



**STAFF REPORT
ACTION REQUIRED**

Implementing “Talent Matters - Shaping Talent Strategies in a Changing World”

Date:	October 22, 2007
To:	Economic Development Committee
From:	Sue Corke, Deputy City Manager
Wards:	All
Reference Number:	P:\2007\Cluster A\EDCT\ECON DEV\ed071107-042

SUMMARY

This report responds to the direction by City Council to submit to the Economic Development Committee specific recommendations resulting from the presentation and report “Talent Matters – Shaping Talent Strategies in a Changing World” (“Talent Matters”). Council requested that the report include:

- a. the mechanisms, relationships, and requirements needed from the City of Toronto to assist in establishing a Centre of Excellence for Financial Services, as well as a review of other “Excellence” initiatives ongoing in the Toronto Region; and,
- b. the identification of strategies to break down the barriers of entry for employment and educational opportunities for visible minorities, new Canadians and youth.

<http://www.toronto.ca/legdocs/mmis/2007/ed/decisions/2007-04-11-ed03-dd.pdf>

RECOMMENDATIONS

The Deputy City Manager recommends that the Economic Development Committee:

- 1. endorse the development and implementation of :
 - a. The International Centre for Financial Services Education and Training project; and,

- b. The Financial Services Information Technology Innovation Initiative.
2. refer the budget request for consideration to the 2008 Operating Budget process;
3. request that the Ministries of Economic Development and Trade (MEDT), Training Colleges, and Universities (MTCU), and Foreign Affairs and International Trade Canada actively support the initiative by providing the required program funding to support the action steps contained in this report; and,
4. continue to collaborate closely with the Toronto Financial Services Alliance (TFSA) on the above mentioned projects through the Economic Development, Culture and Tourism Division:
 - a. to integrate immigrants into the financial services workplace in cooperation with the Toronto Regional Immigration and Employment Committee (TRIEC);
 - b. to develop policies and strategies to further attract and train international students; and,
 - c. to implement forums for the financial services industry and academia to address curriculum development and labour force issues, and to promote financial services as a career option.

Financial Impact

The cost of implementing the recommendations contained in this report is \$100,000. This request will be forwarded to the 2008 Operating Budget process for consideration, including the reallocation of existing resources.

The Deputy City Manager and Chief Financial Officer has reviewed this report and concurs with the financial impact information.

DECISION HISTORY

At its meeting on April 11, 2007, the Economic Development Committee adopted motions to endorse the “Talent Matters-Shaping Talent Strategies in a Changing World” (“Talent Matters”) report, which was subsequently approved by City Council at its April 23, 2007 meeting. Council also requested that the General Manager of Economic Development, Culture and Tourism (EDCT), in consultation with the Toronto Financial Services Alliance (TFSA) and the Toronto educational institutions, submit specific recommendations resulting from the presentation and report “Talent Matters”.

BACKGROUND

On January 2006, City staff and the TFSA jointly contracted Deloitte consultants to conduct the first comprehensive study into the human resources needs for Toronto's financial services sector.

In March 2006, City staff also hosted preliminary discussions with financial services stakeholders and post-secondary and training institutions to discuss collaborative efforts to position and promote Toronto's strengths in financial services education and training. The idea was a direct result of the learning gained from City staff's catalytic role in the development of a unique financial services international executive development program with South Africa's Banking Sector Education and Training Authority (BankSeta).

In April 2007, "Talent Matters" was presented to the Economic Development Committee. The report concluded that the sector would be faced with looming shortages of critical talent over the next few years. One of the key recommendations was to work with all stakeholders to improve financial services training and education by exploring the creation of a Centre of Excellence (COE). Accordingly, the Economic Development Committee requested that City staff and the TFSA report back on the requirements to establish Toronto as a COE and to identify other possible initiatives and strategies to better attract and integrate immigrants, new Canadians and young people into the sector.

COMMENTS

In May 2007, City staff and the TFSA retained the services of Immersion Lab consultants to conduct a feasibility assessment of the Toronto financial services COE concept. Their report, entitled "The Business of Education" concluded that:

- There is a sizable, and growing, international market for financial services education. International students contribute approximately \$10 billion to the U.K. and \$9.3 billion to the Australian economies, two countries that actively market their academic capabilities worldwide. Canada has 3% of the total recorded international student market.
- Toronto education and training providers provide world class curriculum and faculty.
- The benefits of focused economic development activity around education and training have been very successful internationally.

