



BRITISH COLUMBIA

BUDGET ANALYSIS

2020/21

Delivering on promises with targeted investments in programs, infrastructure, and affordability

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Overview

On February 18, the BC NDP delivered its third full budget and fiscal plan. While the overall tone of Budget 2020 is “prudent”- and perhaps unnecessarily cautious in terms of new spending - it nonetheless stays on a progressive trajectory at a time when a number of other provincial governments in Canada are implementing harsh austerity programs.

As signalled in this year’s speech from the throne, Budget 2020 continues the roll-out of scheduled major spending increases in housing and childcare. This year will also see the implementation of the new Child Opportunity Benefit and complete elimination of MSP premiums, which together will put hundreds of millions of dollars in the pockets of middle and lower income British Columbians. Record-level capital investments in healthcare, education and transportation will see new and upgraded hospitals and health facilities, highways, transit projects and schools across the province. These investments are supporting meaningful progress in rebuilding public services and addressing social deficits and affordability problems created by 16 years of austerity and mismanagement under successive BC Liberal governments.

New spending announcements in Budget 2020 are modest in comparison to those in 2018 and 2019, but include some well-targeted measures such as a new needs based grant program for low and middle income post-secondary students, as well a significant increase in funding for Community Living and funding to support increased earning exemptions for people on temporary and disability income assistance.

More significant over the longer term, Budget 2020 also includes a major new revenue and tax-fairness measure that is directly in line with recommendations made in the BCGEU’s pre-budget submission to the government. Effective immediately, the government is establishing a new tax bracket for the top one per cent of income earners in B.C. This establishes a personal income tax rate of 20.5 per cent (up from 16.5 per cent previously) on taxable income over \$220,000 and will generate an additional \$216 million in revenue for the 2020 tax year, and similar amounts going forward.

Economic outlook

Despite some slowing of growth, B.C.’s economic outlook is good, and the province is expected to lead Canada by most economic indicators. The government’s own economic projections are very cautious, and actually lower than what many private sector forecasters are expecting.

In the Budget 2020 fiscal plan, the government is forecasting real GDP growth of two per cent in 2020 and 1.9 per cent in 2021. The budget documents project annual GDP growth averaging two per cent from 2022 to 2024. Overall unemployment is expected to remain near its current low level (in the range of four to five per cent), with regional variations in communities more affected by downturns and fluctuations in resource extraction industries.

In contrast, Central 1 (B.C.’s central credit union) is forecasting much higher growth of 2.8 per cent in 2020, but aligns with the government forecast of 2 per cent growth in 2021.¹ The typically cautious Business Council of BC forecasts two per cent growth in 2020 (the same as the government forecast), and 2.3 per cent in 2021 (0.4% higher than government projections).²

New spending announcements in Budget 2020 are modest in comparison to those in 2018 and 2019.

The budget’s *Economic Review and Outlook* projects moderate growth in consumer spending, home sales and housing starts over the course of the plan. Government and business investment and expenditures on good and services will also continue to grow at moderate rates over the next three years. Exports are expected to begin a slow recovery after an estimated drop of 1.1 per cent in 2019. The annual inflation rate in B.C. is forecast to be 2.2 per cent in 2020, before

¹ Central 1, *Economic Analysis of British Columbia*, Volume 40 • Issue 1, February 2020. Available at: https://www.central1.com/wp-content/uploads/2020/02/ECON_EA_BC_202001.pdf

² BCBC, BC economic review and outlook, February 2020, available at: <https://bcbc.com/reports-and-research/bc-economic-review-outlook>



slowing to average two per cent during the 2021 to 2024 period.

As outlined in Economic Review and Outlook, near-term risks to B.C.'s economy include:

- uncertainty regarding global trade policies, geopolitical tensions, and broader economic challenges in Asia, Europe and the U.K.;
- weak global economic activity, with slowing growth in Asia and other regions, resulting in lower demand for B.C.'s commodity exports;
- higher volatility in international foreign exchange, stock and bond markets;
- lower commodity prices, particularly for lumber, pulp and coal;
- slower growth in domestic residential investment and household consumption; and
- timing of investment and hiring related to the LNG Canada project.

Revenue, expenditures and surplus

Budget 2020 remains balanced, as will be the subsequent two budgets projected in the fiscal plan. Total operating expenses over the three-year fiscal plan are forecast as \$60.1 billion for 2020/21 (an increase of 2.1%), \$61.9 billion for 2021/22 (+3%) and \$63.5 billion in 2022/23 (+2.7%). Forecast revenue is \$60.6 billion for 2020/21, \$62.4 billion in 2021/22 and \$64.2 billion in 2022/23.

The government is continuing the practice established in previous budgets of drastically underestimating the true total surplus.

This translates into surpluses across all three years, including \$227 million in 2020/21, \$179 million in 2021/22 and \$374 million in 2022/23. However, the government is continuing the practice established in previous budgets of drastically underestimating the true total surplus. Not included in the stated budget surplus are annual forecast allowances of \$300 million in each year of the plan, as well as contingency

allocations of \$600 million in 2020/21, and \$400 million per year in 2021/22 and 2022/23. Combined, with the "official" budget surplus, these set-asides add up to true surpluses of more than \$1 billion per year.

While partly the result of appropriate caution in its fiscal planning, government could safely allocate a significant portion of these revenues toward urgently needed investments in housing, poverty reduction, environmental protection and addressing staffing challenges across the public service. Even the typically cautious DBRS Morningstar global credit rating agency notes in regard to BC's 2020 budget that "the province remains cautious in its budgeting" and B.C. "maintains considerable budget flexibility from a conservative revenue forecast and various allowances/contingencies."³ DBRS predicts, "the Province will outperform its budget targets again in 2020/21 provided no major downside risks materialize."

Revenue growth is expected to come in part from increased personal tax revenue.

