



Defining the Realm of the Possible: Opportunities and Challenges for Toronto

Toronto City Manager's 4th Annual IMFG Address

Peter Wallace | Toronto City Manager
October 14, 2015



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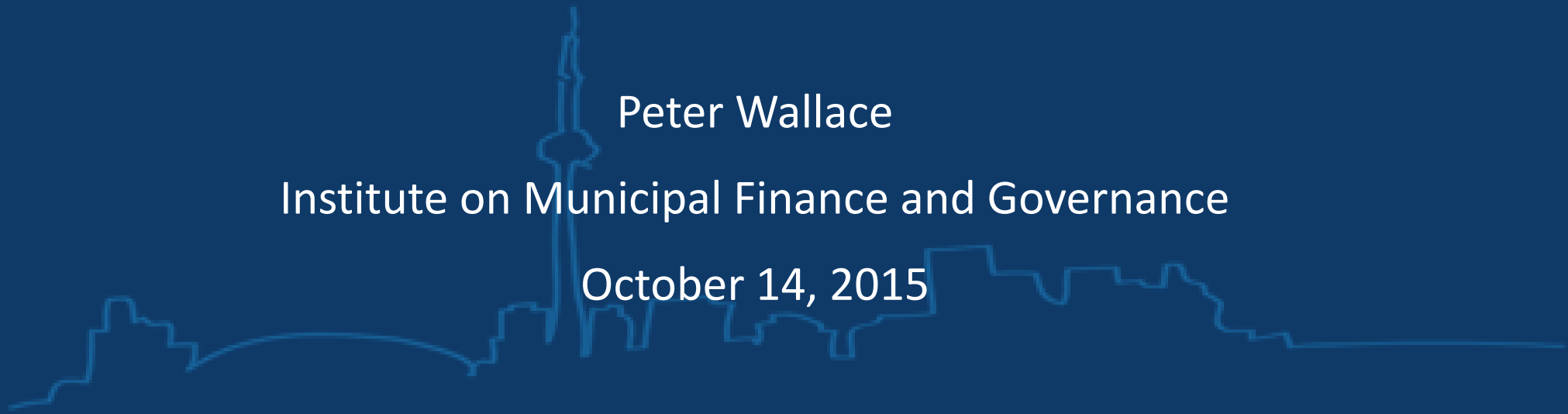
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Defining the Realm of the Possible: Opportunities and Challenges for Toronto

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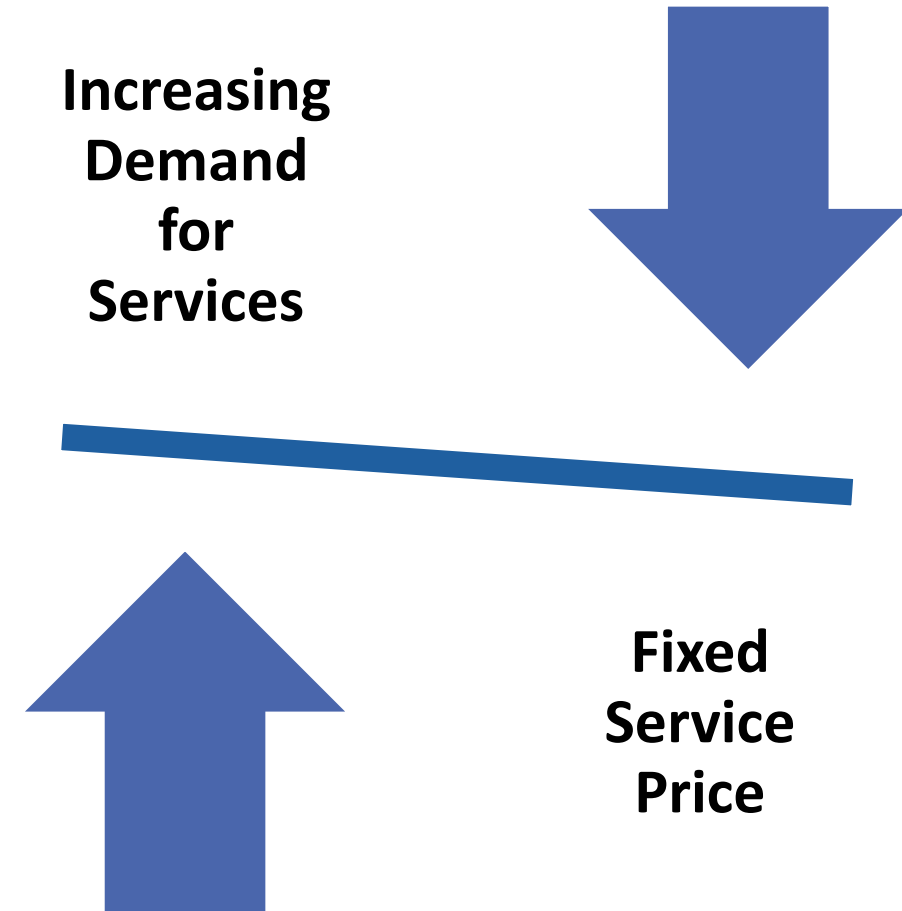


Context

- Big place, big government
 - 4th largest municipality in North America
 - 55 thousand staff, \$11 billion operating budget, \$32 billion capital plan
- What we do matters
 - hard services and infrastructure – water, waste, roads, public transit
 - human services and quality of life – housing, green space, public safety

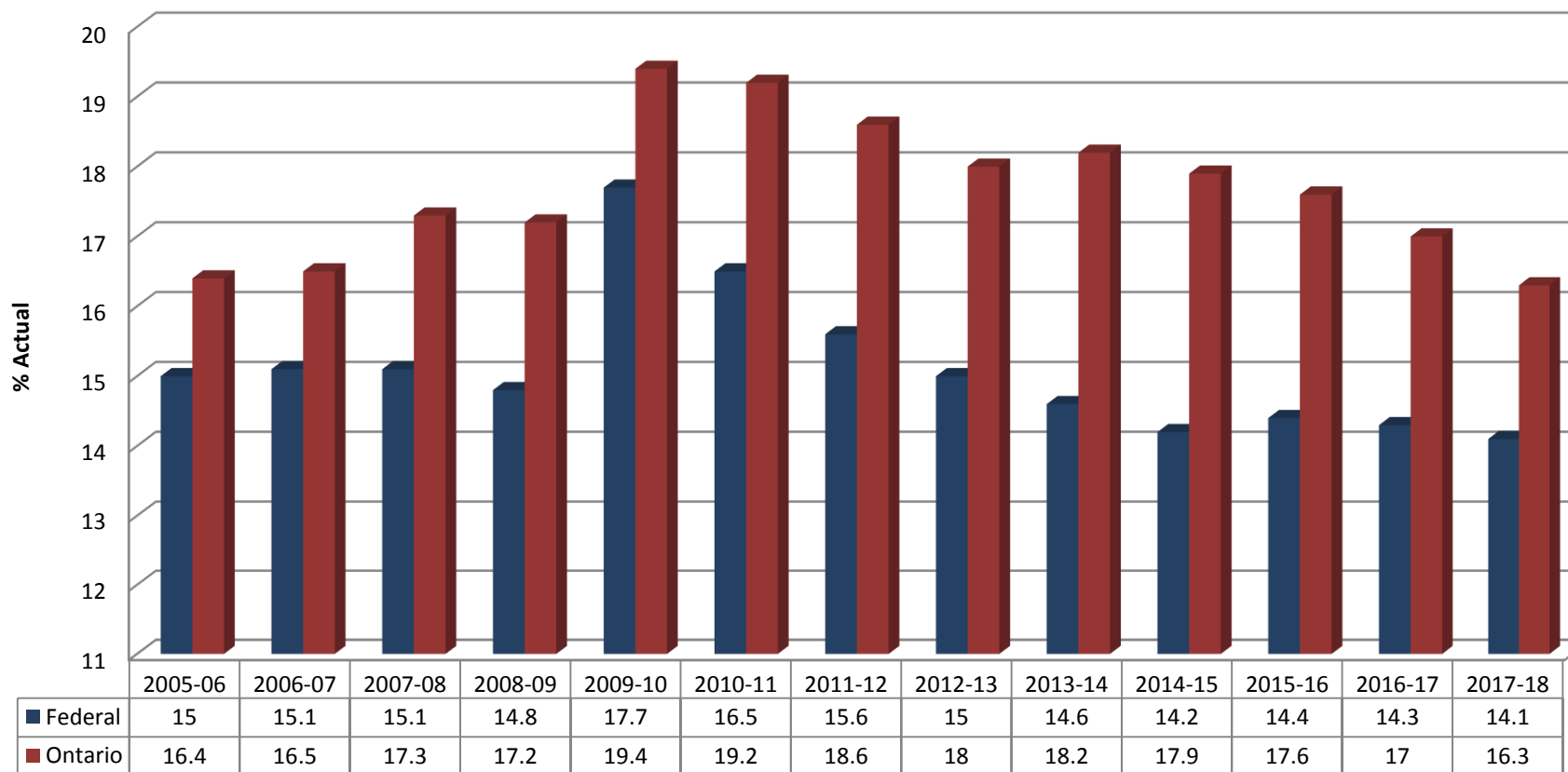
Public Sector Governance – A Familiar Dilemma

- Increasing demand for public goods
 - safety and security
 - environment
 - health and education
- Little appetite for rising tax/GDP
 - stagnant real incomes for many
 - some can limit tax and regulatory exposure



Federal and Ontario Approach

Program Expenses Relative to GDP



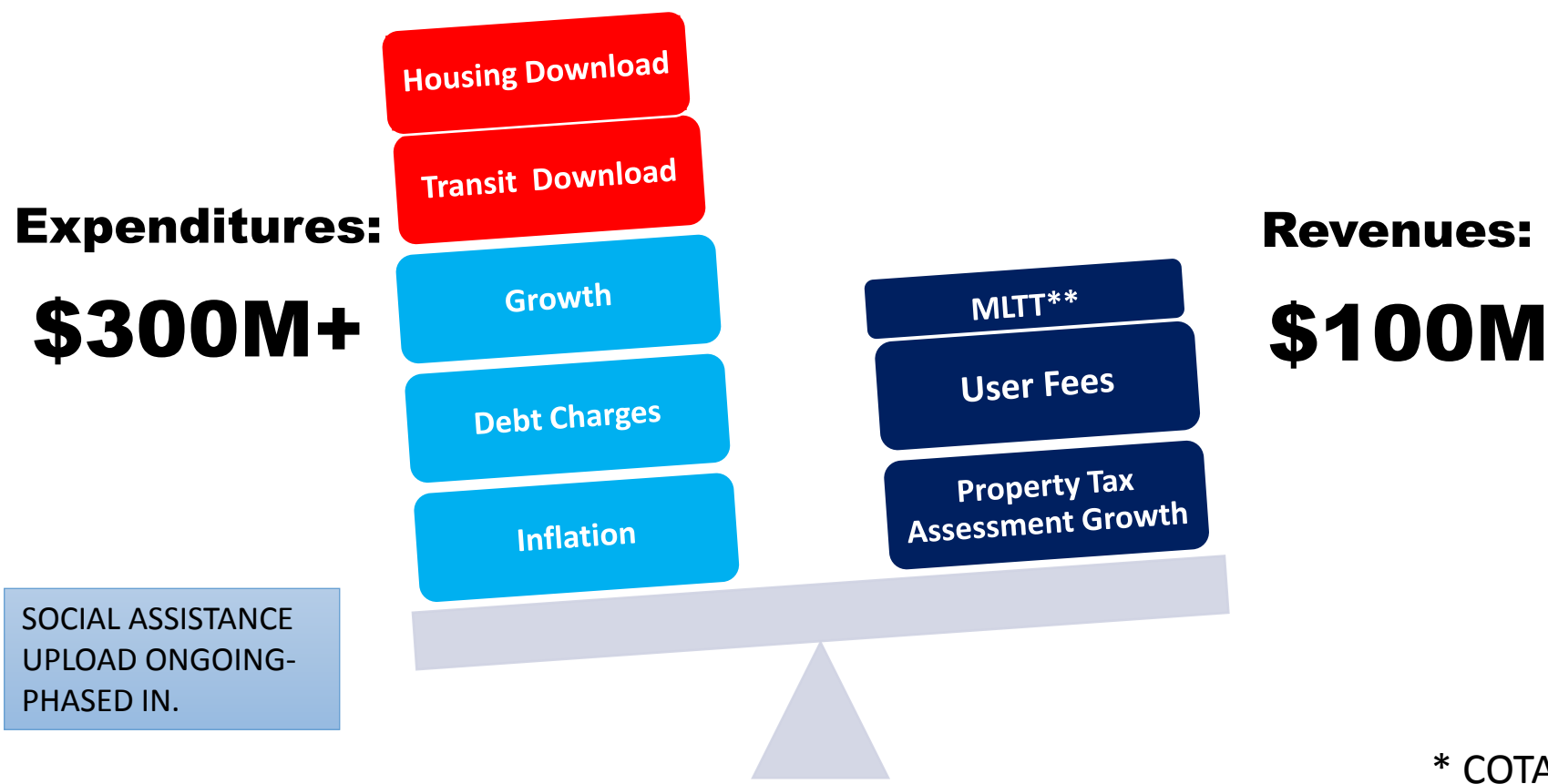
Source: RBC Economics, September 2015

Annual Cycle

- Shortfall identified by staff, driven by:
 - Cost of service
 - Baseline revenue
 - 2016 projected shortfall: 3.1% of operating
- Lengthy process of pressure minimization / deferral
- Also revenue adjustments / proposals
- Leads to “staff recommended” budget
- Council budget
- In-year management
- Surplus retained for capital

