SUPPLEMENTAL SUBMISSION OF

THE PROVINCIAL COURT JUDGES ASSOCIATION OF BRITISH COLUMBIA

to the

2022 JUDICIAL COMPENSATION COMMISSION

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The Budget

1. The 2023 Budget projects a deficit. However, the deficit is not a sign of a poor economy or hard fiscal or economic circumstances. Rather, it is a reflection of Government's decision in light of all of the information it has about the economy and its finances, not to make cuts, or look for private financing, but instead to spend public funds at record levels on a number of priorities.[1]

2. The economic landscape at the international and national level is relatively stable. In January the International Monetary Fund (IMF) slightly raised its 2023 real GDP growth projections for the advanced economies, keeping Canada slightly above the overall average.[2] Also in January, the Bank of Canada acknowledged that Canada's "recent economic growth has been stronger than expected".[3] The Bank of Canada sees a high likelihood of lowered inflation bringing with it lowered interest rates.[4]

3. Moving to British Columbia, the factors that show strength and resilience in BC's economy have not changed.[5]

4. The Minister of Finance is clear that British Columbia's economy is "strong".[6] In the Budget Speech, the Minister fairly acknowledges that after weathering the pandemic, British Columbia has had one of the strongest recoveries in Canada.[7]

5. It is in light of this "strong" economy, that Government has made the decision in this budget to "build today for a stronger tomorrow"[8] by putting "this year's new investments and multi-billion surplus to work for people".[9] Indeed, the Government's economic and fiscal position is such that it has been able to make the "largest infrastructure investment in our province's history".[10] As Mr. McKinnon has detailed, these recent fiscal measures stand in contrast to Government's more cautious, traditional approach.[11] This "demonstrates that the government of the province had

[1] Budget Speech, **Tab A,** pages 1-2
[2] McKinnon Supplemental Report, **Tab B,** page 2
[3] McKinnon Supplemental Report, **Tab B,** page 7
[4] McKinnon Supplemental Report, **Tab B,** pages 7-8
[5] McKinnon Supplemental Report, **Tab B,** page 10
[6] Budget Speech, **Tab A,** page 9
[7] Budget Speech, **Tab A,** page 9
[8] Budget Speech, **Tab A,** page 1
[9] Budget Speech, **Tab A,** page 2
[10] Budget Speech, **Tab A,** page 12
[11] McKinnon Supplemental Report, **Tab B,** page 11

sufficient confidence in its financial position that it was eager to spend very large sums outside the normal budgeting processes and the analysis that is usually entailed in those financial decisions. These are not actions of a government that sees significant fiscal risks in the next few years."[12]

6. Despite this significant spending, the Budget continues to contain significant contingencies and allowances for the coming three fiscal years.[13] Bond rating agencies will likely keep their high credit rating for the BC government intact.[14]

7. The self-conscious choice by Government to spend today to ensure strength tomorrow, resonates with the Judges' submission – in responding to a question from this Commission – that the time to spend to address the "trend"[15] of lower applicants to the Court and the disparity between BC judicial salaries and their important comparators is now, not later. Like other areas of concern to Government, "we can't afford to go back to short-sighted thinking" that would leave the actual costs of addressing the recruitment and other concerns for tomorrow. That approach "didn't work before, and it certainly won't work now".[16]

8. This is not a time when anyone in the province is being asked to shoulder the burden of difficult economic times. Rather, Government asserts that "we are strongest when everyone… shares in the benefits of a strong economy".[17]

9. Deputy Minister Wood gave evidence that a "key potential positive change" to Government's economic and fiscal position "would be additional federal funding for healthcare".[18] On March 1, 2023, the Premier announced an agreement in principle with the federal government that entails $3.3 billion over 10 years of new bilateral funding and a $273 million one-time Canada Health Transfer top-up to address urgent needs.[19] In its Budget Speech, the Government acknowledges that the "federal proposal we received earlier this month provides stable funding for the next generation".[20]

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[12] McKinnon Supplemental Report, **Tab B,** pages 13
[13] McKinnon Supplemental Report, **Tab B,** page 14-15
[14] McKinnon Supplemental Report, **Tab B,** page 15; "BC Budget sheltered from economic headwinds", **Tab C**.
[15] Government Reply Submissions, paras. 113-114
[16] Budget Speech, **Tab A**, page 2
[17] Budget Speech, **Tab A**, page 2
[18] Transcript, Day 2, page 86
[19] McKinnon Supplemental Report, **Tab B**, page 11
[20] Budget Speech, **Tab A**, page 3

In other words, the positive change has come to pass; although these figures would not have been included in the recent budget.[21]

Compensation Paid to Others from Public Funds

10. The Judges first raised the relevance of pay increases received by family physicians to Government's attention as early as December 2022. At 9:00PM the night before these submissions were due in March 2023, and only following a specific request by the Commission, Government has provided partial information about increases in compensation for family physicians in British Columbia.[22] Despite that the information is not complete, it is clear that in addition to general increases of 6%-8.25% over three years,[23] some family physicians will receive additional compensation increases under the new Longitudinal Family Practice ("LFP") compensation model that significantly surpass the public bargaining mandate. Leaving aside the compensation changes under the *Physician Master Agreement,* as of February 28, 2023 roughly half of eligible physicians have signed up for the new LFP model.[24] Government asserts that "compensation [under this model] will be dependent on variable factors" so that "it is not possible to provide any estimates of average increases for family physicians who choose to opt into the LFP model."[25]

11. While Government is loath to provide this Commission with any defined percentage increase that family physicians will receive, it has asserted that the intention under the LFP model is to be competitive to hospitalist compensation who make approximately $300,000 annually and also do not have to pay overhead.[26] And Government's materials make clear that the new model will see a full-time family doctor paid about $385,000 per year.[27] This is based on a doctor working 1,680 hours, holding a roster of 1,250 patients with average complexity and completing 5,000 visits a year.[28] Government has reportedly advised the public through the media that this increase to approximately $385,000 a year for a full time family doctor is up from the current $250,000 per year.[29] And that it

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[21] McKinnon Supplemental Report, **Tab B**, page 11
[22] Information Respecting Increases in Compensation for Family Physicians in British Columbia, **Tab D**, page 1
[23] Information Respecting Increases in Compensation for Family Physicians in British Columbia, **Tab D**, pages 1-2
[24] Information Respecting Increases in Compensation for Family Physicians in British Columbia, **Tab D**, page 3
[25] Information Respecting Increases in Compensation for Family Physicians in British Columbia, **Tab D**, page 4
[26] Information Respecting Increases in Compensation for Family Physicians in British Columbia, **Tab D**, pages 3-4
[27] Power Point Presentation, **Tab E**, page 5
[28] Power Point Presentation, **Tab E**, page 5
[29] "BC Launching new payment model for family doctors in 2023", **Tab F**.

represents an increase in gross pay of 54%.[30] It is not clear why Government is not in a position to provide similar estimates to this Commission.

12. In addition to the new increases for family physicians, Government is also increasing compensation for doctors providing oncology care.[31] It is doing so because of a need to recruit and retain more oncologists in British Columbia.[32] The Judges asked Government's counsel to provide information about this additional increase. Government's counsel advised that "while the Budget contains an announcement in respect of increased compensation for oncology care, the specific compensation lifts for oncologists are still in development. Nothing has yet been confirmed and there is not yet a timeline for when that will occur. So, there are no further details that can be provided at this time." Nevertheless, this is another example where Government's policy and actions support increases in compensation in circumstances where such increases are needed to address recruitment and retention.

13. The evidence supports that BC's economy is strong and that Government has chosen to spend and invest billions and billions of dollars – at record levels – to build today for a stronger tomorrow. That spending is aimed not only at infrastructure but also compensation increases to recruit and retain human resources. The evidence supports that the Court is facing recruitment issues and that judicial salaries have gotten significantly out of step with relevant comparators. In this context, Government's aversion to investing sufficient funds to ensure the Court can continue its critical work and maintain its strong reputation is rather stark.

Costs and Process Ineffectiveness

14. Government asks this JCC to read the requirement of "exceptional circumstances" or "a significant evolution in the Commission process" into its own jurisdiction to make recommendations about costs.[33] And it asks that the JCC read this requirement in despite that it concedes that no such requirement exists in the *Act* and the Lieutenant Governor in Council itself may enact a regulation to set a higher amount even when no such circumstances exist.[34]

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[30] "BC announces long-awaited new payment model for family doctors to launch in 2023", **Tab G**.
[31] Budget Speech, **Tab A**, page 3
[32] Budget Speech, **Tab A**, page 3
[33] Government Costs Submissions, paras. 9, 17-19
[34] Government Costs Submissions, para. 20

15. There is no sound legal basis for this submission. Past commissions have made recommendations that required legislative and regulatory amendments to implement absent exceptional circumstances. Chief Justice Hinkson cannot be taken to have suggested otherwise or he would be out of step with appellate authority. There is no principled difference between recommendations made in the face of the statutory provisions concerning costs and a myriad of other issues that Commissions must consider and which may also require legislative change.

16. A frequent example arises in the context of changes to the pension plan which ordinarily require legislative amendment to implement. Thus, for example, the 2010 JCC recommended:

> The Commission recommends the adoption of the Association's proposal in regard to the pension contribution period. In light of the 2008 amendment to the *Provincial Court Act* which increased the age of mandatory retirement from 70 to 75 years, it is appropriate that the Government make the necessary statutory amendments which will allow Provincial Court Judges who choose to sit past the age of 70 to continue making pension contributions until he or she retires.
>
> The implementation of this recommendation will require the Government to request that the federal Minister of Customs and Revenue permit pension benefits to be paid commencing upon the date of actual retirement of the judge, pursuant to s. 8502(e) of the *Regulations*. Mr. Donald Smith of Western Compensation and Benefits Consultants advised the Commission that the Minister is likely to approve this change as a matter of course.
>
> The Government must also request the B.C. Legislature to amend the [*JCA*] by defining "latest retirement age" as "the last day of the month in which the judge reaches the age of mandatory retirement". This will allow judges and Government to continue to make pension contributions until the date of actual retirement, regardless of whether retirement occurs before or after the age of 71.
>
> The Commission further recommends that the necessary statutory amendments be made effective as of April 1, 2011 (Emphasis Added).[35]

17. This recommendation was made despite the "norm" for the pension contribution period set out in the Act (and federal regulations). There was no bar to the JCC making such a recommendation and, indeed, the Court of Appeal ultimately declared that Provincial Court Judges were entitled to the recommendations set out in the 2010 JCC report.[36]

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[35] *Provincial Court Judges' Association of British Columbia v. British Columbia (Attorney General)*, 2015 BCCA 136, para. 42

[36] *Provincial Court Judges' Association of British Columbia v. British Columbia (Attorney General)*, 2015 BCCA 136, paras. 88-89

18. If there was no bar to recommending *legislative* amendment, even less so could there be a bar to recommending that the Lieutenant Governor in Council set higher amounts than those set out in the Act by *regulation* as expressly contemplated by the statute.

19. Chief Justice Hinkson did not say that no JCC should make such a recommendation absent exceptional circumstances.[37] He was not sitting in review of the JCC's recommendations.

20. Further, if the Legislature intended to impose an "exceptional circumstances" or "significant evolution" threshold on JCCs to constrain their discretion to make recommendations about costs, surely it would have said so. But the Act constrains neither the JCC nor the Lieutenant Governor in Council in such a manner.

21. In attempting to define the baseline from which exceptional circumstances may be said to depart, Government asks this Commission to assume that the Legislature understood the importance of judicial participation in the Commission process, the disparity in resources between the parties, and that inflation would erode the statutory formula.

22. However, the significance of the participation of all parties and the costs associated with doing so does not flow inexorably by operation of statute. The Act is silent in respect of the nature of the proceedings before the JCC. Under the terms of the Act, the proceedings could just as easily proceed by way of joint submissions, without an oral hearing and without the need for expert evidence.

23. Unfortunately, in both 2019 and this year, significant costs were necessarily incurred both before and during these extended hearings. In answer to this Commission's question about the quantum of those costs the Judges advise that:

a. In 2019, the total costs incurred for both legal fees and disbursements including expert reports was approximately $85,000. Having rejected the JCC's recommendation for full reimbursement and instead applying the statutory formula, Government paid $66,978.10. That aspect of Government's response is the subject of a judicial review.

[37] Government Costs Submissions, para. 9

b. During this proceeding, the total costs likely to be incurred for both legal fees and disbursements including expert reports is likely to be approximately $90,000. Although the Judges agree with Government's apparent assessment that these proceedings are sufficiently important and complex to warrant both senior and junior counsel attending the JCC hearings, in an effort to be very fair and reasonable, this fee estimate values the judges' junior counsel's attendance at the JCC hearings at $0/ hour. There has been an increase in expert fees this year for a number of reasons including the necessity to obtain two reports and a repeat attendance from Mr. McKinnon in the wake of the new budget, and the need for additional expert actuarial advice about Government's proposal which was ultimately accepted by the judges in respect of non-judicial pensions.

