

TO: CITY MANAGER

2002 February 13

FROM: DIRECTOR FINANCE

SUBJECT: COST IMPACT OF PROVINCIAL GOVERNMENT INITIATIVES

PURPOSE: To provide Council with an update on the cost impacts, on the City of Burnaby, of recent Provincial government initiatives.

RECOMMENDATION(S):

1. THAT this report be received for the information of Council.

REPORT

At its meeting of 2002 February 11 Council requested an update on the cost implications of the 50% Medical Services Plan premium increase announced by the Provincial government on 2002 February 07. Out of the discussion the cost impact of other Provincial initiatives, on the City, were also requested.

Medical Services Plan

On 2002 February 07 Finance Minister Gary Collins and Health Services Minister Colin Hansen announced that the MSP premiums will be increased by 50% to help offset public-sector wage increases in health care.

The monthly rate changes are:

	<u>Old rate</u>	<u>New rate</u>	<u>Annual cost*</u>	<u>Annual cost increase</u>
Single	\$36	\$54	\$648	\$216
Couple	\$64	\$96	\$1,152	\$384
Family	\$72	\$108	\$1,296	\$432

* over threshold income levels (\$24,000 to \$33,000 p.a.)

The MSP premiums are paid by the City as a taxable benefit to its employees. The impact on the City of Burnaby, based on 2001 actual MSP premiums, is \$420,000 per year. The employees will be required to pay about \$136,500 in additional income tax on the premium increase.

The Province has estimated the cost to direct government and public-sector agencies (except health and education) is \$23 million annually. The cost to B.C. businesses that pay the premiums on behalf of their employees will be \$180 million per year.

The Province estimates that the premium increase will generate an additional \$340 million in revenue.

Burnaby Courthouse Closure

On 2002 January 17 the Provincial government announced the closure of the courts operated from the Burnaby Municipal Justice Building. The courtroom portion of the Burnaby Justice Building is under lease to the Provincial government through B.C. Buildings Corporation until 2002 December 31. The lease income to the city is \$350,000 per year in addition to a grant in lieu of property taxes of \$30,000 per year. Burnaby also receives \$200,000 in yearly revenue for housing provincial prisoners awaiting a court appearance. The total direct financial impact to Burnaby is a loss of \$580,000 per year.

In addition to the financial impacts stated above there will be increased costs associated with the travel distance and time for the attendance of R.C.M.P. members in court. These costs increases will impact overtime pay, fuel consumption for police car travel to and from court, meal claims for on duty members and loss of service to the City of Burnaby.

Based on the preliminary information available, the court house closure and loss of court staff could result in cases not being prosecuted when they have been unreasonably delayed or because other cases have been given higher priority.

The increased costs, in both money and time, for people to travel to alternate court houses is likely to mean that many, particularly those who rely on public transit, will have considerable difficulty in attending or will not attend. Concurrent cuts to bus pass subsidies for youth and seniors, and tightened eligibility criteria for and cutbacks to social assistance will compound this problem.

Conclusion

The decisions of the Provincial government are having a profound impact on the services and finances of the City of Burnaby, as issues become known updates will be provided for the information of Council. Some significant dates to be aware of are:

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| 2002 Feb 19 | First complete Provincial budget |
| 2002 Feb 12 to May 30 | Provincial Legislature will be in session (week of Mar 18, Apr 22 & May 20 -not in session) |
| 2002 Oct 07 to Nov 28 | Provincial Legislature will be in session (week of Oct 14, & Nov 11 -not in session) |


Rick Earle
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