Sectoral Outlook 2010-2012



Laurentides

servicecanada.gc.ca 1 800 O-Canada

Service Canada

Author
Benoit Leduc, Economist
Service Canada
Lanaudière Region
Telephone: 1-450-430-2800. ext 235
E-mail: benoit.leduc@servicecanada.gc.ca

Layout
Muriel Deslauriers

Photos
Modified image. Denis Chabot. © Le Québec en images. CCDMD
Modified image. Gilles M. Deschênes. © Le Québec en images. CCDMD
Modified image. Martin Caron. © Le Québec en images. CCDMD

October 2010

Cette publication est aussi disponible en français.

Canada

Table of contents

List of tables

Summary

The population of the Laurentides region was 511,280 in 2006, up 10.8% from 2001 (compared with 4.3% for Quebec). In fact, the Laurentides region, along with its neighbour Lanaudière, recorded one of the highest rates of population growth in Quebec. The population in all regional county municipalities grew, particularly Mirabel and Les Pays-d'en-Haut. The Institut de la statistique du Québec (ISQ) is predicting that the population of Laurentides should grow by 11.6% between 2006 and 2011 (compared with 6.9% for Quebec). Most of the region's population growth is the result of net sub-provincial in-migration, which has been among the highest in the province for a number of years now.

Despite the region's aging population, the working-age population will continue to grow throughout the forecast period and until 2031, the last year of the ISQ population forecast. However, this nominal growth will weaken and the significance of this cohort will decrease considerably compared to the population over 65. For the 2010-2012 forecast period, employment will return to growth after shrinking in the recent recession. The annual average will be 1.9% (1% for Quebec). As employment growth will keep pace with the working age population, the unemployment rate should remain relatively low compared with the province as a whole. These results are also possible because the economies of the Laurentians, Montreal Island and surrounding regions are interdependent.

The economic fabric of the Laurentides region is fairly similar to that of the province overall. The transition to a service economy is accelerating, the secondary sector is steadily losing ground and the primary sector now accounts for only about 2% of the economy. In fact, the Laurentides region differs from the province as a whole only in the mix of industries in the secondary sector of its economy. Manufacturing represents 11.8% of jobs in the region, considerably less than in the province as a whole. This gap is largely offset by the relatively large construction industry in the region.

While the primary sector accounts for slightly less than 2% of all jobs in the Laurentides region, it remains a key sector for a segment of the population. Agriculture is the largest primary industry, accounting for slightly more than half the sector's jobs (55%). Forestry is second at 24%. Mining accounts for the remainder of jobs in this sector. Primary sector employment has been declining in the Laurentides region for some years. The decrease has been more pronounced in the forestry industry, with an average annual loss of 12% over the last ten years. A number of factors have affected the industry in terms of both supply and demand. We are therefore forecasting an average annual decrease in employment of under 1% in the agricultural and forest industries. In the region's primary sector overall, the trend will also be negative, but only slightly so because of the more favourable outlook for the region's mining sector, which is based on industrial minerals (graphite and silica) and construction materials (architectural stone, sand and gravel).

The manufacturing sector in the Laurentides region remains quite diversified and now accounts for slightly more than 11% of jobs, which is appreciably lower than in the rest of Quebec (14%). Since its peak in 2004, employment in the region's manufacturing sector has been declining. However, the decrease in the number of jobs appears to have slowed in the last two years. Unlike Quebec overall, the number of jobs in the manufacturing sector as a whole should increase over the next few years. The subsectors that have the best prospects are transportation equipment, specifically aerospace, fabricated metal product manufacturing, machinery manufacturing, food and beverage manufacturing, and finally, electrical equipment, appliance and component manufacturing.

After an increase of more than 67% in the number of jobs between 2004 and 2008, the construction industry contracted slightly in 2009. However, the contraction was smaller than expected because of significant investment by various levels of government in repair projects and because of improvements to public infrastructure and the implementation of home renovation programs. It should also be noted that workers in this sector from the Laurentides region can also take advantage of the much larger market in Greater Montreal. We therefore forecast a strong recovery in the industry for the 2010-2012 period, with average annual growth around 2%. The province as a whole should see similar though slightly weaker growth resulting from the spinoff from infrastructure programs, which are reaching their peak, and hydroelectric power development in northern Quebec.

Employment changes in the tertiary economy of the region are closely tied to demographics and purchasing power. More than 31% of jobs in the sector are in consumer services. Population growth, though slowing, will remain strong in Laurentides and the Montréal CMA. Moreover, year after year, this region enjoys continued growth in per capita personal disposable income. These conditions will be hampered by household savings rates, an expected rise in interest rates, and the strength of the Canadian dollar. Despite this, employment growth should reach an annual average of 1.8% over the next three years, which is still higher than the rate for Quebec overall (1%).

Production services will not lag behind. The number of construction projects involving engineering services will grow over the next three years owing to major investments by the various levels of government as part of public infrastructure renewal. Also, the increased need for utilities, such as water treatment, to keep pace with population and industrial growth, will bolster employment growth, especially in professional, scientific and technical services.

After having injected considerable funds to limit the impact of the recent recession, governments are expected to limit their expenditures in order to repay their debts. Therefore there is every reason to believe that the federal and provincial public administration workforce will shrink. The municipal sector, despite budgetary pressures, will continue providing services to a growing population. Accordingly, employment will grow in the health care, education and municipal sectors over the next three years.

Introduction

Every year, Service Canada develops medium-terms projections for employment by industry and occupation for all of Quebec and each of its economic regions. The results of these analyses are published in the form of a series of studies intended to provide a comprehensive overview of recent labour market developments and outlooks in Quebec and its various regions.

We hope this series of documents will interest people who are seeking labour market guidance and those who help them, including parents, educational staff and employment assistance services. It should also interest businesses and employer associations that want to identify human resources management issues in their industries.

This document is made up of two sections. The first part provides a synopsis of the labour market in the region, including an overview of economic developments and key labour market indicators. The second part presents sectoral outlooks by industrial groups catalogued according to the North American Industry Classification System (NAICS).

