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BC's Climate Change Strategy and the Fossil Fuel Industry

By Ben Parfitt

For several years, BC has been hooked on revenues from the fossil fuel industry. Skyrocketing royalty payments to the province from companies pulling oil and natural gas out of BC's energy-rich northeast corner now outstrip income from forestry. Over the past 10 years, production of natural gas in BC has increased by more than 40 per cent, and the number of wells has more than tripled.

Such dependence, however, is about to be put to the test. After years of inattention to – indeed outright dismissal of – climate change, the government announced in February that BC's greenhouse gas emissions will be cut by one third by 2020.

This new focus on climate change is certainly welcome. But meeting the 2020 goal will be a lot harder thanks to the provincial government's active promotion of increased oil and gas extraction. This year's provincial budget, for example, projected that between 2006 and 2010, subsidies to oil and gas companies could exceed \$1 billion.

Such subsidies accelerate the drilling of oil and gas wells by reducing the royalties that energy companies pay, and they are troubling for many reasons. They encourage unnecessary depletion of a finite resource while upping greenhouse gas emissions. They deny our children's generation the benefit of future revenue streams. And, finally, they throw into sharp relief the inherent contradiction in the government's green agenda. On the one hand, it aims to cut greenhouse gas emissions. On the other, it undercharges an industry responsible for a big share of those emissions.



Happily, the province recently said that one particular energy industry practice responsible for a shocking volume of greenhouse gas emissions must stop. That practice is flaring, whereby companies burn off usable gas rather than direct it into pipelines. Flaring occurs for many reasons, commonly when gas is produced at oil wells but not in enough volume to warrant investment in a gas pipeline. In the last ten years alone, gas flaring, leaks and waste in northeastern BC have been responsible for a staggering 13.5 per cent of the province's total greenhouse gas emissions.

The BC government has rightly said that this must stop, giving gas companies until 2012 to halve flaring and until 2016 to eliminate it. The industry has already made great strides in doing this in neighbouring Alberta. Gas saved from flaring now gets processed and sold, meaning the companies recoup the added costs of capturing the gas and then some, while the Alberta treasury benefits from more royalty payments.

A lasting irony in BC is that we have had a lively debate over what constitutes sustainable logging of provincial forests, yet no equivalent with fossil

TILMA: A Major Hurdle to BC Climate Action Plan?

By Marc Lee and Caelie Frampton

Premier Gordon Campbell has positioned BC as a global leader on climate change. From handshakes with Al Gore and Arnold Schwarzenegger to an ambitious plan for reducing greenhouse gas emissions by one-third by 2020, his enthusiasm for fighting climate change is laudable.



Fighting climate change will necessarily involve a lot of regulation, while TILMA is fundamentally a deregulatory initiative.

However, the Premier's interest in harmonizing provincial standards through the BC-Alberta Trade, Investment and Labour Mobility Agreement (TILMA) could prove to be a thorn in the government's side, undermining its ability to take necessary measures on the climate change file.

The basic problem is this: fighting climate change will necessarily involve a lot of regulation, while TILMA is fundamentally a deregulatory initiative.

There will be few benefits that emerge from TILMA. While we often hear that trade and investment barriers are a major problem undercutting our competitiveness, this is nonsense. Few examples of trade impediments are ever offered by supporters of TILMA. There is no evidence that any Alberta company has been stopped from doing business at the BC border, or that they have been discriminated against by provincial or municipal governments in BC.

What TILMA really does is to create and codify investor rights, and provides a mechanism for private enforcement. This has huge consequences for public interest regulation in BC, as TILMA's private dispute panels can award up to \$5 million to an Alberta investor if a decision made by a BC government body "restricts or impairs" their investment.

Almost every environmental regulation restricts or impairs someone's investment. A bold restructuring of BC into a carbon-neutral economy will almost certainly affect the profits of Alberta's oil patch.

