



Public and Businesses See Eye-to-Eye on Municipal Finance Issues

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO SUN

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When it comes to government policy, business people and the general public don't always see eye-to-eye; but when they do, there is even more reason for politicians to take notice. That is why GTA municipal representatives would be well advised to pay close attention to the results of a recent public opinion poll, conducted for the Toronto Real Estate Board, on municipal finance issues.

The poll, conducted by Ipsos Public Affairs, found broad public support for numerous issues, including reduced taxation, better fiscal management of taxpayer dollars, prioritizing municipal services and innovative options to deliver these services.

It is not a surprise that the poll found support for reduced taxation. After all, there are not many people that like to pay more taxes; but, on specific taxes, the poll did find some interesting results, especially with regard to the Toronto Land Transfer Tax, which Toronto Mayor Rob Ford has promised to repeal.

According to the poll, an overwhelming majority of Torontonians, 75 per cent, support the Mayor's commitment to repeal this tax. Interestingly, the public's support to repeal this tax remains strong, at 68 per cent, even when they were asked to consider this pledge in the face of the City's expected, and large, budget shortfall.

REALTORS® understand that the Toronto Land Transfer Tax is an unfair tax that hurts the economy. This tax is paid by homebuyers and businesses when they purchase a property, and is charged on top of the provincial Land Transfer Tax. It costs the average Toronto home buyer over \$7,000, and when added to the Provincial Land Transfer Tax, average Toronto homebuyers face almost \$14,000 in land transfer taxes.

The housing industry is a key creator of jobs and spending. In fact, a recent study conducted by Altus Group Economic Consulting for the Canadian Real Estate Association found that the average housing transaction in Ontario generates over \$40,000 in spin off spending on things like furniture, appliances, renovations and financial and legal services.

Unfortunately, Toronto's Land Transfer Tax threatens the economic stimulus that comes from a vibrant real estate market. A study conducted by the C.D. Howe Institute found that Toronto's Land Transfer Tax caused a 16 per cent reduction in re-sale housing transactions when it was first implemented, which, at the time was estimated to cost Toronto's economy approximately \$200 million in consumer spending.

For these reasons, REALTORS® are encouraged that the Ipsos poll showed such strong support for Mayor Ford's commitment to eliminate this tax.

REALTORS® were also encouraged that the poll showed public support for numerous other municipal finance issues that have long been a focus of the business community, namely better municipal fiscal management, prioritizing municipal services, and considering innovative options to deliver these services. In this regard, the poll found an interesting contrast between the City of Toronto and the rest of the Greater Toronto Area. According to the poll, only 45 per cent of Torontonians believe that their municipal tax dollars are being spent efficiently. In the rest of the GTA, satisfaction is much higher at 72 per cent.

Interestingly, the City of Toronto has begun a review of its services which could go a long way to addressing these public concerns, which have also been shared by the business community for years. Undoubtedly, this process will require some difficult decisions by Toronto City Council. According to the Ipsos poll, the public appears to be ready for some of these decisions. Specifically, the poll found that,

- 79 per cent agreed that downsizing of City staff through attrition should be considered;
- 79 per cent agreed that more public-private partnerships should be considered;
- 77 per cent agreed that contracting out selected services should be considered;
- 76 per cent agreed that pulling out of or eliminating some City agencies should be considered;
- 68 per cent agreed that imposing or increasing user fees should be considered; and,
- 59 per cent agreed that reductions and/or discontinuation of some services should be considered.

Clearly, when it comes to municipal finance issues in the GTA, businesses and the public are speaking with one voice.

Richard Silver is President of the Toronto Real Estate Board, a professional association that represents 31,000 REALTORS® in the Greater Toronto Area.

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