HRM has experienced sustained growth for several decades. With a vibrant development community and the average residential property assessment increasing by 7.93%, one would assume that HRM has a healthy tax base to provide the service and infrastructure improvements expected from our tax payers. One problem is that the increased growth often occurs in areas that do not have adequate services or infrastructure to handle the increased demand. As well, increased growth also places burdens on existing infrastructure.

Municipalities have limited sources of revenue to provide a wide variety of services. HRM's primary source of revenue is from property taxes, which comprises 75% of the total. Benchmarked over a number of Canadian Cities our size or larger, we have the highest proportion of reliance on property taxes as a percentage of total expenditures. We have the lowest level of capital support as a percentage of total capital from other levels of government.

Other source of revenues are levies, fees, taxes and charges imposed on development and construction. HRM is often unfairly criticized for charging excessive fees for new construction. In reality, HRM's charges are lower than the national average. According to a CMHC Research Highlight in 2002, it stated the national average of municipal levies is 6.3%. HRM levies are 5.5%; however, when other charges and taxes are taken into consideration, the national average is 7.3% and in HRM it is 14.2%. This significant increase is a result of the province of Nova Scotia charging HST on new home construction.

Historically in HRM, the cost of major new infrastructure and service requirements was borne through debt financing, with its repayment carried on the municipal tax base. Alternative sources of funding had to be considered in order to support future growth.

In 2002, HRM Council endorsed the Capital Contribution Charges Program (CCC). This program funds infrastructure charges that will be required as a result of the additional development in a specified area. The new charges will cover costs arising from new or expanded water systems, wastewater facilities, storm water systems and roads, as well as upgrading of intersections, traffic signals and bus bays.

This program was created in consultation with the development industry, which included the Urban Development Institute, and the Nova Scotia Homebuilders Association. It is based on "user pay" and "cost causer" principles, this is allocated by the proportion of their demand for a particular service. HRM staff developed a methodology which will not unduly effect the cost of housing, or HRM's limited financial ability to participate.

The CCC has addressed localized needs from increased development, however, regional infrastructure funds are also required. There are not enough funds to close the gap, even to deal with necessary issues such as general transportation and recreation. During the 2003/2004 budget process, HRM determined its capital requirements budget to maintain today's base requirements. When compared to the existing capital funding, there was a gap of $50 million. Our existing services and infrastructure cannot continue with the pace of growth we have been experiencing. These large scale developments are causing secondary effects to a broader area. Examples would be additional traffic burden on already taxed roadways or additional demand for sewage treatment. If this growth continues, new sources of funding for these regional projects will be required.

Growth is necessary for a sustainable, vibrant community. The impression of HRM by potential businesses and residents is largely based on municipal services, including, roads, traffic, parks & open space, water, sewer and the general appearance of the City. All levels of government benefit from increased development and economic activity. If HRM continues to receive lower and lower contributions from the provincial and federal governments it will be unable to maintain the current level of service, let alone handle new demands. If the other levels of government who are benefiting from this development are able to pass some of these benefits back to the municipality, then we could continue with our existing taxation and fee structure.

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