Enough Talk

An Action Plan for the Toronto Region

Toronto City Summit Alliance

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Enough Talk: An Action Plan for the Toronto Region

The Toronto City Summit Alliance represents a coalition of over 40 civic leaders from the private, labour, voluntary and public sectors in the Toronto region.

We formed this alliance because we care about the future of the region. In June of last year, many of us participated in the Toronto City Summit – a conference of leaders representing the city's diverse communities – to assess our urban region's strengths and challenges, and shape a Framework for Action that could move us forward over the next five to ten years.

We heard that our economy has been performing well: growth in employment and output have been strong. But we were disturbed by evidence of threats to our prosperity because of growing income disparity, the deterioration of our inner city, a drop in tourism, our decaying infrastructure, and the weakening of our public services. We heard about a once-great city on the verge of decline.

This was not cause for despair but a call to action. The Toronto City Summit Alliance was formed to address the challenges the Summit identified as critical to our shared future – finance, infrastructure, education, immigration and the underlying health of our regional economy.

We were emboldened by the need to rebuild the city region and determined to get on with the job. There has been enough talk and hand-wringing. We know there are problems, and we know there are solutions. Now is the time to act on them.

We have not tried to address all of the issues facing the region, but have picked a limited number of areas where there is a clear consensus for action and where progress can be made quickly. We have aimed our recommendations at all levels of government, municipal, provincial and federal, as well as the private sector, voluntary organizations and citizens at large. Governments alone cannot address the challenges we face.

The members of the Toronto City Summit Alliance are personally dedicated to seeing these initiatives happen. We urge all governments, political parties and mayoral candidates to endorse our recommendations. We will work to encourage community groups, voluntary organizations, the business community, organized labour and citizens of the city region to join us in this effort.

Our understanding of the issues and the proposals for getting the Toronto region back on track have been informed by many organizations and individuals. They offered a very clear, compelling and expert analysis of the challenges facing our city region, along with sound advice on how to address those challenges. Our thanks go to the members of our Working Groups and those we have consulted over the past few months for their help in achieving this civic consensus on the actions needed to secure the Toronto region's social and economic future.

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A Vision for the Toronto Region

In the 1970s and 1980s, Toronto was seen by much of the world as an innovative city that served as a model for others. In the last decade we have seen that image fraying at the edges as we have under-invested in our potential and left chronic problems unaddressed.

Toronto has the resources, the creativity and the human spirit to be one of the greatest city regions of the 21st century. Our vision of Toronto is a city region:

- With a diverse and vibrant economy that is a major engine of Canadian economic growth
- With one of the best educated workforces in the world and outstanding research and development that attracts companies and talent
- With an excellent system of public education that provides opportunity for all children in all communities
- Where the needs of early childhood are taken seriously and each child gets a good start in life
- That provides a high quality and affordable post-secondary education to all qualified students who aspire to higher learning
- That is committed to public transit as part of an integrated transportation system that serves people and moves goods efficiently
- With vibrant neighbourhoods where public schools and community facilities are centres for learning and community activities
- Known as the world's centre of excellence in welcoming immigrants
- Where housing needs are met for all income levels and all stages of life
- That takes care of its most needy citizens
- Where civic participation is widespread and civic leadership is effective
- Recognized for its cultural and artistic excellence
- That is on every world citizen's list of 'must-see' places to visit

That city region is within our grasp. We need only the will to make it happen. The agenda for action that follows is intended to move us closer to that vision.

A Snapshot of the Regional Economy

A Strong Economy

With its five million residents, one-fifth of Canada's entire GDP and 40 per cent of Canada's business head offices, the Greater Toronto Area is Canada's largest driver of economic activity and the source of significant spin-off jobs throughout the country.*

Much of the province's and the nation's growth and wealth come from the Toronto region. The GTA made a net contribution (tax revenues less re-investment) of $3 billion to the province of Ontario in 2000 and $17 billion to the federal government that same year.[1]

There have been several driving forces behind the Toronto region's growth and success over the last 10 years:

Skilled Labour Force
Over half the labour force in our city region has at least a college or university degree. Our education levels are significantly higher than those of other city regions such as New York or Chicago.[2] This skilled labour base is especially critical to those more knowledge-intensive industries that will loom large in the future.

Strong and Diverse Industry Clusters
The Toronto region is home to an impressive number of vibrant industrial clusters strongly oriented towards international trade.

- We are the capital of Canada's financial services industry and the largest centre for business and professional services – driven in part by our large number of corporate headquarters
- Our automotive industry cluster of vehicle assembly and parts plants is the second largest in North America
- Our food and beverage manufacturing industry is also the second largest on the continent
- We have North America's fourth largest biomedical and biotechnology cluster, and the continent's second largest information technology and telecommunications cluster
- Our tourism industry generates billions of dollars in economic activity and is the largest in Canada
- The Toronto region is home to the largest arts and culture sector in Canada, including the third largest film industry on the continent

The sheer diversity of the region's economic base is one of the key reasons that we have weathered the past few years better than most cities in North America.

Growing International Trade
One key factor in the region's success has been its increasing penetration into U.S. markets with the result that, today, the GTA has strong trade links with city-regions in Michigan, Ohio, New York, Illinois, Indiana and California. Our aerospace, business services and financial services industries have significantly expanded their exports outside of North America as well.

* *The Greater Toronto Area (GTA) officially includes the City of Toronto and the regions of Durham, Halton, Peel and York. We use the term because it is common parlance for the Toronto city region, and the level at which some municipal revenues are pooled and redistributed. We recognize that much of the economic data we cite actually pertains to the Census Metropolitan Area (CMA) which has slightly different boundaries than the GTA but is comparable in size and economic impact. The economic scope of the city region extends in fact well beyond the boundaries of the GTA.*
For some of our recommendations we will refer to this wider sense of the city region extending to Hamilton and west toward Guelph and Cambridge.

The region's continued prosperity depends on a favourable environment for growth in the province and the nation. Competitive provincial and national tax structures, particularly in the areas of income and capital taxation, are essential. With so much of our economy driven by the manufacturing and services sectors, supportive provincial and federal policies for education and research are critical. Smooth trading arrangements with the United States are also important to maintain our strong and growing north-south trade.

While we should be proud of our economic performance to date, the challenges going forward are significant. Our financial services industry must increasingly compete with larger global centres for internationally traded services. The future of our auto industry depends on Ontario securing its fair share of the next round of investment in assembly plants. And our technology industries like IT, telecom and biotech must increasingly compete in a world where the investments necessary for commercialization grow ever more expensive.

All of our economic challenges and opportunities depend on adequate investment in our physical and social infrastructure. Great businesses do not exist in isolation. They depend on high quality schools, colleges and universities. They require efficient transportation, telecom, water, waste and energy infrastructure. They are increasingly seeking locations where their employees can experience a high quality of life. The building blocks of a great community and the supports needed for successful businesses are the same.

The Toronto Region's Top Clusters

CLUSTER	RANKING
Financial Services	Third largest in North America, after New York and San Francisco
Automotive	Second largest in North America, after Detroit
Biomedical & Biotechnology	Fourth largest in North America
Entertainment, Arts & Culture	Third largest English-language theatre centre in the world Third in North America for film and TV production Fourth largest media cluster in North America
Food & Beverage Manufacturing	Second largest in North America, after Chicago
Aerospace	Fifth-largest in the world; second-largest in Canada, after Montreal
Business & Professional Services	Among North America's largest, comparable to New York, Chicago and Washington, D.C.
Tourism	Canada's number one destination, with two-thirds more visitors than the country's second and third top destinations (Niagara region and Montreal)
Information & Communications	Largest in Canada
Clothing & Textiles	Canada's largest and fastest-growing commercial fashion industry

Source: Industry cluster rankings in the text and chart come primarily from The Institute of Competitiveness and Prosperity and studies for the City of Toronto.

A New Fiscal Deal for Cities

Despite the strength of the Toronto region's economy and the wealth it produces, we have witnessed a growing gap between the public investments required in the region and the financial capacity of our local governments to fund those investments. Regional municipalities face escalating costs but have limited abilities to raise revenues. This is forcing tough choices on the city-region – choices between building roads or paying the police, supporting public health programs or digging sewers, reducing homelessness or supporting the arts.

We recognize that trade-offs are a necessary part of any budgeting process; however, the GTA generates enough wealth to support a healthy range of basic services. The real problem is with how responsibilities and taxing powers are distributed among our different levels of government.

Quite simply, Canadian federalism is not working for our large city regions. Toronto and other cities are in a fiscal straightjacket because property taxes are the only mechanism for raising substantial revenues. The provinces and the federal government have significantly more fiscal capacity and a wide range of taxing powers, including sales and income taxes. Traditionally, the governments of Ontario and Canada have provided the core funding for social welfare, social housing and other programs that involve income redistribution.

