



# Northwest Ontario Labour Market Monitor

## Service Canada ~December 2008~

*The Labour Market Monitor is an overview of labour market information for the Northwest Ontario Economic Region including the districts of Thunder Bay, Rainy River and Kenora. This monthly report is produced by the local area Labour Market Information Analyst. For further information contact: [carol.brown@servicecanada.gc.ca](mailto:carol.brown@servicecanada.gc.ca)*

### Labour Force Trends

From December 2007 to December 2008, employment increased by 1,100 in Northwest Ontario due to gains in part-time jobs. The labour force rose by 1,900 from the same period a year ago as people entered the labour market. As a result the number of unemployed increased by 800, which led to an increase in the unemployment rate from 6.7% to 7.3%. This is one of the highest posted unemployment rates among Ontario's eleven economic regions and much higher than the provincial average of 6.4%. For more information, visit the Statistics Canada website at: <http://www40.statcan.gc.ca/101/cst01/lfss05d-eng.htm>

### Labour Market News by Industry

#### Construction

Construction of the new **Robert Moore Elementary School** in Fort Frances is scheduled to begin in the summer of 2009. The school will consolidate the existing Robert Moore School and F.H. Huffman School, located in Fort Frances. The school is expected to open in September 2010.

The **Dryden Regional Health Centre** began construction of an addition to house its new CT (computed tomography) scanner. The \$3 million project is expected to be completed by the spring of 2009.

**Whitefish Bay First Nation** received funding to construct an Aboriginal Head Start Early Childhood Development Centre. The centre will accommodate up to 46 preschoolers and employ three full-time workers. Whitefish Bay is located near Sioux Narrows, Ontario.

**Neskantaga First Nation** (Lansdowne House) will receive funding to rebuild its recreation centre destroyed by fire in November 2007. The complex will also accommodate mineral exploration companies working in the area. Neskantaga First Nation is a remote, fly-in community approximately 155 kilometres north of Pickle Lake.

#### Education Services

The **Lakehead Public School Board** in Thunder Bay will receive \$1 million in funding from the Ontario Urban Aboriginal Education Project. The project is designed to promote achievement and meet the learning needs of Aboriginal students in large urban centres.

#### Finance, Insurance, Real Estate and Leasing

The **City of Thunder Bay** announced plans to sell 52 acres of municipally-owned property in the Innova Business Park to First Gulf Thunder Bay Developments. First Gulf plans to develop a business complex with over 30 stores. The development is expected to create about 1,400 jobs. First Gulf is a privately-owned commercial real estate development construction services company.

#### Health Care and Social Services

An aesthetic services clinic recently opened in Kenora. **Kenora Laser Medical** specializes in non-surgical skin procedures and permanent hair reduction.

#### Information and Culture

**TBayTel** received approval from the Canadian Radio-television and Telecommunications Commission to provide cable television service in the Thunder Bay area. TBayTel will be in direct competition with Shaw Communications for the provision of cable television services in the area.

**Dryden Municipal Telephone Service** announced plans to expand its cellular phone service throughout Northern Ontario. The company is targeting all municipalities west of Thunder Bay.

#### Manufacturing

**iLevel by Weyerhaeuser** in Kenora closed from December 22, 2008 to January 5, 2009. Approximately 150 people were affected by the shutdown. The timberstrand mill has been operating at half capacity since January 2007. The

company attributes the downtime to a lull in the housing market and a decreased demand for engineered wood products.

Within a year of shutting down its #2 paper machine and laying off 125 employees, **Domtar Dryden** permanently shutdown its remaining paper machine and converting operations. The shutdown took effect in November 2008 and resulted in the lay off of 195 workers. The company cited a weak demand for fine paper across North America as the primary reason for the closure. Domtar's pulp mill remains open. The pulp operation provides employment for about 350 people, as well as an additional 450 forestry-related and contract workers.

**Mintech Canada** announced the closure of its Dryden plant. Mintech produced and supplied precipitated calcium carbonate used in the paper making process to the Domtar mill in Dryden. Six people were affected by the closure.

**AbitibiBowater** scheduled downtime at both its Thunder Bay and Fort Frances mills during November and December 2008.

An eight-day shutdown began on December 24, 2008 at the AbitibiBowater pulp and paper mill in Fort Frances. The shutdown affected about 500 of the mill's 675 employees. The company cited poor market conditions for kraft and paper products as the primary reason for the shutdown.

AbitibiBowater's newsprint and sawmill operations in Thunder Bay were idled on two separate occasions during the fourth quarter of 2008. Approximately 600 pulp and paper mill workers, along with 120 sawmill workers were laid off for two weeks in November 2008. The second layoff occurred December 21, 2008 to January 5, 2009. The shutdown affected about 350 workers at the paper mill and 120 workers at the saw mill. The kraft mill remained open. An additional 150 contract workers who deliver logs to the mill were also affected by both closures. The company attributed the downtime to excess inventory and low demand.

**Marathon Pulp Incorporated** (Marathon, Ontario) was closed for two weeks in December 2008. The closure affected about 200 workers at the mill. The need to manage inventory and working capital were cited as the primary reasons for the shutdown. In November 2008, workers at the mill agreed to a series of employment concessions which included a 12% wage cut, a reduction in working hours and a decrease in vacation time. Office workers at the mill rejected a similar proposal. Marathon Pulp is a joint venture between Tembec Incorporated and Kruger Incorporated. The mill is a manufacturer of northern bleached softwood kraft pulp which is known for its superior strength and brightness.

