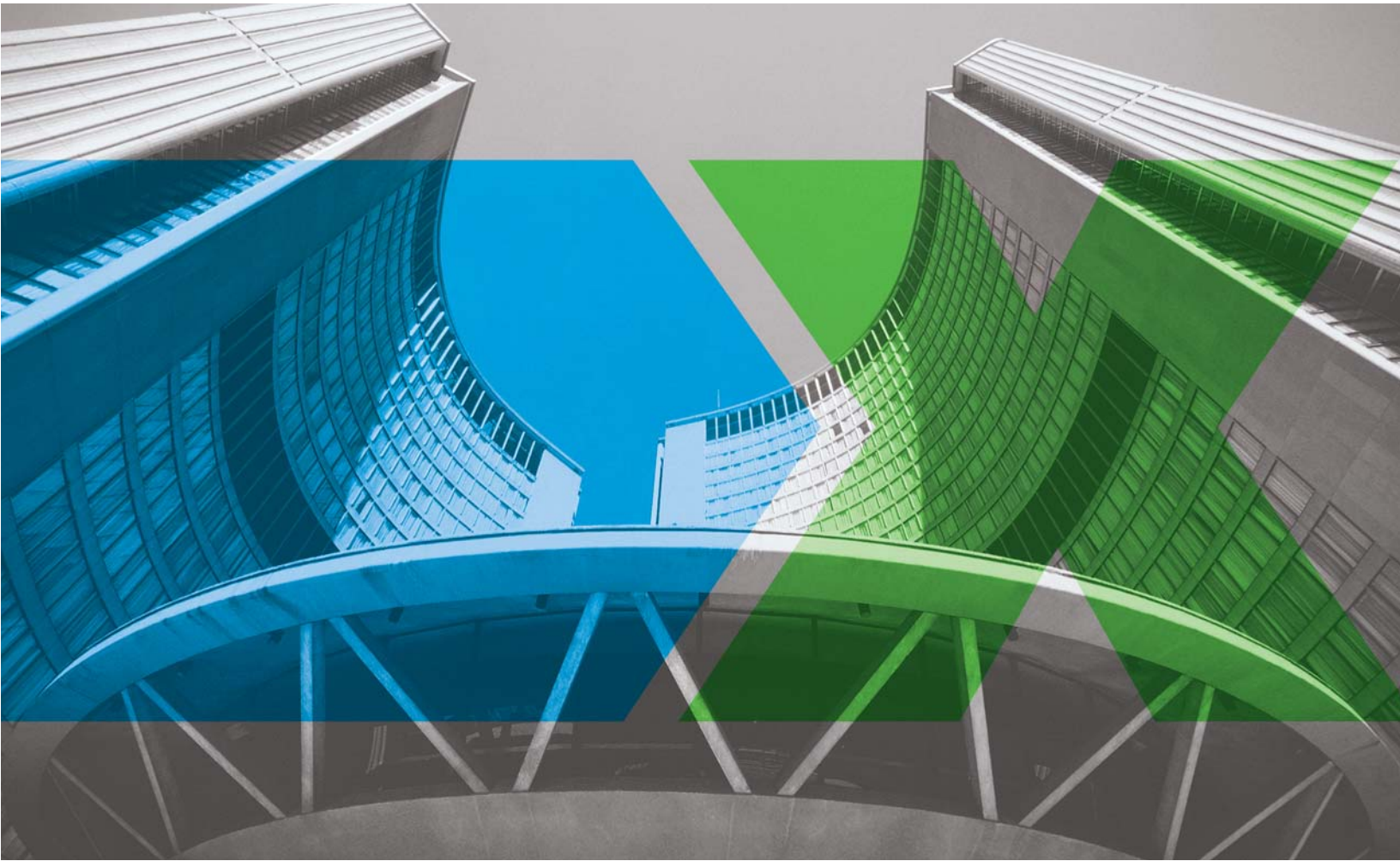




TORONTO  
BOARD OF TRADE

[VOTETORONTO2010.COM](http://VOTETORONTO2010.COM)



## PUSHING THE BOUNDARIES:

Advancing Civic Leadership  
for Regional Prosperity

Founded in 1845, the Toronto Board of Trade is Canada's largest local chamber of commerce, representing 10,000 members and connecting more than 200,000 business professionals and influencers throughout the Toronto region. The Board of Trade advances the success of its members and the entire Toronto region by facilitating opportunities for knowledge sharing, networking, business development and city building.

Involvement with the Toronto Board of Trade delivers measurable professional and personal advantages for members. Equally important, the Board of Trade fuels the economic, social and cultural vitality of the entire Toronto region by fostering powerful collaborations among business, government, thought leaders and community builders. The Toronto Board of Trade plays a vital role in elevating the quality of life and global competitiveness of Canada's largest urban centre.

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## Foreword and Acknowledgements: Pushing the Boundaries of Advocacy and Thought Leadership

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Welcome and thank you for your interest in the Toronto Board of Trade's VoteToronto2010.com campaign and our platform – *Pushing the Boundaries: Advancing Civic Leadership for Regional Prosperity*.

Launched in November 2009, the VoteToronto2010.com campaign has turned a spotlight on the most pressing issues facing our city as we approach the October 25th municipal election. The Board is leading this campaign because we believe it is up to all of us – businesses, labour and residents – to be engaged and ensure Toronto reaches its potential for global competitiveness and economic development.

The 2010 municipal election comes as we are continuing to recover from the global recession. This is an opportunity for new leaders to strengthen the foundations of our economic growth. In fact it's what citizens consider their number one priority. A poll conducted on behalf of the Board found eight out of 10 citizens believe City Hall has a major impact on the economy and 45 per cent think growing Toronto's economy and creating jobs should be the focus of Toronto's mayor.

The Board's 10,000 members live, work, play and invest in the Toronto region. Like you, they take pride in the success of their region and share an ambition to turn Toronto from a world-class region to a world leader. The Toronto region has enormous potential: enviable quality of life, world-leading business sectors and unparalleled diversity. These advantages, though, aren't being used to their full capabilities, as the Toronto region's economic performance trails many other global cities.

