

Toronto as a Global City: Scorecard on Prosperity

Toronto Board of Trade

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Check Against Delivery



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You have all had the chance to leaf through the Scorecard, so let's jump right in to what it tells us about how Toronto is competing on the world stage.

The Scorecard on Prosperity examines a total of 21 cities from around the world, across a total of 25 statistical indicators.

The indicators have been split broadly into two domains:

- Thirteen indicators have been grouped together under the heading of The Economy, and
- Twelve indicators grouped under the heading of Labour Attractiveness.

That means the Scorecard is not purely economic in focus. And that's part of what makes it unique among indices.

There is lots of food for thought in this report.

By and large, if its findings can be summarized in a single line, it's this:

The Toronto region is a strong magnet for talent, but its economy isn't keeping pace.

But there's more to the report than that. By and large, I would say there are four key themes that emerge:

First, a number of Canadian cities compete quite well in the global economy.

Second, the Toronto region's ranking is respectable overall, though it does have its challenges, especially on the economic front.

Third, within the Toronto region, we find a Tale of Two Cities: the region's constituent parts each make very different contributions to the region's overall performance.

Fourth, the Scorecard identifies a number of areas where business and policymakers can work together to make the region better.

There is an old saying in business: What gets measured gets managed. And the Scorecard points us towards what we could manage better.

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I will elaborate on each of these four themes in a moment.

But before I get into the findings, there is one important detail to address at the outset. In terms of timing, the data was compiled and measured for the five-year period up to and including 2007.

As a result, our findings do not take into account the current global recession.

Instead, what the Scorecard provides is a snapshot of Toronto at the high-water mark of its economy, and of other global metropolises at the same high-water mark.

This is an important starting-point for future study. It gives us a baseline, telling us how we managed during an upswing.

This is very valuable data to have, as urban regions everywhere chart their path out of this recession.

The Scorecard shows how these city-regions fared in a time of global prosperity.

And the results show that some clearly made more of good times than others.

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There are a number of noteworthy results in this overall ranking. Among them is the fact that a number of Canadian cities do well.

And I should point out that, in terms of these overall results, when I say “city” I really mean “urban region.” In Toronto’s case, we are talking about its Census Metropolitan Area, including much of the 905 region.

First of all, as you can see, Calgary tops the list, thanks to the unprecedented boom that city experienced as a result of rising commodity prices.

Meanwhile, Toronto is tied for 4th place, alongside Boston, London and New York. And again, this is based upon 25 statistical indicators. That’s pretty good company.

As for other Canadian cities, Vancouver finished in 8th place, Quebec City in 10th, and Montreal in 13th.

However, these results need to be considered not merely in terms of the ranking, but in terms of the grade. And in that regard, Toronto received a grade of C.

I won't go too deep into the methodology, except to say that the quartiles are equal divisions between the top and bottom scores. And as you can see, there were very few top performers. Calgary is in fact the only city to achieve an overall A grade.

The best way to describe Toronto's combination of a 4th place result and a C grade is to say that the region performed well relative to its competitors, but that Toronto, like its competitors, faces some challenges.

And a deeper look into the data shows us where Toronto's challenges lie, and where its strengths lie too.

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Let's look first at where Toronto is strongest, which is in the Labour Attractiveness Domain.

Here Toronto ranks fifth overall, with a B grade. It's in this group of 12 indicators where Toronto has an advantage over many other cities.

Toronto has always been a city that places a premium on its own livability as a city. It's an important value held by people throughout the Toronto region. It's something we work at.

And sure enough, when you subject it to empirical inquiry, that hard work is reflected in the data. Let's take a closer look.

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In terms of its immigrant population, the Toronto region ranks first overall.

In terms of population growth it ranks 3rd overall.

When you take these two numbers together, they are proof that Toronto is a magnet for people from around the world.

Meanwhile in terms of the proportion of the population with at least a bachelor's degree, the Toronto region ranks 6th.

And it also ranks highly in terms of travel to work, with nearly 30% of commuters traveling on foot, bike or transit.

Smart, sustainable, diverse. Those three words probably describe the Toronto region's ideal image of itself. And now we have the numbers to show that we are living up to our ideal, relative to others.

Of course, Toronto has challenges here as well. The city ranks 13th in the proportion of its population between the ages of 25 and 34, which is a key demographic. And as the general population ages, this shortcoming could pose a greater problem in the future.

The Toronto region is also challenged by the size of its low-income population, with about 1 in 5 people living below the Low-income cut-off.

But despite the challenges, overall, a very good result in Labour Attractiveness.

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Let's take a look now at the Economy Domain and how Toronto fared there.

This table shows the overall ranking solely for the 13 indicators that make up the Economy domain. And here, Toronto does less well. It sits in an eighth place tie.

It is surpassed by a number of other cities, including Vancouver.

Why does the Toronto region rank more poorly here ?

Again, the Scorecard sheds light upon the state of our local economy.

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Toronto clearly has some economic strengths.

For one thing, overall employment in the region is rising at a faster pace than in many other cities. The Toronto region's employment growth came in at 2 per cent, which was better than any of the American city-regions we surveyed.

The Toronto region also ranks highly in terms of high-tech employment.

But on other key economic indicators, the region's results lagged those of most other cities.

There were a number of indicators that measured growth. They provide a sense of the speed at which a city's economy is moving. And they are five-year averages, which makes them a more reliable reflection of a trend.

