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**City of Toronto 2002 budget information****News release**

**Maintaining existing programs, managing debt, keeping taxes down and increased accountability measures were the key components of the City's 2002 Budget recommended today by City of Toronto Chief Administrative Officer (CAO) and Acting Chief Financial Officer, Shirley Hoy.**

January 8, 2002

Maintaining existing programs, managing debt, keeping taxes down and the continued implementation of cost saving and accountability measures were the key components of the City's 2002 Budget recommended today by City of Toronto Chief Administrative Officer (CAO) and Acting Chief Financial Officer, Shirley Hoy.

"These are the priorities I outlined four months ago," said Mayor Mel Lastman. "I look forward to working with Council to ensure Toronto's future is secure," the Mayor stated.

"The 2002 budget reflects a significant change from last year." said City of Toronto Budget Chair Councillor David Shiner. "It focuses on efficiencies and accountability. Staff have worked hard to prepare a budget which balances the priorities of required capital programs to ensure the maintenance of our infrastructure and still maintain our day-to-day operations," stated Councillor David Shiner.

While the \$6.4 billion operating budget includes a potential 4.8 per cent tax increase for 2002 Hoy stated that, "this was the result of the provincial requirement that Toronto only apply tax increases on homeowners and not the business tax base." The recommended increase in taxes paid by homeowners would be reduced to 1.7 per cent, less than the rate of inflation, if the City had the ability to consider the commercial/industrial sector when considering an increase in municipal taxes. While other municipalities ensure fairness by applying tax increases across the board, Toronto is forced by the provincial government to provide the business sector with a 0 per cent tax increase again this year.

The CAO outlined the need for the City to work with the provincial and federal governments to obtain reliable and ongoing funding to help support transit infrastructure, social housing and service to the homeless. The on-going impact of downloading from the province (recently confirmed by the provincial auditor) continues to cost Toronto taxpayers millions of dollars. "This year's recommended budget provides for services to be delivered at the level approved by Council in 2001 and contains no new programs or services while tightly controlling the amount of any new debt the city will take-on in 2002," added the CAO.

Municipal taxes still account for only 5.1 per cent of the total taxes paid by an Ontario family while the remaining 94.9 per cent of taxes are sent to other levels of government.

In recommending a \$942 million capital program for the City in 2002

the Chief Administrative Officer noted that the amount of debt the City was adding each year was not sustainable. Therefore, a full review of all capital programs was undertaken to ensure that any new debt the City decides to take-on is in step with the priorities for capital projects established by Council.

Requests for the funding of new services have been placed in a separate decision package for the consideration of Council. Funding of new services will require a reduction or elimination of a service in the base budget or consideration of additional tax increases.

Council will begin examining the budget on January 8 and Standing Committee reviews will begin the week of January 14. This is scheduled to culminate in Council's approval of the capital and operating budgets in March, 2002.