



FACT SHEET

Funding BC Municipalities

Many people think that BC municipalities receive significant funding from the provincial government. In fact, this isn't true.

Far and away the major source of funding for BC municipalities is the local property tax, levied on residential, commercial and industrial properties. Based on the assessed value of local property, civic governments decide each year at budget time how much they will tax local property owners. The differing values of homes and businesses in different municipalities makes a big difference in the amount of revenue municipalities take in. Communities with a large number of expensive homes or significant industry have more revenue than other communities which do not.

Besides the property tax, municipalities also generate local revenue from user fees for services such as garbage or water, parking meters and commercial enterprises such as theatres and parkade.

Municipalities in BC do receive some funding from the provincial and federal governments, but the amounts they get are generally very small and are not a significant proportion of budgets. As well, these are not a stable source of funds as they vary from year to year depending on changing political priorities.

Provincial and federal funding that is available includes:

- A portion of provincial gambling revenue, either because a particular municipality is a "host local government" or (in a very few cases) because they are eligible for a form of capital funding called "Development Assistance Compensation". In 2005/06, the only municipalities in the Lower Mainland which received gambling revenue were: Richmond (\$11.1 million); Burnaby (\$8.6 million); Coquitlam (\$7.3 million); Vancouver (\$4.9 million); New Westminister (\$3.1 million); and Surrey (\$2.9 million).
- A portion of traffic fine revenue (\$50 million province wide in 2006).
- Cost-shared capital grants from programs such as the Canada-BC Municipal Rural Infrastructure Fund and the Cycling Infrastructure Partnerships Program. However, both the Campbell Liberal provincial government and Harper Conservative federal government are now pushing public-private partnerships (P3s). Former programs such as Canada/BC Infrastructure Works no longer provide new money.
- A portion of federal fuel tax. In the Lower Mainland, \$307 million in federal fuel tax will be transferred to TransLink over a five-year period. None of those funds will go directly to municipalities. Legislation also guarantees TransLink 12 cents per litre of provincial

fuel tax paid in the Lower Mainland, but this is TransLink revenue, not a grant from the provincial government.

- Small planning grants from programs such as the provincial Local Government Infrastructure Planning Grant Program and the Green Municipal Fund.
- Small energy efficiency grants.
- Grants in lieu of provincial taxes for provincial Crown Corporations like BC Hydro that operate or have property in a municipality. This is mostly of benefit to rural municipalities.
- Grants for sewer and water debt, administered by the Municipal Finance Authority.
- Municipalities can also levy Development Cost Charges (D.C.C.s) to ensure developers contribute to development costs for infrastructure like water and sewer.

What does this mean for bargaining?

Because of municipal autonomy, provincial government bargaining policies do not apply to local governments. And since only a small portion of municipal revenue comes from the provincial government, the Province does not use its financing to manipulate bargaining at the local municipal level.

That's why provincial government bargaining mandates do not apply to local government employers. CUPE's bargaining with local municipal employers involves only the municipal employer, CUPE Local Unions and the G.V.R.D. Labour Relations Bureau (which coordinates bargaining for most municipal employers in the region). When the Province offered signing bonuses last spring to employees such as school, college, university, social service and health workers, the bonuses were not available to municipal workers. There were no wage controls or artificial deadlines for municipal workers, since money for the bonuses was only available to workplaces which the provincial government directly funds or controls.

Because we have free collective bargaining in the Lower Mainland municipal sector, we can work to make permanent improvements to the wage grids for all employees. We can also bargain for other priorities such as protection for retiree benefits, special adjustments and pay equity.

