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first Policy Roundtables 18

ASK THE EXPERTS

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Anthony Fell on

THE WAY AHEAD: BACK TO BASICS

Cover story 10

Anthony S. Fell
Past Chairman and CEO
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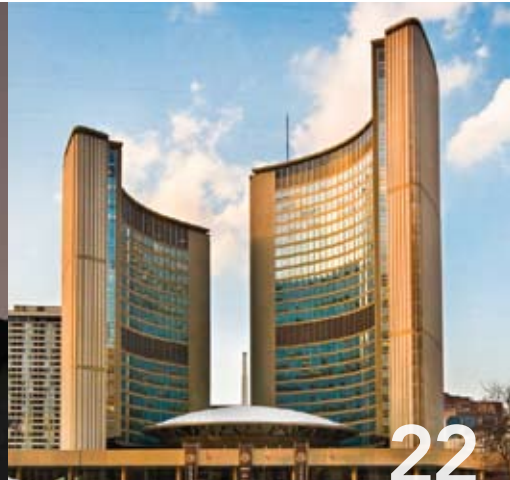


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“WILL THIS BE THE FINANCIAL CRISIS TO END ALL CRISES? NOT A CHANCE.”

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FROM THE CHAIR & PRESIDENT



Spring is now upon us, and our business community continues to face some of the most trying economic circumstances in a generation. Our members are looking to their Board of Trade, seeking opportunities to connect, share ideas and gain valuable insights on how we can work through the unique challenges before us.

Our 121st Annual Dinner helped us kick off the year with just such an opportunity. We were thrilled to welcome a sold-out crowd for this exciting evening of networking, entertainment and inspiration. Our cover story on Page 10 captures the unique insights on today's business climate delivered by our keynote speaker, Anthony S. Fell – a titan of Canadian business who pulls no punches on what went wrong and how we can move forward by getting “back to basics.”

As you will see on Page 18, our first Policy Roundtables confirmed that members are indeed using these times to refocus on their fundamentals and prepare for the turnaround they see on the horizon.

Exciting moves by our provincial government are helping to bring that turnaround a few steps closer. With a 2009 budget that delivers unprecedented wins for business (see Page 24) and breakthrough decisions on Metrolinx that will see new transit infrastructure become a reality in our region sooner (see Page 20), the Province has taken clear steps to position Ontario for greater economic competitiveness.

Based on your input, we are continuing to work with our municipal and federal governments to ensure they too take the steps needed to make the Toronto region – and therefore all of Canada – more prosperous and globally competitive. As you will see on Page 26, ours is increasingly the podium of choice in the Toronto region to foster ongoing dialogue with political and economic thought leaders alike.

In April, the Toronto Board of Trade proudly launched the inaugural *Toronto as a Global City: Scorecard on Prosperity*, a landmark piece of research that measures, for the first time, how the Toronto region stacks up against 20 other global municipalities. In the next issue of *On Board*, we will dive deeper into this exciting report, which reveals some of the strengths we must leverage, as well as weak spots we must address, in order for our city to compete more effectively on the world stage.

Now more than ever, our members are looking to counter uncertainty with open dialogue, expert insight and a powerful voice to help maintain a strong business climate in our region. Now more than ever, your Board of Trade is pleased to be a champion for you, your business and our city.

Paul Massara
Chair

Carol Wilding
President & CEO

ONBOARD

PUBLISHER

Carol Wilding

EDITOR

Andrea Ritter

CONTRIBUTORS

Stuart Foxman Philip Preville
Mark Groulx Wendy Small
Eleni Moutsias Tom Tower
Brian Zeiler-Kligman

DESIGN & PRODUCTION

Craib Design & Communications

PHOTOGRAPHY

Gary Beechey
Jo-Anne McArthur
William Meijer
iStockphoto – Robyn Mackenzie

ADVERTISING INQUIRIES

adsonboard@bot.com
(416) 862-4507

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We welcome your comments and ideas.
Contact us at:

On Board
1 First Canadian Place,
P.O. Box 60, Toronto, Ontario M5X 1C1
onboard@bot.com

For more information about the
Toronto Board of Trade, visit www.bot.com

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121ST ANNUAL DINNER



TORONTO
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OUR THANKS

Our 121st Annual Dinner was a spectacular evening of networking, inspiration and entertainment, made possible through the generous support of our gala sponsors. We thank all of our sponsors for their strong commitment to city building and for helping us to unveil our latest evolution in a magnificent setting.



Toronto Board of Trade's 121ST ANNUAL DINNER A RESOUNDING SUCCESS



On Monday, January 26, more than 1,400 business, political and thought leaders gathered at the Metro Toronto Convention Centre for the Toronto Board of Trade's 121st Annual Dinner. Guests at this year's Gala enjoyed a spectacular evening of networking, inspiration and entertainment, along with greetings from the Premier Dalton McGuinty, remarks from Canada's Minister of Natural Resources, Lisa Raitt, and a highly anticipated keynote address from Anthony S. Fell, Past Chairman and CEO of RBC Capital Markets and a legendary icon of Canadian business. Attendees were also the first to see the latest evolution of the Toronto Board of Trade, as the organization officially unveiled a revitalized strategic direction and visual expression. See more, including the full text of Anthony Fell's remarks, at www.bot.com.



1. Paul Massara, Carol Wilding, Premier Dalton McGuinty and Anthony Fell
2. Carl Lovas at the podium
3. Meg Sintzel, Kristen Caughill, Charmaine D'Silva
4. Amanda Lang with Toronto City Councillor Adam Giambrone
5. Carol Wilding with Mayor Hazel McCallion
6. The Honourable Lisa Raitt, Minister of Natural Resources, with Bob Deluce
7. Thompson T. Egbo-Egbo
8. David McFadden, Paul Harricks, Kelly McDougald
9. Gerald Mills
10. Charles Coffey, Tim Rider and Paul Massara
11. Toronto City Councillor Kyle Rae with Laurel Broten, MPP
12. Michael Bonacini, Pierre Bergevin, Peter Oliver and Brad Henderson



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5



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11



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NEWS AND NOTES

A BOLD NEW EXPRESSION

Earlier this quarter the Toronto Board of Trade officially unveiled a bold new look – part of an ongoing evolution that is redefining how we deliver value to our members and stakeholders. The vibrant new visual represents a Board of Trade that is an accessible, diverse platform for growth and a pillar of business leadership.

