



Labour Market Bulletin

Sault Ste. Marie and Area

Service Canada Centre

~ An Analysis of the Sault Ste. Marie and Area Labour Market ~ January to March 2006 ~

Volume 5, Issue 1 First Quarter 2006

IN THIS ISSUE:

HIGHLIGHTS..... 1

LABOUR MARKET NEWS..... 2

Forestry, fishing, mining, oil and gas..... 2

Utilities..... 2

Manufacturing..... 2

Trade..... 3

Finance, insurance and real estate..... 3

Business, building and other support services..... 3

Educational services..... 3

Health care and social assistance..... 3

Information, culture and recreation..... 4

Accommodation and food services..... 4

Public administration..... 4

Tourism..... 4

LABOUR SUPPLY AND DEMAND..... 5

Employment Insurance Claimload..... 5

Employment Opportunities..... 5

LABOUR FORCE TRENDS..... 6

FROM THE AUTHOR'S DESK..... 8

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

The Sault Ste. Marie and Area labour market continued its strong showing into 2006. Algoma Steel remains the most profitable steelmaker in Canada. The city's huge waterfront tourism project, Borealis, received \$15 million in funding from the province. The construction sector should remain strong with projects such as Borealis, a youth detention centre, a wind tower manufacturing plant and the new hospital all scheduled to start within a year.

Advertised job opportunities remained robust in the first quarter of 2006. While sales and service occupations dominated the job opportunities, trades jobs also showed signs of growth.

The labour market of Northeastern Ontario continued its decline in the first quarter of 2006. Both employment and the labour force decreased.

HIGHLIGHTS

- ▶ St. Marys Paper employees take a 20% wage cut.
- ▶ Algoma Steel has another profitable quarter.
- ▶ Almost 500 new employees hired since ASI restructured, more to come.
- ▶ New wind tower manufacturing plant to be built in Sault Ste. Marie, 140 jobs.
- ▶ F.J. Davey Home lays off 30 staff.
- ▶ Province gives Borealis \$15 million for waterfront development.
- ▶ Employment insurance claim load lower this year compared to same period last year.
- ▶ Advertised job vacancies up 50%.

The Sault Ste. Marie 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)

For further information contact:

Raymond Running,
Labour Market Information Analyst

Telephone: 705-941-4522

Email: raymond.running@servicecanada.gc.ca

Visit our website at: www.labourmarketinformation.ca

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.



Government of Canada

Gouvernement du Canada



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 and gas

River Gold Mines merged with Wesdome Gold Mines Ltd. on February 1, 2006. Located 50 kilometres west of Wawa, the Eagle River mine site produced 53,100 ounces of gold in 2005. The company plans to produce 36,000 ounces of gold in each of the next three years, beginning this year, in order to buy time for needed development and exploration.

Utilities

Phase 1 of Brookfield Power's 99 megawatt, Prince Wind Energy Project is proceeding on schedule. The \$200 million wind park should be operational by late fall of 2006. All roads are cleared, all poles have been erected and more than 80 percent of the transmission cable has been strung. Only three of the 66 turbine foundations are left to be laid. At the same time, work is proceeding on Phase 2, a \$180 million project that will add a further 90 MW of power. It is expected Phase 2 will be supplying power to the provincial grid in the spring of 2007.

The Town of Blind River has thrown their support behind two potential energy projects in their immediate vicinity. Their first proposal is to build a natural gas co-generation plant on Cameco's Blind River uranium refinery property. The plan is that Cameco would use the steam while the electricity would be used by the Mississauga First Nation or sold to the provincial power grid. Discussions are at the very early stage and no commitment has been made by Cameco or the Ministry of Energy.

In the second project, Blind River's Town Council has revived the idea of building a nuclear reactor along the North Shore. The council asked surrounding communities to look at a 30-year-old study that originally identified the North Shore as a potential site for a nuclear power plant. The province has made no comment on where any new sources of power might be located, but several local residents have already indicated their opposition to the idea.

