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YORK REGION EMPLOYMENT AND INDUSTRY REPORT 2007

The Planning and Economic Development Committee recommends the following:

- 1. The presentation by Paul Bottomley, Manager, Growth Management Economy and Information Research, Long Range and Strategic Planning, be received; and**
- 2. The recommendation contained in the following report dated May 22, 2008, from the Commissioner of Planning and Development Services, be adopted:**

1. RECOMMENDATION

It is recommended that:

1. The York Region Employment and Industry Report 2007 (Attachment 1) be circulated by Planning & Development Services to the public, local municipalities and agencies and be made available on the corporate website.

2. PURPOSE

The Employment and Industry Report 2007 provides analysis of the information gathered in the 2007 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 business information collected in the York Region Employment Survey conducted between May and August 2007. 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.

Comprehensive Region-wide survey conducted in 2007

The 2007 survey was a comprehensive Region-wide survey of all businesses across York Region (excluding both farm and home-based businesses). 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 the economic development goals of York Region are being met. In particular, the overall analysis helps us to see whether an adequate number of jobs are being generated in the Region for the growing population.

The last comprehensive Region-wide employment survey of all businesses was conducted in 1998, with over 21,000 businesses surveyed. Between 1998 and 2006, the Survey has targeted high-growth areas, designated employment areas and Regional centres. With the assistance of area municipalities, 2007 featured a comprehensive Region-wide survey of all businesses contacting approximately 26,500 firms. The 2008 survey and future years will also be comprehensive, which will allow for detailed year to year analysis of employment trends.

Survey monitors business and employment activity across York Region

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 2007 by Regional Surveyors. The primary method of contact was through door-to-door interviews.

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.

There are several key differences between the data gathered in the York Region Employment Survey and Statistics Canada Census data. The York Region survey gathers information directly from businesses, whereas the Census collects data from employees at the place of residence. As such, our survey collects data directly from the employment source, potentially eliminating error. In addition, the 2007 York Region Employment Survey represents a 100% sample of York Region businesses, whereas the Census is based on a 20% sample. The monitoring of economic and employment trends requires an accurate comprehensive dataset. The York Region Employment Database is the most accurate and comprehensive listing of business and employment data for York Region. In fact, the Ministry of Public Infrastructure and Renewal has contacted Regional Staff on potentially using the York Region Employment Survey as a model for collecting business and employment data across the GTAH.

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. ANALYSIS AND OPTIONS

4.1 EMPLOYMENT AND INDUSTRY REPORT HIGHLIGHTS

The York Region Employment and Industry Report 2007 includes sections on the national and provincial overview, an outlook for the economy in 2008, as well as a detailed summary of the 2007 York Region Employment Survey. Key findings from these analyses are included below:

National and Provincial Overview

- The Canadian economy continued to respond well to ongoing economic challenges in 2007, resulting in an increase in economic growth. As a result, the national Real Gross Domestic Product grew at a rate of 2.6% annually.
- This growth in GDP was higher than the U.S economy-our closest North American neighbour, which experienced a 2.2% increase in GDP.
- According to RBC Financial, the Province of Ontario had a modest 1.8% increase in the Real Gross Domestic Product in 2007. This increase is below the Canadian national rate of 2.6%.
- Employment in Ontario increased by an estimated 1.6% (or 101,000 jobs) in 2007. Strong employment gains were seen in health care and social assistance (+32,800 jobs), accommodation and food services (+26,500 jobs), professional, scientific and technical services (+24,000 jobs), education (+21,600 jobs) and construction trade

(+7,400 jobs) and other services. Since 2002, 84% of the 456,800 jobs created in Ontario were full-time.

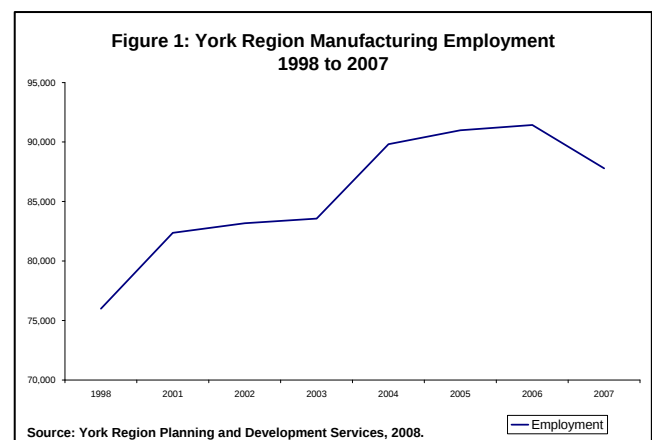
- Ontario's unemployment rate is estimated at 6.4%.

