

Letter to Whig-Standard: 20 November 2017

Money well spent?

City staff will recommend to Council on Tuesday evening that Kingston provide \$100,000 per year in 2018 and 2019 to Innovate Kingston. The funds will be used for operating expenses. This might be the moment for Council to re-examine how the City should be involved with this initiative.

The use of public money by any government to grow a sector of the economy can be justified only if that growth provides tangible benefits beyond those which are captured by the participants in that sector. Otherwise, it is a wealth transfer from those not in that sector to those that are. Perhaps Innovate Kingston is the mechanism by which the information and communications technology sector can grow here. Or perhaps it's not needed. That question doesn't concern us if the organization funds its own activities, which is not the case for Innovate Kingston.

The organization has sketched out its vision of success: "Our five-year mission is to create the thriving innovation ecosystem that will spawn \$100 million revenue businesses." I'm not sure what "innovation ecosystem" means; I hope Council does. And does the mission mean that the ecosystem will be in place in 5 years for the subsequent spawning at some unspecified time in the future of \$100 million revenue businesses? Or are they expecting that revenue at the end of the 5-yr program?

If only the ecosystem is to be in place by 2020, how do they measure progress to know if the program is working? On the other hand, if business revenue is what Innovate Kingston is aiming for, why are they reporting progress in terms of job numbers (or indeed, social media views)? Their funding proposal refers to 5 businesses and an estimate of 25 jobs resulting from Innovate Kingston's efforts - but job numbers that are neither certain nor identified as incremental. Perhaps the questions that should be asked of Innovate Kingston are: Will you have the ecosystem in place 3 years from now to deliver the business revenue target in your mission? If yes, why do you say that? If no, what will you need?

Kingston provides in-kind support to Innovate Kingston and the organization's obligations to the City are governed by a zero-rent lease on the former Portsmouth Town Hall. Innovate Kingston has provided financial statements for the year ending September 2016, but not for the year ending September 2017. Its current funding proposal does contain financial projections for 2018 and 2019, the years to be covered by the grant. The request, if accepted, will amount to the City providing around 60 percent of Innovate Kingston's operating revenue for 2018 and 2019, not taking into account the foregone rent on the Portsmouth facility. Would it not be prudent for Council to wait until it has the most recent financial statements, which should provide some accounting for The Breakout Project, the organization's showcase event held this spring? Has the financial position of the organization changed substantially since September 2016? Doesn't Council want to know this? Finally, given the substantial involvement the City would have in financing the organization if it provided the requested funds, will it have adequate oversight of the use of those funds?

Innovate Kingston has been inspiring in its vision of the potential for the region's economy and in the commitment and energy members have put into spreading its message. City taxpayers might be more supportive if they were confident that the goals were clear and accountability for the use of their money was assured.

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