

# **TABLE OF CONTEXT**

- 1. BROUGHTON ARCHIPELAGO FISH FARM**
- 2. UNDRIP**
- 3. OPPOSITION ETHICS RECORD**
- 4. ACCOMPLISHMENTS – SERVICES**
- 5. OPPOSITION – BROKEN PROMISES**
- 6. OPPOSITION – MISMANAGEMENT**
- 7. ACCOMPLISHMENTS**
- 8. OPPOSITION – MAIN**
- 9. ACCOMPLISHMENTS – AFFORDABILITY**
- 10. INDIGENOUS RELATIONS & RECONCILIATION/ATTORNEY  
GENERAL/ADVANCED EDUCATION, SKILLS & TRAINING**

# Broughton Archipelago Fish Farms

## Highlights:

- Opposition MLAs may believe that meeting with First Nations about disputes regarding fish farms within their territorial claims will be bad for the aquaculture industry

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Page 03

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## Background:

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- **Wed, Aug 27, 2017:** Occupations of Marine Harvest fish farms at Midsummer and Swanson Islands began.
- **Tues, Oct 10, 2017:** Alert Bay visit from Premier, Minister of Agriculture, Minister of Indigenous Relations and Reconciliation, Minister of Transportation to hear the concerns of the Namgis, Dzwawdaenuxw, Kwikwasutnuxw Haxwa'mis, Mamlalikula, and Kuterra Nations.
- Conversation between Agriculture DM Wes Shoemaker with Fisheries DM Catherine Blewett regarding Animal and Plant Health Centre and aquaculture.
- **Fri, Oct 13, 2017:** Minister Popham sent a letter to Marine Harvest re: restocking fish farms in the Broughton Archipelago
- **Saturday, October 14, 2017:** Marine Harvest sends response to request to consider implications of restocking in the Broughton Archipelago.
- W5 Piece interview with Dr. Kristi Miller-Saunders made accusations re: Dr. Gary Marty and the data from the Animal Health Centre
- **Tuesday, October 17, 2017:** Phone conversation with Dr. Kristi Miller-Saunders about the accusations, asked for more details about the concerns raised in public.
- **Thursday, October 19, 2017:** Conversation with Dr. Jane Pritchard about the concerns with data produced by lab, and suggestions for how to review and verify the accuracy of data collected.
- Interview with Randy Shore regarding fish farms where he accused Minister Popham of launching an investigation into an individual.
- **October 25, 2017:** Review of Animal Health Centre launched. To be conducted by Don Wright.
- **January 30, 2018:** Meeting in Vancouver with five Broughton First Nations who are opposed to fish farms and staff from the Department of Fisheries and Oceans.

# UNDRIP

## Highlights:

- Every minister's mandate letter includes direction to review policies, programs, and legislation to determine how to bring the principles of [UNDRIP] into action in British Columbia.
- Some critics have tried to frame the "free prior and informed consent" clause as a veto for First Nations on economic development that impacts their territory.

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Page 06 to/à Page 07

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## Background:

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- The UN Permanent Forum on Indigenous People which ran from April 24 to May 5, 2017, in New York took as its key theme is the 10th anniversary of UNDRIP and the measures that have been taken to implement the declaration. It will also discuss violence against women. In a speech at the opening ceremonies Carolyn Bennett, federal minister of Indigenous and Northern Affairs Canada, formally retracted Canada's concerns on "free, prior and informed consent," which was a request made by a delegate of Canadian First Nations.
- On Feb. 22, 2017, the Prime Minister announced the creation of a working group to review laws and policies related to Indigenous people. This will include UNDRIP and supporting implementation of TRC calls to action.
- On May 10, 2016, Minister Bennett formalized Canada's position on UNDRIP. She confirmed Canada is a full supporter of UNDRIP, removing previous qualifications when Canada endorsed UNDRIP in 2010.
- In B.C., some First Nations have claimed that the declaration wording on "free, prior and informed consent" (FPIC) provides them a veto over land use decisions. The FPIC wording was a point of contention for the previous B.C. government.
- In October 2016, the First Nations Summit passed a resolution calling on B.C. to uphold Canada's "unqualified" endorsement of UNDRIP and commit to the implementation of TRC's 94 Calls to Action. They called on B.C. to follow Ontario's example on reconciliation through their "Statement of Ontario's Commitment to Reconciliation with Indigenous Peoples" in May 2016.
- Federal officials indicate that the government will adopt and implement UNDRIP in accordance with the Canadian Constitution and that UNDRIP "reflects the spirit and intent of our treaties."
- On Dec. 15, 2015, following the TRC's final report, the Prime Minister committed to "[working] with leaders of First Nations, Métis Nation, Inuit, provinces and territories, parties to the Indian Residential School Settlement Agreement, and other key partners, to design a national engagement strategy for developing and implementing a national reconciliation framework, informed by the Truth and Reconciliation Commission's recommendations." The approach of the strategy and framework haven't been defined.
- The TRC's Call to Action No. 41 says: "We call upon federal, provincial, territorial, and municipal governments to fully adopt and implement the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) as the

framework for reconciliation.” Sept. 13, 2017, is the 10th anniversary of the adoption of UNDRIP by the UN General Assembly.

- Canada’s intent is to position the adoption of UNDRIP within the Canadian Constitution and rely on existing mechanisms such as treaties and self-government agreements. The federal government does not see the adoption as giving a veto to First Nations.
- On November 20, 2017, federal Minister of Justice Judy Wilson-Raybould announced that the Liberal government would back Romeo Saganash’s private members bill that calls for the full implementation of UNDRIP.

Page 10 to/à Page 13

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# Opposition – Broken Promises

## Highlights:

- The old government had a long record of breaking promises to British Columbians

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Page 15 to/à Page 19

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# Accomplishments

## Background:

- BC's NDP government was sworn in on July 18, 2017.
- This is a list of accomplishments achieved since that time.

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Page 21 to/à Page 30

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# Accomplishments - Affordability

## Highlights:

- Actions the Government is taking to make life more affordable for British Columbians.

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Page 32 to/à Page 36

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## Confidential Issues Note - ADVICE TO MINISTER

Ministry of Indigenous Relations and Reconciliation

Date: Jan. 9, 2018

Minister Responsible: Hon. Scott Fraser

### LNG – First Nations

#### RECOMMENDED RESPONSE:

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#### GOVERNMENT SUPPORT FOR LNG DEVELOPMENT:

- **British Columbia's new government supports LNG development, with four conditions:**
  - **LNG projects must offer jobs and training for British Columbians, especially jobs for local people.**
  - **The people of B.C. must get a fair return for our resources.**
  - **LNG projects must secure full partnerships with local First Nations.**
  - **LNG projects must complete a made-in-B.C. environmental assessment and respect our commitments to combating climate change.**

#### KEY FACTS:

- The Province is applying a three-pillar approach to ensure First Nations communities can participate and benefit from B.C.'s LNG opportunity: providing financial benefits that encourage financial growth in First Nations communities; enhancing environmental stewardship opportunities and land management; and, offering skills training so First Nations members can access employment and training opportunities.
- Here are the overall Pipeline Benefits Agreements B.C. has with First Nations for four pipeline projects:

## Confidential Issues Note - ADVICE TO MINISTER

s.16

PROJECT	Signing bonus \$M (paid)
Coastal GasLink	\$4.5
PRGT	\$4.6
Westcoast Connector Gas Transmission	\$1.6
Pacific Trail Pipeline	\$3.0
<b>TOTAL</b>	<b>\$13.7</b>

- To date, 25 First Nations have received approximately \$13.7 million in payments, provided through 46 natural-gas Pipeline Benefits Agreements that are in effect with British Columbia. Another 18 natural-gas Pipeline Benefits Agreements are signed with First Nations but not in effect (for 64 total). These payments ensure that First Nations and their communities benefit from B.C.'s LNG opportunity.
- Total benefits paid out to First Nations on all pipeline and facilities agreements: \$43.9 million (\$30.2 million plus \$13.7 million).

### LNG DEVELOPMENT:

- B.C. invited Indigenous leaders affected by LNG-related development to meet in fall 2017 for discussions. The Ministry of Energy, Mines and Petroleum Resources partnered with the First Nations LNG Alliance to facilitate the discussions. Meetings were held in Prince George, Smithers, Fort St. John, Vancouver, and Terrace. The fall 2017 review of the LNG sector included First Nations, industry, the federal government, and communities.
- A report from the consultations will be made to government to discuss First Nations' insights into the emerging LNG industry and what we could do together to enhance the prospects of developing an LNG industry in British Columbia. A similar engagement is also occurring with LNG proponents in an effort to understand their views.

### PROJECT STATUS:

- On July 25, 2017, Petronas and its partners announced the cancellation of the proposed PNW LNG facility near Prince Rupert. On Sept. 14, 2017, Aurora LNG cancelled plans with Calgary-based Nexen to build an LNG plant on Digby Island in northwestern B.C. This proposed facility was part of the revenue-sharing agreements with the Metlakatla and Lax Kw'alaams First Nations. Both were export facilities included in the benefits agreements with Lax Kw'alaams, Metlakatla, Kitselas, and Gitga'a First Nations.
- The Coastal GasLink (TransCanada) pipeline project will service LNG Canada in Kitimat and is still under consideration. TransCanada recently submitted an amendment to its pipeline route in Wet'suwet'en territory. The Prince Rupert Gas Transmission Line (TransCanada) and the West Coast Connector Gas Transmission (Enbridge) project no longer have a client.
- On May 17, 2017, the Huu-ay-aht First Nation announced a \$3-million acquisition of three privately owned properties at Sarita Bay from Western Forest Products. The First Nation plans to use the newly acquired properties for the proposed liquefied natural gas project.
- The Huu-ay-aht First Nation announced in March 2017 that a majority of its members had voted in favour of supporting the Steelhead LNG export facility project at Sarita Bay, near Bamfield. The company plans to make a FID on Sarita Bay by the end of 2019, with the first production potentially targeted for 2024.
- In November 2017, Steelhead LNG announced the Sarita Bay project would be renamed Kwispaah (kwis-pah-ah) LNG to recognize the co-management relationship with Huu-ay-aht First Nation. Steelhead LNG also announced customer commitments for 15 million tonnes of LNG per year for this project.

## Confidential Issues Note - ADVICE TO MINISTER

- Bidding for the construction of the Kwispa LNG project could begin in early 2018. B.C. has no LNG facility or pipeline benefit agreements for this project.
- The Kwispa LNG project has not yet proceeded through its required environmental assessments – neither the facility, nor the pipeline – which would be required for provision of natural gas. Those environmental assessment processes would include consultation and accommodation with First Nations to address Aboriginal interests.

### B.C. AGREEMENTS:

- In February, 2017, the B.C. government announced LNG export facilities agreements with the Lax Kw'alaams Band and Metlakatla First Nation for potential export facilities in the Prince Rupert and Kitimat areas. In March 2017, the Kitselas and Gitga'at First Nations also entered into LNG benefits agreements for potential LNG export facilities in the same areas.
- The Province has negotiated economic benefit agreements with more than 40 First Nations for LNG-related infrastructure and activity, including for proposed LNG facilities and shipping (downstream), along proposed natural gas pipelines (midstream), and in recovery of natural gas from oil and gas fields (upstream).
- Some of the benefits agreements were designed to be brought in as parts of larger government-to-government and reconciliation agreements, while others are stand-alone benefits agreements.
- Midstream, the Province has benefits agreements with nearly every First Nation along the LNG pipeline corridor in the north. A total of 64 pipeline benefits agreements have been signed with 29 of 32 First Nations (more than 90%) for four proposed natural gas pipeline projects: Pacific Trail Pipeline (PTP) (Chevron), Prince Rupert Gas Transmission (PRGT) (TransCanada), Coastal GasLink (CGL) (TransCanada), and Westcoast Connector Gas Transmission (WCGT) (Spectra).
- First Nations that sign pipeline benefits agreements receive one-time signing payments, one-time benefits at the start of construction and again at the start of pipeline operation. The initial payment is made once the effective date of the agreement is triggered by the First Nation.
- B.C. will provide a share of \$10 million to First Nations annually for as long as a project is in service on each of the three new pipeline project proposals and for Pacific Trail Pipeline.
- There is one agreement for Pacific Trail Pipeline (signed in 2009) with a group of 16 First Nations that are represented by the First Nations Limited Partnership (PTP). Moricetown Band was the last to join in January 2015. Each of the 16 First Nations also has a "partnership agreement" with B.C. for PTP. \$32M will be provided to First Nations affected by Chevron's Pacific Trail Pipeline project that would be built to deliver gas to the proposed Kitimat LNG site on the northwest coast.
- On the South Coast, the Province has been negotiating agreements with Squamish Nation for benefits related to the proposed Woodfibre LNG facility and associated Eagle Mountain Pipeline expansion. The Province has also planned to further negotiate benefit offers with three other Lower Mainland nations for the proposed pipeline.
- B.C. has also completed several revenue-sharing agreements, with the Metlakatla and Lax Kw'alaams First Nations, related to Sole Proponent Agreements with Aurora LNG and Woodside regarding Crown land development.

