



**NEWS RELEASE  
FOR IMMEDIATE RELEASE  
November 12, 2009**

**2010 Municipal Budget deliberations are an opportunity to continue to ‘adjust’ to a new economic reality**

(Calgary, AB) – Calgary’s business community urges City Council to continue to minimize the financial burden on Calgarians and ensure value for money during the 2010 City of Calgary Budget adjustment discussions.

“Calgarians, both citizens and businesses, continue to struggle from the medium and long-term effects of the economic downturn,” said Geoff Pradella, Vice-President of Public & Government Affairs with the Calgary Chamber of Commerce. “In tough times like these, City Council must do all that it can to reduce the tax burden, suspend or eliminate discretionary spending, and maintain the level of core services by implementing efficiencies in delivery.”

Much has changed since City Council approved the 2009 – 2011 Budget late last year. Calgary’s unemployment rate has doubled from an annual rate of 3.4 per cent in 2008 to near 7 per cent with about 18,000 jobs lost since September 2008.

“In the context of ongoing job losses and negative economic growth, it’s important for City Council to make the tough fiscal decisions and choices that are required in the face of current economic realities,” stated Pradella. “Businesses and households continue to cut back and focus on essentials, realizing the greatest value for money spent, and finding ways to achieve cost effectiveness in their day-to-day lives and operations. It’s not unreasonable for Calgarians to expect our elected officials to do the same, when it comes to the management of public resources.”

The Chamber acknowledges the City’s efforts so far, and urges City Council to find more cost savings and avoid costly additions during budget discussions.

To aid in this initiative the Calgary Chamber of Commerce has recommended a ‘smart spending bandwidth target’ to limit spending increases to key economic measures (a range delimited by population growth plus inflation, and real GDP growth plus inflation). For 2010 the recommended spending bandwidth is between 2.0 and 3.4 per cent. The 2010 Budget adjustment forecasts a 3.6 per cent increase in operational spending, slightly above the upper threshold of the recommended range.

“It’s important to bring operational spending below the ‘smart spending bandwidth target’,” said Pradella. “As we note in 2009, the City is already going to spend \$19 million (or nearly 1 per cent) more than was budgeted. Spending below the bandwidth target will provide a cushion for the City to respond to unanticipated expenditures.”

Fiscal discipline and ensuring value for money are keys to meeting the target. The Chamber recommends introducing greater competition in the delivery of municipal goods and services.

“Municipal governments often act as monopoly providers of goods and services,” said Pradella. “Without competition, there is little if any incentive for efficiency and innovation, resulting in higher costs to consumers and taxpayers.”

Studies in Canada, the United States and Europe indicate that introducing competition to municipal services can result in saving of 15 – 30 per cent. Discovering the actual cost of delivering specific services (i.e. activity-



based accounting) and then opening up these services to competitive bids could result in similar cost savings here, said Pradella. Solid waste management, trash collection, public transportation, pools and recreation centres, and golf courses are obvious areas that could be opened up for competitive bidding.

“The curbside recycling program was a golden opportunity to introduce the competitive delivery models used in every other Canadian city for recycling services,” said Pradella. “However, the City’s Finance & Supply Department wrote the Request for Proposal (RFP), led the design process with heavy involvement from the City’s Waste & Recycling Services Department, and the result was far from independent.”

The City of Calgary Waste & Recycling Services Department eventually won the contract with no private sector participation. Research indicates that no other Canadian city of comparable size has 100 per cent public sector delivery of its recycling service program.

In addition, the Chamber has long supported the creation of an Office of Municipal Auditor General at the provincial level. It offered strong support for Bill 202, *the (Municipal Auditor General) Amendment Act*, in a written submission and presentation to the Legislature’s Standing Committee on Community Services, presently reviewing the legislation.

“Currently, the City of Calgary submits annual attest audits to the province,” remarked Pradella. “These audits are primarily to ensure that standard accounting practices are followed and that the books are balanced. An independent Office of Municipal Auditor General is different altogether. The Auditor would conduct value-for-money audits so that cost reductions and spending efficiencies could be realized, much like the Auditor General role at the federal and provincial level.”

During the coming weeks, the Chamber will be reviewing the budget in greater detail and will put forward a formal submission for consideration during City Council deliberations.

The Chamber’s response is based on a pre-budget survey of membership. Fiscal management (spending and priority setting) by City Council was identified as the top municipal priority.

### **About the Chamber**

The Calgary Chamber of Commerce is a member-driven, sustainable organization whose mission is to connect, serve and champion the Calgary business community in its quest to excel.

The Public & Government Affairs Department measurably contributes to the Chamber’s profile and effectiveness. We are the leading edge business advocate and forum for debate, and a credible source for policy analysis and issue commentary. We advocate new and innovative solutions to improve the business climate on behalf of our members.

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