**Thunder Bay Fine Paper Papers** went into receivership in October 2008. The former Cascades Paper Mill was resurrected in May 2008. The mill announced a two-week

shutdown in July 2008 citing inventory surplus and a lack of buyers. The shutdown was subsequently extended indefinitely. About 180 people were affected by the closure. The mill produced high-end coated printing paper.

**Red Rock Incorporated** announced it will not open its Red Rock Mill until the latter part of 2009. The mill was scheduled to open in the spring of 2009 and manufacture the underlayment previously produced by the burnt-out Multiply mill in Nipigon. The company now plans to construct a co-generation plant before opening the mill. The mill will employ about 100 people when operational.

**Terrace Bay Pulp Incorporated** was closed from November 9, 2008 to December 9, 2008. The downtime affected about 425 workers. The mill cited depressed market conditions for pulp products as a key factor in the shutdown. The mill recently completed construction of a new \$45 million co-generation plant. Terrace Bay Pulp is a subsidiary of Buchanan Forest Products of Thunder Bay.

**Longlac Wood Industries** (LWI), a subsidiary of Kruger Incorporated, will permanently close on January 31, 2009. About 120 employees will be laid off. The decision to close the plant follows an announcement by Norbord Incorporated and Kruger Incorporated to form a joint venture to combine their respective hardwood-plywood operations. Market conditions, declining United States housing starts and greater competition from imports were all factors in the decision to close the Longlac mill. Following the closure, customers from the LWI facility will be supported by Norbord's Cochrane plant. Norbord's Cochrane mill employs about 225 people. Norbord Incorporated is an international producer of wood-based panels.

The **Great White North Craft Brewery** in Thunder Bay closed in December 2008. The brewery was in production for over a year. The company cited insufficient sales as the reason for closure.

The **Atikokan Economic Development Corporation** announced plans to research the potential of establishing a firewood vending machine manufacturing facility in Atikokan. The facility would build firewood vending machines for use in parks, campgrounds and retail locations.

Grain producers in the Thunder Bay region have access to a new flour mill. **Brule Creek Farms**, located in Kakabeka Falls, began milling its own grain in November 2008. In addition to operating the flour mill, Brule Creek Farms will grow and mill its own crops. The mill is owner-operated.

## Mining

**Goldcorp Red Lake Mines** announced that it is postponing three projects in the Red Lake area until market conditions improve. Affected are the Cochenour dewatering project (past-producing Cochenour Willans Mine), the shaft development project on McKenzie Island (former Gold Eagle Mines property) and the surface drill program in Balmertown.

**North American Palladium** temporarily shut down its Lac des Iles mine near Thunder Bay in October 2008. About 350 employees were laid off. No recall date was given. The company stated the decision to close was based on declining metal prices. North American Palladium is one of North America's largest producers of palladium.

**Premier Gold Mines** closed a deal with **Barrick Gold Corporation** to acquire mining claims in the Beardmore-Geraldton Greenstone Belt known as the G-L Property. The G-L Property will become part of the joint-venture project between Premier Gold Mines and Roxmark Mines. The property will be referred to as the Hardrock Project. An \$8 million exploration program is planned for 2009.

Following favourable geological assessments and drill results, **Roxmark Mines** announced plans to re-open the Northern Empire gold mine in Beardmore. The mine originally operated for seven years during the 1930's. No time frames were given. Financing is pending.

**Marathon PGM Corporation** has completed a feasibility study on its Marathon PGM-Cu Project. The Marathon property is the most advanced mining project within the company's portfolio. The geology consists of palladium, platinum and copper mineralization. The company proposes to develop an open-pit mine that would employ about 115 people.

### Professional, Scientific and Technical Services

The **Atikokan Generating Station** will begin testing peat as a sustainable bioenergy resource in January 2009. The project will provide scientific and technical data supporting the application of peat fuel as an economic and environmentally attractive alternative to fossil fuels, such as coal. All coal-fired generating plants in Ontario are scheduled to close in 2014. Coal-fired plants are located in Atikokan and Thunder Bay.

In December 2008, the CRIBE task force (**Centre for Research and Innovation in the Bio-Economy**) released a report regarding the establishment of a \$25 million bio-refinery at Lakehead University in Thunder Bay. The centre will focus on ways to use fibre resources such as forest plants, fungi and microorganisms found in Northwestern Ontario to create new products. For more information, visit the Ministry of Research and Innovation website at:

[http://www.mri.gov.on.ca/english/documents/CRIBE\\_REPORT\\_Web.pdf](http://www.mri.gov.on.ca/english/documents/CRIBE_REPORT_Web.pdf) )

### Trade, Wholesale and Retail

The **Bargain Shop** will open five new stores in Northwestern Ontario. Stores are planned for Atikokan, Marathon and Red Lake. Two stores will open in Thunder Bay. Each will employ about ten people.

### Utilities

The **Township of Schreiber** and **Anemos Energy Corporation** have entered into an agreement to study the feasibility of a wind-energy project in the area. If the project proceeds, it could supply enough power for about 2,600 homes. Anemos Energy is an energy company located in Hamilton, Ontario specializing in small to medium-size wind energy projects.

*Note: In preparing this bulletin, Service Canada has taken care to provide clients with labour market information from reliable sources that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since the bulletin was published. Major daily newspapers were some of the sources reviewed for local labour market information used in this report. Readers are encouraged to refer to other sources for additional information on the local economy and labour market. Information contained in this bulletin does not necessarily reflect official policies of Service Canada.*