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Mayor Mel Lastman

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A New Deal for Toronto taxpayers

The City of Toronto is the greatest city in the world. I want to keep it that way. In fact we have to do everything possible to make it even better tomorrow than it is today. We have a quality of life that is envied around the world. Crime is down, employment is up and the cranes are back in our downtown core building office towers once again. Our economic growth has been strong and continues to serve as the economic engine of Canada.

Our growth is the primary reason why the federal and provincial governments have tax revenues at all time highs. Toronto contributes \$4 billion dollars more in revenues to the senior levels of government than these levels of government spend in Toronto. We subsidize the province and the country more than any other city across Canada.

While senior governments have taken more from Toronto taxpayers than ever before, the City has frozen taxes for nine years. Our tax revenue has been flat for nearly a decade.

Our Toronto now faces a serious threat in substantial tax increases. The budget pressure for 2001 is currently 305 million dollars. As Mayor my job is protect our city. We can't afford to lose our essential services that provide our outstanding quality of life. At the same time, we cannot afford a huge tax increase that will drive people out of their homes or prevent them from ever becoming homeowners in the first place.

Toronto is more than a corporation of debt ratios, tax rates and property assessments. It's where we live. It's our place to raise our families, earn a living and enjoy everything that life has to offer. That's why I am proposing a New Deal for Toronto Taxpayers. Toronto city council and I are going to do everything we can to keep taxes down.

My New Deal consists of four pillars:

1. Eliminate waste in city spending while making the best use of our assets.
2. A modest and reasonable tax increase that reflects the increased costs of our most vital services.
3. A new financial deal from both the provincial and federal governments to pay for their responsibilities.
4. Innovation and change in the way we provide services to ensure the best services are provided efficiently and at the lowest possible cost.

We cannot ask Toronto's 2.4 million residents to accept a tax increase without doing everything in our power to find savings in other areas, starting with our own offices.

ACTION

As a result, I am going to cut my own office budget by \$50,000 and I will recommend that the rest of Council's office budgets be cut by \$10,000 each.

I am also going to ask that we approve a freeze on salaries for all members of Council for the next two years. In addition, I would like negotiations to begin for a salary freeze for all unionized and non-union staff for 2002 and 2003. I am going to propose that we limit ourselves and staff to domestic travel unless Council approves the trip - and I am going to introduce a motion to eliminate Council cars and only serve coffee and tea at all City meetings.

I am going to ask that we eliminate the practice of paying for Councillors' club memberships and that we apply this policy to City staff as well. I want to cancel all of Council's and staff subscriptions, too - except for subscriptions to the daily newspapers.

- Grant programs: I feel they must be cut by at least 10 per cent across the board.
- The City could save over \$70,000 by closing the Gift Shop in City Hall. I'd like to see it either contracted out or closed immediately.
- Although the majority of the money we spent on consultants last year was Y2K related, I believe we can reduce our dependency on outside talent. I would like to see a cut to the amount we're spending on consultants and would like the CAO to prepare an action plan and report to council on how we could achieve this cut.
- We have to eliminate twice-a-week garbage collection in those areas of the City that are still receiving it.
- We have to eliminate street leaf cleaning and limit it to bag pick up only.
- We must remove the animals from the Riverdale Zoo in the winter with a guarantee that they return the following summer.
- The sale of our surplus properties must be expedited.
- We should prohibit any non-emergency spending by Council once our budget process is completed.
- We must reduce staff further.

As the City's elected representatives, we know how hard it was to find \$305 million in amalgamated savings. It took three years of blood, sweat and in some cases, tears. But we also know there are savings still to be realized, whether they come through cuts or through better utilization of our existing assets.

