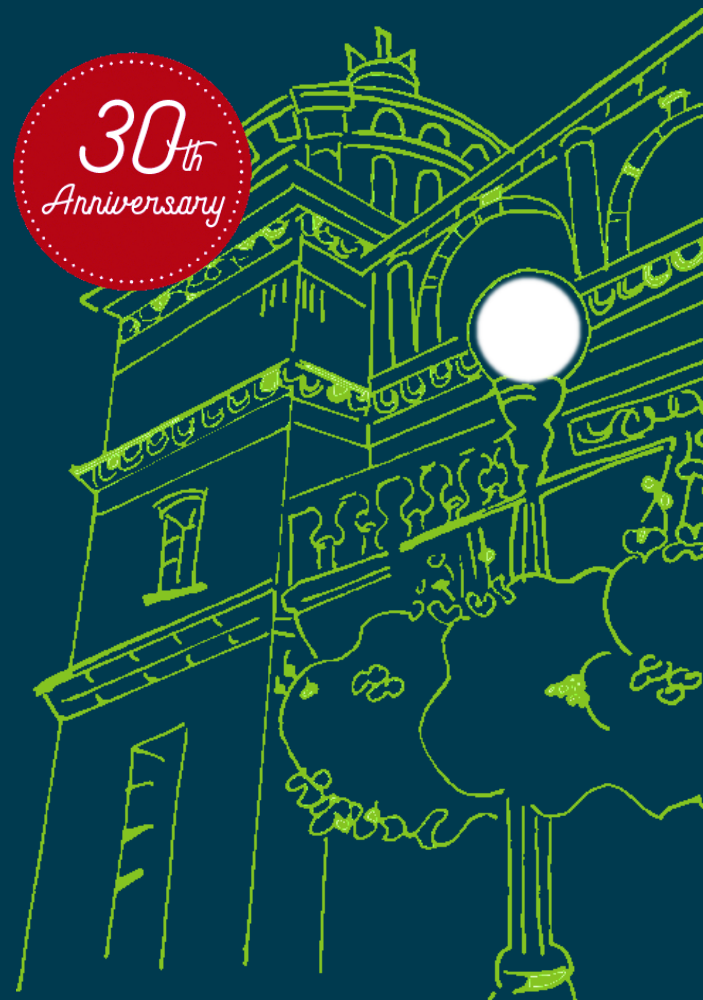


DOLLARS *AND* \$ENSE PERSPECTIVE

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CONFERENCE PROGRAM ANNOUNCED!



GFOABC INVITES YOU

GFOABC invites you to participate in a FOCUS GROUP BREAKFAST at the upcoming ANNUAL CONFERENCE in Victoria.

GFOABC recently set forth on a new strategic direction that seeks to leverage the talent and expertise of our members, partners, and government stakeholders to become a centre for dialogue on local government finance. To that end, this year's focus group will explore our current government relations framework.

Local governments in BC operate within a legislative framework that governs their administration and finances including financial planning, reporting, revenues, liabilities, capital financing, and property acquisition and disposition. The Ministry of Municipal Affairs & Housing and the Ministry of Finance both play an important role in supporting local governments with their financial responsibilities.

As an association for local government finance officers, GFOABC believes itself to be an important partner to both ministries in supporting local government finance professionals and promoting local government sustainability through its various programming opportunities in which the ministries currently participate.

We need your input in reviewing the current level of engagement as well as identifying other opportunities to build upon our relationship and to promote alignment between GFOABC members and provincial government stakeholders.

The graphically facilitated FOCUS GROUP BREAKFAST will be held May 30th in the Fairmont Empress Library at this year's conference. The session will open with a hot breakfast at 7:00am; the focus group will run from 7:30am to 8:30am.

The focus group will again be facilitated by Sam Bradd, Principal at Drawing Change. And as was the case last year, the focus group graphic poster will be presented at the conference for general delegate feedback following the session.

We will be looking for 24 members representing small, medium, and large municipalities and regional districts to participate in the focus group. If you are interested in participating in the FOCUS GROUP BREAKFAST and helping shape GFOABC's government relations efforts, please complete the [registration form](#).

KALA HARRIS, Executive Director

BOARD OF DIRECTORS

- RICK DANYLUK CPA CMA, *President*
- GENELLE DAVIDSON CPA, CMA, *Vice President*
- TREVOR THOMPSON CPA CGA, *Secretary Treasurer*
- TANYA GAROST CPA CA, *Past President*

KALA HARRIS
Executive Director

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- MYRIAH FOORT CPA, CA
- MARILYN RILKOFF CPA, CMA
- SHELLEY HAHN CPA, CGA
- LENORA LEE CPA, CA

ERICA CHRISTIE
Manager, Operations and Member Services

MEMBER RECOGNITION AWARDS

The "Member Recognition Awards" will be presented at the GFOABC Annual Conference in Victoria. To promote excellence in government service and government finance, GFOABC annually awards individuals who have made significant contributions in the area of local government finance. Awards are presented for outstanding performance and achievement as well as for innovative ideas that will benefit others in the field.

Candidates for awards may be nominated for any of the following categories:

- Life Member Award
- Outstanding Achievement Award
- Innovative Idea Award
- Outstanding Contribution Award

Please provide a summary of the work and accomplishments that the member has done to earn the distinction of being recognized for an award(s).

