



BRITISH COLUMBIA

# BUDGET ANALYSIS

2021/22

Moving in the right direction,  
but at the wrong speed.

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## Overview

On April 20, the BC NDP delivered its first budget and fiscal plan since winning a new majority mandate in the October 2020 general election. More importantly, this was the government's first official budget since the start of the global COVID-19 pandemic in early 2020.

*Budget 2021* is notable for its large deficits tied to emergency relief spending and ongoing pandemic response measures. As we discuss below, these are critical investments needed to support British Columbians, and it is reassuring to see government spend what is necessary to ensure the continuity of important programs and services for workers, families, and communities.

However, apart from making some improvements to pre-existing commitments that were introduced in the last budget cycle, the new fiscal plan is unimaginative in areas where real transformation is still needed by working British Columbians—and especially where new and extreme social, economic, and health-related vulnerabilities have been revealed through the experience of the ongoing pandemic.

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*Budget 2021* does offer an array of valuable new social investments and supports—which we highlight throughout this document—and it certainly provides resources in places where there is an urgent need, especially throughout B.C.'s health sector. But there are several missed opportunities in this plan as well, and some of the more important (and obvious) places in which the government failed to act include the following:

- Government-paid sick leave for workers
- Dramatically accelerating plans for quality, affordable, universal child care
- Steps to remove private, for-profit providers from B.C. seniors' care
- Significant direct investments in publicly owned and operated affordable housing

- Targeted mental health supports for workers affected by the pandemic
- Measures to improve tax fairness and to reduce extreme economic inequality

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Despite these disappointments, the NDP's new budget does show a responsible government committed to protecting and expanding crucial public services, regardless of the cost. Some highlights include:

- \$585 million for the Health Career Access Program, including \$68 million over three years recruit and train home and community care aides
- \$500 million over three years for mental health and addictions, including \$330 million to fund treatment programs, and \$97 million for targeted child, youth and young adult programs and supports
- An additional \$1.6 billion over the fiscal plan to fund income and disability assistance, including the introduction of a permanent \$175/month increase to assistance rates
- \$367 million in new funding for CLBC to support adults with developmental disabilities
- \$85 million in additional funding for child, youth and family services
- \$206 million over three years to improve justice and public safety services
- \$26 million to make transit free for children under 12
- An additional \$120 million this year to support the B.C. tourism industry
- Undisclosed additional funding to support ongoing wage-levelling and a continuation of single-site orders in health facilities



- \$197 million over the fiscal plan to advance reconciliation, support engagement with Indigenous peoples on legislation, policy and programs, and support implementation of the Declaration Act
- \$195 million to continue the Small and Medium Sized Business Recovery grant in 2021/22, and \$150 million to fund the Increased Employment Incentive program
- \$35 million this year to support temporary foreign workers in B.C. agriculture
- An additional \$649 million over three years to support post-secondary training and education
- \$83 million in combined operating and capital investments for BC Parks
- \$40 million to enhance broadband and cellular connectivity in rural and remote B.C. communities
- \$506 million in additional funding for CleanBC over three years
- \$30 million in one-time funding under BC 150+ to support reconciliation and cultural learning, diversity and inclusion, and cultural awareness

The B.C. Government and Service Employees' Union (BCGEU) has carefully reviewed the provincial budget, ministry by ministry, to help understand how government's choices in the fiscal year of 2021/22 will affect the work our members do and the services our province relies on. In this report, we identify areas where new progress has been made where significantly more improvement is still needed.



## Economic outlook

B.C.'s economy is now on a strong path to recovery.

The effects of the global pandemic were most pronounced over the first quarter of 2020 where an abrupt closure of businesses—including entire sectors—led to widespread job losses and a major drop in consumption. This put an incredible strain both on households and businesses.

Substantial improvements over the second quarter and throughout the summer months of 2020 helped to ease the early devastation caused by the pandemic-related shutdown. With consistent growth and further gains in employment made over the remainder of the calendar year, *Budget 2021* now estimates that real GDP in the province contracted by -5.3 per cent in 2020. The budget and fiscal plan forecasts a continued rebound in 2021 with 4.4 per cent growth across the B.C. economy, followed by 3.8 per cent in 2020.

While the year-to-date average for unemployment still rests at 7.7 per cent (compared to 4.9 per cent in the first two months of 2020), employment has nearly recovered since reaching its lowest point in April 2020 (15.5 per cent). Job recovery has been uneven, however, and lingering effects of the pandemic are felt amongst those who were most heavily impacted by the recession, including youth, women, and visible minorities within the workforce.

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Consumer spending and retail sales are now surging (up 15.3 per cent for January 2021, compared to the same month a year earlier), and housing starts are also 11.1 per cent higher as of February 2021 compared to the same period in 2020. B.C. home sales have again reached record levels in the early part of 2021, and

the average sale price (all dwelling types) has also increased by 16.5 per cent above the same period a year earlier (year-to-date - February 2021).

The B.C. economy has fared comparatively well relative to forecasts and expectations from a year ago,<sup>1</sup> and compared to some other provinces and international jurisdictions. Overall, the losses for B.C. in 2020 were slightly less severe than the national average (-5.4% of real GDP), and compared to other large provincial economies, such as Ontario (-5.6%) and Alberta (-7.1%).

Provincial—and especially federal—government emergency response programs have been instrumental in reducing both the severity and duration of the economic crisis brought by the pandemic. These ongoing measures remain a crucial factor in the assumptions underlying a continued strong recovery forecast for 2021. Another key assumption for the outlook is that large-scale immunization campaigns will continue both in B.C. and other provinces, as well as internationally, and that global travel restrictions will begin to ease over the course of the year.

There is clear evidence that the effects of the pandemic have increased the seriousness of existing social and economic inequalities in B.C.

While the overall outlook presented in *Budget 2021* is positive, recovery is expected to be uneven across sectors and demographics. Likewise, our government has acknowledged that there is clear evidence that the effects of the pandemic have increased the seriousness of existing social and economic inequalities in B.C., and that the need for a response to this through policy has never been more urgent.

<sup>1</sup> See: BCGEU, Budget Submission 2021-22: to the Select Standing Committee on Finance and Government Services, June 2020, [https://musercontent.com/c9125e48200e7a60add61b323/files/c4d60945-ed8f-4184-80eb-a200ad09ef40/2020\\_070\\_BUDGET\\_SUBMISSION\\_8\\_5x1112.pdf](https://musercontent.com/c9125e48200e7a60add61b323/files/c4d60945-ed8f-4184-80eb-a200ad09ef40/2020_070_BUDGET_SUBMISSION_8_5x1112.pdf); Simon Kelly, "Estimating the Aggregate Effects of the COVID-19 Pandemic on the Canadian and B.C. Economies," (working paper), B.C. Government and Service Employees' Union, May 2020, [https://d3n8a8pro7vhmx.cloudfront.net/bcgeu/pages/9488/attachments/original/1593194939/SARS-CoV-2\\_Econ-WP\\_Final.pdf?1593194939](https://d3n8a8pro7vhmx.cloudfront.net/bcgeu/pages/9488/attachments/original/1593194939/SARS-CoV-2_Econ-WP_Final.pdf?1593194939)



## Revenue, expenditures and deficit

The COVID-19 pandemic has dramatically altered government's fiscal situation. After seven years of successive balanced budgets, *Budget 2021* posts a large \$8.1 billion deficit for 2020/21 (down from \$13.1 billion projected in the *Fall 2020 Economic & Fiscal Update*). It also estimates a further, even larger deficit of \$9.6 billion for the coming 2021/22 fiscal year, followed by decreasing annual deficits of \$5.5 billion and \$4.3 billion in 2022/23 and 2023/24 respectively.