See more of what the Board of Trade is doing for you, your business and our city at our new, enhanced website: www.bot.com.



Compensation and Benefits Surveys: PARTICIPATE, SAVE AND WIN!

For decades, the Toronto Board of Trade has been the trusted source for salary and benefits survey data specific to the Toronto region. In these tough economic times, this valuable data can help you control your costs and stay competitive. Companies with 10 or more employees in the Toronto region are invited to participate in our 2009 surveys. Participation is free and includes discounts of up to 70% off the price of survey report data.

To find out more about participation and purchasing survey data, call us at (416) 862-4531.

New Memberships, MORE VALUE

Streamlining and enhancing our membership categories is an important step in providing more value and connectivity for our members. At the end of February, we launched a new membership structure, paring down from 16 different categories to five new, upgraded options tailored to the needs of small, mid-sized, large businesses, as outlined to the right:

For complete details on all our new categories and the specific benefits available to you, visit www.bot.com/join.

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“THE BOARD’S POLICY AND ADVOCACY WORK IS IN FULL GEAR, WITH THE ADDITION OF RICHARD JOY TO THE EXECUTIVE TEAM.”



BOARD CHAIR CLIMBS TO NEW HEIGHTS

Toronto Board of Trade Chair Paul Massara puts his heart into his work – literally. On February 22, Paul traded his briefcase for a pair of runners and scaled the stairs of seven of downtown Toronto’s tallest office towers (including 72 floors atop the Board of Trade at First Canadian Place!). The intensely demanding climb was part of the “7 Summits Challenge,” which raised more than \$500,000 for the Heart and Stroke Foundation of Ontario. Besides demonstrating his phenomenal fitness level, Paul’s efforts brought in plenty of funds for the cause. Well done, Paul!

Board Launches

SCORECARD ON PROSPERITY

On April 7, the Toronto Board of Trade released *Toronto as a Global City: Scorecard on Prosperity*. Commissioned by the Board of Trade and conducted by The Conference Board of Canada, the *Scorecard on Prosperity* is a landmark piece of research that measures, for the first time, how the Toronto region stacks up against 20 other great global cities. The study looks at 25 different economic and liveability indicators and includes the first-ever analysis of the city of Toronto’s performance relative to its 905 neighbours. See all the details and download your copy of this breakthrough report at www.bot.com. Watch for an in-depth feature on the *Scorecard* findings in the Summer 2009 issue of *On Board*.

Appointment: Richard Joy, VP Policy and Government Relations

The Board’s policy and advocacy work is in full gear, with the addition of Richard Joy to the executive team. Richard comes to the Board from Global Public Affairs, a leading Canadian Government Relations firm. His extensive knowledge and experience on the political front comes from years of service at Queen’s Park and City Hall – as executive assistant to MPPs George Smitherman and Michael Gravelle, as well as two City Councillors pre- and post-amalgamation. Richard also served as Senior Policy Advisor to the Minister of Municipal Affairs and Housing in the first term of the McGuinty government and was responsible for public policy development around the City of Toronto Act.

Appointment: Philip Preville, Director Public Affairs

Followers of *Toronto Life* political and urban affairs commentaries will recognize the name Philip Preville. Perhaps best known for his popular “Preville on Politics” blog, the award-winning writer and journalist is now leading the Board of Trade’s Public Affairs initiatives. With vast experience as a freelance journalist and editor and an intense interest in the city’s political scene, Philip is uniquely positioned to amplify the voice of the Board and its members.

All media inquiries and interview requests can be addressed to Philip at ppreville@bot.com or (416) 862-4514.

Board Lauds City Action on ECONOMIC DEVELOPMENT

The Board of Trade is pleased to see the City conclude an 18-month search with the appointment of Michael Williams as Toronto’s new General Manager, Economic Development, Culture and Tourism. In addition to managing the Economic Development, Culture and Tourism division, Williams will be an active board member of Build Toronto, mandated with developing city-owned properties, and Invest Toronto, charged with engaging the private sector to help attract new businesses. Action on both fronts is critical now, as the City faces the pressures of the global economic downturn.

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TORONTO
BOARD OF TRADE

TIME TO GET BACK TO BASICS

Anthony S. Fell, legendary powerhouse of Canadian investment banking, speaks frankly about financial industry mistakes and the way ahead for Canadian businesses.

By Stuart Foxman

Anthony Fell keeps a three-foot model of the Titanic in his office. He calls it “a constant reminder that bad things can happen.” Given the global economic downturn, we hardly need that reminder. In his keynote address at the Toronto Board of Trade’s 121st Annual Dinner on January 26, Fell was blunt about the reasons for the financial crisis, and how to get, as he put it, “back to basics.”

Few people are better positioned to deliver that message. Fell retired as Chairman and CEO of RBC Capital Markets in 2007, after a legendary career that started in 1959 in the research department of Dominion Securities. By 34, he was President. Later, as CEO, he led DS through several key mergers, culminating in the 1988 sale of the firm to Royal Bank. Fell’s broad involvement in industry affairs included stints as Governor of the Toronto Stock Exchange and Chairman of the Investment Dealers Association.

“ONE OF THE MOST DIFFICULT THINGS IN BANKING OR INVESTMENT BANKING IS NOT TO FOLLOW YOUR COMPETITORS OVER A CLIFF.”

In this climate of battered banks, sinking stocks, rising job cuts, and general economic uncertainty, Fell brought a singular perspective to the evening, gleaned from 50 years of experience at the heart of Canada’s financial dealings.

“We were delighted that Mr. Fell accepted our invitation to headline this year’s Annual Dinner,” said Carol Wilding, President and CEO of the Toronto Board of Trade. “At a time when our business community is experiencing unprecedented challenges, our members were craving insights from a straight-talking business leader who could make some sense of our current situation and the way ahead.”

