



Labour Market Bulletin

Human Resource Centre of Canada

Sault Ste. Marie and Area

~ An Analysis of the Sault Ste. Marie and Area Labour Market ~ April to June 2004 ~

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An overview of the area served by the Human Resource Centre of Canada-Sault Ste. Marie, including Sault Ste. Marie, Elliot Lake, Blind River, Wawa, and St. Joseph Island.

The Northeastern Ontario labour market improved in the second quarter of 2004. Thirty-one hundred jobs were created, resulting in the highest employment rate seen in the Northeast in a year. However, since there were more new or returning labour force participants than new jobs, the number of unemployed increased. This caused Northeastern Ontario's unemployment rate to rise from 8.2% in the first quarter to 8.6%. Overall, conditions were weaker year-over-year.

In the Sault Ste. Marie management area, the second quarter Employment Insurance claimload was almost 22% lower than in the first quarter of the year. Year-over-year, the area claimload was down slightly (-1.8%). Despite this small decline, total benefits paid during the quarter were more than 10% higher than the second quarter of 2003.

Robust activity in advertised job vacancies persisted throughout the quarter. Sales and Service occupations continued to lead the way, but this quarter saw an upward spike in opportunities in Primary Industry.

HIGHLIGHTS

- ▶ \$150 million wind-park announced.
- ▶ \$21 million approved for construction of new arena.
- ▶ \$65 million water-treatment plant given the go ahead.
- ▶ Algoma Steel receives 3,100 applications for 150 jobs.
- ▶ Algoma Steel announces \$22.2 million quarterly profit.
- ▶ Dubreuil Forest Products rehiring laid off workers.
- ▶ Home Depot opens Sault Ste. Marie store.
- ▶ Advertised job vacancies remain strong throughout management area.
- ▶ Employment Insurance claimload drops 21.8% quarter-over-quarter.

The Sault Ste. Marie and Area HRCC 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, HRSDC 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 HRSDC.



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.

Utilities

Superior Wind Energy has announced plans for a \$150 million wind-park at Gros Cap, just north of Sault Ste. Marie. The company plans to build between 54 and 67 three-bladed turbines. The turbines will be 85 metres tall with 35 metre blades. When completed, this initial stage of the project will add 100 megawatts of power to the provincial power grid. A second stage is also planned, similar to stage one. This second stage will bring total investment to \$300 million and total power output to 200 megawatts.

The **City of Sault Ste. Marie** has finalized plans to upgrade the east-end water pollution control plant. The \$65.7 million project will cost \$5 million more than originally estimated. The project is expected to be completed by mid-2005.

Blind River awarded the first contract for their new \$9.3 million water treatment plant to **K.J. Beamish Construction**. The \$616,755.00 contract involves installation of the raw water supply line from the main pump house to the new treatment plant. Project completion is anticipated for late 2005.

Manufacturing

Algoma Steel Inc. (ASI) held their first recruiting drive in over a decade. More than 3,100 people attended a two-day job fair in April hoping to land one of 150 entry-level production jobs. It is estimated that several hundred of the applicants were former Sault Ste. Marie residents. In addition to these production jobs, the company is also seeking skilled workers such as mechanical maintenance technicians, and electronic maintenance technicians. While the company remains committed to an overall reduction in its staffing levels, the rate of attrition is exceeding its required production levels. More than 700 positions were eliminated in the past year, with another 185 retirements scheduled for July 1, 2004.

ASI earned \$22.2 million for the three-month period ending March 31, 2004. This compares to \$6.8 million for the same period last year and \$10.1 million for the last quarter of 2003. The company points to a number of factors for the gain: global demand fueled by China has led to record high prices; a 62,000 ton increase in shipments over the previous quarter; and a decrease in production costs of \$35 per ton. The company also sold more than 30,000 tons of excess coke at \$400 a ton. The company plans to continue producing coke for sale to other steel companies.

ASI began labour negotiations with its two unions. More than 2,000 members of the **United Steel Workers of America Local 2251** and 525 members of **Local 2724** have contracts set to expire July 31, 2004.

Dubreuil Forest Products of Dubreuilville recalled 45 employees in the second quarter. The workforce presently stands at 335, down from 520 last February.

Superior Hardwood Veneers Co., located on the Rankin Reserve, east of Sault Ste. Marie, remains on strike. Thirty-two members of **Local 1000 of the Industrial Wood and Allied Workers Union** walked off the job March 29th.

