

Renewing the City's Partnership with Toronto Global

Date: January 14, 2025

To: Executive Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

Since its inception, Toronto Global has assisted in attracting approximately 280 new investment initiatives to the Greater Toronto Area, including the city of Toronto. These investment projects have generated approximately 17,000 direct jobs, created an additional 8,000 indirect jobs, and induced another 9,000 jobs, bringing the total to approximately 33,000 jobs within the Greater Toronto Area. Together, these investment projects accounted for approximately \$3.8 billion in capital investment. A significant amount of these investment projects (74%) landed within the city of Toronto.

At its meeting on April 6, 2022, City Council adopted a recommended three-year revised funding agreement with the Greater Toronto Area Region Investment Attraction organization (operating as Toronto Global) ending on March 31, 2025.

Subject to continued funding contributions for Toronto Global from the governments of Ontario and Canada at no less than current levels, this report recommends that the City of Toronto renew its funding agreement with Toronto Global to strengthen collaboration and expand marketing efforts, in alignment with the Council-approved Action Plan for Toronto's Economy, for an additional three-year period ending March 31, 2028, at the following funding levels: \$2.3 million (2025), \$2.4 million (2026), and \$2.5 million (2027), for a total of \$7.2 million over 3 years.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council approve the City of Toronto's continued participation in Toronto Global, inclusive of:

a. annual funding of \$2.3 million (2025), \$2.4 million (2026) and \$2.5 million (2027), for a total of \$7.2 million over 3 years, for the period beginning April 1,

2025 and ending March 31, 2028, subject to the execution of a three-year funding agreement with Toronto Global.

b. a minimum of three City of Toronto representatives on the Board of Directors of Toronto Global, including the Mayor of Toronto or designate appointed by the Mayor, General Manager, Economic Development and Culture, and a third (and any additional) public member appointed by City Council.

2. City Council authorize the General Manager, Economic Development and Culture, to negotiate and execute a Funding Agreement with GTA Region Investment Attraction (operating as Toronto Global) in accordance with recommendation 1 and on such terms and conditions as are satisfactory to the City Manager and Chief Financial Officer and Treasurer, and in a form approved by the City Solicitor.

FINANCIAL IMPACT

Consistent with the payment schedule of the most recent three-year municipal funding agreement with Toronto Global, which will expire on March 31, 2025, City funding of \$2,121,600 for Toronto Global has been included in the 2025 Economic Development and Culture City Staff Prepared Operating Budget submission, currently under review for approval.

To align with the proposed new funding level outlined in this report for 2025, Economic Development and Culture will leverage existing operational budgets to offset the difference of \$178,400 in funding. Incremental increases of \$278,400 in 2026, and \$378,400 in 2027 will be submitted as part of future budget processes, subject to the City's financial and resources capacity against other critical City-wide operating impacts. Should the City's financial and resource capacity be unable to accommodate these future year increases, offsets will be found within the Economic Development and Culture Operating Budget. This approach ensures the City can meet its commitment to progressively increase municipal contributions and safeguard Toronto Global's operational stability in light of anticipated reductions in contributions from other municipalities.

The proposed increases are essential to maintain parity with federal and provincial funding levels, each valued at \$2.5 million annually, and to protect significant external investments in Toronto Global's work.

This report also recommends supporting a new three-year funding agreement from April 1, 2025 to March 31, 2028, contingent on continued provincial and federal funding support for Toronto Global.

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with this program to be considered along with other priorities in future budget processes.

