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(Industrial Sector Study)

DATE: June 12, 2001

TO: Chairman and Members of the Planning and Development Committee

FROM: Thomas S. Mokrzycki, Commissioner of Planning and Building

SUBJECT: **Industrial Sector Study: Aerospace Industry**
MEETING DATE: **July 3, 2001**

ORIGIN: Planning and Building Department

BACKGROUND: The purpose of the "industrial sector study" program was to profile emerging or important industrial sectors in the city and to develop an in-depth understanding of these sectors in order to examine growth prospects, future land needs, economic impacts, and future directions for City policies.

The Canadian Urban Institute (CUI) was retained to study the aerospace sector in Mississauga. In addition to being of interest from a planning and development standpoint, it was also considered to be of interest from a transportation and economic development perspective. Accordingly, the Transportation and Works Department and Economic Development Office provided input throughout the preparation of this study. The study titled "*Industrial Sector Study: Aerospace Industry*" is provided under separate cover.

COMMENTS: The Canadian Urban Institute study provides an overview of the aerospace industry, its role in Mississauga and its regional, national and international linkages. Some of the key findings, which are elaborated on in further detail in the study, are summarized below:

- Aerospace is a global industry valued at over \$250 billion (US) worldwide in 1998. The Canadian aerospace industry is ranked fourth in the world and is now estimated to be valued at over \$20 billion (Cdn);
- Aerospace is divided into two key subsectors; "civil/commercial" and "military/defence/space". Approximately 70% of Canada's total aerospace revenue comes from the civil/commercial subsector, which is growing, but cyclical, due to its dependence on spending by commercial airlines;
- The industry has a four-tier hierarchy: Tier 1 includes those companies producing completed aircraft or principal components such as wings or engines; Tier 2 companies are those responsible for integrated systems such as landing gear or avionics systems; Tier 3 companies produce components and subassemblies such as fuel controls; while Tier 4 firms supply services such as painting and "ready-to-print" manufactured components such as circuit boards.;
- Ontario and Quebec dominate the Canadian industry and are home to 90% of all firms. The GTA, and Mississauga in particular, represents the core of Ontario's aerospace sector which is responsible for nearly 40% of national aerospace revenue. Mississauga is acknowledged as the heart of the GTA aerospace cluster and the leading municipality for aerospace companies in Ontario;
- Mississauga is home to more than 70 of the 500 aerospace firms in Canada including two Tier 1 firms. Boeing, located at Pearson Airport is one of the largest aerospace firms in the world employing over 2,000 employees in Mississauga and contracting to 250 suppliers who employ approximately 4,000 people

across Canada. Pratt and Whitney Canada has over 850 employees at its aviation engine manufacturing facility on Courtneypark Drive East;

- Mississauga is also home to several prominent Tier 2 firms including, Honeywell Inc. (formerly Allied Signal) with 1,000 employees, Spar Aviation Services, with 250 employees, and Orenda Aerospace with 525 employees;
- Over half of all aerospace employees in Mississauga work in the Northeast planning district;
- The aerospace sector is a significant source of employment for Mississauga. Aerospace companies in Mississauga employ approximately 7,000 people - representing about 12% of manufacturing employment in the city;
- Aerospace employees not only have higher than average education and skill levels, but higher average salaries;
- The availability of skilled and experienced employees is also a key issue facing the industry. The Ontario Aerospace Council has responded with the "Aerospace Industry Training Program" offering certificate programs through community colleges;
- The five key trends affecting the industry are; corporate consolidation mergers; partnerships that attract new investment; the emergence of new overseas aerospace clusters; new products that are redefining the marketplaces; and, the growing importance of air freight;
- City land use policies currently do not specifically

address individual industrial sectors, including aerospace, however, sections of City Plan could be revised to specifically address or encourage the aerospace industry, if the City wished to pursue that approach.

CONCLUSION:

The Canadian Urban Institute was retained to undertake a study of the aerospace sector in Mississauga. The objective of the study was to develop an in-depth understanding of this sector, identify trends, examine growth prospects, future land needs, economic impacts, and future directions for City policies and standards.

The study reveals that aerospace is a global industry that is divided into two key sub-sectors: "civil/commercial" and "military/defence/space". The industry has a four-tier hierarchy which is based on the role of firms within the overall industry structure. Mississauga, home to more than 70 of the 500 aerospace firms in Canada, is acknowledged as the heart of the GTA aerospace cluster and the leading municipality for aerospace companies in Ontario. The aerospace sector is a significant source of employment for Mississauga.

RECOMMENDATION:

That the report titled "*Industrial Sector Study: Aerospace Industry*" dated June 12, 2001 from the Commission of Planning and Building be received for information.

Original Signed By:

Thomas S. Mokrzycki
Commissioner of Planning and Building