

5

RESULTS OF 2003 YORK REGION EMPLOYMENT SURVEY: EMPLOYMENT & INDUSTRY 2003

The Planning and Economic Development Committee recommends the following:

- 1. The presentation by Lee Marsden, Economic Planner, Long Range and Strategic Planning, be received; and**
- 2. The recommendations contained in the following report, March 22, 2004, from the Commissioner of Planning and Development Services, be adopted:**

1. RECOMMENDATIONS

It is recommended that:

1. This report and the attached draft Employment & Industry 2003 be received for information purposes; and
2. The Employment & Industry 2003 report be circulated by Planning & Development Services in print and electronic form to the public, area municipalities and agencies, and be made available on the corporate website.

2. PURPOSE

The purpose of the Employment & Industry Survey 2003 is to provide insight into emerging patterns of employment growth and economic development within York Region. This report will be updated on an annual basis based on the results of the York Region Employment Survey, and is intended to evaluate York Region's employment and economic performance within a national and provincial perspective. This report also provides Regional Council and the public and private sector with information with which to base their economic investment strategies.

Close monitoring of employment trends and business movement is also an integral element of York Region's Growth Management Strategy. Employment survey data contributes to land budget analysis, employment forecasts, density analysis, and growth analysis in the Regional centres and corridors.

3. BACKGROUND

The Employment & Industry Survey 2003 is based on information collected from a door-to-door survey conducted with businesses located in selected employment areas and rural community centres in York Region between May and August, 2003. This report updates Employment & Industry 2002, which was approved by Regional Council June 26, 2003. The last comprehensive employment survey conducted in the Region was in 1998, with over 21,000 businesses surveyed. Subsequent surveys in 2001 and 2002 targeted high-growth areas and regional centres, surveying 6,000 and 8,250 businesses, respectively.

With the assistance of area municipalities, a total of over 19,110 companies were contacted in 2003, with a 69.8% response rate. These 13,340 firms accounted for an estimated 53.1% of total Regional businesses in 2003.

4. ANALYSIS AND OPTIONS

4.1 Survey Highlights

- Following a solid year of economic growth in 2002, the Canadian economy was dealt several setbacks in 2003. Canadian Gross Domestic Product (GDP) expanded by an estimated 1.6% in 2003, down from 3.3% in 2002.
- Low interest rates in 2003 spurred strong domestic demand for consumer goods. While down 6.2% from last year's record high, the number of new motor vehicles sold in 2003 was still the second-highest level recorded. National housing starts also approached record levels in 2003, recording their highest rate in 15 years.
- Canadian businesses also contributed to the economic recovery through construction and increased investment in machinery and equipment. Total capital spending of public and private institutions in Canada was up 3.8% in 2003 from a year earlier.
- Provincially, the Ontario economy mirrored that of the Canadian economy in many respects in 2003, with positive GDP growth and a strong housing market. Real GDP growth in Ontario grew by 1.8% in 2003 compared to 3.8% in 2002. Meanwhile, housing starts increased 1.9% over 2002 levels.
- Employment growth in York Region was on target with projections and has outpaced both national and provincial averages over the past five years. Between 1998 and 2003, employment in York Region has grown at an annual average rate of 7.1%. Comparatively, national and provincial employment grew at annual average rates of 2.3% and 2.7%.
- As of year-end 2003, there were approximately 415,000 jobs in York Region, excluding home and farm-based employment. Based on the results of the 2003 Employment Survey, all nine area municipalities recorded positive employment growth rates between 1998 and 2003.
- Full-time jobs accounted for 79.1% of jobs in York Region in 2003, compared with 79.5% in 1998. The number of part-time jobs increased slightly as a proportion of overall employment during this period, rising from 14.5% to 16.5%. Seasonal employment accounted for the remaining 4.4% in 2003.
- In 2003, 83.4% of York Region's 26,000 firms employed less than 20 people. This large number of small firms is indicative of a strong entrepreneurial spirit in the Region.

