

The Importance of Good Budget Planning

The success of a budget year depends on detailed knowledge of the municipality's assets, adequate planning of the necessary investments, and strict monitoring of the budget once it's been adopted. Easier said than done? *Scribe* suggests a few starting points.

"Citizens want services, which is normal, but they don't want the costs reflected too directly on their tax bills. If we want to meet their needs as closely as possible, the planning stages are essential. We can't spend all our time in the execution phase, nor can we do everything at once," explains Stéphane Cyr, Director General of the City of New Richmond.

Proper planning provides an accurate picture of the municipality's infrastructure and available budgets, as well as the public's real needs. In New Richmond, a four-year strategic action plan is drawn up after each election to plan and budget municipal priorities. Stéphane Cyr advises all cities and municipalities to have such a plan, to avoid having to navigate by trial and error.

Dominic Lachance, Director of Engineering, Infrastructure and Climate Change Adaptation at the Fédération québécoise des municipalités (FQM), agrees. "Knowing that, on average, \$1 in prevention saves \$8 in reaction, it only makes sense to encourage municipalities to adopt sound financial planning," he explains.

- "Good budget planning allows us to act preventively
- rather than reactively with our assets and infrastructures."



M. Dominic Lachance
Director of Engineering, Infrastructure
and Climate Change Adaptation, FQM

At the City of New Richmond, for example, the administration adopted a fleet renewal policy for road vehicles and heavy equipment over ten years ago. All vehicles are given an expiration date based on their useful life, and the year in which they are to be replaced is set at the time of purchase. "This results in few—if any—unpleasant budget surprises," says the DG.

In the same vein, Mr. Lachance reminds municipalities of the importance of properly documenting their organizational knowledge, especially the state of municipal infrastructures and equipment, so that no information gets lost in staff changes.

In any case, this data is required for the municipal asset management plan (AMP), which is now mandatory for all municipalities. Mr. Lachance even recommends that municipalities make this plan public, in the interests of transparency and allowing citizens to better understand all the budgetary realities that cities face.

What's more, all this investment in planning deserves to be properly communicated, maintains Stéphane Cyr. "Planning is about much more than just numbers and plans and specifications. It also involves good communication within all municipal teams, between the administration and the political apparatus, and ultimately with the public."

- "I think all cities and municipalities should have
- a four-year strategic plan to look ahead and see the
- costs coming."



M. Stéphane Cyr
Director General, New Richmond

Ongoing monitoring

Once you've finished your planning, submitted the budget and had it approved, and begun the project implementation phase, that's when the budget monitoring work also begins. The budget control and monitoring by-law comes into play at this point, allowing the director general and the treasurer to track the budget's progress and ensure that all municipal teams comply with it. "Budget monitoring is a continuous process. If you're not already doing it, it's never too late to start," says Dominic Lachance.

Consistent monitoring makes the following year's budget planning much easier and more efficient. It's a win-win for the whole municipal team!

An overview of the FQM's services

- Assessments of municipal assets
- Basic and advanced training in asset management (included in the training offered to newly elected officials)
- Water asset management plan
- The FQM has helped over 180 municipalities manage their assets!



Reminders

**A few points
to consider
when preparing
your budget**

- Do we have to pay an aliquot share to the RCM?
- What is the state of our infrastructure? Our capital assets? Our vehicles?
- Are there any purchases that must be made in the short term?
- Conversely, are there expenditures that can wait until a later year?
- What is the cost of each of our municipality's or city's core expenditures?
- What direction are elected officials taking in terms of projects and services to implement?
- What grants will we be able to access this year?
- Are there any financial realities beyond our control that are likely to impact the budget (e.g., rising costs of gasoline or building materials)?

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A New Possibility for the Budget Adoption Process

Bill 85, passed in April 2025, gives cities and municipalities a new option. It allows them to adopt, at the same time as the budget, “any mode of financing of an expenditure provided for therein”—i.e., taxation by-laws and tariffing by-laws. As a result, the exclusive sitting held to adopt the annual budget and three-year capital expenditures program (PTI) can now also cover the financing of budgeted expenditures.

This new provision streamlines and simplifies the procedure for completing these mandatory steps. “The major benefit I see, for both elected officials and municipal officers working on the budget and the PTI, is that the budget and financing methods can be dealt with in a single sitting. That saves time for everyone,” explains Philippe Asselin, a partner at the Morency law firm.

When the budget is tabled, the question of how the municipality will finance the budgeted expenditures arises naturally. This option allows that question to be answered at the same sitting.

Keep in mind, however, that Bill 85 does not modify tariffing and taxation by-laws as such.

An optional provision

Cities and municipalities don’t have to take advantage of this new provision—it is optional and can be adopted at any time. As a matter of fact, Mr. Asselin raises an interesting point regarding using it as early as this year, with municipal general elections drawing near.

“For three years now, municipal councils have been used to a specific process for budget adoption. Some cities and municipalities may find it more appropriate to wait until new councils take office before using the new method.” And so, each city and municipality has to determine for itself the procedure it will use to table its next budget.

Municipalities that choose to use this new method must be vigilant—from then on, the clerk-treasurer will have to align the procedure for adopting taxation and tariffing by-laws with the procedure for adopting the budget and PTI. This means that the regulatory recipe and the timelines that clerk-treasurers typically follow to comply with the procedure will need to be adjusted slightly to remain in line with current legislation.

- “Bill 85 doesn’t let you skip certain procedures, but it
- does save time, both for elected officials and for the
- municipal administration.”



Philippe Asselin
Partner at the Morency law firm

“While the adoption of the budget and the adoption of taxation and tariffing by-laws can now be carried out simultaneously, these steps have not been merged, so the procedures leading up to these adoptions remain distinct,” warns Mr. Asselin.

Cities and municipalities that choose to adopt the new procedure will find that the ADMQ’s Munys software has been updated to help them through this change.



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