



Budget in Brief

A Sustainable Vision for Our Community: Alternative Municipal Budget for the Halifax Regional Municipality

August 2012

The Alternative Municipal Budget (2013): Vision and Goals

For 10 years, the Canadian Centre for Policy Alternatives-Nova Scotia has published an alternative analysis of the fiscal situation facing our provincial government. This is our first review of a municipal budget in Nova Scotia. The goal of an alternative budget is to make a persuasive case for how we can reallocate or/and raise additional public funds to create a community that is socially and economically just, as well as environmentally sustainable.

The Alternative Municipal Budget (AMB) is being released now in the hopes that it will spark serious policy discussions leading up to the Fall election and provide the newly elected Regional Council with fuel for a real conversation about the services we need, and what we can afford, as well as what effective and equitable ways we can pay for the services we want for ourselves, our families and our communities.

Budget Planning for Community Sustainability: Defining Principles for Key Directions

A budget is about more than money, i.e., financial considerations and fiscal questions. It is about meeting needs and establishing priorities. This HRM alternative budget supports strong and sustainable economic and social development, so that more residents enjoy the wealth that exists here.

This Alternative Municipal Budget is framed by six key sustainability principles, which are used to shape strategic directions based on the precautionary principle. These principles are:

1. Provide good governance through open, transparent decision-making, and meaningful public involvement;
2. Create safe, inclusive environments that ensure security and affordability of services;
3. Foster authentic, attractive communities with a strong sense of stewardship of place;
4. Ensure people, goods and services are well connected locally, regionally and globally;
5. Reclaim self-sustaining neighbourhoods to support compact mixed land-use development within a framework of nodes, and enable a range of housing opportunities, employment choices, and integrated supports for fostering healthy families.
6. Preserve open space, agricultural land, natural beauty and critical environmental areas.

Using these principles to guide our budget, our Alternative Budget for the HRM includes **65 action items and their estimated costs** (*Table 1* provides a summary of our main revenue raising proposals and strategic investments).

Strengthening the Roots of Good Governance

Sustainable development requires the enforcement of *the common interest*. Decisions made in the common interest are based on community knowledge and support. This requires greater public participation in decisions to allow communities an effective say and even management over the use of resources (such as public spaces). We should promote initiatives from residents. We should enable community organizations to facilitate, and strengthen local democracy. We should make good governance a priority including when it comes to budget decisions — *the budget process needs to be more participatory and allow residents to be engaged meaningfully in the process*. We should measure good governance by how Halifax Regional Council exercises its ability to provide for the public good. Good governance requires open, trans-

parent decision-making with *effective monitoring and review mechanisms including meaningful public consultation*.

Among the actions proposed to improve democracy and transparency, we call for a *ban on all contributions to candidates for municipal office by unions and corporations and a \$5000 annual restriction for individual donations*. In addition, *the AMB invests in a Community Sustainability Plan that includes a “Buy-Local” Public Procurement policy and a Living Wage Policy*.

What Can We Afford?

An integral root of good governance is paying for services fairly and equitably. In the HRM, property taxes make up almost 80% of the revenue, which is one of the highest proportions in the country. The property tax is highly problematic, controversial and it is not based on principles. Reliance on property taxes is not inevitable. This AMB recommends moving toward paying for municipal services using income tax. A **Refunded Municipal Income Tax (REMIT)** is a surcharge on your provincial income tax that goes directly to municipalities. **Estimated Additional Revenue (REMIT surcharge minus a concomitant decrease of \$20 million in property taxes): \$30 million**

The other major revenue re-allocation proposal in the AMB has to do with a historical hangover. As an historical matter, some portion of municipal property taxes must flow through to the province to pay for services that the municipality no longer has any authority over, e.g. schools and correctional services. These matters, completely within provincial jurisdiction with provincially mandated tax rates, should be paid for out of the broader tax base available to the Province. It is an absolute anomaly in Canada that 14% of the HRM budget is allocated to Education, where in most municipal jurisdictions provide 1% or less.¹ The AMB reallocates the flow-through for correctional services (\$6.4 million – a 30% increase from the previous year), for the Mandatory Education Funding (\$106.2 million) and for the Metro Regional Housing Authority (\$2.3 million). We expect the provincial government to ensure that the same level of funding is provided as needed, which may require an increase in provincial income taxes to residents to make up for this money. This is the appropriate mechanism by which these expenses should be paid.

The AMB proposes five **additional ways to raise revenue**:

1. Impose an Energy Efficiency Tax for Commercial Buildings. **Estimate of Additional Revenue: \$10 million**
2. Institute an Empty Lot Fee on assessed property value. **Estimated Additional Revenue: Needs to be determined.**

3. Implement a Commercial Parking Space Tax. **Estimated Additional Revenue: Needs to be studied.**
4. Impose a disposable cup tax. **Estimate of Additional Revenue: \$3.64 million**
5. Institute an Infrastructure Charge. **Estimated Additional Revenue: needs to be determined.**

Identified New Revenue: \$158.5 million

Guiding our Strategic Investments: Whose Ships Start Here?

