

Financial Impacts from 2009 Economic Outlook

Budget Committee

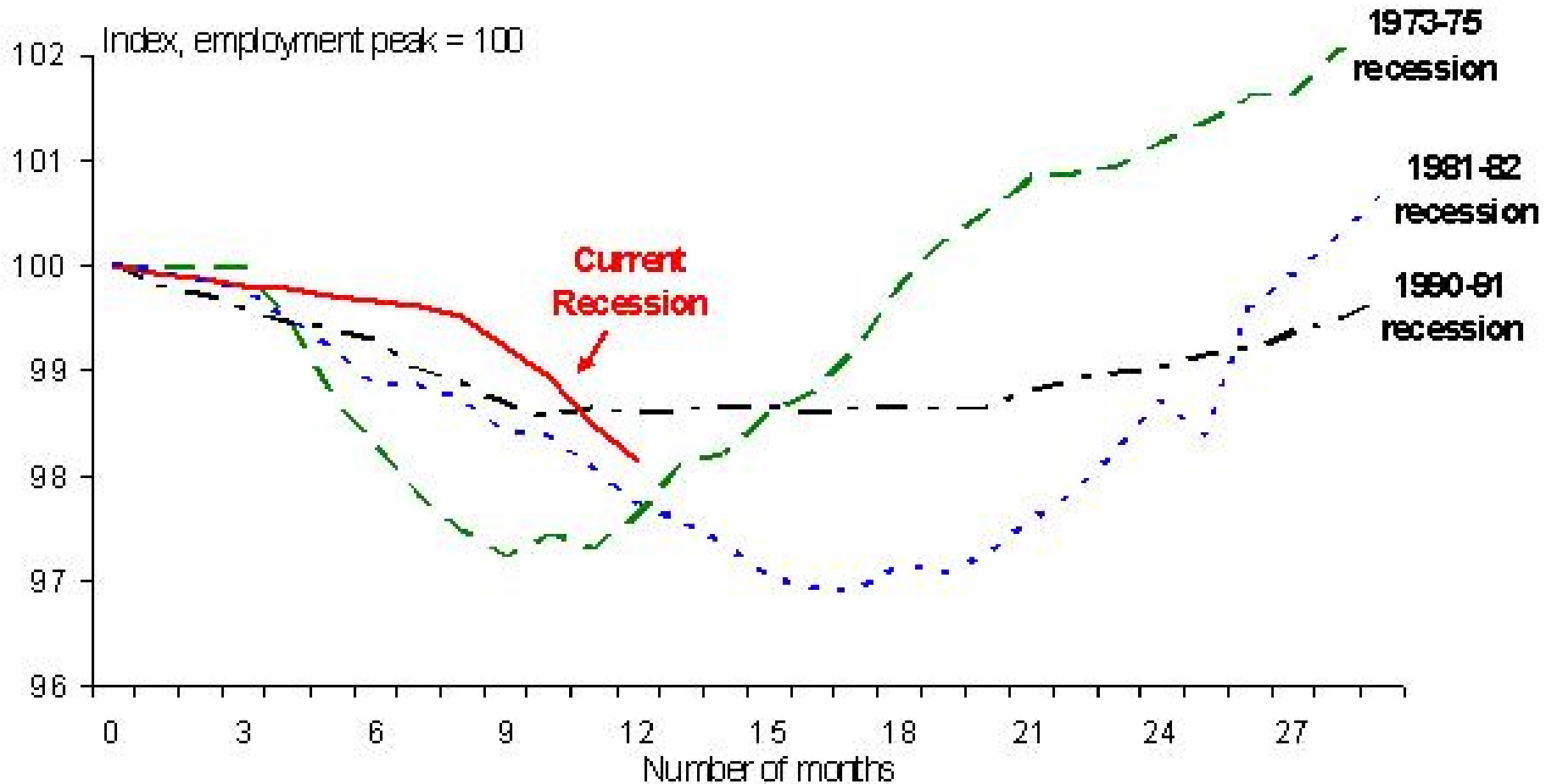
February 19, 2009





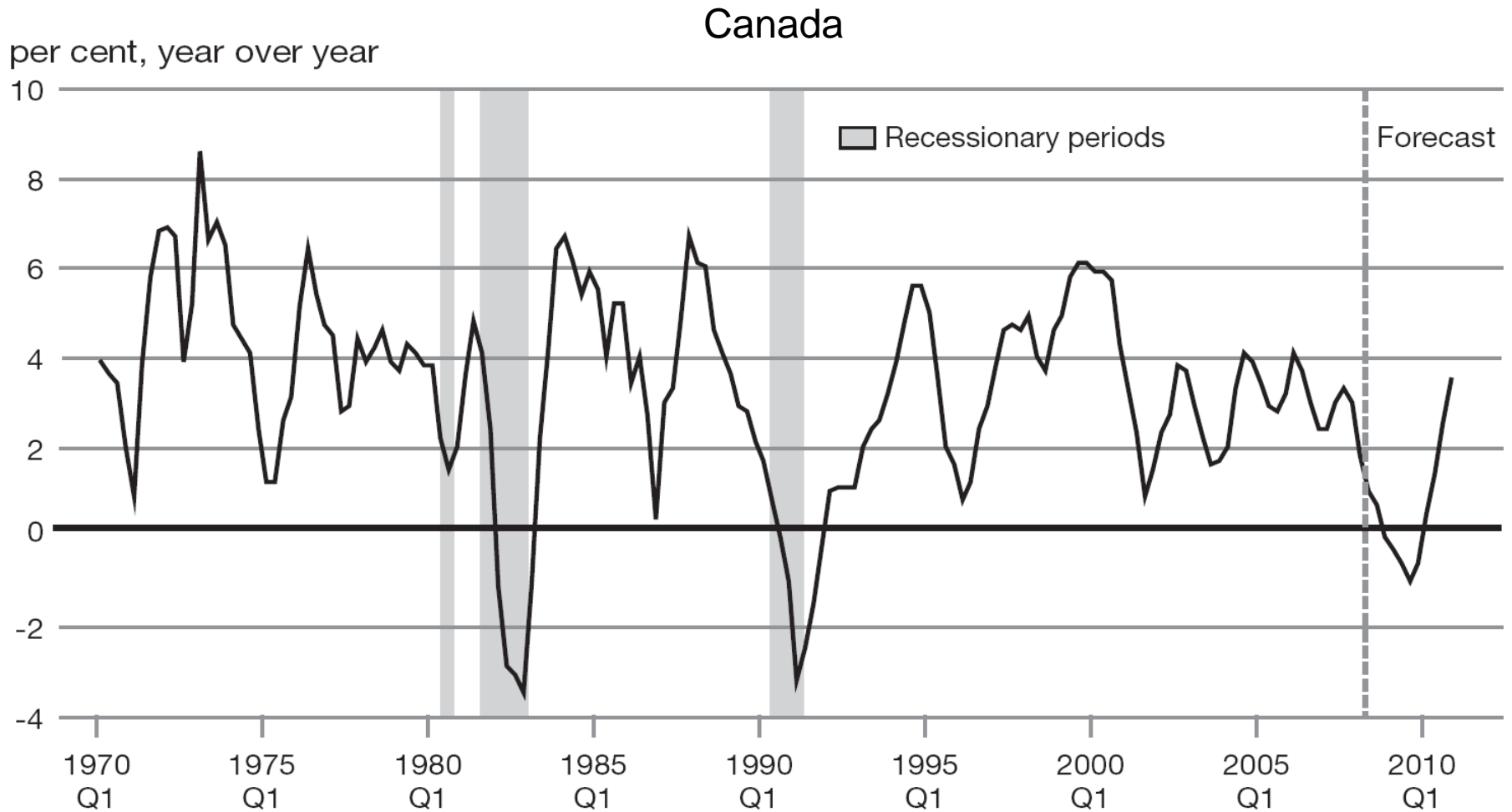
How Does This Recession Compare Job Losses

A comparison of U.S. payroll employment during recessions



NBF Economy & Strategy (BLS data via Global insight)