Notes on methodology

Employment estimates

The employment estimates by industry are based on Statistics Canada's Labour Force Survey (LFS), as this tool is the only reliable source that follows employment developments in both Quebec and the regions. Since the employment level in some industries is very low in a number of economic regions, other sources of data—mainly of an administrative nature—have sometimes been used because LFS figures in these industries are unreliable. In addition, three-year (2007-2008-2009) averages are included in the statistical tables to provide a more reliable indication of employment levels.

The employment outlooks have been established for a three-year period, from 2010 to 2012. They were developed in winter 2009-2010 in co-operation with Service Canada economists working in Quebec's regions. We also wish to thank the Canadian Occupational Projection System (COPS) team, without which we would not have had access to many of the analysis and forecasting tools that were used to carry out this study.

Industrial groups

The industrial analysis presented in this study is based on an aggregation using the North American Industry Classification System (NAICS). Here, we provide a brief overview of the composition of each of these groups. Precise definitions of the industries are available in the NAICS published by Statistics Canada.

Primary sector
- 11 Agriculture, Forestry, Fishing and Hunting
- 21 Mining and Oil and Gas Extraction

Manufacturing sector
- 31-33 Manufacturing

When relevant, the following groups are also presented.

Consumer-related manufacturing
- 311 Food Manufacturing
- 312 Beverage and Tobacco Product Manufacturing
- 313 Textile Mills
- 314 Textile Product Mills
- 315 Clothing Manufacturing
- 316 Leather and Allied Product Manufacturing
- 323 Printing and Related Support Activities
- 337 Furniture and Related Product Manufacturing
- 339 Miscellaneous Manufacturing

Resource-related manufacturing
- 321 Wood Product Manufacturing
- 322 Paper Manufacturing
- 324 Petroleum and Coal Products Manufacturing
- 327 Non-Metallic Mineral Product Manufacturing
- 331 Primary Metal Manufacturing

Investment-related manufacturing
- 325 Chemical Manufacturing
- 326 Plastics and Rubber Products Manufacturing
- 332 Fabricated Metal Product Manufacturing
- 333 Machinery Manufacturing
- 334 Computer and Electronic Product Manufacturing
- 335 Electrical Equipment, Appliance and Component Manufacturing
- 336 Transportation Equipment Manufacturing

Construction
- 23 Construction

Consumer services
- 44-45 Retail Trade
- 51 Information and Cultural Industries

- 71 Arts, Entertainment and Recreation
- 72 Accommodation and Food Services
- 81 Other Services (except Public Administration)

Production services

- 22 Utilities
- 41 Wholesale Trade
- 48-49 Transportation and Warehousing
- 52 Finance and Insurance
- 53 Real Estate and Rental and Leasing
- 54 Professional, Scientific and Technical Services
- 55 Management of Companies and Enterprises
- 56 Administrative and Support, Waste Management and Remediation Services

Public and Parapublic Services

- 61 Educational Services
- 62 Health Care and Social Assistance
- 91 Public Administration

Part 1: Overview

Description of the area

The Laurentides region's geographical location and characteristics have enabled it to develop an economy with a highly diverse industrial base over the years. The Institut de la statistique du Québec (ISQ) is predicting that the Laurentides region and its neighbour, Lanaudière, will have the highest population growth in Quebec in the coming years. This growing population is fuelling the development of the region's extensive service industry. The economic region is divided into eight distinctive regional county municipalities, which can be grouped into three sub-regions.

The southern part of the Laurentides region is more urbanized. The thriving farming sector on the arable lands of the St. Lawrence Valley coexists with a diversified manufacturing base and a booming retail sector. This part of the region has a large, experienced workforce and well-developed land and air transportation networks, and is near the vast, thriving Greater Montreal market. Some industries, such as transportation equipment manufacturing and food processing, have grown over the years with the arrival of large companies. The municipalities in the area between the Mille Îles River and St Jérome have some of the highest population growth rates in the region and in Quebec.

In the central part of the Laurentides region, development is driven by the region's natural attractions. The tourism industry has concentrated itself in this part of the region dotted by lakes and mountains. Clearly, the major investments that have been made and, despite everything, continue to be made in the Mont-Tremblant area have had a positive impact on local and regional employment. As well, since the tourists who visit the region have relatively high incomes, on average, they are generally less affected by the rising dollar and energy costs.

The northernmost part of the region has a much more rural profile. This community depends heavily on the spin-offs from its natural resources, especially from forestry and forest products. The population of this sub-region is not growing as quickly as that of the region as a whole. The MRCs located in the southern part of the Laurentides economic region attract more inter- and intra-regional migrants.

Economic environment

A dynamic population greatly influences the region's development.

The global economic context has changed significantly over the last few years. Structurally, recent shifts in the global distribution of production and the new framework of trade rules established by the World Trade Organization (WTO) have had an impact on Quebec's export markets. More recently, Canada's main trading partners have been seriously affected by the global recession. The crisis resulted in a sharp decline in their demand for raw materials (oil, minerals, wood, paper and semi-manufactured goods), thus affecting our exports. To minimize the impact of the downturn, governments around the world agreed to inject billions of dollars into the economy through a variety of programs. In Canada and in Quebec, these investments were channelled towards the construction industry through the development and renewal of public infrastructure.

In the coming years, the challenge for already heavily indebted governments will be to contain government spending at a pace that allows the private sector to take up the slack. It is a significant challenge. Some countries already have adopted relatively rapid repayment plans, because of the magnitude of their liabilities and pressure from the financial sector.

Canada's main economic partner was much harder hit by the financial crisis that sparked the most recent recession. The United States entered a recession in December 2007 and is still struggling to show signs of a stable recovery. In this context, it is not surprising that the volume of our exports to the south has fallen in favour of other markets. In that respect, the Laurentian economy seems to be more dependent on the US market than Quebec as a whole—in 2007, 86% of our exports went to our southern neighbour. Although the US economy halted its deterioration some months ago, we are still waiting for tangible evidence of a true economic recovery. And although the US gross domestic product (GDP) is already on the rise, at the current pace it is difficult to foresee an overall improvement in economic indicators before the middle of 2011. The US Federal Reserve is actually forecasting that a full recovery may not come for five or six years.

This scenario forecasts a rebound in export growth starting in 2010. Growth is expected to start slowly and then accelerate in the second half of the forecast period. However, the Canadian dollar is gaining strength against other currencies, which could considerably limit the chances of a more vigorous economic recovery.

