

Competitiveness Benchmarks

Tax Reform Committee

December 13, 2007





Key Benchmarks

- Different benchmarks provide different information on taxation
- Staff have developed ten types of benchmarks
- Two critical areas of benchmarking relate to Tax Burden and Competitiveness:
 - Economy-Wide Benchmarks
 - Sector Specific Benchmarks





Economy-Wide Benchmarks

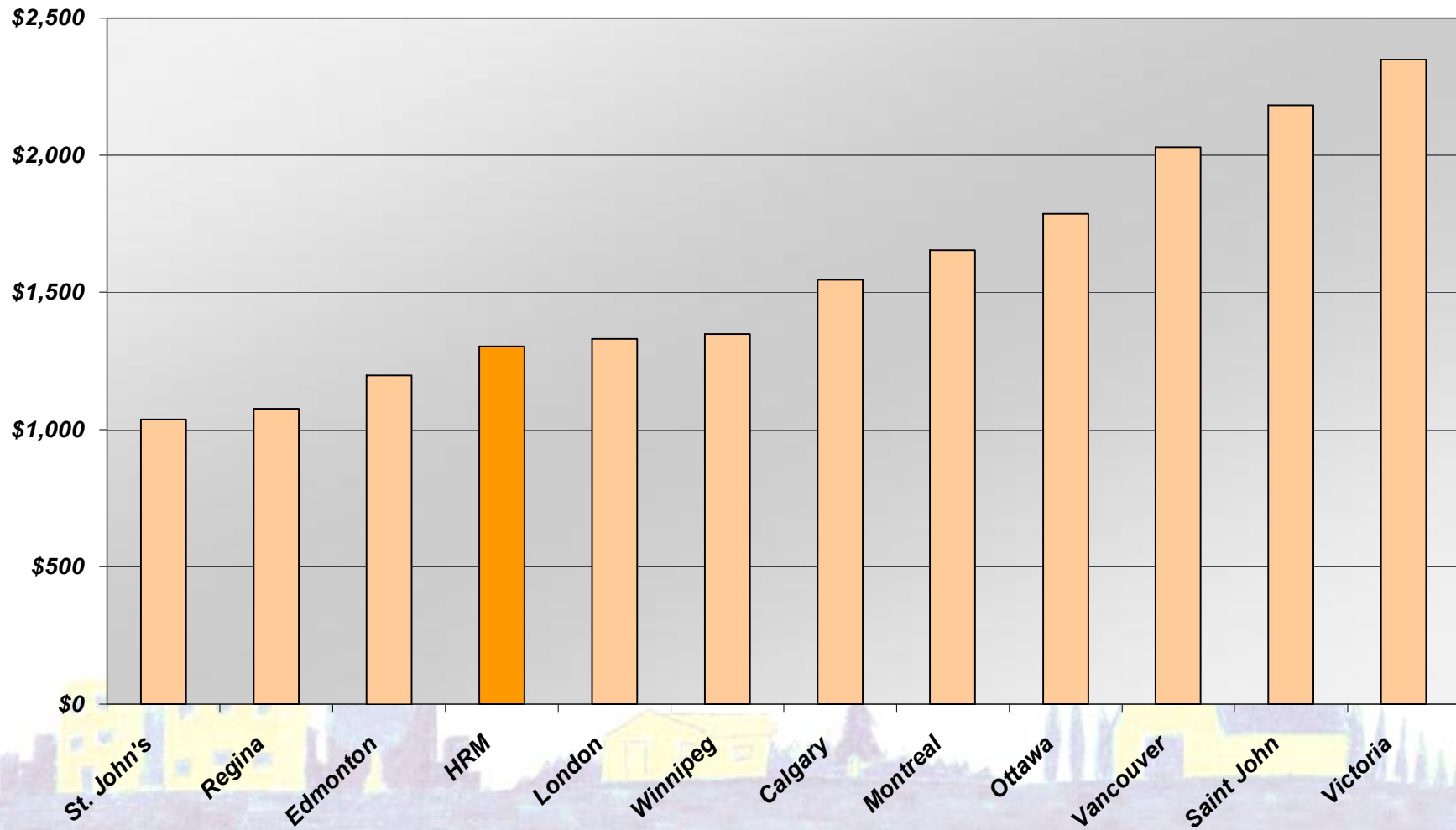
- A measure of taxes paid relative to economic activity.
- Issues:
 - Different municipalities have different mixes of business
 - Does not reflect differences in services
 - Data issues may cause bias towards one city.
- What they show:
 - Competitiveness varies.





