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DRAFT ECONOMIC STRATEGY

The Planning and Economic Development Committee recommends the following:

1. **The presentation made by Donald Eastwood, Director, Economic Development, be received;**

2. **The recommendations contained in the following report, December 1, 2004, from the Commissioner of Planning and Development Services be adopted; and**

3. **The following recommendation be added:**

    4. **Staff meet with the local boards of trade and chambers of commerce in order to obtain feedback from local businesses on the Draft Economic Strategy.**

1. RECOMMENDATIONS

It is recommended that:

1. The report and the Draft Economic Strategy be received.

2. The Draft Economic Strategy be circulated to the area municipalities and the other agencies, organizations and individuals who were involved in the consultation process for comment.

3. Staff be directed to report back with comments received from the circulation of the Draft Economic Strategy and bring forward a final version of the Economic Strategy and Implementation Plan for Committee and Council's approval in early 2005.

2. PURPOSE

This report provides Regional Council with a draft of the Economic Strategy which has been under preparation since last year and includes the results of the background research, stakeholder consultation and action plan development undertaken by staff. It is recommended that the attached Draft Strategy be circulated to area municipalities, stakeholders, and participants for comments.

3. BACKGROUND

Since Council's adoption of the Economic Strategy Consultation Workplan in September 2003, extensive research, consultation and updates have involved Regional Council, the area municipalities, Regional staff, and other economic partners.

In October 2003, staff tabled a Discussion Paper entitled *Sustaining a Vibrant Economy* with the Planning and Economic Development Committee which defined some of the issues that would form the basis for discussion and public consultation on the Economic Strategy. Council subsequently adopted the Discussion Paper and endorsed the work program to engage a broad cross-section of stakeholders in the preparation of an Economic Strategy.

The consultation process that staff undertook was designed to elicit the views of a number of stakeholders from across the Region. Staff convened focus groups between November 2003 and March 2004. A total of 11 Focus Groups and over 22 individual meetings were held as part of this process. The sessions included participants from all geographic and economic sectors of the Region and were facilitated by Glen Miller from the Canadian Urban Institute. The entire process was completed on a very cost-effective basis by utilizing in-house resources and expertise of Regional staff.

The following industry groups and economic stakeholders were consulted:

- Area Municipal Economic Development Officers and Staff
- Local Chambers of Commerce/Boards of Trade
- Federal Ministries
- Provincial Ministries
- Agriculture
- Retail
- Business Services
- Manufacturing
- Technology
- Tourism Industry
- Multi-Cultural Sector
- Educational Institutions

At their meeting in January 2004, the Planning and Economic Development Committee received an interim update of the results and themes emerging from the consultations.

In April 2004, staff prepared a report and convened a Workshop with the Planning and Economic Development Committee to report on "what was heard" during the consultations and discuss the possible strategic directions and action areas emerging from the consultations.

In May 2004, an Economic Strategy Forum was convened at the Radisson Hotel in Markham and was attended by over 150 people that included the Regional Chair and members of Regional Council and attendees of the focus groups and discussions that had been held previously. An Economic Strategy Workbook was provided to participants at the Forum to gain additional input and further refine the strategic directions and possible actions that the Region's Economic Strategy should encompass. The results of that process were integrated into the final Draft Strategy which is attached to this report.

The consultation process that was undertaken was broad-based, inclusive and comprehensive. The issues discussed cover a broad range ranging from sign by-laws to the quality and responsiveness of the educational system. While some of them are being addressed by the Region, others will fall into the jurisdictions of local and senior governments as well as education and other agencies.

The Economic Strategy also reflects the results of research on the Region's economy. To better understand the changes that are occurring in the Region's economic structure and competitive position in the marketplace, *A Competitive Assessment of York Region* was undertaken by Advisory Services//GPA to assess York Region in terms of its cost competitiveness for new business investment.

Another study was undertaken by Essential Economics Corporation in 2004 to assess the size and dynamics of the Region's economy. The study provided for the first time, an estimate of the size of the Region's economy as measured by Gross Domestic Product and an assessment of the scale and diversity of the business structure of the Region. The conclusions of this research study is the subject of another report on the December 1, 2004 Agenda of the Planning and Economic Development Committee.

Staff have now completed the integration of the research and the results of the consultations and is presenting the Draft Economic Strategy for Committee and Council's review and circulation for comments prior to final adoption.

4. ANALYSIS AND OPTIONS

4.1 Economic Vision and Policy Context

There are clear and compelling reasons why the Region needs to adopt an Economic Strategic Plan.

