



Toronto Region Financial Services Strategy

TFSA Structure and Funding Requirements

Presentation to:
Economic Development Committee
November 2009

Financial Services Strategy - Context and Objectives

An ambitious but achievable target has been set for raising the Toronto Region's profile as a global financial centre: by 2015 become one of the two most important financial centres in North America and among the top 5-7 globally in key areas of strength.

With a focused strategy and disciplined execution, this goal is well within reach. The overarching goal of the strategy presented in the BCG report is to increase Toronto's competitiveness as an international financial centre, and in doing so, accomplish the following objectives:

- Create more financial services jobs in the Toronto Region
- Increase the industry's GDP contribution and overall economic impact
- Enhance the conditions for domestic financial services players to grow and succeed internationally
- Attract international investment and financial services to the Toronto Region, and
- Strengthen Toronto's position as a Financial Services capital and maintain FS headquarter jobs

Toronto Financial Services Strategy

Build leading hubs

Integrative Risk Management Institute

Energy, mining and metals financing

Retirement financing

Growth of skilled FS activity clusters

Align for success

Designated Government functions focused on FS growth

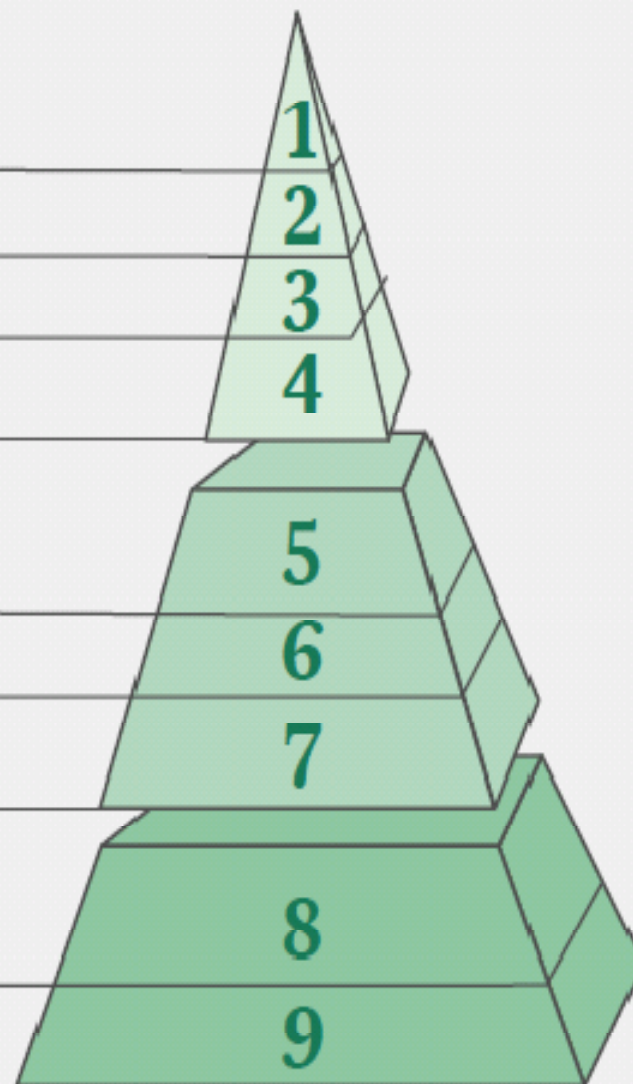
Establishment of Industry-Government Partnership

Concerted promotion of Toronto Financial services

Fortify competitive foundations

Enhance business environment

Entrench talent advantage



Source: 2009 BCG Report "Call for Partnership and Action"

Unanimous commitment to date from CEOs to support strategy and participate on Leadership Council

CEO Briefings and buy-in interviews

Completed:

- AGF – Blake Goldring
- Aviva – Robin Spencer
- Bank of Nova Scotia – Rick Waugh
- BMO – Bill Downe
- CPPIB – David Denison
- Great West Life – Allen Loney
- Intact – Charles Brindamour
- Mackenzie - Charlie Sims
- Manulife – Don Guloien
- OMERS – Michael Nobrega
- RBC – Gord Nixon
- TD – Ed Clark
- TMX – Thomas Kloet
- CIBC – Gerry McCaughey
- OTPP – Jim Leech
- Sun Life – Don Stewart

