand, though it should be kept in mind that this timeframe does include a major economic recession in 2008. As of 2007, though, the use per account statistic for BC Hydro residential customers turned from growth to decline for both the residential customers and the commercial customers. If declines continue and over-forecasting of demand also continues, BC Hydro could have substantial surpluses of energy for over 20 years under BC Hydro’s current load resource balance planning.

If this forecast increase does not occur there could be rate increases for BC Hydro’s customers as a consequence. The reason would be that revenues anticipated from the sale of the electricity acquired to service the demand growth would not be realized and BC Hydro would fall short of its revenue.

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3 BC Hydro 2017-2018 RRA answer to CEC Information Request
4 BC Hydro 2017-2018 RRA updated load resource balance
requirements and need additional rate increases. Over-forecasting can again result in over-acquisition of energy resources at unnecessary expense.

**Causes**

Increased conservation and efficiency have been significant public objectives over the last 20 years. Several policies, programs, rates and codes have been established to promote these goals and have been applied at some significant expense to ratepayers. These Demand Side Management (DSM) activities have been highly effective in stabilizing overall electricity demand despite a growing population (about 200,000 residential additions in the last 10 years have been absorbed, without significant increases in electricity demand) and can be expected to continue. The resulting DSM savings from investment in conservation and efficiency have been very effective in reducing growth of energy requirements.

Unfortunately, BC Hydro has not been as effective in capturing the benefits of the conservation and efficiency investments. The DSM programs, rate designs and codes and standards measures taken by BC Hydro have resulted in significant savings or savings estimates over the 16-year period 2003 to 2019. The savings have amounted cumulatively to over 6000 GWh, which has been sufficient since 2007 to offset the BC Hydro load growth. DSM savings success is likely one of the major reasons for the dampening of the BC Hydro customer demand.
The DSM savings are achieved at very low costs to the BC Hydro rate payers. In fact, the average cost of the DSM is so low ($22/MWh) that BC Hydro can acquire as much as it can develop and even if BC Hydro is in surplus it can sell the DSM savings for a net gain benefit for its rate payers.

Additionally, conservation and efficiency movements in North America have also been successful in creating background conservation in the development of new efficient technologies and the stimulation of new attitudes and behaviours.

The conservation and efficiency savings have been furthered by increasing electricity energy rates over the period 2007 to 2019. BC Hydro forecasts a -5% elasticity response to rate increases. However, there is no certainty that this is correct. It is quite possible that the cumulative effect of rate increases has been greater than elasticity estimates and contributed to dampening the customer demand for electricity.

Finally, normal downturns of business cycles have served to suppress increased demand over time. The 2007 financial crisis related to the U.S. subprime mortgage collapse contributed to dampening the demand and housing starts for a few years, though BC Hydro annual reports has shown residential account growth has more than recovered from the recession.

Capturing the Benefit
Implementation of the DSM measures has resulted in demand flattening for the last 10-year. However, at the same time, BC Hydro was acquiring significant blocks of energy from independent power producers. This energy was acquired at approximately $124/MWh and is now largely surplus to BC Hydro’s needs and must be sold in the electricity markets for about $36/MWh. The benefits of the DSM savings have not been fully captured by delaying the purchase of new energy supply.

Recognition of BC Hydro’s historical load stability or flat demand and planning for continued load stability into the future through ongoing Demand Side Management activities can create significant economic and environmental

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<td>UCT</td>
<td>$100</td>
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Note 1: Approved value is based on the DSM Plan presented in BC Hydro’s Fiscal 2015 to Fiscal 2016 Revenue Requirements Rate Application.

Note 2: Subsection 4(6) of the Demand-Side Measures Regulation indicates that the British Columbia Utilities Commission cannot determine that a demand-side measure is not cost-effective on the basis of the results of a Ratepayer Impact Measure Test. BC Hydro does not rely on the ratepayer impact measure test to assess the cost-effectiveness of its demand-side management.

BC Hydro Forecast of System Demand After DSM Compared to a Forecast with Forecast Error Correction
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benefits by reducing or eliminating the need to purchase new energy supplies that are otherwise forecast as being required. BC Hydro is forecasting a 29% increase in system demand over this period. A forecast with the forecast error corrected would result in a customer demand requirement of approximately a 7% increase over the same period. The likely actual result may be between these.

DSM can reduce load very cost effectively. DSM is estimated to cost the utility in the order of $22 per MWh, which compares to the cost of new clean energy of approximately $85/MWh. Maximizing DSM could potentially enable BC Hydro to sell energy on the market at a profit.

Currently under BCUC review, BC Hydro is planning to reduce its DSM expenditures from those originally planned in its Integrated Resource Plan, and continuing to add new standing offer energy purchase contracts. Alternative policy options could result in significant savings to ratepayers.

The Chamber Recommends

That the Provincial Government work with BC Hydro and the BC Utilities Commission to review over-forecasting for the last 10 years and determine what changes, if any, should be made to implement more accurate forecasting and what energy acquisition policies and demand side management investments would be optimal for BC Hydro going forward.

The Importance of Expanded Oil Pipeline Infrastructure to the Economy (2017)

Issue

Energy and its related products are a significant part of British Columbia’s and Canada’s annual exports. Along with metals and mineral products, they represent the single largest positive annual contribution to Canada’s balance of trade.

In B.C., energy commodities generate direct and indirect wealth through production and export of oil, natural gas and electricity. These commodities already support tens of thousands of jobs in B.C. There is still an unprecedented opportunity for them to play an even greater role in the economy, to the benefit of both British Columbians and all Canadians.

Through development of expanded pipeline infrastructure, such as Trans Mountain Expansion Project (TMEP), our oil resources can create exceptional opportunities for B.C.’s small and medium-sized enterprises (SMEs), serve as an important source of near-term and long-term job creation and generate lasting benefit for the province, municipal governments and their communities.

TMEP’s benefits include thousands of short and long-term jobs, economic activity and tax revenue to support communities and government programs.

Background

Trans Mountain proposed, in a December 2013 Application to the National Energy Board (NEB), to expand its existing pipeline system, increasing daily capacity from 300,000 barrels to 890,000 barrels.

5 Commercial Energy Consumers – Forecast if the current over forecasting continues.
Following a 29-month review, the NEB, on May 29, 2016, concluded that the TMEP is in the Canadian public interest and recommended that the Federal Governor in Council approve the expansion. The NEB attached 157 conditions which address issues such as public safety, economic benefits, local job creation, emergency preparedness and emergency response, Aboriginal interests, environmental protection and safety along both the pipeline right-of-way and the marine tanker transport route. The NEB’s review was rigorous, involving a record 404 intervenors and more than 1,200 commenters.

On November 29, 2016, the Government of Canada accepted the NEB recommendation, noting that Canada needed to expand the markets for its oil products and saying that the Trans Mountain Expansion Project “will make that possible.”

On January 11, 2017, the Province of British Columbia announced that the Project had received its environmental certificate from the BC’s Environmental Assessment Office subject to 37 Conditions. The Province stated that TMEP met its Requirements for British Columbia to Consider Support for Heavy Oil Pipelines, known as B.C.’s Five Conditions.

It’s clear that our oil pipeline infrastructure has national economic significance. Canada’s primary energy transmission pipeline system is approximately 115,000 km in length, and the total pipeline network is approximately 840,000 km, including regional gathering, feeder and distribution lines. By comparison, there are 38,000 km of primary highway transportation linkages across the country.

This infrastructure is critical to both the B.C. and Canadian economy, with the ability to transform Canadian oil producers from price takers to price makers in international markets. In 2013, the Canadian Chamber of Commerce produced a study highlighting the fact that, due to the lack of infrastructure to markets other than the U.S., Canadian producers must sell their products at a discounted price, which can cost our economy up to $50 million a day. This price differential, which takes away potential tax revenues that could be used to provide services for the people of Canada, should be a concern for everyone.

The $7.4 billion Trans Mountain Expansion Project is a key to unlocking that wealth. Through the expanded pipeline, oil producers gain increased access to tidewater and see their product transported to new markets that would pay world rather than North American domestic prices. Despite a fallback in oil prices, the NEB estimates oil sands output will double by 2040 — and compensate for a long-term decline in conventional oil production. This demonstrates the ongoing need for the Project — producers need a safe, reliable and cost-effective way to get this oil to market, and a pipeline is the best option to support this growth.

Economic benefits generated during construction and 20 years of operations from the Trans Mountain Expansion Project include:

- $46.7 billion in provincial/federal taxes including $5.7 billion to B.C.
- $23 billion of GDP effects for B.C.

The Project creates 800,000 person-years of work for Canadians from project development and operations.

Project development will generate $3.3 billion in labour income across Canada. Approximately 58 per cent (or $1.9 billion of labour income) will be generated in B.C. The project will generate large demands for

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2 Referenced by Kinder Morgan Canada
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goods, services and workers, with an emphasis on local hiring, procurement, and sourcing.

The Chamber anticipates that there will be opportunities for regional-based employment during construction, as well as associated increases in labour income. Key factors to consider include development of an awareness program around pipeline jobs, working with business, industry, community, education, and training organizations.

Aboriginal residents stand to benefit from consideration for hiring and the initiation of an Aboriginal employment and training program to increase access to Aboriginal employment opportunities to meet the demands of projects such as Trans Mountain.

The proposed expanded operations are anticipated to create 50 direct new full-time permanent positions in B.C., which, when added to existing Trans Mountain pipeline system jobs, create a total of 342 direct jobs per year or 6,840 employment years over the first 20 years of operation of the expanded pipeline.

In addition to direct construction work for British Columbians, there are indirect or supply chain job opportunities. These include:

- Rail transportation
- Equipment rental and leasing
- Truck transportation
- Steel products
- Transportation support activities
- Computer services
- Engineering
- Machinery and equipment wholesalers

The Trans Mountain Project creates 189,000 person-years of work in B.C. through construction and 20 years of operations. Excluding construction, TMEP supports about 7,600 jobs per year. This includes jobs created when oil producers reinvest the additional oil revenue they earn as a result of access to world markets. In the Lower Mainland, job creation includes almost 1,100 full-time marine sector jobs as a result of the increase from one tanker call per week at Westridge Marine Terminal to one per day.

Local governments in B.C. along the Trans Mountain right-of-way will annually receive an additional $23.2 million in property tax payments. Those payments can support community services such as police and fire protection, recreation and infrastructure, and can also be used to reduce the size of property tax increases. Additional payments projected include:

- $6.22 million to Burnaby
- $1.304 million to Abbotsford
- $1.278 million to Kamloops
- $944,000 to Chilliwack
- $594,000 to Hope
- $513,000 to Clearwater
- $441,000 to Surrey
- $243,000 to Coquitlam

The Thompson-Nicola Regional District would receive an additional $7.484 million annually, followed by
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the Regional District of Fraser-Fort George (up $1.858 million) and the Fraser Valley Regional District (up $1.273 million).

The Trans Mountain Expansion Project is important and timely. The economic benefits are substantial and will be available to fund core government projects and services including health care, education, roads and infrastructure, as well as support local economic activity in municipalities and Aboriginal communities along the route. Operators of small and medium businesses can expect to benefit from the economic expansion the Project creates.

THE CHAMBER RECOMMENDS

That the Provincial Government, working with the Federal Government and the Government of Alberta,

1. support the Trans Mountain Expansion Project so it can meet its commitments to delivering jobs and economic benefits as well as its regulatory requirements during the construction and operation of the pipeline; and

2. work with local chambers of commerce and other organizations to maximize local procurement and job creation during the construction and operations of all major projects, including opportunities for First Nations participation.

CUSTOMER PRODUCED POWER – IMPROVING BC HYDRO POLICY (2016)

Preamble
Renewable, sustainable and carbon neutral power is a key to our province’s future. Other jurisdictions around the world, most notably the southwestern U.S., have passed policy and legislation that has fueled impressive renewable energy industries that include solar photovoltaics (PV), wind, and other renewable energy sources, in addition to hydro power. In the southwestern U.S., customers are producing power at prices below the cost of grid supplied power creating a new economic paradigm for power supply.

BC Hydro’s current net metering program has had some success, but there is room for improvement and further stimulation of this economic sector, which would result in many additional benefits for the Province.

Business Issue
Canada’s participation in the flourishing industry of solar power and other renewable energy production, other than hydro, lags behind that of our industrial trading partners. This is primarily because BC Hydro has abundant, inexpensive hydro power and wind power.

The B.C. solar PV industry has, however, developed capacity with a labour force of over 600 people and over 200 businesses, including a number of Canada’s industry leaders. Most of these trades people and companies also install wind, micro-hydro, and solar hot water systems, but to a far lesser degree than solar PV.

At present, market conditions for solar PV in B.C. do not provide opportunities for significant industry growth. The Province’s energy policy is supportive of emerging new technologies, and a solar PV project has been approved and implemented in the best solar energy location in the province, but it still demonstrates a significant economic cost disadvantage.
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In the future, solar PV is expected to become competitive in B.C. and, at that time, B.C. will need to consider the major opportunities to benefit from innovation, industrial and economic development that growing the green business sector can bring.

Background
The Province of B.C. has a world-wide reputation for its clean energy and has set a high precedent through its work on climate action.

Solar PV is a reliable and proven technology that has great potential to deliver clean electricity right into the core of B.C. communities with the need for transmission to enable a firm energy supply where the solar PV is an intermittent source. It can displace energy demand right at the point of use. When viewed on a rooftop, solar PV is a visible reminder that energy supply comes at an environmental cost and that renewable energy and energy conservation are fundamental tenets of provincial policy.

Worldwide use of solar PV today is small, accounting for only 0.1% of total global electricity generation. However, deployment of the technology is rapidly accelerating with an average annual growth rate of more than 40% from 2000 to 2008.¹ The global solar PV industry is thriving with annual global revenues now over $40 billion (USD). According to the International Energy Agency (IEA), if there is an effective policy effort in the next decade to allow for an increase in solar energy production, cost reduction and ramp-up of industrial manufacturing for mass production, solar PV could provide 11% of global electricity production by 2050.

Accounting for 80% of global installed solar PV capacity, a small number of countries with strong policy regimes are at the forefront of this technology sector. Many of these regimes have led with substantial subsidy costs for their end-use customers or taxpayers and have run into significant electrical system problems trying to manage the impacts of the intermittency of this energy source.

Home and Business-Based Renewable Energy Production Opportunities
Solar PV is a commercially available and reliable technology that converts solar energy (sunlight) directly into electricity by harnessing the solid-state physical properties of semi-conductors to create voltage when subjected to light. Typical solar PV systems in B.C. produce approximately 1 MWh per kWp per year.

Another exciting option is for small wind turbines, available for homes to collect wind energy, producing approximately no more than 100 kW of electricity. These are useful not only in homes, but farms and small businesses. They are helpful to lower electricity bills and offer a source of backup power. Wind availability is the main factor in installing a wind turbine. Local zoning regulations may also limit the minimum lot size that a wind turbine can be placed on. Typically, these small wind installations are not economic versus the BC Hydro supplied clean energy, but may be in more remote applications.

Micro-hydro, while a possibility, is only installed in rare situations. This is a type of hydroelectric power that produces electricity in the range of 5 kW to 100 kW using the natural flow of water. Micro-hydro is often accomplished with a Pelton wheel for high head, low flow water supply. Typical installations consist of a small dammed pool, at the top of a waterfall or elevation drop in a watercourse, with several hundred meters of pipe leading to a small generator. Typically, these small hydro applications are not economic versus the BC Hydro supplied clean energy, but may be in more remote applications.

Distributed Micro-Generation
Grid-tied electricity generation that is on the site of, or close to, an energy demand is referred to as ‘Distributed’. Electricity generation, typically less than 100 kW, that involves meeting the energy needs for single buildings or a small number of buildings is called ‘Micro-generation’. Distributed micro-generation is a complimentary model to the conventional model for power generation where centralized large generation facilities transmit electricity over long-distances to load centres. The only commercially available renewable energy technology that can be widely deployed in the built environment for reliable power production at this scale is solar PV.

These distributed micro-generation concepts can reduce the amount of energy required from main generation stations.

Distributed micro-generation with solar PV in B.C.’s communities may present an opportunity to address many of the issues that current B.C. energy policy seeks to accomplish, particularly as this option continues to become more economic in the future.

Status Quo – BC Hydro’s Net Metering Program
The BC Hydro net metering program is designed for both residential and commercial customers who want to connect a small electricity generating unit to the distribution system. Generating units up to 100 kW in capacity using a clean or renewable energy source are eligible to participate in this program.

Net metering customers use the recently installed smart meters to track electricity used and produced. When a customer generates more electricity than they use, they receive a credit on their account to be applied against future electricity consumption.

A customer who installs a generating system is assigned an anniversary date the day they connect it to the grid. Each year, at the anniversary date, if they have an excess generation credit remaining on their account, BC Hydro pays the customer back at the published rate of 9.99 cents per kWh.

This rate is above BC Hydro’s evolving definition of its long run marginal cost of energy acquisition, which is now expected to be approximately 8.5 cents per kWh. BC Hydro generally looks to acquire energy, when it is needed at costs less than its anticipated long run marginal cost of clean energy.

BC Clean Energy Act
Passed into law on June 3, 2010, the Clean Energy Act (CEA) is a made-in-B.C., dedicated piece of renewable energy legislation.

The following summarizes the key components of this Act:
- The Province is to achieve electricity self-sufficiency by 2016. The demand-side management target is raised to an aggressive 66% of new supply (which BC Hydro currently exceeds);
- It sets a clean and renewable energy target of 93% (the highest standard anywhere in North America and one BC Hydro exceeds);
- Certain major electricity projects are also exempted from BCUC regulation;
- BC Hydro is to deliver comprehensive Integrated Resource Plans to Cabinet, every 5 years;
- BC Hydro is made stronger by its merger and re-integration with BC Transmission Corp;
- No clean energy projects are permitted in parks or conservancies;
- Environmental cumulative impacts of clean energy projects are to be taken into consideration in the Environmental Assessment Act;
There is a feed-in-tariff, but only for emerging technologies (i.e., ocean and others to be prescribed); Smart meters are to be added by 2012 (which BC Hydro has accomplished below cost budget); Creates a First Nations Clean Energy Business Fund (with details to be prescribed by regulation); Mandates reductions of B.C.'s greenhouse gases for prescribed periods to 2050; and Standing Offer Program to be revamped (i.e. prices, size and included technologies).

The feed-in-tariff section of the act is currently not being adhered to by BC Hydro. From the BC Hydro website: “In light of efforts to minimize electricity rate increases, the B.C. Government is not planning to proceed with the implementation of a British Columbia Feed-in Tariff (FIT) Regulation at this time.

The Regulation would require BC Hydro to establish a FIT program in accordance with the Clean Energy Act.”

For information on existing power acquisition opportunities for small-scale generation, please see Standing Offer Program and Net Metering Program.

**Policy Alternatives**

While provincial and BC Hydro policies allow for net-metering, they provide minimal incentives for customers to use renewable energy or grid-intertie. In B.C., if you have excess energy to sell back to BC Hydro generated by a renewable source, you are credited at a fixed rate that is between the two rates that energy is purchased at, providing minimal payback to offset the cost to install renewable energy systems.

Contrasting this are the policies in some European countries and recently Ontario where what is known as Advanced Renewable Tariffs (ARTs) or Standard Offer Contracts exist. ARTs set a specified rate to be paid for the electricity generated over a fixed period of time by grid intertie systems. These rates are significantly higher than the market price of buying electricity. Ontario and Germany are examples of very costly implementations of solar PV energy supply. However, Germany has accomplished some of the lowest implementation infrastructure costs, which it will be useful to learn from.

The benefits of ARTs are two-fold:

1. They guarantee a faster payback to help compensate the high initial capital investment, which makes renewable energy more affordable; and
2. They help encourage a sustainable base of electricity generation for the future.

The negative aspect of ARTs and FITs is that they support, at taxpayer or ratepayer expense, uneconomic acquisition of power, particularly in a B.C. context.

In implementing ARTs, Germany has successfully implemented 21,000 MW in 7 years and created 170,000 new jobs. The key elements of their ARTs are:

- guaranteed and priority access of renewable energy to the grid;
- guaranteed fees for 20 years and differentiated prices between energy options (e.g. photovoltaics requires a higher capital investment for the amount of power produced, so they are granted a higher rate of return than wind, which is more cost competitive); and
- no limitations set (i.e. prices wouldn't stop when a certain number of megawatts were reached so investment in production facilities occurred).

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Germany, however, has one of the highest costs of power supply in the world and is having a number of challenges absorbing the acquisition of this intermittent energy source.

In 2010, the B.C. government released the Clean Energy Act that includes provision for Standard Offer Contracts and Feed-in Tariffs. This is an important move forward to increase renewable energy supply in B.C.

The B.C. government, for the benefit of ratepayers, has deferred implementation of its FIT policy to avoid acquiring uneconomic sources of intermittent power, which it may then have to sell at a loss. Solar PV technology and installation costs continue to decrease considerably faster than other potential sources of energy for the future and may be expected, at some point, to become an economic and firm source of energy supply. Now will be an opportune time to develop strategies and plans for the future of solar energy in B.C.

Summary
The Province of B.C., in the future, may have significant potential for distributed micro-generation, with the most achievable form being solar PV systems.

The Clean Energy Act of 2010 includes provisions for a “feed-in tariff” system for energy produced by BC Hydro customers. This portion of the act could be used to enable solar PV as a distributed micro-generation opportunity, when this technology achieves a level which could represent an economically successful source of energy in the future.

At this point in time BC Hydro is preparing to develop its next Integrated Resource Plan (IRP) for 2018. The IRP process will likely enable a significant opportunity for consultation and engagement on energy resource options and resource balance planning. The time is now right for advocacy of a solar PV strategy scenario in the IRP development.

THE CHAMBER RECOMMENDS
That the Provincial Government and BC Hydro, in the process of preparing the next Integrated Resource Plan, develop a solar PV strategy and scenario for the future supply of economic, reliable and firm solar energy for B.C., encouraging local innovation.

SUPPORTING B.C.’S STEELMAKING COAL INDUSTRY (2016)

Issue
British Columbia’s coal industry makes a significant contribution to the provincial economy through employment, tax revenue and contribution to the provincial GDP. Coal exports accounted for 8.5% of B.C.’s total exports in 2015.

There is a long history of environmental responsibility in the mining and transportation of steelmaking coal internationally. B.C.’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 coal terminals.

Increasingly, industry opponents have made misleading and false claims about coal transportation in B.C., and have lobbied municipal governments to take action. This has resulted in some municipalities considering or taking policy positions against coal transportation in their communities and opposing
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expansion and infrastructure improvement projects. The industry, in fact, contributes to B.C.’s export growth strategies and ensures critical upgrades are made to terminal facilities to improve and mitigate environmental and residential impacts.

Restricting or delaying the development of the coal supply chain will result in the loss of livelihood for a significant number of families in many parts of B.C. that are supported by the coal industry and reduce B.C.’s global competitiveness.

It is important that B.C. protect the economic benefits of this sector by informing the general public and municipalities about B.C.’s steelmaking coal industry and corresponding global demand for steel, and ensure its transportation is not inhibited at critical points in the supply chain. It is essential for our economy that B.C.’s steelmaking coal industry have access to international markets.

Background
In 2015, over 25 million tonnes of steelmaking coal was produced in British Columbia. B.C. has 12 billion tonnes of mineable coal reserves, of which 8 billion tonnes are in the Kootenay region and 4 billion tonnes are in the Peace River coalfield of northeastern B.C. Restricting the availability of Canadian coal will have limited impact on the world market, but will severely impact our domestic economy.

According to figures compiled by PricewaterhouseCoopers, for the Coal Association of Canada, in its 2013 PwC Economic Report on Coal – British Columbia, B.C.’s coal industry generated an estimated $3.2 billion in economic activity and $715.2 million in tax revenues in 2011 for all levels of government to support much-needed public services like health care and schools.

Major mines and terminals in B.C. spent $5.16 billion on goods and services with businesses across the province over the five years between 2010 and 2014. This spending included significant sums in communities that are not closely associated with the mining industry.

The five steelmaking coal mines in British Columbia’s Elk Valley region:

- spent over $1 billion goods and services in 2013 throughout British Columbia with nearly 60% or $609.3 million flowing to businesses in the Lower Mainland Southwest Development Region;
- paid $457.6 million in direct wages in 2014, based on an average industry wage of $114,600;
- generated work for a wide array of professional service providers including engineers, technical contractors, iron workers, pipefitters, environmental experts and employees in legal, real estate, insurance and financial roles; and
- produced 26.7 million tonnes of steelmaking coal mined for export in 2014, with revenue value of $3.3 billion.

B.C.’s steelmaking coal is vital to everyday life around the world. It is used to build major projects like bridges, rapid transit systems, wind turbines, high rises 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 as metallurgical coal, is an essential part of a chemical reaction needed to create new 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. B.C.’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 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, 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.

**Conclusion**

Steel is vital for the world’s advancement. Coal exporting is a major economic contributor for Canada and British Columbia’s ports play a critical role in transporting Canadian steelmaking coal to important international markets.

The provincial government has 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 Provincial Government:

1. promote the productive and environmental benefits of high quality Canadian steelmaking coal to international markets;

2. work with industry to develop sound public and economic policies that fosters B.C.’s steelmaking coal mining industry; and

3. support educational opportunities to inform people of the province’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 B.C.’s small businesses through local procurement, through tax generation and the related economic spinoff.

**SUPPORTING CANADA’S RESPONSIBLE RESOURCE DEVELOPMENT (2016)**

B.C. and Canada’s resource development projects, and associated infrastructure, are an economic enabler for its economy, allowing value added sectors to develop, create jobs, and compete.

Safe, well-regulated and responsible natural resource development is one of the defining features of the British Columbia economy. The wealth created by natural resources enables B.C. to serve as a net contributor to Canada’s national economy in support of vital services such as health care and education.

B.C. also contributes to Canada’s natural resource prosperity through its historic role as the nation’s transportation link to the Asia Pacific region. Producers of oil, coal, lumber, copper and grains rely on B.C.
ports to connect them with Asia Pacific. Infrastructure investments such as the South Fraser Perimeter Road reflect the Province’s recognition of the importance of Pacific Gateway.

If British Columbians and other Canadians are to prosper in the decades ahead, however, the province should also take steps to support private sector investments in responsible resource development and transportation.

An example of the risk to our ability to efficiently prosper from our natural resource sector is the controversy around Northern Gateway Pipeline and Trans Mountain Expansion Projects. The Trans Mountain project is a timely, shovel-ready opportunity to show international investors B.C. is open to multi-billion-dollar business investments that satisfy Canadian’s high expectations for environmental sensitivity, regulatory compliance and safe, responsible operation.

Despite this, the public debate threatens to overtake the regulatory process. Criticism of any project should be part of a healthy review process. But much of the criticism of both Northern Gateway and Trans Mountain Expansion Project is driven by a conviction that the project should not proceed regardless of the proponent’s ability to meet regulatory requirements for responsible development.

The original Trans Mountain Pipeline has been in operation for more than 60 years. Trans Mountain proposes to nearly triple the capacity of its existing 1,150-kilometre oil transmission pipeline between Edmonton and Burnaby and expanded shipping capacity at its Westridge Marine Terminal in Burrard Inlet.

A $6.8 billion private sector investment, the expansion project it creates thousands of jobs for both the short and long term, and provides billions of dollars in new revenue for all levels of government. Small business operators, individuals and communities are among those who will gain from this project.

B.C. would gain the equivalent of 9,500 jobs per year for 20 years. In communities along the proposed pipeline corridor, annual property tax payments to at least 20 local governments and 24 Aboriginal communities would more than double to $52.4 million from $25.9 million per year. There would be 1,100 jobs created through expanded Westridge operations, and an additional $2.5 billion injected into the Metro Vancouver economy over 20 years.

Trans Mountain Expansion Project is one of many resource-related infrastructure projects that create tremendous opportunity, prosperity and job opportunities for British Columbians in both the short and long terms.

In addition to an estimated $81 billion in tax revenues and a $270 billion in national GDP uplift over 30 years, construction of the Northern Gateway Pipelines project will benefit communities throughout the country. In total, the project will generate 558,000 person years of employment yielding $48 billion in labour income and will provide $28 billion of value to industry in the first 10 years alone. Over 1,177 km of pipeline with pump stations, and the marine terminal, will provide 1,400 person years of direct construction employment in Alberta and 4,100 person years in B.C. Including indirect and induced employment, a total of 62,000 person years across Canada will boost labour income by $4.3 billion.

The $8.3 billion Site C hydroelectric project in northeast B.C. creates 10,000 person years of direct construction jobs and 33,000 person years of total employment over nine years — and provides a legacy of low-cost electricity production for more than 100 years.

The $1.3 billion KGHM Ajax Mining copper-gold project near Kamloops could provide 1,800 jobs in a
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2.5-year construction phase, 500 full-time positions, $500 million in estimated tax revenue and $60 million in annual payroll.

Liquefied natural gas plants under active consideration in B.C. are generational opportunities that add wealth, lower taxes and thereby make it more affordable for B.C. families to live in high-priced regions such as Metro Vancouver.

A decision on the $40 billion LNG Canada project in Kitimat could be announced in 2016. The first phase of Pacific NorthWest LNG, an $11 billion commitment, could also come this year.

Close to Metro Vancouver, the $1.8 billion Woodfibre LNG plant would create 650–plus jobs during construction and 100 full time jobs during operations. It would pay $83.7 million in tax revenue to all levels of government during construction and $86 million a year during operations.

Meanwhile, the forest industry remains a mainstay of the provincial economy and the principal economic driver for 40 per cent of the communities in which it operates. B.C. is the largest producer of softwood lumber in Canada and North America’s largest producer of bioenergy. It annually contributes $13 billion to provincial GDP, supports 146,000 direct jobs and each year sends $2.5 billion in revenue to all three levels of government.

Among proposed resource projects, Trans Mountain is a leader — it could be shovel-ready before year’s end if the federal government elects to let it proceed. The Chamber is very supportive of the project and believes that the Trans Mountain initiative is of national importance with the potential to significantly expand market access for the good of all Canada.

Western Canadian oil producers will not thrive without greater access to global markets. Their only export customers at present are in the United States Midwest, where a supply glut has pushed the market price for Canadian oil below its potential value to refiners in other markets.

For Canada, there is no better time to allow the private sector to take the initiative as a long-term creator of jobs and government revenue. Each additional dollar earned on the sale of a barrel of Canadian oil keeps people working and brings more tax dollars for government with no additional investment of public money.

Regulatory review of resource and infrastructure projects addresses a broad range of environmental, health and safety, socio-economic, community, and Aboriginal issues to ensure that the concerns of all interested stakeholders are taken into account. Potential environmental effects of a proposed project are identified and evaluated, providing the opportunity for the proposed project to be modified, if appropriate, before detailed design and construction starts.

Through the regulatory review process, potential projects are endorsed, modified or rejected depending upon whether significant adverse effects, following planned mitigation measures, are predicted.

The Chamber believes that it is critical that B.C. maintains its reputation as a jurisdiction open to investment and take actions that sustain and expand the ability of the Pacific Gateway to generate prosperity for B.C. and Canada.

Inefficient and unpredictable processes are turning away potential investors and prevent businesses from being able to make informed location and logistic decisions. For example, the World Economic Forum has
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cited “inefficient government bureaucracy” as one of the biggest impediments to improving Canada’s economic competitiveness.

The Chamber welcomes changes to improve the efficiency of the regulatory review process for major infrastructure projects — whether it’s a pipeline expansion, an LNG export facility or a new mine.

We encourage all levels of government to continue to build on these improvements to ensure that Canada develops a world-class regulatory system that effectively supports economic competitiveness while protecting Canadians and the environment. This system must remain stable and consistent.

THE CHAMBER RECOMMENDS

That the Provincial Government works with the Federal Government to promote western access for natural resource products. The Province should:

1. work with the federal government to identify opportunities, training, education, joint ventures, etc., that would ensure First Nations communities can fully participate and benefit from all natural resource development opportunities;

2. take a more proactive role in communicating facts about the provincially and federally regulated pipeline industry as well as B.C. and Canada’s safety record for shipping heavy oil;

3. continue to support establishment of a world-class marine tanker safety regime with enhanced marine spill response capability, and a world-class terrestrial safety system;

4. engage Chambers and other organizations in project pipeline construction communities to maximize opportunities for local businesses during construction and operation of all major projects, including increased opportunities for First Nations participation;

5. provide greater clarity and specificity on B.C.’s provincial interest, commonly known as the “five conditions,” in order to provide certainty, predictability, and stability that encourage capital investment; and

6. confirm that a proposed heavy oil pipeline meeting B.C.’s five conditions has the full support and confidence of the provincial government, and should proceed.

DEVELOPING NEW FINANCIAL MECHANISMS TO DEVELOP B.C.’S MINERAL RESOURCES (2015)

Mineral exploration expenditures in B.C. increased from $154 million in 2009 to $463 million in 2011 and to record level of $680 million in 2012. A significant factor in this increase was the availability of financial mechanisms at both the provincial and federal levels that encouraged such investment, as well as favourable metal pricing and government policies supporting mineral exploration and development.

However, with the recent uncertainties in global economic prospects, combined with somewhat lower metal prices, and significant cost inflation in developing new mines, exploration spending has virtually collapsed in the past two years – to $476 million in 2013, and now to only $338 million in 2014, a 50% decline which looks to continue into 2015.
The challenge is not a lack of worthy exploration targets; the problem is a lack of funding to pursue them. Traditional funding models don’t seem to be working anymore and junior companies – the mainstay of the mineral exploration business – are seriously struggling. Many – hundreds - may be forced to close their doors and the impacts will be felt well beyond the lack of exploration necessary to find and develop new mines. Also affected will be those service and supply businesses (including legal and accounting services) that are employed by the junior sector, especially in Vancouver.

Mining and mineral exploration is well known to be a cyclical industry, but many in the sector – including many old timers – assert they have rarely seen the situation this bad.

Part of the problem is that the old model of independent retail stock brokers has broken down with the advent of highly computerized algorithmic and high frequency trading, and with the consolidation of the brokerage industry by the banks which now control upwards of 95% of Canada’s wealth by some estimates. Banks actively discourage their brokers and clients from participating in speculative securities because of:

a. risk aversion; and

b. banks preferring to earn management fees on assets over a long-term.

Speculative junior mining stocks do not fit their business models.

Flow-through share financing has been a successful structure for over 30 years whereby governments have acted as a catalyst to increase the levels of resource property exploration and development in Canada. By acting as a catalyst to assist mining companies in attracting greater amounts of private market funding at more attractive terms than would otherwise be possible without government support, governments help encourage mineral exploration activity and the discovery and development of the public’s mineral resources.

Companies raising money on an exchange are required to publish a Prospectus, a document describing the company and its plans and objectives. It is highly detailed and prescriptive, includes detailed technical reports, and is expensive and time-consuming to prepare, publish and distribute. Its purpose is to present potential investors with all the information they need to make informed decisions, and as such serves as a protection for investors.

Under the Accredited Investor Exemption regime companies are allowed to raise money directly from Accredited Investors without the need, expense and delay of preparing a prospectus. An Accredited Investor is one who earns over $200,000 annually or has over $1 million in liquid assets.

The rationale for this restriction is an assumption that wealthy people are sufficiently sophisticated as to know what they are doing; however, it is not axiomatic that net worth implies sophistication!

A possible long-term assist to the sector – and to those more average retail investors wishing to participate in the speculative junior market – would be to ease the current Accredited Investor Exemption rules which currently limit investors providing money directly to company treasuries in exchange for shares to Accredited Investors, i.e. the wealthy. Others – most people – are restricted to buying existing shares in the open market. While their contributions may support the stock price they do not add to the company’s treasury.

Flow-through shares were originally introduced to address an exploration financing inequity that arose between major and junior exploration companies. Major producing companies have income against which
their exploration (and other) expenses can be deducted; most junior exploration companies are not yet producing and so have no income from which to deduct their legitimate expenses.

A flow-through share is a share, or the right to buy a share, of the stock of a mineral resource company where these expenses are “flow through” from the company to investors who can use these expense deductions against their income to reduce their tax payable. A flow-through share is issued under a written agreement between a corporation and an individual under which the individual agrees to pay for the shares, and the corporation agrees to transfer certain mining expenditures to the individual for their own use.

The B.C. mining flow-through share (B.C. MFTS) tax credit allows individuals who invest in flow-through shares to claim a non-refundable tax credit equal to 20% of their B.C. flow-through mining expenditures. The B.C. MFTS has been harmonized with, and has been in addition to, the 15% federal Mineral Exploration Tax Credit. Unfortunately, the expiry date for the B.C. MFTS tax credit is December 31, 2016.

B.C. has an excellent Mining Exploration Tax Credit program that provides a 20% refundable tax credit for resource companies through January 2017, and an enhanced rate of 30% for companies exploring areas affected by the mountain pine beetle. The Chamber thanks the government for its foresight in implementing a long-term tax incentive for companies who are active in mineral exploration.

A significant amount of money raised from flow-through financing is not being deployed during the recent market downturn because some companies are unable to finance brownfield exploration or expansions. These could be addressed if the flow-through program was amended to allow the application of flow-through funds to open pit and underground exploration and development at both brownfield and greenfield sites.

THE CHAMBER RECOMMENDS

That the Provincial Government encourages private sector investment in mineral exploration by:

1. making the B.C. MFTS share program a permanent feature of the tax system or, at a minimum, extend the program for an additional three years;

2. implementing a temporary increase in the deduction gross-up to 125% for development spending and 150% for exploration spending to flow-through share financing, and increase the associated tax credit of eligible costs from 20% to 30% (similar to the Budget 2007 measure to increase the mineral exploration tax credit in pine-beetle infested regions);

3. expanding flow-through eligibility to include both surface and underground greenfield and brownfield exploration and development expenditure; and

4. making the B.C. Mineral Exploration Tax Credit permanent.

INVESTING IN INFRASTRUCTURE REQUIRED TO CAPITALIZE ON B.C.’S MINERAL RESOURCES (2015)

B.C.’s geology and mineral resources can provide a strong economic foundation for the province and make B.C. a leading global supplier of minerals. But this can only be achieved if B.C. creates and maintains the
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geological infrastructure and database to attract investment in this sector. Two organizations working towards these goals are the BC Geological Survey (BCGS) and Geoscience BC (GBC). Each has different mandates but complementary goals.

BCGS is responsible for producing, housing, and maintaining public geological and geoscientific information about mineral resources and mineral potential in the province as well as geological information important to land use planning, geologic hazard identification and awareness etc. Their core staff is comprised of professional geoscientists who carry out the systematic inventory and assessment of the varied and complex geology of B.C. BCGS functions as a highly technical institution to answer to the continuing information needs of government, business, and the general public. The inventory of information is used to attract industry investment, to assist government’s stewardship of its rich mineral resource endowment, and to help manage and protect Crown lands.

The BCGS budget has been inadequate for years.

GBC’s mandate is to encourage mineral and petroleum exploration investment in B.C. through the delivery of applied geosciences. It applies new data, new ideas, new technologies, and compiles and reprocesses existing data and applications of existing technologies in new areas. Geoscience BC seeks collaborative and partnership projects that come with supporting funding.

Almost since its inception GBC has been hobbled by uncertainty surrounding its funding, usually operating under two-year funding commitments. In May 2011 as GBC was preparing to cease operations due to lack of funding the province announced another 2 year $12 million funding commitment. In May 2014, a further $3 million funding initiative was announced.

Having to prepare for shut-down every second year is disruptive and inhibits maximum utility of this important vehicle which works cooperatively with BCGS while leveraging additional funding from industry for industry led priorities.

If B.C. wants to realize the opportunity of our rich mineral resources it needs to invest in the geological and other infrastructure that makes this possible.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. reinstate BCGS’s annual funding to at least the $5 million level, plus additional funds to cover expensive field costs and the costs to attract expertise in today’s competitive market; and

2. reinvest another $20 million in Geoscience B.C. with the mandate, as before, to leverage these funds with funds from industry and other government agencies and implement an on-going funding structure to facilitate and allow longer term planning.

MINERAL EXPLORATION INVESTMENT AND PERMITTING (2015)

In 2011, we commented that although mineral exploration expenditures had been rising due to high commodity prices B.C. should not take continued high prices for granted. Now prices have softened and
investment capital has become extremely difficult to find for mineral exploration companies – some experienced managers say they have never seen more difficult times in the industry. The result is a marked decline of over 50% in exploration expenditures, from a high of $680 million in 2012 to $338 million in 2014 and no sign of a turn-around in 2015.

Especially concerning is the collapse in the greenfield, grassroots side of the business so essential to finding new discoveries to sustain future mine development. Early stage mineral exploration is the lifeblood of the mining sector because this activity finds the new mineral showings that become developed into mineral deposits and mines. Greenfield spending - prospecting and early stage exploration - is estimated to constitute approximately 2% to 5% of the total exploration spend in 2013, and even less in 2014. (The majority of the total exploration spend was on major developing projects such as Blackwater, Brucejack and KSM, all in northern B.C.).

In contrast, the Association for Mineral Exploration B.C. (AME BC) believes that to discover the new deposits that ultimately become new mines (where the most significant revenues to government can be generated) requires sustained investment in prospecting and early stage exploration at a 20% level of the total expenditure.

Industry estimates that exploration expenditures in excess of $100 million are required to discover a new mineral deposit that may be developed into a mine. On average, a prospect will reach development stage 10-15 years after discovery, and often much longer. Mines currently in production, or in the environmental assessment process, are the result of successful exploration conducted years, often decades ago.

The value of mine production in 2013 is estimated at $8 billion from 19 metal and coal mines, 30 industrial minerals and more than 1000 aggregate operations. Industry paid approximately $500 million in 2014 to governments in the form of mineral taxes and fees.

It is also worth noting that even exploration that doesn’t result in new mines – only about 1 in 10,000 prospects become mines – does create value to British Columbians through increased community and regional economic activity and development, and by increasing geologic knowledge of our province.

The benefits of mining are clear. But if we wish to continue to reap the benefits of mining in the future we must work now to ensure prospecting and early stage exploration continue to discover new deposits.

**B.C. Mineral Exploration Expenditures (C$ millions, unadjusted for inflation)**

*Source: B.C. Ministry of Energy & Mines*
As well as this significant drop in investment in exploration B.C. has dropped further in terms of overall government policy attractiveness according to the Fraser Institute Annual Survey of Mining Companies, ranking only 42nd out of 122 jurisdictions in 2014, a drop of ten spaces since 2013 – and a far cry from 2009 when B.C. was the 24th most attractive jurisdiction in the world for mineral exploration and development. Moreover, of 13 jurisdictions in Canada B.C. currently ranks just 11th.

However, while grassroots exploration appears to have dropped in all jurisdictions B.C.’s share of total Canadian mineral exploration expenditures remains high at 21% in 2014.

Two significant impediments to investment are the perceptions in the international investment community that Canada (and B.C. in particular) is plagued with lengthy permitting delays and uncertainties, and with land management and First Nations issues. In recent years two B.C. project rejections, (Morrison rejected by the Province and New Prosperity rejected for the second time by the federal government), have greatly exacerbated this negative perception of B.C. as a safe place to invest.

In both cases, expensive judicial reviews alleging procedural unfairness have been deemed necessary by the proponents adds to the clouds of uncertainty deterring investors. In the Morrison case, courts have already ruled the company was indeed denied procedural fairness and ordered the province to revisit the application.

One of the issues facing mineral explorers stemming from new paradigms of First Nations relationships is the development of ‘great expectations’ of immediate economic benefit. There have been unrealistic, even extortionate, demands from some First Nations for large payments just to access to the land. Government has abetted this in many cases by not clarifying during consultations that the most significant financial benefits flow not from explorers, but from producing mines - the explorers don’t generate revenue, they depend on capital markets to provide the money needed to first find the mine.

Most companies understand that early communication with all communities including First Nations are crucial to successful relationships and are pleased to hire First Nations workers to assist their exploration efforts, and to incorporate their concerns about mineral exploration work plans where possible. It needs to be clearly understood by all that payments from explorers for access to the land are not a legal requirement or entitlement and should not be.

And now the mid 2014 Supreme Court of Canada decision affirming First Nation title can exist is a further perceived roadblock for investors. Government needs to do a much better job of explaining this decision to investors and to the general public.

Another deterrent is the perception that the Province denies access to and for exploration and development without due consideration of mineral potential or mineral resource values.

Currently some 20% of the province is closed to mineral exploration and development through parks, protected areas and other designations while another 30% is subject to significant restrictions; e.g. in the Todagin Wildlife Management Area where an extremely unrealistic, narrow time window for activities is proposed and a draft management plan has already been used to discourage low impact high tech aeromagnetic geoscience surveys.

Although there has been some progress rectifying this perception (e.g. in fiscal 2012/13 the Province released 800,000 ha from reserves that had prevented exploration, and it has committed to review more
mineral and coal reserves in 2014 to determine if more land can be made available) this is discounted by initiatives to withdraw even more lands (such as the Klappan in northern B.C. and the Flathead in the southeast) despite – and in contravention of - existing publicly negotiated science based land use plans. It would be helpful going forward if further lands are closed to exploration and development for reasons of environmental protection, or to enable First Nation agreements, government considers opening up other lands such as no-registration areas that are currently closed. This would begin to address the issue of cumulative impacts of multiple closures and potentially open up areas of high mineral potential closed during past land use planning processes that did not adequately consider the mineral development potential and loss of socio-economic opportunities.

Further, when the Province arbitrarily removes mineral lands from exploration and development it is seen to be unwilling to provide both fair and timely compensation for rights taken, (e.g. Flathead, and Boss Power where in both cases rights were taken without due process or consultation. In the Boss Power case the courts were very critical of the province’s treatment and lack of procedural fairness in its dealings with the company and its shareholders.)

If mineral rights are taken from tenure holders under the Parks Act, the Act specifies that Fair Market Value is to be paid, and Fair Market Value is defined as “the value that would have been paid to the holder of the expropriated mineral title if the title had been sold on the date of expropriation in an open and unrestricted market between informed and prudent parties acting at arm’s length.”

However, if those same rights are not taken under the Parks Act, and if they are taken through other avenues, then there is no established legal mechanism to provide compensation for mineral rights expropriated. Government instead proceeds in an ad hoc fashion - often forcing companies into long drawn-out and expensive court proceedings.

The resulting uncertainties and consequent lack of confidence in the security of investment (and that investors will actually be able to develop the mineral resource and receive fair treatment from the provincial and federal governments) is negatively impacting our ability to attract investment. For these reasons, there is a perception of a “B.C. Discount” for our mineral properties.

There is also a perception that prospectors and exploration companies may not enjoy due process in areas where proposed activities may be controversial, even in areas where Land Use Plans have been negotiated and agreed with all-sector and community and stakeholder involvement.

Another persistent issue has been a lack of consistency between government permitting offices across the province, and lengthy delays in issuing exploration permits in a timely manner because of understaffed and under-resourced government offices. (Staffing levels in the Minerals Division and Mines Branch were cut by approximately 75% in 2001. e.g. Kamloops office went from 12 to 3 employees.)

The resulting permitting backlog was recognized in 2011 and temporary contingency funding of $31 million over 3 years (2011-2013) was found by the province to hire staff to bring offices up to complement with the result that the backlog has been reduced from 110 to 55 days. But most of this contingency funding did not flow to the Ministry of Energy and Mines (MEM) which has fewer than 170 employees; most of the 100 positions created to deal with the permitting backlog went to Ministry of Forests, Lands, and Natural Resource Operations which has 4400 employees.

Before the 2010 major reorganization of Ministries, MEM was responsible for First Nation consultation
which had major benefits such as having a one-window approach into the responsible government agency, communicating with knowledgeable staff familiar with industry’s projects and achieving more timely and balanced decision-making based on science and project-specific facts and First Nations issues. 

A conclusion can be drawn that any “process improvements” were not long-term changes but simply a function of increased staffing levels, that the permitting “process” was not improved. There is still room for improvement. Experience has shown that delays are not caused solely be under-staffing, but also by excessive bureaucracy, red tape, limited staff training, and the ever-increasing scope and complexity of permitting and First Nations consultation.

A recent positive step was an announcement of a further $6.3 million funding to Mines and Minerals Division to support permitting and inspections.

Two major causes of permitting delays are the First Nation consultation process and the inability to make timely decisions. B.C.’s mining industry proactively engages with FNs, and communities. AME BC has created an Aboriginal Engagement Guidebook to assist industry in engagement – but this industry led work is a direct cost borne primarily by prospectors and explorers who generate no cash flow, and don’t receive credit for these efforts. Industry is unduly incurring the increasing costs of First Nations consultation although such consultation is the duty of the Crown. The weighted average of consultation costs borne as a percentage of total exploration costs in 2012 was estimated at 21% (Ernst and Young recent sample study).

The industry and the Chamber have asked that these costs be eligible for tax credits and the federal government has recently announced such consultation costs will be eligible for off-setting tax credits (such as flow-through shares and mining exploration tax credits).

Despite all, permits still become stuck during First Nations consultations or because of environmental issues where they may be opposing views or a lack of urgency to resolve issues. Government must work to fulfill their duty to consult, and undertake focused work to reduce red tape, to increase permitting efficiency and improve the one-window into government.

The Chamber also welcomes the provincial government’s decision not to charge new fees for Notice of Work applications to junior companies and prospectors as originally proposed. An argument used to justify the proposed new fees is ‘other agencies charge fees’; however, in those cases the fees paid convey a tangible, valuable asset (e.g. right to cut and to sell wood, right to water etc.)

In the case of the mineral explorer all that is conveyed by a Notice of Work permit is the right to explore – to spend more money on exploration!

Given that Mineral tenure fees alone bring about $12 million a year (five-year moving average), and that the annual budget for the Mines and Mineral Resources program within MEM is a mere $11 million (Operating expenses listed in MEM’s 2014/15 – 2015/16 Service Plan are $11, 056,000) such an added cost to mineral explorers is unnecessary, and counter-productive.

The issue and challenge for prospectors and junior companies is that they have no revenue or cash flow from which to pay such increased fees; while, producing mines do have revenue streams they might use, the junior explorers rely on capital markets to raise funds to continue to explore, and prospectors are generally individuals of limited means. Having to pay new and additional would literally take food from their family tables. In recent years, they have been faced with significantly higher costs of acquiring and maintaining tenure from the province, (in addition to upfront bonds to cover reclamation costs) and this
new proposed fee had been described by some prospectors as ‘having to pay a fine for deigning to work and explore in British Columbia!’

Canada is home to about half of the world’s 2400 active mining exploration companies accounting for as much as 40% of the world’s mineral exploration budget in 2011. B.C. is home to more than half of Canada’s exploration companies (some 1200) and Vancouver is the largest concentration of mining exploration firms in the world. As a consequence, Vancouver has a community of mining firms supported by a significant number of consultants, suppliers, and service suppliers - a cluster. Kamloops is home to a second B.C. cluster. (Mining Capital: How Canada Has Transformed Its Resource Endowment into a Global Competitive Advantage – Canadian Chamber of Commerce)

World beating competitive industries often form from competitive clusters of “geographic concentrations of inter-connected companies, specialized suppliers, service providers, firms in related industries and associated institutions” - all of which we have in Vancouver and in Kamloops.

Mining is an innovative and technologically intensive sector partly because it operates in a highly competitive global environment. Too, it has a long-supply chain relying on a diverse array of suppliers and service providers who are also challenged to innovate.

Given the very small amount of land used for exploration and mining this minimal land use provides by far the largest return on investment to the people of British Columbia per hectare, the Chamber feels that mineral exploration should be encouraged and that the nominal costs associated with administering and managing the sector should be considered an investment, and not simply a cost to be recovered.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. conduct a full and comprehensive mineral potential analysis of land under consideration for withdrawal from mineral exploration and development, including a full socioeconomic impact assessment of foregone resource values and opportunities before any additional lands are closed to mineral exploration;

2. provide full and fair market compensation in a timely manner when mineral claims, tenures and leases become closed to exploration and development;

3. rebuild the Ministry of Energy and Mines, including reincorporation of First Nations Consultation, by allocating an additional $10,000,000 annually to address permitting and regulatory issues in a timely manner;

4. fully staff and resource the mineral exploration and permitting agencies and ensure consistency across the province;

5. undertake a process review of Mines Act permitting focused on finding efficiencies and improving the single window into government;

6. monitor, track and publicly report accurately on the statistics regarding BC’s actual land use and access, including mineral exploration and mining;
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7. consider opening lands currently closed to compensate for newly created protected or restricted access lands; and

8. respect existing multi-sector negotiated land use plans.

RESOURCES WORKING FOR B.C.’S ECONOMIC PROSPERITY (2015)

While the B.C. economy is made up of multiple sectors from high tech to tourism, B.C. is still a resource-driven economy, whether it’s oil and gas, mining and minerals, forestry or agriculture and aquaculture. The prosperity we all enjoy is supported by our ability to extract and trade our resources with the world. In B.C., the natural resource sector accounts for 11% of the provincial GDP and over 100,000 jobs.\(^1\) The resource economy goes beyond the rural communities that are in close proximity to the mines, the forests and the sea out of which our resources come from. Today, it is estimated that 56% of all resource-related jobs are located in the Lower Mainland of B.C.\(^2\) This highlights the truly symbiotic relationship that exists between urban and rural B.C. communities when it relates to the natural resource sector.

The value of the B.C. resource-based economy extends to the many supply chains throughout B.C., across Canada and around the world. These supply chains support other sectors of the B.C. and Canadian economy from transportation and freight forwarding to finances and accounting to manufacturing and suppliers. While the Asia-Pacific Gateway and Corridor Initiative has alleviated many transportation bottlenecks in the supply chain, the fact remains our road, rail and port capacity still face sizeable challenges to moving our natural resources to market. B.C. alone highlights the lack of export infrastructure, whether it is currently no LNG export facility or oil pipelines to Asian markets.

In B.C., our ability to access global markets is hindered not just by our ability to move our resources to market, but also by our inability to extract the resources from the ground. Our capability to utilize our resource wealth suffers from our inability to “get to yes”. To counter this trend, the Chamber network supports the Partnership for Resource Trade, a Pan-Canadian initiative that promotes the benefit of the resource-based economy. Supporters of this initiative share the view that:

- Resources will continue to be the engine of Canada’s prosperity now and in the future;
- These sectors provide unique opportunities to engage and partner with Canada’s aboriginal peoples and remote communities;
- Canadian resource producers can balance our role in providing the world with the materials to build and power their societies with the need to protect and preserve the environment; and
- Canada must reinvest in its trade/export infrastructure, such as roads, rails, port terminals and pipelines in order to maintain and enhance our resource development advantage for the next generations of Canadians.\(^3\)

In B.C., we have seen the creation of a group called Resource Works “to help bring fact-based information to the public discourse about the natural resource sector and its role in B.C.’s future.”\(^4\) The common link between these groups is the desire to create the right conditions to allow our resource sector to prosper by providing certainty to the resource development process.

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\(^1\) [http://www.nrcan.gc.ca/publications/key-facts/16013](http://www.nrcan.gc.ca/publications/key-facts/16013)


\(^3\) [http://www.chamber.ca/download.aspx?cid=00&pid=09f695a2-3e6c-e411-a071-000c29c04ade](http://www.chamber.ca/download.aspx?cid=00&pid=09f695a2-3e6c-e411-a071-000c29c04ade)

\(^4\) [http://www.resourceworks.com/about.html](http://www.resourceworks.com/about.html)
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THE CHAMBER RECOMMENDS

That the Provincial Government:

1. endorse and support the messages and objectives of the Partnership for Resource Trade; and

2. develop and implement, with the BC Chamber of Commerce, the Partnership for Resource Trade, First Nations, and other stakeholders, a clear consultation permitting and approval process in order to advance permitting and approvals for resource development and export infrastructure that ensure B.C. resources get to market.

SUPPORT FOR BC GEOLOGICAL SURVEY (2015)

The BC Geological Survey (BCGS) is responsible for producing and housing public geological and geoscientific information about B.C.’s geology, including mineral resources and mineral potential in the province. It is B.C.’s permanent repository for geoscience data and information in the province, and B.C.’s “Mineral Exploration and Development Strategy” recognizes the survey’s custodial role in ensuring information gathered about B.C.’s geology is retained and publicly available.

Its core staff is composed of professional geoscientists who carry out the systematic inventory and assessment of B.C.’s varied and complex geology, and play a vital role in providing technical advice and information to the public, First Nations and government agencies as well as industry, regarding mineral resources, geology, and mineral development and exploration activities.

Principal activities include geological and geochemical surveying, mineral, coal and industrial mineral inventories management, mineral potential assessments for land use planning, monitoring exploration activities, assessing geologic hazards, publishing maps and reports, and providing geoscience expertise to support government’s sustainable development objectives.

Its role was initiated in 1895 and it functions today as a highly technical institution in answer to the continuing geoscientific information needs of government, business, and the general public.

The inventory of information is used to attract industry investment, to assist government’s stewardship of our rich mineral resource endowment, and to help manage and protect Crown lands.

For the past 120 years, mineral exploration and mining companies have relied on BCGS’s data for the identification and development of ore bodies in B.C. As a result, mining activities in B.C. are an important source of jobs and revenues that sustain our province and support our families.

Unfortunately, recent years have seen the BCGS starved of funding necessary to fulfill its mandate thereby inhibiting its ability to put adequate numbers of geologists in the field, and to maintain and update its once world leading but now aging databases, thereby impeding its ability to deliver information to government, to industry and to the general public.

It has been downsized by about two-thirds at a time when its workload and the need for their services has been growing exponentially, with few replacements for retiring and departing geologists – human resources and skills retention is now a very real problem.
B.C. is very well endowed with mineralization and BCGS has provided critical support for the exploration and development of revenue producing mines in B.C. Government has set objectives to increase the number of operating mines in the province. To have a robust mining sector well into the future B.C. must once again recognize BCGS’s importance, and fund it appropriately to allow it to fulfill its fundamental role as B.C.’s permanent repository of geoscientific data for the province.

Yet there are challenges: At the Mineral Exploration Roundup in January 2013, industry veteran Pierre Lassonde (a Canada’s Mining Hall of Fame member) called attention to the need to do more, noting that despite record spending and high metal prices the number of large scale mineral discoveries in recent years has been dangerously low. For example, 14 deposits of 20 million ounces or more were found in the 1980s, 11 in the 1990s, only 5 in the 2000s but in the past two years - none were found, despite the high gold price and record spending.

Two assets controlled by government that are key to our exploration success are MapPlace and Mineral Titles Online. Unfortunately, the architectures of these two systems are now dated (MapPlace was developed in the 1990s and MTO launched in 2005) and need a focused effort to return them to a cutting-edge state.

**THE CHAMBER RECOMMENDS**

That the Provincial Government:

1. provide increased and sustained base funding for the BCGS to at least 2008 levels, maintain staff of five regional geologists and conduct field programs to improve the public’s and industry’s understanding of B.C.’s mineral development potential, and to ensure the agency is able to continue their work of providing geoscientific information about our resources to government and to industry and the public; and

2. continue to upgrade and update MTO and MapPlace.

**SUPPORT FOR MAPPLACE AND BCGS ROLE IN IT (2015)**

**Background**

MapPlace is an award-winning website designed to facilitate easy access to the maps and databases of the Ministry of Energy and Mines. Developed by Ministry staff (with valuable input from the private sector) it has been heavily used by industry, and by government and academia, for the past twenty years and makes government’s geological databases easily available to those involved in exploring, managing and developing our mineral resource endowment. It provides a variety of sophisticated tools for performing spatial searches, mapping, hardcopy reproduction and limited GIS functions.

This level of sophistication in access to geological information is one of the province’s key advantages in attracting both interest and investment in mineral exploration and development. BC was a world leader in the sharing of geological and mineral exploration related data online, and continues to hold a leadership edge, particularly compared to other Canadian provinces.

However, it was initially developed ‘an age ago’ (in computer terms) and the software upon which it was based is no longer supported or adequate. The Chamber has advocated in the past for its update and is pleased to see it is included in the province’s current IT review and update.
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But now there is a concern within industry that being included within the government’s on-going integration of provincial databases may negatively influence the utility of MapPlace as the needs of the provincial IT system begin to take precedence over its MapPlace component. The danger is that – as so often happens in computer software integration initiatives – the needs of system management may supersede the needs of the users.

Specifically, industry is concerned that MapPlace will no longer be driven and managed by personnel with the geologic knowledge necessary to maintain its practical – and current – utility to its users in the geological and resource communities.

One of the reasons for its great success has been the timely (within a day or two) posting and updating of data which has been made possible because GSB staff have had direct access to the servers that contain and deliver data. There is a concern that under the new regime GSB staff will not have that same access they currently have, and that data may not be posted in a timely manner, and by people unfamiliar with geology.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. ensure that the BC Geological Survey Branch personnel remain directly involved in maintaining and managing MapPlace;

2. continue to post data in a timely manner as has happened in the past; and

3. expedite the launch of the new revised MapPlace so that it is available to explorationists for the 2015 season.

SUPPORTING PROPOSED CHANGES IN RIGHTS OFFERING - STREAMLINING THE PROCESS OF RAISING CAPITAL (2015)

Background

Vancouver is host to the largest concentration of junior and venture capital corporations in Canada; indeed, it is a world capital and centre of excellence for mineral exploration and development with over 2000 exploration, mining and service and supply companies and the largest concentration of geoscientists in the world.

Companies headquartered in B.C. dominate both the TSX and TSX-Venture Exchanges, (58% of the mineral exploration and mining companies listed), and fully two thirds of equity raised on the TSX-Venture Exchange is raised by B.C. based companies. BC’s mineral exploration and development industry is an economic driver that creates jobs, enhances infrastructure and provides significant government revenues, including to First Nations.

Unfortunately, the sector has not been spared the impacts of recent world financial vagaries, especially the slowdown in Chinese economic growth which has negatively impacted metal prices - and the financial resources available to the industry. SNL Mining and Metals reports that junior companies’ exploration budgets fell 39% in 2013, and a further 29% in 2014. Lack of investor interest has forced companies to minimize spending; even majors have reduced their exploration budgets by 25%. Many junior companies are now in survival mode.
Prospectors and Developers Association Canada (PDAC) reports that in late 2014 the total number of financings on the TSX Venture Exchange in 2013 was one of the lowest since 1999, and year to date 2014 figures indicated a continued downturn (which has continued into 2015). Kaiser Research On-line reported 60% of Canadian listed juniors as of October 2014 had working capital balances under $200,000; given that to simply maintain a listing on the Exchange entails a minimum cost of $200,000 clearly the situation for many companies has become desperate.

With such limited funding and uncertainty what monies are being spent are focused on advanced projects, with very little (an estimated 2% of exploration budgets) being spent on greenfields and grassroots projects. For perspective AMEBC estimates that sustained investment in prospecting and early-stage exploration at a 20% level is required to discover the new deposits that lead to advanced projects and ultimately new mines in production which provide the most revenue to governments. The current lack of funding available to mineral exploration companies will have significant consequences for B.C. mining industry’s long-term future.

Partly in response the B.C. Securities Commission (BCSC) has proposed changes to the existing rights offering regime whereby exchange listed companies needing to raise funds or restructure would be able to offer rights to existing shareholders to purchase more shares from companies, without the need to prepare a (lengthy and costly) prospectus or circular. (Existing shareholders can be presumed to be already aware of a company’s circumstances and risks.)

The changes proposed would reduce costs to companies and shorten the timeframe required for companies to refinance and restructure, thus allowing for a more efficient process which will allow Canadian and B.C. companies to better compete with jurisdiction such as Australia.

The existing regime entails a significant regulatory review with a technical report trigger and delivery of a circular (up to 30 pages) to all shareholders, all of which is time consuming and costly. The proposal would cut this to a 1-2 page short notice proposal being sent to shareholders with a rights certificate. A much shortened rights circular (approximately 8-10 pages) in a Q and A format would be prepared, but the requirements for business/technical disclosures, regulatory review and the requirement to send the circular to all shareholders would be eliminated.

Currently the average number of days to close a rights offering is 85 days, (109 days for a mining issuer). The proposal is to reduce this to 21 days.

Dilution is now limited to 25% which means that for companies with limited market capitalization the
amounts that can be raise are severely constricted. The proposal would raise the dilution limit to 100% which would be a significant positive step. For example, a company with a $4 million market capitalization under the existing rights offering regime could only raise $1 million, whereas under the proposed new regime they would be able to raise $4 million.

The BCSC notes that the rights offering regime as it stands today is seldom used (especially by venture capital issuers), because of the length of time and the high costs of the process. Across Canada 56 issuers have used this route; only 11 B.C. issuers closed, and they raised little money. What is being proposed will streamline the process, reduce costs both to issuers and to regulators, and should assist issuers in raising much needed capital.

The current intent is to have the new prospectus exemption in place by year-end 2015. Unfortunately, financing for the junior mining industry has collapsed over the past two years, and by year-end many of those companies will have ceased to function. The Ontario Securities Commission adopted the capital raising prospectus exemption in early February.

THE CHAMBER RECOMMENDS

That the Provincial Government work with the BCSC, the Federal Government and other related provincial jurisdictions to:

1. support and enact the proposed changes to the right offering regime; and

2. expedite the implementation of the new regime to enable issuers to raise necessary funds as soon as possible.
ENVIRONMENT

A NEW APPROACH FOR THE REMEDIATION OF CONTAMINATED SITES (2017)

Thousands of owners of B.C. properties suffer from prohibitive regulatory costs, mostly unsubstantiated by evidence of damage to human health or the environment. A cost/benefit analysis could determine whether correcting outcomes should become the trigger for remediation.

The government’s intentions are commendable, but at present there is no mechanism to determine whether remediation dollars are effectively spent. Instead, the interpretation of success is primarily based on compliance with regulated soil, water and air standards (or concentrations), rather than achieving outcomes such as reducing health symptoms or restoring ecological systems.

Provincial regulations requiring compliance have increased from a few pages in the early 1990’s to thousands of pages today. Do mushrooming regulations based on laboratory studies and hypothetical scenarios provide the correct goals for protection when financial costs are so often prohibitive? For example:

- $100,000,000 per annum\(^1\) estimated for remediation in the Lower Mainland of BC;
- $508,000,000 and increasing for Crown liability for contaminated sites\(^2\); and
- $1,000,000,000 estimated for remediation of our inventory of 5,000 brownfield sites.\(^3\)

Spiraling costs also delay remediation, often indefinitely, resulting in such unintended consequences as:

- Thousands of unmarketable brownfield properties, particularly throughout smaller, northern communities where there is not the economic rigor to absorb the cost of their cleanup;
- Glacially slow remediation of over 1,000 Crown managed properties, chiefly abandoned mine sites;
- Inability to afford remediation of major contaminated industrial properties (e.g. the former pulp mill at Watson Island, Prince Rupert), which continue to pollute the environment.

The question needs to be asked, are our standards too rigorous or arbitrary? Could the metrics used to define pollution withstand critical scrutiny? Apart from a few sites which demonstrate obvious symptoms of environmental contamination, is the evidence of damage or actual risk to human health or the environment sufficiently widespread to warrant the current contaminated sites regime? It appears that the answer may be ‘no’.

Ultimately, a major need exists for a new, realistic approach for the achievement of societal goals for the protection of human health and the environment. This paradigm shift does not require abandonment of progress in identifying potential contaminants, but does require the development of new metrics for identifying when symptoms of contamination warrant remediation.

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1 Estimate based on September 2012 presentation “Contaminated Sites Review” by Dr. John Ward, BC Ministry of Environment which stated about 12,000 sites had been added to Site Registry, and about 4,000 sites had been cleaned up, over the 15 years since 1997 when the Contaminated Sites Regulation came into effect. These data annually represent about 800 new investigations and about 200 new instruments. If one assumes a very modest cost of $50,000 for investigation leading to Site Registry records, and a similarly modest cost of $200,000 for an instrument, then annual expenditures of at least $100,000,000 are indicated (ignoring the annual cost of multi-year projects which continue beyond one year but are not reflected in additional Site Registry updates). These cost estimates assume the majority of sites have relatively minor sources of contamination.

2 Published number from the Crown Contaminated Sites Program 2016 Biennial Report, page 2

3 The BC Ministry of Environment Fact Sheet 38 Brownfields and Brownfield Redevelopment states “Although no specific inventory exists today, it is estimated that British Columbia likely has between 4,000 and 6,000 brownfield sites. Using estimates from comparable-scale jurisdictions elsewhere, the number of brownfields in B.C. could be even higher.” $1,000,000,000 assumes the same foregoing and very modest average cost of $200,000 for investigation and remediation, which is almost certainly an underestimate, based on consulting experience.
ENVIRONMENT

The legislative foundation for a shift in emphasis from a “standards-based process” to an “outcome-based” regime is already present in underused clauses of the Environmental Management Act which allow consideration of the actual “… potential for adverse effects on human health or for pollution of the environment …” (Sect. 56(a)), and “… the potential economic benefits, costs and effects of the remediation options …” (Sect. 56(c)). Similarly, underused is the opportunity to calibrate environmental risk against occupational risk, and to take advantage of the Contaminated Sites Regulation allowance for a medical health officer to establish remediation targets based on risk and hazard index values (Sect. 18), rather than relying on prescribed guidance.

With the benefit of 20 years of hindsight from 1997, the date of publication of the Contaminated Sites Regulation, a working group should examine the potential economic benefits and costs of the current provincial contaminated sites regime, and utilize a pilot project at a high-profile brownfield location to determine whether an “outcomes-based” approach should replace the current “standards-based” approach.

Societal progress in remediation is limited by a lack of available funding. It would be extremely beneficial to dramatically lower remediation costs, thus rejuvenating brownfield properties while adequately protecting society and the environment.

THE CHAMBER RECOMMENDS

That the Provincial Government reviews its contaminated sites regime to determine whether current regulatory requirements are financially warranted for the protection of human health and the environment.

EXTENDING THE OPERATION OF PROVINCIAL PARK CAMPGROUNDS IN B.C. (2017)

Introduction

Visitors to B.C. contribute $13.9 billion to the Province of B.C. (2013) and the numbers are increasing. Twenty-five percent of those visitors are utilizing B.C. Provincial Park Campgrounds.

An aging worldwide demographic is changing the behaviour of visitors, who are choosing to travel to B.C. earlier in the year and stay later in the season. Climate change is also contributing to a longer recreation season. Extending the annual operating season for B.C. Provincial Park Campgrounds would contribute new dollars to the B.C. economy. GDP for the provincial economy as a whole grew 3.1% over 2014. The tourism industry contributed $7.4 billion of value added to the B.C. economy, as measured through GDP (in 2007 constant dollars).

This represents 5.6% growth over 2014 and 17.5% growth since 2007.

Background

B.C. Provincial Park Campgrounds are widely respected amongst locals as well as visitors to our province. Destination BC has rebranded itself including the WILD branding. “We are a province shaped by nature. It has nurtured our people, our history, our culture...and our visitors.” Destination BC is doing a good job marketing to those who appreciate all that we have to offer.

Average distance travelled by vehicles in B.C. (2014) was 1,700 kilometers, with those in RVs travelling substantially further (2,200 kilometers). More than half of the drive market used their own vehicle to travel,
while 21% used a rental car, and 13% travelled by RV.

With 24,000 kilometers of paved highways and approximately 60 branded driving routes, there is considerable opportunity for British Columbia to become a destination of choice for the drive market. A big part of that is the outdoors and camping, if we aren’t open for business that market will go elsewhere.

Currently there is only one reserveable year-round park, that being Porteau Cove, one open March 24 and closed October 30, and the majority spread between an opening of May 3 and closed first week to mid-September. Having our provincial parks open on average 3 – 4 months for the majority of the province is not supporting the work that many are doing, including Destination BC, to market ourselves as a 4-season province.

Currently, the season is not meeting the needs of a changing demographic, local, and international. The rationale for extending the operational season for campgrounds is outlined below:

- Parks with expanded hours have increased revenues
- In 2015, the tourism industry generated $15.7 billion in revenue – a 5.3% increase over 2014, and a 37.3% increase from 2005
- A soft Canadian dollar is increasing visitation from the U.S. & European markets
- Aging demographic travels earlier and later in the year
- Increased revenue in retail and service industries
- Approximately 25% of visitors travel for outdoor recreation
- Canadian snowbirds might delay their departure from the province
- Inconsistent operating dates across the province conflicts with Destination BC “WILD” brand
- Park use produces $17.1 million net revenue – reinvested back in parks infrastructure
- Longer season will result in increased contractor services resulting in increased employment translating to more benefits paid
- Expanding the operation of parks signals a recognition of a 4-season travel province
- Expanded operations would increase the competitive advantage of B.C. in a highly competitive global tourism industry
- Expanding the operating season should be done with a balance between the benefits and cost recovery for the province

THE CHAMBER RECOMMENDS

That the Provincial Government allows for the expansion of the B.C. Provincial Park Campground season at minimum from April 15 to October 20 across the province to acknowledge and accommodate the changing behaviour of visitors to B.C.

MOVING FORWARD WITH THE STRONG BUSINESS CASE FOR A SOUTH OKANAGAN SIMILKAMEEN NATIONAL PARK (2017)

Opening Statement

National parks represent important economic drivers, and this is particularly true for British Columbia. British Columbia has the opportunity to be the beneficiary of Canada’s next national park, which has been proposed for South Okanagan-Lower Similkameen (the “Proposed National Park”). This Proposed National Park maintains the continued support of the government of Canada, but to proceed requires support of the
government of British Columbia. As support for this national park among stakeholders continues to grow, the provincial government should work with the federal government to ensure that the Proposed National Park serves the economic interests of British Columbians.

**Background**
Canada’s national, provincial, and territorial parks represent a vital conservation of our natural heritage, are a special contributor to our sense of identity and place, and serve crucial ecological purposes. These parks, however, also play an important role in British Columbia’s economy. Indeed, national parks have been shown to be substantial and recurring sources of economic stimulus, particularly through tourism.

Beginning in 2003, a joint federal-provincial steering committee began an in-depth assessment of the feasibility of establishing a national park reserve in the South Okanagan-Lower Similkameen. The steering committee’s report, *Proposed National Park Reserve for the South Okanagan-Lower Similkameen Feasibility Assessment – Overview of Finding and Outcomes*, which was submitted for ministerial approval in January 2011, confirmed that the proposed national park is feasible and recommended approval of a proposed park reserve boundary at a conceptual level.\(^1\)

The Proposed National Park would consist of 280 square kilometres that contain Canada’s only pocket desert, are home to fifty-six federally-listed species-at-risk (11% of the listed species in Canada), serve as a major migration stop for birds, and include shrub-grasslands and ponderosa grasslands found in no other Canadian national park. Furthermore, the proposed park boundaries provide the potential for permanent continuation of U.S. wild lands south of the border for a protected area of international significance.

**The Business Case**
The benefits of the Proposed National Park for British Columbia include:
- increased employment;
- stimulus for land development, business starts and expansions;
- a boost in domestic and international tourism;
- opportunities for First Nations economic participation; and
- economic diversification.

Published research on the Parks Canada website indicates the potential economic impact of the proposed National Park. In particular, if the proposed National Park met the average economic performance of British Columbia’s seven existing national parks, it would support 571 full-time equivalent jobs and would generate annually:
- $37.1 million in Gross Domestic Product;
- $25.62 million in annual labour income; and
- $49 million in visitor spending.\(^2\)

Importantly, there are essentially no costs to the provincial government moving forward with the proposed National Park, since the Government of Canada alone, through federal taxation, bears the cost of establishing and maintaining national parks.

As with all changes in land use, the proposed National Park could conceivably have adverse impacts on

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established economic uses of land, including ranch-based agricultural enterprises. However, it is believed that any such impacts can be suitably mitigated with intelligent planning, and will ultimately be outweighed by the tremendous benefits this park will bring.

Beyond the known conservation and recreation benefits, parks are significant economic drivers. Across B.C. national parks have proven their ability to generate millions of dollars in revenue, create long-term job opportunities and promote visitor spending, as documented in a 2010 report by the Outspan Group (The Economic Value of Parks Canada). Canada’s parks contribute $5 billion to the Canadian economy and create approximately 64,000 jobs.

The diversification of the local economy is expected to attract young families to the area, and will contribute to maintaining the viability of local schools, hotels, and other services. In addition, designating this area as a national park reserve would guarantee public access to the land and associated recreational and health benefits.3

Progress and the Path Forward
Since the steering committee’s report was submitted, the federal government has waited for the provincial government to follow the recommendation of the steering committee and take the next step toward bringing the economic benefits of the proposed National Park to British Columbians.

To its credit, the province has moved carefully forward. In August 2015, the province released an intentions paper4 that sought public feedback on a land protection framework for the South Okanagan Similkameen. Importantly, a guiding principle of this framework was recognition of existing uses and an explicit commitment that existing tenures would continue under the same terms and conditions and be subject to existing management policies. This provides certainty and due respect for existing business uses within the proposed park area, while opening a path forward to unlock the economic potential of a national park.

After carefully reviewing more than 3,400 submissions, the province released a consultation summary5 that confirmed strong support for additional protection in the South Okanagan-Similkameen, including the creation of a new national park reserve. That report identified the next steps as including the Minister of Environment considering the findings of this process and developing a report for Cabinet and continuing engagement with the Okanagan Nations Alliance.

On January 27, 2017, the provincial government announced that planning discussions to achieve the objectives outlined in its proposal to protect lands in the South Okanagan are moving forward with the support and participation of the three Okanagan Nation communities most affected by the proposal. The Province also committed to engaging with the federal government, along with the three Okanagan Nation communities, around the potential for a national park reserve designation in certain identified areas. Crucially, the Province’s message identified protection of ranching and existing grazing tenures as a key factor in the ongoing deliberations.

In view of the progress made to date, business should encourage continued strides toward the creation of a new national park in the South Okanagan Similkameen.

THE CHAMBER RECOMMENDS

That the Provincial Government continues its engagement with Parks Canada and the Okanagan Nations Alliance to bring forward a national park in the South Okanagan-Similkameen that respects future business potential uses in proposed park areas and works to achieve an acceptable business position from the types of businesses, particularly ranch-based agriculture, that could be negatively impacted.

SPECIES AT RISK: BOREAL (WOODLAND) CARIBOU (2017)

Issue
Woodland caribou are a threatened species in Canada. By October 2017, each province and territory must meet federal government requirements to develop caribou range plans that restore and protect, over time, 65 percent of their habitat. This will have a significant impact on industries that operate in the ranges, the communities they support and the province’s economy. Currently, range plans are evaluated based on ecological or environmental criteria, and do not provide for a socio-economic impact analysis prior to submission to the federal government.

Background
In 2003, woodland caribou were federally listed as a threatened species in the Species as Risk Act (SARA). Under the federal “Recovery Strategy for the Woodland Caribou,” all provinces are required to produce range plans that outline how 65 percent of boreal woodland caribou habitat will be restored to undisturbed habitat and maintained undisturbed over time, and how the land and activities within the range will be managed for habitat protection. These provincial range plans are due by October 2017.¹ The range plans are to support a working landscape where species at risk and industrial activity co-exist.²

Range plans developed under the current federal process are evaluated based on ecological or environmental criteria. At this time, there has been no substantive socio-economic analysis conducted concurrent to plan development. Range plans under consideration for submission to the federal government are missing key social and economic considerations about impacts to industry, local municipal governments and to British Columbians’ communities and families. Without consideration of these impacts and due to Boreal Caribou habitat in prime forest and oil & gas activity areas, we are faced with the potential for decreased wood supply, increased costs and additional potential mill losses or closures. It’s important that range plans are developed through solid science and socioeconomic considerations. Forest resources in the central interior and southern B.C. are yielding less in annual allowable cuts and quality of fibre. The boreal forests of northern B.C. are extremely important to a viable forest industry.

In addition, the current process addresses a one-species approach. A multi-species approach – the strategy being taken in Southern Saskatchewan – recognizes that these species do not exist in isolation of one another and, as such, makes for a more practical and efficient path for planning.³ We know that many other factors, particularly predation, impact the Caribou and limiting a study to only habitat related factors will be ineffective.

Recognizing the importance of protecting the Caribou and their range we are confident that through a

collaborative approach, working with and drawing on the expertise of a range of stakeholders across the province, we will be able to strike a balance between the protection of critical (extirpated, endangered, and threatened) species, and the viability and sustainability of industry, jobs and communities. At this time, there has been limited consultation without socioeconomic considerations. This is a complex issue and we need to ensure all factors are considered prior to legislation being enacted to prevent unintended consequences to communities, businesses and the economy.

Stakeholders include all those impacted, including, but not limited to: industry, environmental non-governmental organizations (ENGOs), First Nations and Metis, municipal governments and community-based organizations. These stakeholders have valuable information to be considered in planning for preservation of the woodland caribou.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. ensure stakeholder interests are adequately understood and considered, so as to inform the development of a woodland caribou range plan and its implementation;

2. complete a socio-economic impact assessment and ensure the findings of that study form part of any range management plan, in conjunction with a scientific assessment being conducted; and

3. implement a multi-species approach for species at risk planning, and specifically the woodland caribou range planning.

PROPOSED NATIONAL MARINE CONSERVATION AREA RESERVE – STRAIT OF GEORGIA (2016)

Preamble
The beauty of British Columbia is intrinsically tied to tourism, external investment, and the health of our communities. In 2003, Canada and British Columbia signed a memorandum of understanding to establish a National Marine Conservation Area (NMCA) Reserve in the southern Strait of Georgia. Within the NMCA Reserve boundaries, the marine environment would be protected from ocean dumping, undersea mining, and oil and gas exploration and development. The proposed boundary is within a heavily populated area with high levels of private, commercial and public activities. Restrictions to activities within this intensely-utilized marine area could negatively affect the regional economy.

Business Issue
The Chamber believes the proposed establishment a NMCA Reserve in the Southern Strait of Georgia can contribute to our economy, attract investment, create household-sustaining jobs, and support local business.

The area of consideration is home to hundreds of thousands of people, is a major international trade route, has a considerable amount of foreshore title land, and has a maze of jurisdictional players. The Chamber believes the biggest risk to commercial and recreational activities is any stakeholder confusion or uncertainty leading up to and after the Strait of Georgia NMCA Reserve.
ENVIRONMENT

Background
The conservation of marine environments is taking on global significance. In response to this, the Government of Canada began a NMCA program in 1994. In 2003, Canada and British Columbia signed a memorandum of understanding to establish a National Marine Conservation Area (NMCA) Reserve in the southern Strait of Georgia.

A “Reserve” is established when there are First Nations land claims in an area. Given the number of unresolved First Nations claims in the Southern Strait of Georgia area, an NMCA Reserve would be established here pending resolution of the claims. Once all claims are resolved, the area would become a NMCA.

The Strait of Georgia marine region is the smallest of five marine regions found on Canada's Pacific coast, yet it is also one of the most productive. It is also a region intensively enjoyed by British Columbians and visitors each year. The rich sub-tidal communities provide some of the best scuba diving in North America and pleasure cruising is world class, whether it be in a yacht or a kayak.

Impact on Commerce and Residents
If the Southern Strait of Georgia NMCA Reserve is established, ownership of provincial lands - including the seabed - would be transferred to the federal government. For waterfront residential and commercial properties, that means the submerged lands below the high-tide watermark would be transferred from the Province of B.C. to the Government of Canada.

Beyond the transfer of submerged lands ownership, there is a complex jurisdictional maze that includes First Nations, regional districts, municipalities, transportation authorities, and island trusts. This area also has more than 100,000 residents and countless visitors who have relied on easy and free access to waters for decades. Such a delicate operating environment has a direct impact on residents’ quality of life as well as on businesses.

One of the frequently discussed business impacts surrounding the navigable waters within the 2011 proposed boundaries is marine transportation; it is BC Ferries “backyard” and a transit route for thousands of cargo shipments per year.

There are many practical questions that still need to be answered, such as how will the NMCA Reserve operations - including enforcement - be funded? Who makes the decision to halt or alter commercial vessel traffic patterns if zones need to be established or amended? How will the success of the NMCA Reserve be measured? Who will manage affected land use, e.g. issue permits for private infrastructure that extends below the high-tide watermark? These are questions that need to be answered before the NMCA Reserve is implemented to ensure a welcoming business environment and public support.

Decision-Making Environment
The Government of Canada and the Province of B.C. will have numerous challenges facing the proposed Georgia Strait NMCA Reserve, including:

- continuing to allow high concentration of commercial and recreational marine traffic in the area,
- the potential for a variety of inter-departmental jurisdictional issues, e.g. fishing and marine transportation falling under both Fisheries and Oceans and Transport Canada and in collaboration with Parks Canada, and

1 See Annex for 2011 Proposed Boundaries
the proposed NMCA Reserve is expected to fall under the Canada National Marine Conservation Areas Act, and as such, would not address specific conditions relating to the Southern Strait of Georgia’s unique environment.

Commercial activities within the Southern Strait of Georgia are critical to our economy. Vancouver Island’s coastal communities stand to be greatly affected by the proposed NMCA Reserve, namely their real estate prices, their businesses, as well as their way of life. This leads to a highly charged and politicized environment that can interfere with sound policy decisions, consequently making the region vulnerable to complex change driven by vocal minorities instead of sound principles.

Progress to date
Parks Canada has hired a full-time employee to manage the specific file, and is working on a number of studies to develop a comprehensive understanding of the region and to reach a determination of the feasibility of the proposed NMCA Reserve. The Chamber expects this research to include a thorough analysis of current and forecasted commercial and recreational activity, as well as how such activity may be affected by the establishment of an NMCA Reserve - before the reserve is created.

