

Central Almaguin Economic Base Review

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Central Almaguin Economic Base Review

Central Almaguin Economic Base Review

This report provides a review of the economic base in Central Almaguin including:

- Sector concentrations, jobs growth, and labour inflow and outflow in communities that comprise Central Almaguin: the villages of Sundridge and South River, and the townships of Machar and Strong;
- Employment sector analysis in Central Almaguin;
- A discussion of key economic sectors in Central Almaguin;
- A review of attributes impacting future economic growth in Central Almaguin, including transportation infrastructure and accessibility (such as Highway 11 and the airport,) and labour-force considerations.

Economic Base of Communities in Central Almaguin

Sundridge

Sundridge has been the largest economic centre in Central Almaguin. Based on the Statistics Canada Place of Work data from the 2006 Census, the number of jobs at fixed places of work in Sundridge in 2006 was 815, which is about 54 percent of Central Almaguin's jobs at fixed places of work. In 2006, Sundridge had the highest portion of Central Almaguin jobs for the two largest sectors – manufacturing and retail, and accounts for about 165 (87 percent) and 220 (76 percent) of those jobs respectively. Sundridge's role as an economic centre can also be demonstrated by comparing its labour-force level and number of jobs: while the number of jobs at fixed places of employment in Sundridge in 2006 was around 815, the employed labour force was around 380, which means that Sundridge had the equivalent of 2.1 jobs per worker living in the community. However, as shown in Table 1, there has also been a high outflow of workers living in Sundridge to jobs in other communities: only 190 (23 percent) of the labour force work at Sundridge jobs. As well, there is a high level of labour inflow from other communities. About 40 percent of the jobs in Sundridge are held by labour living elsewhere in Central Almaguin. A significant 36 percent are held by persons living in the broader region.

Between 2001 and 2006, the overall number of overall jobs in Sundridge increased by around one percent. Slight declines occurred in most sectors; however, significant growth occurred in the retail sector, with a growth of 80 jobs or growth of 55 percent.

While Sundridge has been the largest centre in Central Almaguin, it is still a very small economic centre, given the jobs level. However, it includes a range of service and retail commercial uses that serve the surrounding area including a grocery store, hardware stores, veterinarians, gasoline and automotive repair shops, restaurants, and construction contractors. It also includes some businesses that may serve broader markets such as automobile dealers and tourist operations. A comprehensive listing of businesses in Sundridge is available from the community business directory at www.sundridge.ca.

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Table 1: Jobs in Sundridge by Place of Residence of Worker for 2006

Location	Persons Working in Sundridge	Place of Residence
Strong Township	200	24.5 %
Sundridge	190	23.3 %
Machar Township	80	9.8 %
South River	50	6.1 %
Powassan	35	4.3 %
Amour Township	30	3.7 %
Magnetewan	25	3.1 %
Joly Township	25	3.1 %
North Bay	25	3.1 %
Parry Sound (unorganized areas)	24	2.9 %
Other (various, less than 20 per location)	131	16.1 %
Total	815	100.0 %

Source: Statistics Canada

Machar Township

Machar Township had the second largest number of jobs at fixed places of work in Central Almaguin. In 2006, the number of jobs at fixed places of work in Machar Township was 440. About half of these jobs were in education and health/social assistance. About 50 jobs were reported for retail and another 35 in the accommodations and food services sector. Machar appears to have a wide range of small businesses as noted in its business directory at www.machartownship.net, with several construction-related businesses. However, this Business Directory is dated September 2007 and may not reflect recent business closures or new openings.

There appears to be a relatively high portion of entrepreneurs in Machar Township, 17 percent of the whole labour force, which is higher than the approximate 11 percent for both Central Almaguin as a whole and Ontario, and consistent with the Parry Sound District portion.