Fell’s address capped off an evening that also featured remarks from Ontario Premier Dalton McGuinty; the Honourable Lisa Raitt, Canada’s Minister of Natural Resources; Wilding; Paul Massara, Chair of the Toronto Board of Trade; and Carl Lovas, Managing Partner of Ray & Berndtson, the Dinner’s presenting sponsor. The MC for the evening was Amanda Lang, who co-anchors *Squeeze Play* on the Business News Network.

When Fell took to the podium, he did not disappoint, captivating the crowd of 1,400, which, in addition to members of the business community, included a number of federal and provincial cabinet ministers, members of the Ontario Legislature, and several area mayors and city councillors.

How did we get into this financial mess? There’s plenty of blame to go around, Fell told the audience.

Start with a herd mentality in the financial industry. “One of the most difficult things in banking or investment banking is not to follow your competitors over a cliff,” Fell said. “This is incredibly difficult because if one or a few banks increase their risk profile and start taking your clients, there is strong pressure within your own company, and from the marketplace, to increase your own risk profile to maintain your competitive position.”

In boom years, this process continuously ratchets up the risk profile across the industry. Fell said that the most important word in the financial business (besides please and thank you) is “no” – “No, we’re not going to do that deal. No, we’re not going into that new business. No, we’re not going to make that stupid acquisition. No, we’re not going to make that loan. In the course of my career, I wish I had said ‘no’ more often.”

He had equal scorn for increasingly complex financial products. “If a security has more than two bells and one whistle, just say no,” said Fell. He called the “toxic” structured products that were developed and aggressively marketed around the world by U.S. dealers and banks a “multi-trillion dollar time bomb that finally blew up the system.”

Then there was the “off the charts” leverage in the financial system – banks, dealers, hedge funds and private equity firms. “Financial firms love leverage because it can do wonders for your profits and your return on equity in the good times,” said Fell. “Unfortunately, leverage can kill you when business turns down. Given leverage ratios, there was zero room for error – no cushion.”

When all of this was happening, where was the corporate governance, Fell wondered? “On boards, there is far too much of a tendency to just ‘go with the flow’ and few directors want to rock the boat. And when trouble comes, boards just circle the wagons. I have always found it curious why so few board members resign over matters of principle. Does every director agree with everything?”

Beyond the boardroom, Fell pointed to lax regulation. This crisis built for years, he noted, under the watch of the Federal Reserve, SEC, Bank of England, and the Basel One or Basel Two



LEFT: Anthony Fell at the 121st Annual Dinner with Toronto Board of Trade President and CEO, Carol Wilding.

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“FINANCIAL FIRMS LOVE LEVERAGE... UNFORTUNATELY, LEVERAGE CAN KILL YOU WHEN BUSINESS TURNS DOWN.”

regulatory regimes. “In particular, the SEC acted like a head waiter to the securities industry in the U.S.” Here, he noted, the Office of the Superintendent of Financial Institutions and the Bank of Canada provided better oversight.

As Fell declared, “The grand experiment of deregulation of financial markets and financial institutions, which started with President Reagan’s appointment of Alan Greenspan in 1987, is over.”

Finally, there are the credit rating agencies, which operate in a model with a built-in conflict of interest. “Rating agencies are paid by the issuer. Why would a buyer of securities rely on a rating provided by the seller?” said Fell. “Companies rate shop. They visit all the rating agencies and give the business to the agency which accords them the highest rating. In my opinion, rating agencies are dangerous because they provide investors with a false sense of security.”

None of this is really new. Fell noted that in cycle after cycle of booms and busts, over centuries, never mind decades, the similarities are striking, “usually all wrapped up with a good dollop of fraud and corruption,” he quipped. Today’s crisis is different in its sheer scale and global nature. “This is all uncharted waters,” said Fell.

SO WHERE DO WE GO FROM HERE?

First, some good news. Fell noted that Canadian banks, although they’ve received shocks from this crisis, have fared well relative to those in the U.S. and Europe. The Canadian economy and our financial institutions have benefited from what Fell calls “plain good public policy,” namely federal surpluses for the past 11 years, aggregating over \$100 billion.

“Accordingly,” Fell explained, “Canada’s economy and financial system are in a stronger position than most, going into this downturn.”

Canada also benefits from a strong regulatory framework, tighter control of our residential mortgage market, and inherently more risk-averse financial institutions. “Less cowboy capitalism,” as Fell put it.

In describing the need these days to get “back to basics,” Fell referred to the banking business in particular. But his advice should resonate with the broader business community:

- Don’t expand your business beyond your ability to closely and tightly manage it.
- Remember that business is a marathon, not a hundred-yard dash. Slow, steady and, yes, dull often wins the race – “in many cases because you’re fast moving, the hot-shot competition blows up.”
- Keep your focus squarely on the client.
- Reduce your leverage.
- Embrace more “organic” growth, “scrapping your plans to rule the world.”
- Be more conservative. That may mean somewhat lower profitability than you’ve been accustomed to in the past – the price of running a more conservative business – but at least, over time, you will *be* in business.

THE WAY AHEAD: LESSONS FROM ANTHONY FELL

Fell’s remarks won’t soon be forgotten by dinner attendees who raved about them as they filed out of Constitution Hall at the Metro Toronto Convention Centre. What does “back to basics” mean to them?

“Slow and steady is the way to go,” said Laurie Thomas, an agent with State Farm Insurance. “We’ve heard that lesson many times, and the next generation may well forget it – which is why we have cycles.”

“Be more realistic, don’t over-spend, and be more careful,” added Alain Lefebvre, Operations Manager at the Toronto Port Authority. Mike Nadal of the Career Development Centre at the Schulich School of Business, York University, was even more direct: “You can’t afford to do anything stupid.”

Oddly enough, Nadal felt both more optimistic *and* pessimistic after the speech. While recovery will come, it won’t be quick and easy, and even the stronger players in a weak environment, said Nadal, will feel some pain.

Jill Anderson, who works for a large global consulting company, found Fell’s speech to be “insightful and fascinating,” and only wishes he had given it about four years ago.

