

B.C. wins big in federal budget

Ottawa to boost share of transit funding, but province stands firm at one-third

BY PETER O'NEIL AND ROB SHAW, VANCOUVER SUN MARCH 23, 2016 8:04 AM



Minister of Finance Bill Morneau is accompanied by Prime Minister Justin Trudeau as he makes his way to deliver the federal budget in the House of Commons on March 22, 2016.

Photograph by: Sean Kilpatrick, Ottawa Citizen

Metro Vancouver mayors, elated with a federal budget that pledges to fund up to half the cost of transit megaprojects, want the B.C. government to show similar generosity.

In the Trudeau government's first budget, Ottawa dropped its traditional cap on federal contributions of one-third of the capital costs of projects like the \$2-billion-a-piece **rapid-transit lines in Vancouver** and

Surrey. Instead, **Ottawa will fund up to half of the cost.**

"We're very, very pleased," said Vancouver Mayor Gregor Robertson, chair of the TransLink mayors council.

He cited a number of Metro Vancouver-friendly budget measures that included funding to revive the Kitsilano coast guard station **and money for rebuilding the North Shore sewage treatment plant.**

"It's a dramatic improvement over the past decade of being ignored by Ottawa," Robertson added.

He and Surrey Mayor Linda Hepner said they now need the province to move away from its 33 per cent cap. Robertson said he'd like Victoria to fund 40 per cent, leaving the cities with a 10 per cent tab - roughly in line with the percentage of overall taxes collected by cities.

The **B.C. government snapped back** that while it's "delighted" with the federal budget, it isn't moving from the early-1990s formula that has **the province pay one-third of the cost of projects.**

"We have been very clear ... our share is one-third," Peter Fassbender, the minister responsible for TransLink, said. "It has been on the table for a few years now. We're committed to that funding source based on our budget."

Fassbender wouldn't speculate on how local governments could raise the cash, nor would he rule out another transit referendum. The province will continue discussions with the mayors, Trans-Link and the TransLink board over funding sources, he said.

The federal transit commitment starts with a preliminary \$3.4-billion three-year fund distributed across Canada on the basis of public transit use. That means B.C. will get \$460.5 million, about \$20 million more than the province would get if distribution was based on B.C.'s share of the national population. Metro Vancouver's share would be \$370 million.

Robertson said the money will be spent partly on engineering and design of the Broadway subway line in Vancouver and light rapid transit in Surrey, and maintenance and improvements to the existing transit system.

He and Hepner said they will continue to negotiate in Ottawa for the remainder of the 10-year plan for funding transit, including the transit megaprojects and other infrastructure.

Ottawa did not offer money for the proposed \$3.5-billion bridge to replace the Massey tunnel.

Among the B.C.-related budget items: Reopening the Kitsilano search-and-rescue lifeboat station will cost Canadian taxpayers \$23.6 million over five years. In addition to search and rescue, the station will take on an environmental response role, and will conduct emergency response training for various groups.

The government announced a \$5-billion, five-year green infrastructure fund, and specifically singled out the proposed \$212-million rebuild of the Lions Gate Wastewater Treatment Plant as a project "ready for immediate investment by the federal government."

Finance Minister Bill Morneau, in his budget speech, addressed the worry in Metro Vancouver over sky-high housing costs. "We know that many Canadians, particularly British Columbians, are concerned about the effect of foreign ownership in the housing market," he said. "Unfortunately, the problem isn't fully understood. More information is needed."

Morneau set aside \$500,000 for Statistics Canada to develop, possibly in collaboration with other governments, "methods for gathering data on purchases of Canadian housing by foreign homebuyers." BMO economist Doug Porter said this was effectively a vow to figure out a how to study a problem, "so obviously there's nothing imminent at all on that front in terms of policy changes."

Morneau is adding just over \$500 million over the next two years to the federal affordable housing program, roughly doubling the money for the program supplied under the Conservatives.

Ottawa will also add \$201 million to increase affordable housing for seniors, and another \$574 million for energy and water efficiency retrofits and renovations to existing social housing.

