EXECUTIVE SUMMARY

Investing In A Healthy Toronto: A Comparison of Toronto's Capital Budgets & Plan, 2003-2022

Wellesley Institute
advancing urban health

It's time for a closer look at Toronto's capital budgets. Every year there is a lively debate about the operating budget. Individual capital investments like transit funding get a lot of attention. However, we should look at the capital budget with a wider lens. So many of our city's most pressing needs can only be addressed through capital budget spending, and while they include transit, they go far beyond it. The need for infrastructure investment is well documented. Last summer provided an extreme example when we saw flooding linked to climate change which strained our infrastructure. The need for greater investments in communities for youth at risk was also tragically apparent in the violence of last summer.

This report compares Mayor Ford's capital budgets over the last three years with capital budgets during the Miller administration and considers Mayor Ford's plans for the future as laid out in the 2013 budget's 10-year-capital plan.

Comparing capital spending during the Ford and Miller administrations provides some surprising results. Overall, the distribution of capital spending by program area was quite similar. Despite his commitment to "ending the war on the car," in Mayor Ford's first two capital budgets spending on hard services, including roads and other transportation infrastructure, fell both in absolute terms and as a share of total spending. At the same time, the share of spending on internal services has increased during his tenure. Mayor Ford's vision of a city government focused on maintaining roads and sidewalks also was not evident in his capital budgets. The share of expenditures on "state of good repair" was similar during Mayor Miller's and Mayor Ford's budgets.

However, Mayor Ford's plans for the next 10 years shows a major shift to spending on roads and maintenance of existing infrastructure. The Mayor's plan would shift spending priorities and see the share of capital spending on "hard" citizen-centred services B, more than double from its current level. Similarly, spending on state of good repair, or the maintenance of existing infrastructure, will increase by more than 35 percent. This plan shows a narrow vision of the city's role and possibilities. In a growing city like Toronto, only maintaining our existing inadequate infrastructure makes a bad situation worse. Our infrastructure needs to be both maintained and expanded, across the full range of services.

When we consider financing the capital budget, it is important to remember that Toronto cannot borrow for operating costs and can only borrow for investments in capital expenditures. Mayor Ford has reduced reliance on debt in his capital budgets. At a time of yawning infrastructure deficit and historic low interest rates this reduced reliance on debt financing is a crucial lost opportunity to return our city to a state of good repair, to invest in the infrastructure that make Toronto a livable city for everyone.

Experts believe that both the market` s appetite for municipal bonds and the very low interest rates make this an historic opportunity to rebuild infrastructure at low costs. In his 10-year-capital plan debt financing is reduced by almost a third. This will be accompanied by more than doubling the capital costs that are paid for from current revenues. This will redirect these funds away from operating expenditures to capital. In this interest rate environment and market, this plan will defy economic sense, starve the operating budget and the good repair of Toronto's future.