



Labour Market Bulletin

Kitchener

Service Canada Centre

~ An Analysis of the Kitchener-Waterloo Area Labour Market ~ July to September 2005 ~

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An overview of the City of Cambridge, City of Kitchener, Township of North Dumfries, City of Waterloo, Township of Woolwich, City of Stratford, Guelph and Listowel.

- The Kitchener-Waterloo area labour market saw a larger than normal contraction in the third quarter.
- Gains in the first half of the year kept employment above its 2004 level.
- Quarterly losses were largely confined to the services-producing sector.

HIGHLIGHTS

- ▶ The Waterloo region currently has 450 technology companies with more than 1,000 job vacancies.
- ▶ Residential construction declined this quarter, while commercial construction is on the rise.
- ▶ The hospitality industry benefited greatly this quarter from the PGA championship golf tournament held at Whistle Bear Golf Club in Cambridge.
- ▶ Local hospitals and post-secondary institutions will benefit from provincial funding announcements made this quarter. The money will be used primarily for structural renovations and other construction projects.
- ▶ Three local manufacturers announced closures. More than 1200 jobs will be lost in the coming months as a result.
- ▶ St. Mary's Regional Cardiac Care Centre hired a cardiac surgeon this quarter and three new midwives will be hired at Waterloo Region health-care centres by the end of the year.

The Kitchener SCC Labour Market Bulletin is a quarterly report produced by the area Labour Market Information Analyst. This bulletin and other LMI products may also be found on our website. (aussi disponible en français)

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Note: In preparing this bulletin, Service Canada has taken care to provide clients with labour market information from reliable sources 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 the bulletin was published. Readers are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this bulletin does not necessarily reflect official policies of Service Canada.



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LABOUR MARKET NEWS

Highlights on industry activities that have an impact on the local labour market, this information is derived from several sources including local newspapers, newsletters and various publications. Please refer to "Notes to Readers" for additional information.

Communication and Other Utilities Industries

FibreTech Telecommunications and Guelph FibreWired merged, creating a new data communications company called Atria Networks Incorporated. The newly formed company will be one of the largest utility telecommunications corporations in Ontario.

The merger will result in no job losses and the company indicated they will likely do a small amount of hiring in the new year. Atria now has 23 employees, 18 in the Kitchener office and five in Guelph.

Business Services

The Waterloo region currently has 450 technology companies with more than 1,000 job vacancies. In an effort to lure skilled workers to the area a website was developed by some of the countries largest and most innovative tech companies: www.waterlootechjobs.com.

Agora Consulting Partners plans to open a new office in the Tri-County area. The company hopes to have a business development manager in place as soon as possible, along with one additional employee who will begin to seek out new business in the area. The goal is to hire five to eight additional employees in the first year and hiring thereafter will be done based on growth.

Open Text is cutting 330 jobs and as expected only a few of the cuts are being made in Waterloo. Customer support and marketing operations will be consolidated into key areas like Waterloo and the company indicated there would probably be more people working in the Waterloo location over time.

Seven Mail Boxes Etc. outlets in the area will be re-branded as The UPS Store by the end of the year. Services and employment levels will remain unchanged.

Government Services

The Kitchener Public Library and City of Kitchener started the conceptual design phase to build a new library. The total commitment for the project stands at \$32.5 million. The date for completion has not yet been determined.

The Waterloo regional police force will receive \$2 million to hire additional police officers. The force is half-way through a four-year plan to hire 76 officers. So far 38 officers have been hired, including 12 who started in August 2005. After a wage settlement in September granting pay bonuses to experienced officers, a plan to hire an additional seven officers by the end of the year was put on hold until April 2006.

Accommodation and Food Services

The hospitality industry benefited greatly this quarter when the second Canadian PGA championship golf tournament was held at Whistle Bear Golf Club in Cambridge in July. It was expected the economic benefits would exceed the nearly \$5 million generated in the Region of Waterloo from last year's tournament.

Renovations and expansion of the Destination Inn in Waterloo has begun. The \$5 million project will almost double their staff of 15 when completed.

Educational Services

Local universities and Conestoga College are receiving \$17.4 million from the province to improve academic space. The money will be used in a variety of ways: Conestoga College will invest \$4.7 million to build a multimedia instructional amphitheatre at the Doon campus. The University of Waterloo plans to spend \$9.5 to replace roofs on five buildings and Wilfrid Laurier University will allocate \$9 million to renovate the Dr. Alvin Woods building.

Health Care and Social Assistance

Three new midwives will be hired this year at three Waterloo Region health-care centres: The Kitchener Downtown Community Health Centre, Langs Farm Village Association in Cambridge and the Woolwich Community Health Centre in St. Jacobs.

