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John Tory
Mayor

December 14, 2015

Councillor Gary Crawford
Budget Chair
100 Queen Street West, Suite A11
Toronto, ON M5H 2N2

Dear Councillor Crawford,

Tomorrow, the City Manager and Chief Financial Officer will present the 2016 Preliminary Budget for the City of Toronto.

This is an important moment for Toronto as we have the opportunity to address some underlying issues with the state of our finances, while keeping taxes low and investing in priority areas that will make this city better for our hard-working residents.

As the city's Budget Chief, I encourage you and your committee to work together to achieve these important goals. The City Manager has indicated that Council faces some difficult decisions, and so I am writing to you to outline some of my continuing priorities at this new stage of this year's budget.

Fiscal Discipline

I am optimistic the 2016 budget will achieve the right balance between investment in the city and the financial prudence that keeps taxes as low as possible.

We must ensure Toronto remains affordable for our residents, by holding ourselves to the same kind of discipline they exercise in their own households.

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Some will say that large, year-over-year tax increases is the easiest way to pay for the increasing cost of providing services to our citizens. I reject that. I believe the size of government should grow at the same rate as our economy to ensure tax increases remain affordable for people.

At the same time, I fully recognize we have a city to build to meet our immediate needs, especially in areas like transit and housing, and to meet the needs of a population that is projected to grow by half a million people over the next 25 years. My belief is we need to be transparent about what large-scale projects we are proceeding with and how we are paying for them. That's why I am advocating for two specific measures: first, the continuation of a special capital levy started under Rob Ford; and second, directing the funds collected by that levy to a segregated City Building Fund, which would be used to pay for transit and housing projects selected by council.

I truly believe it is not only possible, but responsible, to keep property tax increases arising out of an annual budget in line with inflation, out of respect for our residents and to focus our efforts on providing a more efficient government to the people of Toronto.

Spending Restraint

In a recent talk at the Economic Club, I outlined my concerns about the budget process and its focus on new spending as opposed to a rigorous annual review of how we are spending the money we've already got.

Changes begun this year – including an unprecedented examination of line-by-line expenses – are moving us in the right direction. We achieved the requested two per cent efficiencies target in some departments, but were not successful across the board.

We need to demonstrate that we are serious about changing the way we budget in this city. And so as we work to reform our government spending, I would respectfully request that you and your committee freeze a range of discretionary spending accounts at current levels.

I made this request clear in my Economic Club address, and I am following up on this commitment in this letter.

I believe a spending freeze on some of these discretionary accounts is only fair at a time when many of our residents are struggling to manage their own finances. A pause on these expenses will have no impact on service to the public, and will give us the opportunity to take a more in-depth look at how we are spending taxpayer's money.

We need to show the people of Toronto that we can live within our means and that we will not spend a penny more on discretionary items unless it helps make their lives better.

Some of the areas you may want to consider as you look to implement a freeze are:

- materials and supplies;
- travel;
- conferences and seminars;
- business meeting and entertaining expenses;
- office renovations;
- professional and technical fees;
- non-essential training.

Applied across the board, including at city agencies and corporations, freezing spending on these items will save the city millions of dollars this year without affecting our ability to provide services to the public.

Targeted Investment

Finally, I want to encourage you and the budget committee to target investments to priority areas like transit and transportation, housing and poverty reduction so we can build a functional and vibrant city that provides opportunity and an excellent quality of life to all its residents.

We will be working closely with the federal and provincial governments to direct investment to large-scale infrastructure projects, and I will work with council to introduce the City Building Fund but council must also provide direction for targeted investments outside of the staff recommended budget this year. We cannot just wait for new sources of revenue – we must use our current budget wisely and for the greatest possible good. I believe we must fight for investment in the following priority areas:

Transit: We have been working hard to expand and enhance TTC service for people across Toronto. We must continue the work we started last year when Council voted to make an historic \$90 million dollar investment in transit, allowing children under 12 to ride for free and restoring bus routes cancelled by the previous administration. These on-going enhancements are important to the quality of life for Toronto, and must be expanded through additional investments in 2016, including improved Sunday service.

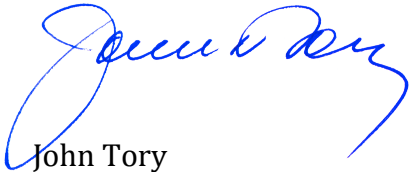
Poverty reduction: City Council must demonstrate its support for the TO Prosperity poverty reduction strategy by providing additional investment, especially in child nutrition programs, jobs for youth and seniors' care.

Emergency services: To care for our residents in times of distress, we must increase the number of paramedics available to respond to emergency calls.

You have my full confidence as you lead this budget process, and I will encourage our Council colleagues to support you in this important work.

I trust you agree with me that a balanced approach – keeping taxes low and spending constrained while making targeted investments in priority areas – is the goal we all share and I look forward to working with you, and all of our Council colleagues, to once again achieving that balance in this year's budget.

Sincerely,



John Tory
Mayor of Toronto

- c. Members of the Budget Committee
Members of the Executive Committee
Deputy Mayors
Chair of the TTC