- On an average annual basis, the fastest growing employment sectors in York Region between 1998 and 2003 were business services (9.6%), retail trade (7.7%), education (7.5%) and the finance, insurance and real estate (FIRE) sector (6.7%).
- Approximately 9.1% of respondents to the York Region Employment survey indicated that they exported goods in 2003, while 80.6% did not. A further 10.3% of respondents were unable to confirm their company's export status when surveyed.
- Business mobility (the rate at which businesses in a given area have closed or relocated outside of the survey area as a percentage of total firms) averaged 7.8% annually in York Region during the 1998 to 2003 period. Mobility rates varied by municipality, with rates among rural municipalities ranging from 3.0%-6.4% and 7.8%-8.9% in urban areas.
- Among new firms that opened within the survey area between 1998 and 2003, 32.3% were in the personal services sector, 27.8% were in business services and 20.6% were in retail trade.
- Hiring expectations within the York Region business community were down from 2002 levels, likely due to the many economic setbacks felt across the Canadian economy over the past year. An estimated 17.4% of businesses indicated their intent to hire in 2003, down from 27.4% in 2002.

4.2 Survey Methodology

The Employment & Industry survey was designed to answer three basic questions for each business: what is the nature of the business activity at the location; how can the business or organisation be contacted in the future; and how many people work at the location. The business activity was recorded in terms of principal product, activity or service offered, and assigned a North American Industrial Classification System (NAICS) code as defined by Statistics Canada. This information was then aggregated together to allow for analysis at the regional or area municipal level.

Data was collected from York Region businesses in a variety of forms:

- Through door-to-door interviews with the business community (primary method).
- Via telephone interviews (for businesses unable to contact in person).
- Electronically through e-mail messages, online entries via our corporate website and facsimile submissions from the business community.

Businesses located within the survey area were contacted between May and August of 2003 by Regional surveyors. The primary method of contact was through door-to-door interviews. Door-to-door survey activity in area municipalities concentrated on businesses located in designated employment areas that were last surveyed in 1998. The

door-to-door methodology, while time intensive, was warranted due to the elapsed time since the last survey was performed in these areas.

Within each employment area all businesses were directly contacted and details about business activity and employment were updated for businesses first recorded in 1998, or initiated for businesses new to that area. Where 1998 records showed a business that was no longer at the address, efforts were made to contact the business by phone to establish either a new location, or the probable closure of the business. An emphasis was placed on improving the contact information for each business, including electronic addresses, to facilitate future updates using e-mail and fax methodologies. Information on farm and home-based employment was not collected.

Focussing on area municipal employment levels allows for a detailed examination of local trends and provides information at a level that is useful for investment and economic development decisions. At the aggregated level, this analysis offers an indication of how the York Region economy is performing and helps determine whether the economic development goals of York Region are being met. In particular, the overall analysis helps us see whether enough jobs are being generated in the Region for the growing population.

4.3 2004 Survey

The 2004 York Region Employment Survey is scheduled to commence May 3, 2004, with an estimated completion date in August 2004. Following the necessary data cleaning, this data will be used to create updated versions of the York Region Business Directory and Employment & Industry reports.

It is the intent of staff to survey and update this database each year in the future to monitor local business and employment trends. Area municipal data will be distributed to local municipalities to provide for custom analysis at the local level, in accordance with partnership agreements with the York Region Employment Database Working Group.

The Region has recently entered into a partnership with Breken Technologies Group to improve the data collection efforts of the York Region Employment Database through online surveying of local businesses. This partnership will also enhance the York Region online Business Directory by making online business searches easier and allowing local businesses the option of upgrading their listing to include logos, electronic coupons and small web sites. In addition to promoting local businesses and enhancing our survey coverage, this software also provides the Region with a contact management system to assist our Economic Development Department in meeting the needs of local businesses.