St. Mary's Regional Cardiac Care Centre hired a third cardiac surgeon, allowing the centre to utilize an operating room that opened in May 2005. The centre hopes to bring the current wait time for elective surgery down from 140 days and closer to the provincial average of 60 days.



The provincial government announced \$72 million in renovations to Grand River Hospital in September 2005.

Waterloo Region will be utilizing \$32.9 million received from the Ontario Best Start Plan to increase child care spaces, boost child-care worker wages and develop new early-learning centres in the area over the next three years.

Construction

The CMHC reported residential construction was down in the Waterloo Region almost 30% in July compared to the same time last year.

Although residential construction appears to be declining, commercial construction is on the rise. Statistics Canada reported an 18.2% increase in building permits issued between January and June 2005 in the Kitchener Census Metropolitan Area, which includes most of the Waterloo region.

Following are some major projects currently under construction:

Guelph:

New seniors residence	\$9.7 million
Hampton Inn & Suites (Completion September 2006)	\$8 million
Guelph Tool & Die Ltd. (new industrial building and offices)	\$6.5 million
Linamar Corporation (new warehouse addition at CAMCOR)	\$5 million
North American Stainless Canada Inc.	\$5.8 million
University of Guelph (Biodiversity Institute)	\$3.4 million

Kitchener-Waterloo:

Hampton Inn & Suites (Completion April 2006)	\$9 million
Destination Inn (Addition of 50 rooms)	\$5 million

Manufacturing

Heroux-Devtek Inc. won three contracts worth an estimated \$60 million this quarter. The contracts will provide the company with work for approximately three years. Heroux-

Devtek owns two subsidiaries in Kitchener, West Heights Manufacturing and DALs.

Babcock and Wilcox Canada announced the signing of a major contract with Bruce Power L.P. to manufacture 16 replacement steam generators for the Bruce A. Nuclear Power Plant, Units 1 and 2. The generators are being engineered and manufactured at the Cambridge facility and are scheduled for delivery between 2007 and 2008. The project will sustain Babcock’s workforce of 770 at its current level.

Imperial Tobacco announced plans to close resulting in the loss of 555 jobs in Guelph and 80 positions in Aylmer. The closure was cited as the direct result of decreased sales in Canada. The Guelph manufacturing plant will close in 2006, while Aylmer operations will cease to exist in 2007. Both operations will be moved to facilities in Mexico.

The Tim Horton’s distribution centre currently under construction in Guelph is on track and set to open in early 2006. The centre will employ between 300 and 400 employees over time according to the City of Guelph’s economic development office.

ABB Canada announced plans to close its operations and 300 people will lose their jobs by January 31, 2006. The company has been struggling for years and cannot continue to operate under a loss.

Sleeman Breweries Ltd. laid off 40 workers in August 2005 as the result of a restructuring process brought about by the company’s response to challenging market conditions experienced in the second quarter of 2005.

Brick Brewing is accelerating plans to expand due to increased demand for their products. The Waterloo-based company is setting up a bottling line in its new \$7 million distribution centre in Kitchener a year ahead of schedule. It is also boosting its brewing capacity by almost 30 per cent.

The La-Z-Boy manufacturing plant in Waterloo announced they will be closing December 16, 2005. More than 400 workers will lose their jobs. Production is being shifted to existing factories in Missouri and Tennessee.

Turbosonic Technologies, designers of air pollution control equipment, is hiring a small number of employees due to a backlog in orders. The company now employs about 40 people, up from 27 after a round of layoffs early last year.

Other Services

Three Canadian Automobile Association clubs recently made a decision to merge. One of the three, Midwestern Ontario, included Waterloo Region, Guelph, London and Brantford. A total of 40 jobs were eliminated in the merger.



LABOUR FORCE TRENDS

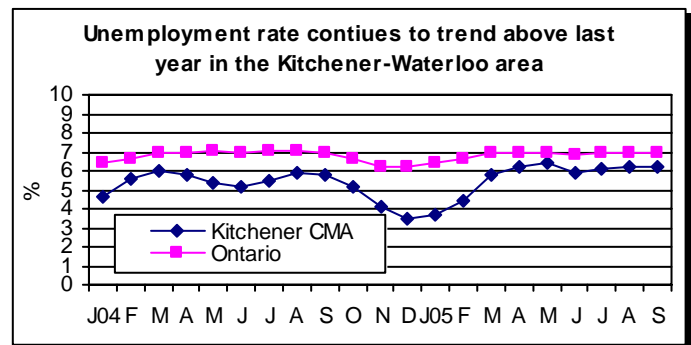
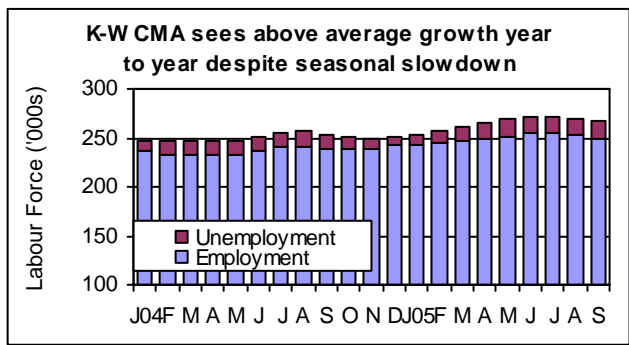
The Kitchener-Waterloo area labour market contracted in the third quarter, causing a small rise in the unemployment rate. This was a larger than normal seasonal contraction, following a period of fairly steady growth that began in late 2004. Labour force and employment levels fell by about 5,000 people each, which was one of the largest third quarter declines since the current time series began in 1987. However, it produced a relatively small increase in the unemployment rate from 5.9% to 6.2%, because the declines were similar in magnitude. The unemployment rate has hovered around six percent for most of this year, after dropping to a historical low at the end of 2004.

