
Local fiscal autonomy in Toronto*

Enid SLACK

*Director, Institute on Municipal Finance and Governance
School of Cities
University of Toronto*

ABSTRACT

Local fiscal autonomy depends on the extent to which local governments rely on their own source revenues rather than intergovernmental transfers and also on their ability to set their own tax rates. Compared to other major cities around the world, Toronto appears to have a lot of local autonomy because it is less dependent on intergovernmental transfers and more reliant on property taxes and user fees. Nevertheless, its autonomy is limited by provincial government restrictions on how these taxes and fees are levied and also by the conditions imposed on federal and provincial transfers. Toronto also has fewer revenue-raising options than many other cities.

This paper describes the extent to which Toronto enjoys fiscal autonomy and evaluates the degree to which it takes advantage of the autonomy it has in setting tax rates and making other financial decisions. The paper considers some of the fiscal challenges the city now faces and some future challenges on the road ahead. It evaluates the extent to which the city can respond to these various external shocks with the resources at its disposal. It concludes that, although Toronto enjoys some local fiscal autonomy, it would benefit from having more diversified revenue sources.

Keywords: municipal finance; local fiscal autonomy; Toronto; property taxes; intergovernmental transfers.

* This article was finished on March 28th, 2023.

SUMMARY: 1. INTRODUCTION.—2. TORONTO IN THE CONTEXT OF THE CANADIAN FEDERATION.—3. TORONTO'S FINANCES.—4. PROVINCIAL RESTRICTIONS ON MUNICIPAL FINANCE: 4.1. Property taxes. 4.2. Development charges. 4.3. Provincial transfers.—5. HOW HAS TORONTO USED ITS FISCAL AUTONOMY?—6. TORONTO'S ABILITY TO RESPOND TO EXTERNAL SHOCKS.—7. FINAL COMMENTS.—8. BIBLIOGRAPHY.

1. INTRODUCTION

In a 2017 study comparing local fiscal autonomy in eight cities around the world, it was concluded that Toronto is less dependent on intergovernmental transfers than many other major cities but, with the exception of London, has fewer tax options (SLACK, 2017)¹. Madrid, for example, relies relatively heavily on property taxes but also benefits from shared taxes - personal income tax, value-added tax, and selected excise taxes. Although the study suggested that local fiscal autonomy also depends on the ability of local governments to set tax rates, it did not go into detail about the restrictions imposed on taxes and fees by national or state governments in each of the cities.

This paper delves into the Toronto case to determine how much fiscal autonomy it actually has, given the restrictions placed by the provincial government on the various taxes, fees and borrowing instruments at its disposal. Although Toronto enjoys some fiscal autonomy, the next part of the paper evaluates the extent to which it makes use of it. For example, does it raise the property tax sufficiently to meet expenditure requirements? Does it borrow enough to meet capital expenditure needs? Finally, in light of these findings, the paper identifies some of the challenges that the city is facing and evaluates its ability to respond with the revenues it has.

The next section of the paper provides a description of Toronto and the context in which it operates in the Canadian federation, followed by an analysis of its expenditures and revenues before addressing the issues around local fiscal autonomy.

2. TORONTO IN THE CONTEXT OF THE CANADIAN FEDERATION

Toronto is a city of almost 2.8 million in a metropolitan region of over 6 million people in a country of over 38 million². It is the largest city in Canada and the fourth largest in North America after Mexico City, New York, and Los Angeles. Toronto is the capital of the Province of Ontario and is home to a diverse population, with nearly half of its population born outside the country. The city contributed 20 percent of the

¹ The cities are Berlin, Frankfurt, London, Madrid, New York, Paris, Tokyo and Toronto. With the exception of Toronto, these cities were chosen by the London Finance Commission.

² These estimates are from the 2021 census (<https://www12.statcan.gc.ca/census-recensement/2021/dp-pdl/profil/index.cfm?Lang=E>).

GDP of the country in 2019. The three largest industries by employment are: professional and technical services; retail trade; and finance, insurance, and real estate leasing (STATISTICS CANADA, 2022, and CITY OF TORONTO, 2019).

Canada is a federal country with 10 provinces and 3 territories and approximately 3,750 municipalities. The Constitution Act sets out the division of powers between the federal and provincial governments. The federal government makes laws with respect to unemployment insurance, trade and commerce, national defence, Indigenous affairs, and criminal law. Provincial governments control regional and local affairs including: education, health, social services, property rights, administration of justice, local public works, and municipal institutions. Some responsibilities, such as immigration, agriculture, and pensions, are shared between the federal and provincial governments. Provincial governments have exclusive authority to make laws in relation to municipal institutions (SLACK, PHILIPPS, TEDDS and EVANS, 2019); these institutions do not have independent status in the Constitution and are thus often referred to as «creatures of the provinces».

In terms of the distribution of revenues, the Constitution gives the federal government comprehensive powers to raise money «by any mode or system of taxation» whereas the provinces are given authority to levy «direct taxation within the province» (which includes, for example, income, sales, property, and commodity taxes) for provincial purposes. Municipalities are limited to the taxing authority that is delegated to them by the provincial government, and this authority varies by province. In practice, municipalities can levy property taxes and user fees, and they receive transfers from the provincial and federal governments. Some cities, such as Toronto, can levy other taxes under special legislation. Overall, each of federal and provincial taxes account for 45 percent of total tax revenues; municipal taxes account for only 10 percent³.

Provincial governments play a significant role in the affairs of municipal governments in Canada. They can create, dissolve, amalgamate, or alter the boundaries of local governments in other ways without consulting local residents (TAYLOR and BRADFORD, 2020). Indeed, in 1998, the provincial government merged the metropolitan government and six lower-tier governments to create a single-tier City of Toronto against the wishes of its residents as expressed in local referenda (see SLACK and BIRD, 2013 for an analysis of the financial impact of the Toronto amalgamation).

With respect to municipal finance, provincial governments assign responsibilities to local governments and determine which revenues they can raise. Municipalities are not permitted to budget for an operating deficit, and, if over the course of the year they do run a deficit, they are required to cover it immediately in the next fiscal year. Provincial governments also restrict the amount that municipalities can borrow to meet capital expenditures, with the exception of Toronto which sets its own limits. Lastly, provincial governments provide transfers to municipalities, many of which have conditions attached. All provinces also provide some unconditional funding to municipalities.

³ The source for these numbers is Statistics Canada, Table 10-10-0015-01.

Slack and Bird have argued in the past that the high degree of provincial control over local governments in Canada means that there cannot be any visible fiscal crisis at the local level (SLACK and BIRD, 2008). While this may be true, municipal governments in Canada are constrained from solving any real fiscal problems they may have. Local governments are autonomous in the sense that they are responsible to local citizens both for how they spend and how they raise revenues. The reason, as will be noted below, is that the bulk of their revenues come from own sources —property taxation and user fees— rather than intergovernmental transfers. However, they are constrained in terms of fiscal flexibility because they rely largely on only those two sources of revenue and the provincial government prescribes how they raise those revenues⁴.

