



**CANADIAN FEDERATION  
OF INDEPENDENT BUSINESS**

*Powered by Entrepreneurs™*

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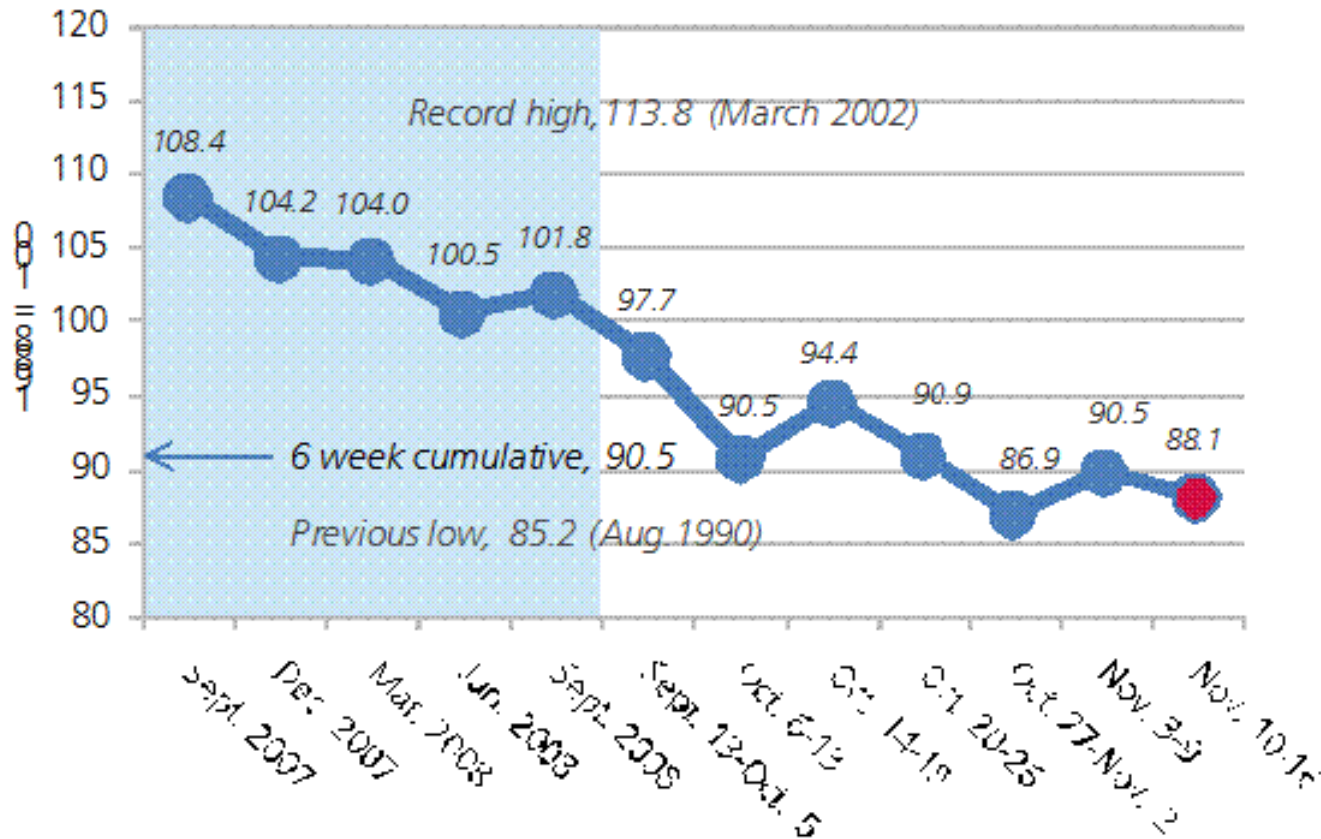
# 2009/2011 Budget Submission