Communications contact: Cale Cowan

Program area contact: Giovanni Puggioni

## Confidential Issues Note - ADVICE TO MINISTER

<b>Ministry of Indigenous Relations and Reconciliation</b> <b>Date:</b> Feb. 28, 2018 <b>Minister Responsible:</b> Hon. Scott Fraser	<b>Federal budget 2018 – Indigenous commitments</b>
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### RECOMMENDED RESPONSE:

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## Confidential Issues Note - ADVICE TO MINISTER

### TREATY LOANS:

- The federal government announced through its 2018 budget it would move from loans to non-repayable contributions to funding Indigenous participation in treaty negotiations.
- Canada also said it would engage with Indigenous groups to address past and present negotiation loans, including forgiveness of loans.
- s.13,s.16

- The treaty negotiation cost-sharing model was divided into 80% loans (funded by Canada) and 20% contributions, funded 40% by B.C. and 60% by Canada. s.13,s.16
- s.12,s.13,s.16

- s.13,s.16

MIRR  
currently pays about \$3 million per year in non-repayable contributions from its core budget.

### FEDERAL INDIGENOUS BUDGET COMMITMENTS:

- Federal budget 2018 commits \$5 billion over five years on housing and water infrastructure; increased support for Indigenous children and families; building the capacity of Indigenous governments; and accelerating self-determination and self-government (treaty) agreements.
- A number of budget sections take a “distinctions-based approach” that recognizes the unique needs of First Nations, Inuit and the Métis Nation.
- Significant funding commitments:
  - \$1.4 billion in new funding over six years, starting in 2017–18, for First Nations child and family services.
  - Additional \$172.6 million over three years, beginning in 2018–19, to improve access to clean and safe drinking water on reserve.
  - \$2 billion over five years, and \$408.2 million per year ongoing, to support the creation of a new Indigenous Skills and Employment Training Program (to replace the Aboriginal Skills and Employment Training Strategy).
  - Additional \$600 million over three years to support housing on reserve as part of a 10-year First Nations Housing Strategy that is being developed with First Nations.
  - \$500 million over 10 years to support the Métis Nation’s housing strategy.
  - \$1.5 billion over five years, to improve Indigenous health outcomes, starting in 2018–19, and \$149 million per year ongoing.
  - \$248.6 million over three years, starting in 2018–19, for services, including mental health and emotional supports to survivors and their families for the duration of the Indian Residential School Settlement.
  - \$143.5 million over five years, beginning in 2018–19, and \$19 million per year ongoing support the expansion of the First Nations Land Management Act.
  - \$613 million over five years to support rights and self-determination. This includes:
    - National engagement process to create a Recognition and Implementation of Rights Framework (previously announced);

## Confidential Issues Note - ADVICE TO MINISTER

- \$51.4 million over two years to continue support for federal and Indigenous participation in the Recognition of Indigenous Rights and Self-Determination discussion tables;
- \$188.6 million over five years, starting in 2018–19, to support strong Indigenous institutions and to advance the new fiscal relationship with First Nations;
- \$189.2 million in 2018–19 to begin the implementation of new fiscal policy reforms that have been co-developed with self-governing Indigenous peoples in Canada;
- \$101.5 million over five years, starting in 2018–19, to support capacity development for Indigenous Peoples. Funding would be made available to Indigenous groups to support activities that would facilitate their own path to reconstituting their nations.

Communications Contact: Edward Hill

Program Area Contact(s): Barb Miles; Badema Karabegovic

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## Confidential Issues Note - ADVICE TO MINISTER

<b>Ministry of Indigenous Relations and Reconciliation</b> Date: Feb. 27, 2018 Minister Responsible: Hon. Scott Fraser	<b>First People's Cultural Council Funding</b>
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### RECOMMENDED RESPONSE:

- For too long, support for Indigenous language preservation has been neglected.
- We're supporting the important work of the First Peoples' Cultural Council so that Indigenous communities can reclaim connections to their language and culture.
- All Indigenous languages in B.C. are severely endangered.
- Investing in language revitalization is an important way to support Indigenous people in connecting with their communities, land and cultures.
- It is critical to their identity and the key to reconciliation.
- The First Peoples' Cultural Council is an internationally recognized Indigenous-led B.C. Crown agency heading up this important and urgent work.
- We are thrilled to have the opportunity to work with First Peoples' Cultural Council.
- This Indigenous organization is leading the way in meeting the recommendations of the Truth and Reconciliation Commission and the United Nations Declaration on the Rights of Indigenous Peoples - for the benefit of Indigenous people and all British Columbians.

### Funding:

- In 2016/17, the Province provided more than \$1.8 million in annual operating funding to the First Peoples Cultural Council, and has committed a similar amount for the current fiscal year.
- The Province is also providing \$50 million to the First Peoples' Cultural Council, and is working with the First Peoples on a plan to manage and allocate that funding in ways to make significant strides to revitalize B.C.'s Indigenous languages.
- The First Peoples' Cultural Council will be seeking to co-ordinate this work through partnerships with Indigenous communities and organizations, and other provincial ministries and agencies – such as Advanced Education and Skills Training and Education – on the strategy to revitalize B.C.'s Indigenous

## Confidential Issues Note - ADVICE TO MINISTER

languages.

- **More information on the plan going forward will be available when it is finalized.**

### KEY FACTS:

- The Feb. 20, 2018 provincial budget announced \$50M for the First Peoples' Cultural Council of one-time year-end funding to support language preservation and revitalization. The funding from 2017/18 is being provided through a three-year funding grant to address the current crisis of languages that may disappear forever.
- B.C. and the First Peoples' Cultural Council are also seeking federal support for this effort.
- MLA Mike Morris has publicly criticized the funding, saying that it would be better spent providing additional policing to deal with crime in First Nations communities.

### BACKGROUND:

- The 2017/18 – 2019/20 First Peoples' Cultural Council (FPCC) Service Plan noted the organization faces challenges with existing resources, primarily meeting the language and cultural revitalization needs of all 203 First Nations and 34 languages.
- FPCC receives funding from the Province of British Columbia, the Government of Canada, the New Relationship Trust, the BC Arts Council and various non-governmental agencies.
- FPCC has asked for greater funding from the Ministry of Indigenous Relations and Reconciliation (MIRR). The minister's mandate letter priorities include supporting Indigenous communities seeking to revitalize connections with their languages.
- The ministry committed more than \$1.7 million to the First Peoples' Cultural Council (FPCC) in 2017/18. This is an increase of \$700,000 on the previous two fiscals, due to MIRR making up a \$500,000 shortfall from the New Relationship Trust, and an additional \$200,000 being provided to support planning and engagement work.
- Part of the council's funding comes from the First Citizens Fund. In recent years, earned revenue from the fund has declined. Despite the decline, MIRR maintained funding levels of \$1,051,000 per year in 2015/16 and 2016/17. (\$600,000 of this comes from the First Citizens Fund).
- Canada, through the Department of Canadian Heritage has increased funding to Indigenous languages nationally through the Aboriginal Language Initiative. Canadian Heritage has contributed \$2.6M to FPCC in fiscal 2017/18 (an increase from \$800,000 in previous years). This level of funding should sustain until 2020 when the national Indigenous legislation process has completed and resulted in clarity in how Canada will fund Indigenous languages.

### Relationship with provincial ministries

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Page 45

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## Confidential Issues Note - ADVICE TO MINISTER

Ministry of Indigenous Relations and Reconciliation

Updated: Feb. 27, 2018

Minister Responsible: Hon. Scott Fraser

### Unist'ot'en Action Camp

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- Our government is committed to a different approach with First Nations than the previous government, one based on respect and recognition, and true government-to-government relationships.

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- The United Nations Declaration on the Rights of Indigenous Peoples includes the rights to self-determination, to be free from discrimination, to have access to education, healthcare and equitable social and economic outcomes.

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#### *Four conditions of LNG...*

- British Columbia's new government supports LNG development, with four conditions:
  - LNG projects must offer jobs and training for British Columbians, especially jobs for local people.
  - The people of B.C. must get a fair return for our resources.
  - LNG projects must secure full partnerships with local First Nations.
  - LNG projects must complete a made-in-B.C. environmental assessment and respect our commitments to combating climate change.

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## Confidential Issues Note - ADVICE TO MINISTER

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### KEY FACTS:

- s.13,s.16
- The camp is located at kilometer 66 of the Morice West Forest Service Road (FSR) where the FSR crosses the Morice River (Bridge). The camp is on Provincial Crown land and includes an increasing number of buildings and at least two separate gates on the bridge.
- Since May 2013, the activist camp has established a checkpoint that functions as a blockade that has delayed development on pipeline projects, forestry activities, stalled environmental management and monitoring and archeological assessments, and restricted public access.
- In the fall of 2016, B.C. became aware of a metal gate installed at the Morice River Bridge and functioning alongside the Unist'ot'en checkpoint.
- In February 2017, Ministry of Forests, Lands and Natural Resource Operations (FLNR) Assistant Deputy Minister of Integrated Resource Operations sent a letter to the Unist'ot'en to inform them that the gate appeared to be a contravention of section 6(3) of the Forest Service Road Use Regulation (FSR Regulations) and to request its removal. A second gate appeared shortly after the letter was sent and no further action has been taken by government since then.
- Current pipeline proposals affected by the protest camp include Chevron's Pacific Trail Pipeline (natural gas), and TransCanada's Coastal GasLink (natural gas).

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## Confidential Issues Note - ADVICE TO MINISTER

- **Media:** There is active coverage of the camp through both traditional media through outlets like Discourse and the Georgia Straight, as well as social media. In addition, the past government was accused in the media for allegedly tying funding Indigenous children in care to Witset's pending LNG pipeline approval.

### WET'SUWET'EN GOVERNANCE AND HEREDITARY LEADERS:

- The Unist'ot'en Camp is located in an area where the Wet'suwet'en Nation is assessed as having strong Aboriginal rights and title claims. The Unist'ot'en are a self-identified faction of the Dark House, one of thirteen houses that make up the Wet'suwet'en Nation.
- s.16 the Province has made extensive efforts to work with both the Wet'suwet'en Nation and its Hereditary Chiefs to seek a resolution. s.13,s.16
- s.13,s.16
- Four of the five Wet'suwet'en Indian Act bands have signed and announced Pipeline Benefits Agreements with the Province for TransCanada's proposed Coastal GasLink pipeline. Skin Tyee, Nee-Tahi-Buhn, and Wet'suwet'en First Nation have agreements that have been announced and are in effect. Witset (formerly Moricetown) Band's agreement has been announced, but is not in effect.
- A general election was held Aug. 10, 2017 for Witset and Viktor Jim is the new chief. Unist'ot'en has two representatives on the 12-person council – Chief Knedebeas, and Unist'ot'en spokesperson Freda Huson (Knedebeas' niece).
- The OW has signed a child-welfare agreement with hereditary chiefs, Witset, Hagwilget, and the Ministry of Children and Family Development. The agreement is reportedly pulling the community together and having an overall positive effect.

Communications Contact: Leanne Ritchie  
Program Area Contact: Janice Franklin, Linda Robertson, Rhea Wilson (JAG),  
File Created: January 12, 2016

## ADVICE TO MINISTER

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### BACKGROUND:

On February 27, 2018 the federal government released its 2018/19 budget. The budget's main themes are Equality + Growth: A Strong Middle Class. The budget contains a new EI parental benefit, modest funding for housing initiatives, but no new infrastructure spending.