Manufacturing

St. Marys Paper's 370 employees took a 20 percent wage cut effective February 1, 2006. It will remain in place until April 30, 2009. The company is feeling the effects of rising energy, fibre and transportation costs. Since more than 90 percent of St. Marys' sales are to the United States, the increase in value of the Canadian dollar has a major impact on the profitability. Previously, the company stated that an increase of one cent in the Canadian dollar costs the company \$1 million over the course of a year. The payout comes less than five months after the Communications, Energy and Paperworkers Union and St. Marys reached a four-year agreement calling for an 11 percent wage hike.

Algoma Steel Inc. (ASI) reported a \$55 million profit for the three-month period ending December 31, 2005. This is a \$19.2 million improvement over the previous quarter ending September 30, 2005. Total earnings for 2005 were \$239.6 million. ASI employees were rewarded for the wage reductions they took during the lean years and during bankruptcy proceedings. Each employee received an average payout of \$4,500 this quarter in addition to an average payout of \$10,300 in 2005 and \$17,000 in 2004.

ASI and its largest shareholder, New York-based investment firm, Paulson and Company, reached an agreement ending a dispute over control of the company. Paulson had requested a special shareholders meeting in an attempt to remove seven members of ASI's board of directors and replace them with members sympathetic to Paulson. Paulson also wanted a \$400 million special dividend pay out from cash reserves. The final agreement falls somewhere in the middle, with ASI agreeing to a \$200 million payout at the end of the second quarter of 2006, and the appointment of two new directors to the board.

Close to 500 people have been hired at Algoma Steel over the past two and a half years, with more hiring anticipated. The company expects between 100 and 150



retirements in 2006. While there is no guarantee they will be replaced on a one-to-one basis, it is expected the number of new hires will be close to the number who retire. ASI has implemented a five-year succession plan with an emphasis on attracting skilled trades.

Algoma Steel and Schaaf Industries Corp. of Germany (SIAG) announced a \$35 million joint venture to manufacture wind towers for the North American market. The company will be known as SIAG Great Lakes Partnership. The 210,000 square-foot facility will be built on ASI property, with ground breaking scheduled for late April 2006. When complete in January 2007, the plant will operate with two production lines, 24 hours a day, seven days a week. It is expected to employ 140 people when full production is reached.

Trade

Wawa is looking forward to opening its first Tim Horton's franchise in the fall of 2006. The town has been without a coffee shop since Mr. Muggs closed last year. However the development is currently on hold while the Ministry of Transportation addresses concerns over the potential for problems with tractor trailer parking. The Ministry is concerned that the trucks may partially block the through lanes on the highway in front of the Tim Horton's.

Finance, insurance and real estate

Sault Ste. Marie real estate sales remained strong for a second consecutive year. Year-end data for 2005 provided by the Sault Ste. Marie Real Estate Board showed 1,277 residential units were sold, a 15% increase over 2004. Average selling price increased by \$1,137 to \$97,234. Local officials point to these figures as evidence of a rebound in the local economy.

Business, building and other support services

The call centre industry in Sault Ste. Marie is continuing its active hiring. The four major local companies (NCO, NuComm, Sutherland Global Services, Cross Canada Automotive Services) announced plans to hire an additional 500 employees before the end of April. This will bring total employment in the local call centre industry to 3,500.

Educational services

White Mountain Academy of the Arts, located in Elliot Lake, is closing their doors at the end of the current school year. The art school opened in 1998 with 19 students. It was never able to reach the enrolment forecast of 200 students, and had only 22 students enrolled this year. A spokesperson for the school stated the academy was not recognized as a degree or diploma granting institution, and was therefore ineligible for provincial grants awarded to colleges and universities. Eighteen full- and part-time employees will be laid off at the end of April.

