

Councillor Shelley Carroll
Ward 17 - Don Valley North
Chair of the Budget Committee
City of Toronto
100 Queen St. W
Toronto, ON M5H 2N2

RE: City of Toronto – 2026 Budget Submission

Dear Councillor Carroll,

The Toronto Region Board of Trade (the Board) is pleased to once again participate in the City of Toronto's budget planning process for the 2026 fiscal year.

Toronto enters this budget cycle at a pivotal moment in its civic and economic trajectory. Our members – businesses large and small across this region – see both the extraordinary potential of this global city and the growing strain on the systems that support it. For too long, Toronto has shouldered the burden of costs downloaded by other levels of government, leaving our infrastructure, services, and competitiveness stretched thin. Our population, our economy, and our ambitions have all outpaced the capacity of the frameworks meant to sustain them.

The Board acknowledges the City's intent to deliver a balanced FY2026 budget while managing affordability and service pressures. However, Toronto's fiscal challenge is structural, and it will not be resolved through short-term balancing strategies. The City must improve long-term fiscal sustainability and delivery capacity through modernization, measurable performance outcomes, and durable solutions that limit ongoing reliance on temporary measures and reserve funds.

As Canada's largest city and economic engine, Toronto's competitiveness matters nationally. Our region generates one-fifth of national GDP, yet the fiscal and regulatory systems underpinning this strength are under severe pressure: persistent infrastructure backlogs, mounting housing demands, and regulatory bottlenecks that slow investment and weaken public confidence. As documented in our recent publication [*Beyond Red Tape: Regulate for Growth*](#), regulatory fragmentation and delays increasingly threaten economic performance and investor certainty.

This year's budget must be more than an exercise in balancing costs and revenues. It must signal a commitment to thoughtful, strategic management of the City's fiscal and regulatory landscape, which would ensure that Toronto can compete, not merely cope.

Against this backdrop, the Board proposes a focused set of recommendations to support Council in advancing a practical plan for sustainable fiscal management and modern city-building – one that strengthens long-term capacity while improving outcomes residents and businesses experience every day.

Continued Fiscal Pressures Require Structural Solutions

The Board recognizes that Toronto remains in a structural deficit position, constrained by legacy cost drivers and unfunded mandates. The City continues to face daunting financial challenges, including:

- Persistently rising operating costs despite efforts to contain growth.
- Ongoing reliance on the property tax base, even as affordability pressures intensify.
- A multibillion-dollar capital backlog, especially in transit and housing infrastructure.

These fiscal constraints are inseparable from the regulatory bottlenecks that impede timely and cost-effective project delivery. For example, municipal planning and permitting processes still routinely exceed legislated timelines.

Without addressing systemic drivers of delay and cost escalation, traditional revenue tools alone will not be sufficient to restore fiscal balance or accelerate the investments required to keep pace with population and economic growth.

Building a Modern Competitiveness Framework for Toronto

The Board urges the City to pursue a bolder, more integrated growth agenda that strengthens fiscal sustainability and modernizes Toronto's regulatory environment. We recommend prioritizing seven strategic areas:

1. Improve Fiscal Capacity by Leveraging Public Assets

Public lands, infrastructure and utilities remain among the City's most valuable yet under-utilized assets. The Board encourages the City to pursue new ownership, operating, and partnership models to unlock capital for priority investments in housing, transit, and digital infrastructure. At the same time, such initiatives should be designed in a way that safeguards and strengthens the City's reserve funds and rainy-day buffers rather than depleting them.

Given growing concerns about the fiscal challenges facing agencies like the Toronto Transit Commission (TTC) and the mounting pressure on property-tax-based revenues, monetization of public assets can contribute to durable fiscal sustainability. Done responsibly, it ensures that reserve funds remain available for unforeseen shocks or operating deficits rather than being depleted to backstop structural budget gaps.

2. Control Operating Costs Through Shared Services

Toronto's competitiveness increasingly depends on efficient, digitally enabled municipal operations. The Board reiterates earlier recommendations to expand shared service models across the region – including digital service delivery, consolidated back-office functions, and joint procurement frameworks. The City's efforts must also confront the systemic administrative inefficiencies including:

- Fragmented permitting systems, which increase duplication and extend timelines.
- Legacy IT systems and insufficient digital capacity that weaken service consistency.
- Lack of enforceable service standards, which undermines predictability for businesses and residents.

The Board's report emphasizes that governments "cannot deliver exceptional services with legacy systems and skills" and must invest in modernization and training.

3. Establish an Expenditure Management Function to Prioritize Scarce Resources

Toronto continues to make budget decisions through a structure that lacks a comprehensive, enterprise-wide expenditure management function. To improve financial oversight, long-term planning, and prioritization, the Board recommends the creation of an expenditure management function (i.e. a Treasury Board-like function), responsible for:

- Strategic expenditure review
- Integrated capital–operating decision-making
- Adoption of performance dashboards and service-standard tracking
- Enterprise risk and fiscal sustainability analysis

This would strengthen institutional capacity, centralized accountability, and transparent performance measurement.

