

# Measuring up Red Deer

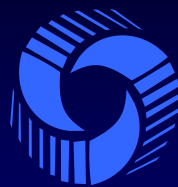
## 2009 Local Government Performance Index

PRESENTATION TO:

Lunch on the Frontier, Red Deer

08 December, 2009

By David Seymour



**FRONTIER CENTRE**

**FOR PUBLIC POLICY**

# IDEAS HAVE CONSEQUENCES



"My friends, watch out for the little fellow with an idea."

- TOMMY DOUGLAS

# WHY THE LGPI?

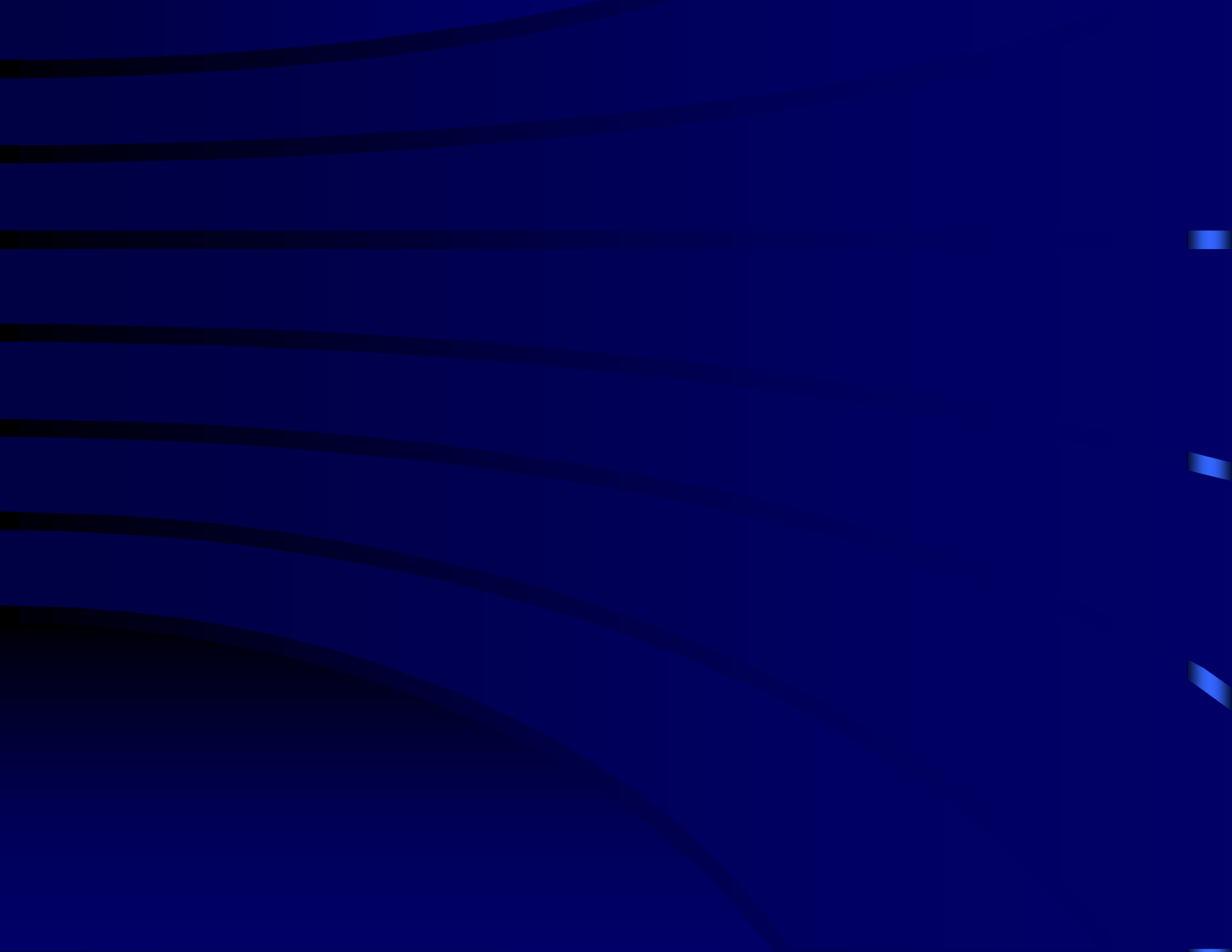
- Local Government is big business, approximately 5% of GDP and \$18,000 per household of capital assets;
- Performance is highly varied suggesting major room for performance improvement;
- National Body Politic struggles to focus on municipal government, perhaps due to its fragmented structure.

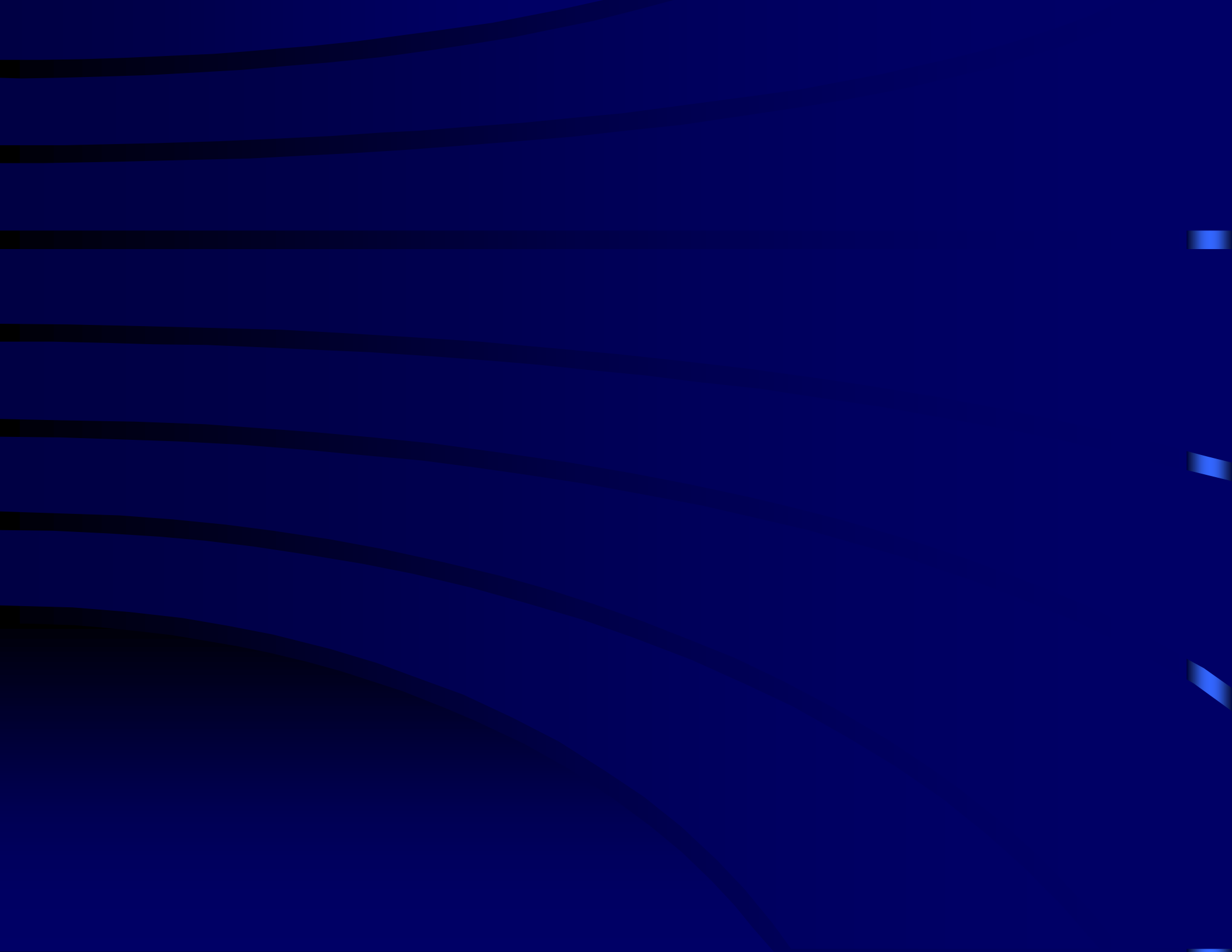
# WHAT IS THE LGPI?

