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THE CLIMATE JUSTICE ISSUE

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From the Editor

Introducing the Climate Justice Project

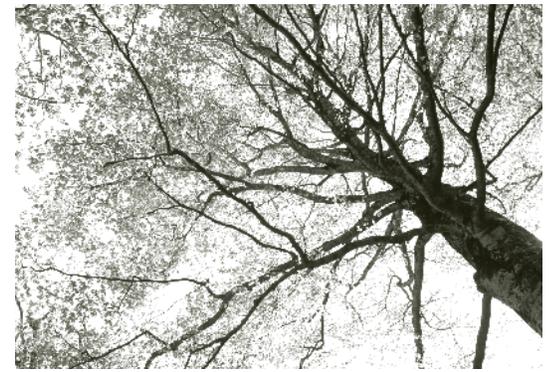
By Marc Lee

The CCPA's BC office has been busy over the past year launching a new project, in collaboration with the School of Community and Regional Planning at the University of British Columbia, to connect the two great "inconvenient truths" of our time: climate change and rising inequality.

British Columbians are seeing the impact of climate change and want action – but as we move from identifying the problem to setting targets and timelines to implementing policies, we must build fairness and equity into our policy choices, and design a more inclusive and democratic process. If not, we risk losing broad-based support for action.

Our timing could not have been better. Starting with the 2007 Throne Speech, the BC government has turned over a new leaf on the climate change file. And the 2008 BC Budget introduced a carbon tax and other measures aimed at reducing BC's greenhouse gas emissions.

This issue of *BC Commentary* summarizes some of the thinking to date of our Climate Justice Project. Ideas from staff, research associates and board members, plus the contributions of a growing climate justice team of academics, environmental organizations, trade unions, anti-poverty groups and other community partners made their way into a pre-budget discussion paper called *Searching for the Good Life in a Carbon Neutral BC*, released in February. We excerpt some of that work here but encourage you to download the full document from www.policyalternatives.ca. Unlike our usual articles, these shorter, authorless pieces reflect the view of the CCPA-BC.



In addition, we include some post budget commentary on what was in BC's "green budget" – and what was not. We hope that our climate justice work provides a framework for evaluating current and future policies from the BC and federal governments.

In the rush to green, we should not lose sight of other important research, such as our new Economic Security Project report on employment barriers for people with disabilities, also summarized in this issue.

We hope to hear your thoughts on climate change policies. In many areas, there are interesting debates and discussions about how best to move forward. If you like what you see and want more, please consider making a donation in support of the Climate Justice Project.

Marc Lee
Editor

Searching for the Good Life in a Carbon Neutral BC

Climate change is the overarching issue of our times. There is growing scientific consensus that we must do everything in our power to avert a 2°C temperature increase above pre-industrial times (i.e. 200 years ago). Global temperature is already about 0.7° above that level, and another 0.5° is likely “locked in” due to an ever-thickening blanket of heat-trapping greenhouse gases in the atmosphere.



We need to make sure that those transformations do not have unintended consequences – that some groups in society do not pay an unfair price for our choices.

The BC government has committed to reduce greenhouse gas (GHG) emissions by at least one-third by 2020 and by 80 per cent by 2050. BC has certainly set out a challenge for 2020 given the inertia of economic and social practices. Over the past year, the provincial government has identified the “low-hanging fruit” of emissions reductions. A Climate Action Team has been tasked with identifying further areas where GHG emissions can be reduced.

However, there is good reason to believe that BC’s 2050 target is not ambitious enough. If we take the 2° limit seriously, and assume an equal per person amount of emissions on a global scale, BC’s emissions reductions by 2050 will need to be closer to 95 per cent or more.

Emissions reductions on this scale amount to a new industrial revolution that de-carbonizes the economy. In some cases, this amounts to strategically reinforcing positive economic and social changes that are already happening. In others, we need to contemplate structural changes in how we live, work and play. We need to make sure, however, that those transformations do not have unintended consequences – that some groups in society do not pay an unfair price for our choices.

