

July 21, 2020

SUBMISSION TO THE PROVINCE OF BC

Re: BC Recovery Plan – Recommendations for Effective Spending of \$1.5B Federal Funds to Speed up Business and Community Recovery from the Kelowna Chamber of Commerce

Our submission highlights specific Okanagan issues around the spending of federal funds to incent recovery in our area. Some of these issues will echo the input you have received from the BC Chamber of Commerce, a vital member of your COVID-19 Recovery Taskforce. We keep in close touch with our colleagues from other Chambers in the Okanagan through our Valley Policy Alliance. Meeting weekly, these nine chambers feed information up to the Kelowna Chamber. All policy input is fed directly to the BC Chamber for consideration by the Province.

We appreciate the moderated approach that the Province has undertaken as the pandemic impacted our residents, our businesses and our community. We feel extremely fortunate to have had non-partisan leadership as the issues of unemployment, business closures or suspensions and impact on the community took hold since March as that has not been the case in many other jurisdictions. A road to recovery will be long and bumpy, but we believe that with the input of knowledgeable business leaders, many solutions can be found and applied in an accelerated manner to improve a long-term economic rebound.

Issues

We have identified six key issue areas for provincial consideration which we highlight here.

1. Accelerating infrastructure programs aimed at job creation.
2. Continued focus on streamlining taxes and regulatory processes to lessen tax burden on job creation/stimulus projects/initiatives.
3. Facilitation of cost savings measures through greater cooperation among all three levels of government including accelerated discussions focused on local government amalgamations to take advantage of economies of scale.



4. Financially back-stopping local governments so they can waive or significantly reduce DCCs (development cost charges) on new development, particularly with a focus on affordable and attainable housing.
5. Paying attention to labour force demands/needs around daycare and schooling.
6. Continued attention to critical issues impacting our economy – such as invasive species (Quagga Mussels), affordable housing, mental health & addictions, and balanced access to resources in light of caribou protection.

Issues - Details

1. Accelerating infrastructure programs aimed at job creation

Multiple infrastructure areas could see immediate progress from additional funding. Some are shovel-ready.

Building & Accessibility

Outdated infrastructure in commercial and residential structures requires updating based on newly adopted building standards (e.g., The BC Energy Step Code). Clarity on accessibility standards and cost-effective requirements would allow builders to move more quickly, as would incentives or grants to avoid housing and commercial building cost increases to homeowners.

Transportation infrastructure

The Okanagan is in desperate need of transportation spending to quicken rubber tire supply chain traffic to/from the US and to/from the coast/Alberta and east. The Kelowna Chamber created a policy adopted in 2019 by the BC Chamber: “Accelerating Transportation Infrastructure to Serve One of the Fastest Growing Economies in the Country”. It is of more importance now than ever that the massive expenditures required on the Coast, such as the Massey Tunnel replacement, not overshadow the critical transportation needs of the Okanagan, which will enable the efficient flow of goods and an improved inter-community (regional) transit system which allows people to easily and affordably get to their places of employment no matter in which community they live. Alongside our regional Chamber partners, we are currently involved with the City of Kelowna Transportation staff in planning a regional Commercial Goods Study, as outlined in our



adopted policy. Federal funds could assist in underwriting the costs of this study through the Ministry of Transportation.

Resource Infrastructure

The ailing forestry industry, as well as our other BC resources, including mining, petroleum and LNG, all require massive and thoughtful infrastructure expenditure. Attracting contributing investors will not only create new jobs but ensure a brighter future for these backbones of BC's economy. Ensuring that BC's resources can reach trade gateways on the west coast is a basic component of benefitting from these rich natural gifts.

High Speed Internet

Several of our collegial chambers in our Valley Policy Alliance have petitioned for wider access to high speed internet in their catchment areas. (Enderby, Armstrong-Spallumcheen in particular). We recognize that the Province has made a commitment to broadening access in order to improve the ability of business and citizens to take advantage of this technology. Apportioning some of the recovery funds to this initiative would be a positive step and aid economic recovery and growth in rural areas that surround the major metropolitan areas in the central Okanagan.

2. Continued focus on streamlining taxes and regulatory processes to lessen tax burden on job creation/stimulus projects/initiatives

Tax Fairness

It is clear that small business owners, their employees, and citizens – expect and deserve a fair taxation system. An example of what is seen as an unfair tax in the central Okanagan is the Speculation and Vacancy Tax. Now would be an excellent time to modify this geographic based tax by removing its application on fellow Canadians. The tax is efficient in extracting revenue for the Province, but it hasn't made housing more affordable for the average family. In addition, it has driven urban sprawl by shifting investment away from West Kelowna and Kelowna to adjacent communities. If the tax applied to foreign buyers only, who are the true speculators in the Okanagan, this change might help stimulate investment in



housing, thereby addressing both the need for affordable housing and also helping the economic recovery post COVID-19.

Layer Effect

Our most pressing issues revolve around the layering on of new taxes, and the cumulative impact of increased taxation and regulation at every level of government. BC is losing ground in its efforts to be competitive in the global marketplace.

