

REMARKS BY TORONTO MAYOR DAVID MILLER

Budget 2010 and 2011

March 10, 2010 at 9:30 a.m. Mayor's office, Protocol Lounge

Thank you very much for attending today for this announcement.

I will be announcing today important plans for 2010 and 2011.

Building a great City takes commitment, partnership and sacrifice - from all of us.

It continues to be my privilege to bear witness to the great things that are achieved when all of these attributes come together.

As Mayor, I see the traits of commitment, partnership and sacrifice coming together everyday as collectively we work to build an even greater Toronto.

When I introduced the City budget in February, I said that you can't have a great city for free.

In fact, I said and I quote:

"This is important.

Anyone who tells you that they can freeze or cut your taxes and provide the vital services we all rely on, including:

- Helping the most vulnerable among us
- Public transit
- Emergency services
- Safe communities where crime continues to decline
- And protecting the environment

..is simply not telling you the whole story.

Helping people live a good quality of life - where local services are delivered effectively and at a reasonable cost - and building a safe city where there is opportunity for everyone is the role of local government.

The support we give to fund these services is what makes our communities strong and it's ultimately the hallmark of an inclusive and compassionate city." End of quote.

I know that Torontonians share that vision of a prosperous, liveable City where everyone has real opportunity, and they have supported the City - and me - in implementing that vision through two municipal elections and seven City budgets.

Those budgets are far more than just balance sheets.

They are the blueprint we use to implement the many programs and services that keep this City liveable, prosperous and provide opportunity for every single resident of this city.

We have achieved many great things over the past several years as Toronto's quality of life, our business environment and the actions we are taking to protect our natural environment continue to win accolades both here and globally.

As I said last month, our current budget must be set within the confines of the City's financial constraints.

Because, unlike federal and provincial governments, the City cannot run a deficit, even during a world-wide recession.

At the same time, the City must strive to meet the needs of Toronto's residents and businesses alike.

We face structural financial challenges - such as the need for a return to shared funding for the operation of the TTC - that need to be addressed for the City's long term financial stability. And I am pleased at the Premier's agreement to begin those discussions, ones that we at the City would like to resolve by December of this year.

In 2009 the City undertook a number of measures designed to improve our ability to afford to deliver the programmes Torontonians need and want, including wage constraint, prudent and efficient management, and restructuring debt, that produced an estimated surplus included in the proposed 2010 operating budget of \$250 million. I want to thank City Manager Joe Pennachetti for his effective leadership and management for producing these results.

It is in this context that I am making today's announcement.

I am announcing today that the City of Toronto is taking the first step towards a two year operating budget plan. Due to prudent fiscal management, the City can have a balanced budget for 2011, and a tax increase this year lower than previously estimated without major cuts to services.

When the budget was announced almost a month ago, the preliminary estimate of our surplus was 250 million dollars. I am pleased to announce today that more accurate year end accounting only available now estimates the surplus to be over 100 million dollars higher. Details will be in the variance report before budget committee on Friday.

I have spoken with the Chair of the budget committee, Councillor Shelley Carroll, and have recommended to her, based on what we have heard from Torontonians, and on the principles of sensible financial planning, that the surplus be allocated to produce the following result:

1. Lower taxes by lowering the proposed tax increase to 2.9 per cent on residential property and less than one per cent on business;
2. Better services by using funds carefully to address concerns about user fees and service cuts where it can be done in a sustainable way;
3. A balanced 2011 budget by placing the remainder in a tax stabilization reserve that will allow for a balanced 2011 operating budget with no TTC fare increase, assuming of course a 3% tax increase in that year and the successful conclusion of the agreed upon negotiations with the Province regarding its long awaited re-assumption of the sharing of TTC operating costs.

These results will be achieved by placing about 75 per cent of the additional surplus in this reserve, with the remainder used in 2010.

I don't mind telling all of you that when I started as Mayor I wish there was a Property Tax Stabilization Reserve Fund with about \$75 million in it and I am delighted that we may be able to do this for the next Council.

The result of this prudent and effective management is lower taxes, better services, and a balanced budget for the City of Toronto in 2011. Torontonians already have the lowest residential taxes in the GTA; today we are able to assure them that the lowest taxes, and unbeatable services, will continue in 2011.

Now, some of you may be asking about the surplus. While City spokesperson Kevin Sack will be available later today to respond to specific questions, I can say:

The growth in the surplus comes from several areas, including:

- cost containment measures implemented by the City Manager in 2009 to build a surplus that could be used to offset 2010 pressures
- wage constraint on management and front line staff
- higher than expected interest and investment earnings as a result of careful financial management during a very challenging time in world markets
- parking revenues which were higher than expected
- increases in supplementary taxes - those are revenues from new development and new construction
- reduction in assessment appeals.

Others may say that the whole surplus should be used to provide services, and some will be say to use it all to avoid any tax increase. To all of these, I say, prudent responsibility is needed as neither of those strategies is sustainable. A great city is not built for free. Too much spending this year, or too little revenue, and the City will not be able to balance next years budget with no service cuts, no TTC fare increase, and no major tax increase as I have proposed today.

One final point: the surplus is traditionally used to pay into a capital reserve, not to, in effect; pay the provincial share of transit operating costs, and you will see this reflected in the staff report available later today.

Notwithstanding that we now have a somewhat larger surplus than first estimated it remains just as important to solve the City's structural operating budget challenge through a return of cost sharing with the province for the operation of the TTC. Everyone agrees that this continues to be one of the single largest budget issues facing the City - the one for which no amount of reductions in parks, forestry, recreation, road maintenance, homes for the aged or social services can ever overcome. In an ideal world, the City would not be using surpluses - which are not a permanent source of funding - to pay the Provincial share of the costs of one of the City's most critical services.

Our Budget Committee will meet on Friday this week to receive an update on the City's Long Term Fiscal Plan and I would invite the media and interested members of the public to attend the meeting to see first hand how we have been dealing with various budget issues and also hear about future proposals.

Thank you again for being here today and once again I want to thank the Chair and Members of Budget Committee and all of the City of Toronto public servants for their continued hard work in bringing forward a budget that protects our City this year and next and delivers the services on which we greatly rely.