
TORONTO CITY COUNCIL'S STRATEGIC PLAN

**STRATEGIC & CORPORATE POLICY /HEALTHY CITY OFFICE
CHIEF ADMINISTRATOR'S OFFICE
CITY OF TORONTO**

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COUNCIL'S VISION FOR THE CITY

Toronto is a caring and friendly city.

We have opportunities to sustain and enrich our lives and reach our highest potential. Our diversity is valued and celebrated and our communities are a source of pride. We are actively involved in the social, cultural and political life of the city.

Toronto is a clean, green and sustainable city.

We integrate environmental stewardship into our daily activities. We maintain and improve the health of the environment for present and future generations.

Toronto is a dynamic city.

As the nation's leading economic engine, we are a centre of innovation and growth with a strong international presence. Our dynamic city is well positioned to succeed in the world economy.

Toronto invests in quality of life.

We invest in quality of life – socially, economically, culturally and environmentally – to make Toronto a desirable place to live, prosper and visit.

MISSION STATEMENT FOR THE CITY GOVERNMENT

The Government of the City of Toronto champions

the economic, social and environmental vitality of the city. The City strives to provide high quality and affordable services that respond to the needs of our communities and invests in infrastructure to support city building. The City is a leader in identifying issues of importance and in finding creative ways of responding to them.

The City of Toronto promotes

and maintains a system of responsible and accountable governance where the interests of individuals and communities are balanced with those of the city as a whole. Public participation is an integral part of the City's decision-making processes.

Our actions are guided by the following principles

<i>Advocacy</i>	We are advocates on behalf of our city's needs with other orders of government
<i>Community Participation</i>	We facilitate active community involvement in all aspects of civic life, both locally and city-wide
<i>Equity</i>	We respond to and support diverse needs and interests and work to achieve social justice
<i>Effectiveness</i>	We set and accomplish objectives, pursue innovative approaches, safeguard public assets and make efficient use of our resources
<i>Leadership</i>	We plan for change and take a leadership role on issues of importance to the City
<i>Partnerships</i>	We actively seek out partnerships with constituents, community groups, businesses and other public institutions and orders of government
<i>Sustainability</i>	We integrate environmental, social, economic and fiscal perspectives in our actions

COUNCIL'S GOALS FOR TORONTO

Council's goals for Toronto relate to 20 important issues and opportunities facing the city. The goals reflect areas that City Council can influence as well as areas that will influence City Council as it strives to improve the city's quality of life. The goals are grouped under the following five theme areas:

Social Development

Social development encompasses principles of social equity, social well-being and citizen engagement, and is an important determinant of healthy communities and quality of life.

Economic Vitality

Economic vitality refers to the health of the city's economy and includes such factors as diversified employment, skilled workforce, competitiveness, investment and affordability.

Environmental Sustainability

Environmental sustainability encompasses principles of environmental balance and the integration of environmental considerations in our social and economic activities.

Good Governance

Good governance refers to the system of municipal government in terms of its role as a democratic institution, a public policy maker and a deliverer of public services.

City Building

City building views the City as a whole and focuses on investment in social and physical services and infrastructure which are fundamental to the city's quality of life.

Social Development

1. *Community Capacity*

Individuals and groups have a collective sense of belonging and contributing to the city, and have the capacity to participate in the city's social, political, economic and cultural life.

2. *Well-being*

Individuals have access to an adequate standard of living including income, health, nutritious food, housing and clothing.

3. *Equitable Access*

Resources and opportunities are available to respond to the unique needs of different communities.

4. *Diversity*

Diversity is recognized, accepted and promoted as a core strength.

5. *Safe City*

Toronto is a place where individuals and communities feel safe and secure.

Economic Vitality

6. *People*

Toronto's workforce has the skills, education and knowledge demanded by an evolving and competitive economy.

7. *Generating Employment*

Toronto's economy generates high levels of employment, providing quality jobs and a range of employment opportunities.

8. *Dynamic Economic Base*

Toronto has a diversified business and employment base and builds on its competitive strengths through excellence in education, research, entrepreneurship and innovation.