One example is housing: three levels of government add an average of \$88,000 to the cost of new-build housing, according to the most recent annual study by MNP LLP. Ironically, because of DCCs, tax and regulation costs are higher on affordable than on market housing (single family dwellings), although both are similarly impacted. Additional annual income required to cover built-in taxes when purchasing a new-build averages \$14,500 according to local studies conducted on behalf of the Urban Development Institute. By continuing to use housing as a revenue stream for government at all levels, housing is pushed out of reach for many Canadians.

Tax relief for BC business has never been a more important component of short-, medium- and long-term success. As businesses emerge from the force-fed pandemic economy, they must have tax relief to survive. As such, the road to recovery should include long-term tax corrections wherein businesses are not seen by government as a well of infinite depth to fund ever more ambitious social projects. Businesses must be able to re-invest in keeping their businesses current, evolving and healthy in order to survive and serve our province's population. Tax reform, HST, VAT, ending the spec tax, correcting tax unfairness, re-examining property transfer tax and municipal tax inequalities: all must be put on the table and evaluated by joint business-government policy makers.

Regulatory Processes

Regulations within the resource sector have come close to killing off the industry: forestry, mining, petroleum – over regulation, and regulation that is antithetical to other existing regulation, are the main culprits. Business must be invited to the table to clarify what is needed: Canada is one of the cleanest and most forward-looking countries regarding environmental standards in the world. Regulations within each



industry reflect this, and businesses should not be whipsawed by minor viewpoints which serve neither the environment nor the needs of the province's residents as a whole.

Numerous policies and recommendations have been submitted by the province's chambers of commerce through the BC Chamber. It is time to address the burden that over regulating creates, and the deadening effect it has on our economy.

3. Facilitation of cost savings measures through greater three-level government cooperation including accelerated discussions around local government amalgamation to benefit from economies of scale.

Governments at all levels need to be diligent in reviewing their financial situations and the next budget cycle to limit short term impact on taxpayers – taxpayers who clearly will be challenged meeting their taxation obligations – even if income and property taxes are frozen at current rates. It means every option should be on the table for consideration including:

- Tapping into the hundreds of millions of non-committed tax dollars currently being held by various economic trusts across the province. No one is helped by those funds sitting in the bank when businesses are going bankrupt and unemployment rates are ballooning. A short-term consolidation of those funds followed by rapid deployment of programs aimed at helping small businesses survive and/or grow through to 2021 would be of great value to the Okanagan and the province as a whole.
 - Accelerating discussions by adjacent local governments in metropolitan regions of the province in areas where they can share services to save money or become more efficient up to and including local government amalgamations.
 - Requiring local governments to review their reserves and where possible, authorizing local governments to use those reserves for short term stabilization of operating budgets.
 - Providing interest free loans (through MFA – Municipal Finance Authority) for local government infrastructure projects. This provision could be tied to infrastructure projects which help reduce greenhouse gas emissions and/or improve the quality of life for citizens.
- 4. Financially back-stopping local governments so they can waive or significantly reduce DCCs (development cost charges) on new development, particularly with a focus on affordable and attainable housing.**



Development cost charges continue to increase across the province and Kelowna is no exception. The City of Kelowna recently doubled the DCCs that apply to new builds in 2020-2021. This increase has pushed new housing even further out of reach of first-time, and many move-up buyers. If cities are strapped for cash, temporary targeted funding that supplements revenue expected to be extracted through local government development cost charges and fees could be covered by the Province through utilization of the funding provided by the Federal Government. These funds could go a long way to alleviate the inequalities within our municipalities and districts. DCCs are tied to parks – parks are important to citizens; therefore, if federal funding allows less reliance on DCCs, park construction in our communities could be realized more quickly.

It is imperative that funding received by the Province of BC be spread fairly throughout the province, including interior communities, which have borne a heavy economic impact. Higher supply chain costs, cancelled air transportation, and tourism closures have hurt rural economies. Providing federal funding has the ability to narrow this urban/rural divide and improve the economy of the entire province. Closing the digital divide for rural communities is a good example of what should be a priority.

5. Paying attention to labour force demands/needs around daycare, care for K-7 and schooling

K-7 school availability directly affects the labour force in the Okanagan, and by extension, throughout the Province.

Schools can assist in our economic recovery by making adaptations that reduce strain on our workforce and assist in reducing COVID-19 transmission. For example:

- K-7 schools might be run for extended hours, say 7:30 a.m. to 5:30 p.m., to avoid expanding social circles (school + daycare) and relieve working parents of finding daycare spaces (reduced on account of COVID-19 spacing). Funding for additional daycare workers and teachers could be accessed from the special funding.
- The Province's five-stage plan for schools provides priority for children of essential workers. To the extent schools have surplus capacity (i.e., space for students below the 50% threshold), priority should be given to children without childcare during work hours.