DECISION HISTORY

At its meeting on November 13, 2024, City Council adopted Sidewalks to Skylines: An Action Plan for Toronto's Economy (2025-2035), which identified 73 actions under three priorities, including Strong Main Streets, Quality Jobs, and Global Competitiveness. One of the adopted actions (Action 66) is to support Toronto Global as the region's FDI attraction agency by advocating for sustained long-term financial commitments from the provincial and federal government.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC16.2>

At its meeting on April 6, 2022, City Council approved a revised funding agreement with Toronto Global for a three-year period ending March 31, 2025, including a new governance and financial framework for Toronto Global's relationship with Toronto area municipalities, as well as increasing the City's representation on Toronto Global's Board of Directors.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.EX31.6>

At its meeting on October 2, 2019, City Council adopted 2019.MM10.34 adjusting the previously approved five-year term for a new agreement with Toronto Global to a three-year term.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.MM10.34>

At its meeting on March 27, 2019, City Council approved a renewal of the City's commitment to Toronto Global for a five-year period beginning April 1, 2019 and ending March 31, 2024.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.EX3.8>

At its meeting on July 12, 2016, City Council approved the City's participation in Toronto Global for an initial three-year period, subject to various conditions and the negotiation of a funding agreement with Toronto Global and other Toronto area municipalities.

<https://secure.toronto.ca/council/agenda-item.do?item=2016.EX16.15>

At its meeting on September 30, 2015, City Council endorsed in principle the creation of a new GTA Regional FDI attraction agency which would include functions carried out by Invest Toronto, subject to a further report to Council on the specifics of the proposed organization, including its governance, funding formula, and core operating elements, such as strategy and positioning, and subject to the City's financial contribution being approved in the 2016 budget process.

<https://secure.toronto.ca/council/agenda-item.do?item=2015.ED6.2>

At its meeting on June 10, 2015, City Council directed staff to report on the City's efforts to promote Toronto as an investment destination, covering the advantages and disadvantages of a regional economic development agency including any impacts on the operations of the City and/or its economic development corporations, specifically Invest Toronto, Build Toronto, and Toronto Port Lands Company. Council also directed staff to recommend levels of City funding for FDI promotion and attraction activities.

<https://secure.toronto.ca/council/agenda-item.do?item=2015.au2.3>

COMMENTS

The Importance of Foreign Direct Investment (FDI), New Opportunities, and Challenges

FDI plays a crucial role in Toronto's economic development, acting as a catalyst for growth, innovation, and job creation. When foreign companies invest in the Greater Toronto Area (GTA), they bring capital, technology, expertise, and access to international markets, all of which help to diversify the local economy and improve its global competitiveness. FDI can stimulate infrastructure development, increase productivity, and drive the development of new industries. New investments by international firms, or the expansion of foreign-owned companies already operating in Toronto, generate quality jobs, increase exports, bolster supply chains, and introduce new technologies that improve productivity across virtually all sectors.

Competition for FDI has always been intense and is expected to escalate in the coming years as countries pursue investment-friendly trade agreements and industries embrace greater vertical integration across borders. These global shifts are creating new opportunities and challenges for Toronto, including:

Post-Pandemic Recovery

As global markets rebound from the COVID-19 pandemic, investors are seeking stable, innovation-driven regions to establish or expand operations. Toronto's economic and political stability, research and development capabilities, and its strengths in high-growth sectors like technology and life sciences, position Toronto as an attractive FDI destination.

Technological Transformation

The rapid adoption of artificial intelligence, cleantech, and advanced manufacturing capabilities are reshaping global industries. Toronto's established leadership stands the city in good stead in attracting high-value investments in alignment with the City's goals for job creation, innovation, and sustainability.

Geopolitical Shifts

Rising economic nationalism among key trading partners, alongside efforts to address supply chain vulnerabilities exposed during the pandemic, has prompted international firms to rethink their global footprints. Toronto offers a secure and strategically positioned hub for companies seeking to navigate these uncertainties.

Competition for Talent

A highly skilled workforce remains a top priority for global investors. Toronto's diverse, educated talent pool, supported by world-class universities and colleges, is a key differentiator in a global market increasingly focused on innovation and productivity.

Sustainability Priorities

As global firms prioritize jurisdictions with strong environmental commitments, Toronto's leadership in sustainability and net-zero initiatives strengthens its ability to attract green investments and align FDI with long-term resilience goals.

