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2009 TORONTO BUDGET: \$6.6-MILLION IN NEW USER FEES

City's balanced budget comes at a price

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City spending is set to jump \$530-million this year after Toronto Mayor David Miller presented an operating budget that imposes a 4-per-cent property tax increase on homeowners while boosting funds to pay for rising welfare costs, salaries for city workers and improved services, including transit.

The proposed 2009 operating budget presented yesterday by the mayor also imposes an extra \$6.6-million in new user fees in nearly every city service, from parking permits to swimming classes.

Though Mr. Miller hailed the introduction of a balanced budget, that achievement comes because of chunks of one-time funding - the most significant of which is \$238-million for transit from the province.

The city's fiscal crunch could bite even harder in 2010, when the city would need to come up with close to \$400-million to replace the one-time sources used this year.

"Those are very large red flags, and that is why the budget is not sustainable," said Toronto Board of Trade president Carol Wilding, who criticized the city for not laying out a multi-year plan.

Mr. Miller defended the city's strategy to resist cuts at the start of an economic downturn.

"We need to protect the services that we have, enhance where we can and in order to do that, you have to pay for it," Mr. Miller said of a fiscal package that includes a freeze on transit fares and garbage pick-up and extra funds to cope with surging welfare costs.

If the city had opted not to levy a property tax hike (which includes a 1.3-per-cent increase for business), the mayor said, officials would have had to cut \$100-million in services.

The budget, which will go to city council for final approval in early April, includes measures meant to soften the effects of the recession, such as school lunch programs and expanded tax breaks for low-income seniors.

City officials boasted they had rooted out \$100-million in cost savings. But only \$30-million came from trims to existing programs, with the remaining \$70-million the result of not filling staff vacancies.

But yesterday, it was the proposed tax increase that drew most attention. Critics accused Mr. Miller of failing to pare enough costs while passing on a tax hike that works out to an extra \$89 on the tax bill for the average Toronto home valued at \$387,000.

Flanked by half-a-dozen fellow councillors who belong to the opposition minority at city hall, Denzil Minnan-Wong (Ward 34, Don Valley East) said the full hit on homeowners' wallets was the equivalent of a 10.2-per-cent tax hike, counting user fees for water and garbage, the vehicle registration tax and pet-licence charges.

"If we are going to have a debate about the budget and tax increases we should be talking about 10 per

cent, not four," he said.

Councillor Karen Stintz estimated that the cumulative impact of the various fees and charges, if applied to the average homeowner, would work out to a total of \$395 this year.

"Could we not do better to find some savings and restraints?" she asked.

When pressed by reporters, the councillors offered almost no suggestions of their own, saying they had been cut out of what one described as a "secretive" process. But they promised to make some recommendations when the budget committee meets next week to hear from councillors on Tuesday and from members of the public on Wednesday.

The economic downturn, and its implication for city finances, looms large this year.

Mr. Miller said the city has set aside \$33-million to pay for a spike in welfare cases that could exceed 100,000 a month by year's end, up from 81,000 in January. The city has to pay for 20 per cent of benefits (80 per cent by the province) and splits the cost of administration with Queen's Park on a 50-50 basis.

That arrangement starts to change next year, as the province gradually lifts the cost of social assistance off the backs of local property taxpayers.

As part of the TTC "ridership growth strategy" to serve 474 million riders in 2009, up from 464 million currently, the city plans to spend an additional \$69.5-million this year to add more hours of off-peak service. In all, the goal is to make surface transit as speedy and reliable as the subway.

The sharp drop in house sales in recent months has forced city officials to reduce their estimates of new revenue from the land transfer tax introduced last year. For 2009, officials forecast about \$160-million from the tax, compared to earlier, rosier estimates of \$240-million a year when home sales were hot.

BY THE NUMBERS

\$8.7-billion

City's proposed operating
budget for 2009

\$530-million

Increase over the 2008 budget

4%

Increase in residential
property taxes

Fees rising

8.8%

Increase for the costs of permit parking, parking on residential front yards and commercial
boulevard parking

8.3%

Increase in a child's admission price to the Toronto Zoo

3.7%

Increase in most other city fees, including recreation programs, field and rink permits, planning department applications, building permits, licensing inspections and animal licences

Council paycheques

0%

Mayor's pay increase

2%

Councillors' pay increase

Big-ticket increases

\$114-million

Anticipated rise in welfare

caseload and rates

\$69.5-million

TTC service improvements

\$54.4-million

Cost-of-living wage adjustments for TTC employees, firefighters and police

\$18.8-million

Winter road maintenance

\$17-million

Debt service charge increase

\$6.2-million

Libraries

A fine balance

Mayor David Miller has proposed a 2009 operating budget that spends \$8.7-billion, balanced by a 4-per-cent rise in residential property taxes.

REVENUE

Property taxes 39%

\$3.4-billion came from property taxes

Provincial grants and subsidies 24%

Federal grants and subsidies 2%

User fees 15%

Reserves 4%

Other revenue 14%

MLTT/PVT 2%

EXPENDITURE

Provincially mandated/cost-shared programs 32%

Includes affordable housing, children's services, public health and other social programs

Community partnership 1%

Capital and corporate financing 7%

Non-program expenditures 7%

Administrative services 6%

Municipal services 14%

Emergency services 17%

Transit 16%

OPERATING BUDGETS

1998, \$5.6 billion

2009, \$8.7 billion

PROPERTY TAX INCREASES

1998-2000, No increases

2001, 5%

2009, 4%

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