

Requirements for Audited Financial Statements for Municipally Owned Corporations

BACKGROUND

- The City of Powell River has had until recently, three municipally owned corporations, including the Powell River Waterfront Development Corporation (PRWDC), the Powell River Power Development Corporation and the Powell River Community Forest.
- PRWDC was established in 2003 for the purposes of facilitating development of the City's waterfront.
- PRWDC was established prior to the development of a guide in 2006 for local officials entitled "Launching and Maintaining a Local Government Corporation" and found at the following link:
https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/governance-powers/local_government_corporations_guide.pdf
- The guide outlines that the Inspector of Municipalities requires that new business corporations mandate the preparation of audited financial statements in their corporate articles.
- In 2006, while developing a joint venture with Tla'amin Nation and Catalyst Paper, the City decided to use PRWDC as its shareholder in what eventually became Powell River-Sliammon-Catalyst Limited Partnership (PRSC).
- PRSC was established to facilitate taking ownership of approximately 800 acres of properties that were considered surplus to Catalyst Paper's operations.
- PRSC was dissolved in 2018 with property ownership distributed to the City and Tla'amin shareholders. PRWDC was recently dissolved subsequent to the City purchasing all remaining properties owned by PRWDC.
- Some members of the public have raised questions regarding audits for PRSC and public/private partnerships generally and requested Council advocate for legislative changes to require audits for public/private partnerships.
- Local government finance staff at the Ministry of Municipal Affairs have suggested that local governments have the authority to set internal policies around their partnership agreements.



BACKGROUND

November 9, 2020

Ref: 256917

His Worship Mayor Dave Formosa
and Members of Council
City of Powell River
6910 Duncan St
Powell River BC V8A 1V4

Dear Mayor Formosa and Councillors:

Thank you to your delegation for meeting with ministry representatives during this year's virtual Union of BC Municipalities (UBCM) Annual Convention process. Due to the evolving COVID-19 situation, we have had to develop new approaches and adaptations to many aspects of our everyday life. I thank your delegation for its flexibility with provincial appointments this year and I am pleased that our governments still had the chance to connect.

As Deputy Minister, I write to acknowledge topics raised during your conference call.

At the meeting, I understand that the City of Powell River requested support for the partial removal of lands from section 21 of the Powell River Incorporation Act. I am pleased to see that the City is engaging with the Tla'amin Nation on this matter. I hope a common vision for the economic progress of the region will develop that includes repurposing the former mill site lands for other uses.

Ministry of Municipal Affairs and Housing staff are continuing to work on this proposal, with a view to a new government's consideration and decision after the election. If you have any questions, ministry staff are available to discuss this in greater detail. I encourage you to contact Andrew Johnston, Program Analyst, Governance and Structure, Local Government Division, by email at: Andrew.Johnston@gov.bc.ca, or by telephone at: 236 478-1607.

Ministry staff also advise that your delegation discussed financial audits of municipally-owned corporations and public/private partnerships, with transparency and accountability being key to improving public confidence. Local governments have the authority to set internal policies around their partnership agreements and if a municipality is concerned with some aspect of the partnership, it could hire an independent auditor to examine the process.

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His Worship Mayor Dave Formosa
and Members of Council
Page 2

You may wish to consider bringing this issue forward through the UBCM resolution process to discuss with your local government partners. The provincial government provides a response to UBCM annually on resolutions endorsed at its Convention. If you have any questions regarding financial audits, please have your staff contact Joshua Craig, Financial Officer, Local Government Finance, Local Government Division, by email at: Joshua.Craig@gov.bc.ca, or by telephone at: 778 698-3231.

I was so pleased to hear from ministry staff about the success of the Joyce Avenue Supportive Housing project. As you know, supportive housing for people experiencing homelessness substantially improves the quality of life for residents and reduces their use of emergency health services. I look forward to hearing further about how this project has positively impacted the lives of those involved. If you have any questions about other housing opportunities for the City, please contact Naomi Brunemeyer, Regional Director, Development in the Vancouver Coastal and Fraser Regions, by email at: nbrunemeyer@bchousing.org, or by telephone at: 604 456-8849.

Thank you, again, to your delegation for the meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kaye Krishna', with a long horizontal flourish extending to the right.

Kaye Krishna
Deputy Minister

pc: Naomi Brunemeyer, Regional Director,
Development in the Vancouver Coastal and Fraser Regions, BC Housing
Russell Brewer, Chief Administrative Officer, City of Powell River
Joshua Craig, Financial Officer, Local Government Finance
Andrew Johnston, Program Analyst, Governance and Structure