



Budget 2010 Consultation

Presentation by the Canadian Union of Public Employees

To the British Columbia Select Standing Committee on  
Finance and Government Services

October 23, 2009

**CUPE BC 2010 Pre-Budget Submission**  
**Executive Summary**  
**October 23, 2009**

- CUPE in British Columbia represents 80,000 people working in a wide variety of sectors delivering public services. As citizens they are also very active in their communities.
- We believe the government's choice to reduce its deficit in the September Budget Update is far more damaging to the economy than a larger temporary deficit.
- We believe there is great value in government services and, in fact, in many cases these government services are a far better investment for taxpayers than choices they could make individually.
- The programs cut by the provincial government to give short term financial relief will cause significant long term harm that will be costly to all British Columbians. The public sector wage freeze announced by the government will damage the economy more than help it. Public sector wages buy groceries and cars. We shop in our downtowns. Thanks to this wage freeze these merchants will see fewer public sector dollars.
- School Boards face growing funding problems. In an unprecedented move CUPE has joined in opposition to cuts in this sector with the BC School Trustees Association, the BC Confederation of Parent Advisory Councils and the BC Teachers' Federation.
- We believe cuts to libraries and literacy programs will undermine the future of the province and should be reversed.
- Post Secondary education has funding issues both for students and employees. Raised tuition fees, reduced student support and a lack of summer work have made things very hard for students. The government has not fully funded growth in enrolment.
- In childcare and Community Social Services workers are not paid enough, given their skills, to retain them in their work.

The government's choice to pursue public private partnerships is a costly mistake that places a burden on future generations

# **Budget 2010 Consultation**

## **Pre Budget Submission**

The Canadian Union of Public Employees (CUPE) appreciates the opportunity to present our views on the needs of our members in the development of the Province's Budget which will be presented in March 2010.

We feel that we are uniquely situated to comment on the delivery of services to the citizens of British Columbia because we deliver so many of those services. It would perhaps be helpful to begin with a short description of who we are.

### **CUPE: WHO WE ARE**

The BC Division of CUPE represents approximately 80,000 workers in the province. Roughly one third of these people work in each of the school board and local government sectors. In school boards, among other things, we provide clerical and custodial services. We work directly with children in the classrooms beside teachers as Education Assistants. In our municipalities we provide a very broad range of services covering everything from information technology to waste management.

Our next largest sector is post secondary education where we represent nearly 14,000 people providing both support services and work in the classrooms and assisting professors as teaching assistants. In this, as in all our sectors, our members work both inside and outside our facilities.

In the health sector we represent paramedics who, as you know, have not been able to achieve a collective agreement despite the frustration of a six month strike whose efficacy has been undermined by a virtually total essential services order. We also represent people working in Health Boards.

Finally, we represent people working in libraries, community social services, boards and commissions and transportation.

Roughly two thirds of our members are women. Roughly one third of our members work part-time, many because of the lack of full-time jobs.

Nearly 70% of our members are over the age of 45. Of these members one third intends to retire within five years, their finances permitting. In short, one in every four CUPE members is considering retiring within five years.

This describes who CUPE members are in their work places, but it is not complete. CUPE members live in every community in this province. Our members are volunteers in our community agencies. We coach local baseball and hockey. We belong to local choirs and theatre companies. Our wages go to support local businesses. We believe that CUPE members are very much a part of the heart of our communities.

### **The 2010 Budget: What British Columbians Need**

As you can see from the above, CUPE members look a lot like other British Columbians. And we have the same concerns as other British Columbians. We polled our membership early in 2009. We found that the single biggest issue for CUPE members was the economy (43.5%). But the second biggest issue was employment (33.5%). Like all British Columbians, our members are worried about their jobs and the economy.

We believe the government can do more than they have to promote jobs and the economy.

While we will address some specific issues in this brief there are three fundamental points we wish to make.

1. We believe the government's choice to reduce its deficit in the September Budget Update is far more damaging to the economy than a larger temporary deficit.
2. We believe there is great value in government services and, in fact, in many cases these government services are a far better investment for taxpayers than choices they could make individually.
3. The programs cut by the provincial government to give short term financial relief will cause significant long term harm that will be costly to all British Columbians.

## The Deficit

In the September Budget update the finance minister announced \$3.4 billion in administrative and other savings over the next three years. For the 2009/10 year alone the fiscal plan documents announced there would be \$589 million in administrative and other savings as well as an additional \$454 million in discretionary and other spending reductions. In short, the government announced spending cuts of \$1.043 billion.

As we have seen so vividly from the pain witnessed across the province from service cuts in the last month, these sorts of spending cuts have real impacts on the life of British Columbians.

However, they also have real economic impacts on the economy of the province. Shortly before the Budget Update the Canadian Centre for Policy Alternatives published a report on the economic impact of spending cuts. The CCPA found:

“Spending cuts have spin-off effects throughout the economy. Using a model provided by the economic forecasting firm Informetrica, we calculate that spending cuts in the \$1 to \$2 billion range would further depress the BC economy (GDP) by 0.9 to 1.8 per cent, costing the province 18,000 to 35,000 jobs (in addition to recession-driven job losses). In contrast, if the government accepts the underlying deficit and adds an additional \$1 billion in stimulus spending, for example, it will boost GDP by 0.9 per cent or \$1.7 billion next year.”

The CCPA went further and looked at who would be hit hardest by these spending cuts.

“Government ministries outside health and education are likely to bear the brunt of spending cuts, yet these ministries were already pared to the bone in the early 2000s. Cuts to social services would be especially painful because they serve the most vulnerable British Columbians. The province cannot afford to push more people into hardship — despite years of economic growth, in 2007 (at the height of the boom), half a million British Columbians lived in poverty and BC had the highest child poverty rate in the country. Poverty has likely worsened since.

“BC’s middle class is also vulnerable. Most BC families take home lower incomes than their parents’ generation, and most entered the recession with record-high levels of household debt. Many British Columbians would have nowhere to turn if they lost their job — only about half the unemployed qualify for EI and the benefit

rates are low. Reducing access to services like child care or public libraries will only shift costs onto individual families and make it harder for them to weather the economic storm.”

We believe the decision to cut spending by \$1 billion a year is a mistake that is being paid for by low and middle income British Columbians. We are in an economic downturn that has led to a cyclical deficit.

We believe the economy and revenues will recover. We have real concerns, however, that the programs the government has cut will never come back regardless of our economic situation. Frankly, we are concerned that the government is using the recession as an excuse to downsize government and to cut programs it has no intention of ever restoring.

### **The Value of Government Services**

Despite being faced by a deficit this government has chosen to continue cutting taxes rather than protecting programs for low and middle income British Columbians. The September Budget Update speech makes the size of these cuts clear.

“In total, this Budget provides over \$400 million a year in income tax relief for individuals, families and small businesses...when the commitment to eliminate the small business tax is fully implemented....

“Once the changes in this Budget are implemented, individuals in British Columbia will enjoy the lowest personal income taxes in the country...on earnings of up to \$118,000. In fact tax cuts made since 2001 have resulted in an additional 325,000 people no longer paying BC provincial income tax, including those earning up to \$18,800.”

In other words the government downplays the value of services to people and overestimates the importance of tax cuts, which largely are of value only to the highest income earners.

The fact is that our taxes pay for services that are extremely valuable to Canadians. The suggestion we often hear, that taxes are a burden, hides the reality that our taxes fund public services that make Canada’s standard of living among the very best in the world.

This issue has been studied by the Canadian Centre for Policy Alternatives in its April 2009 report *Canada's Quiet Bargain: the Benefits of Public Spending*.

“The results of this study show the vast majority of Canadians are getting a quiet bargain by investing in taxes that produce enormous public benefits.

“For the vast majority of Canada’s population, public services are, to put it bluntly, the best deal they are ever going to get.

“More than two-thirds of Canadians’ benefit from public services adds up to more than 50% of their household’s total earned income.

“Looking at Canadians in median income households, their benefit from public services amounts to \$41,000 — equivalent to roughly 63% of their total income. Overall, the average per capita benefit from public services in Canada in 2006 came to \$16,952. Approximately 56% of that benefit comes from health care, education and personal transfer payments.”

The report concludes:

“The results of this study demonstrate that what passes for public policy debate on tax cuts ignores a significant part of the story. For most Canadians, the benefit they receive from tax cuts is outweighed by a significant margin by their losses from accompanying cuts in public services.

“Public services spending improve the quality of life for most Canadians and make Canada a more equal society.

“Lower-income Canadians benefit more from transfer payments to people — such as Employment Insurance, social assistance, child benefits, and pensions . Provincial and local spending has a powerful impact on middle-income Canadians, thanks to public services such as education and health, roads and sewer and water services.

