



Labour Market Bulletin

Human Resource Centre of Canada

Niagara Area

~ An Analysis of the Niagara Area Labour Market ~ January to March 2005 ~

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The Niagara 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.*

An overview of the Grimsby, West Lincoln, Lincoln, St. Catharines, Thorold, Niagara-on-the-Lake, Niagara Falls, Fort Erie, Pelham, Welland, Port Colborne, Wainfleet, and Dunnville areas

The labour market declined this quarter compared to last quarter. This however, is not unusual during the winter months in the Niagara Area. The job loss of nearly 5,000 was smaller than average and many of the jobs lost were full-time and seasonal. While some workers continued to seek work others dropped out of the labour force. Unemployment went up by 2,600 to 15,400 which moved the unemployment rate to 7.5% from 6.1% last quarter.

More importantly, year-over-year numbers are all significantly higher. With almost 9,000 more people in the labour force than last year, over 11,000 of them are employed. With a reduction of the number of unemployed the unemployment rate was able to drop to 7.5% from 9.1% the same time last year.

Employer Activity was fairly quiet this quarter. Several new businesses opened while only a few businesses closed. Many developments for the area continue to be approved and are awaiting construction.

HIGHLIGHTS

- ▶ The Queenston-Lewiston International Bridge is getting a \$36.3 million facelift.
- ▶ Construction projects for seniors and affordable housing continue.
- ▶ GM Canada has invested \$23 million in its Glendale engine plant.
- ▶ \$30 million golf course development, on the Niagara River Parkway has been approved.
- ▶ Construction lost over 4,000 jobs this quarter while manufacturing recovered nearly 6,000 workers.
- ▶ All areas in Niagara experienced a drop in the EI claim load with the exception of St. Catharines.



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.

Agriculture

Provincewide there are 106 licensed grape wineries, according to the Alcohol and Gaming Commission of Ontario, with approximately 70 in the Niagara area. Of the nearly 60 winery members of the Wine Council of Ontario, a nonprofit trade group that represents wineries' interests, almost 50 are in Niagara. Roughly one-third are on the escarpment bench lands. In the early 1990s, the province directed winery growth to the new agriculturally based wine regions of southwestern Ontario. Owners could open only one retail store, right on the winery property, to sell their wines outside the LCBO system. There are ongoing concerns about intense commercial development, the stalled state of the revised Niagara Escarpment Plan and the potential impact on the wine industry which has experienced strong growth over the last decade.

Construction

The Queenston-Lewiston International Bridge to the U.S. is getting a \$36.3 million facelift that will create a fifth lane on the bridge. The project will create jobs for about 200 people half of them working for a subcontractor on the American side of the border. They expect to have it completed by this fall.

The Mc Bain Community Centre, a \$24-million construction project, is expected to open during the summer of 2005 in Niagara Falls. It will house a new YMCA, Heart Niagara, a new public library, big Brothers and Sisters, a senior citizen's centre and new offices for the City's Parks, Recreation and Culture department. It will also house the united Way of Niagara and the Ontario Early Years Centre.

The former Domtar property in St. Catharines is being redeveloped by Merriton Mills Redevelopment Corp. and will involve the addition of up to 100,000 square feet of retail commercial space and rehabilitation of the Lybster Mill building which may eventually become a condo.

Slightly over 200 homes were built in Welland in 2004, slightly less than the previous year. Overall construction permit values rose as a result of the Welland Family YMCA, the new Welland civic square and school construction projects.

A number of construction projects for seniors and affordable housing are ongoing in the area.

- Forty-two seniors apartments are under construction in Dunnville for completion in the summer of 2005.
- A \$14 million senior's complex in Niagara-on-the-Lake is also slated for the summer of 2005.
- The Canada Ontario Affordable Housing program is providing \$4.7 million to build nearly 200 affordable housing units in St. Catharines, Thorold and Welland. Construction is expected to start in the spring of 2005.
- A new Women's Place shelter for abused women and children is planned for a renovated school property in St. Catharines.

Manufacturing

Bazaar and Novelty filed for bankruptcy protection. In a worst case scenario major restructuring could result in the loss of up to 450 jobs. Demand has fallen for bingo cards, dabbers and pull tab cards as a result of the trend towards casinos, online bingo and a high Canadian dollar.

Niagara Screen Products, recently acquired by Clarcor, will be laying off 19 workers in St. Catharines. They make types of filters that are already being made by Clarcor's American plants. About 35 workers remain and further layoffs are not expected.

