INNOVATING
FOR IMPACT

BC Chamber of Commerce

2024-2025 Policies & Positions Manual

INTRODUCTION

The BC Chamber of Commerce (BCCC) is the largest and most broadly-based business organization in the province, representing local Chambers of Commerce and Boards of Trade and 36,000 businesses of every size and from every sector and region of the province.

This Policies and Positions Manual contains informed opinions and policy statements adopted by members during the policy sessions at the BCCC's 72nd Annual General Meeting and Conference, held on May 29 and 30, 2024, in Kelowna.

The manual reflects what members view as important issues. It forms the foundation – along with the policies of the previous two years – of our advocacy work with all levels of government in the years ahead. It also serves as a working document for the BCCC's staff and Policy Review Committee, as well as local Chambers of Commerce and Boards of Trade, to regularly review and use to assess the timeliness, importance, and scope of the BCCC's positions on issues that impact members.

The BCCC supports the United Nations *Declaration on the Rights of Indigenous Peoples,* the *British Columbia Declaration Act* and its associated action plans, and respects Indigenous Peoples' rights and interests in British Columbia. The resolutions contained in this manual are not intended to, nor should they be interpreted to, be an attempt to insert the BCCC directly into government-to-government discussions between Indigenous nations and the provincial and Federal Governments.

In some cases, but not all, the proposed resolutions in this manual may have benefited from input from Indigenous Peoples. Unless explicitly stated, resolutions within this manual have not been endorsed by third-party groups, including Indigenous-identified and affiliated organizations. The BCCC acknowledges that some recommendations may need to be amended, deleted or added to better reflect Indigenous interests and rights, should members adopt them. The BCCC is committed to improving the resolution development process for itself and its member Chambers of Commerce and Boards of Trade as the organizations move forward on their own reconciliation journeys.

The BCCC will actively advocate for government policies that address the cost of doing business in British Columbia so that the job-supporting small- and medium-sized businesses that are the backbone of our economy can thrive and grow.

We will also continue advocating for an economy that rewards innovation and the need for resilient infrastructure across the province, enabling businesses to get their goods and services to markets more efficiently and without interruption.

We remain focused on ensuring that governments foster an environment where businesses prosper, families thrive, and communities flourish.

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MINISTRY OF AGRICULTURE AND FOOD

BUILD CAPACITY FOR FOOD PROCESSING IN THE AGRICULTURE INDUSTRY BY MODERNIZING THE AGRICULTURE LAND RESERVE

Issue

The Agriculture Land Reserve has long been a key tool for protecting farmland in British Columbia. While ensuring the viability of precious agricultural land for future generations is critical, BC's long-term food security is at risk due to barriers to allowing on-farm food processing in many of the province's most productive agricultural areas.

Background

BC is a recognized producer of high-quality, safe, nutritious agricultural products. As Canada's most diverse agricultural province, BC has over 300 commodities, from fruits and vegetables to grains and oilseeds, dairy, livestock, poultry, eggs, fish and seafood. Innovation is present and relevant in all commodity areas of the sector.[1]

According to the Abbotsford Chamber of Commerce's 2022 Report on Agriculture, the industry represents $3.83 billion in economic activity annually.[2] The report found that Abbotsford is one of North America's most intensely farmed areas and has the highest farm sales per hectare of any other City in Canada. This directly contributes to the economy, creating jobs and food security in the province and country. Today, this $3.83 billion in economic activity is up from $1.8 billion in 2008.[3]

As one of the primary employment drivers for the region, agriculture accounts for over 16,000 full-time jobs, equating to 23% of all jobs in the city. Agriculture has been the driving force behind growth and a stable, expanded local economy.

British Columbia, home to some of the most productive agricultural land in the country, also faces sector constraints due to the Agriculture Land Reserve.

The Agriculture Land Commission (ALC) continues to practice stewardship under its regulatory framework – serving the purposes of Section 6 of the *Agricultural Land Commission Act*, i.e.:

(a) to preserve the agricultural land reserve;
(b) to encourage farming of land within the agricultural land reserve in collaboration with other communities of interest;
(c) to encourage local governments, first nations, the government and its agents to enable and accommodate farm use of land within the agricultural land reserve and uses compatible with agriculture in their plans, bylaws and policies.

This reserve was created in 1973, and the industry and the food security needs of British Columbians have changed significantly, showing a need for modernization. Today's ALR creates barriers to agricultural excellence, industry expansion, and business growth, hampering BC's food security due to limiting Land Use policies.

Some new regulations and policies have become law since 2018. Permitted uses in the ALR are identified in the Act.[4] However, these changes have not gone far enough.

Furthermore, agriculture is one of the oldest industries on the planet. In a world where technology has completely transformed the way we live together and connect with one another, agriculture is, in some

[1] BC Food Security Task Force. The Future of BC's Food System. July 2019. https://engage.gov.bc.ca/app/uploads/sites/121/2020/01/FSTF-Report-2020-The-Future-of-Food.pdf
[2] Abbotsford Chamber of Commerce. Canada's Agricultural Hub Report. May 2022.
[3] *Ibid.*
[4] BC Chamber Policy. Agricultural Land Commission Regulation Reform: Creating Principles-based farmland use policy 2021.

ways, one of the last sectors to be disrupted.[5] The global population continues to rise, which will require an increase in global agricultural production and the introduction of more efficient agricultural practices.

The modernization of agriculture has resulted in a more industrial approach to farming, and agricultural innovation has led to a shift towards technological improvements and an emerging Agritech sector. However, the ALR's interpretation of land use has not been updated to reflect these significant changes.

According to the Greater Vancouver Board of Trade, industrial lands make up just 4% of the region's total land mass but result in over 450,000 direct and indirect jobs, $50.1 billion in GDP, and an overall output of $92.5 billion.[6] Given that industrial land generates a third of regional GDP and more than one in four jobs (27%) are located on industrial lands[7], the shortage of industrial land is a major economic inhibitor to regional economic development.

In the same report, NAOIP Vancouver states, *"Industrial lands are some of the most productive in the region based on economic output, jobs and wages. Priority needs to be placed on the addition of more industrial lands to Metro Vancouver and the Fraser Valley to continue to support the movement of food and goods and to create and maintain jobs in our region. With the critical shortage of industrial zoned and serviced land, we have lost industrial businesses and the accompanying economic benefits to other regions and this trend will continue unless all three levels of government make an effort to address the issue."*

In today's leading agricultural areas, farmers are challenged by the ability to do on-farm processing and value-added agriculture as it doesn't fit the constraints of the ALR. Food processing is considered an 'industrial use'; however, in a context with such a significant shortage of industrial land, finding a way to free up land for ag-industrial could relieve the broader industrial land shortage. A new category of ag-industrial use would enhance food security, create economic opportunity for agribusinesses, and reduce highway traffic and emissions from trucking agricultural products to far-away locations for processing. It would also allow BC to keep processing and value-added agriculture jobs in the province.

Our province is also affected by changes in policy by our neighbours. Alberta's agri-food processing industry is growing, with food manufacturing sales reaching a record $22.7 billion in 2022, more than 20% of total provincial manufacturing sales. In its Agrifood Investment and Growth Strategy, Alberta has set targets to grow value-added processing capacity by attracting $1.4 billion in investment by March 2023, creating about 2,000 jobs in the province.[8] Due to BC's more challenging regulatory context, this competitive edge impacts the flow of capital and investment for producers who may consider other locations.

It's about protecting suitable land for agriculture while ensuring we can support and grow a critical agricultural production industry for the long term.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Through the Agriculture Land Commission, allocate lower quality agricultural land (soil type 4-7), equating to approximately 0.25% of the province's Agricultural Land Reserve (ALR) for agricultural-industrial use, as recommended in the Food Security Taskforce Report.

Note: This is a new 2024 policy resolution.

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[5] BC Food Security Task Force. The Future of BC's Food System. July 2019.

[6] GVBOT. The Consequences of the Industrial Land Shortage. September 2023. https://www.boardoftrade.com/advocacy/industrial-land-shortage

[7] *Ibid.*

[8] Alberta Agrifood Investment Strategy 2023. https://www.alberta.ca/agri-food-investment-and-growth-strategy

MINISTRY OF AGRICULTURE AND FOOD

SUPPORTING BRITISH COLUMBIA'S DEVASTATED WINE INDUSTRY

Issue

Over the past two years, vineyards throughout British Columbia have experienced extreme cold weather events. The most recent event occurred between January 11th and 15th, 2024, causing an estimated 97-99% reduction in grape and wine production. Translated into economic terms, vineyards, wineries, and suppliers across the province will experience a $440-$445 million revenue loss in 2024.

Background

During the winter of 2022/2023, a cold weather event took place across the Okanagan Valley, where temperatures suddenly dropped to record lows, resulting in a 54% reduction in grape crops, 45% of total planted acreage suffering long-term damage, and 29% of total acreage needing to be re-planted. The impact of this crop damage included a $133 million revenue loss, a 20% reduction in full-time employment in vineyards and winery staff province-wide, and over $200 million in indirect economic revenue loss to suppliers, liquor distributors, retailers, and restaurants.[9]

This year, a more extreme cold weather event occurred between January 11th and 15th, 2024, causing an estimated 97-99% decrease in grape and wine production. The loss is forecasted to be between $440-$445 million for 2024's vintage or lack thereof, and 25% of British Columbia wineries were up for sale by the end of January 2024. [10]

The BC Wine industry is not only a major source of tax revenue but also employs over 14,000 full-time equivalent workers, totalling approximately $754 million in annual wages. Wineries also serve as a major tourism draw, which saw a 64.5% increase between 2011 and 2019, and supported 3,912 jobs and over $174 million in wages specific to wine-related travel in Canada in 2019 alone. [11]

In acknowledgement and support of this vital industry, the Provincial Government has added another $70 million to the existing $15 million Perennial Crop Renewal Program to help farmers replace their damaged and destroyed plants. Furthermore, the Premier also announced that a BC wine grape sector task force will be created to help producers remain profitable and resilient as they face ongoing climate change.

While this is welcomed news, BC's land-based wineries remain at imminent risk of losing their ability to produce and sell wine.

British Columbia is home to Canada's largest wine-producing province and has two types of winery manufacturing agreements: commercial wineries and land-based wineries. Of the 428 licensed wineries in BC, 295 are classified as land-based as of 2022. Land-based wineries account for the many boutique wineries that dot the Okanagan, Similkameen, and Fraser Valley, as well as Vancouver Island and the surrounding Gulf Islands. While generally easier to operate than a commercial winery, land-based wineries must use 100% BC grapes or juice, at least 25% of the grapes from their own acreage,[12] and produce 4,500 litres (approximately 500 cases) of wine each year.[13] In the event a land-based winery does not satisfy these production requirements, it would lose its manufacturing license, preventing it

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[9] https://www.cbc.ca/news/canada/british-columbia/wine-growers-bc-government-support-cold-snap-1.6886082
[10] https://www.winebusiness.com/content/file/Impact_of_January_2024_Cold_Event_on_BC_Wine_Industry_-_Public_Release(1).pdf
[11] https://winebc.com/industry/wp-content/uploads/sites/2/2023/03/BC-Wine-and-Grape-Industry-2019-Economic-Impact-Fact-Sheet.pdf
[12] https://www.bcldb.com/files/manufacturer/Sales%20Agreements/Land%20Based%20Winery%20Criteria%20Guideline%20-%20Criteria.pdf
[13] https://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/business-management/liquor-regulation-licensing/guides-and-manuals/manufacturer-handbook.pdf

from producing new wine and selling current inventory already in bottles. Unfortunately, with 2024's extreme crop damage, producing any wine this year, let alone 4,500 litres, will be almost impossible.

With an industry as crucial as British Columbia's wine and grape industry, BC's Minister of Public Safety and Solicitor General has the authority to provide temporary regulatory relief to land-based winery manufacturing requirements, thereby giving time for damaged crops to either heal or be replanted.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Suspend the minimum production requirements for land-based wineries until such time as crop damage has been mitigated.
2. Allow BC land-based wineries to purchase and utilize non-BC grapes and grape juice in order to maintain production and sales until damaged and replaced crops begin producing grapes, with the understanding that labelling denotes the grapes' place of origin.

Note: This is a new 2024 policy resolution.

MINISTRY OF AGRICULTURE AND FOOD

TIME FOR GOVERNMENT TO FLEX ITS MUSSELS TO PROTECT OUR FRESH WATERWAYS

Issue

Invasive mussels, which have devastating effects on hydroelectric power, fishing, and tourism – have been detected in the Columbia River Basin in the U.S., an eleven-hour drive for a boat trailer from the Canada/U.S. border. This poses an imminent threat to fresh waters in British Columbia. The Provincial Government must take decisive action now to avoid irreversible damage to our water-based infrastructure and tourism industries. Efforts begun in 2016 by the provincial and Federal Governments to detect the spread are flagging and must be restarted.

Background

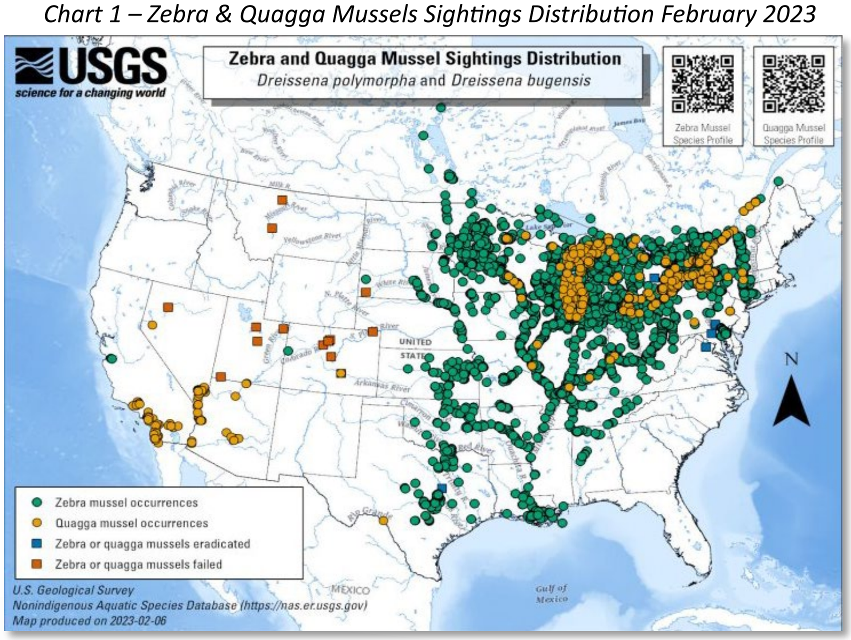
Despite the BC Chamber of Commerce and other groups calling attention to the economic threat posed by invasive mussel species, the Provincial and Federal Governments aren't taking the steps needed to prevent the spread of this scourge.

Note the difference between "detection" and "identification". When the province talks about "early detection," they mean finding an infestation already in a water body. When they say rapid response, they mean quarantining an infested water body, and potentially using chemicals or other means to attempt to control or eradicate them. Identification means finding mussels on a boat, floatplane, or other surface (pipes, infrastructure).

One immediate step is introducing a temporary moratorium on out-of-province watercraft entering BC until previous funding is restored ($4M/2018) and the treatment results of invasive mussels found in Idaho (Snake River) are assessed. Funding cuts by the Federal Government have been echoed by the Provincial Government. FortisBC and BC Hydro appear to be using those cuts as tacit approval for cutting their funding.

If mussels are established in BC's fresh waters, infrastructure costs will skyrocket, tax increases will follow, and tourism centred around beach use, boating, and swimming will dry up, causing economic devastation throughout the southern areas of the province.

Chart 1 – Zebra & Quagga Mussels Sightings Distribution February 2023



Source: U.S. Geological Survey

MINISTRY OF AGRICULTURE AND FOOD

The Threat Defined

Quagga and zebra mussels, native to Eastern Europe and Western Asia, pose a serious and costly threat to aquatic ecosystems, salmon populations, tourist destinations, hydro power stations, and other infrastructure facilities. They came in on commercial ocean vessels.

Until 2023, the Columbia River Basin, including the Snake River, was the last major river system in the U.S. that remained free of this invasive pest.

Responding to the Threat

- A test kill was conducted in the fall of 2023 in the Snake River in Idaho. Results are not yet known, and whether killing in a river with pesticides, if it does work, likely could not be replicated in a large body of lake water, it would provide promise.[14]
- Identification (while boats are in transit on roadways) and decontamination are the only tools currently known to work.
- The Provincial Government requires the authority to immediately implement "Pull the plug" on bilgewater and ballast tank regulations[15], thus stranding and drying out the mussels' larvae and preventing contamination of the next waterway where the boat is launched. BC is the last remaining western province without pull-the-plug legislation in place. Most northwestern U.S. states require drain plugs to be pulled before transport on roadways.[16]
- 24-hour, seven-day, 365 days a year checking stations must be established or re-established at all BC borders. Provincial funding in the range of $4M had previously been allocated to the program – more was needed – and now even this was cut as of 2023. Federal Government support through Canadian Border Security Services is required.
- Business groups and tourism associations such as the Thompson Okanagan Tourism Association called for a temporary moratorium on incoming out-of-province boat traffic until funding for 24/7/365 detection is restored, or such time as the test kill is proven plausible for all bodies of fresh water in BC.[17] Their support is crucial.
- Indigenous Nations throughout BC are focused on the conversations with the province and must continue to be involved in solution-based recommendations.[18]
- The province's *Early Detection and Rapid Response* plan must be updated.
- The Provincial and Federal Governments need to undertake and publish a planning process to create long-term response, containment, and control.
- Vulnerability assessments can be conducted by utilities, local jurisdictions, and private entities.

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[14] Invasive quagga mussels in Snake River trigger rapid response. John Johnson, October 3, 2023. https://www.idahoconservation.org/blog/invasive-quagga-mussels-in-snake-river-trigger-rapid-response/

[15] Note that the Province of BC has an internal analysis suggesting that regulations couldn't be implemented under the current Wildlife Act.

[16] Alberta: Fisheries Act Regulation 220/1997/2016. https://www.canlii.org/en/ab/laws/regu/alta-reg-220-1997/latest/alta-reg-220-1997.html#sec6.1Saskatchewan: The Fisheries Regulations 88.6 2018 https://pubsaskdev.blob.core.windows.net/pubsask-prod/1869/F16-1r1.pdfManitoba: The Water Protection Act AIS Regulation 2015 https://web2.gov.mb.ca/laws/regs/current/_pdf-regs.php?reg=173/2015Ontario Invasive Species Act Regulations 2022 https://ero.ontario.ca/notice/019-3465Western States Conveyance Drainage Requirements 2016 https://nsglc.olemiss.edu/projects/model-legal-framework/files/drainage-reqs.pdf

[17] https://www.castanet.net/news/Kelowna/472192/Kelowna-Chamber-wants-moratorium-on-out-of-province-boats-entering-B-C#472192; https://infotel.ca/newsitem/chambers-of-commerce-in-kamloops-okanagan-demand-ban-on-out-of-province-boats/it103208; https://www.msn.com/en-ca/news/canada/okanagan-chambers-of-commerce-call-for-ban-on-out-of-province-boats/ar-BB1if3cu?ocid=msedgntp&pc=HCTS&cvid=af14468c86544ec2820b19e045e4025f&ei=13

[18] Oral report at the Okanagan Interior Invasive Mussels Working Group, March 8, 2024 Workshop hosted by the Okanagan Basin Water Board.

Without action, the province will suffer billions of dollars in remediation costs in an environment of suddenly dropping tourism. Mussels' unwelcome presence is permanent. The damage they cause is perpetual.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Until sufficient funding is restored for effective mussel inspection and treatment, introduce a temporary moratorium on out-of-province watercraft entering BC.
2. Elevate the May 17, 2024, "pull-the-plug" (on Bilgewater) recommendation to a regulation to be in effect immediately.
3. Ask Canada's Minister for Public Safety to issue direction for all watercraft entering Canada at all border crossings to be inspected prior to allowing entry.
4. Commit restored funding to the provincial Invasive Mussel Defence Program of no less than $4 million per year to include work with local municipalities & districts and Indigenous Nations.

Note: This is a new 2024 policy resolution.

MINISTRY OF ATTORNEY GENERAL

BC LOBBYING ACT – IMPLICATIONS FOR NON-PROFITS, SMALLER ORGANIZATIONS, AND CHAMBERS / BOARDS OF TRADE

Issue

The BC Government's new *Lobbyists Transparency Act (2020)* (LTA) has placed a considerable burden on the not-for-profit sector and smaller organizations, including Chambers of Commerce and Boards of Trade. In addition, this legislation undermines the democratic process that enables organizations to advocate to government. It significantly constrains communications and collaboration with the government on the impact of key decisions and direction on regulations, law, policy and programming.

Resourcing and support must be considered in the context of the not-for-profit sector, recognizing that these are typically small organizations with additional burdens and differences related to organizational size and capacity for reporting compliance. Regarding Chambers of Commerce and Boards of Trade, their genesis was specifically to enable advocacy from SMEs to government and require an exemption to much of the LTA. Government relies on advocacy and research to inform themselves of different issues impacting the economy, and this Act decreases the ability of Chambers of Commerce and Boards of Trade to do that effectively, costing businesses and organizations time and money as additional resources are needed to follow the new administrative rules of the Act.

Businesses that now have to register their activities as lobbyists face financial costs, and it consumes their time. These costs prohibit many crucial organizations from participating in the democratic process by informing the government of issues.

Background

Environmental review processes were initially undertaken by the Federal Government in the Department of Fisheries and Oceans (DFO). To streamline the regulatory process, the position was terminated, and all environmental reviews for land were passed to the provincial Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD).

On May 4, 2020, significant changes to British Columbia's lobbyist registration regime came into effect, with the latest reforms being both statutory and regulatory. *BC's Lobbyists Registration Amendment Act (2018)* was passed on November 26, 2018. The same day, the BC government published the Lobbyists Registration Regulation 2018. The provisions of the Act and Regulation were to come into force on May 4, 2020. The previous legislation was transformed into the LTA in 2020 and the *Lobbyist Transparency Regulation* in 2020.

The LTA applies to communications with public office holders at the Provincial Government level. This includes[19]:

- a member of the Legislative Assembly (MLA) including members of cabinet;
- political staff of an MLA or a member of cabinet;
- an officer or employee of the government of British Columbia;
- a person who is appointed to any office or body by or with the approval of the Lieutenant Governor in Council, other than a person appointed on the recommendation of the Legislative Assembly;
- a person who is appointed to any office or body by or with the approval of a minister of the government of British Columbia; and
- an officer, director, or employee of any government corporation as defined in the *Financial Administration Act*.

[19] https://www.lobbyistsregistrar.bc.ca/handlers/DocumentHandler.ashx?DocumentID=351

MINISTRY OF ATTORNEY GENERAL

The new Act and Regulation significantly altered BC's lobbyist registration rules, summarized as follows:

1. In-house lobbying immediately triggers a registration obligation
    a. Applies to an organization (such as a corporation, trade union, charity or a government other than the government of BC)
    b. The organization is required to file a return with the provincial Registrar of Lobbyists within ten days after any of the organization's paid employees, officers, or directors has become an in-house lobbyist by lobbying a provincial public office holder. The obligation to file falls on the organization's most senior paid officer.
    c. The Act eliminated the 100-hour threshold to register only when an organization has collectively devoted at least 100 hours annually to provincial lobbying.
    d. An exemption exists for small businesses and non-profits to permit paid employees, officers, and directors of organizations with fewer than six employees to lobby without registration, provided the organization's lobbying activities totalled fewer than 50 hours in the preceding 12 months.
    e. The above exemption does not apply to organizations whose primary purposes are to represent the interests of its members or to promote or oppose issues, i.e. small industry associations and advocacy organizations, unless the lobbying in question is not for either purpose.
2. Consultant Lobbyists will only need to register after they start to lobby.
3. Only one registration will be required.
4. Lobbyists and organizations will need to provide more detail about their lobbying activities.
5. Monthly returns will be required.
6. Gifts to public office holders will be banned, except for gifts under the protocol or social obligations that normally accompany duties and only to the extent that the total value of all such gifts in a 12-month period does not exceed $100.
7. Greater Registrar Enforcement
    a. Penalties of up to $25,000 and the ability to impose a prohibition on lobbying and related activities of up to two years.

In addition to exceptions for smaller-sized organizations as defined above, certain written submissions are permitted, and nonpaid volunteers of organizations can engage in lobbying.

Lobbying is considered to take place when: *Your organization is trying to influence government decisions about legislation, regulations, a program, policy, directive or guideline, the award of a contract, grant, or financial benefit, or another matter set out in the Act's definition of "lobby."* The definition of "lobby," subject to section 2(2) of the *Lobby Transparency Act*, means:

(a) to communicate with a public office holder in an attempt to influence
- (i) the development of any legislative proposal by the government of British Columbia, a Provincial entity or a member of the Legislative Assembly,
- (ii) the introduction, amendment, passage or defeat of any Bill or resolution in or before the Legislative Assembly,
- (iii) the development or enactment of any regulation, including the enactment of a regulation for the purposes of amending or repealing a regulation,
- (iv) the development, establishment, amendment or termination of any program, policy, directive or guideline of the government of British Columbia or a Provincial entity,
- (v) the awarding, amendment or termination of any contract, grant or financial benefit by or on behalf of the government of British Columbia or a Provincial entity,
- (vi) a decision by the Executive Council or a member of the Executive Council to transfer from the Crown for consideration all or part of, or any interest in or asset of, any business, enterprise or institution that provides goods or services to the Crown, a Provincial entity or the public, or

(vii) a decision by the Executive Council or a member of the Executive Council to have the private sector instead of the Crown provide goods or services to the government of British Columbia or a Provincial entity to arrange a meeting between a public office holder and any other individual for the purpose of attempting to influence any of the matters referred to in paragraph (a) of this definition. [20]

Advocacy and Lobbying are essential to our society and the democratic process. They enable feedback from stakeholders, organizations, and institutions so that government can be responsive.

The not-for-profit sector and smaller organizations of all kinds (including membership and industry-based opposing issues) should not be obligated to the same level of expectation and burdensome regulations as organizations that are for profit, with bigger interests at stake, and/or larger in size with greater capacity.

Organizations of all sizes should also be considered based on whether they represent sectors or cross-sectors with a broader societal impact versus more narrowly focused company-centered interests.

Additionally, given the above bureaucratic expectation to track and register what would be seen as a major part of Chambers/Boards' operational plan (and has been for over 421 years of Chamber history).

The ORL will review the legislation in 2025. We need to ensure that this review includes fulsome consultation and input from the not-for-profit sector and addresses the issue that this sector does not have the capacity to update its lobbyist registry every month for all interactions with the government.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. As the ORL reviews the legislation, ensure that consultation and input from the not-for-profit sector is conducted and used to make the registry more effective and less onerous.
2. Update the definition of "small organization" under the *Lobbyists Transparency Act (2020)* from six employees or less to 20 employees or less.
    a. Only require the registration of an actual act of lobbying (letter, meeting, policy decision) upon completion, increase the 50-hour threshold to 200-hours for charities and not-for-profits, and eliminate the requirement for Chambers of Commerce and Boards of Trade altogether.
    b. Establish a more streamlined lobbying tracking report form and process.
    c. Removing accumulated lobbying reporting requirements when working with other organizations.

Note: This policy resolution was renewed in 2024.

[20] https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/01042_01#section1

MINISTRY OF EMERGENCY MANAGEMENT AND CLIMATE READINESS

BROADENING EMERGENCY RESPONSE TO INCLUDE EMERGENCY ECONOMIC RECOVERY

Issue

Ensuring that all residents of BC can depend on reliable emergency services is vital to the province's growth and prosperity. Over the past ten years, increasingly frequent major events such as floods and wildfires have highlighted multiple issues for governments, communities, First Nations, and first responders.

At the same time, labour issues, restraints on how emergency personnel and first responders can be deployed, response times, and funding shortfalls have added pressure to provide safe and dependable environments for all BC's residents and visitors.

Background

Multiple policies are already on the BC Chamber policy and positions books,[21] dealing with various specific sub-issues within emergency management, i.e.,

1. Emergency Management: Enhancing Preparedness & Prevention (2022)[22]
2. Authorizing The Use Of Peace Officers To Complement The Work Of Police As Part Of A Tiered Response (2023)[23]
3. Emergency Medical Services For British Columbians (2021)[24]

With this new policy, we have taken a broader look at recent history and a look ahead in an era of climate change and evolving relationships between different levels of government management of emergency issues, alongside increasing autonomy of First Nations governments across the province.

The following factors apply stress to all systems and emergency response levels in the everchanging dynamics of growth in the province of British Columbia.

Factors for Consideration

There is an ongoing increase in major emergency events as a result of climate change in BC.

- These increased events, including flooding and wildfires, damage property, impact families, and derail the economy. The accompanying increase in demand to appropriately service these events puts pressure on systems that are already in crisis.
- Wildfires alone have seen three years out of the last ten with a cost over $500M (2021-$718.8M; 2018-$615M; 2017-$649M)[25].
- Taken together, the direct costs of the 2021 “atmospheric river” floods in BC amount to almost $9 billion to repair everything lost[26], not counting the $2.5B impact on Canadian trade through the Port of Vancouver. Clearly, these are enormous budget items for multiple levels of government, insurance companies, and the province's residents.

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[21] https://bcchamber-website.glueup.com/policy-search
[22] https://bcchamber-website.glueup.com/policy-search/emergency-management-enhancing-preparedness-prevention-2022
[23] https://bcchamber-website.glueup.com/policy-search/authorizing-use-peace-officers-complement-work-police-part-tiered-response-2023
[24] https://bcchamber-website.glueup.com/policy-search/emergency-medical-services-british-columbians-2021
[25] https://www2.gov.bc.ca/gov/content/safety/wildfire-status/about-bcws/wildfire-statistics/wildfire-averages
[26] Globe and Mail, February 19, 2022 https://www.theglobeandmail.com/canada/british-columbia/article-cost-of-rebuilding-bc-after-november-storms-nears-9-billion

MINISTRY OF EMERGENCY MANAGEMENT AND CLIMATE READINESS

Government Initiatives

New government initiatives have been implemented to better manage the escalation of emergency events. Under the Ministry of Public Safety and Solicitor General, a new Premier's Expert Task Force on Emergencies has been assembled, with representatives from around the province and many First Nations. The Premier's Expert Task Force on Emergencies was established in October 2023 to provide strategic advice and action-oriented recommendations on how the province can better support people on the front lines of emergencies, enhance support delivery for evacuees and apply lessons the province has learned in preparation for the next emergency.

It is critical that an effective framework, encompassing expedited recovery and recognizing economic loss, is closely tied to delay in recovery. This has been evident in the rebuild of the Village of Lytton,[27] where one building permit was issued after a two-year wait, with a dozen more to come in the first half of 2024.

The recovery timeline (two years and counting) in the Village of Lytton demonstrates that there is a lack of provincial framework—legal, financial, and social—that helps communities recover more quickly. A more rapid recovery timeline would be welcome for residents through BC. It took Lytton nearly two years to rescind its State of Emergency declaration and lift the evacuation order for residents.[28]

The Premier's Task Force could take on these learnings and improve the timelines for affected residents under such orders. The repair of the Coquihalla Highway, after devastating floods broke the supply chain to and from the coast, shows that the province has the power to accelerate change. This could be reflected in the outcomes of an expert panel to develop a better and faster framework for recovery.

There is also an issue with evacuation routes for built-up residential and semi-rural areas, as well as government response times to improve transportation out of an impacted area experiencing wildfires, floods, or other infrastructure losses such as power or water. Improvements were made on the Sumas prairie lands after the floods, but to date, no improvements have been made in the West Kelowna/Peachland areas following multiple wildfires there in the past decade.

Currently, the Task Force is focused on broad areas of engagement.[29]

In October 2023, the BC Government published its *FAIRNESS IN A CHANGING CLIMATE: Ensuring disaster supports are accessible, equitable and adaptable* report.[30] The report's core focuses primarily on immediate response mechanisms; however, the longer-term, broader economic and social recovery noted in this policy would be better enabled by adopting the new report's recommendations.

The inclusion of "*Responding to the Realities of Long-Term Displacement*" and "*Recovery and Rebuilding: the Disaster Financial Assistance Program*" as subjects in the report offers some reassurance that longer-term economic and social recovery, i.e., issuance of building permits, pre-build geotechnical testing might proceed on a more efficient and timely basis, assisting citizens and communities to re-establish necessary infrastructure.