Algoma University College (AUC) received approval from the Ministry of Training, Colleges and Universities to offer North America's first master's program in computer gaming technology. Three years in development, the program is being run in partnership with the University of Albertay Dundee in Scotland. Lectures will be via video conference from Scotland, while all lab work will be done at AUC. The 12 month course has room for 30 students. Graduates are expected to be highly sought by the computer gaming industry across North America.

More than 9,000 faculty members at Ontario's community colleges took part in a three week strike in March. The strike commenced March 7, 2006 and ended on March 24th with an agreement to send outstanding issues to binding arbitration. Sault College's 130 staff members joined the walkout.

Health care and social assistance

The F.J. Davey Home, a long-term care facility in Sault Ste. Marie, is laying off one part-time and six full-time registered nurses, leaving five full-time and four part-time RNs still working. The Davey Home plans to lay off 24 additional staff, comprised of registered practical nurses and health care aides. The layoffs are a result of a \$320,000 reduction in the per-bed funding allocation, from the Ontario Ministry of Health and Long-term Care. According to the province, the Davey Home was aware that it was purposely overpaid during its first 18 months of operation, to account for start-up costs. Prior to these layoffs the Davey Home employed 400.



Information, culture and recreation

The City of Sault Ste. Marie received \$372,518 as its share of casino slot machine revenues for the period October 1, 2005 to December 31, 2005. This was \$35,704 less than the previous quarter and \$51,930 less than the same period in 2004. The money represents five percent of the Sault Ste. Marie Charity Casino's revenues from their 450 slot machines. A casino spokesperson attributed the decline to a variety of factors, including the smoking ban, direct competition from Vegas Kiwedin Casino in Sault Ste. Marie, Michigan where smoking is still allowed, a general decrease in tourism, and the strong Canadian dollar.

The Canadian Auto Workers (CAW) is attempting to unionize the Sault Ste. Marie Charity Casino. Previous attempts by the United Steelworkers, the Canadian Union of Public Employees and the CAW all failed to generate enough support. Approximately 250 of the 375 employees are eligible to join a union. Management and security staff would be excluded, should the CAW be successful.

Steelback Breweries is the lone bidder for the naming rights of Sault Ste. Marie's new arena. Steelback CEO Frank D'Angelo was introduced to Sault Ste. Marie by Phil Esposito, who currently appears in commercials for the company. If successful, D'Angelo would receive pouring rights for the beer, as well as the rights to sell the canteen products, all produced by D'Angelo Brands Ltd. At this time it is not known if he would receive exclusive rights.

Accommodation and food services

Skiers in Elliot Lake are being put on notice that the Mount Dufour Ski Area may not operate next ski season. The chair lift is more than 15 years old and must undergo a costly inspection before it can be certified for use again. The ski club does not have the \$100,000 required for the inspection. Costs could rise if unforeseen problems with the lift are discovered. Mount Dufour averages 10,000 skiers per year.

Borealis, Sault Ste. Marie's massive waterfront tourist development, received \$15 million in provincial funding. The \$54 million project will be the largest tourist attraction in Northern Ontario with an estimated 200,000 visitors annually. By the time secondary construction

such as tenant improvements are complete, the total construction value will be close to \$70 million. Almost nine years have passed since initial plans to develop a tourist attraction at the site were first proposed. The main 35,000 square-foot building will have a 70-foot high bio-dome housing a tropical rain forest. The complex will also have a variety of restaurants, retail outlets, an indoor waterfall, rock climbing and rappelling area, a 4-D theatre, a 144-room Radisson Hotel, the Algoma Central Railway train station and an ice hotel in the winter. Construction is expected to commence this summer and be completed in the spring of 2008. Current estimates are that 600 jobs will be created during the construction phase. A total of 1,500 jobs are expected in all components of the site after completion.

Public administration

The new Sault Ste. Marie youth detention centre, scheduled to open in the fall of 2007, will be staffed by members of the Ontario Public Service Employees Union. It is hoped that members who lost their jobs when the McNabb Street Jail closed in 2003 will be able to relocate back to Sault Ste. Marie. The facility will directly employ 30 full-time staff and is expected to create 42 spin-off jobs.