GDP data for Laurentides indicate that it is growing faster than the province overall. The most recent data, from 2008, show that the relative weight of the region's output rose by a tenth of a point per year in the past two years. Consumer spending remains a dynamic factor in Quebec's growth. Consumers account for nearly two thirds of GDP, making this a very important variable and, fortunately, one of the most stable. However, we expect a slowdown in consumer spending at the start of the forecast period due to the uncertainty and increases in public tariffs and taxes.

Historically, the average annual growth rate of per capita personal disposable income in the Laurentides region has always been comparable to or slightly higher than in the province as a whole. In 2008, however, there was a significant decline in the growth of disposable income in the Laurentides region, compared with the province overall. The retreat may be a factor in lower consumer contribution to regional GDP. Nevertheless, with an annual average growth rate of 3.6% between 2004 and 2008, consumers in the Laurentides region are still doing very well.

Forecasts by the Commission de la construction du Québec (CCQ) indicate expected growth of 3% in hours worked in Quebec for 2010. Though it will weaken slightly, the trend should continue until 2012-2013. However, this forecast primarily is based on significant growth in the non-residential market, particularly in the civil engineering and road works segment. The CCQ forecasts a decrease in residential housing starts in Quebec due to the slowdown in household formation. However, the Laurentides region boasts positive demographic conditions and industry market conditions thus will be better.

The Laurentides region should experience stronger job growth than the province overall in 2010-2012.

In this environment, the Laurentides region should experience stronger job growth than the province overall in 2010-2012. The Laurentides region is well positioned to post a more vigorous economic recovery than the province as a whole. The tertiary sector is expanding, the outlook for the construction sector is positive, and thanks to a number of major investment projects, the manufacturing sector is the strongest it has been in a number of years.

Labour market indicators

Analysis of labour market indicators provides a better understanding of labour market developments over a given period. While this is not an exact science, the data provide a picture of the long-term trends influencing an area's economic dynamics.

For some years, the Laurentides region has had one of the strongest population growth rates in Quebec. The growth has resulted in an average yearly increase of 2.3% in the 15-plus age group for the last three years. In comparison, Quebec's 15+ population increased by an average of 1% per year over the same period. More concretely, the Laurentides labour force added 10,000 persons aged 15+ per year between 2007 and 2009.

However, that statistic alone does not tell the whole story. Indeed, the Laurentian population, like that of Quebec, is aging. This means that the working age population is growing much more slowly than in the past. This group is generally referred to as the 15-64 age cohort. This results in limited growth in labour market participation. The long-term trend indicates that those who retire may be more numerous than those who enter the labour force (young people). If we look at the evolution of labour market participation in the Laurentides region over the past three years, we find that, after reaching the second highest level in 20 years, it decreased significantly in 2008 before stabilizing in 2009. The decline was greatest in the 3rd and 4th quarters of 2008. The outbreak of the global economic crisis and its effects on the North American economy undermined confidence among job seekers and often discouraged them from continuing their search.

Thus, as we can see, participation is an important indicator of the level of confidence of those in the labour market. It is sensitive to the economic cycle and to the area's demographics. This indicator alone does not tell the whole story. Clearly, all indicators must be examined in order to confirm labour market behaviour.

The employment rate is the percentage of the population age 15 and over who are employed. The indicator can also be referred to as the employment-to-population ratio. It should be noted that this indicator does not tell us the number of jobs in a given area but rather the number of people living in the area who have a job, regardless of where they work. This labour market indicator appears to show that market forces have not had the same impact on the Laurentides region as on the province overall. In 2009, nearly 274,000 people in the Laurentides region were employed, an impressive increase of 4,900. In the same period, the recession cost the province 37,500 jobs. Despite this difference, it would be wrong to claim that the Laurentides region was spared the effects of the global recession. In 2009, most of the growth occurred among the region's part-time workers. Some of these part-time jobs were the result of a reduction in hours worked due to the economic cycle. The industrial base of the Laurentides region and of neighbouring regions is such that many companies preferred to scale back their operations rather than shut down entirely. The recession had a serious impact on the region, but this is not fully reflected by this indicator. To conclude the comparison, the employment rate has declined steadily over the last three years, both in Quebec overall and in the Laurentides region. The only qualification is that the employment rate remained higher in the Laurentides region throughout the period; in fact, the last time it was below the provincial average was in 2006.

Table 1

Main Labour Market Indicators – 2007-2009				
Laurentides Region				
	2007	**2008**	**2009**	**2007-2009**
Population 15+ ('000)	425.4	435.3	445.3	435.3
Labour force ('000)	291.7	290.0	297.2	293.0
Employed ('000)	271.5	269.0	273.9	271.5
Unemployed ('000)	20.2	21.1	23.2	21.5
Unemployment rate	6.9	7.3	7.8	7.3
Participation rate	68.6	66.6	66.7	67.3
Employment rate	63.8	61.8	61.5	62.4

Source: Statistics Canada, Labour Force Survey
Data compiled by Service Canada

Higher unemployment and lower employment rates have made recent years more difficult.

The unemployment rate is the most commonly used indicator for analyzing labour market trends; it is also the most cited in the media. However, the change in unemployment does not explain in itself how the labour market is behaving, because even in periods of growth, the number of unemployed can increase. Conversely, a region can have a decrease in unemployment during a period of economic contraction. When we look at the previous table, we can see that the number of unemployed and the unemployment rate went up considerably during the time period. The same trend was apparent in the province of Quebec, but to different degrees. The year 2008, when the region's unemployment rate was higher than the provincial average, despite a significant drop in participation, was more difficult for job seekers in the Laurentides region.

In conclusion, the Laurentides region has a vibrant labour market despite the pronounced slowdown in recent years. It has one of the highest rates of demographic growth in Quebec and the downturn in the manufacturing sector in recent years has affected the labour market considerably. In 2009, despite some encouraging signs, the region ranked only 6th in employment rate and 8th in unemployment rate, placing it in the middle of the pack among Quebec's 16 regions.

During the forecast period, the Laurentides region can expect a return to employment growth of around 2% annually. The rate of job creation should increase in the second half of the period after bottoming out in 2010.