The summary should be attached to the nomination form and submitted to the attention of the Executive Director, GFOABC, 408 – 612 View Street, Victoria, BC V8W 1J5, or via e-mail execdir@gfoabc.ca.

[2019 Member Recognition Nomination Form \(fillable pdf\)](#)

CONTEST WINNERS

ONLINE FORUM CONTEST

The winners of the Visa Gift Cards are...

DAWN CHRISTENSON, DIRECTOR OF FINANCE, TOWN OF VIEW ROYAL

KELSEY GREEN, DEPUTY FINANCE OFFICER, VILLAGE OF HAZELTON

LAURA MCMASTER, FINANCIAL CLERK, VILLAGE OF FRASER LAKE

ANNUAL MEMBERSHIP SURVEY

The winner of the complimentary conference registration is...

ANNETTE ROBINSON, ACCOUNTING CLERK, VILLAGE OF CANAL FLATS

REGISTER FOR THE ANNUAL CONFERENCE BEFORE MARCH 31ST

for your chance to win

A COMPLIMENTARY ONE NIGHT STAY AT THE FAIRMONT EMPRESS HOTEL

MUNICIPAL PENSION COMMITTEE UPDATE



The Municipal Pension Plan (plan) is the largest pension plan in British Columbia, and one of the largest in Canada. As employees of local government, you and your employers pay into the plan monthly, and you are eligible for a lifetime monthly pension when you retire.

Since 2001 the plan has been managed by a Board of Trustees (board), half representing plan members and half representing plan employers. As fiduciaries, the trustees manage your plan in the best financial interests of plan members, former members and beneficiaries, and without undue risk.

The trustees engage agents to provide services and expert advice: BC Pension Corporation – the plan’s administrative agent, British Columbia Investment Management Corporation (BCI) – the plan’s investment agent, and numerous others including legal, actuarial and benefits.

Every year, you receive a report on the performance of the plan, and every 3 years, there is a new valuation of the plan’s assets and funded status. The last valuation year was 2015, with the results provided in the 2016 Report to Members. That valuation determined the plan to be 104.6 per cent funded on a going concern basis, with assets in excess of \$43 billion. This year, the 2018 valuation is currently underway and the results will be announced mid 2019.

The board has been working with BCI on the investment Climate Action Plan, and continues to actively support Responsible

Investing and ESG. More information on the Climate Action Plan will be provided at the conference update.

In January 2019, the board responded to the PSAB invitation to comment on proposed changes to PS 3250, Employment Benefits: Non-Traditional Pension Plans. The board response included highlighting proposed changes that had potential challenges for Local Governments, plan members and employers. The plan covering letter and response to PSAB is the 2nd letter posted Feb 6th found at <https://mpp.pensionsbc.ca/letters-and-submissions>.

For those of you who haven’t visited the plan website recently, the website is at <https://mpp.pensionsbc.ca/> and provides information about our plan, what it means for you and your retirement, and the ability to generate individual future retirement scenarios.

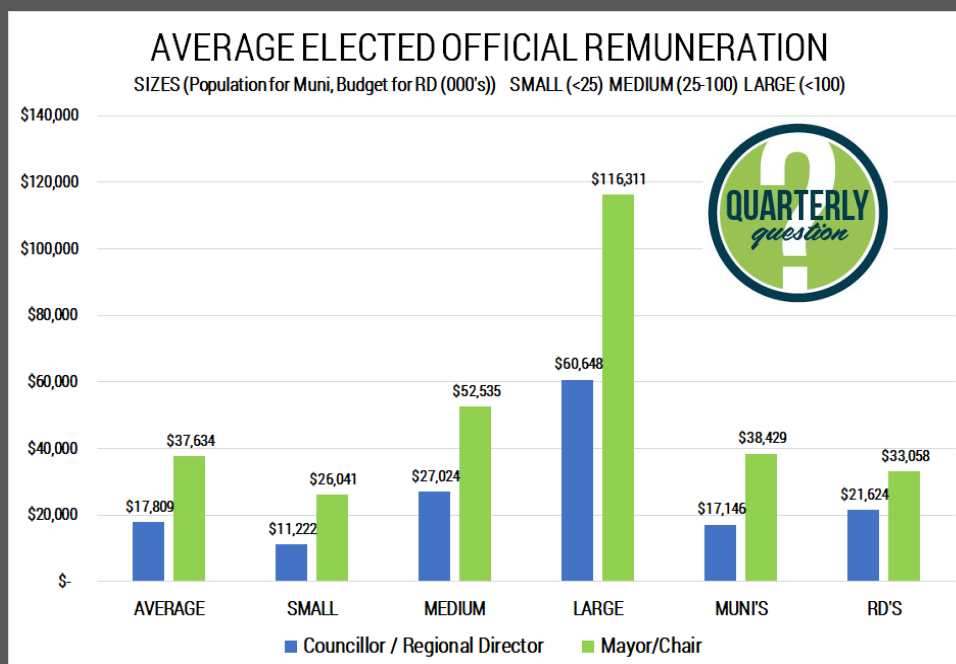
I look forward to seeing you at the 2019 conference and updating you on the status of the plan, and the activities we are undertaking to provide you with your future lifetime pension.

As your trustee, if you have any specific questions or issues that you wish further information on, please feel free to contact me at dlokken@shaw.ca



DIANA LOKKEN represents GFOABC and LGMA as a Municipal Pension Board Trustee.