*CFIB's budget recommendations to the  
City of Calgary, City Council*

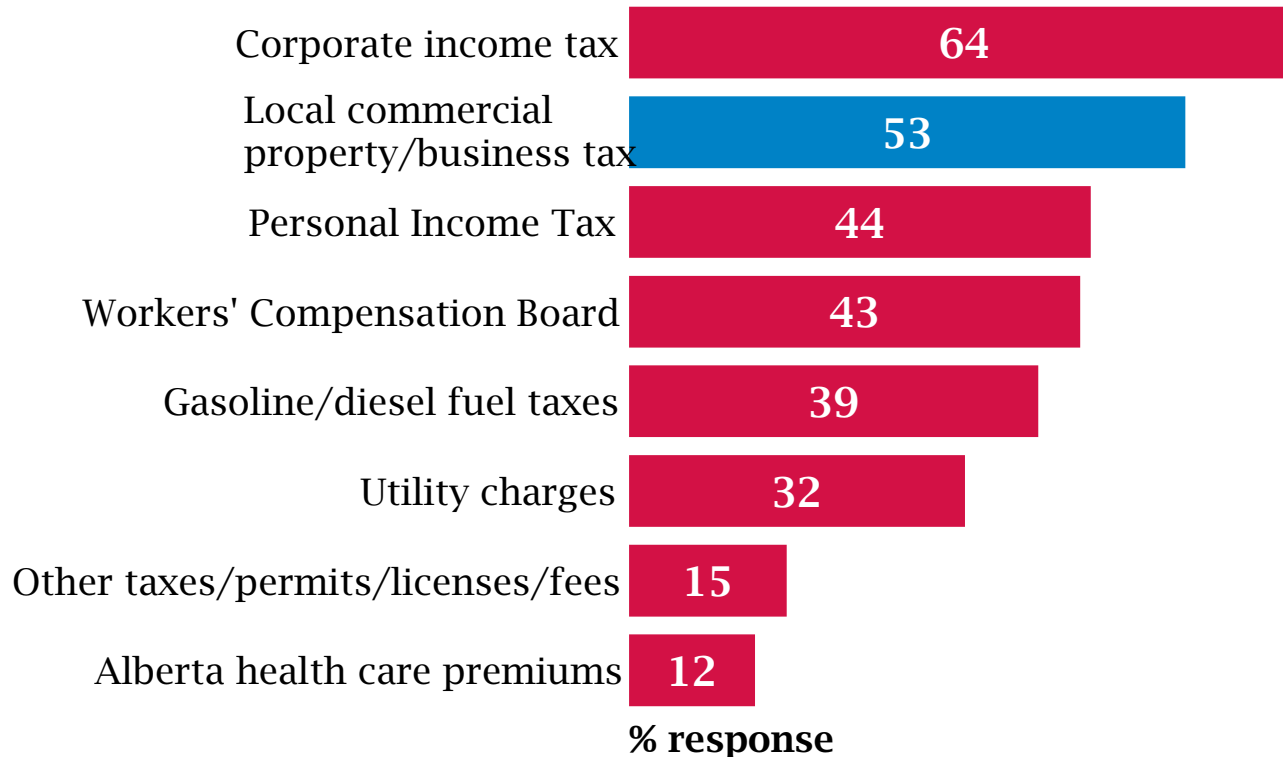
*Danielle Smith, Director of Provincial Affairs, AB*

*November 17, 2008*

# CFIB Business Barometer Index



# Most Harmful Taxes and Charges



Source: CFIB, *Focus on Alberta*, September 2008

# Taxes

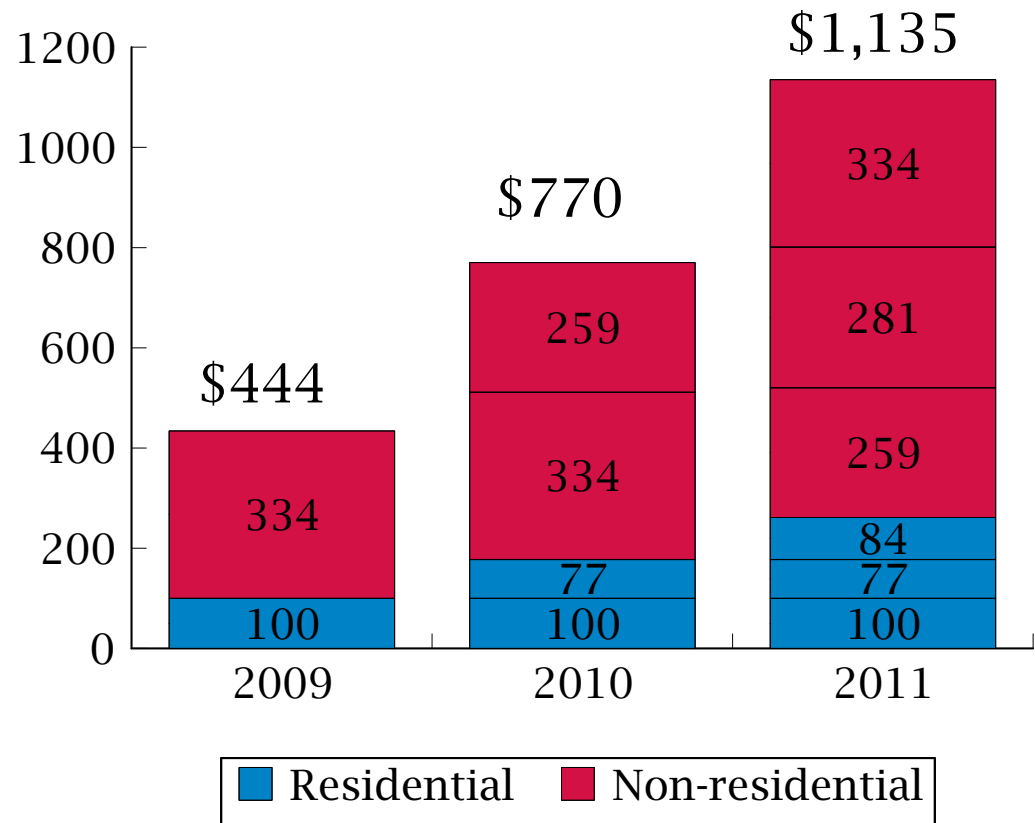
## Cost of Calgary's Proposed Property Tax Increases

