



Northwest Ontario Labour Market Monitor

Service Canada

~March 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

Labour Force Trends

The Northwest Ontario economic region recorded a loss in net employment (-2,900) from March 2008 to March 2009. While part-time employment increased by 1,200, full-time employment dropped by 4,200. The labour force contracted by 1.3%, however the population also contracted, keeping the labour force participation rate relatively unchanged at 63%. The employment rate declined by one percentage point to 56.9%. Unemployment grew by 1,600, pushing the unemployment rate up from 8.1% in March 2008 to 9.6% in March 2009. Over the same period, the provincial unemployment rate increased from 6.5% to 8.9%.

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

The City of Thunder Bay passed two rezoning bylaws paving the way for the construction of a retirement home and mini mall. The 92-unit retirement home will be operated by Hilldale Gardens Development and will be located on the former Isabella Street School site. The mini mall will be located in the vicinity of the Days Inn and will house a restaurant, pharmacy and Quality Market food store. No time frames were given.

Construction of a new Boston Pizza in Fort Frances is scheduled to begin in the spring of 2009. The restaurant is expected to employ about 100 full and part-time employees.

Manufacturing

Weyerhaeuser Company announced that it will indefinitely close four iLevel veneer and engineered wood products mills in the United States. The iLevel mill in Kenora is now the

only producer of the company's timberstrand product in North America. The plant currently employs about 150 employees and operates two days per week. The mill has been operating on a reduced capacity since January 2007.

Marathon Pulp Incorporated (Marathon) has filed for bankruptcy. The mill is now under the control of Toronto-based bankruptcy trustee PricewaterhouseCoopers who will attempt to find a new buyer for the mill. About 240 workers were laid off in February 2009 when the mill closed due to market conditions. Marathon Pulp is a joint venture between Tembec Incorporated and Kruger Incorporated.

Ongoing issues within the forestry sector continue to affect operations at Buchanan Forest Products in Thunder Bay.

- In March 2009, the company's woodlands division went into receivership. The action did not affect Buchanan's eight idled sawmills throughout Northwestern Ontario.
- Buchanan filed for court protection from creditors on behalf of its Terrace Bay Pulp mill. The mill shutdown in February 2009 and was to resume operation in April 2009. About 325 mill workers and 100 woodlands workers were laid off. The mill is the last of the Buchanan-owned mills to shutdown.
- Buchanan issued lay off notices to almost all (40) of its remaining salaried employees across the region. At one time, Buchanan Forest Products employed over 5,000 people throughout Northwestern Ontario.

About 1,100 workers employed at AbitibiBowater's newsprint, kraft and saw mills in Thunder Bay returned to work after a six-week shutdown. The mill closed on February 1, 2009 due to market conditions.

Downtime at the AbitibiBowater mill in Fort Frances was extended. Originally paper machines number five and seven, as well as the kraft mill, were to be idled for a two-week period beginning on March 22, 2009. Start up was delayed to April 13, 2009. In addition, the company's number six paper machine was to be idled for one month beginning on March 1, 2009. This was extended to May 3, 2009. The extended shutdown is attributed to lack of orders. About 650 people are employed at the mill.

AbitibiBowater is currently re-evaluating its restructuring options with lenders and debt holders of its Bowater Incorporated subsidiary. The company is attempting to restructure the debt acquired when Abitibi-Consolidated merged with Bowater Incorporated in 2007. Refinancing

deadlines were extended on several occasions in a bid to avoid bankruptcy protection.

Whitesand First Nation announced plans to develop a value-added sawmill, wood pellet manufacturing plant and heat and power biomass plant. The proposed project will provide electricity to the communities of Whitesand First Nation, Namaygoosisagagun First Nation (also known as Collins) and Armstrong. The three communities have a combined population of about 1,000. It is anticipated that 60 full-time jobs and 64 seasonal jobs will be created. No time frames were given.

Bombardier (Thunder Bay) resubmitted a proposal to produce 600 street cars for the Toronto Transit Commission (TTC). The company's original bid was rejected in July 2008. If successful, the \$3 billion contract would secure employment for 300 Thunder Bay workers for 10 years. The TTC is expected to make a decision in April 2009.

Titan Worldwide Incorporated of Thunder Bay has signed a partnership agreement with BTE Incorporated, a green fuel technology company based in the United States, to develop and manufacture green fuel production equipment. BTE is a scientific company involved in the development of a process that converts organic material into a green replacement for standard diesel fuel. The project is in the initial stages of development.

Mining

Teck Cominco Limited announced plans to sell its fifty per cent interest in the Hemlo Operations near Marathon to Barrick Gold Corporation. The Hemlo Operations consists of the Williams and David Bell gold mines. The mines are jointly owned by Teck Cominco and Barrick Gold Corporation. Hemlo has a life expectancy of 2013. About 700 people are employed at the mines. The US\$65 million deal is expected to close during the second quarter of 2009.

North American Palladium announced it will proceed with a \$7 million exploration program at its Lac des Iles mine north of Thunder Bay despite current downtime at the mine. The mill was placed on "temporary care and maintenance" in October 2008 due to a decline in the price of the company's main metals - palladium and platinum. About 350 people were laid off. Lac Des Iles is considered to be one of the largest palladium mining operations in the world, producing 4% of global palladium supply.

Premier Gold Mines has identified high grade open pit style mineralization at its Hardrock Project near Geraldton. The Hardrock Project is host to several past-producing mines which produced more than 2 million ounces of gold from 1938-1968.

Abitibi Mining Corporation has identified two properties near Dryden as priority projects in 2009. The Redhat property contains "Hemlo-type" gold targets. The Centre Fire Lake project hosts volcanogenic massive sulphide targets which may contain copper, silver, zinc or gold.

Transportation and Warehousing

Porter Airlines announced it will offer non-stop flights between Porter's downtown base at Toronto City Centre Airport and Thunder Bay International Airport beginning on June 26, 2009. Connecting flights to other Porter destinations, including Ottawa, Montreal, New York and Chicago will also be available.

Utilities

The Dryden Development Corporation (DDC) announced plans to proceed with the development of a solar park in Dryden. The DDC is currently seeking partners in the establishment of two ten-megawatt solar photovoltaic generation facilities within the city. The projects are part of the Ontario Power Authority's Renewable Energy Standard Offer Program, which offers incentives to small scale energy producers.

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.