The federal budget projects real GDP growth of 2.2% in 2018 and 1.6% in 2019. Budget 2018 forecasts deficits of \$19.4 billion in 2017/18 and \$18.1 billion in 2018/19 (note: the 2018/19 amount includes \$3 billion adjustments for risk). The fiscal plan does not forecast returning to surplus over the fiscal planning period. The federal finance minister also told reporters that Canada has the lowest net debt to GDP of all the G-7 countries.

### Key BC Priorities

- \$231.4 million over the next five years to fight Canada's opioid crisis, including \$150 million in one-time funding for the **opioid crisis** and while allocation has yet to be determined it notes that BC has been at the forefront of the crisis (a per capita share would be \$20 million).
- To support the construction of **rental housing**, an increase in the amount of loans provided by the Rental Construction Financing Initiative from \$2.5 billion to \$3.75 billion over the next three years.
- A new Employment Insurance Parental Sharing Benefit funds up to five weeks of leave for new fathers to support sharing of **child care** responsibilities in the first years is expected to be available starting June 2019.
- Increased Reporting Requirements for Trusts – **Beneficial Ownership**: The CRA will require certain trusts to file annual returns that identify the trustees, beneficiaries, settlors and protectors (individuals with influence over the trustees) in 2021 and subsequent tax years.
- \$5 billion over the next five years toward **reconciliation with Indigenous** peoples.
- \$328M over 5 years for **Guns and Gangs** (p. 208)
- \$62.5 million over 5 years, starting in 2018–19, for public education initiatives to support the involvement of community-based organizations and Indigenous organizations that are educating their communities on the risks associated with **cannabis** use. Total spending on public education related to cannabis will be on par with the per-capita amounts spent by the State of Washington in its own experience with the legalization and strict regulation of cannabis.

Communications Contact:

Melissa Peters

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Program Area Contact:

File Created:

February 27, 2018

File Updated:

File Location:

Program Area	Comm. Director	Deputy	Minister's Office
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**2018 FEDERAL BUDGET**  
**Analysis from Budget Lockup**  
*BC Ministry of Finance*

## HIGHLIGHTS

### Fiscal Balance After Budget Measures

- Economic and fiscal developments since the fall update have improved the fiscal outlook by \$3-4 billion per year, although budget measures exceed those impacts.
- Budget 2018 forecasts deficits of \$19.4 billion in 2017/18 and \$18.1 billion in 2018/19 (compared to deficits of \$18.4 and \$15.6 billion, respectively, in the fall update).
- s.16

#### Federal Balance Projections (Deficit) (\$ billions)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Budget 2018	-19.4	-18.1	-17.5	-16.9	-13.8	-12.3

### Key BC Priorities

- \$150 million in one-time funding for the opioid crisis and while allocation has yet to be determined it notes that BC has been at the forefront of the crisis (a per capita share would be \$20 million).
- An additional \$80 million in 2018/19 and \$150 million in 2019/20 for federal-provincial Labour Market Development Agreements, with an additional \$10 million from existing departmental resources, to test new approaches to help workers in Seasonal Industries. Allocation is to be determined; if per capita, BC's share would be about \$10 million in 2018/19 and \$20 million in 2019/20.
- To support the construction of rental housing, an increase in the amount of loans provided by the Rental Construction Financing Initiative from \$2.5 billion to \$3.75 billion over the next three years.

### Major Transfers

- Budget 2018 proposes legislative changes that would allow provinces to recoup CHT amounts deducted as a result of extra-billing and user fees.
- For Equalization, the Budget does not implement the change to the treatment of property tax proposed in fall 2018.

### Other Major Expenditure Announcements

- \$4.8B over 5 years for Indigenous reconciliation initiatives. Includes \$1.5B for keeping children safe, \$1B (re-allocated) for Housing, \$500M for Indigenous Skills Training, \$250M for survivors of Residential Schools, and \$600M for work supporting Rights and Self Determination. (pp. 125-146)
- Outside of the investments in changes to EI that benefit women, additional gender-based new spending is not large, but includes: \$100M for women's community organizations through Status of Women Canada to promote fairness and help vulnerable women (p.53) and minor amounts to support Women in Trades (\$20M), Women Entrepreneurs (\$115M), helping Women Newcomers (\$32M), and attracting women to the trades (\$10M), More Women and Girls in Sport (\$30M), etc. (pp. 60-62, 110)
- \$100M to develop new satellite technology to improve Rural Broadband service (p. 120)

- National cyber security strategy - \$500M over 5 years. (p. 203)
- \$328M over 5 years for Guns and Gangs (p. 208)

### **Major Revenue/Tax Initiatives**

- Enhancement of the Working Income Tax Benefit.
  - The working income tax benefit is increased and renamed the Canada Workers Benefit.
  - BC will need to renegotiate the distribution of this benefit in BC, but work to do so is already underway.
- Passive Investments Measure 1 – Access to the Small Business Rate
  - The small business corporate income tax rate is only available for a corporation's first \$500,000 of income.
  - Small business corporations with passive investment income in excess of \$50,000 will see their \$500,000 limit phased out; it is completely eliminated at \$150,000 of passive investment income.
- Passive Investments Measure 2 – Refundability of the Refundable Tax on Investment Income
  - Going forward, the refundable tax paid on a corporation's investment income will only be refunded when dividends are paid from the corporation's income that was subject to the small business rate.
  - This makes it more difficult to defer income tax at the owner's personal level as more dividends must be paid to trigger a of the refund of refundable tax.
- Increased Reporting Requirements for Trusts – Beneficial Ownership:
  - The CRA will require certain trusts to file annual returns that identify the trustees, beneficiaries, settlors and protectors (individuals with influence over the trustees) in 2021 and subsequent tax years.

### **Economic Situation and Outlook**

- Budget 2018 projects real GDP growth of 2.2% in 2018 and 1.6% in 2019.

## FISCAL OUTLOOK

- Budget 2018 forecasts deficits of \$19.4 billion in 2017/18 and \$18.1 billion in 2018/19 (note: the 2018/19 amount includes \$3 billion adjustments for risk).<sup>s.13</sup>

### Federal Fiscal Balance After Adjustments for Risk (\$ billions)

Source	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Budget 2018		-19.4	-18.1	-17.5	-16.9	-13.8	-12.3
Fall Update 2017	-17.8	-19.9	-18.6	-17.3	-16.8	-13.9	-12.5
Budget 2017	-17.8	-19.9	-18.6	-17.3	-16.8	-13.9	-12.5

- Based on Table 1 on page 25 and Table A1.2 on page 302 of the Budget, the fiscal balances for 2017/18 and 2018/19 have been impacted by economic and fiscal developments and 2017 Budget measures:
  - Economic and fiscal developments since the 2017 Fall Update have improved the federal fiscal outlook by \$3.0 billion in 2017/18 and \$3.6 billion in 2018/19;
  - Budget measures in Budget 2018 are forecast to cost \$6.3 billion in 2017/18 and \$5.4 billion in 2018/19;
  - Measures taken since Fall Update: the reprofiling of infrastructure announcements had the largest impact to the budget between budgets reducing spending by almost \$2.7 billion in 2017/18.
  - Adjustments for risk (contingency amounts) in Budget 2018 are lowered to zero (from \$3 billion) in 2017/18 and \$3.0 billion in 2018/19; by comparison:
    - In most years the previous federal government had \$3.0 billion adjustments for risk (with a notable exception of their Budget 2015, in which adjustments were reduced to \$1.0 billion).
    - Budget 2017 reduced the economic projections in a way that implicitly provided a \$6 billion buffer (by reducing nominal GDP by \$40 billion per year);
    - Fall Update 2016 presented fiscal projections with no buffer at all.

### Changes to Fiscal Balance Since Fall Update (\$ billions)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Fall Update Underlying Balance <sup>1</sup>	-18.4	-15.6	-14.3	-13.8	-10.9	-9.5
Economic & Fiscal Developments	3.0	3.6	4.1	3.5	2.8	2.8
Budget Underlying Balance <sup>1</sup>	-15.4	-12.0	-10.3	-10.3	-8.1	-6.7
Measures Taken Since Fall Update	2.4	2.2	-1.7	-1.6	-0.5	0.3
Budget 2018 Measures	-6.3	-5.4	-2.6	-2.0	-2.2	-3.0
Budget Balance Before Risk Adj.	-19.4	-15.1	-14.5	-13.9	-10.8	-9.3
Risk Adjustment	n/a	-3.0	-3.0	-3.0	-3.0	-3.0
Budget 2018 Fiscal Balance	-19.4	-18.1	-17.5	-16.9	-13.8	-12.3

<sup>1</sup> Underlying Balance is the fiscal balance without adjustment for risk.

\* A positive number for Revenue Measures indicates a reduction in federal revenue.

- Table 1 on page 25 summarizes the fiscal impact of measures in Budget 2018 as follows:

**Fiscal Impact of Measures in Budget 2018 (\$ billions)**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Growth	0.0	0.3	-0.1	0.3	0.2	0.3
Progress	0.0	-0.9	-1.2	-1.4	-1.4	-1.6
Reconciliation	-0.1	-1.4	-1.2	-0.8	-0.7	-0.6
Advancement	-4.2	-1.8	-1.3	-1.3	-1.2	-0.6
Other	-2.1	-1.6	1.1	1.1	0.9	-0.4
Total	-6.3	-5.4	-2.6	-2.0	-2.2	-3.0

- Spending in 2018/19 is budgeted to increase by \$9.5 billion (2.9%), after growing by \$17.7 billion (5.7%) in 2017/18.
- Revenue in 2018/19 is budgeted to increase by \$13.8 billion (4.4%), after growing by \$16.1 billion (5.5%) in 2017/18.

## KEY INTERGOVERNMENTAL PRIORITIES

BC Priority	Page(s)	Key Details												
Opioids	167-171	<p><b>Addressing the Opioid Crisis</b></p> <table><tr><th><u>2018/19</u></th><th><u>2019/20</u></th><th><u>2020/21</u></th><th><u>2021/22</u></th><th><u>2022/23</u></th><th><u>Total</u></th></tr><tr><td>165</td><td>24</td><td>16</td><td>14</td><td>12</td><td>231</td></tr></table> <ul style="list-style-type: none"><li>▪ \$231.4 million over five years, starting in 2018–19, with \$1.9 million in remaining amortization and \$13.5 million per year ongoing. Profile:</li><li>▪ These funds will be used for:<ul style="list-style-type: none"><li>▪ Providing one-time emergency funding of \$150 million for provinces and territories for multi-year projects that improve access to evidence-based treatment services. The funding allocation has yet to be determined, whether per capita, based on need, or a combination. Budget 2018 notes that "British Columbia has been at the forefront of this crisis" (page 167) <b>Estimated BC share if per capita: \$20 million</b></li><li>▪ Launching a public education campaign to address stigma that creates barriers for those seeking treatment.</li><li>▪ Improving access to public health data and analysis to better understand the opioid crisis and inform strategies to address it.</li><li>▪ Equipping border agents with detection and identification tools to intercept fentanyl and other substances at ports of entry.</li><li>▪ Expanding the Substance Use and Addictions Program to develop innovative approaches to treatment and prevention.</li></ul></li><li>▪ The budget notes that funding for First Nations addresses substance use, including opioids.</li></ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>	165	24	16	14	12	231
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>									
165	24	16	14	12	231									
Housing	39-41	<p><b>Building More Rental Housing for Canadian Families</b></p> <table><tr><th><u>2018/19</u></th><th><u>2019/20</u></th><th><u>2020/21</u></th><th><u>2021/22</u></th><th><u>2022/23</u></th><th><u>Total</u></th></tr><tr><td>31</td><td>35</td><td>36</td><td>9</td><td>4</td><td>114</td></tr></table> <ul style="list-style-type: none"><li>▪ Increase the amount of loans provided by the Rental Construction Financing Initiative from \$2.5 billion to \$3.75 billion over the next three years to support projects that address the needs of modest- and middle-income households struggling in expensive housing markets. Expected to spur construction of more than 14,000 new rental units across Canada.</li><li>▪ The Government proposes to provide \$113.6 million over five years, starting in 2018–19, to Canada Mortgage and Housing Corporation to expand the Rental Construction Financing Initiative.</li><li>▪ Budget 2018 also addresses housing for First Nations (see below)</li></ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>	31	35	36	9	4	114
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>									
31	35	36	9	4	114									
Infrastructure	39	<ul style="list-style-type: none"><li>▪ In Apr. 2017, CMHC introduced the Rental Construction Financing Initiative, that provides \$2.5B over 3 years in low cost loans to construct new rental housing. The amount is now increased to \$3.75B. For modest and middle income earners in "expensive markets."</li><li>▪ No mention in Budget 2018 of any new infrastructure investments.</li></ul>												

