

Pre-Consultation Report

LMI Action Planning Meeting

PEEL HALTON WORKFORCE DEVELOPMENT GROUP

March, 2011

THE STATE OF THE LOCAL ECONOMY: PEEL AND HALTON REGIONS IN 2011

March 2011

OVERVIEW

There is a general sense that the recession has run its course or at the least that we have experienced the worst of it. We know that certain sectors were hard hit, in particular, manufacturing. The recovery that is taking place is tentative. This note seeks to quantify the effects the recession had on Peel and Halton Regions on an industry by industry basis.

LABOUR MARKET TRENDS – PEEL AND HALTON

Labour market data - In addition to Census data collected every five years, and labour force data (collected monthly, but a much smaller survey), Statistics Canada also collects information twice a year about Canadian businesses. This data provides an excellent and current picture about employers in an area. Unfortunately, this survey does not collect data about number of employees, but it does note the size category of each company (for example, 1-4, 5-9, 10-19 employees, and so on, until 500+ employees).

Estimates of employment - It is possible to make some estimates of employment, based on average employment figures for each size category, by industry. There are two drawbacks to this approach: firstly, there are no reliable figures for the averages for firms with over 500 employees. For a jurisdiction such as Peel or Halton, this is an issue because there are over 100 firms in this category across these two areas. Secondly, for some of the other industry subsectors, the averages for firms smaller than 500 employees are also unreliable.

There is, nevertheless, a way to use this data to estimate employment trends and that is by restricting the analysis to firms with less than 100 employees, where the calculations can apply reliable average numbers. Even in those industries where there might be several firms of more than 500 employees, trends among firms with fewer employees should be indicative of the health of that industry. The only drawback applies to those sectors where firms of over 500 employees make up a major portion of total employment. These are sectors where there are major institutional employers: hospitals, colleges, universities and governments (federal, provincial and municipal).

The following tables provide the data for trends in change in number of all employers and in the estimated employment in those firms with less than 100 employees, comparing December 2008 and June 2010. Those sectors with major institutional employers are excluded, as well as those sectors where the total number of jobs is less than 0.5% of all jobs in the area in 2006. In excluding the institutional categories, this data basically tracks the estimated change in employment in the private sector.

Table 1: Change in number of all employers and change in estimated employment in firms with less than 100 employees, select industries, Peel, December 2008 to June 2010

	Dec 2008	June 2010	Change	% Change
23 – Construction	27640	27851	211	0.8%
31-33 Manufacturing	47244	43161	-4083	-8.6%
41 - Wholesale Trade	47967	45806	-2162	-4.5%
44-45 Retail Trade	38910	39868	958	2.5%
48-49 Transportation and Warehousing	31625	32620	995	3.1%
51 - Information and Cultural Industries	3712	3949	237	6.4%
52 - Finance and Insurance	13685	13418	-266	-1.9%
53 - Real Estate and Rental and Leasing	15003	15038	35	0.2%
54 - Professional, Scientific and Technical	32010	31597	-413	-1.3%
56 - Administrative and Support	21744	22023	279	1.3%
71 - Arts, Entertainment and Recreation	4332	3797	-535	-12.3%
72 - Accommodation and Food Services	28479	29785	1306	4.6%
81 - Other Services (except Public Admin)	18870	19393	523	2.8%

Source: Statistics Canada, Canadian Business Patterns

Peel - Given that this is but a portion of all employers, the absolute change number is not as important as the percentage change. Given the significant share of Manufacturing and Wholesale Trade jobs in Peel, the loss figures in these categories indicate a major impact. Arts, Entertainment and Recreation are a proportionately small industry in Peel, but they suffered a large drop. A more significant industry, Information and Cultural Industries, registered healthy growth. There was also notable growth among the Transportation and Warehousing, and Accommodation and Food Services industries.

Halton - Applying the same calculations to the Halton data produces similar yet different results (see Table 2). Manufacturing employment drops, but not as severely as in Peel. Transportation and Warehousing dropped a large amount (unlike the rise in Peel), but Wholesale Trade increases somewhat (in contrast to a large drop in Peel). Arts, Entertainment and Recreation experience a large drop, but not as great as Peel's. Meanwhile, Information and Cultural Industries also increases considerably, as does Administrative and Support (this latter industry includes temporary employment agencies).

Table 2: Change in number of all employers and change in estimated employment in firms with less than 100 employees, select industries, Halton, December 2008 to June 2010

	Dec 2008	June 2010	Change	% Change
23 – Construction	11943	11832	-111	-0.9%
31-33 Manufacturing	15238	14473	-765	-5.0%
41 - Wholesale Trade	13972	14256	284	2.0%
44-45 Retail Trade	20055	20093	39	0.2%
48-49 Transportation and Warehousing	5560	5298	-262	-4.7%
51 - Information and Cultural Industries	1979	2098	119	6.0%
52 - Finance and Insurance	7501	7576	75	1.0%
53 - Real Estate and Rental and Leasing	6024	6098	75	1.2%
54 - Professional, Scientific and Technical	17095	17310	215	1.3%
56 - Administrative and Support	7393	7694	301	4.1%
71 - Arts, Entertainment and Recreation	2767	2557	-210	-7.6%
72 - Accommodation and Food Services	16438	16537	100	0.6%
81 - Other Services (except Public Admin)	9320	9746	426	4.6%

Source: Statistics Canada, Canadian Business Patterns

Estimates of overall changes in employment in the private sector - In order to compare the different changes, both job increases and job losses, with regard to the size of each industry, one approach would be to apply these percentage changes to estimated employment change based on the change in the number of employers to the job figures for 2006 (on the assumption that employment trends among small and medium sized companies reflect the trends across all companies in the same industry). This will not produce exactly accurate results, as there have been some changes in the relative size of these industries since 2006. However, since the preceding period was one of general growth (except for the manufacturing sector), the calculations should give us some sense of relative growth and loss, and of the resulting impact on the entire labour force.

As Table 3 illustrates, the Manufacturing job losses had a profound effect on the total private sector job figures. As needs to be emphasized, these figures are estimates, but they give a sense of relative proportions. These calculations would suggest that were it not for the losses in the Manufacturing sector, Peel and Halton would have had a net increase in jobs during this period. Certainly different sectors had varying degrees of growth and loss, but the Manufacturing losses were the main story during this period.

Table 3: Estimate of change in total employment among private sector industries, December 2008 to June 2010, Peel and Halton

INDUSTRY	Peel	Halton	Subtotal
11 - Agriculture, Forestry, Fishing, Hunting	2	-259	-257
21 - Mining, Quarrying, and Oil and Gas	-60	-126	-186
22 - Utilities	1036	95	1131
23 - Construction	130	-61	69
31-33 Manufacturing	-9031	-1777	-10808
41 - Wholesale Trade	-2555	305	-2250
44-45 Retail Trade	1526	52	1578
48-49 Transportation and Warehousing	1723	-331	1392
51 - Information and Cultural Industries	726	254	980
52 - Finance and Insurance	-485	88	-397
53 - Real Estate and Rental and Leasing	23	49	72
54 - Professional, Scientific and Technical	-542	206	-336
55 - Management of Companies	-72	-20	-92
56 - Administrative and Support*	311	270	581
71 - Arts, Entertainment and Recreation	-612	-333	-945
72 - Accommodation and Food Services	1179	78	1257
81 - Other Services (except Public Admin)	581	467	1048
TOTAL	-6120	-1043	-7163