



Labour Market Bulletin

Service Canada Centre of Canada

Thunder Bay

~ An Analysis of the Thunder Bay Area Labour Market ~ October – December 2005 ~

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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

HIGHLIGHTS

The Thunder Bay and Northwest labour markets continued to weaken as the region suffered losses in the pulp and paper industry. Once again, both labour forces declined in the fourth quarter with significant losses in employment. Participation rates remain notably below the Ontario average.

Adding to the city's woes was the announcement that Cascades Fine Papers would completely shut down operations at its Thunder Bay mill early in 2006. The company had announced in August that it was shutting down one of its machines. The labour force can be expected to continue to shrink as people leave the area in search of work.

Both advertised opportunities and Employment Insurance (EI) claim load followed an established seasonal trend as both declined in the fourth quarter.

There does not appear to be any hope of a resolution to the forestry crisis in the immediate future. The federal and provincial aid packages for the forestry industry did not provide any relief with respect to the major issues currently having a negative impact on the pulp and paper mills in the region: high energy costs, wood fibre availability and the stronger Canadian dollar.

In the Labour Force Survey:

- **Continuing weakness in Thunder Bay**
Smaller labour force leads to lower unemployment rate
- **Conditions weaker in the Northwest**
Employment falls nine percent year over year

Employment by Industry:

- **Decline in goods sector year over year in Thunder Bay**
Losses mount in manufacturing
- **Declines in goods-producing sector in Northwest**
Employment in the sector hits record low

Lower EI claim load in fourth quarter

Rise in male claimants can't offset drop in female claimants

Fourth quarter can't maintain third quarter's strength

Advertised opportunities still stronger year over year.



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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.

Forestry, fishing, mining, oil & gas

Golden Giant gearing down Newmont's Golden Giant mine raised its last load of ore on New Year's Eve after 20 years of operation. At that time, 90 of the remaining workers were let go, with another 80 scheduled to be laid off in the next two months. Golden Giant, located near Manitouwadge, is the first of the Hemlo mines to close and the recent rise in gold prices will not affect the closure. Newmont has arranged to sell the buildings and equipment to a mine in the Northwest Territories. Everything will be dismantled and shipped to the new site over a three-year period.

Mining layoffs North American Palladium announced that it was laying off 60 people from its open-pit mine in Lac des Iles. The layoffs include 30 full-time positions and 30 contract positions. The precious metal industry has been affected by high energy costs and a stronger Canadian dollar. The price of palladium has fallen on the open market; the mine previously had a guaranteed price of \$325 US an ounce but the agreement expired in June, leaving the mine looking at an open market price between \$180 US and \$200 US an ounce. Despite these layoffs, the mine intends to proceed with the development of its underground mine. It will be hiring 15 workers for the new operation. The mine would not rule out hiring any of the laid-off workers for the new mine, however, they would have to be qualified underground miners

Woodlands labour disputes Loggers and truckers responsible for bringing wood to Neenah Papers in Terrace Bay are waiting for their contract dispute to be heard by the Ontario Labour Relations Board. In early December, the company imposed a new contract that called for wage reductions and changes to benefits and vacations. The old contract expired in August and the company said the union would not negotiate. The union has asked the Labour Relations Board to rule on whether the company can legally impose a new contract on the workers without their consent. The union contends that the company is in violation of the Labour Relations Act, as it imposed the new contract before it was in a legal lockout position. The 250 workers voted overwhelmingly in favour of strike action and the union said there would be a strike if the Labour Relations Board rules in favour of the company.

It is also possible that woodlands workers with Bowater and Abitibi could go on strike. Bowater presented its workers with concession demands leading the union to apply for a no-board report. A strike vote for the 600 workers is scheduled for early January with the possibility of a strike less than two weeks later. The 100 woodlands workers with Abitibi are in a similar

situation and could be in legal strike position by the middle of January.

Utilities

Opposition to coal plant closures The Ontario government intends to stand by its decision to close all coal-burning power plants even if a report from the Ontario Power Authority recommends otherwise. Leading the opposition on this issue is Energy Probe which believes the decision will lead to the necessity of importing power from the US. The Power Workers Union feels that it would be cheaper to upgrade the existing coal fuelled plants.

In order to convert the Thunder Bay coal-fired generating plant to natural gas, Union Gas will build a pipeline through the city. Initial costs for the 30 kilometre pipeline are given as \$18 million. However some experts believe it will cost more along the lines of \$30 million. The route for the pipeline has been drafted and the environmental assessment has been substantially completed. Once approval has been obtained from the Ontario Energy Board, construction of the pipeline will begin in the spring or summer.

Manufacturing

Thunder Bay mill closing Cascades Fine Papers announced that it would be closing its Thunder Bay plant in January of 2006, leaving 375 people out of work. The plant has been in operation in the city, since 1928. In August, Cascades announced the shutdown of one of its machines and the layoff of 150 workers. The union made overtures to management in an effort to save the plant, however, the company ultimately decided to close. Cascades officials met with Ontario's Minister of Natural Resources, David Ramsay, to discuss the province's Forest Prosperity Fund but found there was nothing in the package to help. The company cited a 25% rise in energy costs, a decrease in prices and competition from Asian markets as reasons for the decision to close.

Late in the year a number of potential buyers for the plant appeared to surface. Thunder Bay city council agreed to partially finance a business plan for the potential redevelopment of the facility. Cascades said it would delay the closing if it received a legitimate offer.