Total operating expenses over the three-year fiscal plan are forecast at \$64.4 billion for 2021/22 (an increase of 4.5%), \$67.0 billion for 2022/23 (+4.1%) and \$68.7 billion for 2023/24 (+2.5%). These increases, which total \$13.2 billion in new operating spending over the fiscal plan, do not include additional forecast allowances and newly assigned Pandemic and Recovery Contingencies. The combined prudence is worth \$4.25 billion in 2021/22, \$1.75 billion in 2022/23, and \$700 million in 2023/24, and those amounts are reflected in the forecasted deficits for each of the three years.

Negative balances are primarily due to extraordinary pandemic-related spending and investments—and the extra contingencies noted above—rather than declines in revenue. Initially, government made a -\$3.2 billion revision in the revenue forecast for 2020/21 in its *Fall 2020 Update*. However, *Budget 2021* shows that, in fact, the treasury exceeded its pre-pandemic budget estimate for revenue from early 2020 by \$382 million—despite the catastrophic downturn in the provincial economy which followed shortly thereafter. This apparent windfall accounts for a significant portion of the improvement to the deficit outlook.

Revenue sources that performed considerably better than expected (given the onset of the economic crisis) include corporate and personal income tax receipts, provincial sales tax revenue, property transfer tax and selected resource rents. Additional transfers from the federal government also provided extra relief, which compensated for losses in other areas.

To a degree, high sales tax receipts demonstrate the effectiveness of federal and provincial income support measures to workers and households, helping to improve consumption. The strength of personal income tax revenue on the other hand, demonstrates the extent to which the severe employment impacts of the pandemic

(e.g., 410,600 job losses in April 2020 alone) were concentrated amongst lower income earners and those who contribute at lower marginal rates of taxation. Likewise, the windfall from property transfers is evidence of the number of middle and upper-income households who remained secure enough financially during the pandemic to take advantage of record-low interest rates in the mortgage, real estate and housing markets.

For the coming fiscal year in 2021/22, *Budget 2021* estimates that total government revenue will decline temporarily to \$58.9 billion (3.3% below the updated forecast for the year just past), followed thereafter by a substantial increase to \$63.3 billion in 2022/23 (+7.4%), and \$65.1 billion in 2023/24 (+2.8%).

Alongside significant growth and recovery across the economy as a whole, revenue improvements will be driven by substantial increases in corporate income tax receipts after 2021/22; a 27.8 per cent increase in property tax revenue (following the end of temporary tax relief measures for commercial property owners); a notable growth in natural resource revenue in the current fiscal year (+14.3%); steady growth in personal income tax revenue, averaging 2.7 per cent per year over the fiscal plan; increased returns from fees and licenses; and improved net income from recovering commercial crown corporations like the BC Lottery Corporation (up by \$1.02 billion annually by 2023/24, or 266% better than 2020/21). Revenue from BCLDB, however, will show a moderate decrease in 2021/22 (-\$71 million) due to the implementation of wholesale pricing for liquor licensees, such as restaurants, bars and pubs.

Federal transfers are expected to decrease significantly in 2021/22 following numerous one-time contributions in COVID-19-related funding for the year just past. This change alone accounts for much of the decrease in total revenue expected over the coming fiscal year (see above). However, the fiscal plan also notes that, considering the ongoing pandemic, additional federal transfers remain a distinct possibility and an unknown variable within the current fiscal outlook. For now, health and social transfers are expected to average 1.3 per cent growth per year over the three-year plan.

Finally, carbon tax revenue is expected jump 21 per cent in 2021/22, averaging 9.4 per cent more per year over three years. The boost this year (+\$345 million) reflects a planned rate increase by \$5 per tonne of CO<sub>2</sub>e that was delayed in 2020/21 due to the economic recession. Notably, this is one of the only tax measures included in *Budget 2021*.



## Capital investments

*Budget 2021* contains a record \$26.4 billion in taxpayer-supported capital spending over the fiscal plan. It includes an additional \$3.5 billion over what was presented in *Budget 2020*, mainly due to new project spending in the areas of health, education and transportation, as well as revised timing for certain capital projects.

Expenditures highlighted in the budget include:

- \$3.5 billion to maintain, replace, renovate or expand K-12 facilities
- \$3.8 billion in total project spending over the next three years by post-secondary institutions
- \$7.8 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
- \$7.5 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 maintain, upgrade and expand public infrastructure, such as courthouses, correctional centres, office buildings and information systems

Projects that may be of particular interest for BCGEU members include:

- Construction of a new \$88-million health science building at BCIT's Burnaby campus
- \$114 million to build a 12-storey (464-bed) student housing facility at BCIT's Burnaby campus
- \$47 million to fund capital improvements in BC Parks, including new campsites, trails and other parks infrastructure
- Early planning for a capital project to modernize and renew the Royal BC Museum (a new collections and research building will break ground in Colwood in 2022, with anticipated completion in 2024)
- A new Nanaimo Correctional Centre will replace the existing 190-bed correctional centre and increase capacity with a 12-room unit for women

Some budget day commentators linked the increased provincial capital outlay to additional costs and delays associated with BC Hydro's troubled Site C project. These increased costs are indeed captured in the budget but are listed under self-supported spending for BC Hydro. They are therefore not a part of the taxpayer-supported investments noted above.

One observation to note, however, regarding *Budget 2021's* capital spending is that social housing comprises a relatively modest amount compared to the investments planned in K-12, post-secondary, transportation and the health sector: \$672 million is allocated in 2021/22, decreasing 14.5 per cent thereafter in 2022/23, and very significantly by 32.4 per cent in 2023/24.

## Provincial debt

The annual deficits (see above) tied to economic recovery measures and extraordinary pandemic-related investments mean that provincial debt is projected to increase by \$39.5 billion over the fiscal plan, reaching \$127.0 billion by 2023/24. Total government debt will have grown by a remarkable 66.3 per cent above the pre-pandemic estimate for 2020/21 (\$76.4 billion) that was tabled in February 2020.

Notably, this change will increase the taxpayer-supported debt to GDP ratio from an originally stated estimate of 15.5 per cent for 2020/21, to 22.8 per cent in 2021/22, and up to 26.9 per cent by the end of 2023/24.

Financial analysts typically use this ratio as a tool to assess the relative risk and overall financial burden of public indebtedness. There is a dramatic change here as a result of the pandemic, but virtually all other provinces in Canada, as well as comparable international jurisdictions, are facing a similar set of pressures. And many of these governments are in a far worse situation than B.C.

The fact that B.C.'s debt to GDP ratio was so consistently low (e.g., between 14.5 per cent to 16.0 per cent) prior to this event has left the province in a favourable position compared to most other jurisdictions for managing the debt burden. A strong credit rating combined with historically low interest rates will help the province maintain very low debt servicing costs relative to the extent of its borrowing.



For example, the estimated taxpayer-supported interest bite will stay between 3.4 - 3.6 cents per dollar of revenue over the course of the three-year fiscal plan. Another way of stating this is that government will only need to commit an average of 3.47 per cent of its revenue for managing its debt servicing obligations over the short to medium-term outlook.

These are investments that will pay for themselves over time. In fact, the government had room to go much further than it did.

In sum, the deficits presented in *Budget 2021* are simply necessary for maintaining and improving upon an array of public programs and supports needed during the pandemic and throughout a wider process of economic recovery and growth thereafter. This is a manageable—and sensible—financial decision for the province and should not necessitate harsh cuts and austerity programs down the road in order to reach balance in future budgets. That would be a political and ideological choice. These are investments that will pay for themselves over time. In fact, the government had room to go much further than it did.

