

TO: CITY MANAGER 1996 December 16

FROM: DIRECTOR FINANCE File: G69-8-5

SUBJECT: PROVINCIAL GOVERNMENT 1997 FUNDING CUTS

PURPOSE: To request a change in the Provincial government's calculation of the funding cuts being implemented for the 1997 budget year.

RECOMMENDATIONS:

1. THAT the Provincial Government be asked to review the components of the Provincial transfer reduction as detailed in this report; and
2. THAT this report be sent to the Ministry of Municipal Affairs and Housing for their consideration; and
3. THAT copies of this report be sent to the Hon. Dan Miller, Minister of Municipal Affairs, Burnaby MLAs, Mr. Ken McLeod, the Inspector of Municipalities, and the UBCM.

REPORT

Transfers being eliminated

On November 26, 1996 the Provincial Government announced a reduction in transfers to local governments. The transfers subject to reduction in Burnaby are:

1995 Values

Provincial Unconditional Revenue Sharing Grant	
Municipal General Grant	\$6,566,634
Municipal Basic Grant	60,000
Emergency Planning Grant	15,900
Canada Assistance Plan (CAP) grants	195,200
Secondary Highways grant	26,900

There is also \$882,150 added to the list that, from partial information received to-date, is believed to be the amount paid to a private contractor for the maintenance of some of the Provincial arterial roads that have been "declassified" in Burnaby.

\$ 882,150

Total transfer reductions

\$ 7,746,784

Transfer elimination Cap

The Provincial formula limits the impact of the transfer reductions to no more than 3% of Burnaby's total 1995 revenue: \$165,036,728.

The actual reduction cap decreed by the Provincial government was 2.93% of total 1995 revenue: 4,838,384

Provincial Equalization Grant

The difference between the total transfer reductions (\$7,746,784) and the transfer reduction limit (\$4,838,384) is made up by a Provincial Equalization grant: \$ 2,908,400

The amount the Province has used in calculating the transfer reduction cap (Burnaby's 1995 total revenue) includes items that should not have been included in the total Burnaby revenue, specifically:

Collections for the GVRD (annual tax levy)	\$ 2,975,499
Collections for the Heights Business Improvement Area (BIA)	70,000
Funds transferred from the School District for the Health Department to administer the School's hearing impaired program	120,557
The Conditional grant to operate the Provincial portion of the Health Department	<u>10,908,168</u>
Total deductions from revenue	<u>\$ 14,074,224</u>

Deducting the \$14,074,224 from total Burnaby revenue will decrease the total of the transfer cap and would subsequently increase the Provincial Equalization Grant. This amounts to 3% of \$14,074,224 = \$422,227.

Total transfer reductions	\$ 7,746,784
Adjusted Transfer Reduction Cap (4,838,384 - 422,227)	<u>4,416,157</u>
Adjusted Provincial Equalization Grant	<u>\$ 3,330,627</u>

It is recommended that this be submitted to the Provincial Government for their consideration and adjustment, as warranted.



Rick Earle
DIRECTOR FINANCE