

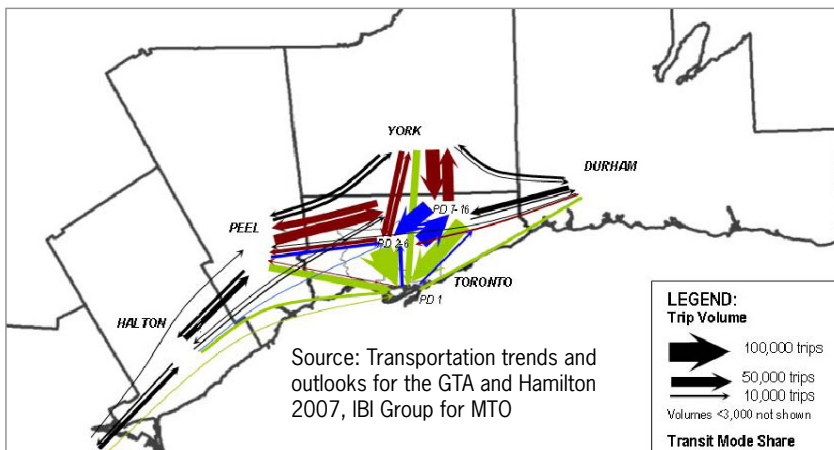
### The Challenge

Municipal economies in the Toronto region are highly interconnected and interdependent. Regional economic strengths and challenges cut across municipal boundaries, but economic development efforts are generally localized, fragmented, and often competing. The region lacks a unifying vision, cross-sectoral alignment on economic development strategies and a coherent brand and marketing effort. In a world with fierce competition for talent and investment from other global city regions, our lack of cooperation puts us at a disadvantage.

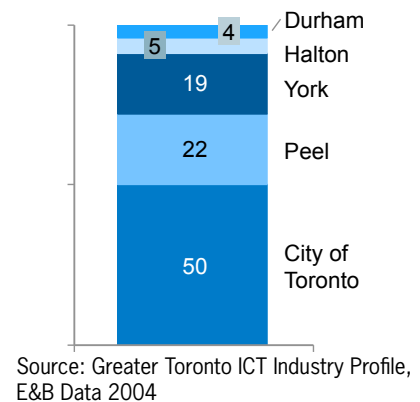
### Current Situation

The population and economies of the municipalities surrounding the City of Toronto continue to grow. Over 25% of all morning rush hour traffic crosses municipal boundaries, representing over 570,000 trips (see Figure 1).<sup>1</sup> Business clusters are spread over the entire region instead of being concentrated in a single municipality (see ICT example, Figure 2).

**Figure 1 - 2001 AM Peak Cross-regional Motorized Travel Volumes**



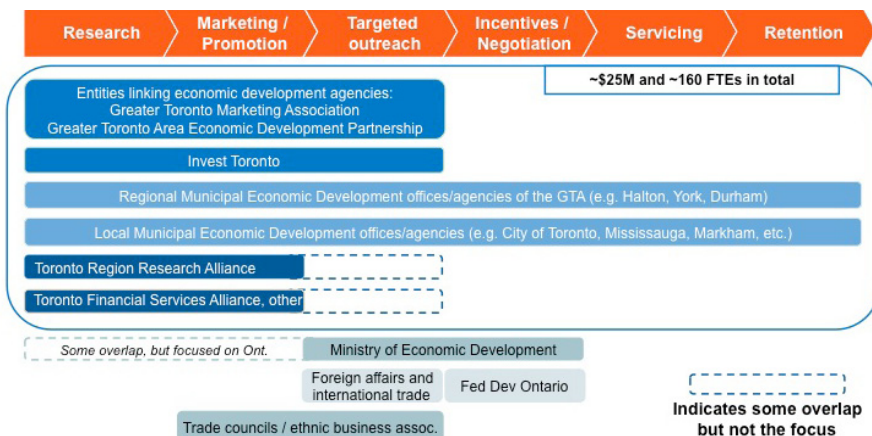
**Figure 2 - Industry example: Distribution of ICT<sup>1</sup> firms in the GTA**  
% of firms



Economic activity cuts across boundaries and so do the challenges in promoting economic development, including cluster development and integrating immigrants. A regional perspective is needed to address these issues – no one municipality can effectively tackle them alone.

In total, about \$25 million and 160 full-time equivalent staff are dedicated to economic development in the region, but these resources are scattered across 20 organizations, including municipal economic development offices (see Figure 3). These organizations perform a wide array of activities, from business retention efforts to international marketing, with varying levels

**Figure 3 - Current landscape of economic development efforts in the GTA**



of resources. Many other stakeholders with broader scope are also involved, including trade councils, provincial and federal governments, and chambers of commerce. Coordination is often complex and challenging.

