

Revised (Second version) April 27, 15

Executive Summary

As a Municipality, Halifax is in a strong, healthy financial position. The long term financial position of the municipality is generally sustainable as evidenced by its debt position. In line with the long-term trend, the Tax Supported Debt of the Municipality continues to steadily decline. Debt had peaked in 1998-99 at nearly \$350m but at the end of 2015-16 is expected to total \$256.3m, a decline of nearly \$100m, more than 25%. This has been achieved despite a substantial increase in the population and higher demands for capital expenditures. Today, debt per home stands at \$1,338. Debt represents only 1.2% of Halifax's Gross Domestic Product, substantially less than that of most senior levels of government in Canada. Payments for principle and interest represent 6.2% of the Budget, substantially less than the 15% guideline set by the Province of Nova Scotia.

Financial position healthy

- Tax supported Debt continues to decline (as per the Multi-Year Fiscal Policy)
- Capital from Operating is increasing to offset Infrastructure Maintenance (pay as you go)
- State of Good Repair (maintenance of current assets) is well funded
- Taxation growth below changes in GDP, personal Income
- Growth in expenditures less than inflation plus growth in dwelling units
- Efficiencies have been found within existing budgets but the focus must switch to changing the way we deliver services to generate significant additional efficiencies.

Continued pressure on operating budget

- Increases in compensation, and the rate of inflation for municipal costs are both higher than CPI
- There are some large capital projects on the horizon. These not only have substantial construction costs, but will come with annual operating costs.
- Mandated Provincial Costs
- Pressure for new, enhanced services

Ivany Report stresses risks to Province

- Need to review overall strategy to ensure we are sustainable in the long run
- Demographic
- What is happening across Nova Scotia will affect Halifax
- Deed Transfer Tax is declining.

Direction from Council for 2015-16

- Tax Rate
 - **Decrease the:**
 - Residential general tax rate by approx. **0.5%**,
 - Commercial general tax rate by approx. **1.9%**, and
 - Transit area rates by approx. **3.2%**.
 - **Confirm:**
 - **Discontinue area rates** to Municipal Recreation Facilities and **increase General Rates** to raise equivalent revenue.
 - **Add 1 cent** to the Residential and Commercial tax rates to fund a reserve for Strategic Capital Projects.
 - **Add 0.1 cent** to the Residential and Commercial tax rates to fund 7 Fire Services Positions. (Black Point and Sheet Harbour)

	2014/15	1.8% + Rec Area Rate replacement	1.8% + Rec + Strategic Capital	1.8% + Rec + Capital + Fire (Black Pt, Sheet Hbr)
Residential	0.658	0.658	0.668	0.669
Transit	0.156	0.151	0.151	0.151
Rec Area Rates	0.003	-	-	-
Subtotal	0.817	0.809	0.819	0.820
Commercial	2.939	2.884	2.894	2.895
Rec Area Rates	0.001	-	-	-
Subtotal	2.940	2.884	2.894	2.895

Summary of Key Trends

Residential ¹	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Revenue ³	211,666,656	231,243,000	233,612,266	247,692,000	255,997,000	267,227,300
Single Family Home Assessment	183,600	192,700	203,500	211,200	216,800	223,600
Single Family Home Tax	1,749	1,823	1,825	1,867	1,880	1,912
General Urban Tax Rate	0.7088	0.7088	0.661	0.668	0.658	0.655
Per Capita Income	\$37,588	\$38,982	\$40,034	\$41,181	\$42,472	\$43,971
Assessment Cap	0.0%	2.9%	3.9%	1.4%	0.9%	2.1%
Dwellings (000)	178.5	181.2	183.5	186.4	189.5	191.6
Population (000)	398.3	402.4	406.8	410.0	414.4	418.7
Residential Revenue/Income	1.41%	1.47%	1.43%	1.47%	1.45%	1.45%
Commercial ²	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Revenue ³	179,445,000	191,035,000	192,433,000	197,188,000	207,975,000	210,094,500
Average Commercial Assessment	1,112,700	1,183,000	1,253,100	1,292,600	1,375,800	1,450,700
Average Commercial Tax	38,744	41,192	41,240	41,790	42,471	43,797
General Urban Tax Rate	3.257	3.214	3.084	3.054	2.939	2.883
GDP Growth	5.1%	4.8%	2.7%	2.6%	4.6%	4.9%
Commercial Revenue/GDP	0.99%	1.00%	0.98%	0.98%	0.99%	0.95%
Commercial Revenue as a % of Total	40.6%	40.1%	39.8%	38.9%	38.9%	38.7%
Other	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Inflation - CPI Halifax	2.0%	3.5%	1.7%	1.1%	1.8%	2.0%
Tax Supported Debt (\$00)	280,802	275,300	270,400	265,200	261,100	256,300
Debt per Household	1,566	1,519	1,473	1,422	1,378	1,338
Capital from Operating (\$00)	35,364	40,354	42,766	47,156	47,213	47,213

¹ Includes resource revenues.

² Previous fiscal years re-stated to include Imperial Oil Tax Agreement in commercial revenues.

³ Includes Business Occupancy revenues, now fully phased out.

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Summary of Key Trends

Residential	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Revenue ¹	211,666,656	231,243,000	233,612,266	247,692,000	255,997,000	270,657,100
Single Family Home Assessment	183,600	192,700	203,500	211,200	216,800	223,600
Single Family Home Tax	1,749	1,823	1,825	1,867	1,880	1,943
General Urban Tax Rate	0.7088	0.7088	0.661	0.668	0.658	0.669
Per Capita Income	\$36,938	\$38,705	\$39,807	\$41,258	\$42,472	\$43,971
Assessment Cap	0.0%	2.9%	3.9%	1.4%	0.9%	2.1%
Dwellings (000)	178.5	181.2	183.5	186.4	189.5	191.6
Population (000)	398.3	402.4	406.8	410.0	414.4	418.4
Residential Revenue/Income	1.44%	1.48%	1.44%	1.46%	1.45%	1.47%
Commercial	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Revenue ²	188,179,940	199,410,000	200,730,000	204,994,000	212,527,000	221,264,400
Average Commercial Assessment	1,112,700	1,183,000	1,253,100	1,292,600	1,375,800	1,450,700
Average Commercial Tax	38,744	41,192	41,240	41,790	42,471	43,971
General Urban Tax Rate	3.257	3.214	3.084	3.054	2.939	2.895
GDP Growth (Nominal)	5.0%	7.1%	2.7%	2.6%	4.6%	4.8%
Commercial Revenue/GDP	1.03%	1.02%	1.00%	1.00%	0.99%	0.99%
Commercial Revenue/Total	40.6%	40.1%	39.8%	38.9%	38.9%	38.7%
Other	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Inflation - CPI Halifax	2.0%	3.5%	1.7%	1.1%	1.8%	1.9%
Tax Supported Debt (\$000)	280,802	275,300	270,400	265,200	261,100	256,300
Debt per Household	1,573	1,519	1,473	1,422	1,378	1,338
Capital from Operating (\$000)	35,364	40,354	42,766	47,156	47,812	47,243

¹ Includes resource revenues.

² Includes Business Occupancy revenues & Tax Agreements