

# BC Municipal Spending Watch

3<sup>rd</sup> Edition

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Municipal operating expenditures in British Columbia continue to increase at an unsustainably high rate—2.01 times faster (201 per cent faster) than population and inflation growth. This continued overspending is financed mostly through substantial increases in property tax revenues and user fees.

This third edition of the BC Municipal Spending Watch report extends the analysis of municipal financial data to 2008. From 2000 to 2008, municipal operating spending in BC, which does not include capital expenditures, grew by 57.7 per cent, while population and inflation grew by 28.7 per cent. We use these numbers to calculate what we call the Fiscal Sustainability Gap (FSG), a measure of the affordability of municipal spending growth. In 2008, the Fiscal Sustainability Gap is 2.01.

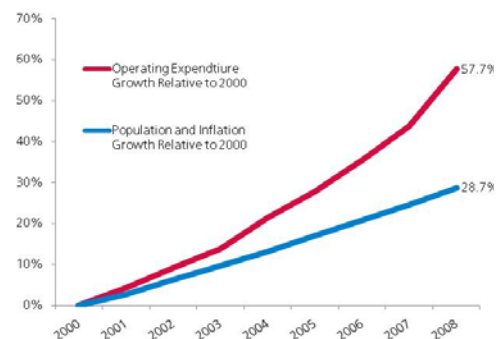
The growth in municipal operating spending in 2008 over 2007 was 9.7 per cent, compared to a population and inflation growth of 4.01 per cent. This represents the largest increase in the Fiscal Sustainability Gap. In 2004, the year with the second highest increase, operating spending increased 6.6 per cent while population and inflation increased 3.4 per cent. If municipalities continue to spend at rates double that of population and inflation growth, the sustainability of the programs and services these programs fund will be in jeopardy—taxpayers' paycheques are simply not increasing at an equal rate.

By 2008, less than one in ten municipalities, representing only 1.2 per cent of the provincial

population, had been able to keep spending growth in line with population and inflation growth between 2000 and 2008. If operating spending had stayed in line with the population and inflation benchmark since 2000, British Columbians would have saved more than \$883 million in 2008 alone, an average of \$228 per person or \$904 for a family of four.

Figure 1.1:

**British Columbia aggregate operating spending compared to population and inflation growth, 2000-2008**



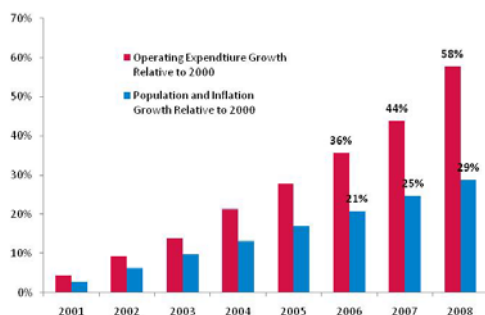
Source: BC Government, Ministry of Community Services

Another way to look at spending trends is to compare per capita spending across the province. In 2000, municipalities spent \$866 per capita on average. In 2008, they spent \$1240 per capita.

The first edition of this report, published in 2008, found that operating spending in BC's municipalities had increased 36 per cent from 2000 to 2006 while population and inflation growth had grown by 21 per cent. The second edition, published in 2009 and studying data from 2000 to 2007, found that operating spending had risen by 44 per cent compared to a rise of 25 per cent in population and inflation. To highlight this increasing gap in fiscal sustainability, the numbers have been reconfigured below in a bar graph (see Figure 1.2).

Figure 1.2:

### Operating spending growth and population and inflation growth, % change relative to 2000



Source: BC Government, Ministry of Community Services

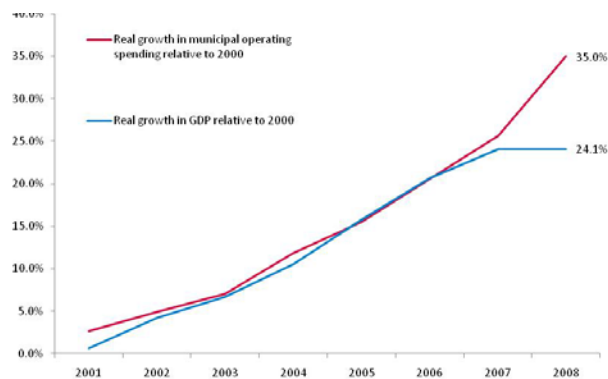
As municipal spending is financed largely through taxation and user fees, these findings raise important questions for businesses and residents alike. What is driving these spending increases? Are there measures in place to control costs and limit expenditures? Have municipal leaders added measures of accountability and transparency to match the increased spending they are controlling? How does the increasing burden placed on businesses and residents to pay for this spending affect the local economy?

Many critics of CFIB's approach to evaluating the sustainability of municipal operating spending say that population and inflation is not a good benchmark against which to judge

spending. Using another benchmark, real GDP growth, shows that operating spending growth by municipalities is still unsustainable. Adjusting for inflation for each indicator shows that operating spending grew by 35.0 per cent while GDP grew by 24.1 per cent (see Figure 1.3).

Figure 1.3:

### Real operating spending versus real GDP growth, % change relative to 2000



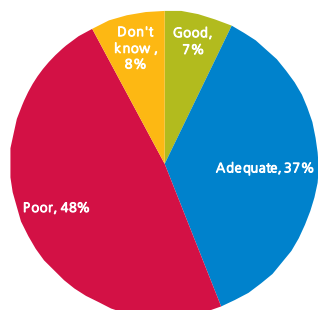
Sources: BC Government, Ministry of Community Services, BC Stats.

### Municipal accountability is lacking

The scrutiny of municipal finances may occur locally, but is rarely done comprehensively across the province. There is, however, among small businesses a major concern about increased municipal spending and how well municipal governments are spending these increased funds. In 2008, when small businesses were asked how satisfied they were with the value-for-money of municipal public services, most small businesses chose "poor" (48 per cent) or "adequate" (37 per cent). Only 7 per cent said it was "good" (see Figure 1.4).

Figure 1.4:

### How do you rate the local government where your business is situated on value-for-money of public services?



Source: CFIB, *Our Members' Opinion*, December 2008, 1706 responses

Unfortunately, too often municipal officials don't give this sentiment the recognition it deserves. This is, in part, because often the determination of “value-for money” is from the perspective of those who most frequently use the services (residents) rather than those who pay excessively more for the services (businesses). CFIB research shows that small businesses pay a disproportionately large share of property taxes relative to property value and services consumed and residents pay a disproportionately small share.<sup>1</sup>

Data collection of public expenditures at the municipal level is poor compared to the provincial and federal levels. The data can be very difficult to obtain and frequently unreliable and inconsistent. While provincial ministries responsible for local governments often collect data, there are often delays and data are sometimes incomplete. Alberta is a leader in this area. For example, Alberta municipalities have to report both the number of employees they have and their salary and benefit spending. In BC, only the number of employees is collected voluntarily by CivicInfo BC, and only a quarter of municipalities volunteer this information.

<sup>1</sup> See CFIB, *The Case for a cap on the property tax gap*, June 2010.

Fortunately, this has not discouraged small businesses and the public from demanding greater transparency of municipal spending. In recent years, the number of research reports on municipal issues such as municipal spending has increased and have gained greater attention. These reports include CFIB's *Communities in Boom*, a ranking of entrepreneurial practices which appears annually in the National Post, and *Best (and Worst) Run Cities* by the Atlantic Institute for Market Studies that was published in Maclean's magazine. However, some of these reports are geared towards a residential audience. For example, measures of fiscal sustainability are measured in residential property taxes paid or in the value-for-money of residential services (recreation, libraries).

A healthy economy and a growing population will necessitate a certain increase in municipal spending each year. However, the current rate of annual increases in operating spending is hard to justify. Municipal officials must keep in mind that each dollar they spend is a dollar someone in their community worked hard to earn. It's also a dollar not being allocated to savings, investment, or consumption.

### CFIB's approach to analysing municipal spending

Throughout this report, population and inflation growth is used as a benchmark for what constitutes a reasonable and affordable annual increase in municipal operating spending. Certainly, there can be extenuating circumstances that warrant higher spending increases. There may also be good reasons for a spike in spending as a result of transferring responsibility for a program or service to the municipality. **In general, however, operating spending increases in line with population and inflation should adequately accommodate growth pressures.**

Furthermore, this benchmark reflects the ability of taxpayers to pay for these increases because such increases will only occur as a result of a larger tax base to share the load—they would not just fall on existing taxpayers.

In addition to studying operating expenditures compared to population and inflation growth,

this report examines municipal operating spending per capita. This allows for a more complete picture of municipal spending. For example, why does Powell River, with a low Fiscal Sustainability Gap of 0.25 meaning spending increases are below population and inflation growth, spend over \$1,600 per capita, more than many large cities? In this case, it is not spending growth that that raises red flags but overall spending levels.

## Outline

**Section 2: Municipal Revenue Sources (pg 4)** In order to understand the detrimental impact of unsustainable municipal spending, it is important to understand the sources of revenue that allow the spending to take place. This section provides a breakdown and overview of major revenue sources.

**Section 3: Spending Trends (pg 6)** This section contains data tables showing the growth in operating spending relative to population and inflation for 75 BC municipalities with a population greater than 5,000. The first part of this section finds that the large municipalities have increased their spending by an average two times the rate that is warranted by population and inflation growth.

**Section 4: Spending Levels (pg 14)** Section 4 has the complete data tables comparing municipalities based on their per capita expenditure levels. It also shows how much per capita expenditures have increased since 2000. Taxpayers should question why it takes \$1,918 per capita to operate Quesnel but \$769 per capita to operate Comox.

**Section 5: Municipal Expenditure Drivers (pg 18)** What is driving these spending increases? Since salaries and benefits represent at least half of municipal budgets, this section argues any efforts to close the Fiscal Sustainability Gap must address this major spending driver. This section also outlines the debate about what constitutes core services for municipalities.

**Section 6: Feedback (pg 20)** Municipal associations have mainly responded negatively to previous editions of this report. For example, many municipal officials take issue with CFIB's use of 2000 as the baseline year for calculating spending growth. In this section, some of these responses are described and considered.

**Section 7: Recommendations & Conclusion (pg 21)** Based on the report's findings, CFIB makes a number of policy recommendations to help guide municipalities toward better aligning operating spending growth with population and inflation growth.

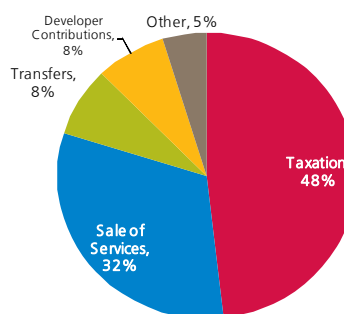
## Section 2: Municipal Revenue Sources

When municipalities decide to increase their budgets and the scope of their operations, they require additional revenue. It is important to find out where these resources come from in order to determine the full effects of unsustainable spending.