24. As well, in this round, the fees and other costs were necessitated not by the Act, but in large part by Government's own approach to the process. That approach included very late instructions to even share a position on salary, very late disclosure of relevant documents and information, failure to marshal relevant expert evidence, and late submissions on costs. These kinds of late in the day efforts to define issues coupled with partial and late efforts to produce relevant information can only drive the cost of participation higher for other participants. We should not assume this was expected by the Legislature.

25. Since 2010, the Provincial Court Judges have been very disillusioned with the government approach to and response to this important constitutionally mandated process. Provincial Court Judges have participated in good faith for so long, knowing that the work that they do and the work of the talented and invested JCC's will rarely meaningfully affect the outcome.

26. We can think of no other Commission process where the recommendations of an independent, objective body are so easily and routinely rejected. There is only one party that can remediate this otherwise broken and completely ineffective process. Ironically that is the only party who has expressed satisfaction that the process is working.

All of which is respectfully submitted this March 7, 2023.

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Budget speech

Budget 2023 Speech

I would like to begin by acknowledging the Lekwungen peoples, the Songhees and Esquimalt First Nations, upon whose territories we are gathered.

Today, I am honoured to present Budget 2023.

A budget that builds today for a stronger tomorrow.

That eases the pressures we feel in our daily lives.

And that reflects the priorities of British Columbians.

This year's budget will improve health care, build more homes, help with rising costs and make our communities safer.

Budget 2023 will continue our work to build a stronger, cleaner economy for everyone – right across our province.

Mr. Speaker, these uncertain times require careful, thoughtful action.

Action that addresses the uncertainty ahead, while moving us forward on long-standing priorities.

Like reconciliation, climate change and tackling global inflation.

Action is what British Columbians want from their government.

And it's what Budget 2023 delivers.

With real results focused on the priorities of British Columbians.

Uncertain times

Because while B.C. is a great place to live, many people are facing real challenges.

Global inflation is raising the cost of just about everything. It's getting harder to afford groceries, find essential medication for your kids, or fill jobs.

By the end of the month, many families are wondering if they'll ever get ahead.

Then there's the added pressure of economists predicting a global economic slowdown.

We can't control global forces.

But we can make choices that will help British Columbians weather the storm and come out stronger.

Going it alone doesn't work

Some believe we should respond to uncertainty by pulling back. By making cuts that reduce services. Or by making people pay out of pocket for tolls and private health care.

That's not what British Columbians want. And that's not our government's approach.

Instead of making cuts to education and expecting teachers to fill the gaps, we are making record investments in B.C.'s elementary schools and high schools. This year is no exception.

Instead of privatizing health care, we are strengthening public health care.

Instead of leaving parents to shoulder the cost of child care, we are saving them hundreds of dollars or more every single month. All the while, we are opening new spaces across the province.

Because we know that supporting British Columbians will build a stronger province for us all.

We can see that in the results to date.

Over three-quarters of last year's job growth in B.C. was driven by women's employment.

This is a reflection of our government's work on child care.

It's clear that we can't afford to go back to short-sighted thinking.

The kind of thinking that cuts services today, while leaving the actual costs for tomorrow.

It didn't work before, and it certainly won't work now.

When times are tough, that's exactly when you need someone in your corner.

Defending you from global uncertainty and building a stronger province for everyone.

That's why our government will always be there for British Columbians.

And it's why we're putting this year's new investments and multi-billion-dollar surplus to work for people.

To deliver another round of the BC Affordability Credit and help more people make ends meet.

To protect people from evictions and rent hikes, while preserving rental buildings.

And to support growing cities and towns right across the province with a total of $1 billion in grants.

To improve local roads and water facilities and build more community centres, trails and arenas.

Because as someone who is proud to call rural B.C. home, I know it's not just our large cities facing big changes.

That's why these grants are going to all 188 of B.C.'s municipalities and regional districts.

This is part of our ongoing work to support rural communities.

Especially those that rely on B.C.'s forest industry and have been hit hard by the effects of the pine beetle and wildfires.

Because we are at our strongest when everyone – rural and urban – shares in the benefits of a strong economy.

Investing now to build a stronger tomorrow

In an uncertain world, you can be certain that our government has your back.

Budget 2023 responds to the priorities of British Columbians.

We know you want health care you can count on.

You want more affordable homes built faster.

You want help with everyday costs and an economy that is clean and strong.

And you want a safer and healthier community.

This budget delivers for you.

Today, we are taking another step forward toward a brighter future for all.

Strong public health care

Mr. Speaker, people want to know that strong health care will be there, when they need it.

At the same time, coming out of the pandemic, health-care workers have never been under greater stress.

These challenges are not unique to B.C.

That's why our government and other provinces across the country have been working with Ottawa to help us deliver better care for people.

There is more work to do. The federal proposal we received earlier this month provides stable funding for the next generation.

Stability is good, but the status quo is not good enough.

That's why we're not waiting.

Our government is taking action now to deliver better health care for more people.

This year's budget builds on the work we've done with an additional $6.4 billion to strengthen and improve health care over the next three years.

We're continuing to manage COVID-19 and flu levels by supporting the ongoing public health response.

And as our population increases and ages, we're adding $2.6 billion over the plan to meet the growing demand for health services, including cancer care.

Cancer has touched the lives of almost everyone in B.C.

Its impact – on patients, families, and our struggling health-care system – is one of the greatest challenges we face.

A few days ago, we shared new steps to deliver cancer care that people can count on, for themselves and their loved ones.

As part of our fight against cancer, this year's budget commits $270 million over the next three years.

We're focused on improving access to screening, early detection, diagnosis and treatment.

Because Mr. Speaker, nobody should be stuck waiting for a test result or urgently needed treatment.

We're also increasing compensation for the doctors providing this lifesaving care.

It's part of our work to recruit and retain more oncologists in British Columbia.

We know our health-care system is only as strong as the people who keep it running.

This year's budget delivers a new deal for family doctors and supports B.C.'s health-care workforce.

Nearly $1 billion for our health workforce strategy will recruit, train and retain workers.

We're also adding 1,700 health care staff and training 3,000 more graduates.

New bursaries and grants will make it more affordable than ever to start a career in health care.

At the same time, we're adding new resources to get more internationally trained doctors, nurses and health-care staff working and off the sidelines.

Strengthening mental-health and addictions care

Mr. Speaker, people understand that mental-health is health.

That's why our government made the largest investment in mental-health and addictions services in B.C.'s history.

It's why we are opening more urgent and primary care centres around the province – which is how most people first access the mental-health care they need.

And it's why we are building complex-care housing for people living with addictions, severe mental-health issues or brain injury.

This year's budget will get hundreds more units built and enhance health-care supports at existing buildings.

Our goal is to stop the cycle of evictions, shelters, emergency rooms and jails for those struggling with mental-health and addictions.

Because we won't stop working until all British Columbians get the help they need, when they need it.

Budget delivers more than $1 billion in new funding over three years to support services and capital projects for mental-health, addictions and treatment services.

Our focus will be on expanding supports across the spectrum of care for people struggling with addiction.

We'll do this by expanding the number of treatment and recovery beds.

By creating new recovery communities to support those who have gone through treatment.

And by delivering wraparound services for youth and more Indigenous treatment centres.

This will all feed into our work to develop and implement a new model of seamless care.

One that supports people through their entire recovery journey – from detox to treatment to aftercare.

We'll begin with new investments in Road to Recovery in partnership with Providence Health and Vancouver Coastal Health.

Our goal will be to expand the initiative to other regions.

People may have heard of the Red Fish Healing Centre in Coquitlam, on the site of the old Riverview Hospital. It's a first-of-its-kind facility in North America.

At Red Fish, complex mental illness and addictions are treated simultaneously.

With this year's budget, we will expand the Red Fish model of care across the province with regional facilities, so more people have access to these services closer to home.

Almost one month ago, B.C. became the first province to decriminalize people who use drugs – so they feel able to come forward to family, friends and medical professionals to seek help.

We're saving lives and delivering more services and supports at an unprecedented rate.

Because, Mr. Speaker, all of us know someone who has struggled – or is struggling – with addiction.

It could be a brother, sister, friend or parent.

We also know that a health response is needed – not a criminal justice one.

This budget will help provide specialized health care for people who need it.

A home you can afford

When we think of what it means to build a good life in British Columbia, an affordable home is at the top of the list.

For too long, the housing market worked well for investors, speculators and banks. But it did not work for everyday people.

After five and a half years of work by our government, we are starting to see results.

Forty thousand homes are built or underway.

Construction of new rental housing is at record levels – seven times what it was a decade ago.

In just the past few months, we've removed unfair strata restrictions that keep rentals empty.

And we're setting new housing targets with local governments to keep pace with B.C.'s strong population growth.

Still, Mr. Speaker, new pressures coming out of the pandemic have left too many people struggling to find a decent home, even if they earn a good income.

That needs to change. And it will.

This year's budget will invest $4.2 billion to deliver homes of all kinds for all British Columbians.

It is centred around a bold housing action plan.

One that builds on our work and takes new steps to deliver more homes.

For middle-class families.

For Indigenous Peoples.

For renters and for those in the greatest need.

We'll clear the way for more housing with zoning changes and a faster permitting process.

And we'll make major new investments to increase housing and services near public transit hubs around the province.

Our plan will also help to ease pressure on local rental markets by building thousands more student housing spaces.

This is on top of the nearly 8,000 student beds already open or underway.

From Okanagan College's campuses in Kelowna, Vernon and Salmon Arm.

To tripling the number of student homes at Abbotsford's University of the Fraser Valley.

I can't forget my stomping grounds. A few months ago, work started on new homes for students at Selkirk College's Castlegar and Nelson campuses.

And the best part? These are all built using mass-timber technology, which creates jobs and helps reduce carbon pollution.

Mr. Speaker, it's clear that homelessness is no longer just a "big city" issue.

What we see happening in communities and on streets throughout the province isn't good for anyone.

Least of all for the people who are living on the street or in dangerous encampments.

This year's budget will fund more supportive housing and strengthen existing programs, which help vulnerable people keep their homes.

We're adding hundreds more units of complex-care housing.

And we're creating new regional teams to help any community dealing with a major encampment.

More support for renters

Mr. Speaker, whether I'm in Victoria or at home in the Kootenays, I often hear the same thing from my neighbours.

People in B.C. are working harder than ever. But many feel like they're just getting by, not getting ahead.

And if you're renting your home, as almost one-third of British Columbians are, every month can feel like a stretch. Never mind saving up for a down payment.

I hear you. Our government is working for you.

Whether you're a young person looking for your first home-away-from-home, a family wanting more space, or a senior enjoying your retirement years.

While some things, like interest rates, are out of our control, we can make other things a little better.

That's why we launched a new $500-million Rental Protection Fund.

To safeguard people against evictions and rent hikes, while protecting rental buildings for many years to come.

It's why we are making new investments in BC Housing to upgrade older rental buildings, while adding thousands of new rental homes.

And, Mr. Speaker, it's why we are introducing a new renter's tax credit.

The new income-tested credit will put as much as $400 back into the pockets of low- and moderate-income renters.

We expect this will benefit more than 80% of renters across B.C.

Helping people with costs

The renter's tax credit is just one way we are helping people with the costs of daily life.

We're freezing basic car insurance rates for another two years.

And we provided a $100 credit to reduce everyone's power bill.

More than 85% of people received the BC Affordability Credit in January, with some families getting up to $410 dollars.

And, just days ago, we announced another BC Affordability Credit coming in April.

Adults will receive up to $164 more and children up to $41.

We know there's much more work to do.

Alongside putting money back in people's pockets, a total of $4.5 billion in this year's budget will help with the rising cost of essentials.

When it comes to essentials, having full control over your reproductive rights is at the top of the list.

All too often, these fundamental rights are under attack.

Not here in B.C.

Starting April 1, prescription birth control is going to be free in British Columbia.

We know costs vary – but it really adds up.

For someone who pays $25 a month for birth control pills, that's $300 in savings every year.

And as much as $10,000 in savings over their lifetime.

Mr. Speaker, as the mother of two daughters and five granddaughters, I know the effect this is going to have on people's lives in our province.

This is a win for health and it's a win for gender equity in our province.

It's about time. The days of passing down these costs to women and trans and non-binary people are coming to an end.

For the families who feel like they are just getting by – and never getting ahead – we're here for you.

This year's budget delivers an important and permanent lift to the BC Family Benefit – a 10% increase.

