

September 29, 2008

New model to enhance Toronto's economic competitiveness

1. What is the City proposing to do to achieve its economic development objectives?

The Blueprint for Fiscal Stability and Economic Prosperity (February 2008) recommended that the City establish a new structure and strategy for managing, coordinating, and maximizing the real estate holdings (conservatively estimated at \$18 billion) of the City and its Agencies, Boards, and Commissions (ABCs). The Agenda for Prosperity (January 2008) highlighted the need for a focused approach to internationalization and marketing efforts.

During 2008, the City undertook a series of reviews to determine the best organizational structure for achieving these objectives. The Economic Development, Culture and Tourism Division has been reorganized and waterfront revitalization is well underway. The Toronto Transit Commission and the City's Facilities and Real Estate Division have reviewed their land assets and reorganized to take advantage of opportunities to more fully utilize properties. In this final step, the City is proposing to create two high-powered, distinct corporations that will provide for more focused attention on real estate development on one hand and international marketing and promotion on the other.

2. How will the new corporations be structured? Who will they report to?

The two corporations will be closely aligned with City objectives, but able to act independently of the City.

- "Build Toronto" mission: unlock value in under-utilized City real estate by developing properties to stimulate desirable job creation and regenerate neighbourhoods, consistent with the City's broader economic, social and environmental goals.
- "Invest Toronto" mission: market Toronto as an investment opportunity by engaging the private sector in branding Toronto as a destination for business opportunities, organizing strategic trade missions, and coordinating economic development initiatives between governments and business.

Each corporation will be headed by a CEO with a demonstrated track record of success in real estate development and urban regeneration for Build Toronto and international marketing and promotion for Invest Toronto. City Council will approve the mission for these corporations and set the strategic direction for economic development, but will not be directly involved in day-to-day operations. The boards of directors will primarily be private sector under the leadership of the Mayor in the initial years.

3. How long will it take to implement the new structure?

Implementation will proceed immediately pending approval of the new structure by City Council in October. It is anticipated that Invest Toronto and Build Toronto will be staffed and fully operational in early 2009.

4. Why wouldn't the Economic Development, Culture and Tourism division head these new corporations?

There are several advantages to establishing these two corporations outside of the City's divisions. EDCT will continue to set the strategic direction, identifying the specific market and industries to target. Invest Toronto will engage the private sector, who will make up the majority of the board to recommend ways of removing barriers to international investment, organize trade missions in partnership with other governments and business leaders, and establish a marketing strategy that appeals to the private sector. Build Toronto will be more focused on real estate development, although its objectives will be consistent with the City's economic, social and environmental priorities. The City's Facilities and Real Estate Division will direct the City's real estate strategy, but will hand over to Build Toronto all City and ABC surplus properties and properties with private development opportunities. These two corporations will be closely aligned with City priorities and strategies but work independently of the City, and in partnership with the private sector to deliver on their respective mandates.

5. How much will it cost to set up these new corporations? How will they be funded?

City Council is being asked to allocate \$10 million to be used for the purpose of setting up and commencing operations, including the development of a business plan that identifies sustainable revenue sources.

6. What happens to the Toronto Economic Development Corporation (TEDCO)?

The time is right for the City to step up its role in economic development by taking advantage of the tools at its disposal under the new City of Toronto Act to create structures that will be closely aligned with City objectives but have the corporate powers to implement quickly and independently. There will be a seamless transition as TEDCO functions migrate to the new corporations.

7. How will the new Model for Economic Competitiveness impact Waterfront Revitalization?

Consistent with Council direction on Waterfront Revitalization, the new model further streamlines and expedites the delivery of key waterfront initiatives by reaffirming the role of Waterfront Toronto as "revitalization lead" and reducing the numbers of entities involved in establishing and implementing strategic city-building directions.