

# **B.C. BUDGET ANALYSIS 2016/17**

*“One Step Forward, Two Steps Back”*



## **Overview**

The B.C. Liberal Government has delivered yet another of its “balanced” budgets, dressed in sleight-of-hand fiscal manoeuvring, ambiguous language, and cavalier comparisons to other provinces and jurisdictions.

Sadly, and once again, the fiscal planning of our elected government puts in second place the essential public goods and services British Columbians require to lead prosperous, inclusive and dignified lives. Instead, it treats vital social programs and services as a privilege, rather than a right of citizens and families—and most offensively, not a primary responsibility, but secondary duty of government.

**Budget 2016/17... is balanced only insofar as when something is given with one hand, it is quickly taken away with the other.**

As an example, the comments of our own Premier leading up to budget day, both in the media and in the legislature, have framed the long-overdue investments in children and families (finally seen this year) as a justified concession in light of economic growth. It should be the other way around. Our government fails to see how these investments are what make us stronger and abler as healthy and resilient communities, and therefore better-equipped as workers and economic contributors. It fails to see how these programs are preconditions for success either in the immediate or longer term. It is only the widespread public and media attention to the longstanding crisis in child, youth and family services that is the impetus for government action.

In their budget speech and presentation, the government asks “how [are we] doing” in our province? Unfortunately, the answer is “not good enough” if you’re in the majority of British Columbians.

Apart from the good news story in the Ministry of Children and Families, Budget 2016/17:

- Makes no significant investments in ministries and agencies that have faced more than a decade of frozen and shrinking budgets;
- Fails to address a justice system compromised by chronic staffing shortages;
- Does nothing to reign in soaring rental prices for families and workers;
- Pursues further “tax competitiveness” at the expense of desperately needed tax fairness;
- Overlooks investments in needed home support services for B.C.’s aging population;
- Demonstrates continued and increasing reliance on regressive fee increases to supplement lost revenue from personal and corporate income tax cuts; (for example, a 4% bottom-line increase to MSP premiums despite a much-publicized restructuring of the program)
- Deposits \$100 million in publicly provided revenue to the B.C. Prosperity Fund (a fund intended for resource royalty windfalls from LNG development);
- Misleads the public on the overdue increase to disability assistance rates by offering a paltry \$77/month increase, largely offset by a new \$52 fee for transportation passes;
- Balances a transfer tax exemption on new homes valued over \$750,000 by increasing the rate on properties valued over \$2 million; and
- Maintains employment in the B.C. Public Service at its “leanest” level on record through 2018/19.

Budget 2016/17 is steadfast and resilient in its commitment to investing little in programs and services that benefit working families and individuals, and is balanced only insofar as when something is given with one hand, it is quickly taken away with the other.

The B.C. 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 2016/17 will affect the work our members do and the services our province relies on. It identifies areas where progress has been made and the many areas where far more is needed.

## Public Service

Budget 2016/17 predicts that total government FTEs will grow by 400 to a total of 27,400 this fiscal year, and by a further 200 in 2017/18. These forecasted increases are based primarily on the need to hire additional social workers, as well as additional staff required for the new Okanagan Correctional Centre.

Going forward, the fiscal plan indicates a temporary slowing in the ratio of population per FTE, but is then set to resume its growth (+2.8%) by 2018/19 following estimated staffing cuts of 250 fulltime positions (-5.2%) in B.C. service delivery agencies.

## Revenue

The budget projects that total revenue in 2016/17 will grow by \$1.1 billion over the updated forecast for 2015/16, and that over the three years of the fiscal plan, total expected revenue growth will average 2.1% per year approaching 2018/19.

Based on the government's economic growth forecasts, however, total revenues as a proportion of GDP will continue to slide from 19.5% in 2013/14 to a low of 18.6% for the upcoming fiscal year. This shows that despite government's exceedingly self-assured rhetoric about economic performance vis-à-vis the rest of Canada, we actually continue to capture a smaller share of this growth year-over-year for needed investments in programs and services.

It is particularly disappointing that Budget 2016/17 sees the expiration of the two-year tax rate increase on personal incomes above \$150,000. At 16.8% this rate was among the lowest, most competitive in Canada. As a result, growth in total tax receipts will

fall dramatically this year to only 0.3% above the 2015/16 level.