The total of roughly \$1.28 billion over two years would work out to about \$161 million for B.C.

The budget provides \$32 million over two years to the University of B.C.'s Centre for Drug Research and Development, a non-profit corporation created in 2007 that tries to get research discoveries to market.

The government is reopening nine Veterans Affairs Canada service centres shut down by the Tories, including one in Kelowna, and adding a new one in Surrey.

The Liberals will invest \$8.4 billion over five years to improve the socio-economic conditions of Canada's indigenous peoples. B.C. is home to roughly a third of Canada's First Nations, though many bands are extremely small. Just under 17 per cent of Canadians who identify as aboriginal reside in the province. "This is a huge signal of a new era of engagement with respect to many of our needs and priorities," said Shane Gottfriedson, B.C. regional chief of the Assembly of First Nations.

The Liberals are giving \$191 million over two years to Parks Canada, with \$86 million of that to be spent on twinning part of the Trans-Canada Highway through Yoho National Park, and \$18 million for a new biking and walking trail in the Pacific Rim National Park Reserve.

The government is moving its forensic crime laboratory, now in the Jericho Lands in West Point Grey that were recently sold to a group of First Nations, to the RCMP regional headquarters in Surrey. The cost is \$60.4 million.

In response to a request from provinces like B.C., which is having ferries built in Europe, the government is waiving the 25 per cent tariff on ferries imported into Canada after Oct. 1, 2015.

Another \$15.5 million over five years is being invested to restore funding, which had been cut by the Conservatives, for heavy urban search-and-rescue teams in four cities in Canada, including Vancouver.

Ottawa is committing \$23 million to upgrade fire safety and rehabilitate terminal buildings and hangars at six airports. Three are in B.C. - Sandspit, Penticton and Port Hardy.

B.C. opposition MPs were scathing in their criticism Tuesday, saying Trudeau broke a number of campaign promises.

Conservative MP Ed Fast zeroed in on the Liberal failure to bring the small business tax rate down to nine per cent. Instead, the budget said any cuts below 10.5 per cent were being "deferred."

Fast also complained about a deferral in defence spending, especially in light of the latest terror attack in Belgium, as well as a budget that has "blown through" the campaign promise of modest deficits in the \$10 billion range.

"We certainly consider it a remarkable betrayal of a number of groups, including the middle class and the small business community," said the MP for Abbotsford.

Fast and B.C. New Democrat Peter Julian also complained that despite the significant deficit rise, the infrastructure pledge falls short of what was promised by the Liberals last year.

Julian, who represents New Westminster-Burnaby, also dismissed the increase in the **Guaranteed Income Supplement for the poorest seniors.**

"That's **\$2.59 a day, and it's not going to make any difference in the quality of life of a senior in my riding.**"

Raymond Louie, a Vancouver city councillor and president of the Federation of Canadian Municipalities, was far more enthusiastic.

He issued a statement saying the budget will "transform the way we build cities and communities," and said in a subsequent interview that he's not concerned that infrastructure funding will be phased in over several budgets.

Of far greater importance is Ottawa's pledge to increase its contribution from 33 to 50 per cent.

"They recognize that local governments don't have the capacity to fund these large infrastructure projects without help," he said in an interview.

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THE IMPACT ON THE PROVINCE

\$370 million over three years for Metro Vancouver transit

THESE AMOUNTS WILL BE DOLED OUT OVER THE NEXT FIVE YEARS

\$60.4M to build a new, more efficient RCMP forensic laboratory in Surrey

\$161M for affordable seniors housing and improvements to other social housing

\$23.65M to reopen Kitsilano search-and-rescue lifeboat station

\$500,000 to research impact of foreign investment on housing price increases

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Minister of Finance Bill Morneau is accompanied by Prime Minister Justin Trudeau as he makes his way to deliver the federal budget in the House of Commons on Parliament Hill in Ottawa on Tuesday, March 22, 2016.

Photograph by: Sean Kilpatrick, Ottawa Citizen

