

The background of the slide features a large, stylized 'H' shape composed of several overlapping triangles in various shades of blue. The word 'HALIFAX' is written in white, bold, sans-serif capital letters across the upper right portion of this 'H' shape.

HALIFAX

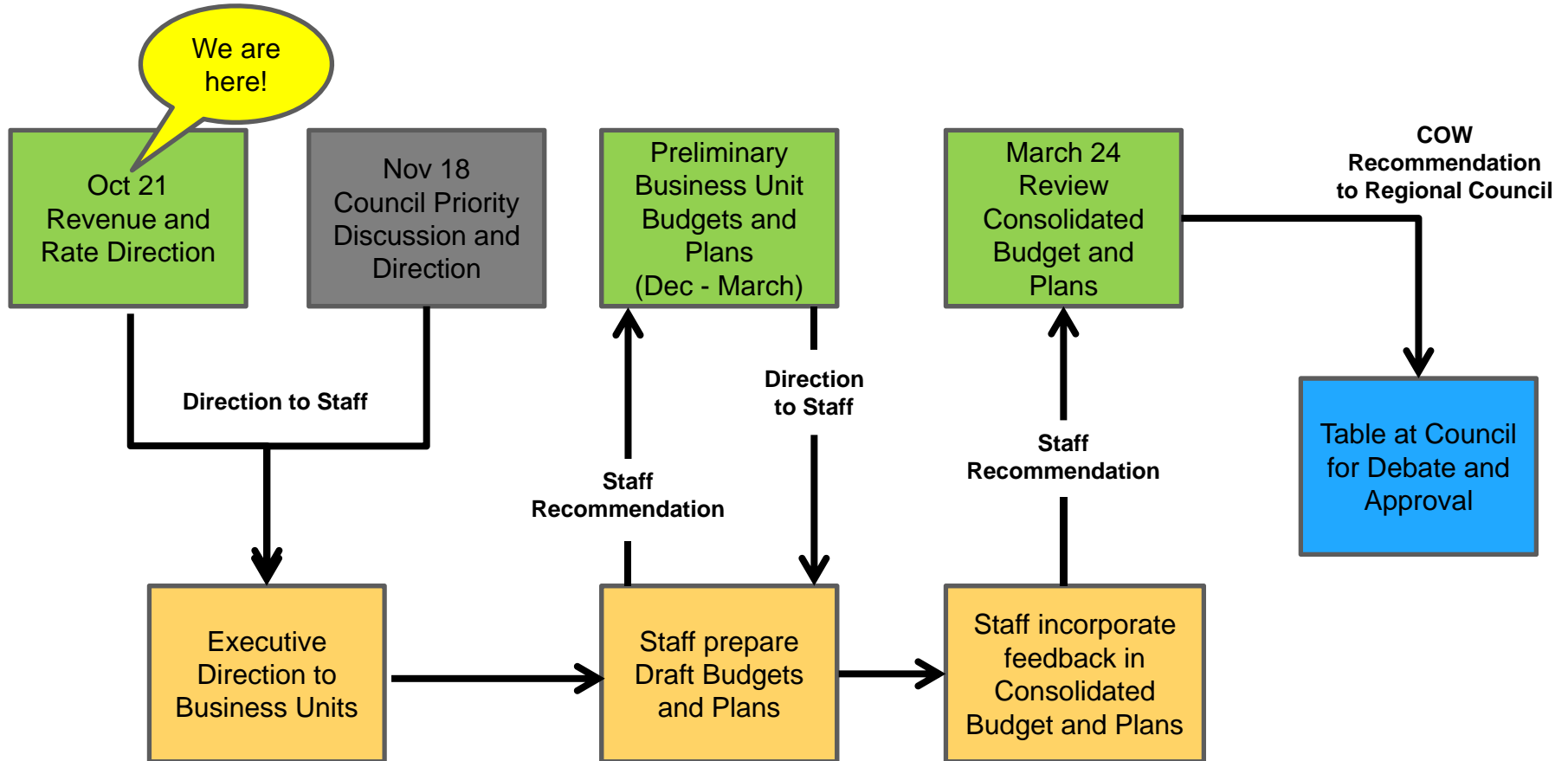
Revenues and Taxation

2015-16 and onwards

Outline

- Process and Timeline
 - Consultations
- Our Financial Health
 - Current Situation
 - Benchmarks and Trends
- Outlook for 2015-16 and Forward
- Recommendations

The Process for the Year



Timeline

SUBJECT	Target Dates
Fiscal Direction	Tuesday, October 21, 2014
Priority Discussion	Tuesday, November 18, 2014
Business Unit	COW Meeting (weekly) Wednesdays 10am - 12pm
Capital Budget	December 3, 2014
CAO & Governance and Legal Services	January 14, 2015
Human Resources, and Finance and Information, Communication & Technology	January 21, 2015
Halifax Regional Police and Fire & Emergency Services	January 28, 2015
Halifax Transit	February 04, 2015
Parks & Recreation and Halifax Regional Public Libraries	February 11, 2015
Transportation and Public Works	February 18, 2015
Planning & Development	February 25, 2015
Operational Support Services	March 4, 2015
Fiscal and consolidated accounts	March 11, 2015
March Break	March 16 - 20
Full Review of Final Budget	March 24, 2015
Full Review of Final Budget (if required)	Tuesday, March 31, 2015

HALIFAX

Public Consultations

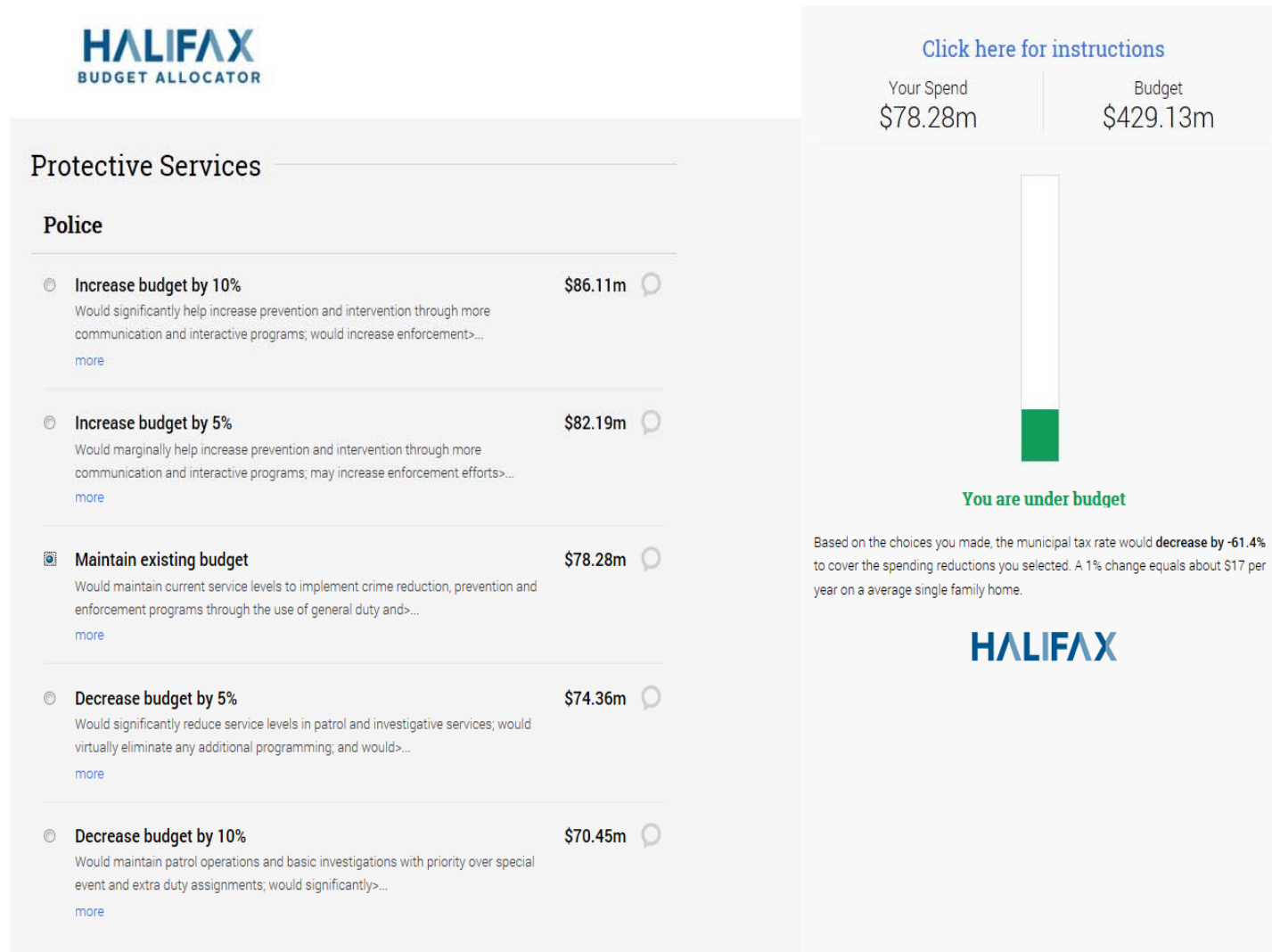
- **Three key ways to improve citizenship engagement:**
 - Community Council Presentations
 - Public Presentations at Committee of the Whole
 - On-line Budget Tool