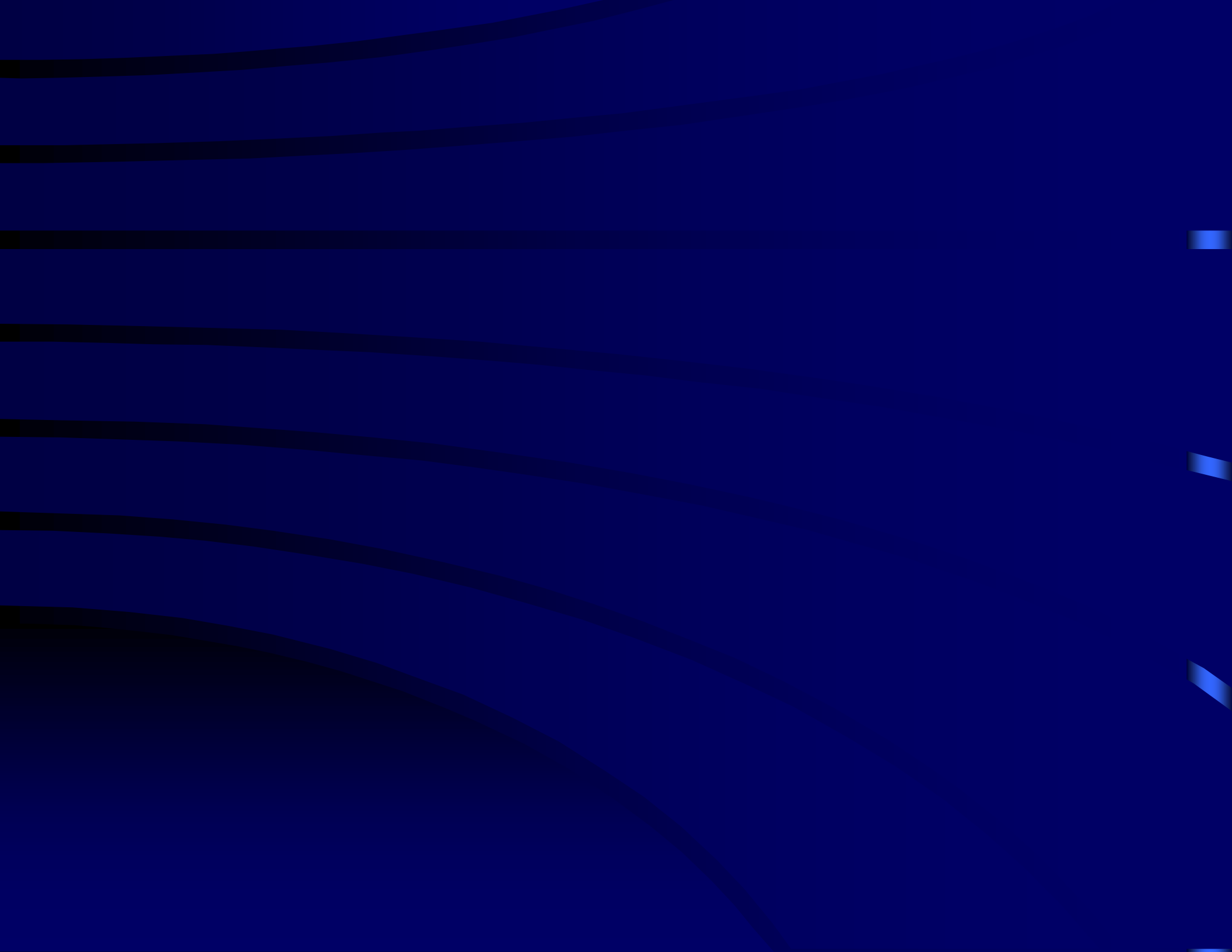
- Covers 88 of Canada's most populous municipalities from Toronto to Cornwall;
- Measures:
  - Financial dimensions of municipalities;
  - Measures quality of public disclosure in Annual Reports.

# HOW IS THE LGPI COMPILED?

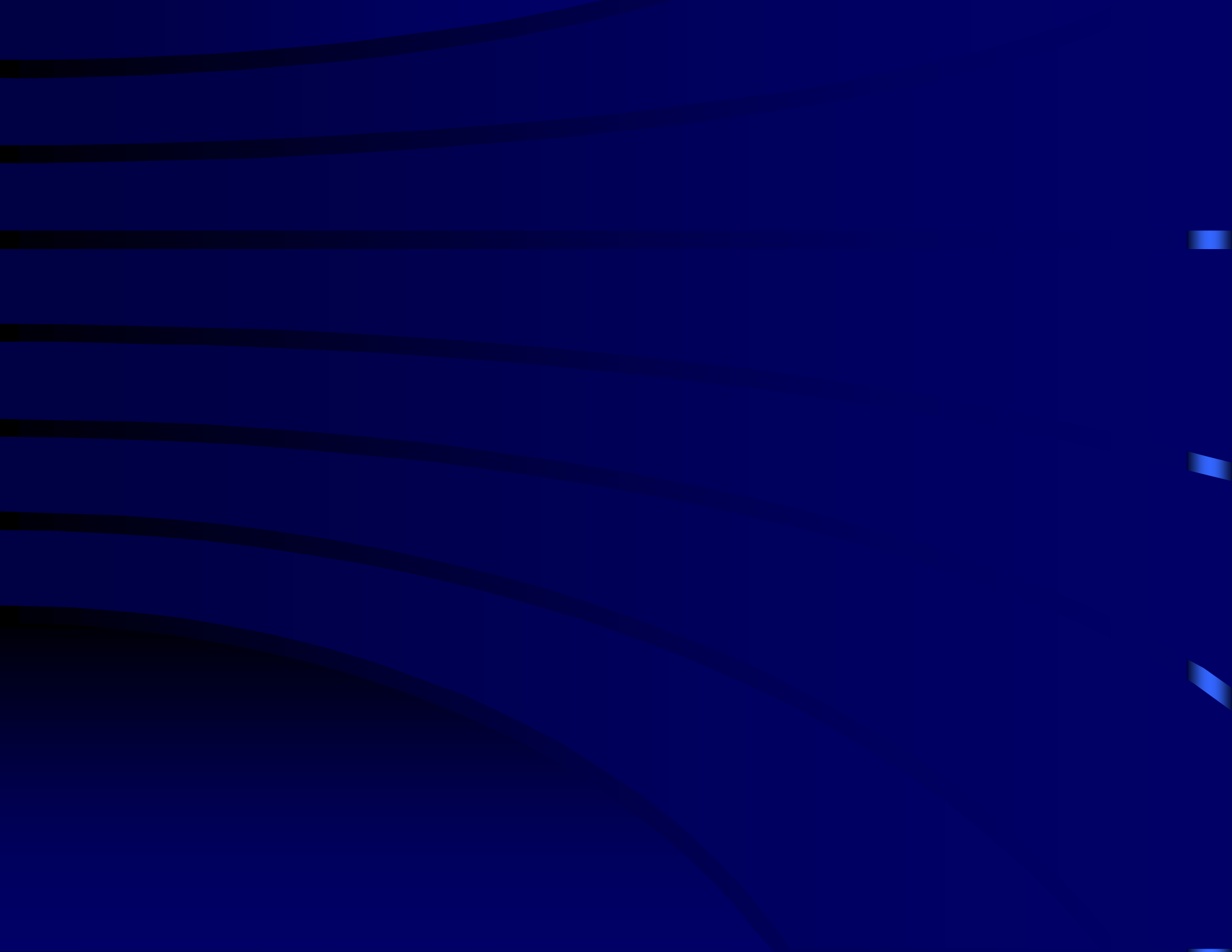
- Data from annual reports with audited financial statements only;
- Most figures expressed as “per household” i.e. divided by the number of households in the jurisdiction as provided by StatCan;
- Compares individual cities to regional averages for B.C, Prairies, Ontario, Quebec, and the Maritimes.

