



STAFF REPORT ACTION REQUIRED

Collaborating for Competitiveness: A Strategic Plan to Accelerate Economic Growth and Job Creation in Toronto

Date:	January 23, 2013
To:	Economic Development Committee
From:	General Manager, Economic Development and Culture
Wards:	All
Reference Number:	P:/2013/Cluster A/EDC/ECON DEV/January/ed1301-001

SUMMARY

Collaborating for Competitiveness: A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto presents recommendations and actions that City Council and staff can initiate in this term of Council to create a more attractive climate for business growth and investment attraction, foster job creation, and improve the City's finances. The recommendations are focused, concrete and actionable. Ongoing monitoring of both performance indicators and changing conditions are also incorporated as well as mechanisms to ensure continuous improvement.

Implementing this strategic plan will require a coordinated and integrated approach involving internal and external stakeholders. This approach can be established by creating appropriate forums for the exchange of information, development of common objectives, concurrent consideration of requirements and implementation plans.

This report recommends City Council endorse the objectives, targets, strategies, recommendations and actions contained in *Collaborating for Competitiveness: A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto*.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council endorse the following economic growth and job creation objectives and targets:
 - a. Increase employment:
 - i. 20,000 net new jobs per year as measured by the Toronto Employment Survey;
 - ii. eliminate gap between City and national unemployment rate by end of 2018;
 - b. Job Quality:
 - i. year over year increase in median hourly wage rate above CPI;
 - ii. increase ratio of new jobs in traded sectors to non-traded sectors to 60:40 annually;
 - c. Net new commercial office and industrial property assessment:
 - i. \$400 million net new commercial and industrial current value assessment per year (this would generate ~\$15 million to \$20 million in additional property tax revenue);
 - d. Align and harmonize City and ABCCs policies, programs and activities to create an attractive climate for business and investment
 - i. Measure of alignment to be developed in 2013.
2. City Council endorse the following strategies, recommendations and associated actions as also contained in the attached report *Collaborating for Competitiveness: A Strategic Plan to Accelerate Economic Growth and Job Creation in Toronto*:
 - a. Strategy A - Making Toronto the Most Competitive Big City in North America for Businesses.

Recommendation A.1:
Accelerate investments in commercial and industrial developments that enhance the City's property tax base and/or create permanent jobs.

Action A.1.1:
Ensure Official Plan policies and Zoning By-law regulations provide flexibility to accelerate investments in commercial and industrial developments that enhance the City's property tax base and/or create permanent jobs.

Action A.1.2:

Reduce the time frames for the review of development applications for employment uses and consider implementation of a Development Permit System for Employment Areas.

Recommendation A.2:

Improve cost competitiveness that enhances the City's property tax base and/or creates permanent jobs.

Action A.2.1:

Continue commitment to reduce industrial and commercial property tax ratio to 2.5x residential property tax rate by 2020 or earlier and endorse in principle that all industrial development, and commercial development excluding ground floor and retail components, continue to be exempt from development charges in the upcoming development charges by-law review.

Action A.2.2:

Fully promote the recently renewed and modified Imagination, Manufacturing, Innovation and Technology (IMIT) program.

- b. Strategy B – Ensure Adequate Supply and Availability of Business Input Essentials.

Recommendation B.1:

Ensure sufficient land is available to accommodate commercial and industrial employment growth.

Action B.1.1:

Request the Ontario Minister of Finance, in consultation with MPAC, give consideration to making the necessary regulation that would have commercial and industrial operations in areas of rapid development within the City assessed at their current use rather than highest and best use implied by market value.

Action B.1.2:

Ensure Official Plan policies and Zoning By-law regulations provide flexibility to permit compatible offices within employment areas.

Recommendation B.2:

Ensure sufficient infrastructure capacity is available to accommodate commercial and industrial employment growth forecasts.

Action B.2.1:

Assess the City of Toronto's long-term capital investment program in the context of supporting economic growth and job creation with a

specific focus on addressing traffic congestion including a review of the city's transportation hubs and ports, comprehensive transit plan and funding strategy, accessibility of major employment areas and a goods movement strategy and recommend adjustments if and as appropriate.

Action B.2.2:

Encourage and support Toronto Hydro initiatives to renew or replace ageing infrastructure to improve the reliability of electricity supply.

