

I would like to start by expressing my appreciation to the Canadian Club for including me in their roster of speakers this year. I am honoured to be in such distinguished company. Your invitation is testimony to the credibility and respect that United Way of Greater Toronto has worked to achieve in this community over many, many years.

The next national conference of Canada's United Ways will take place in Toronto next spring. I was recently given the unenviable task of making this announcement to a national audience, at this year's national conference in Halifax. Now, you know how much the rest of Canada loves Toronto – this holds true in the United Way family, as well.

Let me give you some advice, in case you ever find yourselves in a similar situation: When you deliver a Toronto booster speech before a national audience, be prepared to adopt an ironic tone. Since there was no chicken wire, or any other protective barrier, between me and my audience, I found self-deprecation to be extremely useful. So, I bragged about our own unique downtown wildlife, and showed them pictures of Mel's moose. I made some moanful noises about the track record of our professional sports teams (although that has certainly turned around in the last month). And I told

them if we experienced the kind of horrendous blizzard in Toronto we were experiencing in Halifax – a storm that had delegates stranded in airports, and holed up in the hotel – not to worry, our Mayor would call in the army! There is no place quite like Toronto, I told this national audience. By the end of my speech, they appeared to agree.

Today, as I speak before an audience that is proudly Torontonian, I would like to deliver a similar message, but – this time – without the irony: Toronto really is a special place. And I am not afraid of being a Toronto booster; after all, we have built a strong, diverse, prosperous and caring city. But the size and scope of Toronto's social development challenges also makes us special. Today, I would like to describe some of these significant challenges, and explore the growing consensus that our City needs more tender affection, and attention. I would also like to put forward some thoughts that might contribute to our consideration of a new deal for cities.

Last month, United Way released a report on demographics and income in Toronto in the 1990s. The report's title tells the story: *A Decade of Decline*. I won't go into all the gruesome details – I know what it is like to be

bombarded with statistics. But I want you to know the two things I found most striking in the mountains of data in our report.

First, despite five years of significant economic growth in the second half of the 1990s, more Torontonians are poor. Poverty rates – expressed as a percentage – went up. But let me to use some raw numbers. There were 11,000 more senior citizens living in poverty in Toronto in 1999, than in 1995. There were over 14,000 more poor children and youth in Toronto in 1999, than in 1995.

The boom was no boom at all for the poorest in Toronto. And I cannot help but wonder how a significant economic slowdown might affect the most vulnerable citizens in our City.

The second alarming conclusion to be drawn from our data is the unique nature of poverty in Toronto, relative to the rest of Canada. There are some very ominous indications about the persistence of poverty in this city in the 1990s, trends that are not seen in the country as a whole. Let me give you some examples.

During the economic boom in the second half of the decade, poverty in Toronto went up; the national poverty rate, however, was stable.

The rate of poverty among children in Toronto increased substantially during the same period, while remaining stable in Canada as a whole.

The percentage of single parent families living in poverty went up in Toronto, and actually went down for all of Canada.

Toronto also faces two significant threats to the social cohesion that has made our city, and our country, the envy of the world. The first is income polarization. In the 1990s, people in rich neighbourhoods got richer, and people in poor neighbourhoods got a lot poorer. There was a significant decline in the percentage of middle-income earners. A stable and prosperous middle class is not only a major factor contributing to social cohesion, but is directly linked to quality of life in a city. And, as the TD Bank's Don Drummond and many others have noted, quality of life cannot be separated from economic competitiveness.

The second very serious threat to social cohesion are the indications that there is a stubborn correlation between poverty and race, and between poverty and immigration. A number of reports in recent years have sounded the alarm. For example, one study found that the traditional convergence between immigrant and non-immigrant incomes has not only slowed, but reversed – this is despite the fact that today's newcomers are the more highly skilled than ever before. Another study commissioned by the City of Toronto found alarming rates of poverty among certain ethnocultural communities. Release of census data over the next year or so should provide us with more comprehensive information on these trends.

Let me deliver one more piece of bad news. The lack of affordable housing in this city is – quite simply – a crisis. There are over 30,000 Toronto families waiting for affordable housing. The face of homelessness has changed, as increasing numbers of families with children are living in emergency shelters. Housing activists say that decent shelter is a right. The Federation of Municipalities says that affordable housing is fundamental to healthy and productive communities. The Toronto Board of Trade has identified the lack of affordable housing as a threat to the competitiveness of our City. I agree with all of them.

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Three years ago, the Mayor's Task Force on Homelessness issued its report. As you may recall, the task force was chaired by my predecessor at United Way, Anne Golden. The report contained a wide variety of recommendations for coping with homelessness; the report asked all levels of government – as well as the voluntary sector – to take greater responsibility for the growing number of Torontonians without homes. I can report that all levels of government have made some contributions to building solutions. United Way and others from the voluntary sector have also directed increased resources in addressing hunger and homelessness.