Key takeaways to-date

CEOs support the overall strategy and are willing to be part of the leadership council

CEOs identified several factors critical to their involvement

- This initiative is seen as a priority for the Premier and he actively participates
- A senior provincial cabinet minister (e.g., Minister of Finance) is accountable for government action to ensure initiatives do not "get lost" in the bureaucracy
- A senior Federal minister participates – importance of Finance Minister participation voiced by many
- A focused set of milestones that will be used to measure success is identified upfront
 - Secretariat will be held accountable to meet the milestones
- The Chair of the Leadership Council must be a highly respected individual who can play an active role
- The secretariat must be comprised of high calibre people with the necessary resources to drive action
- Limit size of council to ~15 CEOs to ensure it can be effective

Key messages

Leading international financial centres typically have a strong function dedicated to industry growth, economic development and competitiveness

Two primary models are employed globally to govern and execute FS strategies

- Government body
- Joint industry-government partnership

A joint industry-government partnership makes the most sense for Toronto

- The industry is already very strong in Toronto
- Governments are looking to industry to drive the FS strategy

The TFSA needs both a strengthened mandate and operating model to achieve its objective of growing the Toronto region's financial services industry

- Increased focus on strategy development and execution
- More resources to achieve its mandate

Joint industry-government profile: International Financial Services London (IFSL)



Overview	International Financial Services London (IFSL) is a UK based organization aimed at promoting UK's financial services industry globally, influencing trade policy and regulation and publishing research on the sector
Resources	IFSL employs approximately 24 people and has an annual operating budget of ~£1.5 million pounds <ul style="list-style-type: none">• CEO Sir Stephen Wright, former British Ambassador to Spain
Funding	<ul style="list-style-type: none">• 50% from its >100 members• 33% from the Bank of England• 17% from the City of London
Board composition	<ul style="list-style-type: none">• Chair: Lord Peter Levene, Chairman Lloyds TSB• Senior industry leaders (7)• Government: UK (3), City of London (2)• Industry associations: British Bankers Association (1), Association of British Insurers (1)

Joint industry-government profile: Toronto Region Research Alliance (TRRA)



Overview	TRRA is focused on attracting research-intensive investment to the Toronto region. TRRA also seeks to maximize the economic advantages of the region's extraordinary research strengths
Resources	TRRA employs approximately 11 people and has an annual operating budget of ~\$2.5M <ul style="list-style-type: none">• Chairman & CEO Courtney Pratt, former Chairman and CEO of Stelco Inc.
Funding	TRRA is jointly funded by the public and private sector <ul style="list-style-type: none">• Provincial government (50%)• Federal government (30%)• Private sector and municipalities (20%)
Board composition	<ul style="list-style-type: none">• Vice-chair: David Pecaut, Senior Partner, BCG and CEO, TCOSA• Senior industry leaders• Senior officials from academic institutions• Government observers

Proposed TFSA mandate: growth of Toronto region FS

Focus on cross-industry issues and opportunities

Key functions to be filled by the TFSA

Develop and coordinate the execution of the Toronto region financial services strategy

