

Editorial: Vancouver must rein in property-tax increases

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true



Like ordinary citizens, in these times of modest growth, the city simply must learn how to do more with less.

Photograph by: Gerry Kahrmann, PNG

Vancouver's business sector, worried about its competitiveness, this week blasted local government for excessive spending. City hall has its tale of woe to share but it needs to pay heed.

This battle about municipal over-spending has gone on for several years, since the **Canadian Federation of Independent Business determined city budgets have expanded at a rate far higher than that of inflation and population growth.**

Between 2000 and 2011 in Vancouver, for example, inflation-adjusted municipal spending grew by 50 per cent while the population grew by just 15 per cent.

Businesses complain they are feeling pinched, for good reason. Since B.C. reverted last spring to the PST, they've again had to start paying sales tax on business inputs, which were exempt under the HST, a benefit businesses in most other provinces enjoy.

Business contends property-tax increases — it pays a much higher share than residential ratepayers — only add to Vancouver's uncompetitive landscape.

This is all true but there is another side to the story.

Vancouver's city government points out nearly half of all property-tax revenue goes toward police and fire services, which are not services that taxpayers generally want reduced.

Nearly 20 per cent of its budget is gobbled by utility costs. Rates for water and sewer are set at the regional level.

Costs for insurance, hydro, gas and telecommunications have been growing at rates above inflation.

And of late Vancouver has started facing the fact it has a mental health crisis on its hands, especially in the Downtown Eastside. In the 1990s the Vancouver Police Department had 1.5 staff members dealing with mental health and addiction. Today it's 17.

The city also is taking a more proactive posture with respect to homelessness and affordable housing for the needy.

Aging infrastructure in a city that is now more than a century old is also forcing some spending. Two new sewage treatment plans are planned.

Last year the city started reducing its employee roster. Staff numbers have dropped by 137 in the past year, to 6,500.

Five years ago, Vancouver began a program to find efficiencies and reduce costs, which so far has identified \$53 million in savings.

But this is not enough; 2014 spending is to increase 2.6 per cent this year. (The property-tax increase meanwhile has been kept to 1.9 per cent, although municipal fees also rose.)

The city reports its most recent round of contract renewals included wage increases "aligned more closely with inflation forecasts than in the past." It's about time.

Vancouver salaries for top staff have tended to be on the exorbitant side, especially when a city survey of 311 callers shows 46 per cent do not believe they get "over-all good value for their tax dollars."

Vancouver's city government would be wise to take into account the business community's disquiet about unsustainable property tax increases.

Like ordinary citizens, in these times of modest growth, the city simply must learn how to do more with less.