

Shaping Our Future

A Playbook for Rebooting and
Reimagining the Regional Economy
in Ontario's Innovation Corridor

September, 2020



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Foreword

When the Toronto Board of Trade added “region” to its name nearly a decade ago, it was to recognize the increasingly borderless ways we live and do business.

A manufacturer’s supply chain, for instance, would rarely be confined within a single municipality. Workers look for housing and jobs beyond their immediate neighbourhoods, as do students for training and education. Online shoppers in one end of the region can often get same-day delivery from a business in another. Carbon emissions can’t see lines on a map.

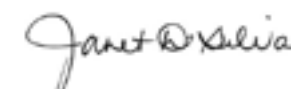
By embracing a regional mandate, and the name change that came with it, the Board planted its flag in the still under examined realm of regional planning – progressively adding to that regional agenda each year. We became a founding member of Canada’s Innovation Corridor Business Council, a collaboration of boards and chambers from across the Toronto, Waterloo, and Hamilton areas that make up the Corridor. We launched the data-driven Economic Blueprint Institute – one of this playbook’s primary authors – to crunch numbers behind the Corridor’s most pressing challenges with the goal of uncovering impactful, sustainable solutions.

Why? Because although our economy is regional – generating nearly two-thirds of Ontario’s GDP, and a quarter of Canada’s – planning for its growth is not. When taken apart, the Corridor is a collection of interconnected municipalities, each with unique priorities for housing, transit, and economic development. These municipalities invest in themselves, along the way advocating for funding from provincial and federal governments.

On the surface, it’s a system that allows each community to invest in itself. Dig a little deeper, however, and the cracks begin to show. Take transit. Without a strategic, regional approach for the movement of people and goods across the Corridor, our economy loses out every year due to our workforce sitting in congestion.

In 2020, as the COVID-19 pandemic’s impact plunges our economy into a deep recession, these cracks become fault lines. Cities across the Corridor face massive budget shortfalls, and until a vaccine is made readily available businesses – especially small enterprises, on which so much of our prosperity is dependent – will continue to struggle.

Now, as governments and city-builders design recovery strategies, it is essential these plans are approached with a regional lens. Anything but and we risk further fracturing an economy that, at its core, thrives on networks of shared talent and resources. This playbook offers ten actions we can take, right now, to prevent that splintering. In a pandemic that has divided us physically, let’s use this opportunity to rebuild a more united, connected economy and region.



Jan De Silva
President and CEO
Toronto Region Board of Trade

Foreword from Co-Chairs

of Reimagining Recovery Framework Work Track 4: Cities & the Corridor Blueprint

This regional recovery playbook is inspired by the cooperation and collaboration of all three orders of government, business, and Canadians in response to the COVID-19 pandemic. It is intended to serve municipal, provincial and federal governments by identifying quick-win activations and by proposing a framework for a regional economic strategy and recovery plan. And in the true spirit of cooperation, it also identifies actions that can be taken on by the Board and the business community to contribute to building back stronger.

As cities and markets around the globe were forced to radically adjust their activities and way of life in response to COVID-19, many members of this steering committee had 24-7 responsibility for keeping the vital services of our cities running. Yet, when asked to dedicate time to a regional initiative that was just an idea four months ago, they all made time to participate. We thank them for their engagement and insights.

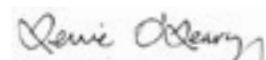
Senior leadership from Deloitte Canada were essential in delivering this consensus driven playbook. The Deloitte team worked with the steering committee to glean insights and provide the global economic context for the playbook. The timeframe and importance of our work required their expertise, and we are grateful for their contributions.

The playbook identifies three transformations and ten actions necessary to create the economic conditions to achieve a stronger, more secure, and competitive Innovation Corridor. However, the key mechanism and challenge to building back stronger is regional cooperation. As one city manager put it “no one has the full-time job of pushing regional collaboration forward.”

Building on momentum, the steering committee expressed their commitment to continuing to work together to ensure the activation of this playbook. In turn, we are committed to convening a regional leadership caucus of senior executives from municipalities to address Corridor pain points and activate opportunities through collaboration and cooperation.



Marcy Burchfield, Co-Chair



Terrie O'Leary, Co-Chair

The key mechanism and challenge to building back stronger is regional cooperation. As one city manager put it “no one has the full-time job of pushing regional collaboration forward.”

Foreword from Deloitte

At Deloitte, our Purpose guides us: we exist to make an impact that matters, by helping and inspiring our people, organizations, communities, and country to thrive. We do so by accelerating and expanding access to knowledge and opportunities for all Canadians. So when the pandemic hit, we leapt at the opportunity to work with leaders across the Toronto region and the Toronto Region Board of Trade to respond to and recover from the economic, social, and human crisis. We're proud of our region for coming together the way it has and humbled to be part of the region's effort to rebuild a more equitable, integrated, and prosperous economy.

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Special thanks to Deputy Minister Kelly Gillis from Infrastructure Canada for contributions to the steering committee's deliberations.

THE CASE FOR THE PLAYBOOK

Shaping Our Future

We are in the midst of the crisis of our lifetimes. No country or region has been spared by the pandemic of 2020, but some have dealt with the situation more effectively than others. Canada has addressed the immediate challenge relatively well. There has been terrible loss and suffering, without question, but we have come together across regional, political, and governmental divides to work in common cause. With the world racing to develop a vaccine to stamp out the virus – and yet no certainty on if or when a vaccine will be developed, we are moving cautiously into recovery planning.

It is at this time that we are confronted with a challenging question: in moving beyond this crisis, do we simply work to restart our economy, or do we reimagine it? Can we come back stronger?

This playbook is our response to that question. It is a co-creation led by Toronto Region Board of Trade's Economic Blueprint Institute, Toronto Global, Deloitte, and driven through a steering committee of senior municipal executives, business leaders, and experts in economics, innovation, economic development, and municipal governance from across the Innovation Corridor (the Corridor)¹.

The strength and competitiveness of the region's cities will determine the trajectory of the country's economic recovery. This playbook identifies three interconnected transformations with a supporting action plan to implement them. Some will require government action, while others can be delivered by the private sector, the Board of Trade, and regional stakeholders. But the success of a plan where we can come back stronger demands coordination and collaboration across the Corridor and a shared understanding of our interconnectedness and dependencies.

COVID-19 has struck a terrible blow and wrought suffering upon the world. It has been difficult. We need, however, to recognize the unprecedented opportunity that lies before us, one that we do not dare let go to waste.

The future is ours to shape.

Picture, for instance, a region internationally recognized for both its competitiveness and liveability because economic policy and social policy are no longer developed in isolation. Where news stories on the lack of affordable housing options and the lack of transit accessibility are no longer headlines in the dailies because we've finally tackled transit fare & service integration, last mile mobility solutions, and as a result, opened up housing options all over the region. Where talent continues to flock because

Looking back, we'll be able to see how we turned the Great Pandemic of 2020 into the Innovation Corridor of 2025.

opportunities to live, work, and play are abundant in a region that is renowned for its skilled workforce, diversity, excellence in education, growing economic opportunities, and a universal health care system that works for all.

Imagine a region where reliable, affordable, high-quality broadband is available in every city and town in the Corridor, including for residents and businesses in rural areas that are eager to participate in the global digital economy. Where a business that operates in multiple jurisdictions across the Corridor does not have to undertake protracted, tortuous and idiosyncratic processes for routine licenses and permits in different municipalities.

Imagine for a moment, a Corridor that is no longer a collection of cities and municipalities but one that thinks and functions as one economic zone that has the right governance and regulatory structures in place to plan, tax, finance and build coordinated infrastructure at scale. And finally, think about a city-region that has become a leader in the green economy because it has figured out how to use market and government incentives to scale deep retrofits of buildings and advance the electrification of its transportation systems to achieve the twin goals of job growth and the reduction of greenhouse gases.

Looking back, we'll be able to see how we turned the Great Pandemic of 2020 into the Innovation Corridor of 2025. A place where businesses of all kinds and governments of all levels come together to create an environment where the innovations that address the great challenges of our times were conceived, refined, scaled, and sold to every market in the world.

Right now, that may seem like a daunting task. But we have incredible strengths to draw upon. We have a long history of attracting and keeping talent. The Innovation Corridor of 2025 is there for the making. We've imagined it. Now we have to build it.

Now is the time to act.



FIGURE 1

The Innovation Corridor

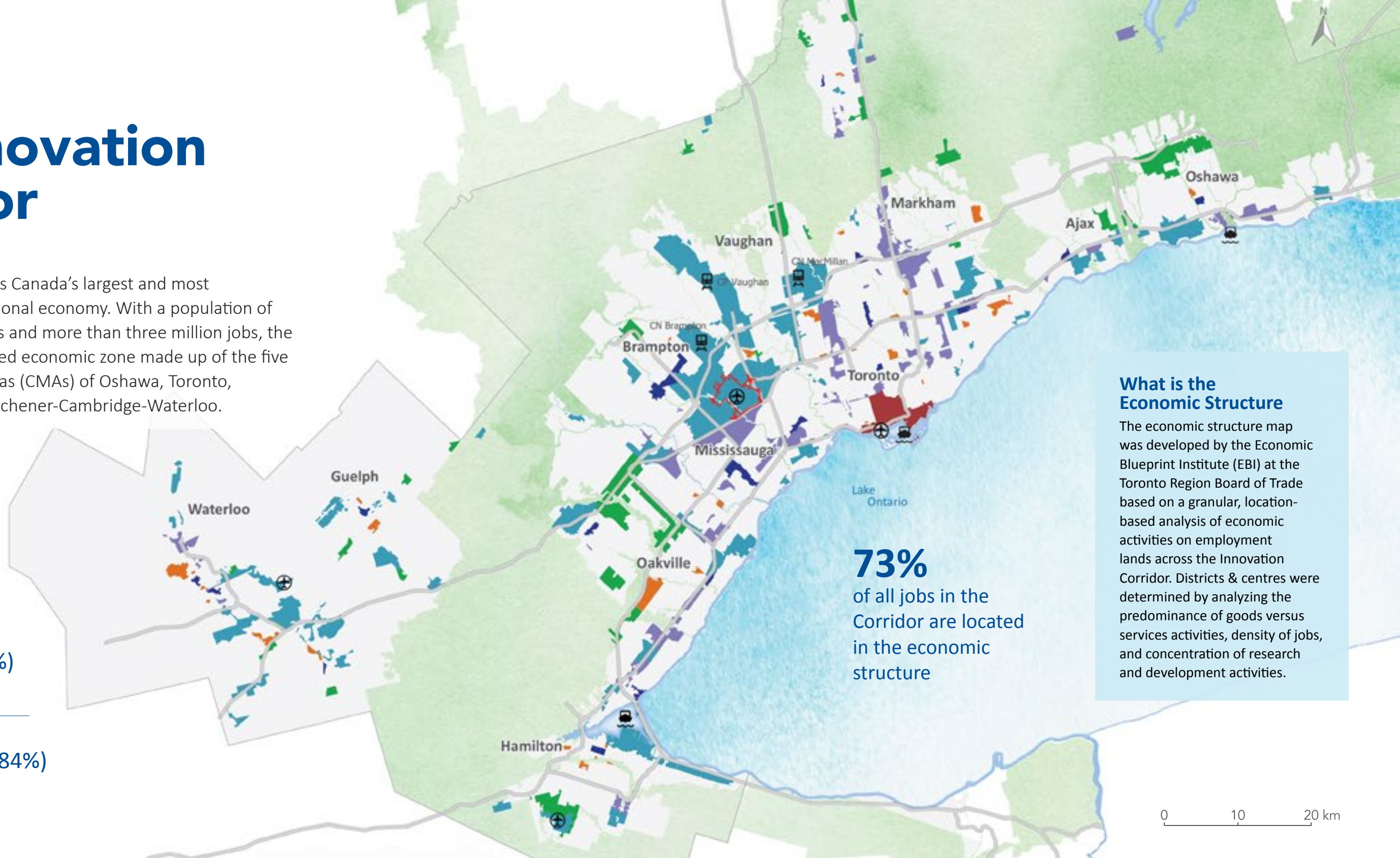
PRE-PANDEMIC

The Innovation Corridor is Canada's largest and most economically diverse regional economy. With a population of almost 8 million residents and more than three million jobs, the region is an interconnected economic zone made up of the five Census Metropolitan Areas (CMAs) of Oshawa, Toronto, Hamilton, Guelph and Kitchener-Cambridge-Waterloo.

8 M Residents
3.2 M Jobs

520,365 (16%)
Goods Producing Jobs

2,669,915 (84%)
Services Jobs



73%
of all jobs in the Corridor are located in the economic structure

What is the Economic Structure

The economic structure map was developed by the Economic Blueprint Institute (EBI) at the Toronto Region Board of Trade based on a granular, location-based analysis of economic activities on employment lands across the Innovation Corridor. Districts & centres were determined by analyzing the predominance of goods versus services activities, density of jobs, and concentration of research and development activities.