But the fundamental assertions of the Task Force remain unaddressed. Homelessness, they reported, is largely caused by poverty. Solutions to homelessness are complicated, but they begin with an increase in the supply of affordable housing. There have been no significant initiatives to address these two enormous problems since the report was issued. Despite the growing chorus of voices from business, labour and community that the creation of affordable housing is critical to the future of Canadian cities, the federal and provincial governments have not signed an agreement to

implement the national housing framework in Ontario, home of Canada's largest city. This is completely unacceptable.

I recognize that I have provided a pretty grim picture of our city. So before you think we have lost all hope in the future of Toronto, let's turn to some solutions. I will start with what I know best: the voluntary sector.

I can report to you that there exists in Toronto a small army of extraordinarily dedicated human beings, determined to meet the basic needs of our most vulnerable citizens, and find permanent solutions to Toronto's most daunting social challenges. I have spent much of the past four months visiting dozens of United Way agencies in this city – I will have visited all 150 of them by the end of June.

Visiting a United Way agency can be an extraordinary experience.

Governed by volunteer boards and fueled by the energy of volunteers at every level, these organizations increase the capacity of communities to care for each other.

These agencies depend on the generosity of Torontonians. And thank goodness for this generosity. If these agencies disappeared tomorrow there would be an enormous gap in this city; in fact, there would be an enormous crisis. The frail elderly would not get meals in their homes, newcomers would be denied language training and other supports for integration, young people would be kicked out of drop-in centres and recreation programs, and put out on the street, victims of domestic abuse would have no escape. I cannot begin to describe how important these agencies and programs are to the quality of life of each and every Torontonian, in each and every neighbourhood.

And those agencies with the energy and gusto to seek long-term solutions are engaged in some of the most innovative social policy initiatives you could imagine. Many of these projects are the result of individual United Way donors who want to see real change in our community.

Let me give you just one example. The Homelessness Task Force recommended a wide range of strategies to address the root causes of homelessness. The best way to reduce homelessness is not to focus on just

getting people off the street; our first priority must be making sure they never get there in the first place.

So, the Task Force recommended –among other things – the creation of a “rent bank”. The idea behind the rent bank is pretty simple: we should do everything we can to prevent people from losing their apartments, and ending up in city shelters, or on the street.

Think for one moment about the trauma of eviction. Think about the destabilizing effect of children losing their home, their local school, and their neighbourhood friends. Think of the long-term effect of moving your family into a shelter.

Since December, 1999, 401 families have received Rent Bank loans. About 94% of the families who received Rent Bank loans have avoided eviction, and sustained stable housing. More than 600 children have had their housing stabilized through Rent Bank assistance. And there is a bonus: The City of Toronto estimates the rent bank is saving over one million dollars, each year, in shelter costs.

If imitation is the ultimate sign of success, we can be very proud of the rent bank program. Similar programs are now being created in cities across Canada.

The key to the rent bank is the partnership – in this case, between United Way and the City. When it comes to addressing Toronto's biggest problems, the community sector cannot do it alone. Nor can we be the only voice. We need leaders from all sectors to be speaking about the link between our social infrastructure and our economic competitiveness. The good news is this: there is a growing consensus that cities have special problems; that big cities have some very special problems; and that our municipal governments do not have the tools to address these challenges.

I am firmly convinced that the events of last September have contributed to this renewed commitment to viable local governments. On September 11 of last year, global geo-political forces suddenly became a very tangible threat to the physical safety of North Americans.

The immediate responses to September 11 represented the most concrete and non-global collective response to crisis many of us have ever experienced.

What could be more local than housing stranded passengers or giving blood? These tangible responses did not take place in a country, a political system, or an economy; they took place in communities.

The heroes of September 11, of course, were municipal employees: police officers and firefighters. And in the weeks after the horrific events, our thoughts turned to the most elemental services that governments provide: safe water, public health, fire and police services.

In other words: city services. So let's take a look at how cities are doing.

I am privileged to participate as part of the Toronto delegation to the periodic meetings of the Mayors of Canada's largest cities – C5 meetings. One of the benefits of these meetings is I get to spend some time with Jane Jacobs, Toronto's urban philosopher, and I want to share with you some of Jane's wisdom. Canada's cities, she says, suffer from "learned helplessness." Their relationship with senior levels of government is profoundly unhealthy. Because of restrictions on their powers and their revenue, they expend enormous energies in petitioning senior levels of government.

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The result of this helplessness is demoralized cities, irritated senior levels of government, and a citizenry that is losing faith in the ability of municipal governments to solve problems. It is a mess.