As outlined in Figure 4, effective economic development is composed of three elements: a vision, a value proposition, and marketing. Our fragmented landscape presents challenges in delivering each of those elements:

1. The region **lacks a focused, unifying vision**. The visions that exist today are generally geared towards enhancing the competitiveness of individual municipalities rather than improving the overall global competitiveness of our city region.

2. The region **lacks a vehicle for building its value proposition**. There is no forum to regularly convene key stakeholders and decision-makers from relevant sectors to focus, align, and cooperate on policies, funding, and strategies to tackle the biggest challenges affecting regional economic competitiveness.

3. Marketing messages are often locally focused and unaligned, resulting in a region that **lacks a coherent brand**. Investment promotion resources are fragmented, leaving each player without the benefits of scale. Efforts among players are often uncoordinated or sector-specific, presenting a complex interface for potential investors to navigate.

**Figure 4 – A framework for economic development**



## Promising New Developments

Today, several issues in the Toronto region are being approached through cooperative regional efforts led by Metrolinx, the Toronto Region Research Alliance, the Toronto Financial Services Alliance, the Clean Air Partnership, and the Greater Toronto Airport Authority, among others. Lessons learned from these collaborations can help overcome the barriers to regional economic development:

- The scope needs to be **focused** (e.g. transportation, research, air quality).
- A **sense of urgency** can drive the case for change. Against a backdrop of recession, now is the right time.
- A **coalition of champions** from both the private and public sectors is needed.
- The executive leadership of the initiative needs **strong private sector involvement**.
- A **financial incentive** must exist (e.g. local funding matched by the Province).

Successful economic development efforts in other city regions around the world show the concept of regional economic coordination to be both practical and achievable. The list is extensive and includes Montreal, Paris, Manchester, Phoenix, Richmond, Philadelphia, and Chicago. These regional efforts have a demonstrated track record of attracting billions of investment dollars and tens of thousands of jobs to their respective regions. Two examples are highlighted below:

- The **Metropolitan Community of Montreal (CMM)**<sup>2</sup>, led by mayors representing the region, is responsible for planning, coordinating, and funding economic development strategies for a region that encompasses 82 municipalities. The CMM also supports **Montreal International**, the regional investment promotion agency, which has brought \$7.5 billion in investment and 43,000 jobs into the region in the last decade. CMM and Montreal International were created in large part as a result of provincial leadership and financial incentives.
- The **Metropolitan Mayors Caucus in Chicago**<sup>3</sup> brings together leaders from the private, non-profit, and public sectors to tackle regional challenges, including economic development. The Caucus provides a forum for the discussion and resolution of issues that impact the overall quality of life in the region.

The 2009 **Greater Toronto Economic Summit** (an assembly of regional business, political, and social leaders facilitated by the Toronto Board of Trade) put new momentum behind the push for regional economic cooperation by calling for the creation of an economic ‘war cabinet’ composed of municipal leaders, in concert with the Province. **The Toronto Board of Trade** has continued to support this effort with extensive research to drive the idea forward, including in its *Better Together* report<sup>4</sup>, part of its VoteToronto2010 initiative. A recent **OECD report** on the competitiveness of the Toronto region also cited the need for coordinated strategic planning at the regional level.<sup>5</sup>

## Chief Barriers to Progress

Although a regional approach has been suggested in the past, three key barriers are limiting its progress:

- The scope of proposals has often been **very broad**. For example, some of them called for a single regional body to tackle competitiveness, including transportation and land planning. These proposals introduced additional complexity, too large a degree of change, and many potential areas of disagreement. These factors made it difficult to achieve consensus among municipalities.

- A **lack of incentives** for municipalities to cooperate regionally. Without direct benefits for each municipality, the political risk of contributing resources and efforts to regional initiatives has been too high.
- A **lack of shared will** among key constituents to move forward. Buy-in from the City of Toronto and both the provincial and federal governments will be particularly important to spur regional efforts.

## Opportunities for Action

Based on our consultations with economic leaders about addressing these challenges, we outline for discussion a regional approach with two complementary components (see Figure 5): a regional investment promotion agency and a regional economic cooperation council.

The regional economic cooperation council would be established first to initiate dialogue between key regional stakeholders and identify opportunities to expand collaboration.