With the exception of Toronto, municipal finances in Ontario fall under the *Municipal Act, 2001* (S.O. 2001, chapter 25). Under the *City of Toronto Act, 2006* (S.O. 2006, chapter 11), Toronto can levy taxes that are not available to other municipalities in the province. Section 267(1) authorizes the city to levy any direct tax but there are several exclusions: taxes on income, payrolls, wealth, machinery, natural resources, energy consumption, and sales of goods and services (TAYLOR and DOBSON, 2020). The city is not permitted to impose poll taxes and can only charge road tolls with provincial permission. It can, however, levy taxes on motor vehicle registrations, land transfers, and billboards. Following a 2017 amendment to the legislation, the city is also permitted to levy a tax on temporary lodging including hotel occupancy taxes and taxes on short-term rentals.

3. TORONTO'S FINANCES

With the proposed budget of over \$16 billion CAD for 2023, Toronto's operating expenditures exceed that of four Canadian provinces and are not far behind two others. Its capital budget is proposed to be an additional \$49 billion over ten years. Yet, the City's revenues are restricted largely to property taxes, user fees, and federal and provincial transfers. Provinces have access to many more sources of revenue, including taxes on income, sales, fuel, and more.

What services does Toronto deliver? Table 1 provides a breakdown of Toronto's expenditures in 2021 (the latest year for which financial reports are available) and 2019 (to compare the distribution pre- and post-pandemic). In 2021, the largest expenditures were on transportation (which includes roads and transit) followed by social and family services. Protection to persons and property (mainly police and fire protection) came third and followed by environmental services which include water, sewers, and solid waste collection and disposal.

⁴ In a study of local autonomy in 10 Canadian cities, four measures were used to assess fiscal autonomy: municipal expenditures relative to provincial expenditures, municipal tax revenues relative to provincial tax revenues, level of conditional grants, and borrowing restrictions. All 10 cities, including Toronto, scored low on fiscal autonomy according to these measures. See SMITH and SPICER, 2017.

TABLE 1. EXPENDITURES, CITY OF TORONTO, 2019 AND 2021

<i>Expenditure category</i>	<i>2021 (%)</i>	<i>2019 (%)</i>
Transportation	27.5	27.0
Social and family services	20.1	19.3
Protection to persons and property	15.0	14.6
Environmental services	8.7	7.9
General government	8.0	6.7
Recreation and culture	7.3	8.1
Social housing	7.2	6.3
Health services	5.2	3.8
Planning and Development	1.0	2.7
Total	100.0	100.0

Source: City of Toronto. Our road to recovery - 2021 Annual Financial Reports for the year ended December 31, 2021; City of Toronto 2019 Consolidated Financial Statements, December 31, 2019.

Between 2019 and 2021, the distribution of expenditures did not change very much. Expenditures on recreation and culture and planning and development fell during the course of the pandemic as a percentage of total expenditures. There was an increase in expenditures for environmental services, social housing, health services, and general government.

Table 2 provides a breakdown of Toronto's revenues for 2021 and 2019. In 2021, the most significant source of revenue was the property tax, which accounted for almost one third of total revenues, followed by federal and provincial government transfers. User fees were almost 20 percent of revenues in 2021. Other revenues include the municipal land transfer tax, rents and concessions, development charges, and other revenues (taxes on billboards, hotels, and lodgings; revenue from the sale of recycled materials and properties; and some other miscellaneous revenues).

A comparison of the distribution of revenues between 2019 and 2021 shows a marked increase in government transfers and a decline in user fees. Revenues from the municipal land transfer tax increased from 2019 to 2020. Generally, user fees have accounted for a larger portion of Toronto's revenue than government transfers but, as will be discussed more fully below, the pandemic changed that distribution. Covid-19 resulted in increased expenditure pressures and a loss of revenues, most notably from user fees on transit. Some of this revenue was made up by federal and provincial grants, which increased compared to previous years. It is not clear if this pattern of revenues

will continue or if user fees will go back to being the second largest source of revenue as in the past.

TABLE 2. DISTRIBUTION OF REVENUE, CITY OF TORONTO, 2019 AND 2021

<i>Source of Revenue</i>	<i>2021 (%)</i>	<i>2019 (%)</i>
Property taxes	31.3	30.7
Government transfers	30.7	24.3
User charges	18.4	24.5
Municipal land transfer tax	7.7	5.6
Other revenues	4.5	4.5
Rents and concessions	3.1	3.7
Development charges	2.4	2.8
Investment income	1.0	2.3
Government business enterprises	1.0	1.6
Total	100.0	100.0

Source: City of Toronto. Our road to recovery - 2021 Annual Financial Reports for the year ended December 31, 2021; City of Toronto 2019 Consolidated Financial Statements, December 31, 2019.

Of the total transfers in 2021, federal transfers accounted for about 15 percent and provincial transfers for about 84 percent. Federal grants were largely dedicated to capital purposes whereas provincial grants were provided for operating purposes. The majority of transfers (federal and provincial) are conditional, in the sense that they have to be spent on specific services; only in 2020 and 2021 were there unconditional grants from the province in response to the need to fill the operating deficit arising from the pandemic.

User fees are another major source of revenue for the city⁵. Three services —water, parking, and solid waste— are funded almost entirely from user fees but the City also levies more than 3,000 different types of user charges, for services such as transit, classes at recreation centres, and entrance fees to municipal attractions. For water and garbage services, residents are sent utility bills and they pay separately for residential street parking, metered street parking, and parking in city lots. For other services (such as transit, child care, social housing, or ambulances), fees, charges, or rents cover part of the cost of the service and property taxes, transfers, and other general revenues cover the rest.

⁵ For a good discussion of user fees in Canada, see ALTHAUS and TEDDS, 2016, and TASSONYI and KITCHEN, 2021.

Another source of revenue is the municipal land transfer tax (MLTT) which was introduced in 2009 under the authority of the *City of Toronto Act, 2006* and has allowed for some diversification from the property tax. Revenues from the land transfer tax now account for almost 8 percent of total revenues but, MLTT revenues can be very volatile. For that reason, the MLTT cannot be relied on to fund operating expenditures which increase consistently over time. The city has dedicated a portion of MLTT revenues to capital purposes.

Other taxes that the city has levied under the *City of Toronto Act, 2006* include a vehicle registration tax, but it only lasted for two years. The city also levies a billboard tax and a hotel and short-term rental tax. Starting in 2023, it will levy a vacant home tax⁶. The city also generates revenues from non-tax sources including, for example, permits, licensing fees, fines and penalties (such as parking violations).

The capital budget, as noted earlier, is forecast to be \$47 billion over the next ten years. Capital is funded from reserve funds dedicated to infrastructure, provincial and federal transfers, funding from the operating budget, municipal borrowing, and development charges. The latter are one-time charges on developers to cover the off-site, growth-related capital costs associated with new development or redevelopment. Development charges are described further in Section 4.