And it must change. Canada's largest cities – and particularly Toronto – need stronger legal and fiscal tools to address complex urban problems. There is also a growing consensus that the reshaping of the relationship between cities and senior levels of government is everybody's business.

Today, I would like to offer some thoughts that should guide our discussions about a new deal for cities.

First, we must acknowledge that the exclusive dependence on property taxes is crippling Toronto. Our crumbling infrastructure, our traffic gridlock, our affordable housing crisis – these problems are too big for property tax.

Without adequate fiscal tools, the inter-jurisdictional pleading and finger-pointing will not get any better. In fact, as municipal revenues continue to shrink, relative to federal and provincial revenues, the relationship will get even worse. As you probably know, Charlie Baillie, Chair and CEO of the

TD Financial Group, commissioned TD's Economics Group to produce an analysis of municipal revenues. This report concluded that property tax is worse than insufficient – it is “inherently flawed.” I agree. The relationship between property value and the ability to pay increased tax is very weak indeed. The over-reliance on property tax amplifies these distortions.

Second, we must recognize that our competitor cities in other jurisdictions are the recipients of considerably greater investment. Large American cities have greater fiscal and jurisdictional authority than large cities in this country. Their sources of income are far more diverse, and they have access to more flexible financing mechanisms. The Federation of Canadian Municipalities estimates that Toronto's American competitors have invested five times as much in their downtowns and waterfronts as we have in Toronto. American cities have also benefited from enormous federal investment in transportation. We should acknowledge that last week's announcement was welcome, but falls short of a sustaining investment.

At the same time, our competitor cities in Europe also have greater powers, and access to much greater fiscal resources. The European Regional

Development fund is investing heavily in European cities, particularly in public transportation.

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Third, all levels of government must commit themselves to invest in cities, and abandon jurisdictional gridlock. I have been a minister of the crown, and I know that this is easier said than done. But the cross-jurisdictional work that has been done to implement some of the recommendations of the Homelessness Task Force gives me some hope. We have some small examples of governments working together to address a substantial community problem.

Fourth, we must reject the notion that competitive cities cannot also be compassionate cities. In fact, the evidence is that our economic objectives, and our social objectives, are inextricably linked. The Toronto Board of Trade's statement on urban competitiveness says it very well: "Offering citizens a safe, attractive, diverse and affordable urban environment is paramount to competitiveness. More than ever before, quality of life drives the success of a region..." In other words, a good place to live, is also a good place to invest.

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But the United Way's *Decade of Decline* report points out that the debate cannot just be about economic competitiveness, with the expectation that a rising tide will float all boats. We must place the issues of social infrastructure squarely on the table, alongside physical infrastructure and economic competitiveness.

Finally, the debate on a new deal for cities must be informed by the broad range of leadership available in our urban areas – not just elected officials, not just governments.

I will be co-chairing the summit on the future of Toronto on June 25 and 26, along with Board of Trade President Elyse Allan, David Crombie, and John Tory. The goal of the summit is to bring together a broad range of corporate, labour and social leaders to map out a vision for Toronto's future.

In my view, the summit is a beginning, and not an end. If it works, we'll be able to look back and say, "Toronto began to unlearn its helplessness at the City Summit in June, 2002." If the summit works, it will be a turning point;

it will mark the date on which community leaders from every sector began to take greater responsibility for the health of our city.

Last week's report by the TD Bank Financial Group is entitled "A Choice Between Investing in Canada's Cities or Disinvesting in Canada's Future."

The title of the report presents a very stark choice. The consequences of not investing in cities – and Toronto in particular – are very grave. They are grave for those who run businesses in Toronto, and those who work in these businesses. They are grave for the most vulnerable in our community.

I am delighted that the voluntary sector in general – and United Way in particular – will have the opportunity to participate in the discussions for civic renewal. After all, the world's best cities are those that welcome immigrants, support families, develop skills, and fight to give every single child the opportunity of full citizenship. You can call this human capital development, or you can call it compassion. Whatever you call it, it is critical to the future of this city.

United Way has some significant contributions to make to the discussion. One of the delights of leading United Way is the opportunity to work with people from diverse backgrounds to focus on what brings them together, rather than what drives them apart. It is still a surprise to look around a big table and see people working together who might otherwise barely agree on the time of day. (Don't forget – until eight months ago, I made my living as a politician.)

This diverse group helps United Way build strong communities, and a strong and healthy Toronto. It is a strength we are more than willing to lend to the campaign for a new deal for cities.

Come the fall, however, when our annual campaign kicks off, I want them all back on the United Way fundraising circuit!

Until then, there is so much we can do together.

Thank you very much.

