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ECONOMIC STRATEGY SUMMARY OF CONSULTATIONS

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report, March 22, 2004, from the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. This report be received for information.
2. Staff be directed to convene an Economic Strategy Forum in May with economic and business stakeholder groups as part of the Economic Strategy Consultation Process.
3. Staff be directed to prepare and circulate a draft strategic directions document for discussion at the Economic Strategy Forum.

2. PURPOSE

The purpose of this report is to provide Regional Council with an update on the development of the Economic Strategy. A summary of what was heard during the consultations and a framework for the discussion of possible priority areas for an economic strategy is also presented.

3. BACKGROUND

In September 2003, the Economic Strategy Consultation Work Program was endorsed by Regional Council. In October 2003, Council received a Discussion Paper, *Sustaining a Vibrant Economy*, that defined some of the issues that would form the basis for discussion and public consultation on the Economic Strategy. At its meeting in January 2004, Regional Council received the first Progress Report on the consultation process. It was also recommended that Planning and Economic Development Committee convene a strategy workshop in March (subsequently rescheduled to April following the Committee's regular meeting) to review and discuss the results of the consultations.

Staff have now completed a range of consultations with various economic and business stakeholders and are presenting the results of what was heard.

4. ANALYSIS AND OPTIONS

4.1 Stakeholder and Industry Consultation

As the Region's economy has grown and diversified so have the range of factors that affect the competitiveness of business enterprise. While the importance of the cost of labour, land prices and access to major transportation routes remain central to business operators, a range of other issues now impact the success of the Region's businesses in the marketplace. Access to intellectual capital and innovation, an adaptable workforce and high quality of life are now just as important as site and operating costs.

To better understand the changes in the economy that are affecting businesses in York Region, staff undertook a broad range of consultations between November 2003 and February 2004. Individual meetings and workshops have been held with participants invited from the following economic stakeholder and industry groups:

- Area municipal Economic Development Officers/Contacts
- Local Chambers of Commerce/Boards of Trade
- Federal ministries staff
- Provincial ministries staff
- Agricultural Advisory Liaison Group
- Retail Sector
- Business Services Sector
- Manufacturing Sector
- Tourism Sector
- Multi-cultural Associations
- Technology Sector

Almost 200 business owners, managers and senior executives from industry, as well as economic stakeholders and representatives of interest groups were engaged through the process. A complete list of the people who attended workshop or were contacted, interviewed or asked to participate is available.

An independent third party consultant, Glenn Miller from the Canadian Urban Institute, was retained to facilitate the industry consultation process. Participants were given an overview of the current state of the Region's economy and future growth forecasts. Participants were then engaged in discussions on issues and opportunities facing the Region. In particular, the workshops were designed to seek input from attendees in areas of infrastructure, business linkages, financial and regulatory climate, availability and quality of human resources, and quality of life issues. Feedback and comment sheets were distributed to participants at the end of each workshop.

The participants provided valuable input on how they perceive the Region should evolve its economic development functions to support business to be more competitive. The feedback on the process was very positive. The participants found the sessions informative and insightful in helping them gain a better understanding of the Region's economy. Many of them have committed to stay involved in the strategy development

and implementation process in the future. It was also clear from the consultations that ongoing information, education and debate between public agencies involved in economic development and the broader business community was perceived as both necessary and desirable.

4.2 An Emerging Framework For Action

A number of common issues have emerged from the consultation sessions. Staff has compiled what was heard from participants from each of the workshops, and the list of responses will be published as part of the forthcoming strategic directions report.

The issues cover a broad spectrum ranging from sign by-laws to the quality and responsiveness of the educational system. However all of these issues interact with each other to create a dynamic challenge for the business community. While some of them are being addressed by other regional, local and senior government initiatives or programs, others fall between jurisdictions or require new approaches.

In order to facilitate a Council's review and discussion of the comments, staff have developed a framework of four theme areas based on the consolidated input of participants. These theme areas could form the basis of a Regional Economic Strategy. The four theme areas are: *Sharing Information and Ideas*, *Workforce Development*, *Strengthening Entrepreneurship and Industry Clusters*, and *Promoting York Region*.

