

MIRANET Annual General Meeting: March 2, 2011

Municipal Finance Subcommittee Report

Delivered by Chris Mackie: President, CCPCRA

The Municipal Finance Committee, composed of Peter Walton and Chris Mackie, is responsible for following the City's Budget Committee and reporting on significant financial and property tax issues. We are also engaged in proposing improvements to the City's Budget process. We have had some initial success: The City introduced a Four Year Business Plan with the 2011 Budget, which allows a broader view of expected expenditures and tax increases beyond the current year.

Review of the City's 2011 Operating Budget commenced at Budget Committee in June, 2010. The Committee then recessed until December 13, at which time staff presented a proposed budget resulting in a tax increase of 8.0%. At the same time the Four Year Business Plan was presented, projecting a total tax increase of 30.1% over the next three years. MIRANET passed a motion at its January meeting describing these increases as excessive.

In the first of two deputations to Budget Committee in January 2011, we submitted a consensus economic forecast for 2011 and recast the budget with a tax increase of 3.5 percent, including an infrastructure levy of 1.0%. We argued this was "reasonable, responsible and fair for City ratepayers". Later, in a separate deputation, we raised issues surrounding the 10-year Capital Budget. Further to that deputation, a meeting was arranged with the director of Mississauga Transit on February 4th to discuss system and fare related issues.

MIRANET continues to lobby for an improved budget process, which will be more effective. On February 23, 2011 we submitted our analysis of the current Budget process to the City Manager and the Mayor, with recommendations for improving it. We hope to discuss our views with them in due course. As of this afternoon, Budget Committee approved a budget with an increase of 5.7% in the tax-supported portion. Combined with the Region's previously approved increase of 2.5%, property taxes will rise by 2.8% in 2011.

The City's debt free era is coming to an end. The 10-year Capital Budget forecasts expenditures of almost \$1.9 billion, which will require \$414 million of external debt, with the initial borrowing scheduled to occur in 2013. MIRANET does not share the view expressed by others that the City has squandered its reserve funds or that debt is inherently bad. The City's valuable portfolio of assets in the form of parks, community centres, recreational facilities, libraries and roads have been built and financed through previous capital budgets. All of us benefit from these facilities. What has lagged, in our opinion, is access to rapid public transit. That is being addressed through the 10-year Capital budget.

The City hosted its first Budget Open House this January. MIRANET supported and applauds this initiative by staff. The meeting was well attended by citizens, City Councillors and the Mayor.

At the Regional level of government, we were pleased to meet Peel's Commissioner of Finance, Ms Norma Trim and the Director of Budgets, Stephen VanOfwegen. The structure of the Regional Budget was explained to us. Provincially mandated programs such as Ontario Works have a very significant impact, as do other social programs and the cost for the Peel Regional Police.

The Region's 2011 Operating Budget was reduced by \$10.1 million due to phasing out of Toronto tax pooling and \$15.7 million of Ontario disability support uploaded to the provincial government. These changes resulted in a moderate tax increase of 2.5 %, which Council approved last week. Without these reductions, the tax increase would have been approximately 3.3% higher, for an increase of 5.8%.

The Region held a budget open house in February. MIRANET is very appreciative of the Region's response in sending a significant team of senior staff. MIRANET encourages the City and Region to make this an annual event. Taxpayers want to understand more about the Regional services that underlie its Operating Budget of \$1.65 billion.

New initiatives MIRANET is considering for 2011 include attending the City's Audit Committee to raise issues of unaccounted-for expenditures.

Finally, our Committee is grateful for the courtesy and help which we continue to receive from City staff. Although we sometimes differ with the Finance Department, we respect the staff and their essential work. And we greatly appreciate the opportunity tonight to hear from the CAO's of the City, Janice Baker and the Region, David Szwarc, concerning the delivery of services provided by the two tiers of local government.

That, ladies and gentlemen, is the annual report submitted on behalf of the Municipal Finance Committee. Thank you.

Chris Mackie
Peter Walton