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Greater Toronto Marketing Alliance

Roadmap to Revitalization

Summer 2013

Table of Contents

Executive summary

The Greater Toronto Marketing Alliance (GTMA) is a public-private partnership whose vision is to "be recognized as the primary marketing voice for attracting international investment and employment to the Greater Toronto Area" (GTA). While it has achieved some notable successes, there is an acknowledged need to revitalize and restructure the organization if it is to achieve its full potential.

A blue ribbon "Strategy Group" was assembled to provide input from the perspective of multiple stakeholder groups. PwC was engaged to work with the Strategy Group and GTMA staff to assess the current situation, identify the specific changes that are needed, and create a "roadmap to revitalization". We would like to acknowledge the valuable input and feedback received from the Strategy Group, GTMA staff and other stakeholders that were consulted throughout this process.

Why FDI is important

Foreign Direct Investment (FDI) is accelerating as a key driver of economic growth. Over the period 1990 to 2011, FDI globally grew 75% faster than Gross Domestic Product (GDP), resulting in:

- **Quantifiable economic benefits.** When a foreign firm opens a new operation in a region it brings new capital investments, creates high paying jobs and generates tax revenues for all levels of government. The Conference Board of Canada estimates that every dollar spent on FDI results in an increase in total economic output of $3.2. [1]

- **Spillover economic benefits.** Foreign firms bring knowledge, talent and scale. Foreign investors set up global distribution networks for domestic firms to use and bring highly qualified talent into the domestic labour pool. They enhance completion and drive productivity gains by bringing innovative new technologies and processes.

A regional approach drives region-wide prosperity

There is a substantial body of research and evidence demonstrating that a regional approach to economic development activities, including attraction of FDI, is the most effective way to drive region-wide economic prosperity.

When a foreign company establishes new operations in Vaughan or Pickering or Burlington, the entire GTA benefits. The new company buys goods and services from other businesses throughout the region, creating spinoff benefits in those businesses and communities. In addition, employees are drawn from across a broad range of communities as shown in the real world example shown at right. These employees spend their wages in their local communities, generating additional spinoff benefits to other businesses.

[1] The Conference Board of Canada "The Employment Effects of Foreign Direct Investment in Atlantic Canada" as found in Conference Board of Canada "The Role of Canada's Major Cities in Attracting Foreign Direct Investment" May 2012.

In addition, when a foreign company is considering making an investment outside its home territory, it looks primarily to the value proposition offered by a country and more specifically, by a "city-region" within the country. Key drivers of the investment decision include the size and growth of the regional economy and population, labour force demographics, infrastructure, transportation, fiscal and regulatory environment, etc. These characteristics are reasonably homogenous across a region, rather than being specific to a local municipality. Local characteristics only become important during the selection of a specific site for the new operations.

Other jurisdictions that have been successful at attracting FDI have recognized the benefits of working together as a region to attract foreign investors.

Figure 1: FDI investments drive job creation in the surrounding communities – a real world example

Source: GTMA

The GTA currently lacks effective regional coordination

In addition to the GTMA, there are a myriad of FDI organizations operating within the Toronto region, such as Invest Toronto, the local municipal economic development departments and local business councils. In addition, both the Federal and Provincial governments undertake FDI attraction efforts that often lead to FDI investments in the Toronto region. Each of these organizations has its own agenda and priorities, such that they often compete with each other rather than cooperate and coordinate to drive region-wide economic prosperity. While there is some coordination of efforts amongst some of these groups, it is often ad hoc and incomplete.

The impacts of the current situation include overall inefficiency, confusion in the international market place and missed opportunities. This results when multiple delegations from different organizations visit the same market on separate visits, with their own unique pitch.

The case for change

The status quo is not an option, as there is much at stake. Canada's FDI performance, which once stood 3rd in the world with over 10% market share, has declined steadily and now ranks 12th with only a 2.7% share of the international FDI market.

As shown at right, Canada is losing FDI market share faster than any other country in the world. Low cost labour in developing economies is only a small part of the explanation. PwC's *Cities of Opportunity* study evaluated 27 global cities on a variety of factors, and the list of top performers in terms of FDI results is equally peppered with cities in both developed and developing economies. The highly skilled labour forces in these developed economies continue to drive FDI investment from knowledge based industries offsetting some of the impact on FDI attraction of lower labour costs in developing economies. The jobs that are generated by these investments are high quality and highly paid, and drive more prosperity than jobs created on the basis of low labour costs.

Figure 2: Canada's declining FDI performance

Top 3 FDI market share losers (1970-1981 vs. 2000-2011)	
Country	**Change in market share**
Canada	-8% ↓
United Kingdom	-6% ↓
United States	-5% ↓

Source: UNCTAD, PwC analysis

The Toronto region is the primary engine for FDI attraction in Ontario and in Canada, representing 52% and 24% respectively of all FDI activity. The FDI performance of the Toronto region is good in a North American context, ranking 2nd or 3rd (depending on the measure) relative to North American peers. In a global context however, the Toronto region is ranked only 18th of 27 global cities evaluated in the *PwC Cities of Opportunity* study mentioned above. This performance is at odds with the Toronto region's relative attractiveness as a destination for foreign direct investment. For example, on a global basis the Toronto region ranks high in terms of key FDI drivers such as size, location, demographics, economic growth, skilled labour, infrastructure, ease of doing business and the provincial and federal fiscal policy environment. Clearly, the Toronto region can and must do better if Canada's FDI performance is to reverse the recent trends.

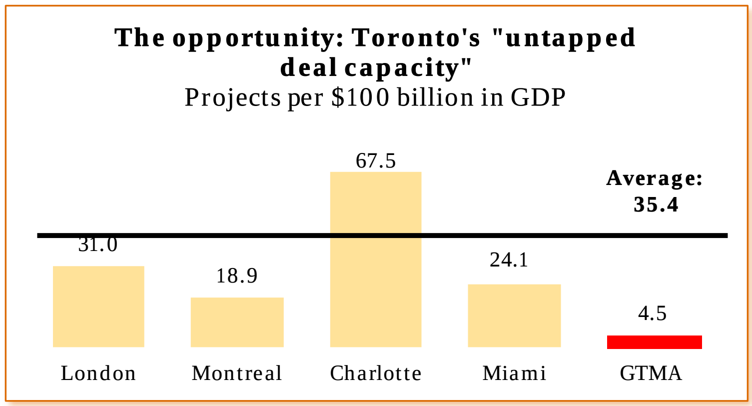
The opportunity is significant. High-performing FDI attraction agencies in four other city-regions were studied. Each of these regions is faced with similar coordination challenges as the GTA, due to complex multi-level political structures with multiple FDI organizations at various levels including significant FDI organizations at the municipal level. Our analysis focused on the single organization charged with driving overall regional results[2], to identify how they have addressed these coordination challenges and what they do differently to drive success. For ease of reference, throughout this report these agencies are referred to by the name of the city-region they represent. As shown in the figure at right, on average these organizations were generating about *eight times* as many FDI projects as the GTMA in relation to the size of the local economy. Similar results are obtained if the comparison is performed on a per capita basis. This suggests that the GTMA is missing out on a significant number of FDI opportunities.

While the results achieved by other regional FDI organizations are in part driven by the relative funding levels (which are on average *four times* higher than the level of funding of the GTMA), funding is not the only driver of their superior performance.

The organizations studied on average are able to generate FDI investments at roughly *half* the "cost per project" as compared with the GTMA. This is driven by the synergies and economies of scale that come with higher levels of funding, combined with better coordination with other FDI organizations within their respective regions and a more focused approach to all aspects of their operations. How they achieve this is discussed in greater detail below.

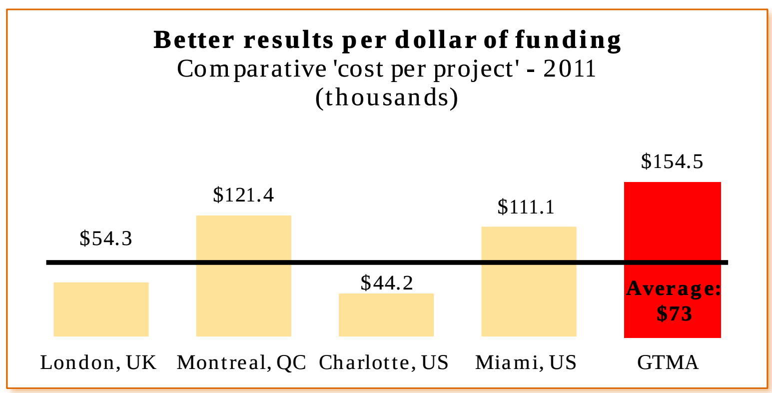
How might this translate into improved performance of the GTMA? Hypothetically speaking, if GTMA had four times its current funding level and was able to achieve the average cost per project seen in the four jurisdictions studied, it would be generating 8 times as many projects per year.

Figure 3: GTA economy will support higher deal flow



Source: PwC analysis

Figure 4: Funding levels are only part of the explanation for superior results in other city-regions



Source: PwC analysis

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[2] Organizations studied included London & Partners, Montreal International, Charlotte Regional Partnership and The Beacon Council (Miami-Dade).

Such hypothetical scenarios must of course be interpreted with caution, as the results achieved in one jurisdiction may not be a good proxy for what could be achieved in the Toronto region. However, given the inherent attractiveness of the Toronto region in terms of the key drivers of FDI investment decisions, it is clear that the opportunity for improvement is substantial.

The potential ROI (Return on Investment) is compelling. Investments in FDI attraction activities generate significant economic benefits. The GTMA estimates that up to and including 2011, it has attracted 88 new investments which together contributed an estimated $400 million to the GDP of the Toronto region, and by extension, to the GDP of Ontario and Canada as well. This means that on average, each project generated $4.5 million in incremental GDP, which is more than two and a half times the total annual budget of the GTMA. To validate the GDP per project figure, it was compared it to the GDP impacts claimed by London & Partners, and found those results to be similar.

What is clear is that that the Toronto region is attractive as an FDI destination, but is underperforming relative to its peers. If Canada is to reverse its declining FDI market share, the Toronto region must compete more effectively on the international stage. A revitalized and restructured GTMA could be a key driver in making this happen.

But money alone will not make it happen. To identify the nature of the changes required, we looked more closely at what high performing FDI organizations in other jurisdictions are doing to drive their superior results. In studying these organizations, a number of key things they do differently or better were identified, that if successfully adopted or adapted to the Toronto region context should drive significantly improved results in line with what is already being achieved elsewhere.

Key drivers of successful FDI organizations

Four broad areas of commonality were identified across the successful FDI organizations, which were used to underpin the specific recommendations made in this report:

- **Role clarity with other FDI organizations:** As noted, each organization operates within a complex multi-tiered government structure similar to the Toronto region, with multiple FDI organizations at various levels including municipal organizations having FDI responsibilities. The successful jurisdictions have addressed this through clearly defined, documented and agreed roles and "rules of engagement" for each organization that promote synergies, collaboration and coordination of effort across the various FDI organizations.

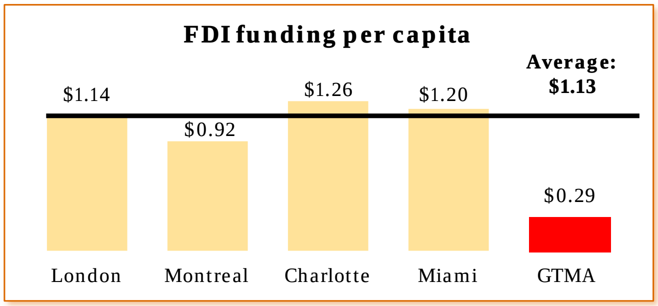
- **Organizational focus:** The successful FDI organizations accomplish this by having dedicated teams that specialize and focus solely on a specific target sector or market aligned to the region's strengths and economic development strategy. These are often aligned with specific sector clusters found within the city-region that provide a powerful magnet for FDI from foreign firms operating within these sectors. Focus is also achieved by having specialized support roles (such as strategy, research, communications, fundraising, etc.). This drives expertise across all functions, and minimizes distractions in order to allow each individual to focus on what they do well.

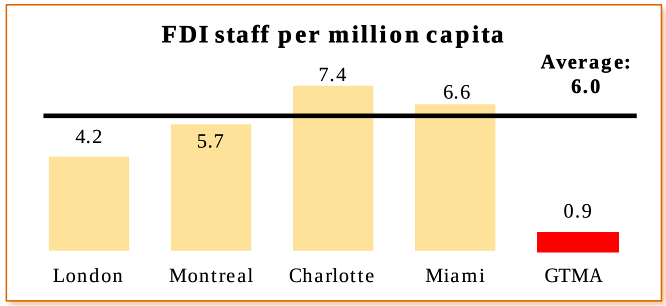
- **Private sector involvement:** The organizations studied all leverage the private sector more extensively as part of their overall strategy, to assist with lead generation and fundraising in addition to providing services to target companies considering an FDI investment.

- **Scale of the organization:** In all cases, the comparator organizations have much larger scale of operations, in terms of both staffing and funding. This allows them the necessary resources to play an effective cross-region coordinating role, and the economies of scale to drive operational efficiencies. Figure 5 below illustrates the relative funding of the GTMA and the organizations studied.

Figure 5: The GTMA does not receive sufficient funding to be competitive on a global scale

Metric	London	Montreal	Charlotte	Miami	GTMA
Total FDI funding	$9.5 M	$3.4 M	$3.4 M	$3.0 M	$1.7 M
Total FDI staff	35	21	20	16	5





Source: PwC analysis

Analysis and recommendations

The GTMA was originally established in recognition of the importance of having a regional FDI attraction organization in the GTA, and it has accomplished some notable successes with the limited funding level it receives. Revitalizing the GTMA to drive greater economic benefits cannot be effectively addressed in isolation from the broader problem of regional coordination of FDI roles and activities across the myriad of stakeholder groups that currently exist. This is not to suggest that contraction into one "mega agency" is the right answer. Rather, improved role clarity and better coordination can achieve excellent results as demonstrated by the experience of the four organizations studied.

For the GTMA to play a credible role in addressing this core issue, it needs increased funding that will enable the fundamental changes that are needed in the way it is structured and operates. However, as part of any credible business case for increased funding, the issue of regional coordination needs to be addressed first, at least at a conceptual level. What is needed is multi-stakeholder consensus around a clear vision of the future state roles, responsibilities and coordinating mechanisms, and a sound game plan for how GTMA would make efficient and effective use of increased funding. Members of the Strategy Group are drawn from many of these organizations, and will therefore play a key role in driving this multi-stakeholder consensus.

Fourteen specific recommendations for revitalizing and restructuring the GTMA have been made, leveraging the key learnings about drivers of success as identified in our study of other FDI organizations as well as consultations with numerous FDI stakeholders here in the Toronto region. These recommendations are very intertwined and interrelated. While the specifics will no doubt need fine tuning as the revitalization proceeds, the conceptual approach should be considered as an overall package of changes that could lead to the Toronto region achieving the kinds of results seen elsewhere, rather than a "pick-and-choose" menu of options.

Focused and clearly defined roles

To achieve improved FDI results the Toronto region needs a consistent brand and coordinated approach internationally. The conceptual role of the GTMA is intended to drive this outcome by recommending broadly that the GTMA take on a dual role:

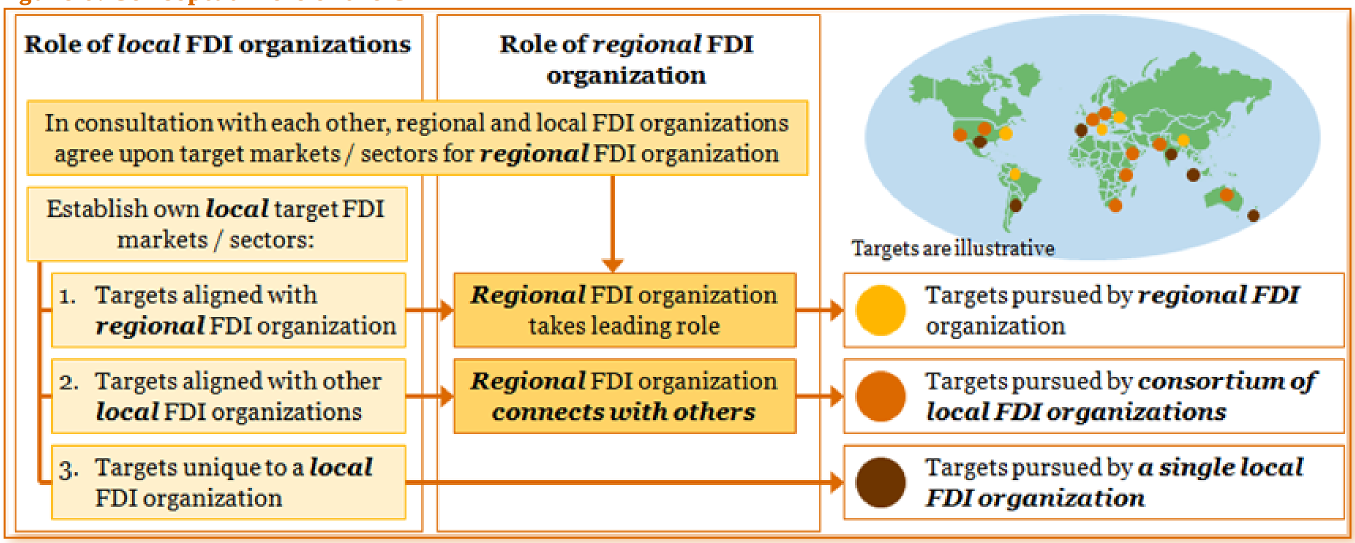
1. To take the lead on a set of target sectors or markets agreed to by FDI organizations in the Toronto region; and

2. To connect the independent FDI activities of other FDI organizations in the Toronto region, including the municipalities and senior governments. GTMA should gather information about the FDI targets that these

organizations are independently pursuing, communicate areas of commonality and encourage collaboration and coordination with respect to these areas of commonality.

This conceptual role of the GTMA is illustrated in Figure 6. Details are provided in six specific recommendations that follow directly below.

Figure 6: Conceptual role of the GTMA



Source: PwC analysis

Stakeholders in the Toronto region were keenly interested in understanding how the proposed new role of the GTMA would impact on the future role of the municipal economic development offices (EDOs) across the region as it relates to FDI attraction activities. Firstly, it has been proposed that the GTMA would lead a consultative and collaborative process with the EDOs to define specific targets and markets that would be beneficially pursued on a regional basis. The GTMA would take the lead in terms of international activities related to this agreed set of “region wide” target sectors and markets. The EDOs would be free to participate in these international activities as they see fit, and they would also continue to play a key role in site selection and deal closure activities, once specific target organizations visit the GTA to pursue the investment opportunity.

In addition, it is envisaged that the local EDOs would continue to be free to pursue other target sectors and markets (beyond those on the agreed list of region-wide targets). For these “local” targets, it is recommended that the GTMA play a coordinating role to bring together different EDO’s, senior levels of government and other FDI organizations where there are multiple organizations targeting the same market or sector. It would then be the responsibility of these organizations to determine how best to coordinate their efforts to drive overall efficiency and results. Through these activities the municipalities should be able to build on existing strategies to refine targets and define activities more precisely. Another consideration is that a bigger and more effective GTMA should be generating more deal flow in the Toronto region and local EDOs may have to ramp up capacity to deal with added activity.

Figure 7: Potential role of the local municipal economic development offices

	Independently pursued sectors	Mutually agreed GTMA led sectors
International activities	• Connect with other GTA FDI participants targeting the same sectors/markets through the GTMA. • Conduct international missions, similar to activities done today.	• Participate on international missions led by the GTMA.
Activities in the GTA	• Attract investors, facilitate site selection and continue to conduct the same activities as currently done.	• Pitch the benefits of specific sites to investors brought into the GTA and conduct similar investment services as currently done in the GTA today.

The specific recommendations to achieve this are listed below.

Recommendation #1: The GTMA along with other economic development organizations including the municipalities and senior governments in the Toronto region should agree to a set of "Toronto region" target sectors and markets for which the GTMA will lead all international activities. Other FDI organizations should be free to participate in GTMA-led events for the "Toronto region" targets, but also to target their own additional sectors and markets independently as they see fit. These roles should be formally documented through the International Marketing Services Agreements (IMSAs) or other agreements.

Recommendation#2: For targets not led by GTMA, but which have been targeted by one or more Toronto region FDI organizations, the GTMA should play a coordinating role to connect the efforts of municipal, provincial, federal and other local organizations involved in FDI to those sectors and markets.

Recommendation #3: Targeted sectors and markets for region-wide focus should be selected strategically, based on clear criteria aligned to local strengths and the likelihood of success in ROI terms. Ideally, this would be driven by a region-wide economic development strategy (although this is not a pre-condition). In terms of alignment to local strengths, key considerations in target selection should include sector-based clusters that exist or are emerging in the Toronto region, market-based targets that align with significant ethnic populations, alignment to federal or provincial targets and/or incentive programs, and/or sectors targeted by other FDI Toronto region FDI organizations that would allow for synergies of effort and resources.

