

March 30, 2006

## **Toronto's operating budget protects services and addresses priorities**

Toronto City Council today approved a 2006 operating budget that kept spending in the majority of City programs to 2 per cent and protected basic City services. The budget also provides for an increase in the number of front line police officers, improvements to TTC service and continuation of important parts of the City's clean and beautiful city program.

"This budget protects City services and directed funding where it was most needed to deliver the services in greatest demand," said Toronto Mayor David Miller. The Mayor recognized that the effects of paying for provincially mandated programs have put pressure on the City budget but the recent steps taken in the Provincial budget to address these costs will begin to permanently resolve the issue. "This budget is reasonable and responsible and we have turned the corner on how the City will fund its responsibilities and deliver service to Torontonians," said the Mayor.

Toronto's Budget Advisory Committee has been working for months reviewing Toronto's operating budget to find savings and reduce what was a \$532 million operating budget shortfall in the City's \$7.6 billion operating budget. During the reviews conducted by the Budget Advisory Committee the budget pressure was reduced by \$167 million. While measures were taken to reduce costs, it became clear that provincial funding would be required to address long standing operating budget issues such as social services and the rising cost of transit service.

"The Budget Advisory Committee and staff did tremendous work to reach a balanced budget for 2006," said committee Chair Councillor David Soknacki. "Significant work was done to keep costs under control and place funding where it will have the greatest impact. There remains significant work to be done to put permanent solutions in place to address the City's basic funding issues and the City will continue working with the provincial government to get the job done," said Councillor Soknacki.

In recognizing Toronto as an accountable and responsible government, the recent provincial budget clearly acknowledged the benefit of maintaining a strong Toronto as being vital to the economies of both Ontario and Canada. The Provincial government also recognized the need for shared funding of transit operations and earmarked \$200 million for subway operations (\$100 million for 2006 and an additional \$100 million for 2007).

This funding begins to replace the funding for transit that was eliminated under the previous Provincial government. The recent Provincial budget provides \$165 million in funding to offset the 2006 budget shortfall and clearly indicates the need for ongoing funding. Most importantly, the Province has officially committed to a multi-year financial partnership by earmarking funding for the TTC and social service programs in 2007. The Provincial budget provided a clear recognition of Toronto's financial circumstances and the need to address the pressure of provincially mandated social services (\$35 million) and EMS (\$10 million) on the City's operating budget. The Province has also deferred payment of the City's \$20 million loan in 2006.

- more -

---

**Visit our website at [www.toronto.ca](http://www.toronto.ca)**

On average, more than 60 per cent of the property taxes paid by average homeowners go toward providing City services such as police, fire, emergency medical services, the TTC, garbage collection and recycling, libraries, parks and roads. About 45 per cent of the City's operating budget is comprised of staff that is involved in the direct delivery of services to the public. The approved operating budget maintains basic service levels, increases policing through the hiring of 250 new police officers – leveraging the funding for policing provided by the Province – and provides improvements to transit services. In addition, the budget continues important parts of the City's clean and beautiful city initiative and invests in making Toronto's neighbourhoods strong and safe.

While the provincial recognition of Toronto's funding issues has proved extremely helpful, the budget approved a three per cent property tax increase on homeowners and one per cent increase on businesses to ensure that basic municipal services continue to be provided. A three per cent increase adds \$61 to the average home assessed at \$369,300. A tax increase alone is not enough to meet the costs of delivering service and therefore, the 2006 budget also requires the use of reserves (\$160 million) and increases to some user fees to meet the costs of delivering basic services.

The detailed report presented to City Council and the budget backgrounders are available at [www.toronto.ca/budget2006](http://www.toronto.ca/budget2006).

**Media contacts:**

**Don Wanagas, Communications Director, Office of Mayor David Miller, 416-338-7134**

**Councillor David Soknacki, Chair of the Budget Advisory Committee, 416-392-4008**

**Kevin Sack, Corporate Communications, City of Toronto, 416-397-5277**