The loss of the Cascades plant will have a negative impact on the Thunder Bay economy. In addition to losing revenue from the industrial tax base for the city, it is estimated that the shutdown could cost the city \$40 to \$50 million from its economy.



New rail car contract Bombardier has been awarded a \$56 million contract to build 20 bi-level commuter rail cars for GO Transit in Southern Ontario. The new contract means that the 300 workers currently at the plant will not be laid off in the spring as was feared. The company continues to negotiate with the TTC for a contract to build 230 subway cars. If the bid is successful, many of the workers who have been laid off would be called back. It is estimated that the order would keep the plant busy for five years. In addition to the new GO Transit contract, the plant is working on a contract for 10 bi-level cars for GO and another 12 destined for Utah. Later in the New Year, work will begin on the contract for 12 light-rail cars for Korea.

In November, workers at the plant voted to accept a new three-year deal. While there is no wage increase for the first two years of the agreement, workers will receive lump-sum payments before Christmas of each year. Workers will also receive lump-sum payments in December if production targets are met.

Federal aid package The federal government announced its \$1.5 billion forestry industry aid package, which includes loan guarantees and money aimed at developing new technologies, retraining workers, research into new energy sources and expanding global markets for Canadian forest products. Five different federal agencies will be responsible for distributing the money. The majority of the funding, \$900 million, will be used as loan insurance and as direct support for lumber exporters who are struggling because of the softwood lumber dispute. The U.S. government criticized the package as new subsidies for the lumber industry.

Disappointment with provincial aid package The September announcement of the Ontario government's aid package for the forestry industry was met with disappointment from most interested parties in Northwestern Ontario. The Northwestern Ontario Associated Chambers of Commerce complained that the package did not address the competitive disadvantages faced by Northwestern Ontario mills. The Ontario Forest Industries Association thought there would be something to address the high wood delivery costs in the region. Some mills also have issues with the cost and availability of wood fibre, which was also not addressed by the package.

Norampac fallout Workers at Red Rock's Norampac plant are being told by the company to be "flexible" or the company won't invest in the aging plant. While company officials have not been specific, speculation is that the company could install a co-generation plant if workers are willing to accept concessions. Norampac laid off 90 workers in September when it shut down one of two production machines. It has been suggested that as many as 175 could lose their jobs by the end of the year. However, with a number of workers retiring and exercising bumping rights, the total number of layoffs could be lower. The company said that it is looking for

government assistance in order to keep the Red Rock operation going. Norampac has been struggling with high energy costs, a stronger Canadian dollar and a declining market for boxes in Canada and the United States.

Recoil Canada, which supplied recycled cardboard to Norampac, has been affected. It has been stockpiling cardboard since the shutdown, as Norampac was its only customer. The company currently has 300 tonnes of cardboard that isn't being moved. There is little demand for cardboard at the present time and the lower price and additional cost of shipping the cardboard to a further destination has meant that Recoil will be holding on to the cardboard for a while longer.

Chipping plant closing Upsala Forest Products shut down its permanent chipping plant due to high operating costs. The closure eliminated four jobs. The company is researching options for the use of its property and its wood waste. Among the options being considered is using the property as a peat-drying facility and/or using the wood waste as "hog fuel" that area mills would burn in proposed co-generation plants. The company has acquired a 1,700 hectare peat exploration licence from the Ministry of Natural Resources and is working with Lakehead University to research the value of peat for energy production. There are peat bogs in the area around Upsala.

New lumber process A Kakabeka Falls company, Superior Thermowood, is developing a process that will change softwood into hardwood. The process uses a machine called an EcoDryer that uses extreme heat, steam and air flow to increase the strength and durability of raw lumber. The technology was developed in Finland and has been altered for use with Canadian wood. The company hopes to have production started by January and ultimately hopes to expand its workforce from 12 to 30. Long range plans call for three EcoDryers on site. At that point the company hopes to create 85 jobs. The company reports that there are already customers interested in buying the finished product.

Sawmill shuts down production line Great West Timber announced the indefinite shutdown of its 16-foot production line at its north-side sawmill. According to officials, the shutdown was directly related to the ongoing softwood lumber dispute. The shutdown will impact 100 workers, while the stud mill will continue to operate, employing just over 200 people. The union representing the workers reports that the shutdown is only for four weeks, however, officials with the mill say it is indefinite.

Action centres for laid off forestry workers Labour adjustment centres have been set up in Red Rock and Thunder Bay to help workers affected by layoffs at the Norampac and Cascades mills. The centres are intended to help people make a transition back into the labour market by providing help with work searches, resumé writing, skills upgrading, networking and coping with unemployment. Services at the centre will be available to all displaced forestry workers living within a 100-kilometre radius of Thunder Bay, including management,



union and non-union staff. The centres are a partnership with Norampac, Cascades, Service Canada, the Ministry of Training, Colleges and Universities and the Communications, Energy and Paperworkers Union.

Trade

Shop local Manitowadge residents are being encouraged to "shop local" in order to support small businesses that are struggling, given the impending closure of the Golden Giant mine at the end of the year.

Transportation & warehousing

New contract Atway Transport drivers, who drive for Buchanan Forest Products, voted to accept a new three-year contract. There will be no wage increase in the first year, but there will be 2% increases in each of the next two years of the contract. A mediator was brought in to assist with an impasse that arose over scheduling. It was agreed that the parties would work on the issue over the course of the new contract. The drivers currently work Monday to Friday, and the employer wanted a seven-day schedule.