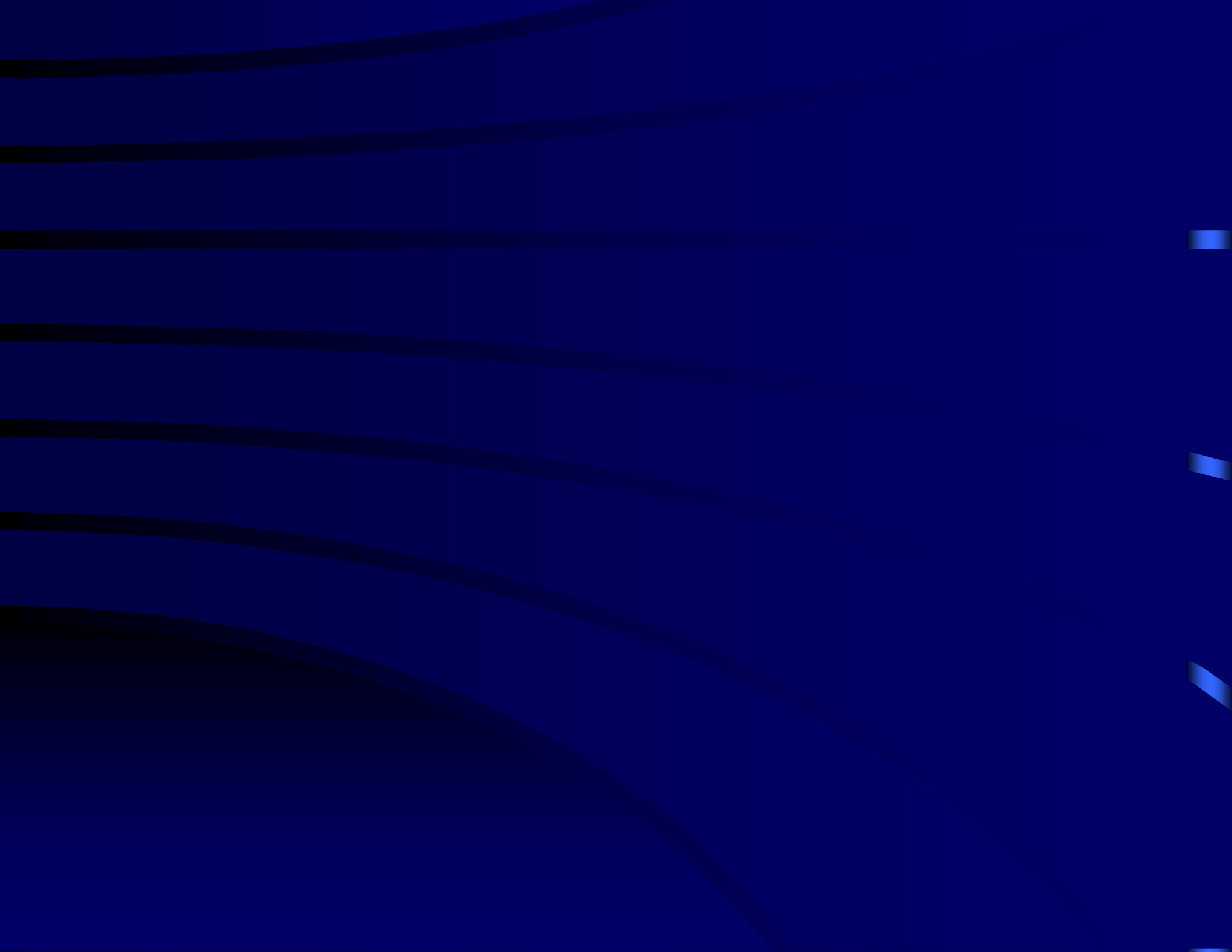


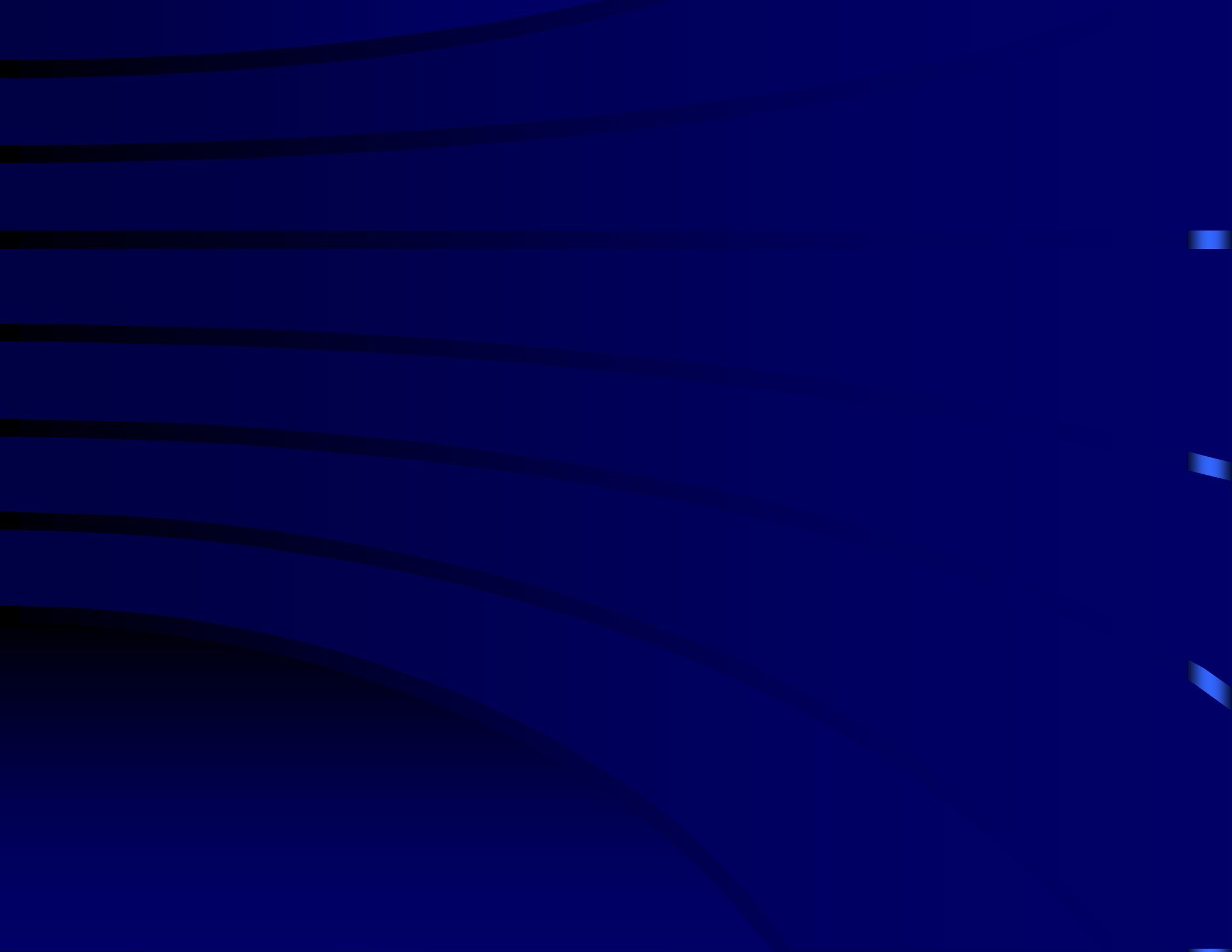


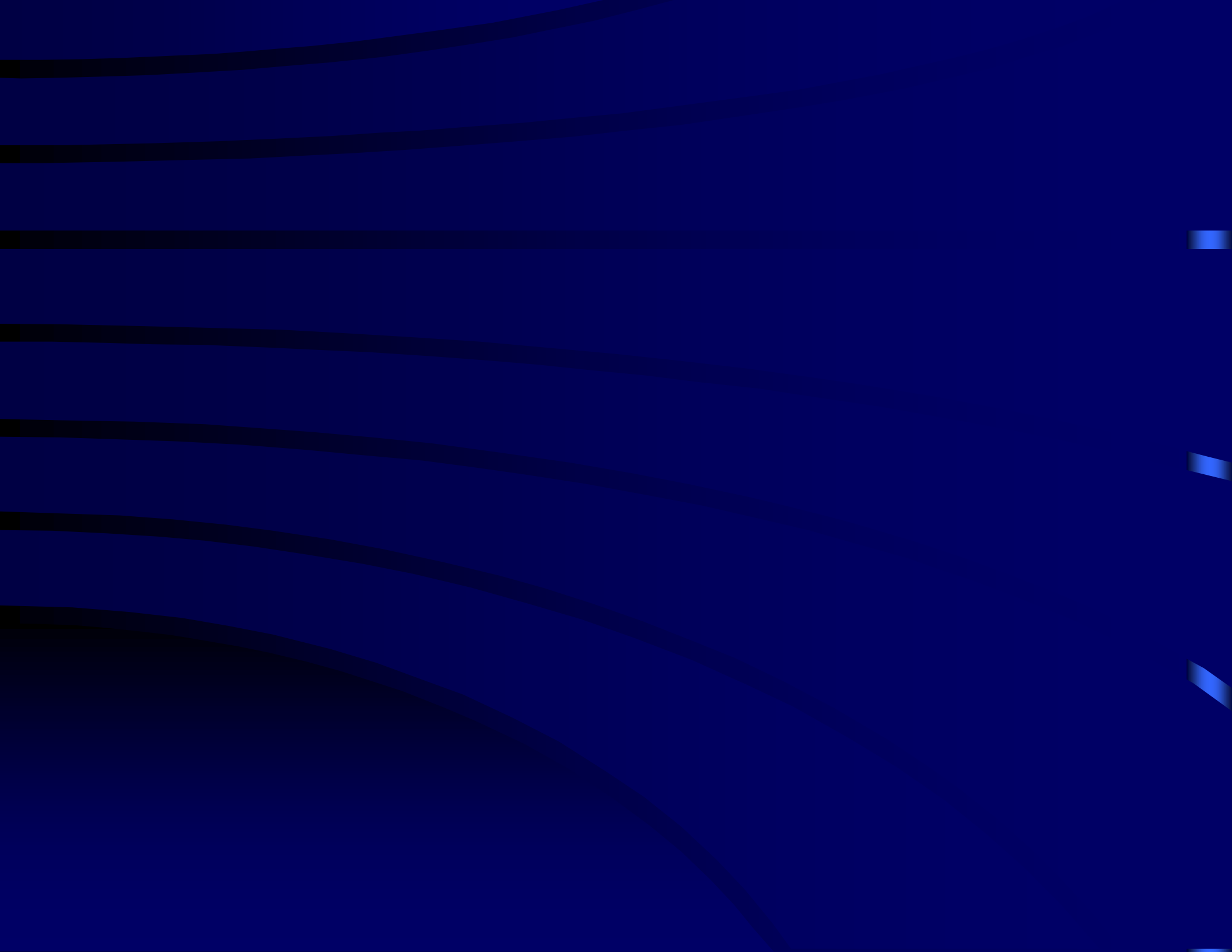






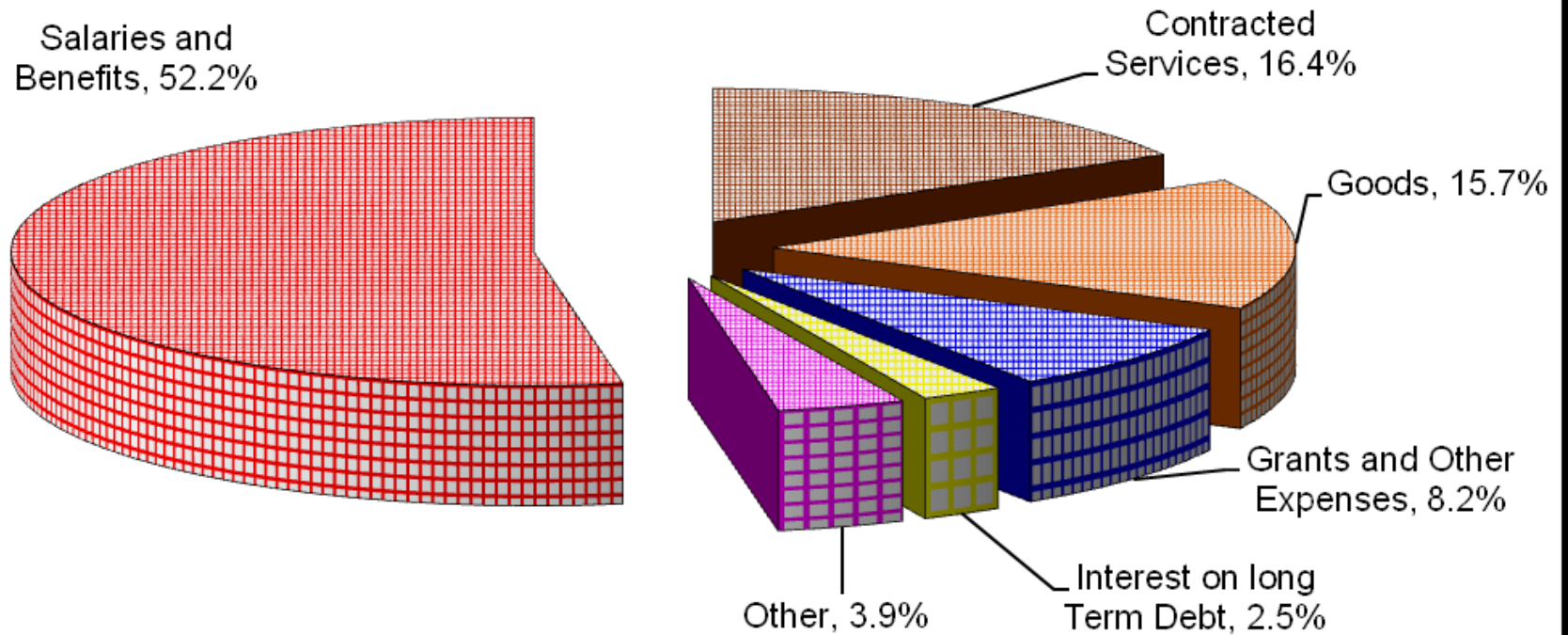


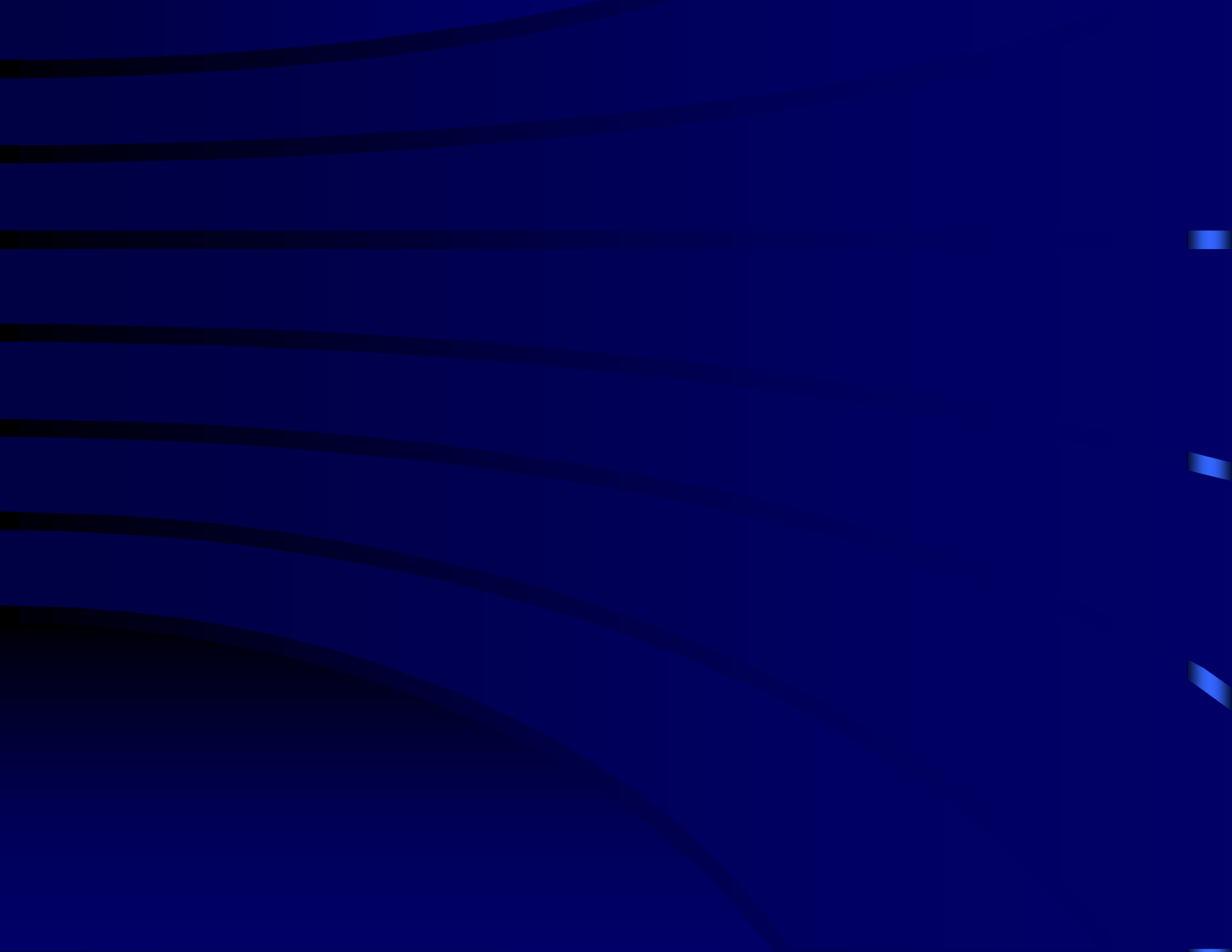


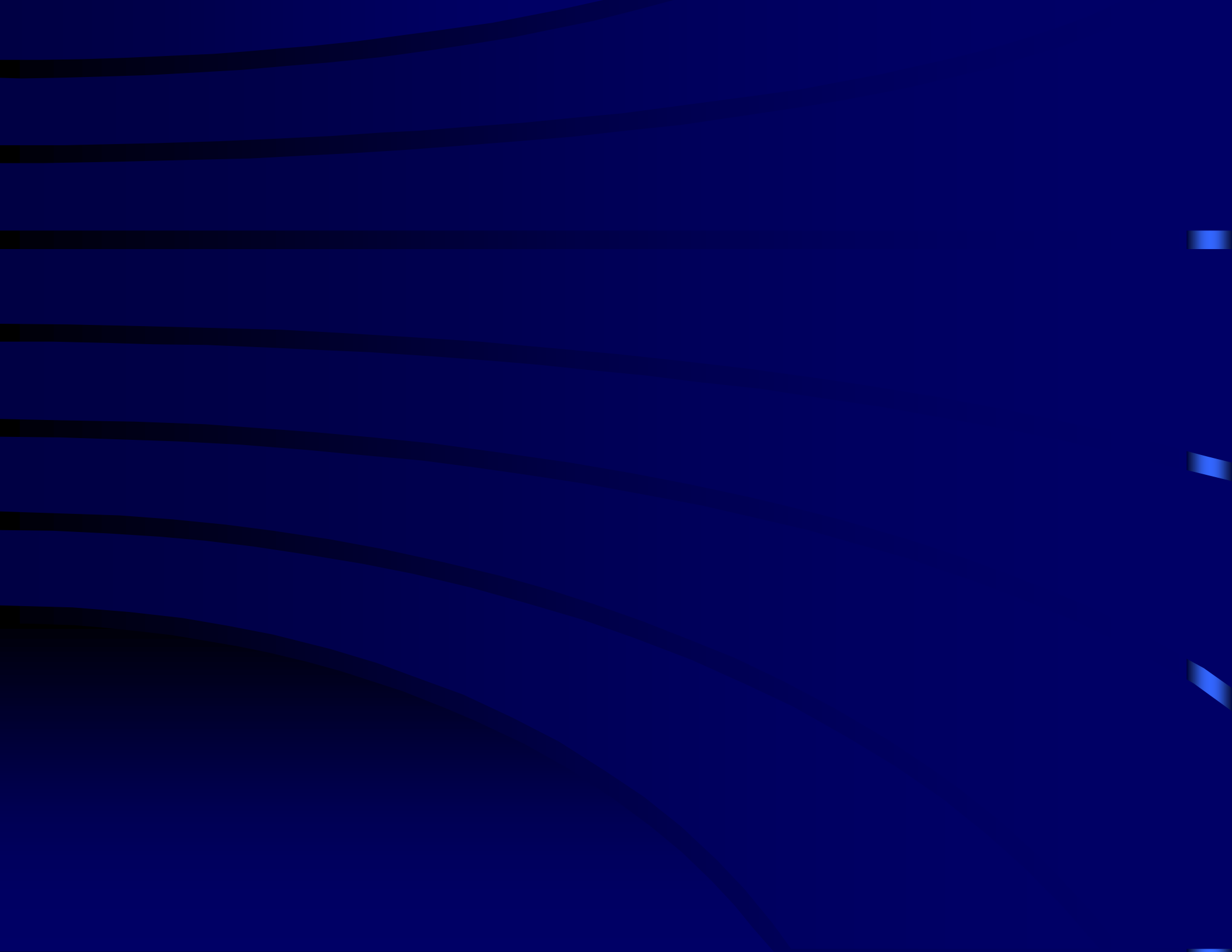


# SALARIES AND BENEFITS BIGGEST EXPENSE

Municipalities reporting Operating Expenditure with Goods and Contracted Services Split







