



A Global Perspective

Competition & employment lands

By Paddy Kennedy



Planners need to ensure that we're providing spaces and places which will meet the needs of Ontario's future economy. To support advanced manufacturing, Ontario will need to provide industrial spaces which are designed to compete on a global scale, well connected, clean, green, flexible and multi-modal (road, rail, transit, port, airport, etc.). At the same time, Ontario's cities and towns will need to make hard decisions around older industrial areas. Some established industrial areas can expect to remain competitive in their current function (albeit with some major improvements), while others may be better suited to an environment which caters to the diverse service sector. These spaces, while specifically unique, should provide opportunities for mixed uses, and accommodate living, working and playing functions. This implies that our notion of how we define employment lands might also need to change.

While there will still be a place for traditional industrial lands, increasingly, the long-term trend implies that the economy needs spaces which promote innovation and knowledge transfer. It needs spaces which are accessible, transit supportive, integrated, mix uses, provide opportunities for creativity, which are tied more closely to the post-secondary institutions and nearby living areas.

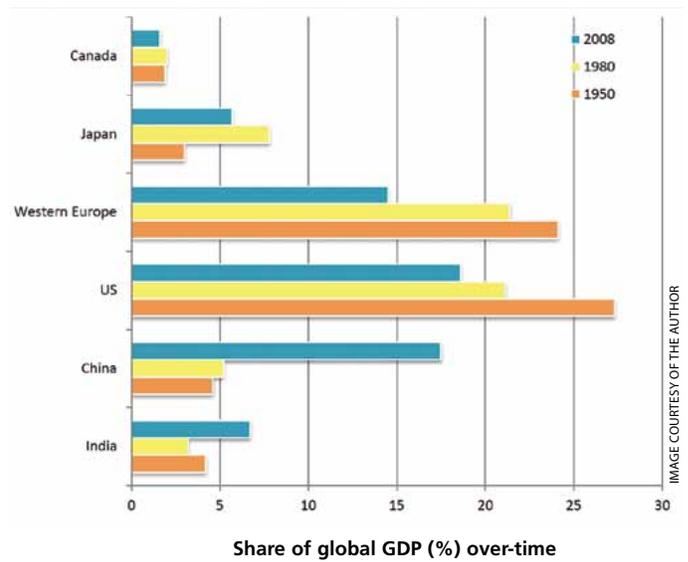
The following sets out the context for understanding the global economy and the environment within which Canada and Ontario compete.

The global economy and its impacts on Ontario

By the mid 1980s it was clear to most observers that the global economic situation had changed. The era, which began at the end of the World War II and extended across several decades, was a continuation of western economic dominance. The economies of Western Europe and North America accounted for over 50 per cent of global economic output in 1950. At the beginning of the 1980s this figure had declined by 8 per cent. The close of that decade and the early 1990s brought tremendous geo-political change, with the collapse of the Soviet Union, the development of the European Union and the emergence of the BRICS (Brazil, Russia, India, China and South Africa) along with the other Asian economies. By 2008, the global economy had become diverse enough to warrant the

establishment of the Group of 20 (G20) economic forum. The world's top 20 economies include a diverse list of nations which bears little resemblance to the narrow list of the post-war era. And, while shares of GDP have continued to fall and rise since the 2008 financial crisis, the general pattern of global competition has continued.

In Canada, the resulting emergence of developing world economies has meant increased competition and a continual need to re-examine economic policy and long-term investments. More locally, Ontario's clusters are operating in a wider, more integrated and competitive environment. For example, the Kitchener-Waterloo technology triangle and the Ottawa tech clusters are competing with places like Silicon Valley and Boston in the U.S., Paris-Saclay in France, Beijing, Bangalore and Russia's Skolkovo Innovation City. Sarnia's chemical valley is competing with Saudi Arabia's Jubail Industrial City, Jurong Island in Singapore, Houston, Antwerp and Shanghai. Windsor and the other automotive-based towns and cities of southern Ontario are competing with the southern U.S., Mexico, China, the EU, India and Brazil. These are just a few examples which illustrate the broader context of economic activity.



Arguably, the increased global competition has resulted in three major structural impacts on Ontario's economy: the decline of manufacturing employment; the growth of service-sector employment; and, the polarization of economic investment.

Looking ahead, these changes are expected to continue. Increased global competition is not simply a result of investment following lower labour costs or less environmental regulation. While low labour costs and the regulatory framework are relevant, they comprise a partial strand. A fuller picture reveals that a number of the so-called emerging economies have made substantial investments in infrastructure (hard and soft) and modernization. These commitments, when combined with location factors and steady year-over-year inflow of foreign investment, have resulted in continued industrial and infrastructure expansion.

The experience of these places with emerging economies is not accidental. For example, the Kingdom of Saudi Arabia and the government of Singapore both embarked on ambitious national industrial plans in the 1970s and now are beginning to see the fruits of these efforts. Saudi Arabia has been investing in an economic cities program and a national industrial clusters program. Singapore boasts an incredibly diverse economy (oil and gas, trade, petrochemicals, manufacturing) and as the island nation approaches build-out, it's beginning to focus on research and development and has established a number of science parks. In Malaysia, the national government has been developing two new employment-focused cities—Putrajaya (administrative, commercial, finance) and Cyberjaya (technology). This is just a snapshot of what's happening. The common factors in these three examples are the leadership role played by government and the massive size/scale of the initiatives. All rely heavily on a national strategy to guide investment and detailed master planning to implement strategy.

What it means for Ontario

What does all of this mean for Ontario? While it's difficult to sweep across the globe in a short article, there are some preliminary conclusions which can be drawn. Increased competition suggests that Ontario needs to make sure that it maintains a strong foothold in the global service sector (which is incredibly broad and crosses numerous sub-sectors from finance to culture to IT).

It also suggests that there is a need to provide support for the manufacturing sub-sectors which can compete globally, such as advanced manufacturing. This implies that Ontario needs to continue to invest in both hard and soft infrastructure to support those clusters (for example, substantially reducing commuting times in the GTHA would do wonders for the myriad of globally-competitive firms located in and around the GTHA).

It also underscores the importance of quality of life factors which distinguish Ontario from other places around the globe (such as education, health care, housing and housing affordability, commuting times, recreation and entertainment). Finally, there is also a significant opportunity for governments to partner with private sector leaders and take a more strategic approach to economic development and revitalization, from strategy to master planning and implementation.

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