THE BRITISH COLUMBIA CHAMBER OF COMMERCE

PROPOSED RESOLUTIONS MANUAL - 2014

THE 62nd ANNUAL GENERAL MEETING & CONFERENCE
OF THE BRITISH COLUMBIA CHAMBER OF COMMERCE
MAY 22nd to 24TH, 2014 IN RICHMOND, B.C.

*** * IMPORTANT NOTICE * ***

The policy resolutions contained in this manual are for **DISCUSSION PURPOSES ONLY** at the plenary sessions of the Annual General Meeting and are **NOT** the official policy statements or positions of the British Columbia Chamber of Commerce until adopted by a two-thirds (67%) majority of the members.

PROPOSED RESOLUTIONS 2014

The Proposed Resolutions Manual for 2014 contains policy resolutions to be discussed at the Policy Sessions at the Annual General Meeting of the British Columbia Chamber of Commerce (The Chamber) on the [MORNING OR AFTERNOON] of Friday May 23rd 2014 and on the [MORNING OR AFTERNOON] of Saturday, May 24th, 2014 in Richmond, B.C.

The proposed resolutions are not exhaustive of The Chamber's policies, some of which are approved by our Board of Directors in the course of the year in order that The Chamber stay pro-active and be able to act in a timely and effective manner.

The proposed resolutions were developed by our Member Chambers of Commerce, Chamber Task Forces and by the Policy Review Committee of The Chamber and submitted prior to the deadline of March 7, 2014. Prior to their acceptance for debate at the Annual General Meeting, the proposals were screened by the Policy Review Committee (PRC) chaired by David Craig and comprised of representatives from a wide range of sectors taken from the Chamber's membership. The PRC was mandated to ensure that all matters to be discussed at the Annual General Meeting are ***timely, important to a significant number of members and provincial in scope***. In retaining the most appropriate proposals, the PRC also attempted to ensure that the contents were substantive and accurate.

The resolutions presented in this book are in the order in which they will be discussed at the Plenary Sessions according to the sequence proposed by the PRC and approved by The Chamber's Executive.

During the Policy Sessions at the Annual General Meeting, the Accredited Voting Delegates will be asked to approve, defeat or refer each of the resolutions in this book. Approval of each resolution as policy of The Chamber requires a two thirds majority support of the votes cast at the Plenary Sessions to adopt a resolution as the official policy of the provincial chamber. When a policy is adopted by voting delegates, it becomes part of The Chamber's legislative program.

The timing and nature of the presentation to the provincial government will be determined by the subject matter and circumstances prevailing at the time. However, an effort will be made to ensure that such presentations are made as soon as possible following the Annual General Meeting. Member Chambers of Commerce and Corporations will be kept apprised of our actions.

If a thorough and meaningful debate of all policy resolutions is to take place during the Plenary Sessions, Member Chambers of Commerce and Corporations (and especially the Accredited Voting Delegates) are urged to review these resolutions carefully in advance of the Annual General Meeting.

The Plenary Sessions are conducted on the assumption that all delegates are familiar with the issues to be discussed, and it is with this in mind that these proposals are distributed 30 days prior to the meeting for advance study. The Policy Review Committee of The Chamber has indicated its reaction to each proposed item in order to offer more guidance and assistance to the voting delegates.

Any questions concerning the proposed resolutions or the policy development process should be directed to:

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The British Columbia Chamber of Commerce

RULES OF PROCEDURE GOVERNING THE CONDUCT OF POLICY SESSIONS OF AN ANNUAL GENERAL MEETING OF THE BRITISH COLUMBIA CHAMBER OF COMMERCE

SECTION I

PURPOSE OF RULES	(1.1)	The purpose of these rules is to save time; to coordinate proceedings; to promote relevant discussions; and thereby to arrive at well reasoned decisions.
	(1.2)	Generally, parliamentary procedures shall govern at all policy meetings of the Chamber as set forth in "Rules of Order" by Roberts.
	(1.3)	In order to facilitate timely resolution of policy debate, the Chair may, in his or her discretion deviate from the prescribed rules.

SECTION II

COMPOSITION OF THE CHAIR	(2.1)	The Chair will be composed an approved Parliamentarian, supported by the Vice President, Policy Development, the Chair of the Policy Review Committee and such other persons as may be appointed by the Chair.
FUNCTION OF THE CHAIR	(2.2)	The Chair or his or her alternate will preside over all Policy Sessions of the General Meeting and will uphold, with impartiality, the Rules of Procedure as set forth.
DECISIONS OF THE CHAIR	(2.3)	Decisions of the Chair will be final, barring an extraordinary situation in which case the decision will be referred to the Board of Directors of the B.C. Chamber of Commerce for arbitration and judgement.
VOTING POWERS OF DELEGATES	(2.4)	(a) Without duplication: each Member Chamber is entitled to one (1) voting delegate per 50 members to a maximum of ten (10) delegates. (b) Corporate Members are each entitled to one (1) voting delegate. (c) Each Fellow, Governor and Director is entitled to be a voting delegate. (d) In addition, each voting delegate may carry proxy votes, provided that a voting delegate for a Corporate Member does not carry a proxy for another Corporate member. (e) Honourary Members carry no vote.

SECTION III

VOTING POWERS OF CHAMBERS	(3.1)	Votes may be cast only by a voting delegate who has been accredited for the purpose or by the nominee of such accredited delegate. Such nominee must give evidence of his authority to the Chair upon request. NOTE: "Nominee" is interpreted to mean "the alternate delegate from the same Chamber or Board".
POSITION OF NON-VOTING DELEGATES	(3.2)	Every member Chamber or Board in good standing may be represented at any Annual Meeting by as many of its members as it may officially appoint for the purpose. Such delegates will have the right to participate in discussions. Except as provided in Paragraphs (2.5) and (3.1), no other than the accredited delegate or his or her nominee shall be entitled to vote.
VOTING PROCEDURES	(3.3)	Voting will normally be by a show of hands; but, if any three (3) accredited voting delegates or their nominees should so request, voting shall be by roll call or secret ballot. At the time of voting, each accredited voting delegate or his or her nominee will show the Chair his official registration card identifying himself or herself as being entitled to vote.
MOTIONS OR AMENDMENTS CARRIED BY 2/3 MAJORITY	(3.4)	All motions or amendments pertaining to policy resolutions will be carried by a two-thirds majority of the votes cast.
EACH VOTE DECISIVE	(3.5)	All votes will be considered final at the time they are recorded.

SECTION IV

TIME ALLOTMENT FOR SPEAKERS	(4.1)	The maximum time allotted to any one delegate for speaking to any motion or amendment will be two minutes. The Chair, at his or her discretion, may amend this limit.
NUMBER OF TIMES A DELEGATE MAY SPEAK	(4.2)	A delegate, normally, will be allowed to speak once to any motion. The Chair, at his or her discretion, may allow a delegate to speak more than once to a motion.

SPEAKER SHOULD IDENTIFY SELF TO CHAIR

(4.3) Each delegate, before speaking to, moving, or seconding a motion, shall identify himself or herself by name and state the Chamber or other category of member which he or she represents.

SECTION V

PROCEDURE FOR MOTIONS

(5.1) In order to expedite consideration of all policy resolutions contained in the policy handbook, the Chair may entertain a general resolution at the beginning of the policy session that all policy resolutions be moved and seconded in total, but with each resolution voted on separately.

(5.2) The following procedure will be followed on motion (other than those described in section 5.1):

(a) member obtains the floor and is acknowledged by the Chair;
(b) he or she makes a motion;
(c) another member seconds the motion;
(d) the Chair states the motion;
(e) the Chair opens the motion to discussion;
(f) the Chair calls for the motion to be put ("Are you ready for the question? If so, please indicate by saying question");
(g) the Chair restates the motion;
(h) the motion is put to vote;
(i) the Chair declares the results of the vote.

AMENDMENT PROCEDURE

(5.3) Procedures on amendments will be the same as the procedures on motions. All major amendments will be presented in writing to the chair.

TYPES OF AMENDMENTS

(5.4) Amendments, of a minor nature, to a motion may be proposed verbally at any time during the discussion. No amendment will be entertained which has the effect of nullifying the main motion. Any amendments must be relevant to the subject matter and may be amended in only one of three ways:

(a) insertion or addition of certain words;
(b) deletion of certain words;
(c) deletion of certain words for insertion of certain other words.

ORDER OF VOTING	(5.5)	Voting on motions and amendments is in reverse of the order in which they are made: (a) on the amendment to the amendment, of the second amendment; (b) on the amendment; (c) on the motion; or the motion as amended.
NUMBER OF AMENDMENTS	(5.6)	No more than two amendments may be placed before the meeting at one time. However, as soon as one amendment has been accepted or rejected, another may be proposed provided, of course, that it is different in purport from one already defeated.

SECTION VI

QUORUM	(6.1)	Accredited delegates from at least twenty (20) Members shall constitute a quorum at Annual and Special General Meetings.

The British Columbia Chamber of Commerce

NEW POLICY RESOLUTIONS

ACTION PLAN NEEDED TO UPDATE FLOODPLAIN MAPPING

Floodplain maps around the province are outdated, which means communities are unable to make reliable decisions about flood management, community growth and development.

Background

Flooding poses catastrophic risks to BC's economic vitality, infrastructure, environment, safety, property owners and communities. While this is a complex issue, many stakeholders are concerned that, due to changes in flood risk over time, existing floodplain maps are outdated and provide an unreliable basis for decisions regarding flood management. There are also changes to flood vulnerability over time through development and growth in floodplains, leading to more extensive and severe consequences when a flood occurs.

A provincial mapping program began in 1974, and was accelerated by the 1987 Canada-BC Floodplain Mapping Agreement. This program ended when Provincial legislative changes in 2003-2004 shifted more responsibilities for flood hazard management to local governments (e.g., Ministry of Environment used to approve subdivisions or floodplain bylaws; now rests with local government approving officers, or with the Ministry of Transportation in the case of regional district electoral areas). Unfortunately, many local governments lack the resources and expertise required for effective flood management.

Several floodplain maps have been created since 2003 at the initiative of local governments, but many more communities lack current maps. The BC Ministry of Environment website includes links to 87 existing floodplain maps in BC. Of those, 69% are 20-25 years old, and the remaining maps are 14-19 years old—despite the recommendation of experts that floodplain maps should be updated every ten years.

A March 2013 stakeholder workshop, convened by the British Columbia Real Estate Association, resulted in the Floodplain Maps Action Plan, which identifies three main obstacles local governments face when updating floodplain maps: financial, political and technical. The Action Plan also proposes 21 specific actions by the private sector and all levels of government to overcome these obstacles.

Planning ahead to mitigate flood damage is less expensive than responding to emergencies. The southern Alberta flood that occurred in June 2013 resulted in insured property damage estimated at $1.7 billion—the most costly natural disaster in Canadian history. The Alberta government estimates recovery cost at $6 billion, including business support programs and compensation for homeowners moved from floodways.

The Alberta disaster can serve as a wakeup call for British Columbia. A major flood in British Columbia has the potential to not only destroy private homes but provide economic hardship to British Columbian businesses through damage to buildings, loss of equipment, the cost of start-up and loss of revenue due to down time. An investment in floodplain maps now, in a comprehensive and coordinated way, will help BC communities make rational and cost-effective decisions about flood management practices, infrastructure and development. Such an investment will also save British Columbians some of the significant losses and upheaval that result from flood events.

THE CHAMBER RECOMMENDS

That the Provincial Government along with Stakeholders:

1. Create a province-wide plan to complete floodplain mapping in BC that includes updating the mapping every 10 years.

2. Develop, and update every five years, guidelines and specifications to reflect current floodplain mapping technologies and realities, improve consistency, build technical capacity to support utilization of a broader suite of technical tools (e.g., floodplain mapping, scenario analysis, risk assessment, etc.) and stress the need to integrate climate change into planning.

3. Clarify liability and access to emergency funds, with respect to local governments and residents, in designated floodplains.

4. Create a task force to determine if there is a need for a provincial policy around limiting building on designated floodplains.

Submitted by the Kamloops Chamber of Commerce

The Policy Review Committee supports this proposed resolution

ENSURING AFFORDABLE PRODUCT STEWARDSHIP PROGRAMS

Introduction

Product stewardship is defined as an environmental management strategy used to manage products at end of life. This strategy is based on the principle that those whom design, produce, sell or use products are responsible for minimizing the products' environmental impact.

Currently, there are 13 stewardship programs in B.C. that have been appointed by the provincial government and are responsible for managing product stewardship programs. Product programs include batteries, beer containers, beverage containers, cell phones, electrical outdoor power equipment, electronics and electronic toys, lighting equipment, lead-acid batteries, medication, oil and antifreeze, paint and household hazardous waste, small appliances, thermostats, tires, and packaging and printed paper.

We are seeing more and more stewardship programs every year, due to the BC government's commitment to the CCME Canada Wise Action Plan. According to the Stewardship Agencies of British Columbia, we can expect a total of 20-25 stewardship agencies over the next four-to-seven years.

Business Issue

The creation of single approved product stewardship programs could have far reaching consequence by limiting the number of private sector businesses involved in delivering recycling services. Resulting in adverse effects to many service providers that currently run effective and efficient systems in communities around the province. Continued competition in this service delivery will maintain low costs and preserve private sector jobs.

Creating a single approved program produces additional consequences of having the service provider also preform the role of regulator.

Background

Federal legislation- the move to EPR
Currently in Canada both extended producer responsibility (EPR) and product stewardship programs are used in managing products at "end of life." The integral difference in the programs is the responsibility for the product end-of-life services. For EPRs, the responsibility lies with producers. In contrast, product stewardship programs assigns the responsibility to provincial of municipal governments. The main difference of the two approaches is the funding sources. While EPRs are funding through producers, product stewardship programs are funded primary through environmental fees and/or public funds.

The Canadian Council of Ministers of the Environment (CCME) supports moving product stewardship programs into full EPR programs. There are a wide variety of programs under the umbrella of EPRs. This policy is focused on the product stewardship programs in B.C.

Example- Creation of Multi-Material BC (MMBC)
In B.C., the Environmental Management Act (2004) included provisions requiring product stewardship plans for identified products. In 2011, the Recycling Regulations were amended to include Packaging and Printed Paper. This regulation requires producers (as defined in the regulation) to operate or be a member of an approved product stewardship plan in order to manage product end of life.

MMBC Program and Objectives
Currently, one product stewardship program for packaging and printed paper has been approved in B.C. Multi-Material British Columbia (MMBC) is a non-profit organization "formed to develop and implement a residential stewardship plan for packaging and printed paper" (MMBC, 2013).

The *Packaging and Printed Paper Stewardship Plan* developed by MMBC in 2012, and updated in 2013 states that the program was designed for "continuous improvement in recovery effectiveness and efficiency without undermining existing PPP recovery efforts in B.C." (MMBC, PPP Stewardship plan, 2013, p. 4).

In addition MMBC, outlined the following objectives for *Packing and Printed Paper Program Delivery Principles:*

To achieve the objective of maximizing outcomes while minimizing dislocations, MMBC has developed the following market engagement principles to guide the development of the PPP Stewardship Plan:

- **Focus on outcomes, not process** – maximize recovery, maximize efficiency, enhance resident service levels while minimizing complexity;
- **Provide economic incentives and set simple rules** – effective economic incentives will drive behaviour that increases recovery activity throughout the PPP reverse supply chain; simple rules will provide clarity and certainty to those collecting and recycling PPP;
- **Foster interaction, collaboration and competition to drive innovation** – innovation is the result of complex interactions of ideas and efforts among producers and private, 14 Not-for-profit depots may or may not have a funding relationship with their local government.
- **Packaging and Printed Paper Stewardship Plan** public and not-for-profit entities with parties bringing together complimentary skills to collaborate and deliver more value; and
- **Set the stage for evolution** – harness existing activities and build on success through continuous improvement and use of economic incentives to increase collection of PPP and improve system efficiency.
  (MMBC, PPP Stewardship Plan, 2013, p. 4-5).

Policy Issues and Considerations
The 3,000 producers targeted in this program must provide a stewardship program for Packaging and Printed Paper and Multi-Materials BC delivers the only approved program in BC. The regulations have recently been amended to exempt the majority of BC small businesses from this regulation.

The recent changes to the program have created tremendous uncertainty about how the approved stewardship program delivery will affect the exempted business and local service providers.

The creation of a new recycling scheme designed to benefit the environment and support the sustainable economy of BC is laudable. The recent regulatory changes and the temporary monopoly created by the approval of only one provincial stewardship program have considerable potential for negative unintended consequences.

MMBC Advisory Committee
MMBC has formed a B.C. Advisory committee, and the Chamber applauds them for this good business practice. Although this advisory committee may be formed with the intent to provide stakeholder recommendations, the Chamber does not consider this advisory committee as a reasonable alternative to an oversight committee.

In government created monopolies oversight is a best practice. Examples of oversight organizations include the BC Ferries Commission and the BC Utilities Commission. As this organization is not subject to either of these organizations a new oversight committee is required.

BCUC
The British Columbia Utilities Commission (BCUC) is one regulatory agency example. BCUC is regulatory body overseeing utilities in BC and is a quasi-judicial board that has the power to make legally binding rulings.

Its mission is:” to ensure that ratepayers receive safe, reliable, non-discriminatory services at fair rates from the utilities it regulates, and that shareholders of those utilities are afforded a reasonable opportunity to earn a fair return on their invested capital." In addition, BCUC ensures that the competitive interests of BC business are not frustrated by the utilities it regulates.

Conclusion

The Chamber accepts the direction of both provincial and federal government in ensuring extended producer responsibility. In order to ensure affordability of recycling programs, and competiveness for business the Chamber believes oversight is required for these all single-body product stewardship program sin B.C.

THE CHAMBER RECOMMENDS

The Provincial Government implement regulatory oversight for these programs through BCUC or other suitable regulatory framework.

Submitted by the Greater Victoria Chamber of Commerce

The Policy Review Committee <u>supports</u> this proposed resolution

INDUSTRIAL CAMPS NEAR OR WITHIN MUNICIPALITIES AND THEIR EFFECTS ON THE ECONOMY

As industrial camps continue to increase in size, capacity and density businesses are feeling the negative impact of camps located within a short distance of municipalities or within municipal boundaries. These camps use municipal and provincial infrastructure aggressively and commonly source goods and services from out of region suppliers. Local businesses have felt a significant decrease in their revenues as these temporary workers and employers no longer have access to the municipalities and local businesses. Local businesses also find that they are not able to bid or offer services to these camps as they bring in their own staff, transportation, medical treatment centres, groceries, building materials and other goods and services. Businesses are asking industry for an opportunity to provide these goods and services through a consultation process in which industry is encouraged to source local.

Regional Districts and municipalities also miss opportunity to collect taxation revenue due to camps that have not went through the permitting process. Regional Districts and Provincial Government agencies approve permits for industrial camps. The process to complete permitting and onsite inspections can be cumbersome and often industrial camps open their doors before all inspections are completed or do not get permitting at all. This creates an unfair advantage for industrial camps as brick and mortar businesses located within municipalities must meet all regulatory standards, permitting, fees and taxation requirements prior to opening their business. As well, unreported camps take business opportunities away from local businesses and investors.

Background:

Industrial camps are a vital part of the growth and development of our province. These camps are used by all industries including forestry, mining, oil and gas, and green energy projects such as dams and wind farms. Municipalities and businesses welcome the opportunity to grow the economic wealth of the province as well as allowing small businesses to thrive and grow.

Procurement, set up and operations are often sourced from suppliers that are not from neighboring municipalities. Businesses are currently seeing lower sales as industries move towards using close proximity camps as their primary accommodation for their staff and contractors.

It is recognized that industrial camps that are located great distances from municipalities are necessary for many reasons including health and safety of employees and accessibility to remote work sites. However; industrial camps located near or within municipalities create a direct impact on sales for local businesses and property investors. As most camps house fly in /fly out workers; they rarely spend any money within local municipalities during their shift (generally two to three weeks). As a result of being housed outside of the municipality, wages are not spent at local restaurants, grocery stores, gas stations, clothing retailers and other goods and services that residents access on a daily basis. Their earnings return to their hometown where they pay mortgages, taxes, make purchases and support the economy in their town.

All industries are governed by their own Social Responsibility guidelines and currently do lengthy consolations with land owners, aboriginal communities and local municipal and regional governments. Energy companies and camp contractors could consult with local businesses for procurement of goods and services. Through the process, it may be determined that the municipality and/or business community is unable to meet the required needs or not meet budgetary goals; on the other hand, some of the goods and services may meet those benchmarks and local businesses are then engaged. Regardless of the outcome; the local business community has been engaged through consultation and has had an opportunity to bid on the work. Though government cannot create policy directing project teams to use local businesses; they can urge industries to use local businesses as a part of their Social Responsibility mandates through a consultation process. For example, using the local Chamber of Commerce as a conduit to local businesses via luncheons and open houses.

The regulatory process for the permitting and inspecting is very complicated and difficult for both government and industry. It is costly for all parties, it affects industry due to downtime as they work through the permitting process. It affects the local business economy as camps are generally set up without using local labour, equipment, goods or services.

At time of approval of permitting, the following ministries are activated for onsite inspections:

- Ministry of Transportation & Infrastructure
- Oil & Gas Commission
- BC Assessment
- Ministry of Forest Lands & Natural Resources Operations
- Ministry of Mines & Energy
- Northern Health
- Ministry of Environment
- Work Safe BC
- BC Fire Commission
- Agricultural Land Commission
- BC Environmental Assessment Office

The greater issue is camps that are NOT permitted. It has been identified that many camps are set up without permits. Historically and currently, many camps have not went through the regulatory process. Not only are these camps unregulated, there is no opportunity for assessments to be completed for taxation. This underground economy works outside of the approvals, regulations, inspections and taxation requirements and not only put the health and safety of their residents at risk, but also environmental risks due to improper sewage, water, and disposal systems. As these camps are not permitted or registered in any manner, small business has no opportunity to consult or bid on potential

Providing a real time registration system between regional districts and provincial agencies would streamline the permitting process by allowing ministries to better manage their time by being able to group inspections together based on an area instead of individual camps among other efficiencies. Should time be available to staff, strategies to manage non permitted camps could be created. This process would also activate the Social Responsibility component of the project by engaging local business for procurement needs. By creating such a system, monitoring and management of camps throughout the province would be accurate and provide data to government in terms of the benefits and impacts of industrial camps in the province.

As resource development continues to grow across the province; industrial camps will be approved by Regional Districts and the Provincial Government; we need to ensure the viability of communities and their retail sector are given an opportunity to benefit from the influx of workers and employers.

THE CHAMBER RECOMMENDS

That the Provincial Government

1. Encourage industry leaders and project managers to activate their social responsibility mandate by providing local businesses the opportunity to quote on goods and services through a consultation process activated by the project team.
2. Create and implement a registration system shared by all regulatory bodies.
3. Strike a committee including government, industry, and business leaders to discuss the possibility of creating regulations around disclosure of camp requirements during the project exploration and development permit phase. This would then create accountabilities for camp contractors to be compliant with provincial regulations.

Submitted by the Dawson Creek & District Chamber of Commerce

The Policy Review Committee <u>supports</u> this proposed resolution

MINERAL EXPLORATION INVESTMENT AND PERMITTING

In 2011 we commented that although mineral exploration expenditures had been rising due to high commodity prices BC 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 30% in exploration expenditures, from a high in 2012 of $680 million to $476 million with a further significant decline very likely in 2014.

Especially concerning is the collapse in the greenfield, grassroots side of the business so essential to finding new discoveries to sustain future mine development. Greenfield spending - prospecting and early stage exploration - is estimated to constitute only approximately 2% to 5% of the total exploration spend in 2013. (The vast majority of the total exploration spend was on just three major projects, Blackwater, Pretium and Seabridge-KSM, all in northern BC).

In contrast Association for Mineral Exploration 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.

Industry estimates that exploration investments in excess of $100 million are required to discover and develop a new 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.

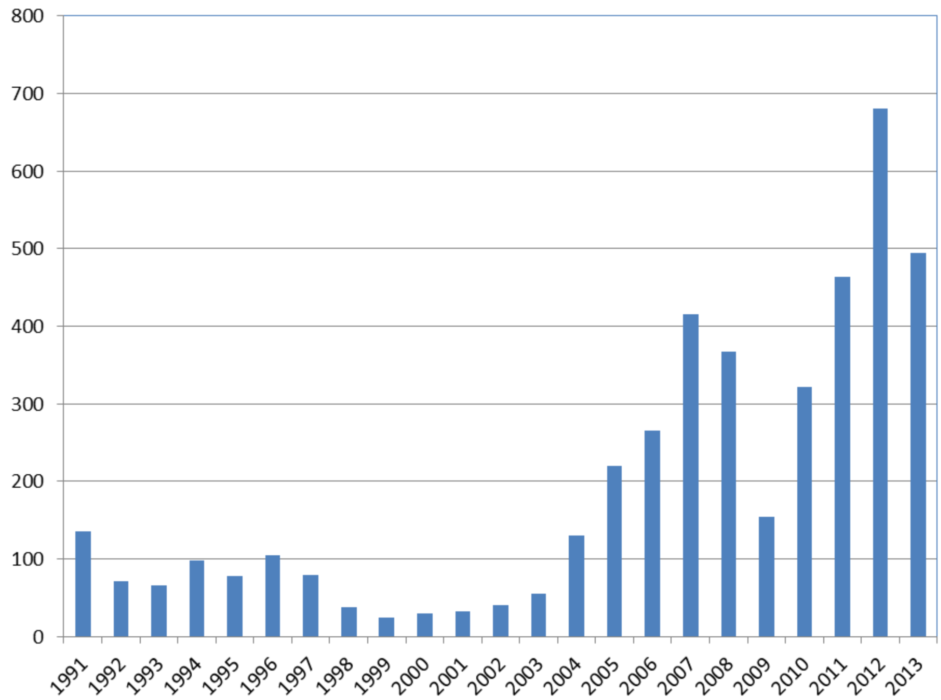
The value of mine production in 2013 is estimated at $8 billion from 19 metal and coal mines, 30 industrial mineral and more than 1000 aggregate operations.

It is also worth noting that even unsuccessful 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.

BC Mineral Exploration Expenditures (C$ millions, unadjusted for inflation)

Source: BC Ministry of Energy & Mines



BC continues to lag in terms of overall government policy attractiveness, ranking only 32nd out of 112 jurisdictions in 2013, a far cry from 2009 when BC was the 24th most attractive jurisdiction in the world for mineral exploration and development. Moreover, of 13 jurisdictions in Canada BC currently ranks just 10th. (Fraser Institute)

Two significant impediments to investment are the perceptions in the international investment community that Canada (and BC in particular) is plagued with lengthy permitting delays and uncertainties, and with First Nations issues. In the past year two BC 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 BC as a safe place to invest.

[That 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 BIG economic 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 are pleased to hire First Nations workers to assist their exploration efforts, and are willing to discuss their work plans with local communities, but it needs to be clearly understood by all that payments from explorers for access to the land is NOT a legal requirement or entitlement. And should not be.

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 20% of the province is closed to mineral exploration and development through parks, protected areas and other designations while another 40% is subject to significant restrictions; eg. 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 (eg. in fiscal 2012/13 the province released 800,000 ha from reserves that 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 BC) despite – and in contravention of - existing publicly negotiated 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, (eg. 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, 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 "BC 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 is 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. eg. 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 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.

Now the province plans to initiate a fee to review Notice of Work applications while threatening to reduce staff without the added revenue. Their Discussion Paper states *" despite process improvements and efficiency gains, without stable funding, Notice of Work permitting backlogs would re-appear".*

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.