		save for some digital infrastructure investments and the housing loan program noted above.												
Child Care & Early Learning	50-52 249	<b>More Accessible and Affordable Early Learning and Child Care</b> <ul style="list-style-type: none"><li>▪ A new Employment Insurance Parental Sharing Benefit to support sharing of child care responsibilities in the first years is expected to be available starting June 2019.</li><li>▪ Budget 2018 describes actions to date and discusses child care for Members of Parliament, but does not appear to have new funding.</li><li>▪ Page 51 lists what Federal-Provincial agreements will achieve, by jurisdiction. For BC: "The province is developing prototype centres to test the introduction of universal child care. Children across the province will have access to low-cost infant and toddler spaces at significantly reduced parent fees, including children from low-income families benefiting from free child care."</li></ul>												
Home Care or Mental Health	173  136 178  183  209  209 210	<ul style="list-style-type: none"><li>▪ \$20 million over five years, starting in 2018–19, and \$4 million per year ongoing, to the Public Health Agency of Canada to support community-based projects that address the challenges of dementia.</li><li>▪ The federal budget mentions the existing FPT funding agreements, but also announces direct federal mental health investments for:<ul style="list-style-type: none"><li>▪ Residential school survivors (\$248.6 million over three years)</li><li>▪ Research on impact on cannabis on mental health (\$10 million over 5 years) and on addiction (\$10 million over 5 years)</li><li>▪ Culturally focused mental health programs for black Canadians (\$19 million over 5 years)</li><li>▪ Support to Address Post-Traumatic Stress Injuries for Public Safety Officers – to support a new national research consortium between the Canadian Institutes of Health Research and the Canadian Institute for Public Safety Research and Treatment (\$20 million over 5 years)</li><li>▪ RCMP mental health (\$21.4 million over 5 years)</li><li>▪ Mental health for inmates, targeted at women in federal correctional facilities (\$20.4 million over 5 years)</li></ul></li></ul>												
Disaster Funding & Recovery	264	<ul style="list-style-type: none"><li>▪ <b>No new funding</b>; just a note that the impact of disasters are distributed evenly across society and disproportionately impact women, children, and Indigenous peoples.</li></ul>												
Cannabis	178	<ul style="list-style-type: none"><li>▪ See also: Home Care or Mental Health (above) and Revenue/Tax Measures (below).</li></ul> <b>Cannabis Public Education</b> <table><tr><td><u>2018/19</u></td><td><u>2019/20</u></td><td><u>2020/21</u></td><td><u>2021/22</u></td><td><u>2022/23</u></td><td><u>Total</u></td></tr><tr><td>18</td><td>16</td><td>16</td><td>16</td><td>16</td><td>83</td></tr></table> <ul style="list-style-type: none"><li>▪ \$62.5 million over 5 years, starting in 2018–19, for public education initiatives to support the involvement of community-based organizations and Indigenous organizations that are educating their communities on</li></ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>	18	16	16	16	16	83
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>									
18	16	16	16	16	83									

		<p>the risks associated with cannabis use.</p> <ul style="list-style-type: none"> <li>▪ \$10 million over 5 years for the Mental Health Commission of Canada to help assess the impact of cannabis use on the mental health of Canadians</li> <li>▪ \$10 million over 5 years to the Canadian Centre on Substance Use and Addiction to support research on cannabis use in Canada.</li> <li>▪ Total spending on public education related to cannabis will be on par with the per-capita amounts spent by the State of Washington in its own experience with the legalization and strict regulation of cannabis.</li> </ul>
<b>Climate Change &amp; Carbon Pricing</b>	98	<ul style="list-style-type: none"> <li>▪ New funding for new federal laboratories for a variety of agencies including for Climate Change Canada (\$2.8 billion over 5 years on a cash basis, \$58 million on an accrual basis).</li> </ul>
	150	<ul style="list-style-type: none"> <li>▪ \$167.4 million over 5 years for Fisheries and Oceans, Transport Canada, and Climate Change Canada to research the health of whales and threats from human activities.</li> </ul>
	151-152	<ul style="list-style-type: none"> <li>▪ Carbon pricing – nothing new; sets timelines: Mar. 30, 2018 - deadline for PTs to confirm that the federal system will apply in part or in full in their jurisdiction; Sep. 1, 2018 – deadline to outline how PT systems will work Jan 1, 2019 – date at which federal government will implement the federal system in any jurisdiction that does not meet the minimum requirements.</li> </ul>
	153	<ul style="list-style-type: none"> <li>▪ A table on the Low Carbon Economy Leadership Fund (not new) gives examples of projects for each province; for BC: “\$162 million to support projects including the reforestation of public forests, which absorb carbon from the atmosphere and store it.”</li> </ul>
	154	<p><b>Adapting Canada’s Weather and Water Services to Climate Change</b></p> <ul style="list-style-type: none"> <li>▪ Complete the modernization of Canada’s weather forecast and severe weather warning systems, and maintain direct support to the emergency management organizations that prepare for and respond to severe weather (\$40.6 million over five years, starting in 2018–19, with \$0.2 million in remaining amortization).</li> <li>▪ Revitalize water stations, improve services for long-range water forecasts, test and implement new technologies and expand technical and engineering capacity (\$69.5 million over five years, starting in 2018–19, with \$7.3 million in remaining amortization).</li> <li>▪ Support the operation of <u>water stations that are cost-shared with provinces and territories</u> (\$9.8 million over five years, starting in 2018–19, with remaining amortization of \$3.1 million).</li> </ul>
<b>Environmental Assessment</b>	151	<ul style="list-style-type: none"> <li>▪ Nothing new; describes recent legislation and funding announcement (\$1 billion over five years to support the proposed new impact assessment system and Canadian Energy Regulator; increase scientific capacity in federal departments and agencies; implement the changes required to protect water, fish and navigation; and increase Indigenous and public participation).</li> </ul>

# 2018 Federal Budget – Analysis from Budget Lockup

Oil Spill Response and Pipelines	108	<ul style="list-style-type: none"><li>▪ No new funding; a program review consolidated the Oil Spill Response Science into "Innovation for Energy and Mineral Development"</li><li>▪ Budget 2018 mentions that "While Canadian production has continued to rise, reflecting past investments, pipeline capacity constraints have limited producers' options for moving their products to U.S. markets." It further states that, "This situation is expected to prevail into 2020 until major pipeline projects— such as the Trans Mountain Expansion Project, the TransCanada Keystone XL pipeline and the replacement of Enbridge's Line 3—become operational, diversifying our export markets and providing additional capacity."</li></ul>												
	290-292													
Liquified Natural Gas (LNG)		<ul style="list-style-type: none"><li>▪ No mentions found.</li></ul>												
Softwood and International Trade	67	<div>Ensuring Rules-Based and Responsible Trade</div> <table><tr><td><u>2018/19</u></td><td><u>2019/20</u></td><td><u>2020/21</u></td><td><u>2021/22</u></td><td><u>2022/23</u></td><td><u>Total</u></td></tr><tr><td>40</td><td>40</td><td>39</td><td>39</td><td>39</td><td>198</td></tr></table> <ul style="list-style-type: none"><li>▪ \$191 million over five years, starting in 2018–19, to Global Affairs Canada and Natural Resources Canada to support softwood lumber jobs, including through litigation under the World Trade Organization and the NAFTA dispute settlement mechanisms.</li><li>▪ Creation of an independent Canadian Ombudsperson for Responsible Enterprise to ensure Canadian firms operating abroad exercise leadership in ethical, social and environmental practices (6.8 million over 6 years, starting in 2017–18).</li></ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>	40	40	39	39	39	198
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>									
40	40	39	39	39	198									
Other International Trade	111, 244, 257	<ul style="list-style-type: none"><li>▪ \$10 million over five years to connect women with expanded export services and opportunities through the Business Women in International Trade Program, with a specific focus of taking advantage of new opportunities arising from CETA and TPP.</li></ul>												
Indigenous Services & Reconciliation	125-146	<ul style="list-style-type: none"><li>▪ Chapter 3 of the Budget addresses reconciliation and services for Indigenous peoples (\$4.8 billion over 5 years). The profile of specific programs and budgeted amounts are shown below:</li></ul>												

**Chapter 3—Reconciliation**

millions of dollars

	2017– 2018	2018– 2019	2019– 2020	2020– 2021	2021– 2022	2022– 2023	Total
<b>3.1 Achieving Better Results for Indigenous Peoples</b>							
Ensuring That Indigenous Children Are Safe and Supported Within Their Communities	70	295	270	265	270	278	1,449
Clean and Safe Drinking Water on Reserve	0	102	50	21	0	0	173
Indigenous Skills and Employment Training Program	0	66	93	93	96	99	447
Less: Projected Revenues	0	-10	-28	-29	-30	-31	-127
Support for Distinctions-Based Housing Strategies	0	285	285	291	91	91	1,044
Less: Funds existing in the Fiscal Framework	0	-260	-260	-260	-60	-60	-900
Indigenous Health: Keeping Families Healthy in Their Communities	0	410	480	240	212	155	1,497
Supporting Métis Nation Priorities	0	10	0	0	0	0	10
Increased Health Support for Survivors of Indian Residential Schools and Their Families	0	78	83	88	0	0	249
Supporting the Gord Downie & Charle Wenjack Fund	0	5	0	0	0	0	5
Creating a More Responsive Income Assistance Program That Addresses the Needs of First Nations Communities	0	43	44	0	0	0	87
Supporting Indigenous History and Heritage	0	3	5	7	5	5	24
Less: Funds Sourced from Existing Departmental Resources	0	-2	-2	-2	-2	-2	-9
Indigenous Sport	0	10	10	10	10	10	48
Supporting the Expansion of the First Nations Land Management Act and the Successful Participation of First Nations Under the Act	0	15	21	29	37	41	143
Renewing the Matrimonial Real Property Implementation Support Program	0	3	3	0	0	0	6
<b>3.1 Achieving Better Results for Indigenous Peoples Total</b>	<b>70</b>	<b>1,053</b>	<b>1,053</b>	<b>752</b>	<b>629</b>	<b>587</b>	<b>4,144</b>

<b>3.2 Rights and Self-Determination</b>							
Supporting the Recognition of Rights and Self-Determination	0	22	30	0	0	0	51
Helping Indigenous Nations Reconstitute	0	20	20	20	20	20	102
Permanent Bilateral Mechanisms	0	13	16	16	16	16	75
New Fiscal Relationship—Strengthening First Nations Institutions and Community Capacity	0	71	81	13	12	11	189
New Fiscal Relationship: Collaboration With Self-Governing Indigenous Governments	0	189	0	0	0	0	189
Strengthening Indigenous Data and Research Capability	0	4	1	1	1	1	8
<b>3.2 Rights and Self-Determination Total</b>	<b>0</b>	<b>320</b>	<b>148</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>613</b>
<b>Chapter 3—Net Fiscal Impact</b>	<b>70</b>	<b>1,373</b>	<b>1,200</b>	<b>802</b>	<b>678</b>	<b>634</b>	<b>4,757</b>

## MAJOR FEDERAL TRANSFERS

- Budget 2018 proposes legislative amendments (page 175) to allow Canada Health Transfer deductions to be reimbursed when provinces and territories have taken the steps necessary to eliminate extra-billing and user fees in the delivery of public health care. <sup>s.13</sup>
- Budget 2018 obliquely references (page 317) technical changes to the design of the Equalization Program and Territorial Formula Financing for 2019-2024.
  - The federal government will defer to the next renewal cycle consideration of a proposed change to how the Equalization Program estimates provinces' ability to generate property tax revenue (as had been requested by BC).
  - As a result, the impact of changes on BC's estimated fiscal capacity will be modest.
  - BC does not expect to receive Equalization over the duration of its fiscal plan, so there are no fiscal impacts to BC of these changes.
- Budget 2018 provides \$12 million over four years to compensate to the territories for technical changes that reduce the size of Territorial Formula Financing.
- Budget 2018 does not include any changes in regard to the Canada Social Transfer.

