

*A prudent plan to strengthen the economy while investing in environmental sustainability and critical public services*

## **Overview**

This week, the BC NDP delivered its second full budget and fiscal plan. After 16 years of austerity and retrenchment under the BC Liberals, the current government continues its steps toward rebuilding core public services through this new budget, expanding upon the important pathways, strategies and programs it introduced in last year's fiscal plan and in the initial Budget 2017 Update before it.

Budget 2019 stays the course on milestone programs unveiled in 2018—namely, housing and child care—delivering scheduled funding increases this year, along with notable (though restrained) additions and enhancements in select areas. It also continues to supply much-needed, though incremental, funding and resource improvements in other areas of the public service. This balanced budget continues to spend on infrastructure, advances affordability and tax fairness, and protects the government's fiscal position for long-term, sustainable public investment.

**The province can achieve nation-leading economic growth while continuing to close the gap on underfunded services and supports to families and workers.**

In a commitment to British Columbians (and a clear message to the opposition), Finance Minister Carole James stated that, “[p]eople were told they had to choose between a strong economy or investments in people. But the truth is, we can and must have both.” The new budget gives further evidence that, indeed, the province can achieve nation-leading economic growth while continuing to close the gap on underfunded services and supports to families and workers. These goals are not mutually exclusive.

Budget 2019 reveals that the provincial economy remains strong under the BC NDP's continued leadership, showing an upward revision to the growth estimate for real GDP in 2019 to 2.4 per cent from 1.8 per cent. Despite some moderation in housing activity and consumer spending throughout 2018, exports performed well, growth in business investment was positive at 5.8 per cent, and unemployment remained the lowest in Canada at 4.7 per cent (2018 average).

But the government recognizes that our economy is still not doing enough for many British Columbians, and so this budget takes additional steps toward implementing core programs, social investments, and service improvements that are needed for creating a more people-centred, inclusive and affordable B.C.

Some of the highlights include:

- Introducing a significant new program to support families with the B.C. Child Opportunity Benefit;
- Continuing the implementation of a universal, affordable child care system, including modest additional funding throughout the fiscal plan;
- Completing the full elimination of MSP premiums by 2020;
- Establishing a ground-breaking revenue-sharing agreement with B.C. First Nations;
- Moving forward with investments in government's new CleanBC climate plan;
- Extending new and additional business tax deductions to boost competitiveness;
- Eliminating interest on British Columbia student loans;
- Introducing a modest increase to the income and disability assistance rates;
- Continuing the implementation of a 30-point plan to address housing affordability and harmful market speculation, including modest additional funding throughout the fiscal plan;
- Removing barriers to improve access to income, disability and employment assistance programs;

- Increasing support payments for foster parents, adoptive parents, and extended family members caring for children;
- Investing in respite services for parents who provide care for children with disabilities;
- Providing additional funds over three years for B.C. bridge and road maintenance;
- Making a substantial investment to fund an independent oversight body in the mining sector;
- Increasing funding for wildfire management and prevention;
- Providing an additional expansion to funding and resources for the employment standards branch to improve fairness for vulnerable workers;
- Supporting Indigenous reconciliation work;
- Improving mental health care with initiatives focused on prevention and early intervention for children, youth and young adults; and
- Making significant capital investments in the health, transportation and education sectors.

## Budget 2019 extends a wide number of programs and investments that will make life a little easier for British Columbians.

Budget 2019 extends a wide number of programs and investments that will make life a little easier for British Columbians, especially for those that are more vulnerable socially and economically. But despite the focus on poverty and affordability, a provincial poverty reduction strategy is notably absent within the budget and fiscal plan (although this is expected by early spring, along with additional dedicated funding).

In the meantime, what Budget 2019 does present to British Columbians is a robust and far-reaching benefit program that will support low- and middle-income families for the full duration of their children's dependent years. By converting and expanding the Early Childhood Tax Benefit (ECTB),

beginning in October 2020, into the new B.C. Child Opportunity Benefit will significantly increase the existing one-child benefit under ETCB from \$660 to \$1,600 annually (+142%), and to \$2,600 and \$3,400 for eligible two- and three-child families respectively.

The annual benefit is available to eligible families until their child reaches adulthood (18 years of age), meaning that a one-child family could receive a maximum lifetime benefit of up to \$28,800, or \$48,000 for a family with two children, and \$64,400 for those with three. All families earning up to \$97,487 with one child under 18 and all families earning up to \$114,487 with two children under 18 will receive the benefit. These large combined household income thresholds mean that the program will apply broadly across a large proportion of B.C. families—from middle-class British Columbians to those living in poverty—thereby allowing many to receive at least some level of benefit.

While the government's expectation for how many families this will realistically lift above the poverty line is perhaps overstated, it is accurate to say that the new benefit, combined with the elimination of MSP premiums, will amount to a significant reduction in the overall tax burden for lower- and middle-income families with children.

The BC Government and Service Employees' Union (BCGEU) has reviewed the provincial budget, ministry by ministry, to help understand how government's choices in the fiscal year of 2019/20 will affect the work our members do and the services our province relies on. In the review, we identify areas where progress has been made and where more is still needed.

## Revenue

The budget projects that total revenue for the coming year (2019/20) will grow substantially above the updated forecast for 2018/19, by as much as \$2.4 billion (+4.3%). This is followed by expected year-over-year increases of \$991 million (+1.7%) in 2020/21 and \$2.4 billion (+4.0%) in 2021/22.

Over the three years of the fiscal plan, total expected revenue growth will average 3.4 per cent per year



approaching 2021/22, which is just slightly above the average Ministry of Finance forecast for GDP (nominal) growth over the same period. This reflects government revenue capture that is on pace with expansion in the provincial economy. It edges up total revenue as a proportion of GDP to 19.1 per cent for the upcoming fiscal year—slightly above the ratio exercised under the previous Liberal government, as well as last year's budget.

The NDP government's fiscal planning demonstrates similar prudence and responsibility, but continues to generate revenue that is slightly higher as a total proportion of GDP, and therefore more in line with our economy's "ability to pay." This has allowed the current government greater fiscal capacity than under the Liberals. Over time, that government permitted critical funding shortages within core programs and services, along with significant impacts for workers in the public sector, and for families and communities—and especially for the province's most vulnerable.

In 2019/20, total direct tax revenue is projected to increase by \$1.1 billion (+3.4%). While this is a more moderate expansion in revenue than the year before (a result due primarily to the additional tax measures introduced in that budget), it continues to help offset an ongoing and concerning decline in natural resource rents, royalties, and other fees, which are down a further -\$345 million (-11.7%) this year. This is expected to worsen over the course of the three-year plan.

The largest source of growth in provincial tax revenue is from personal incomes, which is expected to deliver \$1.2 billion (+12.4%) more than last year's original estimate for 2019/20. This shows a continuation of larger-than-expected receipts from personal earnings (a possible reflection of relatively strong labour market performance).

Other modest revenue improvements are found in continuing retail sector performance (and associated returns on sales tax), scheduled rate increase to the BC Carbon Tax, and a moderate bump in property tax revenues. However, the fiscal outlook in Budget 2019 is notable for a downward adjustment in projected revenue from the provincial property transfer tax, which will slide -\$345 million (-11.7%)

from last year's original estimate for 2019/20. It is now estimated to run flat at \$1.9 billion annually through 2021/22.

