

Calgary council content with 5% tax hike

Taxpayer group says reduction is not enough

BY KIM GUTTORMSON, CALGARY HERALD NOVEMBER 10, 2009 6:51 AM



Ward 10 Alderman Andre Chabot

Photograph by: Archive, Calgary Herald

CALGARY - Aldermen are patting themselves on the back for bringing next year's potential tax increase down slightly to five per cent, with one councillor calling it a "huge accomplishment."

But one critic says the number isn't good enough.

Scott Hennig, Alberta director of the Canadian Taxpayers Federation, accused council of trying to convince Calgarians they've done a good job at reducing the annual tax hit on homeowners.

"I'd venture to guess some on council are going to bank on the fact it's certainly lower than it has been for the last few years and try to convince Calgarians it's no big deal: 'We listened last year, we chopped where we can, we came in lower than it was before,' " Hennig said.

"And it may work."

When the 2010 budget is released Thursday, the proposed tax increase will be down about a percentage point from the 6.1 per cent approved last year as part of the three-year budget process. At about five per cent, the city will collect \$45.5 million more cash from Calgarians.

But there are still challenges, given aldermen will be asked to spend millions more when they begin debating the budget numbers in two weeks.

"I think it will probably be the toughest budget ever," Ald. Andre Chabot said. "If we can come in around five, I'd be OK with that.

"That's a huge accomplishment right there, especially since we're not cutting core services."

Some hope to lower it further, but a number of add-ons to be considered during budget talks could push it higher.

Ald. Ray Jones said he thinks people want council to find more savings. "They're into seeing what we can do to get it down to three or four per cent," said Jones. "That means clench your teeth and do it. I don't think anybody wants a tax increase, us included. But it's not going to be an easy budget. If we can keep it under five, we're doing well."

Ald. Diane Colley-Urquhart said she would also like to see the number lower, but that they have to be realistic. "I don't want to underestimate how hard it was to get to five per cent," she said of the numbers city staff are bringing forward.

But Colley-Urquhart acknowledged that it will be difficult to not find money for some of the add-ons council has referred to the budget process over the past year-- including the \$1.3 million to fund recommendations from the transit safety audit, which she requested.

"What's the sense of going through and having audits done if you're not going to invest any money in making the recommendations come alive," she said. "We have to put everything on the table, and you can't have it both ways."

Other items council will have to decide whether they want to fund include about \$600,000 a year to keep Race City in its current location; \$4.5 million required by the city clerk's office to handle additional responsibilities necessitated by the provincial government's changes to the assessment review process and \$750,000 to expand a graffiti cleanup program.

Some aldermen have also expressed an interest in seeing more money put toward the snow clearing budget.

For every percentage point the tax rate goes up or down, council will either add or cut \$9.1 million.

Chabot said part of the problem is that "nobody wants to reduce services and there's a huge reduction in revenue. Just making the books balance this year is a challenge."

City staff needed to find about \$44 million in the 2010 budget to address a revenue shortfall to bring the tax increase in at the already-set 6.1 per cent. That was accomplished by cutting 1.7 per cent from all department budgets and not filling a number of job vacancies.

Staff then found about another \$9 million to drop the rate to around five per cent. "I've never seen that

kind of effort given into cost cutting at city hall," Colley-Urquhart said.

Ald. Dale Hodges said he's interested to see what was removed from department budgets to get the 1.7 per cent reduction.

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