Now, parents will receive up to $1,750 for the first child, $1,100 for the second and $900 for the third.

For a family with two kids, the extra $250 per year can help buy healthy food, pay bills and enrol kids in extracurricular activities.

On top of the 10% increase, single parents will get as much as an extra $500 dollars a year.

Because while global inflation is stretching most household budgets, it can be really tough for those already struggling to make ends meet.

To tackle food insecurity, we're providing stable funding to expand local school food programs so any child who needs a meal gets one.

And for post-secondary students, we are doubling the student loan maximums and increasing the amount students can make before they need to start repaying their loans.

To help British Columbians relying on income and disability assistance to make ends meet, we are providing more support.

Income and disability rates will be increased, including a 33% lift to the shelter rate.

This marks the fourth increase to rates since 2017.

And we expect it will benefit approximately 160,000 people, including 33,000 children, and help reduce homelessness.

There's always more to do.

That's why we're beginning engagement to update our Poverty Reduction Strategy for March 2024.

All too often, Mr. Speaker, the work of caregivers is not given the respect or compensation that it deserves.

To foster parents and those who look after some of B.C.'s most vulnerable people, thank you.

You are changing lives.

And we are here to support you.

Starting this year, foster families will see their rates increase by 47%.

This will help cover the rising cost of essentials, like food, gas and clothing.

Because youth in care deserve every opportunity to thrive.

Safe and healthy communities

Just as people need to know a good life is within reach in B.C., they need to feel safe in their home and community.

Budget backs our Safer Communities Action Plan with a commitment of $462 million over three years.

On the enforcement side, we're adding 250 more RCMP members to help keep people safe, especially in rural B.C.

We're implementing new response teams to track, arrest and prosecute repeat violent offenders.

These teams are made up of police, dedicated prosecutors and probation officers.

To improve access to justice, we're continuing to update the Police Act and adding more resources to the BC Human Rights Tribunal.

Over the next two years, another 10 Indigenous Justice Centres will open their doors.

This is in addition to those already serving people in Prince George, Prince Rupert, Merritt and online through an innovative virtual centre.

Addressing the overrepresentation of Indigenous people in the justice system is a top priority.

Both for our government and for the B.C. First Nations Justice Council.

Together, we can break the cycle of jail and release. It begins with addressing the poverty, trauma and health issues that brought the person to the justice system in the first place.

Mr. Speaker, when a person's violent or disruptive behaviour results from mental-health and substance use, they need support to get better.

In addition to significant new investments across the spectrum of care, this year's budget will expand the number of mental-health crisis-response teams.

This includes integrated mobile teams, like the successful Car 87 program in Vancouver, which pairs up a police officer with a health worker.

Budget 2023 includes new funding to expand operating hours for the existing Peer Assisted Care Teams on the North Shore and in Victoria and New Westminster.

And it will expand teams to new communities, beginning with three new communities this year.

Budget also provides funding to engage on Indigenous-led civilian crisis-response services.

So people in crisis are met early on by health-care workers and people who understand what they're going through.

This will also free up police to focus on stopping crimes, which makes us all safer.

Strong and clean economy

As we prepare for another year of strong population growth, it's clear that B.C.'s strong and clean economy is attracting talent from around the world.

That's a good thing. We're forecasting one million job openings in the next decade.

People see opportunity here – I couldn't agree more.

We weathered the pandemic with one of the strongest recoveries in Canada.

Vancouver's tech sector is growing at the highest rate in North America.

Last year, we had record-breaking mineral exploration. Funding for a new critical minerals strategy in this year's budget will continue to support the sector.

B.C. is ready to deliver the essential materials needed to help transition away from fossil fuels and grow a clean economy.

Materials like copper for conducting wind power. Nickel for batteries in electric cars. And so much more.

And we'll continue to deliver while meeting B.C.'s exceptionally high standards.

With global uncertainty on the horizon and so many jobs to fill, the safest bet we can make is on the people of B.C.

That is what we're going to do.

Future Ready

Mr. Speaker, this year's budget supports our government's Future Ready plan, coming this spring.

It's a plan to grow the most inclusive and talent-driven workforce in Canada.

And it responds to one of the biggest challenges we're hearing from businesses: better access to more highly skilled workers.

To start, we're attracting new talent by speeding up the recognition of foreign credentials, so internationally trained professionals can get to work, rather than sitting on the sidelines.

I think of Monique, who started her nursing career in the Philippines.

She now has a good job caring for patients in B.C., but the path wasn't straightforward.

Monique is excited about our government's changes to make it easier and faster for qualified, internationally educated nurses to work in our province.

In Monique's words, it will create more opportunities for skilled professionals like her "to establish lives here too. This will benefit everyone in B.C., because more nurses means better health care."

I couldn't agree more.

We are grateful to Monique and so many others who are using their skills and talents to make B.C. a better place.

Mr. Speaker, we're also training the next generation of workers with thousands more seats in high-demand fields.

From health care to tech, and veterinary medicine to early childhood education.

And we're focused on getting more people with multiple barriers and underrepresented groups into the workforce.

Mr. Speaker, I believe that if someone wants to retrain or upgrade their skills, cost shouldn't be a barrier.

Our Future Ready plan will make sure of that.

We're launching a new Future Skills Grant to get people trained and working in high-demand fields.

From programming and software development, to trades, manufacturing and aquaculture.

The new grant will help people access the skills they need to succeed – today and in the years to come.

At the same time, Mr. Speaker, we recognize businesses have faced their share of difficulties.

Whether its uncertainty brought on by COVID-19, global inflation or a growing labour shortage.

These are major and ongoing challenges. And responding to these needs is a key part of our Future Ready plan.

We'll provide new funding to help small and medium-sized businesses implement solutions to today's labour market challenges and prepare for a changing economy.

Because businesses aren't just going to weather today's storm – they're going to come out of it stronger.

Backed by the diversity, skills and unique strengths from people across the province.

Sustainable economic growth

Mr. Speaker, when we think of tomorrow's economy, sustainability and innovation are top of mind.

In a world shaped by climate change, not only is this a necessity – it's a competitive advantage.

And B.C. is more than ready to deliver.

This year's budget includes $1 billion over the next three years to fight climate change by building more climate-resilient communities.

Communities that will stand strong in any emergency – whether it be wildfires, heatwaves, or atmospheric rivers.

New investments this year will increase B.C.'s emergency-management capacity and help buy more firefighting equipment.

Mr. Speaker, we must prepare for a changing climate, but we must also do our part to fight climate change.

Because the cost of doing nothing – or not enough – is too high for people and our environment.

And we will, guided by our government's CleanBC Roadmap to 2030.

It's a continent-leading plan to reduce emissions, while creating family-supporting jobs and strong communities.

Budget 2023 builds on our CleanBC commitments with new targeted investments in active transportation networks around the province.

Additionally, the popular CleanBC Go Electric program will continue.

As will pilot projects for heavy-duty electric vehicles, so transportation-based industries can shift away from fossil fuels.

B.C. has always been a leader on climate change and will continue to be in the years ahead.

Because fighting climate change will take all of us working together.

Our CleanBC plan is a key part of Canada's plan, which is part of a global solution to reduce emissions.

But ordinary British Columbians, who are already struggling with rising costs, can't bear the cost burden alone.

That's why we eliminated the largest subsidy to big oil and gas companies and put the money back to work for people.

And that's why as the price on pollution rises, so too will the Climate Action Tax Credit.

Budget 2023 will deliver more money to more households through an enhanced Climate Action Tax Credit.

Where a family of four would have received a total of $500 last year, that same family will receive almost $900 starting in July.

By 2030, we expect a significant majority of people who receive the credit will receive more than they pay in carbon tax costs.

Mr. Speaker, people here understand that our natural landscape is a source of incredible beauty.

It's also a wealth of economic opportunity, when done sustainably and responsibly.

And it's where we see the results of a new approach to reconciliation with Indigenous Peoples.

Whether it's new agreements with Blueberry River First Nations and other Treaty 8 Nations that find a new balance of environmental restoration and resource development.

Or it's the first consent-based, decision-making agreement under the Declaration Act with the Tahltan.

Because we know what doesn't work.

Endless court battles.

Short-term, transactional relationships.

Litigation instead of negotiation.

The future lies in a rights-based partnership approach to decisions respecting land, water and resource stewardship.

That is where we are focusing our work.

To advance our work on old growth and forest stewardship, we are tripling the number of Forest Landscape Planning Tables.

Including eight new planning tables.

This will provide greater opportunity for First Nations, local communities and industry to come together and plan for the future of land management.

We're also ramping up our investments to support innovation in the forest industry.

Just a few weeks ago, we doubled the BC Manufacturing Jobs Fund to $180 million and opened it up to projects from around the province.

This will help mills move away from old growth logs and toward higher value wood projects, like mass-timber.

Mr. Speaker, when natural resources projects meet our high standards, we want shovels in the ground quickly.

Any delays are just unnecessary barriers to growth.

This year's budget will help speed up the permitting process for natural resources.

Because delays cost money and they slow down our transition to a clean energy future.

Through this year's budget, about 160 new staff members will help move key resource and infrastructure projects forward.

From connectivity to electrification and hydrogen power.

They will also help reform the system so that it works better, and faster, while maintaining B.C.'s high standards.

Building a stronger B.C.

We know that anything built today must meet the demands of a changing climate and a growing population.

It's a high bar – and B.C. is ready to meet it.

With the largest infrastructure investment in our province's history.

If you're looking for good, family-supporting work, British Columbia is the place to be.

We're creating jobs by building hospitals, from Lions Gate to Stuart Lake.

By building schools in fast-growing areas.

By building a fast, reliable transit network, including the Broadway Subway and the Surrey Langley SkyTrain.

And by building homes for generations of British Columbians.

No matter where you live, be it rural or urban, there will be opportunities for you and your family.

Closing

Brick by brick and board by board, we are building a brighter future for everyone who calls our province home.

Because if there's one thing we have learned through these challenging years, it's this:

Going it alone doesn't work.

We are all in this together.

A neighbour's success is your success.

A strong rural B.C. is our entire province's success.

And a growing, secure and clean economy is a success for everyone, today and in the years ahead.

Those are your priorities and they're ours too.

We are all better off when a good life is in reach for all those who call B.C. home.

That is the better, brighter future we all believe in.

And that is the future Budget 2023 delivers.

Thank you.

Access all materials for Budget 2023

Budget Downloads

Download budget documents, from news releases to estimates to the slide presentation.

Strategic Plan

Government’s strategic plan, setting out the overarching vision, goals and priority actions for the Province of British Columbia.

Budget Speech

Watch the Finance Minister's February 28, 2023 presentation to the news media and stakeholders.

News Release

Download the budget overview distributed to the news media.

The Current and Expected Economic Conditions in British Columbia and the Financial Position of the Government of British Columbia – Update

. . . .

A Report for Submission to the Judicial Compensation Commission

March 2023

Introduction

This review of the provincial government's finances is meant to provide additional information to the Judicial Compensation Commission as it examines "the generally accepted current and expected economic conditions in British Columbia" and "the current and expected financial position of the government over the four fiscal years that are the subject of the report," as called for in subsections 5 (5) (e) and (f) of the Judicial Compensation Act. As the fiscal year has progressed, there have been considerable changes that affect the provincial government's financial position. With the recent tabling of British Columbia's Budget for 2023/24, and with it the Third Quarterly Report for the 2022/23 fiscal year, we have more current data on the government's fiscal position.

International Economy

Over the past three years, economies around the world have faced unique economic challenges. In response to the global pandemic, various countries adopted measures that dramatically changed patterns of consumer behaviour, disrupted some economic activity and led, in our ever-more globalized production processes, to widely publicized supply-chain issues. More recently, the invasion of Ukraine has disrupted energy markets and the flow of grains to many parts of the world.

For the international economic outlook little has changed since my December report. The International Monetary Fund (IMF) has slightly raised its 2023 real GDP growth projections for the advanced economies, keeping Canada (+1.5%) slightly above the overall average (+1.2%), and the growth rate for the United States (+1.4%). They are also now projecting 2024 growth rates. Canada is projected to continue to do slightly better (+1.5%) than the overall group (+1.4%) or the U.S. (+1.0)[1].

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[1] International Monetary Fund, *World Economic Outlook*. January 2023, p. 6. 2014-2021 results are from national accounts, 2022 is an estimate, and 2022, 2023 and 2027 are forecasts by IMF.

Inflation continues to be a concern; however, the IMF is reasonably optimistic[2] …

> *"Signs are apparent that monetary policy tightening is starting to cool demand and inflation, but the full impact is unlikely to be realized before 2024."*

The IMF's Fiscal Monitor has not been updated since the October *Fiscal Monitor* in which they showed Canada's net debt for all levels of government being substantially lower than the level for any other G-7 country[3].