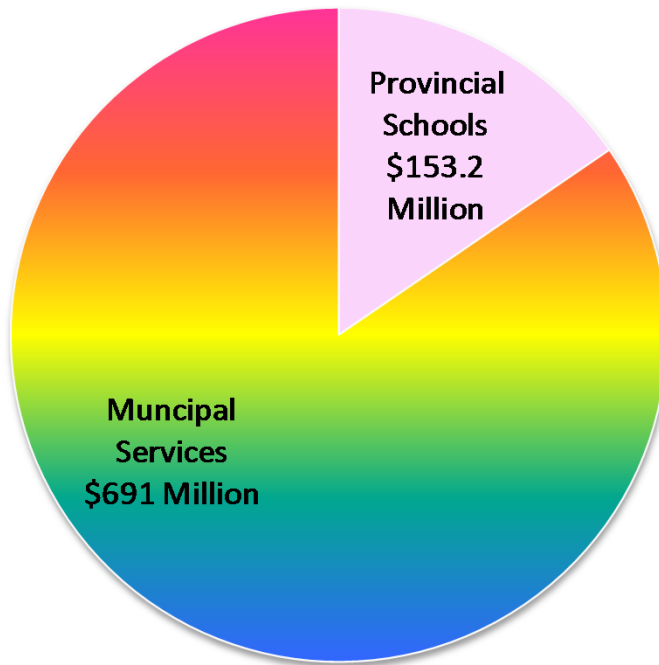
**Where
would you
draw the lines?**

HALIFAX

Example of Budget Tool



Total 2014/15 Expenses of \$845 Million



Provincial

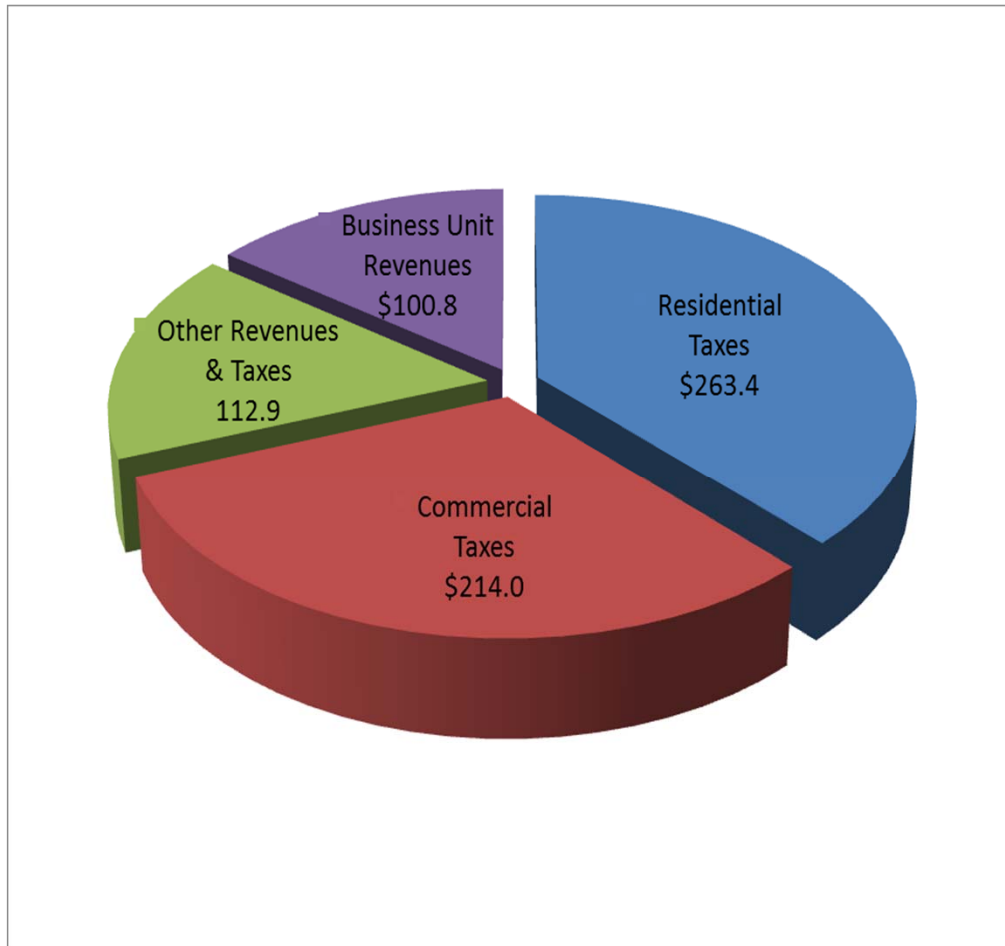
Includes Education (Mandatory & Supplementary), Corrections, Housing and Assessment.

Municipal

includes services under the control and direction of Regional Council.

HALIFAX

Municipal Revenues of \$691m



Taxes

Main taxes are General Tax rates and Transit (residential).

Other

Taxes include Deed Transfer Tax, Payments in Lieu of Taxes (Federal/Provincial), Hydrant Tax, smaller area rates.

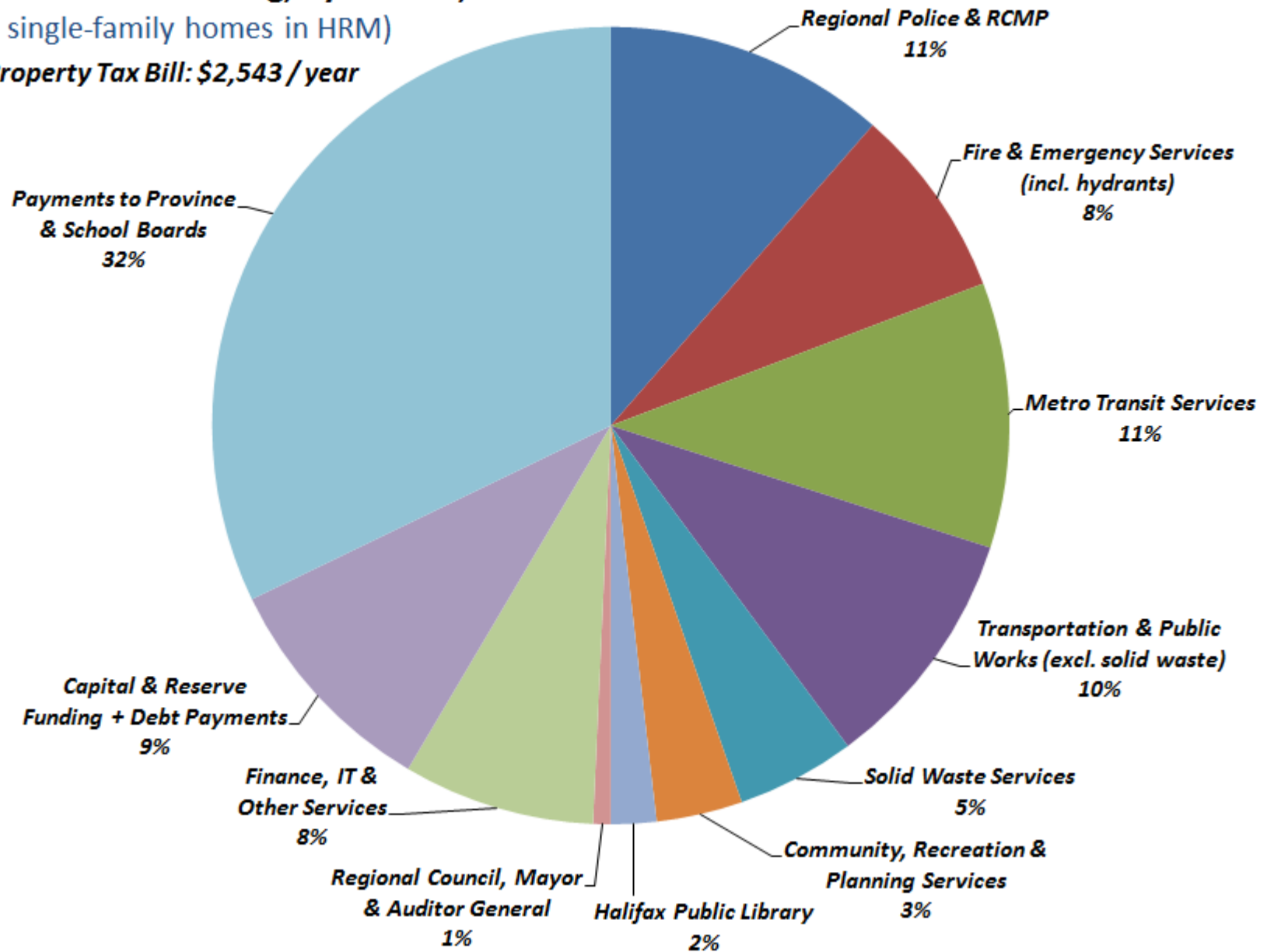
Business unit revenues come from services (e.g. Bus and recreation fares, tipping fees).