## BC Public Service

Full-time equivalent (FTE) staff utilization in core government ministries is expected to increase by 350 FTEs compared to the 2020/21 forecast. Staff utilization in service delivery agencies will also increase by approximately 1,200 FTEs in 2021/22 and a further 850 in 2022/23.

The anticipated growth is mainly due to increased staffing needs across the public sector to respond to the COVID-19 pandemic, and for the expansion of programs in direct government such as CleanBC, mental health services, housing, and natural resource permitting.



# Ministry of Advanced Education, Skills and Training

*Budget 2021* pledges new funding of \$649 million over three years to support the post-secondary education sector, with an emphasis on bolstering economic recovery. Total ministry spending is forecast to increase by \$236 million (+9.5%), reaching \$2.38 billion in 2021/22. The bulk of this new spending is under the educational institutions and organizations budget line. Spending is projected to continue at approximately the same level until at least 2023/24.

A wide range of funding initiatives for skills and training are listed in the budget documents, although it is not always clear which are directly funded through the ministry and which are funded (in full or in part) through other ministries.

Notable training announcements include:

- \$96 million over three years for training to support the health sector's longer-term human resource needs
- \$32 million in one-time funding to continue training initiatives launched under the *StrongerBC* economic recovery plan, including \$17 million towards skills training for 1,250 Indigenous people
- \$5 million for micro-credential training, which provides short-term options for those looking to retrain in the wake of the pandemic
- \$6 million to support work-integrated learning placements for 3,000 students
- \$4 million allocated to continue short-term skills training programs to support unemployed or underemployed individuals to train in high demand sectors, including health care and child care

In addition, various youth employment initiatives listed in *Budget 2021* include:

- \$3 million to create 72 new jobs in the recreation sites and trails B.C. youth program
- \$4 million to support 80 short-term youth employment opportunities in the Conservation Officer Service and the aquatic invasive species programs

- \$5 million to extend the clean coast, clean waters program, creating jobs for removing marine debris in coastal communities
- \$9 million to expand co-op positions in the natural resources sector
- \$15 million to expand the innovator skills initiative program, which provides funding to hire youth who have completed industry-approved certification and/or training

## Industry Training Authority (ITA)

COVID-19 caused new apprenticeship registration to drop by nearly one third (-31%) in 2020/21, and government is responding with increased investment over the next fiscal year. ITA's operating budget has grown by \$7 million (+6%) in 2021/22, which is a larger increase than was planned in the previous budget. The additional spending will slowly taper off over the next two years, with a small \$1 million cut planned for 2022/23 (-0.8%).

The mandated goals of ITA remain unchanged: it continues to focus on increasing representation in the trades in targeted underrepresented communities like women and Indigenous peoples. Unlike previous years, the ITA now has a benchmark process which will allow it to compare and measure progress in the years to come.

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A point of interest is that ITA will begin publishing open data and metrics on their apprenticeship goals. The increased transparency will be valuable for judging the effectiveness of its programs with respect to increasing diversity and inclusion in B.C. trades.





## Ministry of Agriculture, Food and Fisheries

The ministry's total budget will increase by \$4.4 million (+4.6%) in 2021/22, and remain steady for the second and third years of the fiscal plan. The agriculture resources budget line accounts for much of the increase, growing by \$3.5 million (+6.7%) above 2020/21.

The ministry service plan outlines two new objectives: to position B.C. as a leader in regenerative agriculture practices, and to work with the federal government and B.C. First Nations to protect and revitalize the province's wild salmon populations. Both objectives aim to increase employment opportunities, enhance food security, and support the province's sustainability and climate change objectives.

The ministry also recognizes the need to improve living and working conditions for farm workers. While performance measures for this objective are yet to be determined, a proposed labour strategy is aligned with other ministries to address substandard living and working conditions for agricultural workers. *Budget 2021* commits \$35 million in 2021/22 to support migrant farmers and temporary foreign workers in B.C. agriculture.

Other priorities include enhancing the *Grow BC*, *Feed BC* and *Buy BC* programs in order to strengthen food security and help drive economic recovery following the pandemic.



## Ministry of Attorney General and Minister responsible for Housing

Overall spending in the ministry is budgeted to increase significantly by \$119 million (+10.3%) in 2021/22, and more modestly at 3 per cent and 2 per cent over the final two years of the fiscal plan. The final budget for 2023/24 is forecast at approximately \$1.34 billion, which represents a total increase of \$184 million (+15.9%) above 2020/21.

### Attorney General

*Budget 2021* promises an additional \$132 million in new funding over three years to support courts, family dispute resolution, legal clinics, parent legal centres and family maintenance enforcement services. Most of this spending falls directly within the Ministry of Attorney General, and it includes \$16 million to support the province's court modernization strategy and \$24 million in one-time funding to support the safe operation of courts during the ongoing pandemic.

Total projected growth across non-housing budget lines in the ministry is 7.8 per cent for 2021/22, with much smaller increases in subsequent years. In the short term, however, there are significant and notable budget increase in several ministry business areas, including: justice services (+6.4%); court services (6.8%); prosecution services (+9%); legal services (+17.8%); agencies, boards, commissions and other tribunals (+22.9%); judiciary (+7.1%); and executive and support services (+17.6%).

These are substantial and much-needed resource improvements across numerous areas of operation that BCGEU has been pursuing with the ministry for years. Budget estimate documents for 2021/22 show higher estimated spending on salaries and benefits within justice services, prosecution services, court services, and legal services, all of which suggest the likelihood of new hiring—in addition to previously negotiated wage and benefit increases.

In late 2020 (following the October election), responsibility for housing was added to the ministry portfolio. Going into the new fiscal year, housing expenditure in the ministry will increase by \$69.4



million (+13.7%) and by a further 5.5 per cent and 4.1 per cent over the final two years of the fiscal plan, reaching \$633 million total in 2023/24 (a combined increase of 24.9 per cent over the three-year plan). (See the additional housing section below for a detailed analysis of government's overall housing plan and related budgeting measures.)

## Legal Aid BC

The annual operating budget for Legal Aid BC (formerly Legal Services Society) will increase by \$6 million (+5.7%) in 2021/22 to reach \$111 million total in the next fiscal year, staying flat for the remainder of the three-year plan.

The service plan introduces goals for reducing indirect costs, which are defined as any costs not incurred in direct legal service delivery to clients, including human resources, policy and planning, facilities, finance and IT support services. The cost reduction target for the next fiscal year is 11.6 per cent, with no targets specified over subsequent periods. The BCGEU will want to be vigilant to ensure that the new cost reduction framework does not negatively impact members.

This year, management of B.C.'s Gladue report program will transition from Legal Aid BC over to the BC First Nations Justice Council. Gladue reports provide judges with comprehensive information about Indigenous offenders' circumstances during sentencing and parole hearings, and information on the relevant circumstances in their community.

## Housing and homelessness

*Budget 2021* continues the roll out provincial housing funding programs first announced in 2018, but fails to scale up investment to a level needed for effectively addressing B.C.'s ongoing housing affordability crisis.

Combined allocations for housing and homelessness supports are projected to roll out as outlined in last year's pre-pandemic budget but with no significant additional funding. In total, *Budget 2021* commits \$1.1 billion in funding across various ministries and agencies for 2021/22, increasing by \$49 million (+4.4%) in 2022/23, and by less than one per cent the following year to reach \$1.16 billion in 2023/24.

Total capital spending on social housing is estimated at \$1.58 billion between 2021/22 and 2023/24.<sup>2</sup> Notably, estimated capital spending in the current fiscal year is \$472 million higher than projected in last year's pre-pandemic budget. Much of this increase is related to recent purchases of hotels and other buildings as emergency and/or supportive housing for people experiencing homelessness during the pandemic. This is an important investment but it does little to address the core lack of affordable housing supply in B.C. over the longer term.

