

Tory warns of up to \$860 million in city budget cuts unless federal and provincial governments offer more pandemic aid

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The city of Toronto's 2021 budget needs a big provincial-federal pandemic bailout or else \$860 million in capital projects — and their huge spinoff benefits for the economy — are at risk, Mayor John Tory said.

Tory made the case Tuesday in an online “State of the City” speech to the Empire Club of Canada that served as a preview for the launch of the city budget on Thursday.

“If we have a significant (budget) shortfall, because there is no ‘Safe Restart’ funding support from the other governments, we will have no choice but to cut back up to \$860 million of capital spending,” Tory said.

“And that will affect jobs, it would affect economic activity, and it would affect just keeping Toronto in repair. We cannot afford to have that happen, but I believe that support will come because all governments want to make sure our economy comes out of this pandemic as strongly as it possibly can be positioned.

“The only way that Ontario — and Canada — comes back strong is with a strong Toronto.”

The pandemic has shredded the finances of Toronto and other cities by drastically cutting revenues from transit fareboxes and other sources, while boosting expenses to help businesses and individuals cope with lockdowns, quarantines and illness.

Tory said in an interview that four months of cajoling went into the Premier Doug Ford government and the Prime Justin Trudeau government sitting down and agreeing on a cities bailout package that the federal government made national.

The [aid for Toronto](#) in 2020, including help from the provincial government, totaled more than \$540 million for city operations, including [about \\$400 million](#) to help keep the TTC operating despite a severe ridership drop.

Ottawa later announced funding for cities to build affordable housing and “supportive” units — aimed at transitioning homeless people to permanent shelter — with Toronto’s share totalling more than \$200 million.

Tory said he is pressing both governments for help in 2021 as the pandemic intensifies. Without it, the options for Toronto — which by law can’t run a deficit — is cutting capital spending or huge tax hikes or big cuts to operating expenses.

People suffering from pandemic impacts can’t afford tax hikes or service cuts to low-income areas disproportionately hit by COVID-19, the mayor said.

He wouldn’t specify likely targets for any necessary cuts, but noted that most capital spending goes to transit hardware, transportation including roads, housing and environmental projects such as green retrofits of city buildings.

Tory suggested any cuts wouldn’t hit the rehabilitation of the Gardiner Expressway and reconfiguration of its eastern ramp, forecast to gobble 44 per cent of the city transportation department’s 10-year spend. Projects already underway would make less sense to cut or delay, he said.

His office later said Gardiner work isn’t funded with money shifted annually from operating revenues to capital, the most likely target for any cuts.

In the speech, Tory said the city staff-proposed 2021 budget will include a \$789.8-million subsidy for the TTC plus an extra \$796.4-million injection to offset COVID-19 impacts including lost ridership.

Homeless shelters will get an extra \$281 million plus another \$15 million for supportive housing that transitions people from homelessness to stable shelter, he said.

The proposed budget will also include extra funding for public health, long-term-care homes and Toronto Community Housing, Tory said. There will also be a program to fast-track approval of rental housing projects.

Asked about the proposed property tax increase, the mayor would only say the staff advice is for a hike in line with past years, usually around the rate of inflation.

Asked if Toronto will need to restart the debate over revenue tools — new taxes or levies to boost city revenues beyond property taxes — to try to “build back better” from the pandemic and address income disparity — Tory suggested that’s likely.

“To address some of the particular needs of the neighbourhoods, that have been put in very stark relief by the pandemic, it is going to require some reconsideration” of how Toronto raises revenues and who pays for what, Tory said.

Coun. Gord Perks, a leader of city council's progressive faction, said in an interview "the mayor has been very gracious in his dealing with the provincial and federal governments," but now is the time for bolder action.

Perks said council should take a page from amalgamated Toronto's first mayor, Mel Lastman, and pass a plan where spending outstrips revenues and say it's up to the province, with help from Ottawa, to fill the financial hole.

"This is, without a doubt, the most important budget any of us will pass in our careers," said Perks (Ward 4 Parkdale-High Park).

"This is the turning point, whether the city spirals toward even worse services and crumbling infrastructure or whether we come out of COVID, and a likely COVID recession, strong."