University of Victoria Faculty Association

Economic Stability Dividend

Q&A's

November 2015

Q1. What is the Economic Stability Dividend?

The Economic Stability Dividend (ESD) is a component of the 2014 Economic Stability Mandate that allows for additional general wage increases based on the economic performance of the province. In order to activate this modest wage increase for unionized employees, the GDP growth for British Columbia must exceed forecasts set at the start of the fiscal year. As such, there can be up to four ESD wage increases within the framework of the current bargaining mandate. As part of the 2014 Economic Stability Mandate, government committed to introducing a shared benefit that activates an ongoing wage increase when GDP growth exceeds forecasts. The wage increase is calculated based on 50% of the positive difference between the forecast and the data released by Statistics Canada.

Q2. How is the ESD calculated?

In November, Statistics Canada releases data that includes GDP growth for the provinces. If this number exceeds the Economic Forecast Council's February prediction for GDP growth, then half of the difference is used to calculate an ongoing general wage increase for union members covered by tentative or ratified agreements under the Economic Stability Mandate. For example, if real GDP is 0.3% above forecast real GDP then a 0.15% GWI would result.

Q3. What is the Economic Forecast Council? What is its relationship with government?

The Economic Forecast Council is independent of government and makes use of economic modelling to forecast real GDP. Employees of universities or government reporting entities are not eligible for appointment to the council, which is composed of experts in economics from areas like banking and private research institutions.

Q4. How many employees will receive the dividend?

The dividend will be paid to over 250,000 employees covered by tentative and ratified agreements negotiated under the current bargaining mandate. The dividend is cumulative and is in addition to the 5.5% increase over the five years contained in these agreements.