Business, building and other support services

Potential new call centre A new call centre may be locating in Victoriaville Mall in Thunder Bay. The city is negotiating with Startek Inc., a company that currently operates call centres in a number of Canadian cities. The mall has been a potential destination for call centres in the past, however, nothing has come to fruition. The city-owned mall has been running a deficit for a number of years and is in need of some renovations and repairs.

Educational services

School closure discussions continue The Lakehead Public School Board is working with the Ministry of Education to develop an appraisal process with which to review schools slated for closure. The Board currently has seven schools that it plans to close in 2007.

Even though a final decision on the school closings has not officially been made, the school board is moving ahead with plans for a new high school in the event one is needed. The board would like the school to be "state-of-the-art" and is consulting with teachers and other interested parties to determine what the new school should have. While no location for the new school has been identified, there are continuing negotiations with respect to land located on the Thunder Bay Golf Club next to Lakehead University.

Transfer of seniors' homes to province Thunder Bay city council voted to transfer control of Grandview Lodge and Dawson Court homes for the aged to provincial control in 2009. The transfer of the 300 beds will mean a saving for the city of \$3 million annually. The decision followed weeks of

discussion and protest as citizens expressed their concerns over the change. While the city says it has received verbal assurances from the Ministry of Health that the beds would stay in Thunder Bay, many are concerned beds will be lost. There is also concern that the quality of care will be inferior if a for-profit company is given control of the homes. The union representing workers at the homes is also concerned about the potential loss of well-paying jobs. The two homes do not meet provincial standards and the city would have to close or upgrade them. The city is only required to run one seniors' home and has been operating three times the necessary number of beds.

The temporary long-term care unit that was set up in the old McKellar Hospital will be closed. The 60 patients will likely be moved to the old Pinewood Court on James Street once the new Pinewood Court on Walsh Street is completed. The 80 staff members are also expected to transfer there.

Opportunities in energy sector Union Gas is spearheading a project designed to find long-term solutions to developing a competitive workforce in Northern Ontario. The Knowledge Network Project, a two phase initiative, will receive funding from FedNor, the Northern Ontario Heritage Fund, both Thunder Bay school boards, Confederation College and local partners. The first phase, Energy Connections, will provide Northern Ontario youth with opportunities for education and skills training in the energy sector.

Francophone school expanding Thunder Bay's elementary school for francophone students will be getting a \$1.5 million expansion. École catholique Franco-Supérieur has seen its enrolment grow steadily over the past five years to 230 students. Following the expansion, the school will have four more classrooms and space for 80 more students.

New contract for professors Lakehead University lecturers and professors agreed to a two-year contract extension that will see them receive wage hikes of 3% in each year of the contract. More than 300 members of the faculty association are affected by the contract extension.

Contract agreements The Lakehead District School Board had a productive December as it reached contract agreements with a number of its workers.

- Custodial, maintenance and cafeteria workers agreed to a three-year deal that will give them an 8.2% wage increase over the course of the contract as well as improvements in benefits and working conditions.
- Elementary substitute teachers and high school occasional teachers both agreed to new four-year deals with improvements to teaching rates, working conditions and health and safety.

However, talks have broken down with the Board's education assistants, who have set a strike date for mid January. They have been without a contract for over a year.



The Thunder Bay Catholic District School Board also reached an impasse in its talks with its educational assistants, social workers and other student support staff. The main issues include wages and health and safety.

Health care & social assistance

New Shelter House Construction has begun on the new Shelter House on George Street. The construction is expected to take one year with a cost of \$2 million. Funding for the project will come from local, federal and provincial governments as well as from private donations and fundraisers. The current shelter was determined to be more costly to upgrade than to re-build.

Telemedicine in Marathon Wilson Memorial General Hospital in Marathon will become the first rural Northwestern Ontario hospital to have a portable telemedicine unit. WMGH has the fourth highest volume of telemedicine use in Northwestern Ontario. About 80% of all telemedicine consults at the hospital are with the Thunder Bay Regional Health Sciences Centre. The portable unit will have the same capabilities as the two other units at the hospital but will give hospital personnel the flexibility of taking the unit to the patient when this is seen as preferable. The unit was donated to the hospital by Cancer Care Ontario.

Cardiac tele-health Thanks to the Tele-health program, cardiac rehabilitation services are now available to patients in Northwestern Ontario without having to travel to Thunder Bay. Patients in Nipigon, Atikokan, Manitouwadge and Marathon will be able to stay in their home community for the exercise portion of the program and connect to group activities at the Thunder Bay Regional Health Sciences Centre through Tele-health. Rehabilitation and nursing staff from the towns' hospitals will be trained to monitor the patients and the program itself will be evaluated by Lakehead University graduate students to ensure that the process provides the appropriate level of care for its patients.

New community health centres The Ministry of Health is funding 22 new community health centres and 17 additional satellite centres under a three-year \$74.6 million plan. Existing community health centres will receive additional funding for staffing and program enhancements. The plan will also see a specially equipped medical vehicle on the road by 2006 to service remote communities in the Northwest. Community health centres include teams of doctors, nurse practitioners, nurses, social workers, counsellors, and dieticians.

MS clinic St. Joseph's Hospital has been designated as a Multiple Sclerosis Clinic. The hospital plans to develop a clinical research program and could work with other MS clinics in testing drugs in clinical trials. Previously, Northern Ontario MS patients would have to travel to Toronto for consultation with a doctor. The eventual goal of the hospital is to have a traveling MS clinic to assist Northern Ontario patients.