4. PROVINCIAL RESTRICTIONS ON MUNICIPAL FINANCE

The provincial government is involved in every aspect of local service delivery. It exercises control through cost-sharing, policy setting, regulation, or other forms of entanglement with municipalities. Indeed, it has been estimated that there are at least 280 provincial statutes, and countless provincial regulations, policy frameworks, and service standards that affect how municipalities in Ontario deliver services (WILSON, 2019).

Although the City of Toronto relies heavily on own-source revenues, it does not have complete control over how it levies these taxes and fees. A truly local tax is one in which the local government can decide whether to levy the tax or not, determine the precise base of the tax, set the tax rate or rates, administer the tax, keep all of the revenue collected, and grant tax allowances or reliefs to individuals and firms (BIRD, 2011; BLÖCHLIGER and RABESONA, 2009). As noted earlier, Toronto can only decide to levy a tax if it is permitted under provincial legislation. So, for example, it has chosen to levy

⁶ A vacant home tax is being introduced (similar to the Empty Home Tax in Vancouver) to increase housing supply by discouraging owners from leaving their properties vacant. A property is considered vacant if it was not used as a principal residence by the owner or any permitted occupants or was not occupied by tenants for six months or more during the previous calendar year (<https://www.toronto.ca/legdocs/bylaws/2022/law0097.pdf>). Properties are also considered to be vacant if the owner does not make a declaration of occupancy status. There are some exemptions where the property is undergoing repairs or renovations, where the principal resident is in care, etc. The tax is one percent of the current value assessment (the base of the property tax). Revenues from this tax will be allocated to affordable housing initiatives.

property taxes, a land transfer tax, a municipal accommodation tax, a billboard tax, and, most recently, a vacant home tax. It has avoided other potential taxes such as a commercial parking levy, entertainment taxes, tobacco taxes, a vehicle registration tax, and a few others⁷.

In terms of the details of each tax, there are often provincial restrictions on the base of the tax and the setting of rates. The following provides two examples of provincial restrictions with respect to the property tax and development charges and it suggests how provincial transfers can also restrict local autonomy⁸.

4.1. Property taxes

The property tax in the Province of Ontario (including Toronto) is calculated by multiplying the property tax rate(s) times the tax base, which is assessed as the current (market) value of all property as determined by the Municipal Property Assessment Corporation (MPAC)⁹. MPAC is a not-for-profit corporation established by provincial statute *Municipal Property Assessment Corporation Act, 1997, S.O. 1997, chapter 43, Schedule G*). Every municipality in the province is a member of the corporation. The corporation is governed by a board of directors comprising taxpayer, municipal, and provincial representatives appointed by the provincial government. The principal responsibility for assessment ultimately rests with the province (BIRD, SLACK and TASSONYI, 2012)¹⁰.

MPAC is responsible for determining the assessed value of properties, classifying properties into different categories (*e. g.*, residential, commercial, industrial) according to provincial regulations, determining which properties are entitled to be exempt from taxation, preparing and delivering an annual assessment roll to municipalities, and defending assessment appeals. There are many advantages to having these functions performed at the provincial level. For example, it results in a uniform assessment system across the province to ensure that similar properties are assessed in the same way regardless of where they are located. It also reduces the cost to the municipalities when the function is performed at the provincial level where economies of scale can be achieved¹¹.

⁷ Toronto is currently reviewing the use of a number of these taxes, however: <https://www.cbc.ca/news/canada/toronto/toronto-taxes-fees-debate-1.6729032/>.

⁸ Although not discussed in this paper, statutory rules also govern the application of user fees at the municipal level and the methodology for linking cost recovery to the users (TASSONYI, 2022).

⁹ Market value is defined as the price that would be struck between a willing buyer and a willing seller in an arm's length transaction.

¹⁰ MPAC is funded by the municipalities in Ontario on basis of the number of properties on their assessment roll and the value of the assessment base.

¹¹ Municipalities do pay MPAC for the assessment function but it is assumed to be less costly than if they undertook this function themselves.

There are cases, however, where municipalities may want to intervene in the assessment process to ensure fairness in the system. One example has to do with the assessment cycle. Provincial legislation requires that properties be assessed on a four-year cycle. The last reassessment was undertaken for the 2017-20 period and was based on 2016 values. During the recent pandemic, reassessments were postponed: for 2021, 2022, and 2023, assessment continues to be based on 2016 values. In Toronto, as in many cities in Ontario, relative property values have changed significantly since 2016. As an example, residential property values have increased more quickly than commercial properties (in part because of the work-from-home phenomenon that increased during and since the pandemic and the move to online shopping). The market value of warehouses has increased but that of office buildings and retail stores and malls has fallen. Whenever the provincial government requires a reassessment based on more current values, there will be major shifts in taxes among property types¹². Neither Toronto or any other municipalities in the province can hasten that reassessment but they do have to face the consequences of the inequities arising from the continued freeze. Inequities can be found within classes of property (*e. g.*, within the residential or commercial classes), between classes, and across municipalities.

Turning to the setting of tax rates, all municipalities in the province, including Toronto, are required to set tax rates for different property categories set out by provincial regulation (for, example, residential, multi-residential, commercial, industrial). Although each municipality can determine how much it wants to collect from property taxes in total, it has to choose differential tax rates that are within provincially-determined ranges. For example, the commercial tax rate has to be set between 0.6 and 1.1 times the residential tax rate. If it is already beyond 1.1, it cannot go any higher but it can stay where it is. These so-called «ranges of fairness», may be designed to reduce inequities in the property tax system, but they limit local flexibility to set tax rates by class of property. They also provide another example of provincial control over municipal taxes.

Finally, the provincial government exercises considerable control over the administration of the property tax in terms of rules about preparing the annual tax roll, the payment of taxes by instalments, the content and form of tax notices and tax bills, and much more. Municipalities are also required to provide property tax relief to certain types of properties or owners (*e. g.*, seniors). Although many of these programs are mandatory under provincial legislation, municipalities generally have some discretion over eligibility criteria, the amount of relief provided, and the administration of the program. In short, although the property tax is largely a local tax¹³, the provincial government

¹² Reassessments in the province are revenue neutral so, for example, a 25 percent increase in assessed value will not result in a 25 percent increase in property taxes. If assessments increase, municipalities are required to lower property tax rates so that there is no overall impact on property tax revenues from a reassessment.

¹³ The province also levies an education property tax, which is collected by municipalities and remitted to the provincial government. Many authors have recommended that the provincial government stop levying an education property tax and provide tax room for municipalities (see KITCHEN, SLACK and HACHARD, 2019).

exerts a fair amount of control over how municipalities, even a large city like Toronto, can raise it (TASSONYI, 2022).