The most important source of operating revenue for local governments across Canada is own-source taxation, the vast majority of which is property taxation. In 2008, municipal governments in British Columbia generated 48 per cent per cent of their revenue through own source levies. The next largest source of operating revenue for local governments was the sale of services, including user fees, fines, licenses, and permits, which accounted for 32 per cent (see Figure 2.1). Transfers from other levels of government (federal, provincial and regional bodies) represented 8 per cent of the total. Furthermore, developer contributions, including development cost charges, represented 8 per cent of the total.<sup>2</sup>

Figure 2.1:

### Sources of revenue, municipal total, 2008



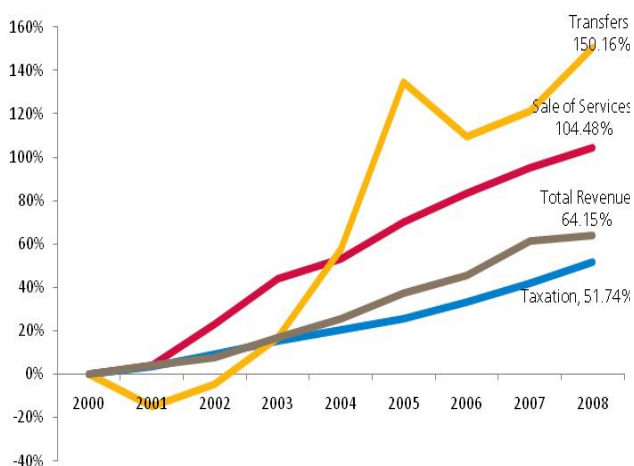
Source: BC Government, Ministry of Community Services

<sup>2</sup> Throughout 2000-2008, many municipalities depended on having the revenues from developers in their budgets. These revenues increased 206.5 per cent. In 2008, as the recession became entrenched and construction activity stalled (and revenue from developers dropped), these municipalities found it harder to balance their budgets. In theory, development charges should be imposed on a cost-recovery basis, and municipalities should expect this to fluctuate based on economic conditions.

Figure 2.2 illustrates the growth in municipal revenues between 2000 and 2008 from taxation (up 52 per cent), sale of services (up 104 per cent), transfers from other levels of government (up 150 per cent), and all revenue sources (up 64 per cent). In other words, given that population and inflation growth between 2000 and 2008 was 28.7 percent, the growth in revenue collected from property taxes occurred at 1.8 the rate of population and inflation growth across BC, while that of sale of services increased at 3.6 times the rate of population and inflation growth across BC.

Figure 2.2:

**Growth in total revenue, property taxes, sale of services, and transfer payments, 2000-2008**



Note: Population and inflation growth over this period was 28.7 per cent.

Source: BC Government, Ministry of Community Services

This illustrates the trend to increasingly rely on revenues from the sale of services (user fees) instead of property taxes to fill revenue shortfalls. While in theory ensuring the user of the service pays for the service is a good idea, in practice the reliance on user fees may lead to unsustainable spending choices—municipal leaders may choose to increase parking rates or business license fees to pay for increased spending rather than to increase property taxes, a highly visible tax and potentially politically damaging tax.

In some municipalities, the sale of services (user fees) represents significantly more than the 33 per cent of revenue average across the province (see Table 2.1). With the exception of Nelson, Port Hardy, Pemberton and Lake Cowichan, municipalities that derived more revenue from user fees had a higher than average Fiscal Sustainability Gap (See Table 2.1). This may be because they have been able to finance unsustainable spending increases though user fee hikes rather than property taxes.<sup>3</sup>

Table 2.1

**Level of dependence on user fees, selection of municipalities, 2008**

	Sale of services as % of revenue in 2008	Fiscal Sustainability Gap 2000-2008
Port Clements	78.12%	20.25
Masset	73.72%	16.33
Nelson	66.68%	1.44
Penticton	63.10%	3.56
Cache Creek	57.39%	2.45
Summerland	56.09%	5.05
Oliver	55.18%	3.56
Port Hardy	54.93%	-0.53
Grand Forks	53.90%	3.40
Osoyoos	50.71%	3.12
Pemberton	47.66%	1.62
Lake Cowichan	45.04%	0.67
Kelowna	44.88%	2.02
Vancouver	44.68%	1.92
<b>AVERAGE</b>	<b>33.00%</b>	

Source: BC Government, Ministry of Community Services

Municipal property taxes are used to provide a range of local services. As such, they are determined according to what these services, including wages and benefits for municipal employees, ultimately cost. During the budgeting process, each municipality determines the revenue required for a given year’s operating costs. They then subtract all known revenues (derived from permits, licenses, fees, etc) from this amount. Property tax rates are then set for each property class

<sup>3</sup> Municipal leaders say that they only get 8 cents on every dollar of taxes raised by all governments. However, user fees are now used to generate additional revenues equaling or greater than the property tax revenue.

accordingly to make up the remainder required for operating costs. Since municipal budgets increase far more often than they decrease, this budgeting process usually results in an increase in taxation.

Small businesses are especially affected by property taxes. When the time comes to determine tax rates, local government politicians often adjust business's rates upward in order to minimize the overall impact on residential voters' tax bills. According to a recent CFIB study, small businesses in British Columbia pay, on average, 2.94 times the property tax that residents do on based on the same assessed property value.

In some municipalities, businesses pay five, six, or seven times what residents pay. In Vancouver, BC's biggest city, the tax gap was 4.84 in 2009, meaning businesses paid nearly five times more property tax than residents based on the similarly assessed property values. This is particularly unfair considering that in many municipalities businesses must pay extra for many services that are provided as part of the tax bill for residents, such as garbage collection.<sup>4</sup>

Across BC, municipal leaders have been reluctant to address this property tax gap because they believe it can only be done by increasing the property tax levied on residents. However, there is another option available to municipal officials that is not being given proper consideration—better control of spending.

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<sup>4</sup> For example, in Vancouver, single residential properties get guaranteed municipal garbage pick-up. Small apartment buildings and small businesses can apply to the city for municipal pick-up, but are not guaranteed acceptance and must meet strict regulations. There are additional fees for municipal pick-up. Another example is protection. Many businesses hire their own security guards and alarm monitoring services.

## Section 3: Spending Trends

This section details the spending trends observed between 2000 and 2008 for the 75 British Columbia municipalities with a population over 5,000. This represents about half of the municipalities in the province and 96 per cent of the population.

### Methodology

All municipalities in BC are required to submit a summary of financial activities for the previous year to Ministry of Community Services, the ministry that is in charge of overseeing municipal governments. This includes a summary of revenues based on the source of funds, as well as a summary of expenditures based on the specific function to which the spending was directed. The data is collected on an annual basis, summarized, and released to the public.

These data are used to analyse trends in spending between 2000 and 2008. Using 2000 as the base year for comparison allows the analysis to clearly identify a trend without becoming outdated for those currently in municipal government. The most recent year for which data is available from Ministry of Community Services is 2008.

The inflation data is based on the Consumer Price Index (CPI), available from BC Stats.

For the purposes of comparison, municipalities have been categorized as follows:

- ▶ municipalities with a population over 25,000 (29 municipalities)
- ▶ municipalities with a population between 10,000 and 25,000 (25 municipalities)
- ▶ municipalities with a population between 5,000 and 10,000 (21 municipalities)

Data for the remaining municipalities (i.e. those with a population under 5,000) is provided in Appendix A.

In each analysis table in this section, municipalities have been ranked in descending order (from worst to best) based on their Fiscal

Sustainability Gap (FSG) in 2008, a ratio measure that compares the growth in operating spending with the growth in population and inflation between 2000 and 2008. For comparison purposes, the FSGs from 2006, 2007 and 2008 for each municipality with a population over 5,000 are available following the 2008 spending trend table in this section.

**The Fiscal Sustainability Gap is calculated by dividing the percentage growth in operating spending by the percentage growth in population and inflation:**

$$\frac{\% \text{ Operating Spending Growth}}{(1 + \% \text{ Population Growth}) \times (1 + \% \text{ Inflation}) - 1} = \text{FSG.}$$

A Fiscal Sustainability Gap of 1 indicates that the municipality was able to restrict the growth in spending to the benchmark level of population and inflation growth.

A Fiscal Sustainability Gap of more than 1 (and less than -1) indicates that the municipality increased spending at a rate exceeding its growth in population and inflation. For example, if operating spending grew by 40 per cent, and population and inflation grew by 20 per cent, then the Fiscal Sustainability Gap would be equal to two ( $40/20=2$ ). In other words, spending increased at a rate twice what is warranted by increases in population and inflation.

A Fiscal Sustainability Gap lower than 1 but greater than -1 indicates that the municipality managed to keep spending growth below its population and inflation growth. For example, if operating spending grew by 15 per cent, and population and inflation had grown by 20 per cent, then the Fiscal Sustainability Gap would be equal to 0.75 ( $15/20=0.75$ ). In cases where municipal spending actually decreased over the period examined, then the Fiscal Sustainability Gap would be negative.

In cases where spending decreased (had negative growth) and population and inflation was negative, the FSG could not be properly

defined and these municipalities are noted with a ND (Not defined). For example, Prince Rupert experienced a decline in municipal spending of 16.4 per cent and a decline in population and inflation of 3.9 per cent. Plugging these numbers into the formula leads to an FSG of 4.17, a relatively high FSG but not logically true (spending decline was higher than population and inflation). Only a few municipalities fall into this category.

The table for each group of municipalities also contains a dollar figure indicating the excess spending by each local government in 2008; that is, spending that exceeds the rate of population and inflation growth. This difference is calculated by taking the level of operating spending in 2000 and multiplying it by the increase in population and inflation since to then obtain the benchmark level of spending. This amount is then subtracted from the actual level of spending in 2008 to determine excess spending in 2008.

For example, consider a municipality that spent \$1 million in 2000 and \$2 million in 2008, and assume that population and inflation growth between 2000 and 2008 was 50 per cent. The benchmark level of spending for 2008 would then be \$1.5 million, the original level of spending plus 50 per cent to account for growth in population and inflation. Subtracting this \$1.5 million from the actual spending total of \$2 million, we find that this municipality had excess spending of \$500,000 in 2008.

The table also contains a column of calculations of the savings in 2008 alone for a family of 4 in each municipality if operating spending had been kept to population and inflation growth. For example, Vancouver's 2008 excess spending was \$159 million—for a family of 4, that means a savings of \$756 if spending was sustainable in 2008.

### **Municipalities with a population over 25,000**

Municipalities have seen a steady rise in their average Fiscal Sustainability Gaps since CFIB's first report in 2006. In 2006, the average gap was 2.07. Now, it stands at 2.31. This is a

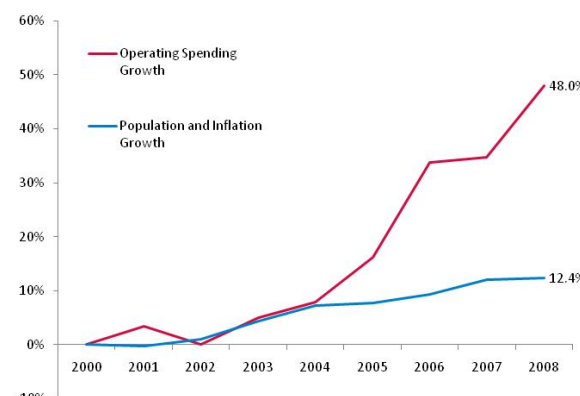
worrisome trend for taxpayers; municipalities are not keeping spending at sustainable levels.

Among municipalities with a population over 25,000, the worst performing municipality was Prince George, which had a Fiscal Sustainability Gap of 3.87 (see Figure 3.1). Between 2000 and 2008, Prince George's operating spending has grown by 48 per cent, while population and inflation growth was only 12.4 per cent. This is a significant increase in Prince George's Fiscal Sustainability Gap. In 2007, it was 2.89, while in 2006, it was 3.64 (see Table 3.2). An increasing FSG shows continued overspending.