But in recent years, many of those social programs have been downloaded to municipalities. In 1988, for instance, we spent 18 per cent of our municipal operating expenditures on health and social assistance. By 2000, that figure had soared to 33 per cent as a direct result of the province's 1998 decision to transfer responsibility for affordable housing and 20 per cent of the Family Benefits and the Ontario Disability Support Programs to municipal governments, and to increase the municipal share of social assistance administrative costs to 50 per cent. Administrative costs have grown the fastest, tripling since 1990.

While the provincial service realignment gave cities some education property tax room, the bottom line is that senior levels of government have succeeded in protecting their budgets against the next economic downturn by downloading significant social costs to the municipal level. They have submitted the small, already overburdened property tax base of municipalities to greater cost pressures. A downturn in the the Toronto region economy would result in rapid escalation of social assistance costs for the level of government least able to respond.

Other issues are contributing to fiscal constraints:

- Urban sprawl is exacerbating problems with traffic, transit and pollution, and will increase pressure on existing revenue sources. The GTA Task Force estimated in 1996 that, if development patterns continue in the Toronto area as they have over the past 25 years, we would require about $55 billion of capital investment over the next quarter-century to build new road, water and sewer networks, as well as another $14 billion in operating expenditures. A more compact and efficient development pattern could save roughly $12 billion.

- The amalgamation of the City of Toronto has not produced the overall cost savings that were projected. Although there have been savings from staff reductions, the harmonization of wages and service levels has resulted in higher costs for the new City. We will all continue to feel these higher costs in the future.

- Municipalities have limited revenue sources and must rely on property taxes and user fees to generate revenue. Property taxes account for the lion's share – almost half of municipal revenues in the GTA. Most large U.S. cities, in contrast, draw only about 20 per cent of their revenues from this source, and make up much of the difference through municipal access to a variety of excise and income taxes, plus higher levels of transfers from senior levels of government.

Ironically, municipalities cannot take fiscal advantage of good economic times. Local governments receive little extra revenue when their region benefits from economic expansion since property taxes do not increase automatically with economic growth. The benefits from higher taxes generated by economic growth flow almost totally to the federal and provincial levels.

In the short-term, increased provincial and federal government grants could relieve some of the financing burden on municipalities. Ultimately, however, local governments are closer to their residents and should be able to meet most local needs without going cap-in-hand to senior levels of government.

The TCS Alliance strongly urges the Ontario and federal governments to create a "new fiscal deal" for Toronto and other major city regions. This would mean:

1. **Relieving municipalities from taxes imposed by senior levels of government, such as the Ontario sales tax and federal GST, and from paying for the downloaded costs of affordable housing and social assistance. These actions will create fiscal room for cities to tackle their challenges with funds they already raise from local taxes.**
2. **Putting in place predictable and meaningful long term federal and provincial support for urban infrastructure – especially transit.**
3. **Allowing municipalities in Ontario the freedom to levy new taxes and fees for services they consider important.**

The TCS Alliance recommends that the federal government exempt municipalities from GST and that Ontario provide an exemption from the PST.

Municipal governments are unique within the GST structure: they purchase and therefore pay the tax on a range of goods and services, such as fire equipment, engineering services and road maintenance, but are not the final consumer. Even when they claim their partial GST rebate, GTA governments still pay roughly $100 million in GST per year. On top of that, GTA governments pay roughly $150 million per year in PST.[3] The fastest way to create new fiscal room at the municipal level is for the governments of Ontario and Canada to stop taxing municipalities.

The TCS Alliance recommends that the province, over time, take back responsibility for some social expenditures downloaded to municipal governments. This should include affordable housing and family assistance benefits.

We were disappointed that the recent provincial budget did not address this issue. We recognize that "uploading" affordable housing and social assistance costs may take several years. In the interim municipalities will need direct financial support to assist them with financing their social costs. The City of Toronto, for example, has little money in its budget for the maintenance of the social housing stock and none for new affordable housing.

The TCS Alliance urges the federal government to allocate at least $1 billion annually for strategic infrastructure projects in urban centres. A good portion of this should flow to the Toronto region, and particularly public transit. Federal support should be matched with provincial investment and new revenue sources to cover necessary investment in existing and new infrastructure.

The TCS Alliance was disappointed by the lack of adequate urban infrastructure funding in the recent federal budget. While we applauded the increased spending on the child tax credit, affordable housing and homelessness, immigrant settlement, and research and development – all of which support cities – the litmus test for federal support to cities is support to physical infrastructure. Unfortunately, the budget committed only $250 million over the next two years and $3 billion in total over 10 years to all infrastructure. This is woefully inadequate. If the federal government is serious about using urban transit to help meet its Kyoto Protocol commitments and fostering its innovation agenda, then $1 billion per year is a modest amount. This would still be less than a fifth of what the U.S. federal government spends each year on urban transportation infrastructure on a per capita basis.

The TCS Alliance recommends that the Ontario government give municipal governments access to a broader range of revenue sources than property taxes and user fees. This will enable local governments to fund and be accountable for local services based on those revenue sources.

Two promising local sources of revenue are a hotel destination marketing fee for the GTA and a fuel tax (to be discussed in greater detail in subsequent sections of this report). Many U.S. cities – Detroit, for example – levy income taxes to pay for local expenses, and local governments in 31 states and the District of Columbia levy general sales taxes.

The TCS Alliance recommends that municipal governments ensure that their financial tools (user fees, property taxes, and development charges) relate more closely to the cost of providing services in different locations and for different types of development – except where those fees or charges lead to undesirable behaviour or limit accessibility by low income earners.

For example:

- User fees for water should be set at full cost recovery levels, including maintenance and replacement costs. User fees for garbage collection should also be considered if illegal dumping can be controlled.
- Property tax rates on apartments are higher than for single family homes and should be lowered to encourage higher density and reflect the fact that it generally costs less to provide services in high-density areas.[4]
- Development charges should reflect the true costs of developing different locations. Right now, the uniform charge over an entire urban area that many municipalities choose to levy inadvertently subsidizes urban sprawl.

Shoring Up Our Physical Infrastructure

The Toronto region's physical assets are not keeping up with our growth. Rather than supporting our productivity, they are detracting from the liveability and prosperity of our community.

Some important infrastructure projects are underway. Our international airport is undergoing a $4.4 billion expansion to position it as a leading international hub airport. And the region has become the first North American city with a business telecommunications system that is mostly fibre optic. But the funding and planning for many other essential infrastructure projects are happening too slowly or not at all.

Regional Transportation

The GTA is a hub for trucking and other transportation. We need excellent highways, local and regional roads, and rail and urban transit systems because good transportation systems are critical to our competitiveness and our quality of life. An effective transportation infrastructure is a major determinant of business location decisions. It can also prevent urban sprawl from gobbling up our countryside and farmland, improve our air quality and enhance preservation of our environment.

The problems facing our transportation system have escalated to the point where they threaten our economic efficiency and ability to compete with other urban regions. Our major freeway network is 70 per cent congested at peak periods. Gridlock alone costs the GTA $2 billion annually in lost productivity.[5] Indeed, local businesses cited congestion as their number one worry in a recent Board of Trade survey. And it is the number one or two issue for residents of the regions making up the GTA, according to a recent Environics poll. The Central Ontario Smart Growth Panel's recent discussion paper recommended an approach to unlocking gridlock that involves investment in transit, as well as transportation demand management, transit-supportive land use planning, and an integrated transportation network to move people and goods.

Meanwhile, our largest transit provider – the Toronto Transit Commission – and other transit systems in the GTA suffer from inadequate funding and piecemeal planning. Though the Toronto Transit Commission has the second-highest ridership in North America (and the highest level of rider funding at 80 per cent of costs) and GO transit ridership is now 40 million, funding for transit maintenance and expansion has been inadequate. Within the past decade alone, the TTC has seen its operating subsidy fall far below that received by any comparable urban centre in the world – from 61 cents to 37 cents per rider.[6] The reduction in funds has led to a reduction in the quality of service.

In their 1999 study, "Funding Transportation in the GTA and Hamilton-Wentworth," the IBI Group and Hemson Consulting estimated that the annual capital funding shortfall in GTA transportation and transit is $800 million per year. The TCS Alliance working group estimates that the annual operating shortfall to fund system growth is approximately $500 million per year on top of the capital shortfall.

It is absolutely critical that the provincial and federal governments fully support the proposed capital, repair and growth plans of GO Transit and the TTC. Getting behind the current efforts of our major transit organizations is the only way to provide immediate relief from congestion and reduce the impact on the environment. The recent federal and Ontario announcements of new money for GO Transit are a step forward. The TTC needs are equally pressing and must be urgently addressed.

