



three

York Region's Role in Context

3. York Region's Role in Context

3.1 Past Regional Economic Development Efforts

Economic development services have been assigned to York Region and its areas municipalities as part of their spheres of jurisdiction under the Ontario Municipal Act.

In 1992, Regional Council approved an expanded economic development function at the Regional level. Economic promotion activities were undertaken under the auspices of the Region's Information Officer, and focused on general "industrial" attraction and the support of tourism promotion through annual funding for the York Region Tourism Marketing Agency.

In support of the Regional Official Plan, Seneca College made a proposal to the Region for a joint economic development planning initiative in 1994. Subsequently, Dr. Michael Cox, Professor of International Business, was seconded on a six-month basis to direct the joint Seneca-York partnership. Extensive meetings and forums were held with all levels of government, business, education and other community agencies to determine the appropriate role for the Regional Municipality of York in economic development. The model and workplan developed by Dr. Cox identified the need for a strategic Economic Development function at the Regional level.

In 1995, the Economic Development function was consolidated within the Planning and Development Services Department. Since then, the program was expanded and many key initiatives have been undertaken. An Economic Development Branch was established in 1998 headed by a Director of Economic Development, and in 2000, the tourism promotion function was brought internal to the Region to replace the Tourism Marketing Agency.

Some of the major initiatives undertaken since 1995 include the development of a Tourism Strategy, development of a promotional logo, launch of a Strategic Alliance initiative, establishment of a partnership with the National Research Council/Industrial Research Assistance Program, launch of an Export Development Initiative, establishment of a Small Business Enterprise Centre, and partnership in the York Regional Biotechnology Cluster Consortium.

3.2 Municipal Roles in Economic Development

York Region understands the importance of integrating the collective strengths of all the area municipalities to gain a competitive edge in the global marketplace. Working in partnership and complementary to each other, the Region and the area municipalities are both undertaking activities which support a healthy business environment. Periodic municipal economic partners meetings are held to exchange information and provide feedback. The Region's programs such as the Export Development and Tourism initiatives are supported by the area municipalities, although both Georgina and Vaughan have an interest in developing tourism programs at the local level. In the past, there have been opportunities for partnerships between the two levels on initiatives such as the Strategic Alliance project and the Employment Database project.

While the Region and the municipalities operate at a different scale, there are also variations among the municipalities on the intensity and focus of their economic development activities. Aurora, Markham, Richmond Hill and Vaughan have dedicated economic development offices and staff, while the function is supported by planning and other staff in the other five municipalities. Operating at the local level, the focus of most of the area municipalities is on promotion and retention/expansion of existing businesses. The array of activities they are engaged in ranges from downtown/mainstreet revitalization to new business attraction, and some of them are also devoting their efforts on attracting international investment. A number of municipalities are also engaged in corporate calling and business leader/ambassador programs.

Small business support services are provided by Small Business Enterprise Centres in Markham, Vaughan and Richmond Hill, with the northern municipalities being served by the Region's Centre in Newmarket. Funded in part by the Ministry of Economic Development and Trade, these four centres operate independently but collaborate on occasion on major events and activities. The Innovation Synergy Centre in Markham (ISCM) supports and assists early stage high growth companies in realizing their growth potential in both the domestic and international marketplace. Founded by a partnership between the Town of Markham, York University, National Research Council and Royal Bank, the ISCM is located in Markham but serves companies throughout the Greater Toronto Area.

All the area municipalities have established local economic development committees and are involved with their local Chambers of Commerce/Board of Trade to varying degrees. A number of area municipalities have completed or are in the process of developing updated economic development strategies, while economic development goals are embodied in the corporate strategic plan/vision documents of most municipalities.

In the development of the Region's Economic Strategy, the Region has consulted area municipal staff and reviewed related municipal strategic plans, vision documents, economic development strategy, and marketing plans in order to better focus the Region's efforts to support local municipal efforts.

