

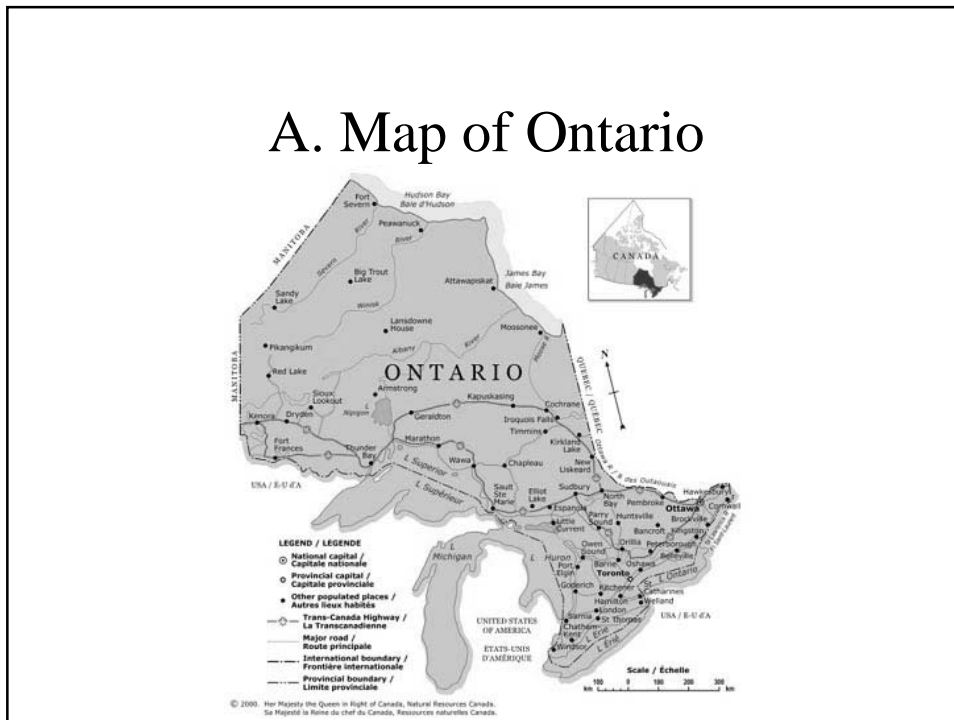
**International Conference on
Entrepreneurship and Economic
Development
in Distressed Urban Areas
Rome, 7-8 October 2003**

**City of Toronto
Policy & Programme Review**
George Wheeler

Presentation

- A. Political/geographical context
- B. Policy & Program context, 1995- present
- C. Entrepreneurial programs, City of Toronto,
Federal, Provincial, City, & Non-
governmental
- D. Program Appraisal

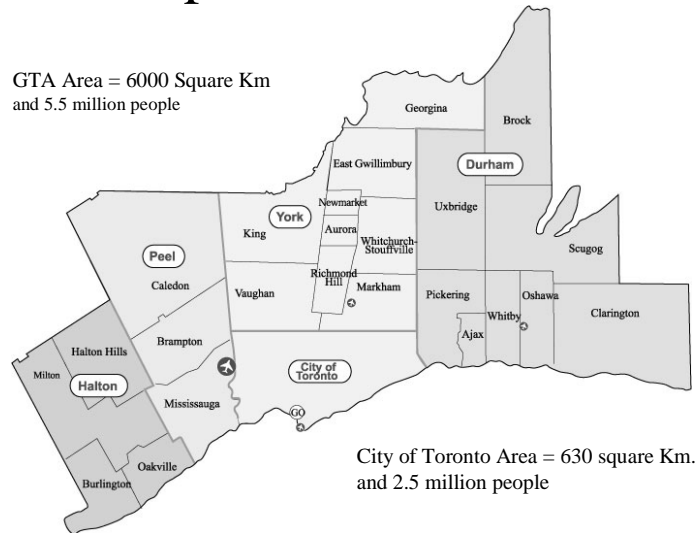
A. Map of Ontario



A. Ontario - Small heartland & Vast Hinterland

- One million square kilometers - larger than Spain & France combined.
- About 11 million people in Ontario
- 5.5 million in the Greater Toronto Area (GTA) in an area of 7000 square km
- GTA is the Commercial & industrial centre of Canada