Two major causes of permitting delays are the First Nation consultation process and the inability to make timely decisions. BC's mining industry proactively engages with FNs, and communities. AMEBC 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 FN 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). Existing tax credits (such as flow-through shares and mining exploration tax credits) cannot be used to off-set these First Nation consultation costs – or the proposed new Mines Act permit application fees. Nor can these proposed fees be applied toward assessment credits. (To maintain mineral tenures explorers are required to file annual assessments.)

Despite all, permits still become stuck during FN 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.

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 (eg. 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 fees can 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 has been described by some prospectors as 'having to pay a fine for deigning to work and explore in British Columbia!'

Truly not a measure that promotes and encourages mineral exploration in BC.

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. BC 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 BC 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 ha , 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. not impose added new fees on Notice of Work applications from prospectors and non-revenue producing junior mineral exploration companies;

7. Monitor, track and publicly report accurately on the statistics regarding BC's actual land use and access, including mineral exploration and mining;

8. Consider opening lands currently closed to compensate for newly created protected or restricted access lands; and

9. Respect existing multi-sector negotiated land use plans.

Submitted by the Policy Review Committee

MOVING FORWARD ON THE SOLID BUSINESS CASE FOR NATIONAL PARK SOUTH OKANAGAN- SIMILKAMEEN

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*; available at http://cpawsbc.org/upload/South_Okanagan-Similkameen_National_Park_Feasibility_Study.pdf), 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.

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 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 (*Economic Impact of Canada's National Provincial and Territorial Parks in 2009* by The Outspan Group, April 2011; available at http://www.parks-parcs.ca/english/cpc/economic.php) 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.

Importantly, there are essentially no costs to the provincial government moving forward with the Proposed National Park, since the Government of Canada alone 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 established economic uses of land. 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.

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.

THE CHAMBER RECOMMENDS

That the Provincial Government

1. sign an Agreement to Negotiate with the Government of Canada that will conclude the feasibility process, and begin the process of determining the specific details of an economically advantageous National Park Reserve in the South Okanagan –Lower Similkameen;
2. continues their partnership with the Government of Canada and the Okanagan Nation to meet the challenges in establishing a National Park Reserve that serves the economic interests of British Columbians.

Submitted by the Kelowna Chamber of Commerce

Supported by the South Okanagan, Summerland, Armstrong,Vernon and Peachland Chambers of Commerce and the Greater Westside Board of Trade

The Policy Review Committee <u>does not support</u> this proposed resolution

While the PRC appreciates that the recommendations talk to concluding the feasibility study the PRC feel this resolution continues to direct government toward the creation of a national park. The Policy Review Committee recognizes that National Parks bring benefits to tourism but in the proposed South Okanagan Similkameen National Park area there are a number of other economic interests that would be negatively impacted by the designation of a national park. The PRC has reviewed the Feasibility Assessment Summary asserting that in many cases the residual effects were negative but not significant. The PRC has had some feedback from business community interests that effects are likely significant. The PRC notes that various committee members were unable to state a public opinion, because of upcoming municipal elections. The PRC is concerned that there are a number of outstanding issues not yet adequately resolved by the Feasibility Study Assessment, including adequate assessment of the cost benefits. The resolution asserts tremendous benefits outweighing costs and belief in the mitigation potential but the assessment does not appear to document this adequately, including

a reference to the land use implications not including input from the Okanagan Nation Alliance. The PRC can see a lot of valuable work has been done but does not assess that it is adequately complete, such that the Provincial Government should be asked to sign off on the completion of the process

OPTIMIZING THE CLEAN ENERGY ACT FOR BC'S ECONOMY AND ENVIRONMENTAL POLICY DIRECTION

B.C.'s Electric Supply:

British Columbia's electricity grid is one of the cleanest in the world, due to its extensive renewable hydroelectric power1. The dams are built in the province's two main river basins – the Columbia and the Peace – and are considered Heritage Resources that are now producing very inexpensive power. These resources are quite economical, given their long operating lifetimes and the renewable water fuel source. The Heritage Resources provide about 48,000 GWh/year at average water, which allowed for planning based on prescribed criteria for BC Hydro. About half of these years BC Hydro will have more energy than this; up to 8,000 GWh/year more at differing levels and frequency rates. This is non-firm power2, and is exported to the electricity markets at low values – the sales are generally made to the Mid-Columbia (Mid-C) electricity market in the U.S and are estimated to have a value of about $25 to $40/MWh3 for the next 20 years.

BC Hydro and the province also buy energy from independent power producers (IPPs)4. This power comes largely from run of river generation and wind farms, and is produced at a far higher price than the cost of existing Heritage Asset power. IPP costs for delivered energy are around $124/MWh ($2009) based on BC Hydro's 2009 clean power call5, which escalated to ($2013) becomes $135/MWh. To provide for delivered power the cost of capacity in the BC Hydro system must be added to this. Since that time the costs for wind power have been decreasing significantly. In the development of the IPP industry, BC Hydro and the provincial government have made calls for power which exceed B.C.'s traditionally defined needs. The last call for power resulted in over-acquisition of power and an excess of expensive energy, which is then sold at lower rates than it was purchased for. In addition there is 2000 GWh/year that is provided by IPPs, at average water, which is considered non-firm energy. BC Hydro is precluded from planning to use this energy because of the planning criteria in the Clean Energy Act (CEA). This energy, unless it can be used in the province, is sold in the electricity markets at low prices. BC Hydro and the provincial government have been acting recently to terminate some IPP purchase agreements that were in breach of their contract conditions, and to defer the in-service date of others. These actions have saved a considerable amount with respect to the costs of over supply.

The largest source from which BC Hydro is planning to meet demand is through conservation and efficiency of existing use of energy; this is called demand-side management, or DSM. The CEA defines DSM as any measure to conserve energy, to promote energy efficiency, to reduce demand directly, or to shift energy use to periods of lower demand. Investing in DSM can drive up utility rates in the short-term, because there is an increased cost for implementing DSM – but the

1 BC Hydro. (2013). 2.3 Existing and Committed Supply-Side Resources. In *Integrated Resource Plan* (pp. 2-18 to 2-34).
2 Non-firm power is power which is not available every year, including under the worst water flow conditions in the past hydrologic records.
3 Northwest Power and Conservation Council. (2013). *Update to the Wholesale Electricity Price Forecast.* Portland.
4 BC Hydro. (2013). Table 3-7 Supply-Side IPP Projects in B.C. In *Integrated Resource Plan* (pp. 3-34).
5 BC Hydro. (2010). August 3, 2010 Clean Power Call Request for Proposals – Report on the RFP Process (pp.12)

revenues remain the same. The long term value of DSM is in deferring future energy acquisition costs for new power. DSM is typically cost-effective and lowers BC Hydro's rates in the long term. This can occur in spite of DSM's noted low average costs, which are in the range of $32-49/MWh in total resource costs saved over analysis horizons6.

BC Hydro and the government are also planning for a new large hydroelectric dam project, which is expected to cost about $83/MWh7 for the energy and about $95/MWh for the energy and capacity. With all large-scale projects there is a potential risk for cost overruns. Cost overruns of about 20% would make large-scale hydroelectric power less cost-effective than a portfolio of renewable wind projects. Conversely, if renewable wind project cost profiles were reduced over the next ten years they would become the more cost-effective resource. BC Hydro is also permitted to purchase 2500 GWh/year of power from the electricity markets for planning purposes - this energy can be purchased at low load hours for $20 to $40/MWh over the next 20 years.

BC Hydro expects that natural gas generated power can be produced for about $58-62/MWh for plants over 250 MW8. BC Hydro has very significant supplies of clean renewable non-firm power, which can be made firm (for planning purposes) through the optimal use of energy purchase from electricity markets and backup with natural gas generation power to ensure that the supply is secure. The total amount of this clean non-firm renewable energy which can be made firm and used in BC is equivalent to about one or two Site C projects, in the amount of energy available. This non-firm energy would have a cost of about ½ of the cost of acquisition of new supply in BC.

Current Policy, Issues and Policy Directions:
The CEA is the legislation which governs BC Hydro's energy planning. One of the CEA's most significant policies is that of achieving self-sufficiency9 by 2016 and the related requirement that British Columbia be a net exporter of clean electricity10. This has required that the utility purchase firm power from expensive in-province IPPs rather than use lower cost resources. The standard for self-sufficiency is determined by firm power generated at average water levels for the BC Hydro Heritage Resources11. If the dams produce energy in excess of this standard self-sufficiency level, it is planned to be exported at low prices to the Mid-C market. In addition, the IPP supply provides significant quantities of non-firm power12 that BC Hydro may not rely on for its planning. This IPP non-firm power must also be planned to be exported at low prices to the Mid-C market.

Another part of the legislation is the requirement that all electricity in British Columbia be 93% clean13. While clean electricity is certainly an ideal worth striving for, setting such a hard cap is limiting to the province's other options. A greater priority could be given to balancing cost-effectiveness with environmental needs rather than setting arbitrary limits on how much non-clean energy can be used. Allowing for the optimal usage of natural gas generation in firming up non-firm clean renewable energy would substantially reduce costs, repatriate BC's clean renewable energy for use at much higher values in BC and incidentally may result in small amounts of carbon tax revenues14 at $30/tonne of CO_2 if the natural gas backup supply is required.

6 BC Hydro. (2013). 3.3 Demand Side Management Options Summary. In *Integrated Resource Plan* (pp. 3-13 to 3-34).
7 BC Hydro. (2013). 3.4.1.7 Large Hydro - Site C. In *Integrated Resource Plan* (pp. 3-49 to 3-50).
8 BC Hydro. (2013). 3.4.1.9 Natural Gas-Fired Generation. In *Integrated Resource Plan* (pp. 3-53 to 3-57).
9 Lekstrom, B. (2010). Section 2(a). In *Bill 17 - Clean Energy Act*. Victoria: Queen's Printer.
10 Lekstrom, B. (2010). Section 2 (n). In *Bill 17 - Clean Energy Act*. Victoria: Queen's Printer.
11 Province of British Columbia. (2012). *Electricity Self-Sufficiency Regulation*. Victoria: Queen's Printer.
12 Lekstrom, B. (2010). Section 6(2). In *Bill 17 - Clean Energy Act*. Victoria: Queen's Printer.
13 Lekstrom, B. (2010). Section 2(c). In *Bill 17 - Clean Energy Act*. Victoria: Queen's Printer.
14 Taylor, C. (2008). *Bill 37 - 2008: Carbon Tax Act.* Victoria: Queen's Printer.

The CEA also prescribes a requirement to meet new energy needs through conservation and efficiency of existing energy uses. The prescription is to derive 66% of new energy requirements from DSM15. The British Columbia Utilities Commission (BCUC) is to consider these DSM options when reviewing utility plans, except that the CEA removes the examination of electrical energy planning from the Commission and requires Integrated Resource Plans (IRPs) to be reviewed by the provincial government. The planning criteria for BC Hydro require selection of a fixed amount of DSM as a target; it then devolves into planning for supply side resources. DSM planning in the province does not lead to capturing all cost-effective conservation and efficiency opportunities. By 2020, BC Hydro is in fact planning for 78% of new supply to come from DSM in that timeframe16. A more optimized balance between DSM and supply purchases is needed, which properly reflects the greater value DSM holds over supply in terms of both reducing long-term costs and boosting the economy17.

The process of addressing and optimizing conflicting objectives in the electric energy industry is complicated by the utility's planning constraints. The Utilities Commission Act (UCA) specifies that expenditure schedules, resource plans, energy supply contracts, and other submissions must go through the BCUC in order to guarantee that they are in accordance with the province's energy objectives as outlined in the CEA and the Utilities Commission Act18, except those exempted by the government of B.C., which at this point includes most of the most important decisions. This has led to concerns about whether the public interest is better served by government decision making or by deliberative Commission decision making. The balance between these forms of decision making has yet to be optimized. The provincial Industrial Electricity Policy Review19 has recommended upgrading the capacities and capabilities of the BCUC and returning more of the regulation of BC Hydro to the Commission.

A final issue with B.C.'s electric energy policy is that the contracts signed with IPP producers, in many cases, have shorter durations than the economic lifetime of their assets. When the energy purchase contracts expire, the utility will consider renewal of the contracts against its other options it in order to reacquire the energy. The cost of financing these projects is paid over the initial term of the contract, and if the supply is renewed at market prices it will effectively be paid for again20. A more optimal system would involve the renewed contract payment acknowledging the completed status of the project and the price for energy being substantially lower to reflect this. Furthermore BC Hydro should obtain residual rights in its initial contracts, to renew the power supply agreements over the economic life of the assets. The IPP power acquisition process, with its single metric targets and truncated BCUC approval process should be revamped with a focus on seeking optimization of objectives and cost-effectiveness. If this is carried out the blended cost of firm and non-firm renewable energy from both Heritage Resources and IPPs could be as low as $70/MWh21, making it competitive with natural gas-fueled energy supplies. Much more clean energy could be obtained for BC at much lower costs through these methods. The benefit to BC of

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15 Lekstrom, B. (2010). Section 2(b). In *Bill 17 - Clean Energy Act*. Victoria: Queen's Printer.

16 Commercial Energy Consumers Association of B.C. (2014)

17 IndEco Inc. & Econometric Research Limited. (2008). *The Employment Impacts of Energy Conservation*. Toronto.

18 Province of British Columbia. (1996). *Utilities Commission Act*. Victoria: Queen's Printer.

19 Ministry of Energy and Mines. (2013, September 6). *Industrial Electricity Policy Review*. Retrieved from Province of British Columbia: http://www.empr.gov.bc.ca/EPD/Pages/IndustrialElectricityPolicyReview.aspx

20 Commercial Energy Consumers (CEC) Association of BC. (2013). *Comments on the BC Hydro Integrated Resource Plan of August 2013*.

21 Craig, D. (2014). Meeting the Economic-Environmental Challenge: Affording It All. *Pacific Energy Innovation Association Forum 2014*. Vancouver.

this approach is estimated to be worth about $10 billion to the BC economy – optimization benefit worth pursuing.

The BC government is in the process of considering revisions to the BCUC as part of preparing to return to having the Commission return to its more traditional role in rate setting. The government's Industrial Electricity Policy Review provided comments on the value of the role of the BCUC to government in providing BC Hydro over sight.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Remove the self-sufficiency requirements from the Clean Energy Act, to facilitate optimal beneficial energy trading with other jurisdictions.
2. Revise the hard requirement that all electricity generated must be 93% clean and focus on balancing GHG emissions and BC's economic objectives.
3. Revise the 66% DSM target and focus on the balance between DSM and additional supply investments in order to capture the long-term economic opportunities for both.
4. Revamp the IPP purchasing process in order to enable access to more cost-effective IPP supply in the future.
5. Develop plans for the next IRP to optimize the use of BC's clean renewable non-firm energy and market energy for the benefit of BC's economy.
6. Improve the BCUC capacities and capabilities to enable Commission deliberative consideration of more of the optimization trade-offs in energy planning that has been allowed under the CEA in recent times.

Submitted by the Policy Review Committee

RECONCILING BC'S NATURAL GAS ECONOMIC DEVELOPMENT POLICY WITH ITS GREENHOUSE GAS EMISSIONS REDUCTION POLICY

Climate Change:

It is generally accepted among the scientific community that global surface air temperatures should be kept below 2°C above pre-industrial levels, to avoid what has been dubbed "dangerous climate change". Crossing this threshold is predicted to result in a number of detrimental effects including (but not limited to) rising sea levels, more intense and frequent droughts, high risk of extinction for 20-30% of species, and decreased cereal crop yields in lower latitudes. The net effect is a loss in world GDP, with greater losses for higher temperature increases[1]. Temperature records indicate a rise in surface air temperature greater than can be accounted for by known natural factors, strongly implying that the cause lies with the anthropogenic greenhouse effect. This effect results from certain gaseous compounds (primarily carbon dioxide, methane, nitrous oxide, and several synthetic halocarbons) trapping heat in the atmosphere. Carbon dioxide is the most prevalent of these gases, as it is almost invariably produced by the combustion of coal, oil, and natural gas.

Despite a pressing need for the global community to lower emissions of these greenhouse gases

1 Consolidated Management Consultants. (2014). *Energy and Environment Realities Need New Directions.* Vancouver.

(GHGs), few jurisdictions are willing to sacrifice economic growth in order to cut back on the use of cheap fossil fuels. Among these are economic powerhouses like China and India. Non-OECD countries account for a 60% of global emissions in 2012 and are projected to account for 70% by 2040, accounting for 85% of the growth in GHG emissions2. The British Columbian government aims to be a world leader in climate change policy with a broad Climate Action Plan that includes such targets as a 33% reduction in GHGs by 2020 and an 80% reduction by 2050, a carbon tax currently set at $30 a tonne, and the requirement that 93% of electricity generation be from clean and renewable sources3. These standards are some of the highest in the world, despite B.C. only accounting for under 0.2% of total annual emissions4. This emission policy is supported by the Clean Energy Act, along with the Greenhouse Gas Reduction Targets Act and other related legislation.

Current Policy:

The current policy is likely not sustainable for a number of reasons, the most directly notable one being the government's plan to develop the provincial natural gas industry and approve the construction of liquefied natural gas (LNG) plants. This is a strong move for the economy, as it takes advantage of B.C.'s resources to fill a growing demand for LNG in Asian markets5. That being said, these markets are very competitive and other jurisdictions would be glad to export their own resources to these markets. Among these are Australia, the United States, Qatar, and African exporters – none of which have as strict emissions regulations as British Columbia. This presents a problem with competitiveness, as the total amount of energy required by the less than half of the currently proposed LNG plants is about equal to the entire provincial electrical energy system's current output6. This cannot all be supplied through greenfield clean energy without incurring similarly significant increases in cost through purchases from independent producers or infrastructure expansion. Furthermore the province has determined that the large scale LNG plants may proceed with the technology of their choice, which is certain to be natural gas drive compression. Energy choices other than natural gas could compromise the establishment of a robust LNG industry in the first place. In order to accommodate this, the provincial government has declared that natural gas used in LNG plants is to be considered "clean"7.

While this allows the LNG plants to operate profitably, it overlooks a serious issue. Despite redefining the parameters of "clean" energy, natural gas combustion still releases GHGs into the atmosphere. Should natural gas be used to power about five large LNG plants, the province's emissions will increase by approximately 50%[6]. This will render the GHG reduction targets nearly impossible to reach in any scenario that does not involve unrealistic cutbacks in other fossil fuel uses. These plants will also be subject to the carbon tax and an offset charge should they exceed a so-far undecided threshold of emissions per tonne of LNG, which will be intended to be a world leading standard for low intensity emissions for this industry.

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2 US Energy Information Administration (2013) International Energy Outlook, Energy Related CO_2 Emissions Section, July 25, 2013

3 Lekstrom, B. (2010). *Bill 17 - 2010: Clean Energy Act.* Victoria: Queen's Printer.

4 Calculated: 61,993 kt (BC emissions: Ministry of Environment. (2012). *British Columbia Greenhouse Gas Inventory Report 2010.*) is 0.18% of 34,500,000 kt (World emissions[2])

5 Ministry of Energy and Mines. (2012). Vision: Three LNG plants in operation by 2020. In *Liquefied Natural Gas* (pp. 5-8).

6 Craig, D. (2014). Meeting the Economic-Environmental Challenge: Affording It All. *Pacific Energy Innovation Association Forum 2014.* Vancouver.

7 Bailey, I., & Stueck, W. (2012, June 21). *B.C. Liberals declare natural gas a clean energy source*. Retrieved from The Globe and Mail: http://www.theglobeandmail.com/news/british-columbia/bc-liberals-declare-natural-gas-a-clean-energy-source/article4362331/

There are clear differences between the province's economic direction and its environmental policies which must be settled. While the idea of taking a leadership role in dealing with climate change is commendable, other important jurisdictions do not appear to be following British Columbia's example. Most of our partners in the Western Climate Initiative (WCI) have dropped out of the plan[8], with only B.C., Quebec, and California remaining. None of these have environmental standards are nearly as stringent as those set out in the Clean Energy Act, and all emit significantly more GHGs. Not only are British Columbia's GHG targets nearly impossible to reach while sustaining economic growth, they have little effect on a global scale in curbing climate change. The largest emitters (China, India, and the United States) are not intent on following B.C.'s example, and even completely eliminating the province's emissions would have a miniscule effect on atmospheric GHG concentrations. It is believed that even if emissions stabilized in 2000 there would still be significant warming and sea level rise[9].

Even if development of the LNG and natural gas industries in the province was to stop, it would make no difference in global emissions as the demand for LNG would remain the same and be met from another jurisdiction regardless. These emissions would have the same net negative effect on warming in B.C. and the world, as the greenhouse gas effect is global rather than localized. If anything, having the plants in B.C. is preferable because BC's cooler ambient temperatures and shorter travel time between BC and Asia (compared to other potential suppliers) would both result in less fuel being consumed during the LNG production process and lower GHG emissions. Given the large scale disconnection between B.C.'s current LNG and NG economic policy and the GHG emissions policy, there is a clear need for policy reconciliation.

THE CHAMBER RECOMMENDS

That the Provincial Government

1. Bring B.C.'s emission reduction targets to more appropriate levels, to reconcile B.C.'s economic policy and GHG policy; and

2. Revise the Greenhouse Gas Reduction Targets Act and related legislation to focus on optimizing the cost effectiveness of greenhouse gas reductions and on setting targets based on realistic GHG intensity measures, while planning to act in concert with the world leaders.

Submitted by the Policy Review Committee

8 WCI, Inc. (2014). *Board of Directors*. Retrieved from Western Climate Initiative, Inc.: http://www.wci-inc.org/board-directors.php

9 Archer, D., Eby, M., Brovkin, V., Ridgwell, A., Cao, L., Mikolajewicz, U., . . . Tokos, K. (2009). Atmospheric lifetime of fossil-fuel carbon dioxide. *Annual Review of Earth and Planetary Sciences*, 117-134.

SUPPORT FOR BC GEOLOGIC SURVEY

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

Its core staff is composed of professional geoscientists who carry out the systematic inventory and assessment of BC'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 119 years exploration and mining companies have relied on BCGS's data for the identification and development of ore bodies in BC. As a result, mining activities in BC 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 data bases, 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.

BC is very well endowed with mineralization and BCGS has provided critical support for the exploration and development of revenue producing mines in BC. Government has set objectives to increase the number of operating mines in the province. To have a robust mining sector well into the future BC must once again recognize BCGS's importance, and fund it appropriately to allow it to fulfill its fundamental role as BC'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 1980's, 11 in the 1990's, only 5 in the 2000's but in the past two years - none were found, despite the high gold price and record spending.

"We need better quality discoveries and we need more of them."

Two assets controlled by government that are key to our exploration success are MapPlace and Mineral Titles On-Line. Unfortunately, the architectures of these two systems are now dated (MapPlace was developed in the 1990's and MTO in 2002) and need a focused effort to return them to a cutting edge state.

[Note: public geoscience provides an estimated ROI through mineral exploration and development of approximately 5:1]

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 BC'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. upgrade and update MTO and MapPlace.

Submitted by the Terrace and District Chamber of Commerce

The Policy Review Committee <u>supports</u> this proposed resolution

THE IMPORTANCE TO THE ECONOMY OF EXPANDED OIL PIPELINE INFRASTRUCTURE

Energy and related products are a significant part of British Columbia 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 coal, oil, natural gas, and electricity. These commodities already support tens of thousands of jobs in B.C. There is an unprecedented opportunity for them to play an even greater role in the economy, to the benefit of all Canadians.

Through development of new pipeline infrastructure, oil can create exceptional opportunities for B.C.'s small and medium sized enterprises, serve as an important source of near-term and long-term job creation, and generate lasting benefit for the Province, municipal governments and communities.

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.

The Chamber believes 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 domestic oil production in Western Canada is set to double to more six million barrels per day. When this fact is combined with North American oil transportation bottlenecks due to the lack of infrastructure to markets other than the U.S., Canadian producers are being forced to sell their products at a discounted price, which costs our economy up to $50 million a day. That is $18-$19 billion a year, in discounted prices selling into the U.S. market compared to the prices that Western Canadian oil could achieve through improved access to markets in the Asia Pacific. 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 Chamber supports resource development, and the associated infrastructure such as pipelines that grow our ecomony and create jobs. This support is showcased in the Chamber policy entitled *Supporting Canada's Responsible Resource Development (2013)*, which highlights the economic benefit of Northern Gateway Pipelines.

Another key piece of infrastructure to unlocking the forfeited wealth of our landlocked oil resources, by providing greater access to tidewater that allows our oil to be moved to new markets that pay world prices, is the Trans Mountain Expansion Project (TMEP).

The public discussion about the Trans Mountain expansion, and other pipeline projects, overlooks both the foundational role that oil pipeline infrastructure plays in the B.C. and Canadian economy, not to mention the commitment of the National Energy Board to conduct a thorough and transparent review of the project. This review process will help assure the Canadian public that these projects meet high standards for safety and environmental protection.

The capital cost of the TMEP alone is estimated at $5.4 billion ($2012), with the expenditures taking place over a seven-year period, from 2012 to 2018. The bulk of the spending activity is expected to take place in 2016 and 2017, during construction.

The development phase and the first 20 years of operations will boost B.C. GDP by at least $8.5 billion and Federal GDP by $13.3 billion.

An additional $2.4 billion in operations spending will flow into the economy over the 20-year-life of the project. Tax payments through the construction and operational phases will total $2.1 billion for the federal government, $1 billion for B.C.

In communities, along the proposed pipeline corridor, annual property tax payments to more than 20 local governments and more than 24 Aboriginal communities would more than double to

$52.4 million from $25.9 million per year. 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 other property tax increases.

Abbotsford is projected as the second-largest municipal beneficiary, forecast to receive $1.304 million in additional taxes for an annual total of $3.369 million. It is followed by:

- Kamloops (up $1.278 million to $2.856 million)
- Chilliwack (up $944,000 to $1.608 million)
- Hope (up $594,000 to $1.274 million)

The Thompson-Nicola Regional District would receive an additional $7.484 million for a total of $13.135 million annually, followed by Regional District of Fraser-Fort George (up $1.858 million to $4.041 million) and Fraser Valley Regional District (up $1.273 million to $2.314 million).

The need for pipeline infrastructure is good for job creation. A project of the size and scope of TMEP will generate 58,000 person-years of employment across Canada during construction, including 36,000 in B.C. Over the life the project, total employment is expected to reach 108,000 person-years including 66,000 in B.C.

Project development will generate $3.3 billion in labour income across Canada. Approximately 58% (or $1.9 billion of labour income) will be generated in B.C. The project will generate large demands for 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 jobs per year or 6,841 employment years over the first 20 years of operation of the expanded pipeline.

Indirect effects of the expansion include an estimated 1,492 spinoff jobs annually, or 29,845 person years of employment over the first 20 years of operations, with most of those jobs in B.C. These jobs include construction, financial services, professional services, manufacturing and transportation.

In should be recognized, project safety and integrity measures receive extensive study by pipeline proponents, including marking and protection of sensitive environmental areas during construction, pipeline spill prevention, emergency preparedness and response to land-base and marine environments in the event of a spill.

The new pipeline segments and new facilities associated with the TMEP would withstand a one-in-2,475-year earthquake. The risk of a major marine spill is reduced to a one-in-2,366-year event through enhancements to oil tanker tug escort protocols.

There are also proposed enhancements to spill response and recovery along the tanker route in the Salish Sea due to efforts of a federal Tanker Safety Review Panel. Trans Mountain and other pipeline proponents have indicated a commitment to the creation of a world-class spill prevention and response regime and the provincial and federal governments continue to indicate this is a priority for them. The commitment of all parties to this goal and the actions taken so far should give Canadians confidence that the project can be supported.