On a \$430,000 property:

Residents pay:  
Total: \$1,038

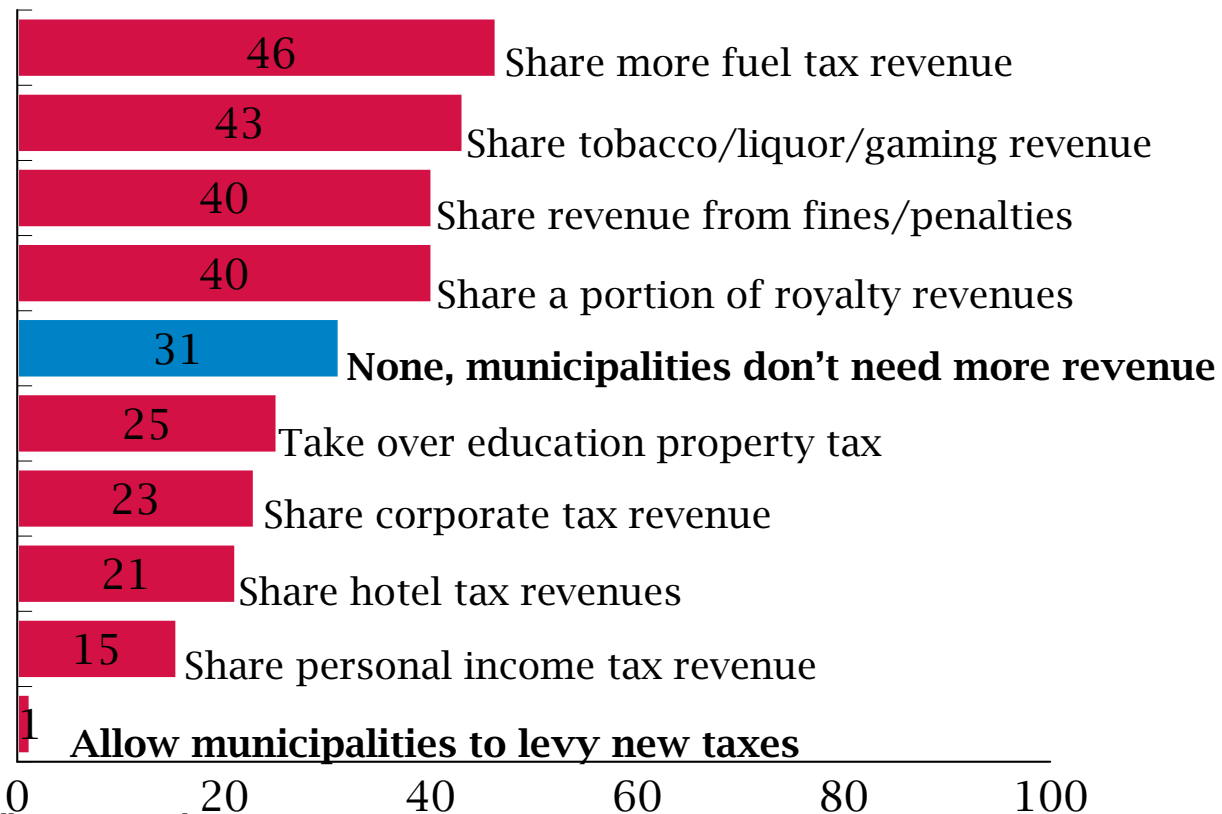
Businesses pay:  
\$3,480 in property tax plus \$1,425 in business tax