We have a unique opportunity to create win-win solutions that bridge our social and environmental goals. With innovative ideas and policies we can simultaneously improve our quality of life and reduce our greenhouse gas emissions. We need to envision what “the good life” looks like in a sustainable, carbon-neutral province.

As we contemplate the 2020 goal, it becomes clear that the emissions target is at odds with two other major priorities of the provincial government. The first is the growth of the oil and gas sector, which alone accounts for more than one-fifth of

BC’s GHG emissions. Only a few years ago, the BC government was actively promoting expansion of this sector, and has resisted measures that would slow production.

The second is the Pacific Gateway strategy that will expand highway infrastructure in Metro Vancouver and twin the Port Mann Bridge. Because transportation accounts for two-fifths of BC’s GHG emissions, Gateway will only reinforce an unsustainable pattern of sprawling suburbs and commuters in single-occupant vehicles.

We must also have a much broader process of public engagement – a new, open and democratic “Conversation on Climate Change.” Such an exercise would greatly complement the work of the government’s Climate Action Team. To date, BC’s climate planning has been an exclusive and secretive process that excludes the perspectives of key groups such as labour unions, anti-poverty groups and others. •

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Policy Options to Reduce BC's Greenhouse Gas Emissions

A bold, effective and fair climate change plan will require a mix of policy tools – caps on overall emissions, effective regulation, carbon pricing, just transition plans for affected workers, industrial strategies, and large-scale public programs (especially with respect to public transit and housing).



Two major questions must be posed of any policy meant to address climate change:

- First, is it *effective* in bringing about the type of change we require (meaning, will it lead to lower overall emissions); and
- Second, what are the *impacts on different population groups*, income levels, and regions of the province (meaning, will it reduce or increase inequality).

Currently, households and businesses pay nothing when they emit carbon dioxide and other greenhouse gases (GHGs) into the atmosphere. The object of *carbon pricing* is to make it more expensive to do so, and as a result, encourage environmentally-friendly behaviour.

Two variations of carbon pricing are frequently invoked: *carbon taxes* are like a sales tax on carbon-intensive goods and services; *cap-and-trade systems* set a cap on the overall quantity of emissions, and after allocating (or auctioning) permits to emit carbon, let the market determine the price. At a household level, another alternative would be a rationing system of per person *carbon quotas*. Intensive emitters (primarily the rich) would have to pay low emitters (mainly the poor) in order to emit more than their fair share. Some degree of wealth redistribution is thus built into a quota system.

A shortcoming of carbon taxes is that they do not directly limit the quantity of emissions – they only make them more expensive. There is great uncertainty around how high a carbon tax must be in order to change behaviour. Based on the available evidence, the price of emitting GHGs would eventually need to be very high in order to be effective, especially in areas like transportation where people are much less responsive to changes in prices.

A danger in carbon pricing is that low-income people will end up paying a greater share of their

income for things like home heating and driving. But what really matters is where the money collected from carbon pricing goes and how it is used. Governments could use these funds to offset regressive impacts (for example, through tax credits) and to reinforce green behaviour (such as though targeted subsidies for housing retrofits). If the proceeds are spent in a socially progressive manner, the outcome could be not only a greener province, but a more equitable one as well.

This is underlined by efforts to understand who is causing the problem. At the household level, there is tremendous inequality associated with our carbon footprints. For Canada as a whole, the top 10 per cent of families have an average ecological footprint two-and-a-half times the size of the bottom 10 per cent. The pattern is worse for personal mobility (i.e. transportation) with the footprint of the top 10 per cent nine times greater than the bottom 10 per cent. Thus, the most affluent arguably have a disproportionate burden of responsibility to reduce their footprint.

One thing is certain: relying on carbon pricing alone will not be sufficient, given the deep emissions reductions required in such a short timeline. Tough regulatory measures will also be needed, including a hard cap on total emissions (with the cap decreasing over time until our targets are met). Ideally, these measures would work in concert with each other.

