

# Town of Lakeshore Situation Analysis Report



**2006**



The Corporation of the  
Town of Lakeshore  
419 Notre Dame Road  
Belle River, ON



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## 1 Introduction

In mid-2005, economic development was established as a function of the Town of Lakeshore's core responsibilities. As a result of this, the Town of Lakeshore now requires the preparation of an Economic Development Strategy that will guide this responsibility as well as provide a framework for those activities that will ensure a positive economic future for the Town and all of its residents.

To effectively guide the Municipality's economic development program, a greater understanding of the strengths and weaknesses of the area economy as well as the identification of competitive advantages for particular industries and businesses is warranted. An immediate particular concern for the Town is its current reliance on the automotive sector as a major engine of employment and general economic growth. This is of concern for the town as the North American automotive industry is expected to undergo significant restructuring in the years ahead. What this means for South-Western Ontario and the Town itself is unclear at the moment.

The Municipality engaged GHK International (Canada) Ltd. and McSweeney & Associates to prepare an economic development strategy to:

- Anticipate the local consequences of a potential downside of the automotive industry;
- Prepare a strategy to mitigate such a downside, and;
- Provide the Municipality with a course of action that can be used to build upon the Town's assets to ensure positive opportunities for the future.

## 2 Methodology

Our methodology included:

- A review of previously completed studies and all relevant documents;
- Data and statistical analysis, including economic base analysis;
- Labour force analysis, and a documentation of local labour force development capabilities;
- Competitive positioning analysis;
- Review of economic reports and forecasts, including export forecasts and industry sector outlooks;
- Collection of field data/information obtained through interviews used to: (to be completed)
  - Confirm the Lakeshore area competitive advantages and disadvantages;
  - Confirm its competitive positioning against its key Ontario competitors.

### 3 Research Findings

#### 3.1 Lakeshore General Profile

The following table illustrates a few key differences between Lakeshore and the general Ontario population. The population of Lakeshore increased 10% between 1996 and 2001, compared an Ontario population growth rate of 6.1% over the same period. Lakeshore has a younger population than Ontario, earned greater incomes and derived a lower percentage of income from government transfers relative to the Ontario average. The Lakeshore participation rate was greater than the Ontario rate, and the unemployment rate was 1.7% lower. The 2001 employment rate was greater in Lakeshore than in Ontario.

**Table 1: Quick Comparison of Lakeshore versus Ontario**

Characteristic	Ontario	Lakeshore
1996 Census Population	10,753,573	26,127
2001 Census Population	11,410,046	28,746
Population change 1996-2001	6.1%	10%
Median age	37.2	36.1
% of the population aged 15 and over	80.4%	77.6%
Median total income - persons 15 yrs of age & over	\$24,816	\$30,091
Earnings - % of income	78.7%	84.7%
Government transfers - % of income	9.8%	6.8%
Median family income (\$) - All census families	\$61,024	\$78,593
Median family income - Couple families	\$66,476	\$83,329
Median family income - Lone-parent families	\$33,724	\$42,380
2001 participation rate <sup>1</sup>	67.3%	70.4%
2001 unemployment rate <sup>2</sup>	6.1%	4.4%
2001 employment rate <sup>3</sup>	63.2%	67.3%
Jobs in 2001 <sup>4</sup>	5,252,740	7,350
1996-2001 growth in jobs	10.9%	47.89%

Source: McSweeney & Associates from Statistics Canada Census data

<sup>1</sup> Refers to the total labour force in the week (Sunday to Saturday) prior to Census Day, expressed as a percentage of the population 15 years of age and over, excluding institutional residents.

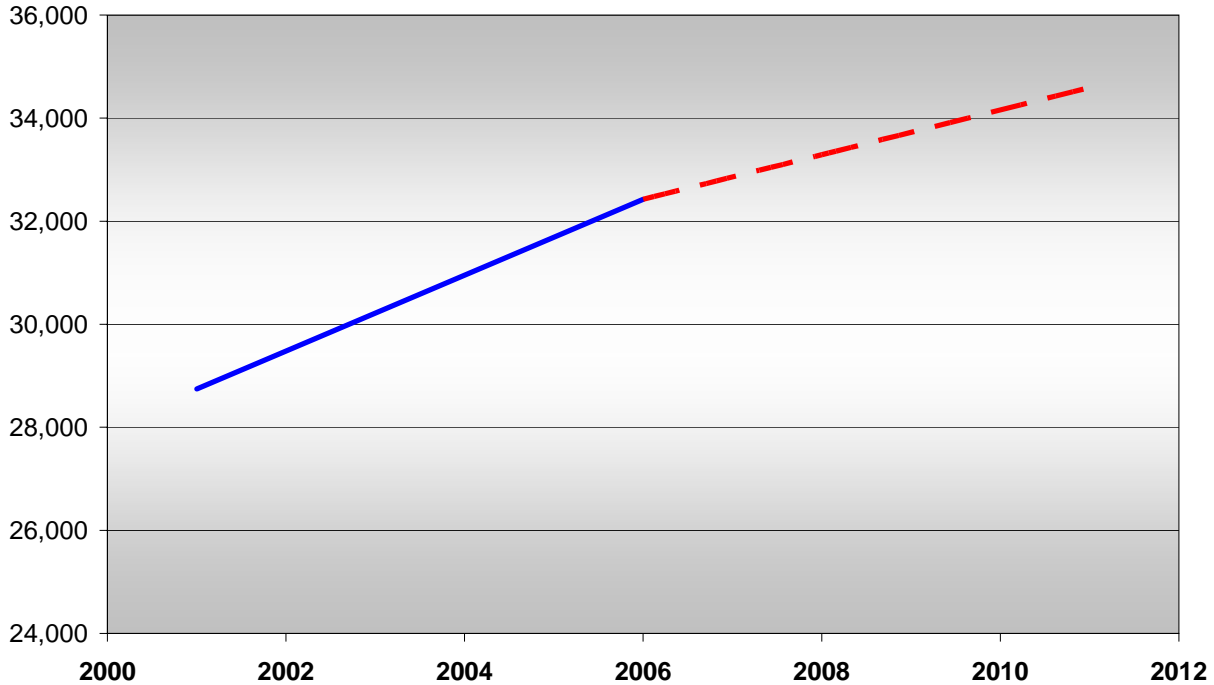
<sup>2</sup> Refers to the unemployed expressed as a percentage of the labour force in the week (Sunday to Saturday) prior to Census Day (May 15, 2001).

<sup>3</sup> Refers to the number of persons employed in the week (Sunday to Saturday) prior to Census Day (May 15, 2001), expressed as a percentage of the total population 15 years of age and over.

<sup>4</sup> The Lakeshore jobs figure (and the term "jobs" throughout this report) refers to employment by place of work (or number of jobs) in Lakeshore Area (versus place of residence). "Jobs" includes those declaring a usual place of work and those that worked at home during the reference period referred to in the Census. It excludes those declaring no usual place of work and those that worked outside of Canada. The "jobs" may or may not be occupied by workers that are local residents. The Census for this purpose does not distinguish between full and part-time work.

Lakeshore’s population is projected to increase to approximately 34,600 people by 2011 as forecast by the Financial Post (Table 1). Recent long range forecasts indicate strong growth continuing in both population and employment. Employment, for example, is expected to grow to 16,230 by 2015 (forecast by C.N. Watson and Associates, Figure 2).

**Figure 1: Lakeshore Population Projections**



Source: Financial Post

**Table 2: Town of Lakeshore Employment Forecast, 2005-2045**

Year	Population	Employment	Activity Rate
Mid 2005	33,522	9,332	27.8%
Mid 2015	45,233	16,230	35.9%
Mid 2025	56,261	22,537	40.1%
Mid 2030	61,761	24,731	40.0%
Mid 2035	67,261	26,926	40.0%
Mid 2040	71,176	28,721	40.0%
Mid 2045	75,800	30,333	40.0%
Mid 2005-2015	11,710	6,898	0.080
Mid 2005-2025	22,739	13,205	0.122
Mid 2005-2035	33,739	17,594	0.122
Mid 2005-2045	42,278	21,001	0.122

Source: C. N. Watson and Associates

Table 3 shows the total value of building permits for Lakeshore over the 2002-2005 period. Residential permits had seen consistent values for 2002-2004 but had a significant decline in 2005. According to BMA Management Consulting Inc *2005 Municipal Performance Study*, Lakeshore's average building permit on a per capita basis between 2002 and 2004 was \$3,379, compared to the survey average of \$2,090. Table 4 indicates that housing starts have declined over the past two years in Lakeshore.

**Table 3: Total Value of Lakeshore Building Permits**

<b>Table: Value of Building Permits (\$CDN)</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Residential	\$81,563,334	\$86,593,803	\$86,449,012	\$68,924,474
Institutional	\$2,025,000	\$1,318,600	\$200,000	\$45,570,480
Industrial	\$15,817,891	\$28,545,290	\$5,415,000	\$6,113,385
Commercial	\$7,361,895	\$10,370,700	\$10,370,700	\$4,545,520
<b>Total</b>	<b>\$106,768,120</b>	<b>\$126,828,393</b>	<b>\$102,434,712</b>	<b>\$125,153,859</b>

Source: Lakeshore Building Department

**Table 4: Lakeshore Housing Starts 2004-2005**

<b>Housing Starts</b>	<b>2004</b>	<b>2005</b>	<b>% Change</b>
Singles	414	312	-24.6%
Multiples	58	31	-46.6%
<b>Totals</b>	<b>472</b>	<b>343</b>	<b>-27.3%</b>

Source: Canada Mortgage and Housing Corporation

Table 5 shows the total retail sales in Lakeshore. Retail sales are characterized as being significantly below the national average and projections only show a slight improvement, despite the above average income and wealth characteristics indicated in Table 6.

**Table 5: Lakeshore Total Retail Sales**

<b>Total: Retail Sales</b>	<b>2006*</b>	<b>2008*</b>	<b>2011*</b>
Total retail sales (\$ CDN)	\$118,929,000	\$138,102,000	\$170,573,000
Per capita retail sales (\$ CDN)	\$3,668	\$4,149	\$4,931
% above/below national average	-70%	-68%	-67%

Source: Financial Post \*Projections

Table 6 shows the income and wealth characteristics for Lakeshore. Average household incomes are 24% greater than the national average. 38.41% of all households in Lakeshore have an income of \$100,000 or more. It was also estimated in 2004 that assets were approximately double that of liabilities.



**Table 6: Lakeshore Income and Wealth Characteristics**

<b>Income and Wealth Characteristics</b>	<b>2006*</b>
Average household income	\$90,400
% above or below national average	24.00%
Average family income	\$97,296
Per capita income	\$32,610
% of households with income \$100,000 or more.	38.41%
Disposable income / household	\$65,586
Total assets per household (2004 est.)	\$239,094
Total liabilities per household (2004)	\$115,149
Average expenditures (2004 est.)	\$83,840

Source: Financial Post \*Projections

BMA Management Consulting Incorporated's *2005 Municipal Performance Study* found that Lakeshore is competitive in a variety of areas. Lakeshore's provincially prescribed commercial and industrial residual education rates are below the survey average as well as total property tax rates in all property classes being below survey averages as well. Lakeshore's property classes range from low to mid when compared against similar types of property in the survey.

### 3.2 Economic Base Analysis

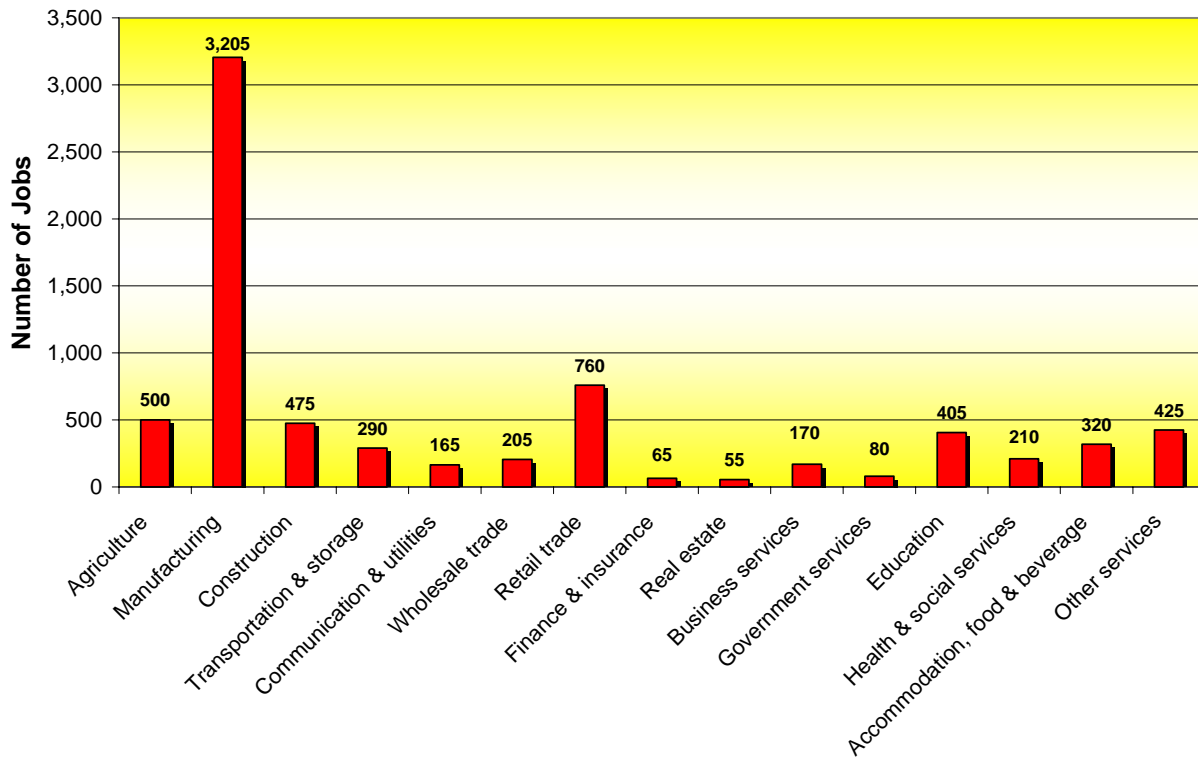
#### 3.2.1 Employment Profile

The Statistics Canada "Standard Industrial Classification - 1980" (SIC) system of classifying employment is used for this report. The largest groupings or aggregations of employment categories are called Divisions, which are broken down into Major Groups, which are further broken down into Industries. An example breakdown follows:

<b>Division E - Manufacturing industries</b>	<i>Division Level</i>
Major Group 10 - Food industries	<i>Major Group Level</i>
101 Meat and poultry products industries	} <i>Industry Level</i>
102 Fish products industry	
103 Fruit and vegetable industries	

The figure on the following page illustrates the 2001 employment (jobs) located in Lakeshore by Industry Division. Also presented is a table listing Lakeshore's major employers. It should be noted that several of the primary industries (fishing, trapping, and mining) are commonly underrepresented and are not reviewed in this report. In terms of total number of jobs in Lakeshore, manufacturing is by far of greatest importance in the area with 3,205 jobs (44% of all jobs). Retail and construction industries, with 760 and 475 jobs (10.0% and 6.0%) respectively, are the next two significant industries in Lakeshore. The real estate, finance & insurance, and the government services industry divisions in Lakeshore have the fewest jobs, with only 505 jobs in total, representing only 2.7% of the total number of jobs.

**Figure 2: Number of Jobs by Industry Division for Lakeshore, 2001**



**Job in Lakeshore by Industry Division**

Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

**Table 7: Major Employers in Lakeshore**

Table: Major Employers	Employees*
Quality Safety Systems Company	950
Integram - Windsor Seating	850
Schukra Of North America	500
Flex N Gate Canada	381
Veltri Canada Ltd. - Lakeshore Division	250
Quality Models Ltd.	204
Can Art Aluminum Extrusion Inc.	140
Town Of Lakeshore	100
Cyr, R. J. Co. Inc.	60
Btm Tooling Inc.	60

Source: Service Canada & WECDC 2005 Major Employer List \* Data obtained from multiple sources and may be rounded

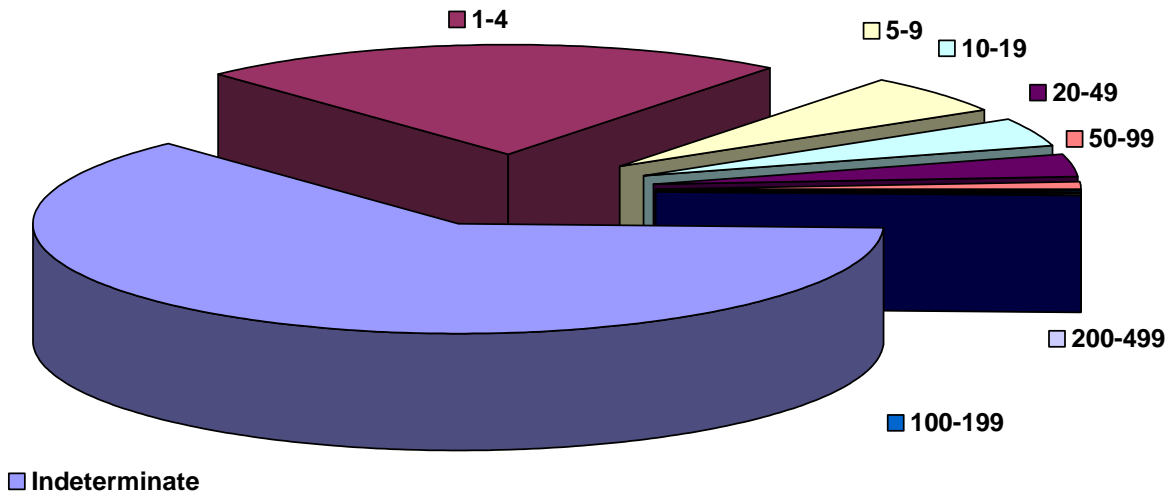
The number of businesses by employee range is provided in the following table and figure, which indicate that most businesses within Lakeshore employ fewer than 10 people.