The much heralded Ship Starts Here contract has created optimism in Halifax and across Nova Scotia.

As the contract moves forward, HRM must take concrete action to protect the common good and ensure everyone benefits from it — not just the Irvings and the industrial-military complex.

As is outlined in the AMB, serious investments in housing, transit, jobs, public services and the environment are necessary to ensure everyone benefits from the hoped for economic growth.

For example, the AMB invests in **light-rail** (\$31 million for Truro-Halifax commuter rail), building the next generation of public transit in the municipality. The municipality says the only thing holding back a more detailed study on the issue is disagreements with CN Rail. The HRM cannot let the railroad corporations' interests rank above the needs of the traveling public. Our total investment in **public transportation** is \$50 million, plus the AMB invests another \$23 million in **active transportation**.

Another key economic investment in the AMB (\$10.1 million) is in **early learning and child care and support for families**. The return on investment is high, and the long term social benefits are crucial for children and our communities. These investments, while not targetted at low-income families, will have a significant impact for low-income families, as will our proposals related to **housing** (including affordable housing and rent control) and regarding **food security**. Our investment of \$1.9 million in farmers' markets, in community kitchens and community gardens, helps move us to a more food secure community where everyone is able to access enough healthy food for themselves and their families.

Nova Scotia has a proud collective heritage of strong **cooperatives**. Building on this heritage and putting supports in place for the development of new and existing coops, as the AMB does, will yield major dividends. **Total Investment: \$3.3 million**

Cities need to be safe and inclusive. The AMB invests \$6.25 million to improve **public safety** in our community. It also requires explicit policies to ensure they are reflective of the diversity of their residents within their boundaries. All residents, but especially those who are currently marginalized, need to have full access to the range of services and resources provided in the HRM and have opportunities to fully participate in the political, economic, cultural and social life of HRM. For example, our youth require safe, adequate spaces to play and engage with peers, undertake recreation and cultural activities. Our investment in **Recreation and Community Centres** is \$12.1 million, which includes funding to establish an **LGBTQ Community Centre**. The AMB invests in a range of initiatives to strengthen diversity including the development of a **women's equality policy and action plan** (a \$250,000 investment). *Public services are for the common good and must be fully accessible to all.*

The AMB also recognizes the critical importance of **arts and culture** to ensure that a city is vibrant and attractive to residents and visitors alike. Currently, the HRM provides the worst per-capita arts funding in the country for a municipality of its comparable size. A recent study estimated that Halifax provided only \$0.53 per capita compared to the national average of \$5.35.² The AMB allocates \$2.2 million in order to establish an independent arts council, a Cultural Affairs division and provide peer-reviewed project and operating grants to our city's multi-talented art and cultural performers, makers, presenters, and organizations.

Municipal services must be quality public services that allow for the flexibility required to meet the needs of its citizens. As such, the AMB brings contracted-out public services back 'in-house' and stops contracting-out.

Last but not least, the AMB invests to set-up the Halifax Atmospheric Fund for energy efficiency strategies (\$20 million) to help mitigate the effects of climate change. The AMB's bottom-line: We have an obligation to *protect the natural resource base and the environment, while seeking to achieve economic and social well-being for current and future generations.*

TABLE 1 Alternative Municipal Budget Summary 2013–14 (\$millions)

Revenue (Additional Revenue)	
ReMIIt (Net)	30.0
End Flow-Through to the Province	114.9
Energy Efficiency Commercial Tax	10.0
Disposable Cup Levy	3.6
Empty Lot Fee, Commercial Parking Lot Tax, & Infrastructure Charge	unable to estimate
Total New Revenue	158.5
Expenditure (Strategic Investments)	
Democracy, Sustainability and Transparency	4.05
Strengthening Inclusiveness	0.55
Family Policy & Early Years Support	10.10
Public Safety	6.25
Arts and Culture	2.20
Public Libraries	2.30
Recreation & Community Centres	12.10
Active Transportation	23.35
Public Transportation	51.00
Co-Operative Funding	3.30
Housing	15.0
Greenbelting	5.0
Halifax Atmospheric Fund	20.00
Food Security	1.9
Reserve Fund	1.40
Total Strategic Investments	158.50

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Notes

1 In 2003, the Canadian average was .4%. Hobson, Cameron and Locke, IBID, p. 51.

2 Kelly Hill, Municipal Cultural Investments in 5 Canadian Cities. (Hill Associates, 2012)p.3. http://www.hillstrategies.com/docs/Municipal_cultural_investments_5cities.pdf