Revenue growth is expected to come in part from increased personal tax revenue, especially from the new higher income taxes announced for the highest income one per cent in the province. Corporate tax revenue is expected to decline by close to \$300 million in 2020/21, then begin recovering the following year and then exceed 2019/20 levels when it hits \$5.2 billion in 2022/23. Provincial sales tax revenue is forecast to increase each year of the plan, rising from \$7.6 billion in 2019/20 to reach \$8.6 billion in 2022/23. Motor fuel tax revenue growth is expected to average 0.7 per cent annually, while carbon tax revenue is forecast to rise an average of 13.6 per cent annually over the next two years as the carbon tax rate increases from \$40/tonne per tonne of CO₂ equivalent emissions in 2019/20 to \$50 in 2021/22. Property tax revenue is expected to grow by an average of 4.4 per cent annually over the three-year plan, while property transfer tax revenue growth is expected to average 4.5 per cent annually. Employer health tax revenue is forecast at \$1.9 billion

³ DBRS Morningstar, British Columbia's 2020 Budget: Not a Typical Pre-Election Budget, February 19, 2020: <https://www.dbrsmorningstar.com/research/357169/british-columbias-2020-budget-not-a-typical-pre-election-budget>



in 2020/21 and is expected to average 3.9 per cent annually after that. Tobacco tax revenue will stay about the same.

Provincial natural resource revenue projections are mixed. Forest revenue is expected to fall 12.5 per cent in 2020/21 due to the impacts of lower stumpage rates and logging tax revenue, and to decline an average of 3.3 per cent annually over the following two years, mainly due to lower expected overall stumpage rates and falling lumber prices. On the other hand, natural gas royalties are expected to increase 35 per cent in 2020/21 reflecting higher natural gas prices and production volumes, and lower utilization of royalty program credits. Over the next two years, natural gas royalties are expected to increase at an average annual rate of 3.8 per cent.

Revenue from bonus bids and rents on drilling licences and leases in the gas sector is forecast to decline over the next three years, from \$228 million in 2019/20 down to \$135 million in 2022/23. Revenue from mineral tax, fees and miscellaneous mining receipts is expected to decline 29 per cent in 2020/21, mainly due to weakening global coal prices.

Federal transfers are expected to increase at modest rates, with Canada Health Transfer and Canada Social Transfer contributions expected to average 3.5 per cent annual growth over the three years of the fiscal plan. Other federal government contributions are expected to average 1.5 per cent growth annually.

Crown corporation revenue will see modest overall growth.

Crown corporation revenue will see modest overall growth. Thanks to recent reforms, the Insurance Corporation of British Columbia (ICBC) is expected to turn the corner after years of losses due to BC Liberal-era mismanagement, and bring in \$86 million dollars in revenue in 2020/21, then \$148 million the following year and \$191 million in 2022/23. BC Hydro's net income will remain stable across the plan, with no dividend payments forecast. The British Columbia Liquor Distribution Branch (LDB) is projecting net growth averaging 2.5 per cent annually, rising from \$1.1 billion in 2019/20 to \$1.17 billion in 2022/23. British Columbia Lottery Corporation (BCLC) revenue is expected to rise

an average of 0.9 per cent annually to reach \$1.4 billion in 2022/23.

Tax fairness and affordability

Budget 2020 introduces a new tax bracket for the top one per cent of income earners in B.C., which will see a personal income tax rate of 20.5 per cent assessed (up from 16.5%) on taxable income over \$220,000. This measure is expected to bring in \$216 million in new revenue for the 2020 tax year, \$219 million in 2021 and similar amounts going forward. Half of the new revenue generated will come from individuals who make more than \$1 million annually. This will add an important and stable source of revenue to support progressive measures going forward, and directly aligns with recommendations made by the BCGEU and other progressive organizations in advance of this year's budget.

At the same, the elimination of MSP premiums and implementation of the Child Opportunity Benefit in 2020 culminates a wave of progressive tax reforms under the BC NDP government that will see significant decline in taxes and fees paid by many lower and middle income B.C. residents. Originally announced in Budget 2019, the Child Opportunity Benefit (COB) will be launched in October 2020 and replaces and expands upon the B.C. Early Childhood Tax Benefit. COB will provide tax-free monthly payment to families with children under the age of 18 that have a net income of more than \$25,000 but less than \$80,000. The maximum annual amount under the B.C. Child Opportunity Benefit is \$1,600 for a family's first child, \$1,000 for a second child and \$800 for each subsequent child under the age of 18. In total, COB will provide almost \$400 million a year to about 290,000 families.

Examples highlighted in budget documents highlight the "real world" impacts of these tax fairness and affordability measures. By 2021, the COB combined with the elimination of MSP premiums will see a single parent with two children who earns \$40,000 saving more than \$2,100 in taxes annually. A dual parent family of four earning \$60,000 will save more than \$2,500 thanks to these reforms. In the most dramatic example of potential savings outlined, a Metro Vancouver-area family of four earning \$70,000 could conceivably save up to \$30,000 by combining the above measures with the new BC Access Grant for



students, student loan interest removal, the Affordable Child Care Benefit, child care fee reductions, the elimination of Port Mann and Golden Ears bridge tolls, electric vehicle rebates and rebates for replacing a fossil fuel heating system in their home.

While affordability continues to be major challenge across this province, and much more remains to be done, this government has clearly made important progress since 2017, after 16 years of service cuts, worsening affordability, heightened inequality and neglect under the BC Liberals.

Capital investments and government debt

Budget 2020 boasts that taxpayer-supported capital spending over the fiscal plan rises to “a record \$22.9 billion.” According to budget documents, this three-year total is \$2.8 billion higher than Budget 2019, mainly due to new capital spending in the areas of health, education and transportation, as well as revised timing for capital projects.

Capital expenditures highlighted in the budget include:

- \$2.8 billion to maintain, replace, renovate or expand K-12 facilities.
- \$3.1 billion in total capital spending over the next three years by post-secondary institutions throughout the province
- \$6.4 billion over three years on infrastructure in the health sector, including new major construction projects and upgrading of health facilities, medical and diagnostic equipment, and information management/technology systems.
- \$7.4 billion in transportation investments, including replacing the Pattullo Bridge, constructing the Broadway Subway, and various highway projects and public transit fleet investments spread across B.C.
- \$1.5 billion in capital spending by government ministries that will support maintaining, upgrading

and expanding public infrastructure, such as courthouses, correctional centres, office buildings and information systems.

Despite this wave of investment, government debt-to-GDP ratios will remain well within what mainstream economists consider “healthy” levels, growing from just under 15 per cent in 2019 to about 17 per cent at the end of the fiscal plan.

