

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
November 5, 2020

Report of the Commissioner of Corporate Services and Chief Planner

Toronto Global Update - 2019/2020 Results

1. Recommendations

It is recommended that:

1. Council confirm funding for the final year of the current Foreign Direct Investment (FDI) attraction services agreement with Toronto Global for the period of April 1, 2021 to March 31, 2022, subject to all existing government partners committing to funding for the remaining term
2. In the fall of 2021 staff assess York Region's continued participation in an agreement with Toronto Global for 2022 onwards and bring recommendations for Council consideration

2. Summary

On [March 21, 2019](#) Council authorized the Chief Administrative Officer to execute the renewal of an agreement with Toronto Global to provide FDI attraction services, subject to the Federal and Provincial governments and all existing municipal funders committing to funding during the same term. York Region's funding commitment is reaffirmed annually by Council through the budget approval process and is in force until March 31, 2022.

This Report provides an update on Toronto Global 2019/2020 activities following the release of its 2019/2020 annual report.

Key Points:

- Toronto Global was formed in 2016 as a partnership between all levels of government to undertake FDI on behalf of Greater Toronto Area (GTA) municipalities. The annual cost of the current agreement to the Region is approximately \$336,000.
- Toronto Global handles all aspects of lead generation and client services in-house as per the agency's 'one stop shop' model, with limited opportunities for municipalities to get directly involved with investment clients.
- Toronto Global continues to make a positive impact on FDI attraction to the GTA however the agency's results in York Region remain limited.

- Toronto Global is making efforts to work closer with both Regional and local municipal economic development staff to address the lack of results in York Region.
- Direct relationship between Toronto Global and the Region's local municipalities is critical for collaboration and alignment with local municipal FDI initiatives.
- In the fall of 2021 staff will assess York Region's continued participation in a subsequent Toronto Global agreement for 2022 onwards and bring recommendations for Council consideration.

3. Background

In 2019, York Region renewed its FDI attraction services agreement with Toronto Global at the direction of Council

In collaboration with other Greater Toronto Area (GTA) municipalities York Region has been funding and supporting joint FDI attraction in the GTA for over 20 years, more recently through the Toronto Global agency established in 2016 as a partnership between all three levels of government.

Toronto Global undertakes FDI attraction on behalf of GTA municipalities. The agency's mandate is to attract new investments from foreign companies into the GTA by providing end-to-end investment lead generation and client services, supported by the marketing and promotion of the 'Toronto Region' brand.

Business growth and job creation are Council priorities, and Toronto Global provides an additional avenue for supporting this priority. The partnership with Toronto Global allows for York Region's funds to leverage additional funding from all levels of government so as to extend the collective reach of the internationally recognized 'Toronto' brand with international investors for the benefit of all funding partners.

Toronto Global is supported financially by the Cities of Brampton, Mississauga, Toronto and the Regions of Durham, Halton and York, as well as the Federal and Provincial governments. The annual cost of the current agreement to the Region is approximately \$336,000.

Table 1 details the level of annual core funding by partner in the 2020/2021 fiscal year.

Table 1
Toronto Global Annual Funding by Stakeholder in 2020/2021 Fiscal Year

Municipality/Stakeholder	Annual Core Funding in the 2020/2021
Government of Canada	2,000,000.00
Government of Ontario	2,500,000.00
City of Toronto	908,220.24
York Region	335,976.78
City of Mississauga	232,149.96
Durham Region	210,524.94
City of Brampton	170,477.70
Halton Region	163,238.76
Total Annual Funding	6,520,588.38

Source: Toronto Global, August 2020

York Region entered into its first funding agreement with Toronto Global in 2016 and on March 21, 2019, Council authorized the renewal of a multi-year agreement with the agency. The current funding agreement is now in its second year of a three-year term that ends on March 31, 2022.

Toronto Global handles all aspects of lead generation and client services in-house as a ‘one stop shop’ model

Toronto Global’s operating model covers all aspects of FDI client sales and services - from lead generation (investment opportunity sourcing or identification) up to the final investment location decision - controlled by the agency and managed in-house by a team of Investment Advisors. The agency also spearheads the handling of investment leads received from upper-tier-government FDI attraction agencies and Canadian embassies and consulates worldwide.

Under Toronto Global’s mandate and operating principles, its client-centric ‘one stop shop’ approach to FDI attraction is aimed at ensuring consistent, confidential and competitive customer service. This is meant to meet the clients’ business needs and location requirements and better investment results for the GTA as a whole.