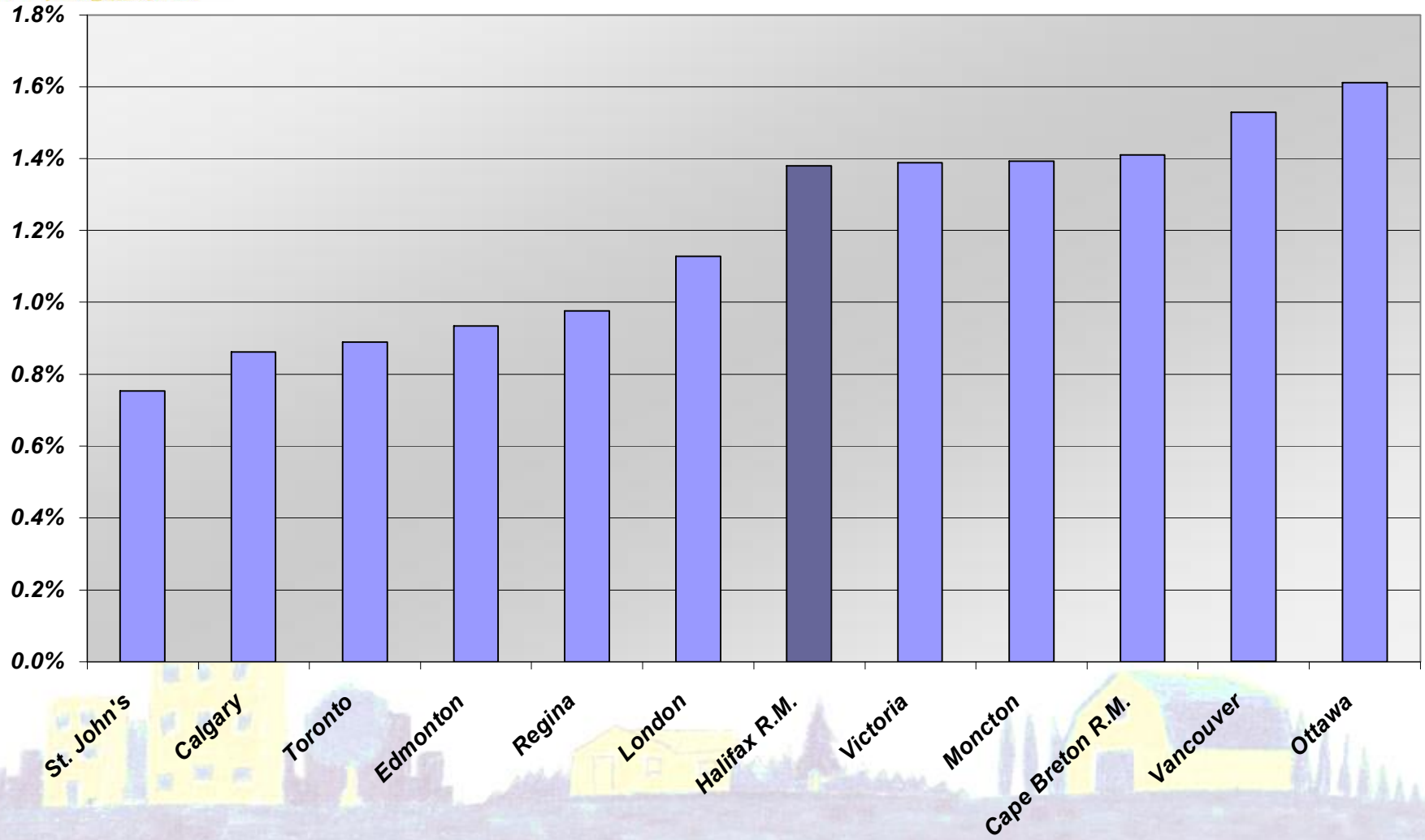
Non-Residential Property Tax (per Employee)