4.2. Development charges

Development charges (DCs) in the Province of Ontario are governed by provincial legislation —the *Development Charges Act, 1997* (S.O. 1997, chapter 27)—. Charges are levied for works constructed by the municipality, and the funds collected have to be used to pay for the infrastructure made necessary by the development. DCs fund growth-related capital costs for roads and transit, water and sewer infrastructure, fire and police facilities, recreational facilities, and other infrastructure.

Provincial legislation is very prescriptive about what types of infrastructure municipalities can levy for, what portion of the costs can be recovered through development charges, how the money can be spent, the types of reserve funds that need to be set up, and other details. Municipalities are required to follow a number of steps to calculate the development charge, including preparing a development forecast, establishing historic service levels that cannot be exceeded, making a determination of the increased need for services arising from the new development, and apportioning the costs to different development types (e.g., residential and non-residential).

Although DCs provide a major source of revenue for growth-related capital projects, municipalities are constrained in the amount they can levy. In part, the constraints reflect concerns about the impact of DCs on housing prices and housing supply but the rules are also designed to ensure that municipalities only levy for the growth-related capital costs associated with development and not simply use DCs as a way to reduce property taxes or user fees.

In 2022, amendments to the *Development Charges Act, 1997* under Bill 23 (*More Homes Built Faster Act, 2022*, S.O., 2022, chapter 21) introduced a number of provisions which will serve to reduce the amount of DCs that municipalities can levy. For example, the legislation introduced exemptions for affordable housing units, reduced the rates for other types of housing units, changed the calculation of eligible capital costs by removing housing services, required that DCs be retroactively phased in over a five-year period, discounted rates for purpose built rental units, and added new exemptions. The interest rate on borrowing within the DCs was capped and other measures were introduced that reduced the amount that municipalities can charge.

These changes are expected to have an impact on the ability of municipalities to charge for infrastructure in new developments and their ability to provide that infrastructure. In Toronto's case, the city has estimated that this legislation will result in a loss of an estimated \$230 million annually, amounting to a 20 percent reduction in develop-

ment charge revenues¹⁴. It is not clear if the province will compensate municipalities for the loss of development charge revenues. If it doesn't, the foregone revenues will have to be made up from other revenue sources, such as the property tax or user fees. There are clearly limits to the amount of local autonomy Toronto has when it comes to the use of development charges to pay for infrastructure.

4.3. Provincial transfers

As noted earlier, municipalities that depend heavily on intergovernmental transfers have less fiscal autonomy than those that rely on own-source revenues. Even with transfers, however, there can be more or less local autonomy depending on the size and type of transfer. For example, transfers can be unconditional (not earmarked) or conditional (earmarked for a specific purpose).

Unconditional transfers can be spent by municipalities in the areas they choose without restrictions and can even be used to reduce taxes. Conditional transfers, on the other hand, have to be spent on specific functions, such as transit or housing, and often with other conditions attached to their use. Obviously, local governments have less autonomy with conditional grants.

There are a number of justifications for senior levels of government to provide transfers to municipalities. The first is to close any «vertical fiscal gap» or the difference between the revenues that can be raised at the local level and the expenditures required to cover its assigned local government responsibilities. This gap may arise because local governments are assigned more responsibilities than can be financed by the revenue-raising powers at their disposal (BIRD and SLACK, 2021). To close the vertical fiscal gap, an unconditional grant would be appropriate.

Another rationale for transfers is to ensure that all provincial residents, regardless of where they reside, are treated as equally as possible. Transfers can be used to close the «horizontal fiscal gaps» that face municipalities that have fewer resources (and perhaps also higher expenditure «needs») compared to those in the best-off locality. This rationale calls for an unconditional grant based on fiscal capacity (the ability to raise revenues) and expenditure need. These types of transfers are referred to as equalization grants¹⁵.

A third possible justification for transfers, the most consistent with the «efficiency» framework familiar to economists, may be to offset possible distortions to local budgetary decisions owing to any external benefits and costs—that is, effects spilling over to other localities—of specific local government expenditure programs. This rationale calls for a conditional grant where the federal or provincial government provides a percentage of lo-

¹⁴ See City of Toronto report: <https://www.toronto.ca/legdocs/mmis/2023/cc/bgrd/backgroundfile-230130.pdf>.

¹⁵ For a review of provincial-municipal equalization grants in Canada, see BIRD and SLACK, 2021.

cal government expenditures on a particular service based on the amount of spillover. So, for example, if 30 percent of the benefits of a road spill over into another jurisdiction, the provincial government would fund 30 percent of the expenditures on that road.

Another objective may be simply to reimburse local governments for the costs that they incur in implementing policies that the provincial government requires them to deliver as its agent, thus doing away with unfunded mandates. A conditional grant is more likely to be given in this situation. Finally, there may be political reasons for payments to particular localities to cope with specific local problems (*e. g.*, disaster relief) or to induce or reward political support (BIRD and SLACK, 2021: 10). These transfers would also be conditional.

Conditional transfers offer less local autonomy because the donor determines where the funds will be spent. They are fungible, however, in the sense that there is no guarantee that the recipient will spend the funds on the purpose for which they were intended. This is particularly true for a large city like Toronto which is likely spending substantial funds already in the area specified by the donor government so would be able to use any additional resources for other purposes.

Unconditional grants are a way to close the fiscal gap while respecting local fiscal autonomy, but they do raise concerns about accountability. By increasing fiscal capacity without taking allocation decisions away from local policymakers, unconditional grants allow cities to ensure funds are used in the way that best responds to local preferences. On the other hand, this approach may receive less support from higher levels of government that rely on conditionality in order to ensure local policy is consistent with federal or provincial priorities and that they have some control over what municipalities do with the money.

When the level of government that makes the spending decisions (in this case, the local government) is not the same as the level of government that raises the revenues (federal or provincial government), accountability is blurred. Local governments are more likely to carry out their expenditure responsibilities in a responsible manner if they have the autonomy to raise the revenues to pay for them (SLACK, 2017: 4).

Toronto has historically received only conditional transfers from the federal and provincial governments. In the case of provincial transfers, they are largely dedicated to social and family services, transportation (transit and roads), and health services. Although the Province of Ontario does provide equalization transfers to municipalities, these transfers are dedicated to small, rural, and remote communities¹⁶. Not surprisingly, Toronto does not receive provincial equalization transfers.

A change in the types of transfers given occurred in 2020 and followed again in 2021, whereby the provincial government provided unconditional transfers to Toronto and other Ontario municipalities to meet their operating deficit that resulted from the

¹⁶ For more on provincial-municipal transfers in the Province of Ontario, see <https://www.ontario.ca/document/2022-ontario-municipal-partnership-fund/technical-guide>.

pandemic. In particular, the city lost a large portion of transit fare revenues when transit ridership plummeted by 80 to 90 percent compared to pre-pandemic numbers. Although the city continues to seek federal and provincial funding to fill the operating deficit arising from pandemic pressures, funding has been limited.