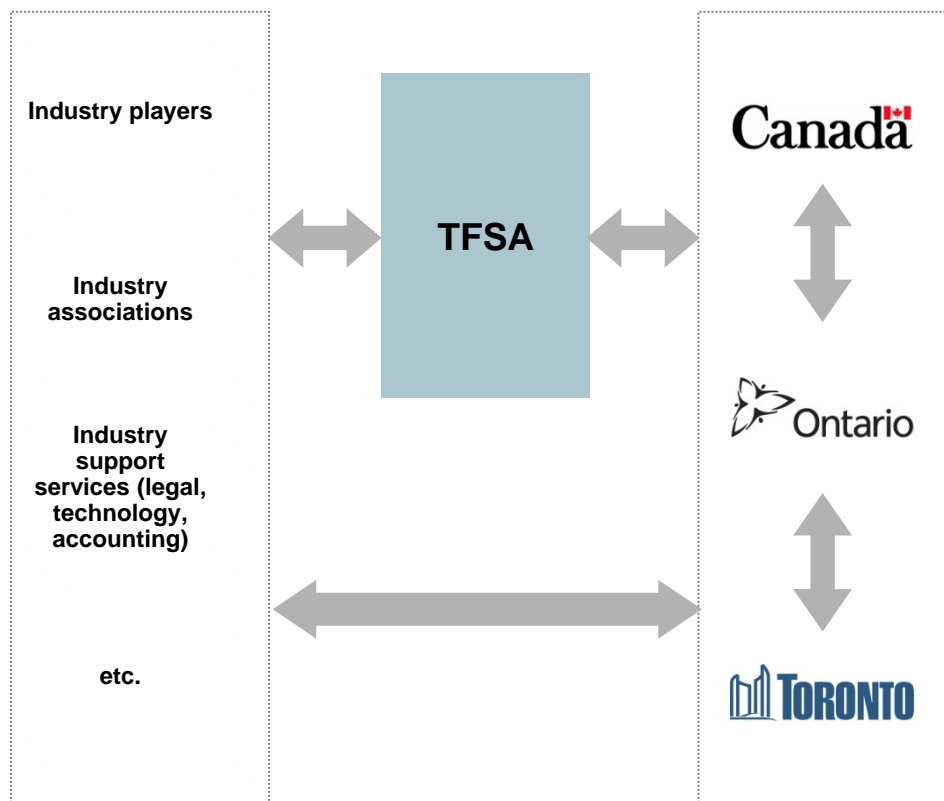
Play a coordinating role across key stakeholders in the financial services industry

Support the domestic and international promotion and marketing of the financial services industry

Selectively conduct and publish industry research and analysis that supports the strategic agenda across the FS industry

Identify/recommend/be catalyst for policy change with government for cross-industry issues

Identify workforce needs, support workforce development for region's financial companies (Centre of Excellence)



TFSA must continue to partner closely with industry and government in all aspects of its mandate

Functions	Role of Government	Role of TFSA going forward	Role of industry leaders
Develop holistic FS sector strategy focused on economic development	<ul style="list-style-type: none"> Actively participate in strategy development Own, champion and be accountable for strategy Ensure consistency of regulatory and taxation framework with strategy 	<ul style="list-style-type: none"> Drive strategy development process 	<ul style="list-style-type: none"> Actively participate in strategy development Own, champion and be accountable for strategy
Drive execution of FS sector strategy	<ul style="list-style-type: none"> Drive specific initiatives where appropriate Dedicate resources/funding 	<ul style="list-style-type: none"> Coordinate strategy execution and manage overall program (act as secretariat) 	<ul style="list-style-type: none"> Drive specific initiatives where appropriate Dedicate resources/funding
Measure progress against FS sector strategy goals		<ul style="list-style-type: none"> Identify key metrics and track progress against them 	
Conduct research and analysis to identify sector issues and provide source of information	<ul style="list-style-type: none"> Provide funding, resources, data and analysis where appropriate 	<ul style="list-style-type: none"> Initiate, conduct and publish analysis on key industry trends, statistics and topics 	<ul style="list-style-type: none"> Provide funding, resources, data and analysis where appropriate
Market/promote Toronto internationally as a centre for FS – actively solicit business	<ul style="list-style-type: none"> Lead international promotion and investment attraction efforts consistent with strategy 	<ul style="list-style-type: none"> Participate in and support marketing initiatives Coordinate all efforts 	<ul style="list-style-type: none"> Support marketing initiatives and coordinating efforts
Identify and advocate for policy changes to help FS thrive	<ul style="list-style-type: none"> Provide dedicated resources to work with industry to continually improve policy and regulatory framework 	<ul style="list-style-type: none"> Identify policy issues and opportunities; advise government on potential changes Work with industry associations to synthesize cross-sector needs 	<ul style="list-style-type: none"> Actively dialogue with partnership body
Ascertain needs for talent/workforce in the FS sector and catalyze targeted programs	<ul style="list-style-type: none"> Support development of specific programs that will support the industry 	<ul style="list-style-type: none"> Identify key cross-industry needs Develop/propose programs 	<ul style="list-style-type: none"> Provide input to partnership body and government

