

Calgary faces tax rise, project delays with Alberta budget's \$4.7B deficit

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Some Calgary council members are concerned about a delay in some infrastructure funding - after the province cut the amount of money it had promised Albertan cities in a catch-up program. Projects like expansion to the LRT system could be affected.

Photograph by: Dean Bicknell, Calgary Herald

Tuesday's provincial budget triggered disappointment at Calgary City Hall, as the Alberta government takes more money out of the city through education taxes and scales back the amount of cash to deal with a backlog of road and transit projects.

According to the 2009-10 budget, the province will collect \$1.532 billion in education property tax this year -- money it collects for running the school system--an average increase of about 5.2 per cent for cities and towns across Alberta over the previous year.

In Calgary, the education levy will go up by 6.7 per cent -- or an additional \$36 million -- for a total of \$578 million this year.

Mayor Dave Bronconnier predicted the increase will hit local homeowners hard, noting the city's 5.3 per cent hike this year "created quite an outrage."

"When you look at the increased draw on property tax, it's closer to seven per cent from the provincial government, seven per cent more they want this year than last year," he said.

But Municipal Affairs Minister Ray Danyluk defended the increase, noting the money ultimately flows back to Calgarians for local schools.

"In the city of Calgary, we spend in the neighbourhood of \$1.25 billion on education," he said, noting the increased tax take is mostly because of population growth.

Other council members, however, were dismayed the province will take more money from municipalities through property taxes.

"It's interesting the province says it has the lowest tax rate in Canada, it's at the expense of municipalities," said Ald. Diane Colley-Urquhart. "It's going to be the citizens of Calgary paying through their property taxes.

"It's a clawback."

Ald. Druh Farrell, who represents an inner-city ward, said the province needs to consider a property tax assistance program for low-income residents and seniors, after ignoring previous requests from the city on the issue.

"It's time for the province to get out of property tax," she said. "An increase of seven per cent is a concern to me. We've done everything we could to keep it low."

But it wasn't just property taxes in the new provincial budget that upset local politicians. Some council members are concerned about a delay in some infrastructure funding.

While the province will provide nearly \$1.9 billion to municipalities annually for the next three years, it cut the amount of money it had promised them in an infrastructure catch-up program.

Due to the recession, the government took advantage of an exit clause to delay \$200 million in funding from the municipal sustainability initiative (MSI) and will instead deliver \$400 million to towns and cities across Alberta this fiscal year.

The reduction means Calgary will receive \$121 million --almost \$32 million less than expected--in 2009-10.

Bronconnier, who has clashed with the province over the fund in the past, said it's too early to say what impact it will have on proposed civic projects, such as the west leg of the LRT.

"We want to build infrastructure, we want Calgarians to keep working," he said. "In order to do that, we need to look at extending that program, trying to help the province out as they balance out some of the budgetary shortfalls they have. We understand that, we're here to work with them.

"(But) we want to make sure those agreements are honoured."

Lloyd Snelgrove, president of the treasury board, said cities could end up seeing more dollars once the federal government provides details on its own infrastructure program.

"If the feds come out with funding for rapid transportation, we need to be able to match those dollars and (cities) need to be able to match," he said.

"Give a little time for federal programs to really be implemented and then watch the matching components put dollars into the city's pockets."

Other municipalities were concerned by the scaling back of the MSI funding, particularly because some cities were planning to borrow money to accelerate infrastructure spending.

"Now with the program being cut back, it does create a little bit of concern," said Lloyd Bertschi, president of the Alberta Urban Municipalities Association. "Is the program going to be cut further in future years?"

But Don Johnson, president of the Alberta Association of Municipal Districts and Counties, said while MSI funding is down, he believes the money will be made up by other provincial spending --and Alberta's rural municipalities won't see significant funding changes from the previous year.

He said that's a good thing given the tumultuous times.

"I see other provinces and what their struggles are," he said.

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