3.3 Senior Government Involvement

An Economic Strategy at the Regional level must build on the policy framework set out by senior level governments, including:

- The Federal Government's *Innovation Strategy* which addresses the Federal Government's responsibility to support community initiatives to provide equality of opportunity and measures to stimulate innovation in a knowledge-based economy.
- The National Research Council Vision 2026 Document, *Science at Work for Canada*.
- The Ontario Government's *Road Map to Prosperity* which set out a long-term economic strategy for the Province in 1999. More recently, the Ontario Government Task Force on Competitiveness, Productivity and Economic Progress has released three Annual Reports and five Working Papers by the Institute for Competitiveness and Prosperity. These documents provide a framework to better understand the economic performance and future competitive position of regional economies within Ontario.
- The Ontario Ministry of Public Infrastructure Renewal's *Places to Grow* Discussion Paper which addresses the need for comprehensive, long-range strategic growth planning for the Greater Golden Horseshoe communities. In the Discussion Paper, the Province is proposing five main objectives to maximize existing opportunities to accommodate growth. This growth plan will promote economic development in the Greater Golden Horseshoe by removing disincentives to development in urban centres, establishing urban economic development tools to attract investment, improving transportation efficiency for workers and goods, improving the efficiency of key infrastructure by making strategic investments across the region, and ensuring that a diversity for employment land is available and can be readily serviced. At the same time, the Province is proposing to implement economic development strategies through innovative partnerships, undertake cluster development initiatives, and implement Ontario's commercialization strategy to link public research institutions with companies to bring research into market.

York Region's actions to strengthen its economy need to be integrated with the programs of senior levels of government and other economic development agencies. This will also establish a basis for partnerships to access funding and support for economic initiatives.

The following are some of the Federal and Provincial government departments and agencies that have a complementary economic development role and related functions.

"A growth plan for this region's future must and will focus on making it a more attractive place for businesses and workers to invest their skills and capital. It will do so by enhancing the high quality of life, by lowering the costs of working and doing business in the area, and by maintaining the diverse character of the Greater Golden Horseshoe"

Place to Grow

Three: York Region's Role in Context continued...

FEDERAL GOVERNMENT

Federal Ministry and Agency	Mandate and Responsibilities
Agriculture and Agri-Food Canada	Provides information, research and technology, and policies and programs to assist the agriculture and agri-food sector to meet the challenges and opportunities for continued prosperity.
Business Development Bank of Canada (BDC)	Focusing on the emerging and exporting sectors of the economy, it provides small and medium-sized businesses with flexible financing, affordable consulting services and venture capital.
Canadian Commercial Corporation (CCC)	As Canada's export contracting agency, the Corporation brings buyers and Canadian exporters together through contracts built on the best possible terms and conditions.
Citizenship and Immigration Canada	One of the department's mandates is to admit immigrants, foreign students, visitors and temporary workers who enhance Canada's social and economic growth.
Export Development Canada (EDC)	A Canadian financial institution devoted exclusively to providing trade finance services to support Canadian exporters and investors.
International Trade Canada (ITCan)	Responsible for positioning Canada as a world business leader, by helping large and small Canadian companies expand and succeed internationally, by promoting Canada as a dynamic place to do business, and by negotiating and administering trade agreements.
Human Resources and Skills Development Canada (HRSDC)	Responsible for providing all Canadians with the tools they need to thrive and prosper in the workplace and community. The department supports human capital development, labour market development, and is dedicated to establishing a culture of lifelong learning for Canadians.

Federal Ministry and Agency	Mandate and Responsibilities
Industry Canada	The department's mission is to foster a growing competitive, knowledge-based Canadian economy. It works with Canadians through the economy and in all parts of the country to improve conditions for investment, improve Canada's innovation performance, increase Canada's share of global trade and build a fair, efficient and competitive marketplace.
Technology Partnerships Canada (TPC)	A special operating agency of Industry Canada with a mandate to provide funding support for strategic research and development, and demonstration projects that will produce economic, social and environmental benefits to Canadians.
National Research Council (NRC) and Industrial Research Assistance Program (NRC-IRAP)	Canada's premier organization for research and development, one of NRC's mandates is to provide vital scientific and technological services to the research and industrial communities. Its Industrial Research Assistance Program provides small and medium-sized enterprises with value-added technological and business advice, financial assistance and a range of other innovation assistance.
Transport Canada	Works to ensure that Canadians have a safe, efficient and environmentally friendly transportation system by developing and administering policies, regulations and programs which contributes to Canada's economic growth and social development.