*Budget 2021* allocates \$265 million in 2021/22 within Pandemic and Recovery Contingencies to extend supports and services for people experiencing homelessness (or who are at risk of homelessness), with an additional \$30 million over the remainder of the fiscal plan for ongoing housing support costs associated with recent hotel purchases. Additional contingency funding will help maintain 3,000 temporary emergency shelter and hotel spaces. It will also extend 650 urgent shelter spaces and provide additional rent supplements and supportive housing options to assist people who have been living in camps in Vancouver and Victoria. Additional support measures include meals, support staff, security, and personal protective equipment, to help service operators.

### Still missing the "missing middle"

While the government has made reasonable progress in meeting its stated targets for supportive housing units, it has done less well in delivering affordable housing for the so-called "missing middle." Middle- and lower-middle income individuals and families continue to struggle with unaffordable rents and low vacancy rates in most communities across B.C. Significantly greater investment will be required to meet the government's target of 114,000 affordable homes over ten years as outlined in the 2018 Homes for BC plan.

The only significant announcement aimed at this demographic in *Budget 2021* is the addition of \$2 billion in available financing and loans through BC Housing's HousingHub program (this establishes a total pool of \$2.8 billion within the revolving fund).

While on the surface, \$2 billion is a large amount, it is important to understand that this is a loan—not a

<sup>2</sup> This includes the BC Housing Management Commission and Provincial Rental Housing Corporation.



grant—fund intended to help private and/or non-profit sector projects secure lower-cost financing during the construction phase. It does not amount to actual capital spending by the government to build affordable, publicly owned housing.

As the BCGEU has pointed out previously, there are no guarantees the program will deliver the number of units that are targeted (or come anywhere close to that goal), and there is limited evidence that financing is a major obstacle to current housing development anyways: high land prices and rising construction costs are significantly larger barriers to rental housing development than financing costs in most B.C. urban centres.

So far, the hub has funded several worthwhile projects since 2018 but has only brought approximately 1,000 units through to completion, according to budget documents. Even with this year's substantial increase in available loan funding, the government is promising only 9,000 more units of affordable housing through the program over the next three to five years, which is grossly insufficient. B.C. needs to be producing somewhere in the range of 10,000 new units of affordable non-market housing annually in Metro Vancouver alone.<sup>3</sup>

In addition, the definition of affordability used by the hub's program could permit rents as high as \$2,900 per month for a one-bedroom apartment, or \$4,080 for a two-bedroom unit. While the government's announcement states that the new funding will support the construction of units that are affordable for families with annual incomes of \$75,000 (on average), the upper threshold of eligibility raises concerns that private developers who seek the highest possible returns on their investment have an incentive to prioritize developments aimed at the upper end of the permitted price range.

### **Direct government investment in public and non-profit rental housing remains the best solution**

A better option for addressing the missing middle is to have the province take advantage of low-interest rates and invest directly in the construction of new mixed-income affordable, publicly owned rental housing

stock. Housing funded and coordinated directly by government can be delivered much more quickly and reliably than through partnerships with the private sector. While the private sector can play an important role in construction, the ownership and operation of new affordable rental housing should remain firmly in the public, co-operative and non-profit sectors.

### **Other missed opportunities**

*Budget 2021* also misses numerous other opportunities to act on measures and proposals put forward by affordable housing advocates. For example, it presents a drop in funding for the Residential Tenancy Branch, dropping from \$11.9 million in 2020/21 to \$11.5 million in 2021/22 (-3.4%). There is no action on vacancy control to prevent landlords from dramatically increasing rents when a new tenant moves in. And there are no new tax measures (or other policies) to reduce rampant property and real estate speculation that is driving unaffordable housing prices again in B.C.

### **BC Housing**

Total spending through BC Housing is forecast to increase by \$102 million (+5.3%) in 2021/22. Planned expenditures will then drop by \$138 million (-6.7%) in 2022/23 and by a further \$260 million (-13.6%) in 2023/24. That makes planned spending for 2023/24 almost \$400 million (-19.4%) less than 2021/22. While grants through BC Housing will increase until 2022/23, grant funding for 2023/24 will drop off by close to \$300 million. Likewise, housing subsidies are forecast to decrease by more than \$100 million (-30.8%) in 2022/23.

Rental assistance spending was \$267 million in 2020/21 (probably driven in part by pandemic relief measures), and is forecast to drop to \$156 million (-41.7%) for 2021/22, then rise to \$166 million (+6.8%) in 2022/23 and \$177 million (+6.3%) the following year.

Salaries and labour costs are forecast to rise from \$78 million in 2020/21 to \$93 million in 2021/22, and to \$97 million by 2023/24.

In terms of revenue, provincial contributions to BC Housing are budgeted to increase by about \$130 million (+7.7%) in 2021/22, then drop by more than \$120 million (-6.8%) in 2022/23. The budget forecast for 2023/24 then shows a further \$260 million decrease (-15.6%), for a total decline of nearly \$390 million (-15.2%) compared to 2021/22.

<sup>3</sup> Marc Lee, "Planning for a Build-Out of Affordable Rental Housing in Metro Vancouver: How many units and how much would it cost?" Canadian Centre for Policy Alternatives (BC Office), December 2019, [https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2019/12/To%20Post\\_ccpa-bc\\_PlanningForABuildOut.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2019/12/To%20Post_ccpa-bc_PlanningForABuildOut.pdf)



Federal contributions fluctuate across this period, dropping from \$208 million in 2020/21 down to \$166 million (-20.0%) in 2021/22, but then level out with \$153 million expected in 2022/23 and \$157 million in 2023/24.

## BC Liquor Distribution Branch & Cannabis (LDB)

Operating expenses for the BC Liquor Distribution Branch are projected to rise to \$551.6 million (+11.1%) in 2021/22, then \$571.8 million (+3.6%) in 2022/23, and to \$573 million (+0.2%) in 2023/24. Employment expenses will rise significantly to \$304.8 million (+12.2%) in 2021/22, then \$320.8 million (+5.2%) in 2022/23, and to \$325.1 million (+1.3%) in 2023/24.

The LDB continues to demonstrate net income growth, and is predicted to contribute \$1.15 billion to the province in 2020/21. However, net income for 2021/22 is projected to drop by \$71 million (-4.5%) due to the implementation of wholesale pricing for liquor licensees, but will increase slightly thereafter to \$1.10 billion by 2022/23 (+0.4%).

The agency service plan features capital spending of \$123 million over three years, with investments made in opening and renovating both liquor and cannabis retail stores, new operating equipment, vehicles, and other technology upgrades. Future capital-related projects include investments for omnichannel, additional measures to support remote working, improvements in cybersecurity, and upgrades for head office systems.

Sales per square foot from cannabis are predicted to be significantly lower than previous targets. These revisions are based on a better understanding of the market, and at the same time, a drop in cannabis prices as the retail market becomes more competitive. Retail performance for 2021/22 is estimated at \$800 per square foot, which is a drop of 47 per cent compared to the original expectation for 2021/22 (\$1,700). After the current fiscal year, the new service plan forecasts \$825 per square foot in 2022/23 and in 2023/24.

## Ministry of Children and Family Development (MCFD)

*Budget 2021* highlights additional funding of \$85 million over the three-year plan to support family, children and youth services, including additional resources to support children in ministry care or with Delegated Aboriginal Agencies (DAA). The ministry's budget will grow \$169.4 million in 2021/22, or roughly 7.6 per cent (note: this includes funding for child care in addition to child, youth and family services), by \$34 million in 2022/23 (+1.4%), and by just \$3.7 million in 2023/24 (+0.15%).