9. *International Image*

Toronto is internationally recognized as a desirable place to live, work, visit, invest and conduct business.

Environmental Sustainability

10. *Environmental Awareness*

Awareness of environmental impacts results in active public participation in environmental improvements.

11. *Environmental Sustainability*

Human activities and consumption are balanced with the environment's ability to absorb emissions and impacts.

12. *Environmental Health*

The health of residents is protected from environmental risks.

Good Governance

13. *Civic Participation*

Open, democratic decision-making processes and effective dialogue invite people to contribute their ideas, opinions, and energy to the well-being of the city.

14. *Organizational Sustainability*

The City has appropriate legislative authority, financial tools and organizational structures and processes to undertake its responsibilities and achieve goals that support and enhance the city's quality of life within its financial capacity.

15. *Intergovernmental Affairs*

Toronto is a full partner with other orders of government when making decisions that affect the city.

16. *International Relations*

Toronto is regarded internationally as a role model for cities, and benefits socially, culturally and economically from its international linkages.

City Building

17. *Infrastructure for a Successful City*

Toronto has the necessary social and physical infrastructure to ensure community and individual well-being throughout the city, and to attract investment and succeed in the world economy.

18. *Service Excellence*

Public services are high quality, well-coordinated and easy to access.

19. *Smart Urban Growth*

Toronto has a compact urban form with efficient, accessible and integrated City services and transportation systems.

20. *Quality of Place*

Toronto's vibrant arts, culture, heritage, entertainment and urban design enrich the city's quality of life and enhance its international image.

FROM GOALS TO DIRECTIONS

Council's Strategic Plan serves as a framework document and guides other major planning initiatives in the City. Council's goals reflect the scope and breadth of a sustainability framework and include social equity and inclusion, economic vitality, environmental sustainability, good governance and city building themes. These goals represent the type of city we envision in the future. They are a further expression of the outcomes that are important to a high quality of life and a sustainable community. The directions that the City takes in pursuing these goals must strike a balance to ensure that progress is made in all goal areas.

City Directions represent the roads to be travelled – the directions that the City Government should take in pursuing Council's goals. All of the goals are essential aspects of what constitutes a successful city, and to varying degrees all are interrelated. City Directions are broad strategies that support the achievement of more than one of the interrelated goals.

The City Government performs a catalytic and leadership role in defining and shaping our city. This highlights the value of Council articulating its collective vision of the city and its future. Council's vision and goals provide a leadership statement about Toronto as a caring, dynamic and sustainable city. The City Directions speak to how Council sees the City Government contributing to these goals. City Directions are about the specific roles and actions that the municipality can take within its spheres of jurisdiction.

The goals articulated by Council are not solely the domain of the City Government. The City cannot do it all, and it cannot do it alone. Inherent in these goals is the notion that all sectors of society have a contribution to make to the achievement of a sustainable city. Individuals, groups, voluntary organizations, businesses, health and education sectors, and other governments, all have a stake in the future of Toronto. Their actions, commitments, investments and creativity are critical to achieving our collective goals and a high quality of life in the city.

FROM GOALS TO DIRECTIONS

There are many opportunities within the City Government's jurisdiction and fiscal capacity to contribute to the achievement of the goals:

- the City can use its role as a provider and funder of public services;
- the City has important policy and regulatory functions; and
- the City can establish partnerships and influence and facilitate contributions by others.

City Government has a diversity of roles. The City's taxation and spending powers are important levers, but they are also limited. Significant, positive contributions towards the goals are possible through innovative and creative ways of using the many opportunities and tools that are available to the City. The roles the City plays, and how it can best contribute, vary considerably and are determined in the context of specific City Directions.

The City Directions are about setting priorities – priorities to guide choices about which directions to pursue as a City Government. This provides a context for considering further priorities around City programs and services and around resource allocations. The City Directions together reflect a set of choices and strategies that Council deems important but are not ranked in any particular order.

TOWARDS CITY DIRECTIONS

The Government of the City of Toronto is a civic institution that facilitates the continued expression of the democratic rights and obligations of its citizenry. Goals related to democratic principles, community identity and well-being are all furthered by Council's pursuit of open government processes, a high level of public awareness about opportunities for participation, and a capacity within the community to represent its interests and be actively involved.