Edmonton Property Tax Survey, 2005-06





Commercial Tax + GILs over City GDP (2007)





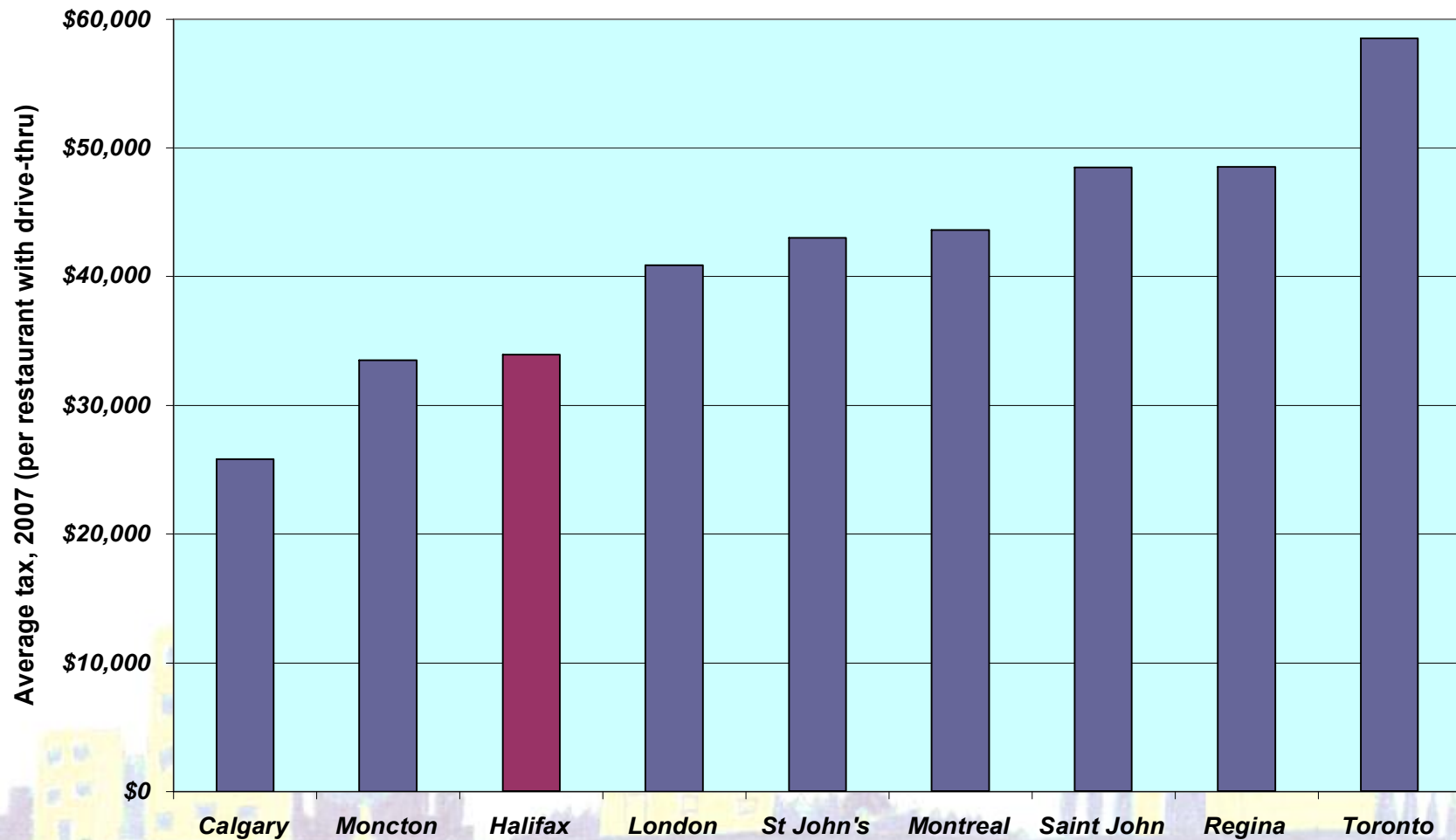
Sector Specific Benchmarks

- Measures tax burden for potential competitors.
- Issues:
 - Sector specific economic and municipal data often has to be estimated, making it less reliable.
 - Does not show significance to taxes to profit or links to services
- What it Shows:
 - HRM Appears competitive on taxes for Restaurants, Offices.
 - Weaker in Refineries, Hotels, Finance. Provincial taxes an issue in Finance.





