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Have a labour market question or an idea for a future report? Email Catherine or call 519.332.0000.

January, 2015

Executive Summary:

In this report, the health of the local labour market is reviewed. Specifically, unemployment rates and employment numbers over time for Sarnia Lambton. Employment by industry for the economic region is also examined.

Highlights:

- The Sarnia Lambton monthly unemployment rate has been slowly declining since the middle of 2014
- The local unemployment rate is falling because there are fewer unemployed residents and a greater number of employed residents
- In November 2014, unemployment rates were:
 - 7.3% for Sarnia Lambton
 - 6.9% for the local economic region (includes Sarnia Lambton, Chatham-Kent, Windsor Essex)
 - 6.5% for Ontario
- Over the past five years, there has been an increased supply of workers in the local economic region in:
 - construction
 - manufacturing
 - transportation and warehousing
 - information, culture, and recreation
- Over the past five years, there has been a reduction of workers in the local economic region in:
 - agriculture
 - utilities
 - accommodation and food services
 - finance, insurance, and real estate

With another year past, it's time to re-evaluate the local labour market.

In this report, unemployment rates and employment numbers are used to gauge the health of the Sarnia Lambton labour market. Typically, the presence of a low unemployment rate suggests a strong labour market. An increased supply of employed workers is also a positive sign. Companies take these statistics seriously when considering whether to open a business in a specific location.

An unemployment rate refers to the number of unemployed people as a share of the labour force. The labour force refers to people who are either employed or unemployed.

$$\text{unemployment rate} = \frac{\text{\# of unemployed people}}{\text{\# people in the labour force}} * 100$$

The Unemployment Rate and Employment Numbers for Sarnia Lambton

Up until November 2014, the average unemployment rate for the year was 8.5% for Sarnia Lambton. In 2013, the average rate was 9.1%. The slight change suggests that the local labour market is slowly getting stronger. Currently, December rates for 2014 aren't available. See the box "Where do the numbers come from" at the bottom of this page for more information.

Looking at unemployment rates over the past five years and in comparison with other locations helps to understand the current situation. The graph on the next page includes all monthly unemployment rates since 2009 for Sarnia Lambton, the region, and the province. The region includes Sarnia Lambton, Chatham Kent, and Windsor Essex.

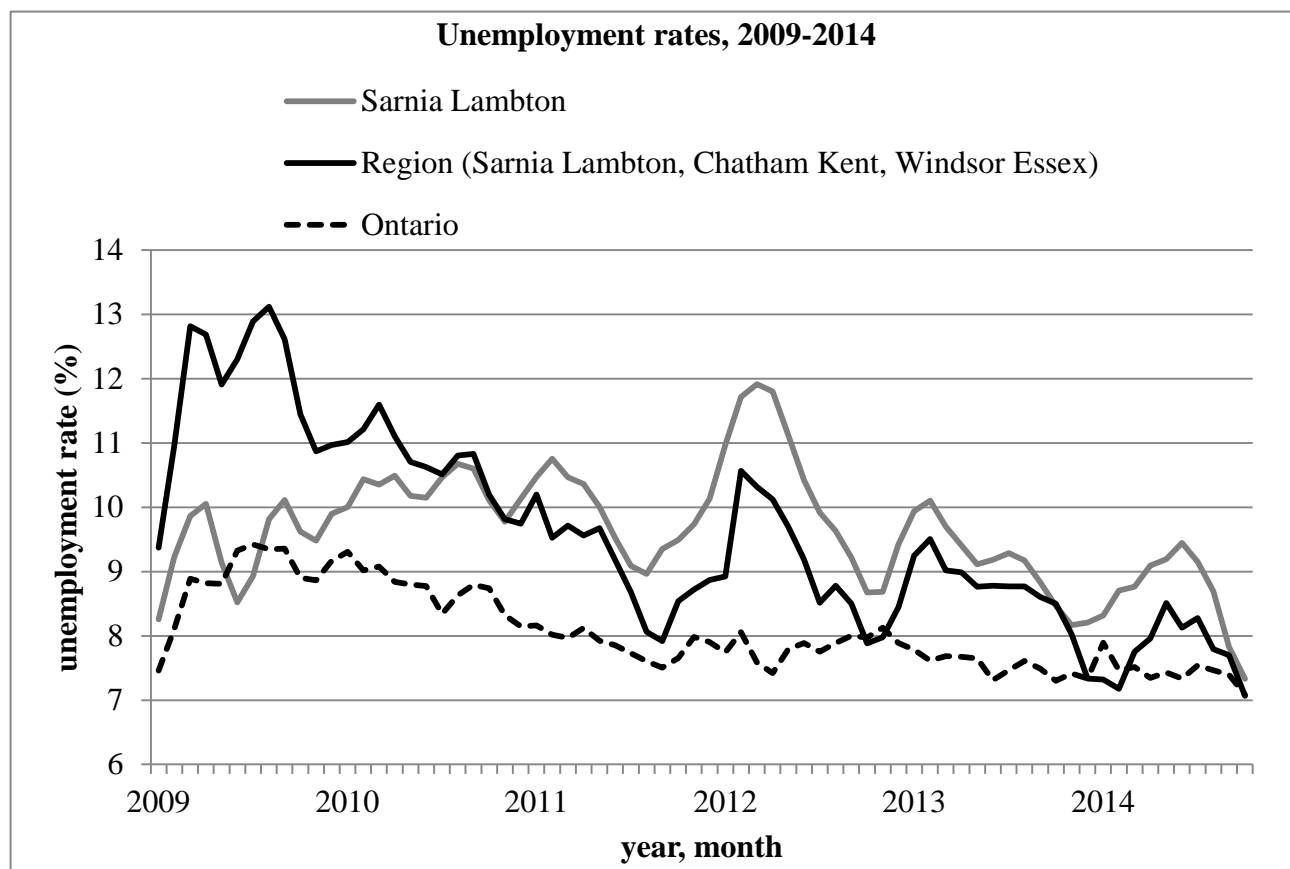
Looking at the graph from 2009 onward, all lines spiked upward in the beginning months of 2009. Recall that the most recent economic downturn occurred from 2008 to 2009.