Recommendation #4: The recommended level of funding will enable the GTMA to effectively target 9 or 10 high potential sectors, clusters or markets by having a small focused and dedicated team supporting each. One team should be generalist in nature to deal with the large, attractive "one-off" opportunities, while the other nine should focus solely on an identified and agreed upon strategic target.

Recommendation #5: GTMA and FDI organizations at the local, provincial and federal levels should formalize agreements about how they will collaborate, cooperate and coordinate efforts related to mutually targeted sectors and markets. Documenting these agreements via Memoranda of Understanding (MoUs) is likely to be the most efficient and effective approach.

Recommendation #6: To address brand confusion, the GTMA should be re-branded with a name that prominently states 'Toronto region" rather than "GTA", and is also more reflective of the FDI deal brokering and collaborative role recommended for the GTMA.

Measurement and accountability

As part of any responsible request for public funding, a process should be defined to monitor that funds are being used responsibly and are generating the intended results. Effective performance measurement and management processes drive accountability and effective use of funds.

Recommendation #7: In order to track performance, the GTMA should report results on a quarterly and annual basis in terms of the number of FDI projects, the number of jobs created, the GDP contribution of FDI investments and the value of FDI dollars invested. Specific annual targets should be established in order to drive accountability.

Recommendation #8: In order to drive accountability at the individual level, a portion of the compensation paid to the FDI staff or to contracted agents abroad should be tied to FDI results**.**

A sustainable, competitive level of funding

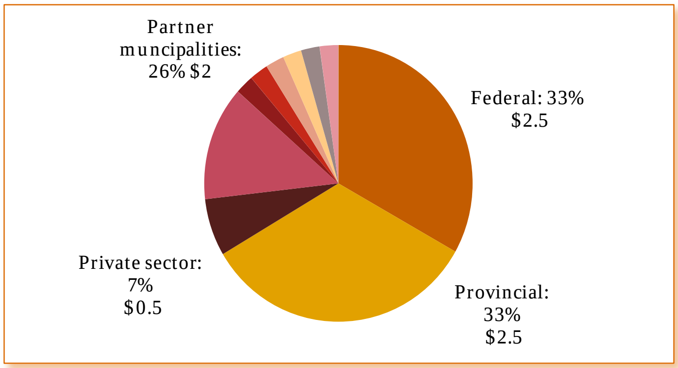
The GTMA is significantly underfunded relative to international regional FDI attraction organizations. To be internationally competitive in a way that begins to restore Canada's FDI performance, a substantial increase in GTMA funding is required. A proposed funding model is developed through the following recommendations.

Recommendation #9: In order to be competitive on a global scale and to capture FDI opportunities currently being missed, the GTMA requires a total budget of approximately $6.6 to $7.6 million, a $4.9 to $5.8 million increase from current levels.

Recommendation #10: As a starting point for discussion and refinement, the increased GTMA budget should be funded one third by the federal government and one third by the provincial government, with the final one third split among the municipal funding partners and the private sector. The contribution of the municipalities would be split based on population. Increased private sector funding is likely only achievable once the new revitalized GTMA has proven its success, and should therefore not be relied upon as part of the initial funding formula.

For illustrative purposes we have shown the potential funding allocations in Figure 8 based on a hypothetical $7.5 million annual budget. As private sector funding is unlikely to increase until the revitalized organization can demonstrate results, Figure 8 assumes the same level of private sector support as achieved in the past. Municipal funding is split based on population illustratively.

Figure 8: Illustrative proposed funding allocations based on a $7.5 million annual GTMA budget (millions)



Recommendation #11: The current funding model of the GTMA distracts resources from FDI activities. The GTMA requires a sustainable funding model indexed to inflation which could be achieved by extending the term of the IMSAs and indexing them to inflation, and by similarly sustainable and indexed federal and provincial contributions.

Efficient and effective structure

Should additional public sector funding be obtained, the recommended structure of the GTMA has been divided into three broad categories that should improve results through continuity and specialization:

1. Increasing private sector involvement in lead generation and promoting the Toronto region;

2. Structure the GTMA in a manner that allows staff to focus and specialize to improve both efficiency and effectiveness.

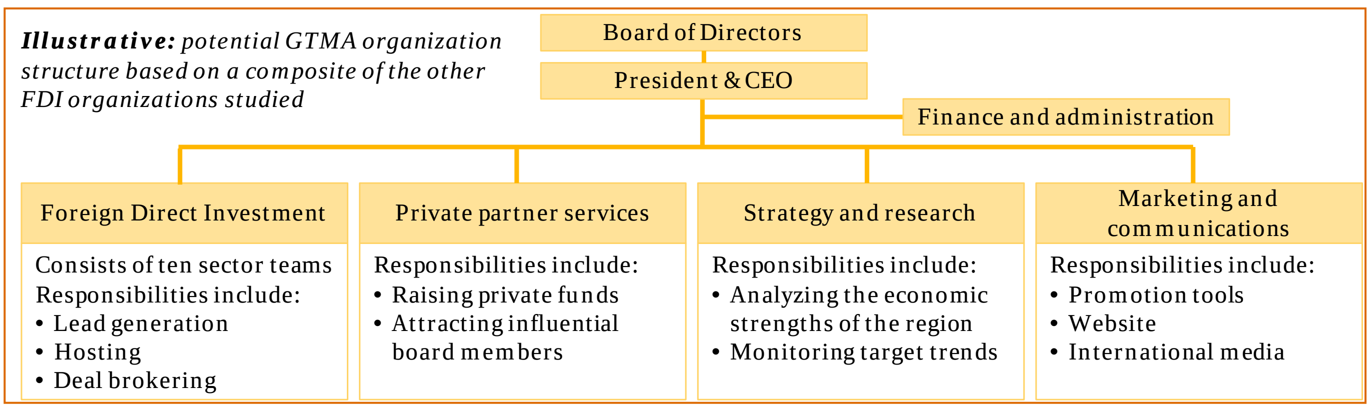
3. Provide GTMA with the tools it needs to be more effective.

Recommendation #12: Should enhanced public funding be obtained, the new organization should leverage the private sector more extensively and effectively by attracting more influential business people to its Board of Directors, increasing fundraising focus on multi-year private sector commitments, and involving private sector members in target selection and lead generation.

Recommendation #13: Should enhanced public funding be obtained, a new organization structure should be implemented that will enable improved FDI results and private sector fundraising. The structure should include individuals or teams focused on FDI sales, lead generation and follow through, private sector fundraising, strategy and research, marketing and communications, and finance and administration.

A proposed high level and preliminary organizational chart is illustrated below:

Figure 9: Illustrative potential structure for the GTMA



Recommendation #14: Should GTMA be successful in obtaining new incremental funding, a portion of this should be earmarked for implementation of a new CRM tool and enhancements to the GTMA website, in order to improve lead generation, follow through with an appropriate level of service, and enhanced analytics.

Implementation roadmap

The implementation roadmap lays out the order in which FDI stakeholders should be approached to secure funding and formalize the detailed structure of the revitalized GTMA. Through-out this process, the conceptual design of the GTMA should be developed but remain flexible to accommodate the input of the various stakeholders and funding partners. The implementation should be finalized for 2014 budget planning which starts in the summer of 2013. The successful delivery of this implementation plan requires a dedicated senior and well-connected resource to continue to develop the concept with the various other FDI organizations and funders, and to complete the detailed planning for implementing the new regional agency. Given the limitations of existing staffing levels, the GTMA may need to seek temporary “bridge” funding to cover the cost required to undertake and effectively support these efforts.

The implementation roadmap involves first finalizing the concept of the revitalized organization and obtaining consensus from the Strategy Group and approval from the GTMA Board of Directors. Following this, external organizations with potential overlap should be contacted in order to define roles as well as processes for communication and collaboration. The first organizations to be approached should be those in which members of the Strategy Group have significant influence. With a number of local stakeholders engaged, an ‘intent’ to support should be sought from senior governments. This provides the local constituents, who are approached next, with the incentive to come to agreement or risk losing senior government support. Local EDOs may also need to plan for a gradual ramp up in their own resourcing levels to deal with the expected increase in deal flow from an expanded and reorganized GTMA. With agreement in-place with the local constituents formal agreements should be entered into with senior governments as the final step before operational re-launch.

Conclusion

The case for change is compelling. FDI attraction is a key driver of economic growth and prosperity, and the Toronto region is significantly underperforming relative to its potential.

The opportunity is significant, and the ROI is clear. But money alone will not be enough to fix the current situation. Significantly improved collaboration and coordination of efforts across a broad range of organizations is needed. Given its mandate, the GTMA is the natural candidate to be the catalyst for change.

This report sets out a potential roadmap for that change, but it is a conceptual starting point only. It can and should evolve as consultations with the various stakeholder groups proceed. The overriding goal should be greater economic prosperity of the Toronto region as a whole, and the discussions should be underpinned by a clear understanding that all municipalities benefit from each FDI investment in the Toronto region.

1. Introduction

The Greater Toronto Marketing Alliance (GTMA) is a public-private partnership whose vision is to "be recognized as the primary marketing voice for attracting international investment and employment to the Greater Toronto Area" (GTA). By serving as the key point of contact for businesses exploring opportunities in the GTA, the GTMA actively promotes the GTA internationally and provides companies with assistance in evaluating, planning and implementing an expansion or move to the GTA. GTMA business information and site selection services are provided at no cost to potential investors in the Toronto region.

Investors working with the GTMA receive support and guidance from human resource consultants, financial and legal advisors, and commercial/industrial real estate professionals. They also benefit from key contacts with corporate executives and senior government officials. By providing all-encompassing services to investors, the GTMA helps facilitate investment in the GTA to position the region internationally as a preferred business location.

1.1. Purpose of this report

While the GTMA has achieved some notable successes, there is an acknowledged need to revitalize and restructure the organization if it is to achieve its full potential.

A blue ribbon "Strategy Group" was assembled to provide input from the perspective of multiple stakeholder groups. The Strategy Group consists of leaders from the public sector and business community that have volunteered their time and insights to assist in the development of this report. A list of members of the Strategy Group is provided in the Appendix. The Strategy Group has been mandated to:

- Recommend how to restructure the GTMA in order to enhance FDI attraction;
- Identify what additional resources are required; and
- Develop and present the business case to partners and funders.

PwC was engaged to prepare this report, the purpose of which is to develop a roadmap for re-launching the GTMA with an enhanced ability to attract FDI into the Toronto region. More specifically, PwC was retained to assess:

- The GTMA's strengths, weaknesses, opportunities and challenges;
- How the GTMA can coordinate and assist other stakeholders in the GTA in driving even better results; and
- How an expanded organization would work and be positioned for federal and provincial financial support.

PwC worked in close collaboration with the Strategy Group through the development of this report, meeting regularly to discuss findings and progress. PwC would like to acknowledge the valuable input and feedback received from the Strategy Group, GTMA staff and other stakeholders that were consulted throughout this process.

1.2. Approach and methodology

This report was developed through a four stage methodology as summarized below:

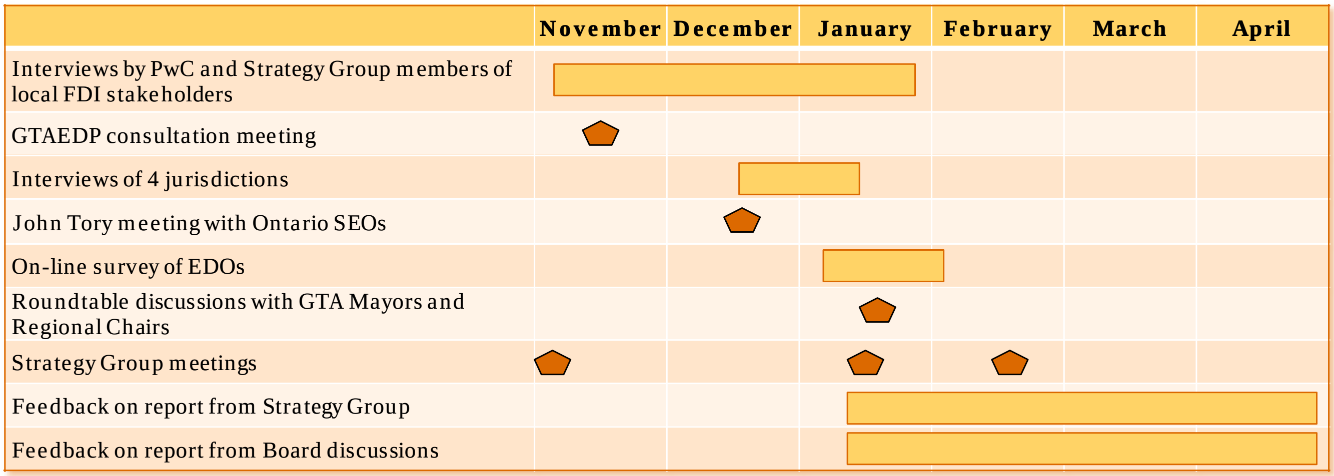
Stage 1: Define the FDI landscape in the GTA → **Stage 2:** GTMA gap assessment with leading practices → **Stage 3:** Develop options and recommendations → **Stage 4:** Report findings

At the end of each stage, meetings were held with the Strategy Group to obtain insights and feedback. Details of each stage are provided in the table below, along with the activities undertaken to achieve the various objectives.

Stage	Objectives	Key Activities
Stage 1: Define the FDI landscape in the GTA	Define the FDI landscape and assess the case for change of FDI attraction in the Toronto region.	• Researched the economic importance of FDI. • Assessed the GTA's FDI success within Canada, North America and globally. • Identified the drivers of FDI success. • Assessed the strengths and weaknesses of the Toronto region against the drivers of FDI success. • Discussed findings with Strategy Group.
Stage 2: GTMA gap assessment with leading practices	Assess the current state of the GTMA relative to leading practices of successful FDI organizations.	• Identified leading regional FDI attraction organizations. • Researched and interviewed four leading FDI attraction organizations to identify international leading practises. • Consulted with various FDI stakeholders in the GTA. • Compared the GTMA relative to the international best practices identified. • Discussed findings with Strategy Group.
Stage 3: Develop options and recommendations	Develop the conceptual role, accountability methods, funding levels and structural form of the GTMA to better align with international leading practices.	• Grouped leading practices into drivers of role definition, accountability methods, funding levels and structural form. • Developed recommendations to better align the GTMA with international leading practices. • Discussed findings with Strategy Group.
Stage 4: Report findings	Report findings and develop the final 'roadmap to revitalization'.	• Prepared draft report which incorporates feedback from the Strategy Group on all three stages prior. • Provided Strategy Group with draft report. • Incorporated comments. • Finalized report.

This report was developed through a highly consultative process including regular meetings with the Strategy Group, a number of local FDI stakeholders and leading FDI jurisdictions. The figure below outlines key components of the consultative process, and further details of certain components are provided in the appendices.

Figure 10: This report was developed through a highly consultative process



1.3. Limitations of this report

In completing this work, PwC has relied upon the completeness, accuracy and fair presentation of the information, data, advice, opinions or representations given to us by GTMA staff which were not audited or otherwise verified. We provide no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

Additional research was undertaken by us to identify relevant information available publicly. We made reasonable efforts to identify and utilize sources likely to be reliable and accurate, but we did not audit or otherwise verify the public information used in this report.

This report has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with GTMA. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than GTMA.

PwC reserves the right at its discretion to withdraw or make revisions to this report should we be made aware of facts existing at the date of the report that were not known to us when we prepared this report. The findings are as of the date hereof and PwC is under no obligation to advise any person of any change or matter brought to its attention after such date, which would affect the findings.

2. Why regional coordination is important

2.1. Regional economic development strategy

Economic growth and prosperity is not driven by the political boundaries that define the municipal structure within the Toronto region. Many of the issues that need to be addressed (such as transit, infrastructure, housing and environmental protection to name a few) are better served by a regional solution. There have already been many calls for a regional economic development strategy to drive better coordination in these areas. These include:

- *The local business community:* Both the Toronto Region Board of Trade[3] and Greater Toronto CivicAction Alliance[4] have publications calling for a regional economic development strategy in the Toronto region.

- *Senior governments:* The collaboration committee established by the Government of Canada, Province of Ontario and City of Toronto, the Intergovernmental Committee for Economic and Labour Force Development (ICE Committee) has called for a regional economic development strategy in the Toronto region.[5]

"A shared vision and strategy is still a vital element in the Toronto region realizing its full economic potential."

Dr. Michael Porter, Harvard Business School

- *Canadian public policy think tanks*: The Mowat Centre for Policy Innovation has called for enhanced regional economic collaboration in the Toronto region and across southern Ontario.[6]

- *The international community:* The Organization for Economic Co-operation and Development (OECD) has called for intensified strategic planning at the level of the Toronto region.[7]

2.2. Regional approach to FDI attraction

Inward FDI is a component of economic development that would benefit from an overarching regional economic strategy. At minimum, there needs to be clear recognition that all municipalities are better served by improved regional coordination of FDI opportunities.

As businesses choose to invest in a region, the inward FDI proposition should be regional. From the perspective of a company considering an investment, urban centres, a well-known city centre and its surrounding municipalities, are seen as a cohesive whole. These urban centres are regionally linked through employment, transportation, planning and business development synergies. Businesses seek to locate where it is most appropriate for them within that economic region in order to serve the entire region, and beyond.

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[3] http://www.bot.com/Content/NavigationMenu/Policy/2012Summit/TRES-Summit-Summary.pdf
[4] http://www.civicaction.ca/towards-new-model-economic-cooperation-across-Toronto region-0
[5] http://icecommittee.org/reports/Zizys-2012-Rowing-Together-Best-Practices-for-the-Regional-Coordination-of-Economic-Development-in-the-Toronto region.pdf
[6] http://www.mowatcentre.ca/pdfs/mowatResearch/16.pdf
[7] http://www.oecd.org/gov/regional-policy/oecdterritorialreviewstorontocanada.htm#key_policy_issues

From a local government perspective however, each municipality in the Toronto region is a separate entity seeking to maximize employment and revenue generation within their borders. Each municipality is structured to attract businesses to locate within their borders, rather than in a different jurisdiction within the region.

As a result, the perspectives of the businesses seeking to operate and invest in an urban centre tend to be regional, while governance structures tend to be local. This disconnect between the realities of the marketplace and of government can be an impediment to a region realizing its full economic potential, including the attraction of FDI.[8]

This issue is not unique to the Toronto region. Each of the four jurisdictions studied in connection with this report represent a region comprised of a number of local municipalities. Each organization indicated that getting the local municipalities to buy into the regional proposition was no simple task. Time, resources and education were required to align the vision of the organization with the goals of the local municipalities. The message that must be emphasized to the municipalities is the regional benefits of inward FDI along with the notion that working together generates better results than working apart.

The economic benefits of inward FDI are regional, especially in a region like the Toronto region. When a business locates in one part of the Toronto region it sources employees, goods and services from other parts of the region. As an example, over 25% of all morning rush hour traffic in the Toronto region crosses municipal boundaries, representing over 570,000 trips.[9] Clearly, economic activity in one part of the Toronto region generates economic activity in another part of the region. In fact, from a property tax perspective, an FDI investment in one part of the region may in fact generate more property taxes in another part should more employees choose to own homes outside of the municipality in which the investment was made. This is demonstrated through a real world example.

Regional employment by one multinational organization was documented by the GTMA in 2011, illustrated in Figure 11. As seen, Circles Solutions Centre, a subsidiary of the French conglomerate Sodexo Inc., and a leading provider of concierge and personal assistant services in the U.S., invested in Burlington but draws employees from across the region – from as far north as Orillia, as far west as Lambton and as far south as Fort Erie.

It is noteworthy that the FDI investment was in Burlington, but generated 46% more employment in Hamilton than in Burlington, suggesting that the investment resulted in more residential property taxes for Hamilton than Burlington. This example excludes other economic activity including sourcing products and services from other parts of the region that would further enhance the regional economic benefits.

Figure 11: Regional employment impact of an FDI investment in Burlington – a real world example

Source: GTMA

When various FDI participants in the Toronto region do not work together, the result is a confused brand internationally and ultimately lost investments. Working together the municipalities of the Toronto region are greater than the sum of the individual parts. The value proposition for inward FDI in the Toronto region is most successful when it is focused regionally. This is aligned with the current role and focus of the GTMA.

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[8] Toronto Board of Trade "*Better Together: Driving Regional Economic Cooperation and Development*" June 2010
[9] CivicAction "*Towards a New Model for Economic Cooperation Across the Toronto Region*" 2011

3. The case for change

3.1. Summary

FDI is a key driver of GDP growth, as each dollar of FDI results in 3.2 times the level of quantifiable economic activity.[10] Canada's FDI performance, which once stood 3rd in the world with over 10% market share, has declined steadily and now ranks 12th with only a 2.7% share of the international FDI market.

Knowledge based industries are continuing to drive FDI investment in developed countries with highly skilled labour forces, offsetting some of the impact of lower labour costs in developing economies. Canada is losing share faster than any other knowledge-based economy, and labour costs cannot be used as the "excuse" for our poor performance in this area.

The Toronto region is the primary engine for FDI attraction in Ontario and in Canada, representing 52% and 24% respectively of all FDI activity. While the Toronto region FDI performance is good in a North American context, it is no better than 3rd quartile in a global context. This is despite the fact that Toronto region scores very well on most of the key factors that make a regional economy attractive as a destination for inward FDI. Clearly, the Toronto region can and must do better if Canada's FDI performance is to reverse the recent trends.

