

ITEM	SUPPLEMENTARY	9
MANAGER'S REPORT NO.		26
COUNCIL MEETING	1982 04	19

RE: 1982 OPERATING BUDGET

MUNICIPAL MANAGER'S RECOMMENDATION

1. THAT the report of the Treasurer be received for information purposes.

* * * * *

1982 April 16
File: '82 Budg.

TO: MUNICIPAL MANAGER
FROM: TREASURER
RE: 1982 OPERATING BUDGET

RECOMMENDATION

1. THAT this report be received for information purposes.

REPORT

SUMMARY

This is a progress report on the 1982 operating budget. Information concerning Revenue Sharing grants, 1981 surplus, and 1982 assessments, which was not available at the time the provisional budget was prepared is now available and is presented here for the information of Council.

1. REVENUE SHARING GRANTS AND HUMAN RESOURCES PER CAPITA

A news release from the Provincial Government dated 1982 April 13 attached (Schedule 1) indicates that Burnaby will have \$2.6 million less net revenue in 1982 than was forecast in the provisional budget. This is made up of \$4.3 million less in Revenue Sharing grants offset by \$1.7 million savings in human resources per capita costs which will be paid 100% by the Provincial Government effective 1982 April 01.

	1981 Actual \$000	1982 Provisional Budget \$000	1982 Annual Budget \$000	Difference Between Provisional & Annual \$000
Revenue Sharing grants	10,071	10,071	5,759	4,312
Less: human resources per capita	2,037	2,240	521	1,719
Net grant to Burnaby	8,034	7,831	5,238	
Net increase in tax levy over provisional budget				<u>2,593</u>

Basically the Revenue Sharing Fund which is administered by the Ministry of Municipal Affairs derives its income from the following sources:

1 point of individual and corporate income tax

6% of Provincial resource revenue from sales tax, fuel tax, forestry, mining, gas and oil

This fund is distributed to all B.C. municipalities on a formula based on population and annual expenditures. Unfortunately, as a result of this formula, those communities which exercise spending restraint could end up receiving less money from the Revenue Sharing Fund than they otherwise might have, had they not exercised restraint.

The news release shows the total being distributed from the Revenue Sharing Fund as \$235 million in 1982 compared with \$214 million in 1981. This tends to be somewhat misleading. In 1982 some programs, e.g. sewerage assistance, are being financed out of the Revenue Sharing Fund which in 1981 had separate funding, i.e. not from the Revenue Sharing Fund. When an adjustment for these changes is made it appears that the total funds available for distribution to communities in 1982 is \$235 million as compared with \$253 million in 1981, or a reduction of about 7.7%.

Because a larger portion of the total fund is now specially earmarked, the unconditional portion of the fund decreases. As a result, Burnaby's share of that portion of the Revenue Sharing Fund is down by 43.1% in 1982.

Comparative 1981 figures and percentage changes have been pencilled in on the news release (Schedule 1, pages 4 and 6).

2. 1981 SURPLUS

Burnaby ended 1981 with a surplus of \$1,061,442 which will be brought forward into 1982 revenue. Of this sum, \$61,660 will be specifically identified for the Library Board and \$26,203 for Heritage Village; the remainder will be used to finance general operations.

3. 1982 LEVY, MILL RATE AND ASSESSMENTS

A preliminary projection of the tax levy required for 1982 is \$44.2 million. This is 27.8% higher than the 1981 levy of \$34.6 million.

The preliminary 1982 mill rate is approximately 47.44 mills compared with 46.80 mills in 1981.

The preliminary 1982 mill rate is based on 1982 assessments which have risen 26% from \$740 million in 1981 to \$933 million in 1982.

Figures are not available which show what portion of the increase is due to new construction and what portion is due to inflation.

Schedule 2 attached makes comparisons of the shifts in assessments and the tax levy. Both assessed values and tax levies show a shift from residential to commercial/industrial. For example, 56.4% of the tax levy was paid by residential in 1981 compared with a projected 52% in 1982.