The Ontario unemployment rate has been declining steadily since late 2009/early 2010. Meanwhile, the Sarnia Lambton and regional unemployment rates have gone up and down numerous times since the downturn period. The local and regional labour markets suffered from the downturn for an extended period of time compared to the province.¹

Where do the numbers come from?

Unemployment and employment numbers come from Statistics Canada through the *Labour Force Survey*. Every month, about 100,000 Canadians are asked about their employment status. Reliable estimates are then calculated for the nation, provinces, territories, metropolitan cities (with >100,000 residents), and economic regions (e.g., Sarnia Lambton, Chatham Kent, and Windsor Essex represent one region). Numbers for Sarnia Lambton aren't readily available from Statistics Canada so SLWDB hires Strategic Projections Inc. to calculate the local employment and unemployment numbers. There is a two-month delay for these numbers. See the "Fast Facts" page under the "Publications" tab on our website for updated numbers (slwdb.org).

¹ SLWDB. (January, 2014). Labour Market Review. See <http://slwdb.org/documents/LMR%20Jan%202014.pdf>



Source: Statistics Canada. *Labour Force Survey, 2006-2014*. Calculated by Strategic Projections Inc.

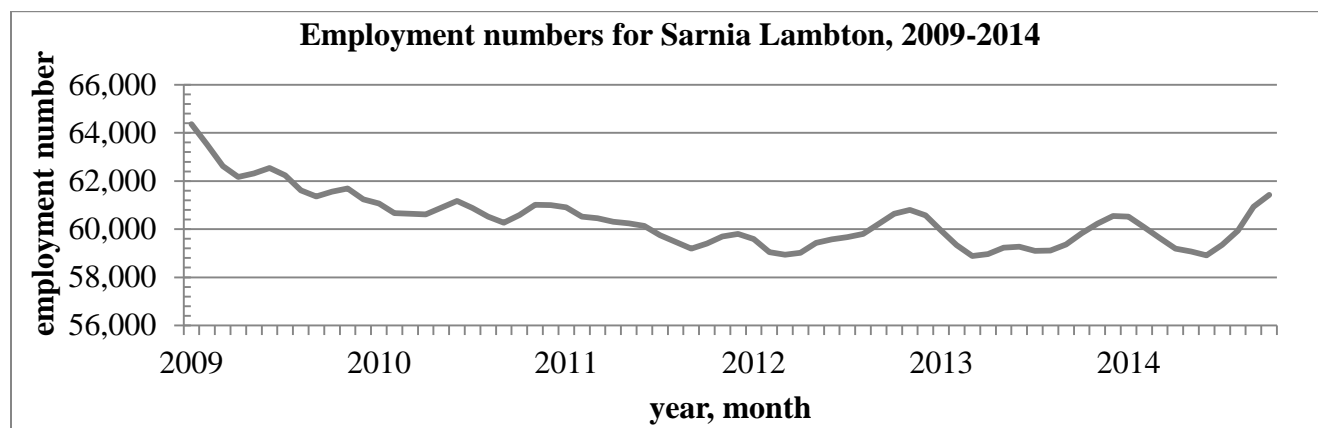
The small ups and downs within a given year reflect the monthly variation in employment. The local economy is seasonal. Typically, unemployment rates start to decline late spring until early fall. During this time, weather is more conducive for outdoor work such as construction and agriculture compared to the winter months.