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[27] https://vancouver.citynews.ca/2023/12/21/lytton-rebuild-wildfire/#:~:text=People%20are%20displaced%2C%20living%20in,land%20needed%20to%20be%20reviewed

[28] June 15, 2023 CBC News Lytton, BC, to end state of emergency almost 2 years after most of village was destroyed by wildfire https://www.cbc.ca/news/canada/british-columbia/lytton-state-of-local-emergency-to-end-1.6877479

[29] https://www2.gov.bc.ca/gov/content/safety/emergency-management/emergency-management/emergency-activation/em-taskforce

[30] https://bcombudsperson.ca/assets/media/OMB-FireFlood_report_web.pdf

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Mandate funding through the "*Premier's Expert Task Force on Emergencies*" to proactively manage the demands on emergency response with a plan for implementation within two years.[31]
2. Either continue and expand the Premier's Expert Task Force on Emergencies or establish a new working group involving economic development professionals at all levels of government along with representatives of the business community, as well as appropriate representation from the UBCM and regional districts and other local governments, to explore legal and funding options to expedite community recovery post-emergency.
3. Develop a plan, including training and funding, to promote local involvement, with support during emergencies from subject matter experts and the public at large, and the involvement of the provincial administrator, as dictated in the *Emergency and Disaster Management Act* (Bill 31-2023).[32]

Note: This is a new 2024 policy resolution.

[31] *Ibid*.

[32] http://www.leg.bc.ca/Pages/BCLASS-Legacy.aspx#%2Fcontent%2Fdata%2520-%2520ldp%2Fpages%2F42nd4th%2F3rd_read%2Fgov31-3.htm

VIABLE FIBRE SUPPLY NECESSARY FOR CARBON-NEUTRAL PRODUCING POWER PLANTS IN BC

Issue

Many biomass-fired power plants in the province face closures due to the shortage of economically viable fibre supply. The root cause of this predicament lies in the diminished forest activity, making it impossible for the power plants to provide the contracted power at a profitable margin, resulting in their closure.

Biomass-fired power plants provide sustainable, low-GHG-emitting, reliable power to British Columbians while simultaneously improving the air quality of communities by eliminating the need to operate beehive burning of forest waste.

Recently, electricity demand has surged, prompting a call for increased power supply and the importation of non-clean electricity from outside of British Columbia. BC Hydro should first work with local BC producers to meet our electricity needs.

Background

Due to growing energy needs and reliance on clean energy sources, hydroelectric power has become a focal point for meeting the escalating electricity requirements. However, the impacts of climate change, such as changing rainfall patterns, drought, and wildfires, create the risk of overly relying on any one resource. The need for a diverse and reliable power supply has created a sense of urgency in the industry, prompting an increased need to secure additional carbon-neutral energy sources such as biomass-fired generation. However, a reduction in logging and forestry operations has led to a scarcity of available fibre resources, intensifying the competition among energy producers for this essential raw material and driving up costs for power producers.

The 66 MW Atlantic Power Plant in Williams Lake is one of those biomass plants that faces the risk of closure as early as January 2025. It was originally developed to improve air quality in Williams Lake by providing an alternative means to the ecologically damaging practice of beehive burning of mill waste disposal, while simultaneously providing a clean base-load energy source. Now, due to the lack of economically available fibre supply, it has been forced to provide BC Hydro with notice of its intent to terminate the power purchase agreement if alternative solutions cannot be found.

Existing biomass power plants stand as invaluable assets in the pursuit of clean energy, leveraging established transmission lines and infrastructure. By utilizing renewable sources and efficient technologies, they contribute significantly to sustainable development while conforming with provincial renewable energy targets. They also play a pivotal role in meeting the escalating energy needs of British Columbia residents. With the demand for dependable carbon-neutral electricity steadily rising, the presence of these well-established power plants diminishes reliance on underdeveloped resources, ensures a robust, stable energy supply for the future, and aids in securing the welfare of communities.

Power plants are vital for small communities, not only for contributing to a reliable provincial power source, but also for the socioeconomic benefits they provide. For example, the Williams Lake Power Plant creates more than 100 direct and indirect jobs and boosts the economy with $5 to $8 million spent annually in operations and maintenance costs. These plants are often significant contributors to the tax base, crucial for local government stability, especially in areas dealing with other struggling industries. Safeguarding their operations is essential for community economic health and resilience. Biomass-fired plants further support industries by utilizing waste materials for energy production, reducing waste, and bolstering sustainability.

MINISTRY OF ENERGY, MINES AND LOW CARBON INNOVATION

In the summer of 2023, during drought conditions, the province of BC had to purchase 45,000 MWh of electricity from other provinces and the United States because there was not enough hydroelectric generation to support the province's requirements. As it was generated outside the province, this power is not required to be clean or renewable under the *Clean Energy Act*.

Demand growth is also being driven by the electrification of LNG and natural gas transportation and production facilities, as well as the growth of industries such as hydrogen production, the adoption of more electric vehicles, and a continued push for home heating to move away from natural gas options. It is essential that BC and its communities have clean and reliable sources of power to meet these needs and not miss out on potential economic growth opportunities.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Support the revision of contracts with biomass Independent Power Producers (IPPs) to ensure economically viable rates to produce the renewable energy and capacity they supply.
2. Negotiate a sustainable fibre supply for affected biomass facilities and a favourable power purchase agreement that includes the cost related to transporting available fibre to the power plants.
3. Prioritize the utilization of local resources to meet the energy needs of our province's residents.

Note: This is a new 2024 policy resolution.

CONTINUING TO IMPROVE THE EMPLOYER HEALTH TAX

Issue

The Employer Health Tax taxes every eligible BC employer on their payroll, taxing business growth, hiring and job creation in our province. While the province has committed to increasing the exemption threshold for the tax from $500,000 to $1,000,000, this positive change only applies to businesses with under $1.5 million in payroll, and more can be done to provide cost reductions and increase competitiveness for BC's business community.

Background

The Employer Health Tax came into effect in 2019 and is an annual tax which requires businesses to pay tax on their annual payroll over $500,000. Businesses with payrolls between $500,000 and $1.5 million are required to pay 2.925% on their total payroll over $500,000, while businesses with payrolls over $1.5 million are required to pay 1.95% on their total payroll. In its first full year, the Employer Health Tax taxed businesses $1.897 billion.

In Budget 2024, the province announced changes to increase the exemption threshold to exempt more businesses from this tax. Under the new rules, the exemption threshold would increase to $1 million, meaning businesses with less than $1 million in payroll would be fully exempt from paying the tax. For businesses with payrolls between $1 million and $1.5 million, they would pay a tax equal to 5.85% on that remuneration under a new notch rate applicable to this cohort of employers. For employers with over $1.5 million in payroll, nothing changes, and they pay the same 1.95% tax on their total payroll.

While the Budget 2024 change was positive, it does not fully meet the needs of the business community or provide broad-based tax reductions. While this change represents real savings for those businesses that will now be exempt – up to $14,625 for a business with $1 million in payroll – it provides little to no savings to businesses with larger payrolls. This is evidenced by the fact that this exemption is expected to save businesses $100 million out of the now $3 billion in EHT taxes, just over a 3% reduction.

The increase in the exemption limit to $1,000,000 in payroll only partially benefits businesses over that amount. Because of the way the tax is applied, it does not benefit larger employers (over $1.5 million in payroll) at all.

First, for businesses with between $1 million and $1.5 million in payroll, while the first $1 million is deducted, their notch rate was increased from 2.925% to 5.85%, which means that these businesses see diminishing tax savings until the $1.5 million mark at which there are no savings at all. (See Table 1)

Table 1 – EHT Payable by Payroll Under Current and New Rules

Payroll	Current EHT Owed	EHT Owed Under Budget 2024 Rules
$500,000	$0	$0
$700,000	$2,925	$0
$1,000,000	$14,625	$0
$1,200,000	$20,475	$11,700
$1,500,000	$29,250	$29,250 (no savings)
$2,000,000	$39,000	$39,000 (no savings)
$3,000,000	$58,500	$58,500 (no savings)

Source: Employer health tax overview, Government of British Columbia[33]

[33] https://www2.gov.bc.ca/gov/content/taxes/employer-health-tax/employer-health-tax-overview

The new rules will not affect businesses with over $1.5 million. They will continue to pay 1.95% on their *full* payroll because this change does not exempt the first $1,000,000, as might be thought.

Instead, the payroll exemption should work like a true exemption, and the Employer Health Tax should apply *only* to payroll over $1,000,000. This is how an exemption would more commonly be understood to work and is how the similar Employer Health Tax in Ontario functions, which also has a $1 million payroll exemption.

For example, in Ontario, a business with $1.5 million in payroll pays a 1.95% Employer Health Tax rate - the same as in BC. However, in Ontario, the payroll exemption is *deducted*. In this example, the Ontario business would pay the 1.95% EHT on the $500,000 remuneration after deducting the $1 million exemption, totalling $9,750.

By comparison, the same business operating in BC would pay the 1.95% EHT on their *full* $1.5 million payroll, with a tax owing of $29,250.

Additionally, a shortcoming of thresholds in general is that the amounts often do not adequately increase over time or are not indexed to inflation. BC's new employer health tax should avoid this by ensuring the payroll thresholds are indexed to inflation based on the consumer price index (CPI) through regularly scheduled reviews and threshold increases.

Indexing or increasing the thresholds will prevent a scenario where, over time, the exemptions become less meaningful as the amounts are no longer relevant. Had the current $500,000 threshold been linked to the BC Consumer Price Index starting in 2019, it would now be at $575,462. Instead, inflation eroded the exemption, resulting in businesses paying more in EHT now than they would have paid if the exemption had inflated.[34] In addition, using the BC annual average Consumer Price Index to make these inflation adjustments would allow the EHT to keep up with increases to the minimum wage, which are calculated using the same index.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Fully exempt the first $1,000,000 in payroll of all businesses from the Employer Health Tax, allowing businesses with more than $1,500,000 in payroll to deduct that amount from their total remuneration before calculating their taxes owed.
2. Ensure the payroll exemption thresholds increase over time to account for inflation through a regularly scheduled inflation adjustment indexed to the BC Consumer Price Index.

Note: This is a new 2024 policy resolution.

[34] For example, a business with $575,462 in annual payroll would have owed $0 if the exemption rate had been inflation-adjusted to 2024, but otherwise would owe $2,207 in Employer Health Tax this year.

MINISTRY OF FINANCE

CREATING BUSINESS REPORTING AND TAXATION REGULATION EFFICIENCIES

Issue

The current regulatory landscape in British Columbia poses a significant challenge for companies due to the disparate disclosure requirements related to Transparency Registers, Speculation and Vacancy Tax, and Canada's enhanced mandatory disclosure rules. The lack of harmonization in reporting criteria, filing timelines, and data elements creates an administrative burden for businesses, leading to potential errors, non-compliance risks, and increased resource demands. Addressing this issue is crucial to streamlining the disclosure process, reducing complexities, and fostering better compliance with both provincial and federal regulations.

Background

Disclosure Requirements

As of May 1, 2020, all BC companies are required to prepare and maintain an additional register called a Transparency Register at their records office.

Individuals must be shown on the Transparency Register if they meet one or more of the following criteria:

1. Own an interest in 25% or more of the shares as a registered owner;
2. Own shares as a registered owner that carry 25% or more of the voting rights;
3. Own an interest in 25% or more of shares as a beneficial owner;
4. Own shares as a beneficial owner that carry 25% or more of the voting rights;
5. They have indirect control in 25% or more of the votes or shares, such as if they indirectly control an intermediate entity or a person that holds 25% or more of the shares or votes of a private company;
6. They hold 25% or more of the shares or votes for the benefit of another person; for example, the trustee of a trust;
7. They hold a combination of interests that amount to 25% of the votes or shares by way of being a registered owner, trustee, beneficiary or having indirect control;
8. They can cause a change in the majority of directors of the company by way of their shareholdings or special rights provided in the articles of the company or shareholders' agreement;
9. They have indirect control of the right to elect, appoint or remove a majority of the directors;
10. They have direct and significant influence over an individual with the right or ability to elect, appoint or remove a majority of the directors;
11. They have a combination of special rights, indirect control, or direct and significant influence to elect, appoint or remove a majority of the directors;
12. They have interests or rights jointly with one or more additional individuals which together meet any of the above thresholds; in such case the company must list all joint holders;
13. They are a group of individuals who are acting in concert, hold interests, rights or abilities that meet the 25% threshold or have the direct or indirect right to elect, appoint or remove a majority of the directors of a private company. In this case, the company must list every member of the group; or
14. They are spouses and/or children regardless of where they live, or they are other relatives of the individual or the individual's spouse who have the same home and together meet the 25% threshold or have the direct or indirect right to elect, appoint or remove a majority of the directors of a private company. In this case, the company must list every member of the group.

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Each company's Transparency Register must include the following information for all significant individuals:

- Full name, date of birth and last known address;
- Whether they are a Canadian citizen or permanent resident of Canada;
- If they are not a Canadian citizen or permanent resident of Canada, every country or state of which they are a citizen;
- Whether they are resident in Canada for the purposes of the *Income Tax Act* (Canada);
- The date on which they became or ceased to be a significant individual in the company; and
- A description of how they are a significant individual.

If the company does not comply with the new record-keeping requirement, it may be found guilty of an offence and subject to a fine of up to $100,000.00. If the company's directors or shareholders knowingly record or authorize, permit, or acquiesce in the recording of false or misleading information in the register, they could be subject to a fine of up to $50,000.00.

Disclosure is also required under the Provincial Speculation and Vacancy Tax.

At the federal level, Canada's enhanced mandatory disclosure rules are a set of reporting requirements that received royal assent on June 22, 2023. Currently, individuals, corporations, trusts, partnerships, advisors, promoters, or certain non-arms-length parties are all impacted. To make a disclosure, a business would fill out and submit Form RC312, Reportable Transaction and Notifiable Transaction Information Return.

The Minister of National Revenue can designate transactions as notifiable in concurrence with the Minister of Finance. These transactions are listed on the CRA's Notifiable transactions designated by the Minister of National Revenue web page.[35]

Impacted parties must submit Form RC312 to the CRA either within 90 days from the time you entered the transaction, or 90 days from when the impacted party became contractually obligated to enter the transaction, whichever is earlier.

The Federal Underused Housing Tax is an annual federal 1% tax on the ownership of vacant or underused housing in Canada that took effect on January 1, 2022. The tax generally applies to foreign national owners[36] of housing in Canada. However, in some situations, this tax also applies to some Canadian owners (such as certain partners, trustees, and corporations). When filing on behalf of a trustee or company, all shareholders must be disclosed. The information required to be disclosed is expansive. Then, in some instances, each individual must also disclose their ownership. This can be an incredibly burdensome effort.

Filing Requirements in British Columbia

Incorporated companies must file an annual report each year within two months of the anniversary date of their incorporation, amalgamation, extra-provincial registration, or continuation into BC. The filer requires an access code or company password to complete the filing.

Currently, businesses and self-employed individuals in British Columbia face a challenge because the deadlines for filing their tax returns and paying their taxes don't match up. For example, a company might have to estimate and pay its taxes three months before it actually files the tax return. This can be confusing and burdensome.

Aligning the deadlines for corporate tax return filing and payment, as well as unincorporated business tax return filing and payment, would ease the tax payment burden on businesses. Currently, the

[35] https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/mandatory-disclosure-rules-overview/notifiable-transactions-designated-by-minister-national-revenue.html
[36] https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax.html#Y

misalignment results in business owners having to estimate and pay taxes several months in advance to avoid arrear interest. For instance, adjusting the deadlines for corporate tax filing and payment from the current 6-month and 3-month intervals, respectively, to the same deadline would streamline the process. Similarly, for self-employed individuals, synchronizing the deadlines from the current 5.5-month and 4-month intervals would alleviate the challenges associated with estimating and paying taxes in advance. This adjustment can give businesses a more manageable and straightforward tax payment process.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. Develop a single portal for all filing and disclosure requirements where information will be shared between governments.
2. Standardize the information for disclosure requirements and retain this information for future use.
3. Automate reminders and synchronize reporting dates for the Transparency Registry, Underused Housing Tax, and Speculation and Vacancy Tax.
4. Align the deadlines for corporate tax return filing and payment, as well as unincorporated business tax return filing and payment.

Note: This is a new 2024 policy resolution.

RECOMMENDATIONS TO STRENGTHEN THE SOCIAL SERVICE SECTOR

Issue

The current government funding approach for Canada's charitable and non-profit sector needs to be refreshed so the sector can continue to deliver effective support for communities and equity frameworks. Despite the essential role played by non-profits in delivering government services and supporting those most in need, the sector faces historical underfunding and increasing challenges due to the impact of global events, such as the pandemic and cost of living crises. These challenges have led to burnout, staff turnover, and financial strain, putting the sector's capacity to serve at serious risk.

The major issues with the current funding structure include the following:

1. lack of core funding
2. burdensome reporting requirements
3. lack of flexibility and innovation

In light of the substantial economic and social contributions made by the non-profit sector in Canada, it is imperative for the government to address these issues and reform the funding structure. By investing in core funding, reducing administrative burdens, and promoting flexibility and innovation, the government can strengthen the non-profit sector's ability to effectively serve communities and uphold equity frameworks. Such improvements will not only support the sector's growth but also contribute to the overall well-being and prosperity of the country.

Background

Canada has a substantial non-profit sector that delivers many of the government services and supports, often supporting those most in need. Charities and non-profits contribute $192 billion in economic activity to Canada annually and account for 8.3% of our country’s GDP. The sector employs 2.4 million people, which is more than the mining, oil and gas sectors, or the agriculture, transportation and retail sectors. Women make up the majority of the sector’s workforce.

BC is home to over 29,000 non-profits. The sector employs over 86,000 people throughout the province and contributes $6.7 billion to BC's economy. [37] [38]

Canadians clearly need and want strong non-profits, as do all levels of the government, which would not be able to deliver its services without a strong non-profit sector. But, despite the essential societal role played by service-delivering non-profits, the way the government provides funding to the sector is inefficient, does not effectively support communities, and often does not support the equity frameworks that the government itself has adopted.

While the non-profit sector has been historically underfunded, the global events of the past few years have left its capacity to serve in serious jeopardy. The pandemic and the cost-of-living crises have driven demand for services and caused significant levels of burnout, retirements, and staff leaving the sector, as well as an unmanageable increase in costs and a decline in donations.

Organizations in the charitable and non-profit sector have many of the same needs as organizations in the private and public spheres. They need to invest in staffing, financial management, governance, research and evaluation, communications, revenue generation, technology, and office space and supplies. Many of these basic needs are ineligible to be covered by government project funding. The delivery of programs has changed, but the definition of eligible costs has not changed. As a result,

[37] https://sencanada.ca/media/364859/com_1pgr_es_cssb-catalystforchange_2019-07-10_e.pdf
[38] https://www.imaginecanada.ca/en/About-the-sector

generating revenue to cover these core expenses remains a significant challenge for many organizations. Organizations are too often left scrambling to cover these mission-critical overheads. Moreover, the requirements of funding agreements around systems and security have been increasing exponentially, with governments now requiring non-profits to deploy state-of-the-art systems that are simply cost-prohibitive. The constant refrain of including the costs in the existing 10% or 15% overhead is not feasible. We no longer talk about the cost of IT support and help desks; instead, we talk about sophisticated business solutions, advanced vulnerability testing and expertise around data privacy, confidentiality, and security in the growing online environment. While these costs are not necessarily direct program costs, they are essential to providing quality programs and services to communities and upholding good governance standards, employment, and financial management.

Reclassifying 30% of current project-based funding for charities and non-profits as core funding would strengthen sustainability, support innovation, and promote job security for the sector's diverse workforce, benefiting vulnerable communities in Canada.[39]

Government funding is often designated for new or short-term initiatives rather than ongoing core programs and services or the core operating expenses needed to sustain them. Organizations often have to respond to narrow calls for proposals reflecting government priorities, rather than being able to find funding for priority initiatives for the communities they serve. Due to short funding terms, charities and non-profits must consistently allocate resources to apply for new project-based funding to stay afloat. So, non-profits are stuck in a cycle of constantly reinventing their programs to secure new grants. The short-term, project-based nature of government funding and burdensome reporting requirements do not allow for continuity of services and force non-profit organizations to spend a significant amount of time on writing grant applications or reports to funders rather than focusing on service delivery. The sector is facing unprecedented levels of staff burnout and retention challenges, which are directly linked to the ever-increasing administrative burden of securing and managing government funding and the lack of flexibility in contribution agreements that would allow service-delivering not-for-profits to respond to actual emerging needs among communities served.

The existing funding structures for service-delivering non-profits are extremely rigid; organizations are required to outline detailed lists of activities and budget line items at the beginning of a project and are held to those throughout the funding cycle, with no consideration for external factors and changing client needs. This does not allow for any innovation or responses to emerging needs. Non-profits need room to innovate, adjust, and pivot as required by the needs and the external environment, and must be able to respond quickly. We strongly encourage the government to build flexibility into contracts and recognize that things change and will continue changing. Non-profits need the flexibility to pivot quickly to address the needs of clients by encouraging multi-year program funding, providing funding in less restrictive ways, allowing organizations to respond to emerging needs, allowing for innovation and responding to client input and feedback.[40] While we understand the need for fiscal prudence with government money, flexibility is important because of the changing nature of service delivery, financial strain, and economic uncertainty for non-profits.

This short-term project-based approach does not allow for job security for the non-profit staff. Women make up more than three-quarters of the non-profit sector's workforce. Almost half of sector workers are immigrants, and over a third are racialized and Indigenous people.[41]

[39] https://www.imaginecanada.ca/sites/default/files/core-funding-brief.pdf
[40] https://www.imaginecanada.ca/sites/default/files/core-funding-brief.pdf
[41] https://www.imaginecanada.ca/en/policy-priority/core-funding?utm_content=buffera8a4a&utm_medium=social&utm_source=linkedin.com&utm_campaign=buffer

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. Consult with key stakeholders under each Ministry to determine improvements to eligible funding expenses.
2. Encourage multi-year program funding, providing funding in less restrictive ways, allowing organizations to respond to emerging needs, allowing for innovation, and responding to client input and feedback. In addition, more transparent renewal and termination clauses should be provided to enable organizations to plan for future programs and growth.
3. Take an equity-based approach to the provision of core funding to address historical inequities affecting employees of the non-profit sector.

Note: This is a new 2024 policy resolution.

SUPPORTING THE CAR INDUSTRY IN BC WITH FLEXIBILITY AND TAX REFORM

Issue

The new car industry in British Columbia is at a pivotal juncture, grappling with the dual challenges of evolving consumer demands and the swift transition towards zero-emission vehicles (ZEVs). The industry, a significant economic driver, faces hurdles including continued supply chain issues, navigating technological and consumer changes, and a luxury tax regime that inadvertently penalizes a broad spectrum of consumers. These factors, coupled with ambitious ZEV targets set by the Provincial Government, have placed considerable strain on both car dealers and consumers, necessitating a thoughtful re-evaluation of current policies.

Background

The new car industry in BC is an important part of the provincial economy, generating $17 billion in retail activity and supporting almost 30,000 full-time equivalent jobs, 19,000 of those directly. The industry generates $286 million in direct tax revenue and $775 million in total tax revenue for all three levels of government, which includes $489 million of spin-off or indirect tax revenues throughout the supply chain.[42]

However, several provincial policies challenge the industry's resilience and could present barriers to its future success.

BC's "Luxury Tax"

BC levies increased PST on new vehicles as a form of "luxury tax," starting at a purchase price of $55,000. This threshold has not been adjusted for inflation for several years, as reflected by the fact that the average price for a vehicle in Canada now exceeds $61,000. It encompasses vehicles essential for many BC families and businesses that are by no means luxury items.

The enhanced PST levied on that $61,000 average sale is 10%, representing an additional $1830 in 'luxury' taxes.

With over 40% of all new car sales priced at $55,000 or higher, this increased tax exacerbates the financial burden on consumers in an already high cost-of-living environment, and puts BC new car dealers at a competitive disadvantage. Further, with the introduction of the federal Luxury Tax on vehicles over $100,000, there are cases of "double taxation" impacting many sales that get taxed under both regimes.

Increasing the thresholds for this increased PST to levels more commonly associated with "luxury," such as the federal $100,000 level, and then linking that to the BC Consumer Price Index to increase along with inflation would be a welcome first step toward repealing the provincial "luxury" tax altogether and help alleviate undue financial pressure on consumers.

BC's ZEV Mandate

In late 2023, the BC government moved up its mandated timeline for transitioning new vehicle sales to 100% zero-emission vehicles (ZEV) by five years. As a result, BC now requires all new light-duty vehicles sold in the province to be ZEVs by 2035. More immediately, the industry must meet a target of 26% by 2026 and fully 90% by 2030, just six years away.

Despite industry efforts, reaching 90% by 2030 poses a significant challenge for the industry. Failure to do so risks penalties for dealers, restricts consumer choice, and potentially increases vehicle prices.

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[42] Canadian Automobile Dealers Association and New Car Dealers Association of British Columbia, "The Economic Impacts of New Car Dealers in British Columbia." November 2023. Accessed online: https://www.cada.ca/common/Uploaded%20files/EconomicReports/2023/CADAEconomicImpact-BritishColumbiaFinalReport.pdf

MINISTRY OF FINANCE

The present cost of zero-emission vehicles is higher than traditional vehicles, creating an affordability issue for many consumers, even with current incentives (some of which have now added an income-tested phase-out to zero.) in addition, supply issues that first arose during the pandemic are still affecting the industry, and a continued lack of an adequate charging network works to undermine consumer confidence, particularly in areas outside of the Lower Mainland.

This softening of consumer demand is being reflected in a plethora of recent announcements by auto manufacturers of curtailed ZEV production in both the United States and Canada and lower expected sales: Ford is pushing back a $3.5 billion battery plant in Michigan, and delaying its Ontario EV plant as well; Volvo is cutting funding to EV-maker Polestar, Toyota suggests hybrids not ZEVs are the future; and Tesla has warned of lower sales in 2024 and has cut production as well.

These challenges put new car dealers at risk due to the penalty regime that accompanies the ZEV legislation, which includes a $20,000 fine for each internal combustion engine vehicle sold over the allowable amount. If the manufacturers are having challenges with consumer demand and are curtailing production, there is little that local new car dealers in communities across BC can do to overcome that, yet they will be negatively impacted by BC's ZEV regulations.

This could also impact consumers by limiting the selection of vehicles available for purchase. If a dealer or supplier is at risk of not reaching their EV sales goal, they may be forced to prevent sales of non-EV vehicles to ensure they reach the appropriate EV to non-EV ratio, putting artificial supply constraints on vehicles—thereby reducing consumer choice, raising prices, and harming both consumers and car dealers.

Along with the accelerated timeline noted above, the Provincial Government has added more funding to the Go Electric EV Charger Rebate Program for homes, workplaces and multi-unit residential buildings, acknowledging that the program's funds were exhausted earlier in the year due to higher-than-anticipated demand. This illustrates that a larger, consistent and predictable level of funding is needed to create a network of charging access to underpin the shift to zero-emission vehicles and avoid scenarios where incentive programs close down early due to lack of funding.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Raise the 'luxury' PST tax threshold on new vehicles to a higher level -- at least in line with the federal luxury tax of $100,000 – to reflect inflation and current market realities and peg that threshold to inflation through regular increases tied to the annual BC CPI index.
2. Consult with the new car industry to assess the feasibility of current ZEV sales targets and the associated penalty regime and explore potential flexibility in their application of the legislated targets. Consideration should be given to the industry's capacity to meet these targets without adversely affecting consumer choice and affordability.
3. Commit to a larger, ongoing investment commitment to expand the EV charging network, especially in underserved regions, a crucial step to making ZEVs a viable option for a broader segment of the population.

Note: This is a new 2024 policy resolution.

A BALANCED APPROACH TO IMPLEMENTING NEW SHORT-TERM RENTALS LEGISLATION

Issue

The recently passed Bill 35 (October 26, 2023) of the *Short-Term Rental Accommodations Act* in British Columbia marks a significant shift aimed at freeing up accommodation to mitigate the housing crisis in BC. The legislation goes into effect May 1, 2024.[43]

Switching housing stock from short-term rental to long-term rental and/or purchase by prospective homebuyers to use as a permanent residence is unprecedented in BC. Reaction from owners of STR (short-term rental accommodation) has been swift and mostly negative. Municipalities and regional districts are scrambling to comply with deadlines and manage residents' concerns.

Background

It is recognized that short-term rentals can supplement the accommodation market and provide homeowners with additional income opportunities. Nonetheless, an appropriately regulated process is required to preserve the housing stock for long-term rentals while managing tourism impacts. The challenge faced by municipalities and regional districts is to find a balance in regulating short-term rental activity to continue to enhance the benefits and opportunities of the emerging industry while reducing any detrimental effects on housing and neighbourhood livability.

Municipal and regional district planning departments are quickly pivoting in response to the new and still evolving provincial legislation and regulations: taking proposed bylaw amendments to their respective Councils for consideration and adoption in order to comply with the new Act, at the same time as reviewing and revising bylaws to comply with new provincial regulations requiring modification of Official Community Plans to deal with changed height restriction, densification and other measures, again aimed at easing the housing availability crisis. Short-term rental regulations form only a part of the shift, as densification, transit hub regulations, and height requirements are adopted at the provincial level, which has immediate downstream effects on localities throughout the province.

According to the Provincial Government, this legislation will give local governments stronger tools to enforce short-term rental bylaws, return short-term rental units to the long-term rental market and establish a new Provincial role in regulating short-term rentals. The regulations and responsibilities under the *Short-Term Rental Accommodations Act* will be phased in, coming into effect at different times from 2023 to 2025.[44]

The government's *Short-Term Rental Accommodations Act* defines a short-term rental as accommodation provided to members of the public in a host's property in exchange for money for a period of less than 90 consecutive days.[45]

BC has made regulations restricting short-term rentals to principal residences and either a secondary suite or an accessory dwelling unit (ADU) in many BC communities, starting May 1, 2024.[46]

This legislation is broad and sweeping in nature and is already having unintended but perhaps predictable negative consequences for tourist-centred economies, students, homeowners, and retirees whose financial security is tied to income-generating properties.

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[43] Overview: BC's short-term rental accommodations legislation https://www2.gov.bc.ca/gov/content/housing-tenancy/short-term-rentals/short-term-rental-legislation#act

[44] New Rules for Short-term Rentals, Government of BC https://www2.gov.bc.ca/gov/content/housing-tenancy/short-term-rentals

[45] Ibid.

[46] *Ibid.*

Kelowna, Powell River, Victoria, and Vancouver generally limited short-term rentals to principal residences prior to Bill 35. That means only the homeowner who lives in the unit, or the tenant, may list the unit as a short-term rental. Investors who do not live in the residence may not list a unit (or units) as a short-term rental. In Kelowna, for instance, where nearly 1,200 STRs were legal, i.e., licensed and operating as of September 2023 (verified November 2023) and expected to continue doing so, clarifying regulations from the province in early 2024, now see that number reduced to 498. See Table 1.

Table 1 – Number of approved short-term rental (STR) business licences per year since 2020, as of September 2023

Year	Approved STR as a Principal Use	Approved STR as a Secondary Use	Total Approved STR
2020	378	252	630
2021	477	333	810
2022	666	466	1,132
2023 (as of September)	693*	498**	1,191

* This is the current number of business licences issued where short-term rental accommodation is a permitted principal use (i.e. not in a principal residence). Short-term rental accommodation would remain as a permitted principal use in specific exemption areas, which are outlined in Attachment A, on properties with approved Site-Specific Regulations, as well as within Area I Village Centre of the CD18 – McKinley Beach Resort zone.
** This is the current number of business licences issued where short-term rental accommodation is a permitted secondary use (i.e. in a principal residence). These properties would be permitted to continue operating as short-term rental accommodation with non-conforming use status in accordance with Section 528 of the Local Government Act. There are some licences within this category that are also located within exemption areas. For example, this would include someone who owns a principal residence in an exemption area, where short-term rentals as a principal use is permitted, but operates the short-term rental as a secondary use instead.

Source: City of Kelowna Council Archives[47]

Again, as an example of the confusion across the province when the legislation was being adopted, the City of Kelowna and many other municipalities and regional districts interpreted the new Act as enabling exemptions, particularly for licensed STRs and hotels in tourism/vacation-designated areas. As of February 2024, these exemptions do not appear to be viable, even for tourist-centric areas.

At the two-day UBCM Housing Summit in Vancouver on February 13 and 14, 2024, frustration over this interpretation was voiced by many, including the Mayor of Parksville, according to the Vancouver Sun: *"Parksville Mayor Doug O'Brien says custom-built, short-term rental suites in his community should be exempt from principal ownership rules under BC's Short-Term Rental Accommodation Act."*[48] In this case, the impact is on retirees, tourists, and the local economy of a small municipality on the Island.

At the same Summit, Julius Bloomfield, Mayor of Penticton – another long-standing tourist destination – said, *"There are between 400 and 500 short-term rental suites in Penticton. And around half of those will not comply with the new law."*

Bloomfield said that finding the balance was the key to making the new legislation work. He noted that the short-term rental market had gone from unregulated to severely regulated in just a few years. *"That could bring chaos,"* he said. "*We need gradual transition to grandfather in (suites). We want balance."*

This policy is calling for that same balance, transition time, consideration of exemptions, and nuances in the legislation, specifically:

<u>Student Housing</u>

Some homes are being used for student housing during the school year and short-term rentals during

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[47] City of Kelowna Public Hearing November 21, 2024: https://kelownapublishing.escribemeetings.com/filestream.ashx?DocumentId=45189
[48] Vancouver Sun https://vancouversun.com/news/local-news/b-c-mayor-calls-for-exemption-to-new-short-term-rental-law

the summer months while students are away. Recognizing the unique circumstances of student accommodation, we recommend allowing for flexibility in the legislation. Student accommodation providers who maintain long-term rentals for nine months of the year should be permitted to engage in short-term rentals for the remaining three months. This provision supports educational opportunities for students without compromising the intent of the legislation.

Grandfather Clause for Financial Hardship

Seniors in BC are increasingly struggling with poverty.[49] We propose a grandfather (or legacy) clause to provide leeway for property owners, specifically seniors, who have purchased units for short-term rentals and who provably demonstrate financial hardship if they are unable to utilize their properties for that purpose. Clear criteria and documentation requirements should accompany this clause to ensure fairness and accountability.

Sunset Clause with Thresholds for New Builds

A sunset clause would address the legislation's effects on existing and future developments. Short-term rental limitations should apply to new builds starting from a specified year, with provisions for properties built within the past five years. This approach considers economic factors such as inflation and mortgage renewal rates, safeguarding property owners from unforeseen financial burdens.

Exemptions for Resort and Tourism Primary Towns

Recognizing the importance of resort towns and tourism-driven economies, we recommend exemptions in areas where tourism serves as a primary economic driver. Resort-style areas should be given special consideration due to their reliance on short-term rental revenue to sustain local economies. Exemptions should align with long-term zoning plans and economic development strategies, promoting sustainable tourism practices while maintaining community vibrancy.

Review of the Residential Tenancy Act and Further Resourcing for Residential Tenancy Branch

In conjunction with amendments to short-term rental legislation, we urge a comprehensive review of the *Residential Tenancy Act* to ensure equitable landowner treatment. Currently, the reputation of the RTA is to favour the tenant's rights over the landowner's rights, making prospective landlords hesitant to lease out viable spaces. Furthermore, if the intent of the legislation to release 16,000 units into the rental market, which are currently being used for short-term rentals, is to be realized, then the Residential Tenancy Branch needs to be adequately equipped for the flood of tenancy issues and arbitration, which will follow. Revisions should prioritize a balanced approach that protects both tenants' rights and landlords' interests, fostering a favourable environment for property management and investment.

In conclusion, the Kelowna Chamber of Commerce recommends a strategic approach to amend the new provincial legislation on short-term rentals in British Columbia. By incorporating differential provisions, grandfather clauses, sunset provisions, exemptions for tourism-driven economies, and a review of tenancy laws, policymakers can achieve a balanced regulatory framework that supports responsible short-term rental practices while safeguarding the interests of property owners and communities.

The recommendations below address the need for nuance in the legislation. *"In conclusion, the Kelowna Chamber of Commerce recommends a strategic approach to amend the new provincial legislation on short-term rentals in British Columbia. By incorporating differential provisions, grandfather clauses, sunset provisions, exemptions for tourism-driven economies, and a review of tenancy laws, policymakers can achieve a balanced regulatory framework that supports responsible short-term rental practices while safeguarding the interests of property owners and communities."*

[49] Isobel Mackenzie, Office of the Seniors Advocate: BC Seniors: Falling Further Behind, https://www.seniorsadvocatebc.ca/app/uploads/sites/4/2022/10/OSA-BCFFB_FINAL.pdf.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Create a provision for student accommodation to be balanced by a 90-day short-term rental outside the nine-month period accommodation is needed for students.
2. Ensure summer and winter tourism visitors can be accommodated through necessary exemptions to the legislation within the 90-day ‘high summer season’ of tourism, i.e., June-August and the winter ski season for ski communities.
3. Create a legally defined framework for current licensed short-term rental owners to furnish evidence supporting extreme personal financial hardship claims, allowing them to present their case and seek appropriate consideration or exemption under the legislation.
4. Incorporate a legacy clause establishing a particular year as the threshold at which the new short-term rental regulations apply to reduce adverse impacts on current short-term rental owners.
5. Restore confidence in the *Residential Tenancy Act* for landlords transitioning from short-term to long-term rentals by conducting a comprehensive review of the RTA and its regulations. Ensure equitable treatment for landlords while balancing the protection of tenants’ rights and landlords’ investments.

Note: This is a new 2024 policy resolution.

MINISTRY OF HOUSING

PRESSING THE RE-SET BUTTON ON BC'S SPECULATION TAX

Issue

The province legislated the Speculation & Vacancy Tax,[50] effective December 2018. The Chamber has advocated that the tax is unfair, poorly thought out and has not delivered timely public reporting on actual dollar values delivered locally. If BC is adamant that the tax is necessary to address the housing crisis, it must apply it fairly across the province. It has not done so; it annually expands the list of municipalities affected, but based on what appears to be an unfair criteria set (The Speculation and Vacancy Tax Review Report and Expansion).[51]

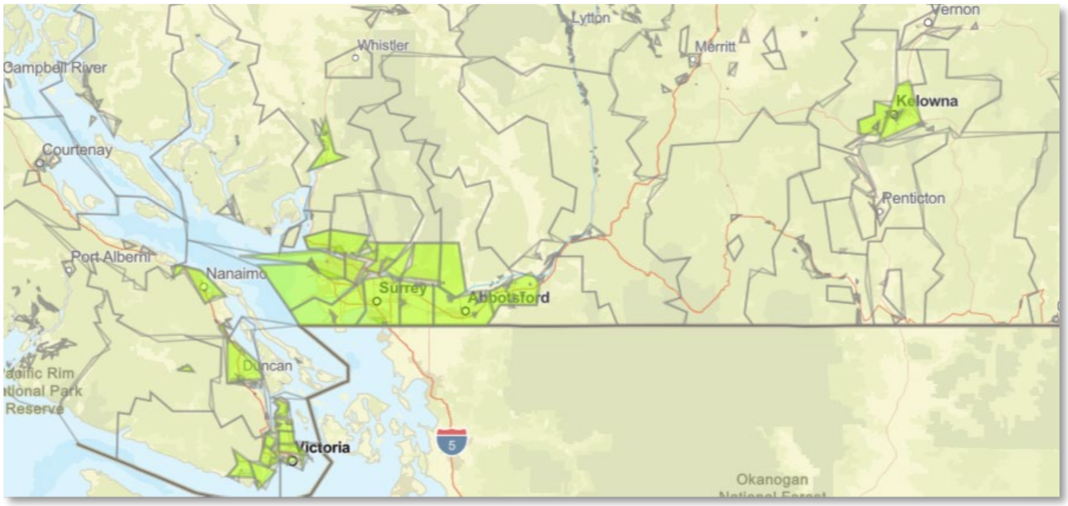
Background

In 2018, BC Chamber delegates adopted a 'Scrap the Spec Tax' policy. Now, the proposed tax is entrenched in legislation and expanding annually. In each of the subsequent two years, two additional policies called for the tax to be abolished and made fair, and the numbers made transparent.

Some reporting is now available, but critical informing improvements are needed.[52] One key reporting shortfall is access to funds by the individual affected municipality. For example, the government could be required to re-invest the funds collected within two years of collecting said funds, reporting back on fund growth to the municipality.

The only changes forecasted by the Provincial Government relate to the expansion of the tax. The speculation tax was defined as a means for *"enabling affordable housing in the communities in which it was imposed."* Municipalities now have the responsibility of reporting the extent to which new affordable housing has been enabled through the collection of the tax.[53]

Map 1 – 2024 Speculation & Vacancy Tax Municipalities



Source: Taxable Areas for the SVT, Government of BC

[50] The speculation and vacancy tax is designed to turn vacant homes into housing for people in British Columbia, and ensure foreign owners and those with primarily foreign income contribute fairly to BC's tax system. This tax is an annual tax that applies based on: How property owners use their residential property. https://www2.gov.bc.ca/gov/content/taxes/speculation-vacancy-tax/how-tax-works

[51] https://news.gov.bc.ca/files/SVT_technical_briefing_2021_tax_year.pdf. Speculation and Vacancy Tax Annual Mayors' Consultation – Technical Briefing 2021 Tax Year November 22, 2022, page 4.

[52] *Ibid*.

[53] https://www2.gov.bc.ca/gov/content/taxes/speculation-vacancy-tax/how-tax-works/taxable-areas#new2024

MINISTRY OF HOUSING

The tax remains unfair, punishing not only the 47 currently taxed communities in which it is imposed but also encouraging residential sprawl (and an accompanying increase in GHG) in neighbouring, non-Spec Tax collecting communities. Additionally, it punishes residents across Canada who plan to retire or move to BC to one of the Spec Tax communities.

The tax encourages buyers to move out of one of the 47 currently taxed areas, such as Kelowna and West Kelowna, Nanaimo, Victoria, Surrey, and the UBC Lands, to purchase property nearby while they continue to use the amenities and infrastructure of these taxed communities without paying any local taxes that pay for roads, parks, and other amenities. Even the government admitted the tax causes owners/buyers to move from one community to another when they most recently expanded the tax in 2023. [54] *"This expansion will help prevent speculation from moving from one community to another in a region,"* said then-BC Finance Minister Selina Robinson when making the announcement last July.

Unfair tax policy impacts businesses when it is applied to residents of one community over another. Ineffectiveness leads to economic weakening; tax policy must reflect business and society's needs.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Remove the listing of specific cities as targets of the tax and instead establish clear criteria within the regulations that would indicate what the threshold is (i.e., a rental vacancy rate of less than 2%) when the tax would be activated and conversely when it would be removed if the threshold is not reached (i.e. when rental vacancy rates are 2% or above).
2. Establish transparent public reporting on revenue generated from the speculation tax within each jurisdiction where it is being applied and reconcile in an annually delivered public report the revenue being reinvested in the applicable community to ensure the goal of investing all funds raised in a jurisdiction within the same jurisdiction.
3. Deliver on its commitment to yearly consultations with stakeholders and yearly public reporting. This has only happened once since 2018, in a 2021 report to Local Government.
    a. Create a Local Housing Trust into which the collected funds are automatically entrusted.
    b. Delineate that the increase in local funding is incremental, not a reallocation of existing funding.
4. Amend to apply to foreign ownership only; treat all Canadians equally.

Note: This policy resolution was renewed in 2024.

[54] Western Investor, May 29, 2023: BC urges newly affected owners to avoid speculation tax

MINISTRY OF JOBS, ECONOMIC DEVELOPMENT AND INNOVATION

INDUSTRIAL POLICY THAT INCENTIVIZES GROWTH OF BC NATURAL RESOURCE SECTOR

Issue

British Columbia's reliance on its natural resource sectors, coupled with the emerging influence of high-tech industries, underscores the urgent need for a comprehensive industrial policy. The lack of such a policy has led to increased operational costs and investment shifts, adversely affecting businesses, workers, and Indigenous communities. Projections indicate a potential economic shortfall under the current policies, signalling a pressing need for the Provincial Government to collaborate with all sectors to develop an industrial strategy. This strategy should aim to support the province's economic base while fostering growth in emerging industries, ensuring economic prosperity and environmental sustainability in harmony.

Background

British Columbia's standard of living depends on the value of the goods and services we sell to people and businesses living outside our province. British Columbia's economic base continues to rely on the province's natural resource industries. BC Stats data shows BC's international goods exports are still heavily weighted to our natural resource sectors. This is complemented by the emergence of a new range of high-tech providers that are helping natural resource sectors boost their productivity and optimize their environmental performance. A growing economy provides the opportunity for a more prosperous society and gives the government the means to address its priority. The government's role is to ensure that businesses can succeed and that British Columbia, including Indigenous people, can benefit.

The government has not produced an industrial plan that provides a strategy for the future of industrial resource development in British Columbia. Given that the province's prosperity is clearly tied to its ability to produce and export goods, the government should focus on maximizing the opportunities within the province for BC's economic base. Instead, policy has often added additional burden and cost to companies and has seen investment move to other jurisdictions. When this happens, it isn't only the large-scale businesses that feel the brunt but also smaller businesses and workers all around the province. Furthermore, it is a loss for indigenous nations who are becoming strong players in all business sectors across BC, especially in the natural resource sector.

Navius Research, who provides modelling for governments across Canada, has modelled BC GDP growth at 1.54% and under a net-zero scenario at 1.34%.[55] This is lower than the Economic Forecast Council's anticipated forecast of 2.2% by 2025.[56]

The Business Council of BC (BCBC) has used the BC government's Navius Research modelling to show that under the current CleanBC plan, the province is expected to see a loss of $28 billion by 2030. While the government has promised green jobs and opportunities, there is no current plan for how to achieve those that ensure the success of traditional industries.

An industrial plan could take many forms and could include changes to tax policy, credit backing for First Nations, or provide stronger protections for emissions-intensive trade-exposed (EITE). Still, the province must be open to engaging with a wide range of industries and producing a plan to do so. We noted in Budget 2024 the announcement to develop a provincial First Nations Equity Financing Framework intended to support First Nations ownership, partnership and shared prosperity in projects in their territories. This is a step in the right direction that is commendable.

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[55] Navius "Canada Energy Dashboard" (2024) https://canadaenergydashboard.com/view.html?policy=netzero&region=BC&view=economy&settings=open&p_wss=1&p_hyd=1&p_dac=0&p_ccs=1&p_oil=1&p_lul=1

[56] Government of British Columbia "BC's economy forecast to slow in 2024, followed by steady growth" (2023) https://news.gov.bc.ca/releases/2023FIN0071-001908

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Work with industries across the province to develop and adopt a comprehensive industrial policy that includes changes to tax policy and provides stronger protections for emissions-intensive trade-exposed businesses to ensure that there is not a provincial loss of $28 billion estimated to occur by 2030.

Note: This is a new 2024 policy resolution.

INVESTING IN INTELLIGENCE: POWERING PRODUCTIVITY THROUGH AI

Issue

While Artificial Intelligence (AI) has been in development for several years, rapid technological innovation has unlocked its broad potential for business productivity across sectors since 2022. British Columbia has the potential to be a leader in AI-driven productivity and growth. However, our province must invest to keep pace with other jurisdictions and remove barriers to widespread AI adoption amongst businesses in British Columbia.

Background

In 2022, the launch of the Generative AI tool ChatGPT by OpenAI showcased AI's capabilities at a scale never seen before. Not only did it disrupt the tech sector, but it also showed the business world the high potential of AI if integrated into everyday operations.

According to McKinsey & Company, Generative AI can automate tasks that take about 60%-70% of an employee's time.[57] Given that workers are supported in upskilling, Generative AI has the potential to increase labour productivity growth from 0.1-0.6% annually through 2040. This productivity growth is estimated to add around $2.6 trillion to $4.4 trillion to the global economy. Therefore, the rapid adoption of AI in business operations is essential for the growth of businesses and the economy in BC.

With over 20% of Canadian workers using Generative AI in business activities, more than 50% have seen it misused in the workplace.[58] Education on the efficient and ethical use of AI in an organization is essential for ensuring the successful adoption of AI tools.

In 2023, Chambers of Commerce across Canada supported the national adoption of the policies *Regulating Artificial Intelligence for Business Security (2023)* and *Artificial Intelligence in Canada (2023)*, which call for a national strategy for standards and regulation of the technologies. Driven from a national level, with the robust consultation of business and technology firms, this approach will avoid a patchwork regulatory regime across provinces, inhibiting successful adoption.

In 2021, the Federal Government launched the Pan-Canadian Artificial Intelligence Strategy that supports the research, development, and adoption of AI across Canada.[59] Three out of the four partner institutes responsible for creating initiatives to support the strategy are based in Eastern Canada, with only one based in Edmonton and none in BC. This has helped eastern provinces like Quebec to become leaders in the innovation and adoption of AI and has attracted both public and private sector funding.

In 2021, Quebec was ranked 7th against 63 countries surveyed in Tortois' Global AI Index[60]. In 2022, the Provincial Government of Quebec rolled out a five-year Research and Innovation Investment Strategy[61]. As part of this strategy, over five years, Quebec will be investing around $217 million to support the adoption of AI by businesses in the province. Additionally, in November 2023, Microsoft announced its plans to invest US$500 million in Quebec's AI infrastructure; this included funding for creating workforce upskilling initiatives in the province to accelerate the adoption of AI by local businesses.[62] It's important

[57] https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-AI-the-next-productivity-frontier#introduction
[58] https://kpmg.com/ca/en/home/services/digital/bringing-your-data-to-life/generative-ai-adoption-index.html
[59] https://ised-isde.canada.ca/site/ai-strategy/en
[60] https://www.tortoisemedia.com/intelligence/regional-analysis-of-ai-in-quebec/
[61] https://cdn-contenu.quebec.ca/cdn-contenu/adm/min/economie/publications-adm/politique/PO_SQRI2_2022-2027_MEI_EN.pdf
[62] https://www.itworldcanada.com/article/microsoft-to-invest-500-million-in-quebecs-ai-infrastructure-and-workforce/553528

to note that despite Microsoft Canada being one of the founding members of the BC-led Canadian Digital Supercluster, they chose strategically to invest in Quebec's AI infrastructure.

Similarly, governments across the globe have also recognized the potential of AI for business and economic growth and have implemented programs that will help with the adoption of AI. For example, as part of their National AI Strategy, in March 2023, the UK government launched a £100 Million AI program, BridgeAI, that will help businesses from key sectors with the implementation and adoption of AI by bringing them together with AI experts and developers.[63] Currently, the program is focusing on sectors that have the potential for high technological growth but a low AI adoption rate.

Additionally, in December 2023, the Australian government launched an Artificial Intelligence Adopt Program.[64] The government is providing $17 million to create AI Adoption Centers across the country, which will support the adoption and integration of AI by Australian businesses.

Furthermore, the urgency for governments, including British Columbia's, to develop and adopt their own comprehensive frameworks for AI implementation in the public sector cannot be overstated. As we witness substantial investments and initiatives globally aimed at harnessing the power of AI within the business sector, it is imperative that the public sector does not lag behind. A dedicated framework for AI in the public sector would not only streamline and enhance the efficiency of government services, but also serve as a beacon for ethical and responsible AI use. Such a move would underscore BC's commitment to being at the forefront of AI innovation, ensuring that the province remains competitive and continues to thrive in an increasingly AI-driven world. This strategy should focus on identifying key areas for AI deployment that align with public goals, enhancing public sector workers' skills to work alongside AI technologies, addressing inefficiencies and establishing clear ethical guidelines to govern AI use. By taking a proactive stance, British Columbia can set a standard for AI excellence in the public sector, fostering a more productive, efficient, and innovative government.

Given the significant investments made by governments across the globe and Canada in the development and adoption of AI and its impact on their economies, it is essential for BC to make AI a priority in policy decisions to avoid being left behind.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Develop a made in BC AI Strategy that includes:
    a. Supporting flexible programming that empowers businesses and increases their productivity and competitiveness through the adoption of artificial intelligence (AI) technology and engineering.
    b. Investing in the research and development of artificial intelligence and promote the use of the funding available through the Canadian Digital Supercluster for innovation in AI.
    c. Supporting post-secondary institutions in developing upskilling programs focused on the ethical and safe use of AI.
    d. A framework for the public sector's effective implementation of AI technologies to create efficiencies and strengthen public services.

Note: This is a new 2024 policy resolution.

[63] https://www.hartree.stfc.ac.uk/news/2023/05/02/innovate-uk-launches-100-million-ai-fund-for-uk-business/
[64] https://www.minister.industry.gov.au/ministers/husic/media-releases/supporting-australian-businesses-adopt-ai

MINISTRY OF JOBS, ECONOMIC DEVELOPMENT AND INNOVATION

SUPPORTING A HOMEGROWN AND ENTREPRENEURIAL DIGITAL ECONOMY IN BC

Issue

British Columbia has an established and thriving digital tech start-up ecosystem. However, many of BC's tech companies are relatively small and still face challenges in scaling up. There is a risk that if companies are not able to scale up and fail to grow, the province will lose out on important opportunities for economic growth, such as the creation of well-paying resilient jobs and attracting investment capital and companies that solve new problems, encourage investment in research and development (R&D) and drive economic prosperity.

Background

The rise of the intangibles economy (what has been described as "*capitalism without capital*") is, and indeed already has, transformed the foundations of the global economy. However, Canada and BC's current policy toolkits are centred on a world of tangible assets. The growing trend towards intangible assets is described in detail by Speer & Asselin (2019)[65], where they note the importance of data, brands and IP, and the fundamental shifts required in policies and programs to support the new economy.

The global economy is experiencing major shifts, which are being advanced by digital technologies such as artificial intelligence and nanotechnology. These technologies, and many others, have the potential to suddenly upend sectors, firms, and workers unless they are equipped with the skills and talent to adapt to rapid technological advances.

While BC has a growing number of mid-sized companies, it continues to trail more mature tech sectors in Ontario and Quebec. Many companies in BC's tech sector face challenges with scaling up, often remaining small or selling at an earlier stage than they would in other jurisdictions. The province's tech sector includes nearly 11,000 companies; however, the vast majority (80%) employ less than ten people. In fact, only 229 BC tech businesses have over 100 employees, of which only 27 employ 500 employees or more.[66]

Canada's Digital Technology Supercluster[67] was launched in November 2018 with $153M in funding from the Ministry of Innovation, Science and Economic Development and funding commitments of over $200M from its initial cohort of members. The Supercluster leverages BC's strengths by bringing together private and public sector organizations to address challenges facing Canada's economic sectors, which include healthcare, natural resources, manufacturing, and transportation. Through its investments, the Supercluster helps position Canada as a global hub for digital technology innovation, and contributes to the generation of new jobs, growing GDP and increasing Canada's global competitiveness.[68]

Noteworthy progress has recently been made in bolstering BC's digital economy development ecosystem. The province has introduced the Future Ready Action Plan, emphasizing skill development in digital economy-related areas while committed to increasing underrepresented groups' participation in the technology sector and digital economy.[69] The province has also launched an Intellectual Property (IP) Strategy to promote innovation across various sectors.[70] The provincial IP strategy includes notable

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[65] https://ppforum.ca/wp-content/uploads/2019/04/PPF-NewNorthStar-EN4.pdf
[66] KPMG. (2020). 2020 BC Tech Report Card: Tackling the scale up challenge. (Online). https://kpmg.pathfactory.com/l/BC-tech-report-card?utm_source=cpaBC&utm_medium=article&utm_campaign=BC-tech-report-card-followup-2&utm_content=cpaBC
[67] https://c212.net/c/link/?t=0&l=en&o=3050365-1&h=321883620&u=https%3A%2F%2Fwww.digitalsupercluster.ca%2F&a=Digital+Technology+Supercluster
[68] https://www.newswire.ca/news-releases/canadas-digital-technology-supercluster-officially-launches-with-153m-in-funding-from-the-ministry-of-innovation-science-and-economic-development-and-funding-commitments-of-over-200m-from-members-701364801.html
[69] https://www.bcbudget.gov.bc.ca/2024/sp/pdf/ministry/jedi.pdf
[70] https://www2.gov.BC.ca/assets/gov/british-columbians-our-governments/initiatives-plans-strategies/technology-industry/intellectual-property/BC_ip_strategy_final_july_2023.pdf

elements, including a plan to create a central virtual hub for IP to make it easier for businesses to access IP-related information and apply the "IP Smart" lens, ensuring that IP is considered in the development and implementation of provincially sponsored programs. This strategy indicates a notable and proactive step by the BC government, emphasizing the crucial role that IP will play in shaping the BC's future economic path.

Provincial tax credits, including the regional tax credit, distant location regional tax credit and the *Digital Animation, Visual Effects, and Post-Production (DAVE)* tax credit, are critical tools in supporting the growth of jobs and businesses related to digital creation by lowering costs for homegrown creators and firms. It is worth noting that Budget 2024 introduced changes to the Regional and Distant Location Tax credits, excluding animation productions from eligibility. This change could leave local companies, which would otherwise qualify, unable to access these important credits. Continued support from the province will be key to retaining local businesses and jobs within the creative sector in BC.

At the national level, Canada's Digital Ambition, presented by the Government of Canada, highlights the yearly advancements and prospects for digital government transformation. In the 2023 report, the government outlined actions, including improving flexibility to engage startup/scale-up enterprises. There is an untapped opportunity to encourage the utilization of local technologies developed in BC within the government through means such as procurement.

Scaling and keeping homegrown and entrepreneurial businesses in BC will help with the creation of well-paying resilient jobs, attract investment capital, and create spin-offs that will solve new problems, encourage investment in R&D, and drive economic prosperity.

Considering significant in-province investments already being made to foster an innovation ecosystem, the BC government is in a strategic position to support these efforts, anchor emerging solutions, technologies and businesses in BC, and realize the associated economic growth.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Continue to invest in cultivating and scaling local companies, growing the technology ecosystem, and commercializing data and IP in BC through roadmaps such as the IP strategy, increase ties between post-secondary institutions and the private sector to leverage the research funding in the province to support the commercialization of new technologies and retain IP in BC
2. Support innovation inside the government through the utilization of local technologies.
3. Continue investing in the Future Ready Action Plan to support local companies' growth in the digital economy.
4. Continue using tax policy to support and incentivize local businesses within the digital economy throughout the province.

That the Federal Government:

5. Use tax policy not only to support and encourage the undertaking of certain innovative activities in Canada, but also to incentivize the retention of IP in the country.
6. Support innovation inside the government through the utilization of local technologies.

Note: This policy resolution was renewed in 2024.

THE GRAPES OF WRATH: INTERPROVINCIAL TRADE BARRIER REFORM STILL AN ISSUE

Issue

Years go by, politicians' barbs fly back and forth, provincial regulations ease and then again restrict trade across provincial borders in much of Canada. The policy title explains the issue: *"Interprovincial Trade Barrier Reform"* - it hasn't happened yet. Federal MPs have supported more than one bill in the Commons with little change in legislation.[71] [72] [73] In the first 60 days of 2024, Alberta again declared trade war on BC over direct shipments of wine to consumers: *"Suppliers from other provinces that offer direct-to-consumer shipping are in contravention of provincial legislation, are bypassing Alberta's private liquor retailers and liquor agencies, and are impacting the dollars that go to the General Revenue Fund that supports projects and services Albertans rely on,"* Alberta Gaming, Liquor and Cannabis said January 30, 2024.[74]

Background

Despite years of negotiation and implementation of barrier-removing legislation TILMA[75], NWPTA[76] and Supreme Court decisions, the wrangling continues. Yet, research has shown interprovincial trade is approximately 15 times greater in dollar value than international trade in Canada. For consumers, interprovincial trade barriers add between 7.8-14.5% to the price of goods and services they buy. (Statistics Canada put it at 7% for goods alone.)[77] And, the International Monetary Fund estimates that eliminating internal trade barriers on goods alone would boost Canada's productivity by 3.8%.[78]

On June 22, 2021, MP Dan Albas (Central Okanagan-Similkameen-Nicola) spoke in Parliament to his Private Member's Bill C-260. Albas' bill did not pass, but he said, *"Mr. Speaker, obviously small family wineries, small craft breweries and artisan distillers are hurting. The foot traffic is gone, tourism has dropped, people are not buying from them, and they are often going to liquor monopolies, so this is a big issue."*

Although the pandemic blues he referenced are behind us, his words still resonate in 2024 when the wine industry in the Okanagan is reeling from a summer of lost revenue due to wildfires in 2023, only to see the winter of 2023-24 deep freeze their grapes in a *"99% loss of crop for 2024."*[79] Wineries, distilleries and craft breweries are swept up in the same interprovincial issues that plague the wine industry.

No businesses want a border war between BC and Alberta. The loss to Alberta's General Revenue fund has not been quantified by AGLC in the 2024 salvo aimed at BC vintners.

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[71] CBC, June 14, 2016, MPs debate Conservative motion to refer interprovincial trade to Supreme Court, https://www.cbc.ca/news/politics/conservative-albas-motion-beer-trade-1.3634759

[72] [3] Bill C-260 https://parl.ca/DocumentViewer/en/43-2/bill/C-260/first-reading

[73] "No-brainer that Canadians should be able to by alcohol online from producers" Globe & Mail January 23, 2021

[74] Calgary Herald, https://calgaryherald.com/news/local-news/alberta-slams-door-on-b-c-wine-imports-over-direct-to-consumer-sales

[75] Trade, Industry and Labour Mobility Agreement: ground-breaking accord between the Governments of Alberta and British Columbia that creates Canada's second largest economy. http://tilma.ca

[76] New West Partnership Trade Agreement: created Canada's largest interprovincial free trade zone. It is a ground-breaking economic partnership between the Governments of British Columbia, Alberta, and Saskatchewan. http://tilma.ca

[77] Statistics Canada. (Sept. 14, 2017). Study: Estimating the effect of provincial borders on trade. https://www150.statcan.gc.ca/n1/daily-quotidien/170914/dq170914d-eng.htm. Government of Canada.

[78] Tombe, T. (2020). Towards a More Productive and United Canada: The Case for Liberalizing Interprovincial Trade, Fraser Institute. https://www.fraserinstitute.org/sites/default/files/towards-a-more-productive-and-united-canada-4day-week-essay.pdf

[79] Feb 15, 2024, CTV News BC wine grapes facing up to 99% production drop due to January cold snap, https://bc.ctvnews.ca/b-c-wine-grapes-facing-up-to-99-production-drop-due-to-january-cold-snap-1.6770329

MINISTRY OF JOBS, ECONOMIC DEVELOPMENT AND INNOVATION

BC, Manitoba, Saskatchewan and Nova Scotia allow consumers to order out-of-province wine directly from producers.

BC's Ministry of Public Safety and Solicitor General, in a statement on January 31, 2024, said it was *"actively engaging with the government of Alberta to address the issue and navigate shared concerns related to interprovincial direct-to-consumer wine sales for the benefit of the industry and consumers."*

Alberta's recent move may be subject to judicial review. According to Albert J. Hudec, Farris LLP Vancouver, speaking on behalf of BC winemakers, Alberta is trying to impose its regulations on another province.[80]

"Provinces only have jurisdiction over people in the province and activities in the province. Any enforcement action has always been brought against individual consumers, not the wineries." Hudec calls the Alberta letter unfair.[81]

"[It] alludes vaguely to some breach of the law but they don't give you the particulars. They don't give you a chance to respond; they don't give you a chance for a hearing."

"Then they impose this penalty they don't have any authority under the legislation to impose. It's totally offensive to administrative fairness."

This fracas is only the most recent volley fired across interprovincial borders in Canada.

At a time when the Canadian economy is facing some of the most sophisticated threats in the last 50 years – increasing trade pressures, a faltering economy, beleaguered GDP, education pressures caused by rapid immigration growth, threats to agriculture, cybercrime, quick pivots in tech and AI – our internally focused trade wars weaken our growth and our focus on building strong provincial economies which skip the often labyrinthine external pressures engendered by international trade.

And why, if liquor control boards also have cannabis under their control, aren't there interprovincial trade barriers on that product?

