



City of Toronto 1998 budget information

- City budget
- Budget 1998
- Previous budgets
- City Finances

Joint Message from the Chief Administrative Officer and Chief Financial Officer

Toronto City Council has approved a 1998 operating budget of \$5.6 billion and a capital budget of \$1 billion for the new amalgamated Toronto. By holding operating expenditures at \$5.6 billion, City Council has frozen 1998 property tax rates at 1997 levels - delivering a "zero tax increase" and maintaining services at existing levels. This is a significant achievement since it was accomplished in the midst of the transition to a unified city and in the context of changing provincial priorities.

The newly amalgamated City of Toronto serves more than 2.3 million residents. As a city, we have a larger population and budget than many provinces. The budget provides funding to departments, agencies, boards and commissions to provide hundreds of programs and services to the city's residents and businesses.

The merging of seven former municipalities into one unified city presented many challenges during a period of change and uncertainty. First, we had to ensure a seamless transition of services to our residents effective January 1, 1998, the date when we became a unified city. Second, the provincial government passed legislation which downloaded extra responsibilities to the GTA, including \$131 million in net additional costs and services to Toronto. Third, the province introduced a new current value assessment system which updated property assessments across the new city.

In total, the city faced \$295 million in budget pressures, which include the \$131 million from provincial downloading and \$164 million from internal pressures. To address these pressures, the City's Budget Committee identified \$176 million from a combination of efficiency and restructuring savings from amalgamation. The remaining \$119 million has been offset by a one-time \$50 million grant from the Province and \$69 million from the city's transition reserve fund (where a \$100 million loan from the Province was deposited).

To make the newly amalgamated city work efficiently, about \$40 million in transitional investments will be required in 1998. Some of the money is required for staff severance costs to eliminate duplication and to enable the City to invest in technology, which in the long-term, will benefit the City as further budget savings are realized and service to the public is improved.

Managing the budget will be a multi-year process. For 1999 and beyond, the city will be under tremendous pressure to balance the goal of no tax increases while maintaining service levels. Through amalgamation, we will continue to restructure our organization with a view to enhancing service to our residents.

2/20/2009

City of Toronto: 1998 City Budget

We would like to thank all members of Council and the Budget Committee for their guidance and support during a challenging budget process. We will continue to work in partnership with Council as we begin work on the 1999 budget.

Michael A. Garrett
Chief Administrative Officer

Wanda A. Liczyk
Chief Financial Officer and Treasurer

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