Is Toronto Fiscally Healthy?
A Check-up on the City’s Finances

Enid Slack and André Côté
About IMFG

The Institute on Municipal Finance and Governance (IMFG) is an academic research hub and non-partisan think tank based in the Munk School of Global Affairs at the University of Toronto.

IMFG focuses on the fiscal health and governance challenges facing large cities and city-regions. Its objective is to spark and inform public debate, and to engage the academic and policy communities around important issues of municipal finance and governance.

The Institute conducts original research on issues facing cities in Canada and around the world; promotes high-level discussion among Canada’s government, academic, corporate and community leaders through conferences and roundtables; and supports graduate and post-graduate students to build Canada’s cadre of municipal finance and governance experts. It is the only institute in Canada that focuses solely on municipal finance issues in large cities and city-regions.

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The authors alone are responsible for the contents of the paper and the opinions expressed, which are not attributable to the IMFG or its funders.
Executive Summary

The 2014 municipal election is critical for the City of Toronto because the City faces major challenges in the years ahead – from improving transit infrastructure and enhancing the City’s economic competitiveness to addressing income disparities and delivering a successful Pan Am Games. As the election campaigns heat up, the IMFG will be releasing a series of Pre-Election Perspectives Papers to explore some of the big issues that candidates and voters should be talking about.

This paper, the first in the series, provides a diagnosis of Toronto’s finances. Fiscal management and investment decisions taken today will have serious implications for the future liveability, prosperity, and financial sustainability of the City. Any informed debate about Toronto’s priorities and competing political platforms requires a clear and reliable assessment of the state of the City’s finances.

In this paper, we describe the City’s financial condition and recent fiscal trends in four areas: spending and services; taxes and revenues; infrastructure; and debt and savings. We also explore some frequently asked questions (FAQs) about Toronto’s finances. Overall, we have four main findings.

1. Toronto does not have a “spending problem”

Expenditures are roughly the same as they were a decade ago, when inflation and population growth are taken into account. But the spending mix has changed: transportation has increased as a share of City expenditures while social and family services have declined. The amount of services Toronto provides, and the costs, compare well with those of other cities in most areas. Recent studies suggest there is little room to find further “efficiencies” without reducing services.

2. Residential property taxes are low and have been growing slowly

Property taxes in Toronto have been growing at less than the rate of inflation. Toronto residents, on average, pay low property taxes compared with residents of other Ontario cities, in large part because the tax burden continues to be higher on businesses. The City has also relied for funding on increased revenues from user fees and charges, the land transfer tax, and – most significantly – transfers from the provincial and federal governments. The provincial “uploading” of some social service costs has also helped.

3. The City cannot maintain the infrastructure it has or invest in what it needs without new revenues

Toronto’s funding shortfall for maintaining existing assets, such as transportation infrastructure, in a state of good repair will grow to nearly $2.5 billion by 2020. Toronto Community Housing alone reports an $860 million unfunded repair bill for social housing. There is no funding available for big new proposals, such as the much-talked-about transit investments. And there is little certainty about provincial and federal transfers, which represent a third of planned infrastructure spending.

4. Toronto’s debt is relatively modest and manageable for a growing city

With a strong economy, solid credit ratings, low interest rates, and a manageable debt load, Toronto is in relatively good shape. Council’s self-imposed debt ceiling could, however, limit the City’s flexibility to invest for the future.

Toronto’s fiscal condition can be likened to the health of an aging Maple Leafs defenceman: he may be a solid performer on the ice and well cared for by training staff, but he is increasingly expensive and in need of major knee surgery. In other words, the City’s fiscal health is sound by most measures, but it faces cost pressures and its aging infrastructure and investment needs present a huge financial challenge. This election is a critical opportunity to discuss the difficult choices that lie ahead.
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A central issue in Toronto’s 2014 municipal election campaign is the state of the City’s finances. Are they in better or worse shape than they were four years ago? Are taxes higher or lower than they were, or than they ought to be? Has the City invested enough in critical infrastructure? Ultimately, is the City fiscally sustainable?

This election is critical for the City of Toronto. The City faces major challenges, from finding ways to improve transit and addressing growing income disparities across the City’s neighbourhoods to delivering a successful Pan Am Games in 2015. Financial management and investment decisions taken today will affect the future liveability and prosperity of the City.

Reliable and understandable information is needed about the City’s finances so that residents can make informed decisions at the ballot box, media can report effectively on the issues, and businesses and non-profit groups can understand the implications of decisions. This information can be difficult to find amid the sound and the fury of an election campaign.

As the campaign heats up, the Institute on Municipal Finance and Governance (IMFG) – an independent, academic research centre at the University of Toronto – is trying to fill the void. This IMFG Perspectives paper describes why it’s important to assess Toronto’s financial health, provides an overview of the City’s finances highlighting key trends and indicators, and tackles some frequently asked questions (FAQs) about Toronto’s finances.

Assessing Toronto’s financial health

It goes without saying that the financial health of a city is a critical factor in its success as a place where people want to live, businesses thrive, and complex urban challenges are addressed. The question of how to assess a city’s finances, however, can seem “more of an art than a science,”1 because different groups have different interests. Residents and businesses want good services and infrastructure with reasonable taxes. Credit rating agencies need to know how likely a city is to pay off its debts. Provincial governments are interested in fair and efficient ways of directing transfer payments to municipalities. And of course, in the wake of Detroit’s bankruptcy, everybody wants to know if a city is at risk of financial collapse and insolvency.

