

# **Submission to the Select Standing Committee on Finance and Government Services**

## **Budget 2011 Consultation**

**Submitted by the B.C. Government and  
Service Employees' Union**

**October 15, 2010  
Abbotsford, British Columbia**

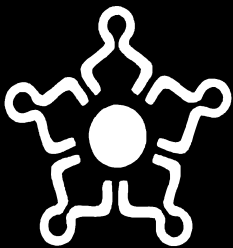
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## Introduction

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The B.C. Government and Service Employees' Union (the "BCGEU") represents more than 65,000 people working in various sectors and occupations in more than 550 bargaining units across British Columbia.

Our diverse membership includes direct government employees who serve the public in various ways, including by protecting children, providing income assistance to people living in poverty, staffing provincial correctional facilities, fighting forest fires, providing care to people living with mental illness, protecting B.C.'s natural environments, managing our natural resources, and providing technical and clerical services. BCGEU members also administer the province's system of liquor control, licensing and distribution.

In addition, our membership extends to the broader public sector and the private sector. For example, BCGEU members provide a variety of health care services, including care and support for seniors. They provide a wide range of community social services, including child care for families, supports for adults with developmental disabilities, and programs for new Canadians, women fleeing violence, and First Nations communities. BCGEU members also maintain our highways and bridges, instruct and provide support to post-secondary students, and work in various other sectors and industries, including financial services, hospitality, retail, and gaming.

We appreciate the opportunity to provide this submission to the Select Standing Committee on Finance and Government Services (the "Committee").<sup>1</sup>

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<sup>1</sup> Sources and citations available upon request.

## B.C.'s economic outlook and fiscal situation

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British Columbia's economy is recovering from the worst recession since 1982. Economic growth has been strong in the past year, but as 2011 approaches, it is clear that the recovery is fragile. British Columbians are living with record high household debt levels and rising interest rates. The housing market is weakening, the impact of stimulus programs is fading, and unemployment is expected to remain high. In recognition of these key weaknesses in the provincial economy, growth forecasts for the coming year are being adjusted downward.

At the same time, economic prospects have dimmed in the United States. A "double-dip" return to recession is possible for our most important trading partner. Globally, growth is also expected to be subdued in 2011. In sum, although modest growth is predicted, considerable uncertainty surrounds the economic outlook for our province.

Given the fragility of B.C.'s economic recovery, it is critical for the government to avoid fiscal retrenchment. This is not the time to focus on deficit and debt reduction, since further austerity measures will take steam out of the current upswing. Instead, the government must support economic recovery through strategic investments in the future of our province.

And there is clearly room for investment. B.C.'s 2009/10 deficit was \$1 billion less than projected in the 2010 budget. Compared to projections from the last budget, an additional \$2.7 billion in revenues is now expected by the government over the next three years. The Ministry of Finance's *2010 Financial and Economic Review* emphasizes that B.C. is in a strong fiscal position, and the projected levels of deficits and debt are easily affordable. Accordingly, the government should seize this opportunity to invest in creating a stronger, more equal and more productive British Columbia.

## **Our priorities: Immediate action, long-term vision**

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Strength, equality and opportunity tomorrow, require investment and planning today.

We need to work towards a long-term vision of healthy families, strong communities and a green economy for British Columbia. To that end, and given our uncertain economic outlook yet better-than-expected fiscal situation, the provincial government can and must take the following priority actions:

- Rebuild the public service for the benefit of all British Columbians.
- Support the well-being of B.C. families by investing in health and social services.
- Protect our environment and resources by addressing the crisis in B.C.'s forests.
- Build communities by promoting equality, sustainability and productivity.
- Increase government capacity to support British Columbians by expanding provincial revenues and moving towards tax fairness.

# Summary of recommendations

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## **REBUILD THE PUBLIC SERVICE**

- Restore jobs and funding to ministries hard hit by cuts and layoffs since 2001.
- Invest in public infrastructure:
  - reopen local offices and courthouses;
  - invest in new and expanded infrastructure and programs.

