INFORMATION REPORT

TO: Chair and Members
Audit, Finance and Administration Committee

COMMITTEE DATE: May 16, 2019

SUBJECT/REPORT NO: 2019 McMaster University Follow-Up (FCS19047) (City Wide)

WARD(S) AFFECTED: City Wide

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SIGNATURE:

COUNCIL DIRECTION

N/A

INFORMATION

The City of Hamilton will receive the proposed 2019 Development Charges (DC) By-law in its entirety for consideration and adoption at its scheduled June 12, 2019 Council meeting after the Audit, Finance and Administration Committee considers the same at its scheduled June 6, 2019 meeting.

At the March 25, 2019 Development Charges Stakeholders Sub-Committee Meeting, McMaster provided a letter which indicated that a 2018 KPMG report showed that McMaster’s annual Gross Domestic Product (GDP) impact to the City of Hamilton was almost $3.9 B. Staff reached out to McMaster to obtain more detail regarding this statement.

On April 4, 2019, staff received the following overview from McMaster University with respect to the composition of the $3.87 B economic impact (based on the 2015-2016 fiscal year) in relation to the total economic impact of $9.23 B from McMaster University, which consists of four components shown as follows (excerpt from the McMaster information):

- Annual expenditures by and as a result of McMaster generate 14,232 full time equivalent (FTE) jobs and contribute about $1.64 B in value-added to the Canadian economy annually;
• Capital investments by McMaster over the past five years created approximately 5,560 FTE jobs and contributed an additional $613 M to the GDP in Canada, resulting in an annual average impact of $123 M to Canada’s GDP and over 1,110 FTE jobs across Canada;

• Since 1971, it is estimated that $3.5 B in annual GDP in Ontario can be linked to the cumulative impact of research and development at McMaster. From a local perspective, $1.3 B in annual GDP in the City of Hamilton can be linked to the cumulative impact of research and development at McMaster;

• The annual GDP impact from additional income earned by McMaster alumni due to their education at McMaster was estimated to be $3.94 B.

On May 3, 2019, McMaster advised staff that the full December 2017 Economic Impact Study was available (as of April 24) on their website.

KPMG reports that specific to $545.4 M in capital investments made over the five years (2011-12 to 2015-16, presented in 2016 dollars), McMaster has contributed over $600 M to Canada’s GDP and is linked to over 5,550 FTE jobs across the nation. The report estimates the total benefits from the annual capital investments of about $262 M. The report goes on to break down the benefits accordingly, Canada 47%, Ontario 43% and Hamilton 10%. In 2018, the City of Hamilton received approximately $2.2 M in payments in lieu of property taxes.

APPENDICES AND SCHEDULES ATTACHED

N/A

LG/dt