

Financial Sustainability

2022 marks the third year of significant financial challenges for the City due to COVID-19. Our government continues to institute best practices to inform financial decisions and prioritize financial sustainability.

Throughout this term, Toronto has maintained its stable credit ratings from [international bond-rating credit firms](#), which is a testament to the City's cohesive governance approach and prudent policy and fiscal management. The City has maintained essential services and is focused on strong economic and social recovery in partnership with other orders of government.

Corporate/Strategic Commitment

We will work and partner to ensure value and affordability for taxpayers, adequately fund municipal services and infrastructure, make needed investments in the city, and improve our financial health. We will make informed financial decisions and effectively manage resources for Toronto's future.

The City Manager's End of Term achievements [report](#) highlights and recognizes the accomplishments of the Toronto Public Service over the 2018-2022 Council term and progress towards the [Corporate Strategic Plan priorities](#). To view more achievements, visit toronto.ca/successTO.

Financial Sustainability

The City was the first Canadian government to develop and implement a sustainability framework as part of its debt and borrowing program. The approach incorporates issuing green and social bonds, demonstrates our leadership in sustainable finance and promoting positive socioeconomic outcomes.

Our capital projects are financed at the lowest borrowing rate in order to reduce the tax burden on Toronto residents and businesses, in consideration of the green and social debenture frameworks to promote sustainability, improve climate resiliency and enhance positive social outcomes.

We were one of the first municipalities in Canada to establish a [Green Debenture Program](#), which since 2018 has issued four green bonds and makes Toronto the largest municipal green bond issuer in Canada (\$780 million).

“Toronto's prudent financial management, strong financial support from senior levels of government, and a deep and diversified economy have sustained the City's fiscal performance over the past two years.”

**Standard & Poor's,
October 20, 2021**



We were the first government in Canada to establish a [Social Debenture Program](#) to advance positive social action and sustainability for all Torontonians. Toronto remains the only Canadian government to issue a Social Bond in the public debt market, issuing its first social bond in 2020 and a second bond in 2021 (\$200 million total).

For a second year in a row, the City was [awarded Social Bond of the Year](#) Local Authority/Municipality at the 2022 Environmental Finance Bond Awards, recognizing our leadership in the green, social and sustainability bond and loan market.

Toronto is also the first government in Canada to issue an [annual Environmental, Social and Governance \(ESG\) performance report](#) to reflect its commitment and performance in each of the three areas.

“The City’s credit profile benefits from strong governance and prudent fiscal planning including comprehensive, transparent and timely financial reporting.”

Moody’s, April 6, 2022



Spotlight on Partnerships

Federal and provincial governments have acknowledged the impact of COVID-19 on municipal finances throughout the pandemic. We continue to actively work with other governments to obtain funding support to address outstanding 2022 COVID-19 related funding pressures ([report as of May 2022](#)).

The City continues to partner with federal and provincial governments to make joint investments in Toronto. For example, both orders of government are expected to contribute \$5 billion towards infrastructure investments in the 10-year Capital Plan (federal: \$3.4 billion; provincial: \$1.6 billion).

The [GTHA Regional Procurement Collaboration Assessment](#), completed in 2021 with funding from the provincial Audit and Accountability Fund, assessed regional collaboration on procurement to estimate potential cost efficiencies to be achieved through greater collaboration.



City Actions



In 2021, we successfully launched the [Financial Systems Transformation Program](#) (FSTP) which includes re-engineering finance business processes and operations, enabled within a single authoritative financial system.



An [Automated Income Verification program](#) was initiated with the Canada Revenue Agency for Property Tax, Water and Solid Waste Relief Programs, offering an efficient application process to Toronto residents.



The City continues to make significant progress in enhancing our financial resilience, implementing best practices and prudent financial management, and establishing outcomes-based budgets which focus on accountability and establishing trust and confidence with Council and the public.



Our [Social Procurement Program](#), comprised of Supply Chain Diversity and Workforce Development, aims to create jobs and drive economic growth in the city.



City Council approved a [Vacant Home Tax](#), which will be levied on vacant properties starting in 2022.



The City conducted the [Value-Based Outcomes Review](#) in 2019 to modernize our financial decision-making to achieve Council's priorities and long-term financial sustainability.



In 2021, City Council adopted the [Core Infrastructure Asset Management Plan](#), which aligns with the [Corporate Asset Management Policy](#) approved by Council in 2019, and incorporates key principles and strategic directions that enhance asset management practices, continuous improvement and integration across the organization.