Although our region has 15 local transit providers, we have no regional transportation planning or coordinating body. Urban regions throughout North America, including Vancouver and Montreal, have successfully implemented regional transportation authorities. It's time the Toronto region had one too.

The TCS Alliance recommends that the province, in consultation with the City of Toronto and regional municipalities, establish a Regional Transportation Authority for the GTA-Hamilton area.

This body should have:

- **Explicit, legislated authority to plan and fund capital investment in transportation infrastructure and associated short-term operating step-ups in the region.**
- **Authority over planning in an integrated manner for major arterial roads, including the 400 series highways and major transit systems expansions – working with existing operators.**
- **Access to new, adequate, stable and predictable funding sources. These should include infrastructure funds from senior governments and the right to levy fuel taxes and potentially road tolls and user fees. The equivalent of 3 cents per litre per year of fuel tax would generate $150 million in new funding alone.**
- **A commitment to smart growth principles.**

Establishment of a new Regional Transportation Authority must result in substantial net new money for public transit in the region. The Authority must have access to its own funding sources to be a credible lead partner in planning the regional infrastructure. However, provincial and federal infrastructure funding will still be required for major capital projects.

The trade union members of the TCS Alliance are in agreement that region-wide transportation planning is important and that new incremental funding of transit is essential. However, they do not support the creation of a Regional Transportation Authority at this time out of concern that the governance of such an authority might result in a bias away from public transit and support to the TTC. (The TCS Alliance would only support a Regional Authority that was designed and implemented in such a way as to increase funding to transit and the TTC.) There is also a concern on their part that such an authority could open the door to more private sector involvement in transit, which they oppose.

The Waterfront

Toronto's waterfront has the potential to rival that of any other city in the world. There has been much talk about revitalizing the waterfront since the Prime Minister, Premier of Ontario, and the Mayor publicly unveiled a new vision for Toronto's waterfront in 1999. But there has been little action to date.

All three levels of government must get the waterfront revitalization moving ahead.

The TCS Alliance recommends that the Toronto City Council adopt the secondary plan for the waterfront as amended.

Six teams of leading local and international architects, recently invited to give Toronto suggestions on waterfront development, unanimously agreed that development should be guided by certain principles. These principles underlie the secondary plan and are essential to creating a successful waterfront – one that will attract residents, as well as tourists. The secondary plan will likely go to Council in April and must be approved before detailed development planning and implementation can proceed.

The TCS Alliance recommends that all three levels of government clarify the mandate and role of the The Waterfront Revitalization Corporation (TWRC) relative to that of their many agencies that are involved with the waterfront to give it clear responsibility for implementing the approved plan. The TWRC must also be funded appropriately so that it can fulfill that responsibility.

Many government agencies and private sector interests own or control land on the waterfront – and all have legitimate mandates that conflict, to different extents, with the vision and plan for the waterfront. Finding a way to resolve jurisdictional conflicts is essential. Governments and their agencies must separate the issue of ownership of the land from that of funding so that the TWRC can start putting the necessary infrastructure in place to implement the development plan.

The TCS Alliance recommends that the TWRC proceed, as the operational agency that is responsible for realizing the public's vision for the waterfront, proceed to provide the public infrastructure required for development.

There is much that can be done with current funding commitments if the TWRC focuses on short term objectives, including remediation and servicing of the portlands and the construction of new public parks and open spaces. Moving incrementally to complete these projects will provide the foundation for development to proceed, while demonstrating real progress and building momentum behind waterfront revitalization.

Reviving Tourism in Toronto

The Toronto region is one of the major tourist destinations in North America. It is a strong contributor to the region's economy, bringing in revenues of $4 billion annually and providing our residents with some 95,000 direct jobs.[7]

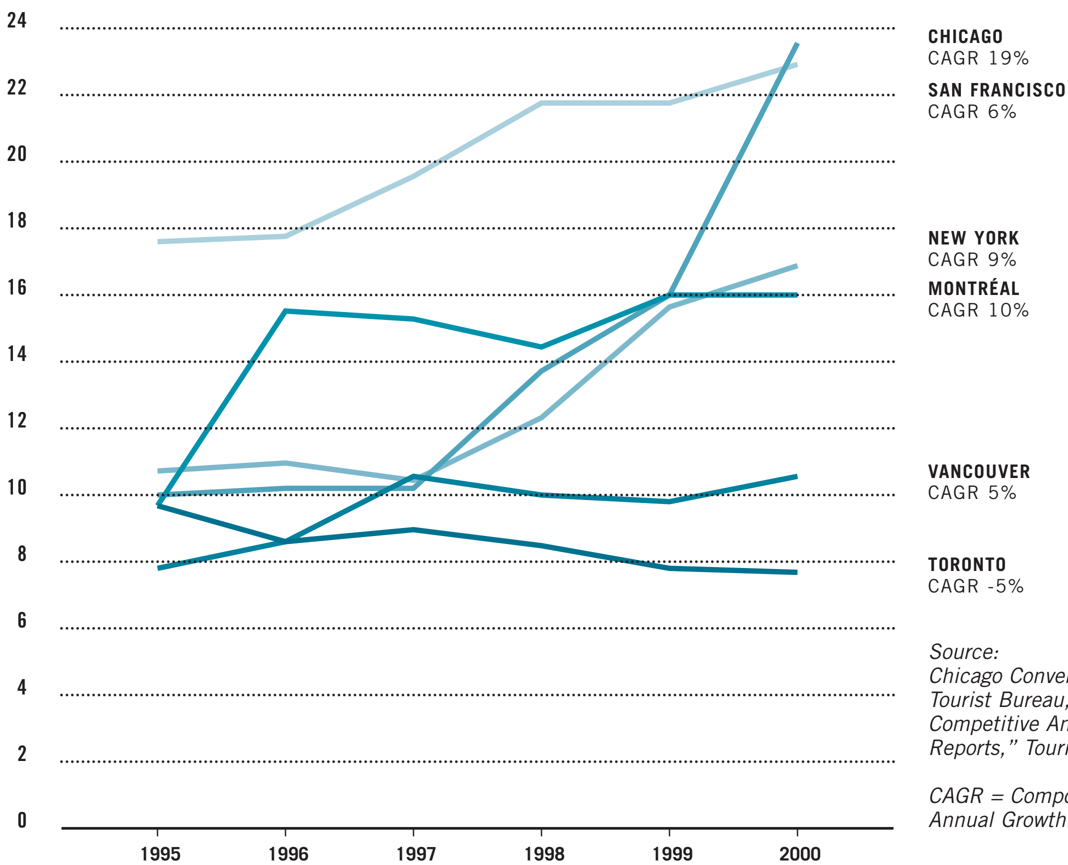
Tourism is a growth industry in North America, but unfortunately our industry has slipped significantly in the past six years. Despite the lower Canadian dollar, Toronto has been losing tourism market share to other major North American destinations. Growth in visitors to Toronto between 1996 and 2000 was only 1.5 per cent per year – versus 5 per cent or more per year in cities such as New York, Boston, Montreal and Chicago.

Our economy is paying the price: total employment in the tourism sector declined by about 8 per cent between 1998 and 2000 for a loss of 6800 jobs. During this same time period, international tourism receipts increased worldwide by 7 per cent and in North America by 15 per cent. If we had simply held the share of the large-city North American tourism market we had in 1996, we would have generated an additional $650 million of output in the Toronto region in 2000 – money that would have found its way into thousands of small businesses across the city region's economy. In addition, the Ontario government would have reaped an incremental $160 million in sales and income taxes and the federal government an incremental $160 million in total tax revenues.

There are two fundamental reasons for the decline in tourism in the Toronto region: inadequate marketing and under-investment in our attractions. Fortunately, marketing can be addressed quickly. Under-investment in attractions will take a longer-term plan, but also must be remedied.

Tourism Marketing: How Toronto Compares to Other Cities

($ Millions Cdn)



Source: Chicago Convention and Tourist Bureau, "Annual Competitive Analysis Reports," Tourism Toronto

CAGR = Compound Annual Growth Rate

Toronto spends much less on marketing than other cities that we compete with for tourists and the jobs that tourism can provide. Other major cities in North America generate funds for tourism promotion by charging a small fee on hotel rooms. Montreal, one of our region's primary urban competitors, charges a hotel levy that generates about $8 to $9 million a year for tourism marketing and advertising – a considerable portion of Tourism Montreal's annual budget. Tourism Toronto, in comparison, receives an annual grant of $4.2 million from the city, plus membership fees and private sector support, for a total budget of only $8.1 million.

The TCS Alliance recommends that the Government of Ontario immediately address the marketing issue by allowing municipalities to raise funds locally to attract tourists. Specifically, the Government of Ontario should permit the creation of a Destination Marketing Fee (DMF), at the discretion of municipalities and with the support of their local hospitality industry. This would enable the City of Toronto and regional municipalities to introduce a 3 per cent marketing fee on hotel and motel rooms that would generate approximately $24 million dollars in tourism marketing funds for the GTA annually.