The City Government is also a large organization that faces challenges in sustaining its services and operations, developing effective public policies, working with the public, maintaining effective relations with other governments and maintaining beneficial international linkages. This gives rise to City Directions concerning the quality of City services, commitments around City resources and assets, the City's governance capacity and fiscal sustainability, the championing of municipal issues, and monitoring of quality of life in the city.

Based on its roles as a civic institution, a corporate entity and a service provider, the City Government is an essential catalyst in initiating and facilitating improvements in the social, economic and environmental state of the city. The concept of sustainability is one of the key integrating principles that guides the City in this regard.

Progress towards the social development goals for the city will be advanced by working with and empowering communities, advocating for our most vulnerable populations, fostering social and economic inclusion within our communities, pursuing community-based safety initiatives, and actively improving social and economic well-being. City Directions that maintain and enhance the economic vitality of the city include a healthy social fabric, a vibrant cultural life, strategies that stimulate the creation of job opportunities, creating an environment where businesses can thrive, and promoting a liveable city.

TOWARDS CITY DIRECTIONS

The city's social and economic capacity will be strengthened by a healthy natural environment. City Directions that further environmental quality include pursuing a green Toronto, reducing environmental health risks, improving the environmental performance of City Government operations, and establishing effective environmental partnerships with our communities and with other jurisdictions.

The City Government plays a key role in city building and is dedicated to the integration of social, economic and environmental aspects of a cohesive and well-functioning urban centre. Quality of life in the city will be supported through a focus on city liveability, protection of our environmental assets, healthy neighbourhoods, downtown vitality, good use of our infrastructure, and continued reinvestment in our city.

CITY DIRECTIONS

- (a) Enhance city liveability and appeal.
- (b) Monitor quality of life in the city.
- (c) Invest in people and job creation.
- (d) Ensure the city is a desirable place for business location.
- (e) Promote strong and healthy neighbourhoods and communities.
- (f) Maximize use of infrastructure and facilitate reinvestment in the city.
- (g) Make prevention the cornerstone for environmental and health protection.
- (h) Pursue a “green” Toronto.
- (i) Improve civic literacy and create pride in civic participation.
- (j) Build community capacity and actively involve the public in civic life.
- (k) Promote volunteerism and the role of the voluntary sector.
- (l) Advocate on behalf of the people of Toronto, particularly our most vulnerable populations.
- (m) Provide accessible City services that improve community well-being.
- (n) Improve social and economic inclusion within our communities.
- (o) Deliver high quality public services.
- (p) Provide stewardship of City resources and assets through sound financial planning.
- (q) Work with other governments to improve the City’s governance capacity.
- (r) Provide intergovernmental leadership on matters of local importance.
- (s) Establish sustainable financing mechanisms and sources.

CITY DIRECTIONS

(a) Enhance city liveability and appeal.

- work with businesses, neighbourhoods and the development community to improve urban design, innovative architecture, public art and heritage preservation
- support the city's role as a major centre for arts, culture, entertainment, health and education
- promote the vitality of the city's downtown
- expand and improve the quality of the city's open space and recreational systems
- expand public amenity opportunities along the waterfront
- support strategies that increase accessibility for residents while reducing automobile dependency
e.g., further develop trail systems, improve pedestrian safety, connect bicycle paths and transit stops
- implement community safety campaigns
e.g., set and monitor safety standards, include safety design in development approval, improve public education, develop partnerships
- build public pride in the city and its appearance
e.g., improve cleanliness of streets and public areas, engage public in litter and graffiti prevention campaigns

(b) Monitor quality of life in the city.

- report on the "state of the city" during each term of Council
e.g., establish social/economic/environmental indicators, inform public of trends in quality of life, compare the city to other major cities
- include appropriate targets, indicators and benchmarks in major City planning initiatives
e.g., fiscal sustainability plan, environmental plan, culture plan, economic development strategy, social development strategy, official plan
- link monitoring and reporting on the Strategic Plan and other City objectives and planning initiatives to internal performance management processes

CITY DIRECTIONS

(c) Invest in people and job creation.