The figures on which the preliminary levy and mill rate have been calculated include:

- The various changes made to meet Council's objective of reducing the budget impact by \$2 million (Item 14, Report No. 13, 1982 March 01)
- Budget revisions which have come to light since the \$2 million reduction report was made, and have not materially affected the net reduction previously reported
- Revenue sharing grant of \$5.759 million
- Reduced social service per capita charges of \$1.719 million
- 1981 surplus brought forward of \$1.061 million

4. COUNCIL 15% GUIDELINES

Council guidelines in 1982 January indicated that the tax levy impact on a median single family residence was not to exceed a 15% gross increase for municipal general purposes taxes. Indications from preliminary figures are that the tax levy on the median single family residence will be about 9% greater in 1982 and that we will be able to meet the guidelines without further cuts.

5. PROVINCIAL GOVERNMENT 12% GUIDELINES

A copy of the guidelines received from the Provincial Government is attached (Schedule 3).

Generally, the guidelines provide that for the year 1982, growth of operating expenditures may not exceed 12% of actual 1981 expenditures except with the approval of the Inspector of Municipalities.

Exceptions may be allowed by the Inspector of Municipalities but only in the event a municipality or regional district has demonstrated that every possible effort has been made to comply with the restraint limitation. Exemptions will not be considered unless it can be clearly shown that the need is attributable to extraordinary or unforeseen circumstances, such as an abnormally lower level of expenditure last year resulting from major strikes or lockouts.

Exceptions granted must be approved prior to the adoption of the annual budget and rates by-laws.

Based on the preliminary figures, an exception approval will be required in order to meet the Provincial guidelines. A letter is being forwarded to the Inspector of Municipalities requesting to have our 1981 expenditure base factored up to take into consideration the effects of the strike. If the exception is granted, our 1982 operating expenditures, which are substantially the same as previously reported, and based on Provincial guidelines, will be approximately 8% higher than the 1981 adjusted base, and therefore within the Provincial guidelines.

6. OTHER

The foregoing information has been hastily prepared and is subject to further examination. The information should therefore be considered as preliminary or as a general indication only.

Mill rates required from other rate setting bodies which are normally included in our budget have not yet been received from the School Board, the Greater Vancouver Regional District and the Greater Vancouver Regional Hospital District.

The final operating and capital budgets are now in their final stages of preparation. It is intended that these budgets be presented to Council no later than 1982 May 03.



Howard Kaptas
TREASURER

Attach.



Province of
British Columbia

NEWS RELEASE

ITEM SUPPLEMENTARY 9
MANAGER'S REPORT NO. 26
COUNCIL MEETING 1982 04 19

THE HONOURABLE WILLIAM N. VANDER ZALM
MINISTER OF MUNICIPAL AFFAIRS

RELEASE: IMMEDIATELY CONTACT: KEN MACLEOD
SUBJECT: REVENUE SHARING PHONE: 387-5925
DATE: APRIL 13, 1982

Municipal Affairs Minister Bill Vander Zalm today announced a \$21 million increase in Revenue Sharing for 1982. The elimination of social assistance cost recovery payments by municipalities, and the consolidation of certain other local government assistance programmes, were also announced.

The total 1982 value of Revenue Sharing will be \$235 million, compared to a 1981 total of \$214 million. Part of the increase is based on 1982/83 projections of provincial revenue; the rest on prior year adjustments.

The elimination of social assistance cost recovery will also deliver significant additional financial benefits to municipalities. Under the Municipal Act municipalities with populations greater than 2500 have been obliged to pay a monthly per capita charge to the Province. The charge will now be eliminated, effective March 31, 1982. In 1981 the charge represented a \$31.2 million burden on municipal finances. In 1982 it would have represented a \$43.6 million burden, had it not been eliminated. Its elimination will be accomplished over two years: direct municipal payments will totally cease on April 1, 1982 and a \$17,000,000 transfer from the Revenue Sharing Fund to consolidated revenue will

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occur in 1982-83 only.

In 1982 Revenue Sharing will fund eleven separate local government assistance programmes. The individual funding levels are shown in the accompanying table, along with the transitional credit for the elimination of social assistance cost recovery.