Outlook for 2008

- Canadian economic growth will be tempered by a weaker U.S economy with Canadian Gross Domestic Product (GDP) expanding 1.6% in 2008 (RBC Economics, April 2008).
- In York Region, a number of projects are currently under construction across the Region (with industrial and commercial construction valued at \$868,763,000 in 2007), 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 19,500 jobs.
- A large stock of new residential housing units under construction and scheduled for occupancy in 2008 will also increase the demand for population-based employment such as health care, education, retail and personal services in the coming months.

York Region 2007 Employment Survey Highlights

- There were an estimated 485,000 jobs in York Region, representing an average annual employment growth rate of 3.5% between 1998 and 2007. This growth rate has outpaced both the national and provincial growth rates over the past nine years.
- Service-oriented jobs account for approximately 73% 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.
- As illustrated in Figure 1, manufacturing in York Region has historically experienced steady growth. However, local manufacturers appear to be experiencing employment declines in the last year. York Region staff will continue to monitor manufacturing employment trends and report periodically on key findings.



- Manufacturing remained the primary employer in the Region (20.7% of the total employment), and grew 15 % between 1998 and 2007. Despite this employment growth, the proportion of manufacturing employment decreased within the survey area from 24% (or 76,329 jobs) in 1998 to 21% (or 87,801 jobs) in 2007.
- Between 2006 and 2007, manufacturing employment in York Region declined 4% or 3,600 jobs. These jobs losses were the result of existing manufacturers downsizing and the closure of a small number of businesses in the sector. Despite the recent declines, the manufacturing sector has added 11,500 over the past nine years.
- The decrease in the proportion of manufacturing employment is the result of the recent declines in manufacturing employment coupled with rapid growth in service-producing industries such as business and personal services, public administration, health care & social assistance and retail trade. During the past nine years, service producing jobs have increased 91,292 jobs, while goods-producing industries (such as manufacturing) have increased 12,594 jobs.
- The largest manufacturing employment subsectors in York Region were:
 - Motor Vehicle Parts Manufacturing (approximately 13% of manufacturing)
 - Printing and Related Support Activities (approximately 7% of manufacturing)
 - Plastic Product Manufacturing (approximately 7% of manufacturing)
 - Computer and Peripheral Equipment Manufacturing (approximately 5% of manufacturing) .
- Strong employment growth was evident in a number of sectors with the business services, retail trade, education 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 and recreation; accommodation and food services; and other services) and retail trade can be attributed to the increased demands of a rapidly expanding population.
- A full account of the 2007 employment by industry is available in Chart 1. Figure 2 (page 6) illustrates 2007 York Region employment by industry.

Chart 1: Employment by Industry, 2007

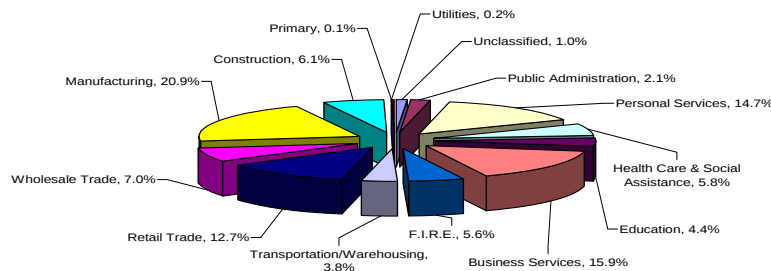
Industry Sector	Number of Jobs in 1998	Proportion of Jobs in 1998 (%)	Number of Jobs in 2007	Proportion of Jobs in 2007 (%)	Percent of Job Change 1998 - 2007	Job Growth 1998 - 2007
SERVICES-PRODUCING	218,200	68%	305,300	73%	40%	87,200
Public Administration	7,900	3%	10,800	3%	38%	2,900
Personal Services	46,400	15%	62,200	15%	34%	15,900
Health Care & Social Assistance	14,900	5%	24,600	6%	65%	9,800
Education	11,900	4%	18,300	4%	53%	6,400
Business Services	40,600	13%	67,000	16%	65%	26,400
Finance, Insurance, Real Estate & Leasing	18,100	6%	23,600	6%	30%	5,500
Transportation/Warehousing	11,100	4%	16,000	4%	45%	4,900
Retail Trade	35,100	11%	53,400	13%	52%	18,300
Wholesale Trade	32,200	10%	29,300	7%	-10%	-2,900
GOODS-PRODUCING	102,200	32%	115,000	27%	13%	12,600
Manufacturing	76,000	24%	87,800	21%	16%	11,500
Construction	23,400	7%	25,800	6%	11%	2,500
Utilities	1,500	1%	800	0%	-46%	-600
Primary	1,400	0%	600	0%	-57%	-800
TOTAL	320,400	100%	420,300	100%	31%	112,400

Source: York Region Planning and Development Services, 2007.