“Depending on the type of tax cut, 75% or more of Canadians are net losers when the gains from tax cuts are offset by reductions in public services.

“What the findings of this study demonstrate is that public policy debate over taxes without reference to the public services impact of tax cuts is like shopping without looking at the price tags. Just as some Canadians can afford to shop without looking at price tags, some Canadians’ incomes are high enough that they can buy into tax cuts and remain confident that their private gains will be greater than their public services losses. But the vast majority of Canadians can’t or shouldn’t shop without looking at the tags. “

The provincial government proudly proclaims that taxes have been eliminated for people earning less than \$18,800. Unfortunately, these low income earners have paid a very high price in the loss of services over the last eight years for what is an extremely modest saving in taxation.

### **Wage Cuts**

In the February 2009 Budget the government announced a wage freeze of two years for public sector workers. This may have been good politics but we argue that it is bad economics.

Sherry Burns, the Executive Vice President for the BMO Financial Group, summarized her thoughts on this subject in the 23 January 2009 edition of the publication, *The Bottom Line*. She said:

“Not since the 1930s have we seen this phenomenon. The last time salary freezes were popular was when we attempted to reduce government budgetary red ink. Lower personal income means lower personal consumption, which in turn leads to reduced production, sales, and revenue for business. In consequence, capital spending plans are shelved and prices fall. This wage-price deflationary spiral is very difficult to stop and it points to continued weak economic activity.”

The public sector plays an enormous role in many BC communities. In some of the hardest hit communities it is the most important sector. This wage freeze will make matters even worse. Public sector wages buy groceries and cars. We shop in our downtowns. Thanks to this wage freeze these merchants will see fewer public sector dollars.

### **Program Cuts**

Over the last few months we have seen cuts in programs in all of the sectors that we represent. Unfortunately, we still do not know if all of the cuts have yet been made public. At the time of the Budget Update British Columbians were told that we would have to wait until next year's public accounts were released before we would know the full scope of the cuts. We believe such an approach to public policy is dishonest and unfair. The government has claimed cuts were necessary and should have fully released information about those cuts when they were announced.



The following addresses some of the cuts that we have become aware of and raises some of the consequences. In summary, we believe these cuts must be reversed in the public interest.

For this reason, among others, CUPE supports the call for the creation of a Legislative Budget Officer.

### **School Boards**

BC school districts are caught in the midst of a significant funding crisis resulting from the interaction of a number of distinct processes:

- Nominal increases in spending geared to covering cost obligations agreed in the last round of collective agreement negotiations for teachers and support staff.
- Rising cost obligations resulting from downloaded obligations that lack matching funding support from the province.
- Falling enrolment where districts lose more in funding than they are able to recoup from ongoing operations.

A fourth variable recently added to the mix is the decision to cut spending for Annual Facility Grants to districts. This decision alone reduces available district funding by \$110 million in the 2009-10 year. Annual Facility Grants are discretionary allocations made under the authority given in the Minister in Sections 115 and 141 of the *School Act*. They are grants paid to districts to undertake routine maintenance associated with extending the useful life of capital assets.

The problem will likely worsen in the current budget year as districts face the budget freeze lacking the cushion normally provided by accumulated surpluses. There is also the fact that teachers are owed a 2.0% salary increase this year despite boards lacking clear means to pay.

CUPE has joined in opposition to cuts in this sector with the BC School Trustees Association, the BC Confederation of Parent Advisory Councils and the BC Teachers' Federation. We have written to the Minister of Education making the following points:

“As minister of education, you have stated that your intent in these difficult economic times is to protect services for students, especially vulnerable students. However, unfunded cost pressures such as salary and Medical Service Plan increases, as well as costs associated with rising BC Hydro rates, H1N1

prevention, gas prices, the Harmonized Sales Tax, and carbon neutrality mean less district funding is available to directly support students.

“Additionally, the cancellation of the \$110 million Annual Facilities Grant part way through the year has caused significant disruption. Many boards had already committed to school repairs prior to being informed that the normally expected funding would not be forthcoming. While some boards were able to divert funds earmarked for other projects to pay for the repairs, others were left with significant deficits, and many support and trades positions have been eliminated. We are also very concerned that there are no indications in the budget documents released on September 1, 2009, that the Annual Facilities Grant will be restored.