The savings for a family of four if municipalities had kept spending to sustainable rates in 2008 range considerably, from \$214 in New Westminster to \$2,361 in Penticton. Families should assess whether or not they received additional value-for-money for having been asked to spend above the sustainable operating spending level. Can they afford to keep paying above the sustainable level year after year?

Figure 3.1:

### Operating spending growth and population and inflation growth, Prince George, 2000-2008



Source: BC Government, Ministry of Community Services

Table 3.1:

### Operating spending growth and population and inflation growth, municipalities with a population over 25,000, 2000-2008

	Operating Expenditure Growth 2000-2008	Population and Inflation 2000-2008	Fiscal Sustainability Gap 2000-2008	Excess Spending in 2008	If excess spending in 2008 had been eliminated, a family of 4 would have saved
Prince George	48.0%	12.4%	3.87	27,110,492	\$1,464
Penticton	67.8%	19.1%	3.56	19,436,616	\$2,361
Langford	200.7%	56.8%	3.54	10,920,630	\$1,674
North Vancouver-District	60.3%	17.7%	3.41	29,233,539	\$1,359
West Vancouver*	52.3%	14.5%	3.19	17,010,471	\$1,588
North Vancouver-City	62.4%	22.6%	2.76	15,824,287	\$1,326
Vernon	77.3%	29.6%	2.61	10,287,057	\$1,070
Maple Ridge	82.8%	34.7%	2.38	18,692,334	\$1,011
Delta	35.8%	15.2%	2.36	20,455,511	\$822
Chilliwack	81.3%	34.7%	2.34	15,787,397	\$842
Langley-District	73.4%	31.6%	2.33	22,913,562	\$904
Coquitlam	52.4%	23.2%	2.26	25,110,960	\$827
North Cowichan	57.9%	25.7%	2.25	5,315,981	\$728
Victoria	53.0%	24.4%	2.18	25,985,175	\$1,270
Abbotsford	69.4%	32.1%	2.17	27,866,006	\$835
Langley-City	45.7%	21.4%	2.14	4,390,413	\$693
Port Coquitlam	50.9%	24.0%	2.12	9,703,712	\$698
Campbell River	45.1%	21.7%	2.08	5,854,063	\$756
Saanich	47.9%	23.2%	2.07	18,557,525	\$656
Kelowna	79.9%	39.5%	2.02	36,845,880	\$1,244
Vancouver	54.5%	28.4%	1.92	159,240,862	\$1,034
Surrey	82.5%	43.5%	1.90	73,827,624	\$681
Kamloops	48.0%	25.3%	1.90	16,913,192	\$785
Richmond	57.1%	31.3%	1.83	37,931,089	\$742
Nanaimo	52.4%	28.6%	1.83	15,376,210	\$803
Burnaby	47.6%	28.6%	1.67	30,833,297	\$565
Mission	53.1%	32.3%	1.64	5,250,530	\$573
Port Moody	71.6%	51.9%	1.38	4,171,067	\$528
New Westminster	34.9%	30.3%	1.15	3,410,918	\$214

Source: BC Government, Ministry of Community Services

Notes: Excess Spending in 2008 is the difference between actual spending and what spending would have been in the year 2008 had that municipality limited its growth in spending to no more than population and inflation growth since 2000.



The Fiscal Sustainability Gap is calculated by dividing spending growth by population and inflation growth. A value greater than one indicates that spending growth exceeded population and inflation growth, and vice versa. For example, in Vernon operating spending growth was 2.61 times higher than population and inflation growth between 2000 and 2008.

\*Note: We adjusted the calculation for West Vancouver after staff expressed concerns regarding transportation costs. Transportation costs increased in 2002 after the municipality took over the cost of running local bus service. We took these costs out of the 2000-2008 calculation of the Fiscal Sustainability Gap. When leaving these costs in, West Vancouver's Fiscal Sustainability Gap increases to 4.72.

Table 3.2:

### Fiscal Sustainability Gaps, 2006, 2007, and 2008, municipalities with a population over 25,000

	Fiscal Sustainability Gap 2000-2006	Fiscal Sustainability Gap 2000-2007	Fiscal Sustainability Gap 2000-2008
Prince George	3.64	2.89	3.87
Penticton	2.62	2.58	3.56
Langford	5.43	3.56	3.54
North Vancouver-District	2.99	2.88	3.41
West Vancouver*	3.91	2.80	3.19
North Vancouver-City	2.90	2.58	2.76
Vernon	2.09	2.21	2.61
Maple Ridge	2.00	2.15	2.38
Delta	1.60	1.96	2.36
Chilliwack	2.20	2.21	2.34
Langley-District	1.82	2.12	2.33
Coquitlam	1.80	2.10	2.26
North Cowichan	1.55	1.48	2.25
Victoria	1.68	1.80	2.18
Abbotsford	1.43	1.81	2.17
Langley-City	2.04	2.34	2.14
Port Coquitlam	2.63	2.77	2.12
Campbell River	1.80	1.57	2.08
Saanich	1.64	1.71	2.07
Kelowna	1.91	1.90	2.02
Vancouver	1.68	1.57	1.92
Surrey	1.66	1.79	1.90
Kamloops	1.61	1.58	1.90
Richmond	1.64	1.74	1.83
Nanaimo	1.09	1.42	1.83
Burnaby	1.32	1.49	1.67
Mission	1.12	1.52	1.64
Port Moody	1.33	1.48	1.38
New Westminster	1.02	1.21	1.15
<b>Average FSG</b>	<b>2.07</b>	<b>2.04</b>	<b>2.31</b>

Source: BC Government, Ministry of Community Services. Note: Average is calculated using absolute value of the FSG.

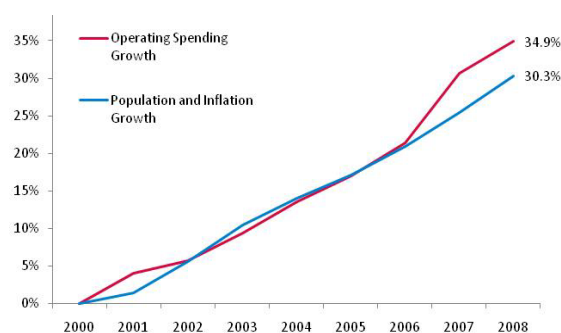
The best performing of these municipalities continues to be New Westminster, where spending grew 1.15 times faster than population and inflation growth (see Figure 3.2). However, taxpayers were still left paying for excess spending of \$3.4 million in 2008 alone. In addition, New Westminster has relatively high per capita spending (see Table 4.1). Port Moody also kept operating spending relatively in-check, with its Fiscal Sustainability Gap of 1.38.

Among the larger municipalities in BC, both Surrey (Figure 3.3) and Vancouver have operating spending at about double population and inflation growth. While taxpayers in both municipalities should be concerned about this trend, Surrey still spends the least per capita in this group (\$797), while Vancouver spends among the highest (\$1,535) (see Table 4.1).

Similar to Vancouver, Victoria is also at the high end of both its Fiscal Sustainability Gap (2.18) and its per capita spending in 2008 (\$1,697).

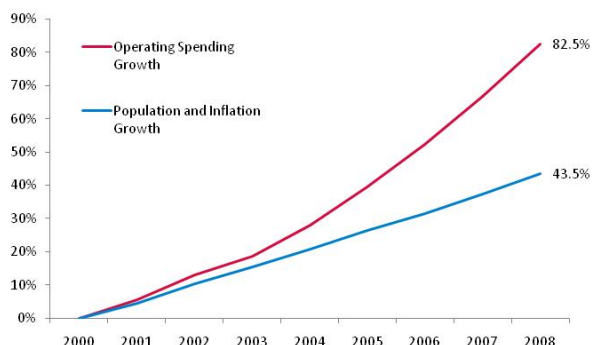
Figure 3.2:

### Operating spending growth and population and inflation growth, New Westminster, 2000-2008



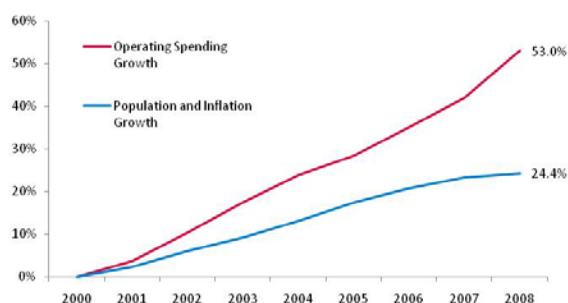
Source: BC Government, Ministry of Community Services

Figure 3.3:  
**Operating spending growth and population and inflation growth, Surrey, 2000-2008**



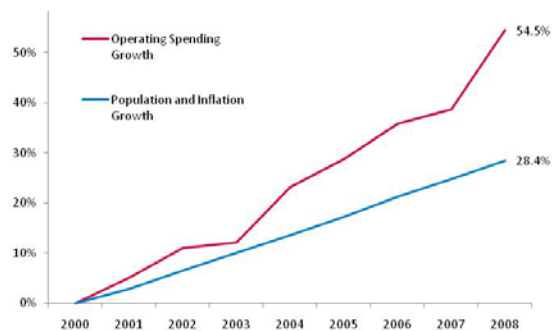
Source: BC Government, Ministry of Community Services

Figure 3.4:  
**Operating spending growth and population and inflation growth, Victoria, 2000-2008**



Source: BC Government, Ministry of Community Services

Figure 3.5:  
**Operating spending growth and population and inflation growth, Vancouver, 2000-2008**



Source: BC Government, Ministry of Community Services

### Municipalities with a population between 10,000 and 25,000

Of the 25 mid-size municipal governments in this group, only Powell River was able to keep its growth in spending below the growth in population and inflation. While population and inflation growth was 14.1 per cent between 2000 and 2008, operating spending only increased 3.5 per cent. This meant that taxpayers **saved** \$2.3 million in 2008 alone. For a family of 4, that savings was \$680 in 2008.

However, this is an example where it is very important to consider per capita spending levels as well as the growth in operating spending. Powell River has reflectively high per capita spending of \$1648 (see Table 4.2). Therefore, it would be incorrect to applaud Powell River for its low spending growth because taxpayers are already footing higher per capita spending.

The average Fiscal Sustainability Gap has grown from 2.61 in 2006 to 3.22 in 2008 (see Table 3.4).