Funding in core business areas for child, youth and family services will increase moderately in the current fiscal year (2021/22), but then remain flat for the remaining two years of the plan. This year, services for children and youth with special needs will increase by \$30.5 million (+7.5%); child and youth mental health services (CYMH) will receive a substantial and much-needed boost of \$23.7 million (+21.4%); child safety, family support and children in care services will grow by \$49 million (+6.7%); and youth justice services will see a moderate boost of \$2.2 million (+4.5%).

A portion of the increase to CYMH appears to be accounted for in government's province-wide mental health and addictions package, which totals \$500 million over the fiscal plan (\$97 million of which is identified as funding for targeted mental health supports for children, youth and young adults). Estimate documents show that within this service line, combined spending on salaries and benefits will grow by \$6 million in 2021/22 (+9.4%), likely reflecting a boost in hiring. A smaller amount (relative to size of the business area) is also indicated for child safety and protection staffing in the ministry (+\$4.5 million / +2.7%).

Within the service line for child safety, an additional \$44.5 million (+7.3%) in government transfers is estimated for 2022/23, which includes resources supplied to external agencies and organizations. While unclear exactly how much, it can be gathered that a significant portion of this increase would cover additional funding to DAAs, which is mentioned elsewhere in the budget.



The boost in annual operating expenses for MCFD presented by *Budget 2021* is not the largest that BCGEU has seen in recent years, but neither is it the smallest. This is a ministry that remains troubled by high caseload pressures for workers of various specializations, including frontline admin support staff. Vulnerable families and households have been put under additional strain during the pandemic, which has led to additional demands for government services and supports, and therefore upon ministry staff.

The last 14 months have also seen a significantly more complicated and psychologically demanding working environment for MCFD staff, including a range of new occupational health and safety risks. The ministry has failed to plan for these challenges adequately and transparently in many cases (e.g., PPE, policy and protocol, workplace engineering controls, etc.).

The BCGEU hopes that additional funding in 2021/22 will help with improvements across multiple areas of business for ministry staff, and that government will also consider additional budget increases for the later years of the fiscal plan.

## Child care

*Budget 2021* increases funding for government's *Childcare B.C.* strategy by \$233 million over the three-year fiscal plan. Funding will grow from \$714 million in 2020/21 (restated estimates) to \$815 million by 2023/24—or roughly 14 per cent.

In the current fiscal year (2021/22), annual funding for early childhood development and child care services in MCFD will increase by \$61.6 million (+8.7%), by \$39.6 million in 2022/23 (+5.1%), and by a negligible amount in 2023/24. This leaves the total budget for child care at approximately \$2.4 billion over the three-year plan.

These allocations are now larger on an annual basis than what was presented in government's initial 10-year plan for child care, first unveiled back in 2018. However, what is offered by *Budget 2021* reflects only a continuation of that strategy—a strategy that, despite some early successes, is now widely regarded by experts as a complex, fragmented, and increasingly ineffective approach to expanding quality, affordable child care in the province.

The current budget states that investments over the past three years have now funded 26,000 new child care spaces in B.C. It is not clear how those spaces are

being counted, however, or where (physically) they are located, who is operating them, and whether or not these additional spaces are being accessed in a way that benefits the families and communities in greatest need.

This year's funding package will expand the limited \$10/day pilot program, adding 75 new prototype sites and 3,750 new low-cost spaces. An additional \$20 million will also fund 400 new spaces in the Aboriginal Head Start Program for culturally based child care for Indigenous families. Unfortunately, these are modest expansions to the program that are quite small to begin with. The changes are therefore expected to have only a very limited impact on extending affordable care to the tens of thousands of families in B.C. who still need access to a better system.

Likewise, a \$2 per hour wage increase for registered early childhood educators (ECE)—now doubling the enhancement to \$4 per hour—is unlikely to benefit workers in the sector evenly and/or equitably. Although a welcome improvement, the move is not anticipated to have a significant effect on recruitment and retention across the sector. At the launch of the plan in 2018, government estimated the existing workforce at approximately 11,000 ECEs, suggesting the need for 12,000 more once the program is fully implemented. The budget released last week indicates that the number of registered ECEs is still roughly 11,000. An additional \$94 million over three years to add 110 more post-secondary seats for ECE training will not address this shortfall in any meaningful way.

Government's 10-year strategy for child care was exciting news three years ago when it was first introduced. Today, however, it is clear the province needs a different approach in order to see real success in implementing universal quality, affordable child care for British Columbians. The federal government's recent announcement of \$27.2 billion over five years to initiate a national child care program provides a basis (and an opportunity) for redesigning the B.C. strategy, and for meeting this challenge.

The BCGEU hopes that the provincial government will quickly partner with the federal government in the coming months in order to revisit the B.C. plan. Real transformation will require a new strategy for the province—one that moves to implement \$10/day care across B.C. as quickly as possible; that establishes a competitive provincial wage grid for ECEs to address recruitment and retention within the sector; and that commits a capital budget for funding facilities, physical spaces and infrastructure.



## Ministry of Citizens' Services

Operating expenses for the ministry are \$604.3 million in 2021/22, up 9 per cent from last year. While funding for services to citizens and businesses will increase only slightly to \$31.5 million (0.14%), significant funding increases are being made to digital platforms and data (+\$4.1 million / +27.6%), and information communication technologies will receive a \$10 million increase (+774%).

Capital expenditures under the ministry have increased by 11.2 per cent to \$389.5 million for 2021/22, but drop to \$328.8 million (-15.6%) in 2022/23, and then to \$274.2 million (-16.6%) in 2023/24.



## Ministry of Education

Government will begin to integrate child care into the broader learning environment by developing a strategy to shift MCFD's responsibility for this portfolio to the Ministry of Education by 2023.

The current service plan will continue to modernize schools, and will offer new investments in mental health supports, anti-racism programs, and additional support for the changing needs of students and staff due to COVID-19.

*Budget 2021* invests \$1.2 billion in new operating funds in the ministry to accommodate a growing number of students in the system, and to support negotiated wage increases, but does not necessarily enhance services. This is disappointing considering that additional resources are urgently needed for students with learning disabilities and special needs. However, the budget does provide \$97 million for increased mental health support in schools. The public education system will also benefit from \$3.5 billion in infrastructure investments with 146 new, expanded or renovated schools currently underway, which will provide close to 27,000 new school seats.

The ministry's proposed COVID-19 recovery plan provides \$290 million in new funding for school boards for PPE, hand-sanitizing stations and additional frontline staff, but there is some concern that this is not enough to provide the support necessary for seeing out the later stages of the pandemic in public schools.

Additional measures from outside the ministry, such as making public transportation free for children under 12 and increasing income assistance rates, are also a small step in the right direction for improving the well-being of children and their families.





## Ministry of Energy, Mines and Low Carbon Resources

This ministry will see a slight decrease in funding from \$113 million to \$108 million (-4.3%) in 2021/22. The largest cut is to the electricity and alternative energy line (-23%); however, this is less than the anticipated reduction stated in the previous year's fiscal plan. Conversely, the innovative clean energy fund will increase by \$5.5 million (+200%). This change may be due to additional spending on electric vehicle charging installations, new income-tested rebates for zero emission vehicles, and a push to enhance electrification across industries.

The health, safety and enforcement line will remain unchanged at approximately \$10 million over the next several years. Mining inspection targets will increase to 1,600 in 2021/2022 (+3%). Mine owners are now required to be bonded for environmental clean-up costs associated with any abandoned projects.

Receipts from the Oil and Gas Commission will decrease from \$45 million to \$41.5 million (-7.7%) in 2021/2022 but will increase slightly over the remaining two years of the plan.

## BC Oil and Gas Commission

Operating resources for the commission will increase slightly over the next three years, growing by a total of \$3.7 million (+6.7%) by 2023/2024.

