

City Finances and Ward 14

You have certainly seen or heard media reports about the City's current financial state. On Monday July 16th, 2007 Toronto City Council narrowly decided to defer consideration of the land transfer tax and the vehicle registration tax until after the provincial election. As a result, Mayor Miller has directed City Staff to launch a cost containment strategy.

These are very difficult times for the City of Toronto. The Mayor has taken this step because the download of Provincial responsibilities onto the City and onto your property taxes has threatened our ability to deliver the municipal services you expect. For the remainder of 2007 the City will be freezing discretionary spending. This means that non-essential hiring is frozen, and that smaller spending decisions, which are normally left to department heads, are frozen. Additional measures will likely be announced soon. It will take a few weeks to implement these changes, and as of today I do not know what the specific impacts on Ward 14 will be.

In the longer term we have some choices to make. There are four broad possibilities. First, the Province moves speedily to "upload" some of the costs it has imposed on the City. To date, no provincial party has given us any firm proposal. In addition to this, because there will be an election in October, it is unlikely that the government will have appointed a cabinet and set its own budget priorities until well into the new year. Whatever we hope the province will do, the City must prepare to solve this problem primarily on our own.

Second, we can attempt to get through 2008 by raising property taxes. To keep up with inflation we will need to approximately 3%. To cover the now widening financial hole we may need as much as an additional 15%. This is an impossible burden to put on Torontonians, and I am not prepared to do this.

Third, we can cut services. This is much more difficult than it sounds. While Toronto's overall budget is approximately \$7 Billion, the overwhelming majority of this is money that the province requires us to spend on downloaded services and to meet legal requirements in areas such as health and safety. The budget for programs such as recycling or police services which are in our control is less than 1.5 Billion. The hole in our budget created by downloading next year will be between \$500 million and \$700 million. This amount is greater than what we spend on transit, or fire services, or any other department except for the police. I did not run for office to gut public services and find this choice unpalatable.

Finally, in October we will reopen the debate on the land transfer tax and the vehicle registration tax. The land transfer tax is the least painful option for Toronto, which is why I supported these measures in July's Council. The property tax system based on current value assessment requires homeowners to pay more if the value of their property increases. This means many people have seen huge tax increases without having a corresponding income increase. This is driving people out of their homes and out of the City. The land transfer tax is only paid when the value of the house is realized through a sale. Additionally, first-time buyers will be exempt.

In the end we will probably settle on a mix of these strategies. In the meantime please send me any thoughts you have on this problem. Now more than ever we must work together to build the Toronto we want.

Sincerely,

A handwritten signature in black ink that reads "Gord Perks". The signature is written in a cursive, flowing style with a long horizontal stroke extending to the right.

Gord Perks

City Councillor

Ward 14, Parkdale-High Park