Canada's Economy

The economic impact of COVID and the associated lockdowns, supply-chain issues and economic disruptions was unexpected, very rapid and large, unlike anything that we have seen for many decades. Almost equally surprising has been the size and speed of the economic recovery in Canada and British Columbia.

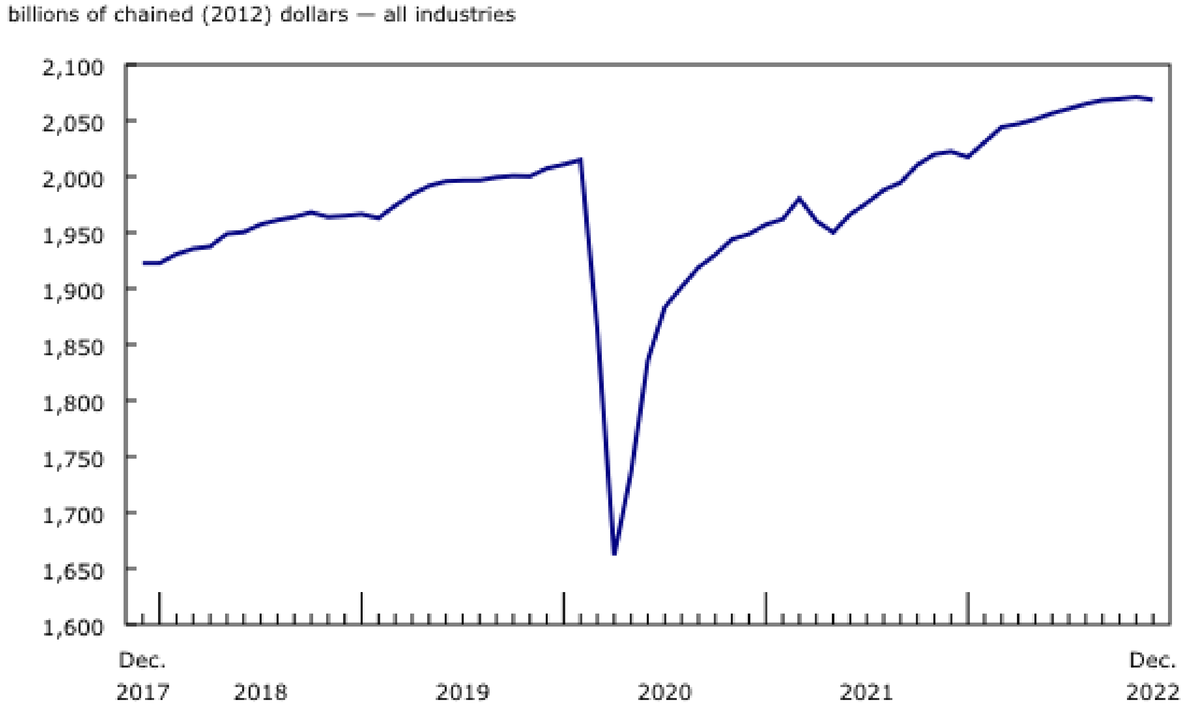
In a typical recession, problems compound and grow as the recession deepens, then a gradual recovery starts as the underlying economic issues are addressed, counter-cyclical policies are put in place, and consumers resume their more traditional patterns of behaviour as confidence increases. The current recovery has instead been extremely rapid and has restored real GDP and employment levels to their pre-COVID levels with remarkable speed.

The following figures from the Statistics Canada shows the remarkable drop and recovery for the national economy.

[2] Ibid. p. 2.
[3] Data source, International Monetary Fund, *Fiscal Monitor, October 2022* p. 57. All levels of government are included so unitary and federal states can be compared.

Canadian Real GDP[4]

December 2017 to December 2022



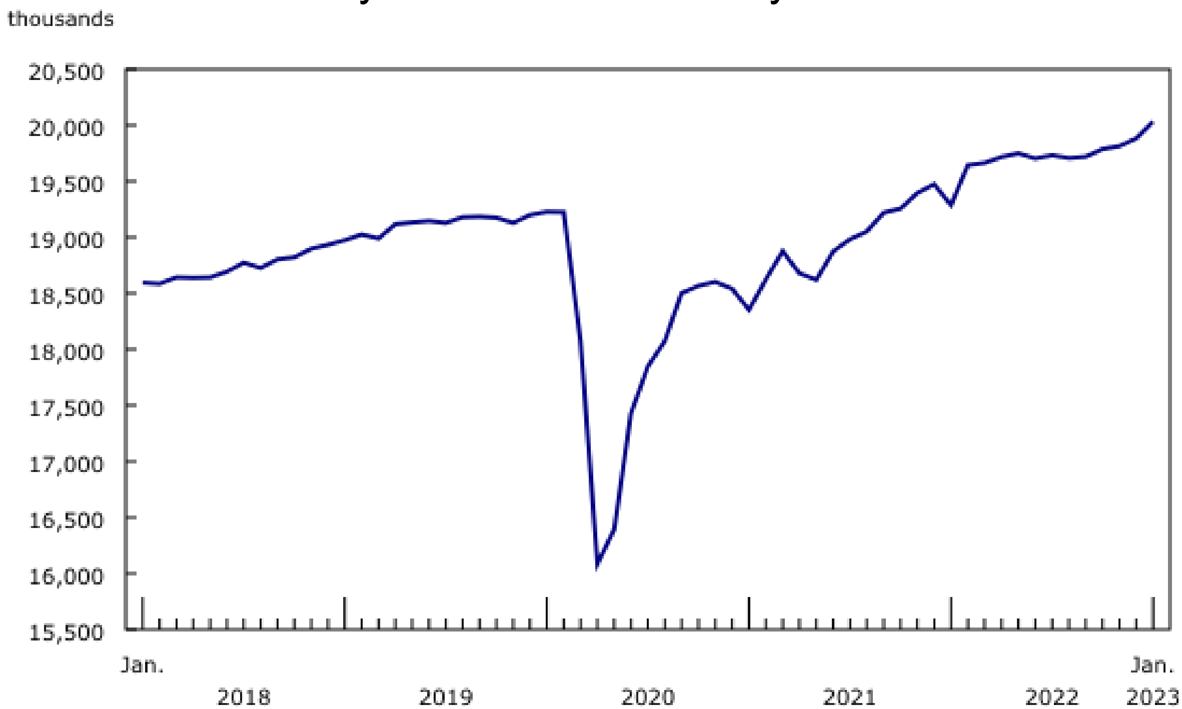
If we compare this to earlier Canadian recessions, this drop was much larger from onset to trough (-19.5%) than the 1981-82 recession (-5%), the 1990-92 recession (-3%), or the 2009-10 "great recession" (-3%). Also different was the time from peak to trough for those earlier recessions – 6 quarters, 4 quarters and 3 quarters – compared to less than one quarter (2 months from February 2020 to April 2020) for the COVID-induced recession. By November 2020, only nine months after the peak, the GDP had returned to within 3.5% of the peak – in other words 16 percentage points of GDP had been recovered. Since then, recovery has continued until the latest figures show a 3.0% increase in GDP from the pre-recession peak.

A similar pattern can be observed in the labour market. The pre-recession low was 5.6% unemployment in January 2020, which then rose to 13.4% by May 2020. The unemployment rate improved in a manner similar to the GDP and was at 6.0% by

[4] Statistics Canada, *The Daily,* Feb. 28, 2023, https://www150.statcan.gc.ca/n1/daily-quotidien/230228/dq230228b-eng.htm

December 2021. Improvement continued and reached an all-time low of 4.9% in June and July of 2022[5]. If you look at the trend in employment levels pre-COVID, we are back to that trend line. Once again, we can clearly see the speed of the decline and of the subsequent recovery.

Canadian Employment Levels [6]
January 2018 2017 to January 2023



This may seem like a secondary point; however, these two graphs illustrate how important it is to look at longer data trends. If we look over a one-year or two-year period, then it is quite possible to reach misleading conclusions when events have been as volatile as those of the last three years. Taken from the trough of the recession, it may look like phenomenal growth. Looking at the scale of the miss in pre-pandemic growth forecasts, the times may look very bad. Only by taking a longer

[5] Statistics Canada, *The Daily*, Labour Force Survey https://www150.statcan.gc.ca/n1/daily-quotidien/220708/dq220708a-eng.htm and https://www150.statcan.gc.ca/n1/daily-quotidien/230106/dq230106a-eng.htm
[6] Statistics Canada, *The Daily,* Feb 10, 2023, https://www150.statcan.gc.ca/n1/daily-quotidien/230210/dq230210a-eng.htm

and more nuanced look at the data do we see a downturn unprecedented for its speed, followed by an equally sharp upturn. Over the whole timeframe, we see growth that is similar to the average growth rates of the past few decades. As another example, if we look at British Columbia's total government debt, we see a very large increase from fiscal year 2018/19 when it was 22.3% of GDP to 2020/21 when it rose to 29.5%. This was followed, however, by an equally sharp decline to 23.5% on 2022/23. Again, we see the importance of looking over a longer period to understand better what has happened.

This look at the trends in the economy and GDP show the resiliency of the Canadian economy and labour market over the past three years. Despite a drastic COVID-related reduction in many customer-facing forms of business and curtailment of travel, as well as substantial disruption to trade and supply chains, growth has returned to our trend line while unemployment has touched record lows.

Canadian Inflation and Interest Rates

One source of economic uncertainty has been the increase in inflation and interest rates as the economy recovered from the depths of the recession. While inflation rates in Canada have not been as high as in many other advanced economies, the Bank of Canada has raised interest rates to reduce demand and hence inflation. The Bank's recent analyses and statements have been encouraging as they signal a probable pause to their increasing interest rates further, and signs that both consumer and firm behaviour is changing[7].

[7] The encouraging results from the Bank's Third Quarter Business Outlook Survey are detailed in my December report.

Noting that inflation has fallen from 8.1% in June to 6.3% in December, this is the most recent summary statement of the Bank's expectations[8].

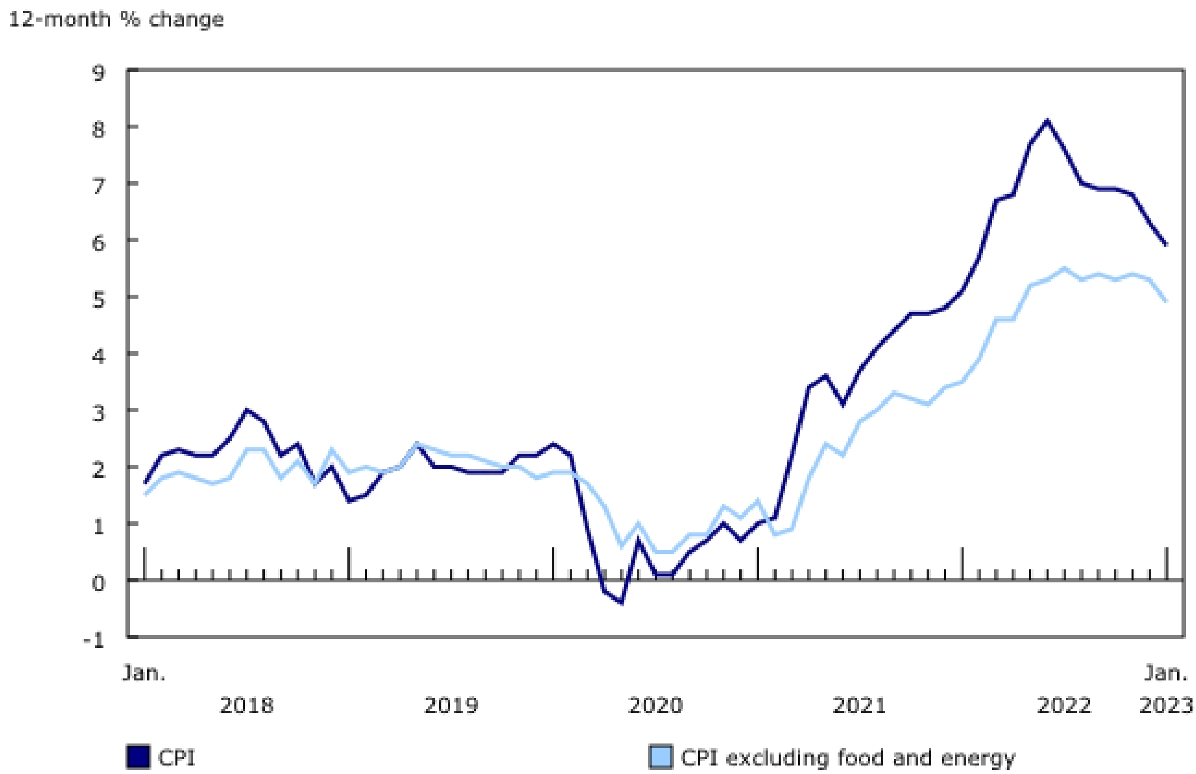
> *In Canada, recent economic growth has been stronger than expected and the economy remains in excess demand. Labour markets are still tight: the unemployment rate is near historic lows and businesses are reporting ongoing difficulty finding workers. However, there is growing evidence that restrictive monetary policy is slowing activity, especially household spending. Consumption growth has moderated from the first half of 2022 and housing market activity has declined substantially. As the effects of interest rate increases continue to work through the economy, spending on consumer services and business investment are expected to slow. Meanwhile, weaker foreign demand will likely weigh on exports. This overall slowdown in activity will allow supply to catch up with demand.*
>
> *The Bank estimates Canada's economy grew by 3.6% in 2022, slightly stronger than was projected in October. Growth is expected to stall through the middle of 2023, picking up later in the year. The Bank expects GDP growth of about 1% in 2023 and about 2% in 2024, little changed from the October outlook.*

Having moved earlier than many central banks, the Bank of Canada now sees a high likelihood of lowered inflation, bringing with it lowered interest rates.