It is worth recalling that because of the federal nature of government in Canada, provinces have the right to make laws and regulations that protect the public interest and the environment. This

means that trucking standards are more rigorous in mountainous BC than in flat Saskatchewan – this is common sense, not a restriction on trade. In many other areas provinces make regulatory decisions based on what makes the most sense in the local context.

In practice, we can expect TILMA to cast a chill over decision-making at the Cabinet table. Already, for example, it has been reported that the BC Cabinet, in seeking to eliminate junk food from schools, resorted to seeking voluntary agreements with vending machine companies, rather than simply legislating them away.

This is bad news for the government's climate action strategy. There is still much detail to come on exactly how BC will meet its greenhouse gas emissions targets. But regulation will necessarily be part of a meaningful strategy.

TILMA does provide an exemption for promoting renewable and alternative energy. This is helpful but falls far short of what will be required. More contentious policies that impose costs on manufacturers, such as automotive tailpipe emission requirements or mandated use of carbon capture and storage, could easily be open to challenge.

In these cases, the government would have to prove that these were legitimate measures to protect the environment and that they were not "more restrictive than necessary" – a clause that will give Alberta investors plenty of wiggle room for legal challenges.

In the end, kangaroo courts, composed of corporate trade lawyers not judges, outside the domestic legal system will have an opportunity to

Privatization by Another Name: BC's Alternative Service Delivery Plan

By Penny Gurstein

Since its election in 2001, the current British Columbia government has implemented Alternative Service Delivery (ASD) plans, a form of privatization, to "contract-out" or "outsource" some public service functions to private, for-profit companies.



Outsourcing has impacted government services and affected the economic security of the workers involved. Two case studies are relevant: the outsourcing of "back office" work at BC Hydro to Accenture, including customer services, IT services, human resources, financial systems, purchasing, and buildings services; and outsourcing of administration of the Medical Services Plan and PharmaCare to Maximus.

These case studies reveal a large gap between the virtues attributed to ASD and the reality of what it looks like on the ground. ASD is being brought in with promises of innovation, technological improvements, intelligent reorganization and re-engineering – all of which are purportedly saving the government money while still allowing the contractor to make a profit. Yet when we look at these privatization schemes in more detail, we learn that their main tools for "innovation" are cost minimization, de-skilling staff, surveillance, increased hierarchical control, and a unilateral push by the employer to make people work harder – hardly what most would view as "innovative."

The economic security of the workers involved has been affected, as their bargaining power has been undermined. In the case of the Accenture workers, there is a fear of future job loss, as workers operate under the underlying threat that their jobs could be further outsourced to offshore low-wage jurisdictions. At Maximus, while there was not the same threat of offshoring (due to privacy issues), there was the separation of the bargaining unit from the larger public sector workforce, substantially reducing employees' ability to compete for other jobs and move within the civil service.

While important differences between the two cases emerged, some common themes were evident.

In both outsourcing initiatives, employees indicated a sense of being valued less as a result of the outsourcing. In the name of efficiency, there is increased employee monitoring and surveillance, which adds to job stress. In both workplaces, respondents reported that the hierarchy is more rigid and the work environment has become tense. There is a trend towards reduced training, which is completely at odds with the notion that ASD is about innovation and making improvements.

An "employee engagement" survey at Accenture covering the financial years 2005 and 2006 showed that employee morale and job satisfaction were chronically low. Most workers at Maximus reported no longer feeling the ownership in their work they had before. This, coupled with the stress induced by their employer's changing expectations, has resulted in a very demoralized workforce. The necessary trust between employers and employees has been undermined by the corporate practices introduced by the for-profit companies.

All of the workers interviewed had concerns that the level of customer service has deteriorated. Workers at both Maximus and Accenture reported that while the response time may be fairly quick, if information beyond "the basics" is needed, customers frequently cannot get access to the people who can actually help them. Study interviewees felt quality was suffering at the expense of quantity, with performance measures such as volume of calls handled trumping the quality and accuracy of the information provided to the public.

