Hamilton

Economic Development Strategy

Hamilton's Clusters of Innovation

2005

Economic Development Strategy

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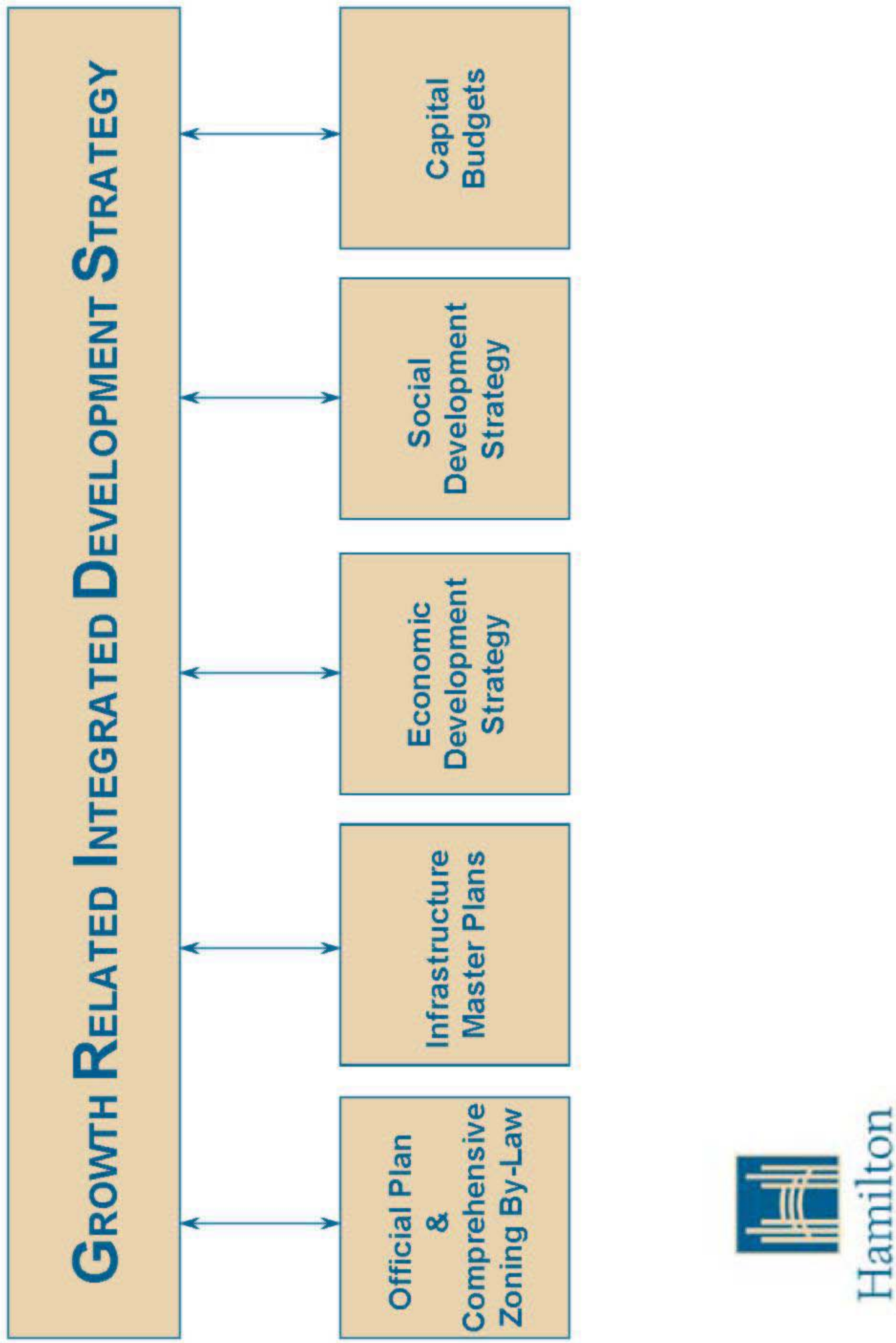
FOREWORD

In February 2001, Hamilton's City Council authorized and directed staff to commence work on an integrated growth strategy (GRIDS) for the then New City of Hamilton. GRIDS is a complex, interdependent, multi-staged process involving five of the City's departments; Public Works, Planning & Development, Corporate Services, Public Health & Community Services and Economic Development. The significance of the integrated growth strategy was that it combined the resources of these departments and focused them on a single vision. For the first time in the City/Region's history, the municipality's Infrastructure Master Plans, Official Plan, Capital Budget, Social Development Strategy and Economic Development Strategy would work in harmony.

GRIDS was designed to have both immediate and long-term impacts on residential and non-residential growth in Hamilton. In essence, it was an entirely new philosophy for development and one that was strongly grounded in the principles of "smart growth" and Vision 20/20. There is no doubt that the implications of GRIDS will influence the quality of life in Hamilton, which incidentally, is regarded as one of the community's inherent strengths. However, it must be emphasized that the ultimate goal of this process is to maintain and improve on the quality of life in Hamilton over the long-term.

As described, the Economic Development Strategy is only one component of the larger GRIDS process. This strategy focuses only on non-residential growth and in particular, industrial development. Commercial development and residential growth, in this plan, are viewed as being essentially market driven and directly related to the level and growth of industrial development in Hamilton.

The Economic Development Strategy is based on the theory of "cluster" development - where specific industry sectors are developed with the express purpose of increasing assessment growth, generating wealth and diversifying the local economy. This strategy was never intended to be a static document. It had to be a dynamic plan with the ability to be revised based on structural changes in the local and global economies. As a result, in comparison to the original strategy approved in May 2002, there are a number of significant changes and modifications contained in this new document.


GROWTH RELATED INTEGRATED DEVELOPMENT STRATEGY
Official Plan & Comprehensive Zoning By-Law
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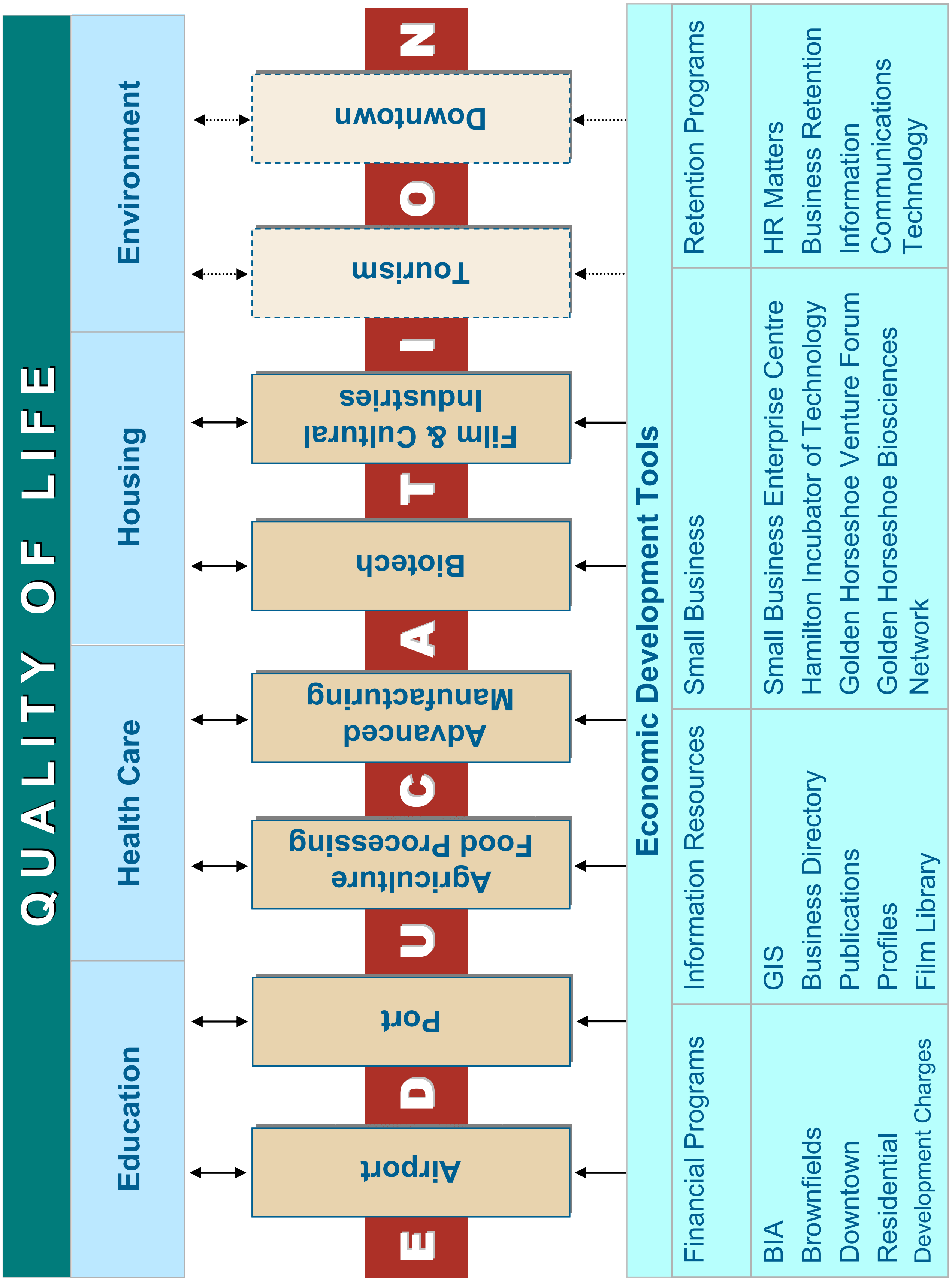
QUALITY OF LIFE
Education
Health Care
Housing
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EDUCATION
Airport
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Film & Cultural Industries
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Downtown
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Economic Development Strategy

Executive Summary

The Economic Development Strategy is a twenty-year vision in which Hamilton will possess a diversified, sustainable economic base consisting of globally competitive, wealth creating companies that employ a highly skilled, well-educated labour force. It is one of five components in the GRIDS process that considers the planning, social infrastructure, financial and economic implications of growth. The objective of the GRIDS process is to balance the competing interests of growth in Hamilton while simultaneously establishing an enviable quality of life.

The Economic Development Strategy is rooted in the theory of cluster development. A "cluster" is defined as "*a geographic concentration of competing and co-operating companies, suppliers, service providers and associated institutions*".[1] Hamilton's own industrial history provides evidence of its success with the presence of a "steel cluster".

The revised strategy recommends that the City of Hamilton focus on eight industry clusters and a "Quality of Life" component that focuses on community attributes such as health care and education. The clusters are as follows:

Traditional Industry Clusters

- **Advanced Manufacturing**
- **Agriculture/Food & Beverage Processing**
- **Port Related Industry/Business**

Emerging Clusters

- **Aerotropolis (development surrounding the airport)**
- **Biotechnology & Biomedical**
- **Film & Cultural Industries**

Non-traditional Clusters

- **Tourism**
- **Downtown**

These clusters were not selected arbitrarily, but were the result of considerable research and the fact that Hamilton possesses inherent strengths in these areas. These strengths are fuelled by the innovative research and expertise at McMaster University which serves as a catalyst for economic growth. In the first version of the strategy, ICT (Information Communications Technology) was included as a cluster but after the "dot.com" melt down, activity and growth prospects in this sector were virtually eliminated. The Strategy continues to recognize the importance of ICT but will do so as an enabling factor of all sectors in the economy. In order to be competitive in the global economy, all businesses will be encouraged to embrace technology as a tool for success.

[1] *Clusters of Innovation Initiative: San Diego Report, Professor Michael E. Porter, Harvard University, Council on Competitiveness, Monitor Group, on the Frontier.*

Further, the decision to elevate the Port to full “cluster” status was easily justified based on the extent of development at the Port, the potential for future growth, and the new, cooperative relationship with the municipality.

Professor Michael Porter of Harvard University is the recognized authority on cluster development and confirms the logic of building upon inherent strengths in a community ”*cities should not attempt to pick winners or try to create new industries where there are no pre-existing advantages to build upon*”.

This report identifies “deliverables” for each of the above-noted clusters, as well as a profile of what types of companies are expected to dominate their composition.

The Advanced Manufacturing sector is and will continue to be a significant contributor to Hamilton’s economy. Most notably, this sector is experiencing major structural changes due largely to the “globalization of production” as more manufacturing jobs are being exported to lower cost countries such as China, Mexico and India. There is a definite shift from the presence of large multi-national firms, to value-added manufacturing in mid-sized and smaller firms. But this is a cluster that creates wealth by producing tradable goods.

Agricultural lands represent approximately two-thirds of the city’s total land mass. Decisions to expand the urban boundary or rezone agricultural lands for other uses will have major implications on rural development and agri-business. A study examining the economic impact of agriculture and agri-business in Hamilton has concluded that this is a $1 Billion industry in this city and an industry that generates significant tax revenues while utilizing very few municipal services. Food & Beverage Processing has been combined with this cluster on the premise that Hamilton’s strengths in agriculture can be leveraged to generate wealth and create industrial development.

Hamilton is one of the few cities in Ontario and Canada that has strengths in inter-modal transportation. The presence of a Great Lakes port is one of those inter-modal advantages. Transportation issues such as costs and border delays are creating logistical nightmares for business – thus presenting opportunities for the Port. The port also has some of the most liberal zoning in the province permitting virtually any use and in particular, heavy industrial businesses.

As an emerging cluster, the development of an aerotropolis is the number one strategic priority for economic development in Hamilton. An “aerotropolis” is defined as a master planned community that develops around an airport - including industrial, commercial and residential development. Continued success of the airport will have reciprocal benefits on all the sectors examined. The key conclusion from the research undertaken in all of the “clusters” is that staff and financial resources must continue to be directed to the development of the airport and its adjacent lands. For this reason, all three levels of government (municipal, provincial, federal) have formed a task force to address the issues confronting this cluster.

The other emerging clusters; namely, Biotechnology/Biomedical and Film & Cultural Industries are already in various stages of development. Hamilton is now recognized as part of Ontario’s Biotechnology Corridor and has just completed a detailed cluster strategy. Film production in Hamilton, despite the rising Canadian dollar, continues to show remarkable growth. 2002 was a record year for both number of productions and total number of “shoot” days and even with SARS in 2003, these statistics were nearly duplicated.

There is a strong interdependence between the traditional and emerging sectors, their growth affects the entire city, including the prosperity of the downtown core. For example, there are many applications and linkages of Information Communications Technology to biotechnology and production technology. Similarly, the presence of a 24/7 cargo and passenger airport impacts every one of the identified clusters. More than anything else, cluster development promotes productivity and innovation - without these there is no chance for prosperity.

Richard Florida is a respected U.S. economist that advocates “Quality of Life” as an economic engine and important cluster in economic development strategies. This theory’s merit is often debated but regardless has relevance for a community’s development. For this reason “Quality of Life” as been identified an important component in expanding and growing the other “clusters”. “Quality of Life” in this revised document will consist of four major components 1) Education, 2) Health, 3) Housing and 4) Environment. It’s also the basis for why Cultural Industries now has cluster status in the revised Economic Development Strategy.

This Economic Development Strategy is the product of a significant amount of research including direct input in the form of focus groups and personal interviews with the major stakeholders in each cluster. Council endorsement of the original strategy was a prerequisite for its implementation but the ultimate success of the strategy will be determined not only by City Council’s continued commitment, in terms of allocated resources, but with individual City Councillors becoming champions of specific clusters.

Finally, the recipe for any successful economic development strategy has one similar ingredient - community ownership. That is why public/private task forces have been established for each of the clusters. These groups have not only made valuable contributions to the Economic Development Strategy, but created a reciprocal effect wherein local educational institutions are now building complementary programs. It is our intention to further build on the synergistic value of partnerships in order to advance the Economic Development Strategy. The groups that make this city work, namely business, labour, government and education, must continue to support this plan. Alignment of the plan with the efforts of these groups is absolutely critical to its success - especially, education that will provide the intellectual capital required to make these clusters prosper and generate wealth for the City of Hamilton.

Economic Development Strategy Report

The Basis for Cluster Development in Hamilton

Hamilton's Economic Development Challenge

Hamilton has always been considered a manufacturing centre, even as far back as the City's incorporation in the mid-nineteenth century. It first thrived as a centre for textile production and later was transformed into steel and metals manufacturing capital. Location advantages such as transportation, cheap power, and access to markets were the predominant factors that fuelled the growth of one of Canada's largest economic engines.

The post World War II era witnessed Hamilton's manufacturing prominence reach its apex. In addition to the country's two largest integrated steel producers, the city became the manufacturing centre and Canadian headquarters for a number of U.S. based multi national companies. Companies such as Westinghouse, International Harvester, Firestone and Procter & Gamble dominated the industrial landscape. Similarly, Canadian owned manufacturing companies such as Inglis and Camco expanded their local operations in order to supply durable goods for a growing domestic market. As a result, the city's port and transportation infrastructure grew to meet the pressures of the demand for raw materials and the ability to ship manufactured finished product to markets throughout southern Ontario, the U.S. "rust belt" and overseas.

Today, the global marketplace has changed the way companies do business. Hamilton's economy has been subjected to major structural changes that are dramatically impacting the City's industrial composition. The large U.S. branch plants that were previously major employers in Hamilton, have either closed their local operations or rationalized production to other facilities throughout North America. Mid-sized manufacturing plants have grown to replace many of these large industrial giants. These firms, both locally and externally owned have focused their investment & marketing decisions in order to fill particular market niches and have evolved into export driven companies. Again, Hamilton's transportation infrastructure (road, rail, port & airport) and proximity to U.S. border crossings offer significant site location advantages for these medium-sized operations and their raison d'être but is this trend of mid-sized manufacturers sufficient to replace the value-added manufacturing companies lost in Hamilton over the last 20 years?

Just like investment capital, companies in today's business environment are highly mobile. Location plays a major role in site selection but so does the cost competitiveness and skilled labour supply of the community. In order to attract new business, retain and grow existing companies, Hamilton has to be able to provide comparable business conditions. Due to NAFTA Hamilton must not only compete with its neighbouring municipalities but with the other North American cities which now form an integrated market. The presence of a university in Hamilton contributes to the labour supply, research partnerships, as well as Quality of Life.

In recent years, the realization of the benefits of industrial/commercial development to a community has spawned an escalation of competition between cities for attracting business. Financial incentives, free trade zones and tax abatements are but a few of the economic development tools being employed by municipal and provincial/state governments to increase their non-residential assessment base. Consequently, a municipality ultimately has to make the decision whether it wants to get into a global bidding war for new growth or choose an alternative economic development route.

Research indicates that today, greater numbers of municipalities are now opting out of the expensive world of incentives which erode a city's tax base, thus impairing its ability to provide the infrastructure necessary for growth. Instead, cities are focusing their resources and economic development efforts on "cluster development" strategies. A "cluster" is defined as "a geographic concentration of competing and co-operating companies, suppliers, service providers and associated institutions"[2].

Why a Cluster Strategy?

Clusters are essential to a region's prosperity because they increase the productivity of companies in the area, drive the pace of innovation, and stimulate the formation of new businesses. Typically, clusters are associated with wealth generation and highly skilled, well paid employment - exactly the type of development every municipality strives to attain but cluster-based economic development is about more than the creation of jobs. The cluster model contends that economic growth requires "quality foundations" which include the physical and social infrastructure of the community. Cluster-based development makes clear that economic progress is not possible unless attention is paid to skills development, social needs and the quality of life of the community - these elements are therefore vital components of an Economic Development Strategy[3].

Cluster development is gaining momentum in today's economy. With a global perspective, cluster strategy focuses on the identification of a city's distinctive economic advantages and related industries. It provides an efficient method by which cities can target their economic development activities. It allows municipalities to create their own "diversified portfolios" that can weather the ups and downs of economic recessions.

In order for clusters to be competitive, a municipality must create an environment conducive to growth. The role of government in cluster development is to:

1. Improve the quality of inputs that firms draw on such as human resources, physical and technological infrastructure, and capital;
2. Create rules and regulations that encourage innovation and upgrading;
3. Build and support the formation of clusters; and
4. Raise the sights of local firms and citizens by articulating an economic vision for the future.

Extensive research undertaken by the U.S. Council on Competitiveness reinforces the long-term nature of cluster development and suggests that local government assume a stewardship role for segments of the long-term plan - monitoring, supporting and adapting it over a multi-decade timeframe.[4]

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[2] *Clusters of Innovation Initiative: San Diego Report, Professor Michael E. Porter, Harvard University, Council on Competitiveness, Monitor Group, on the Frontier.*
[3] *Caledon report (Social Vision for the New City of Hamilton)*
[4] *Clusters of Innovation: Regional Foundations of U.S. Competitiveness, October 2001.*

Hamilton's Clusters of Innovation

Hamilton's City Council decision in February 2001 to pursue an integrated growth strategy with a particular focus on the development of economic clusters was a significant first step on the road to recapturing some of its past economic stature. Cluster development will employ a strategic targeted approach to economic development as opposed to past undirected efforts to secure any company interested in the locational advantages of the city. It will address the pressing issue of the limited supply of industrial land in the city.

There are three critical factors required for development in Hamilton: 1) networks and partnerships; 2) a strong skill base; and 3) innovation and R&D capacity. McMaster University's presence contributes significantly to all of these factors. There are also four additional contributory factors that must exist: 1) the presence of large firms, 2) adequate infrastructure, 3) entrepreneurial spirit, and 4) access to financial resources.

This revised document presents a strategic plan for the City of Hamilton's economic development program. It identifies three traditional clusters, three emerging clusters and two non-traditional clusters each with short and long-term deliverables required to achieve a long-term vision for the city.

A Twenty-Year Vision for the City of Hamilton

The Economic Development Strategy is a twenty-year vision in which Hamilton will possess a diversified, sustainable economic base consisting of globally competitive, wealth creating companies that employ a highly skilled, well-educated labour force.

The Economic Development Strategy is the first step in the GRIDS process that will examine planning, servicing and financial implications of growth, and incorporate the development of the City's Social Vision and the Culture and Recreation Master Plan. The objective of the GRIDS process is to balance the competing interests of growth in the city with the purpose of establishing an enviable quality of life.

Quality of Life Factors

"People are hungering to live in communities that are safe, clean and affordable. These communities have a sense of place and the kind of amenities that enrich our lives."

Mayor Randy Kelly, St. Paul, Minnesota

The "Quality of Life" section is a conglomeration of a number of factors that contribute to Hamilton being a *livable city*. There has and continues to be considerable debate about exactly what constitutes a *livable* city. Individual preferences, such as winter sports for example, may be one determining factor but most experts agree that *livable cities* share common attributes; including civic participation from community groups, universities, colleges or foundations. A recent article in USA Today confirms this opinion – "*livable cities are run by different players – not just the Mayor, not just the Chamber of Commerce, not just the Visitor and Convention Bureau*".

Professor Richard Florida, who authored "The Rise of the Creative Class" and developed the Bohemian Index for rating municipalities, theorizes that cities seek to prosper by luring creative people. Urban revitalization strategies and economic diversity are described as being dependent on creative people from varied backgrounds living together and generating innovation. In order to attract and retain this human capital, communities must possess a local environment that is both ecologically and socially sustainable by promoting both the individual's social, mental and physical well being and the city's cultural, economic and social well being.

From an economic development perspective, Quality of Life in this strategy will be defined by four distinct components: 1) education; 2) health care; 3) the cost and availability of housing; and 4) the physical and social environment.

There is absolutely no doubt that there are many other factors that contribute to "Quality of Life". However, the four components identified above all have measurable impacts in Hamilton, not only in terms of services and economics, but by the numbers of individuals they employ in the community.

1) Education

The education sector has three basic roles in the community; 1) an economic engine, 2) an entrepreneurial generator in terms of commercialization of R & D, and 3) as a supplier of skilled labour. Consequently, education plays an integral part in the delivery of the Economic Development Strategy. Without the presence of strong educational institutions, the ability to grow and develop the "cluster" is significantly diminished if not compromised altogether.

The City of Hamilton's educational institutions collectively employ over 12,500 education professionals and are responsible for educating well over 100,000 students on an annual basis.

McMaster University is the third most research intensive university in the country and seventh among Canada's research-intensive universities in terms of income. In the last decade, its research enterprise has nearly doubled. In 2002 researchers in its six faculties – Health Sciences, Engineering, Science, Social Sciences, Humanities and Business – conducted close to $134 million worth of research activities. McMaster is a school of more than 14,000 full-time students, 2,000 of whom are pursuing advanced degrees offered through the School of Graduate Studies.

Mohawk College, one of the largest colleges in the province, offers a number of full-time programs and apprenticeships to over 50,000 students at its campuses in Hamilton, Stoney Creek and Brantford. Mohawk College provides business and industry with the human capital required to be successful through the delivery of highly skilled technology and applied science programs.

Redeemer University College is a Christian undergraduate university of over 850 students which offers liberal arts and sciences based programs in over 30 areas of specialization, leading to the Bachelor of Arts, Bachelor of Science and Bachelor of Education degrees.

Columbia International College of Canada is the largest international boarding school in the country. Since 1994, every one of Columbia's pre-university graduates has been accepted into prestigious universities in Canada and around the world.

Early learning has a life long impact on human development. This, in term impacts the community health, education status and skilled labour supply.

The Hamilton District School Board prides itself on its range of programs including nationally recognized high school apprenticeship programs. As of September 2003, the board had 105 elementary schools, 18 secondary schools, three adult education centres and over 60,000 students.

The Hamilton Wentworth Catholic District School Board has been providing quality Catholic education to thousands of students in the Hamilton Community for over 150 years. The board operates 54 elementary and six secondary schools, and employs approximately 1,700 teachers in addition to nearly 400 full-time educational assistants and 200 administrative staff.

2) Health Care

Residents of the Hamilton are fortunate to have a number of the province's top Health Care facilities and by extension some of the nation's top Health Care professionals and practitioners. The world renowned McMaster Model for hospitals was first implemented here and over 12,500 individuals are employed in the health care sector in Hamilton. Health Care is an important driver in the local economy and the provision of these services is instrumental in attracting and retaining skilled labour to the community. Further, the Health Care industry not only includes hospitals but encompasses other related disciplines like dentistry, sports medicine, chiropractors, homeopathic medicine, etc. Hamilton has developed numerous community based health programs and is actively involved in physician recruitment.

Hamilton Health Sciences is comprised of five distinct hospitals, which care for acutely ill patients from across Central South and Central West Ontario while offering a full range of specialized health care services and treatments to a population base of more than 2.2 million people. The merger of four distinct hospitals - Hamilton General Hospital, McMaster University Medical Centre (home to McMaster Children's Hospital), Henderson General Hospital, and Chedoke Hospital - back in 1996 united the varied strengths of these individual hospitals under one umbrella.

As one of the province’s hubs of cardiac expertise, Hamilton General Hospital is pioneering new approaches to cardiac care. Henderson General Hospital is home to one of the best and most efficient arthroplasty (hip and knee replacements) programs in the country. As host hospital for the Margaret & Charles Juravinski Cancer Centre, the Henderson and the Cancer Centre play vital roles ensuring patients who need cancer treatment and follow-up care can access it within a comprehensive environment designed to meet their specific care requirements. Hamilton is also home to one of the largest children’s hospital in Ontario, McMaster Children’s Hospital. Chedoke Hospital is home to an array of rehabilitation services.