Recent Statistics Canada measurement of the inflation rate do show that inflationary increases appear to have peaked in mid-2022 as shown in the following figure showing the most recent results.

[8] Bank of Canada, *Monetary Policy Report – Opening Statement,* Jan 25, 2023 https://www.bankofcanada.ca/2023/01/opening-statement-2023-01-25/

12 Month Change in Consumer Price Index (CPI)[9]



While still above the Bank of Canada's 2% target, the rapid rise from early 2021 through mid-2022 is abating.

British Columbia's Economic Condition and Financial Position

In my December report, I provided detailed information on the factors that show the strength and resilience of British Columbia's economy (pp.10 – 19). It has low unemployment rates, low government debt, and one of most diversified economies across the provinces. This latter aspect of the economy is important in minimizing the "boom or bust" cycles affecting some other provinces. These factors are similar to the

[9] Statistics Canada, *The Daily,* Feb 21, 2023 https://www150.statcan.gc.ca/n1/daily-quotidien/230221/dq230221a-eng.htm

reasons that were given by rating agencies as part of their decisions to give B.C. their strong ratings.

The most recent detailed rating for the province come from S&P Global who, in summarizing B.C.'s economy in their December 19, 2022 report, said …

> *Labor force results to date in 2022 have been strong; employment is up 3.4% (as of October) and the unemployment rate has fallen to 4.2%, which is below the national average. The province has considerable economic strengths, such as its position on the west coast of Canada and its proximity to Asian markets, as well as large resource endowments. We expect the economy will remain well diversified[10].*

These comparative strengths have not changed since my earlier report.

In my December report, I examined the fiscal caution in B.C.'s budget projections (pp. 19 – 22), and concluded ...

> *[There] is a consistent pattern. The government's forecasts have been cautious and, in the face of all but the most jarring of economic events, have been consistently and significantly conservative. Further, the government has used respected, independent professionals to give external forecasts and evaluations, ensuring that the Budget does not fall prey to overly optimistic internal macro-economic or revenue forecasts.*

A major element in these cautious forecasts has been the inclusion of substantial allocations for contingencies. This pattern of having substantial contingencies included in budgets continues in the recent 2023/24 Budget, and was highlighted in Deputy Minister Wood's transmittal letter for the Budget with the following comments.

[10] S&P Global, Ratings – Province of British Columbia, Dec.19, 2022, p.2.

The fiscal plan includes a Contingencies totalling $5.5 billion in 2023/24, $4.8 billion in 2024/25, $4.7 billion in 2025/26, with allocations for pandemic recovery funding, costs for agreements expected to be signed under the Shared Recovery Mandate, costs for climate and emergency response, funding for CleanBC, and a provision in 2025/26 for future initiatives and caseload pressures. The forecast allowance is $700 million in 2023/24, $500 million in 2024/25, and $500 million in 2025/26. Government's economic and fiscal prudence measures generally have resulted in government exceeding its budget targets.[11]

This summary by Ms. Wood is consistent with the pattern of "prudence" detailed in my December report.

There has, however, been a significant change through the past fiscal year (2022/23) in the deficit and, therefore, also in the debt forecast for this fiscal year and the following one. With a decreased surplus forecast recently, it is important to understand the changes through the past fiscal year.

Changes in Operating Statement Forecasts for Fiscal 2022 / 23[12]
(before forecast allowance -- $ millions)

	Budget	1st Quarterly	2nd Quarterly	3rd Quarterly
Revenue	68,552	77,854	81,097	82,700
Expense	73,013	76,148	75,065	79,108
Surplus (deficit)	(4,461)	1,706	6,032	3,592

This table shows both the prudence that is characteristic of B.C. budgets and the source of changes through the year. On the revenue side the Budget had been very cautious and, as tax returns through CRA and others became clearer, revenue forecasts were dramatically increased. While this continued through the second and

[11] Budget and Fiscal Plan 2023/24 – 2025/26, unpaginated.
[12] Ministry of Finance, First, Second and Third Quarterly Reports for 2022/23, pp 19, 15 and 159

third Quarterly Reports, the rate at which revenues grew slowed substantially. In contrast, expenses stayed closer to their initial forecasts, they too have increased through the year with only one slight decrease. This can serve to remind us that revenue can change because of economic events, taxing decisions, and in a federal state, by inter-governmental transfers. Expenses are driven by societal needs and decisions about what are priorities for the government.

The inter-governmental dimension was exemplified on March 1st, when B.C. and the federal government agreed on increased health care funding for the province as described in the following press release from the Office of the Premier.

> *Today, the Government of Canada and British Columbia announced an agreement in principle to improve health-care services across B.C. through $3.3 billion over 10 years of new bilateral funding focusing on shared health-care priorities, and $273 million through the immediate, one-time Canada Health Transfer top-up to address urgent needs, especially in emergency rooms and pediatric hospitals, as well as long wait times for surgeries.*

These transfers will clearly have an effect on the province's finances over the coming years but would not have been included in the recent budget.

While I have highlighted the degree to which "prudence" has been a basic part of building B.C. budgets, the recent fiscal measures by the government stand in contrast to this more cautious. I will, therefore, look at the recent flurry of government spending and its effect on the very large surplus which had been projected for the current fiscal year.

It is clear that the government has in recent months decided to accelerate spending rapidly and in so doing reduce the fiscal year's surplus dramatically. Both the Premier and the Finance Ministry have referred to this as ”putting the surplus to work for people,” as explained in the ministry’s Backgrounder released on budget day.

> *At this time, updated Third Quarterly Report forecasts for the 2022-23 fiscal year show a projected surplus of $3.6 billion, lower than Second Quarterly Report projections. The change is because of $2.7 billion in new spending through supplementary estimates, as well as new spending that includes the Rental Protection Fund ($500 million) and a third BC Affordability Credit to help people with cost-of-living pressures ($500 million). Revenue improvements since the second quarter offset some of the spending.*
> *The current year’s surplus allows the Province to reinvest in the services and supports people need – now and for the long term. The surplus projection is expected to continue to shift as revenue forecasts are updated and the province continues to put the surplus to work for people. Final numbers will be released through Public Accounts. Unspent funds remaining at the end of the fiscal year will be used to pay down provincial debt to create more fiscal capacity for future spending and programs[13].*

During Deputy Minister Wood’s examination before the Commission, she was asked about the nature of some of these recent large disbursement by the province, and to comment on reports and government statements about the government’s wanting to spend the surplus rather than having it used to pay down the debt. The question and answer follow.

> *Q And it's not also going to just apply that surplus to the debt either; right?*
>
> *A Well, the intention to spend the surplus is to make use of it while the government has the ability to in the current fiscal year. Any surplus that is left automatically will have to go down to pay down the debt. That is simply how accounting works. It can't transfer over to the following fiscal year.*

Wood explained further ...

---

[13]B. C. Ministry of Finance, Backgrounder Fiscal Plan 2023/24 – 2025/26. Unpaginated.

> *... what I can say is that in order for government to record an expense, government has to provide the funding outside of what we call the government reporting entity, so -- and it can't control the way that funding is used. So, if it provides funding to an entity and establishes conditions, then that funding can't actually be recorded as an expense.*

And subsequently ...

> *There are certainly, as I understand it, reporting requirements where local governments have to produce reports to the public about how they spent this funding. They also have to reserve this funding that they received into a segregated account and show that money segregated separately from the rest of their financial statements. So those were things the province could do within the accounting constraints of not controlling the funding to ensure that there was visibility for the public and to ensure that there would be accountability to the public. But there can't be accountability to the province in this case; otherwise, the province would not be able to make use of those surplus funds.*

The purpose in quoting the deputy minister's testimony is not to criticize specific transfers of funds or direct expenditures that had the effect of substantially reducing the surplus rather than having it applied to the provincial debt. Rather, it demonstrates that the government of the province had sufficient confidence in its financial position that it was eager to spend very large sums outside the normal budgeting processes and the analysis that is usually entailed in those financial decisions. These are not actions of a government that sees significant fiscal risks in the next few years.

For the Commission to understand the scale of the spending, the following table is the Budget's listing of the supplementary estimates that will enable this spending[14].

[14] Budget and Fiscal Plan 2023/24 – 2025/26, p. 116

Table 4.3 - 2022/23 Supplementary Estimates

($ millions)	2022/23
Growing Communities Fund	1,000
BC Ferries Fare Affordability	500
Critical Community Infrastructure	450
Food Security Initiatives	160
BC Cancer Foundation	150
Local Government Next Gen 911 Readiness Fund	150
Watershed Security Fund	100
Highway and Community Cellular Connectivity	85
Accelerating Funding for First Nations Agreements	75
Public Libraries	45
Total	**2,715**

In addition to this $2.715 billion, the Rental Protection Fund and the Affordability Credit cost a further $1.0 billion. Together, these substantial expenditures demonstrate the government's confidence in its robust finances.

In my December report, I discussed the "prudence" that the Finance ministry made an integral part of the budget process. The most recent Budget detailed one element of that prudence that covers the first three years of the Commission's mandate. The Budget for 2023/24 to 2025/26 displays the contingencies and allowances for those years[15].

Prudence in the Budget and Fiscal Plan

($ millions)	2023/24	2024/25	2025/26
General Contingencies	1,500	1,500	1,000
CleanBC	300	450	200
Pandemic Recovery Contingencies	1,000	-	-
Climate & Emergency Response Contingencies	500	250	-
Shared Recovery Mandate Contingencies	2,200	2,600	2,700
Priority spending initiatives and caseload pressures	-	-	800
Forecast Allowance	700	500	500

[15] Ibid, p. 30

These contingencies and allowances in the Budget account for $6.2, $5.3, and $5.2 billions respectively for the coming three fiscal years.

Overall, the prudence displayed in the budgeting process over the past decade or more and government's cautious forecasts have, in the face of all but the most jarring of economic events, been consistently and significantly conservative. This is in full agreement with Deputy Minister Wood's conclusion in the budget transmittal letter quoted earlier. Government's economic and fiscal prudence measures generally have resulted in government exceeding its budget targets.

As I detailed in my December Report, the bond ratings agencies whose core purpose is similar to this Commission's responsibility to consider "the current financial position of the government," have expressed their confidence by giving B.C. the highest rating of any Canadian province.

As a final voice for the soundness of the provincial economy and thus of government's finances, I will quote the Deputy Minister of Finance, Ms. Wood, who when asked during the earlier Commission hearings whether it was her view today that B.C.'s economy was sound and solid, replied ...

Yes. It is a sound, solid economy, yes[16].

