

This budget's a tough one - and that's the truth

City Views

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It is true, using the dictionary-correct definition of the word as favoured by Mayor David Miller and friends, that property taxes will rise by four per cent this year.

It is also true, using the somewhat looser but nonetheless conceptually correct definition, favoured by Denzil Minnan-Wong and other critics of the mayor, that taxes will rise by 10 per cent this year.

But here is something that's truer than both those truths combined: Toronto is beginning a spiral into a vortex of fiscal calamity over the next year that will make niggling questions over whether residents are paying \$89 or a couple of hundred dollars in increases seem like flyspecks; a spiral that nobody - not David Miller, not Denzil Minnan-Wong, not even Barack Obama - can do anything about.

Welcome to City of Toronto Budget 2009 - a debate that will be constrained in every way imaginable, and really would be even if the city's and province's economy weren't on such a dramatic slide. When it was unveiled Tuesday morning, Miller and his budget chief Shelley Carroll presented it as balanced. But as has always been the case with city budgets, that balance is as precarious as a drunkard on a fence-rail.

The \$8.7-billion operating budget is propped up by a one-time \$238-million grant from the provincial government's 2008 surplus, and a \$43-million draw from the city's fast-dwindling reserves. It is predicated on a projected welfare case load of just over 100,000 by the end of the year. Third-party analysis from the TD Financial Group suggests the city will need another \$50 million to cover payments to another 14,000 out-of-work Torontonians. The city cannot by law run a deficit. The provincial government can, but will likely have problems of its own by year's-end. So in the unlikely event a bailout comes, it won't be from another surplus-driven grant.

This is what Toronto is like in tough times.

Of course, a large portion of Toronto's history has been spent in tough times, at least at City Hall.

The city was amalgamated in 1998, as Toronto and Ontario had just properly recovered from the deep recession of the early 1990s. The boom times of the late 1990s were spent in an extended glaring match between City Hall and Queen's Park over hundreds of millions of dollars in downloaded services. That chilly relationship has thawed over the last five years, but Toronto's economic growth had by then begun to level off.

And now, it looks as though we're back where we started in the early 1990s, when soaring welfare costs forced Metro Council to approve double digit property tax increases and hike TTC fares and cut service just to pay the bills.

This year, the city's budget doesn't do that, exactly. Miller made it clear there would be no TTC fare hikes, recalling how ridership declined so precipitously when customers were asked to pay more to wait longer for their bus.

But, as Miller's critics point out, this budget does grab more cash from Torontonians than have budgets past - in the form of user fees. Tagging the increase at 10 per cent is a little misleading, because

residents can always use less water or smaller garbage cans. But it's also true, for instance, that the pay-as-you-throw garbage fee introduced late last year doesn't result in a commensurate property tax cut. And some of those fee increases are percentage-wise much higher than four per cent. Water, for instance, is going up by nine per cent; on-street permit parking, by 12.5 per cent.

Is that all too high? Maybe - but what are the alternatives? Cut services, with more Torontonians out of work and in need? Sell assets, when real estate values are plunging everywhere, and the money realized won't be any more sustainable than hopes of provincial surplus grants all the way down?

It all leads to the starkest truth of all: the budget unveiled Tuesday is likely the budget that will be passed five weeks from now.

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On another note: for you Web 2.0 twits out there, I've started a Twitter account. I don't know if the 140-character-a-posting web application is a good way to update people about the goings-on at Toronto City Hall, but there's only one way to find out. Check it out at: <http://twitter.com/DavidNickle>