A. Map of GTA & Toronto



A. Toronto

- Population 2.5 million in 630 square km.
- Highest transit use in North America
- Population density 10X greater than GTA
- Densest City in North America
- Greatest magnet for Canada's substantial immigration - about 65,000 plus/year
- Considered by UN to be most ethnically diverse global City.

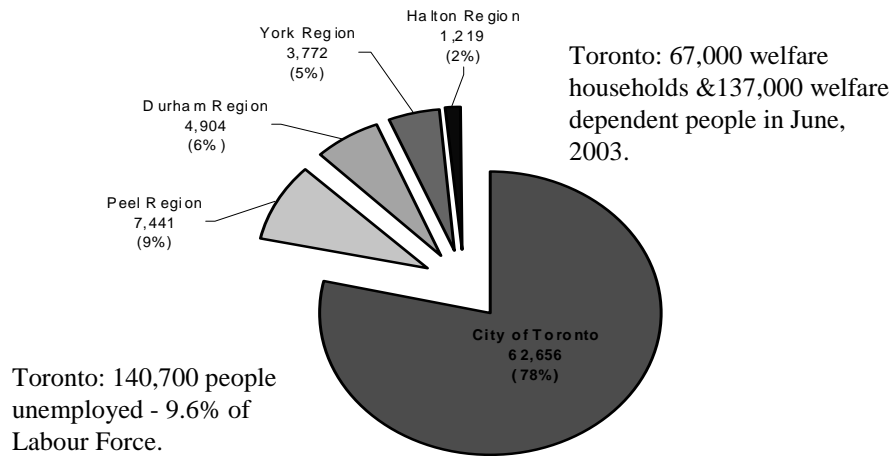
A. Toronto

- Highest rates of poverty & wealth
- With half the GTA's population, Toronto serves 80% of the GTA welfare caseload
- Half of all Ontario's low income immigrants live in Toronto.
- Toronto has a higher incidence of single parent families than GTA, Ontario or Canada
- Toronto: the magnet for immigrants, Canadians seeking opportunity, and the poor.

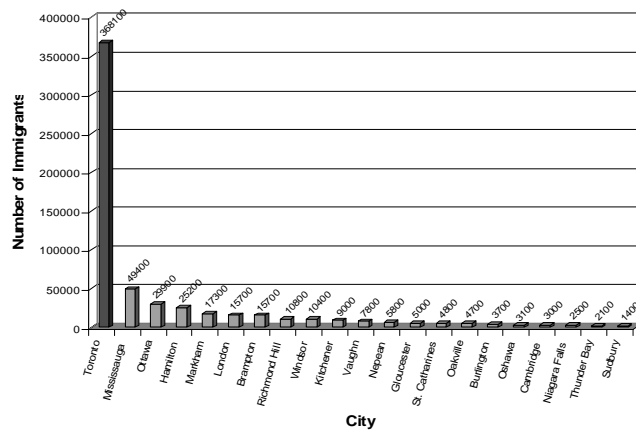
A. Toronto - a big social experiment with declining resources

- Incidence of crime lower than Canadian average and far lower than American cities.
- No ghettos.
- High levels of tolerance for diversity.
- Increasing visible poverty & homelessness.
- Increased income polarity.
- Declining physical and social services.
- Living off previous investments.