“The decision to transfer stable CommunityLINK funding for vulnerable students from the Ministry of Education’s core services to the less reliable gaming grants program, also causes education partner groups a great deal of concern. There is no guarantee that funding for this critically important program will be forthcoming in years to come, resulting in significant impact on our most vulnerable students as well as our Aboriginal students.

“Furthermore, the decision to fund CommunityLINK through gaming grants has forced other important community programs, such as support for school sports and Parent Advisory Councils, to be reduced or cancelled. As parent fundraising efforts increase in order to make up for the lost gaming funds, their energies will be diverted from conversations around educational goals in their respective schools.

“The result of the above funding decisions will likely result in long-term instability, larger class sizes, and reduced services for students including those with special needs. School sporting events will be at risk, and Parent Advisory Councils will have to reduce support for student supplies, field trips, computers, and library books. Schools in poorer communities will be hardest hit by these cuts. Districts will be forced to reduce staffing and student support services, including teachers, special education assistants, and counsellors.

“On behalf of the BC Confederation of Parent Advisory Councils, the BC School Trustees Association, the BC Teachers’ Federation, and the Canadian Union of Public Employees BC, we urge you to reverse these cuts to prevent significant erosion of BC’s outstanding public education system.”

### **Libraries and Literacy**

The government has cut \$2.5 million from its support for libraries and literacy. The provincial government said that it would try to avoid cutting “core” funding for libraries

and as a result a substantial part of the \$2.5 million cut came from the elimination of whole programs.

Specific library programs that the government has said will not be funded any longer include electronic databases, the AskAway program, Books for Babies and writers in libraries.

Ronna-Rae Leonard, vice-chairwoman of the Vancouver Island Regional Library, questioned the decision to cut library services during a recession.

"Library use during these kinds of economic times increases and it's already happening," she said. "People are looking for work, they're looking for places to meet and network and it's one of the few free places in the community where you can do that. In bigger centres you might not notice it so much but in smaller communities it's absolutely essential."<sup>1</sup>

The most significant cut to literacy not related to libraries in the Budget update was the elimination of the province's support for 16 literacy coordinators across the province.

Provincial support for this program was announced in a February 14, 2008 press release which said:

The Province will provide more than \$1.6 million to fund regional literacy co-ordinators at 16 public post-secondary institutions to enhance co-ordination and delivery of adult literacy programs, Advanced Education Minister Murray Coell announced today.

"There are a wide range of services and programs to improve literacy from childhood through to adulthood, but regions are often faced with challenges matching up people with the programs and services they need and making all the various literacy programs work together efficiently," Coell said. "In his recently released report on the progress of the government's literacy plan, the auditor general noted that progress is being made, and recommended government work with all of its education partners to build a seamless adult education system."<sup>2</sup>

In 2009 the Auditor General published a follow up report to his report on literacy programs a year earlier. In the follow up the provincial government cited the work of the literacy coordinators to demonstrate their response to the AG's report. The government

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<sup>1</sup> Barron, Robert, Budget cuts may force reduction in library services, The Daily News (Nanaimo), Sat Sep 12 2009

<sup>2</sup> PROVINCE FUNDS REGIONAL LITERACY CO-ORDINATORS, Ministry of Advanced Education press release, February 14, 2008

said it had “established full-time Regional Literacy Coordinators at 16 public post-secondary institutions in BC, whose work “enhances coordination, standards and integration of Adult Literacy across the province; and provides a coordinating and strategic role in regional literacy.”

### ***Other program cuts***

As well as eliminating the regional literacy coordinators the government has cut \$60,000 from the budget for Literacy BC's Read Line and the BC Literacy Directory, an online guide to literacy programs.

Judy Cavanagh, executive director of Literacy BC, said these services are well used by people seeking to connect with educational programs, but with the cuts in funding their future is uncertain.

"This seriously jeopardizes their access to information," Cavanagh said. "Literacy BC will run the BC Literacy Directory and the Read Line for as long as we can, but without funding, our inability to operate this service will have consequences."<sup>3</sup> In an Op Ed in the Ashcroft Cache Creek Journal Cavanagh said, “Together, those programs offered regional coordination, and a "one-window" approach for literacy information - two needs identified by BC's Auditor General in a 2008 report.”<sup>4</sup>

In larger communities the basic operating grant was not protected. Paul Whitney, city librarian for the Vancouver Public Library said there has been an 11.9-per-cent funding cut from the VPL's provincial government's base grant this year.<sup>5</sup>

Cranbrook Public Library board chairman Keith Powell the library also has to apply for literacy and technology grants and it's these grants that are likely to be affected by the Provincial cuts. "If it has any impact at all it will just be on those additional grants which really doesn't have an impact on our day-to-day operations."<sup>6</sup>

There are also reports that literacy programs in classrooms will be affected.