Table 3.3:

### Operating spending growth and population and inflation growth, municipalities with a population between 10,000 and 25,000, 2000-2008

	Operating Expenditure Growth 2000-2008	Population and Inflation 2000-2008	Fiscal Sustainability Gap 2000-2008	Excess Spending in 2008	If excess spending in 2008 had been eliminated, a family of 4 would have saved
Sooke	342.1%	39.2%	8.74	4,839,346	\$1,783
Cranbrook	79.7%	15.3%	5.19	10,103,439	\$2,133
Summerland	85.6%	17.0%	5.05	7,106,420	\$2,559
Colwood	134.4%	30.2%	4.46	5,915,089	\$1,478
North Saanich	77.0%	19.3%	4.00	3,814,374	\$1,379
Williams Lake	43.1%	11.0%	3.94	4,144,626	\$1,489
Dawson Creek	72.8%	18.9%	3.85	8,603,083	\$3,013
Coldstream	71.2%	24.5%	2.91	1,559,606	\$618
Oak Bay	40.3%	14.3%	2.81	4,525,306	\$1,001
Pitt Meadows	99.1%	35.5%	2.80	5,229,596	\$1,202
Lake Country	96.9%	36.1%	2.68	3,742,741	\$1,355
Central Saanich	52.1%	19.8%	2.64	3,765,240	\$929
White Rock	44.6%	17.3%	2.58	3,925,888	\$834
Esquimalt	60.1%	23.9%	2.51	5,128,870	\$1,162
Squamish	76.2%	30.9%	2.47	5,900,871	\$1,426
Salmon Arm	60.7%	25.5%	2.38	3,843,855	\$905
Sidney	44.4%	16.9%	2.33	2,480,278	\$859
Port Alberni	18.6%	9.2%	2.03	2,019,200	\$467
Parksville	54.7%	27.7%	1.97	2,285,098	\$789
Fort St. John	61.8%	33.0%	1.87	4,726,351	\$1,008
Courtenay	70.1%	46.8%	1.50	3,758,209	\$630
Comox	39.3%	33.1%	1.19	457,178	\$138
Powell River	3.5%	14.1%	0.25	-2,250,043	-\$680
Terrace	9.6%	-1.5%	-6.37	1,431,796	\$529
Prince Rupert	-16.4%	-3.9%	ND	-3,819,738	-\$1,188

Source: BC Government, Ministry of Community Services

Notes: Excess Spending in 2008 is the difference between actual spending and what spending would have been in the year 2008 had that municipality limited its growth in spending to no more than population and inflation growth since 2000.

The Fiscal Sustainability Gap is calculated by dividing spending growth by population and inflation growth. A value greater than one indicates that spending growth exceeded population and inflation growth, and vice versa. For example, in Vernon operating spending growth was 2.61 times higher than

population and inflation growth between 2000 and 2008.

ND= not defined. See page 7 for description.

Table 3.4:

### Fiscal Sustainability Gaps, 2006, 2007, and 2008, municipalities with a population between 10,000 and 25,000

	Fiscal Sustainability Gap 2000-2006	Fiscal Sustainability Gap 2000-2007	Fiscal Sustainability Gap 2000-2008
Sooke	8.16	8.62	8.74
Cranbrook	3.77	3.84	5.19
Summerland	2.96	3.41	5.05
Colwood	4.64	4.28	4.46
North Saanich	2.81	2.98	4.00
Williams Lake	2.19	2.61	3.94
Dawson Creek	2.78	2.41	3.85
Coldstream	1.97	2.28	2.91
Oak Bay	1.84	1.95	2.81
Pitt Meadows	2.21	2.83	2.80
Lake Country	2.61	2.37	2.68
Central Saanich	1.85	1.94	2.64
White Rock	1.90	1.84	2.58
Esquimalt	2.10	2.29	2.51
Squamish	3.42	2.90	2.47
Salmon Arm	2.04	1.67	2.38
Sidney	1.65	1.78	2.33
Port Alberni	0.93	0.95	2.03
Parksville	1.57	1.86	1.97
Fort St. John	1.21	1.45	1.87
Courtenay	1.30	1.21	1.50
Comox	1.33	1.07	1.19
Powell River	-1.14	-0.78	0.25
Terrace	-0.32	0.31	-6.37
Prince Rupert	ND	ND	ND
<b>Average FSG</b>	<b>2.61</b>	<b>2.69</b>	<b>3.22</b>

Source: BC Government, Ministry of Community Services Note: Average is calculated using absolute value of the FSG.

The worst performing of these municipalities continues to be Sooke, where spending grew an astounding 342.1 per cent while population and inflation was only 36.9 per cent, resulting in a Fiscal Sustainability Gap of 8.74 (up from 8.62 last year). Also with high unsustainable levels of spending were Summerland (5.05), Cranbrook (5.19) and Williams Lake (3.94) (see Table 3.3).

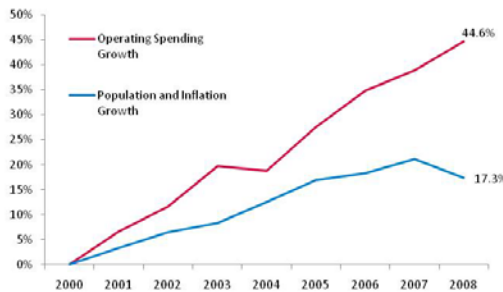
Taxpayers in Cranbrook and Dawson Creek had the most to lose from this excess spending; they could have had \$10.1 million

and \$8.6 million in their pockets, respectively, had their municipal governments kept spending to a sustainable level in 2008 alone.

In While Rock, operating spending is growing at a rate more than two and a half times the rate of population and inflation growth (2.58). Only 2 years ago, the gap was 2 times the sustainable rate (see Figure 3.6). This meant that taxpayers spent an excess \$3.9 million in 2008 alone to finance this operating spending.

Figure 3.6:

**Operating spending growth and population and inflation growth, White Rock, 2000 2008**

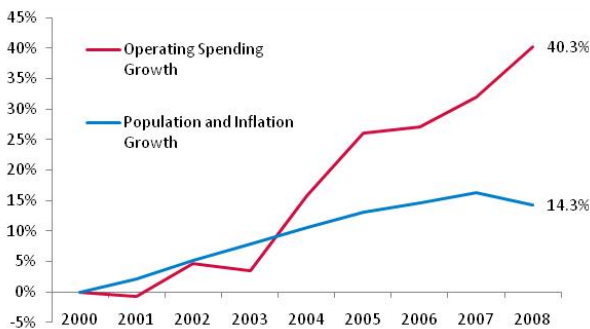


Source: BC Government, Ministry of Community Services

In Oak Bay, taxpayers are also paying the bill for unsustainable increases in operating spending (see Figure 3.7). While Oak Bay’s spending was on a sustainable path until 2003, spending now has a 2.81 Fiscal Sustainability Gap.

Figure 3.7:

**Operating spending growth and population and inflation growth, Oak Bay, 2000 2008**



Source: BC Government, Ministry of Community Services

**Municipalities with a population between 5,000 and 10,000**

Of the 21 small-size municipal governments (with population between 5,000 and 10,000), only Qualicum Beach was able to keep its growth in spending below the growth in population and inflation (see Table 3.5). While its population and inflation was higher at 40.6 per cent growth, spending went up by 27.1 per cent.

The average Fiscal Sustainability Gap in this group of municipalities has grown from 3.11 in 2006 to 4.08 in 2008. The savings for a family of four if municipalities had kept spending to sustainable rates in 2008 range considerably, from a low of \$298 in Spallumchen to a high of \$2,522 in View Royal. Whistler’s obviously very high spending can be largely attributed to preparations for hosting the Winter Olympics. While municipal taxpayers have had to open the purse strings, this level of operating spending is clearly unsustainable and will have to be curtailed after 2010.

Table 3.5:

### Operating spending growth and population and inflation growth, municipalities with a population between 5,000 and 10,000, 2000-2008

	Operating Expenditure Growth 2000-2008	Population and Inflation 2000-2008	Fiscal Sustainability Gap 2000-2008	Excess Spending in 2008	If excess spending in 2008 had been eliminated, a family of 4 would have saved
Revelstoke	54.8%	7.6%	7.24	3,905,781	\$2,152
Quesnel	53.5%	7.8%	6.83	5,460,540	\$2,283
Smithers	39.3%	7.1%	5.57	2,096,280	\$1,595
Trail	35.8%	6.8%	5.25	2,854,162	\$1,553
Kimberley	64.6%	12.5%	5.19	3,812,380	\$2,342
Metchosin	91.9%	18.1%	5.07	946,663	\$744
View Royal	214.9%	46.7%	4.61	5,863,995	\$2,522
Creston	79.9%	18.4%	4.34	2,093,671	\$1,630
Kent	92.6%	22.1%	4.19	2,246,522	\$1,682
Hope	44.5%	11.5%	3.88	1,586,380	\$1,025
Whistler	77.0%	24.7%	3.12	15,541,035	\$6,407
Osoyoos	102.1%	32.8%	3.12	2,039,600	\$1,617
Spallumcheen	24.3%	8.9%	2.73	373,448	\$298
Merritt	40.3%	18.2%	2.21	1,400,239	\$736
Sechelt	67.4%	30.6%	2.20	1,868,609	\$831
Peachland	54.0%	27.5%	1.97	918,144	\$702
Ladysmith	59.3%	38.2%	1.55	1,109,215	\$550
Castlegar	31.7%	21.3%	1.48	770,731	\$407
Nelson	27.8%	19.3%	1.44	1,660,451	\$681
Qualicum Beach	27.1%	40.6%	0.67	-839,680	-\$388
Kitimat	18.1%	-1.4%	-13.02	2,893,595	\$1,261

Source: BC Government, Ministry of Community Services

Notes: Excess Spending in 2008 is the difference between actual spending and what spending would have been in the year 2008 had that municipality limited its growth in spending to no more than population and inflation growth since 2000.

The Fiscal Sustainability Gap is calculated by dividing spending growth by population and inflation growth. A value greater than one indicates that spending growth exceeded population and inflation growth, and vice versa. For example, in Vernon operating spending growth was 2.61 times higher than population and inflation growth between 2000 and 2008.

Table 3.6:

### Fiscal Sustainability Gaps, 2006, 2007, and 2008, municipalities with a population between 5,000 and 10,000

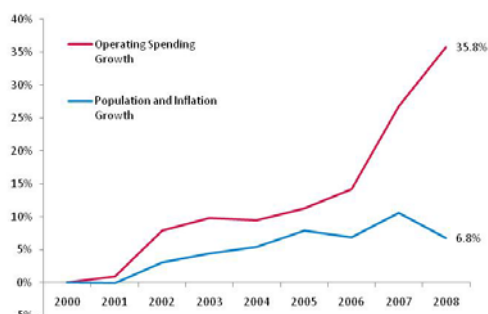
	Fiscal Sustainability Gap 2000-2006	Fiscal Sustainability Gap 2000-2007	2Fiscal Sustainability Gap 2000-2008
Revelstoke	2.95	3.64	7.24
Quesnel	3.61	4.16	6.83
Smithers	3.51	2.91	5.57
Trail	2.08	2.53	5.25
Kimberley	4.91	4.15	5.19
Metchosin	6.52	4.39	5.07
View Royal	3.95	4.41	4.61
Creston	3.00	2.64	4.34
Kent	4.05	5.15	4.19
Hope	2.34	2.76	3.88
Whistler	3.12	3.33	3.12
Osoyoos	1.92	1.80	3.12
Spallumcheen	2.03	1.69	2.73
Merritt	1.59	2.19	2.21
Sechelt	2.09	1.76	2.20
Peachland	1.98	1.78	1.97
Ladysmith	1.03	1.10	1.55
Castlegar	0.55	0.67	1.48
Nelson	1.58	0.91	1.44
Qualicum Beach	0.39	0.46	0.67
Kitimat	-12.08	-8.21	-13.02
<b>Average FSG</b>	<b>3.11</b>	<b>2.89</b>	<b>4.08</b>

Source: BC Government, Ministry of Community Services. Note: Average is calculated using absolute value of the FSG.

The worst performing of these municipalities was Kitimat, where population and inflation growth was negative but spending increased almost 20 per cent. Following Kitimat are Revelstoke, Quesnel, Smithers and Trail (see Figure 3.8).