The proposed Southern Strait of Georgia NMCA Reserve should balance the needs of the economy with the environment. Issues should be anticipated and questions answered prior to implementation. Critical points need to be incorporated into separate legislation to ensure a stable and transparent decision-making environment for all stakeholders.

Summary
The Chamber appreciates the need to balance the conservation of our environment. The Chamber recognizes that the beauty of British Columbia is intrinsically tied to tourism, external investment, and the health of our communities.

The Chamber is supportive of continued dialogue regarding the proposed NMCA Reserves in the Strait of Georgia, provided Strait of Georgia’s unique environment and its importance to the health and prosperity of the regional economy is clearly recognized.

To that end, the Chamber expects a specific piece of legislation is enacted to address unique nature of the Strait of Georgia NMCA Reserve, such as was done with Saguenay-St. Lawrence Marine Park. Such legislation would mitigate any confusion or uncertainty, allowing businesses, residents and visitors a stable and transparent decision-making platform.

THE CHAMBER RECOMMENDS

That the Provincial Government works with the Federal Government to:

1. conduct a thorough analysis of current and forecasted commercial and recreational activity as well as how such activity may be affected by the establishment of an NMCA Reserve before the reserve is created; and

2. enact a separate piece of legislation for the Strait of Georgia NMCA Reserve to allow businesses, residents and visitors a stable and transparent decision-making platform.
Annex – 2011 Proposed Boundaries
REMEDIATION STANDARD FOR LEGAL AND ILLEGAL SUBSTANCE AFFECTED PROPERTIES (2016)

Currently, if a home or commercial property has been identified as being used to cultivate or manufacture drugs, illegal or otherwise, it would not be financeable by a mainstream conventional mortgage due to a lack of a standardized remediation schedule that is universally acceptable to lenders and insurers.

Compounding this problem, it is increasingly more difficult and/or costly to insure these properties which in some cases makes alternative financing altogether cost prohibitive because of the same lack of standard. Given the number of illegal marijuana grow-ops which have been identified to date, and the 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 financeability of a significant segment of our residential housing stock in British Columbia.

Although much attention has been paid to the real estate market in the Greater 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 are often being left abandoned and are unable to be re-introduced in the housing supply. Whereas in areas such as the Fraser Valley, which traditionally attracts new homebuyers with more 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 their community had 583 PUPL and 73 DPPL licenses and an additional 671 ATP (Authorized to Possess) licenses covering a population of approximately 34,000 residents and between 15,000-18,000 residential homes.¹

As a secondary concern, but no less alarming, the homes across the province that cannot be sold and reintroduced into the housing stock legitimately (and with full remediation) have the potential to be sold privately to unsuspecting buyers after the seller has done some marginal repairs to the home. This problem is not only affecting the current availability of homes, but is also a public safety concern since we have no standardized schedule of remediation.

Further background research to illustrate the problem include quotes from financial institutions:

- “We will not enter into any credit deals that have been deemed as current or previous operation (illegal substances)”. "Even if the Structure is torn down, the property remains tagged and we still do not fund these credit deals"

- "If we know about the issue (former or current illegal substance operations) at the start of our interview process, we don’t proceed with the application."

- "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."

¹ http://www.mission.ca/municipal-hall/departments/economic-development/community-profile/housing-market/
“I 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.”

While this challenging problem to our housing stock has received limited attention from a few individual municipalities, the 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. To date, there remains no consistent or universal policy that 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 an example of this, the Government of Alberta has shown excellent leadership regarding this concern. Prior to the last Alberta General Election, the Grow-Op Free Alberta Final Recommendations Report was adopted in 2014 containing 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 B.C. government could certainly use these recommendations as a firm starting point.

THE CHAMBER RECOMMENDS

That the Provincial Government and Federal Government develop a comprehensive remediation standard to secure the conventionally available housing stock affected by the legal and illegal manufacture 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.

RENEWED INTEREST IN BROWNFIELD REMEDIATION (2016)

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)

Whether these sites are large or small, there are costs to inaction, and according to the Province of B.C., 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 B.C. 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 play an important role in remediation, even on private land with planning, proper zoning and

¹ http://www.brownfieldrenewal.gov.bc.ca/basics.html
ENVIRONMENT

incentives for developers. In some cases, municipalities may also own contaminated sites themselves, or have assumed responsibility for such sites. The provincial government also 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 (FCM) has played a leading role in supporting communities and private sector partners. They provide grants for planning and loans 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 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.

The Province of B.C. has definitely 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 B.C. 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. Further progress can be made to enhance transparency on liability issues, and on site specific information for developers. Additionally, incentives are needed for private sector motivation 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;
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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 to match a reduction in the municipal portion (i.e. provincial matching of the existing Revitalization Tax Exemption 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.

PROMOTING INNOVATION IN REGIONAL SOLID WASTE MANAGEMENT (2015)

Issue
The Chamber asserts that there is a growing disconnection between the goals of reducing waste, increasing diversion rates and the cost that independent businesses are being asked to bear. In an effort to increase environmentally sustainable communities, governments at all levels have begun to develop policies aimed at reducing single stream processing centres for garbage and transferring the costs of an integrated waste management programs onto producers of that garbage. The impact of this shift in philosophy is increased cost burden being placed on waste haulers, waste service providers and local businesses, with little or no economic benefit. Because the Chamber believes that these policy restrictions set barriers that limit private enterprise from the ability to afford investment in innovative technologies from entering the solid waste management market.

Because regional governments are moving to impose increased regulatory burdens, we assert that this shift represents an unfair advantage held by the governing bodies. As a result, publicly owned facilities profit at the expense of private sector facilities.

In 2013, Metro Vancouver attempted to introduce proposed Bylaw 280—a bylaw that would institute flow control measures that would allow the region to increase tipping fees at will, maintain a feedstock for an incinerator and position the regional government to create a monopoly on solid waste services. Eight other regional districts have supported Metro Vancouver’s efforts to institute flow control after a lobbying effort by Metro Vancouver, making the issue provincial in nature.

B.C. Minister of Environment Mary Polak rejected proposed Bylaw 280 in 2014 citing concerns that the regulation would have:

- the potential to “stifle competition” in the waste management sector;
- the potential for increased illegal dumping;
- possible negative effects on MMBC; and
- a “destabilizing” effect on private-sector collecting and hauling.2

1 Capital Regional District, Regional District of Okanagan-Similkameen, Alberni-Clayoquot Regional District, Comox Valley Regional District, Regional District of Nanaimo, Regional District of Central Kootenay, Regional District of North Okanagan, and Cowichan Valley Regional District
2 Ibid.
However, proposed Bylaw 280 is not the only method endorsed by Metro Vancouver to increase diversion that industry has concerns with. Other concerning methods, since the Minister rejected proposed Bylaw 280, include:

- shifting the tipping fees to be cheaper for large haulers while placing small haulers at a disadvantage; and
- refusing to accept specific private industry methods that can be used in tandem with source separation to increase diversion.

Unsustainable Financial Model
Metro Vancouver’s waste reduction goals are contradicted by the methods in which Metro Vancouver collects revenue for its waste management programs. The first two goals of the Integrated Solid Waste and Resource Management Plan (ISWRMP)—minimize waste generation and maximize reuse, recycling and material recovery—both reduce the resource from which Metro Vancouver gains its main revenue stream, waste. Metro Vancouver depends on tipping fees for 85% of its revenue according to the Metro Vancouver solid waste budget\(^3\). Part of that budget goes into efforts to increase waste diversion resulting in smaller and smaller revenue streams. The budget projections between 2015 and 2019 presented at the Zero Waste Committee Meeting on February 5, 2015 state that with the new tipping structure format, there will be a $3 million average deficit every year until 2019. It should also be noted that this budget does not include the expansion of capital expenditures like the proposed $1 billion incinerator. The Chamber asserts that by allowing private enterprise greater access to the waste management market, private industry can add to the achievement of Metro Vancouver’s goals, create a market of opportunity and as a consequence, decreasing government expenditures.

The Role of the Regional District
The Chamber’s asserts that a regional district’s main function is to provide regional services where, and only where, it is more cost effective than for municipalities to offer such services on their own, or if there is no other organization to provide services for a given region. In that regard, The Chamber believes that regional governments must be held accountable for seeking the most cost-effective and environmentally prudent means of waste disposal solutions that promote cooperation and competition. Additionally, in the spirit of competition, the Chamber believes that regional or municipal government authority should not extend to the selection of waste diversion methods other than to license facilities by setting up results-based operating standards and ensure that facilities are working to achieve the goals of the ISWRMP during their operation.

The ISWMRP states that the diversion of waste from disposal occurs through open and competitive private sector markets. Additionally, we understand that recycling, as defined under the Environmental Management Act, can occur at any point prior to disposal. In other words, there is no prescribed idea of only source separation, but that many methods of recycling can be used to achieve desired diversion goals.

Chamber members have indicated concern regarding the conflict inherent in the role that Metro Vancouver plays as both the licensing body for the waste management industry, but also as an operating player in the market, drawing revenue from the disposal of waste. Without increased separation of the operational and licensing roles that Metro currently performs in relation to the licensing of solid waste and recycling facilities or a third-party appeal process of Metro decisions, there is an inherent conflict that does not serve the residents and businesses of the region. Instead, there is a great incentive for Metro Vancouver to make licensing decisions based on what will best suit the region’s capacity to generate revenue and expand its

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operations as the owner and/or operator of transfer stations or incinerators. Instead, Metro Vancouver can make more cost-effective decisions based on the best value for its member municipalities by promoting innovation in the private sector that allows for more cost-effective methods of waste diversion and waste disposal.

The Chamber understands that regional government has a role in setting waste diversion targets and operational regulations and following through with enforcement. But the Metro Vancouver region is also in direct competition with the private sector by providing services that can be provided by existing private waste businesses in a more efficient and cost-effective manner than government. Making it easier for private industry to invest in the waste management system will reduce cost to those businesses that generate waste.

Provincial Government Guideline
The Chamber acknowledges the steps that the provincial government is taking in order to address the issues raised by the Chamber. The announcement made on May 21, 2015 of the update to the guideline for the preparation of regional solid waste management plans, which have not been updated since 1994, is a promising opportunity for consultation with the business community. The six guiding principles laid out by MLA Marvin Hunt in his review of solid waste diversion in B.C. that will be included in an intentions paper in summer 2015 reflect the recommendations made in this policy proposal.

THE CHAMBER RECOMMENDS

That the Provincial Government works with Regional Districts to:

1. structure or restructure waste management policies in a manner that:
   a. reduces the expenditures of the regional government on publicly-owned facilities (if they are in direct competition with private industry); and
   b. promotes innovation and investment by private enterprise;

2. collaborate with all members of the Commercial Sector to set waste reduction & diversion goals allowing the achievement of those goals through open market processes;

3. create policies and regulations that recognize new and future recycling and waste diversion technologies as secondary processing facilities (i.e. MRFs, Recycling Depots, etc.) and not as final disposal facilities (i.e. landfills, incinerators, etc.);

4. reduce, amend, or annul regulation and other systemic factors that support a government monopoly or monopsony of solid waste management; and

5. direct regional governments to develop regulations in a manner that prevents the creation of government monopolies or monopsony’s for solid waste management in the multi-family and industrial, commercial and institutional sector.

PROTECTING BRITISH COLUMBIA WATERS FROM ZEBRA AND QUAGGA MUSSELS (2015)

Issue
The rapid spread of invasive zebra and quagga mussels through fresh waters east of Saskatchewan has had devastating impacts on hydroelectric power, marine shipping, fishing and tourism industries. These species
have recently spread through waterways in the southwest United States, and now pose an imminent threat to fresh waters in British Columbia. The provincial government must take decisive action now to avoid irreversible damage to our marine and tourism industries.

**Background**

Quagga and zebra mussels pose a serious and costly threat to aquatic ecosystems, salmon populations, tourist destinations, hydro power stations and other infrastructure facilities throughout British Columbia. Native to Eastern Europe and Western Asia, quagga and zebra mussels have caused millions of dollars in damage to the Laurentian Great Lakes area and have cost the North American economy billions of dollars to control. The damage these species cause is diverse; among other things, quagga and zebra mussels:

- Disrupt native ecosystems by altering food webs, concentrating pollutants in their wastes, and inducing bird and fish kills;
- Attack infrastructure by clogging water intakes and distribution systems, and by damaging pumps and hydroelectric power generating facilities;
- Injure tourism (and tourists) by fouling beaches with razor sharp shells and decay odour; and
- Hurt marine industry by impairing the structural integrity of steel and concrete (such as are found in marinas and port facilities), and causing damage to watercraft.

Quagga and zebra mussels typically migrate from one body of water to another on or in watercraft, but can also be transported on boat trailers, fishing gear, recreational equipment and float planes. In addition to adults that attach themselves to hard surfaces, larvae, which are invisible to the naked eye, are easily transported to new waters in ballast tanks and bilges. Once introduced to a body of water, there is no known way of eradicating zebra and quagga mussels. Their unwelcome presence is permanent, and the damage they cause perpetual.

Fortunately, the advance of these species has not reached the lakes and waterways of British Columbia. But the danger to these waters and the economies they support could not be clearer. On March 12, 2014, Canada Border Services Agency (CBSA) staff in Osoyoos, British Columbia observed invasive mussel shells on a boat being transported from Lake Pleasant, Arizona. Though federal legislation did not then allow mussel-contaminated boats to be stopped at the border, the hauler voluntarily allowed the boat to be detained and decontaminated. This incident represents just one of many potential catastrophes averted.¹

Our own federal government has recently taken decisive action to combat the threat of invasive mussels. The new *Aquatic Invasive Species Regulation*² (AISR), which is expected to come into force this year, will provide a comprehensive response to invasive mussels. However, giving full effect to the AISR requires action from provincial governments, in the form of both complementary legislation and commitment of resources.

Already Manitoba has proposed legislation³ to complement the AISR and signaled an intention to dramatically increase the resources it devotes to combatting invasive mussels. Among other things, legislation proposed in Manitoba would provide for the establishment of permanent or temporary control

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1 In 2011 and 2012, authorities in Idaho stopped more than six boats per year bound for western Canada that were infested with mussels.
2 The proposed AISR were published in the Canada Gazette, Part I, on December 6, 2014. The associated public consultation period concluded on January 5, 2015. It is expected that the final Aquatic Invasive Species Regulations are expected to be published in Canada Gazette, Part II, in 2015.
3 *Water Protection Amendment Act (Aquatic Invasive Species), 4th Session, 40th Legislature, Bill 12*
stations for inspecting and/or decontaminating watercraft. Such stations, combined with compulsory inspection regimes, have been deployed to great effect in Idaho\(^4\), Oregon\(^5\) and other states.

Though British Columbia has taken steps in addressing this issue\(^6\) it must quickly follow the other states and provinces that have intervened aggressively to stop the spread of zebra and quagga mussels.

The Province’s proposed three roving boat check stations and street signs, combined with the Pacific Northwest perimeter is likely not enough. U.S. invasive species coordinators from Idaho and Washington, highly recommend that B.C. not rely on other jurisdictions for checkpoints. They backed this up with stories of watercraft that had been “decontaminated” in one state, and upon inspection in another state, more live mussels were found. Even in Idaho, with its comprehensive inspection program, the coordinator indicated their program is seasonal, people will bypass the inspection stations to save time and even well-trained inspectors miss things. The U.S. states will not decontaminate boats that are headed to B.C., but will call the province, in which case, if the Conservation Officers do not intercept the boat along a planned route the mussels can remain undiscovered.

The perimeter is good to have, but cannot be relied on.

If our province fails to take aggressive steps to neutralize the threat of incoming mussels, the cost of zebra and quagga mussels infesting British Columbia’s waters is likely to be in the hundreds of millions of dollars over the next decade.\(^7\) Virtually every industry that interfaces with freshwater will be affected, including the pacific salmon fishery, hydroelectric power generation, tourism, and marine shipping. The provincial government must act immediately to stop zebra and quagga mussels from causing severe damage to our economy.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. follow upon legislation that is complementary to the federal *Aquatic Invasive Species Regulation* that aggressively meets the risk that invasive mussels pose to British Columbia’s waters with appropriate funding and staff resources;

2. continue to cooperate with states and provinces already engaged in the fight against zebra and quagga mussels to coordinate responses and develop best practices;

3. strengthen its work with the states and provinces of the Pacific Northwest Economic Region (PNWER) to establish and defend non-contamination perimeter;

\(^5\) http://www.dfw.state.or.us/conservationstrategy/invasive_species/docs/AISPP_2013_Annual_Report_Final.pdf  
\(^6\) British Columbia amended its *Controlled Alien Species Regulation*, B.C. Reg. 94/2009, in December 2012 to specifically address the threat of zebra and quagga mussels, has provided funding for education and prevention, and in April 2015 announced a B.C. Invasive Species Early Detection and Rapid Response Plan.  
\(^7\) Damages from an infestation of Lake Okanagan has been estimated at $42 million per year (Self, J., Larratt, H. 2013. Limiting the Spread of Aquatic Invasive Species into the Okanagan. Prepared for the Okanagan Basin Water Board and the Glenmore-Ellison Improvement District., available online http://www.obwb.ca/fileadmin/docs/2013_obwb_ais_report.pdf); damage to BC generally has been estimated more conservatively at $21 million annually (Robinson, D. et al. 2014. Preliminary Damage Estimates for Selected Invasive Fauna in B.C. Prepared for Ecosystems Branch, B.C. Ministry of Environment.)
4. ensure that British Columbia’s waters remain free of invasive mussels by providing appropriate resources to implement a compulsory watercraft inspection regime; and

5. build on the federal regulations, where each boat that crosses the international border needs to be inspected by CBSA. Shift the provincial three roving stations to the crossings at the Alberta border.
COMPETITIVE TAX ENVIRONMENT FOR CREDIT UNIONS (2017)

Abstract
When the federal government moved in 2013 to eliminate the extended small business tax credit benefit for credit unions, the government of British Columbia showed good sense by not mirroring this harmful change in provincial tax law. Our provincial government has continued to insulate credit unions from the full impact of the federal change in policy. The provincial government should continue to show leadership in this area by shielding credit unions from the federal tax change indefinitely and working to have the federal policy change reversed.

Discussion
In spring of 2013, the federal government announced it would eliminate the extended small business tax benefit for credit unions over the next five years. Since 2006, the Government has introduced a large number of tax measures to support investment, innovation and growth by small businesses, including reducing the small business tax credit. The small business tax credit was reduced to 11 per cent from 12 per cent in 2008. British Columbia provided a similar tax rate for credit unions because they were eligible for the federal reduction. Phasing out the federal reduction meant that the lower B.C. tax rate would also be removed unless legislative changes were made to protect it.

In its 2014 budget, the B.C. government decided to retain the small business tax benefit for the province’s 43 credit unions until 2016. Budget 2017 has extended this protection for one more year. These were steps in the right direction.

Like banks, credit unions are required to build ever-increasing capital to ensure soundness. But unlike banks, credit unions are member-owned co-operatives and cannot access capital markets. Instead, they must rely on retained earnings for capital, while banks are able to issue stock on capital markets. Increasing taxes on credit unions impedes the ability of credit unions to grow their retained earnings and capital.

Credit unions play an important role in B.C. communities by providing financial services to businesses and individuals and by supporting local projects.

A 2016 report by the Canadian Federation of Independent Business (CFIB) concluded: “CFIB’s latest bank rankings continue to show that credit unions are rated more favourably than conventional banks in providing service to small- and mid-sized enterprises (SMEs) in 2015.” The survey results in this report mirrored those of 2013 and 2009 which all showed credit unions were the preferred lenders and services providers for small businesses across the country. Credit unions ranked high in providing financing, the level of their fees and the quality of their account managers.

We wish to ensure that B.C. families and businesses throughout our rural and urban communities can continue to benefit from the competitive financial services offered by our local credit unions. The people and organizations of the community that use the credit union help set its governance, its owners are its customers. Credit unions are currently the only financial institution in more than 40 communities in B.C.
The geographic reach of credit unions in northern and rural communities is notable.

If the small-business tax benefit is removed permanently, Central 1 Credit Union estimates credit unions will face an annual tax increase of $20 million. Increased taxes after 2017 will hurt the ability of credit unions to support local economic growth and their ability to support the province’s business sector. When credit unions pay higher income taxes, their ability to lend to small businesses, provide service to underserved communities and support local community economic development is reduced.

For all of these reasons, it is critical that the province retain indefinitely the small business tax exemption for credit unions. This will not be a cost to the provincial government because it is currently an unrealized source of tax revenue. In fact, had the federal government not triggered this chain of events, the province would not have had cause to rescind the small business tax from credit unions. We suggest that the cost to the province, if this exemption ends, may be to business and communities who directly benefit from the more than $17.6 million that B.C. credit unions provide annually to a wide range of community and economic projects.  

Further, we believe retaining the small business tax benefit indefinitely is a positive for elected and bureaucratic levels of government who rely upon credit unions as geographically dispersed, community-based sources of economic development stimulus.

By permanently extending the small business tax credit for credit unions, the government will demonstrate and recognize that credit unions are unique and historically dependent on this tax structure to the benefit of communities. Any opposition to this tax structure could be overlooking the sensitive inter-relationships of member-owned financial institutions that see profits directed to the community for re-distribution.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. extend the British Columbia small business tax benefit permanently;

2. continue to work with credit unions to meet their needs with regulations and tax regimes that keep them strong and viable; and

3. work to influence the federal government to restore the federal extended small business tax exemption for credit unions.

ELIMINATION OF 7% PST ON LEGAL FEES (2017)

In 1992, with the claim that the funds would be utilized to fund legal aid, Finance Minister Glen Clark of the NDP introduced a retail sales tax, now levied pursuant to sections 126 to 127 of the Provincial Sales Tax Act of B.C. (formerly, the Social Service Tax of B.C.), both as amended from time to time (“PST”) at the rate of 7% of the purchase price of any legal services provided in B.C. or to a B.C. resident. With the sole exception of legal aid, PST applies to all legal services provided to individuals and businesses.

8 www.creditunionsarehelpinghere.com
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The 7% cost is paid by the end user client: not the lawyer. PST applies regardless of the practice of law, including legal fees paid for matrimonial matters such as child custody, spousal support, separation, and divorce, personal injury awards, wills and estates, civil litigation, immigration, criminal law, residential and commercial real estate conveyancing, and all business and corporate/commercial matters. In particular, PST on legal fees is a burden to all small businesses in B.C. who pay for annual corporate maintenance and related transactional matters with no corresponding input tax credit for such business expenses. In the case of family law, poverty law, and criminal law, the 7% additional expense in B.C. may be a barrier to access to justice for impecunious clients who simply cannot afford their “day in court”.1

- **Fairness.** PST is charged at the rate of 7% on legal services but not on any other professional services provided to individuals and businesses in B.C., including accounting fees, bookkeeping fees, realtor commissions, insurance fees, and consultant or independent contractor fees. Accountants provide some tax services that lawyers also deliver at the rate of 0% PST, while B.C.’s lawyers must charge 7% PST to clients.2

- **No Input Tax Credit.** Unlike the Goods and Services Tax or Harmonized Sales Tax (“GST/HST”), there is no corresponding input tax credit for the PST paid by clients in respect of legal services for business. As such, clients cannot claim back the cost of PST paid as a legitimate business expense for their enterprises.

- **Competitive Disadvantage.** B.C. is the only Province in Canada that charges a 7% tax on legal services. Given the expanded mobility rights in Canada that permit lawyers to practice across Provincial borders, the entire legal services industry in B.C., including all notary publics, involved in transactional work is at a competitive disadvantage with lawyers and notaries from other Provinces.3 There is a disincentive for clients in Ontario and other GST/HST jurisdictions (or Alberta, that is completely without sales taxes) from retaining B.C. lawyers or notaries to conduct transactional work in B.C. if there is no concomitant input tax credit available for the PST paid.

  - on legal services. Simply put, B.C. lawyers and notaries have 7% more cost than other jurisdictions in Canada.

- **Only ½ for Legal Aid.** While it was implied that the tax was to fund the laudable goal of access to justice for the impoverished, of the approximately $12 million a month that the Provincial Government collects from the 7% PST on legal services, only “slightly more than half” is actually spent on legal aid.4 In 2009, of the $144.8 million collected of PST on legal services, only $80 million was actually allocated to legal aid for disadvantaged British Columbians.5

THE CHAMBER RECOMMENDS

That the Provincial Government eliminate the 7% PST on legal services in B.C.

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2 Ibid.
5 Ibid.
ENCOURAGING AND SUPPORTING MORE WOMEN ON CORPORATE BOARDS (2017)

Canada continues to lag behind the rest of the developed world in terms of gender diversity in our corporate boardrooms. 1 Some reviews have found as many as 45% of Canada’s publicly-traded companies have no women on their boards and overall representation of women on boards is as low as 12%. 2 In B.C., 50% of the largest publicly-traded companies either have no female directors at all or refuse to reveal that information. 3

The predominance of research regarding this issue suggests that companies which have more female board directors perform better, with greater gender diversity on boards being linked to everything from better returns on equity, higher stock prices, and overall better financial returns. 4 Studies have found board gender diversity to be “empirically associated with higher returns on equity, higher price/book valuations and superior stock price performance,” 5 and that “companies in the top quartile of gender diversity were 15 percent more likely to have financial returns that were above their national industry median.” 6 The business case for having women serve on corporate boards is clear and their continued under-representation is likely costing us economically and it should be a priority to find ways of encouraging and supporting more women to sit on boards.

However, while the business case may be clear, most B.C. and Canadian firms have made little progress in welcoming more women into these positions and there are several policy solutions which could help facilitate this needed change.

The B.C. government itself is a leader in board diversity as it already achieves a laudable 41% overall level of women on government-appointed boards. The B.C. government can build on that leadership by taking several courses of action to help B.C. companies encourage and support more women to sit and serve on boards.

Adopting Existing Comply-or-Explain Regulations at the BC Securities Commission

At the end of 2014, the securities regulators in seven provinces and three territories adopted amendments to National Instrument 58-101 Disclosure of Corporate Governance Practices that require “reporting non-venture issuers” annually disclose the number and proportion of women occupying board and executive positions, as well as disclose their corporate policies regarding:

- term limits for the directors on its board or other mechanisms of board renewal;
- the identification and nomination of woman directors;
- whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board;
- whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments; and

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1 Catalyst, Gender Diversity on Boards in Canada (Ontario, Canada: Queen’s Printer for Ontario, 2016)
2 CSA Multilateral Staff Notice 58-308, Staff Review of Women on Boards and in Executive Officer Positions -Compliance with NI 58-101 Disclosure of Corporate Governance Practices, (September 28, 2016)
5 Credit Suisse Research Institute, The CS Gender 3000: Women in Senior Management (Zurich, Switzerland: Credit Suisse Research Institute, 2014);

The BC Chamber of Commerce 2017-2018 Policy and Positions Manual 115
- whether the issuer has adopted a target regarding women on the issuer's board and in executive positions.

Companies which do not have such policies must explain why they have not been adopted, a regulatory model known as “Comply-or-Explain.”

Comply-or-explain regulations are able to shed light on the issue of gender diversity and encourage behavior change by the business community by forcing discussion and consideration of the issue. One review of the impact of the new comply-or-explain regulations found that more than half of all issuers “have adopted formal policies addressing the representation of women on the board” and that this was “a good example of disclosure rules driving corporate behavior.”

British Columbia was one of three hold-out provinces which did not sign on to these regulation amendments. On December 31, 2016 the Alberta Securities Commission enacted the regulations in that province following a short consultation process in the fall, leaving B.C. as a laggard in this important area.

Admittedly, B.C. is a party to the new Cooperative Capital Markets Regulatory System which is already expected to include these diversity disclosure regulations. However, that system is not expected to launch for at least another year, and is facing calls from some for further delay. Instead of waiting, B.C. can act now to join the rest of Canada in promoting greater gender diversity on boards by implementing the above comply-or-explain regulation amendments.

Requiring the Consideration of Women for Board Vacancies
While comply-or-explain regulations have had some positive impacts and have driven corporate behavior in the right direction, the results have been admittedly limited.

In its September 26, 2016 review of the regulations, the Canadian Securities Administrators found that while “the number of women on boards has increased in all size categories of issuers” the actual improvements were modest with a 1% increase in the number of total board seats occupied by women in 2016 compared to 2015 (to 12%) and a 6% increase in the number of issuers with at least one woman on the board (55%) compared to 2015.

One major reason for the lack of women on boards is the recruitment process; male board members and male executives search their often male-dominated networks of compatriots and contacts for potential candidates, thus perpetuating the gender gap. Encouraging companies to actively consider women for board vacancies would see companies broaden their search, get creative in their recruitment efforts, and go beyond their traditional networks to find candidates.

Requiring targets for women at the consideration and interview stage of the board nomination would ensure that women are being considered fairly while still having the opportunity to demonstrate skill and merit to receive a directorship.

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7 A “reporting issuer” means a company whose securities are publicly-traded and has issued securities/stocks/shares. A “non-venture issuer” is a reporting issuer that has its securities listed/quoted on any of the Toronto Stock Exchanges, a US marketplace or any marketplace outside of Canada/US. In Canada, “venture issuers” tend to be junior companies listed instead on the TSX Venture Exchange or the Canadian Stock Exchange.
8 Torys LLP, Women in the C-Suite: Can Securities Law Advance Gender Equality? (June 16, 2015)
9 Holdouts included BC, Alberta and PEI
10 CSA Multilateral Staff Notice 58-308, Staff Review of Women on Boards and in Executive Officer Positions – Compliance with NI 58-101 Disclosure of Corporate Governance Practices, (September 28, 2016)
The existing amendments to National Instrument 58-101 Disclosure of Corporate Governance Practices include a requirement for disclosure of the representation of women in the director identification and selection process (Item 12 of Form 58-101F1). However, following the comply-or-explain model, this only requires companies to describe whether they have a policy on women representation on the board or explain why they do not have one. It does not mandate such a policy exist nor does it require the policy to have any specific targets or objectives.

B.C. could implement regulations requiring companies to have a policy regarding the representation of women in the director identification and selection process, and require such policies mandate that at least one qualified woman is fully considered for all board vacancies. Such consideration should be required to be meaningful, conducted in good faith, and include any requisite interview or assessment process. Regulations such as these would have the benefit of forcing a change in mindset in Canada’s boardrooms and would be a catalyst for progressive changes in corporate governance rules and in greater gender diversity outcomes.

Such a requirement could be enforced through the BC Securities Commission on issuers registered with that agency, and could be adopted more broadly by including such regulations in the Cooperative Capital Markets Regulatory System which is currently under negotiation by the governments of British Columbia, New Brunswick, Ontario, Prince Edward Island, Saskatchewan, Yukon and Canada.

Implementing Goals for Women on Boards
At the current rate of change, it is estimated to take 75 years to achieve boardroom gender parity in B.C. If we are to see faster change and overcome the significant headwinds of the status quo, then more aggressive goals for inclusion of women on boards should be considered.

In an effort to more significantly increase the representation of women on corporate boards, many countries have implemented quotas which require a specific percentage or number of board seats be filled by women. Imposing quotas, while arguably effective, is a blunt method for encouraging gender diversity.

B.C. could instead implement goals for businesses which move us towards gender parity on corporate boards. These goals should be developed in consultation with the business community and should be designed to be both realistic but also aggressive enough to result in meaningful change if achieved.

These goals should be made public to encourage not only greater discussion and awareness of the issue of gender diversity, but also to create both peer and public accountability to drive action.

THE CHAMBER RECOMMENDS:
That the Provincial Government builds on its leadership role in gender diversity by:

1. adopting, via the BC Securities Commission, the “comply-or-explain” amendments to NI 58-101 “Disclosure of Corporate Governance Practices” regarding Gender Diversity and Term Limits;

2. implement, via the BC Securities Commission, regulations that mandate reporting non-venture issuers to have board recruitment policies that require at least one qualified woman is fully considered for all board vacancies, and advocate for the inclusion of similar regulations in the Cooperative Capital Markets Regulatory System which is currently under negotiation by the governments of British Columbia, New Brunswick, Ontario, Prince Edward Island, Saskatchewan, Yukon and Canada.

FINANCE

Markets Regulatory System currently being instituted. Such consideration should be meaningful, conducted in good faith, and include any requisite interview or assessment process; and

3. commence a consultation with businesses and other stakeholders on implementing in B.C. clear goals for women’s inclusion on corporate boards which encourages them towards gender parity.

IMPROVING CAPITAL RAISING EXEMPTIONS FOR B.C. CO-OPERATIVES (2017)

Make Co-ops appealing to investors
There is an opportunity to increase the retention and circulation of British Columbian’s hard-earned money in our own province that will lead to meaningful job creation, increased provincial tax revenues, increased local wealth and economic resiliency. Co-operatives are democratic corporations with considerable investor protections and director accountability mechanisms built into the legislation under which they are incorporated. Because each member has only one vote no matter how many shares they hold, co-ops are unattractive vehicles for anyone seeking a controlling interest in a company.

Background
B.C. co-ops, registered under the BC Co-operative Act¹, have a special exemption from the prospectus and registration requirements under the BC Securities Act² regulations and rules. That exemption has not been changed since its introduction in 2001. The Community Impact Investment Coalition of BC and Canadian Community Economic Development Network recommends that be updated to meet current circumstances.³ A couple of minor changes would make it a more useful exemption for co-operatives whilst providing sufficient protection for investors. Loosening the red tape would permit investors to make the choice to invest their own funds in their communities. The group also believes that community investment co-ops should be designated as “Eligible Business Corporations” under the provincial Venture Capital Program. This would allow them to issue an investor tax credit using the existing program, which would incentivize local investment.⁴

Under the current exemption BCI 45-5305, B.C. co-ops can issue any number of membership shares as long as no individual invests in excess of $5,000. For investment shares, there are two additional requirements: the co-op must have no more than 150 members in B.C. (excluding full-time employees), and the purchaser must have been a member of the co-op for at least 12 months (or since its inception, if the co-op has existed for less than 12 months). If a co-op had exactly 150 members, each of whom invested the maximum of $5,000, it could raise $750,000 from the combination of membership share and investment share issuances. In practice, that is unlikely.

The limit of $5,000 per investor was intended to limit risk. The number has not been changed since 2001, even though the consumer price index has since risen by over 30% and the cost of British Columbia’s real estate has multiplied. The administrative costs associated with small investment amounts are inefficient and frustrating. A higher limit would not significantly increase investor risk.

¹ http://www.bclaws.ca/civix/document/id/complete/statreg/99028_01
² http://www.bscsc.bc.ca/Securities_Law/Act_Regulations_and_Rules/
⁴ http://www2.gov.bc.ca/gov/content/employment-business/investment-capital/venture-capital-programs/eligible-business-corporation/tax-credits
⁵ https://www.bscsc.bc.ca/Securities_Law/Policies/Policy4/45-530_Exemptions_for_securities_issued_by_a_cooperative_association_BCI/
The time requirement is also a deterrent. Co-operatives seeking to raise capital from their members to undertake projects cannot be expected to wait more than a year, and investors do not want to wait a year before investing due to this technicality. There is no evidence that this waiting period advances investor protection; in fact, it may be counterproductive because it makes it harder for co-operatives to respond nimbly to business opportunities.

THE CHAMBER RECOMMENDS

That the Provincial Government make changes to the existing co-op securities regulations by amending BCI 45-530 to:

1. increase the $5,000 cap per investor by raising to a higher maximum, or allow a $5,000 maximum contribution per calendar year;

2. remove the 12-month membership requirement for purchasing investment shares;

3. significantly increase the maximum number of investors allowed in an community investment co-op; and

4. establish a total investment portfolio level where B.C. co-ops would be required to use the offering memorandum exemption under the BC Securities Act.6

MOBILIZING RURAL INVESTMENT CAPITAL (2017)

The Need for Rural Investment Capital in B.C.
Access to investment capital is crucial to business and economic development anywhere – but is especially important in rural areas. However, research initiatives completed by Southern Interior Beetle Action Coalition (SIBAC), 1 BC Economic Development Association (BCEDA) and Rural Development Institute (RDI) have noted that it is often difficult to access business financing – and specifically patient equity investment financing – in rural communities. Access to financing was the leading barrier to business expansion identified by business owners in a recent survey conducted by the Columbia Basin Rural Development Institute.2

Background
For the past two decades, rates of business creation and expansion have been much slower in many rural regions of Canada and B.C. Indeed, many rural communities in B.C. have lost a significant number of small businesses. To make matters worse, it is projected that over half of current rural business owners would like to retire in the next five years but anticipate some difficulty in selling their business.

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6 http://www.bcsic.bc.ca/For_Companies/Private_Placements/Private_and_early_stage_businesses/
1 https://www.bcruralcentre.org/focus/community-investment/
2 http://www.cbrdi.ca/bre/business-retention-expansion-community-reports/
For more than twenty years, the Province of B.C. has supported a very successful venture capital program to help stimulate the development of emerging industries in B.C. While very successful, the vast majority of funds raised through this program are invested in Eligible Business Corporations (EBC) which are businesses in high growth sectors, usually clustered in urban areas as depicted in the adjacent graphic.

While businesses are facing difficulties in accessing capital and the self-employment growth rate is declining, B.C. residents are investing huge amounts of money into RRSPs - most of which is invested outside of the province. In 2013 alone, B.C. residents contributed over $4.7 Billion to their Registered Retirement Savings Plans. Rural residents in B.C. invested over $1.2 Billion into their RRSPs in 2013. If only 5% of this was redirected into community investment vehicles this would be over $235 million province-wide and over $60 million rurally per year to help improve business growth rates.

**Successful Models for Raising Investment Capital in Rural Communities**

Recognizing this need, SIBAC has completed extensive research to identify best practices in raising rural investment capital. The two most successful models to redirect local investment capital into local economies in Canada are:

1. Nova Scotia’s Community Economic Development Investment Funds³: the longest community investment portfolios operating since the 1990’s, incentivized by government tax credits which have kept $40 million in local enterprises and enrolled over 5,600 individual Nova Scotian investors; and

2. Alberta’s Unleashing Local Capital⁴ initiative: which has used the community owned co-operative model as an effective local investment tool. This model is currently being tested in B.C. but is limited by the BC Securities environment.

Both the Nova Scotia and Alberta experience in these models have demonstrated that given the opportunity rural residents are more than willing to invest in their communities and local businesses.

³ [http://cedif.ca/](http://cedif.ca/)
⁴ [www.acca.coop/unleashing/](http://www.acca.coop/unleashing/)
FINANCE

Existing B.C. Government initiatives for Rural B.C.
The Chamber acknowledges that the B.C. government is taking steps to strengthen the rural economy in British Columbia as evidenced by the Rural Advisory Council (RAC), the Rural Economic Development Strategy, and the BC Jobs Plan. The RAC’s terms of reference go as far as to state that government is seeking advice on avenues to support greater rural access to capital.

THE CHAMBER RECOMMENDS

That the Provincial Government creates a BC Community Economic and Development Investment Fund (CEDIF) program, which would enable individuals within B.C. communities to pool their capital together and invest in local for-profit entities. These funds would be controlled by a local group of officers and directors, who may be chosen by the founders of each CEDIF or by the CEDIF’s investors at an annual general meeting.

PST ON DONATIONS (2017)

Opening Statement
Under the Provincial Sales Tax Act, charitable giving of in-kind donations is discouraged by onerous tax implications on the donor. A business providing an in-kind donation is subject to a 7% PST Tax on the value of the donation, which is inequitable relative to the treatment of cash donations.

Background
Provincial Sales Tax (PST) is defined by the government as a “retail sales tax that applies when a taxable good or service is purchased, acquired or brought into B.C., unless a specific exemption applies.”

In-kind donations are taxable according to the Provincial Sales Tax Act, and thus, PST must be collected on goods, or a portion of the goods given away by a donor. There is presently no exemption for in-kind donations under the Act. The exception to this, is where goods being given away are non-marketable waste by-products of processing or fabrication processes that would otherwise be disposed of without further use (e.g. thrown away or burned for a purpose other than energy).

It is unclear who is responsible for deciding what is considered a non-marketable waste by-product under the Act. In-kind donations are not considered to be non-marketable waste by-products. Currently, there is ambiguity regarding whether or not the donor is responsible for PST remittance on donations. These uncertainties weigh heavily on businesses. If businesses don’t apply the law properly and repay the 7% tax, they open themselves up to vulnerability related to the potential for financial penalty, tax audits, and unintended non-compliance with law.

The Mission Regional Chamber of Commerce cites an ongoing case, whereby a member of the Chamber - Wilderness Tree Farm - has made numerous donations of materials to the Mission School District and Correctional Services, so that students and inmates were able to construct handicapped accessible picnic tables for students in wheelchairs. The products, a high-end fir lumber, were donated to the School District

5 http://www2.gov.bc.ca/gov/content/employment-business/economic-development/developing-your-community/community-partners/rural-economic-development
6 https://bcjobsplan.gov.bc.ca/
& Matsqui Institution, which had a cost savings of $8,000 to the District. In order to receive a receipt for the donation, the Member was required to pay PST on the cost of donated materials. If the business had claimed the materials to have come from his property as remnants, he would have avoided the tax implications, but would not qualify for a tax receipt. There is presently no method for businesses donating to school districts, charities and health districts etc. to waiver or declare their status to allow for exemption thus giving business less incentive to donate in-kind to their communities.

Requirements on in-kind donations under the PST Act are not clearly communicated. Once a business is made aware of their tax implications, the result could mean a reduction in charitable in-kind giving due to the punitive nature of the law. Placing a tax on in-kind donations not only reduces useful charitable giving, it is ultimately inequitable as there is no tax on cash donations.

It would be far more equitable if the PST Act exempted donations to not-for-profit, charitable, and NGO organizations that provide services to communities in B.C. If the government doesn’t want to provide a full removal of PST on in-kind donations, then at least provide an exemption for circumstances that they find appropriate.

In addition, greater clarity must be given by the Provincial government on the requirements of business with regards to in-kind donations, as well as who is responsible to make the final determination of ‘non-taxable waste by-product’ under The Act.

THE CHAMBER RECOMMENDS

That the Provincial Government amend the Provincial Sales Tax Act to exempt in-kind donations to not-for-profit, NGO and Charitable organizations that serve B.C. communities.

REGULATE AND MANAGE THE EMERGING SHORT-TERM RENTAL BUSINESS ENTERPRISE (2017)

Opening Statement
Affordable monthly rental housing is a major factor in creating vibrant, livable and sustainable communities. Reasonable access to monthly rental housing is important to the business community both as an economic driver in its own right, and as a competitive advantage in attracting a stable workforce and securing community growth. Over the past several years, there has been a loss of affordable monthly rental housing in many communities throughout B.C. that is potentially exacerbated by the ease with which landlords have changed their property from monthly rental housing to nightly rentals thanks in part to the many sharing economy platforms.

This has indirectly contributed to rent increases, reduced availability of rental housing for families and workers, and made it difficult for many communities (e.g., Kelowna, Sun Peaks Resort, Fernie) to attract and house skilled workers, particularly during high demand visitor periods. A number of initiatives and projects to build more monthly rental housing are underway in many of these communities, however in the majority of cases it will be years before they are available. There is an immediate short term need to bring many of the housing units lost back online for long-term rentals\(^1\) as well as stabilize this new business enterprise.

\(^1\) Karen Sawatzky, Simon Fraser University, [http://summit.sfu.ca/item/16841#310](http://summit.sfu.ca/item/16841#310) and available online information from Airbnb, VRBO, Turnkey, and AirDNA.com

The BC Chamber of Commerce 2017-2018 Policy and Positions Manual 122
Background
The primary responsibility to address this housing issue lies with B.C.’s local governments because they have the legislative authority to control and manage housing in their communities through zoning bylaws and regulations. Some communities have implemented processes and procedures, however, many more are just starting. The magnitude of the challenge is daunting to many communities, particularly the smaller ones as they lack the robust monitoring and enforcement resources. Many of the smaller resort communities are the ones hardest hit and have limited resources due to their size. In some of these communities, up to 10% of their affordable monthly rental housing stock has been lost, displacing 100’s of workers. In Vancouver, sharing economy properties account for 1.2 per cent of all rental units including condos, basement suits, laneways, and apartment. If these units were put back into the long-term rental housing market, it could help raise the vacancy rate from 0.8 to 2%. Further, the operators of many short-term rentals are potentially commercial operators.

What is emerging very quickly from a local government perspective is that the magnitude of the task of enforcement is overwhelming; in many cases, local governments do nothing.

There is a significant role for the provincial government to play in assisting local governments with this critically integral enforcement process. Currently, the Provincial Sales Tax Act – Provincial Sales Tax Exemption and Refund Regulation, Regulation 78(1)b allows operators of less than 4 rooms to be exempt from collecting the 8% short-term room rental Provincial Sales Tax (PST) and the 2% or 3% Municipal Regional District Tax (MRDT), if applicable. The 5% GST is also not collected if landlords have annual sales of less than $30,000.

Recommendations
Rescinding PST Regulation 78(1)b would require all operators of one room or more to register and collect the applicable sales taxes associated with their daily sales activity. This provincial statutory requirement would enhance the local government’s enforcement regime in two meaningful ways:

1. Non-compliant landlords will be at risk of enforcement activity from the Ministry of Finance for non-collection of sales taxes. It is anticipated that this new requirement, combined with local government processes and guidelines, will cause many landlords to consider reverting to renting their units on a monthly basis or comply with both levels of governments’ requirements to avoid the risk of more rigorous enforcement activity. Many landlords might not qualify with new local government criteria and structure, thus enforcement at both levels of government will be critical to see those properties transition back to monthly rental housing.

2. the data regarding registration and tax collection will augment the local government’s management processes and ensure ongoing compliance. The information will be cross-checked with the local government registry ensuring stability and assisting with future planning.

THE CHAMBER RECOMMENDS
That the Provincial Government:

1. rescind Provincial Sale Tax Regulation 78(1)b;

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4 http://www.bclaws.ca/civix/document/id/lo098/lo098/1414726040
2. work with affected stakeholders, including BC Destination Marketing Organization Association and Tourism Industry Association of BC, to clearly articulate related issues and explore resolution options; and

3. implement a timely reporting process and structure, so that upon request, a local government can access a complete list of properties registered to collect the short-term room rental PST and the MRDT.

RENovation TAX CReditS - IMPROving B.C.’S HOUsING Stock (2017)

Opening Statement
Renovations help provide stability in the housing market, create jobs, add to tax revenues, support local businesses, as well as contribute to local and higher governments’ climate change goals. The federal and provincial governments have an opportunity to incentivize renovations that focus on energy efficiency and greenhouse gas (GHG) reduction.

Background
Significant progress on greenhouse gas reduction has been accomplished through technology and systems innovation, voluntary adoption of higher standards of performance, and a uniquely Canadian research and development collaboration between the public and private sectors.

The Province of British Columbia is committed to reducing greenhouse gas emissions as a part of the Climate Action Plan. Many B.C. municipalities are following this lead. For example, the City of Kamloops aims to reduce its greenhouse gas emissions to 45 percent below its 2007 levels by 2020.¹

Housing is responsible for 6.3 percent of direct GHG emissions in Canada. Today’s typical new house uses 37 percent less energy than a similar one built in 1990.² Further, there are many houses in need of renovation. For example, in Greater Victoria, 87 percent of the housing stock was built before the year 2000, when significant changes improvements were made to the building code. The Canadian Mortgage and Housing Corporation (CMHC) estimates 84,550 occupied private dwellings in the region built prior to 2000 and are in need of repair.³

The opportunity is for the federal and provincial governments to incentivize renovations that focus on energy efficiency and GHG reduction. Such improvements in the housing stock help provide stability in the housing market, create jobs, add to tax revenues, support local businesses, as well as contribute to local and higher governments’ climate change goals.

Presently, there are two home renovation tax credits available to B.C. homeowners:

1. BC Home Renovation Tax Credit for Seniors and Persons with Disabilities. The maximum amount of the credit is $1,000 per tax year and is calculated as 10% of the qualifying renovation expense (maximum $10,000 in expenses).

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¹ City of Kamloops emissions targets on right track, but in the slow lane
² Help Canadian Housing and Homeowners Continue to Lead the Way: CHBA’s Submission to Canada's Approach to Climate Change (June 2016)
³ CMHC, adapted from Statistics Canada data (Census of Canada 2011 and National Household Survey).
FINANCE

2. Federal Home Accessibility Tax Credit (HATC), which is available to those who are 65 or older or eligible to claim the Disability Tax Credit. The HATC is available for the 2016 and subsequent tax years and applies to the total qualifying expenses up to $10,000 per year, resulting in a maximum non-refundable tax credit of $1,500 ($10,000 x 15%).

Provincial and federal governments can build on these programs by introducing similar renovation tax credits that focus on energy efficiency and GHG reduction.

Such a tax credit can have a range of benefits over and above those flowing from the renovations alone. For example, home renovation tax credit programs:

• require use of qualified skilled labour;
• assist with the cost of the abatement of hazardous materials such as lead, asbestos, stucco, drywall mud, roof shingles, floor tiles, electrical wires, and cement;
• are an effective method for combatting underground “cash” operators, since to qualify homeowners require receipts, which helps keep both the contract value and revenue in the legitimate economy; and
• on older homes are the most affordable, offer an effective way to increase energy efficiency in the overall housing stock as well as to reduce GHG emissions, allowing governments to demonstrate climate leadership.

Canadian homebuilders and homeowners need to continue to lead the way in climate change action. As the largest opportunity for energy efficiency lies in the existing housing stock, governments must help to encourage homeowners to retrofit existing homes.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments create new tax credit programs for consumers to help encourage home renovations that focus on energy efficiency and the reduction of GHG emissions.

RETURN TO 3-YEAR FUNDING AGREEMENTS FOR LICENSED CHARITIES (2017)

Introduction
Through the Community Gaming Grants program, the province government distributes nearly $135 million of gaming revenue every year to about 5,000 non-profit organizations in BC to run programs to benefit their communities. Changing the current application criteria to permit funding agreements for up to 3-years would produce efficiencies in the program approval process. In addition, it would provide applicants with the ability to plan more effectively, achieve organizational stability and take greater advantage of operational efficiencies.

Background
Throughout British Columbia vital programs and services are provided by licensed charities and non-profit societies. They play an essential role in communities providing expertise and support to every aspect of our lives, such as human and social services, the environment, arts and culture, sport, public safety, and parent advisory councils. Without the contribution of non-profit charitable organizations many of these vital programs and services would become the responsibility of government at great cost, or would no longer be available to those who require the services many who are vulnerable peoples on low income, disabilities or are underprivileged.
FINANCE

In 1974, the lottery program was established in British Columbia with the stated purpose to support charitable purposes. In 1999, the Province of BC entered into a Memorandum of Understanding with the BC Association for Charitable Gaming to commit 1/3 of the annual BC Lottery Corporation revenues for the purposes of supporting licensed charities. In 2016, administration for the Community Gaming Grants Program was transferred from the Ministry of Finance to the Ministry of Community, Sport and Cultural Development.

In 2015/16, the Province distributed $135 million in gaming grants to more than 5,000 community organizations. In addition, charitable organizations earned approximately of $39.5 million (based on reported earnings and estimated earnings) through licensed gambling activities, such as ticket raffles, independent bingos, limited casinos, and wheels of fortune. According to a national research study, of all provinces, B.C. distributed the most government gambling revenue to non-profit community organizations. Between 2001 and 2014/15, the Province provided over $1.6 billion in gaming grants to community organizations.1

Many of these organizations depend on gaming funds to deliver their programs and services. Therefore, gaming funds indirectly provides many services that significantly impact on the quality of life in communities. Additionally, non-profit organizations are often a significant employer of residents. Given BC taxpayers are already concerned with the level of programs and services being provided, we want to ensure that the licensed charities and non-profit societies can continue to provide programs and services as efficiently as possible.

It is a fact that many of these organizations are managed by Volunteer Boards of Directors with minimal or no staff. They are also very reliant on financial contributions from the local business community and citizens. It is through the combination of BCLC funding, fundraising programs and corporate support they are able to co-ordinate programs vital to communities’ social fabric. In many cases, creation and co-ordination of these vital programs can only begin once the required funds have been secured. Often program development and promotion can take several months to complete before registrations can be accepted and program commencement.

In 2009, the provisions for 3-year funding agreements were concluded and the base amount granted was reduced for small non-profit organizations (local organizations received up to $100K, regionals up to $225K, and province wide up to $250K). These organizations providing programs or services of direct benefit to the broader community are required to apply annually. A program is defined as an ongoing service or activity designed to achieve one or more defined objectives.

Each application is assessed on its own merit, and within the context of available funding and demonstrated community need. An application does not guarantee any level of funding. The requested amount may not be approved. The amount approved may vary from year to year. It usually takes the branch about 12 weeks to process community gaming grant applications received on or before the applicable sector deadline.

These current processes are very onerous on the organizations and place many worthwhile programs in jeopardy due to:
- the slow processes, which provide a delay in securing funding (applications can only be submitted once per annum and take 12 weeks for a response);

1 http://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gambling-in-bc/where-money-goes
uncertainty of funding, makes it difficult for organizations to adequately plan into the future;  
instability of funding makes it difficult to enable pre-registration and continuity of services; and  
program providers have difficulties securing contract service professionals due to the uncertainty of annual programming.

In her audit of community gaming grants, delivered in December 2016, the Auditor General commented that the government needs to improve processes to better ensure funding decisions are consistent and well documented. Program guidelines need clarification and updating and she concluded that it is time for the government to re-assess whether the program design makes sense. While the report did make several recommendations for improvement it only addressed one year grants and did not comment on the duration of grant approval periods. Allowing approval of longer-term agreements would increase efficiency by reducing the number of annual re-assessments.

THE CHAMBER RECOMMENDS

That the Provincial Government implement a process whereby:

1. approved charitable and non-profit programs with longer-term programming needs can apply for up to 3-year funding commitments, distributed annually; and

2. the organization would still be subject to annual reporting of their compliance before receiving the subsequent annual grant.

CHANGING B.C.’S SALES TAX MODEL - MOVING BEYOND THE PST (2016)

B.C.’s tax competitiveness continues to be seriously undermined by the rejection of the value-added Harmonized Sales Tax (HST). This was only compounded by the fact that the HST has been replaced with essentially an unchanged Provincial Sales Tax (PST). As a small, open trading jurisdiction this cannot be left unaddressed forever if B.C. wishes to remain competitive as a jurisdiction.

Background

The move to an 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; harmonization with most of the Canadian and global economy; stable government revenue and a reduction in paperwork for business.

Of these many positive aspects of the HST, the two that are most important to our ongoing economic prosperity are competitiveness and productivity.

The Competitiveness Challenge

Since 2001, the provincial government has undertaken a sustained program of tax reductions for both individuals and business.

2 http://www.bcauditor.com/pubs/2016/audit-community-gaming-grants
F INANCE

Table 1 - Interprovincial Comparisons of Business Tax Rates

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<th>BC</th>
<th>AB</th>
<th>SK</th>
<th>MB</th>
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</table>

a B.C.’s Corporate tax was 10% prior to the 2013 Provincial Election.
b On April 1, 2013 B.C. 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, B.C. is highly 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 (with the exception of sales tax which in B.C., Manitoba and Saskatchewan is paid on business inputs). B.C.’s economic future will depend upon our ability to attract investment and new economic activity. If investment and new economic activity are the goal, B.C.’s tax picture looks very different. To review B.C.’s tax picture, as it relates to new investment, it is necessary to review B.C.’s Marginal Effective Tax Rate (METR).³

Table 2 - METR Rates by Province 2012 & 2014⁴

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<td>24.3</td>
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<tr>
<td>Nova Scotia</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>2.8</td>
<td>4.8</td>
</tr>
<tr>
<td>PEI</td>
<td>28.1</td>
<td>11.4</td>
</tr>
</tbody>
</table>

As we can see from table 2, in 2012 under the HST, B.C. was placed as the 6th most competitive jurisdiction in Canada and well placed against our western neighbours and in relation to Ontario and Canada – in short against our competing jurisdictions. By contrast in 2014, we see B.C. move to be the bottom of the Canadian ranking. This difference is due to the fact that British Columbia, like Saskatchewan and Manitoba, ‘continue to levy the retail sales tax, which results in a significant tax on capital investments (other

³ 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.

provinces have harmonized their sales tax with the federal GST, and Alberta has no sales tax, so capital taxation is less severe).\(^5\)

It must be noted, the METR calculations do not capture the full impact of the PST on B.C. competitiveness. They take into account only 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 B.C.’s critical export industries. As a jurisdiction, B.C. has a smaller export base than most other provinces, as such it is critical that attention is paid to any tax changes that will negatively impact B.C. exporters ability to compete in other markets. The PST is a significant impediment in this regard.

As a small, open trading jurisdiction B.C. exporters compete with producers from across the globe, the majority of who 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 B.C. stands relatively alone as one of only 3 jurisdictions in Canada, and the exception to the more than 130 countries worldwide, that do not have a value-added sales tax in place. As such, these producers have a significant competitive advantage over B.C. producers who struggle to remain competitive when building these costs into their price (HST also made B.C. producers more competitive against foreign competition when selling in domestic market for the same reason).

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

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 we are as an economy. Countries that are innovative and able to adapt to shifts in the global economy will see high productivity and thus a superior standard of living.

In this regard, Canada and B.C. have not fared well against competing jurisdictions. Between 1997 and 2011 the output of B.C.’s business sector was on average only 92% of Canada’s.\(^6\) From 1981 to 2007 non-residential business investment in B.C. was 74.4% of the Canadian average. In the same period the capital employed per worker fell from 113.5% to 88.9% of the Canadian average. It is not surprising that during the same period the B.C. share of Canadian GDP fell from 13.1% to 12.4%.\(^7\)

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 B.C.’s productivity performance is reason enough for government to find ways to boost investment in technology and equipment, the Chamber believes the coming demographic shift must make this the

\(^5\) ibid, page 11
\(^6\) Stats Canada table 383-0011
\(^7\) Investment in BC: Current Realities and the Way Forwards, Centre for the Study of Living Standards
highest of priorities for government.

We already know that the baby boomer generation is on the verge of retiring. While older workers are more encouraged to remain in the workforce, we can anticipate that between 2014-2024 we will see 640,000 workers leave the workforce through retirement. During that same time, B.C. can expect to create 295,000 new job openings through economic growth while there will only be 421,000 new entrants to the workforce to fill these positions.\textsuperscript{8} That represents a shortfall of over 514,000 positions that will need workers to fill them.

To ensure this challenge does not profoundly damage the B.C. economy, we must ensure that we improve significantly on our productivity levels.

**The Importance to Small Business**

While many of the arguments in favour of the HST focus on its broad provincial impact, it is worth noting that this is an issue of particular importance for small business given B.C.’s reliance on small and medium sized businesses for our economic prosperity.

Further to this, B.C.’s small business sector is critical to wealth generation and our capacity to grow and innovate. Responsible for employing over one million British Columbians, small business is responsible for 54% of all private sector employment in the province.\textsuperscript{9}

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 were responsible for shipping approximately $11 billion worth of merchandise to international destinations in 2013, comprising over 33 per cent of the total value of goods exported from the province.

In addition, small businesses drive B.C.’s innovation industries with 8,462 small businesses in British Columbia’s high-tech sector in 2011, which represents about 97 per cent of all high technology businesses.\textsuperscript{10}

This placed small business as one of the key beneficiaries of the HST and sees them significantly impacted by the return to the PST. In fact, one of the largest productivity challenges facing B.C. is the difficulty small businesses face in accessing capital to invest in innovation or productivity enhancements. As such, the return to the PST has a disproportionate impact on these small businesses compared to larger firms in terms of addressing productivity.

**The Solution**

The competitive and productivity issues that we have outlined above were an issue before the introduction of the HST. Indeed, the HST was supported by so many business organizations specifically because of its ability to address many of these issues.

Despite the obvious benefits of a HST, the Chamber recognizes that the public has spoken through the referendum 2011: there is no appetite either publicly or politically for a harmonized sales tax.

However, reform is needed. As we have demonstrated, the return to the PST has a significant impact on

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\textsuperscript{9} 2015 Small Business Profile, BC Stats pg. 3

\textsuperscript{10} ibid
B.C.’s competitiveness and productivity. The Chamber realizes that following the HST and the referendum there was little appetite of significant reform to our sales tax system and little appetite for a redistribution of the current tax which reduces the fiscal flexibility open to government.

The Chamber believes that the most damaging aspect of the return to the PST and the aspect that, therefore, requires the most immediate attention is that the PST is levied on investment in machinery and equipment. This is not to suggest that the PST equals 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 the scope of sectors that can access these savings to reduce complexity, but also to reduce B.C.’s METR. Indeed, the Expert Panel on Tax estimates that offering an Input Tax Credit on the acquisition of machinery and equipment would cut B.C.’s METR to 19%, significantly improving B.C. position in the Canadian context.11

The Chamber recognizes 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 2016/17.12

Over the long term, though, 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.

While the return to the PST represented the largest tax increase on business in B.C.’s history, representing an increase in cost of $1.5 billion, B.C. businesses are facing rising costs on a number of additional fronts. Business is also facing higher Employment Insurance and WorkSafe BC premiums, a carbon tax that is the highest in North America, substantial 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;

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-B.C. Value Added Sales Tax system to enhance B.C.’s competitiveness and productivity.

11 Expert Panel on Tax Report, Table 7
12 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
ENHANCING AGRICULTURE COMPETITIVENESS THROUGH EQUITABLE TAXATION (2016)

In B.C., the primary agriculture sector’s nearly 20,000 farms generated $2.9 billion in farm sales in 2014, well over $100 million above the previous year⁴ and is anticipated to increase to $3.5 billion by 2018.² B.C. exported more than $2.0 billion worth of agricultural products to more than 144 markets in 2014,³ an increase in value of 11% over 2013. The potential in the agriculture industry within B.C. is well recognized by industry and government alike, yet we need to take measures to continue to enhance the competitiveness of this industry, in both the domestic and international markets.

Despite high quality products, productive land, and growing local and domestic markets for agricultural products, B.C. is facing heavy competition from external markets. In particular, Alberta and the northwest United States supply a large percentage of the agricultural products sold in B.C. One of the major contributing factors to B.C.’s reduced competitiveness is the tax burden faced by the sector.

Prior to 2010, when the HST was introduced, farmers and ranchers received relatively few tax exemptions compared to competing markets. Under the HST system, agriculture saw returns of $15-20 million through GST/HST tax returns on exempt goods and services.⁴ These returns and exemptions enabled the agricultural industry to produce goods at lower costs, helping them to become more competitive in local and global markets.

With the return to the PST system, B.C.’s agriculture industry longer receives exemptions or investment tax credits on the majority of goods and services used in farming and ranching. This puts B.C.’s agriculture industry at a distinct disadvantage against both Alberta and Washington State, where a large number of the goods purchased for farm use are tax exempt.⁵

Requiring the payment of PST on agricultural services means higher input costs without a balance of investment tax credits. These higher production costs, in turn, lower profit margins for producers and subsequently increase the sales prices of agricultural products, either of which would increase the financial burden on both producers and consumers and decrease B.C. farmers’ competitiveness.

Providing PST exemptions to farmers and ranchers would secure B.C.’s standing as a competitive agricultural producer. The decreased production costs achieved through this tax exemption would enable B.C. farmers to increase production and sell their goods at more affordable prices while still maintaining a good profit margin. This affordability will serve to strengthen both domestic and foreign market competitiveness, encourage local food purchasing, and provide a secure food supply, all of which will contribute to the growth and development of a strong, secure agriculture industry in B.C.

The 2016 Provincial Budget identified a limited number of new PST exemptions for qualified farmers, but this falls short of those needed to truly enhance the competitiveness of the sector. The government also announced the creation of a Tax Competitiveness Commission to examine the province’s tax regime.⁷ It is

⁵ Source: BC Agriculture Council; Garnet Etsell, Chair
⁷ Source: BC Provincial Budget 2016
imperative that the current impact of PST on agriculture competitiveness is a priority in any consideration of proposed changes. This should provide an opportunity to examine a more comprehensive value-added approach to achieve better income tax equitability.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. provide PST exemptions on all agricultural goods and services that are zero-rated under the GST system;

2. ensure that the mandate of the Tax Competitiveness Commission give full consideration to the needs of the agricultural sector; and

3. continue its discussions with the British Columbia Agriculture Council and industry stakeholders to enhance the sectors competitiveness both domestically and internationally.


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 B.C.’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’s companies have more favourable labour laws, taxes, & premiums in their home province, it’s hard for B.C. companies to have a successful bid against theirs when comparing quotes based on dollars.

We recommend that the B.C. 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 B.C.’s 1/3 tax formula (PST due = 1/3 x [(PST rate x depreciated purchase price) – B.C. tax previously paid] or paying equivalent B.C. premiums. PST in B.C. 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 B.C. 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 B.C. at the rate of 30% per year and equipment is depreciated at a rate of 20% year. If the equipment brought into B.C. is leased, then the person is required to pay PST based on the number of hours the equipment is in B.C. 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.
FINANCE

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 B.C., 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 B.C.
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. Freight charges in and out of the province are not subject to tax. 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.

 Provincial Sales Tax bulletins, forms and information are available on the Internet at: http://www.finance.gov.sk.ca/taxes/pst


THE CHAMBER RECOMMENDS

That the Provincial Government:

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 B.C. 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;

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 B.C., 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 B.C. 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 B.C. 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 (2016)

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.

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 B.C. 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 meaning 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 a number of 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.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. review the current method for real property contractors to collect and remit PST with all stakeholders; and

2. amend regulations and/or legislation to provide real property contractors flexibility in collecting and remitting PST in a manner that best works for the contractor and their customer.
REAL ESTATE, CITIZENSHIP & RESIDENCY DATA COLLECTION, ANALYSIS AND REPORTING (2016)

There is a growing level of concern that the British Columbia housing market, particularly in urban regions, has become over inflated. Many domestic and international organizations claim that B.C. is experiencing a housing bubble. Local citizens worry that soaring prices have pushed the dream of home ownership forever out of reach. Several partial studies have attempted to determine the impact of foreign buyers on various segments of the B.C. housing market, however a full province-wide study has yet to be completed. 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 B.C. Budget 2016, 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.” Although the 2016 B.C. Budget announcement is a step in the right direction, it will take many years before enough information is collected to be useful. Therefore, it is important to expand this measure 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 public annual report which focuses on the purchase of U.S. homes by people whose primary residence is outside the U.S.

An over-inflated housing market can cause many forms of speculation as the population attempts to determine the causes. This leads to fears relating 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. It is imperative that we begin to understand the full scope and impact foreign non-resident real estate investment can/is having on B.C., as speculation is leading to unfair stereotyping of various ethnic group.

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 B.C. They were collected and stored without any analysis.

2 http://bcbudget.gov.bc.ca/2016/bfp/2016_budget_and_fiscal_plan.pdf#TaxMeasures
3 http://www.realtor.org/topics/profile-of-international-home-buying-activity
4 Statement from IAN CB SMITH, Retired Director of Land Titles for the Province of B.C.
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.

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) 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.

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

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.

SMALL BUSINESS BENEFITS FROM SIMPLIFYING THE MSP TAX SYSTEM (2016)

B.C. is the only province in the country to levy a healthcare premium, while other provinces such as Ontario and Quebec use a payroll and/or income tax surcharge. Further, this is a flat tax impacting all equally. The Province recently announced some changes to help alleviate the hardship caused on those with lower incomes. However, this does not address business costs as most provide MSP as part of a benefits package for their employees or the increases that are carried by employers with a union workforce. There needs to be a more equitable and less costly health care funding system.

Every resident of B.C. is required to have MSP coverage and pay premiums, either directly or through their employer. As of January 1, 2016, if the employer isn’t picking up the MSP expense, a person’s monthly fee is $75 for singles, $144 for a family of two, and $150 for a family of three or more. An individual earning $30,000 pays the same premiums as one making $300,000, and a family earning $40,000 pays the same premiums as a $400,000 family. The amount of uncollected premiums is approaching half a billion dollars and the costs to maintain this increasingly complex system is reducing the impact of the $2.4+ billion dollars collected annually to help fund health care. The 2016 B.C. Budget did include minor changes that remove children from the calculation of premiums and raises the income level at which MSP payments start to alleviate the costs for a certain percentage of the low-income population.

The MSP program imposes a tax on B.C. residents that has been called “punitive, regressive, inefficient, administratively expensive and discriminatory.” MSP premiums, often defended as a means of controlling

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5 Sample PTT Form Version 26 (new)
6 http://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax
7 http://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/understand/exemptions
1 BC Budget 2016
2 Vancouver Sun Editorial – February 19, 2016
heath care costs through consciously making individuals aware that health care is not free, has failed to be an incentive for individuals to conserve on their usage.

Abolishing the MSP premiums would not be easy as it generates almost $2.5 billion annually (in 2015-16, according to the 2016 B.C. Budget document page 16, Table 1.8). MSP premiums are B.C.’s single largest source of non-tax, own-source revenues, and they exceed other notable revenue sources such as corporate income tax or natural gas royalties. MSP premiums do not cover the full cost of health care in B.C., which is projected at $19.6 billion of the province’s $48.1-billion budget.

B.C. is the only remaining province in Canada to have a separate funding mechanism to collect funds for medical services. One of the reasons for this approach is to be an educational tool to reinforce the high cost of medical services and reduce unnecessary usage. Ontario eliminated its health care premiums in 1990 by introducing an employer payroll tax. In 2004, the Province of Ontario reintroduced individual health care premiums through the income tax system; these are not flat-rate levies, but rise with income to a maximum annual $900 at taxable incomes of $200,000 and higher. This approach avoids regressive effects as well as the administrative and compliance costs of collecting separate premiums. Alberta, too, eliminated premiums in 2009 and introduced a new health care contribution levy in 2015.

Eliminating the bureaucratic apparatus needed to collect the premiums by collecting the MSP revenues through one or more existing taxes would eliminate the financial burden on employers, the self-employed and retirees as well as those associated with premium assistance. Small business owners and the self-employed also realize these costs through higher benefit expenses for employees and individual premiums that rise faster than the rate of inflation. The MSP is a cost driver for employers, and in that sense, it poses problems.

THE CHAMBER RECOMMENDS

That the Provincial Government mandates an overhaul of the current MSP system through the new Provincial Tax Competitiveness Commission (PTCC) giving consideration of the following options:

1. replace the MSP with a progressive and equitable approach to health care funding;
2. abolish the current MSP premium system and implement a line item to the provincial income tax; and
3. provide in advance at least one year’s notice to indicate that the MSP tax would be replaced with a combination of a payroll tax and an income tax surcharge, as is done in Ontario.

TAXATION OF SHORT-TERM RESIDENTIAL RENTAL UNITS (2016)

Background

As British Columbians continue to embrace the sharing economy, short-term residential rental companies, such as Airbnb and Vacation Rental by Owner (VRBO), and Online Travel Agents (OTAs) such as booking.com are gaining a larger presence across British Columbia. Currently, these companies or “Booking Agents” do not fall under any of the regulatory, legal, taxation, health and safety or insurance

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3 Business Council of BC
4 Vancouver Sun, T Sherlock – February 16, 2016
5 Jon Kesselman, Canada Research Chair in Public Finance, Simon Fraser University.
laws of traditional accommodation providers.

**Provincial and Municipal Resort Destination Taxes**

While these online platforms have the potential to be valuable conduits for bringing visitors to British Columbia and bolstering the tourism industry, there needs to be further management of this emerging sector. Currently, these commercial transactions are not generating the tax revenue they should.

The size of this segment of the sharing economy has been growing at a rapid pace over last four years. There are an estimated 10,000-plus units province-wide that are currently unregulated and not contributing to the B.C. tax base.

Because these transactions are private, there is no accurate estimation on the amount of tax revenue lost. Conservative estimates suggest more than $16 million dollars in general tax revenue and upwards of $3 million in the Municipal and Regional Destination Tax (MRDT) is being overlooked. This impacts both the province as a whole and, specifically, those communities that rely on MRDT marketing dollars to help boost their local economies. Consequently, accommodation providers, retailers, restaurants and bars, transportation providers and other sectors of the visitor economy are all affected.

In 2013, British Columbia’s hotels generated $572 million in tax revenue for the Province and an additional $294 million for municipal governments. Revenues would be greatly augmented if private accommodation providers were taxed similarly.

Currently, with these on-line platforms, the onus of tax compliance is on the owners, managers who rent out the space. However, at the 2015 Tourism Industry Conference in Vancouver, Airbnb publically acknowledged that there should be a regulatory requirement to collect taxes to contribute to the visitor economy and that they are supportive of the efficient collection of tourist and/or hotel taxes in jurisdictions that have such taxes.

**THE CHAMBER RECOMMENDS**

That the Provincial Government:

1. ensure that appropriate PST and applicable MRDT be collected and remitted at the point of purchase of room nights on short term residential rentals; and

2. ensure that all operators, managers and/or booking agents of 4 or more rooms be subject to collection and remission of PST and applicable MRDT taxes.

**A MORE TRANSPARENT APPROACH TO TAXATION IN B.C. (2015)**

**Issue**

Governments have a range of revenue mechanism available to them. Taxpayers pay income taxes to provincial and federal governments and property taxes municipally. Most provinces have a provincial sales tax and there is the Goods and Services Tax (GST). There is also a host of other revenue measures employed by government. These include health, social security and employment taxes, import duties, license fees, taxes on the consumption of alcohol and tobacco (‘sin’ taxes), natural resource fees, fuel taxes, hospital taxes, and a range of fees and levies.
The contract between government and the people has been that a mix of these revenue mechanisms will be utilized in a manner that allows them to provide the range of services that are required by the public. Too low on the service side, or too high on the revenue side and the public express their displeasure through the ballot box.

This contract appears to be under increasing pressure in B.C.

The Chamber recognizes that the provincial government has made significant strides in improving B.C.’s tax competitiveness, both at the personal and the corporate level. Indeed, with the exception of Alberta, B.C. has the lowest level of personal tax for individuals.

However, a combination of increasing costs and sluggish wage levels are resulting in British Columbians believing that their tax burden is increasing. This is happening at a time when we are also seeing a demand for increased service levels and that along with continued growth and an aging population will increase pressure on public savings.

So, what are the factors driving this issue?

A policy of tax shifting?
One trend that is exacerbating the concern of the public is a sense that government are shifting away from its reliance on personal and corporate taxes and is funding the reduction in the taxes through a move to increasing fees and shifting the burden onto more regressive consumption taxes.

The range of measures sited for this are significant. Quite clearly, we have seen a very transparent tax shift policy with the introduction of the carbon tax. The carbon tax represents a $1.2 billion shift away from personal and corporate taxes onto a tax on carbon consumption.

In addition, Budget 2015 saw the removal of the 16.8% tax rate on individuals with incomes over $150,000\(^1\) returning the rate to the previous 14.7%. A significant concern has been raised by the fact that Budget also saw MSP premiums increased by 4% affecting all British Columbians.

It would be overly simplistic to suggest that one tax cut is undone by an increase somewhere else. However, the public are increasingly concerned that tax cuts are being undermined (or even overtaken) by increases elsewhere. A foundational reason for this is a poor understanding of the overall tax burden facing B.C. families.

An Affordability Crisis?
Increasingly our members are telling us that this is resulting in an affordability crisis in B.C. While the drivers of this issue are varied and complex there is a strong sense in the public that government taxes, fees and charges are a key (of in some cases the sole reason) for these issues. The public are increasingly feeling that they are ‘taxed to the limit’ and that government has sufficient revenue streams and it is simply a case of managing revenue more appropriately.

This is a worrying trend when we consider some of the decisions facing governments in the near future. In addition to recent challenges with balanced budgets governments are facing a very real demographic

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\(^1\) This change will be introduced in 2016
challenge that will fundamentally undermine their ability to provide the same level of public service as our population grows and, more importantly, ages. This will be a particularly acute challenge for B.C.

**Increased focus on targeted tax measures**

In recent budgets at both the provincial and federal level, we have seen a significant increase in targeted tax measures. While long a feature of tax policy there has been a substantial increase in the range of these credits. The Chamber recognizes that there are situations where designated tax measures provide a valuable addition to governments’ ability to shape behavior.

The BC Chamber has been on record as supporting credits for very specific areas where new investments need to be incented. The BC Chamber has advocated for credits to encourage additional training, to incent investment in key areas as examples. However, the increase in scope of these taxes has not been driven by positive economic outcomes but have been driven by a new tendency to reward or encourage certain types of individual behaviors.

We now have credits targeting a range of economic activity, home renovation, children and adult fitness tax credits and child arts credit. There is no doubt that tax credits do represent a reduction in the cost of programs that are beneficial to the economy, community and to the individual. The question is the extent to which these credits encourage additional activity in these areas or whether they simply reward activity that would have occurred if no credit was in place.

The most effective way to begin to redress the current public discourse is through transparency and information. The cornerstone of this transparency is to understand what the actual tax burden is on the taxpayer. The Chamber recognizes that there are a number of organizations, including municipal, provincial and federal governments, along with research organizations such as the Fraser Institute, C.D. Howe Institute, and KPMG conduct extensive tax research and regularly publish tax comparisons. Yet, there is no single source compiled in a user-friendly format with which to easily compare the overall tax burden by municipality across British Columbia, or indeed across the country.

There would be exceptional value in understanding the tax burden on the taxpayer (Overall Tax Burden). If the overall tax burden were understood, the effectiveness of tax measures and programs could be measured by changes in the overall tax burden.

Portions of the overall tax burden are quite easily measured. Though at varied rates, municipal, provincial and federal taxes are readily available on a yearly basis. Other taxes, such as consumer taxes are not as easily measured in absolute dollar value, though one can get a sense of their relativity through comparing the Consumer Price Index (CPI). The CPI provides a comparative indication of the cost of living across Canada by jurisdiction in extensive detail.

The Chamber would like to see these different aspects of available tax and consumer information combined into a more comprehensive report on a yearly basis. With the information available, provincial economists could provide a more complete picture of the overall tax burden by overlaying the municipal tax rates on the provincial and federal tax brackets. This would provide a more accurate depiction of a business’s or individual’s tax burden, which could then become a basis for comparing either the profit potential for new business development or an individual’s net income. In the case of the individual inquirer, the information would show their net purchasing strength against varying CPI’s across the country.
With this foundation of information, government then needs to begin a dialogue with the public on the key questions we need to address to regain the public’s confidence and to set the stage for tough decisions to come:

- How do we maintain a competitive taxation regime in the face of the return to the PST?
- How does B.C.’s mix of personal and corporate tax levels, combined with the various taxes and levies compare to other jurisdictions?
- Should B.C. undertake a shift from direct taxation to a greater reliance on user fees and consumption?
- Is the increase in targeted tax measures providing a return to the provincial government and to what extent are they undermining government’s ability to undertake broad based tax reductions and/or increased program spending?

The erosion of trust from the public around taxation decisions has already had a negative impact on individuals and the economy. We saw many of the concerns outlined above play a direct role in the public’s rejection of the HST. Despite the almost universal support from academics and extensive support from business the public rejected the clear benefits of the HST. We are seeing many of these same narratives as we go through the Transit and Transportation plebiscite in Metro Vancouver.

Government must be proactive in address what represents a crisis in public trust in the most critical

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. develop a full and comprehensive means of measuring the overall corporate and individual tax burden on a provincial and municipal basis;

2. work with other provinces and the Federal Government to create a consistent measure of the overall tax burden on a provincial and municipal basis; and

3. commit to a provincial dialogue on tax in B.C. to determine what is the appropriate mix and type of taxes, fees and levies needed to pay for governments programs and services.

EXPLORING PUBLIC ENGAGEMENT ON MAJOR NEW TAXATION INITIATIVES (2015)

There is widespread agreement that a major reason for the rejection of the Harmonized Sales Tax (HST) in B.C. was the lack of provincial government consultation before the HST’s implementation. Chambers across B.C. have long lobbied for the implementation of a HST; a report published by the independent HST Review Panel appointed by the provincial government states that, “virtually all economic analysis finds the HST increases economic growth, productivity, wages and the quality of jobs.” Thus, there are very strong arguments in favour of the HST. The problem is that the provincial government, in this case, did not make these arguments before implementing the HST.

The rejection of the HST by voters in the recent referendum has been quite costly to the B.C. economy. According the Independent Review Panel, by 2020 the HST would have added 24 000 jobs and 2.5 billion dollars to B.C.’s economy. This has all been lost.
FINANCE

Going forward, let us take into consideration the valuable lessons learned from the demise of the HST. Specifically, the provincial government and federal government should substantively engage the public before the implementation of major new taxation initiatives.

The Chamber recognizes that substantive consultation processes already exist in terms of identifying public policy priorities involving taxation.

In addition to the Select Standing Committee on Finance and Government Services annual Budget consultations, the provincial government has undertaking reviews on B.C.’s tax competitiveness and of the B.C. Carbon Tax and has also recently undertaken a review of B.C.’s major industrial property tax structure. However, these initiatives were not guided by any principles regarding outreach and more importantly, no one is held accountable for the recommendations that arise from these processes.

The Chamber, therefore, believes that such engagement should be guided by best practices for effective public engagement. As an example, the Chamber believes that the following core values could form a basis for the design of such a stakeholder participation system:

- Based on the belief that those who are affected by a decision have a right to be involved in the decision-making process;
- Includes the promise that the public's contribution will influence the decision;
- Promotes sustainable decisions by recognizing and communicating the needs and interests of all participants, including decision makers;
- Seeks out and facilitates the involvement of those potentially affected by or interested in a decision;
- Seeks input from participants in designing how they participate;
- Provides participants with the information they need to participate in a meaningful way; and
- Communicates to participants how their input affected the decision.

THE CHAMBER RECOMMENDS

That the Provincial Government works with all stakeholders, both public and private, to explore the creation of stakeholder engagement models that can be used during the proposal and implementation of major taxation initiatives.

GAMING EVENT LICENCES – NOT-FOR-PROFIT ORGANIZATIONS (2015)

Gaming event licences in B.C. are issued to groups or organizations to raise funds to benefit the broader community. These licences are issued by the Gaming and Policy Enforcement Branch of the provincial government and include raffles, 50/50 draws and social occasion casino nights.

Issue

Gaming licences are issued to organizations that benefit the broader community but the regulations specifically prohibit organizations that are not charitable or religious from being issued a licence. This regulation denies many not-for-profit organizations that deliver tremendous community benefit from using this valuable fundraising tool. Our communities rely on a wide array of not for profits to provide services in our community. As not for profits struggle to find sustainable funding business organizations need access to this form of fundraising to ensure their future financial sustainability.

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1 https://www.gaming.gov.bc.ca/licences/index.htm
Background
The regulations regarding gaming\(^2\) indicate that not-for-profit groups that are primarily for charitable or religious purposes are eligible for licenses. This definition is extremely narrow and suggests groups that do not have charitable status do not sufficiently benefit the community and that is simply not the case. There are a variety of organizations that benefit the community that do not have charitable status and these organizations should be eligible for a gaming licence. The regulations go further in para 8.1 to categorize the licensees as follows:

**Arts, Culture and Sport** Programs that enhance performing arts, media arts, or visual arts, literature, heritage or culture in the community, and sports.

**Environment** Programs that enhance British Columbia’s environment or protect the welfare of animals and wildlife.

**Human & Social Services** Programs that significantly contribute to the quality of life in a community, including assisting the disadvantaged or distressed, promoting health or enhancing opportunities for youth. This category includes service clubs (see section 8.8)

**Public Safety** Programs that enhance and support public safety initiatives, disaster relief and emergency preparedness within British Columbia.

**Parent Advisory Councils (PACs)** Parent Advisory Councils at public schools and parent groups with independent schools (Type 1 or 2) on behalf and for the benefit of students at that school.

**Community Fundraising Groups** (see section 8.9)

The regulation in 8.2 reads as follows:

**8.2 What makes an organization eligible for a gaming event licence?** An organization may be eligible if it:

- Is operated on a not-for-profit basis and primarily for charitable or religious purposes;
- Delivers programs or provides services providing direct community benefit;
- Can demonstrate that it has provided programs or services for a minimum of 12 months prior to application;
- Has a voluntary and broadly-based membership involved in the management and control of the organization and its programs. Generally, the voting membership of the organization must be more than double the number of Board members;
- Delivers programs or services established and maintained by its volunteers;
- Has board members that are democratically chosen by, and from within, its volunteer base;
- Has board members that do not receive remuneration or other financial benefit for their services as an executive member; and
- Meets the Province’s standards for financial accountability.

The list of licensees includes a broad list of entities that are neither charitable nor religious and these groups are regularly granted gaming licenses. Presumably they are granted these licenses because they serve the community. Not for profit business organizations serve their community and should be on the list of licensees.

The result of these restrictions is that not for profit business organizations in a community cannot hold a simple 50/50 draw at social events. These organizations cannot hold a casino night or other event that includes any type of gaming in their member events. The B.C. restriction is excessive and not in line with other jurisdictions which allows a broader definition of not for profit to be eligible for gaming licences.

\(^2\) [https://www.gaming.gov.bc.ca/licences/docs/guide-a-b-licence.pdf](https://www.gaming.gov.bc.ca/licences/docs/guide-a-b-licence.pdf)
THE CHAMBER RECOMMENDS

That the Provincial Government amends the gaming regulations to allow not-for-profit business organizations whose activities benefit the community to be eligible for gaming event licenses.


