Created in 2001, the Communauté métropolitaine de Montréal (CMM) is a planning, co-ordinating and funding body serving 82 municipalities. It is home to 3.9 million residents spread over an area of 4,360 square kilometres.

**Population in 2015**

3.9 million

48% of the population of Quebec

**Total Area**

4,360 km²

including 522 km² of waterways and 2,205 km² of protected farmland

**GDP at Market Prices**

Can$193 billion

Can$48,500 per capita in 2013

**Jobs in 2014**

2.02 million

50% of jobs in Quebec

*Census metropolitan area.*
In accordance with section 151 of its incorporating legislation (R.S.Q., chapter C-37.01), the CMM is authorized “to promote its territory internationally so as to stimulate and attract economic growth and diversification.” In the narrow sense of the law, therefore, the CMM’s economic development mandate is to plan and coordinate exogenous development. Accordingly, the CMM may, in particular:

› support the establishment of businesses in and the inflow of capital to its territory and promote the implementation of projects having significant economic impact;
› promote the goods and services produced within its territory on external markets;
› establish links with organizations whose mission is to promote its territory, and, notwithstanding the Municipal Aid Prohibition Act (R.S.Q., chapter I-15), support them financially;
› establish sectoral joint action groups to define priorities for intervention.

In addition, the Community may, in keeping with conditions it determines, “entrust to an existing body or to a body it sets up for that purpose the exercise of all or part of the jurisdiction assigned to it by this section, and [...] grant the agency the sums required to exercise that jurisdiction.”

Section 150 of its incorporating legislation also provides for a plan to address major economic development issues.

The CMM adopted its first Economic Development Plan for 2005-2010, followed by an update for 2010-2015. As the standard of living of any region is determined by the productive use made of its human and physical capital, the aim of the plans was to stimulate the competitiveness of the Montréal metropolitan area by boosting business productivity.
The metropolitan area now has a population of close to 3.9 million. We boast very important competitive advantages in a number of industries. Our region is internationally renowned. People come from all over to live and work in our great metropolitan area.

The 2015-2020 Metropolitan Economic Development Plan (MEDP) is an ambitious action plan that recognizes Greater Montréal’s undisputable importance for the Québec economy. It will help the region plan its development better and further its growth by valuing its assets. This will create conditions that foster our economic expansion and attract new talent and investments, making us stand out internationally.

The 2015-2020 MEDP aims to leverage competitiveness factors to increase the standard of living and business productivity. The plan focuses on using our economy’s strengths and optimizing our production factors. It intends to provide metropolitan coherence and stresses the importance of stimulating private investment, supplying the metropolis with a high-quality workforce and supporting smart city initiatives.

Partnerships remain the preferred approach to deal with fast changes occurring in leading industries. As such, the metropolitan cluster strategy will continue to spearhead our economic development action plan. Our eight metropolitan clusters will continue to help enhance the international outreach of the Montréal metropolitan area. Montréal International will remain our agent for promoting the metropolitan area on the world stage.

This strategic plan is ambitious and we believe it will mobilize Greater Montréal’s economic stakeholders. The measures put forward in the 2015-2020 MEDP will allow Greater Montréal and the province of Québec to address the challenges our economy is facing. This will mean practical, sustainable benefits for the entire region and our citizens.

DENIS CODERRE

Mayor of Montréal and President of the Communauté métropolitaine de Montréal

In an environment of fierce competition between the world’s major metropolises, Greater Montréal is determined to establish itself as a strong international leader.

Nothing less.
MESSAGE FROM THE MINISTER

As a leader in many industries such as aerospace, information and communications technology, life sciences and fashion, Montréal offers incredible potential to innovate and create wealth for all of Québec.

Thanks in part to the industrial clusters’ significant contribution, our metropolis has become a true powerhouse, driving the growth of our firms and the Québec economy in a remarkable way.

Our government commends the Communauté métropolitaine de Montréal’s 2015-2020 Metropolitan Economic Development Plan, which promotes the metropolis’s strengths to further boost its economic growth.

The plan puts forward important initiatives related to job creation, economic prosperity and sustainable development. It also reinforces the key role of the industrial clusters in optimizing firms’ competitiveness, growth and outreach, in collaboration with Québec government resources.

I believe this plan will foster the economic diversification of Montréal and Québec, while positioning the metropolitan area as one of the world’s most dynamic and innovative metropolises.

JACQUES DAOUST
Ministre de l’Économie, de l’Innovation et des Exportations
MESSAGE FROM THE DIRECTOR GENERAL

Adopted by the CMM Council on April 30, 2015, the 2015-2020 Metropolitan Economic Development Plan (MEDP) proposes the CMM’s economic strategy for orienting the efforts of the region’s development stakeholders and allowing Greater Montréal to achieve its full potential.

The 2015-2020 MEDP continues to leverage the metropolitan industrial cluster strategy, which has achieved great success and international recognition since its implementation in 2005. Montréal International remains the CMM’s agent for promoting the region internationally and attracting talent and foreign investment.

The overall goal is maintained — to position Greater Montréal among the top ten North American metropolitan areas in terms of GDP per capita growth.

The 2015-2020 MEDP focuses on the solid foundations that have been developed over the past years. It is based on three strategic axes: focus on our economy’s strengths, optimize our production factors and provide metropolitan coherence. The MEDP puts forward targeted actions related to innovation, foreign direct investment attraction, workforce development and smart cities. For 2015-2020, its objective is once again to generate prosperity by creating wealth and better reinvesting and sharing it.

The CMM’s Economic Development, Metropolitan Facilities and Finance Commission has worked thoroughly in preparing this third-generation economic development plan. In particular, it consulted numerous economic players from the Montréal metropolitan area, reaching more than one hundred stakeholders, elected officials, economic leaders and industry experts. This effort ensured the support and engagement of the CMM’s partners for the priorities of the 2015-2020 MEDP. Today, there is strong regional consensus around the goal to create wealth and the measures required to achieve it.

With this new MEDP, the CMM continues to fulfil its role of coordinating, planning and financing to support practical initiatives for the development of Greater Montréal and the prosperity of its citizens.

MASSIMO IEZZONI
Director General
INTRODUCTION

“\nI am proud of the work that my colleagues on the Economic Development, Metropolitan Facilities and Finance Commission have accomplished in preparing this plan. I want to offer my sincere thanks to all our partners who participated in the consultations for their invaluable contribution to this strategy."

ALBERT BEAUDRY, member of the Executive Committee of the Ville de Longueuil and chair of the CMM’s Economic Development, Metropolitan Facilities and Finance Commission
In 2005, the Communauté métropolitaine de Montréal (CMM) adopted its very first Economic Development Plan (EDP), entitled *Charting Our International Future: A Competitive Metropolitan Montréal Region*. This plan, intended to address far-reaching economic development issues, presented the economic and political background, metropolitan regional development trends and strategic orientations that should guide economic development stakeholders in Greater Montréal. It expanded on the strategic vision adopted by the CMM in 2003, aimed at building a competitive, attractive, interdependent and responsible community by 2025. Above all, it focused on an industrial cluster support program to improve business productivity.

The EDP was updated for 2010-2015 with a continued focus on the metropolitan industrial cluster strategy. Its objective was to create wealth and position Greater Montréal among the top ten North American metropolitan areas in terms of GDP per capita growth over the next 20 years.

The 2015-2020 Metropolitan Economic Development Plan (MEDP) proposes once again to generate prosperity through the principles of sustainable development. Its peculiarities. In this sense, the CMM’s elected officials confirm that we must boost the metropolitan area’s economic growth to increase the standard of living of the citizens of Greater Montréal.

The 2015-2020 MEDP puts forward targeted actions for reaching specific objectives. In addition to building on the strategy implemented over the past 10 years, the plan:

- highlights the issue of human capital development, including the required match between workforce and business needs and education;
- focuses more on the region’s assets, especially creativity;
- positions the Montréal metropolitan area as one of the world’s smart metropolises;
- develops certain aspects of a more holistic development approach by introducing inclusiveness and sustainable development concepts.

This plan presents the strategic orientations that will enable the Montréal metropolitan area to address its major economic development issues. It is the result of work performed by the elected officials of the CMM’s Economic Development, Metropolitan Facilities and Finance Commission and consultations that followed in the winter of 2015. The CMM’s five geographic areas and key economic partners were invited to participate in these consultations. In total, 125 elected officials, partners and economic developers submitted comments.

**STEPS**

**BACKGROUND UPDATE**

<table>
<thead>
<tr>
<th>Achievements since 2005</th>
<th>A smart metropolis</th>
<th>The Montréal model</th>
</tr>
</thead>
</table>

**DIAGNOSIS**

<table>
<thead>
<tr>
<th>Advantages for Greater Montréal</th>
<th>Challenges for Greater Montréal</th>
</tr>
</thead>
</table>

**2015-2020 MEDP STRATEGY**

<table>
<thead>
<tr>
<th>Objectives, axes, orientations and follow-up mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultations and submission of 2015-2020 MEDP</td>
</tr>
<tr>
<td>ADOPTION BY THE CMM COUNCIL</td>
</tr>
</tbody>
</table>
"We now have the right conditions for creating a favourable environment to achieve the MEDP objectives. This action plan will help us do better and plan our development better, in an environment of fierce competition between the world’s major metropolises."

DENIS CODERRE, Mayor of Montréal
and President of the Communauté métropolitaine de Montréal
2.1 ACHIEVEMENTS SINCE 2005

FIGURE 1
ACHIEVEMENTS SINCE 2005
HISTORY

Over the years, the CMM developed tools to guide its economic development actions. The first two Economic Development Plans (2005-2010 and 2010-2015) spurred the creation of industrial clusters. Next came the Stratégie d’innovation du Grand Montréal (Greater Montréal innovation strategy, 2007) and Terms of Reference for Implementing Cluster Initiatives (2007) — both concrete expressions of the vision that had been shaped. In 2011, the Plan directeur de l’investissement direct étranger du Grand Montréal 2011-2015 (Greater Montréal 2011-2015 master plan for attracting foreign direct investment) and the Plan directeur de l’attraction et de l’accueil des talents stratégiques du Grand Montréal 2011-2015 (Greater Montréal 2011-2015 master plan for attracting strategic talent) were added to the CMM’s tool box to address the region’s economic issues. Most recently, in 2013, the Stratégie de mise en valeur des espaces industriels (Strategy for enhancing industrial spaces), included in the 2012-2017 Action Plan of the Metropolitan Land Use and Development Plan (PMAD), was adopted.

In the last decade, the CMM has supported the implementation of eight industrial cluster initiatives. The first wave (2005 to 2007) saw the creation of the Québec Film and Television Council, Aéro Montréal (aerospace), Montréal InVivo (life sciences) and TechnoMontréal (information and communications technology). The second wave (2010 to 2013) established Écotech Québec (clean technology), Finance Montréal (financial services), CargoM (transportation and logistics) and AluQuébec (aluminum).

Note that the CMM also has an agreement with Montréal International, which promotes and attracts investments in the region on behalf of the CMM, and an agreement with the Conseil emploi métropole, which carries out workforce development strategies.

The clusters have also created their own Internet portal, titled “Montréal Clusters, Gateway to innovation.” The portal is a shared space and a hub of information on the clusters and their partners. It is also an international outreach tool for the Greater Montréal clusters.

OBJECTIVE OF THE ECONOMIC DEVELOPMENT PLAN

The 2005-2010 Economic Development Plan established that increasing the wealth of the Montréal metropolitan area’s population — or, raising the gross domestic product (GDP) per capita — would be the long-term indicator of economic growth and the EDP’s main objective. The goal was to position Greater Montréal among the metropolitan areas with the highest standard of living in North America. GDP per capita remained the preferred indicator used for the 2010-2015 EDP update. However, further to consultations with metropolitan economy stakeholders in 2010, it was recommended that the objective be the indicator’s growth rate instead of its absolute value. Although the long-term goal was essentially the same, it seemed more realistic to target high growth rate rather than high GDP per capita. The revised objective was therefore to aim for a growth rate of GDP per capita that would be among the top ten in North America in 2030.

Table 1 shows GDP per capita growth (indicated by the five-year compound annual growth rate) and the Montréal metropolitan area’s ranking out of the 33 North American metropolitan areas with populations of more than two million.
TABLE 1
GDP PER CAPITA GROWTH AND MONTRÉAL’S RANKING AMONG THE 33 NORTH AMERICAN METROPOLITAN AREAS WITH POPULATIONS OF MORE THAN TWO MILLION

<table>
<thead>
<tr>
<th>Period</th>
<th>CAGR* (%)</th>
<th>Rank out of 33</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2006</td>
<td>0.9</td>
<td>25</td>
</tr>
<tr>
<td>2002-2007</td>
<td>0.8</td>
<td>23</td>
</tr>
<tr>
<td>2003-2008</td>
<td>0.9</td>
<td>17</td>
</tr>
<tr>
<td>2004-2009</td>
<td>0.1</td>
<td>9</td>
</tr>
<tr>
<td>2005-2010</td>
<td>0.2</td>
<td>11</td>
</tr>
<tr>
<td>2006-2011</td>
<td>0.3</td>
<td>12</td>
</tr>
<tr>
<td>2007-2012</td>
<td>0.3</td>
<td>17</td>
</tr>
<tr>
<td>2008-2013</td>
<td>0.2</td>
<td>15</td>
</tr>
</tbody>
</table>

* Compound annual growth rate.

From 2006 to 2013, the Montréal metropolitan area’s ranking improved overall, moving from 25th to 15th place. This can be largely explained by the Great Recession in the U.S. at the end of the 2000s. Since 2010, however, Montréal has had to face the turmoil caused by the stronger Canadian dollar, which has slowed growth over the past few years.

Figure 2 shows the growth rate from 2008 to 2013 in the 33 North American metropolitan areas with populations of more than two million. During this time, growth was relatively sluggish in most metropolitan areas. Only Pittsburgh, Houston and Portland had a growth rate higher than 1%.

