



TORONTO
REGION
BOARD OF TRADE



THINK TWICE VOTE ONCE

Decision 2014



DISCUSSION PAPER

Think Twice, Vote Once – Decision 2014

MESSAGE FROM THE PRESIDENT & CEO

The year ahead will be a critical one for the City of Toronto, the municipalities and regions of Halton, York, Peel and Durham and all of Ontario. A provincial election is likely; municipal elections are a certainty. As a result, 2014 may well mark a turning point in the history of this province and the prosperity of its citizens. The purpose of this discussion paper is to lay out the issues upon which the Toronto Region Board of Trade (the Board) believes our prosperity will hinge, and to spark discussion on the solutions that will ensure it.

With the successful *VoteToronto 2010* and *VoteOntario 2011* campaigns, the Board demonstrated how it can play an important role in shaping public debate in advance of both municipal and provincial election campaigns. This discussion paper is unique: it looks at both the municipal and provincial campaigns through a single, regional lens. The logic behind our approach is simple: at this moment in Ontario's history, municipal and provincial issues have converged in a way they rarely have before.

It's commonly agreed that gridlock is a regional issue whose solutions will require a new level of cooperation and coordination among all of the region's municipalities as well as Queen's Park. Similarly, our municipalities' need for increased fiscal capacity, a common refrain from city halls in Toronto, Mississauga, and elsewhere, will be impossible to resolve without political will at the provincial level. And the growing gap between our most and least affluent neighbourhoods will be impossible to close without all levels of government working together.

More than ever, we need to find ways to develop a common plan for this region. Whether provincially or municipally, this region needs leaders who are committed to the same key objectives:

- Building regional transportation now
- Increasing fiscal capacity to upgrade civic infrastructure
- Promoting job creation across the region
- Closing the prosperity gap

The Board will be urging municipal candidates of all stripes to articulate their positions on each of these four crucial matters. We will demand the same of provincial parties and candidates. The Board will also be putting forward its own recommendations to each of these challenges in the months ahead. The Board will rally the region's business, academic, government and community leaders towards realizing a vision, strategy and action-plan for implementation.

As always, candidates and parties are welcome to borrow from our research or present solutions of their own. But there can be no excuse, in this election year, for any candidate or party to ignore, prevaricate, or pass the buck on these pressing challenges. The people of this region deserve better, and the Board is urging them to focus on the issues – and to think twice before casting their vote.

Finally, I would like to extend warm thanks to our Board of Directors, policy pillar committees and Advisory Council for their thoughtful contributions to this paper. As well, I would like to extend gratitude to Agency 59 for its excellent advice and counsel on key communication elements of our campaign.

A handwritten signature in black ink that reads "Carol Wilding". The signature is fluid and cursive, with the first name "Carol" and last name "Wilding" clearly distinguishable.

Carol Wilding, FCPA, FCA
President & CEO

EXECUTIVE SUMMARY

The purpose of this discussion paper is to provide a Toronto region business perspective on the core ballot box themes for municipal and provincial election year 2014. It begins with a brief overview of the latest thinking on city-regions. It then moves on to outline four key challenges facing the region, and which require a coordinated and cooperative effort from all the region's municipalities as well as the provincial government. It will make the case for new kinds of partnerships to address the many policy challenges whose impacts spill across municipal boundaries.

Big Region, Big Challenges, Big Choices

The year ahead will be a critical one for the Toronto region.¹ Fortunately, the region begins 2014 in an enviable position: we remain a solid performer and emerging economic powerhouse, a fact confirmed year-over-year by the Toronto Region Board of Trade's *Scorecard on Prosperity* and well-respected international rankings like The Economist's *Most Liveable Cities in the World*.

The region has successful high-value industry clusters such as financial services, food and beverage, human health sciences, film and television, and digital media. Also encouraging, despite fierce global competition, is the continuing presence of manufacturing industries, which account for 15 per cent of the region's gross domestic product (GDP).² That's a proportion higher than any major metropolitan area in North America. As an investment advisor might say, we've got a balanced portfolio. This enables us to better weather the ups and downs of the economy. Now several years out from the recession, key global export markets are showing signs of renewed vitality, particularly in the US. We thus have an excellent opportunity to not only grow our economy but improve our fiscal position by reducing the need for deficit spending.

But business success also depends on good supports. It must be combined with strong human capital assets backed by world class colleges and research universities. Here again the Toronto region shines. As highlighted in the Board's 2013 *Scorecard on Prosperity*, Toronto ranked fourth in North America on human capital indicators, ahead of such centres as Vancouver, New York, and Chicago. At the same time, the region's acceptance of diversity and unique leisure and entertainment amenities make us attractive to talent and investment from across Canada and the globe.

