

How the City Can Save \$4.1 Million:

Why Owen Sound Should Adopt Zero-Based Budgeting

For those who have read my report on Owen Sound municipal services, it will come as no surprise that our city does not compare favourably with similar municipalities. My analysis found that in 2023 Owen Sound spent approximately **\$11.9 million more** than the average of comparable municipalities delivering very similar services. Although this report is based on a 2023 Study, all findings are still very relevant today. ([Read the Report](#))

This spending gap should concern every taxpayer. Owen Sound's population has remained virtually unchanged for decades, household incomes remain modest, and property taxes continue to rise. Residents are increasingly being asked to pay more while receiving no clear evidence that they are receiving more in return.

Council has the ability to begin correcting this imbalance immediately. The single most important financial reform the Council could undertake this year would be to return departmental budgets to staff with direction to rebuild them using **Zero-Based Budgeting (ZBB)** principles.

What is Zero-Based Budgeting?

Zero-Based Budgeting is fundamentally different from the traditional budgeting approach used by most municipalities.

Under conventional budgeting, last year's budget becomes the starting point for the next year. Departments typically receive incremental increases, and existing programs are rarely subjected to rigorous review. Over time, budgets naturally expand, regardless of whether expenditures continue to provide value to taxpayers.

Zero-Based Budgeting turns this process upside down.

Under ZBB, every department begins at **zero** and must justify every expenditure each year. No program, position, purchase, or initiative is automatically carried forward simply because it existed previously. Funding is based on demonstrated need and measurable value rather than historical precedent.

As Investopedia explains:

"The process of zero-based budgeting starts from a zero base, and every function within an organization is analyzed for its needs and costs."

In simple terms, ZBB asks a straightforward question:

"If we were building this city government today, would we spend taxpayers' money this way?" ([Read Here](#))

If the answer is no, then the expenditure should be reduced, redesigned, or eliminated.

This Is Not a New Recommendation

I first brought the benefits of Zero-Based Budgeting to the attention of Council in 2021 through correspondence with members of Council. I followed this with my [Road to Recovery](#) article in October 2022. In 2023, I provided every member of Council with my [Municipal Services Review](#), identifying significant opportunities for efficiencies and cost reductions.

Unfortunately, these recommendations received little consideration. In fact, only one councillor formally acknowledged receiving the report. Nevertheless, good ideas do not become less valuable simply because they were ignored. The financial challenges facing the city have only intensified, making reform even more urgent today than when these recommendations were first made.

Public Participation Has Been Reduced Rather Than Expanded

During the 2022 municipal election campaign, then-Councillor Scott Greig campaigned for Deputy Mayor while committing to establishing a budget committee that would increase oversight and public engagement in the budgeting process. ([View Here](#)) Many residents believed this would provide taxpayers with an opportunity to offer ideas, identify savings, and contribute to financial decision-making. It would also have opened an opportunity to debate the value of changing the city's budget process by implementing Zero Based Budgeting.

Unfortunately, the opposite occurred.

Instead of expanding public participation, this Council eliminated citizen budget advisors altogether. Speaking times for residents were reduced from five minutes to three minutes.

Restrictions on topics were increased, and the City Manager was granted greater authority to reject deputations and public questions.

The result is that residents now have fewer opportunities than ever before to provide input into how their tax dollars are spent.

Budgeting is not simply an accounting exercise—it is the single most important policy decision Council makes each year. Taxpayers deserve meaningful participation in that process.

Why Owen Sound Is an Ideal Candidate for ZBB

According to analysis by Deloitte, Zero-Based Budgeting is particularly effective in organizations facing financial pressures, rising costs, and a need for greater spending discipline.

By virtually every measure, Owen Sound fits this description:

- Rising operating costs;
- Limited population growth;
- High property taxes relative to comparable municipalities;
- Significant infrastructure demands;
- Increasing pressure on household affordability.

These are precisely the circumstances under which ZBB has proven most effective.

Traditional budgeting tends to protect historical spending patterns. Zero-Based Budgeting challenges them.

Proven Success Elsewhere

Zero-Based Budgeting is not an untested theory. It has been successfully implemented by governments and major organizations around the world.

The State of Georgia Georgia became one of the first U.S. states to adopt forms of Zero-Based Budgeting in the 1970s under Governor Jimmy Carter. The process improved transparency and required agencies to justify expenditures based on priorities and performance. **Kraft Heinz** used Zero-Based Budgeting to significantly reduce overhead

expenses and improve operational efficiency. Consulting firms such as Deloitte and McKinsey routinely report savings ranging from **10% to 25%** during the first years of implementation.