Introducing such a levy would give municipalities in the Toronto region the option of applying a DMF on all hotel and motel rooms in their respective jurisdictions. It would be important to ensure that all funds raised through the DMF are dedicated to destination marketing. The sum of the DMF, GST and PST should not exceed 15 per cent. This would be the case with a 3 per cent DMF since GST is 7 per cent and the provincial tax on hotel rooms is 5 per cent. The DMF would be shown as a separate line on accommodation bills.

It is important to note that we are asking only for municipalities to have the right to adopt a Destination Marketing Fee. Because the Greater Toronto Hotel Association strongly supports this initiative, we expect that municipalities in the Toronto region will choose to adopt the DMF, and we will strongly urge them to do so.

The TCS Alliance recommends that the Ontario government and the federal government match locally raised marketing funds, as is done in other cities in the country.

Other cities leverage their marketing funds with provincial and federal funds. Cities in British Columbia and Quebec, for instance, can match local marketing funds raised by their cities with provincial funds, which are eligible for matching funds from the national tourism support program funded through the Canadian Tourism Commission.

Our provincial legislation lacks a mechanism to leverage matching provincial and federal tourism marketing funds. Ontario, and therefore the Toronto region, loses its share of national tourism marketing funds to other provinces.

The TCS Alliance recommends that the City of Toronto work with the provincial and federal governments and regional municipalities to develop a long term plan for enhancing our key tourism attractions and infrastructure.

Stronger promotion of the Toronto region as a visitor destination will help attract more tourists, but if we want to grow tourism in the longer term, we must improve our "product" as well. The new investments in the Royal Ontario Museum, the Science Centre, the Art Gallery of Ontario, The Four Seasons Centre for the Performing Arts and other cultural facilities will help. However, our existing cultural attractions – attractions that reflect our diversity and uniqueness – must be given not just the capital, but also the operating funds necessary to compete on an international stage. Having secured the funding base for our existing attractions, Toronto should look ahead to consider establishing at least a few new world-class tourist destinations to ensure the long term health of our tourism industry.

Creating a World-Leading Research Alliance

The Toronto region should aspire to be a world-leading centre for research and research-driven industries. A coordinated research and development initiative for the Toronto region – one that capitalizes on the capabilities of our universities, colleges, teaching hospitals, government labs and research-based companies – will enable us to vault the Toronto region into the front ranks of regional research centres internationally.

Research institutions in competitor cities and regions have already forged such alliances and are reaping the benefits. Since 1990, for instance, the Georgia Research Alliance – a partnership of Georgia's six research universities, the business community and the state government – has fostered high-tech company growth, attracted over three dozen world-leading scientists and their teams to the state, solidified Georgia's reputation as an advanced technology state and become a force for local job development.

Collaboration offers many benefits. In many fields, the costs of funding research have become prohibitively high for any individual institution. Through collaboration, our research institutions can be more effective at attracting public and private funding to finance strategic infrastructure, keep it up-to-date and share the benefits of these investments as broadly as possible.

Collaboration will also allow us to attract and retain more leading researchers as well as the highly specialized technical expertise that is needed in many areas to optimize investments in high-cost research facilities and equipment. The Toronto region has specialized expertise in biotech and medicine, information technology, software, telecom, materials science and many other fields. However, in many sub-fields, acquiring the critical mass to specialize is very expensive and exceeds the current capacity of our individual institutions.

Collaboration will help us access the risk capital needed for commercialization through more aggressive marketing of our research and institutions outside the Toronto region. A recent analysis of biotechnology activity in the 51 largest U.S. metropolitan areas, for instance, found that the industry is heavily concentrated in nine regions, all of which excel because they have two factors in common: their strong research capabilities and their ability to convert that research into commercial activity.

Finally, the Toronto region's strong research capacity, the expanding role of life sciences, and growing public interest in science present opportunities for the region to develop a niche market in scientific tourism and conferences. Collaborating to promote the Toronto region as a leading international research conference centre and developing related attractions like the Ontario Science Centre will boost our reputation as well as our tourism industry.

The TCS Alliance, with the Toronto region's public and private research institutions, will create a Toronto Region Research Alliance that will work strategically to place Toronto among the front ranks of the world's research centres. The Toronto Region Research Alliance will include universities, colleges, teaching hospitals, government laboratories, leading companies, venture capitalists and private research institutes throughout the wider region, including Hamilton, Guelph and Kitchener/Waterloo.

The Toronto Region Research Alliance will:

- **Develop a strategic plan to build capacity and infrastructure** in research areas that are critical to the Toronto region's economic growth or where the region has the potential to excel internationally
- **Assist in recruiting** leading researchers and research-based companies to our region
- **Promote increased government, private sector and other research investment** in our region and help bring key projects in the strategic plan to fruition
- **Increase access to venture capital** by mobilizing pension fund investment in Canada and attracting international venture capital to the Toronto region
- **Identify and help remove barriers** to commercialization of research
- **Promote the scientific, technical and commercial capabilities and achievements** of the region to international audiences
- **Increase science tourism** through aggressive efforts to attract key scientific conferences and develop regional science attractions

Investing in People

“ A high quality education system, beginning with excellent early learning and childcare services, is ultimately linked to economic innovation – and that is crucial to retaining a skilled workforce, as well as maintaining the ethnic and socio-ethnic harmony Toronto requires if it is to continue as a vibrant and liveable city.”

Commission on Early Learning and Child Care for the City of Toronto, May 2002

Early Childhood Development

Many studies and task forces have clearly demonstrated the importance of the early years in establishing the foundation for children’s later success. The most notable are the McCain-Mustard reports “The Early Years” (1999) and “The Early Years Three Years Later” (2002), and the Coffey-McCain report “The Commission on Early Learning and Child Care for the City of Toronto.” These studies have shown that a child’s cognitive, social and physical development by age six is a powerful predictor of his or her future school performance and adult well-being.

Because most of the women in our region work outside the home, over 300,000 children under twelve from all socio-economic backgrounds require some type of childcare. But available licensed childcare spaces satisfy just over 20 per cent of the demand. And the situation is worse for subsidized childcare: an estimated 20,000 children are currently on GTA waiting lists.[8]

The federal government has recognized the importance of a comprehensive approach to early childhood development that includes early learning, positive parenting and licensed childcare. The federal government allocated $880 million over five years starting in 2000 through its Early Childhood Development Initiative (ECDI) to support early childhood development in Ontario. Federal investment in early childhood development was augmented with the recent federal budget announcement of $900 million nationally over five years, starting in 2003, for new, licensed childcare spaces.

“ In the short term productivity would rise as parents in the labour force are released from the day-to-day conflicts inherent in securing adequate non-parental childcare. In the long term youngsters provided with a sound start would place fewer demands on the health, social welfare and criminal justice systems.”

Commission on Early Learning and Child Care for the City of Toronto, May 2002

But Ontario, unlike most other provinces, has not spent any of its federal ECDI funding on licensed childcare. After downloading responsibilities for childcare to municipalities in 1995, Ontario has also reduced its support for childcare. Funding province-wide has dropped $90 million since 1995. The City of Toronto lost 1600 subsidized childcare spaces in 2001 and is at risk of losing 700 more.

The TCS Alliance urges the Ontario government to recommit to the vision of "The Early Years Report" and to:

- **Ensure that current and new federal ECDI funding is combined with provincial funding to create sufficient new licensed and appropriately funded childcare spaces.**