Three: York Region's Role in Context continued...

Some of these ministries and agencies at the federal level are key partners in the delivery of a number of the Region's economic development programs. Human Resources and Skills Development Canada has been a major funder for some of the Region's initiatives including the Export Development Initiative, the Strategic Alliance project, the GTA Agricultural Action Plan, and the SARS Recovery program. The Region is a NRC network member

and a host for two of the Industrial Technology Advisors who deliver the IRAP Program in York Region. Industry Canada was instrumental in the launching of the York Region Export Development Initiative, and has provided valuable support to the program, together with the Ministry of International Trade and Export Development Canada.

PROVINCIAL GOVERNMENT

Provincial Ministry and Agency	Mandate and Responsibilities
Ministry of Agriculture and Food (OMAF)	Provides programs and services to the agri-food sector which is integral to Ontario's economy.
Ministry of Citizenship and Immigration	Responsible for co-ordinating the development of provincial strategies to further Ontario's goals in immigration and settlement.
Ministry of Culture	Encourages the arts and cultural industries, and implements strategies to promote and market Ontario's cultural and heritage attractions to realize their full economic potential.
Ministry of Economic Development and Trade	The lead ministry responsible for promoting economic growth within Ontario. Its mandate is to act as a catalyst for innovation, promote investment, and encourage trade development and exports to world markets. The Ministry promotes entrepreneurship and small business, supports innovation, and takes a leadership role on urban and regional economic development issues through research and co-ordination of efforts.
Ministry of Education and Ministry of Training, Colleges and Universities	Provide leadership, sets the direction for education policy, and support excellence in Ontario's postsecondary education and training system.

Provincial Ministry and Agency	Mandate and Responsibilities
Ministry of Municipal Affairs and Housing	Responsible for managing six major areas: local government, Smart Growth, land use planning, housing market, building regulation and rural development.
Ministry of Public Infrastructure Renewal	Manages infrastructure planning to achieve maximum leverage for taxpayer dollars in the key areas of education, health, transportation, economic development, housing and the environment.
Ministry of Tourism and Recreation	Responsible for advancing Ontario's competitive advantage in tourism; and encouraging involvement in sport, recreation and physical activity for the health, social, and economic benefits of Ontarians.
Ontario Tourism Marketing Partnership (OTMP)	A collaborative private/public sector partnership that works strategically with the tourism industry to enhance the growth of Ontario's tourism sector and establish Ontario as a pre-eminent four-season destination.
Ministry of Transportation	Responsible for ensuring a safe and efficient transportation system for Ontario.

The Region has received funding support from the Ministry of Economic Development and Trade for the operation of the York Region Small Business Enterprise Centre and for the development of a Biotechnology Cluster Innovation Plan. It has also collaborated with Ontario Exports Inc. on some of the Export Development initiatives. In the implementation of the tourism programs, the Region has established close working relationships with the Ministry of Tourism and Recreation, OTMP, and the Ministry of Culture. The Ministry of Training, Colleges and Universities and the Ministry of Education were engaged in the Ontario Competitive City Regions (OCCR) Symposium process and other skills development initiatives.

Staff of the Ministry of Agriculture and Food are involved with the Region's agricultural initiatives and are represented on the Agricultural Advisory Liaison Group in an advisory capacity, while the Ministry of Municipal Affairs and Housing and Ministry of Public Infrastructure Renewal play a strong role in the Region's growth management strategy.

Throughout the Strategy consultation process, meetings and workshops have been held with senior government staff to seek their comments and identify their priorities. Their feedback is reflected in the Strategic Directions and proposed Actions.