Real GDP Growth in Historical Perspective

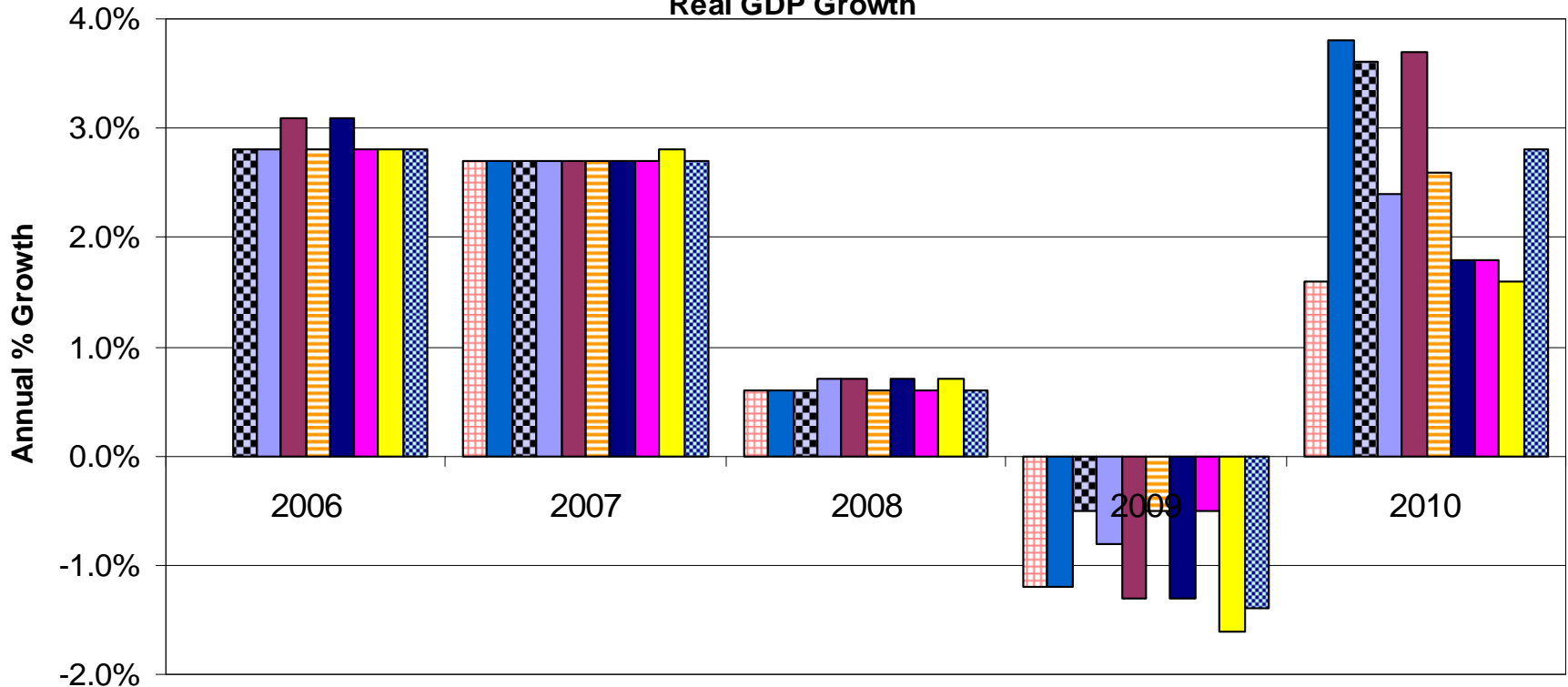


Sources: Historical: Statistics Canada

Forecast: Department of Finance survey of private sector forecasters

Economic Forecasts for Canada

Real GDP Growth



- IMF - World Economic Outlook
- Conference Board
- U of T - PEAP
- BMO
- BNS
- Bank of Canada - Monetary Policy Report
- Federal Budget (private sector forecast)
- RBC
- CIBC
- TD

As at February 11, 2009

Key Economic Drivers of City Finances

Employment/ Income

- TTC Ridership
- Social Services (Social Assistance & Housing)
- Admission fees, e.g. Zoo, Parks

Business / Personal Investments

- Land Transfer Tax
- Assessment growth
- Building permits, license fees

World / National Markets

- Inflation (affects labour expectations)
- Commodity prices
- Interest rates (cost of debt & investment earnings)

