

TORONTO STAFF REPORT

February 27, 2003

To: Planning and Transportation Committee
From: Commissioner, Urban Development Services
Subject: Employment Survey Update

Purpose:

To update the Planning and Transportation Committee on the Employment Survey.

Financial Implications and Impact Statement:

There are no financial implications resulting from the adoption of this report.

Recommendations:

It is recommended that Planning and Transportation Committee receive this report for information.

Background:

Since 1983, Metro Planning staff, and now Urban Development Services staff, have monitored employment within the City by conducting an annual employment survey. The survey is a unique information resource for both the public and private sectors. It provides City Departments with background data for economic and transportation studies and a foundation for forecasting the City's service needs. The survey provides private businesses with a rich resource for making decisions such as location analysis and market development or expansion. Survey results are shared with a wide audience, making this dataset a rich and valuable collection of information.

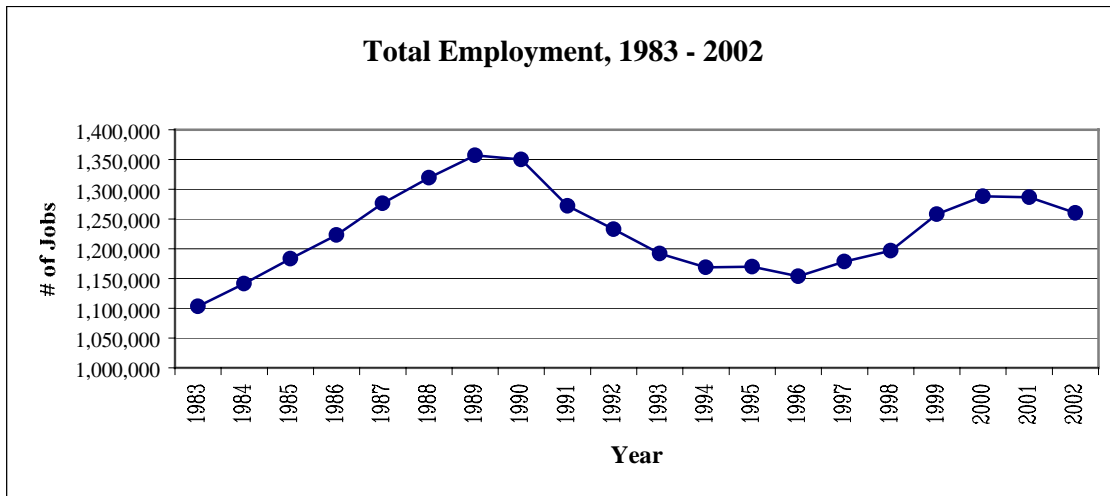
Each summer, a team of field researchers conducts face-to-face interviews with every business throughout the city (approximately 72,300 in 2002). If an employer is unavailable to give this information on the day that the researcher is interviewing the area, then the employer is contacted by other means, such as telephone, mail or fax. The type of data collected includes name of business, address, number of full and part time employees, type of employment activity

and length of time the business has been at that location. The result is a comprehensive survey of Toronto employers.

Employment activity is coded according to the L.U.A.C. (Land Use Activity Code) coding system. This is a classification system that designates the actual activity of a non-residential unit. This type of coding is particularly useful for planning purposes as it relates established employment sectors with land use. For example, if the business is a mining firm but at the address to be surveyed the business is carrying out its office function, then the activity code given to that location is under the office classification. Since the beginning of the survey 19 years ago, this coding system has been used so as to ensure consistency and comparability from one year to the next.

