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EMPLOYMENT AND INDUSTRY REPORT 2004

The Planning and Economic Development Committee recommends the following:

- 1. The presentation by Anthony Ierullo, Economic Planner, Long Range and Strategic Planning, be received; and**
- 2. The recommendations contained in the following report, August 4, 2005, from the Commissioner of Planning and Development Services, be adopted:**

1. RECOMMENDATIONS

It is recommended that:

1. This report and the attached draft Employment and Industry Report 2004 be received for information purposes; and
2. The Employment and Industry Report 2004 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 2004 provides analysis of the information gathered in the 2004 York Region Employment Survey. The survey monitors the location, type and characteristics of businesses in York Region, in support of the Regional Official Plan policies aimed at “creating a competitive and adaptable economic environment that encourages investment and diversity of employment opportunities”.

The York Region Employment Survey provides insight into the business and employment opportunities across the Region, and monitors global economic trends and their impacts on the Regional economy. The survey is a key component in the economic development strategy, and provides data for the York Region Business Directory, sectoral analysis, employment area profiles, and promotional activities.

The information collected through the survey is also used as background data for various purposes, such as land use planning, forecasting, infrastructure planning and co-ordinating services.

3. BACKGROUND

This report is based on the information collected from a survey conducted with businesses located in York Region between May and August 2004. The primary method of data collection was through door-to-door interviews, with supplemental collection 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 2004 survey area was comprised primarily of designated employment areas and Regional centres, and excluded 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 see whether enough 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. Since 2001, the Survey has targeted high-growth areas and Regional centres. With the assistance of area municipalities, a total of over 18,050 companies were contacted in 2004, with a 74% response rate. These 13,348 firms accounted for an estimated 49.4% of total Regional businesses in 2004.

4. ANALYSIS AND OPTIONS

4.1 Employment and Industry Report Highlights

The York Region Employment and Industry Report 2004 includes sections on the national and provincial overview, an outlook for the economy in 2005, as well as a detailed summary of the 2004 York Region Employment Survey. Key findings from these analyses are included below:

4.1.1 National and Provincial Overview

- The Canadian economy experienced a slight rebound in 2004, resulting in a return to the levels of growth that were more in line with 2002. 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.

- The Province of Ontario underperformed in 2004 with a modest 2% increase in the Real Gross Domestic Product over 2003. This increase is below the Canadian national rate of 2.7%.
- Construction in Ontario enjoyed another strong year, posting the second highest number of housing starts since 1989. There was a slight decrease in the amount of starts from the previous year, with 66 less total housing starts. This resulted in a total 85,114 housing starts in the 2004 calendar year.

4.1.2 Outlook for 2005

- The national economy began 2005 on a relatively light economic pace, and produced growth at an annualized rate of 2.3 % to the end of the 1st quarter. However, as in 2004, it is important to note that the strength of the Canadian dollar relative to the U.S. dollar continued to have an impact on exports.
- The effects of a strong Canadian dollar on export activity appear to be diminishing, as evidenced by Canadian exports ending their decline in the first quarter of 2005. In fact, many analysts expect that the economy has completed an adjustment to the strong Canadian currency and the effects will be less significant in the future.
- The domestic side of the economy has shown strong gains in both consumer spending and business investment. These gains were offset by weak net exports, which are a direct result of a strong Canadian dollar.
- Going forward into 2005, the business outlook appears positive for York Region. Many of the economic setbacks experienced in 2004 were unique in nature and are unlikely to reoccur in the near future. In addition, a number of projects are currently under construction across the Region, which will provide local employment opportunities both in the construction phase and upon completion.

4.1.3 York Region 2004 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 440,000 jobs in York Region, representing an average annual employment growth rate of 5.6 % between 1998 and 2004. This growth rate has outpaced both the national and provincial growth rates over the past six years.
- Service-oriented jobs account for approximately 67% of total employment in York Region. This represents the greatest proportion of employment in the Region, which is consistent with a traditional 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, and grew at a healthy 6.1 % between 2003 and 2004. This is significantly above the 2.6% average annual growth in manufacturing between 1998 and 2004.
- The dominant manufacturing subsector in York Region was transportation equipment manufacturing, accounting for approximately 14% of manufacturing employment. Transportation equipment was followed by fabricated metals, computers and electronic products, furniture and related products, machinery manufacturing, and plastics and rubber products, which accounted for approximately 10%, respectively, of total manufacturing employment.
- Strong employment growth was evident in a number of sectors with the business services, retail trade, education and the finance, insurance and real estate & leasing (F.I.R.E) sectors each recording growth rates in excess of 5% yearly since 1998.
- Personal services (information, culture & recreation; accommodation & food services; and other services) and retail trade also experienced significant increases in employment. These increases can be attributed to the increased demands of a rapidly expanding population.
- The strong Regional job growth rate in the manufacturing sector was unexpected based on the national economic outlook, which portrayed a 1.2% manufacturing employment decrease nationally and a slowdown in export oriented industries. However, growth in this sector may be attributed to strong growth in manufacturing subsectors that have a significant presence in York Region such as the motor vehicle and other transportation equipment.
- Employment in York Region is predominately comprised of full time workers. According to the 2004 York Region Employment Survey approximately 79% of employment (in the Region) was full time.
- Approximately 10% of surveyed firms reported involvement in exporting activities. Meanwhile, approximately 80% of firms did not report export activities, and 10% were unsure of their exporting activities.
- The vast majority (83%) of firms in the Region employ less than 20 employees, down slightly since 1998. In turn, medium sized firms (20 to 99 employees) represent 13.8% of firms and large (100 to 499 employees) and very large firms (500+ employees) account for 2.8% (or 495 businesses) and 0.3% (or 45 businesses), respectively.

- The number of large and very large firms in York Region has grown significantly since 1998, with increases of 70.7% and 57.7%, respectively.
- 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 9.3% in York Region in 2004. The average mobility rate in York Region was estimated at 8.0 % between 1998 and 2004.
- Hiring intentions among York Region businesses have remained stable since 2003 with 16.7 % indicating that they would be hiring additional staff.

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 97) 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 2004 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. 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 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 2004 employment survey and all municipalities have continued their support in 2005. As a result of this partnership, the survey has been able to increase its coverage annually.

4.4 2005 Survey

The 2005 York Region Employment Survey commenced on May 3, 2005, and will be completed in September 2005. 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 will also enhance 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 2004 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 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 2005 is currently priced at \$175 for the CD-ROM version and \$50 for the print version. 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 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 now covers 13,348 firms accounting for an estimated 49.4% of total Regional businesses.

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 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 2004 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. Moreover, as previously mentioned, this initiative has received full participation from the area municipalities and the support has continued for the 2005 survey.

7. CONCLUSION

This report informs 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. It is estimated that there are approximately 27,000 businesses employing 440,000 people in York Region in 2004. This estimate represents total employment in the Region, including both farm and home-based businesses. 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 public administration, healthcare and social assistance, business services, construction, retail trade, education and F.I.R.E each recording average annual growth rates in excess of 5% since 1998. The 2004 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 2004 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. Moreover, the partnership with Breken Technologies Group will continue to expand the efficiency of the survey for years to come.

The Senior Management Group has reviewed this report.

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