



Labour Market Bulletin

Kitchener

Service Canada Centre

~ An Analysis of the Kitchener-Waterloo Area Labour Market ~ October to December 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 labour market levelled off at the end of 2005.
- Employment is up by almost double the provincial year-to-year average.
- The goods-producing sector leads growth

HIGHLIGHTS

- ▶ A \$4.25 billion refurbishment of the Bruce A nuclear power plant will lead to a boost in employment in the Waterloo Region, particularly in the skilled trades.
- ▶ Local projects such as the new Toyota plant in Woodstock and the refurbishment of the Bruce A nuclear power plant may create so many jobs that the area may soon be suffering from a shortage of skilled trades according to the Building and Construction Trades Council. Approximately 1,500 skilled trades workers will be needed for the Bruce A nuclear power plant project alone.
- ▶ Housing starts in Waterloo Region were down this quarter as compared to the same time last year.
- ▶ Job losses continue in the manufacturing sector with at least five area employers laying off workers or planning to close in the new year. Employers affected include ThyssenKrupp Budd Canada, VSA LLC, Bailey and Glenoit Corporation, ABB Incorporated, Imperial Tobacco Canada and Linamar's Diversacast plant.
- ▶ Companies within the business services sector continued to recruit workers this quarter, helping to offset lay-offs announced within manufacturing and other areas.
- ▶ With a strong local economy and an upswing in tourism, Waterloo Region's hotel industry is expanding at a rapid pace.
- ▶ Stratford General Hospital and Cambridge Memorial Hospital will undergo extensive renovations. Both upgrades are vital for the recruitment and retention of medical staff in both areas.

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.

Utilities

A \$4.25 billion refurbishment of the Bruce A nuclear power plant will lead to a boost in employment in the Waterloo Region. Bruce Power plans to hire approximately 1,500 in the skilled trades to complete the five-year project.

According to the local Building and Construction Trades Council about 1,000 workers will come directly from Waterloo Region and Wellington County. Most of the jobs will be filled by electricians, pipe fitters, steamfitters and welders. Although hiring and construction will begin soon, peak employment will not be reached until late 2006.

The project will also allow Bruce Power to hire about 1,000 permanent employees over the five years as older workers retire. The refurbishment will create opportunities for people to begin careers as plant operators, mechanics and control technicians, along with other permanent workers in the plant. Aside from replacement workers, the net increase in employment will be roughly 200.

Babcock & Wilcox in Cambridge will also benefit from the power plant project. They will replace all 16 of the massive steam generators in the two dormant reactors. Building the generators will take two to three years. Although the project will not increase employment numbers, it will allow Babcock to sustain its current workforce.

Arise Technologies Corporation signed a contract worth an estimated \$12 to \$14 million to supply solar power technology to Day4 Energy Incorporated of Vancouver through the year of 2007. Arise currently employs 11 people and will be hiring in the near future as a result of the new contract.

Construction

Construction of more than 60 condominiums behind the farmers' market in Kitchener will begin in mid-January 2006.

A 50,000 square foot grocery store will anchor a development at Franklin Boulevard and Elgin Street in Cambridge. The store will open by the middle of 2006 and employ 200 people. The operating name has yet to be chosen. The development will also include a Shoppers Drug Mart, a strip mall and a 50-unit residential building.

Construction of a \$30-million office building will begin in March 2006 in Cambridge. Completion is scheduled for 2008.

Major construction projects in the Guelph area this quarter included upgrades to John F. Ross School valued at \$4 million and a new athletic club valued at \$8 million.

Manufacturing

Job losses continue in the manufacturing sector with at least five area employers either laying off workers or closing down in upcoming months.

ThyssenKrupp Budd Canada Incorporated of Kitchener laid off approximately 96 workers in December 2005. The company expects to lay off an additional 160 people in January 2006.

Another Kitchener auto-parts maker, VSA LLC was scheduled to close Dec. 22, leaving another 150 workers jobless. The union was able to obtain a "stay back" order of 60 days, meaning the plant could stay open another few months until equipment and parts are shipped to customers. The plant makes a variety of auto parts including transmission parts, hood latches and gas-fuel doors with the average worker earning about \$19 an hour.