Throughout the Board's VoteToronto2010.com discussion papers and this platform, there are references to exemplary practices in other cities around the world. These are international best practices that the Toronto region can

and should implement locally. In many ways, the world has learned from Toronto and Toronto must learn from the world. The Board believes we can do better – we can grow our economy, so that we can create the jobs and support the programs and infrastructure we want in a great region.

Our campaign platform is putting forward recommendations for mayoral and council candidates on how to push the boundaries of current thinking and focus on achieving our region's potential.

In 2010 we will be electing new municipal leaders. Next year, we will vote in a provincial election. Sometime between now and 2012, we will vote in a federal election. These elections provide the Toronto region with an opportunity to push the boundaries of the status quo and unleash this region's capacity for global competitiveness and economic growth. Voting is the only way to effect the change you want to see in the Toronto region.

We extend our thanks to the volunteers who serve on our policy committees, especially those on the Municipal Performance Committee who have shepherded our VoteToronto2010.com campaign from the outset. A thank you as well to the guidance from our Policy and Advocacy Committee, our Board of Directors, and Advisory Council who have all helped shape this campaign and the policy priorities raised in it.

It is time we push the boundaries of the status quo and unleash the Toronto region's capacity for economic growth and job creation.



William A. MacKinnon, FCA  
Chair



Carol Wilding, FCA  
President & CEO

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## Executive Summary

# Pushing the Boundaries: Advancing Civic Leadership and Regional Prosperity

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The Toronto region is a great place to live. We enjoy unparalleled diversity, outstanding arts and culture, excellent post-secondary institutions, and economic opportunity. In short those lucky enough to live in the Toronto region have an enviable quality of life.

However, even with these positive attributes the Toronto region faces a number of challenges: Toronto has a fiscal imbalance; the regional economy could be working better; the tough decisions on choosing a dedicated funding mechanism for transit have yet to be made; too many immigrants and low income neighbourhoods are being excluded from the region's economic growth; and too few citizens are voting in municipal elections. It's clear the Toronto region should be doing better.

That's why the Toronto Board of Trade (the Board) launched its VoteToronto2010.com campaign last November. The 2010 municipal election provides the perfect opportunity to advance solutions to our region's challenges and to increase the Toronto region's global competitiveness and economic prosperity.

The structure of the Board's policy and advocacy work was set out in our kick-off document, *Vote Toronto 2010 – Framework for a Better City*. In it the Board identified four key themes that need to be addressed in this election campaign. Throughout this year discussion papers have been released to frame the debate and advance political dialogue toward potential solutions.

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### 1. Fixing the City's Finances

- *The Growing Chasm: An Analysis and Forecast of the City of Toronto's Finances* (February, 2010)
- *Bridging the Chasm: Fixing the City's Finances – Final Recommendations* (May, 2010)

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### 2. Growing the City and Regional Economy

- *Regional Transportation: A Guide for the Perplexed* (May, 2010)
- *The Move Ahead: Funding The Big Move* (May, 2010)
- *Better Together: Driving Regional Economic Cooperation and Development* (June, 2010)

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### 3. Promoting Social Cohesion and Economic Inclusion

- *Lifting All Boats: Promoting Social Cohesion and Economic Inclusion* (June, 2010)

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### 4. Improving Civic Democracy

- *Improving Civic Democracy: The Poll* (August, 2010)

While these themes fit together as a whole, there is an order of progression. It is imperative to first fix how the City creates and manages its budget. By eliminating the structural deficit and developing a sustainable and balanced multi-year budget process, the City will be able to focus new and existing resources on improving infrastructure that supports long-term regional growth and prosperity. Through these investments and improvements, immigrants and low income neighbourhoods will be better integrated lifting up the fortunes of thousands of Torontonians while providing a boost to the regional economy. Finally, when government is more effective, accountable and focused on the right issues, citizens will become more engaged in the democratic process. In fact, a public opinion poll released by the Board found that if candidates focused on the economy more citizens would vote.

Over the past year, the Board has developed discussion papers and consulted widely with key stakeholders. This process has culminated with the Board's own campaign platform document – *Pushing the Boundaries: Advancing Civic Leadership for Regional Prosperity*.

In this platform are key recommendations we believe are essential to advancing our economy and ensuring prosperity for the Toronto region. The economy should be at the forefront of this election and we are challenging candidates to endorse our vision by incorporating these recommendations into their platforms and once in office move quickly to implementation. We are challenging the candidates for mayor and council to embrace these recommendations and incorporate them in their campaigns.

Citizens have identified the economy as their top priority. Candidates that engage businesses and residents by addressing economic ideas will be rewarded for doing so. Toronto is already a great place to live and play. The Board and its 10,000 members seek to make Toronto's future a prosperous one for the entire region.

## Vote Toronto 2010 Final Recommendations

### Fixing the City's Finances

1. **Renew the City's human resources strategy**
  - Reduce people costs
  - Set savings targets
  - Allow competitive bidding for the delivery of services
  - Reform the City's pension plan
2. **Reduce/eliminate debt to enable infrastructure investment**
3. **Introduce multi-year operating budgets**

### Growing the City and Regional Economy

4. **Drive regional economic coordination and development**
  - Bring mayors and chairs together in a Regional Prosperity Caucus
  - Lead a Toronto region industry sector clusters strategy
5. **Fund, expand and better integrate our regional transportation system**
  - Fund regional transit expansion
  - Position municipal funding goals with the province
  - Engage in regional cooperation
  - Advocate for a national transit strategy
6. **Level the business property tax rate amongst the regions**

### Promoting Social Cohesion and Economic Inclusion

7. **Improve integration of newcomers into the Toronto region economy**
  - Create a regional Settlement Services Coordinating Committee
  - Coordinate programs through a Mayor's Office of Immigrant Affairs
8. **Work together to develop priority neighbourhoods**
  - Strengthen programs to improve the economic foundations of our communities
9. **Optimize use of our social infrastructure**
  - Coordinate shared use of public facilities

### Improving Civic Democracy

10. **Reform City Council and City Hall**
11. **Increase transparency and accountability**
12. **Regain the public's confidence in City Hall**

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# 1 Pushing the Boundaries of Financial Sustainability: Fixing the City's Finances

## The Objectives

- Eliminate the City's structural operating deficit
- Establish fiscal credibility with taxpayers and senior levels of government

## The Challenge

Toronto has a structural operating deficit. This means that Toronto consistently spends more money than it receives and that economic growth will not eliminate this deficit.

