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# Pre-budget Consultations in British Columbia

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by Kate Ryan-Lloyd, Josie Schofield, and Jonathan Fershau

*British Columbia's Select Standing Committee on Finance and Government Services has recently adopted two innovative consultation methods to carry out its statutory mandate to seek public input on the government's fiscal priorities. After tracing the origins and evolution of the province's parliamentary pre-budget consultation process, this article describes and assesses the site-visit experiment, which enhanced urban legislators' knowledge of the challenges and opportunities facing rural, resource-based communities. It then demonstrates that the Committee's first experience with e-consultation dramatically affected the level and nature of public participation in the parliamentary pre-budget consultation conducted in the fall of 2004.*

**D**uring the past twenty years, governments in Canada have widened the circle of people consulted during the budget-making process to include the public at large, in addition to stakeholders representing the key sectors of the economy. Today government-led public consultations have become part of the annual budget cycle in several of the 14 jurisdictions that make up the Canadian federation. (see Table 1)

In British Columbia, Ontario and the House of Commons, parliamentary committees are also directly involved in the annual pre-budget public consultations. They provide an alternative and valuable forum for public input on the future direction of fiscal policy, as outlined in a series of questions posed by government. Until recently, each parliamentary committee used similar and

conventional consultation methods — namely, public hearings and calls for written submissions.

In the fall of 2004, the British Columbia Select Standing Committee on Finance and Government Services added two novel features to its annual pre-budget public consultations. The first was the incorporation of site visits into the public hearings schedule in order to enhance the legislators' understanding of the key sectors of the provincial economy and the concerns of resource-based rural communities in the province. The other was the inclusion of the government's questionnaire on the committee website to provide another means of allowing citizens to participate in the parliamentary pre-budget consultation process.

## Historical Context

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British Columbia was the third Canadian jurisdiction to initiate parliamentary pre-budget public consultations. Ontario started the trend, with the creation of the Standing Committee on Finance and Economic Affairs in 1986 to provide a forum for the pre-budget hearings.<sup>1</sup> Its example was followed by the federal House of Commons eight years later, when the Standing Committee on Finance began holding annual pre-budget consultations.<sup>2</sup>

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Table 1 Canadian Pre-budget Public Consultations, 2004-05

Jurisdiction	Parliamentary Committee	Government Organization	Public Hearings/ Community Round Tables*	Site Visits	Written Submissions	Online Surveys	Household Surveys
British Columbia	Select Standing Committee on Finance and Government Services		√	√	√	√	
British Columbia		Finance Ministry				√	√
Alberta		Finance Ministry				√	√
Manitoba		Finance Department	√		√	√	
Ontario	Standing Committee on Finance and Economic Affairs		√		√		
Ontario		Finance Ministry	√		√	√	
Quebec		Finance Ministry	√		√		
Nova Scotia		Finance Department	√		√		
New Brunswick		Finance Department	√		√	√	
Prince Edward Island		Provincial Treasury	√		√		
Newfoundland & Labrador		Finance Department	√*		√		
Yukon Territory		Cabinet Office	√		√		
House of Commons	Standing Committee on Finance		√		√		

What these three Committees share in common is the mandate to seek public input on a range of fiscal policy options framed by government and to report back on the results of the pre-budget public consultations to the House, as well as to the Finance minister. They were all created as part of the drive towards greater accountability and transparency in the budget-making process.

In the B.C. case,<sup>3</sup> the catalyst for the reform process was the 1996/97 budget. It was presented to the House as a balanced budget on April 30, 1996 — just hours before the call for a provincial general election. After re-election of the incumbent government, the reliability of the revenue forecasts was questioned. Subsequently, the province's public accounts confirmed that the 1996/97 budget was not in fact balanced. This series of events highlighted the need for greater financial accountability.