QUARTERLY QUESTION



You can find the full report at the [GFOABC website](https://www.gfoabc.ca).

30th
Anniversary

GFOABC ANNUAL CONFERENCE & AGM

STRATEGY + INNOVATION

VICTORIA, BRITISH COLUMBIA • MAY 29–31, 2019



Register Now!
EARLY BIRD ENDS MARCH 31

CONFERENCE PROGRAM ANNOUNCED!

DAY 1 WEDNESDAY, MAY 29	DAY 2 THURSDAY, MAY 30	DAY 3 FRIDAY, MAY 31
8:30 FIRST NATIONS WELCOME	7:30 FOCUS GROUP GOVERNMENT RELATIONS	
8:45 LOCAL GOVERNMENT WELCOME	8:30 PRESIDENTS INTRODUCTION MEMBER AWARDS	9:00 MUNICIPAL PENSION PLAN UPDATE
9:00 OPENING REMARKS Rick Danyluk, GFOABC President	9:00 KEYNOTE BUILDING A CULTURE THAT SUPPORTS ETHICS Chris Morrill, GFOA US & Canada	9:15 MINISTRY OF FINANCE
9:15 OPENING KEYNOTE YOU GET WHAT YOU PAY FOR: How Should We Finance Urban Infrastructure Enid Slack	9:45 NETWORKING BREAK	9:45 SOCIAL HOUSING DEBATE
10:00 NETWORKING BREAK	10:15 EMBRACING BOTS The Next Wave of Business Transformation	10:15 NATURE BREAK
10:30 PANEL FINANCE & THE SMART CITY	11:00 Big Data, Smarter Spending: The Coming Revolution in Fiscal Impact Analysis	10:45 KEYNOTE CULTURE OF INNOVATION Amber Mac
11:30 GFOABC ANNUAL GENERAL MEETING	11:00 Tale of a Tax Sale	11:45 WRAP-UP
12:00 LUNCH	11:00 Local Service Tax	
13:00 PSAB UPDATE	12:00 LUNCH	
13:30 PSAB Roundtable	13:00 ECONOMIC UPDATE	
13:30 How Analytics Can Reshape the Infrastructure Industry	13:45 CFO FORUM THE STRATEGIC ROLE OF THE FINANCE OFFICER	
13:30 Disruptive Technologies and the Public Sector's Role	14:45 NETWORKING BREAK	
14:15 Municipal Price Index (MPI) overview	15:00 Moving from Excel to Excellence: Corporate Performance Management (CPM) for Local Government	
14:15 Cannabis in the Community	15:00 Tale of Two Cities: Financing Water & Wastewater Systems	
14:15 Smart Cities: Not just for the Large Metropolis	15:00 Asset Management: A Focus on the Funding	
15:00 NETWORKING BREAK	16:00 "But we're different": Benchmarking and your Chart of Accounts	
15:30 COLLECTORS' FORUM	16:00 Robots in the Finance Department: Freedom from Drudgery	
15:30 PROCUREMENT FORUM	16:00 From Legacy to the Cloud: Modernizing HR & Payroll Systems	
15:30 INVESTING & BANKING FORUM		
NETWORKING EVENTS	GALA DINNER	

30th
Anniversary

2019

GFOABC ANNUAL CONFERENCE

STRATEGY
+
INNOVATION



EARLY BIRD PRICING ENDS MARCH 31st | REGISTER NOW!

Conference registration includes the Tuesday night Welcome Reception, access to all educational sessions, breakfast, lunch & coffee breaks and one ticket to the Thursday night Gala Dinner.

	Early Bird	After March 31
GFOABC Member	\$630	\$680
Non-Member	\$680	\$730

PRE-CONFERENCE WORKSHOPS | REGISTER NOW!

May 27, 2019

- Long-term Financial Planning
- Development Cost Charges

May 28, 2019

- Regional District Day
- Annual Municipal Tax Sale - Legal and Practitioner Issues
- Integrated Asset Management using B.I. Tools & GIS

FOCUS GROUP BREAKFAST

GFOABC will be hosting a Focus Group Breakfast to discuss a Government Relations Framework with the members. If you would like to collaborate on how GFOABC, the members and the province might better serve one another please consider registering.

Thursday May 30th, 7:30–8:30am

[REGISTER NOW](#)

Seats are limited and not guaranteed

WELCOME RECEPTION

GFOABC welcomes all guests to kick-off the 2019 Annual Conference at Steamship Grill & Bar to celebrate GFOABC's 30th anniversary with harbour views, refreshments and networking with friends old and new.

Tuesday May 28 • 6:00 - 9:00pm

Steamship Grill & Bar • 470 Belleville St, Victoria, BC

GALA DINNER

GFOABC delegates are invited to the Thursday night Gala Dinner held in the Crystal Ballroom May 30.

Live musical performance by Timebenders. 50 years of music, 15 costume changes, 1 great show!

Additional Gala Dinner tickets are available for sale for \$100+gst online before May 27th, and at the registration desk during the conference.

ACCOMMODATIONS

Hotel Rooms are selling fast, reserve today!

Fairmont Empress Hotel - [DIRECT RESERVATION LINK](#)

VOLUNTEERS

GFOABC is still looking for volunteers. Conference volunteers receive a one-day pass to educational sessions, or a Gala ticket.