HALIFAX

Household Tax Funding, by Service, 2014-15

(from single-family homes in HRM)

Avg Property Tax Bill: \$2,543 / year



Staffing in Halifax

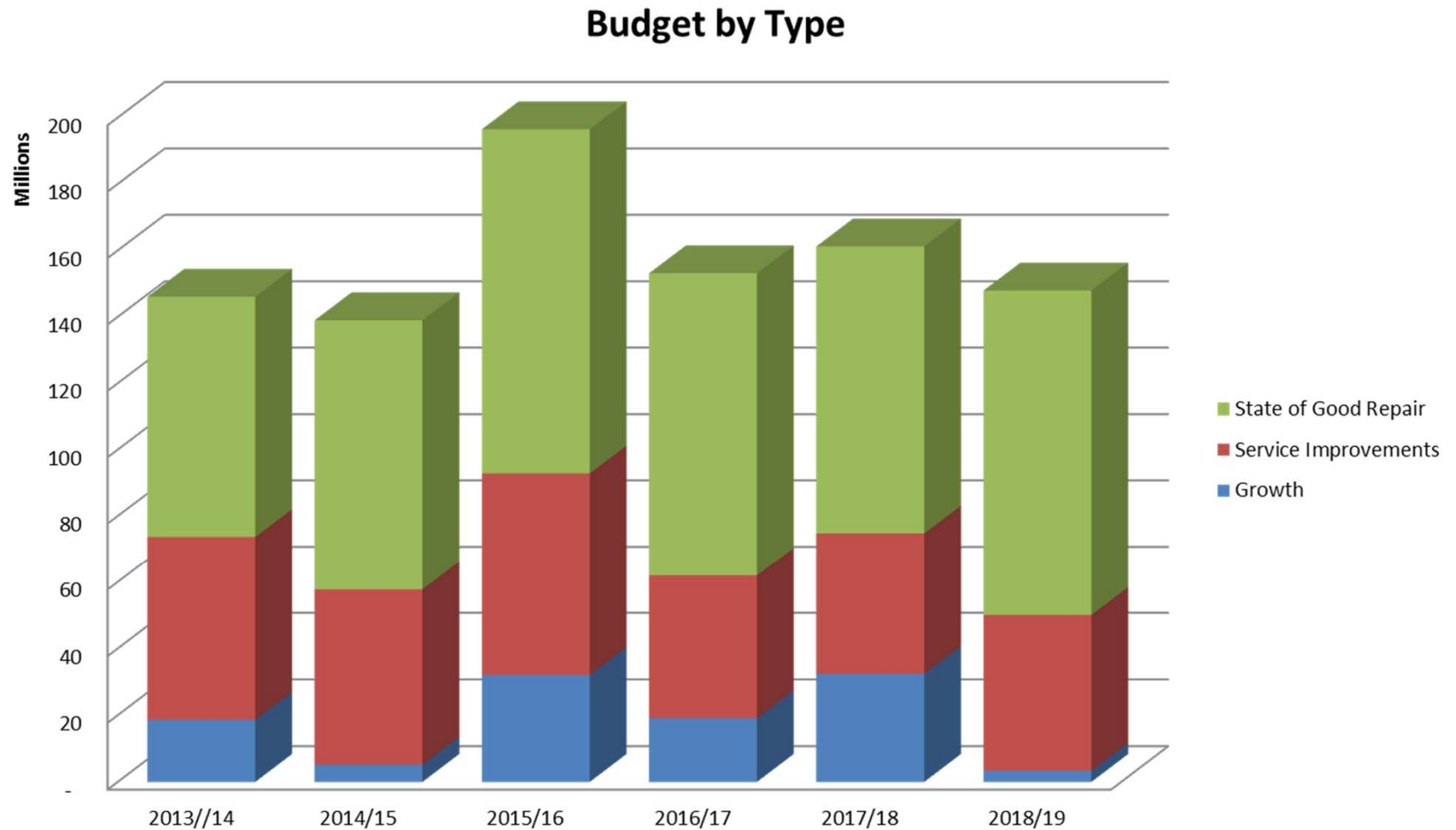
Business Units	Budget	Change	Budget
	2013-14	2014-15	14/15
Chief Administrative Office	80.0	-2.5	77.5
Community and Recreation Services	324.0	2.0	326.0
Finance & Information, Communications and Technology	288.5	-2.5	286.0
Fire & Emergency Services	489.0	-7.0	482.0
Human Resources	54.0	0.0	54.0
Legal Services & Risk Management	32.5	1.5	34.0
Halifax Regional Library	295.7	2.4	298.1
Halifax Regional Police	695.0	-1.0	694.0
RCMP	178.0	0.0	178.0
Planning & Infrastructure	81.0	0.0	81.0
Transportation & Public Works	561.0	-23.0	538.0
General Rated Services	3,078.7	- 30.1	3,048.6
Metro Transit Services	898.5	22.0	920.5
Total:	3,977.2	-8.1	3,969.1

HALIFAX

Capital Budget Overview

Gross Budget (in thousands)	13/14 Budget	14/15 Budget	15/16 Budget	16/17 Budget
State of Good Repair	72,400	85,785	107,045	94,570
Service Improvement	55,061	52,724	60,809	42,869
Growth	18,605	5,185	32,040	19,085
Total	146,066	143,694	199,894	156,524
Funding Status		Balanced	\$17.2M Planning gap	Balanced