**Table 8: Businesses by Employee Range**

Businesses by Employee Range	# of Businesses	% Total
Indeterminate	927	62.4%
1-4	331	22.7%
5-9	88	5.9%
10-19	58	3.9%
20-49	50	3.4%
50-99	16	1.1%
100-199	6	0.4%
200-499	2	0.1%
500+	2	0.1%
<b>Total</b>	<b>1,480</b>	<b>100%</b>

Source: Statistics Canada - Canadian Business Patterns Product June 2005 (Establishments in the "Indeterminate" category do not maintain an employee payroll but may have a workforce, which consists of contracted workers, family members or business owners)

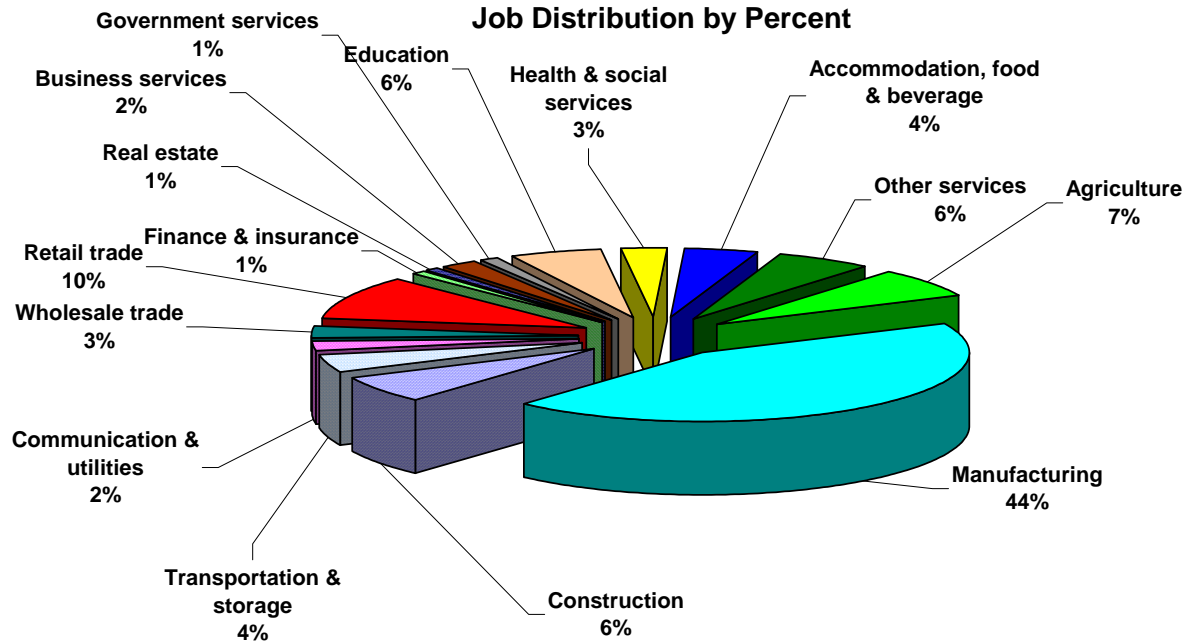
**Figure 3: Businesses by Employee Range**



Source: Statistics Canada - Canadian Business Patterns Product, June 2005

The following chart illustrates the percentage of jobs in each Industry Division.

**Figure 4: Job Distribution by Industry Division**



Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

**Table 9: Percentage Job Distribution by Industry Division compared to Ontario & Canada**

Industry	Canada	Ontario	Lakeshore
Total Jobs - all			<b>7,350</b>
Agriculture	1%	2%	<b>7%</b>
Manufacturing	16%	18%	<b>44%</b>
Construction	5%	3%	<b>6%</b>
Transp. & storage	4%	3%	<b>4%</b>
Comm. & utilities	3%	3%	<b>2%</b>
Wholesale trade	5%	6%	<b>3%</b>
Retail trade	12%	12%	<b>10%</b>
Finance & insurance	4%	5%	<b>1%</b>
Real estate	2%	2%	<b>1%</b>
Business services	7%	10%	<b>2%</b>
Government	6%	5%	<b>1%</b>
Education	8%	7%	<b>6%</b>
Health & soc.services	10%	10%	<b>3%</b>
Accomm., food & beverage	7%	7%	<b>4%</b>
Other services	6%	7%	<b>6%</b>

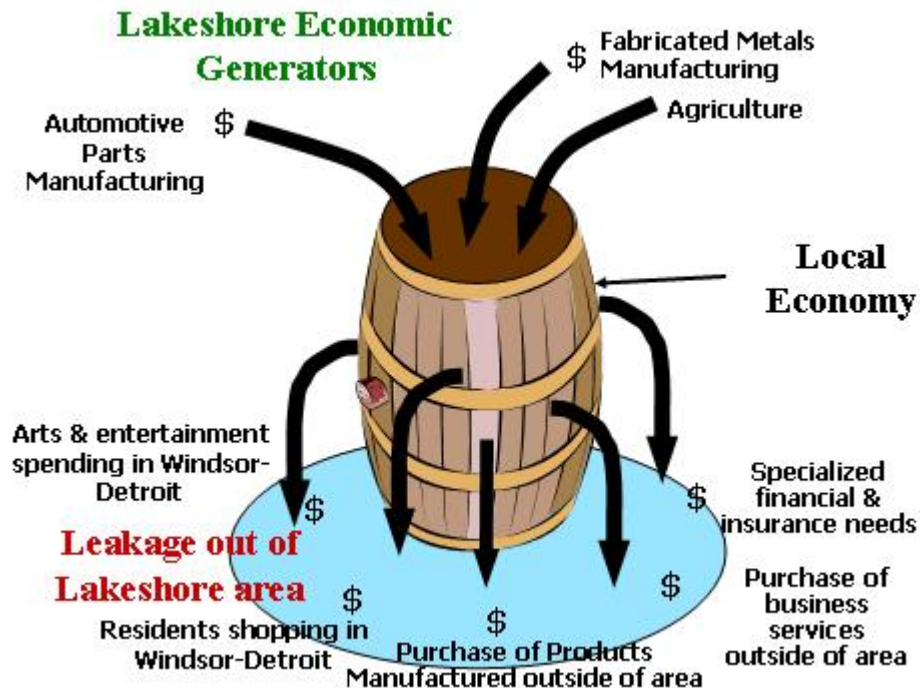
Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

### 3.2.2 Economic Base Analysis

An economic base analysis is simply an analysis of how the local economy functions. It does not provide solutions to economic problems, but it does provide useful information required for decision-making about economic strategies.

The following figure depicts a simple illustrative model to assist in the understanding of the functioning of a local economy, and is not meant to represent the entire Lakeshore economy. The economic development objective of any community is to bring money into the local economy – which is achieved by “economic generators” - activities which sell their goods and services to non-residents, a few of which are shown in the model. But there is some “leakage” in every community, for example, leakage when people travel to Windsor-Detroit for arts; entertainment; or shopping; when specialized financial or insurance products are purchased; or if goods manufactured elsewhere are purchased by Lakeshore residents. A community that “leaks” more money than it can bring in will decline, whereas a community that brings in more cash flow it than it leaks out will prosper. Many (although not all) of the service sector businesses in Lakeshore generally tend to circulate money within the community. Therefore, economic generators and those activities that “export” (sell their goods & services to non-residents) are critical to the health of the Lakeshore economy.

Figure 5: Illustrative and Simplified Model of Local Economy



Economic base analysis helps us determine which economic activities “bring money in”, and where money might be “leaking out”. While the actual flow of money in and out of Lakeshore would be the most accurate means of describing the economic base of Lakeshore, data or statistics for this form of cash flow data are not available. A surrogate for cash flow is required, and the most common substitute is employment, using an economic base analysis tool called “Location Quotient Analysis”. This method compares the level of employment concentration (or specialization) in Lakeshore to the level of employment concentration in one or more benchmark areas. In other words, does Lakeshore have proportionately more or less employees in specific industries than does the benchmark area?

By “benchmarking” employment in Lakeshore with neighbouring municipalities, as well as Ontario and Canada, this method provides information on:

- The extent to which Lakeshore is producing all of the goods or services required for consumption in Lakeshore (this potentially identifies opportunities to replace the imports with locally provided goods and services);
- Whether the Lakeshore economy is producing goods or services in excess of quantities required for local consumption, indicating a high degree of development and specialization (or industry concentration) that results from the goods or services being consumed by non-residents.

The location quotient method is a “first cut” analysis that requires interpretation of the results, but it will point to the economic sectors that deserve a more thorough and in-depth analysis and “street-level” validation. A location quotient of between 0.75 and 1.25 generally indicates the local economy is self-sufficient in that industry. A 1.0 would indicate the exact same proportion of that industry’s jobs to all Lakeshore jobs as that of the benchmark, in this case, Canada. A location quotient of less than 0.75 usually indicates a lack of self-sufficiency,

requiring an importation of goods or services, as there is insufficient local employment to produce the required goods/services. A location quotient of greater than 1.25 usually indicates the industry has more local employment than is required to sustain the needs of Lakeshore, and is therefore exporting its goods or services, and is bringing money into the community.

#### Statistical Data Note

Two major issues were encountered in the preparation of statistical analyses undertaken with respect to the Lakeshore economy.

Employment data collected in the 1996 Canadian Census was categorized using the “Standard Industrial Classification” (SIC) system, which is based upon what and *where* something is produced by industry. To standardize comparability of data in a North American context, the 2001 Census categorized employment using the “North American Industrial Classification System” (NAICS), which is based upon what and *how* something is produced by industry; and groups are organized by how production processes relate to each other. While there are some parallels between the two systems, there are some classifications for which there is no clear corresponding relationship. This change in classification causes problems in performing statistical time series calculations or measuring changes through time. SIC industry classification definitions may be found at:

<http://www.statcan.ca/english/Subjects/Standard/sic/sice80-menu.htm>

The series of analyses undertaken for Lakeshore required time comparisons between the employment data series. Census employment data for 1996 and earlier will not be re-coded to NAICS. The 2001 Census employment data, has however, been re-coded to the SIC utilized in 1996 and earlier Census years. To the extent possible, analyses performed on the Lakeshore economy have utilized the SIC method of classifying employment data.

The second major issue related to statistical employment analyses relates to the fact that a significant percentage of Lakeshore jobs are held by non-residents, and many Lakeshore residents commute to work outside the area. Statistical employment analysis tools most frequently analyze employment using “employment by place of residence” which is sometimes acceptable, but in this case, there is significant mobility in and out of the area. To understand the employment located *in* Lakeshore, special tabulations were required to obtain employment data by “place of work”. Employment data by place of work was also required for the benchmark comparator areas, as commuting to work outside of one’s own municipality is quite common in some areas of Southwestern Ontario. Utilizing “place of residence” employment data could lead to an inaccurate and misleading analysis. The one benchmark area exception to utilizing “place of work” employment data, was for “Canada”. The number of Canadians working outside of Canada is extremely limited, and therefore no differences in analysis interpretation would result.

The extensive cooperation of the Ontario Ministry of Agriculture, Food, and Rural Affairs – Rural Development Division is hereby acknowledged. Census data was the source of data for all analyses unless otherwise noted in this report.

NAICS Industry classification definitions may be found at

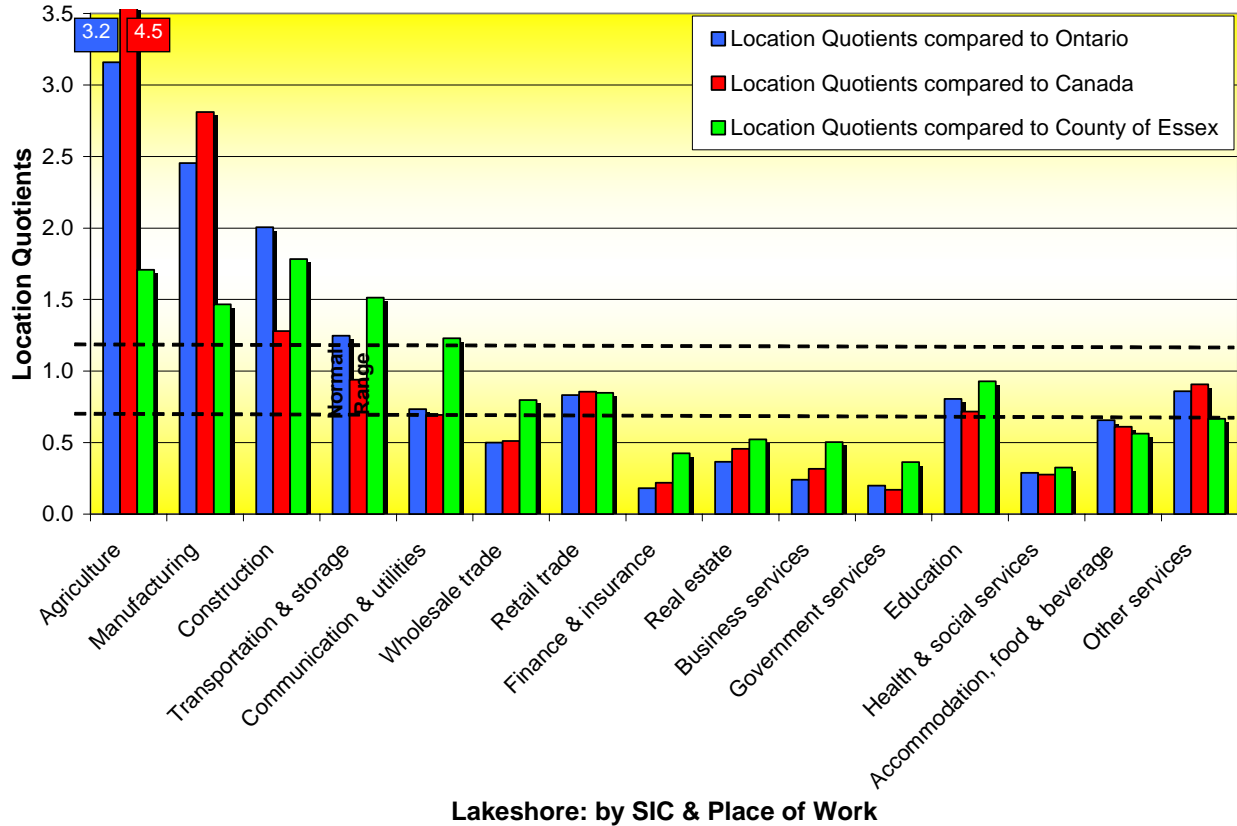
<http://www.statcan.ca/english/Subjects/Standard/naics/2002/naics02-menu.htm>

SIC Industry classification definitions may be found at

<http://www.statcan.ca/english/Subjects/Standard/sic/sice80-menu.htm>

The next figure illustrates the location quotients by Industry Divisions for Lakeshore, compared to Ontario and Canada and with the County of Essex<sup>5</sup> as the benchmarks.