In *The Growing Chasm: An Analysis and Forecast of the City of Toronto's Finances*, the Board analyzed the City's finances from 2002 onward to identify trends in the growth of expenditures and revenues, as well as the primary drivers of each. The Board found that expenditures were growing by 5.9 per cent a year on average, with labour

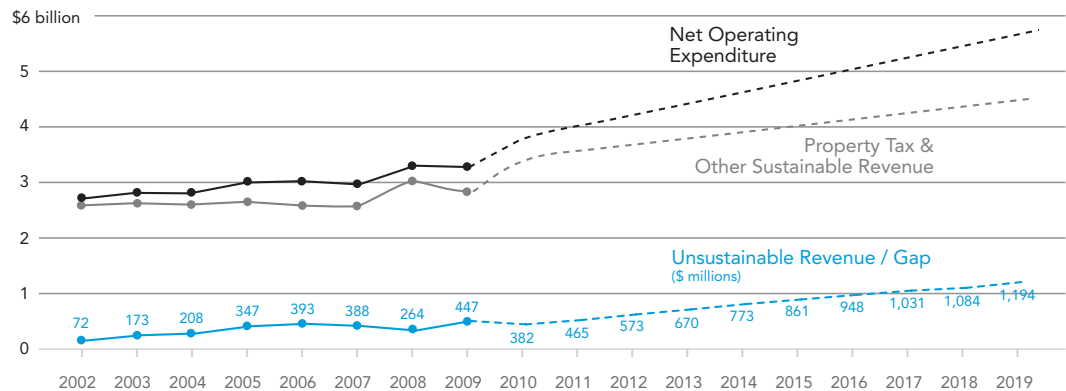
costs – accounting for nearly 50 per cent of expenditures – growing by 6.5 per cent a year on average. At the same time, property taxes (the main source of revenue) were only growing by 2.9 per cent a year on average.

The Board forecast the scale of the City's deficit over the next 10 years. The model shows that without taking actions to address its chronic shortfall, the City's structural deficit will grow to \$1.194 billion by 2019.

This imbalance over the past number of years has occurred even as Toronto received significant revenue diversification from sources such as the Municipal Land Transfer Tax, the Personal Vehicle Registration fee, provincial uploading of some social service costs, and dedicated transit funding from the federal government. To date these and other sources have helped improve the City's annual revenue situation by more than \$900 million compared to 2003. Yet, the City's operating budget difficulties have not diminished; indeed, they have grown.

The challenge posed by this structural deficit only grows the longer the City waits to tackle it. For it is much easier to tame a \$400-million shortfall than the significant program cuts and tax increases that would be needed to bridge a \$1.2-billion deficit.

Net Operating Expenditures and Revenue History & Forecast 2002 - 2019



As the Board has made clear on a number of occasions we believe there is also a financial incentive for doing so. Tackling the structural deficit will provide opportunity to negotiate predictable, long-term funding agreements with the senior levels of government. Such agreements, while needed, are only plausible – and, indeed, only likely – in conjunction with a long-term plan by the City to return its finances to a sustainable position. Acting in a fiscally responsible way also makes the adoption of new, or the increase in existing revenue tools more saleable to the public for capital investments in transportation and infrastructure.

By law, Toronto, like all Canadian municipalities, cannot run an operating budget deficit. So, Toronto has managed to balance its operating budget each year through a variety of measures. On top of the newly dedicated revenue supports, one-time fixes have been employed to bridge these annual gaps: emergency grants from senior orders of government, use of reserve funds and so forth. These measures have enabled the City to get through its budget process each year, but they have also sowed the seeds for the following year's operating budget deficit.

With expenditures growing annually at about twice the rate of growth in revenues, the Board believes that reducing expenditures is the key to fiscal sustainability. Unless actions are taken to make Toronto fiscally sustainable, this deficit will remain.

By acting now, Toronto can avoid the fiscal crises we are seeing in other cities and countries. Essentially every other North American city experiencing budget difficulties, (as outlined in *Taming the (Municipal Budget) Beast: A Survey of How North American Cities are Balancing Their Budget*) is turning to expenditure reductions first and foremost as the way to bring their budget under control. The Board believes Toronto should do the same; the City needs to utilize the resources available to it as efficiently as possible.

There is no single silver bullet that will get Toronto back on the path to fiscal sustainability. Just as there are many factors that have created the structural deficit, there are many ways to reduce and eliminate it. It won't be easy. But it can and it must be done to ensure Toronto remains a great city with the infrastructure, services, and opportunities its citizens deserve.

## The Recommendations

To tackle Toronto's structural deficit, the Board offers a number of recommendations that were originally presented in *Bridging the Chasm: Fixing the City's Finances – Final Recommendations*. Let's be clear, tough choices will have to be made and there most likely will be some impact on service levels in the near term. However, these recommendations, while requiring significant discipline, are much less severe than the actions being pursued (such as layoffs, furlough days and closing recreational facilities) in many other North American cities.

The recommendations have been divided into two distinct sections. The first contains three recommendations that as a whole will cumulatively save the City at least \$2.2 billion over the next five years. These should be considered mandatory if the City wants to reach the objective of fiscal sustainability. The second group contains 10 additional recommendations that will help the mayor and council, bridge the remaining structural deficit.