Ironically, a report commissioned by Alberta's government in 2023 explored the benefits of mutual recognition as a solution to breaking internal trade barriers.[82] [83] The report found that mutual recognition could increase Canada's economy between 4.4% and 7.9% over the long term, or between $110 and $200 billion per year.[84]

What is mutual recognition? The Global Innovation and Policy Alliance defines mutual recognition as *"a framework wherein an item of commerce that meets the regulatory requirements of one provincial or territorial government is deemed to automatically satisfy the requirements of another. Simply put, mutual recognition requires a host province to accept the standards set out by the province from which the good or service originates. As a result, mutual recognition can lessen the compliance burdens of goods and service providers and eliminate duplicative testing which makes it a powerful tool for eliminating policy-relevant interprovincial trade costs."* [85]

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[80] https://www.cbc.ca/news/canada/edmonton/wine-wars-alberta-government-won-t-stock-b-c-wines-that-sell-direct-to-consumers-1.7100174

[81] *Ibid.*

[82] 5 Mutual recognition is a framework wherein an item of commerce that meets the regulatory requirements of one provincial or territorial government is deemed to automatically satisfy the requirements of another.

[83] Alberta Government. News release: Alberta to explore mutual recognition of provincial regulations. https://www.alberta.ca/release.cfm?xID=83249841CDE91-C1F0-787CF3BAC163E78220F3. Accessed: March 13, 2023.

[84] Ryan Manucha and Trevor Tombe. Macdonald Laurier Institute. Liberalizing internal trade through mutual recognition: A legal and economic analysis. https://macdonaldlaurier.ca/wp_content/uploads/2022/09/20220911_Interprovincial_trade_Manuch_Tombe_PAPER_FWeb.pdf Accessed: March 11, 2023.

[85] Global Trade & Innovation Policy Alliance https://www.gtipa.org/publications/2022/09/20/liberalizing-internal-trade-through-mutual-recognition-legal-and-economic

MINISTRY OF JOBS, ECONOMIC DEVELOPMENT AND INNOVATION

At the most recent Council of the Federation meeting (November 5,6, 2023), Canada's premiers reiterated their commitment to removing labour mobility and internal trade barriers, pushing the Federal Government to remove constraints related to procurement. Their statement also directs the federal Regulatory Reconciliation and Cooperation Table to *"accelerate work underway on developing a potential model for mutual recognition of regulations with a negative option list."*[86]

The Kelowna Chamber's policy advisory committee liaises with the Okanagan College BC Beverage Technology Access Centre. Its members were asked to review the existing Chamber policy on Interprovincial Trade Barriers recommendations dating from 2015 around removing interprovincial trade barriers and to update them. "*No updating is required,"* they responded. This is another way of saying, *"Not much progress has been made over the past six years [that the policy has been in effect]."*

It's time for change.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Work with other provinces, territories, and the Federal Government to remove barriers to interprovincial trade in wine, beer, and spirits.
2. Take an aggressive position at the Council of the Federation (provincial/territorial premiers) and lead the charge to abolish barriers to interprovincial trade in goods and services to incent growth in domestic businesses.

Note: This policy resolution was renewed in 2024.

[86] The Council of the Federation. News release: Canada's Premiers Discuss Affordability and Global Challenges, July 12, 2022. https://www.canadaspremiers.ca/summer-meeting-july-11-12-2022-victoria-british-columbia/. Accessed: March 15, 2023.

MINISTRY OF LABOUR

PROTECTING PUBLIC TRANSIT IN BC AS AN ESSENTIAL SERVICE

Issue

Whether taking transit in Metro Vancouver, on the Victoria Regional Transit System, on BC Bus North, or through one of 57 Regional Transit Systems across the Fraser Valley, Kootenays, Southern Interior, Vancouver Island and the North Central region, people, society, and our economy rely on transit and depend on it being there. With the very shape of the built environment in many municipalities increasingly influenced by transit services and systems, BC communities are now too intertwined with transit to allow for complete loss of service due to labour disruptions. Essential service designation is imperative to maintain uninterrupted operations during periods of labour unrest, as evidenced by recent disruptions to BC Transit service in the Fraser Valley (2023) and to Metro Vancouver's bus system (early 2024), but which could negatively impact any corner of our province that relies on public transit.

Background

Public transit systems are the transportation lifelines of many BC communities, providing essential connectivity for millions of residents. Many workers rely on transit to get to their jobs, providing a way of accessing their livelihoods. Many students and youth depend on transit to get to their schools and classes and build their education and skills for the future. Many families, seniors, individuals with disabilities, newcomers and others rely on the transit system to access health care, childcare, and other services essential to their well-being, health, and safety.

However, recent labour disruptions in various transit systems in BC have highlighted the vulnerability of these services, the profound impact their suspension has on society and the economy, and which could impact any part of our province with transit service in the future.

In 2023, the Fraser Valley experienced significant challenges due to labour disruptions in BC Transit when workers walked off the job on March 20, 2023. This led to a cessation of services, leaving thousands of commuters without a reliable means of transportation until the system returned to normal operations on August 6, 2023. The impact was particularly severe for low-income individuals, students, and the elderly, who rely heavily on public transport for their daily activities. The economic repercussions were also notable, as many businesses suffered due to reduced customer access and employee lateness or absence.

Early 2024 witnessed a similar, albeit much shorter, scenario in Metro Vancouver's bus system. The disruptions inconvenienced 300,000 daily users, who were unable to use transit to access work, attend school, make health care or other appointments, or otherwise carry on their regular business and activities. In addition, without transit service, the region's road network suffered increased congestion due to a sudden influx of personal vehicles, impacting even those who did not use the transit system.

Given the critical importance of transit services to communities across our province, we can no longer allow situations where the system is disrupted, and services stopped. Public transit transcends its role as a mere transportation service, and is fundamental to urban mobility, economic stability, and social equity. In light of this, the designation of public transit as an essential service is necessary. This designation would ensure that, even during labour disputes, a basic level of service is maintained, thereby safeguarding the public interest and mitigating the adverse effects on the economy and daily life.

This is even more critical given the Provincial Government's recent legislation that further integrates BC communities with transit service. Throughout BC, communities are increasingly being built around and integrated into transit services. The routing of a SkyTrain station or the location of a bus exchange directly influences the size, shape, and style of developments occurring nearby. For years, this has been largely an effect of the market and local planning decisions, but recently, the province of BC has legislated this type of integrated growth through Bill 47 and Bill 44.

MINISTRY OF LABOUR

Bill 47 explicitly directs density and development around nodes of transit service. This legislation impacts 31 communities across the province, from Metro Vancouver, to the Fraser Valley, to the Okanagan, to the Island,[87] and requires municipalities to designate Transit-Oriented Development Areas near transit hubs and allow for high-density, mixed-use development. Bill 47 also restricts local governments' ability to require residential off-street parking in these areas, with the province explicitly stating that parking can *"disincentivize residents from utilizing transit."*[88]

Bill 44, meanwhile, dictates density and growth, specifically along transit routes. This legislation requires municipalities to allow up to six units of *"small-scale, multi-unit housing,"* such as townhomes, secondary suites, laneway homes and triplexes, to be built on single-family and duplex residential lots near frequent transit service, deepening the integration between housing development and transit service.

If the province is legislating growth and development, and dictating the shape and form of that development, all based on the presence of transit service, then it must act to ensure that service is available and accessible, even during labour disputes.

The Labour Relations Board cites that *"where a labour dispute has the potential to threaten the health, safety, and welfare of British Columbians, the Minister of Labour may direct the Labour Relations Board to designate minimum levels of service that must be maintained during a strike or lockout."* The ability to earn a living and support oneself and one's family is integral to one's welfare, particularly during an affordability crisis. However, this ability is directly undermined when the transit system shuts down and people are unable to get to their jobs. Also, the inability of transit users to get to medical appointments or treatments, particularly seniors or individuals with disabilities, negatively impacts their welfare.

Given the importance of the transit system, our growing reliance on it, and the Government's own legislation further integrating communities and transit, the province must act to ensure transit service is deemed essential and is there for residents and businesses when they need it.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Designate a core level of public transit services as 'essential' and, through the Minister of Labour and the Ministry of Transportation and Infrastructure, direct the Labour Relations Board and transit contractors to designate a minimum but adequate level of transit service that is to be maintained during any form of labour disruption.
2. Ensure a framework and communicate an expectation for dialogue and negotiation among transit contractors, unions, and government bodies to proactively address and resolve labour issues without resorting to service disruption.
3. Implement regular assessments and reviews of this essential services policy, ensuring the level of service remains relevant and sufficient to meet the changing needs of transit users.

Note: This is a new 2024 policy resolution.

[87] Bill 47 and its regulations have designated 104 "transit-oriented development" area across 31 municipalities, including Abbotsford, Lantzville, Port Coquitlam, Burnaby, Maple Ridge, Port Moody, Chilliwack, Mission, Richmond, Colwood, Nanaimo, Saanich, Coquitlam, New Westminster, Surrey, Delta, North Vancouver, Vancouver, Kamloops, North Vancouver, Vernon, Kelowna, Penticton, View Royal, Langford, Pitt Meadows, Victoria, Langley City, Township of Langley, Prince George, Whistler

[88] *Provincial Policy Manual: Transit-Oriented Areas: Supporting Local Government Compliance with Legislative Requirements Under the Local Government Act and Vancouver Charter for Transit-Oriented Areas.* Version 1.0 December 2023. Accessed online: https://www2.gov.bc.ca/assets/gov/housing-and-tenancy/tools-for-government/local-governments-and-housing/toa_provincial_policy_manual.pdf

EMPOWER MUNICIPALITIES TO SUPPORT THEIR BUSINESS COMMUNITIES IN TIMES OF CRISIS

Issue

"The Community Charter provides the statutory framework for all municipalities in BC except the City of Vancouver…and sets out municipalities' core areas of authority…"[89] Within this framework, grants or financial support to businesses is expressly forbidden.[90] This provision hampers municipalities who wish to support their business community during times of crisis.

Background

In 2020, COVID-19 spread around the globe, creating an unprecedented pandemic in living memory. In addition to the health crisis, COVID-19 created an economic crisis. Many businesses closed or reduced their operations, and jobs were lost. All levels of government scrambled to make relief available as quickly as possible.

The province of British Columbia transferred funds to municipal governments by the end of 2020 on the basis that municipalities would experience a shortfall in their revenues. Some municipalities, recognizing the ongoing hardship experienced by their business community (which makes up a significant portion of their tax base), expressed an interest in working with their local chambers of commerce to administer a grant program for businesses. This could not take place because of the restrictions of the Community Charter. [91]

This was not the first crisis businesses in BC have experienced,[92] and it has not been the last. Since this policy was first adopted in 2021, our province experienced catastrophic flooding in November 2021 caused by atmospheric rivers which cut BC off from the rest of Canada.[93] The 2023 wildfire season was the most devastating on record,[94] and as early as February, concerns were being raised about the 2024 wildfire season due to low snow and rainfall levels.

The COVID-19 pandemic, coupled with the increased impacts of climate change, has underscored a fact that chambers and boards of trades have always known – thriving businesses mean thriving communities. Municipalities which take steps to support the recovery of their business community as quickly as possible after any crisis accelerate the future well-being of their communities. The *Community Charter* should support this practice, not act as an impediment.

[89] https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/legislative-framework

[90] Community Charter [SBC 2003] Chapter 26 Part 3 — Additional Powers and Limits on Powers, Division 2 — Restrictions on Providing Assistance, General prohibition against assistance to business and exceptions:
"25 (1) Unless expressly authorized under this or another Act, a council must not provide a grant, benefit, advantage or other form of assistance to a business."

[91] The last legislative change to this section of the Charter came into force on January 1, 2016.

[92] Between 2003-2020, some of the communities who were impacted by fires include Burns Lake, Cranbrook, Kamloops, Kelowna, Prince George, and Quesnel. (Source: CBC Smoked in: A look back at BC's haziest wildfire seasons over the past 20 years by Rhianna Schmunk.) Flooding has also had a significant impact on some BC communities, such as Grand Forks in May 2018.

[93] Multiple communities were impacted, including the Fraser Valley, Merritt, the Shackan Indian Band, and Princeton. (Source: CBC 1 year later, British Columbians who lost everything reflect on devastating floods by Bridgette Watson.)

[94] The 2023 "season saw more than 2.84 million hectares burned across BC, which is more than double the area of forest and land that was burned during any previous year on record." (Source: Union of BC Municipalities Statistics confirm devastating 2023 wildfire season)

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Create a framework for direct funds/support from municipalities to businesses in times of crisis and that municipalities partner with a chamber of commerce, board of trade or other appropriate non-profit organization in their area to create a transparent, accountable, and equitable disbursement of funds.
2. Without a legislative change, create a pool of resources that municipalities can quickly access during a state of emergency to provide to businesses directly to help them maintain solvency and the economic viability of the community.
3. Examine other options, in addition to funding, to provide local government with more tools, authority, and funding streams to help businesses during a state of emergency.

Note: This policy resolution was renewed in 2024.

SUPPORTING HOUSING AND POPULATION GROWTH WITH CONSISTENT, STRUCTURED INFRASTRUCTURE FUNDING FOR MUNICIPALITIES

Issue

In light of the recent housing legislation enacted by the Provincial Government, municipalities across BC are facing increased density and greater populations in many of their neighbourhoods. This comes as many municipalities are already challenged to handle the infrastructure needs of their growing communities amid a chronic infrastructure deficit. As a result, communities are struggling with a lack of infrastructure, which undermines the economy's efficiency, and municipalities are forced to rely on higher property taxes to fund infrastructure, which already represents a heavy burden on businesses to pay. Ongoing, consistent, and structured infrastructure funding from the province is needed.

Background

<u>The Existing Infrastructure Deficit</u>

Many organizations have tried to estimate the current state of the infrastructure deficit in Canada, and the amount of investment that would be needed to repair or replace the country's various infrastructure pieces, all soaring into the tens and hundreds of billions.

At the municipal level, according to the Federal of Canadian Municipalities, about 14% of waste, water, and transportation infrastructure is in poor condition, and the cost of repairing, fixing, or replacing those municipal assets would be over $176 billion.[95] From crumbling roads and overpasses to leaking pipes and aged wastewater treatment facilities, existing infrastructure needs support.

A significant challenge to addressing this existing infrastructure deficit is that while approximately 60% of the infrastructure is under the responsibility of local governments, they have the least amount of funding available. Senior levels of government at the federal and provincial levels control significantly more tax room and thus generate much greater revenue—with only about 10-12% of taxes going to the local level. Of that tax revenue, most is directed to municipal operations as opposed to capital investments.

As a result, municipalities are increasingly relying on property taxes – their primary revenue source – to fund necessary infrastructure, which is putting significant upward pressure on those taxes, paid predominantly by businesses. As municipalities across BC charge greater property taxes to business properties than residential ones, and as businesses as a property class pay a disproportionately high share of the overall property tax burden, any tax increase falls heaviest on our business community.

Without an ongoing, structured investment plan from senior governments, municipalities will have no choice but to lean on property taxes even more, and in turn, small businesses and commercial operators, to fund their existing and future infrastructure needs. This will strain those businesses, reduce profitability, and threaten their competitiveness.

While municipalities do have access to other revenue streams to fund growth, such as Development Cost Charges (DCCs), Community Amenity Contributions (CACs), Density Bonusing and the new Amenity Cost Charges (ACCs), they alone cannot make up this infrastructure funding gap.

While tools like DCCs help contribute to the cost of net increases in infrastructure due to new development, they often do not cover the full amount of new or upgraded infrastructure, as existing users who will benefit must also pay. Further, regardless of the development funding tool, none are used

[95] Federation of Canadian Municipalities, "Next Generation Infrastructure." Fall 2023. Accessed online: https://media.fcm.ca/sites/FCM/resources/corporate/Next-Generation-Infrastructure.pdf

to provide funding for things outside of the municipality's remit but are still required due to population growth, such as schools and healthcare facilities.[96]

<u>Our Growing Infrastructure Needs</u>

BC is a fast-growing province. As of October 1, 2023, the population reached 5,581,127, with an annual population growth rate of 3.3%, the highest since 1972.[97]

This growth alone would translate into a growing need for community-level infrastructure, but recent provincial housing legislation could accelerate this need in communities across BC.

In late 2023, the Provincial Government enacted two pieces of legislation: Bill 44, the *Housing Statutes (Residential Development) Amendment Act*, and Bill 47, the *Housing Statutes (Transit-Oriented Development) Amendment Act*, to help address the housing affordability challenge by expanding and accelerating density across BC communities.

Bill 44 facilitates the creation of additional residential units in single-family zones, thereby increasing housing density and availability. The legislation requires municipalities to change zoning to allow for three to four units of small-scale, multi-unit housing must be permitted on each parcel of land if zoned exclusively for single-family or duplex residential, and up to six units if that parcel of land is near frequent transit.

Bill 47 identifies 104 transit hubs and stations in 31 different municipalities across the province for transit-oriented development, and requires those municipalities to allow minimum levels of increased density and building size in those areas to increase housing supply. The Bill requires greater housing density to be permitted in these areas, with buildings of a minimum height of 4 to 20 stories near selected bus exchanges and rapid transit stations throughout the province.

These Bills have the potential to add significant density and population in neighbourhoods throughout BC communities. For example, in the Township of Langley, the municipality has estimated that in the predominantly single-family neighbourhoods of Booth, Rinn and Fernridge, Bill 44 would allow the population to grow from 47,0000 under new community plans to 115,000 should all single-family and duplex lots move to three, four or six units. Similarly, in the neighbouring City of Langley, thanks to these bills and incoming SkyTrain, the City expects the municipality's total housing units to increase by 241% over a decade.

While these bills would increase the supply of housing available and aim to provide needed relief on housing affordability, the potential population increase will exert pressure on transportation systems, utilities, roads, social amenities, and other community infrastructure. This situation is compounded by the facts noted above, which state that municipalities are already facing infrastructure deficits and are limited by budgetary constraints.

The Federation of Canadian Municipalities argued that *"we simply cannot build new housing without first expanding or upgrading the municipal water, transportation and community infrastructure those housing units require."*[98]

[96] In addition, these development funding tools are also limited in so far as they cannot be used to a point where they deter development, especially in the context of all the other fees and charges applied. Further, if growth does not occur at the projected pace, the local government may not be able to count on these monies to fund new infrastructure, or may be unable to recoup its sunk costs on existing upgrades.
[97] BCStats, "Quarterly Population Highlights." Issue #24-01. December 19, 2023. Released January 30, 2024.
[98] Federation of Canadian Municipalities, "Next Generation Infrastructure." Fall 2023. Accessed online: https://media.fcm.ca/sites/FCM/resources/corporate/Next-Generation-Infrastructure.pdf

MINISTRY OF MUNICIPAL AFFAIRS

Provincial Infrastructure Funding

The long-term, existing infrastructure deficit in our communities, coupled with the potential for significant growth in housing and the necessary supporting infrastructure, means a consistent, structured funding plan is needed.

The province has recognized this. In her 2024 mandate letter, the Minister of Municipal Affairs was tasked by the Premier to *"explore options to support fast-growing municipalities with funding for infrastructure and community amenities."* Given this recognition, our booming population, and the province's own housing legislation, there is an impetus to act.

In 2023, the BC government launched the Growing Communities Fund, a one-time step towards supporting local infrastructure projects. This Fund provided a grant to all 188 of BC's municipalities and regional districts to use for community infrastructure. The Fund used a formula-based model to allocate funding primarily based on population, allowing for clarity on how much each municipality would receive. The Fund allowed the money to be used for public infrastructure projects such as drinking water facilities, wastewater and stormwater management, solid waste management, sidewalks, local roads, and more.

Municipalities need this kind of program as a permanent vehicle to provide consistent, structured infrastructure funding. To ensure fairness based on both population and growth, such a permanent fund should have a funding stream where per-municipality funding is determined by population and a separate stream dedicated to fast-growing municipalities and those with identified transit-oriented development areas to help accommodate and support the accelerated growth.

By creating such a permanent funding model, municipalities could plan on consistent funding, easing the reliance on property taxes and helping advance the much-needed infrastructure to make our local communities and economies more livable, functional, and successful.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Develop a long-term, consistent and structured funding program for municipalities, possibly inspired by the 2023 Growing Communities Fund, that addresses the infrastructure needs of our growing population and the related impacts of the new provincial housing density legislation, and provides funding to municipalities to address this without relying solely on property taxes and development fees, with per-municipality funding allocated based on overall population, municipal growth rates, and the location of provincially-designated transit-orientated-development areas.
2. Expedite and expand provincial infrastructure investments into growing communities for assets which fall outside of municipal jurisdiction, such as schools and hospitals.

Note: This is a new 2024 policy resolution.

ADDRESS THE SKILLS GAP BY ALIGNING FUNDING FOR POST-SECONDARY STUDENT SEATS WITH REGIONAL POPULATION GROWTH

Issue

According to the province of BC, it will need to fill more than one million job openings over the next ten years. 80% of these jobs will require workers to have some post-secondary education and training.[99]

To date, post-secondary seats have not kept up with population growth in several communities across BC, including the Fraser Valley. This leaves regions ill-equipped to produce the skilled personnel needed to meet local labour market demands.

Background

Businesses continue to Face Labour Market Challenges across the province. Data from the Canadian Chamber of Commerce's Business Data Lab revealed that the majority (68%) of businesses identify some form of skill gap among their employees, signalling the need for ongoing investments in training and development.[100] When considering the shortage of workers with specific in-demand skills, alongside the lack of available post-secondary seats in many BC communities, we know that these labour market challenges are ultimately costing businesses.

Labour market mismatches pose numerous challenges to businesses on everything from staffing to costs and sales. In a *Conference Board of Canada* report, the organization estimated that skills deficits have already cost BC up to $4.7 billion in foregone GDP and $616 million in tax revenues as a result of many British Columbians not having the right skills to contribute to the economy.[101]

The time is now to consider how our province will meet these labour market needs in the years ahead. Furthermore, economic inclusion is critical, and newcomers to BC need opportunities to integrate into the labour force and access post-secondary opportunities, as do Indigenous Peoples. When broader inclusion is a priority across communities, addressing a shortage of seats is a necessary starting place.

In March 2022, the BC government announced a sector-wide review of how it funds operations at British Columbia's 25 public post-secondary institutions to ensure they have the resources they need to support economic recovery and student success.[102] The results of this review have not yet been made public.

The current funding model has not been updated in more than 20 years, creating constraints and inequities for some public post-secondary institutions. The review was aimed at:

1. Establishing a funding model that fairly and impartially distributes provincial financial resources across the public post-secondary sector.
2. Aligning provincial funding with the education and skills training needs of British Columbians and the communities served by the 25 public post-secondary institutions.
3. Supporting student success by ensuring access to affordable, high-quality post-secondary education and expanding key student supports.

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[99] BC's Labour Market Outlook 2023 Edition. https://www.workbc.ca/research-labour-market/bcs-labour-market-outlook-2023-edition

[100] Canadian Chamber Data Lan. Canadian Survey on Business Conditions Report, Q4 2023. https://bdl-lde.ca/wp-content/uploads/2023/12/2023_Q4_CSBC_EN_Report_Final.pdf

[101] The Conference Board of Canada. (February 2015). Skills for Success: Developing Skills for a Prosperous BC https://adm.viu.ca/sites/default/files/skills-for-success-developingskills-for-a-prosperous-bc-conference-board-of-canada.pdf

[102] BC Government Post Secondary Funding Review. October 2023. https://www2.gov.bc.ca/gov/content/education-training/post-secondary-education/post-secondary-funding-formula-review

MINISTRY OF POST SECONDARY EDUCATION AND FUTURE SKILLS

To date, many communities see demand outpacing provincial funding for full-time equivalent domestic (FTE) students. For example, the University of the Fraser Valley is expected to deliver education for 6,755 FTE student spaces with the provincial operating grant from the Ministry of Post-Secondary Education and Future Skills (PSEFS). [103]

Notably, population projections in the Fraser Valley college region show the typical university age groups are projected to increase in population from their levels in 2021 to 2041, with the largest change projected in the 25- to 29-year-old group (34%), followed by those aged 20-24 (19%) and 15-19 (13%)[104]. Even with this growth, 'operating grant funding is not expected to increase for general student seat growth or general inflationary costs.'[105]

When university programs fill up quickly due to high student demand, it limits the potential for broader inclusion of students from underrepresented groups and severely impacts local economies and the ability to ensure there is a sufficient skilled workforce to meet labour needs. There is also enormous pressure on students who cannot complete their degree in 4 years because there are not enough seats, creating unnecessary financial strain on future workers.

To keep pace with the province's economic growth and meet future projected job openings, BC needs to take a comprehensive look at ways to ensure British Columbians have the post-secondary training opportunities that align with labour market needs.

The province's work must focus on the local context of communities experiencing population growth and look to increasing funding for post-secondary institutions struggling to keep up with student demand.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. After receiving the funding review report, commit to funding post-secondary institutions with increased operating funding for domestic seats across British Columbia in alignment with the population and industry growth of the region, as well as the identified and projected skills gaps.

Note: This is a new 2024 policy resolution.

[103] Province of BC. Budget Letter UFV https://www2.gov.bc.ca/assets/gov/education/post-secondary-education/institution-resources-administration/budget-letters/budget-letter-university-of-the-fraser-valley.pdf
[104] University of the Fraser Valley. 20232-24 Consolidated Budget Plan https://www.ufv.ca/media/assets/budgets--planning/2023-24-UFV-Budget-Recommendation---Web.pdf
[105] *Ibid.*

BALANCING IMMIGRATION ISSUES WITH LABOUR NEEDS BY UTILIZING PRIVATE POST-SECONDARY EDUCATION IN CANADA

Issue

The recent Federal Government cap on international student visas and subsequent implementation by the Provincial Government pose challenges to the economic contributions of these students, impacting local communities, businesses, and both public and private post-secondary educational institutions. The lack of consultation with private institutions exacerbates the negative repercussions and necessitates immediate attention to safeguard the vital role of international students in our economy.

Background

The Government of Canada will set an intake cap on international student permit applications to stabilize new growth for two years. For 2024, the cap is expected to result in approximately 360,000 approved study permits, a 35% decrease from 2023.[106] Individual provinces and territories had caps established, which they could allocate to public post-secondary institutions, private colleges, and language schools. The measures also include changes to the Post-Graduation Work Permit Program and eligibility criteria. These temporary measures aim to protect the system from abuse and ensure genuine students have the resources for a successful academic experience while alleviating pressures on housing and other services in Canada.

The province of British Columbia is taking steps to improve the quality of post-secondary education for international students by implementing new measures to eliminate exploitative practices and enhance standards. The distribution for the provincial attestation letters will be 53% for public post-secondary institutions and 47% for private institutions. In 2024, private institutions will receive 27% fewer study permit applications than they did in 2023. The goal is to ensure that international students receive a high-quality education and are protected from exploitation. The province is also working to align with new federal requirements for international student enrollment and plans to continue strengthening protections for students in the future.

The Surrey Board of Trade hosted a roundtable with key stakeholders, including representatives from private and public post-secondary institutions, political figures, and industry experts. It was highlighted that there was an absence of prior consultation, damage to the reputation of private institutions, and uncertainties faced by students regarding their education. The need for collaborative solutions emerged as a central theme, emphasizing the urgency for policy adjustments.

It is imperative to swiftly address the current international student moratorium and limitations imposed by government authorities. These restrictions pose a significant threat to the economic vitality of affected businesses and educational institutions and, therefore, the health of the overall local economy. It is crucial to end this moratorium promptly and engage in comprehensive consultations with all stakeholders to develop effective and equitable policies.

It is essential to avoid the blanket solution, which created a public perception that categorized all private educational institutions as bad actors. Recognizing the diverse contributions and standards of various institutions, it is crucial to address specific issues without unfairly tarnishing the reputation of responsible institutions. A nuanced and targeted approach is necessary to uphold the integrity of reputable institutions while effectively addressing any concerns.

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[106] https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/01/canada-to-stabilize-growth-and-decrease-number-of-new-international-student-permits-issued-to-approximately-360000-for-2024.html

MINISTRY OF POST SECONDARY EDUCATION AND FUTURE SKILLS

Active student participation in decision-making processes is paramount. Students are key stakeholders whose perspectives and concerns must be considered when formulating policies that affect their education and future. Establishing mechanisms for ongoing student engagement is essential to foster transparency, accountability, and responsiveness in decision-making processes.

Immigration policies should be aligned with the high-priority needs of key industries. By strategically tailoring international student admissions to meet the demands of sectors such as healthcare, early childhood education, and trades, policymakers can support broader economic goals while effectively addressing workforce needs.

The moratorium on new degrees should be lifted to allow institutions to respond dynamically to evolving educational needs. Additionally, private institutions should be encouraged to advocate for new degrees based on research and market demand, ensuring that academic programs remain relevant and responsive.

Supporting educational institutions' housing plans and strategies is essential to address accommodation challenges for students, staff, and families. Providing incentives such as building grants and low-cost loans involving not-for-profits can expedite the development of rental housing stock, creating more accessible and affordable options.

Timely release of regulatory frameworks, such as the Post-Secondary Formula Review and International Student Framework, is critical for providing clarity and guidance to educational institutions and students, enabling institutions to plan effectively and students to make informed decisions about their education.

Designating dedicated representatives for private colleges can streamline communication and address specific needs more effectively. This approach fosters direct dialogue between private colleges and regulatory bodies, ensuring their concerns are heard and addressed appropriately.

Collaboration with not-for-profit organizations in both the public and private education sectors is vital for creating a comprehensive support network for international students. By leveraging the expertise and resources of these organizations, educational institutions can enhance their ability to provide holistic support services for students.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. End the cap on new degrees and continued advocacy by private institutions for new degrees based on their needs and research are called for.
2. Release of the Post-Secondary Formula Review and International Student Framework
3. Appoint dedicated Representatives for Private Training Institutions Branch (PTIB) and Degree Quality Assessment Board (DQAB) for each private college.
4. Collaborate with not-for-profit organizations to foster a comprehensive support network for international students, allowing collaboration with both the public and private education sectors.

That the Federal Government:

5. End the international student moratorium promptly and engage in thorough consultations with the private education sector to develop effective policies collaboratively.
6. Establish ongoing communication frameworks to address student concerns actively and ensure their meaningful participation in the decision-making process.
7. Implementing a strategic approach to international student admissions aligned with high-priority industry needs is suggested to serve broader economic goals effectively.

Note: This is a new 2024 policy resolution.

MINISTRY OF POST SECONDARY EDUCATION AND FUTURE SKILLS

SUPPORTING UNIVERSITIES FOR A STRONGER ECONOMY IN BC

Issue

Universities are large economic engines located throughout British Columbia. Some of the greatest impacts on the economy include direct and indirect spending, employment, research initiatives, and a knowledgeable workforce. For example, Thompson Rivers University in Kamloops is the fourth largest employer in the city. It contributes an estimated $355 million to the regional economy, adding intellectual and knowledge-based factors to the community.

Background

The present allocation formula for block grant funding of BC's post-secondary institutions is approximately 15 years old, and the allocation structure has been generally static for 12 years. Despite a drastic increase in student enrollment across the province and many other changes at universities throughout the years, there has been little to no change in funding allocation.

Increased student enrollment is only part of the issue cited with the present funding formula. The present formula is based on targeted enrollment and does not reallocate total funds once actual enrollment figures are realized. Therefore, when a university targets below actual student enrollment, the university does not see an increase in funding. As such, the contrary is also true; if a university targets above actual realized student enrollment, the university retains the initial funding amount.

Over a 15-year time span, a variety of changes have occurred within British Columbian universities, compromising outdated funding formulas. Highlighting a few for the purposes of this document:

- Mandates have changed, recognized through changes in the *University Act*. BC's funding allocations do not take into account the diverse mandates of its many universities;
- The need for individual student support services has become much more intensive, especially for those universities designated as open access, which are directed to accept students without a cap on acceptance numbers;
- Pedagogy has changed over the past 15 years to where blended classroom learning and experiential learning are the accepted best practice; and
- Enterprise management has become increasingly intensive with IT demands, safety concerns, environmental issues, government-imposed union bargaining mandates, intellectual property laws, and a constant increase in Provincial Government reporting requirements.