Still, there are a few basic indicators of financial health. One is a city’s financial flexibility to match the levels of public services residents want with the rate of tax and user charges they are willing to pay. Another is a city’s fiscal vulnerability to changes in the economy or to reductions in provincial and federal transfers. A third is the sustainability of a city’s finances over the long term, based upon its capacity to maintain public service levels, to make necessary investments in public infrastructure, and to sustain and improve quality of life and economic competitiveness.2

An important factor, over which local governments have little control (see FAQ 1), is a city’s economic conditions. A growing economy supports growth in revenues (or the capacity to raise revenues), as new businesses and residents add to the property tax base, the assessed value of properties increases, and other taxes and user fee revenues rise. A strong economy can reduce demand for services in some areas (such as the number of people on social assistance), while increasing demand for others (such as transit rides). As a TD Economics report points out, the City has enjoyed a prolonged real estate boom and the revival of population and employment since the mid-2000s, particularly in the downtown core. At the same time, Toronto’s growth has put increasing pressure on city services and already-strained infrastructure.3

As Toronto residents prepare for the October 2014 election, this paper considers four aspects of Toronto’s financial health:

1. Spending and services, in terms of expenditures, growth trends, and workforce compensation, as well as service levels, costs, and efficiency;
2. Taxes and revenues, focusing on the property tax and other major revenue sources such as user charges and provincial and federal transfers;
3. Infrastructure, examining the state of Toronto’s assets, its infrastructure needs to accommodate growth, and the City’s funding plans and capacity;
4. Debt and savings, including trends in long-term debt, liabilities and credit ratings, and savings in reserves and reserve funds.

Because measuring financial health is often best understood in relative terms, many measures will be comparative, benchmarking Toronto against other cities.
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Toronto Finance FAQ 1

Q: How much influence do politicians have on a city’s economy?

A: The short answer is, “some, but not as much as they often claim.”

First, while policy decisions, infrastructure investment, and budgeting all have an important impact on the economic prospects of a city, economic conditions are the product of longer-term factors (such as the education levels of residents, the industry mix, geographic location and links to international trade networks) and are heavily influenced by global or national market cycles.

Second, most of the critical public policy tools that influence the economy – interest rate policies, most tax and transfer programs for individuals and companies, housing market regulation – are wielded by federal and provincial governments. The City of Toronto does offer business property tax incentives (for instance, tax increment equivalent grants, or TIEGs, to cover a portion of the tax increase resulting from an investment) but it is not clear that these incentive programs have a positive impact.

Some studies suggest that the benefits of tax incentives do outweigh the costs, as they attract businesses that generate more in local revenues than they consume in services and signal that a city is “pro-business.” Others argue that property tax incentives are wasted on firms that would have invested in a city anyway, as business location decisions are most influenced by factors such as a city’s economic conditions, transportation networks, and the presence of a skilled workforce. Tax incentives can also create a “race to the bottom” among neighbouring cities, with every city providing incentives to stay competitive.

Either way, elected officials in general, and at the City level in particular, have little direct control over broad economic trends such as GDP growth, housing booms, or unemployment rates. Citizens should keep this in mind the next time they hear a politician taking credit for good job creation numbers, or getting blamed for the closure of a manufacturing plant.
Q: How does Toronto’s budget process compare to those of Queen’s Park or Ottawa?

A: While a budget is a government’s most important policy document of the year, the City’s budget process is entirely different from those at the federal or provincial level.

A federal or provincial budget is crafted behind closed doors by the finance ministry, in conjunction with the prime minister’s or premier’s office and cabinet. It sets out a government’s political agenda for the year, identifying policy and investment priorities as part of a comprehensive spending plan. It can be amended through discussions with the opposition parties in order to secure passage in the legislature (usually in a minority parliament), but it is mostly “fully baked” at the time of its release.

By contrast, Toronto’s budget is shaped over the course of the year as part of a process led by civil servants and Council’s Budget Committee. It is approved after public deliberations by the full Toronto Council. The mayor has some authority to set the terms of the budget debate and steer it through the Executive Committee, but mayors have less control over budgets than do prime ministers and premiers. Another critical point: by law, local governments must balance their budgets every year. The City of Toronto cannot run a deficit as the federal and provincial governments can, although it can borrow to finance infrastructure.

Figure 1: Selected Expenses in Toronto’s 2014 Operating Budget

Source: City of Toronto 2014 Budget
of services compared with those of other cities should be at least as important as what the City spends. Evaluating these factors is tricky, but some recent attempts to do so have been instructive.

In 2011, the City undertook a Core Services Review to assess service levels and find opportunities for savings. KPMG identified few services as discretionary, and found only relatively modest opportunities for operational efficiencies and realignments. Most City functions were considered “mandatory” or “essential,” with service levels generally meeting or exceeding accepted standards (see Figure 3). For example, about 90 percent of city functions were considered “core” – that is, traditional local services that residents expect the City to provide. Most major savings opportunities required reducing service levels – for instance, closing library branches or reducing TTC service.

Toronto’s service levels and costs are compared to those of other cities through the Ontario Municipal Benchmarking Initiative (OMBI), which provides indicators for 35 local services and activities. These figures have to be taken with

Figure 2: Toronto’s Real Spending Per Household

![Figure 2: Toronto’s Real Spending Per Household](image)

Source: Compiled by authors. Data from Ministry of Municipal Affairs and Housing Financial Information Returns and Statistics Canada.

Figure 3: KPMG Core Service Review 2011

<table>
<thead>
<tr>
<th>% of budget in core services</th>
<th>% at standard service level or better</th>
<th>Examples of non-core service or efficiency options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Administration 1</td>
<td>88</td>
<td>94</td>
</tr>
<tr>
<td>Administration of Services to People 2</td>
<td>91</td>
<td>100</td>
</tr>
<tr>
<td>Agencies, Boards and Commissions 3</td>
<td>97</td>
<td>98</td>
</tr>
</tbody>
</table>

1 Includes City Manager’s Office, City Clerk’s Office, Corporate Finance and Legal Services.
2 The review focused on Cluster A and B services including divisions that oversee shelter support and affordable housing, child care and social assistance, and the Waterfront Secretariat.
3 Includes the Toronto Transit Commission (TTC), Police Service, Public Health, Public Library, Parking Authority, Theatres and other City agencies.
4 Core services are “mandated” by the Province, “essential” to City operations or - for services to people - “traditional” City services that are considered non-discretionary.

Source: KPMG, City of Toronto Core Services Review, Standing Committee Summary, 2011
a grain of salt, because Toronto is in many ways distinct among Ontario or Canadian cities because of its size and other characteristics. Still, the 2012 OMBI data in Figure 4 highlight some interesting trends. It is difficult to draw firm conclusions, but they point to areas where Toronto appears to be performing well, where there could be some improvement, or where the City faces uniquely challenging circumstances.