Comments:

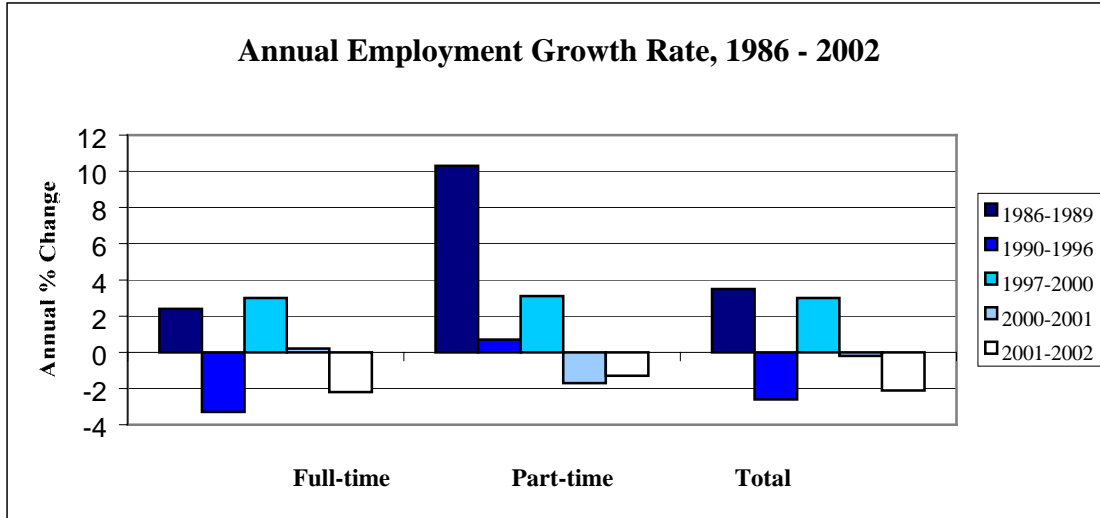
Toronto experienced exceptional growth throughout the '80s, growing at an annual rate of 3.5% between 1983 and 1989, to reach a peak of 1,356,900 jobs in 1989. During the following six years (1990 – 1996) Toronto saw a dramatic decline in employment, decreasing at an annual rate of -2.6% to reach a low of 1,153,800 jobs in 1996. The greatest annual decline occurred between 1990 and 1991, when Toronto lost 78,100 jobs within one year, a decrease of 5.8%. Following the healthy recovery of 1997-2000, employment is beginning to decline. Between 1998 and 1999, the number of jobs grew by 5.1%, which was the largest annual increase since this survey was launched in 1983. Toronto's current employment levels are still below the employment peak recorded in 1989 (1,356,000 jobs), but well above the low of 1996 (1,153,800 jobs).



In 2002, employment within the City of Toronto stood at 1,260,100 employees within 72,300 establishments¹. This is down from 1,286,300 employees in 72,500 establishments in 2001 and 1,288,400 employees in 73,200 establishments in 2000.

¹ Establishment refers to any location where business is conducted. Some firms such as banks may have more than one establishment at different locations: each branch is an establishment.

The chart below compares Toronto’s average annual rate of change for the past two years with the average annual rate experienced during 1986-2000. Between 2001-2002, the total number of jobs decreased by 2.1% or 26,200 jobs. This follows the decline of 0.2% (a loss of 2,100 jobs) between 2000 and 2001. This is in contrast to the growth years of 1997-2000, when employment increased by 3.0% annually as the City recovered from the recession and other economic adjustments. This contrasts with annual growth of 3.5% during the 1986-1989 period and –2.6% during 1990-1996.



Total Employment, 1986 - 2002

	Total Number of Employees		Net Change	Annual Growth Rate %
	1986	2002	1986 - 2002	1986 - 2002
Full-time	1,060,300	995,100	-65,200	-0.4
Part-time	162,700	265,000	102,300	3.1
Total	1,223,000	1,260,100	37,100	0.2

The manufacturing, service and office sectors experienced a decline in employment between 2000 and 2002. The largest decline was in the office sector, which lost 21,300 jobs over 2001-2002, after gaining 1,100 jobs in 2000-2001. The manufacturing sector lost 12,700 jobs during this two-year period. Gains came in the retail sector (2,700 jobs gained between 2000-2002), and the institutional sector (2,200 jobs in the same period).