The province of BC launched a public post-secondary funding review in 2022 and engaged with many stakeholders, including the First Nations Leadership Council, Public post-secondary institutions, Sector Student Associations, Faculty Associations and Industry and Employer organizations. *"The engagement, led by Don Wright, will provide a final report of key findings to government for consideration by summer 2023,"*[107] this report has not been released to stakeholders.

In February 2024, the BC Federation of Students penned a letter to the Provincial Government *"to recognize the critical need to act urgently and intentionally address the root cause of what's led to the exploitation of international students and the precarity of the post-secondary system's current funding model."*[108] One of their five recommendations includes, *"3. Complete the Post-Secondary Funding Formula Review and determine gaps in government funding, in particular for regional colleges and universities, [which asks the government to] finalize and release the results of the first phase of the Post-Secondary Funding Formula Review. In 2022, stakeholders, including nearly all of BC's public institutions,*

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[107] Province launches public post-secondary funding review | BC Gov News
[108] Open Letter to Premier Eby: 5 Calls to Action for Post-Secondary (wearebcstudents.ca)

students' unions, faculty and staff unions and the Federation, participated in the sector-wide funding review to assist the government in developing "an updated, modern funding model for BC's public post-secondary system." This review is vital to developing a sustainable pathway forward." [109]

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Finalise and release the results of the first phase of the Post-Secondary Funding Formula Review within 90 days.

Note: This policy resolution was renewed in 2024.

[109] Open Letter to Premier Eby: 5 Calls to Action for Post-Secondary (wearebcstudents.ca)

ADDRESSING COMMUNITY SAFETY CHALLENGES AND DEFICIENCIES IN BC'S RESPONSE TO TOXIC DRUG SUPPLY

Issue

The pressing social challenges of homelessness, opioid addiction, and mental health crises in British Columbia have demanded swift action from government and service agencies. However, the response has inadvertently led to negative community repercussions, stemming from the inadequate operations of certain street-level services. These issues have exacerbated the stigmatization of the displaced population, heightened community concerns regarding safety, and adversely affected the viability of small businesses in affected areas. Additionally, this situation has resulted in an inconsistent delivery of services, often failing to effectively meet individual needs and ensure community safety.

Background

Since the province declared a public health emergency in 2016, more than 14,000 people have died due to the toxic drug supply. The Ministry of Mental Health and Addictions and the Ministry of Health lead BC's response, including two harm reduction programs.[110] The Auditor General audited the ministries' implementation of overdose prevention and supervised consumption services.

The audit examined whether the ministries effectively implemented (1) overdose prevention and supervised consumption services, and (2) the initial phase of prescriber safer supply. The Audit found that ministries:

- Monitored operational performance;
- Monitored funding and adjusted when necessary; and
- Reported publicly on the implementation of overdose prevention and supervised consumption services.

The audit found deficiencies in key areas, including:

- Operational guidance lacked minimum service standards and did not always reflect engagement with health authorities, people with lived and living experience, and Indigenous Peoples.
- Persistent challenges and barriers to province-wide implementation were not addressed.
- There were deficiencies in target setting and evaluation.

For these reasons, the Auditor General concluded that the Ministry of Mental Health and Addictions and the Ministry of Health did not ensure effective province-wide implementation of overdose prevention and supervised consumption services by the health authorities.[111]

In addition to the Auditor General's findings, many communities have experienced significant challenges stemming from criminal activity, social disruptions, and a deficient standard surrounding shelters and supervised consumption services. There has been a movement among the business community to call on the government to address these challenges.

In October 2023, the British Columbia community and business groups, concerned citizens and well-known BC retailers and businesses came together to create SOS: Save Our Streets, a new public safety coalition demanding governments step up to end the growing crime and violence crisis in local communities across the province.[112]

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[110] BC's Toxic Drug Crisis: Implementation of Harm Reduction Programs | Auditor General of British Columbia (bcauditor.com)
[111] Office of the Auditor General of British Columbia: BC's Toxic Drug Crisis: Implementation of Harm Reduction Programs
[112] Save Our Streets, SOS: Media Release: Enough is Enough: Governments Must Step Up to End Growing Crime and Violence in BC Communities.

MINISTRY OF SOCIAL DEVELOPMENT AND POVERTY REDUCTION

Community leaders from communities and businesses have been expressing concern over the threats of crime and violence in their communities for years. SOS is an internationally recognized signal of distress and a cry for help. Under the banner, Save Our Streets (SOS) Coalition, a growing number of concerned citizen groups and businesses from throughout BC representing communities have banded together to deliver this message. Community groups have become engaged in various forms and have realized that a province-wide, non-partisan movement is required to raise awareness of the issues and their cost to families and businesses. [113] Membership in SOS includes many Business Improvement Area Associations, including BIABC, Campbell River, Duncan, Kamloops, Kelowna, Nanaimo, Prince George, Surrey, Vancouver, Victoria, Williams Lake, Gastown, Kerrisdale, Quesnel, and South Granville. There are also numerous Chambers of Commerce, Boards of Trade, Associations and Destination Marketing Organizations who have signed on in support of SOS to address these challenges, including BC Restaurants and Food Services Association, Business Council of BC, Canadian Federation of Independent Business, Destination Vancouver, Greater Vancouver Board of Trade, Greater Victoria Chamber of Commerce, Nanaimo Chamber of Commerce, South Cariboo Chamber of Commerce and the Tourism Industry of BC.

Individual communities have also started working in this space to address their unique challenges. For example, in Kamloops, The Kamloops North Shore Business Improvement Area Association (NSBIA) serves as the representative agency for 299 Class 5/6 property owners and approximately 420 commercial business owners situated on Kamloops' North Shore. Over the past five years, their membership has faced significant challenges.

In order to grasp the scope and impact of these issues, they have conducted ongoing surveys of our members since 2018 to assess associated costs and ramifications. In 2022, this was expanded to encompass the entirety of Kamloops. Through this concerted effort, it has been realized that similar issues affect the entire city to varying extents. [114]

Table 1 – Impacts Survey responses on issues affecting businesses from respondents in the Kamloops region.

Issues Affecting Businesses	2022	2023
Loitering / Trespassing	107	110
Open Drug use	106	102
Vandalism	94	98
Needles / Hazardous Waste	96	86
Defecation (Human Waste)	89	84
Harassing Actions	79	82
Drug Dealing	79	79
Storage of Materials (carts, tents, etc.)	81	79
Theft	69	73
Graffiti	71	61

Source: Impacts 2023

Further analysis of the data has distinctly revealed that the majority of respondents to surveys reside in areas of the city characterized by a high concentration of shelters or street-level services. This observation becomes more pronounced when examining individual street addresses, as it is evident that a significant portion of these respondents are located within 1 to 3 blocks of the street-level programs.

When examining other communities, as evidenced by a recent Nanaimo heatmap report[115], it becomes evident that many disruptions are concentrated within specific zones. This observation is not an

[113] Save Our Streets | BC Coalition, "How did SOS coalition come into being? Why was the SOS Coalition formed?
[114] https://nsbia.com/impacts-2023-results-page/
[115] Nanaimo, BC group ringing alarm on fatal overdose numbers, 400% increase in 4 years - BC | Globalnews.ca

indictment of operator negligence; instead, it underscores a lack of clarity regarding expectations for managing social programs concerning community interface and site maintenance.

Between 2018 and the spring of 2023, the NSBIA engaged in numerous discussions with agency leads, government representatives, and members to evaluate the impacts outlined above and identify opportunities for enhancing the operation of social programming. The aim was to diminish stigmatization, enhance the effectiveness of street-level services, and ensure accountability to the community, positioning programming as a positive driver of outcomes for all stakeholders.

During these discussions, the NSBIA formulated the ten core operating principles for managing a shelter or site. These could be suggestions for individual communities to consider when new service locations are opening or if communities are facing challenges:

1. *The site is a 24/7 facility:* The facility operates around the clock, ensuring continuity of support for individuals. Requiring individuals to vacate premises each morning disrupts stability, undermines efforts to connect them with services, and forces them to shelter elsewhere until the facility reopens. This practice often leads to conflicts between local businesses, residents, and individuals seeking refuge in doorways to escape harsh weather conditions. Additionally, it fosters congregations that may contribute to increased criminal activity, substance abuse, and other undesirable behaviours due to the anonymity of group settings.
2. *The site is a contained site:* The facility is enclosed within a fenced perimeter, providing a contained environment that is separated from the surrounding community. This offers a semi-secure space where individuals can store their belongings, such as carts, within a designated parking area. However, it necessitates ongoing monitoring to prevent the establishment of entrenched encampments and unauthorized sheltering outside the premises.
3. *The site must have access to supervised consumption services:* The facility provides access to supervised consumption and testing services around the clock to ensure safety and access to essential services, health authority and/or agency representatives must be present onsite 24/7 to monitor drug use and facilitate connections to detoxification and other treatment options.
4. *Housing placement supports are onsite:* The facility offers onsite support for housing placement, aligning with the principles of the "4 pillars" model[116] for promoting healthy outcomes. Emphasizing access to stable housing, the facility provides comprehensive wrap-around services to encourage and facilitate the transition to permanent housing solutions.
5. *Mental Health supports available:* Mental health support services are readily accessible onsite to address the complex needs of individuals experiencing homelessness. These services include situational counselling, psychiatric nursing, and PTSD support to assist individuals during crises and promote their overall well-being.
6. *Site maintenance is constant:* Continuous site maintenance is paramount to uphold cleanliness and minimize negative impacts such as clutter and litter. Maintaining a clean environment contributes to a safer and more welcoming atmosphere for both patrons and the surrounding community.
7. *Staffing or Security onsite 24/7:* Adequate staffing or security presence is maintained onsite 24/7 to ensure patron safety, promptly address disruptions, and implement appropriate measures in case of escalating situations.
8. *Community Interface Management is entrenched:* Community interface management strategies are integrated into the operational framework to mitigate the impact of the facility on the surrounding area. Regular patrols extending at least 75 meters from the site direct individuals to the facility while managing any resulting impacts through proactive maintenance of the interface zone.

[116] Four Pillars drug strategy | City of Vancouver

9. *Reputable Operators Required:* Operators selected to manage the facility must demonstrate a track record of operating robust sites and a commitment to collaborating with the broader community to address emerging issues effectively.
10. *Placement off Commercial Corridors:* Priority is given to locating facilities away from primary commercial and transportation corridors. Instead, sites are situated in areas with adequate access to transportation and essential services necessary for the facility's operation and the well-being of its participants. This strategic placement minimizes negative impacts on the business community, reduces stigmatization, and enhances overall effectiveness.

These ten conditions are examples of a community-led process of determining guardrails to mitigate issues that impact the business community.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Develop and implement new minimum service standards within a year to support consistent quality, access, and availability of services to minimize impacts.
2. Consult with individual communities and all stakeholders in those communities, including but not limited to: health authorities, harm reduction facility operators, shelter operators, local governments, Chambers of Commerce, Business Improvement Associations, neighbourhood associations and other associated or impacted organizations to ensure that issues raised by the community in relation to the facilities are addressed in a matter that leads to higher levels of support and resolves issues that negatively impact the community.
3. Adequately resource these new minimum standards and consultation work through a designated annual and ongoing provincial budget allocation to support the sustained and successful implementation of the standards.

Note: This is a new 2024 policy resolution.

ADVANCING INCLUSIVE EMPLOYMENT OPPORTUNITIES

Issue

An intellectual or developmental disability (IDD) is a lifelong condition that affects an individual's growth and development. Neurodiversity is a commonly accepted term used to describe someone diagnosed with autism spectrum disorder (ASD) or other cognitive processing challenges. Individuals with IDD or neurodiversity are underrepresented in today's labour market, leaving them more vulnerable to poverty and struggles with adult independence.

BC employers need resources to provide mutually beneficial, supportive career opportunities to this demographic, and to help address the employers' ongoing labour needs.

Background

As BC employers experience an acute labour shortage fueled by an aging workforce and the effects of a pandemic, now is the time for businesses to consider how hiring a person with an intellectual or developmental disability (IDD) or neurodiversity can work for them.

According to the BC Chamber of Commerce's *Addressing the Labour Market Gap – Insights Report*,[117] released in May 2023, it was identified that a top challenge for employers was finding qualified candidates that matched the job description. Meanwhile, nearly half of respondents to the survey reported that the time and costs associated with the administrative process of recruitment also pose significant challenges.

Hiring a person with IDD or neurodiversity is a real solution to the recruitment challenges faced by employers in BC. There are more than 70,000 people living in British Columbia aged 15 years or older who report living with IDD or neurodiversity. According to New Data on Disability in 2022, 28.6% of British Columbians aged 15 years or older report having one or more disability,[118] with approximately 5.1% having IDD or neurodiversity.[119] In communities across the province, there are organizations that work every day to help employers by offering creative staffing solutions, candidate pre-screening, and one-on-one support through the hiring and training process.

A study by Deloitte shows that companies with inclusive cultures are:

- Eight times more likely to have better business outcomes;
- Two times more likely to meet or exceed financial targets;
- Three times more likely to be high performing; and
- Six times more likely to be innovative and agile.[120]

Businesses with a diverse workforce have 28% higher revenue and 30% higher profit margins than companies that don't.[121] Jobs Ability Canada notes that staff retention rates are 72% higher among people who have a disability.[122] This is reflected among employers in a wide range of sectors, including hospitality/retail, manufacturing, clerical/accounting and more. In addition, people with IDD/neurodiversity often have large support networks that can result in a loyal customer base for a business that demonstrates inclusive hiring practices.

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117 Addressing the Labour Market Gap – Insights Report (May 2023)
118 New data on disability in Canada, 2022 (statcan.gc.ca).
119 Infographic: Developmental Disabilities or Disorders in Canada - Highlights from the 2017 Canadian Survey on Disability - Canada.ca
120 DI_Diversity-and-inclusion-revolution.pdf (deloitte.com)
121 Getting to Equal: The Disability Inclusion Advantage | Accenture
122 Disability-inclusive Hiring Crucial for Business Growth and Success Post-pandemic – Jobs Ability Canada, Inc.

MINISTRY OF SOCIAL DEVELOPMENT AND POVERTY REDUCTION

A Business Case

A local employer has a part-time entry-level position in its accounting department. The tasks are basic and repetitive but central to document storage, which is an industry compliance requirement. The employer experiences higher-than-average turnover in this role, typically every six months, with employees either moving up in the company or on to other jobs with more hours and more challenging accountabilities. The employer estimates the expenses related to recruiting and onboarding to be $5,000 for every new hire.

With the support of Aspire Richmond, a local service provider, the employer hires a person through their customized employment program. An employment specialist supports the individual through the screening process and offers on-the-job coaching until she is comfortable doing the job independently. The individual has been in the role for 13 years, saving the employer an estimated $130,000 in expenses associated with recruiting for this position.

What's Needed Now?

Inclusion BC is a provincial non-profit organization that actively advocates for the rights and opportunities of people with IDD/neurodiversity and their families. Their membership includes people with IDD and neurodiversity, their families, and the organizations that serve them. Member organizations have been offering customized employment support for people with IDD/neurodiversity for more than a decade.

In Richmond, Aspire Richmond has been a pioneer in customized employment support for the past 15 years and has a proven track record of helping local employers find qualified and reliable employees. In addition to other employment programming, Pacific Family Autism Network, in partnership with YVR, has recently opened Paper Planes Café, which offers paid training for adults from the neurodiverse community. Examples of organizations like this exist in communities across the province.

However, much of this work is funded through donations, grants, and goodwill. Nearly a decade after our Provincial Government proclaimed September as Disability Employment Awareness Month, it is time for the government to step up and create incentives for employers and offer improved training opportunities for people with IDD and neurodiversity.

With more employers looking to hire individuals with IDD or neurodiversity, adjustments to the Persons with Disability (PWD) income benefit need to be made to encourage career growth and development for these employees. Currently, a single person with no dependents can earn $16,200 annually in addition to receiving a maximum PWD benefit of $19,160.50 for a combined annual income of $35,360.50[123]. With the high cost of living in most areas of BC, this combined income leaves little opportunity for savings after basic expenses are paid.

In addition, PWD benefits include a free bus pass or transportation supplement, along with basic extended health/dental/optical coverage. These are benefits that most people with IDD/neurodiversity cannot afford to lose.

However, if the individual's annual earnings exceed $16,200, their PWD benefit is reduced dollar for dollar. This creates a disincentive for the individual to increase hours of employment or accept a promotion/pay raise since they would effectively continue to receive the same combined income. In addition, increased earnings could jeopardize the individual's qualification to receive future PWD benefits.

Restructuring the earnings threshold to allow for a phased reduction rather than a sudden cessation will allow employers to offer employees with IDD or neurodiversity increased hours or promotions without having to source additional staff. This will also offer individuals an improved quality of life and contribute to their own financial independence.

[123] On disability assistance - Province of British Columbia (gov.bc.ca)

MINISTRY OF SOCIAL DEVELOPMENT AND POVERTY REDUCTION

Inclusion BC was consulted in the development of this resolution and supports its recommendations.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Create a permanent skills development and training fund for employers of people with IDD/neurodiversity to offset the hard costs of onboarding new staff or upskilling existing staff.
2. Provide funding to adapt curriculum delivery and offer direct support for people with IDD/neurodiversity to acquire post-secondary learning (trades, college, university) to improve qualifications for employment opportunities.
3. Restructure the annual earnings exemption threshold so that people who receive Persons With Disabilities (PWD) benefits and are employed are not disincentivized from building a meaningful career.

Note: This is a new 2024 policy resolution.

MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE

ABANDONED VESSELS: IMPROVING OVERSIGHT AND ACCOUNTABILITY

Issue

Abandoned boats are a growing problem and have economic, social, and environmental impacts on local communities across Canada. They can pollute the marine environment, harm local businesses such as tourism and fisheries, damage infrastructure, interfere with navigation, and pose safety risks to Canadians. A proactive and coordinated approach is required, in cooperation with First Nations and local governments, to build a comprehensive framework for addressing and assessing the financial and environmental risks of abandoned vessels in our communities.

Background

The Government of Canada, through its Oceans Protection Plan, is working hard to deter this irresponsible practice.[124] In November 2016, Canada launched a $1.5 billion national *Oceans Protection Plan*[125] to:

- Protect Canada's marine environment;
- Improve marine safety and responsible shipping; and
- Offer new possibilities for Indigenous and coastal communities.

The plan includes a comprehensive program to reduce abandoned and wrecked vessels and to minimize the associated risks of environmental harm.

The Government of Canada has launched two programs to address legacy vessels of concern: Transport Canada's Abandoned Boats Program (ABP), and the Department of Fisheries and Oceans' Small Craft Harbours (SCH) Abandoned and Wrecked Vessels Removal Program.[126] The Abandoned Boats Program (ABP) has been designed to assist in the assessment, removal and disposal of abandoned and/or wrecked small boats that pose a hazard in Canadian waters.

The objectives of the ABP are to:

- Reduce the number of abandoned and/or wrecked boats in Canadian waterways and the hazards they pose;
- Contribute to the protection and preservation of the environment;
- Reduce the impacts of these boats on Canadian coastal communities;
- Enhance economic opportunities; and
- Increase awareness of the boat owners' responsibilities.

The ABP has multiple components, such as helping educate small vessel owners about how to responsibly manage their vessels and supporting research on vessel recycling and environmentally friendly vessel design.

On February 16, 2021, the Minister of Transport announced the most recent initiatives to receive funding for the assessment, removal and disposal of abandoned boats in Canadian waters. Under the Abandoned Boats Program, $1,692,079 is being provided to assess 44 boat removal projects in British Columbia, Newfoundland, and Labrador and remove 51 abandoned boats in British Columbia and Nova Scotia.

In previous calls, eligible recipients may receive up to 100% of their total eligible costs for gaining legal possession of a vessel and for assessing the cost of removal and disposal of the vessel, and up to 75% for activities to undertake the removal and disposal of an abandoned and wrecked vessel in a small craft harbour.

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[124] https://www.newswire.ca/news-releases/minister-of-transport-approves-new-projects-to-address-abandoned-boats-across-canada-875519313.html

[125] https://www.tc.gc.ca/eng/canada-oceans-protection-plan.html

[126] https://dfo-mpo.gc.ca/sch-ppb/vessels-bateaux/index-eng.html

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In light of the economic impacts related to the COVID-19 pandemic, the Government of Canada will pay 100% of costs for boat removal assessment projects and for boat removal and disposal projects, for a maximum of $50,000 per project instead of 75% as in previous years.[127]

Eligibility for funding includes recipients such as:

- Provinces, territories, municipalities and local governments;
- Indigenous groups, communities and organizations;
- Private ports and/or marinas;
- Canadian port authorities; and
- For-profit and not-for-profit organizations.

The Federal *Wrecked, Abandoned or Hazardous Vessels Act* came into force on July 30, 2019, and was last amended on August 28, 2019.[128] The Act makes it illegal to abandon boats, increases vessel owner liability, and strengthens the Government of Canada's response in cases where owners do not behave responsibly in disposing of their vessels at the end of their useful life.[129]

Under this Act, you may NOT:

- Abandon your vessel.
- Cause your vessel to become a wreck because you fail to maintain it.
- Sink, strand or ground your vessel on purpose.
- Leave your vessel in poor condition in the same area for more than 60 consecutive days within a radius of three nautical miles without the authorization of the location owner.
- Leave your vessel adrift for more than 48 hours without taking measures to secure it.
- Take possession of a wreck before reporting it to the Receiver of Wreck, unless:
    - The wreck is in danger, and you need to take possession to secure/otherwise protect it, or
    - The Receiver of Wreck authorizes you to take possession.
- Enter into Canada with a wreck found outside of Canadian waters without reporting it to the Receiver of Wreck as early as possible.

Under the Act, the Federal Government can:

- Order owners of vessels or wrecks to take measures to prevent, reduce or eliminate hazards.
- Take action to remove a vessel or wreck, posing hazards if the owner is unknown or is unable or unwilling to respond.
- Order vessel owners to address their worn-down (dilapidated) vessels if they remain in the same location for 60 consecutive days without the consent of a person in charge of the location where the vessel is located.
- Hold the owners of vessels liable for the costs of moving or removing their vessel that is abandoned, worn-down, or that poses or may pose a hazard.

The penalties for non-compliance include:

- For minor violations, the maximum penalty is $5,000 for individuals and $25,000 for vessels or any persons (including corporations).
- For serious violations, the maximum penalty is $50,000 for individuals and $250,000 for vessels or any persons (including corporations).
- A regulatory offence prosecution for certain offences could result in a maximum fine of $1 million and/or up to 3 years of imprisonment for an individual, or up to $6 million for vessels or any persons (including corporations).

[127] https://dfo-mpo.gc.ca/sch-ppb/vessels-bateaux/index-eng.html
[128] https://laws-lois.justice.gc.ca/PDF/W-12.3.pdf
[129] https://dfo-mpo.gc.ca/sch-ppb/vessels-bateaux/index-eng.html

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Unfortunately, boat and vessel owners continue to act irresponsibly, causing negative impacts such as polluting the marine environment, harming local businesses such as tourism and fisheries, damaging infrastructure, interfering with navigation, and posing safety risks to Canadians.

Issues persist with the vessel registration system, making it difficult and sometimes impossible to hold boat and vessel owners accountable for their property. A coordinated approach between the Provincial Government and the Federal Government to improve vessel registration systems will minimize these negative impacts in the future.

The lack of availability of adequate facilities that allow for the safe disposal and recycling of wrecked and derelict boats and vessels also poses a threat to the positive developments the Federal Government has undertaken thus far. In short, we must address the problem, which is ultimately irresponsible boat and vessel owners, and provide facilities to dispose of these vessels before they are abandoned.

Finally, a proactive and coordinated approach is required in cooperation with First Nations and local governments to build a comprehensive framework that can be used for addressing and assessing the financial and environmental risks of abandoned vessels in our communities.

THE CHAMBER RECOMMENDS

That the Provincial Government works with the Federal Government to:

1. Improve the vessel registration system so vessel owners can be held accountable.
2. Create a pilot “turn-in” facility for the safe disposal and recycling of abandoned vessels.
3. Develop a strategy in cooperation with First Nations and local governments to build a framework that can be used to address the financial risks and assess the urgency of environmental risks that abandoned vessels pose to our communities.

Note: This policy resolution was renewed in 2024.

BUILDING A SAFE TRANSPORTATION CORRIDOR FOR CENTRAL AND NORTHERN COMMUNITIES

Issue

The Quesnel River Bridge presents continual challenges to the movement of goods and services between Northern, Central and Southern BC. Trucks, that are not hindered by their size, must cross the hazardous bridge and drive through a size-restricted city center, creating congestion, pollution and safety concerns. With mining in the region, namely the Osisko Mine and the Artemis Gold Mine Project, the size and number of vehicles is expected to increase. This antiquated piece of infrastructure needs to be prioritized for replacement.

Background

The Quesnel River Bridge was built in 1961, and acts as the main northern thoroughfare. It is vital for the transportation of goods and services to 50+ communities north, northwest and northeast of Quesnel:

- *North:* Hixon, Prince George, Salmon Valley, Bear Lake, McLeod Lake, Mackenzie, Lemoray, Chetwynd, Tumbler Ridge, Hudson's Hope, Dawson Creek, Taylor, Fort St. John, Wonowon, Pink Mountain, Sikanni Chief, Buckinghorse River, Trutch, Prophet River, Fort Nelson, Summit lake, Toad River, Muncho Lake, Liard River, Fort Halkett, Coal River, Skooks Landing.
- *Northwest:* Vanderhoof, Fort Fraser, Fraser Lake, Burns Lake, Houston, Telkwa, Smithers, Hazelton, Kitwanga, Terrace, Prince Rupert, Meziadin Junction, Bell, Bob Quinn Lake, Tatogga, Iskut, Dease Lake, Laketon, Porter Landing, Jade City, Centerville.
- *Northeast:* McBride.

The need for an Interconnector was identified over 30 years ago, labeled as a priority in the Highway 97 Quesnel Transportation Study Phase 1 (2016) and entered the design stage in Highway 97 Quesnel Transportation Study Phase 2 (2018).

The current route poses both safety and transportation concerns. The increase in highway traffic due to Artemis Gold, Osisko Development Corp, and our logging industry means large commercial trucks are driving directly through the downtown core of Quesnel. The Transportation Study (2016) highlighted 86 trucks carrying dangerous goods passed through Quesnel Weigh Scales in a single 8.75 hour shift. This amounts to over 235 of these trucks daily passing through Quesnel's downtown on top of the 700 peak time vehicles that also share the road. This causes a serious risk to our hospital, senior's homes and residents.

The corroded, height-restricted, two-lane Quesnel River Bridge creates many hardships for larger vehicles, such as those used in transporting goods. These vehicles, vital to the BC economy, often bypass the Quesnel River Bridge by using an alternative route through Kamloops. This adds over 466 km to the Vancouver-Northern BC route, an unnecessary expenditure of employee and travel time, fuel, as well as increasing GHG Emissions.

The size of the transport trucks entering the bridge creates a bottleneck which has been the cause of accidents. On January 26, 2024, an accident took place on the bridge. This created traffic delays for two and a half hours, preventing employees from reaching work, parents from picking up children, emergency vehicles from attending patients, and goods from being delivered on time. This only proves to highlight one of the larger safety concerns, the need for a safe transportation corridor to facilitate the evacuation of Central and Northern communities in the event of natural disasters, such as forest fires, landslides or floods. If this accident happened during an evacuation due to a natural disaster, it would prohibit travelers from reaching their destination and endanger their wellbeing.

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Traffic, once across the bridge, must then navigate downtown Quesnel. The downtown core was not built to accommodate the size and the number of vehicles now using the highway. Quesnel prides itself on tourism, however, access in and out of the city is a growing concern, which hurts local businesses. The commercial and industrial traffic also causes health concerns with idling heavy traffic that starts and stops in the downtown core of Quesnel. While moving through city streets, the heavy traffic creates increased emission pollution, as well as safety concerns for pedestrians sharing this main highway.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Prioritize the timely, efficient, and safe provincial transportation corridor flows near the city of Quesnel by replacing the existing, outdated, unsafe bridges and right of ways to allow a cleaner, more reliable provincial highway system around Quesnel's downtown core, as part of the Northern Gateway.

Note: This is a new 2024 policy resolution.

BUSINESSES AND COMMUNITIES WIN WHEN WE BUILD NEW BC FERRIES IN BC

Issue

BC Ferries is about to embark on a major capital program to revitalize much of BC's ferry fleet. Their *New Major Vessels Program*[130] includes seven new ferries. BC Ferries is currently developing the Request for Proposals (RFP) for the vessel program, which it plans to release in June 2024.

Currently, BC Ferries' RFP has no significant factors valuing the benefits of local BC or Canadian[131] involvement. It could lead to a decision based on the lowest cost alone, meaning a foreign shipyard will certainly win the competition. This will result in a lost opportunity in BC and Canada for the broad economic benefits such as tax revenue, supply chain development, innovation, green technology, and the associated local jobs in communities throughout BC.

A bidding process that prioritizes BC companies and recognizes the local economic benefits will mean that local shipyards and supply chain partners will have the opportunity to participate in the largest shipbuilding procurement in BC's history.

Background

We have the local skills and capacity to build the vessels needed. Over the last decade, British Columbia's marine sector has re-established Canada's large shipbuilding capability on the Pacific coast, a development that has created thousands of high-skilled jobs and economic opportunities for hundreds of companies in our province. Under the National Shipbuilding Strategy, BC companies are now delivering the largest and most complex vessels that have ever been built in Canada.

Local shipyards, workers, unions, and the diverse BC marine business supply community across the province want the opportunity to help build these vessels. This presents a once-in-a-generation opportunity to build ferries in BC and support high-value jobs, local business development, and economic growth.

The Government of British Columbia has a mechanism and a track record of providing funding above and beyond its annual service fee to BC Ferries. In late 2023, the province of BC announced it had renewed its service contract with BC Ferries for a four-year term and invested additional funds of $500 million to allow BC Ferries to continue with its longer-term capital plans to improve capacity and reliability without increasing fares.[132]

<u>Proven BC Expertise in Large Vessel Shipbuilding</u>

The BC shipbuilding sector delivers the largest and most complex ships ever built in Canada.

Under Canada's National Shipbuilding Strategy, the BC sector is building more than 20 large, complex vessels for the Royal Canadian Navy and Canadian Coast Guard. This includes the Royal Canadian Navy's Joint Support Ship, which will be delivered in 2025 and is both longer and heavier than the BC Ferries New Major Vessels.

BC's shipbuilding industry now involves more than 500 local companies, the majority of them small and medium-sized enterprises, thousands of skilled-trade employees, and the largest, most sophisticated marine design and engineering capability in Canada. Current local BC expertise and capacity exist today like never before.

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[130] BC Ferries New Major Vessels program: https://www.bcferries.com/in-the-community/projects/new-major-vessels#:~:text=We're%20building%20up%20to,nearing%20their%20end%20of%20life.

[131] https://www.timescolonist.com/opinion/letters-feb-20-where-bc-ferries-should-be-built-private-development-wont-fix-housing-8328538

[132] BC invests in affordability of safe, reliable coastal ferry service | BC Gov News

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A "Low-Cost" Bid Process Ignores Benefits & Value of Local Bidders

BC shipyards have a higher cost structure, primarily due to skilled workers' wages. A low-cost bid project, with no incentive, points or value for the use and benefits of local BC workers and suppliers, ensures that much or all of the work will be conducted in low-wage nations with low environmental, safety and employment standards.

Domestic content requirements are a common practice in procurements across Canada and in many other countries, recognizing the strategic and economic benefits that can result. The proposed buy-local approach would be consistent with international and domestic trade agreements.

Strong Economic Benefit & Support Across BC - Local Ships, Local Jobs

Shipbuilding is a major employer and economic engine for BC. The industrial marine sector contributes about $6.8 billion annually to BC's economy and employs approximately 22,000 people.

A recent independent economic analysis by noted BC economist Teresa Watts demonstrated the additional economic value of building ferries in BC over a nine-year production period. Her report stated that the work would result in significant benefits of up to:

- 9,800 jobs
- $1.7 billion in associated wages
- $234 million in income tax revenues to the province
- $1.1 billion contribution to Canada's GDP

Suppliers to the sector represent businesses from many communities across the province's coastal regions and beyond: Aldergrove, Burnaby, Chilliwack, Coquitlam, Delta, Fanny Bay, Gibsons, Halfmoon Bay, Langley, Maple Ridge, Mission, Nanaimo, New Westminster, North Saanich, North Vancouver, Port Coquitlam, Richmond, Surrey, Vancouver, and Victoria.

