EX32.1.3

March 16, 2018

"Toronto is an exceptional city and the economic and social anchor for Ontario and Canada" - Long-Term Financial Plan

"It takes money to produce a great city" - Toronto & York Region Labour Council, *Toronto Star,* September 2016

Submission to: City of Toronto, Executive Committee, "Long-Term Financial Plan: The City of Toronto's Roadmap to Financial Sustainability, Spring 2018"

After lauding Toronto's exceptionality, the proposed 2018 Long-Term Financial Plan says that the City's success "has driven a range of challenges, such as housing affordability, transit, congestion and poverty." The proposed plan includes some helpful actions to address these challenges as well as other actions that are vague or miss the mark. As importantly, the premise of the plan is flawed. No-one should believe that a city can be considered exceptional when such huge challenges exist. In fact, these challenges are not *by-products of success* - they are the *natural outcomes of public policy and financial and economic neglect and decisions* made by past and present municipal, provincial and federal governments.

The Toronto & York Region Labour Council believes that building a great city requires substantial resources - resources that should be acquired in a way that is progressive rather than regressive. We believe that our aspirations and vision should drive decisions, not our budget. And we believe that the City needs to accomplish multiple priorities simultaneously – Toronto is a complex place, so the City must pay attention to a wide range of issues at the same time. Only through such steps can Toronto be a great city.

These things are eminently do-able in a city where there is abundant wealth. Corporations housed in Toronto earn vast profits, it's a good place to do business, and the going price for a two-story semi-detached house in a modest neighbourhood exceeds a million dollars. At the same time, Toronto is the income inequality capital of Canada.

The City of Toronto has seen significant chronic underfunding of programs and services over the last decade and every year during the budget cycle community organizations, recreation centres, child care programs and workers start feeling the pinch.

Each year we hear the same thing - that the City needs to squeeze its belt some more and just try to do the same with a little less money. Academics from the University of Toronto's Institute on Municipal Finance and Governance and the Canadian Centre for Policy Alternatives have repeatedly said that the City of Toronto does not have a spending problem but rather a revenue problem. Everyone knows there is no gravy train.

Labour Council responds to "Key Actions" included in the plan

- The Toronto & York Region Labour Council was an early supporter of the **Municipal Land Transfer Tax which has been enormously successful** at generating revenues and is a more progressive way of securing revenues than from residential property taxes as they are currently structured. We are pleased to see it remain as a key element of the plan.
- We do not believe there is a disproportionate property tax burden on businesses. Instead, our view is the opposite and we advise the City to eliminate setting commercial property tax rates at one-third of any tax increase applied to single family homes, by giving an **across-the-board property tax increase that is the same for commercial property as for homeowners**. The ratio is a massive shift of tax responsibility from the corporate sector onto homeowners.
- The plan indicates that residential property tax rates are "affordable". It is true that the *average* per cent of income required to pay *average* property taxes is lower than in other comparable municipalities, and Torontonians have experienced at-or-lower-than-inflation tax increases for a number of years. However, heavy reliance on residential taxes as currently calculated is regressive because ability to pay is not a consideration. Many lower-income home owners do not fit the *average* profile. Labour Council supports **less reliance on residential property taxes and changes to tax assessments that would make them more progressive**.
- We recommend implementing **full development charges**. That would raise many millions in needed funds for capital projects, reducing interest costs for the operating budget.
- We appreciate that the plan's vision of Toronto Hydro and the Toronto Parking Authority focuses primarily on improving the annual revenue contribution of those organizations to the City. It is important for **public assets to remain in public hands**, especially those that are revenue generators. This applies to the real estate owned by these organizations, in addition to the services they provide.
- We ***strongly disagree*** **with the recommendation to explore alternative financing (AFP) and procurement processes such as public-private partnerships (P3s)**. Presto and Accenture are just the most recent examples of the disastrous results from AFP and P3s.
- We agree with **transparency for tax discounts, rebates and other concessions** through identification of opportunity costs and annual reporting. More emphasis on large tax arrears and tax adjustments sought or granted is warranted, especially for large downtown financial and real estate corporations.
- In terms of foundational steps, we support the retention of democracy, **leaving agenda-setting to City Council as a whole** rather than a small clique comprising the Mayor and his or her Executive Committee. The potential damage that was being inflicted by the Rob Ford administration was curtailed only after the majority of Council started to reflect the real concerns of their constituents. The *City of Toronto Act* gives City Council specific powers to develop policies and programs and determine which services the City provides (section 131). The City has made great achievements on climate change and equity – the very things that will help make us great – through a process that allows all members of Council to set strategic directions in a responsive way.

- We support **strengthening civic engagement and integrating equity, gender and economic impacts into decision-making**.
- We recommend that the City **implement a full suite of climate-focused initiatives**, including energy retrofits and water saving programs for all public buildings and systems, in line with Transform TO's vision, which would potentially leverage provincial and federal funding as well as reduce costs. Cost savings can act as a revenue source for other needed services.
- Finally, the plan mentions the existence of approved "strategies" to address challenges, naming Transform TO once (but only as a tool for achieving efficiencies), and ignoring TO Prosperity, Toronto's poverty reduction strategy. **The plan should name and support Transform TO, TO Prosperity and other strategies.**

<u>Other revenue options</u>

- Restrict Financial Incentives Program (FIP), such as the City's IMIT/TIEGs program, to green innovation and industry, manufacturing, and the screen-based industry. There is no need for FIP to apply to financial or office developments, retail, hotel and hospitality, and entertainment or amusement.
- Implement a new commercial parking levy to be paid by those who have the greatest ability to pay – large commercial landowners. According to KPMG, a Commercial Parking levy which would be charged to mall owners and office towers per parking spot could potentially raise $171-535 million per year in new revenue. The larger commercial landowners can afford to pay this, having been granted tax relief through recent federal and provincial corporate tax cuts. The levy would exempt strip malls and other similar small businesses. Labour Council and its affiliates believe a levy is one of the most significant ways we can address Toronto's revenue problems.
- Charge private telecoms market-appropriate rates for burying their lines under our roads.
- Negotiate higher property tax rates for senior levels of government. At present, they pay only a fraction of the property tax rate on their buildings.
- Implement a surcharge for new developments that fail to meet stringent green building standards.

The City needs many new things - our transit is outdated, our roads are crumbling, TCHC is shuttering much-needed homes, our community programs are suffering, and many within our diverse City are struggling to make ends meet. If the City of Toronto is serious about building a prosperous city that reflects the needs of a diverse community, we need real leadership. We cannot accept cut services as the solution or leave hundreds of jobs at the City unfilled - creating major holes in service delivery. We need to create a vision of a City that prioritizes the environment, new transit and programs that benefit the vast majority of Toronto.

We need a livable city that inspires creativity and provides sustainably, and we need to work collaboratively with City Council and the public to make this happen, making better use of a broader range of revenue tools.

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