Figure 3.8:

### Operating spending growth and population and inflation growth, Trail, 2000-2008



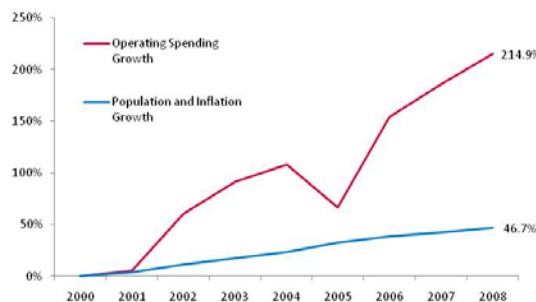
Source: BC Government, Ministry of Community Services

Many of these small, natural-resource and heavy-industry base communities are experiencing economic hard times and their local economies are in transition. In some cases, they have experienced negative population growth. While this is understandably disruptive to the community, municipal officials still have to ensure that municipal operating budgets are on a sustainable path, and that all taxpayers receive value-for-money. If they are serving fewer residents, presumably operating spending should adjust down accordingly.

View Royal had the highest growth in operating spending at 214.9 per cent between 2000 and 2008, while population and inflation increased 46.7 per cent (see Figure 3.9). This resulted in excess spending of \$5.9 million in 2008 alone.

Figure 3.9:

### Operating spending growth and population and inflation growth, View Royal, 2000-2008



Source: BC Government, Ministry of Community Services

## Section 4: Spending Levels

While the previous section almost exclusively reported the growth in spending over time, this section compares current levels of per capita spending in order to get a more complete picture of municipal finances. In each section, municipalities' Fiscal Sustainability Gaps in 2008 have also been included for reference.

For example, Surrey has an FSG of 1.90, meaning that spending is increasing at double the rate of population and inflation growth, but is spending \$797 per capita, a relatively low overall spending level (see Table 4.1 and Figure 4.1). This indicates that spending is likely not yet outstripping the overall ability of local taxpayers to pay. Conversely, New Westminster has a low FSG of 1.15, indicating low spending growth, but is spending \$1,574 (double the per capita spending of Surrey), this could indicate unsustainably high levels of current spending (and high taxes to support that spending) but not necessarily unsustainably high levels of growth in spending.

**The worst case scenario is a high Fiscal Sustainability Gap and a high per capita spending level. This is evident in many municipalities in BC, including Penticton (\$2,032 per capita spending and 3.56 FSG) and Dawson Creek (\$2,415 per capita and 3.85 FSG).**

Spending levels, considering that the quality and quantity of public services delivered differs greatly by municipality, can be somewhat difficult to compare. However, by grouping municipalities based on population, a general comparison of the differences in spending across BC's municipalities can be conducted. Scrutiny of spending levels involves questions of efficiency and productivity. What is this municipality doing that causes them to spend more per capita than other municipalities? What enables some to spend less? The calculations, shown in the tables that follow, show quite substantial variation in per capita spending. There are a

few reasons why this may occur. For examples, while all municipalities are legislated to provide basic services, such as fire and police, some spend less using volunteer firefighters and the RCMP instead of their own officers.<sup>5</sup>

Also, among other factors, the geographic size and terrain vary significantly, leading to different and varied maintenance costs.

Although this should not affect the conclusions of the previous section, which analysed growth, such considerations are relevant when considering spending levels. These factors aside, responsibilities delegated to municipalities are the same across the province, which should act to limit the variation in per capita spending.

### Municipalities with a population over 25,000

Per capita spending in British Columbia's large municipalities varies less than any other grouping of municipalities (see Table 4.1 and Figure 4.1). Penticton spent the most per capita at \$2,032 an increase of 64.7 per cent per capita since 2000. Surrey spent the least per capita at \$797, an increase of 48.7 per cent per capita since 2000.

British Columbia's largest city, Vancouver, spent at the high end at \$1,535. Victoria, the provincial capital, spent more per capita, at \$1,697. These represented increases of 41.3 per cent and 43.0 per cent per capita since 2000, respectively.

Table 4.1:

### Per capita operating spending, municipalities with a population over 25,000, 2008

	Per Capita Spending 2008	% increase in per capita operating spending 2000/2008	Fiscal Sustainability Gap 2000-2008
Penticton	2,032	64.7%	3.56
Victoria	1,697	43.0%	2.18
West Vancouver	1,681	53.0%	3.19
New Westminster	1,574	21.0%	1.15
Vancouver	1,535	41.3%	1.92
Prince George	1,521	53.9%	3.87
Kelowna	1,384	50.7%	2.02
Delta	1,354	37.9%	2.36
North Vancouver-City	1,354	54.7%	2.76
North Vancouver-District	1,278	59.1%	3.41
Kamloops	1,277	38.1%	1.90
Richmond	1,219	39.9%	1.83
Nanaimo	1,190	38.4%	1.83
Campbell River	1,172	39.3%	2.08
Port Moody	1,151	32.0%	1.38
Burnaby	1,094	34.3%	1.67
Coquitlam	1,080	44.7%	2.26
West Kelowna	1,076	n/a	n/a
Mission	1,055	35.2%	1.64
Langley-City	1,037	40.3%	2.14
Vernon	995	59.8%	2.61
Port Coquitlam	982	42.1%	2.12
Saanich	980	40.3%	2.07
Maple Ridge	962	58.5%	2.38
Abbotsford	946	49.9%	2.17
Langley-District	937	54.0%	2.33
North Cowichan	893	46.8%	2.25
Langford	874	124.2%	3.54
Chilliwack	820	57.3%	2.34
Surrey	797	48.6%	1.90

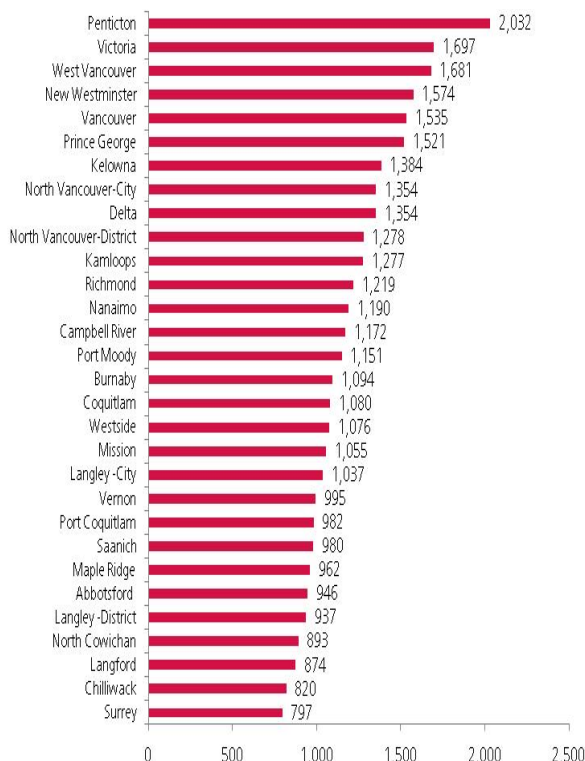
Source: BC Government, Ministry of Community Services. Note: West Kelowna was incorporated in December 2007 as "Westside." It was renamed West Kelowna in December 2008

\*See note on West Vancouver on page 9.

<sup>5</sup> Municipalities with RCMP-contracted services receive 10-30 per cent in federal funding due to an acknowledgement that local officers have to enforce federal laws.

Figure 4.1:

**Per capita operating spending, municipalities with a population over 25,000, 2008**



Source: BC Government, Ministry of Community Services

**Municipalities with a population between 10,000 and 25,000**

Per capita spending in British Columbia’s mid-size municipalities varies considerably (see Table 4.2 and Figure 4.2). Dawson Creek spent the most per capita at \$2,415, an increase of 69.8 per cent per capita since 2000. Coldstream spent the least per capita at \$566, an increase of 60.7 per cent per capita since 2000.

It is important to note that while Sooke has a very high Fiscal Sustainability Gap of 8.74, its 2008 level of per capita spending remains very low at \$650. Per capita spending has grown 271.3 per cent since 2000. Taxpayers in Sooke should be concerned that this dramatic increase in spending has been accompanied by increased scrutiny and necessary checks and balances in the system. Other municipalities with significant increases in per capita operating spending are Summerland (85.5 per cent) and Cranbrook (82.0 per cent). However,

unlike Sooke, their per capita spending level in 2008 is relatively high.

Table 4.2:

**Per capita operating spending, municipalities with a population between 10,000 and 25,000, 2008**

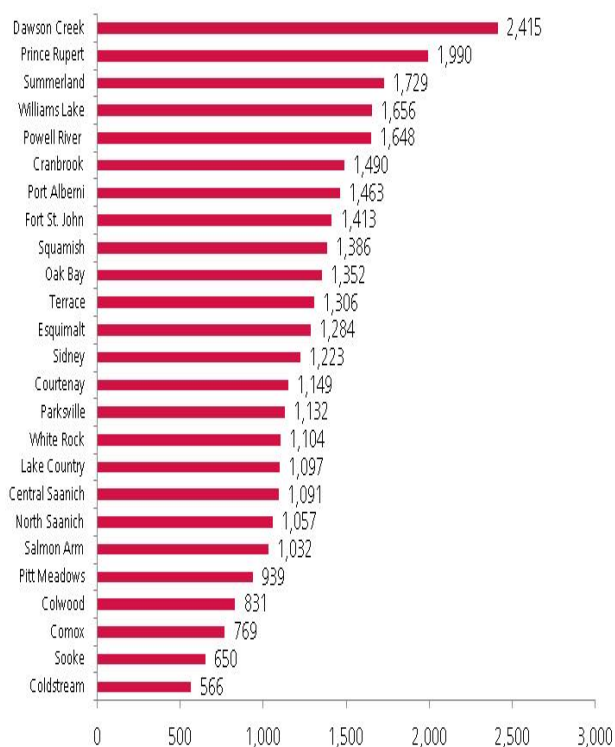
	Per Capita Spending 2008	% increase in per capita operating spending 2000/2008	Fiscal Sustainability Gap 2000-2008
Dawson Creek	2,415	69.8%	3.85
Prince Rupert	1,990	1.7%	ND
Summerland	1,729	85.5%	5.05
Williams Lake	1,656	50.7%	3.94
Powell River	1,648	5.9%	0.25
Cranbrook	1,490	82.0%	5.19
Port Alberni	1,463	27.0%	2.03
Fort St. John	1,413	42.2%	1.87
Squamish	1,386	57.3%	2.47
Oak Bay	1,352	43.4%	2.81
Terrace	1,306	30.0%	-6.37
Esquimalt	1,284	51.0%	2.51
Sidney	1,223	41.8%	2.33
Courtenay	1,149	35.4%	1.50
Parksville	1,132	41.5%	1.97
White Rock	1,104	44.1%	2.58
Lake Country	1,097	69.0%	2.68
Central Saanich	1,091	48.4%	2.64
North Saanich	1,057	73.4%	4.00
Salmon Arm	1,032	49.7%	2.38
Pitt Meadows	939	71.8%	2.80
Colwood	831	110.4%	4.46
Comox	769	22.3%	1.19
Sooke	650	271.3%	8.74
Coldstream	566	60.7%	2.91

Source: BC Government, Ministry of Community Services



Figure 4.2:

**Per capita operating spending, municipalities with a population between 10,000 and 25,000, 2008**



Source: BC Government, Ministry of Community Services

**Municipalities with a population between 5,000 and 10,000**

Per capita spending in British Columbia's small-size municipalities also varies considerably (see Table 4.3 and Figure 4.3), with Whistler being by far much higher than any other municipality (per capita of \$5,418). Second highest was Nelson at \$2,558. At the low end of the spending level was Metchosin at \$484. However, taxpayers in Metchosin have experienced a significant increase in per capita spending between 2000 and 2008, resulting in a high Fiscal Sustainability Gap of 5.07.