4. Modernizing Toronto's Regulatory System to Cut Red Tape and Accelerate Growth

Toronto's competitiveness depends on a regulatory environment that is transparent, predictable, and aligned across governments. Today, fragmented rules, outdated bylaws, and inconsistent service delivery create delays that add costs, deter investment, and slow the delivery of housing and infrastructure.

By reducing red tape and improving regulatory performance – building on the momentum of the City's Red Tape Hotline – Toronto can unlock investment, accelerate construction, and create a more competitive business environment.

The City should move urgently to modernize its regulatory system by:

- **Introducing clear service standards and public dashboards** for planning, permitting, inspections, and other business-facing processes. "Governments cannot change or manage what they do not measure," and transparent reporting is essential to accountability and performance improvement.
- **Establishing a Regulatory Efficiency Officer**, reporting to the Mayor, to drive cross-divisional coordination, oversee regulatory reviews, and champion continuous improvement.
- **Strengthening intergovernmental alignment** through a Toronto-focused regulatory coordination forum with Ontario and the federal government to reduce duplication, streamline approvals, and accelerate major projects.

- **Modernizing municipal bylaws, policies, and regulations** to ensure they are proportional, outcome-based, and innovation-friendly – especially in high-impact areas such as mobility, energy infrastructure, and housing.
- **Investing in digital tools and staff training** so that modernization is supported by the systems and skills needed to deliver faster, more consistent, and more predictable decisions.

5. Strengthening and Sustaining Toronto's Tariff-Response Measures to Protect Local Businesses and Supply Chains

The City's rollout of its Economic Action Plan reflects an important recognition of the pressures U.S. tariffs place on Toronto businesses, workers, and local supply chains. This commitment to safeguarding jobs and strengthening local procurement signals a broader strategy for resilience. Supporting domestic SMEs and innovators is central to supply chain security, and the current procurement framework offers significant opportunities for inclusive reform. While Toronto's regulatory, permitting, and procurement systems are designed for compliance, risk mitigation, and cost efficiency, these traditional approaches can hinder the adoption and scaling of innovative solutions.

These actions should not be treated as short-term mitigations but as the foundation for a stronger, more resilient local economy. The City should continue to institutionalize these measures by:

- **Maintaining and refining procurement strategies that reduce reliance on U.S.-based suppliers**, ensuring stable access to essential goods and protecting local jobs.
- **Expanding business retention and support services for at-risk sectors**, including manufacturing, logistics, and other industries highly exposed to tariff volatility.
- **Deepening trade diversification efforts**, leveraging Toronto's international networks to open new markets for local firms and reduce exposure to U.S. policy shifts.
- **Accelerating technology adoption and workforce upskilling initiatives**, enabling Toronto businesses to improve productivity and remain competitive in a changing global environment.

Sustaining and scaling these measures will help ensure Toronto remains resilient in the face of ongoing trade uncertainty and better positioned for long-term economic stability.

Delivering the Transit Backbone of a Vibrant Waterfront

The Waterfront East Transit (WET) is a critical transit investment needed to support the rapid growth of Toronto's eastern waterfront and to replace the current 114 bus service, which remains highly vulnerable to congestion and reliability challenges despite recent operational improvements. Running on a fully dedicated right-of-way, the WET would provide up to **five times the capacity of a bus**, significantly improving service efficiency, reliability, and long-term operating costs. Project design has already advanced to 60% completion for key segments, yet **major construction funding remains unsecured**. Higher-order transit is essential to unlocking the waterfront's full economic and housing potential, and we strongly endorse the City's leadership and funding commitment to advance this project. With the forthcoming East Harbour Transit Hub creating an essential intermodal link between the Ontario Line, regional GO services, and a future Broadview streetcar extension, timely investment in the WET is imperative to ensure seamless regional connectivity and support the area's anticipated growth. We support the City's ongoing efforts to engage federal and provincial partners to secure the remaining funding required.

Modernizing Development Charges to Support Housing Delivery

Toronto relies on development charges (DCs) to fund the infrastructure that enables growth yet the City continues to face a widening mismatch between its responsibilities and its fiscal capacity. DCs cover only a portion of the capital required for roads water wastewater parks and transit but adding significant upfront costs to new housing at a time when affordability pressures are intensifying.