5. HOW HAS TORONTO USED ITS FISCAL AUTONOMY?

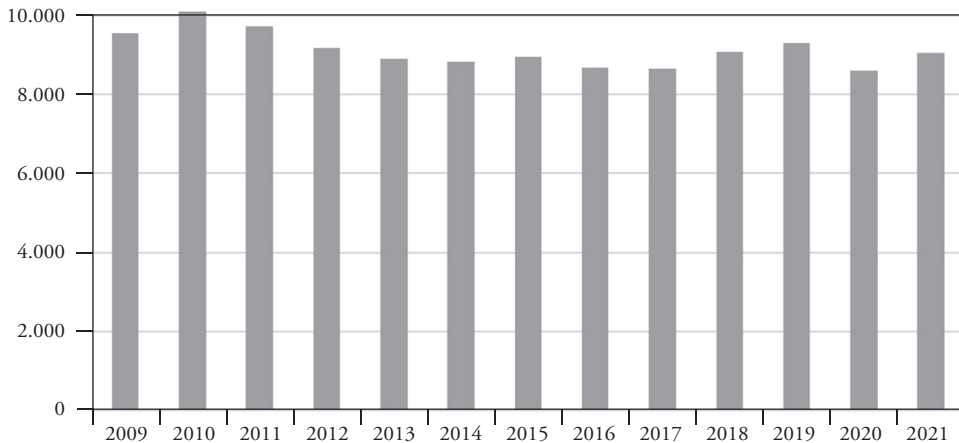
To the extent that Toronto relies relatively heavily on own-source revenues, it has a reasonable amount of local autonomy. There are some provincial constraints on how it levies some of these sources, as noted above, however. How has Toronto exercised the autonomy it does have? A few examples illustrate what the city has done over the last decade. The first is expenditure patterns, followed by a review of property tax increases over the same period. Municipal borrowing is a financing tool over which the city does have a significant amount of control, and the third example looks at how much the city has taken advantage of its ability to borrow to pay for infrastructure in recent years and also looks at the use of reserves and reserve funds.

When expenditures per household are adjusted for inflation, they were roughly comparable in 2021 to what they were a decade ago. Although there is a perception that spending has been growing rapidly in recent years, Figure 1 shows that expenditures per household were actually less in 2021 than they were in 2009, when adjusted for inflation. This finding likely reflects a combination of factors: finding cost efficiencies, uploading some responsibilities to the province¹⁷, and cutting service levels.

Another reason why expenditures have been relatively stable could be the city's reliance on the property tax as its main source of revenue and successive decisions to keep property tax rate increases at or below the rate of inflation. Figure 2 shows property taxes per household adjusted for inflation over the period from 2009 to 2021. For most of the period, property taxes per household, adjusted for inflation, were declining; they started to increase somewhat in 2018. Commitments on the part of mayors since the amalgamation in 1998 to keep property tax increases at or below the rate of inflation accounts for the pattern in Figure 2. The most recent 2023 budget, includes a 5 percent increase in the property tax coupled with a 1.5 percent increase on a supplementary property tax dedicated to transit and housing infrastructure. The overall rate increase of 7 percent is slightly above the rate of inflation for the first time in over a decade.

¹⁷ For example, the Provincial-Municipal Fiscal and Service Delivery Review in 2008 was a formal upload agreement signed by the Province, the Association of Municipalities in Ontario (AMO), and the City of Toronto that committed the provincial government to assume the full cost of some health and social programs by 2018. These reforms eliminated billions of dollars of financial obligations from municipal balance sheets in the province. But, they also added a new layer of conditions and constraints. See EIDELMAN, HACHARD and SLACK (2020).

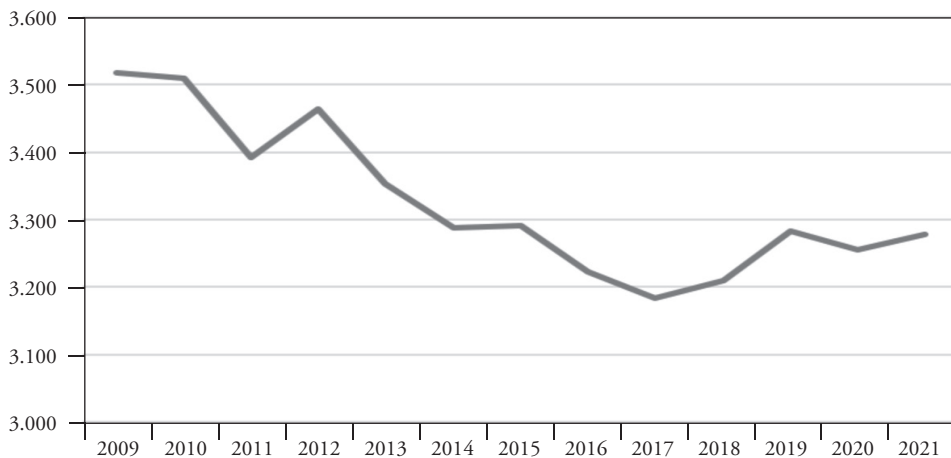
FIGURE 1. EXPENDITURES PER HOUSEHOLD, ADJUSTED FOR INFLATION, CITY OF TORONTO, 2009-2021



Source: Ontario Municipal Financial Information Returns.

Why is it so difficult to increase the property tax? Part of the reason is that the property tax is a very visible tax (SLACK and BIRD, 2014; SLACK, 2022). Unlike the sales tax which is paid in small amounts with every purchase or the income tax which is withheld at source, homeowners receive a property tax bill every year. That means that they know how much they pay in property taxes every year. For this reason, politicians find it very difficult to increase the tax and often keep increases fairly small.

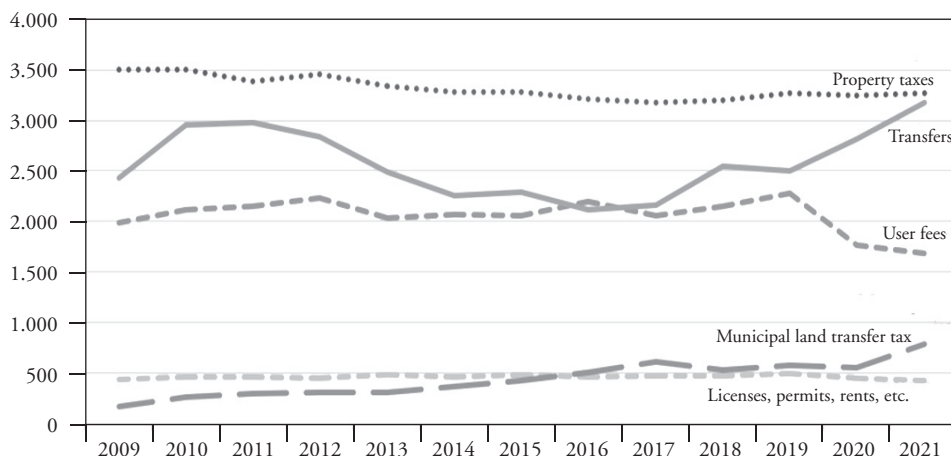
FIGURE 2. PROPERTY TAXES PER HOUSEHOLD, ADJUSTED FOR INFLATION, CITY OF TORONTO, 2009-2021



Source: Ontario Municipal Financial Information Returns.

