

2009 Operating Budget Introduction
Speaking Notes — Mayor David Miller

WELCOME

Good morning.

I want to begin by thanking Members of Budget Committee for their efforts to support the development of the 2009 Operating Budget. The fiscal challenges faced by the city can be described as “difficult” in good economic times, but in today’s economy, the responsibility to ensure we protect services and leave no one behind creates a heavy burden. Thank you to each of you for your hard work.

Thank you to our City Manager Joe Pennachetti, Acting DCM and CFO Cam Weldon, DCMs Richard Butts and Sue Corke, and our staff in Finance. You have done an incredible job in preparing this budget.

INTRODUCTION

Since I became Mayor, we have been working together to build a liveable city where our prosperity is shared, and where there is opportunity for everyone.

We began by investing in priority neighbourhoods, and reaching out to our youth. We provided services to help those who had fallen behind with Streets to Homes. That program, developed here in Toronto, has now helped over 2,200 people off the streets and into housing, and has been recognized globally as a leading model for ending homelessness.

To ensure Toronto's long-term fiscal health, we made difficult decisions to implement new taxes, but also kept property taxes at reasonable rates — much lower than our 905 neighbours. We took the cost of garbage and recycling off the property tax base to drive diversion up, and give those who reduce an incentive to do so. And every year, we have reduced tax rates for business so they can stay competitive and stay in Toronto.

Last year, we completed our discussions with the provincial government to upload the cost of social services like Ontario Works — next year, they will begin to remove that burden from the property tax base after it was downloaded by Mike Harris.

Each year, we seek out savings, efficiencies, and innovation. This budget includes over \$102 million in savings and efficiencies.

Meanwhile, innovative partnerships like the street furniture program with Astral Media is providing 3,500 new benches, bus shelters, and garbage bins while generating revenue for the city.

Today, we are introducing our second consecutive balanced budget — made possible by sound fiscal management, diversified revenues, a strong partnership with the provincial government, and a continuous search for savings and efficiencies.

STATE OF THE ECONOMY

Before the global economic downturn began, the City of Toronto put policies and programs into effect that would keep Toronto competitive, and help to reduce the impact of the slowing economy. For example:

- We created an economic development strategy with business, labour, non-profits, and academics, called the Agenda for Prosperity. We are implementing that plan today, creating new opportunities for employment, and developing key economic

sectors.

- We reduced business tax rates every year, including a new small business tax rate that provided a 1.3 percent reduction in taxes in 2008
- We created a new high-volume industrial water rate to keep Toronto competitive with surrounding regions, and keep jobs in our city.
- We re-focussed our social service initiatives to place the emphasis on employment, and streamlined the application process.

Last December, in response to the looming recession, I announced a number of initiatives to help individuals and families, including:

- A freeze on transit fares for 2009
- A freeze on garbage fees, and
- A freeze on development charge increases for residential construction to help stimulate that important job-generating sector.

Finally, our \$26 billion capital plan was approved last fall, creating or sustaining 35,000 jobs this year, and up to 300,000 jobs over the next 10 years.

Yesterday, at the Parkdale Library, I announced a series of new initiatives that will:

- Help people find jobs, through the Toronto Public Library, Toronto Employment and Social Services, and by partnering with the YMCA to create a hospitality training centre at Metro Hall.
- Help people stay in their homes, with an enhanced rent bank, and a new last-month's rent program for low-income families.
- Help low-income seniors live with dignity, by expanding our Long-Term Care Home services to reach out to low-income seniors living in the community.
- Support new job creation, by fast-tracking development applications for commercial and industrial buildings that will employ people in Toronto.

Today, we are adding property tax support programs to that list. As part of today's budget, we are increasing the income and assessment thresholds for the property tax deferral and property tax cancellation programs. The combined impact of these adjustments will mean that an additional 22,000 households will be eligible for tax help when they need it, ensuring that seniors and low-income

families can stay in their homes, while the city can continue to provide the services we need.

To those who are worried, or who are in need, I want you to know that your City government is doing everything we can to help.

Yesterday we launched Toronto Helps to provide easier access to the many programs and services that are available in this difficult time. Toronto Helps is available on our website at toronto.ca/torontohelps or by calling Access Toronto.

As I said yesterday, in recent months, the impacts of the recession have shaken people's confidence. Daily reports of job losses have left Torontonians worried, and many families are now in serious need.

Today, about 81,000 individuals and families in Toronto are on Ontario Works, and that number is projected to reach 90,000 in 2009. That will require us to increase funding for welfare by \$33 million, which is included in this balanced budget. We have a duty to ensure that those who need the supports can access them. We will not repeat the mistakes that were made in the past recession that left too many without help, and without hope.

In Ontario, because of the unfair federal EI regulations, many people will go straight to welfare because they don't qualify for EI. A change to the EI eligibility requirements would have helped people in Ontario stay on their feet while they looked for work, contributing to the economy instead of driving up welfare caseloads.

There are four major cost drivers for the 2009 budget: significant improvements to TTC service, increases to the Police budget, increased snow clearing costs caused by heavy snowfalls, and the rising welfare caseload. The increases to TTC and the Police incorporate their respective wage settlements. These costs total \$145 million.

To balance the budget, and support these core services, the City has found over \$102 million in budget reductions, but will still require increased property tax revenues totalling 2.5 percent. As a result, the residential property tax increase will be 4 percent in 2009 — about 25 cents a day on the average home. Despite these difficult economic times, we will continue Toronto's strategy to reduce tax rates for commercial, industrial, and small business properties, so that the non-residential tax rates are set at one-third of the residential rate.

The proposed budget also includes an inflationary increase to most user fees, providing an additional \$6.6 million in revenue, out of over \$396 million in user fees collected each year to offset the cost of programs. In community recreation, the cost, per person, per class of a typical program will be increased by less than 50 cents. We are proposing no increase to the Municipal Land Transfer Tax or the Personal Vehicle Tax.

CONCLUSION

In an uncertain economy, we have to look out for each other. We expect our governments to create prosperity and liveability, and to seek opportunity for all. Cities cannot run deficits like other governments. Torontonians elected me to preserve municipal services, protect the most vulnerable, and build a 21st century city. To avoid a tax increase altogether, the city would have to cut nearly \$100 million more from its budget. The result would be a city in decline, unable to compete when it is most important that we do. That's unacceptable to me, and I know it is unacceptable to Torontonians.

During the last major recession, Metro Council was forced to raise property taxes by 13 percent to cover the ballooning welfare caseload. TTC service was cut, and fares were increased, not once, but twice. Despite a significant increase in welfare caseload, today we are introducing a balanced budget that protects services, and freezes TTC fares, and keeps the property tax increase to a reasonable level.

The average family tax bill will increase by less than 25 cents a day to ensure help is there when they need it most. With a modest property tax increase, we each pay what we can to ensure that no one — your neighbour, your co-worker, your friends and your family — gets left behind. In good times, it can become easy to forget to look out for each other, but in bad times, it is our most important responsibility.

This balanced budget also makes several targeted investments to continue our efforts to build a great city, and I'd like to turn the presentation over to Councillor Shelley Carroll for the highlights of the 2009 operating budget.

Thank you.