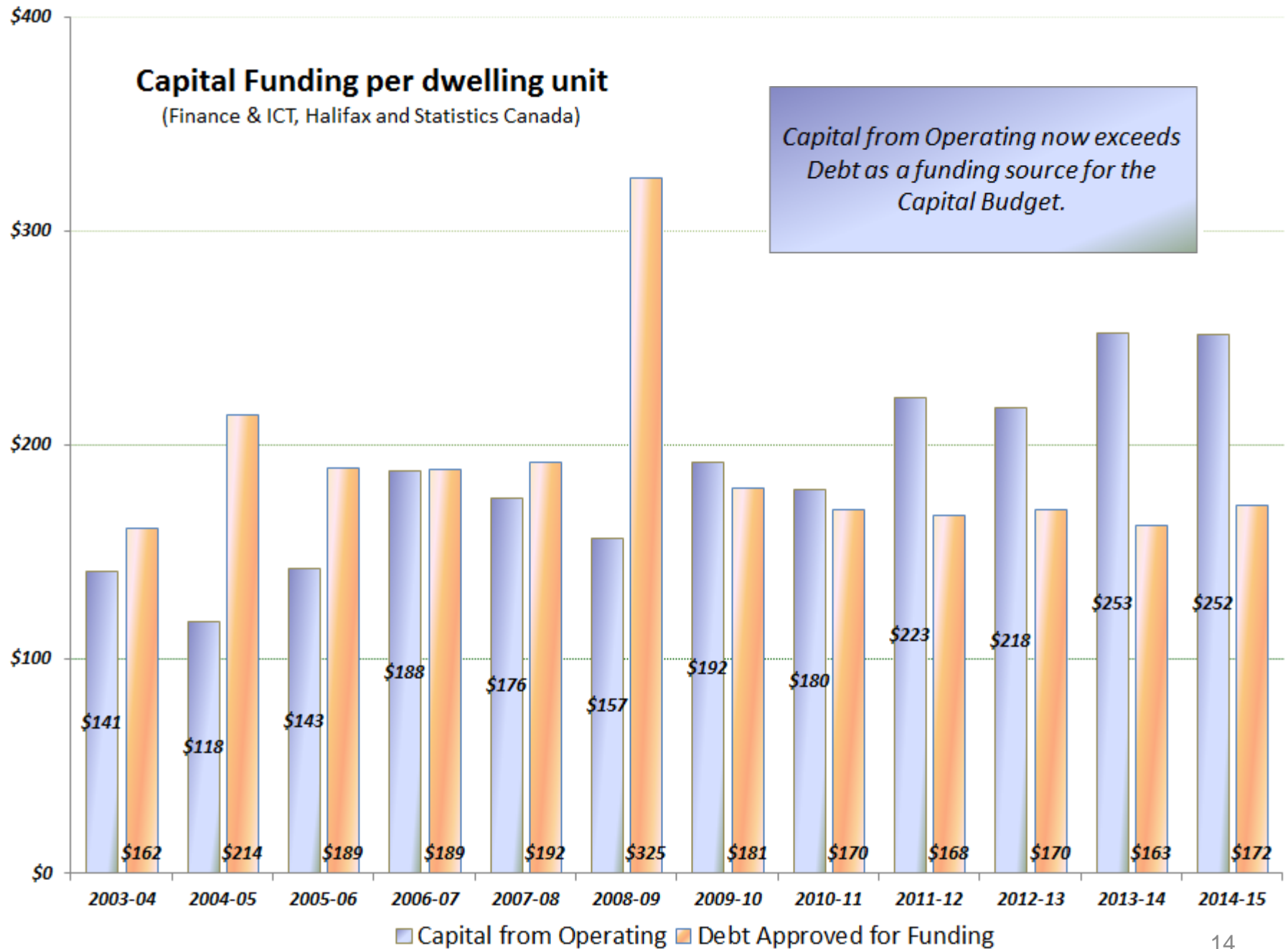
Capital Budget Overview



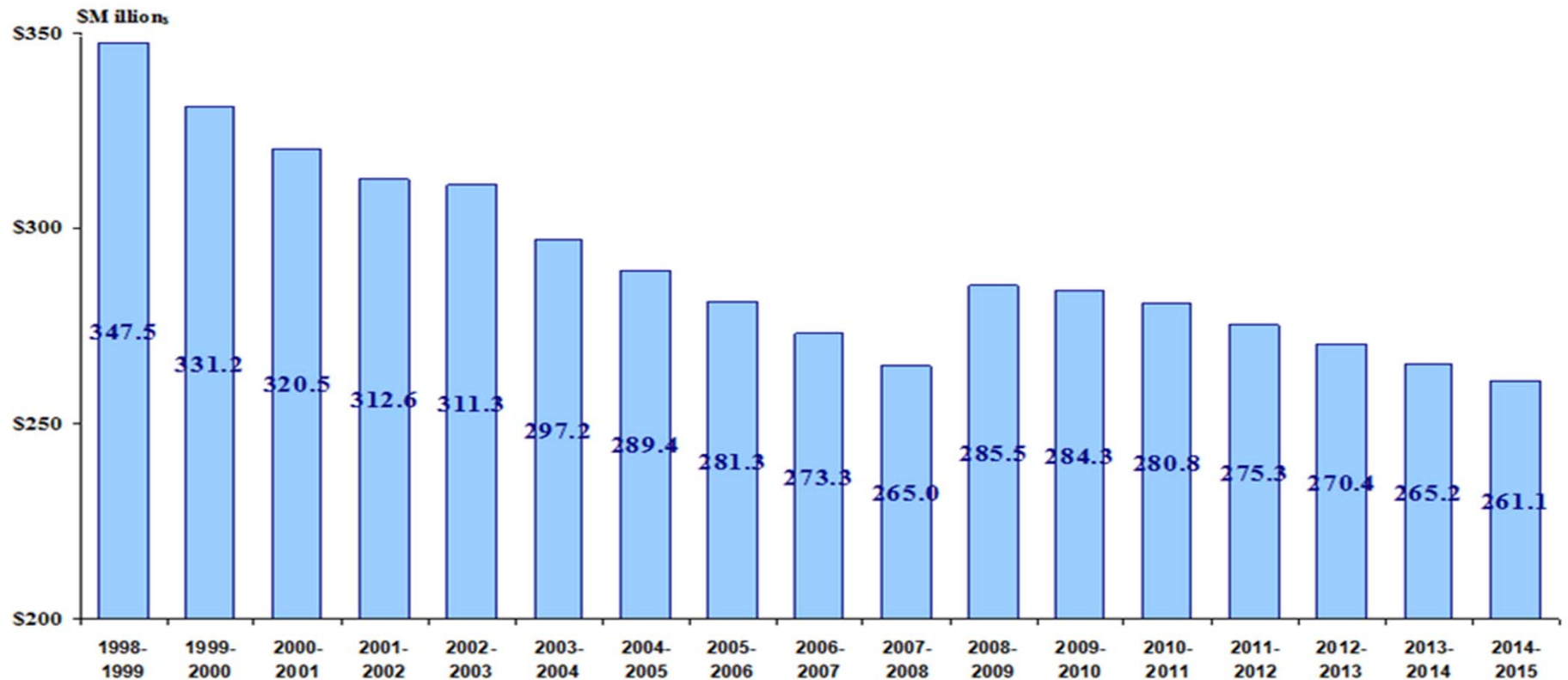
Capital Funding per dwelling unit

(Finance & ICT, Halifax and Statistics Canada)

Capital from Operating now exceeds Debt as a funding source for the Capital Budget.

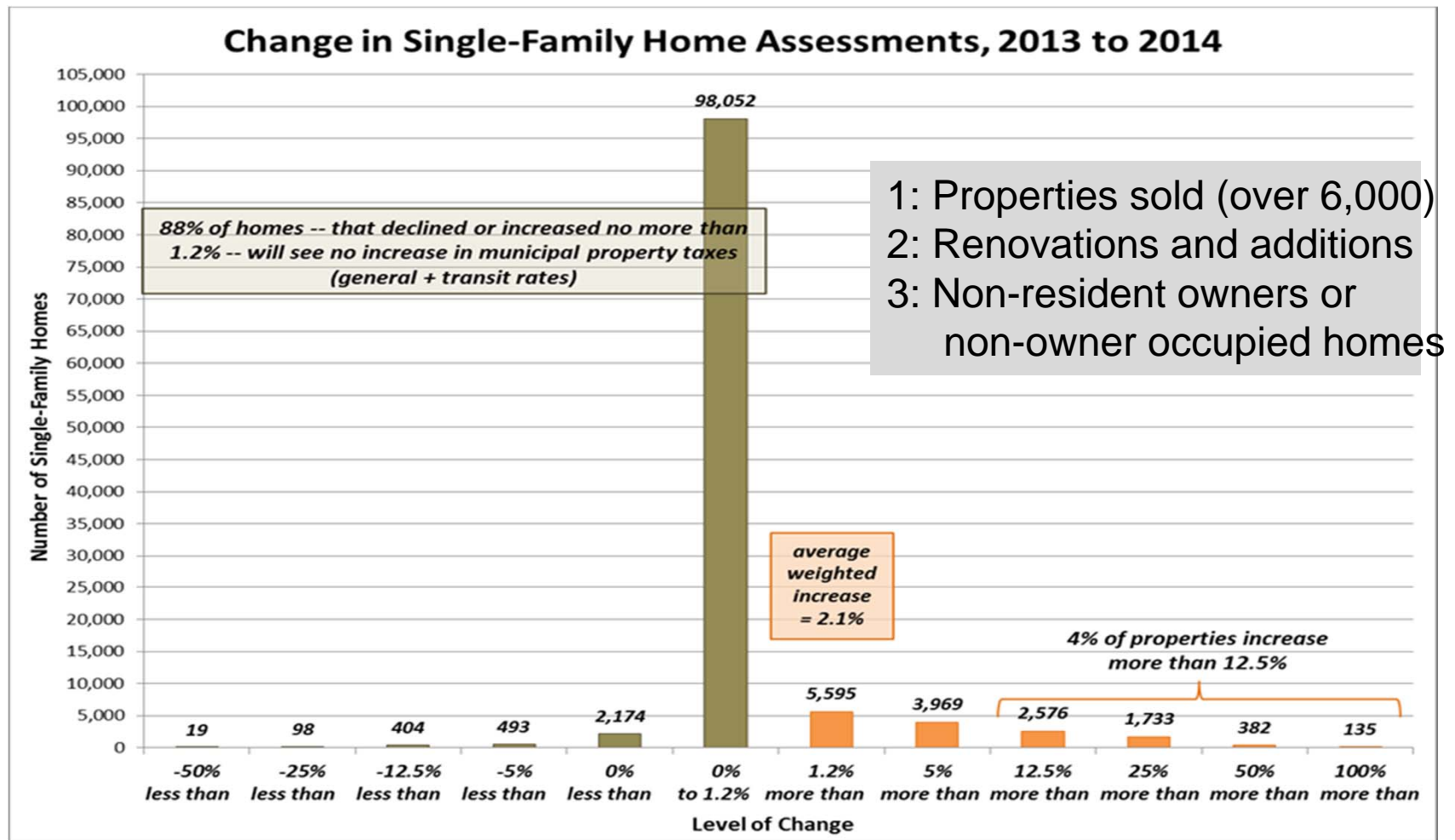


Tax Supported Debt

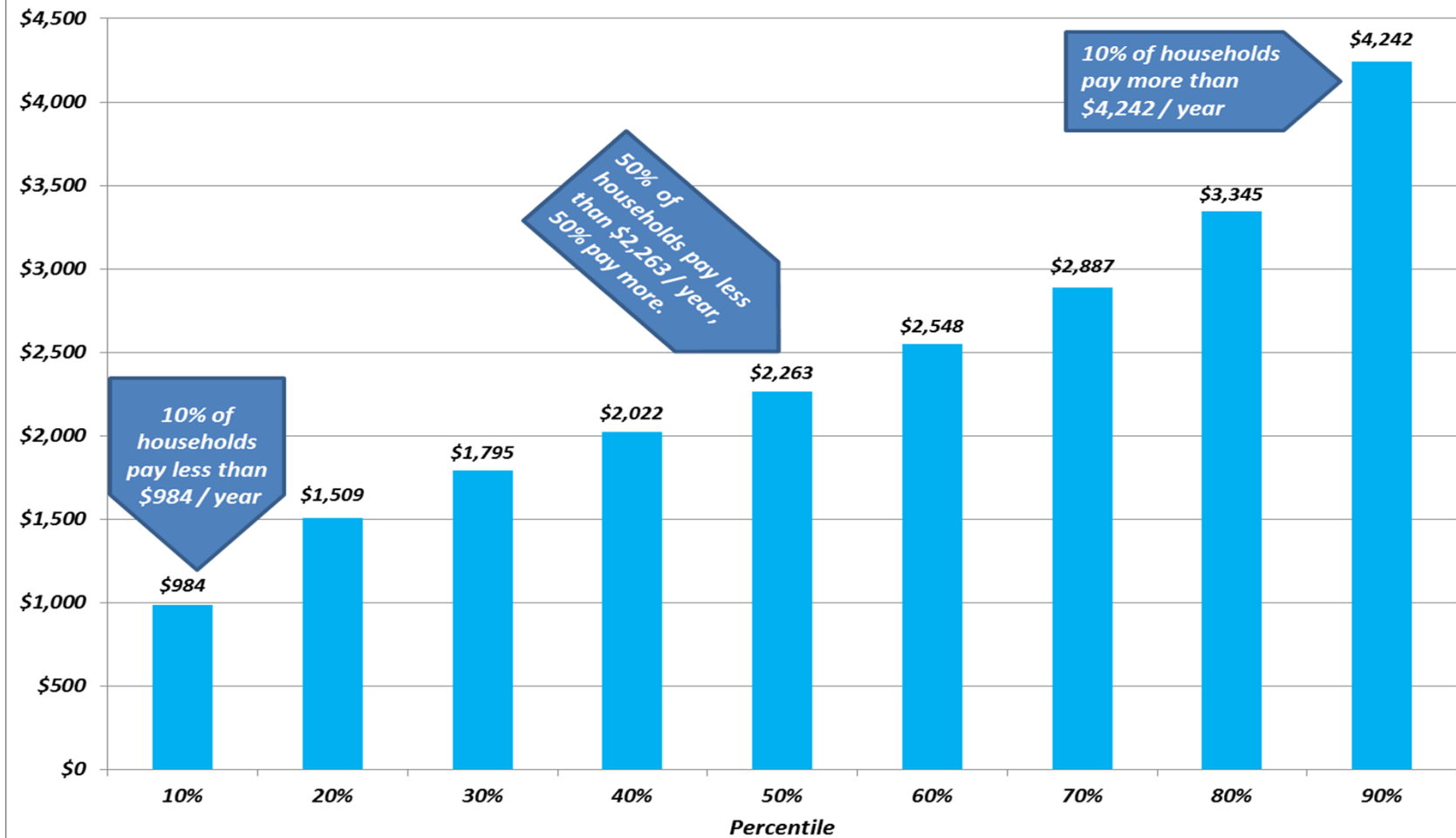


Note: Estimates as of March 31st, end of fiscal year. Includes Issued, Approved and Work-in-Progress