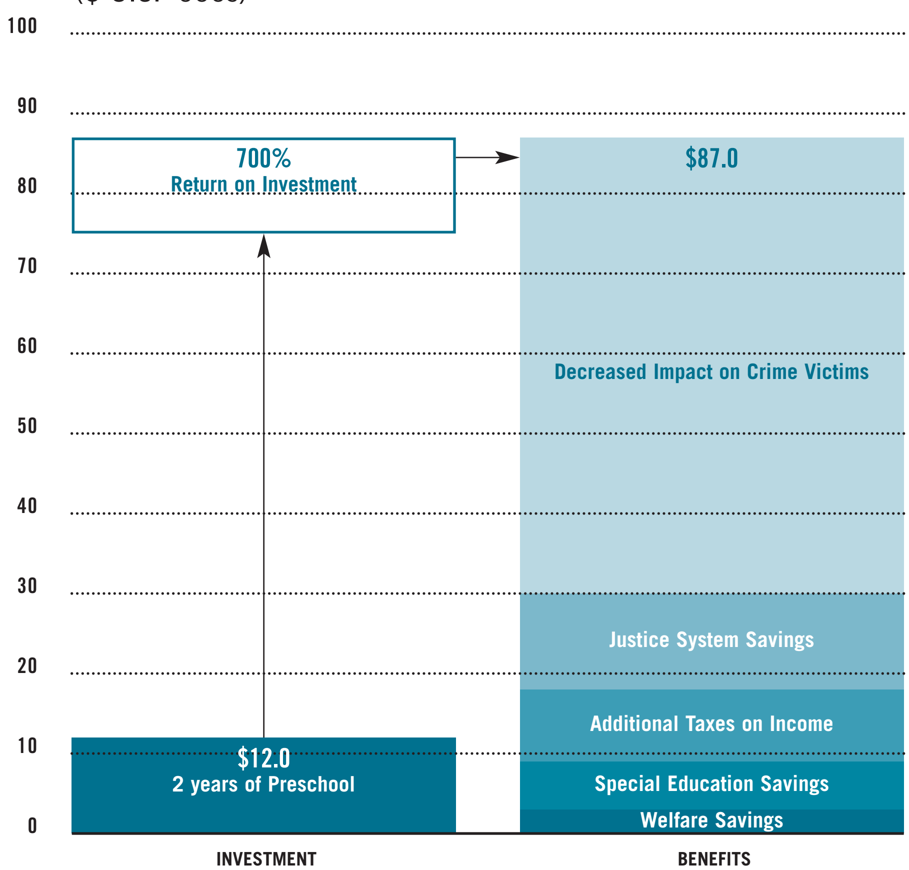
The TCS Alliance strongly urges the Ontario government to participate fully in the federal government's national childcare plan and ensure that its new Early Childhood Development funding is allocated across the full spectrum of priority programs, including the creation of net new, licensed childcare spaces to address the critical need for quality childcare for Ontario's families. We also urge the Ontario government to immediately invest a substantial portion of ECDI funds it has not yet spent to restore lost licensed childcare spaces. ECD funding should be distributed fairly, and the Toronto region should receive its requisite share.

- **Use a portion of the funding that it receives under the federal Early Childhood Development Initiative (ECDI) to support ongoing assessment and reporting on the readiness to learn of children across the Toronto region.**

Readiness to learn is a key measure of many aspects of a child's well being and an important predictor of future outcomes. Supporting teachers in assessing readiness to learn, and reporting at the community level, would provide evidence we now lack in the Toronto region on how well children are doing and where we need to do more. It will also help the Ontario government improve the effectiveness of its ECD programs and investments.

Early Childhood Development Return on Investment

($ U.S. '000s)



Source: Perry Preschool Study, 1992

Public Education

The importance of a strong and effective public education system that is responsive to the needs of our students cannot be overemphasized. All students, no matter where they come from or what their needs, are entitled to the best education in core curriculum subjects, as well as in the arts, music and physical education.

A high quality public education system educates the 'whole child.' It aims to foster excellence and achievement and to ensure that all children have the best opportunity to develop their intellectual, social and physical capacities to their full potential. Public education is essential to ensuring that the Toronto region has a well-educated labour force equipped to meet the demands of today's – and tomorrow's – knowledge-based economy. We need excellent public education if we are to attract and retain talented people, businesses and institutions.

Our local public schools have traditionally played a central role in the life of our neighborhoods, offering their communities essential activities to support early learning and parenting and an array of extracurricular activities – both educational and recreational – as well as essential outreach and support for children and families in trouble.

A tremendous amount of research has been conducted in recent years that strongly supports the need for additional investment in public education. In particular, the Report of the Education Equality Task Force (2002) by Dr. Mordechai Rozanski provides the blueprint for educational revitalization. It recommended more adequate, flexible and predictable funding to allow school boards to plan ahead to meet local needs and priorities.

Funding poses a particular challenge for the Toronto region. The government of Ontario made major changes to the education funding model in 1998 – changes that negatively affected the public education system in the Toronto region. Rozanski reported that the cost benchmarks in that funding formula have not been updated since 1998, leaving a $1.08 billion annual shortfall – a large proportion of which would have gone to the Toronto region. This has resulted in an overall decrease in per-pupil funding, less money to serve Toronto region children with special needs, such as recent immigrants, and loss of community use of schools, which cannot afford to stay open without charging for facilities or staff.

We need to restore investment in education based on the principles of improving education quality, ensuring equity and access, promoting cost-effectiveness and affordability, and improving accountability to the public.

The TCS Alliance urges the Ontario government to make public education a priority. We strongly endorse the recommendations outlined in the Rozanski report and call on the government to accelerate its implementation to address funding deficiencies in our schools.

A number of recommendations from the Report are particularly relevant to student achievement in the Toronto region: those that address the overall shortfall in funding as well as the recommendations that specifically address the higher concentration of special needs in the Toronto region related to language skills development for immigrant parents and their children, parenting and early learning programs for children and families at risk, restoring community access to school space in neighbourhoods where schools have traditionally been the community and recreational centers, repairing and maintaining older schools and fostering intergovernmental coordination.

In addition to the funding recommendations outlined in Dr. Rozanski's report, the TCS Alliance is concerned about the high number of high school students who have not successfully completed the Grade 10 literacy test – 43,000 across Ontario last year.[9] Given that most jobs require at least a high school education, these kids, who are at risk of not completing high school, may become unemployable. We endorse the Minister of Education's stated intent to help those students who are not bound for post-secondary education achieve the necessary qualifications to obtain their high school diplomas.

Key Rozanski Recommendations for the Toronto Region:

- Update all benchmark costs in the funding model and conduct a comprehensive review every five years to ensure the model is adequately meeting the funding needs of our schools – to deliver the core curriculum well, and to restore arts and physical education.
- Immediately invest the recommended $50 million (province-wide) in the Demographic Component of the Learning Opportunities Grant to help assist the relatively high concentration of children in the GTA who are socio-economically disadvantaged.
- Increase funding under the Language Grant to reflect five years of language training required for English as a Second Language/Skills Development (ESL) as the GTA has the highest number of immigrants in the country, and therefore tremendous need.
- Allocate $200 million (province-wide) annually toward a "deferred maintenance amortization fund" which would provide our schools with much needed funding for maintenance and repairs.
- Assist in creating a Cabinet Committee responsible for coordinating the work of the Ministries of Health and Long-Term Care, Community, Family and Children's Services, Education, Tourism, Culture and Recreation.
- Examine our current system of governance through a stakeholders committee, including the need for accountability between the province and school boards.

Post-Secondary Education

Post-secondary education plays a critical role in preparing people for active participation in the social, economic and cultural life of their communities, and in building the highly skilled labour force necessary to compete in today's knowledge economy.

The GTA alone is home to three world class universities (University of Toronto, York University, and Ryerson University) and a fourth, the University of Ontario Institute of Technology, under development. We also have six excellent colleges of applied arts and technology: Centennial College, Durham College, George Brown, Humber College, Seneca College and Sheridan. There are many more excellent post-secondary institutions in the wider region.

Ontario's post-secondary institutions are doing a good job of preparing young people and adults returning to school for the labour market. The 1998-99 Ontario Graduate Survey showed that, two years after graduation, 97 per cent of graduates were employed and 81 per cent had found work related to their education.

But under-funding is putting a severe strain on our post-secondary institutions and undermining the quality of education their students receive.

Ontario's colleges currently deliver training to 35,000 more full-time students with $79 million less than they had 10 years ago. Ontario's universities are not doing any better. Ontario has reduced university funding to the lowest per student level in Canada.[10] Tuition costs have rapidly risen an average of 10 per cent per year over the past decade,[11] imposing significant hardship on Ontario's students and their families.

The TCS Alliance recommends that the provincial government provide an affordable space for every student in Ontario who is qualified for and seeking post-secondary education.

The opportunity to attend college or university must be affordable and the quality of that education must remain comparable to that in other jurisdictions. This will require a plan to increase provincial funding for colleges and universities to levels commensurate with full accessibility.