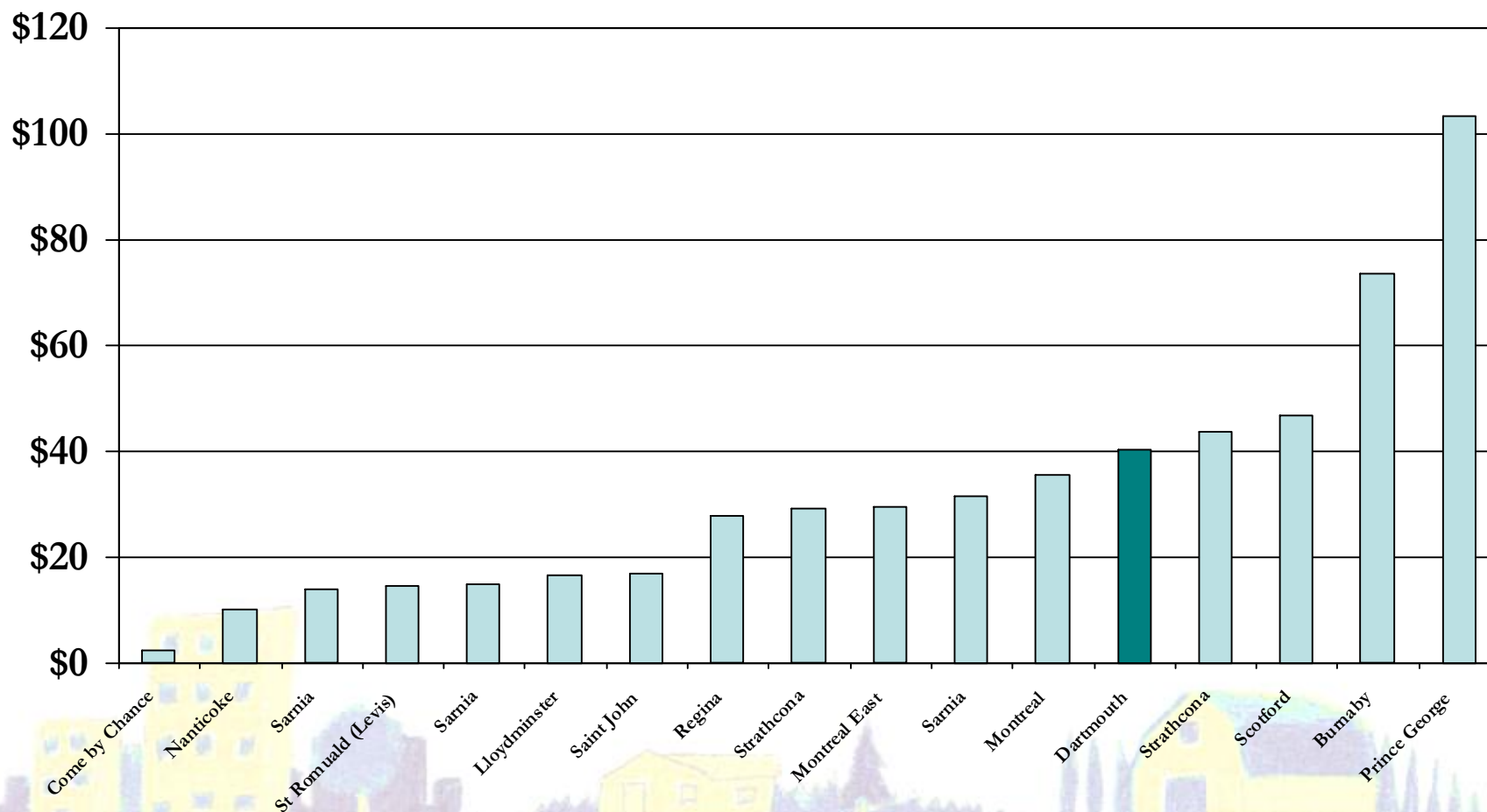
McTax Index - Average Tax per Restaurant