St. Joseph's Hospital is home to the world- renowned Firestone Institute for Respiratory Health, the Centre for Minimal Access Surgery, and the much respected Father Sean O'Sullivan Research Centre with its satellite organization, the Centre for the Evaluation of Medicine.

In 2000, St. Joseph's Healthcare Hamilton became the regional centre for specialized mental health services with the transfer of Hamilton Psychiatric Hospital (HPH) to the St. Joseph's family. The former HPH is now the St. Joseph's Centre for Mountain Health Services. St. Joseph's Mental Health Program provides a full continuum of care, locally and regionally. Services cover the spectrum from prevention, primary care, crisis and emergency care to intensive and specialized services for individuals who experience complex and rare mental illnesses.

St. Peter's Hospital is a 250-bed chronic care hospital providing inpatient, outpatient, community-based programs and services for older adults and the chronically ill. The hospital offers five specialty programs - Behavioural Health, Complex Continuing Care, Palliative Care and Major Systems, Rehabilitation, and Community Services.

3) Housing

The availability of quality housing is an important factor in growing and sustaining development in a local economy. Quality housing includes the entire spectrum of residents from executive estates to condominiums to affordable housing for lower income earners in different clusters. Along with quality housing stock is the requirement for quality community amenities like recreation centers, arenas, parks, walking trails, golf courses, etc. One of Hamilton’s strengths is the city’s proximity to Toronto and the availability of quality housing at prices considerably less than other GTA municipalities - a fact that is now driving home sales with an estimated 1 of 3 sales in the west end of the City being purchased by GTA residents.

With over 300 members, the Hamilton-Halton Home Builders Association represents thousands of skilled labourers and trades people that continue to offer Hamiltonians and new transplants modern lifestyle choices with housing affordability that is unparalleled in the Golden Horseshoe. With average price points $106,000 lower than a comparable home within the Toronto CMA, the Hamilton housing market has tremendous value.

Whether it’s the older urban areas or distinct downtowns, the newer suburban areas of Stoney Creek and Ancaster or the primarily rural areas of Glanbrook and Flamborough, the City of Hamilton offers residential opportunities that are appealing to all income and social classes.

According to the City of Hamilton’s building statistics for 2002/2003 the residential housing sector contributed an estimated $615 million to the City’s assessment base, with a total contribution of over $3.1 billion to the local economy.

Not only is Hamilton a great place to live, but it is also one of the best communities in Ontario in which to invest in residential real estate, says a province-wide study by the Real Estate Investment Network, or REIN™.

The city ranks 4th among 59 cities and towns in Ontario that REIN™ analyzed in terms of their potential return on investment in residential real estate.

4) Environment

What makes a City a great place to live? Ask any number of people and you will receive many different responses. They may range from superior education for children, first class health care, and/or good and affordable housing as previously discussed. Or most likely they will include reference to quality parks and recreational facilities, clean air and water, a low crime rate, traffic calmed streets, public transit, bicycle lanes, and city centres that are people places.

In terms of the physical environment, Hamilton is truly blessed with a geographic location that rivals any in the country. Between the Niagara escarpment that literally dissects the community and the city's proximity to Lake Ontario, there is an abundance of outdoor and recreational opportunities available to the entire community. The City of Hamilton has some 2662 acres of parkland in 310 locations, 1356 acres of natural areas at 32 locations and approximately 1500 kilometers of trails.

For more than 40 years, the Hamilton Conservation Authority has spearheaded grassroots environmental efforts to help ensure a safe and sustainable community. The HCA owns, leases or manages about 4,000 hectares (10,000 acres) of environmentally significant land. Much of it is home to rare plants, birds and mammals whose existence depends on an environment that is not pressured by human activity.

Hamilton's climate is rarely mentioned as a community attribute but, in comparison to the rest of Canada, the winters are very mild with snow on the ground for only 2 months and the summers are hot enough to support a thriving local wine and agricultural industry.

The breadth of Hamilton's social environment is also very surprising for a community of only 500,000 people. There's a strong cultural component that includes two centers for the Performing Arts, a 17,000 seat arena complex, a world class Art Gallery, a Philharmonic Orchestra, and an Opera and several theatre companies. The city's facilities easily compare with any other municipality; 26 community halls, 15 recreation centers, 4 senior centers, 29 indoor and outdoor pools, and 20 hockey arenas with a new quad pad arena scheduled for opening the fall of 2004.

Hamilton is also home to the Canadian Football League (CFL) Hall of Fame, the CFL Tiger-Cats, the American Hockey League Bulldogs, city-wide and community based festivals, 7 museums, and major attractions such as the newly opened Marine Discovery Centre and the HMCS Haida.

The City of Hamilton also has a dynamic and vibrant charitable and non-profit sector. Over 3,000 organizations contribute to the arts and culture, environment, health, education, sports and recreation and social services which enhance the quality of life for all citizens in our community. This represents a wide range of organizations such as service clubs, religious organizations, seniors centres, sports associations and cultural organizations. Across Hamilton, more than 140,000 people volunteer with community organizations and thousands of individuals are employed in the charitable and non-profit sector. In addition to providing a wealth of services and programs across Hamilton, charitable and non-profit sector organizations contribute to the economic viability of the community. Over the past six months, major facility renovations are taking place at the YMCA of Hamilton/Burlington, YWCA Hamilton, and the Art Gallery of Hamilton, all located in the downtown core. There is also a strong spirit of generousity in the community. The Hamilton Community Foundation and United Way of Burlington, Greater Hamilton are leaders in the philanthropic sector and annually provide resources to a wide network of community organizations.

People's definition of livability has everything to do with what they value. And without a doubt, Hamilton presents an incomparable variety of options in both the social and physical environment. Professor Richard Florida emphasizes that part of the joy of living in a city is the interplay between urban and nature's design – something that Hamilton provides like no other municipality in southern Ontario

Education's Role in Local Economic Development

The revised Economic Development Strategy has defined a much more significant role for Education (see Chart, page 5). This document views it not only as a "Quality of Life" attribute but, in addition to education it includes research and training as a key enablers for the successful and sustained development of the eight identified clusters in Hamilton.

The function of Research, Education and Training in economic development has become more prominent in the last decade and particularly, in the United States. Universities and Community Colleges, encouraged by business and political leaders, are forming strategic partnerships in strategic sectors. These partnerships are not just restricted to the development of human capital that employers so desperately need, but include the interactions that take place among the stakeholders.

In a knowledge driven economy and with global competition, industry is becoming increasingly dependent on university research and graduates to create the technological breakthroughs and provide the competitive edge needed for survival. Community colleges, in collaboration with industry and universities, are delivering the skilled workforce, the training programs, along with co-operative education, that provide students with real skills and business with a well-trained workforce. Industry education councils and advisory boards provide an effective network for ensuring that Hamilton has the educated and trained human resources that drive a modern economy.

McMaster University

McMaster University was named Canada's research university of the year in 2004 and is Ontario's most research intensive university; that is it conducts more research per faculty than any other university in Ontario. In addition to being such a research powerhouse, McMaster University is a proud member of the Hamilton community and a major contributor to the economic health of the municipality. The University is Hamilton's sixth largest employer with approximately 3,500 full-time equivalent academic and administrative staff members.

In June 2004 the university released the results of an economic impact study conducted to help identify the University's contribution to the local and area economies. The study found that the university impacts the local economy through economic activity (operating expenditures, capital expenditures, student and visitor expenditures) and through the formal and informal transfer of knowledge to business in the community. A few of the highlights include the following:

- McMaster's annual operating expenditures of over $477 million generate $670 million to the Provincial economy, and $455 million to Hamilton.
- Some $332 million is currently being spent by the University on new buildings and facilities, generating $234 to the Hamilton economy and creating 2,800 person years of employment in Hamilton alone.

- Students and their visitors spend over $100 million in our community annually. That, in turn, creates almost 2,100 person-years of employment and total government revenues amounting to over $26 million.
- McMaster's Downtown Centre supports the City of Hamilton and downtown revitalization initiatives with over $1 million annually in revenue to the city.

On an ongoing basis McMaster University attempts to capture the economic value of its research either through knowledge transfer to industry company creation. At any one time McMaster researchers are working on projects with large or small companies in the region to either solve a problem or to create a new product or service. The involvement of students in such projects offers local industry high quality personnel who are ready to hit the ground running. This directly supports the city's economic development clusters. A couple of examples:

- McMaster the City of Hamilton in conjunction with regional stakeholders have developed the health and biotechnology cluster strategy to further develop and diversity Hamilton's economy. The economic development potential of this emerging sector has been recognized by the federal and provincial governments with investments to help capitalize on research strengths and attract private sector support.
- In the manufacturing sector, McMaster partners with local industry to contribute its knowledge and research in advanced manufacturing technology. The McMaster Manufacturing Research Institute (MMRI) is a facility unique to Canada and North America. With partners like Dofasco, Stelco, and General Motors, the MMRI supports the automotive industry and autoparts manufacturers with resources required to compete effectively in a global marketplace.

Mohawk College

Mohawk College of Applied Arts and Technology's Board of Governors in 2004 approved a three year Strategic Plan, including a significant cornerstone priority intended to support regional economic growth and sustainability. Currently serving 10,000 students, with over 2,000 graduates annually, Mohawk's future growth will focus on enhancing existing quality and creating new programs grounded in innovation. From apprenticeship to postsecondary and postgraduate programs, to corporate training and consulting services, to applied research, Mohawk graduates will be prepared to work in Hamilton's traditional and emerging clusters of economic development.

Citizens of Hamilton and the surrounding region will benefit from academic excellence, quality service, and education in fields aligned with local career opportunities. With proven strength in engineering technology and health sciences, as well as new programs in business, media and design, Mohawk remains dedicated to supporting the City in the development of specific industry sectors.

In particular, Mohawk College constitutes the largest trainer of apprentices in Ontario, offering technical training and education in a variety of fields: electrical, computer science and engineering, chemical and environmental, mechanical and industrial, and building and construction sciences. Programs are offered at apprenticeship, one to three year technological and four-year baccalaureate programming levels. The launch of a new two year Biotechnology Technician program in 2004 demonstrates Mohawk's commitment to Hamilton's Cluster of Innovation strategy. Recent submissions to the provincial and federal governments for applied research funding are intended to empower Mohawk, its graduates and the City's strategic plan.

Virtually every cluster in Hamilton will require skilled workers that Mohawk can provide: to build and renovate infrastructure, to innovate in laboratories, to create stronger manufacturing and to provide services to our growing community. Mohawk's proposal to create a Skilled Trades Training and Awareness Centre at the Stoney Creek campus will enrich current activities with state-of-the-art training facilities, as well as a place in the community for young people, parents, and new citizens to discover the advantages of apprenticeship and technical career and training opportunities.

Industry Education Council (IEC)

Hamilton's Industry Education Council's mandate is to bring people and resources together to deliver programming that complements the education system and provides community-based opportunities for students. A member of the Ontario Learning Partnership Group, the IEC delivers a number of programs including; School to Work Transition; Teacher Development; and Skilled Trades and Technologies. One of the primary goals of the organization is to link Hamilton's learning systems to the economic and workforce development goals of the city.

Hamilton Training Advisory Board (HTAB)

HTAB is a forum for the sharing of ideas between labour, business and community. It addresses issues and concerns around workforce development and can serve as a catalyst for innovation. As the economic base of Hamilton diversifies, it will be necessary to address the transition of skills through workforce training.

Advanced Manufacturing

Traditional Cluster

Introduction

Heavy industry and manufacturing are synonymous with the City of Hamilton. Historically, the City's location coupled with the presence of Canada's two largest integrated steel mills were the foundation for attracting and expanding the manufacturing sector. The Port of Hamilton grew to meet the demands of local industry and soon became the largest port (cargo tonnage) on the Great Lakes. Hamilton's ability to offer inter-modal transport, particularly rail and road to complement the Port, positioned the City as the premiere location in the 1960's for large scale manufacturing industries.

Once known as the "manufacturing capital of Canada", the dominance of multi-national manufacturers in the local economy has dwindled over the last twenty years. For example, Westinghouse Canada, headquartered in Hamilton, employed over 10,000 people at its peak. Companies such as Otis Elevator, Procter and Gamble, Domglas and International Harvester all contributed to the City of Hamilton having one of the highest growth rates and per capita incomes in the country during the 1960's and 1970's. Although many of these firms are no longer operational in Hamilton, the industrial history of the city has proven that a strong manufacturing sector is an essential economic engine to create wealth and tradable value.

Today, the Industrial Manufacturing sector remains a major assessment generator for the City. The Hamilton Port Authority estimated that 31% of the total jobs in the city are dependent on, and affected by, the port area that makes up this industrial core. Further, the significance of the port area on the economy of Ontario as a whole is estimated (for 1999) at $1.2 billion or almost 4% of Ontario's GDP.[5]

The emergence and growth of numerous smaller and medium sized manufacturing operations, the locational factors and existing industrial base, are still sufficient to grow and attract new industry and manufacturers to the City. A targeted, strategic approach to industrial development combined with the proper economic development tools (e.g. Brownfield redevelopment) will be able to produce results and again create growth in this sector.

INDUSTRY OVERVIEW

Definition

For the purposes of this strategy, the Industrial Manufacturing cluster is defined as those companies that physically manufacture a product or provide ancillary services to the manufacturing sector. In Hamilton, this area is "clustered" around the port and extends along the industrial corridor out to Stoney Creek, and includes the City's industrial business parks.

The industries that have remained and thrived in Hamilton have made the transition from labour intensive companies manufacturing product for the domestic market, to firms that are specialized and capital/technology intensive, manufacturing product for both the domestic and export market.

[5] *Hamilton Port Authority, Economic Impact Study, 2001*

Location and transportation are critical to the success of these companies especially with JIT (just-in time) manufacturing systems having been adopted as the new industry standard. Hamilton's strategic location enables local companies to have quick access to both Canadian and U.S. markets. In excess of 120 million consumers are within a day's drive of the City of Hamilton. Additionally, companies in the 21st century simply cannot be burdened with an uncompetitive cost environment (high municipal & federal taxes) or their comparative advantage is lost. Cost competitiveness is an essential element for stability and growth of the local manufacturing economy.

Industry Structure

Canada's industrial manufacturing base remains for the most part comprised of resource-intensive companies but it has lost considerable ground in the development and growth of higher value-added industries. Additionally, industrial clustering in an integrated North American market is now having pronounced implications on the manufacturing and ancillary services environment in Canada. The primary concern for economically small, developed countries like Canada is that trade liberalization is encouraging productive resources to migrate to larger and/or lower cost economies. Multi-national firms are now rationalizing production across geographic locations and clusters to take advantage of different cost structures. Hamilton's competition in terms of attracting and retaining manufacturers is no longer restricted to neighbouring Ontario municipalities but now includes cities in Mexico and "right to work" states in the southern United States.

In an Ontario economy that is driven by the automotive sector - the cyclical nature of this industry generally dictates the economic health of the entire province. And Hamilton is not immune to any of the negative impacts having its share of automotive parts manufacturers and a local steel industry that claims the "Big Three" as customers. The remainder of Hamilton's industrial base is geared to the production of durable goods for the consumer market and component materials for other manufacturers.

TOP FIVE INTERNATIONAL EXPORTS, 1999 (% of Total Exports)	
Motor Vehicles, parts	41.1
Machinery & equip.	12.1
Electrical Machinery	5.0
Plastics & parts	3.1
Non-ferrous metals	3.1
TOTAL	**64.4**

Source: Ontario Ministry of Finance, May 2001

Finally, the proximity to the U.S. border and the prevailing low exchange rate of the Canadian dollar has resulted in Canadian companies (and particularly those in Hamilton) orienting more of their production to the export market. The ability to sell into a market 10 times the size of the domestic market has resulted in Canadian companies investing in larger scale operations to achieve economies of scale in production. In 1999, 93.5% of all international exports of Ontario manufactured goods were destined for the United States. However, most economists agree that the value of the Canadian dollar cannot be the only factor that contributes to the comparative advantage of Canadian based industries. These firms must possess a technological or knowledge based advantage.

Environmental Scan

Hamilton's Industrial Manufacturing cluster has an estimated $12 Billion annual impact on the provincial economy or the equivalent to 4% of Ontario's GDP. Approximately 85,000 direct and indirect jobs in Hamilton are attributable to this geographic cluster - that is one in three of all jobs in Hamilton or 77% of the City's *Goods Producing* Sector (see table below). As an economic engine, this cluster is responsible for injecting $5.6 billion annually in salaries & wages into the local economy and generating $110 million annually in municipal taxes or 15.3% of all taxes in the city.

HAMILTON CMA EMPLOYMENT BY INDUSTRY (000's) 2003 ANNUAL AVERAGE	
Goods Producing:	
Manufacturing	76.7
Construction	21.2
Agriculture	3.1
Other	3.1
TOTAL	**104.1**
Services-Producing:	
Trade	56.6
Health Care/Social	38.1
Educational Services	24.2
Finance, Insurance, Real Estate and Leasing	24.5
Other Services	117.1
TOTAL	**260.5**

Source: Statistics Canada. Labour Force Survey

The major industries that dominate this Industrial Manufacturing cluster include the following:

- steel and steel related (fabrication, machine shops, steel service centers) Sample c*ompanies: Dofasco, Stelco, Slater Steel, Taylor Steel, Nelson Steel, Nova Steel*;
- heavy manufacturing (power generation, rolling stock) Sample c*ompanies: Siemens-Westinghouse, National Steel Car;*

- general manufacturing (industrial textiles, automotive parts, food & beverage) Sample *companies: Orlick Industries, Tiercon, Stackpole Inc., Coppley-Noyes-Randall Apparel, Fell-Fab, Cadbury-Schweppes;*
- storage, warehousing and distribution;
- aggregates; and
- chemicals.

Steel and the metals industry remains the largest employer in the manufacturing sector in Hamilton. Some 137 local companies are directly related to the steel industry. Stelco and Dofasco (Canada's 2 largest integrated producers) together employ approximately 14,000 people and account for more than 50% of all Canadian steel production. There are 11 steel processors, 10 metal recyclers, 49 companies that supply materials/services used in steel-making and 63 companies that are end-users of steel.

The Port of Hamilton, as mentioned, is the number one port in the Great Lakes in terms of tonnage at 12 million metric tonnes per year. Approximately, 80% of all port traffic is related to the local steel industry. There are approximately 17,000 jobs linked directly to the Harbour, with 10 major shipping and distribution terminals and 9 companies directly involved in the provision of marine services. The Port has recently endeavored to diversify its activity with non-steel products (edible oils, grain, and fertilizers) and these goods are now starting to account for a greater percentage of the total port tonnage.

The existence of four post secondary educational institutions within Hamilton, with McMaster University being recognized as a world centre of excellence in advanced manufacturing positions the City of Hamilton well from a research and development perspective. The capacity to provide a highly skilled and talented pool of personnel to augment the activity and resources currently available within the cluster serves to further strengthen the long-term viability and evolution of the advanced manufacturing cluster as an integral component of the local economy.

Major Trends and Issues

Closer economic integration in the North American and global markets is a major trend confronting manufacturing today. It has a particular impact on the mix of value-added activities in Canada by altering the size of industries in the country, the strength of the firms and their geographic location. It also makes existing companies more vulnerable to international comparative advantage, competitive pressures and the changing economic environment. The challenge is to ensure that Canada makes the infrastructure investments necessary to improve the efficiency of capital and labour.

Competitive pressures are a major issue facing Canadian and, more particularly, Hamilton based industry. This competition comes in two areas: 1) cost competitiveness, and 2) technological innovation. The former is an increasingly important factor as companies, like investment capital, are becoming more mobile. In a survey of the local manufacturing sector, commissioned by the Economic Development Department, there was unanimous agreement that the municipality, the province and the federal government must work at reducing the tax burden on industry and improving cost competitiveness. Further, the majority of companies stated that if the tax situation worsened locally, any company expansion or relocation would occur outside the municipal boundaries of Hamilton.

Technological innovation relates to the necessity for Canadian companies to make greater use of R & D resources, and focus on the manufacture of products that are human-capital and technologically intensive as opposed to the resource-intensive industries. This is where economic integration and globalization have the greatest impact because Canada is now competing with countries like Brazil which is extremely competitive in both resource and labour intensive industries. Therefore, the Canadian based company must be producing high value-added products in order to secure and grow market share. An example of a value-added company in Hamilton is the Siemens Westinghouse Power Generation Plant. This operation takes raw materials, component parts and adds technology to produce a product that is sold world-wide - power generation turbines. Research-intensive universities like McMaster, with expertise in Advanced Manufacturing, play a pivotal role in ensuring companies are at the fore front of technological innovation. Associated with this issue, is the specific problem of low investment in R & D in Canada and the slowness in channeling resources from low technology to high technology activities.

Human capital or skilled labour supply is also a major issue for manufacturing today. As the Canadian population pyramid becomes “top heavy”, industry has a significantly smaller skilled labour supply from which to draw upon. The immediate result is wage pressures that in turn impact a company’s cost competitiveness. Or alternatively, the replacement of labour with technology, that once again impacts a company’s competitive position.

SWOT Analysis - Industrial Manufacturing

It is apparent that Hamilton has numerous *Weaknesses* and *Threats* as well as *Strengths* and *Opportunities* in this sector. Fortunately, many of the weaknesses/threats can be remedied at the local level. The strengths/opportunities all demonstrate that Hamilton does possess the necessary “building blocks” to regain some measure of its manufacturing prominence as reflected in the comments below (*Source: Hamilton Employer Survey, September 2001).*

Strengths

- Location - access to markets and proximity to U.S. border
- Transportation links - inter-modal transport, fresh water port
- K-zoned land which permits heavy industry and outside storage
- Strong, synergistic backward & forward linkages for industry
- Access to world class university/college R & D facilities and expertise
- Workforce - availability of skilled labour
- Quality of Life and cost of living
- Fibre-optic interconnectivity

Weaknesses

- Land use conflicts between residential and industrial uses
- High industrial tax rates - especially in relation to Golden Horseshoe
- Contaminated properties which are uneconomical to remediate; large tax arrears with these sites
- Lack of large parcels of available, serviced industrial land - both greenfields and brownfields
- Approvals process and development delays

- Incomplete transportation links - Red Hill Creek Expressway, and Highway 6 by-pass to the Airport

Opportunities

- Containerization of Port - attract port users from other Great Lakes locations
- Brownfields redevelopment programs - e.g. ERASE & tax arrears cancellation policies
- Non-traditional users - agricultural
- Products processing, film production, telecommunications
- Manufacturing near or at the Hamilton Airport
- Hamilton as a destination for grid locked, GTA based manufacturers

Threats

- Impact of integrated markets and global competition - especially in steel
- Actions of other municipalities regarding tax policies/rates for industrial and commercial development
- Perception of Hamilton as a “labour dominated” city
- Value of Canadian dollar

Focus Groups

In August and September of 2001, the Economic Development Department (through a recognized local consultant) convened a series of focus groups and personal interviews with the major manufacturers, industrial realtors, and financial institutions in the City of Hamilton. The majority of their comments and input are reflected in the SWOT analysis for this sector. The following key recommendations emanated from these groups:

- Manufacturers believe that they are part of a mature economy and that more effort should be placed on retention and growth of existing firms;
- City must designate large parcels of land for industrial development and they MUST be on/near a major highway (new Hwy #6);
- The City must complete the Red Hill Creek Expressway and aggressively pursue the Mid-Peninsula Corridor;
- Council must focus on making the City competitive (i.e. taxes) and economic development friendly;
- The need for a strategic vision with short term deliverables; and
- Hamilton’s image needs to be improved in order to attract new companies.

Conclusions

There is simply no denying the importance of the Industrial Manufacturing cluster to the economic well being of the City of Hamilton. It continues to be the City’s single largest source of industrial/commercial assessment. Only companies that are technologically current and innovative will survive in the face of global competitive pressure. The key to success is the presence of a local research-intensive university and colleges that develop a skilled technical workforce.

The City of Hamilton's primary responsibility is to establish the right environment for its manufacturing cluster, which includes cost competitiveness, industrial land supply, and access to R & D facilities. The City can help facilitate and nurture industry/university partnerships in order to maintain a culture of innovation and economic prosperity. Over the next 20 years, the economic integration of North America will advance markedly. The question is whether Hamilton's Industrial Manufacturing cluster will effectively make the transition to high value-added activities. The following plan can accomplish that goal.

CLUSTER PLAN FOR INDUSTRIAL MANUFACTURING

Vision

To increase the number of high value-added manufacturers and grow the existing industrial base in the City of Hamilton.

Profile of Future Companies in the Cluster

It is expected that Hamilton will experience growth in value-added companies that utilize technology and a highly skilled workforce to improve product and ensure JIT (just-in-time) requirements. Such companies include:

- Autoparts Manufacturers (Tier 1 and Tier 2 suppliers)
- Autoparts Engineering and Design Firms
- Power generation Equipment and Systems
- Paint, Coating and Adhesive Manufacturing
- Engine, Turbine and Power Transmission Equipment
- Aerospace Products and Parts Manufacturing
- Electrical Equipment and Component Manufacturing
- Steel Processing and Finishing
- Rolling, Drawing and Tube Manufacturing of Purchased Steel
- Forging and Stamping (high end)
- Building Products Manufacturing (Drywall, Concrete, Hardware)
- Industrial Textiles
- Agricultural Products (grain, soya, edible oils, and fertilizer)
- Storage, Warehousing and Distribution
- Traditional (metal, plastics) and High Technology (bio-solids, soils bio-remediation) Recycling

Cluster Plan Objectives

A number of short-term deliverables were identified from the sector analysis and focus groups in order to achieve the objective. Many of the deliverables are policy or program based; only a few require significant infrastructure investment by the City of Hamilton. Some of the recommended deliverables will be echoed in other sectors such as the need for serviced lands around the airport.

Short-Term Deliverables:

- Establishment of a technology research and commercialization park for Advanced Manufacturing;
- Continued reduction of non-residential property taxes - particularly for large industrial users;
- Development and implementation of a Corporate Calling program;
- Updated information sheets on Hamilton Quick Facts, standardized inquiry template for tracking;
- Development and refinement of an Industrial Information System - GIS inventory of both greenfield and brownfield properties ready for development;
- Completed Industrial Business Park inventories and development of an industrial land data base;
- Development of an Advanced Manufacturing Association Network and communications strategy in conjunction with community partners such as McMaster University, Mohawk College, Industry Education Council;
- Completion of the Tradewinds Drive Extension - $1 million (approved) capital investment to extend major arterial road in the Ancaster IBP and open up additional 100 acres of industrial land;
- Implementation of the ERASE tax arrears cancellation policy and Brownfield Development Charge Credit Policy (per the approved policy direction from Council); and
- Expansion of the ERASE Community Improvement Program to the Urban Area Boundary;
- Implementation of an aggressive, multi-faceted Business Retention and Expansion Program;
- Creation and implementation of a marketing campaign targeted at key Toronto Port users to relocate to Hamilton;
- Servicing of industrial lands east of McNeilly Road;
- Upgrade of McNeilly Road - Stoney Creek Industrial Corridor;
- Completion of a development plan identifying land use, transportation and servicing issues for the West Harbourfront Setting Sail Initiative;
- Involvement with agencies in the delivery of skills development seminars and workshops in support of HR Matters objectives, and to review educational and training needs of the cluster.