**Workforce and compensation pressures**

The City of Toronto is one of the biggest employers in Canada, with a 2014 workforce of more than 52,000. Workforce compensation is an important factor simply because of the share of City spending it represents. Transit and protection services (police, fire, and ambulance) workers make up about 50 percent of the workforce. Other agencies, including Toronto Public Health and Toronto Public Library, account for 16 percent of City staff. Corporate and council administration staff, including the City Manager’s and Clerk’s Offices, Finance, IT and HR staff, and political offices, represent only 8 percent (see Figure 5). Although the

<table>
<thead>
<tr>
<th>Service or Function</th>
<th>Indicator</th>
<th>Toronto</th>
<th>Median</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance / corp. management</td>
<td>% of operating cost</td>
<td>3.0 %</td>
<td>4.2 %</td>
<td>Only Hamilton has a lower share at 2.0%, whereas Thunder Bay devotes the highest share (5.9%) to general administration.</td>
</tr>
<tr>
<td>Child care</td>
<td>Regulated spaces per 1,000 children</td>
<td>170</td>
<td>172</td>
<td>Spending per child in Toronto is $284, far higher than other benchmarked cities and the OMBI median of $124. This is because a larger share of Toronto’s regulated spaces are subsidized (40%), as Toronto has a far higher share of children in poverty (34%).</td>
</tr>
<tr>
<td>Social housing</td>
<td>Units per 1,000 households</td>
<td>80</td>
<td>41</td>
<td>The operating cost of providing a subsidized unit is comparable to other cities (about $5,000), but Toronto houses a much lower share of those on the waitlist every year (about 5 percent).</td>
</tr>
<tr>
<td>Sports and recreation</td>
<td>Operating cost per capita</td>
<td>$81</td>
<td>$95</td>
<td>Nearly 80% of registered program space was used, but just 5% of Toronto residents participated in a registered program in 2012 (i.e. not including drop-in programs).</td>
</tr>
<tr>
<td>Libraries</td>
<td>Total cost per use</td>
<td>$1.96</td>
<td>$1.95</td>
<td>Toronto’s libraries receive among the most uses, and have the most holdings.</td>
</tr>
<tr>
<td>Roads</td>
<td>Total cost to maintain per lane km</td>
<td>$32,000</td>
<td>$22,000</td>
<td>Toronto’s traffic volumes are also among the highest, but so is the share of paved roads rated to be in ‘good’ or ‘very good’ condition (82%).</td>
</tr>
<tr>
<td>Transit</td>
<td>Operating cost per passenger trip</td>
<td>$2.77</td>
<td>$4.03</td>
<td>Transit is less comparable because of Toronto’s more extensive system and dramatically higher ridership.</td>
</tr>
<tr>
<td>Ambulance</td>
<td>Total cost for one hour of service</td>
<td>$231</td>
<td>$186</td>
<td>Toronto’s costs are among the highest, but its response times are normal.</td>
</tr>
<tr>
<td>Fire</td>
<td>Total cost per available vehicle hour</td>
<td>$330</td>
<td>$315</td>
<td>Fire-related injuries, fatalities and property loss are comparable to other cities.</td>
</tr>
<tr>
<td>Police</td>
<td>Total cost per capita</td>
<td>$376</td>
<td>$290</td>
<td>Comparatively, Toronto has among the highest number of police officers, though officers handle among the fewest criminal code incidents. However, this does not capture pro-active community policing or more active policing activities such as drug enforcement.</td>
</tr>
</tbody>
</table>

size of the City’s workforce has been relatively constant since 2000, compensation costs have been rising as a share of overall expenses. Employee salaries, wages, and benefits climbed from 42 percent of city expenses in 2003 to 49 percent in 2012.8

The City identifies rising salary and benefit costs as one of the most significant pressures on its finances. Employee benefit liabilities now total more than $3 billion. They have been growing as a result of an aging and retiring workforce, rising medical insurance costs, and other factors.9 Labour agreements negotiated with inside and outside workers in 2011 and 2012 did help to reduce these pressures. These agreements are expected to result in savings of about $150 million between 2012 and 2015 as a result of changes to workforce benefit levels and other provisions, and could allow for further cost reductions and customer service improvements by providing managers with increased staffing flexibility.10

Toronto Finance FAQ 3

Q: What impact do cuts to councillors’ office budgets have on the city’s financial health?

A: Politics is often about the little things. In recent years, political and media attention has focused on some relatively minor expense issues – from chairs for city hall to office repairs for Toronto Community Housing executives. A major initiative during this council term was a reduction in councillors’ office budgets. These relatively minor expenses or cuts can have important symbolic value, as they are used as examples of wasteful government or the willingness of elected officials to share the public’s pain during times of fiscal constraint.

In practical terms, however, they have virtually no impact on the City’s finances. For instance, the budget cuts in 2011 to councillors’ office expenses – trimming office budgets from $51,000 to $30,000 – saved $900,000 per year, or 0.01 percent of that year’s operating budget. To put this in perspective, the amount saved represents the cost of one new hybrid TTC bus or 28 kilometres of road maintenance.
Toronto Finance FAQ 4

Q: If spending hasn’t grown much, why is it a struggle to balance the budget every year?

A: The simple answer: inflation and growth increase City expenditures every year, but revenue sources such as the property tax do not keep up with costs.

City Council’s budget debate usually focuses on the opening “funding gap” between expenses and revenues. In each year from 2007 to 2014, the funding gap was between $360 and $825 million. What creates the gap? Spending grows naturally every year because of a few factors: inflation increases the costs of services; Toronto’s growth results in greater demand for services; or debt service costs rise. Most revenue sources don’t grow as quickly.

As Figure 6 shows, the City has bridged the funding gap through:

• One-time revenues, including operating surpluses, reserves, one-time provincial grants, and investment income.

• Reductions in program spending, efficiencies, and collective agreement savings.

• User fee increases and new taxes, including TTC fare hikes, water rates and garbage charges, as well as the Municipal Land Transfer Tax (MLTT) and billboard tax; and

• Property tax increases.

Since 2008, the City has also benefited from the provincial “upload” of social service costs.