- work with other governments, businesses, labour and educators to provide training and retraining that supports entry into the job market
e.g., include youth, immigrant communities, people with disabilities, older workers; target pockets of unemployment
- ensure the availability of a highly skilled work force to support and succeed in the knowledge economy
- create job opportunities by managing resource needs locally
e.g., process more solid waste locally, explore energy efficiency and generation initiatives
- provide leadership to other employers in ensuring equal access to employment opportunities
- support residents in accessing well paying jobs and a decent standard of living
e.g., support fair wage policies including through the City's purchasing policy, work with trade unions

(d) Ensure the city is a desirable place for business location.

- develop and support our primary local economic clusters which are fundamental to economic growth
- support small businesses and promote Toronto's entrepreneurial capacity
e.g., support neighbourhood retail, support start-up businesses
- establish mechanisms for formal liaison with the business sector
- evaluate economic growth trends and plan for emerging opportunities
- re-engineer City policies and programs to meet objectives through simplified regulatory requirements
- promote our competitive advantages
e.g., important centre for arts, culture and entertainment; benefits of district heating and cooling opportunities
- ensure that the City's business taxes are reasonable and fair
- provide leadership in rationalizing the location of business opportunities in the Greater Toronto Area to maximize regional competitive advantages

CITY DIRECTIONS

- (e) **Promote strong and healthy neighbourhoods and communities.**
- ensure new development is sensitive to the surrounding neighbourhood
 - use intensification to provide a mix of housing options and compatible employment opportunities to accommodate the needs of changing families and households
 - distribute employment nodes across the city to reduce live-work commute time and increase discretionary time
 - invest in social and physical infrastructure prior to or in concert with new development
 - apply environmental and energy efficiency planning in all city development
e.g., part of development approval process, explore “zero footprint” model for assessing impacts
- (f) **Maximize use of infrastructure and facilitate reinvestment in the city.**
- capture a greater share of future regional population and employment growth within the city
e.g., attract a resident labour force to support economic growth
 - work with our regional partners to limit sprawl and achieve compact urban form
 - establish enterprise areas where more flexible zoning provisions and regulatory tools can be introduced to encourage redevelopment, reinvestment and growth
 - ensure that transit, recreation and social infrastructure are located to align with and support corridors and growth areas
e.g., Provincial incentives for intensification, share of gas tax for transit
 - develop innovative ways of providing infrastructure
e.g., facilitating fibre optics, using public infrastructure as a lever
 - develop initiatives, and work with the Provincial and Federal governments, businesses and industry to revitalize brownfield lands

CITY DIRECTIONS

- (g) **Make prevention the cornerstone for environmental and health protection.**
- pursue stricter stewardship legislation for environmental spills and emissions
 - encourage alternatives to pesticide use on private lands
 - ensure mechanisms are in place to protect the health of the public
e.g., effective testing of drinking water, health screening for children, monitoring public nutrition and food security issues
- (h) **Pursue a “green” Toronto.**
- protect and regenerate the city’s tree cover
 - protect and regenerate natural habitats and enhance biodiversity
 - improve water quality on the waterfront and in our rivers
 - promote community action to improve environmental conditions
 - establish new environmental infrastructure
e.g., explore HOV parking, support car-pooling, pursue a gas-operated generating station within the region
 - recognize and promote best environmental practices within business and industry sectors
- (i) **Improve civic literacy and create pride in civic participation.**
- review decision-making processes during each term of Council to ensure they are open and accessible
 - develop a consistent and easily recognizable visual identity for the City
 - inform the community about how “City Hall” works
e.g., issue regular City newspaper, broaden use of internet and other technology, get tenants more involved, customize communications to communities
 - remove barriers that prevent access to Council decision-making processes
e.g., language barriers, physical barriers, complex Council reports
 - encourage positive participation in civic affairs by reinforcing the relationship between local and city-wide issues
 - develop strategies for increasing voter turnout in municipal elections