The Chamber has been on record for some time advocating that affordable, market based housing for families is a major factor in creating attractive, livable and competitive communities. Affordable housing is important to the business community both as an economic driver in its own right, and also as a competitive advantage in the search for a skilled workforce and community growth.

Business must remain competitive and the cost of housing is a major source of wage pressure. Any additional wage costs are passed to consumers and increased consumer costs will only encourage buyers to search alternatives (cross border shopping, etc.).

The Chamber recognizes that the purchase price of a house is a market function that will find a natural balance if left unimpeded. However, government at every level have been distorting this market by consistently imposing unnecessary costs and restrictions on the market. This has led to increased pressure on costs and therefore prices. This is exacerbating the housing affordability crisis that is impacting communities across B.C.

A critical contributor to this issue is the Property Transfer Tax (PTT), which affects the affordability of housing throughout the province of B.C. B.C. continues to hold the highest prices across Canada and has seen increases of 16% since 2012, while the national average increased 13%. The PTT is often repeated and continually imbedded in the ultimate cost passed on to consumers. The Chamber believes that the majority of this tax burden, which was originally intended to impact only the elite now affects virtually everyone who purchases a home. As such, the original “luxury tax” is now burdening the working class.

B.C. residents are enduring the highest cost of housing in Canada, with prices almost 100% higher than the national average. This high cost of housing places a burden on economic stability and creates a barrier to attracting and retaining skilled workers to certain sectors and regions.

The Chamber believes that reduction and eventual elimination of the property transfer tax creates a positive impact on the business community and the Province via:

- Improving the affordability of housing for residents;
- Creating attractive, livable, and competitive cities;
- Retaining residents in B.C. to fill skilled jobs;
- Attracting skilled workers to B.C. to fill specific vacancies;
- Generating additional economic contributions in communities, as each property transaction generates on average $42,000 in expenditures in local communities; and
- Drive job creation, as the sale and purchase of homes has a positive impact on direct and indirect jobs.
Canadian Provinces Average House Prices, February 2015

<table>
<thead>
<tr>
<th>Province</th>
<th>Average House Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>$617,581</td>
</tr>
<tr>
<td>Ontario</td>
<td>$448,189</td>
</tr>
<tr>
<td>Alberta</td>
<td>$382,247</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>$300,738</td>
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<tr>
<td>Newfoundland/Labrador</td>
<td>$282,638</td>
</tr>
<tr>
<td>Quebec</td>
<td>$272,001</td>
</tr>
<tr>
<td>Manitoba</td>
<td>$266,513</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>$215,946</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>$172,833</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>$164,774</td>
</tr>
<tr>
<td><strong>Canadian Average</strong></td>
<td><strong>$312,346</strong></td>
</tr>
</tbody>
</table>

Data provided by The Canadian Real Estate Association

**Current Property Tax Model:**
Currently, the Tax is charged at 1% of the value of property up to $200,000 and 2% on the remainder of the value. This results in $10,352 of tax on the average house price of $617,581.

First time home buyers (FTHB) who are B.C. residents can be eligible¹ for an exemption or refund of the tax if the value is less than $475,000. This limit was recently increased by the Provincial Government and shows positive signs of commitment to property tax reform and the introduction of mechanisms to attract home buyers to B.C.

**Proposed Revisions to Property Transfer Tax:**
The Property Transfer Tax is a significant source of income for the province of British Columbia. The 2014-2015 Provincial Budget shows that the tax should generate close to a billion dollars per year for the B.C. government for the next 5 years. As such, we realize that any adjustments to eliminate the Property Transfer Tax need to be managed in a fiscally responsible way to avoid offsetting increases in income taxes or cuts to essential services. Similarly, the low personal tax rates and strong public services are equally attractive factors for B.C. Therefore, any proposals to reduce taxes must have compensating measures to maintain a balanced budget.

We recommend that the B.C. Government initially increase the threshold to a level consistent with the original intention of taxing luxury items i.e. to a value consistent with actual prices in B.C., being $600,000 for B.C. Residents who are purchasing a primary residence. The threshold of $600,000 and $475,000 for first time home buyers’ exemptions, should continually be increased in line with the changes in home prices to reflect the current economics.

Over the longer term, we recommend further reducing the rates of tax with the intention of eventual elimination.

¹ http://www.crea.ca/statistics

The Primary Residence Grant
In addition to amending the thresholds the Chamber also believes that further reform would address the issue of affordability. Indeed, property transfer tax reform would be considerably advanced through an initiative that would offer qualified purchasers a Primary Residence Grant. Currently Property Transfer Tax is calculated at 1% on the $100,000 of property value and 2% on the remainder. Increasing that threshold would go a long way to make the purchase of a Primary Residence more affordable.

Primary Residence Grant qualifications would be similar to those for First Time Home Buyers, requiring applicants to be Canadian citizens or permanent residents and would be available to purchasers moving to British Columbia from other areas of Canada increasing the appeal of relocating to British Columbia.

The existing PTT formula, 1% on the first $200,000 and 2% on the remaining purchase price of properties not intended to be the primary residence, would remain as is.

The current Property Transfer Tax Return would only require an additional declaration, similar to the First-Time Homebuyers declaration, to determine the intended use of the property and the qualification of the purchaser.

No Tax Barrier Investment Haven
Politically stable, safe, secure and beautiful, British Columbia, especially Vancouver, with its no-foreign-tax-barriers-to-buy-or-sell, is an attractive location and investment haven for wealthy offshore investors.

B.C. does not track real estate buyers by foreign residency status and determining the exact amount of foreign ownership is difficult at this time. However, a reasonable measurement of that trend is found in a report done by the Landcor Data Group and published in 2011.

The Landcor Data Group found that in 2008 and 2010, between 46 and 74% of buyers of condos over $2 million and homes over $3 million were sold to persons identified by Landcor as Peoples’ Republic of China investors. While the Chinese buyer group is significantly present, other foreign buyers from 90 different countries are also entering the Vancouver market according Landcor.²

Foreign ownership in large, international cities is happening around the world.

At the end of 2013, Britain introduced a ‘stamp of duty’ of up to 15 percent on purchases of more than 2 million pounds by foreign buyers made through corporations. And next year, Britain will introduce new capital gains tax on property owned by foreign property investors.³

Other cities such as Paris and New York already impose similar capital gains taxes that relate to an owner’s residency status.

Since 2012, Hong Kong has required foreign investors and companies to pay a special 15 per cent tax also referred to as a ‘stamp duty’. In fact, most countries tax foreign ownership in some way.⁴ In Canada, the province of Prince Edward Island has special purchase rules and restrictions in place to prevent Americans from buying up beach front property.

² http://www.landcor.com//market/reports/Q1_2011_Residential_Sales_Summary_Final.pdf
³ http://www.telegraph.co.uk/finance/newsbysector/constructionandproperty/10417422/Tax-on-foreign-property-owners-to-burst-Londons-bubble.html
In Canada, many provinces have restrictions on foreign ownership. Alberta limits non-residents to owning no more than 2 plots of land, not exceeding a total of 20 acres. In Saskatchewan, non-residents may not own land over 10 acres. Prince Edward Island charges non-resident owners higher property taxes and non-resident buyers must apply to purchase land over 5 acres or land with shore frontage over 165 feet.

British Columbia, especially the City of Vancouver, has evolved into a world-class destination that now demands a world-class taxation formula. Increasing the Property Transfer Tax rate for foreign purchasers should be designed to replace any revenue lost due to the reduction for primary residence.

### Impact of Primary Residence Grant and Potential Increase for Non-Residents

<table>
<thead>
<tr>
<th></th>
<th>First Threshold</th>
<th>Excess Threshold</th>
<th>Estimated PTT</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Transfer Tax</td>
<td>$600,000 x 1 %</td>
<td>$400,000 x 2 %</td>
<td>$14,000</td>
<td></td>
</tr>
<tr>
<td>Primary Residence Grant</td>
<td>$1,000,000 x 1 %</td>
<td>$0 x 2%</td>
<td>$10,000</td>
<td>($4,000)</td>
</tr>
<tr>
<td>Non-Residents</td>
<td>$600,000 x 2%</td>
<td>$400,000 x 2%</td>
<td>$20,000</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

In order to offset the lost revenues, we recommend that high levels of property transfer tax remain for investment properties (i.e. non-primary residences) and foreign investors (non-B.C. residents). The rates will have to work on contrasting scales, depending on the relative number of buyers and average prices, to manage overall revenue declines to minimize negative impacts on the overall provincial budget. In Canada, many provinces have restrictions on foreign ownership, therefore such a policy would not create a significant competitive disadvantage. In contrast to the old tax structure, which puts a heavy burden on homebuyers who invest in their communities and in effect slows down the growth of the economy, the new structure would help attract families to purchase homes in B.C., create new jobs, fill job vacancies and generally expand the economic pie of the whole province.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. increase the 1% PTT threshold from $200,000 to $600,000 (being current average market value), with 2% applying to the remainder of the fair market value;

2. continually index the 1% PTT threshold and the First-Time Home Buyers Exemptions using Statistics Canada’s New Housing Price, and make adjustments annually to account for inflation;

3. continue to increase the threshold for the First-Time Home Buyers exemption;

4. introduce mechanisms to eliminate double taxation when properties are transferred between common owners;

5. amend the current Property Transfer Tax Act to provide for a new Primary Residence Grant; and
6. Introduce a new Property Transfer Tax rate of a minimum of 2% of the property purchase price for all residential property in British Columbia bought by non-residents of Canada or corporations controlled by non-residents.

RESTRICTURING B.C.’S REVENUE NEUTRAL CARBON TAX (2015)

Issue
While the Chamber recognizes that the provincial government has maintained the revenue neutrality of the carbon tax we have become increasingly concerned over the tax measures introduced to return the funds to British Columbians. Since the carbon tax was introduced we have seen the tax measures move from broad based personal and corporate tax cuts to a range of niche, targeted tax credits. This is undermining the effectiveness of the carbon tax as a tax shift measure and is undermining support for the tax by limiting the savings British Columbians should be seeing in terms of reduced tax burden.

At the time of its introduction the Chamber network was generally supportive of the carbon tax. While members expressed concern over regional impacts and the erosion of competitiveness for certain sectors there was a recognition that climate change must be addressed and the most efficient and effective way to do that was to place a price on carbon.

The Chamber has been consistent; government must work with sectors that can demonstrate a negative economic impact to mitigate impacts where appropriate. The Chamber has, therefore, been pleased to see the provincial government react in a positive manner to sectors that have identified significant challenges with the B.C. carbon tax.

Government’s ongoing efforts to mitigate impacts, when combined with the increasing evidence that the carbon tax is having a significant impact on reducing B.C.’s greenhouse gas emissions (GHG’s), are increasingly recognized around the world as establishing B.C. as a global leader in addressing climate change through the effective utilization of market mechanisms.

However, the integrity of B.C.’s Carbon Tax is being undermined by the erosion of its revenue neutrality. Our members were very clear, the carbon tax could not become a slush fund for program spending. In this regard, we were pleased to see that revenue neutrality was enshrined in legislation. The power of the carbon tax is that it represents a tax shift that incents individual and businesses to change their behaviour. While the public are receptive to using carbon tax revenue for initiatives that are intended to reduce our greenhouse gas (GHG) emissions the chamber believes this is a dangerous concept.

The Chamber congratulates the government for continuing to oppose the use of carbon tax revenue for program spending, no matter how worthwhile the cause. Whether it is calls for carbon tax revenue to be used for investment in green or emerging technologies, or the calls by the Mayors Council to use the carbon revenue generated in the Lower Mainland for Translink funding, the Chamber continues to oppose these calls for a very simple reason.

The reality is that governments across the world have shown themselves to be poor judges of which programs or investments will actually result in a long terms reduction in our GHG emissions. While the price signal of a carbon tax has been highly effective at shifting consumption patterns governments’ record at investing these funds have a far less successful track record.
Irrespective of governments ability to invest these funds in a manner that creates new economic opportunity, or to pick winners in global markets, the biggest concern is that evidence shows that the one outcome we can be certain of when it comes to taxes earmarked for program funding is that they will increase.

While the government has maintained the principle of revenue neutrality business has watched with growing concern the expansion of credits and tax cuts introduced under the auspices of revenue neutrality.

If we look at the initial allocation of carbon tax revenue when the tax was introduced in 2008 we see that the number of measures were limited in scope and were directed specifically as broad tax cuts for business and individuals.

<table>
<thead>
<tr>
<th>Table 1 - Revenue Neutral Carbon Tax Plan 2008-09 to 2010-11¹</th>
<th>2008/09</th>
<th>2009/10</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon Tax Revenue</td>
<td>(338)</td>
<td>(631)</td>
<td>(880)</td>
</tr>
<tr>
<td>Personal Tax Cuts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Low Income Refundable Tax Credit</td>
<td>104</td>
<td>145</td>
<td>146</td>
</tr>
<tr>
<td>- Reduce bottom two tax bracket rates by 2% for 2008 and by 5% for 2009 and subsequent years</td>
<td>113</td>
<td>230</td>
<td>244</td>
</tr>
<tr>
<td>- Additional personal income tax cut rates</td>
<td>-</td>
<td>40</td>
<td>157</td>
</tr>
<tr>
<td>Total Personal Tax Measures</td>
<td>217</td>
<td>415</td>
<td>547</td>
</tr>
<tr>
<td>Business Tax Cuts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Reduce General Corporate Rate to 11% July 1, 2008</td>
<td>75</td>
<td>128</td>
<td>133</td>
</tr>
<tr>
<td>- Reduce General Corporate Rate to 10.5% Jan 1, 2010 and to 10% Jan 1, 2011</td>
<td>-</td>
<td>6</td>
<td>73</td>
</tr>
<tr>
<td>- Reduce Small Business Corporate Income Tax Rate to 3.5% July 1, 2008</td>
<td>46</td>
<td>79</td>
<td>82</td>
</tr>
<tr>
<td>- Reduce Small Business Corporate Income Tax Rate to 3% Jan 1, 2010 and to 2.5% Jan 1, 2011</td>
<td>-</td>
<td>3</td>
<td>45</td>
</tr>
<tr>
<td>Total Business Tax Cuts</td>
<td>121</td>
<td>216</td>
<td>333</td>
</tr>
<tr>
<td>Total Revenue Measures</td>
<td>338</td>
<td>631</td>
<td>880</td>
</tr>
</tbody>
</table>

This structure of tax reductions was supported by the chamber network as the carbon tax was intended to represent a tax shift. Given that the carbon tax is paid by most British Columbians it is only right that most British Columbians should benefit from the tax measures that result.

Revenue was generated through a tax on consumption generated by the production of GHG’s – a societal negative. These revenues were then returned to British Columbians in the form of a reduction in taxes that were detrimental to economic growth – personal and corporate income tax.

While the Chamber congratulates the government for maintaining the revenue neutrality of the tax an examination of the current tax measures shows a serious shift from the original approach.

¹ [http://www.B.C.budget.gov.B.C.ca/2008/bfp/2008_Budget_Fiscal_Plan.pdf](http://www.B.C.budget.gov.B.C.ca/2008/bfp/2008_Budget_Fiscal_Plan.pdf), page 15. It should be noted that the $100 Climate Action Dividend was separate from, and in addition to, these tax reductions.
## Table 2 - Revenue Neutral Carbon Tax Plan 2014-15 to 2016-17

<table>
<thead>
<tr>
<th></th>
<th>2014/15</th>
<th>Forecast 2015/16</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carbon Tax Revenue</strong></td>
<td>1,228</td>
<td>1,248</td>
<td>1,271</td>
</tr>
<tr>
<td><strong>Personal Tax Measures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Low Income Climate Action Tax Credit</td>
<td>(194)</td>
<td>(194)</td>
<td>(194)</td>
</tr>
<tr>
<td>- 5% Personal Income Tax Reduction</td>
<td>(250)</td>
<td>(258)</td>
<td>(262)</td>
</tr>
<tr>
<td>- Northern and Rural Homeowner Benefit</td>
<td>(71)</td>
<td>(73)</td>
<td>(74)</td>
</tr>
<tr>
<td>- B.C. Seniors Home Renovation Tax Credit</td>
<td>(4)</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>- Children’s Fitness and Children’s Arts Tax Credit</td>
<td>(8)</td>
<td>(8)</td>
<td>(8)</td>
</tr>
<tr>
<td>- Increased Small Business Venture Capital Tax Credit</td>
<td>(3)</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td>- Training Tax Credit extended - individuals</td>
<td>(20)</td>
<td>(20)</td>
<td>(20)</td>
</tr>
<tr>
<td><strong>Total Personal Tax Measures</strong></td>
<td>(550)</td>
<td>(560)</td>
<td>(565)</td>
</tr>
<tr>
<td><strong>Business Tax Measures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- General Corporate Income Tax Reduction</td>
<td>(202)</td>
<td>(206)</td>
<td>(224)</td>
</tr>
<tr>
<td>- Small Business Income Tax Rate Reduction</td>
<td>(200)</td>
<td>(222)</td>
<td>(241)</td>
</tr>
<tr>
<td>- Increase in Small Business Threshold</td>
<td>(21)</td>
<td>(21)</td>
<td>(21)</td>
</tr>
<tr>
<td>- Major Industrial Property Tax Credit</td>
<td>(23)</td>
<td>(24)</td>
<td>(24)</td>
</tr>
<tr>
<td>- School Property Tax Reduction for “Farm” Class Land</td>
<td>(2)</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>- Interactive Digital Media Tax Credit</td>
<td>(50)</td>
<td>(50)</td>
<td>(50)</td>
</tr>
<tr>
<td>- Training Tax Credit extended - business</td>
<td>(11)</td>
<td>(11)</td>
<td>(11)</td>
</tr>
<tr>
<td>- SRED Tax Credit Extended</td>
<td>(99)</td>
<td>(180)</td>
<td>(190)</td>
</tr>
<tr>
<td>- Film Incentive B.C. Tax Credit Extended</td>
<td>(80)</td>
<td>(80)</td>
<td>(80)</td>
</tr>
<tr>
<td>- Production Services Tax Credit</td>
<td>(198)</td>
<td>(208)</td>
<td>(218)</td>
</tr>
<tr>
<td><strong>Total Business Tax Measures</strong></td>
<td>(886)</td>
<td>(1,004)</td>
<td>(1,061)</td>
</tr>
<tr>
<td><strong>Total Revenue Measures</strong></td>
<td>(1,436)</td>
<td>(1,564)</td>
<td>(1,626)</td>
</tr>
</tbody>
</table>

Currently the provincial government has identified items to be eligible for funding by Carbon Tax revenue and has defined such funding as “designated tax measures”. Even the nomenclature signals a shift in governments approach. On the introduction of the carbon tax the items were clearly listed as tax cuts, now they are designated as tax measures.

When the carbon tax was introduction in 2008 we saw personal tax measures representing 100% of the revenue neutrality measures. If we look at the situation today, we see that broad-based tax cuts represent just 38%.

In the case of business, we saw corporate tax reductions also representing 100% of the tax measures in 2008. Today business tax reductions represent just 46% of B.C.’s revenue neutrality.

We recognize that the other measures do represent a reduction in the tax load borne by business and the individual. However, when we look at the recipients of these credits we see a worrying trend towards allocating tax credits to niche interests. Such designated tax measures include the Senior Home Renovation Credit and the Children’s Art Credit, and an increase to the small business venture capital tax credit. While

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3 It should be noted that a significant portion of the designated tax measures in 2008 was $194 million provided through a low-income climate action tax credit. While not a broad-based tax cut, the Chamber recognizes that this represents broad based tax relief as many individuals do not pay income tax the only way to provide benefit to low income individuals is through a tax credit.
these designated tax measures may be important to the groups that receive them (indeed, several have been supported by the Chamber), many create little or no benefit to the provincial economy and many are questionable as to whether they result in a shift in behaviour, or provide an incremental increase in revenue for the government.

To put this into context, if the original focus on broad based tax cuts were maintained we would have had an additional $106 million available for broad based personal income tax cuts and an incredible $463 million available for broad based tax cuts for business in 2014/15.

This shift is made even more challenging by the fact that when government was struggling to achieve a balanced budget the primary revenue mechanism utilized was to increase B.C.’s corporate and personal tax rates. This was done while maintaining the full range of designated tax measures introduced under the carbon tax.

The Chamber is a strong supporter of balanced budgets and recognizes that a shift in tax reductions under the carbon tax would mean the elimination of some tax measures, or would be required to come from general revenue. In this regard, the Chamber believes government must review the tax credits under the carbon tax to determine their effectiveness. If the credit is unable to demonstrate that it has driven a shift of behaviour then that credit must be phased out quickly. If the credit can be shown to have had a positive outcome, then government must transition the credit out of the carbon tax and fund the credit from general revenue.

The Chamber believes that while the Carbon Tax appears to be a contributing factor to a reduction in B.C.’s GHG emissions the tax is being undermined by the fact that the majority of people paying the tax are no longer seeing the benefit in terms of a reduced tax burden. This is occurring while business, particularly our critical export industries, continue to have their competitiveness undermined by a tax that none of their competitors are subject to.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. introduce no new tax credits under the auspices of the revenue neutral Carbon Tax;

2. begin a process to return the revenue neutrality measures of the carbon tax to broad based reductions in B.C.’s personal and business taxes; and

3. continue to review the Carbon Tax to improve fairness and reduce adverse economic impacts.
FOSSIL PROTECTION LEGISLATION (2017)

Definition
Fossils are the preserved remains, traces or imprints of organisms from the geological past. Fossils include marks left behind by the organisms while they were alive, such as footprints (trace fossils). Fossils represent the historical record of the evolution and development of life on earth.

Issue
The Province of British Columbia does not currently have adequately enforceable legislation specifically protecting the paleontological heritage resources and fossil heritage record of this province. This lack of legislation has led to large-scale removal of fossil heritage resources and their associated information from the province.

Fossils are important globally as well as in B.C. for their scientific value, heritage, educational and economic value, including their tourism value.

Opportunity Background:
Lead expert in the field of where B.C. fossils are stored, Dr. Richard McCrea (McCrea et al. 2014), identifies the Gething Formation and refers to the tracks from Hudson's Hope as follows: "Significant collections of western Canadian vertebrate tracks include the Canadian Museum of Nature (CMN - formerly National Museum of Canada NMC) and the Royal Ontario Museum Formation (ROM), where many tracks and replicas from the Gething of the Peace River Canyon are housed. The Provincial Museum of Alberta (PMA), now the Royal Alberta Museum (RAM), housed a large collection of Gething Formation tracks that was moved to the Royal Tyrrell Museum of Palaeontology (TMP) after it was constructed. The TMP also houses fossil tracks, partial trackways, and many molds and casts from both Alberta and British Columbia from formations of Early to Late Cretaceous age" (McCrea et al. 2014, page 3).

This resolution is important for business because if we have a net loss of heritage specimens and their associated knowledge from the province, we will also see a loss of educational and educational tourism opportunities. Besides the Peace River Paleontological Research Centre (PRPRC) the best places right now to see B.C. fossils on display are located in other provinces, specifically Alberta (the Tyrrell) and Ontario and Alberta (PMA), now the Royal Alberta Museum (RAM), housed a large collection of Gething Formation tracks that was moved to the Royal Tyrrell Museum of Palaeontology (TMP) after it was constructed. The TMP also houses fossil tracks, partial trackways, and many molds and casts from both Alberta and British Columbia from formations of Early to Late Cretaceous age" (McCrea et al. 2014, page 3).

With regards to fossils being removed from British Columbia, this is what happens when a province does not make its fossil heritage a priority for care and conservation: other provinces and countries see the value in it, see the neglect, and step in. Other museums have been willing to put in the time and continued resources to care for B.C.’s fossils when B.C. didn’t care. This is why we are not pushing any museum that has B.C. fossils to have the fossils returned to B.C. Other museums have done B.C., Canada, and the world a huge favor by picking up the slack. What needs to be done is to make sure we can correct the mistake of lack of care for our province's fossil heritage by reversing the trend. Adequate legislation is the first step.

The present legislation is not effective, and the reason for this is that there is nothing specific about fossil heritage protection and conservation in any legislation. As it stands, the Fossil Management Framework is trying to come up with management plans with existing heritage legislation, but so far, it's a patchwork quilt effort and there will be gaps. Five of the biggest gaps are as follows:
1. There is only one provincially designated repository for fossils. That is the Royal BC Museum. There should be multiple provincially designated repositories to deal with the vast variety of fossil heritage resources B.C. has, much like the way Alberta manages their fossils. There is room for multiple institutions to do this work, and the great side benefit to having many museums is you have that many more education and tourism spin off opportunities.

2. There is no mandatory reporting for fossils during commercial and industrial operations. This is a missed opportunity. Companies that report fossil finds so that they can be properly dealt with receive tons of good press. Those that are accused of hiding fossil finds do not. We've had lots of good press with the reporting that's been done voluntarily by industry, such as the wind tower projects.


Where reporting is mandatory, as in California, there is still good press:


Alberta also has mandatory reporting, and their fossil finding and reporting press is also good:

   http://www.edmontonsun.com/2014/09/24/newly-discovered-dinosaur-has-alberta-ties

3. There are no mandatory impact assessments for fossils that must be done prior to conducting land use projects. There are mandatory impact assessments required for archaeological finds. The absence of mandatory impact assessments for fossils is a huge flaw in the existing framework. It also is a missed business opportunity. Because assessments are mandatory in Alberta, there are many paleontology consulting companies. Right now, if any company does an assessment on a voluntary basis, they use Alberta companies. Should mandatory assessments be required with respect to fossils in B.C., there would be demand for B.C.-based consulting and training. Another missed opportunity for B.C. businesses.

4. Because of the lack of mandatory impact assessments, there is no mandatory consulting with First Nations over fossil heritage found on their lands. This is a huge gap that further disenfranchises their communities and the say they have over their lands.

5. Because fossils are not a priority to the province (in terms of protections, repositories, and reporting), there are no educational opportunities with respect to fossils. B.C. has no post-secondary training programs for fossil related sciences. This means we continue the lack of awareness of how great B.C. fossil heritage is at all schooling levels. If the province as a community cared - and to care they have to act to protect fossils with specific legislation that ensures multiple repositories, mandatory reporting, and mandatory impact assessments - B.C. as a whole will care.

The retention, preservation, cultural appreciation of fossils and their information as important and irreplaceable heritage resources and records should be a priority of the Province of British Columbia.

Legislative Background
While there are no specific legislative fossil protection measures in B.C., there is currently legislation governing fossils, such as the BC Land Act, Park Act, Ecological Reserve Act, Protected Areas of British
FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS

Columbia Act, Wildlife Act and the Environmental and Land Use Act. The Ministry of Forests, Lands and Natural Resource Operations has also been leading the development of a Fossil Management Framework. The Framework aims to: clarify the rules governing the management and use of fossils; manage impacts on fossils from other activities; provide for the stewardship of significant fossil sites; raise internal and external awareness of the framework and the importance of fossils; build knowledge of the nature and extent of the resource in B.C.; and clarify the rights and obligations of the public, business, government and other stakeholders. This framework and current legislative measures lack the enforcement mechanisms and the wider public awareness required to address fossil protection and preservation.

THE CHAMBER RECOMMENDS

That the Provincial Government enact legislation that both protects and preserves the paleontological resources and fossil record of our province, and contains provision for the establishment of multiple authorized fossil repositories in the province.

THE CRUCIAL NECESSITY TO NEGOTIATE A RENEWED SOFTWOOD LUMBER AGREEMENT (2017) – SUPPLEMENTAL TO 2016 POLICY “THE NEED FOR A RENEWED SOFTWOOD LUMBER AGREEMENT”

With approximately fifty percent of Canada’s softwood lumber exports originating from British Columbia, negotiating a renewed softwood lumber agreement with the United States is an imperative and vital necessity to British Columbia’s forest industry and overall economy. In 2015, the value of Canada’s forest exports increased by 6.3% over 2014, rising to $32.7 billion from $30.8 billion. On the wood product side, the U.S. housing recovery continued to drive Canadian softwood lumber exports. In 2015, softwood lumber exports totalled $8.6 billion, a 3% increase over 2014. The value of wood panel exports increased by 18%, to $2.68 billion with significant increases in all panel types, especially plywood (29%) and fibreboard (28%).


In 2015, direct employment in the Canadian forest industry, as measured by Statistics Canada’s System of National Accounts, increased by 1.5% from 2014 levels, to 201,645 jobs. The job gains are in line with other positive indicators, such as increasing forest sector contribution to Canada’s gross domestic product.
(GDP) and financial metrics. But employment did not improve in all forest sub-sectors: employment in the pulp and paper sector decreased as a result of poor market conditions for newsprint and other paper products, which has caused several mill closures. Within Canada, wood product manufacturing and forestry and logging employment is concentrated in B.C. and Quebec. Statistics Canada. CANSIM table 383-0031: Labour statistics consistent with the System of National Accounts (SNA), by province and territory, job category and North American Industry Classification System (NAICS). (June 17, 2016)

The British Columbia forest sector provides well-paying jobs for thousands of British Columbians, many of them in rural communities, and contributes taxes for important services across the province. As an integrated sector, it is made up of many interconnected and interdependent sub-sectors so it can make the most efficient use of all the fibre harvested.

One of these is the value-added or secondary wood manufacturing sub-sector. The value-added sub-sector includes innovative and entrepreneurial companies across the province and is an important element of B.C.’s diverse forestry sector. In 2012, it provided close to 12,500 full-time jobs with estimated sales of $2.8 billion.

In 2012, a Canadian Forest Service survey found that the value-added sub-sector was dramatically impacted by global economic downturn and its ongoing effects on the U.S. housing market. It reported that in 2012, B.C. had 589 value-added businesses, with 12,417 full-time employees and an estimated $2.8 billion in annual sales. Employment was down 16% from 2006, and sales were down 11%. In 2012, companies with fewer than 50 employees made up 58% of the sub-sector; in 2006 they made up 88%.¹ The previous Softwood Lumber Agreement expired October 2015. A new agreement must be in place or there will likely be a protracted and aggressive trade action on Canadian lumber similar to what was experienced before the last agreement which went into effect from 2006 to 2015.

The U.S. Lumber Coalition is expected to ask for export duties starting in Q2, 2017. It is anticipated that these duties could be in the 25 to 30% range. The softwood lumber dispute is designed to impact commodity, structural, construction lumber as it is a dimensional/structural lumber concern.

Within the lumber industry, high value, specialized products remain a key component of exported lumber. These value-added, specialty products consist of finger-jointed lumber, decking, siding, plywood, OSB (oriented strand board) and veneer; cabinets and components; household, commercial and outdoor furniture; windows and doors; architectural millwork; log homes and packaged homes; pallets, boxes, poles and posts; musical instruments; shakes and shingles and wood crafts. Although the key focus of this dispute is not about high value, specialized products, these products still represent an integral component of any future softwood lumber agreement and should not be downplayed or overlooked. The high value producer position is consistent with British Columbia Lumber Trade Council (BCLTC) messaging being given to the federal negotiators. An additional duty on high value products could be devastating to those companies that have invested in and have created a business that extracts maximum value possible from the public resource.

THE CHAMBER RECOMMENDS

That the Provincial Government work closely with the BCLTC and the Federal Government to carry through and include the high value-added product recognition as part of any negotiated settlement.

THE NEED FOR A RENEWED SOFTWOOD LUMBER AGREEMENT (2016)

The forest industry is one of B.C.’s largest sectors that export into the United States and around the world. In 2013, B.C. forest industry revenue was $15.7 billion. Of this revenue, approximately 62 percent was generated in the interior region and 38 percent from the coast region making this an extremely important component of the B.C. economy. Indeed, many B.C. communities rely heavily on the forest industry. The economic impact of the forest industry is also felt throughout B.C. where more than 145,000 people are employed in the forest sector.

Back in 2002, the U.S. imposed countervailing (CVD) and anti-dumping (ADD) duties on imported Canadian softwood lumber based on a belief that Canadian, in particular B.C.’s, forestry industry received illegal government subsidies.

Between 2002 and the initial Softwood Lumber Agreement in 2006, the U.S. collected duties of over $4 billion dollars. The SLA of 2006 saw eighty-one percent of the $5 billion in ADD/CVD tariffs refunded to the Importers’ of Record, with nineteen percent withheld from Canadian Importers of Record by the U.S. government.

Canada has successfully appealed these allegations at the World Trade Organization and through the North American Free Trade Agreement, but greater certainty was and is needed.

The 2006 Softwood Lumber Agreement, which was extended in 2012, provided immediate relief on countervailing tariffs and returned 80 percent of the $5 billion to B.C. and other Canadian lumber producers. Though the SLA allowed for an export tax based on the market price per million board feet (mbf), the recently expired SLA allowed did provide that greater certainty for the B.C. lumber producers.

B.C. forest companies knew the cost of doing business in the U.S. ranged from a 15% tax when prices were below US$315 per mbf to no tax at prices over US$355 per mbf.

Over the next 4 years, forest prices are expecting to climb from the current price of around US$315 per mbf to a high of close to US$500 per mbf. Based on the recently expired SLA, B.C. forest companies could expect to pay no export tax as of January 2018 if current projections hold steady.

As of right now, the export tax has expired with the agreement and there is a one-year freeze on any new countervailing and anti-dumping duties being applied. Effectively, the status quo between Canada and U.S. is in place with respect to softwood lumber until the 1-year freeze is lifted.

Given the political nature, and the strong lobbyist efforts in past, it is unlikely that the U.S. Department of Commerce won’t reinstate duties. For that reason, it is imperative that the federal government continue negotiations with the U.S. government to achieve a similar agreement as to the 2006 SLA.

THE CHAMBER RECOMMENDS

That the Federal Government negotiates and ratify a new Softwood Lumber Agreement with the United States using the recently expired agreement as the guideline to the final agreement.
Introduction
The B.C. forest industry, one of the historic cornerstones of our provincial economy, is facing a myriad of challenges at this time.

Background
B.C.’s land base is 95 million hectares (ha) with 62% forested land base and of this 62%, 22% is available for harvesting. Parks, Protected Areas and Conservancies make up 14.4% (14,063,250 ha) of the land in the Province which is totally off limits to forestry activity. The forested area is split between the Interior (68%) and Coastal (32%).

In 2014, the total B.C. forest industry revenue was $16.7 billion, split 62% from the Interior and 38% from the Coastal regions. Total economic output from forestry was $31.4 billion of which 50% was direct output and 50% was indirect and induced output.

Total employment generated was 145,000 FTE (full time equivalent) jobs in 2014. Of this, almost 63,500 were created within the industry with an additional 82,300 FTEs created through linkages with other industries and suppliers. Revenue from the industry to the provincial government was $1.4 billion, federal government $934 million, and municipal governments $150 million. The forest industry supports 6.3% of the jobs in B.C. or about one out of every 16 jobs. Forest industry manufacturing accounted for 24% of direct manufacturing jobs in B.C. with 40% of the regional economies being forest sector dependent.

Report
The B.C. forest industry is a major contributor to the provincial economy and is important to the social fabric and economic well-being of communities throughout the province.

The industry provides employment and economic opportunities, generates government revenue and is a growing economic contributor to First Nations communities throughout B.C. Since 2002, the Ministry of Forests, Lands and Natural Resource Operations has signed forest tenure agreements with 175 of the 203 First Nations in B.C. These agreements provide $324 million in resource revenue-sharing and access to 63.2 million cubic meters of timber.

Over the past several years, the timber harvesting land base (THLB) has been reduced significantly to create Protected Areas and Conservancies. In addition, management regimes, such as Eco System Based Management (EBM), have been applied to the Central and North Coast, diminishing the available THLB. The establishment of the Great Bear Rainforest Agreement in this area brings the proportion of conservation to approximately 55% of old growth temperate forest on B.C.’s coast. One of the fundamental cornerstones of the agreement, and EBM, is human well-being for the communities in the area; this commitment has not been fully addressed.

In addition, there has been a tendency by large forest licensees to take profits earned in Canada (B.C. in particular) and use them to purchase a larger share of the industry in the U.S. south where they have more certainty in the land base. This is detrimental to B.C. communities and need to be addressed moving forward to ensure small town economies built around the forest industry survive into the future.

Growing pressure from other industries, such as hydro, oil and gas, and a push to increase parks and protected areas are underpinning the Province’s Cumulative Effects Survey to determine how all of the
different interests will span the existing land base. In other words, the forest industry is still under considerable pressure to operate in a diminishing land base and still maintain a viable presence in communities and the province as a whole.

Recently, several different events beyond the control of the forest industry have resulted in a lack of business certainty for the industry. These events cover a wide spectrum of factors from catastrophic insect infestations, such as the Mountain Pine Beetle and Spruce Beetle in the Interior, to rights and title court decisions awarded to First Nations across the province and the Softwood Lumber Agreement (SLA) with the U.S.

In 2016, the Province will announce the results of a Timber Supply Review (TSR) in the Merritt Timber Supply Area. It is already apparent from information and options provided that this announcement will be significant as it will reduce the amount of timber being harvested by approximately one third for the next several decades. This will result in businesses and forest dependent companies to downsize their activities; this will have a cascading effect on the business community as a whole in the region. The Province currently has a proposed program called the BC Rural Dividend initiative which will provide $25 million per year for three years. Although this is a start, it needs to be targeted to areas that are facing these historic changes and increased to insure there is a safety net in place to help the survival of effected communities.

All of these cumulative effects have greatly diminished business certainty, resulting in decreased investment and a lack of interest from younger generations to get involved in the industry as a career. Demographically, the industry is in the same struggle as many other cornerstone industries, which helped to grow the provincial economy into what it is today.

Currently, the Province seems to be struggling to deal with all of these different challenges, in a manner which will allow the forest industry to grow and prosper into the future.

This has also resulted in a movement of investment from B.C., south to the U.S. where companies that flourished from the natural resources of B.C. are now taking their dollars and purchasing manufacturing plants in the southern states where certainty of the land base and a lower cost structure are more attractive.

Several solutions present themselves and with the assistance of the provincial government, the B.C. forestry industry and the province as a whole would benefit.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. take steps to halt the erosion of the timber harvesting land base by making impacts on the timber harvesting land base a mandatory consideration in the approval process for any further creation of parks and protected areas or other similar initiatives within timber harvesting land base areas;

2. ensure there is sufficient funding and consultation with industry stakeholders in place to complete the cumulative effects work that is currently underway in the province, so a forest harvesting land base can be ensured which will allow the industry and communities to prosper into the future;

3. provide incentives such as training funding programs, which would support small businesses such as contractors and new entrants into the industry;
4. develop a transition plan for communities that have been devastated by the Mountain Pine Beetle epidemic so they can maintain an economy while the forest surrounding their location re-establishes itself to a marketable age class; and

5. most importantly the Province must continue to work with First Nations on Land Claims and Rights and Title cases to try and increase certainty on the land base which is now viewed differently as a result of the Tsilhqot’in decision.

FUTURE OF THE FOREST INDUSTRY AND ITS IMPORTANCE TO BRITISH COLUMBIA’S ECONOMY (2016)

The forest industry continues to be an important contributor to the province’s economy. In 2013, total economic output for the sector was $31.4 billion. Total Gross Domestic Product (GDP) from the sector was $12.4 billion of which $5.8 billion was direct GDP.

Forest industry employment in 2013 was 145,800 British Columbians which is approximately 24% of direct manufacturing employment in British Columbia. In 2014, the sector generated 60,700 direct jobs. The forest industry in B.C. also consists of more than 7,000 businesses – 83% of these companies employ less than 20 employees. There are also approximately 250 primary and 1,525 secondary manufacturing facilities, the largest manufacturing sector in B.C. There are 4,737 forest management businesses; primarily small independent contractors and family-owned businesses.

The forest industry contributed approximately $2.5 billion to federal ($934 million), provincial ($1.4 billion) and municipal ($150 million) government revenues. Approximately 40% of B.C.’s regional economies are forest dependent – directly involved in harvesting and processing of forest products.

The B.C. government is to be commended for its new investment in a forest health program that will effectively rehabilitate mountain pine beetle stands (and have the additional benefit of mitigating community interface fire risks). This investment, as the owner of the resource, will provide for a multi-generational (80-100 years) fibre supply in the forest industry.

The B.C. government is also to be commended for implementing changes to dead pine pricing that more accurately reflects the economic value of the decaying resource. A reasonable stumpage rate for dead and decaying pine stands will improve utilization of the last remaining stands and extend the operability of existing Interior mills. By accelerating the conversion of these stands to healthy forests, the medium and long-term harvest levels can be increased while managing the declining harvest levels in the short term.

The B.C. government is to be further commended for its efforts to develop and nurture an industry and market for non-saw log volume and residual fibre under new policies developed by the Forest Fibre Working Group. Continued monitoring of this policy is important to ensure that: a) it delivers on its intended outcomes, and b) there are no unintended outcomes. Policies that encourage alternative wood products, biomass for energy generation and supplying the pulp and paper industry, and any other policies that encourage alternative uses for timber that cannot be converted to lumber, are all policies that are in the best interests of the owner of the resource and the primary manufacturing industry.
Challenges
- The forest industry continues to be challenged by the world-wide economic recession that reduced U.S. housing starts and resulted in lower lumber prices. Changing demographics indicate that the U.S. housing market has shifted away from traditional single to multi-family housing. Housing starts may never return to historic levels.
- Demand in offshore markets, such as China, has decreased substantially. The value of wood product exports to Mainland China was down 18% in 2015, most noticeably in log, lumber and value-added wood products. In the short run, at least, dependence has shifted back to the U.S. market.
- The harvest of dead pine timber is coming to an end since it has become increasingly uneconomic to harvest and manufacture it into lumber. Timber shortages are upon us while at the same time U.S. southern yellow pine timber is expected to increase. Non-saw log harvest and residual volume availability has increased in magnitude while utilization remains relatively low.
- The mountain pine beetle infestation temporarily increased annual allowable cuts in an effort to maximize the economic value in the dead and decaying forest stands. The economic effect when allowable cuts are reduced will be harvesting and sawmill capacity rationalization as the industry adjusts to new, lower forest inventories.
- The 2006 Softwood Lumber Agreement terminated in October 2015. The forest industry is in a “stand-still” period where no new trade action can be initiated until October 2016.
- Recently a native pest to British Columbia forests, the spruce bark beetle has taken over 156,000 hectares of timber in the Omineca region of northern B.C. This is the largest outbreak since the 1980’s. No different than the mountain pine beetle infestation, the spruce beetles appear to be connected to warmer weather patterns. Unlike pine, the spruce tree has a longer life cycle to reach maturity and a much shorter shelf life than pine after it dies, which could further exacerbate this threat. As a start, the Chamber recognizes the Ministry of Forests, Lands and Natural Resource Operations recent commitment of $1 million to address this issue.

Opportunities
- The Tsilhqot’in Decision of the Supreme Court of Canada that not only declared Aboriginal title, but further defined how Aboriginal rights and title will be decided, adds complexity and uncertainty to operations. However, even with increased costs, the opportunity exists for companies to develop and maintain strong relationships with First Nations to succeed through these investments. Also, by collaboratively working with First Nations, industry and governments have an opportunity to access timber at the same time as achieving economic equity.
- The B.C. forest industry is a world leader in sustainable forest management with more land certified to internationally-recognized sustainability standards than any other jurisdiction in the world. Its products are an attractive export product on the world market. With the combined uncertainty of the expiration of the current softwood lumber agreement and the introduction of the Trans Pacific Partnership, the continued development of future markets is extremely important and should form the backbone of a future forest economy.
- New 9 and 10 axel truck configurations and LEAN log handling procedures (on the Coast) will reduce delivered log costs. New wood products, such as cross-laminated timber, have increased the demand for lumber and, in turn, created possibilities for 6-plus story wood-framed buildings.
- B.C.’s forest industry is the largest bioenergy producer in North America. The use of wood residuals to generate energy minimizes wood waste and increases the economic yield from B.C.’s forests. This accounted for 65% of Canada’s wood pellet capacity and production.

The B.C. forest industry is the economic backbone of many B.C. communities. A vital part of B.C.’s
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In 2014, the forest sector saw exports in commodity wood products reach $12.4 billion which represents approximately 35% of the total of all exports in B.C. While this is an impressive number, the overall trend of exports has still not recovered to the levels of exports seen in 2005.

Therefore, to continue to create and nurture the conditions required for a modern and globally competitive forest industry,

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. secure access to an economically viable fibre supply and identify the timber supply that will be available given First Nations and stewardship allocations:
   a. commit to providing all remaining primary manufacturing facilities with the saw log volume required to maintain these facilities in the face of:
      i. a declining annual allowable cut;
      ii. decreasing provincial land base (mountain pine beetle, environmental and Aboriginal rights and title reserves); and
      iii. expiring non-replaceable forest licenses. Primary manufacturing facilities rely on a significant volume of timber auctioned by BC Timber Sales (BCTS), and purchases from other sources such as community forests and First Nations tenures. Harvests from all of these sources must be maintained at their respective Annual Allowable Cut (AAC) apportionments. A vibrant secondary manufacturing sector in value-added wood products, the pulp and paper industry and the emerging bio-products industry depends upon a productive primary manufacturing industry to provide raw materials and residual fibre;
   b. early and aggressive action is required to control and contain the current and growing Spruce Beetle infestation to keep this infestation from turning into a similar situation as the mountain pine beetle outbreak;
   c. new fibre opportunities should be provided without undermining the rights of existing tenure holders. Policies should promote new opportunities, uses and investments without creating new rights and avoiding overlapping tenure rights on the same land base. It is important to integrate “use-it-or-lose-it” contract provisions on these new tenures to ensure the additional tenure opportunities meet their purpose in providing a secure supply of fibre and fibre pricing to primary and secondary manufacturers;
   d. land use: Commit to ensuring access to timber to the full level of land use plans. 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. Reviewing and revising local government staff decisions respecting access to fibre to fit with government targets for timber supply and 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
   e. sell BCTS apportionment volumes consistently: BCTS is an important supplier of timber to B.C.’s log markets and must continue to sell its apportionment over the business cycle to get the full forest profile into log markets.
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2. improve the integrity of the market-based timber pricing system (stumpage):
   a. BCTS must continue progress towards becoming a more reliable source of competitively priced fibre. BCTS auction wood is responsible for approximately 20% of the Crown timber in British Columbia, a significant supply for manufacturing facilities. The mandate of BCTS as a mechanism to get wood into the marketplace should not be entangled in government’s regulatory and policy roles;
   b. resist and refuse demands 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, First Nations consultation, and range management costs, among others; and
   c. provide direct cost recognition in the timber pricing system for consultation with First Nations communities. The scope, level and cost of consultation has increased as First Nations 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.

3. improve investment certainty:
   a. use a competitive tax environment to encourage investment in, and transformation of, the B.C. forest industry: 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;
   b. 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 in regard to logging operations and increase investment in road building and earth moving machinery;
   c. encourage innovative secondary forest products industries through commercially based arrangements with primary producers. Where direct tenure opportunities are necessary, and they overlap existing tenures, ensure that forest management obligations and timber pricing arrangements are reasonably and equitably apportioned between the new and existing tenure holders. Overlapping tenures only make sense when they access fibre for different products;
   d. support policies and incentives to support safety and environmental upgrades required under the BC Sawmill Code of Practice and other legislation; and support clarity and efficient administrative processes regarding permit applications and reporting requirements;
   e. eliminate market barriers that will prevent an efficient re-alignment and/or consolidation of forest industry assets (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. continue investment in important infrastructure programs: improve road, rail, bridge and port structures; and
   g. promote and fund labour force and skill training applicable to the forest industry to an equal level with other resource based sectors.
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4. market access:
   a. continue investments in off-shore 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; and
   b. continue working co-operatively with industry and the Government of Canada to address tariff and non-tariff barriers to the global export of B.C. forest products.

5. continue to develop emerging forest sector markets internationally:
   a. continue investments in off-shore 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; and
   b. ensure other emerging markets for B.C. forest sector products are developed such as Malaysia and Vietnam.

PROTECTING OLD GROWTH RAINFOREST TO THE ECONOMIC BENEFIT OF TOURISM-BASED COMMUNITIES (2016)

Opening Statement
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. One of the grandest stands of 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 Trees Capital of Canada”, and the tourism industry and numerous businesses in Port Renfrew and beyond stand to benefit if the Central Walbran Valley was protected by the Province as one of the world’s finest old-growth forest showcases.

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 enjoy a relatively high degree of protection; with the Great Bear Rainforest Agreement, approximately 55% of coastal old growth rainforest is now preserved (via parks, conservancies, protected areas, wildlife habitat areas, winter ranges, etc.). 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 B.C. communities, including Vancouver, Victoria, Sooke, Lake Cowichan, Duncan, Ladysmith, and Nanaimo. Many tourists fly, boat, or drive into B.C. from international destinations to see the old-growth forests. The appeal of the tall trees is attracting significant investment into Port Renfrew, including
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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. These plans include legislated Special Management Zones (SMZ). These areas further preserve flora and fauna of the forest ecosystem, including stands of high-value old growth stands.

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 the Port Renfrew 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, fishing in Port Renfrew is seasonal and until recently the community was busy only from the 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 February of 2012, the Ancient Forest Alliance was successful in getting the B.C. government to protect an old growth 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 coming to Port Renfrew to see the massive trees and to hike in the 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 2012, a kayaking company in Discovery Islands did an 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. 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 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 eco-tourism businesses using the same area.
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THE CHAMBER RECOMMENDS

That the Provincial Government:

1. support the increased protection of old growth forests in areas of 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 an 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.

PROTECTION OF INDUSTRIAL LANDS FOR FUTURE PROSPERITY (2016)

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 due to market pressure to convert industrial lands to other land uses, such as multi-family residential and commercial developments, in order to accommodate ever more population growth. The challenge is that low-cost, employment-generating industrial lands located near airports, rivers and roadways, that employ tens of thousands of workers, are being lost forever.

The last industrial land inventory, done in 2015, for the Metro Vancouver region showed there is just over 5,600 acres (2,261 ha) total available. Much of this land has severe constraints on development and will not be developed for the long term, if ever. At current growth projections and absorption rates, this translates into less than a 15-year supply of industrial land available in the region. There are only 1,000 acres available for large scale logistics, which is less than a 10-year supply. This is already contributing to a loss of jobs and revenue for the province. Calgary now accommodates numerous retailers who build large distribution centres there instead of Vancouver because they cannot find adequate land in the Lower Mainland. Outflow development to Calgary is estimated to be at least 50 acres a year and rising rapidly.

The Regional Growth Strategy established by Metro Vancouver in 2011 will make it harder for local municipal governments to rezone industrial lands, but it doesn’t go far enough to ensure important parcels are never rezoned. It doesn’t identify and generate new lands that have been rezoned and it still leaves decision-making in the hands of ever-changing municipal politicians.

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 ha worth of industrial land to other uses in just the past 30 years.

Site Economics Ltd. completed a study in October 2015 that specifically examined the inventory of trade-enabling industrial land, going beyond previous studies that have explored the supply of all general industrial land in the region. Trade-enabling industrial lands are lands required to support goods movement in and out of the region, housing marine terminals and buildings such as distribution centres and warehouses. To facilitate efficient trade, these activities must be near major roads and rail lines.
The study found:

- There are only roughly 1,000 acres of vacant trade-enabling industrial lands available in the region suitable for logistics and goods movement;
- Based on average annual absorption rates and anticipated demand, the supply of vacant trade-enabling industrial land in the region could be depleted within a decade;
- Roughly 1,500 to 3,000 more acres of trade-enabling industrial lands are required in the next five to 10 years to meet the demands of a growing Canadian economy;
- Trade and logistics businesses account for most of Metro Vancouver’s industrial economy, and generate the demand for half of all industrial development in the region; and
- The total direct and indirect economic impact of every 100 acres of logistics development is equal to approximately $1.9 billion of economic value. The full, long term and ultimate value of industrial land is often not considered by municipalities when they readily rezone those lands.

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 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 in taxes, industrial lands typically receive on average $0.25 in services.

Industrial land is vulnerable as it is often prime ground for commercial, retail, or residential developments because it is typically the cheapest land in any region, after agricultural land, and it is often on or near the waterfront or in growing suburban areas. Metro Vancouver relies on industrial as the office economy is small relative to any big city. It is less than half that of Seattle per capita or per worker and has minimal employment lands compared to any U.S. city.

The Metro Vancouver region saw a record breaking $975-million in industrial investment in 2015 and it is estimated that growth and demand for industrial land for distribution centres, trans-shipment facilities, manufacturing and processing will continue to increase. Port volumes alone are expected to double by 2025 with the addition of Deltaport Terminal 2. We saw major investments in equipment and terminal upgrades in 2012, 2013 and more is anticipated for years to come, particularly on port lands such as Centerm. The business case for making such investments on industrial lands would be bolstered if there was certainty about the long-term status of industrial land. It is important to note that without logistics oriented lands on which to expand the supply chain, the Port will become less competitive and it will harm the overall economy.

In the City of Vancouver, only 10% of their land area restricts residential development and yet those lands hold more than 50% of the jobs. Growth strategies for the Lower Mainland to create density around transit stations represents large scale rezoning of industrial land. This strategy is necessary to accommodate future populations and transit use and shows the need for flexibility in a land use strategy to ensure the right lands are in the right locations. However, there is no provincial strategy or mechanism to ensure the displaced industrial lands are being replaced elsewhere.

The Site Economics Report identifies the following threats to the industrial land supply in Metro Vancouver Rezoning, Incompatible Development, Access – Lack of Rail, Road or Water.

1 Colliers International Research and Forecast Report Year End 2015

The BC Chamber of Commerce 2017-2018 Policy and Positions Manual 169
The report also states; *There is very little well located industrial land left in the Metro Vancouver region, as all of the well-located industrial lands have been developed. The inventory of vacant industrial lands tends to be remote and not well suited for the transportation industry. At the current and projected rate of logistics land absorption there will be a significant negative impact from the land shortage before the year 2020 increasing in severity until buildout, perhaps by 2025.***

![Graph showing industrial land capacity](image)

**SOURCE:** Site Economics Report: The Industrial Land Market and Trade Growth in Metro Vancouver, October 2015. Pg. 64.

Industrial land along the Fraser River has been rapidly disappearing. Mills and traditional water access-dependent businesses have gone further up the river or have gone out of business altogether, turning employment-generating land into residential neighbourhoods. Recent examples include:

- a site in Queensborough was converted to a shopping centre and casino;
- the former Canadian White Pines mill site in southeast Vancouver will be a massive new residential neighbourhood;
- the former Fraser Mills site in Coquitlam is now also a residential development; and
- at one time, there were thirteen plywood mills on the Fraser River and now there is only one.

Over 1,153 acres of recently purchased port industrial land in Port Moody is under consideration for a special study area under the RGS. Richmond has converted many acres of industrial land to residential/mixed use and have more land under consideration for special study areas within 88 metres of the rapid transit line and in areas which border the town centre (Cambie lands at Garden City and Alderbridge). Also, 230 acres of agricultural land in Richmond is now owned by Port of Vancouver and has been designated as a Special Study Area in the Port’s recently completed Master Plan.

In 2011, Seaspan’s Vancouver Shipyards in North Vancouver announced that it had won an $8 billion federal shipbuilding contract. That contract will create over 5,000 direct, indirect and induced high paying jobs over the next 20-30 years. The infrastructure investment alone is at $250 million and that infrastructure will create a world-class shipbuilding facility that can compete globally for future contracts.
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They will produce almost $500 million per year in GDP for B.C.’s economy and rebuild a local workforce and expertise in world-class shipbuilding. That opportunity may have been lost if Vancouver Shipyards would have given up on the shipbuilding business after it had been dormant for so many years.

The parcel of industrial land directly beside Seaspan sat empty for many years and was eventually rezoned and is today an auto mall and commercial/retail mix. The remaining waterfront is slated for a new condominium development. The area does generate employment opportunities and is a desirable residential/retail/commercial neighbourhood, but that strategic port side parcel will never generate the economic opportunity like that of its shipbuilding neighbour.

It should be noted, that without question, housing and commercial developments are necessary and have greatly improved many areas creating vibrant neighbourhoods and commercial areas that also create jobs. Many areas like Coal Harbour, False Creek and Richmond have been revitalized and this has made a great contribution to the liveability of these areas. However, without an economic land use strategy for the future, the province will be at risk of losing critical gateways to global markets and land parcels in viable locations needed for industry growth.

For industrial businesses involved in trade, transportation, warehousing storage, and logistics, proximity to highways, ports, rail yards and airports are of vital importance. The rail-port connection is of national importance to Canada’s economy as commodity exports need to be serviced by ports connected to rail lines. Ports typically create a huge demand for storage and distribution centres around them to take marine containers off ships, re-sort and put goods into domestic containers before transporting them from the port inland by rail.

There are increasingly competitive global challenges for our B.C. resource and energy markets. If we can’t deliver our products to global markets, we will be surpassed by the competition. Washington and Oregon view their ports as having strategic importance and offer a more competitive regulatory and tax advantage to shippers. B.C. municipalities often tax heavy and light industry property classes significantly higher than all other classes. This represents a significant competitive disadvantage to B.C.’s industrial business. The lack of available industrial lands compounds the disadvantage significantly.

Metro Vancouver, a corporate entity that delivers regional services on behalf of 24 local municipalities and authorities, is trying to protect industrial lands through a land-use plan called the Regional Growth Strategy (RGS) established in 2011. The plan requires that municipalities get approval from the Metro Vancouver Board before rezoning any industrial land.

There is concern that this process doesn’t go far enough to protect critical industrial lands from being rezoned. About 2/3 of the region’s remaining industrial land is designated as industrial in the RGS. The remaining 1/3 is included in the RGS’s mixed employment lands designation, which also allows commercial development on included lands. That means that the industrial lands in that designation can be rezoned to commercial uses without seeking the endorsement of the Metro Board by way of an amendment to the RGS. Also, all of the lands designated as industrial or mixed employment can be amended to general urban through a minor amendment to the RGS. In fact, since the RGS was adopted in 2011, a further 148 acres of industrial land has been lost.²

Further, the RGS process does not identify and generate new industrial land to replace lands that have already been lost. Industrial densification is part of the solution and is starting to happen, but likely won’t

² http://www.richmond.ca/__shared/assets/PMV_IndustrialLands_GP_07201541990.pdf
be enough to meet the projected future demand. Also, the RGS still places decision making in the hands of local politicians who may be under pressure to generate revenue for their municipalities by up-zoning from industrial uses.

So, while it is better than nothing, the RGS is not a provincial solution that would give certainty that critical industrial parcels will be preserved well into the future and that would generate viable new industrial lands in the right locations.

Much as the provincial Agricultural Land Reserve has protected farmland since 1978, a similar mechanism is needed to protect industrial land. In fact, protecting industrial land would have the dual effect of protecting agricultural land, as it eases the pressure of agricultural land being converted.

Conclusion
Due to the uniquely severe land shortage, preservation of industrial lands cannot be accomplished at the local level. It will require provincial leadership. An economic strategy will need to be initiated by the province 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.

This is an important investment in the future of the province of British Columbia in order to ensure 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.

Finally, the BC Jobs Plan outlines the following three pillars:

1. Working with employers and communities to enable job creation;
2. Strengthening our infrastructure to get our goods to market; and
3. Expanding markets for B.C. products and services, particularly in Asia.

Protecting B.C.’s critical trade-enabling and job creating industrial lands must be a top priority of the provincial government to support the BC Jobs Plan strategy. The Chamber acknowledges that some strategic work in this area has been started by the Province, but more attention is needed to:

- identify strategic trade-enabling industrial parcels that are proximate to transportation connections and global gateways that need preserving;
- assess current permitted uses of unusable lands and ensure the right lands are in the right locations;
- determine a process or mechanism to preserve and grow industrial lands while considering local OCPs and allowing for market flexibility; and
- identify ways to recover and increase key logistics oriented industrial land base by identifying under-utilized or contaminated lands currently reserved for rural uses.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. take immediate action to review the current inventory of industrial lands in the province;
2. engage in a review of solutions with key stakeholders;
3. continue to develop a comprehensive provincial land use strategy, perhaps as part of an overall economic strategy for the province; and
4. enact a policy to establish clear provincial oversight and establish a forum for all relevant land use authorities to monitor implementation of newly created provincial policies and regulations.

STRONG FOREST INDUSTRY EQUALS STRONG COMMUNITIES (2016)

The forest industry is one of B.C.’s most important economic sectors. Forestry is a key economic driver; B.C. communities depend on the forest industry and thousands of people are employed in the various sectors of the industry.

In 2013, the total GDP generated by the B.C. forest industry was $12.4 billion with total employment estimated at 145,800 direct and indirect jobs. Given the high number of mill closures, continued export of large numbers of unprocessed logs, rapid rises in Interior logging rates and declines in value-added manufacturing, the time has come for an expeditious review of forest policy in B.C. It is time to implement new policies that increase public benefits from one of our most important publicly-owned resources.

Community members, forestry workers & conservationists have found common ground in opposing log exports and supporting local, sustainable forestry practices. The B.C. government expedited log exports in 2003 by removing the local milling requirements (appurtenancy) that historically tied companies with logging rights on Crown lands to also provide B.C. milling jobs while failing to foster new mills and value added facilities in the communities supporting the forest industry.

Under the new rules established in 2003, under the Forestry Revitalization Act, companies merging were no longer subject to public review and comment, which meant there was no opportunity for communities, workers, municipalities or others to raise concerns about job impacts or community sustainability. These mergers and acquisitions along with the removal of appurtenancy resulted in the significant consolidation of forest tenure into the hands of fewer companies. This tenure situation and the development of super mills has stifled the ability of smaller companies to compete and effectively tied up the Province’s forestry resources. In addition, the law requiring ministerial approval for most tenure transfers was revoked. The fundamental problem of the Forestry Revitalization Act has been the disconnection of the forest resource from the communities.

With the expansion of super mills, we have seen the point of appraisal moved from communities where mills have closed causing an un-level playing field in stumpage costs with the value added and small community mill paying significantly higher rates per cubic meter for Crown timber. If the market is skewed in favour of a disproportionately small number of companies, there is justification in suggesting that the playing field could be made more level by granting new forest tenures to smaller players, particularly those who are engaged in value-added production. There is room within the present system to do so given the greatly expanded BC Timber Sales program. “Rather than putting all its timber up for auction, a portion of the wood now held by BC Timber Sales could go, instead, into longer term and likely non-replaceable licences that would at the very least give value-added producers some assurance of supply over several years.”

Under the 2003 Forestry Revitalization Act, a 20% tenure take back occurred with the intent for these resources to transfer to BC Timber Sales, First Nations & Community Forests. This tenure reallocation

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rather than encouraging an open market effectively produced a monopoly situation as smaller producers could not compete with major corporations. Expansion of Community Forests would essentially be a publicly acceptable means to providing an area based allocation controlled by communities and First Nations. Local processing, value added, diversification, intensive forest management could all be managed and prioritized as locally driven decisions. Community Forests should be large enough to be divided for specific needs, diversity and forest management objectives, “at arm’s length” from direct provincial controls and restrictions.

A number of questions are raised by the changes to appurtenancy requirements. Should companies holding forest tenures be allowed to simply walk away from the facilities they operate in communities without losing some or all of those tenures? What is an acceptable level of investment in the communities and forest districts where tenures are held? Given the high number of mill closures, the continued export of unprocessed logs (whether out of country or out of community) and declines in value-added manufacturing, a review of forest policy in British Columbia is justified.

Small and medium sized business is the economic driver of the B.C. & Canadian economy. When public/Crown resources such as forest tenures are being held by a disproportionally small group of major companies, there is an inherent responsibility for the government to ensure communities are supported and partner in the economic benefits generated from a strong, competitive, sustainable forest industry, which in turn results in more provincial revenue. Strong local forestry equals strong communities equals strong businesses, which equals a strong local and provincial economy. They are inextricably linked.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. consult with First Nations and provide municipalities with input into forest tenures in their regions;
   a. Use the 20% tenure take back to promote and expand Community Forests and First Nation Wood Land licences;

2. review forest tenures in areas where mills have been closed and rescind those tenures where appropriate;

3. encourage value added forestry investment in communities; and

4. review the consequences of the removal of appurtenancy requirements.
SAFE COMMUNITIES AND STRONG ECONOMIES – MENTAL HEALTH AND ADDICTIONS IN B.C. (2017)

Opening Statement
Mental illness and addiction affect one in five people across Canada, significantly affecting business and the economy. Further, un- or under-treated mental illnesses and addictions are pervasive within the homeless population, which can lead them to present in anti-social ways, affecting public safety that can, in turn, affect local business. In addition, un- or under-treated mental illnesses and addictions complicates the transition of homeless into permanent housing and can lead to recidivism in offenders, increasing the costs of social housing and to our justice system.

Background
These consequences of un- and under-treated mental illnesses and addictions are substantive, and can present themselves as rising levels of homelessness and crime, lost productivity, policing costs, and government spending. The report, The Life and Economic Impact of Major Mental Illnesses in Canada 2011-2041, estimates that cost of mental illness alone in Canada was $48.6 billion in 2011. The Centre for Addictions and Mental Health lists the costs to our society, which include - on any given week - at least 500,000 employed Canadians are unable to work due to mental health problems and between 23 and 67 percent of homeless people report having a mental illness.

In B.C., the Ministry of Health spends more than $1.5 billion per year in mental health and substance use services and the Ministry of Children and Family Development approximately $94 million a year to address child and youth mental health and substance use challenges in B.C. Specific to illicit drug use, the Provincial Health Officer declared a public health emergency April 2016, due to the significant spike in drug overdose deaths.

The provincial government estimates that it costs our economy $6.6 billion annually in lost productivity due to mental illness and addiction. Further, the costs of increased policing – typically the first responder when someone becomes unstable or dangerous - is largely borne by businesses through high non-residential property tax rates, which in some regions can be five or more times residential. There are also costs that businesses must pay to ensure the safety of their clients and continuity of their businesses.

The Chamber appreciates that the Government of B.C. has also made it a priority to build a comprehensive system of mental health and substance-use services across the province. We are aware that the Ministry of Health has made investments totaling approximately $1.42 billion in 2014/15, equating to an increase of 67 percent over the 2000/01 total of $851.4 million. We can see that the provincial government has clearly taken many steps to address mental health and addictions issues across the province over the last three years, steps that include more funding, additional space, and capital investments.

On July 27, 2016, the Government of B.C. established a Joint Task Force on Overdose Response that is headed by Provincial Health Officer Dr. Perry Kendall and Clayton Pecknold, B.C.’s director of police services. The Task Force has representatives from the health and public safety sectors including B.C.’s Chief Coroner, representatives from RCMP “E” Division, the Vancouver Police Department and Vancouver Coastal Health Authority.

1 BC Government Fact Sheet: Comprehensive mental health and substance use services in B.C.
2 Healthy Minds, Healthy People: A Ten-Year Plan to Address Mental Health and Substance Use in British Columbia
3 Opioid Overdose: British Columbia’s Public Health Emergency, Written Submission House of Commons Standing Committee on Health (October 6, 2016)
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The Task Force has identified priority areas such as better mental and emotional support for people who work on the front lines; expanded rapid access to opioid substitution treatment and the continuum of care; expanded and targeted law-enforcement strategies for fentanyl and carfentanil; continued expansion of access to naloxone; enhanced laboratory capacity and further support for the BC Coroners Service.

Although B.C. has increased mental health and addictions treatment resources, helping countless individuals, families, businesses, and communities, the issues related directly and indirectly to un- or under-treated mental illnesses and addictions are still on the rise, as are overdose deaths. B.C. currently has the highest per capita spending on mental health and addictions in Canada at $230 per capita\(^4\) and yet the service demand is still not met.

The Chamber is confident the provincial government will continue to make priority investments in mental health and addictions, but questions whether the current service delivery model is effective. For example:

- Access to mental health and addiction services in rural/remote communities remains an issue for a variety of reasons, including a shortage of trained staff;
- There appears to be a lack of coordination between the Ministry of Health and BC Housing, which exacerbates the difficulty of providing housing, allowing individuals to slip through the cracks and end up back on the streets;
- There appears to be a “cherry-picking” approach to addressing un- or under-treated mental illnesses and addictions, largely flowing from funding streams and political priorities e.g. resources tied to a specific gender, age, ethnic profile and/or a specific diagnosis. This can reduce access for those suffering as well as complicate the overall bureaucracy;
- There is no single lead organization at the provincial-level, and as such, service providers, e.g. social housing (emergency, supportive, etc), justice/law enforcement, health/mental health/sexual health, income/employment, often work in silos and compete for funding, further challenging an already complex situation; and
- Recidivism for offenders as well as evictions from social housing are predominantly due to un- or under-treated mental illnesses and addictions, yet are managed by those in the justice system and by social housing providers rather than trained health care providers.

THE CHAMBER RECOMMENDS

That the Provincial Government ensures a sustainable, systematic approach to mental health and addictions prevention and treatment through:

1. commissioning an expedited study – funded in BC Budget 2018 if not sooner - to re-design the current service model to include:
   a. identifying a lead provincial agency to coordinate treatment programs across the province for un- or under-treated mental illnesses and addiction;
   b. ensuring regional integrated teams are properly resourced to provide effective and assertive treatment and outreach; and
   c. support and develop intervention in early and evolving mental health and substance use issues; and

2. ensuring the work of the Joint Task Force on Overdose Response continues and is appropriately funded.

\(^4\) Mood Disorders Society of Canada Quick Facts: Mental Illness and Addictions in Canada (2nd Edition)
ECONOMIC BENEFITS OF UNIVERSAL PHARMACARE FOR BUSINESSES (2016)

Drug coverage in Canada is provided through an incomplete patchwork of private and public programs that varies across provinces. This fragmented system reduces access to medicines, diminishes drug purchasing power, duplicates administrative costs, and isolates pharmaceutical management from the management of medical and hospital care. It is needlessly costing Canadian businesses billions of dollars every year.

**Inefficiencies of fragmented coverage**
The fragmented nature of drug coverage in Canada costs businesses, taxpayers, and patients billions of dollars every year. First, lack of coverage means that many Canadians cannot afford to fill necessary prescriptions.

A 2015 Angus Reid Institute poll found 29% of British Columbia households reported they did not take medicines as directed because of cost. This occurs because British Columbia’s PharmaCare system provides benefits after patients have spent hundreds or thousands of dollars on medicines. This costs everyone because it results in worse health for patients and increased use of tax-financed medical and hospital care.

Fragmentation also means higher drug costs. Overall, Canadians spend 40% more on pharmaceuticals than the average of 14 comparable countries that offer universal, comprehensive drug coverage, including the United Kingdom, Germany, France, Australia, Sweden, and New Zealand. Thus, Canada is spending $10-billion per year more than it would if it had a universal drug plan like those found in many comparable countries.

**Heavy burden on business**
The burden of Canada’s incomplete and inefficient system of public drug coverage falls heavily on businesses, especially the small and medium-sized enterprises that comprise the backbone of Canada’s economy. With rising costs of medications, many businesses are seeing their bottom lines erode and some find they simply cannot afford to provide insurance plans for their employees.

Small businesses are least likely to offer drug coverage and few entrepreneurs and independent contractors are covered by any drug benefit plan. This harms the efficiency of our economy because many Canadians are forced to choose where to work, based on access to insurance rather than aptitude and passion.

Money spent on private drug plans is not being spent well. Private sector analysts estimate that up to $5 billion spent by Canadian employers on private drug benefits is wasted because private drug plans are not well positioned to manage drug pricing or the prescribing and dispensing decisions of health professionals.

**Dangers of a mandatory insurance system**
As provincial health ministers hold discussions with their Federal counterpart, businesses are concerned about any additional costs to their employees, their insurance plans, and their bottom line. The biggest concern is that governments are considering making private drug coverage mandatory, as was done in Quebec in 1997.

The Quebec policy requires that all eligible employees be enrolled in a private drug plan. Rather than increase efficiencies, the policy further fragmented the system and generated the highest per capita costs in

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1 2015 Angus Reid. Prescription drug access and affordability an issue for nearly a quarter of all Canadian households. http://angusreid.org/prescription-drugs-canada/
For 22 years prior to mandatory private drug insurance in Quebec, per capita spending on prescription drugs was approximately equal in Quebec and the rest of Canada. In the 19 years since their policy change, costs in Quebec have far outgrown the rest of Canada. Private employers and households in Quebec now spend $200 per capita more on pharmaceuticals than employers and households in the rests of Canada.

In British Columbia, a Quebec-style system would cost employers and households an additional $920 million annually if costs rose here as they did in Quebec.

**Economies of a single-payer system**

There is a better option. A universal, comprehensive public drug plan that was consistent throughout B.C. and across Canada would be a wise investment for B.C.’s economic prosperity. Research has shown that such a plan would reduce employer-sponsored drug costs in Canada by up to $10.2 billion per year – a $570 million annual savings for businesses in British Columbia alone. This would boost Canada’s labour market competitiveness.

A universal pharmaceutical program would be economically viable not only by taking advantage of the power of a single purchaser, but through the following:

- Reduction of administration costs for businesses and unions;
- Elimination of the need for tax subsidies to encourage employer funded benefit packages;
- Decreased direct emergency and acute care medical costs due to inappropriate or underuse of drug therapies; and
- Reduction of other health service costs.

Because of these increased efficiencies, a universal pharmacare program would increase government costs by only $3.4 billion, $2.4 billion of which could be financed by the reduced cost of private drug benefits for public sector employees. The 2015 Angus Reid Institute poll found that most taxpayers would support such a program, even if it required modest increase in taxes.

**Moving forward**

As British Columbia joins health ministers across the country to discuss how best to control the costs of pharmaceuticals through bulk purchasing agreements and other strategies, caution is advised when choosing a program of delivery. It is tempting, and usually preferable to choose private suppliers over a provincially run program; however, in terms of cost effectiveness, the best strategy is one where pharmaceuticals are added to the universal health coverage of our Medicare system.

THE CHAMBER RECOMMENDS

That the Provincial Government and the Federal Government:

1. work to develop a universal pharmaceutical program that will engender cost savings through bulk purchasing agreements and other cost-sharing strategies; and

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3 2015, Mar-Andre Gagnon. Quebec-Style Pharmacare Program Won’t Work for the Rest of Canada.
5 2015 Angus Reid. Prescription drug access and affordability an issue for nearly a quarter of all Canadian households. http://angusreid.org/prescription-drugs-canada/
2. avoid off-loading costs of providing pharmaceutical coverage onto businesses through private insurance schemes per the Quebec mode.

**IMPROVING PRIMARY CARE AND SAVING HEALTHCARE DOLLARS WITH PHYSICIAN EXTENDERS (2016)**

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 still 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. 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.

**Background**

At a 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). Statistics also show that two key drivers of employee absences—absence due to illness and caregiving for family members—are health related.

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

- According to the Conference Board of Canada, private sector organizations estimated their direct cost of employee absences to be 2.3 percent of gross annual payroll;
- A Statistics Canada report found that 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; and
- The 2012 General Social Survey reported that 1.6 million employee caregivers took leave from work; nearly 600,000 reduced their work hours; 160,000 turned down paid employment; and 390,000 had quit their jobs to provide care.

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:

- It has long been accepted and confirmed that availability of primary care is strongly linked to better health outcomes. In addition, a larger supply of primary care physicians is associated with lower

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costs of health services, and higher quality. Simply stated, 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; and

- 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 now common knowledge that primary care is in short supply in British Columbia. In the central Okanagan alone, it has been estimated that as many as 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 B.C. communities.

The implications of the British Columbia’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 B.C. government and the BC Medical Association was launched to address growing concerns about lack of primary care. The initiative, aptly named “A General Practitioner (GP) for Me”, had as its ultimate objective securing a General Practitioner (the principal purveyor of primary care) for everyone who wants one by 2015.

Though A GP for Me has made progress, this progress has been incremental only, the shortage of primary care remains. Additional strategies to complement those used in A GP for Me are required to address this issue, not only just for the immediate future but for many more years to come.

**Solution: Recognition of the “Physician Extender” 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. The physician extenders are able to relieve doctors of the many less complicated cases, which frees the physicians to handle more patients in general. Crucially, the medical-legal responsibility for the physician extender rests with a supervising physician, which ensures that physician extenders are assigned cases 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 (often referred to as physician assistants) in the 1960s. Their use of physician extenders has led to dramatic improvements in efficiency and they are widely accepted part of the primary care system in the United States.

In Canada, physician assistants were first introduced in the Canadian Forces to address a shortage of

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military physicians, and remain an integral part of our armed forces healthcare system. As well, other provinces in Canada, including Ontario, Manitoba, Alberta and New Brunswick have trialed and made provision for the use of physician extenders. Though results are early, indications are that physician assistants can improve health efficiencies in the Canadian health care setting.\textsuperscript{14}

In British Columbia, there is an ample supply of professionals (such as nurse practitioners) 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 as examinations, assessments and consultations. Simply put, there is no practical way for physicians in British Columbia to financially integrate a physician extender into their practice.

The solution to this is simply to permit British Columbia doctors to use their Medical Service Plan billing numbers to bill for services provided by physician extenders. 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 that 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 specialty practices, which will ultimately increase the supply of family physicians in British Columbia; and
- 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.\textsuperscript{15}

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. integrate the role of “physician extenders” as an additional solution to the primary care shortage in British Columbia;


2. provide British Columbia’s family physicians with the ability and incentives to financially integrate physician extenders into their practices; and

3. support necessary training and regulation of physician extenders to ensure that British Columbians received the best quality, most cost-efficient care.
A FOCUS ON REFUGEES (2017)

Issue
The Surrey Board of Trade is the co-chair of the Surrey Local Immigrant Partnership (LIP) coalition of local service providers focusing on the needs of new immigrants and refugees. It is the only LIP coalition in B.C. with business at the table in a leadership capacity.

In 2016, after much debate, Canada accepted approximately 40,000 Syrian refugees through a mix of public and private sponsorship programs. Surrey became home to nearly half of those arriving in BC: 44% of 1,700, up 23% of all refugees combined the previous year. Approximately 60% are under the age of 18.
(Immigrant Services Society of BC – NB, figures do not include privately sponsored refugees in Surrey)

Most of the refugees do not speak English, have varying levels of trauma and medical needs, and are learning how to adapt to Canadian society. Their day-to-day settlement needs – finding appropriate housing, furniture, appropriate clothing, food and living costs, enrolling children in school, figuring out the public transit system, finding their way to medical appointments, and finding social and emotional support networks – takes the majority of their time in the first year. In addition, the emotional toll of having left loved ones behind has an understandable impact on their resettlement efforts. Service providers such as Options and DIVERSEcity have done their best to accommodate, but waitlists for services, English Language training, basic job-skills training are long. A new Syrian-Canadian association was developed in Guildford to help alleviate the pressure on services, providing food and translation assistance. The Surrey School District’s Welcome Centre is working with the Syrian students (approximately 600 expected to be enrolled by end of year). The Surrey Food Bank experienced a jump in requests with Syrian refugee families signing on.

Progress is slow to move Syrians off supports and onto stable employment. According to a recent survey of Syrian refugees by the Immigrant Services Society of BC, 76% of respondents are in federally funded adult English classes or LINC classes, 51% on waitlists have waited an average of 4 months, and 20% are taking training/education other than English towards economic integration. Only 17% are employed either full or part time, with 59% of those in Manufacturing, Construction and Trades. Of those not currently employed, 64% are actively looking. A majority of respondents, 66%, are using the food bank regularly.

The concern is that the federal support for publicly sponsored refugees is only for one year. Refugees then move to Provincial funding, which in BC is much less with the average family losing roughly $348/month. Funding varies based on size of family and housing needs, as well as health, language instruction and employment services. However, the provincial funding, though similar in base amount, does not include transportation allowances and housing supplements, leading to a substantial decrease in support especially in the tight housing /rental market of the Lower Mainland.

Given that it is unreasonable to expect refugees to find sustainable employment within a year of arrival due to waitlists for language and job skills training, as well as family health and emotional needs and the challenges of integration to a very different society, service providers are now advocating for the provincial support to be increased to help mitigate the impact of transitioning funding sources.

As reported in the Globe and Mail, December 4: The B.C. government said it is continuing to look at the issue. The province said its supports for low-income individuals can include subsidized housing and child-

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1 http://www.conferenceboard.ca/commentaries/immigration/default/15-04-08/why_canada_needs_a_national_immigration_action_plan.aspx
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care subsidies. It said refugees who are eligible for disability assistance could also receive more support than they did under the federal government.

These measures, if implemented, will help. Employment and English language training, essential for economic integration, however, are still federally funded and waitlists are long. BC currently has the highest waitlist with over 5,000 permanent residents looking for spaces, the majority in Surrey (ISS of BC report), and this prior to the influx of Syrian refugees.

Benefits
A number of the Syrian refugees have various education backgrounds such as engineering, or other professional credentials. Many have had their education interrupted and would like to continue. However, with lengthy waitlists for English instruction that will expedite employment opportunities, a provincial “top up” of the income assistance (IA) funding will assist Syrian and other refugee families transition until their English becomes relatively proficient. Two key areas are being suggested, including the reinstatement of bus passes for all employable income assistance recipients including refugees who must avail of BC income assistance (BC IA). For those BC IA recipients living outside communities without public transit (e.g. Syrians have now settled in 69 different communities throughout BC) then a cash equivalent would be provided. Without a transportation allowance it makes it extremely difficult for people to find work and/or attend English language and job-related training. The other policy area relates to the wage claw back mechanism while on BC IA. The wage claw back portion should be increased to fifty percent (50%) or higher in order for especially refugee newcomers to gain Canadian work experience without significant claw back of benefits. Currently the federal government provides all government assisted refugees with the ability while on federal income support to earn fifty percent (50%) of their monthly income support without claw back.

It should be noted that between 1979 and 1981, Canada accepted 60,000 “boat people” from Southeast Asia. Within a decade, 86% of those former refugees were working, healthy and spoke English with some proficiency, achieving the basic criteria for success set out by academic Morton Beiser in his landmark study of their integration into Canadian society (Strangers at the Gate: The Boat People). They were less likely to use social services and more likely to have jobs than the average Canadian. One in five was self-employed. They weren’t a drain on the taxpayer—they were taxpayers.

This mirrors the experience in Germany, where a 2012 study found residents with foreign citizenship paid $218 billion more in taxes than they received in social benefits. German officials have been smart to cast their willingness to accept a half-million asylum seekers each year as not just a humanitarian gesture, but as wise economic policy. In December 2015, Vancity Credit Union released a report entitled From Crisis to Community: Syrian Refugees and the B.C. Economy. The report outlined that Syrian refugees settling in British Columbia would generate at least $563 million in local economic activity over the next 20 years.²

Like Germany, Canada has a rapidly aging population. Two hundred and fifty thousand (250,000) Canadians are currently retiring annually with future projections to reach 400,000 in the near future. In fact, in December 2016, the Department of Finance released a report that indicated that the federal debt could double to $1.5 trillion by 2050-51. The report points to the major economic challenge caused by the gradual retirement of baby boomers. The demographic shift is expected to shrink work-force participation, erode labour productivity and drive up expenditures for things like elderly benefits. At the same time, the Advisory Council on Economic Growth advised the Government of Canada to increase immigration levels

² http://www.spiegel.de/international/germany/refugees-are-an-opportunity-for-the-german-economy-a-1050102.html
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to 450,000 annually as one step to address the projected challenges to the Canadian economy. On October 31, 2016 Minister McCallum announced a new immigration baseline of 300,000 per year starting in 2017 along with a signal of future higher immigration levels and a multi-year three-five (3-5 year) immigration levels plan. According to a Conference Board of Canada report we’ll need to attract 350,000 immigrants annually by 2035, up from 260,404 in 2014.

What’s needed is not just a discussion of how to facilitate immigration—of refugees and others—but how to ensure our new residents integrate swiftly into the economy. Germany has had success with an “early intervention” model that identifies skilled refugees and pairs them with opportunities as soon as possible. But all of this requires a shift in thinking. Done properly, bringing refugees into our country isn’t about charity. It’s about investing in the future of business—both theirs and ours.

Challenges
Statistically, only about 10% of refugees find employment in their first year in Canada. The concern is the need for the Province to support families that the federal government have accepted until they are sufficiently employable through English and other training. This will be a draw on provincial resources.

There is a need to ensure Syrian families continue to be supported beyond the one year federally-funded period at a level that provides sufficient economic security to continue with English and employment related training. Policy should include bringing back bus passes for all BC IA recipients or cash equivalent where no public transit exists and increase the amount that BC IA recipients can earn without claw back. Recognizing the challenge to provincial resources, once employed, Syrians will be able to contribute back to BC and Canada through taxes as well as economic activity in their community.

THE CHAMBER RECOMMENDS

That the Provincial Government works with the Federal Government:

1. to extend the federal financial support of refugees from one year to three years; and

2. to enhance education and career planning supports for refugees.

A FOCUS ON YOUTH ENTREPRENEURSHIP (2017)

Introduction
Given persistently high rates of youth unemployment in British Columbia—at 13.6 percent, more than double the national average—preparing youth to follow an entrepreneurial path is not only an acceptable choice, but also a strategic decision. There are programs in B.C. and in Canada that introduce youth to career paths, but not enough focus on developing practical entrepreneurial skills. It will take the combined support and involvement from all sectors, including businesses, to address the need for more support to develop B.C. and Canada’s future business owners.

A Surrey Board of Trade Success Story: A Long-Term Commitment
Surrey is a young, rapidly growing city with one third of its population under the age of 19. While this is a source of strength, it creates strains in key areas such as programs and services, housing and the job market. Statistics show that youth unemployment and underemployment is rising and entry-level wages do not cover the cost of living. The Surrey Board of Trade (SBoT) launched a Youth Entrepreneurship and
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Advocacy Action Plan in 2016, which is led by a team of youth and business leaders. The goal of the Action Plan is to combat unemployment, promote entrepreneurship and improve economic prospects for Surrey youth through targeted services, events, programming and mentorship.