The workers and their union representatives regard the cultural shift with grave concern, as they witness the core values of public service

Their main tools for "innovation" are cost minimization, de-skilling staff, surveillance, increased hierarchical control, and a unilateral push by the employer to make people work harder.

'Welfare to Work' Didn't Work

By Bruce Wallace

The BC government claims to be doing a great job of moving people off welfare into better lives. But its own welfare ministry, the Ministry of Employment and Income Assistance, compiled a report in February 2007, titled *Outcomes of Those Leaving Assistance*, that summarizes new research contradicting those claims of success.

Despite all of the programming and claims of success, there has been no noticeable increase in moving employable clients from welfare to work.

The government waited eight months to release that report, until a reporter discovered its existence. For the first time, the Ministry has been able to track the tax returns of people who no longer access welfare to determine how many are working. This new report clearly shows there has been no increase in the numbers of employable welfare clients declaring employment income after leaving welfare.

For five years, the Ministry has been telling us that the massive reduction in our welfare caseload was due to successfully moving people from welfare to work. We were fed a good news story that its strict welfare policies resulted in "better lives, more independence and a higher standard of living for many British Columbians."

In 2002, the ministry promised "to end the culture of welfare dependency and introduce a new era of employment and self-sufficiency," and with each drop in the caseload, it reported "our approach is working." Most recently, Claude Richmond, the Minister responsible for welfare in BC, wrote a letter to the editor of the *Times-Colonist* stating, "Federal/provincial taxation data shows 81.5 per cent of expected-to-work clients who left income assistance did so for employment."

Investigative reporter Andrew MacLeod at *Monday Magazine* contacted the Ministry, requested the source of this new statistic and uncovered the unreleased six-page report (which was subsequently posted on the Ministry's website).

The objective of the report is to finally determine if more people are being moved from welfare to work since the government's welfare changes of 2002. While the Minister's letter assures us that 81.5 per cent of expected-to-work clients who left

income assistance did so for employment, this is actually a small reduction from the past when 83 per cent declared employment income.

Despite all of the programming and claims of success, there has been no noticeable increase in moving employable clients from welfare to work. In addition, the research reports on only the 75 per cent of clients who actually filed a tax return, meaning even less is known about the well-being of a quarter of past welfare clients.

Of greater concern is the unreported fact that the more vulnerable clients are less likely to be employed since the introduction of the new welfare rules. As the Ministry's report states, "[l]ess than one-half of Persons with Persistent Multiple Barriers (PPMB) clients have employment income in the year after exiting IA (40.4 per cent)." This is a significant reduction from the pre-2002 rate of 56.3 per cent. These are people without incomes and without welfare. While many have just been shifted from provincial welfare to federal CPP benefits, there are many unknowns. It would be fair to conclude that moving more people with persistent and multiple barriers off welfare, but not into jobs, could be contributing to homelessness in BC.

Yes, the Ministry can claim the "lowest level on income assistance in 25 years," but with this new report, it cannot claim that this massive caseload reduction was due to more people moving from welfare to work. Just helping far fewer people is not necessarily good news if they are not better off.

This report continues to focus all of our attention on those leaving welfare, when the dramatic caseload reduction in BC has been largely a result of



The Olympics, Housing and Homelessness in Vancouver

By David Eby

With just two years to go before the 2010 Olympics, promises of housing and benefits for low-income people in Vancouver made during the bid process have been forgotten by all three levels of government. Not only are marginalized populations in Vancouver not benefiting from the Games, they are being displaced by punitive new policies targeted at “cleaning up” Vancouver in time for 2010.



PHOTO: JOHN LYSEYKO / HOPE IN SHADOWS

Rumoured provincial funding to build new social housing on city-owned lots before the Games has yet to be realized. Any new units that might result from a funding announcement in the next year would be extremely unlikely to open before 2010. Despite criticisms that may be made of the negligent provincial government on the housing file, the federal government is not even talking about funding housing for 2010, or at all.

