

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

This Municipal Report Card for the Halifax Regional Municipality's 2010/11 budget was created by the Halifax Chamber of Commerce in conjunction and

collaboration with the Chamber's Municipal Affairs Committee. The ultimate objective in releasing this report is to provide coherent feedback from the business community on the recently proposed budget to city council.

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
- Spending which revitalizes business districts (incentive plans, etc)
- Spending to implement plans under HRMbyDesign; ensure the process moves forward according to plan
- Align HRM strategies with those of the Atlantic Gateway initiative
- Create an amalgamated transportation authority
- Refresh on the Multi-Year Financial Strategy (MYFS), aligning with current fiscal realities such as acknowledgement of erosion in the tax base that can be expected in the 2011 fiscal year
- Improve efforts towards HRM brand recognition
- 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. The city was given big marks for this, as improving transit and the commute is a major priority for Chamber members.
- We have seen some attention drawn to the city's Multi-Year Financial Strategy. The MYFS has proven to produce results, such as repayment of \$80 million dollars worth of debt for the city since 1998. This attention is encouraging; the budget anticipates an additional \$5 million in debt reduction for 2010/11 through this strategy.
- Committing to providing support for strategic initiatives related to HRM's economic agenda such as the Atlantic Gateway initiative.
- Improvements in communications. City Council has identified communications, once again, as a Council Focus Area this year.
- Spending to implement Phase II of HRMbyDesign has been mentioned as an issue of importance for this coming year.

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

- Advancement of Commercial Tax Reform; the Chamber has certainly expressed its concern in regards to the city's abandonment of the Tax Reform proposal, and has asked HRM to still consider Commercial Tax Reform. Unfortunately, there was no mention of this in this year's proposed budget.
- Once again, the city does not appear to be spending enough on revitalizing the downtown business districts and creating a "gung-ho" business climate.

## **2. Effective Investing and Spending**

### ***What we looked for...***

- Address the problems associated with the snow and ice budget; make this a more sizeable budget with the expectation of a harsher winter next year

- Work to diversify HRM's sources of revenue; currently relies on property tax for 76% of revenues
- Maintain focus on Council priorities
- 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:

- Adding \$2 million (one million was taken from the original \$3 million to reduce the proposed 1.7% tax rate increase for residents) to the Winter Works budget to better address the full costs of snow and ice removal within the municipality. This needed to be done, as these essential services have been severely underfunded in previous years (despite rather mild winters).
- Formalizing a thorough and annual review of programs/services/staff positions to see which ones are most appropriate for cuts, reductions, or complete elimination.
- Demonstrating restraints with regards to discretionary spending; the city has revealed a concise plan to cut down on corporate spending (such as office supplies and travel expenditures). This is expected to generate \$2 million in savings alone.
- Hiring a City Auditor General.
- Focusing spending on Council priority areas.
- Leveraging funding from other levels of government to invest in infrastructure.

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

- Working to diversify HRM'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, yet the growth in spending is merely slowing rather than stopping.
- Creating a downtown investment reserve fund. Unfortunately, the Chamber was generally unimpressed with the lack of attention this important issue received from the municipal 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 need to undertake benchmarking with cities across the county (on spending per capita).
- Limited spending in the downtown business district.

### **3. Debt Management**

#### ***What we looked for...***

- Continuously monitor the city's pension plan; currently has a deficit of \$7.1 million; consider moving away from such an expensive plan
- Ensure that debt repayment targets are met
- Ensure there is a long term financing plan in place to replace and renew infrastructure
- Reverse the changes approved to the debt policy in the June 2008 report, once the infrastructure deficit is resolved
- 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 healthy credit rating, with a Standard and Poor's Rating of A/Positive.
- 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.

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

- The city's unsustainable pension plan stands out as the lone, glaring problem under this category. Currently at a deficit of \$7.1 million, something will have to give if the city wishes to prosper in the long term.

#### **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 has been downgraded.

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.
- Commercial taxpayers are forced to pay about 4 times as much as their residential counterparts.
- There was no justification or explanation as to why businesses are paying twice for waste collection services – this is simply unfair.
- Tax tools could be used more efficiently to make real and lasting change in terms of the level of new development in the city. HRMbyDesign is an opportunity for this change to occur.

## **5. Effective Governance**

### ***What we looked for...***

- Ensure that HRM 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 that:

- Under this year's Business Unit Goals included in the budget, Goal #2 was identified as "managing the process of council and committee reform". The Chamber is pleased to see the municipality is acknowledging this topical issue, as we have been advocating for a more efficient and effective council.
- There is word that council may reduce its size by October 2012, from 23 councilors to 20. We have added this new measure because we support the city's attempt to govern its citizens more effectively; we will be eagerly awaiting the result of this investigation.

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

- No explicit mentioning of a third party investigation; council reform will need to be investigated objectively if a sensible and just outcome is to be achieved.

**Overall Grade: C**

*The Halifax Chamber of Commerce's Municipal Budget Report Card is based on the Chamber's Municipal-Pre Budget Submission 2010-2011 and the Municipal Budget 2010-2011.*

*To access these documents, go to:*

*Municipal Pre-Budget Submission:*

[http://halifaxchamber.com/policy/30-Municipal\\_Pre\\_Budget\\_Submission](http://halifaxchamber.com/policy/30-Municipal_Pre_Budget_Submission)

*HRM Budget 2010-2011*

<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](http://halifaxchamber.com/content/Municipal_Government_Affairs)