Prior to adopting these as elements of a strategic plan, Council may wish to assess these ideas on the following basis:

- Responsive to current and future needs
- Clear accountability
- Supportive of existing regional policy
- Fiscally sustainable

4.3 Theme Areas

4.3.1 Sharing Information and Ideas

- **A Central Information Source** – Participants in the sessions confirmed that in an increasingly complex business environment, access to the right kinds of information is a key to economic competitiveness. The Regional Municipality of York enjoys a reputation as being a leader in the collection and dissemination of economic and spatial data through various publications and the Region's GIS capabilities. Many participants in the sessions expressed a need for a central regional information centre to provide access to resources such as employment and outsourcing opportunities, supply chains, available talent pool, and business support and immigrant services. Business operators, both large and small, require support and guidance to help them navigate through the increasingly complex web of information on government services to business and competitive intelligence. There is also the consensus that it

might be an appropriate role for the Region to provide the research and data on the state of the economy to benchmark economic success.

- **Business Roundtable** - During the sessions, it became clear that many business operators perceive that governments at all levels may not fully appreciate the competitive and fast changing environment that business operates in. It was suggested that an opportunity exists for the Region to assume a greater co-ordinating role to communicate the evolving needs of business to other levels of government. The Region could consider initiating a Regional Business Alliance or Roundtable, under the leadership of the Regional Chair to provide a forum where business can meet with the Region on a regular basis to share information and provide input to the Region's economic development efforts. Staff heard that the Region could undertake to facilitate more networking opportunities and "connectivity" between businesses.
- **Telecommunications** - Given the vital role of broadband telecommunications to enable business and community organizations to access and share information, it was suggested that the Region needs to work with other public and private sector partners to develop and promote initiatives to provide access to broadband telecommunications throughout the Region. High speed internet access is essential to business attraction and retention. Improving the electronic infrastructure will not only increase the Region's competitive advantage, it will also enhance small and home-based business, and facilitate telecommuting thereby reducing congestion on the roads. It was also noted that the Region could partner in the development and adoption of new on-line applications to improve the quantity and quality of information that is needed by both residents and business in York Region.

4.3.2 Workforce Development

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.

- **Advocacy for Trades Education** - There is a growing concern over the skills imbalance in the Region. As the population grows and businesses expand, there is a perception that there is not a corresponding increase in the supply of needed skills. It was noted that the aging of the population, combined with accelerating needs for technical skills and trades is affecting the ability of York Region business to compete. These issues were of particular interest to the manufacturing and technology sector groups. A number of comments were heard about the need to advocate for stronger trades education at the school level, educating parents about the desirability and demand for trades, and getting businesses more involved in this process. The Region's recent skills attraction initiatives were positively regarded but it was felt that the program needed to be broadened and focused on understanding the supply and demand for key skills as well as best practices in employee attraction and retention.
- **Youth Employment and Entrepreneurship** – The complex interplay of demographic changes, economic trends and changing business conditions is making it difficult to forecast supply and demand for workers. Some participants in the consultations

suggested that the education system could do a better job of identifying the skills and human resource needs of business. Others suggested that more should be done to keep the youth in school, engaged and informed. Youth entrepreneurship should be more encouraged through an expansion of programs such as *Summer Company* and *My Company* which are launched through the Small Business Enterprise Centres. While concerned about the need to encourage greater educational attainment, it was also felt that issues of soft skills and “service culture” needed to be addressed amongst youth whose employment are needed in the service sector. While education curriculum and program development is not a Regional government responsibility, these are clearly issues of interest to business in the Region.

- **Immigrant Mentoring and Integration** - Staff also heard that regional businesses have turned to the immigrant labour supply and outsourcing as alternatives to address shortages within the labour market. However, there are language, accreditation and other issues associated with immigrant employment that many participants feel the Region is in a position to influence. As one of the prime destinations for immigration, York Region has an opportunity to capitalize on the skills, knowledge and resources that immigrants are bringing in. It was emphasized during several of the consultations that promoting cultural diversity and tolerance will help to create synergy in the work place, and that facilitating the integration of immigrants into the community was an important task. At the same time, the opportunity to engage the entrepreneurial spirit of immigrants could be explored through initiatives such as the Small Business Enterprise Centres throughout the Region.
- **Housing and Land Use Strategy** - The ability of local companies to attract and retain workers to York Region is also impacted by the supply and cost of housing. This was a universally expressed sentiment throughout the consultations. A range of housing options at affordable prices should be made available to accommodate the needs of workers in the Region. Many felt that the Region’s land use policies should encourage more live-work opportunities in new developments. The Region’s Centres and Corridors Strategy was acknowledged to be an important component of the effort to encourage a live-work environment, and at the same time providing a job creation opportunity. It was also recognized that housing supply and prices could not be influenced solely through policy at the Regional level.
- **Transit** - The geographic spread of employment opportunities throughout the Region has further impacted the difficulties of attracting employees particularly from longer distance and has exacerbated congestion on the roads. There is consensus that the transit system is not currently meeting the needs of business to attract and retain employees. While proposed transit improvements should ease the problem in the urban part of the Region, many commented that ride-sharing or better co-ordinated bus connections should be in place especially in the northern part of the Region.

