

## **2101 – 2016 Tax Levy Increases – May 30, 2016**

**(See also PowerPoint Tax Levy Increases 2010 – 2016)**

Before beginning tonight's presentation, I would like to clear up an issue raised by the Mayor concerning our wage and benefits presentation a couple of weeks ago.

Our charts used the budgeted figures available at the time they were prepared. The Mayor used actual figures which are now available and are supposedly \$944,000 lower. I recalculated the wage increases and using the lower figure, the results indicate that the wage increases are 2.3 times the rate of inflation rather than the 2.5 times previously indicated.

Consequently, we stand by our original comments.

In addition, as the Mayor is surely aware, taxes collected are based on the budget not on actual cost figures. So by attempting to avoid the issue of exorbitant wage increases, the Mayor only succeeded in highlighting for taxpayers the fact that almost \$1 million more than was required was collected from taxpayers to cover these increases.

As our presentation pointed out, wages and benefit increases of this magnitude are unsupportable and unacceptable and it is high time that the Mayor and council started fulfilling their roles to protect the public interest in this matter instead of trying to discredit the NBTA by shooting the messenger.

(2014 slide)

In tonight's presentation, the slides will detail the methods used by staff to calculate the City's tax levy percentage increases which were released for public consumption.

These slides show that the calculations are not correct and additionally the levy increase percentages are not being calculated correctly.

So here we have the staff calculation of a 1.57% levy increase showing a 2014 tax levy of \$76,566,590, at the top right of the slide, less the 2013 tax levy.

However, at the bottom of the slide we have the General Government committee suggesting to council that a tax levy of \$77,486,490 be approved and the real growth be applied to reduce tax rates.

So right away we have a problem, something doesn't add up.

In one case staff is using the real growth to reduce the tax levy and in the next case staff is saying that real growth does not affect the tax levy but is used to reduce tax rates.

Anyone who was here the night that budget was passed may recall that some councillors were positively giddy over the fact that the tax levy increase was the lowest in over a decade and the Nugget article of the day proclaimed that "Council OK's a 1.57% tax levy hike".

Well, here is the real increase in the levy for 2014 which is the real levy for 2014 less the real levy for 2013 which amounts to 2.79%.

And that's not the only issue with these figures. If you look at what staff indicated was the 2014 tax levy figure shown at the top right hand column, we see the figure of \$76,566,590.

(2015 Slide)

Now if we continue on to the year 2015, and look at what staff says was the 2014 levy, we see that it is not the \$76,566,590 but \$77,486,490.

They have actually changed the ending figure from the previous year and used a different figure to calculate the YOY increase in the tax levy from 2014 to 2015.

I'm going to suggest that you needn't be much of a math scholar to realize that in calculating any YOY increase you must start the calculation with the figure you ended with in the previous year.

There has been some suggestion that the method staff is using is a different way of looking at real growth. There is no basis in fact supporting this suggestion. Subtracting real growth from the tax levy produces no meaningful figure and of course changing the previous years ending figure to calculate the YOY increase is simply ridiculous.

Looking at the slide once again, we see the levy recommended for approval by council is \$79,345,632. That is the levy amount that will be collected from taxpayers. We also see that the 2014 real growth figure is to be applied against tax rates not the tax levy.

Here we see the correct tax levy increase at 2.40%. This is the increase between the recommended 2015 levy over the 2014 levy.

(2016 Slide)

The following slide show a similar pattern of behaviour on the part of staff with real growth being erroneously deducted from the tax levy and the previous year's tax levy being adjusted before calculating the YOY increases.

(Final slide)

Of course in 2016 under the Mayor's plan, council used the proceeds from loans to lower the tax levy. This means that taxpayers will be paying \$1.5 million of the 2016 levy plus interest for the next twenty years through their hydro bills. So if we disregard those loan proceeds, the real increase in the dollars required to run the City was 3.88%, more than twice what was promoted in the press at budget time.

We raised this issue about a year ago. Our claim that errors were being made was met with righteous indignation from council and denial by staff.

Does anyone here realize how sad it is that we have to come here and explain to council how a YOY tax levy increase is to be calculated?

In order to settle this matter here and now, I would appreciate someone from staff or council coming down here and debating our contention that staff is misleading council and taxpayers on this issue and council seems unable to grasp this fact.