

**Financial Services Leadership Council**

**First Meeting**

**BACKGROUND BRIEFING DOCUMENT**

**Monday, November 23<sup>rd</sup>, 2009**

# First Meeting of Financial Services Leadership Council

Monday, November 23<sup>rd</sup>, 2009

3:00 to 5:00 p.m.

Ontario Investment and Trade Centre

35<sup>th</sup> floor, 250 Yonge Street, Toronto

## Proposed Agenda

### 1. Brief Opening Remarks

*Premier Dalton McGuinty*

*Mayor David Miller*

### 2. Brief update on key initiatives in strategy and implementation activities to date

- *Introduction*

*Janet Ecker, Don Drummond*

*Co-chairs, Toronto Financial Services  
Working Group*

- *Risk Institute*

*Boston Consulting Group*

- *Energy, Mining, Metals Financing*

- *Retirement Financing*

- *Skilled FS activity clusters*

- *Secretariat*

### 3. Discussion and questions

### 4. Next steps

*Confirmation of Chair of Council*

*Premier Dalton McGuinty*

*Expectations of Council*

## **I. BACKGROUND TO LEADERSHIP COUNCIL**

Last year, a group of CEOs from major financial services companies met with Ontario Finance Minister Dwight Duncan. The purpose was to discuss how to work together more effectively to promote the success of Toronto Region's financial sector. The result of that meeting was to appoint a working group, co-chaired by Janet Ecker, president of the Toronto Financial Services Alliance and Don Drummond, chief economist, TD Bank Financial Group. One of its objectives was to identify key niches where Toronto's financial sector might attain global leadership.

Boston Consulting Group (BCG) was chosen to develop the strategies. The project was funded jointly by all three orders of government, financial companies, associations and by BCG itself through a pro-bono investment. While all three governments participated, Ontario has been the "government lead" on this project.

In addition to research and analysis, BCG conducted 130 interviews with senior financial executives, government officials and regulators as part of the research methodology. This included CEOs of Toronto Region's major financial organizations.

The results of this analysis are contained in the report "***Partnership and Action: Mobilizing Toronto's Financial Sector for Global Advantage.***" (The final report is being released publicly before the November 23<sup>rd</sup> meeting with the Premier.)

A key recommendation is to create a partnership among the financial sector and the three orders of government through the Financial Services Leadership Council. Those CEOs whose leadership was considered crucial to the Council's success were briefed on the report's recommendations by BCG representatives and received a draft of the report in October.

## **II. HIGHLIGHTS OF "PARTNERSHIP AND ACTION" REPORT**

An executive summary of the report is attached, however report highlights are:

**Goal:** To increase Toronto's competitiveness as a global financial hub

**Objectives:**

- Create more financial sector jobs in Toronto Region
- Increase industry's GDP contribution
- Enhance conditions for domestic financial companies to grow and succeed internationally
- Attract international investment and financial services to the region
- Strengthen Toronto's position as a financial capital and maintain HQ jobs

**Target set:**

- Become one of the two pre-eminent financial hubs in North America and among the top 5 to 7 globally by 2015.

**RECOMMENDATIONS:**

- Requires a focused strategy with a strong public-private partnership
- Build leading hubs where we have potential competitive advantage, a legitimate claim to global leadership and can increase economic benefit:
  - Establish global risk institute for integrative risk management
  - Entrench our position as leading hub for mining, metals, and energy financing
  - Become global leader in retirement financing solutions
  - Grow skilled FS activity cluster, eg. attract jobs in high skills-based support, operations, administration, servicing, legal, accounting, IT support.
- Align efforts of government and industry for success, drawing from what has worked in other jurisdictions
  - Designate dedicated function within governments to work with industry to resolve issues and facilitate growth, eg. more streamlined and efficient access and resolution for industry issues in a way that considers impact on economic growth
  - Develop government-industry partnership body to own and drive strategy
  - Actively market and promote the Toronto Region's financial sector and strategy
- Fortify competitive foundations
  - Enhance business environment by focusing on key policy or regulatory obstacles and completing high-speed transit options between Pearson airport and the downtown core
  - Entrench and build on our talent advantage

**III. FINANCIAL SERVICES LEADERSHIP COUNCIL**

- It was recommended that strategy oversight be provided by a Leadership Council comprised of the CEOs of Toronto Region's top financial companies.
- Council membership to include senior government representation – Ontario Premier, Ontario Finance Minister, Mayor, federal representation.