GM Canada has invested \$23 million in its Glendale engine plant which supports 29 existing jobs, building a variant of the existing GENIII engine line. About 400 former St. Catharines GM workers have been transferred to Oshawa's GM operations since 2002 while slightly more than 200 others are on layoff. There are slightly fewer than 3400 CAW workers at the two St. Catharines area GM plants.

Port Weller Dry Docks major project for 2005 is a new forebody for the Canadian Steamship Lines vessel Jean Parisien. The firm will be among several Canadian shipbuilding companies bidding for a share of the six next ships budgeted for the Canadian coast Guard over the next five years.



Utilities

Ontario's electrical supply concerns have resulted in a number of significant utilities construction projects in the Niagara area.

- Ontario Power Generation will be commencing work in the fall of 2005 on a \$600 million, 12.5 metre diversion tunnel from the Niagara River upstream of the International Niagara Control dam to the Sir Adam Beck generating stations in Queenston. The project is expected to increase power capacity at the facility by 14%. Excavated rocks and earth will be made available to the Ontario aggregate industry and used for brick manufacturing. The tunnel should be operational by September 2009.
- The Georgian Windpower Corporation has signed a memorandum of understanding and land lease agreements with Stelco's Lake Erie Works for the installation of 40 wind turbines. In 2005, if the company enters a deal with the province for renewable power, seven turbines will be erected and the rest will go up in 2006. The total investment will be \$125 million.
- Another wind farm comprising up to 8 power generating wind turbines is planned for Wainfleet. The turbines are expected to generate a total of 10 megawatts of electrical power at a cost of \$428 million.
- Port Colborne announced a project by Nyon Oil to build an energy farm served by the Welland Canal portion of the St. Lawrence Seaway. The development includes polymer, liquified petroleum and natural gas storage and a wind farm. The development will create 190 full time jobs on site as well as spin-off benefits for the area. The project is expected to add 250 vessel trips through the Welland Canal. The site provides ship, rail and truck access. Construction is planned for 2006/07.
- St. Catharines Hydro Utilities Services and Hamilton Hydro Inc have merged to form the Horizon Utilities Corporation with about 375 employees. It will be the third largest local electricity distribution company in the province.

Transportation and Warehousing

The Federal Port Security Strategy will finance two Welland Canal projects aimed at modernizing and strengthening security systems in Canadian marine facilities. The contracts

have been awarded to Industrial Docks and Supplies in Thorold and the St. Lawrence Seaway Management Corporation. The canal opened for the 2005 season on Mar 23, 2005.

Health Care and Social Assistance

The Niagara District Health Council closed March 31 as part of the provincial government closures of all District Health Councils across Ontario. The province integrated Niagara with Hamilton Haldimand and Brant into a local health integration network or LHIN. The Health Council's 10 staff were expected to move to the LHIN administration.

St. Catharines Hospitals are being restructured. The Niagara Health service is assuming ownership of all Hotel Dieu assets and Hotel Dieu is to assume ownership and operation of the Shaver Hospital - a chronic care facility, and the adjacent Niagara Rehab centre. Most staff will retain their jobs. Any positions affected or made redundant by the restructuring were to be offset by measures such as job transfers, enhanced retirement and severance packages. A new hospital is being planned for St. Catharines around 2010.

The Ontario Medical Association voted a new contract settlement with the provincial government. The contract offered an extra \$2.4 million to the medical profession and added in additional incentives such as an end to caps on billings and retroactive wage increase.

Tourism

Another \$30 million golf course development, the Niagara River Golf Club on the Niagara River Parkway has been approved by Niagara Region. No start date was given for the development.

A new 475 room hotel has been approved and is planned to start construction in 2005 on Victoria St. in Niagara Falls. Approximately 700 full time jobs could be created from this venture.

Employer Activity

Employer Activity was fairly quiet this quarter. Several businesses **opened** in the area i.e. the Giant Tiger and the YMCA in Welland and the Grill on the Hill and the Thrift Shop in Thorold. There were few **closures** including Alcom and M.T. Bellies in Port Colborne. While only three **lay-offs** were reported, GDX Automotive and Niagara Screen Products were permanent. Only one **labour dispute** at Bell SubCo was noted.



LABOUR FORCE TRENDS

- Winter labour market decline average for St. Catharines-Niagara with fewer full-time seasonal jobs available
- Local winter unemployment rate followed Ontario's
- First indications of a general labour market recovery from 2004

Last winter's labour market decline was more severe than usual, making the average winter labour market decline of 2005 appear better than it was. This winter, the job loss of nearly 5,000 was smaller than average. As is usual, many of the jobs lost were full-time and seasonal. While some workers continued to seek work others dropped out of the labour market waiting for the next seasonal start. This winter, unemployment went up by 2,600 to 15,400 which moved the unemployment rate to 7.5% from 6.1% last quarter.

