

Rescue plan for ailing Toronto

Tolls, taxes, asset sales and a culture change at city hall. Those are key ingredients of a blue-ribbon panel's plan to extricate Toronto from its chronic fiscal quagmire

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A panel of eminent Torontonians, linked in various ways to the mayor and who, as such, have no desire to embarrass him, say city hall can extricate hundreds of millions – billions even – from its \$8.2 billion budget and massive operations.



AARON HARRIS/TORONTO STAR

Mayor David Miller speaks on Feb. 21, 2008, during a news conference, where an independent six-member panel recommended changing the way business is conducted at city hall.

The mayor sees this as a "ringing endorsement of our civil service."

The six-member group of experts says that after four months of nosing around city hall it has unearthed a treasure trove – enough to make the city fiscally stable well into the future.

The mayor says he'll look into it.

The business types say they were "most shocked" by the 119 boards, agencies and corporations the city owns but "has little say or control over their budgeting and decision-making."

The mayor says the report proves "the idea that this city is mismanaged" is nonsense. "It's not true."

Torontonians can read the recommendations and decide for themselves.

That Mayor David Miller interjected bald politics into the debate yesterday is a too-eager attempt to sugar-coat what can be interpreted as an indictment of his administration and others that went before.

Asked why a university president, a labour union economist, a financier, a paving magnate, a real estate executive and a non-profit executive can find so much buried money – after just four months of digging – the mayor stumbled through an answer,

saying that's why he asked them to look.

In fact, the panel was forced on Miller. He asked the "experts" to look at the books after a torrent of criticism greeted his introduction of two unpopular taxes last year.

"First, get your house in order," ratepayers said. And some councillors refused to vote for the vehicle tax and land transfer tax measure until Miller called in fresh eyes to look at the city's entrails.

Miller relented. But he constituted a friendly enough group that wouldn't slam the city top to bottom and recommend massive changes, especially ones that would upset the unionized workers.

Yesterday, Miller said that when he established the panel he told them there would be two or three meetings. That, in itself, tells you how much stock he placed in this process. And it is a cautionary note about how seriously the recommendations might be greeted at city hall.

The panel's report is responsible, cautious to a fault and careful not to upset those who will have to implement the suggestions. Still, it found, after 200 meetings, the city can:

Squeeze \$150 million a year in savings, starting next year; and earn \$150 million annually through better real estate management.

Reap \$3.5 billion from its holdings with Toronto Hydro, the parking authority and Enwave. This would eliminate the \$2.6 billion debt and the \$400 million we pay in principal and interest each year.

There's more, but that alone shows how much money Toronto might be sitting on. Do just some of the above and say goodbye to the annual embarrassing journey up to Queen's Park for a bailout.

So, who will drive this? Who will secure these savings and funds?

The panel, with its corporate view of the world, wants a "strong mayor" system where Miller hires and fires the chief administrative officer and is, by law, responsible for the budget.

It's hard to believe such a governance change can turn around the mindset at city hall. But the likes of Larry Tanenbaum believe so. The head honcho of the Leafs and Raptors says that, while the report he helped pen is not a ringing endorsement of the city's past, it is a "ringing endorsement of the future."

Everybody's a politician.

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Business taxes too high: Panel

Taxes on Toronto's commercial properties are too high and residential taxes are too low, when compared with competing municipalities, so more shifting of the burden is needed, the panel says.

While Toronto began a process in 2006 to equalize the difference over 15 years, the panel thinks it needs to be expedited to just 10 years, to encourage business to stay in Toronto while still meeting the city's needs.

"We think it took guts to do that. We're just saying accelerate it," said panel chair Blake Hutcheson.

He added that, if the city implemented many of the panel's recommendations, there might not be a need for more significant annual property tax increases.