Long-Term Deliverables:

- Approval and implementation of ERASE Municipal Property Acquisition Program;
- Development of a new comprehensive zoning by-law and City Official Plan to address land-use conflicts and facilitate a range of appropriate land uses that accommodates orderly industrial growth capable of supporting the long range industrial land needs of the municipality;
- Servicing and zoning of industrial land abutting Niagara - GTA Transportation Corridor.

Agriculture / Food & Beverage Processing

Traditional Clusters

Introduction

Although often stereotyped as a heavily urbanized industrial center - nearly two-thirds of the City of Hamilton's total land area is rural, the majority of which is under some form of cultivation or agriculturally related production. As the accompanying analysis of this cluster points out, the economic impact of agriculture to the city's economy is extremely significant. Hamilton has an opportunity to leverage the Agricultural sector as an economic engine and drive the expansion of the food & beverage processing sector. It is these industries where more value-added, industrial capacity and wealth generation can be added to local agricultural production. For this reason, the two sectors have been combined into one cluster.

AGRICULTURE

Industry Overview

In 2003, the City of Hamilton's Agricultural Economic Impact Steering Committee released a study confirming that Hamilton's agriculture sector is a viable $1 billion a year industry with great potential for growth and diversity. This study reported that the strengths of Hamilton's agricultural sector are its prime farming lands, proximity to water, good climate, solid transportation network and access to markets. While the local industry is not without its challenges, these factors put agriculture in Hamilton in an excellent position to grow, diversify and contribute in even greater ways to the quality of life and the economy locally.

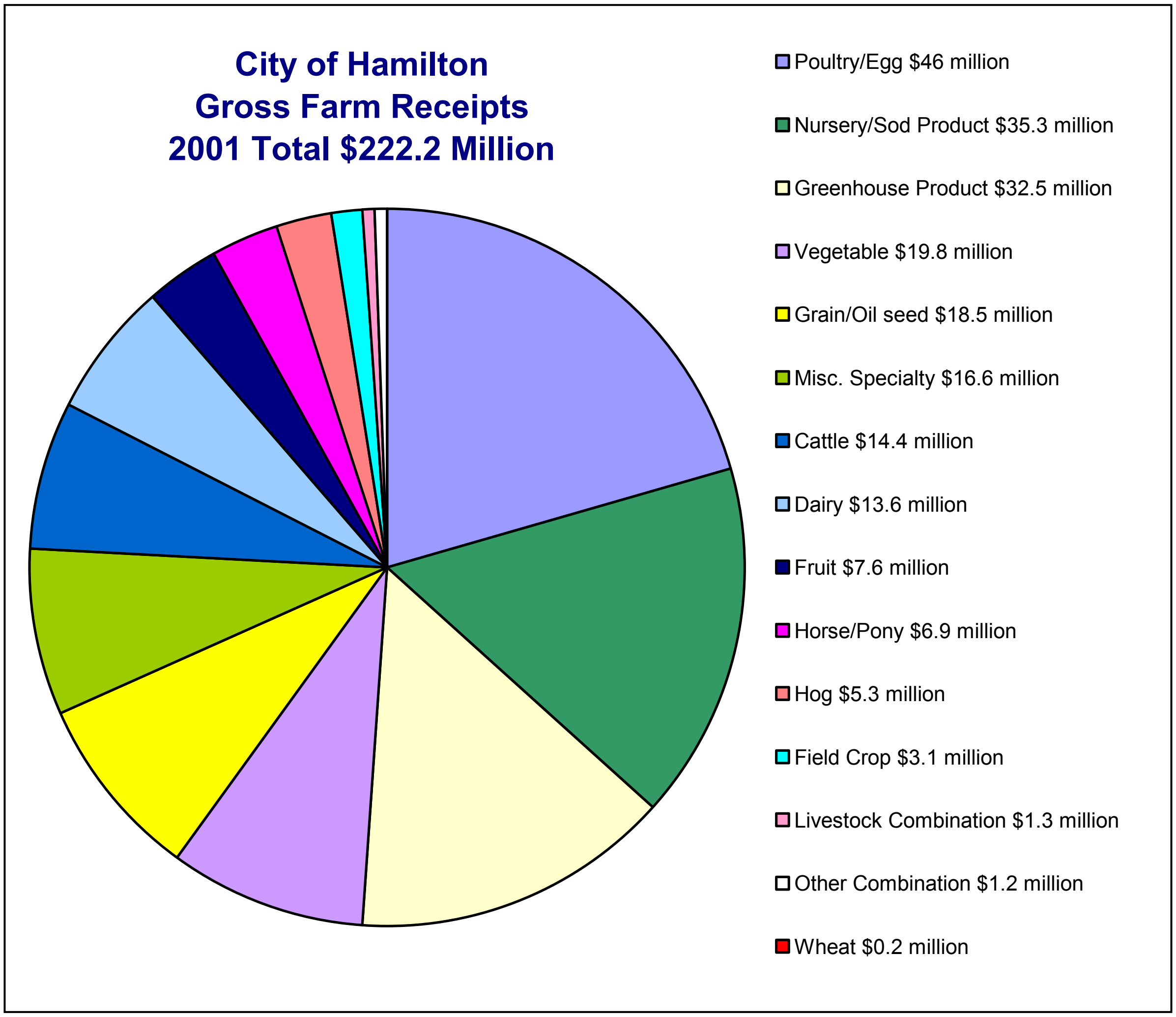
Agriculture is one of the oldest sectors in the Canadian economy and is an important contributor to the economy and quality of life. Agriculture has now become one of the most dynamic, high-tech industries in Canada with innovative practices and technologies that are leading to new products, processes and improvements to this traditional sector. Hamilton, with its world-class agriculture industry and inter-model transportation is in a strong position to take advantage of these many new markets and opportunities associated with an agriculturally related economy for the 21st century. Industry Canada estimates that one quarter of the world's biotechnology demand will be for agri-food products. Hamilton is ideally situated to be a major contributor to the research and development of bio-products with its rich agriculture base and proximity to the Agricultural Biotechnology clusters in Guelph and Niagara. As this sector develops into a more knowledge intensive industry, its link to the Golden Horseshoe Biosciences Strategy will be essential.

Local Analysis

The agricultural economy in Hamilton is a significant component of the local economy and also has a major impact on the regional and provincial economies. Based on the analysis done, it was determined that agriculture in Hamilton has $813 million dollars in annual sales combined with $166 million in labour income. The annual sales are broken down to $184 million in direct sales, $251 million in indirect sales and $378 million in induced sales.

Hamilton contributes approximately 2.44% of the gross farm receipts generated in Ontario. This is considered significant because Hamilton only occupies 1% of the provincial land area.

According to Statistics Canada, in 2001 there were 1026 farms in Hamilton generating in excess of $222 million in gross farm receipts. In terms of productivity, Hamilton farms ranked third in the province in 2001 with average gross farm receipts of $1601.00 per acre. Hamilton farmers also have relatively higher input costs per acre than the rest of the province $1,386 per acre in 2001 as compared to $840 per acre for the southern Ontario region.



The major farm commodity groups in the City of Hamilton include poultry and egg (20.7%), nursery (15.9%), greenhouse (14.6%) and vegetable (8.9%), with percentages measured by gross farm receipts. When considering the six individual former municipalities the mix of major commodity groups changes by area. The distinctive characteristics of each of the former municipalities reflect a diverse commodity mix. Dairy is the largest commodity in Ancaster; cash crop is significant in Glanbrook and Ancaster and horse and pony rank sixth and seventh respectively in Stoney Creek/Hamilton and Flamborough.

Hamilton is an area with a strong agricultural land base. The majority of the 227,000 acres within the Hamilton boundaries qualify as prime agricultural lands. Considering only 5% of the Canadian land mass constitutes prime land, the importance of this resource in Hamilton is significant. Hamilton is at a unique point in our history as a recently amalgamated municipality, the city has the opportunity to implement planning policies to manage the land base in a progressive manner. The City's Planning Department has initiated a land evaluation and area review (LEAR) study. This process will provide a comprehensive area specific designation of agriculture lands for protection under the City's new official plan.

Major Issues and Trends

Over the past fifteen years the face of agriculture in Hamilton has shifted but not as dramatically as in other areas of the province. A review of the percentage distribution of gross farm receipts confirms that poultry, vegetable, and cash crop have remained fairly constant. Hog has declined significantly; dairy and fruit have declined only marginally while greenhouse and nursery have seen the largest increase.

There was a consistent decline in the number of farms across Ontario during the period from 1976 to 2001. In Hamilton, between 1976 and 2001, 670 farms disappeared. This represents a 40% decline as compared to a 38% decline at the provincial level and a 35% decline for southern Ontario. The decline slowed somewhat between 1996 and 2001; during that period only 202 farms disappeared. This represented a 16% decline, somewhat slower than in Ontario as a whole where the number of farms declined 18% during the same period, but higher than for the southern area where the decline was 12%.

Change in Number of Farms by Product Type (excluding forest product sold) on Farms with Total Gross Farm Receipts of $2,500 and over for the City of Hamilton by Former Municipality (Percentage of Change), 1986 to 2001

1986 to 2001	**Percentage Change in Number of Farms by Product Type**				
Farm Type	**City of Hamilton**	**Stoney Creek & Hamilton**	**Glanbrook**	**Ancaster**	**Flamborough & Dundas**
Dairy	-59%	-75%	-64%	-50%	-60%
Cattle	-32%	-38%	-8%	-27%	-38%
Hog	-73%	-100%	-81%	-64%	-72%
Poultry & Egg	-14%	-25%	-18%	-10%	-13%
Wheat	-82%	-67%	-60%	-100%	-89%
Grain & Oilseed[1]	-1%	-22%	15%	-3%	-5%
Field Crops[2]	336%	100%	200%	400%	330%
Fruit	-36%	-34%	-36%	-54%	-33%
Vegetable	-38%	-67%	-100%	-20%	-36%
Misc. Specialty[3]	7%	-38%	-17%	-62%	59%
Horse & Pony	178%	0%	175%	280%	179%
Greenhouse Product	6%	-50%	-25%	-43%	43%
Nursery Product & Sod	18%	0%	100%	-18%	35%
Livestock/Other Combination	-41%	-86%	-33%	-60%	-28%

[1] Grain & Oilseed includes: oilseed; corn for grain; dry field pea & bean; and other small grain
[2] Field Crops includes: hay & fodder; forage seed; tobacco; potato; and other field crop
[3] Miscellaneous Specialty includes: sheep & lamb; goat; fur; other specialty livestock; mushroom; and maple & christmas tree
Data for number of farms is calculated on farms reporting with gross farm receipts of $2,500 and over.
Source: Special Order - Statistics Canada - Census of Agriculture, 1986, 1991, 1996 and 2001

A review of the change in the number of farms does not always provide a true indication of changes in the industry. There is an overall trend in agriculture toward larger farms and rationalization of operations. Therefore an assessment of the change in farm acres is more representative. In Hamilton, between 1976 and 2001, the number of acres that withdrew from of agriculture was 24,956. This represents a decline of 15% as compared the provincial decline of 13% and a decline of 3% in southern Ontario. The loss in terms of actual area is greater than the provincial average. This trend continued in the period from 1996 to 2001. Wherein the percentage decline in Ontario and in the southern region was 3%, in Hamilton it was 6%. This higher rate of decline is consistent with the trends in other parts of the Golden Horseshoe, an area subject to considerable pressure for growth.

According to Statistics Canada between 1976 and 2001 the average farm size in Ontario grew from 174 acres to 226 acres. In the southern Ontario area it grew from 136 acres to 209 acres. This trend to larger farms is also evident in Hamilton although the average farm size has remained smaller than the provincial average. The average farm size in Hamilton grew from 97 acres in 1976 to 135 acres in 2001. The smaller average farm size in Hamilton is consistent with the types of commodities that dominate. Poultry, fruit, nursery, and green house operations require smaller acreages.

SWOT Analysis – Agriculture

As a result of completing the Agricultural Economic Impact and Development study, it is apparent that Hamilton has numerous *Weaknesses* and *Threats* as well as *Strengths* and *Opportunities* within this sector. Fortunately, many of the weaknesses/threats can be remedied at the local level. The strengths/opportunities all demonstrate that Hamilton does possess a strong agriculture base well-positioned for growth and prosperity in the 21st century.

Strengths

- Multi-faceted industry with strength in all commodities, especially higher value added production such as greenhouse and nursery
- Efficient transportation infrastructure in proximity to huge urban markets
- The majority of Hamilton’s agricultural land base qualifies as prime agricultural lands
- Contribution to the Quality of Life and cost of living
- Control over food security, quality and safety with a reliable supply of water

Weaknesses

- Land use conflicts between urban and rural uses
- Society’s lack of understanding of the rural lifestyle and agriculture sector
- Aging workforce with a decline in family links to agriculture
- Labour issues such as non-competitive wage rates and seasonal employment opportunities
- Lack of agriculturally related businesses in Hamilton

Opportunities

- Increase the awareness and understanding of modern agriculture in an urban-based society
- Improvements to this traditional sector are leading to new products, markets and opportunities
- Access to world class bio-technology R & D facilities / expertise
- Location, land base and climate present unique opportunity to produce higher value products
- Develop the Commercial Manufacturing of Biotechnology-Related Products initiative in conjunction with the Golden Horseshoe Biosciences Strategy.

Threats

- Decline in number of farms and decrease of local workforce
- Global warming / changing weather trends
- Urban expansion and gridlock found throughout Southern Ontario
- Bio-terrorism threats to water, food and agriculture resources
- New stringent Federal and Provincial legislations

Conclusions

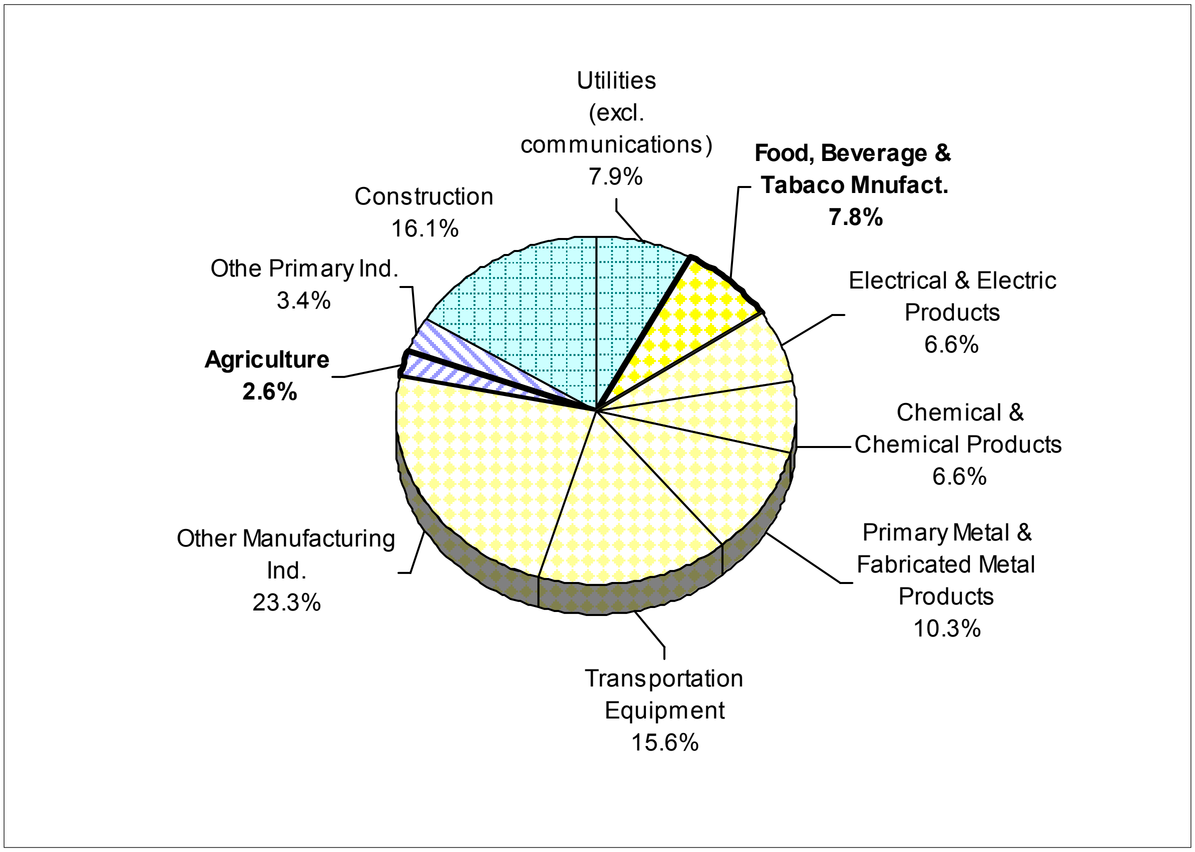
Hamilton is blessed with an outstanding agricultural resource that is worth protecting and promoting. The agriculture industry today is faced with the challenge of adapting to changes in marketplace globalization, technologies, input costs, pressures on agriculture land use, labour force shortages, value-added agriculture-related business, environmental and food safety standards, as well as societal standards and consumer expectations. The face of agriculture is progressively changing with innovative practices leading to new products and increasing interest in innovative food and natural products. Urban areas such as Hamilton will benefit from the emergence of these new markets. These opportunities and trends will provide the foundation for decision-making in the City of Hamilton with respect to land use and infrastructure matters, economic plans in the agricultural industry, new business growth and the development of human resources programs. A trend towards public awareness of agriculture is emerging so that society can better understand the critical role that agriculture plays in sustaining and building a healthy rural community. Support and promotion of this world class industry as part of the City's strategy is both warranted and progressive for the community's future.

FOOD & BEVERAGE PROCESSING

Introduction

Hamilton is one of Canada's largest manufacturing centres. Over the past years it has endeavoured to diversfy, relying less upon the steel related businesses while expanding other traditional manufacturing businesses such as the food and beverage cluster. Information communications technology, access to cluster related educational institutions and skilled workforce resources are keys to the development of the food and beverage cluster in Hamilton.

GDP for Goods - Producing Industries
Ontario 2002



References: Statistics Canada (Table 379 – 0025), Ontario Ministry of Finance and OMAF for additional calculations

INDUSTRY OVERVIEW

World trade has steadily increased and even though agricultural trade has seen modest growth, Canada has experienced above average gains in agri-food exports. For overall agri-food and seafood trade, the United States continues to be Canada's largest export market with Japan, Mexico and China to follow. Generally, NAFTA did not harm the Canadian agri-food market and the future may show promise for the FTAA (Free Trade Area of the Americas).

Fish and seafood lead agri-food exports with meat, pork and poultry following in order of value. Beverages are one of the most valuable agri-food commodities with alcoholic beverages in the lead, specifically wines, complemented by natural and flavoured waters.

Following the events of September 11th and "Mad Cow Disease, Chicken Flu and Foot and Mouth" crises, food safety - security and related food innovations through biosciences will continue to be paramount factors in the agriculture, food & beverage industry. Agriculture and Agri-Food Canada is working with provincial and territorial Ministers to address challenges and develop an Agricultural Policy Framework (APF) in the following areas:

- Business Risk Management
- Food safety and food quality
- Science and innovation
- Environment
- Renewal

All provinces have signed on to the APF with several already signing Implementation Agreements with the Government of Canada. Ontario's Ministry of Agriculture and Food, Food Industry Division has developed a Strategic Plan (the following are key highlights):

Vision

Ontario's food industry - an innovative, responsive, world leader providing safe, superior value products.

Strategies

- Enhance domestic and global market penetration of Ontario grown/processed agri-foods.
- Increase attraction and retention of investment in the agri-food sector.
- Minimize the risk to the public from food-bourne illness.

Employment in both food manufacturing and food retailing has grown in the double digit ranges. To enhance this area, the Alliance of Ontario Food Processors is conducting a comprehensive examination of the labour market in the Ontario food processing sector with Mel Soucie, CEO of e-conomics Consulting, the same firm which undertook the HR Matters Phase I Study for the City of Hamilton. The Study will:

- Clearly define the human resource challenges of food companies
- Assess current and projected labour demand and supply
- Inform stakeholders so they can begin to work on solutions

Local Analysis

Hamilton is home to a considerable number of agriculture, food & beverage companies. With niche markets, e-grocery shopping, co-packaging, growth of private labels and "no-name" brands, many of our local companies are positioning themselves to take advantage of these opportunities. Examples include: bottling; canning; exporting of niche market items for the United kingdom and European Union countries; growth of e-grocery shopping has expanded into the Hamilton and Southern Ontario area.

Local food sectors such as meat, fruit, vegetables, dairy, bakery, snacks, confectionary, and beverage sectors such as water, juices, beer and liquors have all experienced substantial growth. The growth of this sector warrant the development of a food & beverage profile. Further, a skilled workforce is in great demand leading to competition between businesses for talent. Additional research for the food & beverage cluster, through HR Matters, will assist local companies to enhance their success globally.

Major Issues and Trends in the Food and Beverage Industry

1. Food safety and quality
2. Consolidation of agricultural farms and food & beverage companies
3. Growth of co-packaging
4. "No-Name" brand growth
5. Retailers such as Wal-Mart entering into the food side of the consumer market
6. Niche market opportunities for specialty foods globally
7. With an aging demographic, natural, health and neutraceuticals are growing annually i.e. George Weston Ltd. is introducing "Atkins" type products along with expansion in the whole grain bakery items
8. Agriculture and food biosciences
9. Our fast paced lifestyles continue to demand more options in the frozen food category
10. Growing shift of Canada's exports to value-added processed foods rather than bulk foods
11. Environmental concerns and management of same e.g. Wal-Mart has piloted two new developments that are built from environmentally technologies for storm water management, recycled building products, solar panels and earth friendly landscaping
12. Labelling has become a key area of interest to consumers especially in the fat, vitamins /minerals and calories listings.
13. Information communications technologies will continue to enhance the success of the food industry that is dependent upon efficient logistics for fresh, frozen, and just in time products.

Strengths

- Abundant farm products
- Tax credit system
- Diversity of products
- Proximity to markets i.e. USA, Mexico
- Efficient transportation inter-modal corridors i.e. 24-hr airport, hwy's, port, rail
- Skilled workforce
- Local Chef School
- Mohawk College, McMaster University, Redeemer University College, Columbia International College
- Available water, wastewater infrastructure and over-strength agreements

Weaknesses

- Shovel ready land is unavailable for large scale developments
- Red Hill Creek Expressway not yet completed
- New Hwy #6 not yet completed
- Land use and planning constraints
- Competition for existing skilled food & beverage workers

Opportunities

- Food biosciences - development of new products/technologies/public health aspects
- USA will continue to provide product opportunities across the country
- China and Mexico will continue to provide opportunities for higher value differentiated goods
- Growth of exported processed goods will offer greater gains for local companies as will processing of that higher value good domestically will add to our quality of life
- Demand for meat products in developing Asia countries offers new opportunities
- Pet food, bottled water and wine products continued to grow
- Bakeries can benefit from "healthy" food choice opportunities
- Public private partnership opportunities exists for companies i.e. Sun-Rype Products Ltd. is partnering with Okanagan University College as a sponsor of the new Regional chemical analysis Centre at its Kelowna, BC campus. The facility aims to become a world centre of excellence in areas of research in phytonutrients, nutraceuticals and other natural health products
- Greenhouse growing on Brownfield sites

Threats

- Unilateral action by the United States with regard to agricultural exports from Canada
- Pressure to re-zone existing agricultural lands to residential/commercial/ industrial uses
- Loss of new business or retention of existing business that want to locate or expand in the City since there is not an adequate supply of shovel ready land
- New plant developments in developing or perceived less expensive countries i.e. McCain Foods is planning to build a US $100 M frozen potato product factory in Russia

Conclusion:

The Food & Beverage Cluster is a significant complement to Hamilton’s Agriculture Cluster while enhancing the Traditional Manufacturing Cluster. Opportunities exist locally and globally to reap the benefits of this economic generator for our community, province and country. Thus, the development of a food and beverage cluster profile, talent research and provision of serviced land is required to enable this cluster to flourish. Investigation of export and emerging food & biotechnology opportunities, market research and establishment of a local food & beverage cluster advisory group would further assist the expansion of local companies and attraction of new businesses in this cluster to Hamilton.

CLUSTER PLAN FOR AGRICULTURE / FOOD & BEVERAGE PROCESSING

Vision

To increase the economic prosperity of Agriculture and the Food & Beverage Processing industries in the City of Hamilton by supporting and promoting these naturally based world class sectors.

Profile of Future Companies in the Cluster

It is anticipated that the agriculture in Hamilton will continue to experience significant development of primary production for the following products and industries: floral, nursery, greenhouse, vegetable, dairy, equine, poultry and food processing with a spin-off to value-added agriculture-related business.

Innovative food and natural products will open new markets and business opportunities in both sectors, particularly in the urban areas of Hamilton. It is anticipated significant opportunities will arise with the emergence of the biotechnology sector that include small research and manufacturing companies that spin-off from the research and development of agri-food products and other bio-products.

Short-Term Deliverables:

- Develop a marketing plan that increases the profile and awareness of Hamilton's agriculture and food and beverage sectors targeting all levels of government local, provincial and federal. Also increase the local public awareness of the presence and nature of these industries
- Identify new and emerging products and markets to position Hamilton to take advantage of these opportunities
- Establish links between the local training and agriculture communities to identify areas where training is needed for this sector
- Develop a Food and Beverage Cluster Profile & Inventory
- Establish and work with local advisory groups

Long-Term Deliverables:

- Ensure that the ongoing viability of these industries is maintained through promotion, careful growth management and the implementation long-term policies to protect and support the continued growth and prosperity of these sectors into the 21st century.
- Ensure "shovel ready" land for the attraction of new firms and expansion of existing companies.

Port Related Industry/Business

Traditional Clusters

Introduction

Hamilton Harbour is a naturally protected body of water that was created during the last glaciation period. Strategically located at the western tip of Lake Ontario, its watershed comprises an area of 500 square kilometres that is encompassed by a shoreline measuring 45 kilometres in length. The Port of Hamilton, now considered perhaps the finest inland seaport in North America, is accessible from Lake Ontario through a short channel known as the Burlington Shipping Canal.

When Hamilton became a city in 1846, the Crown vested control of the harbour area, then known as Burlington Bay, with the City. By the early 20th century, City Council recognized that its own Harbour and Beach Committee and the Bay Front Improvement Committee could no longer effectively administer harbour property. Rapid commercial and industrial expansion had over-taxed the limits of this cooperative, and clearly dictated the need for a separate governing body to handle the increasing complexities of Harbour management.

In 1911, at the prompting of the Hamilton Manufacturers Association, City Council petitioned the Federal Government to fund an independent agency that would assume executive administration of harbour front activity. On April 1st, 1912, an Act of Parliament created the Hamilton Harbour Commissioners (HHC). The HHC managed the affairs of the port until the Canada Marine Act received Royal assent in June of 1998 setting the stage for the formation of Canada Port Authorities (CPA) which were charged with operating Canada's most important ports. Hamilton achieved CPA status on May 1st 2001.