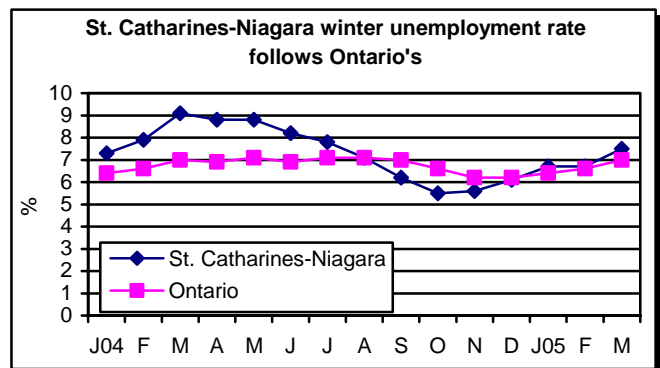
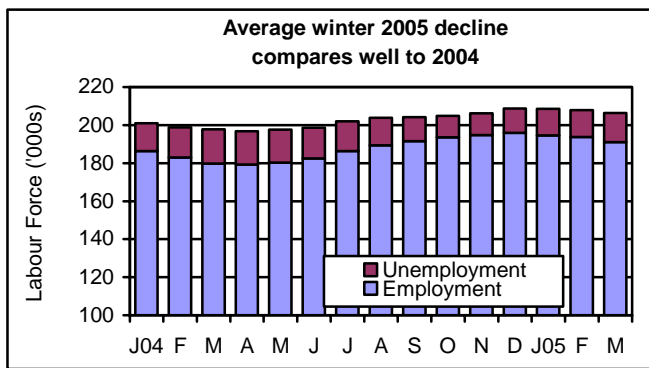
Comparing this winter to last winter would at first seem like a significant improvement. This first impression however, needs to be modified due to the fact that the winter of 2004 had a particularly large labour market slump. As a result, all the year-to-year comparisons showed a positive increase. Employment was higher by over 11,000, unemployment was down by 2,600 and the unemployment rate was lower. Overall, the area's 2003 labour market hit a historic high in employment and then was followed by a decline in 2004. Consequently, 2005 seems to be starting out as part of the recovery from 2004.

St. Catharines-Niagara Census Metropolitan Area Labour Force Trends

	January to March 2005	October to December 2004	January to March 2004	Change			
				Quarter/Quarter Absolute	%	Year/Year Absolute	%
Population 15 +	323,900	323,400	321,700	500	0.2	2,200	0.7
Labour force	206,400	208,600	197,800	-2,200	-1.1	8,600	4.3
Employed	191,000	195,900	179,700	-4,900	-2.5	11,300	6.3
Full-time	144,300	149,800	137,700	-5,500	-3.7	6,600	4.8
Part-time	46,700	46,100	42,100	600	1.3	4,600	10.9
Unemployed	15,400	12,800	18,000	2,600	20.3	-2,600	-14.4
Not in labour force	117,500	114,800	123,900	2,700	2.4	-6,400	-5.2
Participation rate	63.7	64.5	61.5	-0.8		2.2	
Unemployment rate	7.5	6.1	9.1	1.4		-1.6	
Employment rate	59.0	60.6	55.9	-1.6		3.1	

Note: Totals may not add due to rounding.

Source: Statistics Canada, Labour Force Survey.



Employment by Industry

Most of the winter jobs lost were in the services-producing sector. The information, culture and recreation industry had the deepest fall with 6,000 fewer jobs. Business, building and other support services also dropped over 4,000 positions. The largest job gainer was health care and social assistance. For the goods-producing sector, there were small gains and losses with the total being a slight loss of fewer than 1,000.

Compared to last year, although the goods-producing sector again had a small total change in employment, two industries had big movements, one up and one down. While construction lost over 4,000 jobs, manufacturing recovered nearly 6,000 workers. The services-producing sector had the largest positive recovery, and that was wide-spread through the industry groups. The largest comeback was in trade with nearly 4,000 workers. Only three of the 11 service industries showed decreases and two of those were small.

