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Precarious temp agency work requires public policy attention

By Andrew Longhurst

Imagine you just got a new job. But instead of a permanent job for an indefinite period of time, you are told that this near-minimum wage job will last four weeks, but could end at any point without notice, and the exact hours per week are to be determined. Your assignment might be extended, but maybe not, making it difficult to pursue other employment or to juggle family responsibilities. It's unclear who your actual employer is—the firm supervising you, or the agency that sent you there. In fact, you're not sure who is legally responsible for respecting your workplace rights. Although you do similar work, your colleagues receive higher wages and benefits. Would you want this job?

Yet this is typical of temporary agency work (also called “temp work”)—a type of temporary employment that is often precarious and economically insecure. Although there has rightly been much focus of late on temporary *foreign* workers, very little attention has been paid to the realities of local temporary agency workers, despite the significant growth of this sector.

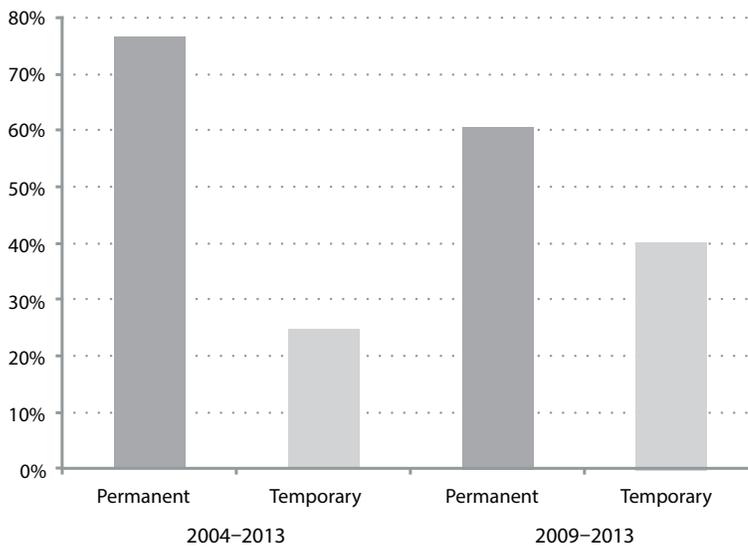
Recent years have seen a shift away from the standard employment relationship of permanent work, and towards a labour market increasingly characterized by non-standard employment. Temporary employment (including contract, seasonal, casual and temporary agency work) is on the rise in British Columbia—accounting for 40 per cent of



post-recession job creation (2009-2013), and growing more rapidly than permanent jobs. But we should think twice about this type of job growth.

Temporary agency workers—who are supplied by an employment agency to a third-party client—experience a high degree of precarity because of the limited duration of employment, high risk of termination, lack of control over working conditions, unequal treatment under the law, and low incomes. Particularly alarming, existing employment standards are not enforced. According to my recent survey, as of April 2014 approximately two-thirds of Lower Mainland employment agencies were found to be unlicensed.

Share of BC jobs created by permanence



Source: Author's calculations from Statistics Canada, CANSIM Table 282-0080.

We should ensure equal treatment of temporary agency workers, including pay, statutory and employer-sponsored benefits and working conditions—they should not be second-class workers.

Put simply, this work is highly precarious and many temporary workers live in poverty: in 2004, total yearly median earnings for temporary agency workers in Canada was \$7,850, compared to \$31,360 for permanent employees. And while poverty is a reality for many workers, the temporary employment industry is booming in BC and across Canada. Operating revenues in BC increased from \$355 million in 2004 to \$675 million in 2012—surely the industry can afford to maintain minimum employment standards.

Although temporary work is often defended as a “foot in the door,” workers tell of the challenges of transitioning into full-time, permanent employment. This is not only due to a lacklustre job market; workers’ labour market mobility is constrained by “buy-out” clauses that require employers to pay a fee to agencies if they wish to hire temporary workers directly. Employers should be encouraged—not penalized—when they want to directly hire workers and make investments in the labour force.

Luckily, BC can look to other jurisdictions that have successfully modernized legislation to improve economic security for vulnerable workers. The BC government needs to update the Employment Standards Act to address the realities of today’s labour market. Much of the current legislation was drafted when

non-standard forms of employment were less common.

