



Sectoral Outlook

2007-2009

Lanaudière

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Sectoral Outlook

2007-2009

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Summary

The population of the Lanaudière region was 388,500 in 2001, 3.6% higher than in 1996 (1.4% higher in Quebec overall). Year after year, the region has been among the regions with the highest demographic growth. The populations of the MRCs, even those furthest from Montreal, grew in size, and Les Moulins particularly stood out with a growth rate of nearly 7%. The Quebec Institute of Statistics (ISQ) is predicting that the population should grow by 9% between 2001 and 2011 (5% in Quebec overall). Lanaudière owes its demographic growth in large part to in-migration, which has been at one of the highest levels in Quebec for a number of years.

The working-age population has been growing at a constant rate, as have the labour force and employment. For 2007-2009, employment growth should stand at an average 1.5% annually (1.0% in Quebec overall). This employment growth could keep the unemployment rate at around 7%. Given the interdependence of the Lanaudière regional economy with that of the Island of Montreal, the number of people working outside the region trended upward between the 1996 and 2001 censuses.

The service sector employs nearly three out of every four people in the region, while 17.2% work in plants in the manufacturing sector, and 7.7% are employed in construction. The primary sector employs very few people.

Those employed in primary industries work largely in agriculture, and to a lesser extent in the forest industry. Its rich soil, favourable climate and proximity to the Montreal market have made the Lanaudière region a major agricultural producer in Quebec. In the next three years, the primary sector should taper off very slightly.

Between now and 2009, employment growth in the manufacturing sector should average 1.4% annually, which is slightly above the forecast for the province overall (0.6%), but below the rate in the last half of the 1990s and the first few years of the new millennium. Over the next few years, a number of manufacturing companies in the region, particularly those

that export to the United States, will have to come to terms with a much more competitive business environment, mainly because of increased international competition, the strong Canadian dollar and an economic slowdown for our major trading partner. Some companies will not be able to survive in these conditions, while growth in other companies will require restructuring (work restructuring, new machinery, and out-sourcing) to increase productivity, which will have a negative short-term impact on job creation. The apparel and textile sectors and, more recently, the furniture, wood and paper sectors have been particularly affected by these changes. Industries that rely heavily on investment should fare well and experience growth that is greater than that of the labour market as a whole. As the food processing sector is more dependent on domestic demand and relatively sheltered from foreign competition, it will also experience strong growth.

People from the region employed in the construction industry work as much in the region as in the Greater Montreal area. The percentage of construction jobs in the industrial base is much higher in the Lanaudière region than in Quebec as a whole. Between now and 2009, employment is expected to stay at historically very high levels and remain relatively stable in the region.

In the next three years, low interest rates, a strong job market and demographic growth that is higher than the Quebec average should be beneficial to services that rely on household spending, where the employment rate should grow at a rate of 1.8% in Lanaudière. Bolstered chiefly by strong growth in professional, scientific, technical, management and administrative support services, the production services sector will also maintain a higher-than-average growth rate. However, the positive demographic situation is not expected to prevent a modest slowdown in job creation in government services. In these types of services, only the health care sector should grow substantially. Employment in provincial governments and education should stabilize, with a flurry of plans to modernize government services and many people expected to retire.

This summary of the industry outlooks provides a good indication of which sectors are growing strongly and which, because of conditions, will be cutting back their operations or increasing their productivity; although sometimes they will reduce their use of labour in the short term, benefits should result over the longer term.

Introduction

Each year, Service Canada develops medium-term employment forecasts both by industry and by occupation for Quebec as a whole and for 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.

This document deals with sectoral outlooks. A second document, to be published at a later date, will provide occupational outlooks.

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

Estimated employment levels

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 (2004-2005-2006) 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 2007 to 2009. They were developed in winter 2006-2007 in co-operation with Service Canada economists working in Quebec's regions and with the help of the Canadian Occupational Projection System (COPS), without which we would not have had access to the many 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, 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 Lanaudière region, which covers an area of 13,518 square kilometres, is divided into three distinct zones. The northernmost zone covers a wide, sparsely populated area and consists of several unorganized sub-territories. The central zone is more rural, with medium-density population and a geography dominated by lakes, rivers and mountains. The southern part of the area is more urban, with a diverse agricultural sector alongside manufacturing companies and a booming commercial sector. This part of the region has a large and experienced workforce, well-developed roads and air routes as well as the large and dynamic market of Greater Montreal.

The Lanaudière region comprises a large number of municipalities scattered over the six regional county municipalities (MRCs) of Les Moulins, Montcalm, L'Assomption, Joliette, D'Autray and Matawinie. In 2006, the L'Assomption and Les Moulins MRCs accounted for almost 55% of the region's population.

According to Statistics Canada data, the total population of the Lanaudière region was 429,053 in 2006. Regional demographic growth stood at 10.4% between 2001 and 2006, compared with 4.3% for Quebec as a whole.

The Quebec Institute of Statistics (ISQ) is predicting that the population should grow by over 3% between 2006 and 2011 (2.2% in Quebec overall). Approximately two thirds of this growth will be due to positive migration. New arrivals will come chiefly from the Montreal and Laval regions.

Economic Environment

The most recent forecasts tend to be more pessimistic about short-term patterns for the Canadian economy. The expected slowdown is directly related to the weakening of the US economy. The trade balance is expected to remain negative and to continue to erode economic growth, as it has since 2003. This negative impact on the Canadian economy should nevertheless begin to become less marked in the second half of 2007, as the US economy strengthens.

These forecasts obviously assume that the slowdown will be short-lived and that Quebec will soon be able to benefit from a brighter North American economy beginning in 2008.

This scenario forecasts more rapid growth in exports. The assumption of a gradual decline in the value of the Canadian dollar compared to the US dollar is important in this regard. In its fall scenario, the Conference Board forecast that the Canadian dollar would drop from just over US\$0.88 in 2006 to just over US\$0.84 in 2011.

The economy of the Lanaudière region is highly diverse and also benefits from the vast labour market in the Montreal census metropolitan area (CMA). Combined with demographic growth, this should offset the effects of any untoward events that could arise to restrict economic growth.

International events in recent years, including rising energy costs, the strengthening of the loonie against the US currency and increased foreign competition, have all created uncertainty for companies in the region and hurt local exporting companies. With machinery often purchased in the United States, the strong Canadian dollar helped to speed up efforts to modernize by purchasing machinery and materials that are part of the adjustment required for companies in a more challenging competitive trading context. The regional economy stood up well to the pressures resulting from these various factors, significantly improved the labour market, which was sustained by both consumer spending and substantial investment in residential construction and in several industry sectors.

In such an environment, employment growth in the Lanaudière region should be higher than for the province as a whole in the 2007-2009 period.

Labour market indicators

In spite of a decrease in the unemployment rate, the Lanaudière region in 2006 did not experience a real improvement in the labour market from the employment standpoint. Indeed, the number of labour market participants and employed decreased slightly during the year. After four years in a row of increases, employment had a very slight downturn of less than 0.1% in 2006, bringing the employment rate down to 62.3%, which was nevertheless higher than the rate for Quebec (60.2%).

Unlike previous years, employment growth was much lower in the Lanaudière region than in Quebec as a whole (+1.3%). The average annual rate of employment growth for the previous ten years was almost double that of Quebec. The region's employment rate has remained constantly higher than the provincial rate, and the spread between the two rates has been widening over this period, except for last year. This difference is, for the most part, a result of the fact that the region benefits both from the dynamic labour market in the Greater Montreal region and from urban sprawl. In this respect, it should be noted that, between the two most recent censuses, there was a rise in the proportion of workers holding jobs outside the region.

Table 1
Main Labour Market Indicators - 2004-2006
 Lanaudière Region

	2004	2005	2006	2004-2006
Population 15+ ('000)	329.3	336.2	344.0	336.5
Labour force ('000)	224.2	228.8	227.4	226.8
Employed ('000)	207.1	214.6	214.4	212.0
Unemployed ('000)	17.1	14.2	13.0	14.8
Unemployment rate	7.6%	6.2%	5.7%	6.5%
Participation rate	68.1%	68.1%	66.1%	67.4%
Employment rate	62.9%	63.8%	62.3%	63.0%

Source: Statistics Canada, Labour Force Survey
 Compilations by Service Canada

Although employment remained almost stable in 2006, the unemployment rate nevertheless dropped to a historically low level for the Lanaudière region (5.7%). Over the past two years, the unemployment rate has been in a steep decline owing to the fact that employment has increased much more quickly than the labour force. Nevertheless, this time there was a decrease in unemployment because of a decline in the size of the labour force, possibly as a result of a smaller number of people who want to find a job in the labour market. The participation rate is now 66.1%, compared with 65.6% for Quebec as a whole.

During the 2007-2009 period, the forecast is for average employment growth of approximately 1.5% in the Lanaudière region -- a rate that remains higher than that expected for Quebec as a whole.

Part 2: Sectoral Outlook

Overview

In Lanaudière, the tertiary sector dominates the industrial structure, with over seven out of ten people working in this sector, a proportion similar to that for Quebec as a whole. The various consumer services account for the major share, with 26% of total employment in the region. Retail trade, which employed the largest number of workers (28,800) in 2006 is included among these. The greatest differences between the region and Quebec as a whole are in the manufacturing and construction sectors. The manufacturing sector accounts for just over 17% of jobs, whereas the primary sector accounts for only 5,800 (2.8%). The construction industry is also important in the region. Indeed, it accounts for more than 7% of jobs compared to only 4.7% in all of Quebec. Strong demographic growth in the region has been generating a high level of activity in this industry, which has experienced significant growth over the recent three-year period.

The 153,000 people working in the service industry are employed in three main sectors: consumer services, production services and public and parapublic services. Just over one quarter of all jobs in the Lanaudière region are in consumer services, a similar proportion to that recorded in Quebec. However, the proportion of jobs in production and public services is lower than province-wide levels.

Over the past ten years, employment levels in the Lanaudière region have risen much more quickly than in most regions of Quebec, at almost double the provincial rate. During this period, the region benefited particularly from growth in the manufacturing and production services sectors. Strong population growth in the region also led to substantial increases in the consumer services and construction sectors.

Table 2

Breakdown of Employment for Selected Industry Groups

Lanaudière Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All Industries	212.0	100.0%	100.0%	1.5%	1.0%
Primary	5.8	2.8%	2.6%	-0.2%	-0.3%
Manufacturing	36.6	17.2%	16.4%	1.4%	0.6%
Construction	16.3	7.7%	4.7%	0.2%	-0.6%
Services	153.2	72.3%	76.3%	1.8%	1.3%
Consumer Services	55.3	26.1%	27.4%	1.8%	1.1%
Production Services	49.1	23.2%	24.5%	2.2%	1.9%
Public and Parapublic Services	48.8	23.0%	24.4%	1.3%	0.8%

Source: Service Canada Quebec region

Historical estimates based on Statistics Canada's Labour Force Survey

Average annual growth of 1.5% is forecast for all Lanaudière industries, which is higher than for all of Quebec (1%).

For the forecast period from 2007 to 2009, average annual growth of 1.5% is forecast for all Lanaudière industries, which is higher than for all of Quebec (1%). Indeed, each of the major industry groups in the region should experience more rapid growth than in the province as a whole during this period, with the exception of the primary sector, which is expected to shrink at an even faster rate than in the rest of Quebec.

In the following chapters, we will see how this employment growth will be distributed. According to the scenario, the services sector will once again drive the region's prosperity. There should be a slight recovery in the manufacturing sector that is more pronounced than for the province as a whole. The only cloud on the horizon is the major slowdown in the construction sector and the problems being experienced in the primary sector.

Primary Sector

The primary sector accounts for approximately 2.8% of employment in the region, a lesser proportion than in the province as a whole (2.6%). Agriculture, with close to nine out of ten jobs (90%), is the largest industry in terms of jobs in this sector. Forestry and mining, primarily quarrying and sand, follow with 5% each of the jobs. Even though the primary industries account for only a small portion of employment compared to the total, they play a particularly important role in the economy of some MRCs.

According to the Department of Natural Resources, Wildlife and Parks, 77% of the land in the Lanaudière area is covered by forest (mainly in the northern part of the region) three quarters of which is public forest. The Matawinie MRC is where a high percentage of logging and silviculture jobs are to be found. Wood processing, including natural resources supply is largely from this area, and it also plays an important role in the economy of this MRC. According to the latest official data (September 2004), the production forests in the region have a gross merchantable value of 115,745,000 m³, of which 76% are on public lands.

Table 3

Breakdown and Employment Outlook in the Primary Sector Lanaudière Region

	Average 2004-2006			2007-2009	
	Level (‘000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Primary Sector	5.8	2.8%	2.6%	-0.2%	-0.3%
Agriculture	5.2	2.5%	1.6%	-0.2%	-0.5%
Forestry and Logging	0.3	0.1%	0.5%	-2.0%	-2.7%
Fishing, Hunting and Trapping	0.0	0.0%	0.1%	0.0%	0.4%
Mining	0.3	0.2%	0.4%	0.0%	2.1%

Source: Service Canada Quebec region
Historical estimates based on Statistics Canada's Labour Force Survey

Because of its rich soil, favourable climate and proximity to the Montreal market, Lanaudière is one of the primary agricultural regions in Quebec in terms of production and jobs. However, employment in the agricultural sector has been gradually declining in recent years, primarily because of productivity gains resulting from technological advances and the concentration of farms.

Over the next three years, the agricultural industry should experience a very slight decrease in employment (-0.2%), owing to productivity gains. The conversion of tobacco farms to other crops should also add new jobs. New market niches such as farm tourism, horticulture and greenhouse farming will compensate for productivity losses.

The forestry and logging sector experienced rapid growth in the second half of the 1990s. Employment growth in this sector was a result of increased demand for a number of wood products (lumber, doors and windows, furniture). However, the forest industry has been in serious difficulty for a number of years now. Many different factors have affected the industry. The softwood lumber dispute with the US, which ran from 2002 to 2006, had a serious impact on Quebec and regional companies. At the same time, the industry was being pressured by environmental groups on harvesting practices, leading to increased operating costs. In response to the problem, the Quebec legislation, based on the Coulombe report, imposed new rules on forest lands and limited supplies of the resource for many manufacturers. In response to these events, the major employers proceeded to restructure, shut down mills and cut production, and to make a number of investments to adjust to the new market conditions. The end of the trade dispute with the United States could stabilize and improve the sector's vitality. At the moment, the US economy is spinning its wheels, at the same time limiting its need to import wood. The outlook would nevertheless appear to indicate a recovery for our neighbours to the south towards 2008-2009, which could be beneficial for employment in this sector over the longer term.

During the 2007 to 2009 period, we forecast average annual negative employment growth of 0.2% in the region for this sector

During the 2007 to 2009 period, we therefore forecast average annual negative employment growth of 0.2% in the region for this sector. Agriculture should continue its slow negative growth throughout the period, whereas the forestry sector should continue to restructure itself somewhat in 2007 and early 2008, with the continued strength of the Canadian dollar, a slowdown in the number of housing starts and a period of adaptation to the new forest management plan. However, we believe that the investments of recent years and the probable recovery in the US economy towards the end of the forecast period could lead to a moderate recovery in employment towards 2009.

Manufacturing sector

Approximately 36,600 people in the Lanaudière region are employed in the manufacturing sector, which accounts for almost 17.2% of all the jobs in the region. Average growth in this very dynamic sector during the second half of the 1990s was higher than the provincial average, in large part because of strength in the metal products, transportation equipment, wood products, machinery, and food, beverages and tobacco product manufacturing industries.

Growth in the Lanaudière region's manufacturing sector was down in the recent period, even posting a significant drop in the number of jobs in 2004 and 2006; many businesses, especially those exporting to the United States, had to contend with a much more difficult business environment, mainly because of stronger international competition and the rising Canadian dollar. Some companies cannot survive in such conditions, while other companies must restructure (reorganizing work, acquiring new machinery and outsourcing) to increase productivity; this is having a negative impact on job creation in the short term.

Table 4

Breakdown and Employment Outlook in the Manufacturing Sector
Lanaudière Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Manufacturing Sector	36.6	17.2%	16.4%	1.4%	0.6%
Consumer-Related Manufacturing	12.2	5.7%	6.2%	1.0%	0.0%
Food, Beverages and Tobacco	5.0	2.3%	2.1%	1.8%	0.6%
Textile Mills and Textile Product Mills	0.3	0.1%	0.5%	-1.7%	-1.5%
Leather Clothing and Products	1.3	0.6%	1.0%	-2.3%	-2.0%
Printing and Related Activities	1.7	0.8%	0.9%	0.7%	0.6%
Furniture and Related Products	2.8	1.3%	1.0%	0.6%	-0.4%
Miscellaneous Manufacturing	1.1	0.5%	0.7%	2.1%	1.6%
Resource-Related Manufacturing	6.2	2.9%	3.9%	-0.3%	-0.7%
Wood Product Manufacturing	1.3	0.6%	1.5%	-0.6%	-1.5%
Paper Manufacturing	2.3	1.1%	1.0%	-0.6%	-1.2%
Petroleum/Coal Products Manufacturing	0.4	0.2%	0.1%	1.6%	1.6%
Non-Metallic Mineral Product Manufacturing	1.1	0.5%	0.5%	0.7%	0.4%
Primary Metal Manufacturing	1.1	0.5%	0.9%	0.7%	0.5%
Investment-Related Manufacturing	18.2	8.6%	6.3%	2.2%	1.8%
Chemical Products	2.5	1.2%	0.9%	1.3%	0.8%
Plastics and Rubber Prod.	4.0	1.9%	1.0%	1.9%	0.7%
Fabricated Metal Product Manufacturing	3.0	1.4%	1.1%	2.8%	2.1%
Machinery Manufacturing	1.9	0.9%	0.8%	2.3%	2.1%
Computer and Electronic Product Manufacturing	1.2	0.6%	0.6%	3.2%	2.7%
Electrical Equip., Appliance and Component Manufact.	2.3	1.1%	0.4%	1.8%	1.1%
Transportation Equipment Manufacturing	3.2	1.5%	1.4%	3.0%	2.7%

Source: Service Canada Quebec region

Historical estimates based on Statistics Canada's Labour Force Survey

Approximately
1,500 people in
Lanaudière should
enter the labour
market by 2009

Consumer-related manufacturing

Overall, this industry
sector should
experience slight
growth of 1% annually
on average

Overall, employment growth in the manufacturing sector should resume over the next three years at a rate slightly above forecasts for the province as a whole (0.6%), but below the rate in the latter half of the 1990s and the early years of the new millennium. According to our forecasts, approximately 1,500 people in Lanaudière should enter the labour market by 2009. This will occur at an average rate of 1.4% per year during this period. We will now examine in greater detail which manufacturing industries will generate this growth and which will be less fortunate.

The consumer-related manufacturing sector, with an average of approximately 12,200 jobs between 2004 and 2006, accounts for one third of manufacturing jobs in the region and nearly 6% of total employment. Overall, this industry sector should experience slight growth of 1% annually on average, which is higher than for Quebec as a whole.

In Lanaudière, food, beverage and tobacco manufacturing is the largest industry in the manufacturing sector, with approximately 5,000 workers accounting for just over 13% of manufacturing jobs. The vast majority of the jobs were in hog and poultry processing plants, which have grown up as a result of significant farming activities in the region.

In recent years, this sector, and the hog industry in particular, has made considerable breakthroughs in outside markets, and companies in the region could reap additional benefits over the next few years, especially with the lifting in late 2004 of the 2002 moratorium on swine production. Proximity to the Greater Montreal region, which represents half of all Quebec consumers, is an additional asset for the region's companies.

The industry is also undergoing a period of consolidation, not only in Quebec, but in North America as a whole, which has led to the usual spate of regional mergers, acquisitions, closings and transfers. In a mature market involving heightened competition among major North American players, every company will continue efforts to improve productivity. In this context, the Lanaudière region has done well so far. During the forecast period, the food processing sector should grow much more quickly than the average rate for all industries in the Lanaudière region.

The printing industry employs 1,700 workers in the Lanaudière region, accounting for 4.6% of the manufacturing jobs. Workers in this industry are very dependent on the neighbouring regions, especially the Island of Montreal, to which over two thirds of workers commuted at the time of the 2001 Census. Many Lanaudière residents employed in this industry go to Laval and Montérégie to work. For the forecast period, we expect annual employment growth of approximately 0.7% in the Lanaudière region and 0.6% in Quebec as a whole.

Approximately 2,800 people work in the furniture manufacturing sector in the Lanaudière region; this accounts for 7.7% of manufacturing jobs in the region. This sector has flourished over the past decade, taking advantage of a low Canadian dollar to make inroads in the US market. Moreover, growth in the sector has been fuelled by low interest rates and a thriving residential construction sector. However, two of the past three years were rather difficult for this industry.

In the region, most businesses are small and medium-sized. The strength of our currency and the increasingly stiff competition from Asia have limited growth opportunities for companies working in this industry. Fewer housing starts forecast during the coming period will nevertheless have more of an impact in the rest of the province. We are therefore forecasting average annual negative growth of 0.4% for the province as a whole, and very slow growth (0.6%) in the region during the same period. The situation is not as dangerous as it is for textile and clothing manufacturers, but the sector will have to adjust by specializing in a number of niches that will focus on product quality and production flexibility, or by restructuring to increase productivity and reduce production costs, at least partly by outsourcing some production to firms located in countries where labour is less expensive.

Within the consumer-related manufacturing industry group, there are also industries like textiles, clothing and leather, which for a number of years now have been suffering from growing world competition following the end of the multifiber arrangements. These industries have a smaller share of regional employment than the other industries, and should be going through another period of adjustment to new global conditions. We forecast average annual negative growth of nearly 2% for the next three years.

Resource-related manufacturing

Of the resource-related industries, only the paper manufacturing industry currently accounts for at least 2,000 jobs in the Lanaudière region. With an average of just over 2,300 jobs between 2004 and 2006, it represents a little more than 6.3% of manufacturing jobs in the region and 1.1% of total employment. This industry was also affected by problems related to the costs of raw resource supply.

The outlook will also be negative for the next few years. We forecast that efforts to consolidate and restructure this industry will result in an average annual drop of 0.6% by 2009.

In the longer term, efforts to increase productivity and a stronger recovery in the US market could presage a return to employment growth over the coming decade

Historically, this sector was mainly represented by the wood products manufacturing industry. Between 1996 and 2003, 2,200 people in the region worked in the wood industry, primarily because of strong demand from the US. After a period of relative stability from 2001 to 2003, employment decreased by half over the next three years, which were more difficult. The sector averaged 1,300 jobs between 2004 and 2006. This industry is relying increasingly on secondary and tertiary wood product processing. In 2004, it had more than 18 sawmills and a hardboard mill, according to data from the Department of Natural Resources, Wildlife and Parks. Of these 18 mills, only three were authorized to process over 100,000 m³ of wood per year. The new resource supply rules were changed somewhat in recent years and should also have an impact on this industry's future.

We forecast that the corporate restructuring that has been occurring for two years now will continue. Efforts to increase productivity in the industry will lead to a slight average annual 0.6% decline between 2007 and 2009. In the longer term, efforts to increase productivity and a stronger recovery in the US market could presage a return to employment growth over the coming decade.

Investment-related manufacturing

Investment-related manufacturing is the largest sector, with approximately 18,200 jobs on average during the period, representing 8.6% of jobs in Lanaudière, and over 49% of manufacturing jobs in the region.

The Lanaudière region is home to many investment-related manufacturing industries, which account for at least 2,000 jobs. The employment growth forecast for these industries is generally much higher than for the manufacturing sector or for all industries.

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The chemical industry employs an average of 2,500 workers, accounting for 6.8% of manufacturing jobs. Approximately two thirds of these workers commute daily to the Island of Montreal. Some 35% of these jobs are in the pharmaceutical industry.

Over the past ten years, the number of people employed in chemical product manufacturing in the Lanaudière region has grown sharply, especially in the pharmaceutical industry. During the 2007-2009 period, although growth is expected to slow down, it should keep pace with the 1.3% average for all industries.

The plastics and rubber products industry employed an average of 4,000 workers in the Lanaudière region between 2004 and 2006, accounting for nearly 11% of manufacturing jobs. This industry has posted very strong growth in the region over the past ten years. Joliette's tire manufacturer Bridgestone Firestone Canada Inc. alone provides jobs for nearly 30% of workers in this industry. Most of the other companies work in plastics products manufacturing and are concentrated primarily in Terrebonne and the surrounding area. Employment growth prospects for the next three years are good in this industrial sector. We expect annual growth of approximately 1.9% in the region.

The metal products sector has been one of the mainstays of manufacturing development in the Lanaudière region over the past ten years. Benefiting from strong US demand, employment growth in the metal products sector was double that recorded in the manufacturing sector as a whole in the Lanaudière region during this period. There are approximately 3,000 jobs in this industry, accounting for just over 8% of manufacturing jobs. Approximately 30% of these employees work on the Island of Montreal.

The sector nevertheless experienced a decline in activity following problems encountered by one of the largest companies in the region. The company had to cope with the slowdown in major construction sites in the United States as a result of 9/11 by restructuring its activities and making large-scale layoffs.

The boom in residential construction and the upswing in activity on the major sites in the United States resulted in employment growth for the region's structural metal manufacturers in 2005. For the forecast period, this industry is expected to grow faster than the entire manufacturing sector in Lanaudière; however, this will not fully make up for job losses incurred since 2001.

Approximately 1,900 workers are employed in machinery manufacturing in the Lanaudière region, accounting for slightly over 5% of manufacturing jobs. This highly diverse industry has posted very strong growth in the past ten years or so. At the time of the 2001 Census, approximately one third of workers held jobs on the Island of Montreal.

A large percentage of the machines produced are exported. In a highly competitive environment in which productivity gains are paramount, this industry should benefit from strong growth in modernization investment in the coming years, both on the domestic market and in the United States. During the 2007-2009 period, annual employment growth should stand at around 2.3% in the Lanaudière region.

The electrical equipment, appliance and component manufacturing industry, which employs approximately 2,300 workers, accounting for 6.3% of the manufacturing jobs in the Lanaudière region, is dominated by one company that is responsible for three quarters of all jobs. The company manufactures household appliances.

The household appliance market is dependent on consumer spending, the creation of households and exports. Job growth is dependent on productivity gains. For the forecast period, we predict employment growth of 1.8%, which is higher than overall average growth in the Lanaudière region.

Approximately 3,200 people from the Lanaudière region work in the transportation equipment sector (8.7% of manufacturing jobs). However, according to the 2001 Census, just under a quarter of these jobs were in the region. The majority of the jobs were on the Island of Montreal and, to a lesser extent, in the Laurentides, Laval and Montérégie regions. Many large employers operate in these regions, primarily in the aeronautics field (Bombardier, Pratt & Whitney, Héroux Devtec, Rolls Royce, Bell Helicopter).

As a result, the region was a prime beneficiary of the growth experienced in this sector in the Greater Montreal region in the 1990s. However, since 2001, the region has also felt the effects of the slowdown in the sector following the closure of the GM plant in Boisbriand in the summer of 2002 and numerous layoffs in the aviation industry.

The short-term future for the aeronautics industry in the Montreal area is promising, with some of the major players in this sector having announced good news for the next few years. In this context, we expect employment in the transportation equipment manufacturing sector to grow by an average of 3.0% annually in the Lanaudière region, much faster than it will in the entire manufacturing sector.

To conclude, average annual growth of 1.4% is being forecast for the manufacturing sector in the region for the 2007-2009 period, more than double the forecast for Quebec as a whole (0.6%).

Construction industry

With an average of 16,300 jobs in recent years, the construction industry accounts for 7.7% of employment in the region's industrial base. This is a very high percentage compared with that in Quebec as a whole (4.7%).

For the past ten years, employment in the construction sector has increased rapidly and steadily. From 1996 to 2006, it grew at an average annual rate of 5.2% in Lanaudière to reach two historic peaks, at 16,900 jobs in 2004 and 16,600 jobs in 2006. Conditions in the region were very good during this period. Stable and already very low interest rates, exceptional growth in the value of homes, one of the strongest population growth rates in Quebec, per capita disposable income above the provincial average and several business, tourism and institutional projects propelled the level of employment to unheard-of peaks in the region.

According to the 2001 Census, half of all Lanaudière construction workers held jobs within the region, whereas the remainder worked in the Greater Montreal area, primarily on the Island of Montreal or in Laval. However, the industry is also noteworthy for having the lowest percentage of workers with a fixed place of employment. Workers in this industry are accustomed to travelling to where the work is. Changes in employment patterns in the Lanaudière construction sector therefore depend not only on the robustness of the sector in the region, but also on its robustness in the Greater Montreal region.

In the region, strong construction growth has been driven primarily by residential construction. The real estate boom that began in 2001 led to significant increases in the number of building permits, with strong annual increases (49%) in 2002 and 2003, moderating in 2004 and 2005 to 18% and 3%. In terms of the total number per year, historical highs were achieved in 2004 and 2005 with 5,608 and 5,788 building permits in those years respectively. In 2006, the number of permits fell slightly (11%), but remained at a very high level (5,163). The residential sector alone accounted for 80% of the total value of the permits.

Residential housing starts will slow over the next three years

Even though some conditions remain favourable in Lanaudière, the construction industry will not be able to maintain such a frenetic pace throughout the forecast period. Residential housing starts will slow over the next three years. The major projects already under way should continue, but at a much slower pace. This decline should not have a negative impact on employment levels in the short term. However, the number of hours worked may be lower than in previous years. Furthermore, the renovation sector will partly offset the smaller number of housing starts. In fact, this sector benefited from a strong resale market for sellers who stood to gain from investments in their homes. The roads and infrastructure sector will also be favourable because of the major investments planned for the coming years.

For the 2007-2009 period, we forecast stabilization in the sector with slow growth of approximately 0.2%. The province as a whole will likely experience negative growth of 0.6% during this period.

Service sector

Consumer Services

Population growth and greater per capita wealth are factors that should keep average annual growth at 1.8% for the next three years

Consumer services consist of four industries which, together, represent the largest proportion of workers in the service sector in the Lanaudière region. These services employ nearly 55,300 workers, accounting for 26.1% of all jobs in the region. As its name indicates, this group is sensitive to patterns of personal spending on goods and services, which in turn depend on personal disposable income.

Over the past ten years, the number of employed grew at an average annual rate of 2%, slightly more rapidly than in all of Quebec. Several factors combined to give these results. Population growth, along with greater per capita wealth, are key factors that promote prosperity in this industry. Population growth and greater per capita wealth are factors that should keep average annual growth at 1.8% for the next three years, higher than for Quebec as a whole (1.1%).

Table 5

Breakdown and Employment Outlook in Consumer Services

Lanaudière Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer Services	55.3	26.1%	27.4%	1.8%	1.1%
Retail Trade	28.6	13.5%	12.8%	1.9%	1.2%
Information, Culture and Recreation	8.2	3.9%	4.4%	1.7%	1.1%
Accommodation and Food Services	9.4	4.4%	5.7%	1.9%	1.0%
Other Services	9.0	4.3%	4.4%	1.4%	1.0%

Source: Service Canada Quebec region

Historical estimates based on Statistics Canada's Labour Force Survey

With over 28,600 jobs, retail trade employs approximately half of the consumer services workforce. Spurred on by population growth well above the Quebec average, coupled with a rise in personal disposable income and low interest rates, employment in the retail sector has been increasing rapidly in the region in recent years. During the past ten years, it rose by an average of 2.0% a year.

Favourable conditions for retail trade in recent years encouraged a number of major players to invest in order to maintain or increase their market share, an approach that was adopted in the Lanaudière region as well. There have been investments in renovation centres, furniture retailers and a few department stores. The region also has a number of lots with high commercial potential near its southern edge, notably at the junctions of highways 25, 40 and 640, which are among the busiest highways in Quebec. Several megamalls have been built there.

In the coming years, employment in the Lanaudière retail trade sector should grow at an annual rate of approximately 1.9%, higher than the Quebec rate (1.2%) because of the stronger demographic outlook in the short and long term. However, the region will no longer be able to count to the same extent on the excitement generated by recent battles among big-name stores. There is even a possibility of consolidation in this sector.

Nearly 8,200 people from the Lanaudière region work in the information, culture and recreation sector. People working in information and culture tend to be in Montreal, whereas people from Lanaudière employed in the arts, entertainment and recreation sector work mainly in the region.

The context in the 1990s--a rapidly growing population base and a steady increase in the number of tourists--was conducive to the development of the arts, entertainment and recreation sector in the Lanaudière region. Furthermore, among all categories of personal spending, spending on entertainment has increased the most in the past 30 years in Canada, as it has elsewhere in the western world. Consequently, there has been considerable investment in cultural, sports, recreational and tourism infrastructure.

Growth in the information, culture and recreation sector is expected to be approximately 1.7%, higher than the growth of all industries in the forecast period. Most of the restructuring activities in the communications transmission industry have been completed, and now that the industry has a more secure financial footing, things are expected to pick up somewhat. The arts, entertainment and recreation sector should benefit from the region's vigorous tourism industry; however, because of the slowdown in population growth, the industry is not expected to expand as rapidly as it did during the 1990s.

The accommodation and food services sector employs approximately 9,400 workers in the region. Over the past ten years or so, this sector has grown quickly and consistently in Lanaudière (3%). Population growth and a rise in personal disposable income in the region have greatly benefited the food services subsector, which accounts for the bulk of employment in this sector, and which is mostly dependent on local demand. Furthermore, food services depend more on local demand than on travellers. Tourism has also generated a number of business opportunities in recent years, particularly in the northern part of the region with the ongoing development of a resort infrastructure. The development of Mont Tremblant Resort, located in the Laurentians but close to the border with the Lanaudière region, has also generated spin-offs in the region.

Although employment growth in the accommodation and food services sector will slow down during the forecast period, it will still remain higher (1.9%) than the growth rate for all industries (1.5%). Population levels in the region will continue to rise, but not as dramatically as in recent years; this, in turn, should limit growth in the food services sector. Nevertheless, the Lanaudière region has considerable recreational and tourism potential. The new road linking St Donat to Lac Supérieur should also help municipalities in the northern part of the region become part of the Mont Tremblant recreational tourism hub. Moreover, increasing numbers of people are establishing their second residence in this region, and many young retirees hope to establish their principal residence there.

The wide range of services in the other services sector includes repair and maintenance (including automotive repair and maintenance); personal and laundry services; religious, grant-making, civic and professional and similar organizations; and private households. The sector provides jobs for over 9,000 workers, and accounts for nearly 4% of employment in the region's industrial base.

Over the past ten years, employment in this industry sector in the Lanaudière region has grown at a slower rate than in Quebec overall. Repair and maintenance and personal and laundry services have benefited from the region's rapid population growth; however, the same does not hold true for private organizations and private households. The decline in employment in private households can largely be explained by the gradual shift of daycare services towards subsidized organizations. Over the next three years, this sector should post growth of about 1.4%, approximately the same as the average for all industries.

Production services

The approximately 49,100 jobs in production services account for nearly 23% of all jobs in Lanaudière, a percentage that is slightly below the provincial figure. In fact, only the wholesale trade industry (4.8%) has a relatively higher share of jobs than in the province as a whole. Nevertheless, the most jobs in this sector are in finance, insurance, real estate, renting and leasing. Production services are more developed in Montreal than in the adjoining regions because many large companies have their head offices or administrative offices in Montreal. Moreover, almost 50% of those employed in this large sector work in Montreal.

Over the recent three-year period, production services experienced average annual employment growth of 5.4%. We forecast a somewhat lower average annual growth rate for the forecast period of 2.2%, which should be slightly higher than for Quebec.

For a better understanding of changing patterns in this sector, we will look more specifically at its main industries.

Table 6

Breakdown and Employment Outlook in Production Services
Lanaudière Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production Services	49.1	23.2%	24.5%	2.2%	1.9%
Utilities	2.0	0.9%	0.8%	1.7%	1.3%
Wholesale Trade	10.1	4.8%	3.8%	1.7%	1.2%
Transportation and Warehousing	9.7	4.6%	4.6%	1.5%	0.8%
Fin., Insur., Real Estate and Rental and Leasing	10.7	5.0%	5.6%	0.9%	0.5%
Prof., Scientific and Technical Services	10.0	4.7%	6.2%	3.7%	3.7%
Mgmt of Companies, Enterprises, Admin. and Support and Other	6.7	3.2%	3.5%	3.3%	3.3%

Source: Service Canada Quebec region

Historical estimates based on Statistics Canada's Labour Force Survey

Stimulated by the vigorous economy, professional, scientific and technical services and business management, administrative support and other services provided jobs for approximately 16,700 people in Lanaudière between 2004 and 2006. However, many of these jobs are outside the region, primarily on the Island of Montreal.

Over the past three years, the number of people employed in these industries grew at an average rate of 14.1%, much faster than the labour market overall. During this period, the region greatly benefited from the rapid growth of computer systems design and management services on the Island of Montreal. Population growth and economic vitality in the region also fuelled demand for these types of services (legal, accounting, management consulting, engineering).

Part of the growth recorded in these two industries was due to an increased reliance on outsourcing. From this perspective, part of these industries' development was the result of a shift of activities. Both sectors have faltered in recent years, partly because of the information technology downswing in computer-related subsectors. Generally speaking, they were highly sensitive to the decline in economic activity in 2003, and employment levels experienced a rare decline.

Over the next three years, these industries will be among the most active sectors in the Lanaudière region from an employment standpoint. It is expected that architectural and engineering firms and other scientific and technical services in Montreal will greatly benefit from planned spending on public infrastructure and the road network. Computer systems design will also grow at a faster rate than the rest of the group. Growth, however, is not expected to be as pronounced as that recorded over the past 15 years. The outsourcing phenomenon will have a lesser impact and, as a result, these sectors will not be able to count on the transfer of jobs to the same extent as they did in the 1990s.

With an average of 10,100 jobs, wholesale trade reaped great benefit from the strong growth in trade observed in the 1990s, although it was shaken up by the slowdown in trade with the US in 2001. After that, employment continued to show strong growth for three years in a row, before declining in 2005. Last year, employment returned to its 2003 level.

The next three years are likely to be somewhat better for this industry. The forecasts will certainly remain better for the Lanaudière region than for the province as a whole, but they will be more modest than for the 2002-2005 period, with an average annual expected growth rate of 1.7% for the forecast period.

The transportation and warehousing industry grew rapidly in the Lanaudière region from the mid-1990s until 2001. Expansion in the freight transportation industry was a direct result of the strength of the manufacturing sector, both in the Lanaudière region and in Quebec as a whole. In addition, the region's population growth encouraged the development of public transit and school bus transportation. Approximately 9,700 people now work in this industry.

Employment in this industry thus reached a historic peak in 2001, but declined over the next two years as trade with our neighbours to the south suffered a downturn. In addition, the events of September 11, 2001 led to stricter border controls, which have severely complicated freight trucking. Since then, employment has grown at an average rate of 2.4% per year thanks to marked development in the manufacturing sector and in the retail trade sector.

The sector should continue to post more modest employment growth in the order of 1.5% over the next three years. A stronger US economy and a turnaround in exports will occur approximately halfway through the forecast period, thus limiting the positive impact on employment in the freight transportation sector. In addition, public transit needs in the southern part of the region have not been entirely satisfied and a number of projects are currently under consideration.

The production services sector will be the main vehicle for job creation in the region until 2009

The largest industry in this sector in terms of the number of jobs is finance, insurance, real estate and leasing, which employed an average of 10,700 people in the region between 2004 and 2006, accounting for 5% of all jobs. Over half of these people worked outside the region, mainly in Montreal, and to a lesser extent, in Laval.

This sector experienced considerable growth during the first half of the 1990s, after which employment levels plateaued until the early 2000s, while the banks undertook a major restructuring of service delivery methods because of an increase in electronic transactions (bank machines, Internet services). However, in the most recent period, the solid performance of the residential real estate market in the Greater Montreal area has led to renewed vitality in this sector, particularly for insurance and real estate.

Growth of 0.9% is forecast for this sector over the next three years, slower than previous levels. Employment in the banking sector should remain stable during the forecast period. Population growth and the aging of the population in Lanaudière will lead to an increase in demand for real estate and for assisted-living accommodation, thus increasing employment in this sector.

In short, the production services sector will be the main vehicle for job creation in the region until 2009.

Public and parapublic services

Public and parapublic services, with an average of 48,800 Lanaudière workers, account for 23% of employment in the region, which is slightly below the percentage for Quebec as a whole (24.4%). This difference can be explained by the fact that a large proportion of the public administration sector workforce is concentrated in the Quebec City (provincial public service) and Outaouais (federal public service) regions. Furthermore, teaching, ambulatory care and hospitals and nursing institutions, as well as social assistance institutions, are by far the largest industries, with over 19% of employment in the region, which represents 83% of the public and parapublic sector. The remaining 17% of jobs are shared by the three levels of government administration, and over 41% of these are at the municipal and regional level.

Table 7

Breakdown and Employment Outlook in Public and Parapublic Services
Lanaudière Region

	Average 2004-2006			2007-2009	
	Level (‘000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Gov. and Parapublic Serv.	48.8	23.0%	24.4%	1.3%	0.8%
Educational Services	12.5	5.9%	6.6%	0.1%	-0.1%
Ambulatory Health Care and Hospitals	15.5	7.3%	6.4%	1.9%	1.3%
Other Health Care and Social Assistance	12.4	5.8%	5.6%	2.4%	2.0%
Federal Public Admin.	2.4	1.1%	1.9%	0.7%	0.0%
Prov. and Territorial Public Administration	2.5	1.2%	2.1%	0.0%	-0.4%
Local, Municipal, Regional and Other Public Admin.	3.5	1.6%	1.8%	0.5%	0.4%

Source: Service Canada Quebec region

Historical estimates based on Statistics Canada's Labour Force Survey

Educational services employ 12,500 workers in the Lanaudière region, accounting for almost 6% of overall employment. Employment has almost doubled over the past 15 years in the Lanaudière region. Average annual growth was close to 3%. The number of jobs in both elementary and high schools has risen quickly because of a number of factors, including an increase in the number of students, the development of daycare services in schools and the introduction of all-day kindergarten.

Employment in colleges has also made significant gains since the creation of a regional college for Lanaudière in 1998, involving the merger of the Assomption and Joliette colleges and the opening of a new campus in Terrebonne. Between 1997 and 2003, the number of college students in the region rose by 15%.

However, the number of preschool and primary school students already began decreasing around 2001. The number of secondary school students peaked in 2006, while the number of college students is expected to increase until 2009. For some years now, we have been helping set up small university campuses in medium-sized cities. Two already exist in the region: one in Repentigny and one in Lachenaie. Another should be set up in Mascouche by 2008.

Over the next three years, employment growth should reach only 0.1%, a relatively stable rate. Slight increases in employment are probable at the vocational, college and university levels, though elementary school enrolment is again expected to be down and employees will probably feel the effects, especially within a context of numerous expected retirements and budget constraints.

The health care and social assistance sectors make up the largest part of public and parapublic services. They employ 28,000 workers, providing 13.2% of jobs in the Lanaudière industrial base. Employment was relatively stable during most of the 1990s, a period marked by major provincial government budget cuts as part of the provincial government's workforce reduction plan. However, the creation of a public daycare system and reinvestment in health care since the beginning of the decade have resulted in strong employment growth.

Average annual growth in this sector in the Lanaudière region since 1995 has been about 5%, which is higher than the rate in the province as a whole (2.4%), a fact that can be explained by the region's more rapid rate of population growth.

Over the coming years, employment in the health care and social assistance sector is expected to increase more rapidly than the provincial average, albeit at a more modest rate than that recorded since the end of the 1990s. The need for daycare services will mean more jobs in the social assistance sector, but employment gains will be lower than those seen during the implementation phase of the daycare system. Population growth in the region, as well as the fact that the population is aging, will lead to increased health care needs.

Employment in the public administration sector in the Lanaudière region grew rapidly until the middle of the 1990s, at which time deficit reduction measures at both levels of government led to employment cutbacks. Since then, employment in this sector has risen slightly in the province overall, but not in the Lanaudière region.

The fiscal prudence that will be a key factor in the public administration sector over the coming years at every level of government is expected to have a major influence on patterns of employment growth. The federal and provincial public service renewal that will be required because of the rapidly aging workforce will generate substantial hiring requirements, but will also give management additional latitude in human resource planning. In fact the Government of Quebec has announced its intention to take advantage of the circumstances to reduce the size of the public service in the medium and long terms.

Consequently, over the next three years, the provincial and federal public administration subsector workforce in the Lanaudière region is expected to level off or increase only slightly. Employment at the municipal level should go up very slightly.