Bailey and Glenoit Corporation, a textile mill in Elmira, closed in December 2005, leaving 77 people out of work. The company makes high pile fabrics, also known as "faux fur". The plant is closing down because costs are outpacing sales amid stiff overseas competition. Production workers at the plant make \$15.80 an hour. The closure of the Glenoit plant is one more casualty in the demise of the textile industry in the Waterloo Region.

ABB Incorporated and Imperial Tobacco Canada are both scheduled to close Guelph factories in early 2006. The factories recently employed more than 850 people between them. The City of Guelph's Economic Development Department is currently working with two international corporations who have expressed interest in the properties. Combined, they have the potential to create 500 jobs in the Guelph area.

Linamar will be closing its Diversacast plant which employs 45 people. Workers will be offered jobs at other plants. Diversacast is a foam casting operation that has continued to show a profit loss since it opened in the mid 1990s.



ATS Automation Tooling Systems cut 99 jobs at their Cambridge plant. The company is also trying to sell its metal parts factory in Kitchener. The North American auto industry, one of ATS' major automation markets, along with health care and computer-electronics, is struggling. While prospects in the health-care sector are strong, the complexity and size of projects means it takes longer to complete a contract. ATS' solar power business continues to be a bright spot.

The official ground-breaking for a Toyota assembly plant in Woodstock took place. The plant, which will directly employ 1,300 people, will be important to the Woodstock area because each job could translate into five spin-off jobs. Hundreds of the jobs directly created by the Woodstock plant will be filled by transfers from the Cambridge operation. Equipment installation for the factory is expected for 2007 with production of the RAV4 sport utility vehicle to begin the following year.

Heroux-Devtek Incorporated is scheduled to undergo a \$12-million expansion after its parent company landed major contracts to supply aircraft landing gear to Boeing Aircraft. The expansion will add 25 to 30 new jobs at the plant, which currently employs 170.

Carton manufacturer, Boehmer Box, laid off 46 employees in December 2005 in order to cut costs. The company has been operating at a loss since 2003.

Cargill Limited purchased Better Beef Limited in Guelph this quarter. With a total workforce of 1,700 employees, it becomes one of Guelph's top employers.

Retail Trade

Home Depot opened in Kitchener and hired 145 employees. They also opened a location in Guelph, providing 160 full- and part-time jobs in that area.

Staples opened in Stratford and will employ 28 staff. Management staff members were brought in from other store locations.

Cineplex Odeon closed its Stone Rd. Mall movie theatres as a result of continued losses since its opening less than two years ago. The closure affects 55 full- and part-time employees. The mall owner plans to spend \$20 million to renovate the premises to attract new tenants. The vacant theatre space and space left when Zellers relocated will be combined and revamped. The owner anticipates the space could hold 10 new tenants and the spaces should be ready in approximately one year.

The former Bauer Industries property in Waterloo will be redeveloped into what will be known as "The Bauer

Buildings". The project will include both retail shops and residential units and will provide jobs for an estimated 200 people when it is completed.

Golf Town, one of Canada's largest golf retailers is coming to Kitchener and will be located in an 18,000 square foot commercial plaza. The development also includes a few other retailers including Shoppers Drug Mart. The Shoppers store opened in December resulting in jobs for more than 50 people.

Little Short Stop, a neighbourhood food market and convenience store chain, is going up in Cambridge. The 2,600 square foot location will open in the spring. Little Short Stop currently has 36 stores in Kitchener, Waterloo, Cambridge and Guelph and plan to open three other stores next year, two in Kitchener and one in Cambridge.

Transportation and Warehousing

Access Tool, which supplies professional automotive tools to retailers, has established a new distribution facility in Kitchener's Huron Business Park. The Kitchener site will eventually employ 10 to 20 people and will serve markets in Canada and the United States.

Professional, Scientific and Technical Services

Desire2Learn, a fast-growing Kitchener company plans to hire extensively within the next 18 months. The company currently employs 93 people and hopes to double to around 180 within the next couple of years. Approximately 30 people are needed now for a variety of positions. A full list of careers offered can be seen on their website at www.desire2learn.com.