We should ensure equal treatment of temporary agency workers, including pay, statutory and employer-sponsored benefits and working conditions—they should not be second-class workers. All workers in BC should be entitled to basic employment standards like notice of termination and severance pay. Employment agencies should provide greater clarity about length of assignments and working conditions, so temporary

workers are in a better position to advocate for their rights. Agencies need to be responsible for the costs of minimum employment standards, rather than downloading financial and time insecurities onto workers.

And importantly, temporary workers’ rights should not solely exist on paper. Through active enforcement and regular inspections of temporary agencies, the Employment Standards Branch must ensure that agencies are in compliance with labour legislation. And while the recent minimum wage increase is certainly a step in the right direction, it is still not enough to keep these workers out of poverty. Modernizing and properly enforcing employment standards, and further increasing the minimum wage will reduce the precarious nature of temporary work.

It is time to address the realities of the labour market by implementing solutions that ensure greater fairness in the economy and deliver economic security in our communities.

Andrew Longhurst is author of the report, Precarious: Temporary Agency Work in British Columbia. He conducted this research while serving as the Rosenbluth Intern in Policy Research at the BC office of the Canadian Centre for Policy Alternatives. The report is available at www.policyalternatives.ca/precarious.

Don't believe the (LNG) hype

By Marc Lee

In April we released a report, Path to Prosperity? A Closer Look at British Columbia's Natural Gas Royalties and Proposed LNG Income Tax, about liquefied natural gas (LNG) development in BC, and the public revenues that might be expected.



So far, the prospect of a BC-based LNG export industry has lacked a real public debate. On one side, we have the drumbeat of the business press with coverage of the deals in the works (which, after a couple years, have yet to come to a final investment decision by any interested party). On the other, we have what can only be called propaganda coming from the BC government: 100,000 jobs! \$100 billion in revenues! Cleanest LNG in the world! We'll reduce emissions in China!

These claims have been repeated ad nauseam, without anything a researcher might call evidence. The rush is on, we are told, and we have to cash in or lose our opportunity forever — sounds a lot like the Nigerian email scam. There is good reason to believe that we may be witnessing a phenomenal giveaway of a finite public resource to global corporations — and with very little coming back to us, the collective owners of that resource.

The report looks at the case for a massive revenue windfall — a \$100 billion Prosperity Fund claimed in the 2013 pre-election Throne Speech. That claim got turned into a banner wrap on Premier Clark's election tour bus for a "debt-free BC" and it also hints at tax cuts and increased public services to boot. None of which is consistent with the idea of a true Norway-style "prosperity fund," which would set aside public revenues and then use the annual interest revenue to pay for good things. No matter, this is more about politics than good economics.

The case for any revenue windfall hinges on high Asian prices for gas in recent years versus low prices in North America due to the shale gas revolution. But this is not likely to last. Japan and Korea, together more than half the world market for LNG, have had nuclear

downtime and are both likely to get those reactors up and running soon, which will undercut Asian demand. Further, lots of new LNG supply is in the works, and Asian importers are banding together to press for lower prices.

If BC exports cannot get top prices, corporate profits fall dramatically because it costs a lot to liquefy and ship gas to Asia. The proposed LNG income tax, tabled in Budget 2014, would raise less revenue accordingly. But it gets worse because the design of that tax allows companies to write-off all of their capital costs before they start paying the full LNG income tax (there is a pre-payment, called the Tier 1 tax, in the early years but this too is fully deductible from the full LNG income tax). This means any cost over-runs will be paid for out of reduced LNG tax revenues, a significant design flaw given the massive cost over-runs common to this industry (Australia, in particular).

The paper models revenues at different levels of output and price to develop a more plausible range of revenues, like what one might see in a budget—not an election campaign. I conclude that BC needs to lower its expectations, and its claims, of a financial windfall.

The other point the paper makes is that there will be public costs of getting this industry off the ground. More study is needed on what those costs are, but they may exceed any public benefits BC receives. Basically, the BC government has no plan to manage the complex labour, environmental and community issues associated with an LNG boom. They are not talking to anyone besides industry, and they are not engaging the public in an honest debate about costs and benefits of development.