In the last decade, the CMM has supported the implementation of eight industrial cluster initiatives.

The wealth creation goal set in 2005 and maintained in 2010 had a target of 2030. But long-term objectives are hard to measure after only a few years because too many current economic factors can influence short-term results. Nevertheless, despite volatility in the data, it is clear that Montréal’s position has improved.
The 2010-2015 EDP also prioritized courses of actions for achieving the objectives of each of the plan’s strategic components: A “learning metropolitan area,” a “dynamic metropolitan area,” and an “open and attractive metropolitan area.”

Since cluster innovation spurs metropolitan productivity, cluster initiatives are one of the strongest links in a knowledge economy and central to the “dynamic metropolitan area” component. The initiatives were created through an industrial mobilization and supported by a shared vision. The results and benefits of their initiatives indicate their contribution to the competitiveness of the industries that they represent. The industrial cluster strategy has been successful, and it continues to attract new players. In the last five years, three new industries rallied to take advantage of this now proven business model. Consequently, firms in the financial services (Finance Montréal), transportation and logistics (CargoM) and aluminum (AluQuébec) industries started their own cluster initiatives. Greater Montréal now has eight structured clusters, which, following the activation phase, were able to engage manufacturers, promote projects and ensure a certain level of international recognition.

The goal of the “learning metropolitan area” component was to foster the development of skills that the metropolitan economy would need to sustain growth. Because the CMM has no direct influence on employment, it mandated the Conseil emploi métropole to deal with the territory’s employment issues. Through an agreement with the CMM, the Conseil emploi métropole prioritized industrial clusters in its job market analyses. Over the past five years, it has analysed the employment needs of four clusters (TechnoMontréal, Aéro Montréal, Montréal InVivo and Finance Montréal) and started analysing those of CargoM. It has also performed analyses on training and job match for four clusters (TechnoMontréal, Aéro Montréal, Montréal InVivo and Finance Montréal).

The goal of the “open and attractive metropolitan area” component was to increase Greater Montréal’s ability to attract and retain businesses and people. The adoption of the Greater Montréal 2011-2015 master plan for attracting foreign direct investment prompted Montréal International to continue developing strategies that would target priority niches and draw new businesses to the metropolitan cluster industries.

Such examples of cooperation between the CMM and its metropolitan agents (Conseil emploi métropole and Montréal International) illustrate the dynamic that has formed around the cluster strategy over the past few years. This dynamic ensures greater consistency in the interventions of the metropolitan partners and, by aligning their actions, strengthens the impact of the industrial clusters.

In addition to managing the agreements with the clusters and Montréal International and contributing to the economic development component of the Metropolitan Land Use and Development Plan (PMAD), the CMM carried out projects in collaboration with its metropolitan partners. Some of these projects are more important than others and will be considered in the 2015-2020 MEDP. This is the case of the strategy for enhancing industrial spaces. Its action plan includes projects that will help align the specifics of the CMM’s various aspects with the metropolitan area’s goal to increase wealth.
The clusters help enhance the metropolitan area’s international positioning by attracting foreign direct investment and highly skilled workers.

**METROPOLITAN CLUSTER STRATEGY: PROGRESS REPORT**

The eight clusters activated to date include more than 12,000 firms and close to 25% of the workforce in the Montréal metropolitan area. They represent the metropolitan area’s leading industries and are central to innovation. The clusters help enhance the metropolitan area’s international positioning by attracting foreign direct investment and highly skilled workers.

Increasingly, the competitiveness of metropolitan areas relies on the development of metropolitan clusters. Coherence between public policies and industrial cluster dynamics is a success factor in this regard. In Montréal, the metropolitan cluster strategy is the result of a partnership between the CMM, the Government of Québec and the Government of Canada. More and more, the strategies and policies developed by these partners are aligned with the presence of clusters on the CMM’s territory: strategies to attract foreign direct investment and talent, gazelle companies, research and innovation, etc.

The CMM’s industrial cluster strategy features the characteristics of the best cluster strategies in the world. It focuses on the business needs of the metropolitan area’s leading industries. Leadership is provided by the industry, which ensures high payoffs for firms in the sectors.

Furthermore, the cluster initiatives receive private funding every year, proving the merits of their priorities for action. For the CMM, obtaining the threshold of $200,000 in private funding is the ultimate test for justifying the cluster’s initiative.

The efficient organization of the initiatives in terms of structure, governance, control mechanisms and planning, for example, also ensures cluster performance and positive impacts for participating firms. The clusters have tools to guarantee transparent, effective operations. These tools are also used as an accountability mechanism and allow the CMM’s elected officials to monitor the initiatives’ work every year. Note that cluster initiative performance and impacts on participating firms improve after five years of operation.
An assessment of the industrial cluster strategy implemented in 2005 shows that the Montréal metropolitan area now has cutting-edge tools to optimize its economy’s leading industries. The CMM must continue targeting cluster consolidation and development, and priority should be given to demonstrating the added value of cluster support to the Montréal economy. To this end, cluster performance will be reviewed to ensure that high operating standards are maintained and to maximize impacts for cluster firms. Above all, the CMM will improve cluster visibility among the various partners (private, public, and international) to increase benefits for the relevant industries.

IMPACT ON FUTURE STRATEGIC ORIENTATIONS

Implement the strategy for enhancing industrial spaces

The strategy for enhancing industrial spaces clearly states the importance that elected officials of Greater Montréal place on industrial spaces, which are key to the territory’s future development. The strategy highlights the urgent need to reduce problems related to accessing industrial spaces and to implement targeted joint actions that will enable optimal use.

Given the uncertainty surrounding demand growth for industrial sites on the CMM’s territory and the risk presented by the limited number of available industrial sites without restrictions, the strategy proposes that the risk of an industrial site shortage be monitored. It also provides a series of measures that will enable the optimal planning, use and marketing of the available spaces on the CMM’s territory, in cooperation with all stakeholders, and especially private firms. These measures should optimize the use of industrial spaces.

Implement the solutions proposed by the Conseil emploi métropole

As mentioned above, the Conseil emploi métropole analysed the employment needs of four clusters (TechnoMontréal, Aéro Montréal, Montréal InVivo and Finance Montréal) and started analysing CargoM’s. The Conseil has also performed analyses on training and job match for four clusters (TechnoMontréal, Aéro Montréal, Montréal InVivo and Finance Montréal). These analyses propose different courses of actions and changes that could be made to current systems, especially the education system. Now the Conseil emploi métropole’s proposed suggestions must be implemented if the situation is to improve.

Improve the effectiveness of the metropolitan cluster strategy

The metropolitan cluster strategy is the core of the CMM’s MEDP. It is important to ensure that it is efficient and that the implemented measures evolve with the new needs of firms, while considering changes in their business environments.

A committee of partners made up of metropolitan clusters, Montréal International, the Board of Trade of Metropolitan Montréal, the Government of Québec, the Government of Canada, and the CMM identified the issues and challenges that should be addressed in order to develop the clusters and adapt the supporting strategy. They determined that the main challenge is fostering cluster recognition and outreach on both local and international levels, with a view to increasing the impact of clusters on improving business competitiveness and the metropolitan area’s productivity.
Improve the effectiveness of the strategy for attracting foreign direct investment

From a macroeconomic standpoint, foreign direct investment (FDI) includes any activity for which an investor in one country obtains a lasting interest in and significant influence over the management of an entity in another country. This includes greenfield investments (new projects), ownership changes (international mergers or acquisitions) and financial transactions (for example, equity transfers between subsidiaries and head offices).

Investment promotion agencies (IPAs) seek out FDI projects that include new foreign company ventures, foreign reinvestment in existing subsidiaries, and mergers and acquisitions or strategic alliances with foreign financial contributions.

Currently, on behalf of the CMM, Montréal International has the authority to promote the Montréal metropolitan area internationally to drive economic growth and diversification. With its partners, it provides a wide range of services for implementing new or expansion projects and making it easier for international workers to settle in the greater metropolitan area.

The CMM’s challenge is to continue to ensure that its agent, Montréal International, meets the metropolitan area’s needs in terms of promoting and attracting FDI, in an effective, competitive manner. It is essential that other partners involved in attracting FDI work in synergy with Montréal International, whether they are metropolitan clusters, provincial or federal agencies or private stakeholders.
2.2 THE MONTRÉAL MODEL

The figure below illustrates the collaboration between the key economic partners of the Communauté métropolitaine de Montréal.

It is a conceptual representation of the involvement, alignment and interaction of the partners’ interventions and actions in relation to the CMM’s strategies regarding innovation, support for developing leading industries, investment attraction and workforce development. The clusters are located at the centre of the model, meaning they are the core of the CMM’s strategy and the key lever for innovating and improving business productivity. Linked to them are Montréal International and the Conseil emploi métropole — the agencies mandated by the CMM to attract investments and develop the workforce. The model also shows departments and agencies of the Québec and Canadian governments, which, through their strategies and programs, support the implementation of the CMM’s development strategies.
The boards of trade also help promote and support the development of the entire Montréal model. The model reflects the context that has developed over the last few years in Greater Montréal. The synergy and collaboration between the stakeholders are represented by formal and informal links in the form of a spider web. These connections are what ensure the model’s strength and dynamism.

**PILLARS OF THE MODEL**

The figure also shows the four pillars of the model. In a way, the pillars are the fundamental principles of the approach proposed by the CMM and shared by its partners. The pillars are bottom-up, co-funding, coherence and intercluster.

**Bottom-up**

The bottom-up pillar is based on the principle of development from within each industry. It ensures engagement and guarantees project relevancy. The bottom-up approach — particularly prevalent in the creation of industrial clusters — involves the idea that initiative must come from the firms themselves and the institutions acting as their development partners.

**Co-funding**

The main goal of co-funding is to achieve consistent government action. This coherence is demonstrated through a joint, shared vision of the strategies and mechanisms to be implemented at the metropolitan level, and, consequently, through shared risk. Co-funding is also expressed through the financial involvement of beneficiaries of public funding. The CMM wishes that support for funding clusters, their projects and Montréal International be shared equally between the metropolitan area, the Government of Québec, the Government of Canada, and the private sector.

**Coherence**

In 2004, in its review of the Montréal economy, the Organisation for Economic Co-operation and Development (OECD) concluded that within a knowledge-based, globalized and rapidly changing economy, economic success depends on regional alignment and integration. Cities and regions must be able to innovate on all levels — constantly learning and adapting to changes in the competition, technologies and economic opportunities. This kind of learning is not effective when done individually: it requires communication and interaction between all economic stakeholders. This is what the CMM has been working to achieve over the past few years and what is taking shape within the current Montréal model.

The institutional framework supporting the economic development of Greater Montréal is made up of a number of stakeholders on different intervention levels (see Appendix 1). Current Québec legislation provides some mechanisms that foster consistent action among these stakeholders. Note that when the 2015-2020 MEDP was being written, discussions were being held on certain legislative amendments that would transform the roles and responsibilities of economic development stakeholders.

**Intercluster**

This pillar represents the importance of establishing ties between the different cluster members and their managers in order to leverage knowledge sharing. These ties nurture continuous improvement and cluster performance. Developing intercluster activities allows cluster managers to share best practices, seize collaboration opportunities and benefit from savings by working together on certain initiatives. Furthermore, knowledge sharing between cluster members drives innovation. Contact between cluster managers can also foster cluster innovation and international competitiveness.

---

2.3

A SMART METROPOLIS

Increasingly, the concept of smart metropolis, inspired by the more well-known concept of smart city, is being integrated into the economic development strategies of major metropolises.

Greater Montréal, with a population of more than 3.9 million, is one of the major metropolitan areas in the world and shares many realities with its counterparts. A number of these cities — Amsterdam, Barcelona, Lyon, Helsinki, New York, Singapore and Vienna — have developed smart metropolitan strategies to help them become more efficient, advanced and transparent so they can meet their citizen’s needs. They are facing multiple pressures, and they must take advantage of opportunities to position themselves as the world’s leading smart and attractive metropolitan areas.

DEFINITION AND CONCEPT

A smart metropolis is an urban environment where public authorities, citizens and other stakeholders operate using collaborative models, which leverage information and communications technology (ICT), to improve quality of life, foster sustainable development and optimize services and use of resources.

Smart metropolitan strategies are aimed at optimizing public sector performance and regional business development. They influence several characteristics — economy, environment, mobility, living, governance and people — which are shown in the figure below.

The economy characteristic includes initiatives aimed at supporting and stimulating productivity, innovation and entrepreneurship. The environment characteristic covers all sustainable development initiatives, while mobility deals with the transportation of people and goods. The living characteristic represents initiatives related to health, safety and sociocultural issues, and smart metropolitan governance focuses on efficiency, transparency and participation. The people characteristic addresses factors such as education and training, creativity and social involvement.

According to the model, actions may be taken using three types of components: technological, human and institutional. Technological factors involve implementing physical infrastructure, creating applications and setting up platforms, or, in short, using ICTs. Human factors focus on individual interactions and spaces that foster such interaction. Institutional factors refer to policies, regulations and governance that will help make the metropolitan area smarter.

Through its planning and coordinating mandate, the CMM acts as a governing body of the territory. In this role, it will have the most direct impact by using institutional factors such as its policies and regulations, financing capacity and influence over other governing bodies and partners.

The Intelligent Community Forum (ICF), an international organization, ranked Greater Montréal among the top 21 smart metropolitan areas of the year in 2014. Since 1999, the Intelligent Community of the Year award has been granted to communities (cities or territories) that have pioneered in the development of smart cities. The evaluation criteria are based on five recurring themes (broadband connectivity, innovation, knowledge workforce, digital inclusion and marketing and advocacy) and an annual theme, which was culture in 2014. Greater Montréal was selected for the quality and quantity of its current digital projects and the important role given to culture.
FIGURE 4
CONCEPTUAL MODEL OF A SMART METROPOLIS

Source: Raymond Chabot Grant Thornton

"Greater Montréal’s advantages make us stand out in a number of industries. Our competitiveness among major metropolises depends on several factors, which will be strengthened by this economic development plan."