Total: \$4,905



# Taxes

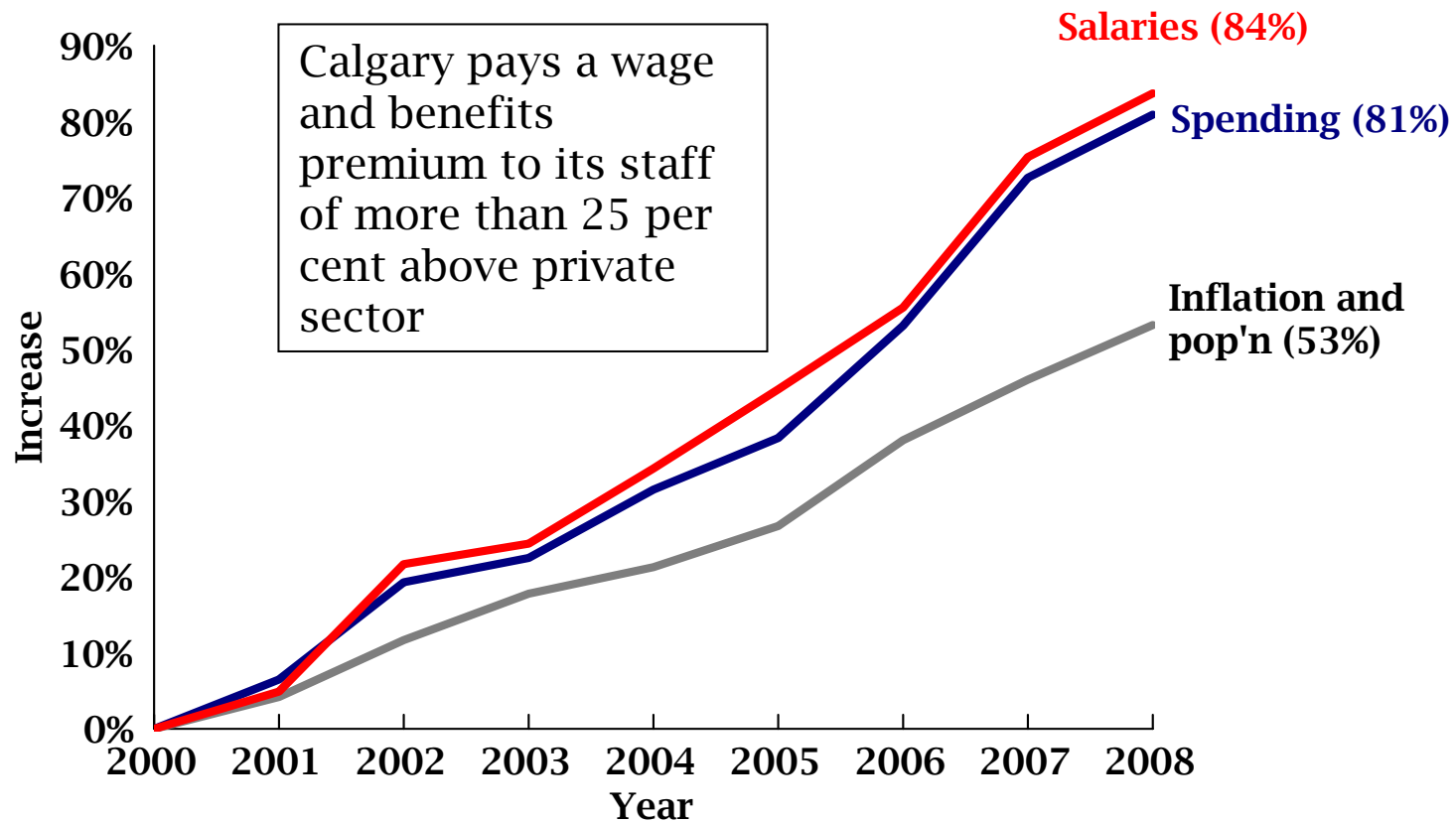
Which of the following options do you support for providing municipalities with additional revenue?