In February 1999, the Auditor General of British Columbia released a report with 25 recommendations for improving the estimates process that stressed the importance of legislative scrutiny and public participation.<sup>4</sup> The government responded in April 1999 by establishing a 12-member Budget Process Review Panel, chaired by a well-respected chartered accountant, Doug Enns. The panel held academic and business roundtable discussions, invited comments from public and private sector organizations, conducted interviews, and received numerous submissions from individual members of the public. The panel issued its final report in September 1999, making 26 recommendations aimed at improving the credibility, transparency and accountability of the budget process in British Columbia. The first two recommendations proposed that:

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1. Legislation require that a pre-budget consultation document be publicly released by the Government no later than October 31 of each year as the basis for public pre-budget consultations. The document should update economic and fiscal forecasts from the previous budget and indicate the key issues that need to be addressed in the budget.

2. Legislation establish a public pre-budget consultation process undertaken by a select standing committee of the Legislature created for this purpose, with the results reported publicly and to the Minister of Finance and Corporate Relations by December 31. The process should allow for input from interest groups and include opportunities for dialogue with interest groups and the public (round tables) and mechanisms for public dialogue, such as through web-sites and/or large web-based public forums.<sup>5</sup>

In response to the Enns report, the NDP government introduced Bill 2, the *Budget Transparency and Accountability Act*, in March 2000. The bill provided for the release of a budget consultation paper by the Minister of Finance and Corporate Relations, to be referred to “a select standing committee of the Legislative Assembly.” Under section 3(2), that committee “must conduct consultations as it considers appropriate” and make public a report on the results of those consultations not later than December 31. On July 6, 2000, Bill 2 passed third reading. At the same sitting, the House also approved the government motion to establish the Select Standing Committee on Finance and Government Services for the purpose of conducting “broad public consultations across British Columbia regarding the provincial budget and fiscal policy for the coming fiscal year, including but not limited to public meetings, telephone and electronic means.”

The ten members of the new select standing committee engaged in a wide-ranging public consultation in the fall of 2000. As their province-wide tour was conducted in the partisan environment preceding a provincial general election, they decided simply to report on the evidence received rather than make specific recommendations on spending priorities in the upcoming budget.

Following the NDP government’s defeat in the May 2001 election, the new Liberal administration amended the *Budget Transparency and Accountability Act* soon after taking office. The establishment of a fixed budget date (the third Tuesday in February) prompted the advancement, by a month and a half, of the parliamentary pre-budget consultation process. The release date of the government’s budget consultation paper changed to September 15 (from October 31), and the Select Standing Committee’s reporting deadline was moved to November 15 from the end of the calendar year.

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## New Consultation Methods

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During the 37th Parliament (2001-2005), the Select Standing Committee on Finance and Government Services conducted four annual pre-budget public consultations. The first two used the conventional methods of public hearings in different regions of the province and calls for written submissions. In the fall of 2003, the committee members decided to include site visits in the public hearings schedule, a practice that was repeated on a much grander scale the following year. As well, an e-consultation option, in the form of an online survey, was added to the Finance Committee’s website in the fall of 2004.



**Finance Committee Members touring a mineral exploration site near Kimberley, B.C. (September 21, 2004)**

Site visits, also referred to as field inspections or guided tours, allow parliamentarians to learn more about the matter referred for committee inquiry — whether it is the physical plant of the economic drivers of a province, or the security of Canada’s port infrastructure.<sup>6</sup> As a learning tool, site visits differ from public hearings in that the members of a parliamentary committee meet informally with senior officers of a private business or a public institution to gain firsthand knowledge of what is happening at the point of production or operation.

The B.C. experience suggests that site visits can play an important role in exposing legislators representing urban areas to the socio-economic challenges faced by rural communities in outlying regions of the province. For example, as a result of participating in the 2002 pre-budget consultation tour, one committee member highlighted a clear message he had heard:

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Several people who spoke mentioned that we should spend more time in the communities... It was an overall theme: "If you go look at our roads, if you go look at our hospital — if you go look at this, if you go look at that — you'll see what we mean...." I think it would be time well spent. I think those people in the communities — all the communities, not just rural — would really think highly of that point.<sup>7</sup>

Besides their educational value, site visits can also promote collegiality. Since organized tours are off the record, Members' questions to the site hosts tend to be candid and devoid of the rhetoric often displayed in the legislative chamber, or even at parliamentary committee meetings. As well, when travelling as a group to and from the sites, legislators frequently put aside political differences to discuss how government policy can be shaped to help particular sectors or industries they have visited. By informally identifying key economic issues, site visits can assist in establishing 'frames of reference' that assist in future committee deliberations.