Goods, Production & Distribution District	Services & Mixed-Use District	Metropolitan Centre	Regional Centre	Knowledge Creation District	Greenfield Enterprise District	Rest of the Innovation Corridor
TOTAL JOBS 786,520	TOTAL JOBS 655,495	TOTAL JOBS 513,640	TOTAL JOBS 207,865	TOTAL JOBS 125,200	TOTAL JOBS 49,805	TOTAL JOBS 851,755
Goods Producing Jobs 300,545 (20%)	Goods Producing Jobs 132,870 (20%)	Goods Producing Jobs 16,630 (3%)	Goods Producing Jobs 7,290 (4%)	Goods Producing Jobs 2,120 (2%)	Goods Producing Jobs 8,380 (17%)	Goods producing Jobs 52,530 (6%)
Services Jobs 485,975 (62%)	Services Jobs 522,625 (80%)	Services Jobs 497,010 (97%)	Services Jobs 200,575 (96%)	Services Jobs 123,080 (98%)	Services Jobs 41,425 (83%)	Services Jobs 799,225 (94%)

0 10 20 km

- Greenbelt
- Highways
- Intermodal Terminal
- Port
- Toronto Pearson Airport
- Airport

* Data Source: This economic structure is based on the 2016 Census

The Upending of Growth in the Innovation Corridor

A year ago, the Innovation Corridor – anchored by a booming metropolitan core in the City of Toronto – was on a trajectory of rapid growth. Fuelled by immigration and a talented workforce, it had become the fastest growing city and metropolitan region in North America.² The commercial and financial capital of Canada, the Corridor is Canada’s largest and most economically diverse urban region. It represents more than 20% of Canada’s population, 64% of Ontario’s Gross Domestic Product (GDP) and 25% of the nation’s Gross Domestic Product.³ Home to nearly 8 million residents and, prior to the COVID-19 pandemic, more than 3 million jobs, it functions as one regional economy of 34 interconnected municipalities stretching from Waterloo in the west through to the Greater Toronto Area, Hamilton, and Durham Region to the east.

As the second largest financial sector in North America, its banking, pension, and insurance institutions are globally recognized, catalyzing a growing fintech cluster. For two years in a row, CBRE ranked Toronto as one of North America’s fastest-growing tech markets, adding more tech jobs in 2018 than the San Francisco Bay Area, Seattle, and Washington, DC, combined.⁴ Venture capital (VC) markets were on the rise, with 2019 culminating in the single largest year for VC deals, topping \$3.5 billion for the Corridor as a whole.⁵ Further fueling its stature as a global tech hub, North America’s fastest growing tech conference, Collision, made its debut in Toronto in 2019.

As a powerhouse of research and development (R&D), post-secondary institutions in the Corridor

became increasingly attractive to international students, with an increase of 55 percent, or nearly 15,000 university students, between 2014 and 2018. Colleges saw an even more dramatic increase in international enrolments, increasing 133 percent, or over 20,400, during the same period.⁶ The region drew investment from some of the largest tech companies, including Microsoft, Uber, and Google. We are seen as a centre of excellence in innovation for our work on artificial intelligence and deep learning at the University of Toronto, health and biosciences at McMaster University, and computer science and engineering at the University of Waterloo.

Other signs of success included being the only Canadian city-region to be shortlisted to become the 2nd headquarters for Amazon. The metropolitan area also had the highest number of construction cranes in North America⁷. And 2019 saw the Toronto Raptors capture Canada’s first National Basketball Association championship title.

It was not an exaggeration to say Toronto was “having a moment” when it came to growth, global brand recognition and attention. The Toronto Region Board of Trade, and its members were probing how we turn this moment into momentum.

In early 2020 the Corridor, along with the rest of the world, was hit by COVID-19. The Corridor’s rapid growth came to a standstill. Assembly lines shut, along with main street restaurants, schools, and businesses of all sizes. Overnight, hotel occupancies dropped to

In the first three months of the lockdown, the Corridor experienced an average of 14% drop in employment (over 600,000 jobs) compared to the three months preceding the pandemic.

all-time lows, and long-standing entertainment and sports venues emptied. In the first three months of the lockdown, the Corridor experienced an average of 14% drop in employment (over 600,000 jobs) compared to the three months preceding the pandemic.⁸

Responding to COVID 19, our governments worked as one. All three orders of government worked swiftly and collaboratively to establish supports and services to contain the virus and protect the health and well-being of people and businesses.

Total Employment Change by Census Metropolitan Area (CMA)*

Geography	Change	% Change
Toronto	-508,800	-14.34%
Hamilton	-59,500	-13.91%
Kitchener-Cambridge-Waterloo	-44,400	-14.58%
Guelph	-6,100	-6.87%
Oshawa	-14,300	-6.65%
Innovation Corridor	-633,100	-13.81%

*3-month moving average employment differences between February and June 2020.
Source: Labour Force Survey, Statistics Canada

Canada’s response to COVID-19 crisis

Canada’s three orders of government have responded to the crisis in an extraordinary, coordinated, and expedited manner to slow the spread of the virus and provide support to Canadians. Emergency support provided by the Canada Emergency Response Benefit (CERB), Canada Emergency Wage Subsidy (CEWS), Canada Emergency Business Account (CEBA), Canada Emergency Commercial Rent Assistance (CECRA), property tax deferrals, and other temporary supports, as well as a universal public health care system, and the continued operation of critical services such as transit meant that our regional economy has proven resilient – for now. Comparatively, Canada and the Corridor have fared far better than other countries, with fewer deaths, hospitalizations, and infections. The initial impact could have been far worse. How the pandemic will play out in the months to come, however, is uncertain. The possibility of a second wave of the pandemic remains high. As the temporary income supports end and the economy restructures, the underlying inequities revealed during the pandemic within our economic region must be addressed.

However, the pandemic revealed underlying inequities in our economy. Its economic impact was felt disproportionately by certain segments of the labour force. Women, Indigenous people, and people of colour have been more vulnerable to its financial impact than other demographic groups.⁹

While some entire sectors were able to adjust to remote work, the lockdown forced the immediate closure of businesses requiring face-to-face interaction, devastating their labour force and their finances. As a stark example, by April the accommodation and food services sector in Canada lost over half of its employment before COVID-19.¹⁰

By sector, food and accommodation, retail trade, and healthcare and social assistance represented over 50% of the job losses. By occupation, those employed in sales and service accounted for 42% of the job losses. These jobs are also some of the lowest paid, with an average salary less than half of those occupations which did not see significant job losses.¹¹

During the lockdown, our society and economy relied heavily on an estimated 700,000 essential workers across the Corridor.¹² Whether providing childcare service to healthcare workers, personal care support to our seniors and vulnerable Canadians, or staffing our supermarkets, many service jobs assumed a greater value to society. The pandemic highlighted the need for a deeper discussion of the monetary value we place on jobs that our society relies upon.

The pandemic also exacerbated the underlying funding and governance challenges facing cities in the Corridor. The greatest impact of the lockdown was felt at the municipal level, where the delivery of much-needed frontline services such as transit, public health, supportive housing, and other services caused significant financial pressures. The increased expenses related to COVID-19 and drop in revenues due to the collapse of transit ridership, deferment of property taxes, and other short-term revenue led to a call by the Federation of Canadian Municipalities (FCM) for a \$10-15 billion rescue package.¹³

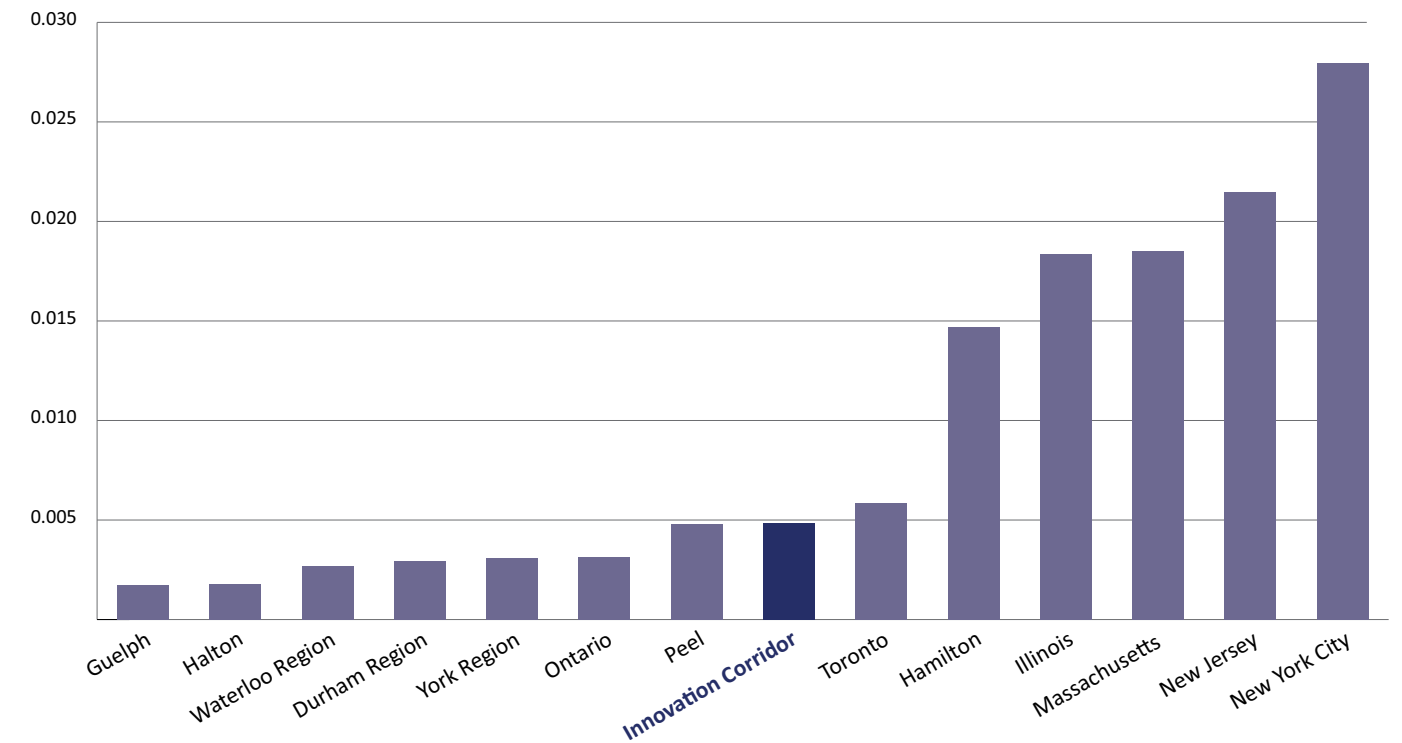
THE CHALLENGE OF CANADA'S LARGEST CITIES

“One hundred and fifty years after Confederation, Canada has changed radically. But from a local, urban perspective, the form and design of Canadian federalism has not kept pace with that reality.” Planning for an Urban Future, 2018, Canadian Global Cities Council¹⁴

Cities are the lowest order of Canada’s three-tier governance system—federal, provincial, and municipal. Deemed “the creatures of the Province,” cities in our federal system hold the least power and fiscal capacity even while they are drivers of the 21st Century economy. In the Province of Ontario, cities are governed by the Municipal Act, through which municipalities are given “powers and duties” to deliver various programs and services.¹⁵ In legislation, the property tax, a levy based on the assessed value of a property, pays for many municipal services in addition to other revenue sources including grants and user fees. In practice, large cities rely on higher orders of government for financial support for both capital and operating costs, and for the power to expand their tax base, in order to finance, build and operate the infrastructure needed to create the conditions for business competitiveness. In 2005, the federal government introduced a dedicated gas tax transfer to municipalities as a step towards addressing the imbalance between the services cities provide and the revenue tools at their disposal. Further action is required if cities are to become more equal partners within the Canadian federation and on equal footing to their global peers.¹⁶

FIGURE 3
Comparative chart of COVID-19 cases per capita

As of August 31



Source: Centre for Disease Control, World Health Organization, Statistics Canada, and reporting by municipal health units within the Innovation Corridor

All municipalities in the Corridor have suffered from revenue losses and increased costs. In the early months of the lockdown and in an effort to understand the financial impact of the pandemic, municipalities across the Greater Toronto and Hamilton Area (GTHA) worked together in an unprecedented manner to develop an apples-to-apples comparison of their fiscal situation. It showed the estimated 2020 financial impact of the pandemic to range from \$2 billion to \$3.5 billion depending on the timeframe of the lockdown.¹⁷ Beyond the GTHA, municipalities in other parts of the Corridor, such as Waterloo Region, estimated a budget deficit of around \$15.3 million for 2020 and the City of Guelph projected an initial \$24.3 million shortfall.¹⁸ Among the hardest hit were larger urban municipalities that operate extensive transit systems such as the City of Toronto which due to plummeting transit ridership, has

incurred a revenue loss projected to grow to \$600 million by year end 2020.¹⁹

In July 2020, the Province of Ontario based on a cost-sharing recovery package with the federal government announced that \$4 billion would flow through to Ontario municipalities (\$2 billion for municipalities and \$2 billion for transit).²⁰ While the relief package is welcome, it remains a stop-gap measure, as the financial consequences of the pandemic are expected to continue to impact municipalities. For example, the City of Toronto has projected a deficit of \$1.5 billion in its 2021 operating budget.²¹

To be globally competitive, cities in the Corridor can no longer be forced to go “cap in hand” to senior orders of government in order to plan and deliver the services and infrastructure needed for Canada’s largest economic zone to get back to growth.

Three Interconnected Transformations

to deliver one integrated economic zone

A return to growth cannot be a return to how conditions were before COVID-19. This is a unique opportunity to reimagine our regional economy and address the central role that cities play in better preparing and supporting businesses and residents in the Corridor for the competitive realities and opportunities of the future.