Action B.2.3:

Work with Toronto Hydro and Hydro One to initiate a strategic examination of existing and anticipated future power needs, alternative approaches to supply, distribution, conservation and demand reduction, including expanding co-generation and district power solutions.

Recommendation B.3:

Facilitate workforce development to ensure equitable opportunities for all residents, an adequate supply of qualified labour to support economic growth and reduce social support service costs to the City.

Action B.3.1:

Integrate and coordinate implementation of the Workforce Development Strategy, Toronto Strong Neighbourhoods Strategy and Collaborating for Competitiveness.

c. Strategy C – Encourage Business Investment and Formation.

Recommendation C.1:

Help small and medium size enterprises form and prosper.

Action C.1.1:

Work with seasoned entrepreneurs, industry associations, and business organizations to establish wider networks of incubators, accelerators and mentors.

Action C.1.2:

Request the Province of Ontario to amend legislation respecting the Vacant Unit Rebate provision for commercial and industrial properties to permit municipal councils to establish graduated vacant unit rebates to induce and incent owners and tenants to meet eligibility criteria that align with the municipalities economic growth and job creation objectives.

Recommendation C.2:

Attract companies and investment to Toronto.

Action C.2.1:

Foster effective foreign direct investment attraction (business and capital) through a better co-ordinated sales and marketing approach using Invest Toronto, regional bodies (e.g. GTMA), sector organizations such as the Toronto Financial Services Alliance and Tourism Toronto, the City's partner and friendship cities, provincial and federal agencies.

d. Strategy D – Boost Business Growth.

Recommendation D.1:

Strengthen and grow high-value sectors particularly those with high economic multipliers.

Action D.1.1:

Increase participation of Toronto based businesses in existing sector-based export development and market-entry programs by ensuring programs are promoted and delivered in Toronto.

Action D.1.2:

Lever the City's relationship with our international alliance partners and friendship cities as well as with bi-lateral business associations to establish cross-border business oriented partnerships, develop new markets and trade alliances, and act as a catalyst for new investment, as well as business, educational and cultural exchanges.

Action D.1.3:

Lever major events, such as the Pan/Para Pan American Games, to stimulate business alliances (including cultural relationships), develop and expand markets and attract investment.

Recommendation D.2:

Strengthen support for retaining and expanding manufacturing.

Action D.2.1:

Proactively outreach to identify and assist Toronto based manufacturers seeking global product mandates including accelerating necessary municipal approvals and advocating to/with other orders of government.

Action D.2.2:

Provide an annual report on the state of Manufacturing in Toronto to keep a special focus on this group of high value sectors.

Financial Impact

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

DECISION HISTORY

At its meeting on February 21, 2012, Economic Development Committee directed the General Manager, Economic Development & Culture, to undertake focused internal and external consultations and report back to the June 2012 Committee meeting with a refined Economic Growth Plan, 2012 – 2014, based on the input received through the consultation process.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.ED11.4>

On October 16th 2012, staff submitted a report to a joint meeting of the Economic Development Committee and the Planning and Growth Committee, that provided Committee members with more refined and focused directions for a strategic plan to grow the city's economy based on input received from internal and external consultations.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.JB1.1>

ISSUE BACKGROUND

In today's global market economy the quality of life we enjoy, our social, environmental and economic well-being are inextricably linked. Economic activity generates the private and public income – wages, profits, taxes - that residents, businesses, communities, and governments, use to pay for food, clothing, housing, public transportation, education, health care, parks, libraries, community recreational centres, cultural amenities, other services and programs and invest in expansion and innovation. The availability and accessibility of these amenities are important to the quality of life residents enjoy. A good job is thus one of the main determinants of good health.

On a global scale, Toronto has been a relatively successful city. However, it is clear that the future will not be a continuation of the past. The McKinsey Global Institute (MGI) in its 2011 report, *Urban world: Mapping the economic power of cities*, noted that about 20% of the world population located in 600 urban centres generate 60% of total global GDP. They project that by 2025, 600 cities will continue to generate 60% of global GDP, but they will be different cities. The MGI report states that "*Over the next 15 years, the makeup of the group of top 600 cities will change as the centre of gravity of the urban world moves south and, even more decisively east*".

The future economic growth and continued prosperity of cities will depend on the way challenges are managed and opportunities seized. Some countries, regions and cities will emerge more successful than previously, others will falter, and a few may fall dramatically. Successful cities will be those that can work more collaboratively to develop new approaches that will create an environment that will assist its firms and citizens to adapt and thrive in constantly changing economic realities.