These changes are starting to reveal the cumulative effect of federal and provincial policies aimed at cooling a highly speculative and overheated residential real estate market. Slower market growth and fewer transactions can be expected to further weaken property tax and transfer revenues over the duration of the fiscal plan—perhaps impacting demand in the B.C. retail sector and its associated revenues should there be wider effect on consumer confidence.

In comparison to the NDP's first full budget in February 2018, Budget 2019 is notable for its absence of new tax measures (apart from a scheduled \$5 per tonne increase to the provincial carbon tax). Nevertheless, government has booked a deceptively large amount of fiscal prudence for 2019/20 totaling roughly \$2.1 billion. This figure comprises \$274 million in surplus revenue, a \$750 million contingency vote, \$500 million in forecast allowance, and \$553 million in additional contingencies under the Sustainable Services Negotiating Mandate.

Although these allowances reflect an outsized amount of unused fiscal capacity, it is likely that the government is allowing for additional funding for a promised but yet-to-be-released poverty reduction strategy. There may also be additional liabilities ahead with respect to writing down deficits and deferral account balances at both ICBC and BC Hydro.

Overall, this balanced budget reveals a favourable and conscientious revenue position, reflects continued prudence and fiscal responsibility on the part of the NDP government. Moreover, it further demonstrates that the BC Liberals do not possess a monopoly on sound economic and fiscal management. Solid macroeconomic growth can be maintained in this province while also translating a fair share of our prosperity into financing for services and programs that benefit all British Columbians.

These choices will continue to serve the government and province well as ongoing investments in affordability, child care, housing and poverty reduction are made in the months (and fiscal years) ahead.



## Public service

In 2018/19, 1,459 (+5.0%) new FTEs were added to the public service, bringing the total to 30,750. Budget 2019 projects a further increase in staff utilization by 600 FTEs across core government ministries. This will bring the total to 31,350 FTEs in 2019/20.

As government notes in the budget and fiscal plan:

*This [growth] is due mainly to increased staffing requirements to implement CleanBC programming, Employment Standards and Temporary Foreign Worker Registry Transformation initiatives, mental health services, coast forest sector revitalization, and independent oversight of mining and other professions. The projected increase in FTEs is also due in part to continued implementation of road safety programs, the Civil Resolution Tribunal, cannabis legalization, commercial vehicle and safety enforcement, and staff to support reconciliation with First Nations.*

These funding- and program-related changes to staffing are discussed in greater detail where possible within the ministry and agency summaries that follow.

## Ministries

### Ministry of Advanced Education, Skills and Training (MAEST)

Budget 2019 adds \$117.9 million to the ministry's operating budget in 2019/20, bringing it to a total of \$2.3 billion (+5.3%). The majority of this new funding is allocated for post-secondary educational institutions and organization, with that budget line rising by \$115.5 million (+5.7%). This funding will help increase the number of student spaces in public post-secondary and training institutions by almost 2,800 seats in 2019/20.

Modest but important new spending announced in Budget 2019 includes:

- *Adult Basic Education and English Language Learning*: Budget 2019 provides an additional \$18 million over three years to support British

Columbians who upgrade their education and skills. The additional funding will increase the total annual budget for these programs to \$24 million annually.

- *Expanding Access to Health Training Programs*: Budget 2019 provides \$5 million over three years to train and graduate more healthcare providers through public post-secondary institutions in urban, rural, remote and under-served communities.
- *Expanding Access to Technology Training Programs*: An additional \$5 million in annual funding will be provided for post-secondary institution grants in 2021/22 to support technology programming, increasing total annual funding for this program to \$41 million.

### Capital spending

Budget 2019 includes \$3.3 billion in total capital spending over the next three years by post-secondary institutions throughout the province. Major capital projects (over \$50 million per project) listed in the service plan include new laboratories and instructional buildings at UBC, SFU, BCIT and Camosun College, as well as \$201 million to build new student housing at the University of Victoria and \$37 million to acquire and renovate student housing at Thompson Rivers University. Notable capital projects below \$50 million per project include renewal and expansion of trades training facilities at North Island College, Selkirk College and the College of New Caledonia.

### Elimination of interest on student loans

Perhaps the most significant announcement impacting advanced education and training in Budget 2019 is the elimination of interest on the provincial component of student loans, although this actually falls under the purview of the Ministry of Finance and is not recorded under MAEST budget.

This measure came into effect immediately, applies to both existing and new loans, and is expected to cost the government \$318 million over four years.





Budget documents estimate the typical undergraduate borrower will save about \$2,300 in interest over a 10-year repayment period

This elimination of student loan interest was a specific recommendation in the BCGEU's most recent pre-budget submission to the Select Standing Committee on Finance, and we commend the government on moving forward with this measure to improve affordability and access to education for British Columbians.

### ***Industry Training Authority (ITA)***

2018 saw a number of positive changes at the Industry Training Authority, including the appointment of a new board of directors with increased labour representation and the installation of a new CEO. The ITA was involved in the opening of seven new trades training facilities in 2018 and the provision of \$3 million for updated equipment at B.C. post-secondary institutions. The ITA also signed MOUs regarding training with a number of B.C. Indigenous communities.

Budget 2019 builds on this positive trajectory by providing an additional \$3 million over three years to enable the ITA to increase “support for apprentices, employers and Indigenous communities to engage with and navigate through the trades training system.” The new funding will also support the development of a “Performance Management Framework,” that will help evaluate ITA initiatives and report on progress toward inclusion of Indigenous peoples, women and equity-seeking groups in skilled trades.

While this is a positive development and lines up well with the BCGEU's pre-budget recommendations, the ITA service plan states there is no change in investment in training seats for adults or youth in the coming year. The BCGEU has called for investment in new apprenticeship training spaces and trades instruction capacity to meet growing industry demand and suggests that the government consider including such measures in the launch of its Poverty Reduction Strategy later this year.

### **Ministry of Agriculture**

Budget 2019 adds \$17 million over three years to the Ministry of Agriculture's budget. Focused on the agriculture science and policy and business management budget lines, the plan includes a \$4.5 million (+4.8%) increase to \$98 million in 2019/20, and then \$99 million (+1%) in the next two years of the budget. This new funding has been provided for increased programming for “Grow BC, Feed BC, Buy BC” and cannabis legalization implementation.

Agriculture is a key contributor to rural economic development by supporting province-wide job creation. Removing barriers for those seeking to enter the industry, revitalizing the Agricultural Land Reserve (ALR) and the Agricultural Land Commission (ALC), fostering innovation, encouraging consumers to buy local products and the creation of a “Food Hub Network” to better support food processing throughout B.C. are among the initiatives outlined in the ministry's service plan. The ministry will also encourage large B.C.-based purchasers including hospitals and post-secondary institutions to increase their use of B.C. grown and processed foods.

Funding for the Agricultural Land Commission (ALC), the Farm Industry Review Board (FIRB) and executive and support services has been unfrozen for the Budget 2019 plan. The ALC budget will rise to \$4.9 million (+6.3%) in 2019/20, and remain approximately the same over the next two budgets. FIRB funding for 2019/20 is \$1.3 million (+9.3%) and the budget for executive and support services will increase by 2 per cent, with both budget lines remaining at approximately 2019/20 levels over the next two budgets. While total salaries and benefits are budgeted to rise to \$33.4 million (+5.1%) in 2019/20, a greater investment will be needed to rebuild staff capacity and expertise within the Ministry of Agriculture.

