



The recession was an important call to action to maintain and enhance the Greater Toronto region's competitiveness, economic prosperity and quality of life. Consultations with regional business and other leaders surfaced eight major economic concerns, three of which were prioritized for deeper investigation at the Summit: regional economic co-operation; cluster building; and better leveraging our immigrant talent advantage (the last is discussed on pages 23-25).

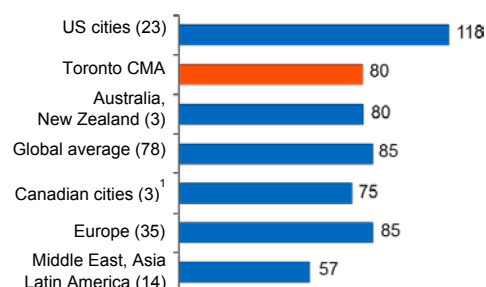
### Challenges

Our region weathered the recession better than most, but the nascent recovery is leaving many people behind. We face significant economic challenges, unfamiliar new markets and other concerns, including the following:

- our jobless rate is above the national average at 8.5% (as of March 2011), with consumer bankruptcies and social assistance dependency rising (especially for immigrants);<sup>2</sup>
- projections suggest a long period of low economic growth, with rates of 2% per year.<sup>3</sup>
- cities such as São Paulo, Shanghai and Mumbai will have growth rates more than double ours and increasingly compete for investment, businesses and talent;
- our GDP per capita, productivity and productivity growth significantly lag behind American cities (Figure 1); and
- we lag in our ability to innovate; our venture capital investment and patent registrations fall behind most North American centres.<sup>4</sup>

Marketing and economic growth of the Greater Toronto region are also inhibited by the following:

**Figure 1: Productivity  
GDP per worker (\$000s CAD, 2004)**



1. Toronto, Montreal, Vancouver

Note: Labour productivity defined as GDP per worker, not GDP per hour worked; currency converted at PPP.

Source: The Boston Consulting Group, based on data from the Institute for Competitiveness & Prosperity.

### Lack of regional economic co-operation:

Most people, businesses, potential investors and visitors assess our offerings and challenges as a region – from education to quality of life to transportation to immigrant integration to tourism. Despite this, much of our economic development is municipality-specific. Understandably, municipalities compete for non-residential developments to generate new property tax revenue, but their economic development efforts are generally localized and fragmented, and often duplicative. Efforts to co-operate regionally<sup>5</sup> have not always enjoyed cross-sectoral support or high profile champions to drive well-defined common objectives. As a result, our regional leaders have been constrained, unable to effectively discuss and advocate on the most important issues that affect our economy.

**Not fully leveraging our networks and industry strengths:** The lack of regional economic co-operation also impedes the development of a strategy to agree on and leverage our key clusters to promote

the region and our most promising industries. There are other obstacles to this as well:

- early stage businesses in some of our most promising sectors often have trouble accessing capital, particularly in the crucial \$500,000 to \$2 million range; this drives them to more welcoming funders in Boston and other city regions;
- insufficient attention has been paid to attracting and retaining talent in areas like high-tech and clean-tech development, biomedical research, and financial management and investment banking; and
- we have yet to fully leverage our diversity and all of the talents, networks and resources it brings.

Cluster-based approaches to economic growth are increasingly being acknowledged as a key way for regions to compete for investors, customers and talent in global markets. Singapore, Kitchener-Waterloo, Boston and North Carolina's Research Triangle have all used clustering strategies to successfully generate growth, innovation and commercialization in targeted sectors. They are creating a legacy of advanced knowledge, increased productivity and efficiency, and research facilities.

### Strengths

Leaders from all sectors increasingly recognize that our lack of co-ordination and a unifying regional vision and brand is hurting us in the global competition for talent, investment and tourism, but that we also have several unique strengths that have propelled our economic growth over the last decade, such as:

- a high quality of life (Figure 2);
- low costs of doing business;
- an extremely diverse and growing population (we are the most "global" city in the world (Figure 3)); and
- advanced education.

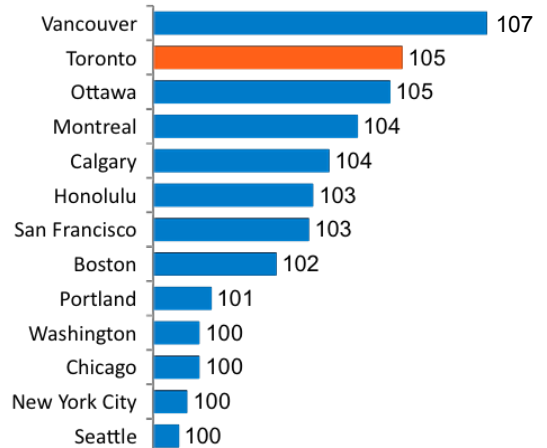
The region also enjoys a diverse economy with several successful and expanding sectors:

- third-largest financial services centre in North America;
- the TSX is the world's seventh largest stock exchange and the leading stock exchange for clean-tech companies;

- third largest centre for film and television production in the world; and
- the region also excels in advanced technologies, ranking third in North America for biotechnology as well as for information and communications technology.<sup>6</sup>

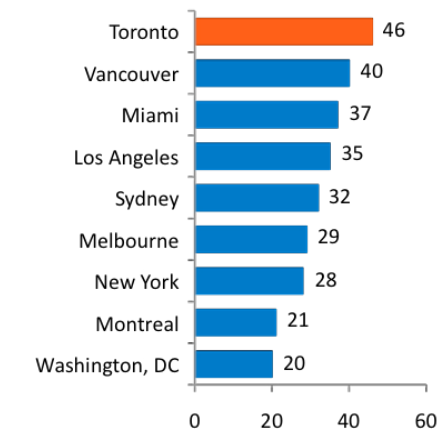
These strengths provide the foundation for building clusters that we can expand and market internationally, with two nascent initiatives doing just that: the Toronto Financial Services Alliance and the Ontario Bioscience Industry Organization. These are all promising steps towards developing a

**Figure 2: 2009 Quality of life ranking index; Toronto vs. major Canadian & U.S. cities**



Note: Base city New York = 100.  
Source: The Boston Consulting Group, based on data from the Toronto Region Research Alliance, Mercer 2009.

**Figure 3: Foreign Born Population as % of Total**



Note: Figures shown for Toronto CMA, foreign born population in 2006 for Canada, 2005 for U.S.  
Source: The Boston Consulting Group, based on data from Statistics Canada, Australian Bureau of Statistics, U.S. Census Bureau.



comprehensive strategy to identify, build and support clusters in the Greater Toronto region.

## OPPORTUNITY KNOCKS

### **1. Consult and work with leaders and organizations playing significant roles with respect to economic development in the region to determine how best to increase and leverage regional economic co-operation.**

The Summit saw widespread support for enhancing regional economic co-operation, but little consensus on how to do this. Pre-Summit consultations suggested creating a regional investment promotion agency to build and market the region's brand, and a regional multi-sectoral economic co-operation council to develop a regional economic development strategy. The Summit concluded that creating new entities would be premature and possibly not the most efficient use of resources: there was a strong preference for trying to repurpose existing resources and institutions before committing to new ones.

Instead, the Summit recommended engaging leaders from all sectors to develop a shared vision of regional economic co-operation and to determine how success could be measured and, perhaps most importantly, how to get all of the necessary players to co-operate. It was suggested that these conversations be convened by a neutral organizer like CivicAction and involve governments, business, chambers of commerce, labour, youth and others contributing to the broad spectrum of economic development.

### **2. Enlist broad support to identify and promote the most promising industry areas.**

The Summit saw strong support for targeting key sectors for cluster promotion in the Greater Toronto region. To generate broad buy-in and awareness, the Summit recommended identifying clusters through consultations going beyond the private sector to include post-secondary institutions, the advanced research and non-profit communities, and cultural and other opinion leaders. Given their central role in creating the financing, educational, quality of life

and other conditions necessary for new businesses and clusters to succeed, governments would need to be involved. However, government wasn't seen as the appropriate driver of these consultations.

Based on innovation, growth potential, global demand and local institutional and research support, six possible areas for initial focus stand out:

- biomedical, biotech and life sciences;
- information and communications technology (ICT);
- financial services;
- clean tech;
- renewable energy; and
- advanced manufacturing.

Horizontal innovation clusters, such as ICT, that are common to multiple industries and can advance additional priorities such as immigrant integration, sustainability and social innovation, should also be considered.

These cross-sectoral consultations would consider how to encourage clusters from the bottom – from rounding out our “venture eco-system” to expand seed funding, smart capital, and incubators to cultivate entrepreneurialism and risk-taking. They would also determine how to drive clusters from the top, for example, by attracting large multinationals to base their headquarters in the region, increasing large scale investment and domestic markets.

### **3. Build a unique regional brand and ambassadors to promote it.**

Summit delegates suggested that we develop a unique regional brand that every private, public and non-profit organization can rally around. While other regions may share our cluster areas, none can match our cultural diversity. Just as the VQA has elevated the profile (and sales) of Ontario wines, a Greater Toronto regional brand would highlight the region's unique value proposition and facilitate the job of potential ambassadors.

See the related backgrounders, *Towards a New Model for Economic Co-operation Across the Toronto Region*, and *Economic Cluster Strategy for the Toronto Region: Matching Capital to Innovation*, prepared for the Greater Toronto Summit 2011 at: [www.civicaction.ca/publications](http://www.civicaction.ca/publications)