Vision 2026 which was approved by Regional Council in 2002 contains the following economic vision statement:

> *"In 2026, York Region will be renowned for its advanced technology, innovative businesses, supportive business infrastructure and highly skilled workforce."*

The Vision document sets out an important role for the Region to act in partnership with the area municipalities, neighbouring regions in the GTA, and senior governments to better understand how York Region's economy works and to create more detailed plans that support and sustain community building in the Region.

The Regional Official Plan also establishes a policy context for the Region's economic development activities. Adopted in 1994, the Official Plan establishes the goal of Economic Vitality in Section Three of the Plan. The principles of economic vitality, healthy communities and sustainable natural environment are the cornerstones of land use and community development policies within the Region. The Economic Strategy is consistent with the policies of the Official plan and provides a more detailed set of actions to guide the Region's efforts to support and complement the strategic and land use plans of both the Regional Municipality of York and the area municipalities.

An Economic Strategy at the Regional level must build on the policy framework set out by senior level governments and establish the basis for partnerships to access funding and support for economic initiatives. Since the Region by itself cannot undertake all of the actions needed to address the range of issues that affect the competitiveness of the economy, the Economic Strategy has been prepared to integrate with the programs and initiatives of education and other stakeholder groups, as well as with the economic development policy framework of both the Federal and Provincial governments. These include the Government of Canada's *Innovation Strategy* and the Provincial *Places to Grow* Growth Management Strategy. The Objectives within the Economic Strategy identify a range of actions and partnering approaches that can be undertaken with other levels of government and other economic stakeholders, to sustain long term economic vitality of the Region.

The Economic Strategy supports and complements a range of other policy and program initiatives that have been undertaken by the Region over the past several years.
It will augment the critical infrastructure building policies of the Region's Transportation Master Plan, conventional and rapid transit building projects, Regional Roads capital program and the Smart Commute Initiative by establishing more clearly the role for business participation in these initiatives.

It also complements the Centres and Corridors initiative, as well as intensification and housing supply targets contained in the Region's Housing Supply Strategy by recognizing the clear relationship between housing supply, affordability and economic competitiveness. In addition, the Economic Strategy builds on the work undertaken as part of the Human Services Strategy to attract jobs and build a skilled workforce that supports the diverse economic base of the Region.

4.2 The Region's Evolving Role

Economic Development services are assigned on a non-exclusive basis to the Regional Municipality of York and its area municipalities as part of their spheres of jurisdiction under the Ontario Municipal Act. The Region has also evolved its delivery of economic development programs to include Provincial and Federal government programs and support for the Greater Toronto Marketing Alliance

Some of the services provides by the Region's Economic Development Branch include:

- The York Region Small Business Enterprise Centre offers no cost consultations to emerging and new start-up business in the northern part of the Region from offices in the Regional Administrative Centre.
- The York Region Export Development Initiative which works in partnership with both provincial, federal and private sector export services providers. The Region's Export Advisors deliver information seminars and face-to-face advice to companies throughout the Region to help them succeed in growing and diversifying their export business.
- York Region Tourism acts as a Destination Marketing Organization for York Region to promote York Region as a year-round tourist destination through partnerships with industry, other tourism promotion agencies and senior governments.
- The Economic Development Branch works with Artslink York Region to promote Arts and Culture throughout the Region.
- The Economic Development Branch helps to gather and promote business intelligence through participation and support of organizations such as the Greater Toronto Marketing Alliance.
- The Economic Development Branch helps in the formation and attraction of funding for business clusters across the Region through support of programs such as the York Region Biotechnology Cluster Consortium.

The area municipalities also provide an array of services to their local businesses ranging from business attraction and promotion, industrial and business site inventory, technology development, small enterprise support, and main street/downtown redevelopment activities. A number of municipalities are also engaged in corporate calling and business ambassador programs. The Region works in partnership with the area municipalities to support their efforts.

In the development of the Economic Strategy, Regional staff has consulted area municipal staff and reviewed municipal strategic plans, vision documents, and marketing strategies to position the Region's efforts.

During the consultations and in discussions with other levels of governments, it became clear that there is a "niche" for the Region to undertake a range of economic initiatives that complement but not duplicate local municipal efforts.

