



INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	January 18, 2023
SUBJECT/REPORT NO:	Economic Development Manufacturing Strategy Update (PED23005) (City Wide)
WARD(S) AFFECTED:	City Wide
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COUNCIL DIRECTION

N/A

INFORMATION

In the spring of 2022, KPMG International Limited (KPMG), a Canadian consulting firm was awarded the contract to update the City of Hamilton's Manufacturing Sector Strategy. This strategy involved outreach and input from key stakeholder groups including academia & research, industry, government, support organizations, Infrastructure organizations and potential Investors. This strategy describes the current state of the sector, identifies key subsectors of strength, and highlights the key challenges and opportunities along with the City's value proposition. KPMG also identified opportunities for growth, investment, and jobs as well as an implementation roadmap. Further information is under Appendix "A" to Report PED23005.

Manufacturing

Manufacturing is a core foundation of Hamilton's economy. The Manufacturing Sector Strategy provides a framework for the sector's participants to link public investments with private sector expertise and innovation. It will inspire further collaboration and alignment to attract domestic and international investment.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Hamilton's Value Proposition

In Hamilton, policymakers and business leaders are committed to supporting the manufacturing sector in meeting global sustainability objectives and providing a competitive business environment for investment. Built on a long-standing legacy of steel, metal and food manufacturing, the City is laser-focused on building on its strengths and enabling the emergence of new subsectors, advanced processes, innovation, and new business models. The City is tapping into the market opportunities of emerging technology and a transition to a low-carbon economy to increase jobs, prosperity, and the local economy.

Hamilton's strategic location - at the heart of Canada's largest province and within an hour of the United States (U.S.) border - provides reliable, resilient access to world markets and trade routes. Companies located here have access to a modern, multi-modal transportation network with unparalleled ability to move their goods. This includes access to the largest port in Ontario, the busiest overnight express cargo airport in Canada, and a well-connected road and rail network.

We continue to build on our long-standing manufacturing legacy and become a leading City in North America's journey to a low-carbon manufacturing future.

Spotlighted Subsectors

In addition to supporting the established and traditional manufacturing sub-sectors, the Strategy identified six key subsectors of strength that are poised for further growth within the ecosystem, such as:

1. Steel & Metal Manufacturing;
2. Food & Beverage Manufacturing;
3. Industrial Machinery and Equipment;
4. Decarbonization Technologies;
5. Water Technologies; and,
6. Aerospace Manufacturing.

Key Enablers

Hamilton's location advantages, high-quality of life and well-established manufacturing ecosystem work in tandem with key enablers to ensure Hamilton's manufacturing sector continued growth. Key enablers separating Hamilton from its competition include:

- Movement of Goods;
- Industry and Innovation support;

- Linkages with Federal and Provincial Priorities; and,
- Related City and Stakeholder initiatives.

Key Strengths

Growing Hamilton's manufacturing sector and attracting investment will require drawing on the strengths of the Sector to unlock broader advantages. Hamilton's Sector strengths include:

- Existing Manufacturing Presence;
- Academic Institutions;
- Collaborative Environment;
- Strategic Location; and,
- High Quality of Life.

Key Opportunities

Hamilton has a strong and long-standing manufacturing base to build from and expand. Accelerating sector growth will depend on the City's ability to leverage existing strengths (advantages / differentiators) and capitalize on emerging opportunities (areas of potential growth / advantage) within key subsectors of focus, namely:

- Clean Energy Transition;
- Labour Attraction;
- Leveraging Existing Assets; and,
- Enhance End-to-End Ecosystem.

Labour Force Overview

The Manufacturing Sector is facing a global skills gap due to an increasingly ageing workforce and a misperception about the manufacturing industry among younger demographics. As the Manufacturing Sector aligns with Industry 4.0, there will be a significant shift in the skills and competency profile required in the manufacturing workforce. There are increased demands for talent with technological skillsets, enabling them to handle new-age technology-driven processes such as additive manufacturing, robotics, and automation.

The Strategy outlines various projects and initiatives that operate in Hamilton with the focus of creating awareness about the Manufacturing Industry and inculcating the required skills for manufacturing in high school students, as well as upskilling the workforce with vital skills demanded by the industry. Further leveraging these existing

initiatives is a key component of helping to bridge the existing skills gap and bolster the local workforce.

The City of Hamilton's Economic Development Division is also working on a detailed Workforce Development Strategy that will provide further analysis and recommendations to address labour force challenges.

Implementation Roadmap

Detailed research and consultations with stakeholders were conducted to evaluate the current status of the manufacturing sector including a focus on targeting foreign direct investments for the City. Based on the collected data and analysis, several recommendations have been identified to assist staff in growing the manufacturing sector and attract new investment. A complete list of the 42 Actions with corresponding roles, timelines and priorities can be found in Section 6: Implementation Roadmap of the Manufacturing Sector Strategy, attached to Report PED23005. The following are a few examples of the listed Actions:

1. Continue to promote the City's strengths (as it relates to the multi-modal movement of goods to potential investors) and ensure manufacturing is top of mind for the City's transport and logistics-related strategy Working with small companies;
2. Undertake an agricultural/food value chain analysis to better understand industry opportunities;
3. Enhance collaboration with industry and other levels of government to promote Hamilton's brand and capabilities as an advanced manufacturing hub at international industry events (e.g. Paris Air Show, Inter Solar Europe, the Cleveland Manufacturing and Technology Show);
4. Work with key stakeholders to develop an industry focused Decarbonization Transition Roadmap that supports local industry in achieving decarbonization targets by understanding areas of opportunity for reducing carbon emissions;
5. Strengthen collaboration and partnerships across sectors to facilitate the crossover of technology especially for start-up companies in this space through pilot projects and accelerate its readiness for adoption; and,
6. Host a 'Queen's Park' day with key provincial officials to further build partnerships with provincial counterparts and raise awareness about challenges facing Hamilton's Manufacturing Sector, the new Sector Strategy, Future Focus and spotlighted subsectors.

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The completion of the Manufacturing Sector Strategy was an identified action item in the City's Economic Development Action Plan 2021 – 2025 (item 30) and now it will be positioned for implementation.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED23005 - Manufacturing Sector Strategy

AP/jrb