Economic Environment Entering into Recession

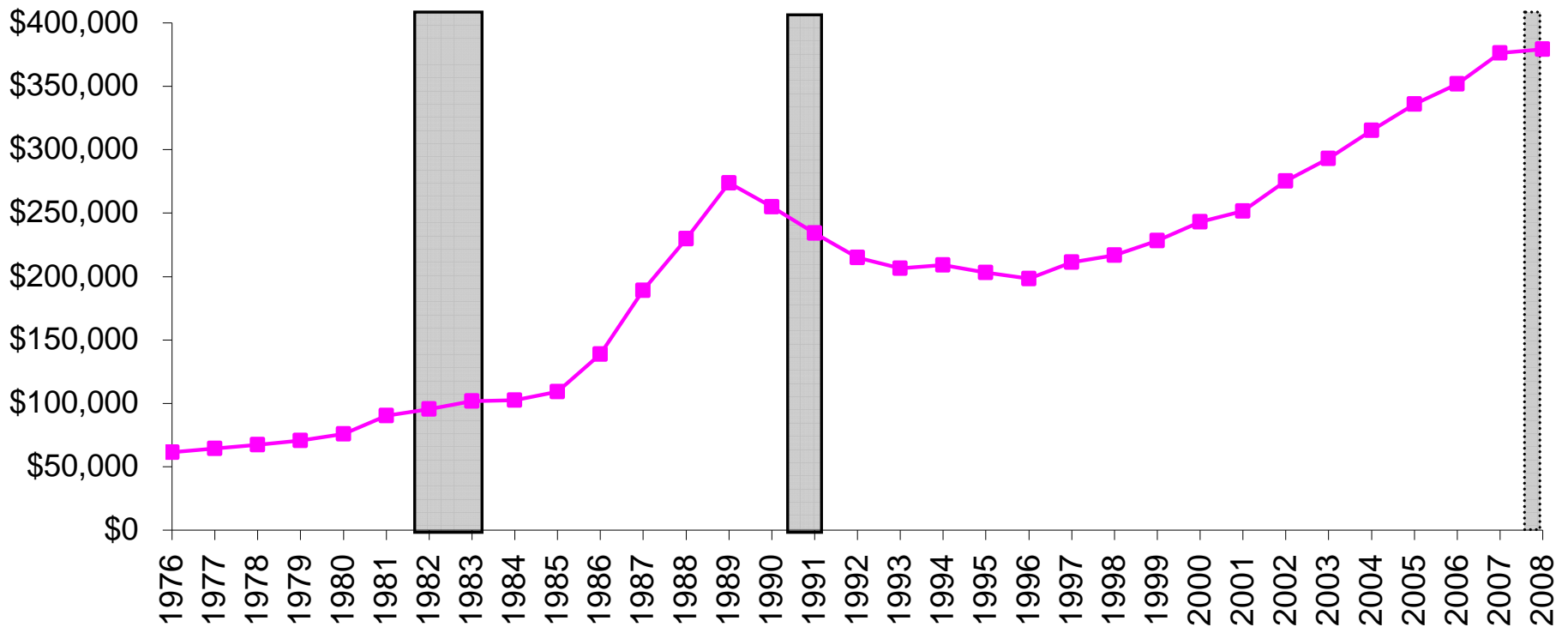
	1981 / 82	1990 / 91	2008/2009 To-Date
<u>Employment / Income</u>			
Employment (Toronto Region) 5 years prior to recession	Up 15% (204,000 new jobs)	Up 14% (231,000 new jobs)	Up 8% (216,000 new jobs)
Unemployment Rate (Toronto Region) 5 years prior to recession	Decreased from 5.4% to 5.0%	Decreased from 6.7% to 4.0%	Decreased from 7.5% to 6.9%
<u>Business / Personal Investment</u>			
Housing Prices (Toronto Region) 5 years prior to recession	Up 23%	Up 150%	Up 20%
Property Assessment growth (City of Toronto) annual average; 5 years prior to and including recession	2.6%	2.3%	Increased at an annual average of 1.1% in previous 5 years
<u>World / National Market</u>			
Inflation (Toronto CMA) year before recession	10%	6%	2%
Interest Rate (Bank of Canada overnight rate) year before recession	17.30%	12.50%	1.25% (Feb 11, 2009)
Stock Market Index (S&P/TSX) 5 years prior to recession	Up 124%	Up 37%	Up 68%
Retail Gasoline Price (Toronto Region) cents/litre; year before recession	29	51	112 (2008 average) 76 (Jan 2009)

Economic Impacts of Recession

	1981 / 82	1990 / 91	2008/2009 To-Date
<u>Employment / Income</u>			
Employment (Toronto Region)	Down 2% over 2 years	Down 9% over 2 years	Down 4% from May 2008 to Jan 2009
TTC Ridership	Steady growth	Down 12% over 6 years	Modest growth (Ridership Growth Strategy)
Social Assistance (average monthly OW caseload)	Up 46% over 2 years	Up 211% over 5 years	Up from 72,784 (Dec 2007) to 81,067 (Jan 2008). 2009 average monthly budget = 90,000
<u>Business / Personal Investment</u>			
Housing Prices (GTA)	Stable over 2 years	Down 28% over 7 years	Down 14% (Jan 2008 vs Jan 2009)
Property Assessment Growth (City of Toronto)	Stable over 5 years	Down 5% over 5 years	Modest