Operating Budget – Annual Structural Deficit 1998-2013

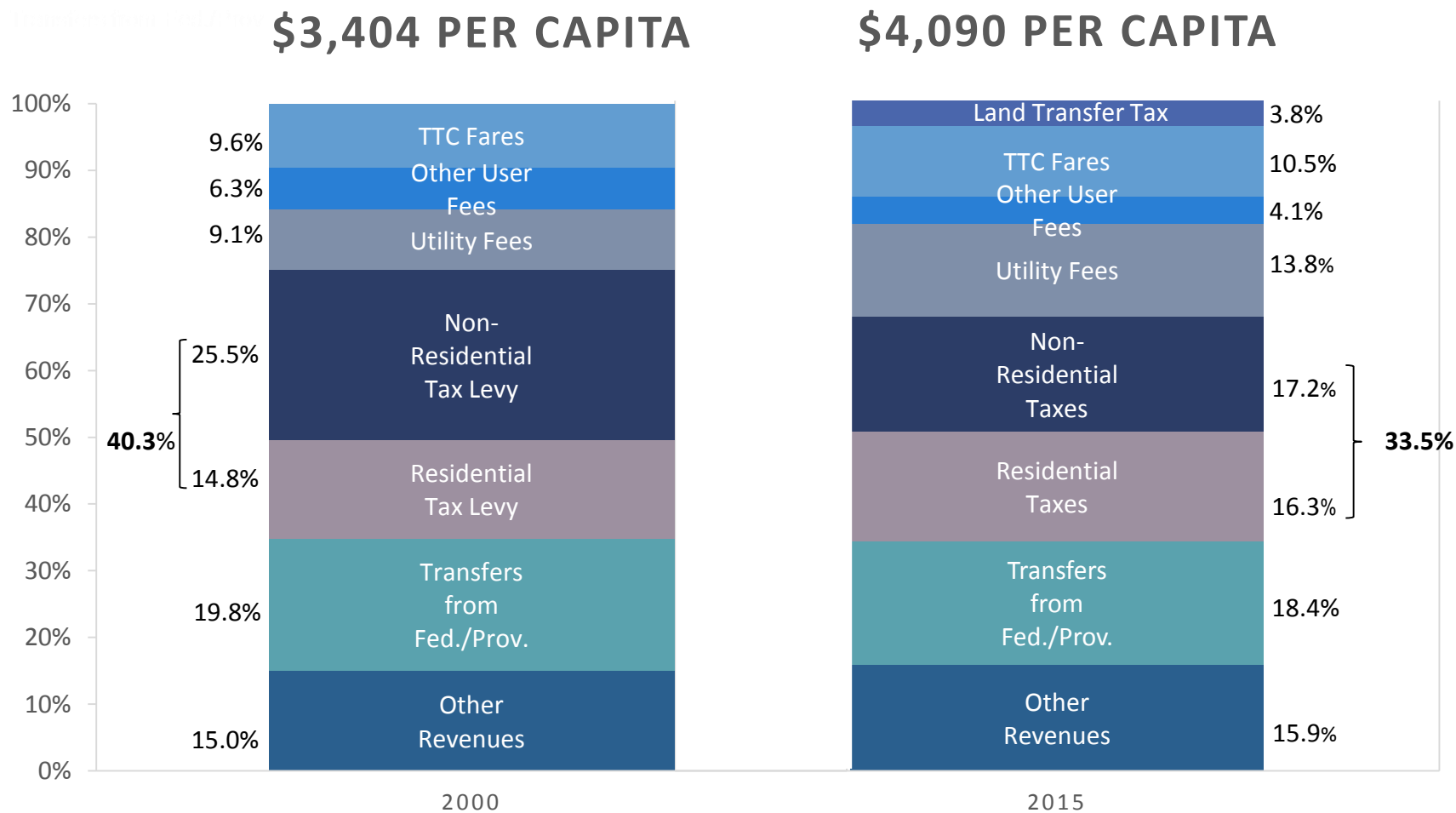
\$200M+ Structural Deficit