Addressing our region’s global competitiveness also means addressing issues of liveability and affordability. That is how we create the strong conditions for growth that will attract and retain talent and continued business investment from inside and outside of Canada.

The playbook identifies three interconnected transformations whose success will only be realized through collaboration among municipalities and across our three orders of government. Simply put, we need the unparalleled government collaboration seen in the COVID-19 response to continue as part of recovery.

Each of the transformations is associated with supporting actions for implementation, culminating in a 10-point action plan that identifies which organization or order of government is best suited to kickstart activation. While some actions require government, others can be delivered by the private sector, the Toronto Region Board of Trade, and other regional stakeholders.

The transformations address both pre-existing pain points exacerbated by the pandemic and position the Corridor for the future. They are transformative because they require a fundamental rethink to address long-standing issues ranging from procurement to infrastructure and transit planning.

Determining success in building back stronger requires a measurement framework. This playbook makes the case for better economic data about growing and shrinking industries and in-demand occupations at the regional, municipal and economic district level. Success can be tracked through traditional measures such as GDP per capita, but it is also important to measure success using equity measures such as a gini-coefficient to track disposal after-tax income or the Shelter Consumption Affordability Ratio (SCAR) to measure affordability.²²

The balance of this report presents the transformations and associated action plan, followed by a deep dive into the “what, why, how and who” for each action. We have prioritized the actions based on what is needed to drive a successful economic recovery and what level of reform and investment is needed to spur collaboration, innovation, and systemic change.

1

TRANSFORMATION 1

Growing an Equitable Economy

Shift to an equitable, integrated, and high growth economy

Even though businesses operate – and commuters travel – across the Corridor, economic planning was fragmented prior to the pandemic, resulting in reduced economic opportunities for our workforce and obstacles for doing business efficiently. On the road to recovery, our sectors face different timelines for recovery and, in some cases, will undergo a process of creative destruction. This will lead to churn in businesses and the labour force, impacting which firms and jobs will drive future growth.²³ To get back to growth, the region needs a data-driven economic recovery strategy that anticipates these dynamics and guides short and long-term investments across the Corridor.

An economic strategy for job creation must also be accompanied by a skills agenda that aligns with in-demand jobs and the future of work. Now more than ever a coordinated skills strategy is required, one that addresses our region’s unique skills gaps. It requires revisiting the important role of post-secondary institutions, work integrated learning, and demand driven workforce planning to support responsive and proactive labour market planning, talent development, and labour mobility opportunities.²⁴

The economic recovery must also include a strategy to create more affordable housing, a challenge that existed prior to the pandemic.

Now is the time for municipalities and the Province to aggressively address regulatory challenges such as zoning restrictions that limit transit-oriented development and housing options. Canada lags modern global cities that have long embraced this approach. This will create better access to more job opportunities across the Corridor. The rise of ‘remote’ work from home (WFH) and improved regional transit also raises the potential for regional rebalancing so that most of employment and economic growth isn’t concentrated in a few centres. It requires thinking about the infrastructure needed to ensure the development of more complete communities across the Corridor.

The economic fallout from the pandemic has been described as the first service-driven recession in modern history, hitting many sectors in which vulnerable groups are disproportionately represented.²⁵ Governments have recognized the need to address the gig economy with emergency support programs for workers who otherwise would not normally qualify for unemployment insurance. There is clearly a need for governments to make broader reforms to effectively support those hit hardest by the economic shutdown and to ensure that Canada’s safety net remains strong and the economic recovery is inclusive.²⁶

ACTION PLAN FOR DELIVERING THIS TRANSFORMATION

Develop a regional economic strategy for recovery

Develop a skills agenda to match the future of work

Create a regional affordable housing strategy

Invest in the social determinants of health

2

TRANSFORMATION 2

Infrastructure as a Regional Catalyst

Shift to regionally coordinated funding that is future oriented

We need to take maximum advantage of existing infrastructure investments and encourage, through incentives, regional coordination to improve economic opportunities across the Corridor.

Before the pandemic struck, the Corridor was playing catch-up. Infrastructure had not kept pace with growth. Capital investments and state of good repair funding for public transit, water and wastewater, and affordable housing built in the 1950s and 1960s, and earlier were insufficient to meet the needs of the Corridor’s high growth in population and business. The challenge remains that municipalities own most of the country’s core infrastructure assets yet share only a small portion of the tax base.²⁷ Before COVID-19, state of good repair and new infrastructure investments were beginning to receive more funding attention. This must continue. At the same time, our recovery requires a strategic and future-oriented approach to stimulus spending on infrastructure.

We need to take maximum advantage of existing infrastructure investments and encourage, through incentives, regional coordination to improve economic opportunities across the Corridor. Delivering seamless transit fares and schedules through strategic financial subsidies will increase ridership, making it easier and more affordable for workers to travel across municipal boundaries to access their jobs. At the same time, travel can also be made greener by municipalities working together to accelerate the bulk purchase of bus electric fleets and charging infrastructure, and by deploying new on-demand transit services to help close the gap for underserved residential areas. New regionally coordinated infrastructure investments must enable a digital future, as work and business conducted from home requires expansion and equal access to high-speed and high-quality broadband coverage to bridge the urban and rural digital divide. This will prepare the region for a digitally-enabled 21st century economy.

ACTION PLAN FOR DELIVERING THIS TRANSFORMATION

Expedite high-capacity broadband across the Innovation Corridor

Make transportation seamless and connect the Corridor by 2025

Target GHG reductions in largest emitting sectors

3

TRANSFORMATION 3

Coordinated and Responsive Government

Shift to responsive and coordinated municipal governments that are encouraged to collaborate

The fiscal and governance challenges facing cities in the Corridor do not equip them with the right tools or incentives to respond to, or collaborate on, regional challenges and opportunities. As one city manager puts it, “No one has the full-time job of pushing regional collaboration forward.”²⁸ The pandemic has also exposed a fiscal ‘structural’ mismatch with a tax base founded on the property tax that is insufficient in a 21st century digital economy.²⁹

Automation, e-commerce and an increase in remote work has the potential to add to the financial burden faced by cities reliant on property taxes if bricks and mortar stores are increasingly displaced. These trends could upend pre-pandemic trends where job growth was concentrated in denser urban centres such as downtown Toronto and result in a relocation of office and retail. If work-from-home and e-commerce trends continue to play out, even partially, this re-alignment of where people live and work will put enormous pressure on services and infrastructure investments provided by municipalities, as well as revenue streams from commercial property taxes. This will make coordinated regional investments and financial planning even more necessary.

However, if digitization and collaboration are leveraged properly, municipalities can play a key role in the Corridor’s economic recovery and create

opportunities for businesses of all sizes. Through regional procurement models such as the Ontario Education Collaborative Marketplace (OECM), economies of scale can be achieved.³⁰ Furthermore, by challenging our local innovators to find digital solutions to improve service delivery, municipalities can create jobs and save money.

Current lack of coordination negatively impacts business competitiveness, with increased costs caused by different bylaws, processes, procedures, and procurement among Corridor municipalities. Our innovators find it easier to pursue projects outside of Canada because of the time, expense and frustration caused by misaligned, incompatible, and overlapping regulations across all three levels of government.

Municipalities can build on their current collaboration momentum. Recent achievements such as working together to determine common fiscal challenges, the speed of implementing new active transportation infrastructure such as bike lanes, and the nimbleness on permitting and licensing of street patios are proof points that municipalities can innovate and move quickly when the challenge arises. Now is the time to double down on government coordination and collaboration and build on governments’ entrepreneurial response to the COVID-19 crisis.

ACTION PLAN FOR DELIVERING THIS TRANSFORMATION

Support a new deal for Canada’s global cities

Digitize, open, and innovate government

Harmonize and simplify municipal procurement processes and procedures

FIGURE 4
Three Interconnected Transformations to Deliver One Integrated Economic Zone

● Action 👤 Lead ⌚ Timeframe

Growing an Equitable Economy

Shift to an equitable, integrated and high growth economy

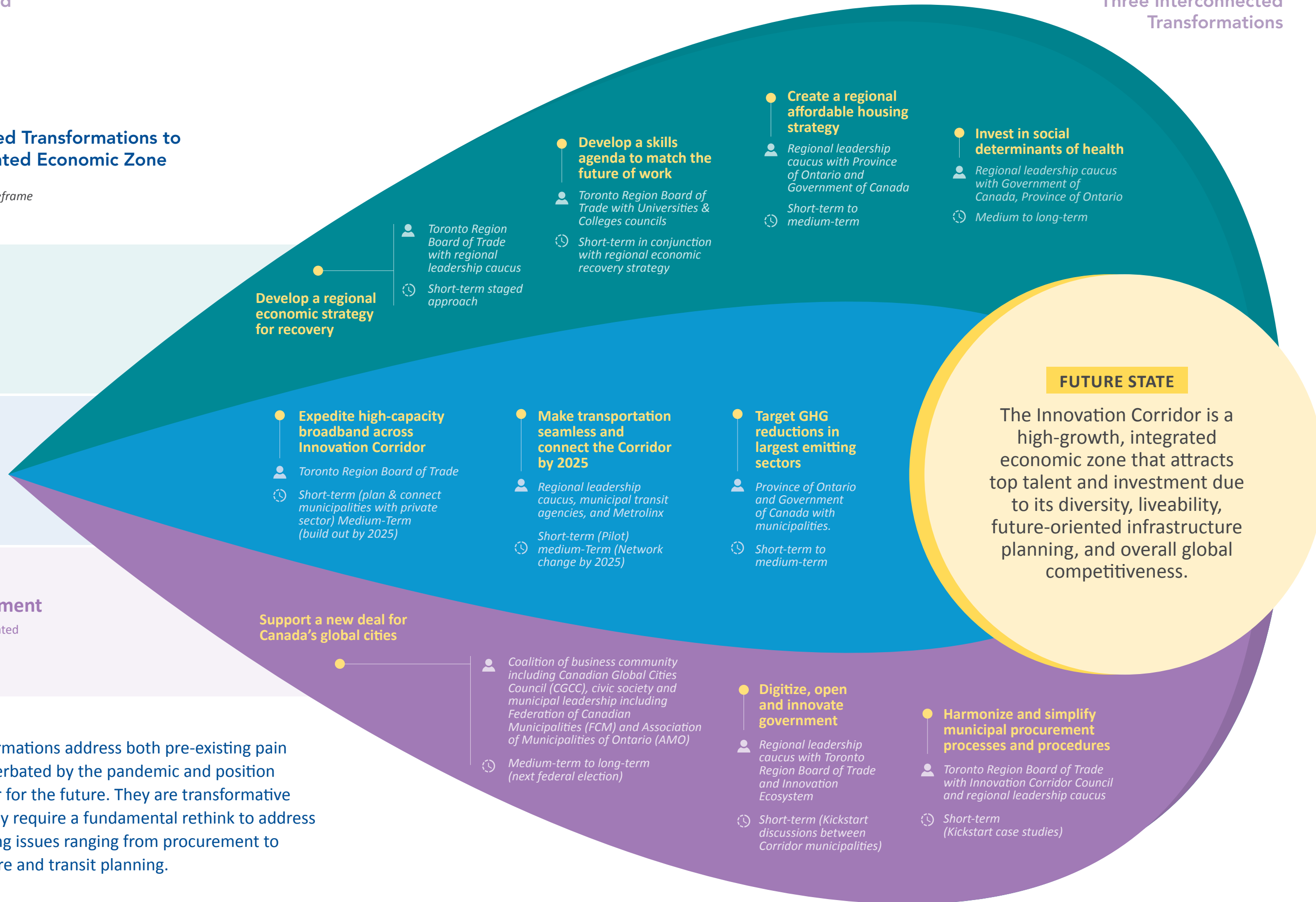
Infrastructure as a Regional Catalyst

Shift to regionally coordinated funding that is future-oriented

Coordinated and Responsive Government

Shift to responsive and coordinated municipal governments that are encouraged to collaborate

The transformations address both pre-existing pain points exacerbated by the pandemic and position the Corridor for the future. They are transformative because they require a fundamental rethink to address long-standing issues ranging from procurement to infrastructure and transit planning.



Ten-point action plan to reboot and reimagine the Innovation Corridor economy

ACTION 1

Develop a Regional Economic Strategy for Recovery

BUILDING ON THE BLUEPRINT

Through its 2019 *Place to Grow, Growth Plan for the Greater Golden Horseshoe*, the Province of Ontario introduced the policy of Provincially Significant Employment Zones (PSEZs). While the policy was initially created as a backstop to the conversion of important employment lands to residential use, the PSEZ policy has the potential to be the anchor for a regional economic structure, a foundational piece to any regional economic plan. Earlier this year, the Economic Blueprint Institute at the Toronto Region Board of Trade combined mapping of the PSEZs and other important municipal employment areas with granular, location-based information on economic activities. The end result is a first cut of the region's economic structure that illustrates areas of the region that specialize in goods-related versus services-related economic activities. It also identifies a potential network of "innovation districts" where activities associated with knowledge creation concentrate.

See *Innovation Corridor, pre-pandemic*, Figure 1, page 8 and 9.

WHAT

A regional economic strategy for recovery is needed to align Corridor-specific sector strategies, workforce development, the innovation ecosystem, and trade and foreign direct investment strategies. This will require collaboration between municipal, regional, and provincial economic development actors, workforce planning boards, and the business community across the Corridor. The regional strategy must lead to a regional economic plan that guides infrastructure investments needed to support economic growth.

