Citizen Empowerment through Participative Budgets

Clive Doucet's

Speaking Notes for Innovation Salon

What are the differences between the participative budget and a 'normal' budget?

In participative budget, the citizens have the chance to establish what the spending priorities are for the city. It is a planning document as much as exercise in accounting.

In a 'normal' budget, the planning and priorities are established by council and staff and in the public consultation process citizens are invited to go through an accounting process to determine the level of spending they would prefer on already approved items.

So, participative is a planning process and 'normal' is an accounting process.

In accounting process, the parameters for public involvement are very limited.

For example:

How much money should be capital and how much should be operating?

In the Ottawa, there is $57 million in the city wide savings account for future capital projects eg new roads, sewers etc.

Meanwhile, on the operating side of the budget, the public is asked what services they would prefer to see reduced or cut in order to maintain a no tax change budget. E.G. well-baby clinics, bus routes, libraries because there isn't enough money in the operating budget for these programs and services without a tax increase.

By changing the balance between Operating Budget and Capital Budget, you automatically change the money that will be available for current services.

In the accounting budget, there is a sacred line between Capital and Operating, and the public has no input in this. The public is not allowed to discuss the possibility of reducing savings for operating expenses.

Nor is there any connection in the accounting budget to the city's planning priorities. The priorities were established in a different process by the Official Plan and the Official Plan Consultation process.

There was no connection between the two public consultation processes. The discussion of the accounting budget happened separately from the public discussion over the Official Plan which was concerned with what kind of city people wanted and what priorities they wished to see come first.

The Official Plan process established improved transit, a less car dependent city – essentially establishing a green and healthy city as the city's priorities.

The accounting budget process was focused on reducing expenditures in order to reduce any taxes that would be levied and made substantial cuts to public transit, green city and healthy city initiatives.

The question that was asked over and over again during the accounting budget public consultations was: What is the point of planning priorities and an Official Plan if they are if it not connected to the city's investment and budgeting process?

The participative budget joins the planning process to the accounting process.

For example, in Porte Alegro, the residents wanted to spend more money on transit, daycare, and suburban sewer and water pipelines.

Twelve years later, this is what they have accomplished: The have gone from 2 city run daycares to 120 city run daycares. They have moved from having an adequate transit system to having a world-class system. They have improved from having water and sewage into 25% of the residential buildings in the suburbs to having 85% installed.

They also only built 25 km of new road over a ten year period.

We build 100 km every year.

It's a tap that we just can't seem to turn off.

Under the accounting budget process, development charges levied against house builders are set aside to pay for local road construction. But as soon as these new roads are built, the city picks up the tab for the operating costs. It's a water wheel that sucks up millions every year. It costs $1 million to build a kilometre lane of roadway, and $8,000 to maintain the same distance. So, a typical new 100 km stretch of road costs $160,000 for the maintenance – and the resident pays for that from the property tax. These new roads in turn generate new demands for costly road expansion downstream from the developments.

For example, it costs half a million to widen one intersection by three lanes to accommodate new local road growth and this comes entirely out of the property tax, but we don't have money for transit which is less costly to the city tax payer. Transit is 50% financed by the user and 50% by the property tax, while roads are 100% financed by the property tax.

The big difference between the participative process and the accounting budget is that it the participative budget connects priorities and costs with spending, the accounting budget does not.

Accounting is an exercise in tax control, not in priority setting. It's the worst of both worlds.

Ultimately it drives taxes up and at the same time provides lower service delivery because it doesn't ever change the city's priorities or the way it spends money; it doesn't ever change the way that the city delivers services to citizens.

So if a city is locked into delivering high cost smog growth, which most are - the accounting budgets simply perpetuates this spending pattern. The only real discussion is around how much you're going to spend on it.

By linking planning priorities with accounting, participative budgets give people a chance to change the direction of municipal spending towards different kinds of priorities and less costly kinds of growth.

About the Author:

Clive Doucet is Ottawa City Councillor for Capital Ward. He went to Porto Alegre in February 2002 primarily to study the 'participative budget' process, which was created in the city of Porto Alegre in 1988-89. He has written about this innovation in The Innovation Journal (www.innovation.cc) under Case Studies. Volume 9(2), 2004