In place of transparent and progressive taxation measures, Budget 2016/17 again demonstrates the B.C. Liberals' continued preference for insurance premiums, service rates, and other user fee hikes as a source of general revenue, hitting families and workers in their pockets. For example, in spite of the government's deceptive restructuring of MSP premiums in 2016/17, an additional 4% increase in January 2016 (scheduled again for January 2017), individuals and families will be contributing more out-of-pocket income totalling \$2.7 billion annually in order to balance a budget that would be financed more equitably and efficiently through other means.

Consistent with the previous fiscal plan, Budget 2016/17 reveals our province's significant fiscal and economic vulnerability to fluctuations in global energy and commodity prices. For example, the budget projects a further -15.2% drop in natural gas revenue, declining from \$151 million in 2015/16 to \$128 million in 2016/17. All combined, natural resources are projected to provide only 4.9% of total government revenue in 2016/17, and just 0.9% as a capture of provincial GDP.

Nevertheless, as the current government approaches election in spring 2017, this year's budget again trumpets the increasingly improbable LNG fantasy in our province, with a mysterious deposit of \$100 million in public funds into the newly-established B.C. Prosperity Fund. Designed as sovereign wealth fund for oil and gas windfalls, our government has redirected this money from other sources, such as record-high MSP premiums, government's forecast allowance (or any imaginable source for that matter), toward deceptive political ends in light of the increasingly apparent LNG delusion in our province.

Overall, the Ministry of Finance continues to adopt an overly cautious forecast for real GDP growth (2.4% in 2016) relative to the Economic Forecast Council (2.7%), allowing the government to claim the achievement of higher budgetary surpluses and



impressive fiscal management in the lead up to the provincial election next year.

## **Ministry of Aboriginal Relations and Reconciliation**

The Ministry of Aboriginal Relations and Reconciliation will undergo a slight cut to total operating expenses of \$1.1 million (-1.3%) in Budget 2016/17. Internally, the bulk of this reduction will be felt in treaty and other agreements funding (-\$1.1 million / -2.7%) and the first citizens fund (-\$980,000 / -37.0%). The substantial cut to the first citizens fund is likely to impact cultural and educational activities aimed at strengthening linkages between communities, indigenous peoples, and businesses in B.C. A modest increase will be made to the First Nations clean energy business fund.

In 2016/17, internal restructuring also sees partnerships and community renewal combined with strategic initiatives in a single business area called strategic partnerships and initiatives division; the combined funding remains unchanged for this year. Indications are that non-treaty agreements are a significant focus of the current plan.

According to the fiscal plan, the ministry is scheduled to receive a \$2.6 million lift to \$88.2 million in 2017/18, and to stay roughly at that level through 2018/19.

Elsewhere, Budget 2016/17 offers little mention of First Nations or any new Aboriginal initiatives, funding or programs. However, under the headline, "Encouraging Resource Development" the fiscal plan presents an additional \$19 million over three years to support several related ministries on LNG and natural resource development, some of which will be allocated to "[facilitate] First Nations engagement, consultation and negotiations to complete agreements that support resource development."

## **Ministry of Advanced Education**

Budget 2016/17 introduces a small increase of \$24.3 million (+1.2%) to the overall operating budget for the ministry directed almost entirely to educational institutions and organizations. There is some internal reallocation of funds within the other budget lines: student services programs are budgeted for a modest additional \$21,000 (+0.03%), executive and support services will decrease by \$455,000 (-2.2%), government communications is reduced \$74,000 (-0.3%), and strategic initiatives will grow by \$47,000 (+0.4%). This year's service plan introduces a new line item titled "private training institutions" with an extremely small allocation of \$1,000 per year over three years; this is to "regulate private training institutions in B.C.," which is unlikely to have a positive impact on ensuring the protection of valuable public skills training programs.

Budget 2016/17 includes a significant increase to capital spending of \$1.02 billion (+49%) this year, and \$2.5 billion over the next three years. This line item covers specific redevelopments or improvements to facilities that include Emily Carr Institute of Art and Design, Selkirk College and the University of British Columbia.

While the budget contains many references to the importance of post-secondary education and skills development for B.C.'s workforce, the government also projects a 2.2% annual growth in revenues from sources such as "post-secondary fees." The 2% cap on tuition fees is still in place, but it doesn't apply to other fees. Students are having to pay more for their education as a result of government's failure to invest.

There are no references within either the larger budget document or the ministry service plan to reinstate or provide funding for English language training or adult basic education. This is a budget that should have reinstated funding to these valuable programs especially considering the needs of young and transitioning workers who require language training or upgrades, as well as the high volume of new immigrants to B.C.



