



MEMBER RELEASE

November 14, 2011

TO: Mayor and Council; Chair and Board; Senior Staff
FROM: President Heath Slee
RE: **CFIB's Fourth Municipal Spending Report**

The Canadian Federation of Independent Business (CFIB) released its fourth *BC Municipal Spending Watch* earlier today (www.cfib-fcei.ca). The report compares municipal operational spending increases during the period of 2000 – 2009 relative to the growth in population for the same period. The report also includes spending data for 153 BC municipalities.

Local governments in BC are familiar with the limitations of the analysis provided in the CFIB's Spending Watch reports. Municipal spending, to be properly understood, needs to be considered relative to several factors:

- Population growth;
- Rate of inflation;
- Increasing regulatory standards;
- Changes in local demand for services; and
- Downloading of costs from other levels of government.

By measuring spending against changes in population and inflation growth alone, the CFIB's reports generate data that are detached from actual circumstances of communities and the services provided by local government.

UBCM's report *Comment on Fiscal Management in British Columbia's Municipalities* (May 2011) showed that the overall change in municipal spending over the past twenty years were driven by increases in two areas: protective services (primarily fire suppression and policing) and parks, recreation and culture (including libraries and the performing arts). Increased spending in these areas largely reflects the demand of citizens for these services.

Local governments are also aware of the general impact of downloading and increasing regulatory standards. As the impacts of these factors vary considerably by community, these are best demonstrated through specific local examples, and are valuable to reference in your communications with residents or media.

The CFIB report concludes with the recommendation that municipalities limit spending increases to the rate of population and inflation growth without any consideration of how the implementation of this policy would impact the delivery of services.