# RED DEER

## Financial Position

Measure	2007	2008	Reg. Avg.
Financial assets	\$7,222	\$7,575	\$8,731
Liabilities	\$5,155	\$7,449	\$7,221
Capital assets	\$24,450	\$28,869	\$25,121
Long-term debt	\$1,133	\$3,525	\$3,613
Investment in subsidiaries	\$86	\$81	\$1,493
Employee Future Benefit Liability	\$37,432	\$215	\$7,221



# RED DEER

## Revenue

Measure	2007	2008	Reg. Avg.
Total Revenue	\$6,495	\$7,819	\$8,580
Net Taxes	\$1,852	\$2,246	\$3,113
Other Govt. Grants	\$729	\$1,850	\$1,259
User Charges	\$1,699	\$2,848	\$2,830
Development Contributions	\$0	\$0	\$172
Other	\$660	\$2,552	\$967

# RED DEER

## Expenditures by Function

<b>Measure</b>	<b>2007</b>	<b>2008</b>	<b>Prov. Avg.</b>
Total	\$7,269	\$9,817	\$8,109
Capital	\$3,135	\$4,975	\$3,302
Operating	\$4,135	\$4,842	\$5,180
General Govt.	\$564	\$691	\$1,113
Protection Services	\$1,010	\$1,134	\$1,141
Recreation and Culture	\$975	\$984	\$1,061
Core	57%	57%	66%
Non-core	43%	43%	34%

# RED DEER

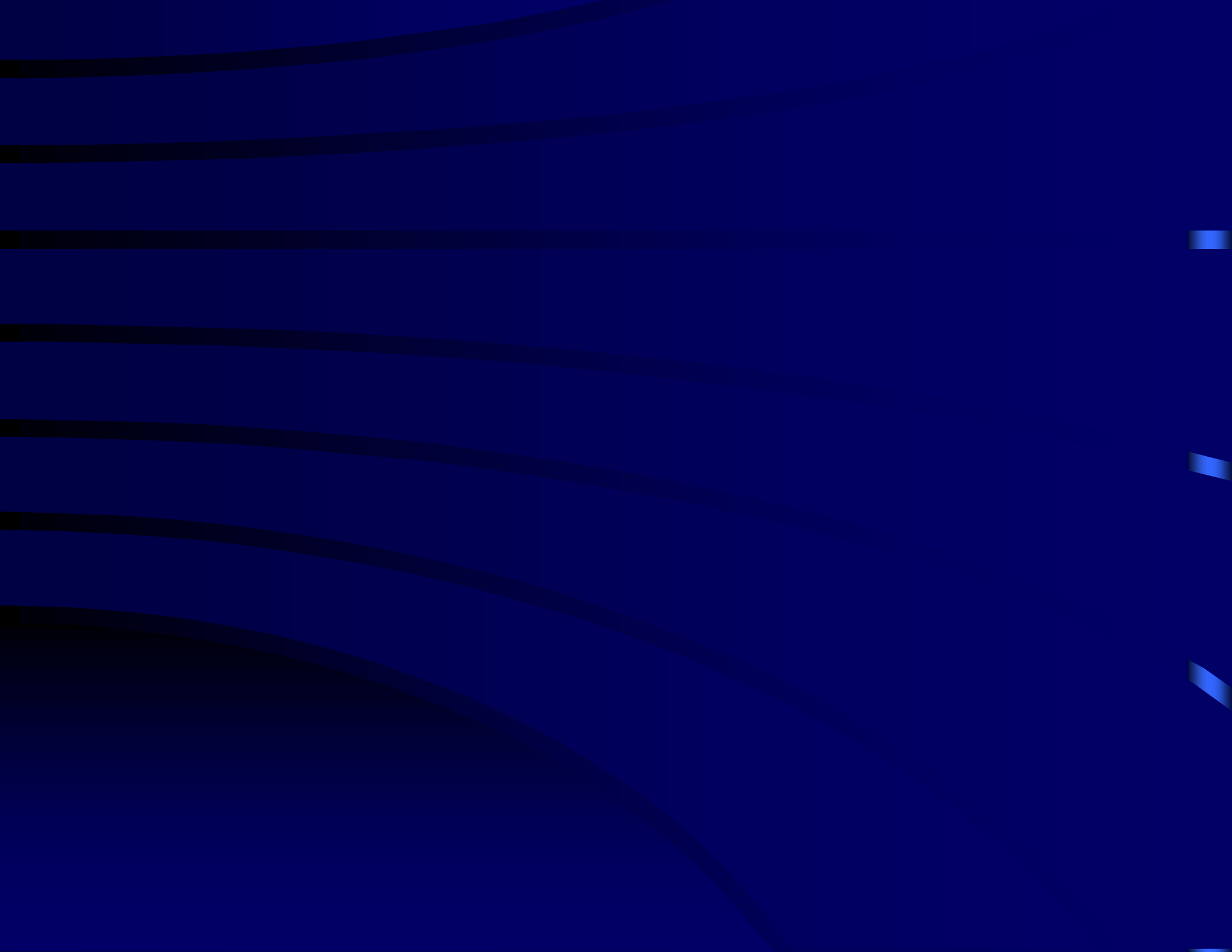
## Expenditures by Object

(Operating expenditure with goods and contracted services separated.)