Becoming a Centre of Excellence in Integrating Immigrants

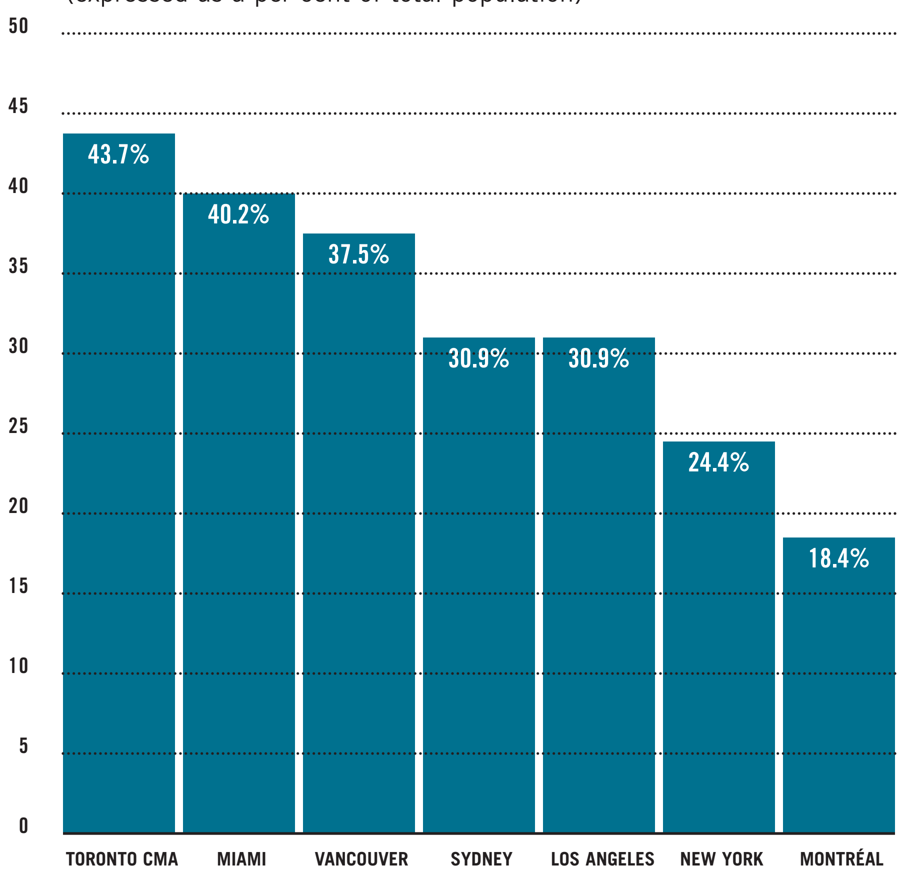
Every year, the Toronto region welcomes half of all immigrants who arrive in Canada. We are home to a higher proportion of immigrants than any other city, surpassing Miami, Sydney, Los Angeles and New York. Nearly 44 per cent of the GTA's population and 47 per cent of the City of Toronto is foreign-born.[12]

The majority of these newcomers to our city are skilled workers. More than 60 per cent of people who immigrate to the GTA are specifically selected for their skills, and more than half have some form of post-secondary education. In addition to job-specific skills, immigrants bring knowledge of their home country languages, markets and investors. These individuals can and should play an important role in our region's economic, social and political life. For example, with the dramatic decline of global communication costs, we now have telephone and Internet service centres in the Toronto region serving customers worldwide in their local languages. With people coming from more than 200 countries of origin and more than 100 different languages spoken locally, we should be at the forefront of these new, high wage global service industries.

The large numbers of immigrants in our region are an unparalleled competitive advantage in today's global economy. New research at the University of Toronto suggests that the growth of knowledge-based industries is closely linked to levels of immigration and diversity, among other factors. Toronto scores higher than almost all other North American cities on these indices.[13]

Foreign-Born Populations of International Cities

(expressed as a per cent of total population)



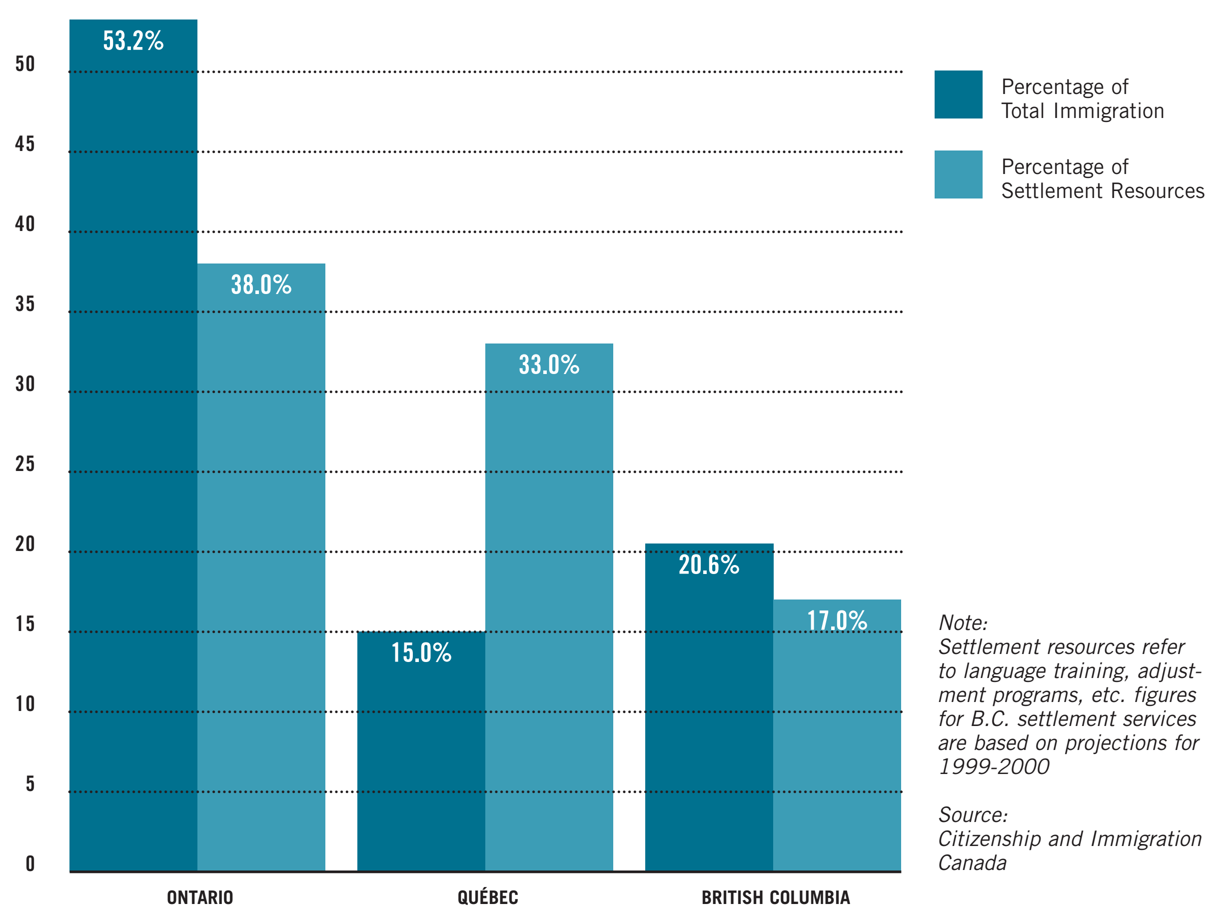
Source: Statistics Canada 2001 Census; U.S. Bureau of the Census; Australian Bureau of Statistics

Toronto is not fully capitalizing on this multicultural and highly skilled labour force advantage. Immigration-related policies, funding and services are currently fragmented or poorly coordinated across governments, the voluntary sector and other service providers, and are often unresponsive to the specific needs of Toronto region communities. In addition, Ontario receives only 38 per cent of federal settlement funding, despite taking over 50 per cent of total immigrants.

Government support for immigrants is focused on their initial needs, such as basic shelter, orientation and language instruction. But immigrants also face significant barriers to entering the labour market. These barriers include lack of information on employment in their trade or profession, difficulty in obtaining recognition of their educational and professional credentials, lack of access to employment-relevant language training and lack of opportunities to gain Canadian work experience. The Conference Board of Canada has estimated that if all immigrants were employed to the level of their qualifications, it would generate roughly an additional $4 billion of wages across the country – the largest share of that in the Toronto region.

In order to capitalize on the advantages of immigration, we need to improve our ability to address the second stage needs of new immigrants to speed up their entry into the labour market in jobs that are appropriate to the education and skills they bring. We need to become a 'centre of excellence' for integrating immigrants.

Federal Funding for Immigrant Settlement



Note:
Settlement resources refer to language training, adjustment programs, etc. figures for B.C. settlement services are based on projections for 1999-2000

Source:
Citizenship and Immigration Canada

The TCS Alliance will help establish a Toronto Region Council for Immigrant Employment to improve access to employment for immigrants in the region.

This Council, comprised of private, voluntary, labour and public sector leaders, will foster a coordinated and collaborative approach to integrating newcomers. It will initially focus on speeding up the integration of new immigrants into the labour market because, without economic opportunity, they cannot hope to participate fully in the political and social life of the community. In time the Council may address opportunities to foster political and social inclusion as well.

The first action of the Council will be the launch an employer-led economic integration initiative.