The most important addition to the list of Revenue Sharing grant programmes is sewerage assistance. Formerly funded under a separate statute, the sewerage assistance programme will distribute approximately \$50 million in 1982.

Vander Zalm explained that the elimination of social assistance cost recovery and the inclusion of the sewerage programme within Revenue Sharing were balanced components of an equitable plan for consolidating municipal grants. "At \$44 million and \$50 million respectively, the social assistance recovery and sewerage assistance programmes are roughly equal in value," he said. "Moreover the projected 42% growth rate in the cost of the social assistance recovery programme is significantly greater than the 35% growth rate in the sewerage assistance programme. By eliminating social assistance recovery and transferring the sewerage programme to Revenue Sharing, we have preserved the net financial position of local government, and the prospects for the future are even better."

Other highlights of the 1982 Revenue Sharing announcement include:

- The basic grant programme, which formerly delivered a uniform grant of \$30,000 per municipality, will now be expanded to recognize the needs of municipalities with below average per capita assessment. The

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maximum grant will now be \$60,000. Additional grants will also be available to municipalities with populations below 2500. The accompanying list shows the basic grant for each municipality.

- The unconditional grant programme will continue to be the largest single Revenue Sharing programme. This year over \$99 million worth of unconditional grants will be distributed. The accompanying list shows the unconditional grant for each municipality
- The water facilities programme will distribute \$29 million in 1982, up from \$18 million last year.
- Funding to assist municipalities to bury utility lines will be available to a maximum of \$300,000. The repeal of the Transmission Line (Underground) Act will be proposed to the Legislative Assembly.
- A new programme of financial assistance for local government restructures is being introduced. The programme will apply to the creation or amalgamation of municipalities, as well as to major boundary extensions. The 1982 budget for the programme will be \$3 million.
- The Housing Growth Grant will be worth \$250 per housing unit start in 1982. The programme will distribute \$10 million.
- All other Revenue Sharing programmes remain unchanged.

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	1982		1981	
	Burnaby Porturn	All Municipalities	Burnaby Porturn	All Municipalities
Basic	\$ 39,000	\$ 6,700,000	\$ 39,000	\$ 4,200,000
Water	69,000	\$ 29,500,000	129,118	18,400,000
Housing Growth	257,000	\$ 10,000,000	482,000	10,000,000
Highways	UNKNOWN	\$ 15,000,000	774,169	15,000,000
Municipal Planning	24,000	\$ 1,000,000	26,577	1,000,000
Regional Districts	-	\$ 2,200,000	-	2,200,000
Sewerage (1)	964,000	\$ 50,100,000	1,171,768	37,350,000
Undergrounding(2)	-	\$ 300,000	83,333	400,000
Restructure(3)	-	\$ 3,000,000	-	2,280,000
Mobile Homes(4)	-	\$ 1,000,000	-	NIL
Social Assistance credit (521,132)		\$ 17,000,000	<2,037,153>	NIL
Unconditional	5728,912	\$ 99,200,000	10,041,209	162,000,000
Total		\$ 235,000,000		\$ 252,830,000

NOTES : IN 1981 THE FOLLOWING WERE FINANCED OUT OF THE INDICATED SOURCES :

- (1) SEWERAGE ASSISTANCE ACT
- (2) TRANSMISSION LINE (UNDERGROUND) ACT
- (3) MINISTRY OF MUNICIPAL AFFAIRS - GENERAL VOTE
- (4) NEW PROGRAM INTRODUCED AFTER THE UNCONDITIONAL GRANT SET FOR THE PROVINCIAL FISCAL YEAR ENDED 1982 MARCH 31.

1982 Municipal Grants and

Financial Assistance Measures

The attached table summarizes some of the benefits available to municipalities from Revenue Sharing and from the elimination of social assistance cost recovery under section 697 of the Municipal Act.

In addition to the benefits shown in the table, Revenue Sharing will distribute a further \$136 million under various formulas. Municipalities also receive assistance from other sources and ministries: for instance, urban transit funding and library grants.