Employment By Sector, 2000 - 2002

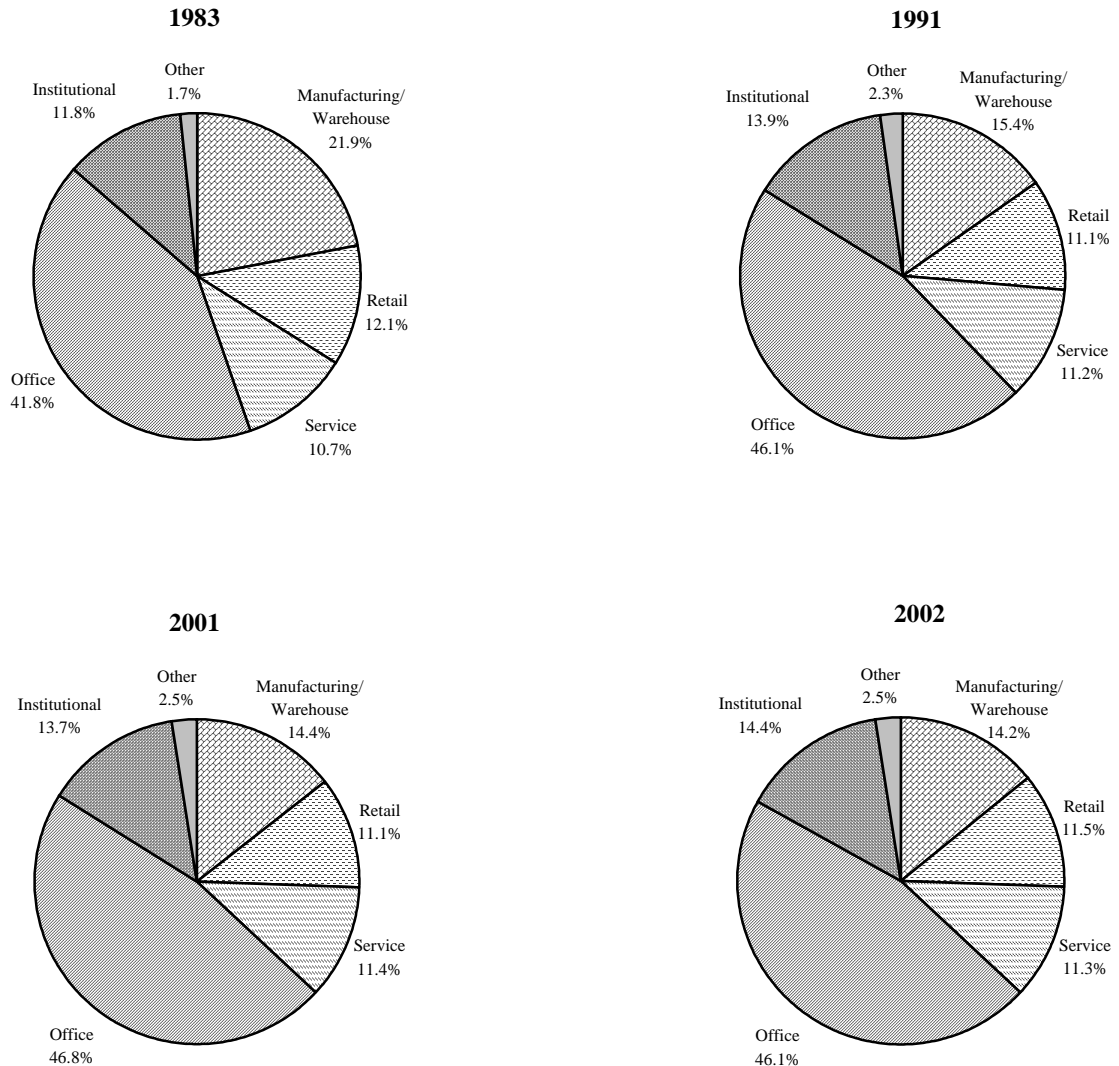
Sector	2000	2001	2002
Manufacturing	191,100	185,300	178,400
Retail	141,600	142,900	144,300
Service	143,900	146,800	142,500
Office	601,500	602,600	581,300
Institutional	179,300	176,400	181,500
Other	31,000	32,300	32,100
Total	1,288,400	1,286,300	1,260,100