CITY DIRECTIONS

- (j) Build community capacity and actively involve the public in civic life.**
- support communities to develop civic identity and community leadership
 - create a dialogue about community needs, how we determine priorities, and strategies to make them affordable
 - involve the broader public in the process of assessing community needs
 - create new forums to facilitate community involvement
- (k) Promote volunteerism and the role of the voluntary sector.**
- connect people in need with people and organizations who have ability and time to help
e.g., partner with volunteer centres, labour and business organizations
 - develop opportunities to engage and involve the voluntary sector in city initiatives
 - value, recognize and support the voluntary sector's role in delivering services
 - develop mechanisms for the recognition, reward and evaluation of volunteers
- (l) Advocate on behalf of the people of Toronto, particularly our most vulnerable populations.**
- reinforce the role of the Provincial and Federal governments in ensuring social and economic well-being
 - advocate for the Provincial and Federal governments to provide more appropriate funding sources for income redistribution programs than the property tax
e.g., for social assistance, social housing, child care subsidies
 - advocate for Provincial and Federal funding to address homelessness and housing needs
e.g., new hostels, more affordable housing

CITY DIRECTIONS

- (m) **Provide accessible City services that improve community well-being.**
- decentralize service delivery where appropriate to meet community needs
 - support innovative, community-based responses to unique social needs
 - plan for and develop integrated responses to the various social needs of individuals and communities
e.g., children, youth, seniors and families
 - develop policies that facilitate access to housing for people at all income levels
- (n) **Improve social and economic inclusion within our communities.**
- work with other governments, businesses and voluntary organizations to reduce inequalities and polarization in our communities
 - reflect the city’s diversity in public services and governance processes
 - enhance initiatives to address violence against women
 - involve youth in community initiatives and use City programs for youth leadership and personal development
- (o) **Deliver high quality public services.**
- evaluate City services to ensure they are effective, efficient and relevant
e.g., each term of Council, beyond the budget process
 - make “service” the motto and establish standards of excellence and service levels in all City programs
e.g., performance measures, self-service opportunities and technology to improve access, train staff in quality service delivery
 - establish a “no wrong door” policy for coordinated public access to City services and information
 - enhance the environmental performance of City operations
e.g., minimize waste generation and use of resources and fossil fuels, develop policies to facilitate e-commuting for City employees
 - nurture innovation and best practices
e.g., learn from others and ourselves, support risk taking and testing new approaches, challenge other jurisdictions to rise to higher standards

CITY DIRECTIONS

- (p) **Provide stewardship of City resources and assets through sound financial planning.**
- demonstrate the value of City services and initiatives
e.g., produce a tax bill that outlines the value of City services, communicate how user fees relate to service costs and benefits
 - establish Council priorities each term of Council to guide the preparation of multi-year program plans and operating budgets
 - prepare multi-year operating plans subject to annual operating budget approvals
 - prepare five to ten year capital plans subject to annual capital budget approvals
 - invest in state of good repair to maintain existing City infrastructure
 - dispose or recycle surplus City infrastructure and assets
 - publish the value of City assets on the balance sheet
- (q) **Work with other governments to improve the City's governance capacity.**
- have the Provincial and Federal governments recognize the City as a responsible and accountable order of government with attendant rights and responsibilities
 - work with the Province to provide the City with adequate decision making power and authority
 - work with other cities, municipal organizations and the Province to reform and modernize municipal enabling legislation

CITY DIRECTIONS

(r) Provide intergovernmental leadership on matters of local importance.

- put City issues on the Provincial and Federal government agendas
- work with other cities and the Federal government to establish a national urban issues agenda
- take a leadership role to encourage regional coordination on common urban issues in the Greater Toronto Area
- designate members of Council to lead the City's discussions and work one on one with other levels of government on specific issues
- participate in provincial, national and international organizations, and work with business and community leaders, to develop support for City strategies and intergovernmental initiatives

(s) Establish sustainable financing mechanisms and sources.