This will involve working with employers from the private, public and voluntary sectors to set up internship programs, mentoring opportunities, job shadowing opportunities and co-op placements to speed entry into the workforce. Once this initiative is underway the Council will develop and implement other initiatives to speed labour market integration, such as:

- Mapping current programs and services to assess gaps and address ways to fill them
- Launching an Internet portal that contains the base line information immigrants need to enter the labour market effectively
- Educating Toronto region employers and residents about the benefits of improved labour market integration of immigrants

The TCS Alliance recommends and will help the Council create the conditions for a multi-lateral agreement between the federal government, the provincial government and interested Toronto region municipal governments for more effective coordination of immigrant settlement services.

In addition to improving local coordination, the Council will also work with the three levels of government to improve information sharing for planning purposes and ensure accountability and predictability of funding.

Strengthening Our Social and Community Infrastructure

TD Economics' Special 2002 Report, "The Greater Toronto Area: Canada's Primary Economic Locomotive In Need of Repairs," cited worsening poverty as one of the top five issues confronting the GTA. While poverty has declined in Canada as a whole, it has increased in Toronto.[14] Certain groups are particularly vulnerable: two-thirds of sole parent families, half of recent newcomers and 40 per cent of visible minorities are poor.

Poverty affects all of us, not just the poor. It directly affects the living standards and labour market prospects of a great many of our citizens. Now that a greater proportion of the costs of income security have become municipal responsibilities, there is growing pressure on local property taxes and, as a consequence of GTA-wide pooling of social assistance costs, conflict among municipalities in the region. Many of the social costs of any future recession will fall heavily on municipal governments.

We believe that income security reform is essential to addressing the problems of urban poverty, income inequality and labour market changes. That reform will require a national debate and we plan to contribute to that process. In addition to a reformed income security system, the Toronto region needs a strong social and community infrastructure that includes:

- **Affordable housing and services to assist the homeless**
- **A more robust network of community services**

Affordable Housing

The evidence of families and individuals in need of affordable housing in the Toronto region surrounds us – growing numbers of homeless people, crowded hostels and long waiting lists for social housing.

Some 286,000 households in the GTA pay more than 30 per cent of their income on housing, which is considered to be the maximum that a low-income family should pay given their needs for food, clothing and other necessities The waiting list for social housing in the GTA is about 91,000 households. In Toronto alone, some 30,000 homeless individuals pass through the emergency shelter system every year.

The recent rise in the rental housing vacancy rates in the GTA has provided some relief in finding accommodation, but little relief in the rent being charged. In fact, the average rent has risen a cumulative 21.4 per cent over the past five years, compared to a rise of 12 per cent in the Consumer Price Index.

Affordable housing is a particular problem for the 80,000 families and individuals in the GTA who depend on social assistance for their income. Many of these households rent in the private rental market. In 1994, a family of four received shelter assistance of $700 a month when the average market rent was $780 in Toronto. Today that family receives $544 a month to cover rent, while the average market rent in Toronto has risen to $1,055. As a result, these residents currently live in poverty and regularly face the choice of whether to eat or pay the rent. In fact, growing family dependence on food banks is driven by lack of affordable housing.

The shelter allowance is not only inadequate but is also inequitable. It covers roughly 70 to 90 per cent of the average rent in small to mid-size cities, but less than 50 per cent in Toronto, where the cost of living is the highest in the country.[15]

Reports from the TD Bank, the Toronto Board of Trade, the Federation of Canadian Municipalities, the Toronto Financial Services Alliance, the Centre for Urban and Community Studies, the United Way of Greater Toronto, the Mayor's Homelessness Action Task Force and the Prime Minister's Caucus Task Force on Urban Issues have all weighed in with serious concerns, and practical solutions to deal with the challenges of homelessness and lack of affordable housing.

" …despite some growth in the City of Toronto's economy, deep pools of poverty persist – a problem that is exacerbated by an inadequate supply of social housing."

"The Greater Toronto Area: Canada's Economic Locomotive in Need of Repairs", TD Economics 2002

The response of senior governments has been to introduce a rental housing program that creates a small amount of new housing at average rent levels of between $800 to $1,000 a month. This is well above the level that poor families can afford. Our governments have also taken some measures to improve the investment climate for rental housing through regulatory and tax reform. The recent federal budget also renewed the successful Supporting Communities Partnership Initiative to address homelessness – a measure we strongly applaud.

The Toronto City Summit Alliance believes that current housing programs and regulatory and tax measures alone will not create truly affordable housing, nor solve the housing affordability issues faced by lower income households. The TCS Alliance believes that we need truly affordable housing initiatives. These initiatives would create housing at rents between $400 and $700 a month available directly to those households paying more than 30 per cent of their income on housing.

In addition to the existing housing and homelessness programs and regulatory reform proposals, the TCS Alliance recommends a six point housing agenda over the next ten years for the GTA that asks federal and provincial governments to commit to the following:

- **Provide 10,000 rent supplements to assist existing and prospective high-need tenants in the near term**
- **Make annual adjustments to the shelter component of social assistance to reflect local housing costs in the GTA**
- **Create 40,000 new rental housing units over 10 years, 25,000 of these units to be truly affordable on a rent-geared-to-income basis through a rent supplement program targeted at new affordable rental buildings**
- **Create 5,000 new supportive housing units for those who need social service support with their housing**
- **Continue existing homeless support programs, such as the Supporting Communities Partnership Initiative that the federal government renewed in the recent budget**
- **Bring 45,000 pre-1973 units of existing social housing to a good state of repair**

Senior governments must play a role in creating truly affordable housing as the cost is beyond what municipalities can bear. All housing that is truly affordable to people and families of low and moderate income in all jurisdictions in North America and Europe receives significant government support. The absence of funding for affordable housing in the 2003 provincial budget was a great disappointment.

We estimate that the cost of our recommendations for the GTA would be roughly $3.6 billion in total over 10 years. The federal government's share would be approximately $160 million per year in the form of capital support for new affordable housing, continuing homeless support programs and a portion of the cost of regenerating older units. The provincial government would contribute the remaining approximately $200 million per year in the form of rent supplements, adjusting the shelter component of Ontario Works, creating new supportive housing, and a portion of the cost of regenerating older units.

Community Services Infrastructure

The Toronto region's community services infrastructure is a complex system of facilities, programs and social networks that include neighbourhood libraries, day care centres, schools, social and supportive housing projects, community centres, parks and playgrounds, group homes, emergency shelters, drop-ins and community services designed to meet a broad range of local needs.

Growing poverty and demographic changes are driving increased demand for services in the GTA. However, in their attempts to reduce deficits and taxes over the past decade, all levels of government reduced funding for a variety of social programs, and in some cases eliminated them entirely. This has spawned community "hot spots" – neighbourhoods where residents lack even the most basic programs and services.

How User Fees Are Affecting Access to GTA Schools

The East Scarborough Boys and Girls Club used to run eight free after-school recreation programs at local schools, offering floor hockey, soccer, volleyball, crafts and board games, and other activities to more than 300 children and youth aged six to 17. But these programs ended with the advent of user fees. The club could not afford the $96,000 the schools would have charged for the facilities between 1999 and 2001.

A number of factors account for the decline in community services infrastructure:

Income polarization
Unlike most large American city regions, the GTA never experienced the deep segregation of rich and poor neighbourhoods. Disturbing signs are emerging that Toronto is now seeing deepening concentrations of poverty: median incomes in Toronto's 12 poorest neighbourhoods declined by a full 16 per cent in the 1990s. In contrast, the 12 wealthiest neighbourhoods saw their median income rise by 10 per cent.[16]

Community access to public space has declined
Increased municipal and school board fees have been undermining community access to a wide range of programs in public facilities since 2000. A recent joint study by the City of Toronto and United Way of Greater Toronto found that once schools started having to charge user fees for use of school space in 2000, community use of schools dropped by 43 per cent.[17] User fees have been introduced with little or no mitigation for low-income neighbourhoods, where many community programs were offered. As a result, programs have been forced to shut down in these neighbourhoods.

Other levels of government have transferred responsibility for providing or funding services such as public transit, social housing, ambulance services, childcare and emergency services to municipalities, without commensurate revenues to offset the new costs. Municipalities are forced to pit physical infrastructure needs against social infrastructure needs and police budgets against community services grants.

The TCS Alliance recommends the immediate establishment of a Tri-Partite Agreement among the City of Toronto, Ontario and federal governments to support community services infrastructure, particularly in Toronto's poorest neighbourhoods.

Tri-partite agreements in other jurisdictions, such as those developed to respond to the challenges facing Vancouver's Downtown Eastside and Winnipeg's urban aboriginal population, have proven highly effective at addressing seemingly intractable problems. This agreement will commit appropriate new funding for the city, the United Way of Greater Toronto and other groups to assess the needs of Toronto's poorest neighbourhoods and develop creative approaches to filling gaps in service delivery. We recommend that an "urgent needs fund" be established as part of this process, with participation from the city, province and federal government to address immediate needs in the poorest neighbourhoods. As the tri-partite approach proves successful in Toronto, it could be expanded to other parts of the region.