## Ministry of Agriculture

Budget 2016/17 introduces a very modest increase over last year's forecasts at \$81 million, and both 2017/18 and 2018/19 are expected to see similar increases at \$82 million in both years.

There are small increases to most of the identified budget lines for 2016/17: agriculture science and policy is budgeted for an additional \$56,000 (+0.3%), business development will increase by \$457,000 (+1.1%); and the B.C. farm industry review board grows by \$5,000 (+0.4%). The 2016/17 increase to the agricultural land commission (ALC) is more substantial, however, at an additional \$1.1 million (+33.0%). Budget 2016/17 commits an additional \$3 million over three years to the ALC in order to support "more efficient application reviews, enhanced compliance and enforcement activities, [and] increased support for the operation of regional panels." The ALC is also expected to hire additional officers to address compliance concerns regarding "special events" that farmers host on agricultural land to supplement incomes.

The ministry's 2016/17 service plan outlines a number of industry changes and considerations, including a loss of 5,000 jobs within the agricultural, fisheries, aquaculture and food and beverage sectors, 4,700 fewer people employed in farming, and 114 fewer aquaculture operations in the province. Conversely, 2015/16 experienced a growth of 600 additional positions in processing. Despite job loss figures, Budget 2016/17 projects revenue increases from all of the above areas with the exception of aquaculture, which reported \$95.5 million less than 2014/15 revenues.

Agricultural councils have largely welcomed the 2016 budget, citing the Buy Local Program, new PST exemptions, the Farmers Food Tax Credit (25% for donating to charity), K-12 nutrition programs and climate change adaption commitments as positives for their industry.

## Ministry of Children and Family Development

Government has introduced much-needed and long-overdue funding to support children, youth and families in need. Through BCGEU's ongoing Choose Children campaign, our union has repeatedly petitioned government to greatly increase funding to MCFD for additional frontline staff and improved programming. Recommendations have been echoed by other research, including the Representative for Children and Youth, and most recently, the preliminary Plecas report commissioned by government.

As a result, this year the ministry will receive \$72.2 million (+5.2%) in new funding to improve outcomes for vulnerable children and youth, and additional support and resources for the dedicated frontline workers within MCFD. With new funding, government has committed to hiring an additional 130 staff, including 100 frontline social workers and 30 administrative support positions. These new hires will be in addition to the 200 that MCFD committed to in its November 2014 announcement, for a total of 330 additional service delivery staff by the end of fiscal 2016/17.

Although Budget 2016/17 claims an estimated additional \$217 million over three years for the ministry, the cumulative amount of new funding to be introduced will be \$107.4 million, raising annual operating expenses for MCFD to \$1.49 billion by 2018/19.

This discrepancy is due to the method with which the Ministry of Finance highlights new funding that is spread out over three years, wherein 2015/16 is the baseline reference upon which new amounts are theoretically imposed in each successive year of the plan as "new funding." This allows for the presentation of a large cumulative number. In practice, the total growth in MCFD's annual operating expenses will be \$107.4 million above the 2015/16 restated estimates by 2018/19.

This year, MCFD introduces an additional \$35.0 million (+7.0%) in the area of child safety, family



support and children in care services; \$18.1 million (+6.3%) in new funding for special needs programs; a \$2.9 million (+11.0%) increase for adoption services; and an additional \$15.4 million (+13.0%) for service delivery support. Mental health services for children and youth, however, remains virtually frozen at \$80.4 million, which is a concern considering the widely-understood pressures that exist for clinicians and other staff who struggle to provide services and interventions for waitlisted children and families. Also, despite concerns about children aging out of care, there is no indication of more money going towards services to youth over 19.

These new government investments represent a positive first step towards addressing the significant challenges faced by vulnerable children, youth and families in B.C., and for the staff who work to protect them. Additional actions, however, will be needed to address the comparatively low wage rates of ministry workers in order to improve the longer-term recruitment and retention of highly-trained and qualified workers.

### **Ministry of Community, Sport, and Cultural Development and Minister Responsible for Translink**

Budget 2016/17 shows a \$30.1 million (+13.2%) increase in funding for the Ministry of Community, Sport, and Cultural Development. Almost all of the increase, \$30 million, will go toward local government services and transfers (+20.2%).

