



**NEWS RELEASE  
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**Business community seeks value for money in municipal budget**

(Calgary, AB) – In a formal submission released today, the Calgary Chamber of Commerce recommended that City Council set a target to limit annual spending increases, conduct a comprehensive expenditure management review during the next three years and support the creation of a new provincial Municipal Auditor General.

“Businesses and households are cutting costs and prioritizing spending to survive in these increasingly uncertain economic times,” said Geoff Pradella, Vice-President, Public and Government Affairs with the Calgary Chamber of Commerce. “Our members expect City Council to do the same.”

The Chamber called on City Council to limit annual spending increases to the greater of population growth plus inflation or real GDP growth in the economy plus inflation. For 2009, this ceiling is 5.7 per cent and for 2010 it is 5.5 per cent.

The City’s 2009 - 2011 budget projects operational spending increases of 8.9 per cent for 2009, 6.3 per cent for 2010 and 6.1 per cent for 2011.

“The proposed targets incorporate key growth elements, and combined with development levies plus increased revenues from new tax-paying households, should be sufficient for City operations,” said Pradella.

Chamber members are clearly concerned with the need for prudent government spending. Receiving value for their tax dollars was the number one priority in a pre-budget survey of membership.

To ensure value for money the Chamber recommended the development of a comprehensive three-year expenditure review process for all city departments, similar to the one already underway by the federal government.

The Chamber is heartened that two of the 2009 – 2011 City Council Priorities pertain to improving the efficiency and effectiveness of service delivery and the investigation of alternative delivery mechanisms, both long-standing recommendations from the business community.

“While significant anecdotal evidence exists to suggest that the City of Calgary undertakes substantive departmental reviews in preparation for the three-year budget, no consistent and comprehensive set of guidelines, processes and principles are in place to provide assurances that the City’s expenditure management programs and processes are effective and efficient,” said Pradella.



To increase transparency and accountability the Chamber has also proposed a new office of Municipal Auditor General at the provincial level to ensure the most efficient and effective management of public funds occurs through comprehensive reviews of budgeting, procurement and spending programs, and to identify and share best practices between municipalities.

“Currently, the City Auditor is appointed by Council, directed by Council and reports to Council,” said Pradella. “These types of ‘book-keeping’ audits are primarily to make certain that standard accounting practices are followed and that the books are balanced. An independent office of Municipal Auditor General is a different thing altogether, and will help municipalities and government departments deliver higher value to their citizens.”

In the future, the Chamber would also like to see changes to the City budgeting process. Currently, the City of Calgary approves three years of operating budgets at one time, and makes budgetary adjustments for the two years in between, rather than conducting annual reviews. The Chamber is recommending that the City of Calgary move to a three-year rolling budget where a new budget is presented annually for approval.

“Presenting a rolling three-year budget each year, similar to the provincial and federal governments, allows Calgarians to have greater discussion and debate,” said Pradella. “It’s easier to adjust to changing needs and economic circumstances, yet still facilitates and supports an effective and sufficient level of forward planning.”

In addition to these issues, Chamber members also supported more efficient and equitable taxation. The Chamber’s submission suggests that the City harmonize the non-residential property tax and business tax to lessen the administrative burden on business, provided that the ratio of total tax paid by the business community continues to decrease.

The percentage of total tax revenue generated through non-residential property tax and business tax combined decreased from 59.8 per cent in 2005 to 58.1 per cent in 2008, and is forecast to drop to 56.9 per cent by 2011. The Chamber urges the City to bring the ratio down to 50/50 by 2015, similar to the situation in the City of Edmonton.

**About the Chamber:**

The Calgary Chamber of Commerce is a volunteer driven, not-for-profit, and non-partisan advocacy group whose mission is to lead and serve the Calgary business community, valuing its diversity.

On critical and emerging issues in public policy, the Chamber acts as the leading forum for debate, and advocates public policy solutions that improve the business climate on behalf of our members.

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