In addition, the TCS Alliance recommends that the province, the city and the school board develop an immediate plan and provide adequate funding to ensure low-cost access to schools and other public spaces for community use.

The Winnipeg Development Agreement

The City of Winnipeg has long benefited from a tradition of intergovernmental cooperation. From 1995 to 2000, the federal government, province of Manitoba and the City agreed upon the $75 million cost-shared Winnipeg Development Agreement (WDA), which successfully targeted issues of downtown revitalization, urban safety and neighbourhood improvements. In January of 2003, the three levels of government signed a memorandum of agreement to begin negotiations on a new development agreement for Winnepeg. This will be their fourth tri-partite agreement.

Supporting the Arts and Culture

"The ability to attract creative people in arts and culture fields and to be open to diverse groups of people of different ethnic, racial and lifestyle groups provides distinct advantages to regions in generating innovations, growing and attracting high-technology industries, and spurring economic growth." [18]

The arts are central to a healthy and vibrant community. They educate, inform and reflect who and what we are as a community. They are part of the very fabric that binds us together. They are also a key employment sector in the region and their strength will be important as Toronto positions itself as a centre to attract business and knowledge workers in the coming years.

Toronto is the third largest English language theatre centre in the world after New York and London, and has the third largest number of live music venues in North America.[19] The Toronto International Film Festival is a premier international event in size, scope and appeal. And the new Four Seasons Centre for the Performing Arts and additions to the Royal Ontario Museum and the Art Gallery of Ontario will enhance the architecture of the city and the global reputation of these institutions.

The arts are chronically under-funded. Most organizations that are surviving are adept at concealing their continuous state of crisis — their burned-out, underpaid staff and their crumbling capital assets. But many do not survive. Within the past 10 years, Toronto has seen at least 30 organizations cease operations altogether, while others are weighed down with large, cumulative deficits.[20]

"I've never had a grant and I'm not looking for a grant... But I'm dependent on what arts granting agencies do. Over the last 30 years I've built an organization of people who have come out of the non-profit sector, and I am now employing 1,345 people. With another 10 years' investment in the arts, Toronto could become an exporter of major shows."

David Mirvish, owner of Mirvish Productions

Working Capital For Artists: One Solution

Programs that provide working capital grants for the arts are funded by federal, provincial, municipal, foundation and private sector sources. Most major Canadian cities benefit from these programs. Canada's first and most successful program is the Vancouver Arts Stabilization Team (VAST). There are also programs in Alberta, Nova Scotia, Ontario's Bay Area, Manitoba, Saskatchewan, Quebec, Ontario's Niagara Region, New Brunswick, PEI and Newfoundland.

The Creative Trust is an arts stabilization program now being developed in the GTA. It will focus on the GTA's small and medium sized performing arts organizations.

Over the past decade, the region's non-profit arts organizations and artists have been challenged by falling levels of government funding, including:

- A 40 per cent reduction in provincial grants through the Ontario Arts Council from $20.1 million to $12.7 million between 1994 and 2001. The Ontario Arts Endowment Program introduced in 1998 has not offset the funding decline.
- Federal funding from the Canada Council that, while it grew 30 per cent from 1994 to 2000, went to 74 per cent more organizations and 82 per cent more artists, resulting in virtually no change in funding for the larger organizations – including the five 'national treasures' in the Toronto region.
- The City of Toronto's support for marquee arts groups fell by 35 per cent, from $3.5 million to $2.3 million, between 1990 and 2002, while the Toronto region's economy grew 40 per cent.

The Toronto Arts Council estimates that operating revenues of the small to medium sized arts organizations are $45 million per year less than is needed for effective, stable operations. These organizations have a state of good repair deficit of $20 million per year. Even 'national treasures' such as the Royal Ontario Museum, the Art Gallery of Ontario, The Toronto Symphony, The National Ballet and the Canadian Opera Company, which benefit from the provincial SuperBuild program for infrastructure development, are concerned about operating sustainability.

We cannot afford to keep under-investing in the arts in the Toronto region.

The TCS Alliance urges the provincial government to restore arts funding to 1994 levels and all levels of government to provide at least inflationary increases annually.

We need to pursue matching funding from the province and federal government from both cultural funding and industrial funding envelopes, and urge higher levels of government to increase operational funding to our national cultural institutions.

The TCS Alliance will work with the arts and culture sector, the Toronto Community Foundation (TCF), the Toronto Arts Council Foundation and the private sector to develop new approaches to arts and culture funding.

We will build on existing efforts such as the Toronto Arts Council's Great Arts = Great City campaign and collaboration with Arts Toronto to deliver an enhanced version of Arts Week, the Creative Trust's arts stabilization program and City of Toronto Culture Division's new plan and programs. We will look at other North American cities that have enabled significant incremental funding for their arts and culture sector and help adapt the most successful models to fit the needs of our city region.

A Time for Action

This agenda is ambitious but entirely achievable. Toronto is a talented and resourceful city region that can afford to tackle these issues immediately and with the efforts they require. The province of Ontario and the federal government must be our partners. They need to demonstrate by concrete actions that they understand our issues and are willing to attack our challenges with us.

The Toronto City Summit Alliance will convene a second city summit in June of 2003 to bring together citizens and elected representatives from all levels of government to move these initiatives forward. In the weeks before the second summit we will foster an active discussion of how to make these proposals a reality.

Our vision of civic leadership and engagement is a collective vision based on creating a common fact base and understanding of the issues and then defining a consensus for action. Many of the initiatives here are not new and the fact base underlying them has been building for some time. What has been missing is action.

On initiatives like the Immigrant Employment Council and the Toronto Region Research Alliance, the TCS Alliance has already begun implementing those efforts, and we will provide incubation support to them. On those initiatives where governments must take the lead, we will actively encourage the relevant governments to commit to those actions and a specific timetable and resources for implementation. We will also explore more deeply other topics we have only been able to touch on in our initial work, such as the importance of new approaches to income security to address the roots of poverty in our cities.

We are a strictly non-partisan group and will make all of our ideas and proposals available to all the candidates running in the upcoming municipal elections. We hope each of the mayoral candidates will adopt our recommendations as part of their platforms. Similarly, we will brief all provincial and federal political parties and hope to see each of them endorse the elements of our action plan that require their support.

The Toronto City Summit Alliance will stay focussed on implementing this agenda over the coming year. Too many reports sit on the shelf, and we are committed to seeing that that does not happen here.

We urge all citizens of the Toronto region to join us in this effort. These initiatives will require your support. If you agree with this plan for action, please write to your elected representatives and tell them. Please engage with others to foster the civic dialogue that will build a community consensus.

Our vision for Toronto is within our grasp. We need only the will to make it happen.

Acknowledgements

The work of the TCS Alliance was supported by many individuals and groups from across the Toronto region. Our understanding of the issues facing the region was greatly informed by our consultations with the federal and provincial governments, the regional mayors and officials from the city and regional municipalities.

We also wish to acknowledge and thank The Boston Consulting Group for providing us with office and meeting space, as well as pro bono staff support.

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BCE Inc.

BMO Financial Group

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Loblaw Companies Limited

Marsh Canada Limited

RBC Financial Group

TD Financial Group

Toronto Hydro

Toronto Star

Notes

1 *Funds flow analysis developed by The Centre For Spatial Economics for the Toronto Board of Trade, 2000*

2 *City of Toronto*

3 *TD Economics estimates*

4 *This will require a change to the Development Charge Act by the Province of Ontario*

5 *Greater Toronto Services Board, "Removing Roadblocks: GTSB Transportation Plan," January 2000*

6 *TTC 2003 Operating Budget*

7 *Cameron Hawkins' Tourism Investment Study, December 2001*

8 *Toronto, Halton, and Peel Service Plans*

9 *Ontario Public School Board Association*

10 *Resource Document of the Council of Ontario Universities, 2002*

11 *Statistics Canada*

12 *Statistics Canada, 2001 Census*

13 *"Competing on Creativity: Placing Ontario's Cities in North American Context," Meric S.Gertler and Richard Florida, November 2002*

14 *Statistics Canada's 1996 census showed that the per cent of Toronto's population below the 'low income cut off' increased from 19.1% in 1990 to 27.8% on 1995. The 2001 census data on poverty rates will not be released until May 2003, but tax filer data indicates continued growth of poverty through the decade*

15 *Daily Bread Food Bank, "Pay the Rent and Feed the Kids" using data from Statistics Canada, the City of Toronto and the Fraser Institute*

16 *The United Way of Greater Toronto, "Decade of Decline"*

17 *Community Use of School & City-Owned Space, May 2002, United Way of Greater Toronto*

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