The ministry's service plan provides no specific indication as to the purpose for which the additional \$30 million for local government services is earmarked. In the July 30, 2015 mandate letter, the ministry was given new responsibility for Translink. The increase in funding may be related to this change in the ministry; however, there is no indication in the Budget Estimates as to how this responsibility will be funded.

Despite an increased focus on growing B.C.'s creative economy in the ministry's service plan, and the

recent announcement of a \$15 million B.C. Music Fund, there is no increase in the arts, culture, gaming grants and sport line-item, nor the B.C. arts and culture endowment. These two business areas have remained unchanged from 2015/16 at \$46.7 million and \$2.5 million respectively.

There is no change in funding to the Royal B.C. Museum, the physical fitness and amateur sports fund, university endowment lands administration account, and transfers to Crown corporations and agencies.

### **Ministry of Education**

The Ministry of Education's funding in budget 2016/17 followed the trend set in 2015/16 of minimal increases to public schools, and significant increases for private schools. This year's budget provides a \$50.1 million (+1.1%) increase for public school instruction that was partially offset by a \$23.9 million decrease (-7.1%) in funding to public school administration. Similar to 2015/16, private schools received a double-digit percentage increase, \$47.6 million (+15.3%), without an offsetting cut to funding.

### **Ministry of Energy and Mines and Minister Responsible for Core Review**

Following a substantial increase in 2015/16, funding for the Ministry of Energy and Mines (MEM) is scheduled to grow only modestly in 2016/17, by \$385,000 (+1.4%), with similar annual increases projected for each of the following two years of the fiscal plan. For 2016/17, mines and mineral resources receives the bulk of this increase, while other business areas, such as electricity and alternative energy and the innovative clean energy fund, will remain virtually frozen—both this year and over the course of the fiscal plan.

Budget 2016/17 estimates only \$68 million in government revenue from mining and minerals for the fiscal year, down from \$92 million in 2015/16 (a change of -\$24 million / -26.1%). In the face of



significant downward pressures on the sector due to falling global commodity prices, government will extend the B.C. mining flow-through share tax credit to the end of 2016, as well as the mining exploration tax credit for an additional three years until 2019. Notwithstanding the dramatic pullback in mining production, commodity exports and investment, government predicts a slight recovery in mining revenue of 7.8% in 2017/18.

In the meantime, MEM remains focused on recommendations from the Code Review Committee related to the Mount Polley incident in 2014, and support for B.C. Hydro's Site C project—forecast primarily as a self-supported capital investment of \$8.76 billion as of Budget 2016/17.

### **Ministry of Environment and the Environmental Assessment Office**

Funding to the Ministry of Environment decreases by \$900,000 (-0.7%) in operating expenses in 2016/17, and \$2.9 million (-13.9%) in capital expenditures, due apparently to efficiencies in the fleet replacement strategy.

Climate action is set to lose \$1.8 million in fiscal 2016/17, related to scheduled industry program development payments. Last year, climate action received the bulk of new operating resources in the ministry, with a substantial \$16 million boost to its budget line.

Many core business areas will see only minor resource improvements, with the environmental protection office rising by \$204,000 (+2.4%) and conservation officer services increasing by \$63,000 (+0.4%). There are no increases to the park enhancement fund or the sustainable environment fund. In the environmental assessment office, funding rises marginally to \$11.8 million in 2016/17 up from \$11.6 million.

The province has provided few additional resources to ease heavy workloads for conservation officers, protect B.C. parks, or otherwise safeguard the

environment during a period of accelerating natural resource development and high-impact economic activity. This is disappointing, inasmuch as the BCGEU has repeatedly called on the government to recommit to meaningful environmental action and investment in this budget.

### **Ministry of Forests, Lands and Natural Resources**

Funding for operational expenses in the Ministry of Forests, Lands and Natural Resources (FLNRO) for 2016/17 shows an increase of \$62.85 million over 2015/16, or about 9.5% of the total \$670.9 million.

Total FLNRO operational and capital spending for 2016/17 is forecast to be \$743.6 million—which appears substantial except that total predicted revenues from the use of Crown land and natural resources in 2016/17 is projected at \$1.33 billion—or almost double what is spent in the ministry.

Increased funding has been allocated to: regional operations (\$28.9 million / +23.5%); B.C. timber sales account (\$17.0 million / +10.3%); and resource stewardship (\$12.5 million / +13.1%). Capital expenditures within the ministry are expected to increase by \$18.5 million (+34.2%) in 2016/17.