House Prices

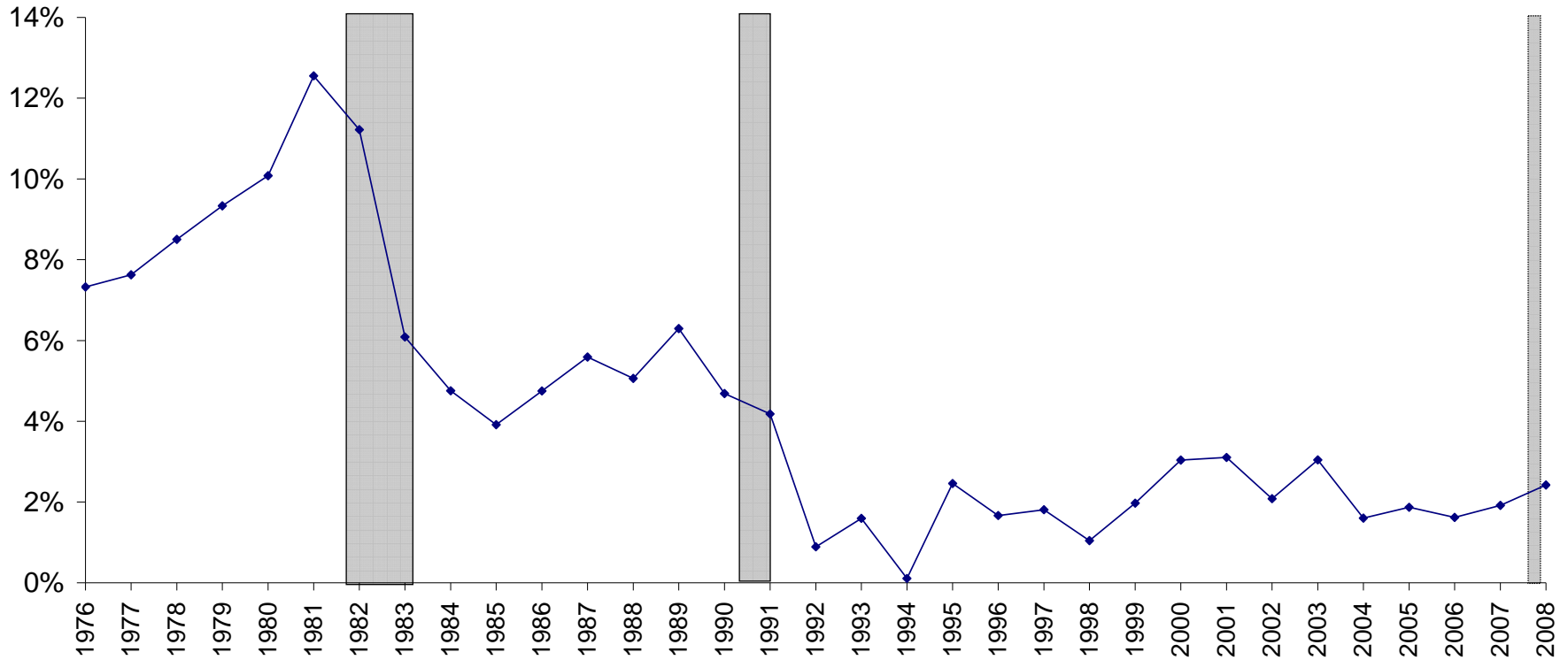
Average House Price Toronto region



Source: Toronto Real Estate Board

Inflation

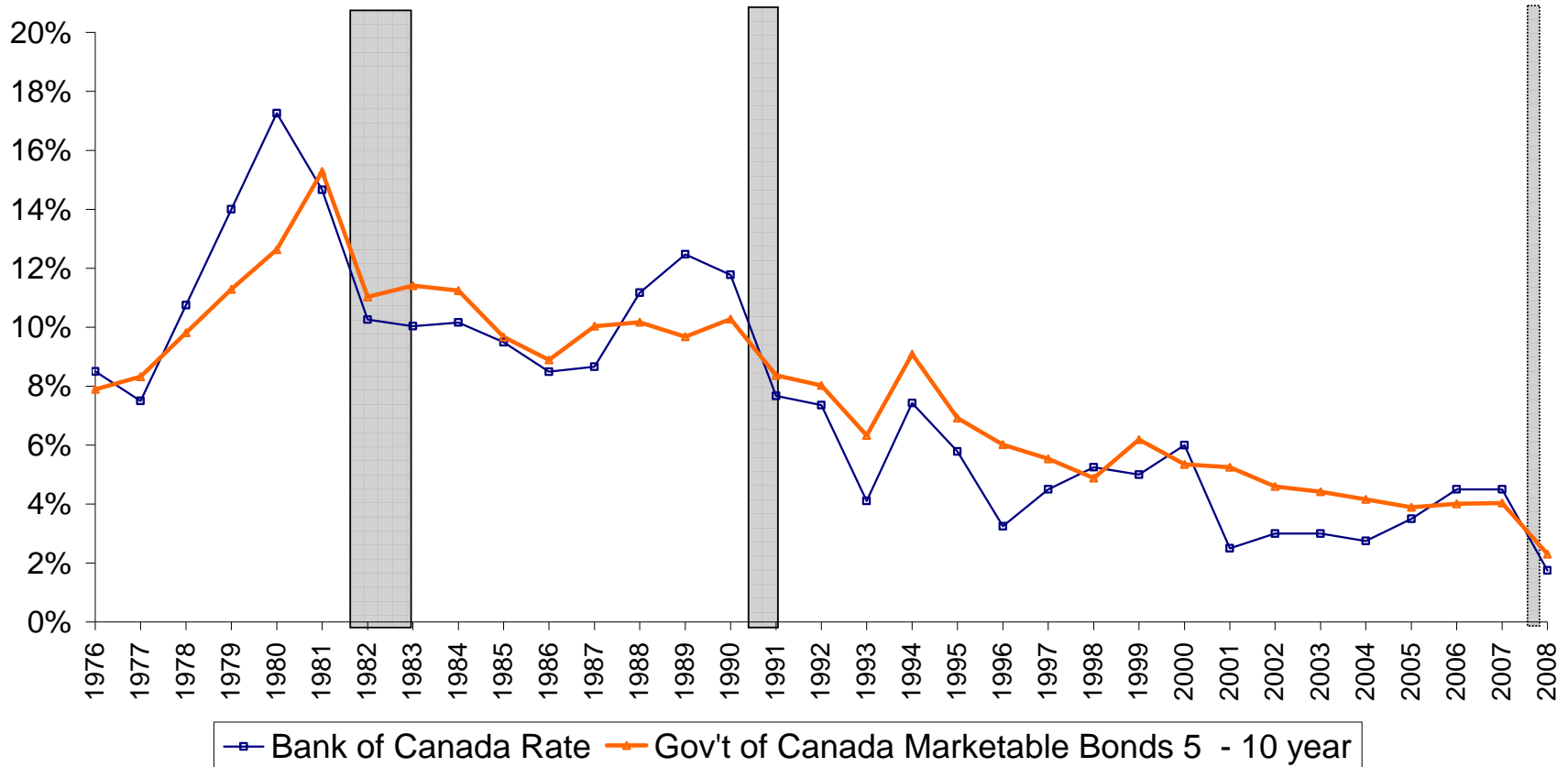
Toronto CMA Rate of Inflation
(all-item CPI annual change, not seasonally adjusted)