Machar has a slightly higher number of jobs than employed labour force living in the community: while the number of jobs at fixed places of work in Machar Township in 2006 was around 440, the employed labour force was around 400, which means that Machar Township had the equivalent of 1.1 jobs per worker living in the township. However, as noted in Table 2, there also is a high level of outflow of labour from Machar Township and inflow from other communities. Only 80 people living in Machar Township also work there, and only around 42 percent of the jobs in Machar are held by people living elsewhere in Central Almaguin.

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Between 2001 and 2006, the number of jobs in Machar increased by about 6 percent, with these increases being mainly in population-serving and government sectors.

Table 2: Jobs in Machar Township by Place of Residence of Worker for 2006

Location	Persons Working in Sundridge	Place of Residence
South River	115	26.1 %
Machar Township	80	18.2 %
North Bay	55	12.5 %
Strong Township	45	10.2 %
Sundridge	25	5.7 %
Other (various, less than 20 per location)	120	27.3 %
Total	440	100.0 %

Source: Statistics Canada

South River

South River had about 200 jobs at fixed places of work in 2006, with about half of these being in education/health and social assistance sectors. The accommodations and food services, and retail sectors accounted for another 25 percent of jobs.

In 2006, the employed labour force residing in South River was around 395, which means the community had jobs for the equivalent of about half of its labour force.

As with the other Central Almaguin communities, there has been a high level of labour outflow and inflow to South River. Only 50 jobs (25 percent of the total) at fixed places of work in the village in 2006 were held by people living there. About 40 jobs were held by people living in Powassan, which leaves about 110 jobs held by people living in other locations – 20 or less per location, and these have not been reported by Statistics Canada.

Between 2001 and 2006, the number of jobs in South River decreased by about 7 percent.

Strong Township

Strong Township had 55 jobs at fixed places of work in 2006. The majority of these jobs were associated with home-based businesses. Commuter data are not available on the place of residence of other workers. In 2006, the labour force in Strong Township was around 590, so the vast majority of labour has been working outside the township. Between 2001 and 2006, the number of jobs in Strong Township decreased by about 18 percent (10 jobs.)

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Employment Sector Review – Central Almaguin

This section provides an overview of:

- Employment by sector in Central Almaguin as a whole, including jobs level by sector in 2006;
- How the percentage of jobs by sector compared to the provincial average;
- The implications; and
- Jobs growth between 2001 and 2006.

In 2006, the number of jobs at fixed places of employment in Central Almaguin was around 1,500. The largest sector in Central Almaguin in 2006 has been retail, with an estimated 290 jobs in Central Almaguin, representing 19.5 percent of jobs at fixed places of employment. This compares to 11.8 percent provincially. Central Almaguin's relatively high portion of employment in this sector has been due to the retail sector that has been serving the larger tourist markets rather than just local residents. In 2006, the estimated Central Almaguin jobs in the accommodations and food services sector, which also serves tourists, was 150, representing 10.1 percent of the area's jobs. This is higher than 6.6 provincially and slightly lower than 11.1 for Parry Sound District.

The next largest sectors in terms of number of jobs were in population serving sectors such as health care and social assistance, and education services, which accounted for 235 and 220 jobs respectively. Together, this was about 30 percent of Central Almaguin jobs, high compared to the provincial level of around 17 percent.

The other relatively large segment (although small in absolute numbers) is manufacturing, which accounted for 190 or 12.8 percent of jobs in Central Almaguin in 2006. This is slightly below Ontario's 14.8 percent but higher than Parry Sound District's 8.2 percent. The largest manufacturing sub-sector is wood-product manufacturing, which accounted for 150 jobs in 2006 or close to 80 percent of manufacturing jobs in Central Almaguin. However, there have been significant job declines in this sub-sector. The number of jobs in wood manufacturing in Central Almaguin was 215 in 2001, so this sub-sector lost 65 jobs or around 30 percent of jobs between 2001 and 2006.