Source: survey of comparable restaurants



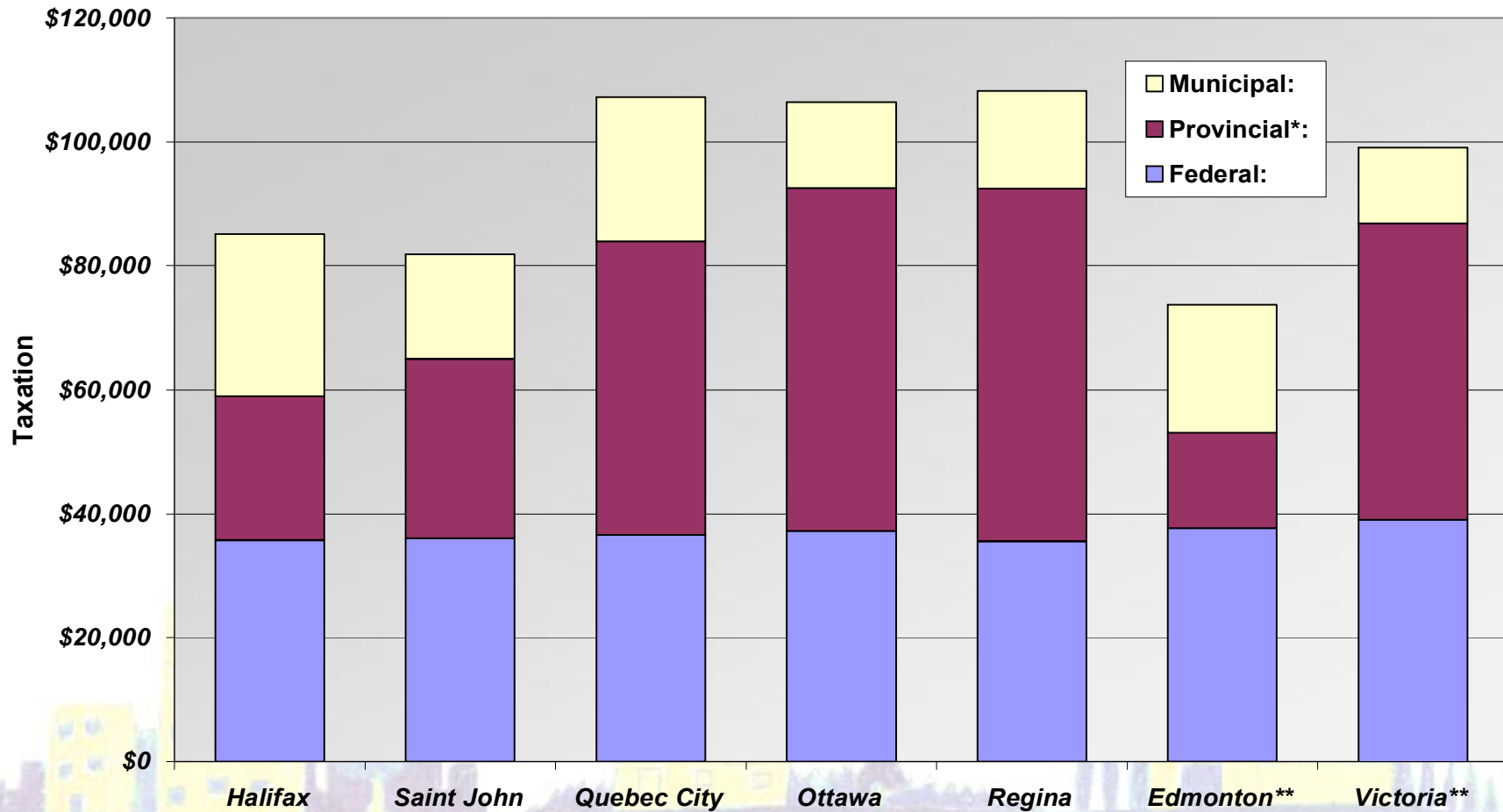
Refineries - Taxes per Barrel





Commercial Tax Burden of Warehouse/Shipping

(Assumes Taxes and Local Costs Absorbed)