Table 4.3:

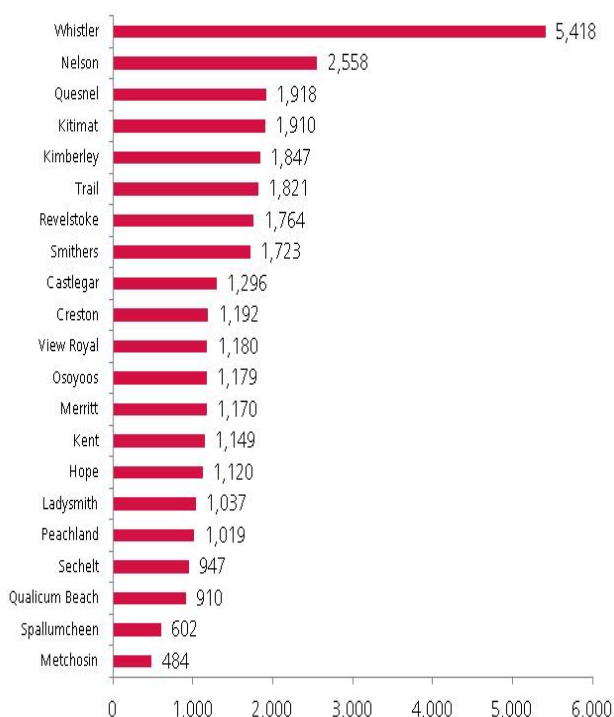
**Per capita operating spending, municipalities with a population between 5,000 and 10,000, 2008**

	Per Capita Spending 2008	% increase in per capita operating spending 2000/2008	Fiscal Sustainability Gap 2000-2008
Whistler	5,418	65.9%	3.12
Nelson	2,558	25.2%	1.44
Quesnel	1,918	66.4%	6.83
Kitimat	1,910	39.9%	-13.02
Kimberley	1,847	71.1%	5.19
Trail	1,821	48.5%	5.25
Revelstoke	1,764	68.1%	7.24
Smithers	1,723	52.0%	5.57
Castlegar	1,296	26.8%	1.48
Creston	1,192	77.5%	4.34
View Royal	1,180	150.9%	4.61
Osoyoos	1,179	77.9%	3.12
Merritt	1,170	38.7%	2.21
Kent	1,149	84.3%	4.19
Hope	1,120	51.5%	3.88
Ladysmith	1,037	34.7%	1.55
Peachland	1,019	41.2%	1.97
Sechelt	947	49.7%	2.20
Qualicum Beach	910	5.6%	0.67
Spallumcheen	602	33.4%	2.73
Metchosin	484	89.8%	5.07

Source: BC Government, Ministry of Community Services

Figure 4.3:

### Per capita operating spending, municipalities with a population between 5,000 and 10,000, 2008



Source: BC Government, Ministry of Community Services

## Section 5: Municipal Expenditure Drivers

In the private sector, no company can survive in a competitive marketplace without effective cost management. Small businesses, in particular, must pay close attention to value-for-money on both their inputs and outputs in order to stay in business. As local governments do not depend entirely on the voluntary purchase of their services, as the private sector does, it can take longer to notice inefficiencies. For the public sector, which has fewer connections to competitive markets, maintaining spending discipline is that much more important.

Taxpayers in British Columbia's municipalities should ask: What is driving these unsustainable spending increases? Are these high levels of spending desired or demanded by residents and businesses of these

municipalities? Or are they being driven by mayors and councillors seeking re-election? Are they a result solely of increased municipal responsibilities or are they, in part, due to inefficiency and waste?

Municipalities have often addressed questions about pervasive overspending by singling out relatively small pressure points such as a new program or obligation. However, the larger and more pervasive cost pressures common to all municipalities are: (a) the public sector municipal wage and benefit premium compared to the private sector; and (b) ill-defined core municipal services. Spending will continue to increase at an unsustainable rate so long as these major cost drivers remain uncontrolled.

### Municipal Wages

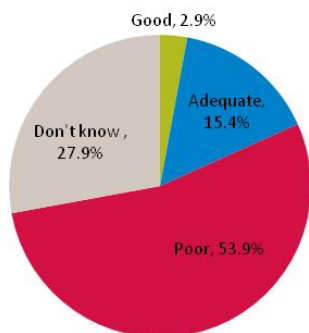
Significant wage differences favouring the public sector are a major driver of municipal operating expenditures. According to an analysis of individual municipal data<sup>6</sup>, at least 48 per cent of large municipalities' budgets go to salaries and benefits, and a further 15 per cent, on average, go to contracted services. This is significant because when public wage increases are not prudently managed, it distorts local employment markets, reduces productivity, and increases tax levels.

Small business owners are aware of these factors and are concerned that local government wages are not being effectively managed. In 2010, small businesses in British Columbia were asked to rate their municipalities' control of government wages (see Figure 5.1).

<sup>6</sup> CFIB research, forthcoming. This is a conservative estimate. Some of the municipalities did not include policing costs in their salary budget. In Alberta, the equivalent figure for salary, benefit and contractor costs are about 70 per cent.

Figure 5.1:

### How do you rate your local government on its control of government wages?



Source: CFIB, *Our Members' Opinion*, April 2010, 1015 responses

Just as it is important to consider both the level and the trend to determine whether municipal spending is sustainable, the number of municipal employees and the trend in spending on wages and salaries relative to private sector levels provide a more complete picture of municipal expenditure drivers. Unfortunately, complete data are unavailable on the number of employees in each municipality, preventing a comprehensive analysis.

### Salaries and benefits of employees

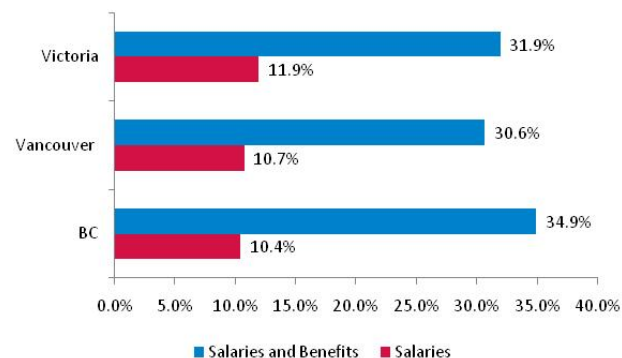
Many municipalities argue that talent is hard to come by, and that attracting and retaining good staff is a challenge only met by offering generous wage and benefit packages. However, it is perversely ironic to ask business taxpayers to pay more in taxes in order to have private sector employees lured to the public sector. The public sector is, after all, dependent on the competitiveness, productivity, and overall prosperity of the private sector.

Public wages are the largest municipal operating budget expenditure. CFIB research comparing public and private sector wages and benefits shows that, on average in BC, municipal workers earn 10.4 per cent more than their private sector counterparts in the same job (see Figure 5.2). When you add in benefits, this premium soars to a shocking 34.9 per cent. Only Victoria and Vancouver are

covered separately at the municipal level in the Statistics Canada data. Their respective premiums (slightly more for salaries only compared to all of BC, slightly less for both salaries and benefits compared to all of BC) are also illustrated in Figure 5.2.

Figure 5.2:

### Premium (salary and benefits/ salary only) at the municipal level of government, 2008



Source: CFIB, *Wage Watch*, 2008

It is important to note that this analysis focuses solely on occupations found in both the public and private sectors, as defined by Statistics Canada. Unique public sector occupations are treated as incomparable and hence, are excluded from the analysis. For example, local government occupations such as police officers, firefighters and others which are clearly exclusively in the public sector are not included.

### Expenditures: Core Services vs. “Nice to Do” Services

What are core municipal services? Although this seems to be a very simple question, the definition of core municipal services is open to interpretation.

The UBCM/ provincial government publication, *Local Government in British Columbia—4<sup>th</sup> edition* explains that there are functions mandated by the province and voluntary functions. Mandated functions can also include instructions from the province on how to organize these functions.

Mandated functions include:

- ▶ construct and maintain local roads,
- ▶ emergency planning,
- ▶ engage an assistant to the provincial fire commissioner for fire inspection, and appoint a subdivision approving officer
- ▶ policing (municipalities over 5,000 population)

Prior to the *Community Charter* in 2003, provincial legislation was very prescriptive on what services municipalities had to provide. Now, municipalities can take on some or all of these voluntary functions without being specifically mandated by the province to do so.

Voluntary functions include:

- ▶ Public works
- ▶ Economic development
- ▶ Recreation facilities and programs
- ▶ Regulation of nuisances
- ▶ Social housing
- ▶ Emergency planning
- ▶ Social planning
- ▶ Libraries
- ▶ Theatres

As explained by report authors Bish and Clemens, “municipalities have broad, general authority to provide any service that the council considers to be necessary or desirable for all or part of its municipality, and the authority to regulate in broadly defined spheres of authority.”<sup>7</sup> One could question whether this open definition of core services leads to unsustainable spending choices.

The Frontier Centre defines the core role of municipal government to be “the provision of services that are public goods that municipalities are best able to provide.” In contrast, “non-core roles are those

expenditures that municipalities are providing that have substitutes in the private market.”<sup>8</sup>

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## Section 6: Feedback

Municipal associations have been critical of the conclusions CFIB has drawn from the data and to the reforms suggested in previous editions of this report. In Alberta, where a similar analysis of municipal spending has been conducted, the Alberta Urban Municipalities Association (AUMA) along with the Alberta Association of Municipal Districts & Counties (AAMDC) went so far as to hire a private consulting firm, Nichols Applied Management, to produce a lengthy report to counter the analysis of the first CFIB municipal spending watch report. The Nichols Applied Management report, as well as several public AUMA and AAMDC documents since then, have put forward several similar refutations to the conclusions contained in the CFIB spending watch report.

These criticisms include:

- ▶ Municipalities should not be directly compared
- ▶ Population trends are disconnected from growth pressures
- ▶ The Fiscal Sustainability Gap is not a valid indication of the scale and need for spending increases
- ▶ The Consumer Price Index (CPI) does not reflect municipal costs

As the second edition of this report contains a detailed response to each of these criticisms, this section will only touch on the more common feedback.

### Municipalities should not be directly compared

The maintenance and development of transportation systems, for example, depend greatly on factors beyond population growth.

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<sup>7</sup> Bish and Clemens, *Local Government in British Columbia—4<sup>th</sup> edition*, pages 40-41.

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<sup>8</sup> From the Frontier Centre, *Local Performance Index*, 2008.

It is natural, of course, for a municipality with 5,000 km of roads to spend more on road maintenance than a municipality with 500 km of roads. Population relative to length of roads will also differ greatly across municipalities. This is a valid and common complaint about the limitations of population counts when used for statistical analysis. However, deriving policy from data based on population counts is a common and accepted practice.

Additionally, as this report focuses primarily on operating spending growth, relative to previous spending in the same municipality, the findings are still relevant. For example, money spent on snow removal in 2008 in a particular municipality will be compared to money spent on snow removal in 2000 in the same municipality. This allows for fair comparisons across the province. CFIB has also grouped municipalities by type and size to ensure more “apples to apples” type comparisons.

### Timelines seem to be chosen to maximize CFIB’s argument

The 2000 to 2007 report includes the build-up and peak of the economic boom, when costs soared to previously unseen levels.