Innovation will also be critical. BC needs *industrial strategy* approaches in areas such as alternative power, energy efficiency, transportation, “green” production processes, and carbon sequestration. Meeting our climate change targets will mean job losses in some sectors and job gains in others. Thus, *just transition* strategies for workers are needed, including education and training, moving allowances, and income support. •

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Building Sustainable Communities

Most British Columbians live in urban centres, and about half live in the Metro Vancouver area. Any major climate change plan will thus have urban issues front and centre, including land use, waste recycling, transportation, affordable housing, and energy consumption. Certain locales will also need to grapple with unique challenges, such as in the arid Okanagan, where growing cities like Kelowna will have to address the allocation of water resources.



A sustainable economy is not one in which people cannot afford a home, or where they struggle to pay the hydro bill; nor is it one in which the rich and corporations simply buy their way out of making needed changes.

Land use decisions have a long lifetime (additions to commercial or residential housing stock, and transportation infrastructure have impacts spanning decades). What we build today will be with us long after the dates established for major emissions reductions.

Transportation, as a major source of GHG emissions, must be at the centre of BC's emissions reduction plan. It offers the potential of "win-win" policies that meet multiple economic, social and environmental objectives. Examples include pay-as-you-drive auto insurance, congestion and parking pricing, public transit, and walking and cycling promotion. Alternatives around the movement of goods also need fuller consideration, with more cargo being routed via Prince Rupert or to inland container terminals serviced by rail, in order to reduce the volume of trucks moving goods through Metro Vancouver.

Housing and transportation are directly linked. In the urban core, sky-high property values and lack of senior government funding for new social housing means more low- and middle-income people are forced to the suburbs for affordable housing. This in turn has significant implications for transportation, health and the preservation of agricultural land.

The closer people live to work, the more likely they are to walk or cycle (which also has beneficial health impacts). Such "smart growth" ideas attempt to reduce private vehicle trips through more compact community development, mixed-use neighbourhoods, and greater transit options. This also means conscious planning efforts to develop a wide range of affordable housing types and options.

Outside the Lower Mainland, the solutions to climate change will not necessarily be the same as

in major urban areas. Some pressing issues exist for Aboriginal people in BC, in terms of access to, and control over, forestry and other resources, sources of energy (many isolated communities rely on diesel fuel), and adaptation in some of the poorest communities in the province.

The role of BC's resources is the single most important difference from urban areas, in particular for key industries such as electricity generation, oil and gas, and forestry. Resource industries continue to be significant contributors to the BC economy, and the provincial treasury, although their fortunes ebb and flow with commodity prices. Climate change adds another layer of complexity to the relationship between resource industries and the communities that depend on them. The province's forest industry, particularly in the Interior, has boomed due to a temporary surge in logging of pine beetle-infested areas. But the boom is now giving way to bust as mills cut shifts in response to the collapsing housing market in the US.

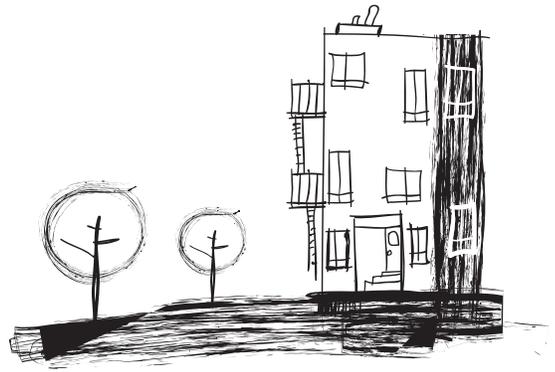
While a major source of income in rural areas, agriculture is an important linkage to urban centres from a food security perspective. Climate change could alter transportation patterns with respect to food, and supply chains could be vulnerable to extreme weather events. Global warming may lead to a longer growing season on average, but there is heightened risk associated with extreme weather events, or outbreaks of pests, that could destroy or diminish crops. This highlights the need to ensure adequate food supplies to consumers, and to share the risk of catastrophic losses faced by farmers.