Since the middle of 2014, the local unemployment rate has been declining. In November, the unemployment rates were 7.3% for Sarnia Lambton, 6.9% for the region, and 6.5% for Ontario.

The Sarnia Lambton unemployment rate is falling because there are fewer unemployed people and more employed people. In November 2014, there were 4,900 unemployed residents, down from 5,400 unemployed residents in November 2013. There were 61,500 employed residents in November 2014, up from 60,200 in November 2013.

The changes in employment numbers for Sarnia Lambton over time are shown on the next page. The supply of local employed workers stayed below 60,000 most of the time between late 2011 and the middle of 2014. Again, Sarnia Lambton has taken awhile to recover from the 2008-2009 economic downturn. The recent increase of employed persons over the past year is a positive sign. Although employment numbers may continue to climb, they may not reach 2009 numbers of 64,000 because of the aging population phenomenon. This means that the local population is relatively older (its average

age is 45 years) than it used to be and it will continue to get older.² Aging population is something occurring in Sarnia Lambton, nationally, and globally. Something to strive for is employment for all residents who want to work.



Source: Statistics Canada. *Labour Force Survey, 2006-2014*. Calculated by Strategic Projections Inc.

Employment by Industry for the Economic Region

The most up-to-date employment numbers by industry for Sarnia Lambton come from the 2011 National Household Survey. Many SLWDB reports document these numbers so they won't be repeated here.³

There are more recent employment numbers by industry for the region of Sarnia Lambton, Chatham Kent, and Windsor Essex.

The table below shows the employment numbers of the goods- and services-producing sectors, as well as the total, for the region from 2009 to 2014. Over the past five years, there have been small employment gains in each category.

	2009	2010	2011	2012	2013	2014
Goods-producing sector	82,800	85,500	86,800	90,000	85,500	86,600
Services-producing sector	208,900	208,500	208,000	206,400	207,800	210,600
Total employed, all industries	291,700	294,000	294,800	296,400	293,300	297,200

Source: Statistics Canada. CANSIM 282-061.

The goods-producing sector includes:

- agriculture
- forestry, fishing, mining, quarrying, oil & gas
- utilities
- construction
- manufacturing

² Statistics Canada. 2011 Census Profile. Lambton County.

³ Visit www.slwdb.org and click on the "publications" tab.