3.4 Greater Toronto Marketing Alliance

The Greater Toronto Marketing Alliance (GTMA) is a public-private partnership between the 29 municipalities and regions in the Greater Toronto Area, the Provincial and Federal governments, other non-profit organizations and a broad cross section of private sector corporations. A key point of contact for investors seeking to explore business opportunities in the Greater Toronto Area, the objective of the GTMA is to expand the economy of the area by raising the profile of the region internationally to attract new investment and employment. With the resources of its public and private sector partners, the GTMA provides essential business information and site selection services to facilitate investment. York Region and its area municipalities are members of the GTMA, and support the Alliance on investment attraction initiatives. The Region has been providing an annual operating grant to the GTMA on behalf of the area municipalities.

3.5 The Evolving Role for the Region to Address Future Economic Competitiveness

The focus of past initiatives by York Region has been to complement the economic development efforts of the local municipalities through ensuring the provision of adequate servicing infrastructure, export promotion, tourism attraction and development, and a variety of small enterprise development initiatives in both the rural and the urban communities.

The evolving role of the Region will be to identify and facilitate new partnerships and shared resources that can be brought to bear on the ever more complex and competitive nature of economic development. It will be just as important to focus on human resources development and training as it will be to ensure that new employment lands are brought on stream.

In the 21st century, in a marketplace where investment capital and markets are now globally available, it will be important to compete, not against each other within the Region, but as partners against the competition from other parts of the world. A recurring theme that surfaced through the consultations and from the research undertaken as part of the Strategy development process was that the Region must seek out new and more meaningful ways to be competitive. It cannot compete solely on the basis of “cost of doing business”, it has to compete on the basis of “value created”.

The differences in the old and new approaches to economic development are illustrated in the following table.

Three: York Region's Role in Context continued...

OLD AND NEW APPROACHES TO ECONOMIC DEVELOPMENT		
	Conventional Approach	Present Day Approach
Responsibilities	Driven through “top down” government policies and incentives	Collaborative process involving multiple levels of government, research and collaborative institutions and companies
Objectives	Business attraction and retention	Attract educated people and high quality jobs, add value, compete globally
Basis for competition	Offer lowest costs for standard inputs of production (i.e. land, taxes, labour)	Offer a skilled labour force, quality of life, R&D technology, and global connections
Location of competition	Regional, national	National, global, clusters
Competitive advantage	Low land and operating costs, low wages, location	Skilled labour, quality of life, cultural amenities, R&D technology, openness to change
Business model	Single entity, taxpayer funded	Clusters, strategic alliances, networks and global mandates, shared resources
Actions	Tax incentives, marketing	Skills development, innovation, entrepreneurship, partnerships, supportive business environment

