Update on the 23% Problem in HH

About a year and a half ago I wrote a series on the fiscal issues in HH. Where our revenue is coming from and where are we spending. And challenged the Council to look a bit more critically at some concerns I had, based on an extensive analysis of the last ten years and the trend to growing taxation.

What did I find?

Well on revenues a really unsettling fact was that over the past ten years HH had chosen to rely much more on taxpayers to pay the bills than on other sources of revenue.

Here is how I summarized the problem then:

Well our expenses to run the municipality have increased from 2006 to 2017 by 80%. But our tax revenues to pay these expenses have had to rise by 123%, because our non-tax revenues are the same for 2017 as they were for 2006...this includes grants from higher levels of government, penalties and interest on unpaid taxes, gas tax revenues, asset sales, investment returns. ***Back in 2006 we got about 40% of our revenue from sources other than the taxpayer. For 2017 that number is 23%.*** *Grants from provincial and federal levels, which are the bulk of the non-tax revenue, have actually declined by 12% since 2006.*

If we look at the 6 municipalities that surround us, they run from 55% to 30% for non-tax revenues. No one is close to our 23% budget for 2017. Bancroft achieved 55% non-tax revenue in 2016 but they have extensive servicing of water and sewer and those user fees went up appreciably. Highlands East 40%, Faraday 33%, North Kawartha 30%, Madawaska Valley 37%, Carlow/Mayo 38%. Throw out Bancroft and the average for our neighbours is 36% last year.

Despite the fact that our actual result for 2016 was 27% non-tax revenues, we are still planning 23% in the 2017 budget. And how are we doing as we approach year end? I couldn't get a forecast, but YTD we are at 21% non-tax revenues.

Now there could be some large entries in December, but if we want to make progress on our 2016 experience and raise non-tax revenues to 30%, the bottom of the acceptable range in my view, we will need about $600K between now and year end.

Getting back to 40% is a stretch goal for HH. But it is being done in a municipality with a similar size and profile to HH next door.

And if we did achieve this goal, it would mean a reduction in your tax bill (on a $200K assessment) of about $530 per year, every year.

But if this Council is content to see non-tax revenues drift lower in 2018 and taxation to increase more than expenses to cover the shortfall, we should soon know as they deliberate next year's budget.

Now I have your attention.

Stay tuned as 2017 actuals and the 2018 budget unfold

Bill Cheshire Baptiste Lake