Step Back – What’s Happening

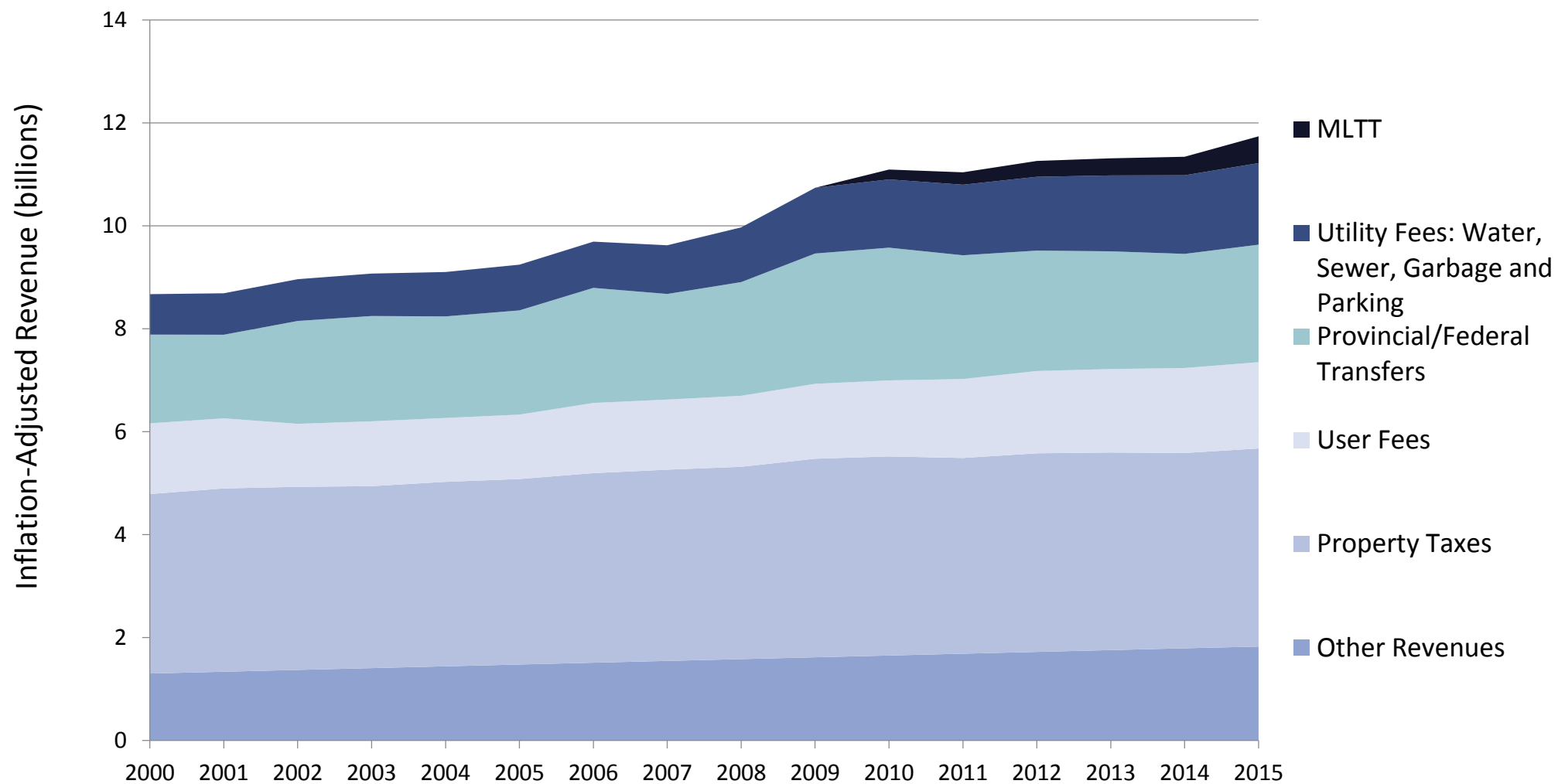


Revenue Trend (2015\$)