More doctors for Hospitalist Program The Hospitalist Program at the Thunder Bay Regional Health Sciences Centre is looking to add doctors to its service and revamp its payment plan. Hospitalists take care of hospital patients without family doctors. The program currently has two full-time doctors, one part-time and a number of locums. The hospital is recruiting in the hopes of adding more doctors and a nurse practitioner. A local task force submitted an alternate payment plan for hospitalists to the Ministry of Health. Currently the hospital funds the Hospitalist Program, however, under the new plan, the province would pay for the program. The doctors would also receive a salary rather than pay-for-service.

Concern over LHINs The Canadian Union of Public Employees is expressing concerns about the province's plans to create Local Health Integration Networks. Under the proposed plan, the province will create 14 LHINs to fund and deliver health care and social services in their region. According to the union, funding and delivering services on a regional basis could lead to barriers to access for patients in a large geographic area such as Northern Ontario. If services are consolidated at a regional level, patients may have to travel significant distances to get services they have previously received at a local level.

City to continue homemaking services Thunder Bay city council voted to continue offering homemaking services through Ontario Works for another year. The city considered not funding the program and instead have clients referred to the Community Care Access Program. While the move would have saved the city \$115,000 next year, there was not enough time to develop a transition plan for the 37 clients who would have been affected by the change. It was also likely that the CCAC would not have accepted the clients as it currently has a waiting list for its services.

Medical research The Northern Ontario School of Medicine is working on a plan to develop a strong health research industry in Northern Ontario. The school hopes to develop research strategies that are unique. To that end, it commissioned a report that outlined 12 areas to pursue in developing such an industry. According to the report, research should focus on health concerns that are more prevalent in the north, such as diabetes, cardiovascular disease and aboriginal health issues. Other recommendations include: promoting interdisciplinary research, creating research chairs and fellowships, and bio-prospecting (searching for pharmaceutical compounds from natural sources). A successful strategy would raise the profile of the school as well as deal with some of the region's problems. There could also be significant economic benefits for the region. The school is looking to work with other groups, such as hospitals, universities and biotechnology firms, to create a research network.

Plans for cancer research centre Plans are in the works to turn the former Thunder Bay cancer centre into a cardiac and cancer research institute. The building was vacated in



February 2004 when the Thunder Bay Regional Health Sciences Centre (TBRHSC) opened. Michael Power, vice-president of regional cancer services for TBRHSC says the proposed research centre would be a part of the overall plan to turn Thunder Bay into a health research community. The facility had a major expansion in 1995. The building could be used even if the adjoining Port Arthur General Hospital is demolished. Renovation costs would be in the low millions and it is possible that FedNor and/or the Northern Ontario Heritage Fund could cover some of the cost.

Hopes for long-term care beds Officials from McCausland Hospital in Terrace Bay hope to sit down with Ministry of Health officials to discuss plans for a long-term care facility. The town previously proposed a facility that would have provided 22 beds for the community. However, the Closson Report called for 57 long-term care beds east of Thunder Bay. Terrace Bay is attempting to seize this opportunity to position itself to become the long-term care centre outside of Thunder Bay. The new plan would see the previous proposal expanded to 48 beds.

Plans for mental health wing A new mental health wing has been announced for St. Joseph's Hospital. The 38-bed unit will be built on the site of the drug and alcohol rehabilitation centre located next to the hospital, which is scheduled for demolition and relocation. Construction on the mental health facility, which will be totally funded by the province, is expected to begin in the spring of 2007.

Information, culture & recreation

Poor charter business The owner of the charter boat Pioneer II has put the ship up for sale, citing poor business over the past four years. Each year has seen fewer customers. During the same time period, tourism has dropped for the city as a whole.

Paddle to the Sea Early in 2006, the town of Nipigon hopes to begin developing an attraction based on the book *Paddle to the Sea*. The \$4.6 million plan will result in a theme park and downtown revitalization, highlighting the area that is featured in the book. While the town has received \$1.5 million from the province and funding from Columbia Forest Products, it is still waiting to hear from FedNor. Once the project is completed, it will be marketed with the Fort William Historical Park as a cultural attraction in the region.

Superior conservation area The provincial and federal government are in the process of creating the nation's largest conservation area in Lake Superior. The province is transferring the lakebed and lands within the proposed conservation area to the federal government. The \$36 million project is expected to generate \$100 million in economic activity through tourism-based ventures such as visitors' centres, sightseeing tours, and environmental protection projects. The conservation area would encompass more than 10,000-square kilometres of lakebed, islands, shoals, and some

of the mainland. It would stretch from Thunder Cape at the tip of the Sleeping Giant Provincial Park to Bottle Point, just east of Terrace Bay and would include Black Bay and Nipigon Bay. The treaty rights of First Nations would be protected, but no oil and gas work, mining, industrial development, dumping, forestry, or residential developments would be allowed within the conservation area.

Grain museum The Northern Ontario Heritage Fund is supporting a study into the feasibility of a grain industry museum. If completed, the museum would probably be situated on the waterfront as part of a new tourist and commercial attraction area. The study, which will look at the economic, cultural, historical and social impact of the museum, should be completed by the spring.

Accommodation and food services

Restaurant re-opens The Aurora Grille, the Thunder Bay restaurant that closed its doors six months ago, reopened just before Christmas. The restaurant is now run by the owners of the White Fox Inn. There have been some structural changes to the large restaurant area, including a new banquet room.

Other services

Funeral home purchased A Marathon building renovator has purchased Marathon's vacant funeral home. He intends to use the property as a funeral home. If he is not able to sell it as such, he will convert it into a professional building.

Public administration

Tourism website A new website has been launched to promote tourism for the region. The site, www.northofsuperior.org, provides links to the association's 300 tourism operators. Visitors have the option of selecting from activities or destinations. The next step is to market the website.

Fire house Construction has started on a \$3.9 million centre to house 50 seasonal fire-crew members, pilots and engineers in the Geraldton area. The region has had difficulty attracting fire professionals due to a lack of suitable housing in the area. The five-section building, which will be close to the new regional fire headquarters at the Geraldton airport, will be open in time for next year's fire season (May to September).

Increased health and safety The Ontario government is targeting high-risk job sites by adding 200 health and safety inspectors across the province. There are now two new inspectors in the Thunder Bay district. The goal is to cut the workplace injury rate by 20%, by visiting high risk work places at least four times next year. High risk employers are those in the top 2% for workplace injuries and higher-than-average claims costs in their sector. In Thunder Bay, 182 employers fall into this category in industrial, construction and mining sectors.



More police officers Under the province's Safer Communities 1,000 Officers Partnership Program, Thunder Bay has been allocated funding to hire eight new police officers. The program will provide full salaries for officers in the north until 2008. The OPP will also get one new officer for Thunder Bay. The new officers will be hired in April and trained and on the job by the fall of 2006. They will be assigned to deal with gang issues, youth crime and internet luring. The new officers will bring the local force up from 213 to 221 full-time officers.

Waterfront plans Thunder Bay city council is once again turning its attention to developing the waterfront and, in particular, the former Pool 6 site. While the city was presented with another report on plans for the waterfront – including an exploration park, boutique hotel, and seniors residences – the city was concerned about starting any long-term projects until all public input has been collected and all necessary approvals have been obtained. Over the years, the city has received a number of plans for the waterfront, including a recent \$37 million plan for development, but has no money in the budget to begin development. The city had proposed setting aside \$1 million in the 2006 budget to start the development and had hoped the latest report would recommend where the city

spend its money first. Council decided to put together another committee to look at options for the waterfront. Representation on the committee will come from FedNor, the province, conservation and port authorities as well as city councillors.

City staff diversity An employment equity survey, requested by Diversity Thunder Bay, indicates that employees of the City of Thunder Bay reflect the demographics of the city with respect to women, aboriginals, visible minorities, and disabled persons. Demographic figures were taken from the 2001 Census. Among respondents, 6% self-identified as aboriginal compared to 6.8% in the Census. However, members of the aboriginal community believe that the aboriginal population in the city is actually higher than the numbers represented in the Census. Because of this, the report suggested the city work with aboriginal groups to look at recruitment and cultural sensitivity.

Planning for the future Manitouwadge is preparing an aggressive marketing campaign to attract new residents as the Golden Giant mine winds down its operation. The town will be focusing its advertising to Southern Ontario home-buyers looking for less expensive housing. A house that would sell for \$200,000 in the GTA would be a quarter of that price in Manitouwadge. The town has put together a strategic plan aimed at maintaining its services and businesses for residents, including retirees and newcomers.



LABOUR FORCE TRENDS

LABOUR FORCE SURVEY HIGHLIGHTS

Continuing weakness in Thunder Bay

The labour market of the Thunder Bay CMA continued to weaken into the fourth quarter of 2005. Despite an increase in part-time work, employment fell nearly four percent. This caused the employment rate to fall from 62.0% in the third quarter to 59.7%. This was the lowest employment rate recorded for Thunder Bay since the summer of 2002. At the same time, however, the labour force contracted, which caused the participation rate to fall from 66.3% to 63.2%. This was the lowest rate seen in the CMA since the winter of 2002. Since the net result of these two declines was lower unemployment, Thunder Bay's unemployment rate fell from 6.5% in the third quarter to 5.6%.

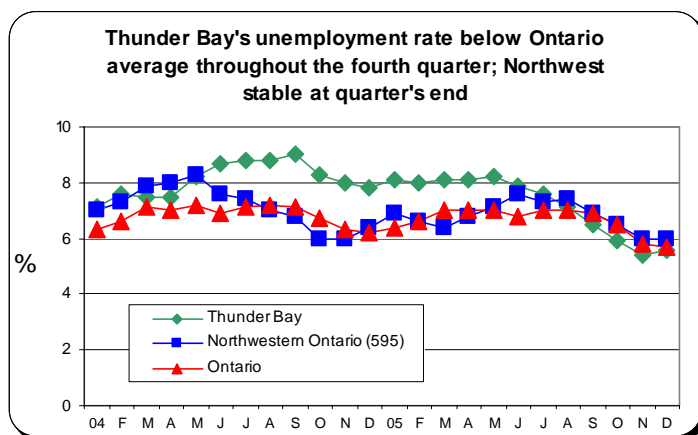
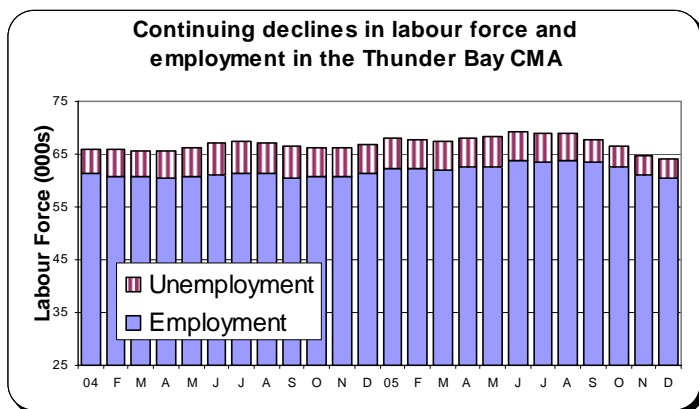
Thunder Bay's unemployment rate also decreased year over year, as was the case for the quarter-over-quarter changes, conditions are also weaker year over year. While employment was two percent lower than in the fourth quarter of 2004, the labour force contraction was more than twice the size of the employment loss. Since more than two people left the labour force for every job lost, unemployment declined. Consequently, Thunder Bay's unemployment rate dropped from 7.7% in the fourth quarter of 2004 to 5.6%.

Thunder Bay Census Metropolitan Area Labour Force Trends

| | October to December 2005 | July to September 2005 | October to December 2004 | Change | | Change | |
|---------------------|--------------------------|------------------------|--------------------------|--------------------------|-------|--------------------|-------|
| | | | | Quarter/Quarter Absolute | % | Year/Year Absolute | % |
| Population 15 + | 104,200 | 104,000 | 103,300 | 200 | 0.2 | 900 | 0.9 |
| Labour Force | 65,900 | 69,000 | 68,800 | -3,100 | -4.5 | -2,900 | -4.2 |
| Employed | 62,200 | 64,500 | 63,500 | -2,300 | -3.6 | -1,300 | -2.0 |
| Full-time | 46,900 | 50,400 | 47,600 | -3,500 | -6.9 | -700 | -1.5 |
| Part-time | 15,200 | 14,100 | 15,900 | 1,100 | 7.8 | -700 | -4.4 |
| Unemployed | 3,700 | 4,500 | 5,300 | -800 | -17.8 | -1,600 | -30.2 |
| Not in Labour Force | 38,300 | 35,000 | 34,500 | 3,300 | 9.4 | 3,800 | 11.0 |
| Participation Rate | 63.2% | 66.3% | 66.6% | -3.1 | | -3.4 | |
| Unemployment Rate | 5.6% | 6.5% | 7.7% | -0.9 | | -2.1 | |
| Employment Rate | 59.7% | 62.0% | 61.5% | -2.3 | | -1.8 | |

Note: Totals may not add due to rounding.

Source: Statistics Canada, Labour Force Survey.



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.

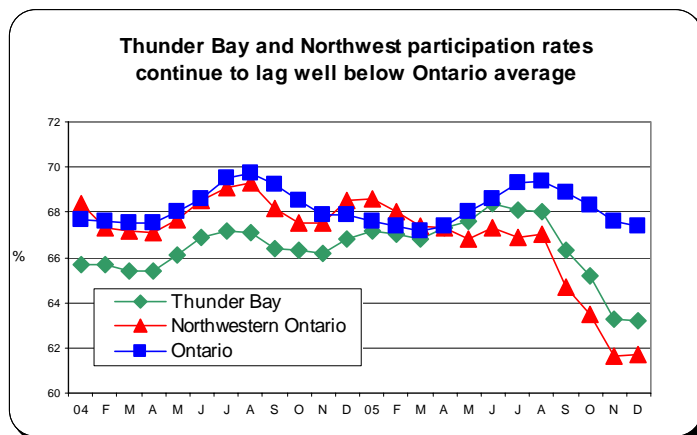
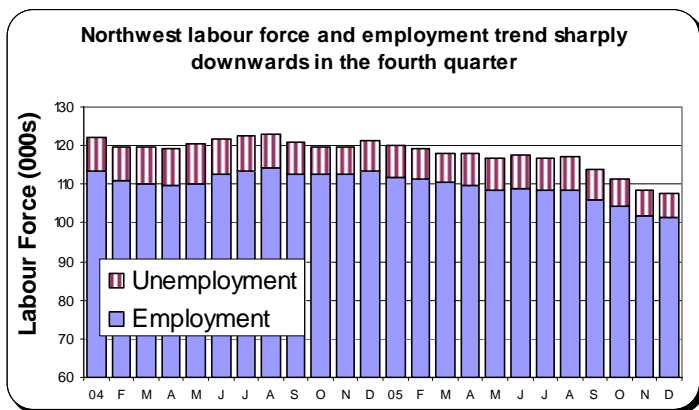
Consequently, Northwestern Ontario's unemployment rate fell from 7.0% in the third quarter to 6.0%.

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 | Change | | | |
|---------------------|--------------------------|------------------------|--------------------------|--------------------------|-------|--------------------|-------|
| | | | | Quarter/Quarter Absolute | % | Year/Year Absolute | % |
| 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

Decline in goods sector year over year in Thunder Bay

Thunder Bay's fourth-quarter job losses were centred in the services-producing sector. Small declines were scattered across five of the 11 industry groupings within the sector. There was also a slight decline in the goods-producing sector.

In contrast, the comparison of year-over-year data suggests a very modest increase in services-sector employment. On the other hand, the goods-producing sector posted a decline of more than 15 percent. Most of the year-over-year job losses were recorded in **manufacturing**.