WHY

The Corridor's economy contributes to 64% of Ontario's GDP and 25% of Canada's GDP; any decline in the regional GDP will significantly impact the economy of Ontario and Canada. Prior to the pandemic, the Corridor benefited from a diverse economy anchored by manufacturing, finance and insurance, health care, and professional, scientific, and technical services sectors. However, while fallout from the current economic recession is still playing out, the mid- to long-term impact on economic activities and businesses in the Corridor is unknown. Now is the time to undertake a coordinated and comprehensive regional economic strategy to maximize provincial and federal investments as part of the COVID recovery stimulus spending.

HOW

Using a data-driven approach, determine the critical sectors that will enable our regional recovery based on a deep understanding of the impact of COVID-19 on economic activity across the Corridor. Analyze and compare municipal, provincial, and federal economic development plans to determine alignment, gaps, and relevance to the region's new economic reality. Create a framework for a regional employment survey and an economic strategy that can be used to identify the region's sector strengths and vulnerabilities, supply chain challenges, labour market gaps, and established and emerging clusters that build on the region's innovation ecosystem.

LEAD: Toronto Region Board of Trade with regional leadership caucus.

TIMELINE: Short-term, staged approach

ACTION 2

Expedite High-Capacity Broadband Across the Innovation Corridor

WHAT

A plan is needed to expedite the creation of equal access, high-capacity, affordable broadband across the Corridor. According to Tobias Lütke, the CEO of Shopify, building fibre optic networks is the “cheapest piece of infrastructure you’ll ever have to build” in a world that is now “digital by default.”³¹ In the Corridor 49% of all jobs have the capacity to work from home.³² With the growth of work from home trends and e-commerce, a regionally coordinated Corridor-wide, high-capacity fibre-optic network, is essential to accelerate economic development, attract new investment, drive regional competitiveness, and enable 5G technologies like autonomous vehicles.

WHY

The pandemic has highlighted the limitations of our current broadband network, where there are significant gaps in certain urban, near urban, and rural parts of the region. The result is a digital divide between different parts of the Corridor, including uneven broadband connectivity to some employment lands.³³ The current network is a product of a patchwork quilt of programs delivered by private, private-public, and municipally-owned broadband providers. For telecommunication providers, building high speed broadband infrastructure for less populated areas is based on a business case, one impacted by what the CRTC allows telecommunication companies to charge customers to recover costs. Municipalities have begun to play a key role in developing fibre-optic broadband. For example, York Region’s YorkNet company builds dark fibre highways that both public and private sectors can access for last-mile connections to homes and businesses. The City of Toronto has plans to develop private/public partnerships to provide gigabit-speed fibre to underserved parts of the city, including some underserved employment lands.³⁴ The federal government’s current commitment of a \$6 billion Universal Broadband Fund³⁵ to connect all Canadian households to the minimum 50 megabits per second (mbps)³⁶ of broadband by 2030 can be sped up by at least five years to 2025. Some have called for a revisiting of the minimum standard for broadband, given the Corridor’s importance to the Canadian economy. An ultra high speed service at 1 GB would maintain Canada’s competitive edge.³⁷ Providing broadband across the Corridor represents an important economic enabler that will address environmental goals, housing affordability concerns, and important equity considerations as we innovate, build back, and seek to secure a strong recovery going forward.

LEAD: Toronto Region Board of Trade

TIMELINE: Short-term (connect all parties and create strategy), medium-term (build out by 2025)



HOW

The key private and public sector players involved in funding, building, and providing broadband service and the infrastructure required to enable 5G future need to be convened to determine current capacity of the network, identify gaps in the system, and the cost of building complete coverage in the Corridor. There is an urgent need to facilitate a discussion amongst key stakeholders on achieving the 2025 target and to move beyond the current ad hoc, one-off broadband service in some parts of the Innovation Corridor. The business community also has a key role in being the catalyst that can make broadband priority territory for governments and telecommunication companies.

The pandemic has highlighted the limitations of our current broadband network, with significant gaps in certain urban, near urban, and rural parts of the region.

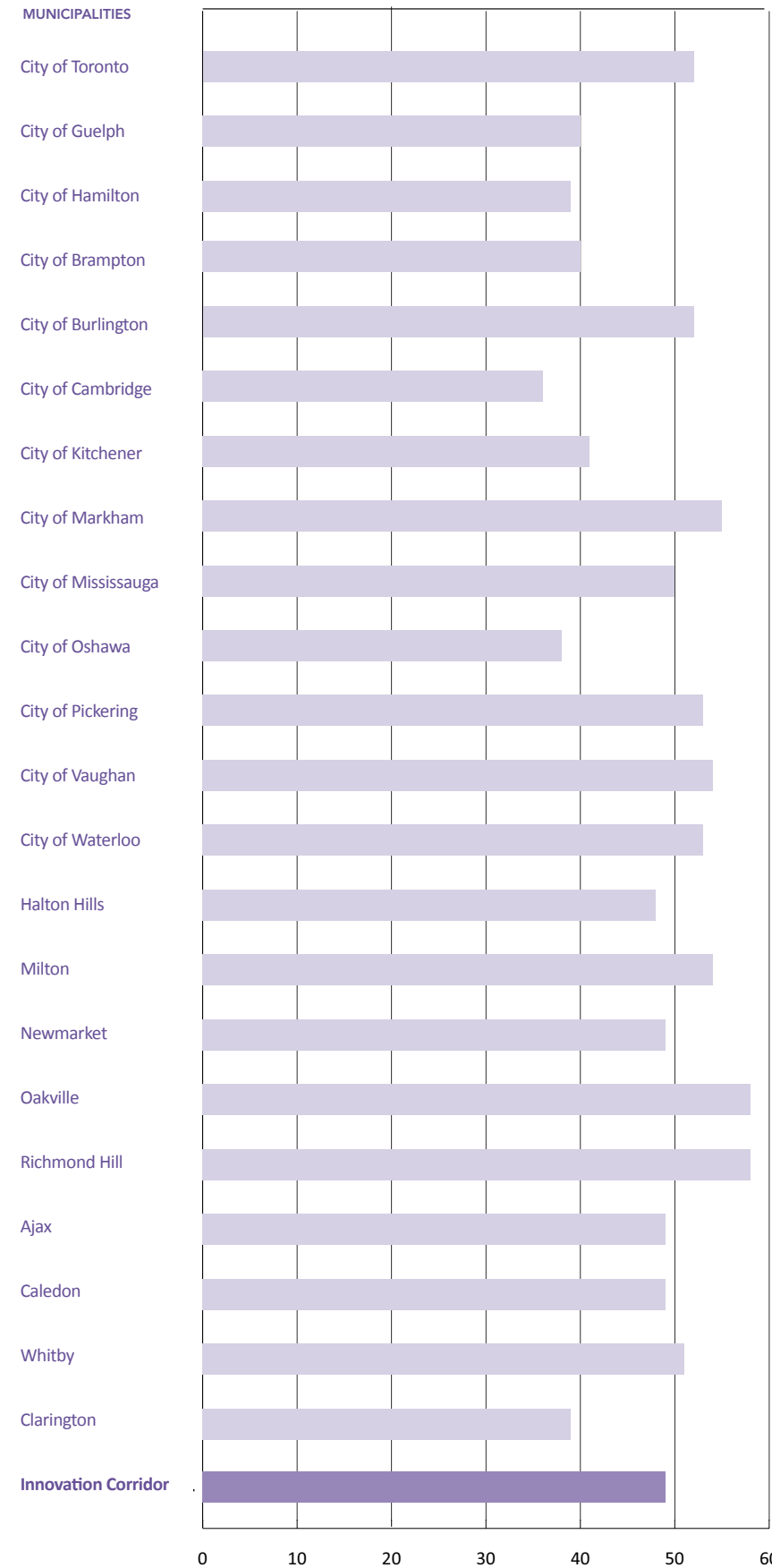


FIGURE 5
Remote Work Capacity

The chart represents the percentage of jobs that have some capacity for remote work based on the place of residence of the employee.

49%
of the Innovation Corridor as a whole has remote work capacity representing over 1.6 million jobs

On average 46% of a municipality's residents have some capacity to work from home.

*Reflects municipalities with population greater than 50,000

Source: Statistics Canada Census 2016, Remote Work Classification based on methodology in: "How Many Jobs Can be Done at Home?". Jonathan I. Dingel, Brent Neiman. University of Chicago, Booth School of Business, NBER, and CEPR (June 19, 2020)

ACTION 3

Make Transportation Seamless and Connect the Corridor by 2025

WHAT

A portion of federal stimulus funding should be used to deliver fare integration between municipal transit providers in the Corridor and the Toronto Transit Commission (TTC), the Corridor's largest transit operator, and GO Transit.³⁸ While the Presto card serves as a common fare payment system for municipal transit systems in the Corridor, transit fare and service integration is still lacking. It also lags behind more multi-functional systems such as credit cards and systems that can incorporate on-street parking and rideshare services and has been criticized for its high fees charged to transit agencies.³⁹ Many transit riders currently face punitive double fares to travel across municipal boundaries. Metrolinx has been studying fare and schedule integration models without any success in implementation. It is time to pilot a bottom-up framework that can be tested in areas of the Corridor where jobs are concentrated but the quality of transit service is lacking. An example is the Toronto Pearson Airport Employment Zone. The pilot framework can be scaled to include all municipal transit operators and other mobility providers at key locations, so that by 2025 the Innovation Corridor is seamlessly connected end-to-end.

WHY

An integrated transportation system is required to set our region up for long-term success. This will help communities across the Corridor grow, it will connect more people to more job opportunities regardless of where they live, and it will contribute to reduced carbon emissions. True regional fare and service integration has remained a challenge for decades even as studies have shown that it has one of the best return on investments.⁴⁰ Pre-pandemic, the City of Toronto -- with its large concentration of jobs in downtown Toronto -- was the main destination for most commuters in the Corridor. Other parts of the Corridor like the Toronto Pearson Airport, the second largest concentration of employment in the country prior to the pandemic at almost 300,000 jobs, remain chronically underserved by transit. As a result, 94% of travel to and from this area is by auto.⁴¹ These challenges disproportionately affect low-income and marginalized communities.⁴² Even with work from home (WFH) trends expected to accelerate, over 50% of the jobs in the Corridor do not have the capacity for remote work.⁴³ As a region with historic population growth of over 100,000 people per year, investments in transit and mobility solutions beyond the private vehicle must continue if our region is congested, which costs the region \$6 billion each year.⁴⁴

LEAD: Regional leadership caucus, municipal transit agencies, and Metrolinx

TIMELINE: Short-term (Pilot), medium-term (network change by 2025).

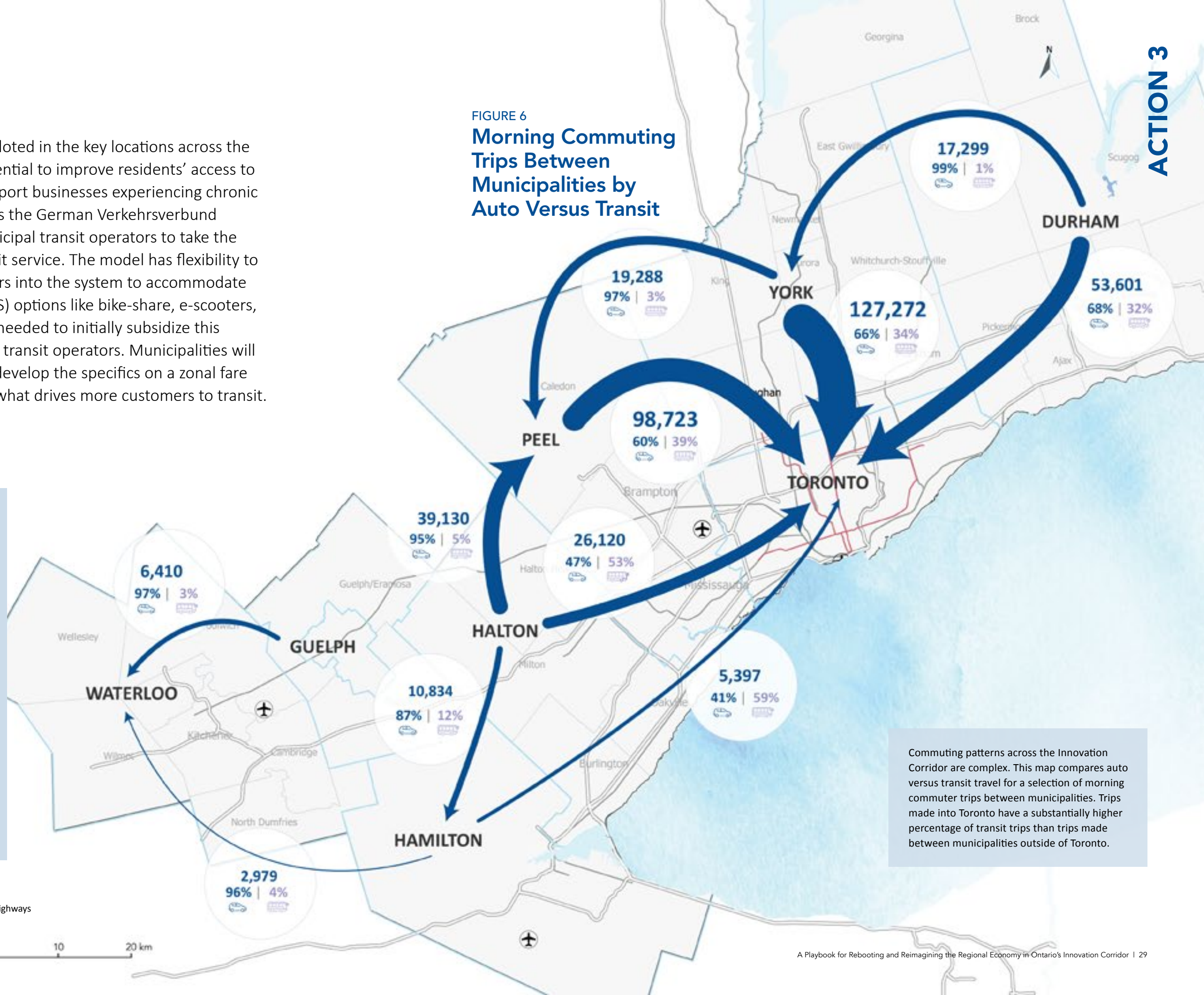
HOW

A bottom-up model should be piloted in the key locations across the Corridor that have the most potential to improve residents' access to economic opportunities and support businesses experiencing chronic labour shortages. Models such as the German Verkehrsverbund "transit union" would allow municipal transit operators to take the lead in integrating regional transit service. The model has flexibility to integrate non-municipal operators into the system to accommodate more Mobility as a Service (MaaS) options like bike-share, e-scooters, ride-share, and taxis. Funding is needed to initially subsidize this model to assure a win-win for all transit operators. Municipalities will need to work with Metrolinx to develop the specifics on a zonal fare system and learn from the pilot what drives more customers to transit.