TFSA today

Resources	Budget	Key functions	Membership	Board Composition
<p><u>TFSA</u></p> <ul style="list-style-type: none"> • 1 part time CEO • 1 part time City • 1 admin (25%) • 1 part time Communications (25%) 	<p><u>General</u></p> <ul style="list-style-type: none"> • personnel and admin • Does not include Incremental project costs which vary by year and have been supported by all orders of government) 	<p><u>TFSA</u></p> <ul style="list-style-type: none"> • Cross sector advocacy for the FS industry on economic development, sector regulation and tax policy • Research and analysis • International marketing and promotion 	<p><u>Members:</u></p> <ul style="list-style-type: none"> • Banks • Insurance companies • Accounting firms • Law firms • Industry associations • Academic institutions • City of Toronto 	<p>Mid-to-senior level industry, government and academic individuals</p> <ul style="list-style-type: none"> • Industry associations (5) • Canadian banks (5) • Life insurance (2) • Law firm (1) • Accounting firms (1) • City of Toronto (1) • Colleges (1) • Observers - Federal and Provincial government (2)
<p><u>Total staff</u></p> <ul style="list-style-type: none"> • ~1.5 FTEs 	<p><u>Total cash budget</u></p> <ul style="list-style-type: none"> • ~\$220k *** 	<p><u>COE</u></p> <ul style="list-style-type: none"> • Identify industry workforce needs • Feasibility of programs to help meet needs • Foster academic, industry and government collaboration • Marketing Toronto's Talent Advantage 	<p><u>Observers:</u></p> <ul style="list-style-type: none"> • Federal and provincial government departments 	
<p><u>Total COE staff</u></p> <ul style="list-style-type: none"> • 1 Research FTE as of Dec '09 • 1 Project Director FTE full year <p>Total Staff 2 FTEs as of December 2009</p>	<p><u>Total CoE Cash Budget</u></p> <p>~\$200K for staff and office</p>			

**** Excludes and in-kind contributions of staff and office premises (2) made by the City of Toronto

Proposed TFSA/Secretariat going forward

Staff	Budget	Key functions	Membership	Board Composition
<p><u>TFSA</u></p> <ul style="list-style-type: none"> • CEO (1) • Program/project management (2) • Research/Policy (1) • Marketing and communications (1) • Admin (1) • three government secondments (3) <p><u>Total staff</u></p> <ul style="list-style-type: none"> • 9.0 FTE 	<p><u>General***</u></p> <ul style="list-style-type: none"> • ~\$1.1M in 2010 and \$1.3M in 2011 and on and excluding special projects (e.g. strategy mobilization) 	<p><u>TFSA</u></p> <ul style="list-style-type: none"> • Drive strategy development and execution • Identify key metrics and track progress • Conduct and publish analysis • Support marketing initiatives • Coordinate all efforts • Identify policy issues and advise government on changes • Work with industry associations to synthesize cross-sector needs <p><u>CoE</u></p> <ul style="list-style-type: none"> • Identify industry workforce needs • Feasibility of programs to help meet needs • Foster academic, industry and government collaboration • Marketing Toronto's Talent Advantage 	<p><u>Members:</u></p> <ul style="list-style-type: none"> • Banks • Insurance companies • Securities • Accounting firms • Law firms • Consulting firms • TSX • Industry associations • Pension funds • Academic institutions • City of Toronto • Federal and provincial government 	<p>Senior level industry and government representatives</p> <ul style="list-style-type: none"> • Strengthened board composition comprised of industry executives, association CEOs and academics representatives • All levels of government
<p><u>CoE</u> Total Staff 4.5 FTEs</p>	<p><u>Total CoE Cash Budget</u> ~\$600k (includes staff and office)</p>			

*** Note: Excludes In-kind contributions of staff and premises

Estimated base resource requirements

TFSA and Centre of Excellence

TFSA Resource Requirements	Base Estimates (\$000s)			
	Actual 2009	2010	2011	3 Year Total
City	125	245	345	715
Provincial	1,755	2,349	1,382	5,486
Industry	170	700	700	1,570
Total	2,050	3,294	2,427	7,771

Funding notes

- Combines TFSA and Centre of Excellence resources. Does not include project costs for TFSA.
- 2009 City actual levels are for cash funding levels only. For 2010 and 2011, this base is projected to increase to \$245K and \$345K respectively
- 2009-11 Province funds reflect cash levels only and include \$1MM annually for Mobilization Implementation in 2009 and 2010, as well as Centre of Excellence funding for 2009-11 (projects and staff)
- 2009 and on Federal contributions are geared towards Project funding and in kind resources- hence not reflected