- To permit greater spacing, schools can be run 7-days per week, with students assigned to days on the basis of when their parents do not have childcare at home (e.g., children of stay-at-home parents / CERB recipients attend school on weekends).
- 6. Continued attention to critical issues – such as invasive species (Quagga Mussels), affordable housing, mental health and addictions and balanced access to resources in light of caribou protection.**

Taking our Eyes off the Ball

In nearly every endeavour since March, we have found that when we turn all our attention to this new crisis, i.e., the pandemic, other critical areas requiring ongoing attention, suffer. Four issues come to mind which we list here:

Invasive species - plants

Invasive plant species in the Okanagan and on the high desert in southern BC continue to plague our cattle industry. Funding was already minimal for control and research, and renewed attention must be paid to this critical issue – time is the great villain when dealing with living organisms. Once established beyond a certain point, eradication is not feasible, either economically, or through environmentally-acceptable means. Funds could create jobs to improve tracking and removal of these plants.

Invasive species - mussels

Quagga and zebra mussels have edged closer to our freshwater lakes in the Okanagan over the past few years. Our MPs and our MLAs have advocated for better monitoring at all border crossings into BC, whether from the US, Alberta or Alaska. Since these mussels are now in BC, highway monitoring stations need to be set up closer to non-invaded areas.

Once established, these mussels cannot be eradicated. The costs to water-related infrastructure, and tourism are in the millions of dollars annually. Numerous case studies in Canada's freshwater resources are living proof of the cost of ineradicable invasions. Again, time is the villain – if we wait much longer, the invasive mussels will be here, and our window of opportunity to prevent this scourge will have closed.



There could be no better use for a portion of the federal spending than on this clean water initiative.

Mental Health & Addictions – Health Issues and Homelessness

We have found that COVID-19 has exacerbated the impact of this broad spectrum of societal issues. In May 2020, the Kelowna Chamber saw its home-grown policy “Keeping BC Communities and Their Economies Safe in an Era of Drug Addiction, Mental Health Issues and Homelessness” strongly supported throughout the province, where no community is escaping the fragmentation of the lives of some of its citizens and the destruction of businesses and built-up areas.

We repeated the well-known information that the Province is experiencing a mental health and addiction crisis. Mental illness and addiction affect one in five people across Canada, significantly impacting business and the economy. Further, untreated (or undertreated) mental illnesses and addictions are pervasive within the homeless population, which can lead to anti-social behaviour affecting public safety that can, in turn, affect local business. In addition, un- or under-treated mental illnesses and addictions complicate the transition of homeless into permanent housing and can lead to recidivism in offenders, increasing the costs of social housing and to our justice system.

The infusion of federal funding presents an opportunity to act on our six policy recommendations, and ask that recovery funding be redirected to these areas which could help alleviate the critical profile of mental health and addiction issues. We ask that the Province:

1. Ensure a sustained commitment to a historic four pillar approach to mental health and addictions by reallocating funds and/or making a major investment to ensure the treatment pillar is supported to meet community needs and public demands.
2. Ensure regional integrated teams are properly resourced to provide effective and assertive treatment to minimize impact on citizens and the business community resulting from mental health and addictions issues among the homeless population.
3. Establish a “campus of care” where persons with mental health and addiction challenges who cannot care for themselves in a safe manner will be provided year-round accommodation and treatment in a safe, secure and friendly manner.
4. Engage Regional Health Authorities to ensure all harm reduction materials discarded in public and private spaces, are removed and costs to achieve this outcome are borne by the Ministry of Health.



5. That a combined effort by government Ministries makes available unused or under-utilized government-controlled or owned spaces, to provide immediate addictions recovery and/or mental health services outside the lower Mainland in one or more locations across BC.
6. Work with the Federal Government to coordinate care and funding of treatment; and establish a dialogue across Canada to coordinate treatment and policy around illicit drug use and drug legalization.

Balancing Caribou protection with access to the Backcountry

The provincial government and BC Chambers across the interior, central and north have been in discussions for several years, looking for balance between caribou protection and access to natural resources and the backcountry. Both herds and back-country recreation must find ways to co-exist. The Kelowna Chamber has been active in discussions with the key ministries over this issue and recommends that while other pandemic-related subjects continue to take the limelight, that this critical issue for the ongoing economic health of back-country recreation providers not be forgotten. Tour guides, equipment rental agencies, accommodation providers: all are caught up in the uncertainty of the future of the Province's decision on this issue.

We appreciate the Province's consideration in reviewing these brief points and thank you for inviting public input.

KELOWNA CHAMBER OF COMMERCE

About the Kelowna Chamber of Commerce

The Kelowna Chamber of Commerce acts as a single powerful voice for our 1000 members and their 15,000 plus employees to promote local business and community interests. The Chamber provides a cohesive business and community network for our members to expand their business contacts, offer value-added benefits, programs, and services aimed at improving the bottom line of Chamber members' businesses as well as local not-for-profit organizations. The Chamber's mission is to foster a positive business environment by providing our members with leadership, advocacy and services of value. The Chamber's Policy Advisory Committee, chaired by a Board Director, actions issues of key importance to members, including taxation, transportation, cannabis legislation, and employment and housing. The Valley Policy Alliance brings together ten Chambers from Osoyoos to Enderby, including Kelowna, to discuss and determine policy directions for these broad-based business and community associations.