BC Public Service

After two years of significant FTE growth as the government began rebuilding capacity in the provincial public sector, Budget 2020 forecasts direct employment in core government ministries plateauing at 31,800 FTEs for all three years of the fiscal plan. This raises concerns in regard to how new and expanded services will be delivered, and highlights the need for government to develop a coherent human resources strategy to address heavy workloads and recruitment, retention and workplace safety problems in a number of sectors. Nonetheless, the BC NDP government has made significant progress in rebuilding the provincial public service. Total government FTEs have risen from 28,000 when the NDP took office in 2017, to 31,800 this year, a total increase of 3,800 FTEs, or 13.6 per cent.

In contrast to flat numbers forecasts in direct public service, budget documents project growing employment in Service Delivery Agencies (SDAs), with an additional 500 FTEs in 2020/21, a further 1,600 FTEs in 2021/22, then a decrease of 450 FTEs in 2022/23. The meaning of these changes and fluctuations is not clear at the time of writing, but BCGEU leadership and staff will be seeking clarification from the government over the coming weeks.



Ministry Summaries

Ministry of Advanced Education, Skills and Training

The Ministry of Advanced Education, Skills and Training budget will see a 1.6 per cent increase in 2020/21 to reach \$2.37 billion, and then remain essentially flat for the subsequent two years of the fiscal plan.

Despite the limited overall increase, Budget 2020 does deliver on one important recommendation made by the BCGEU in our pre-budget submission to the government. The BCGEU and others have long been calling for expanded, upfront grants for post-secondary education, and Budget 2020 announces the launch of the new BC Access Grant for Students. This grant will provide up to \$4,000 to help with the upfront costs of tuition for more than 40,000 low and middle-income students, and marks the first time that provincial grants will be available to part-time students and students in programs of less than two years. This will open up new funding opportunities for students going into early childhood education, trades and other non-degree programs. The new grant is created with a \$24 million investment over three years, and will gain additional funding by re-designing and incorporating existing grant programs.

In addition, the budget will see continued funding for the expansion of post-secondary technology programming by increasing funding to reach \$42 million annually by 2022/23. This will complete a six-year expansion that will result in 2,900 new post-secondary spaces in science, technology, engineering and mathematics (STEM).

Capital spending for post-secondary institutions will amount to \$3.1 billion over the course of the three year fiscal plan. Notable projects affecting institutions that employ BCGEU member include:

- A new \$88-million health science building at British Columbia Institute of Technology's Burnaby campus.
- A \$450-million provincial student housing loan program over six years to build approximately

5,000 new student housing beds at B.C.'s public post-secondary institutions, including:

- \$25 million to build a 220-bed student housing building at the UBC Okanagan campus.
- \$20 million to replace and expand housing for 104 students (33 net new beds) at the Coast Mountain College's Terrace campus.

Industry Training Authority (ITA)

The ITA's core operating grant remains unchanged for 2020/21, at \$98.8 million. Budget 2019/20 added \$3 million over three years to support Indigenous, women and equity seeking groups in skilled trades and apprenticeships. This year's service plan continues to underscore these goals with performance measures meant to ensure not only successful recruitment, but also retention and post-apprenticeship career supports.

Once again, the ITA service plan states no change in the number of 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.

Ministry of Agriculture

The Ministry of Agriculture's total budget will drop by \$2.8 million (-2.9%) from the previous year. The budget will then increase in the second year by 0.6 per cent and remain steady for the third year. The BC Farm Industry Review Board and the Agricultural Land Commission (ALC) budget lines are the only areas to see modest increases, with the ALC receiving a boost of \$326,000 over three years. Most of the overall decrease will come from the Agriculture Science and Policy budget line.

The preservation of agricultural land continues to be a provincial priority as well as supporting farmers and producers to enhance the sustainability of their operations and the implementation of the *Grow BC, Feed BC, and Buy BC* framework. The use of B.C. grown and processed foods by provincial government facilities is forecasted to increase 45 per cent over the next year and 88 per cent from the 2019 baseline by 2023. The ministry will also complete the Agricultural Land Use Inventory (ALUI) process for the Agricultural Land Reserve by 2022.



Ministry of Attorney General

The Ministry of Attorney General received an overall increase from \$606 million to \$652 million (+7.9%) in Budget 2020. This year's budget contains modest increases to justice services, prosecution services and court services. This includes \$132 million over three years for improving access to court services, including \$99 million to operate a new 14 room courthouse in Abbotsford and expansions to courthouses in Surrey and Fort St. John, and \$33 million to support additional resources for the Supreme Court, court sheriffs, Public Guardian and Trustee, major cases and crown-led bail hearings.

The major capital project is the Abbotsford courthouse, with a projected completion date of 2021 at a total capital cost of \$152 million.

The major capital project is the Abbotsford courthouse, with a projected completion date of 2021 at a total capital cost of \$152 million. The new courthouse will double the number of courtrooms available in the current facility. There was no word regarding the HR strategy around staffing the new courthouse.

There was no specific discussion in this year's budget regarding a long-term recruitment and retention strategy in the sheriff service, nor was there mention about moving sheriffs out of the court services branch or implementing a 40-hour work week for sheriffs. However, these issues have been central in recent meetings between the BCGEU and ministerial staff, and will continue to be top level priorities going forward.

Legal Services Society

Legal Services Society expenditures are projected to be \$106 million in 2021/21. That's a 15 per cent increase over the \$91.9 million originally forecast for 2019/20, but actually a slight decrease from the \$109.3 million in the revised spending forecast from Q3 2019/20. LSS spending is planned to increase marginally to \$107.6 million (+1.5%) in 2021/22, then to \$109 million (+1.3%) in 2022/23.

BC Liquor Distribution Branch & Cannabis (LDB)

Operating expenses for the BC Liquor Distribution Branch are projected to rise to \$506.6 million (+6.1%) in 2020/21, then \$521.7 million (+3%) in 2021/22 and to \$533.5 million (+2.3%) in 2022/23. Employment expenses will rise to \$269.7 million (+7.4%) in 2020/21, then \$279.7 million (+3.7%) in 2021/22 and to \$290.1 million (+3.7%) in 2022/23.

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 2020/21 is projected at \$1.13 billion (+3.8%) and is expected to rise steadily to \$1.15 billion by 2021/22 (+1.6%).

There is significant capital spending (\$153.4 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.