There is good reason to believe that we may be witnessing a phenomenal giveaway of a finite public resource to global corporations — and with very little coming back to us, the collective owners of that resource.

The disconnect between economic growth and teachers' wages

By Igluka Ivanova

A number of recent articles on the BC teachers' strike have suggested that teachers could get the wage increases they want to see, as well as the needed investments in reducing class size and improving class composition, if only they supported resource development.

Jordan Bateman of the Canadian Taxpayers Federation summed up the line of argument (and took a jab at teachers' math skills) in the title of his recent blog post title, "Simple math for teachers: economic growth = higher wages."

The theory is indeed very simple: resource development would lead to economic growth and economic growth would lead to higher wages for everyone, including teachers.

But does it actually work in practice?

Let's take a look at what has happened to economic growth and teachers' wages post-recession.

The BC economy was in recession in 2009, but it has grown in every year since then. Adjusting for inflation and population growth, real per-capita GDP has increased in every year since 2010 and is projected to continue to grow in the next few years (historical data from BC Stats, forecasts from BC Budget 2014 p. 84).

Yet, the last collective agreement the BC government struck with teachers forced them to accept zero wage increases in 2011/12 and 2012/13. Inflation ate away 3.5 per cent of the teachers' purchasing power over the course of those two years. It seems pretty clear that economic growth over the lifespan of the BCTF's last collective agreement did not benefit teachers.

What about going forward? As you can see in the figure, the current wage increases proposed by the BCTF are well below the BC government's real per capita growth forecasts in every year except 2014/15. If the contract were signed today, by the end of the contract in 2017 BC teachers could expect a 3 per cent decline in the purchasing power of their wages from 2010. And all that while BC enjoys real per capita growth of 8 per cent over the period.

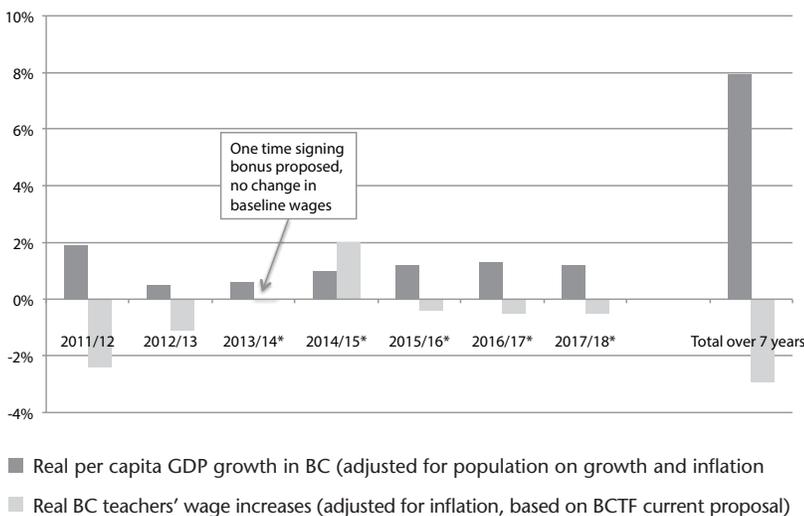
This chart does not include the one-time signing bonus that's also on the table if a contract is signed before June 30th because it does not increase baseline wages. The BCTF is asking for \$5,000 but even that won't come close to bridging the gulf between economic growth and teachers' wages.

It turns out economic growth has had very little to do with teachers' wages in this bargaining cycle and the one before it.

There is no mechanism in the economy to

Economic growth over the lifespan of the BCTF's last collective agreement did not benefit teachers.

Are BC teachers benefitting from economic growth?



* Based on BC Budget 2014 forecasts for economic growth and inflation, and teachers' wage increases from BCTF's current bargaining proposal (as of June 19, 2014).

What are the net benefits of Northern Gateway?

By Marvin Shaffer

One of the more disheartening features of the political and media commentary on the economic benefits offered by major resource projects is the general failure to properly assess what those benefits in fact are. We are inundated with reports on economic impacts—the amount of investment and jobs a project might generate—without regard for the opportunity costs of the labour and other resources the project would need, its impact on competing or otherwise adversely affected industries, and consequently on the net benefits it may offer.