The BC government's active promotion of increased oil and gas extraction makes meeting the 2020 emissions reduction targets a harder

BC's Green Budget and the Carbon Tax

By Marc Lee

In an era where taxes have been demonized, British Columbia's green 2008 budget is newsworthy for its introduction of a new tax on greenhouse gas emissions. But there are some important shortcomings in the plan, and in the rush to green, there is little in the budget to address many other priorities.



A carbon tax is laudable in that it signals to businesses and consumers that the government is serious about climate change, and that prices for carbon-intensive goods and services are going to rise over time.

BC's carbon tax has a broad base, covering 70 per cent of greenhouse gas (GHG) emissions. Overall, the amount of the tax is modest, at \$10 per tonne (or 2.4 cents per litre at the pump) starting in July 2008, then rising to \$30 per tonne by 2012.

A tax this size will not be sufficient to get people out of their cars. Transportation is the last sector to respond to higher carbon prices, according to a recent report by the National Roundtable on Environment and Economy, which recommends complementary policies such as energy efficiency standards and regulations. But higher carbon prices will affect decisions over several decades, as businesses upgrade their capital equipment and homes purchase new vehicles, furnaces and appliances.

The BC carbon tax is "revenue neutral," meaning all carbon tax revenues are recycled through low-income tax credits and tax cuts. Modest personal income tax cuts are slated for the first two brackets (i.e. incomes under \$70,000). In addition, some 38 per cent of the carbon tax revenue is to be recycled to business through corporate tax cuts. It would have been better to tie corporate benefits to GHG reduction in a more targeted manner. And above and beyond the carbon tax recycling there are additional goodies in the budget, such as the elimination of the capital tax for financial institutions, and reductions in property taxes for large industry.

A major concern with carbon taxes is their impact on low-income families. The budget acknowledges this by recycling some of the carbon tax revenues into a low-income tax credit. This will piggyback

on the GST credit, and is worth a maximum of \$100 for adults and \$30 for children.

This seems reasonable for the first couple of years, and may make many low-income families slightly better off. But the tax credit is indexed to inflation, not to increases in the carbon tax. The carbon tax is set to triple by July 2012 to \$30 per tonne, but the tax credit will only increase by about eight per cent. A few years down the road, we may have a system that punishes those who have contributed the least to climate change.

Apart from offsetting higher costs for low-income families, it is not obvious why carbon tax revenues should be recycled through personal and corporate income tax cuts. A better use of those revenues would be in support of public transit upgrades, reducing fares, research and development of new green technologies, or accelerating energy efficiency investments for groups who cannot easily make them.

Another important distributional issue is what happens to rural areas, where folks drive longer distances and are more car dependent. Policy may need to differ in rural contexts relative to urban centres like Vancouver where people have more options. There are no additional provisions in the budget that would address these concerns.

In addition to revenue recycling from the carbon tax, all British Columbians will receive a one-time \$100 climate action "dividend" this June. This will cost \$440 million and is funded out of the massive 2007/08 surplus. The budget also allocates \$1 billion in expenditures over four years towards meeting BC's climate action plan.

A concern not addressed in this budget is the cost to public service bodies like hospitals, schools and

A better use of those revenues would be in support of public transit upgrades, reducing fares, research and development of new green technologies, or accelerating energy efficiency investments for groups who cannot easily make them.

Removing Barriers to Work: Flexible Employment Options for People With Disabilities in BC

By Marcy Cohen, Michael Goldberg, Nick Istvanffy, Tim Stainton, Adrienne Wasik and Karen-Marie Woods

Many people with disabilities are not able to work, and should not be pressured to do so. However, many other people with disabilities can gain both socially and economically from increased participation in the labour market. That is true not only because of the obvious link between economic security and employment, but also because of the connection between well-being, self-esteem and meaningful employment.



Photo courtesy of the BC Association for Community Living

By allowing workers with a disability to cycle into and out of the labour market without risking their access to disability benefits and helping them gain part-time or part-year work, it is possible to maximize labour market participation among people with a significant disability.

However, despite BC's good economic fortunes, people with disabilities continue to face significant barriers to employment, with just over half in the workforce compared to more than 80 per cent of people without disabilities. In addition, more than two thirds of working people with disabilities work part-time and/or part-year. And some populations within the disability community – in particular those with developmental and psychiatric disabilities – have trouble accessing any employment at all.