**Figure 6: Location Quotients by Industry Divisions – 2001**



Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

Overall, the location quotient analysis indicates that the Lakeshore Area has limited diversification in the local economy, with several less developed sectors. Agriculture, manufacturing, and construction stand out above all other Industry Divisions with considerably higher location quotients. The following Industry Divisions are less developed in the Lakeshore area in comparison to the industry concentrations in Ontario and Canada:

- Communications and utilities;
- Wholesale trade;
- Finance & insurance industry (finance being largely centred in Canada’s largest cities, particularly Toronto);
- Real estate;
- Business services
- Government services;
- Health and Social services;

<sup>5</sup> Includes Amherstburg, Essex, Kingsville, Lasalle, Leamington, and Tecumseh



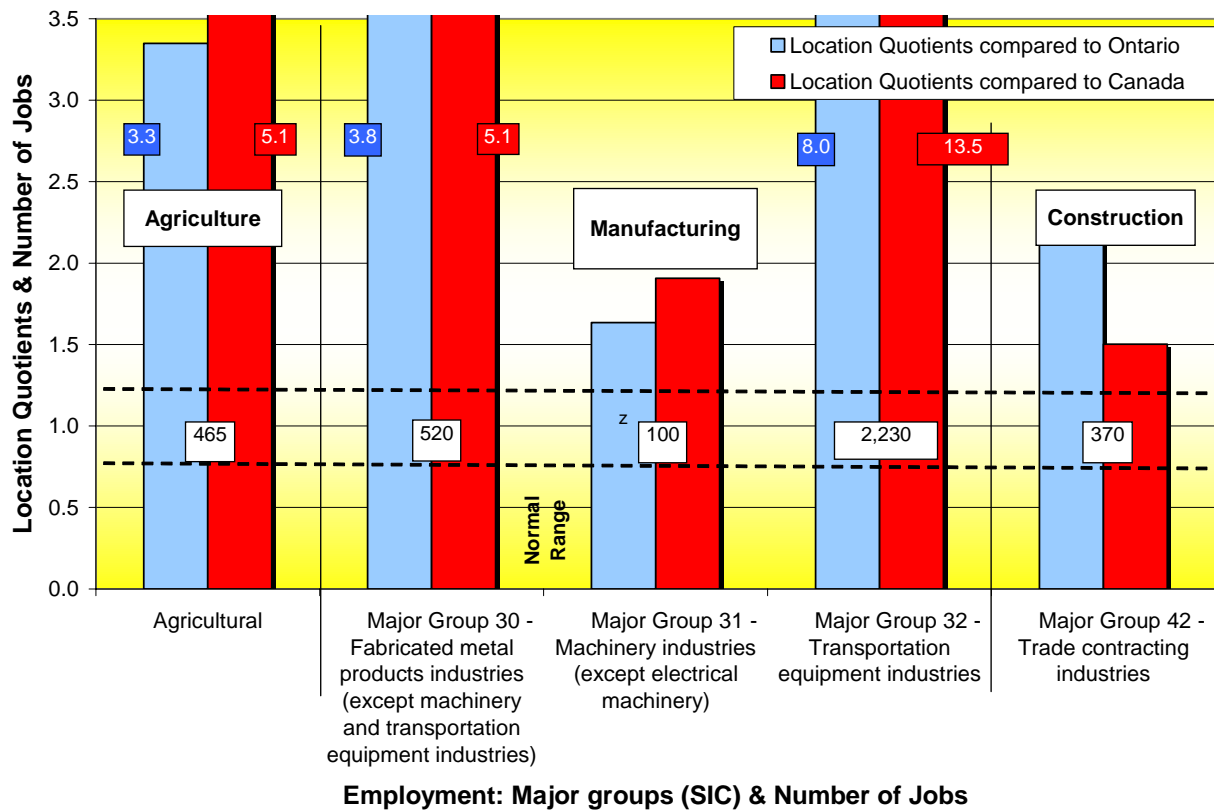
- Accommodation, food and beverage services.

Noteworthy is the fact that there are a few location quotients for Lakeshore that are high when the county is used as the benchmark comparison. This would indicate that Lakeshore is serving as a regional centre providing agriculture; manufacturing; construction; transportation and storage and communications and utilities within the county. Essex County's agricultural statistics are included in Appendix 1 at the end of this report.

**Dominant Sectors**

The next figure illustrates the employment major groups in 2001 that have a significant concentration of jobs in Lakeshore, with a location quotient exceeding 1.5, and with at least 1% of all jobs.

**Figure 7: Employment "Major Groups" with High Location Quotients**



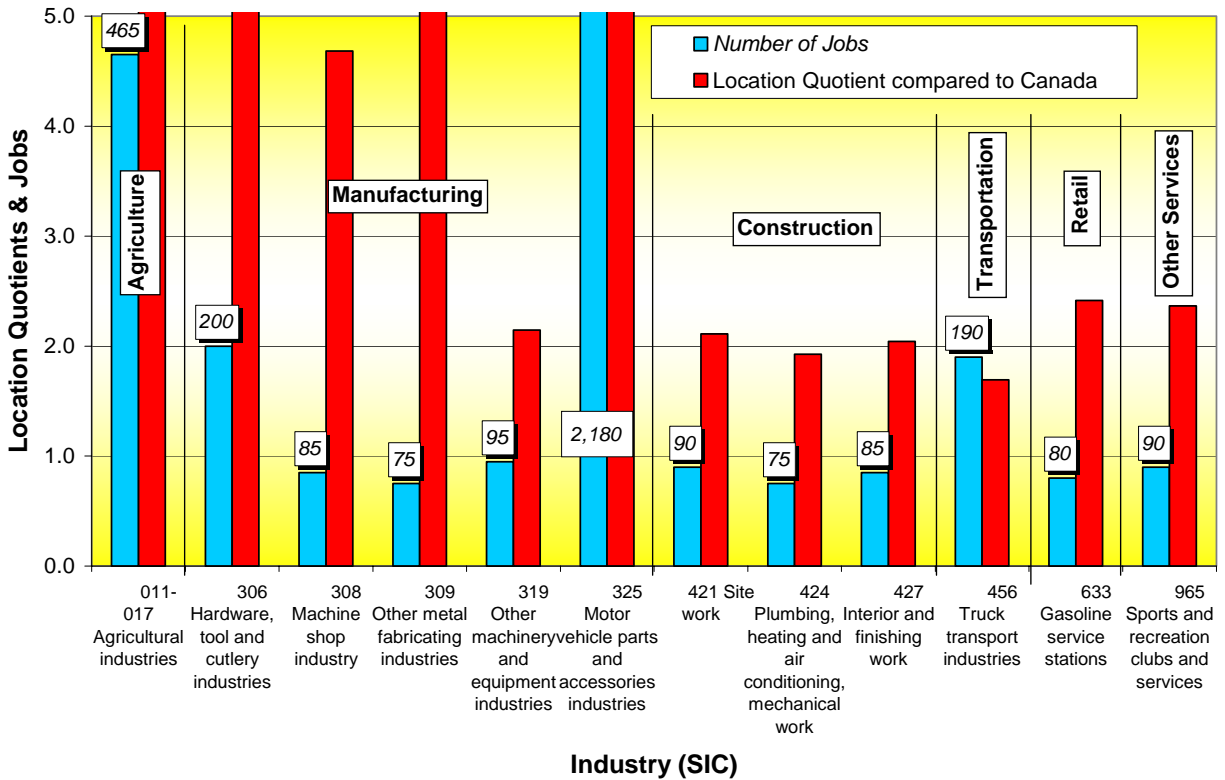
Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

A limited number of major groups have employment concentrations in the Lakeshore Area. The agriculture major group employed 465. Manufacturing, by far the most dominant industrial sector in Lakeshore, has a number of major groups that are dominate. **The largest employment count can be found in transportation equipment manufacturing, accounting for 2,230 jobs.** Fabricated metals industries employ 520 people and machinery industries employ 100. Trades contracting industries is also significant in the area, employing 370 people.

**Specific Industry Concentrations**

At the next level of disaggregation below Major Groups are “Industries”. The following table lists industries with high location quotients and at least 1% of the total number of jobs in Lakeshore.

**Figure 8: Industries with High Location Quotients & Significant Employment in Lakeshore, 2001**



Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

At the industry level the dominance of auto parts manufacturing is very evident, providing 2,180 jobs.

- Within the manufacturing industries, there are *four* industries with employment concentration. The motor vehicle parts and accessories industries had significant concentrations (a location quotient of 29.7), with an employment level of 2,180 jobs. Hardware, tool, and cutlery industries (a location quotient of 11.3 and employing 200), machine shop industries (a location quotient of 4.7 and employing 85) and other metal fabricating industries (a location quotient of 6.1 and employing 75) were also concentrated in Lakeshore.
- Agriculture industries have a location quotient of 5.1 and employ 465 people in Lakeshore.
- Within the construction major industries, interior and finishing work is concentrated (2.0) and accounts for 85 jobs.
- Within the retail industries major group, gasoline service stations are concentrated with a location quotient of 2.4 and employing 80 people.

- Within the other services major group, sports and recreation clubs and services are concentrated with a location quotient of 2.4 and employing 90 people.

### Underdeveloped Industries

The following table presents industry Major Groups in Lakeshore that are underrepresented in terms of employment concentration<sup>6</sup> in comparison to Canada and/or Ontario. While this table sometimes will reveal industry development opportunities, given that a large portion of Lakeshore is rural, the underdevelopment of many of the indicated major groups is not unexpected.

**Table 10: Low/Underdeveloped Lakeshore Employment Concentrations – 2001**

<b>Sectors (SIC classification)</b>	<b>Total Jobs</b>	<b>LQ vs. Ontario</b>	<b>LQ vs. Canada</b>
<b>All industries</b>	<b>7,350</b>		
<b>Division E - Manufacturing</b>			
Major Group 10 – Food industries	30	0.3	0.2
Major Group 12 – Tobacco products industries	0	0	0
Major Group 17 – Leather and allied products industries	0	0	0
Major Group 18 – Primary textiles industries	0	0	0
Major Group 19 – Textiles products industries	0	0	0
Major Group 24 - Clothing industries	0	0	0
Major Group 26 - Furniture and fixture industries	0	0	0
Major Group 27 - Paper and allied products industries	0	0	0
Major Group 28 – Printing, Publishing and Allied Industries	0	0	0
Major Group 33 - Electrical and electronic products industries	15	0.1	0.2
Major Group 36 - Refined petroleum and coal products industries	0	0	0
Major Group 39 – Other manufacturing industries	30	0.5	0.6
<b>Division G – Transportation and Storage</b>			
Major Group 46 – Pipeline transportation industries	0	0	0
Major Group 45 – Storage and warehousing industries	0	0	0
<b>Division I - Wholesale trade</b>			
Major Group 51 – Petroleum products industries, wholesale	0	0	0
Major Group 52 – Food, beverage, drug and tobacco industries, wholesale	10	0.2	0.2
Major Group 53 – Apparel and dry goods industries, wholesale	0	0	0
Major Group 54 – Household goods industries, wholesale	0	0	0
Major Group 56 – Metals, hardware, plumbing, heating and building materials industries, wholesale	25	0.3	0.3
Major Group 59 – Other products industries, wholesale	45	0.6	0.7
<b>Division J - Retail trade</b>			
Major Group 61 - Shoe, apparel, fabric and yarn industries, retail	0	0	0
Major Group 62 – Household furniture, appliances and furnishings industries, retail	35	0.6	0.7
Major Group 64 – General retail merchandising industries	30	0.3	0.3
Major Group 65 – Other retail merchandising industries	70	0.4	0.5
Major Group 69 – Non-store retail merchandising industries	20	0.6	0.6
<b>Division K - Finance and insurance</b>			
Major Group 70 - Deposit accepting intermediary industries	50	0.3	0.3

<sup>6</sup> Location quotients less than 0.75

<b>Sectors (SIC classification)</b>	<b>Total Jobs</b>	<b>LQ vs. Ontario</b>	<b>LQ vs. Canada</b>
Major Group 71 - Consumer and business financing intermediary industries	0	0	0
Major Group 72 – Investment intermediary industries	0	0	0
Major Group 73 – Insurance industries	0	0	0
Major Group 74 – Other financial intermediary industries	15	0.3	0.4
<b>Division L - Real estate operator and insurance agent</b>			
Major Group 75 - Real estate operator industries (except developers)	10	0.2	0.2
Major Group 76 – Insurance and real estate agents industries	50	0.5	0.7
<b>Division N - Government services</b>			
Major Group 81 – Federal government service industries	20	0.1	0.1
Major Group 82 – Provincial government service industries	10	0.1	0.1
Major Group 83 – Local government service industries	55	0.4	0.4
Major Group 84 - International and other extra-territorial government service industries	0	0	0
<b>Division Q – Accommodation, food and beverages services</b>			
Major Group 91 – Accommodations services industries	10	0.2	0.1
Major Group 99 – Other services industries	60	0.4	0.4

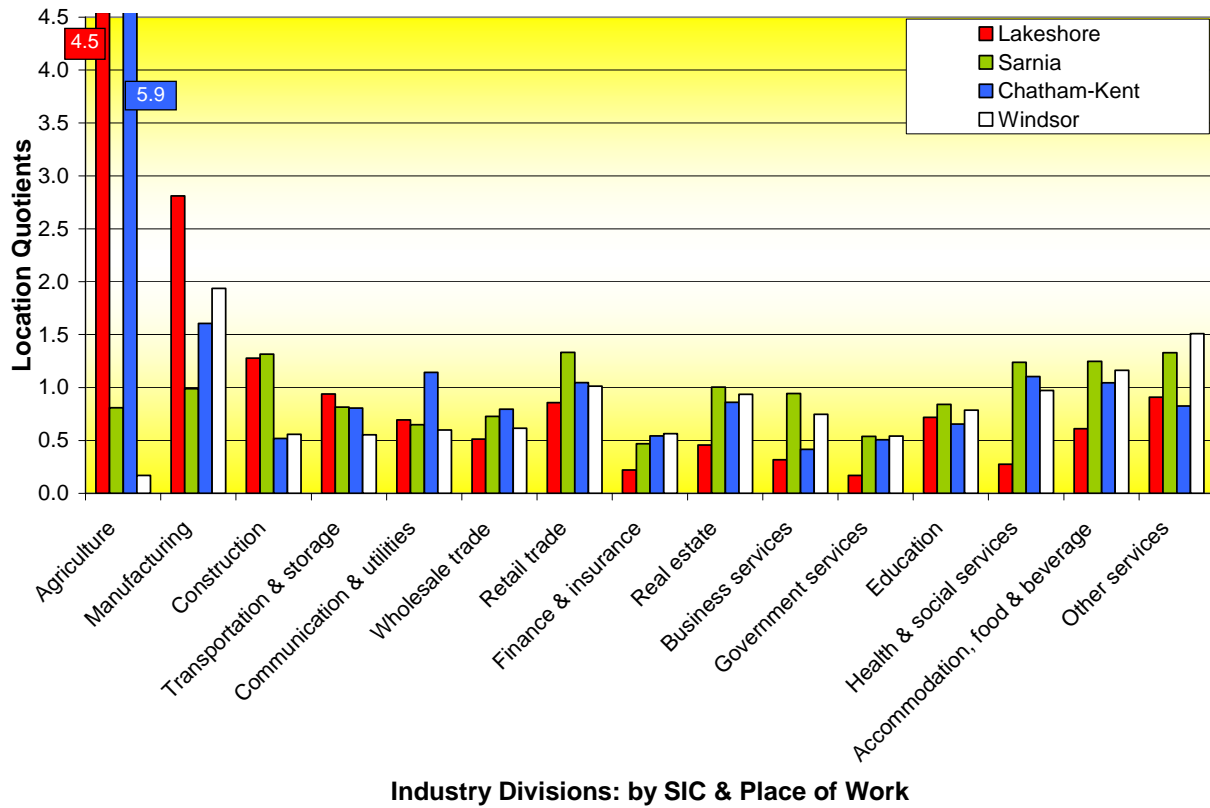
Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

### **Industry Concentrations of Competing/Surrounding Communities**

To better understand the nature of communities that Lakeshore competes with in terms of site selection, a number of surrounding south-western Ontario communities were selected for comparison of industry concentrations (at the major group level). The communities included: Amherstburg; Chatham-Kent; Lasalle; Leamington; Tecumseh; Sarnia; and Windsor.

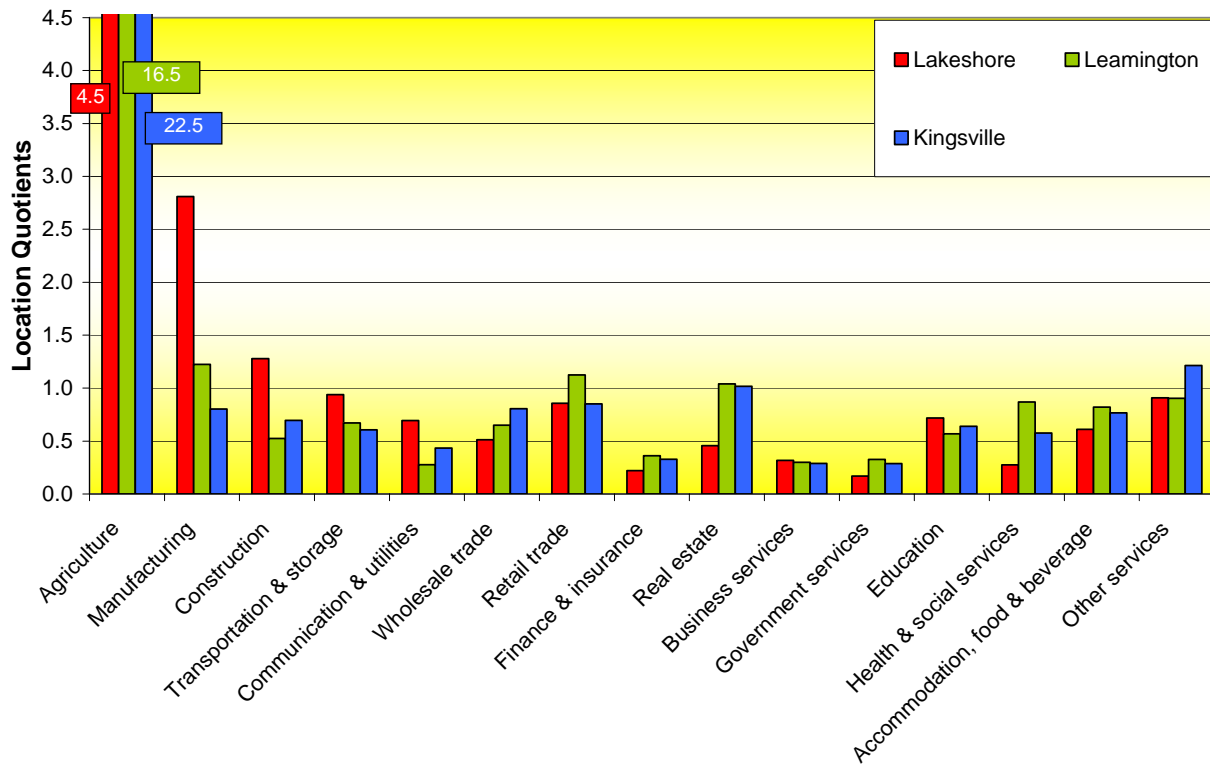
Major groups shown on the following charts have an employment concentration (location quotient) of at least 1.5, and represent at least 1% of the total jobs in that community.