During his remarks, Fell did address the failure to foresee the current crisis: “Along with Wall Street, it’s incredible that central banks and the IMF, with all the firepower they devote to economic analysis and forecasting, didn’t pick up on this credit bubble and a possible crisis. The second largest financial crisis in 100 years wasn’t on the radar screens.”

He said a small handful – probably less than half of 1% of all economists and market participants – foresaw some of the major financial problems. “But when everyone is making money, no one wants to listen to a naysayer,” said Fell.

Anderson felt that Fell’s remarks spoke squarely to a “culture of greed” – “And now, we have to come to terms with both personal and corporate responsibility.”

Jeff Buddo, an agent with Chestnut Park Real Estate, called Fell’s speech the most captivating he has heard in the last 10 years. And although Fell is retired now, Buddo had a suggestion for a possible job. “He knows what he’s talking about – he should be at Stephen Harper’s side as Finance Minister!” **ON**

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“WILL THIS BE THE FINANCIAL CRISIS TO END ALL CRISES? NOT A CHANCE. TWENTY YEARS FROM NOW, THIS CRISIS WILL BE ANCIENT HISTORY AND LONG FORGOTTEN.”

How long will the economic recovery take? Nobody knows. Fell joked that banks and dealers should have as many economists on staff as possible – to increase their chances of having one that’s right. But, he emphasized, “The economic downturn has turned out to be vastly more serious than anyone anticipated every step of the way. I would anticipate a longer and deeper recession than many observers envisage.”

The first step to recovery, Fell said, is stabilizing the banking business in the U.S. and the U.K. The second key is the consumer. Most recessions over the past 50 years were caused by excessive inventories or over-capacity. This one is different, observed Fell, as it’s a consumer-led recession.

“There is too much consumer debt, and it won’t turn around until consumers have restored their family balance sheets and are confident once again to start spending. The consumer in the U.S. is shell shocked.”

Fell noted that the average Canadian carries two credit cards versus more than six for the average American. The average credit card balance per family is \$2,000 in Canada, and over \$8,000 in the U.S.

Factor in falling home prices and a shaky job market, and Fell foresees a multi-year period of consumer retrenchment and thrift. Saving more and spending less might prolong the recovery, he noted, but from the consumer’s standpoint, “it’s the right thing to do.”

While he pulled no punches, Fell rounded out his remarks with an important note of optimism. “Booms, busts, bubbles, panics, crashes and bankruptcies – to some extent we’ve seen it all before, but somehow the system always survives, adapts and moves on to bigger and better things. In time, I am sure it will again. Will this be the financial crisis to end all crises? Not a chance. Twenty years from now, this crisis will be ancient history and long forgotten.”

Although he couldn’t resist adding this final caveat: “And the young people running the businesses at the time will set out to do the same thing all over again.” **ON**

AN EXTRAORDINARY CITY BUILDER



“Tony is a truly independent mind,” noted Carl Lovas, Managing Partner of Ray & Berndtson, presenting sponsor of the Annual Dinner. “He has never been one to follow the herd. And he has never been afraid to speak his mind.”

Indeed Anthony S. Fell is revered as an edgy speaker with strong views on what he refers to as the “cowboy capitalism” and flawed monetary policy that led to the U.S.

subprime crisis. But he is also known as a man of unflagging philanthropic spirit and faultless integrity in his business dealings.

Before retiring as chairman and CEO of RBC Capital Markets in 2007, he served the firm and its predecessor, Dominion Securities, for 48 years, including 18 years as chief executive officer and eight years as chairman. He remains involved in business today as a director of BCE Inc., Loblaw Companies and CAE Inc. and is chairman of Munich Reinsurance Company of Canada. He has also served as deputy chairman of the Royal Bank, chairman of the Investment Dealers Association of Canada and as a governor of the Toronto Stock Exchange.

During Mr. Fell’s storied tenure with DS, the firm went from a loss of about \$2 million in the early-1970s to a profit of \$1.4 billion in 2006. But numbers are only part of the

story. Throughout his impressive career, he developed a stellar reputation as one of the few remaining gentleman dealmakers, deeply respected by peers, employees and rivals alike.

Alongside his tremendous record of industry leadership, Mr. Fell has established himself as a deeply committed city builder, having served as Chair of the Board of Trustees of the University Health Network and chair of campaigns for the Greater Toronto United Way, the Princess Margaret Hospital, the Arthritis Society and the Duke of Edinburgh’s Award Program in Canada.

Mr. Fell’s extraordinary contributions were recognized when he was appointed an Officer of the Order of Canada in 2001. He was also awarded Honorary Doctorate degrees from the University of Toronto in 2008 and McMaster University in 2001. **ON**



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LEFT: Members gather to exchange ideas at the first Toronto Board of Trade Policy Roundtable.

OVERCOMING THE CRUNCH

Board of Trade members have heard plenty about the global credit crisis. We asked them to tell us how it's affecting their business and how they are getting past it.

Businesses everywhere are feeling the strain, as they pull their belts a few notches tighter. At the same time, they are beginning to max out on doom-and-gloom news and are seeking ways to move ahead.

These were the prevailing comments at the first two sessions of the Toronto Board of Trade's Policy Roundtables, a new series providing members with a vital forum to meet with peers, gain insights and discuss pressing issues that affect their business.

On January 13 and February 18, members representing a variety of business sizes and sectors attended the inaugural sessions, which focused on the effects of the credit crunch. Participants were invited to speak frankly about the impact on their business and the actions needed to jumpstart the recovery process.

Overall, participants agreed that access to capital is a major hurdle to maintaining growth. While many would like to take advantage of low interest rates, the tight credit market has made purchasing or refinancing much more difficult.

At the same time, they noted that uncertainty is affecting their day-to-day actions. "Everyone's delaying decisions as long as they can because they are reluctant to spend," one participant said.

Attendees highlighted the important role governments play in restoring confidence. "There is a gross

undervaluation by the government on the psychological effect of their investing in visible improvements," a member emphasized. "There's a sense that a lot of money is being spent right now, but no one really knows what's happening."

