

Strong Fiscal Futures

A Blueprint for Strengthening BC Local Governments' Finance System

INITIAL PRIORITIES: AFFORDABILITY

Our first priority is to help build the economy, while simultaneously improving the local government finance system to support affordability objectives – affordability for the provincial and local governments, but more importantly, affordability for taxpayers, citizens and businesses. To do this, we need to safeguard revenue elements currently in place, and we need to tackle key cost drivers.

Resiliency: Safeguarding revenue

Programs such as the federal Gas Tax Fund, federal/provincial infrastructure programs, and provincial traffic fine revenue sharing and small community grants will be critical to the local government system in the decades ahead. There is also a need to ensure sufficient room in the property tax base.

The **Resiliency** key direction is aimed at improvements to the system to safeguard these revenues including such things as defining traffic fines as local government revenues (thereby removing payments from annual provincial budget decisions) and defining the local share of property tax.

Managing key cost drivers

While per capita spending of BC local governments is near the lowest in Canada, and spending as a percentage of GDP has remained stable for well over a decade, per person spending is increasing more rapidly than inflation.

Cost pressures come from a range of sources, including increasing servicing demands and costs driven by federal or provincial decisions – like policing salaries and standards, and water and sewer regulatory requirements.

The limited local government revenue base is increasingly being squeezed between its limitations and these rising expectations. The answer is to both augment the revenue base and find ways to manage these cost pressures – in ways that can provide taxpayers with better value for money.

Our approach to manage these cost pressures is twofold: working with the Province to tighten the management of shared provincial-local mandates; and working within the local government system to manage the rest.

The **Value** key direction is about the need for the Province and local governments to work together to manage shared mandates. It's about making sure that the benefits of new regulations exceed their costs. And it's about working together to find ways to manage costs of joint mandates such as policing and emergency response.

The **Excellence** key direction is about leading an initiative to help local governments learn from each other and to build tools and resources that support local spending and taxing decisions – while keeping these decisions at the local level where they belong. The initiative can build on excellence already in the system, develop innovative and collaborative mechanisms to achieve greater service efficiencies, and deliver critical information like business taxation benchmarks and indicators to local decision-makers.