## OTHER PROGRAM MEASURES

Beyond those covered in the BC Priorities, Budget 2018 includes a number of changes to employment insurance, including:

- **EI Parental Sharing Benefit** (pages 45-49)
  - \$1.2 billion over 5 years
  - A new “use it or lose it” 5-week incentive for both partners to take time off
  - Parents will be able to share 40 weeks in various combinations with a minimum of 5 weeks per parent, instead of 35 with a no minimum. This is in addition to the 35 weeks available to one parent.
- **Making EI more Responsive and Effective** (page 57)
  - Improving Working While on Claim
    - \$351.9 over 5 years
    - Makes pilot project permanent allowing claimants to keep 50% of their earnings up to a maximum of 90% of the weekly insurable earnings used to calculate their EI benefit amount.
  - Helping Workers in Seasonal Industries
    - Announces an additional \$80 million in 2018/19 and \$150 million in 2019/20 for federal-provincial Labour Market Development Agreements, with an additional \$10 million from existing departmental resources, to test new approaches to help workers in Seasonal Industries. Allocation is to be determined; if per capita, BC's share would be about \$10 million in 2018/19 and \$20 million in 2019/20.

### Other Expenditure Measures

Measure	Value (5 yrs)	Key Details
<b>Indigenous ELCC Framework</b> Page 51	\$0.36 billion	<ul style="list-style-type: none"> <li>• Description: to co-develop the Framework</li> <li>• Funding: \$360M over 3 years</li> </ul>
<b>Canada Summer Jobs 2019-20</b> Page 56	\$0.5 billion	<ul style="list-style-type: none"> <li>• Description: Increasing summer jobs for students (potential doubling)</li> <li>• Funding: \$449M over 5 Years</li> </ul>
<b>Equality in the Workforce &amp; Women's Initiatives</b> Page 41-62	\$0.176 billion	<ul style="list-style-type: none"> <li>• Description: Various initiatives to encourage gender equity, with the key ones described below</li> <li>• Funding: 0.124B over 5 years for “Equality in the Workforce” and \$0.052B over 5 years for women in trades and women newcomers</li> </ul>
<b>Status of Women Canada</b> Page 53	\$0.1 billion	<ul style="list-style-type: none"> <li>• Description: To advance general equality (e.g, violence against women, economic security, women's leadership potential)</li> <li>• Funding: \$100M over 5 years</li> </ul>
<b>Women in Trades</b> Page 60	\$0.02 billion	<ul style="list-style-type: none"> <li>• Description: Up to \$6000 more for women in Red Seal Trades</li> <li>• Funding: \$20M over 5 years</li> </ul>
<b>Pre-Apprenticeship Program</b> Page 61	\$0.046 billion	<ul style="list-style-type: none"> <li>• Description: To assist Indigenous, newcomers &amp; PWD explore careers in trades</li> <li>• Funding: \$46M over 5 years &amp; \$10M/yr. thereafter</li> </ul>

# 2018 Federal Budget – Analysis from Budget Lockup

<b>Women in Construction Fund</b> Page 61	\$0.01 billion	<ul style="list-style-type: none"> <li>Description: Attract more women to the trades</li> <li>Funding: \$10M over three years</li> </ul>
<b>Careers for Newcomer Women</b> Page 62	\$0.32 billion	<ul style="list-style-type: none"> <li>Description: Assistance with barriers for visible minority women</li> <li>Funding: \$32M over 5 years (re-allocated)</li> </ul>
<b>Women's Entrepreneurship Strategy</b> Page 110	\$0.115 billion	<ul style="list-style-type: none"> <li>Description: To enhance growth of women-led businesses</li> <li>Funding: \$115M over 3 years</li> </ul>
<b>Rural Broadband</b> Page 120	\$0.1 billion	<ul style="list-style-type: none"> <li>Description: Development of new satellite technology to improve internet access in rural areas</li> <li>Funding: \$100M over 5 years, including \$24M for <u>Rick Hansen via WED for spinal cord research</u></li> </ul>
<b>Innovation &amp; Research</b> Page 122	\$3.2 billion	<ul style="list-style-type: none"> <li>Description: Research Grants</li> <li>Funding: \$3.2B over 5 years, including \$24M for <u>Rick Hansen via WED for spinal cord research</u></li> </ul>
<b>Small Craft Harbours</b> Page 121	\$0.09 billion	<ul style="list-style-type: none"> <li>Description: Harbour improvements, including <u>Pt Hardy and Powell River</u></li> <li>Funding: \$90M over 5 years</li> </ul>
<b>Environmental Initiatives</b> pp. 149-155	\$2.7 billion	<ul style="list-style-type: none"> <li>Description: Parks, EA, Climate Change policy implementation</li> <li>Funding: \$2.7B over 5 years</li> <li>Allocation: \$162M for BC re Low Carbon Economy Leadership Fund, but not new money</li> </ul>
<b>National Cyber Security Strategy</b> Page 203	\$0.508billion	<ul style="list-style-type: none"> <li>Description: To better protect Canadian institutions from cyber attacks</li> <li>Funding: \$508M over 5 years</li> </ul>
<b>Guns &amp; Gangs</b> Page 209	\$0.328billion	<ul style="list-style-type: none"> <li>Description: Prevention and enforcement efforts; was recently announced</li> <li>Funding: \$328M over 5 years</li> </ul>

## REVENUE/TAX MEASURES

s.13

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- 
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## PERSONAL INCOME TAX MEASURES

### Enhancement of the Canada Working Income Tax Benefit

- Program will be renamed the Canada Workers Benefit
- For 2019, the benefit will be equal to 26 per cent of each earned dollar in excess of \$3,000
  - Maximum benefit for single individuals - \$1,355 (was \$1,192)
    - Begin Phased out at \$12,820 and eliminated at \$24,111.
  - Maximum benefit for families, couples and single parents - \$2,335 (was \$2,165).
    - Begin phase out at \$17,025 and eliminated at \$36,483.
- The disability supplement to the Canada working income tax benefit will also be increased:
  - To \$700 in 2019
  - Phase out starts at \$24,111 for single individuals and \$36,483 for families.
- Provinces, such as BC, will still be allowed to make specific changes through reconfiguration agreements.
- CRA will proactively apply for you the credit for taxpayers that are eligible but have not applied.

### Increased Reporting Requirements for Trusts – Beneficial Ownership:

- Applicable for the 2021 and subsequent tax year, certain trusts will now be required to file annually and report identity of all trustees, beneficiaries, settlors and protector (a person with power to exert control over the trustee).
- Canada is also investing \$79 million of 5 years and \$15 million on-going to develop electronic platform for processing T3 returns.
- To ensure compliance, new penalties will be introduced for failure to file a trust return (T3), including the beneficial ownership schedule - \$25 per day to max of \$2,500.
  - Additional penalty if failure to file was made knowingly or due to gross negligence – 5 per cent of fair market value of trust property.

### Mineral Exploration Tax Credit for Flow-Through Share Investors

- The federal mineral exploration tax credit for flow-through shares is extended for one year until March 31, 2019.

### Medical Expense Tax Credit

- Eligible expenses for the medical expense tax credit will be expanded to recognize the costs incurred in respect of an animal specially trained to assist a patient with a severe mental impairment (psychiatric service dog for a person with post-traumatic stress disorder).
- Expenses incurred after 2017.

**Registered Disability Savings Plan – Extension of the Qualifying Plan Holders for 5 years.**

- This temporary federal measure allows qualifying family members (parent, spouse, or common-law partner) to be the RDSP plan holder for an individual with a disability is extended to the end of 2023.
- RDSPs require a legal guardian or other representative to be established for the individual. This can be an expensive and time consuming process. This temporary measure allows family members to serve this role for the purpose of the RDSP while the legal guardian is established.

**Deductibility of Employee Contributions to the Enhanced Portion of the Quebec Pension Plan**

- This measure mirrors the deductibility of the employee contributions to the enhanced portion of the Canada Pension Plan. Quebec residents do not participate in the Canada Pension Plan but rather participate in the equivalent Quebec Pension Plan.

**Child Benefits – Retroactive eligibility of foreign-born status Indians**

- When the Canada Child Benefit replaced the Canada Child Tax Benefit and the National Child Benefit Supplement, foreign-born status Indians who are neither Canadian citizens nor permanent residents were made eligible for the new Canada Child Benefit. They were previously ineligible for the Canada Child Tax Benefit and National Child Benefit Supplement.
- For the 2005 and subsequent taxation years to June 30, 2016, these individuals will be made eligible for the Canada Child Tax Benefit and the National Child Benefit Supplement. They will be able receive these retroactive amounts.

**Child Benefits – Provincial/Territorial Access to Taxpayer Information:**

- When the National Child Benefit Supplement existed, Provinces would use the information collected under it to calculate provincial/territorial social assistance payments. This function was lost when the Canada Child Benefit replaced the National Child Benefit Supplement.
- The *Income Tax Act* is amended to allow the government of Canada to share information related to the Canada Child Benefit, as of July 1, 2018, with the provinces solely for the purpose of administering their social assistance payments.

**Charities – Municipalities as Eligible Donees for the purpose of the Revocation Tax:**

- When a Charity loses its charitable status, either voluntarily or by not complying with the requirements, the charity faces a revocation tax of 100 per cent of the net value of its assets. To lower its revocation tax, a charity can give its assets to another charity (a qualified donee).
- In certain areas, the charity's property is comprised of real property, such as a hall or cemetery, and there may not be an eligible donee willing to take over maintenance.

- This measure amends the *Income Tax Act* to allow municipalities to act as a qualified donee when a suitable charitable replacement cannot be found.
- This measure applies to transfers made on or after Budget Day.

**Charities – Universities Outside Canada**

- Currently, universities outside Canada must be added to two separate, identical lists maintained by the CRA.
- Budget 2018 will remove the requirement that universities outside Canada be prescribed in the *Income Tax Regulations* to simplify administration.

## **BUSINESS INCOME TAX MEASURES**

### **Passive Investments Measure 1 – Access to the Small Business Rate**

- The small business rate is currently limited to a Canadian-controlled private corporation's (CCPC) first \$500,000 of active business income (the small business limit). It is phased out for CCPCs with taxable Canadian capital between \$10 million and \$15 million.
- For taxation years that being after 2018, there is a new eligibility rule that reduces the \$500,000 small business limit when the corporation earns greater than \$50,000 of passive investment income in the year.
  - The small business limit is reduced by \$5 for every \$1 of passive investment income exceeding \$50,000.
    - The business limit is completely eliminated for corporations earning \$150,000 of passive investment income in the year.
    - This equates to between \$1 million and \$3 million in passive assets (assuming 5 per cent rate of return).
- For the \$50,000 test, the new concept of "adjusted aggregate investment limit" will be calculated as aggregate investment income less:
- It is expected that only 3 per cent of CCPCs claiming the small business deduction will be affected by the measure.

### **Passive Investments Measure 2 – Refundability of the Refundable Tax on Investment Income**

- For taxation years beginning after 2018, in order to receive a refund of the refundable tax (an extra tax paid by CCPCs on investment income), the CCPC must pay a non-eligible dividend (typically income not subject to the higher general rate). Eligible dividends, representing income that paid the general corporate rate will no longer create a refund of refundable tax as is currently the case.
- This will require CCPCs to pay dividends from their income subject to the small business rate in order to get a refund of their refundable tax. This will remove a portion of tax deferral created by retaining income previously taxed at the small business rate in the corporation.

### **Accelerated Depreciation for Clean Energy Generation and Conservation Equipment**

- Budget 2018 extends the accelerated depreciation for clean energy generation and conservation equipment for a further 5 years to property acquired before 2025.
- As a result, companies investing in this equipment will continue to be able to write-down the capital cost of such assets on a 50 per cent declining balance basis.

### **Anti-Avoidance Rule Refinement - Stop-Loss Rules on Share Repurchase Transactions:**

- Some Canadian financial institutions have been creating artificial losses by repurchasing shares held on a mark-to-market (valued daily) basis.
- The current rule, introduced in 2011, only denied a portion of the loss.
- For share repurchase agreements that occur on or after Budget Day, the loss from shares held as mark-to-market property will be decreased by the deemed dividend received.