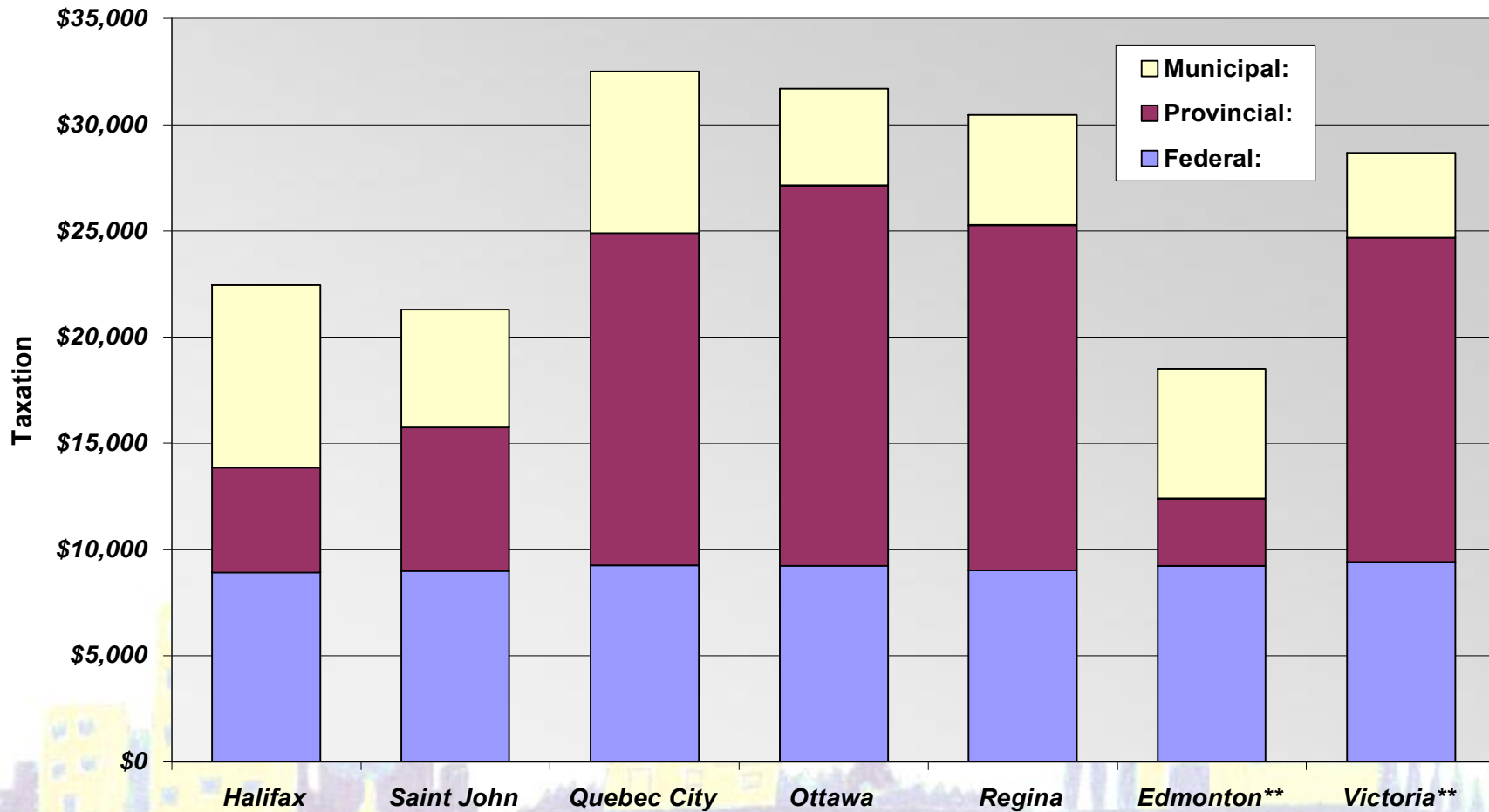


* Provincial taxes include those from property taxation.



Commercial Tax Burden of Mainstreet Retail

(Assumes Taxes and Local Costs Absorbed)

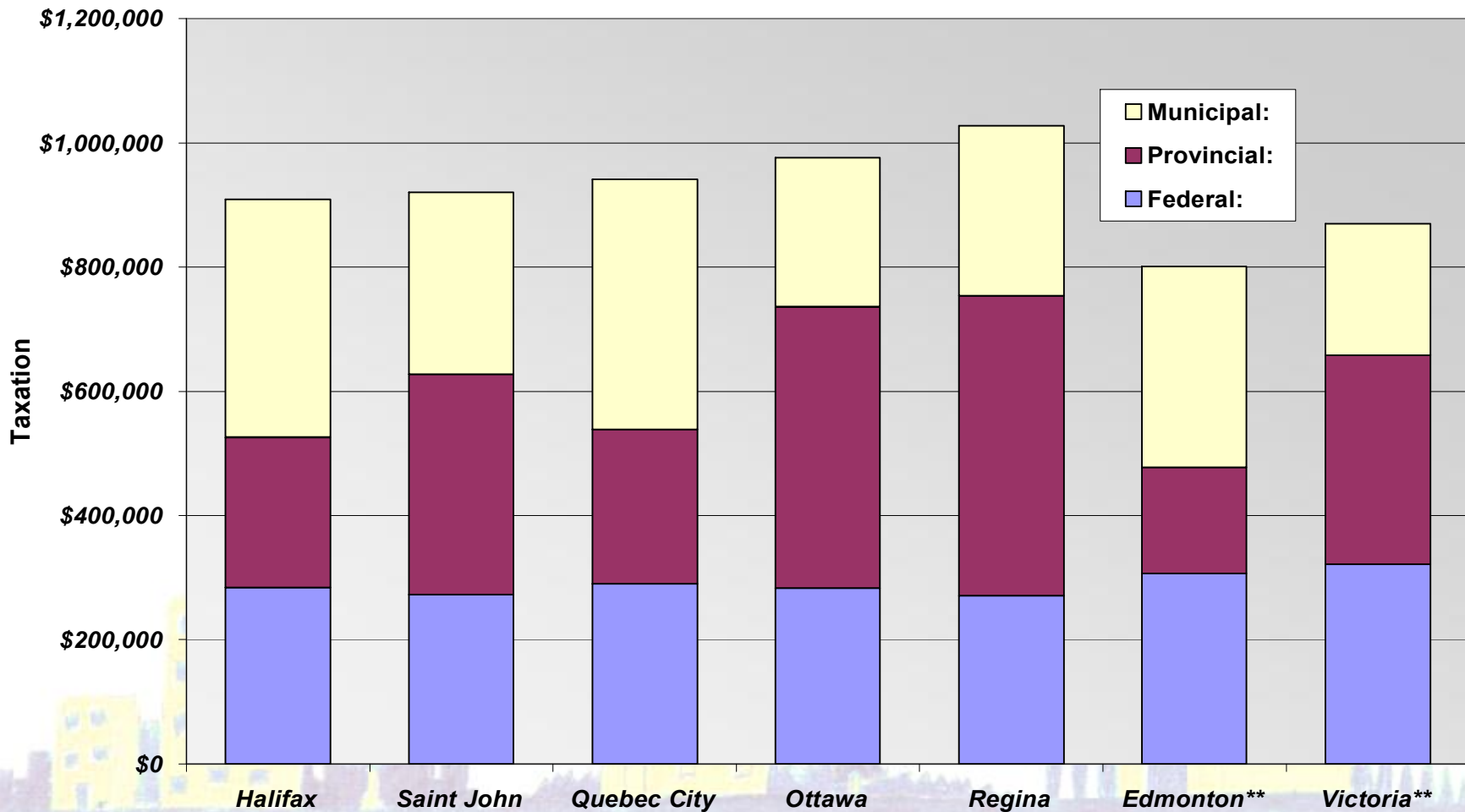


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Commercial Tax Burden for Hotels