Vital Signs 2015, a Coast Capital Savings sponsored survey of Surrey youth aged 12 to 24, showed that older youth overwhelmingly felt they had not received adequate life skills training in their elementary and secondary years and were unsure of their ability to successfully transition out of school into stable fulfilling employment. With this in mind, a key component of the SBoT strategy is to empower local elementary and secondary teachers to effectively teach entrepreneurship. Through a partnership with PowerPlay Strategies, a Surrey-based company that specializes in entrepreneurial education for youth, educators have been provided with turnkey resources and training. The customized solution also includes meaningful mentorship opportunities with the local business community.

PowerPlay Young Entrepreneurs is a curriculum-based program for grades 4-8 classrooms. Each individual student creates a real business by developing a business plan, product and marketing materials. They get loans, make sales and donate a portion of their profits to charity. This authentic, hands-on learning experience has proven to be highly engaging for all types of learners. Students develop practical entrepreneurial skills such as creativity, critical thinking and communications that can support them in all areas of life. They also discover that entrepreneurship is a viable career path.

Surrey Board of Trade also leads a second PowerPlay program called Project Enterprise in secondary school classrooms. Students develop real social enterprises and discover their ability to be change makers. They redefine success in business from an exclusive focus on profits to one that prioritizes people, the planet and profits. Whether coming up with a product that is environmentally friendly or addresses a social issue, students are encouraged to innovate and think outside the box. They conceptualize product ideas, develop prototypes and complete a market test. Again, this real-world approach to learning helps young people develop an entrepreneurial mindset that is needed in a highly competitive marketplace.

Together the Surrey Board of Trade and PowerPlay Strategies have created a model that can be easily adopted in other communities. In fact, the Surrey Board of Trade has been focused on entrepreneurial strategies for youth for the past 10 years.

Supporting the Current Workforce

With half of all owners of small and medium-sized business in Canada retiring in the next decade and youth unemployment more than double the rate of older age groups, entrepreneurship is an opportunity for youth to create jobs for themselves and others, generating tax revenue and producing the products and services that will play a vital role in our economic success. We need more of them. Corporations need to stop simply providing jobs and instead incubate entrepreneurial talent.

On a global scale, there are 73 million people between the ages of 15 and 24 who are currently unemployed; the 15 to 18 per cent of youth in Brazil, Canada, Russia and the USA, the 21 to 23 per cent of youth in France and the United Kingdom, and the 30 to 52 per cent of youth in Italy, Spain and South Africa. These are the young people we should be worried about, but they’re also the ones entrepreneurship can help save. The time for our governments to invest in creating and supporting youth entrepreneurship programs is now, because as scary as those unemployment figures are, they’re only set to climb higher, according to findings from the G20 Youth Entrepreneurs’ Alliance.¹

¹ G20 Young Entrepreneurs’ Alliance https://www.g20yea.com/
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Giving young people a real opportunity to gain control over the direction of their lives can reduce the malaise and hopelessness that permeates communities with vast numbers of unemployed youth. With basic business education and access to microloans, the economic ecosystem of whole communities can change drastically: small businesses create local jobs and keep capital circulating in communities.  

The United Nations Conference on Trade and Development (UNCTAD) developed a Policy Guide on Youth Entrepreneurship. The report builds on previous work by UNCTAD and recognizes the specific needs of young people. In summary, the five recommendations include:

1. **Optimize the regulatory environment** – Ensuring that regulations do not in themselves present barriers, the recommendations are to balance regulation and standards with development objectives, introduce transparency and ease of access through “one stop shop” bundling of business registration, etc. Overall, the purpose is to simplify regulations where it makes sense.

2. **Enhancing entrepreneurship education and skills development** – The recommendation is to begin introducing entrepreneurship awareness from the beginning of the school experience. Similar to the program that SBOT uses, educational programming from kindergarten through to post-secondary, would provide experiential, hands-on training that incorporates external mentors and would include a variety of opportunities including trades, apprenticeships, innovation, and other extra-curricular programs. Some of this has been included in the language for the new B.C. K-12 curriculum; however, there is opportunity to expand.

3. **Facilitating technology exchange and innovation** – Information and communication technologies (ICT) are critical for any new business venture, and is a particular challenge for marginalized young people (socio-economic barriers, remote locations, etc.). Incubators, research and development labs, knowledge hubs, education-industry collaboration and business mentorship are but a few ways that ICT challenges can be overcome. An appropriate policy would also include a mechanism to facilitate youth-led businesses connecting with potential clients/customers.

4. **Improving access to finance** – Challenges such as age restrictions and low financial literacy levels can be overcome by developing youth-friendly financial products, including flexible loans or a credit bureau, increasing financial inclusion, and recognizing public-private partnerships as a means of collateral for a start-up. Business mentoring should be seen as an invaluable resource for young entrepreneurs and should be encouraged.

5. **Promoting awareness and networking** – The hardest challenge for a young entrepreneur is to overcome negative attitudes and to connect with a supportive environment to foster their development. Businesses, along with governments, can jointly elevate the value of entrepreneurial programs, encourage and support peer networks, utilize media platforms to celebrate success, and to promote investments. Much of this is incorporated in the SBoT programs described above.

The recommendations through the UN report encompass both provincial and federal jurisdictions and will require collaboration between those governments and businesses to ensure that the business owners and employers of tomorrow are given the best tools to succeed. In addition, from SBoT’s success as well as the UN report recommendations, the best time to start is in the primary grades.

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JOBS, TOURISM AND SKILLS TRAINING

THE CHAMBER RECOMMENDS

That the Provincial Government works with the Federal Government to create a comprehensive youth entrepreneurship strategy, using best practices.

GROWING B.C.’S WORKFORCE THROUGH CONSISTENT INVESTMENT IN BRITISH COLUMBIA’S PUBLIC ARTS AND CULTURE SECTOR (2017)

Introduction
In 2014, this policy was written to communicate the impact the public arts and culture sector* makes in developing innovation and critical thinking skills essential to today’s workforce and how investment in this sector equates to investment in B.C.’s economic future. In 2017 this policy still aligns with the B.C. government’s commitment to make strategic investments to: “strengthen and encourage growth in key economic sectors.”

Background
The three areas addressed in the 2014 policy were capital investment in long term arts and culture infrastructure; structural review of the BC Arts Council** to ensure equitable distribution of funds; and annual core funding for the operation of regional & municipal cultural institutions with a professional mandate to provide cultural services in their community.

Creative City Network of Canada’s 2017 report “Cultural Infrastructure: An Integral Component of Canadian Communities” states: “To ensure that the cultural resources of our evolving communities are encouraged to grow and mature and to contribute to the broader development of our society, there is an urgent need to:

- Recognize and plan for cultural infrastructure as an integral component of infrastructure for 21st-century cities and communities
- Rethink our approach to cultural infrastructure, with greater attention to issues of lifecycle, the interaction of social and built infrastructure, and long-term sustainability” and further that: “There is a need for municipalities to have new tools to access and build financial resources for cultural infrastructure funding.”

One of the largest capital funding sources for public cultural facilities is through the Strategic Priorities Fund which was created to manage the disbursement of some of the funds collected through the federal gas tax program. In the 2017 Strategic Priorities Fund (SPF) Program Guidelines, The Union of BC Municipalities (UBCM) defines Cultural Infrastructure as “Infrastructure that supports arts, humanities, and heritage Museums for:

- The preservation of designated heritage sites
- Local government owned libraries and archives
- Facilities for the creation, production, and presentation of the arts
- Infrastructure in support of the creation of a cultural precinct within an urban core.”

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* Publicly funded arts and culture sector including museums.
** The BC Arts Council is an agency of the Province of British Columbia, created in 1995 through the Arts Council Act.
1 Strong Economy Supporting British Columbians – Balanced Budget 2015 Highlights, B.C. Ministry of Finance, February 17, 2015
Although the Strategic Priorities Fund can be accessed to fund art and cultural facilities and museums, against core infrastructure, cultural facilities lose out almost 100% of the time. Funds are disproportionately allocated to other sectors also eligible under the SPF, causing a gap in funding for the public arts and culture sector. For example, the 2015 SPF saw an allocation of funding of close to $100 million for local projects across B.C. Not one of those projects was for a cultural facility.

For many, art exposure and creative skills begin with early and ongoing engagement in public art galleries, museums and cultural organizations. Ontario’s Business for the Arts publication “A strategic and economic business case for private and public-sector investment in the arts in Canada” reports that funding cultural organizations releases the value of creating and presenting art to the entire community and causes a cascade of economic benefits.²

The document noted above goes into specific details as to the ROI that flows from investing in Arts and Culture by reviewing three successful Canadian organizations, but it is worth noting that the research summarized the return on investment as:

- Public sector support of the arts leverages private sector support;
- In 2007, 62% of the $958 million in external investment in the arts was from the public sector;
- Direct benefits (e.g., ticket sales, concessions) earn back the initial investment amount;
- Indirect benefits (e.g., tourism, multiplier effects) have the potential to generate even higher returns;
- As organizations mature, there is a shift from public funding to private support;
- Growth in earned revenue has usually outpaced external funding, increasing the rate of return on investment;
- Corporate benefits: regional development, corporate social responsibility, attraction of creative employees, marketing benefits; and
- Social benefits: education, community engagement, national brand identity, multiculturalism.

The report further notes that the business community can take a leadership role in investing in the arts in Canada by initiating strategic public-private partnerships.

The benefits of innovation and creative skills to business communities

B.C. Creative Futures, a B.C. government three-part strategy to support sustainable, long-term success for the province’s creative sector³ was a step in the right direction and recognized the need for funding to build a creative workforce for B.C.’s future. A 2017 - 2018 initiative that supports public art organizations are capital grants from the British Columbia government is the “Collaborative Spaces Program” under the Ministry of Community, Sport and Cultural Development’s Creative Economy Strategy a plan to grow the creative economy.⁴

What is referred to as the creative sector could include most business sectors in British Columbia. Some businesses that currently rely on the artistic and creative minds in B.C.’s workforce are: the Digital and Internet Technology Industry, the Film and Television Industry, the Building and Structural Design Industry, Publishers, the News and Broadcast Sector, The Fashion Industry, The Culinary Sector, The Jewelry Industry, Product Design and Manufacturing, Urban and Landscape Designers, Educational Institutions, Tourism, the for-profit Arts and Culture Sector and Sciences.

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⁴ B.C.’s Ministry of Community, Sport and Cultural Development, “Collaborative Spaces” http://www2.gov.bc.ca/gov/content/sports-culture/arts-culture/creative-economy/collaborative-spaces January 18th, 2017
Most think of sciences as not relating to the arts, but a study by a team of multidisciplinary researchers following a group of Michigan State University Honors College graduates from 1990 to 1995 who majored in science, technology, engineering or mathematics (STEM), indicates otherwise. They found of that group, those who own businesses or patents received up to eight times more exposure to the arts as children than the general public. This study is one of several linking engagement in the arts with significant increases in performance in sectors not traditionally associated with the arts. The arts may not have been essential for these students to become scientists but the ones who had exposure to the arts performed better from a business perspective. Exposure to the arts improves creative and critical thinking, useful skills for most occupations.

One study resulting in improved critical thinking skills involved nearly 11,000 students and almost 500 teachers participating in a year long, random-assignment study of school tours to the Crystal Bridges Museum of American Art in Bentonville, Arkansas, where it was determined that strong causal relationships do in fact exist between arts education and a range of desirable outcomes.

Students who, by lottery, were selected to visit the museum on a field trip demonstrated stronger critical thinking skills, displayed higher levels of social tolerance, exhibited greater historical empathy and developed a taste for art museums and cultural institutions.

In Dr. Sharon McCoubrey’s (professor, University of British Columbia Okanagan) speech on “Letting the Arts Contribute to your Economic Success” she teaches communities about the distinct correlations between economic success and investment in the arts. When addressing global competitiveness, she quotes Robert Lynch: “In today’s global economy, the competitive business edge belongs to innovators - those providing creative solutions that lead to prosperity in the marketplace. Leaders in government, business, and education are getting savvy to what those in the arts have long known: to fuel creativity and innovation, you need to invest in the arts.”

British Columbia’s public art galleries, museums and cultural organizations are accessible to all B.C.’s citizens and function as foundations and hubs for most other arts and culture activities in our communities. These public organizations provide arts and culture exposure, experience and education to all age levels on a consistent and ongoing basis and are essential to building a creative workforce.

**British Columbia’s public arts sector’s role in the B.C. Creative Economy**

As foundations and hubs to many arts and culture activities in B.C.’s communities, public arts and cultural organizations can play key roles in developing British Columbia’s creative economy under their own programming and also as part of the B.C. government’s Creative Economy Strategy. Many of the almost 300 B.C. public art galleries, museums and art organizations are foundations for other art and cultural activities in their communities across the province.

Most current funding for this sector is obtained through annual provincial funding applications, one time

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6 Kisida, Brian, senior research associate and Greene, Jay P., professor of education reform at the University of Arkansas. Bowen, Daniel H., postdoctoral fellow at the Kinder Institute of Rice University. “Art makes you smart” New York Times, 23 November 2013
8 B.C. Ministry of Sports, Recreation, Arts & Culture’s “Creative Economy Strategy” http://www2.gov.bc.ca/gov/content/sports-culture/arts-culture/creative-economy/creative-economy-strategy
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Project based funding applications and through municipal funds. Some larger public arts and cultural organizations also successfully apply for federal funding. These funding sources vary in amounts and frequency year to year and vary from community to community at times resulting in cuts to projects or staffing.

The BC Alliance for Arts + Culture’s 2017 Provincial Election Platform for Arts, Culture and Heritage states that: “A series of research projects 9, carried out for the Alliance by Hill Strategies Research Inc. and funded in part by the Vancouver Foundation, included an analysis of the revenue sources of 19 B.C. arts organizations from eight communities compared to 37 arts organizations in other provinces. A key finding of the study was that provincial and federal government funding tends to be lower for B.C. arts organizations than similar organizations in other provinces.”

Per Capita Arts Council Funding by Province

Alieda Blandford, Reference Librarian | Legislative Library of British Columbia, provided a current table of per-capita Arts Council funding by province (table below), with reference to the latest provincial budgets and population data. (PEI, Yukon, and Nunavut are not included, due to the complexities of their funding models.)

<table>
<thead>
<tr>
<th>Province</th>
<th>Total Arts Council Funding (Year)</th>
<th>Population (Year)</th>
<th>Per Capita Arts Council Funding</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>24 Million (17/18)</td>
<td>4,777,157 (Jan 1, 2017)</td>
<td>$5.02</td>
<td>6</td>
</tr>
<tr>
<td>Alberta</td>
<td>31.6 Million (17/18)</td>
<td>4,280 Million (Jan 1, 2017)</td>
<td>$7.38</td>
<td>3</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>7,358,000 (15/16)</td>
<td>1,150,600 (July 1, 2016)</td>
<td>$6.39</td>
<td>5</td>
</tr>
<tr>
<td>Manitoba</td>
<td>9,623,000 (16/17)</td>
<td>1,339,308 (June 1, 2016)</td>
<td>$7.19</td>
<td>4</td>
</tr>
<tr>
<td>Ontario</td>
<td>60,862,400 (15/16)</td>
<td>13,982,984 (July 1, 2016)</td>
<td>$4.35</td>
<td>8</td>
</tr>
<tr>
<td>Quebec</td>
<td>94,717,964 (14/15)</td>
<td>8,326,089 (July 1, 2016)</td>
<td>$11.38</td>
<td>1</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>1,430,325 (15/16)</td>
<td>756,800 (July 1, 2016)</td>
<td>$1.89</td>
<td>10</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>3,565,628 (15/16)</td>
<td>949,500 (July 1, 2016)</td>
<td>$3.76</td>
<td>9</td>
</tr>
<tr>
<td>Newfoundland</td>
<td>2,356,910 (15/16)</td>
<td>529,696 (Jan 1, 2017)</td>
<td>$4.45</td>
<td>7</td>
</tr>
<tr>
<td>NWT</td>
<td>500,000 (2016)</td>
<td>44,263 (January 2017)</td>
<td>$11.30</td>
<td>2</td>
</tr>
</tbody>
</table>

The 2015-2016 provincial and territorial budget analysis, “In Search of the Creative Economy”, published by the Canadian Conference of the Arts Centre on Governance, Ottawa, Ontario, provided an overview of these budgets. Here are some of the statistics:

- With a B.C. government budget surplus of nearly $300 M in 2015-16, the budgets dedicated to arts and culture: the envelopes for Creative BC, Arts Culture and BC Arts Council, and the BC Arts and Culture Endowment Special Fund remained virtually the same (total increase of 0.05% over 2014-15, from $26,063M to $26,79M);10

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9 http://www.hillstrategies.com/content/british-columbia-arts-and-culture-research-projects

The BC Chamber of Commerce 2017-2018 Policy and Positions Manual 191
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- B.C. consistently has the 3rd highest culture GDP and jobs in the country ahead of Alberta and behind Ontario and Quebec. Our culture GDP represents three percent of B.C.’s economy and 12.2% of culture GDP in Canada.\(^{11}\)

- Federal government funding for the Canada Council for the Arts, 2016-17 is set to $220 million—a 20% surge, but $140 million short of the original fall promise of $360 million. The doubling of the Council budget to $360 million under this plan is scheduled to happen in 2020–2021.\(^{12}\)

In the Alliance for Arts + Culture, Executive Director, Brenda Leadlay’s 2016 submission to the B.C. legislature’s standing committee on finance and government services states that “British Columbia has more artists per capita than any other province but remains the province with the lowest cultural funding per capita, despite the fact that B.C. residents rank in the top three provinces with the highest cultural consumption rates of arts and culture. Most arts organizations in B.C. still face the same three issues - staff capacity, facilities, and financial stability.”

Conclusion
For B.C.’s public Arts and Cultural sector to move into the future with B.C.’s Creative Future’s Strategy and help build a provincial creative workforce for our business community, consistent and long-term funding for B.C.’s public art galleries, museums and cultural organizations is an investment in our future economy.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. establish a separate and dedicated capital fund for cultural facilities by allocating funds from the Strategic Priorities Fund and creating a new fund that British Columbia’s local governments can access for investment in long term strategic arts and culture infrastructure for public art galleries, museums and cultural amenities; and

2. work with all stakeholders to develop a strategy to reach the “aspirational goal” of ensuring B.C. is among the provincial leaders in funding the public arts and cultural sector on a per/capita basis while continuing to strengthen the provisioning organizations such as the BC Arts Council.

MANUFACTURING – A SKILLED WORKFORCE (2017)

Introduction
In the Canadian Manufacturers & Exporters (CME) Industrie 2030 report, 35% respondents to a Management Issues Survey indicated that attracting or retaining skilled labour was one of their three most pressing challenges.\(^1\) This topped the list of all possible responses. Further, CME reports that close to 60% of businesses anticipate skilled labour shortages in 5 years. There are multiple strategies to attract youth to trade programs and to attract skilled immigrants. A third approach may be required to meet the growing

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\(^{11}\) Brenda Leadlay, executive director, B.C. Alliance for Arts + Culture “B.C. Alliance for Arts + Culture pre-budget submission zeroes in on economic and social benefits of the arts” The Georgia Straight http://www.straight.com/news/793866/alliance-arts-culture-pre-budget-submission-zeroes-economic-and-social-benefits-arts


JOBS, TOURISM AND SKILLS TRAINING

skills gap: a flexible, easily accessible incentive program for employers to upgrade the skills of existing employees and potential hires to meet their specific skill requirements.

Background
A Google search for “Canadian skills gap” yields about 349,000 results, mostly news-media and “grey” literature articles. Anecdotally, employers decry the lack of skills, which leave positions unfilled. Unemployed or underemployed university graduates decry the lack of opportunities in their fields. Industry associations, such as CME, advocate for developing a stronger skilled workforce in Canada as part of their Industry 2030 reports.2

Loosening immigration and temporary foreign worker regulations to assist employers access skilled labour or introducing the trade careers earlier in the education stream to foster a change of perceptions regarding employment prospects are often proposed. One concept that has yet to be brought forward in any substantive form is using tax credits to provide incentives for personal or in-house training.

Despite a variety of programs, grants and tax incentives there is no over-arching flexible opportunity to encourage employers and employees to work together to fill any skills gap. Employers spend less on training than in previous decades3 and attracting good workers has become challenging since wages have stagnated.4

There are a number of programs that provide some incentives through grants and other tax credits, however they are limited in various ways to specific demographics and circumscribed circumstances. The Canada – BC Job Grant provides up to $10,000 to employers per employee. However, the grant only applies to certain demographics, is available for a certain period of the year (April through August), must be applied for well in advance of that training period, and it comes in the form of a reimbursement for only two-thirds of the cost requiring the employer and/or employee to pay for tuition up front.5 There are tax credits available through WorkBC for very specific industries and activities6 There is a federal wage subsidy program for youth only.7 And for older workers, there is an employment assistance program for re-training – but only if the worker is unemployed, in a community experiencing high unemployment or economic downturns.8 The best program by far is the Training Tax Credit for apprenticeships through the Industry Training Authority.9

The targeted nature of grants and credits are very helpful to employers to onboard minorities and the sometimes hard to employ. However, if an employer requires a very specialized skill set and has an employee who, with a bit of training, could fill the gap, there is little to support either party, particularly for small to medium sized entities.10

5 https://www.workbc.ca/Employer-Resources/Canada-BC-Job-Grant.aspx
http://smallbusinessbc.ca/canada-bc-job-grant/
6 Training Tax Credit https://www.workbc.ca/Employer-Resources/Funding-and-Programs/Incentives-and-Tax-Credits.aspx
7 “Get Youth Working” for BC, 15-29 years old, providing a $2,800 hiring incentive. http://canadabusiness.ca/grants-and-financing/government-
grants-and-financing/wage-subsidies/
9 http://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/training/employer
10 Employer/employee tax deductions for scholarships, etc -- “In this situation, the amount of the scholarship or bursary is considered to be employment income for the employee or former employee.” http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrl/bnfts/dctn/tn-eng.html
JOBS, TOURISM AND SKILLS TRAINING

Employees, whether full or part-time, in their chosen career or underemployed based on their degree attainment bear some responsibility for their own training, but many are caught with student debt and minimum wage positions. Workers cannot gain experience because employers are reluctant to take on those who may require additional skills mentoring. Full time workers with families are unable to shoulder the high cost of tuition that is required for them to keep up with the changing nature of their employment. This is particularly true for positions that are becoming more vulnerable with the rapid advances in technology. Further, employees and/or students are eligible for a small tax deduction for tuition fees, but effective January 1, 2017, related education and textbooks deductions were eliminated.

Employers in Ontario were asked why they are reluctant to train, especially the small and medium enterprises who are not training their employees in any substantive manner. The Ontario Chamber of Commerce and Essential Skills Ontario (2014) concluded:

Employers are not training due to a couple of key factors, including cost, risk of turnover and ‘poaching,’ and a lack of human resource capacity. The success of employer-driven training programs is contingent on employer engagement. It is vital that government design training and employment programs so that they overcome these barriers. Training and employment programs should be easy to access for businesses, offer flexible training options to the workers who need it, and make room for not-for-profit and private service providers to play an intermediary role in the new training and employment system. [Emphasis added]

Similarly, employers need to get more engaged in building the skills of their employees. Ontario’s population is aging and our workforce is shrinking. Some 28 percent of OCC members are having trouble filling job vacancies…

B.C.’s situation of aging workers and the need for specialized skills would, no doubt, be similar to what the researchers for Ontario found. And, as listed, programs for B.C. employers are limited and at times difficult – more a challenge and a barrier than an incentive. Streamlining opportunities and simplifying application processes would greatly enhance the ability of employers, particularly the small and medium sized entities, to engage in developing their own workforce.

Employers no longer have the luxury of hiring a made-to-order employee as the nature of the labour force has changed; and, employees no longer have job security as the nature of their work is rapidly changing due to advances in technology. An over-arching strategy of incentives for skills-upgrading on the job would encourage employers and employees to fill their own gaps with their own resources, particularly when employees have the opportunity to tailor their skills sets to the need at hand.

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14 Effective January 1, 2017, the federal education (a $ amount x #of months) and textbook tax credits will be eliminated. http://www.cra-arc.gc.ca/tx/ndvlds/tpsncm-tx/trtn/empmtng/ddctns/lns300-350/323/ment-eng.html

JOBS, TOURISM AND SKILLS TRAINING

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. develop an easily accessible and understood portal to the tax credits and grants currently available for individually-funded and employer-sponsored education expenditures; and

2. give due consideration to expanding tax credits and grants and be more flexible to assist businesses fill diverse and specific skills gaps as they emerge.

SUPPORTING THE LABOUR NEEDS OF TODAY AND TOMORROW - B.C. PROVINCIAL NOMINEE PROGRAM (2017)

Opening Statement
While immigration is a federal matter, provinces and territories have received a growing role in the selection of immigrants over the past two decades by way of bilateral agreements with the federal government. These bilateral agreements create Provincial Nominee Programs (PNPs) under which each provincial government has an annual nomination limit for the selection of foreign applicants best suited for that specific province/territory. Such applicants, if nominated, are provided expedited processing of their work permit and permanent residency applications. In some provinces, such as B.C., the PNP allotments are continually over-subscribed, while in others it is under used. Further, the majority of settlement tends to be in large urban cores, which can lead to the stagnation/decline of rural areas and ongoing difficulty attracting workers to smaller centres.

Background
Two key factors will determine long-term growth in B.C.’s economy: productivity performance, and the extent to which the labour force expands over time. The hurdles to achieving long-term growth include an ageing population, a low natural birth rate, and intense global competition for talent. A 2016 report found that B.C. will need an extra 20,000 to 32,000 skilled workers annually between 2017 and 2025 to fill projected job vacancies. As the natural birth rate—the lowest in Canada—declines, increasingly employers must look to foreign sources to expand the talent pool. In fact, in the not-too-distant future, immigration will be the only source of significant population growth.

Immigration, Refugees and Citizenship Canada (IRCC) handles large volumes of permanent and temporary resident applications across its extensive global processing network. The process of managing immigration files includes protecting the health, safety and security of Canadians. In collaboration with partners in the Public Safety portfolio as well as the Department of Justice and Health Canada, IRCC works to identify applicants who could pose security or health risks to Canadians. IRCC also works in partnership with other countries to mitigate risks and protect Canada from international threats.

Every foreign worker must obtain a work permit to legally work in Canada. The process by which a work permit is issued involves a complex employment confirmation scheme involving Employment and Social Development Canada (ESDC) and IRCC.

As a general rule, an IRCC visa and immigration officer is not authorized to issue a work permit to a foreign worker unless, in the opinion of the officer, there are insufficient Canadians or permanent residents who can fill the potential position.
Involvement of ESDC is a convenient way for visa and immigration officers to determine whether the employment of the foreign worker is justified given current labour market conditions. With a confirmation of a valid job offer and a favourable opinion known as the "labour market impact assessment" (LMIA) from ESDC – provided security and medical qualifications have been met - the visa and immigration officer will then issue a work permit to the foreign worker. The process generally requires consultation with the employer and ESDC, national advertising and/or recruitment efforts, substantial documentary support and possible involvement of other government agencies.

IRCC manages the permanent entry of foreign workers under the category of Economic Class, including programs such as Federal Skilled Workers, Live-in Caregiver, and Provincial Nominee (PNP).

According to IRCC, the PNP has four main objectives:
• increase the economic benefits of immigration to provinces/territories based on their economic priorities and labour market conditions,
• distribute the benefits of immigration across all provinces/territories,
• enhance Federal-Provincial-Territorial collaboration, and
• encourage the development of official language minority communities.

Provincial/territorial governments are responsible for:
• designing their PNP program and establishing the program requirements,
• recruiting and nominating the immigrants who will apply to their PNP, and
• monitoring, evaluating and reporting on their PNP.

In B.C., the PNP is based on the federal nomination allocation and program processing capacity. In B.C., the PNP has nomination categories that focus on different skills levels. Generally, the program can be broken down into the following broad categories, including:

1. Entry Level and Semi-Skilled (ELSS), which has a specific focus on supporting workers in the NorthEast development region of the province, and

2. High Skilled categories, such as:
   a. skilled workers(regular and Express Entry);
   b. international students (regular and Express Entry);
   c. international students graduating with post-graduate degrees in the health, technology or applied sciences (regular and Express Entry); and
   d. health care professionals: regular and Express Entry.

B.C.’s nomination allocation has been increased upon request, being set at 3,800 for 2013, and increased to 4,150 for 2014 and 5,800 for 2015. For 2016, the allocation was 6,000 nominees, which is still higher than any other province. The provincial government requested an allocation of 9,000 nominations from the federal government for 2017, and has been approved for 6,000.

While the BC PNP has grown substantially in response to the provincial government’s requests for additional nominations, program demand and provincial labour market needs continue to exceed the annual allocation of nominations. Further, the program lacks responsiveness to the staffing of large-scale projects of strategic importance to B.C. and Canada. Projects such as the large-scale LNG proposals have the

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1 This stream does not require a job offer.
potential to create a large surge in applications to the program, as experienced skilled overseas workers apply to immigration programs like the PNP to both train and work alongside Canadian workers for the construction and operations of the LNG projects.

Furthermore, an inability to expand the labour pool to sustain and grow economies creates a risk of long-term stagnation/decline for some communities. Three solutions help to align opportunities with applicants and to mitigating regional disparities:

1. Presently, not all provinces and territories are able to fully utilize their allocation. As has been done in the past, when it appears a full allocation may not be used, it makes practical sense that the forecasted unused allocation be transferred to another province/territory that is over-subscribed. This enables B.C. and Canada to be responsive to global as well as regional conditions;

2. B.C. already has innovative programs such as the provincial Health Match BC, which – through BC PNP - provides physicians and allied health care professionals with a direct and expedient route to obtain permanent residency status in Canada. There could be similar matching programs, such as for skilled technology workers, that could build on the momentum in key in-demand sectors and that can be distributed throughout the province; and

3. PNP applicants tend to cluster around high profile urban areas. For example, the vast majority of new immigrants in B.C. choose to live in the already capacity-stretched lower mainland. For example, since 2010, the Lower Mainland has received between 28,650 and 36,040 immigrants each year, while the rest of B.C. received between 2,906 and 2,283. Secondary migration is not specifically recorded, so it is unknown how mobile this population is over time. With such data, programs could be expanded/enhanced to attract applicants and/or landed immigrants to smaller centres in the province.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. work with the Government of Canada to:
   a. increase PNP’s annual nomination limit to meet the labour requirements of large-scale projects of strategic importance and align with provincial economic trends; and
   b. allow unused allocations to be transferred between provinces/territories;

2. develop streams for other sectors, such as technology, engineering, and skilled trades;

3. collect data on secondary migration patterns to support the attraction and mobility of immigrants to smaller centres throughout the province; and

4. ensure that adequate resources are available to maintain effective BC PNP processing times.

SUPPORTING B.C.’S LAND-BASED WINERIES, CIDERIES AND DISTILLERIES (2016)

Agri-tourism offers farmers tremendous opportunity to add value to their operations, enhance local economies and educate visitors. Wine-based agri-tourism supports a visitor economy in B.C.’s wine growing regions. Wineries are a catalyst for tourism in many regions. A 2011 report on the economic impact

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1 The term 'wineries' here is meant to include cideries and distilleries)
JOBS, TOURISM AND SKILLS TRAINING

of the wine and grape industry in Canada estimated that there were 800,000 wine-related tourists who have a total impact of wine-related tourism of $476,428,000 in British Columbia. Estimates suggest that for every bottle of wine produced in the province, there is $42 of economic impact generated. A 2008 report estimated that the Liquor Distribution Branch (LDB) generates over $800 million annually which goes into general revenue of B.C. government revenues (see Appendix A). Farm-based wineries attract visitors to the region from all around the world to sample the wine, taste local foods, see local sites and stay in local accommodations. A strong, well-known cluster of wine producers entices visitors and attracts export dollars into their communities and regions and contributes to B.C.’s more than $13 billion tourism economy. A healthy tourism and hospitality industry contributes provincial and local taxes, creates jobs, enhances civic pride and provides visitors and residents with leisure activities.

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-based wineries. B.C.’s Liquor Control and Licensing Branch categorizes all wineries in B.C. as either ‘Land-Based’ (LB) or ‘Commercial’ wineries. LB wineries must: produce wine made from 100% B.C. 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 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).

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). (See BCAA Property Classes info and Appendix B – Taxation Rates). However, a review of B.C.’s farm related terms clearly identifies viticulture as a farming activity (See Appendix C - Definitions). As an 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 viticulture practices; develop better quality wines; hire, train and develop staff; invest in tourism infrastructure; and market their product. If adopted, the recommended development of a B.C. appellation system that supports Land-Based wineries using only grapes grown in designated viticulture areas in B.C. are likely to produce even more unique wine tourist experiences. B.C.’s wine tourism regions can only benefit from the production of excellent wine products and tourism experiences.

3 See: http://www.winebc.org/news/view/68
4 See WineLaw.ca
5 See http://www.tiabc.ca/about-tiabc
7 See https://winecountrybc.wordpress.com/tag/terroir-bc/
What are other Canadian wine destinations doing?
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 B.C. 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 Strategy.8 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.

Conclusion
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 significant9. B.C.’s governments need to support LB wineries in order to remain competitive with other wine producing regions in Canada and other regions globally. 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 beverages) and Class 5: Light Industry assessment applied to buildings on agricultural properties only when the activity 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 B.C. An ensuing plan or strategy needs to work in concert with B.C.’s Agri-tourism policies and regulations.10

Appendix A – B.C. government tax revenue through LDB

The provincial government receives significant tax revenue from wine through the Liquor Distribution Branch (LDB). The estimated wholesale price of a $20 bottle of Canadian wine purchased at a BC Liquor store is $7.20. The difference is explained below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Taxes</td>
<td>$3.04</td>
</tr>
<tr>
<td>LDB Markup</td>
<td>$9.10</td>
</tr>
<tr>
<td>LDB Fees</td>
<td>$0.60</td>
</tr>
</tbody>
</table>

8 See http://www.omafra.gov.on.ca/english/about/wine-grape-strat.htm
9 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.
The wholesale cost of $7.20 includes winery costs, wholesale markup and freight.

### Appendix B - Taxation Rates

**Local Government Tax Rate and Assessments 2015** (more stats [here](#))

<table>
<thead>
<tr>
<th>Municipalities</th>
<th>Type</th>
<th>Purpose of Tax Rate</th>
<th>RD</th>
<th>Residential</th>
<th>Utilities</th>
<th>Supportive Housing</th>
<th>Major Industry¹</th>
<th>Light Industry</th>
<th>Business</th>
<th>Managed Forest Land</th>
<th>Recreation</th>
<th>Non-Profit</th>
<th>Farm¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional District</td>
<td>0.3687</td>
<td>1.2900</td>
<td>0.3687</td>
<td>1.2536</td>
<td>1.2536</td>
<td>0.9033</td>
<td>1.1061</td>
<td>0.3687</td>
<td>0.3687</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hospital</td>
<td>0.4704</td>
<td>1.6464</td>
<td>0.4704</td>
<td>1.5994</td>
<td>1.5994</td>
<td>1.1525</td>
<td>1.4112</td>
<td>0.4704</td>
<td>0.4704</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>School</td>
<td>2.3981</td>
<td>13.6000</td>
<td>0.1000</td>
<td>5.8000</td>
<td>5.8000</td>
<td>5.8000</td>
<td>2.2000</td>
<td>3.3000</td>
<td>6.9000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>0.0598</td>
<td>0.5037</td>
<td>0.0002</td>
<td>0.5037</td>
<td>0.1686</td>
<td>0.1684</td>
<td>0.3386</td>
<td>0.0598</td>
<td>0.0598</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Which properties fall within Class 5 Light Industry?**

  Property used or held for extracting, manufacturing or transporting products, including ancillary storage, fall into Class 5. Examples of properties in Class 5 include: scrap metal yards, wineries and boat-building operations. Exceptions include properties used for the production or storage of food and non-alcoholic beverages, which fall into Class 6.

- **What land is eligible for Class 9 (Farm)?**

  The Classification of Land as a Farm Regulation, B.C. Reg. 411/95, made under the Assessment Act, provides that, upon application, the following land may qualify for farm class:
  a) land used for a qualifying agricultural use;
  b) land used for purposes that contribute to a qualifying agricultural use (e.g., irrigation, access to farm outbuildings, shelter belts);
  c) land used for a farmer’s dwelling;
  d) land in an agricultural land reserve (ALR) that is used for a retired farmer’s dwelling;
  e) land used for the training and boarding of horses when operated in conjunction with horse rearing; and
  f) in some cases, vacant land associated with a farm.

Other requirements will also apply.

All farm structures used in connection with the farm operation, including the farmer’s dwelling, will be classified as Class 1 - residential.

### Appendix C - Definitions

- **B.C. Ministry of Agriculture** [Guide for Bylaw Development in Farming Areas](#)
  - **Farm Building** means any building which is used in a farm operation.
  - **Farm Business** means a business in which one or more farm operations are conducted, and includes a farm education or farm research institution to the extent that the institution conducts one or more farm operations.
  - **Farm Class** means a designation given to a lot or part of a lot that is classified as a “farm” under the BCAA.
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- **Agriculture Land Commission Act**
  - "farm use" means an occupation or use of land for farm purposes, including farming of land, plants and animals and any other similar activity designated as farm use by regulation, and includes a farm operation as defined in the Farm Practices Protection (Right to Farm) Act;

- **Farm Practices Protection (Right to Farm) Act**
  - "farm business" means a business in which one or more farm operations are conducted, and includes a farm education or farm research institution to the extent that the institution conducts one or more farm operations;
  - "farm operation" means any of the following activities involved in carrying on a farm business:
    1. growing, producing, raising or keeping animals or plants, including mushrooms, or the primary products of those plants or animals;
    2. clearing, draining, irrigating or cultivating land;
    3. using farm machinery, equipment, devices, materials and structures;
    4. applying fertilizers, manure, pesticides and biological control agents, including by ground and aerial spraying;
    5. conducting any other agricultural activity on, in or over agricultural land; and includes
       1. conducting turf production
       2. specialty wood crops, or
       3. specialty fibre crops prescribed by the minister;
    6. conducting turf production
    7. conducting turf production
    8. in an agricultural land reserve with the approval under the Agricultural Land Commission Act of the Provincial Agricultural Land Commission;
    9. aquaculture as defined in the Fisheries Act if carried on by a person licensed, under Part 3 of that Act, to carry on the business of aquaculture;
    10. raising or keeping fur bearing animals or game, within the meaning of a regulation made under the Animal Health Act, by a person licensed or permitted to do so under that Act;
    11. [Repealed 2014-16-107.]
    12. processing or direct marketing by a farmer of one or both of
       1. the products of a farm owned or operated by the farmer, and
       2. within limits prescribed by the minister, products not of that farm, to the extent that the processing or marketing of those products is conducted on the farmer's farm;
       but does not include
    13. an activity, other than grazing or hay cutting, if the activity constitutes a forest practice as defined in the Forest and Range Practices Act;
    14. breeding pets or operating a kennel;
    15. growing, producing, raising or keeping exotic animals, except types of exotic animals prescribed by the minister;

- "farmer" means the owner or operator of a farm business;

- BC Assessment Authority
  - Farm – no definition found

- B.C. Ministry of Agriculture Regulating Ari-tourism and Farm Retail Sales in the ALR
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- **Agri-tourism** is a tourist activity, service or facility accessory to ALR land classified as a farm under the Assessment Act, if the use is temporary and seasonal, and promotes or markets farm products grown, raised or processed on the farm.

- **Farm retail sales** if all of the farm product offered for sale is produced on the farm on which the retail sales are taking place, or at least 50% of the retail sales area is limited to the sale of farm products produced on the farm on which the retail sales are taking place and the total area, both indoors and outdoors, used for the retail sales of all products does not exceed 300 m².
TRANSPORTATION AND ITS ROLE IN B.C.’S EXPORT ECONOMY (2016)

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. As one example, the Vancouver Fraser Port Authority (doing business as 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.

The Port of Vancouver is Canada’s largest port with a full range of facilities for the international shipping community, including Class 1 railroads. The Port of Vancouver offers 28 major marine terminals and extensive on-dock rail facilities. Almost 95% of the port’s total volume serves Canadian import and export markets. In 2014, the Port of Vancouver handled 140 million tonnes of bulk and container cargoes valued at $187 billion.

As B.C. looks to expand its export capacity, we face increasing opposition to a range of export projects. This opposition is based on fear, misinformation and a lack of a factual base. The primary focus of this opposition has been on carbon-based exports.

Coal has been mined in B.C. since the 19th century. As of 2012, coal was produced from ten mines in three regions of B.C. The five mines in southeast B.C. and four in northeast B.C. produce mainly steelmaking coal, while a single mine on Vancouver Island has produced thermal coal for the past 20 years. Coal production for British Columbia is forecast to be about 29 million tonnes for 2014, down from 31 million tonnes in 2013.

The Coal Association of Canada reports that Canadian coal production has been around 60 million tonnes over the last decade, however, in 2012 coal production increased to 67 million tonnes. Of this 38 million tonnes (56%) was thermal coal produced mainly in the prairies and 29 million tonnes was steelmaking (metallurgical) coal, produced in Alberta and B.C. There is a strong case for the Chamber to support continued production and export of both thermal and metallurgical coal.

B.C. exports of thermal coal originate from mines on Vancouver Island, and mines in Alberta and the United States. The thermal coal, in variable quantities is exported from Ridley Terminals in Prince Rupert, Westshore Terminals in Delta and from Texada Island in the Georgia Strait near Powell River.

Due to a prolonged and steep decline in thermal coal prices, changes in market demand and policy disincentives, Quinsam coal mine on Vancouver Island suspended coal production indefinitely in January 2016. Mine operations were placed into care and maintenance and all contractual supply commitments are being met from existing inventories.

Pricing has been steadily dropping as a direct result of continued economic underperformance of major Asian countries such as China, and over-supply of coal on the market currently. However, the long-term prospects for the coal industry remain positive. Global metallurgical demand is projected to increase 50% (from 290 Mt to over 450 Mt) in the next 20 years and the global thermal export market is expected to double from 963 Mt to 2000 Mt.

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1 Association of Canadian Port Authorities website www.acpa-ports.net/industry/cpafacts.html
3 Nanaimo Daily News, Quinsam Coal Mine Operation Shuttered January 9, 2016
4 Coal Association of Canada Fact Sheet 2016 www.coal.ca
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Markets for B.C. coal include Asian countries, especially Japan, China, South Korea and India, as well as countries in Europe and South and North America. Most of the coal produced in southeast B.C. is transported by rail to the Westshore Terminals export facility south of Vancouver. Coal from northeast B.C. mines is transported by rail to Ridley Terminals Inc. export facility at Prince Rupert. Approximately two-thirds of the 2011 production on Vancouver Island was destined for international markets and was shipped from Texada Island in the Georgia Strait.\(^5\)

Coal is the predominant export commodity from B.C. ports and currently represents 22% of B.C.’s exports destined primarily overseas where it is used for steelmaking and energy production.

Metallurgical coal is used in steelmaking and thermal coal is used for energy production. Lower Mainland terminals have been safely transporting and handling coals for decades and will continue to uphold the highest environmental and community standards.

It is sometimes argued that our coal production and utilization contribute to the total world carbon emissions and, therefore, we should not be exploiting the resource. This is naïve as rapidly developing countries (such as China and India), continue to develop a growing demand for steel and energy. Worldwide, the use of coal as an energy source remains crucial to the economies of many developed and developing countries. 40% of the world’s population still relies on coal for energy, including the United States and Canada. It is predicted that around 1 billion people will still be living without electricity by 2035. Without coal as a part of the energy mix, millions of people will needlessly remain in poverty. The marketplace for these commodities will simply purchase their requirements from other sources. Far better that coal be produced here where we have rigorous environmental regulation and oversight.

British Columbians benefit greatly through our coal production. In 2011, net revenues from coal mining totaled $5.186 billion. Mining shipments totaled 36.014 million tonnes of which coal shipments are the major component (24.488 million tonnes of metallurgical and 471 million tonnes of thermal).\(^6\)

Moreover, these shipments make up the major component of rail shipments in the provinces; whether B.C.’s rail (and port) systems could be sustained without these shipments is questionable.

B.C. coal export facilities currently consist of Ridley Terminals in Prince Rupert, Westshore and Neptune terminals within the Port of Vancouver and a proposed direct transfer facility at Fraser Surrey Docks. Similarly, to Westshore Terminals, metallurgical and thermal coal are also moving at capacity through the Prince Rupert northern gateway at Ridley Terminals. To meet increasing demand, Prince Rupert undertook a major expansion and upgrade to double their capacity output to 25 million tonnes. In 2014, the Prince Rupert Port Authority handled over 20 million tonnes of grain, coal, chemicals, forest products, and containers, surpassing previous records.\(^7\)

While their mine sources are primarily northern British Columbia, like Westshore, they also handle coal from Alberta and the United States. All of these terminals with the exception of Fraser Surrey Docks, have historically handled the export of both metallurgical and thermal coal. Thermal coal is also routed in transit through B.C. from Alberta and the United States sources creating further revenue and job opportunities for British Columbians in our rail and port facilities. The current coal handling terminals with rail access have largely reached expansion capacity and thus the demand for additional export capacity must be addressed.

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6 PricewaterhouseCoopers (PwC) LLP Forging Ahead: The Mining Industry in BC 2011
7 Association of Canadian Port Authorities website www.acpa-ports.net/industry/cpafacts.html
The proposed Fraser Surrey Docks LP (FSD) will see an investment of $45 million to construct a new coal handling facility to its terminal operations within its existing footprint. Initial projections are for the handling of up to four million metric tonnes within a 14 to 60-month construction window with plans of increasing in the future if required. This additional traffic will supplement the excess coal handling capacity at Westshore Terminals – on the same inbound rail lines – where 27.3 million tonnes have been reported as exported in 2011. Of this amount, 8.2 million tonnes of thermal coal are included which originated from the same mine source along with some additional tonnage from other mines. The economic impact of increased coal tonnage via the proposed Fraser Surrey Docks routing is estimated to increase the workforce of Fraser Surrey Docks with 50 high-paid jobs.

FSD is the largest employer on the Fraser River waterfront, with more than 300 full-time employees. FSD has been a major employer and contributor to local communities for over 50 years, handling over $3 billion dollars-worth of goods annually. FSD has directly contributed over $280 million dollars to B.C. communities over the last 5 years through wages, taxes and buying of local goods and services.8

On August 21, 2014, FSD was granted a permit by the Port of Vancouver that gives it conditional approval to build and operate a Direct Transfer Coal Facility within its existing lease area9. The Port of Vancouver is the permitting authority for the proposed amendment. The permitting process considers environmental and technical information, as well as First Nations, municipal, agency and community input. In completing its federal environmental review and as per section 67 of the Canadian Environmental Assessment Act 2012, the Port of Vancouver considered the information and the proposed mitigation measures provided by FSD, along with other relevant information. The Port of Vancouver concluded that, with the implementation of proposed mitigation measures and subject to the conditions of the permit, the project is not likely to cause significant adverse environmental effects.10

On June 19, 2015, FSD applied to amend its existing project permit following consideration of feedback received during the first-round public consultation. A second round of public consultations were undertaken by FSD after submission of the project amendment July 17 – August 21, 2015. The proposed amendment had no impact on the volume of coal permitted to be shipped through FSD (4 million metric tonnes per year).11

On November 30, 2015, the Port of Vancouver issued an amendment to FSD’s existing Direct Transfer Coal facility project permit. The amendment permits FSD to use ocean going vessels (OGV’s) which eliminates or reduces the use of barges.12

Energy and mining exports in 2011 accounted for more than 30% of B.C.’s international exports. Coal alone accounts for more than half of the $14 billion total of that sector. The movement of coal from remote mines to tide-water export terminals – like other commodities – ideally requires variable and multi-routing models to ensure reliability within the supply chain. The utilization of multiple inland transportation modes serves to circumvent potential disruption in service and is an important element in logistical planning. Availability of inland transport equipment and export terminal capacity are other important considerations in formulating appropriate export logistics.

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8 Fraser Surrey Docks LP Discussion Guide, Consideration to Amend Permit No. 2012-072 Direct Transfer Coal Facility
9 Fraser Surrey Docks LP Discussion Guide, Consideration to Amend Permit No. 2012-072 Direct Transfer Coal Facility
10 Fraser Surrey Docks LP Discussion Guide, Consideration to Amend Permit No. 2012-072 Direct Transfer Coal Facility
11 Fraser Surrey Docks LP Discussion Guide, Consideration to Amend Permit No. 2012-072 Direct Transfer Coal Facility
12 www.fsd.bc.ca
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Canada’s major ports have a legal designation under the Canada Marine Act as Canada Port Authorities (CPA) 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. These 18 ports handle approximately 310 million tonnes annually, valued at more than $400 billion.13

A recent review of the Canada Marine Act made strong recommendations for changes to enhance the overall competitiveness of Canada’s port system. With international trade expected to double or triple by 2020, there are many things that must be done to ensure Canada’s ports remain ‘ports of call’ for shippers around the world.14 The trade volume through Canadian ports is expected to double over the next 15 to 20 years. Canada’s major ports continue to make large capital investments in infrastructure to meet growing needs of port users as trade continues to 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. OGV’s are getting larger and have more and varying infrastructure requirements. These vessels can only be effectively serviced with the proper infrastructure all along the trade corridor from the dock, to the landside links, to its final destination, that is the receiver and ultimately the consumer.15

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.

Every year Canada’s Port Authorities contribute much to Canada’s economy:16

• 311.5 million tonnes of cargo handled;
• 495.9 in aggregate revenue in the 2013 fiscal year;
• 182.4 million in operating income in 2013;
• 250,000 direct and indirect jobs;
• $10.2 billion in salaries;
• $25 billion added to Canada’s Gross Domestic Product;
• $2.2 billion in federal and provincial income taxes and; and
• $2 billion in consumption tax.

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. Cargo may be stored in warehouses, in grain elevators, in petroleum and chemical tanks, or in open storage areas such as those used for automobiles, steel structures and containers. Some perishable cargos such as frozen meats and poultry and fruits and vegetables, require temperature-controlled warehouses. The ports system is the only economically feasible method for handling the export of raw materials, grains, most manufactured products and perishable goods. In addition, without an efficient port system and accompanying inland delivery system, imported consumer goods such as clothing, electronic goods, and seasonal fruit would not reach store shelves.17

The preamble contained herein serves to illustrate the importance of developing and maintaining multiple gateways for the export of coal and other bulk commodities.

13 Association of Canadian Port Authorities website www.acpa-ports.net/industry/industry.html
14 Association of Canadian Port Authorities website www.acpa-ports.net/industry/index.html
15 Association of Canadian Port Authorities website www.acpa-ports.net/industry/index.html
16 Association of Canadian Port Authorities website www.acpa-ports.net/industry/index.html
17 Association of Canadian Port Authorities website www.acpa-ports.net/industry/cpafacts.html
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THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. work with the appropriate transportation authorities to assist and expedite B.C. port expansion approval to meet with surging demand for increased export capacity for coal (both thermal and metallurgical) and other commodities to accommodate global market requirements; and

2. work with industry to develop and promote public and economic policies that: create and encourage a better understanding of the importance of our export economy to the provincial and national interests, and address environmental concerns by committing to education and mitigation of environmental impacts.

BRINGING STABILITY AND CERTAINTY TO B.C.’S MINIMUM WAGE LEVELS (2015)

The recent changes announced by the provincial government to B.C.’s minimum wage are welcomed by the Chamber as providing predictability to the minimum wage for the foreseeable future. The change introduced by government will move B.C. to having the third highest minimum wage of all the Canadian provinces.

Our members have expressed concern that despite this change government will continue to face calls for significant increases, or even more worryingly, for the introduction of living wages. The Chamber recognizes that the genesis of minimum wages was as a mechanism to protect the most vulnerable workers from exploitation. However, it must be remembered that this was at a time where people had little to no recourse for unfair work practices and in fact many of the people who were looking to be protected were not even franchised in that the early minimum wages were introduced to protect women and children.

The fact that this reality is no longer present has led to a shift in the rhetoric around minimum wages rates. We now have a situation where proponents of significant increases to the minimum wage are now attempting to link increases in the minimum wage to reducing poverty and affordability. This is disingenuous and is based on trying to generate public sympathy while ignoring the very real impact increase to wage rates have on employers.

Who Earns the minimum wage?

B.C. continues to have a low rate of individuals earning the minimum wage. In B.C. 5.9% of the paid workforce earn the minimum wage, significantly below the national average of 7.2%

More importantly than the number of workers who earn the minimum wage it is important to look at the situation of those workers who earn the minimum wage. Of the people who earn the minimum wage in 2014 we see that

- Part time workers: 57%
- Defined as head of the family: 7%
- Youth living at home: 52% (of these workers 47% were attending school)

For those workers who are heads of household or those whose primary income is at the minimum wage the
JOBS, TOURISM AND SKILLS TRAINING

The BC Chamber of Commerce recognizes that in B.C. this will lead to concerns about poverty and a challenge to access basic food and shelter. This places significant burden on individuals, families, communities and government services.

While the Chamber agrees that it is important to have a minimum wage to protect vulnerable and young workers it should be recognized that the minimum wage introduces a distortion into the wage market. In essence government sets a rate that forces employers to pay a minimum rate of pay irrespective of the type of work (with the exception of liquor servers) and with no relationship to the experience, training or skill level of the worker.

The other aspect of the distortive impact of minimum wages is that they fall primarily on small business. Counter to the rhetoric of some groups the minimum wage is not paid by employers who are exploiting their workers but are paid for positions that have little to no training and are primarily paid by employers who do not have the ability to pay higher wage rates. These small businesses are also heavily focused on the service sector with 91% of minimum wage earners are employed in the service sector.

B.C. has seen a significant shift in the minimum wage over a relatively short period of time. 2011 saw the government introduced a 3 stage increase that saw the wage go from $8 to $8.75 in May 2011, $9.50 in November 2011, $10.25 in May 2012. As businesses were finally adjusting to this new reality we will now see a further increase to $10.45 in September 2015.

Moving forward
The Chamber is clear, small businesses cannot accommodate another large, unplanned increase to the minimum wage. The introduction of a link to CPI for increases going forward provides a level of predictability to businesses that allows them to plan and ensures that they will face no large increases in their labour costs.

We have seen increases to the minimum wage introduced to address political pressure. While we accept that the lack of any increase for the 2000’s created significant pressure on the minimum wage level that led to a significant increase. While an increase in 2011 was justified the 30% increase caused significant concern to business who had to absorb a huge increase to their labour costs at a time where the economy was still recovering from the recession.

This was particularly concerning as the 30% increase was for no other reason than it moved B.C. up the ranking compared to other provinces. This is leading to an increased concern that provinces will continue to face pressures based on the relative position of other province, a case of ‘keeping up with the Jones’s.’ This raises the very real prospect of a less business friendly province significantly increasing their minimum wage thereby placing irresistible pressure on B.C. to follow suit.

To address these issues the Chamber believes the provincial government must take a leadership role in moving the discussion into a more fact based public dialogue. An ongoing concern for business is the fact that increases in the minimum wage are not tied to any measurable outcomes. Business are being asked to carry ever higher minimum wage levels with no understanding as to whether the increase will lead to any improvement in social outcomes.

Related to this there is a significant lack of understanding and information in the public domain to counter claims that the minimum wage is related to poverty and affordability. This information vacuum allows proponents of large increases to present a false picture to the public to gain public support based on a false

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premise. To address this government should commit to providing regular and accurate information through a Minimum Wage Fact Sheet. This should provide the public with a clear picture of who earns the minimum wage and allows the public to track the breakdown of minimum wage earners over time.

Further to this, the provincial government should work with their provincial counterparts to institute a mechanism where there is consultation on any proposed changes to individual provinces minimum wage levels. While it is unrealistic to expect that there will be formal coordination, or harmonization, of minimum wage levels it should be recognized that decisions on minimum wage levels have inflationary pressures on other provinces wage levels. Even if this process is unsuccessful in mitigating an individual provinces decision to significantly increase their minimum wage it may allow for an agreement between other provinces that they will not be pressured into matching with significant increases of their own.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. introduce no increases to the minimum wage beyond increases that are approximate to CPI;

2. commit to the publication of a Minimum Wage Fact Sheet to ensure the public are aware of who earns the minimum wage;

3. work with their provincial counterparts to develop a consultation mechanism on minimum wage increases;

4. during periods of recession (i.e., when CPI and/or economic growth are negative) the minimum wage remains frozen, not just until economic growth resumes but until the inflation index has caught up (or returned) to its pre-recession point; and

5. ensures that the Minister retains the ability to overrule the regulation and freeze the minimum wage if economic circumstances warrant it.

BUSINESS IMMIGRATION IS A CRITICAL RESOURCE FOR BUSINESS SUCCESSION IN B.C. (2015)

Both federal and provincial governments have identified immigration as a positive means to support labour market and economic development strategies. Governments have put programs such as the Provincial Nominee Program (PNP) in place to assist immigrants in obtaining their permanent residence and also help domestic businesses with succession planning. On the supply side, many business lack knowledge and resources to take advantage of programs available to assist them with succession planning. On the demand side, long nomination processing times are a barrier in transition of business ownership from domestic owner to a foreign buyer.

Background

It has been reported that half of all small- and medium-sized businesses in Canada are set to retire over the next decade. By province, B.C. will see the largest transfer of ownership in the coming decade with no less than 40% of businesses expected to change hands in the coming five years. In 2013, British Columbia was home to a total of 389,400 businesses. Of these, 382,200, or 98%, were classified as small businesses. This
equates to 155,760 small- and medium-sized business in B.C. projected to change hands in the next 10 years. Given this magnitude, a faulty or badly executed succession planning process could have a ripple effect throughout our economy via reduced productivity, job losses, premature sales and increased bankruptcy rates. This potential cost to British Columbia’s economy is significant.

A partnership between the federal and provincial governments to facilitate the “Nomination” of immigrants to meet B.C.’s economic needs was established. The BC Provincial Nominee Program (PNP) was introduced in 2001 to increase the benefits of immigration to British Columbia by allowing the provincial government to nominate foreign workers and entrepreneurs for accelerated permanent resident status based on labour market and economic development needs and priorities. While the economic impacts of the BC PNP Business Succession stream have been substantial in terms of program targets there is still a need to increase capacity and awareness of the program to further facilitate a growing need to support business succession in British Columbia.

Access to Program
Immigration programs, such as the PNP, geared towards attracting business entrepreneurs to B.C. play a critical role in supporting economic development and business succession. An independent study conducted by the British Columbia Immigration Task Force focused on reviewing the current economic immigration system and identified key findings on how to enhance current programs.

- Lack of awareness and knowledge of immigration program requirements prevents employers from effectively using economic immigration programs to attract foreigners;
- Foreign entrepreneurs provide capital and know how to support business development and succession. Not enough is being done to attract and support them, especially in regions outside the Lower Mainland; and
- The B.C. share of the capital collected through Federal Immigrant Investor category is not commensurate with the number of investors residing in B.C.

In order to further efforts with the BC PNP Business Immigration stream there needs to be more support and engagement with businesses preparing for succession.

Processing Time
Throughout consultations with financial sector representatives, it was confirmed that there is no shortage of international investors who are interested in doing business in Canada. It was noted that extensive processing times and annual caps on new applicants are resulting in many investors taking their money elsewhere.

Interviews with Immigration consultants and lawyers revealed that processing times are perceived to have a much stronger impact on program competitiveness than fees. Applications under the Regional Business Succession Option currently receive priority processing, and are normally processed within 9 to 12 months of receipt. For all other applications under the Business Immigration stream, BC PNP is currently processing applications received in May 2012. The Ministry has responded in 2011 that they are streamlining business plan review process and considering eliminating the preliminary application, action that has yet to be realized.

Program Monitoring
In order to create further success with the BC PNP Business Succession program, a solid understanding and positive perception of the program amongst B.C. business owners is needed. It is critical that this program has clear monitoring guidelines so that business owners looking to sell their business are aware of the
program and see it as a key resource/option

Conclusion
Overall, the BC PNP Program is increasing benefits of immigration to British Columbia. The need to attract and retain skilled labour and business immigrants is vital to the success of transitioning businesses in our province. There are some key issues that need to be addressed to ensure the programs on-going effectiveness. These include developing strategies to address program accessibility, processing time and integrity.

THE CHAMBER RECOMMENDS

That the Provincial Government develops and refines the Provincial Nominee Program in order to:

1. have employers easily access information and resources on PNP Business Succession program;
2. decrease processing time for PNP Business Succession applications to six months or less; and
3. develop enhanced monitoring guidelines.

GROWTH ENGINE B.C. DIGITAL MEDIA INDUSTRY (2015)

Background
Through more productivity and innovation, B.C.’s Digital Media, Film and Animation industries are growing rapidly and continue to create jobs, business opportunities and economic growth for our province. These three industries often combine digital technologies to produce their work and each sector is experiencing similar impediments to expand with this growth, making this policy issue still relevant today and over the next years ahead.

In recent years, the provincial government has placed a significant focus on implementing measures to encourage growth in the industry.

In the 2015 B.C. Budget, the Interactive Digital Media Tax Credit was extended for an additional three years to August 31, 2018. Previously this credit was available for eligible salary and wages paid on or after September 1, 2010 and before September 1, 2015. Budget 2015 also extended the training tax credits for an additional three years to the end of 2017. Previously, these credits were available for the period beginning on January 1, 2007 and ending on December 31, 2014. In regard to the Digital Animation or Visual Effects (DAVE) tax credit, the budget expands the scope of the credit to include eligible post-production activities. The credit will be available for productions where principal photography begins on or after March 1, 2015.\(^1\)

The B.C. government’s comments on the 2012 policy also include a commitment to continuing support of sector workforce planning projects via the Labour Market Partnership (LMP) Program. Under this program, the sector benefited through two prior agreements. The first was to research and develop a comprehensive Human Resource strategy, and the subsequent agreement supported implementation of the strategy including the creation Sector Council to voice industry needs moving forward and recommend changes

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\(^1\) KPMG’s Tax News Flash Highlights of the 2015 British Columbia Budget
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and/or the creation of new workforce programs.

The Province has also worked with the digital media industry and Citizenship and Immigration Canada to modify the TFW recruitment process to allow the industry freer access to international technical skills through not easily accessed in Canada through a timelier Labour Market Opinion (LMO) process and a more flexible LMO advertising requirement for IT professionals. In addition, the Ministries of Jobs, Tourism and Skills Training and Advanced Education developed the Post-Graduate Work Permit Program pilot for international students. In addition to involvement in the 2012 Immigration Task Force Review, industry representatives have been involved with consultation to inform B.C.’s position in the current federal review of the TFWP.\(^2\)

Digital Media

B.C.’s video game industry is anchored by permanent, knowledge-based, creative positions at more than 142 companies that develop software for game consoles, mobile devices, personal computers and online platforms. Jobs in this industry are typically long-term, full-time positions. According to the Entertainment Software Association of Canada (ESAC), the average employment span is 9.4 years – the highest in Canada.

In 2012, the video game industry in B.C. was responsible for $568 million in gross expenditures, and 40% of companies reported they expected growth of more than 25% in 2014.

The B.C. video game industry alone employed 4,600 people and made a GDP contribution of $705 million in 2013, up 36% from $520 million in 2008. Also, the interactive digital media industry job growth helped stimulate technology job growth in other sectors such as education and health care. The average industry employee is 33 years old, married with kids, owns their own home and earns an average annual salary of $76,000 (almost double the B.C. average).

If B.C. is to regain its leadership position in the global video game sector and capture the opportunity to create thousands of new jobs in the coming years, we need an enhanced tax credit program to incentivize new growth and investment. With an enhanced program in place, we believe we can double the size of the industry and create 5,300 new jobs in the coming five years.

DigiBC and the B.C. industry recommends in addition to the extension of the current IDMTC to 2018 to also include the following modifications:

- Make the program more competitive by increasing the credit to 30% (effective tax credit of 21.5% net of B.C. SR&ED) and including contract labour at 50% of the base tax credit (15%).
- Make the program more accessible by allowing companies to concurrently participate in B.C.’s venture capital programs, removing upfront administrative fees to participate in the IDMTC, and allowing companies creating cinematic sequences for video games to participate in the program.\(^3\)

Animation

B.C.’s talented animation industry has produced a wide range of world-class entertainment from endearing children’s cartoons such as The Naughty List, Ella the Elephant and Nerds and Monsters, exciting games about fantasy worlds such as Halo 2 and Beyond Earth, action packed TV series such as Spiderman and Heavy Gear and feature films such as Escape from Planet Earth and Clockwork Girl.

\(^2\) B.C. government’s comments made on the B.C. Chamber of Commerce’s 2012 Growth Engine BC Digital Media Industry policy.

\(^3\) British Columbia Video Game Industry Report by DigiBC on behalf of the Digital Media and Wireless Association, November 2014.
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Creative BC and the B.C. branch of the Canadian Media Production Association recently held the first BC Animation Day in Los Angeles to showcase the breadth and range of our creative talent and build relationships with top producers in this important market. A delegation of eleven B.C. animation companies participated in this trade mission and held business meetings with more than 30 companies in LA. The participating B.C. companies included: Arcana, Atomic Cartoons, Big Bad Boo Studios, DHX Media, Bardel Entertainment, Kickstart, Nerd Corps Entertainment, Rainmaker Entertainment, Slap Happy Cartoons, Sequence and Waterproof Studios.4

Of these, Bardel Entertainment Inc. is the leading animation services provider in North America. They are located in Vancouver, Kelowna and Los Angeles and have been doing animation for close to 30 years (since 1987). Bardel’s CEO, Delna Bhesania, identified 3 main areas restricting growth to their industry:
- Connectivity infrastructure and locations to set up production. They are in critical need for power and fiber-optic infrastructure in buildings, permitting and available space to operate costing millions in lost revenue. Kelowna, B.C. has the infrastructure but is not yet set up to attract talent to relocate.
- Skilled workforce. Many graduates need extensive additional training to be employable, leaving the industry continuously short of skilled labour.
- Immigration process applications. A more streamlined process is needed to go through Service Canada’s Labour Market Impact Assessment applications to bring in talent from other countries.5

Film

Vancouver is the core of the third-largest foreign film and production centre in North America, known worldwide as Hollywood North. British Columbia accounts for about 60% of all foreign location film and TV production in Canada. Film makers have been attracted by B.C.’s natural beauty since the late 19th century. Major studios were developed in Greater Vancouver in the late 1980s, and the Government of British Columbia started providing assistance to the industry in 1998. Total direct and indirect full time equivalent jobs generated by film and TV production in B.C. are estimated at over 36,000.

The industry has a strong balance of international and domestic production activity. Domestic productions have increased significantly in recent years and now account for 40 per cent of total local spending.

The Vancouver region is home to most of B.C.’s production and post-production activities, with sufficient capacity to support the biggest Hollywood movies in casting, set-building, location filming, and audio and special effects. Vancouver is home to some of North America’s most expansive and sophisticated studio spaces and facilities.6
- Digital media generates annual revenues of $1.2 billion in British Columbia;
- We have 900 digital media companies employing 14,000 people;
- Our digital media companies produce video games, animation and visual effects, social media, interactive marketing, and e-learning products;
- British Columbia has one of the top video game clusters in the world, with more than 65 game development studios employing 5,000 professionals;
- Digital media companies here develop products used in health care, education, and other fields; and

5 Quote from phone conversation with Delna Bhesania, February 2015.
• British Columbia’s film, television, and digital media sector has a combined workforce of 49,000.7

On January 31, 2013, the provincial government announced that effective April 1, 2013 the programs and services of the BC Film Commission and BC Film + Media would be combined under one agency, Creative BC. This new agency is an independent, non-profit society that is responsible for promoting the development of creative industries in British Columbia and providing a single point of access for industry programming, production support services, tax credit administration, international marketing and policy development. The formation of Creative BC streamlines assistance for the film and television production sector, while also supporting and stimulating the development of B.C.’s broader creative industries.8

Conclusion
The digital media industry has become a significant economic driver in B.C. with no signs of slowing down over the next years ahead. With this growth, B.C. has an opportunity to set up the infrastructure necessary for this industry to become global leaders across all its sectors and continue to strengthen B.C.’s economy.

THE CHAMBER RECOMMENDS

That the Provincial Government works with the Federal Government, municipal governments, the academic sector and the digital industry to identify impediments to this sector’s growth. This should focus on:

1. improving regulatory and infrastructure requirements as the industry grows;

2. provincial and federal tax structures that develop globally competitive film, digital media and animation industries in B.C. and;

3. working with the industry to identify needs and implement solutions to develop a highly skilled workforce in B.C.

STABLE FORMULA FUNDING FOR TOURISM INDUSTRY DESTINATION MARKETING ORGANIZATIONS (2015)

British Columbia’s vibrant tourism industry has proven its potential to secure a growing share of the global tourism market. But in order to make good on the promise of the industry, Destination BC and its network of regional and community-based organizations must continue to generate demand through competitive marketing. They can best achieve industry growth by operating in an environment of predictable and performance-based funding.

The tourism industry is a critically significant player in the provincial economy, with a proven capacity to grow. In 2011, with the release of Canada Starts Here: the BC Jobs Plan, the provincial government identified tourism as one of the eight British Columbian industries with unique competitive advantages. According to BC Stats, in 2013 tourism generated $13.9 billion in revenue, contributed $7.3 billion in Gross Domestic Product, and employed over 132,000 people.

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Tourism is an industry that weathered external shocks and capitalized on positive stimulus, adding value, revenue, and jobs to the province. In 2009, the global economic recession and the appreciation of the Canadian dollar caused a sharp decline in tourism revenue. However, that trajectory was then sharply reversed in 2010 with the Olympic and Paralympic Winter Games and the implementation of the Approved Destination Status for Canada in China. Overall, the trend has been towards robust growth. According to BC Stats, between 2002 and 2012 total tourism revenues grew by 40.5%. From 2012 to 2013, revenues increased by 3.6%, marking a 44% increase from 2002.

Destination BC, as the current iteration of the province’s tourism marketing crown corporation, has a strong mandate to generate demand for its industry. As per Premier Christy Clark’s specific tourism strategy, Gaining the Edge, a Five-year Strategy for Tourism in British Columbia 2012-2016, Destination BC was launched in 2013 to provide innovative and industry-led leadership while remaining accountable to taxpayers. According to its 2015/16-2017/18 Service Plan, Destination BC’s corporate strategy is based on three pillars: creating a ‘magnetic brand’, fostering ‘remarkable experiences’, and enabling a ‘powerful marketing network’. These pillars are expressed through specific initiatives and performance measures that give Destination BC and its tourism industry partners a clear strategy for capturing a greater portion of the global tourism market while operating in accordance with the government’s Taxpayer Accountability Principles.

Although the current mandate and strategy of Destination BC indicates a positive way forward for the industry, the corporation has been launched amidst a backdrop of great uncertainty for tourism marketing organizations in British Columbia. The regional and community destination marketing organizations (DMOs) that comprise Destination BC’s marketing network depend upon predictability and multi-year agreements in order to manage their supply chains, develop products, and set prices. Changes in the funding environment in the past half-decade have made the planning and execution of competitive marketing initiatives truly challenging for these DMOs.

Formerly, a percentage of the Hotel Room Tax (HRT) provided a stable and dedicated stream of funding for DMOs. But after the instatement of the short-lived Harmonized Sales Tax, which temporarily eliminated the HRT, the provincial government began simply providing transfers to Destination BC, promising to eventually implement a new formula funding model that would provide a percentage of the provincial sales tax to the tourism industry. In fact, during the 2012 rollout of Destination BC, the government declared in a November 3rd press release that following the corporation’s first year of operation, its funding would be set based on a percentage of annual sales tax activity and enshrined in legislation. Years later, the province’s DMOs are still waiting for this funding model to be unveiled. The 2015/16-2017/18 Service Plan reiterates the government’s intent to provide Destination BC with formula funding linked to a proportion of tourism-related provincial sales tax (PST) revenues. Claiming that this funding model is ‘currently being developed’, the Service Plan makes no mention of protection of this performance-based formula through legislation, nor does it provide a timeline for its implementation.

Although B.C. tourism has proven its hardiness and potential for growth, it is prudent to recognize the challenges it now faces as a player in a rapidly evolving global market. 25 years ago, only 10 countries were contending for tourism dollars. Currently, 200 countries are working to attract international visitors and capture market share. Given the challenges inherent to operating in an increasingly competitive global market, and the need for a stable funding environment that can nurture effective long-range marketing strategies, legislation-protected formula funding for DMOs is now more important than ever.

Currently, tourism marketing professionals are operating in a regime of uncertainty, where transfer amounts are not guaranteed and may conceivably be eroded by requests from other competitors for provincial
funding. Not only that, but the 2015/16-2017/18 Service Plan projects government transfers of $50,974 million each year until 2017/18, despite the fact that it also forecasts growth of tourism industry related revenue. This is not in keeping with the performance-based principles at the heart of the new Destination BC model. Destination BC and its strong network of DMOs are working hard to capitalize on the promise of one of the province’s eight key industries. The global tourism market is inherently unpredictable and increasingly competitive, so where the provincial government can provide stability and the conditions for success, it should act swiftly.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. create a formula funding model that links transfers to Destination BC with a proportion of Provincial Sales Tax revenues collected from tourism activities;

2. ensure this formula is performance-based, in keeping with the Taxpayer Accountability Principles; and

3. protect this performance-based formula funding through legislation.
ACCESS TO JUSTICE – FURTHER DEVELOPMENT AND EXPANSION OF CIVIL RESOLUTION TRIBUNAL (2017)

Introduction
The ability to access the justice system to resolve issues in a timely and cost-effective manner is a foundation upon which our society is based. An effective justice system supports the ability for business to thrive by enabling an expeditious resolution of legal matters that interrupt the lives of business owners and their employees. The same justice system rightly needs to be shared with all the other criminal and civil proceedings that also need to take place. Constraints on the justice system cause costly delays that affect not only the business community, but families, citizens, and taxpayers as well. Alternative dispute resolution mechanisms should be endorsed, and expanded. The Civil Resolutions Tribunal (CRT) is a mechanism with strong potential to give the business community greater access to justice and should be supported.

Improvements to the Justice System
Over the last decade, the provincial government, the courts and others have implemented many measures, which have improved efficiencies in the justice system. These have included:

• Mandatory mediation in the Provincial Court to reduce the number of disputes that take valuable court time;
• Use of video technology in the Provincial Court to reduce the cost to the criminal justice system of transporting prisoners for short procedural hearings and to connect judges sitting anywhere in the province to a courtroom where his or her services are needed;
• Moving hundreds of impaired driving cases out of the courts through use of the immediate roadside prohibition;
• The introduction of a new Family Law Act, with a focus on helping people settle their disputes early and out of court, where possible;
• Development of the Crown Counsel File Ownership Project to reduce the number of Crown Counsel and administrative staff who engage with each prosecution file;
• Creation of Justice Access Centres in Vancouver, Victoria and Nanaimo to assist citizens in navigating the legal system or resolve issues outside the legal system;
• The Provincial Court Scheduling Project, implemented in November 2013, to ensure that our courts make optimal use of court rooms and of judges’ time; and
• Implementation of the Provincial Court mediation program in Vancouver, North Vancouver, Surrey, Nanaimo, and Victoria.

While these reform efforts have created significant efficiencies, there continue to be cost pressures and reduced public spending on the court system and on certain aspects of the justice system causing delays in the courts for all, including business. It is even more difficult to access dispute resolution resources for those living outside of communities with small claims mediation programs, leaving those in the Interior and Northern B.C., as well as rural areas, with limited access to these resources.

Civil Resolution Tribunal Benefits
The introduction of the Civil Resolution Tribunal, which became operational in 2015, has attempted to address the lack of access to justice facing British Columbians by allowing citizens to resolve strata disputes online. As of February 7, 2017, the CRT strata tool had already received 4,000 hits, with 230 cases already having moved forward onto mediation or adjudication. The CRT mandate is to eventually expand into additional small claims matters. While this is the intent, new legislative changes have not yet been entered into force, and when they are, they will be limited to lower-value small claims until resourcing of the CRT
permits further expansion of the program.

The goal of the CRT is to provide easy to understand legal information and eventually provide a number of methods to solve conflicts, including negotiation, facilitation, and adjudication. This is almost all done online and, in most cases, does not involve the additional cost of legal representation.

Having an additional quasi-judicial body that can provide individuals and businesses with a straight forward and affordable way to resolve their legal disputes will not only save time and resources for B.C. Businesses, but alleviates cost pressures on the entire court system, which benefits society as a whole. Small businesses in British Columbia rely on an efficient and fair legal system to resolve business disputes that arise from time to time. As the lifeblood of the B.C. economy, small business accounts for 98% of all B.C. businesses and 56% of all private sector employment. Small business is vital to the economic success and prosperity of British Columbia.

Today, it typically takes about 9.5 months from the time a reply in a civil claim, the type of claim most businesses are involved in, is filed in the Provincial Court until a half-day trial can take place. The Provincial Court’s objective, as set by the Chief Judge, is six months between the filing of the reply and the trial.

These delays don’t just add costs to the justice system, but also add costs to companies doing business in B.C. Whether it’s collecting a debt, settling a shareholders dispute, or a potential hiring decision delayed because court time isn’t available, the fact is that reducing court backlogs will help business resolve many civil cases thus getting owners and operators back to growing their business and creating jobs for British Columbians.

One of the main factors contributing to these delays is an increase in the number of self-represented litigants in the court system. People who do not have the assistance of a lawyer can often cause inadvertent delays and an unnecessary waste of valuable court time. Cases without lawyers generally take much greater court time. Many of these litigants simply wish for a chance to be heard and for a binding decision on their dispute. Given that the CRT does not even permit lawyers under most circumstances, the conflict resolution services of the CRT is very likely to remove these unrepresented litigants from the court system, and greatly reduce the current backlog.

**Conclusion**
The ability to access the justice system of B.C. to resolve legal disputes is essential to the functioning of business in the province, and most importantly, to our civil society. The communities of the province, especially rural and northern communities, need an effective and timely method of resolving their legal disputes. The BC Chamber recognizes that the CRT can be an effective alternative to traditional court services for resolving civil disputes, and is a more cost-effective model for the business community. The BC Chamber believes that fostering greater access and progressive development of the CRT will greatly help to address the current access to justice constraints in the Province, and will benefit B.C. businesses.

**THE CHAMBER RECOMMENDS**

That the Provincial Government:

1. extend and expand a sound public awareness campaign to educate the public on the Civil Resolution Tribunal, and its dispute resolution options in strata property and small claims matters;
2. continue to implement the 2015 changes to the Civil Resolutions Tribunal Act, and ensure that there
enough resources in place for the Tribunal to settle claims up to the full $35,000 limit in a reasonable
time frame; and

3. ensuring an effective review process within 2 years of small claims matters being accepted to maintain
that the public has access to the right information and resources in utilizing the CRT process, and to
explore further opportunities to expand the program. The review should set additional goals with
measurable targets to allow the CRT to reach its full potential in small claims and strata property
matters.

PROVIDING CERTAINTY FOR BUSINESS THROUGH THE TIMELY ADMINISTRATION OF
JUSTICE (2017)

Abstract
A justice system that resolves disputes in a timely and cost-effective manner is a foundation upon which
our civil society is based. When legal disputes are allowed to interrupt the lives and business longer than
necessary, we all bear the cost. To thrive, business in British Columbia needs a justice system that delivers
predictably expeditious resolution of legal matters in accordance with law.

Discussion
Businesses in British Columbia wait too long to get justice in our courts. For claims brought in Provincial
court – the court of first resort for business disputes under $25,000 – the wait to get to a trial taking less
than two days is 5.7 months\(^1\). In Supreme Court, wait times for a five-day civil trial are on the order of 18
months\(^2\), and scheduled trials and chambers applications are regularly “bumped” due to overscheduling.\(^3\)
For a business seeking to collect a debt or get paid for its work, these delays are intolerable.

When businesses cannot get access to the justice system in a timely manner, investment decisions are
delayed and frustration builds. Businesses that can resolve their disputes quickly and efficiently can spend
their time and resources on growing and creating jobs in British Columbia. The undeniable fact is that
reducing court backlogs will help business resolve many civil cases thus getting owners and operators back
to growing their business and creating jobs for British Columbians.

Three main factors contribute to delays in our court system: self-represented litigants that overburden our
court system; inadequate staffing by the Court Services Branch; and a shortage of Provincial Court Judges.
To their credit, the provincial government, the courts and others have made a credible commitment to
improving efficiency in our justice system. However, these laudable efforts to improve British Columbia’s
justice system will not yield a full harvest until these three key sources of court delays are addressed head-
on.

Self-represented Litigants and Legal Aid
A major source of delays and backlogs in the court system is the increase in people who do not have the

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\(^{1}\) British Columbia Provincial Court, Semi-Annual Time to Trial Report, September 30, 2016;
http://www.provincialcourt.bc.ca/downloads/pdf/Time%20to%20Trial%20Update%20(as%20at%20September%2030%202016).pdf

\(^{2}\) British Columbia Supreme Court 2015 Annual report at pg. 3;
http://www.courts.gov.bc.ca/supreme_court/about_the_supreme_court/annual_reports/2015_SC_Annual_Report.pdf

\(^{3}\) Ibid. at pg. 3. In 2015 5.8% of scheduled trials and 4.3% of scheduled long chambers applications in Vancouver were bumped; elsewhere in the
province, 4.5% of scheduled trials, and 5.5% of scheduled long chambers applications were bumped.
assistance of a lawyer. Cases where one or both parties are not represented by lawyers very frequently take much more court time than cases where both parties have lawyers. A sense of the disproportionate burden that self-represented litigants place on our courts is given by the recent comments of Judge Robert Hamilton, who noted that if legal aid had been available to the parties in a family law trial over which he presided:

“…that trial, I am sure, would have been completed in six days. Instead it’s going to take 22. Sixteen days of court time have been taken away from a lineup that goes…miles down the road… people waiting for court time to get their case before the court. And it really is not only a tragedy for those three parents, but for the system and all the people waiting to get access to the system.” (emphasis added)

In the Provincial Court the rate of unrepresented litigants has reached 90-95 per cent in family matters, 90 per cent in other civil matters, and 40 per cent in criminal matters. The Legal Services Society, who administers legal aid, estimates that over the past four years, 43% of the people who have applied for family legal aid have been denied assistance (approximately 4000 per year). This does not include the thousands of individuals who do not apply for legal aid, knowing already that they do not qualify.

Since all parties in the court system draw from the same resources and pool of judges, these delays affect us all. Businesses hoping to resolve their own leasehold, contract or other disputes have their trials “bumped” because the family law dispute goes much longer than necessary. The costs of a trial being “bumped” are significant; businesses pay their lawyers to prepare for the same case two or more times and witnesses travelling from far distances are told to go home and come back months later. The costs to business from these delays can easily be thousands of dollars. Not surprisingly, data published by several jurisdictions indicates that for every $1 spent on legal aid, the savings range from $1.60 to $30.

The increase in the number of self-represented litigants over the last 20 years is directly correlated to the massive reduction in provincial funding for legal aid. Between 2002 and 2005 government funding to the Legal Services Society – the provider of legal aid – was cut by 40%, resulting in closure of 85% of the legal aid offices throughout B.C.; and a 75% reduction of staff. Since then, funding for legal aid has never recovered, and a second round of office closures and staff cuts happened in 2009. Adjusted for inflation legal aid funding today is 30% below its 2002 level, and the tariff (allowable hourly rate) for legal aid lawyers in BC is fully one-third less than Ontario’s present legal aid tariff.

The failure to adequately fund legal aid is especially objectionable in view of the fact that the government continues to charge a 7% sales tax on legal services. In 2016, that tax generated more than $172 million in government revenue, just $74.6 million was used to fund legal aid. When federal transfers are taken into account, the provincial government is putting more than $100 million of taxes charged on legal services into general revenue. For a tax that burdened upon BC business for the ostensible purpose of funding legal aid...
aid, this diversion of funds is simply “unconscionable”.11

Court Services Branch
The Court Services Branch provides administration, as well as prisoner escort and court security support, to the Court of Appeal, Supreme Court of B.C. and Provincial Court. Regrettably, chronic staff shortages have made the Court Service Branch a bottleneck in the administration of justice in our province.

Though not news to those familiar with B.C.’s court system, the shortage of staff in BC courthouses recently made headlines when an accused drug-dealer walked free for want of a sheriff to take him from his holding cell to his court. In staying the charges, Justice Robert Johnston called the situation “completely unacceptable” and blamed it on “a lack of provincial will to provide the necessary resources.”12 His lordship further commented that “[m]ore and more frequently in this building — and it is a matter of great distress to both myself and my fellow judges — important criminal matters are delayed starting because of a lack of staff like sheriffs and clerks.”13

Counsel for the accused in that case, defence lawyer Michael Munro, expressed similar sentiments, stating that “the court system has ground to a halt because we don’t have a sheriff who can walk your client from court cells into a courtroom. … It’s absolutely ridiculous and infuriating.”14

The evidence of the critical underfunding of court services in British Columbia is not just anecdotal. In a 2011 address, Chief Justice Bauman (then of the Supreme Court, now of British Columbia) delivered a pointed summary of how deep cuts to court administration funding have directly affect court staffing and services. Among other things, his lordship noted that:

- In some registries, the impact of inadequate registry staffing has been delays of up to six months and longer in the processing of court orders.
- As compared to 2008, court staffing in 2011 was reduced by 213 Full-Time-Equivalent positions
- In the spring of 2011, government made the decision to cut some 30 sheriffs’ positions, and the immediate impact was that trials could not proceed when sheriffs were unavailable in the courtroom for a number of criminal trials.