- Premier and Ontario Finance Minister have accepted this recommendation and Premier has issued invitations to key CEOs to participate as members of the Council.
- Federal government rules prohibit Finance Minister from “membership” in such a group, but Minister Flaherty is supportive of approach and strategy.
- Council provides the critical unified leadership front that is needed to set the priority and urgency for strategy execution.

**Mandate of Council:** set overall strategic direction; publicly champion strategy; oversee implementation from a strategic perspective; commit resources, with governments, to drive execution.

- Council will convene once or twice a year to review progress to agreed upon goals, reconfirm alignment on issues or provide new direction as required to implementation plans.

**Chair of Council:**

- Premier will chair first council meeting.
- It was recommended that the Council be chaired by a senior member of the financial community with deep experience, but who is no longer “actively” participating.
- **Role:** chair Council meetings; act as spokesperson on behalf of the council, if required; be a liaison between governments and Council regarding strategy if required; provide leadership and input into implementation.
- The most commonly suggested name for chair was Dominic D’Alessandro. He has accepted invitation from Premier to do so, subject to confirmation by the Council at the November 23<sup>rd</sup> meeting. He will not attend the first meeting.

**IV. “MOBILIZATION” OF STRATEGY**

- The strategy provides broad recommendations. Further analysis is required to turn them into actionable plans, establish appropriate metrics, deliverables and time frames, identify appropriate partners and/or “owners” to carry implementation forward, and where required to undertake a business case, eg. risk institute.
- Included in the mobilization, is designing and creating a new secretariat body to ultimately drive and implement strategy on an ongoing basis. The report recommends the Toronto Financial Services Alliance (TFSA) be rebuilt to fulfill this role.

- Until the new secretariat is up and running, operational governance of the strategy will rest with a newly constituted working group, to be called the executive committee. Its membership will include designates from each member of the leadership council and other sector representation from financial associations and companies.
- Research/analysis/project management support services to drive mobilization will be obtained through an RFP process.
- Mobilization costs over the next 6 to 8 months are estimated at up to \$2 million. It is estimated that annual operating costs for the secretariat will be approximately \$1.3 to \$1.6 million.
- The Province is prepared to assume the costs of mobilization and to share in the operational costs of the secretariat, pending a commitment from the sector to financially cost-share in the ongoing operations of the secretariat.
- The estimated provincial share for the secretariat is approximately \$500,000 annually for the next three years; \$245,000 annually from the City; and approximately \$700,000 annually, for three years from the sector. It is proposed that each member of the Leadership Council commit approximately \$40,000 per year over the next three years. Additional sector resources would come from continued membership fees to the TFSA from other organizations.
- The Province is prepared to make a specific dollar commitment at the November 23<sup>rd</sup> meeting to advance the strategy, pending agreement to proceed.
- The federal government has also indicated a willingness to participate financially but can do so only on a project-by-project basis. The federal government however, has already committed to provide a full time staff person (trade commissioner level) for the secretariat, as a first step.
- Some initiatives, like the risk institute, will require further resources to implement. Since some of these initiatives may be of higher priority than others for individual governments or organizations, funding partners will be identified on a case-by-case basis, subject to the development of additional detailed plans and/or business cases.

**V. PREFERRED OUTCOMES FOR NOVEMBER 23<sup>rd</sup> MEETING**

- That CEOs endorse the proposed strategy
- That CEOs agree to participate on the Leadership Council
- That Dominic D’Alessandro is confirmed as Chair of the Council
- That CEOs are prepared to commit financial resources to support implementation of the strategy
- That CEOs agree to designate a senior official from their organization to become a member of the executive committee.

## **VI. INDUSTRY PARTICIPANTS IN THE MEETING**

### **Attendees**

- Aviva Canada – Robin Spencer
- CIBC – Gerry McCaughey
- CPP Investment Board – David Denison
- Mackenzie Financial – Charlie Sims
- Manulife Financial – Don Guloien
- OMERS – Michael Nobrega
- Ontario Teachers Pension Plan – Jim Leech
- Royal Bank of Canada – Gord Nixon
- Scotiabank – Rick Waugh
- TD Bank Financial Group – Ed Clark
- TMX Group – Thomas Kloet

### **Regrets**

- AGF Management – Blake Goldring
- BMO Financial Group – Bill Downe
- Intact Financial – Charles Brindamour
- Sun Life Financial – Donald Stewart