Source: Financial Planning Division

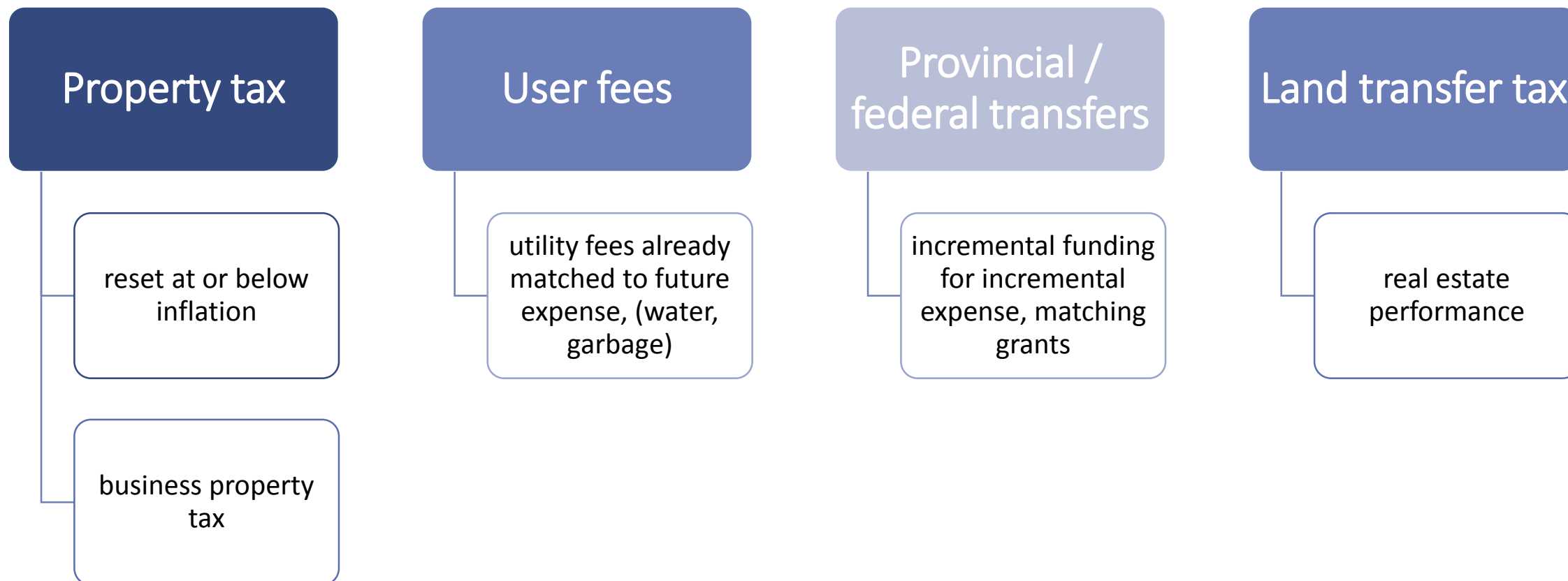
Changing Revenue Base



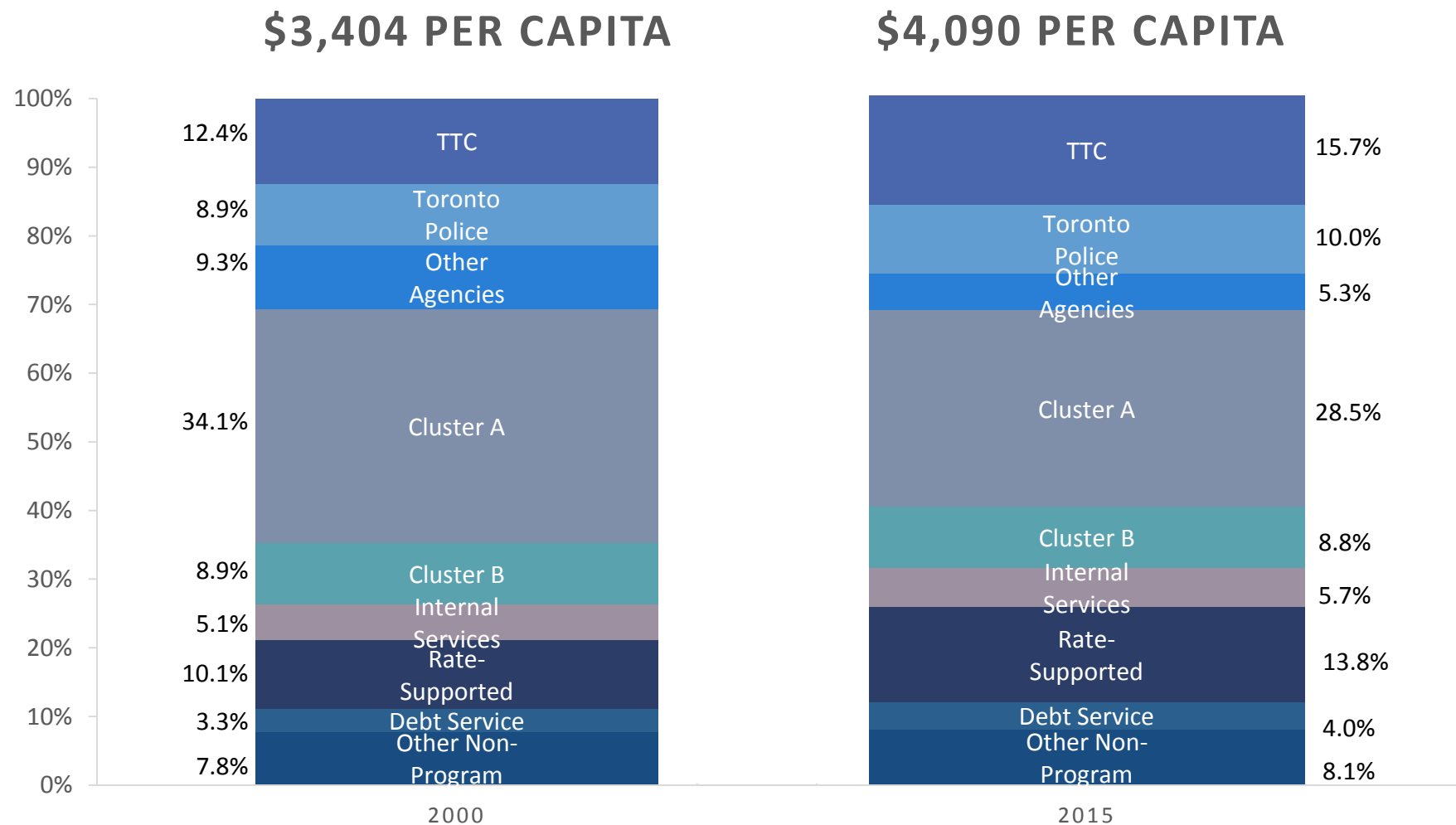
Source: Financial Planning Division

Thought Experiment: Revenue Forecast

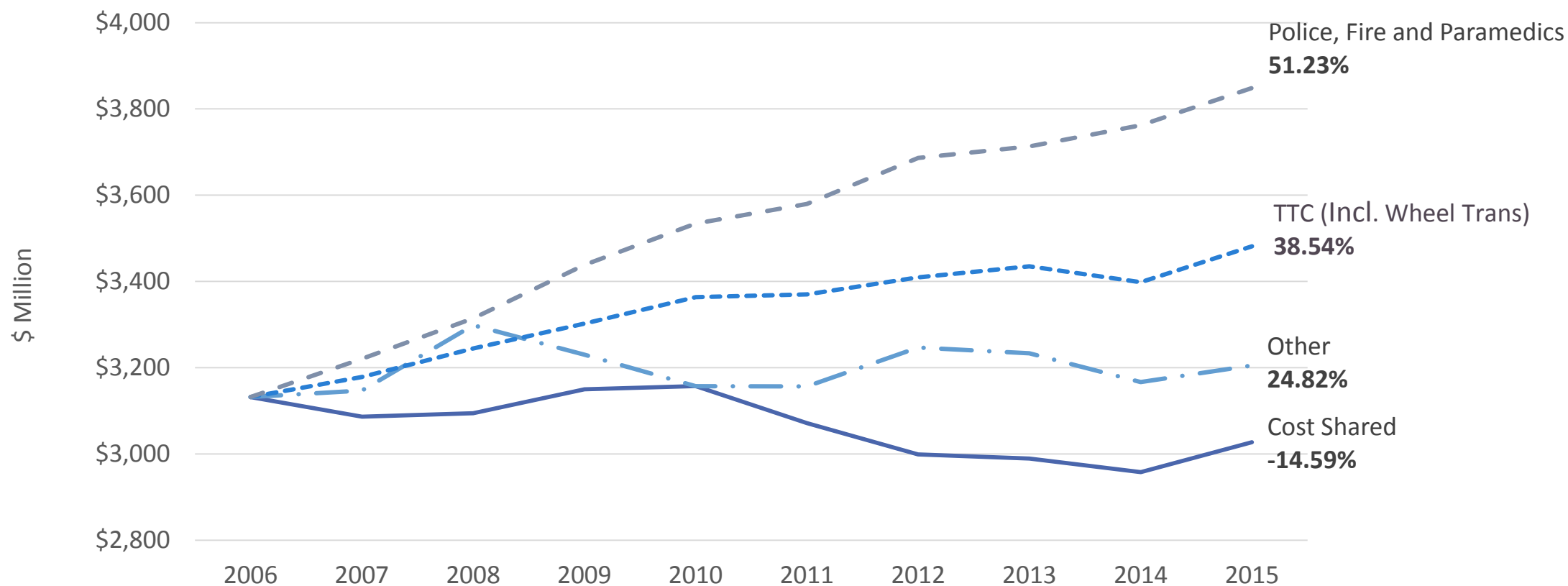
Selected Streams



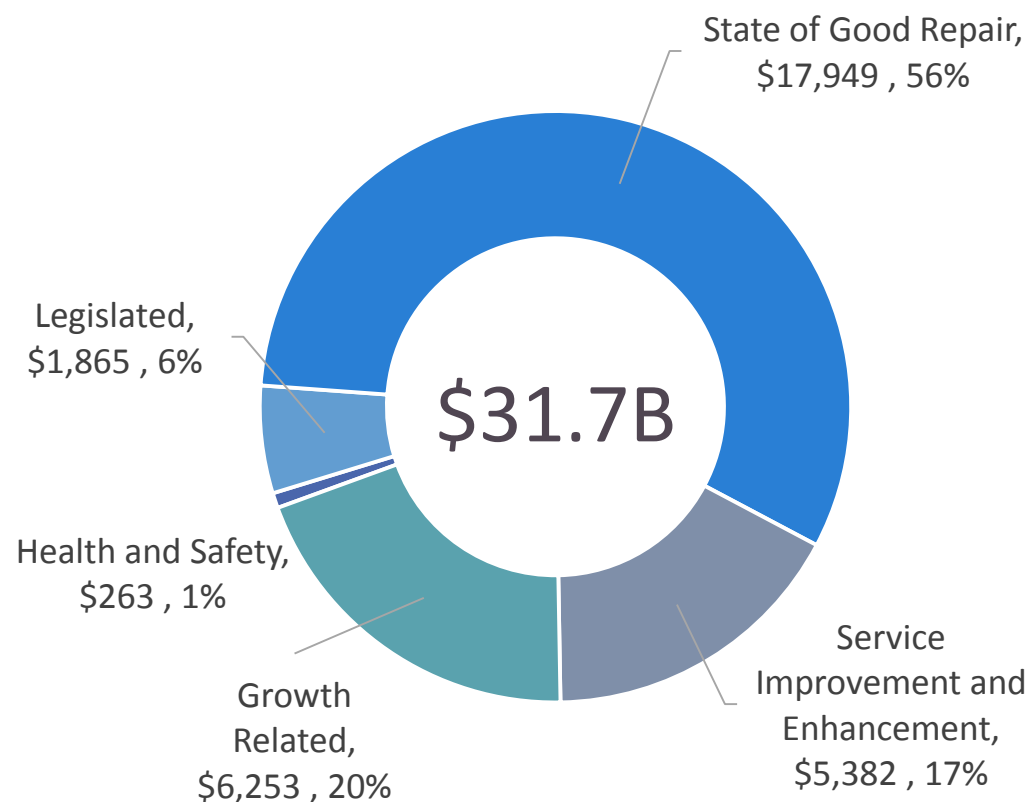
Operating Expenditure Patterns (2015\$)



91% of Net Expenditure Growth From Emergency Services & TTC



2015-2024 Capital Plan



Source: Financial Planning Division

Examples of 'Below the Line' Projects*

- TTC SOGR and fleet
- Gardiner East Deck
- Don flood protection
- Long term care – regulatory requirements

*Incremental to approved Capital Plan

Thought Experiment: Expense Forecast

- Operating at above nominal GDP growth
- Major additional capital needs unfunded
 - state of good repair
 - highly desirable transit and housing expansion

Diminished Toolkit

- At debt service limit
- Lower housing reserves
- Limited transformational investment
- Annualized costs
- Service level pressure / core service priorities

Multi-year Perspective

- Growth and city-building
- Financing
 - intergovernmental requests
 - existing toolkit
 - incremental measures

Thank you