Sault Ste. Marie city council requested that the local Member of Parliament, Tony Martin, arrange a meeting with the federal Minister of Fisheries and Oceans, after it was learned that eight of its 10 Sault Ste. Marie jobs would be relocated to Sudbury and Parry Sound. Local officials also want the Minister to deliver an update on the status of the planned \$7.4 million research facility originally scheduled to be built along the Sault Ste. Marie waterfront in the summer of 2006.

Tourism

The museum ship Norgoma remains docked on Sault Ste. Marie's waterfront, with no guarantee it will be reopened to the public. Originally a Great Lakes passenger ship, the Norgoma has unsuccessfully been touted as a tourist attraction for over 20 years. It did not open at all in 2005 due to a lack of funding to hire students. Members of the Norgoma board of directors hope to obtain funding to paint the vessel and then potentially operate it as a bed and breakfast and Visitor's Centre. City council has deferred any final decision on funding until budget deliberations take place.



LABOUR SUPPLY AND DEMAND

Employment Insurance Claimload

The regular Employment Insurance claimload in the first quarter of 2006 was substantially higher compared to the fourth quarter of 2005. This was not unexpected as this type of increase normally occurs every year. Retail workers laid off after the Christmas season, school related claims from the Christmas break, and seasonal construction workers inflate the totals during the first quarter of every year.

The decline in year-over-year totals of six percent, is welcome news.

Regular Employment Insurance Claimants – Sault Ste. Marie Management Area

	January to March 2006	October to December 2005	January to March 2005	Change			
				Quarter/Quarter #	%	Year/Year #	%
Male	2,401	1,594	2,499	807	50.6	-98	-3.9
Female	1,188	1,023	1,323	165	16.1	-135	-10.2
Total	3,589	2,617	3,822	972	37.1	-233	-6.1

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

The amount of regular Employment Insurance Benefits paid during the first quarter of 2006 was \$11,057,364. This was \$4,458,832 more than the benefits paid in the previous quarter and a slight decline of 1.1% compared to the first quarter of 2005.

Employment Opportunities

Advertised job vacancies this quarter jumped by 50% compared to the previous quarter. While both full- and part-time vacancies exhibited strong growth, the full-time gain of almost 75% across the area was particularly impressive.

The year-over-year increase of almost 50% was equally striking. The increase in full-time vacancies notified (41%) was not quite as dramatic as the quarter-to-quarter jump. However, it is perhaps more significant in that it compares the same time of year, which takes into consideration seasonal weather conditions and the annual business cycle.

Employment Opportunities – Sault Ste. Marie Management Area

	January to March 2006			October to December 2005			January to March 2005		
	Total	F/T	P/T	Total	F/T	P/T	Total	F/T	P/T
Sault Ste. Marie Area (excluding Elliot Lake)	2,135	1,592	543	1,441	913	528	1,427	1,123	304
Elliot Lake (including Blind River)	103	56	47	48	29	19	73	48	25
Management Area Total	2,238	1,648	590	1,489	942	547	1,500	1,171	329

Source: Service Canada National Job Bank vacancies and newspaper want ads



For the 14th consecutive quarter, sales and service occupations led the way in advertised job opportunities. Hiring for the business/administration and natural and applied science occupational groups was also very active during the quarter. All three of these groupings are dominated by the call centre industry. (One would not normally think of natural and applied science occupations and call centres as being related. However, local call centres employ hundreds of user support technicians, classified under the National Occupational Classification system as NOC code 2282). The continued growth in trades and transport is encouraging following several strong quarters of employment opportunities.