In the table the first column lists each of British Columbia's 141 municipalities in descending order of population size. The second column shows the unconditional grant being paid to each municipality under Part VIII of the Revenue Sharing Act regulations. The third column displays the savings accruing to municipalities with populations over 2500 through the elimination of social assistance cost recovery. The fourth column shows the basic grant under Part I of the Revenue Sharing Act regulations. And the fifth column shows a proposed additional basic grant designed to reflect the effect of recent Revenue Sharing programme changes on municipalities with populations less than 2500; this grant will require amended regulations and will be paid later in the year.

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COLUMN 5
 Supplementary
 Revenue
 Sharing
 Basic

\$	30,000
\$	35,913
	30,000
	30,000
	38,502
	33,108
	32,745
	30,000
	30,000
	38,592
	35,832
	32,883
	35,388
	38,298
	45,345
	48,402
	32,448
	30,000
	30,000
	30,000
	40,380
	38,868

COLUMN 4
 Revenue
 Sharing
 Basic

(1)
 COLUMN 3
 Social
 Assistance
 Savings
 1981
 %
 Decrease
 vs
 1982

\$	8,285,620	41.1%	\$
	2,942,760	38.6	
	2,729,880	43.1	
	1,923,080	40.2	
	1,574,200		
	1,493,840	38.1	
	1,351,180		
	1,307,340	33.3	
	1,287,580		
	1,280,960		
	1,221,540	32.5	
	1,183,920		
	941,380		
	883,340		
	840,020		
	812,840		
	771,000	34.3	
	714,560	43.1	
	679,040		
	644,640		
	550,700		

COLUMN 2
 Revenue
 Sharing
 Unconditional
 1981
 1982

\$	17,904,982	\$	30,391,674
	6,257,464		10,189,812
	5,728,912		10,071,209
	4,046,010		6,762,605
	3,309,988		
	3,101,076		5,006,127
	2,909,975		
	2,949,534		4,421,170
	2,847,562		
	2,881,308		4,068,449
	2,544,138		
	2,537,218		
	2,177,488		
	2,175,926		2,715,926
	1,784,526		2,880,352
	1,638,159		
	1,378,081		
	1,340,465		
	1,156,587		

COLUMN 1
 Municipality

Vancouver
 Surrey
 Burnaby
 Richmond
 Saanich
 Delta
 Prince George
 North Vancouver Dist
 Victoria
 Kamloops
 Coquitlam
 Kelowna
 Nanaimo City
 Langley District
 Matsqui
 Chilliwack
 New Westminster
 West Vancouver
 North Vancouver City
 Maple Ridge
 Port Coquitlam

Note (1) Column 3 is for Provincial Fiscal Year Ended March 31.

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Municipality	COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5
Penticton	\$ 1,124,211	\$ 463,620	\$ 38,160	\$ 41,727	\$ 40,050
Mission	892,017	401,120	46,434	31,503	30,000
Vernon	872,398	399,740	37,260	30,000	30,000
Port Alberni	869,599	397,840	32,592	31,920	31,920
North Cowichan	769,557	364,200	35,835	32,169	32,169
Oak Bay	729,574	339,800	30,000	31,920	31,920
Prince Rupert	811,789	323,940	30,000	31,920	31,920
Granbrook	798,962	318,300	42,012	30,000	30,000
Esquimalt	693,565	317,400	51,894	30,000	30,000
Campbell River	672,992	316,640	30,000	30,000	30,000
Langley City	631,581	302,480	30,000	30,000	30,000
Port Moody	633,797	298,340	30,000	30,000	30,000
Fort St. John	591,324	277,820	30,000	30,000	30,000
White Rock	572,310	271,000	30,000	30,000	30,000
Powell River Dist	606,778	268,460	30,000	30,000	30,000
Kitimat	584,381	256,280	30,000	30,000	30,000
Abbotsford	541,473	254,900	30,000	30,000	30,000
Dawson Creek	530,448	227,460	30,000	30,000	30,000
Terrace	506,405	218,280	30,000	30,000	30,000
Salmon Arm	482,972	215,600	30,000	30,000	30,000
Squamish	448,431	205,440	30,000	30,000	30,000