A. Toronto's Share of the GTA's Ontario Works (welfare) Caseload

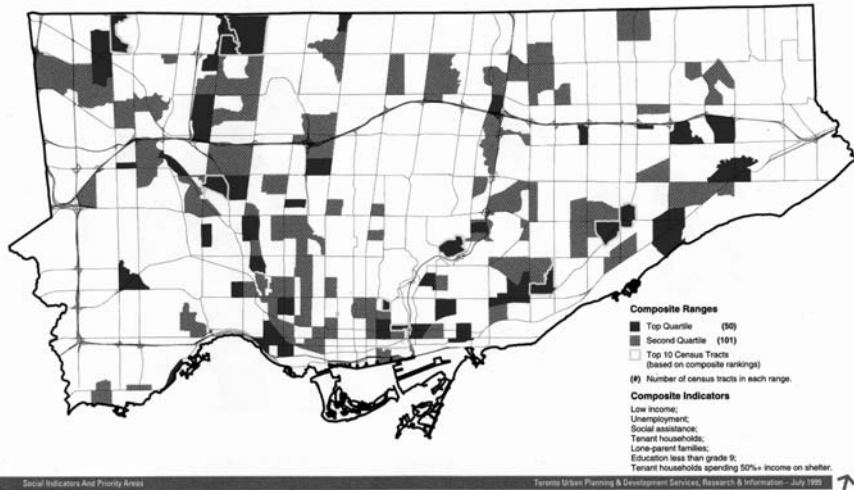


Total Number of Immigrants with Low Incomes by City (1996 Census)



Toronto has 50% more low income immigrants than all other major Ontario cities combined. (Total: 368,000)

Source: Canadian Council on Social Development (1999), "Urban Poverty in Canada: A Statistical Profile"



Socio-Economic Indicators: tenant households paying >50% income in rent, lone parent families, very low income, high unemployment, low levels of education, and social assistance recipients.

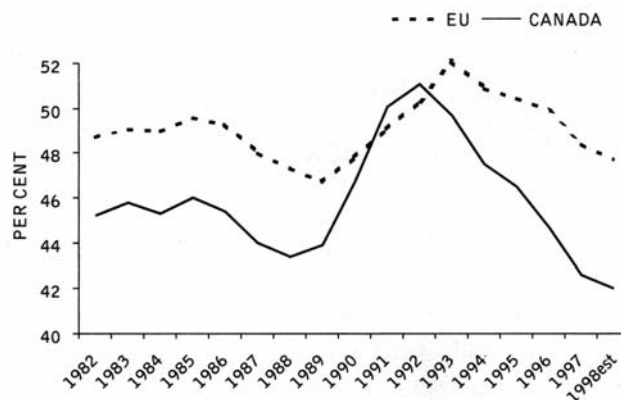
B. Policy & Program Context - Federal

- 1989 Free Trade Agreement & 1994 NAFTA agreement > North American industrial restructuring > large Toronto employment losses.
- Federal policy focus:
 - control inflation through high lending rates (while US Fed adopted low interest policy)
 - deficit reduction > decreased transfers & program devolution.
 - reduce employment insurance entitlements to induce increased labour force flexibility.

B. Policy & Program Context - Provincial

- Under protest, initially accepted more funding & program responsibility.
- 1995, hard right conservative government elected:
 - cut welfare by 22%
 - ended all public transit subsidies to cities.
 - cities responsible for social housing transfers
 - restructured all educational funding
 - cut taxes in a regressive fashion.

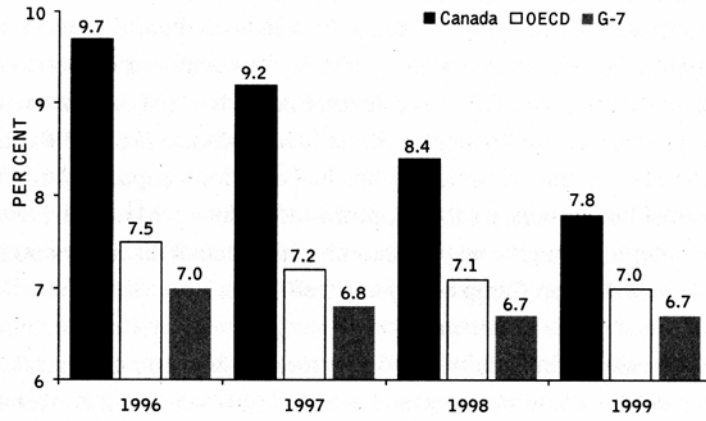
General Government Outlays as a Percentage of Nominal GDP



SOURCE: OECD *Economic Outlook*, December 1998.

