

MPB38.1 - 2026 Operating and Capital Budget

To Mayor Olivia Chow and Councillors,

The Toronto & York Region Labour Council writes today in support of the Mayor's 2026 budget released last week, given the powers available to the City of Toronto. Having said that, we identify further below concerns which we believe must be addressed in future budget years.

This year's budget maintains the democratic engagement process which helped shape City budgets since the election of Mayor Chow in 2023. Thousands of Torontonians, from Etobicoke to Scarborough and Old Toronto to North York, worked on the budget development this year, sharing the needs and perspectives of workers who are too often kept up of government processes like these. We applaud the Mayor and Council for cementing democratic participation like this as a cornerstone of budget development in Toronto.

Like the diverse group of Torontonians that took part in crafting this budget, we are pleased to see that it contains no cuts to the desperately needed services which keep our city running. Indeed, the budget also contains some necessary enhancements to programs which working people are increasingly relying on to navigate a tumultuous world, as aggression from our neighbours to the south push more and more onto the unemployment rolls.

Enhancements to programs like the TTC mean that working people are likelier to be able to make it to work on time, and the three-year fare freeze means they won't have to break the bank to do it. Working families will save hundreds of dollars a year at the grocery store, as the school nutrition program is expanded city wide.

Best of all, these program protections and enhancements are being funded, in part, by more progressive revenue generation sources such as enhancements to the City's graduated Land Transfer Tax — something our members have come to call "the Mansion Tax." Revenue projections for the Mansion Tax anticipate it will bring \$150m into city coffers by taxing the top 1% of property sales, thereby funding programs working people rely on. To put forward the same budget without the Mansion Tax, the City would need to more than double the general property tax increase in the 2026 budget. That means the Mansion Tax protects affordability for working people in Toronto.

Councillors should be confident in their decision to approve this budget, protect city services, and continue to work for a city which serves working people - not just the wealthy few. It's what working people want, and it's what our city needs.

That doesn't mean this budget could not be improved. The protections and enhancements we're seeing now are not enough to undo the long years of austerity from prior administrations - and that's just to get back to where we were, when really our services need to grow even more to support our growing population and economy.

Progressive organizations the Labour Council is allied with have highlighted several key areas, including housing programs, mental health, and approaches to achieve our climate goals as areas where Toronto still has more to achieve. In addition, the Labour Council would highlight

that ongoing issues caused by unfilled vacancies among City of Toronto positions, or “gapping,” remains a challenge the City must meaningfully engage with.

Labour Council affiliates working in the City have reported that this gapping has caused issues for their members working in roles across the City. In particular, gapping can cause health and safety issues due to increases in overall workload, which can lead to burnout, injury, and, in extreme cases, death. Gapping can also serve as a “cut-in-kind” if allowed to become endemic, as it gradually erodes the quality of service provided to working people in Toronto. We know that the City is undertaking measures to address this issue, but we believe more can be done, and the City can engage unions more in the process of addressing the issue.

To address these and other problems however, the central issue which must be addressed is the question of economic and political democracy in Toronto. Increasingly, higher orders of government interfere in the affairs of Toronto and undermine democracy in the City. Toronto is not alone in this experience.

This is done in two ways: first, by limiting economic democracy -- by withholding progressive revenue generation tools to fund our City -- forcing it into a default posture of austerity, deciding between cuts on the one hand, or regressive tax increases on the other; and second, by undercutting its political democracy by overriding local decisions, selling off City assets in backroom deals, and cutting the representative size of our Council.

This is a central issue our City faces. Working people in Toronto deserve legitimate democracy in our City, both economic and political, and the Labour Council believes more efforts need to be made to advance the gains made through reforms like the “New Deal” the Mayor negotiated with the Province in 2023, and other statutory grants paid to the City by the Provincial and Federal governments.

Developing a city budget that adequately serves the needs of working people in the city under such enormous pressures is a difficult task. But in the end, the same working people who took time out of their busy schedules to participate in discussions, town halls, and focus groups will be the ones most affected by the city budget. They use the services, they use the programs, and the work they do makes the city run.

To that end, it is the wants, needs, and aspirations of working people that the budget should serve first. While there is much more work to be done, we believe that the Mayor’s budget is another step in the right direction, and we encourage Council to pass it.

Yours truly,

Andria Babbington
President
Toronto & York Region Labour Council

The Toronto & York Region Labour Council represents over 200,000 workers from diverse sectors across the Toronto region. Committed to fighting for economic, social, racial and climate justice, the Council works tirelessly to create a fair and equitable future for all.