The confluence of key regional transportation infrastructure along the Detroit-Toronto corridor and the Toronto-Buffalo corridor includes access from the Hamilton Harbour to: Detroit, Michigan, along Highways 401, 402 and 403; Buffalo, N.Y., along the QEW; and Greater Toronto, along Highways 401, 403, 407 and the QEW. This primary NAFTA corridor is dense with both truck and rail activity moving industrial goods. It is in high demand as a component of the Greater Toronto Area, which is rapidly urbanizing. As urbanization and industrial activity continues, road traffic continues to move towards a critical mass of activity that cannot be sustained by existing networks. This has implications for the smooth negotiation of goods movement to and from the Hamilton Harbour. Pending gridlock is a disincentive to prospective tenants and industrial development. Yet, it may also indicate an opportunity for increased shipping/barge activity for goods that are not constrained by "just-in-time" delivery practices.

Facts and Descriptions

Measured by tonnage throughput, the Port of Hamilton is one of the largest commercial ports in Canada, the largest Canadian port on the Great Lakes and second only to Duluth for overall honours. Utilizing approximately 8,950 metres of docking facilities, an average of 700 ships call at the harbour each year. During the 2003 shipping season - a below average year - there were 540 domestic and 132 foreign vessel movements. Although there is some variation from year to year depending on economic conditions, specific cargo trends and the activity level of port tenants, the port handles an average of 12 million metric tonnes of cargo annually, a figure that has been relatively stable over the past 20 years. The Port of Hamilton is one of the most significant ports on the St Lawrence Seaway system receiving 21% of the inbound tonnage that travels the Seaway.

Most of the cargo throughput at the Port of Hamilton is bulk goods, particularly those related to the steel industry such as iron ore and coal. However, other significant commodities include salt, petroleum products, and bulk agri-products. Inbound cargos consistently account for more than 90 percent of the total tonnage handled at the port each year. Cargo tonnages fluctuate with the health of the economy however the Port has been able to maintain revenue at a satisfactory level by broadening its cargo & service mix and prudently managing it's real estate portfolio. As a diversified and significant operation, the port offers a full suite of facilities to shippers, including terminals for dry and liquid bulk cargos, inside and outside warehousing, heavy lift cargo cranes, ro-ro (roll on-roll off) capable berths, and container handling. The port also offers a complete set of support services including customs, dry-docking, tugboats, and ship chandlering. The port spends significantly on its maintenance activities, particularly dredging and dock wall maintenance. Both of these activities ensure the on-going functionality of all of the port's piers.

More than 100 tenants operate on lands owned by the Port Authority in a diverse set of industries including metals, brewing, food processing, fertilizers and environmental services. Many have a relationship with the Port that goes back decades, however the port continues it's efforts to attract new users and tenants to its piers. The HPA operates or maintains a marina complex with fully serviced slips for 240 boats.

The St Lawrence Seaway

The St Lawrence Seaway is a key transportation route into the heart of North America. The system includes 15 substantial ports and more than 50 other regional-scale ports in both Canada and the United States. With a length of approximately 1,700 km, more than 110 million tonnes of cargo transit the Seaway each year. As previously noted the Port of Hamilton accounts for a significant portion of this tonnage.

The St. Lawrence Seaway currently faces a number of challenges to its competitiveness related to:

- Its physical constraints, such as limited depth and width in various areas;
- An uneven playing field for Canadian Ports with respect to their American competitors;
- Government policies that favour other modes of transportation;
- Closure during the winter months. A normal seaway season is approximately nine months;
- Out of balance cargo flows that result in ships operating at less than capacity.

The health of the Seaway has implications for the health of the Port of Hamilton. Prospects for business development in the Port continue to be shaped by investments in Seaway infrastructure (including extension of the season, dredging to maintain navigability), the efficiency and cost effectiveness of the pilotage system, and the affordability of the fee structure for users.

Further, the Port of Hamilton is embedded in the historical and current heartland of the steel industry in Canada. The largest industrial sector in the city is manufacturing, which employs over 48,000 people, and the largest private sector employers are Stelco & Dofasco, which together employ over 12,000 people. This industrial base provides a secure context in which the shipping industry in Hamilton can continue to unfold. Port tenants are able to create synergistic business development opportunities as a result of the intensity of industrial uses located in this area. They also locate and operate in Hamilton with the confidence that heavy industrial uses will continue to play a substantial role in the landscape of the Port.

Economic Context and Contribution

The Port of Hamilton has been central to the development of the City of Hamilton and indeed to communities throughout southwestern Ontario as an industrial hub with a stable workforce and growing economy. Of the total $313.5 billion GDP of Ontario for 1999 it is estimated that approximately $12.2 billion or 3.9% is directly or indirectly connected to the operations of the Port of Hamilton. This translates into an employment equivalent (considering both indirect and direct impacts) of approximately 220,000 jobs (Stamm, 2001).

Given the volume of metal manufacturing in Ontario generally, and in Hamilton in particular, the economic health of the city and the port are closely tied to the health of this industry. The steel industry has been in a state of decline in recent years, with the bankruptcy of a number of high profile producers, and dramatically increased competition from low cost steel makers overseas. Furthermore, the output of the steel industry is itself closely tied to the health of other parts of the economy, notably the automotive industry. These complex linkages and the uncertain state of the North American economy today, confound efforts to develop accurate forecasts of future economic activity in Hamilton. Nevertheless, the economic activity of the Port of Hamilton will remain closely linked to the fortunes of the local steel industry.

Levels of demand for other industrial materials handled by the Port are also difficult to ascertain. For example, since the terror event of September 11th, 2001, activity in the airline industry has declined dramatically, and this has had a direct impact on the amount of jet fuel handled by the Port. On the other hand, agri-food industries, for example, continue to experience sustainable growth, with forecast increases in the coming years. The HPA has recognized these difficulties in its own cargo forecasts. There is general potential for variability in the amount of shipping that goes through the port each year, in part because there are no regularly scheduled liner services to Great Lake ports. The Port has also had to rely on estimates from its terminal operators in developing its forecasts. Notwithstanding the reservations noted above, cargo forecasts reflect the potential for growth in most types of cargo handled by the Port in the next four to five years.

City Relationships

In October 2001, the Hamilton Harbour Commissioners settled a number of outstanding issues with the City of Hamilton. The resulting agreement, known as the *Minutes of Settlement*, has certain implications for land use planning for the HPA. It affirms that the success of the City and the Port are intricately linked, and that consideration ought to be given to the impacts and benefits of land use decisions for the City of Hamilton. Specifically, it states: “the city and the Port acknowledge the importance of each to the other, and the necessity for a good working relationship between the two bodies…” (Schedule 1, Minutes of Settlement).

Of particular significance is the conveyance of the westerly 8.25 acres of Pier 8 to Parks Canada for the purpose of developing the Canada Discovery Centre on Marine Conservation.

The challenges facing Ports in North America are, in many ways, consistent with the challenges facing the HPA. Lessons exist that are relevant to the HPA as it engages in strategic visioning, corporate planning and this land use planning process. This broad examination reveals a diversity of operations, activities, and plans.

Although global shipping markets continue to expand for a multitude of reasons, marine transportation on the Great Lakes has been slow to consider and/or implement innovation with the possible exception of the increasing use of self unloading vessels in the movement of bulk cargoes. Within the North American continent the maritime sector has a very difficult time competing with rail and truck, the sole exception being bulk cargo shipping. The bottom line is that it is unlikely that the port will be able to gain market share in the shipping of high-value goods unless innovative & cost effective services are developed & made operational.

Therefore, in addition to pursuing its traditional business strategy, if the port wishes to grow, it will have to be creative and active in its approach to business development. Some of these approaches may include:

- On-going capital investment in modern facilities and infrastructure
- Developing strategic alliances with other ports
- Improving awareness of the ports inherent capabilities through aggressive marketing
- Forming new relationships with shipping lines, railroads, and trucking companies
- Conducting detailed research into the feasibility of an inter-modal terminal at the port possibly integrating land transport into newly developed short sea concepts
- Identifying users who could exploit the tremendous capacity that the port has for outbound cargo
- Monitoring changes to the Canada Marine Act and exploring sections of the Act that allow for flexibility, creativity, and an entrepreneurial approach to business development

Strengths of the Port of Hamilton

Infrastructure

- Excellent facility conditions
- Room to grow: land base has expansion room
- Good dock facilities – have invested well in the past
- Infrastructure enables shipping growth
- Good roads and rail
- Physical containment of the Port; allows for hands-on management and control
- Full-service harbour- dry dock; winter functions could grow

Tenants

- Solid long-term client base
- Diverse industries with solid futures
- Steel industry provides solid, reliable base; that will exist for long-time

Operations

- Good financial position - historical and present
- Strong organization
- Current relationships with and within the City of Hamilton
- Partnerships have grown: Discovery Centre signals this
- Good relationship with 3 levels of government
- Canada Marine Act - similar operational framework to other Canadian Ports; this has certain specific advantages

Environment

- Strong location
- Protected water- easily accessible by/for all users
- Safe harbour allows for operational efficiency
- Interesting landscape: the escarpment, bay, and factories creates unique ambience
- Environmental gains: regeneration, RAP, return of fish and birds, considered a leader in the Great Lakes on environmental issues
- Improved water quality

Challenges for the Port of Hamilton

Partnerships

- Need more partnerships with both the city and the province

Industry Constraints

- Lack of outbound shipping activity
- Heavy reliance on steel
- Restricted freedom to act under the Canada Marine Act
- Risks related to the future of the local steel industry
- Traditional warehousing is old technology, requires renewal

Operational Context

- Missing road links result in the loss of efficiency. Travel to west of the Port is compromised. However, this will be mitigated somewhat by completion of the Red Hill Creek Expressway.
- Road links by-pass Hamilton; government indirectly subsidizes truck traffic
- Taxation (property tax, federal stipend, payment in lieu of taxes, occupancy costs) hampers competitiveness with U.S. ports where taxes are lower, explicitly subsidized
- Land ownership: leasing may impede private enterprise because companies cannot own their land. This a disincentive for capital improvements by tenants.
- Lift bridge: operational restrictions, strikes, repairs, winter down-time
- History: negative views of Hamilton will be hard to overcome
- Not a year round port, currently limited to approximately 9-month's of marine operations (under operational review with the potential for 10 and half month season)

Operations

- Focus of the Port has been too narrow, limited to the Great Lakes. The Port is now looking outwards both domestically as well as internationally.
- The HPA has not fully utilized/explored strength of their assets.
- Port's business/revenues have been stagnant; the Port has not kept pace with growth in regional economy.
- The Port has not diversified sufficiently.

Existing Opportunities for the Port of Hamilton

Context Supports a Vibrant Port

- Capitalize on tremendous population growth in the Golden Horseshoe
- Think in terms of the "new economy" for Port growth
- New technologies support new port activities

Generate City and Port Synergies

- Create a vision for Hamilton that ties the future of the City and Port together
- Add recreational components to the industrial base
- Celebrate the steel mills
- Partner with the City of Hamilton's Economic Development Department for marketing opportunities
- Develop a two way partnership to connect the port to Downtown Hamilton and Downtown Hamilton with the port
- Grow the waterfront to the downtown rather than vice versa
- Create exciting uses at the Port that spin back to downtown
- Pier 8 to Bayfront Park: help the city to create a critical mass of uses that will activate the park, support new destinations
- Develop relationships with city, province and federal governments; build on HPA' s financial strength and capacity to be a financial partner

Community Partnerships

- Public outreach and education will inspire better understanding of the Port's functions and value
- A "school by the water" (possibility in conjunction with the Discovery Centre) would bring young people to the waterfront

Industrial Possibilities to be considered

- Strategic alliances with rail and trucking companies
- "E" business: extend services to tenants
- Capacity exists to facilitate growth of tenant businesses (dockwall and land)
- Pier 15 could be developed as an industrial jewel; maximize dockwall use, back land potential. The HPA is developing a distinct vision for this particular area
- Find new uses for under-utilized land that move beyond shipping
- Seek out partnerships

- Host a “Great Lakes Conference” on a topic that is pertinent to the HPA
- Promotional events for the HPA
- Consider opportunities to increase land base
- Leverage Eastport’s location by incorporating an inter-modal terminal into the planning process

New Directions

- Diverse and dynamic environment at the Port
- New high quality residential, retail and arts areas at Pier 8
- Feature shipping functions at Pier 8, including a possible cruise terminal
- Emphasize the ease of connection to the airport

Key Emerging Themes for the Future of the Port of Hamilton

Exceptional Assets

The HPA enjoys exceptional assets that provide broad organizational opportunities. The Port has well maintained dockwall, good depth, and sufficient land to expand in a variety of directions.

Transition Zones

The transitions between recreational and industrial uses need to be clearly defined. The most significant transition zone is between Pier 8 and Pier 10, and the planned uses for Pier 10 should serve to protect the core industrial land for industrial uses.

Organization Direction

The corporate planning process that the HPA is currently engaged in is an important step towards establishing a shared vision for the Port that can focus decision-making and inspired approaches to future development.

Marketing

As the Port affirms its direction for growth and desired land uses, it will become possible to formulate an intentional and strategic approach to recruitment of tenants. This will need to include broader marketing of the Port to raise its profile within the St. Lawrence Seaway System, but it will also need to involve “target marketing” of specific tenants internationally.

The Success of the Port is tied to that of the City of Hamilton, and Vice Versa

The City of Hamilton and its future development as potentially presenting a supportive context for Port vibrancy.

Fisherman’s Pier

- Creating a holistic relationship between key public amenity destinations (such as a marina) with attention to ecological and microclimatic improvements;
- Developing a clear public realm, with continuation of the beach trail circuit;
- Developing towards the waters edge and skyway while creating key gateway nodes at the lift bridge and Beach Blvd;

- Celebrating the heritage of the canal, lift bridge, the lighthouse and the lighthouse keeper's cottage.

General

The HPA is an active, diversified port, of primary importance to the economy of the Golden Horseshoe and within the St. Lawrence Seaway system. The port's urban context is growing increasingly complex, offering exciting opportunities while posing a number of important challenges. The HPA has substantial potential for the future.

There are many past successes and ongoing initiatives in the greater harbour area to build upon and continue to coordinate with as the Land Use Plan is developed. In particular, the City of Hamilton's current focus on the revitalization of its downtown offers the potential to further enhance the vitality of the harbour, through strengthened physical connections between the waterfront and the city centre. These can be mutually beneficial for both the HPA and the City.

The Minutes of Settlement of October 2000 have reconfirmed a supportive framework of Official Plan and zoning provisions that will support the future activities of the port. They have also laid out a number of specific requirements, in particular with regard to the development of Eastport that the Land Use Plan will address.

Significant population increases are anticipated in the City of Hamilton and across the Golden Horseshoe over the next few decades, suggesting that road, and potentially rail capacity, will become increasingly constrained in the region. This is one of the many opportunities that the HPA may be able to build upon to secure and grow its business. Others discussed in the report include on-going capital investment in modern facilities and infrastructure; developing strategic alliances with other ports; improving the marketing of the port; developing new relationships with shipping lines, railroads, and trucking companies; conducting more detailed research into the feasibility of an inter-modal terminal at the port; finding users who would want to use the tremendous amount of outbound cargo capacity that the port presently has; pursuing changes to the Canada Marine Act and exploring sections of the Act that allow for flexibility, creativity, and an entrepreneurial approach to business development. Uncertainty regarding the future of the steel industry implies that the HPA needs to continue its efforts to be further diversified. There are a number of useful lessons from the experience of other Canadian and American ports that the HPA can reference.

CLUSTER PLAN FOR THE PORT OF HAMILTON

Vision

To retain its leading role in the movement of bulk raw materials feeding a resurgent Canadian steel industry. Facilitate the two-way movement of various commodities helping to maintain the viability of Southern Ontario's important agricultural sector. Working with key tenants & stakeholders to continue to modernize Port facilities to accommodate growth in trade & commerce. Taking advantage of its natural strategic location & renowned marine focus the Port will be the catalyst for innovative intermodal applications that enhance the efficiency of the local transportation network.

Profile of Future Businesses in the Cluster

- Raw materials bulk handling & storage requiring access to cost effective marine transportation
- State of the art industrial & commercial warehousing & distribution
- Marine centred intermodal freight handling operations
- Transportation intermediary office space
- Marine based passenger/commuter transit terminals
- Heavy industrial production & pre-shipment assembly facilities.
- Mineral storage & processing plants

Cluster Plan Objectives

Short-Term Deliverables

- Continue with business tax reduction program
- Embark on aggressive joint marketing initiatives between the Port Authority and the City
- Further identify existing or potential Brownfield sites that can be assimilated into the Port's asset base
- Consider formalizing plans between the Port Authority and the City to jointly develop the Pier 8 and Fisherman's Pier areas for recreation and tourism-related uses

Long-Term Deliverables

- Complete the Red Hill Expressway
- Continue to seek improved road connections between the westerly part of the Port and Highway 403
- Examine methods for the Port to become more competitive with its U.S. competitors in light of different tax regimes and public policy
- Inter-modal transportation system in place - road, air, rail, port fifteen
- Resolution of land use issues in areas adjacent to the Port

Aerotropolis (Development Surrounding the Airport)

Emerging Cluster

Introduction

The John C. Munro Hamilton International Airport is an important economic engine for the City of Hamilton. With the North American Free Trade Agreement (NAFTA), Free Trade Area of the Americas (FTAA), European Community and evolving Asia/Pacific Community, the Airport will be part of our future for employment and assessment growth as well as distribution development. Even though SARS and 9/11 not only affected but changed the aviation industry, there are signs of recovery occurring. The growth of other industry sectors in Hamilton is dependent on ready access to the airport and the servicing of lands for future development in the surrounding area.

INDUSTRY OVERVIEW

Transport Canada and the Federal Aviation Administration regulate the North American airport sector. Ownership of airports varies from public to private to public/private partnerships. Hamilton International Airport is owned by the City of Hamilton and operated by Tradeport International Corporation on behalf of the City.

Transport Canada's strategy and vision for transportation across Canada is set out in the "Straight Ahead" document. It outlines a safe, secure, efficient and environmentally friendly transportation system. Key principles include:

- the highest practicable safety and security of life and property;
- efficient movement of people and goods;
- respect for the environment;
- user pricing that better reflects the full costs of transportation activity, and transportation infrastructure decisions that meet user needs;
- reasonable access to the national transportation system for Canada's remote regions;
- accessibility for persons with disabilities; and,
- partnerships and integration among jurisdictions and with the private sector

Transport Canada's new initiatives reflect longer term priorities including:

- Setting frameworks for an efficient transportation marketplace
- Managing and investing in transportation infrastructure
- Protecting the environment
- Improving safety and security
- Encouraging innovation and skills development

First in a series of steps to achieve the aforementioned are proposed changes to the Canada Transportation Act, introduced February 25, 2003, which address consumer protection as well as protection of domestic competition. To date, this has not been adopted.

Driving Employment and Tax Dollars

In a global context, the John C. Munro Hamilton International Airport has the potential to become one of the major airports in Ontario, distributing people and products throughout North America and overseas. Currently, the majority of activity is generated by the demand for transportation into and out of the southern Ontario area.

Air cargo shipments increase at a rate three times that of the economy which translates to 300% cargo growth by the year 2017. This will equate to a doubling of cargo aircraft as well. Currently this does not mean additional flights since carriers have existing excess capacity, however Hamilton International Airport (HIA) is well positioned to capture this growth due to its 24 hour/7 days/week operation. In 2003, HIA set a new cargo tonnage record of 96,000 tonnes.

Other global centres are focusing on long-term strategies for their airports. For example, Dallas/Fort Worth - Alliance Airport has a 20-year plan to spend almost $5.5 billion, expanding its passenger, cargo and other facilities. Alliance includes an industrial airport, rail service, major highway connections, state-of-the-art infrastructure, full digital capability and land development opportunities. It is home to over 17 Fortune 500 companies and only a little over one fifth of the 15,000 acres has been developed to date. This illustrates the importance of aerotropolis' as distribution centres for just-in-time goods and services.

The FTAA will be the world's largest free trade area with 800 million people, almost one sixth of the world's population, with combined gross domestic product of nearly $17 trillion U.S. Implementation is expected by December 2005 with 34 countries participating, with over one-third of the world's economic activity. Trade throughout the hemisphere would increase opportunities for exporters, manufacturers and consumers while increasing the need for distribution/transportation services. Benefits for Canada include:

- Lower tariffs on Canadian goods
- Elimination of agricultural export subsidies
- Protection of Canadian investment
- Opportunities in services
- Protection for intellectual property
- A regional dispute mechanism
- Government of Canada wide-ranging cross-country consultations
- Protected health and public education systems

Major Trends and Issues

The need for increased security and containment of health risks has changed the air travel industry permanently. These changes are affecting the economy, tourism and air travel demand; however, we are seeing growth reflecting the new way of doing business in aviation:

- Growth of low cost carriers offering one-way, unrestricted discount fares which undermine the revenue base of full service network carriers
- Bankruptcy/restructuring of leading airlines
- Emergence of global airline alliances
- Aggressive U.S. Open Skies policy

- Canada-Russia New Air Services Agreement
- European single internal aviation market
- Australia-New Zealand single internal aviation market
- In some countries foreign airlines have been permitted to establish a domestic airline
- Emergence of global supply chains and growth in air cargo have resulted in aerotropolis developments
- Will Canada and the USA move towards a single aviation market???

In the last decade, the most successful companies have benefited from skilled labour, high-speed transportation, infrastructure, competitive market positions, and colleges/universities to sustain and enhance their success. A global trend toward just-in-time delivery has had implications for companies who have had to adjust sales, inventory and manufacturing processes in order to gain a competitive edge. This has resulted in operational changes whereby parts are sourced internationally, inventories are minimized, and customer responses are fast and flexible. In order to reduce the time to market, companies are locating along major access corridors within 15 minutes of an airport.

How are airports responding to these changes in the global marketplace? “Aerotropolis” Master Planned communities are a fairly recent concept emerging around airports. Services in these communities include but are not limited to airport, major highways, rail, port connections, mass transit service, airport industrial development, commercial/office spin-off development, and residential areas with schools and retail/food services.

Another trend in the airport sector is the targeting of time-sensitive sector companies for distribution such as computer hardware, computer software, electronics, telecommunications equipment, apparel, automotive components for the auto industry, industrial equipment and health/biotechnology. Fort Worth/Alliance airport is a good example where Fortune 500 companies locate at airports.

Local Analysis

The John C. Munro Hamilton International Airport is located in the south end of Hamilton, approximately 70 km from the Pearson International Airport in Toronto, within one day’s drive to 150 million consumers. TradePort International Corporation operates the airport, under a 40-year public/private partnership agreement with the City of Hamilton. With no night flying restrictions and a 10,000-foot runway, the Hamilton Airport can support intercontinental traffic on a 24/7 operating basis. The airport has consequently become a hub for major cargo/courier traffic for the NAFTA corridor, with North America’s largest courier companies at HIA.

People and cargo are attracted to the Hamilton area for personal and/or business reasons. Many business sectors benefit from airport activity such as healthcare, information communications technology, traditional manufacturing, tourism and distribution.

The airport also offers high productivity, no congestion, low cost airport services, dedicated apron with air-truck transfers and access to road, rail and port. Transportation linkages such as air-to-road and rail-to-port are important factor for successful business activity in the Hamilton area. Planned expansions in transportation infrastructure, including the new Highway No. 6 (linking the airport to the Highway 403) and the Niagara – GTA Transportation Corridor, will augment the attractiveness of the airport and establish new economic corridors for future development.

When the Highway No. 6 extension is completed in 2004, approximately 3,700 acres of land could be opened up for development. However, zoning, official plan, urban boundary and servicing issues all need to be addressed before development can occur in this area.

SWOT Analysis for the Airport

Strengths

- Public/private partnership has injected private sector dollars into airport infrastructure and marketing
- 24/7 Operations – no night flying restrictions, weather systems
- Low cost airport services and fees compared to Toronto
- Location – in the hub of Canada/US industrial heartland - southern Ontario with access to people, business, border and Toronto
- Expansion of domestic routes i.e. CanJet
- Expansion of winter vacation offerings
- In the Eastern Time Zone allows for same/next day deliveries.
- Infrastructure – 10,000 foot runway
- Within 90 minutes of 8.4 million people; HIA more convenient to 2.1 million people

Weaknesses

- Lack of modern passenger terminal
- Lack of awareness of airport location, products and services
- Transportation links to major highways
- Land use and planning constraints (i.e. land not zoned for development)
- Outside the Urban Boundary
- WestJet re-alignment
- Unserviced land in the area surrounding the airport and at the airport
- Lack of full length cross-wind runway
- Lack of multi-tenant cross dock facility
- Low visible landing system

Opportunities

- Proposed Hwy No. 6 will create a new corridor for economic development, including hub and spoke distribution centres
- Cargo expansion
- HIA terminal expansion
- Passenger traffic expansion and charter markets
- Airport can be used to support the growth in other industry sectors in the City of Hamilton
- Free Trade Zone will open door for international companies
- Provincial commitment to enhance HIA signage
- Multi-level Government Aerotropolis Task Force

- Service expansion due to increasing rates and congestion at Pearson International Airport

Threats

- Growth of other airports such as Pickering, Niagara/Buffalo, Montreal, Kitchener-Waterloo, London
- Transport Canada has set aside lands in Pickering for future development
- Limited borrowing capacity
- Existing physical land boundary of the airport will constrain growth
- North American "open-skies" agreement on freight possibility

Best Practices

Staff investigated the following facilities to determine Hamilton's success in relation to other airports:

- NFTA – Niagara Frontier Transportation Authority – Buffalo/Niagara Falls International Airports
- Dallas/Ft.Worth/Alliance International Airports
- Lambert/St. Louis International Airport
- Development Authority of Bulloch County Georgia – Statesboro Municipal/Savannah International/Hartsfield International Airport
- Port Columbus/Ohio – Rickenbacher/Cleveland International Airports
- Raleigh-Durham/Charlotte-Douglas/Wilmington/Rocky Mount-Wilson/Piedmont Triad International Airports
- Oshawa Municipal/Lester B. Pearson (Toronto) International Airports/Pickering Lands Development
- Aeroports de Montreal – Dorval/Mirabel International Airports
- Calgary International Airport
- Knock International Airport - Ireland

Key Research Findings

Around the world, there exists a common theme of organizing a "transportation network engine" to enhance the economic opportunities for communities with airports. Most have Master Plans with linkages of air to land (road, rail) to port.

"Aerotropolis" master planned communities are emerging around airports. Services include but are not limited to airport, major highways, rail, port connections, mass transit service, airport industrial development, commercial/spin-off development and residential areas with schools, retail, and food services.

Airport lands offer Internet access, sanitary, water, natural gas, electrical, phone and cable services.

Airports are targeting time sensitive companies for distribution such as computer hardware / software, electronics, telecommunications equipment, apparel, automotive components, industrial equipment and healthcare/biotechnology products.

All are retaining and expanding business while investing millions to ensure that their communities benefit from this economic engine's results.

Focus Group – Key Findings 2001/2002

A focus group, comprised of a broad range of interested parties in the airport sector including Tradeport International Corporation, multinational courier companies, airport consultants, manufacturers and small airlines, was established to discuss issues relating to the development of the Hamilton airport and the surrounding area.

Key conclusions/recommendations from the group are as follows:

- the vision is to be Canada's premier specialty cargo airport and Ontario's third passenger gateway airport;
- the top priority is to maintain 24/7 competitive advantage;
- the key obstacle is the lack of infrastructure and access roads;
- there is a need to educate travellers about HIA services, Hamilton as a tourism destination and gateway
- land around the airport needs to be serviced/zoned; and
- investment in navigational aids is recommended.