Toronto Global has hundreds of FDI clients in its active sales pipeline that have “strong potential to locate in the Toronto Region” and at its discretion shares select opportunities or inquiries with municipalities for support. Under this model, York Region and its local municipalities are not involved with the vast majority of Toronto Global’s active FDI clients and staff are not able to directly influence client investment location decisions.

4. Analysis

Toronto Global continues to make a positive impact on FDI attraction to the GTA

In August 2020, Toronto Global released its annual report for the 2019/2020 fiscal year. The agency's overall impact on attracting FDI into the GTA and promoting the internationally-recognized 'Toronto' brand globally continues to be positive. In the three years since becoming operational the agency facilitated 109 investments with a total of 5,939 jobs in the GTA. Table 2 provides a summary of Toronto Global's annual investment attraction results by year.

Table 2
Toronto Global GTA Investment Results by Year

Fiscal Year	Investment Facilitated by Toronto Global (GTA Total)	New Jobs Facilitated by Toronto Global (GTA Total)
2017/2018	27	1,199
2018/2019	33	2,299
2019/2020	49	2,441
Total	109	5,939

Source: Toronto Global, August 2020

For York Region, Toronto Global's specific investment results remain limited to two investments in 2017 with 20 jobs combined. No new local results were reported by the agency in 2019/2020.

Table 3 provides a breakdown of FDI investments facilitated by Toronto Global in 2017-2020 by municipal funding partner.

Table 3
Distribution of Toronto Global Investment Results by Municipal Funding Partner
2017-2020

Municipality	Investments Facilitated by Toronto Global 2017-2020	New Jobs Facilitated by Toronto Global 2017-2020
City of Toronto	93	3,984
City of Mississauga	9	1,857*
Region of Halton	3	28
City of Brampton	1	30
Region of York	2	20
Region of Durham	1	20
Total Investments	109	5,939

Source: Toronto Global, August 2020

* A single investment in 2018-19 accounted for over 1,000 jobs

Toronto Global's FDI attraction results in York Region are disproportionately low when compared to either York Region's economic share of the GTA or share of Toronto Global's municipal funding. They are also in contrast with the organic success of York Region and local municipalities as a leading destination in the GTA and Canada for business investment and FDI, in key growth industry sectors.

Direct relationship between Toronto Global and York Region's local municipalities is critical for collaboration and alignment with local FDI programs and initiatives

Toronto Global's direct municipal funding partners include a mix of single-, lower- and upper-tier municipalities. York Region's funding of the agency is approved by Regional Council and administered by Regional staff. Local cities and towns in York Region also have their own business attraction brands, assets and value propositions, as do the agency's direct lower-tier municipal funders (Brampton and Mississauga). Some of the Region's municipalities including the Cities of Markham, Richmond Hill and Vaughan and the Town of Newmarket also have FDI economic development programs or initiatives (pre COVID-19) with established relationships in key markets in the USA, Asia Pacific and Europe. These jurisdictions are also target FDI markets for Toronto Global.

York Region's Economic Strategy division is an active partner of Toronto Global and supports the agency's operations as required with business information, sector value proposition and professional feedback. In collaboration with local municipalities Regional staff also facilitates coordination and introductions for Toronto Global and its referred clients to business community stakeholders.

With the Region's support, local municipal economic development staff interact directly with Toronto Global. This helps improve coordination of FDI activities in relation to local municipal programs, support relevant investment inquiries and facilitate closer collaboration and information sharing, with the goal of helping Toronto Global improve its results in York Region.

Toronto Global is making efforts to work closer with Regional and local municipal economic development staff to address the lack of satisfactory results in York Region, however there are still challenges

Following the 2019 funding agreement renewal, Toronto Global's management committed to increase efforts to address the lack of satisfactory results in York Region. Key elements of that approach included:

- Working more closely with economic development staff to better align the agency's prospecting activities with York Region's top growth sectors and local municipal FDI programs
- More direct municipal involvement with Toronto Global clients and better pre-qualification of opportunities to drive more meaningful results in York Region
- Expanding Toronto Global's knowledge of unique FDI attraction assets and value propositions across York Region through regular information sharing meetings and staff participation in key local business events and economic development forums
- Establish more connections and partnerships locally, working through economic development staff
- Promoting transparency and information sharing
- Working to increase exposure for FDI value propositions in York Region, in a GTA context

In the 2019/2020 fiscal year Toronto Global made progress in some of the areas identified above. Examples include information exchange meetings and workshops with Regional and local municipal staff, increased Toronto Global staff presence at major local business events and direct Toronto Global staff participation in local municipal economic development initiatives such as the City of Vaughan Economic Recovery Taskforce.