**Figure 9: Employment Concentrations in Surrounding Municipalities**



Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

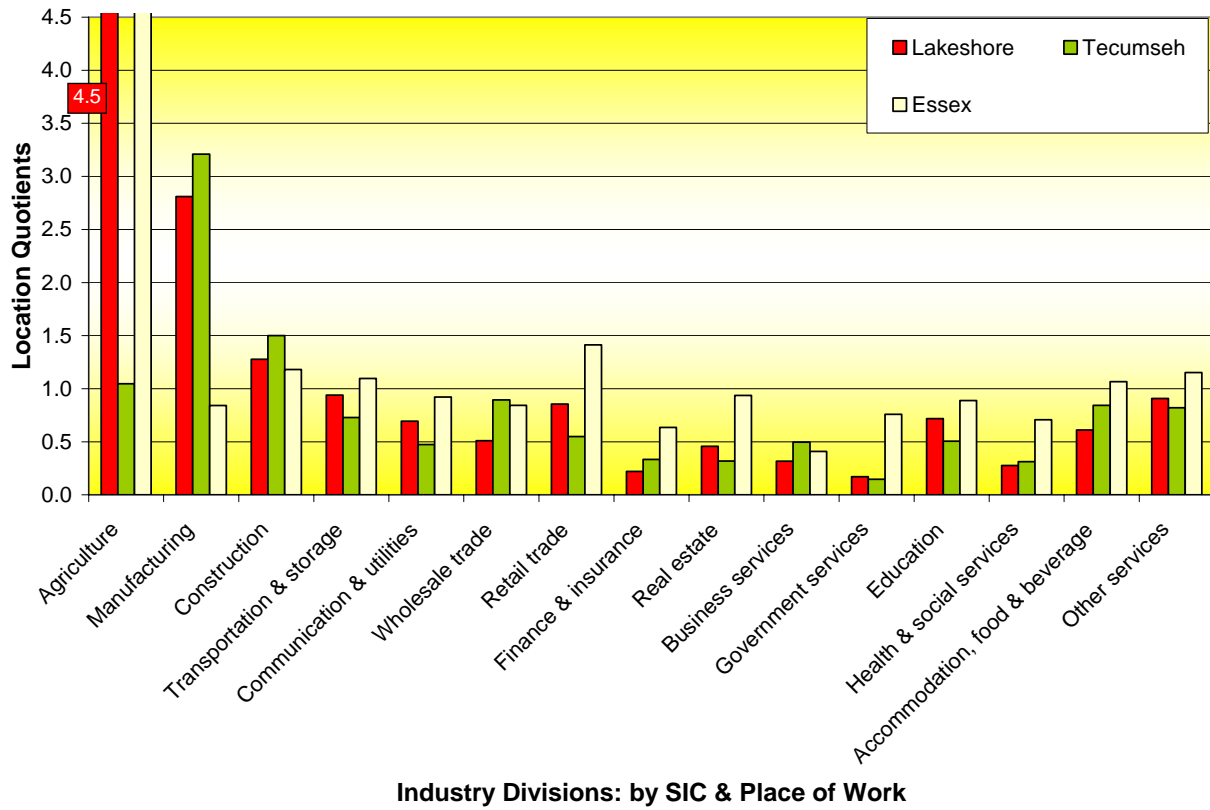
**Figure 10: Employment Concentrations in Surrounding Municipalities**



**Industry Divisions: by SIC & Place of Work**

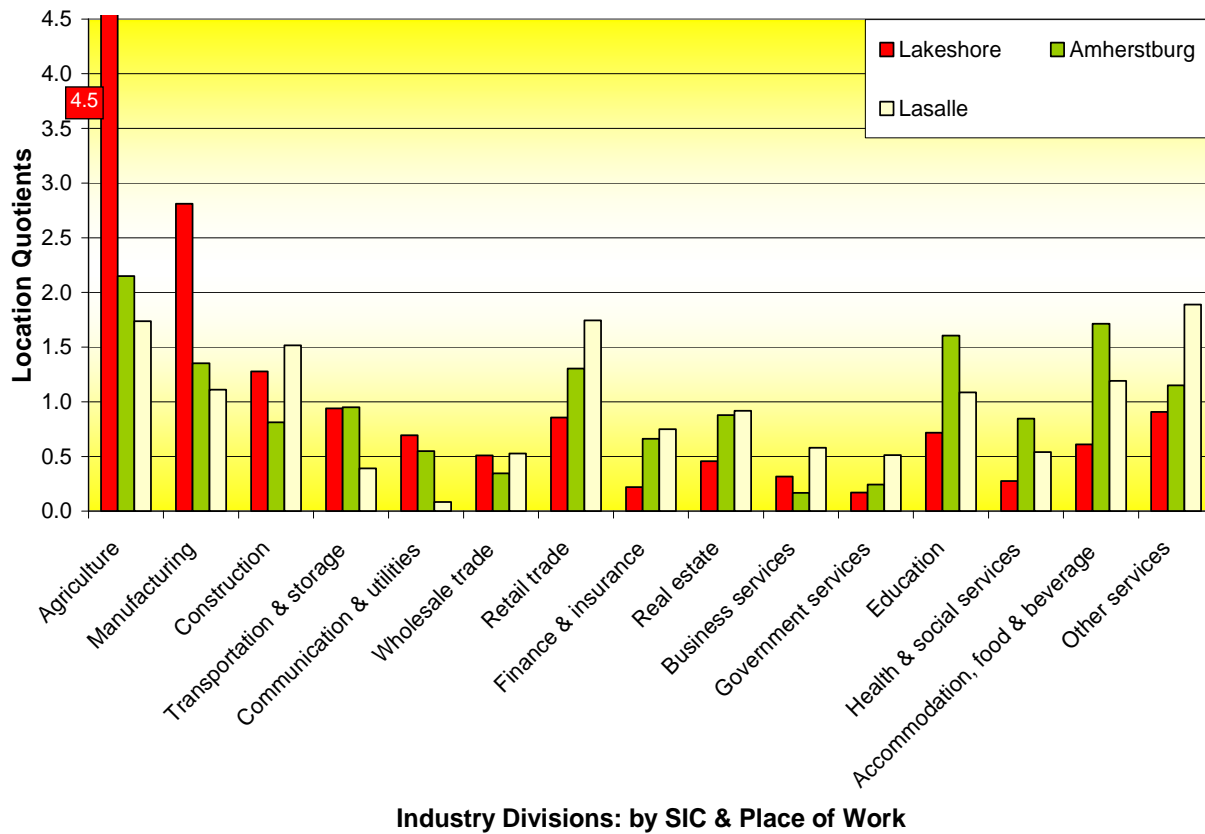
Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

**Figure 11: Employment Concentrations in Surrounding Municipalities**



Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

**Figure 12: Employment Concentrations in Surrounding Municipalities**



Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

**Shift-Share Analysis 1996-2001**

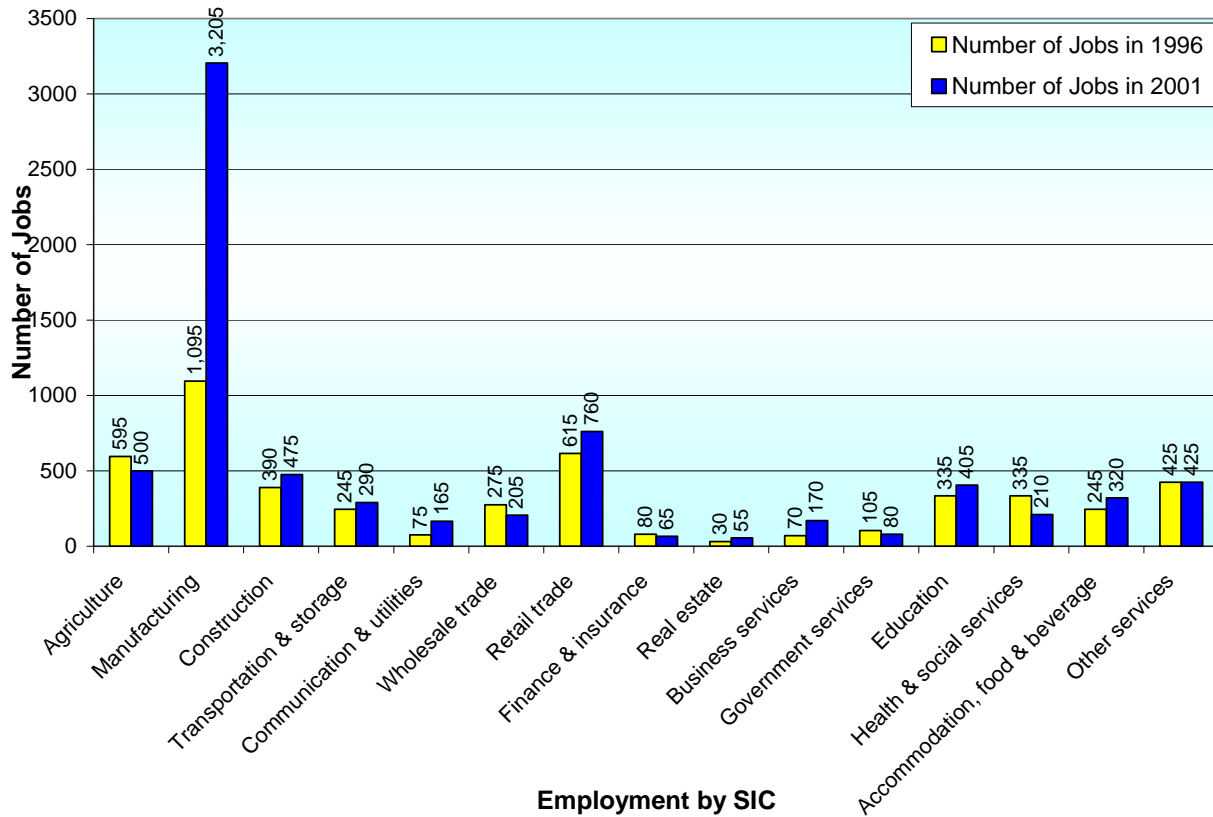
A review of the changes in Census employment data for Lakeshore by Industry Division reveals that there was a net job growth of 47.89% in jobs, compared to job growth in Ontario of 10.9% and Canada at 9.7% for the same period. Industry divisions that recorded an increase in employment between 1996 and 2001 were: manufacturing (2,110 new jobs); construction (85 jobs); transportation and storage (45 new jobs); communications and utilities (90 jobs); retail (145 new jobs); real estate (25 new jobs); business services (100 new jobs); education (70 jobs); and accommodation, food and beverage (75 new jobs).

Job losses were experienced in agriculture (-95 jobs), wholesale trade (-70 jobs), finance and insurance (-15 jobs), government services (-25 jobs) and health and social services (-125 jobs).

The following chart illustrates the number of jobs by Industry Division in both 1996 and 2001.



**Figure 13: Lakeshore Employment Growth by Industry Division 1996-2001**



Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

While the location quotient method is a “first cut” analysis of the economic base of Lakeshore, it is a static tool that examines employment at one point in time, in this case the census of June 1, 2001. Shift-share analysis compares local growth/decline within a Lakeshore industry to the growth/decline of that industry within Canada, as well as to employment growth overall for Canada. More specifically, this analytical tool examines local employment by attributing growth, stability, or decline in particular industries over time to three distinct forces:

- Economic growth: local employment growth/decline that is attributable to growth, stability, or decline of the entire Canadian economy;
- National industry growth: local employment growth/decline that is attributable to the growth, stability, or decline of that particular economic activity in the Canadian economy (with the economic growth component removed);
- Local industry growth: local employment growth/decline that is attributable to local firms because they are growing/declining more or less quickly than similar firms in the larger economy (with the Canadian economic and industry growth components removed).

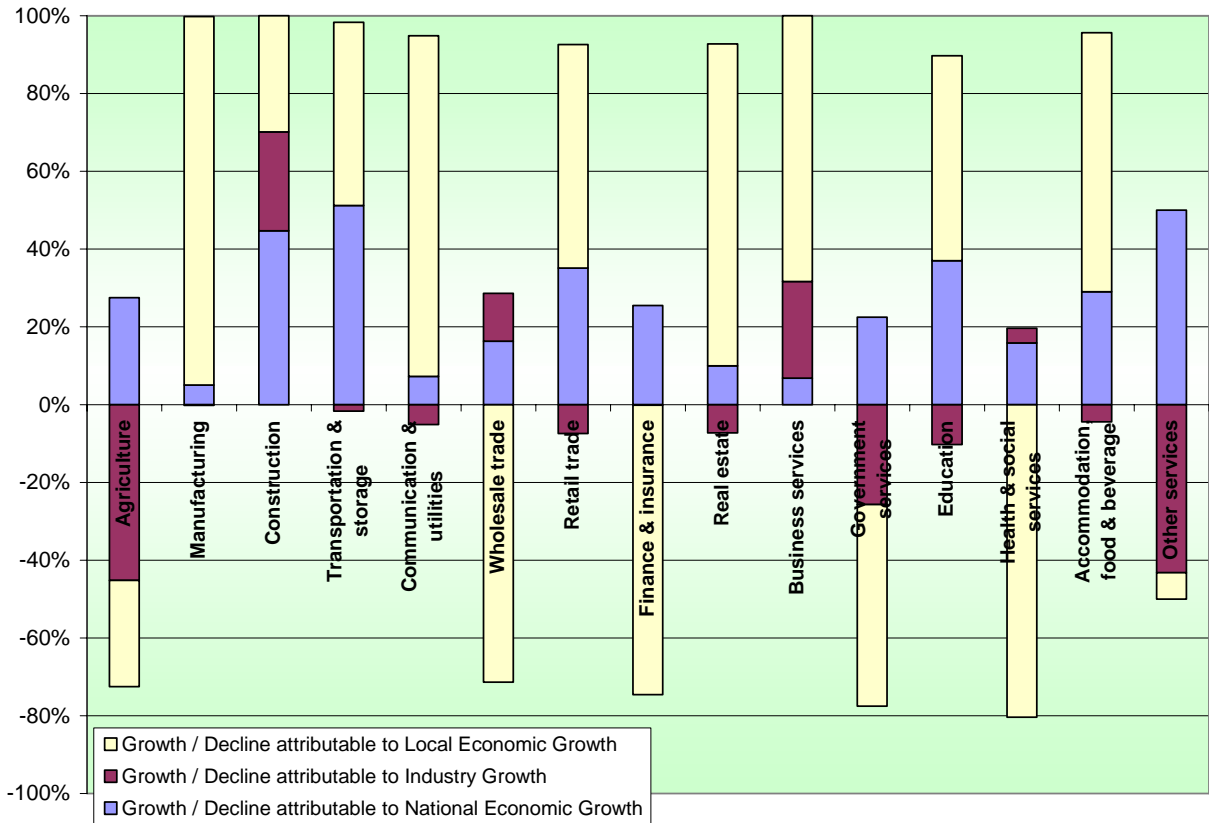
This tool when correctly interpreted provides greater descriptive power than the location quotient method. It has been applied to all “SIC” Industry Divisions using 2001 place of work

employment statistics. Shift-share analysis allows examination of changes through time (trends) versus the static snapshot of location quotients. The following table provides a shift-share analysis by industry division for Lakeshore. Two examples of how to interpret the table follows:

- Business services experienced an increase of 100 jobs between 1996 and 2001. The growth of the 100 jobs may be “attributed” as follows:
  - 7 jobs can be attributed to overall employment growth in the Canadian economy;
  - Employment in the Canadian Business services industry grew at a faster rate than employment growth in the overall economy, and therefore 25 more Business services jobs in Lakeshore can be attributed to the quicker growth in the Business services industry;
  - Actual Business services employment growth in Lakeshore (100) was greater than what can be attributed to the growth in the national economy and industry growth (7 + 25 or 32 jobs). Therefore 68 more jobs were created in Lakeshore than if Lakeshore growth had matched the growth attributable to both national and industry growth in Business services (of 32 jobs).
  