International Centre for Financial Services Education and Training

Toronto-based financial services training and education providers see the opportunity to grow market share and are ready to support a focused and collaborative initiative. Participants unanimously called for collaboration between academic institutions and providers, financial sector organizations, government and industry bodies to develop a proposal demonstrating the business case for the project. It is anticipated that a successful

Toronto-based International Centre for Financial Services Education and Training Centre will:

- Provide the initial investments that will generate additional economic activity for Toronto. It is estimated that the economic impact generated by each student enrolled in a financial services training program contributes \$25,000-\$35,000 annually in Toronto. Some organizations apply a multiplier of 1.5 to these numbers to ascertain the full economic value to the City;
- Develop stronger potential business ties with financial services centres in emerging/developing economies whose financial services professionals are trained in Canadian best practices by Toronto educational institutions. Attracting more financial services students to Toronto provides increased opportunities for post secondary institutions to expand their programs; improves the ability of the educational and financial sector to attract and integrate immigrants;
- Raise the profile of Toronto, and Canada's financial services sector worldwide. This will further the global agendas of Toronto-based financial services institutions both with respect to developing their businesses in international markets and improving their ability to attract the best and brightest, and;
- Positively impact the global competitiveness of Toronto's financial services sector through sustainable improvements in research, education and vocational training.

City staff and the TFSA have briefed several other stakeholder groups on the "Talent Matters" and "The Business of Education" reports. Several action items to move the establishment of an International Centre for Financial Services Education and Training project forward through 2007-08 were identified. The following is a breakdown of next steps and costs to implement the project. Working sessions have been scheduled in 2007 to build upon the existing momentum.

Next Steps

- Further develop the 'centre' concept:
 - Collect in-depth data and statistics on the financial services labour force
 - develop ongoing labour force and HR benchmarks for tracking success – number of employees with post-secondary credentials, designations, salaries, demographics, etc.
 - collect inventory of all post-secondary and training programs that contribute graduates to the financial services sector
 - develop a marketing plan/budget for the project
 - develop a sector profile/brochure
 - develop a template for the financial services skills gateway: a comprehensive and integrated, multi-functional, one-stop-shop, state of the art addition portal added to the existing TFSA website.
- Retain a project manager to develop the vision, mandate and structure for the International Centre for Financial Services Centre Education and Training.
- Set up collaborative forums with stakeholders such as TRIEC, the Ministry of Colleges, Training and Universities, post-secondary institutions, and the financial

services industry's trade associations to bolster awareness of impending labour force issues facing the sector (skills shortages, accreditation, immigrants, curriculum development, etc). Minimum four events per year.

The total cost for the programs outlined above is estimated to be \$375,000. The City is being requested to contribute \$50,000 to this project.

Financial Services Information Technology Innovation Initiative

The City's financial sector strength is underpinned by the innovation, skills and its proximity to the ICT sector. In 2006, a key recommendation of the ICT Cluster Development Strategy was to leverage and bolster that sector's strengths by making Toronto an international centre for application development.

Staff is currently spearheading the development of a Financial Services Information Technology Innovation Initiative that will catalyze the development of programs and support for entrepreneurial growth, bridging the gap between research and product development in order to spur and to facilitate the application of new technologies in the financial sector. This initiative will, in turn, provide an established forum for one-of-a-kind locally developed systems and software solutions, facilitating productivity improvements, expanding delivery channels and enhancing services cost effectively.

The above program is estimated to cost approximately \$100,000. The City is being requested to contribute \$50,000 of this amount.

Centres of Excellence Review

Staff conducted a search on financial services COEs in the Toronto Region to supplement our information of international centres of excellence contained in the "Business of Education" report. While there are a few examples of COEs specifically for financial services in the Toronto Region, several international developments warrant closer scrutiny and are listed under Attachment 1. While not central to this report, a detailed definition of COEs exists in the document titled "Financial Services COE Discussion Document". The Link to the document is:

http://www.toronto.ca/business_publications/pdf/financial-services-COE-discussion-april-5-07.pdf

Improving Access to Financial Services Careers for New Canadians

City staff and the TFSA have recently met with the TRIEC and agreed to partner on several fronts to address the issue of breaking down the barriers to entry for visible minorities and new Canadians. We have agreed to collaborate on:

- Developing a skills passport concept. TFSA efforts will centre on marketing and convening sector participation. TRIEC to perform the research functions.
- The TFSA skills gateway website enhancement. A TFSA led project to convey information to immigrants and to international students on education and career possibilities in the financial sector.

- HR workshops for the financial services sector to distribute and promote information on best practices in attracting, retaining and integrating immigrants in financial services. A mutual project with research driven by TRIEC to inform and spur action on labour force issues.

City staff and the TFSA have agreed to also partner with the sector and its associations, for instance the Canadian Bankers Association, to create a Human Resources Financial Sector Council to develop partnerships among post-secondary and training organizations, the financial sector and government to provide input, feedback and oversight into segment-specific labour force strategies. This group could potentially be charged with strategic oversight of the larger Centre for International Financial Services Education and Training project and to consider programs to market financial services careers to youth.