THE CHAMBER RECOMMENDS:

That the Provincial Government:

1. continue to support a responsible framework for resource development, including a world class marine tanker safety regime with enhanced marine spill response capability, and a world class terrestrial safety system.

2. provide greater clarity and specificity on B.C.'s provincial interest, commonly know as the "five conditions," in order to provide certainty, predictability, and stability that encourage capital investment

3. 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.

Submitted by Policy Review Committee

FAIR COMPETITION AMONGST SUSTAINABLE FOREST MANAGEMENT CERTIFICATION STANDARDS WITHIN GREEN BUILDING RATING SYSTEMS BASED ON RESPONSIBLE AND TRANSPARENT GREEN BUILDING PRINCIPLES AND CRITERIA

Preamble

Governments and the private sector are increasingly integrating economic, environmental and social sustainability into their operations, economies and communities. The Canadian government can play a central role in Canada and internationally by demonstrating leadership in environmental and social sustainability.

Canada's economy is dependent on its natural resources, with resource-based economies contributing a significant proportion of the gross domestic product (GDP). Within our national economy, the GDP of the Canadian forest products industry is approximately $24 billion – more than motor vehicles, aerospace, chemical, mining, and rail transport. The forest and paper sector provides Canadians and the world with superior forest and paper products made of wood fibre sourced from responsibly-managed forests; in doing so, the industry's business sustainability initiatives promote clean air, clean water, and the conservation of forest ecosystems, community health and jobs. Consequently, promoting markets for products sourced from responsibly-managed forests in Canada will help conserve forests, protect jobs, and strengthen local communities. While only 10% of the world's forests are independently certified to be managed sustainably, three quarters of Canada's managed forest lands are third-party certified to one or more of the following credible, globally recognized forest certification standards: the Sustainable Forestry Initiative (SFI), Canadian Standards Association (CSA), and the Forest Stewardship Council (FSC).

Issue

As a significant builder and manager of infrastructure, the government are in a position to ensure that wood used in construction and maintenance of their building portfolio contributes to the economic, environmental and social well-being of Canadian communities. In striving to meet sustainability goals, many governments have embraced the use of green building rating systems. Many are using the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) rating system for new construction and major renovations. While LEED has made tremendous positive contributions by promoting green building design and energy efficiency, LEED excludes two of the forest certification programs in Canada – SFI and CSA – recognizing only FSC.

At the root of this issue, the US Green Building Council's system, franchised in Canada by the Canada Green Building Council, has excluded the SFI and CSA Standard certifications from their rating systems.10 USGBC's latest language awards points for the use of wood that is certified as "Forest Stewardship Council or USGBC approved equivalent;" however USGBC has no process or criteria to determine equivalency, and thus only wood certified to the FSC standard qualifies.

As a result:

10 The Canada Green Building Council, when seeking to franchise the USGBC LEED system, had recommended including other systems for use in Canada, but was refused by USGBC.

1. Approximately two thirds of the forests in Canada that are certified to credible, third-party forest certification standards are not eligible for points under the LEED system; and,
2. The various forest certification standards are unable to compete on responsible and transparent green building principles and criteria.

This resolution will promote fair competition amongst all credible, third-party forest certification systems on the very criteria that the USGBC LEED and other green building rating systems wish to promote, and that such a fair and transparent basis for competition will result in increased environmental and social performance within the marketplace.

There are several credible alternatives to LEED, including: Green Globes, the ANSI/GBI 01-2010: Green Building Assessment Protocol for Commercial Buildings (built on Green Globes), and the ANSI/ICC 700-2008: National Green Building Standard for Residential Construction – all of which recognize the benefits of wood sourced from responsibly-managed forests, with inclusive policies which give equal credit to all three independent forest certification standards used in Canada -- SFI, CSA and FSC -- and incorporate science-based methodologies that report measureable and comparable environmental impacts of building materials.

Using taxpayer dollars to pay for buildings that are “green” promotes sustainable development and reduces the economic and environmental costs of the building over its lifespan; however, using systems that excludes more than two thirds of the certified forests in Canada has the unintended consequence of sending the wrong message to architects, developers, specifiers and Canada’s forest-based resource communities that Canadian forests are not sustainably managed. Consequently, the federal government and its agents should use green building rating tools that recognize Canada’s natural resources in green buildings by giving credit to all credible, third-party forest certification standards.

Action by government supporting an inclusive approach to all credible, third-party forest certification standards will help to conserve forests, jobs, and strengthen local communities throughout Canada. Similarly, the use of green building rating systems that also promote an inclusive approach based on the achievement of responsible and transparent green building principles and criteria will help ensure that the government does not use green building rating systems that unfairly discriminate against forest certification standards and against wood products originating or manufactured in Canada. Such an action will help promote markets for home-grown products from responsibly managed forests, conserve those forests, protect jobs, and enhance the viability of Canada’s resource-based communities.

Recommendations

Whereas, approximately three -quarters of Canada’s productive forest lands are certified to one or more of the third-party forest certification standards and Canada recognizes the value of forest certification as a tool to promote well managed forests and supports all of the third-party forest certification standards in use in Canada, including the SFI, CSA and FSC;

Whereas, the use of green building rating systems in new construction or renovations has the potential to improve energy efficiency, reduce waste, and deliver long-term cost benefits in buildings;

Whereas, the Competition Bureau of Canada in its document Environmental Claims: A Guide for

Industry and Advertisers encourages consumers and businesses to look for forest products "that were certified to a sustainable forest management standard;"

Whereas, the Canadian Council of Forest Ministers has issued a statement on forest certification standards in Canada, noting: "The forest management standards of the Canadian Standards Association (CSA), the Forest Stewardship Council (FSC) and the Sustainable Forestry Initiative (SFI) are all used in Canada. Governments in Canada accept that these standards demonstrate, and promote the sustainability of forest management practices in Canada;" and, Whereas, Public Works and Government Services Canada requires all wood products used in its building projects to be certified to SFI, FSC or CSA;

THE CHAMBER RECOMMENDS

That the federal government:

1. continue to support the use of green building principles and criteria in the construction of new federal buildings, renovations, additions or such projects funded by the federal government in whole or in part;

2. continue to embrace and promote an inclusive approach to all credible, rigorous, third-party sustainable forest management certification standards used in the construction of new federal buildings, renovations, additions or such projects funded by the federal government in whole or in part;

3. promote fair competition by engaging the green building rating organizations that do not have an inclusive approach to sustainable forest management certification to evaluate all credible, third-party forest certification standards – including the SFI, CSA and FSC standards- against responsible and transparent green building principles and criteria, with the results of such evaluations publicly available.

Submitted by the Parksville Chamber of Commerce

The Policy Review Committee <u>supports</u> this proposed resolution

COMPETITIVE TAX ENVIRONMENT FOR CREDIT UNIONS

Last spring the federal government announced it would eliminate the extended small-business tax benefit for credit unions over the next five years. 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. That was a step 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.

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. (Source: Central 1 research)

Increased taxes after 2016 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.

A 2013 report by Canadian Federation of Independent Business concluded: "CFIB's assessment of the banking industry reveals that credit unions outperformed all the banks in serving the small- and mid-sized enterprise market in 2012."

The 2012 survey results mirrored CFIB's report in 2009, which also 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.

By standing alongside credit unions, the Chamber believes it is standing with small businesses in B.C. by ensuring B.C.'s business markets has access to the necessary financing and banking services that credit unions provide. The geographic reach of credit unions in northern and rural communities is notable.

FINANCE AND TAXATION

Finance Minister de Jong promised to adjust current legislation to shelter credit unions from the full impact of the negative federal income tax change for another three years.

- We commend the provincial government for listening to the concerns raised by credit unions and thousands of their members about the impact a tax hike would have on credit union operations.
- The decision not to follow the lead of the federal government is good news for credit unions, their members and the communities they serve. It is a three-year reprieve.
- 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.

The 2014 B.C. budget maintains a provincial tax rate for credit unions of 2.5 per cent until 2016, at which time the province will phase out the small-business tax exemption for credit unions over a five-year period.

The federal government is currently phasing out its tax benefit and if the province had not extended the exemption it would have increased the income tax paid by B.C. credit unions by $2.8 million in 2013, $9.5 million in 2014 and $14.2 million in 2015, Central 1's economics department estimates.

We recommend that the small-business tax exemption be retained indefinitely. This will not be a cost to 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. (Source: Creditunionsarehelpinghere.com)

Further, we believe retaining the small-business tax benefit indefinitely is a positive for elected and bureaucratic levels of government who can utilize 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 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.

Submitted by the Kelowna Chamber of Commerce

Supported by the South Okanagan, Armstrong, Summerland, Peachland and Vernon Chambers of Commerce, and the Greater Westside Board of Trade

The Policy Review Committee supports this proposed resolution.

PROPERTY TRANSFER TAX REFORM: AFFORDABLE HOUSING IS GOOD FOR THE ECONOMY

Land transfer tax has become a powerful source of income for the province of British Columbia. In 2013/14 property transfer tax is expected to generate approximately $740 million.

Critics of the tax argue that increasing real estate values have distorted the original purpose of the Property Transfer Tax Act. However, making adjustments to the land transfer tax system and maintaining critically important tax dollars at the same time has presented a long-standing conundrum for legislators.

The Kamloops Chamber of Commerce applauds the recent 2014 provincial budget initiative to raise the threshold of properties that qualify for the grant thus reducing the cost of Property Transfer Tax (PTT) for first time home buyers (FTHB) in British Columbia. This is an important step forward on the path to land transfer tax reform that homebuyers as well as community and business leaders have been seeking.[1] A Vibrant real estate market is good for the entire economy. The April 2013 Altus Group Economic Consulting report to the Canadian Real Estate Association estimates that there is an additional $64,500 in ancillary spending (purchases other than land and house) per real estate transaction in British Columbia.2 They further estimate that Iubmitted n the period from 2010 to 2012 the additional per real estate transaction spending resulted in 176,420 jobs Canada wide.

Property Tax Background

Introduced in 1987, when the average price of a home in Vancouver was just over $100,000, the Property Transfer Tax Act was designed to place most of the land transfer tax burden on buyers of luxury homes. Now, almost three decades later, home prices have skyrocketed. Currently in the Greater Vancouver area, 96% of the property purchased is above the $200,000 level.

BC's land transfer has the dubious distinction of being the highest land transfer tax in the country and the upper end of the tax that was originally intended to affect only 5 percent of buyers now affects virtually everyone who purchases a home. The transfer tax on a modest $350,000 home in Alberta (cash purchase) is $120. The same property in Saskatchewan would generate $1,050 in tax and in Ontario the tax would be $3,725.00. British Columbia Property Transfer tax would be $5,000, a significant increase in cost to the purchaser.

[1] Letter to the BC Standing Committee on Finances and Government Services, British Columbia Real Estate Association, (BCREA) 20 September, 2013.

2 Altus Group Economic Consulting, Economic Impacts of MLS® Home Sales and Purchases in Canada and the Provinces, 2013.

The Primary Residence Grant

Land transfer tax reform could be further 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.

BC 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 percent 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.[3]

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. [4]
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.[5] In

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[3] http://www.landcor.com/market/reports/Q1_2011_Residential_Sales_Summary_Final.pdf

[4] http://www.telegraph.co.uk/finance/newsbysector/constructionandproperty/10417422/Tax-on-foreign-property-owners-to-burst-Londons-bubble.html

[5] http://blogs.vancouversun.com/2013/12/16/hong-kong-puts-15-per-cent-tax-on-foreign-buyers-will-b-c-follow-suit/

Canada, the province of Prince Edward Island has special purchase rules and restrictions in place to prevent Americans from buying up beach front property.

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.

Property Transfer Tax versus Primary Residence Grant

$525,000 House			
Property Transfer Tax	$200,000 x 1 %	$325,000 x 2 %	$8500
Primary Residence Grant	$525,000 x 1 %	$0 x 2%	$5250
Non Residents	$200,000 x 2%	$325,000 x 2%	$ 10,500

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Amend the current Property Transfer Tax Act to provide for a new Primary Residence Grant.

2. Continue to increase the threshold for the First Time Home Buyers exemption.

3. Introduce a new Property Transfer Tax rate of a minimum of 2% of the property purchase price for all property in British Columbia bought by non-residents of Canada or corporations controlled by non-residents.

Submitted by Kamloops Chamber of Commerce

The Policy Resolution Committee <u>supports</u> this proposed resolution

CRA BREAKS FOR BUSINESS MISTAKES

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). 6

CRA has 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".7 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."8

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.

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6 http://www.cra-arc.gc.ca/gncy/cmplnc/rtpp-pipdr/cnslttnppr-eng.html#fnb2
7 http://www.oto-boc.gc.ca/rprts/spcl/gttng-rght-eng.html#h114
8 http://www.cra-arc.gc.ca/tx/ndvdls/tpcs/ncm-tx/ntrst/menu-eng.html

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 business charge their customers

THE CHAMBER RECOMMENDS

That the Canada Revenue Agency adopt a fair system of forgiveness for businesses that make unintentional errors or miss a tax payment deadline on rare occasions.

1. Charge business a flat $100.00 “Late Remittance Fee” for missed payroll and/or GST payment deadlines. Interest then accrues if payment is not made within 7 days of the due date.

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.

Submitted by Kamloops Chamber of Commerce

The PRC <u>does not support</u> this proposed resolution

PRC does not feel this recognises existing processes but more importantly the recommendations would create a highly complex system. Further to this, the resolution does not provide enough evidence that the scale of the problem warrants such a significant increase in administration and cost.

ACHIEVING INCREASED PRODUCTIVITY AND INNOVATION THROUGH A PRODUCTIVITY BC-LIKE INITIATIVE

One of the biggest challenges facing the Canadian economy in general, and the British Columbia in particular, is our ability to compete with other industrialized countries in terms of business productivity and innovation. As a province, and a nation, we continue to lag other countries when it comes to these issues.

In the era of low percentage GDP growth, into the foreseeable future, increased productivity and innovation is all the more necessary to ensure living standards continue to rise in B.C. and across Canada.

A 2011 federal government report on innovation sums up the situation quite clearly:
"Canada has a business innovation problem. The most telling indicator is Canada's subpar productivity growth, which has averaged a mere 0.6 percent over the 2000-2009 period, or less than half the average of 1.5 percent for all OECD countries."1

B.C.'s challenge is even greater. In a recent Conference Board of Canada report, B.C. received a "D" grade when stacked up against 10 comparative economic regions worldwide.2 When compared to other provinces, B.C. ranks seventh while Alberta ranks number one.3

For B.C.'s economy, the potential long-term implications of losing our competitive edge are enormous. Of particular concern is the fact that, aside from some of the larger and a few medium-size businesses, most business owners have little knowledge about productivity measurement and the tools that can be used to improve business performance.

It is, therefore, important to undertake efforts to explore how government and the private sector can help B.C. businesses increase their productivity and capacity for innovation.

Background
In Alberta, an initiative known as Productivity Alberta was established in October 2011 to address the issue of improving the long-term competitiveness and sustainability of Alberta's economy. Since its inception, Productivity Alberta has been successful in developing a wide range of services that are available to Alberta businesses. These include, among other things:

- A self-assessment tool that identifies the relative strengths and weaknesses of businesses;
- An extensive inventory of programs, tools and services available to assist Alberta businesses improve productivity;
- An Operational Excellence Team, to work with businesses in finding productivity gains; and
- Information on global best practices and how such practices can make a difference to business.

According to Statistics Canada data, Alberta is the provincial leader in terms of productivity.

1 Public Works and Government Services; Innovation Canada – A Call to Action Report p.2-3
2 Conference Board of Canada, Western Productivity, Competitiveness and Potential p. 23
3 BC Progress Board, 10th Annual Benchmark Report p. 26

Looking at output per hours worked, Alberta's productivity is close to $70 per hour. An obvious benefit from this higher productivity is the highest weekly wages in Canada at over $1000 per week. B.C.'s productivity is pegged at a little under $44 per hour, while the province's weekly wage are 20% below Alberta's weekly wage.

When one looks at productivity growth as a percentage, B.C. increased 2.8% over a 5-year window from 2007-2012, compared to Alberta's 4.8 cumulative growth. When we look at Saskatchewan and Manitoba, growth was 8.8% and 8.0% between 2007 and 2012.

In 2012, the Kootenay-Boundary region undertook a pilot project aimed at developing hands-on tools that would help their businesses increase their productivity levels. The project focused on:

- Building awareness within the local business community regarding the need to address productivity and innovation issues
- Developing methodologies to assist SMEs in creating work environments conducive to increasing productivity and stimulating innovation;
- Facilitating the development of productivity plans for 30 Kootenay Boundary businesses; and
- Creating the framework for a strategy that would assist employers in addressing their productivity issues.

With the Productivity Alberta and Kootenay-Boundary initiatives in mind, it is necessary for government to work with the business community across B.C. in developing a strategy to improve the competitiveness and productivity of B.C. businesses. Any potential B.C. initiative should incorporate the following key factors:

- It is critical that the B.C. initiative be business driven;
- To be successful, there needs to be effective partnerships between the various business associations and service providers;
- The end game is about growing and sustaining businesses. The question is how do we get businesses to invest the time and money on innovation and productivity;
- Promotion and awareness building is a key element to engaging the business community;
- Development of a marketing strategy to educate businesses as to why they need to participate;
- The business community and government need to forge a strategic alliance so that they can work in close partnership in addressing the challenges of increasing our province's competitiveness through innovation and enhanced productivity;
- It needs to be a "made in B.C." approach.

THE CHAMBER RECOMMENDS:

That the Provincial Government support the creation of an industry-lead group, similar to Productivity Alberta, to build awareness for productivity and innovation issues, provide tools and resources for businesses, provide policy and advocacy effort to support great productivity in business and provide performance measurements.

Submitted by the Policy Review Committee

ADDRESSING THE SKILLS SHORTAGE THROUGH SECONDARY TRADES EDUCATION

Background

British Columbia is expected to experience a significant shortage in skilled workers by 2018. A source of this shortage is the lack of ability for British Columbian students to gain access to trades training at a secondary level. The Ministry of Education's Revised Service Plan for 2013/2014 – 2015-2016 states that "with an aging population and shrinking workforce, British Columbia is facing skills shortages in its labour market, particularly in high-skill occupations and high-growth industries, putting added pressure on B.C. graduates. Our education system was designed in an earlier century and cannot meet the challenges students are facing now, or those that they will face in the future. "1 Students being educated under the current education system do not see trades as a possible career path. The acknowledgement of the issues with our current education system is an important first step in making necessary changes to ensure the economic success of BC and its students. With over one million job openings projected by 2020, the Provincial Government needs to be doing everything it can to provide an education that allows BC students to take advantage of those jobs2.

The goal of the Ministry of Education is to increase the number of K-12 students enrolling in trades programs by 50 percent. The Ministry is attempting to meet that goal by "informing school career counsellors, teachers, educators, parents, and students about the merits of working in the trades; increasing the number of educators able to provide skills training in secondary schools; encouraging school districts to raise the profile of technical training and careers in trades, and to address capacity issues by working with public post-secondary institutions and industry to meet the needs of their community; offering students more opportunities for dual credit skills training with post-secondary institutions, as well as first-level industry certifications with industries; promoting pathways that help students explore their interest in trades and technical occupations, and identify the courses and certifications they need to get there; and, inviting employers to help shape new curriculum and graduation requirements."3 While these are all positive changes to our current education system, they do not fundamentally change the curriculum to reflect the fundamental changes in the economic outlook for BC. In the recently published 2014 Provincial Budget, there are no new programs or initiatives aimed at trades training for secondary education institutions. Without providing the funds necessary to facilitate a 50 percent increase in trades enrollment at the K-12 level, the Provincial Government is not fully committing to its own mandate.

According to the Canadian Chamber of Commerce' *Top 10 Barriers to Competitiveness,* "Social biases and education policy are affecting the pool of entrants into skilled trades and science-based occupations. The chronic shortage of highly qualified and skilled trades professionals stems from a social bias against the skilled trades as occupations."4 Part of the social bias against trades occupations stems from the current education system's focus on traditional post-secondary education institutions rather than alternatives such as trades facilities and technical institutions. Current graduation requirements for secondary students do not offer the flexibility to enroll in

1 Ministry of Education Revised Service Plan 2013/2014 – 2015/2016, page 8
2 British Columbia Labour Market Outlook, 2010 – 2020, Work BC, page 2
3 Ministry of Education Revised Service Plan 2013/2014 – 2015/2016, page 9
4 *Top 10 Barriers to Competitiveness*, The Canadian Chamber of Commerce. 2014 http://www.chamber.ca/advocacy/top-10-barriers-to-competitiveness/140206_Barrier_1.pdf

trades programs, unless a student is enrolled in a joint credit program, which has limited availability due to the high demand for these seats. This need for flexibility is reflected in the Ministry of Education's report on transforming BC's graduation requirements.[5] The current secondary education system is failing students through its failure to offer them an education that will help them be successful and productive members of the transitioning BC economy.

While there have been improvements in trades education at a post-secondary level, without a basis of trades education in secondary institutions, students will continue to graduate without the skills needed to be successful in today's workforce. The Discover Trades BC website is an important tool in communicating the opportunities available to students, but much like the changes mentioned above, it does not provide satisfactory resources to secondary schools to encourage students to participate in trades programs. Schools participating in the Accelerated Credit Enrolment in Industry Training (ACE IT) program have seen sporadic grants from the Provincial Government and Skills Canada BC, but the temporary nature of short term grants prevents trades training from being ingrained in the secondary curriculum of the participating schools. In order for that to happen, the province must commit to long term funding for expanded trades education in BC's secondary schools.

Current Challenges to Trades Education

With BC's rapidly aging demographics and a declining birthrate, the economic future of the province hinges on training the population to take on the jobs that are already here, and more importantly, future jobs that will require specialized training. The province has struggled to encourage students to enroll into trades programs, resulting in the current and swiftly growing skills shortage. The root of this problem lies in our education system. The current secondary education system guides students into primarily academic careers, rather than introducing them to careers in trades, where trained workers are desperately needed.

Increasing Trades Curriculum in Secondary Schools

The first step towards addressing the skills shortage through education is to expand the scope of trades curriculum in public secondary schools. The lack of funding for trades education has resulted in fewer spots available for trades students, less equipment for students to train on, and less adequately trained trades teachers. Increasing funding for these three areas will encourage enrollment in trades at the secondary level, bridging students into post-secondary trades training and eventually, long-term careers in trades.

Development of Technical Secondary Schools

In addition to growing trades facilities and curriculum in public secondary schools, an important part of addressing the skills shortage is to establish more technical secondary schools. This will create more avenues for students to enroll in trades education through new technical schools or converting select current traditional schools into technical schools. These technical schools, such as Samuel Roberts Technical Secondary School (SRT) in Maple Ridge, BC, combine the advantages of a comprehensive high school education with the benefit of marketable job skills and post-secondary credits. The model under which SRT operates provides students with the following advantages:

5 *Transforming BC's Graduation Requirements: Reports from Fall 2012 Consultation Sessions*, Ministry of Education, January 2013, page 5

- Free tuition for college and/or technical training
  - Early admission to post-secondary studies
  - Dual credits – career and technical program courses are reported to the Ministry of Education for high school credits as well as to the college
  - A "hands on" learning environment
  - Focusing on a particular career path where you have a strong interest or passion usually translates to better grades and improved self-confidence
  - Supervised work experience in related career program
  - Employment opportunities upon completion
  - Secondary apprenticeship opportunities – earn hours towards trade certifications, i.e. *Certificate of Qualification*, *Red Seal*, or *Journeyman*.
  - A Secondary School Apprenticeship Scholarship – $1,000.00
  - Graduate from a post-secondary college certificate program and high school concurrently6

Technical secondary schools are an ideal way to address the gap between traditional curriculums and the modern workforce. Technical-focused secondary schools will also address the aforementioned social bias against trades careers by increasing the visibility and desirability of trades training.

Secondary and Post-Secondary Education Partnership
With the growth of trades programs and technical schools, a closer relationship between secondary and post-secondary will be necessary to stream students into and through trades programs. Students who are able to see a clear path from their high school education, through post-secondary training and into a career are more likely to be successful. Collaboration between secondary and post-secondary institutions is needed to ensure that courses and credits are transferrable, and that secondary students in specific trades training courses are able to access seats in corresponding post-secondary trades training courses.

Industry Collaboration for Curriculum and Training
An important collaborator in creating a better educated, better trained workforce is the Industry Training Authority (ITA). Their assistance, input and collaboration on the creation of secondary trades curriculum will be essential to the success of students. With cooperation from the ITA, curriculums could be better integrated into apprenticeships and future employment for students.

The ITA is also an important source of training for trades educators at the post-secondary level. Teachers who have the opportunity to take part in training with the ITA will be able to better serve trades students. By creating appropriate infrastructure for this system to occur, the Provincial Government will facilitate more informed teachers in trades classrooms, and a stronger partnership between industry, the Province, and our schools.

Business Representation in Current Education Review
These fundamental changes to education are necessary to lessen the effects of the skills shortage on the BC economy. Students, businesses and industry as a whole are affected by the lack of skilled workers. As such, it is critical that the BC Chamber of Commerce be involved in the

6 Samuel Roberts Technical Secondary School, http://schools.sd42.ca/srt/trades/

current review of secondary education and future reviews of education policies. The BC Chamber represents the interests of BC's business communities, and by including their input in the education policy review, the Provincial Government will be including the vital input of businesses across BC.

THE CHAMBER RECCOMENDS:

That the Provincial Government:

1. Increase the scope of trades curriculum in all public secondary institutions, including adding more space to classes, more trades curriculum options and increasing the number of qualified trades teachers.
2. Establish more technical secondary schools by converting select public secondary schools, or creating new schools where appropriate, using current successful technical school models.
3. Create appropriate infrastructure between secondary school trades curriculum, technical secondary schools, and post-secondary trades institutions to facilitate a streamlined process for students to move through their education into trades careers.
4. Create appropriate infrastructure to integrate trades people as educators in secondary institutions and to educate current teachers employed as trades educators.
5. Involve the BC Chamber in the current and future review of secondary education policy as representatives of BC Businesses.

Submitted by the Quesnel and District Chamber of Commerce

The Policy Review Committee supports this proposed resolution

EASIER ACCESS TO VISA PROGRAMS

Canada's visitor visa system could better facilitate economic trade and tourism and the business opportunities for British Columbia and Canada would result.

At Canada's airports, information received from the Canadian Airports Council (CAC) is that over the past few years that visas have a tremendous but underappreciated impact not only on aviation but also on the trade and tourism related industries. Visas impact Canada's competitiveness as a tourism destination, the attractiveness of our international airport hubs for connecting traffic, the viability of potential new international routes, and the capacity, traffic volume and competition on existing routes, both international and domestic. This is important not just for our international gateways, but also for making smaller centres, which receive business travellers, international students and visiting family members from around the world.

There is broad interest in visas in two ways: Making the process easier for travellers who need visas, and low risk ways to get legitimate visitors out of the need for a visa altogether for travel to or through Canada. This is increasingly relevant to Canada's aviation sector because some of this country's biggest business opportunities for both the tourism industry and trade are with countries whose residents require a visa to visit Canada.

It is appreciated that visas play an important role in Canadian security and controlling who enters Canada. There are countries with tremendous tourism potential for Canada from which we currently require visas – countries like Brazil, China, Mexico, Turkey and India. In terms of economic trade and tourism growth, we suggest visa free travel from these countries, but we do recognize that visa requirements are in place for valid security reasons.

