

Road Map to MIRANET's
Municipal Finance Subcommittee Presentation
to Mississauga Budget Committee
January 17, 2011

Introduction

Review of MIRANET's January 2010 Presentation

Consensus Economic Outlook for Ontario

Tax increase target for 2011

MIRANET's proposed revisions to 2011 Operating Budget

Miscellaneous Items

Conclusions and Recommendations

Review of MIRANET's January 2010 Deputation

Proposed Changes:

- to the Budget process
- adoption of a target tax increase based upon forecast CPI
- alternative funding to supplement municipal taxes
- limit employee salary and wage increases
- revisions to the infrastructure levy
- monitoring of Strategic Plan items
- establish a Review panel with citizen representatives

We support the following improvements introduced by Staff:

- four year Business Plan
- infrastructure levy balanced with debt to fund renewal of infrastructure over 10 years

Consensus Economic Outlook for Ontario – 2011

	GDP Growth %	Consumer Price Index %	Unemployment Rate %
CIBC	1.7	1.9	8.9
RBC	3.1	2.6	7.8
TD Economics	2.4	2.3	8.2
Scotia	2.1	2.0*	8.4
BMO	2.6	2.1	8.2

* Data for Canadian economy only

Data Sources

CIBC: World Markets, Economic Insights, September 30, 2010

RBC: Economic Forecast Detail – Canada, December 2010

TD: Provincial Economic Forecast, December 17, 2010

Scotia: Global Forecast Update, December 7, 2010

BMO: Provincial Economic Outlook, December 23, 2010

Consensus Economic Outlook for Ontario

Tax target based upon consensus inflation forecast

Forecast from five of the major commercial banks;
CIBC; RBC; TD Bank; Scotia Bank; BMO

Unemployment Forecast 8.3% for Ontario

Region of Peel unemployment 11.6% as of Sept. 30, 2010

CPI forecast 2.2%

Tax Increase Target for 2011

Not necessarily same as the forecast inflation rate

Additional 0.5% new services and growth

Infrastructure tax levy 1.0%

Target for tax increase in 2011 is 3.7%

MIRANET's Proposed Revisions to the
2011 Operating Budget

Increase in total wages, salaries and benefits limited to 2.0%

No increase in non-labour departmental budgets

Leadership team previously directed a 3.0% reduction

2011 Cost to deliver existing services is now reduced from 5.8% to 1.8% as shown in the revised table

Growth related costs \$3,252,000 allowed

New service costs reduced to \$2,685,000

Net Operating Budget increases by 3.83%

Less Assessment Growth of 1.3%

Plus Infrastructure Levy of 1.0%

Final Tax Increase 3.53%

Revised 2011 Costs (\$000) to Deliver Existing Services

	2010 Budget	% Change	Increase	Efficiency & Program Red.	2011 Cost	% Change from 2010
Labour	379,183	2.0	7,584	(1,294)	385,473	1.65
Other Costs	169,880	0.5	849	(3,353)	167,376	(1.47)
Total	549,063		8,433	(4,647)	552,849	0.69
Revenue	(251,832)		1,737	(82)	(250,177)	0.66
Net	297,231				302,672	1.83

Revised 2011 Costs (\$000) to Deliver Existing Services plus
Growth and New Services

	2010 Budget	% Change	Increase	Efficiency & Program Red.	2011 Cost	% Change from 2010
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New Services (50% of 5,369, p.44)					2,685	
Growth Initiatives (3,252, p 47)					3,252	
Net Operating Budget					308,609	3.83
Less Assessment Growth						1.30
Net Impact on tax rate						2.53
Infrastructure Levy						1.00
Tax Increase						3.53

Miscellaneous Items

- (i) Four year business plan
- (ii) Open House
- (iii) Tax increase smoothing
- (iv) Consulting fees
- (v) Recovery of Judicial Inquiry costs
- (vi) Internal Auditor

Conclusions and Recommendations

Increase in 2011 property tax of 8.0% is unacceptable

MIRANET recommends a tax increase of about 3.5% to be reasonable, responsible and fair

Need for Budget Committee to set an explicit tax target

Greater control of increases in wages and benefits so the cost of services grow at an affordable rate

Advisory Panel composed of business and community leaders to meet regularly with Finance staff

Judicial Inquiry costs should be amortized over the next 4 years