Figure 3 provides information on the pattern of property taxes compared to other revenue sources that the City of Toronto relies on. Over the same period that property taxes were declining, the Figure shows a steady increase in user fees. In 2019, user fees per household, adjusted for inflation, started to decline, however. The loss of transit fare revenues (and, to a lesser extent, fees for recreational programs) during the pandemic accounts for the largest part of the decline. This loss was largely compensated for by the increase in transfers from both the federal and provincial governments in 2020 and 2021. As noted earlier, these are unprecedented increases in transfers and will not necessarily continue at that magnitude.

FIGURE 3. SELECTED REVENUES PER HOUSEHOLD, ADJUSTED FOR INFLATION, CITY OF TORONTO, 2009-2021



Source: Ontario Municipal Financial Information Returns.

Federal and provincial transfers accounted for 30 percent of the City's revenues in 2021, up from 20 percent in 2012. Transfers increased in 2010 and then declined until 2017, before the significant increases starting in 2017 before the pandemic and increasing throughout the period to 2021. The municipal land transfer tax has increased throughout the decade. Because the land transfer tax imposes a levy on house sales, the revenues reflect the volume of homes sold as well as house prices, both of which fluctuate in accordance with a range of macroeconomic factors. As a result of the city's housing boom over the last decade, land transfer tax revenues have generally exceeded the revenue projections each year. As markets change post-pandemic, revenues from the MLTT may be more volatile. Revenues from licences, permits, rents, etc., remained fairly steady over the decade.

Finally, we look at the application of Toronto's fiscal autonomy with respect to borrowing and reserves. Municipalities in Ontario can borrow money and take on debt,

but only to fund capital expenditures. Large amounts of debt constrain municipal governments by requiring that they spend more every year to pay down the principal and interest costs of borrowing. Although the provincial government in Ontario sets limits on the amount of borrowing a municipality can undertake (the rule is that debt charges, which include annual pre-payment of principal plus interest payments, cannot exceed 25 percent of own-source revenues), it does not place a borrowing limit on Toronto¹⁸. The city has imposed its own limit, however—debt charges cannot exceed 15 percent of property tax revenues—a limit that is more stringent than the one imposed by the province on all other municipalities.

What has Toronto done on the borrowing front? The 2022 Budget projected that the City's debt levels are approaching the self-imposed limit, climbing from less than 14 percent in 2021 to 15 percent in 2029 before declining (City of Toronto, 2022 Budget). The City's credit rating is strong - Standard and Poor's (S&P) Global Ratings, one of three major rating agencies, rates Toronto as AA (positive) as it has done since 2002¹⁹. In short, Toronto, like most cities in the province, has been fairly conservative in terms of its borrowing.

Reserves and reserve funds provide financial resources to municipalities but also indicate a government's willingness to sacrifice current spending to plan for the future. Reserves are year-to-year savings that can be used for unforeseen events (such as an extreme weather event or downturn in the economy) that reduce the city's revenues. Reserve funds are generally dedicated to future infrastructure spending, and cannot be easily reallocated to fund other needs. Indeed, there may be legislative, regulatory, or other legal restrictions on their use. Although Toronto's reserves have increased in the past, the most recent budget (2023) forecasts that reserves and reserve funds for capital purposes will fall from over \$7 billion in 2023 to over \$6 billion in 2024 to over \$5 billion in 2025. This decline reflects that, to the extent possible within the legislation, the city is moving funds designated for capital projects to meet its operating expenditure deficit.

To summarize, Toronto has some local autonomy when it comes to making decisions on expenditures, revenues, borrowing, and reserves. How has it used this autonomy? From a fiscal health perspective, it appears that Toronto does not have a spending problem - expenditures are roughly the same as they were a decade ago when adjusted for population growth and inflation. Residential property taxes are low and have been growing at or less than the rate of the inflation since the amalgamation of 1998 until 2023. Toronto's debt is relatively modest and manageable for a growing city and well be-

¹⁸ Through *the City of Toronto Act, 2006*, the province does impose other conditions on borrowing. For example, the term of long-term debt cannot extend beyond the life of the capital asset for which it was issued and cannot exceed 40 years (*City of Toronto Act, 2006, section 247.1*).

¹⁹ [https://www.toronto.ca/news/city-of-torontos-aa-credit-rating-reaffirmed-by-dbrs-morningstar/#:~:text=DBRS%20Morningstar%20%E2%80%93%20AA%20\(Stable\),and%20outlook%3A%202002%20to%20Present](https://www.toronto.ca/news/city-of-torontos-aa-credit-rating-reaffirmed-by-dbrs-morningstar/#:~:text=DBRS%20Morningstar%20%E2%80%93%20AA%20(Stable),and%20outlook%3A%202002%20to%20Present).

low the limits set by the provincial government for other municipalities in the province. Toronto's credit rating remains high, even in the face of pandemic challenges.

Notwithstanding that Toronto looks good in terms of some of these measures of fiscal health, Toronto's fiscal health may have been at the expense of its overall health, especially the state of its infrastructure. In the 2023 Budget, the city is reporting an increasing backlog in state-of-good-repair (SOGR) maintenance. Much of the infrastructure is old and in need of renewal. The backlog is forecast to climb from \$10 billion in 2023 to almost \$17 billion in 2031. Raiding its capital reserves to cover the operating deficit, as it is doing, will make the state of its infrastructure even worse.

6. TORONTO'S ABILITY TO RESPOND TO EXTERNAL SHOCKS

Toronto faces many challenges now and potentially more going forward that will impact the city's expenditures and revenues in the future. The question is whether the local fiscal autonomy it has, without more revenue diversification, is sufficient to meet these challenges. What are these challenges?

First, the impact of the pandemic is still being felt especially in terms of the loss of transit fare revenues. These revenues are still not back to pre-pandemic levels. The result has been an operating shortfall and, even with more fiscal autonomy than most other Canadian cities, Toronto has had to go with cap in hand to the other levels of government for money. It also plans service cuts in 2023 for transit and other services.

Second, as noted earlier, Toronto's aging infrastructure is in a declining state of good repair. The state of the city's infrastructure —water and wastewater pipes and treatment facilities, transportation infrastructure (roads and expressways), public transit vehicles and equipment, municipal buildings and facilities, libraries, recreation centres, and community housing— has been deteriorating for years. It will need to invest in maintaining and renewing existing assets as well building new infrastructure to accommodate growth and service needs.