Total revenue from cannabis in 2018/2019 is mentioned in the service plan at \$4,062 per square foot which is a 153.9 per cent increase in comparison to what was projected. Performance measures and targets note forecasts of \$1,309 per square foot in 2019/20, then \$2,013 in 2020/21 and \$2,010 in 2021/22.

Ministry of Children and Family Development

The Ministry of Children and Family Development budget will increase significantly next year, rising \$160 million to reach \$2.28 billion in 2020/21 (+7.8%). Planned increases are much smaller over the subsequent two years, rising 1.2 per cent in 2021/22 and only 0.2 per cent in 2022/23.

The biggest growth will be from an already planned \$88 million increase to funding for early childhood development and child care services as part of the continued rollout of the government's childcare plan. However, funding will increase in other areas, including services for children and youth with special needs, child and youth mental health services, and child safety, family support and children in care services.



Childcare

Spending on child care programs will grow from \$586 million in 2019/20 to \$674 million in 20/21. That's an increase of \$88 million, or +15 per cent. The fiscal plan brings the total child care programs budget to a record \$2 billion over three years. Over the past two years, government has funded more than 10,400 new child care spaces, and has helped parents save nearly \$400 million through the Affordable Child Care Benefit and Child Care Fee Reduction Initiative. These supports have helped families of more than 28,000 children to pay \$10 per day or less for child care. More than 11,000 early childhood educators throughout B.C. have received a \$1-per-hour wage enhancement since January 2019, with another \$1-per-hour increase to come in April 2020.

To date, government has delivered almost half of the promised 22,000 new child care spaces pledged in 2018.

To date, government has delivered almost half of the promised 22,000 new child care spaces pledged in 2018, and Budget 2020 commits to funding the rest this coming year. However, planned spending increases slow to only 0.7 per cent annually over the subsequent two budgets, which raises concerns about whether these targets can be met. When asked about this issue, Finance Minister Carole James said that challenges recruiting and training new early childhood educators, as well as the need for new and/or expanded facilities, may slow growth, at least temporarily.

Some of this need for more child care spaces will be addressed through capital spending in the education sector and elsewhere, with Budget 2020 promising that many of the \$2.8 billion worth of new and upgraded schools over the next three years will include neighbourhood learning centres and childcare spaces. This type of capital investment in childcare space in public facilities aligns closely with BCGEU pre-budget recommendations, and is preferable to simply making capital grants to providers.

In terms of human resources to support child care expansion, the new BC Access Grant for post-secondary students will provide up-front, needs-based student grants for more than 40,000 low and middle income

students, and explicitly mentions increasing the number of early childhood educators as one goal of the program (see the Advanced Education section of this report for more details on that program). In addition, the Education Support Fund has already provided more than 5,400 bursaries since September 2018 for students who are pursuing a career in child care or upgrading their certifications.

Children and youth social services

Budget 2020 allocates \$146 million in new funding for services for children, youth and families over the course of the three year fiscal plan. Highlights include:

- \$24 million for autism supports expected to benefit over 1,400 additional children and youth and families
- \$84 million over three years in new funding to support children and youth in care
- \$23 million for services that support the health, safety and well-being of children and youth, including:
 - child protection legal services;
 - the medical benefits program, which assists families with the cost of caring for children and youth with severe disabilities;
 - permanency services, which aims to reduce the number of children and youth in care and improve outcomes for children, youth and families.
- \$15 million over three years for a cultural connections program to assist Indigenous children and youth in care in maintaining connections with their community, by enabling them to attend cultural events, visit with community members and learn languages.

The budget also mentions expanding the eligibility for the Agreements with Young Adults program by an additional 250 youth per year, but does not provide funding estimates for the expansion. The program provides supports for young adults aging out-of-care to offset living costs while they attend school, rehabilitation, vocational or life skills programs.



Ministry of Citizens' Services

Overall operating expenses for the ministry for 2020/21 are \$551.6 million, down 1.7 per cent from last year. Funding for services to citizens and businesses will decrease to \$31.1 million (-4.4%), with smaller increases and reductions in other ministry budget lines. Enterprise services sees the largest funding cuts of 4.6 per cent with \$6.4 million.

Capital expenditures under the ministry for 2020/21, are down by 16.1 per cent to \$350.3 million, before dropping again to \$266.8 million in 2021/22 and \$249 million in 2022/23.

The Abbotsford Courthouse project and Nanaimo Correctional Centre project are supported by a capital budget within the Ministry of Citizens' Services. The Abbotsford Courthouse is meant to be completed in 2020 with an approved anticipated total cost of \$152 million. The Nanaimo Correctional Centre project is meant to be completed in 2023 with an approved anticipated total cost of \$157 million.

Ministry of Education

Budget 2020 provides additional funding of \$339 million over the next three years to support the K-12 education system, bringing total ministry operating expenses to \$6.67 billion (+1.8%) in 2020/21, \$6.76 billion in 2021/22 and \$6.77 billion in 2022/23. The new investment is intended to support approximately 5,100 new students in the public school system as of September 2019, with additional growth projected for September 2020. This also adds additional funding to the Classroom Enhancement Fund that funds over 4,200 teachers, including 700 special education teachers, and 190 teacher psychologists and counsellors to support the growing number of students with special needs to ensure all students have the best opportunity for success.

Budget 2020 provides additional funding of \$339 million over the next three years to support the K-12 education system

Although Budget 2020 does see a modest increase in total education funding, organizations such as the BC

Teacher's Federation (BCTF) and other progressive stakeholders argue that significantly more investment is necessary after so many years of underinvestment under the BC Liberals. Spending in Budget 2020 appears to focus largely on capital investments, with funding of \$2.8 billion over three years for priorities that include a renewed commitment to fast-track seismic upgrades of schools and the building of new schools that incorporate dedicated child-care spaces.

These are much needed developments, but additional funding is needed to improve the supports available to students with learning disabilities and special needs, as well as better mental health supports for school-aged children. The throne speech promised additional funding for schools to support children with mental-health challenges and children from low-income families, but the budget does not include specific details. The BCTF is also advocating increases to B.C. teachers' salaries, which are some of the lowest in the country.

