



September 5, 2023

**Re: EX7.1 - Updated Long-Term Financial Plan**

Dear Toronto City Council and Mayor Olivia Chow,

The Toronto & York Region Labour Council applauds the new Mayor and her Executive Committee for seriously engaging with the city's budget crisis by exploring putting new revenue tools into the city's toolbox. The proposed Updated Long-Term Financial Plan attempts to address the city's \$46.5 billion financial hole.

The city has for decades been slouching towards a massive financial and budgetary crisis, kicked off by the megacity amalgamation and the series of provincial downloads made by the Harris government and others preceding them. While some Councils and Mayors have tried to address the slow growing hole in the city's financing, for the most part the can has just been kicked down the road.

To make matters worse, while the economic needs of Toronto have continued to grow, we are increasingly seeing provincial and federal governments who are less and less interested in paying their fair share and taking responsibility to ensure the city's services can continue to serve its residents. The reality, which this Plan attempts to grapple with, is that more funding is desperately needed to address the cities financial woes - there is no alternative, and it can no longer be ignored.

The good news is that there are several key recommendations in this Plan that take serious steps to address the funding gap. In particular, there are some funding measures, like the introduction of a commercial parking levy, that the Labour Council has long advocated for. The luxury home tax is another. Additional recommendations, like reevaluating handouts to corporations and developers, encourages the city to focus on prioritizing its budget on services which improve the lives of working people, as opposed to padding the bottom line of big business. And there may be other worthy proposals to consider, including small additional fees for tourists and others enjoying what the region has to offer without inhibiting their travel here.

There is one area of the proposed Plan which we have some concerns about: the proposed introduction of a Municipal Sales Tax (MST) on purchases in the city of Toronto. Sales taxes are regressive – meaning they put more of a burden on working people and low-income individuals than on the wealthy. That's because most working people spend **all** of their income on food, shelter, transit, and household goods for their families - all of which have spiked in cost due to the cost-of-living crisis the Bank of Canada is so eager to blame on working people. So they pay sales tax on almost all of their income. Wealthy people save and invest a lot, so they **don't** pay sales tax on most of their income.

Some of the MST burden on Toronto's poorest households might be offset by the possible increase in the sales tax credit, but many of the poorest people do not file taxes. Regressive taxes like an MST are not the best solution to Toronto's financial needs, especially not for working people.

Besides, to implement the tax, Doug Ford's government would need to agree. The city would have to vigorously advocate for, and build a political coalition around, the implementation of such a tax - a type of tax which historically is unpopular with working people, making a broad coalition of support unlikely.

A more popular fix to Toronto's budget crisis is serious changes to the city of Toronto's relationship with provincial and federal governments. We need a new deal for municipalities. If it is the case that the city must go to the higher levels of government and advocate for change, we believe that that advocacy should be for progressive fundraising tools, as well as statutory grants to municipalities which are based on their needs, and for the re-upload of services which should never have been the city's responsibility to begin with. The Labour Council believes there needs to be a political coalition built around fiercely advocating for these ideas alongside a progressive council.

The makings of such a political coalition already exist in the city, and the labour movement would not just be a willing, but an eager partner in such a coalition. Working people are fed up with just how unlivable this city is becoming for them and their families, and they are willing to take to the streets to declare enough is enough – a livable city is needed for all.

The Toronto & York Region Labour Council represents over 200,000 working people from diverse sectors and more than 150 unions and locals across the Toronto region. They have been part of the fight for a fair city before and will be again.

It is our hope that Council continues to take seriously the needs of working people and low-income individuals when considering the Updated Long-Term Financial Plan. We invite Council to continue along its path to fund the services our city desperately needs through progressive means. We can assure you, it's not a path you will walk alone.

Yours,



Andria Babbington

President

COPE 343