Source: CFIB, *Focus on Alberta*, September 2008

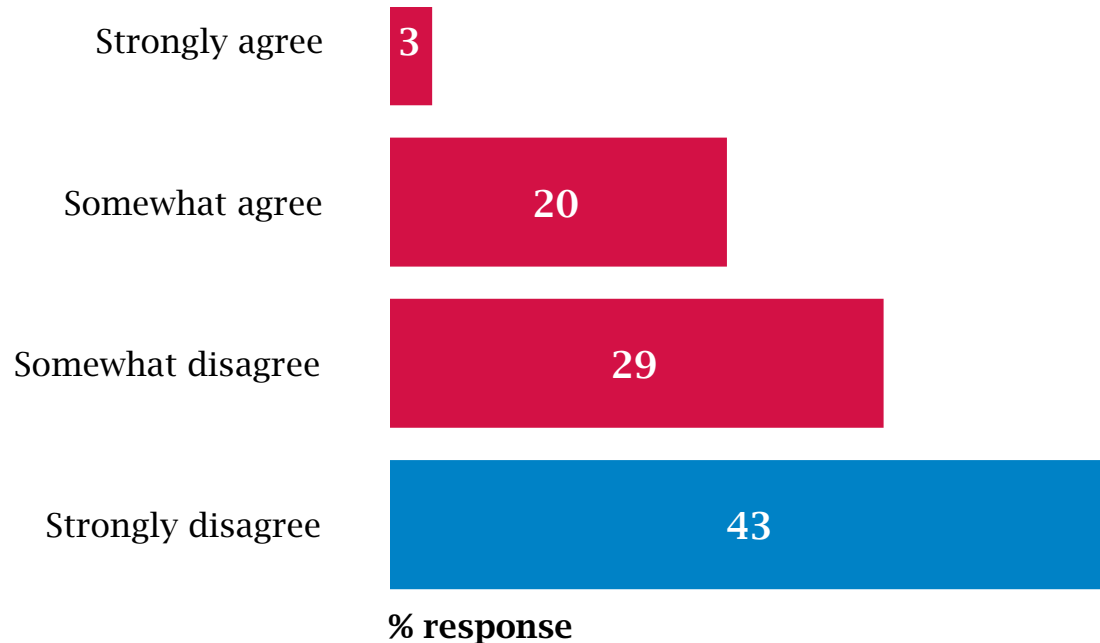
# Spending

## Calgary Operational Spending 2000-2008



# Accountability

Do you agree that there is sufficient accountability and transparency of public expenditures at the local level of government?



# Accountability

## Operating Fund Net Revenues

In 2002 the city brought in \$46 million more than budgeted

In 2003 - \$61 million more than budgeted

In 2004 - \$85 million more than budgeted

In 2005 - \$54 million more than budgeted

In 2006 - \$117 million more than budgeted

In 2007 - \$337 million more than budgeted

## Growth in Reserve Funds

In 2001: \$290.4 million

In 2007: \$686.2 million

# CFIB Recommendations

## Spending

- ▶ Limit year-over-year spending growth to a maximum of inflation plus population growth.
- ▶ Institute a hiring freeze in low priority areas and reallocate staff as necessary to high priority areas.
- ▶ Reduce the wage and benefit premium paid to city workers, and reject any policy that would inflate labour costs such as the living wage proposal.
- ▶ Identify programs and service areas that can be eliminated, streamlined, contracted out or sold. e.g. waste collection, recycling, parking lots, golf courses, ENMAX.

# CFIB Recommendations

## Taxes

- ▶ Limit year-over-year increases in property taxes, water, sewer and storm sewer rates, and other fees to no more than inflation, e.g. 3-4 per cent.
- ▶ Establish a small business threshold for property tax that allows small business owners to pay the same mill rate as average residential homeowners (e.g. on first \$430,000).
- ▶ Establish a policy to reduce the mill rate differential between non-residential and residential properties over the next 10 years.
- ▶ Eliminate Calgary's business tax over the next 10 years.