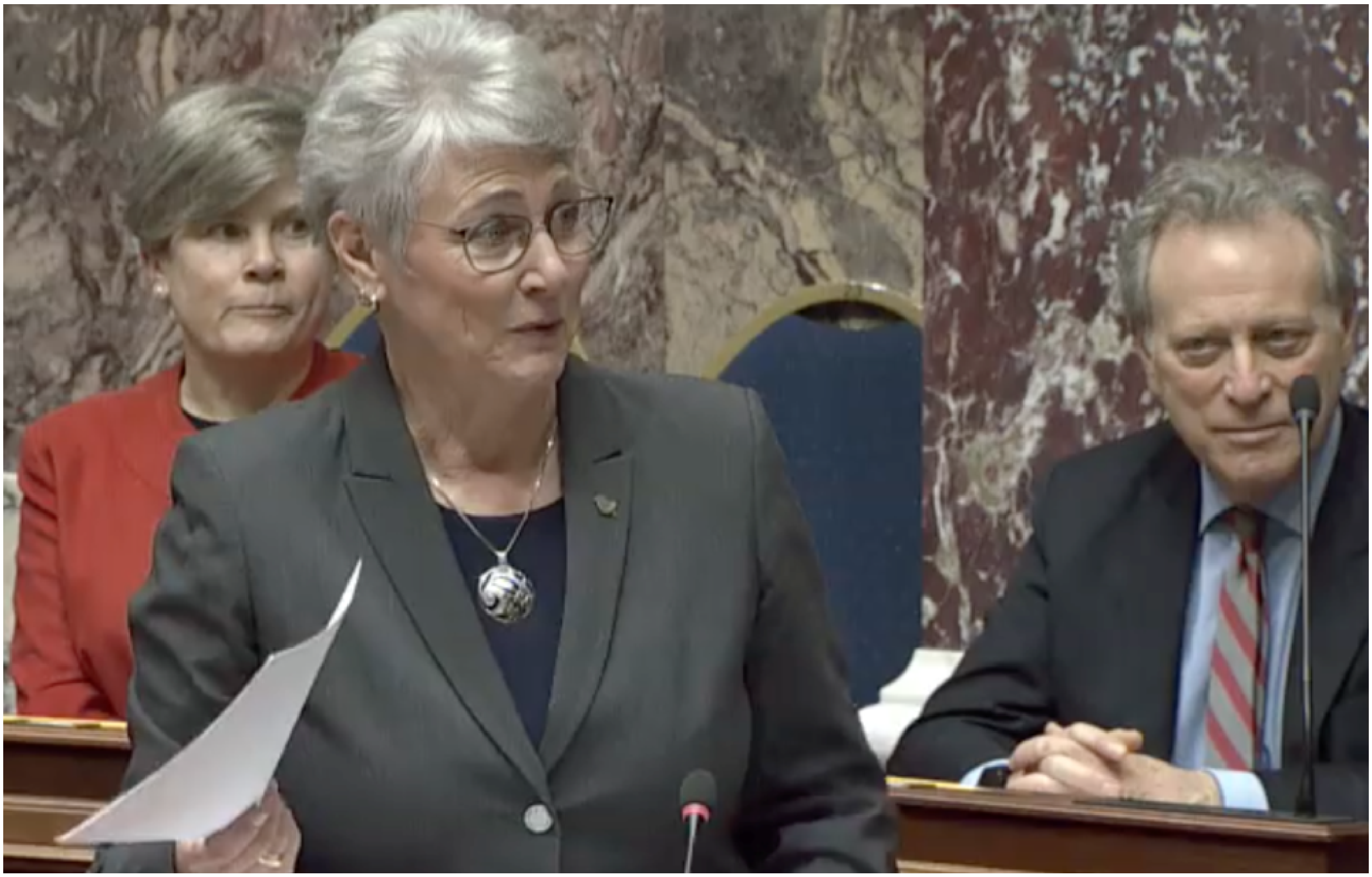
This report was prepared by Ian McKinnon, who is the person primarily responsible for its contents

[16] H. Wood, 2022 Judicial Compensation Commission (Day 2) February 14, 2023, pp 87f.

north shore news

Keith Baldrey: B.C. budget sheltered from economic headwinds

Keith Baldrey
a day ago



Finance Minister Katrine Conroy | B.C. government Flickr

Listen to this article
00:03:52

A deep dive into the B.C. government budget that was tabled last week reveals that the fiscal plan may not bleed as much red ink as most headlines suggest.

While it is true the budget's bottom line is a projected deficit of $4.2 billion in the coming fiscal year (which starts April 1) and slightly lower deficits in each of the following two years, the fiscal plan once again includes billions of dollars of unallocated spending.

Recommended reads for you:

- PBO forecasts economy to grow 1% this year, expects Bank of Canada to hold rates
- 'Economic engine': Alberta predicting $2.4-billion surplus for petro-powered economy

Most of this money is included in vaguely defined contingency funds. The total for the coming year is $5.5 billion, followed by $4.8 billion next year and $4.7 billion the year after that.

While it is true much of this money will end up being spent over the course of the fiscal year (to pay for public sector wage increases, climate emergencies and the ongoing pandemic recovery) it is quite conceivable that a lot will not be spent, thus potentially greatly decreasing the size of the budget deficit (or even eliminating it).

Then there is the “forecast allowance” that is built into each annual budget (it serves as a financial cushion in case revenues fall seriously short of what was expected). That number is $700 million in the coming year, and $500 million in each of the following two years.

It all adds up to almost $17 billion, which is much more than the combined deficits of $11 billion over three years.

Moreover, the Finance Ministry once again may have applied its usual (and prudent) practice of lowballing some revenue estimates.

For example, it is projecting a $1.7 billion drop in personal income tax revenue from the current year. This follows a huge increase in the current year of almost $5 billion over what was projected last February.

While the big unanticipated jump was due in a large degree to restated tax assessments by the federal government, other factors such as high employment levels and an increase in high-income earners played a role as well.

Given that employment levels are expected to remain strong, there is every chance that personal income taxes could increase and not decline (or not decline as much as projected) in the coming year.

Finally, the ministry is projecting a minuscule economic growth rate of just 0.2 per cent. While no one is predicting growth rates much higher than that, once again the prudent ministry has opted to take the more pessimistic view.

Put all this together and it explains why at least two of the critically important bond rating agencies will likely keep their high credit rating for the B.C. government intact.

Last week, Moody’s Investors Service released a commentary on the budget and said it was “well-protected” against any economic headwinds, largely because of the huge contingencies and the other factors I have pointed to.

Likewise, DBRS Morningstar weighed in the next day with its analysis, noting the budget “includes several layers of prudence.”

Both agencies essentially said they liked what they saw in Finance Minister Katrine Conroy’s first budget.

Keeping the credit rating high (something the BC NDP didn’t seem to care about while in Opposition) is important for a government because it keeps borrowing costs lower (the government has inherited that high credit rating from the previous BC Liberal government).

We should know by November (the timing of the second quarterly report) whether this budget will indeed bleed a lot of red ink, or whether there’s even a chance it could end up being in the black.

It has happened before.

Keith Baldrey is chief political reporter for Global BC.

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Information Respecting Increases in Compensation for Family Physicians in British Columbia

Background

This document was prepared at the request of the Commission, made February 16, 2023, to provide additional information in respect of increases in compensation for family physicians in British Columbia. This document was prepared in consultation with staff from the Public Sector Employers Council Secretariat ("PSEC") and the Ministry of Health.

The information and data in this document were assembled from various sources. As with the previous information prepared to summarize compensation and changes to compensation paid to a range of persons out of public funds, there was no existing document that contained an overview of how physician compensation in British Columbia works, nor are there existing documents that address how the recent changes should be viewed in context. In addition, some of what exists is not public, so could not be shared. As a result, it was necessary to create a stand-alone document to respond to the Commission's request. Where possible, specific sources or source documents have been identified.

Introduction to Physician Compensation

There are two main recent developments in relation to physician compensation that may result in increases to compensation paid to family physicians:

1) general increases of 6% over three years to the fees that may be billed as fee-for-service by family physicians under the *Physician Master Agreement*; and
2) for those who choose to opt into the new Longitudinal Family Practice (LFP) compensation model, additional increases based on an individual physician's billing practices under the model.

While reported on together in the media, as explained further below, they are in fact separate. In addition, there are other targeted compensation increases under the *Physician Master Agreement* that may also benefit some family physicians depending on their location and practice (see further below).

With respect to the first category, as previously set out in the "Summary of compensation and changes to compensation paid to non-unionized employees and appointees out of provincial public funds",[1] the Province pays physicians on a fee-for-service basis pursuant to a compensation agreement, the *Physician Master Agreement*, rather than a collective agreement. As most physicians are independent contractors, their services are paid for through fees, contractual arrangements and other incentive programs negotiated in the *Physician Master Agreement*. In October 2022, the Province and the Doctors of British Columbia reached an agreement that, among other things, provided general, across the board increases, to the fees and rates that may be billed under the *Physician Master Agreement*.

[1] See Joint Book of Documents of the Parties, Vol. 2, Tab 46, at p. 8.

Independent contractor physicians (i.e. all physicians who are not "hospitalists" that work in a hospital setting) are responsible for their own overhead costs and often are co-owners of a medical practice that have costs associated with leases, supplies, and employee salaries. These overhead costs for a typical family physician, for example, can range from 30%-40% of gross billings. In recognition of that reality, in the fall of 2022, the Province announced a new compensation model for family physicians that will provide them with additional funding to ensure they receive roughly the same net compensation as hospitalists who do not have to bear overhead costs. The *Longitudinal Family Practice* (LFP) compensation model came into effect February 1, 2023, but as described below, does not amount to across the board increases for those family physicians who choose to opt into the model.

Compensation changes under the *Physician Master Agreement*

The compensation base for physicians as of April 1, 2022 was $5,374M. The changes to the *Physician Master Agreement* ratified in December 2022 provide an incremental increase to the physician compensation base of about $708M over three years, which represents a total increase of 13.2% to the compensation base. To be clear, this is not a 13.2% general wage increase across the board for physicians; it is a change to the overall compensation base which, as only <u>one</u> of its components, includes funding for general increases to the fees and rates that physicians may bill for services. While it is not realized on an individual physician basis, the 13.2% increase to the physician compensation base overall under the *Physician Master Agreement* is consistent with the 13.5% increase over three years available to the average bargaining unit employee under the 2022 Shared Recovery Mandate.[2]

Of the $708M increase to the physician compensation base, approximately 40% went to across the board increases to fees and rates that can be charged by physicians who bill under a fee-for-service arrangement, resulting in an increase comparable to what would be considered a general wage increase in a traditional collective agreement. The increases to fees and rates are incremental, with a 3% increase in the first year, 2% in the second year, and 1% in the third year, for a total of a 6% increase over three years on the fees and rates charged by physicians. This funding was allocated on a "same-dollar-per-physician" basis that ensured lower-earning physicians receive a disproportionate amount of the funding. This is consistent with a principle of the 2022 Shared Recovery Mandate to provide greater increases to lower income individuals.

Further, if the Cost of Living Adjustment (COLA) provisions under the 2022 Shared Recovery Mandate are triggered by inflation exceeding the pre-determined levels, applicable fees and rates in the Physician Master Agreement will also be adjusted by the same additional percentage as will apply to the other public sector agreements (up to 1.25% in the second year and up to 1% in the third year). In essence, this change means that all physicians are seeing at least a 6% increase to the rates and fees that they can charge over the three years of the *Physician Master Agreement*, with the potential for an up to 8.25% increase if full COLA is triggered.

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[2] See Doctors of BC Q&A re: Physician Master Agreement, online: https://divisionsbc.ca/sites/default/files/Divisions/Victoria/Newsflash%20Uploads/2022-10/QA_Physician%20Master%20Agreement%20October%2031.pdf

The remaining 60% of the increased funding provided to the physician compensation base was used to provide targeted compensation increases to address specific priority areas, such as increasing the Business Cost Premium to offset overhead costs of a physician's practice,[3] increasing funding for rural programs, and supporting family physicians who provide community longitudinal family practice (LFP). These targeted compensation increases are not general wage increases; they do not apply across the board.

New Longitudinal Family Practice (LFP) compensation model

Family physicians represent approximately 30% of all physicians subject to the Physician Master Agreement (approximately 4,000 of 13,500). Announced concurrent to, but separate from, the negotiated changes to the *Physician Master Agreement* was a new LFP compensation model to address challenges in patient access and attachment to full service family practice physicians.[4] LFP is an alternative to the traditional fee-for-service model and family physicians had the option to choose to transition to this model beginning February 1, 2023.

LFP is a blended compensation model to support physicians in family practice who provide longitudinal family medicine care. It was developed to:

- recognize the complexity of longitudinal care;
- value the time spent with patients;
- resource family medicine clinics as critical healthcare infrastructure;
- acknowledge the value of indirect care and clinical administrative services; and
- support physician agency and flexibility in practice.

LFP supports family physicians by compensating for time, patient interactions, and the number and complexity of patients in their practice.[5]

Since the LFP model only came into effect on February 1, 2023, it is too early to know precisely what proportion of family physicians will move to this new model. As of February 28, 2023 roughly 2,000 of the approximately 4,000 eligible physicians have signed up for the new model so far.[6] It is not expected that all physicians will choose to opt-in to the LFP model; for some, doing so would actually mean a reduction in compensation.

