



Labour Market Bulletin

Kenora/Dryden/Fort Frances

Service Canada Centres

An Analysis of the Kenora/Dryden/Fort Frances Area Labour Market ~ October To December 2005 ~

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The Kenora/Dryden/Fort Frances SCC Labour Market Bulletin is a quarterly report produced by the area Labour Market Information Analyst. This bulletin and other LMI products may also be found on our website. (aussi disponible en français)

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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. Readers are encouraged to also 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.

An overview of the Kenora, Dryden, Fort Frances, Atikokan, Red Lake, Ear Falls, Sioux Lookout and surrounding areas.

More bad news in forestry and continuing good news in mining contributed to mixed results in the Kenora/Dryden/Fort Frances area labour market in the fourth quarter of 2005.

The crisis in the forestry sector continued with the permanent closure of the Abitibi Consolidated mill in Kenora and the announcement by Weyerhaeuser Dryden to lay off 120 workers on April 1, 2006.

On a brighter note, Kenora Forest Products plans to expand its sawmill and Fibratech Manufacturing in Atikokan is optimistic regarding a major expansion project.

Mining activity in the area remained strong, with several exploration and drilling projects underway.

Employment Insurance claim levels rose this quarter, a trend normally found in the fourth quarter due to the seasonality of employment in the area.

Labour market conditions continued to weaken in the Northwest, with employment declining for the fourth consecutive quarter in 2005. Conditions were also much weaker than those posted in the region during the last quarter of 2004.

HIGHLIGHTS

- ▶ Abitibi-Consolidated mill in Kenora permanently shut down.
- ▶ Down time at Abitibi-Consolidated in Fort Frances.
- ▶ Weyerhaeuser Dryden to close wood room and shut down one paper machine.
- ▶ Saw mill expansion planned for Kenora Forest Products.
- ▶ Fibratech Manufacturing in Atikokan plans major expansion.
- ▶ Placer Dome Inc. accepts takeover bid from Barrick Gold Corp.
- ▶ Employment Insurance claims increase in the fourth quarter, but down year over year. Employment drops by more than 3% in Northwestern Ontario.



Government of Canada

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LABOUR MARKET NEWS

Highlights on industry activities that have an impact on the local labour market, this information is derived from several sources including local newspapers, newsletters and various publications. Please refer to "Notes to Readers" for additional information.

Manufacturing

On December 14, 2006 **Abitibi-Consolidated Inc.** announced the permanent closure of its newsprint mill in Kenora. The company cited high energy costs, pulping issues, a declining market for newsprint and failed negotiations with local unions as reasons for closure. The announcement came after the company permanently shut down one paper machine in October 2005 and idled the remaining machine indefinitely. The closure resulted in the permanent lay off of 340 mill workers. Another 150 workers involved in contract logging operations were also affected by the shutdown.

The **Abitibi-Consolidated** pulp and paper mill in Fort Frances shut down for two weeks in December due to high production costs, a shortfall of orders and a surplus of kraft inventory. The scheduled downtime affected 740 workers in all departments (wood staff, mill staff, office staff, operators, trades).

Abitibi-Consolidated has applied to the Town of Fort Frances for new rezoning on some of its property in preparation for a new fuel boiler. The boiler will produce electricity, lower operating costs at the mill. The boiler which is expected to cost \$50 - \$60 million uses forest trimmings, limbs, grass clippings and trees to produce energy.

Weyerhaeuser Dryden will close its wood room processing plant and permanently shut down one paper machine on April 1, 2006. The closures will affect 120 of its 795 employees - 40 in the wood room and 80 in the mill. Weyerhaeuser plans to move all of its wood chipping operations into the field, eliminating the need for a wood room. High fibre and energy costs and a slumping fine paper market were cited as reasons for the paper machine closure.

In November 2005, **Kenora Forest Products** announced plans to expand its sawmill operations. Targeted for expansion are the sawmill, planer mill and kilns. Construction will begin pending final negotiations with Abitibi-Consolidated regarding access to wood rights. A tentative spring start up is anticipated. The company did not confirm the number of jobs to be created, but indicated the number would be significant.

Fibratech Manufacturing in Atikokan announced plans for a major expansion project. The company is conducting a feasibility study to identify the market potential for a laminated veneer lumber manufacturing plant to be built along side its particle board mill in Atikokan.

The project, which has the potential to create over 100 new jobs, has received support from the Town of Atikokan, FedNor and the Northern Ontario Heritage Fund.