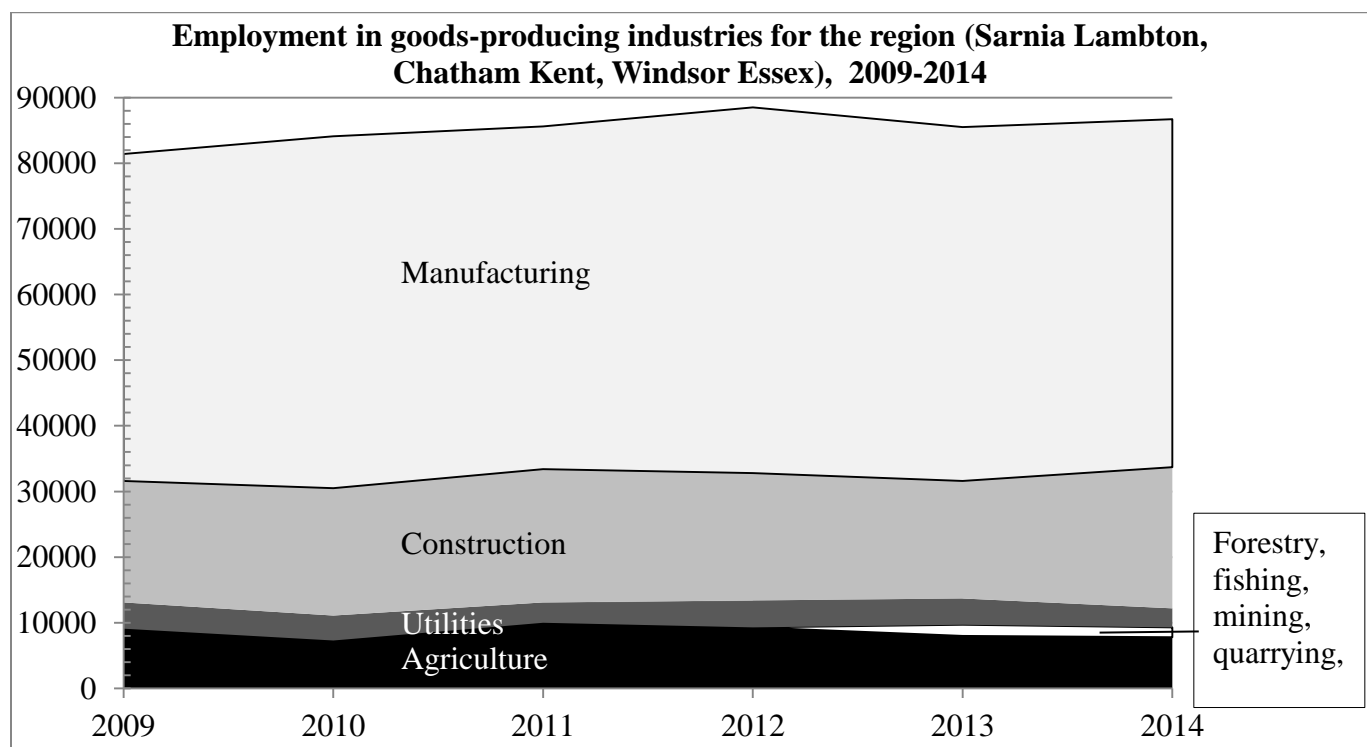
The service-producing sector includes:

- transportation and warehousing
- trade (retail and wholesale)
- business, building and other support services
- professional, scientific and technical services
- finance, insurance, real estate and leasing
- educational services
- health care and social assistance
- information, culture and recreation
- accommodation and food services
- other services
- public administration

Goods-producing sector

Within the last year, construction was the only goods-producing industry to have employment growth. Between 2013 and 2014, there were 3,600 newly employed construction workers. Currently, there are about 21,500 construction workers in the combined region of Sarnia Lambton, Chatham Kent, and Windsor Essex. These workers live within the region but may work elsewhere.

The graph below illustrates employment changes since 2009 for all goods-producing industries for the region. Over the past five years, employment has steadily increased in manufacturing and construction. Manufacturing took a hit from the economic downturn, but it appears to be rebounding in terms of employment numbers; there was an increase of 3,200 employed workers between 2009 and 2014. In contrast, agriculture and utilities had employment declines. For an in-depth look at agriculture employment in Sarnia Lambton, see SLWDB's Labour Market Review on agriculture.⁴



Source: Statistics Canada. CANSIM 282-061.

⁴ <http://www.slwdb.org/documents/Labour%20Market%20Review:%20Agriculture>

Service-producing sector

Over the past year, four industries had noticeable changes to their workforce size in the economic region. Transportation and warehousing had the biggest gain of 3,200 workers between 2013 and 2014. Employment increases also occurred in information, culture, and recreation. In contrast, recent employment declines are evident for accommodation and food services, as well as finance, insurance, and real estate.

The two graphs on the next page shows employment sizes for each service-producing sector over the past five years for the combined region of Sarnia Lambton, Chatham Kent, and Windsor Essex. Most service-producing industries didn't have significant changes to their workforce size.⁵

Transportation and warehousing has been steadily increasing its workforce size since 2009.

Over the past five years, employment gains also occurred in information, culture, and recreation. There was an increase of 2,500 workers in this industry. This industry includes publishers, broadcasting, telecommunications, performing arts, spectator sports, museums, gambling, and recreation related activities.

