Deputation

CITY OF TORONTO 2010 OPERATING BUDGET

Submitted
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Since the global financial meltdown, governments across the world have been called on to do extraordinary things to avert a massive depression. As a result Ontario projects a $24 billion shortfall, and the federal government nearly twice that amount.

But because municipalities are forbidden to run an operating deficit, Toronto is said to have an exceptional budget crisis. Certainly, when you consider the impact of shifting to reduced commercial tax rates, and the increase in social service costs as unemployment hovers around 10%, it is a small miracle that the City can achieve a balanced budget.

It is also important to remember the irresponsible three year tax freeze of the Lastman years that reduced the revenue base by some $250 million. On the other hand, the implementation of the land transfer tax did not result in the dire results predicted by its opponents. Simply put, if we want to have a great city we as the people of Toronto have to invest in it. As the people who build the city, generate much of its wealth, deliver its services and contribute to every resident's quality of life, we understand that. Past generations used their taxes to invest in significant infrastructure, efficient transit and vital social programs – we cannot shirk our responsibility to do the same.

A 2.5% INCREASE IS NOT OUT OF LINE

Between 2003 and 2008, the City of Toronto's operating expenditures increased by 27%. Over the same period, municipal government operating expenditures across Ontario increased by 31%. Per capita operating expenditures in the City of Toronto increased by 23% compared to 24% across the rest of Ontario. Toronto is not out of line with either other cities or senior levels of government. In previous years, a number of 905 municipalities had larger increases than Toronto, even though many of them are still realizing huge development charge revenues related to urban sprawl.

The City of Toronto 2010 proposed budget would result in a 2.5% tax increase. It is a political decision to split that increase as a 4% rate on homeowners, but only a 1.33% increase on commercial property. **Perhaps to be more widely acceptable, the increase should be 2.5% across the board.**

There will be lots of free advice offered about dealing with the budget pressures, but many of the cures proposed are far worse than the ailment. Imagine selling off a money-making operation like Toronto Hydro just when the entire alternative energy potential is opening up. It only makes sense if you're related to the guy wanting to buy it – like getting a licence to print money.

Because there is a lot of money at stake, we need to be pretty sceptical about the well-rehearsed script being presented these days – sell off public assets, reduce public services, and give more corporate tax breaks. It's no surprise to hear that from representatives of the wealthiest firms on Bay Street. On one hand, they want services outsourced, wages checked and assets sold or "monetized". On the other hand, they demand that millions more in property taxes be shifted from business onto single family homeowners.

YOU CAN'T HAVE A GREAT CITY FOR SIX CENTS ON THE DOLLAR

Let's be clear. The funding crisis hits every large downtown municipality in Ontario. It has existed since the province downloaded social service costs, transit, and other obligations onto cities without an equivalent source of revenue. Toronto gets only about six cents of each tax dollar collected from its residents. With that, it needs to provide police, emergency services, roads, transit, and a myriad of other programs that are vital to our quality of life. The math is very simple – you can't have a great city for only six cents on the dollar. Cutting costs of childcare centres, or raising fees on family recreation are wrong measures that do little to address the problem.

The real solution lies in a fair share of revenues. Queen's Park and Ottawa have access to many different revenue streams, starting with progressive taxation. While the province has provided significant capital investment in transit, there is no guarantee of the money needed to operate the system. In fact, the refusal by Queen's Park to commit to the 2010 transit operating subsidy is a stunning abdication of responsibility. It's bad enough that social services uploading won't be complete for nearly another decade.

SAY NO TO THE DRIVE TO PRIVATIZE

A key objective of many business lobbyists is to open up the public sector to private operators. The motive is very simple. The typical return on investment translates into tens of millions in profit if a company can access public sector operations in health, transit, utilities or waste treatment. Fortunes have been made on childcare in Australia and prisons in the U.S. For business interests, the only question is - why not Canada? And why not Canada's largest city

But for ordinary people, it's not such a good deal. Across Canada the healthcare sector has outsourced much of its services to three multinationals, and in the process transformed a lot of decent salaries into poverty-level jobs. The P3 (public-private partnership) development of hospitals brought skyrocketing costs – over $200 million just in extra interest for the Brampton site, and another $34 million lawyers and accountants to draw up the P3 contract, according to Ontario's Auditor General.

Hamilton’s water system went through three private operators and a massive spill before it was finally brought back under public control.

York Region has spearheaded the delivery of transit by private or P3 operators, but it needs a subsidy of $4.55 per ride compared to only 59 cents for the TTC. And now Metrolinx is poised to expand the P3 model across the region.

These are the issues at stake in the debate over Toronto’s finances. Public services and programs are the foundation of a decent quality of life for working Canadians. They are the legacy of wise investments by past generations. Torontonians kept Hydro public through the great depression and two world wars. Why would we give up a crucial asset like that after the bitter experience of Highway 407?

CHOICES CAN BE MADE

Toronto’s long-term budget dilemma won’t be fixed by selling off public property. But there are important options that are available:

- Cities are challenging private telecoms which pay almost nothing for burying their lines under our roads.
- Senior levels of government pay only a fraction of the property tax rate on their buildings –that should change.
- Energy retrofits of all public buildings would reduce utility costs tremendously, while Toronto Hydro could partner with our schools and universities to take advantage of the new feed-in tariffs for alternative energy.
- Full development charges could be applied this year
- There could be a surcharge for new developments that fail to meet stringent green building standards.
- And yes, there could be a moratorium on locking commercial rate increases to only one third of homeowners.

There are other strategies that are also important to pursue. Fixing our broken EI system would save the city millions in welfare payments, as well as provide dignity to those of our neighbours who have lost their jobs. Allying with other large cities to demand a responsible federal transit strategy could secure millions more to expand rapid and accessible transit.

We are Canada’s largest city, with a huge leadership role to play in economic development, the environment, racial diversity and social cohesion. Yes, it takes money and effort to succeed in that role. And future generations will say it was well worth the investment.