Ministry of Energy, Mines and Petroleum Resources

This ministry will see an overall budget reduction from \$180 million to \$114 million (-37%), likely a redirect of funding to CleanBC initiatives. The largest cut is to Electricity and Alternative Energy (from \$117 million to \$51 million; -56%) which will be further reduced in 2021/2022 to \$28 million (-43%). The Innovative Clean Energy Fund Special Account will be decreased by \$547,000 (-17%) and Implementation Initiatives (budgeted in 2019 for \$1 million) has been entirely removed in 2020.

Mines Health, Safety and Enforcement will see an increase of \$1 million (+11%); likely, for implementing the Mining Jobs Task Force recommendations and the annual plan of the Audit Unit, the "independent oversight unit" that was created in 2019. Mining inspection targets will increase to 1,550 in 2020 (then to 1,600 each year forward), a 15 per cent increase from last year's forecasts. Mines inspectors will now, in addition to their existing work, promote operator awareness of regulatory requirements and take enforcement action as necessary.

Executive and Support Services will see an increase of \$20,000 (+10%), possibly to accommodate the new role of "a dedicated LNG Canada Implementation Secretariat."



BC Oil and Gas Commission

Overall, operational funding for this commission will remain fairly constant over the next three years, increasing by \$1.4 million (+2.5%) to \$58.7 million by 2022/2023.

Industry Levies increase this year by \$4.8 million (+11%) as per modest increases to gas production projections. Application Fees and Miscellaneous will decrease this year by \$6 million (-32%) due to low-level well application forecasts but adjusts for significant one-time application fees related to federal transfers, LNG projects and major pipelines.

Targets related to permits issued in environmentally sensitive areas and withdrawn freshwater have been lowered from <2 per cent and <5 per cent in the previous plan to 1 per cent to “better reflect the objective of minimizing the impact of industry on environmental values”.

The Orphan Site Reserve Fund (OSRF - for environmental remediation of orphan wells) will again see a deficit due to a major well operator entering receivership and triggering an orphan site liability of approximately \$50 million - this was mentioned but not built into last year’s budget.

Given the trend in major well operators entering receivership, there will be an +50% increase in Liability Levies to prepare “for future orphan sites that could result from new receiverships.” OSRF Security Deposits, Interest will decrease this year by \$13.3 million (-98%) as will OSRF Orphan Designations and Admin (decrease of \$50.9 million; -94%). Orphan site restoration targets will increase by 40 per cent of the next three years.

Ministry of Environment and Climate Change Strategy

Overall, the ministry budget is down marginally from \$ 247 to \$245 million (2%). Funding is projected to stay about the same over the course of the three-year fiscal plan. Disappointingly, Budget 2020 sees small net reductions in funding in a number of key ministry areas that need new investment, including:

- Environmental Protection
- Environmental Sustainability
- BC Parks
- Conservation Officer Service
- Climate Action

The slight reduction in the BC Parks budget from \$41 million to \$40 million is particularly disappointing, given recommendations by the BCGEU and environmental advocates for a major reinvestment in parks in the run up to the budget. Budget 2020 missed an opportunity to bring delivery of parks services back in-house and substantially increase investment to \$100 million. This would have realized a costs savings by reducing the need for third-party contracting out of service delivery.

CleanBC

CleanBC is the flagship, cross-ministry program led by the Ministry of Environment and Climate Change Strategy. Budget 2020 allocates an additional \$419 million over three years for CleanBC, on top of the approximately \$900 million invested in Budget 2019. This brings total investment in CleanBC to \$1.3 billion in funding for programs supporting clean transportation, low carbon buildings and climate adaptation, although there is also a significant portion going to industry for the carbon tax and other credits.

CleanBC funding highlighted in this budget includes incentives, such programs to help consumers buy electric vehicles and replace home heat pumps, as well as infrastructure programs to build EV charging stations and support for industries moving toward lower-carbon solutions. CleanBC will also support projects to make B.C.’s schools, universities, colleges and hospitals more energy efficient.

Details regarding the province’s progress in reducing carbon pollution under CleanBC will be measured



in coming reports. Under the new *Climate Change Accountability Act*, annual reports will be tabled to the Legislature that outline the latest emissions data and projections, as well as actions and expenditures planned for future years and their expected impacts.

Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD)

The overall FLNRORD budget will drop from an updated forecast of \$950 million in 2019/20 down to \$843m (-10.7%) in 2020. Spending is forecast to rise slightly to \$856 million in 2021/22, then drop again to \$850 million in 2022/23. Provincial revenue from forest products is projected to drop from \$991 million in 2019 to \$867 in 2020/21, and down to \$811 million by 2022/23.

Budget 2020 will see small reductions in ministry spending on integrated resource operations and resource stewardship, but base funding for fire management will increase by \$35 million per year, and base emergency program funding will rise by \$30 million per year. This increases the budget for the Fire Management and *Emergency Program Act* to \$409 million and \$110 million across the plan, respectively.

The budget includes only limited new investments for forest communities. A number of programs that focus on communities impacted by mill closures or curtailments had previously been announced, or are drawn from other budgets or line items. However, Budget 2020 does allocate \$13 million for new forestry revitalization efforts, including investments in B.C.'s "bio-economy" to support innovations that convert wood waste into value-added products like biofuels, bioplastics, and textiles.

Ministry of Health

Once again, the Ministry of Health's budget has increased significantly in Budget 2020 to a total of \$22.18 billion. That includes an increase of \$1.34 billion (+6.45%) in 2020, which is significant given the ministry also received a large increase - \$1.09 billion (+5.52%) - last year, and this year's increase is double what was predicted in previous estimates for this year. The majority of new spending is associated with the

increased budget for Regional Services of \$1.01 billion (+7.15%), with a smaller increase of \$272 million to Medical Services Plan (5.49%), as well as an additional \$1 million to Pharmacare (+2.12%). The total ministry operating budget will rise to an estimated \$23.13 billion (+4.24%) in 2021/22, then to \$23.87 billion (+3.22%) in 2022/23.

The ministry's stated priorities for new spending include: continued investment in redeveloping our primary health-care strategy, focusing on a team-based environment; improving timely access for surgical and diagnostic services; increasing support for paramedics and associated staff; reducing costs for prescription drugs; and collaborating with First Nations bodies and the federal government toward improved mental health and wellness.

In terms of capital spending, Budget 2019 includes \$1.32 billion dollars for four major new health care facilities over the next six years.