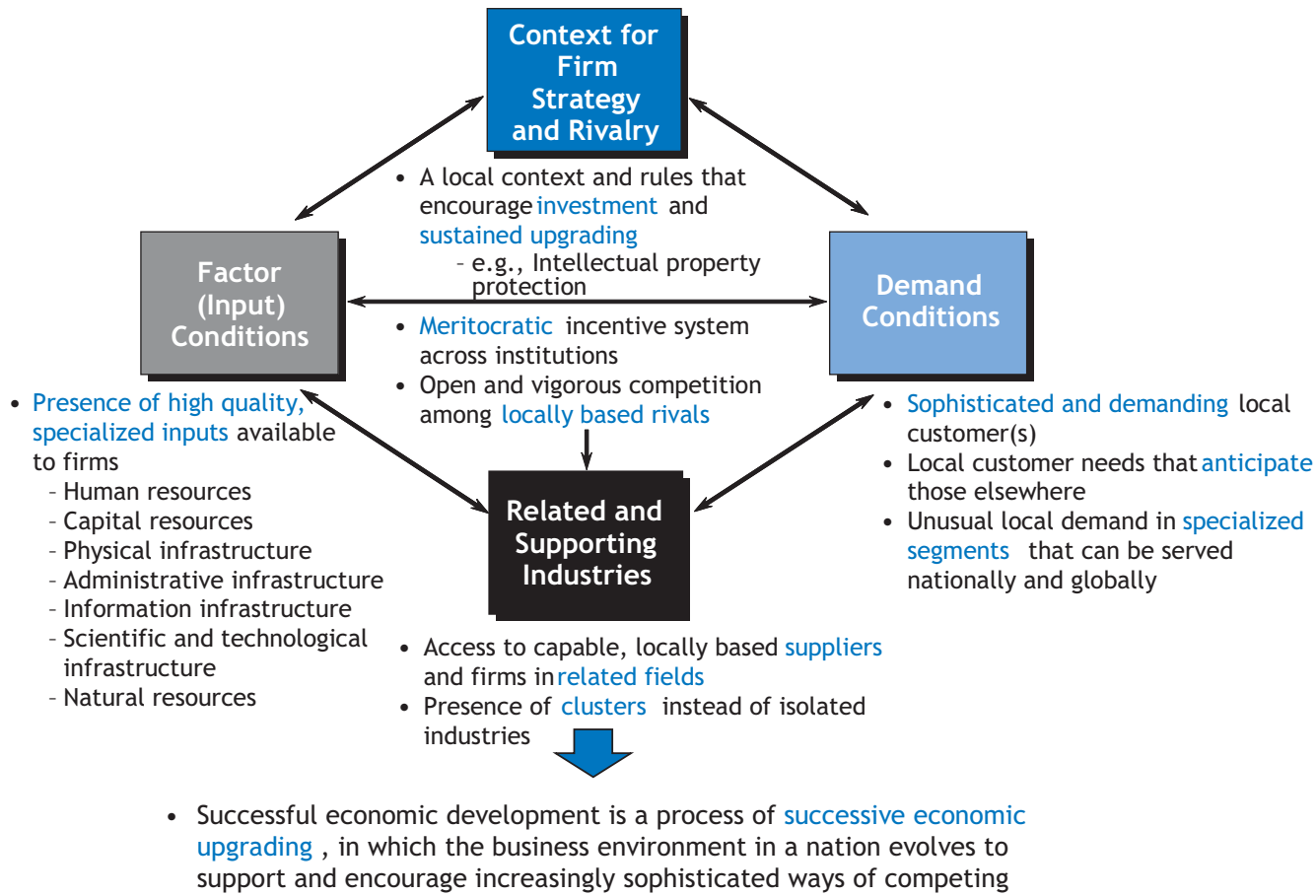
There are many factors that affect the future course of a regional economy. Professor Michael Porter, the Harvard economist who has pioneered research into cluster-based economic development distills the observations from hundreds of regional economies into this simple relationship:

*“Prosperous economies are based in competitive places to do business. What makes a place competitive is its productivity and continuing ability to produce new goods and services for which demand exists.”*⁴

Moving to embrace the new model of economic development means thinking more about factors that affect the economy from outside the Region, such as the demand side, rather than internal or supply side factors.

In Porter's view, which is the basis for most advanced economic development strategies, the foundation for productivity is the interplay of factors as shown in Porter's now famous "factor diamond".

Productivity and the Business Environment



Source: Porter, Cluster Mapping Project

Three: York Region's Role in Context continued...

The first factor is high quality input conditions such as labour skills and the quality of the physical and intellectual infrastructure of a region. Porter's second condition is a supportive business environment that encourages investment not only in physical assets and technology but in people. In his view, this relates to tax policy and other regulations that impact investment and innovation decisions. The third factor relates to what Porter calls "demand conditions" or the presence of sophisticated and demanding local customers and governments who raise the bar for local companies by demanding better quality, faster delivery, safer products and cleaner processes. Porter's fourth factor is the presence of developed clusters of companies where tight linkages to suppliers and intermediaries support the needs of the core group of export led industries, and in turn provide investment capital and employment opportunities that drive the region's economy.

Not all of these factors can be influenced solely by a region or any other individual organization or level of government. The lessons from other successful regions such as Silicon Valley, Boston or Austin indicate that the development of a network of linkages and partnerships that share information are critical to success. They also build upon the local talent pool to attract new people thus reducing the barriers to social interaction between various groups within the community laying the basis for fresh ideas and innovation.