Change in Residential Taxes

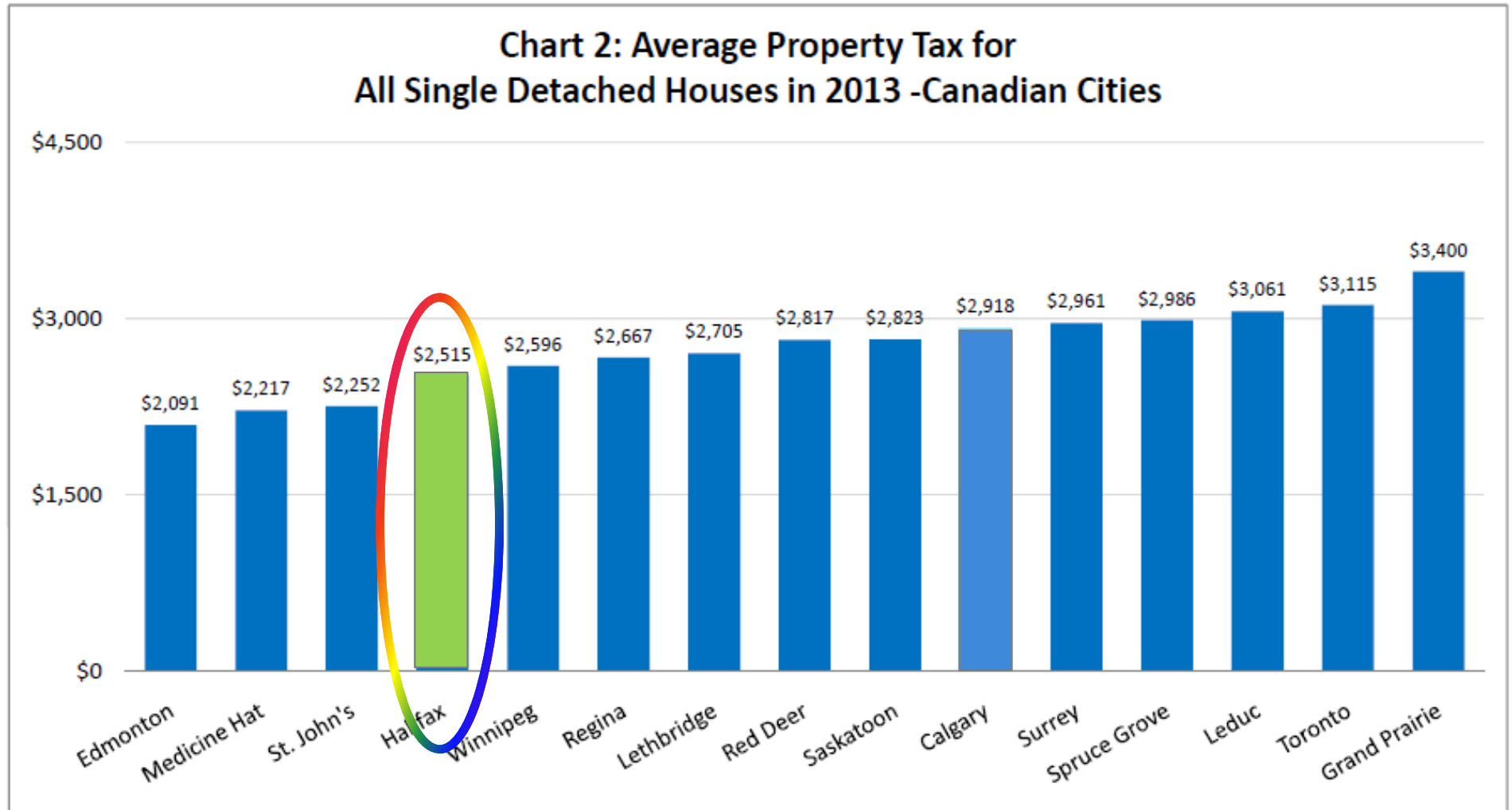


Distribution of Total Property Tax on Single-Family Homes, 2014

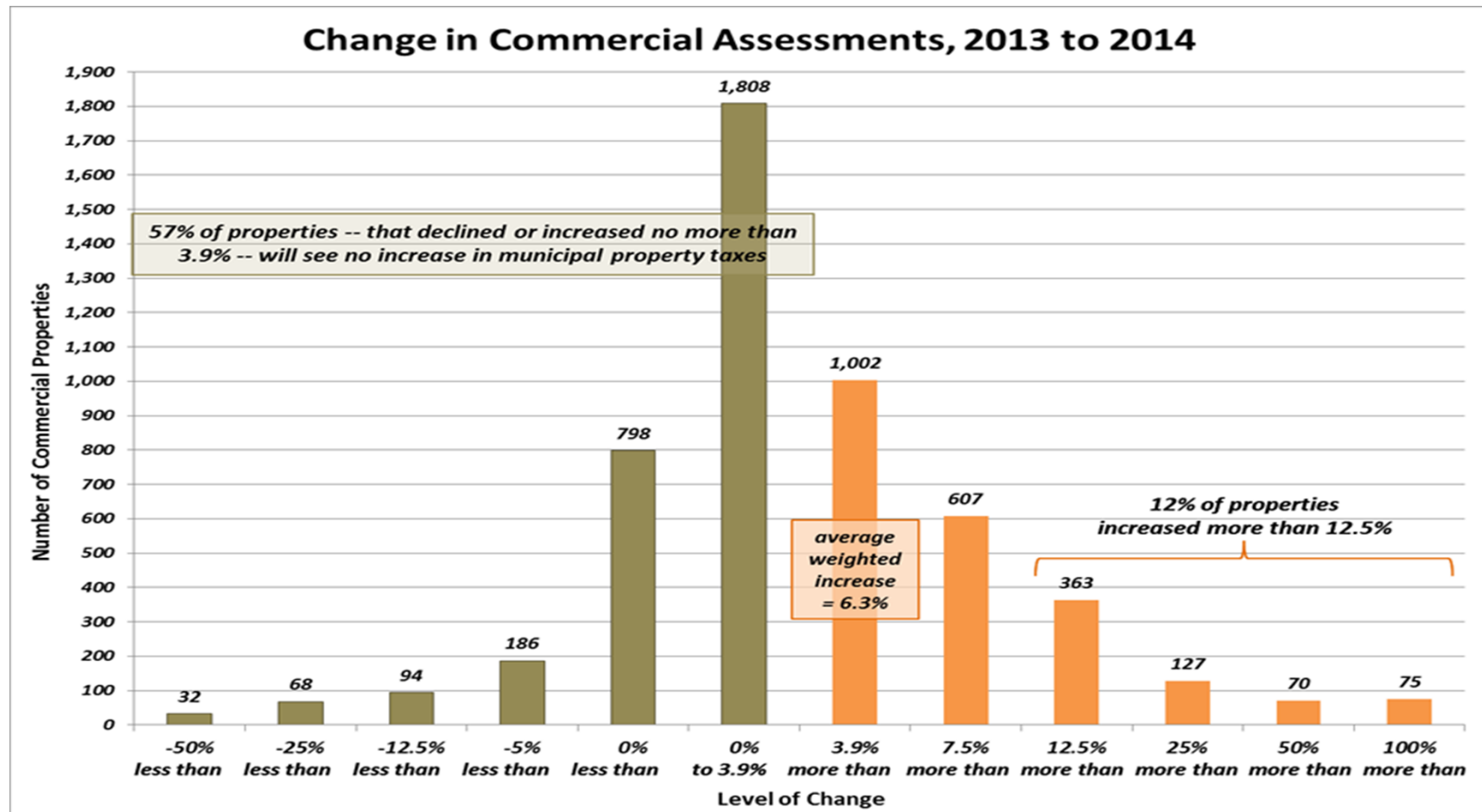


HALIFAX

Comparing Halifax's Property Taxes



Change in Commercial Taxes



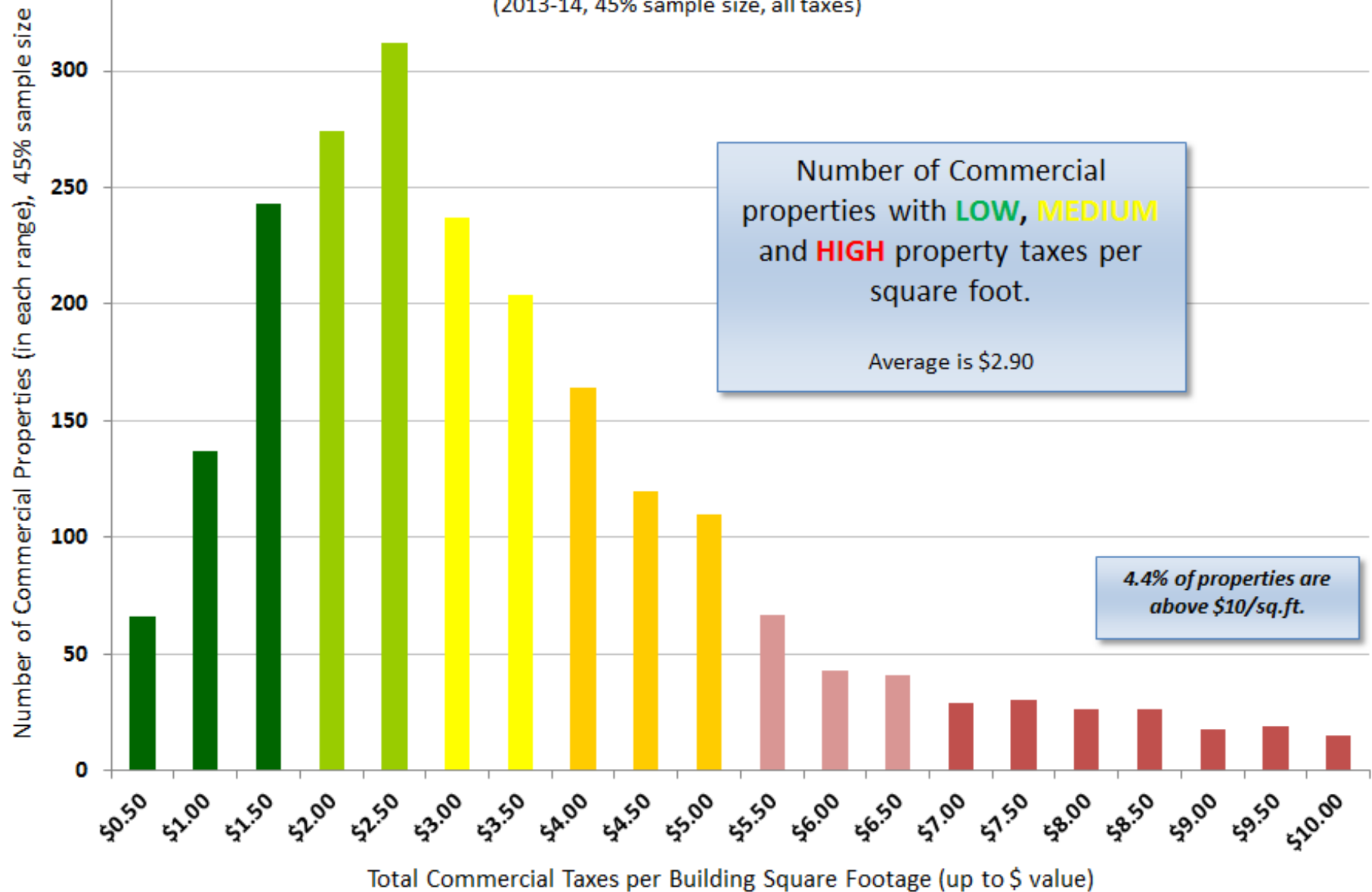