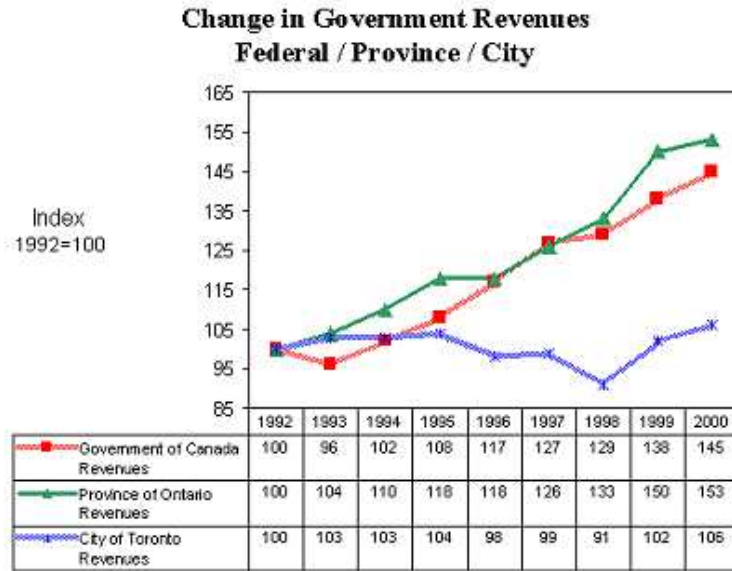
In order to find those savings, I want to hire an Auditor General for the City of Toronto. I intend to appoint Councillors Minnan-Wong, Balkissoon and Prue to develop a mandate for our Auditor General who will start work June 1, 2001. The Task Force will be assisted by a Blue Ribbon Advisory Group chaired by the President of the Ontario Institute of Chartered Accountants.

A modest and reasonable tax increase that reflects the increased costs of our most vital services

Toronto only has one source of taxation revenue - property taxes. These taxes are relatively stable, not indexed to inflation and don't generate the kind of revenue other taxes (e.g. gas tax, sales tax, income tax) do for provincial and federal governments, especially during boom periods.

As Mayor of North York and as Mayor of Toronto I have worked with two different councils to freeze taxes for nine years. I hate tax

increases. Our revenue has remained relatively flat. Over the past nine years provincial and federal revenues have risen dramatically, in fact by 53 per cent and 45 per cent respectively.



During these nine years of tax freezes costs have gone up and new services have been provided. Inflation has been 16.62 per cent over the past nine years. A modest tax increase that people can afford is needed to cover these new costs and services.

However Provincial legislation (Bill 140) does not permit the City to access two-thirds of its tax base. The City is limited to imposing property tax increases only on residential property owners.

This must change. We need the province to bring forward changes to allow us to tax the entire tax base. This modest tax increase must not be solely carried on the backs of seniors and fixed income individuals but must also include the billion dollar multi-national corporations that call Toronto home.

ACTION

- Provincial legislative changes by March 31, 2001 to allow a modest tax rate change to the entire property tax base.
- A modest and reasonable tax increase approved by Toronto City Council in April 2001.

A new financial deal from both the provincial and federal governments to pay for their responsibilities

People from around the globe recognize and envy our quality of life, our cultural diversity, and especially our flourishing economy. Because of these qualities, Toronto has grown and prospered throughout the years. And make no mistake about it- our economic success has benefited not just those of us who live here, but all citizens of Ontario and Canada.

That's why our City Council, our Mayor, our Provincial Legislature, our Premier, our Parliament, and our Prime Minister should all be working together to secure Toronto's future. You should demand nothing less of us. I promise you that we are not going to passively watch the senior levels of government balance their books by dumping their responsibilities onto the backs of our property taxpayers.

It has been over three years since the provincial government amalgamated Toronto by merging six cities and one regional government. They gave us no instruction manual on how to put it all together and certainly none of the tools necessary to build a new city with a strong foundation.

The Province's Local Service Realignment was supposed to be revenue neutral. In Toronto this was not the case. Toronto is looking for a new deal from the provincial government that recognizes the unique aspects of Toronto. For example:

- Toronto is the only city that operates a fixed rail line and a regional public transit system together.
- The province needs to recognize the impact on city services of a daytime population that is more than twice the size of a sleeping population (5 million vs 2.4 million)
- The impact on local services of the highest tourist population in Canada.

Toronto wants to build a relationship with the provincial government in order to work towards solutions to these problems. As Mayor I will work with the new Minister of Municipal Affairs to work out this new deal.