Why is the Airport the number one priority?

- Air cargo/courier/passenger services are growing industries
- Rates for shipping products are decreasing
- Variety of products being shipped is increasing
- New air routes are emerging
- NAFTA, FTAA, European Community, Asia/Pacific Community encouraging greater movement of a wide variety of goods globally
- Hamilton International Airport has a runway to handle intercontinental traffic, no congestion, high productivity, 24 hour operations, low cost airport services, access to road, rail and port, approximately $80 million in public and private investment to date, Foreign Trade Zone opportunity, strategic location in the centre of Canada's Industrial Heartland and proximity to major U.S. markets
- Provincial Government has committed $33 million to build the New Hwy #6 with direct access to the Airport and a 2004 completion date
- Planning is underway for the Niagara – GTA Transportation Corridor which will enhance the Canada/US transportation routes and create another QEW in terms of economic development

Conclusion

Support for the development of the Hamilton airport comes not only from the airport sector, but also from every one of the other industry sectors examined. The airport is clearly an economic engine for the City of Hamilton and will support the growth of the other sectors. With Hamilton's shortage of serviced industrial land in close proximity to major highways, the airport becomes the obvious location for future development.

The proposed Highway No. 6 extension presents an excellent window of opportunity to address Hamilton's industrial land issues; however, it is just a window. One must bear in mind that surrounding municipalities such as Brantford, Kitchener-Waterloo and Halton are also working diligently to service their industrial lands and to speed the development process. Hamilton must act quickly to resolve zoning, official plan, and urban boundary issues around the airport. Only then can servicing take place.

In short, the airport is a strategic priority for economic development in Hamilton but may also require the most investment. There is a great deal of work to be done by various departments in order to achieve the objectives set out for this sector. Timely action in commencing this process is critical.

SECTOR PLAN FOR THE AEROTROPOLIS

Vision

To create an industrial, commercial and residential community around the Hamilton International Airport, that exists and grows in support of the airport's and the City's economic development objectives.

Profile of Future Companies in the Aerotropolis

In order to assess the highest and best use of the lands surrounding the airport, it was recommended that a consultant be engaged to develop an Airport Development Feasibility and Industrial Profile for the lands within the future Highway No. 6 corridor. The HIA Gateway Opportunities Study was completed in October 2002 suggesting an action plan for HIA. The conclusions of the study identified logistics firms, just-in-time manufacturing companies, and ancillary services to the airport. The complete study is available on the City website - http://www.hamilton.ca/business/development/pdf/HamiltonAirportStudy.pdf

Cluster Plan Objectives

1. Support the Airport sector's vision to become Canada's premier specialty cargo airport and Ontario's third passenger gateway airport.
2. Support Hamilton International Airport Limited's Master Plan.
3. Focus resources on the Airport sector to expedite the short-term deliverables in our "window of opportunity".

2002-2004 Accomplishments:

- Complete the Airport Feasibility Study for the Airport District – HIA Gateway Opportunities Study completed October 2002
- Complete the Industrial Business Park (IBP) Study
- Develop an Airport marketing Program in conjunction with HIA – initiated with their suggestions included in the 2004 update
- Develop and implement an Airport Tourism Gateway Program for the domestic/fully independent traveller (FIT) market – terminated due to changes with WestJet
- Develop a Flight Path Protection Program (airport vicinity protection program) – initiated with Task Force representation being developed

- Airport Land Inventory - completed
- Airport Looping; as a result of water service issues identified in the vicinity, this was included as an important project for the Community Trust Panel (Hydro Funds) for implementation in 2002-2004 – on-going
- Multi-Level Government Aerotropolis Task Force; as a result of the need to communicate the vision and plan to stakeholders and all levels of government, the Multi-Level Government Aerotropolis Task Force was initiated - on-going
- HIA Signage; Provincial commitment for enhanced HIA signage for travellers to get to HIA – initiated

Short-Term Deliverables:

- Hamilton Goods Movement Study/Strategy
- Maintain 24-hour/ 7-days/ week operation of the Airport;
- Develop an Airport Marketing Program in Conjunction with HIA Ltd. – on-going;
- Assist with enhanced signage for HIA access routes;
- Develop and implement an Airport Tourism Gateway Program for the Domestic and International /FIT/corporate/convention/group tour markets;
- Update the HIA Master Plan, include in GRIDS process;
- Develop a Flight Path Protection Program (airport vicinity protection program) with the Task Force;
- On-going communication of the HIA Vision and plan to stakeholders and all levels of government;
- Investigate a transit system that includes HIA service and connects to the “GO” system;
- Resolve the planning issues around the airport i.e. implement GRIDS;
- Include HIA in Tourism Hamilton’s Product Inventory Initiative;
- Service industrial land adjacent to the Airport;
- Provide full HSR service to the Airport with linkages to the “GO” system;
- Provide serviced industrial land on Hwy No 6 service roads;
- Implement the first phase of the HIA Master Plan expansion.

Long-Term Deliverables

- Work with private landowners to develop/service the industrial lands around the airport;
- Resolve planning issues around the Airport;
- Service the industrial land adjacent to the airport;
- Lobby for Hwy #6 New expansion to four lanes and the elimination of “at grade crossings”;
- Implement the Airport Vicinity Protection Program;
- Develop a plan for roads/services along the expected Niagara – GTA Transportation Corridor;
- Provide serviced industrial land on the Niagara – GTA Transportation Corridor service roads;

- Research and plan for a 24 X 7 mass intermodal transportation system i.e. road, rail, air, port, transit;
- Develop an Accommodation Strategy for HIA;
- Implement future phases of the HIA Master Plan.

Biotechnology

Emerging Cluster

Introduction

Biotechnology is an enabling technology that impacts many different industries. It supports the health sector by producing life saving drugs and vaccines, new tools for health surveillance and diagnosis, and solutions to current health issues. Hamilton is globally recognized for its bio-medical strengths in drug and target discovery and validation, gene therapy and clinical trials. With a focus on commercialization, Hamilton is poised for growth in the biotechnology sector. The City is helping this sector achieve its innovative potential by building a supportive business environment and by marketing its world-class strengths in the global marketplace.

INDUSTRY OVERVIEW

Definition

Biotechnology is a term meaning the use of scientific tools and techniques in research, development and manufacturing activities. It is the research side of industry sectors including agriculture, aquaculture, environment, and health. Traditional biotechnology has been used for many years; for example, the use of yeasts in the wine industry. Over the last two decades, more advanced techniques have been employed based on molecular biology, including recombinant DNA technology and genetic engineering. Biotechnology has resulted in the development of products and processes such as disease resistant plants, environmental remediation technologies, as well as novel diagnostic and therapeutic agents.

Economic Impact

Biotechnology engages the intellectual capital of a city's educational and research institutions. It offers high paying jobs for researchers and technical staff. Spin-off companies generate new employment and assessment growth for the city, and as the sector grows, it draws larger multi-national companies to the area.

Industry Structure

Canadian firms have a small but growing share of the global biotechnology market with 2001 biotech revenues of $3.6 billion.[6] The Canadian biotechnology industry consists of 375 firms with approximately 12,000 employees. Biotechnology firms are located in all regions of Canada, with the highest concentration in Quebec, followed by Ontario and British Columbia. While the size of the biotechnology market is relatively small in Canada, the industry is a pipeline to many industry sectors which employ significantly more people.

[6] *Statistics Canada, Biotechnology Use and Development Survey, 2001*

Ontario has more than 140 biotechnology companies with strengths in bio-medical, pharmaceutical, medical devices, agricultural biotechnology and bio-products fields. Between 1996 and 1999 the number of biotechnology companies in Ontario has grown by approximately 65%.[7]

Ontario Biotechnology at a Glance

BIOCORRIDOR MUNICIPALITIES

SECTORS	GUELPH	HAMILTON	KINGSTON	LONDON	MISSISSAUGA	OTTAWA	TORONTO	WATERLOO REG
biomedical/pharmaceutical		1	1	1	1	1	1	
medical devices/diagnostics				1	1		1	1
genomics/proteomics		1		1		1	1	1
agricultural biotech	1		1					
nutraceuticals	1				1			
acquaculture								
bioenvironmental			1					1
bioforestry								
bioproducts	1		1			1		
ACADEMIA								
University	1	1	1	1	1	1	1	1
College	1	1		1		1	1	1
RESEARCH FACILITIES								
Commercialization Centre		1		1		1	1	1
Research Park	1		1	1	1	1		

Major Trends and Issues

Human health continues to predominate the biotechnology sector in Canada, accounting for 52% of the total biotech firms and for 88% of the total $1,337M in R&D spending. The world biotechnology industry is estimated to be worth $22 billion in sales in 1997, growing to $50 billion by 2005. Almost three quarters of the sales in 2005 is expected to come from bio-pharm products and approximately $12 billion from ag-biotech products.[8]

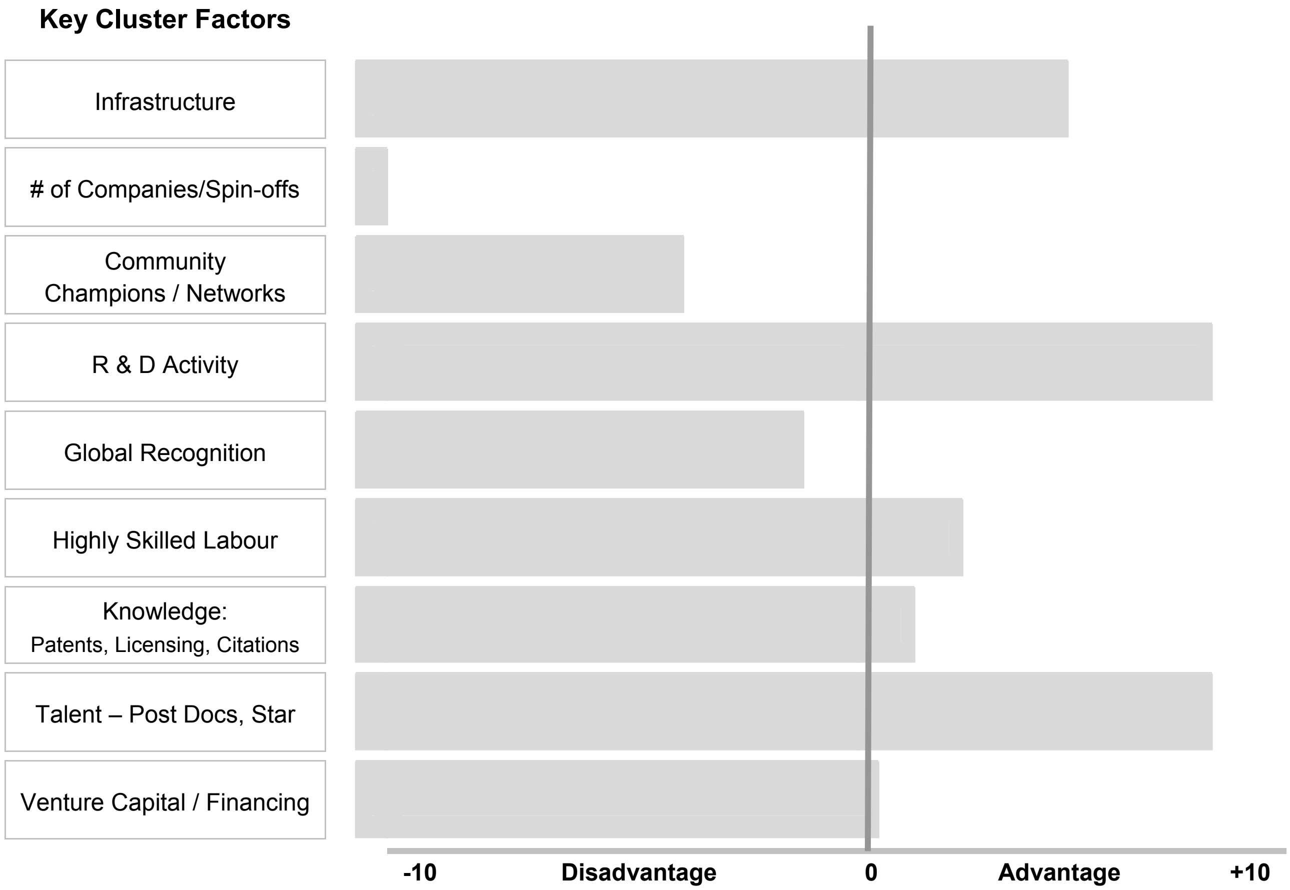
Local Analysis:

Within the Golden Horseshoe (Hamilton, Halton and Niagara), the most dominant strength for biotechnology is the health sector. The platform for Hamilton's biotechnology cluster is concentrated in the intensity of the faculty of health sciences at McMaster University (one of Canada's most innovative research institutions), its affiliated hospitals, and in several other research centres and institutes. Hamilton has demonstrated leading edge approaches and success in drug discovery and validation, gene therapy, clinical trials and health economics. In addition, its health research expertise in infectious and respiratory diseases, cancer, cardiovascular diseases and diabetes, puts this community on the world map. Mohawk College

[7] *Biotech Ontario*
[8] *Human Resources Development Canada*

provides a highly skilled and educated workforce to support the health sector. Niagara region exhibits strengths in agricultural biotechnology and bio-manufacturing with research facilities in viticulture at Brock University. Halton region has a growing presence of pharmaceutical and medical device companies and is home to Sheridan College which currently collaborates with the University of Toronto regarding biomedical communication.

Ranking of regional Strengths



SWOT Analysis for the Biotechnology Sector

Strengths

- Basic research
- Innovative educational and training platforms
- Clinical research
- Integrated healthcare network tightly linked with academic research
- Tradition and expertise in manufacturing, including bio-manufacturing
- Convergent technology capabilities: bio-informatics and bioengineering
- Agricultural biotechnology - research stage

Weaknesses

- Pre-clinical capabilities pertaining to the bio-pharma industrial value chain
- Scarcity of biotechnology companies
- University technology transfer efforts require more innovative approaches and physical facilities to foster growth of spin-off companies
- Post-research phase of agricultural-biotechnology value chain

Opportunities

- Commercialization of high value early research
- Biotechnology industry has unmet needs in translational research, manufacturing and clinical research
- Receptor industry has increased dependence on outsourcing of manufacturing and R&D

Threats

- Research results may be commercialized in other parts of North America, unless action is taken to build capacity locally
- Potential excess capacity in biotechnology cluster development worldwide
- Potential change in priorities of public funding
- Challenges in the financing environment

THE DEVELOPMENT OF A BIOTECHNOLOGY STRATEGY

The initial research and consultations that were undertaken for the Economic Development Strategy in 2001 identified the need for an incubator to help facilitate commercialization, as the number one priority for the biotechnology sector. In 2002, the City of Hamilton partnered with McMaster University to develop a feasibility study for an incubator. Shortly thereafter, the Province announced its Biotechnology Cluster Innovation Program (BCIP) with the intention of making Ontario one of the most competitive biotechnology jurisdictions in North America. The objectives of the BCIP are:

1. to accelerate the development of Ontario biotechnology clusters by supporting the commercialization of infrastructure projects, ranging from physical and soft infrastructure;
2. to focus on creating new research discoveries, new companies, and new jobs, revitalizing industries, and supporting skills initiatives; and
3. to support the diffusion of biotechnology-related innovations into knowledge-based and traditional industry sectors.

The province encouraged linkages between municipalities in order to create strong clusters of innovation. Under the leadership of McMaster University, Hamilton partnered with Halton and Niagara regions to form the Golden Horseshoe Bio-Innovation Consortium (GHBC) and was awarded $200,000 from the Province to create a comprehensive biotechnology strategy for the Golden Horseshoe. As of September 2004, the deliverables for the Strategy have been submitted to the Province for funding consideration.

2002/2003 Accomplishments:

Biotechnology was first introduced as an economic sector in 2001 with the creation of the Economic Development Strategy. At the time, Hamilton was nowhere on the provincial/federal radar for biotechnology, despite its strengths in biomedical research. Since then, great strides have been made in developing a local strategy and in marketing this area in the global marketplace. Hamilton's biotechnology strengths are now identified in regional, provincial and federal publications and on related web-sites. Hamilton is also leading the development of a provincial strategy for clinical trials which will aim to increase investment in one of Hamilton's strongest biotech areas.

The following accomplishments were identified in the 2001 Economic Development Strategy as short-term deliverables. Deliverables identified in this report will build on these accomplishments.

1. Development of the Hamilton Biotechnology Profile

This document provides a detailed look at Hamilton's assets including research strengths, human resources, infrastructure, business climate and quality of life. It includes a directory of local research organizations and biotechnology companies. In 2003 the Profile was awarded first place in the category of special publications, by the Economic Developers' Association of Canada.

2. Formation of the Golden Horseshoe Bio-Innovation Consortium (GHBC)

Discussions between McMaster University, Hamilton, Halton and Niagara regions regarding the opportunity to create a biotechnology cluster strategy led to the formation of the Golden Horseshoe Bio-Innovation Consortium (GHBC). The GHBC, a not-for-profit corporation has representation and leadership from regions/municipalities, hospitals/health sciences centres, private life sciences organizations and financial organizations. This group has led the development of the Biotechnology Strategy in conjunction with Strategic Health Innovations, a life sciences consulting firm.

3. Formation of the Golden Horseshoe Biosciences Network (GHBN)

The GHBN is a regional network of business leaders, researchers, entrepreneurs and economic developers involved in biosciences, biotechnology and related fields. Its mandate is to establish a strong and thriving environment for growth and investment in biosciences in this region. The GHBN works in collaboration with other groups in this region, such as the Golden Horseshoe Venture Forum to uncover investment opportunities in start-up biotech companies. To date, this group has hosted the 1st and 2nd Annual BioSummit@McMaster conferences, as well as targeted presentations for researchers and the business community.

4. Exhibition at International Biotechnology Conference

The City of Hamilton and McMaster University jointly exhibited at BIO2003 in Washington, the largest biotechnology conference in the world. And in June 2004, GHBN participated at BIO2004 as part of the Ontario Pavilion. The province has supported the development of marketing materials for these events, including the development of the Ontario BioCorridor publication, in which Hamilton is featured.

CLUSTER PLAN FOR BIOTECHNOLOGY

The Biotechnology Strategy for the Golden Horseshoe has now been finalized and submitted to the Province for Phase II funding under BCIP. It highlights the need to formalize the Golden Horseshoe Biosciences Network (GHBN) in order to dedicate resources toward the implementation of the Strategy. The GHBN will provide a first point of contact for bioscience inquiries in this area. It will continue to provide an environment for growth and investment in biosciences by:

- facilitating the implementation of a long term growth strategy related to the business of biosciences;
- providing educational forums as well as opportunities for networking and dialogue among the biosciences and the associated business community;
- promoting awareness of the region's biosciences strengths nationally and internationally;
- raising awareness among researchers and potential scientific entrepreneurs of the economic opportunity that their research may offer;
- fostering collaborations with other organizations; and
- advocating on behalf of the biosciences sector in the Golden Horseshoe.

Under the umbrella of the GHBN, three pilot projects have been identified to leverage existing assets in the Golden Horseshoe.

1. Biotech Incubator - the goal of the incubator is to provide the physical, intellectual and social environment conducive to the development of fundamental research into marketable products and ideas.
2. Drug Discovery and Clinical Development - this initiative consists of a formalized network with the scientific expertise, infrastructure and business support for drug discovery and clinical development. Providing a one-stop efficient and seamless process, this network will serve as a catalyst for increased clinical research activity in the region, increased investment, and accelerated time to market.
3. Commercial Manufacturing of Biotechnology-Related Products - establish a network of companies in this sector and explore opportunities to commercialize products and to link with research/engineering capabilities at local universities.

GHBN Vision

Establish an environment that will create a globally recognized biotechnology cluster for the development and commercialization of innovative products and services in the areas of biopharmaceuticals, health/medicine, biomanufacturing and bioengineering technologies.

GHBN Mission

To produce and attract knowledge, establish commercialization infrastructure, and build a critical mass of biotechnology companies to the region in order to spur innovative research and discoveries, revitalize the region's knowledge-based economy, and support the development of industry-related skills.

Cluster Objectives

The objectives for the Golden Horseshoe have been grouped into short term (1-3 years) and long term. The pivotal development that will evolve from the BCIP strategy is the formalization of the Golden Horseshoe Biosciences Network - this organization will drive the implementation of the biotechnology strategy and serve as the focal point for bioscience activity in the area. Representatives from the Consortium are presently discussing how best to structure the Network, human resource and funding requirements, as well as the disposition of the existing Consortium representatives.

Short-Term Deliverables:

- Formalize the Golden Horseshoe Biosciences Network
- Establish commercialization infrastructure
- Implement strategy with respect to clinical trials and bio-manufacturing
- Establish performance indicators to measure the cluster's progress
- Update and expand the Hamilton Biotechnology Profile for the Golden Horseshoe
- Implement a company visitation program
- Explore the feasibility of an "Innovation Park" or "Discovery District" for Health & Biotechnology R&D. This concept envisions the zoning of a dedicated area in which health and biotechnology companies as well as related support services would cluster.
- Create a website and marketing materials for biotech in the Golden Horseshoe

Long-Term Deliverables:

- Investigate the feasibility of a biotechnology accelerator. This type of facility would be a second stage support environment for start-up companies and provide a home to companies "graduating" from the biotechnology incubator.
- Ensure the availability of serviced land for new development.

Film & Cultural Industries

Emerging Clusters

Introduction

The Film industry is a growing service sector in Hamilton that has natural ties to the arts and cultural facets of the city. The proposed digital film library will offer an avenue in which to showcase the extensive arts and cultural attractions in this area. With a view to growing the Cultural Industries in Hamilton, staff in the Hamilton Film Liaison Office will work with other city departments and community stakeholders to nurture the creative businesses, organizations and services in this sector.

FILM

Industry Overview

Filmed entertainment production continues to be a vital industry in Canada although it has faced many challenges since 9/11, including the SARS epidemic and the continued rising of the Canadian dollar. Canada is still a low cost, highly skilled production centre for U.S. based film projects and remains competitive in this global industry.

The film production sector has grown faster than the Canadian economy, expanding at an annual rate of 9.3% since 1993. However, in 2003 expenditures in Ontario decreased an average of 11%. Filmed entertainment production primarily consists of foreign and domestic projects *(TV Series, TV Movies, Mini-series, Specials, Pilots, Docudramas, Feature Films, Animation, Music Video and Commercials).* Ontario, British Columbia and Quebec represent the major Canadian production centres.

Over the last 20 years Ontario has graduated from being a regional production centre to competing on a global basis. Ontario's affiliated labour force has also grown both technically and numerically; globally considered to be both highly skilled and trained in filmed entertainment production. The value of production in Ontario has increased from $218 million in 1990 to $874 million in the year 2003, signifying the impact this sector has on the economy. Canada and the province of Ontario have targeted the production of filmed entertainment as a part of their economic development strategy. On a federal, provincial and local level, private investment and public policy initiatives have served to maintain the strength of the industry. In the past few years, public policy initiatives have been particularly dynamic in their efforts to spur the growth of film production in the country. However, Canada and Ontario are clearly not the only economies to target the production of filmed entertainment. The rest of the industrialized world is entering into the market and have become effective competitors for global production.

Canada and particularly Ontario cannot expect to retain their strong position in the industry based on current conditions alone. Ontario's strategic goal should not be directed to maintaining the status quo, but proactively moving toward avenues to enhance the Province's competitiveness in North American and world markets over the long term. The industry in Ontario is both large and continues to grow at a rapid pace; therefore implying that this is an appropriate time to plan for continuation of expansion by moving into new regional centres and markets.

Local Analysis:

The City of Hamilton is an ideally situated community for continued expansion and development as a regional production centre in Ontario. Statistics for 2003 reflect Hamilton's remarkable reputation and the continued growth this community has experienced within this economic sector.

Hamilton hosted 45 productions with a total number of prep, wrap and shoot days in excess of 600. These local statistics are exceptionally impressive in a year where Ontario saw an 11% decrease in production activity. Hamilton however managed to maintain a level of film activity equivalent to statistics from 2002, where we experienced growth triple any previous annual total. Scenes from productions such as Exit Wounds, X-Men, Against the Ropes, Strange Days at Blake Holsey High, Shakespeareville, Resident Evil 2 and many more have been filmed in Hamilton over the last two years.

Examples of the economic impact and direct spending into the Hamilton economy associated with film production include the 2003 feature film "Resident Evil 2". This film shot for five days in Hamilton with an estimated impact of $125,000 paid directly to the local business community. Production companies in 2003 estimate direct spending in excess of $8 million dollars into the local economy.

Efforts of the City of Hamilton, Hamilton Film Liaison Office and various municipal departments have been recognized throughout the film entertainment production industry for their level of service and for being a film friendly affordable community. The City of Hamilton's Film Liaison Office will continue to be available to assist the film, television and commercial production industry right from the initial scouting stage to the final wrap, working with all levels of government to ensure that Hamilton continues to be a strong partner and community leader in this economic sector.

Since 1999, Hamilton municipal government established a full-time Hamilton Film Liaison Office (HFLO). The goal of the HFLO has been to increase film activity through increased marketing efforts and to offer unparalleled service to this sector. In order to attain international recognition and networking opportunities Hamilton obtained full-membership in the Association of Film Commissioners International.

SWOT Analysis for Film

Strengths

- Location & proximity to Toronto
- Film friendly community
- Level of Service
- Location Diversity
- Alternative to Toronto's filming gridlock
- Regional Tax Credit Bonus
- Lower Cost Alternative
- Multimedia and Television Broadcasting Programs at McMaster University and Mohawk College
- Within some Union Production Zones
- Local Government support of film activity and production industry

Weaknesses

- Outside of some Union Production Zones
- Lack of Infrastructure
- Lack of Industry labour force located in City of Hamilton
- Need for educational and training programs in City
- Multi-media resource to support industry (Digital Library and Web Site)
- Limited film commission resources (staff & funding)
- Lack of a film studio for large productions

Opportunities

- Hamilton can become a regional centre for film and television production (location and diversity)
- Development of a recognized Hamilton Film Commission as an industry focal point
- Federal funding potentially available
- Local Infrastructure, labour force and training development

Threats

- Over indulgence of film activity within the community that can adversely affect the business and residential community
- Over regulation of permitting process through City of Hamilton staff and partners
- Growth of Reality TV shows
- Value of Canadian Dollar
- Globalization of the industry
- Continued threat of another SARS outbreak
- U.S. state and other country competitiveness in industry – incentives

2002/2003 Achievements:

- Established the Hamilton Film Commission - including a full-time office to provide a focal point for industry development. The goal of the Film Commission will be to attract new industry activity, market the community to the film industry, market local workers, and promote the creation of local training programs for individuals seeking to enter the industry.
- Developed marketing and communication tools - including a digital library, web site, data base, and advertising.
- Local infrastructure development and proposed training facility - announcement of the proposed Hamilton Film Studio

Conclusions

The City of Hamilton is in an excellent position to take advantage of growth in the motion picture and television industry in Canada and particularly Ontario. The Hamilton Film Liaison Office is leading the initiative to attract this type of business to the area, working co-operatively with the Ontario Media Development Corporation and the Toronto Film Office.