A significant oversight is found in the government's failure to increase the fire management budget, set at \$63.2 million in 2016/17 in spite of increasing demand, additional costs, and petitioning of government decision-makers by the BCGEU in recent years. Total estimated firefighting costs in 2015 were \$290 million. Instead, government has focused investments in wildfire prevention by committing \$85 million to establish the Forest Enhancement Society of B.C., and \$10 million for the strategic wildfire initiative for community wildfire protection plans, fire smart planning activities and fuel management projects.

Other budget day commitments include: \$55 million in emergency preparedness and prevention initiatives, such as upgrading dikes and flood protection in



vulnerable communities; and \$10 million in one-time funding to help bolster training, administrative support and equipment renewals of volunteer ground search-and-rescue organizations.

## Ministry of Health

Budget 2016/17 provides for an additional \$522.5 million (+3.0%) to the Ministry of Health, the same increase as the previous year. The allocation to health authorities will grow by a modest \$264.5 million (+2.2%), over half-a-percent less than last year, and administrative allocations to run the ministry will rise by 1.1%. Prior to budget day, media speculation estimated a \$19 billion operating budget for the ministry in 2015/16, which instead will be reached in 2018/19 according to the fiscal plan.

In this year's budget, much attention has focussed on the changes to MSP, which, despite restructuring, remains a regressive tax for British Columbians and a significant source of general revenue for the province. Families will get some relief since children's fees will now be exempt, and the household income threshold raised, yet the overall structure is still not linked progressively to earnings. Any changes to the way the program is administered would potentially affect BCGEU members, so consultation with the union will be paramount in any new formula.

In both the Throne and Budget speeches, government drew attention to the "modernization" of care and "effective community services"—both for seniors and individuals with mental health issues. Currently, it is impossible to determine exactly how such services will be reformed or otherwise impacted, particularly with respect to home support services and the pressures imposed by increased client numbers and declining home support hours across regional health authorities.

Elsewhere, Budget 2016/17 commits \$101 million in funding for a new Centre for Mental Health and Addictions in Coquitlam to replace the Burnaby Centre for Mental Health and Addictions and

become the new site for the Maples—both BCGEU certifications.

## Ministry of International Trade and Minister Responsible for the Asia Pacific Strategy and Multiculturalism

After a large increase in its budget last year, funding to the Ministry of International Trade will grow by a more modest \$1.8 million (+3.6%) in Budget 2016/17.

There is a continued commitment to expand and diversify markets, especially to Asia, and align with key sectors as mentioned in the B.C. Jobs Plan. B.C.'s technology sector is also highlighted in Budget 2016/17, as is the availability of venture capital in the B.C. tech fund.

Other announcements include a new partnership between the province, the federal government and the Business Council of B.C., called HQ Vancouver, which will promote the relocation of corporate head offices to Vancouver.

The ministry service plan makes no mention of either the Trans-Pacific Partnership or renegotiation of the softwood lumber agreement.

## Ministry of Jobs, Tourism and Skills Training and Minister Responsible for Labour

While Budget 2016/17 shows only a minor deviation from last year's fiscal plan (a decrease of \$2.1 million from the 2015/16 Estimates, or -1.1%), it reveals substantial internal reorganization of various business areas and responsibilities.

For example, the new ministry service plan indicates that economic development now includes responsibility for the previously budgeted major investments office, and that immigration initiatives has been subsumed within labour programs, along with its core funding. At the same time, small business and its adjoining resources have been removed



and reassigned under the newly-created Ministry of Small Business and Red Tape Reduction. This cabinet restructuring appears to account for Budget 2016/17's net funding reduction to the Ministry of Jobs.

Despite these structural changes, the Ministry continues to hold responsibility for core initiatives that include: working with the Ministry of Technology, Innovation and Citizens' Services to develop and implement a newly-announced 10-year skills plan for B.C.'s Technology Sector; ongoing implementation of B.C.'s tourism strategy, *Gaining the Edge: 2015-2018*; identifying and pursuing opportunities to partner with the federal government in the delivery of new programs and services currently under development; implementation of a new \$1 million refugee re-settlement fund for Syrian refugees; and the implementation of B.C.'s new policy requirement for apprentices on public projects.