The Region must leverage its efforts through the support of senior government agencies and other business promotion agencies. There is a clear role for the Region to establish partnerships with the local municipalities to access funding and support for future economic initiatives from Human Resources and Skills Development Canada (HRSDC), Industry Canada, as well as the provincial ministries of Agriculture, Economic Development and Trade, and Municipal Affairs. There will also be an increasingly important need to forge closer partnerships with the private sector to engage in business cluster building and technology-development initiatives. The goal will be to position York Region in the marketplace to attract the best and brightest in the workforce, which in turn drive the most innovative and competitive companies that create a resilient and prosperous economy.

4.3 Strategic Directions

The Draft Economic Strategy is based on five broad Strategic Directions:

4.3.1 Create an Environment to Share Information and Ideas

During the consultations it was heard that in an increasingly complex business environment, access to the right kinds of information is the key to sustained success in the marketplace. York Region's role as a co-ordinator and disseminator of a wide range of business and geo-spatial information was acknowledged as essential. It was suggested that the opportunity exists for the Region to assume a greater co-ordinating role to communicate the needs of business to other senior levels of business, and the Region should consider initiating a Regional Business Roundtable to provide such a forum. Another perception throughout the consultations was that improving the telecommunications infrastructure would drive down costs and increase the Region's competitive position, and create more opportunities for business formation and growth within the Region. Under this Strategic Direction, four Objectives were identified:

- *Better understand the growth and change of the Region's economy*
- *Foster ongoing opportunities for sharing information and ideas*
- *Expand broadband telecommunications*
- *Improve co-ordination with other levels of governme*nt

4.3.2 Sustain a High Quality Workforce

Vision 2026 identifies the embrace of continual learning as a key element of the Region's long term goal of a Vibrant Economy. The quality of the labour force and the range of issues surrounding the supply, access and training of employees was a persistent theme in the consultations.

In articulating the Region's role to respond to these issues, the Economic Strategy sets out four major Objectives:

- *Align workforce development efforts with the needs of industry clusters in York Region*
- *Support Immigrant mentoring and integration*
- *Involve the Region's youth in workforce development planning*
- *Integrate land use planning, transit and housing policies to encourage closer live-work opportunities and improved accessibility by employers and employees*

4.3.3 Strengthen Entrepreneurship and Industry Clusters

A cornerstone of all economic development programs is the need to encourage, retain and grow job-creating business investment. This needs to be accomplished through a combination of targeted marketing initiatives that identify the factors that will attract business investment and foster innovation and the adoption of new technologies to create a sustained competitive advantage. The Region has a role to play in fostering the emergence and growth of new small business enterprise and should continue existing service delivery of programs such as the Small Business Enterprise Centre and the Export

Development Initiative. The Economic Strategy sets out the following six Objectives in this area:
- *Support the creation of new business enterprise*
- *Encourage technological innovation and commercialization*
- *Enhance the export capabilities of Regional companies*
- *Strengthen the Region's industry clusters*
- *Facilitate access to capital*
- *Strengthen the economic vitality and business diversity of employment areas and urban centres*

4.3.4 Promote York Region

An essential part of the Region's efforts to sustain a competitive and prosperous economy is increasing its visibility as a unique and desirable location for new business investment and tourism. The Economic Strategy sets outs a series of actions that builds upon the principles of the Official plan to promote a balance of economic vitality, quality of life and environmental sustainability. The Economic Strategy sets out two broad Objectives to guide the efforts of the Region and its partners to promote opportunities for business and tourism:
- *Promote the quality of place of York Region*
- *Attract tourism and special events*

4.3.5 Encourage the Efficient Movement of Goods and People

Improving the efficiency of the transportation network and building a high quality urban transit system are key objectives of the Region's Official Plan and the long term growth management strategy. Improvements to the transportation and transit system were also the most often heard issues raised during the consultations. Easing congestion on the roads will have a positive impact on the costs of doing business in the Region by improving on-time delivery of goods in a world where "just-in time" is the standard. The transit system was not perceived as meeting the needs of many employers even those in the urbanized areas, and there is strong support for further investments in local system expansions and integration with other systems such as GO Transit, the TTC and other GTA municipal transit systems.

The Economic Strategy sets out two major Objectives to address these issues:
- *Ensure that the transportation system meets the ongoing needs of business for goods movement.*
- *Encourage Regional businesses to support and promote transit and alternatives to the single occupant vehicle for journey to work.*

All of the Objectives identified within the five Strategic Directions have a series of eighty (80) individual Action Steps associated with them. Together, the actions represent the basis of a multi-year business plan for the Economic Development Branch of the Planning and Development Services Department, working in collaboration and partnership with other Regional Departments, area municipalities, senior level governments, and other economic partners to move towards the Region's long term economic goal of Vision 2026.