4.3.3 Strengthening Entrepreneurship and Industry Clusters

A cornerstone of all economic development programs is the need to encourage, retain and grow job creation and new business enterprise

- **Encouraging Entrepreneurship** – Staff have heard that the existing Small Business Enterprise Centre initiative is a very effective value-added program to provide services to entrepreneurs and small business. However, there are opportunities for greater co-ordination and linkages between the various centres in order to reduce overlap in service delivery and to achieve greater results for clients. Concerns were also raised that business are experiencing declining profit margins with the rising costs of doing business. At the same time, entrepreneurs are finding it costly for new business start-ups. Many regulations and by-laws are considered by business as outdated, restrictive and prohibitive. Business operators have indicated that they would welcome more involvement in the review and implementation of by-laws and regulations and work together with government to find innovative solutions that would address common issues.
- **Encouraging Innovation** – Staff heard that companies must accelerate the integration of new technology to remain competitive. Many of the participants in the consultation sessions believed that the Region should ensure that innovation is a focus of economic strategy and encourage local business to leverage technology to maintain their competitiveness. It was suggested that an advanced or “high performance manufacturing” consortium could be formed to assist companies in finding innovative solutions and increase production.
- **Cluster Building** – There was consensus during the consultations that the different levels of government should work collaboratively to support business and to allow for greater opportunities to develop new partnerships and find innovative ways to deliver services. One manufacturer noted the irony of training young people for jobs for which demand was being eroded through outsourcing to other countries. Participants seemed receptive to the notion that York Region could help facilitate opportunities for “near-shoring” and promoting the Region as a destination for knowledge-based jobs which are being outsourced from the US. In 2003, York Region embarked on a Biotechnology Industry Cluster initiative in partnership with the Town of Markham, York University and the National Research Council to more fully develop the economic development potential of this sector. The Region is also partnering with the other GTA regions in developing an Agricultural Action Plan for the Greater Toronto Area. These models could be used by the Region to undertake similar cluster-building initiatives in other key industry sectors.
- **Expanding Trade** – The Region’s future competitive advantage lies primarily in its diverse economy and its capacity to innovate. Business need to be encouraged to take advantage of the diversity and expand their reach to global markets beyond the U.S., especially with the current security and border crossing issues. In addition to the current York Region Export Development program, which is already providing service

to potential and new exporters, expanded initiatives such as the development of a Free Trade Zone and/or trading houses would enhance trade and investment opportunities.

- **Access to Capital** – Companies have identified access to capital as another issue that is critical to their growth. Business requires assistance in sourcing and accessing capital, and this is especially important for new entrepreneurs. All options including venture capital and private investment sources should be explored. Business operators have indicated that they could benefit from a clearing house or a list of investors that they can draw on, especially those that would offer a range of investment opportunities that would meet the needs of large and small businesses.
- **Transportation Infrastructure** – Transportation infrastructure is critical to ensure the efficient movement of goods and people. A recurrent theme during the consultations, it was emphasized that the transportation infrastructure must be improved in order to reduce congestion on the roads. The extension of Highway 404 is seen by some business as critical in facilitating the north-south connection. There was recognition of the Region's efforts to date to build infrastructure but that the Region must do better at co-ordinating and securing funding for the development of road and transit infrastructure from the other levels of government.

4.3.4 Promoting York Region

Staff heard that there are many resources in every corner of York Region that are simply not known or appreciated.