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COLUMN 5
 Supplementary
 Basic

\$ 31,620

30,000

40,314

38,736

32,169

30,000

60,000

35,979

44,793

32,613

32,001

55,662

43,578

35,040

30,000

54,924

30,000

53,400

36,486

30,000

COLUMN 4
 Revenue
 Sharing
 Basic

\$ 197,800

191,980

182,860

179,840

167,240

164,800

163,640

158,920

149,460

147,500

138,040

112,140

129,000

124,180

122,340

122,200

117,800

108,880

104,320

101,500

COLUMN 3
 Social
 Assistance
 Savings

\$ 402,887

431,575

505,880

372,393

363,161

343,787

403,864

341,103

352,275

325,276

300,365

286,888

263,616

254,297

243,897

275,395

248,851

259,893

226,603

222,113

COLUMN 2
 Revenue
 Sharing
 Unconditional

Central Saanich

Trail

Nelson

Courtenay

Williams Lake

Quesnel

Revelstoke

Sidney

Summerland

Kimberley

Castlegar

Comox

Coldstream

Pitt Meadows

North Saanich

Merritt

Mackenzie

Fernie

Parksville

Port Hardy

COLUMN 1
 Municipality

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Supplementary	\$	26,370
COLUMN 5		
Revenue		26,830
Sharing		27,380
Basic		28,440
		28,650
		31,260

Social	\$	60,000
COLUMN 4		
Revenue		45,201
Sharing		32,253
Basic		30,000
		42,504
		48,153
		30,825
		45,726
		33,051
		43,734
		39,297
		39,528
		39,060
		60,000
		30,000
		36,036
		36,576
		30,687
		51,161
		37,080

Revenue	\$	52,740
COLUMN 3		
Social		53,660
Assistance		54,760
Savings		56,880
		57,300
		61,020
		62,520
		64,100
		67,880
		69,520
		69,720
		74,480
		78,420
		79,340
		83,140
		83,800
		84,260
		84,560
		91,160
		91,400

Revenue	\$	108,977
COLUMN 2		
Revenue		121,621
Sharing		116,147
Unconditional		128,468
		117,767
		130,835
		127,914
		151,009
		137,267
		156,657
		175,299
		186,916
		170,705
		188,033
		167,809
		187,866
		170,878
		189,496
		189,616
		209,252

Revenue	\$	108,977
COLUMN 1		
Revenue		121,621
Sharing		116,147
Municipality		128,468
		117,767
		130,835
		127,914
		151,009
		137,267
		156,657
		175,299
		186,916
		170,705
		188,033
		167,809
		187,866
		170,878
		189,496
		189,616
		209,252

- Smithers
- Lady Smith
- Duncan
- Spallumcheen
- Creston
- Sparwood
- Rossland
- Houston
- Fort Nelson
- Grand Forks
- Golden
- Kent
- Hope
- Elkford
- Princeton
- Peachland
- Qualicum Beach
- Osoyoos
- Armstrong
- Logan Lake

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COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5
Municipality	Revenue	Social	Revenue	Supplementary
Gibsons	120,865	\$ 51,880	\$ 39,624	\$ 25,940
Chetwynd	113,620	51,060	30,000	25,530
Port McNeill	103,494		48,048	24,740
Lake Cowichan	114,549		60,000	23,910
Vanderhoof	105,234		30,375	23,230
Fort St. James	97,918		38,466	22,840
Gold River	98,141		30,000	22,250
Ashcroft	105,887		49,110	21,560
Warfield	87,379		60,000	19,690
Invermere	85,536		32,841	19,690
Cumberland	91,768		60,000	19,470
100 Mile House	81,587		30,606	19,250
Fruitvale	81,368		60,000	19,040
Oliver	83,077		38,166	18,930
Enderby	81,752		51,096	18,160
Burns Lake	84,264		38,838	17,770
Chase	76,171		48,783	17,770
Tahsis	93,461		53,523	17,390
Lillooet	83,347		59,679	17,250
Port Alice	69,274		30,000	16,680
Ucuellet	64,928		38,961	15,930
Massett	75,347		60,000	15,690