There is a balance involved. The right balance is in place, but that through greater use of technology and international best practices, we can be even more precise in facilitating the trade and tourism markets without sacrificing security and in a fiscally conservative manner.

It is also important to note that there is progress being made today. 130 Visa Application Centres are being opened, bring visa services closer to applicants and helping to reduce and helping to reduce application errors in important markets like China. We now have ten-year multiple entry visas, as well, visa requirements were just lifted for the Czech Republic. And while the introduction of a visa requirement for visitors from Mexico definitely had a negative impact on the tourism sector, we are hopeful that enough progress has been made to mitigate risk in other areas that this requirement can also be lifted soon as well. Mexico alone could deliver more than 130,000 additional visitors a year.

The Electronics Travel Authorization (ETA) requirement we understand to be implemented in 2015 will involve a new step for visitors from countries that currently require no visa today. This is a concern. That ETAs be low cost and low hassle is an imperative to soften its impact on travel demand, but ETAs also represent an opportunity if they are used as an intermediate screening tool that can allow for formal visa requirements to be lifted from some lower-risk markets.

So there are positive developments to report and we see this as an indication that the government is hearing what the air carrier, business and tourism sector have been relaying over the past few years about the importance of improvements in visa policies and procedures.

There are still ample opportunities for improvement. The current visa application process today is cumbersome. It asks a lot of information, is paper based, often requires a traveller to surrender his or her passport, and may entail long distance travel for in person interviews. It also can take a long time which is a huge problem for business travellers in particular. Business travel often needs to be arranged within days – not weeks or months – and a visa delayed is essentially a visa denied. Surrendering of passports can be a non-starter for many travellers and it is important that alternatives be both available and well communicated.

There are reports from foreign airlines, governments and from travellers themselves about how visas are impacting business and leisure travel, and Canada’s reputation abroad. There was a case where a Turkish resident wanted to travel to Canada for a week. While he was able to very quickly get visas to enter the US and the European Union, the process took months for Canada and his passport was held by Canadian officials while he waited. He had been advised by Citizenship and Immigration Canada (CIC) officials that if the application is originated online, a passport is only required for issuance of the visa upon approval. But at Visa Application

Centres, they are surrendered immediately. Apparently even there, an official has some discretion, but this is not going to be known to the applicant, and surrendering a passport for weeks is a non-starter for frequent business travellers.

All of this can leave a negative impression of Canada with anyone, but imagine the broader implications when a business traveller looking to trade with Canada experiences similar hurdles. Those travellers will chose other markets, and instead of Canada, those markets will receive the economic benefits and jobs that result.

Anecdotes are not indicative of the bigger picture, but surely there are ways in which we could improve the visa process. The Tourism Industry Association of Canada notes in its recent report that visa restrictions on travel are estimated to negatively impact inbound visits by up to 31 percent, which means about 250,000 fewer visitors each year from Brazil, China, India and Mexico alone. Considering the average long-haul visitor spends nearly $1,600, this would mean an additional $375 million in foreign spending in the Canadian economy from just these four countries if we could significantly improve the visa process. Improvements could include increased reliance on electronic visa application processing and issuance such as it exists in Australia and elsewhere, procedures that allow applicants to keep their documents, regardless of application method and improved foreign language services. Also, consider taking a different approach to potential visitors who we have already screened or who have been screened by other countries. Visitors should be able to transfer Canadian visas to a new passport, for example. And while it is appreciated that Canada evaluates potential visitors based on different risk factors than other countries, a visa to the US or to the European Union nevertheless demonstrates a certain amount of pre-screening, which should be a consideration for less complicated entry into Canada.

As well, there are individuals who have been granted long-term or permanent residency in a country from which we do not require visas – like the United States. For instance, a Chinese student studying at the University of California who would like to visit Vancouver for a weekend faces the same process that we would apply to a potential visitor who has never travelled outside of his or her country. A second area of visa policy of interest to our sector is getting travellers out of the visa and border queues altogether. In particular, Transit Without Visa is a program in place today that allows travellers from certain Asian cities visiting the United States on certain airlines to transit through Canada without a visa. This program has been successful and with very few abuses or violations of the program. Its expansion and improvement have been areas in we have seen some progress in our work with both Citizenship and Immigration and CBSA, but it is important that this progress continue as there are additional opportunities for Canada to take advantage of. While it may not be obvious how a traveller who spends just a few hours at a Canadian airport connecting to somewhere else is good for Canada, Canadian airports and air carriers are direct beneficiaries of these passengers. These additional passengers make viable international routes that might not otherwise be viable. On existing routes, they grow demand, which can grow both capacity and competition. New routes, more capacity and greater competition, in turn, help bring more travellers who are destined for Canada, which delivers benefits throughout the economy. In fact, a recent Conference Board of Canada study estimated that expansion of the existing Transit Without Visa program could have a $270 million benefit in GDP and 3,200 jobs if Canada is able to attract just 5% of the connecting traffic between Asia and the United States. Canada's aviation sector isn't content to just stop there, however, there are tremendous opportunities available to flow travellers from Central and South America to Asia and Europe if we are able to expand Transit Without Visa to these travellers as well. Other countries understand this, which is why we have seen countries in the Middle East grow their market share of traffic between the Americas and both Europe and Asia exponentially in recent years – at the expense of North American hubs and airlines.

The University of Northern British Columbia (UNBC) is supportive of BC's International Education Strategy (2012), which seeks to double the number of international students studying in BC's educational systems by 2015. To achieve this provincial goal, the systems and supports outside of education need to efficiently and effectively address international student visa applications. At UNBC, they routinely have to make accommodations for international students who, despite their best efforts, are not able to obtain their visas in time to begin their studies with the cohort that they are admitted with. These international students may have to delay the start of their studies for one or two semesters. At UNBC, the international graduate students are often the ones who are most impacted by delays in visa processing. They are also aware that a portion of these students end up studying in other countries because they find the visa application process to be quicker (e.g., USA and UK). An efficient and effective International Student Visa procedure will enable UNBC to contribute to the Province's International Education Strategy (2012). An expedited international student process benefits the whole province.

UNBC attracts around 450 international students per year out of a total annual enrolment of about 4200. These students contribute about $3.6 million in tuition fees. To put that into perspective, it represents more than 20% the total tuition received from all students or about 5% of UNBC's total operating budget. Or, as another comparison, UNBC spends about $2 million per year to heat and light the university campuses, These figures do not include students in English language programming, or other revenues they obtain from international students such as residence fees.

The College of New Caledonia (CNC) continues to have issues with the length of time it takes an applicant to get a student visa. The current waiting period is currently somewhere between 6 weeks to 6 months, which makes it very difficult for students and institutions to plan. CNC has also experienced delays due to the closing of some visa offices, such as Japan, which means files have to be sent to other countries. For example, Japan visa applications must now be sent to the Philippines to be processed, which has slowed things down even more. In a nutshell, it is more difficult for Canadian post-secondary institutions to recruit international students because it is easier and quicker for them to obtain visas from colleges and universities in the USA, UK and Australia.

So in conclusion, Canada's postsecondary institutions would highly benefit economically and socially with reforms to the international students visa applications. As well, Canada's airports see tremendous opportunities coming from reforms to Canada's visitor visa policies and procedures. There are ways in which we are doing better, with programs like Transit Without Visa, and these can be expanded and improved upon even more. While nobody suggests that visas will ever go away completely for travellers from every country, we believe there are readily achievable ways to improve the process for those legitimate visitors who do require visas to visit Canada. There is tremendous upside for Canada to getting this right. It's important for the health of our tourism sector, for growing Canada's international trade, and even for Canada's reputation in the world.

THE CHAMBER RECOMMENDS

That the provincial and federal governments support the amendment of the Visitor Visa program by

1. Streamlining the process for travellers who need visas and remove the obstacle of surrendering passports for visitors who pose no threat to Canada's security;

2. Considering ways low risk ways to get legitimate visitors out of the need for a visa altogether for travel to or through Canada;

3. Expanding the Transit Without Visa program; and

4. Improve its student visa procedure to make it quicker and easier for potential international students to receive study and work visas

Submitted by the Prince George Chamber of Commerce

The Policy Review Committee <u>supports</u> this proposed resolution

FURTHER IMPROVEMENTS TO THE PROVINCIAL NOMINATION PROGRAM (PNP)

The *BC Labour Market Outlook: 2010 - 2020 Report* from *WorkBC* states that over 1 million new job openings are expected by 2020. Throughout this forecast period, it is expected that the growth in the demand for workers will outpace growth in the supply for workers. The number of new labour market entrants (who leave the education system and enter the labour market for the first time) is expected to decline. Furthermore, while additional workers can be trained to meet labour shortages, there is a gap between the immediate need for workers and when trainable, experienced workers become skilled. Thus, the BC economy will increasingly rely on migrants for new labour supply.

With current and forecasted economic growth in BC, it is apparent that the demand for skilled labour will outweigh the local supply of qualified skilled workers.

One of the many solutions for addressing demand for the skilled labour is the recruitment and hiring of foreign workers. But the success of this option depends on the effectiveness of immigration programs, policies, regulations and laws.

Unfortunately, the *BC Immigration Taskforce Report* (May 2012) concluded that current immigration policies and programs are not sufficiently responsive to ensure competitiveness and unsupportive of BC businesses labour market needs.

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 selection of foreign applicants best suited for needs within, that specific Province/Territory. Such applicants, if nominated, are provided expedited processing of their work permit and permanent residency applications.

According to Citizenship and Immigration Canada, the PNP has four main objectives:

1. Increase the economic benefits of immigration to provinces/territories based on their economic priorities and labour market conditions
2. Distribute the benefits of immigration across all provinces/territories
3. Enhance Federal-Provincial-Territorial collaboration
4. Encourage development of official language minority communities

The PNPs have been generally successful with these objectives and have now grown to the point where they admit about 1/4 of economic immigrants.

Specifically, the provincial governments such as BC are responsible for:

- Designing their PNPs and establishing the program requirements
- Recruiting and nominating the immigrants who will apply to their PNP
- Monitoring, evaluating and reporting on PNPs

The British Columbia PNP, in particular, has been one of the most responsive to labour market and specific industry needs in Canada. For instance, the BC PNP has nomination categories for health care professionals, semi-skilled workers, and international graduates, as well as business investors. The BC PNP is also considered one of the most popular PNPs due to the Province's other highly attractive qualities.

Despite the advantages of the BC PNP, current immigration levels are insufficient to meet our Provinces labour market needs. The annual nomination limit for the BC PNP in 2009 was 3,000 and this limit has only modestly grown to 3,800 in 2013. Unfortunately this allocation does not sufficiently address and support BC's economic growth and further improvements are necessary.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Work to facilitate the ability of specific industry groups to request creative responses to proven and targeted labour market needs (i.e. Through shorter BC PNP processing times or a dedicated BC PNP channel for industry groups to immediately address their concerns);

2. Work to advocate for a higher annual nomination limit for the BC PNP; and

3. Work to ensure that adequate resources are available to maintain effective BC PNP processing times.

Submitted by the Richmond and Prince George Chamber of Commerce

The Policy Review Committee <u>supports</u> this proposed resolution

GROWING BC'S WORKFORCE THROUGH CONSISTENT INVESTMENT IN BRITISH COLUMBIA'S PUBLIC ARTS AND CULTURE SECTOR.

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.1 This policy speaks to the impact our public arts and culture sector makes in developing innovation and creative skills essential to today's creative workforce and how investment in this sector equates to investment in B.C.'s economic future.

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 sector2 is a step in the right direction and recognizes the need for funding to build a creative workforce for B.C.'s future. 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, Urban and Landscape Designers, Educational Institutions, Tourism, the for-profit Arts and Culture Sector and Sciences.

Most think of Sciences as not relating to the arts but this 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.3 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.

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1 Business For the Arts 2009 Ontario http://www.businessforthearts.org/wp-content/uploads/2012/02/BftA-business-case-for-funding-the-arts.pdf

2 B.C.'s Ministry of Community, Sport and Cultural Development, "News Release" 31st January, 2013 http://www2.news.gov.bc.ca/news_releases_2009-2013/2013CSCD0006-000156.htm

3 Michigan State University. "A young Picasso or Beethoven could be the next Edison." ScienceDaily. ScienceDaily, 23 October 2013. <www.sciencedaily.com/releases/2013/10/131023112724.htm>.

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.4

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."5 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 government's B.C. Creative Futures Strategy.6 Many of the almost 300 B.C.'s 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 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 amount and frequency year to year and vary from community to community at times resulting in cuts to projects or staffing.

Investment in B.C.'s public arts sector to date has been some of the lowest in Canada and cuts to funding the arts that began in the global recession of 2009 -10 have just begun to increase. The 2012/13 provincial and territorial budget analysis, "Flat-lined but Still Alive" and the 2013/14 provincial and territorial budget analysis "Gloom and Glee" both published by the Centre on Governance and the Canadian Conference of the Arts, Ottawa, Ontario, provide an overview of these budgets with a view to discerning highlights, lowlights and trends. The most recent statistics quoted in this publication are from 2010 due to cutbacks of Statistic Canada's annual

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4 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
5 Lynch, Robert, President and CEO, Americans for the Arts "Arts & Economic Prosperity, The Economic Impact of Non-profit Arts and Culture Organizations and Their Audiences" http://www.americansforthearts.org/sites/default/files/pdf/information_services/research/services/economic_impact/aepiii/national_report.pdf
6 B.C.'s Ministry of Community, Sport and Cultural Development, BC Creative Futures "Building British Columbia's Creative Economy", http://www.cscd.gov.bc.ca/arts_culture/docs/jan2013_bccreativefutures.pdf

reporting on funding for cultural expenditures. Here are some of the B.C. statistics:

- In per capita cultural spending over the 2007 – 2010 period, while rankings vary, British Columbia consistently ranks in the bottom five (alongside Alberta, Nova Scotia, New Brunswick, and Ontario). Out of ten provinces in 2009-10, British Columbia ranked ninth.[7]
- In per capita cultural spending over the 2007 – 2010 period, while rankings vary, British Columbia consistently ranks in the bottom five (alongside Alberta, Nova Scotia, New Brunswick, and Ontario). Out of ten provinces in 2009-10, British Columbia ranked ninth8
- “While the population of British Columbia represents approximately 13.36 percent of the total Canadian population or 4,400,057 people (2011), federal and provincial cultural spending patterns have left B.C. residents in last position when it comes to per capita cultural spending by all governments. In 2009-10 B.C. was in last place among the provinces, at $206 per capita, versus $309 as the national per capita average3, and it was nearly $50 per person behind the next lowest province, Manitoba.9

The 2014 B.C Budget is an improvement over past years but still low on a national average. In reference to the 2014 B.C. Budget Rob Gloor, Alliance for the Arts and Culture, BC said: “One should note that these 2013-2014 increases were good news for the BC arts sector after so many years with the lowest funding in Canada but it was still a small step toward overall improvement in cultural investment, and the 2014-2015 budget has no further increases.”

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 in 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. work with municipal governments to make a provincial capital fund that British Columbia’s municipalities can access for investment in long term strategic arts and culture infrastructure for public art galleries, museums and cultural organizations;
2. conduct a review of the current BC Arts Council structure and inequities to ensure provincial dollars are adequately distributed throughout the Province. Further investment specifically allocated to British Columbia’s public art galleries’, museums’ and cultural organizations’ operations;

7 Jeanotte, M. Sharon. *Overview.* Flat-lined but Still Alive: Overview of the 2012-13 Provincial and Territorial Budgets from the Perspective of the Arts and Culture Sector. Canadian Conference of the Arts, University of Ottawa. 2013.
8 Beale, Alison. *The Drought Continues: Analysis of the 2012-13 British Columbia Budget from the Perspective of Arts, Culture and Heritage.* Flat-lined but Still Alive: Overview of the 2012-13 Provincial and Territorial Budgets from the Perspective of the Arts and Culture Sector. Canadian Conference of the Arts, University of Ottawa. 2013.
9 Jeannotte, M. Sharon and Alain Pineau. Gloom and Glee: Analyses of the Provincial and Territorial 2013-2014 Budgets from the Perspective of Arts, Culture and Heritage. Centre on Governance, University of Ottawa. 2013.

3. recognize the need to provide adequate, consistent year round operational funding to public art galleries, museums and cultural organizations so they can continue to operate as the foundations and hubs for all other arts and culture activities in a community.

Submitted by the Greater Vernon Chamber of Commerce

The Policy Review Committee <u>supports</u> this proposed resolution

HELPING BC BUSINESS RECRUIT AND RETAIN SKILLED WORKERS BY SUPPORTING EMPLOYMENT OF THEIR SPOUSES

Opening Statement

Recruitment and retention of skilled workers in British Columbia is inhibited by the fact that spouses of skilled workers relocating in British Columbia have difficulty finding employment. The provincial government should enable British Columbia businesses to be more productive and competitive by adopting policies that support employment of spouses of skilled workers who move to take better jobs in British Columbia.

Background

It is an unfortunate reality that many British Columbia businesses cannot find the skilled workers they need locally. As a result, many businesses that require workers with specialized skills must recruit workers from outside the regional area where the employee is required to work. This problem is expected to affect more businesses as British Columbia's economy expands throughout the rural and northern areas of our province. For these businesses, increasing mobility of skilled labour would have significant benefits.

One of the most significant factors affecting mobility of skilled workers is the availability of employment for their spouses. An employment mobility survey conducted by the Canadian Employee Relocation Council[1] in partnership with Ipsos Global Public Affairs and reported in January 2013 found that almost half (41%) of employees "strongly agree" that they could be convinced to take an international assignment "if my employer provides support for my spouse to get a job there, too." Only one other factor rated as highly ("if the incentive package from my employer was right").

The trend toward increased educational homogamy[2] — the tendency of like to marry like — and the fact that educated spouses are likely to be participants in the labour market[3] also implies that business who recruit skilled workers are challenged to meet the need these workers' spouses have for employment. Meeting this challenge is especially difficult for businesses located in small to medium size regional centers, which typically have less diversity of employment opportunities than larger metropolitan centers.

It is widely recognized that facilitating the placement of skilled workers in British Columbia jobs has net positive benefits for the British Columbia economy. Placing skilled workers in jobs where their skills are most needed benefits our economy by making businesses more productive, which in turn makes them more competitive. Additionally, when British Columbia businesses recruit skilled workers from outside the province, there are even more benefits for our economy, since skilled workers who come to British Columbia have significant consumption and fiscal externalities.[4]

There are several tools the British Columbia government could consider using to assist employers in attracting and retaining the skilled workers they need. By way of example only, the government could consider options including, but not limited to, tax incentives, investments in skills training, and increased access to small business resources.

By adopting policies that support employment of spouses of skilled workers who relocate for new jobs, the Provincial government would make it easier for British Columbia business to attract and retain the skilled workers they need. Such policies would effectively increase the access these businesses have to skilled workers, and promise to make British Columbia businesses more productive and competitive.

THE CHAMBER RECOMMENDS

That the provincial government support the efforts of employers to recruit and retain skilled workers by supporting the employment of these workers' spouses.

Submitted by the Kelowna Chamber of Commerce

Supported by the South Okanagan, Vernon and Peachland Chambers of Commerce and the Greater Westside Board of Trade

The Policy Review Committee supports this proposed resolution

1 Executive Summary of the Canadian Employee Relocation Council Global Mobility Survey, 2013 (available online: http://www.cerc.ca/LinkClick.aspx?fileticket=Kr5-hyIbSzs%3d&tabid=231)
2 F. Hou and J. Myles, The Changing Role of Education in the Marriage Market: Assortive Marriage in Canada and the United States since the 1970s, Canadian Journal of Sociology, 33(2) 2008
3 Education at a Glance 2011, Indicator A7: How does educational attainment affect participation in the labour market? (available online: http://www.oecd.org/education/skills-beyond-school/48630772.pdf)
4 *International Mobility of Highly Skilled Workers: A Synthesis of Key Findings and Policy Implications*, Micro-Economic Policy Analysis Branch, Industry Canada and Policy Research Directorate, Human Resources and Social Development Canada (April, 2008; available online: http://www.ic.gc.ca/eic/site/eas-aes.nsf/eng/ra02037.html)

MAINTAINING BACK COUNTRY ACCESS TO INCREASE TOURISM AND HELP ENSURE THE ECONOMIC STABILITY OF RURAL BC

British Columbia is positioned a quality tourism destination offering exceptional outdoor recreational activities. Nature based and adventure tourism activities are arguably British Columbia's and definitely North and Central BC's core tourism experiences.

Critical to maintaining and enhancing the quality of this experience is the management of the public land base to facilitate both commercial activities, (i.e. forestry, silviculture) and recreational outdoor activities. British Columbia's ability to achieve its tourism vision and objectives requires a plan for commercial and recreational land use that take into account the potential for stakeholder cooperation and collaboration to enhance opportunities for economic growth.

"*BC's recreation sites and trails will be sought after for their outstanding rugged and real outdoor experiences10*. "

Currently many of our recreational areas are closed from the middle of September to the middle of May. Back country access is limited as forestry roads are deactivated by logging companies looking to reduce liability exposure or by the Provincial Government looking to do the same. This has had a detrimental effect on tourism throughout the Province and is not in keeping with the BC Governments tourism vision: "T*he government of British Columbia has identified tourism a key element of both the Families First Agenda and Canada Starts Here: The BC Jobs Plan. This strategy will help the sector make and even bigger contribution to the well-being of British Columbians, providing more jobs, export income and tax revenues11*."

The BC government has pledged to "assist in the creation of a more dynamic, diversified and sustainable tourism sector that fosters strategic partnerships and collaborative initiatives12." And "enabling recreation sites and trails across BC to be positioned as an integral tourism asset to communities13. "

Enhancing our park system and facilitating back country access is a key priority for our stakeholders and for the Chamber of Commerce as we seek to diversify our economy.

As deactivation of forest service roads adversely affects tourism and recreation opportunities and limiting park access seven months out of the year is detrimental to the growth of tourism as a provincial economic driver we would like to propose that:

The Province of British Columbia promotes tourism and encourages the advertising of the great variety of outdoor touring experiences available in British Columbia, and given that many of these opportunities for experience are denied to touring visitors and to our own citizens because many prime recreation areas are rendered inaccessible due to the closure of forest access roads and due to provincial campsites, parks and other attractions being closed from early September to the end of May in each year,

THE CHAMBER RECOMMENDS

That the Provincial Government work with stakeholders to develop a plan to determine the feasibility of designating certain key forest roads that are no longer required for industrial use and would otherwise be permanently deactivated as recreation roads and trails and to develop a reasonable structure for ongoing support and funding for development, promotion and ongoing maintenance

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Submitted by the McBride Chamber of Commerce

The Policy Review Committee <u>supports</u> this proposed resolution

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10 British Columbia Market Development Plan for Recreation Sites and Trails 2008-2015
11 Gaining the Edge: A Five Year Strategy for Tourism in British Columbia 2012-2016
12 2008 Recreation Sites and Trails Market Development Plan
13 ibid

B.C. MUNICIPAL PROPERTY TAX POLICY – FAIRER TAXATION FOR BUSINESS

Municipal Taxation:

Municipal governments' provide essential services in their community. These are primarily funded through property taxes. Even the most basic analysis shows that businesses pay much higher tax rates than residential taxpayers, while in many cases requiring fewer services. For example, business are often not included in municipal solid waste collection. This is rationalized on the basis of ability to pay. But businesses cannot vote in elections, and thus have no direct influence on their taxes. These taxes are part of overhead that must be paid regardless of revenue or profit. They are especially a barrier for start-up businesses.

The enabling legislation allows municipalities the right to set the tax rate on specified property classes: Residential, Business, Light Industry, Major Industry, Utilities, Supportive Housing, Managed Forests, Recreational Non-Profit, and Farms[1]. To be fair, the municipalities do not control the rates for two portions of property taxes:

- school and hospital expenses on behalf of the provincial government.
- regional districts to cover services they may provide.

That being said, the municipality itself still accounts for over half of property taxes[2].

Analysis of municipal taxation data from the website of the Ministry of Community, Sports and Cultural Development shows that the residential sector provides the most revenue, closely followed by the business sector[3] for both high and low expense (based on $ per capita) municipalities. The other sectors generate far less tax revenue, with industry and utilities representing nearly all of the remainder. Property tax is based on market value assessment, which are multiplied by the rates. Higher assessment values allow for lower tax rates.
Taxes are not the only municipal revenue stream. Other sources of income include sale of services, transfers from the federal/provincial/regional government, investment income, government business enterprises, developer contributions, disposition of assets, and other revenues.

Similarly to revenues, municipal expenses can be separated in to different categories. These categories include: General Government, Protective Services Solid Waste Management and Recycling, Health/Social Services and Recycling, Development Services, Parks/Recreation and Culture, Transportation/ Transit, Water Services, Sewer Services, Other Services, Amortization, and Other Adjustments[4].

Differences between Tax Rates

One striking result of analysis of the disparity between business/industrial rates and residential rates, is that it becomes significantly greater in municipalities with higher expenses[5]. The population size of a municipality appears to have no bearing on how high its per capita expenses

1 BC Assessment. (2013, April). *Classification of Property*. Retrieved from BC Assessment: http://www.bcassessment.ca/public/Fact%20Sheets/Classification%20of%20Property.aspx
2 Kitchen, H., & Slack, E. (2012). *Property Taxes and Competitiveness in British Columbia.*
3 Kitchen, H., & Slack, E. (2012). *Property Taxes and Competitiveness in British Columbia.*
4 Ministry of Community, Sport & Cultural Development. (2011, December 31). *Local Government Statistics.* Retrieved from Local Government Department: http://www.cscd.gov.bc.ca/lgd/infra/municipal_stats/municipal_stats2011.htm
5 Consolidated Management Consultants. (2014). What are the property rates that affect business? In *Policy Direction for BC Municipal Property Tax* (pp. 3-4). Vancouver.

are, and at all population sizes there is a notable gap between high and low expense municipalities[6].

The expense categories that appear to be the greatest at higher expenses levels are General Government, Parks/Recreation and Culture, and Transportation/ Transit.

Like expenses, municipalities with higher revenues obtain larger income from sources other than property tax. One of the largest differences between low and high expense groups is income from provincial government transfers7.

Disparity between Sectors:
A few key questions apply to assessing the disparity between taxpayer categories8:

1. Does the burden on municipal resources/use of service from business justify significantly higher rates than residential property tax, and if not, what does?
2. What is the effect of having rates vary geographically?
3. Are the economic and other effects of the disparity between the categories of taxpayer desirable, neutral, or detrimental?

Industry in particular is sensitive to high taxes, as they take their prices from international markets and must maintain competitiveness to succeed. This requires major capital investments and a political environment that appreciates the importance of the sector in supporting the British Columbia economy and the standard of living and quality of life available to the citizens of the province.

It is clear that fairness would begin with each taxpayer carrying the costs of the services they use. Their share of the cost of indirect services (amenities, infrastructure and maintenance, for example) is more subjective, as the benefits are indirect. The business pays taxes irrespective of whether their employees live in the same community. A municipality's residents control aspects of fairness and affordability trade-offs through the democratic process. However, there is a firm and persistent belief in the business community that this has resulted in systemic taxation of business and industry beyond the point of fairness9.

Within this systemic issue is a comparative issue, where some communities are choosing much higher rates for business and industry than others. While this may not be important for business that operate predominantly in their own municipality, businesses operating beyond their home municipalities face a non-level playing field. Businesses typically have deep community roots, and this regional disparity would appear to be evidence of exploitation of this fact.

