

March 31, 2009

Toronto's budget supports residents and businesses and protects city services

Budget responds to economic outlook

Toronto City Council today approved a 2009 budget that responds to the impacts of the recession and protects the services that residents and businesses need.

The budget passed today reflects the 24 hour / 7 day role that City government plays in the protection of residents and delivery of services. Local government provides the services that have the greatest impact on quality of life. This is especially important as the City continues to meet the challenges of the economic recession.

The City's budget makes strategic investments in Council's priorities and will enhance existing programs and services. The budget provides critical support to residents through tax help programs for low-income seniors and persons with disabilities and directs funding to programming for job seekers, youth and seniors through the recently-announced Toronto Helps initiatives.

In addition, the City has frozen TTC fares, development charges and waste collection fees for 2009. The 2009 operating budget also increases the amount of operating funds for capital projects and therefore reduces the City's borrowing costs.

The 2009 operating budget contains important new investments in key areas such as transit, community health and wellness, public spaces, customer service, civic engagement and combating climate change. The City's investment in these key areas totals \$23 million and leverages a \$94 million total benefit as the City's investment is partnered with other governments. Highlights include:

- Improving transit service across the city through the TTC Ridership Growth Strategy
- Making the Streets to Homes program permanent
- Adding 35 new or enhanced programs for at-risk groups including seniors, youth, women and aboriginal youth in priority neighbourhoods
- Opening the City's new 311, 24-hour customer service contact centre
- Reducing wait times for EMS paramedics by adding nursing shifts in hospital emergency rooms
- Maintaining snow clearing and removal service
- Increasing the hours at Toronto Public Libraries under the self-service project
- Increasing the number of recreation programs at various community centres
- Rolling out 3,500 pieces of new street furniture
- Opening 70 km of additional bike lanes
- Increasing the City's tree canopy through increased plantings and maintenance
- Opening new and upgraded parks and playgrounds

"In a challenging economy, the public expects us to help," said Mayor David Miller. "The budget invests in priorities like transit, climate change, and responds to the welfare caseload. It ensures that no one gets left behind."

"Toronto's budget is balanced with over \$100 million in savings, modest user fees, and a reasonable tax increase," said Chair of the Budget Committee, Councillor Shelley Carroll. "Today we have protected services, and put the city in a good position for economic recovery."

"The City's programs and services continue to be of great importance to our community," said Toronto City Manager Joe Pennachetti. "The Toronto Public Service provides the services that have the greatest impact on the quality of life in our City and these services will be even more vital during the recession."

"The enhancement to tax assistance programs for those in need and the continued roll-out of the business tax reduction program are critical elements of the budget and will have a positive impact," said Deputy City Manager and Chief Financial Officer Cam Weldon.

A 4% property tax increase on residential properties will mean an annual increase of \$89 on a home with an assessed value of \$387,680.

The continued reduction of business property taxes is part of Toronto City Council's plan to enhance Toronto's business climate and is in addition to specific programs that the City has to support business such as Tax Increment Equivalent Grants, the Better Building Partnership, Energy Reduction Loan Program and the Heritage Incentives Capital Grant and Tax Rebate Programs.

As part of the City's Enhancing Toronto Business Climate Policy, the 1.33 % property tax levy increase for business and apartments is one third of the residential rate. This levy increase, combined with the impacts of the recent Current Value Assessment results in an average tax reduction of 2.21% for multi-residential (apartments) properties; and an average tax reduction of 0.91 % for small businesses. The implementation of this strategy will mean that the City will reach the approved target tax ratio for small business two years earlier than planned (by 2013 instead of 2015) and the target tax ratio for commercial, industrial and multi-residential three years earlier (2017 instead of 2020). The target tax ratio remains that taxes be 2.5 times that of residential. Other commercial properties (such as parking lots, large offices and retail) will increase by 2.62% and industrial properties will increase by 3.06%.

A key part of the 2009 operating budget is the enhancement of programs that provide for the cancellation or deferral of property tax increases for low-income seniors and persons with disabilities.

Under the Property Tax Increase Cancellation Program, property tax increases for low-income seniors or persons with disabilities may be cancelled. In 2009, eligibility for the program will increase as the annual household income threshold rises from \$26,000 to \$36,000 per year and the assessment ceiling goes from \$454,000 to \$525,000. This enhancement to the program means that the number of eligible households will increase by 15% over 2008.

Under the Property Tax Increase Deferral Program, property tax increases for low income seniors or persons with disabilities may be deferred. In 2009, eligibility for the program will also increase as the annual household income threshold is increased from less than \$40,000 to just under \$50,000. This program enhancement will mean that the number of eligible households will increase by 32% over 2008.

The City offers a water rate rebate for low-income seniors and persons with disabilities.

Details on how to make an application under these programs will be announced when the final property tax bills are mailed to residents.

The 2009 operating budget includes user fee inflationary increases of approximately 3.7% for many programs, that currently include a fee to offset part of the cost of delivering a program or renting a facility. For example, the fee for a 12-week adult aquatic pass will increase by \$3.50 (from \$94.50 to \$98). User fees in 2009 will account for \$396.3 million or 15% of the City's revenues. The increases provide the City with \$6.6 million in additional revenue to pay part of the cost of programs. User fees do not cover the full cost of providing programs. A full list of all user fee increases is available at toronto.ca/budget2009.

The approved operating budget for 2009 totals \$8.7 billion. 32% of the City's budget pays the costs of provincially required and cost-shared programs. 17% of the budget goes to providing residents and businesses with police, fire and emergency medical services and 16% of the total budget is dedicated to paying the part of transit not covered by TTC fare box revenue. 14% of the budget is directed to the costs of other municipal services such as parks, forestry and recreation, libraries, road maintenance, snow removal, economic development, planning, and municipal licensing and standards.

The City's revenues are made up of property taxes (39%), provincial government payments to the City that pay part of the costs for provincially supported programs (24%), user fees (15%), federal subsidies and grants (2%) and other revenues. The Land Transfer and Personal Vehicle Tax will make up 2% of the City's total revenues in 2009. The budget contains no rate increases to either the Land Transfer Tax (LTT) or Personal Vehicle Tax (PVT).

Toronto, like all municipalities in Ontario, must fund the full costs of providing services in the year that they are provided. Municipalities, unlike the provincial or federal government, cannot run a deficit to pay the cost of day-to-day operations.

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 (described above) – the money dedicated to salaries and operating expenses such as rent, fuel, electricity, equipment, etc. The delivery of City services such as police, fire, emergency medical services, TTC, libraries, parks and recreation, snow removal, roads maintenance, child care and many others are paid through the City's operating budget.

The City is also rolling out its 10-year \$25.9 billion capital plan that was approved last December. The capital plan will create or protect 35,000 jobs this year and more than 300,000 over the next 10 years. 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 capital budget funds the maintenance and construction of City assets and infrastructure, which are needed to support services to residents and businesses.

For more information on the programs and services provided in the City's 2009 operating budget please visit the City's budget web pages at toronto.ca/budget2009. The City has also created the Toronto Helps web pages that highlight new and enhanced programs and services for people needing assistance during the recession. The webpage address is toronto.ca/torontohelps.

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