The implementation of Zero-Based Budgeting will identify unnecessary spending and eliminate budget padding. According to a [Globe and Mail article](#) when Tim Horton's adopted Zero-Based Budgeting their general and administrative expenses fell **32%**.

For Owen Sound, a 32% reduction in expenses would be a stretch. Owen Sound's [budgeted expenses](#) for 2026 are \$41.2 million. If we realized only a 10% modest expense reduction taxpayers would save approximately \$4.1 million in 2026 and significantly more in future years. This estimate is well below the savings frequently reported in ZBB implementations elsewhere.

According to Deloitte criteria, Owen Sound is the perfect candidate for this budget process change given its current financial challenges and the obvious need for a more structured approach to cost management. However, this practice will limit the city manager's ability to protect existing budgets and move funds around to cover over spending in some departments. Perhaps this is the reason that Council has made these changes – to keep residents at arms length.

The savings would come from:

- Eliminating outdated programs;
- Reducing administrative duplication;
- Re-evaluating staffing structures;
- Identifying low-value expenditures;
- Improving procurement practices;
- Eliminating budget padding;
- Prioritizing essential services.

Importantly, these savings need not come at the expense of frontline services. In many organizations, ZBB has actually strengthened core services by redirecting resources away from lower-priority activities.

We Are Not Yet Implementing Zero-Based Budgeting

I recall the Director stating that the City already incorporates some zero-based budgeting (ZBB) principles into its financial planning process. While certain elements of ZBB may be present, true zero-based budgeting cannot be implemented on a piecemeal basis. It is a fundamentally different approach to budgeting. Departments either begin each budget cycle with a "clean sheet of paper" and justify every expenditure, or they do not.

Under a traditional budgeting model, last year's spending becomes the starting point for next year's budget, with additional funds typically added for inflation, wage increases, growth, or new initiatives. That is not zero-based budgeting. The core principle of ZBB is that no expenditure is automatically carried forward. Every program, service, position, and expense must be justified based on current needs and priorities.

Training in Zero-Based Budgeting is not expensive, given the potential savings. However, it is essential to effectively implement ZBB. All budget managers and department heads should attend a professional ZBB training course before developing the 2027 budget. Several financial institutions offer introductory training courses. Online courses are available at [NetSkill](#), and [Udemy Business](#).

Evidence that the City continues to rely on incremental budgeting can be seen in the practice of transferring surplus funds from some departments to cover overruns in others. For example, when the Art Gallery exceeded its approved budget last year, the response appeared to be that the overrun was not a significant concern because it could be absorbed through surpluses generated elsewhere in other departments. While this may be an acceptable accounting practice, it raises an important question about accountability.

If department managers know that budget overruns can routinely be offset by savings in other areas, what incentive exists to remain within approved spending limits? Effective financial management requires clear accountability for results. Without consequences for overspending, there is a risk that budget targets become aspirations rather than firm spending limits. A genuine zero-based budgeting process would require every department to justify its expenditures annually and would place far greater emphasis on demonstrating value for money, efficiency, and measurable outcomes.

No Consultant Is Required

Some may argue that implementing Zero-Based Budgeting would require expensive consultants.

It does not.

Owen Sound already possesses a professional finance department staffed by qualified individuals capable of implementing this process. Numerous online training programs exist, and major firms such as Deloitte even provide structured implementation tools—including so-called “Zero-Based Budgeting in a Box” systems—that can significantly accelerate adoption.

The expertise already exists within City Hall.

What is needed is not additional consultants.

What is needed is political will.

We are Already Doing Some Zero-Based

A Choice for Council

Council faces a fundamental choice.

It can continue with the same budgeting process that has produced spending levels far above comparable municipalities, or it can adopt a modern budgeting approach that demands accountability for every tax dollar spent. Zero-Based Budgeting does not guarantee perfection. But it does guarantee scrutiny. And scrutiny is exactly what taxpayers deserve.

If Council makes only one financial reform this year, adopting Zero-Based Budgeting for 2027 could prove to be the single most important step that this current council has made toward restoring affordability, improving transparency, and rebuilding public trust in municipal government.

The question is not whether Owen Sound can afford to implement Zero-Based Budgeting.

The question is whether Owen Sound can afford **not** to.

This would result in a whopping 11% reduction in the 2027 Tax Levy.