### **Ministry of Children and Family Development (MCFD)**

Total expenditures in MCFD for 2019/20 will reach \$2.06 billion—increasing a further \$272.3 million (+15.2%) over last year. The budget will increase



again to \$2.18 billion (+5.8%) in 2020/21, staying at approximately that level through 2021/22.

The majority of the 2019/20 increase is due to expected growth in child care expenditures that are scheduled within the ongoing implementation B.C.'s affordable child care program. To this end, spending within early childhood development and child care services will increase a further \$181.1 million to \$624.8 million total in 2019/20—a 41 per cent increase over the previous year in this budget line.

This investment meets the previously scheduled budget growth for child care outlined in last year's fiscal plan, plus an additional \$9 million over and above government's existing commitments in this area for 2019/20. The current fiscal plan will also repeat this \$9 million boost annually through 2021/22 to further support the Child Care Fee Reduction Initiative and associated Child Care Operating Fund program.

Total expenditures in MCFD's budget line for child care will increase again in 2020/21 to \$733.2 million (+17.3) where it will top out and remain unchanged through 2021/22. Both the BCGEU and its key allies in the fight for high-quality universal and affordable child care (including \$10aDay), continue to applaud and support these monumental investments by government. To date, these measures have helped the families of more than 52,000 children benefit from lower fees and to access better facilities; at the same time, Early Childhood Educators will receive their first publicly-funded wage increase in nearly 20 years—along with increased bursaries and education supports.

While the above measures account for the bulk of new ministry spending in 2019/20, expenditures in child safety, family support and children in care services also increase by \$41.8 million in 2019/20 (+6.5%), and by a further \$8 million (+1.2%) in each of the two remaining years of the fiscal plan.

Expenditures in services for children and youth with special needs (CYSN) will increase by a relatively substantial \$25.2 million (+7.0%) in 2019/20, leveling out at \$387.6 million total through 2021/22. Child and youth mental health services (CYMH)

will also see a \$10.5 million (+10.6%) increase in 2019/20, and an additional \$3.5 million (+3.2%) in 2020/21. These increases to CYSN and CYMH represent critical spending to help address waitlists and continued staffing and caseload pressures faced by clinicians and specialists in these important service areas, as well as reflect the ongoing and expanding public commitments made by government in the area of youth mental health.

In addition to the incremental improvements and investments in child welfare services noted above, Budget 2019 presents a further \$6 million annually to expand the respite benefit by 10 per cent for parents who care for children with special needs. Also, from within the cumulative funding increases noted above, \$85 million over three years will go toward increasing support payments for foster parents, adoptive parents, and extended family members caring for children—including a 75 per cent increase to payments for the Extended Family Program (a key recommendation to government from Indigenous communities and Grand Chief Ed John).

These are comparatively small financial outlays for government, but significant measures for addressing the major challenges faced by parents and caregivers, and for improving overall outcomes in adoptions and permanency. They also reflect the input and direct feedback received from BCGEU members who work on the front lines to deliver child, youth and family services in B.C.

Budget 2019 indicates government's continuing reinvestment in critical child and family services, as well as new hiring to increase front-line staff. Despite these efforts, including the restoration and expansion of desperately needed funding, the BCGEU remains concerned about reports of persistent workload issues, negative morale and discouragement among workers in the ministry. The union will continue its work to address unresolved recruitment and retention issues in the ministry, and to ensure that improved resources lead to meaningful improvements for vulnerable children, families, communities and the workers who serve them.



BCGEU's ongoing advocacy work under the union's Choose Children campaign has resulted in many important successes, but further commitments are needed from government to improve working conditions for front-line staff.

## Ministry of Citizens' Services

Overall operating expenses for the ministry for 2019/20 are \$551.6 million, up 3.6 per cent from last year. Funding for services to citizens and businesses will increase to \$32.5 million (+16%), with smaller increases in other ministry budget lines.

Capital expenditures under the ministry for 2019/20, are up by 33 per cent to \$417.2 million, before dropping back to \$310.7 million in 2020/21 and \$274.7 million in 2021/22. Some of this capital spending is allocated to energy efficiency upgrades and emissions reduction projects in government owned and leased buildings as part of the CleanBC plan. The Ministry of Citizens' Services is allocated \$14 million in operating funding and almost \$26 million in capital funding to support these projects.

The ministry is also responsible for the relocation of the Maples Adolescent Treatment Centre to the Riverview lands. Budget 2019 shows that the estimated cost of this project has shrunk by \$11 million, and is now expected to total \$64 million.

## Ministry of Education

Budget 2019 shows a \$228.1 million (+3.6%) increase in operating expenditures, bringing the Ministry of Education's total operating budget to \$6.57 billion for 2019/20. Overall spending will remain at a similar level over the next two budget cycles. Most of this increase is allocated to public school operations.

The budget commits \$550 million of new funding over three years to hire new teachers and special education assistants and improve classrooms. However, the BC Teachers' Federation cautions the year-over-year increases will fall short of what's needed to meet immediate needs like addressing the ongoing teacher shortage.

Other new spending includes the development of a new First Nations history curriculum and developing full-course offerings in Indigenous languages. The budget also provides resources for expanding anti-bullying programs and providing resources to support mental health and wellness, sexual orientation and gender identity.

Capital spending in the public school system will also be boosted, with \$2.7 billion set aside over three years to maintain, replace, renovate or expand K-12 facilities. Since September 2017, B.C. has approved 24 seismic upgrade projects, with one-third of all projects completed or underway.

## Ministry of Energy, Mines and Petroleum Resources

The ministry will see a major one year infusion of additional funding in this fiscal year, to fund the government's Electricity and Alternative Energy program, as part of the CleanBC initiative. Overall operational funding will increase by \$120 million (+200%) in 2019/20. Annual operating funds will settle out at just over a third more than the 2018/2019 level, at \$93.8 million by 2021/22.

Annual GHG reductions from infrastructure improvements under the royalty credit programs is forecast to more than double in four years, from 80,000 tonnes in 2018/19 to 163,000 tonnes reduced in 2021/22. The number of light-duty Zero Emission Vehicles (ZEV) registered in B.C. is forecast to rise from 12,500 in 2018 to 65,100 in 2022.

Improvements to compliance and enforcement will see the establishment of a Major Mines office to bring technical specialists and project management together to improve co-ordination and review of projects. The number of yearly mine inspections is also forecast to increase from a baseline of 775 from 2009-2013, to 1,350 annually from 2019-2021.

## BC Oil and Gas Commission

Overall operational funding for the BC Oil and Gas Commission will remain fairly constant over the next three years, increasing by \$7.3 million (+13.8%),



to \$60 million by 2021/22. The 2018/19 deficit of \$12.3 million in the Orphan Site Reserve Fund (OSRF – for environmental remediation of orphan wells) will be eliminated going forward, through increased fees charged to oil and gas operators. Annual funding for this program will be increased by \$7 million per year, to \$15.2 million annually.

A key section of the service plan outlining forecast risks, however, states that a major energy company entered receivership in 2018, leaving potential orphan well designations in a “range between 300 to 500 wells at an estimated liability to the Commission of \$40 - \$90 million” and notes that “there is no provision built into the financial plan” for this eventuality.