## **INVEST IN HEALTH AND SOCIAL SERVICES**

- Invest in community-based health care supports and services, such as home support and residential care for seniors, mental health and addictions services, and prevention and health promotion programs.
- Fund and implement a comprehensive mental health and addictions plan that includes counselling services, community care and residential services.
- Increase funding for government ministries and contracted agencies providing critical community-based social services.
- Develop and fund a comprehensive plan for the implementation of a high-quality, universal, publicly-funded early learning and child care program for British Columbia.
- Order an end to cost-driven closures, redesigns and service reductions in the community living sector, and increase CLBC funding to meet the service and support needs of adults with developmental disabilities in B.C.
- Make significant capital investments in the community social services sector.

## **ADDRESS THE CRISIS IN B.C.'S FORESTS**

- Restore funding and staffing levels in the Ministry of Forests and Range to pre-2001 levels.
- Restore funding to environmental protection, environmental assessment, compliance, Crown land remediation, and parks.
- Invest in reforestation and other silviculture activities.
- Support rural communities to build more value from their forests and diversify their economies.

## **PROMOTE EQUALITY, SUSTAINABILITY AND PRODUCTIVITY**

- Develop, fund and implement a comprehensive and accountable poverty reduction plan for British Columbia.
- Raise B.C.'s minimum wage to \$10 per hour and legislate annual increases linked to increases in the cost of living.
- Pursue programs and policies that will impact British Columbians' standard of living, and, as a result, reduce the "living wage" that families must earn to make ends meet.
- Facilitate increased court efficiency and cost-savings, and improved access to justice, by rebuilding B.C.'s legal aid system.
- Develop, fund and implement a comprehensive green economy strategy.
- Support research and development of new technologies with green economy applications.
- Fund supports for low- and middle-income households who have been and/or will be hard hit by rising energy and carbon prices.
- Invest in post-secondary education, trades training, apprenticeship opportunities and workplace training.
- Fund essential skills programs, including numeracy and literacy programs, to ensure the participation and success of all British Columbians in the job market.

## **EXPAND GOVERNMENT REVENUES AND IMPLEMENT TAX FAIRNESS**

- Implement measures to achieve tax fairness.
- Address B.C.'s revenue problem by making changes that will enhance provincial resources, including:
  - more public liquor stores, and expanded hours and services at existing stores;
  - increased staffing and hours of operation at weigh scales; and
  - fair value from our forests through better monitoring of stumpage payments and increased taxes on raw logs.

## Rebuild the public service

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B.C. has one of the smallest provincial public services relative to our population, and it continues to shrink. A total of 772 direct government service jobs have been eliminated since September 2009, and the March 2010 budget projected an 11 percent cut to the public service, or a reduction of 3,500 positions, by 2013. Over the longer term, the government has forecasted a 30 to 57 percent decrease in the size of the public service within the next decade.

The negative impacts and outcomes of a shrinking public service are clear and include the following:

- As our public service gets smaller, the ability of government to deliver important programs and services diminishes.
- As a smaller number of public servants attempt to serve a growing range of public needs, job satisfaction and employee engagement and morale decline, and recruitment and retention challenges are exacerbated, impacting service quality and stability.
- Cutting government jobs reduces the incomes and outputs of hard-working British Columbians, creating a drag on an already slow and fragile economic recovery, and negatively impacting local communities.

We welcomed the June 2010 announcement that no further layoffs are needed to meet the government's current budget objectives. But a temporary freeze on the ongoing erosion of government services is not enough.

It is time to rebuild British Columbia's public service.

### RECOMMENDATIONS

- Restore jobs and funding to ministries hard hit by cuts and layoffs since 2001, which have resulted in reduced government programs and services.
- Invest in public infrastructure:
  - reopen local offices and courthouses that serve British Columbians in their communities;
  - invest in new and expanded infrastructure and programs, to improve service delivery. For example –
    - build new correctional facilities to deal with overcrowding and the increase in inmate population projected to result from the Harper government's wrong-headed crime policies; and

- improve our highways infrastructure by allocating increased funding and resources to contracted highways maintenance staffing and programs, sufficient to restore road standards and upgrade enforcement.

