


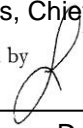


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### Item No. 3

Committee of the Whole  
October 21, 2014

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original signed by   
Richard Butts, Chief Administrative Officer  
Original Signed by   
Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** October 16, 2014

**SUBJECT:** Preliminary Fiscal Direction

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#### **ORIGIN**

The 2014-15 Budget and Business Planning fiscal direction for planning purposes needs to be established.

#### **LEGISLATIVE AUTHORITY**

Halifax Charter, section 35 (1) The Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.

#### **RECOMMENDATION**

It is recommended that staff follow Council's direction on the fiscal approach for establishing average tax bills and subsequent tax rates, budget targets and other items requiring fiscal direction.

## **BACKGROUND**

Staff is currently in the initial stages of planning for the 2015-2016 Budget and Business Plans. As part of that process Council will engage in a debate on priorities and outcomes on November 18, 2014. Starting on December 3<sup>rd</sup> and continuing through into March of 2015, Council will begin the review of individual budgets and plans for the upcoming fiscal year. Throughout that time period public consultations will be ongoing. The first stage of the process, however, consists of providing broad direction to staff on the underlying assumptions for taxation and fiscal items in 2015-16. These assumptions, in turn, will influence the available funds for each of the services and projects the municipality is able to undertake in 2015-16.

## **DISCUSSION**

Preparing and finalizing a budget for Halifax is an extensive exercise which includes many iterative steps. There is tremendous demand for new and improved services as well as the maintenance of existing services; extension of current services to new homes and businesses; and, the ongoing maintenance of nearly \$2 billion in municipal assets. Balanced against this is the need to set appropriate tax rates on homeowners, businesses and others. The revenues from these rates allow for the provision of these services. Regardless, the proposed tax levy must be balanced against the value to society of those services, the ability of taxpayers to pay for those items, and the broad competitiveness that the mix of services and taxes will support.

As in previous years, the budget starts with a series of working assumptions on taxation, debt levels and public services.

To date, the assessment roll is not yet available and the assessment cap rate for 2015 has not been officially established. However, staff is suggesting that Council continue to focus on the average or typical tax bill when establishing tax rates. Those tax bills for Residents and Business should not increase by more than inflation, as represented by the amount of the assessment cap. This means that average taxes should not rise more than inflation but, as in past years, the municipality would take tax revenues from new properties and growth to help manage the expenditures and services associated with those properties.

The levels of debt and capital from operating that are to be associated with the upcoming capital budget should be established as per the assumptions under Council's Debt Policy. Staff does intend, however, to review these assumptions and ensure they are still appropriate and that they can be achieved within the available funds. Likewise, staff also intends to look closely at non-tax revenues and ensure that any fees or recoveries have been set at appropriate levels. The upcoming capital budget will build upon Year 2 of Council's Plan. There are also a number of longer term strategic projects that are being considered which may require adjustments to the operating and capital plan.

With respect to service levels, Staff is not recommending any specific service changes at this time and no budget targets have been provided to business units. Staff will continue to develop efficiency measures to save funds for alternative uses such as enhanced services or additional tax relief. As part of that exercise, the current year's levels of expenditures will be closely examined to ensure that any excess funds not yet built into this year's budget are properly allocated.

## **FINANCIAL IMPLICATIONS**

There are no immediate financial implications associated with this recommendation. As the budget for the year is developed, Regional Council will be advised of the possible financial implications of the various options being discussed.

### **COMMUNITY ENGAGEMENT**

Budget Consultations will consist of an on-line balance-the-budget tool (the “budget allocator”) as well as an opportunity for the Public to discuss the Budget and the process with Councillors and the Mayor during the Community Council meetings scheduled in October 2014.

The Community will also be provided the opportunity to attend the Business Unit draft budget presentations to Committee of the Whole, and afforded the opportunity to ask questions afterwards.

### **ENVIRONMENTAL IMPLICATIONS**

There are no immediate environmental implications to this recommendation.

### **ALTERNATIVES**

There are no specific alternatives included but as the Budget review develops Council is free to develop specific alternatives for taxation, fiscal items and individual services.

### **ATTACHMENTS**

None.

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