The service plan also forecasts an increase in permits issued in environmentally sensitive areas, from 0.6 per cent in 2017/18 to under 2 per cent by 2021/22. The percentage of available freshwater withdrawn for oil and gas activities is also forecast to increase, from 1.5 per cent in 2017/18, to under 5 per cent by 2021/22.

## Ministry of Environment and Climate Change Strategy

The ministry's 2019/20 budget adds \$64 million (+35.7%) over 2018/19 - from \$179 million to \$243 million. This increase is largely due to \$55 million for the CleanBC plan for industry and \$3 million over three years to support implementation and monitoring of the overall plan.

CleanBC is a key plank of Budget 2019, and groups together a series of initiatives spread across various government ministries and agencies aimed at “reducing climate pollution by investing in cleaner transportation, energy efficient homes and buildings, clean energy strategies with Indigenous and remote communities, waste diversion and cleaner industry.”

Cumulatively, Budget 2019 presents more than \$679 million over the fiscal plan for CleanBC initiatives disbursed throughout multiple ministries, agencies and programs. This investment is supplemented by enhancements to the *Climate Action Tax Credit* totalling \$223 million over three years, bringing

the government's overall commitments grouped under the plan to \$902 million, with only a portion of that amount falling directly under the budget of the Ministry of Environment and Climate Change Strategy.

Central to CleanBC are incentives and tax credits for people and businesses to reduce their carbon pollution. Some of the highlights for individuals include a \$6,000 incentive to switch to a zero-emission vehicle, up to \$2,000 to replace fossil fuel heating systems and \$1,000 to upgrade windows and doors to improve insulation.

The major implication for the budget of the Ministry of Environment and Climate Change Strategy is the CleanBC Industry plan, representing an increase of \$168 million over three years. In 2019/20, the plan earmarks \$55 million in new program funding (see above) to provide incentives to industry including pulp and paper mills, natural gas operations and refineries and mines to reduce their greenhouse gas emissions.

A number of small increases to the budget will improve monitoring and oversight capacity. A new office of the Superintendent of Professional Governance will be established with an investment of \$2 million over three years as the next step in implementing long-needed reforms in the professional reliance model and improving transparency and oversight in the natural resource sector. The BCGEU recommended these changes in multiple official submissions to government.

Additionally, there is a small increase to improve and expand the office of Environmental Assessment - up to \$14 million (+27%) in 2019/20 from \$11 million in 2018/19, with increased staffing costs associated with a higher number of assessments carried out with an amplified toolkit for engaging community, building partnerships with Indigenous communities and improving compliance and enforcement.

Funding for environmental sustainability and Conservation Officer Service will remain the same. Disappointingly, the BC Parks budget remains at \$41 million for 2019/20 and no growth in the Park Enhancement Fund. The BCGEU repeatedly called





on government to increase BC Parks' annual budget to \$100 million in order to expand the system, invest in conservation and protection, and improve and expand recreational services as well as opportunities for parks users. While some of this budget would require new investments, we believe a significant portion of the increased costs could be recovered in the form of economic benefits, increased tax revenues, increased usage volume and savings from transitioning front-country parks operations back "in-house" with a direct government, rather than contracted, delivery model.

## Ministry of Forests, Lands, Natural Resource Operations and Rural Development

The 2019/20 budget for the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD) is \$823 million, an increase of about \$88 million (+12%) over 2018/19. The operating budget will drop to \$808 million in 2020/21 before rising again to \$819 million in 2021/22, due largely to fluctuations in the B.C. Timber Sales Account.

Wildfire management is the major shift in the FLNRORD budget, up from \$63 million in 2018 to \$101 million (+60%) in 2019/20, and continuing at that level going forward. Fire preparedness has also been expanded from \$35 million up to \$46 million (+31%), an important step forward in increasing staffing levels at the BC Wildfire services. However, more investment is still needed to build the ministry's capacity for effective fire prevention, long-term planning and staffing to manage wildfire seasons.

These increased allocations still come nowhere near the true costs of recent wildfire seasons. Fire management costs for the 2018 season were \$551 million, and emergency program costs associated with flooding and wildfires were \$308 million. Together, combatting floods and wildfires in 2018 cost the province \$859 million, which is higher than the combined operating budgets of the ministries of environment, mental health and addictions, and Indigenous relations and reconciliation. Costs above the base amount in the ministries' budget are funded

through the statutory spending authority provided for under the *Wildfire Act*.

Other areas of investment include a \$10 million expansion in the budget for Regional Operations in 2019/20, largely due to a growth in staffing in regional offices. Resource stewardship expenditures are also increasing, from \$101 million in 2018/19 to \$104 million (+3%) in 2019/20 and will grow to \$111 million (+6.7%) in 2020/21. Finally, the *Coast Forest Revitalization* program will receive \$10 million over three years to support several initiatives, including diversifying forest tenures, increasing timber processing and engaging with stakeholders.

On the revenue side, Budget 2019 paints a bleak picture of a changing forest industry. Forestry revenue is expected to fall substantially in 2019/20 and continue to trend downward, due largely to decreased lumber prices. Revenue from forestry is projected to drop from \$1.38 billion in 2018-19 to \$1.15 billion in 2019-20 and to \$1 billion by 2021 as harvest numbers fall.

Moving forward, policy initiatives currently underway to reform forest practices should be focused on sustainability of both the forest ecosystems and the social and economic systems that depend on them. At the same time, it is important to make strategic public investments in transition measures to ensure that workers and their communities that have been dependent on a robust forest industry are not left behind.

## Ministry of Health

Budget 2019 expands the Ministry of Health's budget significantly from the previous year. A large budgetary increase of \$1.09 billion (+5.52%) outpaces the 2018/19 estimates for this year. The majority of new spending is associated with the increased budget for Regional Services of \$836 million (+6.25%), with a smaller but significant increase of \$173 million to Medical Services Plan (3.61%), as well as an additional \$970,000 to Pharmacare (+2.1%). The total ministry operating budget will rise to an estimated \$14.7 billion (+3.6%) in 2020/21, then to \$15.2 billion (+3.2%) in 2021/22.



This new investment includes supports for the BC Children's and Women's hospitals to provide services to women, children, newborns and families, and will also support the BC Cancer Agency and provide for new drugs to be covered under PharmaCare.

In terms of capital spending, Budget 2019 includes \$2.1 billion dollars in funding for three major new health care facilities over the next seven years. These three facilities join 14 other capital projects being accounted for province wide, with six will be at or past completion dates in the 2019/20 period. Three of these ongoing 17 projects have been delayed slightly, with the Children's and Women's Hospital, Peace Arch Hospital and the Centre for Mental Health and Addiction having operational dates being pushed back one year into 2020, 2021, and 2020 respectively.

Two notable health sector IT projects have been the subject of recent provincial reviews. The review into iHealth has been completed and the review into the Clinical and Systems Transformation Project is ongoing. The clinical and Systems Transformation Project Operating cost is expected to be significantly over-budget over the life of the project. Meanwhile the iHealth project for Vancouver Island Health Authority will not be completed in the full scope as set out and will be significantly overbudget. These cost overruns and the associated spending are not incorporated into forecasts in Budget 2019.

Primary Care centres are opening as scheduled, with 15 centres forecast to have opened in fiscal year 2018/19 rising to 25 in the following year. The only metric in which the province is missing targets is in addressing overtime hours worked by nurses and allied professionals. This indicates that further funding is needed to increase staffing levels. Hiring additional staff is the most effective solution to reducing the burden of overtime worked by front-line staff in health care.

