

# AGENDA FOR GROWTH

*Policy playbooks to elevate the city*



TORONTO  
REGION  
BOARD OF TRADE



# BETTER BUSINESS

POLICY PLAYBOOK

2018 MUNICIPAL ELECTION





## CURRENT STATE

Over the past few decades, Toronto has become a recognized global city. As Canada's commercial centre, Toronto's success has been good news for all Canadians and all regions. But maintaining and improving its position requires a plan of action. Toronto needs a growth agenda to stay competitive.

We live in a global age in which cities compete against each other for business investment. Today, businesses seek jurisdictions with a robust economy, a talented workforce and reasonable business costs. For years, Toronto has consistently ranked as one of the world's most attractive cities for business investment – offering a large and affluent consumer market, a well-educated workforce, a high standard of living and importantly, attractive tax rates and labour costs. But recent factors, including rising energy prices, American tax reductions, trade agreement uncertainty, American import tariffs, rising labour costs, declining productivity, worsening traffic congestion and growing housing costs, should cause City Council to take a hard look at Toronto's competitiveness moving forward.

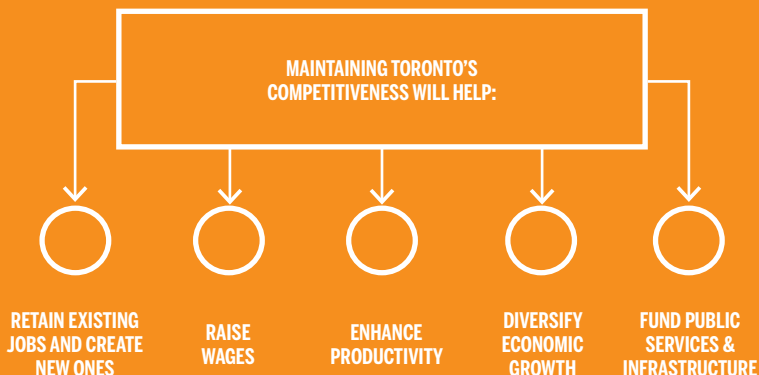
Some challenges are out of City Council's control – others are not. Toronto can be a better place for business by cutting time-consuming and costly red tape, making business taxation fairer, digitizing more municipal services and protecting employment areas for job growth. During the 2018 municipal election, we need a renewed focus on Toronto's competitiveness. And we need it fast. It's important that voters ask municipal candidates what they'll do to keep and attract good paying jobs to Toronto.

Read our complete series: [BOT.COM/AGENDAFORGROWTH](https://bot.com/agendaforgrowth)

# WHAT ARE WE PROPOSING?

KEEP TORONTO GLOBALLY COMPETITIVE BY MAKING IT AN EASIER PLACE FOR BUSINESSES TO SUCCEED.

Toronto is one of the world's best places to run a business or build a prosperous life. But remaining an attractive place for global business investment requires a plan of action. It requires a renewed focus on things that impede Toronto's competitiveness.



## HOW WE CAN MAKE IT HAPPEN

City Council can foster competitiveness by making Toronto a better place for doing business.

- 
- A list of four items, each preceded by a circle. The first circle is crossed out with a large 'X', and the second circle has a line pointing to it from the text above. The third and fourth circles have lines pointing to them from the text above.
- CUT RED TAPE
  - ENHANCE TAX COMPETITIVENESS
  - PROTECT EMPLOYMENT AREAS
  - BETTER, FASTER GOVERNMENT SERVICE

"A competitive business environment and collaborative business-led networks are essential in realizing the powerful economic potential of Toronto's advanced technology and manufacturing sectors."

JAYSON MYERS,  
NEXT GENERATION  
MANUFACTURING CANADA

"Manufacturing is an integral part of Toronto's economy and tax base. It creates good paying and family sustaining jobs for Torontonians. TIN agrees that to sustain and grow our manufacturing sector, City Council must make Toronto a better place for business."

ANDREW JUDGE,  
TORONTO INDUSTRY  
NETWORK PRESIDENT

"A competitive business environment is critical to the long-term success of the Canadian economy. Good tax and regulatory policy encourages capital spending, attracts foreign direct investment, and drive export growth."