Third, the city faces a short-term challenge from inflation and rising interest rates. Inflation means that the cost of delivering services and infrastructure will increase for the city. Moreover, inflation means that citizens may have more trouble making ends meet and will turn to the city to deliver more services. Rising interest rates mean that the cost of borrowing for new infrastructure will increase. Hopefully, both of these challenges will be short term on the expectations that inflation will slow and interest rates will be lowered by the Bank of Canada. Nonetheless, without diversified revenues, the city will have trouble responding to external shocks such as inflation and rising interest rates. Whereas federal and provincial governments have experienced increased income and sales tax revenues during this period, Toronto does not have access to these revenue sources. Rather, it relies on property taxes which have been fairly stable.

Fourth, the impact of climate change will also affect the city's budget. Cities are being impacted in two ways by climate change. They have to respond to extreme weather events (flooding, ice storms, heat waves, tornados) which result in major municipal cleanup and remediation costs. Cities also have to reduce greenhouse gas emissions (GHGs) to limit the global temperature increase. In Canada, we need to cut emissions by half over the next decade to reach net zero carbon emissions by 2050. Cities are a major source of emissions. Toronto, and other cities, will need to increase the share of renewable energies, establish cleaner transportation systems, retrofit existing infrastructure (buildings and facilities, etc.), and implement other measures. These measures will place a financial burden on the city.

Fifth, the federal government has increased its immigration targets to allow 500,000 new residents into the country annually by 2025 (IMMIGRATION, REFUGEES AND CITIZENSHIP CANADA, 2022). Most immigrants and refugees settle in the major cities and need a variety of municipal services, at least initially. These services include mainly housing and social services as well as other municipal services needed to facilitate resettlement. Although immigration decisions are made by the federal and provincial governments, many of the costs are borne by municipalities. Cities such as Toronto argue that they do not have sufficient resources to meet the needs of immigrants and refugees and also that they should have a seat at the table when decisions are made about immigration.

Although the challenges identified so far will all have an impact on Toronto's expenditures going forward, there will also be pressures on the revenue side of the budget. The sixth challenge arises from the work-from-home phenomenon, which started before the pandemic, but increased dramatically during the pandemic. To the extent that people continue to work from home, there is the potential to impact commercial property values and, by extension, commercial property taxes. If commercial property values fall relative to residential property values, there will be increasing pressure on the residential property tax in the future. Similarly, the move to online shopping is affecting the commercial property tax base.

It is by no means clear whether people will continue to work from home or shop online but some US cities have already experienced a decline in commercial property values and commercial property taxes by 25 percent, on average (CHERNICK, COPELAND and RESCHOVSKY, 2020). The occupancy rate in the downtown office towers in Toronto has climbed from a low of 6 percent in the height of the pandemic to 45 percent, still far short of what it was before the pandemic²⁰. As noted earlier, the provincial government has frozen the assessment base for property taxes but when the freeze is lifted, the impact of the shift from the commercial to the residential property tax base will be felt.

²⁰ See Strategic Regional Research Alliance (SRRA), <https://srraresearch.org/covid/category/Occupancy%20Index>.

All these challenges likely mean higher expenditures for Toronto, as well as other municipalities and, at least in one case, lower revenues. The city is searching for new tax sources (such as implementing a commercial parking levy), but it is limited in terms of what is available under the *City of Toronto Act, 2006*. To bring in any substantial amount of revenue, it would need access to income or sales taxes, and these are not permitted at the local level under provincial legislation. Given the negative response from the province in 2017 to the mayor's request to implement road tolls on two of its major highways, it is not at all clear that they would respond favourably to a request for income or sales taxes.

Nevertheless, a mix of taxes would give Toronto more flexibility to respond to local conditions such as changes in the economy (inflation and rising interest rates, for example), evolving demographics and expenditure needs, changes in the political climate, and other factors. For example, local politicians might choose to levy sales taxes for local services that are enjoyed by commuters for which the city currently receives no tax revenues (KITCHEN and SLACK, 2016). An employee-based personal income tax (often referred to as a payroll tax) would tax commuters who work in the city and use services there but live outside. From an equity perspective, an income tax is likely to be more progressive than a property tax. A mix of taxes would allow cities to increase or stabilize revenue at the same time that it maintains equity.

Reliance on a number of different revenue sources means that a city can set lower tax rates for any single tax to levy a given amount of revenue, thereby reducing the burden of that tax. Moreover, with a range of tax sources, distortions in one tax may be counteracted by distortions in other taxes. For example, the property tax may discourage investment in housing whereas an income tax may encourage investment in owner-occupied housing, because the imputed income of owner-occupied housing is not taxed in Canada (SLACK and TASSONYI, 2022).

There are two ways that cities might levy income or sales taxes. They could set up and administer their own tax systems or piggyback onto the existing provincial system²¹. It would be much easier and cheaper to piggyback on to the provincial system²². In terms of a local income tax, the External Advisory Committee on Cities and Communities (2006) recommended a system of «double devolution», whereby the federal government would provide tax room to provinces, which, in turn, would provide tax room to local governments, who would piggyback onto the provincial personal income tax system. Clearly, this mechanism would require substantial intergovernmental cooperation.

In terms of sales taxes²³, it would be costly for municipalities to introduce their own tax. There may also be problems with cities piggybacking in Canadian provinces that

²¹ Piggybacking onto the provincial tax can still mean that cities levy their own tax rates.

²² See KITCHEN and SLACK, 2016, for a description of how piggybacking onto federal/provincial income or sales taxes would work.

²³ An alternative to the sales tax is a business value tax (BVT). The base can be calculated as sales minus the purchase of inputs from other businesses (including capital inputs less a depreciation allowance). Although

have the harmonized sales tax (HST) or the goods and services tax (GST) because of the way in which these taxes are administered in Canada (SLACK, 2023).

Municipalities are often more interested in taking a share of provincial (or federal) government sales tax revenues than levying their own tax rates. Tax sharing is not the same as local taxation, however, because the local government has no control over the tax base or tax rates. It simply receives a portion of provincial taxes and, for this reason, is much the same as a transfer.

7. FINAL COMMENTS

Compared to many other cities around the world, Toronto has considerable local fiscal autonomy, at least if we measure autonomy by dependence on transfers from other orders of government. But, when we dig more deeply into the question of autonomy, we find that many of its own-source revenues are constrained by provincial legislation including, for example, property taxes and development charges. And, of course, most federal and provincial transfers have conditions attached to them.

Perhaps the more serious problem for the city's finances, however, is the lack of revenue diversification. Although the city is responsible for a wide range of services, it is limited to only a few sources of revenue - property taxes, some other smaller taxes, user fees, and intergovernmental transfers. This lack of diversification is particularly evident when the city faced external shocks such as the pandemic or changes in the macroeconomy such as inflation and rising interest rates. It has coped, at least in the case of the pandemic, by soliciting funds from the federal and provincial governments but it is not at all clear how long this bailout will continue. To balance its operating budget, which it is required to do by law, the city will have to increase property taxes and user fees or cut services.