City staff notes that, over this period, progress has been made in reducing the magnitude of annual funding gaps and in the use of one-time funding strategies (such as provincial grants, surpluses, and reserves). Still, the City’s strategy of using property tax increases as “the funding source of last resort to balance the budget” means there will continue to be a funding gap each year.11

Figure 6: Closing the Budget “Funding Gap” ($ millions)

Source: City of Toronto, 2014 Operating Budget Briefing Note.
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Because the property tax is a highly visible tax – homeowners get a bill in the mail every year, whereas HST, for instance, is paid in small amounts at the cash register every day – it is always the political focal point in debates about the City’s budgets and finances. A common perception is that property taxes have been rising quickly. The reality is very different. Figure 9 shows that property tax revenues have sources. This growth was the result of both the provincial uploading of social service costs and a significant increase in funding for infrastructure through stimulus and other investment programs after 2009. User charges and service fees also grew by nearly 20 percent, while other revenues from rents, licences, permits, fines, and other sources were flat.

2. Taxes and Revenues

For 2014, Toronto’s operating budget forecasts revenues of $9.7 billion. The City relies on a number of revenue sources to pay for programs and services (see Figure 7). The largest is the property tax, which accounts for nearly 40 percent. Provincial transfers and user fees are the next largest sources. The rest of Toronto’s revenues come from a range of smaller sources such as reserves, the Municipal Land Transfer Tax, investment income, federal transfers, and fines.

When adjusted for inflation and population growth, Toronto’s property tax revenues per household actually fell by nearly 15 percent between 2001 and 2012 (see Figure 8). During the same period, transfers and funding from provincial and federal governments grew far faster than other revenue sources. This growth was the result of both the provincial uploading of social service costs and a significant increase in funding for infrastructure through stimulus and other investment programs after 2009. User charges and service fees also grew by nearly 20 percent, while other revenues from rents, licences, permits, fines, and other sources were flat.

Figure 7: Revenues in the 2014 Operating Budget

Source: City of Toronto 2014 Budget.

Figure 8: Real Growth in Selected Revenues per Household

*Includes Toronto Community Housing Corporation (TCHC) rents and concessions.
**Includes Payments in Lieu of Taxes (PILs) from other governments.
Source: Authors’ calculations. Data from Ministry of Municipal Affairs and Housing and Statistics Canada.
grown by less than the rate of inflation since 2000. The average property tax burden per household has actually been falling.

Toronto’s real estate boom has also created the perception that the City has reaped windfall revenues, as the assessed value of properties has shot up. By and large, this has not been the case. First, revenues did grow from new assessment (that is, newly completed developments) by an average of over $40 million per year from 2011 to 2014. But there is no windfall property tax gain when existing properties are re-assessed. By law, cities have to make re-assessment increases revenue-neutral by lowering property tax rates accordingly (or they have to report the big increase on the property tax bill). Second, the conversion of many commercial properties to residential properties means that a lower tax rate is applied to the assessment base (see FAQ 5). Third, the real estate boom has put pressure on Toronto’s services. Even with the increase in revenue, it is not clear that there is a net gain to the City.

**Figure 9: Growth in Toronto Property Taxes vs. Inflation**

*The City of Toronto’s municipal property tax, not including the provincial education property tax. Source: Ministry of Municipal Affairs and Housing and Statistics Canada.*

**Toronto Finance FAQ 5**

**Q: How do Toronto’s property taxes stack up?**

**A:** Local politicians love to talk about how Toronto has the lowest residential property tax rates in the GTA. This is true, but it only tells part of the story. Property taxes are calculated by multiplying the tax rate by the assessed value of the property (which is a measure of how much it would sell for on the open market). At nearly $560,000 in 2013, the median assessed value of a Toronto single-family residence is among the highest in the province.

A better measure of the property tax burden is how much residents pay as a share of their household incomes. Figure 10 shows that, by this measure, Torontonians fare better than residents in most other Ontario cities.

**Figure 10: Residential Property Taxes as a Share of Average Household Income, 2013**

Source: BMA Management Consulting Inc.
Q: Are Toronto businesses overtaxed relative to residential property taxpayers?

A: Yes, and so are many apartment renters. But the City is gradually closing the gap.

Although the residential property tax gets the most attention, an important issue is the distribution of the tax burden across property classes – and, hence, across different taxpayers. Taking the most recent data from 2012, the residential class accounted for more than 70 percent of property assessment, but less than half of all municipal property taxes paid (see Figure 11). Conversely, businesses and the multi-residential class, which includes older apartment buildings, paid significantly more than their share of assessment.

This situation exists because the tax “ratio” for business properties (that is, the ratio of the business tax rate to the residential tax rate) is over 3.0. While this situation is common in Ontario and elsewhere in Canada, it raises concerns about accountability, competitiveness, and fairness. Business owners cannot vote but they can move their enterprise to lower-tax cities. After all, some studies suggest that, on average, firms receive less benefit from city service than residential taxpayers do.

The tax burden is also higher on many Toronto renters. Multi-residential class properties – generally older apartment buildings, and condos. Toronto has the highest multi-residential tax ratios among Ontario cities by a wide margin. This higher property tax burden, usually passed on by landlords through higher rents, is paid by tenants who do not receive a property tax bill directly.

The gap is closing somewhat. In 2006, Council approved a policy to reduce the ratio of commercial, industrial, and multi-residential classes to 2.5 times the residential rate over 15 years. Tax increases for these classes are limited to one-third of residential tax increases.
The Land Transfer Tax and other tax and non-tax revenues

Toronto’s municipal land transfer tax (MLTT), introduced in 2009 under new authorities provided in the City of Toronto Act, has contributed additional revenues to the city and allowed for some diversification from the property tax. Because the MLTT imposes a levy on house sales, it reflects economic cycles. As a result of the City’s housing boom, the MLTT has actually exceeded its revenue projections in each year since its inception, and helped create the City’s year-end surpluses.19 MLTT revenues climbed to $350 million in 2013 (see Figure 12).

Some economists argue that the MLTT causes distortions in the housing market, discouraging development and reducing household mobility.20 Nevertheless, it represents only a small part of the overall financial picture at less than 4 percent of operating revenues in 2014.

