

Subject: \$56+ million slipping away

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In light of the expected municipal tax increases, the new Municipal Charter issues, and the high percentage of District taxes that go to public safety agencies (police and fire), you may find the following article from the Surrey Leader interesting to read.

I also attach a copy of the "Corporate Report" sent to Surrey Mayor and Council by Surrey's Fire Chief last year. The issue did go to the UBCM, but seems to have gone nowhere since. I don't think it should be allowed to die.

Victoria braced to keep fire funds

By Kevin Diakiw

B.C.'s cities want \$56-million worth of insurance tax returned to fire services, but a recent letter from the minister responsible indicates the province will likely hold onto the money.

Mayors from Surrey and Delta both say that stance is unacceptable.

"We don't accept that," said Mayor Doug McCallum, adding the money is intended for the fire department.

Since 1921, B.C. residents have paid a tax on fire insurance to offset salaries and expenses associated with the now-defunct Fire Marshal Act and subsequently to fund the B.C. fire commissioner's office.

The tax started out as one per cent on fire insurance premiums, then was hiked to two per cent in the 1980s and doubled to four per cent in 1998.

It now generates \$58.5 million for the province, with less than \$2 million going to the fire commissioner's office, according to Surrey Fire Chief Len Garis, who spearheaded the initiative to get the money given to fire services. The rest of the tax, more than \$56 million annually, he said, is going into the province's general revenue.

Late last year the Union of B.C. Municipalities (UBCM) unanimously endorsed a Surrey-crafted resolution asking the province to relinquish the tax to municipalities in order to bolster firefighting service.

Surrey's \$5.5-million portion and Delta's \$1.5-million share represents one-fifth of the respective cities' fire department budgets.

Until recently, it wasn't clear how the province was going to respond to the UBCM request, but The Leader has obtained documents that outline the minister's position.

On Dec. 10, Delta Mayor Lois Jackson sent a letter to George Abbott, minister of community, aboriginal and women's services, stating that "this insurance tax in its entirety (should) be directed to municipalities, cities, etc. in B.C. that provide fire protection..."

Abbott wrote back two months later stating that "at this time, I do not anticipate a change in legislation with respect to the disposition of revenue collected through the Insurance Premium Tax Act."

Jackson calls it tantamount to a "cash grab" by the province.

Abbott declined to discuss the issue with The Leader. A representative from his office said Friday that the letter to Jackson outlined the minister's position.

McCallum said he's planning to write Abbott and request that he turn the tax to the respective fire departments.


"If I get the same answer as Delta, we'll be looking at other options," McCallum said. "We're certainly going to put more pressure on the government to get it sent back to the cities."

Coun. Dianne Watts, chair of Surrey's public safety committee, agreed.

"We're not just going to drop out," Watts said, adding the city will be asking for an appointment with the minister.

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Sincerely,
Bill Tracey

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