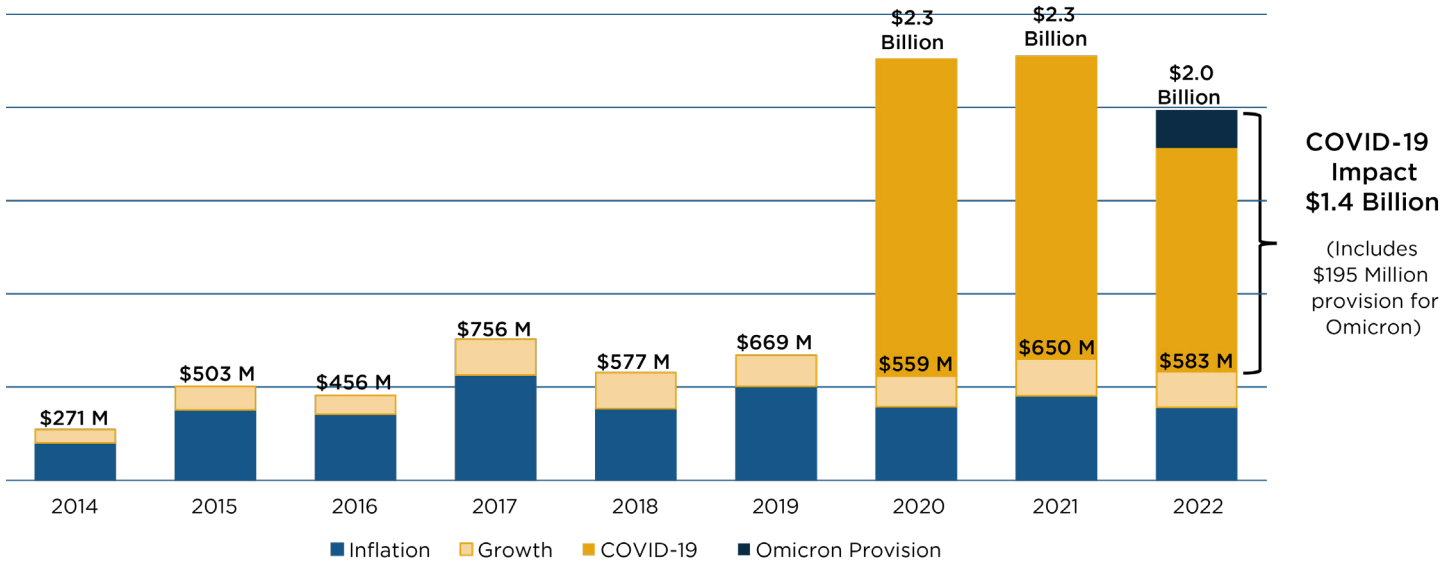
Spotlight on the COVID-19 Pandemic

The City has faced unprecedented financial challenges during the pandemic including reduced transit ridership and parking revenue, increased public health response costs, and the costs to maintain and expand the delivery of City services during the emergency.

The City anticipates \$1.4 billion in added costs and revenue losses in 2022 as a direct result of the COVID-19 pandemic.



Historical Opening Budget Pressures



Since March 2020, we have identified \$1.6 billion in mitigation measures and spending restraints to offset the financial impacts of the pandemic and sustain critical operations.

From March 2020 to the end of 2021, we have secured nearly \$2.8 billion in COVID-19 related emergency funding commitments from other orders of government. The City continues to actively engage with federal and provincial counterparts to obtain funding support to address the remaining 2022 COVID-19-related funding gap.

The City has worked to reduce financial burdens on business and residences. For example, at the start of the pandemic, we provided a 60-day grace period on all property tax and utility bills and approved a [COVID-19 Property Tax Deferral Program](#) to allow residential and business property owners to request up to an additional six months to pay their taxes without incurring late payment penalties or interest charges.

COVID-19 related financial pressures are anticipated to continue into 2023 and beyond. It is important that we continue to address both unanticipated and prolonged COVID-19 financial impacts and invest in equitable COVID-19 response initiatives and social and economic recovery.

Spotlight on Equity and Reconciliation

The City is focused on delivering services with fair and equitable outcomes for all residents and businesses. We have several tools and processes to embed equity considerations into our financial processes and budgeting, including an [Equity Lens Tool](#) and [Equity Responsive Budgeting](#).

The [Equity Lens Tool](#) is an online tool for City staff to assess policies and programs to identify and address barriers experienced by Indigenous, Black and equity-deserving groups.

Equity Responsive Budgeting embeds equity impact analyses throughout the development and decision-making stages of the budget process to help prioritize equity and reconciliation investments. City Divisions and Agencies are asked to build their operating and capital budget submissions with equity in mind, and provide Council with [information](#) on how service level reductions, revenue changes, and new or enhanced services in the proposed Operating Budget may impact Indigenous, Black and equity-deserving groups.



While the [2022 Operating Budget](#) is challenged by the financial implications of the pandemic, the City is making prudent investments to ensure we are well positioned to recover and rebuild from COVID-19 including \$71 million in new and enhanced investments that positively contribute towards social infrastructure and equity-based initiatives.

New Investments: \$135 M

Includes a combination of fully funded and cost-shared programs with the federal and provincial governments and City spending



**SOCIAL & EQUITY
\$71 M**

Child Care
\$32.2 M

Long Term Care Reform
\$18.6 M

Housing
\$14.5 M

Reconciliation & Combatting
Anti-Black Racism
\$5.8 M



**SAFE AND LIVABLE CITY
\$35 M**

Community Safety*
\$12.5 M

Crisis Response
\$10.8 M

Mobility
\$7.5 M

Community Development
\$3.8 M



**MODERNIZATION
\$29 M**

Information Security
\$17.9 M

Modernization & Transformation
\$8.3 M

Concept 2 Keys -
Transforming Development
Applications
\$2.7 M

New and enhanced investments include \$54 M in City funding from property taxes.