



METROPOLITAN HALIFAX
CHAMBER OF COMMERCE
'The Voice of Business'

Presentation to

Halifax Regional Municipality Council

in regards to the

Continuing Fiscal Difficulties of HRM

November 17, 1998

**Mr. Jim Mills, President, MHCC
Mr. Peter Doig, Chair, MHCC Government Affairs Committee**

Introduction

On April 21, 1998 the Metropolitan Halifax Chamber of Commerce's Task Force on Municipal Issues presented its report, entitled "Where Do We Go From Here?", to Regional Council. At that time the Chamber committed to working with HRM to implement our recommendations and to monitor the progress made towards achieving the goals we set out.

On November 3, 1998 HRM staff presented a plan to deal with HRM's most pressing financial issue - the ballooning deficit for the current year. The proposed measures are intended to rationalize municipal service delivery in order to satisfactorily meet the needs of the community with the resources available.

The measures that were proposed were aggressive and controversial - They involved cutting 175 full and part time positions, and again put before Council the difficult issues relating to levels of service delivery. Last Tuesday, substantially all of the measures put forward by HRM senior staff were approved by Council. The Chamber believes Council did the right thing and we would like to offer you our continued support as you move through difficult financial times in the weeks and months ahead.

The Chamber believes it is critical for HRM to take **aggressive action** to get its expenditures under control. We have to put our financial house in order. The Chamber has recommended that HRM find new and innovative ways to deliver the services the community needs using the resources which are available within the community. **Tax Increases are NOT** an option today, and will not be an option in the future.

The measures proposed to deal with the current year deficit still leave two serious issues to be addressed in the upcoming year's budget. The first is the final deficit for this year of approximately \$11 million. The second is the approximately \$14 million increase in debt service costs for the upcoming year. Each of these items must be financed in next year's budget through internal efficiencies and not through tax hikes. The choices facing you will be difficult but necessary.

In the context of this debate over the plan to deal with the current years ballooning deficit and, with the budget deliberations for 1999 set to begin, the Chamber felt it was important to come to Council again to discuss our view of the progress made to date in implementing the recommendations of the local business community.

Recommendation 1

- a) That HRM engage in a long term planning process over the next 12 months to set goals and objectives, priorities, service standards and targets (including costs) to deal with the organization's debt and finances.

HRM Progress

HRM has set up an internal working group to develop a Multi Year Financial Strategy (MYFS) for HRM. The Strategy should be available for council approval by year end with implementation to follow for Budget year 1999-2000 (April 1 next year).

We have had the opportunity to discuss with senior staff the MYFS. While there is a considerable amount of work ahead of them, this project would appear to address the fundamental long term issues.

Chamber Comment

This project should be given the highest priority by both Council and staff, led by the Executive Management Team.

Recommendation 2

- a) That HRM adopt a governance model and adhere to it.
- b) Establish baselines, statistics and service comparisons to test achievement of goals and objectives.
- c) Implement a rigorous periodic review of services to be provided by HRM.

HRM Progress

HRM's MYFS will include a set of management principles which will outline roles, responsibilities and, accountability concepts in addition to defining basic criteria for financial management and fiscal and service delivery decision making.

The MYFS will be built on a base case analysis, a comparative analysis with other municipalities and a set of governance principles to encourage effective and efficient decision making. The MYFS itself will involve continuing testing against the baseline and comparators and an ongoing review of services and service delivery methods.

Chamber Comment

We will be looking closely at the Phase 2 Report to be delivered to Council in early December.

Council and Senior Staff have a responsibility to put HRM's financial house in order to enable our community to grow and prosper for future generations.

This is an issue of leadership. Council and Senior Staff need to set the tone for the rest of HRM and make the hard choices that will see the fiscal health of HRM improve and place us in a strong position to meet the service needs of the community on a go forward basis.

The Chamber believes that from a governance perspective the completion and implementation of the MYFS will be a critical achievement for HRM over the coming 12 to 24 months and beyond.

Recommendation 3

- a) That HRM's top priority be to get its expenditures under control.

- b) That HRM find new and innovative ways to deliver the services they believe the community needs using the resources which are available within the community.

HRM Progress

HRM's current year deficit is continuing to balloon. Serious action must be taken now to avoid a significant deficit at year end. A plan to deal with this critical financial issue has been put forward. The proposed measures are intended to rationalize municipal service delivery in order to satisfactorily meet the needs of the community with the resources available.

Chamber Comment

The Chamber fully supports the direction proposed in the plan of November 3, 1998 and applauds Council for making the first of what will be several difficult decisions on the road to financial stability. Ongoing review of internal resources and methods of service delivery is critical to ensuring the long term financial viability of HRM and guaranteeing that a satisfactory level of service will be provided to the entire HRM community on a go forward basis.

Recommendation 4

- a) That HRM link with interested stakeholders to discuss and develop options for an improved tax structure for HRM.
- b) That the Metropolitan Halifax Chamber of Commerce work closely with HRM in monitoring progress towards the achievement of the changes proposed by the Task Force and to report back to the local business community.

HRM Progress

The Mayor has agreed to give an address to the business community on November 26 to discuss the changes at HRM, HRM's current situation and how HRM is working to meet the recommendations laid out in the Task Force Report.

The issue of tax system/structure reform has been discussed with HRM staff but change is on hold as the current fiscal situation is the priority of focus for council and staff.

Chamber Comment

The Chamber will continue to work with Council and Staff at HRM to offer opportunities to inform the local business community on progress towards the goals we have set for them. Tax system reform is a long term issue that will require ongoing consultations between the Chamber, HRM, the Province and other key stakeholders.

The Chamber supports the direction being proposed by HRM to deal with both its short term and long term financial situation.

Conclusions

- 1) HRM has made progress in responding to our recommendations to improve the long term capability to deliver municipal services and government in an effective and efficient manner.
- 2) Council and Senior Staff have a responsibility to put HRM's financial house in order to enable our community to grow and prosper for future generations.
- 3) HRM must take **aggressive action** to get its expenditures under control. **Tax Increases are NOT** the solution for the short or long term.
- 4) Council **must move beyond discussions of amalgamation**. Council must put aside political and geographic differences and come together for the common good of the community.