MIKE HOLDEN, CANADIAN  
MANUFACTURERS & EXPORTERS  
CHIEF ECONOMIST

# OUR COMPETITIVE PLAY IN 4 MOVES

# 1

## CUT RED TAPE

One area where Toronto lags other North American cities is the modernization and reform of business regulations. In an environment where new business formation is in decline and existing business scale-up is rare, streamlining licenses and other basic rules can make a huge difference. For instance, it can be the difference between an entrepreneur choosing to start a job-creating business and one who gives up in frustration, or the difference between a family business choosing to expand operations and one that remains idle. It's time City Council institute better controls to stamp out unnecessary rules and redundant regulation.

To reduce red tape rapidly next term, the Mayor should put mayoral staff and a councillor in charge of red tape reduction. Cities including Chicago, Winnipeg and Vancouver have used similar staff-driven processes to transform their cities' licensing regimes in recent years. Both Chicago and Winnipeg cut the number of licenses on their books by 60% and Vancouver reduced its number of regulated categories from 600 to less than 100. But putting people in charge of cutting red tape is only part

of the solution. It's vitally important that Toronto adopt a principle-based standard for reviewing old and new regulation. Too often, City Council asks for new by-laws, licenses and permits without clearly defining what the public policy objective is, and whether regulation is an effective means for achieving that goal. A principle-based reform to business regulation should:

- ☐ Eliminate regulation that overlaps other government rules;
- ☐ Eliminate regulation that is not enforced by the City or is unenforceable;
- ☐ Review processes and requirements that are more stringent than other cities use;
- ☐ Eliminate "cosmetic regulations" that are symbolic or for constituent pacification;
- ☐ Ensure city staff have the bandwidth to complete their reviews and implement their strategies; and
- ☐ Apply an objective test for new regulation (e.g. asking whether a license or by-law is the best mechanism to achieve a specific policy objective).

**"LETTING BUSINESSES  
FOCUS ON WHAT  
THEY DO BEST, NOT  
ON PAPERWORK,  
WILL MAKE TORONTO  
AN EASIER PLACE  
FOR BUSINESSES TO  
SUCCEED."**

# 30%

**of business regulatory costs  
are created by red tape  
(i.e. excessive regulation  
or poor service)**

Source: Research Snapshot, CFIB, January 2018.





## 2 ENHANCE TAX COMPETITIVENESS

Despite having the most services and infrastructure to deliver in the region, Toronto has the lowest residential property tax rates. Toronto’s residential rates are the lowest in the region, in part, because Toronto’s commercial and industrial (i.e. business) rates are some of the highest.

City Council officially recognized this major discrepancy with the City’s tax structure, and its negative consequences, back in 2005. To enhance Toronto’s cost competitiveness over the long term, it implemented measures to level the playing field through a plan called “Enhancing Toronto’s Business Climate – It’s Everybody’s Business.” One of the most important measures introduced, was a commitment to hit a business to residential tax ratio of 2.5:1 by 2020. Importantly, this strategy didn’t end the City’s tax increases on businesses. It merely slowed the City’s rate increases to let regional business rates catch up.

Successive City Councils followed this important strategy for 11-years. Yet, in 2017 City Council let its policy lapse to squeeze more money out of local businesses.

Considering the competitiveness headwinds Toronto now faces, it’s time to get this policy back on track. To re-balance the City’s tax ratio, City Council must adopt the “Point One Plan” prepared by the Property Tax Coalition for Growth in late 2017. The Point One Plan calls for a gradual 0.1% reduction in the tax ratio to take the City from 2.7:1 in 2019 to 2.4:1 in 2022. To put that modest goal in context, most other cities in the region have ratios below 1.5:1. Again, this policy is not a tax cut for businesses. It merely limits the magnitude of future property tax increases on businesses.