PIERRE DESROCHERS, chair of the Executive Committee of the Ville de Montréal and vice-chair of the CMM’s Economic Development, Metropolitan Facilities and Finance Commission
Before establishing the strategic issues and priorities for action, in this chapter we will provide a brief diagnosis of the Greater Montréal economy. It will summarize Greater Montréal’s main economic advantages and challenges — identified not only for the significance of their impact on the metropolitan area’s economic vitality but also because the CMM believes it can influence them through targeted action.

3.1 ADVANTAGES FOR GREATER MONTRÉAL
STRENGTHS TO BE MAINTAINED

Although the Montréal metropolitan area has experienced 10 years of slow economic growth, it managed to avoid the worst of the Great Recession (2008-2009) and continues to close the economic gap with North American metropolitan areas. The employment rate and the unemployment rate continue to get closer to the rates of neighbouring cities and Canada. Here are the main economic advantages that the CMM identified for its strategy:

- DIVERSIFIED ECONOMY WITH MANY INDUSTRIAL CLUSTERS OF EXCELLENCE
- MOBILIZATION WITHIN INDUSTRIAL CLUSTERS
- HIGH QUALITY OF LIFE
- LOW BUSINESS OPERATING COSTS
- ATTRACTIVE TAX ENVIRONMENT FOR BUSINESSES
- ABUNDANCE OF RESEARCH CENTRES, COLLEGES AND EXCELLENT UNIVERSITIES
- EFFICIENT FREIGHT TRANSPORTATION HUB

DIVERSIFIED ECONOMY WITH MANY INDUSTRIAL CLUSTERS OF EXCELLENCE

The Montréal metropolitan area has a very diverse economy. Jobs are distributed among a large number of industries. This is probably what fosters the stability of Montréal’s economy and, in particular, its resilience to the economic turmoil in 2008 and 2009.

Montréal metropolitan area’s economic base

Economic centre of Québec, the Montréal metropolitan area had 2,030,000 jobs in 2013. It is likely to have the most diversified economy in Canada.

The metropolitan area’s main sectors of specialization are:

- Distribution, especially of building materials, personal and household goods and machines.
- Information and cultural industries: software publishers, telecommunications, motion pictures, broadcasting, computer services and digital games.
- Professional and technical services.

The metropolitan area’s economic base also includes:

- Transportation industries, such as land passenger transport, air and rail, and support services (airport, port and brokers).
- Several manufacturing industries: aerospace, clothing, plastics, printing, biopharmaceutical, furniture, electrical equipment and paper.

3 Computer services and digital games are grouped under professional services.
The Montréal metropolitan area has a very diverse economy. Jobs are distributed among a large number of industries.

- Certain types of retail businesses and education institutions.
- Real estate.

In metropolitan areas, industries are sometimes grouped by function:
- Distribution: Wholesale trade, transportation and storage and advertising.
- High technology: Manufacturing of aerospace, pharmaceutical, electronic and scientific products; computer, scientific and engineering services.
- Culture: Publishing, motion pictures, radio and television broadcasting, movie theatres, leisure, and arts and entertainment.
- Management: management of companies, accounting, finance, insurance and real estate.

The Montréal metropolitan area specializes in the first three functions, but it does not perform as well in management. Between 1960 and 1990, many corporate headquarters moved from Montréal to Toronto. For this reason, most of Greater Montréal’s supply of business services is limited to the territory of the province of Québec.

### TABLE 2

**MONTRÉAL CMA’S ECONOMIC BASE**

**Employment by industry, NHS 2011**

<table>
<thead>
<tr>
<th>Industries</th>
<th>Location quotient*</th>
<th>Jobs (&gt;1000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale trade</td>
<td>1.87</td>
<td>98,550</td>
</tr>
<tr>
<td>E-commerce and agents and brokers</td>
<td>3.17</td>
<td>4,430</td>
</tr>
<tr>
<td>Building materials</td>
<td>2.37</td>
<td>14,365</td>
</tr>
<tr>
<td>Miscellaneous goods</td>
<td>2.31</td>
<td>11,745</td>
</tr>
<tr>
<td>Personal and household goods</td>
<td>2.29</td>
<td>25,420</td>
</tr>
<tr>
<td>Machinery, equipment and supplies</td>
<td>2.23</td>
<td>23,200</td>
</tr>
<tr>
<td>Motor vehicles and parts</td>
<td>1.56</td>
<td>4,870</td>
</tr>
<tr>
<td>Information and culture</td>
<td>1.67</td>
<td>64,915</td>
</tr>
<tr>
<td>Software publishers</td>
<td>6.84</td>
<td>5,990</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>2.04</td>
<td>25,535</td>
</tr>
<tr>
<td>Motion picture and sound recording industries</td>
<td>1.87</td>
<td>9,965</td>
</tr>
<tr>
<td>Radio and television broadcasting</td>
<td>1.55</td>
<td>8,035</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>1.51</td>
<td>2,200</td>
</tr>
<tr>
<td>Professional and technical services</td>
<td>1.39</td>
<td>163,860</td>
</tr>
<tr>
<td>Design</td>
<td>2.07</td>
<td>8,330</td>
</tr>
<tr>
<td>Advertising</td>
<td>1.77</td>
<td>11,340</td>
</tr>
<tr>
<td>Computer systems design</td>
<td>1.74</td>
<td>39,415</td>
</tr>
<tr>
<td>Scientific R&amp;D</td>
<td>1.60</td>
<td>11,705</td>
</tr>
<tr>
<td>Engineering and architecture</td>
<td>1.58</td>
<td>29,885</td>
</tr>
<tr>
<td>Accounting and bookkeeping</td>
<td>1.39</td>
<td>18,205</td>
</tr>
<tr>
<td>Market studies, surveys, etc.</td>
<td>1.26</td>
<td>10,885</td>
</tr>
<tr>
<td>Transportation</td>
<td>1.12</td>
<td></td>
</tr>
<tr>
<td>Support (airport, port, brokers, etc.)</td>
<td>1.72</td>
<td>16,220</td>
</tr>
<tr>
<td>Land transportation (transit, school, taxi, etc.)</td>
<td>1.64</td>
<td>16,435</td>
</tr>
<tr>
<td>Air transportation</td>
<td>1.43</td>
<td>9,635</td>
</tr>
<tr>
<td>Rail transportation</td>
<td>1.39</td>
<td>4,500</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.10</td>
<td></td>
</tr>
<tr>
<td>Aerospace products</td>
<td>2.84</td>
<td>25,940</td>
</tr>
<tr>
<td>Clothing</td>
<td>2.76</td>
<td>9,660</td>
</tr>
<tr>
<td>Plastics</td>
<td>2.16</td>
<td>10,095</td>
</tr>
<tr>
<td>Leather products</td>
<td>1.82</td>
<td>1,090</td>
</tr>
<tr>
<td>Printing</td>
<td>1.64</td>
<td>12,300</td>
</tr>
<tr>
<td>Pharmaceutical products</td>
<td>1.55</td>
<td>8,355</td>
</tr>
<tr>
<td>Furniture</td>
<td>1.53</td>
<td>8,555</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>1.53</td>
<td>7,960</td>
</tr>
<tr>
<td>Paper</td>
<td>1.39</td>
<td>7,425</td>
</tr>
<tr>
<td>Beverages</td>
<td>1.31</td>
<td>3,630</td>
</tr>
<tr>
<td>Medical and measuring instruments</td>
<td>1.26</td>
<td>3,470</td>
</tr>
<tr>
<td>Retail trade</td>
<td>1.08</td>
<td></td>
</tr>
<tr>
<td>Clothing and accessories</td>
<td>1.93</td>
<td>34,200</td>
</tr>
<tr>
<td>Furniture and home furnishings</td>
<td>1.51</td>
<td>9,840</td>
</tr>
<tr>
<td>Health and personal care products</td>
<td>1.48</td>
<td>24,345</td>
</tr>
<tr>
<td>Food</td>
<td>1.38</td>
<td>59,815</td>
</tr>
<tr>
<td>Finance and real estate</td>
<td>1.05</td>
<td></td>
</tr>
<tr>
<td>Real estate, rental and leasing</td>
<td>1.60</td>
<td>7,520</td>
</tr>
<tr>
<td>Credit intermediation</td>
<td>1.27</td>
<td>50,090</td>
</tr>
<tr>
<td>Education</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td>Technical and trade schools</td>
<td>2.05</td>
<td>2,010</td>
</tr>
<tr>
<td>Cegeps and community colleges</td>
<td>1.39</td>
<td>14,840</td>
</tr>
<tr>
<td>Other (fine arts, sports, languages, etc.)</td>
<td>1.26</td>
<td>8,470</td>
</tr>
<tr>
<td>Electric power generation and distribution</td>
<td>1.50</td>
<td>14,695</td>
</tr>
<tr>
<td>Performing arts and spectator sports</td>
<td>1.43</td>
<td>12,840</td>
</tr>
<tr>
<td>Total – All industries</td>
<td>1.00</td>
<td>1,800,080</td>
</tr>
</tbody>
</table>

* For each industry, the LQ is the ratio between the share of jobs in Montréal CMA and the share of jobs in North America.

Sources: Statistics Canada, National Household Survey, Bureau of the Census (ACS) and Bureau of Labor Statistics (QCEW).
Agricultural and bio-food activities
It may seem surprising given Montréal's heavily urbanized environment, but agriculture is an important industry in the metropolitan area. It is a competitive industry that creates jobs. It is also closely linked to the food processing industry, making it a vital, strategic asset for the Montréal economy. It is strongest in three segments: horticulture, large-scale farming (corn, soy, grains) and dairy production. Raising cattle, poultry and pork currently plays a secondary role.

Despite the risks and surprises inherent to natural conditions and market fluctuations, the outlook is promising for the agricultural industry, especially in the segment of horticulture, organic farming and niche markets. Also, some essential success factors of the strategy are developing partnerships or groups and strengthening the synergy between agriculture and other industries, such as the biopharmaceutical industry.

The Montréal metropolitan area's agricultural lands cover more than 220,000 hectares, or 58% of the metropolitan territory. According to Statistics Canada’s 2006 Census of Agriculture, there are an estimated 2,000 farming operations on the CMM’s territory. Sustainable agriculture is also becoming an asset to help make firms economically viable.

MOBILIZATION WITHIN INDUSTRIAL CLUSTERS
Cluster initiatives are one of the strongest links in the metropolitan economy. They are the result of an industrial mobilization and supported by a shared vision. The metropolitan clusters’ success and the benefits of their initiatives increase the competitiveness of the industries they represent. The Montréal metropolitan area has eight structured clusters, which, following the activation phase, were able to engage manufacturers, promote projects and provide international recognition. The clusters help enhance the metropolitan area’s international positioning by attracting foreign direct investment and highly skilled workers.

Since 2005, supporting metropolitan clusters has been the focus of the CMM’s economic development plans. Funding for some of the metropolitan clusters has reached the end of its third three-year renewal period. After close to 10 years of operation, it is expected that the strategy’s performance and benefits should be evaluated. This will help develop strategies for the future.

The industrial clusters activated in the Montréal metropolitan area include aerospace, life sciences, information and communications technology, clean technology, logistics and transportation, financial services, film and television and aluminum. Most of the clusters depend on external markets. Because of this, they were held back by the stronger Canadian dollar, which decreased their international competitiveness. Their employment grew more slowly than the rest of the metropolitan economy: an increase of 0.6% per year from 2006 to 2011. The two clusters that are the most focused on the internal market — financial services and clean technology, which is dominated by electricity and gas suppliers — benefited from strong local demand and grew significantly more quickly.
HIGH QUALITY OF LIFE

Among the 223 cities ranked by Mercer, Montréal is in 23rd place for quality of life. Mercer’s annual survey evaluates cities on 39 factors, including political, social, economic and environmental factors. Mercer assesses cities based on their safety, health and education systems, transportation networks and public services. The top 25 places all represent excellent quality of life.

European cities are those with the highest quality of life thanks to their efficient health care networks. Canadian cities rank better than American cities because of their low crime rates, and, to a lesser extent, their lower pollution levels and their transit systems. Montréal and Calgary are ranked lower because of their harsh winters.

TABLE 3

<table>
<thead>
<tr>
<th>Year</th>
<th>Montréal world ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>22 out of 215</td>
</tr>
<tr>
<td>2007</td>
<td>22 out of 215</td>
</tr>
<tr>
<td>2008</td>
<td>22 out of 215</td>
</tr>
<tr>
<td>2009</td>
<td>22 out of 215</td>
</tr>
<tr>
<td>2010</td>
<td>21 out of 221</td>
</tr>
<tr>
<td>2011</td>
<td>22 out of 221</td>
</tr>
<tr>
<td>2012</td>
<td>23 out of 221</td>
</tr>
<tr>
<td>2014</td>
<td>23 out of 223</td>
</tr>
</tbody>
</table>

Source: Mercer Quality of Living Survey

Although some quality of life factors are beyond the scope of local authorities, such as climate and health networks, a number of others are influenced by local public services, especially transportation and safety. Investing in the quality of living environments helps raise the attractiveness of the territory and stimulates business productivity. This issue is addressed specifically in the Metropolitan Land Use and Development Plan (PMAD).

The PMAD’s Action Plan addresses the issues regarding the quality of living environments, especially by implementing Transit-Oriented Development (TOD) zones, funding facilities of metropolitan interest and protecting and enhancing the environment.

Also, the Plan d’action métropolitain pour le logement social et abordable (Social and Affordable Housing Metropolitan Action Plan – PAMLSA) is aimed at making quality housing more accessible to the population of the Montréal metropolitan area by fostering the development of social and affordable housing. Greater Montréal is home to close to half of Québec’s population and the main destination for immigrants. In the region, there are more than 200,000 low-income tenant households that have housing issues. It is also the region with the highest number of homeless people.
LOW BUSINESS OPERATING COSTS

North of the Rio Grande, Montréal is the metropolitan area with the lowest business operating costs. In North America, only Mexican cities offer lower operating costs. The cost advantage is partly offset by the lower productivity of the Montréal economy.