Each moderated Policy Roundtable featured an opening presentation: the first from **Derek Burleton**, Associate Vice President and Director of Economic Studies, TD Bank Financial Group; the second from **James Milway**, Executive Director, the Institute for Competitiveness & Prosperity.

"Toronto is likely in a recession, but it doesn't feel like one yet because we have continually seen one sector strengthen as other sectors weaken," Burleton said at the January session. "This recession will likely be comparable to that of the early 1990s in terms of GDP contraction, but the massive fiscal stimuli being proposed by governments will help improve things in 2009-2010."

Burleton added that Ontario is somewhat limited in what it can do in its budget to stimulate the economy, but that structural changes, such as revised tax policy, will go a long way toward improving long-term productivity.

"Ontario enjoys higher GDP per capita than the average of its international peers, [but] falls well below the median when compared to its North American counterparts," Milway explained at the February session. "The current \$6,500

GDP-per-capita gap represents lost potential and is mostly attributable to Ontario's lower productivity."

Milway added that Ontario is failing to parlay its strengths in diversity and talent into economic growth. Improving Ontario's competitiveness, through tax reform, increased foreign trade and investment in information communications technology and education will allow us to capitalize on these strengths.

Participants agreed that, while a recession may be inevitable, it can also be a time to take stock, focus on core business and seize opportunities, particularly for smaller companies whose already lean operations can offer a competitive advantage.

"There is definite fatigue from all the media coverage of the economic turmoil and a growing sense that it's overblown," one participant said. "There's a belief out there that we will come through this crisis and will hopefully be stronger on the other side."

The Toronto Board of Trade will continue to engage members on critical business issues through additional Roundtable discussions, surveys, polls and town hall meetings. For more details on upcoming events and initiatives, stay tuned to www.bot.com. **ON**

If you would like more information about the Toronto Board of Trade Policy Roundtable series, send an email to: getinvolved@bot.com.



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METROLINX: BOARD OF TRADE ADVOCACY YIELDS MORE BIG MOVES

This spring, the Toronto Board of Trade welcomed two landmark announcements from the Province that promise to expedite critical transit infrastructure projects in the Toronto region. First, the Government of Ontario introduced the *Greater Toronto and Hamilton Area Transit Implementation Act, 2009*, a new piece of legislation that establishes a new governance structure for Metrolinx. Days later, Premier McGuinty announced nearly \$9 billion in new transportation infrastructure spending specifically for the Toronto area.

Since 2003, the Toronto Board of Trade has been the lead advocate for a single, integrated transit and transportation solution to the crushing gridlock that continues to hamper the competitiveness of the Toronto region. The Province responded by creating Metrolinx, the agency responsible for bringing that solution to life.

Last fall, Metrolinx released “The Big Move,” a bold regional transportation plan that calls for \$50 billion in new transit and infrastructure investment. Since then, ensuring Metrolinx has the powers and the funds needed to deliver critical

enhancements to the region’s chronically underfunded transit and transportation systems has remained the Board’s top advocacy priority.

Thanks to the Board’s consistent efforts, the Government of Ontario has now come through on both fronts. If accepted, the Province’s new legislation will see the creation of a Metrolinx board that incorporates the private-sector skills and industry-specific experience to move the agency from planning to implementation mode. The government’s \$9 billion funding commitment also means shovels will go in the ground as early as this year.

These announcements by the Province represent significant public policy strides that will help turn a promising Metrolinx plan into a prosperity-enhancing reality. The Board of Trade will now turn its efforts to addressing the funding gap of nearly \$40 billion that remains to be filled in order to bring the full Metrolinx plan to fruition. **CT**

To view the Toronto Board of Trade’s full recommendations on the Metrolinx Regional Transportation Plan and to learn more about the Board’s advocacy leadership on this crucial issue, visit www.bot.com.

FEDERAL BUDGET 2009: URBAN TRANSIT NOT A PRIORITY



ABOVE: Toronto Board of Trade President and CEO Carol Wilding and Toronto City Summit Alliance Chair David Pecaut partnered to present the federal government with a list of infrastructure projects that could create significant stimulus and jobs in 2009-2010.

While acknowledging many positive measures in the 2009 federal budget, Toronto Board of Trade President and CEO Carol Wilding expressed concern that the government’s economic stimulus package did not make urban transit infrastructure a priority.

“We saw this budget as a unique opportunity to create a national transit fund, yet there are no monies in this budget specifically dedicated to transit,” Ms. Wilding said.

The Toronto Board of Trade’s submission to Finance Minister Jim Flaherty, made jointly with the Toronto City Summit Alliance last December, called for some \$1.6 billion in new funding for five specific, shovel-ready transit expansion projects in the Toronto region.

While dismayed by the absence of a strong urban agenda in the federal budget, the Board was buoyed by some significant wins, including the creation of a single national securities regulator and the revitalization of Union Station as a potential target for stimulus funds. The Union

Station initiative was one of five “shovel-ready” infrastructure projects identified in the Board of Trade’s pre-budget memo to the federal government.

The Board is now focusing on ensuring infrastructure funds flow expediently to municipalities. In an address to the Toronto business community at the Board of Trade in March, Minister Flaherty assured that his government is committed to making sure the stimulus hits the economy quickly to lessen the impact of the recession on Canadians. **CT**



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CITY BUDGET 2009: **BALANCED BUT NOT SUSTAINABLE**

In February, the Toronto Board of Trade responded to the City of Toronto's 2009 operating budget with urgent advice for the year ahead.

While acknowledging the City's second consecutive delivery of a balanced budget, the Board warned that the budget relies too heavily on one-time cash infusions and fails to secure long-term fiscal sustainability.

In a written submission detailing 12 critical recommendations, the Board urged the City to do more to trim costs and implement structurally sound, multi-year fiscal planning, particularly in the face of heightening economic strain.

"The City of Toronto, and with it the Toronto region, enjoy the economic and social advantages that come with being a great global city," the Board wrote. "In light of the weakening global economic situation and the increasing demands expected of public resources and services in the coming years, the Board is concerned that, without...long-term planning and vision, the City's advantages could fall into disrepair."