Part 2: Sectoral outlook

Overview

The economic fabric of the Laurentides region is fairly similar to that of the province overall. The transition to a service economy is accelerating, the secondary sector is steadily losing ground and the primary sector now accounts for only about 2% of the economy. In fact, the Laurentides region differs from the province as whole only in the mix of industries in the secondary sector of its economy. The manufacturing sector, which now represents merely 11.8% of all jobs in the region, is somewhat weaker than in Quebec. This gap is for the most part compensated by the relative importance of the region's construction sector. The latter has been benefiting for many ears from large-scale investments in the residential, institutional and commercial sectors, as well as in infrastructure. Moreover, the region's geographical position allows industry workers to work in several construction sites in the metropolitan area, as well in the Great North.

As Table 2 shows, the tertiary sector dominates the industrial structure with more than 78% of jobs. Consumer services accounts for the largest share of employment with more than 31% of total employment in the Laurentides region. In particular, this group includes retail trade, which has employed an average of 41,200 workers over the last three years. By comparison, the manufacturing sector provides slightly more than 12% of jobs, while the primary sector, with only 5,000 workers, accounts for only 1.8% of the labour force.

In the next three years, the economy in the Laurentides region should rebound fairly quickly thanks in part to the considerable impact of the influx of new residents. Regional population growth stimulates demand for goods and services to support that population. After a sharp decline, the manufacturing sector should resume its growth. Overall, we estimate that the number of employed in the region will increase by an average of 1.9% per year in 2010-2012. This rate is lower than what prevailed in the region prior to the recession, but it remains much higher than what we anticipate for the province. Here, as in the rest of the province, production services, construction and consumer services will spearhead the anticipated economic recovery.

Apart from the primary sector, conditions are ripe for economic recovery in the Laurentides region.

The following sections will detail the distribution of this job growth. However, the economic situation in the United States and in Europe continues to cast a shadow over the picture. Budgetary constraints due to high debt levels in some countries may considerably slow the global economic recovery and appreciably lower employment hopes in the short term.

Table 2

Employment Breakdown and Outlook for Selected Industry Groups

Laurentides Region

	Average for 2007–2009			2010-2012	
	Level ('000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All industries	271.5	100.0%	100.0%	1.9%	1.0%
Primary	4.9	1.8%	2.4%	-0.2%	0.3%
Manufacturing	32.1	11.8%	14.0%	1.6%	0.4%
Construction	21.3	7.8%	5.4%	2.0%	1.3%
Services	213.4	78.6%	78.2%	1.9%	1.1%
Consumer services	84.7	31.2%	27.6%	1.8%	1.0%
Production services	65.6	24.2%	26.0%	2.5%	1.6%
Public and parapublic services	63.0	23.2%	24.7%	1.4%	0.8%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

Primary sector

While the primary sector accounts for slightly less than 2% of all jobs in the region, it remains a key sector for a segment of the population. In the past three years, the sector has employed an average of 4,900 residents. Agriculture is the largest primary sector industry, accounting for slightly more than half of its jobs (55%). Forestry is second at 24%. Mining, mainly quarries and sand pits, accounts for the remainder of jobs in this sector.

In fact, according to the Table de concertation agroalimentaire des Laurentides, 46 of the 78 local municipalities in the Laurentides region have declared agricultural areas. Antoine-Labelle, Mirabel and Argenteuil have the largest agricultural areas. The two riparian regional county municpalities in the Lower Laurentians, Thérèse-de Blainville and Deux-Montagnes, account for only 14% of the Laurentides agricultural area, but their gross revenue represents 30% of the total. Occupancy of agricultural land has changed considerably over the years. The number of farms has dropped by 30%, from 2,181 in 1981 to 1,536 in 2001. In 2007 there were only 1,283, or 4% of all farms in the province. Moreover, their average size increased by 20% from 70 to 84 hectares. Agriculture in the region is relatively diversified thanks to fertile soil and a climate favourable to a number of different crops. Besides traditional dairy farms, the region also has cattle breeding, ornamental horticulture and fruit- and vegetable- growing operations.

According to data from the Ministère des Ressources naturelles, de la Faune et des Parcs, 73% of Laurentian forest land is public. Less shade-tolerant forest species (hardwood) are more concentrated in the central and southern parts of the region. The composition of the region's public forests differs from that of the province in that they include more hardwood stands. In fact, the gross merchantable volume of the Laurentides productive public forests is made up of 68% hardwood, as compared to only 31% for Quebec as a whole. The main advantage of this type of composition is the diversity of forest species, which provide manufacturing companies with a varied timber supply and make maple syrup production possible. However, the mixed nature of the forest tends to complicate softwood harvesting (in the northern part of the region), resulting in higher supply costs than in the rest of the province.

In this regard, the Antoine-Labelle regional county municipality has a high proportion of jobs in the primary sector (logging and sylviculture). Wood product manufacturing, with natural resources largely supplied by the region, is also an important engine of this RCM's economy.

Table 3

Employment Breakdown and Outlook in the Primary Sector
Laurentides Region

	Average for 2007-2009			2010-2012	
	Level ('000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole primary sector	4.9	1.8%	2.4%	-0.2%	0.3%
Agriculture	2.7	1.0%	1.6%	-0.7%	-0.3%
Forestry and logging	1.2	0.4%	0.4%	-0.5%	0.0%
Fishing, hunting and trapping	0.0	0.0%	0.0%	0.0%	1.9%
Mining	0.9	0.3%	0.4%	0.9%	2.5%

Source: Service Canada, Quebec Region
Historic estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

Primary sector employment has been declining in the Laurentides region for some years. The decrease has been more pronounced in the forest industry, with an average annual loss of 12% over the last ten years.

A number of factors have exacerbated the industry's problems. The American softwood lumber dispute between 2002 and 2006 did its share of damage to provincial and regional businesses. At the same time, environmental groups were pressuring the industry about its harvesting practices, leading to increased operating costs.

In response to the problem, Quebec legislation, based on the Coulombe report, imposed new rules on forest lands and limited supplies of the resource for many companies. In addition, the price of raw materials had also fallen during that period, further reducing companies' profit margins. The major employers reacted to these events through restructurings, closures and production cutbacks, as well as new investments to adjust to the new market conditions. The end of the trade dispute with the United States could stabilize the sector and improve its vitality.