The agency has increased efforts to provide visibility for York Region and other '905' funding partners. Key initiatives include partner-specific GTA tech sector dashboards, promoting the City of Vaughan's food processing sector at the 2019 global Anuga Food Fair in Germany in

collaboration with Vaughan's economic development office, Toronto Global/Global Affairs Canada 2019 event in collaboration with the City of Markham, and more inclusive social media promotion.

2019/2020 marked a significant milestone for Toronto Global with a record 49 investments in the GTA, \$482 million in capital expenditure, and 2,441 jobs created. However, none of those leads were shared with York Region staff during the pursuit phase.

In 2019/2020 Toronto Global shared 15 qualified FDI opportunities for direct municipal support in York Region, representing 5 per cent of over 300 clients the agency had in its sales pipeline deemed to have "strong potential to locate in the Toronto Region". These were defined by the agency as 'Level 2' and 'Level 3' investment leads. Those opportunities were also shared with other GTA municipal funding partners, however none of these 15 invested anywhere in the GTA. Of the 15 opportunities shared by the agency, from a York Region perspective, most represented low potential due to factors such as lacking investment readiness, low job impact, insufficient information, low-impact business activity or minimal space footprint (e.g. temporary co-location office).

Considering the results above, the number and quality of FDI client opportunities presented for municipal support as well as lack of visibility into the agency's Level 2 and Level 3 client pipeline remain a concern for York Region staff and may be impediments to better results in the Region. Regional and local municipal economic development staff continue to work with Toronto Global and push for addressing this gap.

In the fall of 2021 staff will assess York Region's continued participation in a subsequent Toronto Global agreement for 2022 and onwards, with recommendations as part of budget considerations

The current funding agreement with Toronto Global will be entering its third and final year on April 1, 2021, ending March 31, 2022. That will also mark the fifth year since the agency was established and funded as a partnership by all three government levels, including York Region.

In the fall of 2021 Regional staff, in consultation with local municipalities, will undertake a multi-year review of Toronto Global's results and benefits. Staff will reassess York Region's participation in a subsequent partnership agreement for 2022 and onwards, with recommendations as part of budget considerations.

5. Financial

York Region currently funds Toronto Global in the amount of \$335,976 annually with escalating cost of living increases. Funding for Toronto Global's 2019/2020 operating year has been incorporated in the 2020 Budget. Now in its second of a three year term, the current agreement is set to expire on March 31, 2021.

6. Local Impact

All municipalities in the GTA benefit from increased global awareness of the Toronto Region brand, which can be leveraged to support local initiatives with an international component. Toronto Global is engaging more directly with funding municipalities on tailored messaging.

At the same time, local municipalities in York Region all have unique business attraction strategies, goals, assets, and value propositions. It is therefore beneficial for the Region's local municipalities to also engage directly with Toronto Global to improve coordination of activities, utilize resources more effectively, increase local municipal exposure in key international markets and collaborate to attract more FDI. More involvement by the Region and local municipalities to support and handle investment of leads with an interest in York Region could assist in improving results.

7. Conclusion

On March 21, 2019 Council authorized the renewal of a multi-year agreement with Toronto Global as a partnership to undertake joint international FDI attraction under the Toronto Region brand. The current agreement will enter its third and final year on April 1, 2021.

Federal, Provincial and regional/local governments contribute in total close to \$7 Million annually to the agency under a three year agreement, with York Region contributing \$335,976 annually. All the funding organizations have funded Toronto Global for the 2020/2021 fiscal year. Since 2016 York Region and its local municipal partners have actively worked with and supported Toronto Global to help achieve their mutual objectives.

Since inception, Toronto Global has been successful in raising awareness of the Toronto Region brand globally. While the organization has been increasingly demonstrating capacity to facilitate investments and job creation in the GTA, they have yet to generate significant foreign investments and jobs in York Region.

To continue leveraging upper-level government funding it is recommended that Council confirm funding for the final year of the current FDI attraction services agreement with Toronto Global for the period of April 1, 2021 to March 31, 2022, subject to all existing government partners committing to funding for the remaining term. In the fall of 2021 staff will reassess York Region's participation in a subsequent partnership agreement with Toronto Global, with recommendations on whether to continue for 2022 and onwards as part of budget considerations.

For more information on this report, please contact Jonathan Wheatle, Director, Economic Strategy at 1-877-464-9675 ext. 71503. Accessible formats or communication supports are available upon request.

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October 23, 2020
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