Source: Statistics Canada

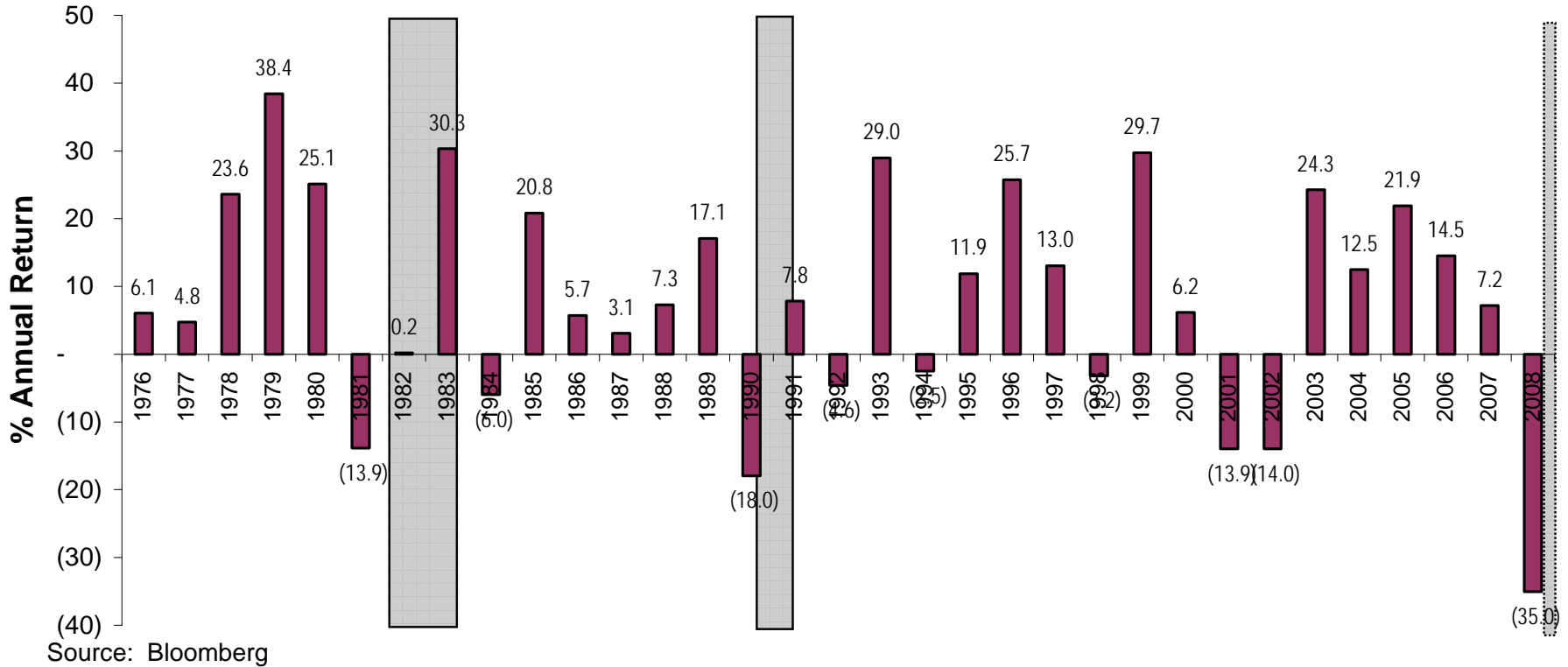
Interest Rates

Gov't of Canada Benchmark Interest Rates



S&P/TSX

S&P/TSX % Annual Return