<b>Measure</b>	<b>2008</b>	<b>Per cent</b>	<b>Grp. Avg.</b>
Salaries and Benefits	\$2,347	48.5%	\$1,994
Contracted Services	\$989	20.4%	\$667
Goods	\$514	10.6%	\$623
Goods/Services Combined	no data	0.0%	no data
Interest Expense	\$72	1.5%	\$115
Grants to Other Organizations	\$918	19.0%	\$416

# REPORTING ASSESSMENT CRITERIA

1. TIMELINESS OF AUDIT
2. RECEIPT OF ACCOUNTING AWARD
3. ADDITIONAL COMMENTARY & STATISTICS
4. TANGIBLE CAPITAL ASSET VALUES REPORTED
5. TCA's DEPRECIATED AND FUNDED
6. DETAILED EXPENDITURE BY OBJECT
7. CAP-EX/OP-EX SPLIT
8. EXPENDITURE LINE ITEMS DEFINED
9. HISTORICAL STATISTICS PROVIDED



## ARRIVING AT RED DEER'S SCORE FOR REPORTING

1. TIMELINESS OF AUDIT 👍
2. RECEIPT OF ACCOUNTING AWARD 👎
3. ADDITIONAL COMMENTARY & STATISTICS 👍
4. TANGIBLE CAPITAL ASSET VALUES REPORTED 👍
5. TCA's DEPRECIATED AND FUNDED 👎
6. DETAILED EXPENDITURE BY OBJECT 👍
7. CAP-EX/OP-EX SPLIT 👍
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9. HISTORICAL STATISTICS PROVIDED 👍

# GOOD PERFORMANCE REPORTING?

- QUANTITATIVE
- OUTCOMES DIRECTLY INFLUENCED BY CITY
- COMPARABLE TO OTHER YEARS AND CITIES
- LINKED TO EXPENDITURE

# FOR EXAMPLE CHRISTCHURCH, N.Z.

## How did we measure up?

Activity	Level of Service	Actual	Target
Art Gallery	Number of visits to the Art Gallery and the net cost of providing the service	455,478 @ \$15.39	390,000 @ \$19.00
	Visitor satisfaction with quality and quantity of programmes at the Art Gallery	97%	80 - 85%
Libraries	Customer satisfaction with the library service	92.68%	85-90%
	Size of general library collection (items per capita of City population)	3.075 items per capita	3-3.5 items per capita
	Number of library items issued, per capita of city population, per year	16.53 (national average 12.68)	Achieve national average or better
Our City Ōtautahi	Number of visitors to Our City Ōtautahi	34,335	14,000

## Where are we heading?

### Libraries

With the adoption by Council of the 2009-19 LTCCP, planning will commence for a new library for Aranui. Selecting a site for the replacement library at Halswell will also be a priority.

We will investigate seven day opening and a cafe for Fendalton Library in preparation for a resource consent application.

Following public consultation, a revised schedule for the Mobile Library Service will be implemented and a new marketing strategy deployed.

### Art Gallery

Christchurch Art Gallery Te Puna o Waiwhetu will continue to increase its number of visitors, increasing their diversity and attracting national and international visitors to Christchurch as well as returning residents. The focus will be on building a nationally significant collection and ensuring a strong exhibition and publishing programme with a range of other events to educate, entertain, provoke and challenge our audiences.

Canterbury Museum will be supported by an annual grant and a new storage building in Akaroa will enable the museum to better house and order its collections.



# FOR EXAMPLE CHRISTCHURCH, N.Z.

## What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operational service result</b>					
Art gallery	8,343	1,295	6,947	7,624	7,335
Libraries	28,638	1,977	26,661	27,299	26,003
Museums	5,609	73	5,536	5,550	5,135
Our City Ōtautahi	514	52	462	539	414
<b>Cost of service</b>	<b>43,023</b>	<b>3,397</b>	<b>39,626</b>	<b>41,014</b>	<b>38,787</b>
<b>Capital expenditure</b>					
Renewals and replacements			7,096	6,941	6,484
Improved service levels			304	379	390
<b>Total capital expenditure</b>			<b>7,400</b>	<b>7,220</b>	<b>6,874</b>

### Explanation of significant cost of service variances

#### Art Gallery

Art Gallery costs are \$0.7 million lower than plan due primarily to lower depreciation charges.

#### Libraries

Libraries costs are \$0.6 million lower than plan due to lower borrowing costs as a result of delays in the timing of the capital programme. Additional revenue was also received from higher usage fees.

### Significant capital expenditure

Other than library book purchases \$4.9 million and Art Gallery acquisitions \$0.3 million, the only significant capital expenditure during the current financial year was for the Akaroa Museum storage facility \$0.2 million, library computer systems \$0.2 million and the Art Gallery cooling tower \$0.2 million.

### Explanation of significant capital expenditure variances

There were no significant variances.

# AND FOR A BAD EXAMPLE... INDIFFERENCE TOWARD RESIDENTS?

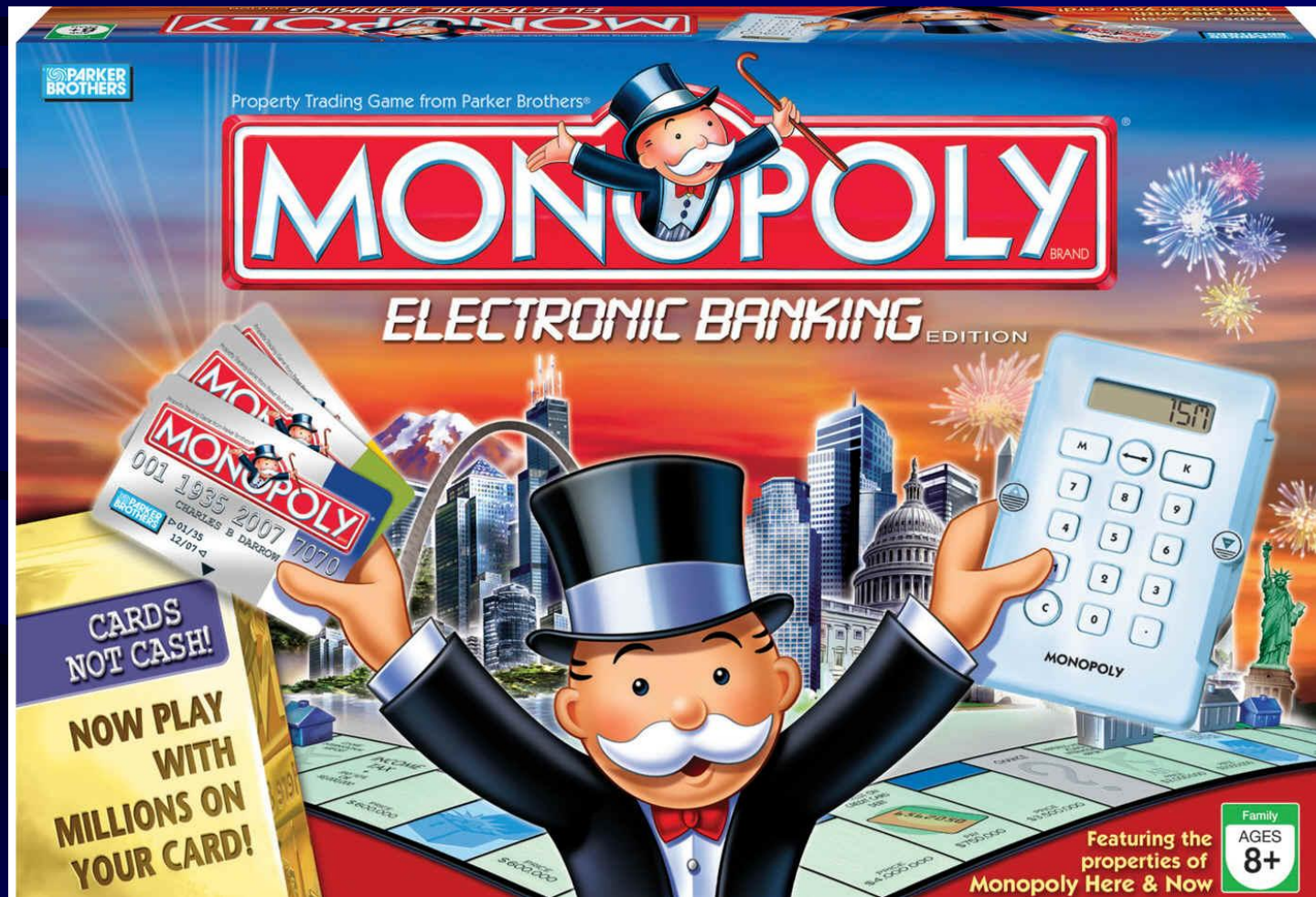
These financial statements, which have not been, and were not intended to be prepared in accordance with Canadian generally accepted accounting principles are solely for the information and use of the Moncton City Council and the Department of Local Government in order to conform to the Control of Municipalities Act. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