### Step 1) Regional economic cooperation council - engaging key decision-makers (public and private) on regional issues

The regional economic cooperation council would convene key regional stakeholders and decision-makers to define an economic vision and agree upon strategies, funding, and actions to execute on that vision. The council would include representatives from municipal, provincial, and federal governments along with leaders from the private sector and academia.

The regional economic cooperation council would act as a forum for:

- Discussing regional economic issues including cluster development, immigration, and sustainable growth.
- Building consensus on actions to shape the region's business environment through: its tax and regulatory framework, infrastructure investments and land planning, workforce readiness programs, and public-private partnerships to promote the attractiveness of industry sectors.

### Step 2) Regional investment promotion agency - independent agency focused on marketing and sales

The regional investment promotion agency would drive investment promotion by combining the research, marketing, and outreach activities of current economic development agencies in the region (see Figure 6).

Local agencies would continue to facilitate real estate selection and incentives for new companies, as well as retain existing companies in their municipality. The regional investment promotion agency would be able to attract investment more effectively than current fragmented efforts by:

- Being a single repository for information on the region's economy. The agency would provide effective analytics and benchmarks to inform the decisions of investors and the regional economic council.
- Unifying the development and marketing of the Toronto region brand.
- Being the access point between investors and the region's network of leaders from the public and private sectors.
- Becoming a simple interface for investors to navigate through incentives and site selection. The agency could seamlessly coordinate the attraction efforts of key stakeholders (all levels of government, sector specific agencies such as the Toronto

Figure 5 – Outlined proposal for discussion

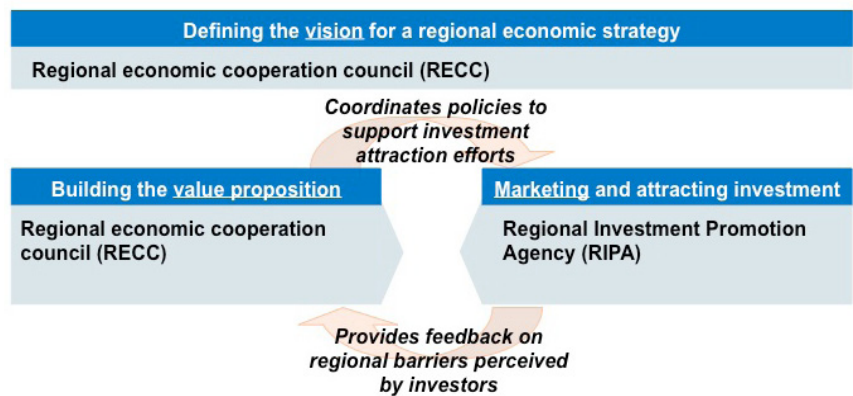


Figure 6 – Outlined proposal for discussion: Regional investment promotion agency



## Questions for Discussion

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1. Do we have the shared will and momentum to agree in principle on the need for a new regional economic development model? What could be some basic principles to which all stakeholders could sign up?
  2. How do we minimize barriers that have held back previous efforts?
    - a. Who do we need to join the coalition of champions? How do we get their buy-in?
    - b. How do we obtain financial incentives needed for municipalities to cooperate?
    - c. Is this proposal going to draw key stakeholders to the table for dialogue?
  3. If we favour the idea of a regional economic cooperation council, how could we begin to form it?
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<sup>1</sup> IBI Group. (2007). *Transportation Trends and Outlooks for the Greater Toronto Area and Hamilton: Needs and Opportunities Report*. Report prepared for the Ministry of Transportation : <https://ospace.scholarsportal.info/bitstream/1873/10165/1/279338.pdf>

<sup>2</sup> Communauté Métropolitaine De Montréal. (2011). Accessed January 2011 from: <http://www.cmm.qc.ca/index.php?id=309>

<sup>3</sup> Metropolitan Mayor's Caucus. (2011). *About the Causus*. Accessed January 2011 from: <http://www.mayorscaucus.org/>

<sup>4</sup> Toronto Board of Trade. (June 2010). *Better Together: Driving Regional Economic Cooperation and Development*. Toronto: [http://www.bot.com/AM/Template.cfm?Section=Growing\\_the\\_Economy&Template=/CM/ContentDisplay.cfm&ContentID=4758](http://www.bot.com/AM/Template.cfm?Section=Growing_the_Economy&Template=/CM/ContentDisplay.cfm&ContentID=4758)

<sup>5</sup> OECD (2010). *OECD Territorial Reviews: Toronto, Canada*. Accessed January 2011 from: [http://www.oecd.org/document/1/0,3746,en\\_2649\\_34413\\_43985281\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/1/0,3746,en_2649_34413_43985281_1_1_1_1,00.html)