**FIGURE 5**
BUSINESS OPERATING COSTS IN 2014*
All sectors (Index, Montréal = 100)

Prices and costs are influenced by many factors, especially economic conditions and macroeconomic policies of federal and provincial governments. Local public administrations can keep prices down by providing services at competitive prices and regulating the housing market to ensure a sufficient supply of housing.

**ATTRACTIVE TAX ENVIRONMENT FOR BUSINESSES**

In North America, Québec’s overall tax regime is competitive. Montréal is ranked second among the 20 largest metropolitan areas in North America in terms of the competitiveness of its business tax burden, all sectors combined. The effective business tax rate is 26%, which is comparable to Ontario’s (25% in manufacturing and 26.5% in other sectors) and much lower than the rates south of the border.

In Québec, in 2013-2014, the provincial government provided $2.5 billion in tax assistance to businesses, of which 88% was offered as tax credits and tax holidays.

In North America, Québec’s overall tax regime is competitive.

Part of these tax credits is used to encourage foreign firms to invest in the sectors covered by the industrial clusters. As such, Greater Montréal has the lowest tax burden in North America for R&D companies (scientific research, e-business, multimedia, film production, aerospace and defense, and international financial centres).
ABUNDANCE OF RESEARCH CENTRES, COLLEGES AND EXCELLENT UNIVERSITIES

The Montréal metropolitan area boasts some of the most interesting educational institutions compared to other North American metropolitan areas. The number and quality of these institutions make the Montréal metropolitan area the university capital of Canada. With 170,000 university students, including 20,000 foreign students, Greater Montréal has one of the largest pools of university students in North America. Montréal is also the top metropolitan area in the country for the number of university-level degrees awarded (undergraduate, graduate and doctoral). QS Best Student Cities 2013 ranks Montréal as the best student city in Canada, second in North America and ninth in the world.

Another factor is the presence of research centres and two megahospitals. This infrastructure helps draw research funds and talent, especially to the life sciences sector.

EFFICIENT FREIGHT TRANSPORTATION HUB

The Montréal metropolitan area is a major North American transportation hub. It offers direct access to 135 million North American consumers within a 1,000-kilometre radius, or one day away. Greater Montréal’s geographic location, on the St. Lawrence River, provides direct access to the heart of North America. According to CargoM, the logistics and transportation metropolitan cluster, Greater Montréal’s dense network of transportation infrastructure (air, maritime, rail and road) and the efficient intermodality of its transportation hub facilitates the flow of goods.

The transportation of goods in the Montréal metropolitan area seems highly competitive. The Port of Montréal still capitalizes on Montréal’s historical asset: the transshipment of goods — now based on transporting containers in the North Atlantic and transferring them onto railway cars. Montréal offers the shortest path between several European ports and the American Midwest. This niche is limited by the size of the cargo ships that can be accommodated by the depth of the river. In the past few years, container ship traffic has slowed due to economic difficulties in Europe. Bulk traffic, however, increased by 16% in 2011. This was caused by the handling of petroleum products required to replace the production of the Shell refinery, which closed in November 2010.

FIGURE 6
PORT OF MONTRÉAL TRAFFIC
Millions of tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-container Traffic</th>
<th>Container Traffic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>19</td>
<td></td>
</tr>
</tbody>
</table>

Source: Port of Montréal
3.2 CHALLENGES FOR GREATER MONTRÉAL
AREAS TO BE STRENGTHENED

This section presents certain areas that must be strengthened for the metropolis to achieve its goals. Here are the main economic challenges identified by the CMM for the purposes of its strategy.

- Low Productivity
- Low University Graduation Rate
- Mismatch Between Workforce and Business Needs
- Low Private Investment
- Need for Industrial Space Development
- Deficient Transportation Infrastructure
- Scattered International Positioning of Greater Montréal
- Untapped Potential of the Creative Industries

LOW PRODUCTIVITY

Montréal’s wealth gap compared to the average of the 33 metropolitan areas can be explained largely by the city’s low productivity. The GDP per capita can be broken down into three parts: labour productivity (defined here as GDP per job), employment rate (defined here as one minus the unemployment rate) and participation rate (defined here as the labour force divided by the population)4. The more prosperous the area, the higher its labour productivity is, the lower its unemployment rate, and the greater its participation rate.

As seen in figure 7, compared to the average of the 33 metropolitan areas, Montréal’s wealth gap stems from a productivity gap of -40%. Its employment and participation rates are favourable, however, with gaps of +1% and +4%, respectively.

4 There are a number of ways to break down GDP per capita. The method that the OECD uses in its territorial reviews is used here.
Over the past five years, the productivity of Canadian metropolitan areas has increased very slowly. In Toronto, it has even gone down slightly. With the least bad performance in Canada (0.4% yearly rise from 2007 to 2012), Montréal ranks 29th out of the 33 major North American metropolitan areas. Stagnating productivity was responsible for slowing Montréal’s standard of living, which was supported by employment growth — moderate but better than elsewhere in North America.

Wages tell a different story. Although their overall increase has been slow across North America, they have gone up a little more in the Montréal metropolitan area and other Canadian cities than in American cities. The percentage change (an increase of 1% yearly from 2007 to 2012) was the fourth highest out of the 33 major North American metropolitan areas, after San Francisco, Seattle and Vancouver.
Average weekly wage rates have evolved according to the industrial structure.

**FIGURE 9**
ANNUAL GROWTH OF REAL AVERAGE WEEKLY WAGE RATES FROM 2007 TO 2012
Average annual growth in constant Canadian dollars, 2007-2012 (%)

San Francisco | Seattle | Vancouver | Montréal | Houston | San Diego | Portland | Atlanta | Tampa | Phoenix | Boston | Cleveland | Sacramento | Los Angeles | Denver | Philadelphia | Cincinnati | Toronto | Chicago | Washington | Baltimore | Dallas | St. Louis | Detroit | Minneapolis | Pittsburgh | Riverside | Miami | New York

Sources: Bureau of Labor Statistics, OECD and Statistics Canada

Average weekly wage rates have evolved according to the industrial structure. Growth in high-paying industries, such as producer services in 2009, has boosted average wage rates. Growth in low-paying industries, such as consumer services in 2010 and 2013, has slowed average wage rates.

Productivity is the key ingredient of prosperity, but it depends on many factors. The most important ones are physical and human capital investments and the presence of entrepreneurs. These will be covered in the following sections.

**FIGURE 10**
AVERAGE WEEKLY WAGE RATES
Change in constant dollars (%)

Source: Statistics Canada
LOW UNIVERSITY GRADUATION RATE

The first key driver of a metropolitan area’s productivity is its human capital, i.e., the education level of its workforce. Greater Montréal struggles with the heavy burden of its historically low education levels. The share of its working-age population with a university degree is one of the lowest in North America. As seen in the graph below, the higher the education level is, the greater the productivity — as measured by GDP per job. In 2011, Montréal had the seventh lowest university graduation rate out of the 33 major metropolitan areas in North America and ranked second to last for GDP per job.

FIGURE 11
PRODUCTIVITY AND HUMAN CAPITAL, NORTH AMERICAN CMA s, 2011-2012

Sources: - Share of university degrees: Census Bureau (ACS 2011) and Statistics Canada (National Household Survey 2011)
- GDP per job: Bureau of Economic Analysis, Census Bureau, Conference Board of Canada, OECD and Statistics Canada

In the 1950s, a Quebec French speaker had a lower level of education than an African American. Source: Lemieux, Thomas (1999). Disparités de revenu et croissance de l’emploi: y a-t-il un trade-off?, dans S. Lévesque (dir.), L’après-déficit zéro: des choix de société, Montréal, Association des économistes québécois.
In addition to reducing productivity, Montréal’s poor education level amplified the devastating impact of the industrial restructuring that took place in the last 50 years. Undereducated populations have a difficult time adapting to economic change. Each major restructuring pushed down the employment rate, which finally recovered to reach the North American average in 2009. From 1989 to 2006, Greater Montréal had the highest unemployment rate of all the major metropolitan areas in North America.

Undereducation also slows demographic growth. Research in the United States and the United Kingdom shows that, for more than a century, cities with better educated populations have grown faster than comparable cities with less educated populations. More recently, in American metropolitan areas where more than 25% of adults had a university degree in 1980, the population grew 45% on average between 1980 and 2000. On the contrary, the population grew only 13% in areas where the share of university degrees was below 10%.

---

Like other Canadian metropolitan areas, Montréal is gradually catching up to American metropolitan areas. The share of adults in the labour force aged 25 to 64 with university degrees rose from 26.3% in 2000 to 35.4% in 2012 in the Montréal metropolitan area and from 35.3% to 39.3% in the 26 American metropolitan areas (Metropolitan Statistical Areas). The gap between the two went from nine percentage points to 4.

That being said, Canadian metropolitan areas are closing the education gap faster than Greater Montréal; their share of university degrees moved from 29.1% in 2000 to 39.2% in 2012. Compared to all major Canadian metropolitan areas (Toronto, Vancouver, Calgary, Ottawa and Montréal itself), the Montréal metropolitan area’s gap has increased from 2.8 to 3.9 percentage points. The education gap has closed for young adults in Canadian metropolitan areas. Residents aged 25 to 44 in these areas have a higher share of university degrees than in American metropolitan areas. A gap remains only among mature workers aged 45 and higher.

Undereducation can be seen as early as high school. In Québec, only 75% of young people earned a high-school diploma or qualification before the age of 20 in 2011-2012. This gap is partly compensated for once they become adults, which pushes the graduation rate up to 93%.

Fewer diplomas are awarded as the population moves through the education system. According to behaviours observed in 2011, 49% of the current student body could hope to earn a CEGEP diploma and 33%, a bachelor’s degree.

**MISMATCH BETWEEN WORKFORCE AND BUSINESS NEEDS**

Hard-to-fill positions made up 1.7% of total jobs in the metropolitan area in 2012. This percentage is similar to the job vacancy rate in Canada, 1.8% of jobs in 2012, according to the Survey of Employment, Payrolls and Hours. Hard-to-fill positions made up 11% of hires. It was harder to find people with technical, professional and management skills. In the field of natural and applied sciences, more than a third of hires were hard-to-fill positions.

**TABLE 4**

**HARD-TO-FILL POSITIONS, MONTRÉAL CMA, 2012**

<table>
<thead>
<tr>
<th></th>
<th>Number of employees</th>
<th>Hard-to-fill positions</th>
<th>Hard positions/employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>1,500,000</td>
<td>25,000</td>
<td>1.70</td>
</tr>
<tr>
<td><strong>Hired employees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>4,500</td>
<td>800</td>
<td>17.8</td>
</tr>
<tr>
<td>Professional</td>
<td>26,600</td>
<td>5,400</td>
<td>20.3</td>
</tr>
<tr>
<td>Technical</td>
<td>50,200</td>
<td>10,600</td>
<td>21.1</td>
</tr>
<tr>
<td>Intermediate</td>
<td>81,600</td>
<td>6,000</td>
<td>7.4</td>
</tr>
<tr>
<td>Elementary</td>
<td>55,100</td>
<td>2,200</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>220,400</td>
<td>25,000</td>
<td>11.4</td>
</tr>
<tr>
<td><strong>Skill type</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural and applied sciences</td>
<td>14,400</td>
<td>5,000</td>
<td>34.7</td>
</tr>
<tr>
<td>Management occupations</td>
<td>4,500</td>
<td>800</td>
<td>17.8</td>
</tr>
<tr>
<td>Trades, transportation and equipment</td>
<td>28,500</td>
<td>4,900</td>
<td>17.2</td>
</tr>
<tr>
<td>Health occupations</td>
<td>11,700</td>
<td>2,000</td>
<td>17.1</td>
</tr>
<tr>
<td>Primary industry</td>
<td>1,600</td>
<td>200</td>
<td>12.5</td>
</tr>
<tr>
<td>Processing, manufacturing and utilities</td>
<td>15,400</td>
<td>1,600</td>
<td>10.4</td>
</tr>
<tr>
<td>Social science, education and government service</td>
<td>16,000</td>
<td>1,600</td>
<td>10.0</td>
</tr>
<tr>
<td>Business, finance and administration</td>
<td>28,700</td>
<td>2,700</td>
<td>9.4</td>
</tr>
<tr>
<td>Art, sport and recreation</td>
<td>9,400</td>
<td>700</td>
<td>7.4</td>
</tr>
<tr>
<td>Sales and service</td>
<td>87,800</td>
<td>5,500</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>220,400</td>
<td>25,000</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Source: Emploi-Québec, Enquête 2012 sur les besoins de main-d’œuvre dans les établissements de la région métropolitaine de recensement de Montréal
A functional job market depends on matching workforce skills with the skills that firms need. In the metropolitan area, Emploi-Québec is responsible for this task.

**Attracting strategic talent**

Strategic talent is a key driver of attractiveness for the Montréal metropolitan area. Montréal is the ninth best student city in the world, the second in North America and the first in Canada. Even so, it is one of the metropolitan areas with the fewest university graduates among its population, which prevents it from creating more wealth.

The lack of strategic talent in certain key industries is holding back firms in Greater Montréal. Firms generally look for talent with a few years of experience. Attracting talent can have a multiplier effect: hiring strategic talent from a foreign country to fill a key position in a company stimulates the hiring of local workers at the same company.

**Integration of immigrants into the job market**

In Greater Montréal, international immigration, which declined following the 1990-1991 recession, rose almost continuously between 1998 and 2009. The net international migration rate went from 3.8% per year (13,100 people) in 1998 to 11.6% (44,100) in 2009, followed by a slight decline.

Out of the major Canadian metropolitan areas, Montréal is where immigrants have the hardest time integrating into the job market. In 2013, the immigrant unemployment rate was 12.2%, compared to 8.6% in Toronto and 6.9% in Vancouver. In comparison, people born in Canada had a relatively similar unemployment rate in the three cities: 6.2% in Vancouver, 6.6% in Montréal and 7.6% in Toronto.