# WHY DOES PERFORMANCE REPORTING MATTER?

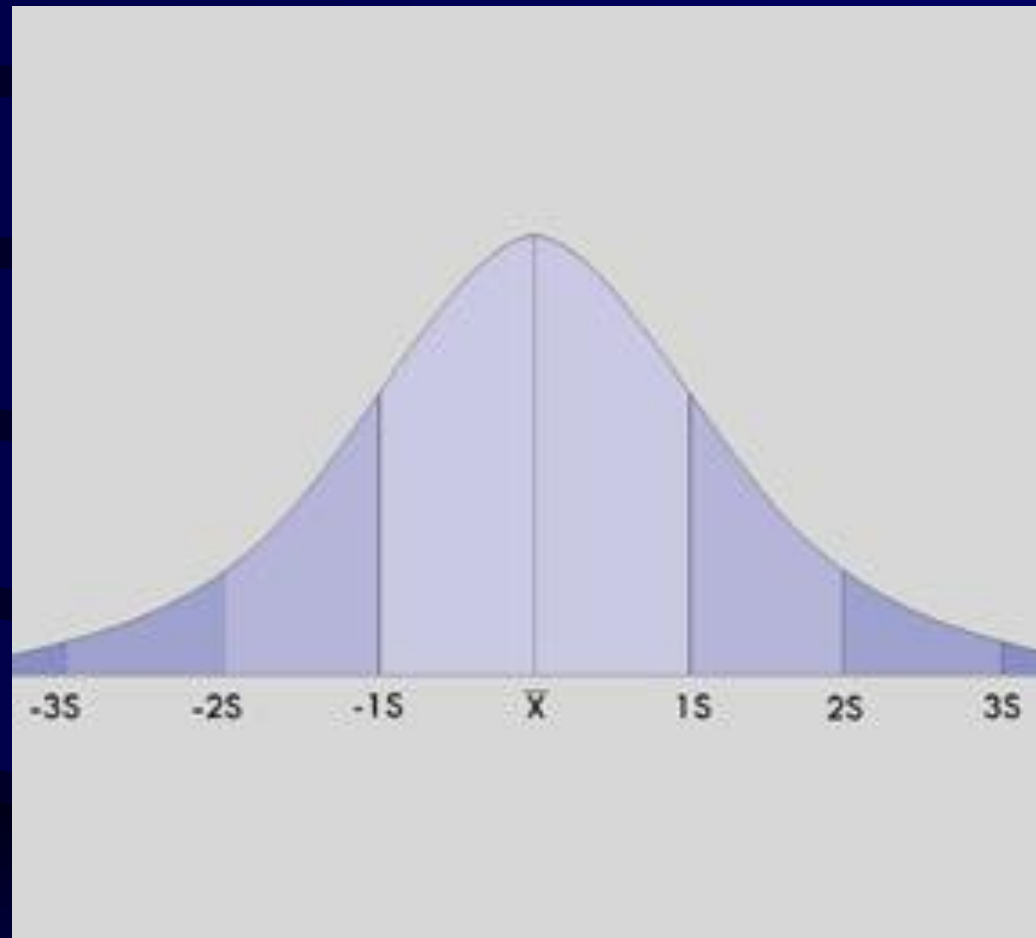


BECAUSE IF YOU AIM AT NOTHING YOU'LL HIT IT

# ...AND BECAUSE MUNICIPAL GOVERNMENT IS A NATURAL MONOPOLY



# DIVERGENT PERFORMANCE SUGGESTS BIG POTENTIAL FOR IMPROVEMENT



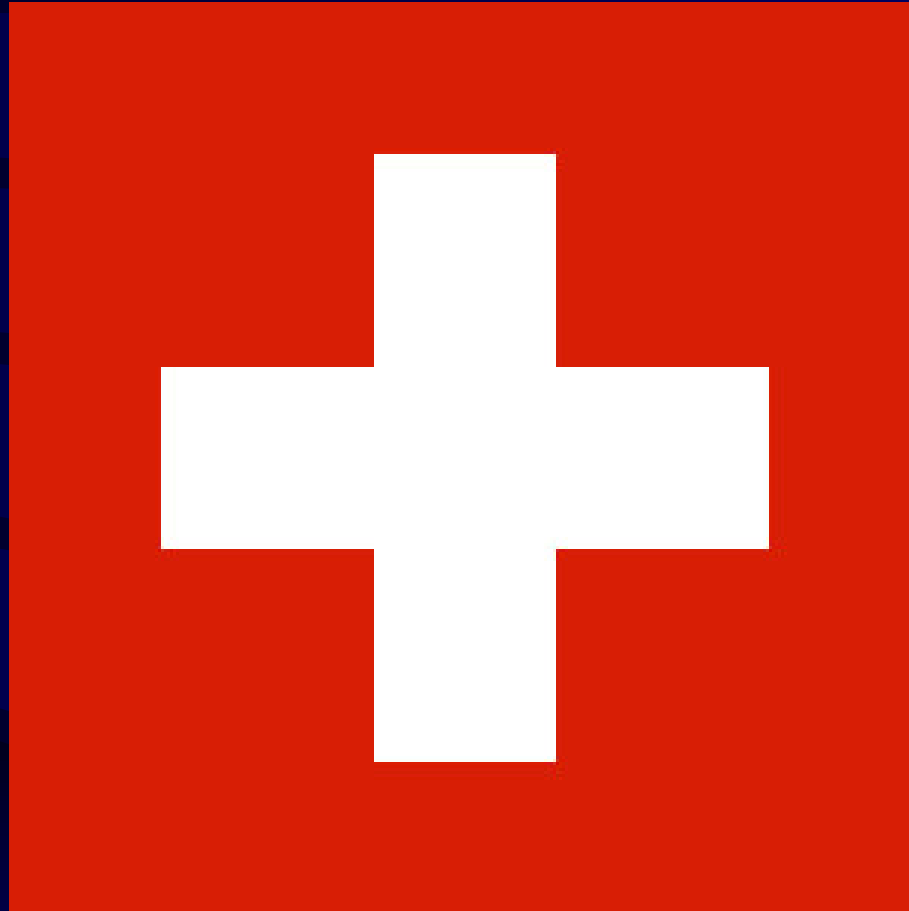
# HIGH PERFORMANCE GOVERNMENT

- SEPARATION
- NEUTRALITY
- TRANSPARENCY

# SEPARATION



# NEUTRALITY





# TRANSPARENCY



# CLOSING THOUGHTS

- LOCAL GOVERNMENT IS BIG BUSINESS;
- THE ABSENCE OF COMPETITIVE PRESSURE MEANS THERE ARE PROBABLY EFFICIENCY GAINS TO BE HAD;
- STRONG PERFORMANCE REPORTING IS A POWERFUL TOOL.