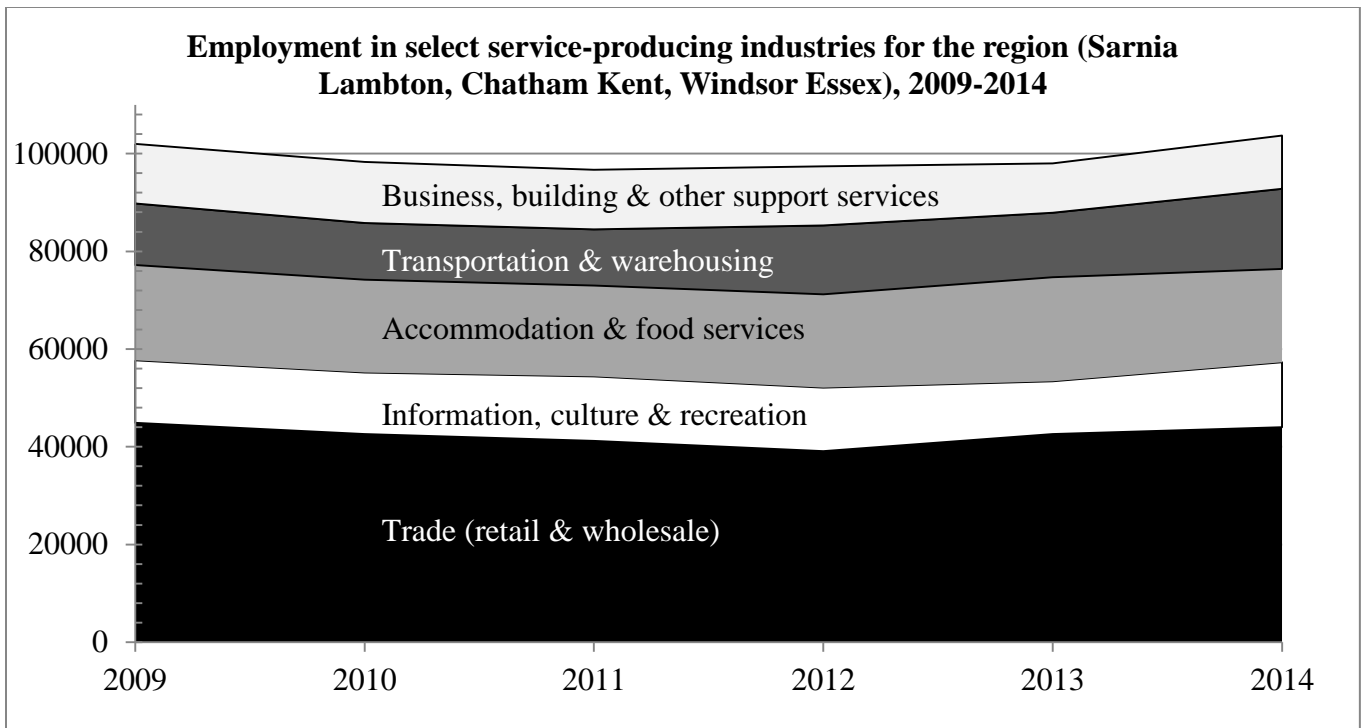
Sizeable employment declines over the past five years in the region are evident for accommodation and food services, as well as finance, insurance, and real estate. In Sarnia Lambton, however, there are an increasing number of businesses with employees operating in finance and insurance, as well as food and accommodation services.⁶

The drop in value of the Canadian dollar and low gas prices are leading some people to speculate increased number of tourists from the United States. If so, then employment may increase in tourism-related industries like accommodation and food services, recreation, and retail trade.