4.4 Relationship to Vision 2026

The Employment & Industry 2003 survey supports the Vision 2026 goal of creating a vibrant economy through it's accomplishment in satisfying requirements in all three key action areas within this goal statement:

1. **Attracting and Supporting Businesses.** By providing employment growth data to local business development centres and publishing reports on economic trends to build more global awareness of York Region's strengths as a destination to live, work and play, the action area of attracting and supporting businesses is realised.
2. **Encouraging Continual Learning.** Through the monitoring of emerging employment sectors and economic trends, future workforce and education needs are identified in accordance with the continual learning objective.
3. **Promoting and Supporting Innovation.** The monitoring of historical employment growth trends in designated employment areas also supports the objective of promoting and supporting innovation through facilitating job creation in existing employment areas.

5. FINANCIAL IMPLICATIONS

The economic indicators presented in this report will allow Regional staff and Council to evaluate and respond to changes in the Region's economy in a timely manner. The collection of employment and business data play a vital role in monitoring changes in the Region's economy, in estimating the Regional assessment base and in the forecasting of future infrastructure and service requirements.

In addition, database products including electronic directories, printed directories and custom queries offer an additional revenue source for the Region that can be used to maintain the database, based on a cost-recovery basis. The York Region Business Directory 2003 is currently priced at \$175 for the CD-ROM version and \$50 for the print version. To date, sales of the 2003 Business Directory have increased 286% over the previous year's directory from 17 to 52 units.

The 2004 employment survey is provided for in the Planning and Development Services Department 2004 budget.

6. LOCAL MUNICIPAL IMPACT

Information contained in the attached report presents employment analysis at the area municipal level and for rural community centres. This information was collected with the assistance of all nine local municipalities through the efforts of the York Region Employment Database Working Group. As a result of this partnership, the survey sample size increased 61.7% over the previous year's survey, resulting in 13,340 responses.

The adoption of the Employment & Industry Survey's recommendations will provide all those using this document with a summary of York Region's economy at the regional and area municipal level, which can be used as a basis for decision making, strategic planning and attracting new business.

Regional staff has circulated draft material to area municipal planning and economic development staff and received back valuable input that has been incorporated into the final report. Employment and business data collected from the 2003 employment survey has been shared with area municipal staff and partnership opportunities are being explored with local Chambers of Commerce and Boards of Trade to further improve data accuracy and avoid duplication. Regional staff continues to lead the Employment Database Working Group with local municipalities to jointly collect local business and employment information, enhance the coverage area of the annual York Region Employment Survey and to eliminate the duplication of services. This initiative received full participation from area municipalities for the 2003 Employment Survey and several municipalities have agreed to participate again in 2004.

7. CONCLUSION

This report serves to inform Regional Council as to the state of Regional employment growth and economic development. Employment growth is on target with projections and exceeds both national and provincial averages. Additionally, York Region's continued business expansion across a variety of industry sectors contributes to an already broad-based economy, insulating the Region from sudden shifts in the business cycle.

While the manufacturing sector continues to be the primary employer in York Region, strong employment growth is evident in a number of sectors with business services, retail trade, education and finance, insurance and real estate each recording average annual growth rates in excess of 6.0% since 1998. The Employment & Industry 2003 report also notes that York Region has succeeded in recent years in attracting a number of large corporations to the area while facilitating the growth of existing firms.

The York Region Employment Survey, upon which the Employment & Industry 2003 report is based, is one of few the studies of its kind in Ontario. The annual survey provides valuable information for a number of reports, including the York Region Business Directory, Employment & Industry and the Economic & Development Review. In addition to these reports, information from this survey is also used for assessing the strengths of and promoting the Region's economy as well as assisting in forecasting service requirements (e.g., transit, wastewater servicing). Since 2003, this survey has also been enhanced with the newly established local municipal partnership, resulting in a larger survey sample size, more accurate data and a reduction in service duplication among the Region and area municipalities.

The Senior Management Group has reviewed this report.

(A copy of the attachment referred to in the foregoing has been forwarded to each Member of Council with the May 5, 2004 Planning and Economic Development Committee agenda and a copy thereof is on file in the Office of the Regional Clerk.)