

## **Agenda for Prosperity: A Prospectus for a Great City**

<b>Date:</b>	January 2, 2008
<b>To:</b>	Economic Development Committee
<b>From:</b>	Sue Corke, Deputy City Manager
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2008\Cluster A\EDCT\ECON DEV\ed0801-004 (AFS #5348)

### **SUMMARY**

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Economic competitiveness and growth are essential to enhancing liveability and creating greater opportunity for all. Toronto's past economic success has played a large role in generating the goods, services, facilities, programs, jobs and resources that have helped produce the quality of life we enjoy today. Our future success, and capacity to maintain and improve living standards, also relies on our ability and commitment to generate prosperity.

The global economy has changed significantly in recent years – increasing international competition, the sharp rise of the Canadian dollar relative to the US\$, and the ever increasing importance of knowledge and speed of innovation. Toronto is ideally positioned and has tremendous potential for success within this new economic reality. Achieving our potential requires that we focus on economic competitiveness as a key priority and implement a collaborative agenda that takes best advantage of our many assets, including our businesses, our labour force, our schools and our creative capacity. In June 2006 Mayor Miller convened an Advisory Committee of business, labour, and academic leaders and members of Council to prepare this agenda.

This report recommends City Council endorse the *Agenda for Prosperity: A Prospectus for a Great City*, prepared by the Mayor's Economic Competitiveness Advisory Committee. It also recommends development of an implementation plan, budget and annual report on progress to ensure ongoing accountability.

## RECOMMENDATIONS

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### The Deputy City Manager recommends that:

1. City Council endorse the “*Agenda for Prosperity: A Prospectus for a Great City*” to be used as the context for major strategic policies impacting economic competitiveness and growth.
2. The General Manager, Economic Development, Culture and Tourism, in consultation with the Mayor’s Economic Competitiveness Advisory Committee and Interdivisional Economic Growth Team, be directed to:
  - a. prepare an implementation plan and budget for Priority Actions within the ambit of the City of Toronto;
  - b. recommend targets for the success measures identified for the four pillars of the Agenda; and
  - c. report back to the Economic Development Committee, as soon as possible, on next steps, and at least annually thereafter, beginning in 2009, on progress in implementing the Prosperity Agenda.
3. The appropriate officials be authorized to take the necessary action to give effect thereto.
4. The citizen members and the staff supporting the Mayor’s Economic Competitiveness Advisory Committee be thanked for their contribution to the Agenda for Prosperity report.

### Implementation Points

Subject to City Council endorsing the recommendations of this report, staff will continue to work with the Mayor’s Economic Competitiveness Advisory Committee to engage the broader business, labour and academic community and will report back to the Economic Development Committee and/or Budget Advisory Committee on implementation requirements, work plan and budget implications.

### Financial Impact

There are no direct financial implications resulting from the adoption of this report.

### DECISION HISTORY

At its meeting on December 5, 6 and 7, 2005, City Council considered the report from the Governing Toronto Advisory Panel, “*The City We Want – The Government We Need*”. Among other things, the Panel recommended strengthening the commitment to economic development and competitiveness and establishing a Standing Committee specifically focussed on improving the city’s economy and investment climate.

After extensive public consultation and review, City Council at its meeting on June 27, 28 and 29, 2006, voted to implement a new Council governance model including the establishment of an Economic Development Committee.

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At its meeting of October 26, 27, 28 and 31, 2005, City Council adopted a report from the Deputy City Manager and Chief Financial Officer, *‘Enhancing Toronto’s Business Climate – It’s Everybody’s Business’*, which among other things recommended that

“a Mayor’s Economic Competitiveness Advisory Committee be established to ensure the ongoing engagement and involvement of the business community”, and

“the City Manager be directed to create an Executive Interdivisional Economic Growth Team to assess and improve programs and services and ensure an integrated corporate response to improving the business climate”

At its meeting on December 14 and 16, 2005, City Council adopted the Terms of Reference to establish the Advisory Committee. The City Manager convened the Interdivisional Economic Growth Team in 2006.

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## **ISSUE BACKGROUND**

### **Mayor’s Economic Competitiveness Advisory Committee**

Mayor Miller convened the Economic Competitiveness Advisory Committee in June 2006 to provide advice on ways to improve the quality of life in Toronto, put creativity at the heart of the economic development strategy and create greater opportunity for all through enhanced economic competitiveness and growth, creation of high quality jobs, retaining and attracting investment, and fostering a culture of partnership to sustain a vibrant economy.