Strong Support for BC Participation Spans Across Local Marine Industry, Unions, and the BC Public

There is a broad consensus and support for the inclusion of the local BC shipbuilding sector in this BC Ferries New Major Vessels program.

Industry Support

Build Ferries BC[133] is a group of more than 80 BC-based marine suppliers, local companies, business associations and BC unions calling for the BC Ferries' bidding process to prioritize BC companies.

Union Support

The group is backed by seven BC trade unions:

- BC Federation of Labour
- UA Local 170 (The United Association of Journeymen and Apprentices of the Plumbing & Pipefitting Industry)
- Local 506 Marine & Shipbuilders
- International Association of Machinists and Aerospace Workers
- IBEW Local 213 (International Brotherhood of Electrical Workers)
- BC Building Trades
- BC Ferry & Marine Workers' Union

[133] Build Ferries BC campaign: https://www.buildferriesbc.ca/

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Public Support

A recent poll showed that 80% of British Columbians believe ferries should be built in BC, and 90% want to see the creation of long-term jobs for BC residents and ensure that BC shipyards and their suppliers have a fair opportunity to bid on the BC Ferries work. A letter-writing campaign by Build Ferries BC has generated more than 10,000 letters to BC's Premier and MLAs and represents support from 86 out of the 87 electoral districts in the province.

British Columbia and the business community win when ships are built locally. A build-in-BC approach would protect local jobs and maximize the economic opportunity for North Vancouver and the entire province.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Direct an approach to procuring BC Ferries' New Major Vessels that enables a build-in-BC component and all the jobs, economic opportunities and innovation that would result for our province.
2. Building on the BC Maritime Industries Strategy, develop and implement a broader strategy that supports the growth and innovation of an ongoing, long-term shipbuilding industry in BC.

Note: This is a new 2024 policy resolution.

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LONG-TERM INFRASTRUCTURE PLAN

Issue

The transportation industry in Canada is grappling with growing concerns related to the absence of a comprehensive, long-term infrastructure plan, as highlighted by the annual WESTAC Compass Report. The absence of such a plan is particularly worrying given the critical need to address capacity constraints, infrastructure bottlenecks, and the efficient functioning of trade corridors.

To address these concerns effectively, it is imperative that a collaborative effort is undertaken to enhance cooperation among stakeholders within the supply chain. This collaboration should result in the creation of a forward-looking, strategically designed long-term infrastructure plan. This plan would serve as a crucial tool in achieving Canada's environmental and trade objectives.

Background

The report by the *Western Transportation Advisory Council (WESTAC)* is widely recognized as a key indicator of the transportation industry's state in Canada. It is based on insights gathered from senior executives within the sector. The report underscores the pressing need for strategic action in the face of several significant infrastructure bottlenecks. Notable among these are:

1. *Second Narrows Rail Bridge and the New Westminster Rail Bridge*: The inadequate state of these rail bridges is recognized as a major bottleneck within the transportation network. Their improvement or replacement is essential to ensure smooth rail movement. The Second Narrows Rail Bridge is part of the economic gateway that allows goods to be moved from the Port of Vancouver across the country.
2. *Rail Congestion and Capacity*: Respondents highlighted the challenges posed by rail congestion and limited capacity. These issues hinder the efficient movement of goods and necessitate attention for effective resolution.
3. *Shortage of Industrial Land*: The shortage of suitable industrial land compounds the infrastructure challenges. Addressing this shortage is vital to accommodate the growth and expansion of transportation operations. The BC Chamber of Commerce, and thus Chambers of Commerce and Boards of Trade from across the province, have noted the importance of industrial lands and have called on the Provincial Government to protect these lands.[134]
   Recognizing the complexity of these challenges, the report emphasizes the necessity of a well-structured, long-term strategy. This strategy should incorporate a framework to facilitate data sharing and the objective identification of investments or regulatory changes that would alleviate capacity constraints, minimize end-to-end costs, and streamline cycle times.

Industry leaders reached a consensus on the urgency of investing in highway infrastructure. This includes the development of rest areas and the provision of support for commercial services like food, lodging, and fuel. These investments should be strategically linked to ports (both sea and air) and railway systems, forming an integrated transportation network.

Equally important, regulatory bodies must ensure that their actions offer a competitive advantage to the industry. Transparency and predictability in decision-making, particularly concerning infrastructure projects, are critical components to ensure timely and effective implementation.

In conclusion, the transportation sector in Canada faces significant challenges due to the absence of a cohesive long-term infrastructure plan. A united effort among supply chain stakeholders and government bodies is essential to formulate a proactive, future-oriented plan that can address capacity

[134] https://bcchamber.org/policy-search/protection-industrial-lands-future-prosperity-2022

concerns, infrastructure bottlenecks, and trade corridor efficiency. By strategically investing in key areas and ensuring regulatory alignment, Canada can pave the way for a resilient and successful transportation industry that supports both economic growth and environmental sustainability.

THE CHAMBER RECOMMENDS

That the Federal and Provincial Governments:

1. Upgrade the Second Narrows and New Westminster Rail Bridge.
2. Collaborate to build a provincial Long-Term Infrastructure Plan in conjunction with regional transportation plans.
3. Ensure regulators are providing a competitive advantage, and a transparent and predictable policy environment for relevant industries within the long-term infrastructure strategy.

Note: This is a new 2024 policy resolution.

REGIONAL AND REMOTE AIR ACCESS FOR BRITISH COLUMBIANS

Issue

Air access for British Columbians in rural and remote regions is a necessity, yet it has always been a challenge. Regional airlines are disadvantaged and struggle to economically provide routes and access to rural and remote areas while maintaining a positive balance sheet.

Background

Airlines have often written off the losses incurred in providing service to rural areas in order to transfer passengers into other domestic and international hubs, or the increased costs have been borne primarily by the business traveller. The pandemic increased and illuminated this issue as many airlines had to curtail services, and some rural areas lost their only air service.

Local rural and remote communities have done what they can to relieve the burden on local aviation operators; in some cases, they have lowered or suspended landing and lease fees. Rural and remote communities have the added disadvantage of maintaining airport infrastructure despite having fewer regional or charter air services to help offset costs. Although, government programs such as the *Airport Capital Assistance Program (ACAP)* and the *Airport Critical Infrastructure Program (ACIP)* help.

While restrictions were necessary during the pandemic, they obviously placed a significant burden on businesses and airlines. As we move forward, regional carriers need help to survive and continue providing service to remote communities. The pandemic highlighted the inequities faced in rural communities and by regional airlines. Service to remote communities is essential and needs to be sustainable.

The loss of scheduled service to a rural/remote community is more than just the inconvenience of not having leisure travel options; it is the loss of medical services, including visits to specialists and specialized care such as surgeries, chemotherapy, and diagnostic testing; it is the inability to get time-sensitive cargo such as laboratory testing out; it is the loss of essential business travel such as health professionals who fly in to serve the community, or the business traveller looking to promote or expand.

Canada's two main airlines (Westjet and Air Canada) share nearly two-thirds of the domestic market; however, they provide service primarily in the busiest corridors while service to smaller, less central communities continues to decline, and those regional carriers still operating have higher costs, resulting in higher fares. Air service to rural and remote communities across Canada that only have one scheduled air service option must be considered an essential service, and we are calling on the government to put programs in place to support our communities and work with us to ensure regional airlines remain viable.

In February of 2023, after undertaking a study on ways to reduce red tape and costs for Canadian airports in order to make air travel more affordable and accessible, the House of Commons published *Enhancing the Efficient, Affordable Operation of Canada's Airports - Report of the Standing Committee on Transport, Infrastructure and Communities.*[135] The following are the recommendations regarding rural communities, highlighting recommendation #4, which supports the necessity of affordable, equitable air transportation in rural regions.

- *Recommendation 3 – Supporting rural airports:* That the Government of Canada prioritize supporting rural airports by using repurposed airport rents to help smaller airports absorb costs associated with regulatory changes.

[135] https://www.ourcommons.ca/Content/Committee/441/TRAN/Reports/RP12214562/tranrp08/tranrp08-e.pdf

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- *Recommendation 4 – Affordable air travel for rural Canada:* That the Government of Canada develop policies to encourage affordable, equitable air transportation in rural regions that lack competition between carriers.
- *Recommendation 5 – Interline agreements:* That the Government of Canada move towards encouraging interline agreements between all Canadian air carriers to give regional customers better access to larger and international carriers, and ensure affordability and reliability of regional airports.

Australia, with a service area incorporating rural and remote regions, has implemented a *Regional Aviation Access Programme (RAAP).*[136] This program provides *"assistance to the owners of regional airports across Australia to undertake essential works, promoting aviation safety and access for communities through the Regional Airports Program."* The RAAP guidelines[137] state, *"The Australian Government is committed to ensuring that Australia's regional and remote communities have reasonable access to air services to major cities and other key centres."* Funds have been tied to maintaining/providing regional air connectivity over a period of time, and the carrier has ensured community fares with a set dollar figure per passenger calculated to support minimum operating costs. The efforts in Australia have poised their regional airlines for recovery and provided increased revenue to both the airline and the country.

It is imperative that we improve and stabilize regional airlines and support passengers using regional airports; improve the delivery of essential goods and services, such as food supplies, health care, and passenger air services; and improve the connectivity of rural regions to domestic and global market opportunities.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Treat air service to remote & rural communities as an integrated public and private service.
2. Work with the Government of Canada to implement the recommendations of the Standing Committee on Transport, Infrastructure and Communities.
3. Review the Australian and other models of regional air service to remote communities and work with federal counterparts engaging regional airlines and stakeholders, including businesses and Indigenous & non-Indigenous communities, to build a BC model that works.

Note: This policy resolution was renewed in 2024.

136 https://www.infrastructure.gov.au/aviation/regional/
137 https://www.infrastructure.gov.au/aviation/regional/files/RASS_Guidelines.pdf

MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE

SIMPLIFY AND MODERNIZE THE PERMITTING PROCESS FOR BC'S TRUCKING INDUSTRY

Issue

The permitting system for British Columbia's trucking industry is currently outdated, time-consuming, and excessively complex, leading to substantial delays, increased costs, and uncertainty for the trucking sector. The current system not only impairs the competitiveness of BC as a Gateway economy but also contributes to greater GHG emissions, provokes non-compliance and related safety concerns, and diverts revenue from local businesses at a time when economic activity is urgently needed.

Background

BC's Heavy Haul/Oversize-Overweight (OS-OW) vehicle sector is critical to the supply chain for major projects in BC and Western Canada. These projects are a significant source of economic development and jobs. However, the trucking industry is dealing with significant delays and uncertainty in servicing these projects as a result of permit processing times exceeding 25 days for extraordinary loads. Permits for the same types of loads are being issued in neighbouring jurisdictions, such as Alberta and Washington, much more quickly and, in some cases, on the same day.

The OS-OW vehicle sector encompasses vehicles with dimensions that exceed legal limits and are in excess of 27.5m in length, 4.15m in height, 2.6m in width and exceed a weight of 63,500 kg. In BC, these loads are time-restricted to night only, with large loads restricted to midnight to 5pm through the Lower Mainland. While these loads are often not seen by the public, they are critical to major project development. Large, major industrial projects depend on having oversized loads delivered to their sites. For example, oversized carriers move important pieces of equipment for major infrastructure projects, such as turbines for the Site C dam, large power generators used in natural gas process facilities, pipelines, mines, wind turbines, and specialized equipment for the Canada LNG site and bridge beams.

Permit delays lead to significant costs for carriers/shippers due to resulting daily storage fees, major project delays, and diversion of cargo ships to American ports. It has been noted that as much as 85% of imported project cargo loads destined for Western Canadian provinces are being shipped from American ports. Shipping through American ports to avoid BC permitting delays and to ensure certainty in the process can add up to 14 extra days at sea (for goods originating from Asia) and 15+ additional days of land transportation, resulting in additional transportation costs in excess of $200,000 for oversized loads. This diversion leads to significant lost revenue and jobs in BC at a time when economic stimulus is desperately needed. Shipping through American ports instead of BC directly also results in a significant increase in transportation emissions associated with transporting loads from distant U.S. ports to their final destination in Canada.

BC's provincial permitting system is antiquated, primarily manual and paper-based, with insufficient staff resources to efficiently deliver, review and process applications. More importantly, it is governed by a regulatory framework that is far too complex. Alberta's regulatory requirements are approximately 250 pages, Ontario's is a 30-page manual, while BC's regulatory requirements are around 800 pages.[138] The province of Alberta developed an online system that streamlines and grants municipal and provincial permits electronically,[139] including permits for OS-OW vehicles, often within a day. The State of Washington has similarly made such an online portal available[140]. Despite calls from the BC OS-OW

[138] BC Trucking Association. (December 2019). Bulletin: BCTA Urges MoTI to Act on Inadequate OS-OW Permit System. Online. Accessed on March 2, 2021. https://www.bctrucking.com/bulletin/2019/12/16/bcta-urges-moti-act-inadequate-os-ow-permit-system

[139] Government of Alberta. Ministry of Transportation. Webpage. Accessed on March 2, 2021. https://www.trans.gov.ab.ca/TravisWebLogin/welcome.htm

[140] Washington State Department of Transportation: https://wsdot.wa.gov/

vehicle sector and the industry more broadly, little progress towards addressing systemic inefficiencies has been made and, as a result, the international shipping community continues to divert cargo away from BC in order to avoid costly delays and uncertainty. The international and regional perception that BC should be avoided due to inefficient permitting processes has resulted in significant lost economic opportunities for the province, BC ports and transportation companies and unnecessary transportation-related GHG emissions.

A high percentage of carriers are moving loads in the province without a permit, and it is likely that the complexity and inefficiency of BC's permit system and the length of time required to obtain a permit are causing the level of non-compliance for over-dimensional load movements to increase. This means legitimate safety and infrastructure-related issues that the permit system is designed to consider are not being addressed for many of the over-dimensional load movements taking place in BC.

It is critical that the BC Government support its OS-OW vehicle sector and the broader gateway by addressing the inefficiencies of the provincial permit system. In addition to reviewing and simplifying the regulatory framework, one consideration could be given to providing a general authorization for term permits that are legal weights with the following dimensions, which account for nearly 43% of BC's permits: ≤ 3.2m width, ≤ 27.5 m length, ≤4.30 m height.

Although there has been encouraging recent progress with Metro Vancouver's Regional Transportation Advisory Committee, where municipalities have initiated the preliminary implementation of the Regional Permit Policies and Procedures Manual to harmonize municipal permitting for OS-OW commercial vehicles, this soft launch currently extends until January 2025. In addition, this movement specifically addresses the provincial permit process and pertains solely to travel on the provincial road network. There remains a gap in establishing a framework for multijurisdictional permitting, hindering the smooth movement of trucks and goods.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. In consultation with the trucking industry and relevant stakeholders, review and amend the current regulatory framework, with the core principle of ensuring safety and moving to a much simpler, commodity-agnostic permitting approach where feasible.
2. Expedite the development of an online permit system with the ability to support multijurisdictional permitting.

Note: This policy resolution was renewed in 2024.

TRANSPORTATION DEMAND MANAGEMENT SOLUTIONS FOR BC'S INDUSTRIAL AREAS AND BUSINESS PARKS

Issue

Across British Columbia and North America, urban planners are building our future through goals, policies, and land use designations that support *complete communities*. While offering many successful attributes, this approach inadequately addresses transportation demand management planning for industrial areas and business parks. This resolution calls upon the government to develop a comprehensive public transit service plan for industrial lands and business parks and identify opportunities to trial pilot demand-responsive transit programs in industrial lands and business parks. These investments will collectively benefit specific businesses and workers in industrial lands and business parks, reduce commuter traffic, increase safe travel and mitigate greenhouse gas emissions in a fiscally prudent manner.

Background

Regional districts and their comprising jurisdictions across BC are continuing the ongoing process of updating their regional growth strategies.[141] The urban planning concepts of developing goals, land use designations, and policies which support "complete communities" (defined as *"communities – or areas within a community – which provide a diversity of housing to meet identified community needs and accommodate people at all stages of life, and provide a wider range of employment opportunities amenities, and services within a 15-20 minute walk."*[142]) are used both in the creation of these regional growth strategies and subsequently as the basis for transportation planning here in BC and across North America.

Within transportation planning processes, public transit is not planned to provide adequate levels of service to industrial areas or business parks,[143] as these are considered lower-density areas and are – by design and zoning requirements – located further away from residential neighbourhoods, resulting in longer commutes with fewer stops and, therefore, lower use. This makes them less financially viable options for regular bus service. As a result, the workers and businesses that operate on Industrial lands do not have equitable access[144] to reliable and timely public transit as workers and businesses operating in sectors within urban centres. Through these practices, we see that the definition of a "complete community" is—in fact—incomplete. It excludes Industrial-zoned businesses and workers whose economic contributions to a region are critical to its health and vitality.

As governments develop strategies to incentivize the use of public transit and active transportation over traditional single-occupant automotive commuting, skilled trades, technical workers, and businesses located within industrial areas and business parks need similar opportunities available for them as those working and operating in commercial centres. Due to the lack of ridership density in industrial areas and

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[141] Metro 2050 Regional Growth Strategy (Accessed February 6, 2024), Capital Regional District Regional Growth Strategy (Accessed February 6, 2024), Regional District of Nanaimo Regional Growth Strategy Review (Accessed February 6, 2024), Fraser Valley Future 2050 Regional Growth Strategy (Accessed February 7, 2024), Squamish-Lillooet Regional District Regional Growth Strategy (Accessed February 6, 2024), Thompson-Nickola Regional District Regional RGS Monitoring Report (Accessed February 6, 2024), Peace River Regional District RGS Development Process (Accessed February 7, 2024), Regional District of the South Okanagan Regional Growth Strategy Bylaw Update (Accessed February 7, 2024)

[142] Government of BC – Complete Communities Guide (Accessed February 8, 2024)

[143] "*Industrial Areas or Business Parks*": We are using this definition to encompass land uses which are labelled in a variety of ways across the province, but which have similar functional purposes. Some districts or municipalities will call these areas Employment, Mixed Employment, Corridor, Commerical-C2, Trade-Oriented Land, etc.

[144] Why Manage Transportation Demand?, Victoria Transport Policy Institute (Equity) 2017 (Accessed February 7, 2024)

business parks, traditional public transit service or infrastructure investment options may not be financially or logistically feasible and, as such, are often excluded from transit-oriented planning. [145]

Transportation demand management solutions, developed in partnership with all levels of government and industry, can mitigate the service needs of businesses and workers in industrial areas and business parks while also supporting programs and activities to reduce greenhouse gas emissions and improve the efficiency of regional transportation systems in a fiscally responsible manner.

Industrial areas and business parks are zoned to specifically accommodate the needs of manufacturing, processing, warehousing, distribution, repair, and goods-handling businesses of a variety of intensities. Due to the nature of their work, these business uses are zoned for areas away from residential zones, with 'buffering' zones of commercial businesses, lengths of highway, and/or agricultural lands located in the areas between these zones and a community's residential housing.

At the same time, regions and municipalities are planning growth with a greater density of housing and services to surround urban centres.[146] These areas are encouraged to have neighbourhood-serving shops and services, enriched public realms, higher-density office and commercial buildings, educational and public institutions like universities and museums, and all the other amenities that ideally allow most trips to be taken by walking, cycling, and transit.[147]

These planning concepts are of excellent value for residents who live in and commute within or to other urban centres, where frequent transit services are planned, and transit infrastructure investments are made. However, businesses and workers in industrial areas and business parks – intentionally located further away from housing options - place workers at significant distances from their employers. Public transit options, such as regular bus services, are not provided with the same frequency or hours of service for these skilled trades and technical workers, who are therefore required to use their own single occupant vehicle to travel to and from work.

Recognizing the importance of the industrial sector to BC's economy, some regional districts, such as Metro Vancouver, are beginning to develop specific policies and strategies around protecting their industrial lands and designating more specific uses for business parks. While Metro Vancouver's Industrial Lands Strategy addresses the importance of protecting the land itself, and it does mention the need to *"provide transit for industrial workers,"*[148] it goes no further into what changes to services or investments by the government will be made to ensure that these transportation options are available.

As well, both Provincial and Federal Governments have significantly increased efforts and funding to encourage the *"inclusion of under-represented groups, including women and members of racialized communities,"*[149] who may face additional barriers to participate in top-demand skilled trades[150] careers. As individuals in under-represented populations may face additional intersectional barriers to participation, including only being able to access apprenticeships and jobs via privately-owned vehicles with the industrial-zoned businesses, this creates a conundrum to effective recruitment and retention as equity-deserving groups may be attracted to these fields and be able to access training institutes, but not potential employer locations.

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[145] BC Government - Provincial Policy Manual: Transit-Oriented Areas – Dec 2023 (pg. 15) Accessed January 25, 2024

[146] *"Urban Centres"*: used here to refer to the primary activity hub of a community. Depending on the terminology used by a region and the size of communities it comprises, other phrases may be used such as "Regional Urban Centres," "Rural Village Centres," "Primary Growth Areas," "Growth Corridors," "Mixed Use Activity Centres," "Neighbourhood Centres," etc.

[147] Capital Regional District – RGS Indicators Report 2023 (Accessed February 1, 2024)

[148] Metro Vancouver Regional Industrial Lands Strategy Report (Accessed February 8, 2024)

[149] Government of BC – Future Ready Plan (Accessed January 26, 2024), Government of Canada – Investments in the Skilled Trades (Accessed February 8, 2024)

[150] WorkBC – Top Demand Trades (Accessed February 8, 2024)

MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE

One strategy to address these gaps is Transportation Demand Management (TDM). TDM is a methodology which includes the *"development and implementation of a combination of programs, policies, and investments to redistribute travel demand to different, more sustainable modes of travel as well as different times of day to encourage a more sustainable use of limited transportation resources,"*[151] and in ways which reduce road congestion. TDM practises include a variety of potential options, such as parking management strategies[152], investments in walking and cycling routes[153], car-pooling and car-sharing programs[154], public transit, and telecommuting/remote work.[155]

For example, if two warehousing facilities within a business park are interested in adding a third shift to increase capacity within their facilities, they may contact their region's transportation provider or their municipality's TDM[156] team for support in this via coordinating a shuttle bus, vanpool, or car share program to support their efforts to attract/retain their workforce.

However, as Active Transportation (AT) or traditional public transit services may not be logistically or financially feasible in suburban or rural areas, "considering distances, highway conditions, and the lack of transit"[157] available for the First Mile and Last Mile (FLM)[158] of commutes to these areas, communities outside of major urban centres – or those whose economies involve a higher proportion of industrial areas or business parks – will continue to see higher rates of single-occupant vehicle commuting and reduced levels of AT modes of transit used due to concerns from workers about the reasonableness of the length/time of commute, or safety when walking/cycling next to traffic or during inclement weather.[159]

One key strategy to supplement traditional public transit services for those in under-served areas is Demand-Responsive Transit[160] (DRT), which "*helps residents travel to less densely populated areas and also connect them to rapid transit services"* in the FLM of their commute. DRT is currently integrated into the TDM practices of various communities across North America[161] and in Europe[162], with recent BC pilot projects in Bowen Island[163] (with TransLink), and Kelowna[164] (with BC Transit). It often includes the use of mobile apps or websites through which riders may request transit to/from locations not served by existing transit routes. Riders book their travel via the app/website in a manner comparable to car-share

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[151] Thompson Rivers University - Transportation Demand Management Strategy (accessed February 8, 2024), Transport 2050 Regional Growth Strategy – Glossary of Terms (accessed February 1, 2024), Transit Future Plan – Cowichan Valley Region (accessed February 1, 2024)

[152] Government of BC – Active Transportation and Transit-Oriented Development Design Guide (Accessed February 5, 2024),

[153] Squamish-Lillooet Regional District – Regional Growth Strategy (Accessed February 5, 2024), Translink - Visualizing Rapid Implementation Bikeways in Metro Vancouver - City of North Vancouver Case Study (Accessed January 29, 2024)

[154] Regional District of Nanaimo – Regional Growth Strategy Bylaw (Accessed February 7, 2024)

[155] Fraser Basin Council – TDM: A Small and Mid-Size Communities Toolkit (Accessed January 7, 2024)

[156] BC Transit – Regional Transit System (accessed February 8, 2024), Translink – TravelSmart Services (accessed January 25, 2024)

[157] Thompson-Nickola Regional District Regional Growth Strategy (Accessed February 6, 2024)

[158] Miami-Dade Transportation Planning Organization – First Mile Last Mile Options with High Trip Generator Employers (Accessed February 7, 2024), Denver RTD First and Last Mile Strategic Plan (Accessed February 6, 2024),

[159] BC Alliance for Healthy Living - Transportation and Healthcare Costs, 'BC ON THE MOVE' in a Healthier Direction Submission to the Ministry of Transportation and Infrastructure (Accessed February 8, 2024)

[160] *"Demand-Responsive Transit" / "DRT"*: May also be referred to as "Demand-Responsive Transport," "Microtransit," or "On-Demand Transit" depending on the terminology used by the region/authority.

[161] RideCo/Metrolinx (GTA) - Solving the First-Last Mile On Demand (Accessed February 8, 2024), Boulder, CO – SH 119 First & Last Mile Study (Accessed February 7, 2024), Canadian Urban Transit Association – On-Demand Transit Toolkit (Accessed February 7, 2024), American Public Transit Association – Microtransit (Accessed February 8, 2024)

[162] Sevenoaks, England – Demand Responsive Transport – Buses with no Timetables (Accessed January 26, 2024), Essex County, England - DaRT Services (Accessed February 8, 2024)

[163] Translink – Transit On Demand – Bowen Island Case Study (Accessed February 5, 2024)

[164] BC Transit – Announcement of On-Demand Transit Service in Kelowna (Accessed February 6, 2024)

programs such as Uber or Lyft, and the service vehicles are dynamically routed based on passenger location. Unlike car-share programs, the number of riders and size of vehicle used may vary depending on demand and are typically/ideally shared. DRT services may be utilized as a supplement to - or replacement for - traditional bus/shuttle services and can either be operated by the regional transit provider or through public-private partnerships. As DRT services alleviate the typical pressures of FLM commuting, they can enhance ridership and provide a truly viable alternative to single-occupant vehicle travel by linking residents to jobs and thereby creating a truly "*complete*" community.

Understanding what opportunities are available for workers to safely and effectively commute to and from work requires the investment of time and money - as well as engagement with industry and residents - to assess the viability of TDM options in specific communities. These investments benefit not only the specific businesses and workers in those industrial lands and business parks, but also all those on the road by reducing commuter traffic and increasing travel safety, as well as benefitting our collective effort to mitigate greenhouse gas emissions in a fiscally prudent manner.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Develop a comprehensive public transit service plan for Industrial Lands and Business Parks through active engagement with industry, Chambers/Boards of Trade, regional districts, municipal governments, First Nations, and other stakeholders, particularly TransLink and BC Transit.
2. Update the mandate letters of the ministers responsible for TransLink and BC Transit to include direction that these agencies work with regional districts to identify areas which could benefit from additional pilot projects of DRT (Demand-Responsive Transit) to address the transit needs of underserved areas.

Note: This policy resolution was renewed in 2024.

SOLVING THE GREEN INFRASTRUCTURE NETWORK APPROVAL AND COMPLIANCE BOTTLENECK

Issue

New developments in all of BC, especially in the Metro Vancouver area, are severely delayed due to the required environmental review assessment at the provincial level. This exacerbates the housing crisis as housing is not built to meet the demand of an expanding population. The municipal environmental review process can be expedited with more staffing at the provincial level and the re-establish of an environmental review committee with municipal staff, provincial regulators, and industry representatives.

Background

The process of obtaining approvals for residential and commercial development projects is notoriously slow, and a significant part of the delay can be attributed to the intricate web of regulatory requirements that developers must navigate at various levels of government. Specifically, the Department of Fisheries and Oceans (DFO) at the federal level plays a crucial role in this process, as it is tasked with the protection of Canada's aquatic ecosystems and the management of fisheries resources. This responsibility often translates into stringent environmental assessments and consultations to ensure that development projects do not negatively impact waterways, fish habitats, and the marine environment.

At the provincial level, developers face additional layers of regulation in tandem with federal guidelines but also include province-specific requirements aimed at protecting local ecosystems and fisheries.

Municipal governments further compound the complexity with their own set of bylaws and approval processes, which can include zoning, local environmental protections, and community impact assessments. Together, these regulatory frameworks create a multifaceted and often time-consuming approval process that developers must navigate, leading to significant delays in the commencement and completion of residential and commercial developments.

In Surrey specifically, there is a Green Infrastructure Network (GIN), which connects the city. The GIN is 3,900 hectares of interconnected natural areas, green corridors and open space and is central to the BCS. The GIN was developed through the 2011 Ecosystem Management Study[165] and helped to inform the BCS Habitat Suitability Map[166].

Environmental review processes were originally undertaken by the Federal Government at the Department of Fisheries and Oceans (DFO). In order to streamline the regulatory process, the position was terminated, and all environmental reviews for land were passed to the provincial Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD).

Some cities had an environmental review staff person who would work with developers to ensure they were abiding by the regulations set by FLNRORD. However, this resulted in the same burden that was alleviated when the Federal Government DFO position was terminated. In Surrey, for example, the city staffer was put in a new role, and developers are now working with planners. Once approved by planners, the environmental applications go to FLNRORD. However, the approval delays by the province due to staff shortages cause significant delays in construction.

There also used to be an Environmental Review Committee comprised of municipal staff, provincial regulators, and some industry representatives in Surrey. This group ensured that plans were aligned and provided a forum for municipalities to voice their concerns. Since its termination, there has been no direct line for municipalities to provide input on regulatory inefficiencies and potential remedies.

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165 https://www.surrey.ca/sites/default/files/media/documents/EcosystemManagementStudy.pdf

166 https://www.surrey.ca/sites/default/files/media/documents/BCS_HabitatSuitabilityMap_8X11.pdf

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Ensure an adequate level of service by providing the required level of staffing at the Ministry of Forests, Lands, Natural Resource Operations and Rural Development to review environmental applications based on the level of service needed by cities and the private sector.
2. Encourage municipalities to re-establish an environmental review committee with municipal staff, provincial regulators, and industry representatives.

Note: This policy resolution was renewed in 2024.

SECTION II: POSITIONS ON SELECT FEDERAL POLICIES

CANADA REVENUE AGENCY

ALLOWING FITNESS MEMBERSHIPS AS ELIGIBLE MEDICAL EXPENSES ON TAX RETURNS

Issue

The fitness and exercise industry was severely negatively impacted by the COVID-19 pandemic and related restrictions. Years later, amidst rising health concerns and escalating costs of living, there's a pressing need for policies that promote public health as well as economic and business success. Allowing Canadians to claim fitness memberships as an eligible medical expense on their tax returns represents such a policy.

The Federal Government has the ability to generate a return on investment (the investment being a healthier populous, lower reliance on the healthcare system, and a happier workforce) by allowing people to claim fitness memberships and services as medical expenses on tax returns. By making fitness memberships more accessible through tax credits, this policy aims to invigorate the fitness industry, encourage widespread physical activity, and forge a path toward improved national health and reduced healthcare costs.

Background

The COVID-19 pandemic had ripple effects on the healthcare system: mental health has deteriorated in the form of increased anxiety and levels of depression, more people are no longer eating healthy due to inflation and increased costs, and closures of gyms and exercise facilities that could not weather pandemic restrictions has exacerbated the number of individuals leading sedentary lives.

The Canadian fitness industry is a significant sector that remains vibrant despite handling the strictest restrictions and facing some of the strongest headwinds during the COVID-19 pandemic. The industry contributes significantly to our national GDP, adding $2.2 billion directly to the economy and an additional $1.8 billion indirectly while employing more than 82,000 people directly.[167]

This sector could be stronger, help people live healthier lives, and save our public healthcare systems billions by encouraging greater fitness and exercise participation among Canadians by allowing individuals to claim fitness memberships as an eligible medical expense on line 33099 of the federal income tax form.

This would have a two-fold positive benefit: first, it would help support our fitness industry, making their services more affordable for consumers in a time of inflation and cost-of-living pressures; and second, it would incentivize more Canadians to be active and improve their overall fitness and health.