Commercial Property Tax per Square Foot

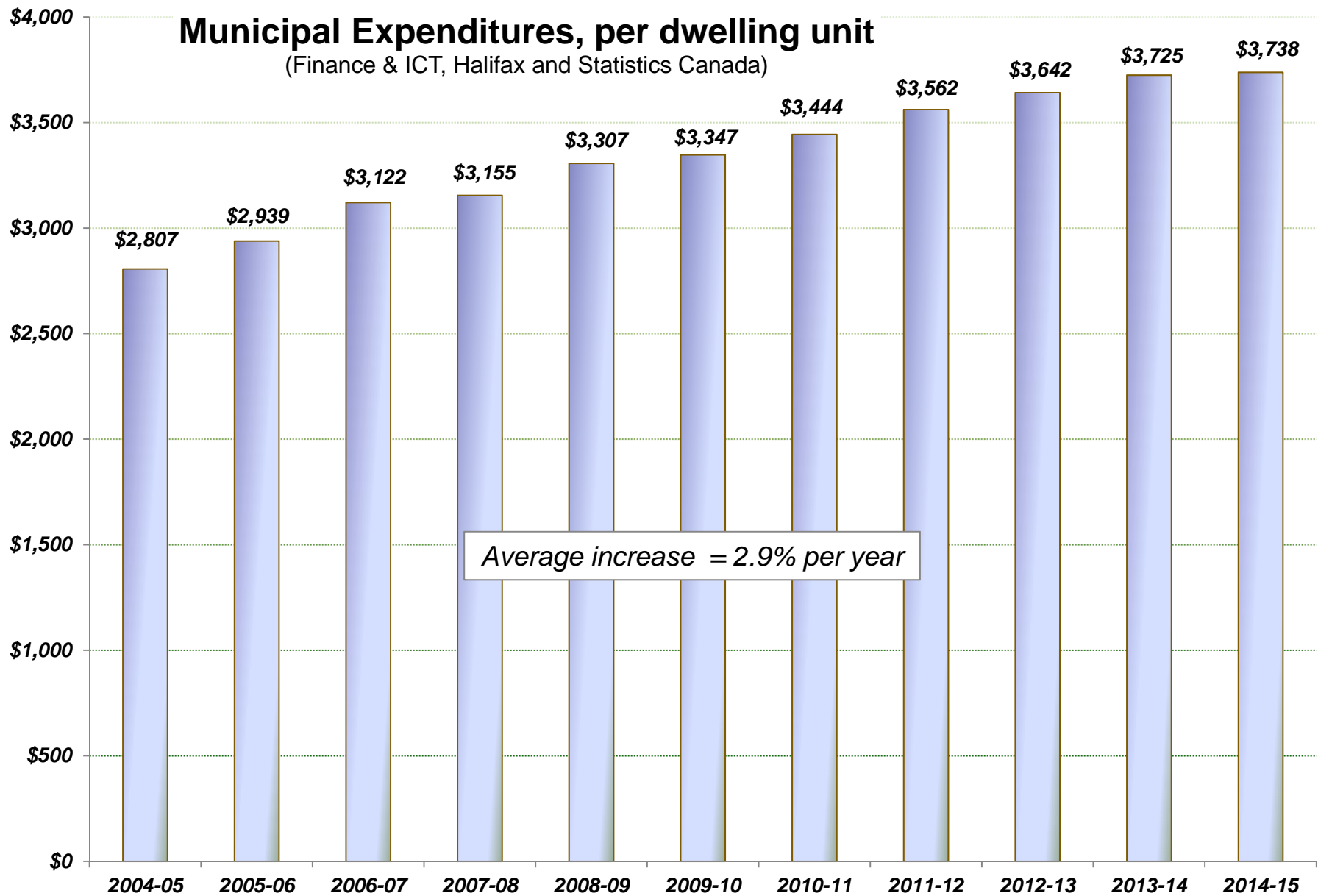
(2013-14, 45% sample size, all taxes)

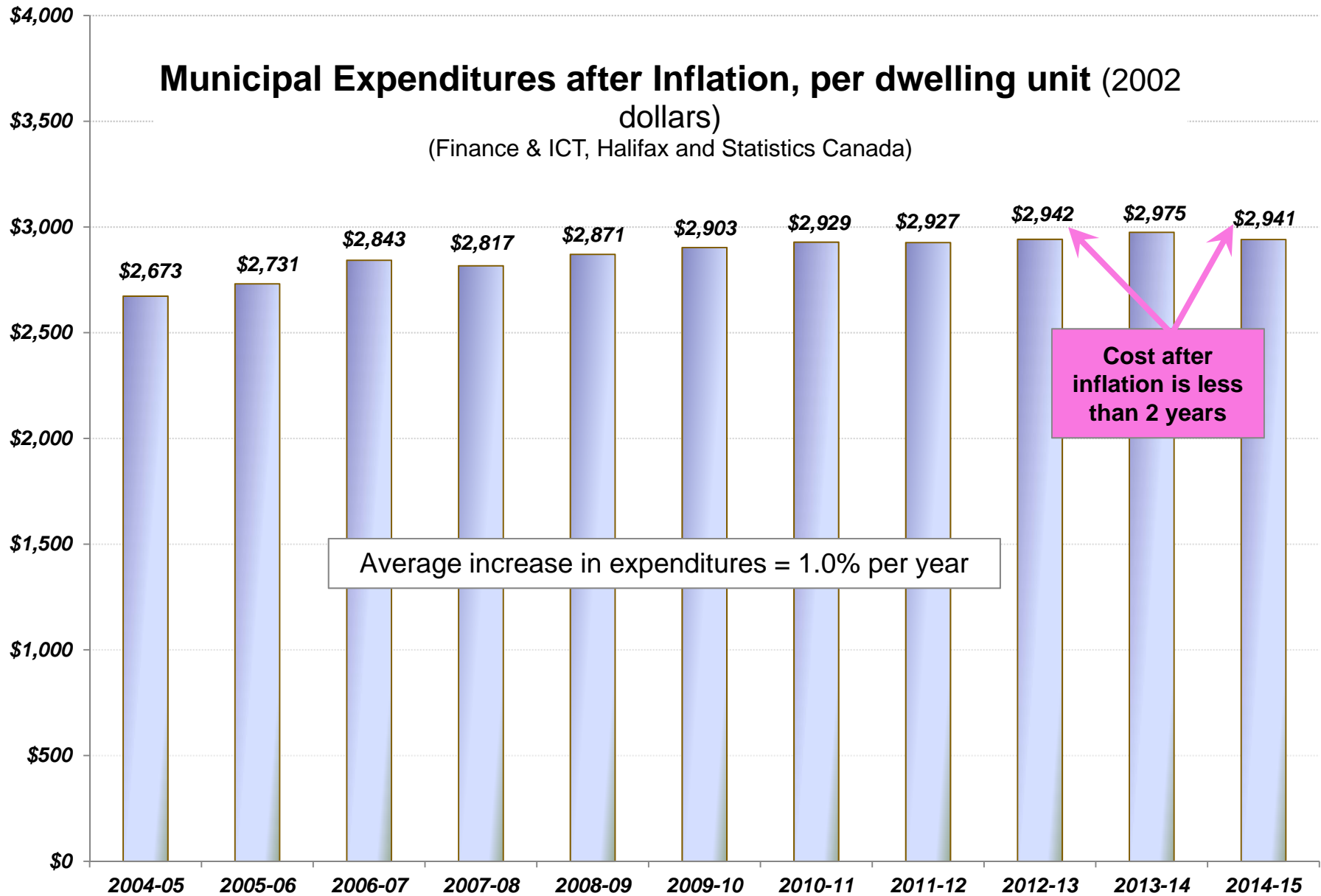
Number of Commercial properties with **LOW**, **MEDIUM** and **HIGH** property taxes per square foot.

