

OPINION

City policies hamper business

**Low CFIB ranking:
Vancouver's
tax burden and
red tape cited
for squelching
municipality's
competitiveness**



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Days after the Business Council of B.C. labelled the province an unappealing place for corporate investment, another business group is stepping forward to diss Vancouver's credentials as an entrepreneurial city.

The Canadian Federation of Independent Business places Vancouver 94th on a list of 121 cities in its 2015 Entrepreneurial Communities Index.

"The low ranking for the city of Vancouver reflects the need for a focus on more small-business-friendly policies," asserts a federation news release.

A dearth of business-friendly policies obviously would be problematic for any city, but all the more so in Vancouver, where living costs are so high, necessitating the generation of jobs with robust incomes.

Richard Truscott, CFIB's vice-president for B.C. and Alberta, attributes the city's low ranking to the disproportionate share of municipal property tax that Vancouver businesses pay, versus those paid by homeowners.

"In Vancouver, an entrepreneur pays over four times more property taxes than residents (on the

same assessed value of property) yet only consumes a fraction of the services.

"Municipal rules, regulations and red tape are also a major source of frustration for business owners."

Truscott believes Vancouver should emulate Calgary, which recently undertook a comprehensive review of its regulations, looking for ways to reduce bureaucracy.

While the Vision Vancouver council has never been characterized as a particularly business-friendly administration, Truscott says: "At the end of the day, it's really an ongoing failure of Vancouver's municipal leadership, regardless of political stripe."

But the blame may go well beyond the city. The Business Council of B.C. only last week criticized the province for its carbon tax, PST, fast-rising electricity rates, and high marginal effective tax rate, all of which, it contends, makes B.C. uncompetitive in the North American context.

That said, the CFIB's index shows two B.C. cities, Penticton and Kelowna, positioned among the 10 most entrepreneurial cities in the country. They ranked

second and third, respectively.

Most of the other communities in the top 10 are in Alberta.

The index scrutinized cities with populations greater than 20,000, relying both on the views of the CFIB's 109,000 members and 14 indicators relating to such things as business taxation, regulation, business expansion plans, and the volume of business permits.

Interestingly, the metropolitan area that includes Vancouver's surrounding communities ranked 30th — considerably better than the city itself.

That, explains the CFIB report, is because "the outer rings of major cities are usually better incubators of new businesses, because of lower relative cost but still reasonably good access to large markets."

The CFIB has been compiling its annual index for several years and, for just as long, prairie cities have consistently claimed the top spot.

Lower commodity prices and a depreciating dollar, of course, have left a number of Alberta and Saskatchewan cities scoring worse than they formerly did, while cities in B.C. and parts of Ontario have been moving up

the ranks. The City of Calgary is ranked 45th on the index, while Toronto is in 80th place, and Montreal is dead last, at 121. Meanwhile, the Conference Board earlier this year identified Metro Vancouver as the top-growing region in the country despite its CFIB ranking as 30th most entrepreneurial community.

Truscott says, "A lot of small businesses are successful and growing in Vancouver despite their municipal government, not because of it."

A look at head office growth in metropolitan areas between 2004 and 2013 reveals the number of corporate headquarters in the Metro Vancouver area grew dramatically, from 49 to 95. That is still behind 132 such offices in Calgary as of 2013. Toronto's head office count is 254, Montreal's 79.

As long as Vancouver continues leading other municipalities in growth, the dire messages being delivered by local business organizations are likely to go unheeded. The real issue is, will the city be able to keep prospering in the face of unsupportive government policies?

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<http://www.cfib-fcei.ca/english/article/6656-entrepreneurial-communities-in-canada-2014.html>