[VOLUNTEER APPLICATION](#)

EXHIBITORS AND SPONSORS

We invite you to participate in the GFOABC's Annual Conference. The GFOABC's Annual Conference, is an event designed around education, inspiration, networking and making meaningful professional connections. If you are thinking of becoming a sponsor and/or exhibitor please contact GFOABC at office@gfoabc.ca for details on how we can work together to maximize your benefits, networking opportunities, and your brand.

STRATEGY + INNOVATION



**WEBINARS
&
WORKSHOPS**

Spring PD
TAX TIME!

ARE YOU RESPONSIBLE
FOR THE PROPERTY TAXATION FUNCTION IN YOUR MUNICIPALITY?

PROPERTY TAXATION 101 | REGISTER NOW

The objective is to give new and experienced staff the information they need to confidently and effectively answer questions from taxpayers, especially during the busy tax time. This workshop provides a practical hands-on approach to municipal taxation for staff new to the tax cycle and also gives a refresher with updates for those who have taken the workshop before. Workshops are coming to a local government near you!

Victoria	April 8, 2019
Abbotsford	April 11, 2019
Vernon	April 15, 2019
Prince George	April 29, 2019
Webinar (3 part)	April 18, 25 & May 2, 2019

CUSTOMER SERVICE | REGISTER NOW

Often the only opportunity finance officers and clerks have to meet taxpayers is during the busy “tax season”. This course will provide staff in local government with the ability to provide excellent customer service. Through a combination of practical examples and group discussion, participants will examine what it means to provide “excellent customer service” and how to deal with the wide range of taxpayers and customers that we come into contact with during the year, especially at tax time.

Victoria	April 9, 2019
Abbotsford	April 12, 2019
Vernon	April 16, 2019
Prince George	April 30, 2019

WHAT'S HAPPENING AT GFOABC

INVESTORS' FORUM WEBINAR

The Investors' Forum Webinar, sponsored by the MFA, is an opportunity to receive information on the current market environment for those responsible for investing public funds.

MARCH 19 | FREE TO MEMBERS | [Register Now!](#)

Webinar QUARTERLY INVESTMENT FORUM



COLLECTORS' FORUM WEBINAR

The Collectors' Forum meets on the fourth Wednesday of every third month and is a free benefit of your GFOABC membership. Facilitated by Doug Stein with regular guests presentations from BC Assessment and Ministry of Finance.

APRIL 24 | FREE TO MEMBERS | [Register Now!](#)



ACCOUNTING & AUDITING FORUM WEBINAR

The Accounting & Auditing Forum Webinar meets on the first Wednesday of every third month and is a free benefit of your GFOABC membership. Facilitated by sponsor accounting firms with regular guest presentations.

MAY 1 | FREE TO MEMBERS | [Register Now!](#)



BOOT CAMP | BACK TO BASICS

Strengthen your understanding of local government and the important role that the Finance Officer plays in this highly interactive and engaging program designed exclusively for new land established local government finance officers,

EARLY BIRD PRICING ENDS JUNE 16 | [Register Now!](#)



FALL PD | NOVEMBER 2019 | VANCOUVER | [Register Now!](#)

Ethics & Leadership Budgeting
Financial Reporting Tax and Assessment: End to End Process

THE LOCAL GOVERNMENT ACCOUNTING & AUDITING WORKSHOP WILL BE HOSTED IN PARTNERSHIP WITH CPABC FOLLOWING FALL PD WORKSHOPS.



BC BUDGET SUMMARY

On February 19, 2019, Finance Minister Carole James presented Budget 2019 - Making Life Better - a budget building on commitments made in 2018 and introducing new investments that may result in additional access to funding, new priorities, grant and economic development opportunities for local governments. A summary of the potentially most impactful elements of Budget 2019 to local governments in BC follows:

1. Commitment to CleanBC – potential operating and capital grants and bylaw activity to implement and monitor new requirements

- a. \$902M investment over 3 years in numerous areas including cleaner transportation options, charging and hydrogen fueling stations, energy efficiency in homes and buildings, a net-zero building code, reduction in carbon emissions, increasing carbon tax relief, solid waste management programs and providing indigenous and remote locations with access to clean energy sources.

2. Full elimination of MSP premiums – implications to budgeting, funding and payment of employer health tax (EHT) beginning in 2019

- a. EHT revenue is projected to rise from \$0.5 billion in 2018/19 to \$1.9 billion in 2019/20 reflecting the full year impact of the January 1, 2019 effective date. Over the next two years, revenue growth is expected to average 4.0% annually consistent with employee compensation income growth.

3. Housing and Homelessness – potential cost implications to local governments, potential funding through or expected by Housing Corporations

- a. Building on Budget 2018's 30-point housing plan, additional measures announced include:
 - i. \$76M investment in land acquisition and services to enhance modular homes for people in need
 - ii. \$38M investment to accelerate grants to housing providers to reduce borrowing costs
 - iii. \$10M investment in supported rent banks to provide housing security for renters who need an immediate, short-term loan to prevent unnecessary eviction during financial crisis
 - iv. Province-wide homeless count in 2020.

4. Health Care – partnership opportunities and related cost implications; potential funding requests through Hospital Districts

- a. \$1.3B investment to improve health services and patient outcomes by building, renovating and expanding hospitals.

