TORONTO

MM23.3

NOTICE OF MOTION

Implementation of the Fiscal Review Panel's Recommendation Regarding the Systematic Review of the City's Capital Assets

Moved by: **Councillor Stintz**

Seconded by: **Councillor Parker**

SUMMARY:

In October 2007, as part of the compromise reached for the implementation of the Land Transfer Tax and Vehicle Registration Tax, Mayor David Miller commissioned an independent Fiscal Review Panel to investigate the operations of the City and report back in February 2008.

One of the key recommendations of the panel is that the City systematically review its Capital assets. More specifically, "The Mayor and the Executive Committee must re-examine the City's asset and debt management strategies to ensure that its capital is invested in areas that meet the City's long term goals and needs, and that it is receiving an adequate return on its investments. An immediate focus should be placed on its major capital assets, including: Toronto Hydro, the Toronto Parking Authority, Enwave, the Gardiner Expressway and Don Valley Parkway, and real estate holdings as mentioned in other recommendations." Furthermore,

- "The Mayor and Council should study the current City policies and practices on debt management, debt service payments (depreciation schedules, etc.) and capital asset management, including those related to the ABCCs.

- The Mayor and Council should evaluate all options for maximizing the financial value of the City's major capital assets consistent with public policy objectives identified by Council, with an immediate emphasis on those mentioned above.

- To maximize the net proceeds of the above, if appropriate, the City should urge the federal government, the Province, and the Ontario Energy Board to coordinate legislation and policies to facilitate the transfer of such assets, including the review of the 33% transfer tax and the possible reintroduction of the Public Utility Income Tax Transfer Act.

- The Mayor and Council should adopt a policy to ensure that the proceeds from these initiatives be used directly to reduce existing debt and/or offset future needed borrowing.

- The City should review potential partnerships with outside stakeholders that can assist the City in getting a better return on its investments. This process should engage the private sector, Pension Funds, and the leadership of various ABCCs, among others."

In light of these recommendations, the proceeds from the recent sale of Toronto Hydro Telecom should have been considered for debt reduction. The Auditor General has recently commented on the City's escalating debt and the impacts of servicing the debt on the operating budget.

RECOMMENDATION:

1. That the City Manager and the Deputy City Manager and Chief Financial Officer prepare a report to City Council on how this recommendation will be implemented.

July 15, 2008

According to Chapter 27, Council Procedures:

Notice given	(v)
Fiscal Impact Statement provided	
Should have Fiscal Impact Statement prior to debate Requires two-thirds to waive requirement if Council wishes to debate	*
Should be referred to Executive Committee Requires two-thirds vote to consider at this meeting	(v)
Motion Recommendations are Urgent	

* Deputy City Manager and Chief Financial Officer to advise.