Meanwhile, Vancouver is losing affordable housing at an alarming rate, feeding a rapidly growing homeless population. In recent months, five low-cost rental buildings in and around the Downtown Eastside closed or issued eviction notices, representing at least 180 units. According to the City of Vancouver's Judy Graves, there are at least 2,300 street homeless in Vancouver, up 78 per cent from the last homelessness count in 2005, which itself was up 171 per cent from 2002's count (both conducted by SPARC-BC). These 2,300 people are competing for 746 emergency shelter spaces in Vancouver.

Things could get worse. In December, City staff defied logic by advancing a report to Council that suggests allowing the demolition and conversion of the last remaining Single Room Occupancy hotels and lodging houses (SROs) in Vancouver. SROs are the last privately owned housing in Vancouver that is affordable to people on welfare.

Housing is not the only area where the Olympic host governments are failing poor people in the lead-up to the 2010 Games. Additional policies (some proposed, some already implemented) impacting the poor are part of what appears to be a massive “clean-up” effort for the Games, including:

- The city banning dumpsters in city lanes, eliminating the main means of support for binners who scavenge cans and other materials from our garbage;
- City councillors backing a proposal to fund with public money almost \$1m in private security guards for the downtown core;
- The province creating a “community” court, designed for poor people in the downtown core, that will open Spring of 2008, but without offering access to any additional social services;
- The federal government putting an expiry date of June 2008 on the safe injection site; and,
- The city and federal governments closing and “renovating” parks used by low-income people.

For its Olympics, Athens created 2,300 units for low-income families from the Athletes' Village. Vancouver is not guaranteeing any units affordable to those on welfare in our Athletes' Village after the Games. London 2012 is spending approximately \$3.5 billion on improving living conditions for the poor in its inner city as part of its Olympic work, including 4,500 brand new low-income housing units in addition to existing social housing commitments.

Vancouver 2010 is not close to achieving even a fraction of those numbers. With the \$2.5 billion Olympics just two years away, the countdown to the Games is quickly turning into a countdown to international embarrassment.

David Eby is a lawyer with the Pivot Legal Society. He authors the Vancouver 2010 Olympics, Displacement and Homelessness blog, at daveby.blogspot.com.

For its Olympics, Athens created 2,300 units for low-income families from the Athletes' Village. Vancouver is not guaranteeing any units affordable to those on welfare in our Athletes' Village after the Games.

Workplace Rights for Recent Immigrants

By Habiba Zaman

Boom times in BC are reflected in low unemployment rates and robust economic growth. But missing from that picture is the fact that some people are having a harder time earning a decent living than others. Among those people are recent immigrants.

For many immigrant workers, workplace rights have become “paper rights” only.

Statistics Canada reports that, in 2006, very recent immigrants (people who have been in Canada five years or less) had the most difficulty integrating into the labour market. That is in spite of the fact that they are more likely than the Canadian-born population to have a university education.

Our study – *Workplace Rights for Immigrants in BC* – looks at recent Filipino immigrants, and at how changes made in 2002 to BC’s Employment Standards Act affect their work experiences. The Employment Standards Act (ESA) sets out minimum working conditions – things like the minimum wage, hours of work, overtime pay, parental leave, and statutory holidays.

We surveyed and interviewed 130 recent Filipino immigrants. Their responses clearly indicate that they are facing a transition penalty – increasingly, they find themselves stuck in a low-wage job cycle, unable to find secure, well-paying work that reflects their professional qualifications and education. Many hold several jobs at once, patching together part-time and casual work in an effort to make a living.

These low-wage jobs often involve violations of safety and employment standards law. Many of those interviewed for our study were working in unsafe conditions, such as being required to operate dangerous machinery or handle hazardous chemicals without proper training. Most were not familiar with their rights under the ESA, and those who had experienced violations of their rights were reluctant to report them.

These findings are not too surprising in light of the fact that, since 2002, the provincial government has dramatically reduced the monitoring of workplaces that helped to ensure the minimum laws were being followed.