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

Occupations (NOC)	January to March 2006	October to December 2005	January to March 2005	Change			
				Quarter/Quarter #	%	Year/Year #	%
Total Vacancies	2,238	1,489	1,500	749	50.3	738	49.2
Management	44	43	37	1	2.3	7	18.9
Business/administration	560	149	326	411	275	234	71.8
Natural & applied sciences	413	132	103	281	212	310	300
Health	43	41	43	2	4.9	0	0
Social science & education	88	100	87	-12	-12	1	1.1
Culture & recreation	19	10	19	9	9	0	0
Sales & service	743	792	659	-49	-6.2	84	12.7
Trades & transport	278	172	175	106	61.6	103	58.9
Primary industry	38	9	32	29	322	6	18.8
Manufacturing & utilities	12	41	19	-29	-70.7	-7	-36.8

Source: Service Canada National Job Bank vacancies and newspaper want ads.

LABOUR FORCE TRENDS

Conditions continue to weaken in Northeast

Labour market conditions in Northeastern Ontario were slightly weaker in the first quarter of 2006. A very small labour force contraction caused the participation rate to dip from 59.5% in the fourth quarter of 2005 to a four-year low of 59.6%. Employment declined at a faster pace, falling more than one percent (-4,000). The job loss was almost evenly split between full-and part-time employments. And, because the number of jobs lost was greater than the number of individuals who withdrew from the labour force, unemployment increased. As a result, Northeastern Ontario's unemployment rate rose from 6.4% in the fourth quarter of 2005 to 7.4%. Among Ontario's 11 Economic Regions, only Windsor-Sarnia (8.6%) and Northwestern Ontario (8.4%) posted higher unemployment rates for the quarter.

Northeast also weaker year over year

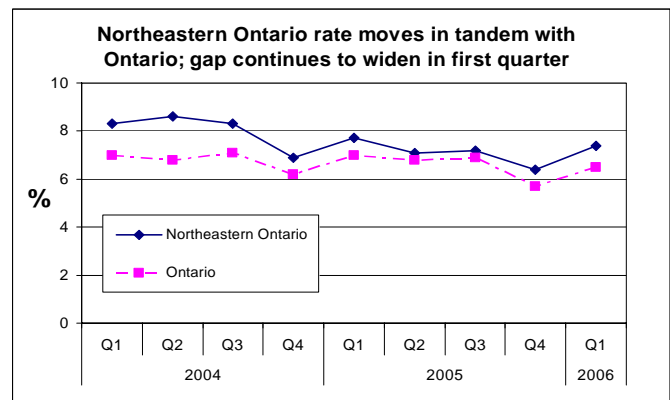
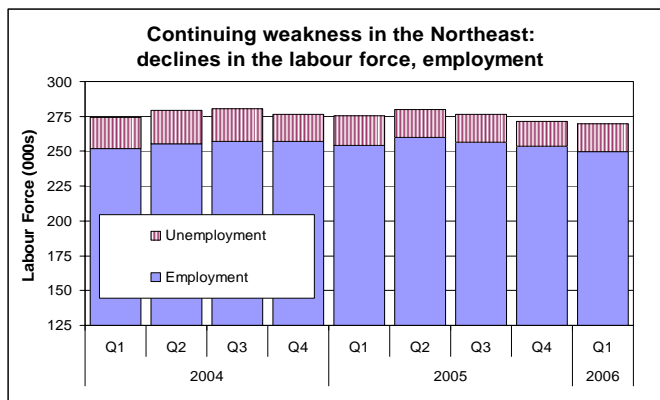
These conditions are also slightly weaker than those recorded in the Northeast in the first quarter of 2005. Employment fell almost two percent (-4,400) year over year. All of the job loss was in part-time work. However, because the labour force contracted by a slightly larger amount (-5,500), there was a decrease in the number of people seeking work. Therefore, Northeastern Ontario's unemployment rate edged down from 7.7% in the first quarter of 2005 to 7.4%.



Northeastern Ontario (Economic Region 590) Area Labour Force Trends

	First Quarter 2006	Fourth Quarter 2005	First Quarter 2005	Change			
				Quarter/Quarter Absolute	%	Year/Year Absolute	%
Population 15 +	453,000	453,000	451,900	0	0.0	1,100	0.2
Labour force	269,800	271,200	275,300	-1,400	-0.5	-5,500	-2.0
Employed	249,800	253,800	254,200	-4,000	-1.6	-4,400	-1.7
Full-time	198,100	200,000	197,900	-1,900	-1.0	200	0.1
Part-time	51,700	53,900	56,300	-2,200	-4.1	-4,600	-8.2
Unemployed	20,000	17,400	21,100	2,600	14.9	-1,100	-5.2
Not in labour force	183,200	181,800	176,600	1,400	0.8	6,600	3.7
Participation rate	59.6%	59.9%	60.9%	-0.3		-1.3	
Unemployment rate	7.4%	6.4%	7.7%	1.0		-0.3	
Employment rate	55.1%	56.0%	56.3%	-0.9		-1.2	

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



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.

Note to readers:

Revisions to the LFS

Labour Force Survey (LFS) estimates for the January 1987 to December 2005 period have undergone revisions. There are three reasons for the revision. First, the revision enables the use of improved population benchmarks in the LFS estimation process. These improved benchmarks provide better information on the number of non-permanent residents. There are also changes to the data for the public and private sectors from 1987 to 1999. In the past, the data on the public and private sectors for this period were based on an old definition of the public sector. The revised data better reflects the current public sector definition, and therefore result in a longer time series for analysis. Finally, the geographic coding of several small Census Agglomerations (CA) has been updated historically from 1996 urban centre boundaries to 2001 CA boundaries. This affects data from January 1987 to December 2004.

It is important to note that the changes to almost all estimates are very minor, with the exception of the public sector series and some associated industries from 1987 to 1999. Rates of unemployment, employment and participation are essentially unchanged, as are all key labour market trends. Users are cautioned that any comparisons of historical data should be done using these revised estimates.

The article "Improvements in 2006 to the LFS" ([71F0031XIE](#), free) provides further explanation for the revisions and an overview of the effect of these changes on the estimates.



Source: Statistics Canada, The Daily, February 10, 2005
Employment by Industry Analysis

Readers of this quarterly labour market review may note that we have discontinued the tables and commentary on employment by industry sector as of the First Quarter, 2006. We have discontinued this content element because recent analysis indicates that the sampling error is too large to provide meaningful observation of changes in sector employment at the sub-provincial level over the short term.

FROM THE AUTHOR'S DESK

Last April, analysts across Canada began to collect and analyze labour market information on a set of occupations that are of interest across the country. Profiles for many of these occupations have been posted at www.labourmarketinformation.ca

These profiles provide Canadians with current information on such topics as employer demand at the local and provincial level, working conditions, potential employers, the wage rates that are typically paid locally, and where training is available for that occupation. Please visit the website to discover the vast amount of information now available.

Increases to Ontario's minimum wage came into effect February 1, 2006. The general minimum wage, for those 18 years of age and over, rose to \$7.75 an hour. The student wage rose to \$7.25 an hour and the rate for individuals who serve liquor increased \$6.50 per hour. For further information you should contact the Ontario Ministry of Labour or visit their website at:

http://www.labour.gov.on.ca/english/es/factsheets/fs_wage.html



Notes to Readers:

1. The **Sault Ste. Marie Management Area** is comprised of Sault Ste. Marie and Elliot Lake.
2. For the purpose of this publication, the **Sault Ste. Marie Management Area** includes 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, Sootoday.com, The Elliot Lake Standard, Northern Ontario Business, Algoma News Review, Service Canada 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 – 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>
8. Labour Market Information is now being delivered by Service Canada-the Government of Canada's new service delivery network that brings a range of federal services and benefits together to meet your individual needs. Service Canada offers easy-to-access, one-stop, personalized service. For more information about Service Canada or to find the Service Canada Centre nearest you, visit us at: www.servicecanada.gc.ca or call 1 800 O-Canada