Toronto has also introduced other taxes under its City of Toronto Act powers. A vehicle registration tax that raised about $50 million in annual revenues was put in place with the MLTT, but abolished two years later. A billboard tax has been introduced that will raise modest revenues of about $10 million for 2014.21

The City generates revenues from a number of non-tax revenue sources, including interest payments and income generated by investments, dividends from City-owned corporations such as Toronto Hydro, rents from Toronto Community Housing Corporation (TCHC) units, and gaming revenues from the Woodbine slots, plus a range of permits, licensing fees, fines, and penalties such as parking tickets and liquor licence violations.

User charges and rate-based services

While taxes receive the most attention, user charges and fees have been an important and growing source of Toronto’s revenues. The City has more than 3,000 different types of user charges, ranging from TTC fares and admissions to the Toronto Zoo to fees for fitness classes at municipal recreation centres.22

Three services – water, parking, and solid waste – are rate-based, meaning they are funded almost entirely on a “user-pay” model. Residents are sent utility bills for water and garbage service, and pay separately for residential street parking, metered street parking, or parking in Toronto Parking Authority lots. For other services (such as TTC, child care, social housing, or ambulances), fees, charges, or rents cover part of the cost of the service, and property taxes and other general revenues cover the rest.

Figure 13 shows an increase in user fees and service charges per household. For instance, since 2007, TTC fares have gone up by 60 cents and water rates have increased at 9 percent per year.23 In 2008, the City shifted to a new funding model for solid waste (garbage, recycling, and compost) that loosely tied the cost of the service to the amount of waste residents throw out. Toronto Water sets its rates to cover its operating and capital expenses. The Toronto Parking Authority does the same through the pricing of on- and off-street parking.

Following the City’s 2011 User Fee Review, a new policy was introduced that established the principle that the full cost should be charged for services that provide a direct, individualized benefit to residents. The policy calls for “full-cost recovery” to be used unless there is a reason for recovering a lesser amount, such as to ensure access for low-income residents who might not otherwise be able to pay.24 Although this policy will increase some costs for residents in
the short-term, these principles have been adopted by many other governments and should encourage the more efficient and equitable use of City services.25

**Provincial and federal transfers**

Provincial and federal transfers, representing about 20 percent of Toronto’s revenues, have grown substantially over the past decade. The largest transfers are operating grants for social services. The City has also received major capital grants to fund transit investments such as the York subway and Eglinton LRT (infrastructure transfers will be discussed below).

During the past 15 years, there have been dramatic changes to transfer arrangements. Provincial reforms during the late 1990s shifted partial funding responsibility to the City for a number of services, including social assistance, disability support payments, child care, a seniors drug benefit, public health, ambulance services, and, most significantly, social housing and the provincial share of public transit operating costs.26

In 2008, however, the City of Toronto, the Government of Ontario, and the Association of Municipalities of Ontario concluded the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR), an agreement that reversed some of these downloads and committed the Province to re-assuming significant social service costs.27 These “uploads” are under way and will be completed by 2018.

At the same time, the Province announced in 2013 that it was eliminating $150 million in annual “pooling” compensation for 2014 through 2016, which had accounted for the higher social services costs in Toronto compared with neighbouring municipalities.28 The gradual expiry of federal housing agreements, linked to social housing mortgages, will also result in a reduction of $175 million in transfers per year by 2032.
3. Infrastructure and City Assets

The combined value of City of Toronto assets totals nearly $70 billion – far more than what the city spends every year on programs and services. This includes water and wastewater pipes and treatment facilities, transportation infrastructure (including roads and expressways such as the Gardiner), public transit vehicles and equipment, buildings and facilities, libraries and recreation centres, and Toronto Community Housing’s 60,000 units (see Figure 14).

Infrastructure costs are driven by two primary factors: maintaining and renewing existing assets, and building new ones to accommodate the growth in Toronto’s population and service needs. The City reports a significant backlog in state-of-good-repair (SOGR) maintenance in most major infrastructure categories, because much of Toronto’s infrastructure is old and in need of renewal. For example, half of Toronto’s water pipes are over 50 years old. The average age of a TCHC unit is over 40 years. Much of the City’s road network was built in the 1950s and 1960s. As a result, while the major infrastructure question has been how to pay for new transit lines to address traffic congestion and TTC ridership growth, over 80 percent of the transportation funding committed in the long-term capital plan is actually earmarked for SOGR projects.

Toronto faces a sizable “infrastructure deficit.” The City estimates that its SOGR backlog will climb from $2 billion in 2013 to nearly $2.4 billion by 2020. Almost half of the backlog is for transportation services and TTC. Other areas with significant SOGR investment needs include City facilities and real estate, Toronto Region Conservation Authority assets, and the Parks, Forestry and Recreation department. In addition, TCHC reports an $860 million repair backlog for its social housing units, with a projected $2.6 billion spike in capital funding needs over the next decade.

Trends in infrastructure spending

Every year, the City produces a capital budget that updates its 10-year infrastructure plan. Capital is funded from several different sources: reserve funds dedicated to infrastructure, development charges paid by property developers that cover a substantial portion of the infrastructure costs for new developments, provincial and federal transfers, and funding from the operating budget. The City also borrows to finance capital investments, issuing debt (bonds or debentures) to capital markets. In financing infrastructure, the City’s stated objective is to “maximize all funding from external sources,” including transfers, development charges, and reserve funding, before turning to operating contributions and the use of debt.