In the Montréal metropolitan area, immigrants have a high unemployment rate. In Toronto and Vancouver, immigrants who landed more than 10 years earlier have an unemployment rate similar to people born in Canada. Immigrants who landed more recently have a higher unemployment rate. Economic difficulties in Toronto in the 2000s reduced immigrant integration during this time. Immigrants who landed five years earlier or less have an unemployment rate comparable to Toronto (14.4%) and Montréal (14.9%).

**Figure 14**

**UNEMPLOYMENT RATE BY IMMIGRANT STATUS, 2013 (%)**

<table>
<thead>
<tr>
<th>City</th>
<th>Population born in Canada</th>
<th>Immigrants landed more than 10 years earlier</th>
<th>Immigrants landed 5 to 10 years earlier</th>
<th>Immigrants landed 5 years earlier or less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver CMA</td>
<td>6.2%</td>
<td>12.2%</td>
<td>8.6%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Toronto CMA</td>
<td>6.6%</td>
<td>14.9%</td>
<td>8.6%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Montréal CMA</td>
<td>7.6%</td>
<td>14.4%</td>
<td>8.6%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

Source: Statistics Canada
LOW PRIVATE INVESTMENT

Private investment has been low due to the recession and the slow recovery. Between 2006 and 2011, private capital expenditures fell by 3.4% per year in the Montréal CMA and by 1.7% per year in the United States. In Canada, oil investments in the West and Newfoundland boosted capital expenditures by 0.7% per year.

Public investment filled the void left by private firms. The public sector increased its capital expenditures by 11% per year between 2006 and 2011 in the Montréal metropolitan area — almost twice as fast as Canadian public capital spending. The main support came from the infrastructure program launched by the provincial government at the end of 2007. This was replaced by the building of megahospitals and local infrastructure upgrades.

Private investment is strongly influenced by the economic conditions of the country or even the continent and by metropolitan economic structure. Certain industries need more capital per unit produced than others. Low overall investment across the continent suggests that structural factors are at play. Longer lasting technologies and increased economies of scale may have reduced the investment amounts required. That being said, urban public services, especially the quality of local infrastructure, increase the productivity of firms and may prompt them to grow and invest.

NEED FOR INDUSTRIAL SPACE DEVELOPMENT

The deindustrialization of Greater Montréal picked up speed in the 2000s. This was accentuated by the bursting of the tech bubble, total liberalization of trade in the clothing industry and, especially, the stronger Canadian dollar. The economy is becoming increasingly service based and shifting towards a knowledge economy. When we look at services based on their main clientele, it is clear that consumer-based services have grown the most in Greater Montréal.
The drop in manufacturing jobs over the last ten years has slowed the demand for industrial spaces in the Montréal metropolitan area. Despite this, construction has continued, so that the industrial real estate market has been in surplus since at least 2002. Currently, the inventory of available industrial spaces in the metropolitan area reflects a mismatch between the demand for industrial spaces (mainly storage) and the characteristics of the available spaces. The older spaces have limited clear heights and no longer meet the demand. The industrial vacancy rate will remain high for a long time in the Montréal metropolitan region until the older spaces are either adapted, converted for another use or destroyed.

In addition, some of the CMM’s geographic sectors are grappling with a supply of industrial spaces limited by major constraints, such as contamination. These constraints imply high costs and long turnarounds before these spaces can be used. As a result, many firms are deterred from choosing them.

**DEFICIENT TRANSPORTATION INFRASTRUCTURE**

As specified in the CMM’s Metropolitan Land Use and Development Plan (PMAD), Montréal’s highway network is incomplete and discontinuous. It is aging and not entirely compliant with current North American standards. This amplifies problems related to certain heavily used stretches of road. The deterioration of overused road infrastructure is a major issue for the region. Significant efforts will have to be made to modernize the network. The PMAD sets out a series of measures aimed at optimizing and completing Montréal’s road network. They include rebuilding major structures (Champlain Bridge, Turcot Interchange, Bonaventure Expressway, Highway 40 between Anjou and Côte-de-Liesse), completing the metropolitan highway network (Highways 13, 19 and 20) and improving access to the Port of Montréal and airports in the Montréal metropolitan area.

Every year, Greater Montréal suffers increasing economic losses due to road congestion. The PMAD proposes an increase in the modal share of public transportation trips to address this issue.

Despite increased use, public transportation remains underdeveloped and struggles to meet demand, especially during rush hour. Major investments for modernizing and developing the metropolitan public transportation network are in the pipeline and expected to eliminate close to 180,000 car trips by 2031. Other initiatives, such as river ferries, could also be added to public transportation services.

**SCATTERED INTERNATIONAL POSITIONING OF GREATER MONTRÉAL**

Many have noticed that Greater Montréal has few real international outreach activities and no dedicated leader in this regard at the metropolitan level. Only a few sectoral organizations have international outreach activities, particularly in the areas of tourism and conferences. Overall, there is no international development strategy for the Montréal metropolitan area and little consistency among the international activities of the territory’s many economic development stakeholders. For lack of a shared message to send about Greater Montréal, people send their own and achieve poor results.

Greater Montréal’s development would certainly benefit from consistent messages, a position which better reflects Montréal’s assets, and enhanced overall coordination.
UNTAPPED POTENTIAL OF THE CREATIVE INDUSTRIES

The creative industries in the Montréal metropolitan area consist of a range of subsectors combining the arts and technology, including technological and scientific equipment. A number of countries, federated states and metropolitan areas around the world recently embarked on efforts to promote these industries. Their decision makers rightly detected vast potential for wealth creation and growth. The jobs generated by the creative industries are quality positions, associated with the knowledge economy, and their growth has been above average over the past few years. Value is created through the combined deployment of technical innovation, artistic creativity and business entrepreneurship.

FIGURE 17
MONTRÉAL CREATIVE ECOSYSTEM

Source: Board of Trade of Metropolitan Montréal, adapted by the Communauté métropolitaine de Montréal
According to the study, Montréal’s creative industries are not maximizing the business potential of their creative products.

The creative industries face a number of challenges: some are shared by all industries and others are specific to one industry. One of the main issues identified by a study conducted by the Board of Trade of Metropolitan Montréal is the industry’s ability to showcase its creative products. According to the study, Montréal’s creative industries are not maximizing the business potential of their creative products.

Among the most promising approaches for Montréal, industry stakeholders suggested to strengthen businesses by helping creators become entrepreneurs and increasing the amount of medium-size firms. This would require supporting firms that have attained a critical mass, offering them better access to financing adapted to different stages of development, and providing them with expertise in management related areas according to a model suited to their needs. Many creators are not natural entrepreneurs, nor are they trying to be. For this reason, different collaboration models may be developed to provide creative talent the necessary support.

The Board of Trade of Metropolitan Montréal’s study also identified another important issue: Positioning Greater Montréal as a creative metropolis. “Metropolitan Montréal’s brand image is the sum of a number of factors on which industry, governments and economic development agencies can act. The brand image is reflected through the international influence of our flagships, the creative aspects of Metropolitan Montréal’s architecture and design, the region’s promotion strategies, and integration into the global creative networks.”

On the metropolitan level, the clusters that were activated in the creative industries, especially information and communications technology and film and television, have helped a number of industry players improve their development. One of the CMM’s challenges is to verify the effectiveness of the existing clusters in the creative industries and explore the possibility of creating other industry and entrepreneur groupings.

8 Board of Trade of Metropolitan Montréal (2013). op. cit.
"The 2015-2020 MEDP’s ambition is to position Greater Montréal favourably in the globalized economy. It renews and refines the targets and goals that we need to achieve. It focuses on the goal to create wealth and better share it and invest in our quality of life."

DENIS CODERRE, Mayor of Montréal
and President of the Communauté métropolitaine de Montréal
4.1 PRIMARY OBJECTIVE

With its Metropolitan Economic Development Plan, the CMM strives to: “Generate prosperity through the principles of sustainable development, by creating wealth in order to reinvest and share it better while recognizing that each of the territory’s components fosters regional development through its economic peculiarities.”

SUSTAINABLE DEVELOPMENT

For the Communauté métropolitaine de Montréal, sustainable development means development that meets the needs of the present without compromising the ability of future generations to meet their own. Sustainable development is based on a long-term approach which takes into account the inextricable nature of the environmental, social and economic dimensions of development activities.

On September 18, 2003, the CMM adopted its strategic vision for the economic, social and environmental development of the Montréal metropolitan area. Called Charting our international future: Building a competitive, attractive, interdependent and responsible community, this vision is a public statement of how the CMM sees its future in 2025. It has since been given shape through the CMM’s various planning tools: the Plan métropolitain de gestion des matières résiduelles (Metropolitan Waste Management Plan), the Metropolitan Land Use and Development Plan (PMAD), the Plan d’action métropolitain pour le logement social et abordable (Social and Affordable Housing Metropolitan Action Plan) and the Metropolitan Economic Development Plan.

The CMM’s vision and the principles of sustainable development have been translated into action in a variety of ways in the MEDP: prioritization of citizen needs as key concerns and optimization of the use of resources (principles of a smart metropolis), inclusion of immigrants, support for persistence in school, support for creative industries and clean technologies, consolidation of niches of excellence in the knowledge economy, and stimulation of innovation.

For the 2010-2015 EDP, the CMM set a goal to position Greater Montréal among the top 10 North American metropolitan areas in terms of GDP per capita growth by 2030. This goal is maintained in the 2015-2020 MEDP. In the last five-year period available (2008-2013), Greater Montréal had the 15th highest GDP per capita growth rate out of 33 North American metropolitan areas.

The Montréal metropolitan area’s productivity and standard of living are still lagging. This gap cannot be closed overnight. For the situation to be resolved, productivity and the standard of living will have to grow faster in Montréal than in other metropolitan areas in an ongoing way.

THE OBJECTIVE IS TO POSITION GREATER MONTRÉAL AMONG THE TOP 10 NORTH AMERICAN METROPOLITAN AREAS IN TERMS OF GDP PER CAPITA GROWTH BY 2030.
4.2 INTERMEDIATE OBJECTIVE

How can we evaluate the economic performance of the Montréal metropolitan area in the years leading up to 2030? If Greater Montréal could continuously improve its GDP per capita growth, we could aim for an intermediate objective for the five years of the MEDP; for example, the 13th or 12th highest ranking in terms of metropolitan economic growth. Past trends show, however, that continued progress is unlikely. In the short and medium term, variances in the business cycles of the different metropolitan areas cause their standard of living rankings to vary.

The Montréal metropolitan area moved from 25th place in the years 2001 to 2006 to 9th place in the years 2004 to 2009, when the Great Recession was hitting American cities hard but leaving Canadian cities relatively untouched. It fell to 17th place in the years 2007 to 2012, when its economy was slowing, whereas American cities were gradually recovering. Montréal went back up to 15th place in the years 2008 to 2013.

Given the volatility of metropolitan area rankings, the mid-term objective is to stabilize Greater Montréal’s position among the top 15 North American metropolitan areas. This milestone will take us one step nearer to closing the economic gap.

THE OBJECTIVE IS TO HOLD A STABLE POSITION AMONG THE TOP 15 NORTH AMERICAN METROPOLISES BY 2020.
4.3 SECONDARY OBJECTIVES

GDP GROWTH

Past GDP per capita growth in 33 North American metropolitan areas was used to determine this objective. From 2001 to 2013, GDP per capita rose by 1.2% per year in the upper quartile of the 33 metropolitan areas and by 0.7% per year in the median metropolitan area. Greater Montréal’s growth was slightly below the median (+0.6%). The goal is to exceed the median metropolitan area’s past performance in the medium term — a target of 1% per year by 2020 — and the upper quartile in the long term — a target of 1.5% per year by 2030.

<table>
<thead>
<tr>
<th>ANNUAL GROWTH OF GDP PER CAPITA FROM 2001 TO 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONTRÉAL CMA: 0.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>33 other metropolitan areas with populations of more than two million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower quartile</td>
</tr>
<tr>
<td>0.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBJECTIVES FOR GDP PER CAPITA ANNUAL GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year OBJECTIVE (2020)</td>
</tr>
<tr>
<td>1.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBJECTIVES FOR GDP* ANNUAL GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year OBJECTIVE (2020)</td>
</tr>
<tr>
<td>2.0%</td>
</tr>
</tbody>
</table>

* GDP adjusted based on expected population growth for the period.

GDP growth can be broken down into GDP per capita growth and population growth. Population growth comes from demographic forecasts made by the Institut de la statistique du Québec (ISQ). The ISQ predicts an increase of 1% in Greater Montréal’s population by 2020 and 0.8% by 2030.

The sum of population growth plus GDP per capita growth equals GDP growth. The MEDP’s goal is to reach an average annual GDP growth of 2% by 2020 (1% + 1%) and 2.3% by 2030 (0.8% + 1.5%).

UNEMPLOYMENT RATE

In 2013, the unemployment rate was 8% in Montréal, 7% in the median metropolitan area, and 6.4% in the upper quartile. The MEDP’s target is to achieve, in the medium term, the recent unemployment rate of the median metropolitan area — 7% in 2020 — and, in the long term, a rate equivalent to full employment — 5.5% in 2030.

<table>
<thead>
<tr>
<th>UNEMPLOYMENT RATE IN 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONTRÉAL CMA: 8.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>33 other metropolitan areas with populations of more than two million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower quartile</td>
</tr>
<tr>
<td>8.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBJECTIVES FOR UNEMPLOYMENT RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year OBJECTIVE (2020)</td>
</tr>
<tr>
<td>7.0%</td>
</tr>
</tbody>
</table>

UNIVERSITY GRADUATION RATE

The Montréal metropolitan area has one of the lowest education levels among North American metropolises, but it has already started to catch up. Undereducation is concentrated among the older generations: the education level of young Montréal workers falls in the median of the major North American metropolitan areas. The percentage of the population aged 25 to 34 with university degrees was 39% in 2013 in Greater Montréal, just above the median metropolitan area (38%), but still behind the upper quartile (42%).

