



Regional Economic Analysis Process Report

Municipality of Ritchot, Town of Niverville

August, 2014

1. Introduction

A Regional Economic Analysis Process (REAP) report provides demographic and business facts for a region.

A REAP report identifies:

- Unique regional strengths
- Potential competitive advantages
- Potential business opportunities

A REAP helps regional stakeholders to identify ideas and strategies to act on the opportunities. For example, a REAP can help to identify:

- Business expansion opportunities
- Businesses needed to fill the supply chains of key sectors
- Businesses that can help to diversify an economy
- Businesses that could have unique competitive advantages for the region
- Labour shortages and training needs

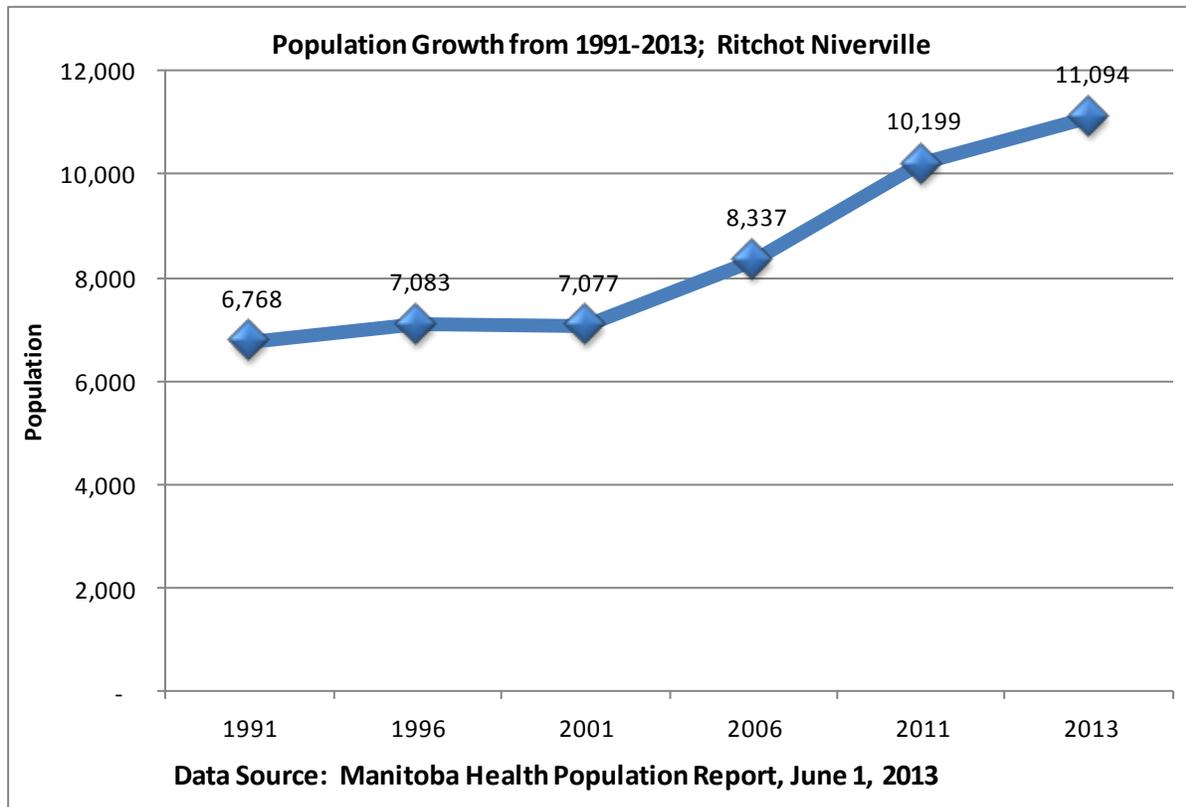
A REAP report should be shared with regional stakeholders like business leaders, local institutional leaders (e.g. education, health) and community organization leaders (e.g. Chambers of Commerce) to engage these stakeholders in determining and sharing in the strategic direction of the region.

This report has been prepared for the Town of Niverville and the Municipality of Ritchot.

1. POPULATION

Population growth or decline over a period of time not only shows the historical growth and /or decline trends of a region, but is often used to indicate the region's ability to grow over time.

Figure 1 Figure 1 shows that:



- According to the Manitoba Health Population report (June 1, 2013), there were 11,094 living in Ritchot Niverville area in 2013. .
- The population in the region increased by 4,326 people from 1991 to 2013 which is a 63.9% increase. During this same time, the population in Manitoba grew by 18.1%
- The region has been steadily growing since 1991, but has experienced accelerated growth since 2001.
- This growth is consistent with municipalities that are within a high Metropolitan Influence Zone (MIZ) of a larger urban centre.

Population Distribution by Age

The population distribution by age category can help a region to understand population trends and the impacts these trends might have.

For example, an increasing proportion of seniors may indicate the need for future infrastructure needs such as seniors housing. Another example is to examine the 20-44 age ranges to assess the trends in the age of young families and those that make up the largest portion of the work force.

