



**SUBMISSION OF
THE TORONTO PARTY
DATED FEBRUARY 2, 2008**

TO THE BUDGET COMMITTEE OF THE CITY OF TORONTO

2008 PROPOSED OPERATING BUDGET

EXECUTIVE SUMMARY

The Toronto Party opposes the recommended 2008 operating budget as presented.

The inadequate disclosure provided in the documentation made available to the public make it not only difficult for Torontonians to accept this budget, but ought to make it difficult for City Councillors to accept the budget as well.

The documentation fails to comprehensively explain the need for new expenditures and, moreover, fails to describe the models and factors used to project growth and the underlying assumptions upon which the budget is based.

The Party also opposes this budget for the following reasons:

- Proposed 3.75% property tax increase is out of line with the rate of inflation
- Core services and infrastructure are inadequately supported;
- Operating budget has been balanced due to the implementation of additional tax increases rather than on a line-by-line zero based budgeting approach
- Balanced budget is based on assumptions for projected revenues from Mayor's new taxes, labour costs and economic growth
- Torontonians are being asked to accept this budget based on trust instead of being provided with the disclosure necessary to make an informed judgment.

THE TORONTO PARTY

The Toronto Party was created in October 2006 by two co-founding members. In a short period of time, membership has grown to over 100.

The members come from various parts of Toronto. Some are professionals. Some are business owners. Some are young, and some are seniors.

The provincial government recognizes that people residing in cities can assemble together and join civic parties. Aside from the *de facto* party politics that has dominated municipal politics in Toronto, we are currently the only organization at the city level that expressly calls itself a civic party.

THE PROPOSED 2008 OPERATING BUDGET

The 2008 Recommended Operating Budget, for the first time since amalgamation, presents a balanced budget.

Although some herald this as a great accomplishment, we do not.

We oppose this budget, as presented, because it demonstrates a refusal on the part of our city's government to properly support the core services and infrastructure necessary to sustain a liveable city and to spend its revenues effectively and wisely. Indeed, the proposed budget presentation does not tell Torontonians in any meaningful way what services are being provided. We are simply being asked to trust the document.

We are further opposed to the budget, as presented, because the act of balancing it is being achieved through a litany of tax measures and user fees which place an unfair burden on certain taxpayers, and, in particular, the middle class. There is no indication whatsoever that the balancing of the budget was achieved through a line-by-line zero based budgeting approach.

The proposed 3.75% property tax increase is out of line with the current rate of inflation and leaves Torontonians who live on a fixed income pegged to the actual rate of inflation further behind.

Lastly, the proposed budget, as presented, provides the people of Toronto with inadequate information to properly assess whether the delivery of current services is being maintained or enhanced, and whether costs in the services are rising by the current rate of inflation or more than or less than the rate of inflation.

INADEQUATE DISCLOSURE

The proposed budget as present provides a lot of figures which attempt to demonstrate the percentage increase in spending in various categories.

However the figures provided are sweeping in scope. They do not provide the detail necessary to undertake a thorough analysis of the pros and cons of the spending in each category. A review of the raw numbers in any particular category, even if comparable with the expenditures made last year, does not indicate whether there have been cuts to some services which have been replaced with new spending in other existing services or new spending in new services.

In order to conduct an appropriate analysis, balance sheets from the prior year must be reviewed and studied. Cash in-flows and out-flows are required as is disclosure of the city's current assets and liabilities.

Notwithstanding that the city is owned by its taxpayers and that such financial documents exist, these documents and other financial records that would allow for a comprehensive review of the city's obligations are in the sole custody of municipal officials.

It is only through full disclosure that one may ascertain the extent to which there may be adequate resources available to satisfy Toronto's budgetary needs other than through the imposition of additional taxes.

Without full disclosure it is not only very difficult for Torontonians to accept the proposed operating budget, it is very difficult for the members of City Council to accept it and pass it.

For example, the proposed budget discloses a spending increase of \$8 million in the Parks and Recreation Department budget. However, the proposed budget and discussions at City Hall demonstrate that there will be new user fees imposed on programs operated by the department. A review of the budget presentation therefore provides inadequate information as to where the spending increases are being made and what they are being made for. We are left in the dark as to what programs will be slapped with a user fee, how much money the user fees are expected to generate, and what model was used to project the revenues that would be earned from the new user fees.

It is these kinds of questions that make any kind of realistic comment about the proposed operating budget difficult to make. The information contained in the proposed budget presentation is akin to reading the jacket cover of a book without being permitted to read the pages of the book.

BUDGET IS BASED ON ASSUMPTIONS

Aside from the foregoing comments, the proposed budget, as presented, does not present a true picture of what will happen over the course of the next 12 months.

The budget is based on assumptions.

An important factor used in balancing the budget is the collection of a certain stream of revenue from the new municipal land transfer tax, and the new motor vehicle registration tax.

It is impossible to predict that the current trend of housing transactions which has been experienced in the last few years in our city will continue and whether housing prices will rise at the same pace. The projected revenues to be realized from the municipal land transfer tax are also subject to the rebate that is being offered to new home buyers. It is unknown how many housing purchases in 2008 will be made by “new” home buyers.

Similarly, it is unknown whether the new motor vehicle registration tax will realize its projected revenues since the collection of such fees is made directly by the provincial government, which has not yet agreed to collect this tax for the city and which has not yet decided whether such collection will come with a price tag attached.

The current economic outlook for Ontario is dim. Yet it is unknown whether a slow down in the economy has been factored into the numbers found in the proposed budget and what model was used by the city to project the growth of the city in the next 12 months.

We also know that labour contracts are up for negotiation in 2008. The police and the TTC are already at the bargaining table and two of the city’s CUPE unions will be commencing new contract negotiations later in 2008. The amount of money set aside for these labour negotiations and the expected pay increases that will be provided to the employees of these unions is unknown. Accordingly, it is unknown how the negotiations will impact on the proposed budget.

PROPOSED SPENDING

The proposed budget discloses certain expenditures that raise some important questions about the spending that is necessary for a city to maintain or improve core services and that which is purely discretionary.

Given the manner in which the 2008 operating budget has been balanced and the prevailing view that Toronto is still in a fiscal crisis and that it is not yet out of the woods, the proposed budget does not provide an adequate explanation as to why nearly \$1 million must be spent for a stingray exhibit at the Zoo. There is inadequate disclosure of the costs of maintenance that will be required in the future for this kind of exhibit or the costs that will be incurred to maintain the tanks at an adequate temperature so that the stingrays survive and thrive in such a new habitat. Is the building of a stingray exhibit at the Zoo a core service which must be delivered to the residents of Toronto? How has the projected revenue from such an exhibit been arrived at and what will be the overall impact of such an exhibit be on tourism? These questions are not answered in the proposed budget. Furthermore, there is no explanation or discussion on alternative forms of funding, such as corporate sponsorship, for such an exhibit.

The significant increased spending for the 3-1-1 customer service strategy, the lobbyist registry and the ombudsman raise similar kinds of questions which are not addressed in the proposed budget.

At the same time, much like the budget of a year ago, our infrastructure, particularly the growing need for road repair and the clearance of the backlog in road repair, which is reaching the \$400 million mark, is being ignored.

**Submitted by Stephen Thiele and Brian Roussie,
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