While infrastructure spending has fluctuated, it grew rapidly during the mid-2000s and remains at somewhat higher levels today (see Figure 15). This rise has resulted in part from significant increases in infrastructure funding from the provincial and federal governments, including gas tax transfers, transportation funding for projects such as Union Station revitalization and the Spadina Subway extension,

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Estimated asset value1 ($ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Wastewater Systems</td>
<td>$28</td>
</tr>
<tr>
<td>Transportation Infrastructure</td>
<td>$14</td>
</tr>
<tr>
<td>Public Transit System</td>
<td>$10</td>
</tr>
<tr>
<td>City Buildings, Facilities and Fleet</td>
<td>$9</td>
</tr>
<tr>
<td>Public Housing</td>
<td>$6</td>
</tr>
<tr>
<td>Total</td>
<td>$67</td>
</tr>
</tbody>
</table>

1 Excludes land and parkland values.
Source: City of Toronto, Annual Financial Statement 2012

Figure 14: Value of Toronto’s Physical Assets

Figure 15: City of Toronto Real Capital Spending per Household

Source: Authors’ calculations. Ministry of Municipal Affairs and Statistics Canada.
new infrastructure and affordable housing transfer programs, and the stimulus funding following the 2008 economic downturn. In 2013, Toronto’s development charges were increased substantially to reflect the rising costs of providing infrastructure for new residential developments.33

The 2014 Capital Budget

The 2014 capital budget allocated $2.8 billion in infrastructure spending this year, and nearly $29 billion in spending over the next decade to 2023. Nearly half of the capital budget is dedicated to transportation and TTC investments (see Figure 16). The Scarborough subway project alone is projected to cost nearly $3.5 billion over the next decade – or 18 percent of all capital spending. Meanwhile, the capital budget identified $2.5 billion in other unfunded TTC projects over the next decade, more than half of which was for rolling stock, such as new subway cars, streetcars, and buses.

One-third of capital funding is directed to rate-based services, including more than $9 billion for Toronto Water, which funds water treatment and pipes to supply it, wastewater collection and treatment, and stormwater management.34 The remainder of the capital budget consists of investments in City buildings, vehicles, and information technology; parks and recreation; police stations and vehicles; libraries; long-term care facilities; and the Waterfront Revitalization Initiative.

The largest share of the capital budget has been set aside for SOGR projects, though more than a third of the capital budget is dedicated to projects to accommodate Toronto’s growth or improve services (see Figure 17). For 2014, the main sources of funding to pay for infrastructure are debt (that is, borrowing from capital markets), transfers, and reserve funds. Over the course of the decade, however, a notable change in the infrastructure funding mix will be a shift from debt financing to “capital from current” – meaning

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>As % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2014-23</td>
</tr>
<tr>
<td>State-of-Good-Repair (SOGR)</td>
<td>61%</td>
</tr>
<tr>
<td>Growth Related</td>
<td>21%</td>
</tr>
<tr>
<td>Service Improvement</td>
<td>14%</td>
</tr>
<tr>
<td>Health and Safety/Legislated</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues</th>
<th>As % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2014-23</td>
</tr>
<tr>
<td>Provincial/Federal Transfers</td>
<td>23%</td>
</tr>
<tr>
<td>Capital from Current</td>
<td>11%</td>
</tr>
<tr>
<td>Debt</td>
<td>29%</td>
</tr>
<tr>
<td>Reserves &amp; Reserve Funds</td>
<td>22%</td>
</tr>
<tr>
<td>Development Charges</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: City of Toronto, 2014 Operating and Capital Budget.
that the City will borrow less, and rely more on operating revenues such as the property tax.

The largest projected source of funding for infrastructure is the most uncertain: provincial and federal transfers. The City projects that almost one-third of capital funding over the next decade will come from transfers. The 2013 Federal Budget did commit to making the Gas Tax transfer permanent, and to renewing the Building Canada Fund and Investment in Affordable Housing programs – two core federal-provincial cost-shared infrastructure transfers. And the Government of Ontario recently announced new transportation funding measures in its 2014 Budget. Yet the terms of the federal-provincial infrastructure and housing transfers and the Province’s transportation funding strategy still need to be confirmed. As a recent IMFG paper argued, the difficult fiscal situation at Queen’s Park means there is little capacity to provide new funding, and leaves cities like Toronto vulnerable to changes in financial arrangements.35
4. Debt Levels and Reserves

Municipalities can borrow money and take on debt only to fund capital expenses. As a result, discussions about infrastructure funding and financing are closely linked to the state of Toronto’s debt levels and reserves. Large amounts of debt constrain governments by requiring that they spend more every year to pay down interest and principal costs for their borrowing.

To guard against local governments’ taking on too much debt, the Province has set a 25 percent debt ceiling – meaning that annual principal and interest payments on debt cannot exceed 25 percent of a municipality’s own-source revenues. Although managing debt levels is important, well-funded reserves ensure that municipalities are saving for future capital investments and maintaining a “rainy day fund” in case of emergencies (such as floods or ice storms) or an unexpected downturn in revenues.

**Debt and borrowing**

Increased borrowing to finance infrastructure investments has resulted in the growth of Toronto’s long-term net debt. On a per-household basis, Toronto’s debt burden has steadily risen over the past decade (see Figure 18). The City of Toronto is exempt from the Province’s borrowing limits, but Council has chosen to set an even lower ceiling: 15 percent of property tax revenues. The 2014 Budget projects that the City’s debt levels are approaching this self-imposed cap, climbing from about 11 percent in 2014 to over 13 percent in 2020 before gradually declining.

To minimize the increase in borrowing and manage repair costs such as those for the Gardiner Expressway, the City approved a “non-debt financing” plan in 2012 that focuses on using transfers, operating surpluses, development charge revenues, and revenues from the sale or leasing of City assets (such as the Parking Authority or Toronto Hydro). The City has also refinanced some of its debt, allowing it to secure lower interest rates and set longer repayment terms that better match the lifespan of the infrastructure (such as subway cars) that the debt is financing.

Overall, however, Toronto’s debt levels appear relatively manageable (see FAQ 7). Its credit rating is strong and its borrowing costs are relatively low, suggesting that financial markets are confident about the City’s financial condition. Standard & Poor’s (S&P), one of the three major rating agencies, rates Toronto as AA. This rating is higher than that of Montreal, and on a par with those of Vancouver, Calgary, and Ottawa, although slightly below AAA-rated Mississauga and the “905” regional municipalities. Toronto’s borrowing costs are extremely low by historical standards, at 3.5 percent for 10-year bonds as of April 2014.

At a time when infrastructure investment is a critical priority, debt levels are manageable, and borrowing costs are low, the City’s decision to maintain the 15 percent debt-ceiling will limit its financial flexibility in the years ahead.

