



EX15.1.4

Council Briefing Notes

Brought to you by CUPE Local 79

EX15.1 THE CITY OF TORONTO'S LONG-TERM FINANCIAL DIRECTION

LOCAL 79 RESPECTFULLY RECOMMENDS:

1. City Council move quickly to explore new and expanded sources of revenue that provide long-term sustainable support for the operating and capital needs of the city, starting with the 2017 Budget. Fire sales of profitable assets that support the City's operating budget like Toronto Hydro should be opposed.
2. Review service level impacts of past and current efficiency measures, including gapping, when exploring future efficiency measures.
3. Develop the City's promised "Quality Job Assessment Tool" prior to any consideration of contracting out.
4. Explore whether bringing currently contracted-out work back in-house can achieve cost savings.

CITY'S LONG-TERM FINANCIAL PLAN SHOWS CUPBOARD IS BARE

The City Manager's report on the City's long-term financial direction brings the stark reality of the City's money problem into sharp relief:

- With the exception of full-cost recovered programs like water, Toronto's spending per person has dropped by 7% since 2010.
- Funding for many services and programs that are critical to the wellbeing of our City such as Public Health and Shelters, Support and Housing haven't kept up with either the rate of inflation or population growth.
- We still face yearly budget gaps of hundreds of millions of dollars, and \$29 billion in unfunded capital projects over the next 15 years.

The report states: "Recent patterns of savings and efficiencies are nearing practical limits without service changes or other direction from Council."

SERVICES NEED TO GROW TO MAKE A MORE EQUAL CITY

Many of the service reductions triggered by the Core Service Review in 2012, such as eliminating youth outreach workers, cutting bus service, charging fees for previously free recreation programs, have now been reversed due to public outcry. City Council has made new promises to invest in the good jobs, affordable housing, childcare and public transit deemed necessary to tackle the growing inequality that threatens to cripple our overall economic and social wellbeing. It is time to make good on those promises.

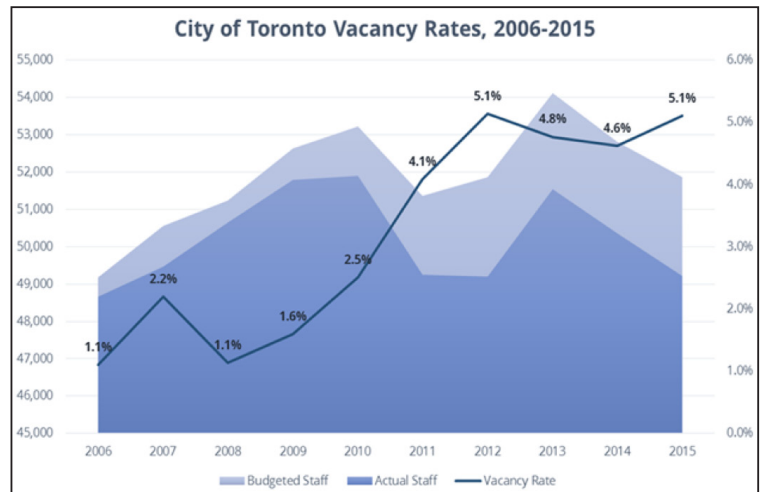
"Income inequality is growing faster in Toronto than in other major Canadian cities."

- United Way Toronto, 2015

HIDDEN CONSEQUENCES OF SIX YEARS OF COST EFFICIENCIES

The last six years of supposed "efficiencies" and "savings" have had some damaging impacts on our services and our communities:

- In an effort to keep property taxes low (4.8% under the rate of inflation over the last 6 years), regressive user fees that place a greater burden on lower and middle-income families have gone up by 9% over inflation since 2010.
- Staff vacancies have shot up as city divisions delay hiring to save money. Vacancy levels generally over the last six years have been double what they were before 2010. As a result, the quality of the services people depend on is slipping.
- The report points out that Shelter Support and Housing Administration expenses have fallen because the City's payments to shelter providers haven't kept up with inflation. Shelter providers have been forced to take on the cost of the City's savings.



Source: *Torontoist*: <http://torontoist.com/2015/12/mind-the-gap-gapping-101/>

CHOOSE A LONG-TERM CITY-BUILDING VISION

Despite pages and pages of proof the cupboard is bare and cost-cutting measures of the last few years have run their course, the report suggests we explore more efficiencies and cost reductions BEFORE any “additional financial burden to Toronto residents and business”. In addition, the report recommends looking at selling profitable assets, like Toronto Hydro, for a quick cash grab that will actually hurt our long-term financial sustainability.

City Council needs to make a choice: either seek new sustainable revenues to build the city we want –one with good jobs, affordable housing and childcare, and reliable public transit, or come clean on what services will be cut. Everything else is just a distraction.

EFFICIENCIES MUST BE MEASURED AGAINST IMPACT ON SERVICE LEVELS

Efficiencies are good, but years of cuts are impacting workforce development, innovation and, ultimately, the City's ability to provide services to communities. Last year's Service Level Reviews repeatedly pointed to key challenges:

- Lack of resources to support quality assurance and training.
- The increased complexity of demands, from planning and building applications to employment interventions in at-risk communities.
- The urgent need for succession planning as a wave of City employees near retirement.

In many cases, the risk to services already outstrips any marginal return from further efficiencies. The City needs a concrete way of identifying the service impact of further cuts.

EXPLORATION OF CONTRACTING OUT MUST BE BALANCED WITH EXPLORATION OF CONTRACTING BACK IN, AND MAINTAINING GOOD JOBS IN TORONTO

In some cases cost-cutting measures such as contracting-out may have resulted in additional costs. Anecdotal information in both Fleet Services and Engineering & Construction Services point to additional costs coming from contractors that may be avoided if more of the work were performed in-house.

City Council's long-promised “Quality Job Assessment Tool”, meant to ensure that the City doesn't replace good stable jobs with precarious low-wage jobs when it contracts out work, must be developed and implemented before any further contracting out is considered.