# CFIB Recommendations

## Surpluses and New taxes

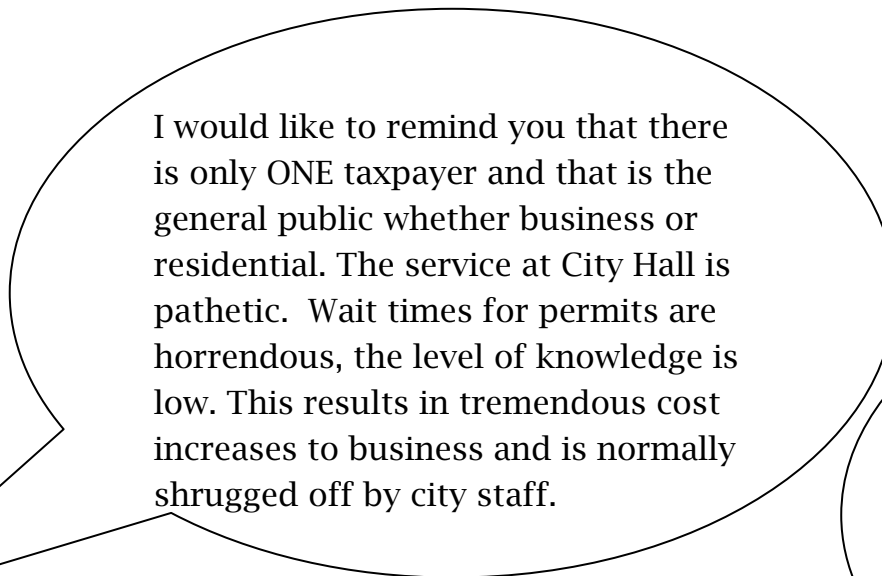
- ▶ Change the surplus management policy so unexpected surpluses are not transferred to reserves mid-year, but are allocated by council each year-end in an open and transparent process.
- ▶ Reject any proposal that calls for an increase in municipal tax power, including a real estate transfer tax.

# In the words of our members...

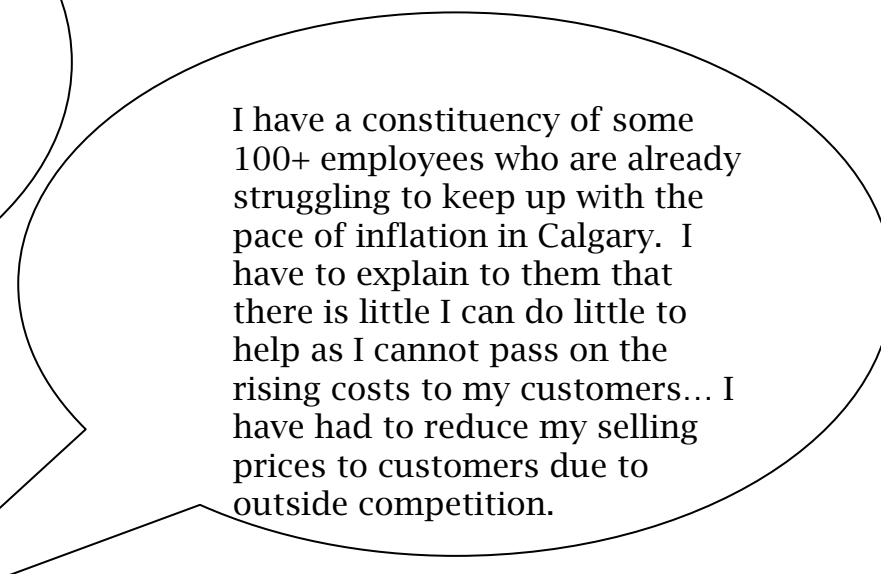
What the mayor fails to realize is that each new customer brings more property tax and user fee revenue with them. In fact, the opposite should be true; the new customers should provide the city budget with better economy of scale, and taxes and fees should go down.

As a small business owner in Calgary, I feel the current tax increase is over the limit. Small businesses already face double taxation by the City of Calgary. We pay property taxes and business taxes. On top of that, we also face increased fees. This is not the time for substantial increases to city taxes

# In the words of our members...



I would like to remind you that there is only ONE taxpayer and that is the general public whether business or residential. The service at City Hall is pathetic. Wait times for permits are horrendous, the level of knowledge is low. This results in tremendous cost increases to business and is normally shrugged off by city staff.