St. Catharines-Niagara Census Metropolitan Area Employment by Industry

Industry	January to March 2005	October to December 2004	January to March 2004	Change			
				Quarter/Quarter Absolute	%	Year/Year Absolute	%
Total	191,000	195,900	179,700	-4,900	-2.5	11,300	6.3
<i>Goods-producing sector</i>	45,900	46,500	45,000	-600	-1.3	900	2.0
Agriculture	3,700	3,600	3,400	100	2.8	300	8.8
Forestry, fishing, mining, oil and gas	...	...	...	...	...	...	...
Utilities	...	...	2,100	...	...	...	...
Construction	9,900	10,200	14,000	-300	-2.9	-4,100	-29.3
Manufacturing	30,700	31,600	25,000	-900	-2.8	5,700	22.8
<i>Services-producing sector</i>	145,100	149,400	134,800	-4,300	-2.9	10,300	7.6
Trade	32,800	30,700	28,900	2,100	6.8	3,900	13.5
Transportation and warehousing	6,700	6,500	7,400	200	3.1	-700	-9.5
Finance, insurance, real estate and leasing	9,100	11,000	10,400	-1,900	-17.3	-1,300	-12.5
Professional, scientific and technical services	8,200	9,900	7,200	-1,700	-17.2	1,000	13.9
Business, building and other support services	9,600	14,000	9,000	-4,400	-31.4	600	6.7
Educational services	11,200	10,700	10,500	500	4.7	700	6.7
Health care and social assistance	23,300	18,200	22,200	5,100	28.0	1,100	5.0
Information, culture and recreation	11,700	17,700	10,200	-6,000	-33.9	1,500	14.7
Accommodation and food services	17,200	17,900	15,900	-700	-3.9	1,300	8.2
Other services	9,800	8,300	7,200	1,500	18.1	2,600	36.1
Public administration	5,400	4,500	5,800	900	20.0	-400	-6.9

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

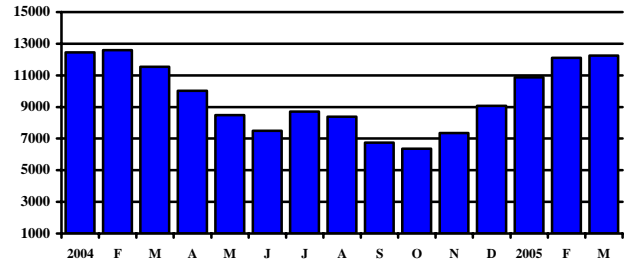
Employment Insurance Claimload

The Niagara Area Employment Insurance (EI) Regular Claim load continued along normal trend lines. Due to the seasonality of Niagara, the main winter months continue to produce higher unemployment. There were 10,879 regular claims in January rising to 12,098 in February and peaking at 12, 248 in March.

The majority of claims remain in the Trades, Transport & Equipment Operators, Sales & Services and Manufacturing sectors. Year-over-year the claim loads for Trades, Transport and Sales & Services declined by 15.0% and 3.1% respectively. The claim load for Manufacturing rose slightly by 7.9%.

As expected the quarterly average claim load is up significantly from last quarter. As mentioned earlier this is not uncommon in this area. Compared to the same time last year, however, the claim load is down slightly (-3.7%). All areas in Niagara experienced a drop in the claim load with the exception of St. Catharines where there were 1,490 or 28.0% more people on claim.

Niagara Area HRCC
Regular Employment Insurance Claimload
January 2004 to March 2005



Regular Employment Insurance Claimants – Niagara Area

Area	January - March '05			October - December '04			January - March '04		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
St. Catharines	6806	2363	4444	3758	1521	2237	5316	1779	3537
Niagara Falls	2301	1082	1219	1620	765	855	3092	1443	1649
Welland	1259	450	810	1041	408	633	1775	537	1238
Fort Erie	734	262	472	631	253	379	922	316	606
Port Colborne	324	121	203	276	109	167	528	172	356
Dunnville	317	140	178	272	124	148	553	230	323
Niagara HRCC Area	11742	4417	7324	7598	3179	4419	12187	4477	7710

Source: HRCC administrative data C-356



Notes to Readers:

1. The **St. Catharines-Niagara Census Metropolitan Area** is comprised of St. Catharines, Thorold, Lincoln, Niagara-on-the-Lake, Niagara Falls, Welland, Pelham, Fort Erie, Port Colborne and Wainfleet.
2. For the purpose of this publication, the **Niagara Area** includes all of the above communities as well as Grimsby, West Lincoln and Dunnville.
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 Standard (St. Catharines), The Tribune (Welland), The Review (Niagara Falls), Grimsby Independent and the Dunnville Chronicle**.
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>