### **Anti-Avoidance Rule Refinement – Synthetic Equity Arrangements and Securities Lending Arrangements**

- Canada previously enacted complex rules to cut down on the use of synthetic equity arrangements; however, Canada is concerned these rules are being circumvented.
- Budget 2018 clarifies the “no tax-indifferent investor” exception so that it does not apply when a tax-indifferent investor obtains all the risk or profit.
- Canada previously enacted complex rules to cut down on the use of securities lending arrangements; however, Canada is concerned taxpayers are circumventing these rules and creating artificial losses.
- Budget 2018 is clarifying the definition of “securities lending arrangement” to prevent the deduction of the inter-corporate dividend. This increases the tax on an amount that was previously being deducted as a dividend compensation payment. The result is artificial losses can no longer be created.

### **Partnership Taxation – Clarification of the At-Risk Rules**

- Partnerships can allocate losses of the firm to the partners. In the context of a limited partnership, the limited partners are only permitted to deduct partnership losses to the extent of their “at-risk amount” (investment in partnership).
- A Federal Court of Appeal decision has constrained the application of the at-risk rules in the context of tiered partnerships (partners are themselves a partnership).
- These changes will ensure that the at-risk rules will apply appropriately to each level of the tiered partnership structure.
- This measure applies in respect of taxation years that end on or after Budget Day.

### **Administration - Health and Welfare Trusts**

- By the end of 2020, existing Health and Welfare Trusts are required to convert to Employee Life and Health Trusts.
  - Trusts that do not convert will be subject to normal income tax rules.
- Stakeholders are invited to submit comments on transitional issues.

## **International Tax:**

### **Anti-Avoidance Rule Refinement – Surplus Stripping using Partnerships and Trusts**

- Canada previously enacted a rule to prevent cross-border surplus-stripping (non-resident shareholders extracting corporate surplus from Canadian corporations); however, this rule did not fully address situations where a partnership or trust is used to achieve the surplus strip.
- To address this gap, the *Income Tax Act* will be amended to add comprehensive “look-through” rules to allocate the assets, liabilities and transactions of the trust or partnership to its members or beneficiaries.
- This measure is effective for transactions that occur on or after Budget Day.

### **Strengthening Canada’s International Tax Rules:**

- Base Erosion and Profit Shifting (BEPS)
  - In coordination with other OECD countries, Canada is undertaking the following measures to cut down on the erosion of Canada’s tax base through profit shifting:
    - Intends to introduce new rules to prevent treaty shopping. This may be done as part of the Multi-lateral Instrument described below.
    - Adopt the OECD’s revised transfer pricing guidelines due to be published in 2018. These will address profit attribution, in particular attribution involving hard to value intangibles (intellectual property).
    - Large multi-nationals will be required to undertake country-by-country reporting containing information on their global allocation of income.
    - Harmful tax practice information sharing. The CRA will exchange tax rulings that indicate avoidance of tax in another jurisdiction with that jurisdiction.
    - In 2017, Canada adopted the Multi-lateral Instrument. The instrument is a mechanism to quickly amend Canada’s tax treaties. Signatories to the Multi-lateral instrument will automatically have their coordinating treaties updated rather than renegotiate each treaty individually.
  - \$38.7 million will be provided to the CRA over 5 years for offshore compliance.

## **OTHER TAX MEASURES**

### **Sales and Excise Tax:**

- As previously announced on September 8, 2017, the GST/HST will now apply to the management and administrative services rendered by the general partner.
- Investment limited partnerships can make an election for advance the application of special HST rules as of January 1, 2018.
- Proposed consultation on the GST/HST holding corporation rules. The holding corporation rule allows parent corporations to get input tax credits in respect of GST/HST expenses paid by a subsidiary corporation.

### **Tobacco Tax:**

- The excise duty rate on tobacco is increased by \$1 per carton.

- There will be an inventory tax of \$0.011468 per cigarette currently in a manufacturer, importer, wholesaler or retailer's inventory payable by April 30, 2018.
- Additionally, tobacco excise duties will be increased for inflation on an annual basis rather than the current practice of indexing after 5 years.
- Inflation adjustments will take effect on April 1 of every year beginning in 2019.
- Effective the day after Budget Day, tobacco excise duty rates will be adjusted to account for inflation since the last inflationary adjustment in 2014.

#### **Cannabis Tax – Excise Duty Framework**

- No excise tax for cannabis products that contain less than 0.3 per cent THC.
- December 2017, federal government and provinces reached a coordinated framework whereby 75 per cent of the taxation revenue (\$1 per gram / 10 per cent excise duty rate) will flow to the provinces.
- The GST/HST will apply to cannabis sales. The basic groceries exemption will be denied for cannabis products that could somehow qualify for it.

## ECONOMIC OUTLOOK

- Budget 2018 is based on a forecast of Canadian real GDP growth of 2.2% in 2018 and 1.6% in 2019. Note: BC's fiscal plan assumes Canadian real GDP growth of 1.8% in 2018 and 1.7% in 2019.
- According to Table A2.1 on page 309, average private sector forecasts indicate modest growth over the next five years:

### Average Private Sector Forecasts

	2017	2018	2019	2020	2021	2022	2017-22 Average
Real GDP Growth	3.0	2.2	1.6	1.7	1.6	1.8	2.0
<i>BC Budget</i>	3.0	2.2	1.8	1.7	1.7	1.7	2.0
Nominal GDP Growth	5.2	4.0	3.5	3.8	3.6	3.8	4.0
Nominal GDP (\$ billions)	2,142	2,228	2,306	2,394	2,481	2,575	
GDP Inflation	2.2	1.8	1.9	2.0	2.0	1.9	2.0
CPI Inflation	1.6	1.9	2.0	1.9	1.9	2.0	1.9
<i>BC Budget</i>	1.6	1.9	2.0	2.0	2.0	2.0	1.9
Unemployment Rate (%)	6.4	6.0	6.0	6.1	6.0	6.0	6.1

- According to Table A2.13 on page 346, Budget 2018 estimates the impact on federal revenues of a one-year, 1-percentage-point decrease in Real GDP growth to be as shown:

### Estimated Impact of a One-Year, 1-Percentage Point Decrease in Real GDP Growth on Federal Revenues, Expenses, and Budgetary Balance

(\$ billion)	Year 1	Year 2	...	Year 5
Impact on Revenue	-4.2	-3.7		-4.1
Impact on Expenses	0.7	0.8		0.7
Impact on Fiscal Outlook	-4.8	-4.5		-4.9

- Risks to the economic outlook include:

#### *Upside risks*

- Stronger more durable global growth.
- Household and business investment continues to surprise leading to tightened business capacity and labour market conditions and rising growth.
- Oil prices rise above expected in the medium term.

#### *Downside risks*

- Uncertainty regarding NAFTA as well as increasing protectionism globally.
- Continuing normalization of monetary policy leads to faster than expected tightening of financial conditions creating turbulence in world financial markets and potentially negative wealth effects as market valuations are reduced.
- High household debt remains a key domestic vulnerability for Canadian consumption and housing activity in the case of a large shock to income, housing prices or interest rates.



# + RECONCILIATION

## ADVANCING RECONCILIATION WITH INDIGENOUS PEOPLES

It is unacceptable that anyone living in Canada should not be able to safely drink the water that comes out of their taps. No person should be forced to live in overcrowded and unsafe homes, and no young person should have to move far from home to get a good education. Yet, all over Canada, these are exactly the challenges faced by Indigenous Peoples. Indigenous Peoples, non-Indigenous Canadians and the Government agree that this must change. Together, Canada and Indigenous Peoples are forging a new relationship, based on recognition of rights, respect, cooperation and partnership.

### MEASURES

#### Clean and Safe Drinking Water

The Government is committed to eliminating all long-term drinking water advisories on public water systems on reserve by March 2021. As of February 12, 2018, 52 long-term drinking water advisories on public water systems have been lifted. Through Budget 2018, the Government is building on investments of previous budgets, with new funding to accelerate the construction of new water systems and renovate existing ones. With these investments, the Government will ensure that more affected water systems will become functional earlier than 2021. New investments would also support efforts to recruit and train water operators—as well as establish innovative First Nations-led service delivery models.

#### Ensuring That Indigenous Children Are Safe and Supported

Indigenous children under the age of 14 make up less than eight per cent of all children in Canada, yet they represent more than half of the children living in foster care in private homes in the country. This needs to change. The Government is committed to helping Indigenous children and families to be safe and

supported within their communities. With Budget 2018, the Government is proposing to increase support for First Nations service providers and support prevention, well-being, and family preservation efforts within communities.

#### Distinctions-Based Housing

Safe, adequate and affordable housing is essential, but for too many Indigenous Peoples, this remains out of reach. Nearly one in five Indigenous people live in housing that is in need of major repairs, and one in five also live in housing that is overcrowded. Indigenous leaders have told the Government that when it comes to housing in First Nations, Inuit and Métis Nation communities, the best approach is one that respects the distinct needs of each Indigenous group. The Government agrees. To address these issues, the Government is providing new, distinctions-based support through Budget 2018 for a First Nations-led housing strategy, an Inuit-led housing plan and the Métis Nation's housing strategy.

#### Healthier Communities

There are significant gaps in health between Indigenous and non-Indigenous people. Infant mortality rates for First Nations and Inuit children are

# **+ RECONCILIATION**

up to three times higher than in the Canadian population. Suicide rates among First Nations youth is up to seven times higher. And the prevalence of tuberculosis in the Inuit population was 270 times the rate for the Canadian-born, non-Indigenous population in 2015. We must bridge these gaps. The Government, through Budget 2018, is enhancing the delivery of culturally appropriate addictions treatment and prevention services in communities with high needs, responding to high rates of tuberculosis in Inuit communities, and supporting access to First Nations-controlled quality health care, all of which would lead to improved Indigenous health.

## **Skills and Employment**

Indigenous Peoples are less likely to be employed than non-Indigenous Canadians, and typically earn less. These ongoing employment gaps must be addressed to improve the potential for Indigenous Peoples to fully participate in the economy and strengthen their communities. The Government has consulted with Indigenous leadership and recognizes the importance of a distinctions-based approach. To this end, the Government is announcing through Budget 2018 the creation of a new Indigenous Skills and Employment Training Program, which would provide distinctions-based support for First Nations, the Métis Nation and Inuit, as well as urban and non-affiliated Indigenous Peoples. These investments will support Indigenous Peoples to develop employment skills and pursue training for lasting employment.

## **Supporting the Recognition of Rights**

Canada has advanced a number of modern treaties and agreements since the 1970s, but in many cases, the pace of progress has been slow. Negotiations can take a decade or more, and Indigenous communities are forced to take on debt in order to participate. Through Budget 2018, the Government is taking new steps to increase the number of modern treaties and self-determination agreements, in a manner that reflects a recognition of rights approach. As part of this new approach, the Government will replace the use of loans with non-repayable contributions to fund Indigenous participation in the negotiation of modern treaties. Furthermore,

the Government will engage with affected Indigenous groups on how best to address past and present negotiation loans, including forgiveness of loans.

## **Helping Indigenous Nations Reconstitute**

Indigenous groups are seeking to rebuild their nations in a manner that responds to their priorities and the unique needs of their communities. The Government supports this vital work. Budget 2018 provides new capacity development for Indigenous peoples, to support activities that facilitate their own path to reconstituting their nations.

