

“London As A Real Creative City”

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Introduction

When the City Administration announced the 2005 city budget in November, the bureaucrats made a bold statement -- or at least what passes for boldness by bureaucrats in this age of diminished expectations. They said: “we need to get our fiscal house in order.” Indeed we do. But apparently they didn’t, and so we are faced with another year of uncontrolled spending and tax increases; 11 per cent to date -- with some modest recommendations for lower spending by Board of Control but not yet approved by Council.

My constituents are horrified by this proposed 11 per cent increase in one year, just as they were horrified by the unnecessary 12 per cent property tax increase during the period 2000 to 2003.

And why are Londoners facing this spiral of spending and taxation?

There is no pressing reason; no justifiable rationale. We are not in any emergency in this city; the country is not at war nor are we facing an apprehended insurrection – except perhaps by dedicated statisticians – and we are not facing an economic recession. We hear lots about provincial downloading, but these complaints are so much hot air: the province “downloads” 10 times more in revenue than in mandated expenditures. There is also, of course, the “debt hang-over” from council’s panic-driven millennium projects, but even the debt service on this borrowing is easily manageable given the city’s tax base and financial resources. No, we have massive increases in spending and taxation because city hall bureaucrats think they can get away with it, and because

city councillors haven't the backbone to fight demands for irrational state largess, with any kind of consistent discipline.

I have come to the conclusion that raising this matter of uncontrolled spending and taxation is in part beside the point. Yes, we need to reduce our spending and taxation, but not by dribs and drabs. It is no longer good enough to think about incremental changes like 3 per cent budget caps or even our long-standing drive to sustain zero per cent budgets. Too many on council think that when we say zero per cent, this means no sustained, long-term cuts to services; it does not. But there is no longer a good reason to fight this small battle. We need to look at the big picture. And the big picture is the prosperity of Londoners.

A New Economic Goal for Londoners

The prosperity of Londoners demands that we commit to a *revolution in expectations*. We need to see that city hall cannot solve London's economic under-development no matter how much it spends on "services." Spending by city hall cannot possibly make Londoners as a whole more prosperous. City hall simply does not have the economic wherewithal -- notwithstanding all the gibberish about economic spin-off benefits every time we build a new, taxpayer-financed facility in downtown London.

The only economics that matters is the money that is in individual's pockets to spend or save or invest as they see fit. The real economic multiplier effects come when our 300,000 plus population makes daily spending, saving, and investment decisions on a wide range of economic objects that suit their economic and financial interests. Our city government cannot do this kind of collective economic decision-making, efficiently, with any kind of competence, or on the right things. City hall bureaucrats and politicians cannot know the individual intentions and interests

of 300,000 plus citizens. So the next time a city councillor, controller, or city bureaucrat says he/she can make these decisions for you, just know they are uttering falsehoods or simply don't know what they are talking about.

London needs a new economic goal; city hall must leave more of the taxpayers' own money in citizens' pockets. For too long city hall has been reducing Londoners' disposable income and wasting it on services and an ever-increasing volume of delivery that people just don't want. It is time to stop councillors who are serving their own personal and private agendas. You know, the do-gooders who shout from the pulpit that they know what's best with "other people's money." It is time to tell these people to put a sock in it. Let Londoners spend their own money on themselves, and let's quit trying to "do good" for people who can't afford this kind of false socialist altruism and barnyard economics.

Let us set a goal to enrich all Londoners; allow our seniors to live without fear of losing their homes, and allow our working folks to rise to a decent standard of living. When the median occupation in London, according to Statistics Canada, is a job as a retail clerk, and Census Canada tells us Londoners median family income is below the provincial average you know we've got a long way to go.

Reducing Taxes by \$1000 Per Household

Let us set a goal to reduce municipal taxation in London by \$1000.00 per household by 2006. Since municipal taxation for the average London household has reached an estimated \$3100.00 (including the water tax, the sewer surtax, and education taxes on residential properties), this proposal means a one-third reduction in the municipal taxation per household. The immediate, direct savings to the London economy is \$150 million per year. And when we

include the real multiplier effect (5 x \$150,000,000), the real benefit to Londoners is **three-quarters of a billion dollars per year**.

Quite obviously, this would be an enormous economic boon to Londoners and measurably increase the city's real wealth and prosperity.

Getting to Prosperity

How do we get started on the road to this new world of prosperity? Not by little steps, but by a couple of big steps, and in the short term.

First, I propose a \$104.6 million spending, taxation and borrowing cut to our \$834 million 2005 budget. This will mean a 24% property tax reduction in the 2005 budget – assuming a net average property tax load of \$2700.00 (without education taxes). These savings come from a reduction of \$39.2 million from the current operating budget, \$32.3 million dollars from the capital budget, and another \$33.1 million from non-obligatory operating and capital reserve funds.

A 24% reduction in property taxes amounts to an average \$650.00 in direct household savings in 2005. The remaining \$350 in household tax reductions is planned for the 2006 budget.

Some will say Londoners will not tolerate a reduction of municipal services required to obtain this property tax cut. This is emphatically untrue and it has been untrue for several years. Nordex Research, London's well-known market research and polling company, has been tracking a desire for priority spending and service reductions since 1997. Indeed, the desire for program and service reductions has been growing since the last election. To test the current demand for municipal service reductions, I recently commissioned Nordex to conduct a poll in my ward, and Dr. Kimble Ainslie, president of Nordex reports that the results obtained in my

poll taken during the period Nov. 30-Dec 1, 2004 are comparable to past demand patterns across the city. Since so many councillors and controllers over the years have tried to contradict this real public demand, I asked Dr. Ainslie to pose the following question. My question, among others, was as follows:

Some city council politicians brush off demands for tax savings by saying the electorate always wants to keep taxes low and at the same time the electorate wants more municipal services. How do you come down on this choice? Would you prefer to have lower property taxes and fewer services, or more services and higher taxes?

And the answer we got:

lower taxes & fewer services	52%
more services & higher taxes	23
can't decide on choice	20
don't know/don't care	5

A solid majority in my ward want lower taxes *and* service reductions; only about one-quarter demand more services with increased taxation – and my ward is one of the most affluent in the city. The remaining respondents have apparently dealt themselves out of the debate. So be it. This is a democracy; the majority rules.

And when I asked specifically what my constituents would be prepared to cut as well as what they wanted to save in services, this was their answer. A majority in the ward want spending curtailed on: recreational facilities, library services, parking enforcement, grants to community associations, sports programs, and parks & gardens. On the other hand, they want the basics preserved such as fire and police services, garbage collection, and roads spending.

And as readers look over my list of cuts in the attached documents, they will see that I have retained the foregoing spending priorities. In the end, I have cut only \$104.6 million out of a total budget of \$834 million.