BUILDING ON OPPORTUNITIES FOR COLLABORATION

As part of its 10-year Fare Collection Outlook, the Toronto Transit Commission (TTC) is currently looking at seamless fare integration with neighbouring transit agencies, in particular with York Region Transit (YRT). The agency has "expressed direct interest in collaborating with the TTC with a goal towards achieving fare and service integration between both agencies."⁴⁵ This is a welcome move and should be built upon along with the recent requirement by the Province of Ontario for municipalities to participate in discussions on fare and schedule integration as part of any funding for COVID-related transit challenges. The federal and provincial governments can take this a step further by further encouraging collaboration as part of their stimulus funding and expanding the initiative to include Brampton Transit Züm, Mississauga MiWay, Durham Region Transit, and GO Transit.

FIGURE 6
Morning Commuting Trips Between Municipalities by Auto Versus Transit



Commuting patterns across the Innovation Corridor are complex. This map compares auto versus transit travel for a selection of morning commuter trips between municipalities. Trips made into Toronto have a substantially higher percentage of transit trips than trips made between municipalities outside of Toronto.

Source: The 2016 Transportation Tomorrow Survey (TTS)

✈️ Airport 🚇 Subway Lines 🚆 GO Rail 🛣️ Highways

0 10 20 km

ACTION 4

Create a Regional Affordable Housing Strategy

WHAT

Housing affordability in the Innovation Corridor must be addressed as part of the region's economic recovery. With cities increasingly having to bear the burden of the cost of social housing, any increase in homelessness among marginalized communities due to the pandemic will be borne by municipalities. Even before the pandemic struck, the issue of housing affordability had already reached crisis proportions, prompting the City of Toronto to release a 10-year-housing plan that articulated the need for the full spectrum of housing and set a goal of 40,000 new affordable rental homes.⁴⁶ As a recent report by Toronto Region Board of Trade (TRBOT) and WoodGreen Community Services noted, people of all incomes are feeling increasingly squeezed out by housing costs.⁴⁷ The least affordable municipalities in the Innovation Corridor are the City of Toronto, York Region, and Peel Region, where two-thirds of Corridor's residents live. In these areas, it takes 47%, 42% and 39% respectively of a household's monthly income to pay for a mortgage.⁴⁸

WHY

As the TRBOT/WoodGreen report notes, when a city becomes unaffordable "it forces out key workers such as cooks, social workers, nurses, tradespeople, childcare workers and teachers. Without people to fill these jobs businesses suffer and the city becomes less livable for everyone."⁴⁹ The lack of affordable housing near where jobs are located also forces workers to find homes further away, causing longer commutes, congestion on highways, and increased greenhouse gas emissions. It also makes the Corridor less competitive by making it more difficult for employers to attract and retain talent.

LEAD

Regional leadership caucus with Province of Ontario and Government of Canada

TIMELINE: Short-term to medium-term

HOW

Housing affordability can partly be addressed by municipalities streamlining permit and zoning processes to fast-track more housing supply. Improving the approval process, coupled with additional financial incentives by all levels of government, can result in more affordable housing at different price points. Efforts should focus on enabling more family-sized homes, “missing middle” housing (e.g. triplexes, small apartment buildings) in established neighbourhoods, and more dense housing options near transit. Another option for increasing the supply of affordable housing includes the re-establishment of the Canadian Mortgage and Housing Corporations’ “limited dividend” housing program, which dates back to the 1960s. It was created to encourage private developers to develop and operate low and moderate rental housing based on tax exemptions for companies that operated on a cost of service (COS) rate of a return of 5% per year.⁵⁰

MEETING THE AFFORDABILITY CHALLENGE

Creative new approaches such as the City of Toronto’s Housing Now initiative to build 10,000 housing units on 11 sites near transit can be scaled up. Taking a mixed-income approach, where a third of the units were set aside as affordable rental, another third was for market rental, and the rest for ownership, provides a model of what municipalities can do across the Corridor.⁵¹ As was noted by Sean Gadon, former director of the city’s Affordable Housing Office, this kind of housing would normally have been sold for luxury condominiums.⁵²

FIGURE 7

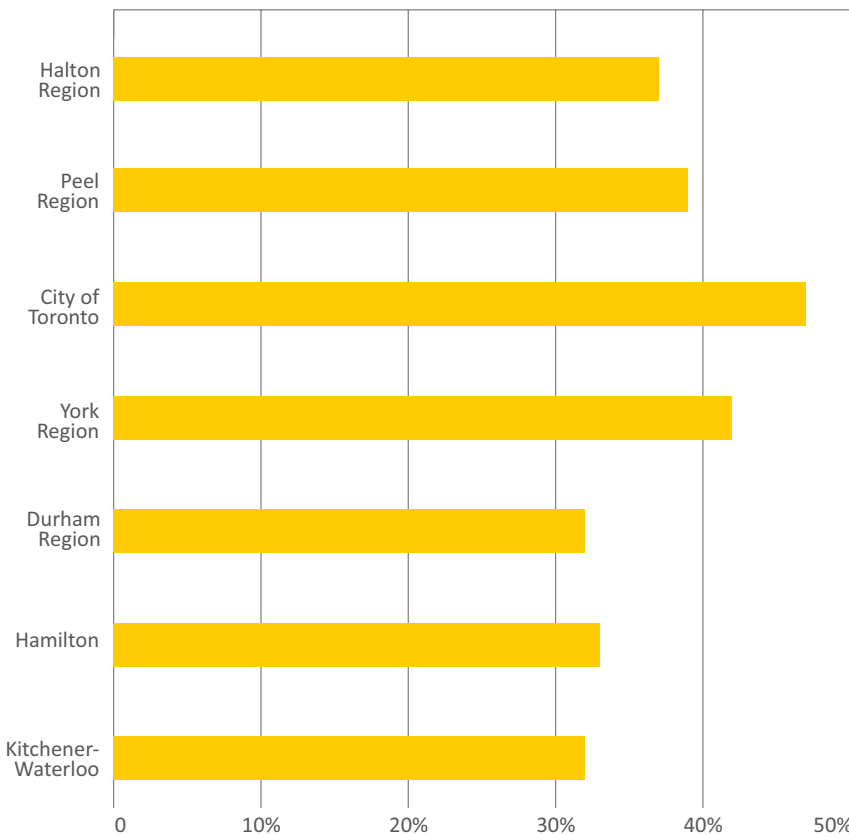
Housing affordability across the Corridor

Average After-Tax Household Income

HALTON REGION	PEEL REGION	CITY OF TORONTO	YORK REGION	DURHAM REGION	HAMILTON	KITCHENER-WATERLOO
\$108,085	\$87,371	\$81,495	\$98,832	\$87,865	\$73,524	\$77,101

Source: After-Tax Household Income: Statistics Canada 2016 census

MORTGAGE – % of monthly income



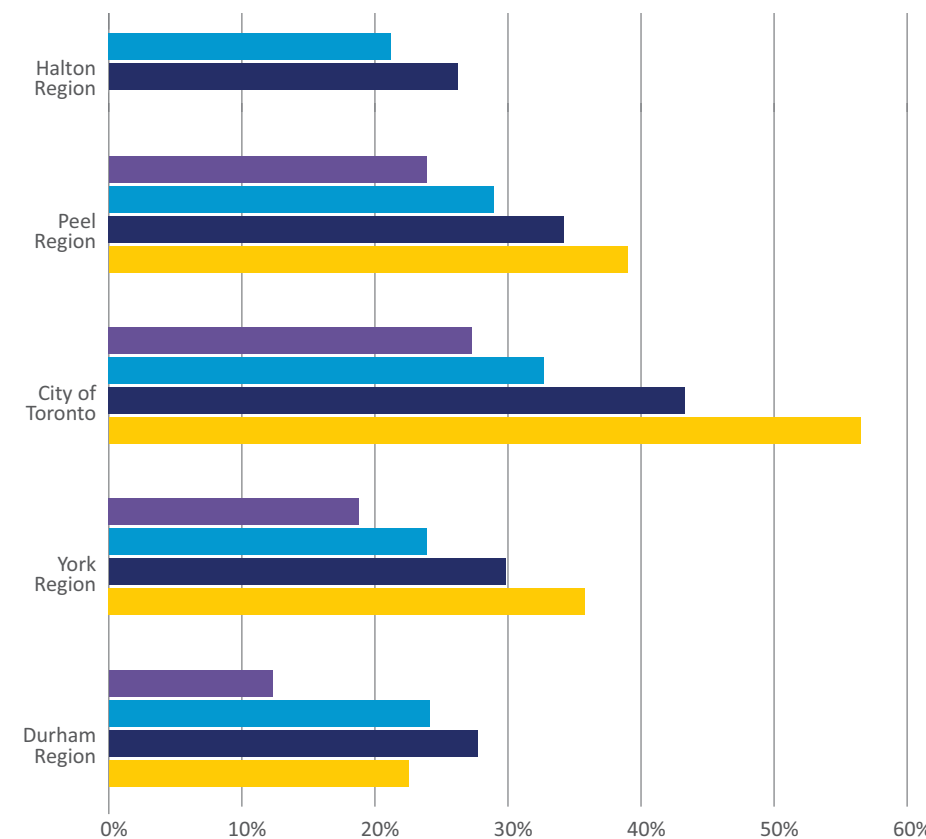
Owning a house is more affordable in Peel region than it is in York region whereas it is the opposite for rental

Toronto is the least affordable housing market in the region

For an average working family, almost half of their monthly income goes to mortgage

Source: January 2020 Market Watch reports - Toronto Real Estate Board, the Realtors Association of Hamilton-Burlington and the Kitchener-Waterloo Association of REALTORS. Please see Appendix B for methodology

RENT – % of monthly income



57% of a family’s income is required to rent a 3-bedroom apartment in Toronto followed by 39% in Peel and 36% in York Region

- Bachelor
- 1-Bedroom
- 2-Bedroom
- 3-Bedroom

* Average lease rates for bachelors and 3-bedroom apartments in Halton Region are not available.
Source: Toronto Real Estate Board’s Q1 2020 Rental Market report. Please see Appendix B for methodology

ACTION 5

Develop a Skills Agenda to Match the Future of Work

WHAT

If the Innovation Corridor is to retain its economic competitiveness, a skills agenda that applies a data and demand-driven approach to workforce planning in the region is needed. Increased automation and tech adoption, accelerated by economic restructuring following the pandemic, will create an even greater need for reskilling and up-skilling. Understanding the composition of the workforce and how best to link talent to in-demand jobs will help to address the skills gap.⁵³

WHY

Prior to the pandemic, Carolyn A. Wilkins, the Senior Deputy Governor of the Bank of Canada, said at a Toronto Region Board of Trade event that “about one out of every ten jobs in Canada was affected by a mismatch between skills that a job requires and skills that workers actually have.”⁵⁴ The combination of an aging workforce and job loss as a result of the pandemic (especially amongst low income workers) places a greater importance on a skills agenda. Furthermore, an analysis of the regional labour force indicates that only 7% of workers perform jobs in professional Science, Technology, Engineering, and Math (STEM) occupations. As the digitization of the economy accelerates, a more detailed understanding of whether the Corridor will face a shortage of workers with such skills is essential.⁵⁵