Industry levies will contribute an additional \$1.3 million (+3%) in 2021/22. Revenue from application fees and miscellaneous sources will decrease moderately in the current fiscal year, by \$1.2 million (-12%).

Funding for the Orphan Site Restoration Fund (OSRF)—for financing environmental remediation of orphan wells—will decrease by \$14 million (-47%) in 2021/22. This is due to the elimination of a large short-term government transfer made in April 2020 to expedite the restoration of orphan wells. At the same time, revenue from the liability levy will increase by \$3.8 million (+33%) in 2021/22, helping to offset the drop in resources elsewhere.

OSRF expenses for reclamation will decline by approximately \$10 million (-44.5%) in 2021/22, continuing to decrease somewhat over the following two years of the plan. OSRF security deposits (incl. interest) will also decrease this year by \$245,000 (-45%), as will orphan designations and admin amounts (-\$1.5 million / -32%).



# Ministry of Environment and Climate Change Strategy

The ministry's operating budget will increase significantly in 2021/22, from \$245 to \$301 million (+23%). Combined funding will continue to increase annually over the three-year fiscal plan, by approximately 15 per cent per year. This growth is driven by increased spending on BC Parks and the CleanBC strategy.

*Budget 2021* includes new investments totaling \$506 million over the fiscal plan to support CleanBC—the flagship, cross-ministry climate action program led by the Ministry of Environment and Climate Change Strategy. New funding highlighted in this budget includes enhanced spending for clean transportation, energy efficient buildings and communities, a new PST exemption for electric bikes, and continuing Climate Action Tax Credits through 2023/24.

Critics have noted that alongside these progressive climate-related investments, the budget also projects a 31 per cent increase in gas production by 2023/2024. Additionally, a significant share of the increased funding for CleanBC is earmarked as subsidies to the industry.

## BC Parks

The operating budget for BC Parks will see a substantial increase of \$8 million (+20%) in 2021/22, and a combined \$83 million in new capital and operating expenditure over the three-year plan.

\$36 million over three years will contribute additional operating resources to cover enhanced staffing, facilities maintenance, parks management and conservation activity. \$47 million in capital investment will support the creation of new and expanded campsites, trails, and other parks infrastructure.



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The additional funding will support maintenance and preservation of infrastructure and facilities, improving the park experience for users, building new campsites, and improving the accessibility of trails.

Although the announcement falls short of BCGEU's recommendations to double the provincial parks budget and bring many parks services back in-house, the increased funding represents a substantial and much-needed step in the right direction.





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

The ministry operating budget will increase by \$44 million (+5.2%) in 2021/22, from \$844 million to \$888 million. This will dip again in 2022/23 by \$29.8 million (-3.4%), remaining at approximately \$858 million per year through the end of the fiscal plan.

Increases in 2021/22 include a \$15 million bump in the B.C. timber sales account (from \$218 million to \$233 million); an additional \$14 million for executive and support services (from \$59 to \$73 million); and an additional \$7 million for regional operations (from \$150 million to \$157 million). Other changes include small incremental increases to line items for fire management, integrated resources, and the chief forester.

There were no new programs introduced in the budget and no significant investments in fire management or prevention. The service plan mentions implementing additional flood prevention, but without an accompanying budget.

During the fall 2020 election campaign, the BC NDP committed to a “paradigm shift” in B.C.’s approach to forest management, and promised to implement all 14 recommendations made by the Old Growth Strategic Review panel. In light of this commitment, it is surprising that the ministry’s business areas for resource stewardship and forest policy and Indigenous relations see only \$1.6 million (+1.6%) and \$1.4 million (+15.3%) increases respectively in 2021/22.

One area that does see a slightly more substantial lift is in regional operations (+\$7.3 million / +4.9%), which is where community and stakeholder consultation processes are budgeted. In addition to implementing recommendations made by the Old Growth Strategic Review panel, the ministry is expected to conduct stakeholder consultations on modernizing the *Forest and Range Practices Act*.

Finally, *Budget 2021* shows that forestry revenue has grown substantially above the restated estimate for 2020/21, from \$867 million to a projected \$1.2 billion in 2021/22.



## Ministry of Health

Given the events of the COVID-19 pandemic, the ministry's budget has increased significantly in *Budget 2021*—to a total of \$23.9 billion (+7.6%)—far outstripping the 4.2 per cent increase predicted for 2021/22 in the previous year's budget. This represents an increase of \$1.68 billion in 2021/22, which is significant given the ministry's \$1.09 billion (+6.5%) increase in 2020/21 also represented a substantial growth over the previous year (5.5%). This year's increase is more than double the three per cent lift that was previously estimated for 2021/22.

The regional services line will receive the vast majority of the funding increase (+\$1.30 billion / +8.6%), rising from \$15.23 billion to \$16.53 billion. Smaller increases include \$307 million to medical services plan (5.9%), as well as an additional \$60 million to pharmacare (+4.2%). The total operating budget for health is expected to rise to \$24.65 billion (+3.3%) in 2022/23, and then to \$25.41 billion (+3.1%) in 2023/24.

Apart from immediate pandemic response and recovery measures, the ministry's strategic priorities remain largely unchanged: continued investment in redeveloping the province's primary health-care strategy; improving timely access for surgical and diagnostic services (and now laboratory and diagnostic services as well); increasing support for paramedics and associated staff; reducing costs for prescription drugs; and collaborating with First Nations and the federal government to improve mental health and wellness across Indigenous communities.

The budget includes an additional \$2.9 billion for three new major health care facilities over the next seven years: a new Cowichan District Hospital; a new Dawson Creek & District Hospital; and a new Surrey Hospital and Cancer Centre. These facilities join 16 other major capital projects across the B.C. health system, with five currently at, or just past, the point of completion in 2021/22. Two major projects have had their operational dates adjusted: St. Paul's Hospital in Vancouver, now shifted from 2026 to 2027, and Stuart Lake Hospital in Fort St. James, moved ahead from 2025 to 2024.

Two notable IT projects for the ministry are now estimated to reach completion later than expected, and with significant cost increases:

- *Clinical & Systems Transformation Project (CST)* - completion delayed from 2023 to 2025; estimated total cost increase from \$480 million to \$703 million (+46.5%)
- *iHealth* - completion moved from 2020 to 2025; estimated total cost increase from \$100 million to \$155 million (+55%)

The ministry continues to exceed its targets for new primary care centres. A total of 53 are expected to open by the end of 2020/2021, rising to 65 in the upcoming year, and to 85 by the end of 2022/2023.

Despite the many challenges presented by the pandemic, government's current budget for health care—along with the ministry's progress across its key performance indicators—show consistent, ongoing investment in a broad and comprehensive strategy to improve health care for British Columbians.



## Ministry of Indigenous Relations and Reconciliation (MIRR)

Spending in the ministry will increase noticeably in 2021/22, by \$82 million (+85%), and by another \$15.7 million (+8.8%) in 2022/23. Despite a modest cut expected the following year in 2023/24 (-\$12.5 million / -6.4%), overall funding in MIRR remains significantly improved through the end of the fiscal plan.

*Budget 2021* highlights \$293 million in additional spending and investment over three years to support reconciliation. This includes:

- \$60 million annually to support engagement with Indigenous peoples on legislation, policy, and programs, build negotiation capacity, and launch initiatives that increase participation in land and resource activities
- \$17 million over three years to fund government's commitments under existing reconciliation agreements (including land transfers), and to support implementation of the Declaration Act
- \$45 million to fund cultural safety training and Indigenous liaisons in the health sector (as a response to the November 2020 In Plain Sight report on Indigenous-specific racism and discrimination in B.C. health care)
- \$14 million for culturally based mental health and addictions services
- \$20 million over three years for culturally based child care for Indigenous families through the Aboriginal Head Start Program
- \$17 million over three years for additional skills training for Indigenous peoples (up to 1,250 new spaces and opportunities offered across 266 Indigenous communities and organizations throughout the province)

## Ministry of Jobs, Economic Recovery and Innovation

Spending in the ministry will increase by one per cent to reach \$79.1 million in 2021/22, and by a further 1.6 per cent to reach \$80.4 million in 2022/23.