- work with other cities and the Provincial and Federal governments to provide the City with sustainable revenue sources
e.g., share of gas tax
- ensure all City services and programs are on a sound financial foundation
- explore innovative financing strategies
e.g., investigate revolving funds, leasing versus buying, public-private partnership opportunities for infrastructure investments
- create opportunities for people to invest in their City
e.g., explore issuance of municipal bonds on the retail market, explore mechanisms to provide tax credits for investments by residents
- keep property tax increases on average to the rate of inflation or below
e.g., over five to ten year intervals

FISCAL CONTEXT

The ability to make progress on Council's goals and directions is affected by the City Government's fiscal situation. The outlook for the City's financial condition is characterized as a period of financial pressures and fiscal challenges. While the City's fiscal situation in general is healthy, most signs point to continuing financial constraint and deterioration in financial conditions. The City's financial condition can be viewed from three perspectives, each of which is relevant in reviewing fiscal issues and responding to financial pressures:

- sustainability;
- flexibility; and
- vulnerability.

Sustainability relates to the City's ability to maintain programs and infrastructure without increasing debt or running down physical and financial assets. The City's infrastructure is aging and has not always been kept in an optimum state of good repair. As well as having to address the issue of older infrastructure, compared to surrounding municipalities in the Greater Toronto Area (GTA), the City has costs related to unique infrastructure such as a concentration of regional amenities, the subway system, and urban expressways. Reserves and reserve funds can be used to assist with infrastructure renewal, but are currently too low to properly meet their purpose. Their appropriate use and adequate funding remain a challenge.

Flexibility relates to the City's ability to fund growing commitments with additional revenues or debt. The City faces the combined challenge of significant financial pressures and constrained financial flexibility. The main source of revenues for the City is property taxes. Unlike revenue sources of the Provincial and Federal governments which increase with economic growth, property tax revenue only increases through incremental growth in assessment. For example, in 2001 the City's total assessment base was still below 1992 levels and growing at a much slower rate than other GTA municipalities. Another revenue source is user fees, but the City already depends upon them to a greater extent than other municipalities. The City could increase debt, but in the long-run the costs of servicing debt would reduce rather than enhance revenues (revenue flexibility drops as debt servicing costs consume more of each tax dollar). Increasing debt could also negatively impact on the City's credit rating.

FISCAL CONTEXT

Vulnerability relates to the City's lack of control over service levels and demand for different types of services resulting from demographic and economic changes and senior government actions. To the extent that the City has a disproportionate number of low-income households, new Canadians, and an aging population, the City will continue to face greater unpredictability on service delivery and infrastructure needs compared to other municipalities.

The City's financial position is vulnerable as a result of Provincial downloading. With greater responsibility for social services, down-turns in the economy now have an immediate and uncontrollable impact on City expenses as welfare caseloads and demand for social housing go up. Similarly, economic down-turns impact user fee revenue from: T.T.C. fares due to reduced ridership, building permit fees as construction activity declines, and recreation program fees because families have less disposable income.

The City is vulnerable on the revenue side as 20% of its income comes from the Province, whereas the Province only receives 8% of its revenues from the Federal government. As well, the Province continues to make decisions about the nature and use of the City's major revenue source – property taxes. For instance, through the Province's Continued Protection for Property Taxpayers Act (2000), tax increases can only be applied to the single-family residential portion of the assessment base. This means that in 2002 a 1% increase in property tax only generates about \$10 million, compared to the \$27 million that would be generated if the whole assessment base were subject to the increase.

Guiding Principles

Strategies continue to be developed to respond to the City's financial issues, with guiding fiscal principles providing the foundation for the City's fiscal sustainability framework. Fiscal principles help in determining how the financial levers within the City's control are used in the ongoing management of financial pressures, and provide guidance to the City's service planning and budgeting activities. The fiscal principles also build on those goals and directions in the Strategic Plan that relate to stewardship of assets, financial planning and sustainable finances.

