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EMPLOYMENT & INDUSTRY REPORT 2006

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated May 18, 2007, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that the Employment & Industry Report 2006 be circulated by Planning and 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 Employment and Industry Report 2006 provides analysis of the information gathered in the 2006 York Region Employment Survey. The survey provides a detailed snapshot of industry and employment in York Region including sector breakdowns, area municipal profiles and employment trends.

3. BACKGROUND

This report is based on the information collected from a survey of York Region businesses between May and August 2006. The primary method of data collection was through door-to-door interviews, with supplemental information obtained through e-mail, phone, and fax submissions. Where data could not be updated for a particular business, data was supplemented with the most recent information available from previous surveys.

The 2006 survey area was comprised primarily of designated employment areas and Regional centres, and excluded both farm and home-based businesses. The 2006 survey was more extensive and included a higher proportion of population-serving businesses than in past years. As a result, the information may not be directly comparable to past versions of the Employment and Industry Report.

Focussing on employment at the traffic zone level allows for a detailed examination of local trends and provides information about employment areas 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 York Region has been meeting its economic development goals. The survey is a key component in the Economic Strategy and provides data for the York Region Business Directory, sectoral analysis, employment area profiles and promotional activities. In

particular, the overall analysis helps us examine whether enough jobs are being generated in the Region for the growing population.

The first Region wide employment survey of all businesses was conducted in 1998, with over 21,000 businesses surveyed. Since 2001, the Survey has targeted high-growth areas and Regional centres. With the assistance of area municipalities, a total of over 19,900 companies were contacted in 2006.

4. ANALYSIS AND OPTIONS

4.1 Employment and Industry Report Highlights

The York Region Employment and Industry Report 2006 includes sections on the national and provincial overview, an outlook for the economy in 2007, as well as a detailed summary of the 2006 York Region Employment Survey. Key findings from these analyses are included below:

4.1.1 National and Provincial Overview

- The Canadian economy continued to respond well to ongoing economic challenges in 2006, resulting in an increase in economic growth. As a result, Real Gross Domestic Product grew at a rate of 2.7% annually.
- GDP growth varied within Canada with stronger growth taking place within resource rich provinces primarily in Western Canada (as a result of the strength of commodity prices). Alternately, provinces rich in manufacturing such as Ontario and Quebec saw slower growth as a result of the effects of a strong Canadian dollar on exports.
- According to RBC Financial, the Province of Ontario had a modest 1.3% increase in the Real Gross Domestic Product in 2006. This increase is below the Canadian national rate of 2.7%.
- Employment in Ontario increased 1.8% (or 113,000 jobs) over 2006. The majority of the employment gains were seen in the service sector including health care and social assistance, trade and “other services”. Declines were seen in the manufacturing sector, which decreased 11.6% (or – 130,000 jobs) since 2002.

4.1.2 Outlook for 2006

- The Canadian economy is expected to perform well in an upcoming economic climate fuelled by solid balance sheet conditions for both households and businesses and tight labour markets. As a result, the Canadian economy is expected to grow at a rate of approximately 3% in 2007. (Bank of Canada)
- Going forward into 2007, the business outlook appears positive for York Region. A number of projects are currently under construction across the Region (with industrial

and commercial construction valued at \$697,027,000 in 2006), which will provide local employment opportunities both in the construction phase and upon completion. This level of building permit activity (using existing ratios) is expected to generate approximately 17,000 jobs.

- A large stock of new residential housing units under construction and scheduled for occupancy in 2007 will also increase the demand for population-based employment such as health care, education, retail and personal services in the coming months.