Figure 2

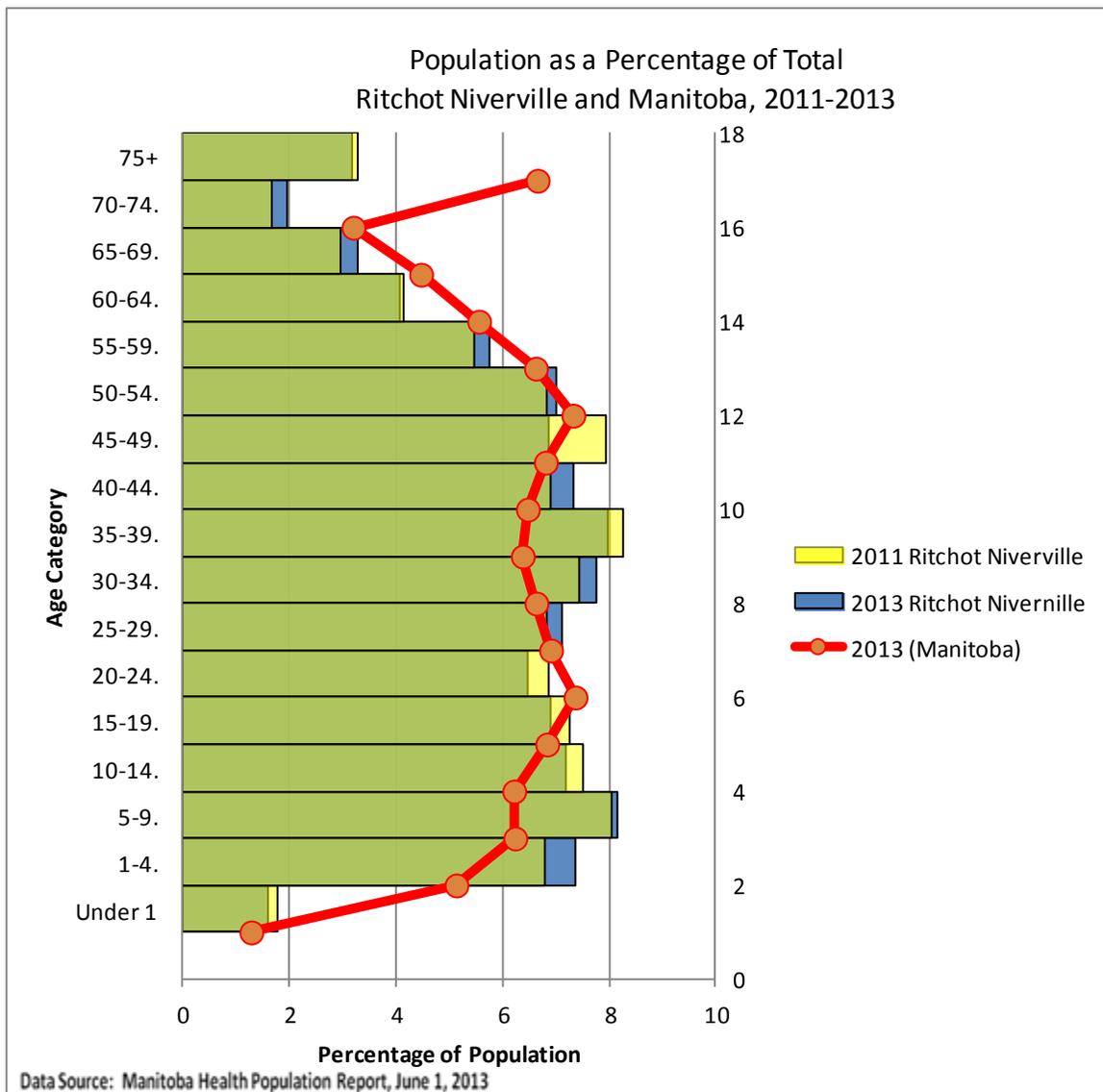


Figure 3 shows that:

- The largest group of people living in this area in 2013 was 35-39 year olds, followed closely by the 5-9 year olds.
- The 0-19 year old age categories are found in higher proportions in this region than the provincial average and 50 – 75+ year old age categories are all found at a lower proportion than the provincial average. Both of these trends indicate a very young population.
- This is a very different distribution than communities found outside a Metropolitan Influence Zone which have a proportionally higher share of seniors. (Bollman and Clemenson, 2008)
- The 20 to 44 year old age group can be considered the young workforce of a region, and the age of most new business entrepreneurs. The higher percentage of people in the 30 -44 age range, combined with a young population is a positive indicator for the future of the region.
- A young population may be placing stress on the educational and social services facilities in the region.





2. EDUCATION

The education level of a region is linked to the growth of the local economy and whether or not the labour force will be attractive to business and industry.

The level of education is also often used to predict innovation and entrepreneurial activities.

Figure 3

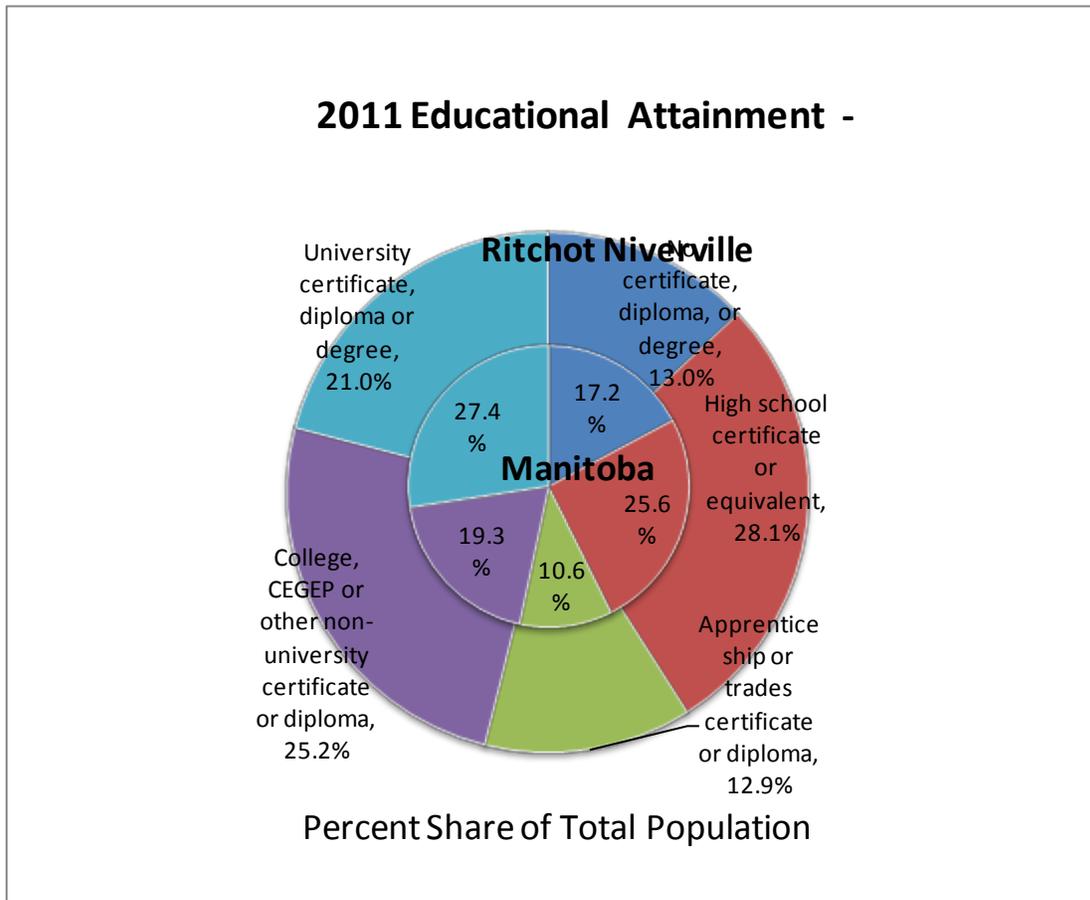


Figure 3 shows that:

- This region has a higher percentage of people with high school education, trades training, and college education.
- The region may be more attractive to businesses needing a trades and college educated work force, but businesses needing unskilled labour may find it difficult to fill their labour needs.

3. HOUSEHOLD INCOME

Household income is the total incomes from all sources of all members of a household over 15 years of age. This is often used to assess the standard of living.