The fact is, the net economic benefits of most resource projects, and this includes Northern Gateway (and LNG for that matter), are not all about the investment and the jobs they would generate. New pipeline construction and more oils sands development will not mean less unemployment in BC or Alberta. Both provinces are forecasting shortages of construction workers and skilled trades. For the most part they will simply attract workers from other industries, provinces and parts of the world.

The net economic benefits of these projects are about the wealth they generate. In the case of Northern Gateway it is all about increasing the value of the oil sands resource, not the very extensive and costly economic activity it requires.

Nowhere is this made clearer than in evidence Enbridge itself brought forward in the National Energy Board hearing reviewing the project—its July 2012 *Public Interest Benefit Evaluation* prepared by Wright Mansell Research. In that report Wright Mansell provided its latest estimates of the economic impacts of the project and a proper benefit-cost assessment.

The economic impact analysis is the one politicians and media latch onto—the ones with the big, though fundamentally misleading numbers. The impact on labour income is estimated at \$69.9 billion; government revenues \$98 billion; GDP \$311.5 billion.

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New living wage reports force us to look at child poverty in the city

By Iglrika Ivanova

Three reports released this year show that the costs of supporting a family are rising fast in the three largest urban areas of our province, home to two thirds of BC's population. Two parents working full-time must each earn \$20.10 per hour in Metro Vancouver, \$18.93 per hour in Greater Victoria and \$17.02 per hour in the Fraser Valley.

The living wage reflects the actual costs of raising healthy children in our communities: local rent, child care fees, food and transportation costs. It provides for a basic level of economic security, but still represents a conservative, bare bones budget.

When we look at the numbers, we find that the costs of the basics for families with kids is rising considerably faster than general inflation measured by the Consumer Price Index (CPI). This is true in all three communities calculating their living wage this year.

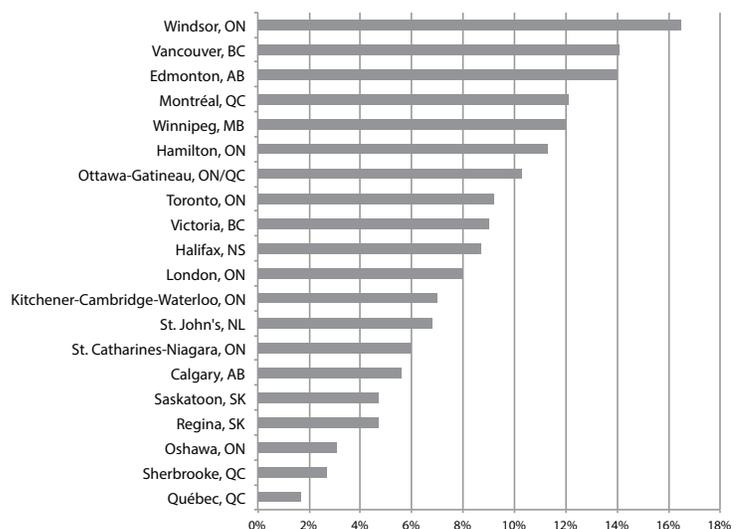
In Metro Vancouver, for example, the living wage rose by 48¢ from \$19.62 last year. This

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The 2014 living wage numbers reveal a big gap between the low wages a number of British Columbians earn and the real costs of raising a family.

Child poverty in Canada's cities:

Percent of children with family income below LICO-AT, 2011



Statistics Canada reports on child poverty rates in selected municipalities with a total population of at least 100,000 (known to statisticians as census metropolitan areas). The data are updated every summer and can be found in CANSIM table 202-0802.

New pipeline construction and more oils sands development will not mean less unemployment in BC or Alberta.

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What are the net benefits of Northern Gateway?*

But those are gross impacts. To interpret them as benefits one would have to assume that all of the workers would otherwise be unemployed, that no industries (including rail transport) would lose any business and that there would be no impacts on exchange and interest rates affecting other trade and investment.

It is the benefit-cost assessment, as Wright Mansell correctly points out, that indicates what and where the *net* gains would be.