Provincial Court Judges
The B.C. government is responsible for appointing judges to the Provincial Court of British Columbia. Provincial court judges decide civil disputes, including business disputes, for amounts under $25,000, as well as the vast majority of criminal and family law disputes in B.C.

The number of judges on the provincial court bench has been for a full decade 10% lower than it was in 2005.15 A major issue with appropriately staffing the Provincial Court bench is that unlike Superior Courts across Canada, the Provincial Courts have no fixed judicial complement (i.e. the number of provincial court judges needed in the province). The use of a fixed judicial complement will assist in allowing the judicial system to deal with the delays and backlogs of civil claims and eliminate the current ongoing debate of whether or not more judges are required.

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11 The Case for Replacing the 2002 Legal Services Society Act Part II: A Call to Action [article] Advocate (Vancouver Bar Association), Vol. 74, Issue 4 (July 2016), pp. 529-538
Rowles, M. Anne; Bildfell, Connor
13 Ibid.
14 Ibid.
15 http://www.provincialcourt.bc.ca/downloads/pdf/Provincial%20Court%20Judge%20Complement.pdf
The B.C. government’s commitment to developing an appropriate methodology for determining the appropriate fixed judicial complement, by March 2014 has not been met. The provincial government must move immediately to appoint the necessary number of judges once the methodology and complement are published.

**Conclusion**
Civil, criminal and family court cases are all handled by the same court system. Any delay in a criminal or family case slows down all cases especially civil cases involving businesses. Enhancing the Court Service Branch, maintaining an appropriate level of Provincial Court judges and providing adequate funding to legal aid will go a long way to dealing with the delays and backlog, which in the end will support businesses along with the families and communities that depend on those businesses.

**THE CHAMBER RECOMMENDS**
That the Provincial Government:
1. adopt a methodology for appointing a fixed number of Provincial Court Judges as soon as possible and commit to appointing the required number of judges by no later than January 1, 2018;
2. continue efforts to determine meaningful performance measures for the civil justice system;
3. commit to increased, long-term, stable funding for the Court Services Branch;
4. allocate 100% of all revenues collected from the tax on legal services to funding legal aid funding in British Columbia; and
5. continue to work with the courts and other justice sector participants to develop efficiencies within the justice system.

That the Federal Government adopts a methodology for appointing a fixed number of Supreme Court Judges in British Columbia as soon as possible and commit to appointing the required number of judges by no later than January 1, 2018.
VALUE ADDED NATURAL GAS DEVELOPMENT FOR B.C. (2016)

Background
B.C. has an abundance of natural gas in the North East portion of the province. The BC Oil and Gas Commission record of reserves remaining, as of 2014, is 1,443.9 billion m³ of raw gas (51.0 trillion cubic feet (TCF) raw),¹ which was an increase of 20.6% from 2013. Prospective Potential Resource as estimated at Montney 1,965 (TCF), Horn River 448 (TCF), Liard 210 (TCF), Cordova 200 (TCF) for a total of over 2823 TCF.²

Production from B.C. in 2014 was 1.575 TCF or 45 billion m³ with the reserves to production ratio estimated at over 30 years.³

The natural gas reserves and the prospective potential resources in B.C. represent a very significant economic resource. Natural gas used to be exported east from B.C. and Alberta to markets in the northeastern U.S. and south from B.C. to western coast markets in the U.S. Increasingly, these markets are now being served by the abundant and inexpensive U.S. natural shale gas supplies. Also, B.C. gas is extensively used in various oil sands production processes. However, with the collapse of oil prices, the future prospects for the oil sands market are significantly diminished. In B.C., the proposed liquefied natural gas (LNG) industry is expected to become a major export outlet for B.C. natural gas to world markets. It appears that the LNG developments could be delayed and perhaps less significant than hoped for as a consequence of a collapse in the LNG export market prices and significant supply availability from elsewhere.

The result of these market reduction pressures is that the economic value of B.C. gas could be increasingly locked out from access to markets.

B.C. is a net importer of oil refined products (diesel, gasoline & jet fuel), primarily from Alberta refineries and B.C. has two refineries which produce approximately ½ of B.C.’s requirements.

The prices for natural gas used to be aligned with the prices for oil refined products, but several years ago, natural gas became so abundant and inexpensive to produce that it began to compete with coal for production of electricity.

Prices for oil have collapsed from well over $100/barrel into the range of $30/bbl to $40/bbl

Prices for natural gas have collapsed from well over $8/GJ to $2/GJ.

Business Issue
B.C.’s natural gas resources are used to serve residential, commercial and industrial purposes in B.C., but these uses are small by comparison to the total B.C. reserves and prospective potential resource.

For economic development purposes, it would be useful if B.C. were able to develop alternative value-added uses for the B.C. natural gas resources in order to unlock the economic value of the resource for B.C. and for the benefit of the economy and communities in B.C.

Value added to production of natural gas could enable the resource to compete in other markets and provide

¹ BC Oil & Gas Commission, Hydrocarbon and By-product Reserves in BC 2014, Table 1, Page 4
² BC Oil & Gas Commission, Hydrocarbon and By-product Reserves in BC 2012, Appendix B
³ BC Oil & Gas Commission, Hydrocarbon and By-product Reserves in BC 2014, Figure 5, Page 8
NATURAL GAS DEVELOPMENT

an outlet for a commodity and reserve resource, which may otherwise stay locked in with no economic value to B.C.

Monetizing the natural gas resource in B.C. should be a key priority for the B.C. government to augment its LNG strategy and other economic development initiatives.

Potential Solution

One such potential solution would be to develop a gas-to-liquids (GTL) industry in B.C. A GTL industry would expect natural gas to compete against oil refined products to access such markets as the diesel and gasoline product markets. These markets are very substantial world-wide markets, which are growing significantly year over year as the global economy continues to develop.

The GTL process involves the conversion of natural gas to diesel 80% and naphtha 20% through a process called the Fischer Tropsch (FT) process. First, the natural gas is reformed into synthetic gas (Syngas), which is composed of carbon monoxide (CO) and hydrogen (H2). Second, the syngas is converted into longer chain hydrocarbons or waxes. Third, these waxes are refined by hydrocracking with hydrogen into lighter distillate, shorter carbon chain fuels, such as diesel and naphtha.

Also, CO2 along with hydrogen can be turned into Syngas and then into diesel and naphtha, with the result being a carbon neutral diesel for that percentage of CO2 absorbed into the process.

The end product of the GTL process would be a synthetic diesel with very clean post combustion properties versus oil refined diesel. For example, synthetic diesel has an 89% reduction in particulate matter and 99% reduction in aromatic hydrocarbons, which are both cancer causing. There is also a 90% reduction in sulphur versus a low sulphur European standard.

The product can be seamlessly utilized in the existing fuel infrastructure. It has virtually no negative impact on engine performance, but provides some significant improvements due to a fast-clean burn rate and lack of soot.

This process is expected to be able to produce a synthetic diesel, which can compete with oil refined diesel at current prices of oil and natural gas.

New technology developments in the FT process, and with other processes, are making it feasible to commercialize this approach to adding value to natural gas at a smaller scale than some of the existing synthetic fuel plants owner by Shell and Sasol.

B.C. could locate such a natural gas value added plant in B.C. and provide significant economic development for the province. While not on the scale of the LNG projects, GTL projects could provide significant economic development for the province.

Such a GTL project would potentially offer economic development investment in the range of a $1 to $2 billion initially and could potentially grow into an export industry for B.C. Such a project would potentially employ 100s of people and produce additional government revenues with a present value of $2 to $6 billion, based on the market conditions throughout the project life.

Such economic development would be a welcome response to declines in the natural gas industry development expected in northeast B.C.
Government Assistance or Incentives
The government has a process for working with major project proposals in B.C. and is able to focus on providing assistance to parties contemplating developments in B.C. Typically, these processes may result in a project development agreement with the Government of B.C. to help secure the economics of a project.

Such agreements have been signed for LNG developments and provide a precedent for projects to be assured of a reasonable context within which to make their investment.

Governments can be helpful in establishing markets for products, ensuring that government taxation does not change to a point of crippling the economics of the project, deferring taxes for a period of time to enable timely capital investment recovery, providing supportive infrastructure such as transportation, ensuring smooth regulatory and permit approval processes, supporting working relationships with First Nations, recognizing externality benefits of products in markets financially and providing support for innovation and technological development which advance key interest for the B.C. economy.

Government incentives should be commensurate with the future benefits for governments and should focus on the elements of the project economics, which would not be delivered without the project, such as royalties, income taxes, property taxes and market values delivered.

Other Examples of Government Assistance for Economic Development
FortisBC Energy Inc., in developing its Natural Gas Transportation (NGT) business was supported by the B.C. government in approving a subsidy of $100 million for providing LNG into the heavy-duty transportation markets, displacing diesel and resulting in a cleaner combustion emissions profile as well as reduced carbon dioxide emissions.

The LNG industry was supported by the provincial and federal governments with specific income tax provisions, such a lower tax rates and advanced depreciation rates enabling faster capital investment recovery.

The B.C. and federal governments are supporting the development of a demonstration plant for technology which can capture CO2 from the air and recycle it back into a fuel. These are initial research and development investments.

The B.C. government has on a number of occasions used electricity pricing, or terms and conditions, to provide support to a sector of the economy, which has experienced significantly challenging economic circumstances and needs support to continue operating under those conditions. These initiatives have been undertaken to enable security for the local economies of affected towns.

Government support for economic development in the province is a common function of government, which is done for the greater benefit of the provincial economy and the future robustness and performance of the B.C. economy.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. support Value Added Development for B.C.’s Natural Gas; and
NATURAL GAS DEVELOPMENT

2. provide reasonable cost-effective benefits & incentives to help secure the economics of a GTL industry in B.C.
A low vacancy rate for residential rental accommodation can be a significant barrier to employment, particularly in locations that have high home ownership costs. Employers who hire for short-to-medium durations are especially constrained by a lack of suitable rental stock, created (in part) by rent controls.

Rent control has been – and continues to be – a widely debated topic. Economists and business advocacy groups generally take a position against rent controls, while socially-minded advocacy groups generally stand in support of controlling residential rents. The former groups argue that rental housing stock decreases in both quantity and quality under rent controls; the latter groups argue that lower income individuals require protection from market effects.

Rent control policies vary widely, with controls in British Columbia falling under the general category of “second generation”, where rents are initially freely negotiable, but limited in the amount a rent can increase during continuous occupancy. Landlords are able to increase rent to prices the market will bear, but only for new renters who enter into a rental agreement for vacant units, a practice common referred to as rent decontrol (Saskatchewan Chamber of Commerce, 2011).

British Columbia's Residential Tenancy Act (RTA) contains several protections for renters including (but not limited to) controls on tenancy agreements, security and damage deposits, dispute resolution, site inspections, discrimination, notification and maximum allowable rent increases. The Residential Tenancy Branch is a large government bureaucracy created to assist renters and landlords with compliance via information and rent-related services (Government of British Columbia, 2014).

Section 37 of the Residential Tenancy Policy Guideline outlines the details of the maximum allowable rent increase, specifically: proper written notice periods (3 months in advance of increase), frequency of increases (limited to annual increases for continuous occupants), and maximum annual increase. The allowable increase is held to the inflation rate plus 2%. The inflation rate is based on a 12 month average percent change in the all-items consumer price index for BC. The BC system does allow landlords to apply for exemptions on a case-by-case basis (Government of British Columbia, 2012).

The current limits on allowable rent increases (inflation +2%) effectively creates a disincentive for the production of new rental housing stock by creating large opportunity costs (the cost of the foregone alternative) for builders/developers. The limit artificially depresses the most important determinant of long-run profitability and returns on investment – rents. Developers have much greater opportunity to maximize returns on their investment in properties that generate revenue based on market pricing (e.g. sales of single family homes and condominiums), therefore, it contributes to – rather than mitigates – the rental accommodation supply/demand problem (Miller, Benjamin, & North, 2014).

The Provincial system in BC is neither sensitive to localized issues of supply and demand for rental units, nor does it differentiate affordable housing from premium accommodations. For example, the CMHC 2016 Housing Market Outlook for Kelowna shows that the rental apartment vacancy rate is expected to drop from 0.7% in 2015 to 0.5% in 2016, and then rise only slightly to 1% in 2017 from the construction of new rental units. The availability of other types of rental units (e.g. condominiums, secondary suites, carriage houses, etc.) are expected to keep rent increases for purpose-built rental apartments in line with or below the general rate of inflation. (Canada Mortgage and Housing Corporation, 2016).
The Policy and Planning Department, City of Kelowna, published the results of a Rental Developer/Landlord Consultation process in conducted in 2010. The purpose of this study was to gain insight into Kelowna’s rental accommodation marketplace, and key perceptions of private-sector developers, for what should be improved upon or changed. In this report, 25% of developers surveyed cited rent controls as an economic barrier to building/operating rental housing developments, and further, that rent controls on units from the Residential Tenancy Branch played a role in preventing landlords from maintaining their rental stock (McEwan, 2010).

Municipalities do have tools to encourage private sector investment in purpose-built rental accommodations, including various financial incentives, reduced development cost charges, and relaxation of density and other infrastructure requirements (e.g. parking ratios). But with Provincial control over rent pricing – the key determinant of long-run profitability for developers of rental properties – municipalities are significantly constrained in their ability to create an attractive environment for local development of residential rental property. Accordingly, municipalities are inhibited from responding to local cost of living and supply/demand conditions with a full package of incentives for private-sector developers to increase rental housing stock, where needed.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. allow municipalities to formally choose one of two options:
   a. follow the existing provincial policy re: maximum allowable rent increase restrictions; OR
   b. determine, use and enforce their own maximum allowable rent increase amounts above the provincial policy;

2. maintain all other aspects of existing rent control policy as a provincial jurisdiction for all other areas, irrespective of (i) or (ii).

REFERENCES:


ADDRESSING THE HOUSING CRUNCH THROUGH INCREASING SUPPLY (2016)

**Issue**

The cost of housing in B.C.’s major centres is rising. Demand for housing is out growing housing supply in both new builds and available rentals. As a result, B.C. residents are feeling the pressure of increased prices. The Canadian Mortgage and Housing Corporation (CMHC) states that housing starts in B.C. are relatively stable while sales are expected to grow in 2016.¹ The CMHC also projects a rise in average

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¹ CMHC Housing Market Outlook, October 2015
housing prices across the province, ranging from between $594,600 and $668,000 in 2016 to between $577,700 and $699,700 in 2017.

Not only is the price of purchasing a home increasing, but rental vacancy rates across B.C. are alarmingly low, especially when compared to other Canadian regional centres. All B.C. centres measured by the CMHC are below 1% vacancy. The next lowest vacancy rates are Guelph, Barrie and Toronto with rates between 1.2% and 1.6%. The continued trend of falling vacancy in B.C. would indicate increases in demand for rental stock, but insufficient supply growth as of late.

<table>
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<th>Regional Centre</th>
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<tr>
<td>Kelowna</td>
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<tr>
<td>Vancouver</td>
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<td>0.8</td>
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<tr>
<td>Victoria</td>
<td>1.5</td>
<td>0.6</td>
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*Source: CMHC Rental Market Report, Fall 2015*

The rising cost of housing and lack of rental stock has been noted to be a barrier to the attraction and retention of labour in high demand regions such Vancouver, Kelowna and Victoria. With an estimated 1 million people moving to the Greater Vancouver region alone, upward pressure on prices will increase if the supply of housing doesn’t increase at a similar rate.

The housing crunch in the province’s major centres is a multi-faceted issue. The nature of the problem is such that there can be no silver bullet with which to solve the problem, but many solutions working in tandem have the potential to relieve pressures currently exerted on the market. One of these solutions is to increase the supply of homes through density and housing alternatives. The concept of increasing density is to provide more dwellings per unit of land. This allows an increased efficiency for land use and can increase housing stock for both purchase and rental. Increasing density does not have to be limited to constructing towers. Housing diversity could include building with the option for “lock off suites”, duplexes, triplexes, basement suites, carriage houses, or low-mid-rise buildings. In fact, best practices would indicate that a variety of solutions would create a more resilient housing market that allows for people of all economic backgrounds to have access to housing.

2 Metro Vancouver Regional Growth Strategy, 2011

Challenges to Increasing Supply
There are barriers that exist at all levels of government. The following is not an exhaustive list of some of those barriers.

Municipal barriers differ across jurisdictions and can include long permitting times or re-zoning processes that can be easily stalled by small groups of residents. But one of the largest barriers to increasing supply of housing is the unpredictability of community amenity contributions (CACs). At the moment, municipalities have the ability to demand CACs. While CACs provide funding for necessary amenities, the value of these CACs is often unpredictable. The provincial government has published a guide of best practices on CACs, but it is not enshrined in legislation and is therefore not enforceable. In fact, the provincial government warns local governments in their guiding document: “It is important that local governments recognize the relationship between CACs and housing affordability and make efforts to balance the opportunity to obtain community amenities with the goal of helping families to secure affordable housing.”

The Strata Property Act at the provincial level allows strata to limit the amount of rentals within their jurisdiction, or even ban rentals all together. Removing this ability from strata would result in an increase in available rental property.

At the federal level, the treatment of rental income as passive instead of active business income has also contributed to a lack of development of purpose-built rental buildings. If there were changes to the federal tax code to allow for rental income to be claimed as active income, there would be a greater incentive to build rental properties.

At all levels of government, these barriers should be re-examined as to whether or not the benefit in their specific area is worth the cost to housing.

Balancing Industrial and Residential Land Use
When looking at increasing housing supply, it is important to balance the need for economic growth through the preservation of trade-enabling industrial land. A 2015 study by Site Economics Ltd estimated that roughly 1,500 – 3,000 more acres of trade-enabling industrial lands are required in the next five to ten years to meet the demands of a growing Canadian economy. As well, diverse land uses are important for building sustainable communities. Retaining industrial land ensures high paying employment within the city core and contributes significantly to municipalities by subsidizing the residential tax base. For every $1 in taxes, industrial lands typically receive on average $0.25 in services.

Because of this need for industrial uses to provide strong economic conditions, we must look to more efficient uses of currently zoned residential land. This means increasing density and allowing for alternative housing on existing residential lands.

Protecting Equity
Housing is a complex issue that involves more than just housing supply, but includes variety of housing options, job and salary growth, and foreign investment in the region as well. In order to solve this issue, a comprehensive approach is definitely needed by all levels of government. Preferably, this approach will stabilize the market while preventing the loss of equity for current property owners. With such high demand for housing in B.C., it makes sense to incent increased housing supply through density as a preliminary measure to stabilize the market.
THE CHAMBER RECOMMENDS

That the Provincial Government work with municipalities to:

1. identify and remove administrative barriers at all levels of government that slow increased density;

2. identify and implement incentives for the private sector to increase the housing supply through density, alternative and more efficient housing solutions on land that is currently zoned for residential; and

3. identify and implement incentives that will stimulate the diversification of housing stock.

AFFORDABLE RENTAL HOUSING AND A FLUID LABOUR MARKET (2016)

To thrive and grow, businesses and industries look to locate in areas that provide access to resources, transportation hubs, and employees. Employees look to locate close to employment and in areas they can afford. Whether it is in the Lower Mainland or in other areas of the province, affordable housing choices are required in order to be economically competitive and to attract and keep skilled workers. An adequate supply of housing with reasonable transportation costs is critical for economic growth.  

However, as with most regions in Canada, urban centers are experiencing a rapid increase in housing costs. In a study done by Vancity, the cost of housing was determined to inhibit young workers from coming or staying in the greater Vancouver region. Similar studies have pointed out that the rise of real estate values is greatly outpacing incomes and the gap is growing. Very few workers receive salary increases of 10-20% per year. In fact, Vancity’s findings are that salary growth is slowing with the past five years averaging 1.3%. This, claims Vancity, is why Millennials are exiting the Lower Mainland labour market for greener pastures where employment and housing opportunities co-exist. It may also deter in-migration and immigration of skilled workers to locations where skills are required.

Vancity’s analysis of salaries that provide insufficient incomes for purchasing, may be enough for rental units – if available: mid-level managers, and senior administrators, computer programmers, and technicians, registered nurses and social workers, researchers, counselors, food industry workers, and contractors. The list of skilled workers unable to purchase in Metro Vancouver is long. This improves outside urban areas and into the farther regions of the province, but employment opportunities diminish.

The rental market, though, is challenging with a B.C. average vacancy rate of 1.2%, a decrease from 2014, and the Lower Mainland rate approaching 0; the pressure on existing rental stock is inhibiting in-migration of Canadian skilled labour, particularly where they are needed the most by B.C. employers. From October 2014 to October 2015, only 1,900 purpose built rentals units were constructed throughout B.C. (CMHC). These are either new or renovated units returned to the market.

Metro Vancouver anticipates 64,900 new rental units will be required to meet demand in the next 10 years: 21,400 low-income (<$30k) rentals, 25,400 low to moderate income ($30-$50k) rentals, and 18,100 market

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4 CMHC, Fall 2015. Rental market report – British Columbia Highlights. www.cmhc.ca/housingmarketinformation
rentals for those who earn $50k or more per year.\(^5\)

Rents are rising on average 3.7% in response to market pressure, compared to 2.4% from the previous year – despite current rent controls of +2.9\(^6\). The average turnover rate in the Lower Mainland is 18.8\(^7\), providing an opportunity to substantially raise unit rents with each new tenant. Further, there is a growing trend by property managers or landlords to require tenants nearing the end of a fixed-term lease to sign a new agreement if they wish to stay. As it is considered a brand new agreement, the new rent can be set without imposed limits.\(^8\) With few options, most renters have no choice but to sign for a much larger rental increase.

As an incentive to developers, it would be desirable to remove rent controls, but until there is sufficient rental stock, a lack of adequate supply will cause rents to rise rapidly out of reach of all but a few with sufficient income – similar to the current housing market. Therefore, new or expanded incentives are required for developers to construct purpose built rentals in the short-term while continuing to find a more sustainable return on investment for developers in the long-term.

Historically, incentives through government programs (federal and in partnership with provinces) provided developers with low interest loans to construct non-market units, most of which were targeted to those earning less than the median income for a region. The first program under the National Housing Act in 1938 allowed for construction of low-rent housing. In 1959, the act expanded to include partnerships with provinces to fund publicly owned and provincially managed housing for low-income families, seniors and the disabled. In 1970, a $200 million stimulus program for low-income housing, culminating in a 1974 expansion to include co-operatives, public and non-profit housing for mixed styles and sizes for low to modest incomes. At the same time, the federal government encouraged private market rental development by insuring mortgages and providing direct loans in smaller communities, plus grants and taxation concessions including multiple-unit residential-building deductions, assisted rental programs and a rental supply plan.\(^9\)

By 1986, B.C. had 8% of the 253,500 public housing units in Canada, but the programs were undergoing reviews and cut-backs. CMHC focused limited funding on a maintenance program for 12,800 units per year. By 1993, all social housing programs ceased; most market rental-assistance programs had ended, and there was a shift to off-load subsidized housing to non-profits and provincial coffers. B.C. currently is one of few provinces that will subsidize development of social housing and provides for vulnerable populations, e.g., the SAFER program for seniors,\(^10\) which allows seniors to remain in their homes with provincial support.

There are programs to help with the development of social housing – a recent announcement from the Province of B.C. to partner with non-profits is an example. However, to address the projected housing needs for low to mid-income workers that B.C. will need to keep up with economic growth, a stimulus package will be required not dissimilar to the Federal Housing program of the 1970s – to support both non-market and market rental development: density bonusing and 20% social housing set-asides for new development are unable to provide sufficient units fast enough to meet demand.

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\(^6\) http://www2.gov.bc.ca/gov/content/housing-tenancy/residential-tenancies/during-a-tenancy/rent-increases

\(^7\) Canada Mortgage and Housing Corporation, March 2016. *Tenant Turnover Rate: A New Measure of Rental Market Conditions*.

\(^8\) Tenant Resource & Advisory Centre, http://tenants.bc.ca/month-to-month-vs-fixed-term/


\(^10\) www.bchousing.org
There is a gap in the upper-low income and mid-range incomes for rental accommodation. For example, the Lower Mainland’s current median income is $63,000 (most renters fall under the median\textsuperscript{11}), and an average 2-bedroom suite is $1,287 requiring an income of $51,480 in Vancouver\textsuperscript{12}, the problem is not affordability for Vancity’s list of skilled workers, it is a deficit of mid-range lightly subsidized to market rental units. There is opportunity for developers to reach this market.

The units that currently exist, developed with assistance of past government programs, are nearing end-of-life and require major upgrades or outright replacement. A combined federal-provincial government program to provide a combination of guaranteed loans, grants, and taxation offsets will encourage re-investment in current affordable stock.

To address the shortfall of market rental units, CMHC, in conjunction with provincial and local governments, can develop property tax, income tax, and capital gains tax incentive policies, in conjunction with other levers, to provide incentives for innovative development. It will require cooperation to develop a program utilizing current tax tools to invest in purpose built rental construction. Government’s assistance is required to help overcome access to land – however, through land remediation grants, assistance in land accumulation, and the appropriate use of public land, developers, in partnership with provincial and federal governments, can begin to address the rental deficit. As Vancity pointed out, there is a market of skilled workers ready to move in.

The investment of government to incentivize rental market construction will result in increased economic development for the community and the province. The Center for Housing Policy\textsuperscript{13} collated a number of studies that demonstrate clearly the connection between the development of low- to mid-level income housing units and employment. They concluded that not only are employers able to attract the best and the brightest, there are spill-over benefits for the local economy.

The solution is for the Province of British Columbia to work with federal and local colleagues and find ways to create incentives and opportunities to save and increase the current rental stock, protect and expand co-op and co-housing units, and encourage innovative solutions. British Columbia is doing well economically; however, to continue to do so, we need to ensure that a lack of housing for skilled labour does not become a barrier to future economic growth.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. work with the Federal Government to develop tax and other incentives for purpose built market rental housing units for low- to mid-range income levels, using innovative designs and locating near transit hubs; and

2. work to combine other social program supports to help support those in the lower income ranges to access market rentals, such as expanding the SAFER program to other vulnerable populations.

\textsuperscript{11} Metro Vancouver, 2015. \textit{Housing and Transportation Cost Burden Study}.

\textsuperscript{12} Zon, Noah. 2015. \textit{Renewing Canada's Social Architecture: Access to Affordable Housing}.

\textsuperscript{13} 2011, Center for Housing Policy, \textit{The role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of the Literature}.

Introduction
Drug impairment on the job is a complex challenge for employers at the best of times. With the pending legalization by the federal government of recreational marijuana usage, employers are reviewing what they know and what they need to know to be prepared. With that purpose at the forefront, these recommendations encompass general and specific requests for clarity and guidance for employers large and small, unionized or not, safety-sensitive or not.

Background
A preliminary review of recent (within the past 5 years) and relevant (Canadian) literature (including peer reviewed academic literature) reveals three general foci: adolescent usage concerns, non-alcoholic drug-impaired driving, and accommodation for medical marijuana usage. Workplace research is minimal and tends to be reliant on case law findings arising from appealed dismissals.

The recently released report of the Task Force on Cannabis legalization and Regulation, “A Framework for the Legalization and Regulation of Cannabis in Canada,” likewise concerns itself with adolescence and impaired drivers. The section on workplace safety is 1½ pages and from which, three of the Task Force’s 83 recommendations are relevant:
- Facilitate and monitor ongoing research on cannabis and impairment, considering implications for occupational health and safety policies,
- Work with existing federal, provincial and territorial bodies to better understand potential occupational health and safety issues related to cannabis impairment, and
- Work with provinces, territories, employers and labour representatives to facilitate the development of workplace impairment policies. (P. 29)

In April, the federal government introduced Bill C-45 respecting cannabis and set out the purpose of the Act as to protect public health and public safety, but did not specifically refer to the workplace.

In B.C., both the B.C. Human Rights Code\(^1\) and WorkSafe BC have bearing on employment guidance. In the Human Rights Code, there is no specific definition for impairment; however, Section 13 (1) states “A person must not (b) discriminate against a person regarding employment or any term or condition of employment because of … physical or mental disability…; nor can any person discriminate in regard to accommodation (Section 8) based on physical or mental disability without reasonable justification.” This is relevant to marijuana usage as drug dependence (addiction) is considered a disability.\(^2\) Accommodation is required up to the point of undue hardship, where the cost of reasonable and practical steps are too difficult or expensive.\(^3\) The bar for employers to prove this is very high.\(^4\)

Worksafe BC provides some guidance:\(^5\)

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3. \(\text{http://www.bchrt.gov.bc.ca/glossary/index.htm#undue-hardship}\)
4.20 Impairment by alcohol, drug or other substance

(1) A person must not enter or remain at any workplace while the person's ability to work is affected by alcohol, a drug or other substance so as to endanger the person or anyone else.

(2) The employer must not knowingly permit a person to remain at any workplace while the person's ability to work is affected by alcohol, a drug or other substance so as to endanger the person or anyone else.

(3) A person must not remain at a workplace if the person's behaviour is affected by alcohol, a drug or other substance so as to create an undue risk to workers, except where such a workplace has as one of its purposes the treatment or confinement of such persons.

Note: In the application of section 4.20, workers and employers need to consider the effects of prescription and non-prescription drugs, and fatigue, as potential sources of impairment. There is a need for disclosure of potential impairment from any source, and for adequate supervision of work to ensure reported or observed impairment is effectively managed.

While various guidelines exist and templates can be found for employers to use to develop onsite alcohol and substance use policies, (with caveats in the literature regarding which ones would be better), what is lacking in all the literature is clarity in definitions and clear guidelines for employers.

There are two separate issues to consider: medical marijuana users and recreational usage on the job. For medical marijuana, the rules are quite clear regarding accommodation. Insofar as an employer can, those with appropriate medical documentation are accommodated and only actual impairment at work, not usage, would be grounds for further action up to dismissal. The challenge is determining what constitutes impairment. Under current federal criminal law, the Marihuana for Medical Purposes Regulations (MMPRs), the required document, similar to a prescription, must:

129. (1) A medical document provided by a health care practitioner to a person who is under their professional treatment must indicate

   a) The practitioner’s given name, surname, profession, business address and telephone number, facsimile number and email address, if applicable, the province in which the practitioner is authorized to practise their profession and the number assigned by the province to that authorization;

   b) The person’s given name, surname, and date of birth;

   c) The address of the location at which the person consulted with the practitioner;

   d) The daily quantity of dried marihuana to be used by the person, expressed in grams; and

   e) The period of use.

For medical marijuana usage, therefore, the challenge for an employer is to determine whether the documentation and allowable amounts can lead to impairment up to the point, as expressed by WorkSafe BC, of undue risk. This does not address potential decreased productivity, the impact of usage and/or accommodation on other employees, and the overall costs of accommodation even if not up to point of undue hardship. What employers and employees need is a workable definition of impairment, and a tool to assist in determining impairment, such as a universally applicable checklist for non-medically trained supervisors. Further, employers and employees, particularly those without an in-house Human Resources department – such as small and medium sized entities – would greatly benefit from having a readily identifiable regulatory authority that could provide consistent, standardized documentation and up to date information.

6 Brown, Shelley. Road Map to Weed in the Workplace: legal Considerations as Legalization Approaches. Canadian HR Reporter; Oct 31, 2016. 29, 18 ProQuest. P.16

7 Bhalloo and Parmer, The Advocate. P.688
Recreational users (legalized or not) would be treated as other substance users and potential abusers, according to the literature.\(^8\) However, again, it is the level of impairment, rather than usage itself, that provides grounds for employer action up to and including dismissal. Key to whether employers have any sway is the existence of written policies outlining a clear statement of drug usage on the job, the levels of graduated disciplinary steps, and an invitation for disclosure with accommodation considered. Recreational users may or may not be addicted – a determination that is difficult without self-disclosure; and addiction is considered a disability requiring accommodation. Until that point, an employer’s “duty to accommodate does not extend to the point of accommodating an employee that is not properly medically authorized.”\(^9\)

There are many guides and helpful suggestions available online. What is lacking, however, is clarity for employers along with guidance that provides assurance that the information by which they operate is best practice and in line with existing and anticipated legislation.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. work with the Federal Government to ensure the consistency and standardization of regulations across all provinces and territories;

2. identify the appropriate provincial regulatory authority and develop regulations concerning the use of medical marijuana in the workplace and its impact on health and safety procedures in conjunction with the implementation of federal legislation; and

3. consult with industry, business and their representative associations to identify standardized policies and processes to deal with medical marijuana requirements and recreational usage that may lead to impairment in the workplace.

STOP THE TIME CHANGE IN B.C. (2016)

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 finally tally showed that 92 percent of respondents favoured DST and the extra hour of daylight during the evening hours.

Currently, 78% of the world does not change time. In North America, only Saskatchewan, northeast B.C. and Arizona don’t change time. Neither does 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

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\(^8\) Brown, Road Map. P.16  
\(^9\) Bhallo and Parmer, The Advocate. P.691
Standard time (Nov – March), the petition has obtained almost 25,000 signature, 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.

Bills introduced in the Oregon Senate would give voters an opportunity to put an end to DST, according to KOMO. If either pass, Oregon would follow Hawaii and Arizona as the only states that don't follow the time change. One of the bills, Senate Bill 99, would ask voters in the 2016 election whether they want to ditch the archaic practice. That law would go into effect in 2021, giving businesses time to prepare. Another bill, sponsored by Republican Sen. Brian Boquist of Dallas, would make the change immediately.

Washington introduced a similar bill this year, which would put the state on Pacific Standard Time year-round. KATU reports: "What I'm suggesting is that we save time by simplifying our lives," said Washington State Rep. Elizabeth Scott. She said the bill to drop daylight saving time would reduce heart attacks, car wrecks and work accidents found to increase with the sleep-schedule disruptions. Farmers she checked with already run their combines at night using aircraft-scale headlights, and dairy cattle care about the sun, not the time on the clock face.

**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 on 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 you’re 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

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1 [http://www.huffingtonpost.com/2015/03/12/end-daylight-savings-time-oregon_n_6852880.html](http://www.huffingtonpost.com/2015/03/12/end-daylight-savings-time-oregon_n_6852880.html)
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 spring time 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

Conclusion
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.

It is imperative that we work with other jurisdictions in the Pacific Time Zone to make this happen, by working with and presenting our positon to groups such as:

a. Pacific Northwest Economic Region (PNWER) - is a statutory public/private non-profit created in 1991 by the states of Alaska, Idaho, Oregon, Montana, Washington, and the Canadian provinces of British Columbia, Alberta, Saskatchewan, and the Yukon and Northwest Territories; and the
b. Pacific Coast Collaborative - a formal basis for cooperative action, a forum for leadership and information sharing, and a common voice on issues facing Pacific North America. With a combined population of 54 million and a GDP of $3 trillion, Alaska, British Columbia, California, Oregon and Washington are poised to emerge as a mega-region and global economic powerhouse driven by innovation, energy, geographic location and sustainable resource management, attracting new jobs and investment while enhancing an already unparalleled quality of life.

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

That the Provincial Government works with their partners in the Pacific Northwest Economic Region (PNWER) and Pacific Coast Collaborative to have the Pacific Time Zone in Canada and U.S.A to remain on DST throughout the year.

HARMONIZING BRITISH COLUMBIA’S REGULATION OF WORKER HOURS (2015)

Issue
Many businesses in British Columbia’s resource sector must grapple with differences between the employment standards legislation of B.C. and Alberta. This places an undue burden on many small businesses, and may result in a competitive disadvantage to B.C. businesses relative to those based in Alberta. B.C. should eliminate this drag on business by harmonizing key provisions of its employment standards legislation laws with those of its eastern neighbor.

Background
Part 4 of British Columbia’s Employment Standards Act\(^1\) ("ESA") provides various conditions on employees’ hours of work and overtime. Among other things, this legislation prescribes conditions on split shifts, hours before overtime applies and hours free from work each week.

British Columbia’s ESA differs from Alberta’s Employment Standards Code\(^2\). As a result, businesses that operate in British Columbia and Alberta must abide by different regimes. Particularly in industries where there is close integration of operations across provincial borders, this causes complications in scheduling and payroll practices. Such complications are especially burdensome on small business.

As well, British Columbia’s ESA, in general, provides less flexibility than Alberta’s Employment Standards Code. In markets where Alberta and British Columbia businesses compete for the same opportunities, the differences in applicable legislation can result in a competitive disadvantage for British Columbia business.

By harmonizing British Columbia’s ESA with Alberta’s Employment Standards Code, the provincial government can ensure British Columbia businesses do not face the complications of dealing with multiple employment standards regimes and compete against Alberta business on a more level playing field.

\(^1\) R.S.B.C. 1996, c. 113
\(^2\) R.S.A. 2000, c. E-9
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THE CHAMBER RECOMMENDS

That the Provincial Government:

1. work with the Alberta Government to harmonize British Columbia's Employment Standards Act with those in Alberta's Employment Standards code; and

2. then seek harmonization with other provinces.

INTER-PROVINCIAL TRADE BARRIER REFORM: BEER AND WINE INDUSTRIES (2015)

Issue

Inter-provincial barriers in Canada prohibit growth and limit consumer choice in too many businesses and industries. A prime example of an industry still hampered by antiquated inter-provincial trade barriers is the wine, beer and spirits industry. Recently, our federal government liberalized inter-provincial trade in liquor by allowing individuals to import wine, beer and spirits for personal consumption, and a few provinces (including B.C.) have made their own regulations congruent with this federal exemption. Unfortunately, in most Canadian provinces inter-provincial trade in liquor remains restricted by a patchwork of regulations. B.C. must encourage other provinces to modernize their liquor laws to allow freer interprovincial trade in wine, beer and spirits.

Background

Until recently, the federal Importation of Intoxicating Liquors Act criminalized the interprovincial importation of liquor by individuals. In 2012, the Act was amended to allow individuals to import wine across provincial borders for personal consumption. In June 2014, further amendments to the Act extended this personal use exemption to include interprovincial shipment of beer and spirits.

Regrettably, the federal government’s action to liberalize and modernize interprovincial trade in liquor has been largely frustrated by protectionist measures enacted by several provinces and territories. With few laudable exception (notably B.C.), it remains largely illegal for individuals to import wine, beer and spirits for personal use from out of province.

The effect of these protectionist measures is most keenly felt by B.C.’s small and mid-sized producers, who commonly lack the volume and financial resources to sell to provincial liquor boards. As a result, many B.C. liquor producers are limited in their ability to establish demand for their products in a national domestic market, which makes competition against large international producers more challenging. Interprovincial protectionist measures are also a drag on all producers who would benefit from internet-based sales and direct-to-consumer buying programs that provide better margins and enable more efficient supply management.

Perhaps most importantly, barriers to individual important of wine, beer and spirits are a hindrance to our tourism industry. Many out-of-province Canadian tourists now cannot bring B.C.’s fine wines home to share with their friends, and are unable to participate in the wine clubs operated by many of B.C.’s enterprising wineries. Wineries lose because they are challenged to build long-term, loyal relationships with out-of-province customers. Consumers lose because their favourite B.C. wine is not available to them at home. And B.C. loses because would-be tourists may choose to stay home and consume wine from their...
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home province.

As they do in all other industries, barriers to inter-provincial trade in wine, beer and spirits restrict opportunity, stunt growth, and limit consumer choice. Freer interprovincial liquor trade will allow B.C.’s liquor producers to gain access to the national domestic market, improve financial stability of our liquor industry, and help B.C. companies compete against imported products that have dominated sales in the past. B.C.’s government must take action to ensure that all Canada’s provinces follow our lead in allowing individuals to import beer, wine and spirits inter-provincially for personal consumption.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. continue to be at the forefront leading the charge to abolish barriers to inter-provincial trade in wine, beer and spirits; and

2. continue to persuade and assist other provinces to remove barriers to inter-provincial trade in wine, beer and spirits.

PROTECTING THE NATIONAL ECONOMY BY MANAGING THE LOWER FRASER RIVER (2015)

As highlighted in the July 2014 report titled ‘The Economic Importance of the Lower Fraser River’, the lower Fraser River stretching from Richmond to Hope is one of the prime economic generators in B.C., and is a significant contributor to the national economy. Port activity on the Lower Fraser River rivals Canadian traffic on the St. Lawrence Seaway, as well as supporting a myriad of other economic activities, and is home to 2.7 million people.

Port Metro Vancouver (PMV) is not only the largest port in Canada, but the largest port by tonnage in North America, and is the principal ocean gateway to the Asia Pacific. Although the Lower Mainland ports were amalgamated in 2008, if the Lower Fraser River port existed as a stand-alone port, it would still be a significant port for Canada. Prior to the amalgamation, the Fraser River Port Authority was the third largest port in Canada, based on domestic, export and import tonnage. The impact of the port function of the Lower Fraser is comparable in importance to the impact of Canadian traffic on the St. Lawrence Seaway both, in terms of tonnages and employment:

<table>
<thead>
<tr>
<th></th>
<th>Lower Fraser River*</th>
<th>St.</th>
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</thead>
<tbody>
<tr>
<td>Cargo (Million Tonnes)</td>
<td>25.7</td>
<td>36.5</td>
</tr>
<tr>
<td>Jobs (FTE’s)</td>
<td>52,900</td>
<td>63,000</td>
</tr>
<tr>
<td>Wages ($ Billions)</td>
<td>$2.62</td>
<td>$2.88</td>
</tr>
</tbody>
</table>

* The Lower Fraser River impact shown above is for 2008, prior to the amalgamation of the three Regional Port Authorities into Port Metro Vancouver in that year; the St. Lawrence Seaway impact is for 2010

** St. Lawrence data covers Canadian cargo carried on the Montreal – Lake Ontario section of the Seaway and the Well and Canal between Lake Ontario and Lake Erie

Looking to the future, the majority of developable port lands to accommodate PMV’s expected growth are on the Fraser River, and hence the Lower Fraser River is destined to play an increasingly important role in overall port activity and future growth of the Canadian economy.
In addition to the integral role to the operations of PMV, there are nine federal government Small Craft Harbours located on the Lower Fraser River. Supporting the commercial fishing industry, these Small Craft Harbours support a variety of fishing, aquaculture, recreation, tourism, shipping and other marine activities. The Fraser River also supports other key industries: The Fraser Valley’s agriculture production in 2011 was $1.6 billion (the majority of agriculture output for B.C.), and approximately 47 forest industry facilities operate in and along the River.

The Risk
The positive economic growth and development of the region seems unstoppable. However, the security of much of the agriculture and industrial lands, as well as the road and rail infrastructure that connects Canada to the port, are vulnerable to flooding and earthquakes.

Each year during the spring freshet, approximately 32 million m$^3$ of sediment is transported by the River, with roughly 10% of this material settling in the navigation channels of the lower reaches. To ensure continued navigation and flood prevention, regular maintenance dredging is required. Dredging increases flow capacity which is a crucial flood prevention measure to keep the river below dyke levels during periods of increased flow.

In 2007 the River came perilously close to overtopping the dykes in the Fraser Valley during the spring freshet. If the dykes had been breached, the national rail lines and the TransCanada Highway, connecting Vancouver to the rest of Canada would have been cut off, choking off the movement of goods in and out of the busiest port in the country, resulting in significant economic losses.

Presently, the adjacent lands of the Lower Fraser River are home to over 50% of British Columbia’s population, and in the actual flood plain, $50 billion dollars’ worth of development, which are increasingly vulnerable to frequent extreme weather events that are projected to impact the River.

Ensuring Future Prosperity
According to recent studies, sea levels at the mouth of the River could rise in excess of one metre by the end of this century. In order to protect the businesses and livelihoods of those dependent on the river, residents and public facilities (including the highway and rail transportation infrastructure), an ongoing, coordinated program of investment in improved diking, dredging and other protective features is imperative. Preliminary estimates place the cost of this program required by 2100 at nearly $9 billion for the tidal areas of the River and adjacent coastal reaches.

The impact of inaction could be severe. The economic damage of losing one or more of the rail links to the port, as well as the major highways through the valley would be significant to the national economy. Damage could be similar to that seen in New Orleans, and require lengthy reconstruction periods, likely costing in the billions of dollars, combined with billions in lost economic activity. In order to mitigate this potential, we must act with some urgency to ensure the appropriate preparations are made.

In addition to environmental challenges, urban growth is also putting pressure on the future prosperity of the region. The demand for residential land has applied tremendous pressure on industrial land that is in transition. As a result, this land in transition has been converted to residential use, resulting in a repurposing of nearly 3000 hectares of industrial land in the last 30 years alone.

Coordinating the Administrative Challenge
Ultimately, the Fraser River is the backbone of transportation for the Asia Pacific Gateway and is of great
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economic value to all of Canada. It has the ability to provide a significant competitive advantage that will build our nation’s economic prosperity as Asia becomes an increasingly important trading partner. Streamlining and facilitating a process that allows a main transportation channel to be maintained will be primary in developing this key opportunity.

One of the main challenges to managing the Lower Fraser River is coordinating the many government and non-government stakeholders that maintain the River. There are currently 15 municipal governments and 29 first nations groups along the banks of the Lower Fraser. There are also over 20 Provincial and Federal ministries involved in the River’s administration resulting in a myriad of legislative acts and bylaws that require due process.

As authority and oversight is vested with a multitude of government departments, work on the Fraser River is often done in isolation and not part of a comprehensive and coordinated plan to address ongoing maintenance and safety requirements.

Resolving these issues will require long-term management and funding with substantial financial obligations. Compounding the problem is the fragmentation which requires compromise among various jurisdictions and authorities.

All levels of government and other key stakeholders must come together to manage the Lower Fraser River as an interconnected system in which the interests of the economy, the population, navigation, public safety, and the natural environment are managed holistically as one system. This will require the leadership of the Federal Government, the ultimate authority over the River.

THE CHAMBER RECOMMENDS

To ensure the continuous flow of commerce to and from the Asia-Pacific market, and to ensure the sustainability of the Lower Fraser River, the Provincial and Federal Governments work with the, municipalities, aboriginal groups, and business stakeholders to:

1. Bring together a task group of relevant stakeholders, to develop a holistic strategy to address the long-term funding and management requirements necessary to maintain, protect and further improve the Lower Fraser River; and

2. Charge this task group with responsibility for developing a comprehensive plan, addressing but not limited to, flood protection, navigation management, sea level rise, and agriculture and industrial land enhancement, within the lower Fraser River and ensure the plan includes consideration for the role that the Fraser River can play in further development of the Asia Pacific Gateway strategy.
COUNTERING COSTLY CYBERCRIMES (2017)

Introduction
The cost of cyber crime perpetrated on businesses is rising. However, there is insufficient data to determine accurately what those costs are. When asked at a recent cyber crime dialogue if the attendants knew where to report a cyber crime, most did not. Canada does have websites where business can report a breach of their data, however, it is not well known. Businesses need to report cyber crime and provide the data that the federal agencies require to accurately measure the costs and develop strong counter-measures. Conversely, the federal agencies could and should do more to engage businesses as part of their planning and outreach strategies, and promote their webpage for reporting cyber crime through education and awareness campaigns.

Background
The fact that cyber crime is on the increase is indisputable. What becomes challenging is measuring the impact on Canada’s economy. Published only a year ago, PricewaterhouseCoopers economic crime survey found 59% respondents believe cybercrime is on the rise, with 28% confirming they’ve been impacted in the previous 24 months. Losses ranged between $50,000 to $5M for 16% of respondents, with another 31% losing anywhere from $1,000 to $50,000. Those tipping over $1M have increased to 12% from 5% in 2014.1

Norton Cyber Security Insights Report 2016 states that $1.9B (USD) was lost to cybercrime in Canada in the previous year with 26% (8.5 million Canadians) affected.2 Another private security firm predicts cybercrime will cost more than $2.1T (yes, T for trillion) by 2019 with 60% of the breaches occurring in North America.3 The Association of Certified Fraud Examiners puts it at $3.5T globally, now.4

Symantec reports that security breaches are up 2% in 2016 from 2015 with more than 10 million identities exposed, a huge 125% increase from the previous year. 62% of the business victims were small to medium enterprises. Customer details are the targets putting many individuals at risk for fraud or worse.5 Start-ups are most vulnerable as a data breach recovery averages $38,000; with intellectual property and trade secrets compromised. Bankruptcy looms for those who lose much.

Even governments are not safe. Since 2010, Public Safety Canada has spent $245 million on defending government computer networks, safeguarding critical infrastructure and educating the public. Currently, there are no federal laws that require companies to disclose hacks, security breaches, thefts of data or money, so the general public has incomplete knowledge of which companies have been compromised. There are several models used elsewhere which can be adapted for Canada. For example, Australia’s ACORN program (Australian Cyber Crime Online Reporting Network) collects citizen complaints so that police and industry can monitor trends, thwart organized criminal groups and arrange incidents for further investigation.

Canada does have a Spam Reporting Centre, which is hosted by the Canadian Cyber Incident Response Centre (CCIRC), and a government operated Canadian Anti-Fraud Centre (CAFC), but neither is equipped to handle the exploding array of cyber-scams and malware that are targeting home and business computers.6

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1 Global Economic Crime Survey 2016. [www.pwc.com/ca/crimesurvey](www.pwc.com/ca/crimesurvey)
Recently, the Canadian Association of Chiefs of Police (CACP) and the Canadian Advanced Technology Alliance (CATAAlliance) joined forces to create the Electronic Crime Committee (ECC) to develop a national cybercrime strategy for Canada, which will begin to address the need for data and a more coordinated approach with law enforcement agencies. As an advisory body, it does not have legislative powers to effect necessary changes to protect Canadian businesses, though its work will no doubt be of value in the future.

The RCMP has a cybercrime strategy (2015) defining cybercrime in two categories: technology-as-target (the unauthorized use of computers and/or data, including identity theft, scams, phishing, etc.), and technology-as-instrument (criminal usage including fraud, drug trafficking, cyber-bullying, exploitation, etc.). Their data is collated accordingly as the number of incidences reported in each category. The RCMP has a broad mandate for investigating cybercrime including coordinating with local police forces and international agencies. As part of their action plan, #8 identifies the need to enhance the Canadian Anti-Fraud Centre (CAFC) “as a trusted data and intelligence source on financially-motivated cybercrimes,” and “improve victim-based reporting” to improve police information sharing on cybercrime activities and trends, “including potential links to National Police Services.” Action items #9 and #10 are similarly seeking coordination of data collection across agencies. As not all incidents are reported or recorded, the true impact of cybercrimes has yet to be measured by anyone, including those charged with investigating criminal activity in cyber-space.

To conclude, the research is not consistent on cost or number of incidences in Canada as this data is not fully tracked and not all breaches are reported. It is safe to guestimate that cybercrime has cost the Canadian economy up to $3.12 billion dollars annually (Huffington Post, quoting NORTON, 2013). The time taken (averaging 19 hours for individuals, according to Norton) to deal with an incursion as well as the cost to salvage data, the cost to develop a more secure system, the cost to update employee training to avoid further breaches, and ultimately, the cost to a business’s brand as client trust is lost along with their data, is incalculable. Cybercrime has become a barrier to economic growth.

THE CHAMBER RECOMMENDS

That the Provincial Government and Federal Government work collaboratively with stakeholders and business to:

1. strengthen and promote the Canadian Cyber Incident Response Centre (CCIRC) and the Canadian Anti-Fraud Centre (CAFC):
   a. as collectors of data including type and number of incidences;
   b. to develop awareness and education strategies for businesses in a format that is easily accessed and understood; and
   c. to pro-actively engage businesses and the public in awareness and education campaigns;

2. ensure that the newly formed Electronic Crime Committee (ECC) includes business association representatives to assist with communications and outreach strategies to businesses; and

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7 https://www.cacp.ca/electronic-crime-committee.html#122
3. invest in additional resources required to increase the RCMP’s ability to investigate and prosecute criminal activities with collaborating investigative agencies and local authorities.

**RCMP THE LINE OF FIRST DEFENCE AND RESOURCE OF LAST RESORT (2017)**

**Opening Statement**
It is a fact that RCMP costs are the highest line item cost in most municipalities throughout the province. These costs have become onerous on small communities and at the same time the members in small town detachments are overwhelmed and overworked.

In order to seek a solution as to how we can support RCMP detachments we need to examine a number of factors contributing to the stresses on the RCMP today.

**Issues**

**Financial Resources**
Putting more money into the system would help but cannot be sustained by the municipalities given the funding system that exists in the province today.

Communities are expected to make the following contributions to the overall cost of the RCMP services. Rural and unincorporated areas pay less than 50% of the cost, small towns (5,000 to 15,000) have to pay 70% of their costs and communities over 15,000 have to pay 90%. The remainder is paid for by the Provincial and Federal Governments.

Weaknesses in this formula include:
- Municipalities support the RCMP by taxing property. These taxes become a huge drain on property owners and hence businesses, especially in towns where there is no industrial tax base. This is not sustainable;
- This formula does not address the actual policing capacity needed in a community;
- There is no equality in who pays how much. Unincorporated areas only have to pay 50% of their policing costs. There is no desire for rural areas to amalgamate with adjacent larger communities as the tax hike for policing is so high;
- An integrated detachment then has to track costs for three different agencies; and
- The RCMP has seen a growing protest across the country amidst calls for fair compensation, with Mounties speaking out against the pay discrepancies between RCMP and municipal forces.

In the Terrace area where the First Nations population is about 40% there is only one member assigned as a liaison person to address First Nations issues. The Federal Government needs to ensure that our First Nations have the support they require.

**Productivity**
Enforcing the rule of law is fundamental to sustaining the safety of our communities. Rising costs have to be examined to determine that delivery of the service that is expected of the RCMP today is done in a productive manner. Examination of in-house bureaucratic requirements needs to take place and the interaction of the RCMP and social services need to be more closely harmonized and streamlined.
In the northern half of the province, staffing levels have not changed for many years. In the interim, demands on staff time have increased exponentially; more paperwork, more training to meet new standards, but particularly more time spent to fulfill the social needs of our changing communities. Examining the productivity of the force is necessary.

This productivity is eroded by a myriad of forces, such as the tangled contractual system between federal, provincial, municipal and rural models of delivery and funding.

**Role of the RCMP in communities today**

What was in the past a role to be played of enforcing the law has now expanded to support the social needs of a community. There is an expectation today that the RCMP are to be there for those of our society who desperately need support but have fallen through the cracks of the myriad of unintegrated social service agencies.

Due to a lack of resources devoted to the social sector, in particular social services targeting mental health, the RCMP have become the resource of last resort when people cannot find support from social services, medical systems, or the courts. The RCMP are there to deal with the cases that no one wants. To do this they require increased funding and staffing.

This departure from the intended purpose of the RCMP, which was enforcing the law, has put stress on the members and has demanded time away from the job they were meant to do. It has reduced productivity and at the same time overwhelmed the already limited resources they have at hand.

The two responsible agencies are the corporate RCMP themselves in that they have not supported the men and women on the street who live through these struggles on a daily basis and the Provincial Government who have not recognized that such a crucial service to the health of our communities needs their continued and urgent support.

Without adequate funding, productivity gains, support for the members as they do their jobs, how can we expect the RCMP to meet such demanding challenges today such as the opioid crisis?

Many reports posted on the RCMP website have written about this situation. It is time that concrete steps are taken to correct it.

**THE CHAMBER RECOMMENDS**

That the Provincial Government:

1. conduct a thorough analysis to ensure that funding of the RCMP is adequate, fair and equitable for rural, municipal and First Nations communities; and

2. together with the RCMP and the Federal Government, work diligently and with urgency to examine and alleviate those issues that are impacting on the productivity of the Force as well as the well being of their members.
SAFE COMMUNITIES AND STRONG ECONOMIES - SUPPORTING POLICING IN B.C. (2017)

Opening Statement
B.C.’s police forces are on patrol, investigating crimes, enforcing the law, and keeping the peace. Effective and adequately resourced policing is integral to safe economies and strong economies. As B.C.’s urban centres grow and municipalities increasingly become inter-dependent, the importance of regional policing increases. Yet municipal police forces and RCMP detachments have different levels of funding, manage their cases differently, and may not have the resources for specialized training. In the regions with multiple police forces, funding, governance, and operations can vary widely. From a practical perspective, dividing police resources along municipal borders, especially ones that are adjacent, makes little or no sense.

Background
At the present time, the Royal Canadian Mounted Police (RCMP) and 11 independent municipal police organizations provide service across B.C. For example, Greater Victoria has four independent municipal police forces and three RCMP detachments serving a population of 335,256.

Greater Victoria Policing (as of January 2016)

<table>
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<tr>
<th>Police Service</th>
<th>Officers</th>
<th>Municipality</th>
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</tr>
</tbody>
</table>

*Sooke RCMP Detachment is also responsible for Port Renfrew, pop. 139 (2011)

Under the B.C. Police Act, municipalities with a population exceeding 5,000 must assume responsibility for police services within their boundaries. Such municipalities have three options:

1. contract with the provincial government for RCMP municipal police services;
2. contract with an existing independent municipal police department; or
3. form an independent municipal police department.

Independent municipal police departments are governed by a police board, a non-partisan body whose role is to provide governance, budgetary control, and policy direction.
PUBLIC SAFETY

The operations of the RCMP are governed by the *RCMP Act* and are subject to the contractual agreements between the various levels of government, *e.g.* *Municipal Police Unit Agreement*.

**Funding**

Taxpayers in municipalities with independent municipal police forces pay 100 percent of their local policing costs. Over 30 percent of municipal property taxes are typically allocated to support independent police forces, the largest single expenditure for local governments.

Municipal RCMP policing is partially funded by the provincial government and municipalities through property taxes. The portions are broken down into three different cost-sharing formulas:

1. Municipalities with populations exceeding 15,000 persons are responsible for 90 percent of the cost of their RCMP police services;
2. Municipalities with populations between 5,000 and 15,000 are responsible for 70 percent of the cost; and
3. Municipalities with populations under 5,000, pay less than 50 percent of the total cost for police services.

The complexity of the current police funding model can be cumbersome. For example, the RCMP detachment serving the five municipalities in Greater Victoria’s western communities is funded by three different cost-sharing formulas, one for the two communities under 5,000, another for the two over 15,000, and yet another for the one that falls in between.

**Operations**

Each municipality can have its own distinct policing requirements. Victoria has the seat of government, is the daytime working centre and the region’s night-time playground. As such, the Victoria Police Department may have more officers on duty at bar closing on a Friday night or at the B.C. Legislature on Canada Day than any department or detachment in the region. Further, populations with chronic untreated mental health and addictions requires police officers – often the first responder when an individual is unstable or dangerous – to act as front line social workers.

Each municipality will have its own policing priorities, reflecting local issues, municipal resources, and local government policies. In Victoria, the municipality is regulating marijuana dispensaries, with its independent police force intervening upon a case-by-case bases. Meanwhile, neighbouring municipalities have emphatically said no to medical marijuana dispensaries.

The municipal disparities in law enforcement can have a great impact on the region as a whole, as crime tends to move towards areas of least resistance. If illegal activity triggers police enforcement in one municipality but not in another, then it only makes sense that type of illegal activity flourishes in the latter, potentially attracting similar and related illegal activities.

**Integrated Units**

Integrated units can provide a regional approach to law enforcement and crime prevention, *e.g.* Integrated Major Crime Unit, Integrated Road Safety Unit and the Mobile Youth Service Team. Not all municipalities are on each integrated team; their composition tends to be aligned with municipalities’ policing priorities. Such teams may create economies of scale, provide access to specialized equipment, training and personnel, as well as increase the effectiveness in addressing criminal activity affecting more than one community.

Integrated police units form and collapse over the years. From some individual municipalities’ perspective,
it might seem worthwhile to withdraw from an integrated team when its specific policing priorities are not being met. Others might see their involvement in an integrated team as more of an “insurance policy,” i.e., access to specialized expertise and resources that it does not have to fund or retain on its own.

The ad hoc and temporary nature of integrated teams makes them an unreliable approach to regional policing.

THE CHAMBER RECOMMENDS

That the Provincial Government creates common governance and funding models to ensure consistent standards of policing for all municipalities, including those policed by the RCMP.

THE COST OF PROLIFIC OFFENDERS ON THE LOCAL ECONOMY (2016)

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.

Prolific Offenders
The majority of crime committed in Canada is by prolific offenders; the largest portion of crimes committed are property crime, and the largest portion of property crimes are commercial crimes which impact business directly via immediate loss and costs to re-secure property and indirectly by the overall costs of our justice system.

High profile media reports of prolific offender criminal activity are causing businesses and citizens to question the efficacy of our criminal justice system and the accountability of all levels of government. All too frequently individuals who are released without completing mental health or drug treatment programs while incarcerated re-offend shortly after their release. The prolific offender cycle continues to cause increased costs directly to impacted businesses and indirectly through increased taxes to pay for the criminal justice system and ancillary costs.

Leadership is required to ensure that all responsible governments, community and business organizations take up the responsibility of making our communities across Canada more resilient, vibrant and accountable when prolific offenders are released back into our communities.

Background
Prolific offenders create a high percentage of the crime reported in Canada and the link to drug and alcohol addiction and mental health issues is overwhelming. 80% of male offenders in federal prisons
have substance abuse issues, 60% of female inmates are prescribed psychotropic medicine to manage mental illness.\textsuperscript{10}

Ongoing dialogue with experts in policing, corrections, treatment facilities and housing for those on parole or conditional release indicates that the “solutions” to the problems of prolific offenders are widely known and supported amongst the criminal justice community, but that federal and provincial budgetary impacts and political decision-making is a causal problem in preventing successful reintegration of some offenders.

Specifically, reductions in federal funding for psychiatric services for offenders while incarcerated and post-release is one example of setting up an offender for failure and increasing community risk.\textsuperscript{11} If a business is a victim of repeated crimes due to prolific offenders cycling through the justice system without adequate interventions and programs to stop the cycle of addiction and the need to commit crimes to fund that addiction, where is the incentive to invest in that community?

The Province of British Columbia released a Blue-Ribbon Panel report in December 2014, entitled \textit{Getting Serious about Crime Reduction}, is one example of best practices 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.
4. Support an increased emphasis on designing out crime.
5. Strengthen inter-agency collaboration.
6. Re-examine funding approaches to provide better outcomes.\textsuperscript{12}

The current initiatives undertaken by the B.C. 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; and

- 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.

The challenge across Canada is finding the resources to ensure that prolific offenders are engaged in programs to reduce the mental health impacts of drug and alcohol addiction and that best practices are followed. Provincial and federal resources have contributed to the success of Community Courts and Integrated Court Services Programs.

\textsuperscript{10} C Theobald, May 14, 2015, Edmonton Sun
\textsuperscript{11} AM Paperny, Global News, June 4, 2014
PUBLIC SAFETY

Communities throughout B.C. benefit when stakeholders, service providers, police and justice agencies, 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 and Federal Governments:

1. provide adequate budgetary support for support services treating offenders while incarcerated and for post-release housing and programming of prolific offenders to ensure successful societal reintegration and safer communities; and

2. combine resources to develop a National Strategy to deal with prolific offenders and ensure the efficacy of programs such as the Integrated Court Services Plan and the successful implementation of measures such as the Blue-Ribbon Panel recommendations.

THE COSTS OF RETAIL CRIME (2016)

Background

As of December 2014, retail trade in Metro Vancouver was worth $3,089,714,000. This is a significant economic contribution to the entire province. If so, why is more not being done to stop retail theft? Small retail businesses in the Lower Mainland see losses to theft amount to $27,000 per day. With this level of retail theft, Metro Vancouver households will pay an additional $3.5 million annually due the impact of retail crime.

In essence, we are all paying a ‘crime tax’. This crime tax does not include the costs of loss prevention by businesses nor the cost of policing nor courts.

Businesses need to work together as a single community to break down silos and remove barriers to information-sharing for the common good - fighting retail theft, providing a safe and secure business environment for employees and customers, and reducing the crime tax on households.

Frequently however, there is resistance to change, barriers and silos from anti-crime stakeholders and business organizations. At the individual business level, there is frustration, anger and apathy.

This is not new. As an example, previous market research on the issue of cargo theft for the International Association of Airport and Seaport Police, demonstrated the same resistance and frustration from businesses in the River Road, Annacis Island, and Port Kells industrial and commercial business parks.

This problem is reflected in the statistics. There has been a significant drop in the number of retail businesses participating in Business Watch programs, and in the use of 1-800 tip lines. Businesses charging criminals have dropped 20%.

The private sector can be a partner in the crime reduction solution by:
PUBLIC SAFETY

- Supporting the B.C. Government’s Blue Ribbon Panel’s report call for eliminating barriers to information-sharing, and taking concerted action within the business, law enforcement, and crime prevention and reduction communities;
- Encouraging all board of trade/chamber of commerce non-retail business members to work with their counterparts in retail trade to play a greater role in reducing and preventing retail crime;
- Calling for the business community in the Lower Mainland, and throughout B.C., to collaborate, share ideas and information for the common good of preventing and reducing retail crime, while recognizing the need for individual chambers of commerce/boards of trade to address local issues;
- Recognizing the need for collaboration between for-profit, non-profit and law enforcement in finding effective, affordable, and best practice solutions to retail theft; and
- In compliance with PIPA, recognizing the need to use personal information to fight organized retail crime, provide a safe and secure business environment for employees and customers, and to eliminate crime tax on households.

Government, apart from policing and the courts, also has a role in providing education and promoting coordination to ensure that retail crime is treated seriously, reported regularly and punished effectively to reduce the costs on business and the crime tax on consumers.

Frequently, there are concerns about the sharing of information and a lack of understanding of current privacy legislation. Many businesses and organizations do not share information amongst themselves or policing agencies either from apathy or fear of violating privacy regulations and legislation.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. investigate administrative penalties for lower level retail crimes, such as ticketing and fines, that reduce the impact of retail crime on our justice system and the administrative burden on our retail industry; and

2. assist in the education of business and business organizations, in collaboration with law enforcement agencies, regarding provincial and federal privacy legislation and how to effectively share information to reduce retail crime.

MODERNIZING THE SAFE STREETS ACT (2015)

Technology for pay parking has advanced, with many B.C. municipalities converting to new pay parking stations. Citizens and visitors now have to pay for parking at pay parking stations and, while doing so, stand for a period of time with money and wallet exposed to the general public creating a captive audience for panhandlers to solicit. This scenario can create an uncomfortable feeling for citizens and visitors and, more importantly, raises a safety concern for these individuals.

Further, sidewalk patios are an area where a captive audience is created. Restaurateurs observe panhandling affecting their customers’ meal experiences in these patios. An undisturbed meal and safety for customers is important for the viability of sidewalk patios.

The Safe Streets Act was enacted in 2004 by the province of British Columbia. Business in B.C., especially
PUBLIC SAFETY

retailers, put much effort in attracting customers to enter their store to purchase their products. Many of these pay parking stations and sidewalk patios are being put in locations with high economic activity. It is vital that these areas are safe and welcoming to all potential customers.

The Safe Streets Act Chapter 75 describes specifically where a person commits a soliciting offense. Section 3 (2) reads as follows:
(2) Subject to subsection (3), a person commits an offence who does any of the following:

(a) solicits a person who is using, waiting to use, or departing from a device commonly referred to as an automated teller machine;
(b) solicits a person who is using, or waiting to use, a pay telephone or a public toilet facility;
(c) solicits a person who is waiting at a place that is marked, by use of a sign or otherwise, as a place where a commercial passenger vehicle regularly stops to pick up or disembark passengers;
(d) solicits a person who is in, on or disembarking from a commercial passenger vehicle;
(e) solicits a person who is in the process of getting in, out of, on or off of a vehicle or who is in a parking lot.

Section 3 (3) reads as follows:
(3) No offence is committed under subsection (2) if the person soliciting is 5 metres or more from the following:

(a) in the case of subsection (2) (a) to (c), the automated teller machine, pay telephone, public toilet facility entrance or commercial passenger vehicle marker, as applicable;
(b) in the case of subsection (2) (d) or (e), the commercial passenger vehicle or vehicle, as applicable.

The Chamber understands that enforcement of panhandling is difficult. The intention is to update the above act in order to give peace officers a mechanism to deal with a problem if one ever needed to be acted upon.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Amend the Safe Streets Act to add pay parking stations, specifically:
   a. Have section 3 (2) (b) read “solicits a person who is using, or waiting to use, a pay telephone, a pay parking station or a public toilet facility;”
   b. Have section 3 (3) (a) read “in the case of subsection (2) (a) to (c), the automated teller machine, pay telephone, pay parking station, public toilet facility entrance or commercial passenger vehicle marker, as applicable;”

2. Amend the Safe Streets Act to add "sidewalk patios," specifically:
   a. Add a Section 3 (2) (f) to read "soliciting a person who is within a designated sidewalk patio area."
   b. Have section 3 (3) (a) read "in the case of subsection (2) (a) to (c) and (f), the automated teller machine, pay telephone, pay packing station, public toilet facility entrance, commercial passenger vehicle marker or sidewalk patios, as applicable."
ENABLING AND PROTECTING THE NEXT GENERATION OF ENTREPRENEURS (2017)

Introduction
While there is no minimum age for owning shares in a business, individuals under the age of majority (19-years of age in Canada) cannot incorporate, meaning they can’t sign contracts or legal documents on behalf of the company, and they cannot be an officer or director of their own company. These youths must rely on multiple guardians, parents and/or trusted advisors willing to do so on their behalf. By limiting the ability for budding young entrepreneurs to guarantee certain protections for their ideas and businesses, these restrictions are at odds with the provincial and federal emphasis on promoting entrepreneurship and small-business as an economic driver.

Background
Today’s youth are an increasingly likely group for entrepreneurship as they look towards self-employment as a viable career option. With a significant chunk of future businesses starting out of apartments, basements, or garages at a very young age, particularly as technology facilitates the accessibility and ease with which individuals can start their own company, there is a need to ensure that B.C. (and Canada) stays at the forefront of the industry and opens doors where possible for innovation to thrive.

Taking their cue from the Mark Zuckerberg’s of their generation, more and more entrepreneurial-minded youth are taking risks to start their own companies. In B.C., at the age of 16 based out of Burnaby, Milun Tesovic established himself as one of Canada’s youngest entrepreneurs by starting the online music website Metrolyrics, which soon became the #1 online lyrics website in the world with 126 million page views per month and eventually sold to American media conglomerate CBS. But first, he had to bring on side a trusted family friend as a business partner because he couldn’t legally do it on his own. At the age of 15, Albert Cherng started the Tech Easy Foundation, a non-profit society that provides technology education for seniors. Albert recently received the BC Youth Social Innovation Award and Tech Easy has helped over 1000 senior citizens across 40 communities and recruited over 200 high-school volunteers. Yet in order for all this to take place, Albert had to convince his parents to start and govern a society on his behalf. How many other brilliant youth are we excluding by not making a more accessible and protected mechanism for youth to create great organizations such as these?

In a survey conducted by EY, 65% of young people aged 18-25 indicated their desire to start their own business.¹ The 2017 Expert Panel for the Federal Government’s Youth Employment Strategy (ages 15-29) found an increasing trend towards recognizing entrepreneurship as a viable career path. In order to help our youth succeed as entrepreneurs, there is a growing movement of initiatives and organizations supporting youth entrepreneurship projects in high school and elementary. These programs create real-world projects for youth to help them learn entrepreneurial skills and competencies at an age when they readily develop: curiosity, courage, an ability to overcome fear of rejection, critical and creative thinking, resiliency, and more. Examples in B.C. include Young Entrepreneur Leadership Launchpad (YELL Canada), Junior Achievement, Tintyrepreneur, PowerPlay, and StartupSkool. Combined with recent shifts in B.C.’s education curriculum putting a focus on project-based learning for students, we will see more youth designing business ideas at a young age and hungry to get them going in real life. This is a problem that organizations like YELL Canada come across frequently, with innovative and visionary 15-19 year olds keen to start a business, but feeling frustrated because they can’t do so.

SMALL BUSINESS AND RED TAPE REDUCTION

Despite the growing momentum, youth under the age of majority can’t incorporate, and are limited from participating in the strategic direction, governance, and management of a company. The only option they have is through limited participation as a shareholder (where they pick their own boss and directors), or by registering as a sole proprietorship (usually after the age of 15) and taking on full liability and risk. Workarounds leave youth exposed to various risks and/or decrease their ability to set the direction of a company. Parents can become a director but they may lack the requisite understanding of how the business works, in which case a professional who does understand the business would need to be brought on board. But either option leaves youth and their ideas vulnerable due to a lack of IP/patent protection and the risk that the company is stolen, sabotaged, or participation is hindered. The option of not incorporating or operating as a sole proprietorship under the age of majority is similarly challenging, since, without the ability to enter into contracts, other business owners and customers are dangerously exposed financially and legally.

Evidently, it is time to come up with a viable solution that allows business owners under the age of majority to participate meaningfully in their own company while also ensuring that the proper protections are in place for these youth and the general public. There are a number of options that could be considered:

- Establishment of a national foundation or shared-platform entity that assumes sign-off responsibilities for all activities while temporarily absorbing a youth-led organization or initiative until full transfer is given to the youth upon reaching the age of majority (e.g. the shared platform process pioneered by Tides Canada Foundation that temporarily absorbs new projects that cannot yet support a full stand-alone charitable structure);
- Separate incorporation structure under the Corporations Act for a full or partial youth-led corporation (e.g. Community Capital Corporation in B.C.);
- Provision for up to a certain percentage of board of directors seats to be controlled by youth under the age of majority;
- Lowering the age of majority for incorporation with certain levels of oversight and protection put in place; OR
- Trustee takes on a proxy role as director or signing officer until such time as the youth reaches the age of majority.

Despite a growing emphasis on spurring entrepreneurship and creating opportunities for Canadian youth, self-employment among individuals aged 15-24 stood at 11,400 in 2015, representing a decline of 9.5% from 2010 levels. If more billion dollar companies are to be started by young entrepreneurs here in Canada, and if we want to retain young entrepreneurial talent, we need to ensure our youngest and most ambitious youth are given the tools and protections to succeed.

THE CHAMBER RECOMMENDS

That the Provincial Government, working with the Federal Government:

1. create a vehicle to allow entrepreneurs under the age of majority to legally participate in the management and governance of a company;

2. investigate options to ensure the appropriate level of protections are put in place for youth and the public, with an emphasis on working with insurance providers on D&O insurance options; and

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LEVELING THE PLAYING FIELD FOR LIQUOR DISTRIBUTION IN B.C. (2017)

Introduction
Previous discussion around liquor regulations in British Columbia noted among other things that “the government brings no special talents or purpose to retailing, warehousing or distributing alcohol. Increasing opportunities for private-sector involvement will result in improved services, consumer choice and access, and better use of Liquor Distribution Board (LDB) resources.”

For more than a decade the Province has been reviewing and engaging a variety of stakeholders in order to modernize liquor regulations. They have balanced the views and concerns of British Columbians with the needs of the industry and the demands of consumers. In the time since the announcement noted previously, the Province has implemented many of the changes suggested by the BC Chamber and industry stakeholders though the intended privatization of distribution never occurred. A comprehensive policy clearly stating the BC Chamber’s position on the need to level the playing field for liquor retailing in the province was endorsed by the BC Chamber in 2011 and then reintroduced and endorsed three years later. Over that timeframe the Province has acted on many of the issues identified but the specific issue of allowing private business to purchase and warehouse liquor at wholesale prices directly from producers in equal retail competition with GLS locations has not been adopted nor was that specific policy issue renewed in 2014.

Background
The Province holds a monopoly on the distribution, warehousing and price of liquor sales in the province. The Liquor Distribution Act (“the Act”) gives the LDB the sole right to buy alcohol, either imported or produced in B.C. and the sole right to distribute that alcohol within the province. The LDB is responsible for retail sales from all Government Liquor Stores (GLS), and for sales to private liquor stores, restaurants and bars, however some licensees must still buy alcohol from a GLS branch at the retail price, whereas private liquor stores receive a 16% discount when purchasing from the LDB. Only the government truly buys wholesale from producers located in B.C. or abroad.

The current model pits private liquor stores in direct competition, with the LDB being able to out-compete any private liquor store on pricing. Private stores are able to compete on hours of operation and refrigerated products but the playing field is far from level, particularly on price and selection.

The LDB’s 2016/17 – 2018/19 Service Plan does note that the 2013 Liquor Policy Review undertaken by the Province and the resulting recommendations instigated a significant transformation in the marketplace – and that transformation is expected to continue.

The role the LDB plays is an important one but not with respect to its virtual monopoly in wholesale distribution of liquor. The liquor industry in B.C. is disadvantaged by the government having the sole right to dictate pricing in this area. The growth of the industry, and its ability to create jobs and contribute to the provincial economy, would see a significant increase if private sector outlets were allowed true price parity.

3 The Act, 10(a)
and competition. If private business sectors could purchase wholesale liquor at wholesale prices, competition and not government policy would dictate the price and qualities sold.

Additionally, removing the single government distribution and warehousing system would create a more nimble responsive system that could support industry growth in line with demand. Consumers and the private sector would both win, and government revenue would be protected and costs significantly reduced. Specifically, it is anticipated that if changes took place to allow the private sector to be on equal footing with government on this aspect of service delivery, government revenue would not be impacted as taxes collected from the sale of alcohol still flows to the government no matter who is distributing the product. Private liquor stores and their customers would have greater choice and easier access to products because private sector operations can choose their own hours of operation and have greater flexibility in managing overhead.

THE CHAMBER RECOMMENDS

That the Provincial Government amends the Liquor Distribution Act to allow private businesses to purchase and warehouse liquor at wholesale prices directly from producers, in equal competition with GLS locations.

STRENGTHENING B.C.’s HOP INDUSTRY - AN OPPORTUNITY FOR RENEWAL (2017)

Introduction
B.C. grown Hops are a re-emerging industry. At one time BC could claim to be the largest provider of hops to the British Empire. At its peak, there were over 2,000 acres of hops being grown in B.C. This industry experienced a shift to the United States when the foreign owners of the remaining 1,300 acres of hop yards in B.C. consolidated their business to Yakima Washington in 1997. This consolidation was done for economic reasons and resulted in the complete loss of this agricultural product to B.C. This crop is now experiencing a resurgence in the province, driven by the craft beer industry.

The purpose of creating the BC Hopped Beer & Cider Program is to ensure that history does not repeat the same industry exit. While the current resurgence in hop growth is being driven by perceived demand from craft brewers, the reality is that, in order for craft brewers to actually switch from readily available imported hops to B.C. grown hops in a meaningful way, there needs to be an incentive that helps to offset the costs associated with recipe changes, marketing changes, breaking of existing contracts, or new capacity to brew a B.C. hopped beer or cider.

Background
Many of the new hop farms being planted at this time in B.C. are family farms. These family farms can be better maintained if the revenue source that they rely on is securely entrenched with the single client, fermented beverage manufacturers, which are the consumer of the resulting product. Hops are an international commodity, but they have only one buyer: fermented beverage producers. These producers are always highly regulated and taxed. The B.C. Government is in the best position to create an incentive for B.C. based fermented beverage producers to use a B.C. grown hop product by creating the economic environment where that product is the smartest choice for the producer.

Producers of alcoholic products distribute those products in BC through the Liquor Distribution Branch (LDB). The LDB charges producers a markup on the wholesale price of the product according to a fixed schedule. In 2013, the Province introduced a new craft distillery policy as an incentive for smaller producers
to qualify for a mark-up exemption (reduction) if products used 100% B.C. agricultural products.

Distilleries had to use traditional spirit making techniques and annual production was limited to 50,000 litres. According to Agriculture Minister Norm Letnick, “These changes will encourage B.C. craft distilleries to use local grains and produce, will support B.C. farmers producing high-quality crops, and are the latest example of the B.C. government’s efforts to create a business environment that attracts investment and rewards innovation. B.C. is internationally respected for our high-quality wines and beers, and is increasingly being looked at as a place of similar opportunity for craft distillers.” In 2012 there were 17 craft distilleries in BC, by 2016 there were 35. The markup exemption played a strong role in this growth.

A similar strategy should be used to create an opportunity for growth in the Hop industry as well as providing a measure of long-term security to this re-emerging crop. Creation of a new BC Hopped Beer and Cider Program would permit qualified brewed or fermented products that utilize 100% BC Grown Hops in a given product to qualify for a 50% mark-up exemption on that product sold to restaurants, bars, private liquor stores and the public.

Further, the LDB should establish the following criteria to qualify for the mark-up exemption:

a. all applied for product produced by the brewery or cidery must be fermented and brewed at the licensed B.C. brewery or cidery;

b. all applicable products must be produced utilizing 100% B.C. grown hops. Other ingredients may or may not originate in B.C., but any hop used in the production whether in the boil, bottom fermentation, top fermentation, dry hop or other process will be certified by the BC Hop Growers Association as 100% B.C. grown;

c. finished product is defined as product that is in a saleable state, subject to federal government excise duty and is in a bottle, keg, or can ready for purchase;

d. a brewery or cidery must apply to the Liquor Distribution Branch (LDB) for that product to be qualified for the mark-up exemption.

We believe that by diversifying the agricultural products produced by B.C. we create both greater food security for the province and help drive real GDP growth. This new revenue category for BC Agriculture can also help to build export capacity for the province. Once fully taken up by local breweries and ciders, this program will help to establish production and processing capacity for the BC hop industry. This will ultimately allow the industry to promote international exports of a locally grown product, creating a strong local industry that can continue to drive GDP for generations to come.

This program also helps to support existing Buy BC initiatives, provides direct benefits to rural BC, and continues the government’s support of B.C. craft breweries and ciders, and most importantly it will help preserve family farms across B.C.

THE CHAMBER RECOMMENDS

That the Provincial Government creates a BC Hopped Beer and Cider Program that permits qualified brewed or fermented products that utilize 100% B.C. Grown Hops in a given product to qualify for a 50% mark-up exemption on that product sold to restaurants, bars, private liquor stores and the public.

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SMALL BUSINESS AND RED TAPE REDUCTION

ADDRESSING BARRIERS TO SUCCESSION PLANNING FOR SMALL AND MEDIUM ENTERPRISES (2016)

According to a 2013 survey completed by the Canadian Federation of Independent Businesses (CFIB), 75% of Canadian business owners will exit their business before 2022.1 The importance of succession planning and the creation of a business exit strategy remains critical. The top reason for exiting a business is retirement.2 The economic impact of the retiring baby boomer generation of SME business owners should not be underestimated.

In the 2012 CFIB report: Passing on the Business to the Next Generation, it was estimated that over $1 trillion in business assets would change hands by 2017. A secondary source identified that by 2022, $3.7 trillion dollars of business assets will have changed hands.3

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 individuals.4 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.5 Yet, studies have proposed that only 10% of owners have a succession plan in place.6

A succession plan helps a business owner deal with complex topics such as:7
- 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 to:8
- 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. The project was supported by B.C. Ministry of Jobs, Tourism and Innovation, B.C.’s Small Business Roundtable, Island Coastal Economic Trust and six Community Futures organizations throughout

1 Canadian Federation of Independent Businesses (2012) Passing on the Business to the Next Generation, page 3
2 Canadian Federation of Independent Businesses (2012) Passing on the Business to the Next Generation, page 8
3 Retiring business owners to transfer $1.9 trillion in business assets in the next five years - largest turnover of economic control in Canadian history: CBC
5 Ibid
7 Canadian Federation of Independent Businesses (2012) Passing on the Business to the Next Generation, page 4
8 Canadian Federation of Independent Businesses (2012) Passing on the Business to the Next Generation, page 4
Vancouver Island and the Island Coastal region (this includes Powell River and the Sunshine Coast). In 2013, Venture Connect began establishing working partnerships with Community Futures throughout the province and now delivers services throughout rural B.C.\(^9\) 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.

In B.C., the Employee Share Ownership Plan (ESOP) and Employee Venture Capital Corporation Tax Credits provide tax-based incentives for investors to provide financing to businesses for a variety of purposes.\(^10\) Tax-based incentives allow for employees to invest in companies and receive tax credits. While the money can be used by the receiving business for succession planning, there are severe limitations to the programs that have made them ineffective. At present, B.C. has provided the ESOP to facilitate direct investment by employees in their employer’s company, and the succession ESOP which is a special application of the standard ESOP which facilitates a transfer of control of the business from the current retiring or departing owner(s) by involving the employees over a period of time. The succession ESOP also does not assist in succession of the large number of SMEs that are not incorporated or the many instances where the successor wants to buy the corporate assets rather than the shares.\(^11\)

Another possible solution involves a slight modification to the existing B.C. Ministry of International Trade, Investment Capital Program, Eligible Business Corporation (EBC) tax program to support B.C.-based companies with succession. Specifically, this program could be modified slightly to support a vendor take back or owner financed business transactions by providing the retiring business owners with a 30% tax credit for the value of their financing provided to the new owner. Currently the EBC program is designed to help small to medium sized enterprises in B.C. attract private equity investment. The already existing Eligible Business Corporation (EBC) program which currently (as of January 2016) still has a $48.33 million budget. There would be no additional costs associated with this policy, above and beyond what has already been budgeted.