Thunder Bay Area Employment by Industry

| Industry | October to December 2005 | July to September 2005 | October to December 2004 | Change | | | |
|---|--------------------------------|------------------------------|--------------------------------|-----------------------------|----------------------|-----------------------|----------------|
| | | | | Quarter/Quarter Absolute | Quarter/Quarter % | Year/Year Absolute | Year/Year % |
| Total | 62,200 | 64,500 | 63,500 | -2,300 | -3.6 | -1,300 | -2.0 |
| Goods-Producing Sector | 10,300 | 10,800 | 12,200 | -500 | -4.6 | -1,900 | -15.6 |
| Agriculture | ... | ... | ... | ... | ... | ... | ... |
| Forestry, fishing, mining, oil and gas | 1,600 | 1,900 | 1,700 | -300 | -15.8 | -100 | -5.9 |
| Utilities | ... | ... | ... | ... | ... | ... | ... |
| Construction | 2,900 | 3,100 | 3,400 | -200 | -6.5 | -500 | -14.7 |
| Manufacturing | 4,900 | 4,400 | 6,200 | 500 | 11.4 | -1,300 | -21.0 |
| Services-Producing Sector | 51,800 | 53,700 | 51,300 | -1,900 | -3.5 | 500 | 1.0 |
| Trade | 9,600 | 11,000 | 10,600 | -1,400 | -12.7 | -1,000 | -9.4 |
| Transportation and warehousing | 4,700 | 4,300 | 3,600 | 400 | 9.3 | 1,100 | 30.6 |
| Finance, insurance, real estate and leasing | 2,600 | 1,800 | 2,200 | 800 | 44.4 | 400 | 18.2 |
| Professional, scientific and technical services | 2,300 | 2,000 | 2,800 | 300 | 15.0 | -500 | -17.9 |
| Business, building and other support services | 2,500 | 2,900 | 2,500 | -400 | -13.8 | 0 | 0.0 |
| Educational services | 6,700 | 4,600 | 4,900 | 2,100 | 45.7 | 1,800 | 36.7 |
| Health care and social assistance | 9,400 | 11,400 | 9,000 | -2,000 | -17.5 | 400 | 4.4 |
| Information, culture and recreation | 1,900 | 3,400 | 2,700 | -1,500 | -44.1 | -800 | -29.6 |
| Accommodation and food services | 5,600 | 6,200 | 6,200 | -600 | -9.7 | -600 | -9.7 |
| Other services | 2,100 | 2,100 | 2,700 | 0 | 0.0 | -600 | -22.2 |
| Public administration | 4,400 | 4,100 | 4,100 | 300 | 7.3 | 300 | 7.3 |

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



Declines in goods-producing sector in Northwest

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 percent 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 percent (-4,800). The sector's year-over-year losses were concentrated in **manufacturing**, reflecting the mounting job losses in the pulp and paper industry.

Northwestern Ontario Area Employment by Industry

| Industry | October to December 2005 | July to September 2005 | October to December 2004 | Change | | Change | |
|---|--------------------------------|------------------------------|--------------------------------|-----------------------------|--------------|-----------------------|--------------|
| | | | | Quarter/Quarter Absolute | % | Year/Year Absolute | % |
| Total | 102,900 | 106,800 | 113,100 | -3,900 | -3.7 | -10,200 | -9.0 |
| Goods-Producing Sector | 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 |
| Services-Producing Sector | 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 CLAIM LOAD

Lower EI claim load in fourth quarter

Note: At this time, claim load data is only available for the broad geographic area served by the Thunder Bay Service Canada Centre. This area includes Thunder Bay, Marathon, Geraldton and the Surrounding Area.

The Employment Insurance claim load for the Thunder Bay SCC area continued its decline in the fourth quarter, marking the third consecutive quarterly decrease for the area. This was despite a steady increase over the course of the quarter.

There was an eight percent increase in male claimants in the fourth quarter; however, female claimants fell by over 30 percent, producing the overall decrease in claim load.

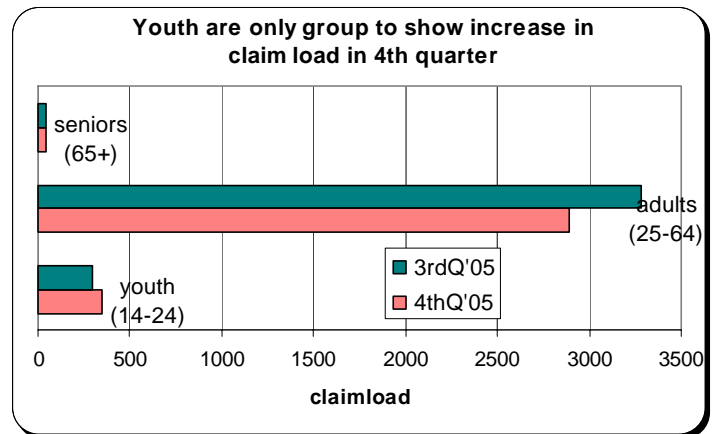
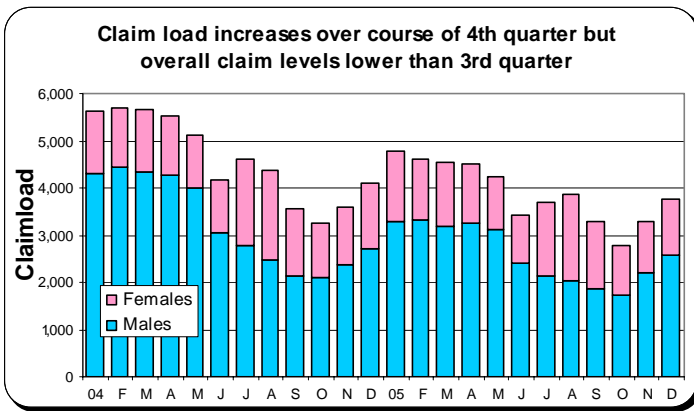
The 20 to 24 age group had a 20 percent increase in claim load in the fourth quarter, while all other groups saw fewer claimants.