TFSA Cash Funding Requirements

\$000s	2009	2010	2011
President 0.5 FTE Sector FTE* 0.5 FTE Admin .25 FTE Communications .25 FTE	190	358	358
Fed/Prov 2 FTE**	n/a	36	36
Project Managers (2)	n/a	338	450
Communications***	n/a	175	175
Research	n/a	154	205
Marketing	21	30	30
Accounting/Audit	7	15	15
TFSA Sub-Total	218	1,106	1269
Strategy Mobilization	1,000	1,000	0
Total	1,218	2,106	1,269
Grand Total (CoE included)	2,050	3,294	2,427

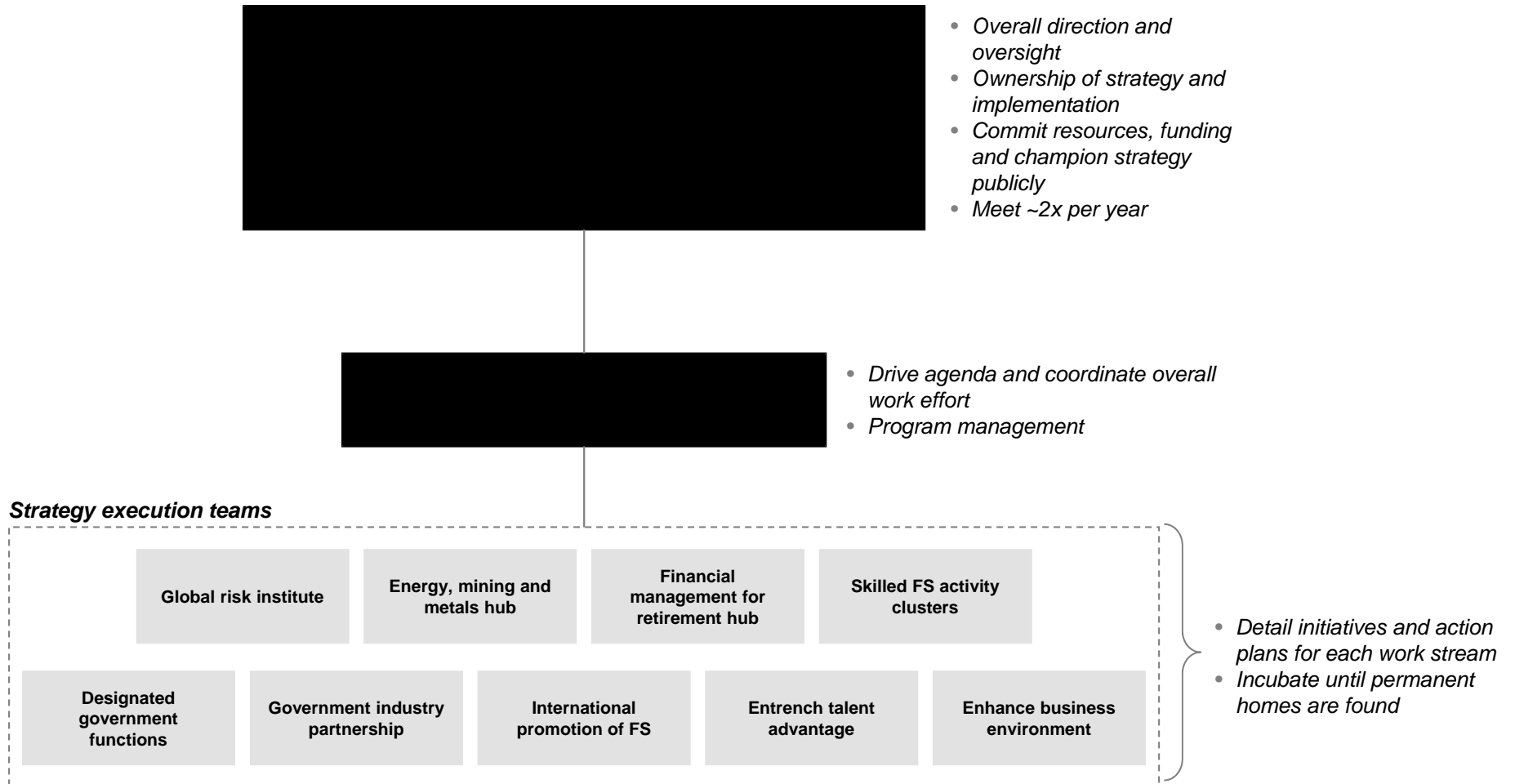
*Does not include in-kind staff , admin and/or office costs currently provided for in 2009 and projected for 2010 and on.