Nationally, the Canada Small Business Financing (CSBF) Program is a federal government program with a mandate to increase the availability of loans for establishing, expanding, modernizing and improving small businesses by encouraging financial institutions to increase financing availability to small businesses, yet it does not include succession planning as a reason for a business financing.\(^12\) A study conducted on behalf of the Business Development Bank of Canada (BDC) indicated trends of superior results by SMEs who obtain CSBF Program funding to SMEs obtaining funding elsewhere.\(^13\) While CSBF does not currently allow for the financing to be obtained for the purpose of succession planning, BDC’s study proved through historic evidence that financing programs to SMEs do work and help contribute to economic stability and growth.

Government backed financing should be considered in the format of the Small Business Loan Guarantee Program, but instead of guaranteeing loans to start up or expand a business, the loan guarantees to pay the vendor up to 75% of the value of the loan with a maximum loan value of $500,000 to $750,000.\(^14\) The loan allows the purchase of the existing business assets or shares rather than new working capital, capital assets,

\(^{http://www.ventureconnect.ca/about/what-is-venture-connect}\)
\(^{10}\) Farrow, A. (2012) Issues in Succession Planning for Small to Medium Enterprises in the Greater Nanaimo Area
\(^{13}\) BDC (2011) SMEs At a Glance
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or equipment required for a new business. Loan programs need to shift more attention to succession rather than wholly focusing on new business.

According to statistics from the Canadian Association of Family Enterprise, between 80 and 90 percent of all companies in Canada are classified as small to medium, and the majority of these are family owned. While almost half of SME owners plan on selling to a buyer or buyers unrelated to them, over one third of them intend on selling or transferring to their family members. Small corporations should be allowed to defer the tax on the capital gains from the transfer of a business to the owner’s children.

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 income.

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 occurring after May 1, 2006 for qualified fishing property.

The maximum LCGE was increased from $500,000 to $750,000 effective March 19, 2007 as a result of the Federal Budget that year.

The 2013 Federal budget increased the LCGE amount to $800,000 for the 2014 tax year. The indexation of the LCGE to inflation for the tax years after 2014 was an important step in ensuring that the value of the LCGE’s are retained. LCGE is $813,600 in 2015 and $824,176 for 2016.

The 2015 Federal Budget also increased the maximum LCGE for qualified farm or fishing property dispositions on or after April 21, 2015 to 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 B.C. 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 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.

Based on the information provided above, it is clear that the importance of business succession planning has been accepted by the senior levels of government in Canada and British Columbia as a relevant issue, and that further action by government to address this matter is timely.

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15 Keeping it in the Family: Third and Fourth Generation Family Businesses in Calgary, February 2016, Page 3 Christina Frangou
17 Canadian Federation of Independent Businesses (2012) Passing on the Business to the Next Generation
SMALL BUSINESS AND RED TAPE REDUCTION

THE CHAMBER RECOMMENDS

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

1. create a task force in partnership with business and government to develop and implement improved access to simplified practical information regarding proper business succession practices for SME business owners;

2. increase awareness, particularly among young entrepreneurs, about the opportunities and advantages of purchasing an existing business;

3. expand the scope of current tax based incentives (such as the Succession Employee Share Ownership Plan) to include unincorporated businesses and instances where successors buy corporate assets rather than shares;

4. 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; and
   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;

5. expand the scope of existing small business financing programs (such as Canadian Small Business Financing Program) to incorporate succession planning as a legitimate reason for business financing;

6. expand the scope of existing government backed vendor financing programs (such as the Small Business Loan Guarantee Program) so that existing or potential owners of SMEs may access funds to facilitate the various aspects of succession planning including capital funds for purchase of an SME business;

7. allow small corporations to defer the tax on the capital gains from the transfer of a business to the owners’ children; and

8. continue to index the Lifetime Capital Gains Exemption to inflation and expand it to include some assets.

ENHANCED PUSH FOR INTERMUNICIPAL MOBILE BUSINESS LICENCES (2015)

At the 2006 Union of British Columbia Municipalities (UBCM) Convention, then Premier Gordon Campbell challenged local governments to develop a single business licence framework, to become the first jurisdiction in Canada where businesses could operate freely anywhere in their province. The Ministry of Small Business and Revenue was charged with leading the Single Business Licence Initiative, working closely with UBCM, the Ministry of Community Services, and key stakeholders, to develop a model that streamlined business licensing processes while retaining municipalities’ powers to set local standards for businesses operating within their jurisdictions.
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Following initial concerns expressed by some local governments over loss of revenue and autonomy, the province moved away from the introduction of a single business licence, and began to promote regional Mobile Business License (MBL) programs. Resistance has diminished overtime as MBL programs have demonstrated value and an increase in compliance.

There are currently ten MBLs Programs, including pilot projects, in the province, encompassing 751 local governments:

- Central Vancouver Island (12);
- Cowichan Lake Area (4);
- Greater Victoria Area (13);
- Courtenay/Comox Area (2);
- Metro West Region (6);
- Fraser Valley Area (9);
- Tri-Cities Area (3);
- North/West Vancouver Area (3);
- Okanagan-Similkameen Area (19); and
- Trail Area (5)

To date, the established MBL projects/pilots have been positively received by participating municipalities and several local municipalities bordering existing programs have adopted the MBL model as well, thereby increasing the boundaries within which businesses can operate under one licence.

In the absence of a single provincial business licence, implementing regional programs is a more streamlined and cost-effective way for municipal governments in all of B.C. to operate in the short-term, and pave the way for the eventual goal a one province wide MBL.

While the Chamber has expressed concern over the lack of focus regarding a single business licence for all of B.C., we recognize the fact that regional MBLs still mark a significant improvement. The benefits to local governments, business, and residents of a regional MBL model have been supported by the feedback and financial success of the Okanagan-Similkameen, Fraser Valley, and other MBL programs already in place. The Chamber believes that the benefits of these programs have been demonstrated and early concerns over loss of revenue and autonomy have been negated. The Chamber encourages the provincial government to continue the expansion of this initiative across the province, with the goal of eventually establishing a single, province wide licensing program for all businesses.

THE CHAMBER RECOMMENDS

That the Provincial Government works with municipalities to:

1. Proactively conduct data/revenue analysis for municipalities in defined regions to assist with implementation and creation of new Mobile Business License programs, as well as analysis of existing programs;

2. Merge existing Mobile Business License programs, such as the four current programs in the Lower Mainland region, into expanded regional Mobile Business License programs; and

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1 The City of Surrey is part of both Metro West and the Fraser Valley MBL Program
SMALL BUSINESS AND RED TAPE REDUCTION

3. Explore an expanded list of eligible mobile businesses to provide access to a broader range of sectors.

THE NEXT PHASE OF REGULATORY REFORM (2015)

The effectiveness and quality of regulations and the institutions that enforce them are major determinant of jurisdictions prosperity.

Well designed and efficiently enforced business regulation improves the functioning of the economy by providing certainty for the business community. In addition, they also achieve 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. Regulations that create high compliance costs or restrict competition have been shown to damage investor confidence, increase costs and reduce investment in technology and innovation.

Many of the costs of regulation are less visible. Regulation can result in higher prices and costs, a reduction in consumer choice and a reduction in flexibility. In the U.S.A., the total gross cost of federal regulation alone has been estimated at almost 8% of GDP.

In this context, The Chamber believes that the provincial government has an impressive record in reducing the regulatory burden faced by B.C. business by cutting 154,000 regulatory requirements since June 2001; a total reduction of 40.31%.

Despite this progress, this does not go far enough. The Chamber believes that there are a number of other policy directions that B.C. could utilize to ensure it achieves a more business friendly regulatory and policy development climate.

Too frequently, governments at all levels make regulations pertaining to business without considering the total cost of compliance, or they initiate arbitrary changes to legislation without due consideration of the impact on the business community. We do not deny the necessity for certain regulations; some demands on business made by government can be a deterrent to the establishment of new enterprises and the operation of existing enterprises.

As we move towards the next phase of regulatory reform The Chamber sees a system of “Smart” regulatory reform where the emphasis will be more on addressing particularly onerous or costly regulations rather than a simple numeric reduction. To achieve this goal, the public and business must have easier access to current information. For example, the federal government has published its regulations on its website, The Chamber sees no reason the provincial government does not do this also.

This process of public dialogue cannot stop with a simple printing of a list of government regulations. Government must be proactive in developing a mechanism for providing qualitative analysis through the publication of regulatory indicators to better measure the cumulative administrative and compliance cost on business, and SME’s in particular, from regulation.

The operation of government is a public activity. Public policies ought to be shared with all members of

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1 Source – “Regulation in a Regional Economy” Michael J Sullivan, Idecon Public Policy Lecture, 15 September 2005
2 B.C. Regulatory Reform Initiative, Quarterly progress Report, February 2006
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the public, who are the customers and owners of the government.

The focus of this process must be a move towards a ‘risk based’ approach to regulatory enforcement to replace general requests for information from industry with more targeted enforcements as has been undertaken in the U.K.

The U.K. government initiated a review of regulatory inspection and enforcement that identified risk assessment as a method of reducing administrative burdens for business. A risk based approach argues that scarce resources should not be used to inspect, request or assess data from companies that are low risk or that are operating within inherently safe regulatory regimes. Such a system would involve the removal of general requests for information from industry and replace them with more targeted enforcement mechanisms. The U.K.’s risk based approach is expected to reduce the number of forms regulators send out by 25 per cent and the need for inspections by up to a third.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. give business and the general public access to information that is currently not readily available or current, by publishing its regulations and cost impacts to business, on its website;

2. must be proactive in developing a mechanism for providing qualitative analysis through the publication of regulatory indicators to better measure the cumulative administrative and compliance cost on business, and SME’s in particular, from regulation;

3. ensure that all government departments strengthen their programs that review existing legislation and regulations pertaining to business and eliminate those measures which result in an unnecessary cost to small business (and ultimately the consumer);

4. continue to provide ample notice of intention to modify its laws, regulations and policies, not just to interest groups, but to the public generally as a matter of practice; and

5. introduce a risk-based approach to regulation that ensures scarce resources are not used to inspect, request or access data from companies that are low risk or operating in a safe regulatory regime.
ENHANCING ACCESS TO THE REGISTERED DISABILITY SAVINGS PLAN FOR DISABLED EMPLOYEES (2017)

In Canada, 4.4 million Canadians suffer a disability, of which many are children, or under the age of 44. Of these Canadians, 68,833 have successfully applied for and got the benefits of the Registered Disability Savings Plan (RDSP).

According to CBC News, May 30, 2013, the numbers of applications are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of accounts opened</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>20,598</td>
</tr>
<tr>
<td>2010</td>
<td>18,144</td>
</tr>
<tr>
<td>2011</td>
<td>12,099</td>
</tr>
<tr>
<td>2012</td>
<td>13,103</td>
</tr>
<tr>
<td>2013*</td>
<td>4,979</td>
</tr>
<tr>
<td>Total</td>
<td>68,833</td>
</tr>
</tbody>
</table>

*Figure accurate as of mid-May.

Source: Human Resources and Skills Development Canada.

This number is low considering it is estimated that 500,000 Canadians are potentially eligible for the RDSP.

Based on many interviews with applicants, and personal experiences working with clients to apply for and get this funding, the application process is what is impeding its use.

The reason for that is the intense, cumbersome paperwork that is required from start to finish of the process. The applicants, to successfully complete, need to get a medical assessment done and file the paperwork to get the federal Disability Tax Credit (DTC). During our interviews at information seminars with potential candidates, it was discovered that most people with disabilities, as well as their caregivers, are in a low income bracket and do not see the need to go through the process of applying for a disability tax credit. Reason being, they in most cases, do not pay taxes. However, when learning of the bond portion of the RDSP, there was renewed interest in going through the application process.

In an effort to assist in the accessing this program, it was learned that there are similar income assistance programs in the Province of B.C. (Persons with Disabilities), that also request a similar, if not more stringent, medical assessment, as the one required to qualify for the DTC.

Furthermore, there seems to be an acknowledgment by government leaders, as described by B.C.’s Minister of Finance, Mike De Jong, to the Kamloops Chamber of Commerce, that there needs be more collaboration with the Provincial and Federal Government on becoming more efficient and effective.

Therefore, in reviewing the application and requirements for a person to be granted the PWD, there could also be a connection to CRA on the completion of the successful applicant to grant a federal DTC. By doing this, access to the Registered Disability Savings Plan will be readily accessible by those who need it most, those being lower income Canadians.

This could also be enhanced by reviewing the files of the existing British Columbians currently on PWD.
SOCIAL DEVELOPMENT AND SOCIAL INNOVATION

and making the application to CRA on their behalf to get the DTC.

From a business perspective, good employers today are taking more interest in the financial stability and health of their workforce. Studies have shown that employees who are offered financial education, support, and savings programs at work are more reliable and become better, more engaged contributors. By taking an interest in and advocating for improved access to the RDSP program on behalf of the disabled population, the chamber, and its member businesses, will have demonstrated an active interest in the financial enhancement of disabled employees in Canada.

THE CHAMBER RECOMMENDS

That the Provincial/Territorial and Federal Governments, as well as their related ministries:

1. investigate and implement a cross-linked application process to enable those with recognized disabilities to have access to both a provincial/territorial disability support program and the DTC under one application;

2. review all existing recipients of a provincial/territorial disability support program to determine eligibility of the DTC based on timing of the last tested application;

3. create a national program to provide employers a workable linkage to the RDSP program for employees with disabilities; and

4. amend the 10-year rule for the clock to start when the RDST is opened, from 10 years past the last grant installment.

RE-WORKING SOCIAL CAPITAL TO SUPPORT ECONOMIC GROWTH (2017)

Introduction
The ability for businesses to grow and prosper is not isolated from the community in which they are situated. If it is a healthy community, businesses will thrive. If it is not, businesses will suffer from the ill effects of crime, addictions, homelessness, and other challenges. Further, businesses are very interested in ensuring taxes collected are used efficiently and effectively to support thriving communities – maximizing well-being while minimizing waste or duplication between ministries. By supporting the development of a social policy framework, the business community achieves both goals: addressing social challenges effectively and supporting economic growth in their community.

Background
Social Capital is very loosely defined as an economically based network of relationships within a described society that benefit all members of that society;¹ or, more colloquially, since we’re all in this together, let’s all work together. And that’s the key – how to develop a network of agencies, ministries, services, and business interests that works effectively together for the benefit of all.

¹ One such definition is “the institutions, relationships, attitudes, and values that govern interactions among people and contribute to economic and social development.” Christiaan Grootaert and Thierry van Bastelaer. “Social Capital: From Definition to Measurement.” Understanding and Measuring Social Capital. The World Bank. 2002
SOCIAL DEVELOPMENT AND SOCIAL INNOVATION

When it comes to public policy, a coordinated network operating with economic efficiency is the ideal that businesses and communities hope governments aspire to. The Liberal government of B.C. put forward a BC Jobs Plan that sought to tie various parts of society together to promote job growth, and to that end, they have made great strides forward. It is a comprehensive strategy that touches on nearly all ministries, outlines various investments, and measures progress against a baseline.

However, silos still exist. Recent experiences in Surrey, as an example, point to schools and childcare spaces have not kept pace with job growth and development. The fast-growing city has one part of the puzzle, the school district another, and several ministries (Education, MCFD, Health) have responsibilities for education and childcare. Surrey currently has a deficit of over 12,000 child care spaces (0-12) and, despite the recent $217M towards capital builds for 5000 spaces, there will still be a sizeable population of children that will see out their school years in portables. Attracting good employees becomes difficult if a community cannot ensure quality childhood experiences for their families.

Another example is homelessness – a complicated source of frustration and despair. According to the Metro Vancouver report on homelessness, the cost per homeless person per year is estimated to be $55,000 tax payer dollars – spent on homeless shelters, support services and health care costs:

It is clear that the current system of fractured governance that has multiple ministries and agencies working silos, each within their narrow scope of authority, has not been efficient nor effective in slowing down or reducing the growth of the homeless population.... The many agencies involved in addressing homelessness must work together in a system-wide approach to help prevent homelessness... serve the region’s 3,000-4,000 homeless population, and expedite the transition out of homelessness for the 10,500 people in the region...3

As any business owner who operates near where homeless people gather, it is very difficult to attract new customers to an area that has challenges.

A cost-efficient framework to facilitate coordination between ministry departments, stakeholders, and business organizations would be helpful to ensure policy alignment and consistency. A policy framework to guide decision-making and identify important connections would help anticipate needs and avoid crises before they arise.

In early 2013, Alberta’s Premier Redford launched a Social Policy Framework, a tool which the government anticipated would assist in setting priorities in addressing community challenges. Further, it would “coordinate activities between government departments,... to ensure policy alignment and consistency.”5 Their policy outlines core components, tools, and the roles and responsibilities of government, stakeholders, organizations, communities, and businesses to vision and then implement a set of harmonized social policies for environment, health, and social services. This collective action by a diverse set of stakeholders provides the basis for a resilient and thriving community.

If B.C. were to consider adopting a similar policy, the over-arching purpose of a framework would be to describe the quality of life citizens want and how to achieve this within the communities of B.C., each with

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3 Ibid, P.9
4 Press release: https://www.alberta.ca/release.cfm?xID=3373421703E69-E310-8B91-0D86BF0497F467DF
their unique challenges. Social capital is often overlooked as an economic driver, yet evidence exists that “healthy, educated, and trained workers determine how productively other critical factors such as land, labour, and physical capital are used… [and] the potential for each person to contribute to the economy and to economic growth.”

BoardVoice, an umbrella association representing non-profit service providers across B.C., is concerned that expenditures for services are not coordinated sufficiently to effect desired results. Further, they are engaging business associations to consider how employers would benefit if the homeless were not sleeping on their doorsteps or if family challenges were not impacting a worker’s productivity, and perhaps their personal safety and the safety of other co-workers at their workplace. They state:

"We wouldn’t think of building a road or planning a new real-estate development without a framework for planning the project. But the concept of planning for social outcomes has been slower to catch on. In B.C., we spend many billions of dollars a year on social interventions and supports – policing, courts, community programs, income assistance, services for people with disabilities or mental health issues, park development, treatment centres, skate parks, new street lights, on and on. Yet we spend it with no clear idea as to what we’re trying to achieve, or how we’ll know when we get there."

BoardVoice posits that by uniting levels of government, ministries, organizations, business sectors, and other stakeholders into a network of cooperation and collaboration on a shared vision with measurable outcomes, to harmonize policies and effect cost efficiencies through coordinated implementation strategies, B.C.’s social capital would indeed provide the foundation by which employers and employees can grow within desirable, healthy communities.

The BC Jobs Plan is a strong vision. However, to support its continued success there is a need to ensure service delivery for all communities while recognizing and keeping pace with their unique needs, in order to support growth and economic success efficiently and effectively. A Social Policy Framework will provide a guide for policy-makers and stakeholders alike to ensure cost savings through efficiencies of needs anticipation, strong inter- and extra-ministerial agencies’ harmonization, and a measurable outcome of a shared vision.

THE CHAMBER RECOMMENDS

That the Provincial Government implements a framework to deal with social issues similar to that of the BC Jobs Plan to recognize and achieve efficiencies across ministries and stakeholders.

TRANSITIONING WORKERS TO FULL EMPLOYMENT (2017)

Introduction

In ‘Accessibility 2024’, the provincial government’s goal for BC is to have the highest labour participation rate for people with disabilities in Canada by 2024 (p.12); a laudable and supportable goal. However, there

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8 www.boardvoice.ca
is a sub-set of individuals who receive disability supports that are not well represented in the government literature. These individuals are recovering from a long-term illness and are preparing to re-enter the labour market. To ensure their successful re-integration, they require flexibility in the Disability Assistance Program to help both the employer and employee accommodate the transition from a few hours a week to full-time employment.

Background
Although this likely affects a small number of employers (numbers not publicly available due to privacy concerns), workers in this sub-group are not covered by insurance or their insurance had time-limits; and they are not Workers Compensation Board (WCB) or Insurance Corporation of BC (ICBC) related, and there is no union agreement in place. The challenge requiring time away from employment is usually a major illness or injury of some kind that, at some point, can either go into remission, or the individual is “getting better,” or is in some form able to return to work.

Under ideal circumstances, a worker is covered by their employment insurance benefits, and the accommodations required are agreeable to all parties. Unfortunately, not all employees on long-term leave are covered if their employers were not able to provide an insurance benefit, or the benefit is time-limited. Not all employers are able to accommodate if the accommodation requires "undue hardship."

Limited by lack of assistance, these individuals end up on disability assistance which provides them and any family members a set income per month, plus the ability to earn up to various amounts (determines by their family income, as it applies) per year, before a dollar for dollar deduction or “clawback” is triggered.

The exemption limits are:
- $9,600 for a single person with the Persons with Disabilities designation
- $12,000 for a family with two adults where only one person has the Persons with Disabilities designation
- $19,200 for a family where both adults have the Persons with Disabilities designation

Any money earned over those annual earnings exemption limits will be deducted dollar for dollar from the assistance payments.

However, to successfully re-integrate into an employment situation, individuals may find the maximum allowable support to be a barrier as they gradually increase their employment hours, but are not experiencing the benefit. Further, the increase in employed hours paid may not be sufficient to replace the disability support, hindering the employee’s ability to leave the disability assistance program, particularly if that person has dependents.

The dollar-for-dollar deductions after allowable earnings is a major barrier to a successful return-to-work plan requiring recovering employees to full-time while ensuring sufficient income. If returning too soon, the employee can suffer a medical set back impacting their recovery and the workplace. What is required for these willing workers, is a flexible assistance schedule that allows for increasing hours and commensurate pay, and extra time required to successfully integrate. A temporary transitional interim support of 50% deduction before full dollar to dollar recovery, as part of their plan and with the concurrence of their government case worker, would be of great value to ease a skilled worker back to full employment:

SOCIAL DEVELOPMENT AND SOCIAL INNOVATION

A safe and timely return to work benefits the patient and his or her family by enhancing recovery and reducing disability. Through improvement of health outcomes, a safe and timely return to work also preserves a skilled and stable workforce for employers and society and reduces demands on health and social services as well as on disability plans.” — “The Physician's Role in Helping Patients Return to Work After Illness or Injury,” Canadian Medical Association, 2013

THE CHAMBER RECOMMENDS

That the Provincial Government in their Annual Earnings Exemption table, introduce a transitional Disability Assistance graduated recovery of incomes earned over the allowable income exemption for individuals transitioning to full or near-full employment as part of a gradual return-to-work program.

TECHNOLOGY, INNOVATION AND CITIZENS’ SERVICES


The Issue
Much of the recent energy dialogue has focused on the price of oil and the impact this is having on provincial and federal budgets. This misses the fact that a more fundamental shift is occurring in the global economy. For the first time in more than a century, multiple signs suggest that the dominance of fossil fuels is beginning to decline. We are seeing the beginning of a new technology revolution that will provide huge economic benefit for those able to place themselves at the forefront of this revolution. Unfortunately, while B.C. has a strong international reputation for innovation on climate change we are not leveraging this reputation to be at the forefront of the coming green technology economy.

Although carbon-based fuels will likely remain an important part of our energy system for decades, whole economies throughout the world are embracing clean technologies and renewable energy.¹ Management-consulting firm McKinsey & Company said that better and cleaner technologies are underpinning “a new industrial revolution.”² Deutsche Bank dramatically lifted its solar-industry demand forecast—predicting that a staggering 46 gigawatts of global solar power will come online this year.³ China is installing a new wind turbine every hour⁴ and Royal Dutch Shell, the largest oil company in the world by revenue, listed a litany of reasons why business should love a price on carbon pollution.

We’re hearing similar language from the likes of President Obama and his cabinet. We’re hearing it from China, the world’s largest clean, renewable energy investor. And we’re hearing it from some of the world’s most popular brands, such as Google,⁵ Walmart, Apple, Ikea, Starbucks and Facebook. In fact, 60% of Fortune 100 firms now have goals for renewable energy sourcing and/or greenhouse gas reductions. 53 of those companies have collectively decreased their annual CO2 emissions by about 58 Million metric tonnes – the equivalent of taking 15 million vehicles off the roads. In 2013 Wind energy alone generated enough power worldwide to surpass Canada’s total electricity consumption in all of 2012.⁶

Investing and supporting British Columbia’s clean technology and renewable, sustainable energy industries today will create new jobs, ensure British Columbia is a competitive leader in the world’s future energy markets, all the while providing alternate, reliable sources of energy for British Columbia and export partners. Increasing the use of

¹ http://www.mckinsey.com/insights/energy_resources_materials/mobilizing_for_a_resource_revolution
⁵ http://corporate.walmart.com/global-responsibility/environment-sustainability/energy
clean technology and renewable energy is also an important climate change strategy for British Columbia and will assist British Columbia in reducing greenhouse gas emissions to acceptable levels. Carbon pricing policies implemented in a variety of countries have proven to accelerate the advancement of clean technology and renewable energy sectors. British Columbia’s carbon tax policy has given B.C. an exemplary international reputation which needs to be maintained and improved upon.

The scope of these opportunities is poorly understood. While investments in renewable energy are well underway in many jurisdictions the scope of change required will be well beyond electricity generation. Innovation in terms of new technologies and new practices will be required in a range of other areas.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Examples of Technology</th>
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| Electricity Access | • Upgraded Power Grids  
                         • Off-grid technologies |
| Water Management | • Wastewater Treatment |
| Waste Management | • Recycling  
                         • Energy capture from landfills |
| Climate Change/Reducing Emissions | Mitigation technologies  
                         • Upgraded power grids  
                         • Renewable energy, wind, solar, geothermal, geoxchange, tidal, biomass, hydro, etc.  
                         • Electric and hybrid vehicles  
                         • Carbon Capture and storage |
| Adaption technologies | • New cultivation practices  
                         • Climate resistant infrastructure: sea walls, drainage capacity, water, forest and biodiversity management etc. |
| Transport | • Rapid Transit systems  
                         • Low emission vehicles and fuels, biogas, natural gas and plug in electric |
| Building Energy Efficiency | • Thermal Insulation  
                         • Energy efficiency programs  
                         • Best practice building codes |

B.C. is in a unique position to thrive as a global leader in many of these areas. The leadership shown by the provincial government on climate change can be leveraged into a thriving industry in B.C.

It should be recognized that the provincial government has placed a focus on the green economy. Technology and Green Economy forms a part of the B.C. Jobs Plan. In addition, the Provincial Government has also developed “B.C.’s Green Economy – Growing Green Jobs.”

The government’s focus on B.C.’s green economy centres on our natural resource industries as a platform for the development and adoption of clean-technology innovations. The Chamber recognizes that this is a sound strategy. It allows the private sector to adopt innovative solutions to real problems facing resource industries. This presents a unique opportunity to present real solutions to real problems facing resource industries around the world.
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However, B.C. needs to move beyond the limited focus on B.C.’s traditional industries and make B.C. a global leader in all aspects of the new emerging global green economy. As an example, the provincial government needs to make clean technology, including renewable energy production and the manufacture of renewable energy producing products (like solar panels, wind turbines, etc.), a high priority in British Columbia in an effort to grow a diversified 21st century economy in British Columbia.

This strategy should be broad and to be successful would have to address the following challenges:

- build a stronger industrial structure, i.e. larger SMBs and larger firms entirely dedicated to the environment and green technology;
- develop and accelerate the marketing of homegrown technologies;
- capitalize on local markets to stimulate growth in the environmental and green technology industry;
- increase exports and acquire a strong position in buoyant niches in international markets; and
- achieve the convergence of the efforts of all players in the sector.

While market forces will a key determinant of successful new technologies government have a critical role to play in setting the scene for this societal shift. We have seen a number of instances where government has been successful in initiating programs that have resulted in positive outcomes. As already referenced the carbon tax has been a resounding success in reducing B.C.’s greenhouse gas emissions while having no negative impact on the rate of growth in the B.C. economy. In addition, we have seen the BC Hydro Power Smart program result in a significant reduction in electricity consumption through a range of programs, including targeted incentive and rebate programs.

Both of these are clear examples of government being instrumental in targeting positive outcomes and using a mix of market forces and incentive programs to encourage specific behavioural shifts. B.C. is not alone in using these mechanisms and indeed many jurisdictions have gone further. Jurisdictions around the world have implemented a number of programs ranging from information programs to incentive and rebate programs. Indeed, we have just seen the election of a provincial government in Alberta that is committed to a boost for renewable energy and a green retrofitting loan program.

To ensure that B.C. is able to move quickly to establish ourselves as a global leader government we should look to best practices globally to identify programs that encourage the production, sale and purchase of renewable energy and green products.

B.C. has an undeniable advantage to be at the vanguard of addressing the challenges raised by today’s industrial and environmental issues. This will require consultation and a focused effort by government to play a leadership role in partnership with the private sector.

Conclusion

The emerging green economy represents the economy of the future generations. Future generations will suffer if we do not take action now to ensure that B.C. is able to realize its full potential. Actions by the provincial government have made B.C. a beacon on the international stage however this cannot be taken for granted.

B.C. already uses carbon taxes as part of their strategies to reduce emissions and encourage investments in clean technologies, energy-efficiency and renewable energy. B.C.’s initial carbon tax regime was and continues to be used as a model for other countries and jurisdictions. The provincial government needs to build upon B.C.’s international reputation and create and promote industrial and residential “green” incentives and rebate programs to attract, encourage and retain clean technology and renewable energy jobs.
TECHNOLOGY, INNOVATION AND CITIZENS’ SERVICES

in B.C.

This technology is in demand worldwide and will be a catalyst in driving a diverse 21st century economy in B.C. Jurisdictions around the world are looking to lead. Without a coordinated plan to build on our success we will quickly see B.C. overtaken and left behind in the new global economy, missing huge economic opportunities.

Investing and supporting British Columbia’s renewable, sustainable energy industries today will create new jobs, ensure British Columbia is a competitive leader in the world’s future energy markets, and provide alternate, reliable sources of energy for British Columbia and export partners. Increasing the use of renewable energy is also an important climate change strategy for British Columbia and will assist British Columbia in reducing greenhouse gas emissions to acceptable levels.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. develop and implement a plan to place B.C. as a leader in all aspects of the new global green economy, the conservation and efficiency industry, clean energy and clean technology sector;

2. implement industrial commercial and residential “green” programs, based on global best practices and based on cost–effective market implementation to support, attract and retain clean technology and renewable, sustainable energy technologies in British Columbia; and

3. continue to work with other provinces, the federal government and U.S. government to standardize and harmonize the costs of controlling carbon emissions.
TRANSPORTATION AND INFRASTRUCTURE


Opening Statement
Northern B.C.’s tourism economy is significantly affected by BC Ferries Inside Passage sailings during the summer season. Increasing the window of summer sailings to include the first two weeks in June and the last two weeks of September and including 2-year phase in plans for reductions in service will significantly increase Northern B.C.’s tourism competitiveness.

Background
Northern B.C.’s tourism economy is inextricably tied to BC Ferries Route 10 service from Port Hardy to Prince Rupert. BC Ferries plays a crucial role in providing the critical transportation route that connects Prince Rupert and various neighboring Highway 16 communities to the Lower Mainland and well-established visitor itineraries. Currently BC Ferries Northern Summer daytime sailing schedule commences on June 19, 2017 and ends on September 14, 2017, virtually limiting Northern BC’s tourism opportunity to three months. September is a popular month for international itinerant travelers to visit British Columbia and Northern BC. The rationale for reduced sailings needs to consider the direct impacts of reduced tax revenue as a result of lost business and lost jobs as well as factors including declining revenue at provincial parks and the increased dependence of community attractions upon public funds due to reduced gate revenue.

The 2015-2016 BC Ferries annual report (BC Ferries Annual Report, 2015-2016) identified that the Northern Routes experienced a 52.9% capacity utilization. In comparison, the “Flagship” routes from Vancouver Island to the Mainland experienced a capacity utilization of 60.4%, while other southern routes experience a 42.1% utilization. Approximately 5000 more passengers used the Northern Routes in 2016 compared to 2015 (BC Ferries Annual Report, 2015-2016).

One of the greatest ongoing challenges has been late changes to ferry scheduling as international tour operators arrange their packages two years in advance. The service cuts in 2015 have had damaging effects to tourism businesses by reducing access to B.C.’s circle routes for leisure travelers. The short notice changes for international operators reduced the confidence in the B.C. tourism sector and pushed international operators to look at alternative destinations. It cannot be stressed enough that the sinking of the Queen of the North led to hotel cancellations as far east as Saskatchewan as well as substantially reduced gate entrances at Butchart Gardens. For this reason, it is important that future service reductions be planned on a two-year phase in to allow international tour operators to accommodate changes in their planning.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. works with BC Ferries, business, tourism industry and other stakeholder to review the Northern B.C. ferries schedule to provide daytime route 10 sailings from June 1st to September 30th providing the Northern BC Tourism economy the opportunity to reach its potential; and

2. working with BC Ferries, plan service reductions in the future on an ongoing basis with a 2-year phase in so that international tourism operators can effectively integrate those changes into their tourism packages.
TRANSPORTATION AND INFRASTRUCTURE

CONTINUING 2014 TRUCKING DISRUPTION ISSUES - PORT OF VANCOUVER (2017)

The 2014 container operations at Port of Vancouver were disrupted by a 28-day withdrawal of services by non-union and unionized container truck drivers. A similar 47-day work stoppage took effect in 2005 that pertained escalating fuel prices, further exacerbated by practices of undercutting driver pay by some drayage carriers and operational delays encountered by truckers at marine container terminals.

The 2014 dislocation affected the regional, provincial and national economy with an approximate economic impact of $750 to $885 million per week, a total of $3.5 billion for the duration. The B.C. Provincial Government and the Federal Government mutually agreed to a deal with truck drivers to get them back to work; this deal is known as the Joint Action Plan. Also involved was Vince Ready and Corinne Bell, the federally appointed facilitators.

The Port of Vancouver, as the third largest port in all of North America, handles more than half of the total containers that go through Canadian ports.1 Approximately 3 million TEUs (twenty foot equivalents) were handled during 2016 according to Vancouver Fraser Port Authority statistics.2 Approximately 4500 ILWU longshore personnel are employed in local port operations, working under an unprecedented multi-year negotiated contract intended to provide labour stability in the Gateway which was unfortunately disrupted in 2014 with the 28-day work stoppage by truckers.

The Vancouver Fraser Port Authority is the landlord of federally-owned port land. The port authority does not directly operate the marine container terminals who contract with shippers. Shippers, in turn, hire trucking companies who negotiate service contracts with their customers and employment contracts with their driver base. Although not directly in control of operations, the port authority has an interest in container trucking and service reliability at the Port of Vancouver. In December 2011, the Vancouver Fraser Port Authority launched a stakeholder engagement process to develop a broadly supported, long-term vision for the container trucking sector that would enhance the Port’s global position as a sustainable and competitive supply chain leader. In February 2013, the Vancouver Fraser Port Authority announced its Smart Fleet trucking strategy, an action plan to achieve excellence in the local container trucking sector. Smart Fleet is a plan that continues to guide their work with industry and government to drive performance, accountability, sustainability and transparency within the container drayage supply chain.

After the 2005 disruption, the federal government created a task force to provide recommendations that involved the ports. Two key recommendations were the implementation of a mandatory truck licensing system (TLS) and a container terminal reservation system wherein the trucking industry is required to secure a reservation to pick-up or to deliver laden or empty containers. Both recommendations were implemented with relative success. After the 2014 disruption, and as part of the Joint Action Plan, immediate efforts were made to reform the TLS program and further enhancements to the existing reservations program were explored, specifically in a common reservation system. The intention of a common reservations system is to provide a common reservation platform for users accessing all terminals. Or greater import, a common data interface would provide industry with greater transparency into the business rules and reservation slot availability as well as provide operational performance metrics for Port of Vancouver users.

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1 Shipping in Canada, Statistics Canada
2 www.portvancouver.com
TRANSPORTATION AND INFRASTRUCTURE

Despite enhancements to container operations, including regular afternoon shifts adding another 8-hour shift for trucks easing terminal congestion and increasing fluidity, challenges remain on a number of administrative issues including rate under-cutting and non-compliant pay practices in some instances. Since the 2014 disruption, and despite the minimum set rates for all drivers (i.e. non-unionized, unionized, independent operators and employee drivers), different interpretations about what the compensation regulations require have been challenged in court. In general, the majority of drivers are paid per trip, and therefore, the number of turns directly impact income for these drivers. Generally speaking there remains too many drivers competing for the existing business, limiting the number of turns available per driver in the TLS.

The introduction of the Joint Action Plan, introduced in February 2014 to end the disruption by container truck owner-operators and trucking company drivers operating at the Port of Vancouver, has been generally successful with turn times in Vancouver leading industry standards in North America averaging 43 minutes and drivers now being compensated for exceptional delays.

However, there are still underlying issues that need to be addressed in order to bring greater stability to this sector. For example, continued work to improve efficiency of terminal operations is needed. As part of the Joint Action Plan, the TLS program was divided into two parts: the Province of B.C. gained responsibility through the new B.C. Container Trucking Act, of issuing trucking companies a “Container Trucking Services License” for carriers requiring access to the Port of Vancouver; the Vancouver Fraser Port Authority now issues commercial access agreements to B.C. Container Services License holders. Further to the new Container Trucking Act, the Province of B.C. passed legislation to regulate competing owner-operators and employee drivers’ earnings through creation of the Office of the BC Container Trucking Commissioner (OBCCTC), with responsibility to enforce compensation and oversee the TLS and the management of truck tags.

The current reservation system has inefficiencies that have resulted in unintended consequences, including challenges in efficiently coordinating pick-ups and drop-offs at the container terminals and the current situation of being restricted by the TLS program’s licensing component of truck tag management. Issuance of truck tags by the OBCCTC, initially in place to manage supply of trucks for the volume of containers, has unintentionally posed a barrier that is preventing TLS trucking companies from growing their respective businesses in a free market by receiving more tags, or alternatively, willingly return their tags to the OBCCTC when volumes are lower in fear of not being able to regain them in the future.

Although the Port of Vancouver has stringent environmental requirements for trucks in the TLS program, inefficient truck moves can unduly affect air emissions and increased traffic congestion, potentially increasing the risk of accidents in the Metro Vancouver communities.

The container supply chain and trucking industry is complex. Resolving supply chain inefficiencies are met with challenges, such as uncertainty in volumes, operational inefficiencies, conflicting interests and administrative constraints, such as with truck tag management. The ability to expand due to supply chain inefficiency and increased customer demand is complicated by the fact that licenses are rationed and not readily available within the prevailing TLS. However, it is clear that all stakeholders look to seek solutions for a reliable container sector, including stabilization of container trucking.

THE CHAMBER RECOMMENDS

That the Provincial Government:
TRANSPORTATION AND INFRASTRUCTURE

1. undertake a comprehensive rapid review of the 2014 Joint Action Plan to develop a long-term sustainable solution, in consultation with all stakeholders;

2. ensure that revisions incorporate data transparency and mutually accountability of supply chain participants that optimizes efficiency and improves cost competitiveness for the entire supply chain as opposed to the current prevailing individual components; and

3. include industry representation throughout the process in order to provide the necessary context and help ensure the resulting revisions are practical and will achieve long-term stability.


Opening Statement
The Belleville International Ferry Terminal in Victoria is a key international gateway to Greater Victoria and Canada for millions of visitors. Owned by the Government of B.C., the terminal is of strategic importance to the province, with an economic impact of $180 million per year. Currently, the terminal is comprised of 20-year-old trailers and other temporary structures. The proposed funding model for a new terminal has five contributing partners: the two ferry operators, City of Victoria, Tourism Victoria, Province of B.C. and the Government of Canada, with an anticipated $40 million in federal funds.

Background
Improvements to the Belleville Terminal are long overdue and necessary for many reasons, not least of which is to improve the passenger experience, attract more visitors to the region, and build on Victoria’s reputation as a world-class destination.

Belleville Terminal has long-term leases with two ferry operators: 1. Black Ball Line, the operator of the Coho vehicle ferry service operating between Victoria and Port Angeles, Washington, and 2. Clipper Navigation Ltd., operator of the high-speed catamaran passenger-only service operating between Victoria and Seattle, Washington.

To date, all three levels of government plus Tourism Victoria, Clipper and Black Ball have partnered to fund a series of projects, separated into phases:

- Phase one was funded by the Province, Black Ball Ferry Line and Clipper Navigation Inc. and included replacement of critical marine infrastructure, improved custom facilities, and covered walkways;
- Phase two is funded by the City of Victoria and Tourism Victoria, aimed to improve Belleville Street.

The next phase relates to the construction of a common ferry terminal building – a facility that has been under discussion since 1993 when the interim Clipper terminal was installed. After many planning studies and concept plans, B.C. is left with ageing and inadequate infrastructure – essentially trailers and other temporary structures – to serve as a high-profile and key gateway to the country.

The new terminal building, with amalgamated border services and pre-clearance, will boost existing cooperation between Customs and Border Protection and the Canada Border Service Agency, provide the infrastructure to make it easier for Canada and the USA to conduct business and also support the Beyond
Transportation and Infrastructure

the Border initiative, and improve the processing of passengers crossing the Canadian and U.S. borders.

The proposed funding model for the terminal building has five contributing partners: the two ferry operators, City of Victoria, Tourism Victoria, Province of B.C. and the Government of Canada.

The Government of Canada requires the Provincial Government to identify an operator before confirming the presently allocated funding of $40 million. The Province of B.C. will retain ownership of the buildings and related land.

THE CHAMBER RECOMMENDS

That the Provincial Government completes its business case and proceed to request federal funding.

Improving B.C.’s Cruise Ship Industry: Ogden Point Master Plan (2017)

Opening Statement
Developing and improving cruise capacity in British Columbia is essential to maintaining our position as a key player in the global cruise industry. Owned and managed by the Greater Victoria Harbour Authority (GVHA), Ogden Point in Victoria is Canada’s busiest cruise ship port of call, welcoming more than 550,000 passengers and more than 212,000 crew on 224 ships in 2016. To sustainably build and manage future growth in cruise and other essential marine industries, GVHA has developed the Ogden Point Master Plan, which builds capacity on its existing footprint. The Ogden Point Master Plan will enhance the cruise capacity of Port Metro Vancouver and boost the visibility and viability of smaller ports including Nanaimo and Prince Rupert.

Background
The B.C. cruise ship industry is a significant contributor to the provincial economy and tourism sector. According to the Cruise Lines International Association (North West & Canada):

- the ports in Nanaimo, Prince Rupert, Victoria and Vancouver account for over half of all of Canada’s cruise passenger traffic;
- the cruise business in B.C. generates over 440,000 hotel night stays and some 6,000 direct and indirect jobs; and
- the arrival of each cruise ship in Vancouver stimulates more than $2 million in economic activity.

Cruise activity out of Ogden Point in Greater Victoria alone is estimated to have an economic impact of $100 million annually, providing an estimated 700 direct and indirect jobs in the region. Serving popular Alaska routes for all major international cruise lines, mostly out of the Port of Seattle, Victoria’s share of future cruise business is expected to grow by four to five percent per year over the next five years.

To sustainably build and manage future growth in cruise and other essential marine industries, GVHA has developed the Ogden Point Master Plan. The Master Plan is a vision for Ogden Point that builds capacity on its existing footprint. It enhances the cruise terminal buildings to create a tourism gateway for Victoria, builds on a partnership with the Esquimalt and Songhees Nations for a strong cultural presence on-site, and adds community-focused retail, service, and hospitality infrastructure. The Master Plan includes attractive investment and development potential for marine industries, building on the site’s long history as a viable working harbour.
TRANSPORTATION AND INFRASTRUCTURE

Implementation of the Ogden Point Master Plan sets the stage for Victoria to become a designated homeport by the early 2020s. Home porting will bring dedicated cruise business to Greater Victoria with travellers staying longer in the region before and after sailing. A homeport ship is estimated to have an economic impact on the region of $2 million per excursion. Home porting will provide local business opportunities for provisioning, and is estimated to create an additional 350 to 400 jobs in the region.

Implementation of the plan is projected to be phased-in over approximately 30 years, with a focus on social, sustainable, and economic principles. With favourable support, GVHA expects to begin implementation in 2017.

GVHA intends to apply for federal support under the Building Canada Fund to support construction of a new cruise terminal.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. endorse the application for federal funding to develop Ogden Point, including the upgrading of the new cruise terminal;

2. support the plans for Ogden Point as a home port;

3. consult with other British Columbia ports and cruise industry experts to develop mitigation strategies for short-term service interruptions resulting from Victoria’s proposed expansion plans; and

4. support the development of iconic tourism attractions for cruise passengers in all regions of B.C. currently supporting the existing cruise infrastructure.

IMPROVING URBAN TRANSPORTATION IN B.C.: TRANSPORTATION AUTHORITIES (2017)

Opening Statement
Easy access to multi-modal transportation options and well-maintained infrastructure is critical to strong economies and healthy communities. Being able to freely move between municipalities is not only vital to the commerce, but in accessing health, recreation, and social supports. As urban centres grow and municipalities increasingly become inter-dependent, the importance of regional transportation networks increases. As the second largest population centre in B.C., home to the provincial capital, host to key sectors that contribute to B.C.’s economy, Greater Victoria urgently needs a solution now, one that paves the way for other B.C. regions who will soon face similar challenges.

Background
In B.C.’s growing and developing urban cores, travel times are already increasing during peak periods with commuters crowding the existing infrastructure. Economic growth and quality of life are reliant upon considerable improvements to the infrastructure and travel options to efficiently move people and goods in, out, and within urban cores. Fast, easy, reliable and affordable transportation modes support healthy communities and strong and resilient economies.
TRANSPORTATION AND INFRASTRUCTURE

In these regions without a transportation authority, regional transportation planning does not happen. For example, the 13 municipalities in Greater Victoria are each responsible for transportation within their boundaries, while the Capital Regional District is responsible for transportation in unincorporated areas. Layered on top, is the B.C. Ministry of Transportation and Infrastructure that is responsible for highways and related infrastructure - some of which runs through and between municipal areas and regional districts. Adding even more complexity are provincial and federal funding envelopes with different eligibility criteria and an increasing focus on a low-carbon economy and alternative modes of transport.

These regions, such as the Capital Regional District, Regional District of Central Okanagan, North Okanagan Regional District, Regional District of Nanaimo, and Regional District of Fraser-Fort George, each need a transportation authority with regional planning responsibility encompassing current and future modes of transportation – by feet, bike, boat, bus, train, car and more. This entity needs the right governance, taxation power similar to the current BC Transit tripartite model, planning expertise, zoning authority, project management capacity, and operating mandate.

THE CHAMBER RECOMMENDS

That the Provincial Government legislates additional regional transportation authorities as needed, starting in Greater Victoria, to enable increased efficiency in the coordination, planning, funding, and operation of a multi-modal transportation network.

INVESTMENT IN NORTHERN HIGHWAYS AND WESTERN GATEWAY (2017)

Issue
B.C.’s interior highway system is an extensive network of major routes that connect, not only the interior, but the coastal region to the rest of Canada. Unfortunately, the most direct routes to some of these areas are not an option for transportation of oversized and overweight loads. The section of highway 97 between Macalister, in the south, and Red Rock/Stoner, in the north, being one of the most notable. While most of the route, from the southern part of the province to the north, has been upgraded to a ‘heavy haul corridor” this section remains at a lower capacity. The heavy haul corridor has an allowable maximum gross vehicle weight of 85 tonnes, while the section in question has a significantly lower maximum gross vehicle weight of 64 tonnes. Many issues arise from this inconsistency.

1. Any loads over 64 tonnes, headed north of Macalister, must take the more circuitous route over highway 5, up to highway 16 and then head west to get back to highway 97. Causing it to be more expensive, longer shipping times and creating an increase in emissions (greenhouse gases) into the environment.
2. Heavy loads cannot be easily brought into the region to expand current and growing industries. (mining and oil and gas exploration, as an example.)
3. It also limits the ability to open new regions in the area to development.

Background
Highway 97, coming from the south, up to Macalister, was upgraded to a heavy haul corridor to allow heavy equipment to be transported to the Gibraltar mine. And the highway north of Red Rock/Stoner has been part of the Ten Year Plan upgrades. Currently there is no plan in place to upgrade the section between these two points, which would include an upgrade of three small bridges between Quesnel and Hixon. These small bridges were constructed under the “old bridge formula” that had a design factor of 64 tonnes. The
TRANSPORTATION AND INFRASTRUCTURE

A bridge over the Quesnel River would need to be upgraded also to allow larger scale traffic, or preferably a truck route bypass to keep oversize loads out of the Quesnel downtown core.

At the same time, if this heavy haul corridor can be completed, it would give Quesnel an opportunity to become the “Gateway to the West”. The Nazko Basin is a virtually untapped resource for tourism and heavy industry alike. The soon to be constructed “New-Gold” mine could benefit greatly from a road improvement plan. As could the local First Nations in the area, should the road be upgraded and connect Quesnel with these new facilities directly, instead of having to take the more circuitous route through the current Vanderhoof access point. This would not only increase efficiency for industry and local residents, but would also give another point of egress, should the need arise, due to wildfire or some other disastrous event. By making this region more accessible, more opportunities for growth become viable.

The former provincial government, as well as the current one, has promised help with diversifying this region, due to a decline in the forestry sector. These projects would help create many employment opportunities, both long term and short term. It would also encourage investment in the region, that due to inaccessibility was not previously viable. Not to mention the fact that public safety in Quesnel would be increased, and a decrease in greenhouse emissions.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. subject to a government cost-benefit analysis and highway upgrade priority setting, put in place an accelerated program to replace or upgrade existing bridges to allow this section of highway 97 to be upgraded to a heavy haul corridor, and reroute oversize and dangerous loads outside the Quesnel downtown core; and

2. develop a plan to make the Nazko Basin more accessible for industry and residents and provide an alternative point of egress if needed.

KEEP B.C. BUSINESS MOVING (2017)

Introduction

B.C. is Canada’s Pacific Gateway, the preferred gateway for Asian trade to North America and the world. Transportation is a key support for economic growth and development. That’s why it is singled out for special focus in 2012-2020 Pacific Gateway Transportation Plan. More than any other sector, it serves the dual purpose of generating direct employment and underpinning job creation, development and progress throughout B.C.1 While significant progress has been made in some parts of that strategy, a major deficiency exists in B.C.'s Fraser Valley which requires re-consideration of priorities from the Provincial and Federal governments.

Background

From semi-trucks and trailers hauling freight, to logging and industrial trucks serving the resource industries, to smaller trucks serving local businesses, trucking supports our economy and helps to maintain a high quality of life for all British Columbians. The trucking industry accounts for 2 percent of B.C.’s

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GDP, employs about 40,000 people, and is larger than other major industries, including forestry, pulp and paper, and oil and gas\(^2\). There is tacit acknowledgement of the importance of our industry to B.C.’s economy in the 10-year plan, which embeds a trucking strategy.

Each year, more than $3 billion in goods are trucked between our gateway ports and the rest of Canada, and over one million trucks cross to/from the U.S. via the three Lower Mainland border crossings. For many communities and transportation stakeholders, increasing the economic efficiency and safety of the commercial trucking industry is critically important.

In 2015 the provincial government presented its 10-year Transportation Plan – B.C. on the Move\(^3\) - that looked to initiate design for the construction of six-laning on Highway 1 from Langley to Abbotsford. Construction of a new Port Mann bridge, widening of Highway 1 to 200th Street and addition of the South Fraser Perimeter Road had already been completed. Consultation recently wrapped up this spring on a $59-million project in Langley to build a new interchange at 216th Street and widen the highway between there and 202nd Street. Construction on that project is expected to take 18 months.

On March 28, 2017, the B.C. government announced a commitment of $113 million in its share of funding for Phase 2, a federal-municipal project to six-lane the highway from 216th Street to 264th Street. The full project is estimated to cost $235.5 million and the provincial government is seeking funding from the Government of Canada and the Township of Langley. Design work is expected to start in the fall of 2017.

The 2016 Census indicated that Abbotsford's population grew by 5.9% in the last five years, above the national and B.C. average. Abbotsford's neighbours have been growing quicker with Mission up by 6.6% and Chilliwack up by 7.5%. Lower housing prices, compared to Metro Vancouver, will continue to bring even more population growth in the future.

A recent report on industrial land supply in the Lower Mainland, completed for the City of Abbotsford\(^4\), indicated that strong B.C. provincial economic performance has helped drive development and leasing interest in the region. However, a lack of new supply has created a very supply-constrained market characterized by extremely low vacancy rates. Conversion of industrial land in Metro Vancouver to residential use also added to this shortage.

The Fraser Valley has long represented a primary supply of industrial zoned land and the scarcity of land options in Metro Vancouver and rising values in recent years have accelerated the migration of industrial owner-occupiers eastward toward more affordable options in the Fraser Valley. The Abbotsford market is among the fastest growing with an annual inventory growth of 6.4% and Chilliwack is at 4.8% compared to Surrey (4.2%) and Langley (3.1%).

Meanwhile, ministry stats show both the amount of traffic and number of accidents on the Hwy. 1 corridor through Abbotsford is only getting worse. Traffic is growing at 1.4 per cent per year, and the increased congestion is slowing median traffic speeds, which can drop to 60 km/h near intersections during peak periods. Figures provided by ICBC show the number of crashes has risen from a low of 140 in 2011 to highs of 190 in both 2012 and 2013 (the most recent year Abbotsford figures were available) – an average

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\(2\) \text{http://www.bctrucking.com/news/bc-move-road-map-gets-it-right-trucking}
\(3\) \text{http://www2.gov.bc.ca/gov/DownloadAsset?assetId=6BDC5827613C454E81820AE9792CCB72&filename=bconthemove.pdf}
\(4\) \text{https://abbotsford.civicweb.net/filepro/documents/?preview=51140}
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of roughly one crash every two days. ICBC statistics for the Lower Mainland overall indicate that from 2013 to 2015 crashes increased by a further 18%\(^5\).

Highway 1 congestion, accidents and daily delays have become a way of life for commuters, students and business traffic on the Highway 1 section between Langley and Abbotsford. Alternative routes are limited to local rural and residential roads or the two-lane Fraser Highway, which is already highly congested.

While commuters get a lot of the media attention it is important to remember that the movement of goods and services is an important part of the economy outside of Metro Vancouver. Commercial trucks account for approximately 8.5 per cent of the total traffic on the Abbotsford section of the Trans-Canada Highway\(^6\).

Completion of the South Fraser Perimeter Road, replacement of the Port Mann Bridge, adjacent improvements to Highway 1 to 200th Street and the recently announced Phase 2 construction will have all put an increased burden on Highway 1 in the Fraser Valley. Increased commercial traffic from the growth in the Port of Vancouver and the migration of industrial operations from Metro Vancouver to the Fraser Valley are increasing the need for more immediate action on the Province’s transportation priorities.

While the highest priority of need is the improvement in the section from 264th Street to Whatcom Road, completion needs to be given to future needs to extend the six-laning to Hope where Highway 1 provides an entry to three main provincial highway routes.

B.C.’s economy depends on a safe, reliable and efficient transportation network. It’s only a short leap of logic from that statement to recognition that a strong and healthy B.C. economy relies heavily on a vibrant, thriving, efficient trucking industry to keep that economy moving.

The Chamber Recommends

That the Provincial Government work with the Federal Government to:

1. recognize the priority of the Fraser Valley portion of Hwy. 1 as a major economic enabler and establish a higher priority timetable for necessary widening and upgrades from 264th Street in phases to Whatcom Road in Abbotsford and then to Hope;

2. ensure that a funding commitment is made by both levels of government to ensure timely project completion; and

3. revise and update the Pacific Gateway Transportation Plan to reflect the shifting base of industrial and commercial activity into the Fraser Valley.

Supporting New Investment in Infrastructure to Enhance Canada’s Asia-Pacific Gateway Initiative (2017)

Opening Statement
In 2007 the Government of Canada, in cooperation with the Government of British Columbia and the three...
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Prairie Provinces, developed and embarked on an ambitious program of capital and legislative infrastructure investments to create the Asia Pacific Gateway Canada Initiative (APGCI). The investments were focussed on the “Gateway” corridors linking the Port of Prince Rupert and Lower Mainland regions of British Columbia with the inland supply chain of Western Canada and the rest of the continent.¹

Over the past ten years the APGCI has been transformational towards enabling the growth of the economy for the benefit of all British Columbians through increased and enhanced trade. As the Gateway Initiative is now a decade old it is time to reflect upon its successes; analyze its impacts (positive and negative; both intended and unintended); and, most importantly, encourage innovative and coordinated investments in various new potential strategic infrastructure, systems and marketing initiatives towards achieving continued growth, improvement and evolution of the APGCI. This notion is also supported by the Canadian Chamber of Commerce in its upcoming 2017 Infrastructure Report that identifies “insufficient coordination of public-private trade-enabling infrastructure investment in Canada’s vital Asia-Pacific transportation networks” as a problem affecting the capacity and efficiency of the Asia Pacific Gateway and Corridor.²

Background
The APGCI sought to:

• Boost Canada’s commerce with the Asia-Pacific region: China, India, Japan, South Korea and Southeast Asia;
• Increase the Gateway’s share of North America bound container imports from Asia; and
• Improve the efficiency and reliability of the Gateway for Canadian and North American exports.

These goals were to be achieved under development and implementation of key strategies within the following five priorities:

1. Build a global identity for Canada’s Pacific Gateway;
2. Strengthen B.C.’s trade and investment relationships;
3. Develop a world-class supply chain and gateway infrastructure;
4. Develop and attract a skilled labour force; and
5. Position B.C. as North America’s Asia-Pacific destination.

According to Transport Canada, federal funds of $1.4 billion leveraged $3.5 billion in total project funding and the investments had a spinoff effect in private investments exceeding $14 billion.³

To date, 47 strategic transportation infrastructure projects valued at more than $3.5 billion have been announced by the federal government in partnership with all four western provinces and other public and private sector partners. Specific examples for British Columbians include almost $6 billion committed to support the objectives of improving both the capacity and efficiency of the country’s transportation system, and advancing the competitiveness of the Canadian economy. Specific infrastructure investment examples include the South Fraser Perimeter Road and the Roberts Bank Rail Corridor.

Canada and participating Gateway provinces have also invested in non-capital improvements to enhance the Gateway. According to these governments: improvements have been identified and implemented to reduce policy, regulatory and financial barriers, to improve the business environment for trade growth, and

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¹ www.asiapacificgateway.gc.ca
www.pacificgateway.gov.bc.ca
² Canadian Chamber of Commerce May 2017 Infrastructure Report.
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to enhance freight operations at key facilities by way of company-level agreements, application of new
technology and establishment of innovative operational practices. While investments towards achieving the
strategic priorities of the Gateway were the direct catalyst for these improvements all businesses in all
sectors have had the opportunity to receive the net positive results.

The APGCI continues to be a significant driver of economic growth throughout British Columbia. However, the growth rate has begun to slow and other challenges have arisen from its early success. In
essence, British Columbia has started to become a victim of its own success related to unintended
consequences of rapid Gateway-related growth. The growth has exacerbated the worsening and extremely
expensive congestion problems in the Lower Mainland of B.C.. This congestion is being seen at shipping
terminals, distribution centres and commuter roads. General examples of congestion related negative
impacts include:

- Inefficient and ineffective delivery of imports from ship to shelf
- Increased wear and tear on already over-stressed municipal road networks
- Lost time to commuters in vehicles and public transit
- Worsening environmental impacts to air sheds and waterways
- Further threats to agricultural land from the insatiable appetite for expansion of road networks and
  industrial warehouse developments
- Real threat of the Gateway no longer being the “gateway of choice” in the Pacific region of North
  America as shippers lose confidence in our resiliency and ability to fulfill the needs of the supply
  chain
- Continued stifling of economic growth to the point of potential no real net gains

Furthermore, and even with the investments and success of APGCI to date, “Canada’s port infrastructure
has slipped from 14th place in the World Economic Forum’s Global Competitiveness Index in 2010-11 to
21st place in 2014-15” according to Alex Brinkley.4 The looming threats to the Gateway’s continued
positive contribution demonstrate that it is time the initiative be reinvigorated through strategic investments
to catalyze its evolution. The Canadian Chamber of Commerce notes in its upcoming May 2017
Infrastructure Report, that: “despite the success and strong industry support for the initiative, no additional
funding was provided for APGCI when a new a federal infrastructure framework was announced in 2013-
14. The value of the program was reaffirmed in the 2016 report of the Canadian Transportation Act Review
which found that, “the gateway approach of linking trade and transportation together in an integrated, multi-
modal and public-private strategy was widely recognized as a Canadian best practice.”5

Proposed APGCI Reinvigoration Action Items:
As stated by the BC Chamber of Commerce in its submission to the Canada Transportation Act Review
Panel: “The APGCI is a model of infrastructure investment that worked and the federal government should
continue to use the APGCI to continue to build needed transportation infrastructure in B.C and across
western Canada.”6

Therefore, this Resolution proposes that the Gateway be reinvigorated by the following action items:

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4 Canadian Sailings magazine: http://www.canadiansailings.ca/maritime-transport-needs-shakeup-emerson-report-recommends/
5 Canadian Chamber of Commerce May 2017 Infrastructure Report.
6 December 2014 Submission Re: Canada Transportation Act Review Panel. Available online: http://www.bcchamber.org/advocacy-
news/december-2014-submission-re-canada-transportation-act-review-panel

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1. That the following recommendation from Chapter 3, Linking Trade and Transportation, of the 2016 Canada Transportation Act Review (known as The Emerson Report) be implemented: “the Government of Canada renew the Ministerial mandate for Gateway and Corridor strategies in order to provide leadership on efforts to link trade and transportation and consider budgetary allocations to support investment in transport corridors”.

2. That the Governments of Canada and British Columbia review the past ten years of the APGCI and strategic investments to reinvigorate the Asia Pacific Gateway Canada Initiative from the perspective of leveraging opportunities outside of the existing corridor to provide resiliency, mitigate environmental impacts and create wider-reaching economic impacts.

3. That the Governments of Canada and British Columbia invest in key strategic infrastructure improvements and developments related to inland ports and multimodal hubs that offer opportunities to attract investment such as the proposed new Port Alberni Transshipment Hub (“PATH”).

THE CHAMBER RECOMMENDS

That the Provincial Government work with the Federal Government to develop a reinvigorated and revitalized new APGCI strategy to meet the evolved needs of the Gateway and international trade.

TRANSFORMING THE HEAVY-DUTY TRANSPORTATION MARKET (2017)

Transportation in British Columbia

B.C.’s transportation market is dominated by petroleum fuels, with the long distance heavy-duty transportation sector accounting for much of the diesel use. However, compared to natural gas, diesel is expensive, and produces more greenhouse gases (GHG) and other pollution than natural gas in the same use. Given the recent surge in natural gas reserves created by the shale gas boom, future supplies for natural gas are less likely to be supply constrained than diesel and so less vulnerable to cost inflation. Natural gas can be provided to the transportation market in the form of liquefied natural gas (LNG) or compressed natural gas (CNG). This transformation is farther under way in the U.S. and Europe.

Further, B.C. has an abundance of natural gas, most of which is exported. Due to similar abundance in the United States’, prices are depressed.1 In addition to seeking other export markets, encouraging substitution of natural gas for diesel in the transportation sector makes economic sense by reducing the cost of transportation, which is so crucial to our geographically diverse economy. To encourage the cost-effective utilization of expanding natural gas resources, and reduce GHG and other air pollutant emissions, the provincial government should look for opportunities to help accelerate this market transformation.

Current Policy

Currently, B.C.’s transportation fuel demand is split between fuel for marine (13.47%), air (17.8%), rail

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(1.93%), heavy-duty truck (14.38%), and other vehicle transportation (52.42%). The total transportation demand for fuel is approximately 360 PJ/year.

To encourage the use of natural gas as a transportation fuel in the pursuit of lower GHG emissions, the Clean Energy Act (CEA) permits public utilities to offer incentives. FortisBC’s incentive program aims to meet 3-4 PJ/yr of transportation demand with natural gas for the next five years (“base case”). However, FortisBC has also developed reference cases to increase natural gas market share to 27 PJ/yr by 2033, and even envisions a very high scenario of 70 PJ/yr by 2033. This higher case would represent a third of the future market for heavy transportation fuels in B.C. Reaching these upper ranges faster could be highly valuable to the economy.

**Effects of the Shift**

One projected consequence of the shift from diesel to natural gas transportation fuels is reduced pollution. Transport-related GHG emissions would drop 0.4%/yr in over the next five years in the base case. Replacing 25 PJ/yr of diesel with natural gas would reduce annual provincial GHG emissions from transportation by about 2.9%. The associated reductions in other diesel-related air pollution has significant potential to improve public health. PM$_{2.5}$ particulates that are a part of diesel emissions are particularly dangerous, and are linked to respiratory system problems and carcinogenic effects. A shift from petroleum to natural gas would result in clear health benefits, as well as mitigating the largest single source of GHG emissions in the province.

A second compelling reason is a substantial price advantage. Over the last few years greatly increased availability has lowered the cost. Supply expansion has led to North America having the greatest cost differential. The price per diesel litre equivalent of natural gas is half the price of oil-based fuels. Major forecasts of future fossil fuel prices predict a continual widening of this gap between petroleum and natural gas, which strongly suggests that the natural gas price swings of the past are far less likely in the future, while diesel costs will remain under pressure.

In November 2013, the B.C. government changed the GHG reduction regulations and directions to the BC Utilities Commission (BCUC). The new direction included setting the LNG dispensing rate at $4.35/gigajoules, an increase in capital allowed for building natural gas fueling stations, increases in incentive funding for training and upgrades to natural gas vehicle training, and an exemption from a certificate of public convenience on the $400 million Tilbury LNG facility expansion and necessity review by the BCUC. These were laudable steps.

But more support for a shift to natural gas transportation fuel could increase its usage greatly, increasing

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6 Projected reduction 100kt co$_{2}$e: (100/24,587kt (total transport emissions)) * 100kt = 0.4% reduction [Projected reductions from: 7 (25PJ/3.5PJ (from 3-4PJ reduction for 100kt GHG reduction)) * 100kt = 714.29kt reduction; (100/24,587kt) * 714.29kt = 2.9% reduction]
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the benefit to B.C. The Conference Board of Canada estimates that the greater the displacement of diesel in heavy duty transportation by natural gas, the greater the proportionate effect on overall natural gas consumption, resulting in progressively lower costs.\(^{13}\)

Indirect benefits include supporting B.C.’s small, but dynamic, clean technology sector, which has experienced rapid growth and creates skilled and well-paying jobs. A key B.C. company in the natural gas transportation business is Westport Innovations. Their natural gas engines represent nearly 50% of new purchases in the United States for vocational/refuse trucks, and nearly 40% of Southern California’s transit bus.

In its analysis of fuelling related employment, a U.S. study used a new natural gas fuelling station as the starting point.\(^ {14}\) Based on this analysis, if six natural gas fuelling stations were opened in the Lower Mainland/Southwest region of B.C. there would be an implied employment gain of 600 jobs in the industry. In the course of implementing such productivity gains, there will be complimentary job losses in the petroleum sector.

FortisBC has partnered with other stakeholders to provide up to $104 million in incentives over five years to support the market transformation to natural gas fuel.\(^ {15}\) The program provides direct incentives for the heavy-duty transportation industry to convert to natural gas. It creates a substantial net economic benefit through the incremental demand increase on the natural gas distribution system, and the associated reductions in system costs. But at the current base case forecast of an 11% conversion to natural gas fuel in 20 years (about 0.5% a year), it will take a long time to achieve market transformation. The potential economic, environmental, and health benefits can be achieved more rapidly through a more proactive public policy.

To clarify, the net benefit to the economy would come from the reduced cost of natural gas fuel as compared to diesel. This reduced transportation cost will in turn lower the cost of goods and services for businesses, providing broad economic benefits to the province. Transforming the entire target market could be worth as much as $4.5 billion/year to the B.C. economy,\(^ {16}\) or an increase in provincial GDP by over 2%. These savings are net of the losses in the petroleum sector of the economy. It would also result in a 6% reduction in heavy-duty transport GHG emissions,\(^ {17}\) which would contribute significantly to the reduction targets in the Greenhouse Gas Reduction Targets Act.\(^ {18}\) The Conference Board of Canada’s summary of cost and emissions benefits predicted a NPV savings of $158,043 over ten years per heavy-duty truck using natural gas over diesel.\(^ {19}\)

While the benefits of this fuel transition are clear, some critical barriers to widespread adoption may be overcome with constructive policy changes. One substantial barrier is the lack of natural gas re-fuelling stations and infrastructure. To support development, private and public entities alike are working together to keep pace with rising demand. In 2010, Natural Resources Canada developed a ‘Roadmap’ for the deployment of natural gas in transportation, with the help of the natural gas vehicle industry.\(^ {20}\) A key

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\(^ {16}\) Consolidated Management Consultants. (2013). Transformation of Transportation Markets from Diesel & Gasoline to Natural Gas Policy for BC. Vancouver.
\(^ {17}\) (52.1PJ/3.5PJ (see \(^ {6}\)) * 100kt = 1488.57kt reduction; (100/24,587kt) * 1488.57kt = 6% reduction
\(^ {20}\) Natural Gas Use in Transportation Roundtable. (2010). Natural Gas Use in the Canadian Transportation Sector.
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recommendation was that “coordinated investments are needed to ensure that the development of key corridor infrastructure is consistent with projected demand, strategically located to support end-users, and installed in a timely manner across jurisdictions.” Put simply, a string of properly spaced fuel stations is essential to natural gas adoption in long distance trucking. Stakeholders and the federal government are currently working to develop a cross-country re-fuelling corridor, but greater participation by the B.C. government will help ensure that maximum benefit is gained from the placement of these stations.

Another key issue is the fact that the industry is still rather new and technological innovations are occurring rapidly. This is especially true for on-board fuel storage, as new tank and pump systems are required to achieve the travel range of diesel-fuelled trucks. Similarly, advances are occurring in the re-fuelling of compressed natural gas tanks that will allow for a quicker re-fuelling process. While technological innovation is a positive thing, permitting and regulating new technologies can take time. The provincial government can encourage the development of natural gas for transportation by adding resources to accelerate and by streamlining their regulatory process. The B.C. government can also carefully assess regulations and tax policies that cover the transportation sector to ensure that natural gas is on a level playing field compared to other fossil fuels.

THE CHAMBER RECOMMENDS

That the Provincial Government continues to develop natural gas transportation policy with the objective of more rapidly transforming the heavy-duty trucking, marine and rail transport markets, delivering economic development and increasing productivity in B.C.

EAST-WEST CONNECTOR BETWEEN ABBOTSFORD AIRPORT & HIGHWAY 99 (2017)

The Fraser Valley is one of the fastest growing areas in B.C., with Chilliwack, Abbotsford, Langley and Surrey seeing huge population growth over the next few years. Transportation is a major barrier to this growth, and it must be addressed on a regional basis. While each municipality has specific challenges with the movement of people, goods and services transportation and traffic concerns go far beyond individual municipal boundaries and must be considered on all fronts. The Province of B.C. is promoted internationally as a world-class destination, with Metro Vancouver as the gateway to the Province. It is vital for this region to have facilities and infrastructure to handle the existing and future demand to alleviate transportation gridlock and to protect our air quality.

Currently, passenger and commercial carriers en route to or from Highway 99, the Canada/US Border and destinations in the southwest sector of the Fraser Valley are directed to travel on Highway 1. Residential and commercial development throughout the lower Fraser Valley and additional services and capacity at Abbotsford Airport continue to add to the stress and gridlock on Highway 1 from Abbotsford through Langley to Surrey. There is a demonstrated need for development of a provincial southern connector to link the Abbotsford Airport and Canada/US Border crossings with Highway 99, and Vancouver International Airport. At the present time 16th Avenue through Surrey and Langley has been identified as a truck route and part of the major road network by Translink and by the City of Abbotsford to the east. This high-capacity route will be critical to transportation movement during the announced expansion of Hwy 1 over the next 5 years, as construction will result in delays and many commuters and transport trucks will be seeking alternate routes.

While some sections of the 16th Avenue corridor are 4-lane in parts of Surrey and Abbotsford, through the
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remaining sections and the Township of Langley it is a 2-lane road with deep drainage ditches on both sides. We have seen some improvements such as the added interchange at Hwy 99 and the upcoming improvements in Abbotsford from King to Marshall Rd but the route still has major safety and traffic issues. There are numerous uncontrolled intersections along the entire stretch, as well as many private driveways entering and exiting the roadway. The City of Abbotsford has acquired title to the property west of the airport that will provide a direct east-west connecting corridor to Highways 13, 15 and 99. The one remaining property to complete the Abbotsford portion of the corridor is still in active operation as a gravel pit however it will be available for acquisition within the near future.

Designation of 16th Avenue as a Provincial Highway will serve to protect the right-of-way and facilitate the development of a critically needed east-west trade corridor significantly improving economic growth opportunities for Surrey, the Langleys, and Abbotsford. As a designated highway, it would greatly improve access, enhance safety, reduce stress on the environment, and ensure consistent maintenance and upkeep of this high-traffic corridor.

There are three types of support for three types of road structures. Municipal roads are supported by municipalities. The major roads network is supported by Translink. Provincial Highways are supported by the provincial government.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. designate 16th Avenue as a Provincial Highway to connect Highway 1/Abbotsford Airport with Highway 99 and to provide more direct access to the Canada/US border crossings, relieve the bottlenecks of traffic, and facilitate increased movement of people, goods and services;

2. commence property acquisition required to widen 16th Avenue to a 4-lane highway, develop frontage roads for residential traffic egress/ingress and reduction of north-south intersections across the corridor; and

3. identify critical north-south intersections and install appropriate infrastructure to accommodate safe north-south travel.

PROTECTING OUR INFRASTRUCTURE - ASSET MANAGEMENT (2016)

According to a 2016 survey completed by the Canadian Federation of Municipalities (FCM), municipal governments own nearly 60% of Canada’s core public infrastructure. The value of these core municipal infrastructure assets is estimated at $1.1 trillion dollars.

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2 Federation of Canadian Municipalities (2016) Informing the Future: Key Messages, page 2
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Figure 1 - Net Stock of Core Public Infrastructure by Level of Government, 2013

Notes: Net stock calculated using a depreciation model. 2013 data based on forecast.

Municipally-owned infrastructure assets include, but are not limited to:4
- water systems;
- roads and bridges;
- buildings;
- sport and recreation facilities; and
- public transit

The Federation of Canadian Municipalities estimates that the backlog of upgrade and expenditure of the existing municipally owned infrastructure in Canada to exceed $123 billion dollars.5

In 2007, the Government of Canada launched the Building Canada Plan (BCP), which included a $33 billion investment plan for federal, provincial/territorial and municipal infrastructure before 2014.6 Spending was accelerated under the Government of Canada’s stimulus program in 2009 and 2010. In the 2011 budget, the federal government announced a process to develop a new long-term infrastructure plan to replace the BCP, which resulted in the New Building Canada Plan (NBCP), a 10-year plan for federal investments in building and maintaining Canada.7

The NBCP was a federal government commitment to invest over $53 billion in infrastructure across the country over the next 10 years (2014-2024).8

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3 Figure 1 - Federation of Canadian Municipalities (2015) Policy Statement Municipal Infrastructure and Transportation Policy, page 6
8 www.infrastructure.gc.ca/regions/bc/bc-nbcp-npcc-eng.html
Two key components of the NBCP included:

1. the New Building Canada Fund (NBCF) – a $14 billion fund to support projects of national, regional and local significance that promote economic growth, job creation and productivity; and
2. the Federal Gas Tax Fund (GTF) – to date $13 billion funding for local infrastructure projects, with close to $22 billion anticipated to flow over the next 10 years.

To make the most of public investments, and eliminate the municipal infrastructure deficit, municipal governments need predictable, long-term revenue. The permanent and indexed federal Gas Tax Fund was a step toward that goal, laying the groundwork for a national plan to eliminate the municipal infrastructure deficit.

The federal government’s Economic Action Plan 2013, renewed the Federal Gas Tax Fund, indexing it at two percent per year, to be applied in $100 million increments, which means that it will grow by $1.8 billion over the next decade.

For British Columbia, the NBCP represents almost $3.9 billion in dedicated federal funding, including almost $1.1 billion under the New Building Canada Fund and an estimated $2.76 billion under the Federal Gas Tax Fund.

British Columbia also stands to benefit from:

- $4 billion available for projects of national significance
- $1.25 billion in additional funding available for P3 projects
- $10.4 billion via the GST Rebate

In the 2016 Federal Budget, the new federal government updated the NBCP numbers, increasing their commitment to asset management by an additional $50 billion dollars. There will now be an additional $60 billion over 10 years, split evenly between public transit, green infrastructure, and social infrastructure. This is in addition to the $65 billion promised by the previous government for traditional infrastructure such as roads, bridges, and transportation. To fully leverage these funds, the provincial approach should be to group project priorities, and align provincial priorities with the available federal infrastructure funding opportunities.

Federal funding is provided up front, twice-a-year, to provinces and territories, who in turn flow this funding to their municipalities to support local infrastructure priorities. Municipalities can pool, bank and borrow against this funding which provides financial flexibility.

With aging infrastructure and limited resources, our communities face huge challenges in financing the necessary repair, replacement and upgrade of our infrastructure. 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 businesses.
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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.

Senior levels of government need to be more involved in renewing the basic fabric of our communities. Today, our communities receive only eight cents on every tax dollar collected by all levels of government, significantly down from 24 cents a decade ago.16

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.17

While funding infrastructure remains a priority of the federal government, the emphasis continues to be on new infrastructure when our communities cannot reasonably cope with existing infrastructure. A core direction of current and new provincial funding programs needs to be directed to upgrade and replacement of existing infrastructure especially in medium and smaller communities with very limited tax bases.

A new report by the Canadian Centre for Economic Analysis (CANCEA) shows that the economic importance of public infrastructure investment is vastly greater than previously found using traditional economic models. Using unique agent-based modelling, CANCEA found that public infrastructure investments generate an economic return on real GDP that is almost eight times as large as the impact predicted by traditional economic models.18

A recent report entitled ‘Investing in Ontario’s Public Infrastructure: A Prosperity at Risk Perspective’ uses Ontario big data/big analytics approach to assess infrastructure impacts. The CANCEA team examined the long-term economic impact of Ontario’s 10-year, $130-billion infrastructure plan using its unique research platform called Prosperity at Risk. The research found that for every $1 billion invested in infrastructure as part of the Ontario $130 billion 10-year plan, $1.7 billion in provincial tax revenue will be generated relative to not making the infrastructure investment.19

The power industry estimates their backlog is in excess of $300 billion for the renewal of the power grid plus unknown generation renewal costs.20 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 owed directly by provincial, territorial or federal governments. However, for every dollar municipalities invest in local infrastructure, federal, provincial and territorial governments receive a combined 35 cents, mainly through new income and sales taxes – 18 cents going to Ottawa and 17 cents to

16 www.cancea.ca
18 www.cancea.ca
19 www.cancea.ca
20 Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card
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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.

The provincial and federal governments need to work together to prioritize investments to support trade-enabling infrastructure investment while building capacity of cities and communities to plan, build, and maintain their infrastructure over the long term. Prioritization and coordination between provincial ministries will help move goods that contribute to economic growth providing incentive for the private sector to make investments, while contributing to local economies through sustainable job growth and support to local businesses.

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.

THE CHAMBER RECOMMENDS

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 Provincial Government:

2. develop a long-term Infrastructure Strategy and Plan for British Columbia that:
   a. provides increased support for communities to report on the condition and replacement needs of infrastructure;
   b. amends the mandatory municipal budgeting process to require identification of future infrastructure needs;
   c. establishes project selection criteria that prioritizes infrastructure funding requests based on criteria such as national/provincial economic interest, return-on investment, and job creation; and
   d. aligns provincial funding priorities with the available federal infrastructure funding opportunities.

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21 Canada 2020 – “Setting the New Progressive Agenda” June 2015
22 Greater Victoria Chamber of Commerce, Value for Money for Infrastructure Projects position 2016
23 Greater Victoria Chamber of Commerce, Value for Money for Infrastructure Projects position 2016
TRANSPORTATION AND INFRASTRUCTURE

PUBLIC INVESTMENT IN BC FERRIES’ INFRASTRUCTURE (2016)

Preamble
The Chamber believes that a safe, efficient and dependable ferry service directly supports the B.C. economy.

To help minimize operating costs, BC Ferries has made recent steps toward a more market-based approach as well as rationalizing routes and adopting alternate fuels.

Despite this and recent increases in ridership, BC Ferries has increased its fares to fund its 12-year capital plan for assessing and reinvesting in critical assets.

Business Issue
BC Ferries is a key transportation link that directly affects the quality of life on Vancouver Island and contributes to the B.C. economy.

The Province has established minimum service levels and has sets price caps. This leaves BC Ferries’ options to realize sustainable business operations to: increase fares (up to a point), seek additional funding resources, or secure additional revenue streams.

Despite its efforts to reduce operating costs and even with 2015 increases in ridership, BC Ferries has increased its fares, which can affect employment opportunities and property values, especially in coastal communities, as well as B.C.’s overall GDP and tax revenues.

Background
BC Ferries serves as a gateway to Vancouver Island, facilitating commerce both on and off the island, no differently than Canada’s national highways.

Since 2003, BC Ferries Inc. has operated as a private corporation, with a governance and regulatory framework overseen by the BC Ferry Authority and the independent BC Ferry Commission. This arrangement is legislated by the Coastal Ferries Act (The Act), and BC Ferries is bound by the terms of Coastal Ferry Services Contact (CFSC) between BC Ferries and the Province that outlines service levels and standards amongst the different communities in which it operates.

Impact
As stipulated in the CFSC, BC Ferries is an integral part of the B.C. coastal ferry system, linking Vancouver Island to the mainland and linking many other coastal communities. BC Ferries serves 51 municipalities and regional districts including all of Vancouver Island, the Gulf Islands, Texada Island, Powell River, the Sunshine Coast, many island communities within the Mount Waddington Region, as well as communities on the central coast, Prince Rupert, and Haida Gwaii.

The 2014 report, Policy Paper on Socioeconomic Impacts of Ferry Fare Increases, by the Union of B.C. Municipalities found that BC Ferries stimulates a total of $1.8 billion in expenditures each year, which in turn produces $1.5 billion in total value-added provincial GDP, and millions to Federal, Provincial and local governments’ tax revenues.

BC Ferries has seen steadily increasing fares as well as an overall decrease in ridership since 2010.
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<table>
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<tr>
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<th>April 2010</th>
<th>April 2011</th>
<th>April 2012</th>
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<td>$6.10</td>
<td>$6.35</td>
<td>$6.50</td>
<td>28.7%</td>
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Revenues
Ferry service is divided into three distinct components:
- Major routes – Delta, West Vancouver, Nanaimo, Sidney and Langdale;
- Minor Routes - Gulf islands, Sunshine Coast, Powell River, Mill Bay; and
- Northern routes – Port Hardy, Prince Rupert and Haida Gwaii.

For the most part, the major routes are profitable and recoup enough revenue to cover the cost of operations. The minor and Northern routes contribute significantly to their operations, but are not able to fully cover their operating costs. For example, in FY 2015, the four major routes - Swartz Bay-Tsawwassen, Horseshoe Bay-Departure Bay, Langdale-Horseshoe Bay and Duke Point-Tsawwassen - had $509,445,000 in revenues and $352,106,000 in expenses, and a net-earnings of $157,339,000. In the same year, the minor and northern routes - 20 in total - had $108,348,000 in revenues, and $183,502,000 in expenses, with a net loss from operations of $75,154,000.1

Every four years, the BC Ferries Commissioner sets price caps that essentially set a maximum average price BC Ferries can charge passengers. In September 2015, the Commissioner released its final decision on price caps for Performance Term 4 (PT4), capping increases to fares at an average of 1.9 percent per year

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1 Route Financial Reports, 2014-2015 Annual Report to the BC Ferry Commissioner
TRANSPORTATION AND INFRASTRUCTURE

across all routes from April 1, 2016 through March 31, 2020.

BC Ferries’ options to realize additional revenues are to:
- increase fares (up to a point),
- seek additional funding resources, and
- secure other revenue streams, such as the reservation fees.

Of note, reservation fees generated $13.1 million in FY 2015. Fiscal 2016 is expected to yield a modest increase in other revenue over fiscal 2015, reflecting consistent growth in these areas. Catering and retail revenues are anticipated to make up the largest component of other revenues.

Public Funding
Each year, BC Ferries receives significant provincial and federal support. In FY 2015, BC Ferries received $178.4 million from the federal and provincial governments, though a federal grant and provincial “service fees”:
- BC Ferries receives a federal grant fulfill the Government of Canada’s obligation of providing ferry services to coastal British Columbia. The grant is based on the Vancouver Consumer Price Index (CPI). In FY 2015, BC Ferries received a 28.4 million grant; and
- BC Ferries receives “service fees” from the Province for the provision of services, which are based on activity levels. For FY 2015, fees transferred to BC Ferries amounted to $150 million. The provincial services fees consist of three parts:
  1. Ferry Transportation Fees. These fees are designed to make 22 routes (which would otherwise be loss-making) financially viable without cross subsidization from the three major routes, which receive no ferry transportation fee. The fees are payable on a monthly basis based on estimated trips and are reconciled quarterly;
  2. Social Program Reimbursement. This payment provides a reimbursement to BC Ferries for toll discounts established by the Province and given to students, seniors, the disabled and through the medical travel assistance program. The payment is variable based on volume and amount of discounts provided; and
  3. Unregulated Route Fee. This fee provides funding for unregulated routes through a $1.7 million per year flow-through for private operators.