Wholesale and Retail Trade

Home Depot opened its 80,000 square-foot Sault Ste. Marie location on June 30th. The local outlet has 142 full and part-time employees. Despite the company's wish to open a direct road link to its Northern Road neighbour, Wal-Mart, the original agreement allowing for the construction of Wal-Mart prevents this link from opening until June 2006.

The cities of Elliot Lake and Sault Ste. Marie went smoke free May 31st and June 1st respectively. Restaurant and bar owners have stated the ban is costing them business, in some cases as much as 50%. Representatives from both communities are forecasting closures and layoffs. Local bingo halls felt the effect immediately and have already started to plan layoffs.

Elliot Lake city council has rezoned its property on Mountain Road to allow for construction of a 30,000 to 40,000 square-foot **Loblaws** outlet. The project remains on hold as a local business has appealed the decision to the **Ontario Municipal Board**.

Transportation and Warehousing

The federal and provincial governments have provided the City of Sault Ste. Marie with \$11.2 million to cover the cost of constructing a new three-kilometre truck route. The city will contribute an additional \$3.9 million to buy property along the route, including 30 residential homes. The route has been designed to facilitate transport truck traffic to the **Sault Ste. Marie International Bridge**, as well as to eliminate heavy truck traffic from residential neighbourhoods.

The City of Sault Ste. Marie is exploring opportunities that may exist in the inter-modal transportation industry. The goal is to make the city a hub for international containerized traffic



traveling between Detroit and the Pacific Rim. The city currently has international train links, water transportation and an uncongested international border crossing.

Business, Building and Other Support Services

General Motors has severed its contract with **EDS Canada**, located in Sault Ste. Marie. However, GM was so impressed with the quality of the EDS staff in Sault Ste. Marie that a condition of the contract with the new vendor - **Cross Country Automotive Services (CCAS)** - was to maintain the operations and the employees in the city. CCAS plans to hire an additional 100 employees at the Sault Ste. Marie location.

Educational Services

The **Algoma District School Board (ADSB)** is forecasting a decline of 644 students for the 2004-2005 academic year, resulting in a loss of 23.8 teaching positions. While layoffs will be minimized through retirements, there is a possibility of five teachers being laid off. The number could change once the effect of the provincial cap on class sizes is fully realized. ADSB is presently reviewing the entire system with an eye to consolidation of services. School closures are a very real possibility in the near future.

The Huron Superior Catholic District School Board (HSCDSB) is predicting 159.5 fewer students for the 2004-2005 school year. This will result in the closure of 13 classrooms but no schools. Retirements and leaves of absence will minimize layoffs. In fact the Board plans to hire anywhere from two to six teachers based on current forecasts.

Health Care and Social Assistance

The Sault and Area Hospital has announced plans to lay-off seven full-time and six part-time housekeeping staff. The union spokesperson stated that the layoffs are due to hospital outsourcing. However, a hospital spokesperson stated that the lay-offs resulted from an operational review, and that savings will be realized through the increased use of technology and efficiency of the work functions.

Information, Culture and Recreation

More than 180 Sault Ste. Marie and area residents found work as actors in June. The movie *Looking for Angelina* was filmed

in its entirety in Sault Ste. Marie by **Platinum Image Film**. The movie is based on the 1911 murder trial of Angelina Napolitano, who killed her husband with an axe as he slept in their west-end city home. An additional 20 local people also contributed to the production by helping with set construction, painting and makeup. The city hopes to build on this experience by attracting other film production companies to the area.

The provincial and federal governments have joined forces with **Superior Wireless** to extend cellular phone coverage throughout the northern portion of the Algoma District. By extending service to the area from Sault Ste. Marie to Wawa, the last major gap in cellular coverage along the Trans-Canada highway will be closed. Total cost is expected to be \$8.4 million.

The City of Sault Ste. Marie has decided to proceed with plans to build a new \$21 million arena despite the absence of a private sector partner. The city will now contribute two-thirds of the cost, while the remaining \$7 million will be split equally between the federal and provincial governments. The additional funding for the 4,200 seat arena is slated to come from a variety of sources such as the GST Rebate, the 2003 city surplus, additional capital allocations, and contributions from local residents and businesses.