- b. \$74M investment to improve access to mental health care for children and youth.
- c. \$30M investment to help tackle BC's drug overdose crisis.
- d. New integrated mental health and addictions services including programs in schools, family care and day treatment.

5. Wildfire management – grant availability, along with potential new requirements to be implemented in order to be eligible

- a. \$111M investment over three years to increase wildfire response and control capacity.
- b. \$60M investment in Community Resiliency Investment Program to reduce wildfire risk.
- c. \$13M investment in forest reforestation funding in areas damaged by disease and wildfire.

6. LNG Communities – capital grant availability

- a. \$100M investment for Northern Capital and Planning Grant to help local governments along LNG corridor meet current and future infrastructure needs.

7. Reconciliation – ongoing relationship-building opportunities

- a. Revenue sharing of \$3B over 25 years shared with BC First Nations, resulting in \$250k-\$2M available annually from gaming activities. Funding will be developed by the First Nations Gaming Commission distributed based on base funding, population and geography.
- b. Pledge to implement the UN Declaration on the Rights of Indigenous Peoples.

8. Transportation – potential implications to cost sharing, route planning, affordability, and related bylaw requirements

- a. \$21M investment to expand handyDART services to support commuters in BC.
- b. \$9M investment over three years to modernize the taxi industry to enable ride-hailing in BC.

9. Resort Municipality Initiative – capital grant availability for certain local governments

- a. \$39M investment over three years to fund infrastructure projects.

10. Cannabis Excise Tax – no budgeted transfers to local government

- a. On March 1, 2019, the Province will receive its first transfer of the federal excise tax from the federal government. There is no estimate of federal transfers to the Province for 2019/20, nor any budget of transfers to local governments.

THE MFA'S CREDIT CORNER



WHAT'S UP WITH INTEREST RATES?

"What's happening with interest rates, and should we be securing long-term debt now?" We get that question a lot. Before obtaining long-term debt, in most scenarios, we recommend the use of temporary financing. Typically, temporary financing is accessed from MFABC during the construction phase, and grant funding is used to offset or pay down the initial borrowing. When the project is completed, the final balance is financed via a long-term loan from MFABC. This is the most common option and it's less risky and complex than alternative approaches.

Another option is to pre-borrow long-term funds prior to construction. This approach presents challenges. Obtaining long-term borrowing at the outset of project may lead to over-borrowing as the precise costs are unknown. Further, it is prudent to invest the borrowed and unneeded funds. That scenario may lead to a 'negative cost-of-carry' where the excess borrowed funds are invested at lower short-term interest rate than the interest rate being paid on the estimated full-cost project loan. On the other hand, pre-borrowing long-term does allow to lock-in a long-term rate earlier in the process, which may have merit if interest rates are rising.

The rates on short-term MFABC loans are primarily related to the Bank of Canada (BOC) overnight rate. The BOC announces whether it will maintain or alter the overnight rate on eight fixed dates per year. During its last rate announcement in January, Governor Poloz took a dovish tone and pointed to moderating global and Canadian economic conditions. Due to those factors and others, the overnight rate was maintained at 1.75%, which is 75 basis-points from the lower-end "neutral" rate range of 2.50% and 3.50%. Some rate strategists point to the July 10th meeting as the next logical time when the BOC will continue its "tightening" cycle towards the "neutral" rate – and are currently assigning a 13.7% probability. At that point, the Bank will have full Q1 GDP data and will be able to consider the impact of the Alberta oil

production cuts and other economic indicators. There are varying opinions on the number of rate increases the BOC may enact in 2019, however anywhere from zero to two increases of 25 basis-points (including in July) is the current range.

Long-term loan rates are correlated to what is happening in the long-term bond markets. MFABC issues long-term bonds to fund borrowing requirements, the rate the market dictates for those bonds will result in the interest paid by MFABC clients. Late in 2016, interest rates began to rise historical lows and have continued that trajectory through 2017 and 2018. In 2018, 10-year Canadian notes hovered around 2.0% throughout the year with a high of 2.43% in Q3 before falling back to 1.96% to close the year. Forecasts suggest the 10-year note will increase to approximately 2.30% by end of Q2 2019 and ultimately settle at 2.54% by year-end. The current market rate for long-term loans is available on our website: www.mfa.bc.ca.

KYLE DERRICK is the Credit & Economic Analyst at MFABC. He is a recent MBA-graduate from Royal Roads University. Further, he has an undergraduate degree in Business Administration (finance) and holds a Certificate in Economics.