- Manufacturing experienced an increase of 2,900 jobs between 1996 and 2001. The growth of the 2,900 jobs may be “attributed” as follows:
  - 30 jobs can be attributed to overall employment growth in the Canadian economy;
  - Employment in the Canadian manufacturing industry declined relative to employment growth in the overall economy, and therefore the loss of 1 manufacturing job in Lakeshore can be attributed to manufacturing industry shrinkage;
  - Actual manufacturing employment growth in Lakeshore (2,872) was greater than what can be attributed to the growth in the national economy and industry growth (29 jobs), and therefore 2,872 jobs were created in Lakeshore than would have been expected if Lakeshore growth had simply kept pace with national and industry growth in manufacturing.

The following figure graphically attributes job growth to national, industry or local growth, and the following table provides the same information in chart form.

**Figure 14: Lakeshore Shift Share Analysis by Industry Division, 1996-2001**



Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

**Table 11: Shift Share Analysis by Industry Division, 1996-2001**

Sectors (Standard Industrial Classification)	Employment Growth Lakeshore	Actual Change (# jobs) Lakeshore	National Economic Effect	Industry Effect	Regional/ Local Effect
All industries	47.9%	2,380	484	0	1896
Agriculture	-16.0%	-95	58	-95	-58
Manufacturing	192.7%	2,110	107	-4	2008
Construction	21.8%	85	38	22	25
Transportation & storage	18.4%	45	24	-1	22
Communication & other utilities	120.0%	90	7	-5	88
Wholesale trade	-25.5%	-70	27	20	-117
Retail trade	23.6%	145	60	-13	98
Finance & insurance	-18.8%	-15	8	0	-23
Real estate	83.3%	25	3	-2	24
Business services	142.9%	100	7	25	68
Government	-23.8%	-25	10	-12	-24
Education	20.9%	70	33	-9	46
Health & social services	-37.3%	-125	33	8	-165
Accommodation, food & beverage	30.6%	75	24	-4	55
Other services	0.0%	0	41	-36	-6

Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

Nine industry divisions experienced local employment growth between the two census periods that exceeded what can be explained by the combined growth in the overall economy and the specific industry division in Canada. The fact that these industry divisions experienced higher than expected employment growth might suggest that they could grow even more with the support of economic development programs, and that their potential for identification as target industries needs to be considered.

### **Local Growth Industries**

The following table illustrating the shift-share effect by major groups reveals the following information:

- Major groups in which local growth was much greater than can be explained by national or industry growth were:
  - Transportation equipment industries (auto parts manufacturing) which accounted for almost all the net employment growth;
  - Trade contracting industries;
  - Transportation industries;
  - Education industries;
  - Food and beverage service industries.

**Table 12: Shift Share Analysis by Major Group, 1996-2001**

Lakeshore Location Quotients, 2001 SIC POW					
Sectors (SIC classification)	Growth / Decline (# Jobs) Lakeshore	% Growth / Decline Lakeshore	National Economic Effect	Industry Growth Effect	Regional / Local Effect
<b>All industries</b>	3,220	78.0%	402	0	2818
<b>Agriculture</b>	-5	-1.0%	49	-81	27
Major Group 01 - Agricultural industries	-35	-7.0%	49	-92	8
Major Group 02 - Service industries incidental to agriculture	20	133.3%	1	0	19
Major Group 08 - Quarry and sand pit industries	10	0.0%	0	0	N/A
<b>Manufacturing</b>	2,900	950.8%	30	-1	2872
Major Group 10 - Food industries	-70	-70.0%	10	-7	-72
Major Group 11 - Beverage industries	15	-	0	0	N/A
Major Group 16 - Plastic products industries	20	44.4%	4	8	8
Major Group 17 - Leather and allied products industries	0	-	0	0	N/A
Major Group 25 - Wood industries	10	18.2%	5	3	1
Major Group 26 - Furniture and fixture industries	0	0.0%	0	0	N/A
Major Group 28 - Printing, publishing and allied industries	-40	-100.0%	4	-4	-40
Major Group 32 - Transportation equipment industries	2,220	22200.0%	1	1	2218
Major Group 33 - Electrical and electronic products industries	15	-	0	0	N/A
Major Group 35 - Non-metallic mineral products industries	15	150.0%	1	-1	15
Major Group 37 - Chemical and chemical products industries	60	-	0	0	N/A
Major Group 39 - Other manufacturing industries	30	-	0	0	N/A
<b>Construction</b>	340	251.9%	13	7	319
Major Group 40 - Building, developing and general contracting industries	25	100.0%	2	-4	27
Major Group 41 - Industrial and heavy (engineering) construction industries	30	300.0%	1	-1	30
Major Group 42 - Trade contracting industries	270	270.0%	10	17	243
<b>Transportation &amp; storage</b>	260	866.7%	3	0	257
Major Group 45 - Transportation industries	240	480.0%	5	0	235
Major Group 48 - Communication industries	80	533.3%	1	-1	80
Major Group 49 - Other utility industries	5	8.3%	6	-4	3
<b>Wholesale trade</b>	40	24.2%	16	12	12
Major Group 52 - Food, beverage, drug and tobacco industries, wholesale	-35	-77.8%	4	7	-46
Major Group 55 - Motor vehicle, parts and accessories industries, wholesale	15	60.0%	2	0	13
Major Group 56 - Metals, hardware, plumbing, heating and building materials industries, wholesale	25	-	0	0	N/A
Major Group 57 - Machinery, equipment and supplies industries, wholesale	35	100.0%	3	3	29
<b>Retail trade</b>	40	5.6%	70	-15	-15

## Town of Lakeshore Economic Development Strategy

<b>Major Group 60 - Food, beverage and drug industries, retail</b>	80	32.7%	24	-2	58
<b>Major Group 61 - Shoe, apparel, fabric and yarn industries, retail</b>	-15	-100.0%	1	0	-16
<b>Major Group 62 - Household furniture, appliances and furnishings industries, retail</b>	-30	-46.2%	6	3	-39
<b>Major Group 63 - Automotive vehicles, parts and accessories industries, sales and service</b>	65	30.2%	21	-7	51
<b>Major Group 64 - General retail merchandising industries</b>	-40	-57.1%	7	-8	-39
<b>Major Group 65 - Other retail store industries</b>	-45	-39.1%	11	-4	-52
<b>Major Group 69 - Non-store retail industries</b>	20	-	0	0	N/A
<b>Finance &amp; insurance</b>	-75	-53.6%	14	0	-89
<b>Major Group 70 - Deposit accepting intermediary industries</b>	-45	-47.4%	9	-13	-41
<b>Major Group 72 - Investment intermediary industries</b>	-10	-100.0%	1	5	-16
<b>Major Group 73 - Insurance industries</b>	-30	-100.0%	3	-4	-29
<b>Major Group 74 - Other financial intermediary industries</b>	15	-	0	0	N/A
<b>Real estate</b>	-10	-15.4%	6	-5	-12
<b>Major Group 76 - Insurance and real estate agent industries</b>	-5	-9.1%	5	-5	-6
<b>Business services</b>	20	13.3%	15	53	-48
<b>Major Group 77 - Business service industries</b>	25	17.2%	14	51	-41
<b>Government services</b>	-370	-82.2%	44	-50	-364
<b>Major Group 81 - Federal government service industries</b>	-280	-93.3%	29	-36	-274
<b>Major Group 82 - Provincial and territorial government service industries</b>	-70	-87.5%	8	-9	-69
<b>Major Group 83 - Local government service industries</b>	-25	-31.3%	8	-8	-24
<b>Education</b>	155	62.0%	24	-7	137
<b>Major Group 85 - Educational service industries</b>	150	58.8%	25	-7	132
<b>Health &amp; social services</b>	-325	-60.7%	52	12	-389
<b>Major Group 86 - Health and social service industries</b>	-335	-61.5%	53	13	-401
<b>Accommodation, food &amp; beverage</b>	65	25.5%	25	-4	44
<b>Major Group 92 - Food and beverage service industries</b>	145	87.9%	16	10	118
<b>Other services</b>	115	37.1%	30	-26	111
<b>Major Group 96 - Amusement and recreational service industries</b>	85	130.8%	6	0	78
<b>Major Group 97 - Personal and household service industries</b>	30	27.3%	11	-22	41
<b>Major Group 98 - Membership organization industries</b>	5	7.7%	6	-12	11

Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

### 3.3 Labour Force Analysis

#### 3.3.1 Labour Force Characteristics

The median total income of persons 15 years of age and over in 2001 was \$30,091 in Lakeshore versus \$24,816 for Ontario.

The following table provides a comparison of key labour force indicators for Lakeshore and Ontario. In 2001, Lakeshore had a greater labour force participation rate, a greater employment rate, and a lower unemployment rate than the Ontario average.

**Table 13: Key Labour Force Indicators: Lakeshore versus Ontario, 2001**

Labour Force Indicators	Ontario			Lakeshore		
	Total	Male	Female	Total	Male	Female
Participation rate	67.3%	73.4%	61.5%	70.4%	77.8%	62.8%
Employment rate	63.2%	69.1%	57.6%	67.3%	74.8%	59.6%
Unemployment rate	6.1%	5.8%	6.5%	4.4%	3.9%	5.1%

Source: McSweeney & Associates from 2001 Statistics Canada Census Data.

#### Education

The following table presents data with respect to the highest education levels obtained by age group, and compares Lakeshore and Ontario. Across all age groups, Lakeshore had a higher percentage of the population with high school diploma or trades certificate. A higher percentage of Ontario residents have a university education than do Lakeshore residents. For those with a university education, a table outlining major fields of study is also provided.

**Table 14: Education Levels Attained: Lakeshore versus Ontario 2001**

Highest Level of Schooling	Ontario	Lakeshore
<b>Population aged 20-34</b>		
% with less than a high school graduation certificate	13.2	9.3%
% with high school graduation certificate +/- or some postsecondary	33.7	<b>38.2%</b>
% with a trades certificate or diploma	7.9	<b>13.0%</b>
% with a college certificate or diploma	19.5	<b>21.6%</b>
% with a university certificate, diploma or degree	<b>25.7</b>	17.8%
<b>Population aged 35-44</b>		
% with less than a high school graduation certificate	17.3	17.3%
% with high school graduation certificate +/- or some postsecondary	25.6	<b>33.0%</b>
% with a trades certificate or diploma	11.5	<b>14.2%</b>
% with a college certificate or diploma	21.2	20.7%
% with a university certificate, diploma or degree	<b>24.3</b>	15.0%
<b>Population aged 45-64</b>		
% with less than a high school graduation certificate	27.5	<b>28.1%</b>
% with high school graduation certificate +/- or some postsecondary	22.9	<b>29.1%</b>
% with a trades certificate or diploma	11.6	<b>13.5%</b>
% with a college certificate or diploma	<b>16.6</b>	14.4%
% with a university certificate, diploma or degree	<b>21.5</b>	14.9%

Source: McSweeney & Associates from 2001 Statistics Canada Census Data.

**Table 15: University Education by Major Field of Study**

Major Field of Study	2001	Lakeshore %
Total Population	8,895	
Educational, recreational and counselling services	735	8.7%
Fine and applied arts	500	5.6%
Humanities and related fields	380	4.3%
Social sciences and related fields	825	9.3%
Commerce, management and business administration	1,640	18.4%
Agricultural, biological, nutritional, and food sciences	260	2.3%
Engineering and applied sciences	300	3.4%
Applied science technologies and trades	2,765	31.1%
Health professions and related technologies	1,275	14.3%
Mathematics, computer and physical sciences	220	2.5%
No specialization	0	0%

Source: McSweeney & Associates from 2001 Statistics Canada Census Data.



### **Experience of Labour Force**

The following table indicates the industry worked in most recently (2001) by Lakeshore and Ontario residents as of June 1, 2001. The information is by place of residence (i.e. applies to Lakeshore residents, not employees working in Lakeshore). Generally, a larger percentage of Lakeshore residents worked in agriculture, manufacturing and construction relative to Ontario averages. A smaller percentage of Lakeshore residents worked in wholesale and retail trade, finance and real estate, health and education, business services and other services than the Ontario population.

**Table 16: Experienced Labour Force by Industry - Summary (NAICS) 2001**

<b>Industry</b>	<b>Ontario</b>	<b>Lakeshore</b>
Agriculture and other resource-based industries	3.2%	<b>4.6%</b>
Manufacturing and construction industries	22.0%	<b>37.8%</b>
Wholesale and retail trade	<b>15.9%</b>	13.0%
Finance and real estate	<b>6.7%</b>	3.2%
Health and education	<b>15.1%</b>	13.9%
Business services	<b>19.1%</b>	12.6%
Other services	<b>18.1%</b>	14.8%

Source: McSweeney & Associates from 2001 Statistics Canada Census Data.

The following table indicates the occupations worked in most recently (2001) by Lakeshore and Ontario residents as of June 1, 2001. The information is by place of residence (i.e. applies to Lakeshore residents, not employees working in Lakeshore). Generally, a smaller percentage of Lakeshore residents worked in: management occupations; business, finance and administration occupations; natural and applied sciences and related occupations; social science, education, government service and religion; arts, culture recreation and sport; and sales and service occupations than the Ontario averages.

A greater percentage of Lakeshore residents had health occupations; trades, transport and equipment operators and related occupations; occupations unique to primary industry; and occupations unique to processing, manufacturing and utilities than the Ontario average.

**Table 17: Experienced Labour Force by Occupation - Summary 2001**

<b>By Place of Residence</b>	<b>Ontario</b>	<b>Lakeshore</b>
Management occupations	<b>11.4%</b>	10.8%
Business, finance and administration occupations	<b>18.3%</b>	14.7%
Natural and applied sciences and related occupations	<b>7.1%</b>	3.4%
Health occupations	4.8%	<b>5.7%</b>
Social science, education, government service and religion	<b>7.6%</b>	4.8%
Arts, culture, recreation and sport	<b>2.9%</b>	1.0%
Sales and service occupations	<b>22.9%</b>	19.6%
Trades, transport & equipment operators & related occupations	14.1%	<b>18.9%</b>
Occupations unique to primary industry	2.7%	<b>4.3%</b>
Occupations unique to processing, manufacturing and utilities	8.2%	<b>16.7%</b>

Source: McSweeney & Associates from 2001 Statistics Canada Census Data.

### 3.3.2 Labour Force Mobility

The 2001 Census indicates that while there are 7,350 jobs in Lakeshore, in fact the employed resident labour force (number of employees who live in Lakeshore) is 14,885.

#### Lakeshore Exports Workers

The next four tables highlight industry sectors in which there is a net “export” or “import” of labour. Because there are 7,350 jobs in Lakeshore, and an employed resident labour force of 14,885, Lakeshore is a net “exporter” of 7,535 employees. The net export/import calculation is simply the number of jobs in each Lakeshore industry minus the number of Lakeshore Area residents working in that particular industry. It is important to note that both the export and import numbers indicated under-represent the actual numbers of employees, as not all Lakeshore jobs are filled by Lakeshore residents. The tables provide information only on industry sectors that imported or exported a net of 100 workers or more.

Industry sectors in which Lakeshore exports a large number of workers may suggest the possibility of trying to attract those types of businesses to Lakeshore, based upon the assumption that some of these workers might choose to work in Lakeshore if they were given the opportunity to do so. Industry sectors in which Lakeshore imports a large number of workers may suggest difficulty finding local labour for those industries in Lakeshore, but will also reflect the fact that some people choose to live in areas other than near their workplace and that it is a short commute to the surrounding municipalities.

The following three tables reveal the following information regarding the labour force in Lakeshore:

- Overall, there are less jobs in Lakeshore than employed workers;
- Large numbers of people living in Lakeshore and working in manufacturing, health and social services and retail trade have places of employment outside of the area;
- Many people leave Lakeshore to work in: construction industries; transportation and storage industries; communications and other utility industries; wholesale trades industries; finance and insurance industries; business services industries; government services industries; educational services industries; accommodation, food and beverage service industries; an other services industries.

**Table 18: Major "Importers/Exporters" of Jobs in Lakeshore**

<b>SIC Classification 2001</b>	<b>Jobs in Lakeshore</b>	<b>Net export (-) or import (+) of labour</b>
<b>All industries</b>	<b>4095</b>	<b>-7,535</b>
<b>Division E - Manufacturing industries</b>	<b>350</b>	<b>-1,540</b>
Major Group 30 - Fabricated metal products industries (except machinery and transportation equipment industries)	785	-265
Major Group 32 - Transportation equipment industries	3,110	-880
<b>Division F - Construction industries</b>	<b>950</b>	<b>-475</b>
Major Group 40 - Building, developing and general contracting industries	150	-100
Major Group 42 - Trade contracting industries	705	-335
<b>Division G - Transportation and storage industries</b>	<b>665</b>	<b>-375</b>
Major Group 45 - Transportation industries	655	-365
<b>Division H - Communication and other utility industries</b>	<b>395</b>	<b>-230</b>
Major Group 48 - Communication industries	250	-155
<b>Division I - Wholesale trade industries</b>	<b>610</b>	<b>-405</b>
Major Group 57 - Machinery, equipment and supplies industries, wholesale	185	-115
<b>Division J - Retail trade industries</b>	<b>1,650</b>	<b>-890</b>
Major Group 60 - Food, beverage and drug industries, retail	575	-250
Major Group 63 - Automotive vehicles, parts and accessories industries, sales and service	605	-325
Major Group 64 - General retail merchandising industries	130	-100
<b>Division K - Finance and insurance industries</b>	<b>285</b>	<b>-220</b>
Major Group 70 - Deposit accepting intermediary industries	180	-130
<b>Division M - Business service industries</b>	<b>640</b>	<b>-470</b>
Major Group 77 - Business service industries	640	-470
<b>Division N - Government service industries</b>	<b>385</b>	<b>-305</b>
Major Group 81 - Federal government service industries	120	-100
Major Group 82 - Provincial and territorial government service industries	120	-110
Major Group 83 - Local government service industries	145	-90
<b>Division O - Educational service industries</b>	<b>785</b>	<b>-380</b>
Major Group 85 - Educational service industries	785	-380
<b>Division P - Health and social service industries</b>	<b>1,325</b>	<b>-1,115</b>
Major Group 86 - Health and social service industries	1,320	-1,110
<b>Division Q - Accommodation, food and beverage service industries</b>	<b>690</b>	<b>-370</b>
<b>Division R - Other services industries</b>	<b>1,000</b>	<b>-575</b>
Major Group 96 - Amusement and recreational service industries	430	-280
Major Group 97 - Personal and household service industries	295	-155
Major Group 99 - Other service industries	185	-125

Source: McSweeney & Associates from Statistics Canada Census data; Analysis support: Rural Development Division, Ontario Ministry of Agriculture, Food, and Rural Affairs

### Where Commuters Work

The following table documents where people who work in Lakeshore commute from in 2001.

**Table 19: Labour Force Commuting to Work in Lakeshore**

Place of residence / Place of work	Total	Male	Female
Chatham-Kent / Lakeshore	305	220	85
Leamington / Lakeshore	195	150	50
Kingsville / Lakeshore	215	125	85
Essex / Lakeshore	230	150	85
Amherstburg / Lakeshore	120	75	45
LaSalle / Lakeshore	170	100	70
Windsor / Lakeshore	2,090	1,320	775
Tecumseh / Lakeshore	595	235	360
<b>Total workforce commuting to Lakeshore</b>	<b>3,920</b>	<b>2,375</b>	<b>1,555</b>
<i>Percent of workers (non-resident) commuting to work in Lakeshore</i>	<i>62.4%</i>		
<i>Percentage of non-resident commuters that are male / female</i>		<i>68.9%</i>	<i>54.7%</i>

Source: McSweeney & Associates from 2001 Statistics Canada Census Data.

**Table 20: Where the Lakeshore Resident Labour Force Works (Outside Lakeshore)**

Place of residence / Place of work	Sex		
	Total	Male	Female
Lakeshore / Chatham-Kent	965	475	495
Lakeshore / Leamington	240	110	135
Lakeshore / Kingsville	130	45	80
Lakeshore / Essex	385	205	185
Lakeshore / Amherstburg	60	50	10
Lakeshore / LaSalle	25	20	10
Lakeshore / Windsor	6,895	4,005	2,885
Lakeshore / Tecumseh	1,345	840	510
<b>Total workforce commuting to work outside of Lakeshore</b>	<b>10,045</b>	<b>5,750</b>	<b>4,310</b>
<i>Percent of resident commuters working outside Lakeshore</i>	<i>81.0%</i>		
<i>Percent commuters working outside that are male / female</i>		<i>84.3%</i>	<i>77.0%</i>

Source: McSweeney & Associates from 2001 Statistics Canada Census Data.

The preceding two tables provide information on persons reporting a “usual place of work other than in their home or outside of Canada”, and reveals the following regarding labour force mobility in Lakeshore:

- The largest number of commuting Lakeshore workers come from Windsor;
- 62.4% of workers declaring a usual place of work in Lakeshore live outside of the area;
- 81.0% of the labour force living in Lakeshore declared having a usual place of work outside of Lakeshore.

### 3.4 Economic Forecasts

The following table provides a recent (December 2005) industrial outlook for the Canadian economy by industry sector.

**Table 21: Canadian Industrial Outlook (TD Economics)**

REAL GROSS DOMESTIC PRODUCT BY INDUSTRY*												
	Level \$Bns 2004	Share of Output 2004	Annual average per cent change					4thQtr/4thQtr change				
						Forecast					Forecast	
			2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
<b>ALL INDUSTRIES</b>	1,045.8	100.0%	3.0	2.4	3.3	2.9	3.0	3.8	2.6	3.2	2.7	2.5
<b>GOODS INDUSTRIES</b>	331.5	31.7%	1.8	2.4	4.3	2.5	2.4	4.5	3.1	3.9	2.4	2.0
<b>PRIMARY INDUSTRIES</b>	63.8	6.1%	-0.5	8.8	4.6	2.7	3.8	4.9	8.4	2.4	7.6	3.6
Agriculture	13.5	1.3%	-9.4	16.6	5.2	2.5	4.8	0.3	16.1	3.1	0.6	3.9
Oil and Gas	29.9	2.9%	3.1	8.8	2.9	3.5	3.8	7.8	8.5	1.5	10.7	3.8
Non-energy Mining	10.6	1.0%	-1.0	5.8	4.9	3.2	3.7	-2.7	14.3	-3.9	13.6	3.4
Other Primary**	9.8	0.9%	2.1	2.2	9.1	0.3	2.5	10.7	-7.2	12.3	1.6	2.7
<b>MANUFACTURING</b>	180.8	17.3%	1.2	0.0	4.6	2.3	2.0	4.2	1.6	4.5	1.1	0.8
Autos and Parts	20.7	2.0%	4.4	1.5	9.0	-0.4	-0.7	5.2	5.5	7.2	-5.4	-3.6
Aerospace and Parts	5.4	0.5%	-12.5	-13.1	11.9	5.0	2.5	-11.2	-7.4	16.0	0.9	3.9
Forest Products	24.8	2.4%	6.7	2.4	3.0	0.3	0.5	12.5	-2.0	6.1	-0.9	-1.9
Food Products	17.4	1.7%	-0.3	0.5	3.8	2.2	3.5	-2.4	2.2	3.9	1.9	3.6
Pharmaceuticals	4.2	0.4%	10.9	3.9	1.4	-1.0	1.5	9.6	4.5	-0.9	-0.1	1.8
Plastics & Rubber	10.2	1.0%	8.3	-0.1	3.1	0.0	-1.5	8.1	1.8	1.5	-1.6	-2.0
Computer & Electronics	9.9	0.9%	-7.6	2.6	11.9	10.9	4.6	13.5	12.6	5.2	7.8	6.7
Machinery	11.6	1.1%	-2.5	-1.9	6.8	10.2	4.4	1.2	0.6	8.3	9.2	5.7
Metal Products	25.7	2.5%	3.0	0.2	2.8	3.0	1.8	3.7	2.9	1.9	2.4	0.4
Other Manufacturing	50.9	4.9%	-0.6	-0.8	3.0	0.9	2.7	2.8	0.1	3.1	1.3	0.6
<b>CONSTRUCTION</b>	60.5	5.8%	4.9	5.4	4.6	2.6	2.2	3.8	6.6	3.4	1.9	1.4
Residential	21.4	2.0%	15.3	6.8	8.7	2.5	-0.5	15.0	6.8	8.2	0.2	-3.6
Non-res. & Engineering	39.1	3.7%	0.3	4.7	2.4	2.7	3.7	-1.3	6.5	0.9	2.8	4.2
<b>UTILITIES</b>	26.3	2.5%	5.0	-2.2	0.4	3.5	3.0	6.6	-5.3	5.2	2.6	3.2
<b>SERVICE INDUSTRIES</b>	714.3	68.3%	3.5	2.4	2.8	3.1	3.2	3.5	2.3	2.8	2.8	2.7
Wholesale Trade	64.1	6.1%	3.6	4.8	5.7	6.9	4.2	5.8	6.6	5.0	5.4	4.2
Retail Trade	60.3	5.8%	5.9	2.7	3.8	5.6	3.2	3.2	2.8	4.5	5.1	3.0
Transportation Services	49.8	4.8%	0.7	0.7	5.1	3.6	3.4	2.7	2.3	5.1	2.9	3.3
Telecommunications Services	25.3	2.4%	9.4	1.5	2.6	5.0	3.9	6.9	-0.8	4.6	5.3	3.2
Finance, Ins. & Real Estate	205.9	19.7%	3.6	2.4	3.3	2.9	3.5	2.8	2.7	3.1	2.4	2.7
Professional Services	45.6	4.4%	2.7	2.2	2.0	1.2	3.0	4.3	1.7	1.8	1.6	3.3
Administrative Services	23.1	2.2%	9.1	3.8	2.2	3.1	3.5	9.5	1.6	2.4	3.2	3.8
Accommod. & Food Services	23.0	2.2%	1.7	-1.9	1.6	1.1	1.7	2.2	-0.4	0.8	0.4	1.7
Public Services	164.2	15.7%	2.4	2.4	1.2	1.9	2.4	2.8	1.5	1.3	2.0	1.7
Other Services	52.9	5.1%	3.6	2.4	0.8	1.7	3.0	2.9	1.3	1.2	1.6	2.4

Forecast by TD Economics as at December 2005 \* Measured at basic prices in 1997 dollars; \*\* Logging, fishing, hunting and trapping  
Source: Statistics Canada, TD Economics

CIBC World Markets provides the following provincial projections for GDP growth, indicating Ontario as having the lowest forecast real GDP growth of all provinces.

**Table 22: CIBC Forecast of Real GDP Growth by Province**

year-over-year chg, %	Real GDP		
	2005 Forecast	2006 Forecast	2007 Forecast
British Columbia	3.8	4.1	3.4
Alberta	5.0	7.0	6.0
Saskatchewan	3.0	3.4	2.9
Manitoba	2.8	2.6	2.3
<b>Ontario</b>	<b>2.4</b>	<b>1.8</b>	<b>1.6</b>
Québec	2.3	1.9	1.7
New Brunswick	2.1	2.4	2.2
Nova Scotia	1.6	2.4	2.3
Prince Edward Island	2.0	2.0	1.8
Newfoundland & Labrador	1.7	6.0	2.0
<b>Canada</b>	<b>2.9</b>	<b>2.8</b>	<b>2.4</b>

Source: CIBC World Markets Inc. in Monthly Indicators & Provincial Forecast – February 9, 2006

CIBC offered the following in support of their projections for weak Ontario growth:

Absent relief from high energy prices and a lofty Canadian Dollar, Ontario can expect GDP gains of less than 2% in the coming two years, more than a percentage point shy of the province's long-term average.

With earlier Federal tightening exerting a braking force, decelerating US GDP growth will dampen demand for Ontario exports. As a net energy importer, heightened energy prices are a drag on growth. Energy-intensive sectors like forestry have struggled, although provincial hydro subsidies aim to cushion the impact on industry. Meanwhile, Canada's surging energy surplus is transforming the loonie into a bona fide petro-dollar, posing an ongoing threat to provincial manufacturers.

The adjustment to a stronger Canadian Dollar remains a work in progress in the manufacturing sector. A stronger loonie may encourage the capital investment needed to deliver longer-term productivity gains, but for now, Canadian manufacturers are contending with a sharp erosion in their relative cost position versus US competitors, not to mention stiff competition from low-cost centres overseas. A necessary emphasis on cost containment has triggered manufacturing sector layoffs.

Thus far, manufacturing job losses have been cushioned by gains in other industries, most notably in construction and retail/wholesale trade. Recent hiring has been largely full-time, and the unemployment rate was trimmed over the course of 2005. Brisk housing activity has been a boon for the province in recent years. While activity will remain sturdy by historic standards, a likely moderation in home equity gains would dull a vital source of recent consumer spending growth.

Federal government initiatives look to deliver modest tax relief, but with the provincial government focused on eliminating its deficit, there appears to be little room for incremental fiscal stimulus.

On June 6, 2006, the Scotiabank Group predicted an Ontario GDP growth of 2.8% for 2005, 2.5% for 2006, and 2.2% in 2007. In *Provincial Pulse (December 21, 2005)* Scotiabank offered the following comment:

Despite a buoyant construction sector and relatively upbeat retail sales, Ontario's overall economic performance is likely to remain on the slower side in 2006. A strong Canadian dollar, continuing high energy prices, intense competition from low-cost overseas producers, especially China, and moderating U.S. growth are all challenges that will place continued pressure on manufacturers, and the provincial economy as a whole. Ontario's GDP growth is expected to further decelerate to 2% in 2006, placing the province below the national average for the fourth year in a row.

On the other hand, the March 2006 BMO Provincial Outlook projected 2.8% GDP growth for Ontario for 2006, and 3.0% for 2007 and the 2008-2010 periods. BMO offered the following in support of such projections:

**(Dec. 2005) Investment key to productivity**

In 2004, hours worked rose 2.9% which, when combined with real GDP growth of 2.7%, means that labour productivity declined 0.2%. Business machinery and equipment investment is key to the long-term health of the economy, as it is one of the two primary means — the other being education and training — by which productivity is enhanced. Canadian producers are being forced by the stronger Canadian dollar to become more efficient. At the same time, the stronger Canadian dollar makes imported machinery and equipment less expensive in Canadian dollar terms. In this regard, it is encouraging to see that real business investment in machinery and equipment rose 8.2% in 2004 — the fastest rate since 1999. Further, investment intentions for machinery and equipment are up 4.4% in the first half of 2005. It is because of this investment that we expect stronger growth in Ontario over the medium term, despite smaller employment gains.

**(March 2006 update):** We now expect weaker growth in 2006 compared to our December outlook. Weakness in the manufacturing sector is being partially offset by unexpected strength in residential construction.

The following table illustrates business investment forecasts referred to above:

**Table 23: Business Investment Forecast, 2005-2006**

Business Investment (annual % change in GDP)	Source	2005 Real GDP Actual	2006 Real GDP Forecast	2007 Real GDP Forecast
Machinery & Equipment	TD Economics	10.5%	7.9%	7.4%
	Scotiabank	7.9%	8.3%	
Non-Residential Structures	TD Economics	7.9%	8.4%	6.1%
	Scotiabank	2.4%	3.9%	

Sources: TD Quarterly Economic Forecast June 14, 2006  
Scotiabank Global Economic Research, NAFTA Update, Winter 2005

In the Conference Board of Canada's *Provincial Outlook Spring 2006: Economic Forecast*, similar sentiments of moderate growth were echoed. It is forecast that the Ontario economy will



continue to expand at a modest pace this year as it adjusts to the structural changes of increasing commodity prices and a sharp appreciation of the Canadian dollar.

Strong capital investment and buoyant consumer spending will strengthen demand levels for both 2006 and 2007 in Ontario. However, these gains will partially be eroded by the deterioration of the Province's present trade balance levels. Weak demand for motor vehicles south of the border and a strong Canadian dollar will also result in weak export growth this year. A strong business demand for machinery equipment and large consumer demand for high-tech merchandise will continue to support Ontario's export activity. Therefore, real gross domestic product (GDP) at current market prices is expected to increase 2.3% this year. For 2007, softer domestic demand and improved net trade balances will result in a 3.2% economic growth.

Statistics Canada's Private and Public Investment Intentions (PPII) survey found that investment in Ontario by government and business will strengthen this year, with total capital investment levels increasing by 6.9%. For 2007, investment levels will further increase by 4%. The levels of investment in machinery and equipment and non-residential categories will easily boost real capital investment. Disregarding the residential category, real investment will increase by 12.3% in 2006 and 6.5% in 2007. Although the total investment outlook is robust, the PPI also indicates manufacturing investment in machinery will see no growth in 2006. The concern here is that weakening investment intentions could indicate that some manufacturers intend to shut down rather than invest or retool to increase competitiveness.

Ontario's trade surplus will continue to shrink in 2006, decreasing by 1.4%. Although ongoing solid expansion in the US will provide strong demand for machinery and equipment and other manufactured goods, weaknesses in the auto sector will dampen current export growth. Production cutbacks and weaker demand for motor vehicles south of the border will weaken automotive exports significantly, although growth will still be positive at 3.2%. Import growth is expected to decrease during the year yet still remain strong enough to outpace export growth. Demand for electrical equipment, communications electronics, fabricated metals products and desirable high-tech consumer merchandise will drive import activity. In 2007, the easing of household spending and business investment will result in more balanced growth between imports and exports. With a more stable Canadian dollar in 2007, the trade sector is supposed to have a neutral effect on GDP.

In the Conference Board of Canada's *Provincial Outlook Winter 2006: Economic Forecast*, similar sentiments of slower growth were also echoed. It is forecast that the Ontario economy will continue to expand in the face of increasing commodity prices and the appreciation of the US dollar.

Business demand for machinery and equipment will stimulate imports whereas exports will be restrained by a strong domestic currency and lesser demands for autos from the US. Business investment will remain positive because businesses will take advantage of the strong Canadian dollar to upgrade machinery and equipment. For manufacturing, these upgrades in conjunction with labour cost reductions will improve productivity and competitiveness. However, the strong Canadian dollar may also be a disincentive for investment, especially amongst those manufacturers with large labour-intensive practices. Business investment in machinery and equipment is forecast to increase by 9.9% in 2006 and 6.8% in 2007. The ongoing expansion in the US should provide a strong demand for machinery and equipment, office equipment and

other manufactured goods. However, production cuts and easing demand have softened automotive output will dampen total export growth for 2006. Therefore, the trade sector will subtract from the growth of demand until late 2007. GDP is forecasted to increase by 2.7% in 2006, and 3.4% in 2007.

The Conference Board of Canada's *Provincial Outlook Long-Term Economic Forecast 2006* forecasts Ontario growth over the long-term as well.

According to the Conference Board of Canada, Ontario's economy will be among the strongest in Canada over the long-term. Forecasts predict that Ontario's economy will expand by a compound annual rate of 2.8% for the period 2005-2025. Two key factors during this time will, however, reduce the economy's capacity to expand. First, is that the proportion of retirees in the total population will rise, which will constrain long-term potential labour force growth. Second, total factor productivity (TFP) growth is expected to slow as the forecast wears on. This forecast assumes that the current rate of technological change will ease toward the end of the decade.

The Conference Board of Canada also believes a key determinant of the long-term outlook is demographic projections. Three principal demographic features influencing the economic forecast are an aging of the population, the declining rate of natural increase, and the increasing contribution of international immigration as a share of total population. It is forecast that the age structure of Ontario will undergo a significant shift during the 2005-2025 period as the population aged 65 and older is expected to increase from 12.9% in 2005 to 18.6% in 2025. This shift is primarily due to the aging of the baby boomer population. The aging of the population will lead to a slowing growth rate for population of labour force age. Annual labour force growth is expected to be 1.4% for the 2005-2014 period and then decline to 0.7% for the period 2015-2025. The natural rate of increase is also expected to decline from 37,400 in 2005 to 23,447 in 2025, as the aging population is replaced by a smaller child-bearing cohort. The death rate is also expected to climb, increasing 1.9% a year for the period 2005-2025. Net immigration is also expected to increase from 104,051 in 2005 to 138,664 in 2025. Immigration is also projected to account for 85% of total annual increase in the province's population by the end of the forecast period. Overall, compound annual population growth is expected to increase by 1.1% for the period 2005-2025.

The large appreciation of the Canadian dollar over the last three years has been a major blow to the Ontario manufacturing-intensive export sector. Manufacturers with significant labour inputs are struggling to restructure their businesses in order to remain competitive. However, while jobs continue to be shed, manufacturers intend to remain in Ontario. Manufacturers have continued to remain competitive by investing heavily in productivity-enhancing machinery and equipment often expected with a stronger Canadian dollar.

### 3.5 Export Forecasts

The information provided in this section was almost entirely derived from the Export Development Corporation's (EDC) Spring 2006 Export Forecast Overview.

**Table 24: Canadian Export Forecast by Sector (% Growth)**

Main Sectors	CAD bn (2005)	% Share of Total Exports (2005)	Export Outlook (% Growth)		
			2005	2006(f)	2007(f)
Agri-food	30.5	6.5	-1.5	8	3
Energy	86.9	18.5	27.0	8	4
Forestry	43.4	9.2	-5.7	-5	-5
Chemical & Plastics	34.5	7.3	7.5	2	3
Fertilizers	4.0	0.8	29.7	-15	8
Ores and Metals	42.5	9.0	10.6	11	-2
Other Industrial Products	7.1	1.5	-6.3	7	7
Aircraft and Parts	10.4	2.2	4.9	5	2
Other Ground Transportation	1.9	0.4	-19.7	3	2
Telecom Equipment	6.9	1.5	13.8	8	5
Advanced Technology	14.0	3.0	5.1	4	4
Machinery and Equipment	26.1	5.6	3.9	5	4
Motor Vehicles and Parts	81.1	17.2	-2.1	-3	-5
Consumer Goods	10.1	2.1	-8.2	-6	-7
<b>Total Goods Sector</b>	<b>407.3</b>	<b>86.6</b>	<b>5.9</b>	<b>3</b>	<b>1</b>
<b>Total Services Sector</b>	<b>63.0</b>	<b>13.4</b>	<b>1.9</b>	<b>3</b>	<b>2</b>
<b>Total Exports</b>	<b>470.3</b>	<b>100</b>	<b>5.3</b>	<b>3</b>	<b>1</b>
<b>Memorandum</b>					
<i>Total Volumes</i>		100	2.0	4	2
<i>Total Goods (excl. energy)</i>	320.4	68.1	1.3	2	0
<i>Total Goods (excl. Autos &amp; Energy)</i>	239.3	64.3	2.5	4	1

Source: EDC Spring 2006 Export Forecast Overview. 2005 is actual, 2006 and 2007 are forecasts.

## Ontario Export Outlook

The EDC provides the following merchandise export outlook for Ontario:

Ontario's merchandise exports grew a disappointing 0.8% last year, well below Canada's 5.8% pace. This sub-par performance is expected to continue, with shipments forecast to grow only 1% in 2006 and to actually drop slightly in 2007. The difficulty-plagued automotive industry is the main drag on our forecast, but falling shipments of forestry and consumer goods, as well as moderating sales of capital equipment are also contributing to the bleak growth outlook.

The following export forecast has been directly extracted from the Export Development Corporation's Spring 2006 Export Forecast Overview:

Export sales during the past several months have shown resiliency in the face of a stronger Canadian dollar. Indeed, empirical models would predict a sizable pullback in exports given such a dramatic strengthening in the currency. Since dipping below 62 US cents in January 2002, the Canadian dollar has appreciated by fully one-third to reach 86 US cents in late March 2006. While Canadian exporters have certainly been challenged by the higher loonie, many firms have taken significant actions to offset the appreciation.

We expect the upturn in capital spending will continue through the next couple of years – and the increased purchasing power of the Canadian dollar makes it easier to finance the acquisition of these goods (since a significant share is imported from US suppliers). A continued focus on cost cutting and efficiency-enhancing investment should boost productivity of Canadian companies over the next few years, further improving their ability to compete in international markets.

Widespread cost cutting and new investments in machinery and technology have enabled Canada's export sector to remain competitive. Growth in machinery and equipment investment during 2005 was the strongest since the Y2K-led surge in 2000. And these investments have started to pay off. Labour productivity for Canadian manufacturing increased by 5.2% in 2005, compared with just 1.2% for the broader economy.

**Table 25: Ontario Merchandise Export Outlook**

Top Sectors	CAD \$ bn 2005	% Share of Ontario's Total Exports (2005)	Export Outlook (% Growth)		
			2005	2006(f)	2007(f)
Motor vehicles	76.0	42.2	-2.4	-3	-5
Industrial goods	42.7	23.7	5.7	6	1
Machinery & equipment	28.9	16.0	7.0	5	4
Forestry	9.0	5.0	-5.8	-4	-5
Agri-food	8.5	4.7	-1.3	9	1
Consumer goods	3.7	2.1	-7.0	-6	-7
All Others	11.3	6.3	-0.2	5	2
<b>Total</b>	<b>180.3</b>	<b>100</b>	<b>0.8</b>	<b>1</b>	<b>-1</b>

Source: EDC Economics. 2005 actual, 2006 and 2007 are forecast.

The following comments by EDC on Ontario's export outlooks are relevant to Lakeshore:

Ontario's merchandise exports grew a disappointing 0.8% last year, well below Canada's 5.8% pace. This sub-par performance is expected to continue, with shipments forecast to grow only 1% in 2006 and to actually drop slightly in 2007. The difficulty-plagued automotive industry is the main drag on our forecast, but falling shipments of forestry and consumer goods, as well as moderating sales of capital equipment are also contributing to the bleak growth outlook.

Capacity cuts at GM and Ford, as well as the closure of many suppliers that directly or indirectly depend on the two OEMs, will depress Ontario's exports of motor vehicle products through 2007. Most of the output cuts will occur next year, when the GM Oshawa II and the Ford St. Thomas plants are scheduled to be shut down. On the demand side, purchases of Ontario-made passenger vehicles will soften as interest rates climb and gasoline prices remain elevated. Moreover, as the US housing market slows, so will the mortgage refinancing activity that has helped prop up recent vehicle sales. We project US auto sales to drop from last year's 17 million units to the mid to high 16 million range over the forecast period. Needless to say, a strong Canadian dollar will continue to dampen export values, further depressing an already challenging outlook.

## Tourism Outlook

An article in a major newspaper<sup>7</sup> has also reported that the Western Hemisphere Travel Initiative, an attempt by the US Department of Homeland Security to guard against terrorists entering the county, is beginning to negatively impact upon the Canadian tourism industry. Major article highlights the following:

- Starting next January, Americans and foreign nationals who enter the US by air and sea must have passports or buy special identity cards
- By 2008, the rules will apply to all types of border crossings; all that is required presently is a state or provincial driver's license
- The Zogby International Poll, for which 1,241 likely voters in 11 US states and 502 Canadians were interviewed, found travelers from both nations spend between US\$100 and US\$500 while in each other's county.
- It also found 30% of Canadians would not travel to the US under the planned ID requirements.

The Tourism Industry Association of Canada estimates the tourism sector will lose out on \$2.5-billion of business between now and 2008. There has been speculation on a possible delay in implementing the Travel Initiative.

## Agriculture Outlook

The following comments by EDC may be found in *Global Export Forecast Spring 2006* on Canada's agri-food sector:

After dropping 1.3% in 2005, Ontario's exports of agri-food products should experience a hefty rebound this year, rising 9% on the back of a strong pricing environment and higher crop yields. This increase will be due to major international markets being reopened to imports of Canadian cattle and higher production of most Canadian crops. However, exports will continue to face moderate growth, forecasted at 3% in 2007, as crop prices remain level and most subsections return to trend growth. The main risks to these forecasts will be an unexpected strengthening of the Canadian dollar and any unforeseen events that could shut Canadian agri-food exports out of the US market.

Canada also began exporting cattle under 30 months of age to the US on July 18, 2005 after a 2-year ban was overturned by a US Appellate Court. Although the re-opening of the border helped Canadian ranchers recapture export sales that were worth nearly CAD 2 billion before the ban, a return to normal trading levels was not immediate. Exports of cattle did reach CAD 627 million in 2005, well above the CAD 591 million posted in 2003 when the ban was imposed in May.

Furthermore, most Canadian cattle exported to the US are processed and shipped to Japan, the largest export market for US beef. However, Japan renewed its ban on US beef in Jan 2006 after a US shipment violated Japanese import regulations, just weeks after Japan lifted its 2-year ban. This could pose some risk for Canada's beef producers.

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<sup>7</sup> Kirby, Jason. 2006. 'Border I.D. Hurting Tourism.' *National Post*. 15 March, p. A1

Canadian exports of live animals are expected to grow by 55% in 2006 and 10% in 2007. Additional cases of BSE-infected cattle will not affect this forecast unless such cases occur in large numbers in Canada or the US.

During the ban, US prices for live cattle had been quite high while Canada's excess supply forced prices down in the domestic market. Since the cross-border flow of cattle has resumed, prices for Canadian cattle have been on a strong upward trend, while prices have come down from their peaks. In 2006, US cattle prices are forecast to average USD 85 per carcass weight, down slightly from USD 87 in 2005.

Partially offsetting the rise in cattle exports was a decline in beef meat exports during the second half of 2005. This was caused by a 3-week strike at a packing plant in Alberta in late October and early November of 2005. This event specifically caused exports to decline in boneless beef products by 7% to CAD 1.7 billion in 2005. It is forecast that export sales for all meat products to grow by 8% in 2006 and a further 7% in 2007. However, exports of beef may bear the brunt of a slowdown in consumer spending due to higher gasoline prices chipping away at disposable income. It is expected that exports of cattle and beef to reach pre-ban full-trade levels of nearly CAD 4 billion by 2007.

### 3.6 Automotive Products Outlook

The following comments by EDC may be found in *Global Export Forecast Spring 2006* regarding the Canadian automotive products sector:

**Table 20: Automotive Sector Outlook**

Market Segments / Top Markets	CAD \$ bn 2005	% Share of Total Exports (2005)	Export Outlook (% Growth)		
			2005	2006(f)	2007(f)
Passenger vehicles	54.2	66.9	-4.4	-5	-6
Medium and heavy-duty trucks	4.8	5.9	23.6	7	-4
Automotive parts	22.0	27.2	-0.8	-2	-2
US	79.2	97.7	-2.7	-3	-5
Mexico	0.8	1.0	92.3	-3	-2
<b>Total Automotive</b>	<b>81.1</b>	<b>100</b>	<b>-2.1</b>	<b>-3</b>	<b>-5</b>

Source: EDC Economics, 2005 Actual, 2006 and 2007 are forecast

The following EDC statements on automotive products are of relevance to Lakeshore.

Canadian automotive exporters had a difficult year in 2005, with foreign shipments slumping 2.1%. The exception was assemblers of medium/heavy-duty trucks, which, with a 23.6% increase in exports, were the only success story in last year's gloom. Falling auto and parts prices were partly to blame for last year's negative results, as well as a stronger Canadian dollar, which was worth on average about 7% more vis-à-vis its US counterpart. Looking forward to 2006 and 2007, we project Canadian automotive exports to fall a further 3% and 5% respectively, with most of the weakness stemming from declining shipments of passenger vehicles.



Despite the gloom and doom affecting the Detroit auto makers last year, US passenger vehicles sales fared slightly better than in 2004, boasting 17.0 million units sold which makes 2005 the fourth best year on record. The gains were predominantly from non-US brands, which continued to see their market share increase. The falloff of the Detroit brands is due to a combination of factors, which will continue to tarnish their prospects through our forecast period. One of them is that most of the Big Three vehicles are large and fuel-inefficient and are heavily concentrated in large SUVs and pick-up trucks. This is particularly bad in an environment of high gasoline prices, which we expect will persist through the forecast period. Furthermore, adverse demographics will continue to weigh on demand for larger vehicles as the fast-rising Echo generation cohort is rooting for smaller (and cheaper) vehicles, while, at the other extreme, baby-boomers tend to favour cross-over utility vehicles, hybrids and luxury cars, so far predominantly the turf of Japanese and European brands.

Moving over to the Canadian auto parts industry, the outlook remains challenging, as we expect parts exports to fall 2% in both 2006 and 2007. The reasons behind our forecast are predominantly the same as those that caused export shipments to drop almost 1% last year. The sector will continue to suffer from a fall in assembly activity in the US in 2006 and a shrinking market share of the Big Three automakers, which remain the largest customers for most Canadian suppliers.

The lack of pricing power coupled with a strong Canadian dollar will also continue depressing overall exports of auto parts. Furthermore, because automakers are under increasing pressure to further reduce their own cost structures, they are outsourcing an increasing number of provisioning contracts to cheaper Asian and East European suppliers, at the expense of their long-time North-American partners. In contrast, the new domestic automakers (especially the Asians) continue to rely heavily on their own supply network from back home, making it difficult for Canadian companies to diversify their customer base outside of the Detroit makers.

Meanwhile, taking advantage of the situation, Chinese carmakers are trying to take over foreign parts companies (especially engine plants) in order to have access to state-of-the-art technology that will allow them to penetrate Western markets in the next three years or so with below USD 10,000 vehicles. And like many other goods now being made in China, these vehicles will be technologically sophisticated, offering some of the most fuel-efficient yet comfortable cars on the market, which will compete head on with North American, Japanese and European brands. And of course, most of the parts in these cars will be Chinese-sourced. A study conducted by Accenture Research consulting forecasts that, by 2010, consolidation will have eliminated about half of worldwide part-makers.

In this increasingly competitive environment, it is imperative for Canadian suppliers to diversify their customer base outside of North America; setting up a presence in far-away markets either alone or through a joint venture with local companies, while investing in R&D. Given the strength of the Canadian dollar and the fact that long-term interest rates are close to historical lows, there has probably never been a better time.

The outlook for specialty and medium/heavy duty trucks will continue to shine relative to autos and parts, though export growth will come off the double-digit rates seen in the past two years. We expect exports will expand by 7% this year, building on last year's impressive 23.6% gain. But these increases are not likely to be sustained, and we

therefore anticipate exports of medium/heavy duty trucks will fall by 4% in 2007. Although Class 5 to 7 truck sales are now past their peak, we still see some momentum building for Class 8 trucks in view of stricter emission standards by 2007 that will encourage some forward buying throughout 2006. In addition, a strong economic performance and buoyant North American trade flows will keep freight traffic at lofty levels, spurring demand for new trucks.

The outlook for specialty vehicles, such as mass transit buses, motor coaches, school buses, fire trucks and ambulances, is something of a mixed bag. Even though investment in infrastructure and transit is not counted in their budgets, US states and municipalities are likely to remain constrained by rising interest rates and the poor state of public finances. Sales to the private sector, however, will not face such a constraint. For instance, sustained economic activity and a graying population will continue to have a positive impact on the leisure and tourism industry, creating demand for private motor coaches.

The Scotiabank group's *Canadian Auto Report*, June 5, 2006, reflected on recent Provincial Auto Sales.