Any strategy for solving the issue will have to identify problematic taxation components and establish a process for rebalancing fairness and affordability. It will also be beneficial to establish

6 Consolidated Management Consultants. (2014). Are the larger municipalities spending less per capita because of economies of scale? In *Policy Direction for BC Municipal Property Tax* (p. 6). Vancouver.
7 Ministry of Community, Sport & Cultural Development. (2011, December 31). *Local Government Statistics.* Retrieved from Local Government Department: http://www.cscd.gov.bc.ca/lgd/infra/municipal_stats/municipal_stats2011.htm
8 Consolidated Management Consultants. (2014). What is the ratio of (business/light industrial/major industrial) rates to residential rates? In *Policy Direction for BC Municipal Property Tax* (pp. 7-8). Vancouver.
9 Consolidated Management Consultants. (2014). Can high business rates be made fairer? In *Policy Direction for BC Municipal Property Tax* (p. 9). Vancouver.

a broad base of social responsibility for the financial implications of this rebalancing. One method for implementing such a strategy would be the establishment of a revenue neutral tax adjustment, which would include discounts for those business and industries whose taxation situation is most out of alignment. A model for this tax has been developed10, which enables a progressive realignment of tax rates for all stakeholders in a municipality and yet allows specific realignment for the most challenging tax rate deviations faced by businesses and industries.

This model was applied to the 40 municipalities with the highest tax rates for light industry, major industry, and/or business. In 75% of these cases, a 10% reduction in industrial and business rates results in a minimal increase of residential rates. About 25% of these cases would have somewhat larger impacts by comparison, though the majority of these were from the municipalities with the highest expenses – thus, if these higher-spending/higher-rate municipalities were operating closer to the levels of other municipalities, the residential rate increase could be greatly moderated.

Lowering Expenses, Shifting Revenues:
While many approaches to increased fairness could be considered, we advocate one that simply irons out the greatest disparities, recognizing that perfect fairness cannot be achieved. We also advocate an approach which gives the municipalities the greatest freedom to decide their level of service, and simply force residential taxpayers to pay for the extra when the municipality chooses a benchmark of municipal service above a circumstance-adjusted average. Municipalities in lower spending half would not be affected.. Exceeding the standard would trigger the municipal auditor general to investigate the degree to which they are driven by anything other than a choice of the community. Following this analysis the standard should be reset to adjust for reasonable spending differences. At that point, to the extent a municipality chooses a higher expenditure level than the standard, the responsibility for the higher taxation this necessitates would shift in part from non-voting businesses and industries to voting residents.

The benefits resulting from bringing the expenses of higher-spending municipalities down are significant. If higher spending municipalities performed similarly to lower-spending ones, the total savings per year amounted to $736,174,487[11]. Municipalities of similar population size do not necessarily need to differ in spending patterns; should they choose to, the cost should be borne by those with the power to affect them, the voting residents, instead of putting the burden on the business sector. This will result in a more productive economy where businesses can thrive and increase employment and service.

Additional Revenue and Fairness
It also needs to be remembered that municipalities have or are seeking other revenue sources, driven by long term under-investment in infrastructure and infrastructure maintenance. While not all of the options are business-friendly, the Union of B.C. Municipalities (UBCM) and other reports on the matter advocate a number of options12. The report presents some options for adjusting the system to be less reliant on property taxes. Among the suggestions are sharing expenses with higher levels of government, and designing regulations around improving value

10 Consolidated Management Consultants. (2014). A model for lowering the tax burden on business. In *Policy Direction for BC Municipal Property Tax* (pp. 9-10). Vancouver.
11 Consolidated Management Consultants. (2014). Implementing a Municipal Standard. In *Policy Direction for BC Municipal Property Tax* (p. 12). Vancouver.
12 Select Committee on Local Government Finance. (2013). *Strong Fiscal Futures.* Union of British Columbia Municipalities.

for expenses so as to provide the same services for less. Another focus area is improving the provincial economy through local efforts and having local governments share in the revenues from that growth, along with the expansion of municipalities' revenue tools through sharing certain provincial tax revenues. The final policy direction is the ongoing improvement of municipal governments themselves through two-way discussions with businesses on taxation, and the development of best practice materials for municipalities among other initiatives. Another avenue for revenue generation identified in the UBCM report is to increase the sale of municipal services, particularly in the energy sector. Other non-tax revenue streams include commercial garbage collection, charging franchise fees to utilities, and water pricing.

A separate report by the Think City Society also discusses new revenue sources and opportunities for economic development13. Similarly to the UBCM report, one of the primary points is the sharing of provincial tax revenues and the creation of new municipal taxes. The provincial sales taxes, property transfer tax, carbon tax, provincial and federal gas taxes, and the sin taxes all generate funds that could be (or already are) shared with municipal governments. As for new taxes, the report proposes sales tax, gas tax, sin taxes, and road pricing as areas that could be taxed locally in addition to existing taxes.

For the most part, the business community is not supportive of adding provincial and federal taxes, or anything that adds to taxation complexity. However, a number of proposed revenue initiatives, particularly those of a fee for service nature, are supported.

Conclusions
In conclusion, placing the strain of high municipal expenditures on to non-voting taxpayers is not only challenging in regard to a principle of fairness, but can also be detrimental to the economy as a whole. It would appear as entirely reasonable that the ratio between residential and business/industrial tax be rebalanced to reflect a provincial standard for business/industrial taxation. To do otherwise encourages spending by municipalities being laid off to the commercial property taxes.

THE CHAMBER RECOMMENDS

That the Provincial Government:

Initiate a collaborative review process including the Union of BC Municipalities and the BC Chamber of Commerce as participants to examine ways to:

- Increase the efficiency of local municipal governments
- Improve the fairness of the business tax burdens, and
- Develop suitable additional revenue opportunities for local governments

Submitted by the Policy Review Committee

13 Fletcher, J., & McArthur, D. (2010). *Local Prosperity.* Think City.

IMPROVING THE EFFICIENCY AND ACCOUNTABILITY OF LOCAL GOVERNMENT IN BC

Communities across BC are expressing a growing level of concern regarding budgeting and spending decisions that are resulting in increased property tax bills. When we combine that with calls from local government for additional revenue streams to deal with pending infrastructure challenges, the business community is expressing significant concern over the lack of transparency and accountability at the municipal level.

This concern not only speaks to the lack of transparency within many communities but also across the province. With 160 municipal governments, 27 regional districts, and 231 Improvement Districts it is critical that there is an arms-length mechanism to review how they interact with the population, stakeholders or higher levels of government regarding how they spend taxpayer money.

Many local government outputs - such as the services municipalities provide - are highly visible. On the other hand, local government processes - how decisions are made - may be quite opaque. This situation is further exacerbated by the fact that the institutional incentives and information shortcuts that facilitate accountability at the provincial and national level are largely absent. In addition use of FIOPPA provisions and in-camera meetings are readily available to avoid public scrutiny and there seems no way to determine (other than cumbersome appeal provisions in the former case) if the refusal of information under FOIPPA and the use of in-camera meetings for specific subject is justified, particularly when the subject of the in-camera meeting need not be revealed. A mechanism to resolve this is required – perhaps an ombudsman role.

Challenges with the current system

Over recent years the Chamber has passed a number of resolutions that recognize the concerns of the business community regarding specific aspects of what should be viewed as a systemic problem. What has become apparent is that many of these challenges are truly provincial in that they are being expressed by communities of every size, in every region and irrespective of the economic base of the community profile. These issues are clearly systemic and can be broadly summarized as;

- Ability of local governments to provide virtually any service or enter any business they desire through the <u>Community Charter</u>.
- Lack of accountability – low voter turnout means very little public scrutiny of council decisions;
- Capacity – facing increasingly complex issues (social issues, homelessness, green energy issues) and struggling to deal with the challenges of an open, global economy; and
- Funding – limited funding sources, how do municipalities utilized alternate service delivery in a way that protects the service while also protecting the municipality from too much risk?

Performance measurement

Municipal decision-makers want to be efficient and deliver value for local services. Taxpayers need to know how their tax dollars are spent and how their services compare both year-to-year and in relation to other municipalities. The only way for this to occur is to determine what constitutes core services for municipalities and to provide a comparable cost for these services – something that does not exist in a pre-defined format at present in BC.

This does not mean that the Chamber advocates that local governments should only provide a static set of core services. Rather, the Chamber believes that there is a range of common services that can effectively be measured based on objective, result based criteria. However, for non-mandatory services, a rate of return on ratepayers' equity should be required to be published. One example is a city which claims its district heating project is a financial and "green" gem but refuses to disclose the rate of return on city invested funds, relying on an FOI exclusion.

Performance measurement is not new. It has been in place for several years in different forms in many jurisdictions around the world. Every country in the Organization for Economic Cooperation and Development has a policy at the national level supporting performance measurement. In the United States, the Federal Government and more than 30 states have legislated performance measurement for their departments and agencies. In Canada, the Federal Government, eight provinces (including BC), and two territories have formal systems of performance measurement.

While the Chamber recognises that the Community Charter does place some reporting requirements under Division 5 – Reporting of the Charter[14] these are extremely limited. Indeed, the Charter goes no further than to require that;

98 (2) The annual report must include the following:

> (c) a report respecting municipal services and operations for the previous year;
> (d) a progress report respecting the previous year in relation to the objectives and measures established for that year under paragraph (f);
> (f) a statement of municipal objectives, and the measures that will be used to determine progress respecting those objectives, for the current and next year

The Chamber does not believe that this goes far enough in introducing a level of accountability and scrutiny to municipal decision making. Just as importantly, it does not encourage best practices between municipalities, nor provide individual municipalities with the tools and resources they need to inform decision making to better serve their communities.

While the Chamber recognises the difficulty in comparing municipalities given variations in geography, economic base, population, and a range of other factors there are 'core' services provided by local governments that can be benchmarked and measured against common goals and criteria.

Indeed if we look to Ontario we see the development of a system that measures 54 performance measures across 12 core municipal service areas. These service areas are:

- Local Government
- Fire
- Police
- Roadways
- Transit
- Sewage
- Water

[14] http://www.bclaws.ca/EPLibraries/bclaws_new/document/LOC/freeside/--%20C%20--/Community%20Charter%20SBC%202003%20c.%2026/00_Act/03026_04.xml#part4_division5

- Garbage
- Parks and recreation
- Libraries
- Planning
- Other

These service areas are then further broken down into sub-measures that are measured against objective criteria regarding their efficiency and effectiveness.

Fire
2.1
a) Operating costs for fire services per $1,000 of assessment.
b) Total costs for fire services per $1,000 of assessment.
2.2 Number of residential fire related civilian injuries per 1,000 persons.
2.3 Number of residential fire related civilian injuries averaged over 5 years per 1,000 persons.
2.4 Number of residential fire related civilian fatalities per 1,000 persons.
2.5 Number of residential fire related civilian fatalities averaged over 5 years per 1,000 persons.
2.6 Number of residential structural fires per 1,000 households.

The Provincial Government already has comprehensive performance measures across all ministries. These measures ensure that government remains accountable to clients and the public. More importantly the information allows government to improve outcomes and inform and enhance decision-making and the utilisation of scarce resources. The Chamber believes these outcomes would be beneficial to local governments as well.

Local governments are correct to state that the financial challenges they face are significant and only going to become more acute as we look to upgrade our aging infrastructure. With limited financial resources and with only one taxpayer it seems critical that the first step to addressing local government's fiscal challenges is ensuring that they have the appropriate measures and tools to make well informed and focused decisions. These tools would result in decisions that are driven by outcomes and efficiencies within and between municipalities rather than the focus on simply providing additional revenue.

The Chamber believes that this would be achieved through a mandatory reporting system on predetermined core services. Such a requirement would go a long way towards providing the tools needed by local government to better serve their communities while also developing a culture of sound fiscal decision making while promoting balance between the level of taxes paid and the services consumed.

THE CHAMBER RECOMMENDS

That the Provincial Government work with UBCM and the Chamber to develop:

1. a benchmarking system that outlines core services that are applicable across municipalities of every size, of every economic base and of all regions of the province; and

2. core metrics based on appropriate measures that allow for cross-municipal comparisons.

3. For all non-core business activities projects and activities undertaken by a municipality, a cost/benefit evaluation of taxpayers equity be required to be published annually.

4. That a mechanism be put in place to determine if the use of in-camera meetings and FOI refusals is appropriate in specific cases raised by members of the public, without the formal procedure now required in the case of FIOPPA.

5. Develop an expanded scope for the Municipal Auditor General to review the quality of benchmarking and cost benefit evaluations being made public

Submitted by the Policy Review Committee

REVIEW OF REGIONAL GOVERNANCE MODEL IN URBAN AREAS

In 1966, the B.C. government established the regional district concept of local government in hopes of dealing with problems that transcended traditional municipal boundaries. These regional governments operate throughout the province as a local form of government, governed by the *Local Government Act*. Prior to the introduction of regional districts, land use and planning were done directly by the Province, whereas local services (such as fire protection and water management) were provided by independently incorporated improvement districts or municipalities under contract with the Province.

Today, there are 162 municipalities in B.C., plus 27 regional districts. Most regional districts inhabit primarily unincorporated rural areas (electoral areas). However, some urban areas, which have been deemed regionally unregulated because of numerous neighbouring municipalities, have become dependent on regional districts for certain regional responsibilities. In the Greater Victoria area alone, there are 13 municipalities with one encompassing Capital Regional District (CRD), serving a population of over 350,000. In the Lower Mainland the regional district, Metro Vancouver (Metro) represents 24 members including 22 municipalities, one electoral area, and one treaty First Nation and serves a population of 2.3 million.

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

The CRD and Metro are both somewhat 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. While both the CRD and Metro share regional problems, the province deals them with quite differently. Most notably, accessing capital and transportation management are two key issues handled legislatively in a different way from one another.

In 1988, the legislature adopted the *Greater Vancouver Transportation Authority Act*, which was the result of extensive negotiations between the province and the regional district. This was significant in a number of respects: it gave the GVRD new powers in transit, major roads, air care and Transportation Demand Management; and provided revenue sources to match. Significantly, it removed hospital financing as a regional district responsibility as one of the swaps necessary to achieve a balanced and mutually acceptable package. In contrast, the CRD, which is experiencing significant transportation challenges, has no governing transportation body overlooking the region.

The *Municipal Finance Authority Act* was created in 1971 and took advantage of the emergence of regional districts and mandated that all municipalities - with the exception of the City of Vancouver and special boards - had to borrow through their regional districts. This allowed local governments, through their regional districts, to pool their assets and borrowing requests and collectively approach the marketplace producing benefits in lower borrowing costs. Thus, while the CRD's primary city, Victoria, must borrow money through its regional district, Metro's primary city, Vancouver, is not mandated to do the same.

Metro's unique agreements with the province have allowed some of its main issues to be somewhat mitigated. Particular areas of BC have grown and will continue to grow at unprecedented rates since the establishment of regional districts, including the CRD, Regional District of Central Okanagan, Regional District of Nanaimo, and Regional District of Fraser-Fort George. As these urbanized regions escalate, they may also benefit from similar agreements that the province holds with Metro.

A continuing concern of many residents in urban areas is the question of representation on regional district boards. Residents of electoral areas elect a representative to sit on the regional district board. Meanwhile, representation of municipal areas on the district's Board of Directors is supposedly ensured by directors who are members of municipal council and appointed by their councils for terms of three years. In other words, municipal voters have no direct voice in deciding which of their elected representatives will be on their regional district's Board of Directors.

A recent example of this need for increased accountability and better local decision-making is the concern over the proposed property tax increases outlined by BC Transit and the Victoria Regional Transit Commission in the coming years, echoing the concerns raised in the lower mainland over tax increases by Translink in 2010. While other regions are also experiencing unsustainable increases, the CRD's example illustrates the problem most vividly. As published, the increases reflect a more than doubling of the property tax portion from just over $60 million in 2009/10 to over $113 million in 2015/16, increases that will hit businesses in the region particularly hard.

While the business community supports the goals of public transportation and the principles of sustainability, there are significant concerns that such increases are financially unsustainable. This most recent example continues to call for the formation of a regional transportation authority, one that encompasses all transportation modes and provides for increased accountability and local decision-making.

It appears the regional governance model does not serve the majority of districts well. The fine-tuning of the regional governance structure to meet the needs of particular areas is too short term an approach and longer-term solutions are required. The solution also needs to address the different issues and concerns facing both rural and urban regional districts. The regions need to be treated fairly and appropriately and review of this important governing body and its role is needed.

THE CHAMBER RECOMMENDS

That the provincial government conduct an independent study of urban and rural regional governance models to identify best practices and efficiencies and determine the feasibility of implementing those in B.C.

Submitted by the Greater Victoria Chamber of Commerce

The Policy Review Committee supports this proposed resolution

REINSTATEMENT OF THE BUSINESS VOTE IN B.C.

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 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 tax payers 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 allow business a voice in municipal elections by working with the business community to introduce a business vote for business property tax payers where the business operator does not reside in the same municipality where the business property is located.

Submitted by the Greater Langley, Kelowna and Terrace Chambers of Commerce

THE NEED FOR A BUSINESS VOTE IN BC

Under the Community Charter in BC, municipalities are being given significantly more authority today than in the past, with no commensurate level of accountability. Indeed, BC is unique in terms of the degree of power and autonomy provided to local governments. When this is combined with the fact that in BC business owners and operators do not have any voting rights in municipal elections we have seen the development of significant inequities develop between business and residential property tax rates.

Business owners have become the silent taxpayers. They are the easiest group on which to increase taxes because they no longer have a vote(1). Many business owners live outside their jurisdiction and cannot be part of the election process or vote in a referendum which may impact their business directly. This gives them no voice in the community in which they pay the highest taxes. It's taxation without representation.

Local Election Task Force

The issue of the corporate vote was recently reviewed by the Local Election Task Force created in December 2009. The Task Force was created as a joint, consensus-based group of three provincial government and three Union of BC Municipality members.

The task force was mandated to review issues related to local government elections, including the introduction of a corporate vote. The committee received numerous submissions, including from the Chamber, calling for the introduction of a business vote. The Chamber was therefore disappointed that in the final report the task force recommended "*maintaining the existing voter eligibility rules on this issue and not establishing a corporate vote*.(2)"

The rationale given in the report for this position was that "*balancing the interests of businesses, local governments and the public is an essential consideration when contemplating a corporate or business vote*". It went on to state that "*there was no approach evident to the Task Force that would ensure fairness among businesses, equity for electors and administrative workability*."

A Fair, workable model

During the consultation phase the Chamber partnered with the Canadian Federation of Independent Business and the Business Council of BC, in close consultation with key Ministry staff, to design a system for a business vote. This model included a set of principles that would define the business vote. These were;

- the business must have a business number issued by Canada Revenue Agency
- the business must have a non-residential real property address
- the business must be paying a business class property tax
- the business must appoint a designated proxy to vote on its behalf
- a registered business voter may only be registered to vote for one business in a given municipality

The Chamber believes this model constitutes fairness among businesses.

In short, a legitimate business physically located within a municipality paying business property tax would be eligible for a vote.

This system would require coordination between existing Canada Revenue Agency and BC Assessment Authority databases. This list, which would be maintained by the province, would then simply require a designated voter for the business.

The issue of equity, often described as one person one vote, is problematic as a business vote will likely mean that one individual could be awarded the opportunity to vote more than once in a municipal election.

Whenever we discuss the issue of principles and voting one principle that the chamber believes it critical to this discussion is the principle of 'no taxation without representation.' This principle has been utilized within the BC local election act to allow for non-resident property owners to be allocated a vote in the municipality where they own property. This is an important point; there is already a clear exception to the principle of one person one vote. While we recognize that an individual does not currently have the right to vote more than once in a single municipality an individual can vote more than once in the same municipal election.

Local Government Support

The Local Election Task Force report stated that "*UBCM's policy position is not to support the corporate vote*". The Chamber has expressed significant concern that in a joint, consensus based model as was used for the task force the position of UBCM was bound to lead to an outcome where the business vote would not be accepted within a consensus report.

Further to this the Chamber has been consistent in expressing concern that the position of UBCM does not reflect the fact that there is considerable support within many municipalities for the re-introduction of the business vote. Indeed, CFIB issued a press release in May 2010 entitled ``CFIB commends mayors and councilors for supporting the return of the business vote (3)`` which listed four Mayors and four councilors as being supportive of the need to introduce a business vote.

We believe it is worth noting several further points. Firstly this is an issue that continues to be raised with resolutions being presented in 1999, 2000, 2002, 2003, 2006 & 2008 and 2010 (full text of these resolutions can be found in the UBCM history document). This demonstrates a significant degree of recognition of the unfairness of this issue from local and regional governments across the province on an ongoing basis.

While these resolutions have always failed to pass on the floor of UBCM this does not necessarily reflect deep opposition by delegates but is at least partly a reflection of the fact that the Resolutions Committee has opposed these resolutions. This opposition is based on a 1998 policy paper drafted to address a number of issues around the 1993 reform of the legislation governing local government elections.

This paper, under section B3, stated that "*like the results of votes on Convention on the same topic, there was a close draw between respondents for and against this issue*." In subsequent years the Resolutions Committee have stated in opposition to resolutions on this issue that "*the current UBCM policy dates back to the 1998 UBCM Convention when delegates considered a* *policy paper on elections issues. On this issue the delegates selected the option of no change to present legislation (no corporate vote).*

Further to this concern the Chamber also believes that the reality regarding the need for business to be representing in municipal elections has changed dramatically since 1998. Local governments continue to tell us that they are being 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 business community as the role of local governments in providing the foundation for economic growth is a key determinant of businesses ability to attract workers, service customers, and expand their businesses. While these services are also of significant importance to the resident 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 rights every three years – business has no such right.

The fact that businesses do not have the vote has led to some municipalities levying an unfair burden of property tax onto their business community. The Chamber is concerned that not only do studies suggest that business uses fewer services than residential and yet, they are paying so much more but as municipalities face increased infrastructure costs the current system will lead to municipalities continuing to hide the true costs from voting residential taxpayers by furthering the inequity by saddling business with ever greater levels of property tax irrespective of their ability to pay.

THE CHAMBER RECOMMENDS

That the Provincial Government allow business a greater say in municipal elections through the introduction of a business vote that allocates one vote to every business with a business number paying business class municipal property tax to be exercised by a designated individual.

Submitted by the Kamloops Chamber of Commerce

1 A corporate vote existed in BC until 1993.

2 Full report available at http://www.localelectionstaskforce.gov.bc.ca/library/Task_Force_Report.pdf

3 http://www.cfib-fcei.ca/english/media_centre/british_columbia/121-tax_policy/1876-cfib_commends_mayors_and_councillors_for_supporting_the_return_of_the_business_vote.html

The Policy Review Committee supports the need for a business votes but looks to the membership for guidance on which model should be advanced to government.

STAGGERED TERMS FOR LOCAL ELECTION OFFICIALS

The BC Government has changed the terms of all elected officials serving municipalities, regional districts, parks boards, school boards and the Islands Trust from 3 years to 4 years. The underlying premise of saving money on elections every three years versus four and not having those elections conflict with Provincial elections is good.

From the business perspective, for businesses to function well they need in their Municipal Governments clear and visionary leadership, continuity and stability, and an objective realism about the economic facts of the day. More and more it is evident that to find these people is very difficult. Business people particularly must meet the ardent demands of their company and are reluctant to commit to becoming a City Councillor . In order to introduce some flexibility that would work for them the BC Chamber would like to amend the legislation to include staggered four year terms.

The weaknesses in the legislation as it stands are:

- It is already difficult to find people to stand for these positions. The prospect of four years could prove to be even a further deterrent to their participation.
- With a four year term there is the possibility of more (not less) by-elections as people's lives and obligations change. They may not be able to complete a full term thereby triggering a by-election.

With the introduction of the staggered four year terms there would be an election every two years. The initial election under this system would elect half the Councillors for a two year term and half the Councillors for a four year term. After two years have passed, the two year term Councillors would be up for re-election for a four year term. At the next two year anniversary the four year term Councillors would then seek re-election for another four years (or retire). After that, every two years, the terms would all be for four years. If someone steps down during their term, at the next two year election date, the remainder of their term would be filled.
The strengths of staggering the four year terms would be:

- Maintaining an experienced body of knowledge on the Council. Half the Council will remain while half will be renewed
- Having established elections every two years may preclude by-elections that might arise because of an extended four year term. A candidate considering stepping down has the option of waiting to the next election date which would be no more than two years away rather than triggering a by-election
- By having half the Council's terms expire every two years, a community has the opportunity to respond to a rapidly changing economy or other pressures that may require a change in direction of a Council.
- New candidates who are willing to participate in a local election position will have the opportunity to resign after two years if they are finding that the position is not working for them. The remaining two years of their four year term can be easily filled.
- The political debate in a community would be renewed every two years.

THE CHAMBER RECOMMENDS

That the Provincial Government amend the new legislation for the election of local officials to a staggered four year term, with elections held every two years. For efficiency, this should be done before the election in the fall of 2014

Submitted by the Terrace and District Chamber of Commerce

The PRC <u>does not support</u> this proposed resolution

The PRC recognises that the increase in the term of office for local government officials will present challenges for business people considering running for office. Further the committee recognises that placing impediments in the way of business people running for office is a serious concern for the business community. However the PRC does not believe that the resolution as presented demonstrates that staggered terms would be sufficient to address the issue and that it would ultimately be cost-effective.

EQUITABLE POLICE FUNDING

Overview of Policing in B.C.

Residents of B.C. receive police services from an RCMP provincial force, 62 RCMP municipal forces, 11 independent municipal police departments, one First Nations Administered Police Service (FNAPS), and the RCMP federal force.

Municipal, provincial, and federal Integrated Teams, the Combined Forces Special Enforcement Unit (CFSEU, formerly known as the Organized Crime Agency of British Columbia), and the Canadian National and Canadian Pacific railway police forces also provide specialized law enforcement within the province.

In the Lower Mainland area of the province, the South Coast British Columbia Transit Authority Police Service (SCBCTAPS) was established as a designated police unit under the Police Act in late 2005. There are also enhanced police services at the Vancouver and Victoria International Airports.

Under the B.C. Police Act, municipalities with a population exceeding 5,000 persons must assume responsibility for police services within their boundaries. These municipalities may contract with the provincial government for RCMP municipal police services, contract with an existing independent police department or they may form their own independent municipal police department.

The RCMP provincial force polices municipalities with a population below 5,000 persons, as well as unincorporated (usually rural) areas.

Independent police departments, First Nations Administered Police Service, and provincial and municipal RCMP detachments provide police services to specific geographic locations within the province.

RCMP Federal Force

The RCMP federal force enforces federal statutes across the province. Examples of federal policing programs include border integrity, national security, drugs and organized crime, financial crime, international policing protective services. In 2012, the authorized strength of the federal force in B.C. was 1,028 which included 140 protective policing positions.

RCMP Provincial Force

In B.C., the Provincial Government contracts with the Federal Government and the RCMP to provide policing services to municipalities with populations under 5,000, as well as to the unincorporated areas of the province. If a municipality is under 5,000 in population, the provincial force polices not only the municipality but also any unincorporated or rural area surrounding it.

If a municipality is over 5,000 in population, the provincial force polices the surrounding unincorporated area and a municipal police unit polices the municipality.

The RCMP provincial force also maintains the policing infrastructure for the province. This infrastructure includes centrally provided police functions that serve all communities. In addition to capital-intensive items, such as boats and planes, the provincial force provides specialized units such as unsolved homicide, hate crime, commercial crime, and traffic enforcement that serve all jurisdictions in BC. In essence, the RCMP provincial force is the umbrella for all policing in the province.

The cost of the provincial force is shared between the Federal and Provincial Governments under the terms of the Provincial Police Services Agreement (PPSA). The Provincial Government pays 70% of the contract costs and the Federal Government pays 30%.