Total government spending in Canada is now well below European levels.

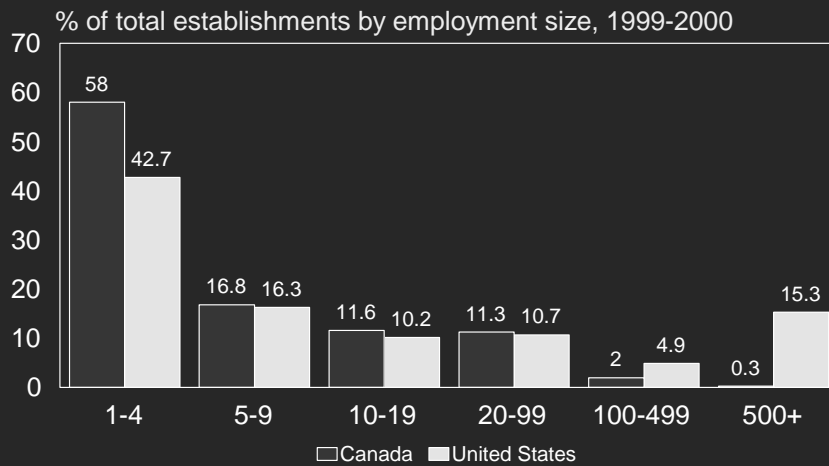
Unemployment as a Percentage of the Labour Force



SOURCE: OECD, *Economic Outlook*, December 1998.

When we compare Canada's unemployment rate with rates in other developed nations, we have little to be proud of.

Canada more concentrated on small business



Source: Statistics Canada, U.S. Bureau of the Census

B. Policy & Program Context- Decline of Social Enterprise

- Canada, Ontario & Toronto have a long history of social enterprise - typically non-profits, co-operatives, and charities.
- The state actively fostered these, using them to provide services needed by an increasingly urban society: housing, daycare, eldercare.
- This created community-based, low cost, accessible, and publicly controlled services.

B. Policy & Program Context- Decline of Social Enterprise

- Through stages of federal & provincial devolution, the emphasis on social enterprise has been replaced by an emphasis on individual effort & private funding.
- The state's policies now support and promote a culture of possessive individualism.
- In brief, 15 years later than In Britain, Thatcherism reached Ontario

B. Policy & Program Context- Decline of Social Enterprise

- Budgets for social enterprises (housing, daycare, eldercare) reduced.
- Subsidies for these services increasingly go to for-profit corporations.
- Few new state-sponsored social enterprises (eg, days care, housing co-operatives, etc.)
- Emphasis on deregulated, individual purchase of service.

B. Policy & Program Context - City of Toronto

- Organized resistance to devolution and amalgamation.
- Forced to fund income transfers, transit etc. through the property tax base.
- 1997 - Mayor elected pledging zero tax increase.
- Reduced program & infrastructure spending.
- Increased emphasis on renewal through urban spectacle - eg. Waterfront, Olympic Bid.

C. Entrepreneurial Programs

- Federal
- Provincial
- City (municipal)
- Non-Governmental Organizations
- Evaluation

C. Federal Programs - Self-Employment Assistance (SEA)

- One year entrepreneurial training to employment insurance recipients.
- Funded by Human Resources Development Canada (HRDC) through non-profit delivery agents.
- Approximately 600/year; 6000 over 10 years since start-up.