The Government of Canada announced its **Forest Industry Competitive Strategy** in November 2005. The five-year initiative addresses a wide range of issues and opportunities currently facing the Canadian forest industry. This includes diversifying the economies of forest-dependent communities, enhancing skills of forestry workers, investigating new markets for wood products, developing innovative technologies and supporting the domestic industry in the face of the continuing softwood lumber dispute. The strategy provides \$581-million to support forest-dependent communities and incentives for innovation in the forest industry, including incentives for bioenergy production. The strategy also sets aside funds to facilitate up to \$800-million in loan insurance and provides \$100-million for a repayable contribution program for firms affected by the unique circumstances of the softwood lumber dispute. Although it will be implemented across Canada, each region will have access to a mix of national and regional programs. The implications of the package locally will not be known until the forestry sector has had the opportunity to access details and apply for funding.

Cedar furniture company **Kish Gon Dug Canada** signed a five-year distribution agreement with U.S. company Two Pru's Corporation. The agreement gives Two Pru's the exclusive territorial rights for product marketing and distribution throughout the United States. Kish Gon Dug Canada is located at Naicatchewenin First Nation, about 30 km north of Devlin. Depending on product demand, the company employs between 10 to 14 band members on a full-time basis.

High Energy Manufacturing of Vermilion Bay has also signed a new distribution deal. The company, which manufactures pellet stoves, contracted with Spirit Elements of Boulder, Colorado to become the exclusive distributor of its product throughout the U.S. In the last year the company has had to lay off employees due to low sales and distribution problems. The company also plans to expand its dealer base throughout Canada.



Mining

Wolfden Resources Inc. has expanded its presence in the Red Lake mining district with the acquisition of property adjacent to its Bonanza site. The company now owns 100% of the Follansbee Red Lake property, where ongoing drilling continues to intersect significant gold grades. Both properties are located within two miles of two of the world's richest gold mines – the Goldcorp Red Lake Mine and Placer Dome's Campbell Gold Mine. The company expects to continue drilling operations for another 12 to 18 months. Should drilling results be positive, Wolfden is poised to develop the next gold mine in Red Lake. The company estimates the mine could employ 50 to 150 workers when in full production.

Wolfden also announced it has signed a letter of intent with Goldcorp Inc. in which Goldcorp will acquire six million shares of Wolfden. Both companies plan to work together to identify mutually beneficial acquisition opportunities.

Opawica Explorations Inc. began the first phase of a drilling program on the old Maybrun Mine located 60 km southeast of Kenora. The mine has been idle since the early 1970's. The company states it is following up on historical drilling in an attempt to locate high grade gold feeder systems.

Skyharbour Resources and Cypress Development

Corporation are spending \$1.5 million over the next three years to explore their Broulan Reef gold property in Red Lake. The property is located in the heart of the Red Lake gold camp and is one of the key properties related to understanding the geology of the Red Lake gold belt.

Placer Dome Inc. has conditionally accepted a takeover bid from Barrick Gold Corporation. The two Canadian companies have agreed to unite in a \$12.1-billion deal that will create the world's biggest gold miner. The deal is subject to approval from Placer Dome's shareholders. Barrick's offer for Placer Dome shares expires January 19, 2006. Pending completion of the deal, Goldcorp Inc. has agreed to acquire the Canadian assets of Placer Dome from Barrick Gold. These assets include the Campbell Red Lake Mine, the Musselwhite Joint Venture in Pickle Lake and the Porcupine Joint Venture in Timmins.

Placer Dome also announced two significant gold finds at their Red Lake Deep Campbell mine property. Further work is required to define the significance and extent of these discoveries.

Houston Lake Mining commenced drilling on its West Cedartree Gold Project near Sioux Narrows. Bulk samples will be taken in order to validate the trend of gold mineralization within the zone.

Cabo Mining Enterprises Corporation completed drilling programs at both of its Kenora district gold properties – Electrum Lake and Hope Lake. Final results are pending.

Rainy River Resources discovered three new gold zones on its Rainy River property.

Blackstone Ventures Inc. began drilling at its Kenbridge nickel deposit property located 70 km southeast of Kenora.

Public Administration, Health And Education

Due to declining enrolment and deteriorating facilities, three elementary schools in the Dryden area will be reviewed for closure or consolidation by the **Keewatin-Patricia District School Board**. Affected schools are located in Oxdrift, Wabigoon and Pinewood. A study on the future of the schools will begin in September 2006, with any decision to come into effect in September 2007.

The school board also announced plans for extensive renovations for the Dryden High School over the next 10 years. Nearly \$4-million has been allocated to the project. Phase one is to commence in the summer of 2006 and will see the technical wing of the school undergo extensive electrical, mechanical and architectural upgrades.