Average is \$2.90

4.4% of properties are above \$10/sq.ft.







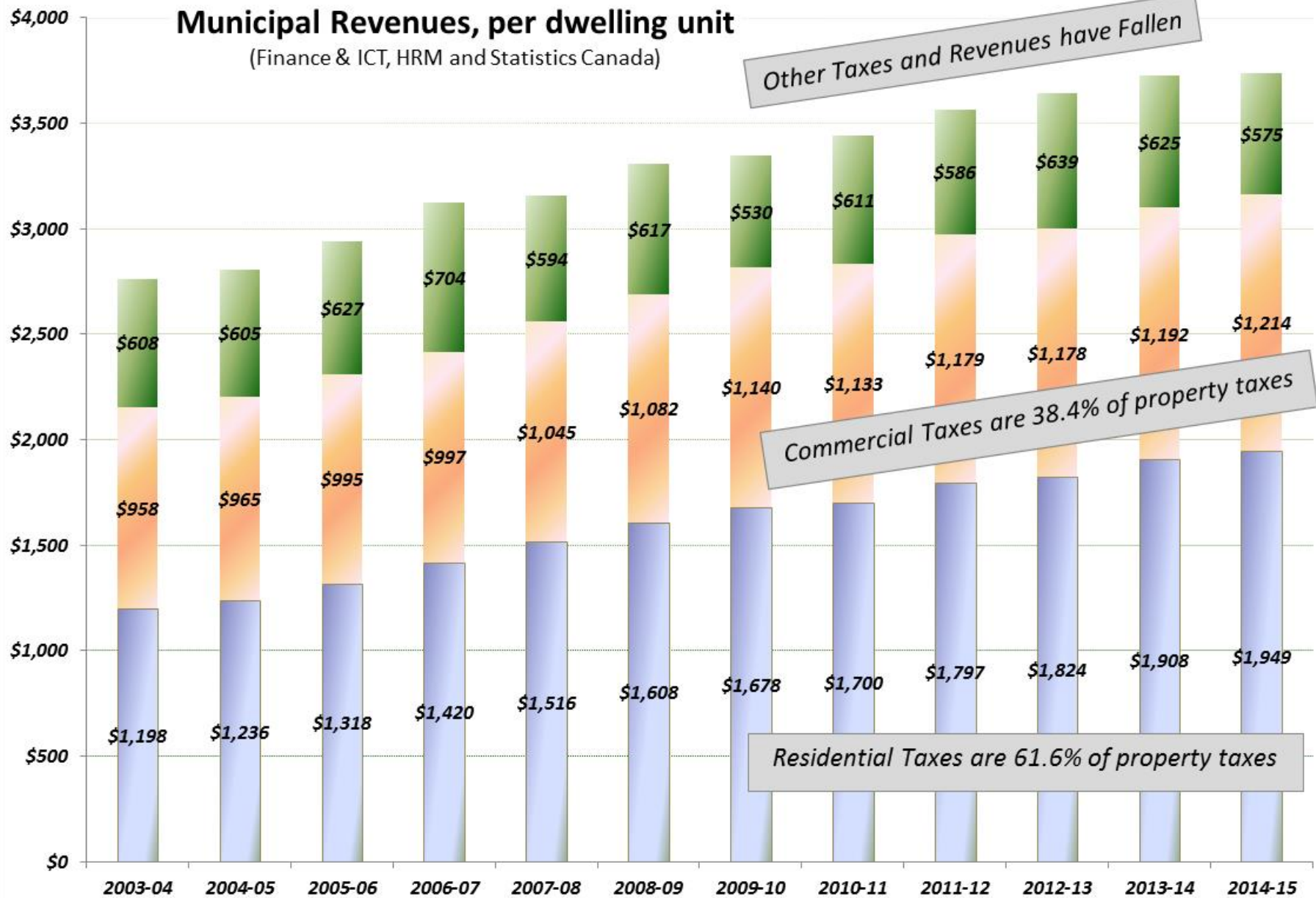
Municipal Revenues, per dwelling unit

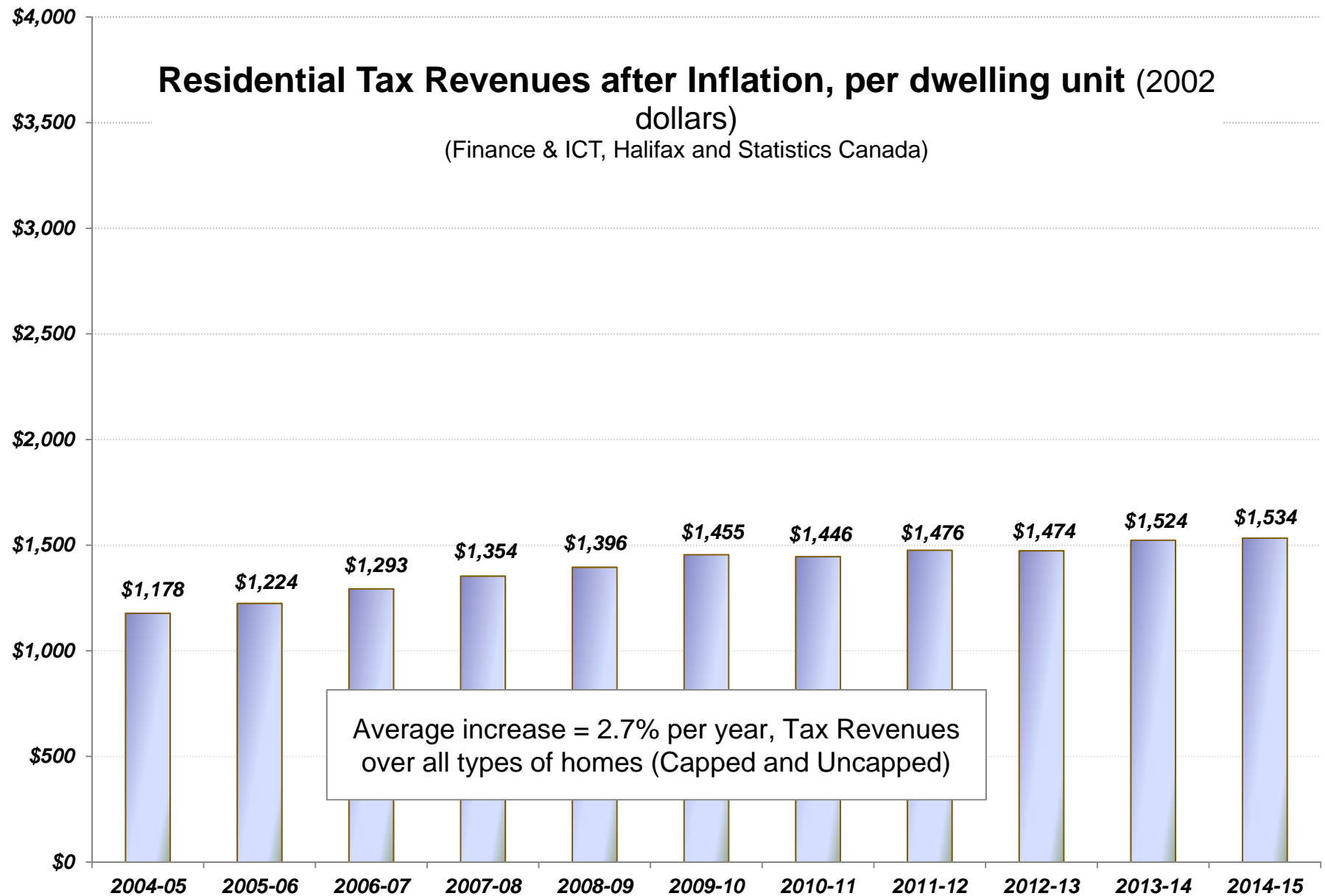
(Finance & ICT, HRM and Statistics Canada)