¹ By Toronto region, we refer to the City of Toronto, Halton, Peel, York and Durham regions.

² "Business Toronto." Invest Toronto, N.D. <http://www.investtoronto.ca/Business-Toronto/Business-Environment/Economic-Overview.aspx>

These are reasons to be proud, but is being a “solid performer” good enough? Or can we aim for the big prize of achieving “best-in-class” or “superstar” status where we combine a vibrant quality of life with robust and sustainable economic growth? The truth remains that, as a region, we are not greater than the sum of our parts. Indeed, merely maintaining our current standing may prove to be a challenge, given the obstacles we face.

On most measures of economic strength such as GDP growth, unemployment, rates of innovation, and productivity we lag well behind best-in-class performers like the Boston and Seattle regions. Moreover, as highlighted in the recent *Vital Signs* report from the Toronto Community Foundation, the gaps between the most and least prosperous parts of the region grow ever larger – a trend with negative and far reaching consequences. Overlaying the growing economic divide is a worrying cultural and social battle that pits different parts of the region against each other, a game that benefits nobody.

For the Board the choice of where we want to position the Toronto region is clear; we can and must aspire to greatness. Whether it’s in the world of business or government, history warns us not to be complacent. We have to shape the future, not let it shape us.

The Future is a “City-Region Lifestyle”

Whether it’s in how we do business or juggle the demands of our day-to-day lives, municipal borders are largely irrelevant; something that’s true not just in Toronto, but in other regions like London, New York, and Vancouver.

A growing proportion of us increasingly lead “city-regional” lives where we routinely and often without knowing cross municipal boundaries in our daily trek to work.³ In the Toronto region the number of commuters entering the City of Toronto on any given day is 300,000; roughly equal to those exiting to the regions and municipalities of Halton, Peel, York and Durham.

However, the “city-regional” lifestyle isn’t just about work. It’s in how we travel to study, entertain and shop. For our colleges and universities, a big part of their student population comes from the Toronto region itself. Students move across the region, in directions north to south and east to west. Our major-league sports teams draw upon a fan base from across the region as well. And for many Toronto residents, a weekend shopping trip to Halton or Durham is part of the weekly routine. In short, you can have a strong sense of region, neighbourhood and city. One does not cancel out the other.

³ Alan Harding, *A Globalization, Spatial Economic Change And Urban Policy*. (IPEG, N.D.)
http://cuimpb.cat/politiquesurbanes/docs/06_Globalization_spatial_economic_change_and_urban_policy.pdf

More than half the region's total population lives in major centres like Markham, Vaughan and Mississauga and their surrounding area, yet there's little media coverage or political awareness regarding the major planning, economic and fiscal challenges facing these municipalities. It's a stark contrast with the round-the-clock attention devoted to goings-on at Toronto's City Council.

The Board believes that what happens across the Toronto region is important to the public, our members, and thousands of workers they employ in businesses big and small. Taking a regional approach is central to addressing our common challenges. Indeed, high performing global city-regions see local academic, government, business and labour stakeholders collaborating effectively across municipal boundaries.

It is important to stress though that this is not about imposing a "one-size fits all" solution to the region's challenges. Our region's diversity of people, neighbourhoods, geography, community groups, and municipal governments are some of its greatest assets. In the end, it's about finding the right balance between the local and the regional, challenging to be sure, but we believe doable.

A Time for Leadership

The elections of 2014 will feature tremendously compelling storylines. Provincially, a minority government may soon trigger an election or fall in a confidence vote, setting the stage for one of the most highly anticipated campaigns in memory. In Toronto, a controversial mayor, his powers recently stripped from him by his council, is seeking re-election in a race that will likely feature some high-profile opponents. In Mississauga, Hazel McCallion intends not to seek re-election after 35 years as mayor; all eyes will be on the candidates to become her successor, that city's first new mayor in a generation.

Storylines such as these are important to the political process, in that they draw voters in and give them a stake in the outcome. Yet, it would be unfortunate if we remained overly focused on dramatics and personalities at the expense of the pressing issues facing the region. The governments of this region require strong leadership: candidates who can both articulate a vision and present a credible platform to turn vision into reality.

We must expect high standards of performance not only for our region's economy and transportation infrastructure but our leadership as well. An integral part of leadership is not falling into the traps of ideology and political expediency. Our challenges are simply too complex for this. Indeed, they necessitate an openness to new approaches and ideas and an ability to reach across political lines to find common ground.