ECONOMIC OUTLOOK

Q1 2019

PROVINCIAL ECONOMIC GROWTH: COOLER BUT NOT COLD

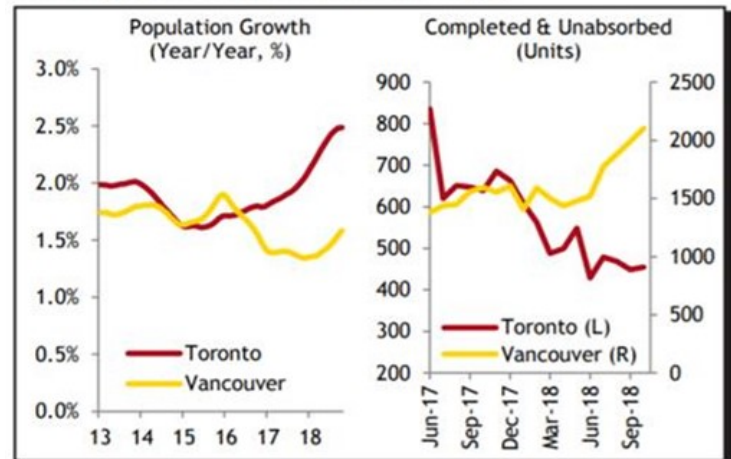
Growth in the BC economy has cooled after a strong 2017, but the slowing hasn't been worse than what was expected at the time of last years' budget. A cooling housing market, reflecting the combination of higher interest rates and tighter regulatory policy, has been a primary source of the slowing and has been mainly seen in lower resale activity. Housing starts, while falling from 2017, were actually higher in 2018 than had been expected a year ago and are expected to continue falling towards levels more in keeping with those historically, easing to 34,000 in 2019 from almost 41,000 in 2018.

Y/Y % Change	2018	2019	2020	2021-2023
Economic Assumptions				
Real GDP	2.2	2.4	2.3	2.0
Private Sector Average	2.3	2.5	2.6	2.2
Nominal GDP	4.6	4.4	4.3	3.9
Employment	1.1	1.1	1.0	1.0
Unemployment Rate (%)	4.7	4.9	5.1	5.4
Retail Sales	2.4	3.9	4.0	3.8
Housing Starts (K)	40.9	34.0	31.8	30.5
Personal Income	4.8	4.0	3.9	3.8
Corporate Profits	4.2	0.3	4.3	3.0
CPI	2.7	2.2	2.1	2.0
Population	1.4	1.3	1.3	1.3
Financial Assumptions				
3-month T-Bills (%)	1.4	2.1	2.5	3.2
10-year GoC Bonds (%)	2.3	2.5	2.8	3.9

Looking forward, the Province sees real GDP growth coming in slightly stronger than its previous forecasts in 2019 and beyond, owing largely to some trade uncertainty being lifted by the United States-Canada-Mexico Agreement (USMCA) and the major LNG Canada project which would see stronger business investment than was anticipated. However, the Ministry of Finance's estimates of 2.4% real GDP growth in 2019, 2.3% in 2020, and averaging 2% beyond that, are on average 0.2%pts below the average of private sector forecasters. Using slightly lower growth rates than the consensus adds a level of prudence to the fiscal plan.

Population growth in Vancouver has been lagging behind Toronto's over the past two years, while supply, mainly in the high-rise segment, has risen strongly. The end result? The number of completed and unabsorbed units in Vancouver is on the rise. As of the third quarter, the ratio of units under construction to household formation in Vancouver was elevated in relative and absolute terms, while Toronto was still in line with long-term averages.

Vancouver's Population Growth is Lagging (L), Leaving More Units Unabsorbed (R)



Source: CMHC, CIBC

The adjustment in the Canadian housing market in general, and in Vancouver and Toronto in particular, is not over yet, with the Toronto condo market likely to soften in the coming year. However, we believe that market forces suggest prices will find equilibrium next year even if slowing activity continues to weigh on GDP.

MODEST SURPLUS STILL EXPECTED OUTGOING 2018/2019...

Updated projections for the 2018/2019 fiscal year continue to show the Province on track to post a larger surplus than initially expected. The \$174MM surplus now expected compares to \$219MM at the time of Budget 2018, and \$1.35B at the time of the mid-year update. Even though the fiscal year is drawing to a close, the surplus projected still includes \$500MM in forecast allowance, which is actually \$150MM more than at the time of last year's budget. As such, the final surplus could well be higher.

Personal income tax receipts are running \$1.5B higher than what was initially anticipated in Budget 2018. Corporate income tax receipts are also \$1.04B higher, despite seeing a \$269MM downgrade compared to the mid-year update and accounting for the impacts of Federal tax measures announced in the Fall Economic Statement. Due to the slowing housing market, property transfer taxes are set to bring in \$325MM less than initially budgeted for.

CANADA

We would like to say something dramatic about the outlook for the coming year, but the real world isn't always a case of black or white. Sometimes, the truth is a less exciting shade of grey, and that looks to



CIBC
Wood Gundy

Hobson Chahal
Advisory Group

ECONOMIC OUTLOOK

Q1 2019

be the story for 2019: not as bright as what markets were expecting, but not as dark as the fears of the final trimester of 2018. There are concerns about Italian banks, Brexit, fading Chinese demand, and trade wars, but we have had similar worries earlier in this cycle (Greece, Chinese capital spending excesses) that we managed to work through.

TAKING STOCK OF HOW BAD CANADIAN GDP WAS

Canada's economy is showing too much of a not good thing, as the moderation that the Bank of Canada had been seeking with higher interest rates has turned into a near stall. Growth in Q4, at an annualized rate of only 0.4%, was a half point softer than we expected, and included an outright decline in domestic demand as well as a 0.1% drop in monthly GDP for December. Inventory building helped keep growth on the plus side, although it's not possible to say with certainty that GDP's pace would have otherwise been negative since some of the inventory content is imported.