The Role and Value of Toronto Global

Created in 2017, Toronto Global is a regional FDI attraction organization dedicated to attracting and supporting FDI in the GTA. Toronto Global is a free-standing not-for-profit, operating independently from but with the guidance of the City through its appointees to Toronto Global's Board of Directors. Toronto Global's primary mission is to help global companies establish and expand their operations in the region, contributing to economic growth and job creation. Toronto Global works closely with the provincial and federal governments, local municipalities, and private sector partners to create an attractive business environment for international investors. Toronto Global is uniquely positioned to help the City capitalize on these opportunities. As an arms-length organization, it can adapt to shifting market conditions, leverage deep relationships with global investors, and promote the region as a premier destination for foreign investment.

The agency provides a range of services to foreign companies, including market intelligence, tailored advisory services, and support throughout the investment process. This includes helping investors navigate local regulations, identify business opportunities, and connect with key stakeholders, such as potential partners, suppliers, and talent pools. Toronto Global also promotes the region's strengths in key industries, such as technology, financial services, advanced manufacturing, life sciences, and clean technology, to attract investment that aligns with the City's strategic economic goals.

Since its inception, Toronto Global has assisted in attracting approximately 280 new investment initiatives to the Greater Toronto Area. These investment projects have generated approximately 17,000 direct jobs, created an additional 8,000 indirect jobs, and induced another 9,000 jobs, bringing the total to approximately 33,000 jobs within the GTA. Together, these investment projects accounted for approximately \$3.8 billion in capital investment. A significant amount of these investment projects landed within the city of Toronto. Attachment 1 summarizes the FDI transactions assisted by Toronto Global between April 1, 2022, and October 31, 2024, highlighting some of the FDI within the city of Toronto assisted by Toronto Global between 2022 to 2024. Attachment 2 contains further information on how Toronto Global engages with firms as well as some relevant statistics.

Toronto Global's value extends beyond its FDI attraction efforts. It serves as a regional advocate, connecting businesses and investors to the broader resources and funding opportunities available through organizations such as Invest Ontario, Invest in Canada, and the Consider Canada Cities Alliance. By maintaining strong relationships with these counterparts, Toronto Global ensures that the GTA is well-represented in discussions about provincial and national FDI strategies and has access to expertise, advice, and funding streams that might otherwise be unavailable.

This collaborative approach also benefits the provincial and federal government by providing a centralized, regionally informed voice that reflects the collective strengths of all GTA jurisdictions. With Toronto Global acting as a bridge, there is a greater likelihood of landing investments in locations that best meet a business' needs, rather than being limited to a singular municipal pitch. This ensures that the right match is

made for both the investor and the region, maximizing economic impact and ensuring that the GTA fully maximizes its investment opportunities.

Alignment with the City's Strategic Priorities

At its meeting on November 13, 2023, City Council adopted Sidewalks to Skylines: An Action Plan for Toronto's Economy 2025–2035 (APTE). The APTE has three priorities, namely Strong Main Streets, Quality Jobs, Global Competitiveness, which are in turn anchored by a foundational priority, Getting the Basics Right. Toronto Global plays a vital role in advancing these priorities by bringing in new investment that supports business growth, fosters innovation, and strengthens Toronto's global position.

Toronto Global's Funding Structure

Historical Funding Arrangement

Toronto Global was originally funded by the Province of Ontario, the Federal Government, the City of Toronto, Durham Region, Halton Region, Mississauga and Brampton, and York Region. Over time, Toronto Global's funding agreements have evolved to reflect changing priorities, fiscal constraints, and regional economic dynamics. During previous discussions leading up to the current municipal funding agreement in March 2022, the City of Mississauga, the City of Brampton, and Durham Region informed Toronto Global that they would not participate as signatories to the three-year agreement.

While in the current agreement (2022–2025), only three of the original six municipal partners - the City of Toronto, York Region, and Halton Region - remain formal contributors, Toronto Global has signalled to the City of Toronto its commitment to expand its regional reach and secure the participation of outlying municipalities.

Current Funding Arrangement

Toronto Global's initial agreement with the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) spanned three years (2019–2023). To align more effectively with provincial funding timelines, FedDev Ontario renewed its commitment for a two-year term (January 2024–January 2026), increasing its annual contribution from \$2 million to \$2.5 million. This reflects federal confidence in Toronto Global's capacity to attract FDI and drive economic growth across the GTA.