Capital Investment Funding
BC Ferries has a rolling 12-year capital plan for assessing and reinvesting in critical assets, including the replacement of BC Ferries 57-year old North Island Princess and the first of BC Ferries 50-year old Bowen class vessel replacements. It has received significant amount of federal funding in the past. For example, in 2010 the Government of Canada waived over $119 million in duties waived for new vessels from Germany. In the Province’s most recent attempts to secure funding through the federal New Building Fund found that BC Ferries’ terminals and ships were not eligible.

BC Ferries is as much a part of the transportation structure of B.C. as the roads and bridges throughout the province. These roads and bridges are eligible for funding under a variety of federal infrastructure programs. BC Ferries’ infrastructure, including ships and terminal facilities, should be eligible to receive federal infrastructure fund as does other critical transportation infrastructure.
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Summary
BC Ferries has had difficulty accessing Government of Canada public capital infrastructure programs can affect fare affordability. Public investment in BC Ferries capital program would reduce cost pressures as BC Ferries renews its fleet and develops terminals and faces other capital costs. Given the Government of Canada’s obligation to providing ferry services to coastal British Columbia, it only makes sense that BC Ferries capital infrastructure requirements should be eligible for federal investment.

THE CHAMBER RECOMMENDS
That the Federal and Provincial Governments ensure ferry infrastructure, including terminals and fleets, an eligible category for federal funding.

RIDESHARING – SUPPORTING INDUSTRY INNOVATION (2016)

B.C. residents are looking for more transportation options and ways to increase the affordability of living in Metro Vancouver and throughout the province. The taxi industry is overregulated and new business models of transportation are expanding globally. B.C. needs to introduce ridesharing legislation and remove red tape on our taxi industry to improve transportation affordability and flexibility. The most recent revisions to the Passenger Transportation Act [SBC 2004] are from 2004 and pre-date the internet-based innovation on display across many business models from transportation (ridesharing and vehicle sharing) to accommodation (Airbnb) amongst others.

Ridesharing, the ability of an average driver who has been through appropriate 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 options and reassure the public that the service is safe.

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 a combined revenue of $670B.

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, Suzuki Foundation
- 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. The City of Edmonton was the first Canadian jurisdiction to adopt such rules, and Toronto, Ottawa, Hamilton, Calgary, the Province of Quebec, and many other Canadian jurisdictions are bringing forward regulations this spring. The Competition Bureau of Canada has encouraged regulators to support competitive markets by regulating ridesharing and reducing unnecessary red tape on traditional transportation providers.
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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 license and pay fees;
- Ridesharing drivers must have a valid, standard driver’s licence issued by the province;
- 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 passenger that the driver has been authorized to be on the digital platform;
- The app must provide GPS tracking and allow the passenger to share their ride in real time with friends and loved ones, meaning that every trip is tracked;
- Passengers 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 passenger 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; and
- 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 companies, apps like Uber can grow the overall transportation industry. This is most likely because ridesharing has attracted a whole new group of passengers, people who cannot regularly afford taxis or drove themselves instead. In Los Angeles, for example, the for-hire vehicle market (which includes taxis, private cars and ridesharing) grew by nearly 400 percent in Uber’s first three years. According to Portland’s regulator, the total number of taxi and ridesharing trips in the city grew by more than 40 percent in the first three months after Uber and Lyft’s arrival. This is an opportunity to level the playing field for the taxi industry and ridesharing companies by reviewing systems, including licensing.

Regulators in some jurisdictions, such as Edmonton, have also taken steps to remove unnecessary restrictions from traditional transportation providers, including allowing taxi companies to establish their own training and customer service standards, and set prices when a trip is arranged via a smartphone app that has a fare estimate option. There is an opportunity for the provincial government to work collaboratively with cities to ensure clarity and consistency of rules and regulations at the local level.

The provincial government has established the Passenger Transportation Act, ICBC, Motor Vehicle Act and these mechanisms can provide province-wide safety and licensing standards for ridesharing.

THE CHAMBER RECOMMENDS

That the Provincial Government:
TRANSPORTATION AND INFRASTRUCTURE

1. bring forward ridesharing regulations that establish province-wide rules for safety and consumer protection;

2. evaluate and remove unnecessary red tape on existing transportation providers to provide a level playing field; and

3. coordinate the introduction of a ridesharing framework with a broader modernization of the Provincial Passenger Transportation Act and harmonization of municipal regulations.

SETTING THE STANDARD FOR TRUCK DRIVER TRAINING (2016)

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. By 2020, the Conference Board of Canada expects the industry will need between 25,000-33,000 new truck drivers. Some of that demand will come from an expanding industry, while some will be needed to replace a retiring workforce.

The end result will be that within a few years, there will be a huge turnover in the men and women who currently sit behind the wheel of the big rigs that roll along on our highways. According to the Business Expectations Survey by Transport Capital Partners (TCP) in 2011, 70 percent of Canadian carriers experienced “unseated trucks.”

At the moment, 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.

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 260,000 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 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 are able to 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 are currently free to create their own curriculums which only need to meet minimal provincial standards. Currently Mountain Transport Institute (MTI) in Castlegar, B.C., is the only professional truck driver training school in the province to be accredited and registered by the Private Career
TRANSPORTATION AND INFRASTRUCTURE

Training Institutions Agency of British Columbia (PCTIA). “Our accreditation is your assurance that MTI meets and maintains the rigorous standards of educational and administrative excellence set out by the agency,” states Andy Roberts, the owner of MTI, a certified master trainer. “If you talk to many trucking companies, a person who has simply passed the road test, and has no skills beyond that, is not employable. That is not a person who you would want to give a loaded trailer to and send on a road trip over the Coquihalla between Kamloops and Vancouver,” says Roberts.

Driver training is complicated by different regulations in each jurisdiction within Canada and the United States. Concerns continue to be raised over inconsistent levels of training and weakness in license testing for commercial drivers. The FMCSA Federal Motor Carrier Safety Administration in the U.S. is proposing minimum training standards while Ontario – that Canadian province is seeking mandatory entry level training for drivers.

Markel Insurance in Toronto, one the largest insurers of trucks in Canada, says, “Entry level drivers that do not take a recognized program at a recognized institution are simply not insurable. Very often we are asked if they can be insured with higher premiums – the answer is they are simply not insurable.”

Conclusion
Admittedly the industry has done a poor job recruiting new and/or young drivers. There are certain changes that can help, such as:

- Working with young people in high school to introduce them to professional truck driving at a much earlier age and providing them with opportunities to train for a professional driving career; and
- Changing the National Occupational Classification Code (NOC) for the occupation of truck drivers to give individuals the opportunity to qualify for funding and grants to support their training.

Developing 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 Provincial Government and Federal Government, in coordination with the provincial and national trucking associations:

1. create a minimum standard for accreditation of commercial driving programs based on the national occupational standard;

2. require mandatory graduation from an accredited commercial driving program in order to qualify to take the exam for the professional driver license;

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); and

4. amend the national occupational stand to move professional driving from a Class C to Class B.
THE NEED FOR AN INNOVATIVE APPROACH TO TRANSPORTATION FOR AN INCREASINGLY URBAN PROVINCE (2016)

Urban productivity, livability, and local community investment is highly dependent 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.

Trend Towards Urbanization

Canada, and B.C. in particular, are becoming highly urbanized. Urban population (% of total) in Canada was last measured at 81.6% in 2014, according to the World Bank.

B.C.’s largest urban areas are at tidewater where a considerable number of our transportation bottlenecks are located. This affects transportation movements originating from outside these regions (goods moving from the remainder of B.C., western Canada, and U.S. to the ports and border crossings); trade from other nations (such as imports from Asia to B.C., Canada, and the U.S.) and economic activity generated within the Metro Vancouver region.

Importance of the Transportation System

This last decade has been an intense period of infrastructure construction and rehabilitation to respond to the needs of the national and international gateway. The provincial government’s Asia Pacific Strategy is a highly ambitious plan to place B.C. as the gateway for the huge increase in trade traffic from the fastest growing economic region in the world. The overall strength of the B.C. and Canadian economy and significant population growth are placing a noteworthy strain on our entire transportation system.

All levels of government have committed significant funding for the expansion of the primary transportation infrastructure across the province as the next big driver of growth for the province (Port Mann Bridge, South Fraser Perimeter Road, Port of Vancouver Expansion, Roberts Bank Rail corridor improvements, Port of Prince Rupert Expansion, as a few examples).

There are many urban areas of the province that have significant congestion that result in lost productivity, increased costs, and harmful effects on the environment. B.C. needs to address these issues in order to remain prosperous. Our economic success in B.C. and Canada depends on being competitive on the world stage. We can’t attract shippers to the port terminals in Vancouver if the goods will then be stuck on trucks in congestion on route 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 provincial government faces significant challenges finding ways to fund the existing and future transportation needs in the province. The issue of funding for transportation has reached a crisis point in the Lower Mainland, including the Fraser Valley, where a significant portion of the future provincial growth and development is predicted to occur. The C.D. Howe Institute has estimated that traffic congestion costs Metro Vancouver up to $1.2 billion per year, and without action, our business, communities and economy will suffer even more in years to come. The crisis in the Lower Mainland, as the gateway to the Pacific, creates a bottleneck that directly impact businesses across B.C. and Canada. Furthermore, as urbanization increases throughout the province, similar bottlenecks will grow within our other major centers.
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Lack of Demand Management Techniques
The implementation of mobility pricing provides the tools for the existing congested urban areas and future urban centers to provide fair, equitable, flexible, source of transportation funding as needed for operations, capital maintenance, and future growth, and the appropriate levers to positively impact congestion.

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. The application of congestion charges is currently limited to a small number of cities and urban roads, and the notable schemes include the Electronic Road Pricing in Singapore, the London congestion charge, the Stockholm congestion tax, the Milan Area C, and high-occupancy toll lanes in the United States.

An urban mobility pricing model provides incentives that can be effectively utilized to manage demand, which tolls alone can’t effectively achieve. In the absence of effective price signals created by a mobility pricing (tolls, High-Occupancy Vehicle (HOV) lanes, congestion pricing levies, road pricing, and appropriate and available transit options), there is inevitably an increase in single-passenger vehicles and use, which then leads to increased congestion and bottlenecks. In short, simply investing in new capacity will not solve the cycle of congestion, a coordinated approach of mobility pricing, infrastructure investments, and transit investments need to 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 support is the understanding that 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 foreseeable future.

A key to B.C.’s long-term success will be strategic and long-term investment in high-quality public transit. With a road pricing model, users need the ability to choose and have the appropriate incentives to choose public transit. Transit investments by themselves will not reduce roadway congestion. However, they become more effective at reducing congestion if they are a critical component of a comprehensive strategy that includes complementary road pricing, mobility management strategies, and smart growth land use policies.

Numerous studies, along with empirical evidence from around the world, clearly demonstrate that simply building new roads and other infrastructure in the absence of demand management techniques, including quality public transit options, will not alleviate congestion in the long run. In other words, in the B.C. context it is not one, or the other, but both.

This presents a unique opportunity for the provincial government to remove politics from transportation planning and to create a vision that provides clean, efficient, accessible, and reliable public transit covering the entire region, while introducing innovative mechanisms to ensure the efficient movement of goods and services. Current funding relies heavily on property taxes and a regional accountability. This places long-term planning in the hands of municipal representatives who have to represent the region and their local municipality. A mobility pricing model will positively impact this inherent conflict of interest, those who use the network will pay, regardless of municipality.

Current Tolling Policy
Established in 2003, the provincial government’s current tolling policy must be repealed. The current
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policy, only permits tolls to pay for new construction on specific pieces of infrastructure when a viable, free alternative is available. The “viable, free alternative” concept is highly subjective. The concept of paying for solely for the initial construction costs, ignores the longer-term maintenance costs, inevitable replacement costs, or savings for additional growth. As such, tolling only certain infrastructure for a finite period of time (repayment of capital costs) creates divisiveness among communities, those who are currently paying and those who are not. In short, any mobility pricing tool should be a funding mechanism linked to the users “right to use” the transportation system as a whole, not specific pieces of the system. Coordinated regional planning for infrastructure and tolling policy is desperately needed to ensure that no area is unduly penalized by unequal tolling practices.

A 2006 survey of economic literature on the subject, however, finds that most economists agree that some form of road pricing to reduce congestion is economically viable, although there is disagreement on what form road pricing should take. The economic benefits of investment in transportation depend on reliable mobility and accessibility and in the long term, there is widespread agreement that the only way to preserve this is to ensure that there are appropriate price signals placed on the use of the transportation network (roads and bridges) across the region. This recognition is resulting in a global trend towards an acceptance of the necessity of mobility pricing as the optimal way to fund transportation improvements. Jurisdictions around the world are recognizing that to be sustainable, funding mechanisms need to combine sustainability with the principle of user pay while managing traffic demand; a well-designed mobility pricing system meets all of these criteria.

Public Engagement and Education
The unsuccessful 2015 plebiscite demonstrated the significant public resistance to additional taxation. Metro Vancouver residents are paying property taxes, fuel taxes, hydro levies, parking sales taxes, and transit fees to support the transportation system. It is important to highlight, that fuel taxes are a key funding component of the current system. Fuel tax funds not an ideal funding source as they do not effectively influence behaviour and their long-term sustainability is uncertain. As we effectively reduce the use of single occupancy vehicles, and implement electric vehicles, the funding source for further investments in public transit declines.

The results of the referendum showed strong support for improved transportation infrastructure. The primary criticisms were:

- concerns over too much tax;
- prioritization of funds to communities in the region in the short and long term;
- ensuring the best management of such funds for maximum value; and
- utilizing a regional sales tax model which could be harmful to business and does not have a direct correlation to transportation use.

We have seen political support for a mobility pricing model at a municipal and provincial level, but this concept was not widely communicated as the future goal in the referendum process. Based on experience in other cities who have implemented comprehensive mobility pricing, public acceptance can be possible if quality transit options are made available from the start. Mobility pricing can fund the inevitable startup costs and can effectively be adjusted to keep traffic at targeted levels for the benefit of the public and business. Further engagement and education of the public is critical to build knowledge and gain public support.

Comprehensive Strategy
In circumstances where a mobility pricing is approved, a comprehensive traffic demand strategy should be
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created to ensure that transportation solutions are integrated.

Given the comprehensive network of roads, bridges, tunnels in the Metro Vancouver Region, the most appropriate model for the long term is a ‘regional mobility pricing strategy’ that focuses on alleviating pinch points, allocating costs to usage, is flexible to peak and non-peak periods and provides transparency in the use of generated funds. This model should focus on the use of the major road and transit network, not for travel within municipal streets, which are already funded by property taxes. The Chamber believes this proposal represents a fair and affordable ‘system for the Metro Vancouver region that will provide sustainable funding for infrastructure maintenance and further development of the transportation network, including bridges, the major road network and public transit throughout entire regions.

A mobility pricing model is the most equitable model of funding to provide the necessary funding to support the current population and the estimated growth.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. commit to funding transportation infrastructure investment and implementing policies that are equitable, efficient, and contains basic traffic demand management principles;

2. make as a prerequisite of these visions, the need for investment in public transit to provide viable alternatives to single passenger vehicle travel;

3. commit to working with regional stakeholders and agencies to implement an urban mobility pricing model as a foundation for sustainable transportation funding, including revising B.C.’s provincial tolling policy to positively affect the fiscal sustainability of existing and future transportation projects; and

4. review the financial impacts of implementing an urban mobility pricing model with the objective of eventually replacing the gas taxes in concentrated urban areas as a means to generating necessary public support.

TRUCKING ALONG WITH ELECTRONIC LOGBOOKS (2016)

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 ELDs 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 ELDs. These 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.

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.
TRANSPORTATION AND INFRASTRUCTURE

Conclusion
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

While the U.S. have mandated that transition from paper to electronic logs is to be required by December 18, 2017, with some development exceptions, Canada has yet to institute a timetable to their expression of support to ELDs. Canadian drivers operating in the U.S. will be similarly impacted by U.S. requirements.

While the federal government has announced it will mandate the Electronic Logbooks by the end of 2017 or early 2018, the provincial governments across Canada are mixed about supporting the requirement.

ELDs would not change driver hours of service, only the way hours of service are recorded. The ELDs will not only enhance safety of both the drivers and the public, but give commercial vehicle inspectors an ability to easily enforce the current regulations.

THE CHAMBER RECOMMENDS

That the Provincial Government:

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. adopt the same technical standard for what constitutes a compliant Electronic Logging Device (EDL) as will be established and enforced by the Federal Government; and

3. support a position of mandating ELD’s on the same timetable as the Federal Government, in all provinces across the country.

BUSINESS CONTINUITY AS A COMPONENT OF EMERGENCY PREPAREDNESS (2015)

A healthy community includes a strong and vibrant business community. In order to return a community to full function following a community disaster or crisis, it is critical that businesses be returned to operation as quickly as possible. To cope with crises or disasters of various scales, it is necessary that the province establish business continuity as part of provincial emergency planning and that procedures and templates for local government include business continuity plans.

Business Continuity Planning (BCP) is best described as the processes and procedures that are carried out

¹ cantruck.ca/feds-confirm-commitment-to-introducing-e-logs-and-e-stability-control-for-trucks/
TRANSPORTATION AND INFRASTRUCTURE

by an organization to ensure that essential business functions continue to operate during and after a disaster. By having a BCP, organizations seek to protect their mission critical services and give themselves their best chance of survival. This type of planning enables them to re-establish services to a fully functional level as quickly and smoothly as possible. BCPs generally cover most or all of an organization’s critical business processes and operations.

As with other aspects of community life the contribution from business following a disaster is essential. It is our experience from recent disasters in B.C. Communities that businesses are key components of disaster recovery yet there is currently little in the way of coordinating access to the necessary business who have the capability to affect the work required to return a community to effective service levels following a disaster. In addition, many businesses do not have BCPs in place which is why we are seeking templates and procedures so that we can encourage business owners to be prepared for disasters. If these templates and procedures are common throughout the province and connect to DRP that are common throughout the province return to function following a disaster will be efficient and neighbouring communities will be knowledgeable when providing assistance.

Communities that are the most resilient are those that have a complete and comprehensive plan that encompass all facets of the community. Current plans include provisions that elicit a response from health care, first responders and emergency services, but not business continuity with the same clarity. This creates a slower return to normal function as business is the key driver to recovery through the supply of much needed goods and services.

Chambers, economic development offices and business improvement associations across the province are uniquely positioned within the community to mobilize quick and effective responses. They have established relationships on a local, regional, provincial and national scale, including comprehensive databases and the ability to activate the resources required for recovery.

Recognizing that some plans are in place and that further work is required to include business continuity in those plans.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. work with the BC Chamber of Commerce, the British Columbia Economic Development Association and the Business Improvement Areas of B.C. to incorporate business continuity plans into the current emergency preparedness plans; and

2. adjust the Provincial Emergency Management Act to include procedures and templates for local communities which reference the local Chamber of Commerce and other business organizations as key components of emergency planning.

IMPROVEMENT TO B.C.’S HIGHWAY PERMIT SYSTEM (2015)

Transportation in general is very important to the Prince George economy and the surrounding communities in northern B.C. Two main corridors exist with highway 97 running north south and highway 16 running east west. In preparation for the upcoming construction of Liquefied Natural Gas (LNG) pipelines we need
to re-examine the permit process in B.C. to ensure consistency across other provinces in the delivery of oversized goods and materials which will be required as LNG construction starts. In addition to LNG activities, increases in the forest sector and mining sectors, combined with larger machines required to complete construction and harvesting activities are driving the need for permit reform.

Currently these highways are divided into corridors that have individual weight and size limitations. There can be multiple weight jurisdictions contained within the individual corridors. Lead time to secure an Extra Ordinary Permit (over 65 Tonnes/Gross) can take up to 10 days in B.C. while this can happen within 2 hours in Alberta, Saskatchewan, and Manitoba. If a change is needed, the process must be restarted or in some cases can be amended, but this requires considerable effort. Normally these changes do not have any adverse impacts, but the exercise results in multiple delays and, sometimes, parked cargo. The Permit offices are also not consistent in their application of the current rules. For instance, one company hauled numerous Caterpillar 769 Rock Trucks for a customer’s location in Prince George to Barkerville and was required by the permit given to have 1 pilot car for an over width load. They then moved these same trucks back to the Prince George yard, 6 months later, and they required 2 pilot cars with the lead car having a second person in it to basically monitor the radio. These are only 7 axle loads (with axle weights licensed to max), but total gross weight between 65-70 tonnes. This type of scenario is very typical, and it costs the owner of the equipment being moved more to get the job done. The Ministry needs to train and hire more employees to issue regular permits. It takes hours to get a simple Single Trip, overweight, or oversize permit from our Dawson Creek office, unlike Alberta permitting where businesses usually get regular permits immediately via the internet. Alberta permitting allows business to apply, input all the data of the load and submit the request. Usually within 10 minutes, truckers have a legal permit printed out and in their hands.

From our understanding, the reason business in northern B.C. are having problems with Extra Ordinary size loads is that our bridges are old and the Ministry is concerned that they may bare too much weight. While there is some merit to this, we don't totally agree. As an example, two loaded trucks crossing the same bridge in opposite directions (each with gross weights of 64 Tonnes) will impound the bridge with a gross weight of 128 Tonne (2x64) which is nothing outside of a regular permit. However, if we need to haul an oversize load of say 85 Tonne, we need an oversized permit to cross this same bridge. As an example of this, a low bedding company was hired to move a track crusher with a gross weight 84.36 Tonne (including truck & trailers) from Prince George to Wells. Due to two small bridges, south of Hixon, the Ministry would not issue the permit. The company ended up going around McBride, Blue River, Little Fort up to Quesnel then over to Wells. This cost the company over double the costs it should have. Then when moving the same crusher back to Prince George, the Ministry issued a permit to haul it directly via Quesnel north to Prince George, which was the requested route when heading south. There is just no consistency. We do see the main problem as being that some bridges on Hwy 97 north are in dire need of being replaced if we ever want to get the corridor to an 85 Tonne corridor like Alberta. The bridges in question are the two bridges south of Hixon, Salmon River Bridge north of Prince George and the Parsnip River Bridge at Mackenzie junction north of Bear Lake.

All in all, we would like to see the western provinces all working together under the same process.

Other issues that are created by the Permit office surround the urgency of requests, curfews, and timeframes required to move such objects. In one such example, several phone calls were made to the overload department to get clarification on a delay to issue a permit and it was determined that the delay was the bridging department in Victoria, and as such they were in no hurry to assist the approval on this move. The urgency was a customer had already collected the funds for the sale of a Caterpillar 330 including the freight, and for us to meet the one and only barge out of Prince Rupert for 6am Friday morning. The
urgency was expressed on many occasions, as the next barge is not for another 30 days. We advised this was to start on Monday the 16th in order to meet the customers’ requirements, as well as the provincial hauling regulations for curfews on this load. Eleven days later, we still did not have an approval in place.

On day twelve the low bedder received the approvals for the overload, and after the low bedder and the customer had made major attempts to put this together, and pay late load fees for the barge to load on Sunday. They discovered that the conditions of overload permit limit travel to between 12:01am and 5:00am and nothing on Saturday or Sunday which in turn is a structural decline on the permit. When the low bedding company attempted to put its paper work in order for the next barge, it was told that no, that you need to wait until 48 hours ahead and then call to get the permit.

We believe there is no valid reason for the 48-hour restriction, when an issued overload permit states that it is valid for at least 8-week in the future. These companies work on a schedule. By delaying these companies in B.C., the Ministry is creating a serious cause and effect situation that will rumble throughout their scheduling over the next 6 weeks as they move an 11-axel unit from B.C. to Ontario, and on to Miami. The amount of time required is 2 hours to process permits in every other province except B.C. needs 21 days. This could have been improved with a single point of contact instead of making the end user apply to each different department of the Ministry.

While the above scenarios are real life examples of the troubles of the permit process, one consideration that needs to be addressed is that of safety. Permit requirements exist as a means of enforcing safety rules and regulations, however when the system becomes too cumbersome to use properly, work arounds are created and these are far more dangerous to the general public than creating an overall 85 tonne corridor to service the province.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. with an objective of facilitating permit approval for vehicle combinations and loads up to 85 metric tonnes, upgrade infrastructure on existing routes designated as heavy haul corridors where specific impediments exist and on routes that are of interest to industry requirements but are currently not designated as heavy haul corridors;

2. develop an online permit application process which also allows for an amendment to be filed on an already existing permit in real time;

3. develop a closer alignment of respective permit policies, for heavy, oversized loads, within the western provinces of B.C. Alberta, Saskatchewan and Manitoba to better facilitate through movement of cargo;

4. extend the time frame to purchase extra-ordinary permits greater than 85 tonnes from 48hrs to 14 days; and

5. consider establishing an additional alternate Provincial control office at a more central location within the Province with the view that such could contribute to greater efficiency and reduce untimely delays in securing and expediting permit applications which should be applied with greater consistency.
INVESTMENTS IN NORTHERN HIGHWAY INFRASTRUCTURE (2015)

Background
Northern B.C. plays an integral role in the overall economy of the province. Northern exports per capita are more than one and a 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 a safe and efficient highway infrastructure throughout northern British Columbia in order for the province to fully realize its economic potential.

While the Province has made significant investments in improvements to highways in the north over the past decade, further and rapid investment continues to be required in order to enhance the safety and efficiency of these critical components in a supply chain which is driving growth in the economy of British Columbia. There still remain large portions of the highway infrastructure along these important trade routes which are largely two-lane. This creates safety and efficiency issues as growing levels of both passenger traffic 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 by the number and scale of numerous pipeline and energy projects proposed for the north. With over $60 billion in major projects and investments proposed for the region, a positive investment decision and commencement of construction for just one of these projects will significantly increase traffic on the northern highways. As an example, pipeline projects may be between 600 and 900 kilometres long. With trucks 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.

With the Province’s recent publication of its BC On the Move: A Ten-Year Transportation Plan, the Chamber is encouraged to see many of these necessary investments in the northern highway infrastructure identified. However, there are some necessary improvements not identified in the Plan, and some priority areas that the Chamber wishes to ensure are specifically addressed within the scope of work stated in the Plan document.

THE CHAMBER RECOMMENDS

That the Provincial Government includes in the ten-year transportation plan a number of improvements to highways in northern B.C., specifically:

a. within the stated priority to improve the safety and reduce traffic congestion in Quesnel within the work to be undertaken on Highway 97-Cariboo Connector, undertake the construction of a truck route and bridge improvements in Quesnel to move dangerous goods out of the downtown core and to shorten travel time for long haul loads and log haulers;

b. similar to the stated priority of improving safety and reducing congestion in communities for Cache Creek and Quesnel, but not identified in the Plan, undertake the rerouting of Highway 16 to the south of Prince George city proper, so that this heavily traveled 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 planned for Cache Creek and Quesnel;
TRANSPORTATION AND INFRASTRUCTURE

c. within the stated goal of initiating planning for future projects on the Cariboo Connector after completion of the remaining Phase 2 projects, determine a timeline and commit budget for the four-lane expansion of the remainder of the Connector by 2025;
d. within the stated priority to upgrade and replace structures such as bridges and overpasses to accommodate industry needs, 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 B.C.;
e. within the stated plan of adding seven new passing lanes on Highways 16 and 37 in the northwest, ensure that at least two such lanes are placed between Prince George and Vanderhoof; and, further, determine a timeline and commit budget to complete a four-lane expansion for Highway 16 between Prince George and Vanderhoof by 2025;
f. within the stated implementation of the Road Safety Improvement Program, 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;
g. upgrade the Liard River Bridge on highway 77 over the Fort Nelson River. This is a single lane Bailey bridge, at over 1000 ft., it is one of the largest in the world and is the only link to the Horn River Basin. When closed for any reason it requires a 600-km detour through Alberta; and
h. within the stated safety priorities and goals to upgrade highways in support of the natural gas industry improve highway 97 between Fort St John and Fort Nelson, (recently named the 4th deadliest highway in B.C.), through investment in passing lanes and highway maintenance.
The BC Chamber of Commerce

POSITIONS

ON

SELECTED NATIONAL ISSUES

2017 – 2018
EMPLOYMENT AND SOCIAL DEVELOPMENT

A CANADA JOB GRANT PROGRAM FOR ALL CANADIAN BUSINESSES (2016)

The Canada Job 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 Job 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 $10,000 federal contribution per person towards training at eligible training institutions. This means the grant could provide $15,000 per person, the employer contribution.

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.


Issues

Each province manages their own Canada Job 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 ground (B.C.). Furthermore:

- 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;
- The application process is difficult and often takes too long to process;
EMPLOYMENT AND SOCIAL DEVELOPMENT

- 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;
- Funding closed off too quickly and due to the 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; and
- 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.

Conclusion
The Canada Job Grant 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

The Federal Government in concert with Provincial Governments:

1. work toward the standardization of the program criteria, guidelines and create a platform to measure success;
2. create a specific timeframe for approval/disapproval that is no longer than 6 weeks;
3. create a process for an expedited approval/disapproval process under special circumstances;
4. implement a sustainable funding model to ensure equal access throughout the year; and
5. ensure maximum diversification of the fund, set reasonable maximum amounts per company and per employee.
ENVIRONMENT AND CLIMATE CHANGE

PROPOSED NATIONAL MARINE CONSERVATION AREA RESERVE – STRAIT OF GEORGIA (2016)

Preamble
The beauty of British Colombia is intrinsically tied to tourism, external investment, and the health of our communities. In 2003, Canada and British Columbia signed a memorandum of understanding to establish a National Marine Conservation Area (NMCA) Reserve in the southern Strait of Georgia. Within the NMCA Reserve boundaries, the marine environment would be protected from ocean dumping, undersea mining, and oil and gas exploration and development. The proposed boundary is within a heavily populated area with high levels of private, commercial and public activities. Restrictions to activities within this intensely-utilized marine area could negatively affect the regional economy.

Business Issue
The Chamber believes the proposed establishment a NMCA Reserve in the Southern Strait of Georgia can contribute to our economy, attract investment, create household-sustaining jobs, and support local business.

The area of consideration is home to hundreds of thousands of people, is a major international trade route, has a considerable amount of foreshore title land, and has a maze of jurisdictional players.

The Chamber believes the biggest risk to commercial and recreational activities is any stakeholder confusion or uncertainty leading up to and after the Strait of Georgia NMCA Reserve.

Background
The conservation of marine environments is taking on global significance. In response to this, the Government of Canada began a NMCA program in 1994. In 2003, Canada and British Columbia signed a memorandum of understanding to establish a National Marine Conservation Area (NMCA) Reserve in the southern Strait of Georgia.

A “Reserve” is established when there are First Nations land claims in an area. Given the number of unresolved First Nations claims in the Southern Strait of Georgia area, an NMCA Reserve would be established here pending resolution of the claims. Once all claims are resolved, the area would become a NMCA.

The Strait of Georgia marine region is the smallest of five marine regions found on Canada's Pacific coast, yet it is also one of the most productive.1 It is also a region intensively enjoyed by British Columbians and visitors each year. The rich sub-tidal communities provide some of the best scuba diving in North America and pleasure cruising is world class, whether it be in a yacht or a kayak.

Impact on Commerce and Residents
If the Southern Strait of Georgia NMCA Reserve is established, ownership of provincial lands - including the seabed - would be transferred to the federal government. For waterfront residential and commercial properties, that means the submerged lands below the high-tide watermark would be transferred from the Province of B.C. to the Government of Canada.

Beyond the transfer of submerged lands ownership, there is a complex jurisdictional maze that includes First Nations, regional districts, municipalities, transportation authorities, and island trusts. This area also

1 See Annex for 2011 Proposed Boundaries
has more than 100,000 residents and countless visitors who have relied on easy and free access to waters for decades. Such a delicate operating environment has a direct impact on residents’ quality of life as well as on businesses.

One of the frequently discussed business impacts surrounding the navigable waters within the 2011 proposed boundaries is marine transportation; it is BC Ferries “backyard” and a transit route for thousands of cargo shipments per year.

There are many practical questions that still need to be answered, such as how will the NMCA Reserve operations - including enforcement - be funded? Who makes the decision to halt or alter commercial vessel traffic patterns if zones need to be established or amended? How will the success of the NMCA Reserve be measured? Who will manage affected land use, e.g. issue permits for private infrastructure that extends below the high-tide watermark? These are questions that need to be answered before the NMCA Reserve is implemented to ensure a welcoming business environment and public support.

Decision-Making Environment
The Government of Canada and the Province of B.C. will have numerous challenges facing the proposed Georgia Strait NMCA Reserve, including:

- continuing to allow high concentration of commercial and recreational marine traffic in the area,
- the potential for a variety of inter-departmental jurisdictional issues, e.g. fishing and marine transportation falling under both Fisheries and Oceans and Transport Canada and in collaboration with Parks Canada, and
- the proposed NMCA Reserve is expected to fall under the Canada National Marine Conservation Areas Act, and as such, would not address specific conditions relating to the Southern Strait of Georgia’s unique environment.

Commercial activities within the southern Strait of Georgia are critical to our economy. Vancouver Island’s coastal communities stand to be greatly affected by the proposed NMCA Reserve, namely their real estate prices, their businesses, as well as their way of life. This leads to a highly charged and politicized environment that can interfere with sound policy decisions, consequently making the region vulnerable to complex change driven by vocal minorities instead of sound principles.

Progress to date
Parks Canada has hired a full-time employee to manage the specific file, and is working on a number of studies to develop a comprehensive understanding of the region and to reach a determination of the feasibility of the proposed NMCA Reserve. The Chamber expects this research to include a thorough analysis of current and forecasted commercial and recreational activity, as well as how such activity may be affected by the establishment of an NMCA Reserve - before the reserve is created.

The proposed Southern Strait of Georgia NMCA Reserve should balance the needs of the economy with the environment. Issues should be anticipated and questions answered prior to implementation. Critical points need to be incorporated into separate legislation to ensure a stable and transparent decision-making environment for all stakeholders.

Summary
The Chamber appreciates the need to balance the conservation of our environment. The Chamber recognizes that the beauty of British Columbia is intrinsically tied to tourism, external investment, and the health of our communities.
ENVIRONMENT AND CLIMATE CHANGE

The Chamber is supportive of continued dialogue regarding the proposed NMCA Reserves in the Strait of Georgia, provided Strait of Georgia’s unique environment and its importance to the health and prosperity of the regional economy is clearly recognized.

To that end, the Chamber expects a specific piece of legislation is enacted to address unique nature of the Strait of Georgia NMCA Reserve, such as was done with Saguenay-St. Lawrence Marine Park. Such legislation would mitigate any confusion or uncertainly, allowing businesses, residents and visitors a stable and transparent decision-making platform.

THE CHAMBER RECOMMENDS

That the Federal Government works with the Provincial Government to:

1. conduct a thorough analysis of current and forecasted commercial and recreational activity as well as how such activity may be affected by the establishment of an NMCA Reserve - before the reserve is created; and

2. enact a separate piece of legislation for the Strait of Georgia NMCA Reserve to allow businesses, residents and visitors a stable and transparent decision-making platform.
Annex – 2011 Proposed Boundaries
PROTECTING THE NATIONAL ECONOMY BY MANAGING THE LOWER FRASER RIVER (2015)

As highlighted in the July 2014 report titled ‘The Economic Importance of the Lower Fraser River’, the lower Fraser River stretching from Richmond to Hope is one of the prime economic generators in B.C., and is a significant contributor to the national economy. Port activity on the Lower Fraser River rivals Canadian traffic on the St. Lawrence Seaway, as well as supporting a myriad of other economic activities, and is home to 2.7 million people.

Port Metro Vancouver (PMV) is not only the largest port in Canada, but the largest port by tonnage in North America, and is the principal ocean gateway to the Asia Pacific. Although the Lower Mainland ports were amalgamated in 2008, if the Lower Fraser River port existed as a stand-alone port, it would still be a significant port for Canada. Prior to the amalgamation, the Fraser River Port Authority was the third largest port in Canada, based on domestic, export and import tonnage. The impact of the port function of the Lower Fraser is comparable in importance to the impact of Canadian traffic on the St. Lawrence Seaway both, in terms of tonnages and employment:

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<thead>
<tr>
<th>Cargo (Million Tonnes)</th>
<th>Lower Fraser River</th>
<th>St. Lawrence Seaway</th>
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<tbody>
<tr>
<td>25.7</td>
<td>36.5</td>
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<table>
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<tr>
<th>Jobs (FTE’s)</th>
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<tr>
<td>Wages ($ Billions)</td>
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* The Lower Fraser River impact shown above is for 2008, prior to the amalgamation of the three Regional Port Authorities into Port Metro Vancouver in that year; the St. Lawrence Seaway impact is for 2010
** St. Lawrence data covers Canadian cargo carried on the Montreal – Lake Ontario section of the Seaway and the Well and Canal between Lake Ontario and Lake Erie

Looking to the future, the majority of developable port lands to accommodate PMV’s expected growth are on the Fraser River, and hence the Lower Fraser River is destined to play an increasingly important role in overall port activity and future growth of the Canadian economy.

In addition to the integral role to the operations of PMV, there are nine federal government Small Craft Harbours located on the Lower Fraser River. Supporting the commercial fishing industry, these Small Craft Harbours support a variety of fishing, aquaculture, recreation, tourism, shipping and other marine activities. The Fraser River also supports other key industries: The Fraser Valley’s agriculture production in 2011 was $1.6 billion (the majority of agriculture output for B.C.), and approximately 47 forest industry facilities operate in and along the River.

The Risk

The positive economic growth and development of the region seems unstoppable. However, the security of much of the agriculture and industrial lands, as well as the road and rail infrastructure that connects Canada to the port, are vulnerable to flooding and earthquakes.

Each year during the spring freshet, approximately 32 million m³ of sediment is transported by the river, with roughly 10% of this material settling in the navigation channels of the lower reaches. To ensure continued navigation and flood prevention, regular maintenance dredging is required. Dredging increases flow capacity which is a crucial flood prevention measure to keep the river below dyke levels during periods of increased flow.

In 2007, the river came perilously close to overtopping the dykes in the Fraser Valley during the spring
ENVIRONMENT AND CLIMATE CHANGE

Freshet. If the dykes had been breached, the national rail lines and the TransCanada Highway, connecting Vancouver to the rest of Canada would have been cut off, choking off the movement of goods in and out of the busiest port in the country, resulting in significant economic losses.

Presently, the adjacent lands of the lower Fraser River are home to over 50% of British Columbia’s population, and in the actual flood plain, $50 billion dollars’ worth of development, which are increasingly vulnerable to frequent extreme weather events that are projected to impact the River.

Ensuring Future Prosperity
According to recent studies, sea levels at the mouth of the River could rise in excess of one metre by the end of this century. In order to protect the businesses and livelihoods of those dependent on the river, residents and public facilities (including the highway and rail transportation infrastructure), an ongoing, coordinated program of investment in improved diking, dredging and other protective features is imperative. Preliminary estimates place the cost of this program required by 2100 at nearly $9 billion for the tidal areas of the River and adjacent coastal reaches.

The impact of inaction could be severe. The economic damage of losing one or more of the rail links to the port, as well as the major highways through the valley would be significant to the national economy. Damage could be similar to that seen in New Orleans, and require lengthy reconstruction periods, likely costing in the billions of dollars, combined with billions in lost economic activity. In order to mitigate this potential, we must act with some urgency to ensure the appropriate preparations are made.

In addition to environmental challenges, urban growth is also putting pressure on the future prosperity of the region. The demand for residential land has applied tremendous pressure on industrial land that is in transition. As a result, this land in transition has been converted to residential use, resulting in a repurposing of nearly 3000 hectares of industrial land in the last 30 years alone.

Coordinating the Administrative Challenge
Ultimately, the Fraser River is the backbone of transportation for the Asia Pacific Gateway and is of great economic value to all of Canada. It has the ability to provide a significant competitive advantage that will build our nation’s economic prosperity as Asia becomes an increasingly important trading partner. Streamlining and facilitating a process that allows a main transportation channel to be maintained will be primary in developing this key opportunity.

One of the main challenges to managing the lower Fraser River is coordinating the many government and non-government stakeholders that maintain the river. There are currently 15 municipal governments and 29 first nations groups along the banks of the lower Fraser. There are also over 20 Provincial and Federal ministries involved in the River’s administration resulting in a myriad of legislative acts and bylaws that require due process.

As authority and oversight is vested with a multitude of government departments, work on the Fraser River is often done in isolation and not part of a comprehensive and coordinated plan to address ongoing maintenance and safety requirements.

Resolving these issues will require long-term management and funding with substantial financial obligations. Compounding the problem is the fragmentation which requires compromise among various jurisdictions and authorities.
ENVIRONMENT AND CLIMATE CHANGE

All levels of government and other key stakeholders must come together to manage the lower Fraser River as an interconnected system in which the interests of the economy, the population, navigation, public safety, and the natural environment are managed holistically as one system. This will require the leadership of the federal government, the ultimate authority over the river.

THE CHAMBER RECOMMENDS

To ensure the continuous flow of commerce to and from the Asia-Pacific market, and to ensure the sustainability of the Lower Fraser River, the Federal and Provincial Governments work with the, municipalities, aboriginal groups, and business stakeholders to:

1. bring together a task group of relevant stakeholders, to develop a holistic strategy to address the long-term funding and management requirements necessary to maintain, protect and further improve the Lower Fraser River; and

2. charge this task group with responsibility for developing a comprehensive plan, addressing but not limited to, flood protection, navigation management, sea level rise, and agriculture and industrial land enhancement, within the lower Fraser River and ensure the plan includes consideration for the role that the Fraser River can play in further development of the Asia Pacific Gateway strategy.
FINANCE

ELIGIBILITY FOR SMALL BUSINESS TAX RATE (2017)

Executive Summary
Access to the small business rate has been effectively removed for small businesses working solely for large private corporations. In B.C. this would mean a doubling of the tax rate from 13% to 26%. This greatly reduces the tax incentive for small businesses to operate in Canada. Loss of small business in Canada is detrimental to the entire economy.

Business Issues
Legislation was introduced in the March 21, 2016 budget and was intended to apply to years beginning on or after the budget date, meaning it will apply to years ending March 20, 2017 or later. These rules affect corporate groups by removing access to the small business limit.

If you have two private companies and one company gets 10% or more of its taxable income from the other private company and there is a non-arm’s length shareholder, then the income between the two companies is deemed to be “specified corporate income”, (herein referred to as “SCI”). SCI is still considered active business income, but is no longer eligible for the small business deduction (i.e. gets the 26% general corporate rate rather than the 13% small business rate). There is no specified amount of ownership the non-arm’s length shareholder needs to own for these rules to apply as it’s written. The company paying the other company is able to elect to share their small business limit with the other company to then have it taxed at 13%.

Background
- Company A – Owned by Mr. A, say their taxable income is $500,000;
- Company B – Large private corporation in which Mr. A’s cousin (not “related” for tax purposes, but “non-arm’s length”) owns 1 common share out of 100,000,000 common shares;
- Company A gets 15% of its taxable income from Company B;
- Since it’s more than 10% and the other company has a non-arm’s length shareholder, this income is considered SCI;
- This means the $75,000 ($500,000 x 15%) of income Company A receives from Company B is no longer eligible to get the small business rate of 13%, but gets bumped to 26%; and
- Company B can elect to give Company A some of its small business limit up to $75,000, but Company B is very unlikely to do so since Mr. A’s cousin only owns a single share in a large corporation.

The intent of these rules was to catch corporate structures that circumvent the existing association rules to share the small business limit among many otherwise non-associated corporations. Unfortunately, the legislators used wording that was too broad and currently there is no % of ownership the non-arm’s length shareholder needs to own for these rules to kick in and as a result they cast a much bigger net than it appears they were intending.

A simple solution is to have the share ownership for the non-arm’s length party defined as a percentage so it will not affect most small businesses working for large private corporations.

THE CHAMBER RECOMMENDS
That the Federal Government define a share ownership percentage of 10% or higher for the non-arm’s length party with respect to specified corporate income.
FINES AND PENALTY REFORM FOR BUSINESSES (2017)

Background
Filing with CRA for Businesses can be a complicated process; many businesses are required to make over 30 payments a year with GST, Payroll Tax and Income Tax. The tax code is 3000 pages long with hundreds of rules and regulations right down to the kind of form that can be used to file remittance vouchers. Not surprisingly, a significant portion of Canada’s 5 million SMEs make mistakes every year when dealing with the Canadian Revenue Agency (CRA).1

CRA gives little or no forgiveness if a payment is missed and the penalties and fines are steep even if missed by one day. CRA does have an appeal process for penalties and charges for late payment, but it is a complicated, time consuming and costly process for businesses. Regardless of the dollar value, type or frequency of incomplete or inaccurate tax returns, penalties and interest may be applied.

The federal government is currently examining some of its procedures as part of its “Red Tape Reduction Action Plan”, an initiative aimed at removing unjustified or undue burdens on small businesses and removing the complexity of dealing with government regulations.

Allowing businesses some margin of error for minor tax filing issues would also remove a significant weight for enterprises that occasionally overlook a detail, miss a deadline or misallocate CRA payments.

High Number of Errors
The office of the Taxpayers’ Ombudsman, an impartial and independent office to deal with complaints, reports that a significant number of calls to the CRA business enquiries line deal with misallocated payments. These are payments “not allocated according to its (CRA) procedures.”2 For example, about two thirds of all taxpayers use CRA remittance vouchers that are pre-printed with magnetic ink designed to be read by computers using Optical Character Recognition (OCR). Although CRA warns taxpayers that photocopies of these forms cannot be scanned electronically, many taxpayers still make remittance payments on photocopied forms. It’s a clerical mistake that can have costly consequences.

The result can be a late payment and “for the tax year 2013 penalties begin at 5 percent on the balance owing plus 1 percent on the balance owing for each full month the return is late to a maximum of 12 months. If CRA charged a late penalty in 2010, 2011 and 2012 the penalty escalates to 10 percent of the balance owing, plus 2 percent of 2013 balance to a maximum of 20 months.”3

Even tax preparers, hired to keep business from filing incorrect returns, routinely make mistakes that end up trimming dollars from the company’s bottom line. Given the difficulty in filing for the CRA, some leniency is in order.

Conclusion
It is important for CRA to be fair and reasonable in dealing with small business and the complex remittance process. Mistakes do and will continue to happen. Penalties, Fees and interest should be proportional to the amounts and escalating for non-payment. CRA should handle their receivables in the business model and charge business for late payments the way businesses charge their customers.

1 http://www.cra-arc.gc.ca/gncy/cmplnc/rtp-pjspdrcnslttnprpr-eng.html#fnb2
2 http://www.oto-boc.gc.ca/rprts/spcl/gtng-rght-eng.html#h114
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THE CHAMBER RECOMMENDS

That the Canada Revenue Agency in conjunction with the Department of Finance adopt a fair system of forgiveness for businesses that make unintentional errors or miss a tax payment deadline on rare occasions by way of:

1. charging small business a modest flat late remittance for missed payroll and/or GST payment deadlines; interest then accrues if payment is not made within 7 days of the due date; and

2. after the “Late Remittance Fee” is implemented then subject businesses that consistently and repeatedly miss payment dates to increasing fines and/or stiffer penalties with every missed payment.

CREDIT CARD MERCHANT FEES (2016)

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.

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.).

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.”

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.

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. However, there has been no movement on this issue since then, or an indication of the actions the government plans to take post-consultation.

**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 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; and

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1 http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03614.html
FINANCE

4. enact legislation requiring full disclosure by service providers of all costs associated with acceptance of credit and debit payment.

SUPPORT OF A FEDERAL EXCISE TAX REVIEW FOR DISTILLED SPIRITS (2016)

Opening Statement
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 $11.696 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

<table>
<thead>
<tr>
<th>Raw Material Origin</th>
<th>Size Requirement</th>
<th>Duty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>Anywhere</td>
<td>Tiered</td>
</tr>
<tr>
<td>Wine</td>
<td>Canada Only</td>
<td>No Limit</td>
</tr>
<tr>
<td>Spirits</td>
<td>Mostly from Canada</td>
<td>N/A</td>
</tr>
</tbody>
</table>

In the United States, the Federal Alcohol Excise tax is currently at $7.10 per LAA which is about $2.13 per 750ml bottle of spirit at 40% ABV. This is almost half the Canadian rate and, furthermore, there is a U.S. Federal Bill on the table that would reduce the rate to $1.42 per LAA ($0.43/750ml bottle at 40% ABV) for distilleries producing less than 190,000 LAA. While most Canadian micro/small Distilleries do not compete directly with their U.S. counterparts, the lower level of taxation on spirits allows for a much quicker growth to profitability for U.S. distillers. This is evident in the rapid growth of the industry in the U.S. There are now more than 1000 small distilleries in the U.S.A, compared to approximately 60 to 65 in Canada. The U.S.A. small distilleries also tend to be much larger than Canadian small distilleries. Higher Excise Duty tax has contributed to the Canadian small distillery industry seriously lagging behind the U.S. growth.

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.

Extending Excise exemptions similar to the wineries, would be a fair and appropriate way to apply Excise Duty to small craft distilleries. At present, Canadian distilleries have their raw material inputs audited by both the federal excise officers and provincial authorities on a monthly/annual basis. As such, it would be an easy task to provide evidence that a distillery was using 100% Canadian agricultural products for their raw materials.

Average production size for most small Canadian distilleries is less than 50,000 LAA per year. Eliminating Excise Duty for distilleries producing less than 50,000 LAA per year would likely cost the federal government as little as $5 million in lost Excise revenue. The start-up costs for most craft distilleries however, is typically in excess of $1 million generating substantial economic spinoffs in a growing industry that would quickly recapture lost revenue through other revenue streams.

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. Furthermore, a June 2013 House of Commons report by the Standing Committee on Agriculture and Agri-Food strongly recommended a review of Excise Duty on Canadian made spirits (Page 48).

“As members will be aware, the excise duty on Canadian wine was eliminated in its entirety in 2006, this despite the fact that these drinks, whether they’re spirits, beer, or wine, all contain exactly the same amount of alcohol…. The impact of these changes is that, despite representing less than 30% of the beverage alcohol market, spirits’ share of excise payments has gone from 38% in 2006 to nearly 45% over the last six years…. Our excise duties are $11.69 per proof litre—so that’s a litre of actual alcohol. That went up by sixty cents in 2006. What we’re asking the government to do is reduce that by a dollar…. That would take that twenty cents of excise down to about eighteen and a half cents. So a pretty modest reduction.” (Page 49, June 2013)

Extending the same Excise Exemption already in place for Canadian wineries would support an evolving industry struggling to grow without a net loss. The government could then introduce Excise Duty in tiers to better align ‘cash flow’ and assist craft distilleries to slowly pay more Excise Duty as their scale of operation grows, and the burden of higher Excise Duty rates would have a much lower impact on the financial sustainability of the distillery.

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. makes working with small distilleries and/or their association across Canada a priority to develop a fair Excise policy for all beverage alcohol as recommended in the 2013 House of Commons Report of the Standing Committee on Agriculture and Agri-Food; and

2. make this change to help grow the Industry to a point where exports become a viable option.

Appendix A: References

I. CRA Excise Duty Memorandum 4.1.1 (Website: http://www.cra-arc.gc.ca/E/pub/em/edm4-1-1/edm4-1-1-e.html#sc8)

Excise duty exemption for 100% Canadian wine

37. Pursuant to paragraph 135(2)(a), wine that is produced in Canada and composed wholly from Canadian-grown agricultural or plant products and that is packaged on or after July 1, 2006, qualifies for an excise duty exemption.

38. This means that to qualify for this excise duty exemption:
   - all of the primary raw materials that are fermented (including grapes, berries, other fruits, honey and dandelions) must have been grown in Canada;
   - if the wine is produced from juice, the raw material used to make that juice (e.g., grapes, berries) must have been grown in Canada;
   - all juices, juice concentrates, fruits or plant products, added in the winemaking process must be made wholly from Canadian-grown agricultural or plant product; and
   - any wine, beer or spirits added, including brandy or fruit spirits, must have been made in Canada wholly from grains, fruits and other agricultural product that have been grown in Canada.

39. Incidental agricultural or plant product-based ingredients that are added in the winemaking process, such as sugar and yeast will not be required to be made wholly from Canadian-grown agricultural or plant product. Such food ingredients and food additives are considered incidental ingredients in the wine and the origin of these ingredients will not otherwise disqualify the wine from the excise duty exemption.

40. Sections B.02.100 to B.02.123 of Division 2 of the Food and Drug Regulations set out the identity standard for wine and list the various food ingredients and food additives that can be used in the production of wine. The Food and Drug Regulations are available on the Department of Justice website at http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._870/index.html.

41. Where a wine licensee blends wine, the final blended wine that is packaged must be composed wholly from Canadian-grown agricultural or plant products in order to qualify for the excise duty exemption.

   Example:
   A wine licensee produces or purchases two wines made wholly from grapes or other fruit grown in Canada (wine no. 1 and wine no. 2). That wine licensee also produces or purchases a wine made from grapes or other fruit grown outside Canada (wine no. 3). In this example, wine no. 1 and wine
no. 2 qualify for the exemption, but wine no. 3 does not. If the licensee blends wine no. 1 with wine no. 2, the resultant blend qualifies for the exemption. If the wine licensee blends wine no. 1 or wine no. 2 with wine no. 3, the resultant blended wine does not qualify for the exemption.

II. From: EDBN8 - Excise Duty Rate Changes for Beer - July 1, 2006 (Website: www.cra-arc.gc.ca/E/pub/em/edbn8/edbn8-e.html)

Beer or Malt Liquor Brewed by Domestic Brewers
More than 2.5% of absolute ethyl alcohol

<table>
<thead>
<tr>
<th>Annual production volume increments (hectolitres [100L])</th>
<th>Rate of excise duty per hectolitre</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0 to 2,000</td>
<td>$3.122</td>
</tr>
<tr>
<td>From 2,001 to 5,000</td>
<td>$6.244</td>
</tr>
<tr>
<td>From 5,001 to 15,000</td>
<td>$12.488</td>
</tr>
<tr>
<td>From 15,001 to 50,000</td>
<td>$21.854</td>
</tr>
<tr>
<td>From 50,001 to 75,000</td>
<td>$26.537</td>
</tr>
<tr>
<td>Greater than 75,000</td>
<td>$31.22</td>
</tr>
</tbody>
</table>

III. The Effects of Price on Alcohol Consumption and Alcohol-Related Problems (Website: http://pubs.niaaa.nih.gov/publications/arh26-1/22-34.htm)

IV. US Market:
http://www.americancraftspirits.org/government/fet/


Statement of the Problem
While some Canadians are prepared, and will be sufficiently funded for retirement either through private or public service pension plans or through their own prudent planning, it is generally acknowledged that many are not.

Within the next decade, Canada will see millions of baby boomers enter retirement, many without sufficient savings to sustain a reasonable standard of living.

Although the impact of this shortfall is unclear the risks to our economy and the stability of government – funded old age benefits is so significant to warrant immediate action.

The Canadian Chamber agrees that the fundamentals of the retirement income system are strong. However,
there are significant challenges that, unless addressed, will challenge the viability of many retirees’ ability to live out their retirement with dignity. The Canadian Chamber believes that government must continue to engage business in developing recommendations to ensure that it can provide for seniors without putting stress on government budgets and forcing business and younger Canadians to carry the burden through increased taxes.

**Details of the Problem**
Over the next two decades, Canada will see an unprecedented number of people enter retirement. Dealing with shortfalls for under-funded senior citizens is a complex problem and one that requires government attention immediately.

Not every Canadian has had an opportunity to participate in a private or public-sector pension plan and the Canada Pension Plan will not meet the needs of many seniors. The stock market upheaval of 2008 saw many Canadians sustain heavy losses in their personal retirement portfolios.

Asking Canadians to endure a tax hike in order to close the gaps is rightly seen as unfair and represents an excessive burden to younger generations.

The Canadian Chamber congratulates the federal government for recognizing the importance of this issue and its efforts to solicit input through the Ensuring the Ongoing Strength of Canada’s Retirement Income System consultation. The Canadian Chamber was particularly pleased to see that this consultation process was underpinned by a set of principles:

- The system should remain affordable for individuals and businesses;
- Costs incurred by governments should be appropriate and affordable, as well as sustainable over the long-term;
- The system should function so that it does not transfer costs from one generation to another;
- There should continue to be an appropriate balance maintained between individual and government responsibility for retirement savings, and an appropriate level of individual choice; and
- The system should remain accessible to all Canadians.

The Canadian Chamber endorses these principles as the foundation of any recommendation for change and is also pleased to see that efforts are being made to find solutions on a partnership basis with the provinces and territories.

However, the Canadian Chamber is concerned that there is a lack of clarity regarding next steps and timelines. The Canadian Chamber believes it is critical to ensuring this process moves forward in an expeditious manner that a clear and binding timetable be developed for the publication of recommendations for change, that these recommendations be open for public and stakeholder input and that a timetable for legislative changes be introduced.

There may be reforms related to estate issues, or the Employment Insurance program or other initiatives to reduce government overhead that could mitigate the pension funding issues. There may be a need for a retirement education program to help Canadians prepare for retirement costs or there may be a need to create a mandatory individual retirement plan directed by accredited planners.

We recognize the federal government’s initiative with Pooled Registered Pension Plans (PRPP) as a positive first step to fostering pension reform. All the provinces support PRPPs in principle. Saskatchewan and Alberta have passed PRPP legislation and Quebec has introduced similar legislation. The 2013 Ontario Budget signaled the province’s intention to introduce legislation to implement PRPPs. PRPPs will be the
first test of a “volunteer” concept—a large-scale, broad-based pension option available to employees—with or without a participating employer—as well as the self-employed.

The Canadian Chamber also acknowledges the federal government’s modification of the solvency funding requirements for federally-regulated in an era of record-low interest rates. There may be some immediate reforms that can be made, and there may be some longer-term solutions to be found.
The important fact is that we begin to approach the situation.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. work with the Provincial and Territorial Governments to continue to work to create an affordable pension environment for the benefit of all stakeholders.

2. create a balanced approach to private sector options within the Canada Pension Plan (CPP) environment. A balanced approach would include offering additional employee contribution options without requiring any additional input from the employer. However, the employer would be able to match contributions on a voluntary basis.

3. create legislative measures to direct recommendations within one year that fall within the guidelines of the “Base Principles of Pension Reform”.

INCREASING RENTAL INVENTORY THROUGH FAIR TAX TREATMENT (2015)

A healthy rental market is important to business operations as the rental inventory provides housing for employees at all levels of the employment spectrum, and most importantly, for entry level employees. Employers are increasingly finding the issue of rental availability to be a hurdle to recruitment and retention of employees. In some areas, extremely low vacancy rates may have adverse effects on the ability of businesses to grow.

Business Issue
Our economy relies upon a wide variety of labour to meet its needs. Rental housing provides accommodation for those who are early in their work careers or those who choose not to pursue home ownership. The lack of supply of rental housing is acute across the country and limits both the supply and mobility of labour. The lack of affordable housing is a significant risk to our economy. There are a number of areas of affordable housing that could be addressed. This policy seeks to address rental inventory specifically.

Tax changes introduced over the past 25 years have disadvantaged the treatment of investment in real property and rental housing in particular. The tax changes have created inequitable taxation on these investments when compared to other forms of investment. The result has been decreased activity in the rental housing market, such as less property turnover and revitalization and less purpose built rental property construction. This has been reflected in the erosion of available rental units, which according to the Canada Mortgage and Housing Corporation, has fallen from an average Canadian vacancy rate of 4.5 per cent in 1994 to 2.7 per cent by the spring of 2014.
Treatment of Capital Gains
In the 1990s, investments in real property were eliminated from the lifetime capital gains exemption. The rationale for the tax move was to direct investment dollars to more “productive” investments. The capital gains tax formula on the sale of rental property is applied immediately upon the disposition of the asset, whereas capital gains on other assets, such as “former property” or “former business property” are eligible for tax deferral when a replacement property is purchased within a specific time frame. Rental property, oddly, is specifically excluded from the definition of “business property”.

In addition to the capital gains tax, property owners must also pay tax at their full tax rate on the recaptured amount of capital cost allowance depreciated over the period of their ownership tenure. Together these two tax measures result in a significant “lock-in effect”, where owners of real property hold on to the assets rather than re-invest in more productive properties. The tax measures also act as a disincentive to maintain or revitalize the overall quality of both commercial and residential assets, as doing so would result in higher capital gains tax payment upon eventual disposition.

The Canadian Real Estate Association, through the services of Dr. Thomas Wilson, a leading authority on taxation and the University of Toronto’s Institute for Policy Analysis, has determined that the cost to government to introduce a deferral on capital gains for real property is minimal. The approximate cost in the first year is estimated to be $415 million to the federal government and $208 million in total to provincial and territorial governments. The Association asserts that the cost would actually decrease in subsequent years as the deferrals of gains would come into play and that increased business activity from newly freed capital would more than compensate through increased tax revenue. The Altus Group estimates the typical multi-unit residential income property transaction in the Greater Toronto Area, Greater Calgary Area and Greater Vancouver Area generates $287,850 in ancillary spending. The Altus study also found more than one job was created for every two transactions. The increase in ancillary spending and job creation mitigates the loss of Capital Gains Revenue to the government and approximates a revenue neutral effect of this measure.

Explanatory Notes Capital Taxes
If one disposes of a depreciable piece of property, there are two things that could be triggered:

1. Recapture of Capital Cost allowance: This would be if the property were sold and it sold for more than the depreciated value. The difference between depreciated value and actual cost would be recaptured and considered income in the year of disposition; and
2. Capital Gains: This is the difference between cost of the property and any gain over cost. 50% of this gain is considered income.

In summary, the difference is recapture of capital cost allowance is 100% of the recapture is taxable vs capital gains where only 50% is taxable.

Tax Deferral – is a process of deferring the recognition of income over a longer period. This facilitates taxes being paid on income but in the case of this policy would serve to reduce the balloon increases in income.

Tax Treatment of Rental Income
In addition to the treatment of capital gains on rental properties, the rental income they generate falls under

2 CD How Institute No. 94 April 2006, “Removing the Shackles Deferring Capital Gains Taxes on Asset Rollovers”
the definition of ‘aggregate investment income’ in the Canada Income Tax Act (CITA). Since it is not ‘active business income’, a Canadian Controlled Private Corporation (CCPC) is not able to take advantage of the small business credit, which reduces the corporate tax rate to only 13.5% on the first $500,000 of active business income. Furthermore, since ‘aggregate investment income’ is excluded from the definition of ‘full rate taxable income’, the CCPC will also not be eligible for the General Rate Reduction. This means that the starting point of the corporate tax rate on this type of income can exceed 40 per cent. To potentially qualify for a lower rate, the business must be classified as a ‘Principal Business Corporation’ (PBC). A PBC’s primary business must be the leasing, rental, or the development for lease, rental or sale of real property owned by them, and they must employ at least six full-time employees. Most of the companies that provide the majority of rental housing in Canada do not meet these requirements and therefore are taxed at the higher rate.

Furthermore, governments have moved to discourage the use by corporations to defer tax on investment income, instituting an Additional Refundable Tax (ART) on aggregate investment income that qualifies for a dividend refund. This is an additional tax on corporations that aggregate investment income and don’t pass along the income through dividends to their shareholders. The ART adds a tax of 6.7% on the aggregate investment income of CCPCs, which makes the corporate tax rate for CCPCs roughly equal to the highest individual marginal tax rate.

The effect of these definitions and requirements has been to deter investment in rental housing, directing it to other real estate sectors such as the hotel and accommodation industry, where the requirements and tax treatment on active business income are more favourable.

**Effects of the GST on Rental Housing**

Since it was introduced in 1991, the GST has discriminated against rental housing by providing a rebate for ownership housing but none for rental units. In addition, because residential rents are classified as exempt rather than zero-rated under the GST, landlords are unable to recover tax paid on the purchase, repair or improvement of residential buildings. Allowing for a zero-rated designation would mean that because landlords cannot charge GST on rent, they would be able to claim GST on their Input Tax Credits.

All taxes induce people to behave in certain ways. It is clear that the changes in tax policy of the last 25 years applying to investment in real property, and specifically rental property, have resulted in a lock-in effect, less activity in the rental housing industry, and an overall decrease in rental accommodation availability. Yet as noted at the outset, a healthy rental market is important to business operations since rental inventory provides housing for all levels of the employment spectrum.³

**THE CHAMBER RECOMMENDS**

That the Federal Government, when fiscal conditions allow:

1. enact deferral of capital gains tax on the sale of residential rental and mixed-use property, when the proceeds of sales are reinvested within a six-month period into other residential rental and/or mixed-use property investments;

2. defer the recapturing of the value of depreciated capital cost allowances on residential rental and mixed-use property;

3. include rental income under the definition of “active business income” for CCPCs in the CIT legislation;

4. allow a 100 per cent refund of GST paid by businesses investing in rental housing; and

5. zero-rate rental housing operations to allow landlords to claim ITCs on their expenses.

ROAD TRAVEL REBATE INCENTIVE PROGRAM FOR INCREASED TOURISM REVENUE (2015)

Canadian border towns face serious economic challenges in an era of expanding online commerce and a significant sales tax percentage differential between Canada and the United States. However, a simple and cost-effective Road Travel Rebate Incentive Program (Road TRIP) such as the one championed in recent years by a broad range of political leaders and industry stakeholders could increase Canadian revenue and employment considerably. These economic benefits would accrue overwhelmingly to the Canadian border towns where they would make the maximum positive impact.

Over the past decade, these border communities have suffered the consequences of high gas prices, increased competition from American and online retailers charging lower sales taxes, a depressed American economy, and tightened border security following the September 11th terrorist attack on the World Trade Center. The combined effect of all of these factors has been disastrous for the Canadian border towns that depend on the jobs and revenue stimulated by American tourists.

Since 2002, Canada has experienced an overall 23.9% decline in American visitors. If that statistic was not troubling enough, the picture darkens considerably when it focuses on the specific experience of Canadian border communities during that same period. Same day visitors, who are understood to be mainly road travelers, have declined by a full 55.9%. Furthermore, depressed border tourism tends to affect small and medium-sized businesses severely. Using Duty Free retailers as an example, these tourism-dependent outfits have experienced an approximate 40% decline in sales since 2002.

However, the conditions are currently ripe for reversing this trend. The U.S. economy is recovering from its long recession with a stronger dollar, lower gas prices, and Americans who are ready to travel again. In fact, the number of Americans carrying passports today has doubled since 2008 to reach 100 million. Despite declines over the past decade, the U.S. remains Canada’s largest source of tourism and shopping ranks among the top three reasons for traveling to Canada, so these travelers are predisposed to enrich the Canadian economy. The Canadian tourism industry is poised to capitalize on these promising conditions by mounting robust new marketing initiatives. In particular, the Tourism Industry Association of Canada’s industry-championed ‘Connecting America’ initiative is reaching out to Americans living within a four-hour drive of a border crossing in order to increase Canada’s gross receipts from tourism by a projected $1.5 billion.

In this context of serious challenge and emergent opportunity, Road TRIP has the potential to reinforce positive trends with little to no government cost and a simple plan for implementation and monitoring. Initially proposed by the Frontier Duty Free Association, this 3-year pilot program would provide cross-border visitors with a rebate of the 5% Goods and Services Tax (GST) on goods verified as exported from Canada. These ‘traveler incentive’ rebates would be processed in the Canadian land border Duty Free shops where the Canadian export status of the goods can be verified. If implemented, Road TRIP would be
aggressively marketed to American tourists with a ‘Take 5’ (5% tax rebate) campaign that would work in tandem with the overarching ‘Connecting America’ initiative. With this approach, Canada could stand to once again become an attractive destination for American shoppers who have been dissuaded by large sales tax differentials of as much as 15%.

Econometric Research Limited’s (ERL) 2014 study of Road TRIP’s projected economic impacts led the esteemed consulting firm to offer its unqualified endorsement of the program. They found that demand for tourism exports appears to be generally price elastic, meaning that a 1% reduction in the cost of Canadian export goods causes a larger than 1% increase in demand for such goods. Given this elasticity of demand, they determined that the 5% rebate could cause tourism flows to rise incrementally by up to 620,000 visits annually. In this scenario, Canadian Gross Domestic Product could rise by up to $89.6 million; workers could experience wage and salary increases of up to $55.6 million; and up to 1,374 Full Time Equivalent Jobs could be created. Struggling border communities would capture the lion’s share of these gains, experiencing transformative and sustained benefits.

While Road TRIP represents a potentially game-changing deal for border communities, its cost to the government is projected to be negligible. ERL estimates that cost to fall between $5.2 and $9.0 million in GST rebates, a sum that is handily offset by increased tax revenues from economic growth. In fact, in a high elasticity of demand scenario, those tax revenue increases could exceed $40 million. Even according to the most conservative calculations and under the most adverse conditions, Road TRIP would remain revenue neutral.

Finally, Road TRIP promises to be lucrative without being administratively onerous. Duty Free retailers can easily and effectively implement the program since they have the existing capacity to verify export goods and award rebates at a time close to actual purchase. Also, they are well positioned to recapture a good portion of these rebates and increase sales of Canadian products. Duty Free operators report that up to 60% of customers who are awarded rebates will spend them in their shops, where Canadian-made goods like wine, ice wine, maple syrup, and crafts predominate. Furthermore, the Duty-Free industry is able to track the data the government will need to conclusively assess the program’s cost and benefits.

Since the benefits of a tourism-boosting initiative like Road TRIP are so clear, it should come as no surprise that many of Canada’s competitors in the global tourism market have already adopted similar programs. Rivals, such as Great Britain, India, and the European Union, are already enjoying a competitive advantage over Canada thanks to their tax rebate programs for international visitors. Given the exponential changes taking place in the global tourism market—25 years ago, only 10 countries were contending for tourism dollars, while today over 100 countries are vying for market share—the Canadian tourism industry needs to secure competitive advantage whenever and wherever it can. For this reason, members of Parliament, several chambers of commerce, municipal politicians, industry stakeholders such as the Tourism Industry of Canada and the Retail Council of Canada, and scores of key duty-free supplier companies are strenuously championing the Road TRIP 3-year pilot program.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. launch a 3-year pilot project for a Road Travel Rebate Incentive Program that would make international visitors eligible for a rebate of 5% GST on goods exported from Canada; and
2. authorize Duty Free operators to process these rebates, and track the data necessary for assessing the program’s costs and benefits.

THE LOCKED-IN ESTATE TRUST – A RESPONSE TO CANADA’S COMING PENSION CRISIS (2015)

Summary
The Chamber recognizes the severity of the pension reform problem in Canada and in 2010 at their AGM adopted a policy titled “The Base Principals of Pension Reform”. There looms a pension crisis for Canadians in the near future. The federal government will be unable to fund the pension requirements of the baby boomer retirees let alone the requirements of subsequent generations of retirees. A Locked-in Estate Trust (LIET) is one of the many required solutions that would allow for individuals to privately fund LEIT’s with the money being held in trust for the future benefit of the named beneficiaries of the LEIT.

Statement of the problem
Our federal and provincial finance ministers are seeking solutions to protect older Canadians from income shortfalls during their retirement years, but there are few solutions on the horizon. At the same time, many older Canadians, through hard work and extraordinary windfalls in the housing market, find they have accumulated a great deal of wealth, but ironically, have little cash flow to supplement their own retirement.

It is estimated that as much as $1 trillion footnotewill pass to the next generation of Canadians through estate transfers. Acutely aware of the value of their estates, many older Canadians have concerns about the wisdom of passing on such large lump sum estates to children and grandchildren.

Creating a new financial instrument could provide seniors with income now from their valuable estates and at the same time allow them to utilize family wealth to ensure that their children and grandchildren are able to receive private pension income when they retire. This could be fashioned similar to the Charitable Remainder Trust which is widely used and promoted in the United States.

A Locked in Estate Trust (“LIET”) would provide a creative solution to our specific demographic quandary where the size of the retired population will soon far outweigh the working population. It also has the potential to remove some of the well documented and anxiously anticipated strain on the government’s ability to provide Old Age Security and Guaranteed Income Supplement funding to Canadian seniors as the baby boomer bulge exits the workforce. Furthermore, a LIET would provide an investment vehicle that could ensure financial independence for subsequent generations of Canadians.

In recognition of the importance of responsible federal fiscal policy, the federal tax revenue will actually be enhanced by this account on a deferral basis. Typically, contributions to the LIET will result in a deferral of capital gains tax of which only 50% of the gain is taxed, whereas the subsequent withdrawal can and will be taxed as 100% regular income at the current marginal tax rate resulting in incrementally larger revenue tax stream.

Furthermore, this account could be used for the generational transition of small business interests similar to a “Family Trust” with this inclusion of limiting access to the revenue and pension income by the beneficiary until the beneficiary if at age 55.
FINANCE

Details of the problem
Large pools of wealth in private portfolios transferred to a LIET would have the potential to significantly reduce the drain on government pension resources. It could also represent significant tax savings to individuals who make a decision to move wealth into a LIET.

The LIET would work similar to already available trust vehicles (Charitable Remainder Trust) but with tax advantages to the donor or the settler, such as a non-refundable tax credit based on the amount transferred into the LIET. Funds inside the LIET would be allowed to accumulate tax free and be professionally managed and guided by a conservative investment strategy.

The donor would be permitted to access a percentage of the income generated by the LIET while they remain alive.

Named beneficiaries of the LIET would only be allowed to withdraw a legislated percentage of the capital and income of the LIET after age 55, similar to Locked in Retirement Accounts (LIRAs). This would ensure the long-term viability of the LIET for future generations.

Because of the tax advantages, the decision to create a LIET would be made by the donor before death and would be an irrevocable decision or the LIET could be created as a Testamentary Estate Trust (After Death).

It is anticipated that the tax foregone (by the granting of a tax credit to the donor and by a deferral of a valuation of the donor’s estate) is far outweighed by the reduction of costs related to pension benefits over the long term and the reduction in the benefits payable under Old Age Security and other government programs such as income tested health care and Guaranteed Income Supplement.

THE CHAMBER RECOMMENDS

That the Federal Government introduces an amendment to the Income Tax Act creating the Locked-In Estate Trust as a step toward solving the Pension Reform problem in Canada and allowing a mechanism for business and Canadians to offer a more stable financial future for generations to come.
CANADA-CHINA TRADE TARIFF GAP (2017)

Introduction
Canada’s trade deficit with China is widening amid a slowing of raw materials exports to China, while Canadians continue to import $50 billion a year of Chinese products. According to Industry Canada, the 2012 trade deficit with China was $31.7 billion, four times what the deficit was a decade ago.

Background
While China exports manufactured goods, like electrical machinery, furniture and footwear, to Canada, it imports mainly raw materials. Currently the top Canadian exports to China by value are wood pulp, oil seeds and grains, ores, mineral fuels and oil.

The Chinese market for many Canadian-made manufactured goods is being blocked by a high tariff wall, which makes the cost of these products prohibitive for Chinese consumers. For example, MO851, a Montreal-based maker of luxury leather goods, has opened a boutique in Beijing, hoping to cash in on the huge Chinese consumer market with a taste for luxury goods. A bag that retails for $465 in Montreal, costs 90 per cent more in Beijing due to tariffs, taxes and luxury taxes.1

Riversong Guitars in Kamloops, B.C. states that a guitar that retails for $1000.00 in Canada, has a landed cost of $1430 in China with tariffs, freight and agency fees. These guitars with exchange rate and luxury taxes would retail for approx. $1925 CAD or Yen $9867.

On the other side, Chinese products face no such tariffs as when they are imported to Canada, they are using similar production products and materials and have much lower labour costs

Result
Canada and China have been trading partners for decades and even more so now with the globalization of the world economy. In order for Canadian companies to be able to compete in the Chinese market fairly as Chinese companies compete in the Canadian market, the playing field must be leveled.

THE CHAMBER RECOMMENDS
That the Federal Government work with the Canadian business community and the relevant stakeholders to develop a trade agreement with China.

INCREASED FREE TRADE AGREEMENTS WITHIN THE PACIFIC GATEWAY (2015)

British Columbia and Canada are both considered small, trade-dependent, open markets. As such, international trade is a key driver of economic growth that enables job creation and economic prosperity. As stated by the B.C. Ministry of International Trade, “removing or reducing barriers to trade and investment, and mitigating impacts in sectors affected by increased foreign competition have a proven track record of stimulating economic growth”.1 Without access to new markets, B.C. ability to further enhance its economic growth will be hindered over the long term.

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1 www.cbc.ca/news/business/sky-high-chinese-tariffs-block-canadian-access-to-market-1.2481938
2 http://www.mit.gov.bc.ca/DomIntlTrade/
Free trade agreements (FTAs) are one of the most effective means to improve trade conditions for both exporters and investors. FTAs reduce tariff and non-tariff barriers, and protect the interests of companies exporting and investing in other countries. These agreements also have intangible benefits, including dramatically raising Canada’s profile with trading partners, which in turn can attract new investment and interest in our exports.²

According to Canada’s Department of Foreign Affairs, Trade, and Development, “trade is equivalent in value to more than 60 per cent of Canada’s gross domestic product (GDP), and exports are directly linked to one in five Canadian jobs. Canada’s prosperity requires expansion beyond our borders into new markets for economic opportunities that serve to grow Canada’s exports and investment.”³

While most Canadian provinces and territories still export primarily to the U.S., B.C. is unique in that its exports are quite diversified. For example, in 2014, the United States accounted for only 50.6% of B.C.’s worldwide exports and Asia Pacific countries accounted for 40%. Through enhanced FTAs, it is hoped that British Columbia and other provinces can continue to diversify and grow their economies.⁴

At present, Canada has 12 Free Trade Agreements (FTAs) in force or concluded, representing 43 countries, and is in further discussions or ongoing negotiations with many other jurisdictions around the globe. The current federal government must be commended for its ambitious trade plan, having concluded nine agreements in the past seven years. The most recent FTAs to be concluded are with South Korea (which came into force on Jan. 1, 2015) and the 28-member European Union (which is expected to come into force in the next 12 to 18 months). These Agreements will provide a competitive advantage in a wide range of sectors for Canadian businesses:

Canada - European Union: Comprehensive Economic and Trade Agreement (CETA)
In September 2014, the Government of Canada the European Union held a signing agreement to signal the conclusion of negotiations. This Agreement provides Canada with guaranteed preferential access to the world’s largest economy. With 28 member states, 500 million people and annual economic activity of almost $18 trillion, the EU is a global economic powerhouse.⁵

Preferential access to this market offers B.C. businesses, not to mention other Canadian businesses tremendous competitive advantages, especially compared to U.S. business looking for similar U.S. agreement to gain liberalized access to the EU market. It is anticipated that CETA could bring a 20 per cent boost in bilateral trade with the EU and create a $12 billion annual increase to Canada’s economy. ⁶ CETA also gives Canadian companies access to one of the world’s largest procurement markets worth $3.3 trillion annually.⁷

Canada Korea Free Trade Agreement (CKFTA)
The CKFTA provides enhanced access to the world’s 15th largest economy, the fourth largest in Asia, with an economy of $1.3 trillion and a population of 50 million. South Korea is Canada’s seventh largest trading partner and B.C.’s fourth largest. Over half of Canada’s exports to South Korea originate from British Columbia. This ground-breaking agreement constitutes Canada’s first free trade agreement with an Asian

² http://www.mit.gov.bc.ca/DomIntTrade/
⁴ BC Ministry of International Trade, staff correspondence
trading partner. The CKFTA is projected to create thousands of jobs and boost Canada’s economy by $1.7 billion as result of the anticipated increase in Canadian exports to South Korea by 32%.8

Today, the fastest growing economies in the world are those in the Asia Pacific. It is anticipated that on average, the economies in this region will grow by 6.4% in 2015, continuing to be a driving force in world economic growth.9 The CKFTA is an excellent foot-in-the-door to the many opportunities offered by the emerging economies of Asia.

Capitalizing on the rapidly growing Asia Pacific markets will be critical to Canada’s future growth and economic prosperity. To this end, Canada is actively working with 11 other countries (Australia, Brunei Darussalam, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam) to establish the Trans-Pacific Partnership (TPP).

The TPP is a very ambitious initiative focused on strengthening trade and investment among the partner countries by promoting innovation, economic growth and job creation. The economic benefits of this agreement would be significant as the current TPP nations represent a market of 792 million people and a combined GDP of $28.1 trillion (approximately 40 per cent of the world economy).10

While the preference for multi-lateral agreements is preferred, the success of these negotiations is often fraught with challenges due to needs to have multiple countries, with many economic interests, to agree on a common text. The magnitude of this goal is commendable, but also ambitious. Based on this difficulty to get multiple nations to agree, it is still recommended that the Government of Canada continue to pursue bi-lateral FTAs with a variety of key trading partners.

Conclusion
The benefits of FTAs for the growth of the national and provincial economy are clear. To this end, the federal government must continue to work with Canada’s international partners to establish new agreements that allow businesses to enter new markets in order to continue growing.

This also means it is vital that the federal and provincial governments do more to promote future and existing FTAs to ensure Canadian businesses, especially small and medium-sized businesses, are aware of how they can take advantage of the economic opportunities that current and future agreements provide. Many small and medium-sized enterprises do not have the resources within their businesses to promote their products and/or services overseas. Or if they do, they don’t tend to look beyond the U.S. because they don’t know how or where to start when it comes to promoting their business to the international market, especially Asia-Pacific markets that have different laws and customs.

THE CHAMBER RECOMMENDS

That the Federal and Provincial Governments:

1. increase resources to expedite Canada’s role in negotiations and ratification of the multilateral Trans Pacific Partnership (TPP) agreement;

2. negotiate and ratify further bilateral trade agreements with key trading partners from the Pacific Gateway region; and

3. enhance trade promotion strategies that support businesses ability to take full economic advantage of all current and future trade agreements by, but not limited to;
   a. providing a single window to access trade promotion services;
   b. creating a forward planning committee with the private sector to better coordinate delegations under a Canadian and provincial banner; and
   c. ensuring the Trade Commissioner Service and the federal government has the resources to maintain its capacity to provide timely, effective services to its private sector and government client in Canada and abroad and to address non-tariff barriers in international markets.
FILLING THE GAP THROUGH ECONOMIC IMMIGRATION (2016)

Preamble
As Canada’s Asia Pacific Gateway, the Province of British Columbia is positioned to tap into talent from other countries to fill gaps in the labour force, contributing to the ever-changing face of business today. Demographic challenges and competition amongst jurisdictions are growing significantly and the pace of demand for talented individuals means that Canadian companies must be allowed to effectively compete in this global context. Without the ability to tap into this highly-mobile talent pool, Canadian companies will fall behind, hampering our economic prosperity and reducing the opportunities available to all Canadians.

Business Issue
Chamber members are citing challenges in hiring and housing qualified workers as a barrier to growth. In urban centres with high costs of living, like Vancouver, Toronto, and Victoria, it becomes particularly challenging to fill gaps at the mid- to lower-end of the employment spectrum, particularly for skilled, entry-level as well as low-skilled, difficult-to-fill positions. Businesses then turn to hiring foreign workers, but are often frustrated by a complex bureaucracy and lengthy timelines.

Background
The next 20 years will see a continued exit of baby boomers from the workforce. This exit will create a strain on national finances in the form of reduced income tax revenue and an increasing expense in the health care system as the baby boomers age. As our workforce shrinks, demand will rise, and employers will have increasing challenges attracting and retaining the workers they need, when they need them.

The Government of Canada plans to bring in between 280,000 and 305,000 new permanent residents in 2016. Of this number, 160,600 people are expected under economic immigration, comprised of experienced professionals and skilled workers to support Canada’s long-term economic growth.

Overview
Immigration to Canada can be either on a permanent basis or temporary in nature, such as to visit, study or work. Immigration, Refugees and Citizenship Canada (IRCC) handles large volumes of permanent and temporary resident applications across its extensive global processing network. The process of managing immigration files includes protecting the health, safety and security of Canadians. In collaboration with partners in the Public Safety portfolio as well as the Department of Justice and Health Canada, IRCC works to identify applicants who could pose security or health risks to Canadians. IRCC also works in partnership with other countries to mitigate risks and protect Canada from international threats.

To meet the admission targets set out in the immigration levels plan, IRCC must balance pressures related to processing high volumes of applications for temporary residence with backlog reduction strategies for various permanent immigration programs.

Process
Every foreign worker must obtain a work permit to legally work in Canada. The process by which a work permit is issued involves a complex employment confirmation scheme involving Employment and Social Development Canada (ESDC) and IRCC.

As a general rule, an IRCC visa and immigration officer is not authorized to issue a work permit to a foreign worker unless, in the opinion of the officer, there are insufficient Canadians or permanent residents who can fill the potential position.
Involvement of ESDC is a convenient way for visa and immigration officers to determine whether the employment of the foreign worker is justified given current labour market conditions. With a confirmation of a valid job offer and a favourable opinion known as the “labour market impact assessment” (LMIA) from ESDC – provided security and medical qualifications have been met - the visa and immigration officer will then issue a work permit to the foreign worker. The process generally requires consultation with the employer and ESDC, national advertising and/or recruitment efforts, substantial documentary support and possible involvement of other government agencies. Without a positive LMIA assessment, a foreign candidate with a job offer often will not qualify for entry.