This limited growth in annual funding is concentrated in the trade and industry development budget line, with most new funding allotted to the new Office of Mass Timber Implementation (OMTI).

OMTI is a cross-government agency set up to coordinate policies for accelerating demand for mass timber in B.C. (as a building construction material). While this is a relatively small amount—about \$1.2 million annually—it will help coordinate and rationalize additional government investments in the mass timber industry provided across other areas of *Budget 2021*.

Public investment to support growth in B.C.'s mass timber industry is a strong policy direction that the BCGEU has promoted in past submissions to government, along with a range of other measures to help increase value-added economic activity in B.C.'s forest sector.

## Ministry of Labour

Spending in the Ministry of Labour will remain almost flat at approximately \$17 million per year over the fiscal plan, rising just one per cent in 2021/22, and then less than one per cent annually until 2023/24.

*Budget 2021* does not announce any new funding improvements for either the Employment Standards Branch or the Labour Relations Board, both of which would benefit from increased resources to help address case backlogs and other enforcement challenges.

Unofficial reports indicate, however, that funding enhancements may be forthcoming for both agencies after all, even though these were not included in the government's budget-day announcements. The BCGEU will continue to monitor this situation closely.



## Ministry of Mental Health and Addictions

The Ministry of Mental Health and Addictions has a priority mandate to continue coordinating the response to B.C.'s opioid overdose emergency. The overdose crisis intensified during the COVID-19 pandemic, killing 1,724 people in 2020, and an additional 300 in the first two months of 2021.

The ministry will receive a budget increase of \$3 million (+30.8%) in 2021/22—as compared to the initial pre-pandemic estimate for 2020/21—reaching combined operating funding of \$12.7 million per year until 2023/24.

Across all ministries and agencies, *Budget 2021* pledges a total of \$500 million in new funding over the three-year plan to expand mental health and addictions services across the province. This new spending includes \$97 million to build a better network of mental health supports for children youth and young adults; \$61 million to improve access to existing services; an additional \$14 million for the First Nations Health Authority to deliver mental health and addictions services to Indigenous peoples; and 195 new substance use treatment and recovery beds across the province.

Over the three-year plan, \$330 million is allocated to provide substance-use treatment and recovery services, including opioid treatment. As noted by the Canadian Centre for Policy Alternatives, the rising death toll of this crisis is irrefutable evidence that B.C.'s existing response has fallen far short of what is needed.<sup>4</sup> This is an encouraging and much-needed investment, but it remains to be seen whether the funding is sufficient to tackle the scale of the ongoing public health emergency.

The ministry's new service plan continues to focus on a harm reduction approach that includes overdose prevention, supervised consumption services, drug-checking services, and prescribed safe supply. Unfortunately, there is nothing in the budget to directly fund safe supply, however the ministry is continuing to offer publicly funded Naloxone kits as per

recommendations made by BCGEU members on the frontlines of the crisis. It plans to distribute 250,000 kits annually for the next three years—the same volume that was distributed in 2020/2021.

The current three-year plan also looks to increase the number of communities and school districts with integrated child and youth mental health and substance use teams—from five to 10. Another significant measure in the budget includes new funding to establish additional Foundry BC centres for youth aged 12-24 (including virtual Foundry centres), with two more facilities opening in 2021/22, and up to 23 total by the end of 2023/24.

## Ministry of Municipal Affairs

Accounting practices for provincial transfers to municipalities make precise and meaningful analysis of operating resources in the ministry budget difficult. For example, as the local government budget line (the largest component of the ministry's spending) fluctuates considerably from year to year, and this does not necessarily reflect actual increases or decreases in provincial spending.

Nonetheless, allocations to local governments over the coming three years appear consistent with past patterns, making this largely a status quo budget for the ministry. The total budget for 2021/22 is an estimated \$308 million, and then \$247 million annually in 2022/23 and 2023/24.

A noticeable increase is made across immigration services and strategic planning, which will see spending growth by almost \$2.4 million (+14.3%), reaching \$19 million annually over the fiscal plan.

The Union of B.C. Municipalities' response to *Budget 2021* states that funding commitments of interest (to local governments) include: new allocations for mental health and substance use; support for housing affordability and homeless populations; and investments in economic recovery and child care.<sup>5</sup>

<sup>4</sup> See: Igljka Ivanova and Alex Hemingway, "BC Budget 2021: Stay-the-course budget misses the mark on key areas of urgency outside health," *Policy Note*, Canadian Centre for Policy Alternatives (BC Office), April 20, 2021, <https://www.policynote.ca/bc-budget-2021/>

<sup>5</sup> See: Union of BC Municipalities, "BC Budget Highlights," April 20, 2020, <https://www.ubcm.ca/EN/meta/news/news-archive/2021-archive/bc-budget-highlights.html>



## Ministry of Public Safety and Solicitor General (PSSG)

PSSG received an overall funding increase of roughly \$52 million (+6.1%) in 2021/22, up from \$851 million originally forecast in the previous year's budget, to \$903 million under *Budget 2021*. Operating funding will remain largely unchanged in the following two years of the fiscal plan.

Allocations for corrections will increase by \$9.2 million (+3.6%), and policing and security will increase by \$12 million (+3%) in this budget, while victim services and crime prevention funding will increase by \$4.8 million (+8.1%). RoadSafetyBC will see an increase in operational funding of \$1.5 million (+8.9%). Emergency Management BC received a boost of \$1.4 million (+4.7%).

These modest increases start to address recommendations made in BCGEU's pre-budget submission to the Select Standing Committee on Finance and Government Service—that is, to expand

public funding to the ministry to meet increasing service demands, and to improve the safety of workers.

*Budget 2021* identifies support for a number of public safety strategies, including B.C. Corrections programs to address violence against women; dispute resolution innovations aimed at ensuring court resources are reserved for the most serious matters; and implementation of the justice and public safety sector digital strategy, which will unify digital transformation of the sector.

It is worth noting that *Budget 2021* again fails to adequately address the chronic staff shortages, high staff-to-inmate ratios and widespread violence within B.C. prisons that BCGEU has continued to highlight publicly. The union continues to recommend significantly increased funding in order to hire more frontline staff in corrections. This would help improve worker and inmate safety, and contribute resources for a much-needed staff recruitment and retention strategy.

PSSG's major capital project in *Budget 2021* remains the Nanaimo Correctional Centre (NCC) Replacement Project, with an updated total capital cost of \$167 million.



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

*Budget 2021* presents a significant increase of \$678 million to MSDPR in 2021/22 (+18.4%), followed by an additional \$95.4 million in 2022/23 (+2.2%), and \$22.6 million in 2023/24 (+0.5%). This brings total annual expenditures in the ministry to an estimated \$4.48 billion by 2023/23 (21.6 per cent more than the restated estimates for 2020/21).

The largest increases are to the income assistance line. Last week's budget announces an additional \$1.6 billion over the three-year fiscal plan to increase social supports and to accommodate high demand for income and disability assistance. It also accounts for the permanent adoption of a \$175 per month increase to income and disability assistance rates, which is a little bit more than half the \$300 per month supplemental COVID-19 benefit that expired in December 2020. The province is also raising the seniors' assistance supplement by \$50 per month, the first increase to the supplement since 1987.

