

Municipal Affairs in British Columbia

By JACK LOUTET, President of B.C. Union.

The recent Budget Speech of the Finance Minister of British Columbia is obviously a compromise and, like all comprises of this nature, will please no one. In his speech, the Honorable Mr. Hart states that he received authoritative information through a questionnaire, from all but two municipalities in the province.

He states that in 1914 the total assessment for all the municipalities of the province was \$688,725,139, and that there was a slight drop from 1915 to 1920, showing the latter amount to be \$557,273,315. This slight drop is over \$131,000,000. The minister next points out that the gross debt per \$1,000 had risen from \$104 to \$159 in the nine years ending 1920, an increase of approximately 50 per cent. Later on he shows, but in the same period, the gross debt for schools had increased by 125 per cent. He then states that the figures prove that some municipalities have, contrary to law, not been levying for the estimated amount of their expenditures, but rather have been levying an amount from which they expected to receive, in actual collections, the amount they required. In other words, had some municipalities carried out the law, their deficits would be very much greater. He also states that there is no doubt that the large arrears of taxes were permitted to pile up through failure to hold annual tax sales. He fails to mention that the Union of British Columbia Municipalities had realized this many years ago and had urged upon the Government the necessity of an amendment to the laws, which, however, was not granted for some years. He also forgets that the government moratorium prevented the collection of tax arrears.

In the main, the statement of the Finance Minister in regard to the position of the municipalities of British Columbia is quite correct, but his suggestions as to a remedy are lamentably weak. Most of us will agree with him that public utilities should be made to pay and that the services must be charged for on rates which will pay the cost of operation, interest and sinking fund.

In his speech, however, he adds that depreciation should also be taken care of. If both depreciation and sinking funds are taken care of in these charges, his remarks mean that municipalities should not only pay their way, but should, out of revenue, save money for capital expenditures. Admittedly, this is desirable, but at present it is not practicable.

The minister suggests that sinking funds should be paid for annually to the Government. I should like to ask him if the Government has shown itself more capable than the municipalities in handling money. On being questioned after the House adjourned, he stated that he thought the Government would allow the municipalities an interest rate of 5 per cent. Many municipalities whose sinking funds are in good shape, and in securities approved by the Government, are receiving an interest rate of well over 6 per cent.

He proposes to penalize such municipalities by allowing 5 per cent. In other words, under the guise of assisting the municipalities, the Government, being unable to borrow money for itself at 5 per cent., proposes to take over these large sums at 5 per cent.,

and thus make money at the expense of the municipalities. Proceeding further, he suggests that future borrowings be on the serial plan. We have yet to hear of the Provincial Government borrowing on this plan and expect that the Government, like the municipalities, will continue to issue bonds based on the market demand.

The Minister of Finance also admits that of the total shortage of sinking funds no less than 92.95 per cent. is in four municipalities. Because of the position in these four municipalities he proposes to insist that the sixty-one municipalities in British Columbia should hand over their sinking funds and lose some of the profits they are now making through judicious investments.

This first remedy of the Government will therefore assist the Government to get cheap money at the expense of the municipalities. Following on this, the Minister wishes to standardize municipal accounting. This may be desirable, but the amount of help it will give to the municipalities is hardly worth considering. A standard form of graphic explanation of the position of the municipalities which would be easily understood by every ratepayer would accomplish more, as it would convince the ratepayer of the necessity of placing more value on his franchise.

The proposal of the Minister in regard to the employment of city managers is obviously a concession to the opinion of the Government member for Kamloops, where a city manager is apparently successfully managing the city's affairs.

On the other hand, as the Minister states, we have nine municipalities, all governed by councils, with no debt whatever, twenty-four all governed by councils, with surpluses in their sinking funds and five others with their sinking funds fully paid up. Against these thirty-eight examples, we have the one example in the city of Kamloops of a city with a manager and even the cities of over 10,000 population should be able to do as well as these thirty-eight municipalities, provided that the laws of the Province are such that they will have a chance to rid themselves of the burden which the Government has placed upon them. Provided the city manager was a benevolent autocrat, all would be well, but should he turn out a despot, matters would be even worse than at present. It may be that the Honorable Mr. Hart's experience of democratic government in the Province of British Columbia has led him to the conclusion that democracy is a failure.

In his speech the Minister recommends the appointing of expert assessors and the placing of municipal assessments on a basis of cash value. If the councils of the province, particularly in the smaller municipalities, have not sufficient knowledge of the local situation, what hope can there be of getting an expert who would do any better than they do. If the land were assessed to-day at its true cash value, overburdened as it is with the impositions of the Provincial Government, rates in some municipalities would jump to a figure that would entirely destroy the credit of the municipalities in the eyes of the outside world.

What we require to-day is not an assessment of cash value, but an assessment for taxation purposes,