In 2012, the RCMP provincial force served 87 municipalities with populations below 5,000 persons in addition to the unincorporated areas. The provincial force had an authorized strength of 2,602 officers providing police services to a population of 689,468.

Until 2007, municipalities with a population of less than 5,000 did not make a direct contribution toward the provincial police services they receive. Rural property owners paid a rural property tax but the amount raised from this tax did not make a significant contribution to policing. In 2007, a new police financing model was introduced that required municipalities with populations below 5,000 persons and unincorporated areas to pay a more equitable share of their policing costs. Under the new model, less than 50% of the total cost for the provincial force is collected from property taxpayers in these communities.

The RCMP provincial force detachments are usually named after the municipalities in which the detachment offices are located. For example, the Houston RCMP provincial unit polices not only the Town of Houston but also the rural areas and other communities within the detachment's boundaries.

Where both municipal and provincial units are located in the same detachment or integrated detachments, the RCMP members from each unit report to one commanding officer and provide police services to the combined provincial and municipal policing areas.

Municipal Police

Under the B.C. Police Act a municipality must assume responsibility for its police services when, as a result of a Canada Census, its population reaches 5,000 persons. As noted previously, these municipalities may form their own independent police department or contract for the RCMP as a municipal police service.

In 1996, there were 67 municipalities with populations exceeding 5,000 persons. This number increased to 71 in 1997 following the release of the 1996 Canada Census results and remained at 71 following the release of the 2001 Canada Census results. In 2012, there were 74 municipalities exceeding 5,000 persons as reported by the 2011 Canada Census.

RCMP Municipal Forces

In 2012, the provincial government signed a new 20-year Provincial Police Service Agreement (PPSA) with the government of Canada to contract the RCMP as BC’s Provincial Police Force. In addition to the PPSA, the provincial and federal governments signed a 20-year master agreement, the Municipal Police Service Agreement (MPSA) which enables the provincial government to sub-contract the RCMP provincial force to municipalities.

In 2012, there were 62 municipalities with RCMP municipal police services. Each of these municipalities has signed a Municipal Police Unit Agreement (MPUA) with the Provincial

Government for the provision of RCMP police services to the area within their municipal boundaries. Under this agreement (contract), the cost of policing these municipalities is shared between the municipality and the Federal Government.

There are two different MPUA cost-sharing formulas. Municipalities with populations exceeding 15,000 persons are responsible for 90% of the cost of their RCMP police services. Municipalities with populations between 5,000 and 15,000 persons are responsible for 70% of the cost of their RCMP police services. The Federal Government pays 10% and 30% respectively. The funding formula for this subsidy was reconfirmed in the 2012 Municipal Police Service Agreement (MPSA).

Municipalities are responsible for 100% of their accommodation and support staff costs.

Independent Municipal Police Departments

Twelve municipalities in B.C. have formed their own police departments and are policed by 11 independent municipal police departments. These police departments are referred to as 'independent' and are responsible for 100% of their policing costs.

The independent municipal police departments include:

- City of Abbotsford;
- District of Central Saanich;
- District of Delta;
- Township of Esquimalt (in contract with Victoria);
- City of Nelson;
- City of New Westminster;
- District of Oak Bay;
- City of Port Moody;
- District of Saanich;
- City of Vancouver;
- City of Victoria; and
- District of West Vancouver.

The Problem

There is a gross inequity that currently exists between communities contracted with the RCMP through the Provincial Government and those with municipal police forces. Collectively, the communities with municipal policing represent over 1.32 million residents (28.3% of the BC population) and tens of thousands of businesses, yet receive absolutely no funding from senior governments towards policing costs.

Individuals and businesses in municipalities with municipal police forces pay 100% of their local policing costs. These costs, without exception, are the single largest part of the total municipal tax bill. To exacerbate the problem, the residents and business owners in these municipalities directly subsidize the costs of policing in the other neighbouring communities using the RCMP through their personal and corporate income taxes at the provincial and federal level.

While the required funding structure was known to each of these municipalities when they created their own police force, all other aspects have since changed. The current complexity and the challenges facing modern policing are dramatically different from those experienced by communities only a few years ago. Whether it is the huge challenge organized crime presents to many communities or the challenge of addressing financial and cyber crime, the nature and complexity of policing has changed considerably. This all comes with a significant cost to police forces that could not have been foreseen at the time they created their own municipal force.

The growth in cost to municipalities comes at a time when municipalities are facing significant cost pressures in areas such as transportation, service levels and infrastructure. This has led to a trend towards unfair levels of property tax being levied onto the business community. With the single biggest line item in these communities being protective services, the impact on business is of significant concern.

Crime doesn't recognize, or stop at, geopolitical boundaries.
The majority of communities with their own municipal forces have international points of entry (border crossings, harbours, airports, etc). Organized crime tends to move towards areas of least resistance.

In addition, the increased use of provincial and regional integrated teams drawing on the resources of local municipal forces creates added demand, particularly in metropolitan areas.

The Chamber believes public safety is a foremost concern for communities and their respective business members and residents.

The Chamber finds it unacceptable that both the Provincial and Federal Governments deem the public safety of our citizens to be of secondary importance when it comes to the allocation of dollars.

To create silos of policing inequity is detrimental to all communities in B.C. due to the geographically fluid, predatory, and opportunistic nature of crime.

THE CHAMBER RECOMMENDS

That the Provincial Government work with the Federal Government to:

1. urgently address the issue of equitable police funding by developing an equitable funding program for all B.C. municipalities;

2. ensure senior levels of government provide the same cost sharing to those communities using a municipal police force as to those contracting the services of the RCMP.

Submitted by the Abbotsford Chamber of Commerce

The Policy Review Committee <u>supports</u> this proposed resolution

IMPROVING COMMUNITY MENTAL HEALTH AND ADDICTIONS SERVICES

Rationale

Mental illness and addiction affect 1 in 5 people across Canada1. As an issue that is so pervasive, it can be deduced that mental illness and addiction have a decisive impact on business and the economy. These costs present themselves in the form of absenteeism, lost productivity, policing costs and government spending, a result of the struggle seen by community mental health and addictions services to meet the needs of those affected. As it is currently structured, the community mental health and addictions system in British Columbia is under extreme stress from a lack of tertiary care beds, duplication of services, and a lack of community infrastructure that can meet the demands of service.

Costs of mental illness and addiction

There is a direct financial cost to mental illness and addictions as well. The provincial government estimates that BC loses $6.6 billion annually in lost productivity due to mental illness and addiction. The productivity lost due to alcoholism alone is estimated to be $1.1 billion. 2

Since the move from deinstitutionalization in the late 1970s, there has been insufficient infrastructure (physical and systematic) to meet the needs of people suffering from mental illness or addiction. As a result, employees who either suffer from mental illness and addiction, or have family members or friends that suffer from mental illness and addiction, are unable to work to their full capacity. A lack of sufficient spots in community service programs results in individuals sacrificing time and workdays to take care of family members who are on waitlists to receive care. In 2008/09, there were 75,838 inpatient days for mental health and addictions patients who no longer required hospital care, but were waiting for appropriate community services.3

Issues like occupational stress, hazardous alcohol consumption, and depression have all been listed as causes for increased absenteeism, employee turnover and workers compensation costs.4 In addition, 70 percent of depressed individuals experience “significant disruption” in their careers as a result of their mental health.5 The largest cause of lost workdays, according to the 2010 Provincial government mental health and addictions plan, is mental illness.

Mental illness and addictions also directly affect municipal business tax rates. When community mental health and addictions services are unable to meet demand, service users are left waiting and police are left to perform frontline work for which they have not had proper training. In addition, policing costs rise as the justice system responds to an increasing amount of incidences related to or caused by mental health and addictions issues. The Canadian Centre on Substance Abuse estimates the direct law enforcement cost of substance use alone is $6.7 billion across the country.6 As policing costs increase, the cost is passed on to businesses through municipal taxes.

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1 Healthy Minds, Healthy People: A ten year plan to address mental health and substance use in British Columbia, Ministry of Health
2 Healthy Minds, Healthy People
3 Ministry of Health
4 Healthy Minds, Healthy People
5 Healthy Minds, Healthy People
6 http://www.heretohelp.bc.ca/factsheet/economic-costs-of-mental-disorders-and-harmful-substance-use

If mental illness and addictions services in BC increased their capacity to care for those affected by mental illness and addictions, this would decrease the number of policing calls related to mental illness and addictions, resulting in a decreased tax burden for businesses across the province.

Solution

In order to build the capacity of mental health and addictions services in BC, the government needs to invest in building infrastructure for these services or seek private investment in infrastructure. Building community support centers and non-hospital-based tertiary care facilities will increase the capacity for current support programs as well as create well-paid construction jobs. Developing research facilities that can constantly evaluate and determine best practices ensure that tax dollars being spent on community mental health and addictions services are being spent in the most efficient way possible. This will reduce long-term costs associated with mental illness and addictions in addition to providing new well-paid employment opportunities.

In addition to physical infrastructure, the provincial government needs to evaluate the current service delivery model. BC currently has the highest per capita spending on mental health and addictions in Canada at $230 per capita and yet the service demand is still not met.[7] Implementing a process to analyze and maximize the efficiency of mental health spending can reduce long-term community mental health and addictions costs, as well as reduce the cost of law enforcement. A major problem in service delivery is the duplication of service between public and non-profit agencies. While the 2010 mental health and addictions plan put forward by the Ministry of Health calls for increased collaboration between the public and private sectors with communities, there is still a need for increased communication and efficient consolidation of service delivery.

An example of these solutions could be implemented is on the Riverview lands in Coquitlam. With nearly 250 acres, the Riverview lands have ample space for development into a centre for community mental health and addictions treatment. One of the current buildings and some of the lands could be sold to a private addictions clinic, which would release some of the service delivery burden on Fraser Health Authority. In addition, part of the grounds could be sold to a post-secondary institution for a best-practices research facility that could help facilitate collaboration between sectors and advise on consolidation of service. Other buildings in Riverview are already designed to support tertiary beds but remain unused. Renovating and bringing these vacant facilities back into use, perhaps in conjunction with the post-secondary research facility, could contribute to solving the lack of tertiary care in the system through the assistance of private investment. This example shows how private infrastructure and investment could be utilized to increase the capacity of community mental health and addictions services.

7 http://www.heretohelp.bc.ca/factsheet/economic-costs-of-mental-disorders-and-harmful-substance-use

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Explore partnerships with private investment to create mental health and addictions service facilities and other infrastructure to increase the capacity of community mental health and addictions services

2. Commit to developing further physical and systematic infrastructure designed support mental health and addictions services and increase collaboration between private and community organizations in order to increase capacity of community mental health and addictions services.

3. Evaluate and adjust the current structure of the delivery of community mental health and addictions services across the public and private sectors in order to maximize efficiency of delivery and implement best practices.

Submitted by the Tri-Cities Chamber of Commerce

The Policy Review Committee supports this proposed resolution

PHYSICIAN COMPENSATION POLICY

BACKGROUND INFORMATION
The recruitment and retention of Doctors in rural practices is a critical issue to the sustainability of communities. British Columbia's north is leading the way on energy development and production. B.C.s strong prosperous and competitive economy requires stable and sustainable northern communities. And those communities require health care.

Rural communities face significant challenges recruiting doctors. A general practitioner working in the north has to be a resilient, flexible generalist. Rural practice requires that doctors contribute to the operation of the local hospital by providing services such as anesthetic, obstetrics, OR and emergency room coverage and hospital, palliative and extended care coverage.

The same Doctor has a list of assigned patients and is expected to have a private practice and regular office hours. The practice requires a building and administrative staff. Whether the physician decides to be an independent or join a collaborative practice there are significant costs and overheads. When these components are combined a doctor who is looking a rural practice sees high volume, high expectation and a long term commitment to a business or partnership.

Recruiting and retention of Doctors is critical and northern communities are investigating many and varied methods of sweetening the pot. There are significant pitfalls to this strategy including the "race to the bottom" scenario of community based financial incentives.

Rural recruitment barriers are significant and include:

1. The responsibility for recruiting residing at the Physician level:
   It is often the remaining partners in a practice who, at their own expense, attend the tradeshows, post the ads and promote the community to potential recruits; very often without the knowledge or support of the Health Authority or Local Government.
2. The Physician Master Agreement and Alternative Payment Subsidy Agreement payment rules:
   The PMA and APSA require that a one size fits all payment plan be applied to all doctors working in a community. For newer doctors a public office and a salary may be highly preferable to a ‘fee for service business overhead’ model.
3. Compensation rates for Residents:
   While BC offers competitive compensation for Doctors our compensation model for residents is not as attractive.
   The transition from Residency into practice:
   Resident compensation, the payment plan and the requirement to “buy the business” are considerable obstacles for resident’s who are looking for work life balance and quality of life.
   The required degree of competency and flexibility in Rural Practice:
   The requirement to have to be highly competent in multiple areas can be a barrier to new doctors and an unwanted responsibility to doctors who’s career could be considered “mature”.
4. The cost of living in “rural” communities:
   While quality of life in rural communities is desirable the cost of living in those communities can be a challenge particularly if the pressure of significant development and major projects is impacting the availability and cost of housing.
   Access to transition housing:
   Many communities and health authorities have made arrangements to provide subsidized transition housing for doctors and their families. Short term population peaks resulting from the construction cycle of major projects will require health authorities to provide access to affordable, appropriate housing for resident’s and locums

The Physician Master Agreement and Alternative Payment Subsidiary Agreement

The Physician Master Agreement and the Alternative Payment Subsidiary Agreement are between the province, the BC Medical Association and the Medical Services Commission.

Under these agreements a community must choose the type of payment all doctors in that community will receive. The flexibility to make this choice individually and to amend the choice as a career matures would serve to make rural practice less risky and arduous.

Payment model choice combined with publically held clinic space mitigates the requirement to operate an office as a business thereby removing the stress of being a Doctor and a Business owner and manager.

THE CHAMBER RECOMMENDS

That the Provincial Government;

1. amend the Physicians Master Agreement and Alternative Payment Subsidiary Agreement to allow Doctors to individually choose the method of payment that they will receive for their work; and that that choice be subject to a renewal term to allow for terms of payment to be amended in accordance with the individuals professional and personal aspirations; and

2. provide support to local governments and health authorities to provide publically owned and operated clinic space for doctors in rural communities.

Submitted by the Fort St John and District Chamber of Commerce

The Policy Review Committee neither supports nor opposes this proposed resolution.

The Policy Review Committee recognize that the submitting chamber has identified a business issue. However, the committee stated that this is a complex issue where the reasons for communities not being able to attract medical professionals are complex. The Policy Review Committee does not believe that the resolution presents sufficient evidence that the recommendations would address the issue identified in the preamble.

POLICE AMALGAMATION

There has been much debate relating to the amalgamation and/or regionalization of police services in BC. At the present time, the Royal Canadian Mounted Police (RCMP) and 11 independent municipal police organizations provide service across BC. Those include independent police departments in: Abbotsford, Central Saanich, Delta, Nelson, New Westminster, Oak Bay, Port Moody, Saanich, Vancouver, Victoria, and West Vancouver.

This patchwork quilt of municipal police forces and RCMP detachments across the province is filled with departments that often manage their cases differently and lack the specialized training being provided to officers elsewhere.

A number of police forces lack the resources to do day-to-day work, let alone commit officers to work on multi-agency teams. These types of obstacles have hampered major multi-jurisdictional investigations, like the case of dozens of missing women from Vancouver's Downtown Eastside. Two decades after Clifford Olson began abducting and murdering children on the Lower Mainland, BC police agencies still face major roadblocks when trying to catch organized, mobile serial predators.

Examples such as the Olson case and the Pickton case have exploited the lack of guidelines covering how and when police agencies come together to form joint task forces when a criminal begins crossing jurisdictions. When municipal police forces act alone, they can often miss critical information to an investigation that might have been detected under a wider coverage area. Issues of public safety are of particular concern in areas where municipal boundaries are immediately adjacent.

Municipalities are feeling the impact of provincial downloading and increased costs of police service delivery. Amalgamation of police services may provide uniformity of enforcement, specialization, better coordination of resources, ongoing and in-service training, fewer infrastructures, improved efficiency, and the avoidance of duplication.

Municipalities in BC of more than 5,000 persons are required to bear the expenses necessary to maintain law and order. The Police Act gives such municipalities three choices: they may establish their own police force, they may contract with the provincial police agency, or they may contract with another municipal police force.

Ultimately in BC the Attorney General is responsible for policing. Where it is evident that amalgamated, regional police services would field more effective policing rather than a multitude of local services, the Provincial Government has the power to legislate such action. The Provincial Government demonstrated this power in January of 2003, when it amalgamated the Victoria and Esquimalt police departments.

Arguably, the most divided policing continue to be found in the capital region of BC, an area policed by four independent police forces and three RCMP detachments. Central Saanich, Saanich, Oak Bay, and the amalgamated Victoria-Esquimalt departments all run independently of each other in the Greater Victoria area. Dividing police resources along city borders makes little sense from a practical point of view. Few criminals or policing problems confine themselves within a municipality; prostitution, the drug trade, organized gangs and violent serial offenders have increasingly regional, national, and international patterns that require a coordinated solution.

An example of the shortcomings of integration policy versus full amalgamation was found in 2009, when the Victoria Police Department withdrew from the regional integrated crime-fighting unit, citing financial constraints and pressures on department resources. This reinforced the need for full amalgamation as regional demands continued to overly impact one municipal police force, forcing budgetary concerns to trump public safety. During the announcement, Police Chief Jamie Graham highlighted this issue, stating that, "*It should be a regional force, right from that ferry terminal to Oak Bay to the Western Communities*."

Since 2003, successive provincial Solicitor Generals have highlighted the need for regional police amalgamation. Most strongly, Solicitor General Rich Coleman stated that if municipalities in the Greater Victoria region did not further integrate police services, the Provincial Government should force them to merge into a single agency. No substantial integration has happened between the police departments since that statement despite a 2003 poll conducted for CHEK and the Times Colonist that found police amalgamation was supported by 70% of capital region residents, including a majority in every single municipality.

These results are echoed in the public's continued concern cited in a 2008 report to the Vancouver Police Department[8], which stated, "*A recent (November 10, 2007) Angus Reid survey found, for example, that 65% of residents surveyed in the GVR support creating a regional police service. This*

[8] Options for Service Delivery in the Greater Vancouver Region: *A Discussion Paper of the Issues Surrounding the Regionalization of Police Services, February 2008*

is a significant finding that should inform discussions of a regional police service going forward. It appears that public concern with the effectiveness of the police in responding to crime and violence in the region outweighs concerns related to the creation of a larger police service and the loss of "no call too small" policing."

In larger urban and metropolitan areas, police amalgamation would be beneficial for several reasons, including:

- Reduced policing costs - reduction in policing costs realized through integrated infrastructure and management;
- Better integration and increased effectiveness – By amalgamating units such as serious crimes unit, sex crimes unit, financial crimes section, strike force, gang unit, dispatch unit, human resources, purchasing, K9, administration functions, forensic identification, and detention facilities;
- More equal administration of justice – Each police department carries its own operational policies, leading to regional disparities in law enforcement; and
- Increased Quality of Life and Safety – when approached separately in the region as opposed to cohesively, it jeopardizes public safety and our quality of life

THE CHAMBER RECOMMENDS

That the Provincial Government addresses the issue of regionalization of police services in the province of BC by:

1. establishing provincial standards for the integrated delivery of police services by police forces where municipal boundaries are immediately adjacent; and

2. where necessary, legislating amalgamation of police services in areas where established standards are not being met and where uniformity would benefit service delivery and public safety.

Submitted by the Policy Review Committee

PROVIDING CERTAINTY FOR BUSINESS THROUGH THE TIMELY ADMINISTRATION OF JUSTICE

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. Yet in British Columbia, reduced public spending on the court system and on certain aspects of the justice system has caused delays in the courts for all.

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 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 these delays: inadequate staffing by the Court Services Branch; an inadequate number of Provincial Court Judges; and an increase in the number of self-represented litigants in the court system, each of which is described further below:

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. In a speech in late 2011, then Chief Justice Bauman of the Supreme Court noted that the court had courtrooms that could not proceed because a clerk was not available or because of a shortage of sheriffs to provide security.

Provincial Court Judges

The BC 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.

In December 2005, there were 143.65 full-time equivalent judges on the provincial court. As of October 31, 2013, there were 127.15, a reduction of about 16 judges.

The decline in the number of Provincial Court judges since 2005 has caused, at various times over the last seven years, an increase in the length of time needed to resolve business disputes and an increase in the number of criminal law charges stayed, i.e. thrown out, because of delays in getting to trial. For instance, in both September 2010 and March 2012, the Provincial Court reported that the average time to trial for a two-day civil claim was approximately 15 months, whereas the Court's objective is an average of eight months.

The BC Government has committed to developing an appropriate methodology for determining the appropriate fixed "judicial complement", i.e. the number of provincial court judges needed in the province, by March 2014. The publication and adherence to this methodology will put B.C. in the same position as the federal government, which for many years has applied a fixed complement for the appointment of B.C. Supreme Court and Court of Appeal judges.

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. The provincial government should move immediately to appoint the necessary number of judges once the methodology and complement are published

Self-Represented Litigants

A further source of delays and backlogs in the court system is the increase in people who do not have the assistance of a lawyer. Cases without lawyers generally take much greater court time. The increase in the number of self-represented litigants over the last 20 years is directly correlated to the decrease in legal aid. British Columbia's per capita expenditure for legal aid is 10^{th} out of the 13 provinces and territories in Canada and has severely limited legal assistance for those who cannot pay for a lawyer.

In the B.C. Provincial Court, since legal aid is not available for most family law cases, 90 to 95 percent of family law cases involve a person who is unrepresented by legal counsel. 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.

Judge Robert Hamilton recently commented on a family law trial over which he presided, noting that if legal aid had been available to the parties:

"…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)*

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.

Businesses also suffer from lost employee time when their own employees cannot get their family law matters resolved quickly because of delays due to self-represented litigants.

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, 2015;

2. commit to increased, long term, stable funding for the Court Services Branch; and

3. commit to increased long term stable funding for the Legal Services Society and increase legal aid funding in British Columbia to the national per capita average, as resources allow.

Submitted by the Campbell River, Kamloops and Prince George Chambers of Commerce

The PRC <u>does not support</u> this proposed resolution

Resolution clearly identifies a problem that impacts the business community. However, the PRC does not feel that the resolution adequately demonstrates that the recommendations would appropriately address the issue raised. The PRC felt that any resolution which does not address the need for efficiency improvements in the system is incomplete and represents only a weak and partial solution.

REGULATION OF CANNABIS

Background

It has been estimated that cannabis represents the 2nd largest contributor to provincial GDP at $7.5 billion dollars and 250,000 jobs, ahead of forestry and behind construction. A recent Angus Reid poll showed only 13 per cent of British Columbians support keeping the current cannabis laws unchanged. The poll was conducted with a sample of 800 British Columbians and has a margin of error of plus or minus 3.5 per cent. A recent Fraser institute report concluded the cannabis trade should be legalized.

An estimated $2.5 trillion has been spent on the "war on drugs" in North America during the last 40 years. Despite these astronomical expenditures cannabis is as readily available today as at any time in our history. In the last decade alone rates of use are up, potency has increased and price has decreased. Cannabis laws themselves set the stage for the enrichment of organized crime and related violence. Policy makers rarely discuss the ineffectiveness and unintended consequences of anti-cannabis laws.

Further, it is estimated the province is forgoing $2 Billion in tax revenue every year and $5 Billion in additional legal market activity. This would come directly from the black market, depriving organized criminals of almost $10 Billion in economic activity; it could severely cripple organized crime.

Along with the violence that is increasingly becoming part of life in Vancouver, and the Okanagan Valley, the RCMP know that drug gangs are expanding their violent networks across

BC, and have stated: "The expansion of organized crime groups/gangs to more rural areas of the province is expected to continue, because drug turf takeovers have been, on the whole, remarkably successful and there appear to have been only several rather short-lived clashes with the resident group(s)."

Regulation versus Legalization
A regulated market for cannabis specifically refers to a legal market for adult recreational cannabis use, with strict regulatory controls place upon it. Controls could include those on advertising, public promotion, packaging, and branding, as well as age restrictions. Unlike the unregulated market that currently exists, which funnels hundreds of millions of dollars directly to organized crime groups, taxation allows for proceeds from the cannabis market to be used for programs that benefit society.

Benefits
Rates of cannabis-related arrests in Canada have risen from approximately 39,000 in 1990 to 65,000 in 2009. The costs to the law enforcement and judicial systems, as well as the costs of incarceration, are a heavy and growing burden on the taxpayer. Regulation has the potential not only to eliminate the violent illegal cannabis market and raise tax revenue but also to end the excessive cannabis law enforcement expenditures that unwittingly contribute(s) to organized crime and violence. Law enforcement resources could be successfully redeployed where they can actually improve community safety.

Health Effects
In recent years, scientific reviews have concluded that, while cannabis is not without health-related harms, these harms are viewed to be less serious that those associated with alcohol and tobacco.

The business case for drug legalization
Most business people are aware that they face many costs that are linked to the use of illegal drugs. These costs include burglaries and other thefts, higher security and insurance costs, an unsafe and ugly urban environment, and more. We may not know exactly how large these costs are, but we do know that we would be better off without them.

What many do NOT realize, however, is that almost all of these costs result not from the drugs themselves, but from the fact that these drugs are <u>illegal</u>. Drug prohibition looks like it is meant to stop drugs from causing damage. In reality, drug prohibition creates exactly the problems which it claims to fight against. In order to understand why, we need to look at the economics of the drug business.

Basic drug economics
At a fundamental level, human beings are traders. This is why markets exist. If there is anything that some people want to use or consume, some other people will want to supply it to them in exchange for money. It is impossible to erase this fundamental reality, no matter how much force or moralizing is used.

Drugs, whether legal or illegal, are products that some people want to consume. Drug prohibition cannot change this, nor can it change the willingness of others to supply the products. The only thing that drug prohibition changes is the way the market works.

How does the market work under prohibition? Three things happen immediately. First, the price is vastly inflated, making the prohibited product excessively profitable. Second, criminals are given a total monopoly over this enormously profitable business. Third, government and society lose control of every aspect of the business: production, distribution, advertising, labeling, quality, and selling. All this happened in the 1920s, when the prohibited drug was alcohol. It is all happening again now, when the prohibited drugs are cannabis, heroin, cocaine and others.
It may seem strange, but prohibition also fails to reduce drug usage. In the late 1920s, there were probably more illegal bars (speakeasies) than there were legal bars before alcohol prohibition began. This happens because of the enormous profitability that prohibition creates. This profitability attracts a vast number of suppliers, including a great many people who would rather earn their money legally if they could earn enough. Because they are already in an illegal business, these suppliers cannot be controlled by advertising regulations, zoning laws, etc. Together, the profit motive and the absence of control ensure that drugs will be marketed aggressively, effectively, and ruthlessly at every opportunity. This in turn drives up drug usage – exactly the opposite of what prohibition was meant to do.