## Invest in health and social services

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Investment in health and social services today reduces long-term social and economic costs and supports the present and future well-being of B.C. families. Yet we continue to see short-sighted government cuts to budgets and programs, which have led to service and facility closures and understaffing across the province. As a result, seniors cannot get the care that they need, adults with developmental disabilities cannot access the supports of their choice, and families cannot find quality, affordable child care.

### Health

In recent years, we have seen cuts to community-based health programs and services, seniors' care, mental health and addictions services, services for children and infants with special needs, surgeries, and diagnostic and rehabilitation services. We have seen health authorities reducing operations to cuts costs as a result of funding pressures imposed by the provincial government.

Despite a well-known need for increased access to seniors' home support services, the number of clients receiving these services has dropped significantly since 2000 – even as B.C.'s seniors' population has grown. As a result, seniors are unable to remain in their homes because they lack the appropriate supports.

Services for seniors living in residential long-term care facilities have also declined. Between 2001 and 2008, access to licensed residential care for people aged 75 and older decreased by 20.5 percent. Moreover, in recent years, staffing levels and training in existing residential care facilities have not kept pace with the complex needs of residents. As a result, residents must increasingly rely on family members and friends to assist with their care or pay for private caregivers.

Another area of particular concern is mental health. Hospital utilization levels for people with mental illnesses are high, resulting in significant health care costs. However, instead of funding effective, community-based mental health programs and services that would reduce acute care usage, these types of supports are being cut. In addition, British Columbians continue to wait for a long-promised, and much-needed, provincial mental health plan.

We urge the government to change its course, and to invest in B.C.'s public health care system.

### RECOMMENDATIONS

- Invest in community-based health care supports and services, such as home support and residential care for seniors, mental health and addictions services, and prevention and health promotion programs. These types of services reduce acute care costs, creating long-term savings and benefits for British Columbians.

- Increase funding for home support services to ensure that individuals who require only prevention and maintenance supports to remain in their homes receive the services they require, and that these services are part of the care provided to all home support clients.
- Increase funding for residential care beds, sufficient to build the 5,000 new, not-for-profit, licensed beds promised in 2001, plus the additional beds needed due to growing demand since 2006 (i.e. the year when the 5,000-bed promise should have been fulfilled). Assisted living units should not be counted in this funding initiative.
- Commit to fully funding current operating costs of residential care homes sufficient to bring all facilities up to a minimum of 3.5 hours of care per resident, per day.
- Restore community-based mental health and addictions programs and services that have been cut across the province.
- Fund and implement a comprehensive mental health and addictions plan that includes counselling services, community care and residential services.

## **Community social services**

The positive social and economic returns on investment in community social services like child care, programs for at-risk youth, and family counselling and support are well-known. Investing in child care creates jobs and promotes economic growth. Programs for young offenders produce long-run economic returns. Services that address the social determinants of health (such as disability, employment, housing and social exclusion) promote the well-being of families and communities.

Regrettably, however, government continues to treat these services like luxuries rather than necessities, which results in increased health care costs and greater burden on courts, police and municipal services.

This year, we have seen cuts to community-based services such as residential treatment programs, counselling services, supports for individuals with mental health issues, and child care centres. We have seen an almost \$10 million reduction in funding to front-line agencies that provide the majority of government services to children and families. And a plan currently being implemented by the Ministry of Children and Family Development promises more cuts to services like family counselling and supports for children and youth.

Services for adults with developmental disabilities are also being eroded. Provincial government funding for Community Living British Columbia (CLBC) has flat-lined and CLBC is trying to reduce a \$22-million deficit by requiring service providers to reduce and redesign services to cut costs. Outcomes of this budget crunch have included at least 10 recent group home closures across the province, with the potential for 10 (or more) additional shut-downs by 2011. Other impacts include residential staffing reductions, cuts to community inclusion

staffing and services, and cost-driven proposals to relocate group home residents to low-cost home-sharing placements.

We fear a long-term crisis and collapse in the community living sector, due to cost-driven, short-sighted government decision-making, unless immediate actions are taken.