The net gains would not be from the jobs generated by the project. Wright Mansell estimated the net benefit of Northern Gateway from reducing unemployment would be \$41 million. They may have been conservative in their assumptions, but even if one were to double their estimate it would still be a small fraction of the \$69.9 billion impact on labour income reported in the economic impact results. And it would still be a relatively minor factor in the overall net benefits of the project.

What the benefit-cost assessment shows is that the net benefits of the Northern Gateway derive almost exclusively from the estimated impact of the project on Canadian oil prices. The biggest winners are the oil producers themselves, who are estimated to gain some \$17.8 billion. Alberta and the federal government would gain too, by an estimated \$9.4 billion.

For everyone else there are relatively small gains or net costs. There are costs to Canadian oil refiners and consumers estimated at \$3.5 billion and costs to other pipeline or rail shippers. And of course there are the environmental costs and risks.

One can (and a number of economists do) quarrel with some of the specific assumptions in Wright Mansell's benefit-cost assessment. But the essence of what they conclude is likely correct. This is a project whose net economic benefit derives almost exclusively from increasing the value of the oil sands resource, a benefit that will accrue first and foremost to the oil producers, but also to Alberta and the federal government.

And that, of course, raises the public policy and hotly debated political question: Does the

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New living wage reports force us to look at child poverty*

is an increase of 2.4 per cent, well outpacing Vancouver's inflation rate of 0.2 per cent. The Greater Victoria living wage is up 1.1 per cent from \$18.73 last year, compared to Statistics Canada's estimate of negative inflation in the city (-0.3 per cent in 2013). And in the Fraser Valley, we've seen a jump of 65¢ or 4 per cent over two years from \$16.37 in 2012, much higher than BC's inflation rate of 1 per cent for that period.

The 2014 living wage numbers reveal a big gap between the low wages a number of British Columbians earn and the real costs of raising a family. Child poverty is a serious concern in our cities.

One out of every ten children living in urban areas was poor in 2011 (9.9 per cent), compared to one in 17 children living in non-urban areas (5.9 per cent), based on Statistics Canada's low income cut off after tax. Three quarters (or 74.4 per cent) of all poor children in Canada lived in one of the 20 largest urban areas shown in the figure (on previous page).

Vancouver's child poverty rate remains the second-highest in Canada and has actually seen an increase from last year's 13.8 per cent to 14.1 per cent. Note that this is not just the City of Vancouver, but the entire metropolitan area, including municipalities from Anmore to Langley and Maple Ridge.

The Greater Victoria area is in the middle of the pack, in ninth place, with a child poverty rate of 9 per cent.

Windsor, Ontario had the highest child poverty rate of all Canadian cities (16.5 per cent or one in every 6 children). Quebec City and Sherbrooke (both in Quebec) had the lowest urban child poverty rate in the country, less than 3 per cent.

Child poverty isn't a question of jobs: six of the 18 cities with lower child poverty rates than Vancouver experienced higher rates of unemployment in 2011. This is why it's so important to talk about low wages and encourage employers to pay a living wage.

Iglika Ivanova is co-author of Working for a Living Wage 2014 available at www.policyalternatives.ca/livingwage2014.

The good life, the green life

This spring we released a documentary film called *The Good Life – The Green Life* to get more people thinking about climate change—and the broader ecological crisis we face—and how to begin taking action.

The Good Life – The Green Life is about what it means to live a good, green life at the climate crossroads. The film is designed to engage people who—like many of us—care about the environment, but aren't entirely sure how to act on their concerns.

In seven short, digestible chapters, the film looks at the efforts of nine amazing people in communities around the Lower Mainland and Squamish, who are thinking about and taking action on climate change—and the broader ecological crisis we face—in a variety of creative ways.

Despite the overwhelming scale of the problem and the challenges involved in decreasing our reliance on fossil fuel, these people are defining a different way of life, and working to make change locally and on a bigger scale. Through this project, we hope they inspire many to start, or keep up, conversations about the changes needed to deal with climate change, and to transform our society and economy so we live within our ecological limits.

