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City of Toronto 2003 budget information

Budget Chair David Shiner's remarks to the joint meeting of Policy and Finance and Budget Advisory Committee regarding the recommended staff 2003 budget.



I am proud of the many changes we have incorporated into the budget process over the last two years. Together, we have made our review open and collaborative, encouraging the participation of council, staff and the public.

With your help, we have created budgets that are fair and protect city services. With a more stringent review process we've found savings through efficiencies to offset most of the impacts of inflation.

After the first term of this Council the Dominion Bond Rating service downgraded Toronto's credit rating. They said "the outlook is bleak. there are no miracles on the horizon". They also told us "there has been a gradual deterioration in the state of finances" at the City.

For 2002 we approved a solid financial plan. And in September of this year, Toronto's credit rating was upgraded to AA1, just one level below (triple A) AAA, something we should all be proud of.

Moody's Investor Service specifically highlighted the city's "strong fiscal performance in the face of many organizational and financial challenges in recent years".

Increased provincial presence in funding municipal infrastructure projects was also credited, but we need a long-term commitment from all levels of government for the necessary funding tools to again start building this City.

Former Finance Minister Martin said: "if you take a look at the City's revenue sources having to rely on property taxes, clearly a new deal is required." Minister Collenette added: "we need permanent infrastructure programs."

The federal government's contribution to transit is appreciated. But one-time actions are not enough. It, along with Judy Sgro's Blue Print are steps in the right direction. Business Leaders, Boards of Trade, Municipalities and Taxpayers have all acknowledged the need for "a new deal" for Toronto and other Canadian cities, yet we continue to wait.

Toronto needs a sharing of the Gas Tax, elimination of the GST on municipal purchases and long-term commitments to maintain and expand the TTC.

We have heard the promises and even seen some signs of progress at these senior government levels, yet we still face serious pressures and struggle to balance our budgets.

We still can not afford what we want and we still are not in the position to afford everything we have.

For 2003, we have continued to work on our long-term debt and financial planning strategies. Our capital budget focuses on health and safety, legislated and state of good repair projects.

No new debt is proposed, except for that associated with our one third of the TTC Capital Budget.

The 2003 operating budget target was to minimize any tax increase.

Initial operating budget submissions indicated a pressure of \$261 million, primarily caused by:

- An increase in the operating subsidy for the TTC
- the arbitrated wage settlement for city employees, and
- economic pressures for Police, Fire and Emergency Medical Services.

The budget recommendations the Treasurer will present to you today are a work in progress. It recommends efficiencies of \$138 million and a 3% tax increase.

Provincial Legislation, Bill 140, restricts the City from increasing property taxes on all businesses. If this provincial policy were not in place, a 3% tax increase on our entire tax base, including commercial and industrial properties, would generate \$84 million in additional revenue.

A 3% tax increase solely on residential homeowners, nets the city just \$30 million in new tax revenue.

There are few service enhancements in the Treasurers' budget. Most City operations are at or below a 1% increase, while our Agencies, Boards and Commissions and other expenditures - many of which are not directly controlled by the City, have submissions as high as 15%.

There are no painless ways to absorb all of this year's budget impacts.

After 5 years of zero (0) increases on the commercial and industrial property taxpayer, it seems only fair and reasonable to ask these businesses to share some of the impacts of the over \$74 million worth of pressures for TTC, Police, Fire and Emergency Medical Services.

I am tired of facing service cuts as a way to balance our budget. Yet, I don't think any of us want to raise taxes.

I believe there are still ways to reduce the shortfall. Although we have adopted Alternate Service Delivery as a tool for reducing costs, that does not preclude us, as we work through the budget process, to look for innovative ways of delivering services through greater efficiencies while protecting the jobs of our great city employees.

We want to create healthier communities and a better way of life as well as strong economic growth, but we can not do this alone.

Last year's promise by the Provincial government of one-third of the TTC's Capital Budget for 10 years - over \$1 billion - has initiated a more positive working relationship between us.

Recent discussions with Provincial Ministers regarding partnership funding opportunities have been productive. I believe, if both governments continue working together we will find a solution that will help Toronto deal with this year's financial pressures.

As I said earlier, the budget you are being presented with today is a work in progress. It is now your responsibility to begin the public review, set priorities and look for ways of providing our services at lower cost.

I, along with the members of the Budget Advisory Committee, look forward to your input.

We are operating more efficiently. The policies we have in place today, if combined with the partnerships and financial tools we need from our Federal and Provincial colleagues, would return financial stability to Toronto now, and into the future.

I want to thank our Commissioners and the many City staff who have worked diligently over the past 4 months on the 2003 budget.