In planning the pre-budget consultation process for the fall of 2003, the Finance Committee decided to include four site visits in conjunction with the scheduled public hearings. As most committee members represented urban ridings in greater Vancouver or greater Victoria, they felt it was important to gather direct information on some of the key resource industries operating in rural British Columbia. Accordingly, the Committee arranged a tour of six farms in the Comox Valley; a narrated bus tour of the industrial facilities and deep-sea port at Prince Rupert; as well as a guided tour of the Kamloops region following a devastating wildfire. A series of meetings was also held with stakeholders attending the 2003 Oil and Gas Conference in Dawson Creek.

In 2004, the Finance Committee's experiment was repeated on a much grander scale. Twenty site visits were arranged in conjunction with the 17 public hearings scheduled in different regions of the province during the four-week pre-budget consultation process. These fact-finding tours focused on seeing what was happening on the ground in key resource sectors of the provincial economy — aquaculture, agriculture, forestry and mining — and also included guided tours of new or expanded post-secondary facilities. A typical travel day for the committee members would be visiting the local site in the morning, participating in an afternoon public hearing, and spending the evening travelling to the next public hearing venue.

For committee members, the primary purpose of the site visits was "to give us a much better understanding of the local environment."<sup>8</sup> Furthermore, they all agreed

that this new consultation method had given them "a greater appreciation of the different challenges facing resource-dependent communities and, equally important, the opportunities for economic development in British Columbia."<sup>9</sup>

Provincial legislators also used the firsthand knowledge they had obtained from the site visits in House debate unrelated to parliamentary pre-budget consultations. For example, during the 37th Parliament, individual members of the Finance Committee referred to what they had learned from the guided tours during debates on bills, motions and estimates, and in Private Members' Statements.<sup>10</sup>

The site-visit experiment undertaken by the Finance Committee in the past two years certainly qualifies as an innovative consultation method for parliamentary pre-budget public consultations. However, it posed several challenges for committee staff who learned valuable lessons during the start-up phase. These include the logistical challenges involved in preparing complex itineraries to accommodate the scheduling of site visits and in "prepping" of the site hosts and the committee members.

### Online Surveys

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Although not yet widely adopted in Canada, electronic or e-consultation is gaining recognition as a means of facilitating greater participation in parliamentary public consultations. This tool has been used in various circumstances by standing committees in the Canadian House of Commons and Quebec.<sup>11</sup> The British Parliament has also recognized "the value of online consultation" as a "genuine opportunity for broader public involvement" noting that "properly employed, it can be a very valuable asset to parliamentary scrutiny."<sup>12</sup>

While it is not yet highly interactive,<sup>13</sup> electronic information regarding British Columbia's parliamentary committees has proven itself to be the most accessible resource for the public at large. For example, in 2004 there were over 91,000 visits to the various committees' web pages, significantly higher than participation in all conventional committee consultations combined.

Beyond its informational role, a parliamentary committee website may also provide new opportunities for consultation. The first parliamentary committee in British Columbia to offer an online survey option to the public was the Special Committee to Review the Freedom of Information and Protection of Privacy Act. Of the 79 organizations and individuals that participated in the consultative process in the winter of 2004, only 4 percent completed the online questionnaire. This modest participation rate may have been due, in part, to the specialized

**Table 2 British Columbia Pre-budget Consultation Methods, by Type**

	2000	2001	2002	2003	2004
Oral Presentations	268	321	214	169	244
Written Submissions	228	334	89	47	220
Web based forms	-	-	-	-	1335
Total	496	655	303	216	1799

nature of the Special Committee's second review of a relatively complex statute.