The evidence and research to support that exercise is medicine is overwhelming and compelling.

According to a 2021 survey by the Fitness Industry Council of Canada, one in three Canadians said that cost was a barrier to achieving a healthy lifestyle. Therefore, actions to reduce costs or financially incentivize this behaviour could be effective.

While the mechanism for claiming medical expenses on tax returns is long-established, gym memberships and fitness expenses are currently explicitly ineligible for inclusion as an eligible medical expense. Making this change to the eligibility would allow Canadians to claim a little money back on this expense, making it more affordable and providing fitness operators with a new way to promote health and fitness amongst Canadians.

The cost of expanding this tax credit would be more than compensated by the overall benefits of increasing fitness and health amongst Canadians.

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[167] Global Health & Fitness Association, “Economic Health & Societal Well-being: Quantifying the Impact of the Global Health & Fitness Sector,” June 2022.

CANADA REVENUE AGENCY

For example, in the first study of its kind to estimate the economic costs associated with sedentary behaviour in Canada, it was shown that a 10% decrease in sedentary behaviour would result in an estimated $219 million per year in costs avoided.[168]

But beyond that narrow focus on excessive sedentary behaviour, the positive economic impacts of physical activity more broadly are shown to be substantially greater.

In a significant study by the Fitness Industry Council of Canada, 4GLOBAL and Sheffield Hallam University, it was estimated that the total net value of health savings generated by sport and physical activity in Canada is $23.4 billion, and the total number of cases of disease prevented across seven analyzed conditions was 2.2 million.[169]

A model for this type of tax credit can be found in Newfoundland and Labrador. The Physical Activity Tax Credit provides a refundable tax credit of up to $2,000 per family, and is positioned by the Provincial Government as an incentive for accessing sports and recreational activities while also supporting the fitness sector.

A further model could be the *Prescription to Get Active* program,[170] which sees fitness facilities partner with healthcare partners to discuss the importance of physical activity with their patients while giving them access to community recreation. This model also provides examples of the fitness industry's capability to support attendance and payment records, potentially necessary for auditing purposes.

Given the challenges the fitness sector has overcome and the importance and value of increasing health and fitness amongst Canadians, the Federal Government should add fitness memberships and expenses as an eligible medical expense on tax returns.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Include fitness memberships, classes, and other similar costs as eligible medical expenses for inclusion as a deduction on federal income tax returns through line 33099.

Note: This policy resolution was renewed in 2024.

[168] Chaput, JP., Janssen, I., Lang, J.J. *et al.* Economic burden of excessive sedentary behaviour in Canada. *Can J Public Health* **114**, 165–174 (2023). https://doi.org/10.17269/s41997-022-00729-2
[169] Fitness Industry Council of Canada, 4GLOBAL and Sheffield Hallam University . "THE IMPACT OF OUR SECTOR: Report A health valuation of sport and physical activity in Canada" August 2022. Accessed online: https://4global.com/app/uploads/2022/08/Canadian-Social-Value-Report-Eng-V5.pdf
[170] https://www.prescriptiontogetactive.com/

CRA PROCESS - COST OF INEFFECTIVE PROCESSES ON BUSINESS AND MANAGEMENT

Issue

In these complicated times of red tape and bureaucracy, businesses in Canada are finding it increasingly difficult to focus on what's important, mainly providing goods and services to the Canadian consumer at a reasonable price.

One of the main stress points in any business today can be a letter, email, or phone call from CRA regarding an issue with one of their tax returns. Many can relate to how CRA will want to review and discuss a return from many years ago.

This policy resolution is intended to address areas where process costs and expenses may be managed more cost-effectively and efficiently.

Background

The first *Income Tax Act* was passed into legislation in 1917 to fund World War 1, and was about ten pages long. The Act is now over 3000 pages long, including amendments and regulations.

Canadian taxpayers and businesses must deal with all CRA requests, some of which can result in a subsequent reversal of the same request. This can cause businesses to incur material costs of time and expenses to clear up the request.

The following are a few examples of actual cases where a CRA request created cost and frustration for prominent Kamloops business owners. The first example is a case where CRA made a mistake.

"In recent years, we have noticed a substantial increase in audit activity by the CRA. This is obviously a CRA prerogative; however, when a CRA request is caused by errors made within the CRA, an unfortunate side effect can be the fees we have to pay our accountant (and staff) and potentially tax experts to deal with the request."

"One of our companies recently underwent a GST audit, and the results came back that we owed a very substantial amount of money. We felt that this was in error and took it to our accountant for review. As you are likely aware, taxation specialists are very expensive, and we paid over $23,000 in professional fee invoices to have this matter resolved. The resolution, as it turned out, was that the CRA admitted an error on their part. The CRA determined that they actually owed us a small amount of money, but we had still paid over $23,000 in fees as a result of their error".

"It seems unfair that the CRA has no consequences for this, where there can be substantial and costly impacts to businesses with no compensation available."

Another business member issue brought forward involved a particular CRA process requirement whereby the delays by CRA are not penalized consistent with how a business would be penalized – a clear inequity. In this situation, the business mistakenly sent double payroll deduction payments to CRA. In an attempt to have the extra payments refunded, CRA clearly noted that their policy on any refunds requires lengthy forms to complete and delays for up to at least six months. Conversely, if a taxpayer is found to owe anything to CRA, it is payable immediately, with interest charges and possible penalties, which may apply immediately.

It would appear that some logical system changes could result in substantial cost-effectiveness for both the CRA and for businesses and equity in the penalties for holding cash or not complying on a timely basis.

A third example can involve missed rule changes. CRA can and does change how they like things done to make it easier for them.

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In this case, a contractor was required to submit a form on each contractor they did business with by completing and submitting form T5018. Historically, the forms were individually prepared on paper and sent to CRA for them to process. In this case, as of January 2024, the CRA decided the form T5018 needs to be submitted electronically and not on paper. The contractor meticulously filed the paper forms for the year 2023; CRA received them, processed the paper forms, and then charged the contractor with a $125.00 fine because they had not submitted the forms electronically.

The Taxpayer Bill of Rights was introduced to create accountability, cooperation, and supportiveness. This included a commitment to the individual taxpayer and small- to medium-sized businesses.

Under subsection 10 of this Taxpayer Bill, they mention the cost of compliance. The bill goes on to show how to reduce the cost of compliance but does not take into consideration the actual dollars required for a small- or medium-sized business to spend on additional accounting services or the additional internal administration cost required to dedicate employees to manage the request.

Further, the Office of the Taxpayer Ombudsperson was created to improve the service of the CRA. To exemplify the position of this paper, Taxpayer Ombudsperson Francois Boileau states: *"CRA generally succeeded in upholding its values of professionalism and respect when working with Canadians. However, the high number of enquiries and complaints we received this year shows there is room for improvement, notably in terms of better, timelier, and more transparent communication with the public."* The Ombudsperson has said that the CRA must tighten up its communication and professionalism regarding any communication with the taxpayer. Communication is likely not the only significant improvement needed.

Both the CRA and the Taxpayer Ombudsperson, as well as *the Taxpayer Bill of Rights*, could provide more cost-effective services if they used a comprehensive concept (assessment model for decision-making and measurement of outcomes) for their services. A comprehensive concept for their services could include a filter that intentionally considers the costs and requirements of businesses regarding their interfaces and interactions with the CRA. The following provides a few examples of what might be developed with a more comprehensive approach.

1. Where the CRA has an accurate submission from a business queried by the CRA which is found to be accurate, the business costs for responding to the CRA queries should be eligible to be submitted to the CRA, and the costs incurred should be recoverable, potentially from any other assessments, penalties or interest revenues.
2. Where CRA processes cause costs and requirements for businesses that may be more cost-effectively managed to deliver the same service objectives, these should be identified and incorporated into plans for upgrading the CRA processes to capture the benefits in the future.
3. Where the CRA's service processes interact with taxpayer businesses, the CRA could maintain a set of metrics to collect data regarding the cost-effectiveness of its performance. This could lead to continuous improvement in the effectiveness and efficiency of CRA processes for both the CRA and the business.

An example of crown corporations being financially responsible for their actions is the Rogers/Shaw merger, where the Commissioner of Competition challenged the merger without merit. Rogers and Shaw incurred great expense convincing them that the merger was legitimate. Subsequently, the Competition

Tribunal ordered the Commissioner of Competition to pay Rogers and Shaw $13 million in costs. This demonstrates a potential for government processes to be accountable for their cost-effectiveness regarding their interactions with businesses.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Establish within the CRA a more comprehensive approach to providing its services to the business community to enable the delivery of more cost-effective services.
2. Establish an additional level of CRA accountability and measures reporting to the Ombudsperson on the cost-effectiveness of the CRA services, including the incorporation of the costs to businesses.
3. Establish a cost recovery mechanism to allow the taxpayer to recover costs related to tax auditing or assessment when no wrongdoing is found.

Note: This is a new 2024 policy resolution.

CANADA REVENUE AGENCY

MADE IN CANADA – INCLUSIVE TAX POLICY PROCESS (ITPP)

Issue

After *"50 Years of Cutting and Pasting,"* Canadian taxation, in general, has become far too complex to understand, administer, and manage. In the present environment, there is a need and an appetite to examine the anatomy of the Canadian taxation system closely to determine best practices and implementation methods. It has also been determined that a study of other countries' existing tax review and implementation systems that are working is worth a look.

Background

One of the core issues experienced by the business community today, which truly understands the need for efficient taxation, is how to determine how best to create a system of taxation that is not only efficient but measurable and in the best interest of all.

Because governments at all levels have made an unprecedented commitment to borrowing money to manage pandemic-related issues, the time is now to implement a new tax policy process to ensure tax efficiency going forward.

Further, Canadians say they want action to simplify Canada's tax system, according to a Nanos Research public opinion survey on tax commissioned by CPA Canada. Over 81% of Canadians see a comprehensive tax review as a priority for the Federal Government, with more than one in three (35%) saying it should be a high priority.[171]

A base taxation review system has been in place and has been time-tested since 1994. The system, created and implemented in New Zealand, is called The Generic Tax Policy Process (GTPP). It ensures that the tax system remains not only calibrated to the political goals of the party in power but also reflects broader changes the country is going through.

John Cuthbertson, tax leader for Chartered Accountants Australia & New Zealand, says the most salient element of the process is that it's undertaken *"holistically,"* meaning that specific changes to the system must account for their impact on the entire tax code, including policies governing charities, retirement savings and the environment. The government has dubbed the exercise *"a national conversation on the future of tax."*

It's an impressively transparent process and offers some important lessons, quite apart from the fact that New Zealanders don't have to wait half a century to make big fixes to their system. As CPA Canada's recent position papers on the subject point out, Canada's system is suffering from a host of shortcomings, including the loss of our corporate tax advantage since the U.S. slashed its rates; uncompetitive personal income tax rates and thresholds; an overreliance on income taxes; and administrative complexity.[172]

"The GTPP improves policy and regulatory outcomes and informs stakeholders in advance of regulatory changes. Submitters will often have better access to empirical information on the size and nature of the policy problem or opportunity. Consultation can also enhance voluntary compliance because it allows taxpayers more time to understand why we need to change, and more time to adjust to changes. There is an added sense of legitimacy and shared ownership if stakeholders have been given a chance to provide input."[173]

[171] https://www.cpacanada.ca/en/the-cpa-profession/about-cpa-canada/key-activities/public-policy-government-relations/policy-advocacy/cpa-canada-tax-review-initiative
[172] https://www.cpacanada.ca/en/news/pivot-magazine/2019-05-07-tax-reform-bruce-ball
[173] Tax Working Group Information Release Document September 2018: https://taxworkinggroup.govt.nz/key-documents.html

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A "*Made in Canada*" version of this initiative would finally give the people who pay the taxes in our country a say in how and how much the required taxes will be implemented and collected.

THE CHAMBER RECOMMENDS

That the Federal and Provincial Governments:

1. Initiate a task force including all relevant stakeholders to further explore, develop, and implement an efficient taxation system that includes a review of the New Zealand Generic Tax Policy Process (GTTP), as well as other successful models, in the development and implementation of a Made-in-Canada approach to taxation.

Note: This policy resolution was renewed in 2024.

CANADA REVENUE AGENCY

NATURAL ASSETS: STATUS REPORT ON GIVING A DOLLAR VALUE TO FORESTS, GREEN SPACES AND WETLANDS TO GROW CANADIAN BUSINESS

Issue

One of the pressing threats facing Canada and the world is the degradation of nature, exacerbated by climate change. The emerging ecological disaster is partnered with a destabilizing global economy, post-pandemic inflation, and gaping inequality. Canada can buffer these effects by taking advantage of its vast natural assets. This would ensure that nature is elevated to a position of core importance in business models and that its value is appropriately accounted for. Businesses would benefit from new accounting standards recognizing these changes and join global organizations in this advance.

Background

In 2021, the BC Chamber adopted the original iteration of this policy.[174] Adoption by the Canadian Chamber followed in 2022.[175] Significant progress has been made in the interim in some, but not areas, which is noted below.

First, to reiterate the problem and rationale for this update, we submit the following.

Investing in green infrastructure creates jobs, perhaps five more jobs per $1 million than traditional projects.[176] One UBC study looked at economic incentives in water management, the incentives and motivators that drive water use, and identified water uses that generate the greatest value to society.

Called *Applied Environmental Economics*, the science measures the value of environmental assets that are not traded.[177] A goal is designing policy instruments that reward environmental stewardship, while balancing the costs and benefits of alternative policies that impact the environment.

In 2021, our original policy pointed out that Infrastructure valuation is big business in Canada. But where do wetlands, green spaces and forests fit on those balance sheets? Increasingly, businesses and economists want to see these assets move from the tourism column as attractants for visitors to the country's economic assets column.

The Insurance Bureau of Canada now incorporates the total economic value of natural assets, highlighting, for example, the value wetlands offer in disaster-cost reduction for flood-prone communities.[178] There is a lack of certainty in the processes used and accountability for issues.

Factors that shape the context for natural infrastructure in BC reflect a dominant worldview of nature as property. This is entrenched in BC laws, where nature has no standing and property rights do not include obligations to protect and enhance services from nature. This contrasts with Indigenous worldviews, which generally hold everything as related and equally important as human beings.[179]

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[174] https://bcchamber-website.glueup.com/policy-search/natural-assets-giving-dollar-value-forests-green-spaces-and-wetlands-government

[175] https://chamber.ca/wp-content/uploads/2022/11/2022-Policy-Resolutions.pdf

[176] A study by Business Roundtable suggests that over a timeline of 20 years, there is an additional US$3.7 injected into the economy for every US$1 invested in infrastructure. KPMG https://kpmg.com/xx/en/home/insights/2020/06/covid-19-recovery.html

[177] "Drought Impacts, Irrigator Attitudes, and the Potential for Water Trading in the Okanagan" Janmaat, J., https://www.castanet.net/news/Vernon/326353/Okanagan-Basin-Water-Board-seeks-answers-on-commodification-of-resource

[178] Intact Centre on Climate Adaptation: study on Southern Ontario wetlands, reducing damage to the Grand River watershed by $50million in severe weather events. *Op. cit.*

[179] Page 4, Natural Asset Infrastructure in British Columbia: Barriers and Opportunities, https://mnai.ca/media/2023/02/BC-Barriers-Report-FINAL-3.pdf Published by Natural Assets Initiative

CANADA REVENUE AGENCY

What is a Natural Resource?

- A resource can generate economic benefits and/or service potential.
- A resource is naturally occurring. It came into existence without the actions of humankind.
- A resource is in a 'natural state,' not subject to human intervention.

Public sector entities in Canada initially led the process of natural asset valuation. The non-profit National Asset Initiative now plays a key role. Businesses and investors are taking note due to evolving ESG (Environmental, Social, Governance) criteria used to screen investments based on corporate policies. Investors increasingly apply these non-financial factors[180] as part of their analysis process to identify material risks and growth opportunities.

Across the country, natural assets provide substantial and perpetual valued economic benefits in mitigating the growing costs of extreme-weather disasters, particularly flooding. Naturally occurring ponds in Gibsons, BC, provide up to $4 million in storm-water storage benefits; a restored wetland in Manitoba provides a $3.7 million value in reducing floods, improving water quality and sequestering carbon; protecting four wetlands in New Brunswick delivers $1.4 million in reduced flood-damage benefits for Moncton; and wetlands provide a $49.8 million benefit to Quebec City for their ability to manage rainwater and reduce flooding. If these natural powerhouses didn't exist, we would have to build grey infrastructure at a considerable cost to contain the damage they mitigate for free.[181]

Growth in client business is an anticipated outcome of the shift in accounting standards. Both public and private sector firms are rapidly demonstrating the need and the growth.

General principles around valuing natural assets focus on the following:

- Subsoil resources
- Water
- Living resources

Recognizing a Natural Resource as an Asset

To work for business, this recognition must be demonstrated on an organization's GPFS – general purpose financial statements. To be recognized, a natural resource must meet the definition of an asset and be measurable for the GPFS.

The International Federation of Accountants published a new 'Strategy and Work Program 2024-2028'[182] leading a new proposed International Public Sector Accounting Standard on natural resources, along with general requirements for disclosure of sustainability-related financial information. If adopted, this will be a step forward.

There remains a problem with leadership at the government level, as natural assets currently fall outside of traditional accounting frameworks. Accounting efforts are constrained to narrow examples dictated by ownership and control, falling short of what is actually required.

Assets not meeting the recognition test are unlikely to be classified as assets, with downstream implications for company value, stock value and insurability. Appropriate bases of measurement must be

[180] https://policyoptions.irpp.org/magazines/october-2023/value-natural-assets-properly/; https://www.cpacanada.ca/business-and-accounting-resources/financial-and-non-financial-reporting/sustainability-environmental-and-social-reporting/publications/valuing-natural-capital

[181] https://www.theglobeandmail.com/business/commentary/article-its-time-to-reveal-the-hidden-value-ofcanadas-natural-assets/

[182] 9 Intact Centre on Climate Adaptation: study on Southern Ontario wetlands, reducing damage to the Grand River watershed by $50million in severe weather events. https://www.intactcentreclimateadaptation.ca/wp-content/uploads/2018/09/WetlandsROI-Infographic-FINAL.pdf

established once an item is recognized as an asset. Businesses and public sector entities must:

- Record the specific natural resource description
- Account for activities related to each
- Apply asset recognition criteria
- Measure considerations specific to each resource
- Disclose considerations

Guidance and common practices on accounting activities relating to subsoil resources, such as minerals (including petroleum) and water, have already been developed.

Numerous Canadian municipalities began shifting to natural asset valuation criteria. They are measuring, valuing, investing in, and managing forests, wetlands, and foreshores for municipal service-delivery benefits, such as stormwater management, drinking water filtration, and coastal zone protection.

This pattern can be transferred to business once accepted accounting standards are agreed upon and insurability and valuation are codified. Natural infrastructure assets play a role in climate resilience, and their contributions can be quantified in dollars and cents. [183] In 2016, a framework was established by the Intact Centre on Climate Adaptation (University of Waterloo), the Insurance Bureau of Canada and the International Institute for Sustainable Development to help assess this contribution. Recent statistics suggest that the loss of natural infrastructure in Canada is already a pressing problem. In southern Ontario, an estimated 72% of the original wetlands have been lost to development (e.g., agriculture, urban sprawl and other land conversion). In Alberta, approximately 64% of the original wetlands in settled areas no longer exist. In BC, more than 70% of the original wetlands have disappeared in the lower Fraser Valley and parts of Vancouver Island, and an 85% wetland loss has been documented in the South Okanagan. [184]

Currently, public sector financial statements do not recognize natural infrastructure as assets. This practice will change once the prohibition in the CPA Canada Public Sector Accounting Handbook (Financial Statement Concepts, Section PS 1000, Paragraph 57) is modified.

Not only does this exclusion result in conservative financial reporting, but also means financial statement users cannot know the extent or value of natural infrastructure assets and how they contribute to an entity's future ability to provide services. Financial statement users have no transparency concerning potential changes in the value of natural assets, and responsible investors have no reliable measures.

If a business or municipality has natural resources, such as wetlands, forests, and ponds, it is prohibited from reflecting those as assets on its financial statements. The municipality is also not required to report in its financial statements whether those natural resources have been damaged by pollution or natural disasters—this lack of transparency results in lower accountability for safeguarding natural resources. [185]

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[183] As Canada advances its climate commitments made under the Paris Agreement, the United Nations' Sendai Framework for Disaster Risk Reduction, and the Pan-Canadian Framework on Clean Growth and Climate Change, it needs to revise its accounting rules to enable public sector entities to use natural infrastructure for climate change mitigation and adaptation. If it does not change its internal accounting rules, Canada's natural assets will continue to degrade and disappear – and the costs of climate catastrophes will continue to climb.

[184] In 2016, a framework was established by the Intact Centre on Climate Adaptation (University of Waterloo), the Insurance Bureau of Canada and the International Institute for Sustainable Development to help assess this contribution. Recent statistics suggest that the loss of natural infrastructure in Canada is already a pressing problem. In southern Ontario, an estimated 72% of the original wetlands have been lost to development (e.g., agriculture, urban sprawl and other land conversion). In Alberta, approximately 64% of the original wetlands in settled areas no longer exist. In BC, more than 70% of the original wetlands have disappeared in the lower Fraser Valley and parts of Vancouver Island, and an 85% wetland loss has been documented in the South Okanagan Intact Centre on Climate Adaptation: a study on Southern Ontario wetlands, reducing damage to the Grand River watershed by $50million in severe weather events. https://www.intactcentreclimateadaptation.ca/wp-content/uploads/2018/09/Wetlands-ROI-Infographic-FINAL.pdf

[185] As Canada advances its climate commitments made under the Paris Agreement, the United Nations' Sendai Framework for Disaster Risk Reduction, and the Pan-Canadian Framework on Clean Growth and Climate Change, it needs to revise its

The econometrics of this challenge are becoming better known, and an example in addition to the above would include carbon sequestration—the ability of nature to capture carbon dioxide in the atmosphere — which slows down the rate of climate change, again demonstrating its impact on Canadian businesses.

Many businesses continue to see green initiatives as corporate social responsibility rather than central financial operations. This confuses investors.

There is a strong interest in getting Canadian governments, private companies and standards bodies on the same accounting page as many international firms through the work of the Capitals Coalition.[186] A series of roundtables in Ottawa and Toronto are ongoing so stakeholders can share information and best practices. This will allow more regular information sharing and help Canada to be represented in the work of the Capitals Coalition globally.

<u>New Reporting</u>

New reporting could include:

- New/updated Canadian accounting standards to measure and value natural resources
- Update regulations to balance environmental profit and loss against actual profit and loss
- Re-allocation of capital to incentivize investors to redirect investments in green-aware companies
- Working closely with the Capitals Coalition in the Impact Management Project, helping investors measure and report the impacts of their investments.

Ecological habitat and water have implications for business, industry, commercial, residential and personal property and welfare. Who is entitled to use water, at what proportions, and how land is valued and accounted for remains under study. Many regulations, federally and provincially, protect and identify those values. This ask is straightforward: appreciate and evaluate the wealth of natural assets. The practicality of this question is complex and has implications for the country's future economic health in both the private and the public sectors.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. Establish practical guidelines and national standards for inventory, management, and valuation of local government natural assets.
2. Allow for the inclusion/representation of natural assets in public sector financial statements.
3. Establish accountabilities within the context of Ministerial mandate letters, with an obligation for several Ministers to collaborate to achieve results.

Note: This policy resolution was renewed in 2024.

accounting rules to enable public sector entities to use natural infrastructure for climate change mitigation and adaptation. If it does not change its internal accounting rules, Canada's natural assets will continue to degrade and disappear – and the costs of climate catastrophes will continue to climb.

[186] The Capitals Coalition is a global group – encompassing many larger companies, governments, international organizations and standards bodies – that shares knowledge from around the world, establishes global standards and advocates to convince the various players to synchronize their efforts. It has also developed a series of protocols that combine current thinking from different organizations. https://capitalscoalition.org/canadian-cities-are-counting-on-nature-its-paying-off/ October 21, 2017

DEPARTMENT OF FINANCE

A PLAN TOWARDS FISCAL STABILITY AND ECONOMIC STABILITY

Issue

Inflation has been relatively sticky for the last year. As a result, the Bank of Canada has elected to raise interest rates. Interest rate increases have impacted many people and will continue to do so. Interest rate increases have resulted in unaffordable mortgages for businesses and homeowners. These high rates also put pressure on the economy, resulting in business closures. The Federal Government has another policy lever to curb inflation: a budget surplus. Instead of increasing the cost of living and attempting to reduce it by creating more debt, the Federal Government should use a lever that has been proven effective, which is balancing its budget and running a surplus. High government spending not matched by sufficient revenue can lead to fiscal deficits. To finance these deficits, the government may resort to borrowing from the central bank or financial markets. When the central bank creates money to buy government debt (monetary financing), it can potentially increase the money supply, leading to inflation.

Background

To curb inflation, Governments may pursue a contractionary monetary policy, reducing the money supply within an economy. The BoC implements contractionary monetary policy through higher interest rates. By increasing interest rates, less money will circulate in the economy by incentivizing banks and investors to buy Treasuries, which guarantee a set rate of return, instead of riskier equity investments that benefit from low rates.

Due to the high levels of inflation, the BoC increased interest rates. The Consumer Price Index (CPI) has steadily decreased in some respects, but this is primarily due to geopolitical circumstances such as the war in Ukraine that was impacting oil prices. The domestic impact of interest rate increases has caused bank lending rates to increase, which has caused the cost of living to inflate dramatically.

Given that CPI includes prices of oil and groceries, which are imported commodities not significantly affected by domestic policy, there is a school of thought that government spending can curb inflation. Some say that during inflation, the government should have a surplus. During a recession, a government should spend money to stimulate the economy. So, during inflationary periods, governments should reduce spending, ultimately reducing the money supply, to bring inflation down.

However, the information below shows the Government of Canada's spending and budget deficits during inflation:

2021 Budget	2022 Budget	2023 Budget
$90.2 billion deficit [187]	$43.0 billion deficit (updated forecast)	$40.1 billion deficit (budgeted)

In the 2023 Q1 report, it was noted that over the previous four quarters, the Federal Government deficit decreased by $54.8 billion compared with the same period a year earlier to stand at $27.2 billion. Both an increase in revenue (+$25.2 billion), driven by nominal GDP growth (+8.7%) and a decrease in expenses (-$29.6 billion) contributed to the deficit reduction. Although total Federal Government expenses decreased, interest expenses increased by $8.3 billion as interest rates rose sharply.[188]

The aggregate principal amount of money the government will borrow in 2023-24 is projected to be $421 billion, about 85% of which will be used to refinance maturing debt.[189]

[187] https://nationalpost.com/news/canada/its-official-canada-ran-a-90-2-billion-deficit-last-year
[188] https://www150.statcan.gc.ca/n1/daily-quotidien/230626/dq230626b-eng.htm
[189] https://www.budget.canada.ca/2023/report-rapport/anx2-en.html#:~:text=The%20aggregate%20principal%20amount%20of,used%20to%20refinance%20maturing%20debt.

DEPARTMENT OF FINANCE

The Inflationary Effects of Higher Debt and Excess Spending

The link between excessive public debt and inflation is well-documented in economic literature. Studies such as the research by Reinhart and Rogoff (2010) have shown that when a country's debt-to-GDP ratio exceeds a certain threshold, usually around 90%, economic growth slows down, and inflation rates tend to increase.[190] This suggests that the continuous accumulation of debt and unrestrained spending can lead to inflationary pressures, adversely affecting the overall economy and reducing citizens' purchasing power.

Fiscal Surplus as a Measure of Economic Prudence

Contrary to the inflationary impact of high debt, fiscal surplus acts as a powerful economic stabilizer. A research report by the International Monetary Fund (IMF) in 2018 revealed that countries with prudent fiscal policies, characterized by running surpluses during periods of economic expansion, were better equipped to weather economic downturns with lower inflation rates. Building fiscal reserves during times of economic growth allows governments to stimulate the economy during downturns without resorting to excessive borrowing, which can mitigate inflationary pressures.

Striking the Right Balance

Pursuing fiscal surplus should be balanced with responsible spending in crucial areas such as infrastructure, education, and social welfare. By strategically allocating funds to areas that contribute to long-term economic growth and social development, the government can bolster the economy while maintaining fiscal discipline.

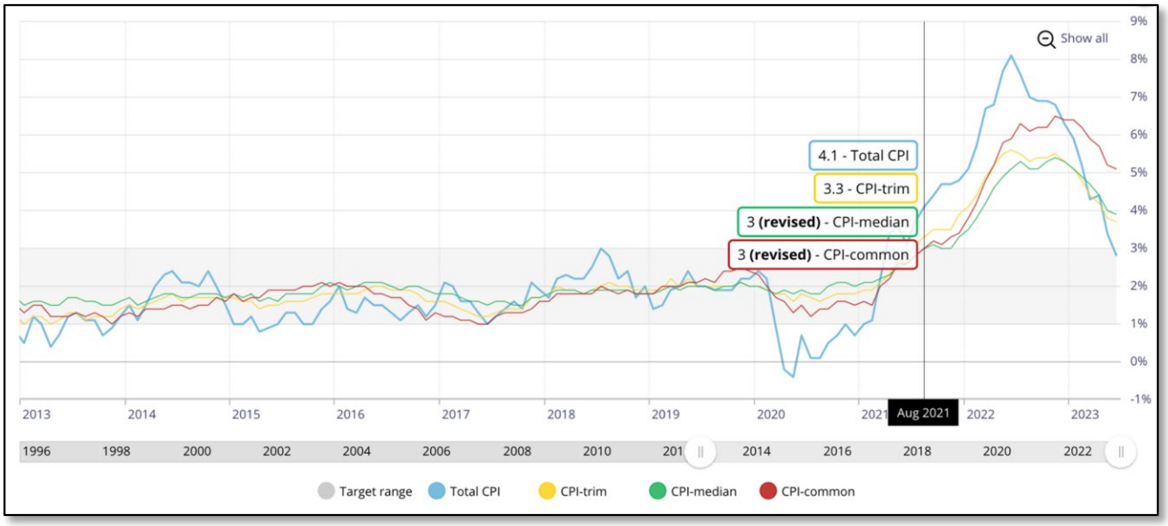
Building Economic Resilience

In a globally interconnected and unpredictable economic landscape, a fiscal surplus provides an essential buffer against potential shocks. The ability to respond to unforeseen events, such as economic downturns or natural disasters, without resorting to inflationary measures or excessive borrowing, is crucial to safeguarding the nation's economic well-being.

Future inflation levels should be better monitored, and action should be taken by the Central Bank expeditiously. Based on *Chart 1* below, it is evident that CPI-trim, CPI-media, and CPI-common (the three indicators the Central Bank uses when determining interest rate increases or decreases) were edging above the targeted levels in August of 2021. Although Canada's GDP was at a modest 0.4% growth (monthly change) in August 2021[191], the trend in the graph below shows a clear trajectory of CPI towards an unsustainable level. This was the opportune time to begin increasing interest rates to cool inflation.

[190] https://mpra.ub.uni-muenchen.de/24376/1/MPRA_paper_24376.pdf
[191] https://www150.statcan.gc.ca/n1/daily-quotidien/211029/dq211029a-eng.htm

Chart 1: Total CPI, CPI-trim, CPE-median, CPI-common and Target Range



Source: Key inflation indicators and the target range, Bank of Canada[192]

<u>Monetary Policy Framework Renewal</u>

The Bank of Canada and the Government of Canada work together to set the Bank of Canada's monetary policy tools for the next five years.[193] This document sets the Bank of Canada's ability to influence monetary policy. The previous monetary policy framework highlights a focus on interest rates as the primary means of correcting inflation.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Should adopt a fiscal anchor and budgetary framework that ensures Federal Government spending is aligned with the goals of monetary policy to ensure low and stable inflation rates. This means reducing ineffective and inefficient spending, as well as the growth of spending and targeting budget surpluses during normal economic times.

Note: This is a new 2024 policy resolution.