## **RECOMMENDATIONS**

- Increase funding for government ministries and contracted agencies providing critical community-based social services, such as programs for women and First Nations communities, immigrant services, services for children, youth and families, employment programs, and supports for people with disabilities.
- Develop and fund a comprehensive plan for the implementation of a high-quality, universal, publicly-funded early learning and child care program for British Columbia.
- Order an end to cost-driven closures, redesigns and service reductions in the community living sector, and increase CLBC funding to meet the service and support needs of adults with developmental disabilities in B.C. Ensure that CLBC funding is sufficient to address the current waitlist and meet the growing demand for community living supports and services. Direct the renewal of funding and support for individuals who choose group homes as their preferred residential option, and the removal of administrative and other barriers to this service option.
- Make significant capital investments in the community social services sector to allow the purchase of new equipment, upgrade and expansion of existing buildings, and construction of new residential and other facilities, including group homes and housing for semi-independent and independent living for adults with developmental disabilities.

## Address the crisis in B.C.'s forests

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British Columbia is blessed with millions of hectares of publicly-owned forests and over 1,000 parks. Our Crown forests and parks are among B.C.'s most valuable assets, and they are integral to our quality of life. These public lands help to regulate climate, keep our water clean, provide wildlife habitat, and contribute to the economic, social, and spiritual well-being of British Columbians.

Disappointingly, however, programs that conserve B.C.'s biodiversity, protect species at risk, monitor and report on air and water quality, respond to environmental emergencies, set emission standards, and address climate change have been targeted for cuts. Due to staff and funding reductions, key agencies are unable to effectively implement, monitor and enforce government legislation and policies aimed at protecting our environment and managing our resources in the public interest. For example, this summer the Auditor General concluded that the Ministry of Environment is not meeting its mandate to conserve ecological integrity in B.C.'s parks.

The situation at the Ministry of Forests and Range is of particular concern. The ministry has been gutted. Roughly 1,000 positions have been eliminated in the past decade, including 245 layoffs in the past year. Offices have been closed or downsized, and there are fewer front-line staff monitoring our forests and enforcing regulations. The real-life consequences of these cuts were clear this summer when silviculture employees in Golden were discovered working under terrible conditions for a private contractor. Proper monitoring by an adequate complement of Ministry staff would have prevented this shameful episode. Positions in forest research have also been cut, at a time when our forests are changing rapidly in the face of climate change, and new knowledge is needed more than ever. The Forest Service's inventory program, which provides critical information for important forest management decisions, has been scaled back, as have staff who ensure the accuracy of stumpage payments due to the province. The Forest Service's capacity to continue to act as an effective, independent, and professional steward of our forest resources has been crippled.

Another important issue is the pressing need to reforest huge tracts of land in B.C. The mountain pine beetle has attacked several million hectares of our pine forests, forest fires have decimated large areas, and a huge backlog of previously logged areas has not been replanted. Serious public investment in planting trees is needed to promote healthy forests, pull more carbon out of the atmosphere, and provide forest industry jobs both today and tomorrow.

Finally, forest-dependent communities in B.C. have been devastated by the recent downturn in the forest industry and by policy changes that removed requirements for local processing. Many British Columbians now watch as raw logs are driven out of their communities and their jobs are exported elsewhere. Nearly 40,000 direct forestry jobs have been lost and more than 70 B.C. mills have permanently closed in the past decade. Rural communities need more support to recover from the collapse of the industry, diversify their economies, and rebuild a new, more sustainable forest industry focused on high-value production.

## RECOMMENDATIONS

- Restore funding and staffing levels in the Ministry of Forests and Range to pre-2001 levels so that adequate resources are available to enforce regulations, make sound forest management decisions, and address the challenge of climate change.
- Restore funding to environmental protection, environmental assessment, compliance, Crown land remediation, and parks.
- Invest in reforestation and other silviculture activities like brushing and spacing so that a 'no net deforestation' policy can be realized on the ground. Ensure that regenerated stands are monitored and assessed over time.
- Support rural communities to reap more value from their forests and diversify their economies so that they are better insulated from the volatility of global commodity markets and can prosper well into the future.

