



## CITY COUNCIL

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## City of Toronto 2002 budget information

### 2002 Capital Budget details

The capital budget pays for the maintenance of existing infrastructure (roads, bridges, buildings, vehicles, etc.) and the replacement of aging or obsolete equipment. Capital funding is also used for the purchase of new infrastructure.

Following the review of the City's budget process and the work done with Mr. David Gunn, major changes were made to the capital budget process that included the review of all capital programs based on the priorities established by City Council:

1. Health and Safety
2. Legislated
3. State of Good Repair
4. Service Improvement and Enhancement
5. Growth

The recommended 2002 capital budget contains projects in all of these categories, however most investment is directed to the first three priorities.

"The new approach to our capital budget will mean we borrow money only for those projects that are of the highest priority," said Toronto Budget Chair Councillor David Shiner. "Controlling our capital budget and borrowing less means saving taxpayers money as we pay less in interest costs," Shiner stated.

"The goal was to reduce the negative impact that the financing of the capital budget has on operating costs," said Chief Administrative Officer Shirley Hoy. The City must pay the interest on money that it borrows for capital investment from the operating budget each year.

The recommended 2002 Capital Budget is \$942 million. Of this amount, \$161 million will be funded through new debt.

The on-going use of borrowed money to pay for vital infrastructure is not practical as the City must protect its financial position and not further deplete reserve funds. A City the size of Toronto cannot maintain its infrastructure alone. As the economic hub of Canada, assistance from the provincial and federal governments is required to ensure reliable funding and avoid Toronto going into more and more debt each year.

The recommended capital budget is a reflection of what is the minimum required investment to maintain the City's infrastructure. Following the capital projects review, many projects originally scheduled over a five year period will now be deferred or extended over a longer time frame.