Similar large, complex city-regions in other developed countries are achieving superior FDI results as compared with the Toronto region, through better approaches that help them to compete more effectively. They invest more in FDI attraction, and they achieve better results per dollar invested despite facing similar coordination of effort challenges as are faced within the Toronto region. In studying FDI organizations in these jurisdictions, a number of key things they do differently or better were identified, that if successfully adopted or adapted to the Toronto region context, could drive results at least on a par with what is already being achieved elsewhere.

FDI defined

Foreign direct investment (FDI) is defined as the acquisition by residents of one country of real assets (as opposed to financial assets) in another country. The assets purchased can either be existing assets or represent new investment, such as the construction of buildings or the purchase of new equipment.

FDI can be both inward and outward. Inward FDI occurs, for example, when a foreigner invests in Canada, while outward FDI occurs when a Canadian invests abroad. There is a general consensus among economics that both inward and outward FDI provides net economic benefits. Outward FDI provides benefits to the source country such as repatriated profits, royalty payments and access to overseas markets. But the rewards of inward flows, such as job creation, new structures, and technology transfer, are more readily apparent. The GTMA and this report focus on inward FDI, particularly new investments that create new jobs and economic activity, rather than purchase of existing business by foreign owners that drive little or no new incremental benefits.

Conference Board of Canada "*The Role of Canada's Major Cities in Attracting Foreign Direct Investment*" May 2012

If the Toronto region is to compete more effectively on the international stage, a revitalized and restructured GTMA will be an essential component in making this happen. The opportunity is significant. The organizations studied on average are able to generate FDI investments at roughly half the "cost per project" as compared with the GTMA, driven by a combination of higher levels of funding that drive synergies, and a more focused and coordinated approach to all aspects of their operations. Should the GTMA be funded at a globally competitive level, it is

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[10] The Conference Board of Canada "*The Employment Effects of Foreign Direct Investment in Atlantic Canada*" as found in Conference Board of Canada "*The Role of Canada's Major Cities in Attracting Foreign Direct Investment*" May 2012.

estimated that it could achieve nearly 70 incremental FDI investments per year. Further, using estimates provided by the GTMA, every incremental FDI project can potentially generate an incremental GDP impact of $4.5 million.

A more detailed discussion of these issues is provided below.

3.2. Inward FDI provides economic benefits

There is a general consensus among economists that inward FDI conveys net economic benefits to the host country. The economic benefits of inward FDI can be grouped into two broad categories:

1. Quantifiable economic benefits in terms of capital formation, well-paid jobs and increased tax revenues.

2. Spillover economic benefits.

Quantifiable economic benefits

When a foreign firm opens a new operation in Canada it is making a capital investment and creating jobs. Employees of foreign multinationals tend to be more productive than workers at domestic firms, meaning that they usually earn higher wages.[11] The result is capital formation, high paying jobs and higher tax revenues for all levels of government.

The quantifiable economic impact of inward FDI in Canada has been shown to be quite high. In 2008, the Conference Board of Canada estimated direct, indirect and induced employment effects of inward FDI[12] in Atlantic Canada. Their analysis was across two FDI phases, the investment phase where the new workspace and/or machinery and equipment are set up, and the operational phase, when the project actually starts.[13]

The study found that during the investment and operational phases, every dollar spent on FDI resulted in an increase in total economic output of $3.2 and $2.2 respectively. Further, on average, the investment phase of inward FDI supported 22,500 jobs in the Atlantic Canada region between 2004 and 2006, equivalent to 2.1% of employment in the region. The operational phase of FDI created an estimated 31,800 positions annually for the region. Jobs created by inward FDI also had higher average wages than others found in the region.[14]

The significant quantifiable economic benefits of inward FDI have been shown to be largely driven by productivity improvements. A 2009 study by Wolfgang Keller and Stephen Yeaple estimated that FDI accounted for approximately 14% of total productivity growth in the United States from 1987 to 1996.[15]

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[11] Conference Board of Canada "The Role of Canada's Major Cities in Attracting Foreign Direct Investment" May 2012.
[12] Direct jobs are the jobs created directly by the investment, indirect jobs are jobs created by supply chain linkages, and induced jobs are created by people and companies spending their wages and earnings from the FDI on other sectors of the economy.
[13] Conference Board of Canada "The Role of Canada's Major Cities in Attracting Foreign Direct Investment" May 2012.
[14] The Conference Board of Canada "*The Employment Effects of Foreign Direct Investment in Atlantic Canada*" as found in Conference Board of Canada "*The Role of Canada's Major Cities in Attracting Foreign Direct Investment*" May 2012.
[15] Keller and Yeaple "*Multinational Enterprises, International Trade, and Productivity Growth*" as found in Conference Board of Canada "*The Role of Canada's Major Cities in Attracting Foreign Direct Investment*" May 2012.

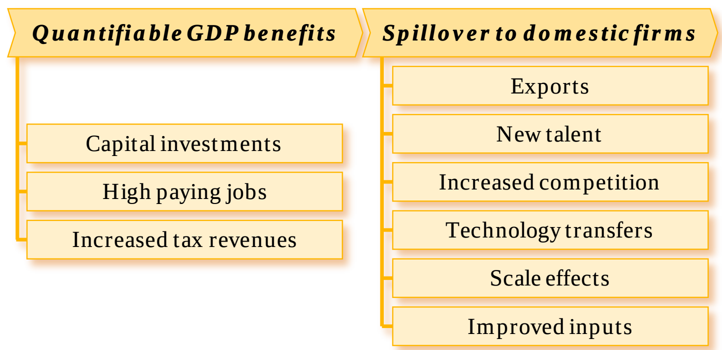
Spillover economic benefits

Spillover economic benefits are difficult to quantify and typically not captured by measures of economic benefits. Inward FDI spillover economic benefits can occur through six main channels: [16]

- ***Exports.*** Foreign firms may establish global distribution networks or have knowledge of foreign markets that domestic firms can use and learn from.

- ***New talent.*** People who have worked at multinational corporations can be hired by domestic firms, thereby transferring any superior technological or managerial skills to the local firm.

Figure 12: Economic benefits of inward FDI



Source: PwC analysis

- ***Competition.*** Competition between an increased number of firms forces domestic firms to operate more efficiently, thus boosting productivity.

- ***Technology transfers.*** Multinational corporations may introduce a technology or technique that is then imitated by domestic firms. For example, the introduction of a new technology may be too expensive and too risky for a domestic firm, but if a multinational corporation successfully demonstrates its use, it may encourage domestic firms to adopt it through imitation.

- ***Scale effects.*** For domestic firms that would supply the multinational corporation, FDI results in increased demand, allowing domestic firms to achieve economies of scale.

- ***Improved inputs.*** For domestic firms that would purchase goods and services from the multinational corporation, FDI results in increased supply, providing domestic firms with higher quality inputs at lower costs.

Inward FDI continues to accelerate globally, providing a heightened opportunity to capture the economic benefits provided, as discussed next.

Inward FDI growth rate

Historically, global inward FDI has been growing faster than GDP and has been accelerating. One of the main reasons is the rise of 'integrative trade' – the phenomenon of firms taking apart their supply chains and repositioning them around the world to maximize returns. One of the results is an increase in inward FDI that is used to develop value chains, sales from foreign affiliates and offshore outsourcing.[17]

The table below illustrates that globally, inward FDI has been growing faster than GDP since the 1970's. Further, inward FDI is accelerating – growing 35% faster than GDP in the 70's and 80's but 75% faster than GDP over the past two decades.

[16] Conference Board of Canada "*The Role of Canada's Major Cities in Attracting Foreign Direct Investment*" May 2012.
[17] Conference Board of Canada "*The Role of Canada's Major Cities in Attracting Foreign Direct Investment*" May 2012.

Table 1: GDP and Inward FDI growth

	1970 to 1989	1990 to 2011
Global GDP CAGR	10.1%	5.4%
Global inward FDI CAGR	14.0%	9.5%
FDI vs. GDP	FDI growth is 35% faster	FDI growth is 75% faster

Source: UNCTAD, PwC analysis

Inward FDI provides significant economic benefits and is growing at an accelerating rate.

3.3. Canada's inward FDI performance

Canada's FDI performance, which once stood 3rd in the world with over 10% market share, has declined steadily and now ranks 12th with only a 2.7% share of the international FDI market, as shown in Table 2.

Several rationales have been put forth to explain Canada's declining share of global FDI. Arguments have been made that Canada provides FDI investors with a small market base,[18] but this ignores the signing of NAFTA over the period and the resulting ranking of the Toronto region as the top market in North America and fifth globally based on the purchasing power of the population within a 500-mile radius.[19]

Table 2: Canada's declining inward FDI market share

Decade/year	Canada's market share	Canada's global rank
1970's	10.4%	3
1980's	3.7%	6
1990's	3.2%	8
2000's	3.2%	8
2011	2.7%	12

Source: UNCTAD, PwC analysis

Other arguments include tariffs and regulations in Canada that are restrictive to FDI[6] (discussed later in this section). Canada's ranking on the OECD's FDI Regulatory Restrictiveness index has fluctuated but has not deteriorated significantly since the 90's.[7]

The main argument remains the cost of labour in Canada,[20] however the needs of knowledge-based industries for a highly skilled workforce are still well served in the developed world. As shown in Table 3, Canada is losing share faster than any other knowledge-based economy, and labour costs cannot be used as the "excuse" for our poor performance in this area.

Table 3: Canada's inward FDI market share has fallen the most globally

Top 3 FDI market share losers (1970-1981 vs. 2000-2011)	
Country	**Change in market share**
Canada	-8% ↓
United Kingdom	-6% ↓
United States	-5% ↓

Source: UNCTAD, PwC analysis

[18] Conference Board of Canada "*Hot Topic: Inward FDI Attraction: Is Canada attracting its "fair" share of inward FDI?*" April 2011
[19] Toronto Board of Trade "*Toronto as a Global City: Scorecard on Prosperity*" 2011
[20] Conference Board of Canada "*Hot Topic: Inward FDI Attraction: Is Canada attracting its "fair" share of inward FDI?*" April 2011

3.4. The Toronto region: Canada's inward FDI engine

The Toronto region is the primary engine for FDI attraction in Ontario and in Canada, attracting more than its share of the economy (GDP) as shown in Table 4.

Table 4: Toronto region drives FDI in Ontario and Canada and 'hits above its belt'

	Canada	Ontario	Toronto region	GTA as a percentage of Ontario	GTA as a percentage of Canadian
FDI projects (2011)	290	135	70	52%	24%
2011 GDP (2002 million)	$1,357	$497	$246	50%	18%

Source: PwC analysis, GDP figures from Conference Board of Canada

In 2011, the Toronto region represented 52% and 24% of FDI projects in Ontario and Canada, but 50% and 18% of GDP respectively. The Toronto region 'hits above its economic weight' and is the engine of inward FDI in Canada.

3.5. Inward FDI: the performance of the Toronto region

In North America, the Toronto region performs well in terms of FDI attraction, ranking 3rd in total FDI projects and 2nd in total FDI capital invested.[21]

At a global level however, the Toronto region ranks no better than 'middle of the pack'. According to PwC's *2012 Cities of Opportunity*, Toronto ranks in the middle of the 3rd quartile in terms of the number of FDI projects, behind a long list of global cities in both developed and developing economies, as demonstrated in Table 5.

Table 5: Toronto's inward FDI performance is 'middle of the pack' in a global scale

Top quartile		Second quartile		Third quartile		Fourth quartile	
1	Shanghai	8	New York	15	Abu Dhabi	22	Mexico City
2	London	9	Tokyo	16	Kuala Lumpur	23	Buenos Aires
3	Singapore	10	Mumbai	17	Seoul	24	Johannesburg
4	Hong Kong	11	Madrid	**18**	**Toronto**	25	Los Angeles
5	Beijing	12	Sydney	19	Istanbul	26	Chicago
6	Paris	13	Sao Paulo	20	Berlin	27	San Francisco
7	Moscow	14	Milan	21	Stockholm		

Source: PwC's Cities of Opportunity

[21] Ministry of Economic Development and Innovation "*Ontario's Success in Attracting FDI, 2011*" May 15, 2012. fDi Intelligence

3.6. Inward FDI: the performance of the GTMA

An in-depth study was conducted of regional FDI organizations in four other jurisdictions, each of which have similar multi-tiered government structures and similar socio-economic factors to the Toronto region. For a detailed discussion of each jurisdiction studied, see the Appendix. While performance comparisons are fraught with challenges and caveats around creating a true "apples-to-apples" comparison, a couple of points are clear:

- **In relation to size of the local population, the GTMA attracts the fewest FDI projects** – this suggests that there is untapped market potential and a significant opportunity to improve the performance of the Toronto region. As illustrated in Figure 13, the GTMA attracts 1.9 projects per 1 million population, relative to an average of the four jurisdictions studied of 14.0 projects.[22] A key driver of this metric is the level of spending in relation to the size of the Toronto region, which was much higher in the four jurisdictions studied and discussed later.

- **The GTMA has higher costs per FDI project** – as seen in Figure 14 the GTMA costs per project are nearly double the average of the four other jurisdictions studied. Said another way, for the dollars invested in FDI attraction, the GTMA is only half as successful as other jurisdictions in attracting FDI projects.[23]

Figure 13: The GTMA does not attract a proportional share of FDI projects

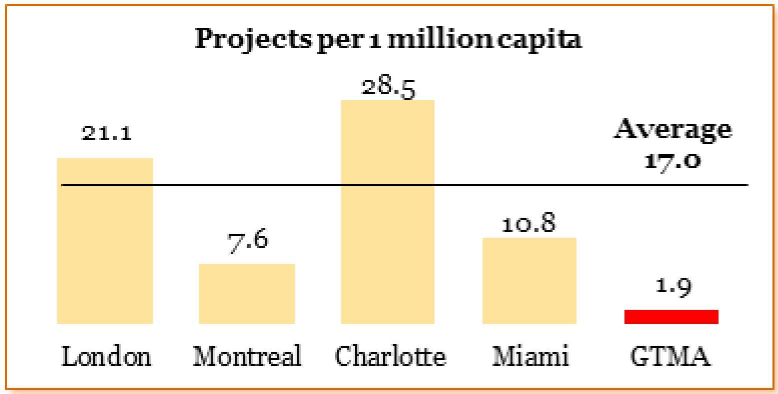
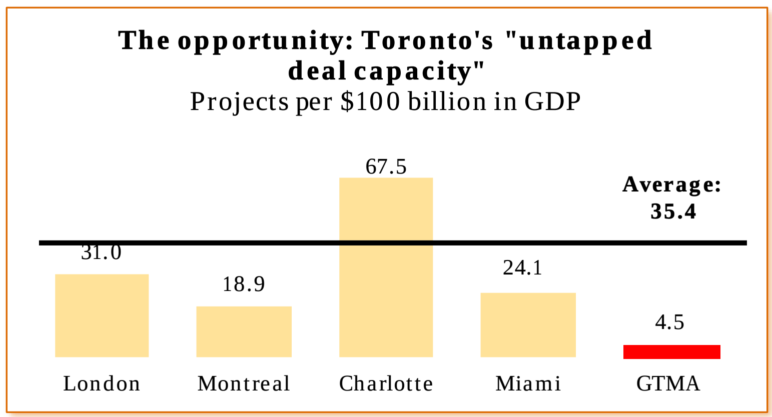


Figure 14: The cost per project at the GTMA is almost double the average



The Toronto region and the GTMA are performing poorly when compared to global jurisdictions. In the next section, potential rationales for the poor performance of the Toronto region are explored.

3.7. Relative attractiveness of the Toronto region

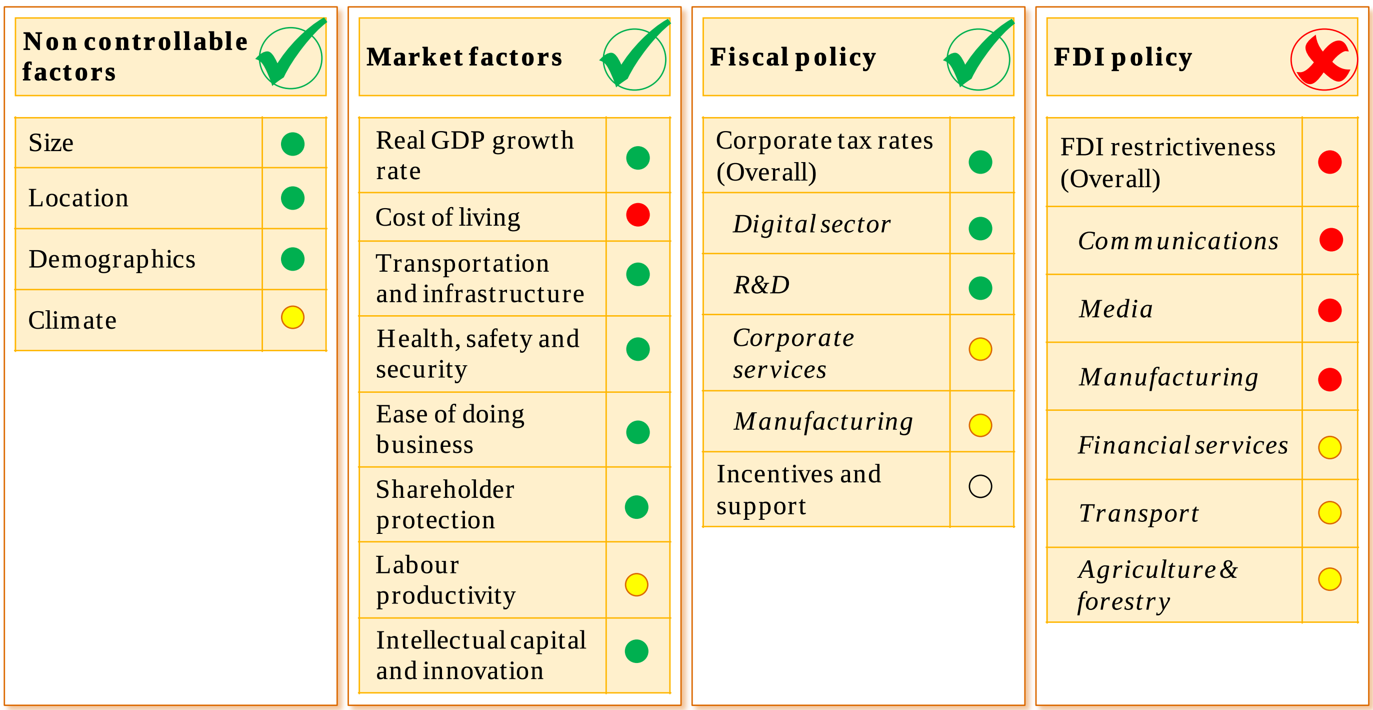
The attractiveness of the Toronto region to inward FDI should make the region a top performer. Using broad categories for determinants of inward FDI, an inward FDI attractiveness scorecard has been developed.

[22] Tracking of the number of projects was not perfectly consistent across the jurisdictions studied. Montreal, QC, Miami, US and GTMA track the number of projects landed while Charlotte, US tracks qualified projects and London, UK tracks the average annual projects landed over three years.

[23] Annual FDI budgets are estimated based on publicly available information and conversations with senior executives within the regional FDI organizations.

Determinants of FDI are grouped into four main categories: 1) factors that are nearly impossible to alter; 2) market factors; 3) fiscal policy factors; and 4) FDI policy factors, each of which is discussed below. The overall scorecard is illustrated below, followed by a discussion of each factor.

Figure 15: Toronto region's "FDI attractiveness scorecard"



Source: PwC analysis

The Toronto region is relatively attractive overall to inward FDI. Attractive features include the size, location and demographics of the region, as well as the macroeconomic stability, infrastructure, openness, financial market stability and level of innovation. Fiscal policy features are attractive overall, the Toronto region benefits from some of the best tax treatment of research and development costs globally. There is an opportunity to improve the level of regulatory restrictions on FDI. Each of these factors is discussed next.

Non controllable factors

Non controllable factors are those that are nearly impossible to affect, even in the long term. Four non controllable factors were identified, all of which were found to be attractive to FDI in the Toronto region:

- *Market location:* The Toronto region has the top market potential in North America and ranks fifth globally with a market of $4.9 trillion based on population and purchasing power (total income of the population within a 500-mile radius).[24]

- *Market size:* The Toronto region's population of 5.8 million is the largest in Canada.[25] The Toronto region has 135 million people within a one-day drive or 1 hour flight (500 mile radius), which compares to 70 million people from New York.[26]

[24] Toronto Board of Trade "*Toronto as a Global City: Scorecard on Prosperity*" 2011
[25] Conference Board of Canada "*Metropolitan Outlook 1*" Autumn 2012

- *Demographics*: With approximately 46% of the population foreign born, Toronto is the most multicultural city in the world. The Toronto region also has one of the fastest population growth rates in the world at 1.7% and is in the top 10 globally with 30% of the population having at least a bachelor's degree.[27]

- *Climate*: Toronto is viewed as a cold weather climate, but in fact Toronto is on the same latitude as Cannes on the sunny Riviera and just slightly — one degree — north of Boston. Lake Ontario serves to moderate Toronto's weather to the point that its climate is one of the mildest in Canada.[28]

On three of the four non controllable determinants of FDI attractiveness, the Toronto region scores high marks (location, size and demographics). On the issue of climate, the Toronto region may have an image issue. Overall, the non controllable determinants of inward FDI make the Toronto region very attractive.