To ensure the documentary and its ideas gain as much traction as possible, we launched it on an interactive website, goodlifegreenlife.ca, which includes resources and information to learn more and take action. Included in these is a discussion guide to help people organize their own screenings of the film—big or small, in their homes or out in their communities, with friends or with the public—and host discussions about what it means to live a good green life.

We are also using social media to facilitate regular conversations about the film's ideas, and build a community that is interested in taking steps to tackle the issues we face. You can find *The Good Life – The Green Life* on Facebook (facebook.com/goodlifegreenlife) and on Twitter (@good_green_life).

This project is unlike anything we've done



before. We at the CCPA are generally focused on research and facts—but this documentary is about lowering the barriers to participation for those unsure about how to deal with the massive problem of climate change.

As we continue to publish hard-hitting research, we also need to show that engaging with social justice and climate change can be something other than depressing. Despite the seriousness of the challenges we face, working on these issues can actually be easy and enjoyable, and can start with something as simple as talking to friends or neighbours. Together, we need to make significant changes—but they aren't all bad. A green life could also mean a better quality of life—a happier, healthier, more enjoyable way of living.

We hope you'll watch the videos at goodlifegreenlife.ca, join the conversation and spread the word.

If you would like to organize a screening in your community, contact Tina Barisky at: goodgreen@policyalternatives.ca, 604.801.5121 x244.

The Good Life – The Green Life was funded primarily by the Pacific Institute for Climate Solutions and is part of the CCPA-BC's Climate Justice Project—a research partnership with UBC's School of Community and Regional Planning that examines the links between climate change policies and social justice.

The Good Life – The Green Life is about lowering the barriers to participation for those unsure about how to deal with the massive problem of climate change.

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What are the net benefits of Northern Gateway?

project offer not only sufficient net benefit but also an appropriate sharing of benefits to be broadly supported? One suspects that the federal government would have to redirect a large share of its gain to GHG offsets, marine safety and other measures for that to be the case.

As well, it is important to recognize that there are alternative ways of easing the oil bottleneck out of Alberta—other ways to realize the full potential value of the crude oil that Alberta and the rest of Canada produces. Competing projects and strategies, including the Kinder Morgan and Canada East pipeline projects, upgrader or new refineries and the more environmentally-benign alternative of reducing the rate of growth in oil sands production, would have to be carefully considered at the same time before one could conclude Northern Gateway is the best to proceed.

Marvin Shaffer is a CCPA-BC research associate and a consulting economist specializing in energy, transportation and natural resource economics. He is also an adjunct professor in the Public Policy Masters Program at SFU, where he teaches a course on benefit-cost analysis.

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Don't believe the (LNG) hype

The danger in all of this is that the BC government has placed all of its bets on LNG. So much political capital has been spent—and the proponents know this—that they may settle for a bad deal rather than no deal.

Marc Lee is senior economist at the CCPA-BC and co-director of the Climate Justice Project and author of Path to Prosperity, available from www.policyalternatives.ca/path-to-prosperity.

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Disconnect between economic growth and teachers' wages

ensure that growth benefits everyone. The distribution of the gains from growth across sectors—and the gains of individuals within them—hinges on the relative bargaining power and the ability of workers to organize. And that's precisely why we've seen such a dramatic rise in income inequality over the last thirty years.

It turns out the real world is not as simple as the Canadian Taxpayers Federation would have you believe.

Iglika Ivanova is the CCPA-BC's Public Interest Researcher.

New publications from the CCPA's BC Office

Precarious: Temporary Agency Work in British Columbia

By Andrew Longhurst

Avoiding Collapse: An Agenda for Sustainable Degrowth and Relocalizing the Economy

By William Rees

Path to Prosperity? A Closer Look at British Columbia's Natural Gas Royalties and Proposed LNG Income Tax

By Marc Lee

CCPA Submission to Consultation on BC Forest Tenures

By Seth Klein

Working for a Living Wage 2014: Making Paid Work Meet Basic Family Needs in Metro Vancouver

By Iglika Ivanova and Seth Klein

Presentation to the House of Commons Standing Committee on Trade on the Proposed Trans-Pacific Partnership Agreement

By John Calvert

Available at www.policyalternatives.ca

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