Resources Required

The following is a table summarizing the costs of the programs outlined above:

PROJECT	EDTIMATED COST
International Centre for FS Education and Training	\$375,000
Financial Services IT Innovation Initiative	\$100,000
TOTAL	\$475,000
<i>2008 Requested Funds</i>	<i>\$100,000</i>

The cost of implementing the recommendations contained in this report is \$100,000. This request will be forwarded to the 2008 Operating Budget process for consideration, including the reallocation of existing resources

CONCLUSION

Financial services constitute one of the largest sectors in the Canadian economy, employing over 800,000 Canadians directly, and representing almost 5% of total employment, at wages and salaries well above the national average – it is a knowledge-based sector. The sector is even more important to Toronto. Over 230,000 individuals work in this sector in the Toronto region, with half that amount employed within the city itself. This represents 8.6% of Toronto’s employment – almost twice the national average. Moreover, these are highly-skilled and well paid individuals who contribute disproportionately to the tax base of Toronto. The sector continues to be one of the fastest growing in North America.

To continue to be successful, the sector needs to be more globally competitive and requires continued access to a highly skilled workforce and a positive business environment that nurtures it. In the latest Global Financial Cities Index (GFCI) report, the

availability of skilled personnel was regarded as the most important factor of a region's competitiveness. While Toronto's overall rank was 12 out of 146 cities, the City scored highly on People (6th) and General Competitiveness (10) factors. The report serves as a valuable benchmark number from which to gauge our current and future sector competitiveness efforts. We aspire to establish the Toronto Region as one of the two pre-eminent financial services centres in North America and one of the top ten globally. The International Centre for Financial Services Education and Training project and the Financial Services Information Technology Innovation Initiative will allow us to make this happen.

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SIGNATURE

Sue Corke,
Deputy City Manager

ATTACHMENTS

Attachment 1: Toronto Region COEs

Toronto Region COEs

Toronto Region COEs

The Institute of Quantitative Finance and Insurance (IQFI) was established in 2004 to create a unique centre for research and advanced training in quantitative finance and risk management at the University of Waterloo. The IQFI promotes collaboration and co-operation among its researchers and private sector partners through conferences, seminars, meetings and by providing post-graduate scholarships to attract the best students to related academic programs. In this way the Institute helps to increase the supply of highly qualified graduates in the risk management and insurance disciplines. The University of Waterloo is a major supplier of highly skilled graduates in actuarial science and it houses a premier master's degree program in quantitative finance.

- In October 2005, Seneca College recognized the contributions of the Centre for Financial Services and designated it to be a Centre of Excellence. The Centre strives to be the premier source for the delivery of Practical, Professional Development, Applied Research and Educational Solutions in financial services. A number of corporate partners are involved in the Centre's activities in the areas of call centre skills, compliance training, and formal business training in the areas of financial management. A leading edge call centre is in place to provide training for future call centre agents by providing the skills required to be effective contributors in the workplace and providing leading edge management education to current and aspiring call centre managers.
- Hamilton's Mohawk College intends to open an Insurance and Financial Services Centre of Excellence on its Fennell Campus in September 2008. To be located in the college's School of Business, students will have the option of two-year diploma programs, and eventually, a one-year program. The diploma Insurance course has been taught at Mohawk for more than 30 years. The second diploma program, Financial Services, is brand new and will be launched in September and January.

International Efforts

- The International Financial Services London (IFSL) and The City of London, led by the Mayor, have created a strong message around their capability to deliver world class education and training across the board for financial services professionals. The message is primarily communicated via brochures and a website (www.cityoflondonlearning.org.uk). The website provides general information and a basic search engine which covers available courses in Accountancy, Actuarial, Asset Management, Banking, Dispute Resolution, English for Financial Services, Financial Trading, Insurance, Law, Management, Marketing, Property and Shipping. The initiative is a partnership between the City of London, the IFSL, Education U.K., the British Council and U.K. Trade and Investment.

- The Swiss Finance Institute is a private foundation created in 2005 by the banking and the finance community of Switzerland together with several Swiss universities. The institute aims to advance research activity in finance and to support doctoral research and executive education in the banking and finance industry as well being an interface between research and the industry. The Institute is supported by the Swiss banks, SWX, the universities and the federal government, which are all represented on the Foundation Board.
- Singapore has successfully positioned itself as the financial hub for financial services in South East Asia. Initiatives are underway to promote their education and training capability as well in a regional education hub.
- The Centre for Banking and Financial Research at the University of Cyprus was established in 1993 and quickly became the premier research institute in the areas of computational finance and economics. This brings together faculty, graduate students and visitors from across various disciplines.
- Wharton Financial Institutions Centre sponsors and directs primary research on financial institutions and is supported by private research partners, corporate sponsors and various foundations and not-for-profit organizations.
- Banking Sector Education and Training Authority (BANKSETA) of South Africa. A parastatal set up by an Act of Parliament this development agency has a focus on national skills development for the Banking Sector in the country. Other SETA's focus on the financial services sector as well. Funding is provided through a levy on payroll and all stakeholders – Government, employers, educators, and labour sit on the BANKSETA Board. Note, Toronto and the BankSeta have a joint international executive training and development program now in its fourth year.
- The International Centre for Leadership in Finance (ICLIF) is set up as a non-profit organization by Bank Negara Malaysia in 2003, to build a stellar pool of top management talent for the financial sector and corporations in Malaysia and the region.