C. Federal Programs - Self-Employment Assistance

- Only EI recipients and EI “reach-back” recipients are eligible.
- Performance:
 - Net of \$100 million returned to community over 10 years.
 - 1st year business revenues average \$27,000.
 - Targets women & visible minorities.
 - 90% of participants start businesses.

C. Provincial Programs - Young Entrepreneur & My Company

- Loan guarantees on small business loans up to \$15,000 through chartered bank.
- Delivered by Enterprise Toronto & others
- About 70 loans/year.
- To youth up to 29. No targeting by income.
- Performance
 - Very small scale – mainly micro businesses.
 - Similar requirements as normal bank loan.
 - No targeting..

C. Provincial Programs - Summer Company

- Grant of \$3000 to students starting a summer business.
- Delivered by Enterprise Toronto.
- About 20 grants/summer
- No targeting by income
- Very small scale.

C. Provincial Programs - Ontario Works

- Targeted to social welfare recipients.
- From a 67,000 person caseload, about 150 participants/year
- Permits recipients to keep only a small amount of earnings
- Lack of affordable day care a major impediment

C. City - Enterprise Toronto

- Four centres providing business counselling, research, etc. to Toronto's self-employed and small businesses.
- 2300 business registrations, 25,000 walk-in/telephone calls, 150 business seminars and 6000 attendees, 2000 business consultations, event organization.
- One-fifth of funding from province, corporations, and senior government.

C. City - Enterprise Toronto

- Targeted to all aspiring & existing entrepreneurs, new business immigrant, women & urban Aboriginal.
- No income targeting.
- Uncertain impact on new business formation.
- No formal program assessment - with available resources, difficult to track outcomes.

C. City - Employment Revitalization

- Targeted to employment lands and retail areas.
- 14 active ER areas, from small retail areas to large mixed-use employment areas.
- Delivered through a local stakeholder committee of employers, social agencies, and residents.

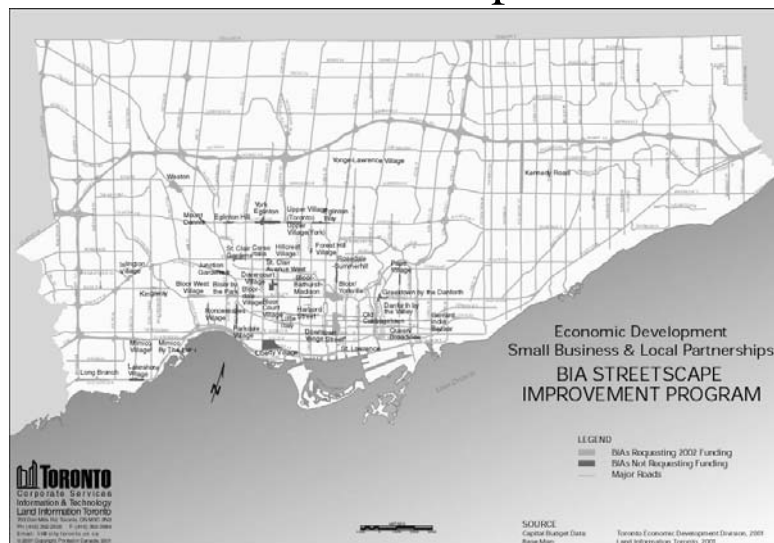
C. City - Employment Revitalization

- Typically delivers a Strategic Action Plan and supporting programs:
 - Façade Improvement Program
 - Capital Improvement Planning
 - Revitalization Incentive Program

C. City - Business Improvement Areas (BIA)

- Creates an association defined by a cluster of retail and sometimes industrial properties.
- BIA partners with the municipality to fund local improvements
- 45 BIAs, representing multi-million dollars of property and more than 3000 businesses.