In terms of capital spending, Budget 2019 includes \$1.32 billion dollars for four major new health care facilities over the next six years - Mills Memorial Hospital (Terrace), Burnaby Hospital Redevelopment, Cariboo Memorial Hospital (Williams Lake), Stuart Lake Hospital (Fort St. James). These facilities join 16 other capital projects province-wide, with seven being at or past completion in the 2020/21 period. Six of these 20 projects have had their operational dates pushed back by one year compared to previous reporting. Updated date estimates include: Penticton Regional Hospital (2022), Royal Columbian Hospital (Phase 1) (2020), Peace Arch Hospital (2022), the Centre for Mental Health and Addictions (2021), Dogwood Complex Residential Care (2022), and the new acute care centre at Lions Gate Hospital (2023).

The ministry's two notable health sector IT projects - iHealth and the Clinical and Systems Transformation Project - are ongoing and don't show any significant differences from Budget 2019.

As in Budget 2019, the only performance metric in which the province is not making progress toward their objectives is in addressing overtime hours



worked by nurses and allied professionals. Not only did the province miss its targeted reduction in this statistic, overtime hours as a percentage of total hours increased this fiscal year. This likely comes as no surprise to employees in the health sector who have repeatedly identified the need for increased staffing.

The ministry continues to hit its targets for opening new primary care centres with 25 forecast to have opened in fiscal year 2019, rising to 45 in total for the upcoming year, and completing with 65 in by 2021.

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

Spending in the Ministry of Indigenous Relations and Reconciliation will decrease from \$107.8 million in 2019/20 to \$96.7 million (-10.3%) in 2020/21, due to a drop in the amount allocated for "Treaty and Other Agreements Funding" next year.

Funding is projected to return to around \$108 million annually for the following two years.

Supporting documents for this year's budget focus on reaffirming the agreement announced as in Budget 2019 that shares \$3 billion over the next 25 years in gaming revenue with First Nations. Some limited new spending tied to reconciliation is spread across other ministries, including new investments for the cultural connections program for Indigenous children and youth in care, the Agreement with Young Adults program, and new Indigenous justice centres, as discussed in other sections of this report.

Ministry of Jobs, Economic Development and Competitiveness

The Ministry of Jobs, Economic Development and Competitiveness (formerly the Ministry of Jobs, Trade and Technology) has a new name and a new minister, Honourable Michelle Mungall, for 2020. The operating budget has been reduced slightly from last year, from \$97.4 million to \$93.6 million (-3.9%). A new mandate letter is forthcoming; however, the service plan maintains the same three performance planning goals set in 2019 with no major changes.

Ministry of Labour

Last year's budget saw a significant funding boost to the Employment Standards Branch (ESB) and to eliminate the "self-help" model of service delivery and ensure effective, fair enforcement of labour standards. The Ministry of Labour saw a slight funding increase from \$16.4 million in 2019/20 to \$17.2 million (+4.5%) for 2020/21. This will go to the ESB, while other operating budgets within the ministry remain unchanged.

In order to address the ongoing crisis in B.C.'s forestry sector, the Ministry of Labour began administering temporary programs to support displaced forest workers in October of 2019. This will continue through 2020/21 onward, according to the Ministry's service plan. Funding for these programs comes from the Ministry of Forests, Lands, Natural Resources Operations and Rural Development.

Ministry of Mental Health and Addictions

The Ministry of Mental Health and Addictions has a status quo budget for fiscal year 2020/2021 to continue coordinating the response to the province's opioid overdose emergency in addition to executing a mental health and addiction strategy focusing on children/youth. The mandate letter also sets targets around upgrading and streamlining online materials on mental health and addictions and increasing the number of individuals on naloxone agonist treatment. The ministry will receive a budget decrease of \$355,000 (-3.5%) from the 2019 cycle for a total of \$9.71 million.



The decrease (-\$393,000) will come from voted appropriations (policy development, research, program monitoring and evaluation, partnerships with other organizations, and other activities related to mental health and addictions services). Executive and Support services will receive an additional \$38,000.

The government has committed to continuing its mandate to deliver an immediate, escalated response to the overdose public health emergency. This includes the allocated \$30 million over 3 years (announced in 2019) with funding going towards ensuring access to publicly funded naloxone kits, drug-checking services in high-need communities as well as pharmaceutical alternatives. It also mentions partnering Indigenous-led strategies to reduce the disproportionate impact of overdose on Indigenous peoples. It also mentions stigma-reducing initiatives, harm-reduction and awareness campaigns.

The ministry is continuing to increase access to publicly-funded Naloxone kits as per recommendations that came from BCGEU members on the frontlines of the crisis.

The ministry plans to distribute an additional 51,099 naloxone kits (+25.7%) over the total distributed in 2019. After this increase, it plans to hold steady its number of naloxone kits annually to 250,000 kits each year through 2022/23.

Additionally, the ministry is attempting to ensure that people receive treatment that meets their particular needs including opioid agonist treatment in various forms, increasing referral pathways for first responders, improving immediately access to medication assisted treatment and supporting recovery services. The ministry set targets to increase the percentage of people on opioid agonist treatment with specific targets where there were none last year. It intends to increase by 2-5 per cent beyond the baseline of 50.4 per cent in September 2018 each year and then to re-evaluate in 2022-23.

The budget also mentions a new initiative called “Digital Front Door” with a goal of improving navigation and updating existing online mental health and

addictions content to guide people to appropriate local services. The key metric for success of this initiative will be measured by website visits lasting more than 30 minutes, and the goal is to have 1,000 monthly average sessions in 2020/21, up to 2,300 in 2021/22.

Budget 2020 mentions working with the Ministry of Health on expanding access to mental health and substance use care through new Primary Care Networks. Also mentions partnering with Ministry of Labour, WorkSafeBC and key partners to expand access to workplace mental health training and education to make it easier for organizations to support psychological safety in the workplace.

Also mentioned were more Foundry centres for youth 12-24, with four more Centres opening in 2020/21 (15 from 11), and up to 19 by 2022/23.

The mandate mentions continuing with mental health prevention and early intervention programs for children and sets new goals. Initiatives include enhancing mental health in schools by supporting prevention and promotion activities in schools K-12, new tools for educators for children under the age of 6, and “step up/step down” services for children and youth with severe mental health or substance use conditions, meaning high-intensity services outside of a hospital setting.