[192] https://www.bankofcanada.ca/rates/indicators/key-variables/key-inflation-indicators-and-the-target-range/
[193] https://www.bankofcanada.ca/wp-content/uploads/2021/12/Monetary-Policy-Framework-Renewal-December-2021.pdf

DEPARTMENT OF FINANCE

PROPOSAL TO RENEW AND EXPAND THE IMMEDIATE EXPENSING INCENTIVE TO ENCOURAGE PRIVATE INVESTMENT IN HEALTHCARE DIAGNOSTICS AND DELIVERY INFRASTRUCTURE

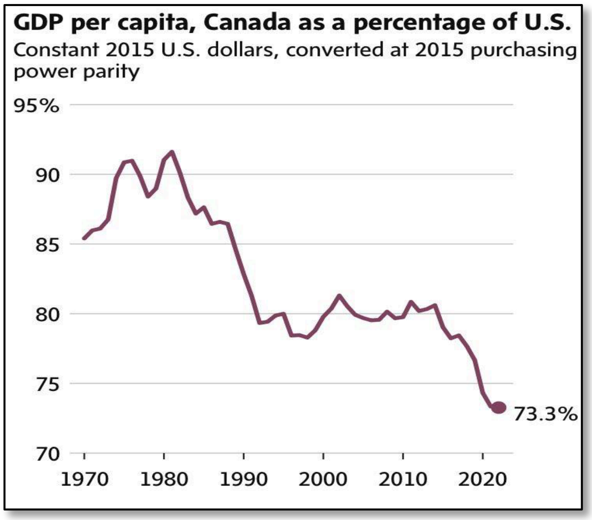
Issue

As the Immediate Expensing Incentive program expires, two competing national crises overlap within healthcare to reduce capacity and harm productivity across all sectors. Introducing new private capital investment within healthcare will go a long way towards resolving this bottleneck. We encourage all levels of government to incentivize private investment for capital expenditures like diagnostic imaging systems, operating theatres, and mobile clinic infrastructure. And while eligible businesses are currently able to claim up to a total of $1.5 million in tax depreciation via the *Immediate Expensing Incentive*, the average cost for new MRI and CT machines is ~$2 million. It is not unusual for clinics to operate multiple diagnostic imaging systems.

Background

Canadian productivity is tanking. As The Globe and Mail recently reported, *"Per capita GDP, after adjusting for inflation, is now below where it was in the fourth quarter of 2014, nine years ago."*[194]

Chart 1 – GDP per capita, Canada as a percentage of U.S.



Source: The Globe and Mail, OECD

Healthcare wait times are bad and getting worse. The median wait time from GP referral to treatment has increased by 198% since 1993 to 27.7 weeks.[195] Healthcare spending represents 12.1% of the 2023 nationwide GDP[196], but that's not enough; our surging/aging population is driving the country toward a massive investment deficit in healthcare diagnostics and delivery facilities.

Private clinics deliver essential, publicly funded medical services across Canada. Rather than disrupting the single-payer system, private investment facilitates flexible and timely responses to evolving healthcare demand. For example:

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[194] Coyne, Andrew. 2024. Canada Is No Longer One of the Richest Nations on Earth. Country after Country Is Passing Us By. The Globe and Mail. The Globe and Mail. March 1, 2024. https://www.theglobeandmail.com/opinion/article-canada-is-no-longer-one-of-the-richest-nations-on-earth-country-after

[195] *Waiting Your Turn: Wait Times for Health Care in Canada, 2023 Report*. 2023. Fraser Institute. Fraser Institute. December 7, 2023. https://www.fraserinstitute.org/categories/health-care-wait-times.

[196] *National Health Expenditure Trends*. 2023. Canadian Institute for Health Information. Canadian Institute for Health Information. November 2, 2023. https://www.cihi.ca/en/national-health-expenditure-trends.

- OHIP-funded MRIs, CT scans, GI endoscopies, orthopedic surgeries, and cataract surgeries are offered at more than 900 private clinics in Ontario.[197]
- 4% (13,000) of publicly funded surgeries in BC are performed at private clinics.[198]
- Among private clinics in Canada, public funding supports 29.5% of MRI scans and 64.7% of CT scans[199] (MRIs have fewer private-pay constraints in some provinces).
- Although more than half of all long-term care homes in Canada (54%) are privately owned,[200] ~75% of the beds they contain are publicly funded.[201]

In 2021, the Federal Government introduced the *Immediate Expensing Incentive* to *"…provide a temporary accelerated deduction to encourage investments by small and medium-sized Canadian businesses and thereby accelerate the economic recovery while supporting productivity growth in the longer term"*[202] to a limit of $1.5 million. This temporary incentive expired December 31, 2023, for Canadian Controlled Private Corporations, and will expire December 31, 2024, for individuals and Canadian partnerships, all the members of which are individuals.

Canada's *Drug and Health Technology Agency* indicates the country has experienced a net *"1.5% decrease in the total number of medical imaging units over the last ten years…"* which leads *"…to delays in patient diagnosis and treatment."*[203]

Dr. Gilles Soulez, president of the Canadian Association of Radiologists (CAR), estimates *"…the economic impact of longer medical imaging wait times (are) in the range of $3.5 billion in terms of lost GDP, due in part to people ending up in need of more urgent, more invasive care or not being able to work while they wait."*[204] The CAR projects that an investment of $1 billion for new medical imaging equipment will be required over the next three years.

According to the *European Coordination Committee of the Radiological, Electromedical and Health IT Industry* (and cited by the *Canadian Agency for Drugs and Technologies in Health*), there are three "golden rules" used to assess the capacity of medical imaging stock to meet the demands of a health care system:

- At least 60% of imaging equipment should be five years old or less.
- No more than 30% of imaging equipment should be between six and ten years old.
- No more than 10% of imaging equipment should be older than ten years.

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[197] *Ontario Preparing for next Step in Private Clinic Expansion*. 2024. CBC Toronto. CBC Toronto. January 17, 2024. https://www.cbc.ca/news/canada/toronto/ont-private-clinics-1.7086744.

[198] *$393M in Contracts given to Private Health-Care Clinics in BC Over 6 Years, Report Finds*. 2022. CBC British Columbia. CBC British Columbia. August 24, 2022. https://www.cbc.ca/news/canada/british-columbia/ccpa-report-health-care-contracts-1.6561119.

[199] *Use of MRI and CT in Private Imaging Facilities in Canada (2021-2023)*. 2023. Canadian Journal of Health Technologies. Canadian Journal of Health Technologies. October 2023. https://canjhealthtechnol.ca/index.php/cjht/article/view/CM0010/1616.

[200] *Long-Term Care Homes in Canada: How Many and Who Owns Them?* 2021. Canadian Institute for Health Information. Canadian Institute for Health Information. June 10, 2021. https://www.cihi.ca/en/long-term-care-homes-in-canada-how-many-and-who-owns-them

[201] *Ensuring Quality Care for All Seniors*. 2018. Canadian Health Coalition. Canadian Health Coalition. November 2018. https://www.healthcoalition.ca/wp-content/uploads/2018/11/Seniors-care-policy-paper-.pdf.

[202] "Government of Canada - Accelerated Investment Incentive." Canada.ca, November 27, 2023. https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/report-business-income-expenses/claiming-capital-cost-allowance/accelerated-investment-incentive.html.

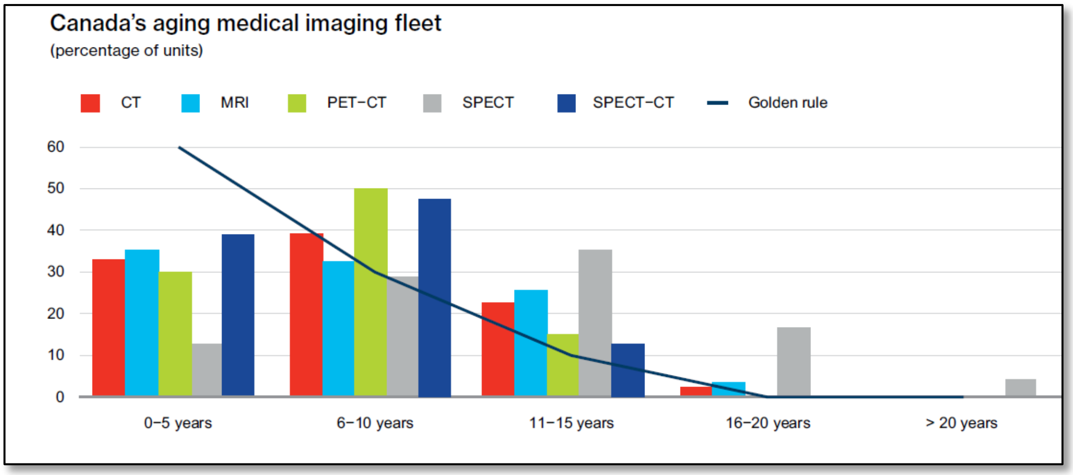
[203] R *The Canadian Medical Imaging Inventory: 2022–2023*. 2023. Canada's Drug and Health Technology Agency . Canada's Drug and Health Technology Agency . December 7, 2023. https://www.cadth.ca/sites/default/files/hta-he/HC0024_cmii_2022_2023_evidence_preview.pdf.

[204] Daniel, Dianne. 2023. *Hospitals and Imaging Centres Are Grappling with DI Backlogs*. Canadian Healthcare Technology. Canadian Healthcare Technology. February 7, 2023. https://www.canhealth.com/2023/02/07/hospitals-and-imaging-centres-are-grappling-with-di-backlogs.

DEPARTMENT OF FINANCE

In Canada, the age of the imaging fleet has turned these targets upside-down. Despite heavy public spending (at 33%+ of the budget, healthcare is the single largest budgetary item across all provinces), 66% of the fleet is more than five years old, and 27% is essentially aged out at 11+ years (See Chart 2).[205]

Chart 2 – Canada's Aging Medical Imaging Fleet



Source: The Conference Board of Canada

Encouraging Investment

More investment is required to reduce wait times, improve outcomes, and streamline productivity not only among healthcare delivery organizations but also among the patients they serve, insofar as eliminating bottlenecks will allow patients to be diagnosed and treated more *promptly so they can get back to work*. As Dr. Daniel Jenkin, past president of the General Surgeons of BC, explained in 2023, *"People cannot even access a surgical waitlist until they get off a radiology waitlist; it's a huge bottleneck."*[206]

Financial Impact of the Immediate Expensing Initiative

The Parliamentary Budget Office (PBO) provided a Legislative Costing Note for the Immediate Expensing Incentive program in 2021, the cost of which to date is indicated in Table 1.[207]

Table 1 – Cost of Immediate Expensing Initiative ($ millions)

Fiscal year	2021-22	2022-23	2023-24	Cost to Date
Total Cost	916	1,091	687	2,694

Source: Parliamentary Budget Office

The extent to which this program has been leveraged in BC since 2021 is estimated to be $370,694,400 on a per capita basis, given that BC's population (5,609,870) constitutes 13.76% of the national total (40,769,890).[208]

[205] Sutherland, Greg, Nigel Russell, Robyn Gibbard, and Alexandru Dobrescu. 2019. The Value of Radiology, Part II. The Conference Board of Canada. The Conference Board of Canada. June 2019. https://www.conferenceboard.ca/wp-content/uploads/woocommerce_uploads/reports/10328_The-Value-of-Radiology_RPT.pdf.
[206] Daflos, Penny. 2023. *Radiologists Warn "Dangerously Long" Wait Times Could Worsen as BC Clinics at Risk of Closure*. CTV Vancouver. CTV Vancouver. June 19, 2023. https://bc.ctvnews.ca/radiologists-warn-dangerously-long-wait-times-could-worsen-as-b-c-clinics-at-risk-of-closure-1.6447831.
[207] Bernier, Govindadeva. 2021. *Immediate Expensing for Canadian-Controlled Private Corporations (CCPC)*. Office of the Parliamentary Budget Office. Office of the Parliamentary Budget Office. July 21, 2021. https://www.pbo-dpb.ca/en/publications/LEG-2122-019-S--immediate-expensing-canadian-controlled-private-corporations-ccpc--passation-charges-immediate-societes-privees-sous-controle-canadien-spcc.
[208] *Population Estimates, Quarterly*. 2024. Statistics Canada. Statistics Canada. March 7, 2024. https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000901.

DEPARTMENT OF FINANCE

Resolving the Bottleneck

New capital investment will not solve all the factors contributing to the bottleneck, but it will help. Acquisition and retention of skilled human resources is a challenge. Additional technologists and support staff are and will be needed. Burnout is a persistent threat aggravated by aging equipment and overtaxed technology platforms. Providing technologists with new equipment that reduces downtime, improves efficiency, and facilitates better/more timely patient outcomes will enhance workplace satisfaction, thereby improving opportunities to acquire and retain skilled technologists.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Recommit to the *Immediate Expensing Incentive* for the healthcare sector for a minimum of five years.
2. Expand the *Immediate Expensing Incentive* to $5 million in total per year when used to purchase new diagnostic imaging systems, operating theatres, and mobile clinic infrastructure.

Note: This is a new 2024 policy resolution.

GLOBAL AFFAIRS CANADA

USE EXISTING TRADE LAWS TO BENEFIT CANADA'S INTERESTS

Issue

The trade tensions Canada experiences for four years during the presidency of Donald Trump will not go away overnight. On the contrary, President Joe Biden has made some policy decisions that have negatively impacted the Canadian economy, cost Canadian jobs, and undermined the already fragile trade relationship between Canada and the United States. Canada must utilize every tool in its international trade tool chest to show its determination in putting the interest of Canadians and our economy at the forefront. One such tool is using our existing trade laws, Section 53 of the Customs Tariff.

Background

The United States has a powerful economy. It is one that has been built from amassing wealth, natural resource extraction, open borders, and intricate financing, among a plethora of other contributing factors. As the wealthiest nation in the world, it has developed a trade imbalance with its trading partners. It has developed policies to ensure all trading relationships benefit their industry. These policies include Section 201 (safeguards) and Section 301 (import restrictions on intellectual property and technology) of the *United States Trade Act* of 1974[209] and Section 232 (surcharges) of the *Trade Expansion Act*.[210]

Section 201, Section 301, and Section 232 have been used abundantly by the United States in the last four years by former President Trump. They have been used against the European Union (the EU), China, and, more pertinently, used or threatened to be used against Canada for a variety of reasons. The use has destabilized various markets in Canada.

Section 232 gives the president the executive authority to apply tariff surcharges or other restrictions for national security reasons in times of genuine international emergency. Originally intended to be used to open markets by reducing tariffs, Trump used Section 232 against imports from China, the EU, and Canada for the opposite effect.

Section 301 was similarly enacted to liberalize trade and forge relationships to reduce foreign trade barriers that impede the United States from trading with different countries. The Act gives the president the authority, such as using tariffs and non-tariff forms, to make a foreign country remove any act, policy or practice that violates an international trade agreement that burdens or restricts US commerce.

Canada has utilized the World Trade Organization to settle any trade disputes. This leads to lengthy and costly negotiations that sometimes have no beneficial resolution. Instead, Canada should look to use Canadian law to ensure that foreign actors are not jeopardizing Canada's domestic and international economic interests. While the US has a plethora of trade statutes, Canada has one that can provide Cabinet with the means to retaliate effectively and efficiently: Section 53 of the *Customs Tariff*.[211]

Section 53 says:

> (2) *Notwithstanding this Act or any other Act of Parliament, the Governor in Council may, on the recommendation of the Minister and of the Minister of Foreign Affairs, by order, for the purpose of enforcing Canada's rights under a trade agreement in relation to a country or of responding to acts, policies or practices of the government of a country that adversely affect, or lead directly or indirectly to adverse effects on, trade in goods or services of Canada, do either of the following:*
>
> (a) *suspend or withdraw rights or privileges granted by Canada to any country under a trade agreement or Act of Parliament; [or]*

[209] https://www.govinfo.gov/content/pkg/STATUTE-88/pdf/STATUTE-88-Pg1978-2.pdf
[210] https://www.govinfo.gov/content/pkg/STATUTE-76/pdf/STATUTE-76-Pg872.pdf
[211] https://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/menu-eng.html

(b) *make goods that originate in any country [...] or a class of such goods [...] subject to a surtax in an amount, in addition to the customs duty provided in this Act and the duties imposed under any Act of Parliament or in any regulation or order made under any Act of Parliament, for those goods or that class of goods;*

Cabinet is able to implement countermeasures without the need for parliamentary or WTO approval, similar to Sections 232 and 301 in the US. The Minister of Finance and Minister of Foreign Affairs must make the recommendation, though, which follows an order from Cabinet. Section 53 can also be used when a foreign government enacts policies that are detrimental to Canada, whether they impact trade or otherwise. This Section can be used when governments are carrying out humanitarian atrocities, condemning those actions and upholding Canadian values.

The Canada-US Relation Committee would carry out many duties because our relationship with the US is complex and interconnected on many levels. Additionally, Buy American orders by President Biden may be a cause for concern. The Committee would need to apprise the government and the public on how this will impact Canadian industries, trade access, and Canadian jobs.

The Federal Government had established a committee, which has not been active in recent years.[212] This committee should be restarted and include presentations from relevant stakeholders and Provincial Governments.[213]

Canada has used Section 53 when the US imposed steel and aluminum tariffs in 2018. The use resulted in tariffs remaining until May 2019 after negotiations. The Trump administration then used Section 232 tariffs on aluminum in June 2020, which Canada responded to with a promise to impose Section 53 on September 16, 2020. Due to this threat, the Trump administration removed the tariffs a day before Section 53 was to take effect.

Short of a public display of power, as the US has done in the past, it is difficult to discern when policies are enacted that disadvantage Canadian interests. There used to be a publication on foreign trade barriers for Canadian companies. The government could utilize this tool to understand when Canadian companies are experiencing difficulty in trading abroad. Global Affairs should publish this annual report once again. While an annual report on the state of Canada's trade performance is issued by Global Affairs,[214] there is no longer a separate report listing foreign trade barriers faced by Canadian exporters of goods and services. The Trade Commissioner Service has a facility allowing Canadian exporters to register trade barriers, but there is no comprehensive public disclosure of those obstacles.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Reinstate the annual publication on foreign trade barriers submitted by Canadian companies.
2. Continue to use Section 53 of the *Customs Tariffs Act* to combat tariffs and other policies that impede Canadian trade interests where appropriate and deemed advantageous in the long term to Canadian interests.
3. Restart the Canada-US Relations Committee and include consultations from relevant stakeholders, such as the Boards of Trades/Chambers of Commerce, and the Provincial Governments in its mandate.

Note: This policy resolution was renewed in 2024.

[212] https://www.ourcommons.ca/Committees/en/CAAM/StudyActivity?studyActivityId=11159195
[213] https://www.ctvnews.ca/politics/mps-agree-to-form-special-canada-u-s-relations-committee-1.5311327?cache=yes
[214] https://www.international.gc.ca/gac-amc

HEALTH CANADA

CYBERSECURITY AND HEALTHCARE

Issue

The race to create a COVID-19 vaccine through collaboration across industries and pharmaceutical companies has exposed more cybersecurity risks than ever before. COVID-19 is not going to be the last pandemic we will face, but it has taught us valuable lessons about the inadequacies of our cybersecurity, which need to be addressed. In research and development, clinical trials, manufacturing and distribution, there's a proliferation of potential threats that cyber attackers are targeting, as evidenced.[215]

These attacks led to billions of dollars in stolen intellectual property (IP), disruption to supply chains and negatively impacted public perception of the vaccine, delaying appropriate uptake. The Government of Canada needs to ensure that disruption to vaccine manufacturing, distribution, and IP theft is mitigated.

Background

In April 2020, the United States Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA) and the United Kingdom's National Cyber Security Centre (NCSC) published a joint alert that proved a litany of attacks on information related to COVID-19. These attacks came in the form of cyber-attacks perpetrated by cybercriminals and advanced persistent threats (APT).

Threats observed include:

- Phishing, using the subject of coronavirus or COVID-19 as a lure.
- Malware distribution, using coronavirus- or COVID-19- themed lures.
- Registration of new domain names containing wording related to coronavirus or COVID-19.
- Attacks against newly—and often rapidly—deployed remote access and teleworking infrastructure.

Some of the most significant threats include attacks on research and development, clinical trials, manufacturing, and distribution. These attacks are jeopardizing economic recovery due to delays, stolen IP, and reduced public trust in the vaccines. These issues were only highlighted as a result of the COVID-19 pandemic and the production of vaccines.

Government agencies are also at risk of cybersecurity threats as vaccines are developed. Genome Canada funds COVID-19 vaccine supply chains must be protected. While pharmaceutical companies should make every effort to secure the supply chain, the distributors of the vaccine must also be secure as sensitive data can be leaked at any moment, leading to cascading negative impacts. As the primary distributor of the vaccine, Governments at the Federal and Provincial levels must align themselves with security measures that are being undertaken by the pharmaceutical industries. The government should also ensure that vaccine producers are securing their supply chain before purchasing more doses. Some of these measures include:

- Taking a Zero Trust-based approach to secure endpoints across the vaccine R&D, clinical trials, manufacturing, distribution networks, and all phases of vaccine development cycles.
- Incorporating multi-factor authentication across the vaccine supply chain.
- Prioritizing privileged access management across the vaccine supply chain.
- Assess security readiness in vaccine supply chains and ensure a unified security model for all agencies and companies involved.
- Work with pharmaceutical producers to implement enhanced cybersecurity measures.

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[215] https://us-cert.cisa.gov/ncas/alerts/aa20-099a

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Ensure that vaccine manufacturers implement enhanced cybersecurity measures to protect supply chains by ensuring they:
    a. Take a Zero Trust-based approach to secure endpoints across the vaccine R&D, clinical trials, manufacturing, distribution networks, and all phases of vaccine development cycles.
    b. Incorporate multi-factor authentication across the vaccine supply chain.
    c. Prioritize privileged access management across the vaccine supply chain.
    d. Assess security readiness in vaccine supply chains and ensure a unified security model for all agencies and companies involved.
    e. Work with vaccine manufacturers so that they can implement these enhanced cybersecurity measures.

Note: This policy resolution was renewed in 2024.

A STRATEGY TOWARDS EMISSIONS REDUCTIONS

Issue

In 2022, Environment and Climate Change Canada issued Canada's *2030 Emissions Reduction Plan*. The government indicated they heard from 30,000 Canadians in the consultation process; however, the impact these programs will have on taxes and debt remains to be seen or understood.

Many questions were not answered, such as: What's realistic? How feasible are the Plan's projected 2030 outcomes? What are their implications for the economy, for households, and for businesses? We also need to understand the results of previous plans, as we have had emissions targets since the 1980s, and Canada has always fallen short.

Background

The Canadian Government unveiled its *2030 Emissions Reduction Plan – Canada's Next Steps for Clean Air and a Strong Economy.*

This Plan includes $9.1 billion in new investments and intends to implement economic measures such as carbon pricing and clean fuels, while also targeting actions sector by sector, ranging from buildings to vehicles to industry and agriculture.

The plan highlighted the following actions:

- $150 million Canada Green Buildings Strategy.
- Canada Greener Homes Loan program will receive an additional investment of $458.5 million
- Expanding the Low Carbon Economy Fund through a $2.2billion renewal.
- $180 million Indigenous Leadership Fund.
- $400 million for zero-emission vehicles (ZEVs) charging stations.
- Canada Infrastructure Bank will invest $500 million in ZEV charging and refuelling infrastructure.
- $1.7 billion to extend the Incentives for Zero-Emission Vehicles (iZEV) program.
- Emission reductions in the oil and gas sector to 31% below 2005 levels by 2030 (or 42% below 2019 levels).
- Establish a Pan-Canadian Grid Council to promote clean electricity infrastructure investments.
- $600 million in the Smart Renewables and Electrification Pathways Program to support renewable electricity and grid modernization projects.
- $250 million to support predevelopment work for large clean electricity projects.
- Developing a carbon capture, utilization, and storage (CCUS) strategy.
- Investing $194 million to expand the Industrial Energy Management System to support ISO 50001 certification, energy managers, cohort-based training, audits, and energy efficiency–focused retrofits for key small-to-moderate projects.

The plan also indicated a sales mandate for 20% of new light-duty vehicle sales to be zero-emission vehicles (ZEV) by 2026, increasing to 60% by 2030 and 100% by 2035. The electric grid and energy generation are reaching capacity. We need to ensure our infrastructure can sustain such high demand.

The modelling process for the Emissions Reduction Plan involved three steps. The first was to establish an updated reference case that is the foundation on which the measures included in the Emissions Reductions Plan were layered. Measures with sufficient detail were modelled in a 'bottom-up' modelling exercise described in this Annex. Finally, a 'back casting' exercise was run to identify the most economically efficient reductions by sector to achieve the 40% objective by 2030.[216]

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[216] https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/plan/chapter-3.html

NATURAL RESOURCES CANADA

While we support some of the initiatives noted above, specifically the expansion of the Industrial Energy Management System, predevelopment work for large clean electricity projects, grid modernization project investments, and ZEV charging infrastructure, which enhance economic activity and inclusion, the business community is concerned with the impact this plan may have on the Canadian economy. For example, car manufacturers' ability to actually deliver the EVs indicated in the plan. Additionally, the industry needs time to transition to meet the emissions cap identified in the plan.

It is also noted that permitting and regulatory burdens will delay the implementation of new technology. New infrastructure (electrifying) will be slow. We need to enhance these burdens and rely on realistic timelines given the size of many of the projects and the slowness of permitting. All sectors will need to gather equipment, have labour available, and build infrastructure.

We need to ensure that changes to the ERM will be transparent and won't be accelerated in a way that penalizes industry. We must also ensure greater policy certainty and durability and avoid moving the goalposts for industry where requirements become more stringent in an unreasonable amount of time. It is important that participants largely know what to expect in the future and can rely on expectations when making decisions today.

The plan highlights a need for intergovernmental coordination but has not indicated what provincial, territorial, regional, or municipal processes it will complement. Additionally, the private sector requires greater insight into implementing the funds and validating that they are easily capitalized.

Balancing economic prosperity and growth with climate change targets is necessary, but it needs to be reasonable and balanced. All climate change targets will invariably impact the cost of living and could impact businesses' bottom lines. We need to ensure that the plan in place will balance these costs.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Annual review of the ERP, including reviewing the timelines indicated in the Plan to ensure they are actionable and practical for the industry to implement.
2. Address the slowness of permitting and ensure all sectors can gather equipment, have labour available and build infrastructure.

Note: This is a new 2024 policy resolution.

TRANSPORT CANADA

ENHANCING PORT SAFETY AND EFFICIENCY

Issue

Organized criminal (OC) groups have two main uses for marine ports: profit-oriented crimes that generate revenue, such as importation of illegal drugs, counterfeit goods (tobacco products, pharmaceutical products, clothing), and undocumented immigrants and cargo theft; and tactical support crimes to facilitate their profit-oriented activities. This involves corruption of, and to a lesser extent intimidation of, industry insiders, security and law enforcement personnel. Stolen cars and domestically produced synthetic drugs were cited as the most frequent illegal goods exported through Canadian commercial marine ports.

Legislation exists to reduce criminality at Ports, but as OC groups become more sophisticated, different measures are needed. Some of the ways the Government of Canada can enable ports to reduce criminality include: port training for local police forces of jurisdiction, a broader security clearance program to include more categories of persons, enhancing security plans to ensure a plan is in place for criminality not just critical infrastructure, and information sharing among supply chain partners.

Background

Ports are important hubs for trade and transportation, and they can be susceptible to various types of crimes, including smuggling, drug trafficking, human trafficking, theft, and more. To address these concerns, Canadian authorities, including law enforcement agencies, border security, and customs officials, work to monitor and safeguard the country's ports. They have various security measures and protocols in place to prevent and respond to criminal activities.

There are several federal acts and regulations in Canada that have jurisdiction over criminal activity in Canadian ports. These laws and regulations provide the legal framework for managing and addressing criminal activities in and around the country's ports. Some key federal acts and regulations include:

1. *Criminal Code of Canada*: A federal law that defines most of the criminal offences that the Parliament of Canada has enacted.
2. *Canada Shipping Act, 2001*: This Act governs various aspects of shipping and marine transportation in Canada. It includes provisions related to safety and environmental protection in Canadian waters and ports.
3. *Customs Act*: This Act provides the legal framework for the Canada Border Services Agency (CBSA) to enforce customs and immigration laws at ports of entry, including seaports. It grants CBSA officers the authority to inspect goods, vessels, and individuals and to seize prohibited or illegal items.
4. *Controlled Drugs and Substances Act*: This Act deals with the regulation of controlled substances, including illegal drugs. It has jurisdiction over drug-related criminal activities that may occur in or around Canadian ports.
5. *Canada Marine Act*: This Act provides the legal framework for the governance and regulation of Canada's ports and port authorities. It addresses various aspects of port operations and management but excludes reference to security.
6. *Marine Transportation Security Regulations (MTSR)*: These regulations came into force on July 1, 2004. They provide a framework for detecting security threats and taking measures to prevent security incidents that could affect marine vessels and their facilities.[217]

[217] https://tc.canada.ca/en/marine-transportation/marine-security/marine-transportation-security-regulations

TRANSPORT CANADA

Starting in 2005, organized criminal (OC) activity in major commercial marine ports has seen an increase in the transport of chemicals for making synthetic drugs within the country, the export of synthetic drugs produced domestically to foreign ports, and a significant rise in the import of counterfeit consumer goods, especially cigarettes.[218]

OC groups use various methods to operate, which include smuggling methods and concealment techniques, such as use of shipping containers, concealing contraband among legitimate imported goods by using fraudulent shipping documents, use of transit countries, and cooperation among different criminal groups; corruption and internal conspiracies using corrupted labourers, often in influential positions critical to unloading, moving, and storage of marine containers, as well as those who prepare the necessary documents for off-loading and inter-modal shipping in marine port terminals; intimidation of dock workers and law enforcement personnel for unfettered movement of contraband-filled containers.[219]

Europol, along with the Security Steering Committee of the ports of Antwerp, Hamburg, Bremerhaven, and Rotterdam, has launched a study that examines the issue and recommends enhanced collaboration between the public and private sectors to build a common front against organized crime. One such method highlighted in the report is the use of misappropriated container reference codes, or PIN code fraud, which is gaining popularity as a means of extracting illicit goods from ports. The use of misappropriated container reference codes requires the corruption of only one individual and either the corruption or a Trojan horse-style infiltration of extraction teams.

These teams are then paid 7-15% of the value of the illegal shipment.[220] Such data does not exist for us to understand, so it would be prudent for the Government of Canada to commission a study to understand the shortcomings identified by Europol.

In a report published in September of 2023, it was noted that *The Marine Transportation Security Act* that governs port access lacks a robust security clearance process for individuals working at the ports.[221]

Additionally, terminals are required to provide security plans to Transport Canada.[222] These regulations ensure a security plan to protect and secure critical infrastructure. These plans need to be enhanced to include criminality.

Integrated policing and police presence at the ports are other effective tools to reduce criminality at ports.[223] One such option that has been presented by Peter German is the integrated seaport, airport, and transit police, similar to the Seattle model. This model would have the RCMP's seaport and airport policing work with Metro Vancouver Transit police to create a force with critical mass and allow for specialized units. Additionally, a specialized division should be established within Delta and Vancouver's police forces to work in conjunction with the integrated forces.

[218] https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/rgnzd-crm-brf-25/index-en.aspx
[219] https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/rgnzd-crm-brf-25/index-en.aspx
[220] https://www.porttechnology.org/news/criminal-networks-targeting-major-ports-for-infiltration-and-control/
[221] https://www.delta.ca/sites/default/files/2023-09/Peter%20German%20-%20Policing%20Our%20Ports.pdf
[222] https://tc.canada.ca/en/marine-transportation/marine-security/marine-transportation-security-regulations
[223] https://www.delta.ca/sites/default/files/2023-09/Peter%20German%20-%20Policing%20Our%20Ports.pdf

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Fund the creation of an integrated policing division that includes the RCMP's seaport and airport division, as well as the creation of a specialized division within Delta and Vancouver's police forces to specifically respond to port-related matters.
2. Commission a study to understand how many containers are inspected and whether there are misappropriated container reference codes.
3. Amend the *Marine Transportation Security Act* to include criminality and robust security clearance processes for all individuals visiting, conducting work at, or working at terminals.
4. Enable greater information-sharing between key agencies, municipal police of jurisdiction and port authorities.
5. Allocate funding and resources to support security initiatives at ports, including the purchase of security equipment, technology, and personnel training.

Note: This is a new 2024 policy resolution.

BC Chamber of Commerce

INNOVATING FOR IMPACT

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