

March 31, 2008

City's budget invests in Toronto's priorities

Toronto City Council today approved its 2008 operating budget which will maintain services, make important new investments and take important steps to address the structural deficit that has prevailed since amalgamation.

"This is a historic budget for Toronto," said Mayor David Miller. "For the first time in many years we're able to invest in this city to create prosperity, liveability and opportunity for all while providing certainty for residents and businesses that we will provide services and keep up with growth. I'm incredibly proud of what we have accomplished working together for the benefit of all Torontonians."

Investment highlights of the \$8.2 billion budget include:

- Providing improved public transit through the Ridership Growth Strategy which will see 100 new buses on the road to relieve peak-period congestion, enhanced off-peak service and investments in the cleanliness and appearance of subway stations
- Meeting our commitment to reduce the waste that goes to landfill through investments that ensure the City reaches the 70% diversion target by 2010 and expansion of the Green Bin program
- Delivering on the City's plan to fight climate change through initiatives such as Live Green Toronto
- Keeping Toronto Clean and Beautiful through increased neighbourhood beautification project funding, clean-up of orphan spaces and improvement of public spaces through new street furniture
- Delivering on the vision for a new waterfront – 2008 will see the opening of new waterfront parkland and facilities
- Strengthening Nuit Blanche - one of Toronto's key cultural events
- Investing in communities and keeping a safe city safer by providing funding to the Community Partnership Investment Program that keeps pace with inflation
- Increasing the support given to the very effective Streets-to-Homes initiative to help people living on the street find and keep permanent housing
- Staying the course on improving Toronto's business climate through investment in an international centre for Financial Services Training and the Financial Services Information Technology Innovation Initiative and establishing green economic sector development initiatives in targeted areas
- Adding additional planners to support community and transportation planning, heritage preservation and support good quality urban design ensuring that we are able to keep up with Toronto's rapid growth and maintain healthy and vibrant neighbourhoods.

The Budget Committee conducted a detailed review of the staff-recommended operating budget in order to keep costs under control and to place funding where it will have the greatest impact. Budget Committee made a number of important changes to the staff-recommended operating budget:

- Recreation user fee and permit fee increases will be held to 5 per cent over the 3 per cent COLA adjusted 2008 rates, which maintains the city's 70 percent subsidy of recreation programs.

(more)

- Enhanced funding will be provided for the Toronto Arts Council, major arts organizations, local arts services organizations and the Glenn Gould Protégé Award within the Community Partnership & Investment Program (\$1.097 million gross and net). This additional investment supports the City's Culture Plan, and completes Council's 5-year funding strategy for the arts.
- The 2007 year-end net operating surplus of \$94.8 million was \$16.8 million more than anticipated. The Winter Control Stabilization Reserve, which is the snow removal reserve fund, will receive \$9.5 million of the surplus. A new City policy that shifts more of the tax burden off small businesses and onto homeowners was offset with the balance of the surplus. The tax shift would have added approximately \$7 to the average homeowner's property tax bill.
- Toronto Animal Services funding was restored to provide continued Pet Owner Surrender Services and Field Service Response to Injured or Distressed Wildlife.

“At the end of the day, we have delivered a budget that protects city services and directs new spending to those areas that most influence the quality of life in this City,” says Councillor Shelley Carroll, Chair of the Budget Committee. “Standard and Poor's upgrade of Toronto's AA credit rating from stable to positive shows that we are moving in the right direction.”

Property taxes (\$3.315 billion) fund 41 per cent of the City's operating budget. User fees and charges (\$1.273 billion) and Provincial and Federal grants and subsidies (\$1.973 billion) fund the balance. The budget includes a property tax increase of 3.75% on single-family residential, a multi-residential and commercial property tax increase of 1.5%, and a reduction to small business taxes of 1.3%. The total new revenue generated by the 2008 property tax increases represents a 2.1% increase overall.

Shirley Hoy, City Manager said, “The City continues to operate efficiently and compares favourably to other municipalities in the delivery of services. This budget maintains frontline services at their current levels and includes investments in City priorities such as climate change, priority neighbourhoods and transit. However, we will continue to work to find permanent solutions to the City's financial issues.”

“Permanent funding for transit operating costs and the upload of provincial services are critical to the City's continued success,” said Joe Pennachetti, Chief Financial Officer and Deputy City Manager. “Our hope is that the upcoming report from the Provincial Municipal Fiscal and Service Delivery Review will finally address these issues.”

The City has both an operating and capital budget.

The day-to-day operation of City services is paid for from the City's operating budget – the money dedicated to salaries and operating expenses such as rent, fuel, electricity, equipment, etc. The City, like everyone else, must pay the increased costs of fuel and electricity and other services when these costs rise. The delivery of City services such as police, fire, emergency medical services, TTC, waste collection and recycling, libraries, parks and recreation, child care and many others are paid for through the City's Operating Budget.

The 2008 Capital Budget of \$1.610 billion was approved by Council last December and is part of an \$8.355 billion Five-Year Capital Plan (2008-2012). The City's capital budget pays for construction and maintenance of roads, the purchase of transit vehicles, the building of major facilities, and the purchase of major equipment. The budget funds the maintenance and construction of City assets and infrastructure, which are needed to support service to residents and businesses.

(more)

Toronto is Canada's largest city and sixth largest government, and home to a diverse population of about 2.6 million people. It is the economic engine of Canada and one of the greenest and most creative cities in North America. In the past three years, Toronto has won more than 70 awards for quality, innovation and efficiency in delivering public services. Toronto's government is dedicated to prosperity, opportunity and liveability for all its residents.

Media contacts:

Stuart Green, Deputy Director, Communications, Office of Mayor David Miller 416-338-7119
Ryan Merkley, Executive Assistant to Councillor Carroll, Chair of Budget Committee, 416-392-4037
Kevin Sack, Director, Strategic Communications, City of Toronto, 416-397-5277
Cindy Bromley, Manager, Finance Communications, City of Toronto, 416-392-4993