### 1. Renew the City's human resources strategy

Representing almost half of all expenditures, fiscal sustainability cannot be attained without addressing the City's human resources strategy – a point also made by the Mayor's 2008 Independent Fiscal Review Panel. A short-term transition needs to take place while the City establishes a strong, long-term and sustainable human resources development plan. The Board sees four key areas for reform:

- **Reduce people costs:** In the coming years, with the retirement of baby boomers in both the private and public sector, there will be a unique opportunity for all – including the City. Though the City currently experiences on average an annual attrition rate of six per cent, this is likely to increase. Leveraging a savings equivalent to the current six per cent attrition rate should produce a savings target of at least \$265 million within two years.



- **Set savings targets:** Changing the service delivery model or containing the annual increases in the costs of particular services, such as police and TTC, should realize savings of over \$620 million between 2011 and 2015.
- **Allow competitive bidding for the delivery of services:** Opening up service delivery to all qualified bidders (as was done in, for example, Indianapolis) can yield savings of approximately \$46 million a year.
- **Reform the City's pension plan:** The City has an unfunded liability of \$2.59 billion (as of 2008) for its pension obligations to current and past employees, costing taxpayers over \$200 million each year. Significant pension reform is needed to stabilize, and gradually reduce, this line item. This reform is being pursued by governments at all levels around the world.

The Board recommends that Council and City staff seek the advice of external experts to assist the City in implementing this transformation of its human resources strategy.

## 2. Reduce/eliminate debt to enable infrastructure investment

The City of Toronto currently pays about \$450 million each year to service its debt (interest and principal). Unfortunately, this is one of the fastest growing line items on the City's budget. With annual average increases of 14.6 per cent between 2002 and 2008, this particular expense is growing faster than any other incurred by the City. This in turn hurts the City's ability to invest in needed infrastructure.

The City needs to seriously consider ways to increase cash flow for debt repayment. It needs to be more entrepreneurial and strategic in its approach toward its asset management, including Enwave, Toronto Parking Authority, and Metro Hall. It is critical that the funds generated from the monetization of such assets are used to pay off debt or go into capital reserves and not to plug an operating budget deficit.

## 3. Introduce multi-year operating budgets

Planning for both the short and long-term through multi-year budgeting is a critical step towards achieving fiscal and cash flow sustainability. When budgeting is focused on only one year at a time, the longer-term fiscal implications of particular actions tend to be ignored. To do this will take a corporate culture change at City Hall. The City has recently taken a step in the right direction by providing a forecast of its 2011 structural deficit ("outlook pressure"). However, the City needs to graduate to full multi-year budgets for both its Operating and Capital budgets beginning in 2011.

The Board and the Mayor's Independent Fiscal Review Panel have recommended the introduction of rolling five year operating budgets to complement the current 10-year capital budgets. It is being done in other North American jurisdictions, for example, Philadelphia produces five year operating budgets and Calgary undertakes a three-year business planning and budgeting process.

Finally, producing multi-year budgets will better position the City to negotiate further cost-sharing arrangements with senior levels of government.

### Additional budget savings options (not in priority order)

- **Identify annual efficiency savings targets.** Multi-year budgets will need to identify targets for efficiencies to be achieved in each of the years going forward.
- **Streamline the budget process.** Empower the City's CFO with greater control over the operating budget through a "top-down" approach to budgeting that provides greater oversight of the 119 agencies, board, commissions and corporations (ABCCs).
- **Continue the delivery of core services, and initiate a cost optimization review.** These reviews should be conducted in a public and transparent manner. From this review, identify where there is duplication or overlapping responsibilities and determine if there are programs or services from which the City should exit.

- **Create greater coordination, cooperation and cost sharing between the City and the ABCCs.** The ABCCs, such as the TTC, account for almost 30 per cent of the City's budget, but the City has little influence over their operations or budgets. Council should set goals and targets for the ABCCs and the CFO should be an active participant in their budgeting process.
- **Reform the City's procurement model (through which the City purchases over \$1 billion annually).** Toronto and other municipalities overpay for contracted goods and services because of their procurement process. Improving this process should produce savings for the City of at least 10 per cent of procured purchases or at least \$100 million each year.
- **Consolidate certain key shared functions and responsibilities.** Consolidation has already taken place in the provincial government (Ontario Shared Services), has been recommended to Canadian municipalities (such as Vancouver) and has been instituted by major multinational corporations. Key services to consolidate include financial transactional processing and collections, supply chain management, payroll management, processing and benefits administration, as well as enterprise business support solutions.
- **Institute a "catch the little things" program.** This program is also key to effecting a change in the corporate culture and would ensure that cost overruns do not occur on such things as travel expenses, absenteeism, entertainment and overtime expenses. Since 2005, audits by the auditor general have found an estimated \$87 million for the City, or approximately \$17 million a year.
- **Introduce competition in the delivery of TTC operations.** This is not the privatization of the TTC, but rather involves the TTC contracting with a private company to provide transit services for certain routes or in certain regions. The TTC would be able to specify service levels and parameters, which would also form the basis of the contractors' level of compensation.  
  
This form of service delivery is already found throughout the world, such as in Stockholm and here in the Toronto region. The operations of GO Transit and York region's VIVA service are currently contracted out. The TTC has contracted with York region to operate some of their bus routes.
- **Close out long-term vacant positions.** Competitions for positions that have been posted for six months or longer, but have still not been filled by an appropriate candidate, should be closed. This tactic has been employed recently in a number of Canadian municipalities, such as Ottawa and Calgary.
- **Allow the redeployment of City employees into vacant positions.** This policy is beneficial for both City employees and for taxpayers, as it will help contain costs by eliminating the need to hire new City employees when an existing employee can move into the position. It will increase the skill level of City employees by offering them training to properly execute in their new position.

## 2 Pushing the Boundaries of Our Economy: Growing the City and Regional Economy

### The Objectives

- Gain acceptance by government leaders that regional coordination is a precondition of regional economic growth
- Secure dedicated transportation funding to increase the integration and growth of our regional economy
- Achieve a level business property tax rate among the region

### The Challenge

As the world becomes increasingly flat, businesses have become more aware of global economic opportunities, which in turn have helped determine where they locate. An urban centre that takes a regional approach to economic development, including through the creation of a regional investment promotion agency, becomes a big incentive for businesses to locate there.