As outlined in the Board's recent report [Priced Out: The High Cost of Development Charges](#) rising DCs increasingly front load the cost of long-lived infrastructure onto the first purchaser of a new home rather than financing these assets over their useful life. This dynamic constrains housing delivery and weakens affordability without fully resolving the City's long term infrastructure funding needs. As the City prepares to undertake its next DC review the Board encourages Council to focus on the following actions:

- **Implement land valuation reforms introduced through Bill 60**
The Province's passage of Bill 60 introduced changes to the treatment of land acquisition costs under the Development Charges Act addressing a key cost driver identified in the Board's report. As Toronto incorporates these changes through its forthcoming DC background study the City should apply the revised land valuation framework transparently and consistently with the objective of moderating upfront housing costs while preserving the City's ability to fund growth related infrastructure.
- **Improve transparency around benefit to existing assumptions**
Clear and accessible disclosure of benefit to existing (BTE) assumptions would strengthen confidence in the DC framework support informed decision making and improve predictability for housing delivery and capital planning.
- **Explore alternative financing approaches that better align infrastructure costs with asset lifecycles**
Where appropriate, the City should assess using utility style and revenue backed financing models that allow long term infrastructure to be paid for over time by those who benefit from it. This would reduce pressure to use DCs as a one-time funding source.

These measures would support housing delivery, improve the quality of capital budget planning, and help ensure development charge revenues are applied in a way that strengthens long term fiscal sustainability.

Committing to a Long-Term Modernization Plan for Billy Bishop Airport

Billy Bishop Airport is one of Toronto's most valuable economic and transportation assets, serving over 2 million passengers each year, supporting more than 4,450 direct jobs, and contributing an estimated \$2.1 billion annually to the local economy. Yet City Council's recent decisions have taken only minimal steps toward securing its long-term viability. While approving mandatory federal safety upgrades and a modest extension of the Tripartite Agreement, Council declined modernization options that would improve essential utilities, enhance local access, and reduce community impacts – upgrades that will inevitably be required in the future.

To ensure stability, investor confidence, and world-class infrastructure, the City should prioritize renegotiation of the Tripartite Agreement and commit to a long-term vision – ideally a 50-year framework – that enables needed capital improvements and operational flexibility. The current 2045 horizon is insufficient to support future investment and risks weakening Toronto’s competitiveness, especially as other global cities pursue ambitious airport modernization strategies. A renewed, future-oriented agreement would affirm Billy Bishop’s role in reducing congestion, supporting economic growth, and strengthening Toronto’s position as a globally connected business centre.

Accelerate Congestion Relief

City Council’s adoption of all five recommendations in the Board’s Action Plan was a meaningful step toward tackling a congestion crisis that drains \$44.7 billion in productivity from the region each year and fuels rising public frustration. But adoption alone is not enough – Toronto now needs rapid, coordinated execution.

We’re pleased that the City has appointed a Chief Congestion Officer. We pushed for the role and are glad to see it filled. But if congestion is going to improve, the City needs to make sure this position works differently from the usual bureaucracy. We hope the Commissioner will act boldly and work across silos so decisions can be made and enforced across the whole system.

To translate commitments into real-world relief, the City should:

- **Prioritize major arterials** for coordinated construction management, signal timing, and enforcement.
- **Expand RapidTO transit priority**, including extending it to Eglinton.
- **Continue deploying 24/7 construction** where it reduces disruption and accelerates project timelines.

At the same time, we recognize that the Province must activate key enablers identified in [Breaking Gridlock](#) – including automated “block-the-box” enforcement and stronger lane-closure rules– without which municipal actions cannot deliver at scale.

With FIFA 2026 approaching and congestion worsening, Toronto cannot afford incrementalism. A fully empowered Chief Congestion Officer and accelerated implementation are essential to restoring mobility, competitiveness, and public confidence.

Conclusion

The City of Toronto stands at a crossroads that demands decisive action. Fiscal stability will not be achieved through revenue measures alone. Toronto needs a sustainable financial framework – one that aligns priorities, tracks performance, addresses unfunded mandates, and responsibly leverages public assets to support long-term needs. Without fiscal reform, nothing else scales.

At the same time, Toronto must confront the pressures that increasingly define daily life in our city: congestion, housing scarcity, rising service demands, and the challenges facing our transit network. Smarter, more strategic management of our assets and regulatory systems can unlock the value this city needs to reinvest in communities and to solve the longstanding barriers to growth.

The opportunity before Council is to make FY2026 a turning point: a budget that protects affordability and core services today while strengthening Toronto's ability to deliver tomorrow. That means building durable efficiencies, accelerating infrastructure delivery, and modernizing regulatory systems so that city-building is predictable and performance-driven. Anything less would be a missed opportunity to confront a long-standing structural fiscal reality, reduce reliance on short-term measures, and build the capacity required to deliver on Council's commitments in the years ahead.

The Board looks forward to working collaboratively with the City and other levels of government to:

- Build a competitive, modern regulatory environment
- Improve fiscal capacity and strengthen institutional governance
- Accelerate infrastructure delivery and take meaningful action on congestion
- Advance balanced land-use planning that drives productivity and livability
- Reinforce Toronto's position as one of the most dynamic business regions in the world

We welcome the opportunity to continue contributing to this year's budget consultations and to support Council's efforts to build a prosperous, resilient, and globally competitive Toronto.

Sincerely,



Roselle Martino
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Toronto Region Board of Trade