

FISCAL FRAMEWORK

What's at Stake in Toronto's
2023 Mayoral By-election



May 2023

A Dire State of Fiscal Affairs



The **4th largest** and one of the **fastest growing cities** in North America, Toronto plays a unique role in fueling our nation's economy, with unique responsibilities far beyond any other city in Canada. Our city manages the largest stock of public housing in the country, runs its the largest transit network, and serves as our primary settlement for newcomers.

A recent **report** prepared by Ernst & Young (EY) found that the City of Toronto faces a massive fiscal deficit, driven by current pressures on the city's operating budget, increasing capital costs fueled by population growth, and the growing cost of servicing debt.

This report also highlights that the City of Toronto shoulders a billion-dollar burden in providing services that are extensions of federal and provincial responsibilities, such as housing, social services, and health services.

Toronto simply cannot continue to deliver what is expected with its current revenue capacity. Unlike the taxes that fund the federal and provincial governments, the City's revenue sources, such as property taxes and land transfer taxes, don't increase with inflation and, as a result, when costs rise revenues can't catch up.

In the face of surging population growth, post-pandemic fiscal pressures, fraying public infrastructure and services, and chronic revenue challenges, one truth for candidates must be made crystal clear: this City is in dire need of a better deal.

By the Numbers

\$46.5 billion over the next ten years –
Toronto's operating and capital
fiscal pressures*

\$1.1 billion per year

spending on extensions of federal
and provincial responsibilities.



Housing:
\$616M



Social Services:
\$247M



Health Services:
\$256M

Between \$702 million and \$1.5 billion

in support is needed from the province and federal government
to cover ridership losses on the TTC and pressures on the City's
shelter system, among other issues.



The City of Toronto received **17%** of
all immigrants to Canada over the last
5 years. If this trend continues, the
City could expect to welcome between
218,000 to 271,000 newcomers between
2023-2025.**

* Ernest & Young. (2023, March 20). The City of Toronto Financial Update and Outlook. Retrieved from <https://www.toronto.ca/legdocs/mmis/2023/ex/bgrd/backgroundfile-235027.pdf>

** Statistics Canada. Table 17-10-0140-01 Components of population change by census division, 2016 boundaries. -17% over last 5 years.

What's at Stake



Toronto's business community is increasingly concerned that Toronto's existing municipal funding model is ill-equipped to address the issues facing our city. The

Toronto region generates 23% of national GDP, 17% of which comes directly from the City. But this engine needs a reboot. As the largest city in Canada, Toronto's success is vital to sustaining and driving the economic prosperity the rest of the country. Yet, Toronto is struggling under the weight of its own growth, and simply does not have the means to maintain the level of critical services it provides today.



Ontario is the only province in Canada where property tax pays for a portion of health and social services. Our next Mayor must be prepared to advocate for the Provincial and Federal governments to come to the table to create a new fiscal framework that enables Toronto to be an effective delivery partner. Without a new deal, the long-term stability and competitiveness of the City, and the country, is at stake.

Questions for Candidates

- ① The City can't do everything. What do you see as the core spending responsibilities of the City of Toronto?
- ② The City is a \$21 billion enterprise. How do we ensure that city services and agencies are held more accountable, ensuring that we get maximum value for every dollar spent?
 - **TTC**
 - **Toronto Community Housing Corporation**
 - **Toronto Parking Authority**
- ③ What is your plan to work with the province and federal government to secure a more sustainable funding deal for Toronto?



“Our members are increasingly concerned about a municipal funding model ill-equipped to address the issues facing the City of Toronto.

We need robust federal support for increased immigration, transit issues that are global in nature, infrastructure support, addressing outstanding pandemic issues, safety, security and more. We need commitment from the province to address issues like employment services, mental health and addiction, and housing.

We are seeking urgency and focus from all levels of government to get us back on track with a sustainable, long-term fiscal model.”

Jan De Silva

President & CEO – Toronto Region Board of Trade

“It is critical to acknowledge our fiscal constraints. Rote responses to further tax residents or abandon our current programs won’t be sufficient. What we really want is a serious conversation about the underlying numbers, about real city priorities, and a commitment to advocating for significant change in our partnership with the provincial and federal governments.”

Peter Wallace

Former City Manager, former senior public servant, Senior Advisor at Boston Consulting Group, Senior Fellow at CD Howe Institute

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Mayoral Election
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