- **Branding and Logo** - Communicating the Region's successes through branding and promotional efforts is an effective vehicle to create awareness of the Region and attract investment. There is general agreement that one of the strengths of the Region is its quality of life, and efforts should be made to promote the Region as "a place to be" for quality environment, quality work and quality housing. It was suggested that the Region should develop a new identifiable brand, and assertively promote its image, its historical legacies and its uniqueness.
- **Tourism Promotion** - It has been suggested that the Region should more aggressively promote its quality of life as an economic development focus, and tourism should be seen as an important component of this focus. Staff have heard that the Region should continue to take a leadership role to co-ordinate promotional efforts with Tourism Toronto and local tourism industry partners. The local area municipalities are also important partners in tourism promotion. It was suggested that the tourism industry needs to work collaboratively to market the assets and attributes of what make the Region a wonderful place to visit. There is also the need to create a compelling reason to draw visitors, and the Region could take the initiative to work on developing new experience-based tourism products. The Region was also urged to undertake more effort in attracting world class sporting and cultural events which would bring visitors and global recognition.

- **Balanced Quality of Life** – It was suggested during the consultation process that one of the indicators of a progressive community is how it makes quality of life important for its residents. As the pace of life quickens, it is critical that the stress of everyday life be balanced with ample leisure and recreation opportunities, and companies will relocate where their employees will enjoy a balanced quality of life. Promoting the recreational and leisure resources within the Region will help with employee attraction and retention.

4.4 Next Steps

Following the Council Workshop, and based on Council's input, the four theme areas will be modified or restructured and incorporated into a draft strategic directions document for Council's review in May. Included in the next report will be the following elements:

- **Economic Baseline Analysis**

An important component in the development of an Economic Strategy is a better understanding of the state of the economy. Staff have been compiling comparative economic data and research on the Region's economy based on existing information. In addition, a consulting firm has been retained to undertake research into other components that have not previously been reported such as GDP, export sales, research and development expenditures and profitability of York Region industry. This research will provide staff with a more complete snapshot of the state of the Region's economy, and will be used to complement the results of the industry consultations to guide the development of the strategy. The findings will be presented in the final strategic directions report.

- **Accountability Framework**

The draft strategic directions report will include an analysis of the respective accountabilities for program areas. A "Who Does What" matrix will be prepared. While there may be a number of items in the Economic Strategy that the Region could undertake by itself, there are others that should be undertaken by others with the Region in a facilitating or supporting role. An assessment of the partnership opportunities for actions within the strategic directions framework will be provided.

- **Performance Metrics**

The report will also contain a list of performance metrics that would need to be attached to each potential action plan so that progress in achieving success can be measured.

- **Financial Implications and Resources**

The program elements included in the theme areas of this report will each have staffing and program cost implications. Staff will include an analysis of the financial implications as part of the forthcoming strategic directions report. Many of the suggested action plans that have emerged from the consultations in this report are not included in the current operating estimates for the Economic Development Branch.

- **Implementation Timeline**

Given that some of the action plans in a proposed strategic plan may impact or build on existing program areas, a discussion of the time to implement the strategic plan will be included in the report.

4.5 Economic Strategy Forum

Staff is recommending that an Economic Strategy Forum be convened in May with a broad cross-section of economic and business stakeholders. The Forum will be an opportunity to present the findings of the economic research, to validate the results of the consultations, and to deliberate on the proposed strategic directions and action steps. A draft strategic directions document will be prepared and circulated to all stakeholders prior to the Forum.

It is proposed that the Economic Strategy Forum be held on May 11 at the Radisson Hotel in Markham. The Forum will include a keynote address by a leading economic development observer, followed by an overview of the consultations and research findings, and breakout sessions to evaluate the proposed strategic directions and actions.

4.6 Relationship to Vision 2026

The development and implementation of the Economic Strategy supports the attainment of the *Vibrant Economy* goal as stated in *Vision 2026*.

5. FINANCIAL IMPLICATIONS

Funding for the development of the Economic Strategy has been included in the draft Economic Development budget for 2004.

6. LOCAL MUNICIPAL IMPACT

During the consultation phase, municipal economic development officers/contacts have been engaged to share their views and thoughts. Area municipalities will continue to be involved throughout the strategy development and implementation process.

Area municipal economic development and corporate strategies have been reviewed to identify their focus and direction. The establishment of an Economic Strategy at the Regional level will complement efforts of the local municipalities.

7. CONCLUSION

The consultation process was an opportunity for staff to engage business from various sectors in discussions to share their vision of the Region's economic future. Their thoughts and views will be considered and incorporated into the development of the Economic Strategy. It is recommended that this report be received and that a draft

strategic directions document be completed and circulated prior to the Economic Strategy Forum.

The Senior Management Group has reviewed this report.