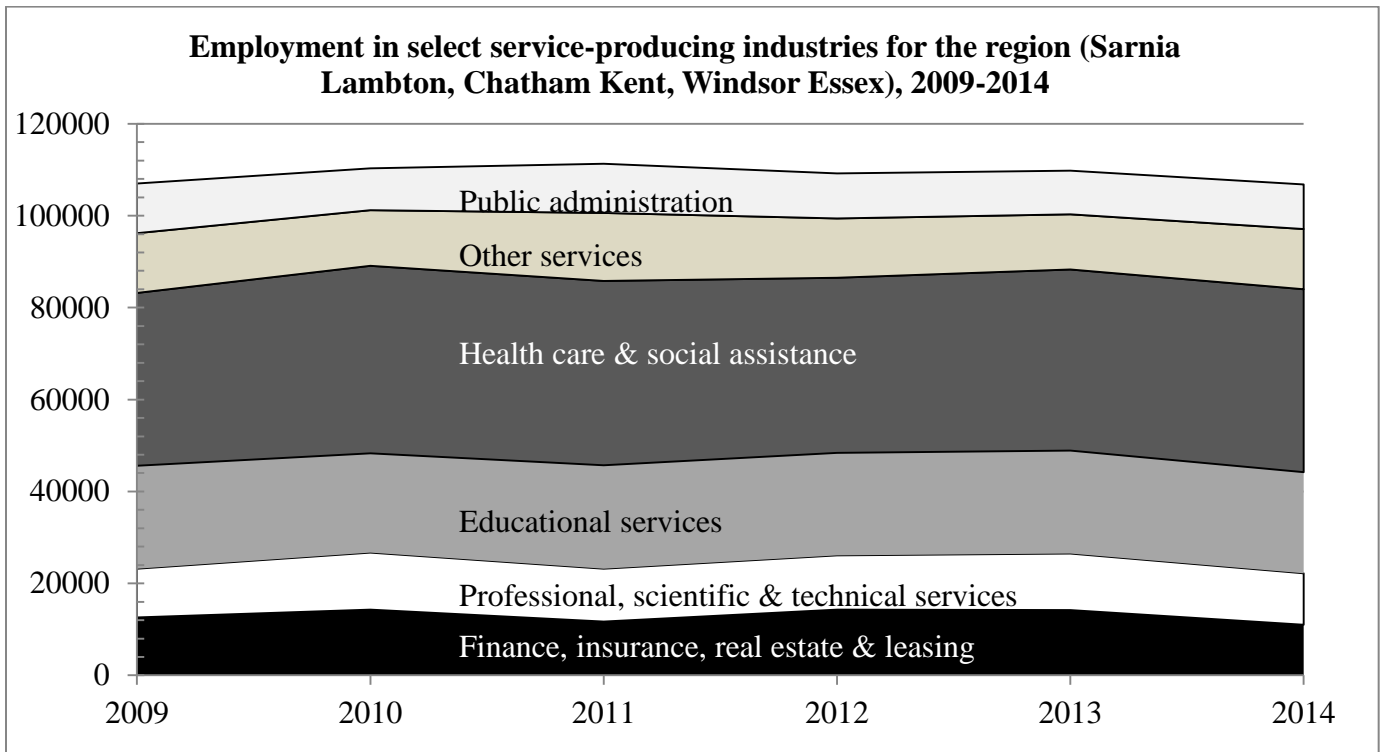
⁵ A sizeable change would be over 10 percentage points.

⁶ SLWDB. *Local Labour Market Plan, 2014-2015*.

<http://www.slwdb.org/documents/Labour%20Market%20Report%202014%20English>



Source: Statistics Canada. CANSIM 282-061.



Source: Statistics Canada. CANSIM 282-061.

Closing Remarks

The Sarnia Lambton labour market is starting to regain its strength. There are more people working and fewer people unemployed in 2014 compared to 2013.

Using employment numbers or the unemployment rate is a quick way to determine the health of a labour market. Both, however, have limitations. For example, neither tells of the number of part-timers who want for full-time employment, or of the number of people working in temporary positions who want permanent employment, or of the number of people who have given up looking for work.⁷

For continued employment growth, the community and municipalities need to be conscious of impediments that some residents have to becoming employed. A SLWDB report, which will be released in February, focuses on some of these issues as they relate to living in a rural community.

Another way to help strengthen the local labour market is for employers to develop their workforce. Employees may need specific training or up-grades in order for the business to be competitive. Local employers looking to send their employees for training may be eligible for financial support through the Canada-Ontario Jobs Grant. Through the grant, employers pay 1/3rd of the training costs and the government covers the remaining 2/3rds up to \$10,000 per trainee. Details about the Canada-Ontario Jobs Grant are provided on the next page.

⁷ For more discussion on the limitations of the unemployment rate, see Bartlett, Randell. (October, 2014). *ONE Indicator to Rule Them All*. TD Economics. www.td.com

Canada-Ontario Job Grant is a key source of funding to support Ontario employers to develop their workforce through employer-driven training

How it works:

- The grant provides direct financial support to individual employers who wish to purchase training for their workforce. Employers choose the individuals they would like to have trained, and the training that meets their workforce development needs.
- It is a cost-sharing agreement between individual employers and the government.
 - employer pays 1/3rd of training costs
 - government covers 2/3rds of training costs, up to \$10,000 per trainee
- Employer must meet eligibility criteria, including the following:
 - job of trainee is located in Ontario
 - training will be delivered in Ontario
 - employer is licensed to operate in Ontario
 - employer has insurance and complies with employment and human rights legislation
- Training must not exceed more than one year in duration and must be provided by one of the following providers:
 - Colleges of Applied Arts and Technology
 - Publicly-assisted universities
 - Union-based training centres
 - Private trainers operating in compliance with the Private Career Colleges Act, 2005
 - Product vendors (e.g., related to software or machinery)
- Employers meeting basic eligibility requirements are not guaranteed funding. They must apply.

To learn more, visit www.ontario.ca/employeetraining or call 1-800-387-5656.