Fore nearly two years, the American economy has been in a downturn, limiting lumber import requirements. Outlooks pointing to an upswing in US construction in late 2009 or early 2010 have now been pushed back to late 2010 or 2011. Moreover, the forest industry in the region, like that of Quebec, will encounter many more difficulties before it can recover. The significant drop in demand, for both wood and paper, has led to lower resource prices and revenues for companies.

These companies have no other choice but to cut their production costs and proceed with temporary or permanent closures, which would increase job losses over the first two years of this forecast.

Agriculture is not impervious to the quest for productivity gains. As in the province as a whole, modernization and mergers have reduced the number of farming jobs in the Laurentides region. The pressures of urbanization are being felt in the Lower Laurentians: the main signs are shrinking areas of farmland, encroachments and an increase in the leasing of land.

Access to funding, without which a farm operation cannot be run or acquired, is increasingly difficult to secure given the run-up in the cost of farms and farm equipment in the past 15 years. This situation creates major problems for farmers looking to find successors to continue operating their businesses. This problem is even more significant seeing as the number of retirements in this area is expected to grow in the next few years.

We are therefore forecasting an average annual decrease in employment of under 1% in the agricultural and forest industries. In the region's primary sector overall, the trend will also be negative during the 2010-2012 period, but only slightly so because of the more favourable outlook for the region's mining sector, which is based on industrial minerals (graphite and silica) and construction materials (architectural stone, sand and gravel).

Demand for natural resources will be significant during the period owing to major investments in a number of major construction projects in Quebec. The forest industry should continue with its restructuring in 2010 and early 2011 because of the continued strong Canadian dollar, weaker housing starts and adjustment to the new forest management plan. However, we believe that the investments of recent years and the probable recovery of the global economy toward the end of the forecast period could lead to a moderate recovery in employment toward 2011. The agricultural sector is expected to continue its slow decline throughout the period because of owners' difficulty finding people to take over and finding a qualified workforce.

Manufacturing sector

Employment growth will be negative in the primary sector, particularly in agriculture and forestry.

The manufacturing sector in the Laurentides region remains quite diversified and now accounts for slightly more than 11% of jobs, which is appreciably lower than in the rest of Quebec (14%). Notwithstanding its industrial diversification, the Laurentides region's manufacturing sector is heavily dependent on six industries: transportation equipment, food and beverages, wood products, furniture, fabricated metal products and chemicals. In fact, these industries account for nearly two out of three manufacturing jobs.

The manufacturing sector posted sustained growth in the Laurentides region from the mid-1990s to the first years of the new millennium. Job growth then tapered off and the job numbers peaked in 2004. Since then, manufacturing employment has been declining. However, the decrease in the number of jobs appears to have slowed in the last two years.

Table 4

Employment Breakdown and Outlook in the Manufacturing Sector					
Laurentides Region					
	Average for 2007-2009			**2010-2012**	
	Level (**'000**)	**Share of Employment**		**Average Annual Growth**	
	Region	**Region**	**Province**	**Region**	**Province**
Manufacturing sector	32.1	11.8%	14.0%	1.6%	0.4%
Consumer-related manufacturing	**11.1**	**4.1%**	**5.2%**	**0.8%**	**-0.1%**
Food, beverages and tobacco	5.0	1.8%	2.0%	1.5%	0.9%
Textile mills and textile product mills	0.2	0.1%	0.3%	0.0%	-1.0%
Leather clothing and products	0.9	0.3%	0.7%	-1.5%	-2.5%
Printing and related activities	1.6	0.6%	0.7%	0.0%	-1.6%
Furniture and related products	2.2	0.8%	0.9%	-0.2%	0.1%
Miscellaneous manufacturing	1.2	0.4%	0.6%	0.6%	0.6%
Resource-related manufacturing	**4.0**	**1.5%**	**3.0%**	**0.5%**	**0.1%**
Wood products	2.1	0.8%	1.0%	0.0%	0.4%
Paper	0.8	0.3%	0.7%	1.3%	-1.3%
Petroleum/coal products manufacturing	0.2	0.1%	0.1%	0.0%	-3.0%
Non-metallic mineral products	0.7	0.3%	0.4%	1.0%	1.5%
Primary metal manufacturing	0.3	0.1%	0.7%	0.8%	0.8%
Investment-related manufacturing	**17.0**	**6.3%**	**5.8%**	**2.2%**	**1.0%**
Chemical products	3.0	1.1%	0.8%	0.8%	0.3%
Plastics and rubber products	1.5	0.5%	0.9%	1.2%	0.4%
Metal products	2.7	1.0%	1.1%	1.5%	1.7%
Machinery	1.7	0.6%	0.6%	2.0%	1.0%
Computer and electronic products	0.9	0.3%	0.6%	1.1%	0.7%
Electrical equipment, appliances and components	1.2	0.4%	0.4%	1.6%	1.1%
Transportation equipment	6.1	2.2%	1.4%	3.5%	1.1%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

The Laurentides region's manufacturers are major exporters of goods and, according to the latest available data, 86% of their exports go to the United States. The slump in US imports during the recent recession therefore led to increased inventories and production slowdowns in many segments of the region's economy. One of the reasons why the number of manufacturing jobs did not decline even more sharply during the last recession was that businesses made extensive use of government programs such as the federal Work-Sharing Program and the provincial *Soutien aux entreprises à risque de ralentissement économique* (SERRÉ) program. These programs allowed businesses to reduce production significantly while retaining their employees and supporting employee training. Moreover, low interest rates and the high Canadian dollar provide an opportunity to modernize equipment, thereby increasing productivity in plants. The Laurentides region's businesses will therefore be poised to take advantage of the recovery in economic activity and employment as the U.S. economy improves, which is expected to happen in mid-2011.

In the Laurentides region, unlike Quebec overall, the number of jobs in the manufacturing sector as a whole should increase over the next few years. According to our forecasts, it will employ nearly 1,600 more workers in 2012 than it did in 2009. Manufacturing jobs are expected to increase by an average annual rate of 1.6% during this period, a significantly faster pace than in the province overall. However, the rebound in employment will be mainly due to major investment projects in the region, without which the industry could not support such strong employment growth. The following sections provide additional information on which manufacturing industries will benefit the most from these conditions and which will remain more vulnerable.

Consumer-related manufacturing

According to the latest data, 86% of Laurentian exports go to the United States.