C. BIA Map



C. City - Business Improvement Areas (BIA)

- Targeted to any business area that wants to participate. No other selection criteria.
- Since 1985, created 45 local business associations and cost shared many millions of dollars of local commercial & civic improvements.
- Provided some economic countervail to Big Box retail (i.e. WalMart, Costco, and “Power Centres”)

C. City - Toronto Economic Development Corporation (TEDCO) Business Incubators

- TEDCO assists five business incubators:
 - Toronto Kitchen Incubator
 - Toronto Fashion Incubator
 - Toronto Business Development Corp'n
 - MARS
 - Artscape

C. City - Toronto Economic Development Corporation (TEDCO) Business Incubators

- Qualifying businesses are provided below market rents and business counselling for up to three years.
- 4 specialized and one general purpose.
- Approximately 80 resident & 130 non-resident program participants/year.

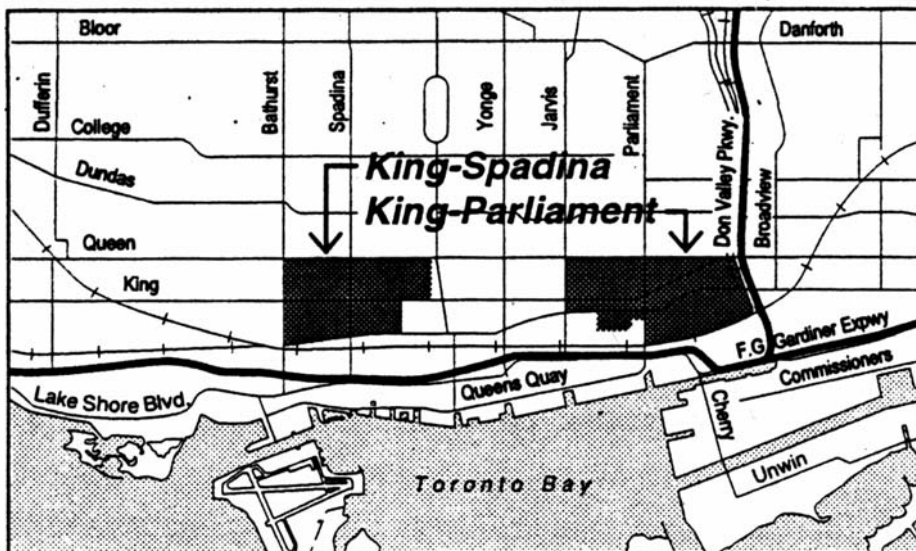
C. City - Toronto Economic Development Corporation (TEDCO) Business Incubators

- Targeting varies: TKI places high emphasis on low-income targeting, while MARS focuses on viability of academic commercialization.
- Programs made more rigorous; eg. must “graduate” after 3 years, regular reviews of performance, business training and counselling.

C. City - Planning Precinct Revitalization

- “As-of-right”, reduced regulatory regime to targeted urban precincts to attract investment.
- The two “Kings”, King St. on the east and west sides of the CBD, formerly old and declining manufacturing areas, especially textiles.
- Together the Kings total about 300 hectares.

Figure 1: The “Kings” Location Map



C. City - Planning Precinct Revitalization

- Targeted to the development industry.
- 1996-2002, 86 residential & mixed use projects valued at \$400 million, >900,000 m² of building, 7000 new apt units, and increased employment.
- Reduced manufacturing employment, increased office employment.

C. City - Non-Governmental Organizations (NGO's)

- Toronto Homeless Community Economic Development
- Targets very poor and homeless, including immigrant women in shelters, people with mental health & addiction disabilities.

C. City - Non-Governmental Organizations (NGO's)

- Delivered by United Way with tri-level government support
- Several small-scale production and retail businesses (print, painting, silk-screen) with up to 100 participants.
- No program evaluation yet conducted.

C. City - Non-Governmental Organizations (NGO's)

- Riverdale Community Business Corporation (RCBC)
- Promotes Riverdale community, provides low interest micro-loans, sponsors local business awards, provides business counselling & information, especially to new immigrant (Asian) population.