In *Better Together: Driving Regional Economic Cooperation and Development*, the Board demonstrated the disconnect in the Toronto region between how businesses operate on a regional basis within an urban centre and the jurisdiction of municipal governments. Our perspectives have tended to remain local rather than regional in scope. Fragmented governance structures are making it difficult for businesses to operate efficiently. These hurdles put the Toronto region at a disadvantage relative to our global competitors as businesses set up elsewhere.

A fragmented transportation system has the same negative effect. After decades of under-investment in transportation and infrastructure, the Toronto region finds itself behind its global competitors. The regional transportation system has become a leading drag on our region's global competitiveness.

In *Regional Transportation: A Guide for the Perplexed and The Move Ahead: Funding "The Big Move"*, the Board noted the economic significance of our region's transportation shortcomings:

- The Toronto region has the longest commute times of major global cities;
- The cost to the Toronto region's economy is enormous: \$6 billion annually; and
- Board members have cited traffic congestion and gridlock as their top issue five years running.

These long commutes will grow ever longer and the costs to the economy will more than double if we do not improve, expand and better integrate our regional transportation system.

In response, Metrolinx was established and it has developed a 25-year, \$50-billion regional transportation plan called *The Big Move* to address these challenges. It is critical to our future economic growth and prosperity that this regional plan get built. However, *The Big Move* remains at least 80 per cent unfunded.

## The Recommendations

It is vital for the next mayor of Toronto to work with all of his/her municipal neighbours to make the Toronto region's business environment and transportation system more seamless.

We already have the key ingredients for a globally competitive economy. Now we need to showcase these strengths, determine how to make them even stronger and attract the domestic and international investment to make Toronto a world leader.

### 1. Drive regional economic coordination and development

In this increasingly global marketplace, municipalities in the Toronto region are competing with other Canadian and well-known international jurisdictions. As many of the Toronto region's global competitors embrace greater regional economic coordination, Toronto risks losing jobs and investment by remaining fragmented.

- **Bring mayors and chairs together in a Regional Prosperity Caucus:** The mayor of Toronto cannot lead the region on his/her own. But the region certainly can't come together without Toronto being a willing – and leading – participant. There are numerous examples of regional coordination that Toronto could follow such as in Kitchener-Waterloo, Chicago, Northeast Ohio (Cleveland) and Stuttgart, Germany.

This Regional Prosperity Caucus, made up of the 29 newly elected or re-elected mayors and regional chairs, should focus on (at the outset):

- Creating a regional investment promotion agency that will coordinate international marketing and investment promotion efforts and will replace the numerous organizations currently undertaking these activities (as has been done in, for example, Paris, London, Barcelona and Montreal);
- Advancing the regional transportation plan;
- Making the Toronto region a more seamless place in which to do business; and
- Advocating on behalf of the Toronto region to the federal and provincial governments (for example, for the creation of a national transit strategy).
- **Lead a Toronto region industry sector clusters strategy:** In their economic development role, the mayors and regional chairs should consider the Toronto region's areas of strength and how best to advance and promote these industry sectors. Working with their regional partners, the private and not-for-profit sectors, they should identify sectors of expertise and actions needed to position the Toronto region as a destination of choice for capital and talent in these sectors.

The Toronto region has many leading industry sectors: we are the third largest financial services centre in North America; the TMX is the third largest stock exchange in North America and the seventh largest in the world; Toronto is the third largest centre for film and television in the world; and we are the third largest biotechnology and information and communications technology centre in North America.

Pursuing an industry sector strategy is an important way to promote innovation, commercialization and the access to capital that is critical to creating high-value jobs in a knowledge-based economy. There is an existing and successful local model to follow.

In 2001, the City of Toronto worked with the business community to create the Toronto Financial Services Alliance (TFSA), a regional organization promoting the Toronto region as a leading global financial centre. In the past year, the Toronto Financial Services Working Group, led by the TFSA, unveiled – and is now working on getting implemented – its Toronto Region Financial Services Strategy to make the Toronto region a top global financial centre. This strategy has earned support from all three levels of government and the private sector, with an identified municipal and provincial priority to make the Toronto region a leading global financial centre.

The new mayor should seek to create more strategic public-private sector initiatives like the TFSA to advance the Toronto region’s economic strength.

## 2. Fund, expand and better integrate our regional transportation system

*The Big Move* is the most ambitious transit plan in North America. To remain competitive and attractive for domestic and foreign investment, the Toronto region must have the ability to expand infrastructure with funding coming from a variety of sources. As in other global cities, funding this regional plan will require dedicated revenue tools.

- **Fund regional transit expansion:** In *The Move Ahead*, the Board outlined 16 potential revenue tools that could be employed to fund transit operations and growth, including a description of the relative benefits and drawbacks where this tool is being used in other jurisdictions. These tools are grouped according to the amount of revenue they are likely to generate, including:
  - Large: over \$1 billion annually
  - Medium: between \$500 million and \$1 billion annually
  - Small: under \$500 million annually

To date, municipal leaders have been largely absent from any discussion concerning sustainable and dedicated funding. They need to be frank with the public that existing general revenue sources (absent other tax increases) will not be sufficient to fund our transit needs. The Board believes that Greater Toronto Hamilton Area (GTHA) municipal leaders should be part of, and a driving force behind, this public dialogue; they need to come together to arrive at a common position on which of the revenue tools outlined in *The Move Ahead* they support to fund *The Big Move*.

- **Position municipal funding goals with the province:** GTHA leaders, working with the public, should settle on their preferred solution by no later than June 2011. To help move this process forward, the Board will host a meeting of the newly elected or re-elected GTHA mayors and regional chairs in January 2011.

GTHA municipal leaders and residents must work to ensure that solutions to fund *The Big Move* are included in each party’s platform for the 2011 provincial election.

- **Engage in regional cooperation:** While expansion is underway, the TTC and Metrolinx must work together – according to the same plans and objectives – on expanding and servicing our regional and local transportation system. They must “row in the same direction” on important regional projects, like *The Big Move* and implementation of the PRESTO regional smart-card fare system.