Ministry of Municipal Affairs and Housing

The overall Ministry of Municipal Affairs and Housing budget shows a decline of \$178 million, dropping from \$828 million in 2019/20 to \$650 million in 2020/21. However, this decline is due to accounting quirks related to the recording of annual transfers from the ministry to local governments. No other budget lines in the ministry decrease and most actually increase over the next three years (while transfers to local government continue to fluctuate).

Housing and homelessness

This year’s budget continues the rollout of funding for housing first announced in Budget 2018, which pledged an investment of \$7 billion over ten years to support housing affordability. The overall operating budget for housing programs (across all government ministries and entities involved) has grown to \$958 million in 2020/21, and will rise to \$1.2 billion by the final year



of the fiscal plan in 2022/23. Combined, capital and operating funding for housing will reach a total of \$1.4 billion of in 2020/21.

Only a few modest new housing investments are announced in Budget 2020, including an additional \$118 million in operating funding and \$56 million in capital funding to support B.C.'s housing strategy. This new capital funding will allow for the development of 200 new units of supportive modular housing for people who are homeless or at risk of homelessness. This builds on previous investments, bringing the total to 2,400 modular units of supportive housing built under the BCNDP government.

Budget 2020 also commits an additional \$50 million over the three-year plan towards expanding programs and services that support people without a home or who are at risk of homelessness.

These investments will support the addition of approximately 505 new shelter spaces across the province and the implementation of an enhanced shelter model called “navigation centres,” which will integrate shelter services, medical services, and helps clients navigate the system to access housing placement and other social services. Two new 60-bed navigation centres will be opened in the province.

More public investment needed to address the housing crisis

While the BCGEU is pleased to see the government continue the roll-out of housing investments announced in 2018, Budget 2020 does not deliver on repeated 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 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 to address the crisis, with the Canadian Centre for Policy Alternatives' B.C. office suggesting yearly investments in the range of \$2.5 billion for a high-ambition plan of 10,000 new units annually of non-market rental housing.⁴ While this would entail a significant investment, it would represent less than one penny per dollar of GDP that British Columbia generates, and could be recouped through rental income over the lifespan of the buildings, as well as revenues from progressive property tax reforms.

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 remain healthy enough to permit the borrowing that this would require. 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 2020 again fails to address 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 2020—up by more than \$1.1 trillion since 2007. That

⁴ Marc Lee, *Planning for a Build-Out of Affordable Rental Housing in Metro Vancouver: How many units and how much would it cost?*, CCPA-BC, Dec. 11, 2019 <https://www.policyalternatives.ca/publications/reports/planning-build-out-affordable-rental-housing-metro-vancouver>



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).

BC Housing

As expected, BC Housing will see a further significant budget increase next year as the government's housing plan continues to roll out, rising \$241 million (+18%) in 2020/21 to reach almost \$1.6 billion. Smaller increases over the following two years will bring the BC Housing budget to \$1.7 billion by 2022/23.

Spending on grants is the biggest component of growth, rising from \$550 million in 2019/20 to \$743 million in 2020/21, an increase of \$193 million (+35%). Grant spending will fluctuate the following two years, but will remain well above \$700 million. Housing subsidies will also grow significantly, from \$509 million in 2019/20 to \$548 million in 2020/21. By 2022/23, housing subsidies will reach \$605 million.

Rental assistance spending will increase over the fiscal plan, from \$132 million in 2019/20 to \$149 million by 2022/23.

In addition, the "salaries and labour" budget for BC Housing is also expected to grow significantly, from \$70.7 million in 2019/20 to \$80 million (+13%) in 2020/21, with slower growth the following two years. These costs are expected to increase as additional staff are required to deliver and administer new projects and programs. Operating and building maintenance budgets

are expected to decline, utilities costs will increase, and most other budget lines will remain close to current levels.

Ministry of Social Development and Poverty Reduction (MSDPR)

Budget 2020 features some modest but nonetheless important spending increases under the Ministry of Social Development and Poverty Reduction (MSDPR). MSDPR is one of the key ministries responsible for TogetherBC, the government's poverty reduction strategy. Poverty reduction advocacy groups note that while the government is on the "right track" in Budget 2020, significantly increased investment will be required to achieve the goals outlined in TogetherBC. The first progress report is due October 1, 2020.

Overall MSDPR expenditures will increase from \$3.57 billion in 2019/20 to \$3.68 billion in 2020/21 (+\$115 million/+3.2%). The ministry budget will increase a further 1.8 per cent in 2021/22 and 1.3 per cent the following year, to reach a projected \$3.8 billion in 2022/23.

The most notable new funding announcements are \$121 million in increased funding allocations to Community Living BC over the next three years (see CLBC section below for details) and \$20 million over three years for increases to earning exemptions for people receiving temporary and disability income assistance. Both of these measures are in line with recommendations in BCGEU's pre-budget submission, and are welcome steps in the right direction.

Earnings exemptions increases

The increased earning exemptions begin in January 2021, and will see exemption limits for people receiving temporary and disability assistance rise by 25 per cent in most categories, and by 29 per cent for people with multiple persistent barriers. Examples provided by the ministry show these making a significant difference in some client categories, in effect adding \$100 per month in potential income for a single person on temporary income assistance, or up to \$6,000 in potential annual income for a couple/ two parents with both adults having a "persons with disability" (PWD) designation.



Additional MSDPR funding for “caseload pressures”

Budget 2020 also pledges additional funding of \$131 million over three years, to “provide for caseload pressures to support those accessing income, disability and supplementary assistance.” The details of how that funding will be allocated are not clear at the time of writing, but budget documents note that supplementary assistance measures to be supported include “the Senior’s Supplement, the Bus Pass and Transportation Supplement for persons with disabilities, and other urgent supports such as the crisis supplement, counselling, school start-up, and other health supplements for dental, diet, and medical equipment and supplies.”

Community Social Services recruitment and retention

Details are not clear at the time of writing, but Budget 2020 also pledges unspecified “new funding to support recruitment and retention for community social service agencies to support the overall and long-term strength of the sector.” The union will be following up with the ministry over the coming weeks for clarification regarding the amounts and allocations of this new funding.

Community Living BC

Community Living BC (CLBC) will see a significant funding increase of nearly \$75 million (\$74.95 million) in 2020/21, with the agency’s total budget rising to almost \$1.14 billion, a boost of just over seven per cent. CLBC’s service plan anticipates further increases in each of the following two years of \$35 million in 2021/22 and another \$28 million the following year. With the continuing increase in the demand for services, the additional funding does not allow for an expansion of services.