Household income is also often linked with educational attainment, so as educational attainment rises, household income also rises.

Figure 4

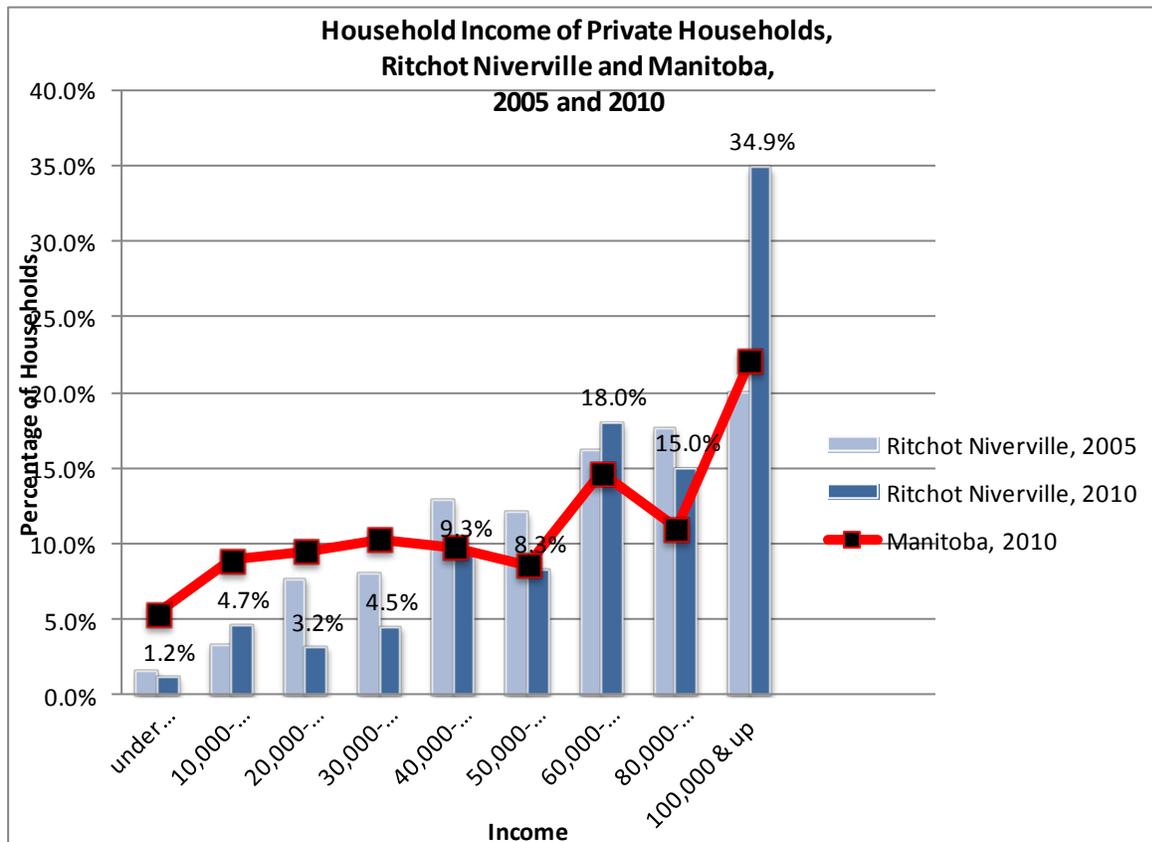


Figure 4 shows that:

- The household income in this region is generally higher than the rest of the province. with a lower percentage of low income households and a higher percentage of high income households.
- Households with incomes at the \$40,000—\$59,999 level are on par with the rest of the province.
- Income levels in the highest income bracket have increased dramatically since 2006.

4. INDUSTRY & JOBS

Jobs by Industry

The strength and diversity of an economy is often analyzed by dividing industries into three types, the **Primary** Sector (industries that extract and produce raw materials ex. Agriculture), the **Secondary** Sector (industries that change raw materials into goods ex. Manufacturing) and the **Tertiary** Sector (industries that provide goods and services to business and consumers ex. Accounting, Retail).

Traditional analysis suggests that jobs in the primary and secondary industry sectors are responsible for the development of a sound economic base and they also spur on job creation in the tertiary sector. They are called “goods producing” industries.

The knowledge economy is becoming increasingly important for economic success, however. This includes jobs within the tertiary sector (ex. **Information, Education, Professional/scientific**).

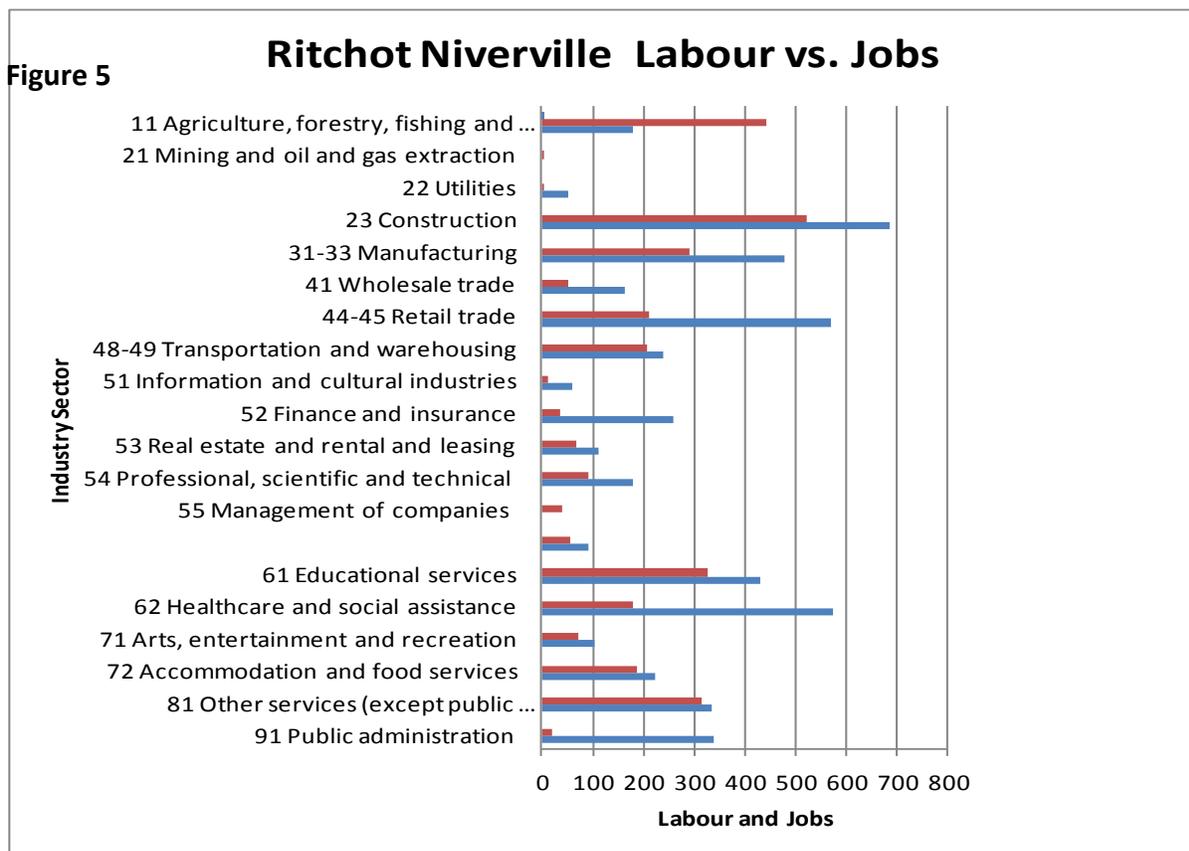


Figure 5 shows that:

- Over 60% of the region’s 3,301 jobs are within five industry sectors: **Construction** (565), **Agriculture** (476), **Education** (353), **Services** (334) and **Manufacturing** (290). **Agriculture** is a Primary industry, **Construction** and **Manufacturing** are Secondary industries, **Educa-tion** and **Services** are Tertiary industries.

Figure 6

Jobs by Industry, Ritchot Niverville and Manitoba, 2011, 2013

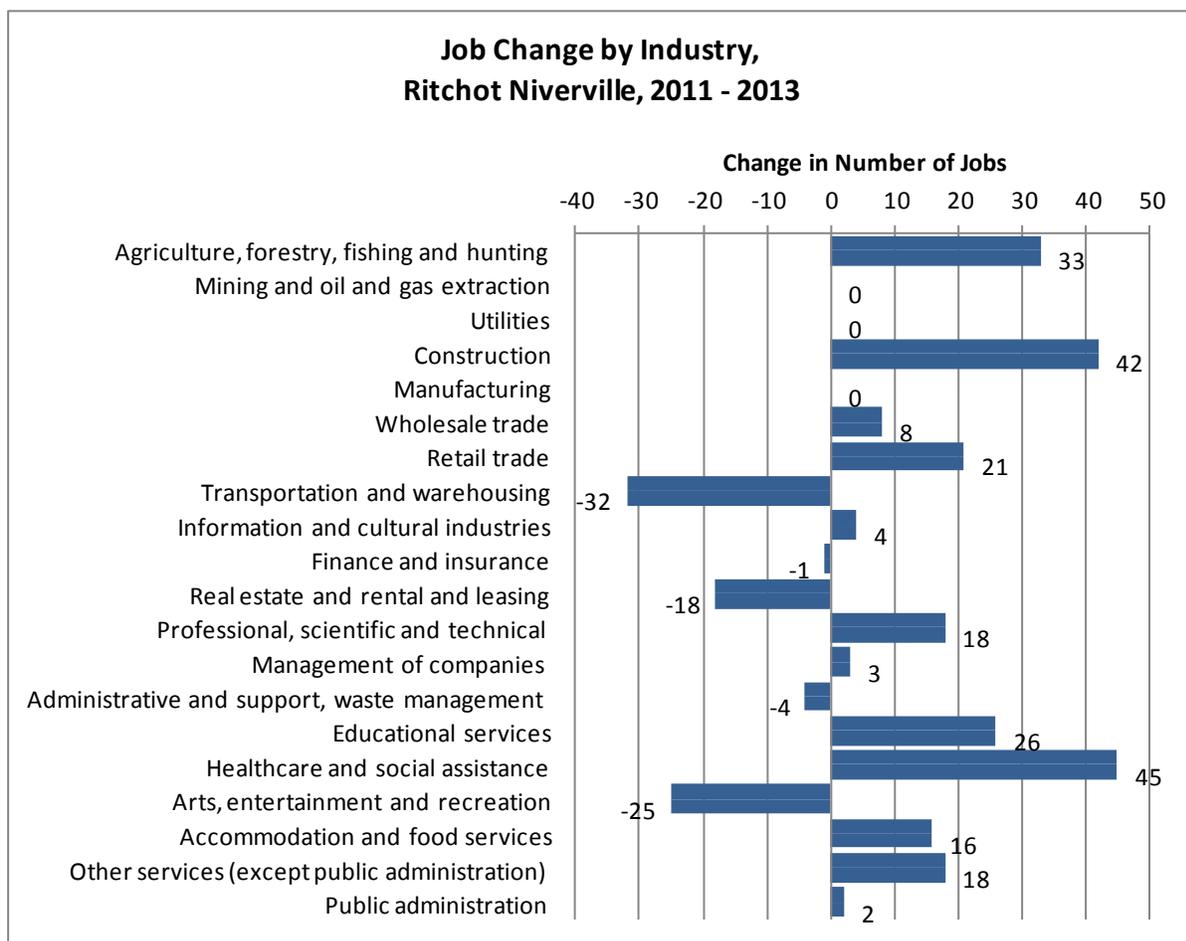
	Ritchot Niverville				Manitoba			
	Number of Jobs 2011	Number of Jobs 2013	Real Change 2011 - 2013	% Change 2011 - 2013	Number of Jobs 2011	Number of Jobs 2013	Real Change 2011 - 2013	% Change 2011 - 2013
ALL INDUSTRIES	3,145	3,301	156	4.96%	659,498	675,975	16,477	2.50%
Goods Producing Industries	1,266	1,341	75	5.9%	132,972	133,527	555	0.42%
Agriculture, forestry, fishing and hunting	443	476	33	7.4%	27,410	25,808	-1,602	-5.84%
Mining and oil and gas extraction	5	5	0	0.0%	2,879	3,306	427	14.83%
Utilities	5	5	0	0.0%	6,731	6,851	120	1.78%
Construction	523	565	42	8.0%	39,314	42,779	3,465	8.81%
Manufacturing	290	290	0	0.0%	56,638	54,783	-1,855	-3.28%
Service Industries	1,879	1,960	81	4.3%	526,526	542,448	15,922	3.02%
Wholesale trade	51	59	8	15.7%	26,537	26,797	260	0.98%
Retail trade	211	232	21	10.0%	72,441	72,804	363	0.50%
Transportation and warehousing	207	175	-32	-15.5%	40,418	40,833	415	1.03%
Information and cultural industries	13	17	4	30.8%	11,908	11,656	-252	-2.12%
Finance and insurance	35	34	-1	-2.9%	35,978	36,952	974	2.71%
Real estate and rental and leasing	67	49	-18	-26.9%	10,438	10,649	211	2.02%
Professional, scientific and technical	92	110	18	19.6%	24,985	27,168	2,183	8.74%
Management of companies	40	43	3	7.5%	3184	3654	470	14.76%
Administrative and support, waste management	57	53	-4	-7.0%	27,753	27,044	-709	-2.55%
Educational services	327	353	26	8.0%	48,699	51,777	3,078	6.32%
Healthcare and social assistance	180	225	45	25.0%	86,279	90,081	3,802	4.41%
Arts, entertainment and recreation	73	48	-25	-34.2%	11,348	11,785	437	3.85%
Accommodation and food services	189	205	16	8.5%	43,185	46,395	3,210	7.43%
Other services (except public administration)	316	334	18	5.7%	30,818	31,978	1,160	3.76%
Public administration	21	23	2	9.5%	52,555	52,875	320	0.61%

Source: Economic Modeling Specialists International, 2014

Figure 6 and 7 show that:

- In 2013 there were 3,301 jobs in the Ritchot/Niverville area, an increase of 4.9% (+156 jobs) from 2011. During this same time, the number of jobs in Manitoba grew by 2.5%.
- From 2011-2013 the province gained .42% of jobs in goods producing industries, primarily due to increases in jobs in **Construction**. This region also experienced job gains within goods producing industries, primarily due to a gain of 42 jobs in **Construction** and 33 jobs in **Agriculture**. Despite a loss of jobs in **Manufacturing** in Manitoba, this region maintained the same number of jobs in this industry from 2011—2013.
- From 2011-2013, jobs in the service industry in Manitoba increased by 3.0%. In this region, jobs within the service industries increased by 4.3% (+81 jobs).
- The industries experiencing the highest job gains were **Healthcare** (+45), **Construction** (+42), **Education** (+26) and **Retail** (+21)
- Net job increases are a very positive indicator for the region, with many increases in goods producing industries. Job losses in **Transportation** are quite different from the 2006-2011 trends.

Figure 7



Jobs by Occupation

Another way to identify characteristics of the jobs found in a region is to examine the occupations found in the region.

Figure 8

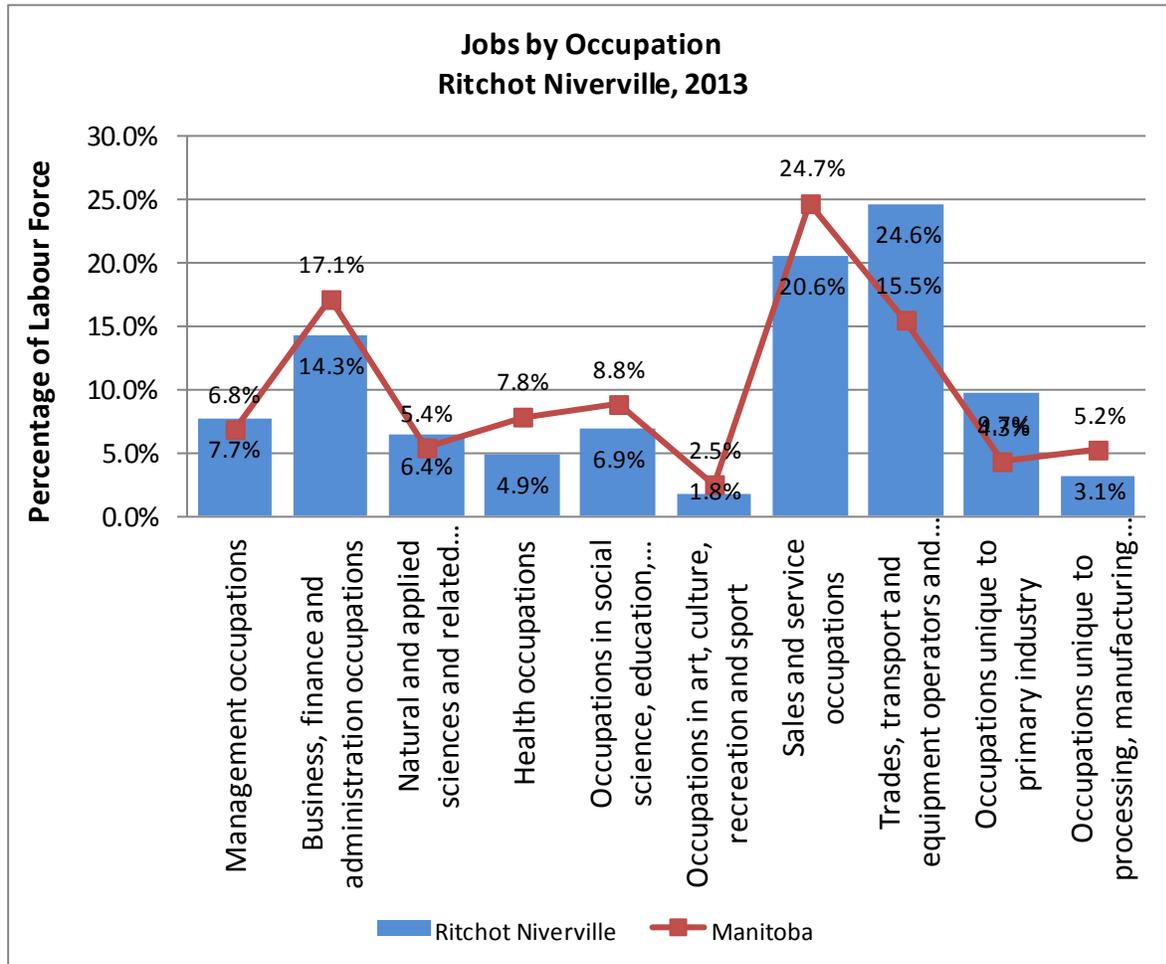


Figure 8 shows that:

- The region has a higher percentage of people than the average of Manitoba who are occupied in this region in **Trades** and **Primary industries**.
- There are fewer people than the provincial average in occupations in **Business; Health; Social sciences; Sales and service** and **Occupations unique to processing and manufacturing**.