**Other liabilities**

The City faces a large and growing liability for post-employment benefits, which include health care, workers’ compensation, or pension benefits owed to employees in future years that have been earned through their past service. These costs have been growing for a number of reasons: lower investment returns on benefit plans due to low interest rates; the aging of the workforce and the increase in the number of retirees, which increases utilization of benefit plans; and higher medical and health service costs. Recent collective agreements have helped minimize the growth through changes to sick leave and cost-of-living benefit increases.

**Reserves and reserve funds**

The state of a city’s reserves and reserve funds are another important indicator of fiscal health, not only because of the financial resources they represent, but also because they are an indication of a government’s willingness to sacrifice current spending to plan for the future. A city’s reserves are year-to-year savings that can act as an insurance policy against the costs of unforeseen events (such as the December 2013 ice storm) or economic downturns that reduce a city’s revenues. Reserve funds are more like savings accounts dedicated to future infrastructure spending.

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**Figure 18: Toronto’s Real Municipal Debt Burden per Household**

![Graph showing Toronto's real municipal debt burden per household from 2000 to 2012. The debt burden has steadily increased over the past decade, rising from about $1,200 in 2000 to over $3,000 in 2012.](source: Authors’ calculations. Ministry of Municipal Affairs and Housing and Statistics Canada.)
**Q:** How do Toronto’s debt levels compare?

**A:** Toronto is in comparatively good shape. Toronto’s net debt – meaning the value of City liabilities minus its assets – totals about $4 billion. This seems like a big number, but what is more important is the question of whether the City can pay off that debt. A more useful measure is a government’s debt relative to its operating revenues, which gives a better sense of capacity to meet debt servicing costs.

By this measure, Toronto fares quite well relative to other big Canadian cities, regions and provinces – recognizing of course that there are differences in responsibilities, and that provinces have access to a broader array of revenue sources.

Over the past decade, Toronto has been saving more (see Figure 20). Council’s “Surplus Management Policy” now requires that year-end operating surpluses are put into reserves, rather than used to offset budget shortfalls in the following year. On a per-resident basis, however, Toronto’s savings are still lower than those of most other Ontario cities. For instance, as of 2012, Toronto’s reserves of nearly $900 per resident were comparable to those of the City of Ottawa, but less than half the average for all GTA municipalities of $2,200 per resident.41

---

**Figure 19: Debt as % of Operating Revenue, 2012**

<table>
<thead>
<tr>
<th>Province</th>
<th>Debt as % of Operating Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta</td>
<td></td>
</tr>
<tr>
<td>Durham Region</td>
<td></td>
</tr>
<tr>
<td>Toronto</td>
<td></td>
</tr>
<tr>
<td>London</td>
<td></td>
</tr>
<tr>
<td>Winnipeg</td>
<td></td>
</tr>
<tr>
<td>Ottawa</td>
<td></td>
</tr>
<tr>
<td>Halton Region</td>
<td></td>
</tr>
<tr>
<td>Peel Region</td>
<td></td>
</tr>
<tr>
<td>Vancouver</td>
<td></td>
</tr>
<tr>
<td>Montreal</td>
<td></td>
</tr>
<tr>
<td>British Columbia</td>
<td></td>
</tr>
<tr>
<td>York Region</td>
<td></td>
</tr>
<tr>
<td>Quebec</td>
<td></td>
</tr>
<tr>
<td>Ontario</td>
<td></td>
</tr>
</tbody>
</table>

*Net Direct and Indirect Debt/Operating Revenue
Source: Moody’s

**Figure 20: Real Reserves and Discretionary Reserve Funds**

Source: Authors’ calculations. Ministry of Municipal Affairs and Housing and Statistics Canada.
Is Toronto Fiscally Healthy? A Check-Up on the City’s Finances

Toronto Finance FAQ 8

Q: How does Toronto’s mix of revenues to compare to that of other major international cities?

A: It doesn’t stack up particularly well.

Toronto, like other Canadian cities, relies heavily on property taxes. The property tax is a good tax for local governments, but it is relatively inelastic – meaning that it does not grow as quickly as the economy and expenses – and highly visible to residents so it is politically difficult to increase. In short, it is not enough to fund the complex and increasing service and infrastructure demands of large cities and metropolitan areas. Toronto’s other taxes, on billboards and land transfers, bring in a very small share of local revenues.

Most other major international cities levy a broader range of taxes, and many have authority over setting tax rates (see Figure 21). For example, New York generates almost a third of its revenues from income and sales taxes.

<table>
<thead>
<tr>
<th>Taxes</th>
<th>Toronto</th>
<th>New York</th>
<th>Paris</th>
<th>London</th>
<th>Madrid</th>
<th>Berlin</th>
<th>Tokyo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property / Land</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Land Transfer*</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Billboard</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales / Value Added*</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Personal Income*</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Business Income</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Vehicle</td>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other taxes</td>
<td>18</td>
<td>5</td>
<td>3</td>
<td>16</td>
<td>12</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*In some instances, shared with senior orders of government.

Toronto would benefit from access to a greater mix of taxes, with the ability to set the tax rates. A mix of taxes would give the city the flexibility to respond to changing economic and financial circumstances. Tax rate-setting powers would give it more control over its revenues, and greater accountability to taxpayers by linking taxes raised by the city government with local spending decisions.
5. The Big Picture

The City of Toronto is certainly not in a fiscal crisis. But can it be described as financially healthy? The City’s most recent financial statement touts Toronto’s strong, diversified economy and solid financial footing. It highlights a range of initiatives – efficiencies identified through the Core Service Review, new user-fee policies, savings achieved through changes to collective agreements, and the municipal land transfer tax – that have helped improve the City’s fiscal health. The core challenge, the report notes, is that Toronto continues to face a “structural shortfall” in two areas: growing, long-term pressures resulting from infrastructure needs and downloaded provincial services (especially housing) and yearly pressures to balance the budget resulting from growth in population and operating costs.44

Our longer-term analysis points to some important trends and issues relating to Toronto’s financial health.