**Occupancy costs \$1500 per person per month. Includes telephone, internet, office. 1500 *12 = \$18,000 annually

***Communications FTE \$175.0 contract employment of 4 days per week equates to \$200k p.a. Research FTE \$205k p.a. PM FTE \$225K p.a. President costs for 2009 and on reflect a doubling of work from 2 to 4 days per week.1 FTE admin in 2010 and on.

**** TFSA reflects 1.5 FTE in 2009 and 9.0 in 2010; CoE is for 2.0 FTE and project costs in 2009, and 4.5 FTEs in 2010 and on

Proposed Mobilization Governance Structure



Key mobilization deliverables (I)

Strategic Theme	Mobilization Deliverables (6 months)
<p>1. Global integrative risk management institute</p>	<ul style="list-style-type: none"> • Task force launched <ul style="list-style-type: none"> – Including leading experts from industry, academia, regulators and government • Program defined (e.g., key disciplines, offering, structure, stakeholder roles) • Governance model defined <ul style="list-style-type: none"> – Board structure and membership • Funding model defined • Interim board of directors and leader in place
<p>2. Energy, mining and metals trading hub</p>	<ul style="list-style-type: none"> • Competitive review of TMX vs. other leading energy, mining and metals exchanges and identification of opportunities to strengthen current offering • A playbook for attracting listings and trading activities to Toronto • Identification of a prioritized set of targets • A multi-stakeholder 3-year implementation plan with key actions, roles and responsibilities of industry and each order of government • Agenda for 2010 trade missions defined
<p>3. Expert hub for financial management for retirement</p>	<ul style="list-style-type: none"> • Task forced launched with representation from pension funds, insurance companies and asset managers • Additional research and education agenda and necessary resources clearly defined • Completed analysis of options and clear recommendations for policy levers to enhance scale and efficiency of Ontario pensions <ul style="list-style-type: none"> • Leverage best-in-breed pensions, insurers and asset managers • Implementation plan and business case including actions required and benefits to key stakeholders developed
<p>4. Growth of skilled FS activity clusters</p>	<ul style="list-style-type: none"> • Detailed economic projections and requirements to maximize the opportunity <ul style="list-style-type: none"> – Definition of specific policy and other levers to attract businesses • A step-by-step promotion playbook that will be required to attract investment and create jobs • A list of prioritized list target companies, key needs for each company, approach to attracting investments and roles and actions required for each stakeholder <ul style="list-style-type: none"> – Initial contacts made to target companies • A detailed implementation plan • Assigned leadership and resources within governments in place beginning implementation

Key mobilization deliverables (II)

Strategic Theme	Mobilization Deliverables (6 months)
5. Designated government functions focused on FS growth¹	<ul style="list-style-type: none"> • Plan for dedicated resources announced and positions filled / teams in place and functioning <ul style="list-style-type: none"> – Senior political accountability defined and in-place • Roles, responsibilities and approach to coordination specified
6. Establishment of industry government partnership	<ul style="list-style-type: none"> • First and second Leadership Council meeting successfully completed • New TFSA structure defined and in place • Memberships confirmed and resources in place • Program milestones and metrics in place and tracking for strategy • Identification and momentum of quick wins on policy obstacles
7. Promotion of Toronto financial services	<ul style="list-style-type: none"> • A completed marketing strategy focused on attracting financial services activity to Toronto <ul style="list-style-type: none"> – Focused on promoting Toronto's offering and key strengths as an international financial services centre – Including a full promotional campaign plan
8. Entrench talent advantage	<ul style="list-style-type: none"> • Centre of excellence milestones on track • Proposal for approach to improve access to and transition into Toronto on attracting international talent
9. Enhance business environment	<ul style="list-style-type: none"> • Quick win policy enhancements identified and agreed on in principle with appropriate orders of government • Clear progress on key policy issues that are obstacles to sector growth and industry competitiveness