4.4 Accountability and Responsibility

Given the finite limits of resources, not all of Action Steps can be implemented at once. In the attached Draft Economic Strategy, staff has identified a set of priority actions based on evaluation criteria that relate to their impact and how they are aligned with the Region's current mandate and accountabilities.

The document also includes an Accountability Matrix which sets out the suggested roles that the various economic stakeholders can take in implementing the Action Steps. No one agency or level of government has the responsibility or the ability to address all of the factors that contribute to economic prosperity. A number of different organizations play key roles in the Region's economy and have been involved at the local, regional, provincial and national level. The Economic Strategy sets out a blueprint for the Regional Municipality of York to engage and align the efforts of these various groups to support common goals.

Staff is recommending that the Draft Economic Strategy be circulated to the area municipalities and the stakeholders who participated in the process to develop the Economic Strategy for their comment. The input received would form the basis of a report to Regional Council early in 2005 with any modifications to the Strategic Directions, Objectives or Action Plans within the Economic Strategy. A detailed Implementation Plan with timeframe and resources will be prepared following adoption of the Final Strategy by Regional Council.

4.5 Monitoring Progress

Understanding what drives the economy of the Region was the first step in the process to develop an Economic Strategy. The second element is to devise and implement a series of actions to address the key elements to sustain economic vitality. The third element will be measuring progress.

The Draft Economic Strategy sets out a series of suggested performance indicators that can be tracked and reported on annually, to assess progress in the success of the Economic Strategy. The suggested measures complement the work that is already being done as part of the broader *Vision 2026 Indicators of Progress* and other strategic business plans of the Region.

As part of the implementation process, the Region will need to measure its progress against other jurisdictions to ensure its continued competitiveness. Success also needs to be measured against existing levels of service and results to date. An annual assessment and "report card" on the activities under the Economic Strategy will be essential. Staff will be compiling a series of benchmarks against which the success of the Region's Economic Strategy can be measured and will be reporting back to Committee and Council annually.

4.6 Relationship to *Vision 2026*

The development and implementation of the Draft Economic Strategy directly supports the Vibrant Economy goal of *Vision 2026* but also supports all of the other seven goal areas within the Vision document.

5. FINANCIAL IMPLICATIONS

The implementation of the Economic Strategy will be subject to Council's approval of the Operating Budget. The priority actions identified within the Draft Economic Strategy attached to this report can be undertaken within the proposed 2005 Operating Budget of the Economic Development Branch of the Planning and Development Services Department.

6. LOCAL MUNICIPAL IMPACT

Area municipal staff has been involved throughout the consultation process in order to gain input on the Strategy. Individual meetings with local economic development staff were held in early Fall 2003 at the beginning of the consultation process. In November 2003, area municipal staff was invited to participate in a focus group to provide input to the Strategy. Invitations were also extended to members of local Councils and area municipal staff to the Economic Strategy Forum in May 2004. At the same time, staff have also reviewed related municipal strategic plans, vision documents, economic development strategy, and marketing plans in order to better focus the Region's efforts to support local municipal initiatives. The comments and insights of the area municipalities have been incorporated into the Draft Economic Strategy. Throughout this process, it has been recognized that the Region's efforts must acknowledge, complement and not duplicate local area municipal economic development efforts. Staff is recommending that the Draft Economic Strategy be circulated to the area municipalities to ensure that the proposed Objectives and Action Plans are consistent with and supportive of their programs and initiatives.

7. CONCLUSION

As a result of over 15 months of comprehensive research, consultation and review, staff is recommending that Regional Council receive the attached Draft Economic Strategy and circulate it for comment to the area municipalities and stakeholders who participated in the process.

The document contains an assessment of the current state of York Region's economy and proposes a framework to develop partnerships with others to undertake actions that address the continued economic competitiveness of York Region. The Draft Economic Strategy sets out five Strategic Directions :

- Create an environment to share information and ideas.

- Sustain a high quality workforce.
- Strengthen entrepreneurship and industry clusters.
- Promote York Region.
- Encourage the efficient movement of goods and people.

It also sets out the means to measure the ability of the regional economy to create, sustain, and grow employment for existing and new residents of the Regional Municipality of York

Upon receiving comments and input from the stakeholders on the Draft Economic Strategy, staff will report back to Regional Council early in 2005 with a final draft of the Economic Strategy and Implementation Plan for adoption.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the Agenda for the December 1, 2004 Committee meeting.)