It is time to consider other sources of revenue for Toronto. Income and sales taxes, have the potential to provide significant revenues to meet the challenges it faces and its changing expenditure needs. These taxes both require provincial legislation and possibly some tax room from the federal and provincial governments. If Toronto is to continue to contribute to the economic growth of the province and the country, all three orders of government need to come together to figure out how Toronto can diversify its revenues.

8. BIBLIOGRAPHY

ALTHAUS, C., and TEDDS, L.: *User Fees in Canada: A Municipal Design and Implementation Guide*, Canadian Tax Foundation, Toronto, 2016.

the base is similar to the GST/HST, it is a tax on income (not consumption) because it taxes profits as well as wages. For more on the BVT, see BIRD, 2014.

- BIRD, R.: «Are There Trends in Local Finance? A Cautionary Note on Comparative Studies and Normative Models of Public Finance», *IMFG Papers on Municipal Finance and Governance*, University of Toronto, No. 1, 2011.
- «A Better Local Business Tax: The BVT», *IMFG Papers on Municipal Finance and Governance*, University of Toronto, No. 18, 2014.
- BIRD, R., and SLACK, E.: «Provincial-Municipal Equalization in Canada: Time for a Change?», *IMFG Papers on Municipal Finance and Governance*, University of Toronto, No. 57, 2021.
- BIRD, R.; SLACK, E., and TASSONYI, A.: *A Tale of Two Taxes: Property Tax Reform in Ontario*, Lincoln Institute of Land Policy, Cambridge, Massachusetts, 2012.
- BLÖCHLIGER, H., and RABESONA, J.: *The Fiscal Autonomy of Sub-Central Governments: An Update*, OECD, Paris, 2009.
- CITY OF TORONTO: «Labour Force Survey Industry Profiles», *City of Toronto*, 1 Aug. 2019, <https://www.toronto.ca/city-government/data-research-maps/toronto-economy-labour-force-demographics/labour-force-survey-industry-profiles/>.
- CHERNICK, H.; COPELAND, D., and RESCHOVSKY, A.: «The Fiscal Effects of the covid-19 Pandemic on Cities: An Initial Assessment», *National Tax Journal*, 73:3, 2020, 699-732.
- EIDELMAN, G.; HACHARD, T., and SLACK, E.: «In It Together: Clarifying Provincial Municipal Responsibilities. Toronto», Ontario 360, Institute on Municipal Finance and Governance and Urban Policy Lab, 2020.
- EXTERNAL ADVISORY COMMITTEE ON CITIES AND COMMUNITIES: *From Restless Communities to Resilient Places: Building a Stronger Future for All Canadians*, Final Report, Ottawa: Infrastructure Canada, 2006.
- IMMIGRATION, REFUGEES AND CITIZENSHIP CANADA: «An Immigration Plan to Grow the Economy», *Canada.ca*, Government of Canada, 1 Nov. 2022, <https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/11/an-immigration-plan-to-grow-the-economy.html>.
- KITCHEN, H., and SLACK, E.: «More Tax Sources for Canada's Largest Cities: Why? What? And How?», *IMFG Papers on Municipal Finance and Governance*, University of Toronto, No. 27, 2016.
- KITCHEN, H.; SLACK, E., and HACHARD, T.: «Property Taxes in Canada: Current Issues and Future Prospects», *IMFG Perspectives*, Institute on Municipal Finance and Governance, University of Toronto, No. 27, 2019.
- SLACK, E.: «How Much Local Fiscal Autonomy Do Cities Have? A Comparison of Eight Cities Around the World», *IMFG Perspectives*, University of Toronto, No. 19, 2017.
- «Property Taxes in the Real World», *Canadian Tax Journal*, 70 (SUPP.), 2022, 133-158.
- «Cities in Canadian Federalism: The Forgotten Partner», in A. LECOURS, D. BELAND, T. TOMBE and E. CHAMPAGNE (eds.), *Fiscal Federalism in Canada: Analysis, Evaluation, Prescription*, University of Toronto Press, Toronto, 2023 (forthcoming).
- SLACK, E., and BIRD, R.: «Cities in Canadian Federalism», *Policy Options*, December 2007/January 2008.
- «Merging Municipalities: Is Bigger Better?», *IMFG Papers on Municipal Finance and Governance*, University of Toronto, No. 14, 2013.
- *The Political Economy of Property Tax Reform*, Organisation for Economic Co-operation and Development, Paris, 2014.
- SLACK, E., and CÔTÉ, A.: «Is Toronto Fiscally Healthy? A Check-up on the City's Finances», *IMFG Perspectives*, University of Toronto, No. 7, 2014.
- «A Check-up on Toronto's Fiscal Health, 2018», *IMFG Perspectives*, University of Toronto, 2018 (<https://imfg.munkschool.utoronto.ca/research/a-check-up-on-torontos-fiscal-health-2018/>).

- SLACK, E.; PHILIPPS, L.; TEDDS, L., and EVANS, H. (eds.): *Funding the Canadian City*, Canadian Tax Foundation, Toronto, 2019.
- SLACK, E., and TASSONYI, A.: «Unaffordable Housing: Is Property Tax the Villain?», *Perspectives on Tax Law & Policy*, 3:3, September 2022, 13-15.
- SMITH, A., and SPICER, Z.: «The Local Autonomy of Canada's Largest Cities», *Urban Affairs Review*, 54:5, 2017, 931-961.
- STATISTICS CANADA: «Gross Domestic Product (GDP) at Basic Prices, by Census Metropolitan Area (CMA)», *Gross Domestic Product (GDP) at Basic Prices, by Census Metropolitan Area (CMA)*, Government of Canada, 7 Dec. 2022, <https://doi.org/10.25318/3610046801-eng>.
- TASSONYI, A.: «Financing Local Government and Development in Canada in the Aftermath of a Global Pandemic: Continuity and Change», *Canadian Tax Journal*, 70 (SUPP.), 2022, 97-132.
- TASSONYI, A., and KITCHEN, H.: «Addressing the Fairness of Municipal User Fee Policy», *IMFG Papers on Municipal Finance and Governance*, University of Toronto, No. 54, 2021.
- TAYLOR, Z., and BRADFORD, N.: «Governing Canadian Cities», in M. MOOS, T. VINODRAI and R. WALKER (eds.), *Canadian Cities in Transition*, Oxford University Press, Oxford, 2020, 33-50.
- TAYLOR, Z., and DOBSON, A.: «Power and Purpose: Canadian Municipal Law in Transition», *IMFG Papers on Municipal Finance and Governance*, University of Toronto, No. 47, 2020.
- WILSON, M.: «Municipal Money Matters: Our Fiscal Future», presentation to AMO Annual Conference, August 19, 2019, <http://www.amo.on.ca/AMO-PDFs/Events/19/Monday/Money-Matters-Conference-fiscal-issues-session.aspx>.