Accommodation and Food Services

Searchmont Ski Resort had another successful season despite one of the earliest closures in recent memory. A spokesperson for the resort stated that there were not enough visitors in April to meet their daily costs, so they made the decision to close early in order to conserve cash flow. The spokesperson noted this money would be better spent on additional upkeep of the lodge and hill facilities, providing greater long-term benefit to the resort.

The Sault Ste. Marie Charity Casino had a record fiscal year in 2003-2004. On average more than 2,700 people attended the casino on a daily basis. The city received \$483,000.00 from the casino as its share of the gross slot machine revenues for the fiscal fourth quarter of 2003-2004. Overall, the city received \$1.95 million this year. The casino employs more than 400 workers.



LABOUR FORCE TRENDS

Labour Force Survey Highlights

The Northeastern Ontario labour market regained some strength in the second quarter of 2004. The Region recorded modest employment growth, reversing a downward trend that began in the autumn of 2003. Thirty-one hundred jobs were created in the second quarter, an increase of slightly more than 1% from the previous quarter. All of these new jobs were full-time. This renewed strength caused the Region's employment rate to climb from 55.6% in the first quarter to 56.3%. This was the highest employment rate seen in the Northeast in a year. At the same time, the labour force expanded (+4,800). As a result, the participation rate rose from 60.5% to 61.7%, again the highest it has been since last spring. However, since there were more new or returning labour force participants than new jobs, there was an increase in the number of people unemployed and looking for work. Consequently, Northeastern Ontario's unemployment rate rose from 8.2% in the first quarter to 8.6%.

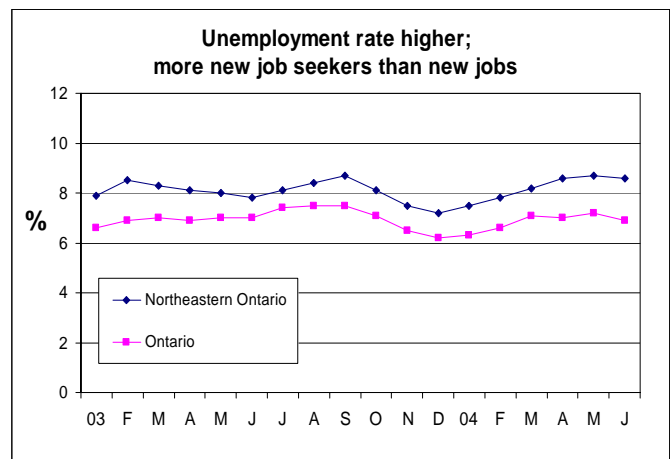
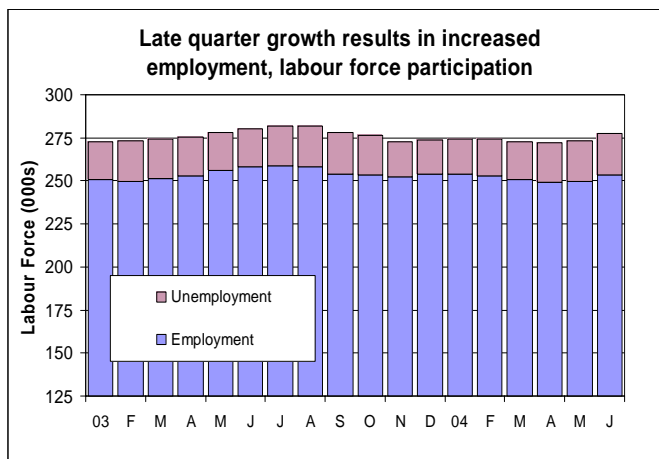
Despite these signs of strengthening, conditions in the Northeastern Ontario labour market were weaker year-over-year. Even with the new jobs created in the second quarter, employment was 4,900 lower than in the second quarter of 2003. At the same time, the working age population declined (-3,700). The combination of these two declines resulted in a lower employment rate, 56.3% down from 57.0% in the second quarter of 2003. The labour force also contracted, but by a smaller amount (-2,700). This decline was absorbed by the decline in the working age population. As a result, the participation rate was stable year-over-year. However, because the employment loss was almost double the labour force contraction, unemployment increased. Consequently, Northeastern Ontario's unemployment rate climbed from 7.8% in the second quarter of 2003 to 8.6%.