The **Rainy River District School Board** will expand or renovate four of its area schools in response to funding from the provincial government for the "Best Start" initiative. "Best Start" was announced by the Ministry of Children and Youth Services in July 2005 in an aim to support children and their families in the early years of development – from birth to grade one. It calls for the creation of "neighbourhood and early learning child care hubs" to provide child care and parenting programs, as well as screening, assessment and treatment for speech and language disorders. Schools affected are located in Fort Frances, Rainy River, Devlin and Atikokan.

Local police forces throughout the area will receive funding to hire new officers under the provincial government's **Safer Communities – 1,000 Officers Partnership Program**. The Kenora Police Service will hire two new officers, the Dryden Police Service one and Treaty 3 Police three. The Ontario Provincial Police received funding to hire one officer in Kenora and one in Sioux Narrows-Nestor Falls.



Trade And Other Services

Business openings, expansions and renovations throughout the area include:

- The Place Food Town, Fort Frances – addition of bakery and deli, expansion of meat, produce and frozen food departments
- Amberleaf Works (string instrument repair), Emo – expansion to include the sale of new, used and vintage musical instruments
- Bonnie Blue, Fort Frances (lottery tickets and novelty items) – addition of a new restaurant called “From Scratch”
- Shopper’s Drug Mart, Dryden – new store opening
- Enterprise Rent-a-Car, Fort Frances – new opening.

Business closures: The **Rainy Lake Hotel** in Fort Frances closed in October due to financial issues. Approximately 25 people were affected by the closure.

In response to a market driven housing shortage, **Red Lake** is developing a new subdivision. According to municipal

officials, homes are selling fast and waiting lists for apartments and rental units are at a premium. The recent trends in the housing market are attributed to increased mining activity in the area.

Transportation

The **Dryden Regional Airport** reported increased traffic in 2005 compared to 2004. According to airport officials over 150 jobs and approximately \$14-million worth of business are reliant on Dryden’s airport. This includes services such as commercial, courier, charter and Medi-Vac flights. The airport recently added a new runway that is expected to contribute to steady traffic growth over the next few years.

Utilities

Sault Ste. Marie based Forest BioProducts Inc. will be assessing the availability of biomass in the region to determine whether there is enough supply to convert Atikokan’s coal-fired generating station to a biomass fuel facility. The **Atikokan Generating Station** is slated for closure in 2007 and will affect over 90 workers.



LABOUR FORCE TRENDS

Conditions weaker in the Northwest

Labour market conditions in Northwestern Ontario trended further downward in the fourth quarter of 2005. Employment fell more than three percent, which pushed the employment rate down from 60.1% in the third quarter to 57.9%. The labour force also continued to contract. This caused the participation rate to drop almost three full percentage points, from 64.6% last quarter to 61.7%. However, because the number of people who left the labour force was higher than the number of jobs lost, unemployment decreased. Consequently, Northwestern Ontario's unemployment rate fell from 7.0% in the third quarter to 6.0%.

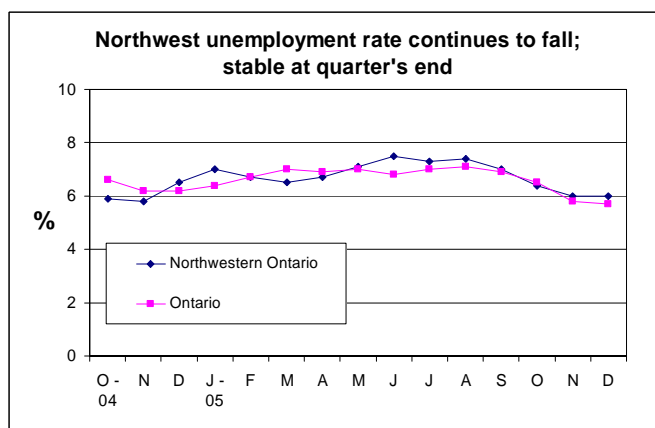
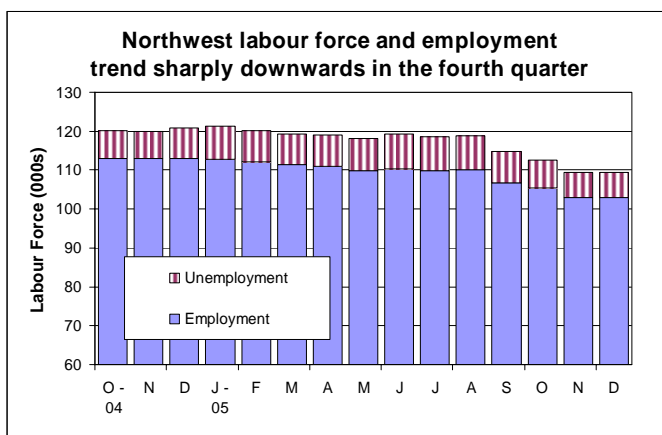
These conditions were much weaker than those posted in the region in the last quarter of 2004. Employment fell nine percent year over year, while the labour force contracted at an even faster rate. As with the quarter to quarter changes, unemployment fell because the labour force decline outpaced the employment losses year over year. As a result, Northwestern Ontario's unemployment rate fell from 6.5% in the fourth quarter of 2004 to 6.0%.

Northwestern Ontario Labour Force Trends

	October to December 2005	July to September 2005	October to December 2004	Quarter/Quarter Absolute	Change %	Year/Year Absolute	Change %
Population 15 +	177,600	177,600	177,500	0	0.0	100	0.1
Labour force	109,500	114,800	120,900	-5,300	-4.6	-11,400	-9.4
Employed	102,900	106,800	113,100	-3,900	-3.7	-10,200	-9.0
Full-time	80,800	85,600	87,900	-4,800	-5.6	-7,100	-8.1
Part-time	22,000	21,200	25,200	800	3.8	-3,200	-12.7
Unemployed	6,600	8,000	7,800	-1,400	-17.5	-1,200	-15.4
Not in labour force	68,200	62,800	56,600	5,400	8.6	11,600	20.5
Participation rate	61.7%	64.6%	68.1%	-2.9		-6.4	
Unemployment rate	6.0%	7.0%	6.5%	-1.0		-0.5	
Employment rate	57.9%	60.1%	63.7%	-2.2		-5.8	

Note: Totals may not add due to rounding.

Source: Statistics Canada, Labour Force Survey.



Employment by Industry

Small declines in services-producing sector

Two-thirds of the jobs lost from Northwestern Ontario in the fourth quarter of 2005 came from the goods-producing sector. Employment in the sector fell 10% to 22,400, a record low for the region. More than half of the decline was recorded in forestry, fishing, mining, oil and gas. On the services-producing side of the economy, employment fell nearly two percent, with losses scattered among seven of the 11 industry groupings in the sector.

A comparison of year-over-year data suggests greater weakness in the services-producing sector. Employment in the sector was more than six percent lower than in the fourth quarter of 2004, with losses in Accommodation and food services, and in Trade. The number of people working in the goods sector fell at a faster rate of nearly 17% (-4,800). The sector's year over year losses were concentrated in Manufacturing, reflecting the mounting job losses in the pulp and paper industry.

Industry	October to December 2005	July to September 2005	October to December 2004	Change		Year/Year Absolute	Year/Year %
				Quarter/Quarter Absolute	%		
Total	102,900	106,800	113,100	-3,900	-3.7	-10,200	-9.0
<i>Goods-producing sector</i>	22,400	24,900	27,200	-2,500	-10.0	-4,800	-17.6
Agriculture
Forestry, fishing, mining, oil and gas	4,000	5,800	4,600	-1,800	-31.0	-600	-13.0
Utilities	1,900	2,400	...	-500	-20.8
Construction	4,500	4,300	5,700	200	4.7	-1,200	-21.1
Manufacturing	10,900	11,300	15,600	-400	-3.5	-4,700	-30.1
<i>Services-producing sector</i>	80,500	82,000	85,900	-1,500	-1.8	-5,400	-6.3
Trade	15,900	15,900	17,900	0	0.0	-2,000	-11.2
Transportation and warehousing	7,000	7,300	6,600	-300	-4.1	400	6.1
Finance, insurance, real estate and leasing	3,600	3,100	5,500	500	16.1	-1,900	-34.5
Professional, scientific and technical services	3,000	2,800	4,600	200	7.1	-1,600	-34.8
Business, building and other support services	2,700	3,200	3,100	-500	-15.6	-400	-12.9
Educational services	10,900	7,500	9,200	3,400	45.3	1,700	18.5
Health care and social assistance	16,000	17,900	13,400	-1,900	-10.6	2,600	19.4
Information, culture and recreation	2,800	5,200	4,400	-2,400	-46.2	-1,600	-36.4
Accommodation and food services	7,600	8,000	10,100	-400	-5.0	-2,500	-24.8
Other services	3,500	3,600	4,400	-100	-2.8	-900	-20.5
Public administration	7,400	7,500	6,700	-100	-1.3	700	10.4

Note: "..." indicates that data are too small to be expressed and are not appropriate for release. Totals may not add due to rounding.

Source: Statistics Canada. Labour Force Survey



*LABOUR SUPPLY AND DEMAND***Employment Insurance Claimload**

The fourth quarter of 2005 saw the number of regular Employment Insurance claims in the Kenora/Dryden/Fort Frances area increase by 308 from the previous quarter. It is not unusual for the claimload to be higher during this period, mainly due to the seasonal nature of employment throughout the area. The number of male claimants rose by 400, a change that can be attributed to layoffs in the construction and manufacturing sectors. Although the number of female claimants decreased in the fourth quarter, the decrease was smaller than the change noted in the third quarter. Year-over-year claim levels declined. The claimload in the fourth quarter of 2005 was eight percent lower than the total recorded in the fourth quarter of 2004.

Although claim levels increased in the fourth quarter, it is not unusual for the area's claim load to be higher during this period due to the seasonal nature of employment throughout the area.

Regular Employment Insurance Claimants – Kenora, Dryden, Fort Frances and Surrounding Area

	October to December '05	July to September '05	October to December '04
Male	1,445	1,055	1,536
Female	952	1,034	1,086
Total	2,397	2,089	2,622

Source: Service Canada administrative data C-356 (Average of month-end totals for the quarter)

Employment Opportunities

Job vacancy data is not available at the present time. Data will be published at a later date.

FROM THE AUTHOR'S DESK

As part of the Service Canada initiative, citizens in the Kenora/Dryden/Fort Frances region are able to submit their completed passport applications to their local Service Canada Centre. Front-line staff will review applications and receive fees. This service gives local residents convenient access to personal assistance in processing their applications. The local Service Canada Centres in Kenora, Dryden and Fort Frances will forward completed applications to Passport Canada for processing.



Notes to Readers:

1. The **Kenora/Dryden/Fort Frances area labour market** is comprised of communities west and north of Thunder Bay extending to the Manitoba border and north of the Canada-United States border to Hudson's Bay.
2. For the purpose of this publication, the **Kenora/Dryden/Fort Frances area** includes all of the above communities, as well as, Minaki, Sioux Narrows, Ignace, Pickle Lake, Atikokan, Vermilion Bay, Ear Falls, Hudson, Nestor Falls, Emo, Devlin and numerous remote northern communities within the boundaries described above.
3. The information contained in the Labour Market News section is gathered using a variety of internal and external sources. The primary sources of information include **The Dryden Observer, Fort Frances Times and Rainy Lake Herald, Daily Miner and News, The Sioux Lookout Bulletin, Northern Ontario Business, Statistics Canada and Service Canada administrative data.**
4. **Definitions – Labour Force Survey data**
Population 15+ (the working age population) consists of all persons 15 years of age and over residing in Canada with the exception of residents of the Territories, persons living on Indian Reserves, inmates of institutions and full-time members of the Canadian Armed forces. The **Labour Force** consists of people employed or unemployed and searching for work. Those who are neither employed nor unemployed and are not willing or able to supply labour services are considered **Not in the Labour Force**. The **Participation Rate** is the percentage of the working age population (15+) who are seeking work or are employed. The **Unemployment Rate** is the number of people who are unemployed and looking for work as a percentage of the number of people in the Labour Force. The **Employment Rate** is the number of people employed as a percentage of the working age population.
5. **Definitions – Service Canada Centre Corporate Data**
Employment Insurance claim load: The number of individuals with an active claim for regular Employment Insurance benefits. Data on Employment Insurance claimants is not an accurate measure of the absolute level of unemployment. The data does not include unemployed individuals who: 1/ have not met the program's eligibility requirements or 2/ have exhausted their benefit entitlement.
Employment Opportunities: Advertised employment opportunities are comprised of vacancies notified to the SCC offices in our area and newspaper want ads. This data is not a count of all labour market activity; in practical terms, such a count is not feasible. This data is useful to track short and long-term changes in the demand for individual occupations. The total number of opportunities is equal to full-time plus part-time and casual.
6. This review uses data from **Statistics Canada's Labour Force Survey (LFS)**. In any survey there is a chance of variation due to sampling size. **Three-month moving averages** are used for selected labour force characteristics in an attempt to improve the reliability of this data. For further information on the Labour Force Survey, visit Statistics Canada's website at: <http://www.statcan.ca/english/sdds/3701.htm>
7. For more information on Industrial and Occupational categories used in this review, visit **Statistics Canada's website** at: <http://www.statcan.ca/english/concepts/index.htm>