A recent research paper published by the Pittsburgh Regional Alliance entitled "Innovative Regions: The Importance of Place and Networks in the Innovative Economy" looked at the most prosperous economic regions across North America. The paper focussed on what regional factors most affect the ability to speed up the transmission of ideas into results, leading to economic prosperity. The research found that the mere presence of regional resources or economic assets is not enough. The difference is leadership. In successful regions, business and civic leaders set the stage for entrepreneurs to what they do best. They build the basic infrastructure. They connect entrepreneurs and companies to assets, they promote a culture of innovation and success and finally, regional leaders make sustainability and quality of life an economic priority.

While the economic base of York Region has always been diverse, a majority of the employment has tended to converge around the manufacturing industries. However, the manufacturing sector is increasingly facing challenges imposed by internal and external forces. The challenges include

*"the emergence of China as an industrial powerhouse, the intensification of competition in international markets, the appreciation of the Canadian dollar, escalating business costs, increasing constraints on the supply of energy, an erosion in the quality of ... infrastructure..."*⁵

In order to face up to these challenges and to compete in the emerging global markets, the manufacturing sector has to undergo a major shift, and move towards high valued activities. The key to increasing the sector's competitive edge is to advance the production process towards innovation and knowledge-based activities. Skills, training and education, research and shared knowledge, a high tech infrastructure, and strategic alliances are becoming increasingly important in the process.

Moreover, York Region competes not only with other areas in the Greater Toronto Area, but nationally and internationally for jobs and investment. Companies in York Region are constantly being aggressively pursued to relocate their plants and offices to other parts of the world. The increasing frequency and sophistication of this competition from other countries, regions, and "city-states" makes a review of how to attract and retain companies that much more important. Increasingly, it is the "quality of place" as evidenced by the abilities of the Region's labour force and the availability of technology infrastructure that will influence the Region's competitive success.

Senior levels of government are increasingly focusing their support at encouraging regional scale initiatives rather than local projects. The Regional Municipality of York has already taken a leadership role in a number of strategic initiatives related to health care and social services funding, transit and transportation planning, human services planning, environmental stewardship, housing, export development, and agriculture planning. Given this tradition of leadership in various areas, it is appropriate to focus on how a Regional Economic Strategy should evolve.

In order to sustain and build on the current level of prosperity, the Region should embark on strategic regional scale initiatives that will encourage and cultivate a creative environment based on the AIMS framework developed by the Task Force on Competitiveness, Productivity and Economic Progress⁶. According to the Task Force, AIMS represents an integration of the following four factors:

- **Attitudes** towards competitiveness, growth, creativity and global excellence.
- **Investments** in education, machinery and equipment, research and development, and commercialization.
- **Motivations** for hiring, working and upgrading as a result of tax policies and government policies and programs.
- **Structures** of markets and institutions that encourage and assist upgrading and innovation.

These four factors interact to drive an economy's capacity for innovation and in turn strengthen its prosperity.

At the same time, the Region should create a positive environment for cluster building to enhance its productivity and competitiveness. It has been demonstrated that clusters are a key driver of regional and national prosperity:

“In a regional economy, the presence of strong traded clusters drives employment across the region. City regions with a higher percentage of employment in traded clusters tend to have a higher average earnings across all industries.”⁷

Economic development initiatives also have to be integrated with growth management strategies in order to provide a quality environment for business, as suggested in the Provincial Government’s Discussion Paper, *Places to Grow*:

“A growth plan for this region’s future must and will focus on making it a more attractive place for businesses and workers to invest their skills and capital. It will do so by enhancing the high quality of life, by lowering the costs of working and doing business in the area”⁸

The goal of the Economic Strategy will therefore be to position York Region in the marketplace to attract the best and brightest workforce, which in turn drive the most innovative and competitive companies that create a resilient and prosperous economy.

As its role in economic development evolves, it is important that the Region maintain and nurture its partnerships with the area municipalities and senior levels of government. At the same time, it should foster new collaborative relationships with other public and private sector partners as well as colleges and universities as it takes on new roles and embarks on new ventures. Innovative funding and program resources will have to be leveraged in order to support new programs and initiatives.