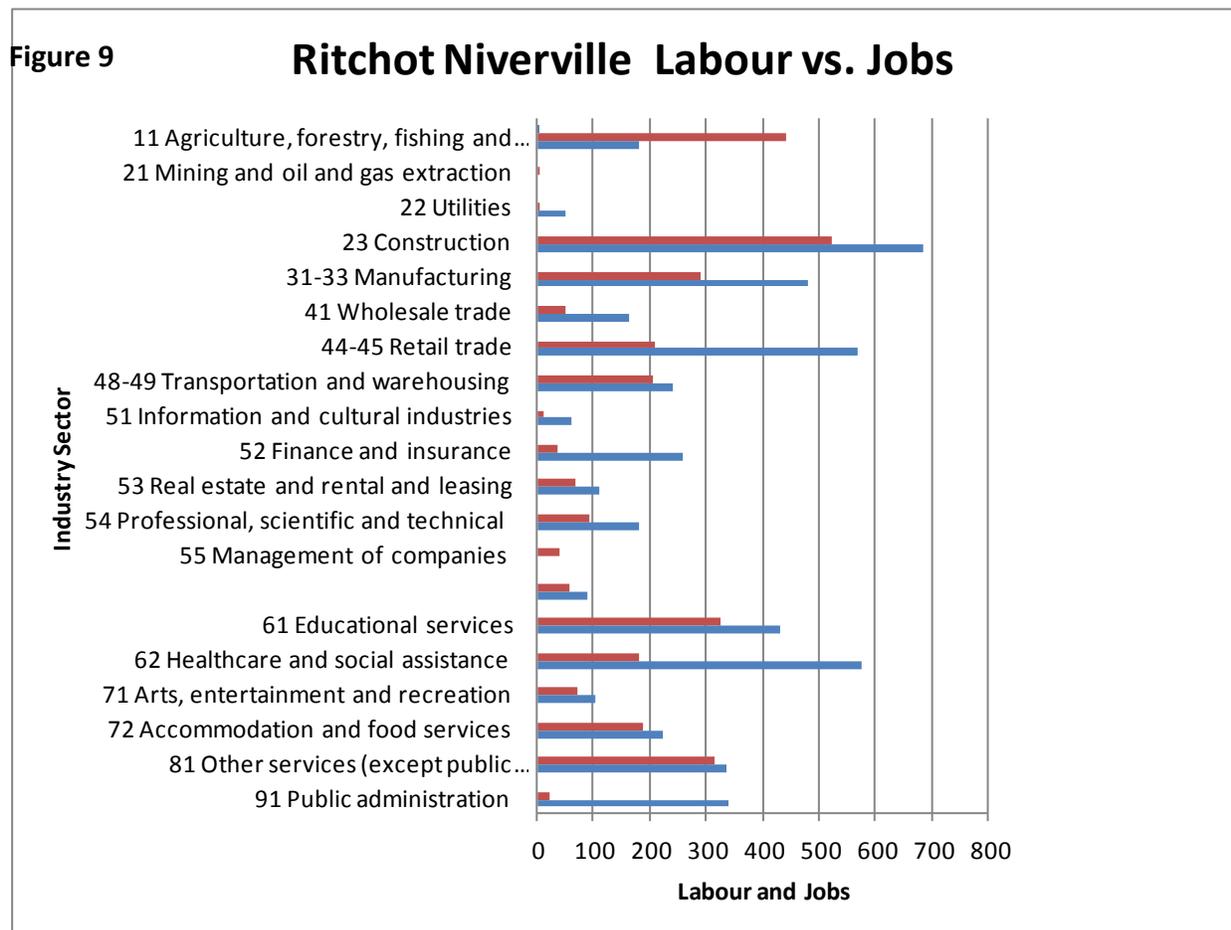


Labour vs. Jobs, 2011

The following chart shows a comparison of labour vs. jobs in Ritchot and Niverville in 2011. Labour force is determined based on where people live and jobs are counted based on where the job is located. If a person lives in this region but works in another municipality, then they are counted as part of this region’s labour force, but their job is counted in the municipality they work in.

By comparing the labour force (what people do) to the jobs in the region, you can determine commuting patterns in your region. There are several industries where people leave your region to work elsewhere. Conversely, there are a few industries where people travel into your region for a job that is located inside your region.

Figure 9 below shows that there is significantly more labour (i.e. people who live in your region) than jobs in **Construction, Manufacturing, Retail, Education, Healthcare and Public Administration**. This means that many people live in your region but work elsewhere in these industries. Conversely, there are more jobs in your region in **Agriculture and Management** industries than there is a labour force. This means that people travel into your region to work in this industry, but they do not live in your municipalities.

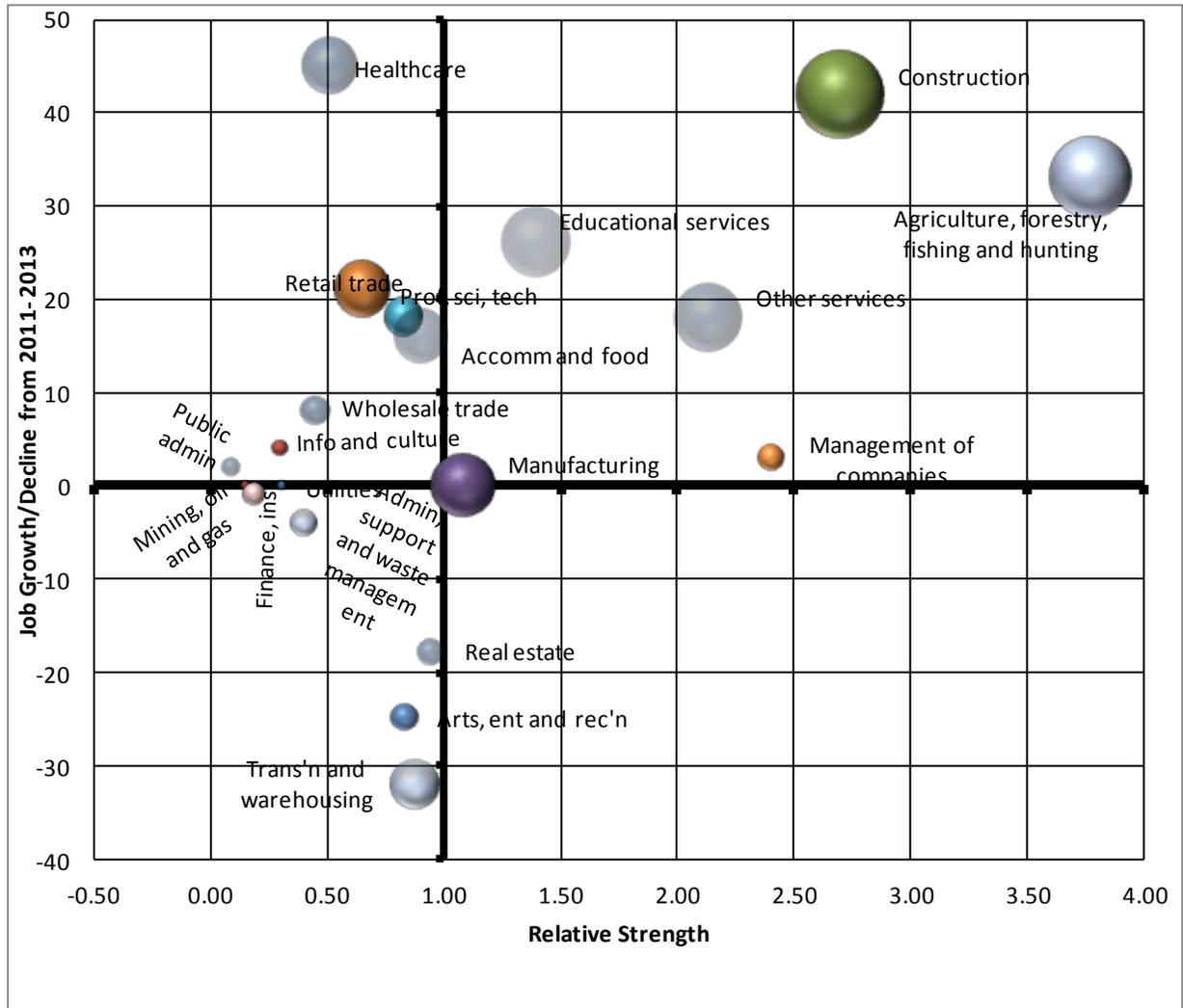


Industry Sector by Number of Jobs, Change in Jobs 2011-2013 and Relative Strength

The graphic below places each of the 20 industry sectors into a quadrant based on growth or decline in the number of jobs from 2011–2013, combined with the relative strength of the industry.

The size of the bubbles is related to the number of jobs within that sector—the larger the bubble, the larger the number of jobs.

Figure 10



Relative Strength less than 1—indicates fewer jobs in this sector than the provincial average.

Relative Strength equal to 1—indicates the same number of jobs in this sector as the provincial average.

Relative Strength greater than 1—indicates more jobs in this sector than the provincial average.

Figure 10 shows that:

- The industries in the top right hand quadrant experienced growth in the number of jobs and have high relative strength (ex. **Construction; Agriculture; Education’ Services; Management**).
- Industries in the top left hand quadrant are experiencing labour growth, but are not relative strengths. They include: **Healthcare; Retail trade; Professional scientific, technical; Accommodation and food; Wholesale; Information and culture and Public Administration**.
- The industries in the bottom left hand quadrant have low relative strength and are losing labour. (ex. **Transportation; Real estate; Arts, entertainment, recreation and Admin, support and waste management**)
- If there were industries in the bottom right hand quadrant, this would indicate the industry was losing jobs although it still had high relative strength.
- **Manufacturing** labour numbers have stayed the same, and the industry has relative strength equal to the average in the province.

Effects on Labour Force Growth or Decline

The Growth Effect— Measures how much an industry would have grown if the only influence was the growth of the national economy

The Industry Mix Effect—Measures how much an individual industry would grow if the only influence was the national trends in that industry.

The Shift Effect—Is the change in jobs that can’t be explained by national economy growth or industrial strength. This shows unique competitive strengths and weaknesses of a regional economy. e.g. large business investment within a particular industry that is unique to that region)

- The loss of jobs in **Transportation, Real estate; and Arts, entertainment, recreation** is due primarily to a negative shift effect. This shows a regional weakness.
- The gain of jobs in **Agriculture, Retail, Professional, scientific, technical, and Education** is also primarily due to a positive shift effect, which shows the industries with regional competitive strengths.
- The growth of jobs in **Construction** is due primarily due to the positive effects of the industry as well as the national economy in that industry.
- The lack of growth in **Manufacturing** is due primarily to the national downturn in the manufacturing sector.

Note: Data sets that illustrate Growth Effect, Industry Mix Effect and the Shift Effect are included in the Appendix 1 (REAP Data Tables)

Regional Competitive Advantage

Leaders in the region can plan to improve their economy more strategically when they know what their competitive advantages are. Exploring the business and job makeup of the region within the industry sectors of the most competitive advantage may uncover business expansion opportunities and business investment opportunities to strengthen the supply chains of these sector strengths.

An industry sector may be a competitive advantage for the region when it: 1) has high relative strength (more jobs per capita than the provincial average); 2) is a top employer of the region; 3) is experiencing labour growth; 4) are “Goods Producing” or have the ability to drive a regional economy within the knowledge economy and/or 5) is growing due to a unique regional effect.

The industries in this region that fit these criteria the best are:

- Agriculture
- Construction
- Manufacturing
- Education
- Services
- Professional, scientific, technical

Regional stakeholders may want to look at potential business opportunities within these industries of most competitive advantage which could include activities such as:

- Exploring new business start ideas with people who are employed in these sectors but travel outside the region for their jobs.
 - For example, are there business start up opportunities for people who work in construction but travel to another community to work?
- Exploring business expansion opportunities.
 - For example, there are 57 small businesses in the Professional, scientific, technical industry sector that employ between 1 and 19 people. Can you assist these businesses to identify potential expansion opportunities?
- Exploring business attraction opportunities where sectors of strength converge:
 - For example, if agriculture and manufacturing are strengths, are there opportunities to attract food processing businesses (i.e. where agriculture and manufacturing converge?)

Other ideas to take advantage of these strengths could include discussions with regional leaders to:

- Identify how to further strengthen these sectors (What are the real business opportunities for the region? Is there a need to coordinate specialized labour training to support these opportunities? Do businesses within these sectors need resources (infrastructure, money, labour, training, etc.) in order to expand? How can your region provide support to new or expanding businesses within these sectors? What would make your region attractive to a business looking to re-locate?)
- Determine how to attract outside investment in your region? How to generate business investment to expand or start a complementary industry in the region
- to identify institutions, associations and organizations that can play a role in developing these opportunities. (ex. School Division—high school trades training; attracting post secondary training in trades; Chamber of Commerce—business investment promotions)

As well as building on these strengths, regional leaders could discuss the need to support other industries that are capable of driving growth. (ex. Knowledge based businesses);

- Who will do the work in the region to take action on the opportunities? How will you tackle common issues and initiatives to support the regional economy?

5. BUSINESS ASSESSMENT

Business by Size of Employment

The last section explored the characteristics of the jobs found in the region. This section explores:

- the size of business operations in the region,
- the business strengths in the sectors of most competitive advantage, and
- potential business opportunities in the region.

Note: Complete business data is located in Appendix 1.