Employment By Sector, Percent Change, 2000 - 2002

Sector	2000 – 2001		2001 – 2002	
	Net Change	Percent Change	Net Change	Percent Change
Manufacturing	-5,800	-3.0	-6,900	-3.7
Retail	1,300	0.9	1,400	1.0
Service	2,900	2.0	-4,300	-2.9
Office	1,100	0.2	-21,300	-3.5
Institutional	-2,900	-1.6	5,100	2.9
Other	1,300	4.2	-200	-0.6
Total	-2,100	-0.2	-26,200	-2.1%

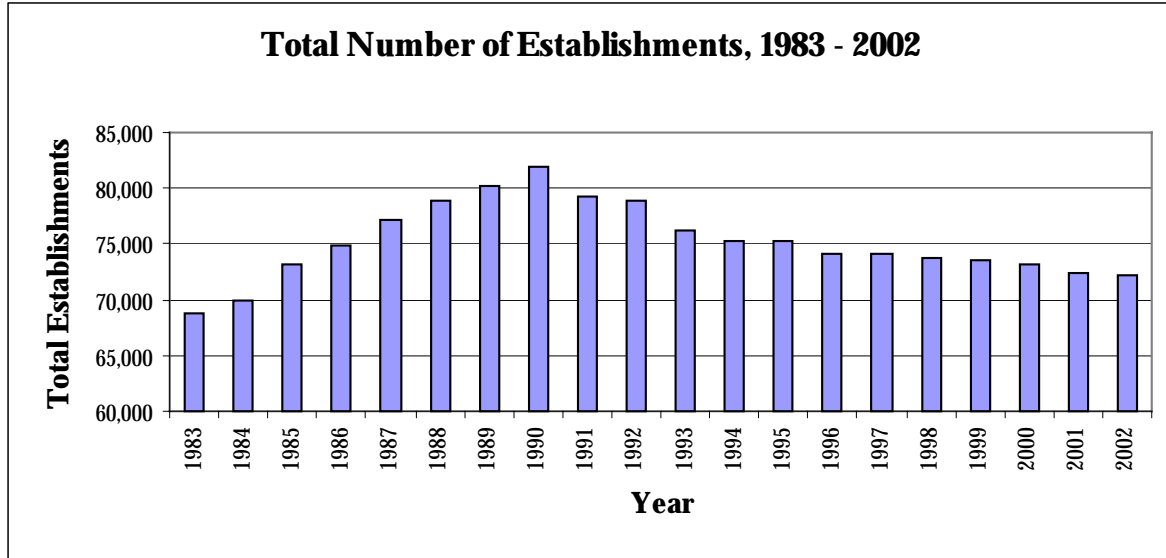
Though there have been changes within each of these six sectors, the overall result is a picture very similar to that shown in 1991. For example, the office component comprises 46.1% of the City’s employment today, the same proportion as it did in 1991. However, this stands in sharp contrast to what the City looked like in 1983 when the survey began. Office employment then stood at 41.8%, while Manufacturing/Warehousing was at 21.9% (compared to today’s level of 14.2%).

Changes Over Time



Number of Establishments

The number of establishments has declined each year since reaching a peak of 81,900 establishments in 1990 (an annual decline of 0.9%). During the most recent ten-year period (1992-2002) the number of establishments declined by 6,500.

