

Provincial Inspector on Municipal Problems

Situation Not as Serious as Painted — Faulty System of Assessment—Civic Borrowings and Costly Experiments—Sacredness of Sinking Funds.

Mr. Robert Baird, Inspector of Municipalities of the Provincial Government, addressed the Victoria Board of Trade on municipal matters recently, pointing out the weaknesses in administration of civic councils in the past and the ill-advised burdens which must now be carried.

He claimed, however, that the municipal debt of the province, while heavy, was not so burdensome as painted, and he said that a redeeming feature of the trying times of the past few years was that a more intelligent consideration of the real problems of civic finance was being generally taken up. Several of his remarks had a more or less direct bearing on the tax delinquency situation which now confronts Victoria.

"The onus of taxation in the municipalities of this province is not too great," said Mr. Baird. "The difficulty lies wholly in the manner of its incidence. At first view the tax rates of British Columbia compare unfavorably with those of other provinces, for the reason that for the most part we tax land only. In the City of Victoria, for instance, a tax rate of 20 mills on land is required, where a tax rate of 13½ mills would be sufficient on land and improvements. Taking the average for the whole province, the variation is greater. Public utilities have also in some cases led our statements of tax rates away from the true facts."

Regarding the preparation of assessment rolls, he said that the present system of revision was honored by long usage, but that its weaknesses are very evident, and one of the country's questions now was whether it had not outlived its usefulness. "The value of the land that is brought before the court of revision on appeal," he added, "is determined partly upon the basis of local knowledge, partly upon the basis of evidence submitted, and also, I regret to say, partly according to the financial requirements of the municipality for the year. A fair settlement of the valuation question is not easy to arrive at, but I am convinced that the property owners in general are not satisfied with the present system."

"In the matter of borrowings the principle is a well-established one that burdens should not be unduly shifted to future generations and in particular that the repayment of borrowings should not extend beyond the lifetime of the work. The burdens of every period, and in fact the burdens of every year, should be dealt with as far as possible within the period or within the year, as the case may be. The impossibility of the collection of a year's taxes entirely within that year makes it necessary to pass on a measure of responsibility to the succeeding year, but unnecessary postponement invariably leads to trouble, and in some cases to disaster. There is no good time coming in municipal finance. It is frequently thought a little easing-up of the burden until prosperity comes is a proper solution of the present troubles. There are times when peculiar circumstances verify this view, but as a rule prosperity brings with it its own municipal troubles, and it is a matter of record that the greatest municipal financial troubles frequently exist in the very period in which commercial prosperity is at its height.

"One of the most costly experiments tried by municipalities in this province," Mr. Baird went on, "has been short term financing, which occurred in two ways: First, by borrowing money from the bank to carry on undertakings, and second, to finance by way of short term notes, or treasury certificates. The former of these two evils was caused by an unfortunate provision at one time in the statutes which required local improvements to be done before bonds were sold. The effects of this provision have been almost disastrous. The latter was the result of authority given to the municipality in 1913 to issue treasury certifi-

cates in lieu of selling bonds. This was nothing more or less than gambling on the market, and it has cost the municipalities of this province up to the present at least three-quarters of a million dollars, and the air is not entirely cleared yet.

"In one of two cases the proceeding was considered almost necessary. In Victoria at a time when it was necessary to provide money for completed works there was practically no possibility of disposing of the bonds, and it was, of course, not expected that financial conditions would continue as they have.

"In the matter of sinking funds, I had been of the opinion that municipal councils and the public generally were by this time convinced that the protecting of outstanding obligation is of the nature of a trust. I have, however, been surprised to hear expressions of opinion to the effect that municipal councils should be justified under the press of circumstances in taking liberties with their obligations. The sale of debentures involves a contract by the municipality to collect and to administer in a certain way the funds necessary for the protection of the obligation, and it is difficult to believe that any pressure of circumstances will justify a municipal council in stepping aside from a moral obligation. It is not a question of expediency. It is a question of business integrity, and I fail to see any reason why a municipality should be allowed greater liberty in a matter of business integrity than an individual.

"The burning question in municipal administration today is that of the tax sale—to be or not to be. The voluntary system of tax collection has been strained to the breaking point. Tax revenue is diminishing year by year. Assets in the form of arrears of taxes are year by year slipping away. Taxes which two years ago were good assets are now uncollectable. It is common knowledge that many municipalities have uncollectable taxes in their rolls, yet they deliberately pile further taxes upon the same properties and spend moneys which they know they will never receive. In many cases property owners have bought their civic administration on five or six years' credit. Could they expect more? In many cases the credit has been a curse to them, and in the meantime the willing taxpayer has had to pay a higher rate.

"I understand that the enforcement of the collection of arrears of taxes in the City of Victoria has been delayed pending a decision as to whether relief shall be granted on certain local improvement charges. If so, that decision should be arrived at now. Another year of debate will only prejudice the interests of the city and will provide no better opportunity for settlement."

Mr. Baird stated that the total assessed value of real property within the municipalities of this province for 1917 was \$579,726,111, and the total debt \$95,299,104. Of this total debt the sum of \$24,327,582 consisted of local improvements, the sum of \$9,101,407 was debt for schools, the sum of \$21,041,900 for public utilities which are practically self-supporting. The debt for schools in British Columbia was a direct municipal debt, in this respect being quite different from conditions in other parts of Canada.

Mr. Charles H. Macaulay, of Macaulay & Nicolls, Vancouver, has just returned from a business trip to San Francisco in connection with the insurance companies his firm represents in British Columbia under the agency management of the southern city. After concluding his business, Mr. Macaulay went to southern California and met a large number of Vancouver people, particularly at Del Monte, where the largest contingent was from Vancouver. He was much struck with the life and gaiety at the Golden Gate city, but was indeed glad to be back upon his old stamping grounds.