The government has also made it much harder for employees to report violations of the law. Employers are no longer required to post information about employment standards in every workplace. Moreover, if an employee thinks their rights

have been violated (for example, if they were not paid what they were owed, or were forced to work without breaks) they have to use a “self-help kit,” available only in English. Using the kit requires filling out a form and taking it to the employer. If this doesn’t work, only then are they allowed to ask for help from the government. Imagine reporting a robbery to the police, and being told you had to fill out a form, take it to the thief and ask for your property back, before the police would be willing to intervene.

For many immigrant workers, workplace rights have become “paper rights” only. We consulted with many immigrant-serving organizations, and together developed a number of recommendations. These changes would not solve all the problems experienced by recent immigrants, but if implemented by the BC government, they would go a long way to increasing their economic security. They include:

- Eliminate the \$6 per hour training wage, and increase the minimum wage to \$10 per hour.
- Institute proactive monitoring teams who would randomly investigate workplaces for employment standards and safety violations. Increase penalties for violations.
- Eliminate the “self-help kit” and allow workers to bring complaints about workplace violations directly to the Employment Standards Branch. Also, fund a community-based, non-profit system, which would provide assistance, including advocacy, to workers who believe their rights have been violated.
- Substantially increase public education of the ESA through information sessions, translation into appropriate languages, and extensive distribution. Restore the requirement that rights be posted at workplaces.
- Extend the minimum call-in period from two to four hours. Two hours of pay is inadequate, particularly when workers must commute long distances to get to the workplace.

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TILMA: A Major Hurdle to BC Climate Action Plan?

second-guess democratic decision-making. Policy-makers will have to strain to make a complicated climate action plan fit within the narrow legal gaps allowed by TILMA.

Municipalities are already frustrated with the Agreement, and after consulting their lawyers, voted at the Union of British Columbia Municipalities convention to reject TILMA. Municipal leaders across BC understand that TILMA could greatly affect their ability to make decisions that benefit their communities.

Actions to fight climate change at the municipal level are particularly important as we move ahead to the 2020 target. Right now, TILMA is a barrier to achieving our environmental goals, and should be scrapped.

Marc Lee is Senior Economist in the BC Office of the Canadian Centre for Policy Alternatives. Caelie Frampton is the Campaign Coordinator of the STOP TILMA Coalition.

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Workplace Rights for Recent Immigrants

In 2002, the provincial government said its changes to the Employment Standards Act would make it easier for employers to create more opportunities for BC workers. The reality is that too often these “opportunities” take the form of low-paying, insecure and unsafe employment, and many recent immigrants are bearing the brunt of reduced protections in the workplace. It is time for the government to take action and ensure that immigrants can work in decent, safe conditions.

Habiba Zaman is Associate Professor of Women’s Studies at Simon Fraser University. She, with Cecilia Diocson and Rebecca Scott, co-authored the study, Workplace Rights for Immigrants in BC: The Case of Filipino Workers, which is available at www.policyalternatives.ca. This study received a grant from the Vancouver Foundation, which significantly facilitated the research process.

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Privatization by Another Name

undermined by outsourcing. Privatization leads to an erosion of the “intrinsic satisfaction” that public employees used to get from public service delivery. The lack of long-term stability that results from ongoing contract renewals and the realities of corporate culture such as corporate takeovers (there are rumours that Maximus may be bought) create uncertainty in the continuity and quality of service for both workers and the public.

The results of outsourcing appear to be ongoing operational problems, reduced employee engagement, and a decline in worker morale. Outsourcing changes the culture of these workplaces in subtle but important ways, which has consequences both for the workers and for the quality of public customer service.

These case studies demonstrate that ASD is not a panacea to address accountability and fiscal responsibility in governments. Rather, it is an ideologically-driven approach intended to restructure government services to serve the imperatives of ill-conceived notions of efficiency and productivity. A broader public dialogue is needed about the purported merits of outsourcing. And we need to examine whether there are other, more cooperative alternatives to enhancing government services and performance.