In the Laurentides region, unlike Quebec overall, the number of jobs in the manufacturing sector as a whole should increase over the next few years.

Between 2007 and 2009, the average number of workers employed in consumer-related manufacturing in the Laurentides region was 11,100. This segment accounts for slightly more than a third of manufacturing jobs in the region and 4% of all jobs. Overall, it should see modest growth of nearly 1%, which is higher than for Quebec as a whole.

This group includes six industries. Food processing, beverages and tobacco products, furniture, and printing and related support activities stand out because of their relative importance in the region's economy. With an average of 5,000 workers, food processing is by far the largest employer in this segment. It has been recognized by the region's socio-economic stakeholders as a niche of excellence for economic development. In 2006 and 2007, area businesses in this industry encountered problems that resulted in closures and layoffs. Those losses have since been more than recouped as a result of the efforts of various industry players. This industry is expected to grow by an average of 1.5% annually over the next three years. The efforts made by all private and public stakeholders in the region's economic development to support the growth of this niche of excellence are providing promising conditions for the expansion of existing businesses and the creation of new ones.

The Quebec furniture industry is going through tough times. The industry is undergoing major restructuring in the face of a market that is losing steam and strong competition from foreign companies with lower production costs. In the Laurentides region, companies are generally small or medium-sized. They focus primarily on the institutional sector rather than the commercial one and have not escaped the provincial trend: they have had to curtail their activities and review their cost structure. With the recession, a number of companies have closed down, while others have slowed production, resulting in a drop in jobs in the industry. The outlook for this industry is nonetheless a bit brighter owing to a resurgence in demand with the province's economic recovery gathering momentum. Unfortunately, economic conditions will not make a full job recovery possible, but job losses will be considerably slowed.

The region's printing and related products industry has been relatively stable and has even grown slightly in recent years owing to the opening of a large printing plant in Mirabel in 2006. However, the newspaper printing sector is facing increasing competition from new media such as the Internet, limiting its prospects for growth. We anticipate an annual drop of 1.6% in jobs in Quebec over the next three years. Major investments in the region in 2006 have kept the region's job numbers up, while some activities have been transferred to the Mirabel plant. Thus, despite declining demand for this industry, employment is expected to remain stable for the next three years.

This sector also includes other industries such as textile, clothing and leather, all three of which have been in the throes of tougher global competition as a result of the phasing out of the multifibre agreements. Job losses in these industries, both provincially and in the region, have been substantial—so much so that these industries have disappeared altogether or have a negligible presence. We anticipate that the negative trend will continue over the next three years in the clothing and leather industries, while outsourcing of manufacturing to countries with low production costs will continue.

Resource-related manufacturing

Within this group, only the food processing industry will see a return to job growth.

With an average of slightly more than 4,000 employees between 2007 and 2009, resource-related manufacturing accounts for slightly more than 12% of manufacturing jobs in the Laurentides region and 1.5% of all jobs. Wood product manufacturing, with an average of 2,100 workers over the last three years, is the dominant industry in this group. The industry is increasingly focused on secondary and tertiary processing of wood products. It produces just over 3% of Quebec's softwood lumber. In 2003, there were 75 sawmills, a particleboard plant, a wood turning plant and two hardwood veneer and plywood plants, according to data from the Quebec Department of Natural Resources, Wildlife and Parks. However, new resource supply rules and the recent global recession have changed this industry's profile somewhat in recent years, bringing closures and frequent production halts. Our forecast is based on the assumption that the restructuring begun three years ago in order to cut operating costs will continue. The efforts to increase productivity will result in decreased labour requirements. However, improvement in the US economy toward the end of the period will support renewed employment growth in this industry. Overall, following some further job losses at the beginning of this period, the number of jobs in the region should return to 2009 levels.

The paper industry accounts for 20% of jobs in this manufacturing sub-sector. The industry was also hit by problems relating to the cost of procuring the primary resource and shrinking world demand for newsprint and cardboard. The outlook is not much better for the next few years. We expect consolidation and restructuring efforts in this industry to result in the elimination of some additional jobs by 2012. However, the Laurentides region has a number of companies specializing in sanitary and domestic paper. This niche, which includes such products as tissues, toilet paper and others, has not been hit by slumping demand (as is the case for newsprint). For this reason, the region's paper sector will do better than the rest of the province and should even see a slight increase in the number of jobs, at an average annual rate of 1.3% from 2010 to 2012.

The petroleum and coal, non-metallic mineral product and primary metal processing industries round out this manufacturing group. These industries have very little presence in the Laurentides area. Laurentian workers in the petroleum and coal product industries generally commute outside the area to work. The region includes a number of small and medium-sized companies in the other two industries. Moreover, the various province-wide infrastructure projects will boost demand for concrete, which is favourable to employment. Job numbers are expected to remain low, however.

Investment-related manufacturing

Improvement in the US economy toward the end of the period will support renewed employment growth in this industry.

Investment-related manufacturing is the largest of the three manufacturing groups in the region, with an average of 17,000 persons employed during the 2007-2009 period, accounting for 6.3% of jobs in the Laurentides region and over half of all manufacturing jobs in the region. Transportation equipment manufacturing plays a significant role in the Laurentides region's labour market. After several troubled years, the number of jobs in this industry rose in 2009, with an average of 6,100 workers in the region. This segment's relative share of jobs is greater in the region than in Quebec overall. The presence in the region of a number of very large companies, such as Bell Helicopter, Bombardier

Aeronautics, LM-3 Communication, Nova Bus and Paccar, creates vitality and attracts subcontractors to the region.

While stories about the failures and financial difficulties of some air carriers are all over the news, sapping demand for new aircraft, the region will nonetheless see major job growth over the next three years. By 2012, we anticipate the creation of nearly 1,000 jobs in the transportation equipment industry owing to two major aeronautics industry investment projects in Mirabel. Bombardier and Pratt & Whitney will be opening two plants in the region during that period. In the meantime, a slight drop in employment will occur as a result of temporary layoffs until world demand for new aircraft resumes.

Also included in this manufacturing group are other industries that are expected to enjoy excellent job growth. Growth in the machinery, fabricated metal product and electrical materials, equipment and component manufacturing industries is expected to be equivalent or superior to that of the manufacturing sector during the forecast period. Of course, companies in these industries are not limited to the Laurentides region. A number of them are nearby, on the island of Montreal or in Laval, enabling Laurentides residents to find work there.