The City of Toronto has weathered the effects of the "Great Reset" of 2008/2009 better than most major cities. However, Toronto's recovery is not complete. The impacts of the 2008/2009 economic downturn continue to linger as evidenced by slow global economic growth particularly in the U.S. and the continued fiscal uncertainty in the E.U. zone.

Toronto is at a critical juncture. Success will require not only changes to the way we do business, but changes to the way we view and interact with the world around us. Navigating these changes will require a focused and deliberate plan for the city.

COMMENTS

Collaborating for Competitiveness: Accelerating Economic Growth & Job Creation in Toronto, has been developed within the context described above. The guiding vision for this Strategic Plan is to foster the creation of a virtuous cycle of sustainable economic growth and job creation in order to improve the quality of life for all residents. Its goal is to advance the City's prosperity, opportunity and liveability by:

- working with businesses, residents, and a broad set of stakeholders to foster employment and investment growth;
- improving the City's finances by increasing assessment and generating new employment, thereby decreasing the need for social support payments and services; and,
- ensuring that City policies, programs and activities create an attractive climate for business investment and job creation.

These results can only be achieved through a collaborative process in which City Divisions, Agencies, Board, Commissions and Corporations unite around common goals, objectives and targets and work with all stakeholders to implement the necessary actions.

This strategic plan adopts such a collaborative approach within the City to ensure the development of integrated cross-division/ABCC solutions that align and harmonize interrelated policies, programs and actions. It has been developed in conjunction with and in consideration of several other strategic policy documents currently under review including the Official Plan, City-wide Zoning By-law, Development Charges By-law, Imagination Manufacturing Innovation & Technology (IMIT) incentive program, Strong Neighbourhoods Strategy and the Workforce Development Strategy.

Although governments play a critical role in creating conditions that support success this Plan recognizes that it is the private sector, not governments, that generate economic growth and create jobs. It therefore builds on the long history of studies and reports including the stakeholder advice provided through related consultative processes for broad economic strategies and specific issues. In particular, this Plan builds on the Toronto Prosperity Initiative Plan (2011) and the Economic Growth Plan Directions Report (March 2012).

This Plan also recognizes that some elements of competitiveness are the responsibility of other orders of government and recommends engaging with them in a collaborative manner to improve outcomes. Achieving these improvements may require new or revised policies and initiatives or better coordination and integration of ongoing activities to increase awareness and accessibility of existing programs.

This Plan is not all encompassing. The goals, objectives and targets of this Plan are tightly focused on a few key strategic issues impacting economic growth and job creation and on aligning and harmonizing interrelated policies, programs and actions. The recommendations have been developed in the context of today's local and global economic environment and are a combination of urgent and doable.

A key new element to this strategy is the setting of explicit objectives and targets. The following city-wide objectives and targets have been identified to achieve the Plan's goals in a manner that also builds an integrated and sustainable economic growth and job creation system.

1. Increase employment

Increasing employment is the best available measure of economic strength and the measure with the closest link to residents' well-being. Achievement of greater job growth in the city will provide more opportunity for residents to live closer to their workplace and reduced commute times as well as drive assessment growth.

- *Accelerate Job Creation*
 - ✓ 20,000 net new jobs per year as measured by the Toronto Employment Survey
- *Reduce Toronto-Canada Unemployment Gap*
 - ✓ Eliminate gap between City and national unemployment rate by end of 2018

2. Improve job quality

Wages are one of the best and least ambiguous indicators of job quality and the median hourly wage is considered to be the most significant job quality indicator. Another measure of job quality from the point of view of the entire local economy is the number of jobs in traded sectors relative to jobs in non-traded sectors. Traded sectors produce goods and services that are exported.

- *Job Quality*
 - ✓ Year over year median hourly wage rate to increase above CPI
 - ✓ Increase ratio of new jobs in traded sectors to non-traded sectors to 60:40 annually

3. Add net new commercial office and industrial property assessment within the city

Adding net new commercial office and industrial property tax assessment within the city encompasses a number of positive impacts. It indicates a positive economic climate that is attracting private sector investment and provides net additional property tax revenue for increased public sector investment.