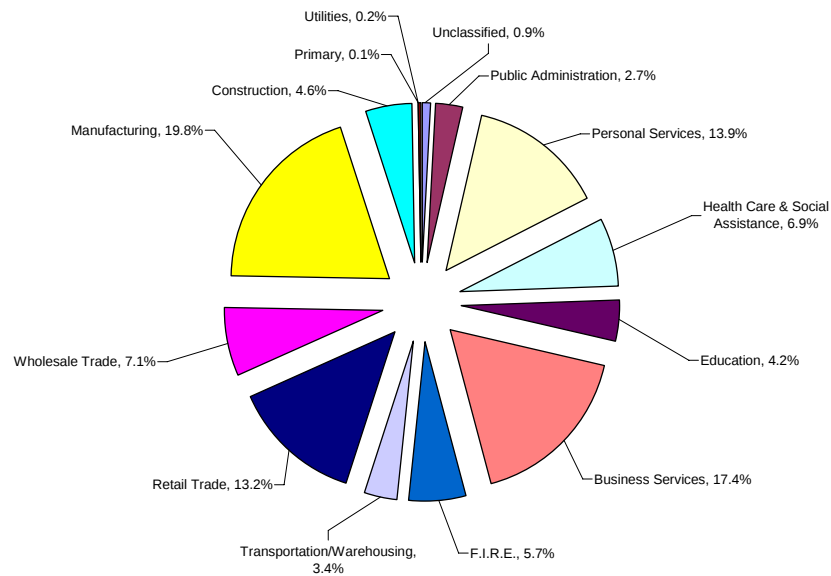
4.1.3 York Region 2006 Employment Survey Highlights

- Employment growth in York Region has shown resilience to the challenges faced during the year and has continued to grow at a healthy rate. This growth has been sustained primarily by the domestic economy and subsequently the strength of the service-producing sectors.
- There were an estimated 460,000 jobs in York Region, representing an average annual employment growth rate of 4.9 % between 1998 and 2006. This growth rate has outpaced both the national and provincial growth rates over the past eight years.
- Service-oriented jobs account for approximately 74% of total employment in York Region. This represents the greatest proportion of employment in the Region, which is consistent with an urban setting.

While the rate of employment growth (in the surveyed areas) varied among York Region's local municipalities, some general trends were evident:

- Manufacturing remained the primary employer in the Region (19.8% of the total employment), and grew at a healthy 24.1 % between 1998 and 2006. Despite this employment growth, the proportion of manufacturing employment decreased within the survey area from 22% (or 47,716 jobs) in 1998 to 20% (or 59,211 jobs) in 2006.
- The decrease in the proportion of manufacturing employment is the result of rapid growth in service-producing industries such as business and personal services, public administration, health care & social assistance and retail trade. During the past eight years, service producing jobs have increased 68,885 jobs in the survey area, while goods-producing industries (such as manufacturing) have increased 9,993 jobs.
- A full account of the 2006 employment by industry is available in Chart 1 (page 4).

Chart 1: Employment by Industry, 2006



Source: York Region Planning and Development Services Department

- The largest manufacturing employment subsectors in York Region were:
 - Motor Vehicle Parts Manufacturing (approximately 14% of manufacturing)
 - Printing and Related Support Activities (approximately 9% of manufacturing)
 - Computer and Peripheral Equipment Manufacturing (approximately 7% of manufacturing)
 - Plastic Product Manufacturing (approximately 6% of manufacturing)
- Strong employment growth was evident in a number of sectors with the business services, retail trade, public administration and health care and social assistance sectors each recording growth rates in excess of 5% yearly since 1998.
- The increase in personal services (information, culture & recreation; accommodation & food services; and other services) and retail trade can be attributed to the increased demands of a rapidly expanding population.
- Regional job growth within the manufacturing sector was unexpected based on the national economic outlook, which portrayed continued weakness in manufacturing employment in Canada and a slowdown in export oriented industries.
- Employment in York Region is predominately comprised of full time workers. According to the 2006 York Region Employment Survey approximately 76% of employment (in the Region) was full time.

- Approximately 7% of surveyed firms reported involvement in exporting activities. Approximately 84% of firms did not report export activities, and 9% were unsure of their exporting activities.
- The vast majority (84.6%) of firms in the Region employ less than 20 employees. In turn, medium sized firms (20 to 99 employees) represent 12.6% of firms and large (100 to 499 employees) and very large firms (500+ employees) account for 2.6% (or 471 businesses) and 0.2% (or 36 businesses), respectively.
- The number of large and very large firms in York Region has grown significantly since 1998, with increases of 39% to 471 firms in large businesses (100 to 499 employees) and 64% to 36 firms in very large businesses (over 500 employees).
- 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) was estimated at 8.9% in York Region in 2006.