## **Promote equality, sustainability and productivity**

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As British Columbians struggle to recover from the recent economic downturn, the provincial government must plan and invest to strengthen our communities and boost our economy by promoting equality, sustainability and productivity.

### **Equality**

Poverty and inequality impact us all, and are as costly as they are shameful. British Columbians pay for poverty and inequality in increased health care costs, higher crime, higher demand for community, social and charitable services, lack of school readiness, and lower economic productivity.

The rates of poverty and child poverty in British Columbia continue to be among the highest in Canada. This is unacceptable, and must be addressed through bold and immediate government action.

### **RECOMMENDATIONS**

- Follow the lead of several other provinces and answer the call of countless individuals, organizations and municipalities by developing, funding and implementing a comprehensive and accountable poverty reduction plan for British Columbia. B.C.'s plan should have legislated targets and timelines to:
  - reduce B.C.'s poverty rate by 30 percent within four years, and by 75 percent within 10 years;
  - ensure the poverty rate for children, lone-mother households, single senior women, Aboriginal people, people with disabilities and mental illness, and recent immigrants and refugees likewise declines by 30 percent in four years, and by 75 percent in 10 years, in recognition that poverty is concentrated in these populations;
  - within two years, ensure that every British Columbian has an income that reaches at least 75 percent of the poverty line; and
  - within two years, ensure no one has to sleep outside, and end all homelessness within eight years (ensuring all homeless people have good quality, appropriate housing).

Our plan should also provide for specific policy measures and concrete actions (some of which are discussed elsewhere in this submission), including the following:

- Provide adequate and accessible income support for the non-employed, and remove policy barriers so that recipients can build and maintain assets.

- Improve the earnings and working conditions of individuals in the low-wage workforce.
  - Improve food security for low-income individuals and families.
  - Address homelessness and adopt a comprehensive affordable housing and supportive housing plan.
  - Provide universal publicly-funded child care.
  - Enhance support for training and education for low-income people.
  - Enhance community mental health and home support services, and expand integrated approaches to prevention and health promotion services.
- Raise British Columbia's minimum wage to \$10 per hour and legislate annual increases linked to increases in the cost of living. Currently, B.C.'s minimum wage is the lowest in Canada, and its real value has been eroded by almost 15 percent over the last nine years due to inflation.
  - Pursue programs and policies that will impact British Columbians' standard of living, and, as a result, reduce the "living wage" that families must earn to make ends meet (currently \$18.17 per hour in Metro Vancouver), including the following:
    - enhance and increase direct government supports to low-income families, such as the provincial child care subsidy and Medical Services Plan premium assistance; and
    - invest in public services and infrastructure that can reduce employer costs and family expenses, such as health care, public transit, affordable housing, and child care.
  - Facilitate increased court efficiency and cost-savings, and improved access to justice, by rebuilding British Columbia's legal aid system:
    - restore and increase provincial government funding of the Legal Services Society, sufficient to provide legal representation to people who need it, in a full range of criminal, civil and immigration matters;
    - reopen community law offices, regional centres and other services and facilities closed over the last decade (including the services and facilities closed this year), to facilitate access to legal aid.

## **Sustainability**

British Columbia's greenhouse gas emissions have risen by 32 percent over the last 20 years, despite Canada's international commitment to reduce emissions by 6 percent below 1990 levels. Transportation sector emissions are especially high (40 percent of B.C.'s total), as are fossil fuel industry emissions (20 percent and growing, despite employing less than 1 percent of B.C.'s total workforce) and emissions from manufacturing (10 percent).

At the same time, B.C.'s economy is in transition, with shrinking median earnings levels, high rural and Aboriginal unemployment, and high jobless rates in traditional employment sectors like forestry and fishing.

But there is hope. For example, policies to encourage housing retrofits could immediately create 8,200 to 13,200 person-years of good employment, while investments in transit and rail could create 230,000 to 270,000 person-years. In addition, electricity conservation measures could yield a further 200,000 person-years of work. Not only would these policies (and others in manufacturing, agriculture, forestry and other sectors) reduce B.C.'s high unemployment levels (8.1 percent overall in January – the highest it had been since 2002, down to 7.3 percent in August) and provide jobs in struggling communities, they would also help to reduce B.C.'s greenhouse gas emissions.