The Thunder Bay SCC Area claim load was over 10 percent lower in the fourth quarter of 2005 compared to the same period in 2004. Both male and female claimants are lower year over year. It should be noted that the rise in the number of claimants over the course of the quarter is a consistent pattern for the final months of any year for the area.

Regular Employment Insurance Claimants - Thunder Bay SCC Area

| | October to December 2005 | | | July to September 2005 | | | October to December 2004 | | |
|-----------------------------|--------------------------|--------------|--------------|------------------------|--------------|--------------|--------------------------|--------------|--------------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Thunder Bay SCC Area | 3,279 | 2,169 | 1,110 | 3,622 | 2,010 | 1,612 | 3,659 | 2,395 | 1,264 |

Source: SCC administrative data C-356



EMPLOYMENT OPPORTUNITIES

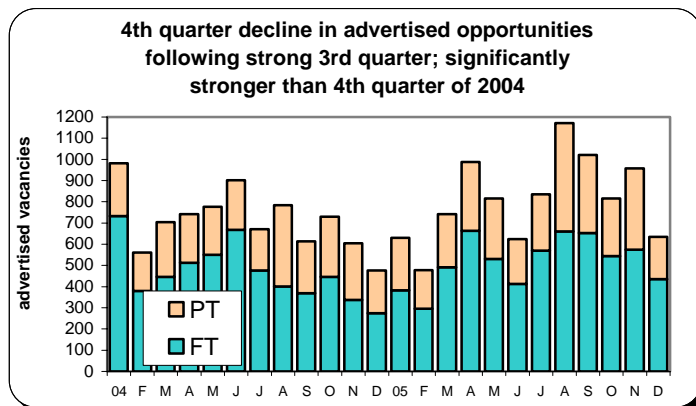
Fourth quarter can't maintain third quarter's strength

Following a strong third quarter, the Thunder Bay SCC area saw a decline in the number of advertised opportunities in the fourth quarter. However totals remained significantly higher than in the same period last year.

All areas registered fewer advertised opportunities this quarter. The Surrounding Area, which includes Terrace Bay, Schreiber, Armstrong and Nipigon, was the only area to show any improvement from the last quarter as full-time vacancies increased by over 15 percent. However, this increase was not enough to offset a drop in part-time vacancies, leaving the area with an overall decrease.

Despite the drop in vacancies in the fourth quarter, the total number found in the Thunder Bay SCC area this year was significantly higher than in the fourth quarter of 2004. Overall, the area had a stronger year for advertised positions in 2005 than 2004 and the dip toward the end of the year was consistent with previous years.

The majority of advertised opportunities in the fourth quarter



were found in **sales and service**, the major occupational group that routinely carries over 40 percent of all vacancies for the area. Continuous recruitment by trucking firms also keeps **trades & transport** high in terms of vacancy totals.

Employment Opportunities – Thunder Bay SCC Area

| | October to December 2005 | | | July to September 2005 | | | October to December 2004 | | |
|-----------------------------|--------------------------|--------------|------------|------------------------|--------------|--------------|--------------------------|--------------|------------|
| | Total | F/T | P/T | Total | F/T | P/T | Total | F/T | P/T |
| Thunder Bay | 2,107 | 1,372 | 735 | 2,637 | 1,666 | 971 | 1,581 | 905 | 676 |
| Geraldton Area | 90 | 46 | 44 | 117 | 69 | 48 | 90 | 63 | 27 |
| Marathon Area | 117 | 69 | 48 | 167 | 90 | 77 | 80 | 53 | 27 |
| Surrounding Area | 93 | 68 | 25 | 105 | 59 | 46 | 58 | 37 | 21 |
| Thunder Bay SCC Area | 2,407 | 1,555 | 852 | 3,026 | 1,884 | 1,142 | 1,809 | 1,058 | 751 |

Source: SCC vacancies and newspaper want ads

**Employment Opportunities by Major Occupation Group
Thunder Bay SCC Area**

| | October to December 2005 | July to September 2005 | October to December 2004 |
|---|--------------------------|------------------------|--------------------------|
| 0 Management | 125 | 136 | 57 |
| 1 Business administration | 368 | 358 | 255 |
| 2 Natural & applied sciences | 72 | 114 | 50 |
| 3 Health | 87 | 128 | 87 |
| 4 Social science and education | 182 | 239 | 133 |
| 5 Culture & recreation | 19 | 59 | 32 |
| 6 Sales & service | 986 | 1,422 | 815 |
| 7 Trades & transport | 491 | 503 | 328 |
| 8 Primary industry | 52 | 32 | 23 |
| 9 Manufacturing & utilities | 16 | 35 | 13 |

Source: SCC vacancies and newspaper want ads



Notes to Readers:

1. For the purpose of this publication, the **Thunder Bay SCC Area** includes the area ranging from English River in the west up to Marathon and Manitouwadge in the east. It includes all of the Northern Communities up to Webequie. **Northwestern Ontario** (Economic Region 595) is comprised of three Census Divisions: the Districts of Thunder Bay, Rainy River and Kenora.
2. 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 *Thunder Bay Chronicle-Journal*, the *Thunder Bay Post*, tbsource.com, the *Marathon Mercury*, the *Manitouwadge Echo*, the *Nipigon Red Rock Gazette*, the *Times-Star* (Greenstone) and the *Terrace-Bay Schreiber News*.
3. **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.
4. **Definitions – Service Canada 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.
5. 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>
6. 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>