Other Taxes and Revenues have Fallen

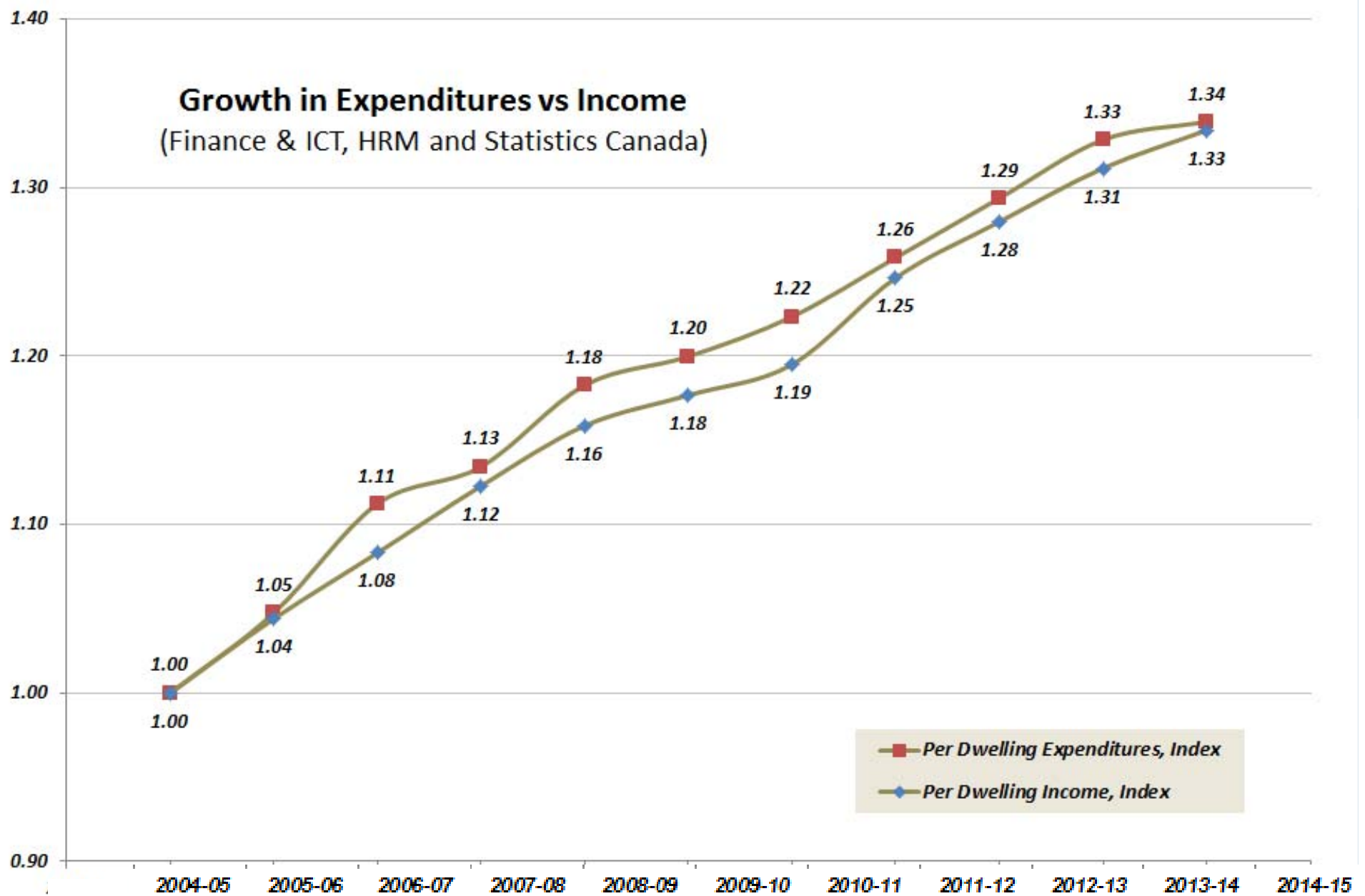
Commercial Taxes are 38.4% of property taxes

Residential Taxes are 61.6% of property taxes





Growth in Expenditures vs Income (Finance & ICT, HRM and Statistics Canada)



Our Financial Position to Date

- **Financial position healthy**
 - Debt continues to decline
 - State of Good Repair is well funded
 - Taxation growth below changes in GDP, Income
 - Efficiencies found within existing budgets but must shift focus to changing the way we deliver services
- **Continued pressure on operating budget**
 - Compensation, Municipal Inflation higher than CPI
 - Pressure for new, enhanced services
 - Operating Costs of new facilities
- **Ivany Report stresses risks to Province**
 - Need to review overall strategy to ensure we are sustainable in the long run
 - What is happening across Nova Scotia will affect Halifax

Leading Trends

- **Deficit projected for 2015-16**
 - Will resolve before year end
- **Building Permits and Homes Sales down**
 - Shift away from Single Family Homes to Apartments
- **Deed Transfer Tax down**
 - \$3 million off in 2015-16
- **Other**
 - Refinery Closure

House Prices Currently Flat

DETACHED BUNGALOW

	Price Apr - Jun 2014	Price 3 months ago	Price 1 year ago	% Change 1 year
Nova Scotia				
Bedford	328,500	339,500	341,300	-3.8%
Dartmouth				
- Cole Harbour/Colby/ Willowdale	237,000	235,000	235,800	0.5%
- Eastern Passage	197,500	204,000	199,900	-1.2%
- Woodlawn/ Montebello	260,000	255,000	259,000	0.4%
Halifax				
- Clayton Park/ Fairmount/ Rockingham	320,000	323,000	331,500	-3.5%
- North End	267,500	275,000	250,000	7.0%
- West	289,000	288,500	284,500	1.6%

Source: Royal LePage House Price Survey, Second Quarter, 2014

Impact on Assessment

- **Most Home Prices Flat in 2014**
 - Detached Bungalow, Two-Storey
 - Executive and Standard Homes
 - Apartments, Condominiums
- **Growth in Building Permits (residential and commercial) declining**
- **Will be reflected in 2016 Assessment (2016-17 Budget)**

Balancing Taxes and Services

Key Economic Assumptions

	Base Year 2013-14	Base Year 2014-15	Year 1 2015-16	Year 2 2016-17	Year 3 2017-18
Inflation (CPI)	1.4%	1.4%	2.2%	2.1%	2.1%
Income (per person)	\$41,349	\$42,661	\$44,233	\$45,597	\$46,929
- percentage change	4.5%	3.2%	3.7%	3.1%	2.9%
Employment (000s)	227,000	230,000	235,000	239,000	242,000
New Homes	2,900	2,027	2,017	2,045	2,069
- percentage change	1.6%	1.1%	1.1%	1.1%	1.1%
Gross Domestic Product (GDP)	3.6%	4.1%	5.6%	4.8%	4.8%

Source: Conference Board of Canada

Balancing Taxes and Services

Draft Working Assumptions

	Base Year 2013-14	Base Year 2014-15	Year 1 2015-16	Year 2 2016-17	Year 3 2017-18
Debt Targets (\$ millions)	265,200	261,100	255,900	250,800	246,000
- per dwelling	1,422	1,385	1,343	1,303	1,264
Capital from Operating	47,155,900	47,812,000	50,861,000	54,103,000	57,408,000
- per dwelling	253	254	267	281	295
Assessment Cap	1.0%	0.9%	1.8%	2.2%	2.1%
Residential Tax Bill	1,868	1,880	1,913	1,949	1,985
- percentage change	2.6%	0.7%	1.8%	1.9%	1.8%
- as a percentage of income	1.46%	1.48%	1.45%	1.44%	1.43%
Commercial Tax Bill	42,327	43,254	44,057	44,942	45,832
- percentage change	2.0%	2.2%	1.8%	2.0%	2.0%
- as a percentage of GDP	1.16%	1.17%	1.17%	1.17%	1.17%

Trending to 2.2%

Balancing Taxes and Services

Preliminary Estimate

	Base Year 2014-15	Year 1 2015-16	Year 2 2016-17	Year 3 2017-18	Year 4 2018-19
Gross Expenditures (\$m)	\$708.4	\$730.8	\$754.8	\$776.5	\$797.8
Revenues	-\$211.7	-\$207.0	-\$208.6	-\$210.7	-\$212.70
Property Taxes	<u>-496.7</u>	<u>-510.8</u>	<u>-524.5</u>	<u>-540.6</u>	<u>-557.4</u>
Targeted Revenues	-\$708.4	-\$717.8	-\$733.1	-\$751.3	-\$770.10
(Surplus)/Deficit	\$0.0	\$13.0	\$21.7	\$25.2	\$27.70

Direction for Budget

- **Target Tax Bills and Rates to decline**
 - Average Bill increases by inflation of 1.8%,
 - Alternative Scenario of 0%
 - Adjust other revenues, where appropriate
- **Keep a close eye on 16-17**
 - Growth is slowing
 - Currently projecting a deficit for 2014-15.
Intend to bring in at zero or slight surplus.
 - Need for strategic and/or tough choices
 - In Halifax`s interest to support Fiscal Review

Recommendations

- **Approve**
 - Preliminary fiscal direction
 - Precede with 1.8% target on average tax bill but with a 0% scenario
 - Review approach on non-tax revenues