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\$	15,430	14,950	14,560	14,300	13,650	13,650	13,080	12,660	12,290	11,690	11,300	10,960	10,780	9,890	9,660	8,560	8,540	8,400	8,300	8,210	8,040
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COLUMN 5
 Supplementary
 Revenue
 Sharing
 Basic

\$	30,000	49,812	30,000	30,000	31,473	30,000	37,512	32,691	60,000	60,000	50,067	30,000	30,000	30,000	30,000	60,000	42,981	60,000	41,649	60,000	60,000	60,000
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COLUMN 4
 Revenue
 Sharing
 Basic

\$	65,469	71,691	63,643	61,178	74,552	77,883	58,853	52,185	54,247	54,633	48,980	44,761	41,116	42,799	45,085	40,086	35,899	35,224	34,494	42,211	37,945
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COLUMN 3
 Social
 Assistance
 Savings

\$	65,469	71,691	63,643	61,178	74,552	77,883	58,853	52,185	54,247	54,633	48,980	44,761	41,116	42,799	45,085	40,086	35,899	35,224	34,494	42,211	37,945
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COLUMN 2
 Revenue
 Sharing
 Unconditional

\$	65,469	71,691	63,643	61,178	74,552	77,883	58,853	52,185	54,247	54,633	48,980	44,761	41,116	42,799	45,085	40,086	35,899	35,224	34,494	42,211	37,945
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COLUMN 1
 Municipality

- Fraser Lake
- Nakusp
- Stewart
- Granisle
- Hudson's Hope
- Whistler
- Cache Creek
- Lumby
- Montrose
- Salmo
- Valemount
- Sechelt
- Lions Bay
- Port Edward
- Taylor
- Greenwood
- Kaslo
- Telkwa
- Keremeos
- Pouce Coupe
- Clinton

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New Denver	6,420		
McBride	6,410		
Midway	6,330		
Alert Bay	6,260		
Harrison Hot Springs	5,690		
Sayward	4,820		
Belcarra	4,300		
Lytton	4,280		
Hazelton	3,930		
Port Clements	3,800		
Slocan	3,510		
Zeballos	3,290		
Pemberton	2,820		
Silverton	2,800		
New Hazelton	7,120		

Supplementary	30,000	\$	60,000
Revenue	60,000		
Sharing	33,924		
Basic	49,845		
Social Assistance	60,000		
Savings	30,000		
Unconditional	47,124		
Revenue	30,000		
Sharing	47,208		
Basic	47,208		
Social Assistance	60,000		
Savings	60,000		
Unconditional	32,862		
Revenue	60,000		
Sharing	37,875		
Basic	60,000		
Social Assistance	60,000		
Savings	60,000		
Unconditional	37,875		
Revenue	60,000		
Sharing	37,875		
Basic	60,000		

Social Assistance	29,703	\$	24,920
Savings	34,412		
Unconditional	30,412		
Revenue	25,901		
Sharing	30,986		
Basic	25,624		
Social Assistance	16,740		
Savings	25,378		
Unconditional	19,220		
Revenue	22,611		
Sharing	22,274		
Basic	21,580		
Social Assistance	15,327		
Savings	15,241		
Unconditional	12,526		
Revenue	24,920		
Sharing	12,526		
Basic	24,920		

Municipality	29,703	\$	24,920
Revenue	34,412		
Sharing	30,412		
Basic	25,901		
Social Assistance	30,986		
Savings	25,624		
Unconditional	16,740		
Revenue	25,378		
Sharing	19,220		
Basic	22,611		
Social Assistance	22,274		
Savings	21,580		
Unconditional	15,327		
Revenue	15,241		
Sharing	12,526		
Basic	24,920		

Tofino	29,703	\$	24,920
New Denver	34,412		
McBride	30,412		
Midway	25,901		
Alert Bay	30,986		
Harrison Hot Springs	25,624		
Sayward	16,740		
Belcarra	25,378		
Lytton	19,220		
Hazelton	22,611		
Port Clements	22,274		
Slocan	21,580		
Zeballos	15,327		
Pemberton	15,241		
Silverton	12,526		
New Hazelton	24,920		

