

January 16, 2013

City Council approves 2013 Operating Budget and 2013-2022 Capital Budget and Plan

Today, Toronto City Council approved a balanced 2013 Tax Supported Operating Budget of \$9.4 billion and a 2013-2022 Tax Supported Capital Budget and Plan of \$15.3 billion.

"After two years of hard work, we have brought our fiscal house into order and turned the corner with this budget," said Mayor Rob Ford. "This budget improves services, lowers our debt, keeps taxes affordable and is based on sustainable spending. It's a great day for taxpayers and another great year to live, work and invest in Toronto."

"The 2013 Budget stabilizes the City's finances," said Budget Committee Chair Mike Del Grande (Ward 39 Scarborough-Agincourt). "For the first time since amalgamation, the City is not using prior year surplus funds to balance its operating budget. Using predictable funding stabilizes the levels of services that residents and business can expect to receive and the level of property taxes and fees they will be asked to pay."

"Our divisions and agencies have stepped up to the challenge of fulfilling a corporate-wide directive of a 0% budgetary increase while maintaining services," said City Manager Joe Pennachetti. "I'm proud of our achievements in finding efficiencies while making modest enhancements for transit and community safety and wellness, where needed."

The 2013 Council-approved Operating Budget will fund everyday expenses such as salaries, rent, fuel, electricity and commodities that are required to deliver City services. It also includes a moderate property tax rate increase of 2% for residential and 0.67% for business properties and a TTC fare increase of 5 cents for customers. Total taxes are only increasing by 1.3%.

The 2% residential property tax increase translates to an increase of \$62.08 for the average residential household assessed at \$474,368 in 2013 with the final 2013 municipal taxes on the typical home being \$2,532. Of the \$62.08 increase, \$12.43 reflects the average amount transferred to residential properties from business property classes in order to make Toronto more competitive in a global economy.

Toronto's 2013 Operating Budget was balanced through a combination of \$187 million in cost savings and efficiencies and \$251 million in increased revenue. The cost savings and service efficiencies have limited impacts, enabling the City to maintain its core services that residents value.

City Council also approved a Capital Budget of \$2.270 billion for 2013 and \$15.256 billion for its 10-year Capital Plan. The 10-year Capital Plan achieves a balance

between maintaining existing City assets in a state of good repair and undertaking construction projects needed for a growing city. The 2013-2022 Capital Budget and Plan accommodates an additional \$1.2 billion for transit as well as ongoing rehabilitation work on the Gardiner Expressway, road resurfacing and reconstruction and key capital projects to address traffic congestion.

Included in the approved Capital Budget and Plan is a strategy to hold the line on debt by injecting \$1.2 billion of non-debt financing from future year-end surplus funds according to its surplus management policy, sale proceeds from the monetization of City assets and real estate, development charges, investment returns and expected funding from federal and provincial funding programs. The move will also ensure that the City's debt levels remain below its 15% threshold relative to property taxes and restrict the cost of interest charges from borrowing, which is paid for through property taxes in the operating budget. Currently, debt charges remain as the third largest expense on the average property tax bill in Toronto, following police services and the TTC.

"Our bold capital financing strategy enables us to both limit debt and fund critical transit and transportation infrastructure needed in the city," said Financial Planning Director Josie LaVita. "Through this approved Capital Budget and Plan, the City will avoid over \$800 million in additional debt, reduce debt funding from 29% to 23% as compared to 2012, and protect itself from reaching its debt limit in case interest rates rise. The approved strategy hinges on continued fiscal discipline of using future operating surpluses for capital needs according to this 10-year financial plan."

For more information and backgrounders, visit:

http://www.toronto.ca/budget2013/taxsupported/newsreleases_factsheets.htm.

Toronto is Canada's largest city and sixth largest government, and home to a diverse population of about 2.7 million people. Toronto's government is dedicated to delivering customer service excellence, creating a transparent and accountable government, reducing the size and cost of government and building a transportation city. For information on non-emergency City services and programs, Toronto residents, businesses and visitors can dial 311, 24 hours a day, 7 days a week.

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Media contact:

Wynna Brown, Manager, Media Relations and Issues Management, 416-392-8937,
wbrown1@toronto.ca