How businesses pay for prohibition
Prohibition imposes a great many costs on businesses. The ones which we can measure the most easily in dollars are:

1. The cost of property crime
   The cost of property crime includes not only the value of the lost property, but also the costs of damage done during break-ins, and disruption to the operations of a business. Roughly 70% of all property crime is estimated to be a result of drug users stealing in order to finance their addictions. It is not the drug itself which causes the thefts, however; it is the enormously inflated price of the drug. This price inflation is entirely caused by prohibition.
   If the drugs were supplied at fair prices in a regulated market, or (as is done in Switzerland) at no cost under medical supervision, the users would be able to pay for their drugs by working, not by stealing. Switzerland’s system of supplying heroin to “hard core” addicts under medical supervision has reduced property crime by at least 60%. Not only that, but at least half of the addicts have been able to get and keep jobs even while still addicted.
2. Higher corporate taxes to pay for prohibition
   The public sector costs of prohibition include the costs of enforcement (policing costs, prosecution and case preparation costs, trial and court costs, and the costs of building, maintaining and operating prisons and penitentiaries) and health care costs (diseases and injuries suffered by drug abusers, and injuries and deaths caused by gang warfare). All these costs must be paid for by governments, and ultimately must be recovered by taxation. Businesses bear a share of this tax burden.
3. Reduced market demand
   Prohibition takes away consumers’ purchasing power, and this takes away demand for every product and service that businesses sell. Prohibition reduces demand in at least two ways: It increases personal taxes, leaving consumers with less money to spend, and it takes some customers out of the market entirely by jailing them.

Prohibition has several other negative impacts on business, some of which cannot be measured easily in numbers. For example, money laundering creates unfair competition which can destroy a legitimate enterprise. Prohibition gives criminals monopoly control of a very high-profit business, making them rich. In order to put their cash into the bank and be able to use it, these criminals need to make this cash look like "normal" income.

They do this by operating something that looks like a real business and depositing their drug cash as if this business had earned it. These "front" businesses compete against real business people, and they have large unfair advantages. They can lose money, charge less, and take away customers. Not only that, but they do not need to pay interest on loans or lines of credit. They can survive even if they lose money every day; real businesses cannot.

Other negative impacts include crime, dirt and risks which drive away customers. These are also caused primarily by prohibition, not by the drugs themselves. These impacts cannot easily be estimated in dollars. The three costs listed above, however, are more than enough to build a strong financial business case for replacing prohibition with legalization.

The costs of prohibition in numbers

1. Property crime
   In Canada, commercial property insurance premiums in 2006 were $5 billion. Assuming that the insurance industry pays out about 80% of premiums, this implies losses of $4 billion. We do not know how much of the payouts were driven by crime, but US figures estimate $15 billion in lost property plus $5 billion in related damage (e.g., damage due to break-ins).

   Generally, Canadian figures on most economic measures are about 1/10 of their US equivalents. Using this rule, we can estimate that Canadian businesses suffer about $1.5 billion in lost property plus $0.5 billion in related damage.

   As noted above, illegal drug users are estimated to commit 70% of all property crime. The inflate prices of illegal drugs cause this crime, and those high prices are caused by drug prohibition. Thus, prohibition costs Canadian businesses roughly **$1.4 billion per year** in property crime.

2. Corporate taxation
   Canada spends slightly more than $2 billion each year on drug law enforcement. Legalization would eliminate most of these costs, but not all; laws against such crimes as selling to minors, driving while drug-impaired, etc. would still be enforced. Assuming that 20% of the enforcement costs would still be required, we can estimate that prohibition costs taxpayers **$1.6 billion per year** in enforcement.

   Illegal drugs also cause death and disease, which burden the health care system and consume tax money. The US Office of National Drug Control Policy estimated that illegal drugs caused $27 billion in death and disease costs in 2002. Using the "1/10 rule", we can estimate the Canadian equivalent at $2.7 billion. Legalization would eliminate the majority of these costs by ensuring the purity and dosage of drugs that are sold, and by eliminating violent competition among gangs for market power. Even if we assume that prohibition causes only half of these costs, this amounts to **$1.35 billion per year**.

In enforcement and health care alone, then, prohibition costs Canadian taxpayers **$2.95 billion per year**. Corporations pay roughly 20% of this amount, which amounts to **$590 million per year**. The remaining $2.36 billion is paid mostly by individuals, which affects businesses by reducing total demand (see below).

3. Demand reduction
   As explained above, prohibition reduces customer demand by taxing most consumers, and arresting others. The loss in purchasing power due to taxation is about $2.36 billion per year, as noted above.

   Canada has roughly 33,000 prisoners, of which about 1,700 are imprisoned because of drug offenses. Those who are imprisoned are more likely to have low incomes. In 2007, roughly 70% of Canadians earned $15,000 or more. If we assume that drug offenders would earn, on average, $15,000 each if they were not in prison, the demand lost due to imprisonment is **$25 million per year**. Adding the (much larger) loss in demand due to taxation results in a total demand loss of **$2.38 billion per year**.

4. The total bill
   Using only the costs that we are able to estimate in dollars, the total cost of prohibition to Canadian businesses is:

Property crime	$1.4B
Corporate tax	$0.59B
Lost demand	$2.38B
TOTAL COST	**$4.37B**

   This is a minimum estimate of what Canadian businesses pay for drug prohibition. When and if the other costs can be estimated in dollars, the total estimate will increase. Despite its high cost, prohibition delivers no reduction in drug use or abuse, and no increase in public safety.

   Prohibition, then, is purely a waste of money. The business case for legalization is simply the business case for ending the waste – for keeping $4 billion instead of flushing it down the drain.

From an evidence-based perspective, cannabis prohibition has clearly failed to achieve its stated objectives.

THE CHAMBER RECOMMENDS

That the Federal government undertake a study that addresses the:

1. regulation of cannabis as an agricultural product along with the provision of licenses for its growth, sale and distribution, with the goal of eliminating $4 billion in cost to business.

2. potential tax revenues and substance abuse centre costs generated by the regulation of cannabis.

3. regulation of cannabis as a ways and means of reducing crime and gang violence in Canada.

Submitted by the South Okanagan Chamber of Commerce

The PRC <u>does not support</u> this proposed resolution at this time

The Cannabis prohibition issue is increasingly becoming a societal issue drawing considerable debate and the PRC is concerned that the Chamber and the business community may not be well served placing themselves at the centre of this debate. The Chamber membership has been presented with this issue a number of times and has declined to push the Chamber executive into taking a leading advocacy role. The PRC consequently does not support this resolution at this time.

In the event that the Chamber were to address this issue there are a number of concerns the PRC has with the policy draft. The PRC is concerned that the policy does not adequately address police organization views and that the Chamber should be aligned with police organization views The PRC is concerned that the policy does not adequately address the views of the substance abuse research centres and that the Chamber should be informed on these. The policy asserts a number of views on the workings of drug markets but does not provide any research references with respect to these assertions. Similarly the cost benefit impacts analysis does not provide the references for the estimated costs and impacts. This policy direction is serious enough to warrant having adequate research supporting the views, particularly if the Chamber is going to be advocating this.

RENT CONTROL: PHASING OUT PROVINCIAL CONTROL OF RENT INCREASES

Rent control has been – and continues to be – a widely debated topic. Economists and business 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 policy in BC has become increasingly restrictive with successive governments. In the 1980's the Bennett government allowed unlimited rent increases, with tenants only able to challenge rent increases above 15%. In the 1990's the Clark government continued to not limit the amount of a rent increase, but required the landlord to justify increases in response to all tenant challenges. And in 2002, the Campbell government introduced the most stringent rent controls establishing limits on rent increases. Currently, rent control policy in BC limits rent increases during continuous occupancy (to inflation +2%), with landlords only able to increase rent to prices the market will bear when a new renter enters into a new rental agreement on a vacant unit, a practice common referred to as rent decontrol (Saskatchewan Chamber of Commerce, 2011).

The Chamber of Commerce has more typically favoured free enterprise market economy principles, while also respecting the need for regulations with respect to fair treatment. To that end, the Chamber believes that current rent control policy does not exhibit the right balance of fairness and market efficiency. It should be acknowledged that the BC government does not limit increases for its Crown Corporation services to the public to inflation +2%, regulated utility services are not similarly limited, and manufactured (mobile) homes that are rented to tenants do not have the same stringent rent controls as built housing.

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), accordingly, tighter rent control policies are a key determinant of rental accommodation supply/demand problems (Miller, Benjamin, & North, 2014). The problem of low supply of 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. The BC Chamber of Commerce has direct feedback from a number of local Chambers with very active economic development in their communities and key shortages of rental accommodation.

With low incentive to build new residential rental housing, rental stock continues to depreciate. In BC there are approximately 2,000,000 households (Statistics Canada & CMHC) and of those approximately 563,000 are rental units (BCNPHA). The vast majority of rental units are over 40-50 years old and virtually no new purpose built rental units have been created since 1988. (Landlord BC). For example, purpose built rental housing in Vancouver (131,500 units) has original construction dates between 1961-1970 for 42% of its stock, and construction dates of 1950-1960 for another 24%. Therefore it is not surprising that the condition of the rental stock in Vancouver has less than 5% of units in good condition, 6-14% in fair condition, 15-30% in poor condition and over 30% in critical condition. (Altus Group - City of Vancouver Rental Housing Study - 2009). The problem with older rental units is that they are, in many cases, no longer adequate in terms of the electrical wiring, plumbing, ventilation, boilers, roofs, building envelopes, parking and amenities. Often the highest and best use of older rental stock is to demolish it and rebuild. (Burgess, Crawley, Sullivan and Associates - 2008).

The rental housing stock in BC is generally old and is not in good condition. It is priced below market values in many cases. And most importantly, it is in low supply with significant demand (in part) because of BC’s trend toward increasingly stringent rent control policy.

BC’s rent control policy – the Residential Tenancy Act (RTA) – contains many 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 43 of the RTA, among other things, requires that rent increases be calculated in accordance with the regulations. Requirements for timing of rent increases and notice to tenant provisions are set out in Section 42 of the RTA. The Residential Tenancy Regulations (RTR) in Section 22 set out the basis for the determination of the rate allowed and in Section 23 sets out the grounds for allowing additional rent increases. Policy Guideline 37 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 inflation +2%. The inflation rate is based on a 12 month average percent change in the all-items consumer price index (CPI) for BC. The CPI tracks prices for food (17.15%), shelter (27.05%), household (10.61%), clothing (5.06%), transportation (19.4%), health care (4.81%), recreation (12.46%) and alcohol & tobacco (3.41%). Upon analysis the portion of the CPI relevant to rental housing is about 8.6% of the CPI total. These limited items represent only 65.8% of the costs of operating a rental building. Accordingly, the CPI is a poor proxy for covering the costs of operating a building. (Burgess, Cawley, Sullivan & Associates, 2008)

The RTA does allow landlords to apply for exemptions from the rental increase limits on a case-by-case basis (Government of British Columbia, 2012). Some of these additional rent provisions are in Section 23(1)(a) of the RTR and are tied to comparison to other rents in the same area. However, the Residential Tenancy Office (RTO) requires such specific evidence, which is generally not available, that the provision is practically not very workable. As well, the legal costs of contested increases can be exorbitant.

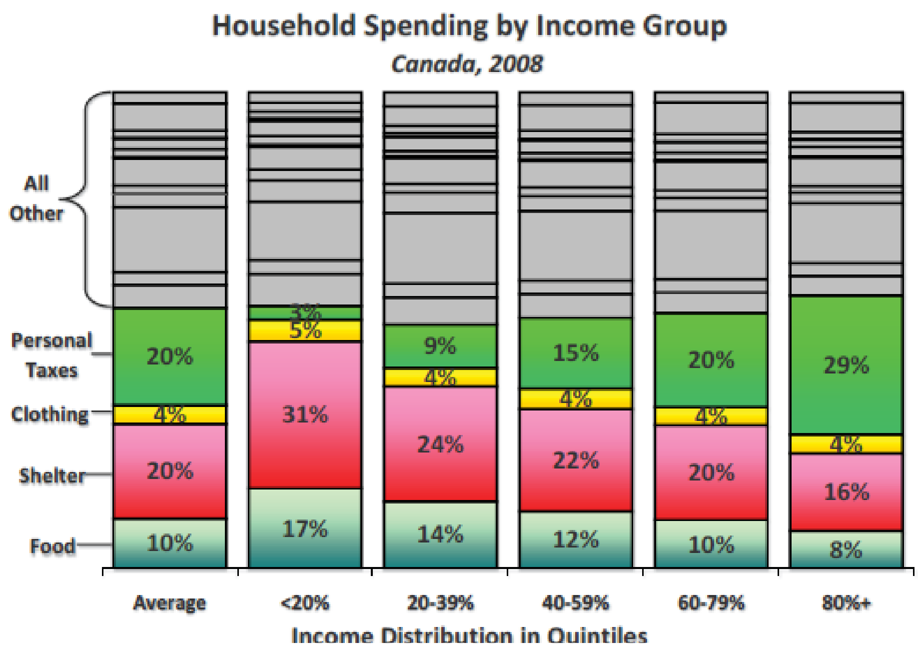
Other provisions in Section 23(1)(b) allow for rent increase where significant repairs or renovations are done. However, the RTO requires that these have to be unforeseen repairs and renovations and nonrecurring within a specified time frame. Section 23(1)(c) permits additional rent increases if the landlord has incurred a financial loss. This requires provision of financial statements to prove the loss. This creates the problem of having to lose money before anything can be considered rather than anticipating the need. It seems patently unfair to require a landlord to prove they lost money in order to get a rent increase to cover the losses.

BC's rent control policy is neither sensitive to localized issues of supply and demand for rental units, nor does it differentiate between affordable housing and premium accommodations. Affordable housing is frequently a concern raised with respect to the rental cost. The issue has been analyzed for average gross tenant household incomes versus average gross rents, such that the share of income that rentals amount to can be determined on average, as described below.

Analysis across 22 BC Census Agglomeration (CA) areas and 4 Census Metropolitan Area (CMA) regions, sheds light on the issues of affordable housing as they relate to rent.

Rent, as a percent of income, ranged from a low of 15.5% in Kitimat to a high of 25.8% in Kamloops for 2005/2006 data.

Household spending across Canada for 2008 showed similar percentage costs for shelter with a clear offsetting proportion for personal taxes (Urban Futures: In the Eye of the Beholder – Housing Affordability in British Columbia - 2010).



There are many existing government programs that provide necessary assistance to people in need, to ensure that lower income individuals and families have adequate accommodations. Some of these programs are: the Federal Guaranteed Income Supplement for Low Income Seniors, BC Shelter Aid for Elderly Renters (SAFER), BC Provincial Housing Program, BC Senior's Supplement, BC Regular Income Assistance, BC Hardship Assistance, BC Housing Rental Assistance Program, and a number of programs to assist people with disabilities. But rent controlled jurisdictions have a skewed distribution of rental housing, curtailing the supply and increasing the unmet needs for such housing (CATO Institute Policy Analysis 274 May 1997).

Jurisdictions *without* rent control have a normal distribution of affordable housing that meets the needs of the market. In fact, absence of rent control will enable supply in the market to more adequately meet demand – a movement toward more, newer housing stock. Numerous national and international studies show this to be the case in jurisdictions without rent controls.

To illustrate this point, the 2013 Kelowna Rental Market Report shows a residential rental vacancy rate below 2% for six of the last ten years, with the 2013 vacancy rate falling to 1.8%. This very low vacancy rate (i.e. the lack of rental housing supply) is attributed to the combination of a slower pace of expansion of purpose-built rental apartments in 2013 compared to previous years, and an increase in demand for rental accommodations associated with improvements in the economy (Canada Mortgage and Housing Corporation, 2013).

This persistent problem led the City of Kelowna, Policy and Planning Department, to conduct a study of Kelowna's rental accommodation marketplace and the perceptions of private-sector developers. The results of this rental developer / landlord consultation process were published in 2010. 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).

There are many stakeholders likely be involved in consultations with the government with respect to any changes to the Residential Tenancy Act and its regulations. They include the TRAC (Tenant Resource and Advisory Centre), the PIVOT legal society, West Coast LEAF, Active Manufactured Homeowners Association, BC Public Interest Advocacy Centre, the Community Legal Assistance Centre and the Housing Justice Project. A joint paper from these groups is seeking 13 new control provisions, including increased levels of rent controls on tenant move out (BC Residential Tenancy System 13 Recommendations for Positive Change).

Landlord BC is the association that represents the industry. They have been challenged for some time to deal with the government initiatives such as the carbon tax on natural gas used for heating, and demand side management (DSM) programs from BC Hydro and FortisBC. Simply put, rent controls do not provide landlords the ability to raise the necessary capital to upgrade housing systems in response to these initiatives.

Landlord BC has set out the following recommended policy approach.

> ***"LandlordBC proposes the following seven solutions to balance landlords' rights to operate in a free market, while protecting tenants' rights to access safe and stable housing.***
>
> 1. *A flexible solution for government to phase out rent controls.*
> 2. *Establish an industry-led review body to protect tenants from unreasonable rent increases.*
> 3. *Provide quality assurance standards for tenants through the industry-run Certified Rental Building program, and holding landlords accountable for their actions.*
> 4. *Offer an industry-led, non-binding mediation process to tenants and landlords of LandlordBC apartments to help reduce cases that go to dispute at the Residential Tenancy Branch.*
> 5. *Explore funding and development of industry-led Rent Banks.*
> 6. *Support government's continued funding of the RAP and SAFER programs.*
> 7. *Support a Tenants' Tax Credit (Finance Ministry)."*

Recently the government of Saskatchewan has eliminated its rent control legislation without deleterious effects. Saskatchewan has a model for industry led assistance, which was a quid pro quo for the change in that province. In addition, the government of Alberta and the Territorial governments are successfully operating without rent controls.

In the United States, notable jurisdictions with rent controls such as New York are considering phasing out temporary rent controls which, by law, must be renewed in the legislature every two years. In 1994 Boston, Massachusetts scrapped its rent control legislation (Cato Institute – Policy Analysis). There is a clear shift in policy direction toward rent control reversals and phasing out rent controls. Below are principles worth considering when phasing out rent controls:

1) Phasing out rent control on new purpose built rental accommodation immediately. (This rental housing already would come into service at market prices anyway and this policy change would enable new rental units to be built without the prospect of price controls)
2) Phasing out rent controls from the oldest stock toward the more recent stock in a scheduled manner and or on the poorest condition stock scheduled toward the better condition stock. (This enables the emphasis of the policy change to be placed on the need for quality upgrading of the units)
3) Phasing in of exceptions for the rent control for major capital requirements during the rent control phase out, including provisions to enable investments for reduction of GHG emissions and DSM implementation, as well as for all of the major building systems which can require periodic replacements or rebuilds. (This will further emphasize the building condition issues driving the policy change)
4) Phasing out rent control based on presentation of a building management and longer term related rent plan to the tenants for discussion. (This would underscore the landlords willingness to communicate and assist tenants in planning as a part of demonstrating the reasonableness of the rent)
5) Phasing out of all rent control eventually on a reasonable schedule with complementary establishment of more streamlined regulation of tenant rental issues, including initiatives from the industry to implement standards and provide for dispute resolution as the first point of resolution with escalating mediation before exceptions reach final resolution under the terms of the RTA. (This will show good faith toward building a less confrontational and adversarial climate between landlords and tenants over time)

THE CHAMBER RECOMMENDS

That the provincial government:

1. Develop and implement through legislation and regulations an approach to phasing out rent controls, such that tenants are treated fairly and landlords can count on receiving reasonable rental income for their property.
2. Maintain rental regulations for ensuring fair treatment of tenants and work with the industry to streamline dispute resolution mechanisms for tenants and landlords.
3. Work with the rental housing industry to enable and facilitate programs to manage cases of serious tenant hardship resulting from fair and reasonable rental increases.

Submitted by the Kelowna Chamber of Commerce

Supported by the Penticton, South Okanagan, Vernon and Peachland Chambers of Commerce, Greater Westside Board of Trade

The PRC <u>supports</u> this proposed resolution

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RETURN TO 3-YEAR FUNDING AGREEMENTS FOR LICENSED CHARITIES

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.

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.

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. 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 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)
- 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
- program providers have difficulties securing contract service professionals due to the uncertainty of annual programming

We understand the need for proper stewardship of taxpayer funds. We believe the parties could compromise on a process that balances the need for stewardship with longer term funding certainty. This would provide efficiency of program delivery, organizational stability, ability for effective planning, and consistency of services.
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THE CHAMBER RECOMMENDS

That the Provincial Government implement a process whereby:

- approved charitable and non-profit programs with longer term programing can apply for three year funding commitments
- where the funds are distributed annually
- and the organization would still be subject to annual reporting of their compliance before receiving the annual grant

Submitted by the Greater Langley and Abbotsford Chambers of Commerce.

The PRC <u>support</u> this proposed resolution

MAKING REGISTERED DISABILITY SAVINGS PLAN MORE ACCESSIBLE TO CANADIANS WHO NEED IT

In Canada, 4.4 million Canadians have a disability, of which many are children or under the age of 44. Of this, 68,833 Canadians have successfully applied for, and received benefits of, the Registered Disability Savings Plan (RDSP). According to CBC News on May 30, 2013, the numbers of applications are as follows:

RDSPs by year

Year	Number of accounts opened
2009	20,598
2010	18,144
2011	12,099
2012	13,103
2013*	4,979
Total	68,833

*Source: Human Resources and Skills Development Canada. *Figure accurate as of mid-May.*

This total number of applications is low considering it is estimated that 500,000 Canadians are potentially eligible for the RDSP.

Based on many interviews with applicants, and personal experience of those who have worked with them, the application process is what is impeding its use.

The reason for the decline in applications is primarily the intense, cumbersome paperwork that is required from start to finish of the process. To successfully complete this process, applicants need to have a medical assessment completed and then file the paperwork to obtain the federal Disability Tax Credit (DTC). During 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. Therefore, they do not see the need to go through the process of applying for a Disability Tax Credit because they, in most cases, do not pay taxes.

However, when learning of the bond portion of the RDSP, there was renewed interest to go through the application process.

In an effort to assist in accessing this program, it was discovered that there are similar income assistance programs in the Province of BC, such as Persons with Disabilities (PWD) that also require an even more stringent medical assessment of the person required to qualify for the DTC.

Furthermore, there appears to be an appetite for provincial/federal collaboration by government leaders, as mentioned by BC's Minister of Finance Mike De Jong to the Kamloops Chamber of Commerce in 2013, to enhance efficiency and effectiveness. Therefore, in reviewing the application and requirements for a person to be granted the PWD, a connection to CRA on the completion of the successful applicant to grant a federal DTC could be beneficial. By doing so, access to the Registered Disability Savings Plan would be readily accessible to lower income Canadians, the ones who need it most.

THE CHAMBER RECOMMENDS

The Provincial 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 the PWD and DTC under one application.
2. Review all existing recipients of PWD to determine eligibility of the DTC based on timing of the last tested application.
3. Review other provincial programs that would also result in automatic DTC eligibility.

Submitted by Kamloops Chamber of Commerce

The PRC <u>does not support</u> this proposed resolution

PRC does not feel that this resolution demonstrates why this is an issue that impacts the business community.

2014 TRUCKING DISRUPTION – PORT METRO VANCOUVER

The operations within marine terminals at Port Metro Vancouver have resumed and are in a recovery mode following a 28 day withdrawal of services by non-union truckers and a subsequent strike called by Unifor-VCTA owner-operators during the later period of the truckers dislocation to port operations. This dislocation follows a similar 47 day work stoppage in 2005 pertaining to drayage compensation and escalating fuel prices, which was exacerbated by price undercutting practices by some drayage carriers and terminal delays being encountered to handle container traffic at the port.

The most recent dislocation held up cargo with an economic value in the order of $750 to $885 million per week and thus negatively impacted the regional, provincial and national economy by approximately $3.5 billion. The B.C. Provincial Government, along with assistance from the Federal Government and Port Metro Vancouver brokered a sidebar deal with UTA and Unifor without input from the trucking sector or other stakeholders to get the trucking entities and port operations functioning again under a Joint Action Plan, which includes the involvement of Mr. Vince Ready, federally appointed facilitator.

The results of the above dislocation have seriously damaged the reputation of Port Metro Vancouver, as the 4th largest port in all of North America handling more than half of containers that go through Canadian Ports1. Some 2,825,475 TEU's (twenty foot equivalents) were handled during 2013 according to PMV statistics2. Approximately 4500 ILWU longshore personnel are employed in local port operations. The ILWU are working under an unprecedented 8 year negotiated contract intended to provide labour stability in the Gateway which has been disrupted, yet again, by this most recent 28 day work stoppage by truckers.

Port Metro Vancouver is the landlord of the port's federally-owned land. It does not operate the container terminals, it does not contract with shippers, it does not employ truckers, nor does it have any jurisdiction to intervene in any way with negotiations between truckers, their employers and government. Coming out of the 2005 resolution, the port introduced the Truck Licensing System (TLS), which has become one of the mechanisms that caused Port Metro Vancouver to be an involved party. Furthermore, in December 2011, Port Metro Vancouver 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, Port Metro Vancouver announced is Smart Fleet trucking strategy, a three-year action plan to achieve excellence in the local container trucking sector. Smart Fleet is a plan that is guiding the work with industry and government to drive performance, accountability, sustainability and transparency within the container drayage supply chain.

The introduction of a Reservation system wherein the trucking industry is required to secure a reservation to pick-up or to delivery laden or empty containers is currently considered to be

1 Shipping in Canada 2008, *Statistics Canada*
1 Port Metro Vancouver Website, Facts and Stats

seriously flawed. The system is unable to provide sufficient and timely reservations with any reasonable degree of reliability. It frequently impedes the flow of container traffic and is adversely affecting Vancouver's reputation as a Gateway for container trade to and from global markets.

There are numerous issues facing the drayage sector including the conflicting employment and contractual arrangements between drayage carriers with various of unions and non-union truckers. Some truckers are employees of drayage firms and are paid on an hourly basis and others are dependent operators paid on a per trip basis, which results in various levels of earnings and compensation depending on the port turn time achieved for trucks. Over the years, despite set rates for non-unionized, independent container truckers, there has been systemic undercutting of those rates by as much as 50%.

The most recent withdrawal of services was achieved by a small core of owner-operators intimidating and harassing drivers who would have otherwise preferred to work. Unfortunately, for the most part this illegal activity was not subject to police enforcement. This is not to suggest that the trucking industry does not have valid issue deserving of addressing – which is acknowledged by all parties.

The fact that, for the most part, the withdrawal of port services was perpetrated by non-unionized owner-operators who only represent 25% of the container truckers and the support by 1 union (UNifor) representing 12 companies created extreme challenges. The task in dealing with a multitude of individual competing trucking firms and independent operators can be onerous for Vince Ready to make recommendations to the assorted parties being trucking firms, trucking owner operators, terminal operators and Port Metro Vancouver as well as the provincial and federal governments. Understandable concern within the industry questions whether this latest round of concessions merely represents a "band-aid" solution which may not lead to long-term stability and be subject to repeat performances of labour strife.

This latest disruption in handling container traffic has been devastating to both shippers and importers. For smaller companies, the ability to divert traffic to other ports has been extremely limited, costly and in some cases prohibitive. Shippers and importers have been held hostage to this strife and severely penalized with storage charges for substantially inaccessible cargo in terminals because drivers were being threatened and their employer/contractor trucking companies chose not to subject them to harm. Storage charges of several hundreds of dollars per day have resulted in the closure of a number of small businesses.

The severity of the damage caused by the 47 day work stoppage by truckers in 2005, coupled with the 28 day stoppage in 2014, prompts Industry to have grave concerns as to whether this latest round of appeasement merely represents a "band-aid" remedy instead of a permanent solution. Will exporters and importers be subject to continuing repeat performances of labour strife of this nature in the not too distant future?

Following the 2005 trucking disruption, the Federal Task Force review produced certain recommendations that have not been implemented. This latest trucking disruption will serve to justify inquiry into referenced Report, review and update subsequent developments with a view to developing long range solutions with potential regulatory requirements.