The Province of Ontario also recently renewed its commitment to Toronto Global, providing \$2.5 million annually until June 30, 2026.

At the municipal level, the City increased its annual financial contribution in 2022. At the time, the City agreed to an increase in annual funding to \$2 million, rising by 2 percent in the second and third years, as part of three-year funding agreement. It also increased the City's direct representation on Toronto Global's Board of Directors in a way that was more commensurate with Toronto Global's contribution to the City's economic success and its international business engagement and investment attraction needs.

Table 1 below summarizes the financial contributions and commitments made by the three orders of government over the term of the current three-year municipal funding agreement from April 2022 to March 2025.

Table 1

Financial contributions and commitments	2022/23	2023/24	2024/25	Total
Funding from the City	\$2,000,000	\$2,040,000	\$2,080,800	\$6,120,800
Funding from other municipal partners (York Region and Halton Region)	\$100,000	\$104,000	\$104,000	\$308,000
Total municipal funding	\$2,100,000	\$2,144,000	\$2,184,840	\$6,428,840
Toronto's % of municipal funding	95%	95%	95%	95%
Total investments	45 (actual)	44 (actual)	36 (FY** target) 17 (YTD*)	125 (FY target) 106 (YTD*)
Investments locating in Toronto	32	28	11 (YTD*)	71 (YTD*)
% of investments locating in Toronto	71%	64%	65% (YTD*)	67% (YTD*)
FedDev Ontario	\$2,000,000	\$2,000,000	\$2,500,000	\$6,500,000
Province of Ontario	\$2,500,000	\$2,500,000	\$2,500,000	\$ 7,500,000

* YTD stands for Year to Date

** FY stands for Full Year

In view of its strong results to date with the City of Toronto as the beneficiary of the great majority of investments secured by Toronto Global, the City remains committed to supporting Toronto Global to ensure the organization can continue its essential work in driving investment and economic growth in the region. As such, City staff recommend allocating additional resources to Toronto Global over the next three years at the following funding level: \$2.3 million (2025), \$2.4 million (2026), and \$2.5 million (2027), for a total of \$7.2 million. The increase meets a long-standing desire on the part of Toronto Global's provincial and federal funders that the City of Toronto match their investment levels.

Historically, Toronto Global has received municipal funding contributions from multiple municipalities. However, with fewer municipal funders anticipated in this term, the City of Toronto has a critical role to play in safeguarding the organization's operational stability and ensuring the retention of significant federal and provincial contributions, each valued at \$2.5 million annually.

To achieve parity with federal and provincial funding levels, the City proposes to progressively increase its municipal funding contribution over the next three years,

reaching \$2.5 million annually by the conclusion of the funding term. This phased approach ensures a sustainable funding model while protecting Toronto Global's capacity to attract foreign direct investment critical to the city's economic sustainability, competitiveness, and growth. This approach reflects the City's commitment to economic development and collaboration across government levels, while also recognizing the strategic importance of foreign direct investment to Toronto's economic sustainability, competitiveness, and growth.

This report recommends changes to the updated agreement with Toronto Global, so that as additional resources are allocated to Toronto Global, the City gains stronger oversight over Toronto Global's investment priorities and governance. The renewed three-year funding agreement governing the City's investment in Toronto Global will introduce changes to enable greater transparency in the Toronto Global's investment pipeline reporting and provide tailored marketing and promotional support for City-led initiatives, ensuring alignment with shared strategic priorities. Toronto Global will also increase its international promotion efforts, including supporting the City's participation in global conferences and events. To further enhance collaboration and ensure the City's interests are effectively represented, the City is also requesting an additional board seat. This will provide stronger oversight, improve integration of Toronto Global's activities with City-led economic development initiatives, and contribute to decision-making that reflects the City's evolving priorities, particularly in promoting Toronto's economic strengths on the global stage.