Speaking before the City of Toronto's Budget Advisory Committee, Board of Trade President and CEO Carol Wilding re-emphasized that the City must, first and foremost, tackle the issue of fiscal sustainability. "We are in a recession," Wilding said. "Businesses and governments are scrambling to adjust to new economic realities. And Toronto will have to adjust as well."

Wilding called upon the Committee to implement a multi-year operating budget immediately and to seek greater efficiency, after the City found only \$32 million worth of true efficiencies on an \$8-billion operating budget. She also reiterated the Board's longstanding request for the accelerated rebalancing of property tax ratios – a move that could save Toronto businesses hundreds of millions of dollars.

The Board went on to press for full implementation of recommendations put forward a year ago by the Mayor's Fiscal Review Panel. Board of Trade research indicates that of the 69 recommendations proposed in the Fiscal Review Panel's *Blueprint*, 31 were either rejected or not pursued by the City.

Finally, in an effort to further the critical goal of implementing the Metrolinx Regional Transportation Plan, the Board encouraged the City to earmark the necessary funds to match and access federal infrastructure stimulus dollars.

On the heels of the Board's deputation on the City budget, the *Toronto Star* fully endorsed the Board's position in an editorial. The *Star* echoed the Board's warning that the City budget is not sustainable, saying "more clearly needs to be done to put Toronto's financial house in order."

As always, the Board has offered to work with the City to help advance these recommendations, all of which are aimed at making the Toronto region more competitive and better positioned to weather the financial uncertainties ahead. **CU**

To download the Board's written submission to the City and the full text of Ms. Wilding's oral deputation to the Budget Advisory Committee, visit www.bot.com.



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LEFT: Premier McGuinty speaks to the Toronto Board of Trade about his government's action plan.

BIG WINS FOR BUSINESS IN THE TORONTO REGION

Board lauds investments in ontario's economic engine.

On April 2, the Toronto Board of Trade welcomed the Honourable Dalton McGuinty, Premier of Ontario, to our podium. The Premier seized the opportunity to thank attendees – for creating jobs and for supporting a budget designed to position Ontario for recovery.

The Premier also thanked the Board of Trade for doing its part to ensure that the Toronto region remains a major source of fiscal strength for the province. The Board was extremely pleased to see the government use this year's budget as an opportunity to build a better future for Ontario by taking bold steps to promote growth in the Toronto region.

On the infrastructure front, the Province committed \$9 billion in new transportation-specific spending. Last fall, Metrolinx confirmed that gridlock exacts an annual toll of \$6 billion in lost productivity and environmental costs. In its pre-budget recommendations, the Board asked the government to invest more this year to shore up our chronically underfunded transit infrastructure. The Province responded with dollars that will help dramatically improve our region's productivity and quality of life.

In the tax arena, the Board recommended reductions to the corporate tax rate and corporate minimum tax, as well as harmonization of the GST and PST, all of which were included in the 2009 Provincial Budget. Members have routinely relayed their deep concerns around the high tax burden that has compromised the competitiveness of the province and its businesses. With businesses paying less on new investments and capital expenditures, investment will predictably go up, while prices will likely come down, as demonstrated in all four Canadian provinces that have implemented a harmonized tax.

The 2009 Budget also prioritizes an innovation agenda. New funding specifically for the Toronto Region Research Alliance translates to attracting more investment and strengthening the Toronto Region's capacity for innovation. The Board asked the Province to invest in innovation to protect and create jobs – an escalating priority for our members.

The Province is also working closely with the Toronto Financial Services Association to determine the best ways to elevate Toronto from a regional financial centre to a recognized global hub. The Board encouraged the Province to take these steps and was pleased to see not only a commitment to creating a national securities regulator but also to headquartering this national regulatory body in Toronto.

As Premier McGuinty noted in his remarks, "We need to find a way forward." The Board believes the 2009 Provincial Budget will help our businesses get through the biggest economic crisis in 80 years. More important, it will help shape a better future by attracting new investment, creating jobs and fostering greater prosperity for all Ontarians.

To view the Board's full pre-budget submission to the Government of Ontario, visit www.bot.com. **ON**

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AT THE PODIUM



Canada's Finance Minister goes "Beyond the Budget" at the Board of Trade

Before a sold-out audience at the Toronto Board of Trade, Finance Minister Jim Flaherty discussed the challenges of the current recession and stressed the benefits of his government's Economic Action Plan for Canada. The event was presented jointly by the Board and the Canadian Italian Business and Professional Association.



Ontario's Finance Minister delivers post-budget details

The day after releasing his 2009 Provincial Budget, the Honourable Dwight Duncan took to the Board of Trade podium to discuss the government's plan to position Ontario for economic recovery and a more competitive and prosperous future.



Amid "Buy American" discord, International Trade Minister makes key speech at the Board

In the midst of controversy over "Buy American" provisions in U.S. President Barack Obama's economic stimulus package, the Honourable Stockwell Day spoke to the Board of Trade about "the power of diplomacy." U.S. legislators subsequently amended the package.



NDP Leader Jack Layton addresses Board on Canada's economic future

As our nation faced historic economic and constitutional challenges in January, the Honourable Jack Layton, Leader of Canada's NDP, addressed the Toronto Board of Trade, offering his vision for a federal plan to help the Toronto region remain a vital driver of a healthy Canadian economy.



Minister promotes green agenda at Toronto Board of Trade

In February, the Toronto Board of Trade provided the platform for Ontario's Energy and Infrastructure Minister, George Smitherman, to deliver his first public speech about the *Green Energy Act*. Addressing a sold-out audience of 700, Smitherman discussed how the *Green Energy Act* will establish Ontario as a North American leader in conservation, renewable energy and green job creation.



Health minister outlines e-Health initiatives at Board of Trade

Ontario's Minister of Health and Long-Term Care, David Caplan, spoke to Board of Trade members about the Province's e-Health strategy, designed to arm healthcare providers with the most modern record-keeping and service delivery tools to provide the best care for Ontarians.