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<sup>3</sup> Op cit, Kidd, Steve

<sup>4</sup> Literacy in BC at risk of declining, Ashcroft Cache Creek Journal, Mon Sep 7 2009

<sup>5</sup> Fralic, Shelley, Want to fight illiteracy? Support your local library; Libraries feel the impact of economic cycles as they depend on public funding and donations, Vancouver Sun, Mon Sep 14 2009

<sup>6</sup> Cranbrook library will weather funding cuts, board chairman says, The Daily Townsman (Cranbrook), Thu Sep 10 2009

School District 70 superintendent Cam Pinkerton said District resource staff dealing with literacy, numeracy and social responsibility will be cut back. "This doesn't directly affect the classroom, but hits the core of our educational support agenda," Pinkerton said.<sup>7</sup>

Literacy and libraries are extremely important programs for British Columbians. The September budget cuts should be rescinded.

### **Post Secondary Education**

We believe the provincial government has underestimated the impact of the recession both on students and post secondary institutions.

One of the current government's first steps on being elected was to significantly increase and deregulate tuition fees. Further, the February Budget froze student assistance for the next three years. The September update cut student assistance, despite the positive goals of Campus 2020 to reduce the debt burden of students.

The hardship caused by this has been made much worse in the current recession with youth employment rising dramatically.

Despite the increased cost of education, enrolment levels have also become a serious issue. We know from the experience of Ontario where the recession started earlier that one of the outcomes of the recession is higher post-secondary enrolment.

The Ministry acknowledges that in the past it has significantly underestimated enrolment growth saying, "Enrolments in the public post-secondary system increased by over 8,500 student full-time equivalents between 2007/08 and 2008/09, beyond projected growth of 4,381 FTEs"<sup>8</sup>

Despite this, projected enrolment for 2009/10 was cut by more than 2,000 spaces between the February Budget and the September update.

The September 2009 Budget update shows a continuing decline in per student funding as well as a continuing decline in student assistance. While operating expenses have been basically frozen, in real terms they are falling due to inflation. If, as suggested above, enrolment growth is greater than the government has suggested, the problem will be even worse.

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<sup>7</sup> 'The impacts will be at the heart of classrooms', Alberni Valley News, Thu Sep 10 2009

<sup>8</sup> Ministry Service Plan, September 2009, page 8

It must not be forgotten that in March, 2008 the provincial government reduced public post-secondary operating grants across the board by 2.6%.

Deferred maintenance is a growing and very serious problem that affects classrooms, offices, research facilities and housing at almost all of BC's post-secondary institutions. Some good news on this front comes as a result of the federal government's new infrastructure spending. For post-secondary institutions the provincial government has announced \$530 million in projects for 29 institutions across the province. Of the total amount, \$202 million is cost-shared with the Federal Government.

The September Budget update brought bad news. Although it was not in the Budget documents, Ministry officials told the Confederation of University Faculty Associations that provincial funding for repair and maintenance (minor capital) of post-secondary facilities will drop by \$16 million from the amount announced in March and by a greater amount next year.

Current levels of spending on maintenance are not enough. It's a national problem, according to the Association of Universities and Colleges of Canada, and "Of the \$5.1 billion of deferred maintenance, close to half, or \$2.4 billion, is considered to be urgent."<sup>9</sup>

In total, the situation imposed by government has damaged our post-secondary institutions when they need government support most. Higher tuition costs, reduced student support and the lack of summer jobs will mean that enrolment becomes more limited to those with wealthy parents. Even as low and middle income students are forced out, however, enrolment is still rising although these student spaces are not fully paid for by government. Part of this is paid for by under investing in maintenance of our facilities. Unless cuts are reversed and more support is given the prognosis is not good.

### **Community Social Services**

This sector has been under enormous financial pressure almost indefinitely.