Market factors

Market determinants of inward FDI attractiveness are those factors that are largely determined by market forces but can be altered through policy decisions in the medium term.

PwC's 2012 *Cities of Opportunity* report was used to determine the relative attractiveness of the Toronto region in relation to market factors. Released in October 2012, this study includes 27 global cities, which were selected using three fundamental criteria: cities exemplify capital market centers, represent a broad geographic sampling, and comprise both mature and emerging economies. The cities are measured across 10 indicators constructed with a robust sampling of 60 variables. The Toronto region's rankings across various market determinants of inward FDI attraction are presented in the table below:

Figure 16: Toronto region ranking: Market determinants of inward FDI

Market determinants of FDI success	***PwC 2012 Cities of Opportunity*** Global ranking of 27 of the world's leading cities	
	Metric	**Toronto ranking** (Higher is better, 27th is best)
Macroeconomic conditions	Real GDP growth rate	20th
	Cost of living	6th
Physical infrastructure	Transportation, construction activity, housing	26th
Institutional infrastructure	Health, safety and security	26th
Openness	Ease of doing business	23rd
Financial markets	Level of shareholder protection	24th
Labour markets	Productivity	18th
Innovation	Intellectual capital and innovation	26th

As seen in Figure 16, the Toronto region scores well on all but two market determinants of inward FDI attractiveness. Real GDP growth is relatively attractive, as is our physical and institutional infrastructure, openness, financial market stability and level of innovation. The cost of living in the Toronto region is quite high, and there is an opportunity to improve our level of productivity. Overall, the Toronto region is attractive according to the market determinants of inward FDI attractiveness.

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[26] Greater Toronto Marketing Alliance *Top 10 reasons to invest in the GTA* http://www.greatertoronto.org/why-greater-toronto/top-ten-reasons/ accessed February 26, 2013
[27] Toronto Board of Trade "*Toronto as a Global City: Scorecard on Prosperity*" 2011
[28] City of Toronto website: http://www.toronto.ca/toronto_overview/climate.htm accessed February 26, 2013

Policy factors

Policy factors that affect inward FDI attractiveness are primarily fiscal and regulatory. Monetary policy stability is also a determinant of inward FDI attractiveness, however this is largely captured in market factors. For this analysis, fiscal policy and FDI policy have been broken out separately.

The Toronto region has attractive fiscal policy characteristics. PwC's 2012 *Cities of Opportunity* report ranks Toronto as 4th out of 27 cities globally for overall tax rate. KPMG's 2012 "*Competitive Alternatives: Focus on Tax*" ranks 55 cities globally based on tax cost competitiveness. Toronto ranks 5th overall and is in the top quartile across the four industries measured, the digital sector, research and development, corporate services and manufacturing.

Various inward FDI incentives are offered across the federal, provincial and local governments in the Toronto region. No specific metric is known that ranks global cities based on inward FDI incentives offered. Within the Toronto region, there is a long list of programs to assist investors in their expansion and relocation decisions, and ensuring a competitive, friendly and receptive business environment.

Direct inward FDI policy is the only determinant of FDI attractiveness working against the Toronto region. The Organisation for Economic Co-operation and Development (OECD) ranks 55 countries on their inward FDI regulatory restrictions based on 1) foreign equity limitations; 2) screening or approval mechanisms; 3) restrictions on the employment of foreigners as key personnel; and 4) operational restrictions, e.g. restrictions on branching and on capital repatriation or on land ownership.

Canada has consistently ranked poorly on the OECDs FDI Regulatory Restrictiveness index since its inception in 1997, and most recently, in 2012, Canada ranked 44th of 55 (12th from the bottom). The ranking is based on a compilation of rankings of industries. A key issue in Canada is the existence of the *Investment Canada Act* which requires a review of each foreign investment in Canada over certain financial thresholds. The existence of this Act limits Canadian performance in the second criteria (screening or approval mechanisms). Canada also has some restrictive investment policies in a number of industries, a select few are highlighted below for illustrative purposes.

Figure 17: 2012 OECD Regulatory Restrictiveness: Performance of select Canadian industries

Sector	**Canada's rank** (higher is better, 55th is best)	Key drivers of ranking
Communications	2nd	• *Telecommunications* Act: requires that all operators in certain segments of the industry are Canadian owned and controlled. • Certain investments reviewed by CRTC.
Media	3rd	• *Telecommunications* Act: requires that all operators in certain segments of the industry are Canadian owned and controlled. • Certain investments reviewed by CRTC.
Fisheries	9th	• Vessels must be >50% Canadian owned.
Mining and energy	11th	• Investment Canada review process with added scrutiny for some resources.
Financial Services	17th	• *Bank Act:* Financial organizations have foreign ownership restrictions that vary based on size of the organization.
Transportation	22nd	• Transport Canada transaction review process. • Foreign equity restrictions in certain segments of the industry.

Source: PwC analysis

As seen in the table above, a number of industries in Canada have limits on the ability of foreign investors which limits the attractiveness of the Toronto region to FDI investors.

Overall however, the market size, location, demographics, stability, infrastructure, innovation levels, and fiscal policies make the Toronto region attractive to inward FDI, suggesting that the Toronto region should instead be doing better than other regions, not worse.

3.8. Summary: the opportunity is substantial

As an attractive FDI destination with results that do not match up well against similar large, complex city-regions, the opportunity to improve the results of the Toronto region through a revitalized and restructured GTMA is substantial.

To illustrate the potential size of the opportunity, a hypothetical scenario is presented in Table 6. If GTMA were funded in relative terms at the average level seen in the successful jurisdictions studied, and used this to drive synergies and other changes to the way it operates, the following benefits could be achieved:

- 'Cost per project' could reduce by roughly half to be in line with the average being achieved in the other jurisdictions; and
- Combined with the impact of the increased funding annual deal flow could increase from 11 projects to 80 projects.

Table 6: Size of the opportunity - illustrative

	Funding (millions)	**Cost per project** (thousands)	**Number of projects**
Current GTMA	$1.7	$154.5	11
GTMA with average funding per capita and a comparable cost per project	$6.6	$82.8	80

Source: PwC analysis

Note: As is the case with the GTA, within each of the 4 jurisdictions studied there are multiple FDI organizations at the local or municipal level that play an important role in the overall FDI effort. In comparing budgets for the regional FDI organizations, these local budgets have therefore been excluded in both the GTA and the comparator jurisdictions.

From an ROI perspective, the GTMA estimates up to and including 2011, it has attracted 88 new investments which together contributed an estimated $400 million to the GDP of the Toronto region.[29] This results in an estimated $4.5 million in incremental GDP per project.[30] As discussed in Recommendation #9, the recommended incremental funding for the GTMA is $4.9 to $5.8 million. When compared to an estimated incremental GDP impact per project of $4.5 million, the substantial economic benefits of investing in FDI attraction become clear.

[29] GTMA 2011 Annual Report
[30] This impact per project is estimated at a very high level and embodies a number of assumptions, however it is largely consistent with other jurisdictions, with the exception of Montreal International which had 28 investments in 2o11 that generated $668 million invested, or $23.9 million of dollars invested per project. GDP impact is lower than investments per project by definition, however the improved results are significant.

The Toronto region has very attractive assets that are not being promoted effectively internationally to attract FDI. Enhancing our approach to attracting FDI investors has the potential to increase the economic benefits of FDI investments in the Toronto region exponentially.

In the next section, the key drivers that are allowing other jurisdictions to achieve this success are examined, as well as the impediments that are holding the GTA back. Following that, a series of recommendations are provided for addressing these issues and driving the superior results that appear possible, along with the initial framework for a strategy to roll-out the revitalized organization.

4. Key drivers of successful FDI organizations

4.1. Introduction

Our analysis of successful FDI organizations in other jurisdictions identified key drivers of success and impediments facing the GTMA, which underpin the recommendations made in the next section. These findings can be grouped into four broad categories as follows:

- **Role clarity with other FDI organizations:** Similar to the GTMA, each organization operates within a complex multi-tiered government structure, with multiple FDI organizations at various levels. The successful jurisdictions have addressed this through clearly defined, documented and agreed roles and "rules of engagement" for each organization, that promote synergies, collaboration and coordination of effort across the various FDI organizations.

- **Organizational focus:** The successful FDI organizations accomplish this by having dedicated teams that specialize and focus solely on a specific target sector or market aligned to the region's strengths and economic development strategy. These are often aligned with specific sector clusters found within the city-region that provide a powerful magnet for FDI from foreign firms operating within these sectors. Focus is also achieved by having specialized support roles (such as strategy, communications, fundraising, etc.). This drives expertise across all functions, and minimizes distractions in order to allow each individual to focus on what they do well.

- **Private sector involvement:** The organizations studied all leverage the private sector more extensively as part of their overall strategy, to assist with lead generation and fundraising in addition to providing services to target companies considering an FDI investment.

- **Scale of the organization:** In all cases, the comparator organizations have much larger scale of operations, in terms of both staffing and funding. This allows them the necessary resources to play an effective cross-region coordinating role, and the economies of scale to drive operational efficiencies.

These issues are examined in more detail below, following a discussion of how leading FDI attraction organizations were selected.

4.2. Leading practices review

Four international FDI attraction organizations were ultimately selected and used to identify leading practices in FDI attraction. The following criteria were used to identify the four organizations ultimately selected:

- A mix of Canadian, US and international organizations;

- Excellent performance in terms of FDI attraction relative to the size of the regional economy;

- Regional organizations that operate in markets that are similar to the GTA (politically and economically); and

- Have significant regional coordination and/or funding issues.

Following consultation with the Strategy Group, four organizations were selected, summarized below:

Organization	Regional Population	Regional GDP	FDI Projects (2011)	Regional political structure
London, UK: London and Partners (L&P)	8.3 M	$565 B	175	L&P represents the Greater London Area (GLA) – analogous to a 'regional municipality' with 33 boroughs, of which the City of London is one.
Montreal, QC: Montreal International (MI)	3.7 M	$135 B	28	MI undertakes international FDI promotion efforts on behalf of the Communaute metropolitaine de Montreal (CMM), a planning, coordinating and funding body serving 82 municipalities in the Greater Montreal Area (GMA). CMM is a regional council operated by local politicians that provides MI with FDI funding.
Charlotte, NC/SC: Charlotte Regional Partnership (CRP)	2.7 M	$114 B	77	CRP represents 16 counties across 2 states with no single regional governing body.
Miami, FL: The Beacon Council (TBC)	2.5 M	$112 B	27	TBC is a county level FDI agent, representing Dade County of 36 municipalities.
Toronto, ON: Greater Toronto Marketing Alliance	6.1 M	$1245 B	11	Represents 25 municipalities and 4 regions with no single regional governing body.

A detailed discussion of each organization along with specific relevant findings is provided in Appendix 1.

4.3. Role clarity with other FDI organizations

Similar to the GTMA, each organization studied operates within a complex multi-tiered government environment, with multiple FDI organizations at various levels. The successful jurisdictions have addressed this through clearly defined, documented and agreed roles and "rules of engagement" for each organization.

With FDI organizations at the senior government levels, documented responsibilities tend to be geographic and activity based. For example, London & Partners has a direct Memorandum of Understanding with UK Trade & Investment that specifies geographic areas of responsibility as well as the process for communicating target sectors and markets in order to promote synergies, collaboration and overall efficiency and effectiveness of the FDI effort. They are even in the process of merging CRM systems to enhance communications and collaboration.

The GTMA has no similar documented roles and rules of engagement with either the Federal or Provincial government. Rather, its interactions with DFAIT, MEDI and OMAFRA are managed on an ad-hoc, project basis.

With local governments, all four regional FDI organizations studied take the lead role in all international activities related to an agreed upon set of target markets and sectors. Once specific leads or prospects are identified and local visits are arranged, the local municipalities play a key role in facilitating site selection and other local marketing activities. In Charlotte and Miami, local governments also select additional target sectors and markets based on perceived local market opportunities, and are free to pursue these independently. Often as well, relationships with local governments are clearly documented. In Charlotte for example, clear expectations of the regional FDI organization are established up-front and agreed to within the founding documents of the regional FDI organization.

Also in Charlotte and Miami, the regional organization acts as a coordination mechanism for local governments, connecting local governments in their region to discuss FDI leads and similar targets. Overall, greater role clarity is found to facilitate better collaboration and coordination of efforts, which in turn drives effectiveness and overall cost efficiency.

4.4. Organizational focus

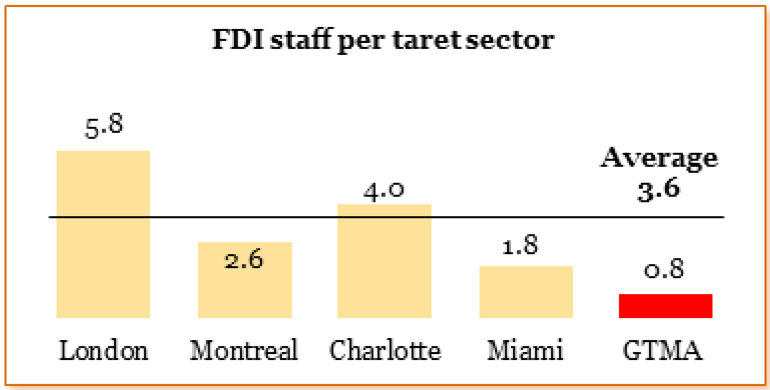
The regional FDI organizations studied achieve enhanced organizational focus by:

- Limiting the number of target markets and sectors to those that can be effectively supported within a given staffing level. As seen in Figure 18, the average number of FDI staff per target sector across the organizations studied is 3.6[31] while at the GTMA it is 0.8. As a result, GTMA resources are spread too thin to effectively cover all target sectors and markets.

- Developing specialized roles that minimize the distractions of FDI staff. All four jurisdictions have various specialized support roles, including a team dedicated to fundraising. This compares to the GTMA, where due to limited size, each individual must play multiple roles, further diluting the level of focus that can be directed to core FDI activities within each targeted sector and market.

- Obtaining sustainable public funding. Each organization has a sustainable source of public funding, and fundraising therefore focuses on the private sector. This compares to the GTMA which in addition to private sector fundraising, must apply to each of 7 municipalities each year for renewal of its core funding. In addition, in order to access federal funding, GTMA must raise matching

Figure 18: GTMA is unable to devote sufficient staff to each targeted sector



Source: PwC analysis

Table 7: Lack of specialist roles at GTMA detracts from focus on core FDI attraction activities

Support staff	Funding	Marketing	Communi-cations	Corporate services	Research / strategy
London, UK	✓	✓	✓	✓	✓
Montreal, QC	✓	✓		✓	✓
Charlotte, US	✓	✓	✓	✓	✓
Miami, US	✓	✓	✓	✓	✓
GTMA				✓	

Source: PwC analysis

[31] Staff involved in FDI activities and target counts are estimated based on publicly available information and conversations with senior executives within the regional FDI organizations.

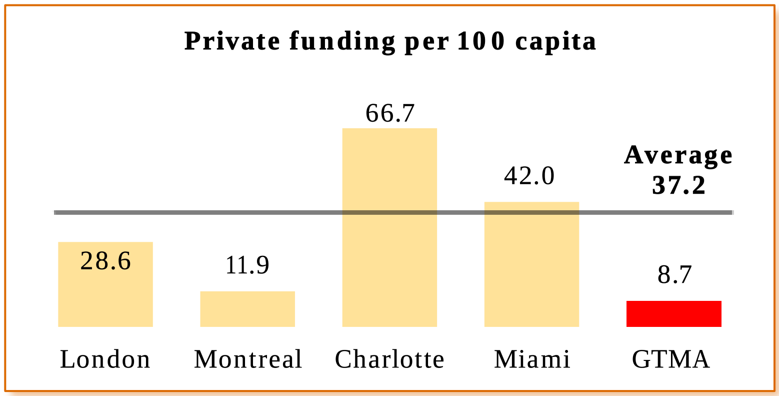
private sector funding on a project-by-project basis. As a result, fundraising overall consumes a disproportionate share of GTMA resources, distracting from core FDI attraction activities.

4.5. Private sector involvement

The organizations studied all leverage the private sector more extensively and effectively than does the GTMA in terms of generating funding, generating leads, and representation on the Board of Directors.

GTMA has 50% private sector representation on its Board, while the average of the jurisdictions studied is 71%. These Board members are leveraged in other jurisdictions to generate FDI targets and leads. For example, in Miami, private sector members are key participants on international missions. This is in contrast to the GTMA where private sector members are largely involved in directional oversight and providing services to leads and prospects.

Figure 19: GTMA's private sector funding is lower than the comparator organizations



Source: PwC analysis

As shown in Figure 19, the jurisdictions studied average a total of $37.2 in private sector funding per 100 capita, while the GTMA achieves a fraction of this, at $8.7. This is partially attributable to the small scale of the GTMA and its need for focus on annual or project-by-project renewal of its sources of public sector funding. Another contributing factor however is that two of the jurisdictions studied are based in the U.S., where private sector organizations tend to be larger and have an enhanced culture of supporting FDI initiatives. An understanding of the limitations of the Canadian context informs the recommendation that the GTMA could achieve better results in this area, but perhaps not on a par with that achieved in the U.S. In addition, it is likely that increased private sector funding could only be obtained once the revitalized and restructured GTMA was up and running and had proven its success.

4.6. Scale of the organization

FDI organizations were selected based on their comparability to the GTMA, and as such all have other FDI organizations at the local level and within more senior levels of government. Notwithstanding this, in all cases the comparator organizations have much larger scale of operations, in terms of both staffing and funding. The GTMA has approximately:

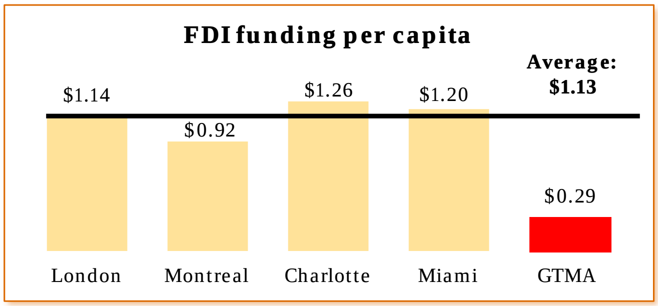
- A quarter of the average FDI budget per capita at $0.29 relative to an average of $1.13[32] in the comparator organizations.
- A fraction of the FDI staff per 1 million at 0.86 FDI staff member per 1,000,000 relative to an average of 5.97 FDI staff members per 1,000,000 population.

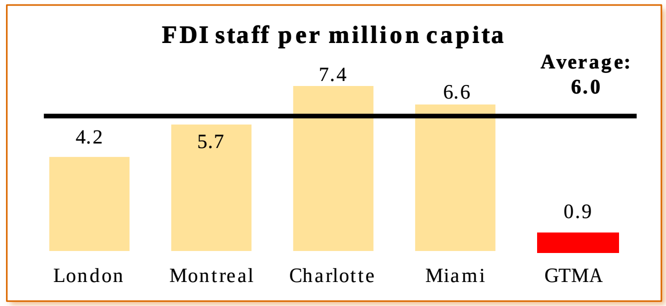
Each of the studied organizations has much larger funding levels, both in absolute and relative terms. This allows them the necessary resources to play an effective cross-region coordinating role, and also results in economies of scale that drive operational efficiencies.

[32] Regional population is estimated based on various public sources.

Figure 20: The GTMA has significantly less funding and scale than organizations studied

Metric	London	Montreal	Charlotte	Miami	GTMA
Total FDI funding	$9.5 M	$3.4 M	$3.4 M	$3.0 M	$1.7 M
Total FDI staff	35	21	20	16	5





Source: PwC analysis

4.7. Summary

A number of factors are driving results in successful FDI organizations in other jurisdictions. To summarize:

- Each of the studied organizations have more clearly defined and documented roles (as compared with the GTMA), not only for themselves, but also how they interact and relate to other FDI organizations within their jurisdictions. This role clarity applies equally to senior levels of government and local (municipal) governments, which continue to play important roles in the FDI attraction process. This greater role clarity facilitates better collaboration and coordination of efforts, which in turn drives effectiveness and overall cost efficiency.

- Each of the studied organizations has achieved a greater level of focus, through limiting the number of targeted sectors and markets to those that it can effectively support, as well as through larger scale of operations that allow for role specialization. This increased focus, drives better results within each target sector or market, through better continuity, follow-up and relationship building. This compares to the GTMA, where due to limited size, each individual must play multiple roles, distracting attention from core FDI lead generation and follow-up activities.

- Another common element of the studied organizations is the existence in each case of a sustainable source of public funding. This compares to the GTMA which must apply to each of 7 municipalities each year for renewal of its core funding. In addition, GTMA must raise matching private sector funding on a project-by-project basis, in order to access DFAIT funding. Because of this, GTMA must spend a greater proportion of resources on fundraising activities, whereas the other organizations are largely able to focus their fundraising efforts on the private sector.