The Board has identified four key ballot box themes which should form the backbone of any municipal or provincial candidate's platform. They are not the only issues in this election, but they are the most crucial to the region's future prosperity. And while different levels of government are obviously able to apply different levers of power to resolve them, these challenges cross municipal and provincial boundaries; meaning that cooperation will be essential to success. However, it's now more than a decade since the region's mayors and chairs last convened a formal or regular caucus to discuss the region's common challenges. A situation that is no longer tenable given the challenges we face.

Theme 1: Building Regional Transportation Now

For more than a decade, the Board has championed the development and construction of a robust and truly regional transportation system. As we've detailed in our *Scorecard on Prosperity* series, overstretched transportation networks are the most serious barrier to economic growth in the Toronto region, costing our regional economy \$6 billion per year. More recent research by Benjamin Dachis at the CD Howe Institute pegs this figure at up to \$11 billion; to say nothing of the negative social and environmental impacts of congestion. Study after study, report after report, by organizations such as PricewaterhouseCoopers (PwC) and the Organization for Economic Co-operation and Development (OECD) have consistently conveyed this same message.

As recently as last spring, there appeared to be a firm consensus taking shape on the regional transportation agenda. Unfortunately, the Scarborough subway and light rail transit (LRT) debate demonstrated that the regional consensus on *The Big Move* and the authority of Metrolinx is weakening.

It's no exaggeration to say that the collective failure of political leadership on a file as important as transportation has been breathtaking; especially when we compare ourselves to jurisdictions such as London, Paris, Madrid and Los Angeles, all of which have embarked on successful, major expansions of transportation systems in the last 10 years.

As a starting point we must take partisan politics out of the transit debate and move toward what we know are best practices for building and operating regional transportation systems. Political oversight of major infrastructure investments must be balanced with the necessity of having long-term planning and funding certainty. Simply put, the Scarborough transit development process cannot serve as the template for future transit projects.

The Toronto region needs leaders who:

- *Understand the need for a strong regional transportation planning and service delivery mechanism, and are willing to collaborate on its creation*
- *Are prepared to work closely with other political leaders to ensure the success of a regional transportation plan*
- *Are willing to spend political capital to help forge and maintain robust public support for regional transportation*
- *Are ready to back a specific, region-wide fiscal plan to raise the minimum \$2 billion per year required to fully realize that plan, through a combination of financing strategies, operational efficiencies and new revenue tools*

Theme 2: Building the Toronto Region's Fiscal Capacity to Renew Civic Infrastructure

The most crucial of lessons learned from the regional transportation debate is this: as discussion drags on without taking action, the problems only get worse and the solutions only get more expensive. Today, if we look beyond the regional transportation file to other critical civic infrastructure files, the same downward-spiral dynamic is already underway.

In Toronto, the state of good repair bill for public housing is slated to reach **\$1 billion** before the end of the next municipal term. York region estimates it needs **\$11.1 billion** just for infrastructure to serve the 500,000 new residents it expects by 2031. Halton region has threatened to stop all further development, and openly thwart provincial growth targets, unless it gets help with its **\$8.6 billion** in new infrastructure needs. Against this backdrop, unforeseen events can further strain finances: damage caused by recent rain and ice storms cost the City of Toronto approximately **\$140 million**, far exceeding the **\$30 million** in its extreme weather response fund.

Simply put, the lack of fiscal capacity to deal with these unavoidable costs is the next challenge which threatens to cripple our economic and social development. Moreover, the region cannot wait to resolve the regional transportation issue first before moving on to other infrastructure files. All governments in the region will have to find a way to address both concurrently.

The Toronto region needs leaders who:

- *Understand the need for a fair and equitable framework for fiscal sustainability across the region*
- *Are ready to work across provincial and municipal lines to devise a new fiscal framework*
- *Are committed to ensuring efficient, cost-effective provision of services*
- *Are prepared to move forward with new and innovative means of financing major capital and infrastructure projects*

Theme 3: Thinking Job Creation and Prosperity for All

The ultimate purpose of all these infrastructure investments is simple; to enable our region to meet its projected increases in population. Yet, in order to succeed, the region's economy must continue to grow in lock-step with the population.

The Toronto region features an enviable mix of robust, high-performing industry clusters which anchor its economy. Yet on many indicators, from GDP, to productivity growth and unemployment levels, our region remains a middling performer at best among major North American city-regions. These are not mere statistical comparisons; the Toronto region competes internationally with other major urban centres for investment and talent. This data points to Toronto as a city-region that can do better. A coordinated, cooperative, region-wide approach to economic development will help our economic performance reach its potential.