Since 1992, the City of Toronto has been faced with significant budget pressures caused by provincial subsidy reductions and initiatives. Prior to amalgamation, the City of Toronto had already absorbed Provincial subsidy elimination of almost \$300 M. These included the Social Contract, other reductions in unconditional and conditional grants, and Homes for the Aged red circling.

Toronto taxpayers know that social housing, regional transportation; welfare, long-term care and homelessness are not the kinds of services that should be paid for by property taxes. They know that the provincial and federal governments should be looking after social issues and paying for services and institutions that serve the broader interest. They know that income taxes are related to people's ability to pay, and can provide the vast amounts of money necessary without causing individual taxpayers irreparable harm.

If the senior governments would give us access to appropriate revenue sources on an ongoing basis, we'd be happy to tackle the problems facing us.

I plan to meet the Prime Minister soon to hopefully fast track funding for transit that he promised during the federal election campaign. This does not let the province off the hook. Keeping the TTC, a regional transportation system, in a state of good repair is an issue of safety and is not a matter for negotiation.

The Federal Government must also start to recognize that Toronto is the main entry point for new Canadians. The federal government does not cover the full costs of new immigrants and these costs are left to the municipal taxpayer.

The bottom line is that Toronto needs a new deal from both the province and the federal government. That's the only way we can meet our current obligations and address the new responsibilities thrust on us by the senior levels of government.

We need a source of revenue in addition to property taxes, so that we can meet our obligations without forcing people out of their homes.

And while Toronto is given the cold shoulder, large cities in other jurisdictions and other provinces have benefited from new financial arrangements.

Their senior governments have faced up to the need to modernize municipal financing. They have leaders who know how to keep their cities healthy.

Manitoba allocates revenue from personal income tax to its municipalities on a per capita basis. British Columbia shares its retail sales tax with municipalities. Quebec gives Montreal a share of its gasoline tax revenue each year. Our costs for salaries and maintenance keep going up but we have no additional revenue to cover these costs.

Today, we are the only major city in the world that does not receive a public transit-operating subsidy. In the U.S., Europe and Australia, federal and/or state governments provide subsidies for operating and capital costs for transit.

ACTION

- Commitments from the province to provide a new deal for operating and capital funds for the 2001 budget.
- Immediately following the approval of the 2001 Budget begin negotiations with the province regarding a long term funding solution for Toronto that reflects the unique aspects of Canada's largest city.
- A commitment from the province that LCBO environmental bottle taxes collected in Toronto are used for re-cycling programs in Toronto.
- Meet with the Prime Minister to obtain a timeline on his campaign commitments of funding for public transit directly to the City of Toronto. The Federal Government must also commit to cover immigration costs currently paid for by the municipal taxpayer.

Innovation and change in the way we provide services to ensure the best services are provided efficiently and at the best cost.

Toronto has entered a new century. Our service delivery models have remained in the last one. We can't continue to provide services in the manner we have in the past. Technology has changed the very way our entire world operates.

I want to appoint an Efficiency Expert to eliminate duplication and to look at the way we provide both old and new services in an effort to streamline them and make them more efficient. Their mandate will also include the Agencies Boards and Commissions.

We must look to innovation to find ways of delivering our existing services better, faster and cheaper.

EXAMPLE: The Exhibition Place contracts out to the private sector the management of its parking lot. The Toronto Parking Authority could be used to manage revenue generating parking lots at the Exhibition Place and other Agencies Boards and Commissions of the City.

We must also look at generating more revenue from our existing sources and find new sources of revenue we have overlooked in the past.

EXAMPLE: The Board of Health restaurant inspections should be operated on a cost recovery basis by charging an inspection fee for repeat inspections.

We need Provincial changes to legislation to allow us to charge a restaurant inspection fee.

ACTION

- Appoint an Efficiency Expert by May 1, 2001 to bring alternative service delivery proposals to council by November 1, 2001.
- Appoint a special committee of five councillors to find potential new sources of revenue. Appointments to be effective April 5, 2001 and committee to present to council by August 5, 2001.