

10

MANUFACTURING 20/20

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report, February 28, 2005, from the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. The Highlights of the York Region Community Roundtable be circulated to the participants.
2. This report be circulated to the area municipal economic development offices and the Excellence in Manufacturing Consortium for their information.

2. PURPOSE

The purpose of this report is to provide Regional Council with an update on the *Manufacturing 20/20* Initiative.

3. BACKGROUND

Canadian Manufacturers & Exporters (CME) launched its *Manufacturing 20/20* initiative in January 2004. The purpose of the initiative is to develop a broad range of strategic actions to ensure the continued competitiveness of the manufacturing sector in Canada.

Since the launch of the initiative, CME has held extensive consultations in communities across Canada. A total of 100 meetings and community roundtables involving over 2,700 manufacturers and stakeholders took place from Newfoundland to British Columbia between May 2004 and January 2005. York Region hosted one such meeting at the Seneca College Markham Campus in December 2004.

The Final Report of the initiative was presented at a National Manufacturing Summit held in February 2005.

4. ANALYSIS AND OPTIONS

4.1 Context

Manufacturing is the largest sector of Canada's economy, generating the investment, jobs and revenues that help sustain the prosperity and quality of life for all Canadians. It also

contributes indirectly to the community as a consumer for commodities, energy, and services produced by other sectors of the economy. The CME estimates that every dollar of manufacturing output in Ontario generates \$3.19 in total economic activity, which is the largest economic multiplier of any business sector in the province.

Manufacturing is central to exports, and in York Region where export accounts for over 37% of the GDP, the manufacturing industry is vital to the growth of its economy. In the research undertaken for the Region's Economic Strategy, approximately 15% of the Region's employment is engaged in manufacturing, which is comparable to the percentage for the Canadian economy as a whole. It is noteworthy that the Region has continued to gain manufacturing jobs even as manufacturing employment in the U.S. weakens nationally.

However, the business of manufacturing is changing rapidly as a result of the challenges and opportunities that companies now face in an increasingly competitive global marketplace. In last year's consultations on the Economic Strategy, local manufacturers have reported that they face significant challenges in their efforts to ensure competitive success. They need to attract and retain skilled and experienced employees, innovate and continuously improve operations, secure investment and adequate financing, and take advantage of international business opportunities. As well, they need the guarantee that local infrastructure is as supportive as possible in order to ensure their future success. The future of manufacturing depends on how successful the sector is in responding to the changes that lie ahead.

4.2 *Manufacturing 20/20*

In response to this challenge, Canadian Manufacturers and Exporters (CME) has taken the lead and embarked on the *Manufacturing 20/20* initiative to engage in a national dialogue with business leaders, academics, policy makers and other interested members of the public on the future of manufacturing. The initiative would culminate in an action plan that would:

- Identify the challenges and opportunities in global markets, and current trends in manufacturing, technology, management and supply chain organization that will shape manufacturing over the next five to ten years.
- Redefine the business of manufacturing in Canada to reflect those trends – what will manufacturing in Canada be like in the future?
- Identify the critical success factors for manufacturers (and their supply chain partners) competing in a more integrated global economy.
- Recommend to manufacturers, other business partners, academic and research organizations, as well as to federal and provincial governments, the steps required to ensure the future prosperity of Canada's largest business sector.

The first phase of *Manufacturing 20/20* consisted of 64 discussion sessions that were organized with manufacturers across Canada. Over 900 senior executives from small,

medium and large manufacturing companies, representing all sectors in the industry, participated in these meetings.

The second phase of the initiative involved a series of 36 community roundtables that were convened across Canada from September 2004 to January 2005. Over 1,800 people participated in these meetings, including manufacturers; executives from other local businesses and financial services companies; educators; and officials from economic development agencies, community organizations, municipal, provincial and federal levels of government. The roundtables presented an opportunity for CME to report on the issues raised by local manufacturers to community leaders. It also provided a forum for the participants to discuss initiatives that could be undertaken in support of manufacturing in local communities. The roundtables were designed to bring the community leaders to the table to co-ordinate action and achieve results.

