

EDCO Insight: Southwest Region

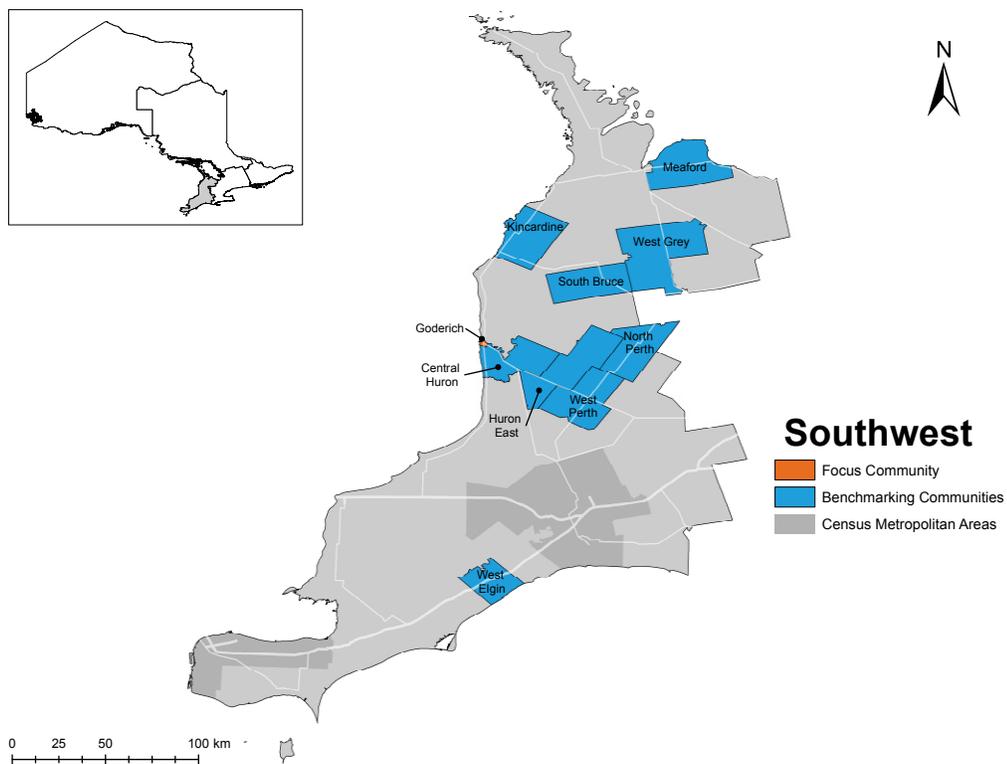
The Martin Prosperity Institute recently completed a large scale research project for the Economic Developers Council of Ontario, funded in part by the Ontario Ministry of Agriculture, Food and Rural Affairs, which provided benchmarking and analysis of Ontario's rural creative economy. The project divided the province into five regions, within which one focus community was selected and compared to nine benchmarking communities. Each community was compared across a host of indicators from creative class share to population density, to the number of arts and entertainment facilities. This is the first insight in a series of six, which will examine each region one by one, and will discuss the overall findings of the report, with the full report available online at <http://martinprosperity.org/research-and-publications/publication/benchmarking-the-creative-economy-in-rural-ontario>. This week, we will take a look at the Southwest Region and the benchmarking community of Goderich, Ontario.

The "Prettiest Town in Canada"

Goderich, the "prettiest town in Canada" is located along Lake Huron, and is home to numerous harbours and historic sites. The town is located approximately 1 hour and 45 minutes north of London and about 3 hours away from Toronto. The largest industry in Goderich is the Sifto Salt

Southwest region

Exhibit 1



mine, with the community still addressing job losses accrued from the closing of the Volvo manufacturing plant in 2010. In the summer of 2011, Goderich experienced a devastating tornado with rebuilding efforts are still underway.

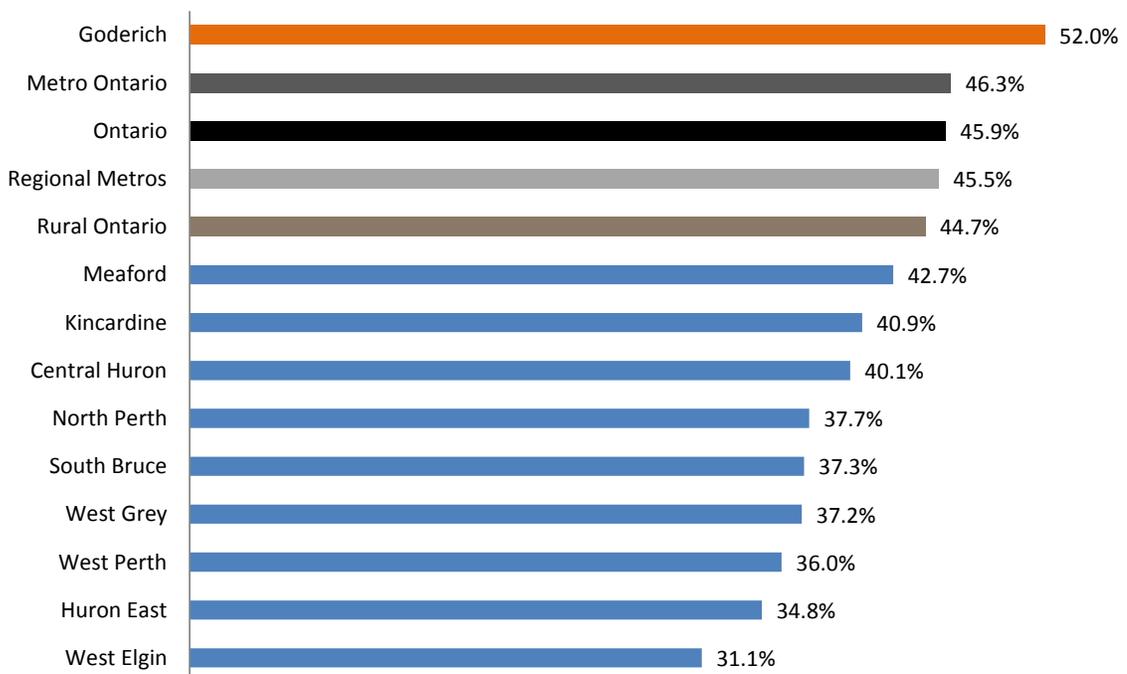
Goderich was compared to the benchmarking communities of Central Huron, Meaford, Kincardine, West Grey, North Perth, West Perth, Huron East, Central Huron, and West Elgin. With a population of 7,563, the town of Goderich benefits from having an extremely high population density (one of the highest rates of any community studied). These communities all have local economies based on working class jobs, farming or forestry and service positions, and in turn have some of the lowest average incomes. However, Goderich, and the community of Kincardine, both have above average shares of high-technology establishments, suggesting a (small) cluster of high paying, high-skilled positions in these areas.

Focus on the Service Class

At the Martin Prosperity Institute, we use Richard Florida’s occupational typology to examine the labour force into four classes. Briefly, creative class workers are paid for their thinking and problem solving skills. Service class workers are paid to perform routine work directly for, or on behalf of, clients. Working class workers are paid to maneuver heavy machinery and perform skilled trades. Finally, farmers, fishers, and other primary extractors are paid to extract natural resources from the ground or seas. Throughout this report, we examined the labour force of each community across the classes. In particular, Goderich was found to have a high percentage of its occupational class falling under the distinction of the service class. Goderich’s service class share was found to be 52.0% which is higher than the rural Ontario (44.7%), Metro Ontario (46.3%) and Ontario (45.9%) averages. This signals a unique labour market environment in this region, as the average service class share for the other benchmarking communities was much smaller at 37.5%. The service class share of the population in Goderich is over 20% larger than the service class share in West Elgin. A potential explanation for this high service class share is the higher number of restaurants and bars in Goderich, which is nearly double that of its peer communities.

Service Class share (2006)

Exhibit 2



However, as will be examined, there is a vital need to develop a balanced economy of both higher wage service class occupations and a strong creative occupational sector.

The high service class share in Goderich is also accompanied by the third highest creative class share amongst the southwest region communities. The Martin Prosperity Institute took a deeper look into the creative class share of Goderich and found that there were a much smaller number of lawyers, scientists, and employees in finance and business than in Ontario's overall creative class share. Goderich has an extremely large percentage of creative class workers that are teachers and professors, which account for 19.1% of the creative class occupational share in this town. This also sheds light on an important issue with some of these smaller communities. In Goderich, the occupational make up of creative class has a disproportionately lower percentage of professional occupations in applied and natural sciences, law and business, but a larger share of the creative class employed in the education field. This is a characteristic common to rural economies, whereby rural communities must seek to attract jobs and employees in these other creative occupations to thrive in the creative economy.

While the creative class share in Goderich (22%) is still well below the Ontario average (30.3%), it is slightly higher than the rural Ontario average (21.6%). The community of Goderich is an example of a smaller community in which the creative and service class growth is apparent. Questions have been raised both in the literature and amongst economic development practitioners as to how smaller communities far from a major metro can succeed in the knowledge economy. While the town's average employment income is not as high as the Ontario average, it is the second highest within the Southwest region benchmarks.

For each of the benchmarking communities, our report concluded with several observations. In the case of Goderich, there is a need for a sustained and purposeful focus on attracting highly skilled, high technology creative occupations to this town. With a declining working class labour force and growing service class, rather than "smokestack chasing" the town instead should seek support the development of the creative economy. In particular, with a growing service class population, there is a need to support and encourage the growth of high-end, higher wage service class jobs and to find ways to grow these jobs. With an aging population – a challenge facing most communities in this region – the lack of immigration and diversity is an alarming trend that must be addressed in order to bolster population and employment opportunities. Given the considerable level of amenities, natural beauty and density of Goderich, we believe this town is well equipped to address the challenges of developing a thriving, rural creative economy.

The Martin Prosperity Institute at the University of Toronto's Rotman School of Management is the world's leading think-tank on the role of sub-national factors—location, place and city-regions—in global economic prosperity. We take an integrated view of prosperity, looking beyond economic measures to include the importance of quality of place and the development of people's creative potential.