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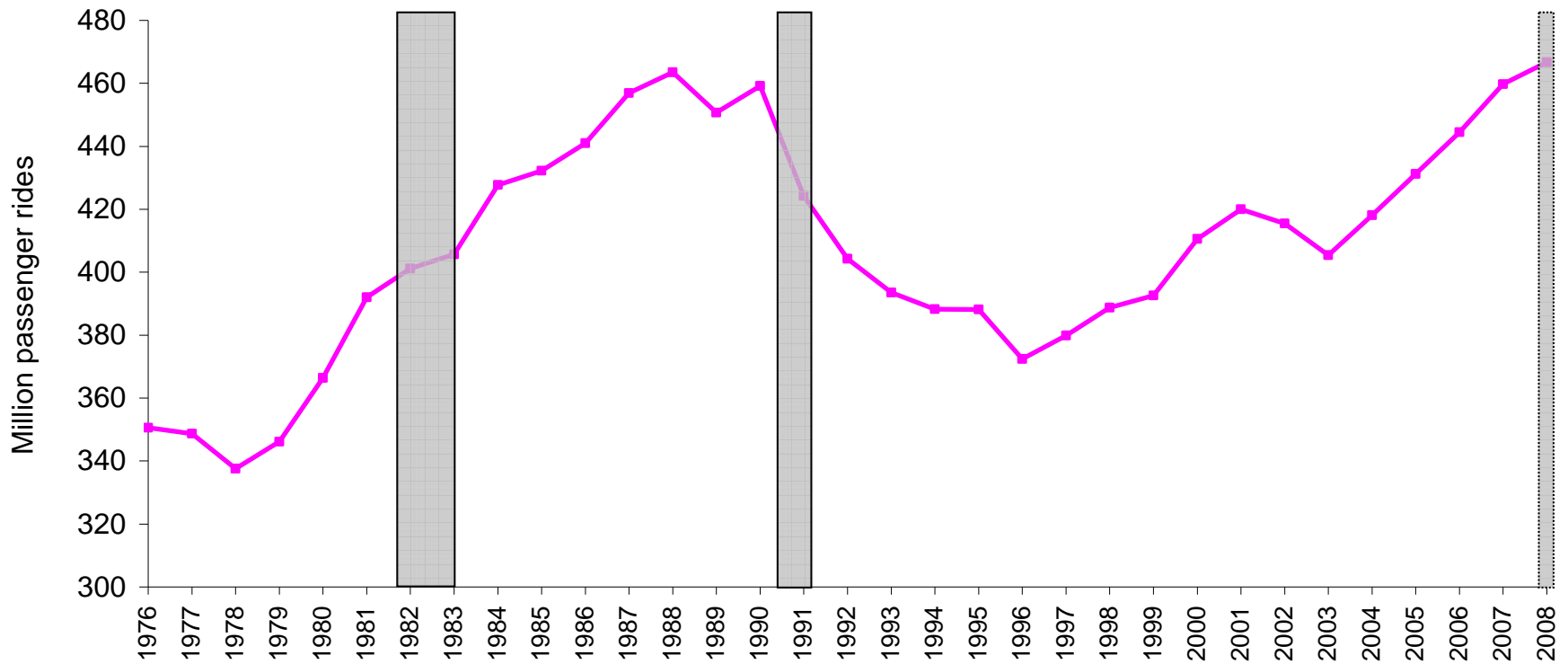
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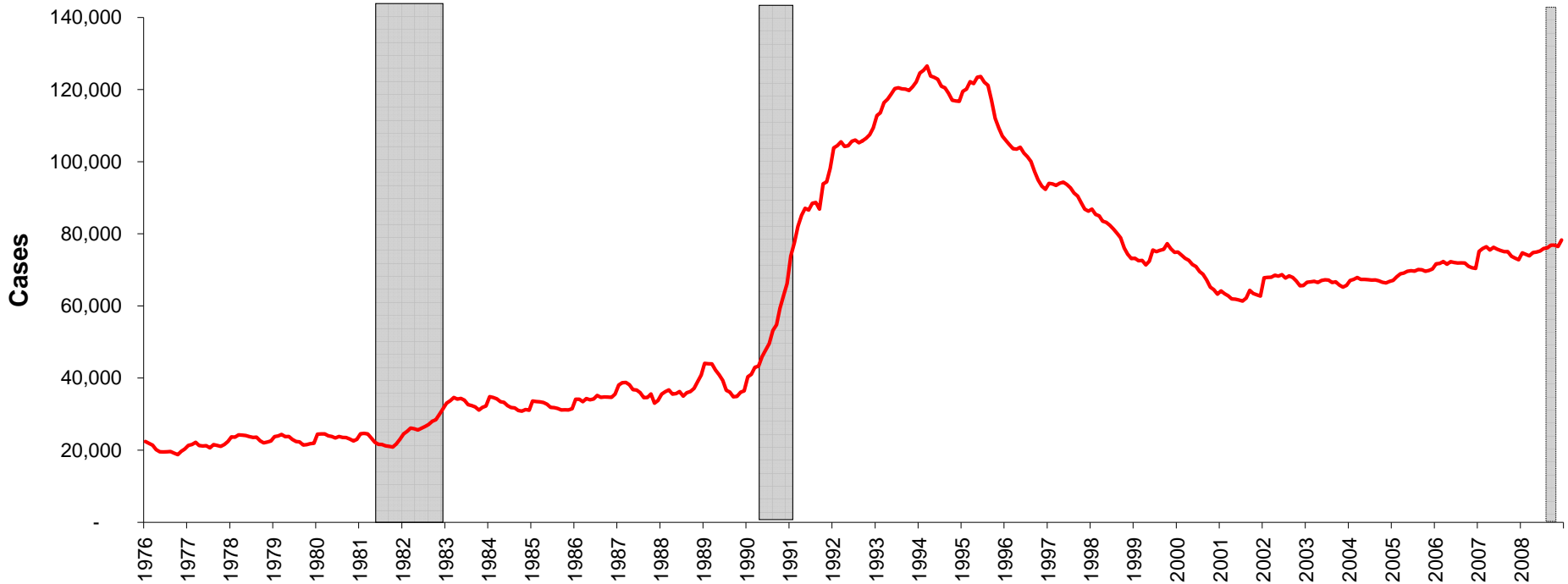
TTC Ridership