The Advisory Committee is comprised of the Mayor, 25 senior executive business, labour and academic leaders from across the city and four members of Council - the Chair of the Economic Development Committee (Councillor Kyle Rae), Chair of the Budget Advisory Committee (Councillor Shelly Carroll) and two Councillors-at-large (Councillor Karen Stintz, Councillor Michael Feldman). Mayor Miller is the Chair. Over the past 18 months, the Advisory Committee has met as Committee of the whole and in smaller work groups. Senior City staff have attended Advisory Committee meetings and participated in Work Group discussions. The Interdivisional Economic Growth Team has been briefed on the ongoing work of the Advisory Committee.

### **Additional Input to the Prosperity Agenda**

This Prosperity Agenda draws heavily upon analysis and ideas from the extensive body of work about local, regional, national and international competitiveness and economic growth. The Advisory Committee and staff were also informed by reports and input from:

- Greg Clark, International Advisor on Cities and Regions, who has prepared detailed reports on the global context, world cities and economic development, and insights into the prosperity of cities and implementation of city economic development strategies, and case studies of established and emerging city regions.
- Wayne Stark, Pursuit Inc., an international advisor on the identification, design and implementation of industry leading customer experiences and corporate culture change.
- AuthentiCity, the urban policy practice of Navigator Ltd. that prepared the Creative City Planning Framework report.
- The consultants, academics and community leaders who participated in the Roundtable on Economic Competitiveness and Social Cohesion hosted by the University of Toronto, School of Public Policy and Governance, Centre for Urban and Community Studies.
- The speakers and participants at the Toronto Forum for International Cities, hosted by the International Economic Forum of the Americas.
- The Conference Board of Canada, Institute for Competitiveness and Prosperity and many more organizations and individuals that have researched, written and spoken about the need for a new economic agenda for the 21<sup>st</sup> century.

### **COMMENTS**

There is virtually unanimous agreement that the 21<sup>st</sup> century will be a century focussed on the great cities of the world. The United Nations Population Fund reports that, in

2008, for the first time in history more than half the population of the world, 3.3 billion people, will be living in urban areas. In this new century, the twin drivers of globalization and urbanization will impose new demands and create opportunities for all city-regions as they secure their position in the world. In this new world, cities must adjust -- they need to be open, integrated, diverse, connected, skilful, innovative, investable, attractive, sustainable, stable, and safe.

Big cities like Toronto have become an urban paradox, where dense concentrations of people and activities are both the nexus of creativity and value-added activity, and also locations where distress (poverty, social exclusion) is often most acute. They are the places where contemporary challenges -- economic, social and environmental – play out first and play out large - but which, due to their density, can provide a high return on public and private investment if they are addressed effectively.

### **Toronto – Past, Present and Future Success**

Toronto is at the core of one of the fastest growing economic regions in North America and has all of the ingredients necessary to be one of the world's leading cities. It has nurtured a broad range of economic clusters that characterize a global city region. It is home to specialized financial and business services, high-value design and manufacturing, entertainment and tourism services, and innovative cultural and creative content producers.

Toronto's unique assets – a diverse, creative, talented and educated labour pool; our strategic location in North America; our global connectedness and value system which embraces ideas and people from all over the world; our world renowned health care and educational institutions; and our reputation as a liveable city – are strengths which provide Toronto an immense competitive advantage in today's knowledge and innovation-driven economy.

However, continued success is not guaranteed. Much of the municipal infrastructure that supported Toronto's success to date is now at or beyond the end of its useful lifespan. In June 2005 the Conference Board of Canada released a study showing that the City of Toronto has a combined operating and capital revenue shortfall of \$1.1 billion annually to meet its current obligations. This situation will worsen unless revenues grow dramatically. There is an urgent need to raise the investment rate within the city, to invest in our future.

Since the start of the new millennium, from 2000 to 2006, employment within the city decreased by 23,700 jobs (-1.6%), while the number of jobs in the rest of the Toronto region increased by 316,000 (+27.8%) with employment investment skipping over a talented labour pool, available land and existing infrastructure. This trajectory must be reversed if we are to match our labour supply with jobs, encourage transit based employment, create new high value commercial assessment and improve the quality of life within the city. Achieving the City's Official Plan target of 1.84 million jobs by 2031 will require an integrated strategy and concerted effort to increase employment within

Toronto by, on average, 16,000 new jobs annually. We must therefore ensure a business climate that attracts and facilitates new investment.

## **Partnership, Opportunity and Inclusion**

The Prosperity Agenda is about more than business. It is a city-building agenda. It is about making a great Toronto, Ontario, Canada for the 21<sup>st</sup> century. In Toronto, homelessness, poverty and the widening gap between rich and poor are issues where economic and social concerns converge. Retaining and attracting good jobs are central to the health of individuals, families and communities. A robust economy is one that has the capacity to provide both a living wage and a strong social infrastructure.