Overall the government's budget for health care, and their key indicators for performance are consistent with the stated support for continued investment in a broad and comprehensive strategy to improve health care for British Columbians.

## Ministry of Indigenous Relations and Reconciliation

Budget 2019 allocates \$108 million to the Ministry of Indigenous Relations and Reconciliation, up \$7 million (+6.9%) from 2018/19. The budget is estimated to be \$107 million for each of the following two years.

The most significant Budget 2019 initiative with implications for Indigenous communities was the announcement of revenue sharing from gaming, with payments estimated at \$297 million over three years and \$3 billion over the next 25 years. This amounts to seven per cent of total B.C. government gaming revenue, and comes out of longstanding discussions between the province and First Nations about revenue sharing.

The First Nations Gaming Commission is establishing a new partnership to manage the funding, which will be overseen by a First Nations-appointed board of directors. Fifty per cent of the fund will be divided equally among B.C.'s First Nations. The rest will be distributed based on a formula involving population, size and geographic remoteness. The funding will see annual allocations ranging from \$250,000 to \$2 million per First Nation. How these dollars are to be spent is up to each First Nation, with the budget documents noting that the funding will allow First Nations "to invest in their community priorities ranging from health and wellness, housing, infrastructure, training, environmental protection and economic development."

Many B.C. First Nations representatives say the funding is welcome but long overdue, noting that the previous BC Liberal governments failed to deliver on revenue sharing commitments, despite years of negotiations.

Other budget initiatives with important implications for Indigenous peoples include:

- More funding for Indigenous extended family caregivers by increasing support payments for the Extended Family Program and for foster parents caring for children;



- Funding for Legal Services Society to continue consultation and development of the Indigenous Justice Strategy;
- \$18 million in CleanBC funding for Indigenous and remote communities, including \$3 million for the BC Indigenous Clean Energy Initiative and \$15 million for the Remote Community Clean Energy Strategy;
- \$6 million in funding over three years for the Ministry of Indigenous Relations and Reconciliation for new staff to support continued work on treaties and other agreements, environmental stewardship initiatives and socio-economic development;
- Collaborating and consulting with Indigenous governments in Coast Forest Revitalization Initiative;
- \$3 million over three years to enable the Industry Training Authority to increase hands-on support for apprentices, employers and Indigenous communities to engage with and navigate through the trades training system;
- High-speed internet access will be expanded to more than 200 rural and Indigenous communities through the Connecting BC program; and
- Funding for “pursuing reconciliation with Indigenous peoples” as part of the process of implementing the revitalized *Environmental Assessment Act*.

These new measures and announcements are authentic and meaningful steps taken by government in its commitment to the process of reconciliation.

## Ministry of Jobs, Trade and Technology

Funding for the Ministry of Jobs, Trade and Technology remains unchanged for 2019, at \$97 million, and is projected to remain the same going forward. The ministry made progress on a number of its priorities outlined in the 2018/19 service plan, including cross-ministerial collaborations to lower the small business tax rate, facilitate credential upgrades for newcomers, and establish an Emerging Economy Task Force.

The ministry service plan outlined for the next two years identifies three new performance planning

goals. The first is to provide supports for small businesses to established themselves and grow, as well as to provide incentives for them to stay in B.C.; this will start with the implementation of the recommendations from last year’s Small Business Task Force, the Emerging Economy Task Force as well as modernizing the Small Business Venture Capital Tax Credit. The second goal is to assist businesses to take advantage of international trade opportunities and attract investment in B.C. communities. The third goal is to support Indigenous communities’ participation in the economy by hosting regional economic development sessions that will aim to connect those communities with existing programs and opportunities.

Other key investments in Budget 2019 will likely assist the ministry’s mandate to support innovation and job growth in rural and northern communities. These include the Coast Forest Revitalization Initiative (\$10 million), the Northern Capital and Planning Grant (\$100 million), high speed internet access expansion (\$50 million), vocational training programs in the CleanBC program (\$6 million), and 2,900 science and tech spaces at post-secondary institutions.

## Ministry of Justice and Attorney General

The previous year’s budget marked an important change in direction for this ministry by offering a significant boost in funding in several critical areas, including court services and the Legal Services Society.

Budget 2019, by contrast, presents a total budget lift for 2019/20 that is slightly higher than originally scheduled, but still quite modest compared to 2018 with only \$21.3 million (+3.6%) in additional funding for the ministry. These new resources will be spread relatively evenly across the ministry’s lead business areas, including justice, prosecution, court and legal services, offering between \$2 million to \$3 million increases to each line. The budget also notes that an additional \$3 million is provided over the fiscal plan to support compensation and retention of court clerks, expand capacity at Justice Centres,



and modernize IT infrastructure at the Independent Investigations Office.

Total combined funding for the ministry will top out at \$605.6 million in 2019/20, where it will stay unchanged through the remaining two years of the fiscal plan.

After highlighting for several years the pressing need to increase both court sheriffs and overall staffing in court service to address significant procedural and administrative delays, the BCGEU was highly supportive of the renewed investments made in 2018. While these resources have permitted some noticeable improvements in the day-to-day functioning of B.C.'s court system, Budget 2019 fails to supply the additional resources needed to sustain and build upon this progress in future years.

Similarly, while the Finance Minister's budget day speech affirmed the significance and extent of money laundering in the province (and the importance of taking firm action to investigate and address this criminality), the budget for the Ministry of Justice and Attorney General indicates no additional or dedicated resources for undertaking an official public inquiry or similar process. Undertaking such an initiative would help alleviate the disproportionate burden faced by B.C. casino employees who work under sensitive and very stressful conditions to uphold their legal obligation to monitor and report suspicious criminal activity.

We hope that government will reconsider some of these important priorities in the months ahead and for future budgets.

### **Legal Services Society (LSS)**

The total Legal Services Society operating budget for 2019/20 is \$91.9 million (-3.8%), down from \$95.4 million in 2018/19. The budget is forecast to remain at \$91.9 million over the next two budget cycles.

Expenditures on lawyer fees are estimated to be \$41.3 million for 2019/20, down 17 per cent compared to last year. However, duty counsel fees are expected to rise to \$9.6 million (+7.9%) and remain at a similar level over the next two budgets.

Total salaries and benefits are expected to rise to \$19 million (+26.7%) in 2019/20 and remain at that level going forward. Grants and contracted services will decrease from \$7.7 million last year to \$6.8 million (-11.7%) in 2019/20, then decrease to further to about \$4.8 million (-29.4%) in 2020/21 and 2021/22.

The main LSS announcement for Budget 2019 is a plan to fund continuing consultation and development of the Indigenous Justice Strategy, and to pilot legal clinics in up to eight communities throughout the province, in partnership with the Law Foundation of British Columbia.

The agency service plan notes that the LSS continues to face challenges in recruitment and retention of trained staff, particularly in the Lower Mainland.

Other challenges noted in the service plan include::

- Service improvements made in 2018/19 enable LSS to better respond to the demand for family law services, but the proportion of family applicants receiving a representation contract remains under 50 per cent.
- Tariff rates remain unchanged. Lawyer dissatisfaction with current rates is an ongoing concern and creates a risk that LSS will not be able to attract or retain highly skilled lawyers, resulting in service disruptions.