LEAD

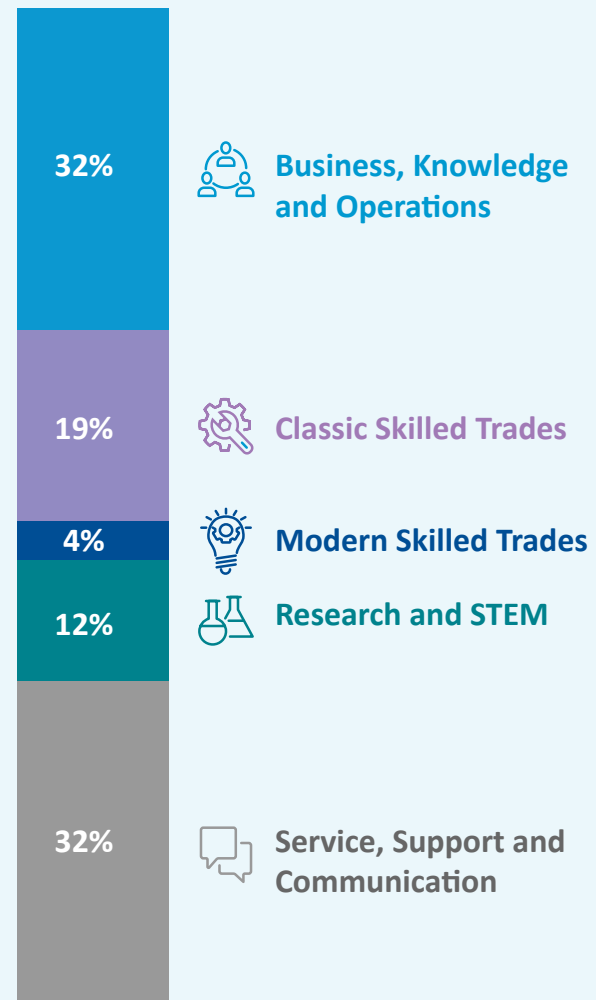
Toronto Region Board of Trade with Universities and Colleges councils

TIMELINE: Short-term in coordination with a regional economic strategy for recovery

HOW

To drive rapid re-skilling, an “all hands-on deck” approach is required. First, more businesses need to take a leadership role in re-skilling the region’s labour force by investing in their employees. Some of the region’s biggest employers are doing their part (see highlight box). Second, educational institutions must play a more direct role in skills development by scaling work-integrated learning programs (e.g., co-op and apprenticeships). Work-integrated learning has proven successful in delivering higher employment and wage rates.⁵⁷ Further, educational institutions can respond to business needs with increased levels of work-integrated learning opportunities that accelerate ‘work ready’ behaviours. Third, collaboration is required between the private sector, government agencies, and service providers responsible for workforce training, to promote a demand-driven approach which focuses on re-skilling for current and future employer needs.

FIGURE 8
Labour Force Distribution Based on Occupation Type



Source: O*NET skills data with EBI analysis

RACE TO RESKILL

RBC is a leader in the race to reskill and up-skill workers. RBC Upskill⁵⁶ is designed to promote reskilling for workforce retention, preparing for the jobs of the future and income stability.

90% of occupations require a post-secondary degree in the Research and STEM category

86% of occupations in Modern Skilled Trades require a college degree, compared to just 33% in Classic Skilled Trades

Every occupation requires a different mix of knowledge, skills, and abilities, and is performed using a variety of activities and tasks. The specialization in certain skills is similar across a number of different occupations. For example, welders and plumbers, both have above average ‘installation skills’, while managers and marketing professionals would similarly specialize in communication skills. By analysing the skills profile shared among occupations across the Corridor, EBI has arrived at a set of mutually exclusive categories that represent meaningful segmentations of the labour force that share similar skills and abilities, but also challenges and opportunities.



SERVICE, SUPPORT AND COMMUNICATION

The Service, Support and Communication (SSC) category contains a mixture of occupations highly skilled in service orientation and literacy. Many service occupations such as retail and food service workers fall into this category, as well as support occupations such as aides and assistants. Many occupations in this category are skilled communicators and include creative occupations that combine both active learning and literacy to interpret and communicate a message or story to an audience.



CLASSIC SKILLED TRADES

The Classic Skilled Trades (CST) category represents occupations with strong competencies in hands-on and installation skills, but generally do not require a post-secondary degree. This includes most of the manufacturing occupations such as labourers and assemblers, construction trades, transportation, agricultural and natural resource occupations.



MODERN SKILLED TRADES

Modern Skilled Trades (MST) also includes occupations highly specialized in hands-on and installation skills competencies but is distinguished from the CST category by a high aptitude in systems evaluation, science, analytical and technology skills. These trades occupations tend to work in areas like advanced manufacturing that require classic trades skills along with a specialization in technology and engineering skills often requiring a post-secondary education.



BUSINESS, KNOWLEDGE AND OPERATIONS

The Business, Knowledge and Operations (BKO) occupations are distinguished by strengths in management and sociable skills. Many occupations are in professional business, finance, and administration roles, which includes professionals in insurance, investment, and finance. This category also includes other professional occupations that are highly socially-oriented such as educational researchers, social workers, and librarians, in addition to management and supervisory occupations in the trades.



RESEARCH AND STEM

The Research and STEM (RSTEM) category comprises the largest number of occupations in professional occupations which require a degree, with 90 percent of occupations requiring a post-secondary degree. This category is especially skilled in science, technology, and analytical skills. It includes professionals working in health and sciences such as physicians, dentists, pharmacists, data analysts, but also research and consulting occupations that have a high degree of active learning and literacy skills such as consultants, professors, researchers, and program officers.

ACTION 6

Digitize, Open, and Innovate Government

WHAT

The importance of digitizing government, a process already underway in municipalities across the Corridor, came into sharp focus and was accelerated during the pandemic. Municipalities can build on this momentum by leveraging the region's innovation ecosystem (incubators, accelerators, and R&D centres) and harnessing the talent of local tech. At the same time, municipalities can cut costs by streamlining procurement and bulk purchasing options across the Corridor, on which billions of dollars are spent each year. There is an opportunity to “re-think” service delivery and shared services, while simultaneously supporting economic recovery by intentionally leveraging the regional innovation ecosystem and supporting local start-ups. Digitalization can be viewed as a critical step to not only build a more responsive government, but a more resilient government and regional economy.

WHY

Public procurement of innovation, enabled by digitization, can play a key role in improving the efficiency and quality of public services while supporting the growth and development of local small and Medium Enterprises (SMEs) and start-ups. For example, the City of Toronto alone spends \$1.8 billion through its Social Procurement Program.⁵⁸ However, municipalities face some restrictions on procurements based on obscurities of international trade agreements and outdated provincial legislation⁵⁹ Municipalities are in a unique position to drive demand and offer opportunities for the development and testing of innovative products and services. Start-ups will play a critical role in economic recovery, while a strong innovation ecosystem will ensure continuous economic growth. By calling on local tech talent to help identify common challenges and scale solutions across the Corridor, municipalities can reduce duplicative efforts, create and learn from pilots, and collaborate to allow new thinking on service delivery.

LEAD

Regional leadership caucus with Toronto Region Board of Trade and Innovation Ecosystem

TIMELINE: Short-term (Kickstart discussions between Corridor municipalities)

HOW

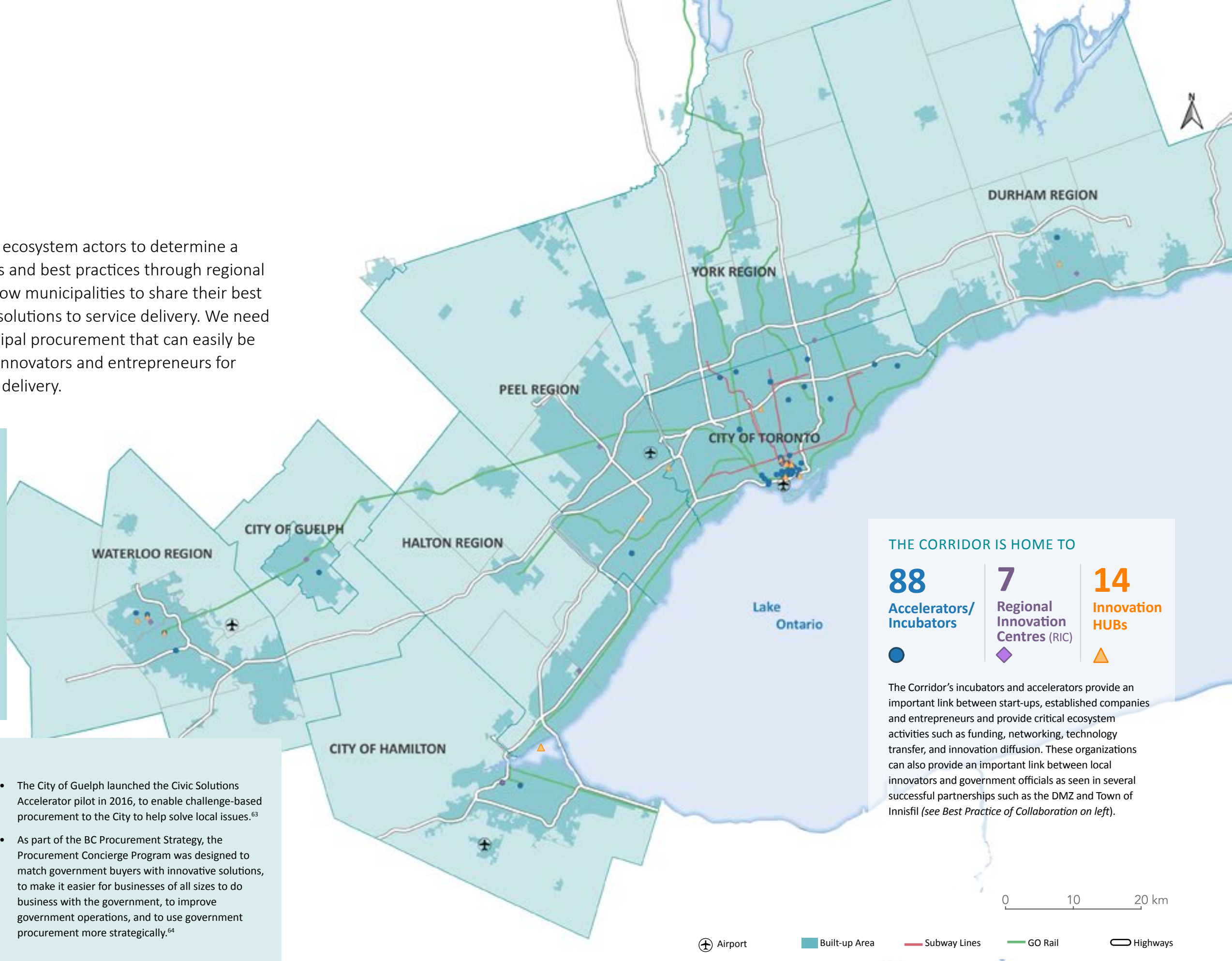
We need to work with local innovation ecosystem actors to determine a path forward to scale existing programs and best practices through regional open-innovation platforms. This will allow municipalities to share their best practices for implementing innovative solutions to service delivery. We need to determine barriers to current municipal procurement that can easily be removed, so that we can tap our local innovators and entrepreneurs for solutions to improve municipal service delivery.

BEST PRACTICE OF COLLABORATION BETWEEN MUNICIPALITIES & INCUBATORS

Ryerson University’s business incubator The DMZ provides a model of how municipalities across the region, especially smaller municipalities, can work with local start-ups to identify tech solutions for service delivery. The DMZ’s collaboration with the Town of Innisfil has led to an innovative project where local talent is helping Innisfil create a new source of revenue by providing more efficient technical solutions for the town’s 311 service.⁶⁰ The network of Regional Innovation Centres (RICs) including Communitech (Waterloo), RIC Centre (Mississauga), HalTech (Oakville), Innovation Factory (Hamilton), Innovation Guelph (Guelph), MaRS (Toronto), Spark Centre (Oshawa) and Venture Lab (Markham) also have a critical role to play in connecting innovators with municipalities across the Corridor.

BEST PRACTICE FOR PROCUREMENT

- Toronto’s 2016 Social Procurement Program was designed to achieve “strategic social, economic and workforce development goals using an organization’s process of purchasing goods and services.”⁶¹
- The City of Mississauga launched its Sustainable Procurement policy in 2018, designed to find suppliers for government contracts that have leading sustainability, human rights, and fair labour, health and safety practices. Special consideration is given to dividing large and multiple contracts to provide greater access for suppliers of all sizes.⁶²
- The City of Guelph launched the Civic Solutions Accelerator pilot in 2016, to enable challenge-based procurement to the City to help solve local issues.⁶³
- As part of the BC Procurement Strategy, the Procurement Concierge Program was designed to match government buyers with innovative solutions, to make it easier for businesses of all sizes to do business with the government, to improve government operations, and to use government procurement more strategically.⁶⁴



THE CORRIDOR IS HOME TO

88	7	14
Accelerators/ Incubators	Regional Innovation Centres (RIC)	Innovation HUBs
●	◆	▲

The Corridor’s incubators and accelerators provide an important link between start-ups, established companies and entrepreneurs and provide critical ecosystem activities such as funding, networking, technology transfer, and innovation diffusion. These organizations can also provide an important link between local innovators and government officials as seen in several successful partnerships such as the DMZ and Town of Innisfil (see Best Practice of Collaboration on left).



Airport	Built-up Area	Subway Lines	GO Rail	Highways
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ACTION 7

Harmonize and Simplify Municipal Procurement Processes and Procedures

WHAT

The Toronto Region Board of Trade surveyed chambers of commerce, boards of trade, industry associations, and selection of businesses across the Corridor on the pain points their members experienced in routine interactions with municipalities. A key theme was inconsistency, both with approval times and municipal planning and licensing processes that are protracted, tortuous and idiosyncratic. Businesses experience varying approaches to the same procedures in their day-to-day interactions with municipalities across the Corridor. From the issuing of routine building permits to differing curbside delivery rules, the uneven application of municipal regulations in different parts of the Corridor are key frustrations that can have an impact on costs to business, and ultimately their competitiveness.