- The studied organizations are also better at leveraging the private sector. Boards are more heavily weighted to the private sector, and Board members are more directly involved in lead generation and follow-up through their extensive local and international business connections.

- Finally, each of the studied organizations has much larger funding levels, both in absolute and relative terms. This allows them the necessary resources to play an effective cross-region coordinating role, and the economies of scale to drive operational efficiencies.

5. Analysis and recommendations

In this section, recommendations for revitalizing and restructuring the GTMA are outlined.

Revitalizing the GTMA cannot be effectively addressed in isolation from the broader problem of regional coordination of FDI roles and activities across the myriad of stakeholder groups that currently exist. This is not to suggest that contraction into one “mega agency” is the right answer. Rather, improved role clarity and better coordination can achieve excellent results as demonstrated by the experience of the four organizations studied.

In addition to coordination across FDI organizations, there could be additional benefits from coordination with non-FDI organizations such as the Toronto Region Board of Trade, to leverage their industry cluster development efforts in the identification of high potential target sectors for FDI attraction efforts.

For the GTMA to play a credible role in addressing this core issue, it needs increased funding that will enable the fundamental changes that are needed in the way it is structured and operates. However, as part of any credible business case for increased funding, the issue of regional coordination needs to be addressed first, at least at a conceptual level. What is needed is multi-stakeholder consensus around a clear vision of the future state roles, responsibilities and coordinating mechanisms, and a sound game plan for how GTMA would make efficient and effective use of increased funding. Members of the Strategy Group are drawn from many of these organizations, and could therefore play a key role in driving this multi-stakeholder consensus.

Fourteen specific recommendations have been made for revitalizing and restructuring the GTMA, leveraging the key learnings about drivers of success as identified in our study of other FDI organizations. These recommendations are not mutually exclusive; rather, they are very intertwined and interrelated. While the specifics will no doubt need fine tuning as the revitalization proceeds, the conceptual approach should be considered as an overall package of changes that could lead to the GTMA achieving the kinds of results seen elsewhere, rather than a “pick-and-choose” menu of options.

Our recommendations are provided in 4 broad groupings that are briefly summarized below:

1. Focused and clearly defined roles, through:

    - Clarifying and documenting the respective roles of GTMA, local municipalities and other FDI organizations active in the Toronto region as it pertains to an agreed upon set of target sectors and markets;

    - Formalizing the respective roles of GTMA, the province (MEDI, OMAFRA) and the federal government (DFAIT) as it pertains to FDI attraction activities related to GTA-targeted markets and sectors; and

    - Re-branding the GTMA to reduce confusion in the marketplace about its role.

2. Improved accountability and performance measurement.

3. A sustainable level of funding that enables improved international competitiveness of FDI attraction efforts. Key considerations in the development of the specific recommendations in this area include:

    - The appropriate size of the organization is informed by:

        i. Average funding per capita of successful FDI organizations; and

ii. The number of target sectors to be potentially be pursued. Preliminary guidance on selecting target sectors and the number that should be supported is provided.

- The current funding model of the GTMA requires existing staff to have multiple areas of responsibility, which diverts attention from FDI lead generation and promotion through the sales cycle which should be removed through a sustainable funding model.

4. Structuring the GTMA to drive improved results through continuity and specialization by:

   - Increasing private sector involvement in lead generation and promoting the Toronto region;
   - Structuring the GTMA in a manner that allows staff to specialize; and
   - Providing GTMA with the tools it needs to be more effective.

The specific recommendations and rationale are discussed in more detail below.

5.1. Conceptual role of the revitalized GTMA

In our review of other leading jurisdictions, two models were identified for coordination of FDI roles between regional and local FDI organizations. The main differences between the two models were in the areas of participation in international missions and in who "brokers the deal":

1. ***The regional FDI organization 'brokers the deal'*** (Montreal, QC and London, UK); and
2. ***The municipal FDI organizations 'brokers the deal'*** (Charlotte, US and Miami, US).

Model #1: Regional FDI organization brokers the deal

In this model, a regional economic body establishes the broad markets / sectors to be targeted by the FDI organization. For example, in Montreal, the Communauté Métropolitaine de Montréal establishes the regional economic development plan covering not only FDI but also a host of regional economic and infrastructure issues.

The regional FDI organization leads all international FDI activities related to the targeted sectors and markets. In London, the municipalities may choose to undertake limited international investment promotion, but generally do not. In Montreal, the municipalities are prohibited by legislation to promote themselves internationally, to avoid conflicting messages in the marketplace.

Figure 21: Model #1 illustrated

Source: PwC analysis

Once leads are generated, the regional FDI organization introduces the investors to the local municipalities. The local municipalities then compete for the deal, if a natural landing point has not yet emerged.

The regional FDI organization then helps the investor choose the ultimate landing point, playing the role of an 'honest broker'. The objective is to get the deal done, with the underlying assumption that wherever the deal lands, it is good for the entire region.

Model #2: Municipal FDI organization brokers the deal

In this model, the municipalities and the regional FDI organization work in concert to establish the target markets / sectors for the regional FDI organization. The local FDI offices also establish their own FDI target markets / sectors, often in consultation with the regional organization. The local targets can be the same as those developed by the regional body or unique. The frequency with which the local municipalities establish their own local targets unique of the regional organization is notably less frequent than is the case in the Toronto region.

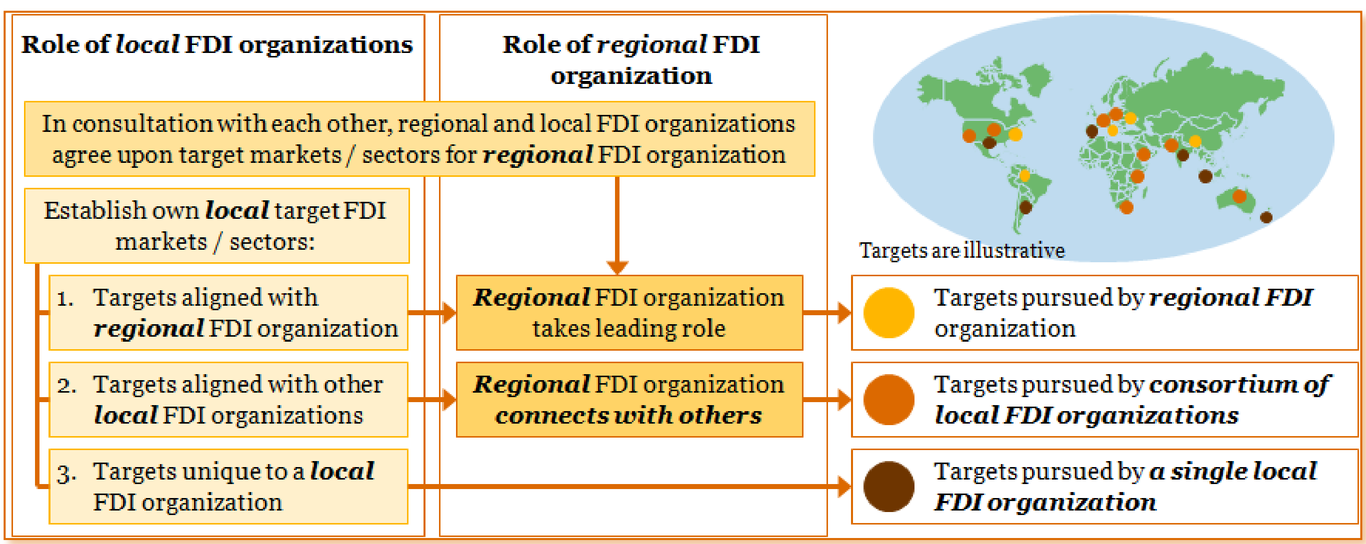
As illustrated in Figure 22, this model results in a set of three targets, those that are:

- ***The responsibility of the regional organization***. For these the regional organization takes a leading role and all local organization can join the effort.
- ***Common across several municipalities within the region***. For these, the local offices often work in concert in international activities. For this set of targets, local offices can include senior levels of government.
- ***Unique to one municipality/senior level of government.*** For these targets, the local municipality is solely responsible for international efforts. The jurisdictions studied had much fewer targets in this category relative to the current state in the Toronto region.

As the regional organization generates leads, it introduces investors to the municipalities and plays a limited role in ultimate site selection. The final landing point is the responsibility of the local municipalities.

This model is most closely aligned with the GTMA current state, as discussed on the following next.

Figure 22: Model #2: Municipal FDI organization brokers the deal



Source: PwC analysis

Recommended role of the GTMA

Currently in the Toronto region, local municipalities are active in international FDI activities. The GTMA's role is most closely aligned with **Model 2: Municipalities broker the deal,** but with some key differences.

Consistent with Model 2, the GTMA currently works with local municipalities to define the GTMA FDI targets, and the GTMA works collaboratively with most municipalities in GTMA target markets / sectors. There are however examples of local municipalities acting independently in GTMA target markets / sectors, suggesting that there is an opportunity to achieve better coordination and collaboration by clearly documenting the roles of the GTMA and local municipalities, as well as the targets that will be pursued by each.

Also consistent with Model 2, the GTMA currently introduces investors to the appropriate municipalities and plays a limited role in ultimate site selection.

Contrary to Model 2 however, the GTMA currently plays a limited, ad-hoc role in connecting FDI organizations in the Toronto region that are pursuing the same target markets or sectors. One of the greatest strengths of the Toronto region is the local Boards of Trade and Chambers of Commerce, business councils and associations as well as universities and colleges. The GTMA should coordinate these organizations involved in FDI attraction and involve them in developing targets and generating leads for GTMA targets sectors.

The recommendations developed are intended to more closely align the conceptual role of the revitalized GTMA with Model 2. The recommended role is conceptual only, as the GTMA implements the revitalized organization, flexibility will be paramount as it agrees to a specific role with senior levels of government, local municipalities and other FDI organizations active in the Toronto region.

Recommendation #1: : The GTMA along with other economic development organizations including the municipalities and senior governments in the Toronto region should agree to a set of "Toronto region" target sectors and markets for which the GTMA will lead all international activities. Other FDI organizations should be free to participate in GTMA-led events for the "Toronto region" targets, but also to target their own additional sectors and markets independently as they see fit. These roles should be formally documented through the International Marketing Services Agreements (IMSAs) or other agreements.

Coordinating role for non-GTMA led targets

Aside from the mutually agreed Toronto region target sectors to be led by the GTMA, individual FDI organizations may have additional target sectors in common with each other, particularly where these are focused on ethnic diaspora networks such as the Indian community or the Chinese community. These markets or sectors may also represent targets of the provincial or federal governments. In such cases, there is an opportunity for improved overall results through better coordination that could be provided by an organization such as the GTMA.

Recommendation#2: For targets not led by GTMA, but which have been targeted by one or more Toronto region FDI organizations, the GTMA should play a coordinating role to connect the efforts of municipal, provincial, federal and other local organizations involved in FDI to those sectors and markets.

The implementation of the role outlined for the GTMA could result in:

- Better coordination and synergies among FDI organizations in the Toronto region;
- Reduced brand confusion for the Toronto region internationally; and
- Increased sector specialization of the various FDI organizations in the Toronto region.

The recommended role for the GTMA is conditional on a significant enhancement in funding. If the GTMA is unable to obtain the support required from senior and local levels of government, its role may need to be limited to playing a coordinating role to connect municipal, provincial and federal efforts related to FDI attraction in the Toronto region.

Establishing sector targets

This section is broken into two parts, the first discusses the considerations that should be given when selecting targets and the second discusses considerations given to the number of targets to establish.

Strategically defined targets

A driver of success for the jurisdictions studied was the manner in which target markets and sectors are chosen. Broadly, there are various approaches to selecting targets however the ultimate objective is to identify targets that:

- Are aligned to local strengths, such as industry clusters for which the region is considered a leader;
- Are aligned to large local ethnic communities that will be attractive to new business investments from the "home" country to service that ethnic market; and
- Provide a large economic impact domestically (jobs and GDP impact).

Targeting markets that would merely see the Toronto region as a "safe haven" for investment dollars should be avoided, as they are most likely to result in buy-outs of existing businesses that have no or limited net economic benefits for the region.

As a result of its need to spread its resources thinly, the GTMA currently focuses its efforts based on the ease of going after a particular sector or market. It does this within the context of a limited research budget for identifying targets that meet the more formal criteria described above. The likelihood of success is also a determinant of target selection in other jurisdictions. Other jurisdictions determine the likelihood of success based on internal and external research and analysis, analytics of internal leads generated and leveraging public and private sector contacts.

Examples of criteria that are used in target selection in other jurisdictions are provided in the table below:

Economic impact	Likelihood of success
• Sectors that leverage local strengths / clusters • Sectors that diversify / compliment existing businesses • Markets that augment an existing ethnic community	• Targeted by senior governments • Local cluster exists • Sectors for which incentives exist • Internationally focused sectors / markets • Sectors in expansion

Source: PwC analysis

The Toronto Region Board of Trade has been advocating for a Toronto region cluster development strategy, similar to that developed in Montreal, QC for some time. From an FDI attraction perspective, cluster development appears to meet both criteria of having a significant economic impact and having a higher likelihood of success.

Clusters are inherently attractive to foreign investors and cluster development generates innovation, competitive advantage and national prosperity. Firms within a cluster benefit from easier access to, and reduced costs of, certain collective resources such as a specialized inputs, infrastructure, or access to capital and a local labour market of specialized skills, resulting in competitive advantage over firms outside of the cluster and ultimately generating economic prosperity at the local, regional and national level.[33]

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[33] Porter, Michael "*The Competitive Advantage of Nations*" 1990

It has been argued that within the modern knowledge based economy, long-term economic growth depends on the capacity of industry to upgrade and innovate. Firms and nations that hold a competitive advantage in today's global economy face a global set of competitors who will eventually imitate and replicate any advantage, requiring that firms continually innovate and upgrade to remain competitive. Our capacity to innovate determines our productivity which entrenches and expands our competitive advantages internationally and innovation is driven at the local, cluster level.[34]

Montreal, QC has successfully pursued a cluster development in FDI attraction. Montreal International leverages cluster offices to identify sub-sectors of clusters that are under-represented within the cluster. For example, if in the aerospace cluster there is found to have eight wing manufacturers but only one or two landing gear manufacturers, the FDI organization will target landing gear manufacturers globally. This results in targets that:

1. Generate significant economic benefits by enhancing local clusters; and

2. Have a high likelihood of success as investors seek to provide complimentary inputs within well developed clusters.

FDI cluster strategies are proven in the Toronto region. For example, the Toronto Financial Services Alliance (TFSA) is a public–private partnership dedicated to growing Toronto region's financial services cluster. The TFSA is a collaboration involving three levels of government, the financial services industry and academia that builds international awareness of the advantages offered by the Toronto region and assists global financial service companies exploring business opportunities in Toronto.

Recommendation #3: Targeted sectors and markets for region-wide focus should be selected strategically, based on clear criteria aligned to local strengths and the likelihood of success in ROI terms. Ideally, this would be driven by a region-wide economic development strategy (although this is not a pre-condition). In terms of alignment to local strengths, key considerations in target selection should include sector-based clusters that exist or are emerging in the Toronto region, market-based targets that align with significant ethnic populations, alignment to federal or provincial targets and/or incentive programs, and/or sectors targeted by other FDI Toronto region FDI organizations that would allow for synergies of effort and resources.

Number of sectors to target

One driver of the success achieved in other jurisdictions is that they are able to devote sufficient resources to each target market and sector to be effective in lead generation and follow-up activities.

While the number of GTMA target markets and sectors is similar to other FDI organizations, it is trying to do this with fewer resources. This limits the level of attention and focus that can be devoted to each target, which limits success and contributes to the perceived need for local municipalities to undertake their own FDI lead generation activities related to these targets.

The number of targets selected should be limited to those that can be effectively addressed by a given resource level. This will allow for:

- Increased focus within targeted markets and sectors.
- Enhanced continuity of relationships with investors.
- GTMA staff to be positioned as market or sector specialists within their respective target market or sector.

[34] Porter, Michael "*The Competitive Advantage of Nations*" 1990

In order to arrive at a reasonable number of target sectors for the GTMA, insights from other economic development participants in the Toronto region were leveraged. Specifically, the Toronto Region Board of Trade has identified ten clusters in the Toronto region. The clusters are:

1. Aerospace;
2. Auto & parts;
3. Creative & entertainment;
4. Energy;
5. Financial services;
6. Food & beverage;
7. Bio-pharma & bio-medical;
8. Information and communication technology;
9. Professional services; and
10. Transportation & logistics.

In all, these clusters comprise roughly 37 per cent of total economic activity in the Toronto region and they account for substantial employment in Toronto. The clusters range from long-established industries, like food & beverage, to rapidly growing industry, such as transportation & logistics.[35] This is a reasonable starting point for identifying target sectors for the GTMA, however additional analysis will be required to evaluate whether these targets meet the needs of the restructured organization.

The financial services industry is already targeted by the TFSA as discussed above. Currently, the GTMA targets three of the remaining nine target clusters of the Toronto Region Board of Trade:

1. Energy
2. Food and beverage; and
3. Information and communications technology.

The GTMA also currently has three other target sectors:

1. Advanced manufacturing;
2. Agriculture; and
3. Environment.

As a starting point, a tighter alignment with the Toronto Region Board of Trade cluster strategy should be considered, but a more formal analysis is needed to refine and finalize the list of targets based on the criteria discussed above.

As seen in the successful jurisdictions, specific individuals or teams are focused 100% on a specific target sector to drive focus and specialization, and this model should be adopted within the revitalized GTMA. However, there is also a need for flexibility to address high value opportunities in sectors not currently targeted. For example, although the GTMA was not targeting the retail sector in 2011, the largest investor in that year was Target. Ignoring large investments as they are not target sectors would be unadvisable, and therefore a tenth 'undefined target' should be included to allow for organizational flexibility.

Recommendation #4: The recommended level of funding will enable the GTMA to effectively target 9 or 10 high potential sectors, clusters or markets by having a small focused and dedicated team supporting each. One team should be generalist in nature to deal with the large, attractive "one-off" opportunities, while the other nine should focus solely on an identified and agreed upon strategic target.

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[35] Toronto Board of Trade *"Toronto as a Global City: Scorecard on Prosperity"* 2012

Relationship with senior governments

With senior levels of government, three of four of the jurisdictions studied had clearly defined roles, often documented.

- Montreal, QC, has *legislated* roles and responsibilities with municipal governments and documented roles with senior levels of government.

- Charlotte, US, included role definition and hand-off procedures between the regional FDI organization and state level FDI organizations *within the articles of incorporation* of the regional FDI organization.

- London, UK, has a formal *Memorandum of Understanding* directly with the national FDI organization (UKTI) and is in the process of combining CRM systems.

The GTMA currently does not have a formal relationship with MEDI, OMAFRA or DFAIT. As a result, opportunities for collaboration, coordination and leveraging each other's efforts may be being missed.

Recommendation #5: GTMA and FDI organizations at the local, provincial and federal levels should formalize agreements about how they will collaborate, cooperate and coordinate efforts related to mutually targeted sectors and markets. Documenting these agreements via Memoranda of Understanding (MoUs) is likely to be the most efficient and effective approach.

Other economic development mandates

Three of the four organizations that were studied have mandates that extend beyond FDI, into other areas such as tourism attraction, talent attraction and broader economic development. Most were of the view that these broader mandates contribute somewhat to overall cost efficiencies, but in a fairly limited way. In terms of enhancing FDI results, only business tourism was cited as a beneficial partnership, albeit to a limited extent. As such, no changes to the mandate of the GTMA are recommended at this time.

Currently there is significant effort required to revitalize and restructure the GTMA, through this process the focus should be on regional FDI attraction. Should the GTMA become a leading FDI focused organization the opportunity to expand its mandate could be explored.

Branding of the GTMA

A number of stakeholders expressed the view that the "GTA" is not a recognized "brand" internationally and that there is a degree of confusion within the Toronto region over the role of the GTMA, particularly relative to Invest Toronto. Further, a number of local stakeholders and an international FDI organization pointed out that the 'M' in GTMA suggests that it is limited to a "marketing" role.

The majority of regional FDI organizations studied used their anchor city in their name as it is internationally recognized as a brand.

While the name Toronto is prominent in the GTMA's logo, the commonly used abbreviation "GTMA" reduces the impact of the word "Toronto".

Recommendation #6: To address brand confusion, the GTMA should be re-branded with a name that prominently states 'Toronto region" rather than "GTA", and is also more reflective of the FDI deal brokering and collaborative role recommended for the GTMA.

5.2. Accountability and performance measurement

A number of common metrics of success were identified across the regional FDI organizations studied, the most common being:

- Number of FDI projects.
- Number of jobs created.
- GDP contribution of FDI investments.
- Value of FDI dollars invested.

Other metrics include the number of investors hosted in the region, the number of investors visited abroad and days spend promoting the region, the count of visits to foreign subsidiaries in the region to generate results, and other metrics.

The top four metrics above are largely consistent with the results tracked by the GTMA, with the exception of the value of FDI dollars invested.