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

Budget 2016/17 reveals a small but appreciable \$2.0 million increase (+2.1%) in the Ministry of Jobs' core operating transfer to the Industry Training Authority (ITA). While business areas that include industry engagement, communication, assessments and certifications, and define standards, will all see minor reductions in funding, ITA's service plan for 2016/17 shows a \$3.7 million increase to invest in training pathways, thereby restoring last year's cuts and providing additional new resources.

As young and transitioning workers in B.C. continue to seek high quality, affordable skills training, this represents a priority service area for the authority in order to improve linkages between training opportunities and the demands of the broader provincial labour market.

### **Ministry of Justice and Ministry of Public Safety and Solicitor General**

Budget 2016/17 includes a \$16.2 million (+3.4%) increase for the Ministry of Justice as well as an

additional \$13.2 million (+2.0%) for the newly created Ministry of Public Safety and Solicitor General over the previous year's fiscal plan. Within the Ministry of Public Safety, an \$11 million growth in corrections funding will see increases toward the operation of the new 378-cell Okanagan Correctional Centre. The prison is scheduled to be completed this year and begin operations in early 2017.

The Ministry of Justice budget will have very modest budget increases in 2017/2018 (+1.4%) and 2018/19 (+1.2%). The Ministry of Public Safety will receive a slightly larger increase in 2017/18 (+4.0%) and a relatively unchanged budget in 2018/19 (+0.4%)

These increases, however, will not be sufficient to address overcrowding and low staff-to-inmate ratios in our provincial prisons, which is a major contributing factor to increasing levels of violence in these facilities. Incidents of violence in area jails has attracted considerable media attention over the past several months. Even with the opening of the Okanagan facility the provincial prison occupancy rate will be 121%, with 35% of inmates double-bunked in 2022/23.

Projected budget increases will also not be sufficient to address ongoing problems in community corrections or in our courts. These problems also made headlines in the media recently, as important court proceedings were delayed due to a shortage of court clerks and deputy sheriffs. Chronic staffing shortages create costly delays to court proceedings and jeopardize the integrity of our justice system.

Community corrections (probation) caseloads are also likely to remain high, courts will remain inadequately staffed leading to delays, and provincial prisons will continue to experience dangerous overcrowding.

### ***Legal Services Society***

As with last year, the 2016/17 service plan paints a grim picture of a Crown agency that is charged



with ensuring justice and due process for B.C.'s most vulnerable citizens, within a critically underfunded context. Overwork, limited capacity, workload and low morale are mentioned within the "operating environment" section. The management perspective on future financial outlook states that, "should government or interest rate related revenues continue to remain low or decrease, this would negatively impact our ability to provide services."

The B.C. Legal Services Society has already been the target of government's far-reaching "lean" initiative, with substantial impacts for those in need of legal aid services, as well as for members of the BCGEU who work under significant budgetary constraints to provide equitable access to justice for all British Columbians. Budget 2016/17 indicates only a continuation of these pressures.

### **Ministry of Natural Gas Development and Minister Responsible for Housing**

Operational funding for the Ministry of Natural Gas Development (MNGD) will see an increase of \$8.7 million (+1.9%) in 2016/17. After a substantial increase in the previous budget, Housing will receive a further \$6.2 million (+1.5%) through Budget 2016/17, and the housing endowment fund will grow by \$2.1 million (+1.8%). These increases put MNGD slightly above the forecasted amount contained in the previous fiscal plan.

Government has adjusted its tone in Budget 2016/17 on the issue of LNG development in B.C., noting the deep impacts of falling natural gas prices. However, despite a projected (and substantial) \$23 million (-15.2%) decrease in natural gas royalties for 2016/17, government and MNGD remain optimistic about an estimated 38.9% rebound in the following two years of the fiscal plan. To this end, Budget 2016/17 retains much of the fundamental rhetoric about pushing towards a major "final investment decision," and presents an additional \$19 million over three years to "support a stable and predictable environment for investment decisions." This funding will be shared by the Ministries of Aboriginal

Relations and Reconciliation, Environment, Forests, Lands and Natural Resource Operations, and Natural Gas Development.

### **B.C. Oil and Gas Commission**

Revenue and funding for the Oil and Gas Commission (OGC) is forecast to decrease slightly in 2016/17 by \$1.6 million (-3.2%), according to the agency's service plan. Total expenses for the commission are forecast for a modest surplus of \$322,000, while total salaries and benefits are currently estimated to dip slightly by \$1.5 million (-5.6%).