Thus, to sustain our communities and protect our environment, the provincial government must take immediate action on climate change. Specifically, to reduce emissions levels while creating more employment and higher wages, British Columbia must move to a low-carbon, "green" economy.

### **RECOMMENDATIONS**

- Develop, fund and implement a comprehensive green economy strategy, including green jobs and capital plans, focusing on a variety of priority areas, such as green manufacturing, green building construction and retrofitting, conservation, and just transition programs to ensure that workers are able to access training and employment opportunities in green job sectors.
- Support research and development of new technologies with green economy applications.
- Fund supports for low- and middle-income households who have been and/or will be hard hit by rising energy and carbon prices.

## **Productivity**

Educational attainment and skills training increase productivity and fuel economic growth. Yet average university tuition fees doubled in B.C. between 2001 and 2008, making post-secondary education less accessible. In addition, we have recently seen caps on job training funds and

cuts to the Industry Training Authority – short-sighted measures that will likely have negative long-term economic impacts.

We urge the provincial government to build a more productive and prosperous British Columbia by investing in education and training.

## **RECOMMENDATIONS**

- Invest in post-secondary education to make universities and colleges affordable and accessible to British Columbian students.
- Fund increased and enhanced trades training and apprenticeship opportunities and ensure these opportunities are affordable and accessible, focus on generalist and transferable skills, and are planned and designed in consultation with a range of stakeholders, including unions, post-secondary institutions, and smaller employers.
- Fund increased and enhanced workplace training opportunities.
- Fund essential skills programs, including numeracy and literacy programs, to ensure the participation and success of all British Columbians in the job market.

## **Expand government revenues and implement tax fairness**

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Without a doubt, the 2008/09 recession hit government revenues hard. But over the past decade, provincial revenues have been more seriously and permanently undermined by a series of ill-conceived tax cuts that have primarily benefitted corporations and the wealthiest British Columbians.

At the same time, the government has ignored easy opportunities to generate more revenue from existing sources like public liquor stores, permit fees on highways, and forest stumpage payments.

These policy choices have constrained public revenues. As a result, government spending as a proportion of GDP has declined significantly since 2001. While less of our wealth is being invested in public services, British Columbians are told by government that there is not enough money, that spending must be cut, and that public services need to be privatized.

These trends cannot continue.

Building a fair, responsible and equitable province requires investment. It is time for the provincial government to rebuild its capacity to invest in strengthening our families and communities, protecting the environment, and boosting our economy. This includes implementing tax fairness to prevent rich corporations and wealthy executives from avoiding their responsibility to contribute to public services.

### **RECOMMENDATIONS**

- Implement measures to achieve tax fairness. The tax system should be reformed so that all British Columbians, including big corporations and the super-rich, pay their fair share for quality public services.
- Address B.C.'s revenue problem. More resources are needed to meet the needs of British Columbians and to properly invest in a brighter, more sustainable future for our province:
  - Public liquor stores –
    - maximize public revenue by increasing the number of public liquor stores;
    - extend store hours (including Sunday openings);
    - enhance customer service measures, such as cold beer sales.

- Weigh scales –
  - increase staffing and extend the hours of operation at weigh scales so that existing permits and other fees for commercial vehicles are collected.
  
- Fair value from our forests –
  - increase the number of Forest Service scalers to ensure the public is getting fair value for its timber resources;
  - increase taxes on raw logs being exported for processing elsewhere to keep forest jobs in B.C. and generate revenue for public services.

## Conclusion

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The future of our province will depend on the government's present budget decisions. Immediate action today – to rebuild our public service, invest in health and social services, address the crisis in B.C.'s forests, promote equality, sustainability and productivity, expand government revenues, and implement tax fairness – will ensure the fulfillment of a long-term vision of healthy families, strong communities and a green economy for British Columbia.

We urge the Committee to adopt our recommendations and to advocate for their implementation.