Recommendation #7: In order to track performance, the GTMA should report results on a quarterly and annual basis in terms of the number of FDI projects, the number of jobs created, the GDP contribution of FDI investments and the value of FDI dollars invested. Specific annual targets should be established in order to drive accountability.

It was also found that FDI organizations have had success implementing results based compensation for FDI staff or lead generating organizations located abroad, tying a portion of compensation to attributable results. For example, in Montreal, QC, the regional FDI organization sets annual FDI targets for their staff and ties a portion of compensation to the achievement of those targets. This has been shown to align incentives of staff and the organization, and in some cases actually lower labour costs.

Recommendation #8: In order to drive accountability at the individual level, a portion of the compensation paid to the FDI staff or to contracted agents abroad should be tied to FDI results.

5.3. A sustainable, competitive level of funding

In this section, the “right-size” of funding for the GTMA is discussed as well as a sustainable funding model that will reduce ‘distractions’ faced by the GTMA.

Level of funding

The GTMA is underfunded relative to other regional FDI organizations internationally, limiting its ability to play an effective cross-region coordinating role and to realize economies of scale to drive operational efficiencies.

The key points to emphasize in any proposal for new incremental funding are as follows:

- Investments in FDI attraction have an attractive payback in terms of jobs and economic growth, and Canada’s FDI performance is in a long-term downward trend.
- The Toronto region is the FDI engine of Ontario and Canada and, must be internationally competitive if the trend is to be reversed.

- Current Toronto region FDI performance in the global context is poor. A key reason for this is that investments in FDI attraction are not internationally competitive.

- Leading jurisdictions are spending 4 times as much as the Toronto region on FDI attraction, which gives them the scale to achieve better results, in a cost efficient manner.

- Money isn't the only part of the solution, but it is an essential component that would enable the GTMA to make the necessary changes to drive improved results.

The appropriate size and level of funding for the GTMA has been assessed in two ways:

1. A top-down approach based on average funding per capita of the four other FDI organizations studied; and

2. A bottom-up approach based on the potential number of targets for the GTMA and the average funding per FDI target of other jurisdictions.

These two approaches are discussed in detail below.

Funding the GTMA: top-down approach

In this section, a top-down approach is used to determine the competitive level of funding for the GTMA. To accomplish this, the average level of funding of the four high-performing comparator organizations was used, adjusted for differences in size of the regional population. Similar results are obtained when the relative size of the regional economy is used as the basis for adjustment.

As illustrated in Table 8, the GTMA is underfunded relative to other organizations.

Table 8: The GTMA has a fraction of the funding of other organizations on both an absolute and relative basis

	London & Partners	Charlotte Regional Partnership	Miami (The Beacon Council)	Montreal International	Average	GTMA
Total FDI funding (M)	$9.5	$3.4	$3.4	$3.0	$4.8	$1.7
FDI funding per capita	$1.14	$0.92	$1.26	$1.20	$1.13	$0.29
FDI staff	35	21	20	17	23	5
FDI staff per million capita	4.22	5.68	7.41	6.6	5.97	0.86

Source: PwC analysis

The average amount of FDI funding per capita found in other jurisdictions is $1.13 which compares to a GTMA FDI funding per capita of $0.29. Also, the number of FDI staff per capita in other jurisdictions averaged 5.97 which compares to the GTMA level of 0.86. The population of the Toronto region is estimated at 5.839 million.[36]

Using these estimates, the top-down approach suggests that the GTMA should have total funding of approximately $6.6 million and staff of approximately 30 to 35.[37]

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[36] Conference Board of Canada "*Economic Insights into 13 Canadian Metropolitan Economies*" Autumn 2012

Funding the GTMA: bottom-up approach

Of the four FDI organizations studied, the average level of FDI funding and staffing per target sector is $755,000 and 3.6 respectively. Using the funding level estimated by the top-down approach, a revitalized GTMA could support approximately nine target sectors. As discussed above, as a starting point there appear to be ten sectors in the Toronto region in which there is value for targeting, including a generic 'target sector'. **Should the GTMA pursue ten sectors, this would imply total funding and staffing of $7.6 million and 36 staff.**

The results of the top-down and bottom-up approaches to determining the 'right size' of the GTMA are largely consistent and illustrated in Table 9 below.

Table 9: The competitive size of the GTMA is between $6.6 and $7.6 million

	Average of jurisdictions studied	GTMA current state	Size of the Toronto region	Indicative size of the GTMA
Top-down approach				
FDI budget per capita	$1.13	$0.29	5.839 million population	$6.6 million
FDI staff per million capita	5.97	0.86		35 staff
Bottom-up approach				
FDI budget per target sector	$755 K	$283 K	9 cluster targets + 1 'flexible' team	$7.6 million
FDI staff per target sector	3.6	0.8		36 staff

Recommendation #9: In order to be competitive on a global scale and to capture FDI opportunities currently being missed, the GTMA requires a total budget of approximately $6.6 to $7.6 million, a $4.9 to $5.8 million increase from current levels.

Funding of the GTMA: sources

Currently, the funding of the GTMA is provided through 4 sources. In 2011 the GTMA was funded approximately as follows:

[37] Average of FDI funding per capita of $1.13 * Toronto region population of 5.839 million = $6.6 million competitive funding.

Table 10: GTMA is currently disproportionately funded by the municipalities of the Toronto region

Current source of funding	Proportion of 2011 funding
Municipalities of the Toronto region	34%
Private sector	31%
Province of Ontario	18%
Department of Foreign Affairs and International Trade	17%

Source: GTMA 2011 financial statements, PwC analysis

As the FDI engine of Canada, both the province and the country stand to benefit from improved performance of the GTA. To assist in reversing the downward trend in Canada's international FDI market share, a clear case can be made that an increased proportion of GTMA funding should come from senior levels of government. This can be expected to reduce distractions of GTMA FDI staff and allow the GTMA to plan over the long-term. As an example, Montreal International renews public funding every three years. This provides the ability to plan over a longer-term (strategic planning is tied to funding periods) while still providing for regular accountability to public funders.

Although the GTMA has been successful at achieving 30% proportional support from the private sector, this is likely only sustainable for its current budget. Other jurisdictions attract on average 32% of their budgets from the private sector. Driving the average however is two U.S. jurisdictions with up to 53% of funding from the private sector. In the U.S., private sector organizations tend to be larger and have an enhanced culture of supporting economic development initiatives than in Canada where private sector organizations tend to be smaller and more reliant on public funds to support economic development initiatives. Montreal International for example obtains 13% of its funding from the private sector.

Accordingly, the largest share of the new incremental funding should come from the federal and provincial governments. With this commitment, the municipalities should be prepared to provide increased funding as well, albeit a much smaller increase on a percentage basis. Finally, these investments and the changes they would enable should permit GTMA to build the credibility that would enable it increase private sector funding within the limitations of the Canadian private sector context. These same limitations are likely to require that the GTMA obtain some initial success prior to achieving increased funding from the private sector. The potential funding model therefore needs to assume a continuation of the current level of private sector support.

A potential new funding model reflecting these concepts is outlined in Table 11 below, assuming $7.5 million in annual funding requirements.

Table 11: Potential funding model

Recommended source of funding	Approximate total annual funding (millions)	Incremental annual funding (millions)
Federal government	$2.5	$2.2
Province of Ontario	$2.5	$2.2
Municipalities of the GTA (spread based on size)	$2.0	$1.4
Current private sector funding	$0.5	-
TOTAL	$7.5	$5.8

For illustrative purposes we have shown the potential funding allocations in Figure 11 based on a hypothetical $7.5 million annual budget. As private sector funding is unlikely to increase until the revitalized organization can demonstrate results, Figure 8 assumes the same level of private sector support as achieved in the past. Municipal funding would be split based on population.

Recommendation #10: As a starting point for discussion and refinement, the increased GTMA budget should be funded one third by the federal government and one third by the provincial government, with the final one third split among the municipal funding partners and the private sector. The contribution of the municipalities would be split based on population. Increased private sector funding is likely only achievable once the new revitalized GTMA has proven its success, and should therefore not be relied upon as part of the initial funding formula.

Sustainable public funding

All other jurisdictions studied have a sustainable source of public funding, while the GTMA does not. Additionally, the level of funding is not indexed, and is therefore eroded each year by the rate of inflation.

Annually, the GTMA must renegotiate the IMSA with 7 different municipalities. In addition, DFAIT funding is project specific (each project must be individually applied for and justified), and is based on "fifty cent dollars", meaning that matching private sector funding must be raised for each project.

As a result, GTMA spends a great deal of its scarce resources each year (estimated by GTMA at 30%) to renegotiate IMSAs and other funding arrangements. As it has no dedicated fundraising person or department, and these activities are therefore a direct drain on the level of effort available by GTMA staff to spend on FDI attraction activities.

There are several options that can be pursued to obtain sustainable public funding.

- **Property taxes** could be dedicated to FDI activities, or **new types of taxes** could be implemented (e.g., gas). This option is politically unappealing but would address sustainability and indexing needs.
- **The term of IMSAs** could be extended and indexed to inflation. This has historically been difficult for the GTMA to achieve but may be sellable as part of a package of changes that convinces funders of the value for money to be delivered.
- New funding could be sought from **senior governments** based on the revitalized organization. This would need to be addressed as part of more formalized arrangements for cooperation and coordination of international FDI activities discussed in Recommendation #4.

- Propose fixed federal funding could be transitioned to a fixed basis, to **replace project-based funding**. This would result in the same cost to the federal government but address the need for sustainable funding and eliminate the drain on resources caused by the need to have private sector match funding on a project-by-project basis.

Recommendation #11: The current funding model of the GTMA distracts resources from FDI activities. The GTMA requires a sustainable funding model indexed to inflation which could be achieved by extending the term of the IMSAs and indexing them to inflation, and by similarly sustainable and indexed federal and provincial contributions.

5.4. Efficient and effective structure

Should additional public sector funding be obtained, the recommended structure of the GTMA has been divided into three broad categories that should improve results through continuity and specialization:

4. Increasing private sector involvement in lead generation and promoting the Toronto region;
5. Structure the GTMA in a manner that allows staff to specialize.
6. Provide GTMA with the tools it needs to be more effective.

Each of these three categories is discussed in detail next.

Enhanced role for the private sector

The organizations studied all leverage the private sector more extensively and effectively than does the GTMA in terms of generating private sector funding, generating leads, and representation on the Board of Directors.

Broadly, regional FDI organizations receive private sector support as FDI organizations provide:

- **Macro-economic growth and stability**: private sector organizations see value in supporting the local economy; and
- **Lead generation:** FDI organizations provide networking opportunities, marketing partnerships and lead introductions.

This value proposition is largely consistent with the offering of the GTMA. Both Charlotte and Miami cite the support of influential local business people as a key driver of their success in achieving private sector support.

Involving the private sector has the effect of increasing credibility both with the local business community and potential investors. Other FDI organizations also leverage their private sector members to assist in identifying target sectors and markets and providing leads and introductions. There are other avenues for partnership that should be explored. Miami for example has found success in marketing partnerships, particularly with American Airlines – the FDI organization advertises the region in the same placements as American Airlines promotes its services. The result is effective, affordable promotion. Miami also travels on missions with teams comprised almost exclusively of private sector members.

Overall, enhanced participation by the private sector in the GTMA would likely increase credibility within the business community, raising both revenues and FDI results. As discussed prior, the characteristics of the private sector in Canada make it unlikely that the GTMA could obtain comparable private sector funding to the U.S. jurisdictions studied. Within the recommended funding model, the private sector would provide $1.1 to $1.3 million in annual funding, more than double 2011 levels. This is the last piece of funding to come as the private sector will likely be required to see tangible improvements prior to enhancing funding.

Recommendation #12: Should enhanced public funding be obtained, the new organization should leverage the private sector more extensively and effectively by attracting more influential business people to its Board of Directors, increasing fundraising focus on multi-year private sector commitments, and involving private sector members in target selection and lead generation.

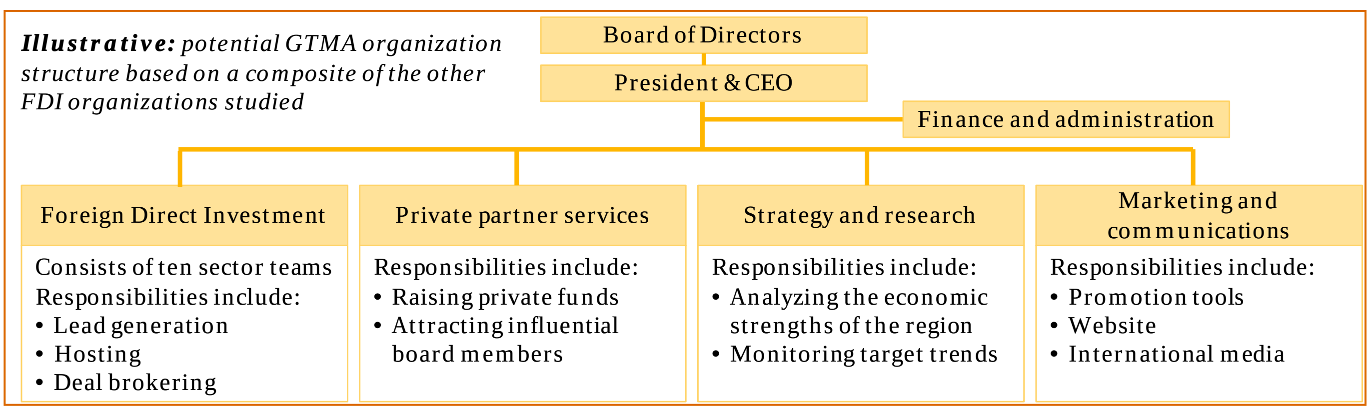
Success with the private sector is often attributed to having influential business people involved in the organization, however all of the jurisdictions studied had resources dedicated to attracting private funding, something lacking at the GTMA along with other support roles, as discussed in the following section.

Specialized staff

All of the other jurisdictions studied have developed specialized support roles that enable FDI staff to focus on lead generation and follow through, a key driver of their success as previously mentioned. If the GTMA is provided with additional funding, it has an opportunity to grow its staffing levels, which would enable further increases in focus and specialization.

Depicted in Figure 23 is a potential organization structure that the GTMA could implement if it were funded to comparable levels as the other jurisdictions studied. As mentioned in Recommendation #3, the FDI department of the GTMA could be constructed based on sector targets. Each sector targeted would comprise a team within the Foreign Direct Investment department, along with an additional team designed to respond to inquiries in non-target sectors.

Figure 23: Illustrative potential structure for the GTMA



Recommendation #13: Should enhanced public funding be obtained, a new organization structure should be implemented that will enable improved FDI results and private sector fundraising. The structure should include individuals or teams focused on FDI sales, lead generation and follow through, private sector fundraising, strategy and research, marketing and communications, and finance and administration.

The tools to be effective

In addition to enhanced staffing levels and specialized roles, there are opportunities to leverage enhanced funding to improve the tools being used by the GTMA to drive FDI results.

To enable better tracking of leads through the various stages of the FDI "sales pipeline", all four of the jurisdictions studied have Customer Relationship Management (CRM) tools in place. The GTMA does not, and this inhibits overall effectiveness.

In addition to the CRM tool, GTMA would benefit from enhancing its web site. While it already contains a wealth of valuable information, it would benefit however from being organized into more of a self-service storefront that would stream investors based on the sector and potential size of the investment. This can be accomplished through a series of questions presented on the website, with drop down answer options that would drive the streaming of the potential investor to the appropriate parts of the website.

These questions would result in larger potential investors and/or investors in the sectors targeted by GTMA to be streamed to a more personalized "high-touch" approach with a GTMA sector specialist identified.

Investors in sectors targeted by one or more of the local municipalities would be streamed to the appropriate municipal contact. Smaller investors in non-targeted sectors would be streamed to more of a self service approach, including listings of local private sector partners that can provide additional services.

Once completed, this type of website, particularly if integrated with a CRM tool, would enable:

1. Improved overall lead generation via the web, with the level of service provided determined in a more strategic manner.

2. Improved analytics and tracking of visitors to the website. The GTMA could monitor sectors selected to identify trends and assess whether targets should be re-assessed.

Recommendation #14: Should GTMA be successful in obtaining new incremental funding, a portion of this should be earmarked for implementation of a new CRM tool and enhancements to the GTMA website, in order to improve lead generation, follow through with an appropriate level of service, and enhanced analytics.

5.5. Summary

Fourteen specific recommendations have been made for revitalizing and restructuring the GTMA, leveraging the key learnings about drivers of success as identified in our study of other FDI organizations. These recommendations are not mutually exclusive; rather, they are very intertwined and interrelated. While the specifics will no doubt need fine tuning as the revitalization proceeds, the conceptual approach should be considered as an overall package of changes that could lead to the GTA achieving the kinds of results seen elsewhere, rather than a "pick-and-choose" menu of options.

These recommendations are summarized below in four groupings as follows:

- Role of the GTMA;
- Measurement and accountability;
- A sustainable competitive level of funding; and
- Efficient and effective structure.

The role of the GTMA

Recommendation #1: The GTMA along with other economic development organizations including the municipalities and senior governments in the Toronto region should agree to a set of "Toronto region" target sectors and markets for which the GTMA will lead all international activities. Other FDI organizations should be free to participate in GTMA-led events for the "Toronto region" targets, but also to target their own additional sectors and markets independently as they see fit. These roles should be formally documented through the International Marketing Services Agreements (IMSAs) or other agreements.

Recommendation#2: For targets not led by GTMA, but which have been targeted by one or more Toronto region FDI organizations, the GTMA should play a coordinating role to connect the efforts of municipal, provincial, federal and other local organizations involved in FDI to those sectors and markets.

Recommendation #3: Targeted sectors and markets for region-wide focus should be selected strategically, based on clear criteria aligned to local strengths and the likelihood of success in ROI terms. Ideally, this would be driven by a region-wide economic development strategy (although this is not a pre-condition). In terms of alignment to local strengths, key considerations in target selection should include sector-based clusters that exist or are emerging in the Toronto region, market-based targets that align with significant ethnic populations, alignment to federal or provincial targets and/or incentive programs, and/or sectors targeted by other FDI Toronto region FDI organizations that would allow for synergies of effort and resources.

Recommendation #4: The recommended level of funding will enable the GTMA to effectively target 9 or 10 high potential sectors, clusters or markets by having a small focused and dedicated team supporting each. One team should be generalist in nature to deal with the large, attractive "one-off" opportunities, while the other nine should focus solely on an identified and agreed upon strategic target.

Recommendation #5: GTMA and FDI organizations at the local, provincial and federal levels should formalize agreements about how they will collaborate, cooperate and coordinate efforts related to mutually targeted sectors and markets. Documenting these agreements via Memoranda of Understanding (MoUs) is likely to be the most efficient and effective approach.

Recommendation #6: To address brand confusion, the GTMA should be re-branded with a name that prominently states 'Toronto region" rather than "GTA", and is also more reflective of the FDI deal brokering and collaborative role recommended for the GTMA.

Measurement and accountability

Recommendation #7: In order to track performance, the GTMA should report results on a quarterly and annual basis in terms of the number of FDI projects, the number of jobs created, the GDP contribution of FDI investments and the value of FDI dollars invested. Specific annual targets should be established in order to drive accountability.

Recommendation #8: In order to drive accountability at the individual level, a portion of the compensation paid to the FDI staff or to contracted agents abroad should be tied to FDI results**.**

A sustainable, competitive level of funding

Recommendation #9: In order to be competitive on a global scale and to capture FDI opportunities currently being missed, the GTMA requires a total budget of approximately $6.6 to $7.6 million, a $4.9 to $5.8 million increase from current levels.

Recommendation #10: As a starting point for discussion and refinement, the increased GTMA budget should be funded one third by the federal government and one third by the provincial government, with the final one third split among the municipal funding partners and the private sector. The contribution of the municipalities would be split based on population. Increased private sector funding is likely only achievable once the new revitalized GTMA has proven its success, and should therefore not be relied upon as part of the initial funding formula.

Recommendation #11: The current funding model of the GTMA distracts resources from FDI activities. The GTMA requires a sustainable funding model indexed to inflation which could be achieved by extending the term of the IMSAs and indexing them to inflation, and by similarly sustainable and indexed federal and provincial contributions.

Efficient and effective structure

Recommendation #12: Should enhanced public funding be obtained, the new organization should leverage the private sector more extensively and effectively by attracting more influential business people to its Board of Directors, increasing fundraising focus on multi-year private sector commitments, and involving private sector members in target selection and lead generation.

Recommendation #13: Should enhanced public funding be obtained, a new organization structure should be implemented that will enable improved FDI results and private sector fundraising. The structure should include individuals or teams focused on FDI sales, lead generation and follow through, private sector fundraising, strategy and research, marketing and communications, and finance and administration.

Recommendation #14: Should GTMA be successful in obtaining new incremental funding, a portion of this should be earmarked for implementation of a new CRM tool and enhancements to the GTMA website, in order to improve lead generation, follow through with an appropriate level of service, and enhanced analytics.