WHY

As part of any recovery effort, it is imperative that we make doing business easier by addressing the lack of harmonization of municipal rules across the Corridor. Businesses and supply chains do not operate according to municipal boundaries, but our region and its outdated governance do not recognize this fact. Small businesses must go through multiple and time-consuming permit approvals to open a new restaurant, a childcare centre, or renovate a business. This can be frustrating and costly.

LEAD

Toronto Region Board of Trade with Innovation Corridor Council and regional leadership caucus

TIMELINE: Short-term (Kickstart case studies)



QUICK WIN HARMONIZATION

Municipalities in the Innovation Corridor are important economic engines for both the province and Canada as a whole. Establishing consistent, comparable regional data is essential to understanding the role of the Corridor in the larger economy, and informing policies that enhance economic and productivity growth.⁶⁵ Currently several municipalities in the region conduct annual employment surveys, but the type, collection method, and measurement of that data can vary widely and may not be publicly available. The Province should work with municipalities, business, and tech innovators to harmonize and automate annual employment surveys so that results are timely, publicly available, and comparable across the Corridor. This data is crucial to track regional trends and to inform a regional economic strategy.

HOW

A first step to address regional harmonization of bylaws, procedures, and application processes would be to build on current provincial and municipal work to reduce red tape by focusing on regional coordination across the Corridor. Sector-specific case studies are needed to identify regional harmonization requirements and to put in place sector-specific solutions. The following three examples are suggested as initial case studies.



CHILDCARE

COVID-19 has brought into focus the critical importance of childcare to workforce participation and productivity. In Ontario, the Province establishes the overall regulatory environment for childcare centres, while municipalities across the Corridor have different rules and requirements in place, particularly for fire, zoning, and health & safety. This inconsistency increases the cost for the same service provider to run a childcare facility in different locations across the Corridor. As the region grows, more affordable childcare spaces will be needed. Harmonizing municipal approaches to daycare providers may help reduce costs of childcare.

As the region grows, more affordable childcare spaces will be needed. Harmonizing municipal approaches to daycare providers may help reduce costs of childcare.



E-COMMERCE

As e-commerce-related delivery accelerates across the Corridor, regional coordination is required to facilitate curbside delivery, reduce congestion and rethink the use of roads and parking. This must reflect both online fulfilment and the advent of new models of mobility such as ride-hailing, automated vehicles, active transportation, as well as a reduced need for parking and parking garages. Increased ecommerce places more demand on municipal assets and services. However, municipalities that are not home to logistics facilities have not benefited financially from the growth of e-commerce. Determining a quid pro quo solution can help facilitate the growth of e-commerce and contribute to the financial sustainability of our cities.



SMART CITY POLICY

We need to create a common smart cities policy framework across the Corridor that addresses issues of privacy, data sovereignty, data security, and infrastructure planning. That way, the smart use of urban tech, whether sensors or autonomous vehicles, can be tested, rolled out and scaled up to make our cities more liveable.

ACTION 8

Target GHG Reductions in Largest Emitting Sectors

WHAT

A growing chorus of voices has been calling for stimulus dollars to be spent strategically to achieve the twin goals of job growth and the reduction of greenhouse gases.⁶⁶ Doubling down on the greening of the economic recovery can be achieved by coordinating building retrofit incentive programs and coordinating and accelerating the electrification of transportation.⁶⁷ Introducing incentives to spur consumer and business spending programs on home and commercial building retrofits has the potential to boost the economy, expand the green economy, and accelerate job growth.⁶⁸

WHY

The building and transportation sectors represent a combined 77% of carbon emissions in the Greater Toronto and Hamilton Area according to The Atmospheric Fund.⁶⁹ Significant progress has been made by the government and the business community to reduce carbon emissions and encourage green economies. However, more action will be required to meet our climate change goals. Green investments have also been shown to accelerate economic recovery and can be effective at creating new jobs and increasing consumer spending.⁷⁰ From 2015 to 2017, the average annual reduction of carbon emissions across most of the Corridor was 1.7%. However, to achieve carbon-neutrality by 2050, emissions must decline at approximately four times this rate.⁷¹ There is an imperative to include carbon reduction strategies as part of any stimulus spending, but a more strategic approach should link this spending to a regional economic strategy in order to grow green jobs.

LEAD

Province of Ontario and Government of Canada with municipalities.

TIMELINE: Short to medium-term

HOW

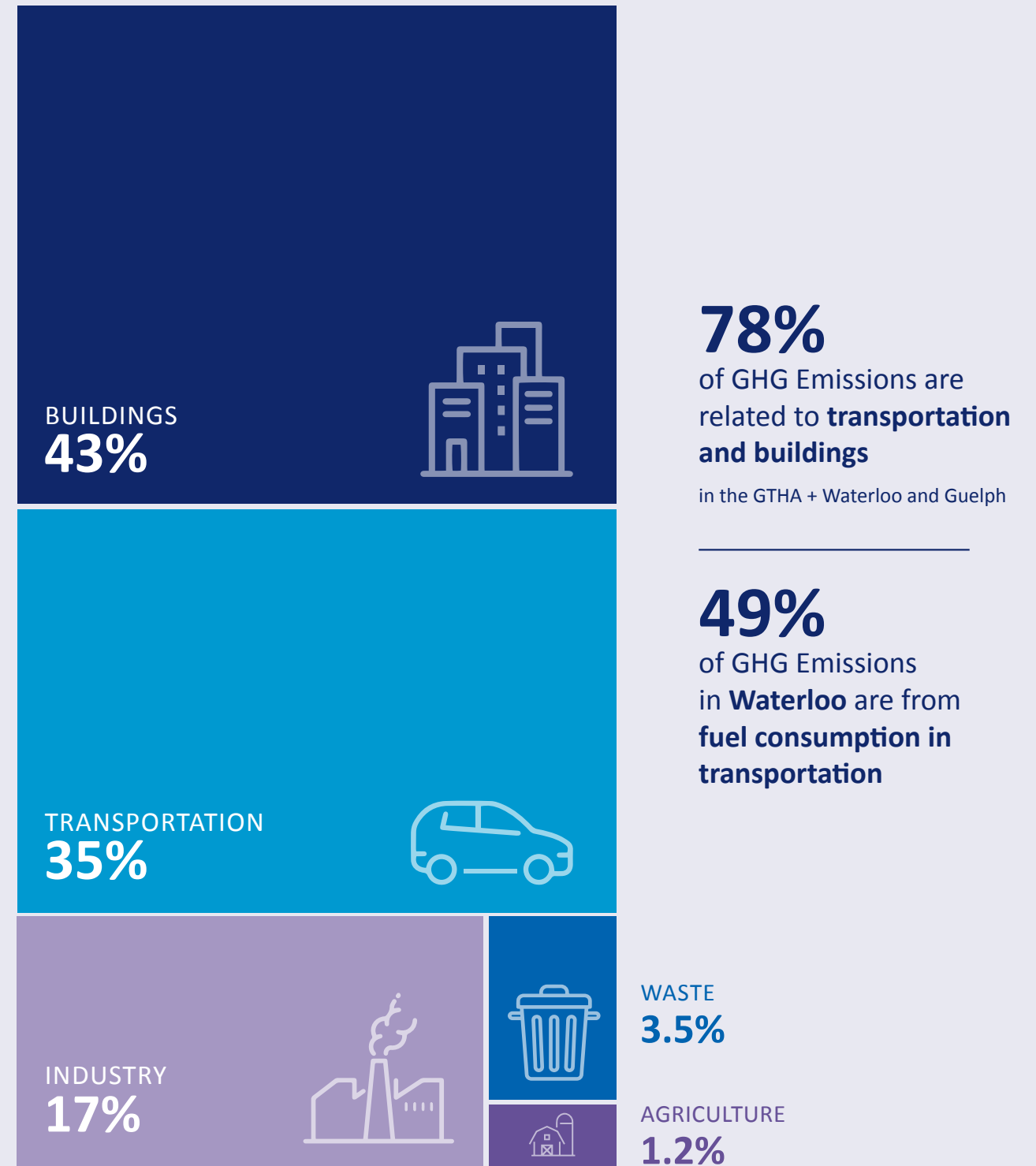
To effectively reduce emissions, an “all hands-on deck” approach is needed that includes government, sustainability non-profits, public and private sector corporations, civil engineering/construction firms, real estate leaders, and automotive producers. To maximize incentives to consumers, coordination of programs is required among the federal, provincial, and municipal governments. Municipalities should spearhead consistency in electrified transport by coordinating on local bulk purchasing efforts for both electric transit bus fleets and shared bus fleet charging infrastructure.

A GREEN RECOVERY AGENDA

In the United Kingdom, British finance minister Rishi Sunak announced recently that about \$5 billion (3 billion pounds) had been set aside to improve energy efficiency in homes and public buildings to kickstart recovery. The plan allows for households to be given grants up to \$8,600 (5,000 pounds) to cover two-thirds of the cost of insulation and double-glazing of windows, to cut down on energy costs and associated greenhouse gas emissions.⁷² At home, the Canadian Urban Transit Research & Innovation Consortium (CUTRIC) has been leading the charge for “appropriate joint procurement mechanisms with coordinated funding and financing solutions” for electric buses and fuel cell buses to “rapidly encourage domestic job growth immediately, given that several leading manufacturers in this space have Canadian headquarters or significant manufacturing footprints in the country.”⁷³ The acceleration of the adoption of Battery Electric Buses (BEB)s and electric vehicle charging infrastructure region-wide will also improve intra-region transportation, and contribute to achieving the region’s goal of carbon-neutrality by 2050 (eliminating most of the 49.2 million tons of carbon emitted annually).⁷⁴



FIGURE 10
GHG Emissions in Greater Toronto Hamilton Area + Waterloo and Guelph



Source: Greater Toronto and Hamilton Area (GTHA) numbers from The Atmospheric Fund (TAF). Additional sources were added from Our Energy Guelph and Climate Action Waterloo to develop a more ‘complete’ regional number. There were no comparable numbers for Waterloo for the industry sector and for Guelph for Agriculture and Industry.

ACTION 9

Support a New Deal for Canada's Global Cities

WHAT

Cities are the economic engines of the global economy. The strength and competitiveness of Canada's cities will determine the trajectory of Canada's economic recovery from the COVID crisis. Now is the time to build a coalition of civic leaders willing to support and advocate for a new deal for Canada's global cities.

WHY

In a 2018 report by the Canadian Global Cities Council (CGCC) titled *Planning for an Urban Future: Our Call for a National Urban Strategy for Canada*, the Board and eight other big city chambers of commerce stated: "One hundred and fifty years after Confederation, Canada has changed radically. But from a local, urban perspective, the form and design of Canadian federalism has not kept pace with that reality."⁷⁵ Municipalities are still creatures of the province under the Canadian constitution. Federal assistance to cities flows through the Province with complex cost-sharing formulas and conditions. Municipalities cannot run budget deficits and still must rely mostly on property taxes, which is a "a good tax for funding local services such as local roads, parks, and recreation centres, (but) is not as effective at funding redistributive services (such as social housing), because it is less directly linked to the incomes of those being taxed."⁷⁶ Enid Slack, Director of the Institute for Municipal Finance and Governance (IMFG) has argued that transit offers another example where all orders of government need to come together to provide stable funding, not only for capital improvement but also for operations and maintenance.⁷⁷ In the Innovation Corridor, there is unequal access to revenue tools for cities. For example, the City of Toronto Act provides additional revenue tools not accessible to other Corridor municipalities. As the region continues to welcome over 100,000 new residents per year, municipalities need more revenue tools to plan ahead to address 21st century challenges faced by global city-regions. 21st century challenges faced by global city-regions.