C. City - Non-Governmental Organizations (NGO's)

- Funded with mostly federal and a little City support
- Revolving micro-loan fund of \$250,000 with approximately 20 loans year
- Sponsors community business events, provides translation service, promotes local investment, works with local BIAs, retail and employers.

C. City - Non-Governmental Organizations (NGO's)

- Core programs targeted to lower income, new immigrant Asian population.
- Micro-loan performance is good,
- Effective liaison with the new immigrant Asian population.
- Practical, low cost programs.
- No formal program review.

C. City - Non-Governmental Organizations (NGO's)

- Self Employment Entrepreneur Development Program (SEED)
- Provides low income people business and skills training in woodworking, painting, and childcare.
- Delivered by Dixon Hall (settlement house) with HRDC & City support.
- approximately 100 clients year.

D. Program Appraisal

- Evaluation Criteria:
 - Scale of program in relation to need.
 - Targeting to needy.
 - Is the inter-governmental coordination effective?
 - Do the programs taken together replace the income re-distribution support provided before the policy transition of the 1990's?

D. Program Appraisal - General

- Taken together, the programs are of a very small scale in relation to need, providing opportunity for about 2000 participants in relation to 67,000 welfare recipients and 140,000 unemployed in the City.
- Only about two-thirds of program placements are directly targeted to needy.
- Programs are not coordinated between the two senior levels of government.

D. Program Appraisal - General

- Current programs fail to meet the equity standards of previous income redistribution programs.
- Income redistribution programs based on need were, by their very nature, effectively targeted to low income areas, a standard these programs fail to meet.

D. Appraisal - Federal Programs

- Federal SEA program most generous & successful because:
 - participants receive employment insurance while participating;
 - can keep earnings to reinvest in business;
 - targeted to the previously employed, who are the most capable of the unemployed;
 - provides intensive entrepreneurial training & support for one year.

D. Appraisal - Provincial Programs

- Provincial programs are least successful:
 - Lending programs are of a very small scale, are not targeted, and are essentially bank loans.
 - Ontario Works entrepreneur program serves 150 people from a caseload of 67,000.
 - Participant is only permitted to keep a very small additional amount of business income before benefit reduction.
 - Insufficient supports, especially day care, loans and training.

D. Appraisal- City of Toronto Programs

- Enterprise Centres serve a high volume of satisfied clients.
- Some targeting of specific programs.
- No lending programs or long-term follow-up.
- Employment Revitalization and BIA program are not targeted to disadvantaged.
- Rather, benefits (real estate investment, etc.) go mainly to established business and local property owners.

D. Appraisal- City of Toronto Programs

- Two of the incubators are targeted to disadvantaged - below market rents, training.
- But, they are very small scale programs.
- MARS biotech targeted mainly to academic commercialization.

D. Appraisal- City of Toronto Programs

- Precinct Planning in the “Kings” has resulted in major reinvestment, population increase, and new higher wage employment.
- Displacement of existing manufacturing and lower wage workers.
- Benefits to development industry and to City through better utilization of infrastructure & increased assessment.

D. Appraisal- NGO Programs

- NGO programs are effectively targeted but are very small in scale in relation to need and funding (mostly Federal) is precarious.
- RCBC is a model of an effective community-based organization targeting programs to new immigrants wanting to start businesses.
- RCBC operates only in a small part of Toronto, and has precarious (federal) funding.

D. Appraisal- City of Toronto Programs

- Federal SEA program and City's "Precinct Planning" of the Kings created the greatest economic transformation.
- However, overall, the programs would have to be given a failing grade based on:
 - Small scale in relation to need (generously, 2000/year).
 - Ineffective targeting, either by "needy" area of City or by individual recipient.
 - Do not replace income resulting from erosion of welfare & employment insurance programs (assumed intent).