Under "Organizational Capacity" the agency plan states: "While the Commission has the capacity to meet its mandate, attracting and retaining the required expertise remains a challenge as the Commission competes with industry (private sector). The Commission has highly trained experts that are sought out by industry, which is often able to offer compensation packages that are significantly more competitive."

To underscore this point, the "voluntary turnover rate" of employees at OGC is forecast to come in at 19% for 2015/16, with a 12% forecast turnover rate in 2016/17.

A key indicator of adequate staffing levels is found in performance measures statistics. Significantly, the number of calendar days it takes to process new applications has risen by 33% in the past two years—from 12 days in 2014/15 to 16 days in 2015/16. The target set for 2016/17 remains at 16 days.

### **B.C. Housing Management Commission**

Budget 2016/17 includes an infusion of \$355 million to the B.C. Housing Management Commission (BCHMC) over five years "to support more than 2,000 new units of affordable housing for people with low-to-moderate incomes." However, in the next few years, up to 4,000 units of cooperative housing units will lose subsidies and revert to market



rents. This would mean a net loss of 2,000 affordable units for low-income individuals and families.

On housing policy, the government pledged to monitor foreign ownership and unethical real-estate schemes (both of which contribute an overheated market) and implement modest changes to the property transfer tax regime for first-time home buyers and luxury homes. Unfortunately, Budget 2016/17 offers no relief to renters and has failed to address in any coherent and significant way the very real housing crisis in Metro Vancouver.

### **Ministry of Small Business and Red Tape Reduction and Minister Responsible for the Liquor Distribution Branch**

This is a new ministry established July 2015 with an emphasis on supporting small business, reducing red tape via regulatory reform, and modernizing B.C.'s liquor laws. Ironically, the Ministry promotes both Red Tape Awareness Week (in January) as well as Red Tape Reduction Day (in March).

After being relocated from the Ministry of Jobs, there is a 44.3% increase in the funding for small business and regulatory reform, from \$2.1 million in 2015/16 to \$3.1 million in 2016/17. As this is the Ministry's core business, this represents a 33.0% increase in the ministry's total budget (from \$2.9 million in 2015/16 to \$3.9 million in 2016/17).

### ***B.C. Liquor Distribution Branch (LDB)***

LDB sales increased in 2015. Predicted net income from the LDB has likewise increased 9.8% for 2016/17, from \$895.6 million to \$983.3 million, and is predicted to reach more than \$1 billion in 2018/19.

Budget 2016/17 includes \$156 million in spending for "updates and improvements to retail stores, technology-related projects and ongoing operating equipment replacements" during the fiscal plan period, which works out to \$52 million per year. This money will allow for much-needed updates and

improvements to the LDB, and will ensure that our public liquor stores remain competitive and revenue positive to support key public services.

There is, however, no additional information about a potential new Lower Mainland warehouse other than the goal of "having a new warehousing solution for 2019," or any indication in Budget 2016/17 that government is prepared to distribute and retail marijuana.

### **Ministry of Social Development and Social Innovation**

Along with MCFD, government highlighted its increases to the Ministry of Social Development and Social Innovation (MSDSI) in various documents, including the budget presentation and speech itself. These increases are being presented as part of a socially responsible package of "\$673 million in additional funding to support children, families and individuals in need over three years."

Concretely, these overdue investments translate into an additional \$146.3 million (+5.6%) for MSDSI in 2016/2017. Internally, the ministry will allocate an additional \$101.2 million (+5.9%) to its income assistance programs to address caseload pressures for temporary income assistance, disability assistance, and "related supplementary benefits." Community living services will also receive a substantial lift of \$45.0 million (+5.4%) in Budget 2016/17.

In its budget day communications, government publicized an additional \$170 million over three years to increase income assistance rates for Persons with Disabilities. After lifting the eight year freeze on disability rates (just \$906/month), the increase offers only a meagre, maximum increase of \$77/month in benefits to eligible individuals. For most recipients the increase will actually amount to only an additional \$25/month, as the reforms simultaneously eliminate a transportation pass valued at \$52/month, which recipients will now have the "option" to purchase—with the additional \$77. Advocates are rightly criticizing this move.



Although the BCGEU welcomes new funds for this grossly under-funded ministry, these resources do nothing to address the extensive service delivery reforms (and the increasingly impersonal and “virtual” model of delivery). The government’s chronic negligence of this ministry has not only placed clients at risk, it has also imposed significant constraints on the ability of workers to provide timely and responsive services—in some cases, jeopardized their safety.