TAX ASSESSMENTS AND TAX LEVY COMPARISONS
(General Purposes)

	1981		1982		% Increase vs 1981	
	% of Actual Assessments Taxable \$000	Tax Levy \$000	% of Actual Assessments Taxable \$000	Tax Levy \$000	\$ Taxable Assessment	% Tax Levy
Residential	11	417,604	10	484,792	16.0	17.7
Utilities	30	15,165	35	28,965	90.8	93.8
Industrial	28.6	70,256	34	100,590	43.2	45.1
Business/other	24.5	236,051	24.5	317,234	34.0	36.2
Seasonal/recreational	11	767	10	922	20.2	22.2
Farm	10	80	10	86	7.5	-
TOTAL		739,923		932,589	100.0	27.8

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CIRCULAR

ITEM SUPPLEMENTARY 9
MANAGER'S REPORT NO. 26
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To: All Municipal Treasurers, and
Regional District Secretary-Treasurers.

March 3, 1982

Re: Economic Stabilization Program

Enclosed is a publication which highlights the two-year Economic Stabilization Program limiting public sector spending.

The program is made up of two components. The first component is the Restraint in Government Program bearing directly on the budgetary process of municipalities and regional districts. The second component is the Compensation Stabilization Program which deals with specific elements of local government wage and salary compensation. Under the latter program compensation guidelines will be established, interpreted and enforced by an independent agency headed by a Commissioner. You will be receiving a series of bulletins from the Ministry of Finance providing guidelines for the Compensation Stabilization Program. It has been announced that the overall Economic Stabilization Program will be implemented by legislation at the next session of the Legislature.

Under the Restraint in Government Program, the policy guidelines applicable to the preparation of the 1982 budget of municipalities and regional districts will be as follows:-

General

For the year 1982, growth of operating expenditures may not exceed 12% of actual 1981 expenditures, except with the approval of the Inspector of Municipalities. For the year 1983, the limitation will be established by regulation under the legislation.

Definitions

For the purpose of the Restraint in Government Program "operating expenditures" means total expenditures, excluding:-

- (a) Payments of interest and principal on debts and other obligations, other than interest costs attributable to borrowing in anticipation of the collection of current years revenue;
- (b) funds required to be levied or collected for another governmental body;
- (c) surplus from the previous year.

Under these guidelines the definition of operating expenditures of a municipality includes operating expenditures of the General, Sewer and

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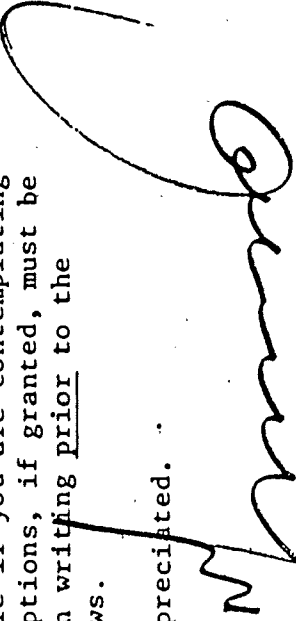
Utility Funds. The 12% limitation on expenditures is applicable to the combined total expenditure within these Funds.

Please note that in the case of a regional district, each function and specified area activity is subject to 12% growth on 1981 actual operating expenditures excluding long term debt servicing costs.

Exceptions

Exceptions may be allowed by the Inspector of Municipalities but only in the event a municipality or regional district has demonstrated that every possible effort has been made to comply with the restraint limitation. Exemptions will not be considered unless it can be clearly shown that the need is attributable to extraordinary or unforeseen circumstances, such as an abnormally lower level of expenditure last year resulting from major strikes or lockouts. Another example would be where a regional district has assumed a new function. Please do not hesitate to phone my office as soon as possible if you are contemplating seeking an exception. Please note that exceptions, if granted, must be approved by the Inspector of Municipalities in writing prior to the adoption of the annual budget and rates by-laws.

Your cooperation is appreciated.


Christopher L. Woodward
Inspector of Municipalities

CW:sh
att.

82:17