CLUSTER PLAN FOR FILM

Vision:

To become a major regional centre for production in Ontario, supporting Canada's robust production industry.

Cluster Objectives:

The Hamilton Film Liaison Office, will vigorously build, support and market the "Filmed Entertainment Production Industry" in the City of Hamilton. This collaborative initiative will connect municipal, provincial and federal governments with local private sector entrepreneurs to spur and develop this sector in Hamilton and the surrounding area through the creation of a "Film Commission".

Short-Term Deliverables:

- Launch Digital Library – in coordination with OMDC, finish development of the Film location digital library and launch this tool to the industry;
- Streamline the film permitting process with other city departments and agencies;
- Continue marketing Hamilton as a premier location for film shoots;
- Continue working with Provincial and Toronto partners to expand our film based opportunities;
- Investigate ways to maximize the film industry's economic impact on Hamilton through expansion of job opportunities and film shoot opportunities;
- Establish a Volunteer Committee.

Long-Term Deliverables*:*

- Develop local training and educational training programs for industry including link to McMaster's Multimedia Program;
- Develop incentive programs for production to locate in Hamilton;
- Incorporate a Regional Production Centre into part of the union production zone;
- Ensure adequate supply of highly skilled and trained labour force;
- Regional Production Centre competing on a global level;
- Professional Media Production Community.

CULTURAL INDUSTRIES

Industry Overview

It is generally agreed that the term "cultural industries" applies to those industries that combine the creation, production and commercialization of contents, which are intangible and cultural in nature. These contents are typically protected by copyright and they can take the form of goods or services.

Depending on the context, cultural industries may also be referred to as "creative industries", sunrise or "future oriented industries" in the economic jargon, or content industries in the technological jargon. The notion of cultural industries generally includes printing, publishing and multimedia, audio-visual, phonographic and cinematographic productions, as well as crafts and design. For some countries, this concept also embraces architecture, visual and performing arts, sports, manufacturing of musical instruments, advertising and cultural tourism.

Cultural industries add value to contents and generate values for individuals and societies. They are knowledge and labour-intensive, create employment and wealth, nurture creativity - the "raw material" they are made from -, and foster innovation in production and commercialization processes. At the same time, cultural industries are central in promoting and maintaining cultural diversity and in ensuring democratic access to culture. This twofold nature – both cultural and economic – builds up a distinctive profile for cultural industries. During the 90s they grew exponentially, both in terms of employment creation and contribution to GNP. Today, globalization offers new challenges and opportunities for their development.

(UNESCO Cultural Sector 2004)

Recently, much has been written about the importance of creative cities as magnets for business and tourism development. The case has been effectively made for transforming cities to attract "creative class" workers by economist Richard Florida, David Brooks, John Howkinsi, and several others. Their conclusions are that creative workers and the industries that employ them locate in creative hubs, which become economically super-charged. These hubs become magnets for visitors, and the ripple effect of this builds vitality across all economic sectors.

The key to economic growth lies not just in the ability to attract the creative class, but to translate that underlying advantage into creative economic outcomes in the form of new ideas, new high-tech businesses and regional growth. Arts, culture and heritage provide the basis for people's work as well as leisure. The cultural sector is increasingly important to the economic and social development of communities, providing the core of community identity, addressing community issues in innovative ways, representing one's community to others, and contributing to the personal development, self-confidence, and direction of youth, and to those of all ages. The arts, culture and heritage sector is a key cornerstone in developing vibrant, attractive, resilient, competitive, and creative communities.

Cultural industry sectors are identified as those being markets services and products, which directly support the work of artists and cultural producers. Clusters of these services, that is businesses, industry, aligned services and infrastructure which proceeds beyond networking at arms length can be brought together to develop a strategic collaborative approach that brings improved profitability to each member's business and to the sector as a whole. Supporting means of production, marketing of overall initiatives, providing financial support for cultural producers increases the overall strength of the sectors.

Local Analysis

Hamilton has significant cultural assets, on par with or beyond similar in cities such as Windsor, London and others. These competitive markets have effectively levered their arts and cultural assets to spur economic development, through downtown revitalization (making their urban core a dynamic, creative hub for businesses and retail through a strong arts presence) and through visitation by residents and cultural tourists. There is a concern that Hamilton is lagging behind these competitive markets because it has not similarly levered its cultural resources as an economic engine. Very little research has been conducted on Hamilton Arts industries and its contribution to the local economy.

Hamilton is one of the largest immigrant receiving cities in Canada as well as a destination of choice for secondary migration. As the primary immigrant-receiving city, newly arrived immigrants are representing a diversity of cultures, languages and racial backgrounds. Many of these communities come from countries where arts and cultural are integrated into everyday life. The settlement of these communities here provides our region with an opportunity to present a “global market” oriented source of goods and services.

SWOT Analysis

Community cultural assessment is a community analysis of the cultural sector in a particular city or geographic area with specific outcome measurements. Usually this type of analysis assists in determining trends and markets in the cultural industries, but also can be used to identify “weaknesses” or “gaps” in the sector. These gaps can then be used to help define and build a community economic development plan. In the Hamilton market, an example of such a gap can be seen in the music sector. While Hamilton boasts of having many clubs, recording studios, performance spaces and a rich source of musicians, songwriters and performers, once they have performed and/or recorded, they must go outside of the area to have their CDs duplicated, mastered and packaged. This gap can be then seen as an opportunity for cultural industry development which can assist the sector overall and support new growth business. This same type of cultural assessment can be used in other cultural industry sectors as named above.

Cultural planning can also be a community wide fact finding and consensus building process where by cultural workers can help set the stage for economic development opportunities by directly engaging in the process. They can help identify resources, community needs and opportunities and assist with action plans and development plans.

Methods used in community cultural assessment can include:

- Literature review
- Surveys
- Case studies
- Plan analysis
- Interviews and focus groups
- Participant observation
- Town hall meetings for cultural workers

In Hamilton, feedback to the development of this report included the following SWOT Analysis:

Strengths

- Large, diverse group of Arts practitioners in Hamilton.
- Location in Southern Ontario – large audience draw
- Economically viable location for thriving arts community

Weaknesses

- Lack of recognition within own community
- Lack of adequate and consistent funds for the Arts
- Communication between and among arts groups is very weak.
- Too close to another major arts centre (Toronto)
- Lack of adequate economic information regarding the arts at a local level.

Opportunities

- Chance to develop a market in an easy to reach, inexpensive environment
- Large geographical area to draw new and retain audiences
- Concept of "Creative City" Hamilton rated on Bohemian Index[9]

Threats

- Anywhere near the GTA is threatened by size and quality of available work.
- Dwindling audiences as a direct result of lack of marketing
- Cuts from Arts Education
- Media more interested in "Pop" culture then the arts

Conclusions

In 1998, the City of Hamilton hosted "Downtown: A Marketplace for Ideas". This workshop was hosted and facilitated by Gianni Longo, of American Communities Partnership. The purpose of this day long workshop was:

> *To develop a shared downtown mission statement, identify and prioritize concrete next steps for implementation, and make recommendations on organization and funding"*

The report distributed amongst participants identified a number of strategies which involved the cultural sector. Two relevant findings to this report are:

1. Create a loan and investment fund to support cultural industries
2. Continue to build partnerships with private and public sectors developing all year programs instead of being limited to the summer months.

What we can conclude from this and the above analysis is that Hamilton can transform itself into a "Creative City", using its cultural economy as a tool for economic development. We are

[9] *The Rise of the Creative Class, Florida, page 283*

positioned geographically, historically and culturally to begin the steps necessary to support and grow this emerging cluster.

CLUSTER PLAN FOR CULTURAL INDUSTRIES

Vision:

The support of the infrastructure and the range of commercial activity can strengthen the position of Hamilton as a significant regional player in the North American cultural industries market. Our proximity to Toronto should be seen as a strength, and not a weakness, as seen in the recent surge of filming opportunities that are now being taken advantage of in our region.

We need to include the ways and means of how goods, services and expression happen and what "tools" are used by artists and cultural producers to create an infrastructure for economic development in the cultural industries. A strong collection of historic building stock, lower costs and proximity to transportation routes makes a city such as Hamilton ripe for development – we already have a strong arts community – the expansion of the cultural industries will only serve to increase market share and economic development.

Cluster Objectives:

To achieve its vision the City of Hamilton will:

- Secure investment in creative assets
- Identify, encourage and support cultural industry economic development initiatives – creating long term businesses which contribute to the economic base for the City of Hamilton
- Include the wide diversity of artist and cultural expression within the City

Short-Term Deliverables:

- ❑ Development of a Cultural Plan
- ❑ Identification of lead organization – include criteria for identification and community outreach plan with cultural interpreters
- ❑ Sector survey: existing and potential growth areas/Survey of sectors/Creative community survey
- ❑ Identify services available locally; Survey of current and developing governmental economic development, cultural and social investment plans, policies and programs
- ❑ Survey use of outside services
- ❑ Needs/gaps analysis
- ❑ Suggested areas of development
- ❑ Audience/tourism development and marketing plan to attract new industries and encourage growth to existing
- ❑ Economic Impact Study

Medium-Term Deliverables:

- Declaration of the year of culture: City wide initiative
- Implement a diversity statement around decision making and planning; create conflict of interest guidelines
- Development of Cultural Industries Policy for City of Hamilton
- Research and recommend a structure for economic development activity
- Support the creation of a loan/investment fund
- Support to housing and building needs for cultural producers
- Research and secure investment: through banking, public/private including Foundation support and BDBC support
- Identify community development opportunities
- Provide logistical and technical support to existing and new growth areas
- Create a cultural district to heighten the “intensification factor” of the cultural industry cluster
- Develop a tourism/marketing plan
- Assist with short term Management – centralized information network, communication, education and information exchange

Long-Term Deliverables:

- On going support/long term management to economic development department for cultural industries (Business Partner)
- Assist in the creation of a live/work designated arts area and investment opportunities
- Stable and adequate funding for the Cultural Sector.

Tourism

Non-Traditional Cluster

Introduction

Hamilton has tremendous potential to capitalize on tourism, due to its significant tourism product inventory and its location at the centre of Canada's largest tourism region. However, a well conceived plan is needed to position Hamilton in the tourism marketplace. The key elements to a plan include: research, analysis of current tourism assets, product and experience investment and development, staff and volunteer training as well as marketing.

Tourism can help the City of Hamilton deliver on its strategic objectives, specifically addressing: A City of growth and opportunity; A great City in which to live; and A City that spends wisely and invests strategically. Tourism is an important part of Hamilton's social and economic fabric. Annually, tourism generates over $162 million in economic impact, supports over $5 million in municipal taxes and employs over 3,000 people in hospitality related businesses in the Hamilton. However, the value of tourism goes beyond economics.

Whether traveling to visit friends and relatives, or attending conventions and sport events, or for leisure, tourists from other parts of Ontario, Canada and from around the world visit Hamilton. Visitors experience the city's tourism products such as attractions, culture, natural areas, festivals and events, restaurants as well as sport and entertainment venues. Tourism provides Hamilton with a connection to the world that strengthens and improves Hamilton's image, provides business opportunities and offers employment for our residents.

Definition

Tourism involves visits by persons living further than 40 kilometres from Hamilton. Travel motivation can include pleasure or business. Tourism businesses and organizations are defined as those that provide goods or services to tourists. Typically these include businesses and organizations in the eleven tourism sectors that are represented on the Tourism Hamilton Board of Directors: accommodations, agri-tourism enterprises, attractions, culture, food and beverage, conventions and special events, transportation, travel trade, tourism services, labour and sport and recreation.

Industry Structure

At the national level, tourism is guided by Industry Canada which is responsible for policy affecting the tourism industry. The Canadian Tourism Commission, a Crown corporation, acts as the country's tourism marketing agency and is responsible for branding Canada internationally. At the provincial level, the Ontario Ministry of Tourism and Recreation is responsible for tourism policy. The Ontario Tourism Marketing Partnership, an agency of the provincial government, is a public-private partnership established to act as Ontario's tourism marketing organization. Regionally, the Southern Ontario Tourism Organization is the tourism marketing agency for south and southwestern Ontario. In addition, there are numerous industry associations that work on behalf of tourism sector businesses.

Locally, tourism marketing is delivered by Tourism Hamilton. Hamilton City Council established Tourism Hamilton in 2002 as a public-private partnership to act as Hamilton's tourism marketing agency, or destination marketing organization. The organization is governed by a nineteen member Board of Directors, representing the local tourism industry. Tourism Hamilton provides a variety of services, including marketing, education and training as well as advocacy. Tourism Hamilton works closely with, and reports to, Hamilton City Council, through the Economic Development Department.

Tourism Hamilton, recognizing that its primary focus is marketing, realizes that it must work closely with the City's Economic Development Department and the local tourism industry to ensure strategic investments are made to maintain a healthy and vibrant tourism industry. The function of tourism development lies with the Economic Development Department and there is a close working relationship between Tourism Hamilton and the Economic Development Department. This working relationship ensures coordination between product development and marketing which, taken together, will create a vibrant tourism industry, specifically product development/investment and marketing.

Local Analysis

Market Potential:

In 2002, Ontario's tourism revenues were $18 billion, and over 345,000 Ontarians were employed in tourism-related jobs. The province receives the largest share of Canada's tourism market, approximately 38%, the majority of which is realized in Southern Ontario. Hamilton sits in the middle of Canada's largest tourism region, with the destinations of Niagara Falls and Toronto each receiving approximately 16 million visitors annually. However, Hamilton receives only 3.4 million visitors* per year. Growth opportunities are available if the right strategy is implemented.

Visitation to Hamilton in 2002 includes:

Trip Purpose	1998	1999	2000	2001	2002
Total Visits	3,126,965	3,354,006	2,956,575	3,333,749	3,452,407
Same Day	2,377,925	2,590,562	2,191,154	2,658,372	2,561,235
Overnight	749,039	763,443	765,421	675,376	891,171
Overnight Pleasure	118,830	145,802	188,588	122,220	152,430
Overnight VFR	470,605	482,916	444,309	418,799	582,998
Overnight	63,683	61,256	39,170	71,739	52,855

Source: Statistics Canada, Regional Tourism Profiles, Census Division 25, Hamilton-Wentworth Regional Municipality

Visitor Spending in Hamilton:

In 2002, same-day and overnight visitors spent $233,412,265 in Hamilton. Of this total, $155,464,454 was spent by overnight visitors to the city. The average per person spending for overnight visitors was approximately $60.

Economic Impact of Spending by Visitors:

Visitors spending in Hamilton generated $162,900,000 in direct, indirect and induced contributions to gross domestic product (GDP), $85,500,000 in wages and salaries and 3,068 part-time, full-time and seasonal jobs. Total taxes generated as a result of visitor spending reached $83,300,000, including $5,000,000 in municipal taxes.

Economic Impact of Tourism Receipts in Hamilton:

In 2002, Hamilton's tourism receipts reached $423,594,759. These receipts include visitor spending as well as transportation fares that Hamiltonians paid to carriers to take trips outside the city. These combined receipts generated $269,100,000 of GDP in Hamilton, $146,600,000 in wages and 4,446 jobs and $8,600,000 in municipal taxes.

Economic Impact of Ontario's Total Tourism Receipts:

When the entire $21.8 billion provincial tourism industry is taken into account, the impacts of tourism for Hamilton include: $321,700,000 of GDP, $179,200,000 in wages, 5,178 jobs and $10,700,000 in municipal taxes.

What has Hamilton been doing for Tourism?

Marketing:

Tourism Hamilton was officially incorporated on June 26, 2002. A nineteen member Board of Directors represents the local tourism industry and provide policy and governance direction to the organization. The Board created its first business plan in the Fall of 2002, covering the period 2003-2007. The plan was written with the input of the Board and local industry partners and with consideration of future tourism trends as researched by the Ontario Tourism Marketing Partnership and the Canadian Tourism Commission.

Tourism Hamilton's core business is to be the tourism marketing agency for the City of Hamilton, with a vision that **"Hamilton is a premier Ontario tourist destination by 2007"**. The organization's mission is **"To create, promote and deliver a positive tourism experience based on Hamilton's unique tourism products and innovative industry partnerships"**. In August 2002, Tourism Hamilton hosted strategy sessions with over 100 local tourism industry representatives. These sessions identified key issues. As a result, Tourism Hamilton will address the following key issues in its first five years:

i) Image of Hamilton as a tourist destination
ii) The quantity and quality of accommodations
iii) Communications – within and between the local tourism partners
iv) Tourism product development and infrastructure
v) Labour market development plan
vi) Increasing financial self-sufficiency of Tourism Hamilton
vii) Investment development plan

2002/2003 Accomplishments:

- Organization: Incorporated Tourism Hamilton as a not-for-profit organization (June, 2002) with a nineteen member Board of Directors
- Established first five year Business Plan (2003-2007)
- Implemented first Marketing Plan (2003)
- Created new tourism brand: hamiltonundiscovered.com
- Launched new web site and new marketing collateral
- Hosted three industry summits
- Supported large sport events, leveraging them to begin Hamilton's Sport Tourism Action Plan

Product Enhancement and Development: Current and Planned Capital expenditures in Hamilton's tourism industry

Locally, a number of new and proposed projects will support and expand Hamilton's tourism product. Hamilton's re-connection with its waterfront offers much opportunity. In 2004, the new Canada Marine Discovery Centre opened on Pier 8 and the HMCS Haida, having undergone a multi-million dollar retrofit, is now docked at Pier 9. These two new attractions will anchor the east side of Hamilton's West Harbourfront. The "Setting Sail" planning study for the development of the West Harbourfront also offers opportunities for tourism as well. The Hamilton Port Authority is assessing investment opportunities at Fisherman's Pier. These future developments will support recent improvements in waterfront parklands, bird sanctuaries on Eastport Drive and trail developments along Hamilton Harbour and Lake Ontario at Confederation Park and the lift bridge areas. Confederation Park will also see the development of the $2.4 million Lakeland Centre to complement the trail system, Wild Waterworks, Adventure Village and restaurants such as Baranga's.

In Downtown Hamilton, the redevelopment of the Art Gallery of Hamilton promises to highlight a cultural renewal for Hamilton. More linkages between Hamilton Place, Copps Coliseum, the Hamilton Convention Centre, Theatre Aquarius and the Art Gallery of Hamilton as well as other galleries and studios must be pursued both to attract visitors to Hamilton and to assist downtown renewal efforts. Staybridge Suites by Holiday Inn will open in the fall of 2004, marking the first new hotel in downtown Hamilton in over a decade. Re-investment continues at the Ramada Plaza Hotel, the Sheraton Hamilton, and Visitors Inn. New hotel developments have also been identified in Stoney Creek and Hamilton Mountain on Upper James and the Meadowlands area. Given the city's size, location and meeting venues in relation to our current inventory of rooms, there still remains great potential for additional hotel investment in Hamilton.

Other key attractions are also investing in capital improvements or planning expansions. The African Lion Safari celebrates its 35th anniversary in 2004 with a $3 million capital re-investment, and Dundurn Castle is proceeding with its landscape renewal project. Royal Botanical Gardens will also be undergoing a re-visioning exercise, including renewal and expansion programs over the next five to eight years. Expansion plans are also being considered for Flamboro Downs. E.D. Smith Farms has recently expanded its agri-tourism business and opened a new visitor centre that includes the Niagara Institute. Additional opportunities to leverage Hamilton's natural assets, including the Bruce Trail, should be investigated. One key project that could support this is the Giant's Rib Discovery Centre.

The John C. Munro Hamilton International Airport continues to play a significant role in expanding access to Hamilton for our visitors. The addition of CanJet Airlines in 2004, along with WestJet Airlines, and the continued efforts of Hamilton International to secure additional domestic and international carriers and charters, offers tremendous potential for Hamilton and our tourism businesses.

In 2004, Hamilton has begun to assess its tourism industry, by undertaking a Product Inventory initiative using the provincially developed “Premier-ranked Tourist Destination Framework”. Once completed in early 2005, the key next step will involve developing a tourism strategy for Hamilton that complements the new Ontario tourism strategy. It will also be important to coordinate the tourism strategy with the other clusters in the Economic Development Strategy as well as other developments taking place in Hamilton. Key stakeholders in this process include:

- Private and public tourism operators, represented by the Board of Directors of Tourism Hamilton
- City of Hamilton
- Hamilton Port Authority
- Hamilton Conservation Authority
- Chambers of Commerce
- Ontario Ministry of Tourism and Recreation
- Ontario Ministry of Economic Development and Trade
- Government of Canada, Industry Canada
- Canadian Tourism Commission
- Neighbouring municipalities in the Golden Horseshoe, including Niagara, Burlington and Brantford

The tourism strategy should include the following key elements:

- Research study to assess visitor demands and product preferences in relation to Hamilton’s tourism product offerings;
- Recognition of tourism in Hamilton’s new Official Plan to assist with developing Hamilton as a destination, including infrastructure support;
- Accommodation investment strategy, specifically to attract one to two new full-service downtown hotels and attract an investor for the Royal Connaught property. Examine feasibility of extending financial incentive programs to include accommodation properties. Coordinate efforts with the Downtown Renewal Office;
- Transportation infrastructure, specifically to work with Hamilton International on airport improvements and passenger carrier “retention and recruitment” strategies, to secure VIA rail service to Hamilton, and plan for gateway centres to draw visitors from the main highways. Coordinate efforts with Mayor’s Office and Downtown Renewal;
- Attractions development, specifically focus efforts on West Harbour development, Fisherman’s Pier, Confederation Park and downtown (leveraging re-development of the Art Gallery of Hamilton as well as downtown entertainment venues such as HECFI and Theatre Aquarius). Coordinate efforts with Hamilton Port Authority, Hamilton Waterfront Trust, City’s

Planning Division, Hamilton Conservation Authority, Art Gallery of Hamilton, Theatre Aquarius and HECFI;

- Product Experiences: enhance and develop experiences based on the following:
  - Festivals and events strategy. Coordinate efforts with City's Cultural Services and the Hamilton Festivals Network. (2005)
  - Cultural tourism plan, including leveraging opportunities with the existing cultural products, particularly the redevelopment of the Art Gallery of Hamilton. Coordinate efforts with Art Gallery of Hamilton and City's Cultural Services. (2005-2006)
  - Outdoor tourism plan, including leveraging opportunities around the West Harbour plans, RBG expansion and agri-tourism opportunities. Coordinate efforts with City's Planning Division, Royal Botanical Gardens, Hamilton Conservation Authority and private farming community. (2007-2008)

Ontario's Tourism Industry

The Ontario Ministry of Tourism and Recreation released its new provincial tourism strategy in June of 2004. The strategy will help to focus on-going efforts to revitalize Ontario's tourism sector in the short-term and provide government and industry with a common framework for long-term growth. The strategy comprises five directions:

- Embracing a Visitor First Philosophy
- Developing Destinations and Experiences
- Recognizing the Importance of Tourism
- Strengthening Strategic Marketing
- "All of Government" Approach

The Strategy also identifies five enablers to building a strong and sustainable tourism industry: infrastructure, market intelligence, tourism investment, information technology and business skills development.

The Ontario government also established the Investment Development Office (IDO) within the Ministry of Tourism and Recreation in 2002. The mandate of IDO is to link investors with tourism opportunities in the province. IDO also provides municipalities and tourism businesses with a variety of tools, including research and investment opportunities, so that they can make more informed business and investment plans.

Although Ontario receives the largest share of Canada's tourism traffic, the province's market share has been decreasing over the past few years. Despite the fact that the year 2003 brought tremendous media attention to the tourism industry as a result of the effects of SARS and mad cow disease, tourism traffic and receipts have been on a decline for a number of years in Ontario. As well, a number of other provinces, notably British Columbia, Alberta, Quebec and the Maritimes have been aggressively positioning their provinces for tourism growth. There will be tremendous capital investments in tourism and a marketing focus on British Columbia over the next seven years leading up to the 2010 Vancouver-Whistler Olympic Games. While this is good news for branding Canada and the west, there will be pressure on other regions of the country to put strategies in place to share in the tourism opportunities.

Canada's Tourism Industry

Canada ranks 7th among the world's most popular destinations and ranks 8th in international tourism receipts. In 2001, tourism was Canada's 4th largest export industry and Canada's 11th largest industry overall, employing over 580,000 workers directly and sustaining over 159,000 businesses. Almost 90% of tourism businesses are small enterprises, with fewer than 20 employees.

Globally, tourism is now the world's largest industry. As a result, a number of countries are investing in tourism. This intense competition, especially from such emerging as Eastern Europe, China and India will put increasing pressure on Canada to continue to invest in product renewal and marketing.

Hamilton's Strengths

- Geography: situated between a Great Lake and Niagara Escarpment (unique eco-system)
- Location: positioned in the centre of the Golden Horseshoe and the largest tourism region in Canada
- Variety of tourism products and experiences
- Leading university and college
- Intense urban environment surrounded by large rural areas
- Rich history
- Unique heritage and urban design
- Natural areas and moderate climate
- Transportation links internally and externally, including a growing airport and anchor domestic airline
- Costs of doing business - value for money
- New city/industry focus and support for tourism development
- Full range of media at local level
- Industry partnerships already developed
- Climate versus the rest of Canada

Weaknesses

- Image of the city
- Communications - fragmented tourism industry
- Historical lack of long-term vision for tourism
- Low budgets for tourism marketing for partners
- Historical lack of community awareness of tourism
- Accommodations - lack of quality rooms (no four or five star hotels, spa hotels) and low quantity of rooms (inventory of approximately 1,450 rooms)
- Lack of consistent evening entertainment
- Lack of scheduled tours of and to Hamilton's attractions
- Small corporate base - challenge to get corporate sponsors/partners

- Lack of accurate and consistent information about existing tourism businesses to share with others and base business decisions upon (up to date quantifiable and qualifiable inventory)

Opportunities

- Need to create a sense of community pride and ownership
- Need to develop a sports tourism action plan
- Potential for architectural tourism, heritage tourism and vibrant urban districts
- Maintain and train qualified and motivated staff
- Develop a strong brand for tourism
- Educate the local residents on the importance and benefits of tourism
- Media relations
- Leverage West Harbour Development; redevelopment Art Gallery of Hamilton; post-secondary education institutions, in particular McMaster university, Mohawk College and Redeemer University College

Threats

- Competition: other Ontario destinations are investing in tourism infrastructure and product development, most notably Niagara Falls and Toronto. Vancouver and British Columbia with hosting the Olympics in Vancouver 2010 will also be the focus of tourism marketing
- Human Resources – potential lack of qualified workers for the tourism industry
- Price wars – depending on market conditions, destinations may compete on price
- Geo-political conditions: affect travel intentions, specifically concerns about terrorism and conflicts
- Global health conditions - concerns for personal health affect travel decisions and travel patterns (ex. SARS, Avian Flu)

Cluster Plan for Tourism

Vision

The vision for tourism as articulated in the Tourism Hamilton Business Plan is that "Hamilton is a premier Ontario destination by 2007".

Cluster Plan Objectives

The primary objective of the tourism cluster is to grow and improve Hamilton's tourism industry, based on effective research, to provide the right direction for product investment and development decisions as well as marketing plans. Additional objectives of the tourism cluster include supporting the branding efforts for Hamilton, assisting downtown renewal plans, supporting West Harbour developments and supporting Hamilton's cultural, sport and outdoor sectors.

