

## **BUDGET 2009 LAUNCH – FEBRUARY 10, 2009 COUNCILLOR PETER MILCZYN INITIAL COMMENTS**

I attended today's 2009 Operating Budget launch at City Hall. The Mayor unveiled his \$3.44 Billion budget proposal which includes a 3.7% increase in spending over 2008. The Mayor also proposes to raise residential property taxes by 4% or \$57 million, industrial/commercial taxpayers will pay a combined additional \$26 million (although their tax rates will rise by a lower percentage than residential, small commercial properties will see no tax increase).

According to the Mayor's calculations this tax increase will amount to \$89 per year on a house valued at the City average of \$387,000.

The combination of a property tax increase, garbage fee, water rate increase, and vehicle tax combined would represent the equivalent of a 10% property tax increase to an average household.

The Mayor did a masterful job of spinning this year's budget proposal as being balanced and demonstrating sound management. That is actually far from the truth. The most appropriate simile that comes to my mind is that, **"The City is being run like a Wall Street investment bank."**

Senior staff will continue to get performance bonuses and despite the fact that the City's finances are getting worse, and will be more dependent on assistance from other orders of government, the Mayor proposes to spend more and do nothing about management problems.

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This year's budget is no different than previous year's budgets in requiring \$300 million being drawn from Reserve Accounts and \$90 million from unused Capital funds (these are borrowed funds that incur debt interest payments). The Mayor's claim of \$102 million in found savings is for the most part fiction as it is a combination of under spent accounts, vacant staff positions, and rejecting requests for additional funding by various departments.

**There are no discernible cost saving measures being proposed.**

There are significant increases in TTC services proposed and no fare hike for 2009. The increase in TTC and Wheeltrans subsidy is \$103 million.

There are significant increases in Police and Fire budgets. There will be a modest increase in the number of Police officers (the bulk of the cost increase for Police and Fire is a result of wage settlements).

Due to the economic situation there is a projected 30 % increase in the welfare caseload. The City will continue to pay 80% of these costs.

There are some modest new services proposed (\$1.3 million) to assist the unemployed and social assistance recipients to seek unemployment. There is also additional help for low income seniors and the unemployed to waive or defer property tax increases.

You will be hearing much about the City budget and municipal finances in the coming weeks.

**I will continue to fight for spending cuts at City Hall and prudent management.**

**I will not support the budget proposal as it currently stands.**