6. Roadmap to revitalization

A high level implementation roadmap has been developed, primarily based on input received from the Strategy Group members. The implementation roadmap is illustrated below, followed by a brief discussion of each component.

The "roadmap to revitalization" is divided into two components: 1) development of the detailed future state of the GTMA where funding is committed and the role of the GTMA finalized; and 2) the operational launch. The goal is to have completed the future state of the GTMA for 2014 budget planning which starts in the summer of 2013. The successful delivery of this implementation plan requires a dedicated senior and well-connected resource to continue to develop the concept with the various other FDI organizations and funders, and to complete the detailed planning for implementing the new regional agency. Given the limitations of existing staffing levels, the GTMA may need to seek temporary "bridge" funding to cover the cost required to undertake and effectively support these efforts.

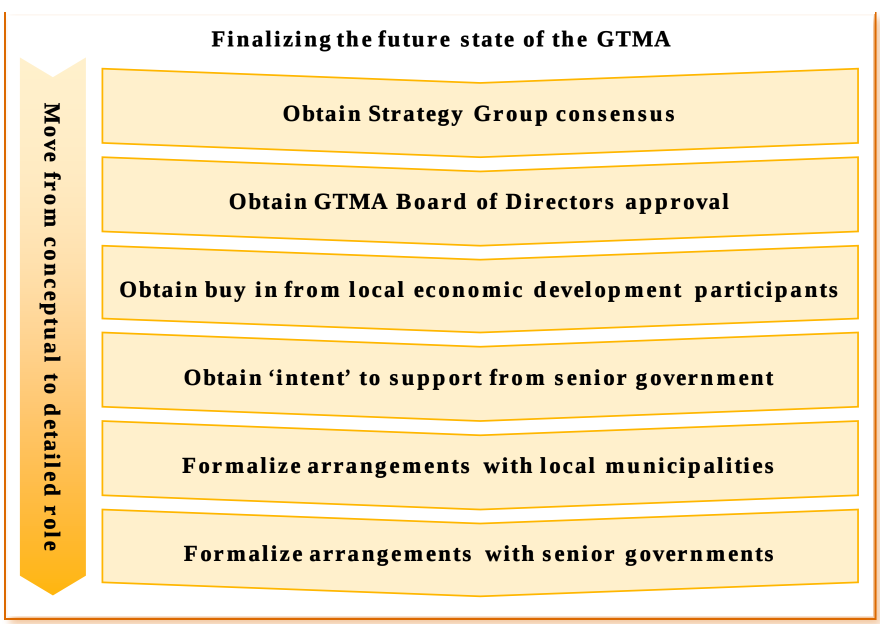
6.1. Finalizing the future state of the GTMA

In this section an approach is developed that will guide the development of the detailed role that the GTMA should play and the commitment of funding required to enable this.

At this point, the recommended role of the GTMA is expressed in conceptual terms. As the GTMA works towards the revitalized launch, it will need to remain flexible and refine the ultimate role that it will play in consultation with other stakeholders and as it solicits funding commitments from various public organizations.

The objective of this roadmap is to strategically outline the order in which stakeholders should be engaged in order to optimize funding and the support of the community. The approach is illustrated below, followed by a detailed discussion of each step.

Figure 24: Implementation roadmap



The Strategy Group and GTMA Board of Directors

The first step is to obtain consensus on the conceptual design from the Strategy Group and approval from the GTMA Board of Directors. Through this process, the conceptual role of the GTMA should be established and agreed to but still be open to input from other stakeholders.

External organizations with potential overlap

The next step is to approach local economic development organizations. At this stage, the role of the GTMA should be conceptual and allow for flexibility based on feedback from other economic development participants. Groupings and examples of organizations to approach include: local economic development organizations (CivicAction); local FDI organizations (Toronto Financial Services Alliance and Invest Toronto); local Boards of Trade and Chambers of Commerce (Toronto Region Board of Trade); local business councils (Canada-India Business Council); and local business associations (Toronto Chinese Business Association).

Examples of terms to document include:

- Respective roles;
- Processes for communicating, including point people and regular discussions; and
- Processes for collaborating, including sharing leads and identifying participants in the Toronto region with potentially overlapping activities.

The strategy should be to first look to Strategy Group members to identify the first organizations to engage. Once relationships with a few key organizations are developed, others should follow.

Obtain 'intent' from senior governments

With a clear vision of how FDI attraction will be coordinated across the various stakeholder organizations, the GTMA should be positioned to make the case for new and increased Federal and Provincial funding. These discussions should also cover coordination issues and mechanisms with those levels of government. If a formal commitment cannot be obtained until other sources of funding are confirmed, at minimum, GTMA should obtain an indication of intent of and obtain an understanding of the amount of funding that could be made available and what needs to be in place to get that funding.

Local municipalities

The local municipalities are likely to be primarily interested in the business case for increased levels of support. A signalling of intent from senior governments will be helpful, however the main benefit of supporting the revitalized GTMA will be improved FDI performance. Local municipalities may require increased staff to accommodate added FDI deal flow and will be able to allow staff to specialize within certain sectors and markets, either in partnership with the revitalized GTMA or on targets sought independently.

At this point private sector partners could be approached as well with the revised concept of the GTMA. The objective is to tailor the role of the GTMA in a manner that will attract influential business people to play an active role in targeting and lead generation. Success with the private sector may be difficult until a revitalized organization is able to demonstrate tangible results.

Formal agreement with senior governments

Once there is general agreement within the community of the future role of the GTMA, formal agreements should be reached with senior governments. Examples of terms that should be specified include:

- Respective roles;
- Targets established around the performance criteria established in Recommendation #7.
- Processes for communicating, including point people and regular discussions;
- Processes for collaborating, including sharing leads and identifying participants in the Toronto region with potentially overlapping activities;
- Hand-off processes for leads identified that fall within the focus of the other organization; and
- Level and term of funding.

The specific role for the GTMA should be drawn from the recommendations within this report.

6.2. Operational re-launch

Should the GTMA be successful in obtaining an appropriate level of public funding, the following operational launch will need to be undertaken to create the revitalized organization described in this document:

- Develop a revised strategic plan based on the final role of the GTMA;
- Develop a business plan for the initial years of operation;
- Determine the size and governance of the revitalized Board of Directors;
- Finalize and organizational structure and define roles and responsibilities;
- Commence the hiring process;
- Implement performance metrics and develop the processes for tracking, monitoring and recognizing results; and
- Develop a revitalized private sector fundraising strategy.

6.3. Conclusion

The case for change is compelling. FDI attraction is a key driver of economic growth and prosperity, and the Toronto region is significantly underperforming relative to its potential. The opportunity is significant, and the ROI is clear. But money alone will not be enough to fix the current situation. Significantly improved collaboration and coordination of efforts across a broad range of organizations is needed. Given its mandate, the GTMA is the natural candidate to be the catalyst for change.

This report sets out a potential roadmap for that change, but it is a conceptual starting point only. It can and should evolve as consultations with the various stakeholder groups proceed. The overriding goal should be greater economic prosperity of the Toronto region as a whole, and the discussions should be underpinned by a clear understanding that all municipalities benefit from each FDI investment in the Toronto region.

Appendix 1: Jurisdictions studied

London & Partners

London & Partners (L&P) was launched April 1, 2011 via a merger of London's three predecessor promotional agencies: Think London (FDI attraction), Study London (educational attraction) and Visit London (leisure and business tourism attraction). The catalyst for the merger was the hosting of the 2012 Summer Olympic Games, and the objective was to create operational cost synergies as well as one single promotional organization for London that can speak with one voice, vision and mission to all audiences in the UK and internationally. In terms of facilitating FDI attraction, there have been additional relationships generated from working in concert with business tourism. Having the educational mandate has also facilitated L&Ps ability to connect investors with R&D opportunities.

L&P is the international promotional agency of the Greater London Authority (GLA), which provides all public funding to L&P and is headed by the Mayor of London, an elected official that represents 33 local borrows. The Mayor of London should not be confused with the Lord Mayor of London. The Lord Mayor of London is the mayor of the City of London, one of the 33 borrows within the GLA. The Lord Mayor of London would be analogous to a city councilor in, while the Mayor of London would be analogous to the Mayor of Toronto.

Funding and performance

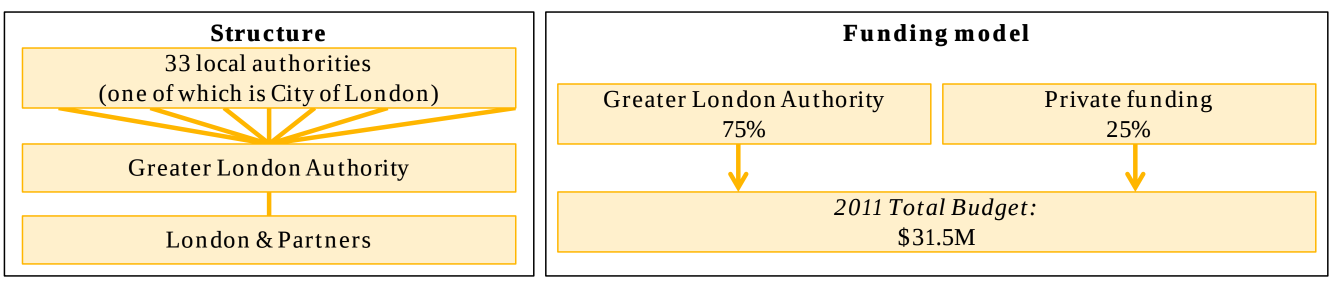
As seen in the table below, the GLA has approximately $565 billion in annual GDP and a population of approximately 8.3 million.

L&P has an annual total budget of approximately $31.5 million, 25% of which is derived from private sector funds and 75% from public funds. Public money is provided by the Greater London Authority with a portion of property taxes earmarked for FDI. The value proposition for private funders is primarily FDI lead generation.

In 2011, L&P generated an average of 175 new FDI projects every year over the three years prior with activity linked to L&P. London consistently ranks as the top FDI destination city globally by number of projects in IBM's *"Global Location Trends – Annual Report"*, and is ranked 2nd globally in PwC's *Cities of Opportunity* 2012 for attracting greenfield FDI projects.

Figure 25: L&P funding model

GDP	Population	Total Budget	Total Staff	FDI Budget	FDI Staff	2011 FDI Projects
$565 B	8.3 M	$31.5 M	115	$9.5 M	35	175



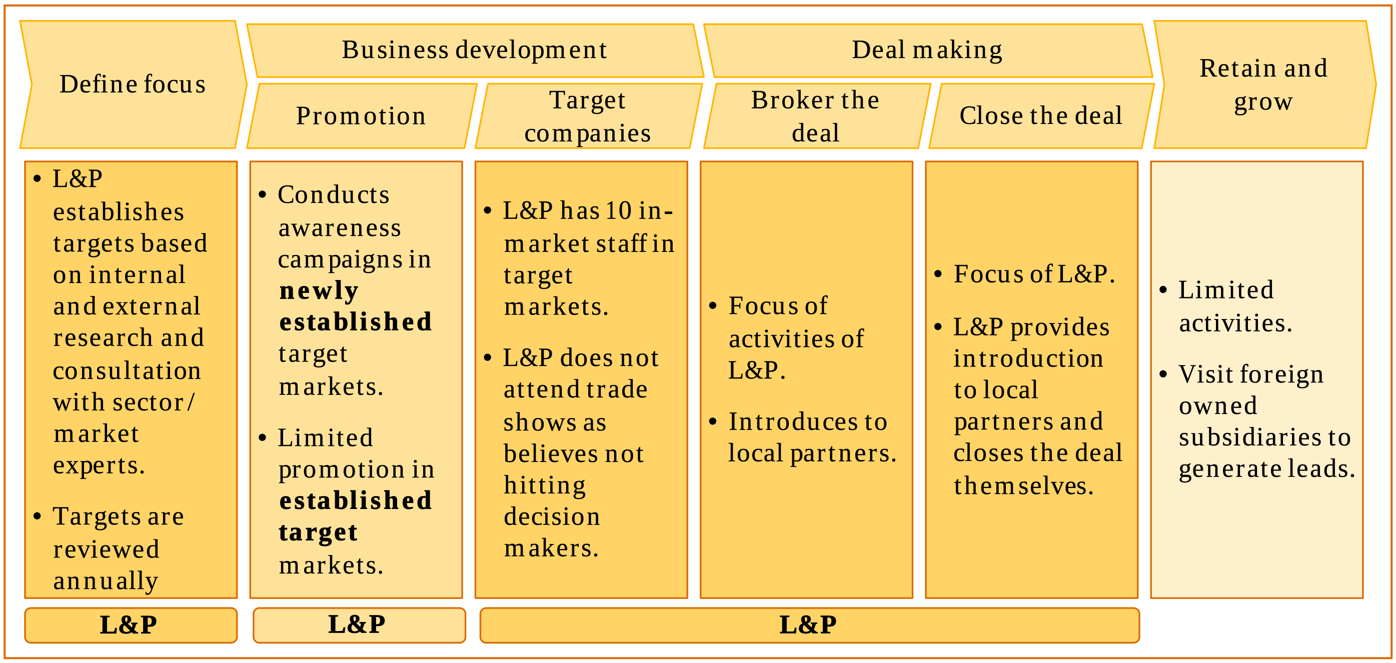
Operations

L&P defines its own FDI targets and goes after them. Local burrows are free to participate in international promotion but they rarely do, if ever. L&P distinguishes its promotional approach based on the target – conducting promotion in newly targeted markets, but focusing more on targeted contact in markets in which it has been present longer. L&P has permanent staff in several local markets (San Francisco, New York, Beijing, Shanghai and

Mumbai) and part-time staff in other markets (Australia, France, Germany and Spain). L&P introduces local burrows to investors but controls the deal until it is completed. Through conversations, L&P indicated that they do not attend trade shows as they have noticed a difficulty connecting with decision makers.

The focus of L&P within the FDI value chain is illustrated below. Darker sections are coloured darker depending on the level of focus, indicating that L&P defines its targets and focuses on deal making. They are also responsible for defining their own targets.

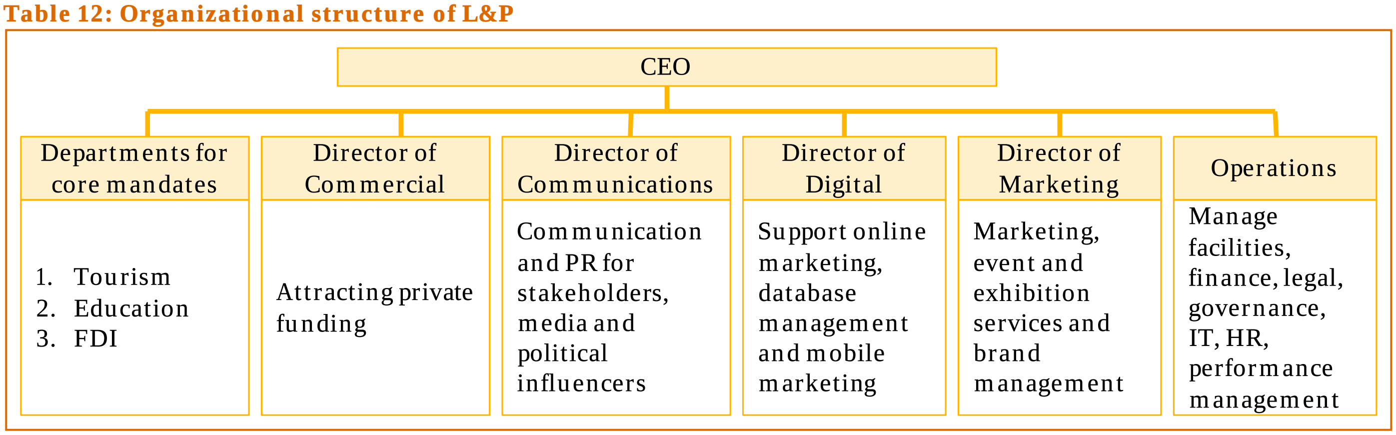
Figure 26: L&P operational model (not including local burrows)



Structure

The organizational structure of L&P is illustrated below.

Table 12: Organizational structure of L&P



L&P has three unique departments to deliver on its core mandate: tourism, education and FDI attraction. L&Ps FDI staff have a portion of compensation tied to FDI results achieved. Supporting these mandates L&P has unique departments for:

- Attracting funding;
- Communications;
- Digital strategy;
- Marketing; and
- Other corporate operations.

Relationship with other FDI organizations

L&P has a formal memorandum of understanding (MoU) with UK Trade and Investment, the national organization responsible for FDI attraction. The focus of the relationship is around communication of activities rather than working together directly. This means that they don't work together on investor specific projects, but rather inform one another of activities in order to avoid duplication and provide consistency of branding. Their level of cooperation in this regard has progressed to the point that the two organizations are in the process of combining CRM systems.

There is a limited relationship between L&P and local burrows in the GLA. Local economic development organizations in the GLA rarely pursue FDI internationally – this task is nearly exclusively the role of L&P. L&P acts as the FDI magnet for the region and local offices compete for deals brought in by L&P. L&P helps clients determine in which local area to land.

Target setting

L&P has a research team that examines external and internal data and consults with sector/market experts to determine targets. Targets are reviewed at least annually, as well as when success is being observed in non-targeted markets/sectors. L&P currently has six target sectors in addition to markets targeted:

- European headquartered companies;
- R&D;
- Creative Industries;
- Information communications technology;
- Business Services; and
- Environmental technology.

Montreal International

Montreal International (MI) undertakes international promotion efforts on behalf of the Communaute metropolitaine de Montreal (CMM). CMM is a planning, coordinating and funding body serving 82 municipalities in the Greater Montreal Area (GMA). The CMM is administered by a 28-member Council composed of the mayors of various municipalities within the GMA. The CMM has jurisdiction over a number of fields, including economic development; land planning; public transit and metropolitan arterial road network; waste management planning; air quality; wastewater; arts and cultural promotion; social and affordable housing; facilities, infrastructure and other services and activities of regional importance.

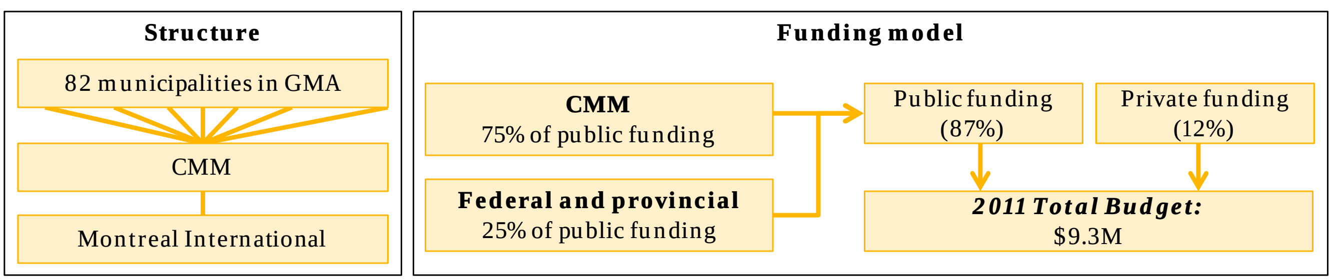
MI has several responsibilities within the GMA, including attracting and retaining international organizations (e.g., the UN), attracting, welcoming and retaining foreign talent, promoting the economic attractiveness of the GMA and attracting, retaining and expanding foreign direct investment (FDI).

Funding and performance

MI has a total annual budget of $9.3 M, $2.3 M of which is spent on FDI. 87% of its funding comes from public sources, 75% of its public funding from CMM and 25% from the federal and provincial governments. MI's public funding is reviewed every three years. In 2011, MI attracted 28 projects to the GMA.