Compensation provided under the LFP model is intended to be competitive to hospitalist compensation. The current annual service contract rate for hospitalists is approximately $300,000;

[3] The business cost premium is a premium that certain eligible physicians can claim for particular services rendered, where the physician provides eligible services in a community-based office in an eligible geographic location. It does not apply to all physicians, in all locations, or to all services. More information is available here: https://www2.gov.bc.ca/gov/content/health/practitioner-professional-resources/msp/physicians/business-cost-premium.
[4] B.C. Government News Release, Feb. 1, 2023: https://news.gov.bc.ca/releases/2023HLTH0011-000127
[5] The main website for the LFP model is here: https://www2.gov.bc.ca/gov/content/health/practitioner-professional-resources/msp/physicians/longitudinal-family-physician-lfp-payment-model.
[6] Source: Ministry of Health staff, March 3, 2023.

however, hospitalists do not have to pay overhead like a family physician, which means that the hospitalist service contract rates are more indicative of an actual take home salary.

Despite the goal of being competitive to hospitalist compensation, the compensation provided under the LFP model will be variable, rather than standardized. It will vary based on how the individual family physician responds to the various incentives of the model, which in part depends on highly variable physician billing and practice patterns. For example, to be eligible for the LFP model, a family physician must work a minimum of 0.2 of a full-time equivalent family physician, which means the physician must provide LFP services a minimum of once per week distributed equally over a year, and maintain a minimum panel of 250 active patients. However, a family physician who works closer to a full-time equivalent providing LFP services to an active patient panel of approximately 1,250 patients will benefit differently from the model.[7] Given that compensation will be dependent on variable factors, it is not possible to provide any estimates of average increases for family physicians who choose to opt into the LFP model.

Summary of potential sources of increases to compensation paid to family physicians

- The recently ratified *Physician Master Agreement* will result in a 13.2% increase to the physician compensation base consistent with increases under the 2022 Shared Recovery Mandate. This is not equivalent to a 13.2% general wage increase for all physicians.

- Through part of the increase to the compensation base, physicians paid pursuant to the *Physician Master Agreement* will see across the board increases to the rates and fees they may charge of 6% over the three years (2022/23 – 2024/25). This is comparable to a general wage increase in a collective agreement. Further, if COLA protections are triggered under the *2022 Shared Recovery Mandate*, there is a potential for an up to 8.25% increase to the rates and fees over the three years.

- The remainder of the funding increase to the physician compensation base is going towards targeted increases for specific priority areas including overhead costs of a physician's practice.

- Concurrent with, but separate from, the changes to the *Physician Master Agreement*, the new LFP compensation model for certain family physicians was announced last fall and implemented February 1, 2023 to improve access to family doctors in B.C.

- Compensation provided under the LFP model is intended to be competitive to hospitalist compensation, but will vary based on how individual family physicians respond to the various incentives of the model, given their individualized billings and practices.

- The potential increases under the LFP do not result in across the board increases for family physicians of any defined percentage.

[7] The LFP Payment Schedule is here: https://www2.gov.bc.ca/assets/gov/health/practitioner-pro/medical-services-plan/longitudinal-family-physician/longitudinal-family-physician-payment-schedule-2023-02-02.pdf. Appendix B sets out the background and principles of the LFP model. See also attached Ministry of Health PowerPoint Presentation re: LFP Payment Model, February 2023.

Longitudinal Family Practice (LFP) Payment Model

February 2023

BRITISH COLUMBIA | Ministry of Health

Refresh Primary and Community Care

BRITISH COLUMBIA | Ministry of Health

- Helping British Columbians who want a family doctor/physician (FP) find one through family practice clinics.
- Designing a new payment model that allows FPs to spend more quality time with patients and time supporting patient care and covering overhead costs.
- Ensuring FPs are recognized for:
    - hours worked;
    - services delivered;
    - number and complexity of patients.
- Make family medicine a more attractive career path for doctors in medical school.
- Establishing team-based care at the clinic level so a patient can easily access additional care.
- Clear and simple referral processes from family practice to other needed services.

Goal of new payment model

- Creating a model that works better for patients and family doctors.

- **For patients:**
  - Creating more opportunities for long-term, relationship-based care from longitudinal FPs.
  - Ensuring care for people who are not attached at this point of their life.

- **For doctors:**
  - Designing a new payment model that goes beyond the fee-for-service model to recognize the time required to provide overall patient care and accounts for overhead costs.
  - Design a new model that has clear accountabilities in terms of hours worked, number of services to be delivered, and number of patients and the complexity of patients.
  - Simplify ability to establish team-based care at the clinic level.
  - Better link family practice to other community health services (starting with seniors' care services; mental health and substance use services) through clear and simple referral process and a more integrated and better coordinated care through connected community health services.

Benefits of new model

BRITISH COLUMBIA | Ministry of Health

- Help recruit new family doctors and retain current ones by addressing inequities in compensation and the cost of over-head for longitudinal FPs.

- FPs will be able to spend more time with patients based on need and be compensated for coordinating care.

- Allows FPs to spend time on aspects of their work they were previously not compensated for, such as clinical administration, clinical teaching.

- Promotes/incentivizes patient access and attachment.

LFP Summary

- The new blended payment model is built around a full-time equivalent (FTE), full-service, FP:
  - Providing 1680 hours
  - 1250 patients of average complexity
  - 5000 encounters/visits a year
  - Rate - $385,000 per 1 FTE that will incrementally increase through the implementation of the new Physician Master Agreement
- Payment for 1 FTE:
  - Hours - Time ($32.50 per 15 minutes – 56.7% of total payment)
  - Access – Patient Interactions (8 codes $10 to $110 – 32.5% of total payment)
  - Attachment (Number of Patients attached to each FP) and Complexity of Patient Panel ($34 per patient of average complexity; quarterly payments)

  - Minimum 0.2 FTE (equivalent of 1 day per week on the model)
  - No maximum allowing individual choice to provide increased hours of service, number of visits, number of patients attached

Initial Eligibility Criteria

BRITISH COLUMBIA | Ministry of Health

- Commit to provide all the Required Services – includes:
  - Longitudinal primary care services
  - Submitting list of active patients by July 1, 2023, or within 3 months of registering
  - Have a minimum panel of 250 patients within 4 months of registering
  - Provide services minimum 1 day per week, distributed equitably across the year
  - Ensure non-panel services are no more than 30% of total services
  - Provide care consistent with virtual care guidance by the College (e.g., providing in person care)
  - Encourage patients to participate in survey about primary care experiences
  - Create Adequate Medical Records
  - Agree to the audit and assessment authority of the MSC
- Contribute to the rent, lease or other operating costs of their LFP clinic
- Not withdrawn from the LFP Payment Model within the past 12 months (or receive Medical Services Commission approval)
- Not be deemed Ineligible by the MSC

Ongoing Eligibility and Registration

BRITISH COLUMBIA | Ministry of Health

Ongoing Eligibility

- Meet the Initial Eligibility Criteria on an ongoing basis
- Submit Registration Code annually (Jan to Mar)
- Confirm panel of active patients each calendar year, as required

Registration

- Registration Code (98000) via Telplan
- Annual submission of registration code required (Jan to Mar)

Included Services

BRITISH COLUMBIA | Ministry of Health

- LFP Practice Services - geographically based
  - At LFP clinic
  - Virtual care service associated with LFP clinic (with facility exceptions)
  - Patient in home setting (but not in facility)
- Non-Panel Services
  - Patients not on the FP's panel or panel of another FP at same LFP clinic
  - No more than 30% of total services
    - In development - LFP transition option for episodic and focused practices that do not currently meet criteria.
- Maternity Services
  - Maternity services to patients who are not on the FP's panel or panel of another FP at the same LFP clinic are not part of the 30% non-panel services calculation

Excluded Services

BRITISH COLUMBIA | Ministry of Health

- Services at a facility (e.g., acute care, hospice, palliative or long-term care, etc.)
- Surgical procedures excluding those specifically included
- Medial Assistance in Dying
- Services to Residents of other Provinces and Territories
- Services to Other Countries and Non-beneficiaries
- Motor Vehicle Accident and WorkSafeBC Services
- Services Not Insured by the Medical Services Plan
- Services provided under Health Authority contract
- Services insured by legislation other than the Medicare Protection Act

Billing for Time

BRITISH COLUMBIA | Ministry of Health

- Time Codes submitted via Teleplan
  - Direct Patient Care (e.g., visit, virtual care, clinical teaching, etc)
  - Indirect Patient Care (e.g., charting, reviewing labs, care coordination, etc)
  - Clinical Administration (activities that may not be patient-specific but require the professional expertise of a physician for the management of the patient panel and practice)

- $32.50 per 15 minutes worked
  - Services must be provided (excludes breaks, on call when not providing care)
  - Start and end times of “shift” must be submitted
  - Billing for FP time only

Billing for Time

- Maximums:
  - 14 hours in a calendar day
  - 120 hours per 14 day period
  - Clinical Administration time – 10%of total time claimed (anticipate most will be in range of 5%)

- To support clinical teaching, allows FP to bill patient interactions provided by students, residents and trainees within requirements.
- Must include start and stop times for all FFS claims on day LFP is being billed

Billing for Patient Interactions

- Patient Interaction Codes
  - 98031 In-person interaction in a clinic ($25)
  - 98032 Virtual interaction by Phone or Video ($25)
  - 98021 In-person interaction with a standard procedure ($60)
  - 98020 In-person interaction with advanced procedure ($110)
  - 98033 In-person interaction in the patient's home ($100)
  - 98030 Consultation ($60)
  - 98034 In-person or video group interaction ($25/patient with maximum number of patients billed for based on time)
  - **98022 Minor procedure or diagnostic test provided with an in-person interaction ($10)**
- Fees are all-inclusive of services provided during interaction and only one can be billed for each patient interaction with exception to 98022 which can be billed in addition to an in-person interaction.

Billing for Patient Interactions

BRITISH COLUMBIA | Ministry of Health

- Maximums:
  - 50 patient interaction codes per calendar day
    - Excludes 98022 – Minor procedure or diagnostic test
  - 30% of Patient Interaction Codes for Non-Panel Services in one calendar year
    - Cannot bill FFS if 30% is exceeded

- Transition Period – during introductory year, working on provision to allow episodic and focused practices transition to meet LFP practice eligibility requirements.

Panel Payment

BRITISH COLUMBIA | Ministry of Health

- Quarterly payment for patient panel size (attached patients) and complexity
- Methodology to be jointly developed in 2023
- In the interim, calculation similar to FPSC's CLFP payment (i.e., MSOC methodology to measure patient attachment and Adjusted Clinical Group for complexity of each patient)
- Fees are all-inclusive of services provided during interaction and only one can be billed for each patient interaction with exception to 98022 which can be billed in addition to an in-person interaction.

Next Steps

- Panel and complexity payment - 2023
- Locums – Target March 2023
- Review of other services
  - Rural
  - Facility based services (e.g., in-patient care, maternity, palliative care, emergency department, etc)
- Funding for team-based care
- Other compensation models and programs/initiatives

References

- Ministry website: Longitudinal Family Physician (LFP) Payment Model - Province of British Columbia (gov.bc.ca) (https://www2.gov.bc.ca/gov/content/health/practitioner-professional-resources/msp/physicians/longitudinal-family-physician-lfp-payment-model)

- LFP Payment Schedule: longitudinal-family-physician-payment-schedule-2023-02-02.pdf (gov.bc.ca) (https://www2.gov.bc.ca/assets/gov/health/practitioner-pro/medical-services-plan/longitudinal-family-physician/longitudinal-family-physician-payment-schedule-2023-02-02.pdf)

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British Columbia · Video

B.C. launching new payment model for family doctors in 2023

Doctors say new model is a 'seismic shift,' with physicians able to leave fee-for-service system in February

Bridgette Watson · CBC News · Posted: Oct 31, 2022 10:21 AM PDT | Last Updated: October 31, 2022

The B.C. government, in partnership with Doctors of B.C. and B.C. Family Doctors, has developed a new payment method for family doctors it says will help recruit and retain more family physicians. (David McNew/Getty Images) comments

The government of British Columbia plans to launch a new payment model in February to try to recruit and retain more family doctors in the province, where one in five residents does not have one.

Provincial health officials announced the changes during a Monday news event, saying physicians will be able to stop participating in the current fee-for-service system in early 2023. Under that system, doctors are paid about $30 per patient visit, whether they're treating a common cold or a complex chronic health problem.

The new payment model will take into account factors that include how much time a doctor spends with a patient, the complexity of their needs, the number of patients a doctor sees daily, their administrative costs and the total number of patients a doctor supports through their office.

"We are making family practice the priority it should be," said Health Minister Adrian Dix.

- **Fee-for-service model is deterring aspiring family doctors from setting up practice: report**

Most family doctors in B.C. are independent contractors and run their practices as businesses, paying for such overhead costs as office space and staff and medical equipment. One of the complaints from family doctors has been the price of operating a practice, which, on average, is between $80,000 and $85,000 a year, an official said Monday.