This timeline was chosen for the accessibility of online data from Municipal Affairs when the first report was researched and for the simplicity of using the beginning of the decade as a baseline.

Regardless, spending totals from the 2000s show that municipalities have made up this ground and more and yet continue to increase spending at unsustainable levels.

With regard to re-investing into infrastructure, this report is not an analysis of capital expenditures; though, oddly, this criticism continues to be leveled at the CFIB from municipalities and local government officials across BC.

### Spending Trends: 1985-2006

In order to see if the choice of starting year alters the conclusions found in this report, an examination of municipal spending dating back to 1985 was conducted.

In the period from 1985 to 2006, population and inflation growth in BC was 153.9 per cent, while municipal operating spending increased by 194.4 per cent during that period. Therefore, spending growth over that time was 1.26 times higher than the amount warranted by a population and inflation growth benchmark. Changing the starting date to 1995 produces the same conclusion - spending growth at the municipal level has exceeded population and inflation growth.

Not every period examined does see spending growth exceed population and inflation growth. In the 1990s, population and inflation grew by 58.2 per cent, while operating spending increased by 49.0 per cent. However, looking from 1990 to 2006, population and inflation growth was 91.4 per cent while spending growth was 102.2 per cent. Therefore, spending growth over that time has been 1.15 times higher than the amount justified by population and inflation growth.

Although there may be a compelling argument made suggesting that municipalities need to “catch up” due to the relatively low spending growth in the 1990s, spending totals from the 2000s show that municipalities have already made up this ground and more. Now that local governments have passed the finish line, will we start hearing calls from these same local leaders to “slow down” and return to sustainable spending levels?

## Section 7: Recommendations and Conclusion

The findings of this report suggest that municipal governments have lost sight of proper budgeting, which requires setting priorities and making trade-offs. These processes should be normal, considering the resource constraints of municipalities and the direct impact on residents of increased taxation. By continually increasing municipal revenues through property tax hikes and user fee increases, the priority list simply grows longer instead municipal budgets becoming more efficient and refined.

To preserve the long-term health of local communities, it is essential that future spending increases be controlled to ensure that per capita spending does not grow excessively over time, to the detriment of businesses and residents across the province.

It should be noted that some municipalities in BC have already adopted and proved the effectiveness of some of the measures outlined below. We commend them for their foresight and encourage all of BC's municipalities to adopt these measures in the future.

CFIB makes the following two overarching policy recommendations for provincial and municipal governments to help municipalities return to a path of sustainable spending.

### 1) Limit operating spending increases to population and inflation growth

The current dissatisfaction and lack of trust among small- and medium-sized businesses with their local governments can be traced to unsustainable spending growth. When municipalities don't rein in spending increases, small businesses are burdened by local government taxation and user fee increases and reduced value-for-money of services they consume.

An excellent way of ensuring sustainable spending, as well as transparency and accountability, is to regulate expenditures through limits on spending.<sup>9</sup> If municipalities did wish to increase the scope of the services they provide, the process would look very different than it currently does. Instead of simply increasing taxes and user fees to fund new projects, municipalities would have to free up existing funds through efficiency efforts and cost-cutting measures

Given the broad powers given to BC's local governments through the *Community Charter* in 2003, it is unlikely that the province would step in again to control spending. Thus, municipalities (and the taxpayers they serve) will have to come to understand that current

spending trends are unsustainable and that they will have to self-impose limits.

The following provisions would help local governments control growth in operating spending.

*Freeze municipal wages until they are within 5 per cent of wages for equivalent positions in the private sector*

At least 60 per cent of municipal operating spending in BC goes to wages, benefits and contracted services. CFIB research using Statistics Canada data has demonstrated that municipal employees are paid significantly higher rates of overall compensation than their equivalent counterparts in the private sector.

Municipalities need to find ways to limit the growth in the amount spent on wages and benefits; otherwise their long term financial viability is at risk. This requires better alignment between public and private sector salaries and benefits, and limiting the growth in full-time equivalent employees to the growth in population.

Municipalities should also work on contracting out the provision of municipal services wherever possible. By making all tender processes more open and competitive, local governments will be able to draw from an expanded choice of providers, improving the quality and value of services provided to residents of the community. However, it is important to point out that this must coincide with reducing the number of public employees. If contracted services are simply added—without an equivalent reduction in spending on public employees—little will have been done to improve fiscal sustainability.

*Use zero-based budgeting*

The traditional budgeting process treats existing levels of spending as a given and official approval is only required for any actual increases in spending. This can lead to existing inefficiencies continuing on indefinitely. A zero-based budgeting review process would require that all spending be approved at least once an election term.

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<sup>9</sup> There is some history in BC with legislated spending limits. According to *Local Government in British Columbia*, in 1982 there was a mandated 12 per cent ceiling on annual municipal expenditure increases. While the 12 per cent limit is a very high threshold and shouldn't have been a constraint for any government budget, it was abandoned as it was seen to interfere with local self-government.

### Define of core services

Each level of government has certain core services that they are responsible for delivering. When one level of government infringes on the responsibilities of another level, unnecessary duplications and inefficiencies occur. Municipal governments must ensure they define what these core services are (and what they are **not**) so that the revenue they collect funds those services they are supposed to deliver. Otherwise, they either take the place of a small business in the private sector, or they take on a commitment that other levels of government have already committed to provide. Municipalities, in discussion with residents and small businesses, must determine what the core services of local governments should be.

## 2) Create an independent Municipal Auditor General

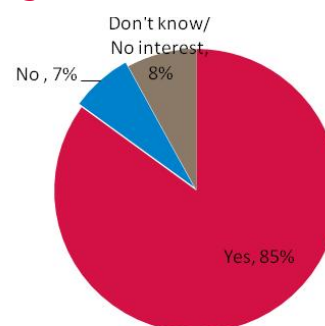
The province should create a provincially-appointed independent Municipal Auditor General with sufficient powers to oversee the budgets and expenditures of local governments. In *Local Government in British Columbia, 4<sup>th</sup> edition*, it is noted that the provincial auditor general Act “does not preclude the Auditor General from performing audits for local governments but they use private firms to audit their financial statements and, in some cases, to assess program performance.”<sup>10</sup>

Given the trends identified in this report, CFIB concludes that the local government actions are inadequate in the value-for-money analysis of their spending, and that the province should take action on the legislative power it has to step in with the provincial auditor or create a dedicated municipal auditor.

When small businesses were asked, in 2008, whether they supported the introduction of a Municipal Auditor General they responded “yes” with an overwhelming 85 per cent majority while only 7 per cent were against it (see Figure 7.2).

Figure 7.2:

**Should municipalities be subject to regular audits of public expenditures by an independent auditor general?**



Source: CFIB, Mandate 232, November 2008

Although municipalities have their financial statements audited each year, and some even have value-for-money audits, an established independent municipal auditor general could provide a much broader scope of analysis by looking at all municipalities.

Another primary function of a Municipal Auditor General would be to develop a process to share best practices among different municipal governments to help all municipalities to exchange ideas and set a similar standard of fiscal responsibility and efficiency. A Municipal Auditor General would do this, in part, by conducting performance-based analyses and value-for-money audits. This would ensure residents' and small businesses' tax dollars are efficiently and effectively spent while encouraging a more focused discussion about the best ways to provide municipal services across Alberta.

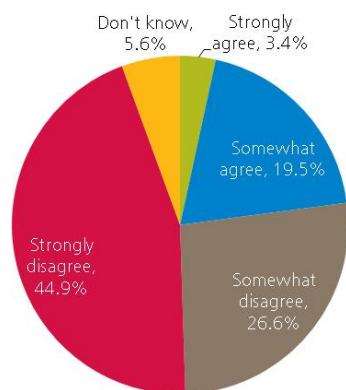
A Municipal Auditor General would also ensure greater transparency of municipal finances. Municipalities are not subject to the same checks and balance as other levels of government. Any reluctance to divulge salary and wage information should prompt taxpayers to ask why exactly their municipal officials are unwilling to be transparent.

<sup>10</sup> Bish and Clemens, *Local Government in British Columbia—4<sup>th</sup> edition*, page 29.

When small business owners were asked if they agreed that there is sufficient accountability and transparency of public expenditures at the local level of government, the majority (71.5 per cent) did not agree (see Figure 7.3).

Figure 7.3:

**Do you agree that there is sufficient accountability and transparency of public expenditures at the local level of government?**



Source: CFIB, *Focus on British Columbia*, 2008

CFIB was pleased to support a private members' bill to create a new Municipal Auditor General that was introduced and debated in the Alberta legislature last year. Unfortunately, the municipal associations opposed the bill, and ultimately, missed an opportunity to improve accountability and find new ways to share best practices about operational and financial effectiveness.

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## Appendix:

Operating spending growth and population and inflation growth, municipalities with a population under 5,000 2000-2008

	Operating Expenditure Growth 2000-2008	Population and Inflation 2000-2008	Fiscal Sustainability Gap 2000-2008	Excess Spending in 2008	If excess spending in 2008 had been eliminated, a family of 4 would have saved
100 Mile House	31.83%	19.45%	1.64	358,351	742
Alert Bay	68.02%	-6.13%	-11.10	699,676	5759
Anmore	442.03%	83.55%	5.29	2,520,034	4750
Armstrong	56.20%	19.36%	2.90	847,256	756
Ashcroft	21.83%	-57.77%	-0.38	1,367,129	7948
Belcarra	49.84%	12.76%	3.91	153,072	890
Bowen Island	81.20%	41.79%	1.94	1,026,869	1123
Burns Lake	52.50%	26.13%	2.01	441,269	821
Cache Creek	42.69%	17.40%	2.45	305,092	1126
Chase	34.67%	12.18%	2.85	368,729	598
Chetwynd	50.82%	9.51%	5.34	1,332,692	2020
Clinton	57.46%	6.67%	8.61	328,795	2203
Cumberland	92.47%	33.47%	2.76	820,547	1056
Duncan	20.11%	20.65%	0.97	-20,273	-16
Elkford	10.24%	9.38%	1.09	34,082	54
Enderby	3.45%	14.75%	0.23	-246,118	-341
Fernie	21.56%	12.29%	1.75	644,802	567
Fort Nelson	86.48%	25.12%	3.44	3,205,571	2749
Fort St. James	95.12%	-23.25%	-4.09	2,582,565	7646
Fraser Lake	56.00%	-2.21%	-25.33	736,233	2634
Fruitvale	29.78%	11.21%	2.66	185,371	362
Gibsons	37.79%	27.42%	1.38	368,580	341