This is because the primary focus of governments has been on policies for those able to participate in the labour market on an equal footing with non-disabled peers. Less attention is paid to those who may be able to participate only on a part-time basis, episodically, or at a level below the norm of expected productivity. In order to function to their full capacity, they often require a combination of income assistance and employment.

Flexible employment supports and creative income assistance policies make a difference. By allowing workers with a disability to cycle into and out of the labour market without risking their access to disability benefits and helping them gain part-time or part-year work, it is possible to maximize labour market participation among people with a significant disability.

In BC, current policies often discourage this population from participating in the labour market. People with disabilities on income assistance (PWD status) can now earn up to \$500 per month over and above their disability benefits, but less than 16 per cent of people receiving PWD benefits reported any earnings at all. In addition, fewer

people moved to employment and received medical-only benefits between 2004 and 2006 despite the booming BC economy.

Our study focused on long-standing, community-based supportive employment and college-based special education programs and not on the relatively new “performance-based programming” contracted through the Ministry of Employment and Income Assistance. Supportive employment is programming that supports people with disabilities to find and retain work in the mainstream labour market.

Placement rates from the programs we analyzed compare favourably with the placement rates from the ministry's Employment Programs for People with Disabilities (EPPD). The community-based programs working with people with psychiatric disabilities achieved placement rates of 36 to 54 per cent, while programs working primarily with people with developmental disabilities had placement rates of 47 to 81 per cent. In contrast, the ministry's EPPD achieved a placement rate of only 12.5 per cent over four years.

While employment outcomes varied among the programs in our study, success depended on several factors, including ongoing supports without time limits, effective coordination between employers and supportive employment staff, and strong relationships between program participants, agencies and supportive employment staff. Participants in these supportive employment initiatives were more than just “clients”; organizations were committed to each individual's ongoing needs, desires and interests. Some agencies offered their participants lifetime membership in

conjunction with social and vocational assistance. Others provided housing services.

Besides supportive employment, an emerging but still small social enterprise sector is also providing employment supports to people with disabilities. Broadly defined, social enterprises are businesses with a social purpose. We conducted in-depth interviews with seven BC social enterprises that employ people with disabilities and, in addition, with three agencies that coordinate social enterprises initiatives.

All seven BC social enterprises reported economic and social benefits for their participant-employees, in particular a higher standard of living and more economic security than their non-employed peers. They also reported that employment has resulted in improved self-esteem, increased independence and broader social networks for their workforce. A few reported a decrease in use of health care and mental health services by their participant-employees, shorter and fewer hospitalizations, the near elimination of criminal activity, and stabilized housing.

This sector has been remarkably successful in employing and retraining people with disabilities who had previously been considered “unemployable.” Their success can be attributed to their willingness to support workers in innovative ways, such as workplace accommodations and social supports including job coaching, personal and life skills counseling, and referrals to other services. Yet clearly, there is a cost involved for these ongoing supports. The social enterprises in this study, however, were adamant that their greatest barrier to self-sufficiency and long-term sustainability was not employing people with disabilities but their lack of business expertise and capital.

When society offers people with disabilities a variety of options, such as opportunities to work full-time, sporadically, part-time and/or part-year, as well as volunteer placements, the result is the empowerment of those who have traditionally been barred from a chance to function at their individual and societal best. Our study found many positive examples of policies and employment supports that could increase opportunities for people with disabilities to participate in paid employment when and if they are able.

First, changes are needed in government eligibility and income support policies to remove the disincentives to work, without penalizing those

who are unable to work. In BC once a person with a disability earns more than \$500 per month all of their additional earnings are clawed back from their benefits. To remove this disincentive, an individual should be entitled to keep half of their earnings on the next \$1,400. In addition, medical and dental benefits should continue to be provided for an individual who is working, until they receive an equal or greater level of extended benefits from their employer. And unlimited reinstatement of disability income support benefits is required should a person find they are no longer able to work.