The Toronto region needs leaders who:

- *Plan to actively drive economic growth by pursuing key opportunities for job creation*
- *Know the strengths each part of the region brings to the table, and are ready to work with their counterparts, as well as with business and labour leaders and universities, to develop those strengths*
- *Are prepared to cooperate and coordinate investment promotion and activity, rather than needlessly competing against one another*
- *Embrace an integrated regional strategy that sets out clear benchmarks for economic performance, including the growth and competitiveness of our leading business clusters*

Theme 4: Closing the Prosperity Gap for a Liveable City-Region

For the Toronto region, liveability is without question a strong suit. As the Board's *Scorecard on Prosperity* has highlighted year-over-year since 2009, the region is a perennial top 5 performer on labour attractiveness indicators such as diversity, on crime rates, environmental quality and human capital development. Similarly, respected rankings such as The Economist's *Most Liveable Cities* and PwC's *Cities of Opportunity* also give excellent marks for our high quality of life.

Though we can be proud of our quality of life, the region nonetheless has a number of well documented shortcomings. High rates of youth unemployment contribute to a range of social problems and have negative psychological effects for those out of work for long periods of time. They also can have detrimental economic effects: the increasing migration of our best and brightest to other jurisdictions. Similarly, the growing economic gaps between the region's most affluent and its poorest neighbourhoods can produce rising social tensions. Despite the region's unquestionable openness to diversity, women and visible minorities remain under-represented in senior management positions. And our high proportion of residents still commuting by car means this region isn't as environmentally sustainable as it can be.

The Toronto region needs leaders who:

- *Acknowledge that the prosperity gap is a regional problem requiring collaborative solutions*
- *Are committed to diversity, human capital development, and environmental sustainability*
- *Are committed to tackling the growing disparity between our most and least affluent neighbourhoods*

This discussion paper marks the launch of an ambitious agenda for the Board. In the months ahead, we will be publishing a number of research papers, including our annual *Scorecard on Prosperity*, plus additional reports focusing on each of the Board's four ballot box themes.

Throughout the ups and downs of this year's election campaigns, it is the Board's intention to continue to make the same constructive contribution it has always made: to keep the discussion focused on issues, challenges, policies and solutions. Through our work we aim to elevate the discussion among candidates throughout this election year, and give voters the kind of information that will encourage them to think twice about their vote.

THINKING TWICE ABOUT THE VOTE: WHAT'S NEXT?

Throughout the ups and downs of this year's election campaigns, it is the Board's intention to continue to make the same constructive contribution it has always made: to keep the discussion focused on issues, challenges, policies and solutions. Through our work we hope to elevate the discussion among candidates throughout this election year, and give voters the kind of information that will encourage them to think twice about their vote.

To this end, in the coming weeks and months, we'll be unveiling the various pieces of an ambitious policy agenda that will put the spotlight on both our thought leadership and speaking podium as well. Here's a preview:

- **Scorecard on Prosperity 2014:** Our annual Scorecard will continue to benchmark the Toronto region's performance against global competitors, but with an added twist. Working with our research partner the Conference Board of Canada and its well-respected forecasting model, we'll look at the potential economic prize if we were to address our competitiveness challenges and the implications of a stand pat future scenario.
- **Building Fiscal Sustainability to Pay for Critical Infrastructure:** This analysis will take a unique perspective on the aggregate fiscal capacity of the region's municipal and upper tier governments to address emerging spending pressures in areas like critical infrastructure. Our analysis will help point us towards the opportunities for operational efficiencies and investment strategies that can ensure stable and long-term financial stability.
- **Regional Economic Strategy:** Partnering with the Institute for Competitiveness and Prosperity at the Rotman School of Business, the Board will take a close look at the region's economy, in particular those parts which offer the most potential to drive long-term economic prosperity, and the strategic and policy approaches to get there.
- **Regional Transportation:** This paper will take stock of where we are one-year after the releases of our paper *A Green Light To Moving The Toronto Region: Paying For Public Transportation Expansion* Metrolinx's revenue tool recommendations and Panel on Transportation funding. Specifically, it will examine the potential hazards that lie ahead and new opportunities this policy environment poses.
- **Creating the Liveable City-Region:** We'll collaborate with the region's experts in a range of disciplines, industries and sectors to think about how we make the region more liveable, particularly in terms of how we can narrow the prosperity gap and enhance people's inclusion in the economy and society.



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About Toronto Region Board of Trade (www.bot.com)

Founded in 1845, Toronto Region Board of Trade is the chamber of commerce for Canada's largest urban centre, connecting more than 12,000 members and 250,000 business professionals and influencers throughout the Toronto region. The Board fuels the economic, social and cultural vitality of the entire Toronto region by fostering powerful collaborations among business, government, thought leaders, and community builders. Toronto Region Board of Trade plays a vital role in elevating the quality of life and global competitiveness of Canada's largest urban centre. Learn more at www.bot.com and follow us at [@TorontoRBOT](https://twitter.com/TorontoRBOT).

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