<table>
<thead>
<tr>
<th>PERCENTAGE OF THE POPULATION AGED 25 TO 34 WITH UNIVERSITY DEGREES IN 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONTRÉAL CMA: 39%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>33 other metropolitan areas with populations of more than two million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower quartile</td>
</tr>
<tr>
<td>31%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBJECTIVES FOR THE PERCENTAGE OF THE POPULATION AGED 25 TO 34 WITH UNIVERSITY DEGREES</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year OBJECTIVE (2020)</td>
</tr>
<tr>
<td>42%</td>
</tr>
</tbody>
</table>
The MEDP focuses on the education of young workers as this is where education first becomes apparent. Despite advances in continuing education, people do most of their learning at a younger age. Increased education is first seen in young workers and then transferred to other age groups over time as the young, more educated workers get older.

The MEDP is aimed at increasing the university graduation rate of young workers by the same amount achieved since 2001. Its target is a 42% graduation rate among people aged 25 to 34 in 2020 and a 55% rate in 2030. It is worth noting that in knowledge hubs such as Boston 55% of young workers aged 25 to 34 have university degrees.

PRIVATE INVESTMENT GROWTH
This objective was established based on national trends as there are no metropolitan statistics on private investment in North America outside of Greater Montréal. The reasons for lower private investment over the past decade, in both Greater Montréal and the United States, are not fully understood. Structural factors, such as longer-lasting computers and economies of scale, as well as cyclical factors, such as the uncertainty related to the Great Recession south of the border and the Euro crisis, have curbed spending on equipment.

<table>
<thead>
<tr>
<th>ANNUAL GROWTH OF PRIVATE CAPITAL EXPENDITURES FROM 2002 TO 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montréal CMA</td>
</tr>
<tr>
<td>-0.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBJECTIVES FOR ANNUAL GROWTH OF PRIVATE CAPITAL EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year OBJECTIVE (2020)</td>
</tr>
<tr>
<td>2.0%</td>
</tr>
</tbody>
</table>

* The development of the oil industry in the West boosted Canadian investments.

In the short and medium term, cyclical factors should spur private investment. This will be limited, however, by the structural decline in the amount of equipment required. In the medium term, the targeted increase for private capital expenditures will remain modest: an increase of 2% per year by 2020. In the long term, a better educated workforce will enable the use of new technologies and stimulate business investment. The targeted increase in private capital expenditures will be 4% per year by 2030.

SUSTAINABLE DEVELOPMENT AND INCLUSIVE GROWTH
In the next few years, new indicators will be identified to provide a more accurate picture of economic development from a sustainability perspective (economic, social and environmental factors). These indicators will be identified for the follow-up to the 2015-2020 MEDP. Some examples are listed at the end of this document in the section on the strategy’s follow-up mechanisms.

MEDP INITIATIVES
The CMM’s economic development projects are subject to measureable objectives. Specific objectives have been set for three of the initiatives supported by the CMM:

Foreign direct investments
Montréal International brings in between $600 and $700 million in foreign direct investments every year, except in 2013, which was exceptional. Its new objective is to double this amount to $1.3 billion by 2018.

Strategic talent
Montréal International is following an action plan to attract strategic talent. In 2013, mission trips abroad resulted in 94 new hires for Greater Montréal firms. By 2016, Montréal International aims to set up 3,000 meetings between talents and companies to achieve 150 to 200 hires per year.
Industrial and agricultural spaces

The area of occupied industrial space in the Montréal metropolitan area grew by 108 hectares per year from 1999 to 2009\(^9\). Through its strategy for enhancing industrial spaces, the CMM has set a goal to increase the area of occupied industrial space in Greater Montréal by 136 hectares per year between 2009 and 2020.

The Montréal metropolitan area’s agricultural lands cover more than 220,000 hectares, or 58% of the metropolitan territory. On March 22, 2012, the Québec government’s ministre de l’Agriculture, des Pêcheries et de l’Alimentation du Québec (MAPAQ) and ministre des Affaires municipales, des Régions et de l’Occupation du territoire (MAMROT) announced a total of $175,000 in funding for the CMM so it could help the RCMs and agglomerations on its territory develop Agricultural zone development plans (PDZAs). These plans are aimed at fostering productive use of agricultural zones, increasing or diversifying agricultural activities and promoting the adoption and operation of complementary activities, such as agritourism.

In particular, the PDZAs focus on:

✓ ensuring the sustainability and development of agricultural activities;
✓ limiting the pressures of urbanization;
✓ fostering the vitality and productive use of agricultural lands.

For the CMM, the government’s financial support will go towards implementing the Metropolitan Land Use and Development Plan (PMAD), which is aimed at optimizing agricultural land occupancy. The plan also asks RCMs and agglomerations to acquire a regional agricultural zone development and enhancement tool before any potential changes are made to metropolitan boundaries.

While the PDZAs ensure productive agricultural activities on lands reserved for this purpose and foster the development of short distribution channels, it is important that all stakeholders of the bio-food industry contribute to the vitality of metropolitan agriculture. There are still some challenges around strengthening networks between the producers and distribution and processing firms. With 58% of its territory covered by agricultural lands, Greater Montréal has a huge potential to become an international model of a highly integrated, peri-urban agricultural area. Furthermore, the CMM is currently working on the metropolitan plan for enhancing agricultural activities, which will focus on the metropolitan area’s agricultural issues and submit specific actions to address them.

\(^9\) Source: Assessment of the increase in industrial occupation on the metropolitan territory, conducted by the Communauté métropolitaine de Montréal in 2011 using an image interpretation of the occupied spaces for the economic study on future industrial space needs.
We are leveraging the solid foundations developed over the past years and putting forward specific actions to achieve our goal to create wealth. With this new plan, the CMM intends to support practical initiatives for the development of Greater Montréal and the prosperity of its citizens.”

PIERRE DESROCHERS, chair of the Executive Committee of the Ville de Montréal and vice-chair of the CMM’s Economic Development, Metropolitan Facilities and Finance Commission
To best define the scope and limits of the Metropolitan Economic Development Plan, the box below provides an outline of the Communauté métropolitaine de Montréal’s jurisdiction over economic development, as stipulated in An Act Respecting the Communauté Métropolitaine de Montréal (R.S.Q., C-37.01).

The Communauté métropolitaine de Montréal has jurisdiction to develop and adopt a metropolitan plan to address major economic development issues. It also has jurisdiction to promote its territory internationally so as to stimulate and attract economic growth and diversification. Accordingly, the CMM may, in particular:

› support the establishment of businesses in and the inflow of capital to its territory and promote the implementation of projects having significant economic impact;
› promote the goods and services produced within its territory on markets outside its territory;
› establish links with organizations whose mission is to promote its territory, and, notwithstanding the Municipal Aid Prohibition Act (R.S.Q., chapter I-15), support them financially;
› establish sectoral joint action groups to define priorities for intervention.
FOR 2015-2020, THE CMM’S METROPOLITAN ECONOMIC DEVELOPMENT PLAN PROPOSES THREE STRATEGIC AXES for addressing the economic priorities outlined in the previous section. Working in synergy, the three axes support the ambitious objective to create wealth that the region has endorsed for the past 10 years.

**FIGURE 18**
AXES AND STRATEGIC ORIENTATIONS OF THE 2015-2020 MEDP
A. SUPPORT THE DEVELOPMENT OF METROPOLITAN CLUSTERS

Created 10 years ago, the CMM’s strategy has resulted in strong engagement from not only industrial stakeholders but also governments. Coherence between public policies and industrial cluster dynamics is a success factor in this regard. In Greater Montréal, the metropolitan cluster strategy is the result of a partnership between the CMM, the Government of Québec, the Government of Canada and the private sector. More and more, the governments’ strategies and policies are aligned with the needs of the clusters on the CMM’s territory — for example, strategies to attract foreign direct investment and talent, tax policies, Québec research and innovation strategies, and maritime strategies. This will require ongoing efforts to properly define the features of the metropolitan economy and promote the clusters on local, provincial, national and international levels.

Means

Update the sectors of excellence profiles

In the fall of 2003, with the support of the Québec ministère des Affaires municipales, du Sport et du Loisir (MAMSL) and the Québec ministère du Développement économique et régional et de la recherche (MDERR), the CMM started a project to identify and map its territory’s sectors of excellence. This was the first phase of a larger-scale project that in the following years led to the creation and implementation of an integrated economic development and innovation strategy for the entire region.

This first step resulted in the creation of an economic profile for each of the territory’s industries and enabled the CMM to identify 15 potential clusters. Using these profiles, cluster stakeholders were to join forces and conduct a territory positioning study, including a benchmarking exercise for measuring the clusters’ level of competitiveness against similar regions. Once a consensus had been reached on the cluster’s development plan, a cluster initiative would be assigned the task of coordinating the plan. Currently, eight metropolitan clusters have been activated based on the knowledge drawn from the sectors of excellence studies. This knowledge has also benefited many public policies.

In 2015, the CMM will ask its government partners for support to update the sectors of excellence studies. The update will help refine the metropolitan strategy, which is aimed at developing the territory’s sectors of excellence.

Foster intercluster activities to encourage the sharing of management best practices and collaboration opportunities

A comparative analysis of cluster programs in a number of regions around the world provided the following conclusions:

› The number of members and the size of the organization (number of employees) are strongly related to cluster performance.
› The priority given to advertising, exports and R&D is strongly related to cluster performance.
› The scope and intensity of the services offered are directly related to the clusters’ impact on firms.
› Public development programs (infrastructure, R&D, exports, entrepreneurship, etc.) should be coherent with cluster strategies.
› Exchanges between cluster managers should be encouraged and fostered.
With the aim of ongoing improvement in metropolitan cluster performance, the CMM will strive, through its role as coordinator, to increase interactions between cluster managers in order to foster initiatives relevant to the objectives. This will allow the clusters to share best practices, seize collaboration opportunities and benefit from savings by working together on certain initiatives (training, visibility, advertising, etc.).

The dynamic created by the clusters spurs the development of the territory’s social capital. Social capital is all of the resources (financial capital, information, etc.) engaged through a more or less extensive and more or less actionable contact network that brings a competitive advantage to the metropolitan area by ensuring higher returns on investments. Greater cooperation between the clusters would only broaden this competitive advantage and provide greater returns on investments.

### Develop practices and tools that stimulate innovation generated by the sharing and transfer of knowledge between cluster members

Cluster members are firms, universities and organizations that make up the industrial fabric of the clusters. A number of cross-cutting initiatives, formal or informal, aimed at stimulating exchanges between the clusters already exist. The 2010-2015 EDP encouraged cross-cutting, strategic innovation projects aimed at bolstering the competitiveness of metropolitan area firms to increase cluster impact and foster new metropolitan networks.

An example of an intercluster project is TechnoMontréal’s and CargoM’s collaboration on the movement of goods. In addition, TechnoMontréal is working with Finance Montréal on developing solutions and technological applications to help the financial industry better meet the needs and trends of the future. It is also developing a similar partnership with organizations in the health industry. Another example is Aéro Montréal’s and Écotech Québec’s collaboration on the recycling of planes.
There are also a number of cross-cutting issues that clusters could tackle together. For example, the report by Raymond Chabot Grant Thornton\(^{10}\) proposes support for initiatives that foster the adoption of new technologies as well as global innovation and marketing actions within Greater Montréal SMEs. This is important for commercial SMEs, which miss opportunities to market their products internationally. Such opportunities are increasing thanks to the Internet, social media, crowdfunding and changing consumer habits (online purchasing).

The CMM will continue to foster intercluster projects, which are developed by two or more clusters wanting to address challenges that affect all clusters. The CMM intends to assess the relevance of providing the clusters with a platform that would facilitate intercluster collaboration.

The CMM will take into account new collaborative practices and the application of the knowledge it acquires through economics and management research. It will support initiatives based on new collaborative models to foster innovation generated by collaboration between cluster members.

**Develop an outreach strategy for metropolitan clusters on local and international levels**

The cluster development process that the CMM established with its strategy in 2005 includes three phases: activation, results and impacts. The consultations with metropolitan cluster leaders led to the creation of a fourth development phase targeting metropolitan cluster outreach on local and international levels.

Together with Montréal International and its other partners, the CMM will support the implementation of outreach tools aimed at:

- demonstrating the relevance and performance of clusters as organizations and economic development models for the metropolitan area;
- promoting the cluster strategy as the preferred economic development tool of the metropolitan partners and better integrating the clusters into public policies (municipalities, CMM, governments of Québec and Canada);

---

\(^{10}\) Raymond Chabot Grant Thornton (2014). op. cit.
 › leveraging opportunities created by new relationships between clusters, firms and partners;
 › positioning clusters with partners and local firms so that they benefit from the clusters’ networks; increasing opportunities to use cluster initiatives in the metropolitan area’s various projects.

**B. SUPPORT CONSOLIDATION AMONG THE INDUSTRIES OF THE CREATIVE ECONOMY**

The industry consultations held as part of the study on the creative industries by the Board of Trade of Metropolitan Montréal showed the importance of supporting the consolidation of creative economy firms by helping creators become entrepreneurs, facilitating access to financing adapted to firms’ different development stages and supporting firms that have reached a critical mass. In fact, these business strategies are the same as the ones that the metropolitan clusters target through their innovation, marketing and financing projects.

In general, the issues shared by the creative industries could be addressed more effectively through a concerted, integrated effort from all sub-sectors. The cluster approach could be a good solution to the challenges of Montréal creative industries. Combining the efforts of all stakeholders from the same industry could be an effective, powerful development lever in many industries.