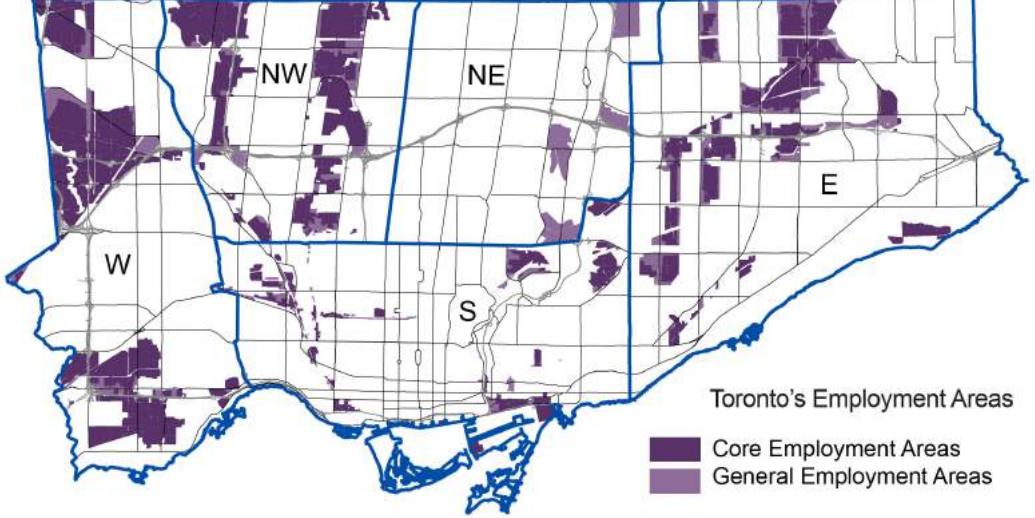
“BY TAKING DECISIVE ACTION ON BUSINESS PROPERTY TAXES, CITY COUNCIL CAN ENCOURAGE INVESTMENT, STIMULATE THE ECONOMY AND PROTECT JOBS IN THE FACE OF GLOBAL COMPETITION.”

2017 COMMERCIAL PROPERTY TAX RATES

MUNICIPALITY	TAX RATE
Vancouver	0.484
Calgary	0.386
Saskatoon	0.627
Winnipeg	1.049
Halton Region	0.860
Peel Region	1.040
<b>Toronto</b>	<b>1.140</b>
York Region	0.990
Durham Region	1.110
Montreal	0.000
Saint John	2.205
Halifax	0.338
Charlottetown	1.5
St. John’s	0.000
National Average	0.608

Source: C.D. Howe Institute





### 3 PROTECT EMPLOYMENT AREAS

Time and again, employment areas (a land-use category designated for clusters of businesses and economic activities including, but not limited to, manufacturing, warehousing, offices and associated retail and ancillary facilities) are crowded-out by residential, and residentially-focused, mixed-use development in growing cities like Toronto. This is wholly undesirable because it reduces the availability of wealth-creating industrial jobs and closes cities off from attracting certain types of business investment. Estimates for Toronto suggest that its supply of vacant industrial land could be absorbed as early as 2031 — after which time, any new industrial production would be dependent on the redevelopment of existing properties.

Supporting a variety of key business sectors, Toronto has one of the most diverse economies of any city in North America. Such diversity has helped Toronto remain resilient during economic downturns and adapt to a globalizing economy. It also helped foster inclusive growth by offering residents, with different skill levels, a mix of opportunities to earn a good wage. Keeping Toronto's economy diverse is extremely important for maintaining its economic vitality. Achieving this means ensuring Toronto has an adequate supply of land for a diversity of employment types — including manufacturing, which remains a significant Toronto sector generating more than 9% of its gross domestic product and employing 9% of its workforce.

With employment areas rapidly transitioning to office and residential uses, it's important that City

Council preserve those spaces for industrial uses. City Council can make a difference by:

- ☐ Developing Secondary Plans for Toronto's 22 Employment Areas and ensuring these documents detail all relevant municipal and provincial regulations and financial incentives for businesses.
- ☐ Reducing uncertainty over business activity in Employment Areas by resolving outstanding appeals to Official Plan Amendment 231 and by harmonizing outstanding zoning by-laws.
- ☐ Putting City Planning and Economic Development & Culture in charge of promoting Toronto's Employment Areas and establishing a better method of evaluating their impact.
- ☐ Piloting a mechanism to resolve land-use conflicts between industrial firms and sensitive uses.
- ☐ Work with neighbouring municipalities to officially recognize the region's Airport Employment Zone as an Employment Area by harmonizing inter-municipal policies.
- ☐ Designating other industrial hotspots as Employment Areas.

