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Let's Talk Finance

Presentation to Area Associations by
UBCM Select Committee on Local
Government Finance

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Select Committee on Local Government Finance

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- Chair Al Richmond; Committee Co-Chair
- Mayor Greg Moore; Committee Co-Chair
- Mayor Frank Leonard
- Mayor Taylor Bachrach
- Mr. Paul Macklem
- Ms. Carol Mason

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Timelines and Deliverables

Committee Meetings: November 2012 through to July 2013

- Work of committee being informed by these Area Association sessions

Committee to report to UBCM Executive by July 2013

- Anticipate a Policy Paper and a Plenary session at September 2013 Convention

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Committee Mandate

Do local governments have the right revenue tools for the services they now deliver, or are changes indicated?

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How are we doing this?

Review BC's local government finance system

Consider all potential options

Consult with members at area associations

Short-list options

Develop key directions

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BC's Local Government Finance System

Strengths	Weaknesses
Competitive Tax Levels	Low levels of Provincial support
Low per capita costs	Significant infrastructure upgrades needed soon
Property tax is stable and predictable	Property tax doesn't grow with economy or distribute fairly

**Options considerations:
Principled yet pragmatic approach**

Key Directions

- Strengthen Resiliency
- Address key externally driven cost drivers
- Build the economy and share the benefits of that growth
- Options for long-term realignment of revenue
- Championing innovative local government practices

WORKSHOP

Context around LG revenue and expenses

Workshop Question 1

What are the most important financial issues facing your local government? (Indicate your top three in rank order)

(a) Infrastructure upgrades needed over the next 10-20 years	(g) Inability to increase residential taxation
(b) Rising operating costs for things like protective services	(h) Not making enough headway on the infrastructure deficit
(c) Dependency on a large taxpayer (like an industrial operation)	(i) Rapid development and not enough revenue to support it
(d) Increasing servicing and service levels demanded by residents	(j) Service needs don't match local government boundaries; difficulties getting inter-municipal, FN or regional agreements
(e) Downloading from province or federal government (Please identify what is being downloaded)	(k) Other (Please describe: _____)
(f) Stagnant economy and businesses worried about their survival	

Workshop Question 2

Which of the following statements would best characterize the central financial issue facing your local government?

(a) There is only one taxpayer who is paying enough. We need stronger tools to control spending and fewer senior government regulatory requirements that push up costs
(b) Local governments provide good value for money service but are too reliant on the property tax. We need additional revenue from other sources. The best source would be _____
(c) There is sufficient revenue to pay for everyday services but we need a broader range of revenues to distribute costs more fairly.
(d) There is sufficient revenue to pay for everyday services but not for infrastructure improvements required to meet ever growing regulatory requirements.
(e) Our local government faces unique challenges and we need some unique solutions. (Please describe _____)
(f) Other (Please describe _____)

 Workshop Question 3

What objectives should the committee work to achieve? (Indicate your top three in rank order)

- (a) Additional grant programs
- (b) Additional taxation authority
- (c) Enhancements to existing local revenue sources (e.g., improvements to property tax)
- (d) Sharing of innovative approaches to things like expenditure management or tax rate setting/tax policy
- (e) Revenue sharing (i.e., provide local governments with a share of provincial revenues)
- (f) Other (Please describe: _____)

 Workshop Question 4

How can the work of the committee be most helpful to you and your community?

Key Themes

- System is working, local governments have been responsible, but pressures over the next decade will make system flaws more evident
- Long-term solutions will take some time, hard work and sustained dialogue amongst all orders of government
- Proposal need to recognize challenging economic times and must resonate with all orders of government and with taxpayers

Options considerations: Principled yet pragmatic approach

- Choose options that build on system strengths as well as those that overcome system weaknesses
- Recognize the importance of building the economy
- Take on a leadership role in improving local government performance

Key Directions

- Strengthen the resiliency of the current system
- Address key cost drivers
- Partner with the province in building the economy and share in the benefits of that economic growth
- Set out options for potential long-term realignment of revenue
- Provide a process for made in local government best practices

Initial Thoughts on Key Directions



Strengthen the resiliency of the current system

- . Some examples might be:
 - finding ways to remove unconditional grants from annual estimates process
 - reframe the business tax discussion around meaningful indicators
- Taking advantage of available opportunities. Some examples might be:
 - Renew Gas Tax Agreement with federal government
 - Achieve greater flexibility for development cost charges

Address cost drivers

- Find mechanisms to have meaningful, ongoing dialogue with the province about significant costs that are largely out of the control of local governments. For example:
 - Policing costs
 - Costs related to infrastructure upgrades required as a result of new federal or provincial regulations

Partner with the province to improve economic growth and share benefits

- Work with the province to improve the economy, and when that economy improves, share in that growth through an infrastructure development and community building bank.
Examples could include: