

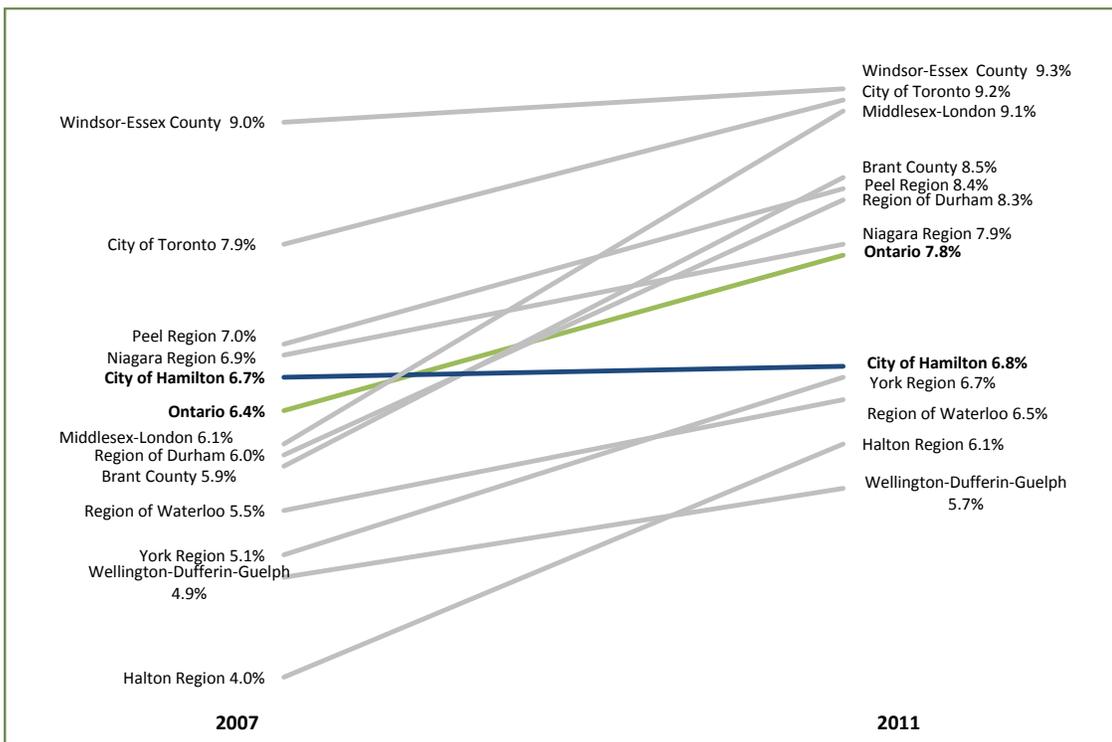
Key findings:

- ◆ **Hamilton's unemployment rate has quickly recovered from the most recent recession, while other Ontario communities continue to struggle.**
- ◆ **A diversified economy, affordability, skills development collaboration and a focus on poverty reduction have contributed to Hamilton's low unemployment rate.**
- ◆ **Hamilton's economy could be further strengthened by increasing investment in childcare programs, focusing on attracting a greater share of Canada's immigrants and making Hamilton a living wage community.**

One of the first effects of a recession is the loss of jobs. During the most recent recession, the city of Hamilton had a period of high unemployment, peaking at 9.1% in 2009. But Hamilton's unemployment rate recovered quite quickly, returning to almost exactly the same level in 2011 (6.8%) as in 2007 (6.7%) (Chart 1). This is a striking comparison to other regions in Southern Ontario, almost all of which still had much higher unemployment rates in 2011.

The economic resiliency in Hamilton has meant that while in 2007 Hamilton's unemployment rate was higher than Ontario (6.7% vs. 6.4%), by 2011 the rate was a full percentage point lower (6.8% for Hamilton vs. 7.8% for Ontario). At time of publication, data for 2012 was not yet available at the city of Hamilton level, but data for the Hamilton Census Metropolitan Area (which includes Burlington and Grimsby) showed that in 2012 Hamilton's strong performance continued, with the Hamilton CMA unemployment rate at 6.5%, compared to 7.8% for Ontario in 2012.

Chart 1. Slopegraph of unemployment rates, Ontario, City of Hamilton and other Southern Ontario Health Regions, 2007 vs. 2011, Statistics Canada (Labour Force Survey, Table 109-5304)



Unemployment rate only one small part of overall economic picture

The unemployment rate only counts people actively searching for work and excludes those who have exhausted their job search or are discouraged by the labour market and have given up looking for work.

This is the first in a series of *Hamilton Social Landscape* bulletins that explore economic indicators such as: unemployment, employment and participation rates, wages and earnings, and social assistance. A particular focus on the recession's impact of youth and differences by gender will also be included.

Data notes: This data set (Unemployment rates by Ontario health region) is only available on an annual basis and is the only annual unemployment data that corresponds to city of Hamilton boundaries. Monthly unemployment data is only available at the CMA level (which for Hamilton includes Burlington and Grimsby).



Why is Hamilton's unemployment rate doing better than the Ontario average?

While it is impossible to fully understand local economic shifts, here are some factors that are contributing to Hamilton's economic resiliency during this most recent recession:

Diversified economy The City's Economic Development department has had success with their focus on six economic sectors: advanced manufacturing, agriculture/food processing, creative industries, clean-technology, life sciences and transportation/goods movement. Their work has led to numerous awards and first-class rankings for Hamilton, as well as several large employers choosing to locate in Hamilton. The Conference Board of Canada named Hamilton as central Canada's fastest growing economy in 2012. Hamilton's diversified economy means that the city is less impacted by downturns in specific sectors.

Affordability There is significant anecdotal evidence that Hamilton's relatively affordable real estate prices have been attracting increasing numbers of educated workers in recent years, especially from Toronto and other municipalities in the GTA where home ownership costs are much higher. Many of these workers may still be commuting to other cities for their jobs, but because labour force data is counted based on where people live and not where their job is located, the move of these workers to Hamilton contributes to Hamilton's declining unemployment rate.

Collaboration between sectors to help develop a skilled labour force A recent CIBC World Markets report (*Assessing Labour Market Mismatch*, November 2012) noted that Canadian skills shortage is especially high in occupations in health and advanced manufacturing, two of Hamilton's priority sectors. Workforce Planning Hamilton, the Skills Development Flagship, and the Industry Education Council among others are working to increase focus among Hamilton's workers on market-ready skills training. Both Mohawk College and McMaster University are currently increasing outreach efforts to improve enrolment in post-secondary education among Hamilton's low income residents to improve their chances of stepping out of poverty.

A focus on poverty reduction The Hamilton Roundtable for Poverty Reduction is known nationally for its work on putting poverty at the top of the public agenda in our city and has had success in shifting attitudes and actions by Hamilton's decision-makers. For example, the City of Hamilton was the first municipality in Canada to fund a low-income bus pass program to help the city's working poor with their transportation costs. More recently, at the urging of the Roundtable and others, the City of Hamilton has approved the development of a Community Economic Development strategy that has potential for further improving the lives of Hamilton's citizens living in poverty. Other collaborations are focusing on specific issues related to poverty in Hamilton and working to increase coordination and improve policies, including the Affordable Housing Flagship, the Best Start Network, Hamilton Organizing for Poverty Reduction (HOPE), and the Street Youth Planning Collaborative, among others.

How could Hamilton's economy be further strengthened?

The strength of Hamilton's economy means it is an opportune time to enact policies that would allow more residents to work and benefit from local growth and prosperity.

Child care The City of Hamilton's child care fee subsidy program currently has a waitlist of over 1,700 children, an increase of over 50% since 2011. The provincial funding is almost solely earmarked for families living on incomes below the poverty line, and only has enough money for just under half of Hamilton's children living in poverty. Provincial and municipal investment in a universal childcare program for all young children would reduce childcare cost for all parents and allow more parents to work. Evidence from Quebec shows that the subsequent extra tax revenue from parents working more than paid for the government's cost of the childcare program. Investing in a universal childcare program also has the added bonuses of directly creating local jobs and improving the long term success of children in school and in future work.

Immigration "The challenge of Hamilton's future growth and competitive advantage is that it needs magnets to attract not only investments but also people." This is a key message from Hamilton's Immigration Strategy, endorsed by City Council. While Hamilton was built by multiple waves of immigration, recent decades has seen lower than average immigration rates, due to competition from other communities. Limited immigration to Hamilton combined with low birth rates has led to Hamilton missing the growth targets set in the provincial Places to Grow strategy. Another result is that Hamilton's workforce is aging at a faster rate than the provincial average. Implementing strategies to increase Hamilton's appeal to Canada's immigrants would help to add skills to the existing local labour force, and boost the size and productivity of Hamilton's economy according to a new city report *Immigration Attraction to Hamilton: Background*.

Living wage While Hamilton's unemployment rate is relatively low, there are too many workers who are still living in poverty. The 2006 census revealed that over 10,000 Hamilton residents worked full-time all year long, but their wages were so low they still didn't earn enough to reach the poverty line. Apart from the economic impact, low wages increase the likelihood of worse physical and mental health among these workers. Living Wage Hamilton has calculated that a wage of \$14.95 (including benefits) for 37.5 hours a week is necessary for a minimally decent standard of living in Hamilton. Making Hamilton a living wage community would improve the lives of many of Hamilton's workers, including youth, many of whom are facing declining wages (as detailed in an upcoming bulletin).



The *Hamilton's Social Landscape* report (May 2011) and series of bulletins (May 2012 and onwards) are available on the SPRC website at: www.sprc.hamilton.on.ca (click on "Reports"). For more information please contact:

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