

Subject: Fiscal Principles and Civic Governance

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A MESSAGE FROM ERNIE CRIST:

May 9, 2002

The District Council debate on the 2002 budget during last Monday's Council meeting revealed that some Concerned Citizen (CCA) endorsed Councillors still do not understand even the simplest fiscal and civic governance principles.

During the debate on the Heritage Fund, one Councillor revealed that, in her opinion, there is no difference between using the interest generated by the Heritage Fund to pay for capital projects and using the principle of the Fund itself, which is what the CCA endorsed Council is doing. I sincerely hope that there was no one present who understands basic economics for if there were, they must have left in utter astonishment.

On the other hand, such ignorance of basic economic factors explains why the District Heritage Fund has been mismanaged to the point of oblivion while in the City of North Vancouver, theirs is still intact. When the Heritage Fund was set up in 1986 it was to contribute between 12 and 15 million dollars annually in generated interest after the year 2000. It also explains why City Councillors pour cold water on the idea of amalgamating with the District. Not knowing the difference between the principle and the interest generated by such a principle was one such astonishing revelation last Monday, the other was when another CCA endorsed Councillor with Mayoralty ambitions told the world that running a municipality was not like running a business because running a business is done to make a profit while a municipality is run to provide services.

Truly an amazing statement by someone with aspirations to be Mayor? The CCA endorsed Councillor, despite numerous books, including the famous "Re-Inventing Government" by Osborne and Gabler, and despite countless reports, letters to the editor, lectures at conventions paid for by the taxpayers etc, clearly still does not understand that although managing a municipality is indeed not done to make a profit but to provide services, it must still be run along the same fundamental business principles, which is to say it must be run in the most efficient and economical manner.

This is what the KPMG Report, which cost the taxpayers tens of thousands of dollars, stated. It is also what the VAT report said must be done and it is also what I attempted to introduce a thousand times but to no avail. It is subsequently no wonder why the District Manager recently informed the Council that, despite criticism at the apparent lack of benchmarks in the past, a comprehensive policy measuring the efficiency of the District still does not appear to be in place. He indicated that a report will be coming to Council soon. It is little wonder, therefore, that despite the highest taxes in the region, not only has the District Heritage Fund all but disappeared

but the infrastructure reserve funds as well. But when people in charge of the District don't know that in both a business run for profit and a business run to provide services the principles are the same, it is little wonder that the City of North Vancouver does not want to discuss amalgamation. As one City Councillor said " we may have problems but you have a disaster".

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