Education minister emphasizes economic impact of public schooling

The Honourable Kathleen Wynne, a passionate advocate for Ontario's public school system, addressed the reasons why Board of Trade members – as business professionals and citizens – must support publicly funded education to ensure a strong, competitive economy.



Province leverages Board of Trade podium to deliver long-awaited uploading announcement

After advocating for provincial uploading for years, the Board of Trade was pleased to host Ontario's Minister of Municipal Affairs and Housing, Jim Watson, as he revealed how the Province will take back responsibility for costs that have contributed to Toronto's considerable fiscal challenges.



TD's Chief Economist presents new vision for Ontario at Board of Trade

Last fall, a TD Economics report on Ontario's economic future noted that our province can no longer rely on its once-reliable wellspring of prosperity – manufacturing. Don Drummond, TD Bank Financial Group's Senior Vice President and Chief Economist, discussed the report in depth at the Board of Trade, explaining how the province must take bold policy actions and build a new economic agenda that leverages Ontario's assets in innovative ways.



Dr. Ron Dembo advises Board of Trade audience on going green

In February, Dr. Ron Dembo, CEO of Zerofootprint, spoke at the Board of Trade, explaining how companies can attract and retain new customers, lessen risk, reduce operating costs, improve regulatory compliance and capture financial advantage by reducing their carbon footprint. Dembo encouraged attendees to integrate an active corporate social responsibility function into their business by benchmarking their carbon footprint and power usage effectiveness.



BMO Strategist explores road to national economic recovery

Dr. Sherry Cooper, Executive Vice President and Global Economic Strategist at BMO Financial Group, took to the Board of Trade podium in December to discuss Canada's road to economic recovery against the backdrop of the most pervasive global financial crisis in a generation.



Single or Several: Panellists discuss the right securities regulation model for Canada

In January, an expert panel recommended to the federal government that Canada follow the path of other jurisdictions and create a single national securities regulator. Later that month the Board presented its own panel of financial experts, moderated by Toronto Financial Services Alliance President Janet Ecker, to shed light on the potential benefits of a single securities regulator for Toronto and why the issue remains controversial for some provinces.



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The War for Talent – Are we prepared?

When it comes to education, competitiveness and attracting talent, Canada and Switzerland share top positions in global rankings. In March, Swiss education expert Professor Stefan Wolter spearheaded a half-day of panel discussions at the Board of Trade, exploring the vital link between post-secondary education and economic success. Panellists included Ontario cabinet ministers George Smitherman, John Milloy and Jean Augustine, along with representatives from Toronto-region colleges, universities and businesses. The event was presented jointly by the Board and the Swiss Canadian Chamber of Commerce, as part of the World Trade Centre Speakers Series. [CN](#)

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NEXT SESSION

Upcoming sessions include: “*How to Cold Call and Build New Customers*” on May 5, delivered by Dale Carnegie Business Group; and a three-part program on “*The Talent Toolkit: Mastering the ABC’s of Leadership*,” presented by MICA Consulting Partners on May 13, June 2 and June 23. All sessions are held at the Toronto Board of Trade Downtown Centre. For more details, visit www.bot.com/abf.

RESERVE YOUR SEAT

If you are a Growth Advantage, Champion, Association or Prestige member of the Toronto Board of Trade, simply contact your Toronto Board of Trade Relationship Manager, or send an email to abf@bot.com indicating the session you are interested in and the name, title, company and email address of each attendee.

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Q WHAT ARE THE CHALLENGES AND OPPORTUNITIES EMERGING FROM TODAY'S ECONOMIC REALITY?

As the global financial crisis continues, many individuals and businesses are suffering. Others are thriving. We spoke with Tom Tower at the national law firm **Miller Thomson** about today's issues and the opportunities.

Q. WHAT PRIMARY CHALLENGES ARE BUSINESSES FACING GIVEN OUR CURRENT ECONOMIC SITUATION?

- A.** We see four primary challenges, all interconnected:
1. The most obvious are around credit and insolvency. Many businesses are unable to get credit, are having their loans called or may be close to defaulting on covenants they've given to their lender. If business has declined, they may be facing insolvency proceedings.
 2. Many businesses must turn to layoffs or terminations.
 3. Declining asset values are heightening the focus on protecting and maximizing the value of corporate assets.
 4. Increased litigation is becoming a factor, as businesses deal with their own financial issues and those of suppliers and clients.

Q. CAN YOU SUGGEST RESPONSE STRATEGIES?

- A.** There aren't any hard and fast rules, but I think businesses should be as proactive as possible. Look at your credit and supplier arrangements and make sure you are aware of the terms and obligations. If there's a risk of default, be straightforward with your

lender or other creditor. People prefer working with you up front rather than finding out after the situation has worsened. If your credit facility is maturing in the near future, act early. You can't assume your existing lender will renew. You may need extra time to access creative financing alternatives. As for insolvency challenges, again I emphasize acting early. Most clients don't realize there is a wide range of options available. For example, formal restructuring may be a viable alternative to bankruptcy.

Q. WHAT OTHER CREATIVE RESPONSES CAN BUSINESSES PURSUE?

- A.** Know all the implications of your decisions before acting. For instance, before terminating staff, assess your severance costs and the impact of layoffs on operations. Before winding up operations, look at structuring appropriate closure agreements. And before defending or pursuing lawsuits or regulatory non-compliance actions, formulate a litigation strategy.

Q. SHOULD OWNER-OPERATORS CONSIDER DIFFERENT STRATEGIES?

- A.** If the value of your company has changed, you may want to consider an estate freeze or re-freeze. There are also good opportunities for income splitting right now, given the low interest rate and low corporate value environment.

Q. SPEAKING OF OPPORTUNITIES, CAN YOU OUTLINE HOW SOME ORGANIZATIONS MIGHT BENEFIT IN TODAY'S ECONOMIC CLIMATE?

- A.** Even though times are tough, it's not all bad news. For companies with strong balance sheets, it's a great time to consider strategic acquisitions. In terms of new business, there are opportunities to be had, as government infrastructure projects increase. Stronger companies with good cash flow can also use this time to take preventive steps to protect valuable assets such as technology and intellectual property and to creditor-proof their assets. They can also look at restructuring opportunities and tax planning.