Despite the quarterly losses, the Kitchener-Waterloo area labour market showed above average growth on a year over year basis. This reflected both the steady gains in the first half of this year and the relatively flat labour market in 2004. Employment was up by 4.6%, or about 11,000 workers, above its third quarter 2004 level. However, faster growth in labour force participation in the first half of this year meant that the labour force was up by almost 13,000 people, a 5.0% increase from the same period last year. This larger labour force offset the entire increase in employment, and raised the unemployment rate from 5.8% a year ago.

Kitchener Census Metropolitan Area Labour Force Trends

	July to Sept 2005	April to June 2005	July to Sept 2004	Change		Year/Year Absolute	%
				Quarter/Quarter Absolute	%		
Population 15 +	365,600	363,800	358,900	1,800	0.5	6,700	1.9
Labour force	266,500	271,300	253,700	-4,800	-1.8	12,800	5.0
Employed	249,900	255,300	239,000	-5,400	-2.1	10,900	4.6
Full-time	207,300	206,800	199,500	500	0.2	7,800	3.9
Part-time	42,600	48,500	39,600	-5,900	-12.2	3,000	7.6
Unemployed	16,600	16,000	14,600	600	3.8	2,000	13.7
Not in labour force	99,200	92,500	105,300	6,700	7.2	-6,100	-5.8
Participation rate	72.9	74.6	70.7	-1.7		2.2	
Unemployment rate	6.2	5.9	5.8	0.3		0.4	
Employment rate	68.4	70.2	66.6	-1.8		1.8	

Note: Totals may not add due to rounding.
Source: Statistics Canada, Labour Force Survey



Employment by Industry

The drop in employment this quarter was largely confined to the services-producing sector. It showed a net loss of almost 12,000 workers, the largest part of which reflected seasonal fluctuations within the educational services area. This overshadowed an increase in workers with the goods-producing sector, which saw hiring in both construction and manufacturing.

In contrast, a year-to-year comparison showed that the growth in employment since last year was concentrated in the services-producing industries. Most of the industries employed more workers than they did in the third quarter of 2004. Within the goods-producing sector, construction showed the only noteworthy increase in employment, reflecting activity in the commercial, industrial and institutional sectors. The quarterly increase in manufacturing employment could not compensate for the decline seen earlier this year. This decline followed a spike in workers last fall.

Kitchener Census Metropolitan Area Employment by Industry ('000)

Industry	July to Sept 2005	April to June 2005	July to Sept 2004	Change		Year/Year Absolute	Year/Year %
				Quarter/Quarter Absolute	Quarter/Quarter %		
Total	249,900	255,300	239,000	-5,400	-2.1	10,900	4.6
<i>Goods-producing sector</i>	87,500	81,400	86,600	6,100	7.5	900	1.0
Agriculture	3,100	3,600	3,900	-500	-13.9	-800	-20.5
Forestry, fishing, mining, oil and gas	200	300	100	-100	-33.3	100	100.0
Utilities	1,700	1,400	1,300	300	21.4	400	30.8
Construction	19,200	16,300	14,600	2,900	17.8	4,600	31.5
Manufacturing	63,300	59,700	66,600	3,600	6.0	-3,300	-5.0
<i>Services-producing sector</i>	162,400	173,900	152,500	-11,500	-6.6	9,900	6.5
Trade	34,500	39,700	36,200	-5,200	-13.1	-1,700	-4.7
Transportation and warehousing	12,100	12,800	8,000	-700	-5.5	4,100	51.3
Finance, insurance, real estate and leasing	13,900	18,600	13,500	-4,700	-25.3	400	3.0
Professional, scientific and technical services	13,300	12,900	12,700	400	3.1	600	4.7
Business, building and other support services	11,600	9,300	10,000	2,300	24.7	1,600	16.0
Educational services	15,000	21,900	14,000	-6,900	-31.5	1,000	7.1
Health care and social assistance	21,900	22,200	25,100	-300	-1.4	-3,200	-12.7
Information, culture and recreation	9,400	8,900	7,100	500	5.6	2,300	32.4
Accommodation and food services	11,900	12,200	12,800	-300	-2.5	-900	-7.0
Other services	12,400	9,900	8,500	2,500	25.3	3,900	45.9
Public administration	6,300	5,500	4,700	800	14.5	1,600	34.0

Note: "... " indicates that data are too small to be expressed and are not appropriate for release. Totals may not add due to rounding.