Short-Term Deliverables:

- Implement final three years of Tourism Hamilton's first Business Plan. Coordinate implementation through the Tourism Hamilton Board of Directors (2003-2007)
- Complete the sport tourism action plan. Coordinate implementation through the proposed Sport Tourism Advisory Committee (2004-2005)
- Research, assess and analyze current tourism assets, using the provincially developed "Premier ranked Tourist Destination Framework" (Product Inventory) (2004-2005). This is the key research component to provide baseline information on Hamilton's tourism industry. After completion of the Product Inventory, the following projects can be undertaken:
  - Tourism Strategy, that would guide all tourism plans, specifically investments and infrastructure needs as well as product enhancement and development (2005-2007
  - Tourism Visitor Services Plan (2005-2006)
  - Communications Plan (2005)
  - Second Business Plan for Tourism Hamilton (2007)

Long-Term Deliverables:

- Work with private sector operators to develop new visitor information centres, or gateways on the major transportation corridors/gateways (ex. QEW, 403, Airport) (2007-2008)
- Host a large multi-sport international games (2014 or beyond)

Downtown Hamilton

Building on Legacies and Planning for Futures

Introduction

The health of the downtown is vitally important to the identity that the City as a whole draws from the area. Enhancing this identity will serve to create a more vibrant community and ultimately a better downtown.

A five-point plan has been developed, which strategically identifies key opportunities for redevelopment within the downtown and addresses the major issues that currently affect the area. This report also proposes specific short and long-term initiatives that merit investigation for the downtown.

A Five Point Plan:

1. **Putting People First: Land Use and Transportation Plans**
2. **Infrastructure and Capital Investments**
3. **Communication Strategy**
4. **Incentive Programs**
5. **Environment**

1. Putting People First: Land Use and Transportation Plans

The Hamilton Downtown Land Use Plan
The Hamilton Downtown Land Use Plan represents a formal plan for the Core, forming part of the Official Plan for the City of Hamilton. Designed to foster a dynamic mix of urban residential, commercial and institutional activities across the Downtown, the Plan is a map to follow in relation to the implementation of a land use vision for the Downtown.

The Land Use Plan has two important functions. First, it presents the community's vision for the future of the downtown to guide public and private decision-making. Second, the plan indicates what the City's priorities will be for publicly funded initiatives within the Downtown. In effect, the Plan serves as a reinvestment strategy that will assist Council and the Administration in preparing annual budgets and improvement programs.

The Land Use Plan represents a departure from a traditional approach to plans. To ensure a consistent approach to Downtown revitalization, the following six principles were established so that initiatives and proposals could be effectively measured:

- Use public realm improvements as the catalyst for revitalization;
- Strengthen the connectivity between neighborhoods, the Waterfront,
- Escarpment and other surrounding attractions and features;
- Make downtown living attractive;
- Build on existing strengths;

- Recognize the value of modest improvements and changes;
- Pursue a limited number of carefully designed and executed major projects.

Thematically, the Land Use Plan policies are grouped into five areas:

- Respecting design and heritage;
- Carving out a distinct economic role;
- Creating quality residential neighborhoods;
- Enhancing Streets and public spaces;
- Establishing a new system for planning approvals.

The Hamilton Downtown Transportation Master Plan

The Downtown Transportation Plan is the companion document to the Downtown Land Use Plan. The Downtown Transportation Master Plan recognizes that downtown Hamilton has an extensive, well-connected street system with a number of wide one-way streets. These wide streets and one-way traffic flow promote a system in which the streets operate at a high level of service throughout the day. Within the downtown there is an abundance of long-term commuter (all day) parking, mostly located in surface parking lots on the periphery of the downtown core. Parking rates favour long-term over short-term parking (shopping/business).

The Transportation Master Plan is a key piece in the ongoing revitalization of Hamilton's Downtown. The Master Plan will guide transportation growth and planning in the Downtown over the next twenty years. The master plan serves as both a blueprint for transportation strategies and the basis upon which capital improvements will be made over the twenty year period. This master plan serves as a companion piece to the secondary plan.

Some of the goals of the plan include the diversion of through traffic and truck traffic to alternative routes around the downtown core; a greater priority for pedestrians, public transit and bicycles on the streets downtown; and parking policies that favour short-term parking over long-term parking. Some of the recent projects that have resulted from the approval of this plan include the conversion of portions of John, James and Caroline one-way streets to two-way streets and the commencement of a parking study.

2. Prioritizing Infrastructure and Capital Investments in the Downtown

Continuous improvement of existing urban infrastructure, and planning to accommodate future infrastructure must be carried out in concert with the implementation of the Downtown Hamilton Secondary Plan. Major capital investments within the Downtown need to be considered in the context of the Secondary Plan with key consideration levied against issues of timing and community need.

3. Communication Strategy

Communicating benefits to stakeholders, building strategic partnerships through education and information sharing, and facilitation of information requests represent ongoing initiatives as part of the communication strategy for the Downtown. Opportunities within Downtown Hamilton to forge such partnerships with the Chamber of Commerce, the Home Builders Association, BIAs, HABIA, ICI Realtors, stakeholders and interest groups alike need to be exhaustively explored. The need to actively and purposefully promote the downtown as a viable commercial entity and to advocate it, as a people place, requires concerted effort to ensure success.

4. Delivery of Targeted Financial Incentive Programs to Assist Businesses and the Development Industry

Several financial incentive programs have evolved over time in relation to specific needs. It should be recognized that issues continually evolve, opportunities are regularly created and that the downtown as an entity is continually changing. Seizing opportunities to develop new programs for financial assistance, demonstrating a need or a requirement to provide financial assistance in innovative ways is critical for the success of many redevelopment initiatives.

Many initiatives contemplated by the implementation of the Secondary Plan target issues relating to the development of additional residential units, opportunities for development of vacant sites within the downtown, commercial façade improvements and the waiving of development charges as part of the incentive process. Each program targets a specific set of needs. Care however must be given to ensure that such programs are complementary and are not exclusive of the benefits proposed by other programs.

Currently, the Downtown Renewal Division administers the following programs which target specific needs not only within the downtown, but also within the City's Business Improvement Areas:

(i) Hamilton Downtown Residential Loan Program

The Hamilton Downtown Residential Loan Program was developed with the intention to provide financial assistance for converting existing commercial space into apartments or renovations to bring existing apartments into compliance with the Property Standards By-law and Fire Code. The program is also intended to provide assistance for the costs of creating new residential units on vacant land. Under the terms of the program, loans are interest free for a maximum of five years. Principal is repayable in annual amounts of ten percent (10%), in 12 equal monthly payments, of the original loan amount. Payments will commence one year following completion of construction. The balance outstanding will be paid by a balloon payment at the end of the five year term. The loan is calculated on the basis of up to $20 per square foot of habitable floor space.

(ii) Commercial Property Improvement Grant Program

The Commercial Property Improvement Grant Program is designed to provide financial assistance to commercial property owners and owner-authorized tenants within the existing 11 City wide Business Improvement Areas. Currently there are three Business Improvement Areas located within the Downtown. The program provides financial assistance through annual grants, for the improvement of facades and entrance features of numerous commercial properties.

(iii) Municipal Realty Tax Incentive Grant Program

The intent of the Enterprise Zone Municipal Realty Tax Incentive Grant Program is to provide an economic catalyst for developing, redeveloping or renovating residential/commercial lands and buildings located within the Enterprise Zone. The Enterprise Zone is defined as the Downtown Hamilton Community Improvement Project Area (as such boundaries are presently defined).

This program authorizes for each approved grant application, a nine year grant, the amount of which is subject to Council approval, in an amount not exceeding the increase in municipal realty taxes as a direct result of the development/redevelopment of the land and/or building. The grant which may be approved by Council shall be an amount which does not exceed 100% of the municipal realty tax increase during the first 5 years, 80% in year 6, 60% in year 7, 40% in year 8, and 20% in year 9. The grant would reduce the effect of an increase in municipal (City portion only) realty taxes attributable to the differential between the pre-renovation assessment and the post-renovation assessment.

5. Creating the Ideal Environment

The major foundation of which the Downtown Hamilton Secondary Plan was developed, “Putting People First”, embodies many of the issues and concerns which need to be addressed as part of a comprehensive strategy to revitalize the downtown. Economically, socially and perceptually, amenities need to be created to attract, and ultimately maintain interest within the downtown as a people friendly place.

Enhancing the physical environment can be as easy as implementing streetscape improvements, developing or assisting in the preparation of master planning exercises for specific areas, or assisting the development industry in the preservation of heritage and architectural elements.

The social environment has in the past played a vital role in the success of the downtown as a place for social gathering. Past programming for events and downtown related festivals have been well attended and extremely successful. Opportunities to build upon these successes need to be identified if the downtown is to regain its prominence as a place of social gathering. Creating an opportunity to visit the downtown for an event compliments and supports the initiatives of creating a healthy and economically viable downtown. The establishment of a McMaster University presence in the downtown core has had a positive impact on the downtown environment.

On a perceptual level, creating a downtown which is safe, perceived as safe, and is a comfortable and clean environment is a much more difficult undertaking. The City of Hamilton through the creation of a task force called “the Downtown Cleanliness and Security Task Force” has recently committed to developing a strategy to improve and enhance public safety and the cleanliness (garbage, debris, property standards and graffiti problems) within the downtown. Identifying factors, which contribute to a sense of safety, need to be identified, and a detailed set of actions regarding these issues needs to be implemented. Safety and cleanliness needs to be addressed in the same way that issues in the downtown need to be addressed.

SWOT Analysis for the Downtown

Strengths

- Potential conversion of underutilized buildings into lofts or condominiums
- Opportunity to revitalize (and reinvest) in neighbourhoods through street improvements and pedestrian amenities.
- Downtown is a place where alternative modes of transportation such as walking, cycling or public transit use are encouraged.
- Entertainment complexes that attract world-renowned performer and acts

- Financial incentive programs to encourage the development of underutilized or vacant properties.
- Low priced properties coupled with attractive lending options.
- McMaster University's downtown campus that offers continuing education programs.
- Proximity to institutions of higher learning
- Vibrant arts and cultural community

Weaknesses

- Perception of crime and uncleanliness
- No large anchor stores to help attract people to shop in the downtown and encourage the development of other retail shops.
- Low percentage of available Class A office space and an abundance of Class B, C and D office space.
- Shortage of Hotels for out of town guests
- Lack of existing green space and community parks

Opportunities

- Change the retail appearance of Jackson Square and the City Centre by opening shops onto James St. N
- Slow traffic on downtown streets through traffic calming strategies to make the streets more pedestrian and cycle-friendly
- Call Centres locating in the downtown due to availability of office space and an affordable workforce within the area
- Promotion of entertainment and convention trade
- Ongoing City Council support for program and policy development within the Downtown

Threats

- Vacant street frontages along arterial streets (i.e. James St. N)
- Lack of basic services and amenities (i.e. Grocery and Hardware stores)
- Lengthy list of streets that need improvements which will take a substantial period of time to complete

Short-Term Strategies

- ❑ Establish a Capital Development Corporation for the Downtown.
- ❑ Complete the Zoning By-law and the Development Permit System for the Downtown.
- ❑ Establishment of a Downtown 'Ambassadors' program
- ❑ Address downtown parking strategies including opportunities for consolidation of city lots into parking structure
- ❑ Ensure loan commitments to successful residential development proponents

Long-Term Strategies

- Continue to promote new housing as a cornerstone for downtown renewal
- Create great public streets based on the streets master plan prepared for downtown streets through public works projects
- Strengthen linkages between downtown and the harbour and Escarpment
- Create a significant new urban public space to benefit the residents
- Attract knowledge based businesses to the downtown, e.g. Finance, legal etc.
- Approach higher centres of learning to locate campuses downtown as well as associated student housing

Brownfield Redevelopment

Economic Development Tool

Overview

What Are Brownfields?

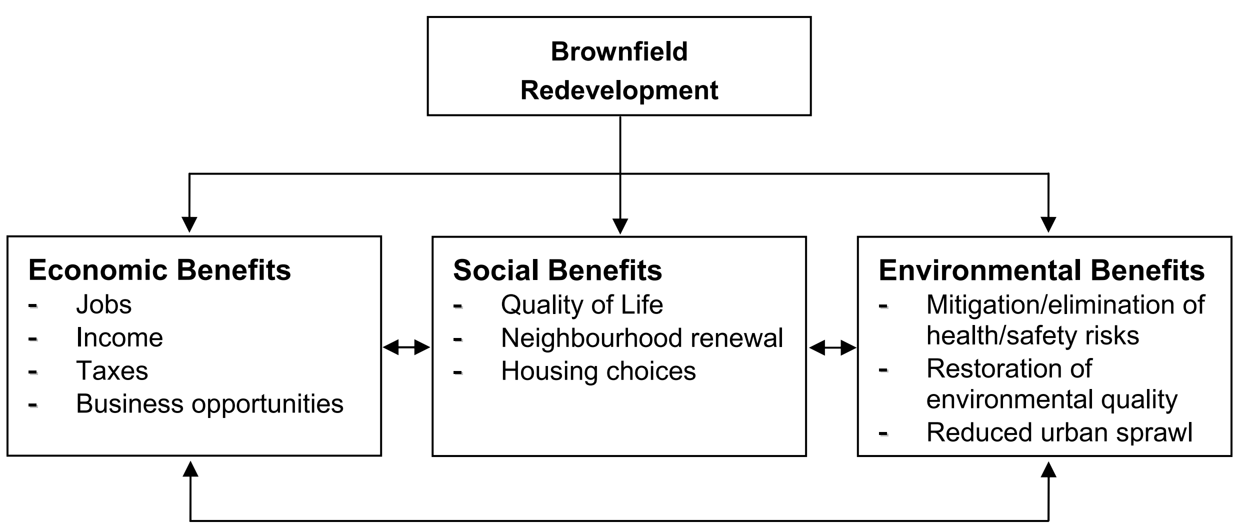
"Brownfields" are defined here as abandoned, idled or underused industrial or commercial properties in built-up urban areas where expansion or redevelopment is complicated by real or perceived environmental contamination, building deterioration/obsolescence, and/or inadequate infrastructure. The terms "brownfield redevelopment" refers to the environmental remediation, rehabilitation and development of brownfields.

The City of Hamilton is one of the oldest and most heavily industrialized cities in Canada. The physical legacy of this rich industrial heritage includes a large number of brownfields in Hamilton's older industrial areas, downtown, and throughout the urbanized area. The redevelopment of brownfield sites both in Hamilton's older industrial areas and across the City represents an opportunity to accommodate some of the demand for employment lands as well as residential development.

Benefits of Brownfield Redevelopment

Brownfield redevelopment results in a myriad of economic, environmental and social benefits. Figure 1 below summarizes the benefits of brownfield development and the interrelationship between these benefits. For example, the economic benefits resulting from brownfield development, such as increased incomes and property tax revenues can contribute to social benefits such as neighbourhood stability and quality of life. Therefore, it is important for the City of Hamilton to offer financial incentive programs that result in an increase in brownfield development as this will translate into economic, environmental and social benefits.

Figure 1 Benefits of Brownfield Redevelopment



Source: Regional Analytics, 2002, Figure 2, p. 7.

Promoting Brownfield Redevelopment in Hamilton

The Environmental Remediation and Site Enhancement (Erase) CIP was adopted by City Council in April of 2001 and approved by the Minister of Municipal Affairs and Housing in August of 2001. The Erase CIP (2001) applies to the older industrial area of Hamilton (approximately 3,400 acres).

Since the Erase CIP (2001) was approved, several property owners have received Erase Environmental Study Grants to conduct Phase II and III ESA's. Several of these studies have led to brownfield sites being redeveloped. Five (5) projects have been approved for Erase Redevelopment Grants and one (1) project has been approved for a pilot project grant under the Municipal Property Acquisition, Investment, and Partnership Program. Of these six projects, three are complete and a fourth is under construction.

The six projects were awarded a total of approximately $2,500,000 in ERASE Redevelopment Grant funding. Once the six projects are complete, this will result in:

a) total construction expenditures in excess of $63,000,000;
b) remediation and redevelopment of 27 acres of formally vacant and underutilized brownfields;
c) construction and refurbishment of over 300,000 sq.ft. of industrial/commercial space;
d) construction of 93 new residential units;
e) 100 new full time jobs; and,
f) an increase in long-term annual property tax revenues of approximately $1,000,000.

In less than three years, the Erase CIP (2001) has proven very successful in providing the financial tools needed to promote the remediation and redevelopment of brownfield sites in the older industrial area of Hamilton.

ERASER Community Improvement Plan

The incentive programs in the Erase CIP (2001) are now in the process of being improved and expanded to cover the entire urban area of the City. The new ERASER CIP, once adopted by Council and approved by the Province, will allow the City to promote redevelopment on brownfield sites across the City. The ERASER CIP contains the programs summarized in Figure 2. The City will continue to pursue pilot projects to showcase innovative brownfield redevelopment approaches and technologies. The legal agreements used to administer ERASER programs will also be simplified.

The City of Hamilton is also pursuing several other programs to promote brownfield redevelopment. First, in response to the Brownfields Statute Law Amendment Act, the City of Hamilton was one of the first municipalities in Ontario to adopt a policy on the treatment of potentially contaminated properties that fail tax sale. This policy has allowed the City to conduct tax sales on brownfield properties and issue requests for proposals (RFP's) for the cleanup and redevelopment of these properties. This policy has resulted in several abandoned properties being returned to productive economic use and an increase in tax arrears being paid off. This policy will be fine tuned in late 2004. The City is also proposing a brownfield development charges reduction program which would allow developers who are participating in the ERASER Redevelopment Grant Program to reduce development charges payable by the amount of remediation expenses.

Finally, the City is involved in discussions to establish an Ontario Brownfield Association associated with the U.S. based National Brownfield Association. The City of Hamilton would be represented on the Ontario Brownfield Association.

Figure 2 Summary of ERASER CIP Programs

	PROGRAM	PROGRAM DESCRIPTION	DURATION
8.1	ERASER Study Grant Program (SGP)	Grants for 50% of cost of Phase II and Phase III environmental site assessments (ESAs), up to $15,000 per study and $20,000 total per property/project	Five (5) years from introduction*
8.2	ERASER Redevelopment Grant Program (RGP)	Grants to property owners who undertake redevelopment. “Pay-as-you-go” grants equal to 80% of increase in municipal portion of property taxes for up to 10 years	Ten (10) years from introduction*. Grants paid out for up to ten (10) years.
8.3	ERASER Tax Assistance Program (TAP[1])	Tax assistance to a property in the form of a freeze or cancellation of part or all of the taxes levied on that property for municipal and school purposes during the rehabilitation and development period.	Ten (10) years from introduction*.
8.4	ERASER Municipal Acquisition and Partnership Program (MAPP)	Marketing program to market the ERASER incentive programs and key redevelopment opportunities to the development and real estate industry.	Ongoing as needed*.
8.5	ERASER Marketing and Opportunities Program (MOP)	Acquisition and redevelopment of key strategic properties by City. Partnership in public/private sector remediation and redevelopment initiatives.	Concurrent with the RGP (8.2)*.

** Subject to availability of funding as approved by Council.*

[1] *The exercise of any authority by the City of Hamilton under Section 365.1 of the Municipal Act including the provision of tax assistance under a Tax Assistance Program (TAP) will not apply until Section 365.1 of the Municipal Act is proclaimed by the Lieutenant Governor*

Conclusion

The ERASER CIP and complimentary programs provide an economic tool that will help the City to accomplish its economic goals, environmental and social across the entire urban area. These goals include:

- providing land to meet demand for employment and residential land;
- increasing tax assessment and revenues in the long-run for the municipality and the Province;
- creating employment opportunities;
- utilizing existing infrastructure, resulting in a reduction of urban sprawl and its related costs;
- contributing toward the revitalization of particular areas and neighbourhoods; and,
- restoring the environment in these neighbourhoods, which will in turn, remove threats to the health of workers and residents.

With the ERASER CIP, brownfield redevelopment is a potentially powerful external driver that the City can and should use to help accomplish its economic and planning goals.

Short-Term Deliverables

- Adopted and approved ERASER CIP
- Revised ERASER Redevelopment Agreements
- Fine-tune tax arrears cancellation policy
- One or more new brownfield pilot projects
- Participation in Ontario Brownfield Association

Growth Related Integrated Development Strategy (GRIDS)

Economic Development Tool

In 2003, Council adopted the study design for the City of Hamilton's urban growth strategy, which is known as the Growth Related Integrated Development Strategy (GRIDS). GRIDS is a planning process designed to identify an economic development strategy, broad land use structure, associated infrastructure improvements, and financial implications for the growth options for the City of Hamilton. A preferred development option will be prepared and presented to Council. This option will be designed to accommodate projected population, household and employment growth while achieving a balance among social, economic and environmental considerations.

As shown in Figure 1, there are four (4) phases to the GRIDS project:

1. Strategic Phase;
2. Background Studies Phase;
3. Evaluation Phase; and,
4. Master Plan Documentation Phase.

The Strategic phase was completed in September of 2003 with the adoption of the GRIDS Study design by Council. The Background Studies Phase is presently underway and is comprised of joint initiatives and studies by all City-Departments. Approximately 40 background studies were identified in the GRIDS study design, and the integration of these studies is an important component of the GRIDS process. For example, the direction specified in this Economic Development Strategy will feed into and influence the GRIDS process and specifically the development options to be evaluated. Population and household projections have implications for the development of the infrastructure master plans and the identification of growth opportunity areas. The actual physical design of neighbourhoods and employments areas has implications for the health and well-being of residents and workers alike. Public health considerations must be incorporated into land use and transportation planning decisions.

Figure 1 GRIDS Deliverables

Deliverable	Completion Date
Phase 1 – Building a Strong Foundation	Completed
Evaluation Criteria	Spring 2004
Summary of Background Studies	Summer 2004
Long List of Development Options	Fall 2004
Short List of Development Options	Winter 2005
Preferred Development Option	Summer 2005

To assess the growth options that will be developed, triple bottom line (TBL) will be used as the evaluation tool for the GRIDS process. TBL will help to ensure incorporation of sustainability principles in the evaluation of growth options by utilizing a multi-criteria evaluation framework that balances social, economic and environmental indicators. To facilitate the development of the TBL tool, an external steering team has been established comprised of representatives of the business community, social and health sector and the environmental community. It is anticipated that the TBL tool will be finalized by mid-summer, 2004 for the purpose of evaluating the different growth options.

In order for staff to proceed with the background studies and subsequent phases, Council will be asked to adopt population, household and employment forecasts. The adoption of these forecasts is necessary for the purpose of developing the long list of development options (i.e. alternative growth scenarios and associated urban land budgets) that will utilize a balanced economic, environmental and social approach to growth - related development. The long list of growth scenarios will then be subject to further investigation and analysis through public consultation, and ultimately, a preferred development option will be presented to Council. An internal staff technical committee is guiding the preparation of the background studies, development options and evaluation of these options to arrive at a preferred development option. The Economic Development Department is represented on this committee.

Short-Term Deliverables for GRIDS Process

- Option Evaluation Criteria
- Summary of Background Studies
- Long List of Development Options
- Short List of Development Options
- Preferred Development Option

Small Business Enterprise Centre

Economic Development Tool

Definition: Small Business in Ontario

Small business is the backbone of Ontario's economy. Between 1994 and 1998, firms with less than 50 employees created an estimated 80% of the net new jobs in Canada[11]. About 98% of Ontario's 312,000 business establishments employ less than 100 employees. Further, about 57% (177,000 companies) employ less than five people. It is also significant to note that, every year, Ontario entrepreneurs register more than 100,000 new businesses[12].

Major Trends and Issues

The CIBC World Markets *'Canadian Small Business-A Growing Force'* September 2003 provided the following:

- Over the past few years the small business sector has shown an unprecedented resiliency in the face of difficult conditions. During the economic slowdown of 2001 small business activity outpaced the rest of the economy and in 2002 small firms were first to capitalize on the improvement in economic conditions
- ***From December 2001-December 2002, Hamilton was fifth in small business growth by major cities in Canada***
- Beyond the cyclical swings in small business activity, there are many reasons to believe that the Canadian small business sector is on a sold path of expansion. These factors include: the structural shift to a strong culture of individualism and self-betterment; the role of technology in driving the transition from boardrooms to basements; the more global and inter-connected markets that require greater specialization, flexibility and speed; as well as business friendly demographic forces
- It is projected that by the end of the decade, one in five Canadians will be his/her own boss
- It is identified that Ontario and Alberta will be the small business powerhouses in the coming five years

'2004 Federal Budget Speech-Information Release'

- "Canada's small-and medium-sized businesses remain the key engines of Canadian growth, taking risks, seizing opportunities and creating jobs. To encourage their further growth and development, this budget will take action on a number of fronts".

Support Services for Small Businesses in Ontario

Small business is the most volatile segment of our economy. Starting a business can be tough, survival takes knowledge, skills and networks. The Ontario government operates a network of Small Business Enterprise Centres (SBECs) in 43 communities across Ontario where their mandate is to:

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[11] *Ministry of Finance*
[12] *MCCR – Consumer and Business Services*

- Promote and encourage entrepreneurship as a viable career option - including development of entrepreneurial skills, qualities and opportunities for Ontario's youth
- Assist new entrepreneurs in the evaluation and process of business start-up
- Provide stability and early-stage growth support to existing small businesses (less than 5 years in operation and less than 10 employees) and improve the success rate

By The Numbers 2002-2003 across the 'Small Business Enterprise Centre' Network

General Inquiries:	241,980
Web-Based Client Contacts:	810,250
Consultations:	
new	18,488
repeat	4,561
total	23,049
Professional Consultations:	1,251
Seminars/Workshops:	1,588
with a total attendance of	27,769
Outreach/Networking Activities:	2,163
with a total attendance of	112,902

By The Numbers 2002-2003 City of Hamilton's 'Small Business Enterprise Centre'

General Inquiries:	9,070
Web-Based Client Contacts:	25,750
Consultations:	
new	550
repeat	175
total	725
Professional Consultations:	72
Seminars/Workshops:	73
with a total attendance of	961
Outreach/Networking Activities:	87
with a total attendance of	4581

City of Hamilton's SBEC Partnerships

Managed by the Economic Development Department and in partnership with:

Ministry of Economic Development & Trade (Ontario)
Canada-Ontario Business Service Centre (industry Canada)
Hewlett Packard
RBC, Royal Bank
Business Development Bank of Canada
PricewaterhouseCoopers LLP
Simpson, Wigle LLP
Hamilton Chamber of Commerce
Hamilton Junior Chamber of Commerce
Teletron Communications Inc.

City of Hamilton's SBEC Program Defined

The Small Business Enterprise Centre provides information resources, consulting services, training programs and a mentoring program at the SBEC location in Jackson Square downtown Hamilton. The goal of the Centre is to provide a "one-stop shop" for the business owner and entrepreneur. The core services of the Centre can be grouped under the following headings:

- Resource Centre
- Consultation Services
- Mentor Services
- Networking Events
- Training Programs
- Youth Programs
- Outreach

<u>Resource Centre:</u>

The Centre offers more than 40 hours/week of day access to the following reference material relating to small business:

- Business databases, directories and statistical information
- '*Hamilton Business Directory'*
- Computers with Internet access and business applications software
- Canada Ontario Business Service Centre Information (COBSC)*
- Computerized Business Registrations
- Government publications
- Small business-related publications for sale
- Videotapes and audio cassettes
- Knowledgeable staff

** The Canada-Ontario Business Service Centre provides comprehensive information on federal and provincial government services, programs and regulations. As a partner in the Centre they have agreed to provide reference materials and funding for additional programming support.*

Consultation Services:

There is an overwhelming demand for access to advice in all stages of business development. Small business start-ups and currently operating businesses ranked access to advice as the most important service. The consultation and advisory services of the Centre begin with its support staff being well versed in general business information. Detailed business information is available through a *free consultation service* with trained staff professionals. These consultants dedicate one hour per client to review and critique business plans and deal with business issues.