Desire2Learn creates and maintains the education and training Internet portals and tools used by school boards, colleges and universities, as well as businesses and organizations such as the military.

Educational Services

The Stratford College of Liberal Arts is awaiting approval from the Ministry of Colleges and Universities to open. The college will be located at the former Nancy Campbell Collegiate building on Waterloo Street for the next two to three years. Classes will begin in the spring of 2006 offering university level courses. If approved, the college will be the first private degree-granting university in Ontario in more than 50 years. The plan is to begin as a college specializing in under-graduate and graduate degree programs and apply to become a university college within three to five years.

Three area universities will receive approximately \$10 million from the provincial government to help support research infrastructure. Of the total amount, about \$6 million will go to the University of Waterloo, \$3.6 million to the University of



Guelph and \$160,000 to Wilfred Laurier University. Not only will the money help the universities pay for research labs, computer software and equipment, it will also help attract and retain scientists in the region.

Conestoga College will be starting a four-year international business management degree program next year. Research done by the college shows that 55 percent of Waterloo Region's gross domestic product is oriented to international trade. The new program will begin in the fall of 2006 with 45 students. Graduates will receive a bachelor of applied business/international business management degree. They will be suited to work in supervisory and human-resource positions.

Health Care and Social Assistance

Community Health centres in Guelph and Kitchener are amalgamating. There will be some job loss when the merge takes place next spring with an estimated 10 management staff being let go.

New Family Health Teams (FHT) were announced for Stratford, St. Mary's and Listowel in an effort to bring better health care to residents. Doctors in a FHT work with nurses, nurse practitioners, dietitians, pharmacists and other healthcare staff to provide patients a full spectrum of primary care at extended hours. The group of professionals in a FHT is determined by the needs of the community.

The City of Stratford approved a \$5 million commitment to Stratford General Hospital in support of a \$40 million renovation project. The city will contribute \$500,000 each year over the next 10 years. Construction will begin in the spring of 2007, with completion by January 2009. The project includes expanded emergency and x-ray departments, a mental health unit and an operating and recovery area. The upgrade is vital for recruitment and retention of medical staff.

Cambridge Memorial Hospital will receive \$9 million over the next two years from the provincial government for renovations. They will also be receiving \$41 million for a long-awaited \$62 million expansion. The project will be completed in three phases over five years and construction will begin in the fall of 2006. The project's first phase will include expanding the emergency department, an expanded intensive care unit, a new obstetrics unit and two additional operating rooms. The funding announcement will allow the hospital to move forward with recruitment efforts.

Information, Culture and Recreation

GPM Managed Investments Inc., which manages pension funds for institutional clients, closed a \$12.7-million deal this week to buy Sportsworld, which has been under court

protection from creditors. GPM plans to keep the twin-pad arena, golf dome and arcade. It also hopes to build a hotel, office and more retail space on the site over the next two to three years. The 70 full- and part-time staff working in the arena, golf dome and in customer service will continue to have jobs. Eventually new full-time jobs will be created as well.

Kitchener will be getting a new twin-pad arena. The arena should be constructed in time for the 2008/2009 ice season and is estimated to cost \$15.5 million.

Accommodation and Food Services

With a strong local economy and an upswing in tourism, Waterloo Region's hotel industry is expanding at a rapid pace.

Construction of a \$2.4 million conference centre began at the Kitchener Holiday Inn on Fairway Road South. The work will likely be completed in March 2006 and will result in the addition of 15 to 20 employees. The conference centre is part of a three-year plan to upgrade and expand the hotel.

Construction also began on a \$9.5 million, 82-room Hampton Inn and Suites business-class hotel near Sportsworld. Another 95-room Hampton Inn broke ground in the Guelph area and is scheduled to be completed in the fall of 2006.

Meanwhile, a Guelph-based company is constructing a Future Inns Hotel with a full-service restaurant. When it opens in August, it will have 138 rooms and 7,000 square feet of conference space.

Additional projects are also in the works including a hotel planned for the Bingeman site in Kitchener.