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How Employment Concentrations are Measured

Employment concentrations in specific sectors in Central Almaguin were determined through location-quotient analysis – comparing the relative concentration of each sector in the study area to Ontario. The comparison uses a simple ratio of sector employment to total employment. The provincial average for each sector is given a location quotient of 1, so a location quotient higher than 1 indicates a higher employment concentration than the provincial average. Similarly, less than 1 indicates the concentration is lower than the provincial average. In essence, location quotients allow us to identify which sectors are over or under represented relative to the province as a whole. High location quotients can indicate where a region or community has a particular strength or competitive advantage in attracting and retaining specific types of industries. This information is important in determining target sectors for investment attraction – i.e., those sectors where there has been a demonstrated strength and concentration above the provincial average, and related or similar industries.

Central Almaguin's Employment Concentrations

As shown in Table 3 for 2006, Central Almaguin has had relatively high location quotients (LQ) for the following sectors, with location quotients of 1.25 or higher:

- Construction, likely related to tourist-facility development and cottaging, with a 1.28 LQ;
- Retail trade, with a 1.66 LQ, and accommodations and food services, with 1.53 LQ: the high LQs for these sectors are likely due to tourism;
- Educational services, and health-care and social-assistance sectors, with LQs of 2.13 and 1.57 respectively – these are population-serving sectors.

Based on the above, Central Almaguin's current strength is highly associated with the tourism industry, which brings new money into the economy.

Central Almaguin has a low concentration of jobs in finance, insurance, and professional, scientific and technical services; however, this is expected as these types of jobs tend to concentrate in larger economic centres. Employment concentration in manufacturing is slightly below the provincial average; however, it is higher than for Parry Sound District. There may be some opportunities in some segments of building materials, including segments of wood products manufacturing (for example, development and renovation of cottages and second homes.) Further consideration needs to be given to the market potential of such opportunities. The employment concentration in the arts, entertainment, and recreation sector is also relatively low; however, given the broader strength of Central Almaguin for tourism, there may be potential to increase the number of jobs in the outdoor recreation segment of this sector through niche-product development such as those related to guided wilderness excursions.

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Table 3: Location Quotients by Sector in Central Almaguin for 2006

Sector	2006 LQ
Agriculture, forestry, fishing and hunting	0.56
Mining and oil and gas extraction	0.00
Utilities	0.85
Construction	1.28
Manufacturing	0.86
Wholesale trade	0.34
Retail trade	1.66
Transportation and warehousing	0.75
Information and cultural industries	0.62
Finance and insurance	0.25
Real estate and rental and leasing	0.98
Professional, scientific and technical services	0.27
Management of companies and enterprises	0.00
Administrative and support, waste management and remediation services	0.60
Educational services	2.13
Health care and social assistance	1.57
Arts, entertainment and recreation	0.64
Accommodation and food services	1.53
Other services (except public administration)	0.92
Public administration	0.45

Source: Statistics Canada

Changes in Number of Jobs: 2001 to 2006

As shown in Table 4, there has been little change in the total number of jobs in Central Almaguin as a whole between 2001 and 2006; however, there have been significant changes in the number of jobs in specific sectors: a significant decline has occurred in manufacturing, with a loss of 115 jobs mainly in wood product manufacturing. This sub-sector accounted for 150 jobs in 2006 or close to 80 percent of manufacturing jobs in Central Almaguin. However, there have been significant job declines in this sub-sector. It lost 65 jobs or around 30 percent of jobs between 2001 and 2006. At the same time, there has been significant jobs growth in the social assistance component of the health-care and social-assistance sector, with an increase in 110 jobs.

From an economic growth perspective, Central Almaguin's position has declined between 2001 and 2006 because a lower portion of jobs are export based with the decline in manufacturing; therefore, a lower level of new money is flowing into the local economy.

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Table 4: Change in Number of Jobs at Fixed Places of Work in Central Almaguin: 2001-2006

Sector	2001 Jobs	2006 Jobs	Change
Agriculture, forestry, fishing and hunting	80	15	-65
Mining and oil and gas extraction	0	0	0
Utilities	0	10	10
Construction	35	60	25
Manufacturing	305	190	-115
Wholesale trade	30	25	-5
Retail trade	270	290	20
Transportation and warehousing	40	45	5
Information and cultural industries	0	25	25
Finance and insurance	40	20	-20
Real estate and rental and leasing	0	30	30
Professional, scientific and technical services	50	30	-20
Management of companies and enterprises	0	0	0
Administrative and support, waste management and remediation services	0	35	35
Educational services	230	220	-10
Health care and social assistance	125	235	110
Arts, entertainment and recreation	0	20	20
Accommodation and food services	120	150	30
Other services (except public administration)	95	65	-30
Public administration	40	40	0
Total	1,460	1,505	45

Source: Statistics Canada

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Conclusions for Strategic Planning

Based upon the preceding review, we make the following conclusions relevant to strategic economic planning for Central Almaguin:

- Central Almaguin has a small local economy highly dependent on tourism. It lost a significant portion of its manufacturing sector jobs (concentrated in wood-product manufacturing,) while the level of jobs in population-serving sectors increased. The community should try to increase export-based businesses because they bring new money into the economy such as manufacturing businesses, other industrial businesses, and tourism-related businesses.
- Tourism is a very important industry for Central Almaguin, and therefore efforts should be made to increase the area's capture of the tourist market visiting the broader region, including Algonquin and Mikisew Parks, day trips, and cottagers using the area as a service centre. Develop measures that will mitigate the loss of transient tourist-traffic expenditures that will occur as a result of the re-routing of Highway 11 that will bypass Sundridge and South River. A further discussion of this sector is provided in the next section of this report.
- Central Almaguin is highly linked to other nearby communities in Almaguin Highlands, with a high level of labour inflows and outflows between communities in the broader region. Central Almaguin also shares a reliance on tourism with those communities. As such, strategic planning initiatives for Central Almaguin need to be complementary to those at the regional level to help enhance the attractiveness of the overall region for investment because this will also benefit Central Almaguin.
- There may be opportunities for adding new services and facilities related to tourism and seasonal residents/cottagers and small segments of the economy through niche-product development and entrepreneurship. Such opportunities should be explored further.

Tourism in Central Almaguin

Central Almaguin is part of the Almaguin Highlands Region, which stretches northward from the District of Muskoka to the City of North Bay, and is bordered to the East by Algonquin Park and to the West by Georgian Bay and Parry Sound.

Central Almaguin is also located within the North-Central Ontario Travel District which includes the Districts of Parry Sound, Nipissing and Temiskaming, and the City of North Bay. This area attracted around 2.9 million visitors in 2007, with about 72 percent from Ontario. Close to 59 percent of visitors to the North-Central Travel District in 2007 were overnight visitors. The largest market of overnight visitors to the Travel District is from the Greater Toronto Area, particularly Metropolitan Toronto, York Region and Peel Region. In 2007, the main purpose of visits to the North-Central Travel District was for pleasure (63 percent) and visiting family and relatives (31 percent.)

The estimated number of visitors who stopped at the South River Information Centre in 2008 was 5,529. Comparable data are not available for previous years due to a change in counting methodology.

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The key tourist attraction in the broader region is Algonquin Provincial Park, which is one of the oldest and largest public parks in Canada. Algonquin Park is a 765,345-hectare natural environment provincial park which attracted between 886,164 and 971,752 visitors per year between 2003 and 2007. The 2007 visitation level was 902,766 (data for 2008 were not available when this report was prepared.) Most of the activity and access to the park occurs along the Highway 60 corridor, where access is provided to traditional camping areas with modern facilities. The interior of the park is more rugged and can be accessed via canoe routes, hiking trails and access roads located along the park border. South River is a paddling entrance to Algonquin Park and lays claim to being the second-busiest park access after Highway 60. Canoes can access the park via the Lake Kawawaymog (Round Lake) entrance. Vehicles can be left at this entrance, located 20 kilometres east of South River.

Visitors to Algonquin Park are a key potential market for services in Central Almaguin; however, this market appears untapped, except for travelers to the park driving on Highway 11 who stop in the area for food, gasoline, or other services. Additionally, it appears Central Almaguin has not been marketing the area or businesses well to this group. For example, a Local Services section is available on the Algonquin Park web site, and businesses are allowed to advertise on that site for a fee (\$75 per year for a basic listing and \$125 per year for an advanced listing.) Only one Central Almaguin local business (Northern Wilderness Outfitters) appears to be listed on this section of the web site. In addition to listing local tourist-related businesses and attractions, there is the opportunity to list Central Almaguin as a destination or themed area.

Another provincial park in Central Almaguin, although much smaller, is the 138-hectare Mikisew Provincial Park located along Eagle Lake in Machar Township, west of South River.

Bernard Lake along Sundridge is also an important tourist destination in Central Almaguin. It is a large fresh water lake (roughly 2.5 kilometres across and 7 kilometres long) used for boating, fishing, and ice fishing, with several cottages and resorts. Cottaging and spending by cottagers in Central Almaguin is an important part of the economy. Data on the number of cottages in Central Almaguin are not readily available; however, Statistics Canada provides data from the Census on the total number of dwellings in an area and the number occupied by usual residents permanently residing in the dwelling. A proxy for the number of cottages/cabins can be developed through subtracting that portion from the total number of private dwellings. Based on this approach, we estimate the number of cottages/cabins in Central Almaguin is approximately 886, with most of these located in Strong and Machar Townships. The estimated number of cottages/cabins by area is:

- 42 cottages/cabins in Sundridge;
- 47 cottages/cabins in South River;
- 458 cottages/cabins in Machar Township;
- 339 cottages/cabins in Strong Township.

Assuming an average of three people per cottage and that cottages are used by property owners, guests, or renters during the summer, this would be equivalent to 2,658 additional people residing in Central Almaguin during the summer and spending money at local services in that season. Additionally, there would also be some cottage use and spending during other seasons. Spending in Central Almaguin by these individuals could be significant, and could increase depending on the services available and how they are marketed to this segment.

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Since tourism is a significant component of the local economy, the community needs to consider how it can further capitalize on tourist and seasonal-resident markets:

- Explore marketing opportunities associated with Algonquin and Mikisew Parks – such as advertising on the Local Services section of the Algonquin Park web sites and providing high quality tourist brochures of Central Almaguin’s tourist attractions and amenities at Algonquin Park, Mikisew Provincial Park, Tourist Information Centres in the region and Information Centre closest to Central Almaguin. Consider how to effectively market to tourists using the river entrance to Algonquin Park, situated about 20 kilometres from South River, to capture spending by these visitors enroute and returning from Algonquin Park.
- Create an inventory and SWOT analysis of Central Almaguin’s tourist attractions and amenities, including an assessment of gaps and improvements needed to attract tourists. This most likely would include the existing outdoor recreation market already attracted to facilities in the broader area such as Algonquin and Mikisew Parks, and tourists using some Central Almaguin facilities such as B&B’s. A further understanding is needed of the existing market, its perceived strengths and weaknesses, and the amenities needed to increase the length of visitation by this market.
- Analyse ways to improve Central Almaguin’s tourism potential, including opportunities that will build on existing services and address gaps. Niche tourist-oriented retail offerings and enhancing retail areas (theming and/or streetscaping, etc.) may help create a stronger draw to the area. Also consider the potential to expand outdoor adventure and recreation offerings in the area.

Attributes Impacting Growth in Central Almaguin

Highway Considerations

Central Almaguin traverses a 13-kilometer stretch along Highway 11, with Strong Township and Sundridge clustered at the south end. Strong Township is the most southerly area in Central Almaguin. The distance from Strong Township to North Bay is about 73 kilometres. The distance from Strong Township traveling south to Huntsville is about 60 kilometres.

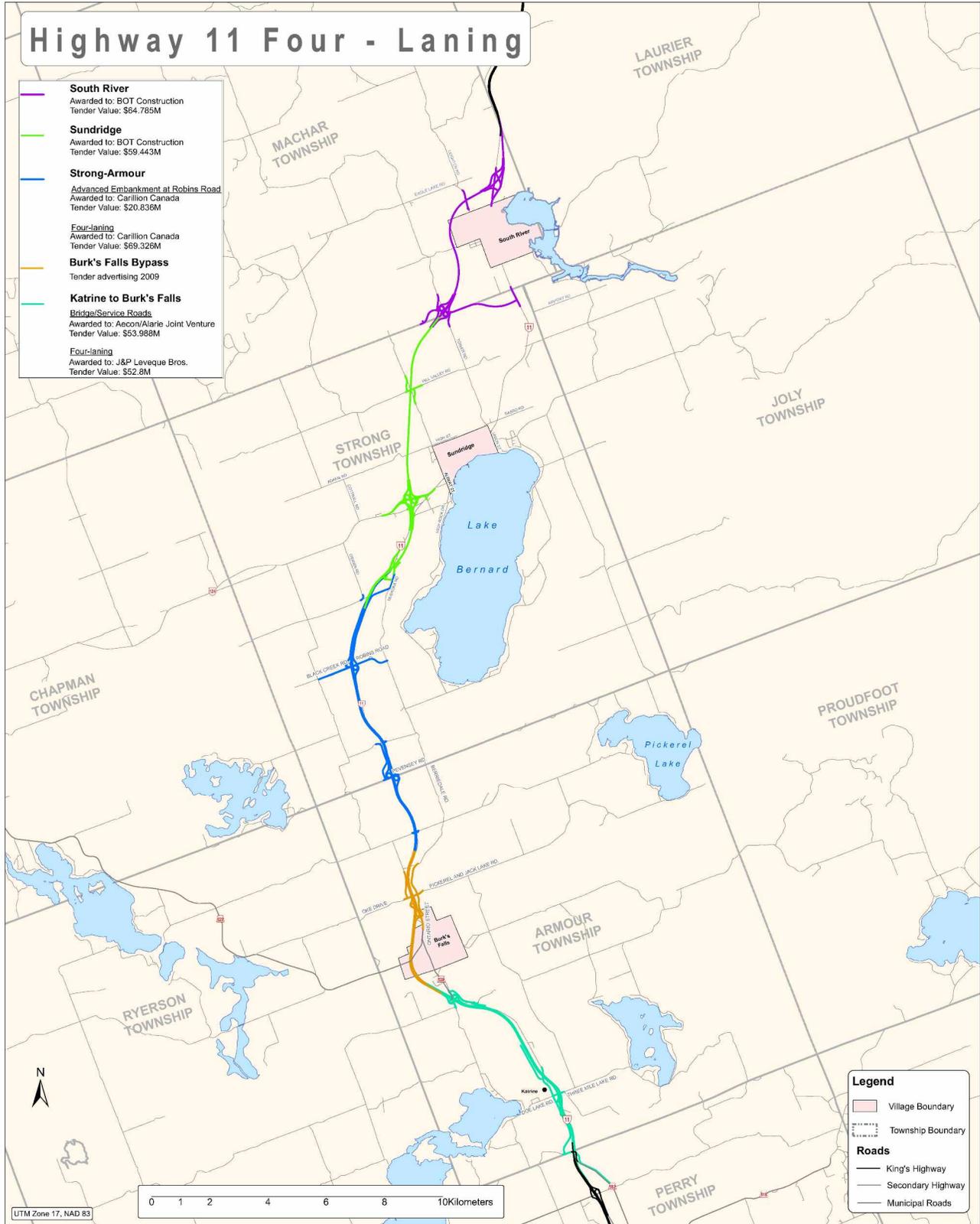
Highway 11 is part of the Huntsville-North Bay Corridor. This corridor has an average daily traffic volume of 9,300 vehicles, which increases to about 11,400 or close to 23 percent in the summer. Central Almaguin’s location along Highway 11 has provided easy access to the transient tourist traffic market. However, this will change in the next year, as the communities of Sundridge and South River are bypassed with the new four-laning of Highway 11. The four-laning has been progressing at both ends of the corridor, with four-laning currently north from Huntsville to Katrine, and south from North Bay to South River. Construction for the 17-kilometre section from South River to Sundridge will be completed in the summer of 2010. The new four-lane section of the highway, which will bypass South River and Sundridge, is being constructed to the west of the existing highway. Interchanges will be provided at five locations in Central Almaguin. Refer to the map that follows.

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The communities of Sundridge and South River will be bypassed by the new four-lane section of Highway 11, although there will be an interchange at Highway 124, leading to Sundridge, and interchanges to the north and south of South River. We do not know what level of traffic will use the new portion of Highway 124; however, it is likely that this will be considerably lower than the level of traffic passing through Sundridge along Highway 11 currently. As a result of changed exposure and access along Highway 11, Sundridge and South River will be adversely impacted through a loss of spending by transient travellers for highway commercial/impulse purchases.

Additionally, commercial facilities in the villages, particularly tourism ones, will not have the same level of visibility and exposure to tourists passing through the area, so tourists may be less aware of services and amenities the area has to offer for day-trips and other visits. Free marketing that current exposure to traffic provides will be lost, and this may have some impact on the level of business for specific enterprises. However, highway improvements may result in higher volumes of tourist traffic using the new Highway 11, and there may be opportunities to capture a larger portion of tourist spending at non-highway oriented tourist attractions and facilities in Central Almaguin. Nonetheless, this will require a focused marketing approach and strategy and ensuring the right mix of tourist amenities to attract day-trip and overnight visitors.

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To help off-set the loss in transient traffic and the resulting economic impact for Central Almaguin, it will be very important that:

- Central Almaguin is marketed through appropriate venues and that marketing approaches and materials create a compelling story for why a side-stop is worthwhile to Central Almaguin for transient traffic or day-trips in the broader area.
- TODS (Tourism-Oriented Directional Signing) signage for Central Almaguin and for specific tourist businesses is required on the new section of Highway 11. The TODS Program is offered through the Ministries of Tourism and Transportation. Refer to the following web site for additional information: www.ontariotods.interstatelogos.com. The program allows qualifying tourist operators to place their business signs along Provincial roadways. Additionally, composite signs are allowed for themed areas that meet the following criteria:
 - *Have a set of cultural, physical, and social characteristics that create a sense of regional identity;*
 - *Contain an adequate tourism infrastructure to support tourism development (including all utilities, roads, business services, and other social services necessary to support tourism businesses and to cater to tourists' needs);*
 - *Be larger than just one community or attraction;*
 - *Contain existing attractions, or have the potential to support the development of sufficient attractions to draw tourists.*
- The community should evaluate the name of the region and use it in marketing/branding the area. As well, the community should consider the name of the new portion of Highway 124, which can help support this branding. Good marketing names are easy to remember, easy to spell, distinctive, give a sense or feeling as to what they describe, and draw people in. Use the public and stakeholder consultation sessions to test out names.
- Consider the most optimal location for an information centre near one of the interchanges along Highway 11. Transform this centre to the regional information centre rather than continuing with a separate South River Information Centre. Review the locations of the interchanges and land availability to choose the most appropriate location for the centre.
- Consider creating greater linkages with the larger tourist attractions in the broader region, tap into marketing opportunities at those attractions as discussed previously.

Airport

The airport in Joly is important economic asset for the broader Central Almaguin area. A discussion of the economic development potential of the airport is provided under separate cover.

Labour Force Considerations

A discussion of the strengths of the labour force and implications for services and products is provided under separate cover.