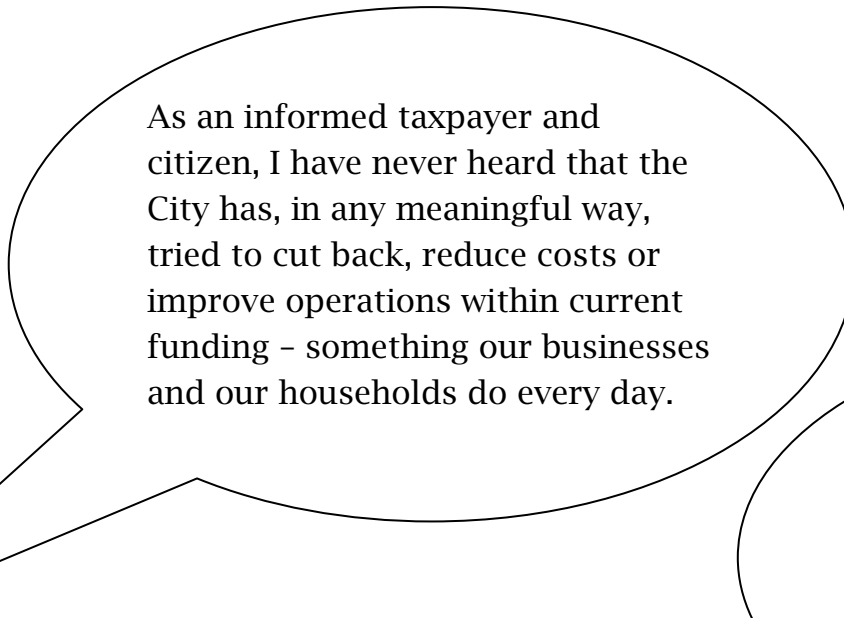
I have a constituency of some 100+ employees who are already struggling to keep up with the pace of inflation in Calgary. I have to explain to them that there is little I can do little to help as I cannot pass on the rising costs to my customers... I have had to reduce my selling prices to customers due to outside competition.

# In the words of our members...

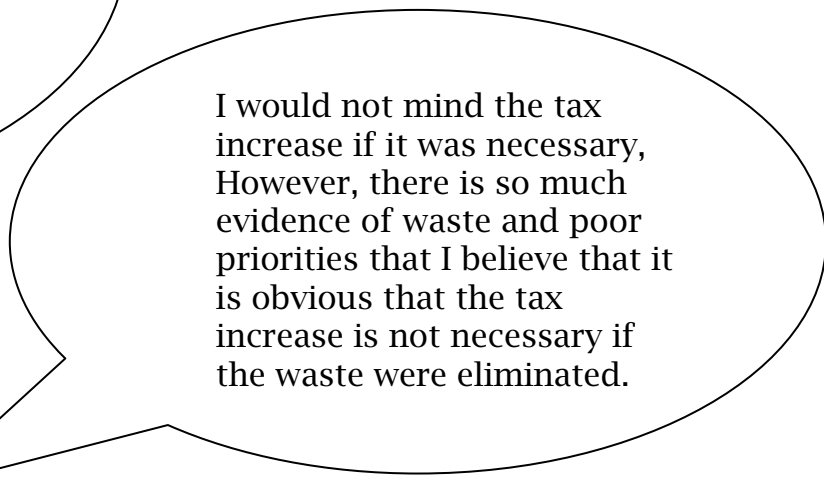
We run businesses too, and we know that the best way to bring budgets in line is Zero Based Budgeting. No padding. Total accountability. And if a department is brought in under budget WITH NO sacrifice to service: (and believe me it is possible): give a performance based bonus.

Is council living in a bubble? Oil prices are dropping, the World is well on its' way to a major recession, Calgary real estate has fallen in value, condo projects are being cancelled, personal wealth has been cut in half for most people. Are you guys oblivious to these facts?

# In the words of our members...



As an informed taxpayer and citizen, I have never heard that the City has, in any meaningful way, tried to cut back, reduce costs or improve operations within current funding - something our businesses and our households do every day.



I would not mind the tax increase if it was necessary, However, there is so much evidence of waste and poor priorities that I believe that it is obvious that the tax increase is not necessary if the waste were eliminated.

