

I am here tonight to congratulate Council on its recent decision to adopt a new Council remuneration policy of adhering to the BC Consumer Price Index and to request that it demonstrate similar, or even greater, restraint in dealing with the rest of the budget which staff has presented for adoption. At a time when the world is reeling from economic collapse, when people are having difficulty in keeping their jobs and making their payments, when the flood of these difficulties is now washing onto the shores of our island, it is not the time to chant the old theme that Nanaimo is different. Nor is it the time to continue the practice of raising municipal taxes at a rate double or greater than that of the cost of living which all citizens must endure.

[Graph]

The graph demonstrates increases in the Consumer Price Index for BC from 2004 to 2008 along with the property taxation rates for that same period. It also projects the BC CPI for 2009-2013 as an average of its past rate against the tax increases projected in the city's financial plan. The rate of taxation increased at double the rate of the Cost of Living Index excepting the industrial category.

Many corporations –and let us not forget that Nanaimo is a corporation- use zero based budgeting which demands that each increase in an annual budget must be justified. Nanaimo uses a less demanding budget methodology which I have been unable to identify, despite having sat through several departmental presentations as well as an all day session going over the budget line by line. Why Nanaimo's budget needs to increase by 5.3% for residential home owners or 4.1% for commercial property owners in 2009 eludes me. I heard nothing which justifies in my mind any increase over the 2008 budget greater than the BC Cost of Living Index of 2.1%: and perhaps not that.

Nanaimo has over the past few years enjoyed consistent budget surpluses of income over expenditures and in 2007 that surplus was nearly \$6,000,000 or about 8 percentage points on the tax levy. The sources of this surplus include:

1. Property Tax Increases;
2. The broadening of the tax base due to new development;
3. Increased grants from the provincial government, e.g. Casino and gas rebates;
4. Unexpended funds from a previous budget year, etc.

The amount of the surplus for 2008 and how it will be handled in the budget is unclear.

These factors have combined to give Nanaimo a discretionary reserve or savings fund of some \$22 million (29 percentage points on the tax levy). Some \$30 million was recently taken from these discretionary reserves in the case of the conference centre in which we find ourselves tonight

Furthermore, it appears that we should anticipate a return of some \$3 million (4% of our tax increase) from our partner to cover the costs which the city undertook in service of our now apparently defunct hotel. And then there are the instances of substantial capital expenses which appear to be more desired than required given the level of defense which I have heard.

Accordingly, I ask that Council apply the good example which they recently set in dealing with their own income to the entire budget process and either defend the increases in the city's budget for 2009 or find them wanting and return to a taxation regime more in tune with the community's needs and ability to pay.

Thank You

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