

Financial Condition of Provincial Municipalities

Report of Inspector of Municipalities is Comprehensive while conditions are improving due to general prosperity shortage in sinking funds and large arrears of taxes are serious problems to cope with.

The report of the Provincial Inspector of Municipalities, Mr. Robert Baird, for the year ending December 31st, 1918, is recently off the Press of the King's Printer, Victoria. As a document on municipal affairs it is perhaps the most comprehensive of any official publication printer in North America. Although the date of the report is the end of 1918 it gives the assessment for all municipalities for 1919. It is to be regretted that these statistics are not available at an earlier date in the calendar year, but Mr. Baird has very serious difficulty in getting 63 municipalities in British Columbia to file reports promptly and at the same time give in these reports adequate information. Another difficulty is that there is no uniformity in the keeping of municipal accounts although considerable strides are being made in this direction. Mr. Baird in addition to handling the work of his department has to educate municipal clerks and other municipal officials in presenting their reports both promptly and adequately and see that they are gotten out in entire uniformity. This is the work of years, but progress is being made and we may confidently look forward to presentation of this report nearer the end of the year which it covers.

Summarizing the activities of the municipalities and comparing them with the same date in 1917, two outstanding particulars are noted. One is that the arrears of taxes have increased and the second is that the shortage in sinking funds have also increased. While obviously the municipalities as a whole are in worse position than they were at the end of 1917, a change has been made in the tide of municipal affairs and at the end of 1918 they were certainly at their low ebb.

In the year 1917 the receipts from all sources, including public utilities, were \$13,116,716.52 and the expenditures \$15,001,191.71, showing a shortage of \$1,884,475.19. In 1918 the receipts were \$14,734,800.69 and the expenditures \$15,566,697.49, showing a shortage of \$831,896.70.

At the end of 1917 the condition of the outstanding arrears of taxes as compared with liabilities other than debenture issues was as follows:—

Arrears of taxes	\$13,680,127.60	
Sundry debts, exclusive of debenture issues	\$12,054,633.54	
Less amounts repayable by sale of debentures.....	3,699,573.83	
	\$ 8,355,059.71	
Sinking fund shortage	3,641,769.14	
		11,996,828.85
Surplus	\$ 1,683,298.75	
At the end of 1918 they were as follows:—		
Arrears of taxes	14,631,216.65	
Sundry debts, exclusive of debenture issues	\$11,280,348.86	
Less amounts repayable by sale of debentures.....	3,247,857.03	
	\$ 8,032,491.83	
Sinking fund shortage.....	5,206,093.14	
		13,238,584.97
Surplus	\$ 1,392,631.68	

The 1919 assessments which are usually available shortly after the close of the proceeding calendar year, show that

for 35 municipalities and 28 municipal districts the total of the assessed value of taxable land was \$366,004,371. The assessed value of taxable improvements was \$181,358,225, making a total of taxable property of \$447,362,596. Lands and improvements exempt from taxation total \$39,495,173 making a grand total of \$586,857,768. Mr. Baird estimates the population covered in the municipalities and municipal districts at 374,980 occupying an area of 945,208 acres. One obvious deduction from the quotation of these figures is that the vast bulk of the property values and the population in the province lies within the municipal areas leaving much to be said for the future growth of its rural districts and the development of those vast territories without the confines of municipal administration.

The demand for increasing revenue led to some revision in the principle of single tax so general in municipal practice. Of 35 cities, 18 now are taxing improvements, ranging from 50% to 10%. Vancouver is 50% although New Westminster and Victoria are still adhering to the system of single tax. Of the Municipal district seven are taxing improvements with South Vancouver now in the charge of a Commissioner taxing 33 1-3% of improvements.

In the table of tax levies Greenwood reaches the peak with 52 mills on the dollar followed by Kamloops with 47 mills and Nanaimo with 40 mills. New Westminster is 32 mills, Vancouver, 26.666 mills and Victoria, 26.85 mills. The tax levy for debt forms one of the largest parts in the striking of the rate. Greenwood heads the list at 40 mills, followed by Kamloops at 38 mills, Vancouver 9.0476 mills and Victoria 10.75 mills. A similar condition of affairs obtains in the districts where the rates are generally lower with the exception of South Vancouver 41.40 mills and Penticton 35 mills.

The report contains a full list of debenture debt of all the municipalities with the purpose they were issued for, the local improvements and shortages in sinking funds. Summarizing the statistics, the debenture debt outstanding for schools is \$9,144,904, for streets and bridges \$18,495,782, other non-revenue producing \$20,551,191. In revenue producing debt, water-works total \$18,217,602, electric light \$2,074,668, sewers (revenue producing) \$1,224,500 and other revenue producing \$1,194,248. The amount of local improvements outstanding being assessed against the particular property is \$23,117,212 giving a total debt of \$95,020,109. Other outstanding debts which have not been funded into debenture debt and excluding all shortages in sinking funds amount to \$11,280,348, giving a total of funded and floating debt of all municipalities of \$106,300,458.

With regard to sinking fund investments, Mr. Baird shows them to be distributed as follows:—

Dominion of Canada bonds.....	\$4,977,209.53
Mortgages	273,320.51
Debentures of the municipality.....	4,329,807.29

The amount invested during the year in bonds of the Dominion of Canada was \$2,410,249.88.

I would point out the desirability of some action being taken to clear up the condition of the mortgage investments. These mortgages were all taken prior to 1914 and are past due. In many cases no interest has been paid for a considerable time and to a large extent they are a doubtful asset to the sinking funds.

In view of the fact that the "Municipal Act," which governs all municipalities except the City of Vancouver, does not permit of the investment by a municipality of its sinking funds in its own debentures, it must be noted that, of the amount of this class of investment as here shown, the sum of \$3,458,680.66 is invested by the City of Vancouver.

Mr. Baird presents in tabular form the actual condition of the sinking fund of each municipality. The sinking