All funds raised from the chosen revenue tools must be earmarked to Metrolinx to be the clearing house for all transit-oriented funding (covering capital, operating and maintenance costs) in the GTHA.

- **Advocate for a national transit strategy:** The Board is supportive of regional transit expansion in all major urban centres in Canada. GTHA leaders should work with the leaders in Canada’s other urban centres to continue to advocate for a national transit strategy.

### 3. Level the business property tax rate amongst the regions

As noted in *Better Together*, if business property tax rates are level, businesses will seek to locate within the economic region that best serves their local area, and in many cases, beyond.

- Working through the Regional Prosperity Caucus, leaders of the 29 GTA municipalities should pursue greater regional competitiveness by balancing the business property tax rate throughout the region. GTA municipalities could show their commitment to regional economic development by narrowing their business property tax differential to establish the most competitive environment possible for business investment decisions. The City of Toronto must bear the lion's share of this responsibility by holding tax levy increases down to rate increases that are less than its 905 neighbours.

## 3 Pushing the Boundaries of Our Community's and Our Economy's Connections: Promoting Social Cohesion and Economic Inclusion

### The Objectives

- Build more effective programs and achieve better results in integrating immigrants
- Establish a Mayor's Office of Immigrant Affairs
- Increase private and public investment in priority neighbourhoods
- Optimize use of public facilities through joint capital planning and service programming

### The Challenge

Social issues, such as poverty and crime, are usually viewed as being separate from business issues. In *Lifting All Boats: Promoting Social Cohesion and Economic Inclusion*, the Board explained the reality that many of these issues impact the business community and a region's economic growth. Beyond the clear social implications, there is a strong business case for addressing issues of social cohesion and economic inclusion due to the link between social issues and economic development. For example, the Board estimates a \$1.5 to \$2.25 billion cost to the Toronto region for failing to recognize the qualifications and experience of immigrants.

The Toronto region enjoys unparalleled diversity and is a magnet for global talent. Over 45 per cent of Toronto region residents – and fully half of those in the city of Toronto – were born outside of Canada. Over 180 languages are spoken by residents in the Toronto region. This diversity has many economic benefits, particularly since the Toronto region is dependent on immigration for its labour force growth.

Yet our record on the settlement, integration and economic participation of our newcomers is a spotty one. Those coming to the Toronto region in recent years are more educated than previous newcomers, yet their relative earnings are significantly lower. These results negatively affect our region's productivity and economic performance:

- Failing to recognize the experience and qualifications of immigrants costs the Toronto region \$1.5 to \$2.25 billion annually;
- If immigrants had the same likelihood of employment at the same average income as people born in Canada, Canadians' personal income would rise by \$13 billion and 400,000 additional people would be employed across Canada; and
- Recently immigrated men and women earned 63 percent and 56 percent, respectively, of the incomes earned by Canadian-born men and women in 2005.

Newcomers are, unfortunately, not the only people facing difficulties. We need to better connect these disadvantaged individuals and communities to the broader region. Individuals in disadvantaged communities often feel remote from the rest of the region and from elected officials. These communities are disconnected from the region's economic growth and prosperity, which impedes the entire region's economic vitality and job creation.

There are many economic benefits to addressing issues of social cohesion and economic inclusion. Increasing the economic success of individuals and creating socially cohesive communities yields outcomes that are positive for a jurisdiction's business climate. Engaging the entire population broadens our base of skills and expands our networks (through personal connections with countries around the globe) to better prepare us to compete in a global marketplace. Further, successful investments in social cohesion and economic inclusion have been shown to reduce public expenses in health, education and justice; in some instances, the returns on these investments are so strong that they are offset within the first year (with the cost savings continuing in subsequent years).

## The Recommendations

Addressing issues of social cohesion and economic inclusion requires making connections: across issues, communities and the region. Often, it is not a lack of programs or solutions. Rather, it is a lack of coordination that impedes greater progress.

Also, the presence of so many programs means that many of these do not have adequate resources, which limits their success. Greater coordination should lead to direct and indirect (such as lowered health costs) cost savings, the elimination of duplication among program offerings and more successful outcomes.

### 1. Improve integration of newcomers into the Toronto region economy

Effectively integrating Toronto's immigrants into the economy is critical to improving our region's productivity and our future economic growth. Coordination, on both a city-wide and regional basis, should help to improve outcomes in this area.

- **Create a regional Settlement Services Coordinating Committee:** There has been recent progress in coordinating the various groups and programs helping with immigrant settlement, integration and economic

participation through the creation of Local Immigration Partnerships (LIPs), such as the Peel Newcomer Strategy Group.

The LIPs offer much promise, but there are currently 14 - 17 of them in the city of Toronto alone. There is now provincial funding to create a city-wide LIP and a Toronto newcomers strategy. But the scope of this initiative is too narrow. Newcomers to Canada are found throughout the Toronto region. Their needs and concerns, such as employment, are generally regional in scope. Bringing the relevant actors together in a regional Settlement Services Coordinating Committee would enable the creation of a region-wide settlement and integration system.

- **Coordinate programs through a Mayor's Office of Immigrant Affairs:** Currently, programs for newcomers are run within a variety of City divisions, including Social Development, Finance & Administration, Public Health and the City Manager's Office. To convey the importance of making progress on immigrant integration and to better integrate the City's initiatives, the new mayor should establish a Mayor's Office of Immigrant Affairs that coordinates, in one central location, relevant programs and resources. Both New York and Los Angeles, the only other North American cities with higher foreign-born populations (but smaller than Toronto's as a percentage of the population), have created such an office. This consolidation should not require an expansion of current staffing or program levels.