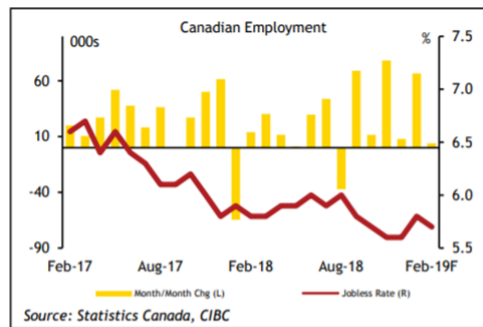
The weakness in Q4 was centered on capital spending, both residential and business. Despite the Bank of Canada surveys expressing optimism, business spending on structures and equipment has dropped for three successive quarters. Higher interest rates may also be taking a bite out of rate-sensitive elements of consumption, as the savings rate ticked up a bit and the soft 0.7% pace for real consumption included a decline in durables purchases. The savings rate remains low by historic standards (and relative to the US) at 1.1%, implying a minimal cushion for consumer spending if incomes disappoint. Exports didn't do as badly as imports, but both edged lower.

The softness in Q4, coupled with a slight downward revision to our Q1 forecast, will likely edge our overall 2019 down to 1.6% (from 1.8% previously). The Bank of Canada's recent announcement was therefore no surprise, and

the only issue was how far the central bank would back away from its warnings about a move to a higher (neutral) rate ahead. A poll done by our rate strategist found that 58% expected a watering down of the Bank of Canada's forward looking statement on getting to neutral, and only a few thought they would drop the bias altogether.

In the end, the Bank is still saying that current rates are below neutral and refers to increased uncertainty about the timing of future rate increases (with no reference to any possibility of cuts) leaving a slightly hawkish tilt in place. It obviously cited the disappointing Q4 growth figures and still hopes that a resolution of global trade issues would improve conditions, but now admits that its "difficult to disentangle" the effects those might be having from other factors impacting growth.

EMPLOYMENT: LABOUR FORCE SURVEY – FEBRUARY



	CIBC	Mkt	Prior
Employment	4K	11K	66.8K
Unemployment Rate	5.7%	5.7%	5.8%

It's almost more of a surprise when the Labour Force Survey (LFS) prints a number close to consensus. But, while the volatility in the data can be eye-popping at times, it's hard to tell in which direction. As a result, we're again going to pencil in a conservative gain of only 4K jobs for February. With the gap between the LFS and the more reliable payroll survey also having narrowed in recent months given the

pickup in the former, there are fewer reasons to expect more outsized increases like the one in January.

Wages in the LFS are showing an only tepid 2% annual rate of growth. So, even a few ticks higher would still leave plenty of room for further acceleration before the Bank of Canada sees any upside risks to its inflation target.

Recent readings from the LFS have been a bit of an outlier compared to the more downbeat data from other releases. A moderate gain would bring the employment numbers more in line with activity data. Still, we won't be too surprised if there's a big upside or downside miss given the survey's track record.

JAMES HOBSON, CFA, PM,
Investment Advisor at 403-260-0574
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OVERVIEW OF EMERGENCY MANAGEMENT IN LOCAL GOVERNMENT

Emergency management is one of the important areas of local government operations that the Auditor General for Local Government has worked on in recent months. In this article, I'm pleased to present a summary of our work on this audit topic, presented in context with a series of quotes from Milo Macdonald, Chief Administrative Officer in Williams Lake. His community dealt with the very significant emergency presented by [the wildfires of 2017](#).

I encourage you to read our performance audits on this topic as well as our AGLG Perspectives booklet, 'Improving Local Government Emergency Management.'

Mr. Macdonald says, *"Emergencies by their very nature often occur suddenly and so time spent planning for the challenges will be rewarded. Also, reach out to your peers/colleagues/mentors as you go through the process and never waste the quiet time by failing to plan for contingencies."*

In our audits, we noted some communities with good practices in place, while others rarely reviewed, revised, tested or practiced their emergency response plans. We recommend doing so. Regularly.

Many local governments focus primarily on the first three phases of emergency management: mitigation/prevention, preparation and response, while placing little emphasis on recovery and resilience. All phases are important, and we recommend you plan for each.

We also found a lack of business continuity planning! Plan for how you will keep core services such as water and sewer running during an emergency or get them operational if they are interrupted.

Milo points out, *"Part of preparation is training and staff capacity. And nobody gets through a major emergency alone. Senior levels of government can and do provide enormous assistance with many aspects of emergency management."*

Our AGLG Perspectives booklet discusses who is responsible for what in emergency management as well as why it is important to train staff in emergency response procedures. We recommend establishing partnerships and direct communications with other governments and agencies. Work out any issues well ahead of time.

Mr. Macdonald observes, *"Communication becomes central and is usually found to have been lacking in the post-game analysis. Make sure you have given this some thought and find ways to ensure you are able to get the right message out over the noise of social media."*

Local governments must have emergency notification procedures in place, this includes alerting officials and communicating with the public. A robust notification protocol should include: knowing your audience, establishing a communication method and preparing 'ready-made' notification templates that can easily be customized and implemented during an emergency.

Last, and perhaps particularly relevant to GFOABC members: recovery from an emergency can be expensive and all costs may not be recoverable. When planning, it's important to understand compensation and disaster financial regulations, which assets/operations may be eligible for financial assistance and how to deal with those that are not. We cover this and related financial recommendations in our audits and AGLG Perspectives booklet.

The key: start now to address any areas of your plan needing improvement – as Milo reminds us, emergencies almost always occur suddenly!