Passenger vehicle sales softened across North America in May, dampened by high gasoline prices. U.S. purchases slumped last month to an annualized 16.1 million units — the lowest level since November, in the aftermath of Hurricanes Katrina and Rita. Prior to the latest downturn, purchases had averaged a solid 16.8 million units from January to April, roughly unchanged from a year earlier.

The latest production cutback comes on the heels of reduced second-quarter output. Assemblies across North America are scheduled to total an annualized 15.6 million units in the April-June period, down from a robust 18.4 million in the opening months of 2006. U.S. output will fall to an annualized 11.5 million units in the second and third quarters — the lowest level since the 2001 economic downturn. Production in Canada will also drop, but the decline will be cushioned by higher assemblies at Toyota's facilities in Cambridge.

Canadian vehicle sales bounced back on a year-over-year basis in May, climbing 6% alongside a double-digit advance for Asian automakers. However, the gain overstates the improvement, as sales were very weak in May 2005. In fact, we estimate that purchases only totalled an annualized 1.56 million units last month, down from an average of 1.59 million during the previous four months.

The TD Financial Group's *Industrial Outlook*, December 15, 2005, reflected on recent auto manufacturing prospects.

Another industry where the near-term prospects are far from bright is auto and parts. Recently, the sector has been cast in the spotlight, given the announced intentions of General Motors to scale back production capacity and employment in the United States and Canada over the next few years in view of their sliding market share. Furthermore, the fall into bankruptcy protection of US-based Delphi – the largest parts supplier to General Motors – and the much awaited announcement by Ford of an upcoming restructuring have further highlighted the need of higher-cost producers in North America to secure cost savings in order to compete with thriving Japanese companies.



To be sure, the picture in Canada's automotive industry is not all dire, since many parts manufacturers are competitive and Japanese producers remain in expansion mode in this country. However, even the stronger players face the prospect of a weaker market in 2006, as ongoing sales incentives prove to be insufficient to sustain auto sales at recent levels.

BMO Financial Group *Sectoral Outlook*, January 2006, also had this reflected on the auto sector's prospects.

Challenging business conditions are catching up with the Canadian auto sector, which did surprisingly well in the past few years despite tepid new vehicle sales in North America. For instance, in 2004, the number of vehicles made in Canada rose by close to 6% even as North American sales declined by 1.5%. Real GDP grew at an even faster pace in vehicle assembly (11.5%) and in auto parts (6.6%), thanks to the successful launch of new models, healthy gains by Asian transplants, the rising proportion of larger, more optioned vehicles, and market share advances by Canadian auto parts makers.

In 2005, however, persistent excess capacity in the North American industry, sluggish demand growth, and high costs for materials and fuel have begun to take a toll on the Canadian sector. The number of motor vehicles assembled in Canada during the year shrunk and growth in real GDP in the industry slowed markedly. High gasoline prices are hurting demand for light trucks – including the highly-profitable sport utility vehicles – that have been the primary engine of the sector's growth during the past decade. This is expected to limit gains in North American motor vehicle sales to the 1% range in 2005. Importantly, it is impairing profitability of the biggest players in the light truck segments.

Despite generally supportive economic conditions, the saturation of the US market will continue to limit vehicle sales growth to a 1%-2% range during the next two years. This would barely return North American sales to their previous peak in 2000. With the share of vehicle imports largely stable of late, North American auto unit production is projected to rise at a similar rate. Also expected to weigh on output growth are restructuring at traditional North American automakers, which are rationalizing operations and closing capacity. In Canada, the bulk of the impact of shutdowns recently announced by GM will be felt in 2008.

During 2006-2007, a shift in preference towards smaller vehicles that carry lower value added, precipitated by high gasoline prices, is expected to temper real GDP growth in Canadian motor vehicle assembly. Real GDP at parts manufacturers should grow at a moderately faster pace thanks to further gains from outsourcing by assemblers. We anticipate that output by vehicle assemblers and parts producers will grow on average by only 1.2% and 1.7%, respectively, during the 2006-2007 interval. Substantial restructuring is also likely to occur on the parts side of the sector, driven by relentless pressure for price reductions, high material costs, a strong Canadian dollar, and significant exposure to the traditional North American automakers that have been losing market share.

The Conference Board of Canada's *Provincial Outlook Winter 2006: Economic Forecast* also gave an explanation for the automotive sector's prospects. It is the loss in global

competitiveness, a strong Canadian dollar, high gas prices, and corporate financial woes that are contributing to the uncertainty of future investment and job security in this industry.

The “Big Three” are all facing financial difficulty, but all have announced major new investment with government support to move towards flexible production methods. The use of robotics, conveyors and other tooling equipment has shifted methods towards being able to build greater varieties of models on the same assembly line, which American facilities have traditionally not done. Research and development in hybrid technology and other sources of fuel technologies will also be a future source of investment and job creation in the auto sector. Asian producers are also forecast to continue their investment in Ontario, the prime example being the opening of Toyota’s second plant in Woodstock, Ontario. The conclusion of this is that the future automotive industry will be characterized by flexible production and the integration of hybrid technologies into mainstream production as well as a transition in the labour force from low-skilled, low-wage jobs to positions requiring greater skill sets and higher wages.

An article in a major newspaper<sup>8</sup> also reported that strong capital investment of 7% will occur within the automotive industry. Dennis DesRosiers, president of DesRosiers Automotive Consultants of Thornhill, Ontario, had the following to say on the state of the automotive industry:

- This 7% investment level will maintain the current number of automotive jobs until the end of the decade.
- Projected automotive capital expenditures for 2006 indicate the year will come close to the peak years of 1997 and 1998.
- It is predicted that automotive investment this year will be \$4.863 billion.
- The wealth of automotive capital investment for the province shows that Ontario “should be able to its record of being the No. 1 jurisdiction in North America for the production of new vehicles.
- Capital investments could remain in the \$5-billion range until the end of the decade, but investment means there will likely be more robots and less people in plants.

On the other hand, CAW economist Jim Stanford says “just looking at the investment numbers doesn’t tell you the whole truth” because Ford and General Motors are both restructuring.

## 3.7 Stakeholder Feedback

### 3.7.1 SWOT Analysis

Stakeholders interviewed were asked to identify the strengths and weaknesses, opportunities and threats of Lakeshore as a location in which to do business. A summary of the most common responses follow.

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<sup>8</sup> Vander Doelen, Chris. 2006. ‘Auto sector to pump \$4.9B into plants.’ *Ottawa Citizen*, 15 March, p. E1

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Location – 401 and US</li> <li>• Inexpensive land</li> <li>• Low Taxes</li> <li>• Flexible bureaucracy</li> <li>• Technology development in plastics, robotics – presence of R&amp;D centres</li> <li>• Climate</li> <li>• Skilled manufacturing labour force</li> <li>• Quality of life</li> </ul>	<ul style="list-style-type: none"> <li>• County Road 22</li> <li>• Lack of services industrial land</li> <li>• Land use conflicts</li> <li>• Dependence on auto industry</li> <li>• Lack of training opportunities for trades</li> <li>• Shortage of mid-skill workers – e.g. fork-lift operators, mid-level supervisors</li> <li>• High unemployment</li> <li>• High utility charges</li> <li>• Low levels of entrepreneurialism</li> <li>• Academia – business links weak</li> <li>• Lack of public access to waterfront</li> <li>• Lack of cooperation amongst economic development authorities</li> <li>• Transition of immigrants into the workforce is difficult</li> <li>• Flat land market</li> <li>• Air Quality</li> <li>• Lack of tourism destination</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Development of Windsor airport as inter-modal gateway</li> <li>• Availability of land for industrial development along 401</li> <li>• Development of commercial biotech activities arising from new medical school and the South Western Ontario Biotech Network</li> <li>• To develop synergies in pharmaceuticals, automobile and plastics clusters</li> <li>• Greenhouse agriculture</li> <li>• Development of downtown for Lakeshore</li> <li>• Warehousing and logistics</li> <li>• Exploit opportunities for diversifying the economy</li> <li>• Multi-jurisdictional cooperation in economic development</li> </ul>	<ul style="list-style-type: none"> <li>• Exchange rates</li> <li>• Development charges</li> <li>• Perception of risk associated with investment in the area by banks</li> <li>• BIG 3 go down</li> <li>• Foreign ownership</li> <li>• Global competition</li> </ul>

### 3.7.2 Stakeholder Input from Focus Groups

#### 3.7.2.1 Tourism Focus Group

##### Issues

- Zoning is too rigid to allow for alternative agricultural uses such as agri-tourism
- Lack of public access to waterfront
- No major tourism destinations
- Limited accommodations
- Shrinking US markets
- Low lake levels
- Marina industry struggling

### **Opportunities**

- Create and enhance awareness of tourism assets that do exist
- Agri-tourism
- Establish means by which public access to the waterfront can be provided – i.e. acquisition of waterfront properties
- Explore potential of rail line for tourism and recreation purposes
- Develop strategic plan for tourism

#### **3.7.2.2 Commercial Sector Focus Group**

##### **Issues**

- Shortage of commercially zoned land
- Perception that Belle River is too far
- Congestion on County Road 22

##### **Opportunities**

- Expand park and marina
- Exploit opportunities for commercial and tourism development on 401
- Offer unique Main Street services for US market
- Diversify retail/commercial base
- Develop marketing strategy – sister city opportunities

#### **3.7.2.3 Agriculture Sector Focus Group**

##### **Issues**

- Lands being taken out of production for other uses
- Cash crop farming a difficult business
- Infrastructure for greenhouse development not available in Lakeshore currently

##### **Opportunities**

- Local/natural food marketing
- Exploration of other uses
- Bio-diesel from soy – develop processing capacity
- Wind farms
- Agri-tourism
- Form agricultural committee – land use, energy plan, tourism

#### **3.7.2.4 Manufacturing Sector Focus Group**

##### **Issues**

- Road investment needed – County Road 22
- Development charges
- Town economic development efforts limited by budget and resource constraints

### **Opportunities**

- focus on non-automotive opportunities – e.g. commercialize technology developments coming from the auto sector in other areas
- Facilitate the development of networking opportunities for auto, pharmaceuticals, plastics, agriculture clusters
- Make use of familiarization tours

### **3.7.3 Assessment of Economic Foundations: Key Findings**

There are several foundation elements upon which all economic activities depend if they are to be efficient and competitive. The Town of Lakeshore economic environment will be less than ideal, and will inhibit or restrict economic growth if there are one or more foundation elements with weaknesses. Weaknesses in the foundation elements suggest an area of potential economic development activity in the economic development strategic plan.

Strengths in a particular foundation element would suggest that there might be specific business types that would find it very desirable to locate in the Town of Lakeshore. For example, it is common to find a limited number of cities (or more often one city) within a country that is the financial centre for the nation. In that city, the financial centre often acts as an “engine of growth”, to which related businesses will be attracted and/or grow.

The Town of Lakeshore foundation elements were assessed through key stakeholder interviews, supplemented by the professional assessment of the consultant. Following is a description of how the foundations were assessed.

**Infrastructure:** The availability of land zoned for commercial and industrial uses may become a constraint in the Town of Lakeshore in the years ahead. While there are industrial land reserves currently at Patillo Road that will be absorbed in the medium term, as they are absorbed, problems related to traffic congestion and land use conflicts associated encroaching residential uses are likely to arise. Commercially zoned land is located in variety of locations making the development of a coherent commercial area difficult. The 401 corridor presents opportunities for future industrial and commercial development but remains un-serviced at this time.

Until recently, the availability and stability of the power supply has been an issue. These problems have recently been resolved. High speed internet access is available throughout Windsor and Essex County including the Town of Lakeshore.

**Human Resources:** The availability of skilled labour was generally not perceived to be a problem in the county or for the Town of Lakeshore. On the other hand, with recent high levels of immigration to the area, transitioning immigrants into the labour force is perceived to be problematic.

**Financial Capital:** Access to capital was not perceived to be a problem although perceptions of investment risk are high for the area amongst the banking community.

**Regulatory Environment:** The general perception throughout the county is that ' for the right kind of project' the development control process is efficient and effective. While development charges are perceived to be high the common view is that Town leadership is responsive and flexible.

## Appendix 1: Key Agricultural Statistics: County of Essex

	Item	County of Essex	% of total	Ontario	% of total	Essex % of Province
	Total	1,789		59,728		3
Farms (number)	Reporting under 53 acres	1169	65%	29,638	50%	3.94
	Reporting 53 to 161 acres	407	23%	21,279	36%	1.91
	Reporting 162 acres and over	213	12%	8,811	15%	2.42
Land Use (acres)	Cropland	127,187	94%	9,035,915	67%	3.48
	Summerfallow	111	0%	35,175	0%	0.78
	Improved pasture	1,065	1%	773,650	6%	0.34
	Unimproved pasture	737	1%	1,314,335	10%	0.14
	Other land	6,115	5%	2,348,282	17%	0.64
	Total area of farms	135,214	76	13,507,357	226	2.47
	Area owned	76,135	56%	9,373,178	69%	2.01
	Area rented	59,079	44%	3,629,128	27%	3.53
Hired Farm Labour (weeks)	Year round	111,919	57%	1,376,166	60%	8.13
	Seasonal	83,738	43%	911,030	40%	9.19
	Total	195,657	109	2,287,196	38	8.55
Farm Capital Value (\$ million)	Machinery and equipment	270	14%	6,564	13%	4.11
	Livestock and poultry	16	1%	3,067	6%	0.52
	Land and buildings	1654	85%	40,898	81%	4.04
	Total	1939	1.08	50,530	0.85	3.84
Total Gross Farm Receipts (farms reporting)	Under \$2,500	72	4%	4,636	8%	1.55
	\$2,500 to \$4,999	79	4%	3,360	6%	2.35
	\$5,000 to \$9,999	187	10%	7,374	12%	2.54
	\$10,000 to \$24,999	362	20%	11,378	19%	3.18
	\$25,000 to \$49,999	296	17%	7,862	13%	3.76
	\$50,000 to \$99,999	227	13%	6,542	11%	3.47
	\$100,000 to \$249,999	231	13%	9,587	16%	2.41
\$250,000 to \$499,999	139	8%	5,493	9%	2.53	
	\$500,000 and over	196	11%	3,496	6%	5.61
Farms (with sales > \$2500) by Major Product Type (number)	Total with sales > \$2,500	1,717	96%	55,092	92%	3.12
	Dairy	22	1%	6,414	11%	0.34
	Cattle (beef)	31	2%	13,669	23%	0.23
	Hog	26	1%	2,454	4%	1.06
	Poultry and egg	19	1%	1,609	3%	1.18
	Wheat	28	2%	395	1%	7.09
	Grain and oilseed (except wheat)	1070	60%	12,863	22%	8.32
	Other field crops	28	2%	4,531	8%	0.62
	Fruit	96	5%	1,733	3%	5.54
	Vegetable	105	6%	1,233	2%	8.52

	Item	County of Essex	% of total	Ontario	% of total	Essex % of Province
	Miscellaneous specialty	273	15%	7,301	12%	3.74
	Livestock combination	6	0%	1,617	3%	0.37
	Other combination	13	1%	1,273	2%	1.02
Major Field Crops (acres)	Winter wheat	9,438	6.98%	545,380	4.04%	4.28
	Oats for grain	368	0.27%	0	0.00%	0.9
	Barley for grain	140	0.10%	308,728	2.29%	0.11
	Mixed grains	95	0.07%	218,265	1.62%	0.11
	Corn for grain	27,447	20.30%	2,003,025	14.83%	3.39
	Corn for silage	821	0.61%	319,364	2.36%	0.64
	Hay	2,567	1.90%	2,504,026	18.54%	0.25
	Soybeans	76,501	56.58%	2,248,466	16.65%	8.41
	Dry white beans	0	0.00%	58,559	0.43%	-
	Flue-cured tobacco	0	0.00%	58,333	0.43%	-
	Potatoes	534	0.39%	43,396	0.32%	3.04
Major Fruit Crops (acres)	Apples	909	0.67%	24,252	0.18%	9.27
	Peaches	139	0.10%	6,616	0.05%	5.2
	Sour Cherries	5	0.00%	2,314	0.02%	0.52
	Raspberries	5	0.00%	1,299	0.01%	0.92
	Strawberries	43	0.03%	5,003	0.04%	2.12
	Grapes	476	0.35%	18,206	0.13%	6.46
	Total fruit crops	1,660	1.23%	65,077	0.48%	6.3
Major Vegetable Crops (acres)	Sweet corn	1458	1.08%	49,019	0.36%	7.35
	Tomatoes	2379	1.76%	21,201	0.16%	27.73
	Green peas	299	0.22%	23,308	0.17%	3.17
	Green or wax beans	0	0.00%	13,035	0.10%	-
	Total vegetables	5416	4.01%	170,147	1.26%	7.86
Livestock Inventories (number)	Dairy cows	1,246		363,544		0.34
	Beef cows	1,017		376,020		0.27
	Steers	1,236		332,215		0.37
	Total cattle and calves	6,436		2,140,731		0.3
	Total pigs	40,026		3,457,346		1.16
	Total sheep and lambs	2,501		337,625		0.74
Poultry Inventories (number)	Total hens and chickens	608,091		43,624,696		1.39
	Total turkeys	58,329		3,402,697		1.71