The Mayor's Office of Immigrant Affairs should be tasked with four priorities:

- Leading regional coordination efforts, including the creation of the Settlement Services Coordinating Committee;
- Creating an education and awareness program for newcomers, along the lines of the federal government's Discover Canada guide, about services that are available to them, since lack of awareness is often the biggest impediment to using the services offered throughout the region;



- Working with the private sector and the provincial government (through a renewed Canada-Ontario Immigration Agreement) to develop a more accurate and ongoing workforce strategy that establishes the kind of jobs available/needed in the region and the skills needed for these jobs; and
- Working with the private sector (potentially through workshops and other employer-focused programs) to educate SMEs about the benefits of diversity and how to tap into this segment of the job market.

## 2. Work together to develop priority neighbourhoods

In the City of Toronto, there are 13 identified priority neighbourhoods where development is needed. This could be expanded to include other areas of the region. What they all could benefit from is private, public and community initiatives and investments to invest these neighbourhoods.

- **Drive private and public investment in disadvantaged neighbourhoods:** Municipalities have many levers available to encourage investment in disadvantaged areas. As has been done by the federal and provincial governments, the City could locate government offices throughout Toronto rather than concentrating them primarily downtown. Locating government offices in these disadvantaged neighbourhoods can drive further development and investment.

The City could devote a percentage of development funds to development in priority neighbourhoods as recommended by the Mayor's Independent Fiscal Review Panel.

Another option is to borrow successful program ideas like New York State's Green Job/Green NY Program, San Francisco's GreenFinanceSF program and Berkeley's Property Assessed Clean Energy (PACE) Program. Toronto region municipalities can encourage energy efficiency retrofits, helping to reduce our greenhouse gas emissions, and help in the development of industry expertise in the promising green energy sector.

With municipalities already collecting property taxes from home and building owners, these programs can be put in place at minimal or no cost.

The Toronto Community Housing Corporation (TCHC) has a number of Community Revitalization projects. The first two of these have been in Regent Park and Lawrence Heights. These projects have been successful, prompting the creation of additional low-cost housing and the opening of more private sector companies and businesses. Similar projects should be continued in other disadvantaged neighbourhoods.

Municipalities can also leverage their control of the property tax base to spur economic development. One lever is offering incentives to encourage private investment. Neighbourhoods could be designated as Tax Increment Financing districts. Property tax reductions could be offered for locating businesses in these neighbourhoods, or the building of sponsored community centres could be allowed.

Private investment can revitalize a community – the opening of a single bank branch in Regent Park led to new economic opportunities for residents and encouraged further private investment. To the extent possible, hiring of local residents should also be encouraged.

- **Strengthen programs to improve the economic foundations of our communities:** Many programs, such as the Strong Neighbourhoods Strategy, are already in place to improve disadvantaged neighbourhoods. In most instances, what is needed is to strengthen, rather than re-invent, these programs and to deploy similar programs in disadvantaged neighbourhoods outside the city of Toronto.

It is important that Neighbourhood Action Teams are led by a neighbourhood change champion who is able to devote their efforts to these programs, without conflicting or divided responsibilities within their departments or divisions. This Champion could also work to coordinate community initiatives, such as United Way programs and TCHC's community revitalization efforts.

### 3. Optimize use of our social infrastructure

Within most of our communities, the challenge is not a lack of facilities, but rather access to them. Computer labs in schools, run by local school boards, are not accessible to community centres run by local governments. Often, schools struggle with the cost of maintaining a swimming pool or a computer lab while a nearby community centre fundraises to build their own rather than coordinating existing resources. Similarly, communities on or near municipal boundaries cannot access the facilities and resources just over the border, even if these resources are closer than the facilities in their municipality.

- **Coordinate shared use of public facilities:** Instituting a joint capital planning and service programming framework with the regional governments and major district school boards can help to ensure the optimal use of facilities and resources within communities. This framework should also include a regular review to ensure that facilities and the programs offered reflect the needs and the interests of the various groups living in the communities being served.

## 4 Pushing the Boundaries to a More Effective and Engaged Democracy: Improving Civic Democracy

### The Objectives

- Reform the governance structure of City Council
- Improve operations at City Hall
- Create transparency and accountability with the City's budgeting and legislative process
- Drive higher voter participation

### The Challenge

**The City of Toronto is Canada's sixth largest government yet to a majority of its residents it is an enigma, both too small and too big. Often, political officials will spend more time tending to local pet projects than dealing with city-wide concerns like Toronto's economy. Other times the governmental structure for the amalgamated Toronto can be too big to effectively deal with truly local issues.**

A recent poll conducted by the Board revealed that a majority of Torontonians see municipal government as having the greatest impact on their daily lives and that City Hall has a significant influence on the economy. In fact 45 per cent believe the economy should be the mayor's primary focus.

Yet despite this impact, residents' confidence in the municipal government is lower than it is for the provincial or federal governments. Businesses and residents are very interested in what takes place at City Hall, but 58 per cent say they don't know what goes on which decreases confidence in municipal leaders. Citizens often find City Hall

a difficult and less-than-welcoming place. Transparency standards are not consistent across City agencies. Trying to follow specific issues being considered by council can be a full-time job – more than most citizens can afford to devote to such matters. When citizens do participate, they often feel that their voices are not heard.

Many believe that seeking change to representation during elections is too challenging an endeavor, in particular at the ward level. Incumbency is an extremely powerful tool that challenging candidates don't have, making it difficult for leadership regeneration. With the influx of new Canadians, current elected officials do not reflect Toronto's diversity.

These factors are playing a big role in a lower level of citizen participation. In the 2006 municipal election, only 39 per cent of eligible voters cast a ballot. Levels of voter participation varied by ward, with Ward 1 (Etobicoke North) having the lowest turnout (at 33 per cent) and the relatively more affluent Ward 26 (Don Valley West) having the highest turnout (at 52 per cent). This voter participation is lower than with senior orders of government.

Residents need to believe they are part of the democratic process. As the Board of Trade's public poll reveals, public perception demonstrates a high level of alienation from the legislative processes of city government. Examples of the cause of this alienation are likely found in the City's annual operating budget process, where broad-based public consultations that once kicked-off the budget deliberation cycle have been suspended in favour of late stage hearings held after City staff recommendations have been released.