Q. HOW CAN COMPANIES BEGIN PREPARING FOR BETTER TIMES?

- A.** I can't emphasize enough the need to be proactive and strategic. Even if your needs are short-term, take advantage of the knowledge and experience of professional advisors. Look for professionals with a broad range of experience in a diverse range of market sectors.

Tom Tower is a partner at Miller Thomson's Toronto office, in the Financial Services and Insolvency Group. For more information about weathering today's economic realities and uncovering hidden opportunities, visit www.millerthomson.com or send your questions to planforsuccess@millerthomson.com.



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PRIVATE SALE

10 STEPS TO SELLING YOUR PRIVATELY OWNED BUSINESS

By Mark Groulx

Recent surveys suggest that 50% of the privately owned businesses in Canada – those not listed on a stock exchange – will be sold in the next 10 years. A full two-thirds of those will be sold in the next five years alone.

Today's grim economic forecasts will probably curb the number of these sales in the near term. The sale process is also likely to take longer and prices will be lower than the historic levels seen in recent years. Nonetheless, there is still a market for well-managed, profitable companies. If you are considering selling your business, you need not delay simply because of current turmoil.

At the same time, selling a business is a complicated, often stressful event. I strongly encourage you to engage an advisor to assist you with what will probably be the largest financial transaction of your life. Your agent can provide an invaluable buffer in the negotiations and can manage this protracted process while you continue to run your business.

Most important, your agent can guide you through the following sequence for a smooth, successful transaction:

STEP 1. Preparation

First and foremost, you need to get the company and its records in order. This could take anywhere from two to six months. During this phase, your advisor will collect information on your operations, your industry and your historical and projected financial information and prepare a Confidential Information Memorandum describing the main aspects of your business. Work with your accountant to ensure that the sale of your business is factored into your tax planning.

STEP 2. Valuation

The value of any company at a point in time is the net present value of its future

earnings potential, or a multiple on your EBITDA – Earnings before Interest, Taxes, Depreciation and Amortization. EBITDA is calculated by adding your interest expense, depreciation and amortization to your pre-tax earnings, found on your income statement.

For the valuation of your business, the EBITDA will be reduced by any capital or other annual expenditures required to sustain the business. The multiples used to determine the price vary by industry and by company but, on average, range from three to six times. For example, if you generated \$2 million in EBITDA last year, and you have good prospects for continued profitability, you would estimate your purchase price at roughly \$8-10 million.

STEP 3. Identifying prospective buyers

Strategic buyers in your industry and financial buyers, such as private equity firms, are your best prospects. Your advisor will help develop a list to determine your best prospects.

STEP 4. Contacting prospective buyers

Your agent will work on your behalf to contact prospective buyers. Your agent will also deliver Confidential Information Memoranda to interested parties.

STEP 5. Responding to buyers' questions

You and your agent will work collaboratively to provide details to interested buyers.

STEP 6. Receipt of Letters of Intent

These non-binding letters outline the price and structure of the proposed transaction, as well as the broad terms

and conditions of the prospective buyer. They form the basis for negotiations leading to the final deal.

STEP 7. Negotiation of final Letter of Intent

An important intermediary role for your agent.

STEP 8. Buyer's due diligence

At this stage, the buyer will want to review all legal, accounting, tax, banking, human resources, IT, real estate and other material contracts. The buyer will also investigate your products, customers, any outstanding litigation, environmental issues and so forth.

STEP 9. Legal documentation

Your agent will work with the lawyers on both sides to paper the deal.

STEP 10. The closing

Money changes hands and keys are passed.

This is a very brief overview of the many activities involved in selling a business, but these 10 steps can give you a head start on the extensive work involved. Despite today's economic conditions, it can be a very worthwhile process.

A.I.M. Group Canada Ltd. is a member of the Toronto Board of Trade and has specialized in the sale of private businesses since 1990. Over nearly two decades, A.I.M. has facilitated the sale of a wide range of manufacturing and service companies. For further information, please contact Mark Groulx at mark@aimgc.ca.



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~~\$2,850~~ **\$2,400**

Plus applicable sales taxes and shipping costs.

COMING UP



POLICE OFFICER OF THE YEAR AWARDS

Thursday, June 4, 2009 at 6:00 p.m.

Toronto Board of Trade Downtown Centre

Since 1967, the Toronto Board of Trade has proudly hosted the annual Police Officer of the Year Awards, honouring officers of the Toronto Police Service who have demonstrated exceptional skill, bravery, compassion and a deep commitment to making Toronto one of the safest cities in the world.

Visit www.bot.com/events for more details on this prestigious Board of Trade tradition.



ANNUAL GENERAL MEETING

Wednesday, June 24, 2009 at 10:30 a.m.

Toronto Board of Trade Downtown Centre

At the request of the Chair, members are invited to attend the Annual General Meeting of the Corporation. The meeting will take place at the Toronto Board of Trade downtown centre.

For more details, please visit www.bot.com or contact Cora-Lee Conway at (416) 862-4516.

MONDAY, MAY 25, 2009 ANNUAL GOLF TOURNAMENT BOT.COM/GOLF

The Country Club, 20 Lloyd Street, Woodbridge,
A ClubLink Property

Single Golfer: \$275; Foursome: \$1,000
Non-members welcome

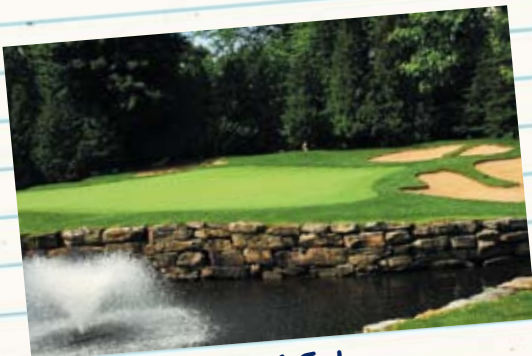
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D) The Club at Bond Head

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