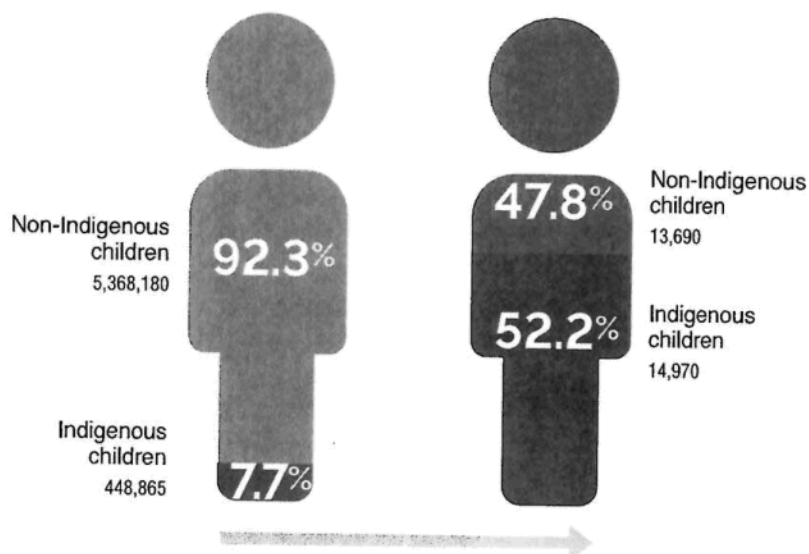
## **Permanent Bilateral Mechanisms**

To better serve Indigenous Peoples engaged in the important work of advancing self-government and greater self-determination, the Government created Permanent Bilateral Mechanisms with First Nations, Inuit and the Métis Nation to enable Crown-Indigenous cooperation on annual priority-setting and joint policy development. Through Budget 2018, the Government is proposing increased and ongoing support for

## **OVERREPRESENTATION OF INDIGENOUS CHILDREN IN FOSTER CARE IN PRIVATE HOMES**

Indigenous children account for **7.7%** of all children under 14...

...but about **one-half** of all children in foster care in private homes



# RECONCILIATION

the Permanent Bilateral Mechanisms. This will enable the Bilateral Mechanisms to move beyond the first year of initial engagement and allow First Nations, Inuit and the Métis Nation to work on their own priority projects.

## **New Fiscal Relationship**









The Government recognizes that in order to advance reconciliation with Indigenous Peoples and facilitate greater self-determination—including self-government—a new fiscal relationship is needed. As a part of this, Budget 2018 provides new funding to better support First Nations communities, to support strong Indigenous institutions and to advance the new fiscal relationship with First Nations. The Government, with First Nations partners, will also conduct a

comprehensive and collaborative review of current federal government programs and funding that support First Nations governance.

This will help ensure that these programs provide communities with sufficient resources to hire and retain the appropriate financial and administrative staff to support good governance, plan for the future and advance their vision of self-determination. Through Budget 2018, the Government is also providing support to begin the implementation of new fiscal policy reforms that have been co-developed with self-governing Indigenous Peoples in Canada. This funding will go to support key priorities, including the closing of socio-economic gaps, infrastructure, data collection and governance.

## **WHAT SUCCESS WILL LOOK LIKE CLEAN AND SAFE DRINKING WATER**

**With Budget 2018, the Government is taking further steps towards reconciliation between Canada and Indigenous Peoples. Investments will lead to:**

-  Long-term drinking water advisories on reserve being lifted
-  Communities having access to clean drinking water
-  Indigenous children and families being safe and supported within their communities
-  Better housing for First Nations, Inuit and Métis Nation communities
-  Indigenous Peoples receiving the skills training they need to participate in the economy
-  First Nations, Inuit and Métis Nation leaders having a permanent forum for joint priority-setting with the Government of Canada
-  Strong Indigenous institutions that play a leading role in the delivery of public services to Indigenous Peoples
-  Sustainable and sufficient health resources available in each community

## Confidential Issues Note - ADVICE TO MINISTER

Ministry of Indigenous Relations and Reconciliation

Updated: Feb. 27, 2018

Minister Responsible: Hon. Scott Fraser

### Unist'ot'en Action Camp

#### RECOMMENDED RESPONSE:

s.13,s.16

- Our government is committed to a different approach with First Nations than the previous government, one based on respect and recognition, and true government-to-government relationships.

s.13,s.16

- The United Nations Declaration on the Rights of Indigenous Peoples includes the rights to self-determination, to have access to education, healthcare and equitable social and economic outcomes.
- In embracing the declaration, B.C. is committed to work with the Wet'suwet'en Nation and hereditary leaders to find a respectful path forward.

#### *Four conditions of LNG...*

- British Columbia's new government supports LNG development, with four conditions:
  - LNG projects must offer jobs and training for British Columbians, especially jobs for local people.
  - The people of B.C. must get a fair return for our resources.
  - LNG projects must secure full partnerships with local First Nations.
  - LNG projects must complete a made-in-B.C. environmental assessment and respect our commitments to combating climate change.

s.13

## Confidential Issues Note - ADVICE TO MINISTER

- The word veto is not used anywhere in the United Nations Declaration on the Rights of Indigenous People.

s.13,s.16

### KEY FACTS:

- A small faction of the Wet'suwet'en peoples, along with non-Indigenous supporters, are opposing all pipelines that would be built through asserted Wet'suwet'en territory. They have established a protest camp, known as the Unist'ot'en camp, and vowed to oppose any pipeline that would cross the asserted territory.
- Established in 2009, the camp is located at kilometer 66 of the Morice West Forest Service Road (FSR) where the FSR crosses the Morice River (Bridge). The camp is on Provincial Crown land and includes an increasing number of buildings and at least two separate gates on the bridge.
- s.16
- In the fall of 2016, B.C. became aware of a metal gate installed at the Morice River Bridge and functioning alongside the Unist'ot'en checkpoint.
- In February 2017, Ministry of Forests, Lands and Natural Resource Operations (FLNR) Assistant Deputy Minister of Integrated Resource Operations sent a letter to the Unist'ot'en to inform them that the gate appeared to be a contravention of section 6(3) of the Forest Service Road Use Regulation (FSR Regulations) and to request its removal. A second gate appeared shortly after the letter was sent and no further action has been taken by government since then.
- Current pipeline proposals affected by the protest camp include Chevron's Pacific Trail Pipeline (natural gas), and TransCanada's Coastal GasLink (natural gas).
- s.13,s.21
- 
- 
- 17 of 20 Nations along the proposed Coastal Gaslink route have signed benefits agreements with the Province; however past attempts to complete agreements with Wet'suwet'en representative entities have not been successful.
- While there is strong overall Indigenous support for the proposed project, B.C. doesn't want to leave Indigenous communities behind.

## Confidential Issues Note - ADVICE TO MINISTER

s.13,s.16

- **Media:** There is active coverage of the camp through both traditional media through outlets like Discourse and the Georgia Straight, as well as social media. In addition, the past government was accused in the media for allegedly tying funding Indigenous children in care to Witset's pending LNG pipeline approval. The camp's image in the media has changed over time from a place of direct action to a place of culture and healing, with recent media coverage on the healing centre by the First Nations Health Authority.

### WET'SUWET'EN GOVERNANCE AND HEREDITARY LEADERS:

- The Unist'ot'en Camp is located in an area where the Wet'suwet'en Nation is assessed as having strong Aboriginal rights and title claims. The Unist'ot'en are a self-identified faction of the Dark House, one of thirteen houses that make up the Wet'suwet'en Nation.
- s.16 the Province has made extensive efforts to work with both the Wet'suwet'en Nation and its Hereditary Chiefs to seek a resolution. s.13,s.16  
s.13,s.16
- Four of the five Wet'suwet'en Indian Act bands have signed and announced Pipeline Benefits Agreements with the Province for TransCanada's proposed Coastal GasLink pipeline. Skin Tyee, Nee-Tahi-Buhn, and Wet'suwet'en First Nation have agreements that have been announced and are in effect. Witset (formerly Moricetown) Band's agreement has been announced, but is not in effect.
- A general election was held Aug. 10, 2017 for Witset and Victor Jim is the new chief. Unist'ot'en has two representatives on the 12-person council – Chief Knedebeas, and Unist'ot'en spokesperson Freda Huson (Knedebeas' niece).
- The OW has signed a child-welfare agreement with hereditary chiefs, Witset, Hagwilget, and the Ministry of Children and Family Development. The agreement is reportedly pulling the community together and having an overall positive effect.

Communications Contact: Leanne Ritchie  
Program Area Contact: Janice Franklin, Linda Robertson, Rhea Wilson (JAG),  
File Created: January 12, 2016

**ADVICE TO MINISTER**  
**GCPE Communications Issues Note**

<b>Ministry of Indigenous Relations and Reconciliation</b> <b>Date:</b> Feb. 8, 2018 <b>Minister Responsible:</b> Hon. Scott Fraser	<b>United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP): Free, Prior and Informed Consent</b>
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**RECOMMENDED RESPONSE:**

- Our government is focused on a new relationship with First Nations and all Indigenous people - one built on partnership and respect.
- Every minister's mandate letter included a requirement to move forward on the calls to action from the Truth and Reconciliation Commission and fully adopt and implement the United Nations Declaration on the Rights of Indigenous Peoples.
- Fundamentally, the declaration is a human rights document.
- The rights in the declaration include rights to self-determination, to be free from discrimination, to have access to education, healthcare and equitable social and economic outcomes.
- These rights for Indigenous people – rights that many in Canada take for granted – are pathways to creating opportunity and shared prosperity with Indigenous peoples.
- The implementation of the declaration will create stronger partnerships between First Nations, our government, the federal government and industry.
- It will also bring certainty and predictability to the land, creating good, family supporting jobs, unleashing the prosperity of our province.
- We are committed to the UN Declaration, which has been adopted by 148 nations, including the federal government of Canada.

**IF ASKED:**

- The suggestion that the United Nations Declaration is reducible to a veto on development is disingenuous and inaccurate.
- Far from a threat to development, free, prior and informed consent provides a just and equitable path forward for the development of this province's incredible natural resource wealth.

## ADVICE TO MINISTER

### GCPE Communications Issues Note

#### KEY FACTS:

##### Fish Farms

s.13,s.16

- The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) has been raised in the context of fish farms and concerns for the future of wild salmon in the Broughton Archipelago. In October 2017, a letter from the B.C. minister of Agriculture to Marine Harvest related to the company's decision to restock their Port Elizabeth fish farm stated:
  - *"Our government has committed to implementing the United Nations declaration on the rights of Indigenous people... Practically, this means that companies should make every effort to develop and maintain healthy relationships with First Nations in whose territories companies are doing business." The letter also said "Whatever operational decisions you should choose to make, the province retains all of its rights under the current tenure agreements, including potentially the requirement that you return possession of tenured sites at the end of the current terms."*
- In a media scrum the Premier countered criticism about the minister's letter. He said:
  - *"Tenures are for a fixed term. They're not in perpetuity. I'm sure Marine Harvest understands that. We will review business plans and tenure plans for all activities -- forestry, fisheries, mining, natural gas. That's part and parcel of good government, making sure that the public interest is always being protected. It's not new. It's something that goes on under any government. I expect that most people investing in British Columbia would expect that the laws of the land will be adhered to, and I intend to do that."*
  - *"The UNDRIP elements of free, prior and informed consent are the critical issues that some are focusing on, and I want to make it clear that this is going forward with new applications for activity, not previous applications."*
  - *"In terms of how we deal with UNDRIP, again, it's supported by the federal government. Times they are a-changing. I think that investors... When I talk to the Business Council, when I talk to representatives from the BC chamber, they get that. They acknowledge that. And I think sophisticated investors are looking at how they can continue to prosper in British Columbia by having relationships that lead to prosperity for First Nations as well. "*
- The letter was extensively quoted in media and the House, with the coverage focussed on whether government will cancel Crown land tenures for other industries if First Nations do not support their operations. Premier John Horgan stated in the House that *"No licences are being revoked. No tenures are being lifted."*
- On Jan. 30, 2018 B.C. met with six First Nations represented by five bands of the Broughton area to discuss the issue of fish farms in their traditional territories. A joint statement was issued agreeing to immediately embark on government-to-government discussions to address the issues and concerns about fish farms in the Nations' traditional territories, based on free, prior and informed consent.

s.13,s.16

## ADVICE TO MINISTER GCPE Communications Issues Note

s.13,s.16

### Provincial Position:

- The new provincial government made an election commitment to adopt the principles of UNDRIP.
- Since taking office, all ministerial mandate letters state that *“as part of our commitment to true, lasting reconciliation with First Nations in British Columbia our government will be fully adopting and implementing the United Nations Declaration on the Rights of Indigenous Peoples, and the Calls to Action of the Truth and Reconciliation Commission.”*

### Federal Position:

- On May 10, 2016, federal minister, Carolyn Bennett confirmed Canada is a full supporter of UNDRIP, removing previous qualifications when Canada endorsed UNDRIP in 2010.
- s.13,s.16
- Federal officials indicate that the government will adopt and implement UNDRIP in accordance with the Canadian Constitution and that UNDRIP “reflects the spirit and intent of our treaties.”
- On Feb. 22, 2017, the Prime Minister announced the creation of a working group to review laws and policies related to Indigenous people. This will include UNDRIP and supporting implementation of TRC calls to action. On July 14, 2017, the federal Attorney General announced 10 principles that will guide the federal review and federal discussions with Indigenous people and organizations. Canada has invited the B.C. Attorney General to provide input to the review.