And here, Toronto's results were mediocre. And given that this data comes from a high-water mark period in the global economy, it's particularly troubling.

Toronto ranked 18th of 21 cities in terms of GDP growth. In other words, 17 other cities were growing faster than Toronto.

Toronto also ranked 16th in productivity growth. And it ranked 12th in disposable income growth.

In other words, the Scorecard shows that Toronto is being outperformed by other cities. In terms of its rate of growth, it is not competing well.

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So, in the end, what the Scorecard provides is a pretty detailed picture of some of this region's strengths and challenges. It shows where it leads and where it lags in relation to a sampling of its global competitors.

And despite pinpointing areas in which Toronto is among the laggards, when you add it all up, the city finishes in a 4th place tie.

But is this acceptable? We think we can be number one.

But we think the Scorecard makes more of a call to action.

In a nutshell: Toronto can't afford to be so good at attracting people and so mediocre at economic performance.

Ultimately, the Toronto region needs a more targeted economic platform upon which to build its future. Businesses and governments will need to work together to make sure this city is providing enough opportunity for everyone.

I'll talk more about that a little later.

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We also took the Scorecard's research to the next level of detail. We wanted to know how these overall results would look once they were broken down within the Toronto region.

We separated out the city centre, as defined by the 416 area code, from the rest of the Census Metropolitan Area, which includes most of the 905, and which I'll just call the surrounding region.

And in a nutshell, what we found was a "Tale of Two Cities": each component had its own distinct area of strength.

More specifically, it was the surrounding region which was Toronto's economic engine.

The city centre, on the other hand, was Toronto's magnet for people and for living.

Without going through each of these indicators in detail, I'll just speak to a couple of highlights.

The first is mode of commuter travel, which, as we mentioned earlier, is one of the region's strengths.

But once you break it down, you can see how much weaker the surrounding region performs. So Toronto's strong overall standing on this indicator is due in large part to the city centre's freedom from car dependency. And it underlines the need for more transit options in the surrounding region.

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The second is real GDP Growth. We see triple the growth in the 905 region compared to the city centre.

Third, after-tax income growth. The 905 region at almost 6% growth, compared to 3.5% in the city centre, leaves a lot more money in people's pockets

The fourth is taxes.

The Scorecard ranked cities based upon what is known as the Total Tax Index, which compares the tax burden faced by comparable companies in each city. And overall Toronto ranked 5th, which was last among the Canadian cities.

But again, once the results are broken down, the Scorecard shows that taxes in the city centre are higher than in the surrounding region.

The Board of Trade, and others, have often pointed out that higher business property taxes in the core contribute to lost jobs.

And certainly the employment growth numbers here support our argument as well.

As you can see, the surrounding region's job growth rate is much higher than the city centre's.

As you know, in 2005, the City of Toronto put in place a tax policy designed to narrow the gap in property taxation – an initiative which the Board of Trade applauds.

And we look forward to watching this gap close as we update the Scorecard in future years.

But what's important here, what we want to stress about this aspect of the research, is the importance for the Toronto region to think of itself as a single region.

The idea here is to identify each region's strengths, and to build on them. If the parts are performing better, the region as a whole does better.

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Let's talk now about the future of the Toronto region and the Scorecard.

You've heard me mention that we will update the Scorecard next year. Our plan is to update it every year.

The whole point of this exercise is to keep score. To measure and track the progress of policies that governments implement across the region.

It will allow us to monitor the progress of the province's new tax policies, announced just two weeks ago in its budget. Lower corporate taxation should have a positive impact upon Toronto's overall Total Tax Index.

We will also be able to monitor the effects of new transit funding and governance changes to Metrolinx, as these should have an impact on commuter figures.

We also intend to use the Scorecard to formulate and advocate for further public policy initiatives. As I said earlier: what gets measured gets managed.

Here's one example.

Toronto's immigrant population is often cited as one of its great economic advantages. We have a globally diverse workforce.

And yet, the Scorecard suggests that the economic dividend from that workforce isn't being fully realized.

Both the federal and provincial governments have made improvements to immigration policy. But the Scorecard's findings suggest that much remains to be done.

Better integration of newcomers can have a positive impact upon many indicators here, including disposable income growth and productivity growth.

In fact, the Scorecard sheds further light upon the issue of productivity.

Productivity is a measure of how efficiently our economic resources are being used. And it's linked to a number of other indicators in the Scorecard.

Better investment in public transit would provide for the better flow of goods and services.

More high-tech employment would produce efficiency gains.

The Scorecard points towards a number of ways in which all stakeholders can work together to increase productivity.

We need to develop more targeted policies to address the challenges we face. What the Scorecard does, is help us set priorities.

That's why we are releasing the Scorecard today.

To our members.

To the public.

To our sister organizations in economic and social development.

And to governments.

The Scorecard is a tool we can all use together to make our city more competitive. So that when the next wave of prosperity comes, Toronto is the city that makes the most of good times.

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Where do we go from here?

In the coming weeks we will host two policy roundtables here at the Board of Trade, also sponsored by CMA Ontario. We will convene members of the business community to review the Scorecard in greater depth and zero in on key areas for policy development.

And we will produce a Report of Recommendations later this year.

And then we'll do it again next year.

The Scorecard is based upon the conviction that the best way to achieve success is to set out priorities, and then track progress.

That's how our member businesses do it. We think our city must do it too.

Thank you. I would be happy to answer your questions.