Source: Statistics Canada. Labour Force Survey



FROM THE AUTHOR'S DESK

Collective Bargaining this quarter:

- Babcock & Wilcox and United Steelworkers: Approximately 340 members reached a three-year contract agreement after a brief strike.
- United Steelworkers working at the University of Guelph reached a three-year deal with wage increases of 9.3% total and a 6% increase in pensions.
- Forty workers in the Waterloo region employed by a Bell Subsidiary, Entourage Technology negotiated a wage increase of 12.1% over four years.
- The Ontario Public Service Employees Union had approximately 350 support workers at Conestoga College reach a three-year agreement with a 3% wage increase in each of those years.

Conference Board of Canada, Outlook Summary:

- The Kitchener Census Metropolitan Area is tied with Saskatoon for the highest growth rate in the country for 2005, according to the Conference Board of Canada's autumn outlook. According to the report, "Following a one-year pause, Kitchener's economy is on its way to expand by a stunning 7 per cent in 2005."¹ They also note a total of 20,000 jobs were created in the past three years in the region. The report can be found at: www.conferenceboard.ca.

¹ Conference Board of Canada, Metropolitan Outlook Summary Autumn, 2005



Notes to Readers:

1. The **Kitchener Census Metropolitan Area** is comprised of the City of Cambridge, City of Kitchener, Township of North Dumfries, City of Waterloo and Township of Woolwich.
2. For the purpose of this publication, the **Kitchener-Waterloo Area** includes all of the above communities as well as the City of Stratford, Guelph and Listowel.
3. The information contained in the Labour Market News section is gathered using a variety of internal and external sources. The primary sources of information include the **Kitchener-Waterloo Record, Guelph Mercury, Cambridge Reporter, Globe and Mail, Stratford Beacon-Herald, the Canadian mortgage and Housing Corporation, the Conference Board of Canada, Statistics Canada, City of Kitchener, City of Guelph, City of Waterloo and City of Stratford.**
4. **Definitions – Labour Force Survey data**
Population 15+ (the working age population) consists of all persons 15 years of age and over residing in Canada with the exception of residents of the Territories, persons living on Indian Reserves, inmates of institutions and full-time members of the Canadian Armed forces. The **Labour Force** consists of people employed or unemployed and searching for work. Those who are neither employed nor unemployed and are not willing or able to supply labour services are considered **Not in the Labour Force**. The **Participation Rate** is the percentage of the working age population (15+) who are seeking work or are employed. The **Unemployment Rate** is the number of people who are unemployed and looking for work as a percentage of the number of people in the Labour Force. The **Employment Rate** is the number of people employed as a percentage of the working age population.
5. **Definitions – Service Canada Centre Corporate Data**
Employment Insurance claim load: The number of individuals with an active claim for regular Employment Insurance benefits. Data on Employment Insurance claimants is not an accurate measure of the absolute level of unemployment. The data does not include unemployed individuals who: 1/ have not met the program's eligibility requirements or 2/ have exhausted their benefit entitlement.
Employment Opportunities: Advertised employment opportunities are comprised of vacancies notified to the SCC offices in our area and newspaper want ads. This data is not a count of all labour market activity; in practical terms, such a count is not feasible. This data is useful to track short and long-term changes in the demand for individual occupations. The total number of opportunities is equal to full-time plus part-time and casual.
6. This review uses data from **Statistics Canada's Labour Force Survey (LFS)**. In any survey there is a chance of variation due to sampling size. **Three-month moving averages** are used for selected labour force characteristics in an attempt to improve the reliability of this data. For further information on the Labour Force Survey, visit Statistics Canada's website at: <http://www.statcan.ca/english/sdds/3701.htm>
7. For more information on Industrial and Occupational categories used in this review, visit **Statistics Canada's website** at: <http://www.statcan.ca/english/concepts/index.htm>
8. Labour Market Information is now being delivered by Service Canada—the Government of Canada's new service delivery network that brings a range of federal services and benefits together to meet you individual needs. **Service Canada offers easy-to-access, one stop, personalized service.**
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