CLBC has seen an estimated increase of 5.2 per cent in the number of individuals it supports over the last year and expects this trend to continue to grow by about five per cent annually. CLBC’s revised forecasting model predicts substantial growth in its caseload of 123 per cent over the next 20 years. In 2019, Minister Shane Simpson commissioned a visioning report, Reimagining Community Inclusion. Besides a broad transformational shift to a more responsive and inclusion-focussed service delivery ethos, the report points to housing options and an emphasis on employment. This also aligns with CLBC’s response to cost pressures. The

service plan sets modest targets for individuals living independently in their own homes (9.4% of supported individuals in 2020/21) and reporting income from employment (26% in 2020/21).

The government has responded to the BCGEU’s call for investments to support a recruitment and retention strategy for CLBC and the service providers it funds, including wage increases for frontline workers.

However, the other union priority of addressing critical health and safety issues, like staffing ratios and violence, are not specifically addressed in this budget.

Other government initiatives to increase the disability assistance earnings exemption and commitments to build affordable, inclusive housing will positively impact the lives of individuals with developmental disabilities and their families.

Ministry of Public Safety and Solicitor General

The Ministry of Public Safety and Solicitor General received an overall spending increase of about \$49 million, from the \$802 million originally forecast for Budget 2019 to \$851 million (6%) for Budget 2020. However, the updated forecast for 2019/20 projects that actual spending for 2019/20 will come in at \$932 million. Planned spending for 2021/22 is \$857 million (+0.7%), rising further to \$863 million (+0.7%) in 2022/23.

Budget 2020 allocates \$17 million for corrections services aimed at improving conditions for both inmates and staff, including \$14 million to “initiate reforming the use of segregation practices,” and \$3 million for capacity growth and facilities maintenance for the Community Corrections Accommodation Strategy. Details of how exactly this funding will be spent were not provided in the budget documents.

It is worth noting that Budget 2020 again fails to adequately address the chronic staff shortages, high staff-to-inmate ratios and problems with violence within



B.C. prisons that BCGEU has been highlighting through the Prison Safety Now campaign. BCGEU would like to see increased funding to hire more frontline staff in corrections. This would help improve both worker and inmate safety, and contribute to a much-needed staff recruitment and retention strategy.

Capital investment in expansion and renewal of correctional facilities was a key part of BCGEU's pre-budget recommendations for corrections. PSSG's major capital project in Budget 2020 is the Nanaimo Correctional Centre (NCC) Replacement Project, with a total capital cost of \$157 million.

Allocations for policing and security will increase by \$8 million (+2.2%) in this budget, while victim services and crime prevention funding will increase by \$8 million (+14.6%). RoadSafetyBC will see a reduction in funding of \$500,000 (-3.2%). Emergency Management BC received a significant boost of \$10 million (+59%), which is in line with recommendations in the BCGEU's pre-budget submission to the Select Standing Committee on Finance and Government Services to expand funding to meet the increasing demands and overall workload facing the agency.

Ministry of Tourism, Arts and Culture

This ministry oversees five crown corporations, including PAVCO and the Royal BC Museum. Its operating budget, which had been boosted in Budget 2019 to \$164 million, has been reduced in Budget 2020 by \$3.4 million (roughly 2%). This figure is expected to remain constant through 2022/23, according to the service plan. Transfers to Crown Corporations and Agencies, which fund two BCGEU certifications, will have to absorb the bulk of the reduction. The certification most impacted is the B.C. Pavilion Corporation (component 17), with a loss of \$2.45 million. The operating grant to the Royal British Columbia Museum (component 12) has not been touched.

B.C. Pavilion Corporation

As noted in the Ministry of Tourism, Arts and Culture remarks, PAVCO, comprising BC Place and the Vancouver Convention Centre (VCC), will receive a reduced government transfer in 2020/21. The transfer is being reduced by \$2.45 million.

BC Place is forecast to run an operating deficit of \$10.6 million in each of the next two fiscal years. Conversely, the Vancouver Convention Centre (VCC) branch of PAVCO is expected to generate net income in excess of \$2.5 million in 2020/21.

PAVCO's service plan notes an expected \$15 million in one-time revenue coming in 2022/23 related to a potential land sale in the north False Creek area.

Staffing remains a concern at BC Place and the collective agreement expires on May 31, 2020. The most recent employee engagement survey showed only 59 per cent engagement, and increase of two per cent over 2018/19, but far lower than VCC and PAVCO head office. An additional 5.7 per cent (or \$500,000) has been budgeted for staffing costs in this fiscal year, with an additional \$200,000 staffing budget boost in 2021/22.

Royal BC Museum and Archives (RBCM)

The government's annual operating contribution of \$11.8 million to the Royal BC Museum and Archives has remained unchanged for several years - from the 2018/19 budget through the 2022/23 budget year. This represents roughly 55 per cent of its operating budget. The rest is funded through admissions and donations.

Uncertainty about future exhibitions is predicted to impact the museum. Revenue projections have been reduced by \$2.5 million in 2020/21 due to an expected reduction in visitors and undefined other provincial funding.

In an effort to boost revenues going forward, the museum is focusing on growing its online sales, publishing revenue and licensing of images. Additionally, the government is soliciting the public's input on ways to modernize the museum.

The museum is also continuing to work with the government on its three-year capital maintenance framework to develop options for the safeguarding and storage of the museum and archive collections. The capital fund will commence with budget year 2020/21 with a grant of \$27,000, a grant of \$99 million in 2021/22 and a grant of \$156 million in 2022/23. This work 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 marginally to \$928.9 million (+0.4%) in 2020/21, with smaller increases through to 2021/22. There is little significant change in operational funding across core ministry budget lines. Transportation and infrastructure improvements see a slight reduction in funding in 2020/21 to \$16.6 million

(-2.1%). Highway operations receives a small increase at \$1.4 million (+0.3%), while commercial transportation regulation receives a \$66 thousand increase (+2.1%).

The ministry service plan also outlines major capital spending, totalling \$7.4 billion across B.C. over the next three years, with more than \$1.7 billion budgeted in 2020/21 alone. Major investments up to 2022/23 include:

