

Category	Grade
Spending aligned with Strategic Priorities of the Chamber	B
Effective Investing and Spending	C
Debt Management	A
Commercial Tax Competitiveness	D-
Effective Governance	C
Overall Grade	C

This Municipal Report Card for the Halifax Regional Municipality's 2011/12 budget was created by the Halifax Chamber of Commerce in collaboration with the Chamber's Municipal Affairs Committee. The ultimate objective in releasing this

report is to provide coherent feedback from the business community to the municipality on the recently approved budget.

After analyzing the budget documents, the Chamber committee assigned grades based on the following guidelines:

- A:** Very much reflects the Chamber's position; no major elements missing
- B:** Reflects the Chamber's position to a large extent; some elements missing
- C:** Reflects the Chamber's position to some extent; most elements missing
- D:** Does not reflect the Chamber's position, but does not move the business community backward
- F:** Does not reflect the Chamber's position and represents a step backward for the business community

1. Spending aligned with Strategic Priorities of the Chamber

What we looked for...

- Investment in Metro Transit.
- Continue to lobby the province for increased transit investment.
- Advancement of Commercial Tax Reform.
- Evidence that the city's Cultural Plan is being executed; strengthening our cultural environment will attract and retain new people and businesses; culture is a pillar of economic and community growth.
- Spending which revitalizes business districts (incentive plans, etc).
- Spending to implement plans under HRMbyDesign; ensure the process moves forward according to plan.
- Communicate a detailed, transparent update on the status of HRMbyDesign; where are we now with development projects? What have we accomplished, and what is set to be accomplished in the near future?
- Create an amalgamated transportation authority.
- Advance the long term vision for the city. Does the budget take steps to create a "gung-ho business climate" now and into the future?

What we saw...

On the plus side, the Committee gave the city good marks for:

- Significant investment in Metro Transit again this year. The city was given big marks for this, as improving transit and the commute has always been major priority for Chamber members.
- Significant investments in public infrastructure without tax rate increases (this is a strategic objective of the Economic Strategy), such as: the new central library and the proposed convention centre (although the latter is dependent upon federal investment).
- Plans for expenditure restraint and efficiencies, such as cutting back strictly on overtime expenditures.

On the minus side, the Committee saw room for improvement in the following areas:

- Advancement of Commercial Tax Reform; the Chamber has expressed its concern in regards to the city's abandonment of the Tax Reform proposal, and has asked the city to still consider Commercial Tax Reform. Unfortunately, there was no mention of this in this year's proposed budget.
- No communication around HRMbyDesign; hardly any mention of this important project in the 2011-12 city budget.

2. Effective Investing and Spending

What we looked for...

- Work to diversify Halifax's sources of revenue; currently relies on property tax for 76% of revenues
- Create a downtown investment reserve fund
- Formalize a thorough, annual review of programs and services
- Use unit cost benchmarking for service delivery
- Leverage funding opportunities from other sources
- Invest now, to lower long term costs (economic payback investments)
- Demonstrates restraint with regards to discretionary spending

- Demonstrates fiscal prudence (through solid economic assumptions and realistic forecasts)

What we saw...

On the plus side, the Committee gave the city high marks for:

- Hiring a City Auditor General that investigates relevant issues, and further increasing the AG's office budget.
- Leveraging funding from other levels of government to invest in infrastructure.
- Implementing a program which replaces old street lights in the city with new LED lights which are expected to reduce energy consumption by over a million kWh each year; this is a good example of investing now to lower future costs.

On the minus side, the Committee saw room for improvement in the following areas:

- Working to diversify Halifax's sources of revenue; while we understand that this is a significant challenge for the municipality, the fact remains that this is not a sustainable budget for long term economic growth. Now is the time for the municipality to be making difficult decisions.
- Residents and businesses in Halifax will be paying more this year due to the increased value of their properties – and while this is not an explicit tax rate increase, the effect is the same and just as financially painful.
- Creating a downtown investment reserve fund. Unfortunately, the Chamber was unimpressed with the lack of attention this issue received from the 2011-12 budget. There has been no movement on the commercial tax reform front (despite our advocacy efforts), nor has there been any evident attempts to revitalize the downtown core through strategic investments.
- The sustainability of our spending remains a concern; spending has increased 4.3% over last year's budget, but this figure is not matched by our growth in GDP.

3. Debt Management

What we looked for...

- Ensure that debt repayment targets are met
- Ensure there is a long term financing plan in place to replace and renew infrastructure
- Aim to bring existing net debt to the point where the city can achieve the Multi-Year Financial Strategy objective of financial flexibility

What we saw...

On the plus side, the Committee gave the city high marks for:

- The city's efforts to continue combating their debt; this year, the budget forecasts an additional \$5 million to be reduced from the city's debt through the Multi-Year Financial Strategy, bringing our debt down to \$275.3 million.

On the minus side, the Committee saw room for improvement in the following areas:

- The city is doing a good job managing their debt and adhering to the principles set out in the MYFS.

4. Commercial Tax Competitiveness

What we looked for...

- Continue to consider/investigate commercial tax reform, and ultimately move forward with it
- Ensure fees paid to the city by commercial taxpayers are reasonable; investigate why businesses are paying twice for waste collection services
- Moving towards service based taxes, such as the service based transit tax.
- Use of taxes as an urban development tool, especially downtown (in support of HRMbyDesign)

What we saw...

On the plus side, the Committee acknowledged in its marking that:

- Unfortunately, there has been absolutely no progress on this front. Therefore, the mark for this category remains a low D-.

On the minus side, the Committee saw room for improvement in the following areas:

- The city lost marks in this category for no real progress on commercial tax reform; we understand that there isn't a political appetite for it at the time, but as a Chamber of Commerce we must continue to press this topic.
- Commercial taxpayers are forced to pay about 4 times as much as their residential counterparts. Our multiplier is an historical figure, and there is no transparency or justification for it.
- Once again, there is no explanation as to why businesses are paying twice for waste collection services – this is simply unfair. This is an example of businesses paying a tax without receiving an equal or fair amount of services in return.

5. Effective Governance

What we looked for...

- Ensure that Halifax is governed as effectively and efficiently as possible
- Implement clear measures/steps to reduce the size of city council
- Third party should be created to look at this issue; certainly, councilors cannot be expected to reform themselves

What we saw...

On the plus side, the Committee acknowledged in its marking:

- The addition of a municipal Auditor General that is doing good things for our city.

- The city's efforts to identify the best number of councilors to serve our municipality.

On the minus side, the Committee saw room for improvement in the following areas:

- No third party investigation; council was tasked with voting on what their own size should be.
- No reduction in the size of council; the result of the vote was to maintain the status quo.

Overall Grade: C

The Halifax Chamber of Commerce's Municipal Budget Report Card is based on the Chamber's Municipal-Pre Budget Submission 2011-2012 and the Municipal Budget 2011-2012.

To access these documents, go to:

2011-12 Municipal Pre-Budget Submission:

http://halifaxchamber.com/files/16/61/Municipal_PreBudget_Submission_2011_Final.pdf

Halifax City Budget 2011-2012

<http://www.halifax.ca/budget/index.html>

A list of members of the Chamber's Municipal Affairs Committee can be found at:

http://halifaxchamber.com/content/Municipal_Government_Affairs