First, the City’s total operating spending has changed little over the past decade when inflation and population growth are taken into account. But the spending mix has changed: transportation has increased as a share of City expenditures, while social and family services have declined. Workforce compensation costs represent a growing share of spending. Though hard to measure, Toronto’s service levels, efficiency, and costs appear to be relatively healthy. Yet there appears to be little scope for further “efficiencies” without reducing service levels.

Second, Toronto’s revenue mix has changed. Property tax revenues have grown by less than inflation over the past decade. Toronto residents, on average, pay low levels of property tax compared with residents of other Ontario cities. To fill the revenue gap, the City has relied on higher business property taxes (although these taxes are gradually being reduced), increasing user fees and charges, new funding from the land transfer tax, and – most significantly – transfers from the provincial and federal governments and the “uploading” of some social service costs. Increasing reliance on provincial or federal transfers leaves the City vulnerable to the changing whims or financial circumstances of other governments.

Third, despite an increase in infrastructure investment over the past decade, Toronto continues to fall further behind in maintaining or renewing its existing assets. The biggest share of the capital budget is dedicated to maintaining a state of good repair, yet the City’s large “repair and maintenance” shortfalls will continue to grow over the next decade – particularly in the critical areas of transportation and social housing. At the same time, there are increasing pressures for investment in new infrastructure, particularly transit, to reduce congestion and accommodate the City’s growth. There is uncertainty about funding sources in the long-term capital plan. In short, Toronto likely cannot afford to maintain the infrastructure it has or to invest in what it needs without new revenues.

Fourth, increased infrastructure investment has required that Toronto take on more debt. Debt levels have risen over the past decade, with debt service costs expected to rise modestly in the years ahead. Other liabilities – notably for workforce post-employment benefits – will put further pressure on the City’s finances. Nevertheless, Toronto’s debt appears to be quite manageable relative to that of other big Canadian cities and provinces. Toronto’s economic strength and a solid credit rating mean that it can repay its debts. The City’s savings in reserves and reserve funds, while low relative to those of other cities, have also been increasing. At a time when infrastructure investment is a critical priority, however, choosing to maintain the 15 percent debt ceiling will limit the City’s financial flexibility.

6. Conclusions

Toronto’s fiscal condition can be likened to the health of an aging Maple Leafs defenceman: he may be a solid performer on the ice and well cared for by training staff, but he is increasingly expensive and in need of major knee surgery. In other words, the City’s fiscal health is sound by most measures, but it faces cost pressures and its aging infrastructure and investment needs present a huge financial challenge. There are difficult choices ahead for Toronto’s leaders and residents if the City is to maintain and enhance its quality of life and remain economically competitive. Growth in transfer and user fee revenues have helped to maintain spending on local services, but because the property tax is the City’s primary revenue source, property-tax freezes or below-inflation increases will inevitably erode services as the City grows.

New revenues are needed to address the infrastructure funding shortfall. Queen’s Park and Ottawa have a role to play, but the City cannot simply wait for its pleas for funding to be answered (after all, there is little reason to expect they will be). In this context, Toronto needs access to new taxes to grow as a world-class city (see FAQ 8). For Toronto’s aspiring political leaders, the election campaign should be an opportunity for mature debate and open discussion with citizens about what the City’s priorities should be, and what sacrifices are needed to pay for them.
Endnotes


2. The Public Sector Accounting Board (PSAB) applies these three criteria – flexibility, vulnerability, and sustainability – as the basis for assessing financial management.


4. This includes both “tax-based” and “rate-based” services (water, solid waste, and parking). City of Toronto, 2014 Budget.

5. Protection services include police and fire as well as court security, building permits and inspections and other smaller related functions. Transportation includes transit, roads, and parking, among other areas. Social and family services include social assistance, old age services, and child care.


14. Note that this does not include the provincial Education Property Tax component, where the shares are similar, but the burden falls more heavily on businesses.


16. Apartment buildings with seven or more units fall under the multi-residential property class for property assessment and tax purposes.


18. Council’s comprehensive property tax plan, called Enhancing Toronto’s Business Climate: It’s Everybody’s Business, was approved in 2005. In practical terms, the “one-third” policy means that a 3 percent residential tax increase results in a 1 percent business and multi-residential tax rate increase. The decrease in the ratio for small business was accelerated so it will reach 2.5 times residential by 2015. City of Toronto, 2012 Financial Report, 2013, 38.

19. By law, the City cannot budget (that is, plan) for surpluses at the start of the year; but it can achieve them at year’s end if it underspends the budgeted amounts and/or if revenues come in higher than planned.


23. City of Toronto, “2014 Operating Budget Briefing Note.”


25. Full-cost pricing principles have been adopted by many other jurisdictions. See Gouvernement du Québec, Task Force on Fees for Public Services, The Right Fees to Live Better Together, 2008.

26. Other costs shifted to municipalities were the provincial shares of police funding, sewers and water, and the full cost of property tax assessment.

27. AMO represents all Ontario municipalities other than the City of Toronto, which withdrew its AMO membership in order to represent itself on intergovernmental matters. The PMFSDR process committed to the provincial uploading of social assistance and disability program costs, the Ontario Drug Benefit, ambulances, and court security costs.

28. “Pooling” was a provincial policy that required the redistribution of revenues from GTA municipalities to the City of Toronto to reflect its higher costs for human services because recipients and programs were concentrated in the city. In 2007, the Province began to phase out the GTA pooling transfers, replacing them with a provincial compensation grant for Toronto.


31. TCHC lists repairs to unit interiors (bathroom, kitchen, and flooring), mechanical systems (plumbing, heating, and ventilation), electrical fixtures (lighting) and structural elements (foundations, roofing, property grounds) as contributing to the backlog. City of Toronto, “A Ten Year Capital Financing Plan for Toronto Community Housing,” Staff Report, 16 October 2013.


34. The City of Toronto prepares separate budgets for “tax-supported” and “rate-supported” capital investments.

35. André Côté and Michael Fenn, “Approaching an Inflection Point in Ontario’s Provincial-Municipal Relations,” IMFG Perspectives No. 6, 2014.


38. The four “905” regional municipalities are Halton, Peel, York, and Durham. The S&P data was compiled by Kyle Hanniman, February 2014.

39. BMO, data compiled by Kyle Hanniman, May 2014.