## ADVICE TO MINISTER

### GCPE Communications Issues Note

- The federal government has been accused by some Indigenous leaders of relying on symbolic gestures of reconciliation rather than real substantive change. This came up in media in July 2017 when there was a suggestion that the next Governor General should be Indigenous.
- On Monday, November 20, 2017, Justice Minister and Attorney General Jody Wilson-Raybould announced that the federal government will support an NDP private member's bill, known as Bill C-262, to implement the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), a move that could have wide-ranging consequences in Canadian law.
- On Feb. 7, 2018 Bill C262 passed its second reading and has now been referred to the Standing Committee on Indigenous and Northern Affairs. (federal Hansard transcript)

### QUOTES:

Minister Scott Fraser – Aug. 5, 2017, Vancouver Sun

- "We need to make sure that First Nations are meaningful partners in projects, not having major projects dropped on them mid-stream. 'Free, prior and informed consent' is about being inclusive. The information has to flow from the beginning with respect and recognition."

Premier Horgan – Sept. 13, 2017, Statement on 10th anniversary of UNDRIP

- "Our government fully recognizes that the declaration is essential to the future of Indigenous peoples here in British Columbia. That is why we are committed to working in partnership with Indigenous peoples to embrace and implement UNDRIP, which has been accepted by 148 nations, including the Government of Canada."

Minister of Justice Jody Wilson-Raybould – Sept. 7, 2016

- "We have seen other countries where international human rights instruments are adopted, but then fail to translate into real change for their citizens. We cannot let this happen in Canada. This is why, with respect to the United Nations Declaration, it is important to appreciate how come it cannot simply be incorporated word for word into Canadian law."
- "How we as a society choose to balance the various rights and interests protected in our constitution set out in our Charter of Rights and expressed in the United Nations Declaration, is also a decision that we need to make together."
- "The hard and sometimes painful truth is that many of our current realities do not align with the standards of the United Nations declaration, and as such they must be systemically and coherently dismantled."

Minister of Indigenous and Northern Affairs Canada Caroline Bennett – April 24, 2017

- "This is about making decisions together" from the inception. It means not putting some fully baked project in front of people and getting them to vote yes or no."

Minister of Natural Resources Jim Carr -

- According to a Globe and Mail articles on Dec. 11, 2016, the Minister of Natural Resources says that the principle of 'free, prior and informed consent' doesn't provide First Nations with a veto, but it does require companies to work with First Nations to *"ensure they are partners in the evaluation and monitoring of projects, are properly consulted and have their concerns accommodated."*

Roshan Daneesh, lawyer and consultant for the First Nations Leadership Council – Dec. 27, 2016

- "'Consent' and 'veto' are distinct. The interchangeable use of the terms — whether out of ignorance, or as a deliberate attempt to create fear or confusion — is wrong and should stop."

## **ADVICE TO MINISTER**

### **GCPE Communications Issues Note**

- "... the Supreme Court of Canada uses both 'consent' and 'veto' and does not use them interchangeably."
- "... in addition to being inaccurate, a focus on "veto" is economically risky for all. "Veto," and the spectre of it, breeds uncertainty about who can make decisions, whether they are sustainable once made and constant agitation about what others may decide to do."

Alberta Premier Rachel Notley – Sept. 15, 2015

- "It's not something that's happening overnight. We sent a letter to ministers about UNDRIP to evaluate the work that they do and come back to us to report on what's already aligned, what can be improved and whether there are problem areas that are potentially in conflict."
- "Quite honestly, we have a province that is very much driven by development and the production of our natural resources. So we're not looking at approaching this in a way that would result in economic development suddenly grinding to a halt subject to free, prior and informed consent. And quite frankly the conversations that I've had with many First Nations leaders is they don't see that that is the consequence of that."

**Media:** There has been considerable media interest on the implementation of UNDRIP at the federal and provincial level, including discussions around whether FPIC equates to veto.

**Communications Contact:** Sharon Pocock

**Program Area Contacts:** Martha Anslow/Francesca Wheeler

# Greyhound Service

## Highlights:

- On February 21, the Passenger Transportation Board's issued its decision to allow Greyhound Canada to reduce and eliminate long-haul bus service on 6 routes in Northern BC and 3 routes in southwestern B.C. **as of June 1**, as well as reducing service in other areas of the province.
- As a result, the northern half of B.C. will no longer have Greyhound service, except for limited service from Prince George to Vancouver and Dawson Creek to Edmonton.

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Page 83

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## Background:

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- The Passenger Transportation Board has approved Greyhound's application to eliminate service on six routes in North Central B.C. and three routes in southwestern B.C., as well as reduce bus frequency on a number of other routes.
- This decision will likely impact many people and communities, especially those in the North.
- The Board has approved elimination of the following routes:
- North Central Region of B.C.:
  - Dawson Creek – Fort Nelson
  - Fort Nelson – Yukon Border and Hwy 97
  - Dawson Creek – Prince George
  - Prince George – Fort St James
  - Prince Rupert – Prince George
  - Prince George – Alberta Border and Hwy 16
- Southwestern B.C.:
  - UBC - Whistler
  - Victoria – Nanaimo
  - Victoria to Vancouver
- The demand for Greyhound's passenger bus service has declined by 30% over the past five years.
- Routes approved for elimination in the North Central Region have very low ridership and very large operating losses.
- Generally, ridership on the segments approved for elimination was not sufficient to sustain service, given Greyhound's operating losses, and revenue from more profitable routes is insufficient to subsidize the losses on those routes that will be eliminated (cross-subsidization).
- Following the Board's decision, Greyhound must provide inter-city bus service on the 6 routes in North Central B.C. and 3 route segments until at least May 31, 2018.

- This enables Greyhound passengers to travel safely over the harsh winter months and provides time for potential new service providers to submit an application to provide inter-city bus service.
- In the interim, Greyhound may reduce frequency of service. Greyhound must provide notice before reducing service on any route.
- In December 2017, the Passenger Transportation Board held four public meetings in Prince George, Terrace, Smithers and Fort St. John on Greyhound Canada's request to reduce or eliminate bus service along some routes.
- The PT Board also received more than 220 written comments from people across B.C.
- New transit service has started up along Highway 16, with buses running on the Smithers/ Moricetown route, on the Burns Lake to Smithers and Prince George route, and the Terrace and Hazelton service which started this past fall.

Page 86 to/à Page 92

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**Colten Boushie - IdleNoMore**  
**Feb. 13, 2018**

**SUMMARY:**

Several rallies were held in B.C. over the weekend after a court in Saskatchewan found Gerald Stanley not guilty of killing 22-year-old Colten Boushie of the Red Pheasant Cree Nation. The 56-year-old farmer was acquitted on all charges after a two-week trial in Battleford, 130 kilometres northwest of Saskatoon. According to media reports, Boushie was killed after he and four friends drove onto Gerald Stanley's farm. After firing two warning shots from a semi-automatic handgun, Stanley fired a third into the back of Boushie's head. Stanley's lawyers argued that he believed the gun was empty when he approached the vehicle and that the death was a "freak accident."

**KEY MESSAGES:**

s.13,s.16

s.13,s.16

**Feb. 14, 2018**

**SUMMARY: Federal Indigenous Legislative Framework.**

On Feb. 14, 2018, the Prime Minister is anticipated to deliver a significant speech in the House of Commons on the recognition and implementation of Indigenous rights. The Prime Minister is anticipated to state Canada's reliance on the courts to incrementally define Section 35 of the Constitution is a failure and is no more. He is expected to introduce an implementation bill in the House before it rises for the summer recess. Minister Carolyn Bennett, Crown-Indigenous relations, will lead the engagement across the country over the summer and into the fall. The draft bill will provide direction to all Federal decision-makers and will recognize the rights of Indigenous Peoples. The bill may include recognizing relations with Indigenous Peoples based on the recognition and implementation of the right to self-determination, the inherent right of self-government and reconciliation is the purpose of Section 35.

It may also coincide with Bill C-262 on implementation of the UN Declaration on the Rights of Indigenous Peoples. It is possible that Bill C-262 could be rolled into the larger bill if engagements direct the Federal government to do so.

**KEY MESSAGES:**

s.13,s.16

- This is a unique time in the history of Canada. After many years of little progress, we have all partners at the table focused on making life better for Indigenous people.
- B.C.'s is ready to get to work. In the throne speech, we committed to develop a cross-ministry framework to meet our commitments to the United Nations Declaration of the Rights of Indigenous Peoples, the Calls to Action of the Truth and Reconciliation Commission, and the Tsilhqot'in decision.
- We look forward to working with all Indigenous partners and Canada as this process moves forward.

# RE: Office Hiring

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## STATEMENT

For Immediate Release  
2018FLNR0006-000128  
Jan. 30, 2018

### Statement on work in the Broughton Archipelago

VANCOUVER – The following statement has been issued jointly by Minister of Forests, Lands, Natural Resources Operations and Rural Development Doug Donaldson, Minister of Agriculture Lana Popham, Minister of Indigenous Relations and Reconciliation Scott Fraser, Minister of Environment and Climate Change Strategy George Heyman, and the Mamalilikulla First Nation, 'Namgis First Nation, Dzawada'enuxw First Nation and Kwikwasut'inuxw Haxwa'mis First Nations:

"Following up on a commitment made by the Premier John Horgan in October 2017 at the Big House in Alert Bay, representatives from the provincial government met with six First Nations represented by five bands of the Broughton area to discuss the issue of fish farms in their traditional territories.

"Everyone around the table agrees that protecting the sustainability of wild salmon and other key resources – which are the foundation of their Indigenous culture, way of life and future – is of utmost importance. These resources are also vital to all British Columbians.

"The basis for this meeting was to jointly honour the implementation of the United Nations Declaration on the Rights of Indigenous Peoples and to confirm a commitment to a consent-based government-to-government process focused on the current fish farm operations in the Broughton area, and protection of wild salmon.

"We have agreed to immediately embark on government-to-government discussions to address the issues and concerns about fish farms in the Nations' traditional territories, based on free, prior and informed consent.

"Today's meeting was the next step toward finding solutions together, which will include shared priorities and decision-making.

"We are prepared to do the necessary hard work to find a path forward together in the Broughton Archipelago in keeping with and enacting the principles of the United Nations Declaration on the Rights of Indigenous Peoples."

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BRITISH  
COLUMBIA

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## STATEMENT

For Immediate Release  
2018PREM0022-000210  
Feb. 14, 2018

Office of the Premier

### **Statement from Premier Horgan on Canada's recognition and implementation of rights framework**

VICTORIA – Premier John Horgan has made the following statement about the federal government's announcement that it will create a recognition and implementation of Indigenous rights framework in partnership with Indigenous Peoples:

"I welcome today's announcement by Prime Minister Justin Trudeau that the federal government will create a new legislative and policy framework to guide their relationship with Indigenous Peoples.

"British Columbia shares Ottawa's commitment. Our government is taking steps in partnership with Indigenous Peoples in our jurisdiction to make true reconciliation possible.

"In yesterday's speech from the throne, we announced our intention to develop a cross-ministry framework in partnership with Indigenous Peoples to meet our commitments to the United Nations Declaration of the Rights of Indigenous Peoples, the Calls to Action of the Truth and Reconciliation Commission, and the Tsilhqot'in decision.

"Aboriginal title and rights are a matter of law and justice. We must move away from the ongoing cycle of court battles, embrace Section 35 of the Constitution and move toward meaningful reconciliation in partnership with Indigenous Peoples.

"This is a unique time in Canada's history, where all partners at the table are focused on transforming the Crown-Indigenous relationship. That process starts when we recognize the inherent rights of Indigenous Peoples.

"We look forward to working with First Nations, Métis, all Indigenous partners and Canada, as we build a new and better relationship."

#### **Contact:**

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