Priorities identified in the LSS service plan include:

- Identifying ways to improve access to justice for Indigenous people;
- Determining opportunities to better meet the legal needs of families with low incomes;
- Exploring and implementing digital delivery of services to improve access to justice; and
- Finding mechanisms that will support attraction and retention of legal aid lawyers to sustain delivery of legal aid services, particularly in rural areas.

In a submission to government in 2018, the BCGEU called for improved delivery of legal aid through a primarily *public* model, and recommended a shift away from the present reliance on private bar referrals and the limited availability of publicly-funded





community legal aid resources. Expanding LSS office locations and increasing staff at existing facilities will be an essential (and basic) condition for improvement within current system. We hope the government is making initial steps in this direction through some measures included in Budget 2019, but it is too early to be sure.

### ***BC Liquor Distribution Branch (LDB)***

Operating expenses for the BC Liquor Distribution Branch are projected to rise to \$474.8 million (+13.4%) in 2019/20, then \$500.4 million (+5.4%) in 2020/21 and to \$533.6 million (+6.6%) in 2021/22. Employment expenses will rise at slightly lower rate, to \$245.7 million (+7.7%) in 2019/20, then \$250 million (+1.7%) in 2020/21 and to \$260.6 million (+4.2%) in 2021/22.

The LDB continues to show net income growth, and is predicted to continue to contribute more than \$1.1 billion annually to the province. Net income for 2019/20 is projected at \$1.12 billion (+1.7%) and is expected to rise steadily to \$1.19 billion by 2021/22 (an 8.5% increase over 2018/19).

There is significant capital spending (\$180 million over three years), indicating that government is investing in the LDB for the long term, including much-needed store updates, the creation of more physical BC Cannabis Stores, and technology upgrades. While the relocation of the Vancouver Distribution Centre to Delta has been challenging logistically, it has not run over-budget.

The service plan suggests the LDB may be encountering challenges in acquiring sufficient legal cannabis to supply the B.C. retail market. Total revenue from cannabis is not mentioned in the LDB service plan, but performance measures and targets note expectations of \$1,600 per square foot in 2018/19, rising to \$1,655 in 2019/20, then \$1,688 in 2020/21 and \$1,700 in 2021/22.

The BCGEU will continue to monitor for impacts of the Business Technical Advisory Panel's recommendations, as some of them may be implemented in 2019.

## **Ministry of Labour**

Ministry of Labour funding will increase by \$3.8 million (+30.2%) in 2019/20 to reach \$16.4 million for the fiscal year. The budget will grow an additional \$1.1 million (+7.0%) in 2020/21 to a total of \$17.6 million, remaining unchanged thereafter through 2021/22.

From within the labour programs line, the Employment Standards Branch (ESB) will see a substantial \$4.3 million increase in 2019/20 (+49.1%) and an additional \$14 million combined over three years. In last year's budget, the BCGEU and its partners in the BC Employment Standards Coalition were greatly disappointed by a much lower than anticipated boost to ESB. Government has made up for this in Budget 2019, pushing the branch's funding to \$13 million annually—14.4% above the \$11.4 million that was budgeted 10 years ago prior to a series of harmful cuts introduced in 2009/10.

For two successive years, the BCGEU has called for renewed and enhanced funding to ESB within its annual pre-budget consultation submissions to government. Now available, this additional funding will be used to support a "transformation" within the branch to update employment standards that reflect the changing nature of work, and to better equip ESB with the staff and resources needed for fair, effective and consistent enforcement.

## **Ministry of Mental Health and Addictions (MHA)**

The Ministry of Mental Health and Addictions has essentially a status quo budget for fiscal year 2019/20. The ministry will receive a nominal budget increase of \$84,000 (+0.7%) from 2018/19 for a total of just over \$10 million dollars, and will stay at approximately the same level over the next two budget cycles.

Most of the increase (\$75,000) will go to policy development, research, program monitoring and evaluation, partnerships with other organizations, and other activities related to mental health and addictions services.



Budget 2019 allocates \$30 million over the next three fiscal years to tackle the overdose crisis, which is new investment in addition to the total \$578 million provided since Budget 2017 Update. Funding is going towards 21 overdose prevention sites and nine supervised consumption sites and will help meet increased demand for paramedics in rural and remote areas of B.C.

The ministry is continuing to increase access to publicly funded Naloxone kits as per recommendations that came from BCGEU members on the front lines of the crisis. The ministry plans to distribute an additional 73,161 Naloxone kits (+150%) over the total distributed in 2018/19.

Additionally, the ministry is targeting increasing the number of people on opioid agonist treatment, but will implement that initiative on a region-by-region basis rather than setting provincial targets.

Outside the MHA budget, Budget 2019 announces \$74 million for mental health prevention and early intervention programs for children, youth and young adults under MCFD. As well, \$20 million over three years has been committed through several ministries and agencies to assist First Nations communities with addressing the overdose crisis.

Also mentioned (but without budget lines attached) were more foundry centres for youth 12-24, more programs including in schools for parents and families to support early years development and more specialized family care and day treatment for young peoples.

While progress continues to be made, the BCGEU advocated in this year's pre-budget submission for more robust investments to address this ongoing public health crisis related to opioids.

## **Ministry of Municipal Affairs and Housing (MAH)**

While the total Ministry Municipal Affairs and Housing operating budget for 2019/20 is up \$154 million (+22.8%) to \$828.3 million, the bulk of this increase is recorded under transfers to local governments and accounts for external recoveries of costs rather than any meaningful spending increases.

Local government focused initiatives announced in the budget include the Northern Capital and Planning Grant, through which the province will provide \$100 million to 26 local governments along the LNG corridor and near Kitimat to help meet infrastructure needs. Though announced in Budget 2019, this funding appears to be tied to the 2018/19 budget year.

Budget 2019 also provides \$18 million in 2019/20 for MAH to facilitate payments under the Peace River Agreement to support planning and infrastructure related to regional economic growth where intensive industrial activities occur outside the boundaries of the Peace region's municipalities. In addition, MAH will issue a grant payment of \$62 million to the Capital Regional District in 2019/20 towards the completion of the Core Area Wastewater Treatment Project.

### ***Housing***

The 2019 MAH budget allocates \$32.4 million (+7.1%) in new funding for housing, raising that amount to \$486.4 million for 2019/20. Spending on housing is projected to rise again to \$504 million (+3.6%) in 2020/21 and to \$539 million (+6.9%) in 2021/22, in line with commitments announced in Budget 2018. Modest new investments in housing announced in Budget 2019 include funding for 200 additional units of modular housing beyond the 2,000 announced last year, and \$15 million over three years to develop a provincial homeless response strategy. Capital spending allocated to housing will rise from \$227.7 million in 2018/19 to \$247 million (+8.5%) in Budget 2019, in line with previous commitments.

The budget also pledges \$10 million to establish a provincial rent bank, which will provide funding "to community organizations to operate rent banks by providing short-term loans with little to no interest to low-income tenants who can't pay their rent due to a financial crisis." Depending on the scale, these rent banks could provide a valuable financial backstop to vulnerable renters and those at risk of eviction from non-payment.



In addition, the budget for the Residential Tenancy Branch (RTB) will increase marginally, from \$11.6 million last year to \$11.9 million (+2.5%) in 2019/20. It is worth noting that after Budget 2018's more significant increase, RTB spending for 2019/20 will be 29 per cent higher than in 2017/18, marking a considerable reinvestment in the RTB after a year of cuts and neglect under BC Liberal governments.