## The Recommendations

The poll results demonstrate that voters are interested in municipal politics, but the politicians are not necessarily focusing on the right issues or instilling the proper level of public confidence to convince residents to vote.

A strong democracy requires an engaged electorate. Reforms need to take place to make City Hall transparent, accountable and open to all residents. Municipal leaders must recognize their economic role and devote more attention to this component of their job. In particular, changes need to take place to ensure that City Hall functions better and to lessen local tendencies.

### 1. Reform City Council and City Hall

In recent years, many people have considered how to restructure City Council to ensure effective government for Toronto. The relationship between City councilors and civil servants also needs to be improved.

- In 2005 the Governing Toronto Advisory Panel was appointed to study the way the City was governed and presented a number of recommendations on the City's governance structure in 2005.
- In 2007, the *City of Toronto Act* came into force, bringing into effect many governance changes and new governmental powers.
- In 2008, the Mayor's Independent Fiscal Review Panel cited a "credibility gap" about the effectiveness of City Council. It argued that the structure of City Council and political culture at City Hall contributes to Toronto's poor fiscal situation and strongly encouraged full implementation of the Governing Toronto Advisory Panel's report.

Yet the need to reform both the governance structure of City Council and the efficacy of operations at City Hall remains. That is why the Board calls on the new mayor to appoint – and to implement the recommendations of – an expert panel, including current or former councilors, senior civil servants and members of the public, to consider how best to reform City Council and City Hall. Key issues for this panel to consider are:

- Is the City using its new powers under the *City of Toronto Act* effectively?
- How can red tape and other bureaucratic obstacles to the timely issuance of permits and licenses be reduced?
- What is the proper structure and size of city and community councils to effectively deal with both city-wide and local issues?
- What level of decision-making authority should community councils have?
- What is the most effective organizational structure for City staff to ensure a clear and accountable chain of command and advice to council?
- Should the City institute term limits or other measures to encourage electoral renewal?

The expert panel should be tasked to report within the first six months of the new administration, with implementation of the recommendations completed by the next municipal election.

## 2. Increase transparency and accountability

The City's current budget process is a reflection of the need for reform. After weeks of speculation in which there is no formal consultation with the public, the budget is presented by senior City bureaucrats in a PowerPoint presentation that often omits critical information, such as final property tax rates. The public is then given approximately 10 days to review a \$9 billion budget and make a presentation to a committee of City Council. After public consultations close, budget deliberations continue among City councilors and various committees for another month before Council finally votes on it.

The Board calls on the new mayor to lead comprehensive city-wide pre-budget consultations and to personally present the budget. The outcomes of these consultations should be reported to the public as part of the presentation of the budget, the process that is used in Vancouver. All budgetary information, such as size of surplus and final property tax rates, should be presented at the same time.

At present, the report to the public on final annual spending is a cumbersome and not widely publicized document. Reporting on final spending is not done in the same manner as the budget presentation, making it very difficult for residents to track spending and hold municipal officials accountable. The Board believes there should be a public report on the previous year's actual spending levels made shortly before the following year's budget is presented.

## 3. Regain the public's confidence in City Hall

Possibly the biggest impediment to increasing voter engagement is the lack of confidence in municipal government. Many concrete actions can be taken to improve the public's confidence, but at its core, confidence is built when government acts responsibly. Government needs to be accountable by acting in the public's best interests and efficiently spending taxpayers' money on identified priorities. City Hall should treat businesses and residents with respect, demonstrate that concerns have been heard (even if not acted on), and create clear channels for businesses and residents to know who they can contact on a particular issue.

The mayor and the city manager, as the heads of City Council and City Hall respectively, should lead by example and make clear that professional conduct is paramount. Politicians and civil servants will be held accountable for their actions. No more funding or privileges for pet projects. Public consultations are meant to be meaningful exercises. All projects, particularly larger ones with a greater impact on businesses and residents must have a clearly identified contact person for the public. Finally, a simplified and more easily understood internal chain of command should be established and publicly communicated.

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## Conclusion: Pushing the Boundaries of our Future Prosperity

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### On October 25, by voting, we have the opportunity to shape Toronto's future.

The Board and its 10,000 members seek to make Toronto's future a prosperous one for the region. Our platform focuses on increasing economic growth and global competitiveness.

**To candidates:** We invite you to endorse our vision by incorporating these recommendations into your platforms. Engage businesses and residents in the issues, particularly economic ones, that they identify as priorities. Do not let populist politics overtake bold policy choices.

**To the public:** We invite you to endorse our vision by voting for candidates that adopt these recommendations and by holding candidates accountable for realistic and detailed policy pledges. Make it clear to those running what your priorities are and ensure they speak to these. Do not be swayed by the seemingly easy choice that avoids the tough decisions.

**Together,** we can make Toronto better than before, every day. But this requires not being afraid of naming our challenges and of confronting them. For the Toronto region's challenges, while not insignificant, can be readily mastered.

Toronto is already a great place to live and play. The Board, through our platform of recommendations, seeks to put in place the foundations to make Toronto a world-leading place to work and invest as well. In this recovery from the global recession, the Toronto region's economy should be at the forefront of candidate platforms.

The Board's platform is focused on generating greater and more inclusive economic growth, job creation, investment and innovation. Because all of this will lead to greater wealth. For you. For your friends and family. For everyone in the region.

The 2010 municipal election begins a cycle, which includes the 2011 provincial election and future federal election, that gives us the opportunity to renew our route to jobs and investment. It is up to all of us to make the most of these opportunities by casting our ballots and ensuring that politicians commit to acting on our economic priorities.

So, on October 25, vote for the region's future growth and prosperity.

And in the days leading up to the election, help to be the force that pushes the boundaries to propel Toronto from a world-class city to a world leading region.



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**TORONTO**  
BOARD OF TRADE

Toronto Board of Trade  
1 First Canadian Place, P.O. Box 60  
Toronto, Ontario, Canada M5X 1C1

Phone: 416.366.6811  
Fax: 416.366.6460  
[www.bot.com](http://www.bot.com)