LEAD

Coalition of business community including Canadian Global Cities Council (CGCC), civic society and municipal leadership including Federation of Canadian Municipalities (FCM) and Association of Municipalities of Ontario (AMO)

TIMELINE: Medium-term to long-term (next federal election)

THE IMPACT OF DOWNLOADING MORE THAN TWO DECADES LATER

In Ontario, the imbalance between services and revenue sources is particularly acute compared to other jurisdictions across Canada. It is the only province in Canada where property tax pays for a portion of health and social services. This was the result of decisions made in 1997, when the Province of Ontario first began to download a series of services to the municipalities, including transit, childcare, affordable housing, roads, and property assessment.⁸⁰ A recent paper from the Institute for Municipal Finance & Governance suggests that re-aligned fiscal arrangements for ambulances and public health were made in such a way “that a larger share of costs were shifted to municipalities, which were ill-equipped to take on the extra financial burden.”⁸¹

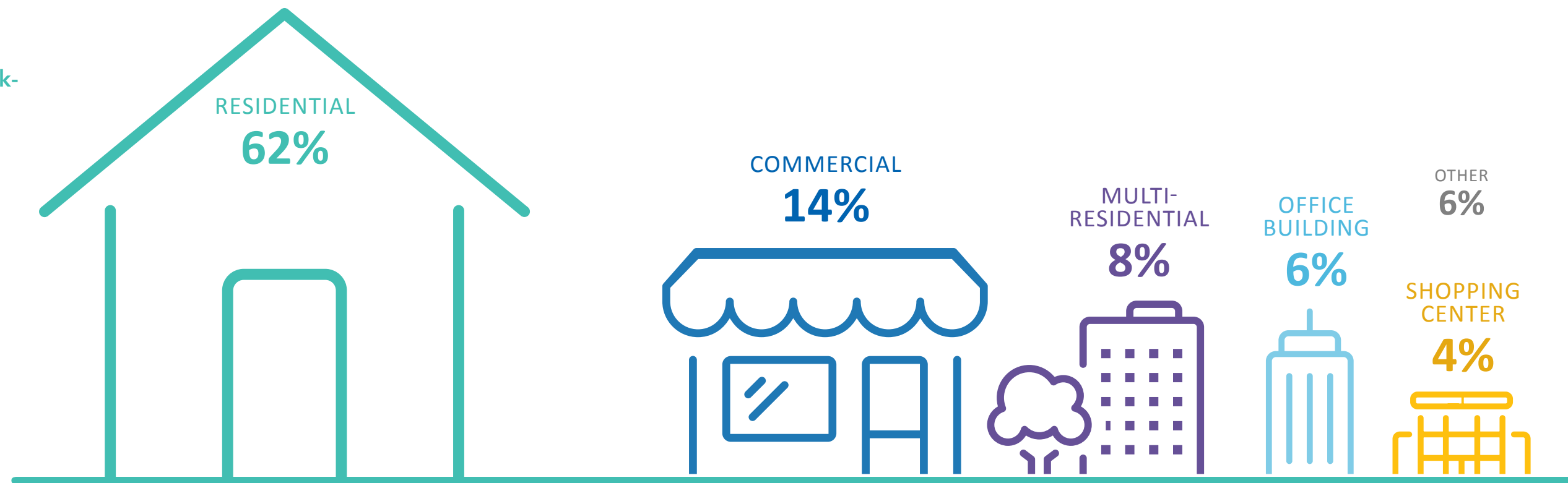
Senior administrators from the six major cities across the country have also begun to meet with senior federal counterparts from finance, infrastructure and industry to discuss city challenges.⁸²

HOW

As Janet Ecker, the former Ontario Minister of Finance and current vice-chair of Toronto Global, has suggested that now would be the time to negotiate the “grand bargain” among all three levels of government. On the agenda is deciding which level of government should deliver which services, for how much, and how to pay for them.”⁷⁸ During the pandemic, mayors and senior officials across the Greater Toronto Area and Hamilton remained in constant contact with each other to assess the fiscal and service impact of COVID. This spirit of cooperation, which included an apples-to-apples fiscal impact estimate to inform federal and provincial recovery aid support, can be built upon. Senior administrators from the six major cities across the country have also begun to meet with senior federal counterparts from finance, infrastructure and industry to discuss city challenges.⁷⁹ This momentum to give our cities their due place in confederation can be built on. A coalition of business and civic society leaders can press for the revisiting of service delivery and fiscal arrangements among the three levels of government. This can be done by establishing an intergovernmental “who does what” blue ribbon panel. A campaign is needed that calls for a review framework and presses for the actions required to make Canada’s cities more globally competitive.

FIGURE 11
Property Tax Revenue Break-Down Across the Corridor

60%+
of municipal revenues is reliant on **property taxes** across the Corridor on average



Source: Financial Information Returns (FIR) for 2018. Ministry of Municipal Affairs and Housing (MMAH)

ACTION 10

Invest in the Social Determinants of Health

WHAT

In order to make the Corridor stronger, more resilient and more equitable, we need to reimagine the foundations of our social safety net and put equity at the center of all decisions made about investments across the Corridor. COVID has exposed our vulnerabilities. The Canadian Emergency Response Benefit (CERB) highlighted that the federal government has the fiscal capacity to protect the most vulnerable in our society in the short-term, but there is growing concern about what will happen when this type of mass income support ends and businesses begin to restructure. Investments in the conditions that create economic opportunities – like affordable housing, and quality childcare to enable early learning and support women working – are investments that create a resilient and equitable society.

WHY

Social and economic policies can no longer be seen in isolation. By improving social safety nets, low- and mid-income earners will experience a greater sense of stability, increasing the likelihood of economic contributions and productivity.⁸³ By taking a fresh look at the way infrastructure is defined and investments are made, the federal and provincial governments must consider the economic and social determinants of health in the design of their program priorities.⁸⁴ Greater inclusion of women in the economy has been an important source for growth for the Canadian economy. Policies that support childcare services play an important role in ensuring that women can participate in the labour market and avoid the ‘parenting penalty’ women face when forced to make trade-offs between career and childcare. The challenge of providing childcare during the pandemic has impacted caregivers of all kinds. However, women have not only lost jobs at higher rates, but have been shown to be more likely to “fall out” of the labour force altogether. In the month of April, female labour force participation rates dropped precipitously to rates not seen since the 1980s.⁸⁵

LEAD

Regional leadership caucus with Government of Canada, Province of Ontario.

TIMELINE: Medium to long-term.



HOW

The federal and provincial governments need to evaluate the role of CERB and review past programs such as the Ontario 2017 Basic Income pilot to determine success areas, necessary improvements, and key learnings applicable to future income support programs. As the gig economy grows, our social safety net must adapt. Government can also ensure that stimulus investments take into account the social determinants of health and go beyond “shaving and paving” of roads and highways.⁸⁶

BENEFITS OF A NATIONAL CHILDCARE POLICY

Despite innumerable social and economic benefits, Canada spends the least among OECD economies on childcare -- as little as 0.2% of GDP.⁸⁷ In major cities such as Vancouver and Toronto, families with young children can spend as much on housing as they do on daycare – that is if they can secure a coveted childcare spot to begin with.⁸⁸ Now more than ever, a national childcare strategy is needed. The long-term benefits of providing affordable childcare has shown to vastly exceed the costs: every dollar invested into child care has been shown to return \$8.60 back into the economy over the child’s lifetime.⁸⁹ COVID will continue to disproportionately impact women throughout recovery. While women accounted for 45% of the decline in hours worked over the downturn, it is estimated they will only account for 35% of the recovery.⁹⁰ A national childcare strategy can ensure that women avoid “falling out” of the economy and that the long-term economic impacts of the decisions facing families in the difficult time are mitigated.

The Opportunity Before Us

We will build back. We always do. The question before us is if we can build back stronger.

In 2020, we faced two crises simultaneously. The COVID-19 health pandemic also brought on the most serious economic downturn since the Great Depression. There is now an opportunity for business, civic and government leaders in Ontario’s Innovation Corridor to plan for recovery not as individual industries, cities, or regions, but as a single, connected city-region. The Corridor’s economic districts, labour force and innovation ecosystem are inextricably linked. That is a tremendous source of strength and a fount of untapped potential.

But to succeed, we have to move beyond our pre-pandemic ways of working, especially across municipal borders. Michael Fenn, a former deputy minister with the Province of Ontario and a member of the steering committee for this playbook, has stated that regional cooperation will require municipalities to take the initiative. They cannot wait for a governance “fix” that may never arrive from the provincial government. Any voluntary governance arrangements, Fenn said, must be built on relationships and trust as they address key regional issues such as housing affordability, transit, water and wastewater, inequality, economic development, and climate change. These issues, he said, “spill across municipal boundaries” and require cooperation and coordination at a pan-regional scale.

Some of the transformations and actions that we have identified will be harder to achieve than others. A strategy on broadband must be planned through an economic development lens. Seamless transit fare and schedule integration must become a reality by 2025. Current procurement practices must be addressed urgently if the local tech innovation ecosystem and entrepreneurs are to benefit. The same is true of the need to harmonize key municipal processes and procedures, especially smart city policies that can spur urban tech innovation. The hardest action, and the one which needs the most sustained effort, will be to address the revenue-services imbalance for cities.

We were all born into a world built by those who came before us. They faced challenges. They rose to them. So must we.

What we face today is a crisis, but it is also a once-in-a-century opportunity. The choice before us is to ignore the possibilities of these times, or embrace them. It is the view of the people who contributed to this report that we chose the latter option. That we don’t just build back, but come back stronger. That we work together, across governments, across public and private sectors, and across geography to plan and create a better place than the one we inherited. We have the talent, the will, and the circumstance.

Now, the challenge is to act.

Any voluntary governance arrangements must be built on relationships and trust as they address key regional issues such as housing affordability, transit, water and wastewater, inequality, economic development, and climate change.

Michael Fenn
Former Deputy Minister of Ontario
and Playbook Steering Committee
Member

APPENDIX A

Occupational Categories Methodology

Based on EBI's work correlating occupations to skills, 487 occupations were segmented into 5 categories using a cluster analysis. Scores were standardized and scaled across all skills families, based on 35 O*NET skills scores. This resulted in five mutually exclusive occupational categories composed of 4-digit NOC codes. Skills data for 13 occupations were not available; jobs in these occupations account for about 1% of the total labour force and were not included in the five categories.

- 1. Service, Support and Communication:** The Service, Support and Communication (SSC) cluster contains a mixture of occupations varying by degree of education and training. Nearly half of occupations require a college degree, and around 1 in 10 require a university degree. SSC occupations are skilled in-service orientation and literacy skills. Many service occupations such as retail and food service workers are in this cluster, as well as support occupations such as aides and assistants. Many occupations are skilled communicators; creative occupations such as musicians, dancers, writers, and artists are combining both active learning and literacy to interpret and communicate a message or story to an audience.
- 2. Classic Skilled Trades:** The Classic Skilled Trades (CST) cluster has greater competencies in hands-on and installation skills than the average occupation, with around 1 in 3 occupations in this cluster requiring a college degree. This cluster contains the majority of manufacturing occupations, which include labourers and assemblers. Most agricultural and natural resource occupations are in this cluster, which includes farmers and workers in mining/oil. Around half of occupations in Trades, transport and equipment operators are in this cluster, which includes construction, industrial and transportation trades.
- 3. Modern Skilled Trades:** Modern Skilled Trades (MST) also includes occupations highly specialized in hands-on and installation skills competencies but is distinguished from the CST category by a high aptitude in systems evaluation, science, analytical and technology skills. These trades occupations tend to work in areas like advanced manufacturing that require classic trades skills along with a specialization in technology and engineering skills often requiring a post-secondary education.
- 4. Business, Knowledge and Operations:** The Business, Knowledge and Operations (BKO) cluster is highly educated; 1 in 5 occupations require a university degree, and almost half require a college degree. Although this cluster is more skilled than the average occupation in all skills but Hands-on and Installation skills, these occupations are especially distinguished based on its strengths in management and sociable skills. Many occupations are in professional business, finance and administration roles, which includes professionals in insurance, investment, finance and auditing. Other professional occupations are highly socially-oriented; this includes educational researchers, social workers, nurses, librarians, etc. In addition, a large majority of management and supervisory occupations are in this cluster as well; this includes supervisors in trades occupations, business operations, as well as service.

- 5. Research and STEM:** The Research and STEM (RSTEM) category comprises the largest number of occupations in professional occupations which require a degree, with 90 percent of occupations requiring a post-secondary degree. This category is especially skilled in science, technology, and analytical skills. It includes professionals working in health and sciences such as physicians, dentists, pharmacists, data analysts, but also research and consulting occupations that have a high degree of active learning and literacy skills such as consultants, professors, researchers, and program officers.

APPENDIX B

Housing Affordability Methodology

EBI used data on income and shelter costs to calculate what percentage of a household's after-tax income would be spent on purchasing or renting a home.

Data and Assumptions:

Average Sale Price for Homes: We used data on the average sale price for every Upper and Single-Tier municipality that make up the GTA. This was obtained from the Toronto Real Estate Board's January 2020 Market Watch report. The average sale prices for the City of Hamilton and Kitchener-Waterloo were retrieved from their respective real estate boards for January 2020. The City of Guelph was excluded, therefore the data is missing.

Average After-Tax Income: We used the average after-tax income of households in 2015 from the 2016 Statistics Canada Census. We have calculated the weighted average income of the region's municipalities based on the total number of employed residents.

Monthly Mortgage Costs: We assumed that a buyer had already made a 25% down payment (not included in the cost calculations), and was locked into a 3.29% mortgage interest rate, with a 25-year amortization.

Note that the costs of housing do not include: property tax, utilities, home insurance, mortgage insurance, down payment costs, typical closing costs (e.g. legal, commission, land transfer taxes, title search, etc.) or any costs of upkeep (e.g. maintenance, renovations).

Average Rental Price: We used data on the average sale price for every Upper and Single-Tier municipality that make up the GTA. This was obtained from the Toronto Real Estate Board's Q1 2020 Rental Market report.

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The **Toronto Region Board of Trade** is one of the largest and most influential chambers of commerce in North America and is a catalyst for the region's economic growth agenda. Backed by more than 13,500 members, we pursue policy change to drive the growth and competitiveness of the Toronto region, and facilitate market opportunities with programs, partnerships and connections to help our members succeed – domestically and internationally. To learn about the Board's economic recovery efforts and response to COVID-19, visit supportbusiness.bot.com. For more on making Toronto one of the most competitive and sought-after business regions in the world, visit bot.com and follow us at [@TorontoRBOT](https://twitter.com/TorontoRBOT).

The **Economic Blueprint Institute (EBI)** is a strategic initiative of the of the Toronto Region Board of Trade with the goal of developing an economic blueprint for the Innovation Corridor. To expedite the region's economic recovery, EBI is taking a research and data-driven approach to understanding COVID-19 recession impacts and developing a regional strategy that identifies economically enabling priorities.