TTC Annual Ridership



Social Assistance Caseload

Social Assistance Monthly Caseload



Potential Impacts on City

Budget Item	Positive or None	Low to Moderate	More Severe
<i>Expenditure Items</i>			
Commodity Prices			
Debt Charges			
Tax - Vacancies			
Social Assistance			
<i>Revenue Items</i>			
Property Taxes			
Investment Earnings			
Transit Ridership			
Municipal Land Transfer Tax			



Response – 2009 Operating Budget

- The budget has included the current best estimates of recessionary impacts
 - Social assistance caseloads of 90,000, up from 77,000 in 2008
 - Modest transit ridership growth as Ridership Growth Strategy and fare freeze are expected to offset recession impacts
 - Land Transfer Tax conservatively budgeted, with 27% reduction in combined price/volume
- Staff will closely monitor impacts of recession and address where necessary through regular variance reports

Toronto Helps

- Enhancements have been recommended for property tax protections for:
 - Low income elderly
 - Low income people with disabilities
- Small business tax reductions have been approved
- Improvements to business competitiveness will continue through enhancing Toronto's business climate strategies

Moving Toward Fiscal Sustainability

- Continuous improvement and cost control ✓
- New Taxation Measures ✓
- Share of Federal and Provincial Gas Tax ✓
- Upload Social Services programs ✓
- Permanent, Predictable Provincial Transit operating funding (50%) ○
- Growth revenues – equivalent of One Cent Share of the GST ○
- National Transit Strategy (capital) ○