The rate increases, along with higher caseload demand, push the income assistance line in MSDPR's budget up by \$526 million in 2021/22 (+21.0%), and an additional \$64.7 billion in 2022/23 (+2.1%).

The new permanent rates are an accomplishment, although still lower than the \$300 per month increase that most poverty advocates had recommended—including the final report issued by BC Basic Income Panel. At \$935 per month for single individuals (\$1,358 per month for those with a disability), B.C.'s rates still fall significantly short of the poverty line (2019 Market Basket Measure) for all regions of the province.

Apart from community living services, budgets for other service areas in MSDPR remain unchanged in 2021/22 through the end of the fiscal plan. Budget estimate documents show a moderate \$4 million increase (+3.2%) to salaries and benefits under the income assistance vote for program management, which may reflect additional hiring in the months to come.

## Community Living BC (CLBC)

CLBC will see a funding increase of nearly \$70.2 million in 2021/2022, rising to approximately \$1.31 billion annually—a boost of just over 5.7 per cent.

CLBC is the specialized crown agency that funds and oversees services for adults with developmental disabilities, fetal alcohol spectrum disorder and autism spectrum disorder. The BCGEU represents around 500 workers employed directly by CLBC, and over 6,500 workers in contracted community-based agencies that provide frontline services throughout the province.

*Budget 2021* highlights an additional \$367 million over three years to support adults with developmental disabilities. Given the scale of the community social services sector, this will offer only a modest increase for the agency and its contracted service providers—unlikely to meet the rising demand for services anticipated by the agency's own service plan. Those pressures include an increasing volume of transitioning youth and aging individuals with complex care needs, leading to caseloads growing on average by five per cent annually.

This [budget] will offer only a modest increase for the agency and its contracted service providers—unlikely to meet the rising demand for services anticipated by the agency's own service plan.

At the same time, the COVID-19 pandemic has also impacted the individuals served by CLBC and its contracted service providers, in particular by greatly reducing employment opportunities for clients. The agency's target for the percentage of individuals reporting employment income in 2021/2022 is just 15 per cent, significantly down from a reported 23.9 per cent in 2019/2020. Other cost pressures for the sector include negotiated wage increases in the current CLBC and community social services collective agreements.

CLBC's approach emphasizes and devotes additional resources to individualized retail care, private housing options, and employment services. Despite this, the sector may reach peak capacity across non-unionized home-sharing given the lower cost of compensation, an increasing complexity of individuals' needs, and an uncertain labour market.



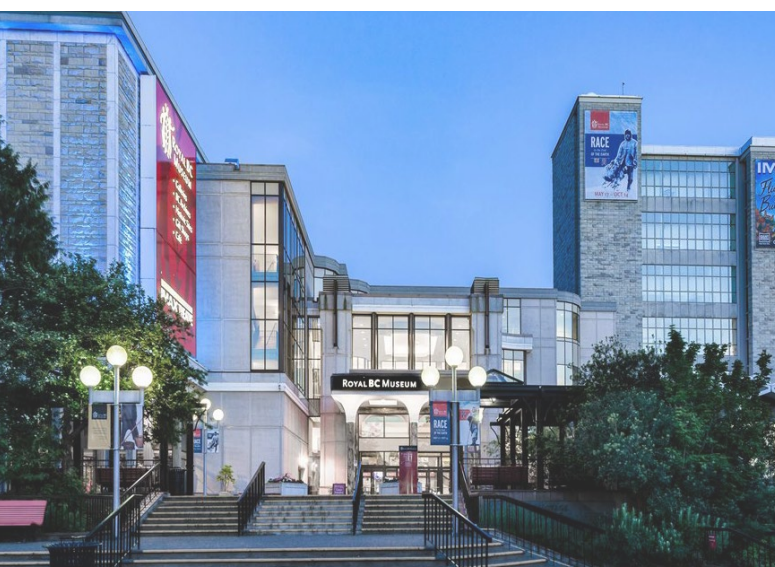
## Ministry of Tourism, Arts and Culture

Total spending in the Ministry of Tourism, Arts and Culture will rise by 2.2 per cent in 2021/22 to reach \$162.2 million. It is projected to remain at that level for the subsequent two budget cycles.

There will be modest spending increases in the tourism sector strategy line (+7.9% to reach \$15.9 million annually) and within arts and culture (+5.9% to reach \$38 million annually). The sport and creative sector, physical fitness and amateur sport lines—as well as B.C. arts and culture endowment—will not see any increases in this budget and are projected to remain flat over the rest of the three-year fiscal plan.

The ministry's largest expenditure continues to be the capital investment in the Royal BC Museum. Compared with the last budget, the project costs for the period until 2022/23 have increased by 4.1% to \$293 million, and there are now estimates for an additional increase of \$94 million in 2023/24.

The ministry's strategic priorities are largely unchanged, except that the multiculturalism file has now moved to the Ministry of Attorney General. Markers for arts and culture that will now highlight both the number of artists supported with grants, as well as the total amount of grants issued. This is a more robust and informative system for reviewing the scope of the grants issued rather than doing a simple count alone.



## B.C. Pavilion Corporation (PAVCO)

COVID-19 has severely reduced PAVCO's ability to gain revenue from events. As a result, the workforce was impacted, especially the number of temporary staff. The corporation has focused on retaining as many permanent full-time and part-time staff as possible at BC Place, and reports a retention rate of 92 per cent.

Financial transfers from government to the crown corporation is not expected to change. PAVCO's grant for 2020/21 is roughly \$7 million, and according to the estimates, this amount will remain the same through 2023/24.

BC Place will attain a small surplus of \$145,000 in 2020/21, but the forecasted deficit for 2021/22 will be roughly \$21 million, impacted by a major reduction in COVID-19 relief funding in the range of \$20 million.

The global recovery from COVID-19 will be a key determinant of BC Place operations over the months and years to come—when they can be restarted and to what degree.

## 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 2020/21. The museum now forecasts annual operating deficits through 2023/24, and the annual operating grant from government represents roughly 55 per cent of the RBCM's operating budget. The remainder is funded through admissions, which remain severely impacted by COVID-19, and donations (which account for only five per cent of the annual budget).

A focus going forward will be rebuilding after the financial instability caused by the pandemic. To boost revenues, the museum will focus on growing its online sales, as well as increasing revenue from publishing and image licensing.





## Ministry of Transportation and Infrastructure

The ministry's operating budget has increased slightly from \$929 million to \$949 million (+1%) in 2021/22, which represents an increase only marginally higher than inflation. The service plan projects that expenditures will be maintained at \$949 million annually over the remainder of the fiscal plan.

The bulk of the \$20 million increase is shared between public transportation (+\$10.1 million / +2.8%) and highways operations (+\$8.4 million / +1.5%). Funding for executive and support services will grow by approximately five per cent in 2021/22.

Over the three-year fiscal plan, the ministry has budgeted a total of \$7.6 billion in transportation infrastructure investments, with \$5.97 billion from the province and \$1.65 billion from the federal government and other partners.

Significant ongoing capital investments planned under the Ministry of Transportation and Infrastructure during 2021/22 - 2023/24, include:

- Highway Corridor Rehabilitation: \$819 million
- Side Road Improvements: \$395 million
- Pattullo Bridge Replacement: \$823 million
- Highway 1 to Alberta Border: \$837 million
- Broadway Subway: \$1.1 billion
- Transit Infrastructure: \$749 million  
*(including notional funding for the Surrey-Langley SkyTrain)*
- Transportation and Trade Network Reliability: \$1.1 billion  
*(including notional funding for the George Massey Crossing)*
- Safety Improvements: \$101 million
- Community and other programs: \$57 million