**Means**

<table>
<thead>
<tr>
<th>Evaluate the need for and feasibility of activating new metropolitan clusters to help structure the creative industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>For 2015-2020, the CMM will evaluate the need for and feasibility of activating new cluster initiatives in the creative economy. In fact, action has already been taken with the activation of a fashion cluster. This new cluster, along with other potential clusters, will complement the current metropolitan clusters in the areas of film and television and information and communications technologies, which already include many sectors of the creative industries.</td>
</tr>
</tbody>
</table>

**Develop an outreach strategy for a creative Greater Montréal that is coherent with the 2007-2017 Action Plan of Montréal, Cultural Metropolis and other local action plans**

Support for creative industries also depends on the positioning of Greater Montréal as a world-class creative metropolis. The Board of Trade of Metropolitan Montréal’s study recommends that metropolitan stakeholders implement a three-part outreach strategy:

 › Offer tax and monetary incentives to firms to urge them to create partnerships with the creative industries.
 › Integrate more design and architectural components into public works instead of choosing them based on cost alone.
 › Integrate international creative networks like events such as C2MTL, which promotes Greater Montréal’s brand. This kind of collaboration between the stakeholders of Montréal’s creative scene showcases the metropolis and attracts world-renowned creators and major investors11.

The CMM will solicit the relevant partners to implement an outreach strategy for the region’s creative industries.

---

11 Board of Trade of Metropolitan Montréal (2013). op. cit.
C. PROMOTE THE METROPOLIS AS A LOGISTICS HUB

The Montréal metropolitan area is a geographic location conducive to supply chain activities. It benefits from the presence of all modes of transportation, strong, efficient intermodal connections, professionals with extensive experience in the logistics and transportation industry, and a unique position as a gateway for the entry of goods into North America.

Despite its assets, the Montréal metropolitan area faces fierce competition regarding logistics and transportation. As part of its work, CargoM, the logistics and transportation cluster, conducted studies aimed at identifying development axes and establishing Greater Montréal’s position as a logistics hub through a multi-site approach.

**Means**

**Develop a promotion strategy for logistics and transportation with CargoM and the territory’s elected officials**

The Montréal metropolitan area has several logistics centres concentrated in a small geographic area. They include the logistics activities of the Port of Montréal, intermodal railway centres, the Montréal – Pierre Elliott Trudeau International Airport, the Montréal-Mirabel International Airport and the Montréal-Mirabel International Airport and the Saint-Hubert airport; the planned activities in Vaudreuil-Soulanges and Contrecœur as well as all along Highway 30; and numerous logistics activities in existing industrial parks in Longueuil, Roussillon and Salaberry-de-Valleyfield. Such a wide range of activities and infrastructure meets not only the needs of manufacturing companies shipping high volumes by sea or rail but also those of high-tech firms shipping high-value-added products by air.

Implementing a tools and communications platform in collaboration with manufacturers, municipalities and Montréal International would help welcome, guide and inform firms wishing to set up in Greater Montréal. This is an essential project that CargoM wants to develop and implement. The components to be developed could include:

- a common brand image for Greater Montréal logistics;
- a geographic information system that would allow users to navigate available industrial sites and include all relevant features of locations, and possibly a prequalification program;
- a database that would provide information on the characteristics of public services, taxation, available incentives, municipal services and basic socioeconomic data;
- value-added services (monitoring, mapping, market analyses, benchmarking, etc.).
AXIS 2

OPTIMIZE OUR PRODUCTION FACTORS

A. STIMULATE PRIVATE INVESTMENT

The CMM’s economic mandate addresses two private investment issues: attracting foreign direct investment and marketing the territory’s industrial spaces. Both are often related. The availability of industrial spaces that can easily accommodate firms is a key driver of attractiveness for Greater Montréal. Also, the appropriation period is an important factor for a company looking for a location. For example, contaminated spaces will increase the perceived scarcity of industrial spaces in the metropolitan area due to the increased cost and duration of development. The CMM needs to act on increasing the use of its industrial spaces.

Means

Implement the action plan of the strategy for enhancing industrial spaces

In 2013, the CMM developed a strategy for enhancing industrial spaces, which included an action plan (see Appendix 2).

The strategy’s priority is to create a business plan for a standing committee that will oversee the monitoring and marketing of industrial spaces. The committee will be a permanent monitoring tool that will track the occupation of industrial spaces and identify mechanisms to improve their marketing strategies. The CMM will develop the committee’s primary tool, which is a database of the territory’s industrial spaces. The database will identify the features, potential and value of the available industrial spaces and buildings in the area. It will be updated regularly, allowing the committee to ensure that supply matches demand in the metropolitan area’s market segments, identify constraints to industrial space development, and propose solutions. The CMM will make sure that the new database is complementary to other existing tools.

Implement Montréal International’s foreign direct investment strategy

The CMM and its public and private partners are committed to continuing to fund the activities of Montréal International’s Investment Greater Montréal division. Its goal is to double the foreign investments that it brings to Montréal (from $690 million in 2012 to $1.3 billion by 2018). In 2014, Montréal International had already attracted $866.8 million in foreign investments.

To achieve its goal, Montréal International will:

› intensify prospection efforts to increase the project portfolio since doubling objectives means doubling the portfolio value;
› maximize project portfolio performance by targeting a greater number of subsidiary, European, Asian and IT projects;
› better structure and increase strategic intelligence and targeting activities to optimize marketing efforts and raise the number of original projects (i.e., projects initiated by Montréal International);
› update industry-based prospection strategies carried out with clusters and the metropolitan community;
› target key promising, value-added industries;
› double, by 2018, the number of subsidiaries visited each year in Greater Montréal by focusing on collaboration and coordination with local partners and Investissement Québec;
› place the issues of qualified workforce, incentives, taxation and market access at the centre of Montréal International’s representation activities.
Create a profile of the capital investment network and develop industry-based investment strategies

Access to adequate financing is one of the key factors of business development. The financing chain must meet business and investor needs in order to foster business investment and growth.

One of Finance Montréal’s priorities is analysing the investment capital industry at all steps of the financing chain (venture capital, development capital, leveraged buyout and transfers, and IPO). It intends to map out the financing chain of the metropolitan clusters to identify their strengths and areas for improvement. With this information, it will develop an action plan aimed at consolidating investment capital in Québec.

Create an industrial investment crisis unit for the CMM

With its resources and bodies, the CMM intends to create an industrial investment crisis unit to ensure early action in the event of a crisis that could cause the reduction or closure of the territory’s industrial plants. The crisis unit will have an action plan and light, flexible governance to help it fulfill its mandate to provide monitoring, identify cases, analyse situations, bring together partners and find solutions.

B. PROVIDE THE METROPOLIS WITH A HIGH-QUALITY WORKFORCE

The purpose of this orientation is to develop a high-quality workforce and improve productivity by fostering a better match between workforce supply and demand, increasing education opportunities and improving businesses’ use of skills.

The CMM’s goal is to achieve sustainable economic growth by investing in a high-quality workforce which adapts better and faster to changes and helps increase productivity. To contribute to this orientation, workforce development organizations and educational institutions will have to adjust their services to match the Montréal metropolitan area’s job market conditions and meet specific business needs.
Means

Implement Montréal International’s strategic foreign talent attraction and retention strategy

Attracting talent is a primary concern for Greater Montréal’s key industries, in particular gaming, visual effects, ICT and aerospace. Being proactive in the recruiting of talent in the short term is essential for businesses’ commercial success.

Firms require varying amounts of metropolitan support depending on their international recruiting experience, number of hires and ability to contact and support candidates. Relevant targeting (specific types of jobs, recruitment pools, promotional approach) is one of the keys to the success of any recruiting strategy.

For 2015-2020, the CMM and its government partners have agreed to finance the implementation of the Montréal International business plan for attracting strategic talent. Montréal International’s proposed approach involves maintaining and improving the metropolitan talent attraction activities that were developed as part of a pilot project funded by the Conseil emploi métropole (2011-2013). The recommended approach is part of the orientations of the CMM’s master plan for attracting strategic talent. In addition to the foreign promotional and recruitment activities developed as part of the pilot project, three complementary components will be included:

› promoting Greater Montréal as a preferred place to live and work;
› supporting Greater Montréal firms in their international recruitment efforts;
› helping Greater Montréal firms facilitate the arrival and retention of strategic talents attracted through recruitment activities.

Support metropolitan initiatives for retaining foreign students

The Montréal metropolitan area is a world-class education hub with many prestigious educational institutions (five universities and several colleges). There are many foreign students in Montréal, especially at the university level, and Greater Montréal should take advantage of this opportunity to retain more of them. Students who have spent a number of years in Montréal are acclimatized to the city. They could be encouraged to stay by improving their francization, their integration into the job market and their access to citizenship.

These initiatives are some of Montréal International’s priorities. The organization is studying several ways to increase the value of university graduation and retain more qualified foreign students and workers.

Support initiatives for matching workforce to business needs, with the Conseil emploi métropole and cluster human resources working groups

Given the importance of developing the workforce and matching it to business needs, measures must be implemented to provide the metropolis with the skills it requires to progress. It has been decided that support will be given to the Conseil emploi métropole’s initiatives and the cluster human resources working groups that foster such matching.

Several aspects of this theme must be addressed simultaneously. First, the initiatives could focus on implementing the recommendations made by the Conseil emploi métropole in its workforce needs analyses or training and job match analyses. These documents, which need constant updating, provide practical solutions for improving the match between training and business needs. These solutions should now be integrated into training programs. Moreover, new industries experiencing rapid expansion and knowledge development could be targeted by interventions adapted to their needs.
The initiatives supported by this orientation could also address the issue of integrating immigrants into the job market. Particularly serious in Greater Montréal, this problem is a major obstacle for using the talents attracted to the Montréal metropolitan area. A number of metropolitan partners are taking action in this regard. For example, the Interconnection program of the Board of Trade of Metropolitan Montréal, in partnership with Emploi-Québec, aims to establish preferred contacts between Montréal organizations and qualified newcomers to promote their professional integration. The Conseil emploi métropole’s tool called “Comprendre et agir” (understand and act) allows Montréal metropolitan area firms to understand the expectations, attitudes and behaviours of the younger generation and immigrants in the workplace.

**With clusters and Montréal International, support metropolitan initiatives for improving student achievement, university graduation rates and job market access**

Dropping out of school is a social problem. It is essential to value education and support persistence in school until students have earned a qualifying diploma in order to break the vicious cycle of their dropping out of school and the harmful effects it has on social, economic and cultural development.

One of the CMM’s specific goals is to increase the university graduation rate, and it will support initiatives with the same objective. The CMM could take initiatives on two levels: First, financially support the cluster human resources working groups initiatives aimed at promoting the jobs of the future to Greater Montréal youth; then work with the metropolitan clusters and Montréal International to get involved in groups that support persistence in school, such as the Instances régionales de concertation (regional consulting authorities). Together, the members of these networks commit to developing projects that will increase the scope and impact of actions that encourage students to stay in school, succeed or go back to school.

The concerted action, engagement and awareness of all local stakeholders regarding the importance of supporting persistence in school is a key success factor. Such mobilization makes persistence in school a central concern and a priority that addresses Québec’s development issues. The CMM’s involvement in these initiatives is a way to show the importance that Montréal metropolitan area elected officials place on the success of youth.

---

12 CREPAS’s website (http://www.crepas.qc.ca), visited February 20, 2015.
A. MAKE GREATER MONTRÉAL AN INTERNATIONALLY ACCLAIMED SMART CITY

For Greater Montréal to become an internationally acclaimed smart city, the CMM and its partners, the clusters and Montréal International, as well as the municipalities, must act as catalysts, each in their own way. Already, the Ville de Montréal has created the Smart and Digital City Office (BVIN). Its strategy, called Montréal, Smart and Digital City, is based on four axes: collect, communicate, coordinate and collaborate. Several other Montréal metropolitan area municipalities would like to have smart city strategies. These will be developed to meet the specific needs of their citizens. The strategies could benefit from the experience of the Smart and Digital City Office and other municipalities by sharing certain practices. Through its role as planner and coordinator, the CMM and its partners could support initiatives which contribute to making Greater Montréal a leading smart city by facilitating communication between the different sponsors.

B. MOBILIZE METROPOLITAN ECONOMIC STAKEHOLDERS

It is widely recognized that the mission of economic developers is to facilitate the emergence and implementation of targeted strategic initiatives within a local community. The success of these initiatives requires the engagement and mobilization of many stakeholders who have varying, and sometimes conflicting, interests.

Since its first economic development plan in 2005, the CMM has known that the proposed orientations must interest key economic stakeholders who are likely to collaborate. Mobilizing these stakeholders is key to the region’s taking practical action. Collaboration is the only way that the Montréal metropolitan area will be able to develop its economic potential and the talent of its citizens within a sustainable development perspective.

Means

Support and guide the smart city initiatives of municipalities in the region and encourage networking between them

Smart city initiatives are aimed at fostering economic growth by:

› stimulating and promoting local firms of the smart city niche;
› attracting the best firms of the smart city niche;
› encouraging networking between research, industry, venture capital, institutional investors and start-ups to develop Montréal expertise.
Means

Hold a biennial meeting with stakeholders of the Montréal model to review the economic strategy

Practically, mobilizing economic partners (see the Montréal model in section 2.2) can take on several forms, such as the strategic forum of the Board of Trade of Metropolitan Montréal, the metropolitan economic symposium of the CMM, and other kinds of meetings. To follow up on the Metropolitan Land Use and Development Plan (PMAD), the CMM implemented a biennial metropolitan agora in 2013. The agora brings together elected officials and citizens so they can learn, discuss, debate and propose ideas. The 2015-2020 Metropolitan Economic Development Plan will broaden the scope of the agora by addressing economic issues that are of particular concern to elected officials, citizens and civil society.

Implementing a metropolitan vision requires the commitment of all stakeholders, but especially, elected officials and civil society representatives. The goal is therefore to add an economic component to the metropolitan agora, as well as activities which will foster better interactions between the CMM’s fields of competence.

Provide coherence between initiatives aimed at the economic positioning of Greater Montréal in partnership with the stakeholders of the Montréal model

In 2007, in a report prepared for the CMM, the firm Zins Beauchesne and Associates stated that overall, according to the stakeholders consulted, there is no shared vision or international development strategy for the Montréal metropolitan area, and no coherence among the international activities of the territory’s many economic development players. For lack of a shared message to send about Greater Montréal, people send their own “messages,” and achieve random, inconsistent results14.