4.3 York Region Community Roundtable

In partnership with CME, a York Region community roundtable was held on December 6, 2004 at the Seneca College Markham Campus. Invitations were extended to manufacturers and executives, academics, economic development officers, community organizations, as well as political representatives from the three levels of government.

Following a presentation by Jay Myers, Chief Economist of CME, on the state of manufacturing in Canada and Ontario, the participants were engaged in facilitated Working Group discussions on the topics of Skills and Education; Innovation and Continuous Improvement; Services, Finance, International Business; and Municipal Issues.

Despite the inclement weather which had affected the attendance, approximately 40 participants turned out to take part in the session and provided their input. Active discussions took place during the Working Group sessions. The consensus was that the manufacturing sector is key to sustaining and increasing economic prosperity, and that action is needed to address the challenges faced by manufacturers.

The priority issues identified by the Working Groups were:

- Skills and Education – Lifelong learning, importance of practical experience, immigrant skills and recognition, and educating parents about manufacturing sector as a career.
- Innovation and Continuous Improvement – Innovation incentives/local access to expertise.
- Finance Services and International Education – Additional sources of capital, improve integration of ideas/policy/direction between stakeholders, and need for greater awareness of changes taking place.
- Municipal Issues – Transportation, access to employment, and better dialogue.

The Working Groups also suggested initiatives that could be undertaken to address the priority issues. It was agreed that the Region should assume the lead in facilitating meetings and to take actions to address some of the issues identified. The Highlights of the York Region Community Roundtable is attached as *Attachment 1*.

It is recommended that the York Region Highlights be circulated to the participants of the Roundtable, and that the manufacturers should continue to be engaged in the future.

4.4 Manufacturing 20/20 Final Report

The Final Report on the *Manufacturing 20/20* initiative was presented at the National Manufacturing Summit held in Ottawa on February 7, 2005. The Report is the result of the lengthy consultation process involving manufacturing executives, stakeholders and community leaders across Canada.

The Final Report sets out a program to boost both the productivity and output of Canada's manufacturing sector by the year 2020. The Action Plan calls for upgrading the skills of the Canadian workforce, a stronger emphasis on innovation in the manufacturing sector, improved infrastructure and expanded exports to countries other than the United States. The report also recommends the active engagement of all Canadians to work together for the future of manufacturing in this country.

The Executive Overview of the initiative is attached as *Attachment 2*.

4.5 Implications for York Region

The CME Final Report confirms some of the issues identified during the Draft Economic Strategy consultation process. Workforce development, infrastructure provision, innovation and export support are some of the themes that were addressed in the draft Strategy, and the recommendations contained in the CME Report are in line with some of the actions proposed. Staff will continue to work in partnership with the Canadian Manufacturers and Exporters to implement the actions in order to ensure a viable future for the manufacturing sector.

4.6 Relationship to Vision 2026

A successful manufacturing sector will positively impact the economic prosperity of the Region and contribute towards achieving the "Vibrant Economy" goal of *Vision 2026*.

5. FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

6. LOCAL MUNICIPAL IMPACT

The Region and the local municipalities have a role to play to implement some of the recommendations proposed by the Canadian Manufacturers and Exporters.

7. CONCLUSION

The manufacturing sector is key to sustaining and increasing the prosperity of the Canadian economy. It has a strategic role to play as a direct contributor to high paying jobs, a generator of earnings from abroad and an engine of growth for other sectors of the economy. Supporting the manufacturing sector will contribute directly towards the economic prosperity of the Region. It is recommended that this report be received for information, and that staff continue to engage the local manufacturing sector to implement some of the proposed actions.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause were included in the Agenda for the April 6, 2005 Committee meeting.)