Public Administration

Approximately 18 public works employees for the City of Kitchener will be getting layoff notices due to budget cutbacks. A total of nine will lose their jobs, while the others will have their jobs redefined. All 18 have the option of using seniority to find another position within the city.

The Waterloo regional police force has been allocated provincial funding for 41 police officers, about half of what it had requested. The number of new officers that will be hired is unclear because the exact dollar amount is still unknown, as is the portion of the funding that is related to the salaries of 33 officers previously hired by the force.



LABOUR FORCE TRENDS

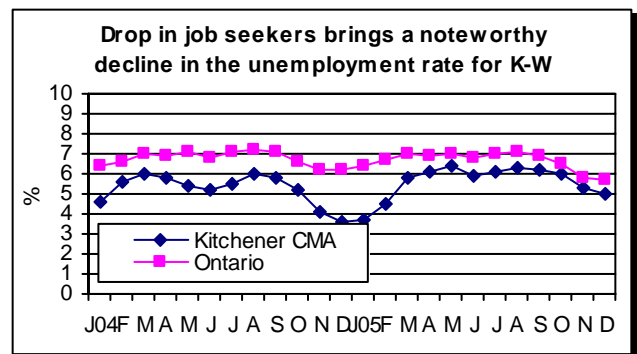
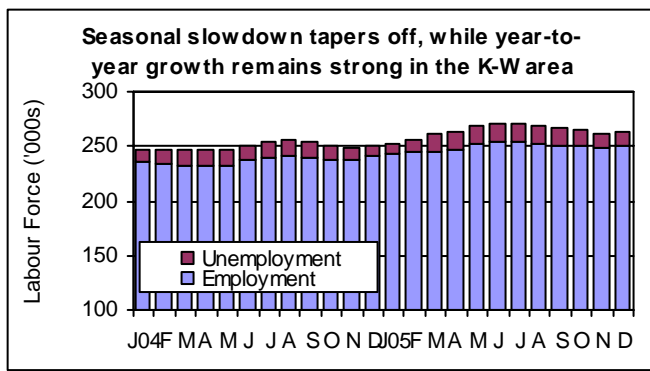
The Kitchener-Waterloo area labour market levelled off at the end of 2005, following an earlier seasonal slowdown. Employment was unchanged from its third quarter level, with a rise in part-time workers offsetting a drop in full-time employment. The shift is typical for this time of year. At the same time, a seasonal decline in the number of job seekers meant that there were fewer people unemployed than there were last quarter. This caused the unemployment rate to drop to 5.0% from 6.2%.

Throughout 2005, the Kitchener-Waterloo labour market performed better than it had a year earlier. In the fourth quarter, employment was up by 3.4%, or 8,000 workers, compared with a year ago. This was almost double the provincial average of 1.7%. But the pace of growth slowed noticeably during the second half of 2005. In response to the buoyant job market, the labour force expanded again by half as much as employment, rising by 4.9%, or 12,000 people, from its fourth quarter 2004 level. This pushed the unemployment rate up from 3.6% a year ago, which was its lowest level since the current time series began in 1987.

Kitchener Census Metropolitan Area Labour Force Trends

	October to December 2005	July to September 2005	October to December 2004	Change		Change	
				Quarter/Quarter Absolute	%	Year/Year Absolute	%
Population 15 +	367,000	365,300	360,100	1,700	0.5	6,900	1.9
Labour force	262,700	266,200	250,400	-3,500	-1.3	12,300	4.9
Employed	249,600	249,600	241,500	0	0.0	8,100	3.4
Full-time	204,400	207,000	199,500	-2,600	-1.3	4,900	2.5
Part-time	45,200	42,600	42,000	2,600	6.1	3,200	7.6
Unemployed	13,100	16,600	8,900	-3,500	-21.1	4,200	47.2
Not in labour force	104,300	99,100	109,700	5,200	5.2	-5,400	-4.9
Participation rate	71.6%	72.9%	69.5%	-1.3		2.1	
Unemployment rate	5.0%	6.2%	3.6%	-1.2		1.4	
Employment rate	68.0%	68.3%	67.1%	-0.3		0.9	

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



Employment by Industry

The goods-producing sector provided the employment support in the fourth quarter. Manufacturing generated all of that job growth, as the sector added workers for a second quarter. This reversed a decline that began in the fall of 2004, and returned employment to its former level at the beginning of that trend. While this is a positive development, the industry faces a number of challenges in 2006 as lay-offs announced for a number of companies could limit employment growth overall. The services-producing sector experienced a net loss of workers this quarter, as more industries lost workers than gained them.