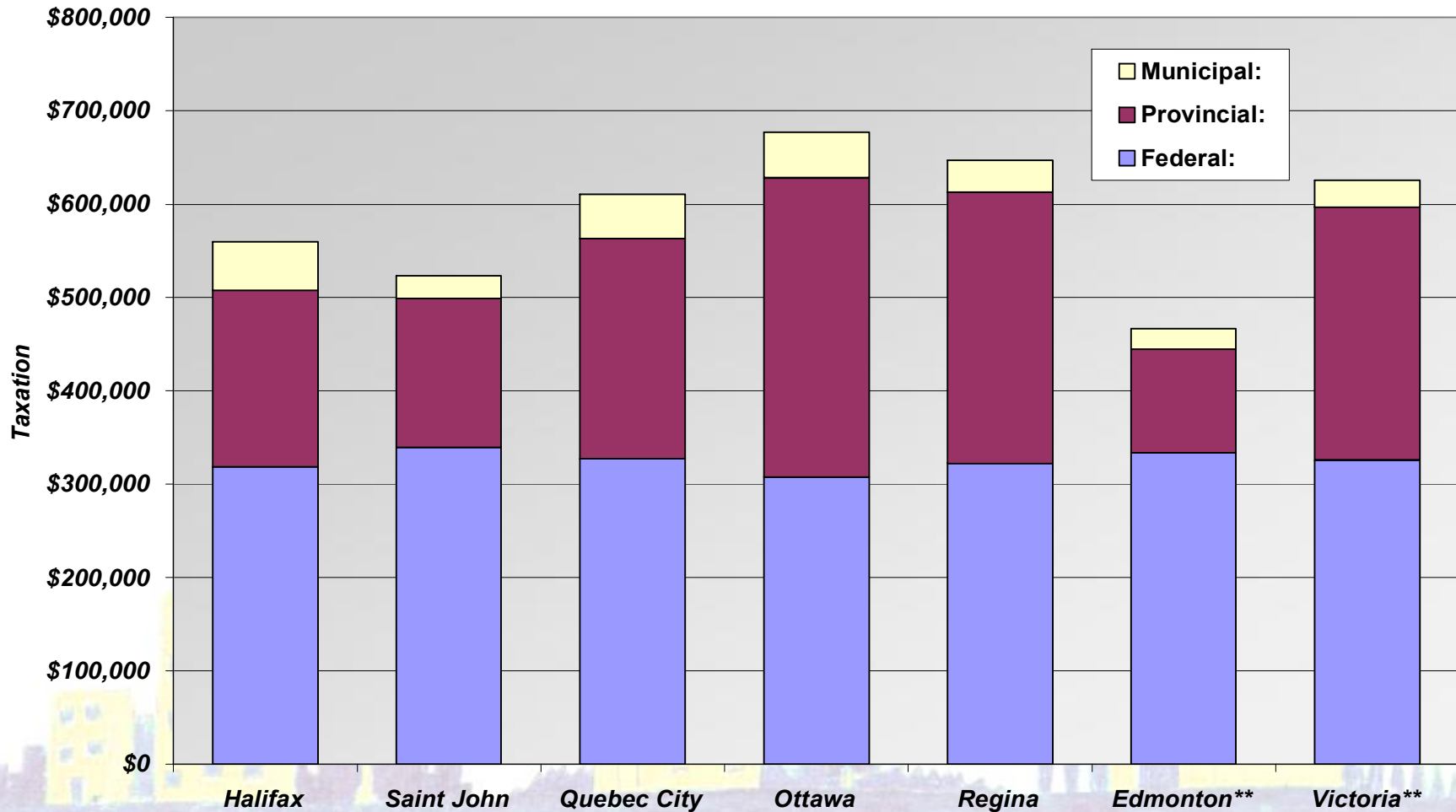
(Assumes Taxes and Local Costs Absorbed)



* Provincial taxes include those from property taxation.



Commercial Tax Burden for Office/Financial (Assumes Taxes and Local Costs Absorbed)



* Provincial taxes include those from property taxation.



Office Building Costs (Downtown & Suburban)

Source: Colliers International, Canadian Real Estate Forecast 2005-2006