GORDON RUTH, FCPA, FCGA



Gordon was previously the Executive Vice President of Certification and Operations for the Chartered Professional Accountants of BC. Mr. Ruth was also the Chief Executive Officer for the Certified General Accountants of BC for almost five years. He has held several positions in the public sector, ranging from the federal government to BC Hydro. He spent 15 years with the Greater Vancouver Regional District where he became the Chief Financial Officer and helped steward the financial affairs of this regional federation of municipalities.





BC ASSESSMENT AND MARKET VALUE

Recently, additional attention and scrutiny has been directed towards increases to assessments for Industrial, Commercial and Investment (ICI) properties in B.C. The debate has focused on the perceived problems around the assessment methods used, specifically, the requirement of BC Assessment to assess properties based on Highest and Best Use (H&BU) values. In short, H&BU is Market Value, using the reasonably probable use of a property, taking into consideration what is physically possible, legally permissible, financially feasible, and that results in the highest value.

Our Market Value system has served B.C. communities well for the last 45 years and is recognized and highly regarded by independent international taxation and assessment organizations. Market Value can be verified from readily accessible data (sales transactions), can be easily explained to property owners, and ensures property taxes are distributed equally amongst similarly valued properties.

When a purchaser and a vendor are thinking of buying or selling a property, they look beyond the current use, and ask themselves how the property can be used to its full potential.

Example: A lot has an older, one-storey corner store on it, but the Official Community Plan (OCP) and zoning allows the owner to construct a three-storey, mixed-use building. A prudent vendor will ask what the market will pay for that future potential. As a result, Market Value inevitably captures the future potential and is reflected in the Assessed Value.

As communities grow and transition, many local governments face pressure to allow for smart growth: a more intense use of the land base, often by re-zoning lands for more high-density development; ideally near transit hubs.

When a property's land use controls are amended (i.e. new OCP or re-zoning), BC Assessment examines all available market evidence to determine the potential impact to Assessed Value and Property

Classification. Appraisers analyze permitted uses and review comparable sales to quantify impacts, when present. With the corner store example, neighbouring properties may have sold to be redeveloped into mixed-use, high-density developments, resulting in a new, increased Assessed Value, based on potential land usage.

As part of BC Assessment's mandate to provide fair, equitable, and trusted property assessments, it is vitally important that our customers understand how assessments are determined. BC Assessment is making a concerted effort to educate the public on the topic, directing customers to resources available, including their communities land use controls (OCPs and zoning bylaws) and bcassessment.ca.

We would also like to take a moment to welcome Rod Ravenstein to his new role of Director, First Nations and Local Government Customers. Rod will also maintain his previous role of Assessor, Kootenay-Columbia Region. He has jumped right in, participating in Elected Officials Seminars and plans to attend multiple conferences this year with both a First Nations and Local Government focus. Come say hi to Rod at our tradeshow booth at the GFOA BC Conference in May!

Michael Spatharakis is Manager, Local Government Customers for BC Assessment. His Department is focused on continually improving the Crown's assessment and property information products and services, communications, and collaboration with Local Governments and First Nations. Michael has been employed in Real Property Appraisal and Assessment for over 14 years, and is accredited member of the Appraisal Institute of Canada.





COLLECTORS' CORNER

Sage Advice from a Veteran Tax Collector

Why would anyone want to be a Property Tax Manager (or Tax Collector)? What is it like being the big bad guy (or gal) for the municipality? The COLLECTOR!

The position of Tax Collector congers up images of a mob boss sending their stooge out to break some legs, dish out some intimidation and collect some cash or items of value to satisfy a debt! Why would anyone want to take on that job? And yet, you talk to most Property Tax Managers and they actually love what they do! I know I did.

When I took on the job of Property Tax Manager for the first time, in Surrey, I had four great mentors; the 'Notorious' SBG of Surrey, GJ from Coquitlam, DP from Langley and DS from Saanich! I don't even have to use their full names for you to know who I'm talking about! I am eternally grateful to all of them!

No other job in finance brings you as close to the people you serve as the Property Tax Manager. You might not always be able to make a taxpayer happy, but a little empathy goes a long way. You will get to know many taxpayers for the duration of your tenure. I lived through a single year 16% tax increase and found many taxpayers sharing their condolences with me! Can you imagine? Only in the Tax Department.

There is nothing closer to the front line than working with taxpayers. You will have your war stories, where you need support of colleagues in the Collector's Forum, but you will also have your success stories.

You will help a taxpayer understand why they are having to go through something that feels so hard and fast and harsh (i.e. when declining to reverse a penalty properly levied).

The single most impactful piece of advice received from my mentors was, NEVER get into a discussion with a taxpayer about whether something is FAIR or UNFAIR. You will not win that argument. Here's the nugget, "It may not seem fair, but it is EQUITABLE. We treat every taxpayer in your situation exactly the same. Of that I can assure you." Frame it! I did.



Karen Sinclair is the Director of Finance for the Town of Langley and is proud to serve her community as a tax collector.

Collectors' Forum Webinar

April 24 9:00am

[REGISTER NOW](#)

FREE TO MEMBERS

JOIN your fellow tax collector at an upcoming event near you:

[12-Month Taxation and Assessment Webinar](#)

[Property Tax 101 Workshop](#)

[Customer Service Workshop](#)

[Municipal Tax Sale Workshop](#)

[GFOABC Annual Conference](#)

[Taxation and Assessment: End to End Process Workshop](#)

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