In order to service small businesses throughout the New City of Hamilton, SBEC staff is available at each *Municipal Service Centre (MSC)*. Again, the MSC's are: Dundas, Ancaster, Flamborough, Stoney Creek and Glanbrook. Clients can call 905-546-CITY and schedule an appointment directly with the MSC to meet with one of our consultants.

Mentor Services:

Should the client require more assistance, additional consultation services are available through an SBEC partnership program titled *'Access to Professionals'* sponsored by PricewaterhouseCoopers LLP and Simpson Wigle LLP. The client can sit down for a 45-minute consultation with our program partner's local lawyers and accountants on a monthly basis.

The consultation process can be summarized as follows:

- Client receives general information from support staff member
- Client receives one-hour consultation with a staff business consultant
- Client receives additional 45-minute session with a local professional

We will be expanding on our mentorship services to introduce the '*Business Advisory Group-Bay Area'* in 2004. This program will be a half day session where the client will sit down with a team of mentors made up of various backgrounds and areas of expertise. It will run Tuesday mornings from the Hamilton Incubator of Technology (HIT).

The SBEC also will continue to offer *'Bridges to Better Business'*. This is a one-day mentorship event held offsite. Its intention is to bring together start-up businesses and experienced businesses for a wisdom exchange. It also includes a keynote speaker address and trade fair. This event is co-delivered by the SBEC, the Ministry of Economic Development & Trade (MEDT), City of Hamilton's Downtown Renewal Division and the SBEC partners.

Networking Events:

T.E.A.M. BIZ (**T**hrough **E**ducation **A**chieving **M**ore **B**usiness)

'TeamBiz' is the SBEC peer to peer mentoring group held every other Tuesday morning at the Small Business Enterprise Centre.

Meetings include:

- Group introductions
- Sharing business practices
- Book reviews
- Educational updates

- Announcements

Location: Small Business Enterprise Centre in Jackson Square
Time: 7:30 am - 9 am

Training Programs:

It has been found that a demand for low cost, practical small business workshops and training programs exists. The seminar program will include a *free one hour seminar* offering an overview to the key 10 steps in starting a business, a *2-day start-up workshop program* on the basics of starting a business, a *seminar series* in conjunction with other community partners on a variety of topics and a comprehensive twelve-hour *on-line training program*.

It is felt that a demand for information on various topics; for example, small business start-up, market research and analysis, exporting, human resources and financial management will form the foundation of our programming. The training will be delivered through business consultants on staff and the support of volunteers from our centre partners and the local business community.

The SBEC will continue to deliver the *'Self-Employment Training Program'* in partnership with Public Health and Community Services.

Youth Programs:

The SBEC is the local contact for *Young Entrepreneurs*, *Summer Company* and *My Company* programs. The Centre staff will facilitate orientation sessions to provide information on these programs. We will also be the local contact for both the secondary and post-secondary schools throughout the City of Hamilton. Together with the assigned mentors, the SBEC will co-ordinate and deliver these programs here in the City of Hamilton.

The Centre will offer a *Business Plan Competition* to secondary schools in the Hamilton area. This annual spring event will be co-ordinated and delivered by the SBEC.

The City of Hamilton's Small Business Enterprise Centre understands and respects the provincial 'branding' of these programs and will maintain and adhere to these standards as set out by MEDT.

Outreach:

The outreach program will take on two forms:

1. Youth
2. Small business

1. In promoting and supporting youth programs and youth entrepreneurship in general, the SBEC staff will work closely with both secondary and post-secondary institutions throughout the City of Hamilton. Monthly efforts will be made to establish speaking opportunities at the various schools. Students and classes will be encouraged to visit the SBEC either on their own or as part of a class tour. Introductions will continue to be made to provide that link directly with the teachers and the SBEC staff.

2. The SBEC staff will continue to attend and support various small business groups /organizations such as Chambers of Commerce (in the City of Hamilton we have 5 Chapters: Hamilton, Stoney Creek, Flamborough, Dundas and Ancaster), other networking groups, Employment Centres, Junior Achievement, Industry Education Council, Hamilton Public Library system, etc. As in the past, the SBEC staff will continue to address these groups in creating awareness for our program and in providing programming updates.

Conclusion

There are significant opportunities within Hamilton to expand the SBEC program, working with all levels of government and agencies to provide a more enriched program for small business startups. Based on the statistics about small business as a major driver of the Canadian economy, there are no drawbacks in providing this type of programming to entrepreneurs.

Sector Plan for the City of Hamilton's Small Business Enterprise Centre

The SBEC program will compliment the City of Hamilton's 'Cluster Strategy' and support the small businesses of Hamilton by achieving the following short and long term goals:

Short-Term Deliverables:

- Continue to position the SBEC as Hamilton's 'first stop for small business' linking with the Municipal Service Centres, Contact Centres, Canada Ontario Business Service Centre, Community Access Points, Government Information Centres and other community touch points both private and public for referrals and/or their reliance for their clients small business needs;
- Continue to develop the 'kiosk program' with SBEC program information at various touch points in the community;
- Conduct information seminars and other outreach initiatives throughout the community in an effort to increase awareness; and
- Provide occasional staffing for consultation off site as required.

Long-Term Deliverables:

- Continue to position the SBEC as Hamilton's 'first stop for small business'
- Compliment incubator development, i.e. Downtown Multi-Use Incubator, Biotech Incubator, and the Hamilton Incubator of Technology, etc. by assisting in the definition and delivery of small business programming and support

Hamilton Incubator of Technology (HIT)

Economic Development Tool

Introduction

The Hamilton Incubator of Technology is a 40,000 square foot building wholly owned and operated by the City of Hamilton. The space in the incubator is available for lease to technology business start-ups in order to provide them with an environment, which facilitates success of the business venture. HIT was the first incubator created in Ontario with a technology focus.

Industry Overview

The NBIA (National Business Incubation Association) defines an incubator as an economic development tool designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services. The main goal of an incubator is to produce successful firms that will leave the program financially viable and freestanding.

Goals of an Incubator are to facilitate graduates who will create jobs, revitalize economies, commercialize new technologies and strengthen local economy via reducing small business failures.

Major Trends

The federal government (Advisory Council on Science & Technology) recommended in Feb/2000 the "creation of 15-20 regional incubators on the campuses of universities and colleges, to provide scientific, technical and business services and advice"

NBIA (2003) found that incubators:

- Create 12 jobs per firm (1/3 more than other firms)
- Reduce small business failure rate from 67% within 5 years to 13%
- Retain 84% of graduates within the community
- 87% of graduates remain in business after graduation
- Provide a $4.96 ROI on operating costs to the community

Today there are approximately 950 business incubators in North America, up from 587 in 1998 and just 12 in 1980. Brazil now has 200 incubators; Germany with a 20 year old incubator industry has 350 innovation centres; New Zealand with 2 years in the industry has 15 incubators; Sweden has 35 incubators and the UK has seen rapid growth from 25 in 1998 to 220 in 2003. Canada having a 12 year old incubation industry has been slow increasing from 6 to about 100.

Success Factors

1. Mentorship: typically entrepreneurs have strong technical skills but lack business and management skills.

2. Professional Space: professional atmosphere signifies success thus perception of potential investors/partners is a positive one. Also serves the needs of potential clients that have outgrown their home based business (HBB) space who also may be at stage in their development that they need more space at a reasonable rate to facilitate growth.
3. Administrative Support: resident clients require administrative support in the form of shared reception, meeting rooms, boardrooms, photocopying/fax, mail services and co-ordination of meetings.
4. Peer Learning: opportunities to share experiences with fellow entrepreneurs, at the same stage of growth, and to network to their particular cluster group.

Sector Plan for the Hamilton Incubator of Technology

Short-Term Deliverables:

- Stimulate new business growth within the technology sector with attention to information or communications technology, biotechnology, environmental technology, health care or medical device technology.
- Reduce the risk of small business failures by providing mentorship, professional space, administrative support and assistance to incubated firms at the initial stage of development.
- Accelerate the growth of new firms in the creation of new jobs and continue efforts to diversify the local economy.
- Work closely with local agencies, educational institutions, large and small private organizations in developing a 'technology cluster'.
- Strengthen the network of community support for technology by establishing advisory services to the tenants and stakeholders.

Long-Term Deliverables:

- Develop an advisory team (in conjunction with SBEC) with broad expertise to serve the needs of small business with the City of Hamilton.
- Improvements in the physical structure build in 1993, specifically repairs to floor.
- Continual upgrades to office services equipment and networking facilitation within the building.
- Develop a 'graduate program' for resident clients who are still requiring mentorship, administrative services and professional space as they move from the development to growth stages of their business plans.
- Expansion program to cover a 'graduate residence' for resident clients in their growth stage of development with advanced mentoring to meet their new levels of business and management skill.

The SBEC program will further compliment the Incubator programs in Hamilton by playing an active role in fostering and facilitating the start-up and early growth companies by:

Short-Term Deliverables:

- Consultation availability on a regular basis (half day per month) at the Hamilton Incubator of Technology (HIT) and the E-Cluster Initiative for their tenants.

Lon-Term Deliverables:

- Developing programming and mentoring/advisory services for the Incubator programs.
- Co-ordinate the development of a downtown General Incubator where the Hamilton SBEC program will co-exist;
- Provide a direct link to financial support for small businesses in the Hamilton area;
- Developing programming and mentoring/advisory services in partnership with other community stakeholders; and
- Develop private sector partnerships where they play an active role in the new SBEC program and General Incubator, e.g.: A small business retail service centre co-located providing an opportunity for legal, accounting, insurance, technology and telecommunication firms to have a satellite office and/or consignment products to service the SBEC clients.

Economic Development Information System

Economic Development Tool

Introduction

The City of Hamilton stands at a threshold in its economic development program. The amalgamation of the former Regional Municipality and the six area municipalities into a single municipal structure necessitates a major consolidation of existing information into a single database. The Economic Development Department is using this opportunity to ensure that its information system is capable of responding adequately to time sensitive development inquiries and that information is communicated in an efficient manner that best represents the opportunities for development in the new city.

Major Trends and Issues

Advances in information technology have fundamentally altered the way in which economic development agencies function. In the last five years for example, the Internet has emerged as the single most important tool for disseminating information in virtually every field of endeavour, including economic development.

A study released in 2000 by the US site location-consulting firm Whittacker & Associates, found that 84% of American companies now use the Internet to gather preliminary information on the communities under consideration during their site selection process.

Most effective economic development agencies now invest as much in the development and maintenance of their web-site as in printed materials. It is not uncommon for a community web-site to include forty to fifty pages of detailed data, including labour force, demographics, education, income - in fact the full panoply of census and labour force data. A number of communities now also provide “searchable” business directories on- line.

The most recent innovation in economic development is Internet-based GIS (Geographic Information Systems) data, providing graphic displays of available industrial & commercial sites and buildings for sale or lease, including specific information about the utilities, transportation routes, labour force and census information for the area.

Because of the availability of these new tools, Richard Sheehy, an American site location consultant (Industrial Design Corp., Portland OR) observed in a recent interview with Site Selection Magazine that information technology has fundamentally altered the relationship between site location consultants and economic development officers. Quoting Mr. Sheehy, “**the transfer of the information is now immediate - overnight is no longer good enough**”.

Recognizing that general information about most communities can now be obtained through the Internet (and other sources) municipalities need to develop the capability to respond to very specific questions in a timely manner. To achieve this requires detailed databases covering a wide range of topics used by the development officer for immediate reference. The new standard for “investor servicing” is to be able to e-mail responses to specific questions while still on the phone with the inquirer.

Vision

The implementation of an information system which will not only organize and present data on the City of Hamilton in a "user friendly" format, but also capture information on client activity through a new Client Tracking and Reporting System, to help improve the effectiveness of the overall Economic Development Program.

Plan for the Economic Development Information System

The Economic Development Department is actively working with both the GIS and Websolutions divisions of the City of Hamilton Information Technology Department to formulate a system that can respond to the needs of business. Other partners include the Hamilton Public Library and Hamilton Connects. The Corporate Communications department is also involved in the development of this project to ensure a consistent corporate look with their City wide initiatives. This working group is currently establishing guidelines to design a comprehensive new structure for Hamilton's databases and client tracking system, incorporating the best features of other systems.

Economic Development proposes to incorporate the following elements into its new economic development information system:

GIS Real Estate Inventory - A searchable database of sites & buildings linked to the city's other GIS databases showing utilities, census division data, traffic counts, assessment data and aerial photography. This element of the information system is well under development and has been given conditional approval by the Hamilton Real Estate Board.

Community Profile - A comprehensive community profile is one of the most fundamental tools of an economic development organization. It is generally in tabular form, summarizing most of the information required to respond to specific investor inquiries from prospective investors. It also serves as a research tool for strategic planning and developing marketing programs. Topics within the profile would include demographic characteristics, quality of life characteristics, utility rates, tax rates etc.

Business Directory - A searchable database of the city's 14,000 + businesses, based on the NAICS indices and providing extensive descriptions of the products, services and capabilities of businesses in the community. The City of Hamilton is working on this initiative in conjunction with Hamilton Connects, a not-for-profit organization whose mandate is to assist local community organizations to meet service delivery goals through innovative and technology driven solutions.

Labour Force Profile - Showing worker availability in Hamilton by skills and the range of salaries/wage rates by occupation. This will be pursued in conjunction with the Hamilton Human Resource Development Corporation

Economic Development Newsgroup/Electronic Newsletter - Updated often, with notices e-mailed to Hamilton's network of clients and facilitators. Information would be sent to key location decision-makers i.e. site selection companies, realtors, lawyers, accountants etc.

Client Tracking System - To record and monitor all client activity and enhance client servicing capabilities of the Economic Development Department. This will be a practical tool to measure performance and prepare reports to council and the senior administration on the results of Hamilton’s economic development program.

The City has received $106,000 from the Industry Canada’s Program for Export Market Development to initiate the development of this information system. The system is well under development and various aspects should be launched in early 2002.

Hamilton Human Resource Strategy Study (HR Matters I and II - completed)

Economic Development Tool

Introduction:

The Economic Development Department undertook a major project to develop a new Economic Development Strategy for the City of Hamilton. Enhanced by data from key stakeholders and community partners, the Economic Development Strategy identified a “cluster” approach with six key sectors: Health & Biotechnology; Information & Communications Technology; Film; Agri-Business; Industrial Manufacturing; and Airport. To complement the new strategy, the City of Hamilton’s Economic Development Department obtained funding through Human Resources Development Canada’s (HRDC) Local Labour Market Partnership Program and Hamilton Training Advisory Board (HTAB) to examine the labour market conditions projected for Hamilton’s economy between now and the year 2021.

Together, the City Of Hamilton, the local HRDC office, HTAB, Dofasco, TradePort International Corporation, Hamilton Health Sciences Corporation, Hamilton Chamber of Commerce, Mohawk College, Industry Education Council, Ministry of Economic Development & Trade, worked with e-Conomics Consulting to investigate the human resource needs of the community. Labour force priorities, gaps, supply/demand opportunities, strategies were addressed, while heightening the awareness of our City-wide current and future labour market issues.

Labour demand and supply issues are complex. A large number of variables changing over time affect Hamilton’s labour markets. The Hamilton Human Resource Strategy Study or HR MATTERS I Study looked at the most critical aspects of Hamilton’s labour market needs and future requirements with involvement from major stakeholder groups, private sector representatives and employer groups.

Elements Examined

The Study comprised an on-line survey, David Foot luncheon presentation, in-depth sector specific interviews, Hamilton City Council presentation and Community Forum to gain insight on the looming labour shortage while educating stakeholders to prepare for long - term solutions. Elements included:

Total labour demand and supply between 2001 and 2021:

- breakouts by 5 year age cohorts
- breakouts by industry sectors and occupational groups such as traditional manufacturing, E-business, healthcare / biotechnology, Airport development / distribution / assembly
- distinguish labour demand due to: retirement or attrition, growth and expansion of existing firms/organizations, location of new firms, etc.
- identify contribution of specific components of labour supply including: immigration, net migration, school graduates, unemployed, and underemployed - single mothers, disabled, etc.

Labour supply and demand for specific occupational groups including manufacturing trades, critical occupations in health care, educational and technology sectors, construction trades

- Examine the balance between labour supply and demand over the 20 year period in an overall context with specific occupational groups and industry sectors
- Investigate the availability and effectiveness of labour market adjustment and mechanisms such as: educational system curriculum and special programming, governmental and institutional organizational tools and programs, employers' human resource practices
- Determine the impact, if any, that the 1985-strategy approach to economic development, had in reshaping Hamilton's labour markets by 1996. This assessment needs to look at what supporting programming/infrastructure was established and was it effective in moving Hamilton's economy in the desired direction. The lessons derived from this analysis are essential in tailoring the human resource component of the new Economic Development Strategy to achieve the desired "clusters & corridors" strengthening.
- Publish and release the final report findings and opportunities to City Council and at a community forum with business leaders
- Launch the public awareness program with on-line survey, advertising and David Foot Luncheon Presentation and final report findings on the City's website

Key Considerations

Hamilton needs to understand how the market for workers will likely develop over the next 20 years. With that knowledge we can make educated choices about directions and activities we need to pursue, now. By 2011, labour markets will become tighter than any of us have ever known or had to cope with. The baby-bust phenomenon will guarantee it. Beginning around 2011 and continuing for the next 20 years baby boomers will retire in greater numbers than the total of their sons and daughters entering the workforce for the first time. Hamilton has:

- an older than average population, primarily due to years of out-migration in population
- a primary manufacturing labour force in long term decline
- congested road transportation infrastructure
- proximity to Toronto
- unified municipal governance structure
- affordable housing
- first–rate multi-tiered educational and healthcare system
- sophisticated business and financial infrastructure
- vibrant and diverse secondary manufacturing sector

Deliverables

HR Matters II Steering Committee enhanced its community representation (HR Matters II Appendix A) and contracted Bearing Point to develop a Business Plan or Hamilton Talent Plan built upon the recommendations of the HR Matters I report. HR Matters II or the Hamilton Talent Plan identifies strategies and contains actions for the community/businesses to undertake thus counteracting the impact of Hamilton's changing demographics.

Human resource needs are community issues that must be addressed by those organizations/businesses dealing with the “supply” side and the “demand” side. Industry organizations such as the Industry Education Council, Chambers of Commerce, Hamilton-Wentworth Training Board, and Economic Development can help identify the human resource needs. The City’s educators; specifically, McMaster University, Mohawk College, Redeemer University College, Columbia College, Hamilton-Wentworth Board of Education and the Hamilton-Wentworth District Separate School Board must respond by delivering a product that meets these needs. Working together, these service providers will address not only Hamilton’s existing human resource needs, but the needs of the future.

- Determination of our future human resource needs (completed)
- Encourage local business/industry to start succession planning (on-going)
- Support local business’ retention and recruitment efforts (on-going)
- Provide forecasts for effective community/municipal long term employment planning (completed)
- Assist the local community to influence immigration support, training and other creative adjustment mechanisms (on-going)
- Establish a broad inventory of best practices and a framework for developing local partnerships to implement them (completed/on-going)
- Provide cluster specific HR research data to cluster businesses to assist them with their HR needs/planning (on-going)
- Continue to share new HR related information with the community (on-going)

HR Matters II provided the Hamilton Talent Plan (business plan), human resources management best practises examples, and Program Inventory of assistance currently available.

HR Matters continues with leadership and work provided by the enhanced HR Matters Steering Committee as well as the working Communications and Research sub-committees.

Business Retention and Expansion Program

Economic Development Tool

Introduction

Mature local economies often possess a variety of pre-existing criteria that have led to the agglomeration of businesses. Within this agglomeration of manufacturing and commercial enterprises are a series of relationships that work as part of a system to provide support and a platform from which to operate, to expand and ultimately to provide increased vigour to the localized economic system.

The City of Hamilton possesses a mature local economy with many contributing businesses in each of the small medium and large scale categories. The recent amalgamation of several communities leading to the creation of the present City has resulted in the expansion of the size of the local economy. This wealth of existing business needs to be fully understood, analyzed and harnessed to ensure that the local economy remains strong and is capable of prolonged growth. A balance clearly needs to be struck between traditional high profile attraction programs and less heralded retention and expansion programs in order to foster a healthy local economy.

Major Trends and Issues

Various studies have estimated that upwards of 70%-80% of all new employment is created through the expansion of existing firms within the localized economy rather than through the attraction of new businesses to the area. Moreover, business attraction efforts are less likely to be successful if the message coming from local business is less than positive.

Local economic development and job growth are largely determined by the success of local firms. Recognition of this fact has encouraged local and regional municipalities to develop business retention and expansion programs focused on enhancing the viability of firms already existing in the local economy. Technical assistance, workforce development, support for technology transfer, and business calling programs all play a prominent role within municipal business retention programs.

These programs have increased in popularity and the majority of municipalities support at least one retention program on the business activity list. Preventing a business from leaving and helping it to expand does not garner the political or editorial headlines the way attracting a new firm does, however, the benefits of business retention and expansion programs may have more staying power since the firms assisted have already shown a willingness to invest and remain locally.

The goal from a municipal program context is always to provide exceptional customer service. Invariably a satisfied customer behaves in a predictable manner and this predictability allows for the design of strategic interventions which enhance local competitiveness and provides additional support for a cluster of local firms.

Vision

The implementation of an aggressive multi-faceted business retention and expansion program will enable the City to continue to complete on a regional, national and on a global level commensurate with the quality of businesses which already call Hamilton home. Competition from abroad for the best assets that Hamilton has in the field of manufacturing will continue to increase as the impacts of globalization are felt locally. The future of the health of the local economy resides in the ability to take business retention efforts and services and to institutionalize them into strategic policy.

The simple and direct goal of any policy formulated will be to retain business, save local employment opportunities and assets, and to grow or expand the local economy.

Promoting Business Retention and Expansion within the City of Hamilton

The promotion of local business retention and expansion efforts requires a complex interaction of capable staff, local business leaders, informed politicians and focused policy.

A network to permit the flow of information and to facilitate this interaction has been built across the existing local economy. The need to refine and strengthen these relationships and to utilize this network to gain additional insights into the issues and trends facing the local economy are paramount among the staff of the economic development department. The crystallization of a proactive approach requires a concerted effort to remain topical, to strive for innovation and to continually enhance existing business relationships. This internal energy needs to be injected enthusiastically into all facets of the business community to communicate a desire to succeed, and to lead by example.

The following components will form part of a multi-faceted business retention and expansion program for the City of Hamilton:

Corporate Calling Program

A mainstay within many business retention and expansion programs, the Corporate Calling Program, represents the commitment by the municipality and City Council to serve as a sounding board and to listen to the concerns of the local business community. The Program provides a data collection opportunity, a means to celebrate local successes and a valuable analysis tool through which to develop and refine existing programs and policy.

An informal practice of business visitation on the part of municipal staff has existed for many years. The development of a formalized Corporate Calling Program will provide parameters to effectively demonstrate institutional support by the municipality for the local economy and will provide the template through which consistency in implementation and data collection can be achieved. Regular visits to local businesses will be scheduled by staff and may at times include elected representatives and the Mayor. The purpose of these visits will be communicated beforehand and timely and detailed follow ups will be made should the need be expressed. Forums which include invitations to similar firms to attend meetings for the purpose of relationship building or to provide educational seminars may also be utilized as part of the Program. Persistent and prolonged commitment is required to play a meaningful municipal role in the business plans and general awareness of each of the local manufacturing firms within the City of Hamilton.

The objectives of a City of Hamilton Corporate Calling Program are:

- *To serve to reinforce the City of Hamilton's commitment to the local business community.*
- *To recognize individual business achievements, and to celebrate successes.*
- *To give staff the opportunity to "listen' to the concerns as expressed by local business people, providing the forum from which to develop a clear understanding of the challenges, trends, obstacles and opportunities facing Hamilton's business community.*
- *To allow staff to serve as resources, information providers, and as facilitators to address issues and concerns as expressed by local business people.*
- *To provide a sounding board for business and to promote two-way communication and information sharing within the community.*
- *To provide an invaluable opportunity for staff of the Economic Development Department, elected members of Council and the Mayor, to learn more about the business community, and to collectively apply this understanding to make educated responses to business inquiries and to make proactive shifts in policy direction to better service the business needs within our industrious community.*

Enhancement of Export Development Opportunities and Resources

The ability to provide assistance and resources for local businesses in an effort to widen their understanding of the opportunities which exist to expand their local manufacturing enterprises to encompass export options remains an area of expertise where the City can concentrate considerable effort. Greatly enhancing our relationship together with the provincial and federal offices which provide assistance with export initiatives must be a starting point.

Forums to gather resources and to communicate opportunities to local businesses together with our provincial and federal counterparts will become an area of increased activity for staff of the Economic Development Department.

Human Resources Development within the Local Economy

The pressures associated with an aging population are recognized across the local economy. The demands to maintain a skilled and properly educated workforce will be a challenge within the local Hamilton economy. These pressures will ultimately be multiplied across many governmental jurisdictions and will compound themselves to create significant pressures within the City of Hamilton and in particular for the manufacturing firms which operate here.

Staying ahead of the curve so to speak and anticipating areas which will be hardest hit will be the challenge. The need will arise to effectively target industries that may be the hardest hit and to develop strategies that enable these firms to maintain their workforce in a desirable state. Opportunities to partner with Human Resources Development Canada (HRDC) to identify training and sustainable succession strategies for the workforce will need to be established.

Communicating key issues and trends with the local post secondary institutions to attempt to service the predicted training needs of the community can be a solid approach to help mitigate the anticipated impacts of the aging work force on the local economy.

Network, Partnership and Local Economic Product Awareness Development

The need to continually communicate through various media requires exceptional use of municipal resources. Networking in both an electronic and a formal sense is important if the Economic Development Department is to achieve results from a business retention and expansion perspective. Portraying an open for business attitude and demonstration of work ethic which is representative of the success of the local economy requires enormous commitment and insightful use of time effort and resources of all kinds. The Economic Development Department will work to establish the forum and opportunities for business to network with other like minded businesses in a meaningful fashion.

The development and growth of key partnerships such as those being strengthened between McMaster University, Mohawk College, and Redeemer University, together with the City of Hamilton will continue to be fostered. Opportunities for local interaction of these institutions within the local economy for research and development purposes will be a critical area of growth and expansion that will be capitalized upon.

Key public and private partnerships will also play a pivotal role in helping to leverage funds and resources for ongoing manufacturing investment. Engaging local business and identifying opportunities for value added investment to existing manufacturing infrastructure will remain a top priority.

A greater sense of connectivity will be sought with the business community by providing the resources to allow local firms to greater understand opportunities for local product sourcing, and to fully realize manufacturing markets locally as a first step before external product sourcing is relied upon.