The proposed agreement renewal reflects the City's commitment to ensuring that Toronto Global can continue to serve as an agile and effective advocate for FDI attraction in the region, while ensuring the judicious use of City funds. Moreover, the City's funding of Toronto Global directly leverages significant contributions from the provincial and federal government, maximizing the impact of every dollar invested and amplifying Toronto's voice on the global stage.

Looking ahead, the proposed agreement renewal will allow the City and Toronto Global to build on the successes of their partnership, strengthen Toronto's global competitiveness, and foster continued economic growth for Toronto and the GTA as a whole.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1 - Summary of FDI Attraction Assisted by Toronto Global

Attachment 2 - Toronto Global's Performance and Investment Pipeline

Attachment 1 - Summary of FDI Attraction Assisted by Toronto Global

The following table (Table 1) summarizes the FDI transactions assisted by Toronto Global between April 1, 2022, and October 31, 2024:

Table 1

Location	Number of Jobs	%	FDI (\$ millions)	%	No. of Deals	%
Remote	625	8.0%	166	7.4%	14	12.2%
Other GTA Municipalities (also known as the '905')	1,825	23.2%	586	26.0%	24	20.9%
Toronto	5,408	68.8%	1,499	66.6%	77	67.0%
Total	7,858		2,251		115	

The following table (Table 2) highlights some of the FDI within the City of Toronto assisted by Toronto Global Between 2022 to 2024:

Table 2

Company Name	Approx. FDI (\$ million)	No. of Jobs Over Three Years	Industry Sector
Equinix	99	600	ICT
DNEG	125	500	ICT
Snowflake	105	300	ICT
Globant	56	200	ICT
Flexport	45	200	ICT
Ripple	61	200	Financial Services
Sledgehammer Games	54	150	ICT
Sanofi (Sanofi Pasteur)	50	150	Life Science & Healthcare
LTTS	25	125	Advanced Manufacturing

Company Name	Approx. FDI (\$ million)	No. of Jobs Over Three Years	Industry Sector
Xlpat	20	100	ICT
Unilever	12	100	Food & Beverage
Recursion Pharmaceuticals	20	100	Life Science & Healthcare

Attachment 2 - Toronto Global's Performance and Investment Pipeline

Toronto Global employs an investment pipeline sales funnel model that categorizes opportunities into five distinct stages before achieving a closed investment win.

Prospective Opportunity: Represents the prospect pool of unqualified opportunities with an account and contact attached. At this stage, there will be direct outreach to key decision-makers, or partners who are assisting with the opportunity.

Evaluation and Proposal: This stage involves opportunities where there is a defined project with Canada under consideration. Key decision criteria for the project are identified, and in-depth information, such as presentations, business cases, or data, is provided. It also includes responding to requests for information, or other inquiries. At this point, there is meaningful client engagement to explore project details, and align their needs with potential solutions.

Consideration: At this stage the company has received information from Toronto Global and is preparing to make a location decision from a shortlist of potential jurisdictions, including the Toronto Region. Toronto Global maintains ongoing engagement with the client, providing updated information, advice, and guidance to support their decision-making process. In addition, it is not uncommon for Toronto Global to engage Economic Development staff to help answer place-based or sector-based inquiries. Toronto Global does not simply hand off these opportunities; they actively partner with City staff to help secure a win.

Intent to Establish: The company has confirmed their selection of the Toronto Region as the location for their project and intends to establish operations there. At this stage, the team facilitates additional connections to support market entry and ensures the client is introduced to service providers who can assist with the company's expansion project locally.

Establishing Operations: The company has established operations and completed all of the requirements to confirm an investment win. At this stage, the team will ensure the company is connected to relevant industry organizations, clusters, and networks. The team will also finalize reporting on investment details, including confirmed numbers.

As of September 2024, Toronto Global reported engagements with 5,717 firms at the Prospect stage, 978 firms at the Evaluation and Proposal stage, 218 firms at the Consideration stage, 99 firms at the Intent to Establish stage, and 87 firms at the Establishing Operations stage. Top countries and regions represented within the sales funnel are the U.S., Europe, and Asia. Leading sectors include information and communication technology and digital media, advanced manufacturing, and life sciences.