According to our forecasts, the other sub-sectors that round out this investment-related manufacturing group will perform better in the Laurentides region than in the province during the forecast period.

In conclusion, we expect the manufacturing sector to grow at an average annual rate of 1.6% in the region during the 2010-2012 period, a significantly higher rate than in the rest of Quebec (0.4%). These positive results will be possible owing to major investments in the region's aeronautics industry and the vibrancy of the investment-related manufacturing group. This group is often the first to see job growth following an economic slump because as soon as there is an upswing, companies begin investing in machinery to improve their productivity.

Construction industry

> The transportation equipment manufacturing industry, with the manufacturing of a new product in Mirabel, will drive recovery in this group.

In the Laurentides region, the construction industry employed an average of 21,300 people between 2007 and 2009, accounting for 7.8% of jobs in the region, which is well above the percentage for the province overall (5.4%).

This industry enjoys several advantages in the region. The Laurentides and Lanaudière regions have had the highest demographic growth rates in Quebec for a number of years. The growth is partly a result of an increase in births but primarily is owing to in-migration from other regions of Quebec. The increase in the number of households has a significant positive effect on residential construction.

After an increase of more than 67% in the number of jobs between 2004 and 2008, the construction industry contracted slightly in 2009. However, the contraction was smaller than expected because of significant investment by various levels of government in repair projects and because of improvements to public infrastructure and the implementation of home renovation programs.

It should be noted that conditions in the region were very good over this period. Employment levels in the region's construction industry were propelled to historic highs by the stability of already low interest rates, exceptional growth in house values, strong population growth, per capita disposable income slightly above the provincial average and several commercial, tourism and institutional projects. Job opportunities in the Greater Montreal area should also be noted. Construction workers are often much more mobile than most workers and tend to go where the jobs are. There were also some interesting construction projects in the areas around the Laurentides region during this period.

Forecasts by the Commission de la construction du Québec (CCQ) indicate expected growth of 3% in hours worked in Quebec for 2010. Though it will weaken slightly, the trend should continue until 2012–2013. However, this forecast primarily is based on significant growth in the non-residential market, particularly in the civil engineering and road works segment. In Quebec overall, the CCQ predicts a decline in the number of housing starts owing to a levelling off of household formation. However, the Lanaudière region boasts positive demographic conditions and industry market conditions thus will be better.

We therefore forecast a strong recovery in the industry for the 2010–2012 period, with average annual growth around 2%. The province as a whole should see similar though slightly weaker growth resulting from spin-off from infrastructure investment programs, which are reaching their peak, and hydroelectric power development in northern Quebec.

Service sector

Consumer services

Job growth will pick up thanks to spin-off from infrastructure investment programs that are reaching their peak and the accumulation of industrial, commercial and institutional projects.

The consumer services sector, with an average of 84,700 workers, provides the greatest number of jobs in the Laurentides region, accounting for more than 31% of the region's employment.

Over the past three years, the number of people employed in this sector has risen at an average annual rate of 2.2%, well above the rate for Quebec overall (1%). The positive numbers were weakened by the economic crisis in 2009. In periods of economic instability, people often cut back on consumer spending first. Recreational activities and restaurant meals are postponed in order to pay down accumulated debt or build up savings in case of job loss.

Employment growth should continue, though less pronounced, averaging 1.8% annually over the next three years.

The combination of factors was favourable to strong job growth. Population increase, greater collective wealth and major investments in tourism-related services are all key factors promoting strong growth in this industry group. These conditions should continue, but their benefits will be hampered by the household savings and debt rates, an expected rise in interest rates and the strength of the Canadian dollar.

Therefore, employment growth should continue but at a slower pace than in the past, averaging 1.8% annually over the next three years, which is still higher than the rate for Quebec overall (1%).

Table 5

Employment Breakdown and Outlook for Consumer Services
Laurentides Region

	Average for 2007-2009			2010-2012	
	Level ('000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer services	84.7	31.2%	27.6%	1.8%	1.0%
Retail trade	41.2	15.2%	12.4%	2.1%	0.9%
Information, culture and recreation	11.8	4.3%	4.5%	1.5%	1.0%
Accommodation and food services	18.3	6.8%	6.2%	1.4%	1.0%
Other services	13.4	4.9%	4.6%	1.8%	1.3%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

The strongest anticipated job growth over the next three years is in industries that primarily rely on local consumption. Growth is expected to be more moderate in industries that depend on tourist influx into the region.

Nearly half of all jobs (49%) in the consumer services sub-sector are in the retail trade industry. This industry represents 15% of employment in the region, which is higher than for Quebec as a whole (12.4%). Retail trade has grown considerably in the recent past, with several big-box stores coming to the region. The food retail sector also faced stiffer competition from the big-box stores. This trend will gradually abate in the food sector, but overall, the retail trade industry still has significant potential for growth in the region, and a few major projects announced should bring the average annual growth to 2.1% over the next three years. This growth will be higher than that for Quebec as a whole, where this industry will grow by approximately 0.5%.

The other-services industry includes personal services, such as hair and beauty salons, funeral services, laundries, and all types of repair services: automotive, furniture, electrical appliance, electronic and others. This industry is less dependent on outside input and will benefit from the region's favourable economic conditions to enjoy growth equivalent to overall industry growth over the next three years.

The accommodation and food services industry is in second place in this sub-sector, posting average employment of more than 18,300 between 2007 and 2009. The growth in the supply of tourism products, dominated by major investments in the Mont Tremblant area, has had a cascade effect, increasing the region's employment growth in this industry over the past five years. However, tourism statistics show signs of a slump. As in Quebec as a whole, the number of tourists is falling, as is trip duration and spending. Despite a broader array of tourism services on offer, competition for visitors is fierce. With the stronger loonie and global economic uncertainty, job growth in this industry is expected to be lower than in the past. The Laurentides region is expected to post average annual job growth of 1.4% until 2012, slightly above that of Quebec (1%). This time around, the scenario relies more heavily on the growing needs of the local population than on the tourism industry.

The information, culture and recreation industry, which has employed an average of 11,800 people over the last three years, represents over 4% of total employment in the region and is the third strongest in this sub-sector. Like the hospitality and restaurant industry, the information, culture and recreation industry has posted strong growth since 1995. Naturally, efforts to increase the supply of tourism products played a major part in this. The Laurentides population is aging, as is that of the rest of the province. Most of the population is doing better financially than ten or 15 years ago. They are also healthier and more highly educated than their elders. This portion of the population is bound to grow and could also help boost the demand for entertainment, recreation and culture. The region still has a number of projects under development in these industries, despite some concerns as to a possible drop in the number of foreign visitors as a result of new US border requirements, the strength of the Canadian dollar and global economic uncertainty. Like the hospitality and restaurant industry, job growth in this sector is expected to average 1.5% annually over the next three years thanks to growing local demand.

Production services

The approximately 65,600 jobs in production services account for just over 24% of jobs in the Laurentides region, slightly less than in the province as a whole. This sub-sector includes wholesale trade (4%), transportation and warehousing (4.9%) and utilities (1.2%). The relative importance of these three industries is greater in the region than in the province overall. While professional, scientific and technical services are the largest industry in this group in terms of employment, they provide a smaller percentage of total jobs in the region than in the province overall.

During the recent three-year period, production services experienced strong average annual employment growth of 5.1%. This performance occurred despite the negative result of one of its components, wholesale trade. The global economic slowdown and problems in the automotive industry led to large layoffs in that industry in 2008. The modest recovery in employment in 2009 did not bring the job numbers back to pre-crisis levels.

Annual average growth of 2.5% is forecasted for industries in the production services sub-sector, by far the highest growth among all activity groups.

In the next three years, production services are expected to grow at an average annual rate of 2.5%, by far the highest of all the groups studied in this report. This growth will be driven by increased activity in professional, scientific and technical services, management of companies and enterprises, and wholesale trade.

Table 6

Employment Breakdown and Outlook for Production Services

Laurentides Region

	Average for 2007-2009			2010-2012	
	Level ('000)	Share of Employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production services	65.6	24.2%	26.0%	2.5%	1.6%
Utilities	3.2	1.2%	0.9%	1.8%	1.2%
Wholesale trade	10.8	4.0%	4.0%	2.8%	1.5%
Transportation and warehousing	13.3	4.9%	4.6%	1.7%	1.5%
Finance, insurance, real estate and rental and leasing	12.8	4.7%	5.9%	1.7%	1.4%
Professional, scientific and technical services	15.1	5.6%	6.9%	3.0%	2.0%
Management of companies, administrative support and other services	10.5	3.9%	3.7%	3.2%	1.2%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

The professional, scientific and technical services industry is the most important of the group, with, on average, 15,100 persons employed between 2007 and 2009. Average annual growth was over 6% in the past three years. This impressive performance is owed primarily to spin-off from public infrastructure investments that had begun prior to the 2009 recession. The positive impact of these investments will continue in the coming years, while annual average job growth is expected to be 3% until 2012. This industry will remain one of the strongest in the production services sector.

An average of 13,300 workers have been employed by the transportation and warehousing industry over the past three years. This industry is closely linked to trade activities and import and export volume. In the region, road and air transportation play a more vital role than do transportation by rail and water. With the transfer of airport operations from Mirabel to Dorval, employment in this industry shrank slightly. Since then, despite successive drops in 2008 and 2009, employment remains higher than three, five or even ten years ago. We anticipate that an upturn in manufacturing activities and strong trade activity in the region will allow the transportation and warehousing industry to post job growth of 1.7% per year over the next three years.

With an average of over 10,000 people employed over the past three years, the management of companies, administrative support and other services industry should have the best outlook of the sub-sector. With the expected economic recovery, administrative job placement agencies will be in demand to find workers. Because many people are approaching retirement age, a number of businesses need the services of such placement agencies for both replacements and new positions. Moreover, the waste management industry is expanding rapidly both in the province and the region, adding to job creation. Employment in the region has been growing at an average rate of over 15% per year for five years.

Public and parapublic services

Public and parapublic services accounted for just over 23% of jobs in the region, slightly below the percentage in Quebec overall (24.7%). Educational services, ambulatory health care services and hospitals, and nursing and residential care facilities and social assistance are by far the largest industries in this group, providing over 18% of the jobs in the region and 80% of jobs in public and parapublic services. The remaining 20% is divided among the three levels of public administration; the majority of public administration jobs are at the municipal and regional levels.

Table 7

Employment Breakdown and Outlook in Public and Parapublic Services					
Laurentides Region					
	Average for 2007-2009			2010-2012	
	Level ('000)	Share of Employment		Average Annual Growth	
	Regional	Regional	Province	Region	Province
Public and parapublic services	63.0	23.2%	24.7%	1.4%	0.8%
Educational services	18.4	6.8%	6.7%	1.2%	0.3%
Ambulatory health care and hospitals	15.9	5.9%	6.5%	1.8%	1.4%
Other health care and social assistance	16.7	6.2%	5.6%	2.3%	1.8%
Federal public administration	2.7	1.0%	2.1%	-0.6%	-0.4%
Provincial and territorial public administration	3.2	1.2%	1.9%	-0.8%	-0.4%
Local, municipal, regional and other public administration	6.1	2.2%	1.8%	0.9%	0.5%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

Prior to the recession, employment in educational services in the Laurentides region was growing by an average of 5% per year since 2006 owing to population growth and major developments in the university network. During that period, the health sector was growing steadily, particularly in the other care and social assistance niche. Public administrations in the region shrank between 2006 and 2008. With the advent of the recession, governments injected funds into this sector to counter the negative impact of the economic slowdown and were forced to hire additional staff to respond to the increase in demand for some government services. This public investment has yielded the expected results by reducing the impact on employment but has also had the negative effect of raising debt levels.

During the recovery, the various levels of government will have to substantially cut spending to reduce their deficits and pay down their debts.

During the recovery, the various levels of government will have to substantially cut spending to reduce their deficits and pay down their debts. In that context, we anticipate that the federal and provincial public services will reduce their work forces over the next three years. The region's population growth is placing greater demands on local and municipal administrations, which will have to increase their work forces slightly to meet them.

Overall, this sub-sector will post significantly higher job growth in the region than in the province because of stronger population growth and population aging.