Figure 27: Montreal International funding model

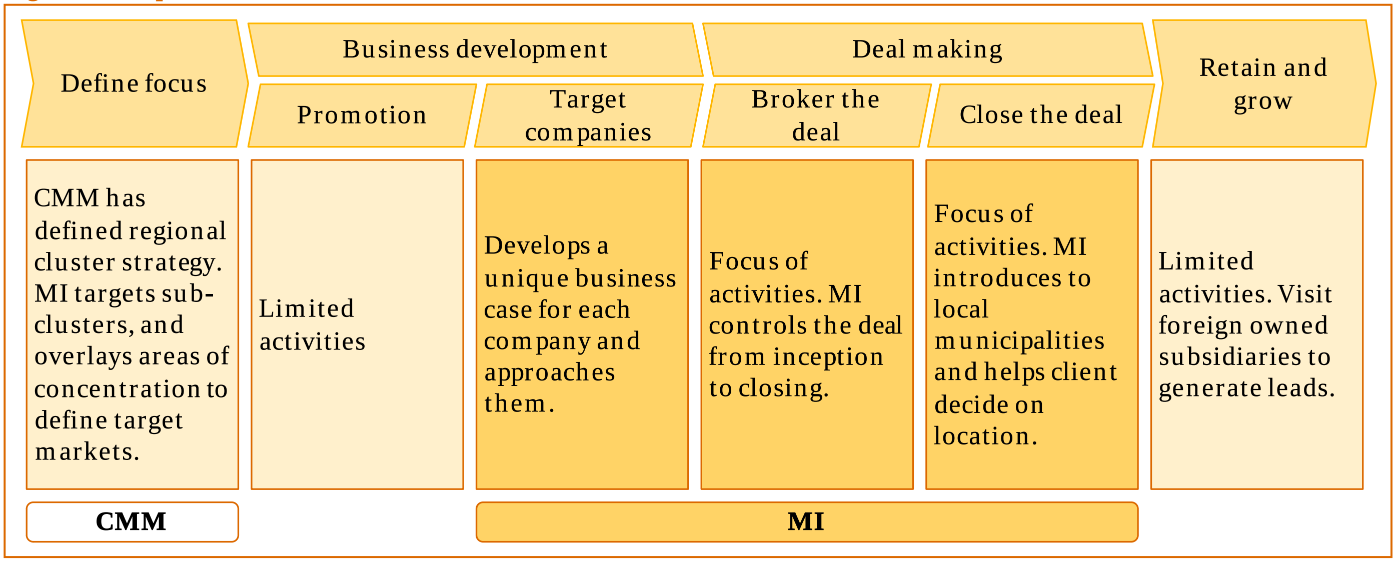
GDP	Population	Total Budget	Total Staff	FDI Budget	FDI Staff	2011 FDI Projects
$148 B	3.7 M	$9.3 M	46	$3.4 M	21	28



Operations

MI's FDI activities are focused on supporting the regional economic development cluster strategy developed by CMM. In 2003, CMM developed a cluster based regional economic development strategy targeting the growth of 16 clusters within the GMA. MI focuses FDI efforts on attracting complimentary sub-clusters to 7 of the clusters that are currently developed. For example, if within the aerospace cluster in the GMA, there are 8 wing manufacturers but a single landing gear manufacturer, MI will target landing gear manufacturers, overlaying geographic areas of concentration to identify target markets. MI then leverages the local cluster offices to identify specific companies and develop company specific businesses cases to approach targets. MI provides introductions to local offices and helps the client chose a specific landing point. The focus of MI within the FDI value chain is illustrated below.

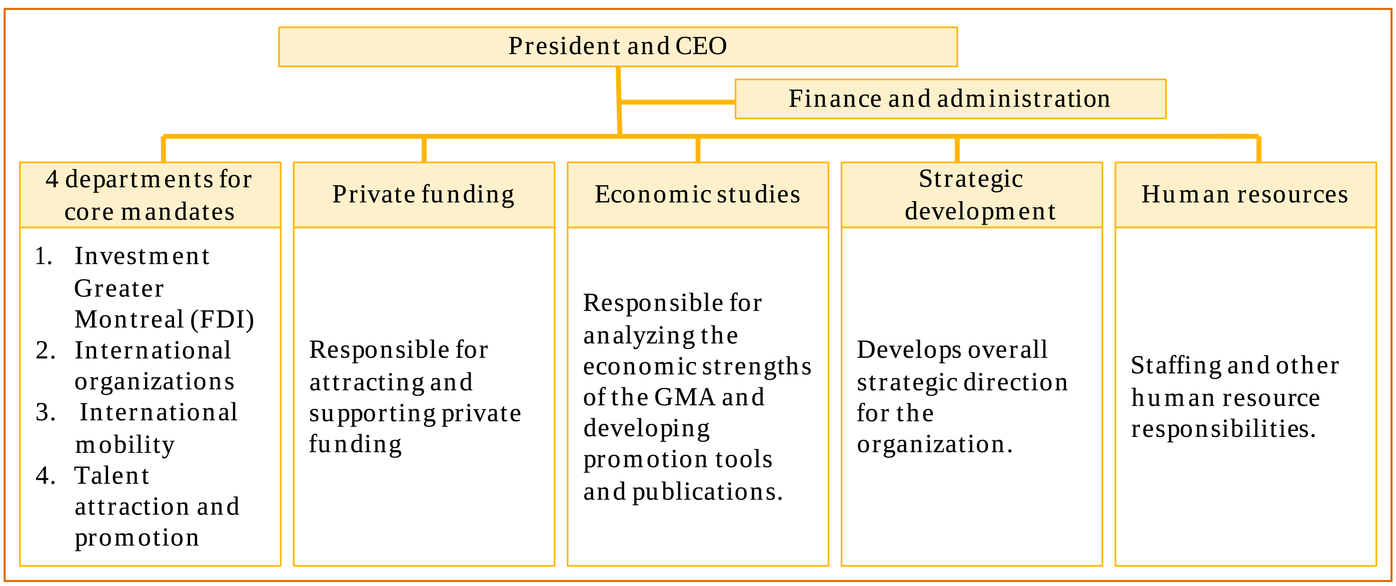
Figure 28: Operational activities of Montreal International



Structure

The organizational structure of Montreal International is illustrated below.

Figure 29: Organizational structure of Montreal International



As seen, Montreal International has four departments to deliver on its core mandates: FDI attraction of private companies, FDI attraction of international organizations, international mobility and talent attraction and promotion. Montreal International has five departments that provide support activities, including:

- Private funding;
- Economic studies;
- Strategic development;
- Human resources; and

- Finance and administration.

Relationship with other FDI organizations

In Montreal, section 151 of the *Act Respecting the Communauté Métropolitaine de Montréal* removes the jurisdiction of the 82 municipalities to promote their territory internationally. As a result, Montreal International is the only municipal organization active in international activities related to FDI attraction within the GMA. Montreal International acts as the magnet for FDI attraction and introduces leads to the local economic development offices which compete for the deal. Montreal International controls the lead until the investment is made, helping the client chose between municipalities when a natural landing point has not yet emerged.

Invest Quebec is the FDI organization responsible for the Quebec region. There are defined and documented geographic boundaries between the responsibilities of Montreal International and Invest Quebec. Montreal International is responsible for the GMA while Invest Quebec is responsible for the rest of the province. Invest Quebec is also responsible for providing FDI incentives, which are provided to roughly half of the leads generated by Montreal International.

Montreal International also works closely with the local cluster offices to identify targets and develop company specific business cases.

Montreal International runs educational courses ("FDI 101") for local economic development staff and other interested parties. The benefits of this are an improved understanding of the regional economic benefits of FDI as well as positioning Montreal International as the local FDI expert.

The Beacon Council (Miami, FL)

The Beacon Council is the official economic development organization for Miami-Dade county, responsible for driving new investment and business expansion for the area. The Beacon Council represents 36 local communities.

Funding and performance

The Beacon Council represents a population of 2.5 million people and a combined GDP of $112 billion. The Beacon Council has a total economic development budget of approximately $6.1 million, half of which is used in FDI attraction. The Beacon Council has 33 staff members, roughly half of which are dedicated to FDI attraction. In 2011, The Beacon Council attracted 27 FDI projects.

The Beacon Council receives 65% of its funding from public sources, a portion of which is derived from property taxes earmarked for county level economic development including FDI, another portion of which is provided from state funds. The Beacon Council is effective at attracting private funds. Senior officials attribute this to being associated with influential local business leaders, as well as creative marketing ventures. The Beacon Council is closely aligned with American Airlines with whom they conduct marketing in partnership. For example, there are American Airline advertisements that promote the Miami region. Other private sector value propositions include macroeconomic development and lead generation.

Figure 30: The Beacon Council funding structure

GDP	Population	Total Budget	Total Staff	FDI Budget	FDI Staff	2011 FDI Projects
$112 B	2.5 M	$6.1 M	33	$3 M	17	27

Public funding Property taxes and state grants (65%)	Private sector (35%)

2011 Budget:
$6.1M

Targeting

The Beacon Council defines strict criteria that are clearly defined and both quantitative (trade relationships, industries in expansionary, etc.) and qualitative (similar culture, company interest, etc.). The Beacon Council works with municipalities to develop a set of target sectors and markets based on the strict criteria and actually publishes a white paper on markets that are targeted.

The Beacon Council ranks markets on a 1st, 2nd and 3rd tier basis based on research and analysis done internally and with local experts. The Beacon Council invests a minimum of six months in new markets due to the length of the sales cycle. The Beacon Council focuses on secondary markets where no one else is going.

The Beacon Council is currently pursuing nine target sectors:

- Aviation;
- Professional Services;
- Life Sciences;
- Logistics;
- Financial services;

- Film & entertainment;
- IT & Telecommunications;
- Tourism; and
- International Business.

Operations

The Beacon Council develops targets in consultation with local municipalities. The Beacon Council then plays a leadership role for those targets and has staff dedicated to local markets. Local municipalities may pursue other sectors/markets and when they do, The Beacon Council provides supportive marketing material.

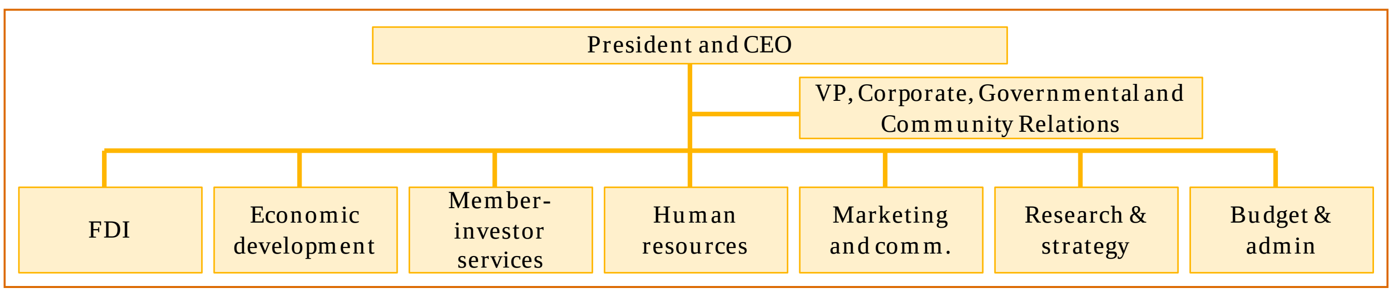
The Beacon Council heavily leverages the private sector in lead generation. Missions are by invitation only and consist primarily of private sector members with unique skill sets. The presence of the private sector has been found to enhance the credibility of the pitch with foreign investors. The Beacon Council purchases memberships in Chambers of Commerce of target markets and tries to do as much as possible in the native language of the foreign investor.

Natural local landing points typically emerge for FDI investors for both private partners (potential service providers) and local communities (in terms of site selection. The Beacon Council plays a limited role in helping investors choose between private partners and local communities in which to do business.

Structure

The organizational structure of The Beacon Council is illustrated in Figure 31.

Figure 31: The Beacon Council organizational structure



The Beacon Council has a department for FDI and one for economic development. The Beacon Council then has five separate support departments, including a group focussed on attracting funding (Member-investor services).

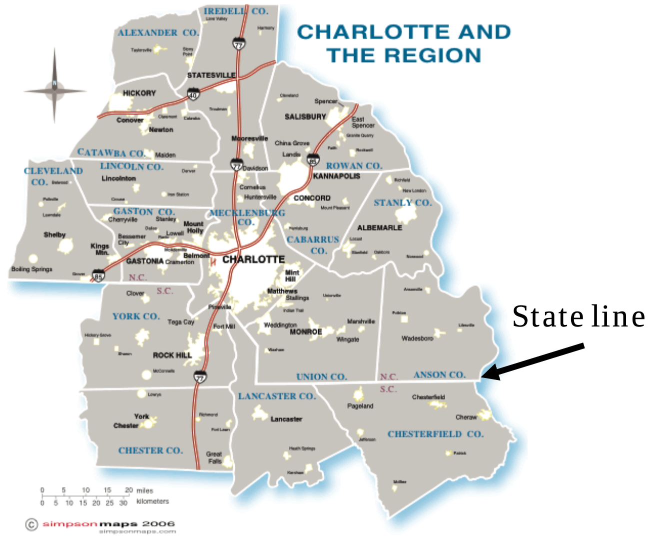
Relationship with other FDI stakeholders

The Beacon Council has positioned itself as the FDI experts in Miami. The Beacon Council holds regular education seminars for local stakeholders regarding the regional benefits of FDI, the potential benefits of membership and other factors.

The Beacon Council publishes mission reports that have their itinerary and expenses in order to provide transparency. Results are tracked on a monthly and quarterly basis and presents to its committee every month, its Board of Directors on a quarterly basis and publicly once a year. The Beacon Council tracks results by municipality and is able to demonstrate return on investment to local stakeholders.

Charlotte Regional Partnership

Charlotte Regional Partnership (CRP) is focussed on leveraging regional resources to market the region to attract FDI. It was founded in 1991 by community and business leaders who recognized that regionalism is the most effective strategy to grow and prosper in the 21st century.



For more than twenty years, CRP has worked as the regional FDI organization for 16 counties that exist across two states. They represent and coordinate with the 12 counties and 7 regional economic development offices in North Carolina and 4 counties and 1 regional economic development office in South Carolina.

CRP has an annual GDP of approximately $114 billion and a population of approximately 2.7 million.

Funding and performance

CRP has a total budget of approximately $3.4 million, all of which is used for FDI as well as a staff of 20 dedicated to FDI. It is funded approximately 48% by the 16 counties who pay proportionally based on the population within each county. Private sector funds account for the remaining 52% of funds.

CRP attributes its success in obtaining private funds to its inception by local influential business people, and sees its CEO as the most effective marketing tool. It also coordinates with previous investors who advocate for the organization, a specific high-profile business leader in particular works as a great advocate for the organization which facilitates both attracting members and FDI leads. The primary value proposition for private funders is macro-economic growth, which is facilitated by the non-political structure. CRP also tracks local companies that would benefit most from its work and targets those companies for support.

In 2011, CRP obtained 77 qualified projects.

GDP	Population	Total Budget	Total Staff	FDI Budget	FDI Staff	2011 FDI Projects
$114 B	2.7 M	$3.4 M	20	$3.4 M	20	77

Targeting

CRP establishes targets through ‘fluid’ relationships with member counties and private sector members. Monthly strategic planning meetings are held where members discuss strategies and what’s working and what isn’t. The local counties decide which targets are aligned with their own local strategies and work together on those targets. If local counties have components of their own strategies that are not aligned with that of CRP, they solicit FDI for those targets on their own, often provided with supportive material from the regional organization.

CRP has an internal team that monitors and tracks results to identify new markets. Selection criteria for new markets include sectors that are sustainable, diversified locally, largely insulated from low cost competition and have inelastic demand. CRP does a major overall of its targets every three to five years and currently has five target markets:

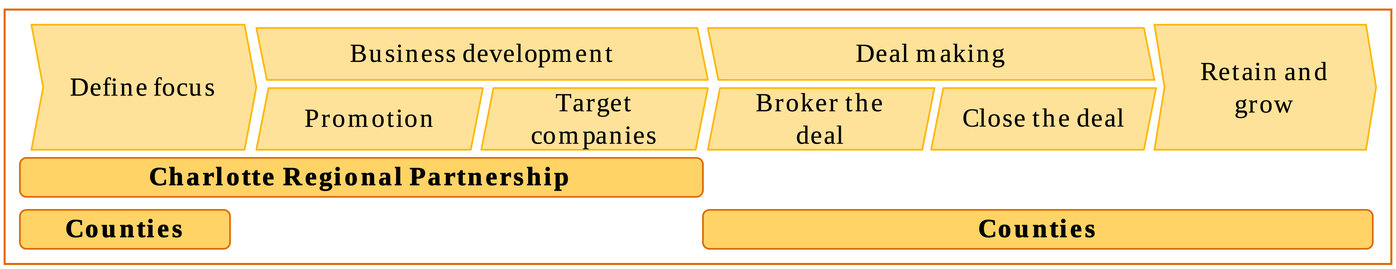
- Life sciences;
- Defence/aerospace;
- Motorsports;
- Finance; and
- Films

A specific group with a staff of three are dedicated to attracting film productions into the region.

Operations

CRP heavily leverages its partners and foreign owned companies operating locally to generate leads. CRP is the 'point of the spear' for FDI in the region, defining FDI targets in consultation with partners, conducting missions and attending trade shows with the objective of generating leads. Qualified leads are handed off to the local economic development office within the counties to broker the deal. CRP will maintain a relationship with the investor but does not help them chose a county to land in when there is more than one natural option. Once a decision is made, CRP often works with local counties that may not have been successful in obtaining the investment to understand how they could better solicit investors going forward. The local offices are also responsible for retention and expansion.

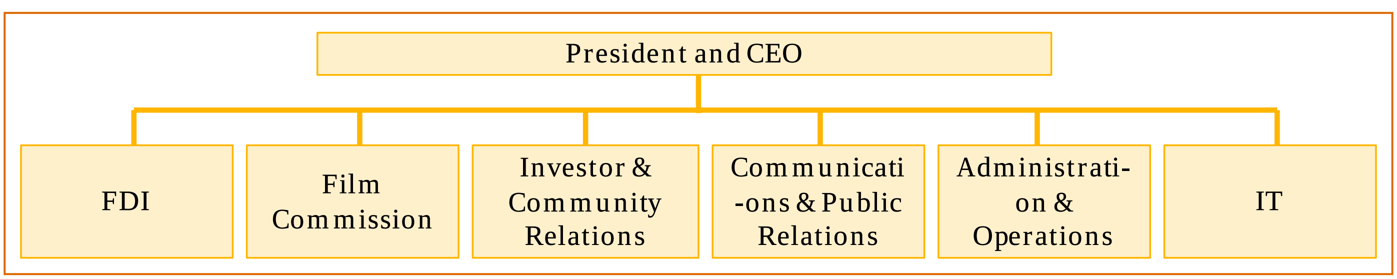
Figure 32: Charlotte Regional Partnership position on the FDI value chain



Structure

The structure of Charlotte Regional Partnership is illustrated below.

Figure 33: Structure of Charlotte Regional Partnership



As seen in Figure 33, CRP has a department dedicated to attracting FDI as well as a department dedicated to attracting film productions along with four departments that support its FDI activities:

- Investor and Community Relations dedicated to attracting funding;
- Communications and Public Relations;

- Administration and Operations; and
- Information Technology.

Relationship with other FDI stakeholders

CRP is continually educating its partners on their processes and the importance of regionalism, pointing out how all of the communities in the region are tied in multiple ways including commuting and shopping patterns.

CRP sets clear expectations and processes when it was incepted through a formal agreement that came to form its structure. Two components of the articles of incorporation deal with other FDI stakeholders:

1. *At the state level*: there is a documented process for dealing with leads that come from the state level. The concern with state FDI stakeholders is that handing off a lead to CRP will result in it landing in the other state. To handle this, the articles of incorporation state that leads that come from the state level will only be handed off to counties within that state.

2. *At the local level*: there is a documented process for retaining companies. When it is made aware that a company is thinking of moving between two parts of the region, there is a phone call to the county in which the company currently resides to determine if they can be retained in that county.

Appendix 2: Local consultations

We would like to thank following stakeholders in the Toronto region for providing input through the consultation processes of this report. Not included in this table are the individual members that make of the GTA Economic Development Partnership who were also consulted as part of this report.

Name	Title and Organization
Dennis Cutajar	Commissioner, Economic Development & Communications, City of Brampton
John Davidson	Director, Economic Development, Regional Municipality of Halton
Jim Fehr	Director and Senior Trade Commissioner, Department of Foreign Affairs and International Trade
Lisa Hausz	Manager of Business Development and marketing, Town of Ajax
Richard Joy	Vice President, Policy & Government relations, Toronto Region Board of trade
Sheldon Leiba	President and CEO, Mississauga Board of Trade
Roger Martin	Dean, University of Toronto Rotman School of Management
James Milway	Chancellor of Temporal Affairs, Archdiocese of Toronto
David Naylor	President, University of Toronto
Doug Penrice	Economic Development Officer, Town of halton Hills
Courtney Pratt	Chairman, Knightsbridge
Wendy Tilford	Deputy Minister, Ontario Ministry of Economic Development, Trade and Employment
Kim Warburton	Vice President, Communications & Public Relations, GE Canada

Appendix 3: Acknowledgements

This study was made possible by the funding support from Invest Canada - Community Initiatives, part of the Department of Foreign Affairs and International Trade Canada's Global Commerce Support Program.

In addition, this report was made possible by the input, guidance and insights of a number of individuals and organizations that dedicated a significant amount of time and resources including local FDI stakeholders, international FDI organizations and most notably the Strategy Group. GTMA and PwC are grateful the time and invaluable input of these individuals in particular. The following is the list of Strategy Group members:

Name	Title and Organization
John Tory	Chair, Greater Toronto CivicAction Alliance
David Agnew	President, Seneca College
Karamjot Bains	eCommerce Merchandising Lead, Loblaw Companies Limited
Mayor Maurizio Bevilacqua	Mayor, City of Vaughan
John Davidson	Director, Economic Development, Regional Municipality of Halton
Janet Ecker	President, Toronto Financial Services Alliance
Andrew Graham	Senior Director, Insurance, PC Financial
Pat Horgan	Vice President, Manufacturing Development & Operations, IBM
Tony Lamantia	Assistant Deputy Minister, Investment Division, Ontario Ministry of Economic Development, Trade and Innovation
Bruce McCuaig	President and CEO, Metrolinx
Mayor David Ryan	Mayor, City of Pickering
Rana Sarkar	Former President and CEO, Canada-India Business Council
Michael Williams	General Manager, Economic Development, Culture and Tourism, City of Toronto