The next application of e-consultation in British Columbia, the inclusion of the government's pre-budget consultation questionnaire on the Finance Committee's website, offers a better illustration of the potential associated with this new technology. When the Finance Committee launched its first online survey initiative in September 2004, it had two objectives in mind. First, the Committee sought to gain public input into the pre-budget consultation process by enhancing British Columbians' access to their elected representatives. By providing citizens with access over the Internet, the online survey option allowed those living in remote communities, persons with mobility limitations, or those hesitant to appear before a public hearing to make a submission from the convenience of their own computer workstation.

Secondly, the Finance Committee attempted to assess whether the online survey option provided useful and valuable input into the pre-budget consultation process. This innovation did not pose any specific procedural concerns since there are no explicit provisions in British Columbia concerning the form written evidence should take. Submissions to a parliamentary committee can be sent by letter, fax, e-mail or as an electronic document and, like oral testimony, written submissions are protected by parliamentary privilege.

***With the addition of the e-consultation option in 2004, both the level and nature of public participation have risen dramatically.***

Before describing the dramatic impact of e-consultation, it should be noted that the pre-budget consultation mandate of the Finance Committee has consistently attracted a relatively high level of interest from the public. Between 2000 and 2003 stakeholders representing the key sectors of the provincial economy and other levels of

government, as well as community groups, have embraced the opportunity to express their views on the upcoming provincial budget and fiscal policy — either by participating at the public hearings or by making written submissions.

In September 2004, the Finance Committee decided to supplement its traditional means of consultation (public hearings and written submissions) with direct online access to the questionnaire included in the government's budget consultation paper, via the parliamentary committees' website. An online survey option was available for 30 days and generated 1,335 responses to the questionnaire, thus setting an all-time record for participation in the work of a parliamentary committee in British Columbia. Although the Committee had the capacity to make the online responses available on the website, it was decided that the responses would not be made public until after its report had been released.

At subsequent committee meetings, Members were pleased with the high number of responses. They indicated that the online survey form had shown itself to be an excellent tool for broadening the base of a typical committee inquiry. Staff analysis of these responses further revealed that the online respondents were mainly individual citizens who were distributed geographically throughout the province, represented a cross section of the population and had different budgetary priorities. By contrast, most presentations made at formal public hearings came from people who spoke on behalf of established organizations, including businesses, labour unions, municipal or regional governments, and community groups.

The online survey results were incorporated into submission summary documents, which supported the Members in their review of all evidence, and assisted in their subsequent deliberations and decision-making. Within the staff analysis, it was interesting to note that the Web-based forms provided the Finance Committee with the most accurate responses to the quantitative question on the government survey regarding the percentage distribution of available public funds. While

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most online respondents completed this question, witnesses at the public hearings appeared reluctant to provide a decisive response to this quantitative question — opting instead to make general statements about the future direction of fiscal policy.

The Finance Committee's experience with online surveys appears to have met its stated objectives. Members were able to broaden the scope of their consultative process and gain valuable public input on the upcoming budget and future fiscal priorities. The Committee and staff were also able to assess the online consultation method, refine processes and improve internal capacity to support this enhanced service. It was also discovered that e-consultation is a relatively economical means to gauge the public's view on budgetary priorities.

### Conclusion

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The member-driven, site-visit experiment turned out to be a positive educational experience for parliamentarians. The site visits provided Private Members from primarily urban constituencies the opportunity to understand the challenges faced by businesses and government agencies operating outside the province's major metropolitan areas.

In addition, the value of the Finance Committee's experiment with e-consultation was enhanced access for citizens in the annual budget-making process. The large number of online survey responses demonstrated that e-consultation has the potential to alter both the level and nature of public participation in a parliamentary pre-budget consultation process.