While the BCGEU is pleased to see the government continue the roll-out of housing investments announced in 2018, Budget 2019 does not deliver on calls for government to significantly scale up and accelerate investments to address the province's ongoing housing and affordability crisis. Budget 2018 promised to build 114,000 new units over 10 years, including \$445 million over the coming three years for mixed income social housing. However, the BC Rental Housing Coalition has called for \$1.23 billion in total funding annually for new affordable rental supply, with \$410 million annually coming from the province. Other analysts are saying that even more funding is needed, with the Canadian Centre for Policy Alternatives' B.C. office suggesting investments of at least \$1.25 billion annually are needed to address affordable housing in the Metro Vancouver region alone. Moreover, it is not clear that the province's existing pace of investment and construction is even on-track to deliver on the 10-year affordable housing targets announced in 2018.

In the context of the ongoing housing crisis in many B.C. communities, the BCGEU reiterates its call on government to expand and accelerate both its capital funding and public land contributions to immediately build new public, co-op, social and non-market housing. At a minimum, we propose that the provincial government raise its investments in general mixed-income affordable housing construction to one-third of the total amount recommended by the BC Rental Housing Coalition.

While the capital costs of a more extensive investment in housing would add to the provincial debt, current ratios of debt-to-revenue and debt-to-GDP in the province are healthy enough to permit the borrowing that this would require. Capital costs could be partially recovered over time through rents.

In addition, social housing managed by agencies such as Metro Vancouver Housing Corporation and other public and non-profit providers is typically self-supporting in terms of operating costs. This new housing could be managed efficiently through expanded partnerships with existing providers or through scaling up the provincial government's own housing management capacity.

### ***No action on land value capture***

Budget 2019 also makes no mention of calls by the BCGEU and a growing number of B.C. local governments and unions to investigate land value capture/taxation as a new revenue source for transit and affordable housing, as well as a tool to reduce incentives for property speculation. B.C. real estate is worth almost \$2 trillion as of January 2019—up by more than \$1.1 trillion since 2007. That is much larger than any other component of the provincial economy, and makes up a bigger share of B.C.'s GDP than oil and gas does for Alberta. However, most of this value increase currently goes untaxed and only benefits private investors, while driving up housing costs for B.C. residents. Land value capture is an effective way to recover some of this value and use it for the benefit of the people who live and work in this province.

While the province and local governments would need to work together to develop a specific model of land value taxation tailored to the needs of B.C. communities, land value capture policies based on similar core concepts have been used to fund housing, public transit and other public investments in many jurisdictions across the United States, Europe and Asia (see [www.affordablebc.ca/faq](http://www.affordablebc.ca/faq)).

### ***BC Housing***

BC Housing's budgeted expenditure for 2019/20 is \$1.4 billion, up \$167.6 million (+13%) from 2018/19. Expenditures are expected to rise again to \$1.6 billion (+10.3%) in 2020/21.

Expenditures drop back slightly to \$1.5 billion (-6.2%) for 2021/22, but are nonetheless higher than in 2018/19 and 2020/21.



Housing subsidies make up the bulk of spending increases in Budget 2019, and are up about \$130 million (+13%) from last year to reach \$1.1 billion, while rental assistance is up by about \$30 million (+23%) for a total of \$157 million in 2019. Housing subsidies will rise to \$1.3 billion (+13%) next year, before dropping to \$1.2 billion (-6%) in 2021/22. Rental assistance is expected to rise another \$13 million (+8%) to \$170 million in 2020/21, and then another \$2 million (+1.2%) in 2021/22.

Salaries and labour expenses for BC Housing are up by approximately \$8 million (+12.3%) to \$74 million for 2019/20, with smaller increases over the next two budgets. These costs are expected to increase as additional staff are required to deliver and administer new projects and programs. Research and education expenses are dropping from \$1.7 million last year to just under \$1.2 million (-30.4%) going forward.

BC Housing revenue from the provincial government is \$1.24 billion (+10%) in 2019/20. Revenue from the province is expected to increase to \$1.44 billion (+16%) in 2020/21 and then drop to \$1.36 billion (-5.5%) in 2021/22.

Federal contributions to BC Housing are budgeted to rise 73 per cent in 2019 to \$160 million, then drop to \$126 million (-21%) in 2020/21 and \$123 million (-2.3%) in 2021/22. The federal share of BC Housing's total revenue will rise to about 11% in 2019, up from 7% last year, then return to about 8% of total revenue over the next two budget cycles.

## Ministry of Public Safety and Solicitor General

For a second straight year, there is minimal change within the Ministry of Public Safety and Solicitor General's (PSSG) budget. The new fiscal plan adds just \$15.9 million (+2.0%) to the total operating expenditure for PSSG in 2019/20, raising this figure to approximately \$802 million annually through 2021/22.

Within the small increase delivered to this ministry in 2019/20, corrections will see a minor lift of \$6.4 million (+2.6%) for the fiscal year—an amount well below what is needed to address the escalating

violence in B.C. correctional centres. This year, policing and security will add \$4.5 million (+1.1%); victim services and crime prevention will increase by \$2.5 million (+5.1%); and RoadSafetyBC will receive a boost of \$2.8 million (+21.2%). These budget lines, along with all other business areas in the ministry, will remain frozen thereafter until the conclusion of the current fiscal plan in 2021/22.

For several years, and especially within the last three years with our Prison Safety Now campaign, the BCGEU has been calling for new resources for adult corrections to address severe health and safety problems as well as staff recruitment and retention issues. We have also called for investments in community corrections to address high workloads. Budget 2019 did not deliver these needed investments, and neither did Budget 2018 before it.

Outside of the nominal increase to corrections, there was nothing in this year's budget to address the dangerous staff-to-inmate ratios, overcrowding and escalating violence in B.C.'s jails, or the challenges faced by staff in community corrections. In fact, the 2 per cent increase given to PSSG's overall budget in 2019/20 is just half the 4 per cent average increase to total operating expenditures seen across other ministries and public agencies

BCGEU members are disappointed by this—for a second year in a row—and the union will renew its efforts to advocate for necessary investments in public safety through corrections and community corrections in the year ahead.

## Ministry of Social Development and Poverty Reduction (MSDPR)

Budget 2019 provides an increase of \$207 million (+6.2%) to MSDPR in 2019/20, with an additional \$56.8 million (+1.6%) in 2020/21, and \$32.9 million (+0.9%) in 2021/22. At roughly \$3.6 billion in 2019/20, MSDPR is comfortably the third largest government ministry by expenditure behind Health and Education. Despite its size, total expenditure on salaries and benefits in MSDPR will increase by \$6.6 million (+4.6%) in 2019/20.





The vast majority of new funding for 2019/20 will be concentrated in income assistance delivery. This large service line comprises more than two-thirds of the annual budget in MSDPR—which, this fiscal year, will grow by \$140.6 billion (+6.1%) to accommodate a \$50 increase to the monthly income and disability assistance rates, as well as continued overall growth in the provincial social assistance caseload.