Penny Gurstein is a Professor in the School of Community and Regional Planning, University of British Columbia and is the co-author (with Stuart Murray) of From Public Servants to Corporate Employees: The BC Government’s Alternative Service Delivery Plan in Practice, available at www.policyalternatives.ca.

The results of outsourcing appear to be ongoing operational problems, reduced employee engagement, and a decline in worker morale.

ECONOMIC SECURITY PROJECT

Workplace Rights for Immigrants in BC and From Public Servants to Corporate Employees were created as part of the Economic Security Project (ESP), a joint research initiative of the CCPA and Simon Fraser University, funded primarily by the Social Sciences and Humanities Research Council of Canada (SSHRC). For more ESP studies, visit:

www.policyalternatives.ca/economic_security

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BC's Climate Change Strategy and the Fossil Fuel Industry

fuel resources – which, unlike trees, are non-renewable. Based on current exploitation rates and reliable estimates of remaining natural gas, northeastern BC's supplies would last just 33 years. A doubling of industry activity – something the province promoted just a few years ago – would deplete reserves in half that time.

So what would it take to regulate the oil and gas sector as if the environment mattered, and in a way that brings long-term security to BC's northeast?

Some badly needed reforms include eliminating unnecessary industry subsidies and overhauling BC's gas royalty regime, beginning with a requirement that companies pay royalties on all flared or otherwise wasted gas. Higher royalty rates should also be instituted. Significantly, a study released by the Alberta government says much the same thing, noting how that province has undercharged companies exploiting its fossil fuel resources.

Channeling a portion of increased royalties into a dedicated BC fund modeled on Alberta's Heritage

Fund and then investing that money in our efforts to reduce greenhouse gas emissions would also move us further in the right direction.

Beyond that, a carbon tax (with offsetting measures for low-income British Columbians) is necessary to speed the transition to carbon-capturing technologies. In Norway, such taxes are in place. An energy company there has chosen to avoid the tax by stripping large amounts of CO₂ from natural gas and pumping it deep underneath the North Sea seabed with the result that less greenhouse gases enter the atmosphere.

Curbing rates of exploitation, using taxes to encourage the right behaviour, charging a fair dollar for finite resources – others have done it. It's time we did the same.

Ben Parfitt is the CCPA-BC's Resource Policy Analyst. This piece draws on his recent study, Foot Off the Gas: Regulating BC's Oil and Gas Industry as if the Environment Mattered, available for download at www.policyalternatives.ca.

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'Welfare to Work' Didn't Work

changes at the front door of welfare system. The CCPA's 2006 report, *Denied Assistance*, analyzed Ministry statistics obtained through Freedom of Information requests that showed the drop in the province's welfare caseload was not the result of more people leaving welfare, but rather fewer people entering the system and accessing assistance.

In 2003, the Ministry promised future surveys to follow up with those who sought welfare but were diverted (did not get it) to see if they had found employment. This report breaks that promise of accountability. In fact, there are currently no evaluations or performance measures to ensure accountability focused on the drastic changes to the eligibility criteria and application process that have arguably played the most significant role in reducing the welfare caseload in BC.

The government's tired narrative about more people leaving welfare for work is not supported by its own evidence. Welfare reform in BC can-

not be declared a success. The government clearly needs to address the much more complex goal of reducing poverty, not just reducing the caseload.

*Bruce Wallace is the Research Coordinator at the Vancouver Island Public Interest Research Group (VIPIRG), and the co-author (with Seth Klein and Marge Reitsma-Street) of Denied Assistance: Closing the Front Door on Welfare in BC, available at www.policyalternatives.ca. This article originally appeared in *The Tyee* (TheTyee.ca).*

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1400 – 207 West Hastings Street
Vancouver, BC V6B 1H7
tel: 604-801-5121
fax: 604-801-5122

www.policyalternatives.ca

Editor: Marc Lee
<marc@policyalternatives.ca>

Layout & Production: Terra Poirier
<terra@policyalternatives.ca>

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