**PROTECT THE 22,000 BUSINESSES AND 411,000 JOBS LOCATED IN TORONTO'S DESIGNATED EMPLOYMENT AREAS**

*Source: 2017 Toronto Employment Survey*

# 4

## BETTER, FASTER GOVERNMENT SERVICE

To be a more attractive global-city, Toronto needs better, faster government service. Too many municipal services are being offered through a 20th century delivery model. To its credit, City Council has recognized this problem and hired a Chief Transformation Officer (CTO) to drive the City's operational effectiveness. While the Board supports all modernization activities underway at City Hall, three projects would be particularly impactful and should become priorities.

- ☐ Enabling online application for all business licences is long overdue. Presently, Toronto's business license application process is concentrated at a single, inaccessible and analog office in East York. Obtaining a business licence in Toronto can be a frustrating, half-day process. Cities including Vancouver, Calgary and Chicago already allow for online applications –why not Toronto?
- ☐ Consolidating all by-law enforcement into a single service would save time and money for everyone. Enforcement is enforcement, and it's time the City recognized this. If City Council needs guidance on an enforcement approach, it need only look across the border. Mississauga is much closer to a best practice on this front than Toronto, with a single Compliance & Licensing Enforcement unit that's responsible for zoning, property standards, fencing, business licensing, littering, dumping, noise disturbances and fire prevention inspections.
- ☐ Being able to request service, make payments or track services with mobile devices would truly enhance the City's service quality. While apps for parking, potholes and graffiti are a step in the right direction, City Council should leverage Toronto's tech-talent to procure more mobile service options.

Enabling and underpinning most of the City's transformation projects, including those above, are different technology platforms. The Board's collaboration with the City on its *Smart City Challenge* bid, has revealed the importance of continued digital investment. To accelerate the pace of digital investments at the City, the Board is calling on the City to catalogue and publish its funded and unfunded digital projects — just as the City has done for its infrastructure projects.



## A PLAN FOR BETTER BUSINESS

**Toronto is growing because we are a competitive city with a diverse, educated, hardworking pool of talent. However, new investors and struggling entrepreneurs alike must deal with poorly designed or obsolete public processes, limiting growth and frustrating efforts to create jobs. We can protect and grow our competitive advantages if City Hall commits to steady improvements in key tax, regulatory, land use and business expansion policies. The Board's Better Business playbook can help address this challenge. Our businesses are focused on growth. To excel, they require the foundation a global city can provide: a best-in-class talent pool and transportation system, and affordable places to live and work. The Board's Agenda for Growth municipal advocacy series presents business minded strategies for keeping Toronto prosperous, fair and competitive.**

Read our complete series:  
**[BOT.COM/  
AGENDAFORGROWTH](https://BOT.COM/AGENDAFORGROWTH)**



## OUR CITY NEEDS AN AGENDA FOR GROWTH

The City of Toronto is at the heart of Ontario's economic engine. We're the centre of globally competitive sectors such as financial services and advanced manufacturing. Our workers are highly educated, our population is diverse and growing and our quality of life is among the best in the world.

Despite these advantages, Toronto faces urgent competitive challenges. Young people and professionals struggle to find affordable and accessible housing. We aren't approving and building new homes quickly enough to house newcomers from inside and outside Canada. Our business tax rates are substantially higher than in neighboring cities, key city services are still analog in a digital age, and we need to build transit capacity far more quickly for a growing pool of urban and regional commuters to keep pace with growth. We have a new agency to attract foreign investment, but we must do more to retain the firms we already have and protect space for them to grow.

To realize Toronto's full potential, we need a thoughtful strategy for city government, our infrastructure, our economy, our region and the people who live here. This election is an opportunity to take stock of where we stand and where we want to go. We're calling on candidates for Mayor and City Council to champion an *Agenda for Growth*.

Join our conversation online

🐦 @TorontoRBOT #agenda4growth



**TORONTO  
REGION**  
BOARD OF TRADE