The number of people without a family doctor in the province has grown from about 340,000 in 2003 to 908,000 in 2017 and is expected to be higher this year, according to Dix.

WATCH | Adrian Dix speaks about the details of the new agreement:

B.C. Health Minister Adrian Dix announces a new payment model for family doctors

4 months ago | 1:59

The new model is an alternative to the current fee-for-service system and comes with a significant pay increase.

Physician pay raise

Family physicians will be getting a significant raise under the new compensation model.

The provincial government says a full-time family doctor will be paid about $385,000 a year, up from the current $250,000, under the new three-year Physician Master Agreement reached with Doctors of B.C. last week.

In November 2021, a report published in the Canadian Family Physician journal found up-and-coming family doctors are choosing more hospital-based work and specialized practice rather than family medicine — in part because they're worried about the consequences of B.C.'s fee-for-service model.

In addition to pay increases, the government says in a statement that the funds will also cover income disparities and new hourly premiums for after-hours services.

- **In 1991, B.C. had more family doctors than it needed. So why are so many residents unable to find one now?**
- **B.C. makes temporary deal with paramedics in hopes of improving rural staffing**

Green Leader Sonia Furstenau said in a statement that while the announcement seems to address major concerns expressed by family doctors, it's important that the plan also measures outcomes.

Shirley Bond, former B.C. Liberal health minister and current opposition health critic, said while she is relieved to see some action, she would like to see more details.

She said while the plan mirrors what physicians and the opposition have been calling for, it is, at this stage, solely an announcement.

"What's missing are timelines, benchmarks, measurements, those kinds of things," said Bond.

B.C. Liberal Health Critic, Shirley Bond, says the new agreement addresses concerns at first glance but that the plan lacks concrete details. (CBC News)

Dr. Ramneek Dosanjh, president of Doctors of B.C., praised the new agreement Monday — calling it the best in the country and a "seismic shift" for the better in B.C.

The goal is not only to stabilize family practice, but to make it sustainable and rewarding, Dosanjh said in the statement.

"Everyone deserves a family doctor, and this new option is a major step toward making that goal a reality," he said.

The new master agreement, which was developed between the Doctors of B.C., the province and B.C. Family Doctors, must still be ratified by physicians.

Dr. Birinder Narang MBBS CCFP
@BirinderNarang · **Follow**

What @BCFamilyDoctors needed is here.

"The Longitudinal Family Physician Payment Model will be simple to use and easy to access for all doctors who are interested.

It is not a contract and does not involve the health authorities."

Thank you. Let's go.

#BCPoli

10:17 AM · Oct 31, 2022

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Dr. Renee Fernandez, the executive director of B.C. Family Doctors, says she believes the new model will allow family doctors that are doing other types of work across the province to return to the type of family medicine that they were trained to do and encourage those who are currently training to be family doctors to continue this type of community-based family medicine care.

"We'll be adequately funding the family medicine clinic infrastructure throughout the province and making it a viable work environment for family doctors and a viable clinical care environment for patients," she said.

The model also aims to pay physicians for the time spent dealing with paperwork and administrative burdens, work that is currently unremunerated.

Additionally, Fernandez says she wants to see family doctors and clinics move towards a team-based care approach where groups of doctors can work together with nurse practitioners, pharmacists, and social workers and create a high-functioning primary care system.

"So vacation coverage, what we call locum coverage for physicians is a critical step towards ensuring that physicians, like everyone else, can take a break or when they are ill, themselves, that there's someone to step in so that people can continue to receive care."

She says the model is the first step towards ensuring family doctors can do their jobs to take care of all five million British Columbians.

"Family doctors are not only health care providers. We're human beings, and so in order to provide the type of care that British Columbians need and deserve, we need the same human supports and working conditions that others do ... This new payment model and the physician master agreement that were announced today are a first step towards creating those tools and supports."

New roster system

The agreement would be accompanied with a new "roster'' system, to be introduced by mid-2023, where those looking for a family doctor can register to be linked with practices in their community instead of searching one out themselves, an official said Monday.

Dix said the payment model will help protect and strengthen B.C.'s health-care system. However, he said the government doesn't have a specific estimate for its impact in terms of the number of people who will get a family doctor, or the number of doctors recruited as a result.

"It's going to have a very, very positive effect. We can't be exact,'' he said, adding that it's not a one-step solution but is part of a broader overhaul of health services.

The new model aims to close the pay gap between family doctors and hospitalists, who are paid close to $300,000 a year to work in hospitals and have the same training but not the overhead costs.

The health ministry says physicians interested in participating in the new payment model will be able to register in January.

Doctors of B.C. president Ramneek Dosanjh said during a Monday press event that she supports the new master agreement, which must still be ratified by physicians. (CBC News)

Concerns raised about net reduction in patient-care capacity

Lindsay Hedden, an assistant professor of health services research at Simon Fraser University, worries there could be a net reduction in capacity for patient care at least in the short term as this new model is being rolled out.

"Instead of needing to churn through 25 or 30 patients in a day to keep the lights on in the clinic, [doctors will be] able to spend more time with each patient and see fewer of them, which is gonna have a net effect of actually contracting our capacity within this system," she said.

Hedden says the medical community has been overworked during COVID-19 and medical practices may end up scaling back to spend more time with each patient, which could ultimately be a great move but result in longer wait times to secure an appointment.

"Even if you're one of the lucky folks in our province who does have access to a family physician, there's going to be fewer appointments available on a given day," she said.

With files from Amy Smart at Canadian Press, Arrthy Thayaparan, Ali Pitargue

B.C. launching new payment model for family doctors in 2023

The B.C. government, in partnership with Doctors of B.C. and B.C. Family Doctors, has developed a new payment method for family doctors it says will help recruit and retain more family physicians.

PHOTO: ISTOCK

RCI

Posted: October 31, 2022 8:50 PM

Doctors say new model is a 'seismic shift,' with physicians able to leave fee-for-service system in February

The government of British Columbia is ushering in a new payment model for family doctors in February.

Provincial health officials announced the news Monday morning, saying physicians will be able to opt out of the current fee-for-service system in the new year. Under that system, doctors are paid based on the number of patients they see in a day.

The new model will take into account factors that include how much time a doctor spends with a patient, the complexity of their needs, the number of patients a doctor sees daily, as well as the total number of patients a doctor supports through their office and their administrative costs.

Most family doctors in B.C. are currently paid about $30 per patient visit, whether they're treating a common cold or a complex chronic health problem.

In September, Health Minister Adrian Dix acknowledged B.C. has been in a health-care crisis since at least the beginning of the COVID-19 pandemic.

- Fee-for-service model is deterring aspiring family doctors from setting up practice: report

The number of people without a family doctor in the province has grown from about 340,000 in 2003 to 908,000 in 2017 and is expected to be higher this year, he said.

Since he became health minister in 2017, Dix said, 38,000 new staff have been added to the health system in B.C.

WATCH | Adrian Dix speaks about the details of the new agreement:

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B.C. HEALTH MINISTER ADRIAN DIX ANNOUNCES A NEW PAYMENT MODEL FOR FAMILY DOCTORS

51 minutes agoDuration1:59The new model is an alternative to the current fee-for-service system and comes with a significant pay increase.

Physician pay raise

Addressing the press and public Monday, Dix said the new payment model will make it more attractive for doctors to enter family practice and to retain existing physicians. He said it will give family doctors the flexibility and autonomy to create the kind of practice that works for them.

“ We are making family practice the priority it should be, ” said Dix.

Family physicians will be getting a significant raise under the new compensation model.

The provincial government says a full-time family doctor will be paid about $385,000 a year, up from the current $250,000, under the new three-year Physician Master Agreement reached with Doctors of B.C. last week.

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In addition to pay increases, the government says in a statement that the funds will also cover income disparities and new hourly premiums for after-hours services.

The statement says the agreement provides more equitable payment for the work of family doctors and better recognizes their value in providing full-service primary care to patients.

Full-service family doctors are those who work in communities to provide ongoing primary-care services for their patients.

Dr. Ramneek Dosanjh, president of Doctors of B.C., praised the new agreement Monday — calling it the best in the country and a “ seismic shift ” for the better in B.C.

The goal is not only to stabilize family practice, but to make it sustainable and rewarding, Dosanjh said in the statement.

“ Everyone deserves a family doctor, and this new option is a major step toward making that goal a reality, ” he said.

The new master agreement, which was developed between the Doctors of B.C., the province and B.C. Family Doctors, must still be ratified by physicians.

In November 2021, a report published in the Canadian Family Physician Journal found up-and-coming family doctors are choosing more hospital-based work and specialized practice rather than family medicine — in part because they're worried about the consequences of B.C.'s fee-for-service model.

Bridgette Watson · CBC News

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In this file photo, Health Minister Adrian Dix speaks in the press theatre at the legislature in Victoria, on March 10, 2022. On Oct. 31, he announced a new payment model for family doctors. THE CANADIAN PRESS/Chad Hipolito

B.C. announces long-awaited new payment model for family doctors to launch in 2023

New model promises compensation based on time spent, complexity of visits

JANE SKRYPNEK / Oct. 31, 2022 10:20 a.m. / NEWS

B.C. announced a new payment system for family doctors Monday (Oct. 31), which promises to compensate them based on total time spent rather than by patient visit.

The much-awaited new model will offer an alternative to the fee-for-service system, which family doctors have long pegged as one of the primary causes of the province's doctor shortage.

Under the fee-for-service system, doctors are paid around $30 per visit regardless of its complexity or length and regardless of how much time they spend on patients outside their actual appointments. Family physicians say the model has left them underpaid and burned out.

In 2021/22, the average full-time family physician made $250,000, according to the Ministry of Health. However, an estimated 30 to 35 per cent of that, or $80,000 to $88,000, went to overhead costs, leaving doctors with a salary far lower than their health-care equivalents in hospitals.

A significant pay increase

Co-developed by the province, Doctors of B.C. and B.C. Family Doctors, the new payment model looks to correct that with a 54 per cent increase in gross salary, and a system that compensates doctors for visits, hours, and volume and complexity of patients.

Beginning on Feb. 1, 2023, full-time family physicians who opt in to the new model will make $385,000 per year. This, the Ministry of Health says, is based on a doctor working 1,680 hours, holding a roster of 1,250 patients with average complexity and completing 5,000 visits a year.

Broken down, family physicians will make $25 per visit and $130 per hour. They'll make a starting amount of $41,600 per year based on the number of patients they see and the complexity of the patients' needs.

Doctors will also have the option to work more or less as desired, with a minimum of one day a week. There will be no maximum on the number of patients a doctor can take on or how many hours they can put in, but Health Minister Adrian Dix said they will likely set a daily visit maximum as a quality-control measure.

Whether doctors sign up for the new model or stick to the fee-for-service one will be completely up to them. The Ministry of Health says there are about 3,400 full-time family physicians who would currently qualify for it.

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A $708 million price tag

The cost of the new payment model is wrapped up inside the latest Physician Master Agreement, which the province and Doctors of B.C. tentatively agreed upon on Oct. 25. The three-year agreement still needs to be ratified, but proposes a $708 million cost increase by the end of the three-year contract over its predecessor. Beyond the pay increase for family doctors, the $708 million would also include new hourly premiums for after-hours services, increased funding for rural programs, enhanced physician benefits and more funding for the shift toward primary care networks, among other things.

Moving toward more integrated care

Longer term, the Ministry of Health says it is moving toward a system where patients can be seamlessly cared for by a team of health-care professionals, whether they need to see a doctor, a nurse practitioner, a social worker or a mental health professional. It says it's working on a referral system for family doctors so when they encounter a patient with substance use or mental health challenges, for instance, they can easily connect that person with the supports they need.

Once all of B.C.'s primary care networks are in place, the Ministry of Health says there will also be a system linking family practice clinics with urgent care, walk-in and virtual care clinics. This will allow for easy referrals, and the transfer of doctors and nurse practitioners between clinics if needed to cover vacation time, sick days and parental leave.

Beginning mid-2023, the ministry is also promising its first-ever provincial rostering system, where patients looking for a family physician can sign up. The onus will then be on the province to find a doctor for people, the ministry says.

All of the new changes are the result of months of discussions between the Ministry of Health, Doctors of B.C. and B.C. Family Doctors. Prior to Monday's announcement, the province promised $118 million in interim funding to help cover family physicians' overhead costs until the new payment model came into place, new prescribing powers for pharmacists to take some weight off doctors, fewer barriers for internationally-educated doctors, and 128 new medical school spots to be rolled out between fall 2023 and 2028.

Doctors of B.C. estimates there are close to one million British Columbians currently living without a family doctor.

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