Both consultation methods have supported the needs of parliamentarians by enhancing their interaction with citizens and by providing them with opportunities to learn more about current policy issues. Consequently, it is hoped that these innovations may make a modest contribution towards enhancing the overall effectiveness of future parliamentary pre-budget consultations in B.C. and in other jurisdictions.

### Notes

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1. G. Bruce Doern, "Fairness, Budget Secrecy, and Pre-Budget Consultation in Ontario, 1985-1992," in G. Bruce Doern et al. (eds), *Taxing and Spending: Issues of Process*, Toronto: University of Toronto Press, 1994, pp. 10-12; and Ray McLellan, "The Ontario Pre-Budget Consultation Process," Current Issue Paper 202, Ontario Legislative Library, Research and Information Services, January 2000, p. 3
2. David C. Docherty, *Legislatures*, Vancouver: UBC Press, p. 146; and Evert A. Lindquist, "Citizens, Experts and Budgets: Evaluating Ottawa's Emerging Budget Process," in Susan

D. Phillips (ed), *How Ottawa Spends 1994 -95: Making Change*, Ottawa: Carleton University Press, 1994, pp. 116-122.

3. The remainder of this section is based on E. George MacMinn, "Pre-budget Consultations in British Columbia: The *Budget Transparency and Accountability Act* and the Select Standing Committee on Finance and Government Services," Paper Presented at the 46<sup>th</sup> Commonwealth Parliamentary Association Conference, London and Edinburgh, September 20 -29, 2000.
4. Office of the Auditor General of British Columbia, *A Review of the Estimates Process in British Columbia*, February 1999, pp. 87, 88.
5. Budget Process Review Panel Final Report, *Credibility, Transparency & Accountability: Improving the B.C. Budget Process*, 1999, p. xv.
6. For example, the Senate Standing Committee on National Security and Defence travelled to Victoria and Vancouver during the week of February 25, 2005 to conduct a "series of hearings, fact-findings and public consultations," pertaining to port and land border crossings in conjunction with its comprehensive review of Canada's defence policy.
7. Arnie Hamilton, MLA (Esquimalt-Metchosin), *Issue No. 41*, Select Standing Committee on Finance and Government Services, *Hansard*, October 23, 2002, p. 1298.
8. John Nuraney, MLA, (Burnaby-Willingdon), *Issue No. 75*, Select Standing Committee on Finance and Government Services, *Hansard*, May 11, 2004, p. 1836.
9. Legislative Assembly of British Columbia, Select Standing Committee on Finance and Government Services, *Report on the 2004 Budget Consultation Process*, 2003, p. 5.
10. See, for example, Jeff Bray, MLA (Victoria-Beacon Hill), Second Reading of the *Significant Projects Streamlining Act*, *Hansard*, November 17, 2003, 18(7), p. 7951; Lorne Mayencourt, MLA (Vancouver-Burrard), Motion Without Notice – Response to B.C.'s Forest Fires, *Hansard*, October 6, 2003, 16(9), p. 7158; Joy MacPhail, MLA, (Vancouver-Hastings), Supplementary Estimates (No. 5): Ministry of Transportation, *Hansard*, February 22, 2005, 27(4), p.12037; Greg Halsey-Brandt, MLA (Richmond Centre), Private Member's Statement – The Gateway to Asia-Pacific, *Hansard*, February 28, 2005, p. 12154.
11. See *Listening to Canadians: A First View of the Future of the Canada Pension Plan Disability Program*. (Canada. House of Commons. Sub-Committee on the Status of Persons with Disabilities) June 2003; and François Côté, "Parliamentary Institutions and Cyber-democracy," *Canadian Parliamentary Review*, 27, 3 (Autumn 2004): 23-26.
12. United Kingdom. House of Lords. Select Committee on the Constitution. Parliament and the Legislative Process. Volume I *Report*, October 2004, p. 50, paras 210 and 212.
13. Currently the web pages for parliamentary Committees of the Legislative Assembly of British Columbia contain primarily static background information pertaining to terms of reference, membership, committee proceedings and reports.