Gold River	13.20%	9.70%	1.36	73,505	206
Golden	76.13%	11.08%	6.87	1,853,622	1873
Grand Forks	49.64%	14.58%	3.40	1,892,136	1834
Granisle	78.94%	16.86%	4.68	399,450	4097
Greenwood	33.95%	8.86%	3.83	187,842	1126
Harrison Hot Springs	81.30%	40.95%	1.99	515,440	1291
Hazelton	30.95%	-12.52%	-2.47	222,241	3280
Highlands	128.04%	45.90%	2.79	604,795	1144
Houston	39.61%	-9.44%	-4.20	1,732,379	2311
Hudson's Hope	50.39%	12.07%	4.17	649,093	2518
Invermere	66.08%	39.67%	1.67	720,461	814
Kaslo	35.02%	26.48%	1.32	82,151	281
Keremeos	79.69%	14.02%	5.68	396,773	1281
Lake Cowichan	14.39%	21.53%	0.67	-160,915	-213
Lillooet	49.26%	-3.96%	-12.45	1,003,714	1693
Lions Bay	105.75%	12.35%	8.56	639,717	1832
Logan Lake	34.43%	9.30%	3.70	542,191	987
Lumby	141.45%	19.45%	7.27	965,763	2202
Lytton	80.76%	-18.55%	-4.35	501,722	8726
Mackenzie	60.65%	-4.78%	-12.69	4,438,752	3850
Masset	71.55%	4.38%	16.33	1,311,742	5753
McBride	68.28%	16.86%	10.07	463,749	2736
Midway	18.68%	15.12%	1.24	27,546	166
Montrose	12.45%	9.14%	1.36	22,414	86
Nakusp	38.84%	1.01%	38.58	704,720	1851
New Denver	60.68%	9.76%	6.22	175,651	1336
New Hazelton	20.57%	-11.89%	-1.73	268,440	1760
Oliver	75.06%	21.08%	3.56	1,530,700	1342
Pemberton	114.53%	70.51%	1.62	691,017	1182
Port Alice	-9.14%	-16.52%	ND	113,195	537
Port Clements	72.88%	3.60%	20.25	330,157	2865
Port Edward	76.72%	-4.52%	-16.96	913,318	6245
Port Hardy	3.08%	-5.79%	-0.53	483,626	501
Port McNeill	18.14%	2.81%	6.46	252,554	388
Pouce Coupe	51.26%	-2.28%	-22.49	381,270	2118
Princeton	47.53%	9.52%	4.99	772,520	1183
Radium Hot Springs	70.33%	98.43%	0.71	-265,928	-1093
Rosland	5.75%	7.32%	0.79	-64,688	-74
Salmo	41.28%	2.48%	16.63	274,024	1046
Sayward	27.12%	-3.88%	-6.98	185,037	2250
Sicamous	98.47%	24.0%	4.10	1,278,914	1673
Silverton	117.52%	-1.5%	-76.24	334,243	6752
Slocan	110.50%	23.9%	4.62	251,204	2723
Sparwood	36.56%	11.0%	3.34	1,254,087	1332
Stewart	13.34%	-19.6%	-0.68	431,818	3629
Tahsis	-11.19%	-34.7%	ND	399,645	4207
Taylor	-1.44%	44.2%	-0.03	-2,384,402	-6497
Telkwa	26.63%	12.0%	2.22	152,052	448
Tofino	183.25%	44.9%	4.09	2,212,235	4886
Tumbler Ridge	-10.63%	41.7%	-0.25	-4,477,983	-7341
Ucluelet	70.98%	9.6%	7.40	1,259,224	3241
Valemount	21.94%	-18.6%	-1.18	568,687	2570
Vanderhoof	51.69%	-2.1%	-24.72	1,517,672	1571
Warfield	24.06%	14.3%	1.69	106,207	236
Wells	58.64%	8.8%	6.63	199,925	3462
Zeballos	14.99%	-16.7%	-0.90	145,598	3347

Source: BC Government, Ministry of Community Services

Notes: Excess Spending in 2008 is the difference between actual spending and what spending would have been in the year 2008 had that municipality limited its growth in spending to no more than population and inflation growth since 2000.

The Fiscal Sustainability Gap is calculated by dividing spending growth by population and inflation growth. A value greater than one indicates that spending growth exceeded population and inflation growth,

and vice versa. For example, in Vernon operating spending growth was 2.61 times higher than population and inflation growth between 2000 and 2008.

ND= Not Defined

For small municipalities, there is far more fluctuation in the numbers reported than in larger municipalities—relatively small changes to spending or population create a bigger impact on the calculations in smaller municipalities. There are a number of ways this can happen. For example, in Tumbler Ridge spending in 2000 was abnormally higher than throughout 2001-2008. Therefore, when calculating excess spending relative to the year 2000, it gives us an inflated sense of under spending. Where operating spending growth is high and population growth is negative, these calculations numbers can be significant. In Fort St. James, very high growth in operating spending between 2000 and 2008, and a declining population, resulted in very high per capita excess spending.

### Fiscal Sustainability Gaps, 2006, 2007, and 2008, municipalities with a population under 5,000

	Fiscal Sustainability Gap 2000-2006	Fiscal Sustainability Gap 2000-2007	Fiscal Sustainability Gap 2000-2008
100 Mile House	0.74	1.13	1.64
Alert Bay	3.74	1.24	-11.10
Anmore	1.72	1.64	5.29
Armstrong	2.15	2.63	2.90
Ashcroft	0.22	1.7	-0.38
Belcarra	3.48	3.92	3.91
Bowen Island	1.74	2.13	1.94
Burns Lake	2.94	1.61	2.01
Cache Creek	1.58	1.52	2.45
Chase	0.78	1.44	2.85
Chetwynd	3.62	4.92	5.34
Clinton	2.19	5.67	8.61
Cumberland	4.95	3.57	2.76
Duncan	0.34	0.91	0.97
Elkford	0.27	1.86	1.09
Enderby	-1	-0.7	0.23
Fernie	1.09	1.71	1.75
Fort Nelson	4.15	3.46	3.44
Fort St. James	-0.59	-2.16	-4.09
Fraser Lake	-25.61	30.51	-25.33
Fruitvale	2.31	0.19	2.66
Gibsons	1.47	0.69	1.38
Gold River	-0.76	0.07	1.36
Golden	5.05	5.88	6.87
Grand Forks	2.12	2.31	3.40
Granisle	4.29	3.31	4.68
Greenwood	7.39	3.49	3.83
Harrison Hot Springs	0.66	1.23	1.99
Hazelton	2.2	36.45	-2.47
Highlands	2.93	2.72	2.79
Houston	-8.32	-7.67	-4.20

Hudson's Hope	6.43	3.37	4.17
Invermere	1.14	1.22	1.67
Kaslo	0.75	1.33	1.32
Keremeos	2.28	1.8	5.68
Lake Cowichan	0.51	0.27	0.67
Lillooet	-8.26	-8.99	-12.45
Lions Bay	7.95	9.62	8.56
Logan Lake	0.6	0.36	3.70
Lumby	5.93	5.99	7.27
Lytton	-2.77	-2.61	-4.35
Mackenzie	-3.81	-5.98	-12.69
Masset	5.81	5.58	16.33
McBride	5.72	30.24	10.07
Midway	2.35	1.85	1.24
Montrose	-0.81	-0.37	1.36
Nakusp	4.25	5.66	38.58
New Denver	3.44	5.79	6.22
New Hazelton	-2.17	-1.29	-1.73
Oliver	1.94	2.08	3.56
Pemberton	1.17	1.12	1.62
Port Alice	ND	ND	ND
Port Clements	-14.27	3.15	20.25
Port Edward	-17.11	-9.25	-16.96
Port Hardy	-0.64	3.62	-0.53
Port McNeill	1.64	2.33	6.46
Pouce Coupe	18.65	53.68	-22.49
Princeton	1.79	2.4	4.99
Radium Hot Springs	0.49	0.61	0.71
Rossland	-3.26	0.23	0.79
Salmo	54.48	1.71	16.63
Sayward	13.03	-8.68	-6.98
Sicamous	4.66	5.04	4.10
Silverton	-4.77	-41.77	-76.24
Slocan	16.44	7.58	4.62
Sparwood	1.58	1.94	3.34
Stewart	0.92	0.34	-0.68
Tahsis	ND	ND	ND
Taylor	-0.59	-0.34	-0.03
Telkwa	-0.19	0.9	2.22
Tofino	2.4	3.63	4.09
Tumbler Ridge	-0.97	-0.76	-0.25
Ucluelet	6.18	7.11	7.40
Valemount	1.39	-0.9	-1.18
Vanderhoof	5.77	4.61	-24.72
Warfield	1.05	0.74	1.69
Wells	2.98	2.73	6.63
Zeballos	2.06	-0.23	-0.90

### Per capita operating spending, municipalities with a population under 5,000

	Per Capita Spending 2008	% increase in per capita operating spending 2000/2008	Fiscal Sustainability Gap 2000-2008
100 Mile House	1974	28.97%	1.64
Alert Bay	3262	109.16%	-11.10
Anmore	1796	245.09%	5.29
Armstrong	801	52.93%	2.90
Ashcroft	3041	237.17%	-0.38
Belcarra	899	55.29%	3.91
Bowen Island	1291	49.34%	1.94
Burns Lake	1187	41.29%	2.01
Cache Creek	1588	42.03%	2.45
Chase	895	40.29%	2.85

Chetwynd	1844	60.94%	5.34
Clinton	1707	72.50%	8.61
Cumberland	861	68.51%	2.76
Duncan	903	16.33%	0.97
Elkford	1720	17.77%	1.09
Enderby	779	5.35%	0.23
Fernie	1859	26.50%	1.75
Fort Nelson	2089	74.16%	3.44
Fort St. James	3151	197.09%	-4.09
Fraser Lake	1765	86.41%	-25.33
Fruitvale	633	36.37%	2.66
Gibsons	1132	26.36%	1.38
Gold River	1666	20.59%	1.36
Golden	1268	85.30%	6.87
Grand Forks	1957	52.62%	3.40
Granisle	2952	78.94%	4.68
Greenwood	1504	43.79%	3.83
Harrison Hot Springs	1450	50.31%	1.99
Hazelton	2471	74.92%	-2.47
Highlands	794	82.65%	2.79
Houston	1644	80.16%	-4.20
Hudson's Hope	2471	56.81%	4.17
Invermere	1280	38.96%	1.67
Kaslo	1110	24.74%	1.32
Keremeos	923	78.96%	5.68
Lake Cowichan	855	9.99%	0.67
Lillooet	1187	81.60%	-12.45
Lions Bay	1009	114.00%	8.56
Logan Lake	1320	43.73%	3.70
Lumby	1090	136.22%	7.27
Lytton	3970	159.35%	-4.35
Mackenzie	2363	97.16%	-12.69
Masset	3673	92.06%	16.33
McBride	1871	84.17%	10.07
Midway	1386	20.48%	1.24
Montrose	727	20.41%	1.36
Nakusp	1698	60.62%	38.58
New Denver	1054	71.07%	6.22
New Hazelton	1635	59.91%	-1.73
Oliver	1088	68.96%	3.56
Pemberton	1440	47.03%	1.62
Port Alice	1654	27.18%	ND
Port Clements	1787	95.00%	20.25
Port Edward	3396	116.30%	-16.96
Port Hardy	1455	27.86%	-0.53
Port McNeill	747	34.29%	6.46
Pouce Coupe	1496	80.88%	-22.49
Princeton	1148	57.41%	4.99
Radium Hot Springs	1656	0.31%	0.71
Rossland	1246	15.15%	0.79
Salmo	952	61.10%	16.63
Sayward	2306	54.55%	-6.98
Sicamous	1116	86.98%	4.10
Silverton	3084	158.17%	-76.24
Slocan	1655	98.52%	4.62
Sparwood	1777	43.82%	3.34
Stewart	3120	64.77%	-0.68
Tahsis	3973	58.93%	ND
Taylor	3511	-20.10%	-0.03
Telkwa	968	32.13%	2.22
Tofino	2500	128.51%	4.09
Tumbler Ridge	3134	-26.30%	-0.25
Ucluelet	2257	82.31%	7.40
Valemount	1931	75.13%	-1.18
Vanderhoof	1108	81.04%	-24.72
Warfield	747	26.89%	1.69
Wells	2757	70.32%	6.63
Zeballos	3039	61.25%	-0.90