



# MEMBER RELEASE

December 1, 2010

**TO:** Mayor Council; Chair and Board  
**FROM:** UBCM Secretariat  
**Subject:** **Notice of CFIB Spending Report and Holding Lines**

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UBCM has learned that the Canadian Federation of Independent Business (CFIB) will be releasing a report on local government spending tomorrow. As with past practices, the CFIB has not provided UBCM with an advance copy, but has done so with select media.

We understand that the report will once again measure local government spending growth relative to the rate of inflation and growth in population. We also understand that a particular focus in this year's report is the increase in public sector wages and salaries relative to the private sector.

UBCM advises local governments to be prepared for media calls, and that you consider the kinds of questions that you are likely to be asked based upon the current and projected levels of spending in your community. We are providing some holding lines in addition to those you may develop:

## **On the CFIB**

- The CFIB have released several reports on local government spending in recent years. While we welcome public discussion about appropriate levels of spending, we take issue with the CFIB's approach.
- To determine a benchmark for spending, the CFIB combines the change in population combined with the rate of inflation. This approach is too simplistic and fails to account for many of the real factors that are contributing to increasing expenditures. The result is a report that is based on a false standard.

## **Increased Cost of Local Government**

- The cost of local government is increasing, but for good reasons.
- Local governments in many communities are dealing with an infrastructure deficit. Communities have deferred capital improvement for years in order to keep tax increases down, but can longer afford to do so.
- Local governments are also faced with increasing standards for things like water treatment, wastewater treatment and climate action. Most British Columbians agree with these higher standards – we want clean, healthy, sustainable communities. These better standards, though, come at a higher cost.
- Also, in recent years local governments have faced increasing pressure to take on new responsibilities in areas such as affordable housing or homelessness. As

local government responsibilities expand, invariably there are new costs to meet them.

- Local governments have a limited range of fiscal tools to help us address these increased costs. Local governments receive just 8 cents from every tax dollar despite owning and maintaining 50% of the nation's infrastructure. That puts a lot of pressure on property taxes and user fees.
- Local governments are open, transparent and accountable. Our budgets are developed through public consultation and approved in public meetings. The high level of accountability in our budgeting process means that we are confident that our spending reflects the values of our communities.