Notes:

- (1) Employment totals do not include home and farm based businesses as well as businesses with an unclassified business activity
- (2) Job totals by industry sector are rounded to the nearest hundred.

Figure 2: Employment by Industry, 2007



York Region Planning and Development Services, 2008

- Employment in York Region is predominately comprised of full time workers. According to the 2007 York Region Employment Survey approximately 76% of employment (in the Region) was full time.
- Approximately 6% of surveyed firms reported involvement in exporting activities. Approximately 83% of firms did not report export activities, and 11% were unsure of their exporting activities.
- The vast majority (85.2%) of firms in the Region employ less than 20 employees. In turn, medium sized firms (20 to 99 employees) represent 12.2% of firms and large

(100 to 499 employees) and very large firms (500+ employees) account for 2.4% (or 644 businesses) and 0.2% (or 58 businesses), respectively.

- The number of large and very large firms in York Region has grown significantly since 1998, with increases of 34% to 644 firms in large businesses (100 to 499 employees) and 71% to 58 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 13% in York Region in 2007, which is higher than the 8.5% mobility observed in 2006. The higher mobility rate in 2007 is likely the result of higher business mobility in areas that had not been surveyed since 1998 (the previous comprehensive employment survey).

4.2 AREA MUNICIPAL PARTICIPATION

Regional staff continues to lead the Employment Database Working Group working with our local municipal partners to jointly collect local business and employment information. This partnership helps to enhance the coverage area of the annual survey and eliminate 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 2007 employment survey and all municipalities have continued their support in 2008.

4.3 2007 SURVEY

The 2008 York Region Employment Survey commenced on May 5th, 2008, and will be completed in September 2008. As a result of the partnership with area municipalities, the survey will feature a complete survey in all of the 9 area municipalities in 2008.

In 2006, York Region introduced a reformatted employment survey that featured electronic surveying (via Tablet PC's). The revised survey methodology allowed York Region to reduce the costs surveying and improve the feasibility of a comprehensive Region-wide survey. The 2008 survey will once again feature electronic surveying, improving survey accuracy, efficiency as well as allowing for earlier reporting. As a result, survey data and analysis should be available in the Fall of 2008. 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 has been distributed to local municipalities to provide for custom analysis at the local level.

4.4 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 business directories offer an additional revenue source for the Region that can be used to maintain the database. The York Region Business Directory 2007 is currently priced at \$175 for the CD-ROM version. The 2008 employment survey is provided for in the Planning and Development Services Department 2008 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 26,500 firms in 2007.

A detailed economic profile of each area municipality is contained in the attached report. Area municipal staff has been consulted in the preparation of the area municipal profiles. 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.

Moreover, as previously mentioned, this initiative has received full participation from the area municipalities and the support has continued for the 2008 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 9 years, employment growth in York Region is on target with projections and exceeds both national and provincial averages. It is estimated that there are approximately 29,000 businesses employing 485,000 people in York Region in 2007. (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 73% of total employment. 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 43%). Growth in service producing industry helps to support our growth in both population and employment. The 2007 level of ICI building permit activity (using existing ratios) is expected to generate approximately 19,500 jobs.

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. Manufacturing in York Region has historically experienced steady employment growth. However, local manufacturers appear to be experiencing employment declines in the last year. Between 2006 and 2007, manufacturing employment in York Region declined 4% or 3,600 jobs, compared to 5.2% declines (in manufacturing) in Ontario.

While the manufacturing sector continues to be the primary employer in York Region, strong employment growth was evident in a number of sectors with the business services, retail trade, education and health care and social assistance sectors each recording growth rates in excess of 5% yearly since 1998. The 2007 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, Employment Land Area Analysis 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 comprehensive survey, more accurate data, and a reduction in service duplication.

For more information on this report, please contact Anthony Ierullo, Planner at 905 830-4444 Ext.1537, or John Waller, Director of Long Range and Strategic Planning at 905 830-4444 Ext.1525.

The Senior Management Group has reviewed this report.

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