



## **2015 Budget**

### **A Message from City Manager Joe Pennachetti**

The City of Toronto continues to strengthen its fiscal health while ensuring it makes important investments in the future. The 2015 Budget kept the tax increase to a minimum, with the total 2015 budget tax increase after assessment growth only 1.5%. That includes a 2.25% increase for residential properties and a 0.75% increase for non-residential properties, in keeping with City Council's policy commitment to continue to reduce business taxes in Toronto. The modest increase includes the cost to maintain current service levels, as well as make significant new investments for today's residents and the generations to come.

The 2015 Tax and Rate Supported Operating Budget of \$11.4 billion gross and \$3.8 billion net ensures that the City will continue to deliver high quality and affordable services, while investing in priority areas outlined in the City's strategic actions approved by Council in 2013. These investments include additional funding to improve the City's transportation network, reduce poverty and strengthen our emergency services.

As a major urban centre, the City must focus beyond economics to provide both the physical and social infrastructures to meet the needs of its residents and businesses. The City of Toronto delivers more than 140 distinct services, many of which are provided on a 24 hours a day, 7 days a week basis. These services address social, economic, physical and governance needs that affect the quality of life of Toronto residents, businesses and visitors.

One of the challenges the City faces is delivering such a wide and complex range of programs and services to a large, diverse population, given the limited fiscal tools available to Ontario municipalities and the funding constraints relative to the other levels of government.

In order to maintain Toronto's enviable quality of life and ensure Canada's largest metropolitan area continues to be globally competitive, it is essential that we continue to strengthen our intergovernmental partnerships. The City must look at the re-alignment of social services funding and the funding of public transit operating costs to bring Toronto in line with the governmental partnership funding practice in other global cities in developed countries. The City must also find new revenues to address the pressure that growth and city building are placing on city services and aging infrastructure.

At the start of the 2015 budget process, direction was provided to City divisions and agencies to manage spending with a 0% increase over the 2014 Budget for all services. Virtually every City program and agency met the challenge of bringing a budget forward that had a 0% increase. As a result, the City has achieved \$150 million in savings through efficiency and cost-saving measures with a minimal impact on services.

In addition, there are significant enhancements of \$175 million primarily for Pan Am Games, transit and transportation, poverty reduction, new facilities and emergency services. The funding

approved for the 2015 Pan Am/Parapan Games will leave a lasting legacy for Toronto residents and businesses through new and improved infrastructure across the city and will help advance the City's goals for economic development and tourism, sport development and healthy living.

City Council approved a 10-year Tax and Rate Supported Capital Budget and Plan of \$31.7 billion gross and \$19.7 billion net, which includes \$1.6 billion in new capital investments for transportation and public transit, facilities, shelter and technology. The 10-Year Capital Plan continues to advance the City's long-term fiscal plan objectives and focuses on infrastructure rehabilitation as well as new infrastructure to support the City's growth.

The 2015 - 2024 Capital Budget and Plan continues to fund the City's two largest transit investments, the Toronto-York Spadina Subway Extension and the Scarborough Subway Extension, as well as rehabilitation work on the Gardiner Expressway, road resurfacing and reconstruction, and key capital projects to address traffic congestion.

I am proud that the City of Toronto has matured and prospered as an amalgamated city. As the fourth largest city in North America, Toronto has grown not just in population, but economically, socially, culturally and environmentally, with the most diverse population in North America.

The numerous accolades and international rankings that the city receives that demonstrate Toronto's strong economy and high quality of life for our 2.8 million residents include:

- Toronto was named the best place to live in the world by The Economist, based on six of its indexes.
- KPMG ranked Toronto the world's most tax competitive major city.
- Toronto was ranked the world's most resilient city by the Grosvenor Group.
- PwC ranked Toronto fourth in 2014's Cities of Opportunities.
- Toronto is ranked 12<sup>th</sup>, the highest North American city in the Sustainable Cities index.
- Transit Score ranked Toronto third of 70 cities in North America based on walkability.

As City Manager and before that the City's Chief Financial Officer, I have had the privilege of leading the most professional, innovative, compassionate public service in Ontario, and I believe, in Canada. In this, my last budget with the City of Toronto, I would like to thank the Toronto Public Service for continuing to deliver excellent customer and innovative programs and services to the residents and businesses of Toronto. Through their hard work, Toronto remains a great place in which to live, work, play and invest.

Joseph P. Pennachetti  
City Manager