

Deputy Prime Minister
and Minister of Finance



Vice-première ministre
et ministre des Finances

Ottawa, Canada K1A 0A2

Her Worship Olivia Chow
Mayor of Toronto
City Hall, 2nd Floor
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Toronto, Ontario
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SENT VIA EMAIL

Dear Mayor,

Allow me to begin by sharing my congratulations on your recent electoral win and being sworn in as Toronto's 66th Mayor. I very much look forward to working with you and the City of Toronto leadership team in the weeks and months to come.

I am writing to you regarding your recent request for additional federal financial support for the City of Toronto.

As the Deputy Prime Minister and Minister of Finance, and as a proud Member of Parliament from Toronto, I understand the vital importance of Canada's largest city.

The federal government is your partner in many of Toronto's biggest projects, from electrifying TTC buses, to building the Ontario Line, Scarborough Subway Extension, and Eglinton Crosstown West Extension. Our federal government has provided more support to Toronto than any other in Canadian history, with federal investments from 2015-16 to 2023-24 totalling \$6.14 billion.

In 2023-24 alone, we have committed to provide the City of Toronto with \$1.86 billion in federal funding—an increase of about \$1.2 billion from 2022-23. This includes the infrastructure-focused Canada Community-Building Fund; funding for public transit infrastructure and decarbonization; and funding for the Substance Use and Addictions Program. Beyond this, I am aware that Toronto has recently applied to receive significant funding through the federal Housing Accelerator Fund, in addition to \$436.3 million already provided to Toronto through the Rapid Housing Initiative.

Canada will continue to support the world's most vulnerable people who seek our protection. That is why, to support asylum seekers specifically, our government has provided Toronto with \$215.4 million in funding since 2017 via the Interim Housing Assistance Program (IHAP), including \$88.4 million last fiscal year. And more support is coming. Last week, our government extended IHAP until March 31, 2024, providing Toronto with an additional \$97 million to ensure those seeking refuge and safety in Canada receive the support they deserve.

In 2015-16, the final fiscal year of the previous government, the federal government provided just \$203 million to the City of Toronto. Because of actions we have taken to support Toronto—

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and municipalities across Canada—today the Department of Finance estimates that federal funding for Toronto will jump from \$1.86 billion this year to exceed \$2.3 billion next year.

The funding I have detailed above comes following unprecedented federal support during the COVID-19 pandemic. Our government provided eight out of every ten dollars to support Canadians, Canadian businesses, and the Canadian economy during the pandemic. We provided nearly \$1 billion to support Toronto through the Safe Restart Agreement. Emergency federal funding, such as the Canada Emergency Response Benefit and the Canada Emergency Wage Subsidy, kept Torontonians safe and helped untold numbers of Toronto businesses stay afloat—and that was the right thing to do.

I would also note that Toronto, like other municipalities, maintains financial reserves and reserve funds, which accumulate over time and can be used to replace capital assets, fund ongoing program costs, or react to unanticipated costs. As of September 30, 2022, Toronto's total reserves and reserve funds held a balance of \$11.2 billion—up \$2.2 billion, or 25 per cent, from 2021. We estimate that within these reserves, at least \$1.6 billion is available in uncommitted "stabilization" funds. For comparison, Toronto's 2023 Operating Budget incorporated the expectation of continued COVID-19 support funding from the Government of Canada and Province of Ontario in the amount of \$933 million.

Mayor Chow, our government has been—and will continue to be—a committed partner for the City of Toronto.

We will continue to work with you to invest in infrastructure, public transit, and in keeping our wonderful city safe. We will continue to support Torontonians so they can access safe and affordable housing, and we will continue to invest billions of dollars each year in benefits and services that directly support Toronto residents from the east side of Scarborough to the west side of Etobicoke.

However, the ability of the federal government to spend is not infinite—and the emergency support we provided during the pandemic led directly to the excellent fiscal position that the Province of Ontario currently enjoys. In fact, the provincial government forecast in its recent budget a surplus of \$4.4 billion by 2025-26. This follows the federal government providing more than \$10.2 billion in additional support for the Province of Ontario during the pandemic, above and beyond regular transfers.

In order to address the City of Toronto's budgetary requirements, I must reiterate a message that I conveyed directly to then-Mayor Tory and Deputy Mayor McKelvie: the Province of Ontario has both the constitutional responsibility and the fiscal capacity to support Toronto. It is our firm expectation that they will do so.

Sincerely,



The Honourable Chrystia Freeland, PC MP
Deputy Prime Minister and Minister of Finance