The goods-producing sector also led job growth on a year-over-year basis. A strong residential construction market, along with the manufacturing gains in the second half of this year, raised employment in this sector by about 6,500 people. The services-producing sector showed only a modest increase in its total workforce, with as many industries losing workers as gained them.

Kitchener Census Metropolitan Area Employment by Industry ('000)

Industry	October to December 2005	July to September 2005	October to December 2004	Change			
				Quarter/Quarter		Year/Year	
				Absolute	%	Absolute	%
Total	249,600	249,600	241,500	0	0.0	8,100	3.4
	88,400	86,900	81,800	1,500	1.7	6,600	8.1
<i>Goods-producing sector</i>							
Agriculture	2,700	3,100	6,400	-400	-12.9	-3,700	-57.8
Forestry, fishing, mining, oil and gas	...	...	...	...	...	...	...
Utilities	...	1,700	...	...	...	...	...
Construction	17,800	19,100	12,200	-1,300	-6.8	5,600	45.9
Manufacturing	66,600	62,900	62,400	3,700	5.9	4,200	6.7
	161,200	162,800	159,800	-1,600	-1.0	1,400	0.9
<i>Services-producing sector</i>							
Trade	34,300	34,700	35,900	-400	-1.2	-1,600	-4.5
Transportation and warehousing	9,500	12,100	8,900	-2,600	-21.5	600	6.7
Finance, insurance, real estate and leasing	14,900	13,900	18,300	1,000	7.2	-3,400	-18.6
Professional, scientific and technical services	15,000	13,400	13,400	1,600	11.9	1,600	11.9
Business, building and other support services	11,900	11,700	8,600	200	1.7	3,300	38.4
Educational services	15,500	15,200	18,000	300	2.0	-2,500	-13.9
Health care and social assistance	20,300	21,900	21,200	-1,600	-7.3	-900	-4.2
Information, culture and recreation	9,400	9,400	7,500	0	0.0	1,900	25.3
Accommodation and food services	11,800	11,800	12,300	0	0.0	-500	-4.1
Other services	11,100	12,300	11,100	-1,200	-9.8	0	0.0
Public administration	7,500	6,300	4,600	1,200	19.0	2,900	63.0

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

Migration Report, Statistics Canada:

A report by Statistics Canada estimated the region saw a net gain of 5,852 residents in 2004 due to migration. Waterloo Region welcomed 20,638 new residents between June 30, 2003 and July 1, 2004 which more than compensated for about 15,000 people who left the area. Approximately 70% migrated from elsewhere in Ontario, 20% from another country and 10% from another province or territory in Canada.

Fast 50:

Three Waterloo companies were named to the annual Deloitte Technology Fast 50 list, which recognizes Canadian tech companies for their business performance, intellectual property, management strength, and growth rate. Research In Motion Limited, Dalsa Corporation and RDM Corporation were all on the national list.

New Truck Driver Apprenticeship Program:

The province announced the creation of an apprenticeship curriculum for truck drivers, which will start next year. Under the voluntary program, new drivers will train for a year at Ontario trucking companies to receive certification. Drivers will train for 12 weeks with a mentor and 40 weeks on the job. They will learn how to inspect equipment, safely handle cargo and prepare documents, among other tasks. With the creation of the apprenticeship program, the province has added truck driving to its list of skilled trades. That expands companies' opportunities for financial benefits from the government, such as tax breaks and signing bonuses for hiring skilled workers.

Careers in the Construction Industry:

Canada's construction industry, facing shortages of new workers as older ones retire, has erected a new job site, www.careersinconstruction.ca. The website is aimed at providing students and schools with information on construction careers and offers information about job prospects in every province. The site also features job descriptions, virtual tours of construction sites and interviews with workers, along with information on training. There are also more than 600 links to other resources.



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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