Over the last two years, three separate studies have found significant and debilitating problems with recruiting qualified employees in this sector and retaining existing workers. For example, employers report annual turnover rates of 10% for full-time staff and 47% for casual staff. In one study almost half of the respondents reported more

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<sup>9</sup> Association of Universities and Colleges of Canada, Deferred Maintenance of University Infrastructure. Reference at [http://www.aucc.ca/\\_pdf/english/reports/2009/deferred\\_maintenance\\_fact\\_sheet\\_e.pdf](http://www.aucc.ca/_pdf/english/reports/2009/deferred_maintenance_fact_sheet_e.pdf)

than 1 regular full time vacancy and over 5 causal vacancies.<sup>10</sup> Employers across the sector report that these problems have increased since 2007/2008.

In two surveys by the Social Planning and Research Council of British Columbia (SPARC) and the Federation of Community Social Services of BC (FCSS), employers reported that the most important cause was their inability to offer competitive compensation and benefit packages because of government budget cuts and the competitive grant structure that provides the majority of funding in the sector. Low wages in the sector make it particularly difficult to attract qualified workers as compensation does not cover training costs. A survey of CUPE members echoes these findings: 60% of respondents noted that they are thinking of leaving the sector because of the inadequate pay and benefits.

Wages in the Community Social Service do not represent the skill and training required to perform these jobs. As of April 2009, a Residential Worker, the most common classification, earned between \$15.54 and \$18.27/hour, depending on step grade. Even the highest paid workers, Residence Coordinators, only receive \$23.98/hour. According to FCSS, 63% of employees earn less than \$21.00/hour. In Northern Regions, the bulk of employees receive between \$15 and \$18/hour.<sup>11</sup> Figure 1 provides the compensation rates by region.

Recruitment and retention problems are both a symptom of underlying problems in the sector, and the cause of other concerns. Recruiting qualified staff is expensive. The FCSSBC estimates that finding good workers costs between 1 and 2 times their annual salary. This is a significant expenditure in a sector with limited funding. For workers already in the sector, short staffing is leading to increased workloads and staff burnout. Over half of respondents in a CUPE survey noted their workloads have risen in the last year and nearly a third say they have worked while sick because their employer could not find a replacement. Limited staffing also contributes to lengthy wait times for people in need of care, which frustrates clients and puts unnecessary stress on families and friends. As of May 2009, more than 2000 adults with developmental disabilities were waiting for services and thousands more children and youth could not receive the treatment they deserve.

Bill 29 is not the only legacy impacting the quality of service and working conditions. Over the last eight years, the Liberal Government has stripped the sector of much of its funding. Between 2002 and 2008 the government cut millions from the CSS budget. The February 2009 budget projected even further cuts. Despite projecting a 30% increase in temporary assistance recipients between 2008/09 and 2009/10, the

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<sup>10</sup> SPARC (2008) Exploring Recruitment and Retention Issues for BC's Community Social Service Employers.

<sup>11</sup> FCSSBC (2009) Community Social Service Sector Workforce Survey 2009, Final Report

Province projected less than a 5% increase on spending for income assistance over the period.

The September Budget update proved how wrong the February projections had been. Social assistance payments rose by more than \$100 million. The February Budget had projected cuts on housing over three years of \$74.3 million. These cuts were increased in the Budget update to \$85 million over three years.

In the period leading up to the Budget update and afterwards grants deriving from gaming and lottery revenue have become an enormous public issue.

Money that had previously gone to community serving organizations was diverted to other uses. For example, on August 24, 2009 Public Safety Minister Kash Heed and Minister of Housing and Social Development Rich Coleman announced they were adding \$180,000 for liability coverage for search and rescue volunteer organizations. This new money was “funded through the community gaming grant program at the Ministry of Housing and Social Development.”

The Budget announced the government was breaking three year funding arrangements for arts and other organizations. Subsequently, the government backed down restoring cuts where there were three year agreements in place. Cuts remained for organizations that did not have three year agreements.

## **Early Childhood Education and Kindergarten**

### ***Kindergarten***

In the 2008 Throne Speech the government announced a new Early Childhood Learning Agency would assess the feasibility and costs of full school day kindergarten for five-year-olds. It would also undertake a feasibility study of providing parents with the choice of day-long kindergarten for four-year-olds by 2010, and for three-year-olds by 2012.

However, in the February 2009 Throne speech, facing a \$500 million deficit the government backed away for the promise saying, “We had hoped to be in a position to introduce a voluntary all-day kindergarten program for five-year-olds this September.

The August 25, 2009 Throne speech returned to the promise saying, “Full-time, five-year-old kindergarten will begin to be delivered in schools throughout British Columbia in September of 2010.”



