ENVIRONMENTAL SCAN

ONTARIO REGION

Spring 2014

TABLE OF CONTENTS

ACRONYMS....3
LIST OF FIGURES....3
LIST OF TABLES....3
KEY POINTS....4
INTRODUCTION....5
SECTION 1: GENERAL OVERVIEW / ECONOMIC CONTEXT....5
SECTION 2: PROVINCIAL AND LOCAL LABOUR MARKET CONDITIONS....8
CONCLUSION....26

Acronyms

CPP	Canada Pension Plan
ER	Economic Region
EU	European Union
ESDC	Employment and Social Development Canada (formerly HRSDC)
GDP	Gross Domestic Product
ICT	Information Communications Technology
ISM	Institute for Supply Management
LFS	Labour Force Survey
OAS	Old Age Security
ODSP	Ontario Disability Support Program
SEPH	Survey of Employment, Payrolls and Hours

List of Figures

Figure 1: Employment and Unemployment Rate in Ontario ... 9
Figure 2: Net Interprovincial Migration in Ontario ... 21
Figure 3: Unemployment Rates for Youth Cohorts in Ontario ... 23
Figure 4: Participation Rates for Older Workers in Ontario ... 24
Figure 5: Participation Rates for Seniors in Ontario ... 25

List of Tables

Table 1: Labour Force Statistics in Ontario ... 8
Table 2: Labour Force Statistics in Ontario, Employment by Industry ... 10
Table 3: Unemployment Rates by Age and Gender in Ontario ... 11
Table 4: Labour Force Statistics in Ontario, Employment by Economic Region ... 20

About the E-Scan

Twice a year, the *Service Canada Ontario Region Labour Market and Socio-economic Information Directorate* develops an Economic/Environmental Scan (E-Scan), a report that provides a general overview of the demographic, economic and labour market conditions and trends for the province of Ontario. E-Scans are intended to support regional Service Canada operations by identifying potential pressures on service and program delivery. However, they may also be of interest to those who seek to know more about the state of a provincial or regional economy and labour market. Facts and statistics presented in this document reflect information available as of February 2014.

Key Points

General Overview/Economic Context

- Global real GDP growth is set to pick up in 2014 driven by relatively robust growth in many of the world's advanced economies.
- In Canada, the economy is expected to expand by 2.2% in 2014, higher than the previous two years. Growth in 2013 was supported by strong domestic consumption counterbalancing disappointing exports and business investment.
- The United States is Ontario's largest trading partner. The U.S. economy is expected to have expanded by 1.9% in 2013. Forecasters project the American economy to grow by 2.9% in 2014. The Ontario economy and labour market should benefit from any improvement to the U.S. economy, primarily from an increase in private consumption and provincial exports.
- Ontario's employment growth, measured by Statistics Canada's Labour Force Survey, firmed up in 2013 and should remain at approximately the same level in 2014, at around 1.3%.

Provincial and Local Labour Market Conditions

- The Ontario unemployment rate has been generally trending downwards since the end of the recession and averaged 7.5% in 2013, higher than the national average of 7.1%.
- The labour market situation of Ontario youth aged 15 to 24 improved in 2013.
- Labour force participation of workers aged 55 and over is expected to continue to increase.
- Employment growth was fastest in the Toronto (3.5%) and Kitchener-Waterloo-Barrie (2.5%) economic regions in 2013.
- The construction industry in the Toronto economic region remains especially robust, due to ongoing commercial and condominium developments and work on major infrastructure projects such as the Union Pearson Express passenger station, Toronto-York Spadina Subway Extension, Eglinton Crosstown Light Rail Transit tunnel and construction on venues for the Toronto 2015 Pan/Parapan American Games.
- Recent slower job growth in other economic regions owes to the softening of the commodities market for Northern Ontario and the weaker manufacturing sector in Southern Ontario.

Introduction

The purpose of the Environmental Scan is to outline the major trends and issues facing Canada and the ***Ontario Region*** that will influence the economic and social environment in current and future years. The document provides timely, evidence-based information which supports the business planning process and it is divided into two main parts. Section 1 includes a general overview of the Canadian and Ontario economic context with employment outlook information. Section 2 provides perspective on the provincial and local labour markets. Facts and statistics presented in this document reflect information available as of February 2014.

Section 1: General Overview / Economic Context

Real GDP growth is set to firm globally in 2014 due to an improved outlook for various high-income countries in the world. According to Consensus Economics, the global economy should expand by about 3.1% in 2014, higher than the rate of 2.5% at which it is estimated to have expanded in 2013. The U.S. economy is projected to post real GDP growth of 2.9% in 2014, while the Eurozone's is expected to increase for the first time since 2011. On the other hand, emerging market economies that drove global GDP growth since the 2008 recession are now expected to experience subdued economic growth. Due to the U.S. Federal Reserve's decision to slow down quantitative easing in light of the steadily improving outlook of the American economy, countries like India and Turkey are experiencing rapid devaluation of their currencies, sparking concerns about high rates of inflation in their respective economies. However, the outlook in China has improved since mid-2013 as the Chinese government has made key announcements regarding its commitment to focus on domestic consumer demand to drive future growth.

Emerging economies have seen their economic growth slow considerably due to weaker demand from developed countries as well as lower domestic consumption. Slower than anticipated GDP growth in these countries impacts Ontario through reduced demand and depressed prices for its base metals, particularly copper and nickel. In addition to lower demand from China and other emerging economies in the world, excess supply has lead to a buildup of inventories of these base metals and an expectation of only moderate price increases in the near future. The effects of the price decline and reduced demand for base metals and gold are showing in Statistics Canada's Survey of Employment, Payrolls and Hours (SEPH) through declining employment in mining in Ontario since the second half of 2011. This coincides with China's slower industrial production growth which is a good indicator of demand for energy and metal commodities. Despite the recently improved outlook for its economy, forecasters expect China's economic growth will remain around 7.5% in both 2014 and 2015. This is considerably lower than its historical annual growth rates of above 9% prior to 2012.

In the Eurozone, austerity measures imposed on countries struggling with debt have contributed to prolonging the recession. Even though the Eurozone is expected to have returned to real GDP growth in the fourth quarter of 2013, the latest forecasts project an overall contraction of 0.4% in 2013. The risks of a Eurozone sovereign debt crisis contagion or even a breakup of the monetary union have nevertheless lessened by now. Despite the end of the recession in the Eurozone and projected real GDP expansion of about 1.0% in 2014 and 1.4% in 2015, the labour market situation remains precarious with an unemployment rate expected to remain above 12% through the end of 2014, with especially difficult conditions for youth in the peripheral countries. Although Ontario's trade with Eurozone countries is relatively small in comparison to trade with the U.S., the province feels the effect indirectly as the Eurozone's lower demand for manufactured products from developing economies translates into lower demand for Ontario's commodities.

Elsewhere in the European Union (E.U.), real GDP in the United Kingdom has been growing rapidly since the second quarter of 2013. In 2013 as a whole, the country's economy is expected to have grown by 1.9%, with real GDP growth rates of 2.7% and 2.4% expected in 2014 and 2015 respectively. This could have a direct impact on Ontario's economy as the United Kingdom is the second most significant export destination for goods produced in the province in terms of dollar value. However, fears that this rapid growth might be due to an overheated property market in the United Kingdom should temper expectations of a significant positive impact on Ontario's labour market. With respect to the E.U. as a whole, the federal government announced that a tentative free trade agreement had been reached between Canada and the E.U. The deal, still pending approvals from E.U.'s 28 members and Canada's provinces and territories, would reportedly eliminate over 99% of tariffs between the two markets, thereby significantly facilitating the exchange of goods, services and labour. The impact of this agreement on Ontario should be limited over 2014 as the deal will take at least two years to come into effect. Nevertheless, according to The Economist, the agreement is expected to significantly impact farmers in Ontario as nearly 30,000 tonnes of European cheese will be allowed annually into Canada, almost twice the current limit. Conversely, firms in Ontario will benefit from unhindered access to Europe's multi-trillion dollar public procurement market once the deal is ratified.

In the U.S., by far Ontario's largest external trading partner, several indicators point to a slow but stable improvement in the economic outlook. Both the Institute for Supply Management's (ISM) manufacturing and non-manufacturing indices were trending higher by the end of 2013, signalling upcoming growth in business investment. Job gains remain modest at this stage of the recovery, but the number of unemployment insurance claimants has been declining and consumer confidence firming. In addition, unlike last year when the American government introduced several tax increases and imposed spending cuts, fiscal policy in 2014 is not expected to be as restrictive on growth of the domestic economy.

In addition, analysts believe the continued improvement of U.S. households' balance sheets will lead Americans to increase their spending on goods and services. Although the improvement in these indicators would normally bode well for Ontario's manufacturing sector, the stronger economy south of the border did not translate into a significant rise in exports for Ontario in 2013. American and Canadian car sales, which, in 2013, were at the highest level since the last recession, have benefited U.S. automotive plants more than those in Ontario. In fact, Canadian light vehicle production was down 3.4% in 2013 compared to 2012, while U.S. light vehicle production rose by 7.2%. Also, as reflected by Statistics Canada's SEPH, the improvement of the U.S. housing sector has not profited Ontario's forestry and wood product manufacturing industries as much as it did in the past. Furthermore, the recent increase in mortgage rates may slow the momentum of the recovery in the U.S. housing sector. Despite tangible improvements in the U.S. economy, real GDP growth will be tempered by fiscal tightening and less accommodative monetary measures. Taking into account these factors, forecasters project the American economy will grow by 2.9% in 2014 and 3.0% in 2015, following its expected growth of 1.9% in 2013. Ontario's economy and labour market will benefit from any improvement to the U.S. economy, primarily from an increase in private consumption and the strengthening of the U.S. dollar.

In Canada, the economy is expected to have expanded by 1.8% in 2013. Growth was supported by strong domestic consumption counterbalancing disappointing exports and business investment. Unexpected events such as the flooding in Southern Alberta, construction strike in Quebec and extreme winter weather events in central and eastern Canada negatively affected the Canadian economy last year. In 2014, the Canadian economy is projected to grow by 2.2%. Forecasters expect that the improvement in the U.S. economy will translate into more solid growth for Canada's manufacturing industry into 2014, thereby increasing the country's exports. Another determining factor in Canada's level of exports is the exchange rate. The Canadian dollar has remained below parity with the U.S. dollar for most of 2013 and the Bank of Canada expects that it will continue to do so until at least 2015. While this normally would be supportive of Ontario's labour market growth within manufacturing, Ontario's manufacturing industry is threatened by lower-cost competitors in Asia as well as Mexico and lower-cost states in the U.S. who offer the same advantage of proximal supply chain for clients in the North American market. An example of this is the higher growth of automotive production in the U.S. and

Mexico compared to Canada over the past years as fewer cars are being assembled in Ontario despite the increase in North American sales in 2013.

On the residential construction front, the ongoing weakening of several housing indicators, notably investment in new housing construction, housing starts and building permits, is in line with expectations considering the possible oversupply conditions faced by several cities. The recent rise, and expected increase over the next few years, of mortgage rates is an additional weight on the residential sector on top of the implementation of stricter mortgage rules in the summer of 2012. On the other hand, prices and sales have continued to rise in several areas, notably Toronto. The high price of housing in Canada has been noted by the International Monetary Fund which ranked Canada as the country with the most overvalued house prices in the world. A prolonged and steeper slowdown of the housing market is still deemed one of the main risks to the Canadian economy. While non-residential construction is being buoyed by several large infrastructure projects, institutional and governmental investment growth may moderate in 2014, in line with fiscal consolidation from different levels of government. In 2013, employment growth in construction was strong in Ontario; however, these factors could temper provincial employment gains in construction in 2014.

Strong domestic consumption in 2013, partly due to the increase in light vehicle sales, is expected to moderate in 2014 as Canadian households continue to pay down debt. Spending in public administration is also expected to moderate as provincial and federal governments aim to reach the target of a balanced budget. This leaves the country's growth to rely mainly on business investment and exports. Exports are expected to improve with the strengthening of the global economy in 2014.

In light of the factors enumerated above and other indicators, forecasters expect Ontario's real GDP growth rate to increase from 1.3% in 2013 to 2.2% in 2014 as the U.S. economy strengthens. Employment growth firmed up in 2013 allowing the province to end the year at a higher pace of job creation at 1.4%, compared to 0.8% in 2012. Forecasters project a similar employment growth rate in 2014. However, this rate of job growth is lower than the 2010 and 2011 rates. The unemployment rate remained elevated at 7.5% in 2013 despite the increase in employment over the first three quarters. There were mass layoffs in the fourth quarter of 2013, affecting both the manufacturing and retail sectors, causing employment to decrease. At the same time, the Canadian dollar depreciated and is expected to continue to do so, which should strengthen export industries and may offset the negative impact of the layoffs. Forecasters expect that the unemployment rate in Ontario will decrease to approximately 7.3% in 2014 and 6.9% in 2015.

In the long term, Ontario's labour force growth is expected to moderate as new entrants to the labour market will be outnumbered by the large number of retirees from the baby boom generation. Workplace replacement needs will be partially filled by the constant flow of immigrants to the province, therefore mitigating the lower birth rate of Ontario residents as well as the ongoing interprovincial migration losses to other provinces, mainly Alberta.

Statistics Canada's population projection scenarios forecast the province's population to increase in the period 2013 to 2036. Ontario's population is projected to grow from 13.7M in 2013 to 16.1M in the low-growth scenario and to 19.4M in the high-growth scenario in 2036. The proportion of the working-age population aged 15 to 64 years old, currently at about 69% of total population, is projected to drop to approximately 61% of total population by 2036.

Section 2: Provincial and Local Labour Market Conditions

Despite relatively weak economic conditions, Ontario's labour market has strengthened in 2013. According to Statistics Canada's Labour Force Survey (LFS), employment grew by 1.4% in 2013 compared to 2012, almost doubling the rate of growth observed between 2011 and 2012. The provincial unemployment rate has been generally trending downwards since the end of the recession and has averaged 7.5% through 2013, higher than the national average of 7.1% over the same period.

Even though there have been strong employment gains reported by the LFS, other labour market indicators offer different perspectives on the health of the province's labour market. The number of job vacancies has been declining since late 2012, leading to an increase in the ratio of unemployed per job vacancy, which grew to 8.2 in the third quarter of 2013 compared to 7.0 in the third quarter of 2012. Also, data from Statistics Canada's Survey of Employment, Payrolls and Hours (SEPH) shows that employment growth was lower than suggested by the LFS in 2013.

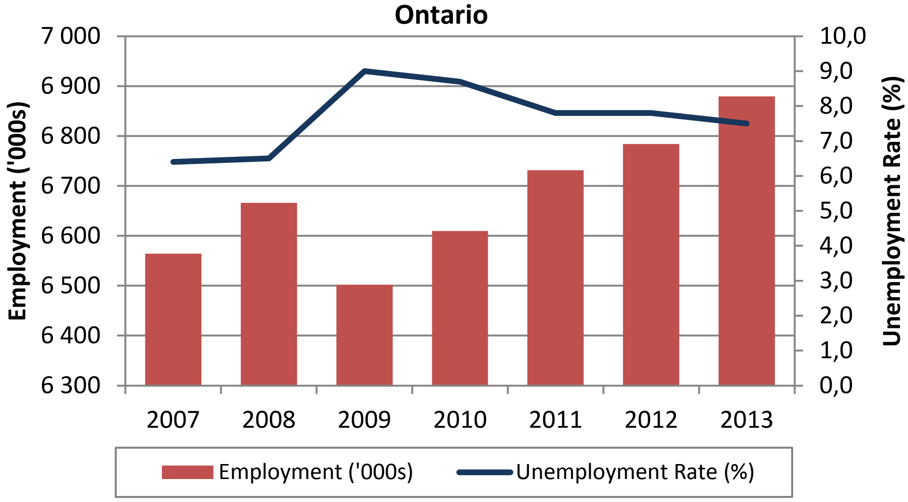
Table 1: Labour Force Statistics in Ontario

Seasonally unadjusted data	Year			2012 to 2013		2011 to 2012	
	2013	2012	2011	Number	%	Number	%
Population 15 + ('000)	11,203.8	11,069.7	10,926.3	134.1	1.2	143.4	1.3
Labour Force ('000)	7,440.8	7,357.2	7,301.7	83.6	1.1	55.5	0.8
Employment ('000)	6,879.4	6,783.7	6,731.3	95.7	1.4	52.4	0.8
Full-Time ('000)	5,561.3	5,499.4	5,454.7	61.9	1.1	44.7	0.8
Part-Time ('000)	1,318.1	1,284.4	1,276.6	33.7	2.6	7.8	0.6
Unemployment ('000)	561.3	573.5	570.4	-12.2	-2.1	3.1	0.5
Unemployment Rate (%)	7.5	7.8	7.8	-0.3	-	0.0	-
Participation Rate (%)	66.4	66.5	66.8	-0.1	-	-0.3	-
Employment Rate (%)	61.4	61.3	61.6	0.1	-	-0.3	-

Note: Totals may not add due to rounding.

Source: Statistics Canada's Labour Force Survey -CANSIM Table 282-0002

Figure 1: Annual Employment and Unemployment Rate in Ontario



Source: Statistics Canada's Labour Force Survey - CANSIM Table 282-0002

According to the LFS, most of the job growth in 2013 took place in the services-producing sector, with 99,800 more jobs than in 2012. Large increases were realized in the trade; business, building and other support services; and health care and social assistance industries. Gains in trade were accompanied by a changing landscape in the province's retail industry over the past year. Growth due to the introduction of Target department stores and expansion of Walmart into new locations was tempered by the closure of Zellers and downsizing of Sears and Best Buy. Sales in the wholesale sector were down in the first six months of 2013 but sales in both the retail and wholesale sectors have steadily increased in the last two quarters.

In 2013, the largest employment decline in the services-producing sector was in the information, culture and recreation industry. The bulk of this loss was in the publishing, broadcasting and telecommunications components. Sun Media, Multimedia Nova, Toronto Star and Rogers Communications all either reduced their workforce or ceased production of newspapers and television channels in 2013.

In the goods-producing sector, employment growth in construction was more than offset by declines in manufacturing and agriculture. Manufacturing sales have declined in 2013 and exports have remained stagnant for most of 2013; however with the depreciation of the Canadian dollar in December, the outlook for exports in early 2014 is positive. Computer and electronic product manufacturing sales have been decreasing since the end of 2010, in line with the ongoing difficulties of Ontario's telecommunications giant, BlackBerry Ltd. Light vehicle production was down by 3.4% in 2013 compared to 2012 despite stronger sales in both Canada and the U.S.

The construction industry is benefiting not only from large investments in the non-residential sector, but also from a more moderate-than-anticipated cooling of the residential market. Ontario urban housing starts were 20% lower for 2013 than they were in 2012. Despite frequent warning signs of an overvalued housing sector, especially from the multi-unit segment in Toronto, resale housing and prices have increased. In 2013 total home sales and average prices in Toronto increased by 2.0% and 5.2% respectively compared to 2012. Some attribute this rebound to recent mortgage rate increases drawing in potential buyers eager to get into the market before rates appreciate further. On the non-residential side, various infrastructure projects throughout the province have benefited the construction industry and are expected to balance the effects of the slowing housing market.

Table 2: Annual Labour Force Statistics in Ontario, Employment by Industry

Employment ('000)	Year			2012 to 2013		2011 to 2012	
	2013	2012	2011	Number	%	Number	%
Total employed, all industries	6,879.4	6,783.7	6,731.3	95.7	1.4	52.4	0.8
Goods-producing sector	1,417.8	1,421.9	1,421.1	-4.1	-0.3	0.8	0.1
Agriculture	86.8	94.2	92.1	-7.4	-7.9	2.1	2.3
Forestry, fishing, mining, quarrying, oil and gas	38.4	37.1	37.0	1.3	3.5	0.1	0.3
Utilities	54.8	55.6	54.6	-0.8	-1.4	1.0	1.8
Construction	460.6	434.4	442.5	26.2	6.0	-8.1	-1.8
Manufacturing	777.3	800.5	794.9	-23.2	-2.9	5.6	0.7
Services-producing sector	5,461.7	5,361.9	5,310.2	99.8	1.9	51.7	1.0
Trade	1,019.1	990.1	992.4	29.0	2.9	-2.3	-0.2
Transportation and warehousing	331.7	316.6	321.8	15.1	4.8	-5.2	-1.6
Finance, insurance, real estate and leasing	518.9	509.1	501.3	9.8	1.9	7.8	1.6
Professional, scientific and technical services	571.2	563.8	556.6	7.4	1.3	7.2	1.3
Business, building and other support services	316.3	293.7	289.1	22.6	7.7	4.6	1.6
Educational services	517.4	504.2	478.7	13.2	2.6	25.5	5.3
Health care and social assistance	785.2	762.0	766.4	23.2	3.0	-4.4	-0.6
Information, culture and recreation	316.8	332.8	346.2	-16.0	-4.8	-13.4	-3.9
Accommodation and food services	428.9	416.0	388.5	12.9	3.1	27.5	7.1
Other services	282.2	290.9	279.5	-8.7	-3.0	11.4	4.1
Public administration	374.1	382.7	389.7	-8.6	-2.2	-7.0	-1.8

Note: Totals may not add due to rounding.

Source: Statistics Canada's Labour Force Survey - CANSIM Table 282-0008

Employment by Age and Gender

Employment growth in 2013 was strongest for older workers aged 55 years and over. This is mainly due to a higher population growth rate for this age group as large numbers of baby-boomers are transitioning into the older workers segment every year.

The labour market situation of youth aged 15 to 24 years improved at the beginning of 2013, but fell short of its starting point by the end of 2013. Employment gains were mostly realized in part-time positions, while full-time employment gains have been more modest.

Table 3: Annual Unemployment Rates by Age and Gender in Ontario

Unemployment Rate (%)	Year			2012 to 2013	2011 to 2012
	2013	2012	2011	Number	Number
Total	7.5	7.8	7.8	-0.3	0.0
25 years and over	6.1	6.2	6.4	-0.1	-0.2
Men - 25 years and over	6.4	6.5	6.3	-0.1	0.2
Women - 25 years and over	5.8	5.9	6.4	-0.1	-0.5
15 to 24 years	16.1	16.9	15.8	-0.8	1.1
Men - 15 to 24 years	17.2	18.4	17.6	-1.2	0.8
Women - 15 to 24 years	15.0	15.3	13.9	-0.3	1.4

Source: Statistics Canada's Labour Force Survey - CANSIM Table 282-0002

Local Labour Market Conditions

The province of Ontario is divided into eleven economic regions. These areas were created in the past by an agreement between Statistics Canada and the province of Ontario and are used for both the Labour Force Survey and the Census. Employment growth has varied widely across economic regions in Ontario over the past few years. Since mid-2012, employment growth has been the strongest in Toronto as the region has benefited from the solid performance of the services-producing industries. Elsewhere, the recent slowdown in job growth owes to the softening of the commodities market for Northern Ontario and the weaker manufacturing sector in Southern Ontario.

Ottawa Economic Region

The Ottawa economic region includes the counties of Stormont, Dundas and Glengarry, Prescott and Russell, Leeds and Grenville, Lanark and the Ottawa census division. According to the 2011 Census, the population of the Ottawa economic region was 1,244,909, a 6.8% increase from 2006. The Ottawa economic region is the third most populous in Ontario.

After experiencing strong growth in 2012, the Ottawa economic region struggled throughout 2013. According to Statistics Canada’s Labour Force Survey, total employment declined by 10,200 in 2013 compared with 2012. Despite this decline, there were moderate increases in labour force size and employment compared with 2010 and 2011; a sign that the region’s labour market is improving on a longer horizon. The average unemployment rate in 2013 was 6.3%, 0.1 percentage point lower than in 2012.

The weakness in Ottawa’s job market in 2013 was mainly felt within the goods-producing sector, particularly in the construction industry. However, the ongoing construction of Ottawa’s light rail transit (LRT) system should help support employment. The LRT project is expected to be completed in 2018 and is projected to cost over $2B. Also, the $190M renovation of the Government Conference Centre in Ottawa should create more construction jobs in the region when it breaks ground in 2014.

In the services-producing sector, the professional, scientific and technical services industry has remained solid. Shopify Inc., an e-commerce software company, hired 50 new workers in 2013. Also, several technology firms such as QNX Software Systems Limited, SavvyDox, Fuel Industries Inc., Magmic Inc., Playbrains and Ericsson Canada Inc. looked to expand their workforce. However, job losses were seen at DragonWave Inc. which laid off several senior staff and IBM Canada Ltd. which let go more than 200 employees from its Ottawa office.

The Ottawa region continues to have a significant presence in the public administration sector with almost one-third of all public administration jobs in Ontario located in the region. Although there was a decline in the level of employment in the public administration sector through 2013, it still remains the largest employment group in the Ottawa area.

In the retail industry, the expansion of the Bayshore Shopping Centre and the Rideau Centre has attracted several new shopping outlets including H&M, Victoria's Secret, J. Crew and Apple Inc. Also, in Cornwall, Urban Planet opened a new location employing 50 staff. The addition of these new stores continues to help boost the retail sector in the area.

Kingston-Pembroke Economic Region

The Kingston-Pembroke economic region includes the counties of Hastings, Frontenac, Lennox and Addington, Prince Edward and Renfrew and the Kingston census metropolitan area. According to the 2011 Census, the population of the Kingston-Pembroke economic region was 453,080, a 3.5% increase from 2006. The region has a diverse local economy with health care, trade and manufacturing being the most significant sectors.

According to Statistics Canada's Labour Force Survey, employment in the region increased by 500 jobs in 2013 compared with 2012. This gain partly recovered some of the job losses sustained last year. The region has one of the lower unemployment rates in Ontario, averaging 6.8% in 2013 compared with the provincial average of 7.5%. The unemployment rate in the region decreased by 0.5 percentage points compared with the average rate observed in 2012 (7.3%).

In the retail sector, several openings and closures have been announced over the past few months. While Indigo Books and Giant Tiger Express closed in Kingston and Belleville, both companies announced plans for new stores in the Pembroke Mall. In addition, the LCBO announced that it will open two new locations in Prince Edward County. On the other hand, Sears Canada made significant reductions to its workforce in Belleville. In November, it closed its parts processing centre, affecting 57 employees and in January 2014 it announced it will be closing its call centre and restructuring the distribution centre, resulting in the loss of approximately 529 positions.

Numerous construction projects began over the past year. In June, Renfrew Power Generation Inc. started work on the $20M Thomas Low Generating Station which is scheduled to be operational sometime this year and construction is expected to begin on the $12M expansion of the Renfrew Victoria Hospital. The area also saw several infrastructure projects take shape including an $9M plan to replace sewer lines in Kingston. Integrated Team Solutions was awarded an $810M contract for the construction and maintenance of the Providence Care Hospital in Kingston. The project, scheduled for completion by fall 2016, will generate more than 350 construction jobs at its peak. In the spring of 2014, the region will be home to a new distribution centre when McKesson Canada opens its 520,000-sq. ft. facility in Quinte West.

In the manufacturing industry, Domtech Inc. hired 17 new staff and announced that it will undertake a $13M expansion of its Trenton facility. Also, the Federal Economic Development Agency for Southern Ontario and the province of Ontario jointly invested $3.5M in Pillar5 Pharma Inc., resulting in two new production lines which are expected to create over 50 jobs in Arnprior. In contrast, Invista will eliminate up to 60 jobs in Kingston as it phases out its carpet fibre production.

The region also saw a major landmark shut its doors. The Kingston Penitentiary closed in September as the site was no longer suitable or cost-effective. Corrections Canada is Kingston's third largest employer and approximately 300 positions were affected from the closure.

Muskoka-Kawarthas Economic Region

The Muskoka-Kawarthas economic region is located in central Ontario and includes the Kawartha Lakes census division, the counties of Haliburton, Northumberland and Peterborough and the district municipality of Muskoka. According to the 2011 Census, the population of the Muskoka-Kawarthas economic region was 365,346, a 0.8% increase from 2006. The area is frequently known as “Cottage Country” in southern Ontario is a popular retirement destination. This economic region is dependent upon the trade and tourism industries which are sensitive to declines in consumer spending.

According to Statistics Canada’s Labour Force Survey, employment in the Muskoka-Kawarthas economic region declined by 4,300 jobs in 2013 compared with 2012. The unemployment rate averaged 7.6% in 2013, an increase of 0.1 percentage point from 2012. The Muskoka-Kawarthas region continues to post the lowest participation rate amongst all of the eleven economic regions in Ontario due to its older demographics. Although the population in the region has increased, the labour force has continued to contract over the past three years. Approximately one-third of the employed workforce is located within the Peterborough census metropolitan area.

There were a number of layoffs in the region over the course of 2013. In the Cobourg area, a Zellers retail store closed, impacting 60 workers. In addition, staff reductions at Coveright Surfaces affected 50 employees. Also, Bakkavor Foods Canada and Signode Packaging System closed their respective facilities in the region, eliminating 75 jobs in total. In Port Hope, Cameco Corporation laid off more than 50 employees at its plant. More recently, TD Canada Trust announced plans to close its Peterborough office, affecting 67 employees and SGS Canada laid off 35 staff members at its facility in Lakefield.

On the job creation front, Aditya Birla Minacs announced that it would add 50 technical customer service jobs to its call centre in Peterborough. In addition, a new Tim Hortons in Haliburton will create 40 jobs in the local area.

Some notable construction projects are also underway in the region. The Ontario Ministry of Natural Resources is building a new $12.2M Fire Management Headquarters at the Haliburton/Stanhope Municipal Airport which is expected to be completed in 2015. In addition, upgrades to the Peterborough Municipal Airport are ongoing in preparation for Seneca College’s aviation program.

Toronto Economic Region

The Toronto economic region comprises the City of Toronto along with the regional municipalities of Durham, Halton, Peel and York. According to the 2011 Census, the population of the Toronto economic region was 5,878,412, a 9.0% increase from 2006. The Toronto economic region is the most populous economic region in Ontario and is projected to be the fastest growing area of the province.

According to Statistics Canada’s Labour Force Survey, employment in Toronto grew by 3.5% in 2013 compared with 2012. The region’s employment growth is indicative of continued large-scale investments within the public and private sectors. However, the region’s unemployment rate averaged 8.2% in 2013, higher than the provincial rate of 7.5% during this same timeframe. On the other hand, the unemployment rate has declined compared with 2012, when it averaged 8.6%. The Toronto economic region is a major commercial and financial hub, with the majority of employment within the services-producing sector.

The construction industry in the Toronto economic region remains robust. Major infrastructure projects in the region moved forward including the Union Pearson Express passenger station, Toronto-York Spadina Subway Extension, Eglinton Crosstown Light Rail Transit line and work on multiple venues for the Toronto 2015 Pan/Parapan American Games.

Several new developments also took shape in the region. Canadian National Railway converted a Brampton office building to accommodate up to 300 staff. Coca-Cola Company opened a new downtown Toronto headquarters which will be able to hold up to 400 employees. Air Canada launched a $60M global Operations Centre in Brampton which will employ 400 workers when fully operational. Microsoft Canada Inc. opened a new $20M Microsoft Technology Centre in Mississauga. Also, the Hospital for Sick Children's new $400M Peter Gilgan Centre for Research and Learning opened in Toronto, housing over 2,000 medical scientists. The second phase of Mississauga's $320M Square One Shopping Centre renovation and expansion project is underway, with completion expected in fall 2014. In addition, Birchmount Woods, a 152-unit affordable housing rental project, officially opened in Scarborough.

In manufacturing, Ford Motor Company reported that it would invest $700M at its Oakville assembly plant, expanding its manufacturing capability and securing over 2,800 jobs. Also, General Motors of Canada Limited confirmed that it will extend the lifespan of its consolidated plant in Oshawa. The facility was expected to close in 2014 but the company will now keep the plant operational until 2016, helping to retain 700 jobs. SKF Canada, a car parts manufacturing firm, opened a new facility in Toronto, employing approximately 100 people in total. In the pharmaceutical sector, Spanish firm Almirall launched its Canadian division and Roche Holding AG announced plans to add 200 more jobs at its existent facility, both in Mississauga.

However, there have also been several negative announcements of job losses across the region. Caterpillar Inc. will close its Toronto tunnel-boring machine facility, affecting 330 employees. Automodular Corporation's two Oakville plants, which employ approximately 525 workers, will be shutting down. Graphic Packaging ceased operations at its Brampton facility, impacting 150 staff. Also in Brampton, ACCO Brands Corporation closed its office product manufacturing and distribution plant, laying off up to 110 employees. Sears Canada cut approximately 200 jobs in its information technology and finance departments. Bell Canada Enterprises Inc.'s acquisition of Astral Media resulted in approximately 100 job cuts in Toronto. In addition, Loblaw Companies Limited laid off nearly 200 employees at the company's headquarters in Brampton. Elsewhere in Peel region, Novartis Pharmaceuticals Canada Incorporated announced plans to close its CIBA Vision products plant in Mississauga; a move that would terminate approximately 300 jobs. Looking ahead, Green Mountain Coffee Roasters Inc. plans to shutter its Toronto facility by March 2014, affecting 120 workers. In the health sector, the Scarborough Hospital eliminated 98 positions as part of a cost-savings plan.

The region's trade industry continues to experience significant activity. Toronto's Yorkdale Shopping Centre announced the addition of twelve new stores along with a $331M expansion starting in January 2014 and the Toronto Premium Outlets was unveiled in Halton Hills with 85 stores. Also, three Walmart Supercentres opened in Malton and Brampton, creating approximately 725 more jobs in total. Lowe's Companies Canada launched its distribution centre in Milton, employing 250 full-time workers. An important exception was that of Sears Canada, which confirmed the closure of three of its department stores in the Toronto area, cutting approximately 650 jobs across the region.

Kitchener-Waterloo-Barrie Economic Region

The Kitchener-Waterloo-Barrie economic region includes the Waterloo regional municipality and the counties of Dufferin, Simcoe and Wellington. According to the 2011 Census, the population of the Kitchener-Waterloo-Barrie economic region was 1,218,400, a 5.5% increase from 2006. The region is part of Ontario's manufacturing heartland and has one of the fastest growing populations in the province.

According to Statistics Canada's Labour Force Survey, employment in the Kitchener-Waterloo-Barrie economic region increased by 17,300 from 2012 to 2013. The unemployment rate averaged 6.5%, a 0.1 percentage point decrease from 2012.

The region suffered some significant closures and layoffs in the manufacturing sector due to restructuring and increased competition. Schneiders closed its Kitchener distribution centre affecting 150 full-time positions. A total of 1,500 jobs will be lost as operations shift to a new facility in Hamilton later in 2014. GSW Water Heating ceased operations at its manufacturing plant, affecting 350 employees in Fergus. CCL Industries announced that it will close its aerosol container plant in Penetanguishene, affecting 170 employees. Faurecia Automotive Seating announced it will be closing its parts plant in Bradford in mid-

2015, affecting about 550 permanent and 100 temporary workers. Also, Knape & Vogt Manufacturing Co. will shutter its furniture facility in Kitchener by the second half of 2014 and move operations to Michigan, U.S., affecting more than 230 workers.

Despite numerous closures, there were several positive announcements in manufacturing in 2013. Hitachi Construction Truck Manufacturing Ltd. completed a $32M expansion of its Guelph facility and plans to hire 500 new workers by 2018. Linamar Inc. received funding from the province of Ontario to invest in a new marine engine component program which will create 51 jobs and support 374 existing positions in Guelph. Also, a $160M Waterloo Corporate Campus project comprised of loft office and multi-use space which could allow upward of 3,000 people to work on site has been approved by Waterloo City Council. Conestoga Meat Packers in Breslau, near Kitchener, announced it was increasing capacity and creating 100 new jobs while retaining 425 existing jobs. Elmira Pet Products, near Guelph, also announced it was expanding by purchasing new equipment and technology creating 25 new jobs and retaining 146 existing jobs.

The construction industry remained healthy in 2013. MacPherson Builders will build 500 new luxury chalets in Southern Georgian Bay, one of the largest projects in the area. A $54M project to build a new Canadian Forces Military Police Academy at Canadian Forces Base Borden started in April 2013. The project is expected to support 173 jobs and be completed in 2015. Groundbreaking took place in Waterloo on the Centre of Excellence for Innovation In Aging, a project valued at $376M aimed at helping Canada better prepare for an aging population. A $160M Waterloo Corporate Campus project comprised of loft office and multi-use space which could allow upward of 3,000 people to work on site has been approved by the Waterloo City Council. Additionally, groundbreaking took place on the new $25M University of Guelph Livestock Research Innovation Centre–Dairy Facility in Centre Wellington.

In the Information Communications Technology (ICT) sector, the Federal Economic Development Agency for Southern Ontario provided funding to the Accelerator Centre in Waterloo to help create up to 30 new start-up businesses. The project is expected to generate between 70 to 90 full-time jobs. Another boost to innovation in the region is the Centre for Biodiversity Genomics which opened at the University of Guelph after a $16M expansion. The Centre supports the work of more than 100 scientists, informaticians and technicians. The Kitchener-Waterloo-Barrie region also gained another large employer as HGS Canada Inc. announced that it will expand its contact centre operations to Barrie, creating 500 jobs. In contrast, Waterloo-based BlackBerry Ltd. started its global workforce reduction strategy, affecting hundreds of workers in the local area over 2013. The company is expected to cut its total workforce by 40%. However, Tech Jobs Connex, a program operated by Communitech in the Waterloo region, has successfully helped over 1,000 laid-off BlackBerry employees find jobs, go back to school or start their own businesses.

Hamilton-Niagara Peninsula Economic Region

The Hamilton-Niagara Peninsula economic region includes the regional municipalities of Halton and Niagara as well as the Hamilton, Haldimand-Norfolk and Brant census divisions. According to the 2011 Census, the population of the Hamilton-Niagara Peninsula economic region was 1,372,227, a 3.2% increase from 2006. The region is the second most populous in Ontario. The area has a diverse manufacturing sector along with strong health sciences, education and tourism industries.

According to Statistics Canada’s Labour Force Survey, employment in the Hamilton-Niagara Peninsula economic region declined by 1.4% from 2012 to 2013. The region’s unemployment rate averaged 7.1% in 2013 which was below the provincial average of 7.5%.

Several large construction projects broke ground in the region. Construction started in Dunnville, Haldimand County, on the $1B Grand Renewable Energy Park project which will create 1,200 full-time jobs during construction. Work also started on a $400M racing complex for the Canadian Motor Speedway site in Fort Erie and construction is underway on the redevelopment of Hamilton's Ivor Wynne Stadium. The stadium is projected to cost about $150M and will be used in the upcoming Toronto 2015 Pan/Parapan American Games. Groundbreaking took place on the new $83M Niagara Regional Police headquarters. The project is expected to be completed by fall 2015. The $200M Outlet Collection mall in Niagara-on-the-Lake featuring 100 retail stores is scheduled to open on May 15, 2014 and will create about 1,500 full-time and part-time jobs in the mall's food and store operations. A new performing arts centre is also being constructed in St. Catharines at a cost of $42M. In Burlington, work started on the new Burlington Health Care Centre which is anticipated to create 200 jobs and in Hamilton, the newly built Margaret and Charles Juravinski Centre for Integrated Healthcare recently opened, which is expected to create nearly 400 new jobs over the next six years. Also in Hamilton, construction started on a $200M project to convert the Royal Connaught Hotel into condominiums, which are expected to be available by late 2015. Valery Homes and Spallacci Group are the developers of the project.

In the manufacturing sector, PowerBlades Inc., a subsidiary of REpower Systems, opened a new factory in Welland, creating up to 200 jobs. General Motors of Canada Limited recalled 114 production workers to its Glendale Powertrain plant in St. Catharines in the summer of 2013 and 60 additional workers in the fall. Also, Biolyse Pharma Corporation will receive up to $2.9M from the Federal Economic Development Agency for Southern Ontario to expand its production capacity, creating up to 59 new jobs. In preparation for its opening in 2014, Maple Leaf Foods Inc. has also been actively recruiting staff for its meat processing facility in Hamilton. Original Foods Limited received $1.5M in provincial support to purchase equipment and expand its newly established confectionery plant in Dunnville. The initiative will create 150 jobs. Additionally, Airbus Helicopters Canada will be adding a new production line at its Fort Erie production facility, creating about 40 new high-skill manufacturing jobs. The company will be making engine cowlings for the EC225 aircraft which is sold worldwide. Morover, ArcelorMittal Dofasco Inc. in Hamilton will undertake $87M in upgrades to two of its coke plants over the next five years. The steelmaking company also expects to replace more than 1,000 retired workers over the same period.

In contrast to the positive news, National Steel Car Ltd. issued lay-off notices to nearly 400 employees at its plant in Hamilton, due to the completion of a business contract. The freight car manufacturer expects to recall about half of the laid off workers by early 2014. In November 2013 U.S. Steel announced that it would permanently close the idle iron and steel-making operations located in Hamilton by the end of the year, affecting 47 non-union employees. This was followed by an announcement in February 2014 indicating that the company would be laying-off about 175 non-unionized workers at its Hamilton and Lake Erie locations. Transcom call centre in St. Catharines will close by the end of February 2014, affecting 260 employees.

London Economic Region

The London economic region is situated in southwestern Ontario and includes the counties of Elgin, Middlesex and Oxford. According to the 2011 Census, the population of the London economic region was 632,331, a 3.6% increase from 2006. The region is largely driven by information technology, advanced manufacturing, life sciences and medical research.

According to Statistics Canada's Labour Force Survey, employment in the London economic region has remained relatively stable in 2013 compared with 2012. The region's unemployment rate averaged 7.8% in 2013, higher than the provincial average of 7.5%. In 2013, the average unemployment rate decreased by 0.1 percentage point compared with the rate observed in 2012 (7.9%).

The local manufacturing industry was the recipient of several announcements, both positive and negative. General Motors of Canada Limited will invest $250M in its CAMI plant in Ingersoll to support future vehicle production. Also, Sodecia North America Inc. is expanding its London operations, creating over 100 jobs while North American Stamping Group will increase capacity at its Woodstock automotive parts manufacturing facility, generating up to 65 jobs. International Beams, a subsidiary of Lebcorp Ltd., opened a new wood product manufacturing factory in Tillsonburg, employing 75 workers. In early 2014, Natra will establish its first North American chocolate manufacturing plant in London, creating 60 jobs. Canadian Solar Incorporated will fill about 200 positions for its new plant. Sle-Co Plastics Inc., an automotive parts supplier, plans to open a manufacturing plant in St. Thomas in the next two years, after renovations at its newly acquired facility are completed. The expansion is expected to create up to 200 jobs. Lastly, Dr. Oetker announced that it is looking to fill upwards of 125 positions at its London pizza plant.

In contrast to positive announcements in the manufacturing industry, Diamond Aircraft Industries Inc. has suspended its D-Jet program, affecting more than 200 workers. In December, Kellogg Canada announced it will be closing its London factory by the end of 2014, impacting 500 employees.

In educational services, the University of Western Ontario officially opened its new $110M Richard Ivey School of Business building which will serve 1,500 students, faculty and staff. In the health sector, Bayshore Home Health was awarded a three-year contract by London Health Sciences Centre and will hire 100 local Observational Care Providers at University Hospital and Victoria Hospital. In the retail trade sector, Sobey's Inc. announced that it will open a new FreshCo grocery store in London and upgrade an existing location which is expected to create 150 new jobs in the local area.

Windsor-Sarnia Economic Region

The Windsor-Sarnia economic region is situated in southwestern Ontario and includes the Chatham-Kent census division as well as the counties of Essex and Lambton. According to the 2011 Census, the population of the Windsor-Sarnia economic region was 619,056, a 1.8% decrease from 2006. The regional economy is largely based on the manufacturing, petrochemical, renewable energy and agricultural industries.

The recovery has been slow for the Windsor-Sarnia economic region following large employment losses during the 2008-2009 economic downturn. Total employment in the area is still below pre-recession levels. According to Statistics Canada's Labour Force Survey, employment decreased by 1.0% in 2013 compared with 2012. The region's unemployment rate averaged 8.4% in 2013, above the provincial average of 7.5%. Nonetheless, this is an improvement from 2012 when the unemployment rate averaged 9.0%.

Construction of the $1.4B Right Honourable Herb Gray Parkway, the region's largest infrastructure project, is currently underway. Other significant projects include the $247M South West Detention Centre in Windsor which will open in 2014, the $78M Windsor International Aquatic and Training Centre which was set to open in December 2013 and the Town of Lakeshore's $57M multi-use recreational facility set to be completed by 2016. Another large development is the $100M South Kent Wind Project which is expected to create up to 500 jobs during the peak of construction.

In the job creation front, Ford Motor Company has increased production at its Essex engine plant. Also, Dynament Corporation, a medical device manufacturer, announced plans to open its first Canadian facility in Amherstburg, creating up to 80 new jobs over the next three years. Other developments in the region include the establishment of a cargo hub at the Windsor International Airport which is expected to generate 105 jobs when completed later in 2014. Also, the construction of a bio-succinic acid plant in Sarnia by American-based BioAmber Inc. will support 150 construction jobs and employ 60 staff once operational in late 2014. In addition, alternative fuel source producer Innovative Hydrogen Solutions began manufacturing and assembly operations in Chatham-Kent, a move that is expected to add 200 more jobs over the next 5 years.

However, there have also been several significant job loss announcements in 2013. Most notably, Heinz Canada announced plans to close its plant in Leamington, a move that impacts about 740 employees. In addition, the provincial government decided to shut down the Lambton Generating Station in Courtright ahead of schedule, a move that impacted upwards of 300 workers at the coal power plant. Other notable job loss events include the suspension of production by Honeywell at its Amherstburg plant, affecting 75 employees, the closure of Worthington Cylinders' Tilbury plant, affecting 100 employees, and the termination of operations by Imperial Oil at its Sarnia facility, impacting upwards of 60 employees.

Stratford-Bruce Peninsula Economic Region

The Stratford-Bruce Peninsula economic region is located in southwestern Ontario and includes the counties of Bruce, Grey, Huron and Perth. According to the 2011 Census, the population of the Stratford-Bruce Peninsula economic region was 292,882, a 0.5% increase from 2006. Agriculture and tourism are significant sectors in this region due to its geographic location.

According to Statistics Canada’s Labour Force Survey, employment in the region declined by 1.6% in 2013 compared to 2012. The unemployment rate averaged 5.6% in 2013, 1.1 percentage points higher than in 2012. The Stratford-Bruce Peninsula economic region had the lowest unemployment rate in Ontario in 2013.

Several construction projects started across the region in 2013. One of the largest infrastructure developments underway is the reconstruction work along Highway 6 which is estimated to cost $10.3M. The project started in May 2013 and is expected to be completed in the summer of 2014. A significant aspect of the plan includes replacing the Shallow Lake Bridge along with the rehabilitation of the Stokes River Bridge. Other large projects which will support the local industry include building a new $3.6M hospice in Collingwood and the construction of a condominium residence in Port Elgin. Also, the Armow Wind Project in the Municipality of Kincardine was approved by the province of Ontario. The development by Samsung Renewable Energy and Pattern Renewable Holdings will involve creating 92 industrial turbines.

A new addition to the local manufacturing sector was also welcomed in the region. TG Minto Corporation opened an $11M automotive parts manufacturing plant in Stratford, hiring 70 workers. Also, Green Arc Tire Manufacturing Inc. announced plans to open a $37M tire retreading plant in St. Marys in February 2014, creating 340 jobs. Stratford’s SteelCraft Inc. received a $10.4M subcontract to produce steel components for Canadian military vehicles. However, after a fire destroyed the Brussels-based manufacturing facilities of MDL Doors Inc. in the Municipality of Huron East, the company decided not to rebuild and close. The company employed over 100 workers.

The retail landscape saw new additions as well as a few departures in 2013. A Value Village thrift store and Winners retail location opened in Owen Sound employing more than 100 staff combined. A new Walmart Supercentre opened in Stratford at the end of November 2013, creating 170 jobs. Also, a No Frills grocery store opened in Stratford. In contrast, Zellers Inc. closed two stores in Hanover and Owen Sound in March 2013, affecting more than 200 staff and Rona Inc. shut its Collingwood location in October 2013, impacting 37 workers.

Northeast Ontario Economic Region

The Northeast economic region includes the Greater Sudbury census division and the districts of Nipissing, Parry Sound, Manitoulin, Sudbury, Timiskaming, Cochrane and Algoma. According to the 2011 Census, the population of the Northeast economic region was 551,144, relatively unchanged from 2006. The regional economy is influenced by the mining, forestry, utilities and health care sectors.

According to Statistics Canada’s Labour Force Survey, employment in the Northeast region declined by 1.1% in 2013 compared to 2012. The region’s unemployment rate averaged 7.5% in 2013, the same as the provincial average. This is an increase from last year when the unemployment rate averaged 7.3%.

A softening in commodity prices along with reduced demand for non-precious metals is impacting the mining industry in the Sudbury area. In September 2012, Vale Canada Limited implemented a global hiring freeze to restructure and realign costs. The company also laid off 30 workers from its Sudbury location in March 2013 and announced that it will close one of its smelter furnaces after 2016. This will reduce Vale’s investment in the Clean Atmospheric Emissions Reduction project by 50% over the next few years. Mining service companies across the region have also scaled back as a result of the declining demand for non-precious metals. However, Vale’s $760M capital investment in the new Totten mine in

Worthington is on track to open in late February 2014 and is expected to employ around 150 workers once it reaches full capacity.

In the precious metals sector, there have been some development announcements over the past year in Northeastern Ontario. Detour Gold Corporation opened a large gold mine northeast of Cochrane in early 2013 with the potential to create 500 jobs at full capacity. Also, looking ahead, Xstrata Copper in Timmins stated that it will be recruiting new staff to replace some of the 400 workers that are expected to retire over the next few years. However, the global decline in commodity prices is affecting the number and size of exploration projects across the region. While Goldcorp Inc. downsized its original Hollinger open-pit mining project in Timmins, blasting began in early February 2014 and production is expected to start later this year. Kirkland Lake Gold Inc. laid off 144 employees and eliminated contract work.

The construction sector has been fairly strong throughout 2013 with positive signs pointing to 2014. Infrastructure developments on highways, bridges and sewer lines have created hundreds of jobs across the region. Other large construction projects include a $63M biosolids management facility in Sudbury built by N-Viro Systems Canada LP and a $25M renovation of the Sudbury Forest Fire Management Centre at the Greater Sudbury Airport by the Ontario Ministry of Natural Resources, both of which began in 2013. In 2014, work will begin on the New Post Creek hydroelectric project which is expected to generate 100 construction jobs. However, Chartrand Equipment of Timmins was placed into receivership, resulting in the loss of approximately 250 jobs.

The regional lumber sector is exhibiting signs of life after many years of stagnation as prices and markets slowly recover. Eacom Timber Corporation revived its sawmill in Timmins after a fire, providing jobs to 100 workers. Also, the former Domtar lumber mill reopened after six years as White River Forest Products with 50 employees. The company plans to add another shift this spring.

Other developments affecting the region include declining enrollment at local school boards across the area. As a result, the Rainbow District School Board, based in Sudbury, eliminated 45 positions in May 2013 to adjust to the changing student population.

Northwest Ontario Economic Region

The Northwest economic region includes the districts of Thunder Bay, Rainy River and Kenora. According to the 2011 Census, the population of the Northwest economic region was 224,034, a 4.7% decrease from 2006. It is Ontario’s least populous region but the largest in terms of land size providing unique advantages and challenges for the area. The regional economy is dependent upon the mining, forestry, utilities and health care sectors.

According to Statistics Canada’s Labour Force Survey, employment in the Northwest region increased by 0.6% in 2013 compared to 2012. The unemployment rate in the region averaged 7.2% in 2013, an increase of 0.5 percentage points compared to 2012.

Over the past few years, high commodity prices for metallic minerals such as gold, silver, nickel and platinum helped spur growth in the mining sector. This resulted in a number of new mining and exploration projects in Northwestern Ontario including Rubicon Minerals Corporation’s Phoenix Gold Project in Red Lake, New Gold Inc’s Rainy River Gold Project north of Barwick and Stillwater Canada’s proposal to build a palladium and copper mine north of Marathon. However, the worldwide decline in commodity prices has led to a sharp drop in the number of new exploration developments lately. In particular, Cliff Natural Resources announced late last year that it would indefinitely suspend operations in the Ring of Fire. The company has the most advanced development potential in the area and their decision to suspend activity is considered a setback to overall development efforts in the region. The reasons cited include a lack of progress on infrastructure development and electricity pricing. Many of the junior exploration companies have delayed new projects until global prices recover.

The forestry sector in Northwestern Ontario, which has experienced layoffs and mill closures in previous years, is beginning to show signs of recovery. In particular, interest in bio-mass products such as wood pellets and rayon fibre, has created a number of opportunities in the region. Currently in progress, the Atikokan Generating Station is being converted to burn wood bio-mass rather than coal. The $170M project is scheduled to be completed in mid-2014. Spurred by this development, two Northwestern operations, Atikokan Renewable Fuels and Resolute Forest Products, will supply the station with wood pellets which is expected to generate hundreds of jobs. While these recent developments are promising, recovery in this sector remains fragile. Resolute Forest Products indefinitely suspended paper production at its Fort Frances mill at the end of January 2014, affecting 150 employees.

The construction sector in the Northwest region remained strong throughout 2013. Several infrastructure projects along highways and bridges have created hundreds of jobs across the region. One of the largest developments in the region is the construction of a new $106M bridge over the Nipigon River which is expected to create more than 1,000 jobs over the lifespan of the project. The Ontario Ministry of Natural Resources is undertaking a $9.65M project to rebuild the Armstrong Fire Attack Base located north of Thunder Bay. Also, the Ontario government awarded a $10.5M contract to Aecon Construction and Materials Limited to upgrade over 27 kilometres of Highway 11 between Geraldton and Jellicoe. Construction is expected to begin in spring 2014 and will create 100 jobs.

Other developments affecting the region include Bombardier laying off 130 staff at its Thunder Bay facility in July 2013. The company eliminated 80 positions while 50 workers were laid off on a temporary basis. However, in January 2014, Bombardier announced it obtained a $481M contract to build 65 bi-level GO Train cars for the provincial government, supporting 250 jobs. Teleperformance announced it would hire more than 150 customer service agents at its Thunder Bay contact centre and a new Tim Hortons franchise opened in Sioux Lookout in April 2013, creating 40 jobs.

Table 4: Annual Labour Force Statistics in Ontario, Employment by Economic Region

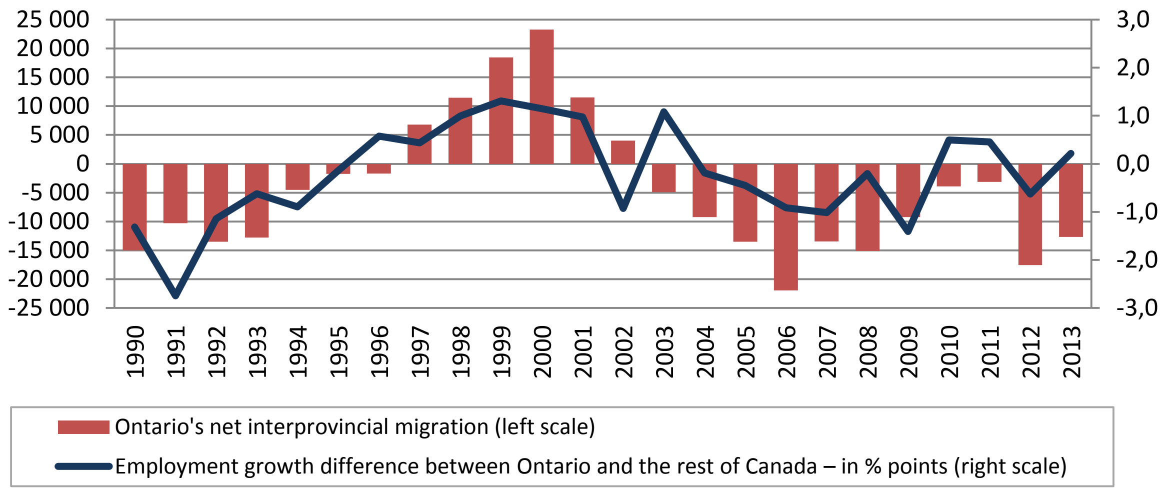
Employment ('000)	Year			2012 to 2013		2011 to 2012	
Seasonally Unadjusted Data	2013	2012	2011	Number	%	Number	%
Ontario	6,879.4	6,783.7	6,731.3	95.7	1.4	52.4	0.8
Economic Regions							
Ottawa	687.4	697.6	681.5	-10.2	-1.5	16.1	2.4
Kingston - Pembroke	213.5	213.0	217.4	0.5	0.2	-4.4	-2.0
Muskoka - Kawarthas	168.4	172.7	176.9	-4.3	-2.5	-4.2	-2.4
Toronto	3,274.5	3,164.3	3,118.3	110.2	3.5	46.0	1.5
Kitchener - Waterloo - Barrie	704.3	687.0	689.9	17.3	2.5	-2.9	-0.4
Hamilton - Niagara Peninsula	705.0	715.0	709.2	-10.0	-1.4	5.8	0.8
London	328.1	328.0	324.8	0.1	0.0	3.2	1.0
Windsor - Sarnia	293.3	296.4	294.8	-3.1	-1.0	1.6	0.5
Stratford - Bruce Peninsula	150.2	152.6	157.7	-2.4	-1.6	-5.1	-3.2
Northeast	252.9	255.8	262.2	-2.9	-1.1	-6.4	-2.4
Northwest	101.9	101.3	98.7	0.6	0.6	2.6	2.6

Note: Totals may not add due to rounding.
Source: Statistics Canada's Labour Force Survey - CANSIM Table 282-0055

Ontario's Interprovincial Migration

Ontario residents leaving the province have outnumbered new entrants from other provinces for the last decade; the province's longest streak of net outmigration since Statistics Canada began collecting the data in 1960. Ontario's interprovincial loss narrowed considerably in 2010 and 2011 as the province's employment growth outpaced the other province's combined growth. In 2012 however, Ontario has had more difficulty creating jobs than elsewhere in Canada, resulting in a widening of its net interprovincial migration deficit. The first three quarters of 2013 saw Ontario lose close to 12,700 net residents to other provinces, in line with Ontario's lower employment growth in 2013 compared to Alberta and Saskatchewan.

Figure 2: Ontario's Net Interprovincial Migration and Relative Employment Growth



*2013 Migration figures are are from January to September 2013
Source: Statistics Canada CANSIM Tables 282-0002 and 051-0017

The start of Ontario's interprovincial migration deficit coincided with the decline of its manufacturing industry and the appreciation of the Canadian dollar relative to the American dollar. Around this time, as oil prices increased globally, Alberta replaced Ontario as the country's economic engine. Since 2005, Alberta has been the principal beneficiary of Ontario's out-migration. Given that its oil industry is now dealing with declining oil prices and decreasing profits, out-migration to Alberta may slow over the next few years. On the other hand, Ontario's interprovincial in-migrants come mainly from Quebec. This is primarily due to proximity and size of population, but the large francophone community of Ontario may also be a factor.

Since the last recession, almost all regions of Ontario have recorded net interprovincial losses. The most affected areas were the Toronto and Windsor-Sarnia economic regions due to the significant decline in the manufacturing industry. Prior to the recession, Northwest Ontario experienced large interprovincial migration deficits because of the collapse of the forestry industry. Until 2012, the Ottawa economic region was the only area that had a net intake of interprovincial migrants on a consistent basis, due to the substantial presence of the federal public service.

Labour Market Outcomes for Client Segments

Aboriginal Peoples

According to the 2011 National Household Survey, Ontario was home to about 301,400 Aboriginal people, nearly 22% of the total Aboriginal population across Canada. Despite this, the Aboriginal population in Ontario makes up less than 3% of the total population in the province. Across Ontario, the Toronto area had the greatest number of Aboriginal people with nearly 37,000 individuals. The Ottawa and Greater Sudbury areas also had large Aboriginal populations of about 19,200 and 13,400 respectively. In Ontario, about 84% of residents who are classified as having an aboriginal identity[1] live off a reserve, while the remaining 16% live on a reserve.

The Aboriginal population has a younger age profile compared with the non-Aboriginal population in Ontario. Approximately 42% of the provincial Aboriginal population is aged less than 25 compared with 30% for the non-Aboriginal population. In contrast, those aged 65 and over made up a smaller share of the population compared with the non-Aboriginal population. Nearly 7% of all Aboriginal people in Ontario were aged 65 and over compared with about 14% of the non-Aboriginal population. In 2011, the median age of the Aboriginal population was 31 years, substantially lower than the median age of 40 years for the total population of Ontario.

The Aboriginal population tends to have a higher unemployment rate compared with the total labour force in Ontario. According to Statistics Canada's Labour Force Survey (which excludes the Aboriginal population living on-reserve), the unemployment rate for the Aboriginal population in Ontario was 12.6% in 2013, above the rate of 7.5% for the total working-age population in Ontario. The unemployment rate for the Aboriginal population in 2013 has increased when compared to the rate in 2012 (12.1%).

Immigrants/Newcomers

Ontario continues to attract the largest proportion of immigrants arriving in Canada. According to Statistics Canada, in 2012/2013, nearly 40% of all new immigrants chose Ontario as their new home. Of those entering Ontario, almost 80% of individuals settled within the Toronto economic region. However, over the past few years, the number of immigrants arriving to Ontario has been declining in favour of Western Canada where the economic prospects have been better.

Immigrants have been an important source of population and labour force growth in the province. In 2013, about 30% of the Ontario labour force was born outside of Canada. Newcomers or recent immigrants (those who have settled within the previous five years) tend to have higher unemployment rates compared with the overall population in Ontario. In 2013, the unemployment rate for recent immigrants in Ontario was 14.8%, above the rate of 7.5% for the overall working-age population. Ontario has the highest unemployment rate for newcomers amongst all of the provinces, increasing to 14.8% from 14.3% in 2012. Immigrants who have been established in the province for more than 10 years tend to have an unemployment rate lower than or closer to that of the total population.

Youth (aged 15 to 29)

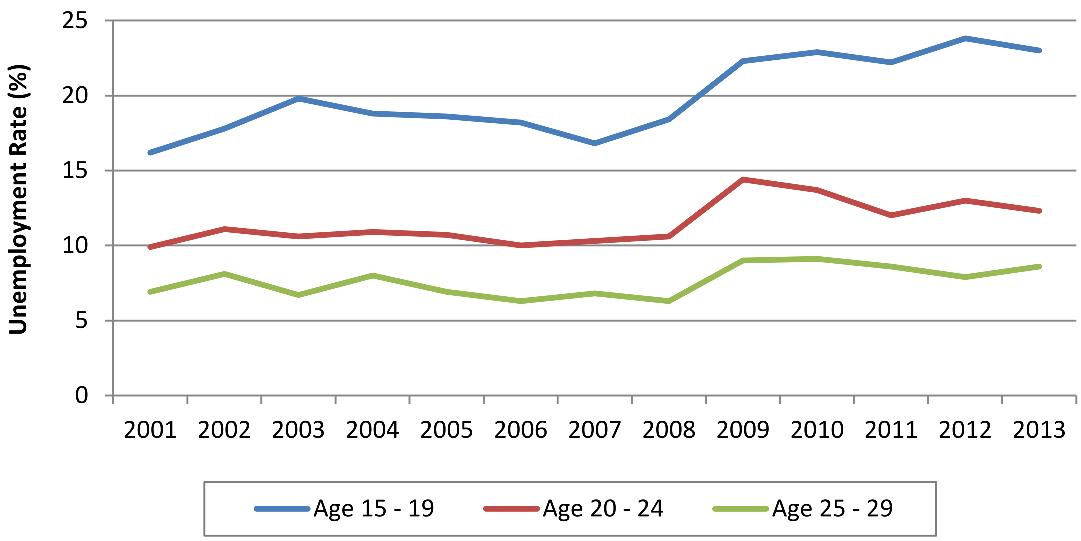
In Ontario, the number of youth aged 15-29 participating in the labour force was close to 1.9M in 2013. The labour market conditions for youth have not changed greatly in Ontario over the past three years. Youth's share of the provincial labour force has held steady at about 25% from 2010 to 2013. According to Statistics Canada's Labour Force Survey, the number of youth employed in Ontario's labour market in 2013 was relatively unchanged compared with 2012. In 2013, the number of youth employed on a full-

[1] The term 'Aboriginal identity' refers to whether the person reported being an Aboriginal person, that is, First Nations (North American Indian), Métis or Inuk (Inuit) and/or being a Registered or Treaty Indian, (that is, registered under the *Indian Act of Canada*) and/or being a member of a First Nation or Indian band. Aboriginal peoples of Canada are defined in the *Constitution Act*, 1982, section 35 (2) as including the Indian, Inuit and Métis peoples of Canada.

time basis declined while part-time employment increased. Also, the youth participation rate in 2013 averaged 68.8% a slight drop from 69.0% in 2012.

Historically, the younger age cohorts tend to have higher unemployment rates than the 25-29 age group which trends closer to the overall unemployment rate in Ontario. In 2013, the youth unemployment rate (15-29) averaged 12.9%, slightly lower than the average youth unemployment rate of 13.1% in 2012. The unemployment rate for youth aged 15 to 19 averaged 23.0% in 2013, a 0.8 percentage points decrease compared with 2012. In 2013, the average unemployment rate for the other two youth cohorts, aged 20 to 24 and 25 to 29, were 12.3% and 8.6% respectively. In comparison, their respective unemployment rates averaged 13.0% and 7.9% in 2012. The youth unemployment rate for males tends to be higher compared with the rate for females; however, the gap often narrows in the eldest youth cohort.

Figure 3: Annual Unemployment Rates for Youth Cohorts in Ontario



Seasonally unadjusted

Source: Statistics Canada's Labour Force Survey - CANSIM Table 282-0002

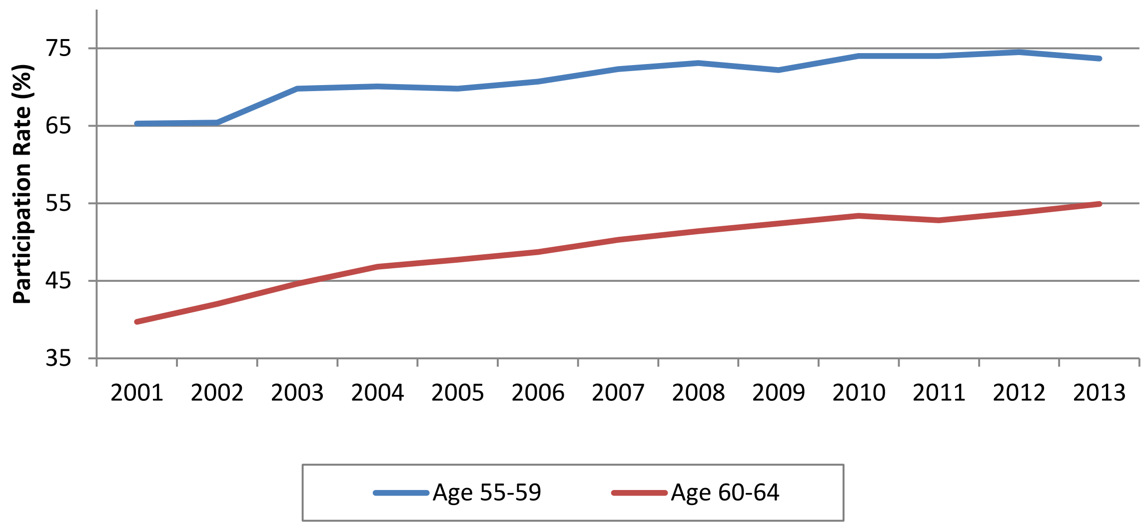
Older Workers (aged 55 to 64)

In Ontario, older workers aged 55 to 64 years have been a growing segment of the labour force, as their population size increases. In 2013, this group accounted for 14.9% of the total labour force in the province. Over the past decade, the employment rates for older workers have also risen, with female rates trending higher, narrowing the gap with male employment rates. Furthermore, within this age group, while workforce participation continues to be higher amongst males, there has been a noticeable increase in the participation of females, particularly amongst females aged 60 to 64 years.

These trends in workforce participation coincide with an increase in the median age of retirement in Ontario for both males and females. This upward change was more evident following the 2008-2009 recession. The median age of retirement in the province increased significantly from 61.3 years in 2009 to 64.2 years in 2013. Older workers are delaying their departure from the workforce due to a number of potential reasons including better health outcomes and longer life spans; the less physically demanding nature of today's workplace; the need to address their economic situation, including debt, and the need for employers to retain skilled and experienced workers.

Compared to younger age groups, older workers make up a larger proportion of those unemployed for a long period of time. This is possibly due to, among other factors, relatively lower levels of educational attainment and age discrimination. These factors may end up reducing re-employment opportunities for unemployed older workers.

Figure 4: Annual Participation Rates for Older Workers in Ontario



Seasonally unadjusted

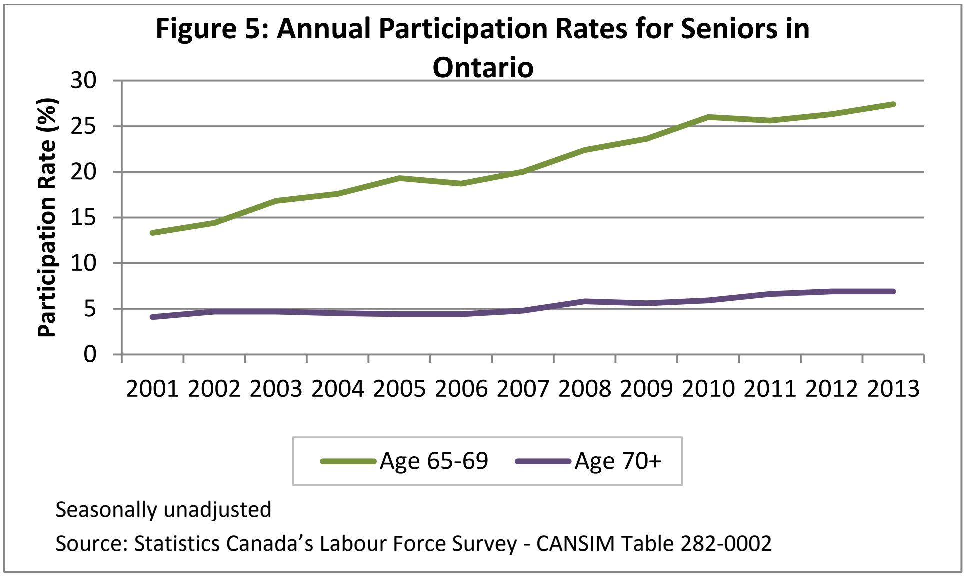
Source: Statistics Canada's Labour Force Survey - CANSIM Table 282-0002

Seniors (aged 65+)

In Ontario, it is projected that the current population of 2 million seniors (those aged 65 years and over) will double to 4 million by 2036. The proportion of seniors will therefore increase from 15% to 24% of the total population between 2013 and 2036. Also, it is projected that by the year 2017, seniors will account for a higher share of the population than children (those aged 0 to 14 years) for the first time in Ontario.

Alongside this population increase, a growing number of seniors are also participating in the Ontario workforce and are employed. In 2013, the participation and employment rates for seniors averaged 13.6% and 13.1% respectively. The participation rate for seniors has been increasing over the past decade especially for the 65 to 69 age cohort as shown in the figure below.

Over the past several years, as more seniors became employed, their rates of full-time employment also trended higher. Changing economic circumstances due to the last downturn is a likely factor that explains the consistent rise in full-time employment after 2008.



Francophones

French is the first official language spoken by the official language minority group in Ontario. According to Statistics Canada, this segment is defined as "all individuals with French as a first official language spoken and half of those with both English and French".

According to the 2011 Census, the number of residents in Ontario who identified French as their first official language spoken was about 542,400, relatively unchanged from 2006. The Francophone community represented 4.3% of the total population in Ontario. Between 2006 and 2011, there was a slight decrease in the proportion of Ontarians who were able to conduct a conversation in French, currently representing 11.3% of the population.

Large Francophone communities can be found in Ontario, particularly Ottawa, the Toronto region and Northeast Ontario. The Francophone population in Ontario has an older age profile compared with the total population. Also, females accounted for more than one-half of the Francophone community at 53%. Ontario is home to the majority of Francophone immigrants outside of Quebec with many settling within the Toronto area.

Conclusion

In 2014, Ontario's large population and well-diversified economy are expected to help the province rebound from weaker economic growth experienced in the previous couple of years. Growth is forecast to strengthen as the U.S. economy continues to improve. Despite significant job losses over the past few months, the manufacturing industry is still expected to benefit from the improved outlook south of the border. A number of planned investments in infrastructure will also have a positive influence on the economy and labour market. The health of the residential housing market and consumer spending will be key factors supporting more robust growth. They also constitute the largest risks to this outlook should they weaken significantly through 2014. Improving economic growth should create more opportunities in Ontario's labour market going forward.

***Note**: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.*

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