FISCAL SUSTAINABILITY PRINCIPLES

1. Infrastructure should be evaluated for replacement when it is no longer cost-effective to maintain in a state of good repair.
2. Investment in new infrastructure should be based on analysis of shifts in demographic growth and existing, unmet needs.
3. Reserves and reserve funds should be used to manage predictable cycles of financing requirements.
4. Reserves and reserve funds should be funded to the levels required for their purpose.
5. Community requirements and public input should assist in determining budget outcomes.
6. Innovative approaches to financing services should be considered.
7. Detailed budgets and annual reviews should be required for multi-year initiatives.
8. User fees should reflect public policy, and be used to manage demand for limited services and recover costs from non-residents.
9. User fees should be flexible, reflecting ability to pay and service delivery costs.
10. Tax increases should be based on service level costs and provide flexibility for taxpayers with limited fixed incomes.
11. Borrowing should occur only for assets that have a long-term useful life.
12. Debt repayment periods should not exceed the useful life of the assets.
13. Capital infrastructure should be funded through the least expensive financing strategy.
14. The cost of servicing new debt should not negatively affect the City's credit rating.

Summary List of Fiscal Principles

Approved by Toronto City Council at its meeting of April 2005. From Appendix G of the Report Toronto's [Long Term Fiscal Plan](#) (2005), these Principles replace the 14 Fiscal Sustainability Principles originally contained in Council's Strategic Plan in 2002.

1. All activities should be reviewed in the context of affordability (*new*).
2. All initiatives should be accompanied by a business case and a timetable for a post-implementation review and/or sunset provision (*new*).
3. The cost of servicing new debt should not negatively affect the City's credit rating which should be maintained at the current level (AA for long-term debt) or higher (*revised based on Council's Strategic Plan January 2002*).
4. Investment in new infrastructure should be based on analysis of shifts in demographic growth and existing unmet needs (*per Council's Strategic Plan January 2002*).
5. Reserves and reserve funds should be used to fund anticipated potential liabilities, stabilizing (smoothing of) revenues and expenditures that are subject to cyclical fluctuations, extraordinarily large purchases, or self-financing on-going activities (*revised based on Council's Strategic Plan January 2002*).
6. Affordability of a tax increase should first be viewed in the context of general inflation and/or the growth in the economy, consistent with the changes in costs of maintaining or enhancing existing service levels (*new*).
7. Tax increases should be based on service level costs and provide flexibility for taxpayers with limited fixed incomes (*per Council's Strategic Plan January 2002*).
8. Innovative approaches to financing services should be considered before using property tax financing, i.e. property tax is the funding source of the last resort (*new*).
9. The pricing of user fees should generally take into consideration of the full cost of the service (direct, indirect and the cost of capital) (*new*).
10. The property tax base should not be used to fund income distributive programs (*new*).
11. Infrastructure should be replaced when it can be demonstrated that the replacement cost and subsequent maintenance cost are less expensive than maintaining the existing asset in a state of good repair over the same period of time (*revised based on Council's Strategic Plan January 2002*).
12. Debt repayment should not exceed the useful life of the asset for which the debt is incurred (*per Council's Strategic Plan January 2002*).
13. Reserves and reserve funds should be funded to the levels required for their purposes (*per Council's Strategic Plan January 2002*).

In addition, Council adopted the following guiding principles relating to property tax policy in June 2004:

- a) Tax ratios are an important measure of tax fairness and equity between the various property classes. Reasonable targets for tax ratios should be set, and tax policies regarding budgetary levy increases and tax ratio-related tax burden shifts between classes should be made with a view of respecting and achieving these targets over a reasonable period of time.
- b) The current capping regime is ineffective and will prolong historic tax inequities. However, any changes to the capping program in order to facilitate the transition to Current Value Assessment (CVA) should have regard for maintaining a manageable pace of change for property owners. A longer transition period should be available for those properties facing large increases.
- c) Property tax protection for vulnerable business must be developed in conjunction with any other changes that facilitate the transition to CVA, with a view to achieving equity to the extent possible between various property types, objectivity in defining eligible properties, longer-term stability and certainty for property owners, and transparency in administration.
- d) A view to achieving equity and fairness in tax rates for both the municipal and education portion taxes should be taken. The Province must be encouraged to show its commitment to reduce Toronto's business education tax rate disparity vis-à-vis the surrounding GTA municipalities.