Temporary
Under the Temporary Foreign Workers Program (TFWP), IRCC facilitates the temporary entry of foreign workers needed to address labour market shortages and to provide other economic opportunities for Canadians, such as job creation and the transfer of new skills and knowledge. With a few exceptions, foreign workers must have an approved job offer and a work permit before arriving in Canada.

Permanent
IRCC manages the permanent entry of foreign workers under the Economic Class, including programs such as Federal Skilled Workers, Provincial Nominee, Live-in Caregiver as well as Business. Due to the lengthy timelines associated with applications for permanent residency, employers may turn to the TFWP as a faster alternative, which can be days. As an added benefit, employing a TFWP worker who is applying for permanent residency may increase the candidate’s eligibility as she or he gains Canadian experience.

Timelines
As outlined in Annex A, the processing times for entry as a permanent resident can be lengthy, anywhere from 9 to 97 months. The lengthy timelines, coupled with the LMIA requirement, creates a scenario where the employer identifies the required talent and makes a job offer, but the candidate is either not selected to immigrate or has moved on to other opportunities in the interim. Skilled foreign nationals have personal lives and families to consider, and for them as well as their prospective employers in Canada, the unpredictability in the provision of the talent to meet organizational objectives is highly problematic.

Express Entry
Introduced in 2015, Canada’s Express Entry system promised transformative change in economic immigration and the opportunity for employers to be involved in immigrant selection. Express Entry is an electronic application management system for skilled workers to seek permanent residency. It adds a competitive element by selecting candidates based on their scores in a comprehensive ranking system. Scores are assigned based on factors such as education, Canadian work experience and valid job offers.

Job offers must be accompanied by a positive Labour Market Impact Assessment (LMIA) from Service Canada to confirm that no Canadian or permanent resident is available to take the job. Without the assessment, a foreign candidate with a job offer will not receive the 600 points, without which the candidate will likely not receive an invitation from IRCC to apply for permanent residency through the Express Entry system.

By inserting the LMIA process into Express Entry, the government has put two competing policy principles in play. On the one hand, the Government of Canada wants to facilitate employers’ access to a pool of international talent, and on the other hand, it does not want employers to look at international candidates
because the government wants Canadians first in the jobs. In the past, the government had other ways to validate job offers for permanent residency applicants. The LMIA is the wrong policy tool for this purpose.

The new government can simply and effectively adjust the system by bringing back a demand-driven focus to immigrant selection. The Canadian Chamber recommends that the government award points in the Express Entry process for a job offer, without requiring a Labour Market Impact Assessment. Instead of an LMIA, the department could build on the Arranged Employment Opinion (AEO) approach that was used in the Federal Skilled Worker Program until May 2013.

Summary
Canadian businesses face an unprecedented level of competition. In order to create jobs and contribute to our country’s standard of living, they must have access to the best possible talent. Improving the current process will increase Canadian competitiveness and ensure that newcomers more successfully integrate into the Canadian economy.

THE CHAMBER RECOMMENDS

That the Federal government:

1. award points in the Express Entry process for a job offer, without requiring a Labour Market Impact Assessment; and

2. build on the Arranged Employment Opinion (AEO) approach that was used in the Federal Skilled Worker Program until May 2013.
## Annex A: Processing Times (Permanent)

<table>
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<th>Immigration Categories</th>
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<td>70%</td>
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</tr>
<tr>
<td></td>
<td>80%</td>
<td>14</td>
<td>51</td>
</tr>
<tr>
<td>Federal Skilled Workers (MI-1)</td>
<td>50%</td>
<td>61</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>65</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>67</td>
<td>56</td>
</tr>
<tr>
<td>Federal Skilled Workers (MI-2 and beyond)</td>
<td>50%</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>11</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>13</td>
<td>31</td>
</tr>
<tr>
<td>Federal Skilled Workers (MI-2)</td>
<td>50%</td>
<td>51</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>53</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>55</td>
<td>43</td>
</tr>
<tr>
<td>Federal Skilled Workers (MI-3 and beyond)</td>
<td>50%</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>13</td>
<td>24</td>
</tr>
<tr>
<td>Business</td>
<td>50%</td>
<td>65</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>97</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>97</td>
<td>66</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>50%</td>
<td>88</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>97</td>
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</tr>
<tr>
<td></td>
<td>80%</td>
<td>97</td>
<td>87</td>
</tr>
<tr>
<td>Self Employed</td>
<td>50%</td>
<td>65</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>97</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>97</td>
<td>71</td>
</tr>
<tr>
<td>Investors</td>
<td>50%</td>
<td>73</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>82</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>87</td>
<td>64</td>
</tr>
<tr>
<td>Live-in Caregiver Program</td>
<td>50%</td>
<td>27</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>41</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>47</td>
<td>43</td>
</tr>
<tr>
<td>Provincial Nominees</td>
<td>50%</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>13</td>
<td>12</td>
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</tbody>
</table>

## Annex B: Processing Times (Temporary)

<table>
<thead>
<tr>
<th>Immigration Categories</th>
<th>% Finalized</th>
<th>2015 (days)</th>
<th>2014 (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Resident Visas Processed Abroad</td>
<td>50%</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Study Permits Processed Abroad</td>
<td>50%</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>28</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>38</td>
<td>39</td>
</tr>
<tr>
<td>Temporary Work Permits Processed Abroad</td>
<td>50%</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>70%</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>48</td>
<td>57</td>
</tr>
</tbody>
</table>

1 Permanent Resident Applications Processed Abroad and Processing Times (CCIR, April 2016)
2 Temporary Residents Applications Processed Abroad and Processing Times (CCIR, April 2016)
## IMMIGRATION, REFUGEES AND CITIZENSHIP

<table>
<thead>
<tr>
<th>Canadian Experience Class</th>
<th>80%</th>
<th>15</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50%</td>
<td>11</td>
<td>10</td>
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<tr>
<td></td>
<td>70%</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>15</td>
<td>12</td>
</tr>
</tbody>
</table>

### Annex C: Approval Ratios

<table>
<thead>
<tr>
<th>Immigration Categories</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
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<tbody>
<tr>
<td></td>
<td>Jan 1 to Dec 31</td>
<td>Jan 1 to Dec 31</td>
<td>Jan 1 to Dec 31</td>
</tr>
<tr>
<td></td>
<td>Cases Passed</td>
<td>Cases Refused</td>
<td>Approval Rate*</td>
</tr>
<tr>
<td>Skilled Workers</td>
<td>21,285</td>
<td>2,366</td>
<td>90%</td>
</tr>
<tr>
<td>Federal Skilled Workers (Pre-C-50**)</td>
<td>36</td>
<td>26</td>
<td>58%</td>
</tr>
<tr>
<td>Federal Skilled Workers (C-50)</td>
<td>21,249</td>
<td>2,340</td>
<td>90%</td>
</tr>
<tr>
<td>Federal Skilled Workers (MI-1)</td>
<td>528</td>
<td>204</td>
<td>72%</td>
</tr>
<tr>
<td>Federal Skilled Workers (MI-2)</td>
<td>129</td>
<td>75</td>
<td>63%</td>
</tr>
<tr>
<td>Federal Skilled Workers (MI-3 &amp; beyond)</td>
<td>20592</td>
<td>2061</td>
<td>91%</td>
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<tr>
<td>Business</td>
<td>1,624</td>
<td>1,226</td>
<td>24%</td>
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<tr>
<td>Entrepreneurs</td>
<td>63</td>
<td>3</td>
<td>89%</td>
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<tr>
<td>Self Employed</td>
<td>303</td>
<td>1,145</td>
<td>19%</td>
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<tr>
<td>Investors</td>
<td>1,218</td>
<td>71</td>
<td>58%</td>
</tr>
<tr>
<td>Provincial Nominees</td>
<td>21,692</td>
<td>1,096</td>
<td>95%</td>
</tr>
<tr>
<td>Live-in Caregiver Program</td>
<td>13,423</td>
<td>732</td>
<td>95%</td>
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</table>
Immigration, Refugees and Citizenship

<table>
<thead>
<tr>
<th>Canadian Experience Class</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cases Approved</td>
<td>Cases (Approved + Refused)</td>
<td>Approval Rate: Cases Approved / Cases (Approved + Refused)</td>
</tr>
<tr>
<td></td>
<td>11,614</td>
<td>1,296</td>
<td>90%</td>
</tr>
<tr>
<td>Skilled Trades</td>
<td>1,117</td>
<td>158</td>
<td>88%</td>
</tr>
</tbody>
</table>

*Approval Rate: Cases Approved / Cases (Approved + Refused)
**FSW C-50 are Federal Skilled Workers with application received date after February 26, 2008

Annex D: Approval Rations (Temporary)

<table>
<thead>
<tr>
<th>Temporary Resident Visas Processed Abroad</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,301,138</td>
<td>279,605</td>
<td>82%</td>
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<tr>
<td></td>
<td>1,107,758</td>
<td>252,359</td>
<td>81%</td>
</tr>
<tr>
<td></td>
<td>974,335</td>
<td>202,089</td>
<td>83%</td>
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<table>
<thead>
<tr>
<th>Study Permits Processed Abroad</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>132,956</td>
<td>53,576</td>
<td>71%</td>
</tr>
<tr>
<td></td>
<td>127,329</td>
<td>49,867</td>
<td>72%</td>
</tr>
<tr>
<td></td>
<td>119,096</td>
<td>38,535</td>
<td>76%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Temporary Work Permits Processed Abroad</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>181,143</td>
<td>17,437</td>
<td>91%</td>
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<tr>
<td></td>
<td>139,196</td>
<td>25,125</td>
<td>85%</td>
</tr>
<tr>
<td></td>
<td>136,275</td>
<td>22,362</td>
<td>86%</td>
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</table>

Enhancing the Working Holiday Visa is Part of the Solution to B.C.’s Resort Communities Labour Shortage (2015)

Issue
Canada faces steep demographic and workforce challenges in the coming years. As an example, in B.C., more than one million jobs are due to be created in the next decade with only 650,000 workers to fill them. The tourism industry alone is projecting an average rate of employment demand growth of 1.6% from 2011-2020 that translates to more than 100,000 full-year job equivalency openings from 2011-2020 (44,000 due to anticipated growth, 57,000 due to retiring workers), from a base of approximately 250,000 full-year job equivalencies.¹ For resort economies in B.C., the Working Holiday visa is a key mechanism for employers seeking to fill positions in their business so B.C. can continue to offer world-class experiences to visiting guests. In just one year, from 2013/14 to 2014/15, the number of unfilled positions on opening day (also known as the ‘opening day vacancy rate’) doubled for the 31 B.C. ski resorts that participated in go2HR’s annual Winter 2014-15 Staffing Levels Survey – from 1.3% of all positions to 2.7%.

¹ go2 submission to BC Immigration Task Force, February 2012
Immigration, Refugees and Citizenship

The opportunity
Immigration will play an enormous role in B.C.’s ability to address its labour market challenges and secure its economic development success in the next decade. This is because:

- Under-represented labour sources e.g. older, disabled, aboriginal and new immigrants will address only a small portion of the anticipated supply shortages;
- Aside from aboriginal youth, the only growth in the labour market will be from immigration; and
- Entry-level, front-line and seasonal positions are traditional first jobs of youth, but the declining youth population means existing supply side challenges for these positions will deteriorate significantly. For example, 2013 B.C. Ministry of Education statistics show a total of 63,435 Grade 12 Students, but only 44,288 Grade 7 students.

The International Experience Canada (IEC) Program
The IEC Program, formerly known as the Working Holiday Visa Program, manages Canada’s youth mobility arrangements and agreements with different countries around the world and offers travel authorization and temporary work permits to young people aged 18-35 for up to one year. As just one helpful example - and to speak to a bilateral agreement that consistently displays excellent reciprocity - in 2007, Canada struck an agreement with Australia that extended the duration of their respective Working Holiday Visas from one to two years. The Agreement was also amended to enable Canadian and Australian youth to make multiple applications via the program.

Case study: Impact of the IEC Program in the tourism sector
Although the IEC Program is available and accessible to a range of sectors, the tourism sector in particular relies heavily on the Program to attract and retain workers.

The tourism sector’s reliance on the program is reflected in the results of the most recent Canada West Ski Area Association’s annual employer survey. Of most interest is the number and percentage of international workers – both temporary foreign workers and those who work under IEC Program - as a proportion of the workforce:

- The total number of all positions included in the survey was 10,892. Of these positions, 71% were Canadians and 29% were foreign nationals (similar to survey results the previous year);
- Of the total number of international workers hired, 93% were acquired through the IEC Program with the remaining 7% sponsored through the Temporary Foreign Worker Program;
- Visas secured under the IEC Program represented 27% of overall counted hires.

The Example of Whistler, B.C.
The community of Whistler serves 2.7 million visitors annually and drives 22.5% of the tourism export revenue for the Province of British Columbia and $428 million in annual tax revenue to the three levels of government. These impressive numbers would not be possible without the tremendous contribution of Working Holiday Visa holders to the local labour pool. It is worth noting that Whistler’s unemployment was measured at 2% in 2013 by the Resort Municipality’s Community Life Tracking Survey.

Whistler Blackcomb, the largest employer in town, manages over a third of total workforce. The IEC program is used to augment the mountain workforce and accounts for approximately 27.5% of their total workforce (of note, TFWs accounts for only 2.5% of their total workforce).

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2 Canada West Ski Areas Association, Winter 2014-15 Staffing Levels Survey
3 Economic Partnerships Initiative, Resort Municipality of Whistler, October 2013
Additionally, the Whistler Housing Authority has addressed housing as a possible barrier to workers coming to the resort:

- Whistler currently houses 81% of its employees locally in Whistler and 63% of the resident workforce lives in resident restricted housing; and
- Since 2009, Whistler has created 1,750 new resident restricted beds at Fitzsimmons Walk, Cheakamus Crossing, Rainbow and through infill employee housing initiatives. This is a 31% increase in new resident restricted housing built for the workforce in the last 5 years, whereas there has only been a 1% increase, during this same period, in the peak winter workforce.

**Measuring the Impact**

The extension of the Australian Working Holiday Visa has now been in place for seven years. In the context of the tourism sector alone, the following observations can be made:

**i. Impact on tourism to Canada**

Although causality has not been proved, and noting that there are many other factors that have contributed to the growth in numbers of visitors from Australia e.g. strong AUD, strong economy, cheaper flights etc., the extension of the Australian Working Holiday Visa may also have contributed to the 18% increase in number of Australian visitors to Canada over the same period\(^4\). A stronger relationship with e.g. the U.K., would likely have a positive, long-term impact on tourism from that market.

**ii. Impact on employers, employees and our communities**

The extension of the Australian Working Holiday Visa has positively impacted employers, employees and our communities in the following ways:

- Employers have access to a pool of highly qualified, often skilled and engaging individuals who settle into the community quickly and who contribute positively to the overall guest experience;
- Employers save time and money by not having to dedicate substantial resources to annual international recruitment process and instead can dedicate time and resources towards provision of staff development and retention throughout the two-year period;
- Employees, under a two-year visa, have a more comprehensive and fulfilling experience with their Canadian employer and, as a result, can leave with a valuable addition to their resume; and
- Some employees who are on a progressive career path and who enjoy the Canadian lifestyle pursue Canadian permanent residency in order to continue their career here, build families and contribute to the community in a variety of ways over the long term.

The extension of the Australian Working Holiday Visa has resulted in multiple benefits as outlined above in the context of only one sector. It needs to be maintained and replicated with other countries in order to help address our provincial and national labour market challenges that extend across a variety of sectors.

**THE CHAMBER RECOMMENDS**

That the Federal Government enhances the IEC Program by:

1. maintaining the present bilateral agreement provisions with Australia that allows a Working Holiday Visa with duration of a minimum of two years to be issued between the two countries;

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4 Tourism BC, International Visitor Arrivals, December 2012
2. returning to the previous standard of 2-year renewals for the Australian-Canadian Working Holiday Visa up to age 30 for applicants;

3. modifying the current bilateral agreements with the United Kingdom, Ireland and New Zealand, so that their associated conditions and criteria mirror those of the Canada-Australia bilateral agreement; and

4. creating a similar arrangement, modeled on the Canada-Australia bilateral agreement, with other countries where capacity exists and security concerns are addressed and mitigated.
INDIGENOUS LAND TITLE INITIATIVE (2017)

Business Issue
An antiquated and cumbersome land “ownership” system for Indigenous lands has limited the ability of First Nations to leverage the value of their property, hindering them from achieving their full economic potential and highest and best use of their lands. With many municipalities and regions looking for opportunities for developable lands, this inability to fully utilize potential partnerships with First Nations is hindering the growth of business.

Background
There are a number of issues hindering the ability of Indigenous communities in accessing the available potential of their lands. Firstly, First Nations are constrained by high transaction costs, nearly four to six times higher than on non-First Nation lands. These high transaction costs arise because the legal and administrative framework to facilitate investment on First Nation land is largely missing. Whereas the legislative and administrative frameworks for federal and provincial governments have evolved responsively over the last 140 years, the Indian Act has remained virtually unchanged.

Secondly, with respect to land tenure, the current methods for securing title on First Nation lands and the Indian Lands Registry are inadequate and they do not provide sufficient title certainty. This is true regardless of who invests (First Nation and non-First Nation) and regardless of the type of investment (commercial or residential). The consequences of poor land title have been profound. Land certainty is the bedrock of the investment and financial markets. Its absence has deterred investment and greatly lowered land values on First Nation lands. It has resulted in valuable lands being put to very low value uses, as low as 10% of comparable land governed by a Torrens based system.

During the last 30 years, First Nations have begun to legislate their way back into the Canadian economy. It started in 1988 with the first change to the Indian Act ever led by a First Nation – the Kamloops amendment. This allowed First Nations to collect property tax on their lands. Once First Nation governments derived revenues from economic activity, they began to pursue more economic activity on their lands. This meant pursuing other legislation to fill the legal and administrative gaps created by the Indian Act which include:

- The First Nations Land Management Act;
- The First Nations Goods and Services Tax Act;
- The First Nations Fiscal and Statistical Management Act;
- The First Nations Oil and Gas Management Act; and
- The First Nations Commercial and Industrial Development Act.

Missing in these legislative initiatives, is an institutional framework to improve First Nation land tenure certainty.

For several years First Nations, the federal government, and the First Nations Tax Commission (FNTC) have worked on developing land title legislation under the Indigenous Land Title Initiative (ILTI). This initiative is designed to enable First Nations who wish to choose this option to move beyond the debilitating Indian Act land tenure system, to a more modern Torrens-based system which facilitates certainty and economic growth. Continued support from the federal government and eventual passage of the legislation for interested First Nations will lead to greater First Nation integration in the market economy.
The FNTC estimated in 2011 that based on 68 BC First Nations opting into ILTI over 15 years, $3.8 billion in increased real estate values, 27,000 FTEs in new employment opportunities, 2,700 new homes built, approximately $240 million in property and sales tax revenues, and about $160 million in infrastructure will be generated. According to the FNTC, this will result in a $1.1 billion reduction in the cost of poverty.

**Summary**

Conditions of the ILTI would be as follows:

- The ILTI will allow First Nations to opt-in to a land title legislative framework as an alternative to the Indian Act following a positive vote of its membership;
- Participating First Nations will have the option to hold legal title to the land currently held by the Crown as “reserves” under the Indian Act, and will have the power to enable all types of land tenure, including, if they choose, individual ownership without any loss of jurisdiction over the land;
- Participating First Nations will have expanded jurisdiction to implement a Torrens title system and to manage, develop, and protect their lands;
- A ready-to-use legal framework of regulations and sample laws will allow ILTI First Nations to implement the legal framework for their jurisdictions efficiently and effectively;
- The ITLI will have a profound impact in stimulating investment, reducing poverty, and strengthening First Nation participation in regional economies; and
- First Nations (including T’kemlups te Secwepemc, Shuswap, Skowkale, Aitchlitz, Klahoose, Upper Nicola and others) have passed Band Council resolutions of support for the ILTI initiative.

**THE CHAMBER RECOMMENDS**

That the Federal Government collaborate with First Nations to develop systems and optional ILTI legislation to improve land tenure certainty for First Nation with their undisputed lands.

REFERENCES:

http://news.nationalpost.com/full-comment/jesse-kline-private-property-rights-are-key-to-the-future-prosperity-of-first-nations
http://news.nationalpost.com/full-comment/michael-lebourdais-ravina-bains-let-first-nations-thrive

**FIRST NATIONS INFRASTRUCTURE INSTITUTION (2017)**

**Business Issue**

The development of infrastructure is critical to the health and sustainability of our First Nation communities. However, preliminary research suggests a gap in this development. As a result of the current approach applied to First Nation infrastructure development, this development is generally more expensive, takes more time and is less durable than that of other governments. A proactive approach is needed to ensure that projects are suitable, that best practices and industry standards are followed, and that value received is commensurate with the expenditure made.

**Background**

Canada and First Nations both have an urgent need to develop a joint strategy to increase First Nation productivity with infrastructure development representing one of the most critical elements in achieving this. Unfortunately, First Nations face many challenges in this process and have been unable to fully achieve value for investments made.
A preliminary review of First Nation infrastructure by the First Nations Tax Commission (FNTC) has identified that there are gaps in planning (lack of integration between plans), project management (insufficient experience or expertise), financing (underutilization or inaccessibility of fiscal tools or insufficient fiscal capacity), and supporting legal frameworks (missing or inadequate laws) facing many First Nations.

The federal government has committed to a series of significant investments in infrastructure to support a better future for Indigenous Peoples with almost $4.7 billion in planned infrastructure investments over the next five years to include education infrastructure ($969 million), social infrastructure ($1.2 billion), green infrastructure ($2.2 billion), and community infrastructure ($255 million).

Taking the example of provincial precedents and models such as Infrastructure Ontario, which provides similar services and support to health, education and local government infrastructure projects in that province, First Nations are working with the First Nations Tax Commission (FNTC) to advance the concept of a First Nations Infrastructure Institution (FNII) as a new element of the First Nations Fiscal Management Act (FMA).

In concept, FNII could provide the following services:

- **Support Projects with Standards and Laws** – Help with implementing standards and laws required to support infrastructure projects and improve economic development. This will save participating First Nations time and money and help ensure First Nation infrastructure is at national standards.

- **Assessment and Development Support** – Assess infrastructure project readiness and develop infrastructure development plans so First Nations can build the legal and administrative capacity to manage the infrastructure cycle from planning to construction to operation, maintenance and replacement.

- **Infrastructure Planning Support** – Support integrated infrastructure planning (economic, capital, financing) and provide capacity to complete these planning elements of infrastructure development. This will help interested First Nations to access available federal resources.

- **Project Management** – Help First Nations build capacity to efficiently project manage and build infrastructure projects. In some cases, FNII could also provide project management services.

- **Training and Certification** – Offer certified training and systems for First Nation administrations to support the operation of sustainable infrastructure systems through the Tulo Centre of Indigenous Economics.

- **Advocacy** – Advocate for and develop new FMA revenue streams within an improved fiscal framework to finance infrastructure projects.

- **Risk Assessment and Management** – Assess infrastructure risks and develop risk management strategies to improve access to financing.

**THE CHAMBER RECOMMENDS**

That the Federal Government collaborate with First Nations, who are already working with the First Nations Tax Commission, to develop legislation for a First Nations Infrastructure Institution dedicated to improving the process of developing infrastructure on First Nations lands.
INFRASTRUCTURE

PROTECTING OUR INFRASTRUCTURE - ASSET MANAGEMENT (2016)

According to a 2016 survey completed by the Canadian Federation of Municipalities (FCM), municipal governments own nearly 60% of Canada’s core public infrastructure. The value of these core municipal infrastructure assets is estimated at $1.1 trillion dollars.

Figure 1 - Net Stock of Core Public Infrastructure by Level of Government, 2013

Notes: Net stock calculated using a depreciation model. 2013 data based on forecast.

Municipally-owned infrastructure assets include, but are not limited to:

- water systems;
- roads and bridges;
- buildings;
- sport and recreation facilities; and
- public transit.

The Federation of Canadian Municipalities estimates that the backlog of upgrade and expenditure of the existing municipally owned infrastructure in Canada to exceed $123 billion dollars.

In 2007, the Government of Canada launched the Building Canada Plan (BCP), which included a $33 billion investment plan for federal, provincial/territorial and municipal infrastructure before 2014. Spending was accelerated under the Government of Canada’s stimulus program in 2009 and 2010. In the 2011 budget, the federal government announced a process to develop a new long-term infrastructure plan to replace the

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2 Federation of Canadian Municipalities (2016) Informing the Future: Key Messages, page 2
3 Figure 1 - Federation of Canadian Municipalities (2015) Policy Statement Municipal Infrastructure and Transportation Policy, page 6
INFRASTRUCTURE

BCP, which resulted in the New Building Canada Plan (NBCP), a 10-year plan for federal investments in building and maintaining Canada.\(^7\)

The NBCP was a federal government commitment to invest over $53 billion in infrastructure across the country over the next 10 years (2014-2024).\(^8\)

Two key components of the NBCP included:\(^9\)
1. the New Building Canada Fund (NBCF) – a $14 billion fund to support projects of national, regional and local significance that promote economic growth, job creation and productivity; and
2. the Federal Gas Tax Fund (GTF) – to date $13 billion funding for local infrastructure projects, with close to $22 billion anticipated to flow over the next 10 years.

To make the most of public investments, and eliminate the municipal infrastructure deficit, municipal governments need predictable, long-term revenue. The permanent and indexed federal Gas Tax Fund was a step toward that goal, laying the groundwork for a national plan to eliminate the municipal infrastructure deficit.\(^10\)

The federal government’s Economic Action Plan 2013, renewed the Federal Gas Tax Fund, indexing it at two percent per year, to be applied in $100 million increments, which means that it will grow by $1.8 billion over the next decade.\(^11\)

For British Columbia, the NBCP represents almost $3.9 billion in dedicated federal funding, including almost $1.1 billion under the New Building Canada Fund and an estimated $2.76 billion under the Federal Gas Tax Fund.\(^12\)

British Columbia also stands to benefit from:
- $4 billion available for projects of national significance;
- $1.25 billion in additional funding available for P3 projects; and
- $10.4 billion via the GST Rebate.\(^13\)

In the 2016 Federal Budget, the new federal government updated the NBCP numbers, increasing their commitment to asset management by an additional $50 billion dollars. There will now be an additional $60 billion over 10 years, split evenly between public transit, green infrastructure, and social infrastructure. This is in addition to the $65 billion promised by the previous government for traditional infrastructure such as roads, bridges, and transportation. To fully leverage these funds, the provincial approach should be to group project priorities, and align provincial priorities with the available federal infrastructure funding opportunities.\(^14\)

Federal funding is provided up front, twice-a-year, to provinces and territories, who in turn flow this funding to their municipalities to support local infrastructure priorities. Municipalities can pool, bank and borrow

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14 Greater Vancouver Board of Trade, Provincial Infrastructure Strategy position 2016
against this funding which provides financial flexibility.\textsuperscript{15}

With aging infrastructure and limited resources, our communities face huge challenges in financing the necessary repair, replacement and upgrade of our infrastructure. 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.

Senior levels of government need to be more involved in renewing the basic fabric of our communities. Today, our communities receive only eight cents on every tax dollar collected by all levels of government, significantly down from 24 cents a decade ago.\textsuperscript{16}

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.\textsuperscript{17}

While funding infrastructure remains a priority of the federal government, the emphasis continues to be on new infrastructure when our communities cannot reasonably cope with existing infrastructure. A core direction of current and new provincial funding programs needs to be directed to upgrade and replacement of existing infrastructure especially in medium and smaller communities with very limited tax bases.

A new report by the Canadian Centre for Economic Analysis (CANREA) shows that the economic importance of public infrastructure investment is vastly greater than previously found using traditional economic models. Using unique agent-based modelling, CANREA found that public infrastructure investments generate an economic return on real GDP that is almost eight times as large as the impact predicted by traditional economic models.\textsuperscript{18}

A recent report entitled ‘Investing in Ontario’s Public Infrastructure: A Prosperity at Risk Perspective’ uses Ontario big data/big analytics approach to assess infrastructure impacts. The CANREA team examined the long-term economic impact of Ontario’s 10-year, $130-billion infrastructure plan using its unique research platform called Prosperity at Risk. The research found that for every $1 billion invested in infrastructure as part of the Ontario $130 billion 10-year plan, $1.7 billion in provincial tax revenue will be generated relative to not making the infrastructure investment.\textsuperscript{19}

\textsuperscript{15} www.infrastructure.gc.ca/regions/bc/bcnbcpnppcc-eng.html
\textsuperscript{16} www.canrea.ca
\textsuperscript{17} Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card, page 6
\textsuperscript{18} www.canrea.ca
\textsuperscript{19} www.canrea.ca
INFRASTRUCTURE

The power industry estimates their backlog is in excess of $300 billion for the renewal of the power grid plus unknown generation renewal costs. 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 owed directly by provincial, territorial or federal governments. However, for every dollar municipalities invest in local infrastructure, federal, provincial and territorial governments receive a combined 35 cents, mainly through new income and sales taxes – 18 cents going to Ottawa and 17 cents to provincial or territorial 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.

The provincial and federal governments need to work together to prioritize investments to support trade-enabling infrastructure investment while building capacity of cities and communities to plan, build, and maintain their infrastructure over the long term. Prioritization and coordination between provincial ministries will help move goods that contribute to economic growth providing incentive for the private sector to make investments, while contributing to local economies through sustainable job growth and support to local businesses.

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.

THE CHAMBER RECOMMENDS

That the Federal Government and Provincial Government 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 standard.

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20 Federation of Canadian Municipalities (2016) Informing the Future: Canadian Infrastructure Report Card
21 Canada 2020 – “Setting the New Progressive Agenda” June 2015
22 Greater Victoria Chamber of Commerce, Value for Money for Infrastructure Projects position 2016
23 Greater Victoria Chamber of Commerce, Value for Money for Infrastructure Projects position 2016
AMENDING AND REPLACING CANADA’S ANTI-SPAM LEGISLATION (2017)

While Canada’s Anti-Spam Legislation (CASL) came into effect on July 1, 2014, the final transition periods for the law end this year on July 1, 2017.

Upon its implementation, CASL created a provisional period of 3 years where consent to receive commercial electronic messages was deemed to be implied where there was an existing business or non-business relationship. This transition ends on July 1, 2017 at which point this consent expires. In addition, July 1, 2017 also marks the time when CASL’s “private right of action” comes into force and allows individuals to personally seek damages against business and organizations for spam. Therefore, it is more imperative than ever that CASL be immediately amended to remove the most damaging aspects of the law and be replaced with a more effective law that protects Canada’s ability to communicate and compete in the global digital economy.

The legislation is intended to protect individuals from unwanted commercial electronic messages\(^1\) by requiring organizations acquire prior consent from intended recipients, as well as abide by certain content protocols to ensure sender transparency and consent withdrawal/unsubscribe options. However, in practice CASL creates competitive disadvantages for Canadian businesses, particularly small businesses. CASL has a chilling effect on business prospecting and imposes labyrinthine records-keeping requirements on businesses to manage the rolling expiration of implied consent.

In fact, following the initial implementation of CASL, legitimate email traffic was reduced just as much as spam as companies scaled back email marketing efforts. In one review it was found that following the CASL implementation there was “no significant change in the percentage of emails received by Canadians that were spam.”\(^2\)

The CASL legislation states that its purpose is to prevent spam because it “impairs the…use of electronic means to carry out commercial activities” and because spam “imposes additional costs on businesses.”\(^3\) Unfortunately, the provisions and requirements of CASL itself have impaired the ease and effectiveness of electronic communications and have imposed significant compliance costs on businesses.

CASL’s Impact on Prospecting

One of the most significant problems with CASL is that it can consider sales prospecting spam. Since CASL forbids sending emails to an individual without prior consent, prospecting for new clients via email can be considered spam and a violation of the act.

Even if recipients have made their email publicly available, CASL only provides permission to contact them if “the message is relevant to the person’s business, role, functions or duties in a business or official capacity,” a determination made by the recipients themselves when they decide whether or not to report

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1. A commercial electronic message is the term used by CASL for any electronic message that encourages participation in a commercial activity, whether there is an expectation of profit or not. This is primarily related to emails but also includes text-messages and other electronic forms of communication.
the message as spam. In practice, CASL creates an environment where salespeople must be 100% certain their product or service will be immediately interpreted as relevant by their potential customer or risk being in violation of the law.

Unfortunately, CASL also makes it unduly difficult to seek consent to send electronic messages in the first place by explicitly forbidding asking for consent electronically. This provision outlaws sending an electronic message to a prospect introducing yourself and your business and thus makes digital prospecting illegal. CASL should be amended to allow businesses to seek consent via electronic means.

As a result of these restrictions CASL pushes more communications onto less efficient and more costly modes – mainly telephone or mail. Given the modern developments and integration of electronic messaging into Canadian society, this is an anachronistic policy. In an increasingly digital and mobile age, salespeople must rely on reaching prospects directly at their phone, or hoping that they (and not an assistant or secretary) open the mail. In this situation, relying on the existing unsubscribe requirements should suffice for protecting recipients from unwanted communications and therefore this restriction on using electronic messages to seek consent should be removed.⁵

Albeit, while the regulations which put CASL into force provide for a business-to-business exemption, it is too limiting and favours existing businesses with existing relationships over new businesses or new relationships. This blanket exemption removes the consent requirement for messages sent from “an employee, representative, consultant or franchisee of an organization…to an employee, representative, consultant or franchisee of another organization if the organizations have a relationship.” (emphasis added)⁶ This exemption, while useful overall, does not help new businesses which are hoping to build new relationships and find customers. The exemption also does not apply to prospecting at all as the entire purpose of prospecting is to develop a new relationship with a potential customer. CASL should therefore be amended to exempt all business-to-business communications from the consent requirements.

**CASL’s Rolling Expiration of Consent**

Another significant hindrance to business, especially small business, is the record-keeping requirements surrounding the rolling expiration of consent provided for in CASL.

CASL provides for ‘implied consent’ in several scenarios, including when a customer makes a purchase from a business or an individual makes an inquiry of a business. However, instead of bestowing unqualified consent for contacting these existing customers and warm leads, CASL creates a regime of untenable rolling expiration dates. CASL provides implied consent for two years following a purchase and for six months following an inquiry. If during that time another purchase or inquiry is made, the expiration date is reset and the countdown begins anew.

Considering that the burden of proof is on the business to prove consent exists, businesses must keep meticulous records for each contact of when they had an interaction with an individual, what type of interaction it was (purchase vs inquiry), if the contact represents a business or themselves as an individual, and the date when this consent expires. Without these types of records to prove consent exists, a complaint of spam may put the business in violation of CASL and susceptible to fines or penalties. To

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⁵ All commercial electronic messages are currently required to have a working unsubscribe mechanism which is functional for 60 days after the message is sent, is of no cost to use, and is readily performed without delay. This policy does not to seek to change this requirement and would expect it or similar requirements to be included in any future spam law that replaces CASL.

manage these rolling expiration dates efficiently, businesses realistically need software or computer programs which is an expense out of reach of many small businesses. Otherwise, businesses rely on complex spreadsheets or countless different mailing lists which is a significant administrative burden. Even worse, these requirements may convince some businesses to avoid sending some electronic messages altogether and forgo potential business development opportunities.

Take an illustrative example of a baker who sells a bride her wedding cake. Upon completion of that sale, the baker has two years in which he can contact the bride with marketing materials and ideally gain her express consent to join a mailing list. However, if the baker does not capture that consent in a CASL-approved manner, upon the bride’s second anniversary the consent expires. Despite having the contact information for a happy customer, the baker now cannot contact the bride to sell a third anniversary cake, a baby shower cake, or any other product. This illustrates how a small business without marketing employees or software can find its business development efforts hampered by CASL.

Instead of providing qualified implied consent with rolling expiration dates, CASL should be amended to provide for implied consent following a purchase or an inquiry until such a time as the recipient unsubscribes. Again, relying on the unsubscribe mechanism provides enough protection against unwanted communications without imposing significant administrative burdens on businesses.

Overall, CASL is a confusing, cumbersome and complex law which imposes costly administrative burdens on the business community, creates competitive disadvantages for Canadian businesses, and impacts every legitimate business while doing little to stop the most damaging phishing and hacking spam which often originate with overseas criminal organizations. CASL can and should be amended to remove its most onerous aspects while a replacement law is drafted which impacts actual spam and negative spamming activities and not legitimate business communications.

THE CHAMBER RECOMMENDS

That the Federal Government, in an effort to alleviate the Canadian business community from the most damaging aspects of CASL:

1. amend CASL immediately to:
   a. permit using commercial electronic messages (CEMs) to seek consent for sending customers future CEMs;
   b. exempt all business-to-business communications from the consent requirements entirely, not just for organizations which “have a relationship”; and
   c. abolish the two-year and six-month expirations for implied consent completely and make implied consent based on a customer purchase or inquiry permanent until an unsubscribe request is made;

2. commence consultations with the business community and other stakeholders on the creation of a new law to govern and regulate electronic communications and fight spam which would then replace CASL.

ENCOURAGING INNOVATION IN THE SR&ED PROGRAM (2015)

Creating a positive and supportive environment for innovation in Canada is the key to a prosperous economic future. It is well known that Canada is lagging behind other countries in terms of R&D spending
and the development and commercialization of new products and services. Improving Canada’s global competitiveness is one of the most important issues on the national agenda.

Navigating the path forward is challenging and complex. The report done for the federal government and released in October 2011 on R&D spending in Canada (The Jenkins Report) made a number of recommendations. The federal government welcomed the report, but has only acted on some of the measure. Although the Jenkins Report correctly identified the importance of encouraging innovation, some of its conclusions may ultimately hinder rather promote energetic entrepreneurial endeavours.

For instance, the Jenkins Report recommended that the Scientific Research and Experimental Development (SR&ED) program be overhauled and simplified. Unfortunately, the suggested re-organization could ultimately prove negative for Small and Medium-sized Enterprises (SMEs) who are capital intensive businesses.

Consider the following, the Jenkins report recommended basing the SR&ED tax credit on labour-related costs and over time shift those funds from the tax credit to a set of direct support initiatives for SMEs. This recommendation was implemented by the federal government in Budget 2012.

The simplified SR&ED program creates a bias towards research being carried out by labour intensive industries at the expense of capital intensive manufacturing industries. Capital investments, both tangible and intangible have been shown to be essential components of innovation. The SR&ED process often includes the costs of capital equipment for testing, prototype production, and the cost of materials and outside consultants.

To help enhance the impact of innovation programs, such as SR&ED, in a more consolidated manner, the Jenkins Report also calls for a new government body to help entrepreneurs commercialize their ideas. If implemented, this Industrial Research and Innovation Council (IRIC) might require an expanded bureaucracy that could impact the limited funds available for R&D. An IRIC would also seek to centralize decision making. This would mean projects would have been pre-approved, potentially leading to significantly less R&D by smaller companies that lack the time and/or money to make such applications to a distant authority.

Furthermore, SMEs often develop new products based on the needs of customers. Waiting for pre-approval will slow the process and discourage innovation. To date, the federal government hasn’t acted on the recommendation for an IRIC.

When applying the SR&ED program, the tax credits that are applied are based on audits by the Canada Revenue Agency (CRA). Rather than phasing out of the tax credits, the CRA needs a more streamlined, clearer list of criteria for tax credit applications. Too often worthy projects that are approved one year are rejected the next. This is sometimes due to changes in CRA policies or even personnel.

The recommendation to expand the decision-making role of the National Research Council (NRC) is another of the report suggestions for improving innovation. This is a positive step. The determination of SR&ED tax credits should be set by the NRC or IRAP, rather than the CRA.

THE CHAMBER RECOMMENDS
That the Federal Government:

1. Encourage continual review of the SR&ED program to ensure fair access for all industries and businesses;

2. Continue to ensure SMEs are eligible for SR&ED tax credits; and

3. Implement a plan for SR&ED that avoids a bureaucratic pre-approval and/or eligibility test for direct funding.
ENSURING SUFFICIENT TIME IS PROVIDED FOR PIPELINE PROJECTS TO SUCCESSFULLY MEET CONDITIONS (2016)

On May 6, 2016, the Northern Gateway Project filed a request with the National Energy Board (NEB) to extend the sunset clause on their Certificate of Public Convenience and Necessity until December 31, 2019.¹

Since 2002, Enbridge has been leading the development of the Northern Gateway Project (the “Project”) with the support of potential Canadian and international shippers. The Project consists of two pipelines extending from an initiating pump station near Bruderheim, AB to a Kitimat, BC terminal. One pipeline is a 36-inch diameter oil export pipeline, with an average throughput of 525,000 barrels per day flowing west from Bruderheim, ending in Kitimat. The second pipeline proposes 193,000 barrels per day of condensate flowing east from Kitimat to Bruderheim.²

In June 2014, the Project received a federal Order in Council granting the Project a certificate for the construction and operation of the Project subject to 209 conditions. The second of these conditions is a sunset clause which requires construction of the Project to commence prior to December 31, 2016. Earlier this month, the Project filed a request with the National Energy Board to extend the sunset until December 31, 2019. The request cited “delay in obtaining approvals from other regulators; judicial challenges to required approvals; and changes in market conditions affecting commercial arrangements.” as reasons for the delay and that the additional time will also be used to build stronger partnerships with First Nation and Metis communities.

Wright Mansell Research was retained to provide an independent assessment of the benefits of the Project from a Canadian public interest perspective.³ Their report concluded that the project would result in Canadian oil producers’ revenues increasing by $2.39 billion in the first full year of operations and growing to over $4.47 billion by 2025.

Further, Wright Mansell Research’s report concluded that over a 30-year operating period, Canadian gross domestic product (GDP) would increase by $270 billion. Over the same 30-year period, labour income would be a projected $48 billion, a result of an additional 558,000 person years of employment. Federal and provincial governments would be positioned to collect an additional $81 billion in revenue.

From 2010 to 2013, the Project underwent the most comprehensive review in Canadian history.⁴ The Joint Review Panel, tasked with reviewing the project, concluded: “we are of the view that…the Enbridge Northern Gateway Project, constructed and operated in full compliance with the conditions we required, is in the Canadian public interest. We find that Canadians will be better off with this project than without it.”⁵

¹ https://docs.neb-one.gc.ca/l1-eng/lisapi.dll?func=ll&objId=2955233&objAction=browse
³ Vol 1. %E2%80%93 Gateway Application %E2%80%93 Overview and General Information %28Part 1 of 2%29 - A159X5.pdf?nodeid=619887&vernum=2
⁵ http://gatewaypanel.review-examen.gc.ca/clf-nsi/hm-eng.html
Natural Resources

In order for Northern Gateway to get it right, they should be afforded the extra time needed to thoroughly complete conditions. The company needs to respond thoughtfully and fully to concerns, to develop the Project responsibly in the best interest of all stakeholders involved, and to consider the long-term health and success of our communities, environment and economy. The project, deemed to be so beneficial to Canada, should be given reasonable preparation time to meet its conditions.

There are other cases of pipeline projects needing additional time to meet provincially and federally set conditions. Imperial Oil Resources Ventures Limited - Mackenzie Gas Project – submitted a Request for Extension to their December 2015 sunset clause in August of 2015. The National Energy Board granted a short extension (until September 2016) in order to give themselves a year to consider the actual extension request.6

For various and legitimate reasons, parties engaged in the review and development of large scale infrastructure projects require additional time to ensure thoughtful and well-informed decision making and actions. As evidenced by the National Energy Board’s internal extension to consider the Mackenzie Gas sunset clause extension application, equally, the same consideration should be provided to pipeline companies to ensure continued responsible development of such critical Canadian infrastructure and satisfaction of important regulatory conditions.

THE CHAMBER RECOMMENDS

That the Federal and Provincial Governments support a process that ensures Northern Gateway and any other pipeline projects approved by NEB, CEAA and/or B.C. environmental processes are allowed to meet federal and provincial conditions provided they continue to make reasonable investments to achieve project success.

SUPPORTING CANADA’S RESPONSIBLE RESOURCE DEVELOPMENT (2016)

B.C. and Canada’s resource development projects, and associated infrastructure, are an economic enabler for its economy, allowing value added sectors to develop, create jobs, and compete.

Safe, well-regulated and responsible natural resource development is one of the defining features of the British Columbia economy. The wealth created by natural resources enables B.C. to serve as a net contributor to Canada’s national economy in support of vital services such as health care and education.

B.C. also contributes to Canada’s natural resource prosperity through its historic role as the nation’s transportation link to the Asia Pacific region. Producers of oil, coal, lumber, copper and grains rely on B.C. ports to connect them with Asia Pacific. Infrastructure investments such as the South Fraser Perimeter Road reflect the province’s recognition of the importance of Pacific Gateway.

If British Columbians and other Canadians are to prosper in the decades ahead, however, the province should also take steps to support private sector investments in responsible resource development and transportation.

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An example of the risk to our ability to efficiently prosper from our natural resource sector is the controversy around Northern Gateway Pipeline and Trans Mountain Expansion Projects. The Trans Mountain project is a timely, shovel-ready opportunity to show international investors B.C. is open to multi-billion-dollar business investments that satisfy Canadian’s high expectations for environmental sensitivity, regulatory compliance and safe, responsible operation.

Despite this, the public debate threatens to overtake the regulatory process. Criticism of any project should be part of a healthy review process. But much of the criticism of both Northern Gateway and Trans Mountain Expansion Project is driven by a conviction that the project should not proceed regardless of the proponent’s ability to meet regulatory requirements for responsible development.

The original Trans Mountain Pipeline has been in operation for more than 60 years. Trans Mountain proposes to nearly triple the capacity of its existing 1,150-kilometre oil transmission pipeline between Edmonton and Burnaby and expanded shipping capacity at its Westridge Marine Terminal in Burrard Inlet.

A $6.8 billion private sector investment, the expansion project it creates thousands of jobs for both the short and long term, and provides billions of dollars in new revenue for all levels of government. Small business operators, individuals and communities are among those who will gain from this project.

B.C. would gain the equivalent of 9,500 jobs per year for 20 years. In communities along the proposed pipeline corridor, annual property tax payments to at least 20 local governments and 24 Aboriginal communities would more than double to $52.4 million from $25.9 million per year. There would be 1,100 jobs created through expanded Westridge operations, and an additional $2.5 billion injected into the Metro Vancouver economy over 20 years.

Trans Mountain Expansion Project is one of many resource-related infrastructure projects that create tremendous opportunity, prosperity and job opportunities for British Columbians in both the short and long terms.

In addition to an estimated $81 billion in tax revenues and a $270 billion in national GDP uplift over 30 years, construction of the Northern Gateway Pipelines project will benefit communities throughout the country. In total, the project will generate 558,000 person years of employment yielding $48 billion in labour income and will provide $28 billion of value to industry in the first 10 years alone. Over 1,177 km of pipeline with pump stations, and the marine terminal, will provide 1,400 person years of direct construction employment in Alberta and 4,100 person years in B.C. Including indirect and induced employment, a total of 62,000 person years across Canada will boost labour income by $4.3 billion.

The $8.3 billion Site C hydroelectric project in northeast B.C. creates 10,000 person years of direct construction jobs and 33,000 person years of total employment over nine years — and provides a legacy of low-cost electricity production for more than 100 years.

The $1.3 billion KGHM Ajax Mining copper-gold project near Kamloops could provide 1,800 jobs in a 2.5-year construction phase, 500 full-time positions, $500 million in estimated tax revenue and $60 million in annual payroll.

Liquefied natural gas plants under active consideration in B.C. are generational opportunities that add wealth, lower taxes and thereby make it more affordable for B.C. families to live in high-priced regions such as Metro Vancouver.
A decision on the $40 billion LNG Canada project in Kitimat could be announced in 2016. The first phase of Pacific NorthWest LNG, an $11 billion commitment, could also come this year.

Close to Metro Vancouver, the $1.8 billion Woodfibre LNG plant would create 650–plus jobs during construction and 100 full time jobs during operations. It would pay $83.7 million in tax revenue to all levels of government during construction and $86 million a year during operations.

Meanwhile, the forest industry remains a mainstay of the provincial economy and the principal economic driver for 40 per cent of the communities in which it operates. B.C. is the largest producer of softwood lumber in Canada and North America’s largest producer of bioenergy. It annually contributes $13 billion to provincial GDP, supports 146,000 direct jobs and each year sends $2.5 billion in revenue to all three levels of government.

Among proposed resource projects, Trans Mountain is a leader — it could be shovel-ready before year’s end if the federal government elects to let it proceed. The Chamber is very supportive of the project and believes that the Trans Mountain initiative is of national importance with the potential to significantly expand market access for the good of all Canada.

Western Canadian oil producers will not thrive without greater access to global markets. Their only export customers at present are in the United States Midwest, where a supply glut has pushed the market price for Canadian oil below its potential value to refiners in other markets.

For Canada, there is no better time to allow the private sector to take the initiative as a long-term creator of jobs and government revenue. Each additional dollar earned on the sale of a barrel of Canadian oil keeps people working and brings more tax dollars for government with no additional investment of public money.

Regulatory review of resource and infrastructure projects addresses a broad range of environmental, health and safety, socio-economic, community, and Aboriginal issues to ensure that the concerns of all interested stakeholders are taken into account. Potential environmental effects of a proposed project are identified and evaluated, providing the opportunity for the proposed project to be modified, if appropriate, before detailed design and construction starts.

Through the regulatory review process, potential projects are endorsed, modified or rejected depending upon whether significant adverse effects, following planned mitigation measures, are predicted.

The Chamber believes that it is critical that B.C. maintains its reputation as a jurisdiction open to investment and take actions that sustain and expand the ability of the Pacific Gateway to generate prosperity for B.C. and Canada.

Inefficient and unpredictable processes are turning away potential investors and prevent businesses from being able to make informed location and logistic decisions. For example, the World Economic Forum has cited “inefficient government bureaucracy” as one of the biggest impediments to improving Canada’s economic competitiveness.

The Chamber welcomes changes to improve the efficiency of the regulatory review process for major infrastructure projects — whether it’s a pipeline expansion, an LNG export facility or a new mine.

We encourage all levels of government to continue to build on these improvements to ensure that Canada
develops a world-class regulatory system that effectively supports economic competitiveness while protecting Canadians and the environment. This system must remain stable and consistent.

THE CHAMBER RECOMMENDS

That the Federal Government works with the Provincial Government to promote western access for natural resource products. The Federal Government should:

1. work with the Provincial Government to identify opportunities, training, education, joint ventures, etc., that would ensure First Nations communities can fully participate and benefit from all natural resource development opportunities;

2. take a more proactive role in communicating facts about the provincially and federally regulated pipeline industry as well as B.C. and Canada’s safety record for shipping heavy oil;

3. continue to support establishment of a world-class marine tanker safety regime with enhanced marine spill response capability, and a world-class terrestrial safety system;

4. engage Chambers and other organizations in project pipeline construction communities to maximize opportunities for local businesses during construction and operation of all major projects, including increased opportunities for First Nations participation;

5. encourage greater clarity and specificity on B.C.’s provincial interest, commonly known as the “five conditions,” in order to provide certainty, predictability, and stability that encourage capital investment; and

6. confirm that a proposed heavy oil pipeline meeting B.C.’s five conditions has the full support and confidence of the provincial government, and should proceed.
BORDER PACT: BEYOND THE BORDER ACTION PLAN (2015)

Trade between Canada and the United States is more than $2 billion in goods and services and sees approximately 300,000 people crossing the border each day. The international trade between our two countries represents a tremendous mutual economic benefit that has grown substantially since the passage of the North American Free Trade Agreement. The Beyond the Border Action Plan of 2011, endorsed by Prime Minister Harper and U.S. President Obama, is intended to reduce trade barriers at the border through harmonization of the regulatory processes, increased mobility and reduced delays while at the same time increasing efficiencies under a series of enhanced security measures.

Harmonization of the regulatory process is intended to improve and streamline the flow of traffic and trade. This process will continue to find better ways to facilitate trade, boost economic growth and enhance job create on both sides of the border. To date, the Beyond the Border initiative has proven successful whether it’s the CBSA/CBP “Checked once, cleared twice” pilot project that was located in Prince Rupert or the more recent pre-clearance announcement for people crossing the border by all modes of transportation.

While progress has been made on many fronts, a number of issues still need to be addressed in order to realize the full economic benefits of a truly fluid border. A brief outline of which is provided hereunder:

**Administrative guidance and training:**
The efficiency of the border can be enhanced by the administrative guidance and the training our border officers receive. This is why both countries have committed to provide enhance administrative guidance and training to their officers in an effort to achieve the optimal consistency at all ports of entry. While both governments have reviewed and updated various manuals, the enhanced operational manuals on business travel issues are not yet available to the public.

At the same time, a NAFTA Guide for TN and L applicants issued in 2012, have 3 memorandums and one muster that were created in 2013, but have yet to be received.

**Specialized maintenance and repair personnel:**
With the amount of trade between Canada and U.S., our respective countries have many situations where specialized equipment, whether it’s in manufacturing, mining, or other sectors of the economy, is sold and/or leased across the border. These kinds of sales usually require specialized maintenance and repair, which is why both countries have committed to implementing policies that will facilitate the movement of specialized personnel to repair industrial machinery and other critical operation systems.

While Canada has moved to allow temporary worker entry to make emergency repairs and the U.S. has provided guidance to CBA officers that supervising or training by Canadian worker may be appropriate, clarification on measures to facilitate the movement of specialized personnel to perform maintenance and repairs of industrial machinery and critical operational systems is needed.

**After-lease servicing:**
In the 2013 Beyond the Border progress report, Canada and U.S. explained both countries are expeditiously pursuing changes to the existing rules for entry of business visitors providing after-leasing service based on a designated contractual agreement so that it’s applied in an equal fashion as to those people who provide after-sales services in the respective countries.

Progress to date, in Canada, has seen temporary entry for business travelers is permitted for both after-sales
services and after-leasing services under section 5.2 of the Temporary Foreign Workers guidelines. The U.S. CBA has clarified the entry process for business travelers providing after-sales and after-leasing (or during-leasing in the U.S.) services, but only by a designated contractual agreement.

With respect to provisions for applying equal application of after-lease service as per designated contractual agreements, any further update on progress and copies of any and all guidance documentation will be helpful to ensure this action continues to be implemented in a timely fashion.

**NEXUS client profile:**
NEXUS is an enrollment-based system in which applicants are pre-screened to determine what risk, if any, they pose when crossing the border. Upon approval, low-risk applicants are issued a NEXUS card which allows them access to the faster NEXUS lanes at land border crossings and NEXUS lines at airports security checkpoints. The NEXUS system, which provides the ability to separate low-risk from high-risk travelers thus providing predictable and timely border crossing for those low risk travelers, continue to grow in popularity. Recently, the Canadian government announced its 1 millionth NEXUS card holder.

While both countries have committed to further enhancements, especially to the NEXUS client profile, future provisions should include a retreat from the NEXUS zero tolerance enrolment policy on minor violations similar to that which is available under the FAST program.

Also, establishment of an appeals process by the U.S. similar to Canada on NEXUS denials and revocations would be appropriate from a due process point of view.

**Advance adjudication process:**
With respect to the provisions for Business Travelers, the U.S. government should be applauded for the new CBP guideline that allows first time TN applicants to advance process their applications at a USCIS service center. Along this same line, it is suggested that U.S. Consulates in Canada are also the appropriate authority to undertake similar processing for this category.

**Redress/recourse mechanism**
With respect to redress and recourse for business travelers whose applications are denied, the CBP needs uniform speedy mechanisms for wrongfully denied business entry based upon misadjudication of requests to enter the U.S. for business purposes or misadjudication of petitions for Intracompany Transferee or Business Professional status.

While the Chamber was party to a successful challenge of the Expeditied Removal process, there is still a need for mechanisms to address Canadian business travels placed into Expedited Removal proceedings at the border. DRS regulations mandate Canadian non-immigrants to be exempt from the Expedited Removal process which leads to questions why this process is being used against them at all. This process creates a chilling effect on cross-border business and has led to groups calling on Congress to institute reforms. Administrative remedies should be devised for any abuses of the process.

**Pre-clearance of passenger by Canada Border Services and U.S. Customs & Border Officers**
The provisions within the Beyond the Border Action Plan dealing with pre-clearance for train passengers have yet to be fully implemented. The one inspection in Vancouver, B.C. and a secondary inspection at the U.S. border needs to be combined so as to improve the Amtrak service.

In March 2015, A Pre-Clearance Agreement between the United States and Canada outlines specific intent to achieve goals outlined in the Beyond the Border Declaration, however, this undertaking requires each
country to enact legislation for it to be implemented. Concerns over granting of extra-territorial jurisdiction represent sovereignty and other technical issues that present political and legal challenges as to when, if and under what conditions these objectives can be expedited to accomplish the objectives. The U.S. are challenged by the Civilian Extraterritorial Jurisdiction Act, one barrier of which precludes U.S. legal authority to hold their own U.S. officials accountable or prosecute them if they commit crimes while stationed in Canada. Any and all prior U.S. attempts to address extra-territorial jurisdiction matters has never been successful, largely due to controversial political impediments. Thus, from both a timetable and/or successful conclusion, renewed U.S. activity in this direction remains questionable.

Conclusion
These, and other examples, have been the subject of negative publicity and can be cause for concern, doubt and confusion which has led to loss of public confidence. The foregoing corrective undertakings are expected to provide beneficial changes within our border programs that will serve to create an increased level of public confidence and acceptability with the view that enhanced greater participation will lead to improved mobility and reduced congestion while advancing the cause of international trade and travel.

THE CHAMBER RECOMMENDS

That the Federal Government, in conjunction with their United States counterparts:

1. address the current existing inequities between regulatory and interpretative aspects of Canada / U.S. border impediments, as demonstrates in the combination of options for consideration and the urging of action with specific suggestions outlined in the preamble. These inequities negatively impact the legitimate flow of people, goods and services across the Canada / U.S. border for which action is advocated in conjunction with implementing improvements under the new Beyond the Border Action Plan; and

2. implement improvements in cross-border transactions to support the principle that people, goods and services are deserving of equitable treatment irrespective of whether the transactions are southbound or northbound across our mutual international borders.
PUBLIC SAFETY

CANADA BORDER SERVICES AGENCY - CUSTOMS & IMMIGRATION PROGRAMS (2015)

Issue
There are inequities in the provision and cost of Canadian border services at airports across the country. The Canada Border Services Agency (CBSA) considers airport operators to be the sole beneficiaries of Customs Services rather than the public at large and, therefore, subject to cost recovery.

Background
As a result of the strict implementation of the Treasury Board Cost Recovery and Charging Policy of 1997, which was subsequently replaced by the External Charging Policy in August 2003, border services were “frozen” at existing levels. Any requests subsequent to that policy are treated on a direct cost recovery basis or not provided at all. This was further exacerbated by requirements following 9/11, which put additional operational pressures and financial strain on the CBSA budget.

The CBSA has worked with other stakeholders, such as Amtrak, to provide service for passengers entering Canada. It is this kind of flexibility in CBSA’s approach to other requests for increased levels of service that would be helpful, instead of treating every application from airports as strictly a cost recovery issue. Smaller airports are being unfairly penalized by this policy since service levels are not adjusted to reflect current demand. Where airports are obliged to contract with CBSA for additional scheduled service, they either lose a large portion of the benefit from the new trans-border and international traffic, or must increase aeronautical fees to cover the cost. Carriers and passengers both suffer from this inequitable treatment as the costs are passed on to users and the ability to attract new service for the community suffers.

The economic benefits resulting from increased international air traffic can far outweigh the cost of providing Customs services. Direct tax benefits to the federal government alone should justify the additional cost. Where the benefits of this service extend beyond a single user or supplier can be demonstrated, through pre-determined criteria, the system should adjust to accommodate the need for this service without additional cost to the airport operator. Existing services should be reviewed and more appropriately allocated to meet demand.

As an example, the Kamloops airport is listed as an AOE (30) Airport of Entry. Custom services are offered Monday to Friday 08:30am to 4:30pm. Aircraft can arrive directly in Kamloops during those times and CBSA officers are on hand to attend to the aircraft and facilitate arrival to Canada. After hours, cross border aircraft (with 30 passengers or less) are diverted to other points of entry. More often than not, the pilot is cleared by telephone in an alternate entry point and directed to proceed onto Kamloops for landing.

Under the current agreement with CBSA, the Kamloops Airport Authority has the responsibility to collect the custom fees from the passengers, often at a later date. Because the fees are not posted on the CBSA website, up to 30% of inbound passengers refuse to pay and the Kamloops Airport is forced to take a loss. CBSA agreement should allow airports to recover the cost for the airline operator in a transparent, efficient manner and not from arriving passengers during or after arrival. Ironically the CBSA does provide after-hours customs service in Kamloops for aircraft with animals or insects on board.

THE CHAMBER RECOMMENDS

That the Federal Government work with the Provincial Government to:
PUBLIC SAFETY

1. move immediately to remove the discriminatory cost recovery mechanism for Customs and Immigration services and provide these services on the same basis as they are provided in other areas of the country and at the same cost to Canadians;

2. where new or expanded services are required in any region of Canada, the provision of such services should meet a legitimate business case;

3. add an on-call service component to all airports designated as an Airport of Entry;

4. post all its fee schedules, including on call services, on its website; and

5. revise contract agreements with Airports to allow the proper billing to the plane operator in order to recover all the costs related to on-call services or other services supplied by CBSA for the user.


Cross-border shopping in the United States was an estimated $4.7 billion in 2006. Since then, annual increases have taken the total to $8.0 billion in 2012, 72% higher than 2006\(^1\). The impact on B.C. retailers, particularly in border towns, is costing the economy billions of dollars which could be minimized if duties were enforced at the border.

Approximately three-quarters of Canadians live within 160 kilometres of the Canada-U.S. border. Therefore, many consumers use their relatively easy access to the United States as a shopping option. This is especially true in the Lower Mainland area of British Columbia. A study conducted by the Business Council of BC indicated same-day trips to the U.S. increased by more than 143 percent in B.C. between 2009 and 2012. Under the laws, there are no personal exemptions permitted for same day cross border shoppers. Assuming 95% of day-trippers return with a full tank of gas, at an average of $70, and $80 worth of goods, there is a significant impact on B.C.’s economy due to lost profits and tax collections (GST, PST, gas taxes, etc.).

The federal government has clearly acknowledged that day trips should not be exempted from taxes, as stated by Jim Flaherty "Our government has no plans to create an exemption for day trips under 24 hours as it would disadvantage retailers in border communities and elsewhere in Canada,"\(^1\), but Border Services Officers continue to routinely waive taxes and duties on goods bought by travellers in the U.S. According to a briefing note for the Prime Minister prepared in June 2014, the border agency waives taxes when the value is below a certain threshold. The threshold was established by considering the cost for CBSA to process a traveller through the collection process\(^2\). Collections may also be waived where the volume in collections results in unacceptable border processing delays, as determined by local management.

A consistent pattern of non-collection of taxes and duties at the Canada-U.S. border creates a further incentive for residents to choose cross border shopping. This puts Canadian retailers at an unfair disadvantage and results in a significant economic loss to border communities.

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1 Stats Canada Study: Cross-border Shopping 2004 to 2012
2 according to the briefing note obtained by the Canadian Press under the Freedom to Information Act
PUBLIC SAFETY

THE CHAMBER RECOMMENDS

That the Federal Government provides sufficient resources to enable consistent collection of taxes and duties at all Canada-U.S. border crossings in accordance with enacted duty-free limits.
PORT AND MAJOR AIRPORT SHARE CAPITALIZATION (2017)

Background
The Ministry of Finance is currently investigating the “share capitalization” of Canada’s ports and major airports, as suggested in recommendations 9.3b and 10.3a of the 2016 Canada Transportation Act Review. This would change the current governance structure so they are owned by a private group of shareholders and no longer operate as not-for-profit commercial entities.

Our critical transportation infrastructure connects businesses with opportunities around the globe and across the country. It links visitors with tourism operators and helps international students pursue educational opportunities. Our ports and airports create jobs, facilitate the movement of people and capital, and ensure that Canadian products get to market. Therefore, their governance is of the utmost importance to Canada’s business community. A move towards a share capitalization ownership model, regardless of short-term capital inflows, would jeopardize Canada’s long-term economic competitiveness and would be detrimental to the interests of the Canadian public and business community.

To maintain a competitive, responsible, and sustainably governed transportation industry, it is crucial for port and airport governance to reflect the values and direction of the communities they serve, and to protect national economic interests. A model in which shareholders make decisions regarding our critical transportation infrastructure would pose a key threat to such responsible governance, drive up costs, and require greater government oversight to regulate these newly minted private-sector monopolies. As commercial entities, these pieces of critical gateway infrastructure have already harnessed the efficiencies that come with a profit-maximization model. Our current governance model is a successful “made in Canada” story that has facilitated significant sustainable growth in our transportation industry.

We understand the budget challenges of ensuring secure, long-term funding for large infrastructure projects. However, we strongly urge the Federal Government to consider the negative potential impacts of share capitalization of Canada’s ports and major airports, including higher costs, lower service levels, less capital investment, decreased competitiveness, and the loss of control of a key economic driver and trade facilitator. Decisions would move from the communities or representative user groups in which these critical pieces of infrastructure operate to large groups of shareholders looking to optimize returns.

Major Airports
Currently, non-profit airport authorities operate Canada’s major airports. Their major capital investments have already been paid for by passengers, airlines, and the airport authorities. If these airports are sold, users will pay for them all over again and at a much higher cost in order to finance shareholder return and cost of acquisition.¹ Our airports are already privatized, and there are no economic advantages to changing directions.

Through the process of commercialization in the 1990s, Canada’s airports have already reaped the benefits of privatization including: transferring capital and operating expenses from taxpayers to private operators; access to capital markets at relatively low rates of borrowing; market discipline and increased efficiency; customer service focus; and striving for innovation. Profits from airports would no longer be directly invested back into the entity and instead be used to pay dividends to shareholders, who would be incentivized to maximize profit margins and shareholder returns. These for-profit entities would also face changes to their ability to borrow money and make the necessary investments in long-term infrastructure.

TRANSPORT

YVR’s 2030 investment plan is evidence that the current model already properly incentivizes these investments.

Due to fees, taxes, and charges, including after-tax fuel costs, Canadians face some of the highest air-travel costs in the world, negatively impacting our economic competitiveness. Share capitalization would only exacerbate these issues, and move future decision-making outside of the public interest.²

Australia has already gone through this process with its airports and it has been found that airports collect significantly more aeronautical revenue per passenger than before their airports were share capitalized, meaning that passengers and airlines are paying more to access the airports.³ Despite these increases in revenues, ratings of service quality have not substantially changed. The Australian Competition and Consumer Commission (ACCC) suggests that airlines and passengers in Australia have paid up to $1.6 billion too much for airport access due to this model.⁴ The chair of the ACCC, Rod Sims, recently claimed that while privatization often enhances efficiency and economic activity the privatization of Australia’s airports and ports was “severely damaging” to the economy.⁵

Canada Port Authorities
Established under the Canada Marine Act (1998), Canada Port Authorities facilitate Canada’s trade objectives in a commercially viable way, ensuring goods and passengers are moved safely and efficiently, while protecting the environment and considering local communities. They also act as agents of the Crown to manage federal land, an important function of which is Aboriginal consultation and engagement.

If they were to be share capitalized, government would have to take on the regulatory and statutory functions currently under the responsibility of Canada Port Authorities. This would require a significant regulatory overhaul, and the overall process of privatizing such a monopoly would place a significant resource burden on the government.

Canada Port Authorities already operate in a quasi-commercial manner, and would have little to gain in terms of efficiency if they were to be privatized. Such a move would risk compromising long-term competitiveness, reduce investment in infrastructure, and undermine public trust in our ports.

As Canada continues to develop its critical gateway infrastructure and tap into new markets, it is vital that the federal government make no decision that would jeopardize the long-term competitiveness of our ports and airports.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. maintain a competitive and responsibly governed transportation industry by retaining the current governance model for Canada’s ports and major airports wherever appropriate; and

TRANSPORT

2. engage directly with stakeholders and industry experts before any further discussions regarding changes to the governance models of Canada’s major transportation infrastructure.

CANADA’S SMALL AIRPORTS AND ACCESS TO ACAP FUNDING (2016)

In 1994, the Canadian government created the Airport Capital Assistance Program (ACAP), as part of the National Airports Policy (NAP), to provide essential funding to Canada’s 200 regional/local airports for safety improvements. The program is a valuable tool to the nation’s eligible airports, however, ACAP’s program and funding structures have not been kept up to date to meet the demands of the industry as well as inflation rates over the past 20 years.

The ACAP is administered by Transport Canada and there are three categories of priority for funding. They are:1

1st Priority: Safety related airside projects such as rehabilitating runways, taxiways and aprons, the associated lighting, visual aids, sand storage sheds, utilities to service eligible items, site preparation costs, including direct environmental costs, aircraft firefighting equipment required by regulation and the equipment shelters required by regulation;

2nd Priority: Heavy airside mobile equipment and safety-related items such as runway snow-blowers, runway plows, runway sweepers, spreaders, winter friction testing devices and heavy airside mobile equipment shelters; and

3rd Priority: Air terminal building/groundside safety related items such as sprinkler systems, asbestos removal and barrier free access.

To be eligible for ACAP funding, airports must be within the following guidelines:

• Not owned or operated by the federal government;
• Meet certification requirements as outlined in Aerodrome Standards and Recommended Practices (TP 312); Part III, Subpart 2, Airports; and
• Offer year-round regularly scheduled commercial passenger service, meaning that in each of the three most recent calendar years the airport handled at least 1,000 year-round regularly scheduled commercial passengers as reflected in Statistics Canada’s official passenger statistics. If the airport is not part of these statistics, it must complete a statutory declaration.

The ACAP provides approximately $38 million per year towards airport essential safety projects.2 The program was reviewed and it was announced in 2011 that it is expected to hold the funding to $38 million. This amount has held steady since 1995, but the cost of doing business has increased considerably over that period with increases in inflation and security requirements imposed after 2001. Transport Canada has stated that the program has not been utilized to the fullest by the airports that are eligible to receive funding while airports state that the application can be onerous, with the consultation portion taking so long that many projects, some Priority 2 but most Priority 3, are pushed off into the future. This consultation program between airport operators and ACAP administrators also vets many projects before they are submitted

meaning that Transport Canada is not receiving a full list of the capital funding needs of small airports. The process of decision making within ACAP also remains a closed governmental procedure. There is little to no transparency to this process, which would provide valuable information to airports on deadlines, timelines, and notification of application receipt.

The National Airport System (NAS) is a sustainable system for the airports in the program. There are six that do not qualify for funding as they are located on federal land even though they fall under the ACAP requirement of less than 525,000 passengers annually. These six airports, Prince George, London, St. John’s, Charlottetown, Fredericton and Gander, as NAS airports must also pay rent to the government. In addition, since they are located on Crown land, the expectation is that Crown assets should not be in competition for funding. These six airports have been deemed essential by the NAP but are experiencing difficulties paying for all of the capital requirements necessary for airports in Canada, for property, buildings and infrastructure that the Crown maintains ownership of. These capital requirements also include emergency vehicles and proper aprons for aircrafts, safety requirements as per Transport Canada. If an airport is not able to supply the proper level of safety equipment that is mandatory, they must notify Transport Canada of their inability to do so and this limits the airports ability to respond to emergency situations. As of March 2016, the six smaller airports require just over $9 million dollars in safety and emergency equipment upgrades alone.3

Transport Canada also acknowledges the situation that the six airports are facing and has also concluded that the financial burdens that they are facing are not going away, with some of them reaching the critical point on runway and equipment replacement. Requests for funding for capital improvements to the six airports have been submitted in 2012, 2013 and 2014, totaling approximately $7 million dollars per airport, per year, and have been denied by Transport Canada on the basis that funding is not available for them as they are on Crown land, however, Transport Canada staff have also completed a number of assessments on the six airports and have come to the conclusion that they are in need of some form of capital funding assistance as they are not financially sustainable without it.4 The combined total upgrade costs required for all six of the unfunded airports, as of March 2016, is approximately $146.1 million.5 While the airports believe that the expectation that Crown assets should not receive federal funds is reasonable, they are not, as proven, able to sustain themselves as required by their NAS status and will have even greater challenges maintaining and improving their infrastructure and security requirements in the coming years.

The Airport Capital Assistance Program is vital to all small airports across Canada. Airport associations across the country, including the Canadian Airports Council, Conseil des aéroports du Québec, Regional Community Airports of Canada, Atlantic Airports Council and the Airport Management Council of Ontario are also joining together to advocate for changes to the ACAP. After over 20 years, the program is in need of revision and improvement to reflect the changes in inflation and regulation so that it can remain a viable source for the nation’s small airports.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. increase ACAP funding to account for inflation and increased project costs;

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3 Canadian Airports Council
5 Canadian Airports Council
2. streamline communications and make the application process more timely and transparent so that airports can complete the process in a reasonable timeframe and be able to follow the progress of the application; and

3. revise the ACAP requirements to include the six small NAS airports that are currently excluded due to their status so that they may fulfill their obligations as NAS airports without financial hardship that may cause the loss of the airports themselves.

ENHANCING CANADA’S AIR TRAVEL COMPETITIVENESS (2016)

Air travel is a crucial economic enabler connecting businesses with opportunities around the globe and across the country. It links visitors with tourism operators and helps international students pursue educational opportunities. It is a major job creator with strong spin-offs. It facilitates the movement of people and capital, and ensures that Canadian products, especially high-value and/or time sensitive (i.e. perishable) exports, get to market.

Canada’s unique geography makes this an especially important issue. In a large country, with low population density, and regional economic diversity, air travel serves as a vital link within a broader national transportation network that includes highways, rail, and sea ways. Canada’s economy is very dependent on trade, thus making the facilitation of trade an important issue.

However, the high cost of air travel to, from, and within Canada is significantly hampering our global competitiveness, and stunting aviation as a key economic enabler. A lack of competition, barriers to facilitation, and high structural costs have driven up prices for customers, whom data shows, are increasingly sensitive to price. Canada’s poor price performance in these areas is apparent and not only deters leisure travelers looking to visit Canada, but increases the cost of conducting both international and inter-provincial business, which directly impacts job growth.

Furthermore, as agreements such as Comprehensive Economic and Trade Agreement (CETA) with the European Union and the Trans Pacific Partnership (TPP) advance Canada’s integration into world markets, it is essential that a country spanning three oceans positions its transportation sectors to take fully take advantage of new opportunities. Without access to affordable and reliable air travel, relationships are not made, business is not done, and the economy suffers.

The 2016 Canada Transportation Act review report, Pathways: Connecting Canada’s Transportation System to the World (the CTA Review), underscores the importance of transportation, and the long-term significance of developing a competitive air travel industry. Canada has slipped from 8th to 17th in global rankings for International Tourist Arrivals over the past 15 years, underlining the urgency to this issue.

In order to build the confidence of industry stakeholders, it is important to have an open and transparent Air Bilateral priority setting process to guide our single air negotiator. The process needs to be more inclusive of key industry stakeholders so that the limited resources get directed in an efficient way according to industry participants.

TRANSPORT

There are a number of factors influencing the current condition of Canada’s air sector. Therefore, strategies aimed at enhancing the competitiveness of Canadian air travel and strengthening its economic enabling capabilities, must be multifaceted. Primarily, three key areas must be addressed in tandem: competition, facilitation, and costs.

Competition

Greater competition, particularly for international travel, comes from liberalized bilateral air access agreements. In order for an aircraft to fly between two countries both governments must negotiate bilateral air transport agreements, regulating frequency, capacity, ownership, tariffs and other commercial aspects. Currently, there is an international trend toward more liberal aviation regimes known as ‘Open Skies’, where bilateral—or in some cases multilateral—agreements generally include unlimited capacity between, and beyond the countries involved, and market driven pricing regimes.

The Canadian government has adopted a Blue Sky policy committed to liberalizing air access. Since 2006, of the country’s 85 Air Transportation Agreements, about half include more open international air policies. However, many current air access agreements still contain restrictions that significantly limit competition. Mutually beneficial agreements and the liberalization of air access provide an opportunity for increased competition for international travel to-and-from airports around the country. This offers consumers the benefit of greater choice and potentially lower prices.

The benefits of liberalizing Canada’s air policy would significantly improve economic opportunities throughout Canada by increasing connectivity of global business. Further liberalized air access agreements would open new international markets, allow more carriers to operate in Canada, and improve price competitiveness of Canada as a destination. It would provide foreign carriers with greater access to the Canadian market, creating jobs on the ground, and provide domestic carriers more opportunities abroad.

However, liberalized air access policies must be pursued in conjunction with domestic reforms which allow Canadian carriers and airports to compete in a more-open market. While greater competition will lead to more efficient, market-based outcomes. The process of liberalization should also be mindful of the strategic importance of the domestic industry. Therefore, Canada must also address barriers to facilitation and government imposed cost-structures.

Facilitation

Facilitation refers to the movement of people, cargo, and planes through an airport. It encompasses physical, legal, and technological procedures and systems. Enhancing facilitation at Canadian airports improves outcomes for airports, airlines, and customers.

Today, significant facilitation barriers are preventing Canadian airports from acting as more viable international hubs. Under-resourced and underequipped security procedures delay passengers and their belongings from entering and leaving airports. Strict visa screening requirements for transiting passengers, who have generally already been vetted by their destination country, prevents first-class airports such as YVR and Pearson from attracting more business. Much like road congestion, these delays and inefficiencies hinder the effectiveness of industry, and slow down the economy.

2 While the term Open Skies is sometimes used interchangeably with more Liberalized Bilateral Agreements, it is important to note that in many cases incremental steps may be taken to prove benefits to Canada. For example, Open Skies agreements may be ‘sun-setted’ after a period of trial, or they may transition to full Open Skies over a period of time. These steps would serve to protect the parties to the negotiated agreement from unintended consequences.

TRANSPORT

A robust facilitation strategy can push Canada toward becoming a global hub of passenger aviation traffic—growing volume, lowering costs and providing new opportunities for industry. The CTA review estimates transit facilitation benefits from easing transit visa requirements alone can increase airline volume by 25-50%.

Costs
Finally, reviewing and reducing government imposed taxes, fees and charges on passengers and the industry would further improve Canada’s ability to develop a more competitive air travel sector. Canadian air travelers face significantly higher fees and prices compared to their U.S. counterparts. This has historically driven some traveling in-and-out of Canada to use nearby U.S. airports such as Sea-Tac and Buffalo-Niagara International Airport; however, the trend has been tempered with the depreciation of the Canadian dollar relative to the USD.

Traveller surcharges have created an environment of “user-pay plus,” where travelers are charged more than the services they are provided. For example, fees such as the Air Travelers Security Charge are taken into general government revenue, rather than directly funding airport security procedures. In other jurisdictions, services such as security are seen as a public good and funded by the broad tax base. Just as highway policing is funded by the general public—as it serves a significant economic and social purpose—so should essential air travel services.

| Government revenues from the air sector 2013-14 (M) |  |
|---|---|---|---|---|
| Airport Rent | $294.4 | Air Travellers Security Charge | $661.9 | Fuel Tax | $97.2 | Total | $1,053.5 |

| Government investment in the air sector 2013-14 (M) |  |
|---|---|---|---|---|
| Airport Capital Assistance Program | $29.8 | Canadian Air Transport Security Authority Budget | $559.1 | Subsidy for 18 TC-owned and operated airports | $38.2 | Total | $627.1 |
| Difference (M) |  |  |  |  |  | $426.4 |

CTA Review (Appendix K, p. 142)

Furthermore, airports pay significant fees to by the governments in the form of ground rent. These costs inevitably trickle down to travelers, and raises prices. This is in stark contrast to the United States where the government subsidizes air terminals. While a subsidy may lead to a different sort of market distortion, Canadian air travel still requires a more level playing field which allows it to compete. High-cost structures lead to higher prices, and risk pushing travelers and revenue to other modes of transport, or to not travel at all.

Lastly, in addition to current restrictive bilateral agreements, facilitation, and cost structures, existing ownership limitations prevent foreign investment in the Canadian airline industry. This restriction prevents Canadian carriers from supporting their balance sheet through foreign investment, and makes it extremely difficult for new competitors to enter the market place.

THE CHAMBER RECOMMENDS
**TRANSPORT**

That the Federal Government works with the Provincial Government to:

1. pursue mutually beneficial liberalized air access agreements in all bilateral air passenger transport negotiations, and further liberalize existing bilateral air agreements, especially with Free Trade Partners:
   a. conduct periodic reviews of Blue Skies policies to ensure that bilateral access matches demand; and
   b. implement 2016 CTA review recommendation of required initial flight frequency with safe and secure partners with progression toward more liberalized air access agreements to provide market certainty; and
   c. adopt an open and transparent priority setting process, inclusive of key industry stakeholders, to determine top priorities as they relate to expanding Canadian bi-lateral air access agreements.

2. facilitate the movement of passengers in, out, and through Canadian airports in order to position the Canadian air sector to better compete internationally by implementing the measures set out in Recommendation 6 of the CTA Review, notably:
   a. allowing transit without visa for citizens of all but those from a limited list of high-risk countries at all Canadian airports;
   b. harmonizing immigration and trusted traveller programs with the U.S. and other trusted jurisdictions; and
   c. streamlining visa processing for all visitors to Canada, including expanding the use of the Electronic Travel Authorization instead of visas for low risk travellers.

3. develop a high level and overarching national aviation hub and travel strategy, to improve airports’ cost competitiveness, and thereby enhance Canada’s competitiveness, by:
   a. examining government imposed cost structures in the form of fees, taxes, airport rent and other charges and allowing airports to operate Arrivals Duty Free to enhance non-aeronautical revenues; and
   b. increasing funding, and expanding eligibility, for the Airports Capital Assistance Program in order to support safe and efficient local and regional airports and a healthy and connected national air system.

4. overhaul the regulatory, financing and delivery models for airport security, as set out in CTA Review Recommendation 8, including:
   a. establishing a customer service mandate and performance standards comparable to competing jurisdictions; and
   b. ensuring the provision of stable and predictable funding that meets the needs of both increasing passenger volumes and evolving security risks.

5. increase foreign ownership investment limit for Canadian passenger carriers to 49 per cent on a bilateral basis, with an initial emphasis on the European Union.

**SUPPORTING CANADA’S AIR TRAVEL INDUSTRY THROUGH LOWER FEES (2016)**

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
TRANSPORT

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 U.S., 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.

Domestic air travel in Canada is excessively expensive as a result of high federal fees and airport fees.

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; and
- $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 the base fare).

For comparison, domestic air travel taxes and fees in the United States include:

- 7.5% US domestic transportation tax;
- $3 domestic passenger federal flight segment tax; and
- 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 U.S. would be subject to up to $69 in taxes and fees (11.5% increase from the base fare).

Lower fees for U.S. 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 U.S. and avoid high Canadian aviation fees. Many of the large airports in small U.S. towns bordering Canada have a significant number of Canadian customers. Canadian travellers re-routing through the U.S. 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.

A March 2015 report by CTC Research “Canada Millennial Domestic Travel Summary Report” states that millennial travel accounted for 20% of total global travel in 2010 and is forecasted to reach about 300 million trips per year by 2020. Millennial Canadians are generally keen on travelling within Canada. Nine out of ten young Canadians are very or somewhat interested in visiting a Canadian destination beyond their home province in the next few years. British Columbia holds the greatest appeal to young Canadians, followed by Ontario, Quebec and Alberta. However, millennial travellers are cost-conscious as a large share of the millennial segment is composed of full-time students or recent graduates, and budget constraints appear to be a significant factor in the choice of the travel destination. As this is a growing segment of the population and one that values travel as part of their life experience, reducing costs for domestic air travel within Canada could increase tourism revenue for this population segment.

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 U.S. as the cost to travel to these offices is reduced. Although Canadian business penetrating the U.S. market can be a positive thing, many Canadian businesses are acquired by U.S. 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.

Conclusion

Canadian air passengers pay some of the highest government taxes, fees and charges in the world.\(^1\) 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 (see Appendix A and see the Canadian Airports Council submission to the CTA Review).

An efficient, cost-effective transportation network is a key part of a prosperous nation. Canada’s reliance on the U.S. transportation network diverts revenue and jobs that could stay within Canada. The high cost of Canadian domestic air travel deters Millennials (a large and interested group of travellers) from travelling within Canada and generating further domestic tourism revenue. The lack of affordable domestic air travel in Canada harms the growth of Canadian small business, particularly in the technology sector by expanding growth into the U.S. instead of across Canada.

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 more than make up for any losses in collection of the current federal fee structure.

THE CHAMBER RECOMMENDS

That the Federal Government considers reducing and/or subsidizing the current fees for domestic air travel.

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\(^1\) [http://www.parl.gc.ca/Content/SEN/Committee/411/trcm/rep/rep05jun12-e.pdf](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](https://www.fraserinstitute.org/article/europe%E2%80%99s-airfares-bargain-compared-canada)
## APPENDIX A

ATSC = Air Travellers Security Charge  
CATSA = Canadian Air Transportation Security Authority

<table>
<thead>
<tr>
<th>Year</th>
<th>ATSC 2</th>
<th>Total Gov’t Funding for CATSA</th>
<th>Difference</th>
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<tr>
<td>2007-2008</td>
<td>$385,713,000</td>
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<td>($96,921,000)</td>
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<tr>
<td>2008-2009</td>
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<tr>
<td>2009-2010</td>
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<td>2014-2015</td>
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<td>$97,731,000</td>
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2 Public Accounts of Canada  
3 CATSA Annual Reports