However, The Canadian Centre for Policy Alternatives reports that the Early Childhood Learning Agency — the one that was established in the spring of 2008 to study the feasibility and costs of expanding kindergarten to a full day for 5-year-olds — concluded that expanding early learning programs in BC would cost more than the government is providing.<sup>12</sup>

In its final report, [Expanded Early Learning in British Columbia for Children Age Three to Five](#),<sup>13</sup> the Agency estimated the total operating costs to about \$130 million per year for full day K for 5-year-olds *once fully implemented*. That is to say that it would cost *more* to get the system going (it always does).

The BC government has budgeted \$44 million in 2010/11 when half of BC 5-year-olds are expected to be covered by the program and \$107 million in 2011/12 when the program is planned to cover all 5-year-olds. These amounts come to 34% and 82% of the annual operating costs estimated by the Early Childhood Learning Agency. And that's during the two years that the program will be set up, when facilities need to be found, new teachers/early childhood educators recruited and curriculum and program standards developed. This just doesn't add up.

## **Childcare**

According to a poll done in August by Angus Reid Strategies “Only one out of 10 British Columbians with kids is happy about the affordability of daycare” and “In fact, British Columbians are generally more unhappy with their education and health care systems than other Canadians,” The survey found, “Only 13 per cent of British Columbians with children said the affordability of daycare is good or very good, compared with 31 per cent of Canadians.”<sup>14</sup>

Despite this childcare workers continue to be underpaid both for their level of training and the services they provide.

On August 14<sup>th</sup>, the government also announced cuts to Minor Capital Grants to child care facilities for basic safety and quality repairs. The previous maximum has been reduced from \$5000 to \$2000 per “facility address”. Each address might have up to 4 facilities, however, leaving only \$500 per program for important capital maintenance.

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<sup>12</sup> <http://www.policynote.ca/2009/09/08/doing-the-math-on-all-day-k/>

<sup>13</sup> [http://www.bced.gov.bc.ca/ecla/topics/ecla\\_report.pdf](http://www.bced.gov.bc.ca/ecla/topics/ecla_report.pdf)

<sup>14</sup> Karp, David, Just one in 10 in B.C. finds daycare affordable; Survey also found people in B.C. more dissatisfied with education, health care systems than other Canadians, Vancouver Sun, Sat Aug 8 2009

This is a significant blow to a system that is already stretched for space, time and resources.

## Public Private Partnerships

We are very concerned that the province's continued focus on public private partnerships (P3s) to deliver both public services and infrastructure is bad policy for the province and too expensive for taxpayers.

When we talk about public private partnerships we are not talking about the traditional methodology in which the private sector designs and constructs facilities for the public sector. We are instead referring to the controversial methodology of having the private sector finance public facilities and then operate and maintain them for decades.

The government has worked very hard to prevent financial information about these projects from being released. Business cases which claim to justify the use of P3s have been declared Cabinet secrets.

Where the information has become available, however, it has shown P3s not to have value for taxpayers.

Forensic accountants Ron Parks and Rosanne Terhart examined four such projects and reached the following conclusions.

- The difference in the cost (in nominal dollars) between a publicly delivered project and a P3 project can be substantial. For example, the Diamond Centre will cost \$203 million over the life of the contract as compared to a cost of \$89 million had the project been publicly delivered - a difference of nearly 130 percent.
- While it is appropriate to discount nominal dollar costs, we conclude, based on available evidence and the application of more appropriate discount rates, the cost of P3s exceeds traditional procurement methodology for the projects referred to above.
- We conclude that the methodology used by Partnerships BC to compare the P3 projects to the public sector comparator is biased in favour of the P3 projects.
- We found that critical information and documentation in support of the Value for Money reports was for the most part denied in response to Freedom of Information requests. In our view this suggests a general lack of transparency and public accountability.

A recommendation by the Finance Committee to eliminate the use of P3s for the financing and operation of major infrastructure projects and services would be an important step both in reducing costs and in increasing public transparency and accountability.

## **Conclusion**

The government has made a political decision to cut spending in a recession and at the same time to cut taxes. We believe this is a mistake. The spending cuts not only hurt those who need services most, they undermine the recovery of the economy. The benefits tax cuts offer low and middle income people is nowhere near the value of the services they lose to pay for those tax cuts. Finally, the services cut across sectors in British Columbia are too valuable to lose. We believe they must be restored.

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