Although there is little indication of additional funding for significant new staffing in the ministry—and therefore only a very modest increase in expenditure on salaries and benefits in 2019/20 (see above)—the provincial budget does introduce new commitments aimed at improving access for clients and removing barriers—all of which have been documented and reported by BCGEU members in recent years. To this end, an investment of \$26 million over three years will offer new program enhancements that include:

- Removing requirements that make it harder for older adults, youth, and persons with mental health issues to access the employment assistance program;
- Helping clients obtain personal identification so they can access income assistance, essential services, and overcome personal barriers to securing housing and employment;
- Aligning the definition of spouse to other benefit programs to ensure fairness in the level of support that couples receive; and
- Extending the shelter rate to those paying room and board to a family member.

In principle, these improvements would reduce the day-to-day procedural and administrative burden faced by workers in the delivery of provincial income assistance to clients and communities, and to reduce the overall impact of existing caseload pressures that result from complexity, duplication and inefficiency.

Unfortunately, none of the above measures can be expected to lift a substantial number of vulnerable British Columbians out of poverty, or to dramatically improve the current working conditions faced by employment and assistance workers in MSDPR. And while better than nothing (barely), the budget's \$50

increase to monthly income and disability assistance rates has been widely criticized as woefully inadequate by many anti-poverty and disability advocacy groups allied with the BCGEU. Furthermore, the unveiling of a long-awaited provincial poverty reduction strategy was a notable omission in the provincial budget.

The BCGEU and its members await much more from this ministry in the months to come.

### ***Community Living BC***

Community Living BC (CLBC) spending will see a noticeable increase this year, with the agency's total budget rising to almost \$1.09 billion (+6.2%) in 2019/20, then to more than \$1.1 billion (+2.7%) over the next two budgets. Much of this funding is likely earmarked for negotiated wage increases for employees of the agency and contracted community-based services. Notably, Community Living BC homeshare providers will see the first increase to their compensation since 2009, with an additional \$9 million allocated in 2019/20, then \$18 million in annually in 2020/21 and 2021/22, for a total of \$45 million over three years.

Government transfers to CLBC for 2019/20 will increase by \$66.5 million (+6.5%) to almost \$1.06 billion, then rise further to \$1.11 billion by 2021/22, for a cumulative increase of \$115 million (+11.5%) annually over 2017/18 levels. Additional transfers from Health Authorities will also increase slightly.

According to the CLBC service plan, caseload growth is forecast to increase by 5.4 per cent in 2019/20, exceeding population growth. CLBC continues to manage the growth in demand for services by thorough "prudent service monitoring and contract management." The CLBC service plan boasts that "the overall average cost of supports and services per individual has been reduced from \$46,000 in 2011/12 to a forecast \$43,900 in 2018/19 and \$44,400 projected for 2019/20". In other words, cost containment through service rationalization is the agency's continuing response to the growing demand for services.



The BCGEU represents around 500 workers at CLBC itself, and over 6,500 workers in community-based agencies providing front line services throughout the province. While the NDP government has acknowledged the need to improve conditions and capacity in the sector, more resources are needed. Members working directly at CLBC report serious ongoing challenges, including high workload pressures, small and overcrowded workspaces and the need for increased opportunities for professional development, learning and training. Workers in the wider community living sector continue to do their best to deliver quality care in the face of difficult working conditions, including chronic underfunding, understaffed workplaces, precarious employment, high levels of workplace violence and staff recruitment and retention problems. The BCGEU reiterates our call on the government to develop comprehensive plans and provide increased resources to address these challenges.

Inclusion BC has commented that “It remains unclear how this budget will actually translate directly into supports for people with intellectual disabilities and their families who are waiting for services.” Inclusion BC also noted that “families and community agencies that support people with intellectual disabilities across B.C. have struggled with inadequate funding for a long time. Individuals and families continue to be told there’s not enough money in the CLBC budget for the services they need and face increasingly limited support options.”

Although not covered under the CLBC budget, the announced modest increase of \$50 to \$1,183 per month to persons with disabilities assistance rates will help individuals with developmental or intellectual disabilities, though the new rates still fall far short of a minimum target set by anti-poverty advocates of \$1,500 per month.

## **Ministry of Tourism, Arts and Culture**

This ministry oversees five crown corporations, including PAVCO and the Royal BC Museum. Its budget has been boosted in the 2019/2020 budget to \$164 million through 2022, an increase of \$20 million, or 13.8 per cent, from the 2018/19 budget.

## ***B.C. Pavilion Corporation***

PAVCO, comprising BC Place and the Vancouver Convention Centre (VCC), will receive a government transfer of \$9.2 million in 2019/20 and \$9.4 million in 2020/21. BC Place is forecast to run an operating deficit of roughly \$8 million in each of the next two fiscal years. These losses are expected to be offset by a surplus generated by the VCC.

On February 4, 2019, the government announced PAVCO will hold an open call for corporate sponsorship proposals to rename BC Place. The scheme is intended to support the facility’s operating costs. The contract will cover a minimum of 20 years.

PAVCO’s service plan notes an expected \$15 million in one-time revenue coming in 2021/22 related to a potential land sale in the north False Creek area.

Staffing remains a concern at BC Place. The most recent employee engagement survey showed only 57 per cent engagement, far lower than VCC and PAVCO head office. The collective agreement expires on May 31, 2020. An additional 5 per cent (or \$500,000) has been budgeted for staffing costs in this fiscal year with an additional 1.9 per cent boost in 2020/2021.

## ***Royal BC Museum and Archives (RBCM)***

The government’s annual operating contribution of \$11.8 million to the Royal BC Museum and Archives isn’t forecast to increase based on estimates through to 2021/22. This is the same contribution as in 2018/19. Roughly \$2.3 million has been set aside for salary and benefits for 2019/20. This is less than a one per cent increase over last year. The museum remains dependent on volunteer staff.

The RBCM is facing growing pressures on its operating budget. Among them are the costs of maintaining and repairing the museum’s and archives’ aging infrastructure, which puts the collection at risk, and the costs of storing collections and digitization.

More opportunities are being created to attract visitors as admission passes represent a large part of revenues – roughly 46 per cent. As well, the government is developing a three-year capital maintenance



framework to develop options for the safeguarding and storage of the museum and archive collections. This is imperative to ensuring the facility can continue to attract visitors.

## Ministry of Transportation and Infrastructure

The Ministry of Transportation and Infrastructure operating budget will increase to \$925.6 million (+4%) in 2019/20, with smaller increases through to 2021/22.

Notable increases include a doubling of funding for commercial transportation regulation, from \$1.6 million to \$3.2 million, as part of preparations for the entry of app-based ride-hailing services in 2019. Public transportation expenditures, including government contributions to public transit and coast ferries, will increase to \$348.3 million (+2.8%) in 2019/20, with smaller increases over the next two budgets. The highways operations budget will increase almost \$17.6 million (+3.3%) in 2019/20 to \$544.2 million, and stay at approximately the same level through to 2021/22.

The ministry service plan also outlines major capital spending, totalling \$6.6 billion across B.C. over the next three years, with more than \$1.6 billion budgeted in 2019/20 alone. Major investments up to 2021/22 include:

- Highway Corridor Rehabilitation — \$651 million
- Side Road Improvements — \$330 million
- Pattullo Bridge Replacement — \$764 million
- Highway 1 to Alberta Border — \$648 million
- Broadway Subway — \$1.12 billion
- Transit Infrastructure — \$659 million
- Transportation and Trade Network Reliability — \$666 million
- Safety Improvements — \$86 million
- Community and other programs — \$77 million