- *Net new commercial and industrial property tax assessment within the city*
 - ✓ \$400 million net new commercial and industrial current value assessment per year (this would generate ~\$15 million to \$20 million in additional property tax revenue)

3. Align and harmonize City and ABCCs policies, programs and activities to create an attractive climate for business and investment.

Business investment decisions are complex and based on many interrelated factors. Creating a positive business climate that stimulates economic growth and job creation therefore requires a coordinated and integrated approach. Although it is difficult to assign a target to this type of goal, research into a survey-based approach to assessing alignment should be considered to establish a benchmark and to monitor changes.

- *Measure of alignment*
 - ✓ To be developed in 2013

After considering previous plans, input from internal and external stakeholders, and initial issues identified in the Economic Growth Plan, 2012 – 2014, Directions report the following key strategies and recommendations are presented as the basis for achieving the goals, objectives and targets set out above.

A. Make Toronto the Most Competitive Big City in North America for Businesses

Recommendation A.1: Accelerate investments in commercial and industrial developments that enhance the City's property tax base and/or create permanent jobs.

Recommendation A.2: Improve cost competitiveness that enhances the City's property tax base and/or creates permanent jobs.

B. Ensure Adequate Supply and Availability of Business Input Essentials

Recommendation B.1: Ensure sufficient land is available to accommodate commercial and industrial employment growth.

Recommendation B.2: Ensure sufficient infrastructure capacity is available to accommodate commercial and industrial employment growth forecasts.

Recommendation B.3: Facilitate workforce development to ensure equitable opportunities for all residents, an adequate supply of qualified labour to support economic growth and reduce social support service costs to the City.

C. Encourage Business Investment and Formation

Recommendation C.1: Help small and medium size enterprises form and prosper.

Recommendation C.2: Attract companies and investment to Toronto.

D. Boost Business Growth

Recommendation D.1: Strengthen and grow high value sectors particularly those with high economic multipliers.

Recommendation D.2: Strengthen support for retaining and expanding manufacturing

As part of the implementation plan, City Divisions and ABCCs will be encouraged to develop a systems approach that integrates and links their activities to the economic growth and job creation goals, objectives and targets ultimately adopted by City Council. As a result, all ABCCDs would be contributing to this corporate strategic plan.

These activities can be better coordinated by creating appropriate forums for the exchange of information, development of common objectives, concurrent consideration of requirements and coordinated implementation plans. These forums would include an Economic Growth and Job Creation Advisory Committee led by the Mayor, an Economic Growth and Job Creation Staff Team led by the General Manager, Economic Development & Culture, as well as interregional working groups such as Planning Commissioners and the Economic Development Partnership, to identify specific areas of cooperation that contribute to building a strong regional economy.

CONCLUSION

Toronto was better able to weather the impacts of the 2008/2009 economic downturn and recession than most cities around the world and is well positioned for success. However, it cannot afford to rest on its laurels. To the contrary, now is the time for aggressive action. If we can successfully implement new policies and tools, we can create a positive cycle of sustained economic growth that will generate new jobs, increase city revenues, and improve the quality of life for residents, business owners and employees within the City.

This Strategic Plan, *Collaborating for Competitiveness: Accelerating Economic Growth & Job Creation in Toronto*, provides for a collaborative approach within the City to ensure the development of integrated cross-division/ABCC solutions that align and harmonize interrelated policies, programs and actions. To this end, it has been developed in conjunction with and in consideration of several other strategic policy documents

currently under review including the Official Plan, City-wide Zoning By-law, Development Charges By-law, Imagination Manufacturing Innovation & Technology (IMIT) incentive program, Strong Neighbourhoods Strategy and the Workforce Development Strategy. It will also inform and reach out to other stakeholders, including residents, businesses, industry associations, labour organizations colleges and universities, community organizations, other governments and all those with an interest in helping to build a better Toronto

This Plan focuses on a few key strategic issues impacting economic growth and job creation and on aligning and harmonizing stakeholder actions. The recommendations are focused, concrete and actionable, and include ongoing monitoring of both performance indicators and changing conditions together with mechanisms to ensure continuous improvements.

This report recommends City Council endorse the objective, targets, strategies, recommendations and actions contained in *Collaborating for Competitiveness: A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto*.

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SIGNATURE

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ATTACHMENTS

Attachment No. 1 - Collaborating for Competitiveness: A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto.