

Regional Review of Ontario

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Introduction

This study examines Ontario's economic activity and recent performance in a regional context, using a comparative approach. Economic development is reviewed from the perspective of five regions: East, Central, Greater Toronto Area (GTA), Southwest and North.

There are many geographical differences from one region to another, such as overall size and resource endowments. Clearly, these characteristics play an important role in understanding the development of regional economies; however, this study does not take a causal approach, but concentrates in tracking the varied performances. A number of social and economic indicators, ranging from demographic and labour force data to construction activity and retail sales, are compiled and analysed here.

Ontario Regions

East

Frontenac
 Hastings
 Lanark
 Leeds-Grenville
 Lennox & Addington
 Ottawa-Carleton RM
 Prescott-Russell
 Prince Edward
 Renfrew
 Stormont-Dundas-Glengarry

Central

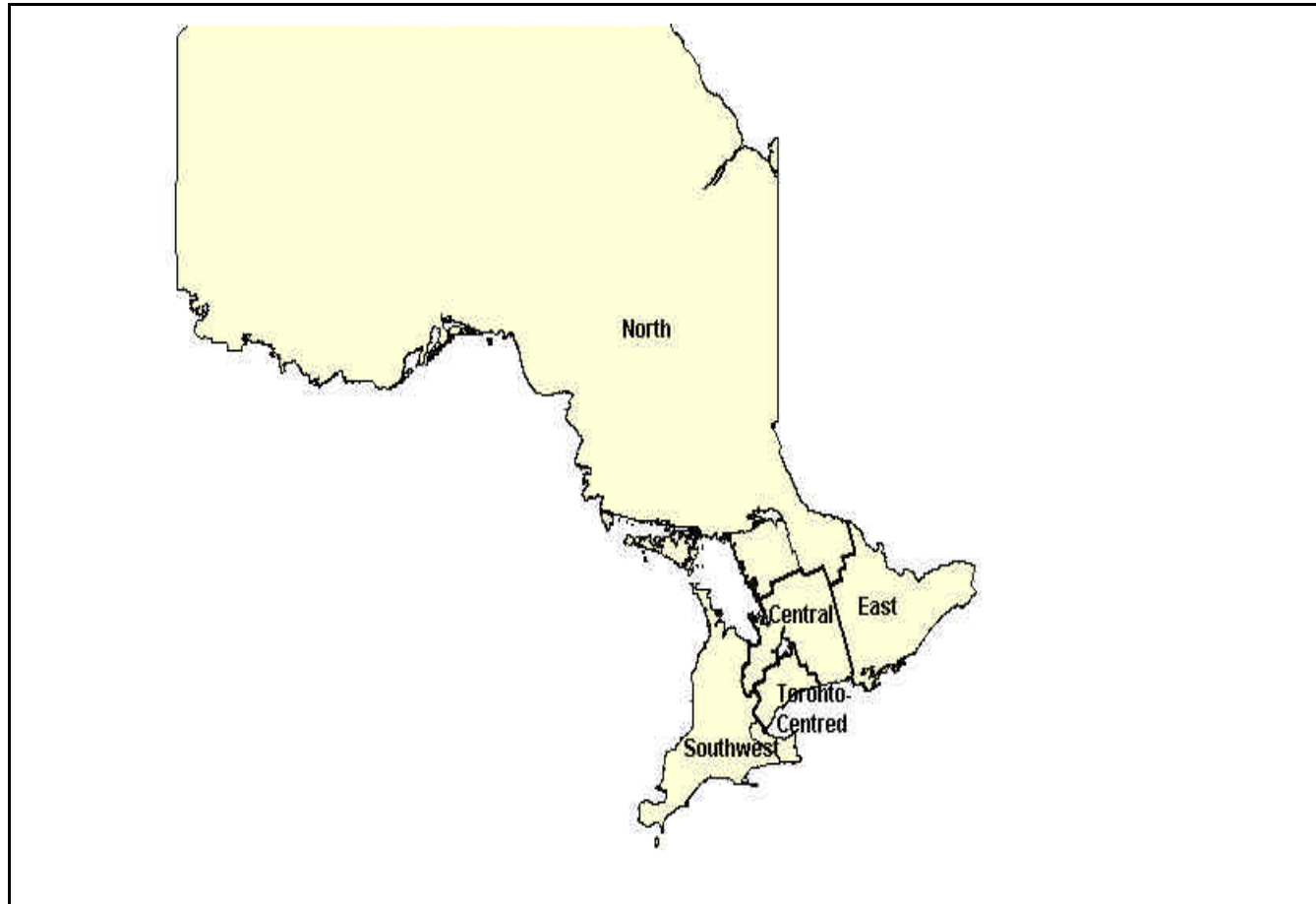
Dufferin
 Haliburton
 Muskoka DM
 Northumberland
 Peterborough
 Simcoe
 Victoria
 Wellington

Greater Toronto Area

Durham RM
 Halton RM
 Metro Toronto
 Peel RM
 York RM

Southwest

Brant
 Bruce
 Elgin
 Essex
 Grey
 Kent
 Haldimand-Norfolk RM
 Hamilton Wentworth RM



Huron
 Lambton
 Middlesex
 Niagara RM
 Oxford
 Perth
 Waterloo RM

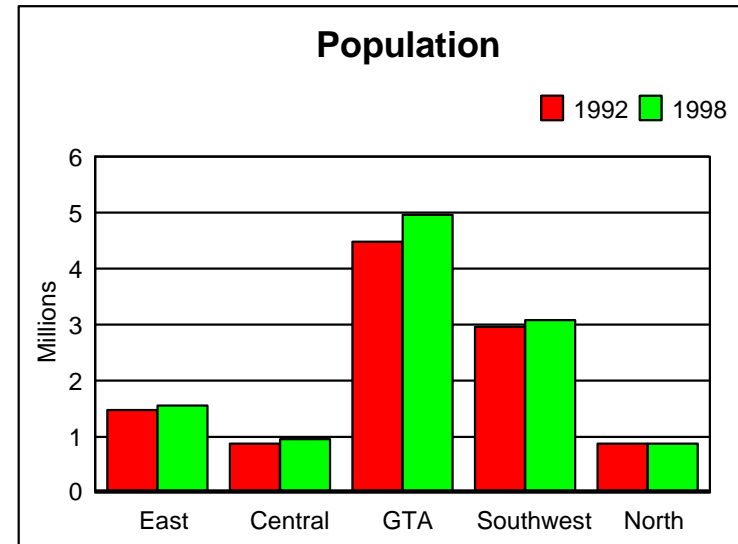
North
 Algoma
 Cochrane
 Kenora
 Manitoulin
 Nipissing
 Parry Sound

Rainy River
 Sudbury D
 Sudbury RM
 Thunder Bay
 Timiskaming

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Population

- Over two thirds of Ontario's 1998 population is located within the GTA (43.7%), and the Southwest region (27.0%). With a population of near 5 million and more than 3 million, respectively, the two regions collectively have more population than any other province. The East accounts for 13.5% of Ontario's population with half of this population concentrated in the Regional Municipality of Ottawa-Carleton. The Central region's share is 8.3%, with more than one third living in Simcoe county. The North makes up the remaining 7.4%, with about one quarter of its population residing in Sudbury.
- Earlier in the decade, the majority of Ontario's population growth was natural, but this has changed. In 1997-1998, 66% of population growth came from international and interprovincial migration (60% and 6% respectively), while only one third came from natural growth.
- In 1997, over half of all immigrants entering Canada came to Ontario, with approximately three quarters of these going to the GTA (77.9%). The majority of the remaining immigrants entering Ontario settled in the Southwestern (13.8%) and the Eastern (6.0%) regions. Relatively few people went to the Central (1.8%) and Northern (0.5%) regions. Within Ontario, intraprovincial movements show that Ontarians are re-locating from the GTA and the North to the Central and Southwestern regions.



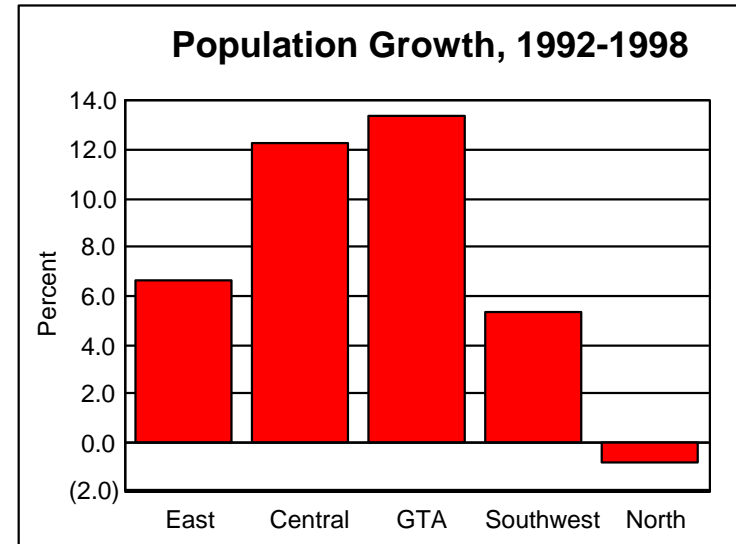
Source: Statistics Canada.

- < Ontario is Canada's largest province with a population of 11,407,691 in 1998, accounting for 37.7% of the country's total.
- < The GTA, with 5 million people, contains 43.7% of Ontario's population.
- < In 1997-1998, 60% of Ontario's population growth came from immigration; 77.9% of these immigrants took up residence in the GTA.

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- Ontario's population grew by 7.2% between 1992 and 1998, surpassing Canada's growth rate by 1 percentage point. The fastest growing region in Ontario was the GTA, which grew by 11.3% over this period. The Central region posted the second largest gain(10.3%), followed by the East (4.7%) and the Southwest (3.6%). The North was the only region to record a decrease of population (-0.7%).
- Ontario's share of Canada's total population rose slightly from 37.3% in 1992 to 37.7% in 1998. Within the province, there was some redistribution of population share between the regions during the six years. The GTA increased its provincial share by 1.6 percentage points to 43.7%. The Central region experienced a small increase of 0.2 percentage points, while the Southwestern, Northern and Eastern regions were faced with slight decreases in their shares of 0.9, 0.6 and 0.3 percentage points, respectively.

Population Growth



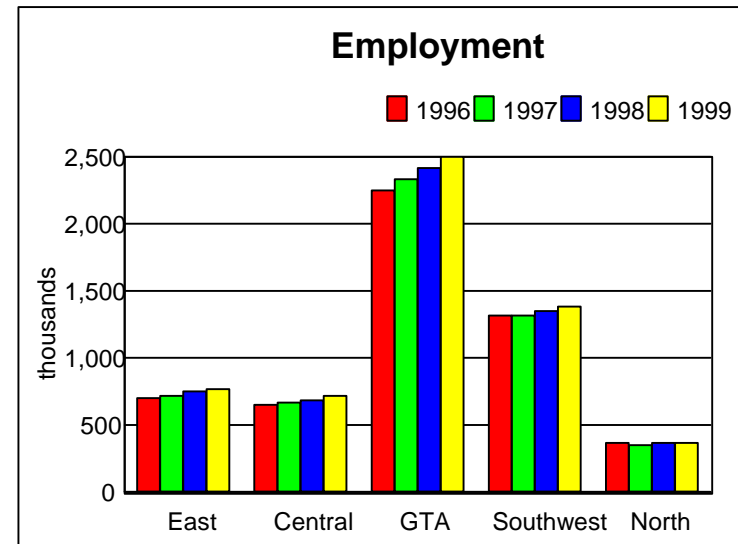
Source: Statistics Canada.

- < The largest population growth occurred in the GTA, 11.3% between 1992 and 1998.
- < The GTA's provincial population share grew from 42.1% in 1992 to 43.7% in 1998.
- < Over the 6 year period, Ontario's population grew by 7.2%.

Regional Review of Ontario

- In 1999, Ontario's employment reached 5.8 million, 39.3% of the Canada total. The GTA (43.4%) and Southwest (24.1%) dominated the Ontario labour market. The Eastern (13.5%), Central (12.5%), and Northern (6.6%) regions made up the remainder.
- Between 1996 and 1999, approximately 475,500 new jobs were created in Ontario, 46.0% of all new jobs in the country. Over the period, Ontario experienced an employment increase of 9.0%. This was much higher than the national level of 7.6%. The GTA and the Central regions had the largest increase in employment with 11.2% in both cases. Eastern Ontario followed with employment growth of 10.1%, while the Southwestern region experienced a 5.5% increase. The North had the lowest growth at 1.7% growth.

Employment



Source: Statistics Canada.

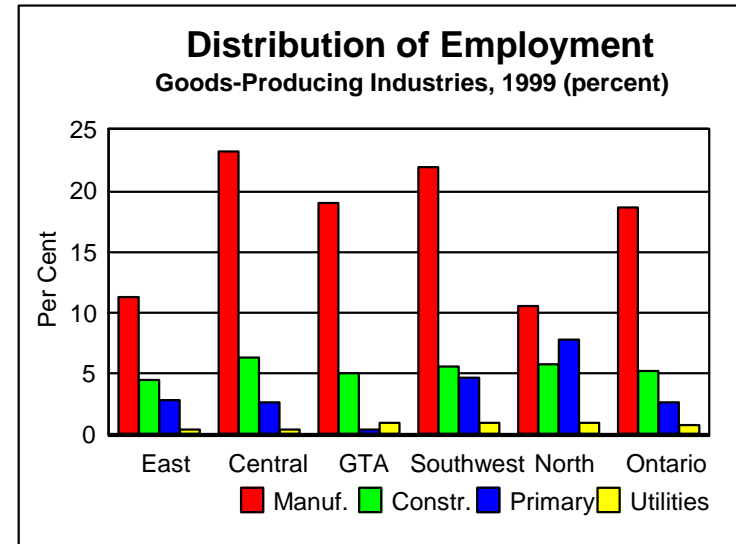
- < Between 1996 and 1999, Ontario's employment increased 9.0%, well above Canada's growth of 7.6%.
- < Ontario gained 475,500 jobs between 1996 and 1999; more than half of this growth occurred in the GTA.
- < The GTA, the Central and the Eastern regions each benefited from employment growth of over 10% during the 4-year period.

Regional Review of Ontario

- Goods-producing employment in Canada accounts for 26.1% of total employment. Ontario is somewhat higher at 27.5%. The Southwest region has the largest goods-producing sector with 33.2% of total employment, whereas Eastern Ontario has the lowest share, with only 19.3%.¹
- The manufacturing industry accounts for two thirds of goods-producing employment. Of total Ontario employment, manufacturing accounts for 18.6%. This percentage ranges from 10.6% in the North to 23.3% in Central Ontario. There are also substantial regional differences in primary industry employment. It ranges from 0.5% in the GTA to 7.8% in Northern Ontario.
- Between 1996 and 1999, employment decreased in forestry, fishing and mining, and utilities. In comparison, it rose sharply in construction and manufacturing, and slightly in agriculture. The largest growth over the three years was in construction in the GTA (27.9%), and in manufacturing employment in Eastern Ontario (37.0%).

¹ Data is 1999, based on first ten months of the year.

Employment, Goods-Producing Industries



Source: Statistics Canada.

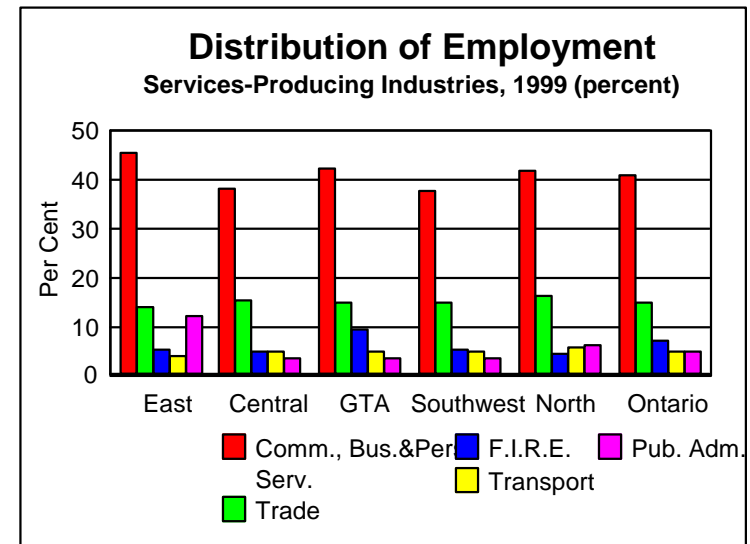
- < Approximately 28% of Ontario's total employment is in goods-producing industries.
- < Manufacturing employment accounts for two thirds of this employment and 18.6% of total employment.
- < The largest increase in manufacturing employment between 1996 and 1999 occurred in Eastern Ontario (37.6%).

Regional Review of Ontario

- Services-producing employment in Canada accounts for 73.9% of total employment.² In Ontario, this share is a little lower at 72.5%. Eastern Ontario, with 80.5% of employment in the services sector, leads the Ontario regions, largely because of its very important public administration sector.
- The community, business and personal services category accounts for more than half the services sector. This category includes important sectors like health and education. Community, business and personal services employment in Ontario accounts for 41.2% of total employment. Eastern Ontario has the highest share in this category at 45.6%. The second most important service sector in Ontario is trade. The North has the largest proportion of trade employment with 16.2%.
- Between 1996 and 1999, employment increased in every services sector, except for public administration which decreased 5.0%. The fastest growing services sector was the finance, insurance and real estate (FIRE) industry with 13.5% growth, followed by the community, business and personal services industry with 8.9%. From 1996 to 1999, the GTA experienced a growth of 21.2% in FIRE employment. During the same period, Ontario gained approximately 195,000 jobs in the community, business and personal services industry, of which 113,000 were created in the GTA area.

² Data is 1999, based on first ten months of the year.

Employment, Services-Producing Industries



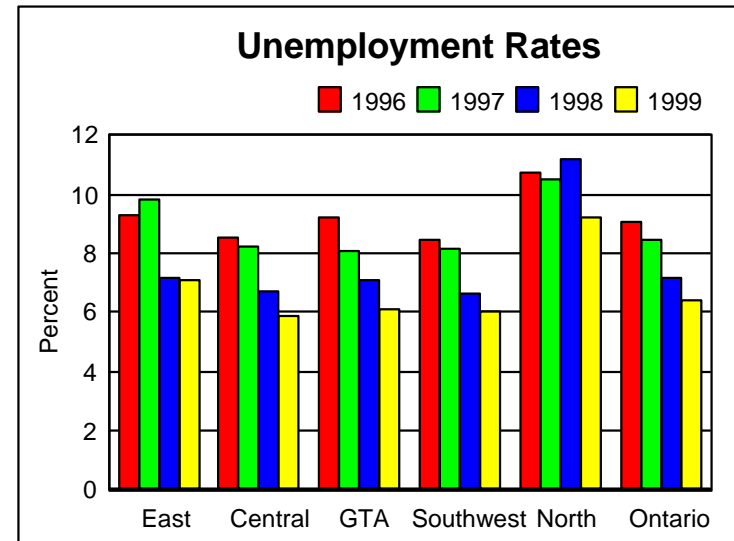
Source: Statistics Canada.

- < Nearly 73% of Ontario's workers are in the services industry.
- < Eastern Ontario has the most important services sector, with 80.5% of total employment.
- < Between 1996 and 1999, the fastest growing services sector was the finance, insurance and real estate industry, which favoured the GTA.

Regional Review of Ontario

- Ontario's unemployment rate was 6.3% in 1999, its lowest since 1990. This represents a decline of 2.7 percentage points in only three years. The national rate dropped to 7.6%, its lowest level in a decade.
- The unemployment rate for the regions of Ontario over the 1996-1999 period followed similar patterns. The biggest improvement occurred in the GTA, where the unemployment rate dropped 3.1 percentage points in the 3-year period. The Central region had the lowest unemployment rate in 1999 with 5.9%, while Northern Ontario had the highest unemployment rate at 9.2%.

Unemployment Rates



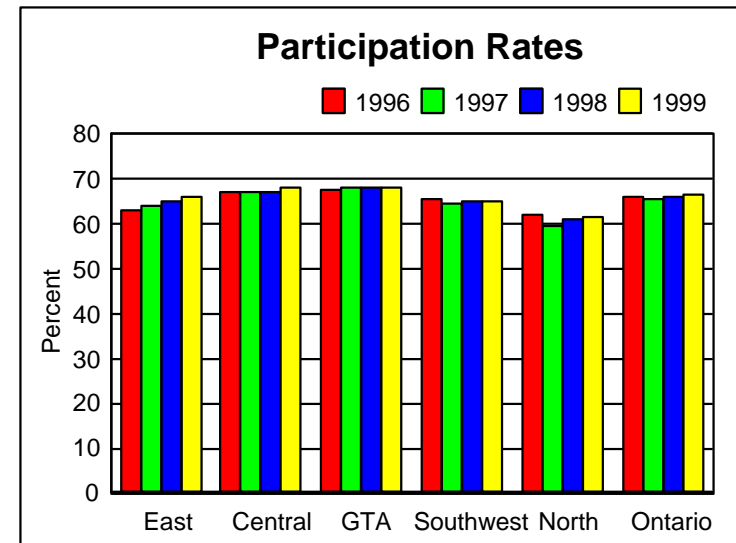
Source: Statistics Canada.

- < In 1999, Ontario's unemployment rate was 6.3%, 1.2 percentage points below the national rate.
- < At 5.9% in 1999, the Central region had the lowest unemployment rate.
- < The GTA's unemployment rate dropped by 3.1 percentage points to 6.1% between 1996 and 1999, and represented the most significant improvement.

Regional Review of Ontario

- Through much of the decade, Ontario's participation rates have declined. Only recently, have rates shown signs of improvement. Increasing participation rates mean people are re-entering the labour market either by finding jobs or actively seeking employment. In 1999, 66.8% of Ontario's labour force was either working or looking for a job. The corresponding rate for Canada is 65.6%.
- Eastern Ontario realized an improvement of 2.7 percentage points in its participation rate between 1996 and 1999, followed by the Central region which gained 1.4 points. The latter, as well as the GTA, had the highest participation rate in Ontario at 68.3% in 1999. The other Ontario regions failed to show any significant improvement in rates. Northern Ontario has the lowest rate at 61.5%.

Participation Rates



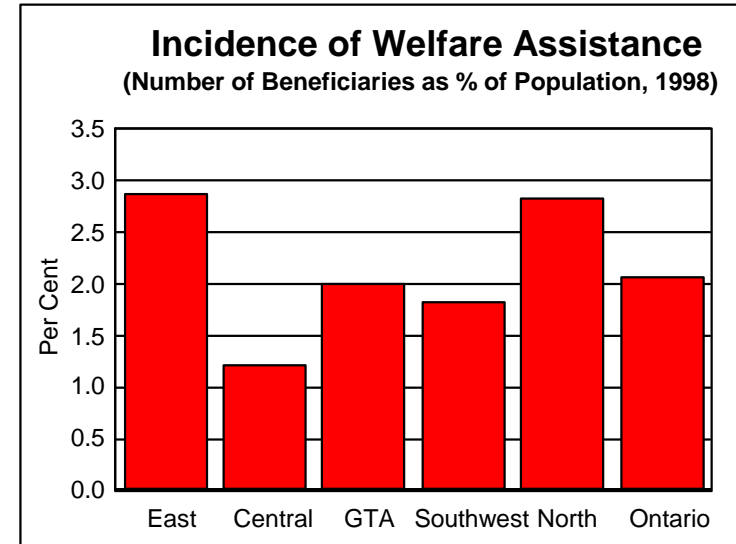
Source: Statistics Canada.

- < Ontario's participation rates have declined through much of the decade, but now are showing improvement.
- < Between 1996 and 1999, Eastern Ontario realized the largest increase in a regional participation rate, with an improvement of 2.7 percentage points.
- < Among the regions, the Central and GTA regions have the highest participation rates at 68.3% in 1999.

Regional Review of Ontario

- General Welfare Assistance (GWA) cases in Ontario decreased 16.4% from 1996 to 1998. The biggest decline in the number of caseloads occurred in the GTA (20.5%), followed by the Central region (19.5%).
- During 1998, approximately 236,000 active cases were recorded. Nearly 42% of Ontario's GWA cases were located within the GTA, slightly lower than its share of provincial population. In contrast, Central Ontario accounted for only 4.9% of the total caseload.
- The GWA incidence rate, which is the ratio of beneficiaries to population, is used to eliminate population effects. Central Ontario had the lowest incidence rate (1.2%) in 1998. The East (2.9%) and the North (2.8%) surpassed Ontario's rate of 2.1%.

Social Assistance



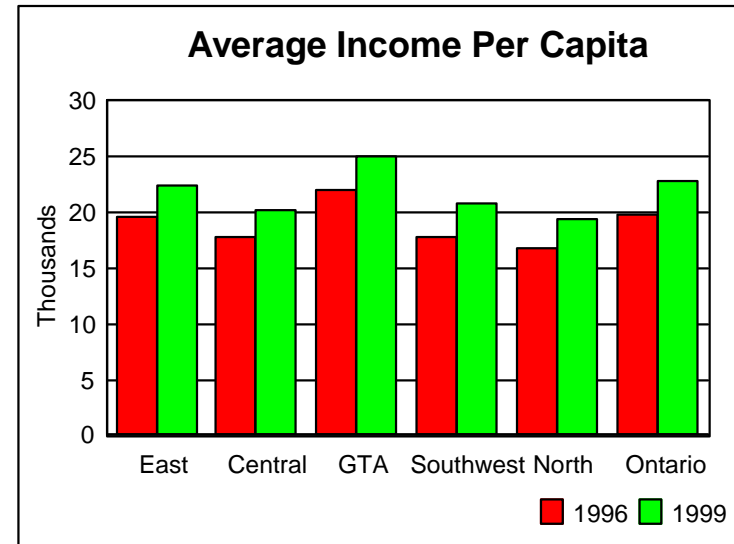
Source: Ministry of Community and Social Services, Government of Ontario.

- < General Welfare Assistance (GWA) cases in Ontario decreased 16.4% between 1996 and 1998.
- < The GTA led Ontario with a 20.5% decline in GWA cases.
- < Central Ontario had the lowest incidence rate of welfare in 1998 with only 1.2%.

Regional Review of Ontario

- Between 1996 and 1999, Ontario's average income per capita increased by 15.2%, while Canada's average grew by 10.9%. Ontario's estimated average income per capita for 1999 is \$22,800. The province's income per capita is \$2,500 above that of Canada.
- Average income per capita varies between the regions. The GTA is the only region with a per capita income (\$25,100) exceeding Ontario's average. The East has the second highest income per capita at \$22,500, followed by the Southwest at \$20,800 and the Central region at \$20,300. Northern Ontario has the lowest per capita income at \$19,400 which is \$3,400 below the Ontario average.

Income Per Capita



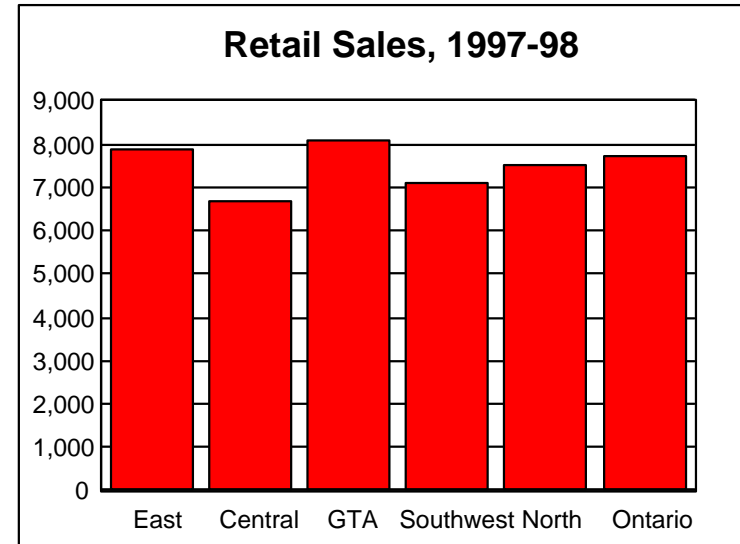
Source: FP Markets, Canadian Demographics, 1999, Financial Post.

- < Ontario's 1999 estimated average income per capita is \$22,800, compared to a national average of \$20,300.
- < Of all the regions, the GTA had the highest income per capita in 1999, exceeding the Ontario average of \$22,800.
- < In 1999, Northern Ontario has the lowest estimated income per capita at \$19,400.

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Retail Sales

- Ontario's average retail sales per capita are estimated at \$7,700 in 1997-98. The national average stood at \$7,900, with Quebec, Alberta and British Columbia being higher than the Ontario figure. Within Ontario, the GTA and the East were the two regions surpassing the provincial average, with retail sales per capita at \$8,100 and \$7,900 respectively. The other regions ranged between \$6,700 and \$7,500.
- Between 1996 and 1997-98, Ontario retail sales per capita increased by 2.7%. The biggest improvement arose in the North (13.6%), followed by the East (5.3%) and the Southwest (2.9%). Although they have the highest levels of retail sales per capita, the Central and the GTA regions experienced a small decrease between 1996 and 1997-98 (-2.9% and -1.2%).



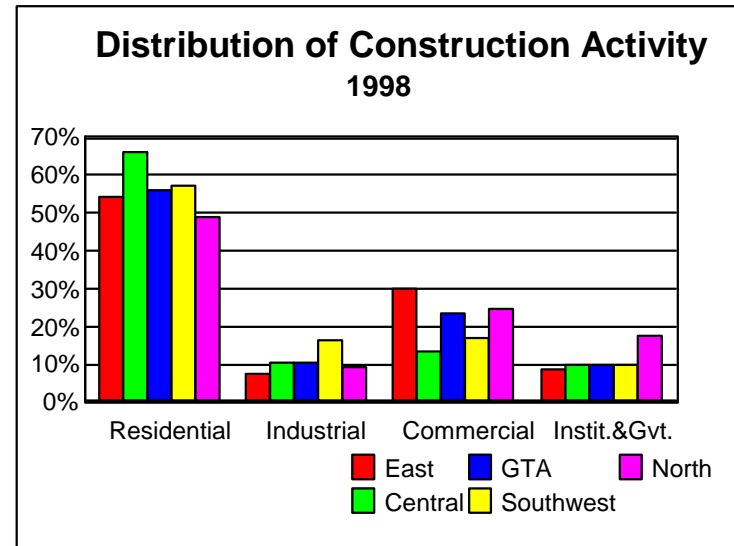
Source: Canadian Markets 1997/98, The Financial Post Datagroup.

- < Ontario's retail sales per capita are estimated at \$7,700 in 1997-98.
- < Two regions were above the provincial average, the GTA with \$8,100 and the East with \$7,900.
- < The largest growth in per capita sales between 1996 and 1997-98 occurred in Northern Ontario (13.6%).

Regional Review of Ontario

- Construction activity in Ontario grew strongly in the past few years. Between 1996 and 1998, the value of building permits soared from \$9.6 billion to \$14 billion, representing an increase of 46%. For the same period, the value of building permits in Canada increased by 27%.
- Approximately 42% of Canada's construction activity took place in Ontario in 1998. Within the province, the GTA had the greatest share of construction activity, with 54% of Ontario's total. The Southwest accounted for 20.1% of the total value of building permits, while Central and Eastern Ontario represented 12.6% and 10.4% respectively. Northern Ontario made up the remaining proportion.
- The residential sector dominates construction activity. In 1998, the provincial average was 57.3%. The second largest sector is commercial construction at 21.7% with industrial construction accounting for 11.3%. The smallest sector is institutional and governmental construction, which stood at 9.7% of Ontario's construction activity.
- As noted, the residential sector leads construction everywhere in Ontario, but this is particularly the case in the Central region, where the sector accounted for up to 66.1% of total construction activity in 1998. In contrast, Northern Ontario has the lowest proportion at 48.8%. In commercial construction, the share ranges from 30.0% in the East to 13.6% in the Central region. The Southwest had the greatest proportion of industrial construction, with 16.1% in 1998, while the East had only 7.4% devoted to this sector. In the institutional and governmental sector, the share of construction activity varies from 17.5% in Northern Ontario to 8.5% in Eastern Ontario.

Construction Activity



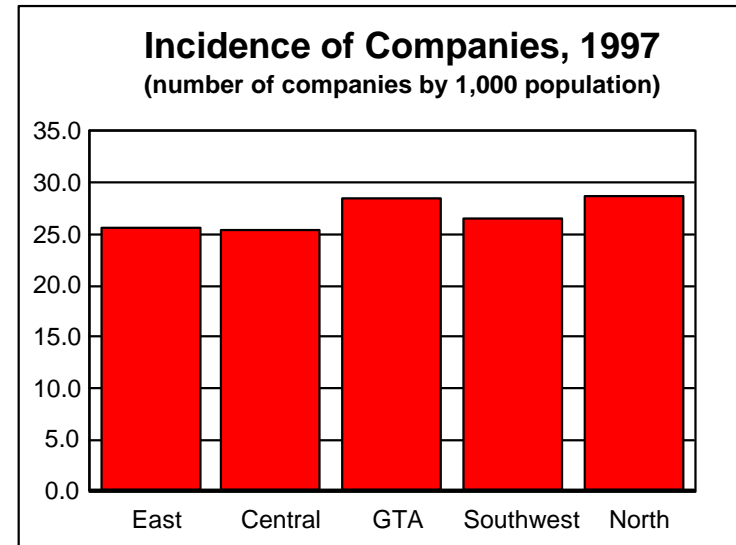
Source: Statistics Canada.

- < The estimated value of Ontario building permits in 1998 was \$14 billion, up significantly over the past two years.
- < The GTA has the greatest share of construction activity in Ontario, accounting for over 54% of the provincial total.
- < The most important construction sector is the residential sector, accounting for 57% of Ontario's construction activity.

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Companies

- In 1997, there were 312,000 enterprises in Ontario. This accounted for 32.0% of the national total. Approximately 44.8% of all businesses in Ontario were located in the GTA, and 26.6% in the Southwestern region. The East accounted for 12.9%, while the North and the Central regions made up the remaining portion with about 8.0% and 7.7% respectively.
- An incidence rate, based on the ratio of the number of companies per 1,000 population, provides a sense of entrepreneurship across Ontario. The province had an incidence rate of 27.3 in 1997, lower than the national average standing at 32.2. Among the regions, the North had the highest incidence rate with 28.6. The GTA was next with a rate of 28.4, followed by the Southwest with 26.6. Eastern and Central Ontario showed incidence rates of 25.7 and 25.5 respectively.



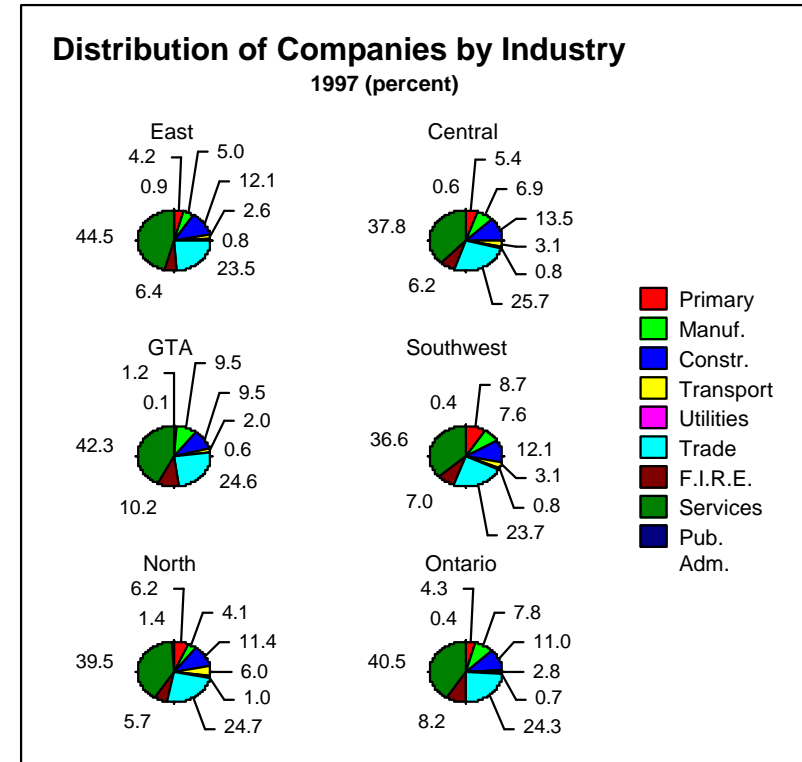
Source: Business Registry Integrated Database, 1997.

- < About one-third of all enterprises in Canada are located in Ontario.
- < Approximately 45% of companies in Ontario are located in the GTA area.
- < The ratio of businesses as a percentage of population is highest in Northern Ontario.

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- Approximately three quarters of total businesses in Ontario were in the services-producing sector in 1997, with the remainder being in the goods-producing sector.
- In 1997, nearly 40% of all companies in Ontario were in the community, business and personal services sector. Representing the second largest group of companies is trade. About 24% of businesses of the province were in this sector in 1997. The next biggest concentration is in construction, representing 11% of Ontario's enterprises, followed by the finance, insurance and real estate (FIRE) industry, with an 8% share. Another 8% of companies are involved in the manufacturing industry. The primary sector accounted for 4% in 1997, while the transportation industry recorded 3%. The two smallest industries are utilities and public administration, with 0.7% and 0.4% respectively.
- The community, business and personal services industry had a share as high as 45% in Eastern Ontario in 1997. The biggest proportion of companies in trade, 26%, was in the Central region. The latter also had the largest share of businesses working in the construction sector (14%). The GTA had the greatest proportion of finance, insurance and real estate (FIRE) firms (10%) and manufacturing companies (10%). The Southwest had near 9% of its enterprises doing business in the primary sector. In 1997, the transportation industry represented 6% of companies established in Northern Ontario, twice the provincial average.

Goods & Services Companies



Source: Business Registry Integrated Database, 1997.

- < About three quarter of businesses in Ontario are in the services-producing industries.
- < Nearly 40% of Ontario's companies offered community, business and personal services, while 24% were in the trade sector.
- < Eastern Ontario had the biggest proportion of community, business and personal services (45%).

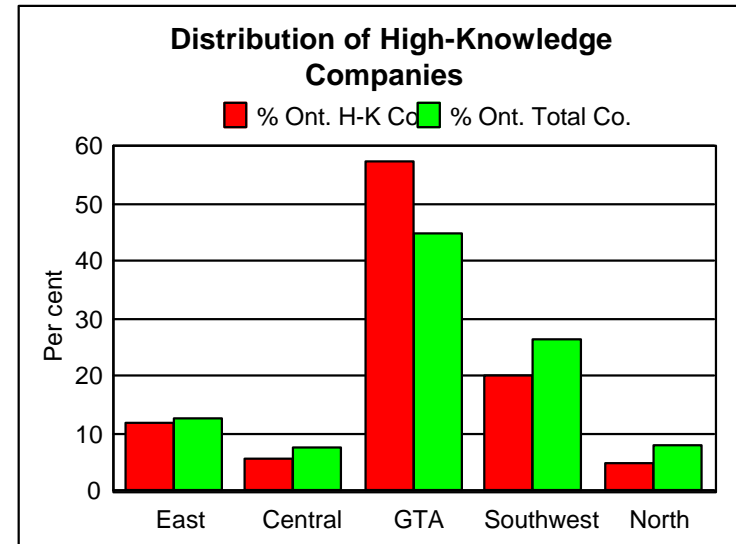
Regional Review of Ontario

- The concept of “knowledge-based” stems from the recognition of the importance of knowledge and technology in economic growth. Nearly 37,000 Ontario companies were in high-knowledge industries in 1997.³ This accounted for 12% of all enterprises in Ontario. The comparable national share is 13%. About 87% of high-knowledge firms are concentrated in three main industries: business services⁴, management consulting services, and pharmaceutical, medicine & other chemical products.
- While the GTA had 45% of all Ontario companies, it had 58% of high-knowledge firms. In contrast, other regions all have a smaller proportion of high-knowledge businesses when compared to their overall company base. Not surprisingly, the GTA had the largest share in all high-knowledge industries, except for electrical power. In contrast, electrical power represents the biggest proportion of Ontario high-knowledge companies in each of the other regions. In the GTA, the largest share of Ontario high-knowledge enterprises is in pharmaceutical, medicine & other chemical products (70%).

³ Industries under this category include: scientific&professional equipment, communic.&other electronics, business machines, aircraft&parts, computer&related serv., engineering&scientific serv., pharmaceutical, medicine&other chem. prod., electrical power, machinery, refined petroleum&coal prod., management consult. serv., pipeline transp., business serv.. (Industry Canada, 1996)

⁴ Employment agencies & personnel suppliers, accounting & bookkeeping services, advertising services, office of lawyers and notaries.

High-Knowledge Companies



Source: Business Registry Integrated Database, 1997.

- < In Ontario, approximately 37,000 establishments were in high-knowledge industries in 1997.
- < While the GTA had 45% of all companies in Ontario, it contained 58% of its high-knowledge enterprises.
- < Only 3 major industries accounted for up to 87% of the high-knowledge companies.

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Regional Summary

Greater Toronto Area

The GTA is leading the other regions in development. It is the fastest growing region in terms of population and employment. Its proportion of Ontario's population is increasing. With five million people, the GTA has increased its share to 43.7%. Employment growth is fuelled by some of the fastest growing industries like finance, insurance and real estate (FIRE) and construction. The GTA is also the richest area, being the only region with a per capita income exceeding Ontario's average. The GTA continues to be well-positioned to affirm its status as the engine of Ontario's growth. The region has the highest share of high-knowledge companies.

Central

The Central region is benefiting from its location surrounding the Greater Toronto Area. Besides the GTA, Central Ontario is the only other region which has seen its population share growing in recent years. Moreover, along with the GTA, the Central region has had the fastest growing employment. The region has the largest proportion of manufacturing employment, an industry which has exhibited strong growth in the last few years. The Central region is performing so well that it has the lowest unemployment rate as well as the lowest General Welfare Assistance (GWA) incidence rate.

East

The East is also experiencing growth. Employment shares by industry have changed: public administration employment has decreased while manufacturing employment has strongly increased. The region has gained from expansion in high-technology and related services sectors. The community, business and personal services industry is one of the fastest growing, and the East has the highest share of employment in this industry. However, despite the employment growth, Eastern Ontario still has a high GWA incidence rate.

Southwest

The Southwest is the second most populated region with three million people. The region accounts for about one-quarter of Ontario's population and businesses. One-third of its workforce is involved in the goods-producing sector. The region has a large proportion of manufacturing employment, but also a large proportion of workers in primary industries, which are in decline. Overall, Southwestern Ontario has experienced modest employment growth.

North

Compared to other regions, Northern Ontario does not appear to be faring as well. It is the only region which has recorded a decrease in population. While experiencing employment growth recently, the rate has been less than in other parts of the province. The North has the smallest share of manufacturing employment, but the highest in the primary sector. The latter has, however, diminished in importance in the past few years, with a negative impact on the region. Northern Ontario remains the weakest of the regions as it has the highest unemployment rate, a high GWA incidence rate and the lowest per capita income.