# In the words of our members...

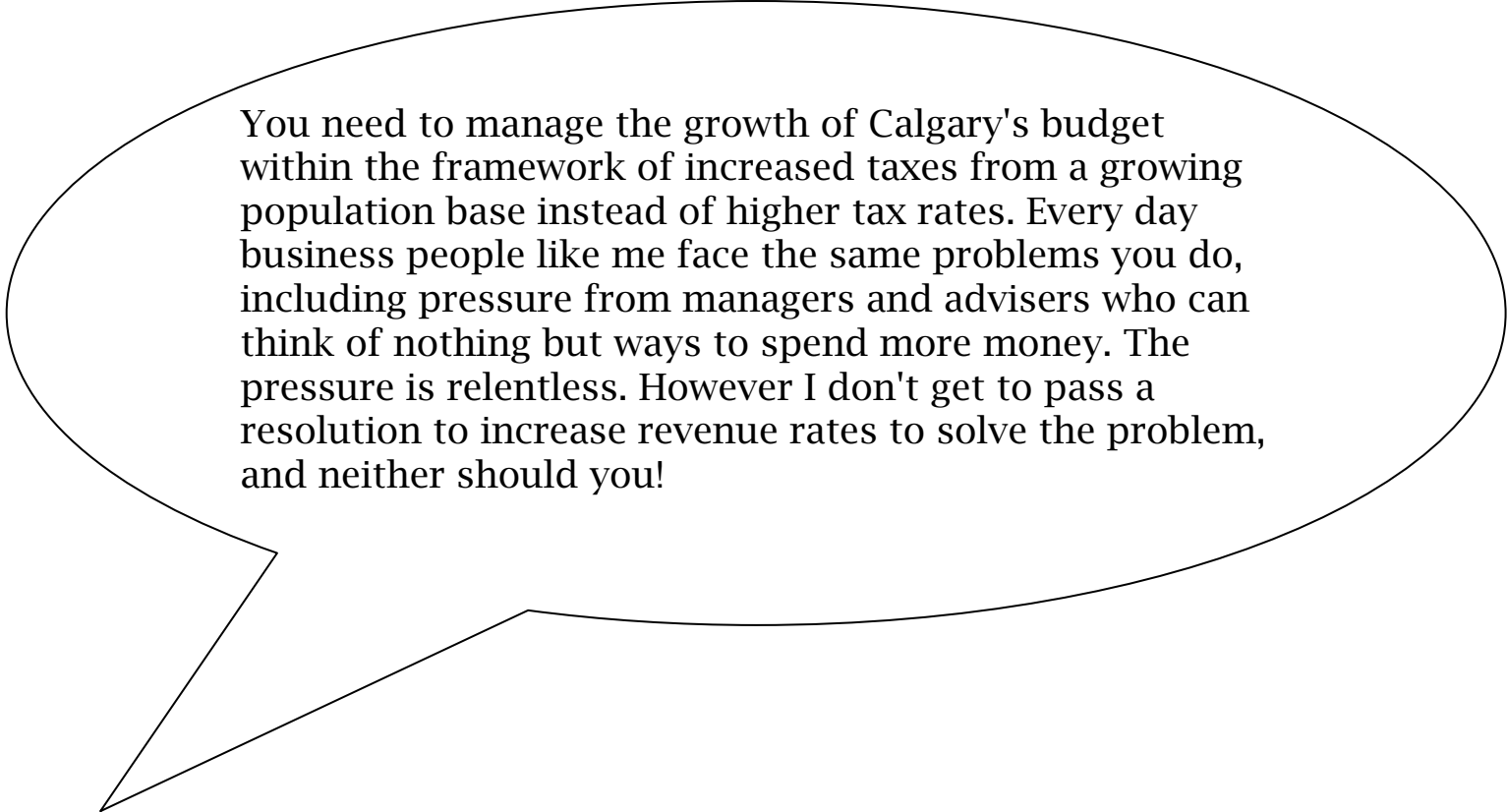
I am writing to express my serious concern about this extreme tax increase. Last year alone the property tax on our building went from \$1200/month to nearly \$2800/month (more than 100% increase) and if you calculate another huge increase, it could make it very difficult for us to continue in our small retail business. We have been in business for nearly 30 years and this would be a serious blow to our financial bottom line. It is all becoming too much.

# In the words of our members...

I am afraid the budget preparation team are looking in the rear-view mirror instead of looking forward and, as a result, have not fully considered the impact the financial meltdown and dramatically decreased oil revenues will have on Calgary businesses and property owners.

Property taxes and business taxes in Calgary have risen significantly in recent years and are at levels that cause many, my company included, to consider relocating outside the city limits to keep operating costs to where we can be competitive with other jurisdictions.

# In the words of our members...



You need to manage the growth of Calgary's budget within the framework of increased taxes from a growing population base instead of higher tax rates. Every day business people like me face the same problems you do, including pressure from managers and advisers who can think of nothing but ways to spend more money. The pressure is relentless. However I don't get to pass a resolution to increase revenue rates to solve the problem, and neither should you!