



# Northwest Ontario Labour Market Monitor

## Service Canada

~February 2009~

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 February 2008 to February 2009, employment decreased by 700 in Northwest Ontario, all in full-time jobs. The labour force rose slightly by 800 from the same period a year ago, as people entered the labour market. The number of unemployed increased significantly by 1,500, which led to an increase in the unemployment rate from 7.2% to 8.5%. This rate is higher than the provincial average of 7.9%.

For more information, visit the Statistics Canada website at: <http://www40.statcan.gc.ca/l01/cst01/lfss05d-eng.htm>

### Labour Market News by Industry

#### Construction

Citing a lack of contracts and poor market conditions, Ear Falls Contracting will permanently close its logging and road building operations on March 31, 2009. About 62 employees will be laid off. The company has provided logging contracting services to area mills for 36 years. Ear Falls is located 70 km south of Red Lake.

Infrastructure Ontario and the Ministry of the Attorney General announced plans to construct a new courthouse in Thunder Bay. The building will consolidate the city's two existing courthouses. Construction is expected to begin in 2010. The project is valued at \$100 million.

The Ontario Provincial Police will construct new detachment buildings in both Nipigon and Dryden. A new regional forensic identification unit is also planned for Kenora. Construction is expected to start in the summer of 2010.

The Government of Canada and the Province of Ontario announced funding under the Building Canada Plan Framework Agreement for several infrastructure projects throughout Northwestern Ontario. Projects include:

- Township of Atikokan, \$1.6 million for airport improvements
- City of Dryden, \$19 million for a sewage treatment plant

- Town of Fort Frances, \$500,000 for improvements to its sewage treatment plant
- Municipality of Greenstone, \$3.7 million for road work
- City of Kenora, \$2 million for marine waterline replacement
- Town of Marathon, \$5 million for the construction of a new regional landfill site
- Township of Oliver-Paipoonge, \$1.6 million for road repair
- Town of Rainy River, \$1.3 million for water services
- Municipality of Red Lake, \$2.8 million for a new airport terminal
- Municipality of Sioux Lookout, \$2.5 million for sewer and water services
- Township of Sioux Narrows-Nestor Falls, \$1.6 million for airstrip improvements
- Township of Terrace Bay, \$1.2 million for construction of a seniors centre.

### Finance, Insurance, Real Estate and Leasing

The Municipality of Sioux Lookout has reached an agreement with the Ministry of Natural Resources to purchase Crown land in Hudson. The land will be used for residential, commercial and recreational development.

### Information and Culture

The Chronicle Journal in Thunder Bay laid off 10 people in its circulation, advertising and editorial departments. The size of the newspaper and hours of operation were also reduced. The newspaper employs about 120 people.

### Manufacturing

Superior Fine Papers has purchased the assets of Thunder Bay Fine Papers. The company, which is made up of local investors in the Thunder Bay area, is in the process of securing \$35 million in financing to cover start-up costs and capital improvements. No time frames were given. Thunder Bay Fine Papers (formerly Cascades Paper) began operation in May 2008 and closed in July 2008. The company cited inventory surplus and a lack of buyers as the reasons for closure. The mill produced high-end coated printing paper and employed about 180 people.

Atikokan Renewable Resources announced plans to purchase the former Fibratex particleboard mill in Atikokan and convert it into a wood pellet manufacturing plant. The company also plans to set up an assembly plant in Thunder Bay to manufacture wood pellet machinery and equipment.

The sale is expected to be finalized in early April 2009 with production beginning within six months after that. It is anticipated that 110 jobs will be created between the two plants. Fibratex went into receivership in November 2007 and employed about 140 people. Atikokan Renewable Resources is also the principal owner of Automation Now, MGM Electric and Mahon Electric in Thunder Bay.

Marathon Pulp Incorporated (Marathon, Ontario) will indefinitely shutdown in March 2009 due to market conditions. About 230 workers will be laid off. The mill was also closed for two weeks in December 2008. In November 2008 workers agreed to a series of employment concessions including a 12% wage cut. Marathon Pulp is a joint venture between Tembec Incorporated and Kruger Incorporated. The mill manufactured northern bleached softwood kraft pulp.

In February 2008, Domtar Incorporated eliminated a shift at its Ear Falls sawmill resulting in layoff of 55 sawmill workers and 58 contract workers. About 25 people were also laid off in August 2008 when a similar shift reduction occurred. Reductions are attributed to market conditions and the need to balance supply with demand. About 80 workers continue to work at the mill. The mill produces studs, wood chips and residual fibre.

On February 23, 2009 Terrace Bay Pulp began a six week shutdown at its number two pulp mill. The company attributed the closure to market conditions and high inventory levels. About 325 mill workers and 100 woodlands workers were affected. Approximately 75 workers remain on the job to dispose of excess inventory. In January 2009, the mill laid off 50 workers when it indefinitely closed its number one pulp mill. Terrace Bay Pulp is a subsidiary of Buchanan Forest Products in Thunder Bay. Buchanan has idled eight lumber mills in Northwestern Ontario over the past two years. Terrace Bay Pulp is the only Buchanan-owned plant currently operating.

AbitibiBowater announced an additional two weeks of downtime at its pulp and paper mill in Thunder Bay. The mill was originally to be closed for four weeks starting February 1, 2009. The newsprint mill will now resume production on March 16<sup>th</sup> and the kraft mill on March 10<sup>th</sup>. The saw mill reopened on schedule. Over 1,100 workers were affected by the shutdown. The company cited poor market conditions as the reason for closure.

AbitibiBowater announced plans to curtail production at its Fort Frances pulp and paper mill. Paper machine number six will be shutdown from March 1<sup>st</sup> to April 4<sup>th</sup>, 2009. Paper machines number five and seven, as well as the kraft mill will be idled for two weeks beginning March 22, 2009. About 650 people are employed at the mill. The commissioning of the mill's new biomass boiler to replace the co-generation gas fired plant will continue throughout the shutdown period. The

company attributes market conditions as the primary reason for the downtime.

### **Mining**

Goldcorp Incorporated reported record gold production during the fourth quarter of 2008, with Red Lake Gold Mines accounting for almost 28% of total production. The company plans to accelerate developmental and exploration work at its Red Lake mine during 2009. Meanwhile, Goldcorp's Musselwhite Mine near Pickle Lake reported an increase in average mill head grade for the fourth consecutive quarter of 2008. The company is forecasting a 12% increase in gold production at the mine in 2009.

Houston Lake Mining announced plans for an aggressive 2009 exploration program on its West Cedartree property near Sioux Narrows. The project is located in a prolific gold region that produced over half of Ontario's gold in the early 1900s.

Premier Gold Mines Limited began a major exploration program on its PQ-North property north of Pickle Lake. The project is considered to host significant gold mineralization. Premier signed a Letter of Intent with North Caribou Lake First Nation guiding the early phase of exploration. Caribou Lake is located 320 air kilometres north of Sioux Lookout.

### **Public Administration**

The Ge-Da-Gi Binez Youth Detention Centre in Fort Frances is scheduled to open in March 2009. The centre will employ about 40 people. The facility is dedicated solely to rehabilitating Aboriginal offenders. It will be operated by Pwi-Di-Goo-Zing Ne-Yaa-Zhing Advisory Services, the Tribal Council representing Fort Frances area First Nations. The project is part of the Ministry of Children and Youth Services plan to establish a separate youth justice system in Ontario. A similar facility is also under construction in Thunder Bay.

*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.*