Therefore, it is submitted that these issues are deserving of careful examination to better determine long term solutions.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments

1. institute an official inquiry into the intricacies of the convoluted employment of union and non-union truckers under conflicting conditions;

2. examine the legal ramifications of such employment under prevailing legislation and/or regulations within both provincial and federal laws;

3. explore "best practices" of trucking employment in other comparable port jurisdictions recognized for stable trucking employment to determine how they manage the relationship.

Submitted by the Policy Review Committee

AIRPORT TO AIRPORT CONNECTOR BETWEEN ABBOTSFORD AIRPORT & VANCOUVER INTERNATIONAL AIRPORT

Transportation is a major barrier to business and investment in south western BC, 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 BC is promoted internationally as a world-class destination, with Metro Vancouver as the gateway to the Province. The municipalities of Surrey, Langley and Abbotsford have been identified as three of the four high growth areas in BC in the foreseeable future. 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 part of the major road network by Translink and by the City of Abbotsford to the east. This high-capacity route is also deemed necessary for both capacity and safety reasons in the event of incidents that shut down Highway 1.

While some sections of the 16th Avenue corridor are 4-lane in parts of Surrey and Abbotsford, through the remaining sections and the Township of Langley it is a 2-lane road with deep drainage ditches on both sides. 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.

The new 16 Avenue / Highway 99 Interchange jointly designed and constructed by the provincial Ministry of Transportation and Infrastructure (MOTI) and the City of Surrey at an estimated cost of $24 million serves to recognize the importance of this highway transportation route. This progress additionally serves to encourage completion of the 16th Avenue Corridor by construction of the eastern link to the Abbotsford Airport and Highway 1.

Designation of 16th Avenue as a provincial highway will serve to protect the right-of-way and facilitate development of the east-west corridor to significantly improve access, enhance safety, reduce stress on the environment and ensure consistent maintenance and upkeep of this high-traffic corridor.

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 bottle neck of traffic between Langley and Abbotsford, and facilitate increased movement of people, goods and services as a result of increased passenger service and commercial activity at the Abbotsford Airport.

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.

3. Identify critical north-south intersections and install traffic lights to accommodate safe north-south travel.

Submitted by the Greater Langley and Abbotsford Chambers of Commerce.

The PRC <u>supports</u> this proposed resolution

FISCAL FAIRNESS FOR COASTAL TRANSPORTATION AND FERRY-DEPENDENT COMMUNITIES

Preamble

The government of WAC Bennett realized it was important to build an integrated highway system to connect *all* British Columbians, to expand resource wealth and industrial/commercial growth. BC Ferries was established as a stand-alone, government-sanctioned monopoly to provide affordable regular transportation to ferry-dependent communities. The BC Ferry Corporation was created to operate as a tolled extension of the highway network connecting coastal communities, and it has always been considered “essential”. W.A.C. Bennett declared that a reliable and affordable connection between Vancouver and Victoria constituted an *essential service* because British Columbians have a right to uninterrupted and affordable transportation services to their communities.

The principle of Fiscal Fairness and regional equality is a commitment by government that all taxpayers are treated in an equitable manner, with services provided through government-supplied programs at comparable levels and prices regardless of where they are provided. BC has an economy with heavy reliance on resource extraction. Investment in rural areas and payment of tax revenues into the treasury from rural and remote areas from primary sectors such as forestry, mining, gas, and fisheries depends on reliable, affordable, and well-connected transportation corridors. It is in the interest of all British Columbians that all regions of BC experience Fiscal Fairness and regional equality in their transportation infrastructure.

Many businesses on the mainland lower coast, the mid-coast, the northern and southern Gulf Islands, Vancouver Island, and Haida Gwaii are facing serious financial hardship due to the increased costs of the BC Ferry system. Alternatives may be more cost-effective for short runs connecting islands, or mainland communities which could have toll bridges or water taxis. It is in the interests of the businesses and residents of coastal communities and the government of BC to explore more affordable and reliable options. Impacts to local economies and the provincial economy as a whole should be analyzed with the economic concepts of *price equilibrium* and *price elasticity*;

Background

In 2003 the BC Ferry Corporation was restructured into British Columbia Ferry Services Inc., with the government as the sole shareholder. **Since 2003, BC Ferries has paid almost half a billion dollars to the government in dividends or loan costs. The money was paid by users of BC Ferries, most being residents of ferry dependent communities.** Since 2003, the BC government has provided only a small annual subsidy to the corporation, which now experiences decreased ridership and increased cost of delivery of service. The Corporation currently holds long term debt in excess of $1.3 billion.

BC Ferries services an area with 20% of BC’s population, not including the Greater Vancouver area, and a wide variety of industries and commercial enterprises, which together provide tax contributions of roughly 36% of BC’s annual revenue; yet this area only benefits from about 6% of capital expenditure on highways, including the expenditure on ferries. The region serviced by BC Ferries includes 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.

Crown Corporations
Federal and provincial governments have used Crown Corporations to provide government services at comparable levels, this is Fiscal Fairness. Crown Corporations are most common in sectors such as transportation, telecommunications, utilities and power generation, and include alcohol sales, gaming, finance, insurance, agriculture and culture. Examples: Canada Post, BC Hydro, the BC Liquor Distribution Branch, BC Transportation Finance Authority (BCTFA), etc.

BC Hydro, one of the largest Crown Corporations in British Columbia, employs approximately 6,144 people, supplies power to approximately 94 per cent of the province's population, and owns 80 per cent of the province's electricity generation and distribution system. This allows BC Hydro to fulfill its primary purpose, which is to ensure that all British Columbians have a stable source of electricity at a regulated price regardless of where they live. This shows Fiscal Fairness.

In October 2008, BC Hydro made application for the removal of the flat rate, and introduced the Residential Inclining Block (RIB) rate which is a two-stepped conservation rate structure that provides incentive for conservation purposes, while it holds to the principle of Fiscal Fairness by establishing the same base rate for all British Columbians regardless of where they live. This application was approved by the British Columbia Utilities Commission (BCUC).

All residential customers will pay the same base rate up to 1600 kWh per two-month billing cycle. People who live in Ferry-Dependant Coastal Communities where delivery costs are higher are not required to pay more for electricity than the base rate charged to a consumer in the Fraser Valley or Prince George. The new conservation rate structure is revenue neutral and has been implemented to encourage conservation, not generate more revenue for BC Hydro through the two-step conservation rate.

> *The conservation rate applies equally to all residential and industrial customers regardless of where they live/operate, the kind of house/building they reside in, and how they use electricity.* (Source: 2012 Energy Conservation Rates, Ministry of Energy, Mines and Natural Gas and Responsible for Housing)

The Liquor Distribution Branch is a Crown Corporation with virtual monopoly status through the management of a centralized liquor distribution system. The LDB meets the test of Fiscal Fairness by providing for equal pricing of liquor products throughout the province through government-owned liquor stores that ensure an equal opportunity to access the same product selections at standard prices through a central catalogue. The LDB employs approximately 3,500 British Columbians and regulates the distribution, importation, and retailing of alcoholic beverages under the Liquor Distribution Act. The LDB operates approximately 224 liquor stores throughout British Columbia.

British Columbians who live on Salt Spring Island, Thetis Island, or Powell River are not expected to pay a different shelf price from a consumer who lives in Chilliwack, Prince George, downtown Vancouver, or any other place in British Columbia. The same shelf price for product carried within the catalogue is charged throughout British Columbia.

The BC Transportation Finance Authority is a Crown Corporation mandated to “acquire, construct, hold and improve transportation infrastructure... (It) is obliged to take full responsibility for providing services to the general public by holding and improving the infrastructure over their useful lives” (Source: Consolidated Financial Statements, Transportation Financing Authority, March 31, 2012)

The BCTFA has sole authority for development, management and administration of highways under the Highways Act. The BCTFA Crown Corporation owns all provincial highways, owns land held for construction of future transportation infrastructure, and related administration.

The Minister of Transportation and Infrastructure is responsible for the BCTFA, is the sole member of the Board of Directors, and is mandated under the Highways Act to work with partners and other levels of government to provide funding to develop and deliver cost-effective transit, ferry and cycling networks. In addition, the ministry is required to “open up B.C. through innovative, forward-thinking transportation strategies that move people and goods safely, and fuel our provincial economy.” (Source: Ministry of Transportation and Infrastructure 2013/14 Service Plan). BC Ferries financing structure sits outside this obligation, although its mandate is directly relevant to that of the BCTFA.

The level of funding provided to BC Ferries violates the government’s obligation to equitable distribution of revenue from taxes collected for transportation and economic growth. The lack of affordable ferries on the BC coast has created hardship for those who live in these communities, and is a major obstacle to economic growth and sustainability.

Pacific Gateway Investments

In 2010, the provincial government made the Ministry of Transportation and Industry the lead ministry with respect to *The Pacific Gateway Alliance* (PGA). This “alliance” brings together several stakeholders in a partnership of transportation industries and governments to oversee the multi-billion dollar expansion of our port, rail, road and airport facilities in British Columbia. The PGA is mandated to represent the public interest by assisting in bringing together infrastructure, labour, and service reliability under the direction of a Pacific Gateway Executive Committee. PGA members include senior representatives from the Governments of Canada and British Columbia, the three rail companies, CN, CP, and BNSF, along with the Port of Metro Vancouver, The Prince Rupert Port Authority, and Translink.

The purpose of this initiative is to provide British Columbia with a comprehensive land and sea infrastructure so that we benefit from our expanding economic interaction with Asia Pacific countries. The Pacific Gateway Alliance has projects in excess of $70 Billion in BC, with an opportunity for more projects as needed. There is an identified deficit of transportation infrastructure on the coast of British Columbia and the island communities, including underutilized, single-use publicly-owned terminals, poor services for freight and cargo, and barriers to investment due to unreliable or unaffordable shipping to many communities. In the short term the province has committed to $3.1 billion to increase major road and rail capacity, and a new provincial investment of $700 million in B.C.’s major trade corridors. British Columbia Ferry Services Inc. is not a member partner despite the fact that it is the main network of connectivity with British Columbia coastal communities.

Conclusion
The time has come for the Government of British Columbia to treat BC Ferries as part of BC's essential transportation system, and part of the province's economic growth strategy.

THE CHAMBER RECOMMENDS

That because of the above factors impacting British Columbia's economy:

1. the members of the BC Chamber agree to support the principle of Fiscal Fairness in planning, funding, and development of the transportation corridors in BC, to ensure secure private sector investment throughout BC, and a prosperous economy;

2. the BC Chamber of Commerce and its members call on the BC and Canadian governments to invest at least 1% of the full value of the Pacific Gateway Alliance into addressing the shipping and transportation deficit on the coast, so that goods and people may travel with more ease and more affordability, and businesses can plan for multi-year shipping; and,

3. the BC Chamber of Commerce and its members call on the government of BC to prepare plans for alternatives for BC's marine transportation corridor that include toll highways, toll bridges, and water taxis, with a costing plan that allows for potential private sector involvement, and that these plans be considered as an alternative to BC Ferries if suitable to the needs of the communities.

Submitted by the Powell River Chamber of Commerce

The PRC neither supports nor opposes this proposed resolution and encourages further dialogue within the membership.

The importance of good transportation links to economic growth gas been a consistent position of the chamber network. However the Policy Review Committee is unable to take a position on this resolution at this time as the resolution introduced a new concept for transportation investment - fiscal fairness. This concept seems to suggest that funding for transportation should be made on the basis of revenue generated in a given region rather than where the strongest need exists. The Policy Review Committee look to the membership to provide direction.

PROVINCIAL AIRPORT INFRASTRUCTURE INVESTMENT PLAN

B.C. is fortunate to have several international airports as well as many smaller regional airports. Naturally, airports are critical transportation links between our communities and are major economic drivers.

There is a large demand for infrastructure investment dollars for airports across the province and funding from municipal, provincial, and federal sources.

Currently, there is no master plan either provincially or federally that outlines infrastructure priorities for the province's airports. As it stands, spending decisions by governments on airport infrastructure is done on a local needs basis and guided by local lobbying efforts.

Furthermore, there does not appear to be any guidelines or criteria for investment towards airport projects by the Federal or Provincial Government. Most spending by either level of government is made under the justification of infrastructure and economic development spending.

Collectively, the Provincial and Federal Government should work together to develop a plan that will consult with businesses, residents, and airport authorities and provide solid research from users from around the province and neighboring districts that will encourage the most effective use of taxpayer dollars on airport improvements. Criteria should be established that differentiates between spending on critical basic needs and spending on desired, non-critical improvements.

In the interest of realizing the greatest economic impact and responsibility for taxpayer dollars in relation to airport infrastructure, future decisions should be made based on the areas of highest demand and economic impact to the entire province.

THE CHAMBER RECOMMENDS

That the Provincial Government, work with the Federal Government and airports around the province to develop a long term strategic plan to guide future investments in the province's airport infrastructure with guidelines and criteria established for spending on airport infrastructure.

Submitted by the Abbotsford Chamber of Commerce

The PRC <u>supports</u> this proposed resolution

TRANSFORMING THE HEAVY DUTY TRANSPORTATION MARKETS

Transportation in British Columbia

BC's transportation market is dominated by petroleum fuels, with the long distance heavy-duty transportation sector is 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. This transformation is farther under way in the US 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 depressed3. In addition to seeking other export markets, encouraging substitution of natural gas for diesel in the transportation sector makes direct economic sense, by reducing the cost of transportation 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 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 (1.93%), heavy-duty truck (14.38%), and other vehicle transportation (52.42%)4. 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 permits public utilities to offer incentives5. FortisBC's incentive program aims to meet 3-4 PJ/yr of transportation demand with natural gas for the next five years6 ("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.7 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 case8. Replacing 25 PJ/yr of diesel with natural gas would reduce annual provincial GHG emissions from transport by about 2.9%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 effects10. A shift from petroleum to natural gas would result in clear health benefits

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3 U.S. Energy Information Administration. (2013). Chapter 3: Natural gas. In EIA, International Energy Outlook (pp. 41-66). U.S. Department of Energy.
4 Consolidated Management Consultants. (2013). Transformation of Transportation Markets from Diesel & Gasoline to Natural Gas Policy for BC. Vancouver.
5 Lekstrom, B. (2010). Section 2 (h). In Bill 17 - Clean Energy Act. Victoria: Queen's Printer.
6 FortisBC. (2013). FortisBC Resource Planning Advisory Group (RPAG) Workshop.
7 FortisBC. (2013). FortisBC Resource Planning Advisory Group (RPAG) Workshop.
8 Projected reduction 100kt co_2e: (100/24,587kt (total transport emissions)) * 100kt = 0.4% reduction | Projected reductions from:
9 (25PJ/3.5PJ (from 3-4PJ reduction for 100kt GHG reduction)) * 100kt = 714.29kt reduction; (100/24,587kt) * 714.29kt = 2.9% reduction
10 Janssen, N. A., Fischer, P., Marra, M., Ameling, C., & Cassee, F. R. (2013). Short-term effects of PM2.5, PM10, and PM2.5-10 on daily mortality in the Netherlands. Science of The Total Environment, 20-26.

as well as mitigating the largest single source of GHG emissions in the province11.

A second compelling reason is 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 fuels12. 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 of the $400 million Tilbury LNG facility expansion from a certificate of public convenience and necessity review by the BCUC13. These were laudable steps.

But more support for a shift to natural gas transportation fuel could increase its usage greatly14, increasing the benefit to BC. 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 costs15.

Indirect benefits include supporting BC'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 US study used a new natural gas fuelling station as the starting point16. 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 fuel17. 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 onthe 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

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11 Ministry of Environment. (2012). 3. B.C. GHG Emissions - 2010. In British Columbia Greenhouse Gas Inventory Report 2010 (pp. 11-19). Victoria.
12 Azzarello, S. (2014, February 11). Energy Price Spread: Natural Gas Vs. Crude Oil In The U.S. Retrieved from Seeking Alpha: http://seekingalpha.com/article/2012281-energy-price-spread-natural-gas-vs-crude-oil-in-the-u-s
13 Province of British Columbia. (2013). Direction No. 5 to the British Columbia Utilities Commission. Victoria: Queen's Printer.
14 Ministry of Energy and Mines. (2012). Developing Current and New Markets. In British Columbia's Natural Gas Strategy (pp. 4-6).
15 The Conference Board of Canada. (2012). Cheap Enough? Making the Switch From Diesel Fuel to Natural Gas.
16 TIAX. (2013). U.S. and Canadian Natural Gas Vehicle Market Analysis: Natural Gas Vehicle Industry Overview.
17 Province of British Columbia. (2012). Order in Council No. 295.

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. economy18, 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 emissions19, which would contribute significantly to the reduction targets in the Greenhouse Gas Reduction Targets Act20. 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 diesel21.

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 refuelling 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 industry22. A key 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 refuelling 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 refuelling of compressed natural gas tanks that will allow for a quicker refuelling process. While technological innovation is a positive thing, permitting and regulating new technologies can take time. The government can encourage rather than hinder the development of natural gas for transportation by adding resources to accelerate and by streamlining their regulatory process. The 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

The B.C. Government continue to develop natural gas transportation policy with the objective of more rapidly transforming the heavy-duty trucking, marine and rail transport

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18 Consolidated Management Consultants. (2013). Transformation of Transportation Markets from Diesel & Gasoline to Natural Gas Policy for BC. Vancouver.
19 (52.1PJ/3.5PJ (see [6])) * 100kt = 1488.57kt reduction; (100/24,587kt) * 1488.57kt = 6% reduction
20 Penner, B. (2007). Bill 44 - 2007: Greenhouse Gas Reduction Targets Act. Victoria: Queen's Printer.
21 The Conference Board of Canada. (2012). Cheap Enough? Making the Switch From Diesel Fuel to Natural Gas.
22 Natural Gas Use in Transportation Roundtable. (2010). Natural Gas Use in the Canadian Transportation Sector.

markets – delivering economic development and increasing productivity in B.C.

Submitted by the Policy Review Committee

NATIONAL AIRPORTS POLICY- COMPLETING AIRPORT DIVESTITURES

Introduction

The federal government created the National Airport Policy in 1994 and since then has worked systematically to divest itself of airports. This strategy's intent was to stop operating the airports that government regulated. There are few airports remaining in control of the federal government and they have declared an intent to divest itself of the remaining airports.

There are 18 airports still owned by Transport Canada including the following four B.C. airports: Victoria Harbour, Sandspit, Penticton, and Port Hardy.

Province	Airport Location
British Columbia	• Penticton • Victoria Harbour • Port Hardy • Sandspit
Manitoba	• Churchill
Quebec	• Chevery • Lourdes-de-Blanc-Sablon • Sept-Îles • Natashquan • Eastmain River • Havre Saint-Pierre • Waskaganish • Îles-de-la-Madeleine • Kuujjuaq • Schefferville • Wemindji
Newfoundland & Labrador	• Wabush • St. Anthony

Business Issue

Airports are a key economic asset not only to the national transportation system but also the communities where they are located. The divesture of the remaining airports is essential to the overall affordability of the national network of systems. It is also essential for the communities of the remaining areas to provide certainty over air transportation, as well as affordability and long-term sustainability that are sensitive to local interests. The divesture of the remaining airports needs to be managed to ensure the economic, environmental, and safety objectives are achieved.

Background

The federal government has acknowledged the need for realistic, achievable vision for transportation. The need for an efficient, reliable, safe, and competitively priced transportation system is essential for Canadian businesses and consumers. However, the federal government also realizes the risk our current transportation system has to becoming a major public liability. According to the federal government, much of the Canadian transportation system is over built in regards to airports, railway lines and public ports.

- 94 per cent of all air passengers and cargo use only 26 of 726 airports;
- 84 per cent of all rail traffic uses only 33 per cent of the railway lines;
- 80 per cent of all marine traffic passes through only 30 of 300 public ports23.

23 National Airports Policy, Transport Canada

Many of these transportation system services are highly subsidized by the taxpayer with approximately $1.6 billion in direct subsides with an additional indirect subsidies totaling $2.3 billion per year.

The challenge for the federal government is how to transform the current transportation system to one the integrated and affordable national system. Moving the Canadian transportation system into the 21st century needs to take into consideration modern needs of businesses and consumers in an ever changing marketplace. Transportation systems that reflect international trends including globalization, integration, and technology, reduced trade barriers, and cross-border markets.

In 1994, the federal government called for a review of potential commercialization strategies for our transportation system. The purpose of this was to identify areas for more effective and affordable transportation system that would meet current transportation needs. The commercialization strategies were to include enhancements to the overall system, without weakening Transport Canada's main priority, which is enhancing the safety and security of Canadians.

Policy Issues and Considerations

Through the National Airports Policy the federal government has successfully divested over 128 airports to airport authorities, local governments, and societies across Canada. Today, there are 18 remaining Transport Canada owned airports across Canada with four of those airports located in B.C. While at least seven of those are under review the federal government has not allocated funding to divest the remaining airports.

As of the 2011-2012 fiscal year, revenues from Transport Canada's 18 remaining airports were $12.2 million with a total expenditure of $47.4 million.

Transport Canada offers an Airports Capital Assistance Program (ACAP) that provides federal funds to help eligible airports finance capital projects what will maintain and improve safety. Federally owned and operated airports are not eligible to receive this funding.

Transfer process of the now expired Airport Divesture Program included the Government of Canada seeking interest from relevant provincial/territorial governments, local/regional governments, airport commission, or private organization (in that order) to determine interest in transfer of airports.

Once organizations were identified, accepted by Transportation Canada, letters of intent were then signed. Although non-binding, this process reflected the acceptance of both parties to enter into negotiations. The process would include negotiations, confidentiality agreement, and information exchange as a preliminary step in the process.

Airports, communities and taxpayers have all benefited since airport divestures commenced. The overall tax burden is lightened when costs are shifted from government subsidies to user fees. This moves the costs from taxpayers to actually airport users. In addition, placing responsibility of airports on local operators allows for more efficient response to local market conditions and development plans. Currently, setting fees and charges as well as regulation of ground transportation services are done through federal regulation. Local operation of airports allows for better determine and provide the level of service needed by the community. Long-term this has proven to be more viable and responsive to community needs as it can better match service levels to local demands and resources, further ensuring long-term viability of local airports.

The Transport Canada Airport Divestiture Program expired in 2007, so new parameters would have to be identified and a new program implemented.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Identify potential interested agencies to take over the remaining 18 airports, currently owned by Transport Canada.
2. Enter into negotiations with accepted interested agencies for airport divesture.
3. Allocate divesture and transition funding in order to divest the identified Transport Canada owned airports to the appropriate agencies within a one-to-two year time frame.

Submitted by the Greater Victoria Chamber of Commerce

The Policy Review Committee supports this proposed resolution

RAIL SERVICE AND CAPACITY ISSUES IN B.C.

The transportation of export commodities by rail to and from B.C.'s communities is crucial to the economy of B.C. and western Canada. From potash in Saskatchewan to pulse crops in Alberta or mining & natural gas products in B.C., the movement of Canada's many resources is dependent of reliable, adequate rail service. The Chamber supports the enactment and enforcement of provisions which will improve such rail service.

The Canada Transportation Act (CTA) currently states *"A rate or condition of service established under this division must be fair and reasonable to all parties"* and under section 113 the following applies for level of service from railways:

1) A railway company shall, according to its powers, in respect of a railway owned or operated by it,
- *a. furnish, at the point of origin, at the point of junction of the railway with another railway, and at all points of stopping established for that purpose, adequate and suitable accommodation for the receiving and loading of all traffic offered for carriage on the railway;*
- *b. furnish adequate and suitable accommodation for the carriage, unloading and delivering of the traffic;*
- *c. without delay, and with due care and diligence, receive, carry and deliver the traffic;*
- *d. furnish and use all proper appliances, accommodation and means necessary for receiving, loading, carrying, unloading and delivering the traffic; and*
- *e. furnish any other service incidental to transportation that is customary or usual in connection with the business of a railway company.*

TRANSPORTATION

Across the Western Provinces and in British Columbia, particularly Northern British Columbia rail service has been steadily declining compared to the level of service demanded by shippers. In the Prairies, 2013 was a record harvest for grain that is shipped around the world. Grain farmers, however, have not been able to access adequate rail service to get their crops to market.

In B.C., Fort Nelson, in the last year, has seen service decrease from 3 trains per week to 2 per week from Fort St John and in town services decrease from 5 days to 2 serviced only when trains come in.That is a decrease of 3 staff to 0. The railway expectation is that train crews will make required switches while there, however, this leaves customers unable to access their product due to crew time off requirements and during days when there is no crew available. When the train arrives crews go on their rest period and then once they leave again there is no service. The biggest single issue is full cars sitting on railway property, even when CN does run extra trains into Fort Nelson; businesses cannot access their own product.

In addition, there is no certainty over delivery schedules as the railway frequently bumps shipments and changes the delivery date. There is no accountability for delivery and according to the railway they have never had a late shipment as it always arrives on the date stated in their system. Two Fort Nelson companies experienced over 300 lost days in slightly more than a 6 month period. With the uncertainty in rail deliveries more companies are relying on trucking, resulting in a significant increase in traffic, decrease in road conditions and an increase in environmental impacts. (It takes two b-trains of fuel to equal one rail car.)

In Section 114 the Transportation Act goes on to require:

1) *A railway company shall, according to its powers, afford to all persons and other companies all adequate and suitable accommodation for receiving, carrying and delivering traffic on and from its railway, for the transfer of traffic between its railway and other railways and for the return of rolling stock.*
2) *For the purposes of subsection (1), adequate and suitable accommodation includes reasonable facilities for the receiving, carriage and delivery by the company*
    a. *at the request of any other company, of through traffic and, in the case of goods shipped by carload, of the car with the goods shipped in it, to and from the railway of the other company, at a through rate; and*
    b. *at the request of any person interested in through traffic, of such traffic at through rates.*
3) *Every railway company that has or operates a railway forming part of a continuous line of railway with or that intersects any other railway, or that has any terminus, station or wharf near to any terminus, station or wharf of another railway, shall afford all reasonable facilities for delivering to that other railway, or for receiving from or carrying by its railway, all the traffic arriving by that other railway without any unreasonable delay, so that*
    a) *no obstruction is offered to the public desirous of using those railways as a continuous line of communication; and*
    b) *all reasonable accommodation, by means of the railways of those companies, is at all times afforded to the public for that purpose.*

Beyond our agricultural and mineral resources that find their way to B.C. ports from across the country, the anticipated increase in LNG production in British Columbia also requires reliable & accountable rail service . Unreliable rail system performance has increased operating costs and acts as a disincentive to future investments. In addition reliable rail service is critical to remote and end of line communities that not only rely on the rail themselves but also serve as a continuing point for moving essential products such as fuel and gas industry requirements further north and into other more isolated areas such as the Horn River and Liard Basins, Yukon and Northwest Territories. Businesses are highly dependent on products arriving “on time” to ensure BC is seen as a dependable supplier to customers and export markets.

The railways are public entities of strategic national importance and operate to maximize profit for their shareholders. They must also serve the national interest by providing reliable cost-effective service to shippers. Increased throughput and reliability of service will improve the capacity of businesses throughout British Columbia. The movement of product by rail is cost-effective and environmentally sustainable.

TRANSPORTATION

THE CHAMBER RECOMMENDS

That the Provincial & Federal governments work to:

1. Require railways to disclose records & history of all scheduled delivery dates including all changes to dates, as permitted under section 50 of the CTA, to more accurately reflect actual service delivery performance.

2. Strengthen sections 140 to 146 of the act to require railways to ensure and demonstrate community input into railway actions resulting in service disruptions, closures or abondonments. Require railways to seek regulatory approval before making decisions to cut service to communities and provide affected parties with the ability to provide information as interveners

Submitted by the Fort Nelson & District Chamber of Commerce

The Policy Review Committee supports this proposed resolution