Second, increased funding is needed for employment supports – both community and college-based supportive employment programs and social enterprises employing people with disabilities – because these initiatives have a proven track record in helping people with a significant disability find and retain employment. In addition, the ministry should ensure greater accountability through independent audits of employment programming including reporting of dropout, placement and retention rates, costs and best practices. The findings from these audits should guide future funding decisions.

Finally, the ministry needs to improve its communications on policies that are already in place but are not widely known. None of the seven social enterprises we interviewed were aware of the ministry policy that allows persons with disabilities to be eligible to retain their extended medical and dental benefits when working off of PWD benefits. Front line MEIA staff and agencies working with people with disabilities need to have clear, concise materials on the ministry’s employment policies.

If the provincial government truly wants BC to be a leader in “building the best system of support for persons with disabilities,” as Minister Claude Richmond recently said, then these recommendations are a way forward that maximizes the opportunities for people with disabilities to participate in the labour market if and when they are able, and whether they are able to work full-time, part-time and/or part-year, sporadically or in volunteer placements. •

This piece summarizes Removing Barriers to Work: Flexible Employment Options for People With Disabilities in BC, a new study from the Economic Security Project, a multi-year research initiative in collaboration with Simon Fraser University.

Changes are needed in government eligibility and income support policies to remove the disincentives to work, without penalizing those who are unable to work.

task. Between 2006 and 2010, subsidies to oil and gas companies could exceed \$1 billion. Ironically, British Columbians have had a lively debate over what constitutes sustainable logging of provincial forests, yet no equivalent with fossil fuel resources. Based on current exploitation rates, northeastern BC's natural gas supplies will last just 33 years.

Finally, we need to fundamentally rethink our reliance on trade – including our exports of fossil fuels – and our trading relationships. BC engages in substantial international trade, and continues to invest in new infrastructure associated with the transport of imports and exports. But as the cost

of energy and carbon-intensive goods and services rises, there will be impacts on foreign trade and industries such as tourism that rely on cheap transportation.

As we develop our climate policies, we must keep in mind that BC is starting from a place where inequality – in terms of incomes, wealth and carbon footprints – has grown in recent decades. A sustainable economy is not one in which people cannot afford a home, or where they struggle to pay the hydro bill; nor is it one in which the rich and corporations simply buy their way out of making needed changes. •

universities, which are now obligated to become carbon neutral by 2010. The potential costs for schools and others are huge, yet remain unfunded by the province. Administrators are currently scrambling to get plans in place.

Masked behind the pages of green is a status quo that leaves a lot to be desired. Increases in health and education funding are sufficient for services to keep moving along as they have been. But no major funding increases that would reduce class sizes or build out community health care were tabled. Similarly, no action has been taken to expand much-needed child care spaces.

Social services, never a strong point with this government, again get the short straw. British Columbians are deeply concerned about abject poverty and homelessness in a wealthy province. With the 2010 Winter Games less than two years away, urgent action is needed. Yet, Budget 2008 allocates a weensy \$33 million to keep shelters open around the clock, with no new money to actually house the homeless.

In contrast, the 2008/09 budget for the Olympics is about three times this amount. The climate

“dividend” alone would have financed over 2,000 units of social housing. Sadly, there is no indication that BC will follow other provinces in developing a comprehensive anti-poverty plan.

This is a huge disappointment given that the government has lots of money tucked away between the pages. Even after accounting for \$1 billion in contingencies built into the budget, there is much more available. Inexplicably, 2008/09 revenues are predicted to fall by two per cent, even though GDP growth is expected to remain relatively strong, at a nominal value of more than four per cent. Expect the 2008 fiscal year to close with another whopping surplus of \$3 billion or more – not the \$50 million widely reported.

All totaled, this budget takes an important step forward on climate change. But it is a shame the same vigor for targets and timelines cannot be brought to bear in areas like poverty reduction, homelessness, child care and education. •

Marc Lee is Senior Economist at the BC office of the CCPA and Editor of BC Commentary. A condensed version of this article appeared in the Vancouver Sun.

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