### **Community Living B.C.**

Community Living B.C.’s (CLBC) 2016/17 operating budget of \$896.8 million reflects \$44.8 million in new funding, an increase of about 5.4% in government transfers to the agency over the previous year. In a news release, CEO Seonag McCrae said that this would enable CLBC to “maintain services to 18,000 individuals and is expected to support increases or new services to 2,600 individuals.” The additional funding, while welcome, should be viewed in light of historical waitlists for services, with the agency projecting annual growth in demand for services exceeding 5.0%. As well, if known compensation increases for CLBC and contracted services employees must be taken into consideration, a significant expansion of services to clients and individuals in need may be unrealistic.

CLBC’s service plan emphasizes “sustainability” and fostering “resilience” among the population it serves as strategies to cope with identified risks related to greater service demands. In practice, this likely implies the expansion of employment initiatives for individuals with developmental disabilities and boutique programs (“personalized supports initiatives” or PSIs), often through bypassing traditional, established and unionized service providers.

### **Ministry of Technology, Innovation and Citizens’ Services**

Similar to the previous year’s fiscal plan, Budget 2016/17 sees an extensive internal reorganization within the Ministry of Technology, Innovations and Citizens’ Services (MTICS). Following a variety of business area reassignments out of the ministry in 2015/16, the restated estimates in MTICS’ 2016/17 service plan makes it appear as if this ministry is receiving an additional \$13.0 million (+2.7%); however, Budget 2016/17 actually reveals a slight cut of \$892,000 (-0.2%) below the 2015/16 estimates, perhaps due to underspending in the ministry in the previous fiscal.

Budget 2016/17 indicates projected increases of \$12.7 million (+4.7%) in the area of real property, and \$851,000 (+35.4%) to innovation and technology. Most notably, in order to address deeply concerning findings from the Office of the Information and Privacy Commissioner, Budget 2016/17 commits \$9 million in additional funding over three years for “a new corporate information and records management office.” This new office, however, is being established under the Ministry of Finance—not MTICS.

The BCGEU has recently submitted its views to government on the underperformance of freedom of information requirements in B.C., and has called for substantial resources to improve public accountability and transparency, and to better support members who work in this area. The current year will be important with respect to monitoring and evaluating the actions of government on this issue.

### **Ministry of Transportation and Infrastructure**

Funding for Highway Operations, which includes highways maintenance, has increased by 4%, from \$473.3 million to \$492.3 million for 2016/17. Fully \$12.0 million per year of this increase is specifically directed to highways maintenance activities and contract cost increases. With contracts for highways



maintenance set to be retendered in 2018, we will monitor this fund closely.

In traditional B.C. fashion, there is a major increase to highway capital spending in this pre-election year. The George Massey Tunnel replacement, announced by the Premier in 2013, is receiving initial funding for planning costs (a total of \$31 million to 2016/17) and will only be formally budgeted for when the project is approved by the Treasury Board.

Emergency Management B.C. (EMBC) was moved into the Ministry of Transportation and Infrastructure in 2015, and this budget granted EMBC an additional \$3 million over three years (at \$1 million per year) for planning and outreach related to potential natural disasters, starting with a full-scale earthquake and tsunami response exercise in 2016.

One of the ministry's strategic goals is the reduction of greenhouse gas emissions; as part of this goal, the ministry sets targets for transit ridership. However, the forecast for transit ridership has dropped by 3.9% for 2016/17 from 302.9 million to 291.2 million.

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

Budget 2016/17 estimates a deficit at B.C. Place of \$19.5 million before government funding—an increase from the estimated deficit of \$18.9 million in 2015/16. A 27.0% decrease in ticket sales for sporting and concert events in 2016/17 may account for this. In 2015/16, B.C. Place hosted a number of FIFA Women's World Cup events, which generated a significant economic boost in the last fiscal year.

B.C. Place's total budgeted expenses in 2016/17 (excluding amortizations) are \$28.5 million (-12.0%). Additionally, \$8.2 million has been allocated in fiscal 2016/17 for capital work, such as electrical, mechanical and plumbing upgrades, event equipment, furniture upgrades, and technology upgrades.

The BCGEU welcomes these planned investments but encourages action on the part of PavCo to ensure a strong and dependable volume of sporting and other entertainment events to guarantee B.C. Place's position as the province's premier public venue.

