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CITY BUDGET

Board of trade demands deeper cost cuts

Business lobby calls for 'rationalization' of assets, restraint in wage increases

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The city of Toronto has failed to cut its costs, remains too dependent on handouts from the province and needs to clamp down on wage increases in the face of a coming economic "tsunami," the head of the Toronto Board of Trade warned yesterday.

President and chief executive officer Carol Wilding addressed council's budget committee at a daylong hearing for citizens, business groups and social-services agencies on Mayor David Miller's proposed \$8.7-billion budget, which improves transit service but raises property taxes 4 per cent.

Ms. Wilding criticized the budget as "unsustainable" for depending on \$238-million in one-time aid from the province to avoid steeper cost cutting, warning that the worsening economy means Queen's Park may not offer help again next year.

She dismissed the city's \$102-million in cost savings, pointing out that more than \$70-million comes from "gapping" - simply delaying hiring to replace those who leave or retire, meaning real efficiencies amounted to around \$30-million.

This, she said, is far short of the recommendations of the mayor's blue-ribbon panel on finances, which recommended cutting \$150-million a year.

"If we can really only find \$32-million, on an \$8-billion budget, I would suggest any business right now is looking pretty hard at taking those cuts," Ms. Wilding said.

Municipal officials insist the city operates as close to the bone as it can, short of dramatically chopping services, and argue much of its growing wage bill is due to arbitrated labour settlements imposed for firefighters, police and the Toronto Transit Commission. (By law the city must balance its operating budget.)

Ms. Wilding chastised Mr. Miller and council for moving to implement only 31 of the 69 recommendations of the blue-ribbon panel, which reported last year and proposed reviewing key assets and making more money off the city's massive real estate holdings, among other ideas.

In a background paper, the board of trade called for "rationalization" of various city assets including the Don Valley Parkway and Gardiner Expressway, echoing a suggestion from the panel that the expressways be sold or handed to the province and turned into toll roads, although Ms. Wilding shied away from advocating for tolls yesterday.

Short of calling for restraint in the wage increases in coming talks with the city's main unions, she would not suggest specific cuts.

Many of the other people who addressed the committee yesterday represented city-funded social-service agencies or arts groups and offered praise for the budget. Some wore buttons showing "4%" in a heart shape, meant to show support for the mayor's tax increase. Another button echoed Mr. Miller's comment that the tax increase, \$89 on the average home, amounts to just "25 cents a day."

Von Palmer, spokesman for the Toronto Real Estate Board, urged repeal of the land-transfer tax, which he said had a "destructive" effect on the city's real estate market.