Further to Zins Beauchesne’s report, the CMM started considering the relevancy of having a common brand image for the metropolitan area. The increase in promotional tools used as much by Montréal International as by the clusters, economic development corporations and other regional organizations supports the argument for a more coherent metropolitan message. The CMM plans on playing a greater coordination role by developing the necessary mechanisms and supporting the metropolitan partners’ initiatives.

Establish a partnership agreement between the stakeholders of the Montréal model, including a three-year action plan of shared projects and follow-up on the agreement by the GEM-MTL group

In 2005, when the CMM launched its first economic development plan, an agreement between the funding parties of the metropolitan clusters was created in the form of the metropolitan cluster funding framework. During consultations held in preparation for the current Metropolitan Economic Development Plan, it was suggested that the cluster funding framework agreement be expanded to become a general partnership agreement between all metropolitan economic development stakeholders. The agreement would cover the roles and responsibilities of the municipal and government funding parties of the clusters and Montréal International — meaning the CMM, the Government of Québec and the Government of Canada — as well as the other metropolitan partners, such as the Conseil emploi métropole, boards of trade, regional county municipalities, the clusters and Montréal International. The partnership agreement would also include a three-year action plan submitting specific projects, events and promotional activities, for example. The roles and responsibilities of each one would be provided. The agreement and its action plan will be monitored regularly by a committee to be implemented, called GEM-MTL (Montréal metropolitan economic governance). GEM-MTL will be made up of the partners of the Montréal model shown in section 2.2.

With metropolitan partners and municipalities, assess the feasibility of establishing a metropolitan social economy fund

According to the Chantier de l’économie sociale, social economy encompasses community-based entrepreneurship, which operates according to the following principles and rules:

› Social economy enterprises serve members of the community rather than simply generating profits and seeking higher returns.
› They have autonomous management, not controlled by the government.
› They include a democratic decision-making process in their by-laws, allowing users and workers to participate.
› They place greater emphasis on individuals and jobs than on capital when distributing surpluses and income.
› They base their activities on the principles of individual and collective involvement and empowerment.

The Chantier de l’économie sociale du Québec has consolidated its relationships with the regions by signing direct partnership agreements with regional social economy poles, composed mainly of community-based firms and support agencies. Their role is to promote social economy and foster cooperation and partnership between local and regional social economy stakeholders to harmonize their actions and maximize their impact. In the Montréal metropolitan area, the social economy poles are: Comité régional d’économie sociale de Laval, Comité d’économie sociale de l’île de Montréal (CÉSÎM), Pôle régional d’économie sociale de l’agglomération de Longueuil, Pôle régional d’économie sociale des Laurentides, Pôle régional d’économie sociale de la Montérégie Est, and Table régionale d’économie sociale de Lanaudière.

In the metropolitan area, many organizations financially support social economy firms, for example, the Trust of the Chantier de l’économie sociale, the Réseau d’investissement social du Québec, the Caisse d’économie solidaire Desjardins, the Fonds d’initiative et de rayonnement de la métropole of the Secrétariat à la région métropolitaine, and the social economy funds of local development centres (CLDs).

The CMM will evaluate the feasibility of implementing a metropolitan social economy fund, which would be financially supported by metropolitan social economy partners, public or private.
“We believe that this strategic plan is ambitious and that it will mobilize the Montréal metropolitan area’s economic stakeholders. The implemented measures will allow Greater Montréal to address the challenges our economy is facing, meaning practical, long lasting benefits for our citizens.”

ALBERT BEAUDRY, member of the Executive Committee of the Ville de Longueuil and chair of the CMM’s Economic Development, Metropolitan Facilities and Finance Commission
METROPOLITAN CLUSTER PERFORMANCE
An assessment process must be implemented to review the performance of clusters and monitor and identify their added value to the Montréal economy. Since the Government of Québec has already started a process to assess the results of public investments in metropolitan clusters, the CMM proposes to build on this and develop the best assessment process based on the results achieved.

THE CMM’S FOREIGN DIRECT INVESTMENT STRATEGY
Foreign direct investment spurs economic growth. Increasingly, it is driven by mergers and acquisitions. It disregards short-term financial gains and focuses on sustainable development. It reflects a willingness to access bigger or high-growth markets and to win global market shares.

To address the challenges of international competition and attract foreign direct investment and capital, the metropolitan partners need to start thinking collectively about industry issues and, in particular, how they can work better together to maximize success. The CMM will facilitate this process. In 2015, it will bring together the relevant partners to develop new and improved mechanisms. The implementation of a mechanism such as a “Team Greater Montréal” will be one of the key focuses.

ANNUAL PERFORMANCE REVIEW OF EACH CLUSTER BY THE ECONOMIC DEVELOPMENT, METROPOLITAN FACILITIES AND FINANCE COMMISSION
The CMM’s Executive Committee has assigned the Economic Development, Metropolitan Facilities and Finance Commission the mandate to review the creation of any metropolitan cluster, under the Metropolitan Economic Development Plan, or the awarding of any financial contributions to such clusters, and to make recommendations to the Executive Committee. Every year, all active metropolitan clusters must submit an operational report for the year ended, an action plan for the following year, and its financial results to the CMM.

FOLLOW-UP ON THE AGREEMENT WITH MONTREAL INTERNATIONAL BY THE CMM’S EXECUTIVE COMMITTEE AND PARTICIPATION ON THE BOARD OF DIRECTORS
Created in 1996, Montréal International is the result of a private-public partnership. Its mission is to act as an economic driver for Greater Montréal to attract foreign wealth while accelerating the success of its partners and clients. Montréal International’s mandate is to attract foreign direct investments, international organizations and strategic talent to the metropolitan area, as well as promote the competitive environment of Greater Montréal. Montréal International — a non-profit organization — is funded by the private sector, the governments of Canada and Québec, the CMM and the Ville de Montréal. Its board of directors includes eight elected representatives from the CMM. The CMM’s funding for Montréal International is awarded based on a three-year agreement. Every year, the CMM’s Executive
Committee approves Montréal International’s operational report, action plan for the following year and financial results.

**MEDP SCORECARD (INTEGRATED INTO THE GREATER MONTRÉAL OBSERVATORY)**

In November 2008, the CMM launched its Greater Montréal Observatory, which includes scorecards for monitoring the implementation of the CMM’s various plans. A recognized management tool, scorecards are used to summarize organizations’ issues using limited information. They also condense and simplify information. Scorecards provide a restricted number of measures for describing sometimes complex situations, and it is important to remember that their indicators do not always paint the full picture. The indicators do, however, prompt users to refer to more comprehensive reports so they can better understand the situation presented.

The MEDP scorecard (tbpde.cmm.qc.ca) has two components. The first provides a few macroeconomic indicators selected based on the MEDP’s objectives. The second, often more qualitative, includes other indicators that are directly related to the initiatives implemented to support the strategic orientations of the MEDP.

To better monitor the new orientations of the 2015-2020 MEDP, the CMM will add a third component to the MEDP scorecard. This new section will include sustainable development and inclusive growth indicators. These new indicators will be used to track the objectives that the region will set based on its own context, instead of the contexts of other metropolitan areas. The MEDP specializes in economic production issues. It does this knowing that social and environmental progress is strongly linked to economic progress. However, high quality of life depends on a number of factors. To truly understand people’s well-being, it is important to consider as many factors as possible. In the scorecard, the indicators will be developed as the CMM and its partners deploy their strategies, especially those regarding smart cities, workforce matching, foreign student retention, graduation rates, student achievement and social economy.

Quality of life depends on the effect that life’s circumstances have on individuals and how individuals assess them.
EXAMPLES OF INDICATORS THAT GO BEYOND ECONOMIC PRODUCTION AND EMBRACE WELL-BEING

Quality of life depends on the effect that life’s circumstances have on individuals and how individuals assess them. Because the best people to measure quality of life are people themselves, the primary measure of quality of life is a subjective measure of well-being. The percentage of people who are satisfied or very satisfied with their lives at the metropolitan level is provided by the Canadian Community Health Survey of Statistics Canada.

Income inequalities have increased to a point where the income of certain groups of people goes down while the average income of the population goes up. There are a number of indicators for understanding this phenomenon (Gini coefficient, the share of gross income earned by the top 1% of the wealthiest people). The rate of low-income persons at the metropolitan level is currently provided by the Canadian Income Survey of Statistics Canada.

Physical safety is essential to quality of life, and crime is one of the main factors that influences it. Crime is frequently measured by the rate of homicides per 100,000 people. The homicide rate is provided by the Canadian Centre for Justice Statistics of Statistics Canada.

The OECD’s Better Life Index is a way to compare well-being indicators (community, satisfaction, engagement, work-life balance, etc.) with economic indicators (income, employment, education, etc.). This provides for a better understanding of what determines the well-being of people and nations, and what must be done to improve quality of life for everyone16.

SUMMARY OF STRATEGY
### TABLE 5
SUMMARY OF THE 2015-2020 MEDP STRATEGY

<table>
<thead>
<tr>
<th>ORIENTATIONS</th>
<th>MEANS (abbreviated form)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AXIS 1 – FOCUS ON OUR ECONOMY'S STRENGTHS</strong></td>
<td></td>
</tr>
<tr>
<td>Support the development of metropolitan clusters</td>
<td>› Update the sectors of excellence profiles&lt;br&gt;› Foster intercluster activities&lt;br&gt;› Develop practices and tools that stimulate innovation&lt;br&gt;› Develop an outreach strategy for metropolitan clusters</td>
</tr>
<tr>
<td>Support consolidation among the industries of the creative economy</td>
<td>› Evaluate the need for and feasibility of activating new metropolitan clusters to help structure the creative industries&lt;br&gt;› Develop an outreach strategy for a creative Greater Montréal</td>
</tr>
<tr>
<td>Promote the metropolis as a logistics hub</td>
<td>› Develop a promotion strategy for logistics and transportation</td>
</tr>
<tr>
<td><strong>AXIS 2 – OPTIMIZE OUR PRODUCTION FACTORS</strong></td>
<td></td>
</tr>
<tr>
<td>Stimulate private investment</td>
<td>› Implement the strategy for enhancing industrial spaces&lt;br&gt;› Implement Montréal International’s foreign direct investment strategy&lt;br&gt;› Create a profile of the capital investment network and develop industry-based investment strategies&lt;br&gt;› Create an industrial investment crisis unit</td>
</tr>
<tr>
<td>Provide the metropolis with a high-quality workforce</td>
<td>› Implement Montréal International’s talent attraction strategy&lt;br&gt;› Support initiatives for retaining foreign students&lt;br&gt;› Support initiatives for matching workforce to business needs&lt;br&gt;› Support initiatives for improving student achievement, university graduation rates and job market access</td>
</tr>
<tr>
<td><strong>AXIS 3 – PROVIDE METROPOLITAN COHERENCE</strong></td>
<td></td>
</tr>
<tr>
<td>Make Greater Montréal a leading smart city</td>
<td>› Support and guide the smart city initiatives of municipalities in the region and encourage networking between them</td>
</tr>
<tr>
<td>Mobilize metropolitan economic stakeholders</td>
<td>› Hold a biennial meeting with the stakeholders of the Montréal model&lt;br&gt;› Provide coherence between initiatives aimed at the economic positioning of Greater Montréal in partnership with the stakeholders of the Montréal model&lt;br&gt;› Establish a partnership between the stakeholders of the Montréal model&lt;br&gt;› Assess the feasibility of establishing a metropolitan social economy fund</td>
</tr>
</tbody>
</table>
APPENDICES
APPENDIX 1
LEVELS OF PLANNING ON THE CMM’S TERRITORY

The institutional framework\(^\text{17}\) for economic development includes five levels of intervention. The Government of Québec intervenes at the provincial level, the CMM at the metropolitan level, the agglomerations, the RCMs and the RCM-cities at the regional level, and the municipalities at the local level. Also, the regional conferences of elected officers (CRÉs), the ministries and a number of organizations intervene at the administrative region level. Each of these stakeholders has its own planning tools.

According to Québec legislation, mechanisms have been established to achieve coherence between these different tools (shown by the solid lines in the figure below). As such, An Act Respecting the Ministère des Affaires Municipales, des Régions et de l’Occupation du Territoire (C.Q.L.R., chapter M-22.1) stipulates that the CRÉs’ five-year plans must consider the Metropolitan Economic Development Plan. In addition, An Act Respecting the Ministère du Développement Économique, de l’Innovation et de l’Exportation (CQLR, chapter M-30.01) stipulates that the RCMs’ local plan of action to stimulate the economy and create employment must consider the five-year development plans of their CRÉs and the Metropolitan Economic Development Plan of the CMM.

The dotted lines in the figure below show that it would be desirable that government and local economic development strategies also consider the CMM’s Metropolitan Economic Development Plan. This would provide coherent public intervention.

---

\(^\text{17}\) Bill 28 will change the responsibilities of certain stakeholders. When the 2015-2020 MEDP was written, the Act had not been modified. The appendix presents the situation as stipulated in the current legislation.
APPENDIX 2
ACTION PLAN OF THE STRATEGY FOR ENHANCING INDUSTRIAL SPACES

› Submit a business plan to create a committee that will oversee the monitoring and marketing of industrial spaces
› Hold a discussion forum on the manufacturing strategy for the Montréal metropolitan area (following the filing of Québec’s industrial policy)
› Coordinate the implementation of an industrial space database in collaboration with local development organizations
› Develop a manufacturing strategy for the Montréal metropolitan area

› Develop a logistics and transportation metropolitan strategy (including the logistics hubs)
› Propose the creation of a provincial foreign direct investment incentive program
› Put forward legislative proposals for ensuring the sustainability of industrial spaces as part of a sustainable development policy
› Participate in the negotiation of a new ClimatSol program at the Table Québec-Montréal métropolitain pour l'aménagement et le développement