Figure 11

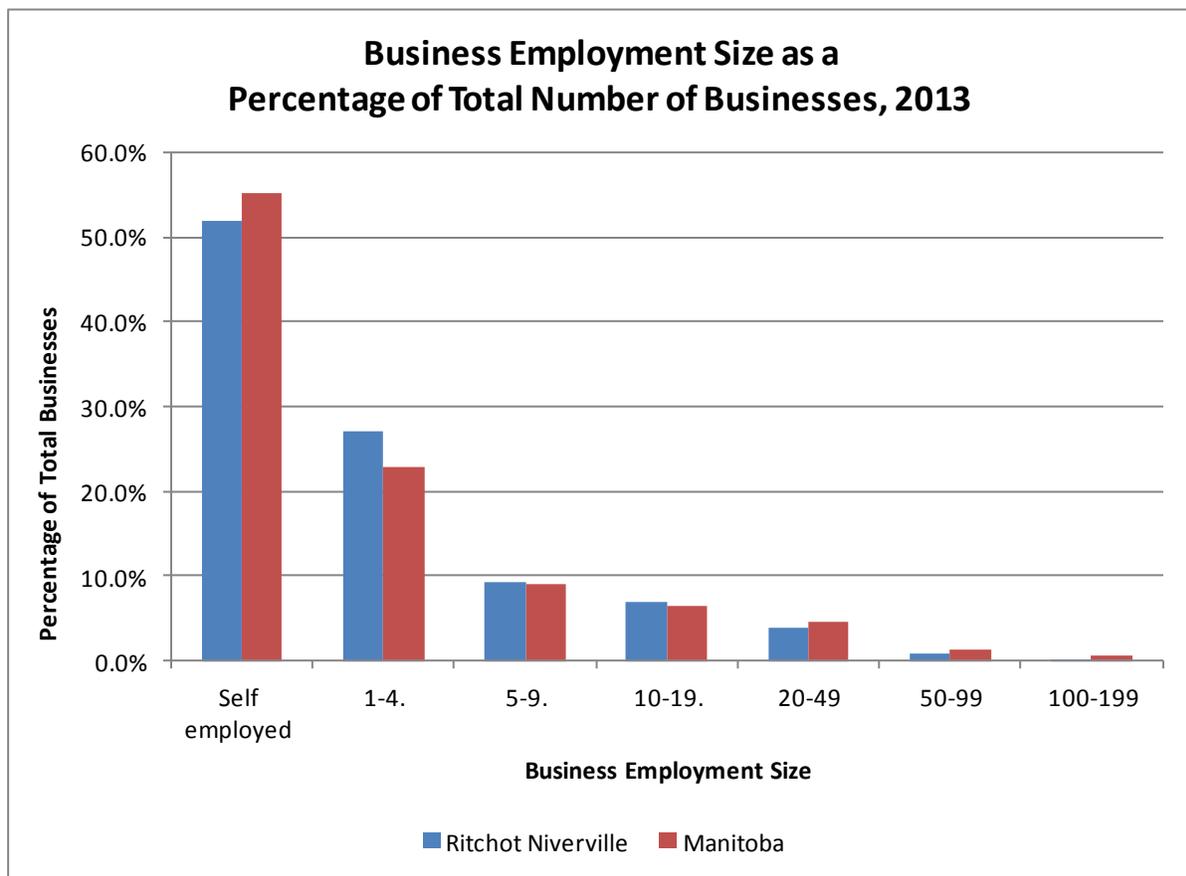


Figure 11 shows that:

- There are more businesses with 1-4 and 10-19 employees in this region than the provincial average, but a lower percentage of larger businesses and a lower percentage of self employed people.
- The small business may provide business expansion opportunities.

Business Strengths in the Sectors of Strength

The sectors identified in this region that can be considered to have the most competitive advantages are **Agriculture, Construction, Manufacturing, Education, Other services, and Professional, scientific, technical.**

- According to the business data supplied by Economic Modelling Services Inc. (2013), the business strengths within the sectors of most competitive advantage in the region are:
 - **Agriculture:**
 - Support activities for crop production
 - Floriculture
 - Grain farming
 - Hog and pig farming
 - **Construction**
 - Residential building construction
 - Foundation, structure and building exterior contractors
 - Building finishing contractors
 - Specialty trade contractors
 - Building equipment contractors
 - Utility system construction
 - Land subdivision
 - **Manufacturing:**
 - Grain and oilseed milling
 - Cement and concrete product manufacturing
 - Printing and related support activities
 - Petroleum and coal product manufacturing
 - Communications and equipment manufacturing
 - **Education:**
 - Business school
 - **Other services**
 - Automotive repair
 - Commercial and industrial machinery repair
 - **Professional, scientific, technical**
 - Scientific research and development
 - Computer systems design
 - Architectural, engineering and related services
 - Accounting, tax preparation and bookkeeping
 - Advertising, public relations
 - **Other sectors**
 - Commercial and industrial machinery rental
 - Child day care services
 - Office administrative services
 - Specialized and General Freight trucking
 - Services to buildings and dwellings

(Note: Business Register Data tables are found within Appendix 1)

Potential Business Opportunities

Using a theoretical capacity model to determine business capacity within the region (see Appendix 1), some potential business opportunities have been identified. These may or may not be opportunities, however, because the theoretical capacity model does not take into account the size and quality of existing businesses within the region. Only discussions with local leaders can determine whether these are likely to be opportunities:

- **Agriculture:**
 - floriculture—explore business expansion opportunities
 - many people travel into the region for jobs in this region. Where are they coming from and can you attract them to live in the region?

- **Construction:**
 - Conduct a business expansion project with small contractors. What do they need to expand?
 - Many people travel out of the region for jobs in this industry. Can you find these people to discuss business start ups?

- **Manufacturing**
 - Explore business expansion potential with small manufacturers
 - Wood and plastic product manufacturing
 - Many people travel out of the region for jobs in this industry. Can you find these people to discuss business start ups??

- **Education:**
 - What are the privately owned educational businesses in the region and do they have the capacity to expand?

- **Other Services**
 - Funeral home
 - Dry cleaning

- **Professional, scientific, technical:**
 - legal services
 - explore business expansion opportunities with the small business owners found in this industry sector.

- **Other sectors:**
 - Restaurants
 - Clothing Stores
 - Physicians
 - Machinery, equipment and supplies wholesaler
 - Sporting goods store
 - Specialized design services
 - Grocery Stores
 - Taxi service
 - Lumber wholesalers
 - Legal services
 - Dentists

Next Steps

Regional leaders are now encouraged to survey and/or consult with key businesses, institutions (e.g. health, education) and community organizations to identify and agree on economic targets for the region and to collaborate on actions to achieve economic growth and diversity.

These discussions and/or surveys could;

- Examine supply chains in key sectors to identify potential targets for business attraction or expansion.
- Identify potential business opportunities in all sectors, by reviewing the Theoretical Capacity data for the region.
- Increase local perspective and knowledge about the region and create awareness of regional opportunities to diversify the economy. For example, the economic development agency(ies) could host one-on-one interviews, online surveys and/or workshops targeted at prominent business and community leaders who are noted for their expert knowledge of the local economy and communities in the region.
- Identify unique areas of opportunity where the key sector strengths converge. For example, are there opportunities for food processing in this region (ex. Convergence of agriculture and manufacturing)?

