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**Press Release**

## **FIDDLING WHILE ROME BURNS**

Nova Scotians have recently received their 2014 property Assessment Notices: over the past 5 years commercial assessments in Halifax Regional Municipality have risen by an average of 26%. Time to shoot the messenger? Not yet! That is the surprising opinion of Mike Turner, President of Turner Drake & Partners Ltd. a real estate consulting firm dedicated to reducing their clients' property tax load.

Property assessments are determined by the Property Valuation Services Corporation (PVSC), a "not for profit" entity controlled by the municipalities. However it is the latter who set the tax rates and they, says Turner, are the villains of the piece. PVSC's assessments are based on Market Value: as values rise so do assessments. Tax rates therefore should fall . . . but they don't . . . studies carried out by Turner Drake show that municipal budgets expand instead, to take advantage of the increased assessments.

Take Halifax Regional Municipality for example. Over the past five years assessments have increased, on average, by the following amounts: Automobile Dealerships 29%; Apartments 28%; Industrial property 27%; Offices 26%; Hotels/Motels 10% . . . while tax rates have fallen by just 4%. That's right: 4%!

So where did all that extra money go . . . into additional or better services? Sadly not: over 60% of HRM's expenditures are consumed by staff salaries and pensions. And staff compensation increased by 82% between 2000 and 2010 . . . a period in which inflation grew by just 24%. In part this was because the municipality's staff complement continued to balloon. Competition forced the private sector to innovate: to do more with less. The public sector faced no such pressure. But largely it occurred because the average salary of their full time employees rose from \$47,301 to \$76,821, a rise of 62% over those ten years.

Municipalities have to face the facts: the next 10 years will not be a replication of the past decade. The Province's population is shrinking and aging: the ratio of working to non-working age population is declining rapidly. Some municipalities are now experiencing this reality but HRM has been buffered from it because of rural to urban migration. This will stop as rural areas are denuded of population. There is no evidence that HRM and other municipalities will take action until they face a Detroit type bankruptcy. It is up to property owners to minimise their exposure by ensuring their assessments are not excessive. Since commercial property owners often pay three times as much tax as their residential counterparts they should aggressively pursue an assessment appeal whenever the opportunity presents itself. They have until 13<sup>th</sup> February to do so.

Turner Drake & Partners Ltd. have provided real estate property advice for almost forty years. From their offices in Halifax, St. John's, Charlottetown and Saint John they service clients owning property across Canada.