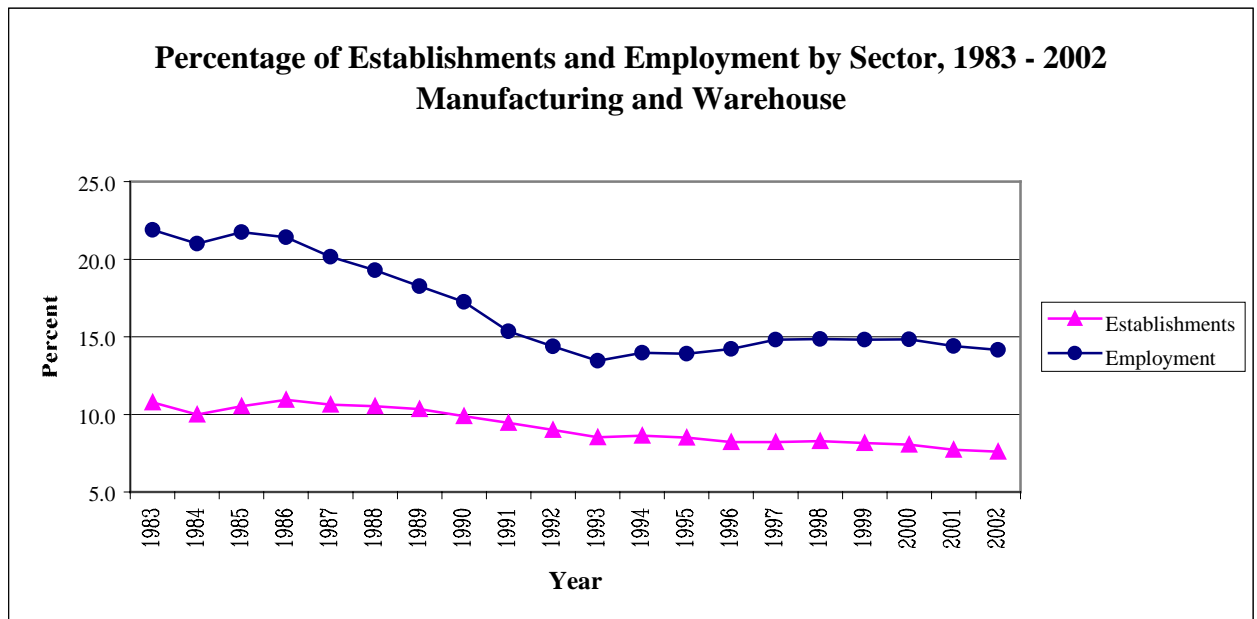
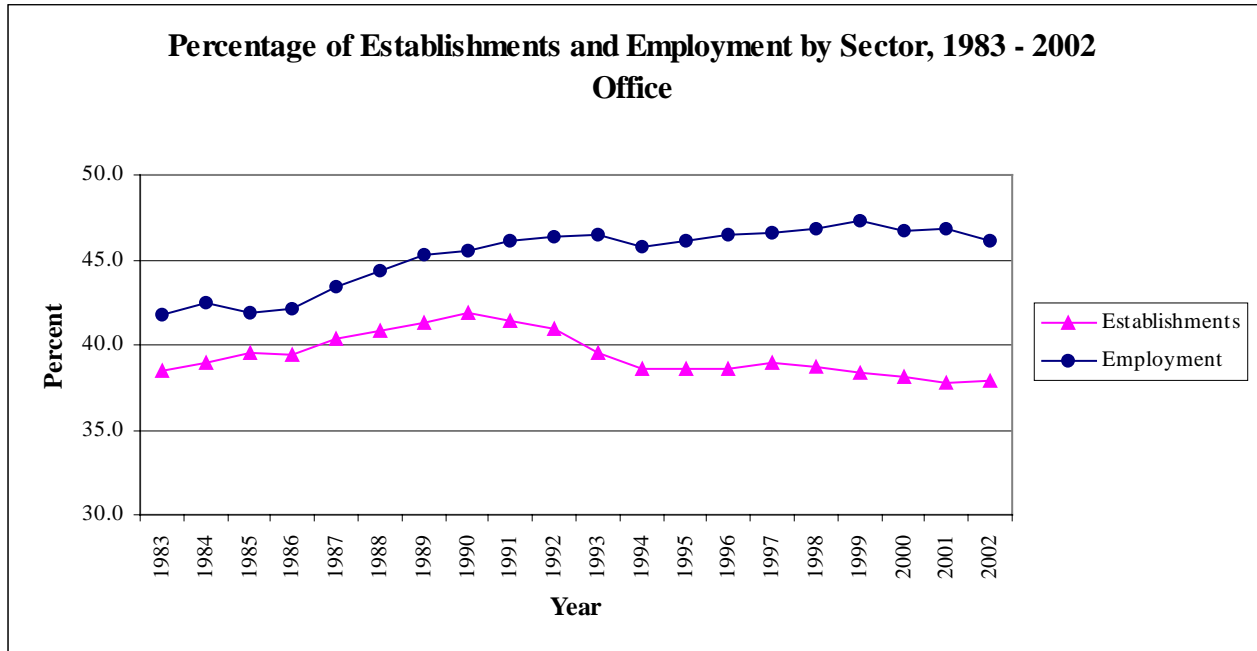


Between 1991 and 2002, the total number of smaller establishments decreased, while the number of larger establishments has remained basically the same. Much of the consequent loss of employment has been made up by increased employment in larger establishments. Thus, the level of concentration of the local economy has increased over the 1990's.

Establishments by Number of Employees

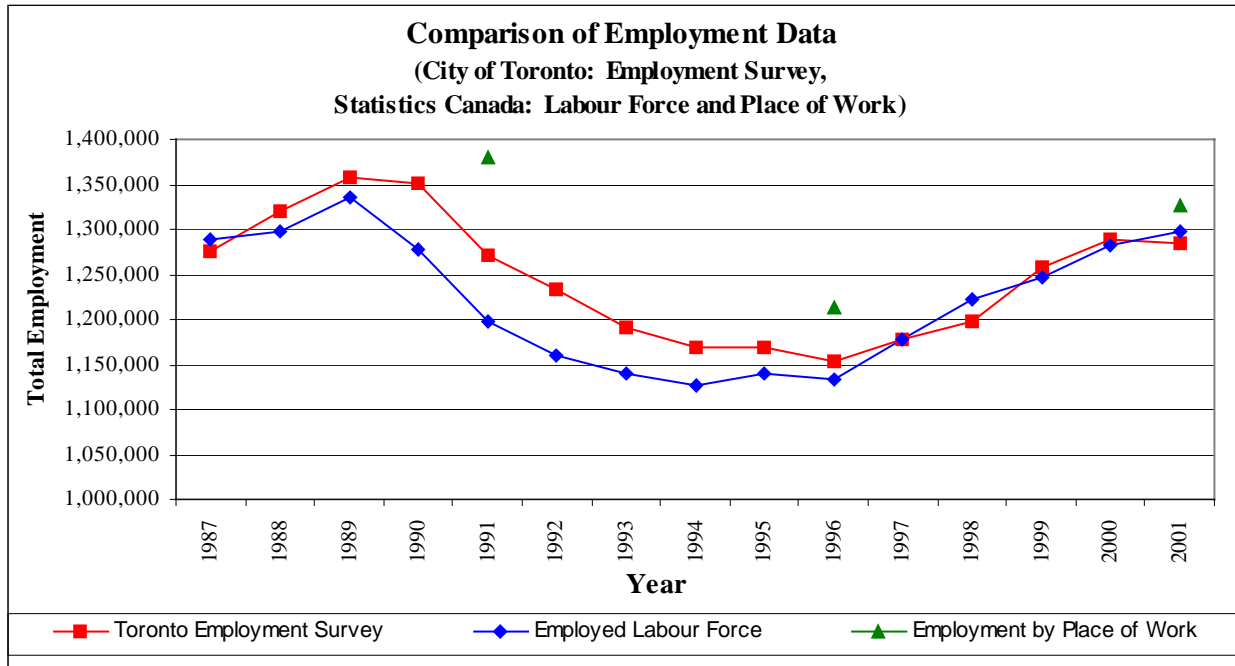
Size of Establishment by Number of Employees	Number of Establishments				Net Change in Establishments, 2001-2002	Percent Change 1991-2002	Net Change in Establishments, 1991-2002	Net Change in Total Employment, 1991-2002
	1991	1996	2001	2002				
<5	45,140	42,600	39,920	40,000	80	-11.4	-5140	-10,216
5-9	15,690	15,010	14,330	14,380	50	-8.3	-1310	-8,480
10-19	8,020	7,420	8,140	8,030	-110	0.1	10	-164
20-49	6,220	5,320	5,700	5,620	-80	-9.6	-600	-18,428
50-99	2,280	2,050	2,290	2,190	-100	-3.9	-90	-5,982
100-199	1,110	1,020	1,160	1,120	-40	0.9	10	3,115
200-999	780	720	840	820	-20	5.1	40	23,204
1000+	90	80	100	90	-10	0.0	0	5,057
Total	79,330	74,220	72,480	72,250	-230	-8.9	-7,080	-11,894

The office sector shows the greatest decline in establishments, from 32,800 firms in 1991, to 27,400 in 2002, an annual decrease of -1.6% . This decline is particularly noticeable in small establishments (less than five employees), which dropped from 18,690 in 1991, to 14,940 in 2002. Even though the number of establishments has decreased, total employment is still growing within this sector. The other sectors, such as manufacturing and warehousing, do not show this same relationship, in that the ratio between employment and establishments has remained relatively constant over time.



Benchmarking Toronto's Employment Survey

Other sources of data have been looked at to gain insight into the accuracy of Toronto's annual employment survey. These are the annual results from the Labour Force Survey, and the Census Place of Work data, which is reported every five years, both by Statistics Canada. The overall trend from the three sources is consistent. The patterns show a peak in total employment during 1989, a decline until 1996, and a recovery.



The Census Place of Work data reports employment by place of work and thus can be directly compared to the Toronto Employment Survey. The Labour Force Survey is somewhat different, in that it counts the number of Toronto residents who are working, regardless of where their jobs may be.

Toronto has historically been “job rich”; in other words, there have been more jobs in Toronto than there have been employed residents (i.e. the employed labour force). From 1987 to 1996 the total number of jobs here measured by the Employment Survey surpassed the number of working residents as measured by the Labour Force Survey by an average difference of 39,740. Since 1996, the data gathered from the Employment Survey and Labour Force Survey have been much closer. Total employment has been less than the employed labour force by a difference of 3,380 on average.

There are three reasons why the difference in results between the two surveys has declined. Firstly, a greater number of Toronto residents have been taking up jobs in the 905 regions, as is evidenced by an increase in outbound commuting. Thus, an increasing share of labour force employment is occurring outside Toronto and is not captured by Toronto's Survey.

Secondly, as the Employment Survey counts businesses, it does not track those residents who work at home, unless they also have a place of employment in addition to their at-home

workplace. However, the Census Place of Work survey does capture at-home employment. It is difficult to track at-home employment accurately.

Thirdly, Toronto's annual survey may undercount employees with no usual place of work, such as those employed by cleaning or nursing services. The Employment Survey does pick up some of these employees when their place of work is reported as the head office of the business.

The Toronto Employment Survey offers an almost two-decade history of the rise and fall of establishments and employees in the City by applying a consistent survey methodology. No other municipality in the GTA produces such an annual survey, as do few cities within North America.

Conclusions:

The City's Employment Survey shows that in 2002, employment within the City stood at 1,260,100 employees, down slightly from 1,286,000 employees in 2001 and 1,288,400 in 2000. Previously, job growth was strong, reaching 3.0% annually in the 1997-2000 period. Manufacturing, service and office sectors declined between 2000-2002, with the largest one-year decline in the office sector, which lost 21,300 jobs over 2001-2002.

The Toronto Employment Survey yields detailed information on employment and establishments and ties it to land use. Its specialized classification of employment activity enables the City to explore the relationship between changes in the economy and the use of land. It is an invaluable resource in the monitoring of urban change. The Survey has proven to be a consistent and reliable data source; its results and those of Statistics Canada display the same trends in employment. The Toronto Employment Survey is a unique mechanism for taking the pulse of Toronto's economy.

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