Northeastern Ontario (Economic Region 590) is comprised of eight Census Divisions: the Districts of Nipissing, Parry Sound, Manitoulin, Sudbury, Timiskaming, Cochrane and Algoma, and the Greater Sudbury Division (formerly the Sudbury Regional Municipality).

Northeastern Ontario (Economic Region 590) Area Labour Force Trends

	April to June 2004	January to March 2004	April to June 2003	Change Quarter/Quarter Absolute	Change Year/Year %	Change Year/Year Absolute	Change Year/Year %
Population 15 +	450,200	450,800	453,900	-600	-0.1	-3,700	-0.8
Labour Force	277,600	272,800	280,300	4,800	1.8	-2,700	-1.0
Employed	253,600	250,500	258,500	3,100	1.2	-4,900	-1.9
Full-time	202,100	196,500	197,700	5,600	2.8	4,400	2.2
Part-time	51,500	54,100	60,800	-2,600	-4.8	-9,300	-15.3
Unemployed	24,000	22,300	21,800	1,700	7.6	2,200	10.1
Not in Labour Force	172,500	178,000	173,600	-5,500	-3.1	-1,100	-0.6
Participation Rate	61.7%	60.5%	61.8%	1.2		-0.1	
Unemployment Rate	8.6%	8.2%	7.8%	0.4		0.8	
Employment Rate	56.3%	55.6%	57.0%	0.7		-0.7	

Source: Statistics Canada, Labour Force Survey. Note: Totals may not add due to rounding.



Employment by Industry

Widespread growth in goods sector

Northeastern Ontario's second-quarter employment growth was centered in the Region's goods-producing sector. With the addition of 6,500 jobs, the sector expanded to its highest level since the fourth quarter of 2002. Growth was widespread, as new jobs were created in each industry grouping in the sector with the exception of Manufacturing. Construction recorded the highest actual growth (+2,700).

Losses in the services-producing sector offset a portion of the goods sector expansion. Losses were spread across the sector, with 8 of 11 industry groupings showing declines. The largest absolute decrease was seen in Health Care and Social Assistance (-4,000). On the positive side, the Region's Accommodation and Food Services industry grouping expanded (+5,600).

Northeastern Ontario (Economic Region 590) Employment by Industry

Industry	April to June 2004	January to March 2004	April to June 2003	Change			
				Quarter/Quarter Absolute	%	Year/Year Absolute	%
Total	253,600	250,500	258,500	3,100	1.2	-4,900	-1.9
<i>Goods-Producing Sector</i>	63,100	56,600	61,400	6,500	11.5	1,700	2.8
Agriculture	3,000	2,500	...	500	20.0
Forestry, Fishing, Mining, Oil and Gas	19,300	16,900	14,400	2,400	14.2	4,900	34.0
Utilities	4,200	2,800	2,400	1,400	50.0	1,800	75.0
Construction	14,600	11,900	17,000	2,700	22.7	-2,400	-14.1
Manufacturing	21,900	22,500	26,200	-600	-2.7	-4,300	-16.4
<i>Services-Producing Sector</i>	190,500	193,900	197,100	-3,400	-1.8	-6,600	-3.3
Trade	41,900	41,800	37,100	100	0.2	4,800	12.9
Transportation and Warehousing	12,600	13,800	11,600	-1,200	-8.7	1,000	8.6
Finance, Insurance, Real Estate and Leasing	9,300	9,400	10,100	-100	-1.1	-800	-7.9
Professional, Scientific and Technical Services	7,700	7,700	8,800	0	0.0	-1,100	-12.5
Business, Building and Other Support Services	10,200	10,400	9,800	-200	-1.9	400	4.1
Educational Services	20,100	21,100	20,800	-1,000	-4.7	-700	-3.4
Health Care and Social Assistance	35,100	39,100	38,800	-4,000	-10.2	-3,700	-9.5
Information, Culture and Recreation	8,700	9,500	10,900	-800	-8.4	-2,200	-20.2
Accommodation and Food Services	21,100	15,500	19,700	5,600	36.1	1,400	7.1
Other Services	9,400	9,900	13,400	-500	-5.1	-4,000	-29.9
Public Administration	14,400	15,700	16,200	-1,300	-8.3	-1,800	-11.1

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 second quarter of 2004 saw a 21.8% decrease in the Employment Insurance (EI) claimload throughout the Sault Ste. Marie management area, compared to the first quarter of 2004. Decreases in both male and female claimants contributed to the lower totals. Males led the way with a net drop of 630 claimants quarter-over-quarter.