Ontario and Canada have a long history of regional wealth redistribution to improve the quality of life broadly throughout the province and federation. Toronto businesses, labour and residents have been major contributors to Ontario and Canada's success. This is the right strategy; however, we need to have a long term perspective. The Toronto Board of Trade analysis indicates that from 2001 to 2004, economic activity in Toronto generated an average net contribution (revenues less expenditures) of \$6.1 billion annually to the federal government, or about two-thirds of the average annual total federal surplus (\$9.1 billion) over the same time period.

New public reinvestment in Toronto is now essential if we are to sustain and grow our economy, our vitality as an urban region, and our contribution to the province and federation. It is this reinvestment that will provide the economic climate and quality of place that will attract the new private investment essential to creating jobs and net new wealth for the benefit of all Canadians.

## **Four Pillars**

Based on the review of international practices, local knowledge, and the experience of business, labour, academic and community leaders, the Advisory Committee framed the Prosperity Agenda around four pillars:

- Pillar 1: Proactive Toronto – Business Climate
- Pillar 2: Global Toronto – Internationalization
- Pillar 3: Creative Toronto – Productivity and Growth
- Pillar 4: One Toronto – Economic Opportunity and Inclusion

The Agenda identifies the strategic directions and priority actions to strengthen each of these pillars and make Toronto a strong, vibrant and internationally competitive city. It also identifies success measures to monitor our progress over time. The Prosperity Agenda is a living document that recommends priority, first-start actions and also captures a longer list of actions developed through the course of the Advisory Committee deliberations for future implementation.

## **Economic Development Committee Actions**

The Economic Development Committee has been working to advance these emerging pillars since its inaugural meeting in January 2007 by taking action to support and implement:

- City-wide tax increment incentive program to stimulate economic growth and strengthen Toronto's competitive position.
- Long Term Employment Land Strategy and financial incentive program to stimulate new investment and job growth and encourage green building practices.
- Green Economic Development Strategy to support the growth and recognition of Toronto's environment and renewable energy industry sector and promote environmental best practices.
- 'Talent Matters – Shaping Talent Strategies in a Changing World' to strengthen the financial services sector in Toronto and reduce barriers of entry for employment and educational opportunities for visible minorities, new Canadians and youth..
- Expanded support for Business Improvement Areas.
- Concierge service for the review of industrial, commercial and institutional development and building permit applications to accelerate job creation and assessment growth.
- On-line services such as BizPal, a cross-government collaboration to deliver online public information, that will provide an automated electronic one-stop-enquiry system for federal, provincial and City of Toronto business licenses and permits.
- Request to the Federal Government and Province of Ontario to take action in addressing the impact of manufacturing job loss in the Toronto region and other communities across Canada.

In 2008, further actions will be brought forward to enhance Toronto's competitiveness and economic growth, including:

- Program Reviews of the Economic Development, Culture and Tourism Division (EDCT) and Toronto Economic Development Corporation (TEDCO).
- Creation of a city-wide Community Improvement Project Area and Community Improvement Plan to implement tax increment equivalent grants (TIEGs).
- Feasibility of amending the new construction lower property tax rate to be inclusive of all developments in the commercial class and based on a rate of 2.5 times the residential rate rather than 3.0 times.

- Additional financial incentive mechanisms, such as targeted (environmental) grant/loan programs, brownfield remediation and redevelopment, investments in strategic infrastructure, and net new employment non-tax incentives to further advance the growth of key sectors of the City's economy.
- Creative Cities Planning Framework and implementation of *Imagine a Toronto – Strategies for a Creative City*.
- Enhanced support for cultural activities including a city-wide Community Arts Action Plan.
- Premier Ranked Tourist Destination Framework to strengthen Toronto's tourism sector.
- Major one-time and recurring annual events policy and strategy.
- Regulation to permit retail stores to open on holidays.

## **Accountability**

Throughout its deliberations, the Advisory Committee emphasized the importance of accountability and the need for a report back mechanism to monitor progress and ensure implementation of the Prosperity Agenda. Greg Clark, in his presentation to the January 24, 2007 meeting of the Economic Development Committee, also noted that most strategic plans fail at the implementation stage primarily due to lack of commitment to the ongoing success of the strategy. This report recommends that an implementation plan and budget be prepared, targets be established for each of the success measures identified in the Prosperity Agenda, and that a progress report be prepared annually.

## **CONTACT**

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## **SIGNATURE**



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