

Council voted to pass the budget 2009-2010 on May 26<sup>th</sup> 2009

Date of report card release: May 27<sup>th</sup> 2009

*Details of how the grades were obtained can be found below.*

Category	Grade
<p align="center"><b>Spending aligned with Strategic Priorities of the Chamber</b></p>	<p align="center"><b>B</b></p>
<p align="center"><b>Effective Investing and Spending</b></p>	<p align="center"><b>C</b></p>
<p align="center"><b>Debt Management</b></p>	<p align="center"><b>A</b></p>
<p align="center"><b>Commercial Tax Competitiveness</b></p>	<p align="center"><b>C-</b></p>
<p align="center"><b>Overall Grade</b></p>	<p align="center"><b>B</b></p>

Halifax's Municipal Budget Report Card 2009-2010, was scored by the Halifax Chamber of Commerce's Municipal Affairs Committee and was based on the proposed budget, in order to provide feedback from the business community to 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: but some elements missing
- C: Reflects the Chamber's position to some extent: but 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**

- Focus seen on the Multi-year Financial Strategy
- Spending aligns with fiscal realities, such as acknowledgement of erosion in the tax base that can be expected starting in the 2011 fiscal year and upcoming major expenses
- Investment in Metro Transit
- Spending to revitalize business districts (incentive plans, etc)
- Spending to implement plans under HRMbyDesign
- Spending to improve efforts towards HRM brand recognition
- Spending to 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)?

#### **On the plus side, in its marking the Committee gave the city good marks for:**

- Investing in Metro Transit. The city was given big marks for this, as improving transit and the commute is a major priority for Chamber members.

- Focusing on the 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.
- Improvements in communications. City Council has identified communications as a Council Focus Area this year.
- Spending to implement HRMbyDesign will be considered next year in our grading guidelines, if the plan is approved by Council.

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

- Although the city stated in the presentation to Council that *“any savings realized in 2009-2010 to be deposited in the Variable Operating Stabilization Reserve to offset future economic events”*, no savings were budgeted for. The Committee felt that since the city knows assessments and therefore, tax revenue, will decline over the next two years, a solid target should have been established for this reserve fund.
- Timing of the Canada Games – 2011; the year when the city is predicting a downturn in revenues.
- Not spending enough on revitalizing the downtown business districts and creating a “gung-ho” business climate.

## **1. Effective Investing and Spending**

- Maintain focus on Council priorities
- 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
- Concerns regarding fiscal prudence in particular related to economic assumptions and realistic forecasts
- No clear plan to prepare for the expected downturn in tax revenue in 2011

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

- 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:**

- The need to undertake benchmarking with cities across the county (on spending per capita)
- Limited spending in the downtown business district
- The use of the Consumer Price Index from the last year, when inflation was much higher than it is now, as a benchmark for budgeting this year.

**2. Debt Management**

- The city's credit rating.
- Efficient use of debt (example, to renew infrastructure and take advantage of available funding from other levels of government).
- Are debt repayment targets met?
- Is there 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.

**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.
- Plan to increase debt today to take advantage of infrastructure cost sharing programs, is a good use of debt.

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

- There were no negative comments in this category from Committee members, just a reminder to the city to keep on track especially regarding debt plans in the future.

### **3. Commercial Tax Competitiveness**

#### **Tax Rate**

- The commercial tax rate.
- The commercial tax multiplier.
- Commercial tax benchmarks – how does Halifax compare to other cities
- Maintenance of the prior commitment not to shift the burden of the CAP to the commercial sector.

#### **Tax Reform**

- Advancement of tax reform as it relates to the commercial sector.
- Endorsement of tax reform and spending related to the tax reform project.
- 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)

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

- The city has maintained its commitment to the business community of not passing on the CAP burden to the commercial sector.

**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.

- 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.

**Overall Grade: B**

*The Halifax Chamber of Commerce's Municipal Budget Report Card is based on the Chamber's Municipal-Pre Budget Submission 2009-2010 and the Municipal Budget 2009-2010.*

*To access these documents, go to:*

[http://www.halifaxchamber.com/images/policy/Municipal\\_PreBudget\\_Submission\\_2009\\_2010.pdf](http://www.halifaxchamber.com/images/policy/Municipal_PreBudget_Submission_2009_2010.pdf)

[www.halifax.ca](http://www.halifax.ca) – for the municipal budget

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

<http://www.halifaxchamber.com/default.asp?mn=1.9.54.107>