4.2 Survey Methodology

The Employment & Industry survey was designed to answer three basic questions for each business:

1. What is the nature of the business activity at the location?
2. How can the business or organisation be contacted in the future?
3. 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 02) code as defined by Statistics Canada. This information was then aggregated together to allow for analysis at the Regional and 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 2006 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 and Regional centres.

Within each employment area all businesses were directly contacted and details about business activity and employment were updated. Where the last survey 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.

The data has been analyzed at the municipal and local community level. This allows for a detailed examination of local trends and provides information at a level that is useful for investment and economic development decisions.

4.3 Area Municipal Participation

Regional staff continues to lead the Employment Database Working Group with the local municipalities in jointly collecting local business and employment information, enhancing the coverage area of the annual survey and in eliminating the duplication of services. Local municipalities were supportive in providing financial aid that allowed for the hiring of additional staff and provided information and feedback on the employment characteristics within their area. All nine area municipalities participated in the 2006 employment survey and all municipalities have continued their support in 2007. As a result of this partnership, the survey will feature a complete survey in all of the 9 area municipalities in 2007.

4.4 2007 Survey

The 2007 York Region Employment Survey commenced on April 30th, 2007, and will be completed in September 2007. As a result of the partnership with area municipalities, the survey will feature a complete survey in all of the 9 area municipalities in 2007. The survey will once again feature electronic surveying, improving survey accuracy, efficiency as well as allowing for earlier reporting. As a result, the 2007 survey data and analysis should be available in the fall of 2007. 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 continue 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.

The Region has 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 has enhanced the York Region online Business Directory by making online business searches easier and allow local businesses the option of upgrading their listing to include logos, business / product information, 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.

4.5 Relationship to Vision 2026

The Employment & Industry 2006 Report supports the Vision 2026 goal of creating a vibrant economy through its 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. The collection of employment and business data plays a vital role in monitoring changes in the Region's economy, estimating the Regional assessment base and forecasting of future infrastructure and service requirements.

In addition, database products including electronic and printed directories offer an additional revenue source for the Region that can be used to maintain the database. The York Region Business Directory 2006 is currently priced at \$175 for the CD-ROM version and \$50 for the print version. The 2007 employment survey is provided for in the Planning and Development Services Department 2007 budget.

6. LOCAL MUNICIPAL IMPACT

Information contained in the attached report presents employment analysis at the area municipal level and for the towns and villages in the Regions rural municipalities. 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 covered 19,900 firms in 2006.

A detailed economic profile of each area municipality is contained in the attached report. The adoption of the Employment & Industry Report'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 will circulate draft material to area municipal planning and economic development. Moreover, as previously mentioned, this initiative has received full participation from the area municipalities and the support has continued for the 2007 survey.

7. CONCLUSION

This report informs Regional Council as to the state of Regional employment growth and the economy. At the aggregated level, the data suggests various employment trends are emerging. Over the past 8 years, the Region has been able to maintain a level of employment growth that matches our population. Employment growth is on target with projections and exceeds both national and provincial averages. It is estimated that there are approximately 29,000 businesses employing 460,000 people in York Region in 2006. (This estimate represents total employment in the Region, including both farm and home-based businesses.)

The data also suggests a shift towards service-producing jobs, which now account for 74.4% of total employment (within the survey area). This is further supported by historical Industrial Commercial and Institutional (ICI) construction value data. Over the past 5 years, commercial building permit values have accounted for the largest proportion of total ICI values (approximately 42%). Growth in service producing industry helps to support our growth in both population and employment.

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. York Region's manufacturing sector continues to show resilience, avoiding the employment losses seen at both the national and provincial levels. 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, public administration and health care and social assistance each recording average annual growth rates in excess of 5% since 1998. The 2006 Employment & Industry 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 Report 2006 is based, is one of a few of its kind in all of 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 servicing requirements (e.g., transit, wastewater servicing). As a result of the

participation of all nine area municipalities, the survey has resulted in a larger survey sample size, more accurate data, and a reduction in service duplication.

For further information about this staff report, please contact Paul Bottomley, Manager of Growth Management, Economy & Information Research at 905-830-4444 extension 1530 or paul.bottomley@york.ca.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)