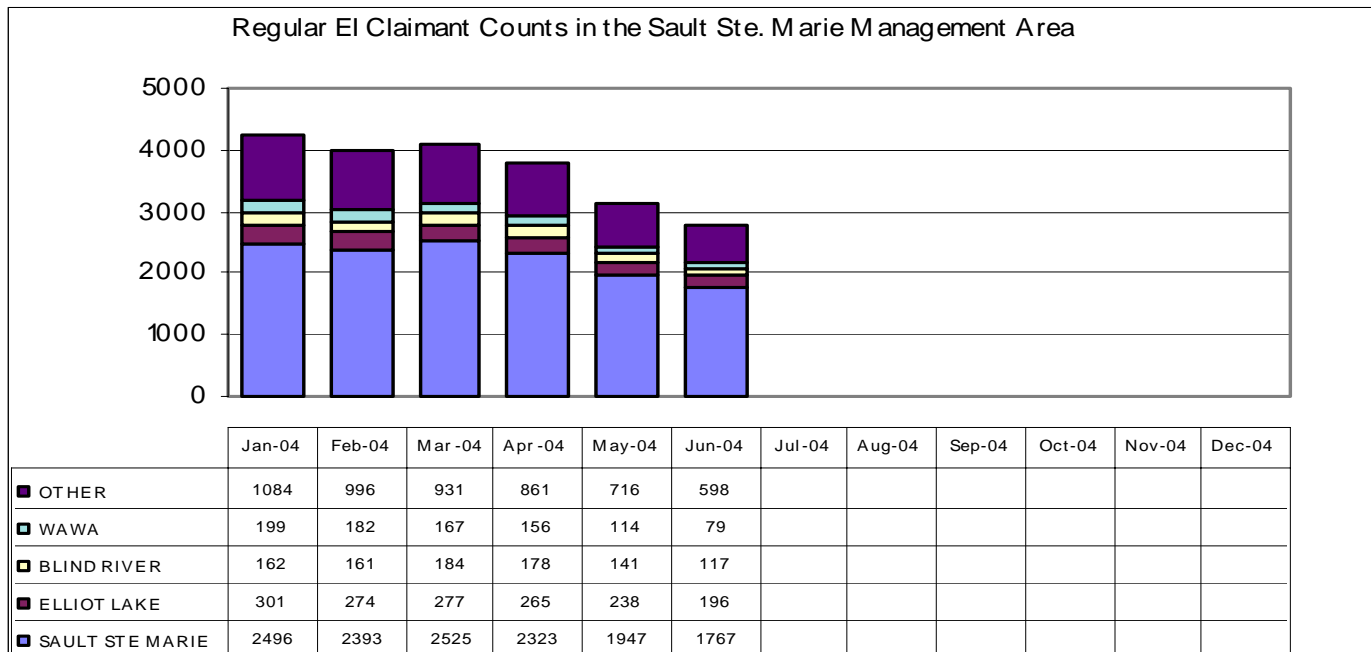
Year-over-year data showed a slight decrease in total claimants of less than two %. Female claimants increased 7.5% year-over-year, tempering the decline of 161 male claimants (-6.7%).

Regular Employment Insurance Claimants – Sault Ste. Marie Management Area

	April to June 2004	January to March 2004	April to June 2003	Variance			
				Quarter/Quarter		Year/Year	
				#	%	#	%
Male	2,396	3,026	2,557	-630	-26.3	-161	-6.7
Female	1,259	1,421	1,165	-162	-12.9	94	7.5
Total	3,655	4,451	3,722	-796	-21.8	-67	-1.8

Source: HRSDC Administrative Data C-356 (Average of month-end totals for the quarter)

A total of \$12,617,723 was paid in Employment Insurance benefits in the Sault Ste. Marie Management Area during the second quarter of 2004. This was almost 23 % less than the total paid in the first quarter of the year (\$16,316,008). Despite the small year-over-year decline in the EI claimload (-1.8%), the dollar value of benefits paid was 10.4% higher than in the second quarter of 2003 (\$11,304,513).



Employment Opportunities

Vacancy activity remained strong throughout the second quarter of 2004, with an above-average total of 1,117 vacancies advertised during the quarter. This was 10.6% lower (-132) than in the first quarter. However, the volume of advertised vacancies in the first quarter was the largest quarterly total recorded in the area in several years.

Year-over-year, there was an increase of 247 job postings (28%) in the management area. The Sault Ste. Marie Area had a 33% increase. This more than offset the 14% decrease that was recorded in the Elliot Lake/Blind River corridor.

Employment Opportunities – Sault Ste. Marie and Area

	2 nd Quarter 2004			1 st Quarter 2004			2 nd Quarter 2003		
	April to June 2004			January to March 2004			April to June 2003		
	Total	F/T	P/T	Total	F/T	P/T	Total	F/T	P/T
Sault Ste. Marie Area (excluding Elliot Lake)	1017	811	206	1178	947	231	742	539	203
Elliot Lake (including Blind River)	100	78	22	71	51	20	128	89	39
Management Area Total	1117	889	228	1249	998	251	870	628	42
Source: HRCC vacancies and newspaper want ads									

Sales and Service occupations continued to lead the way, the result of ongoing hiring by local call centres. For the second consecutive quarter, there were increases in the number of vacancies for Trades and Transport occupations, and for Occupations Unique to Primary Industry. Quarter-to-quarter and year-over-year increases in Primary Industry postings are attributed to hiring activity at the area's largest employer, Algoma Steel Inc.

Advertised Vacancies by Major Occupational Grouping-Sault Ste. Marie Management Area

Occupations (NOC)	April to June 2004	January to March 2004	April to June 2003	Variance			
				Quarter/Quarter		Year/Year	
				#	%	#	%
Total Vacancies	1117	1249	870	-132	-10.6	247	28.4
Management	54	49	59	5	10.2	-5	-8.5
Business/Administration	144	178	76	-34	-19.1	68	89.5
Natural & Applied Sciences	78	97	35	-19	-19.6	43	122.8
Health	38	26	35	12	46.1	3	8.6
Social Science & Education	115	80	109	35	43.8	6	5.5
Culture & Recreation	20	14	13	6	42.9	7	53.8
Sales & Service	325	498	377	-173	-34.7	-52	-30.0
Trades & Transport	146	120	107	26	21.7	39	36.4
Primary Industry	183	18	40	165	916.7	143	357.5
Manufacturing & Utilities	14	169	19	-155	-91.7	-5	-26.3

Source: HRCC vacancies and newspaper want ads.



FROM THE AUTHOR'S DESK

Destiny Sault Ste. Marie (SSM), Sault Ste. Marie's Economic Diversification Strategy, is moving forward with their strategic direction by identifying key community priorities.

Destiny SSM, a strategy for economic development, helps oversee and provide guidance on projects and initiatives focused on strengthening and diversifying the local economy. Over the past year, there has been a commitment for a total project investment of over \$75 million. From this, approximately 600 new jobs have been created, in addition to 700 temporary construction jobs.

Destiny SSM has also recently re-evaluated its strategic component based on stakeholder feedback and is continuing to prioritize its ongoing initiatives in order to help build foundations and support economic growth in the community. As a result, they have earmarked specific initiatives and projects as "priority" for the upcoming year. These include the Waterfront Development, the Science Works! initiative, future Searchmont expansion, ongoing support for strong educational, health and IT infrastructures and exploration of opportunities in the Multi-Modal, Value Added Wood and Energy sectors.

Destiny's objective is to create 1,500 direct jobs in the community by 2005. Associated construction will create further employment in the community. Destiny's long-term goal is to generate 8,000 jobs over the next 10 years. The key outputs of Destiny SSM will be new jobs, population recovery and a varied economy that is capable of growth. Destiny SSM is a partnership involving the private sector and all levels of government and key community stakeholders.

Notes to Readers:

1. The **Sault Ste. Marie and Area HRCC** is comprised of Sault Ste. Marie and Elliot Lake.
2. For the purpose of this publication, the **Sault Ste. Marie and Area HRCC** includes all of the above communities as well as White River, Wawa, Dubreuilville, St. Joseph Island, Bruce Mines, Thessalon, Iron Bridge, Blind River, Spragge and Spanish. The area covers most of the Algoma District.
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 Sault Star, Sault This Week, The Elliot Lake Standard, Northern Ontario Business, Algoma News Review, HRSDC Administrative Data and Statistics Canada.**
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 - HRSDC 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 HRCC 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/concepts/labour/index.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>

