Labour Market Bulletin

Kenora
Service Canada Centre

~ An Analysis of the Kenora/Dryden/Fort Frances Area Labour Market ~ July to September 2008 ~

Volume 5, Issue 3 **Third Quarter 2008**

IN THIS ISSUE:

HIGHLIGHTS *1*
LABOUR MARKET NEWS *2*
Agriculture 2
Mining 2
Utilities 3
Construction 3
Manufacturing 3
Trade 4
Transportation 4
Finance, insurance and real estate 4
Health care and social assistance 4
Public administration 4
Tourism 5
LABOUR FORCE TRENDS *6*
LABOUR SUPPLY AND DEMAND *7*
Employment Insurance Claimload 7
Employment Opportunities 8
FROM THE AUTHOR'S DESK *8*

The Kenora 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 Web site.
(aussi disponible en français)

For further information contact:
Carol Brown,
Labour Market Information Analyst
Telephone: 807-467-5748
Email: *carol.brown@servicecanada.gc.ca*
Visit our website at: *www.labourmarketinfo.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.*

An overview of the Kenora, Dryden, Fort Frances and surrounding areas.

Labour market conditions were mixed in the Kenora/Dryden/Fort Frances area during the third quarter of 2008. With strong gold prices and exploration success, junior mining companies remained active. Several commercial construction projects were confirmed. Amid ongoing lay offs in the wood manufacturing sector, two mills reported some hiring activity. Northwestern Ontario's unemployment rate remained one of the highest in the province, despite a decrease of almost two percentage points from the second quarter. The number of advertised employment opportunities decreased and EI claim totals were higher compared to the same quarter in previous years.

HIGHLIGHTS

- Junior mining companies remain active throughout the area.
- Funding for highway infrastructure projects announced.
- Waterfront condominiums planned for Kenora.
- Atikokan to build new town hall.
- Hiring activity reported at AbitibiBowater in Fort Frances and iLevel by Weyerhaeuser in Kenora.
- Layoffs at Ear Falls Contracting and McKenzie Forest Products (Hudson).
- New credit union in Bearskin Lake.
- Border crossings down.
- Northwestern Ontario's unemployment rate decreases.
- EI claim levels higher than those recorded for same time period in previous years.
- Advertised employment opportunities decrease.

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

Rainy River District Regional Abattoir Incorporated will receive $500,000 in funding from the Northern Ontario Heritage Fund Corporation to construct a new abattoir in Emo. The facility will reduce transportation costs by eliminating the need for local livestock to be shipped to Dryden or Thunder Bay. Tendering for the project has begun.

Mining

Goldcorp Red Lake Mines announced a new surface drill program in and around the town of Balmertown. The program began in July 2008 and will continue for one year. Three drill sites have been confirmed within town limits. The company also plans advanced exploration at its Cochenour Complex and Rahill-Bonanza projects in Red Lake.

Gold production at **Goldcorp's Red Lake Mine** for the second quarter of 2008 increased slightly over the same time period in 2007. Revenues for the quarter were $126.2 million compared to $124 million during the second quarter of 2007.

Goldcorp Incorporated and Gold Eagle Mines Limited announced an agreement whereby Goldcorp will acquire all outstanding shares of Gold Eagle. Gold Eagle's principal asset is the Bruce Channel gold discovery situated in the Red Lake gold camp. The property is adjacent to Goldcorp's Red Lake Gold Mine and southwest of Goldcorp's past-producing Cochenour-Willans Mine. The transaction will give Goldcorp full control of eight kilometres of strike length in the heart of the world's richest high grade gold district. The agreement is worth $1.4 billion. When in full production, the Gold Eagle property is expected to create about 300 new jobs. Goldcorp currently employs over 1,000 people.

PC Gold has doubled its holdings in the Pickle Lake mining camp. The company now holds 100% interest in the past producing Pickle Crow gold mine. A summer exploration program is planned.

Laurentian Goldfields Limited signed an agreement to purchase 100% interest in seven mining properties in the Van Horne area of Dryden. The properties are located in the Eagle-Wabigoon-Manitou Lakes Greenstone Belt and neighbours both Eagle Lake and Wabigoon First Nations. Both Laurentian and the First Nations (Grand Council Treaty #3) have committed to a mutually beneficial working relationship. Subject to regulatory approval, the company plans a geo-chemical sampling and mapping project.

King's Bay Gold Corporation and Mainstream Minerals Corporation began Phase I of a diamond drill program at their joint-ventured Phyllis Lake project near Ignace. Surface sampling has revealed high-grade molybdenum/copper/cobalt deposits. The two companies are also involved in a joint venture at the site of a high-grade gold deposit at the Bobjo Mine project in Red Lake.

Premier Gold Mines Limited continues to drill at its Rahill-Bonanza project in Red Lake. The project is a joint venture between Premier and Goldcorp Red Lake Gold Mines. High grade gold deposits have been identified.

Cypress Development Corporation and Skyharbour Resources continue to drill at their joint Broulan Reef Project located in the Bruce Channel area of the Red Lake gold camp. The Broulan Reef property is now the only property along the Bruce Channel that is not controlled by Goldcorp Red Lake Mines.

Western Warrior Resources Incorporated commenced drilling on its three properties in Northwestern Ontario - the Pipestone gold project, the Warclub copper and zinc project near Kenora and the Redvers gold project near Dryden.

The Kasabonika Community Development Corporation will receive funding from the Northern Ontario Heritage Fund Corporation to conduct a mineral resource study. A warehouse will also be constructed to accommodate the activities of exploration companies working in the area. Kasabonika is located approximately 270 kilometres north of Sioux Lookout and is accessible by air and seasonal winter roads.

The Ministry of Northern Development and Mines will hold public consultations on the modernization of the **Ontario Mining Act**. Discussions will focus on five policy issues: the mineral tenure system; Aboriginal rights and interests related to mining development; regulatory processes for exploration activities on Crown land; land use planning in Ontario's Far North as it relates to mineral exploration and development; and private rights and interests relating to mineral development. Consultations are planned with industry, municipalities, First Nations and Métis leaders, as well as First

Nations communities in Timmins, Sudbury, Thunder Bay, Kingston and Toronto.

Delta Uranium began an exploration program at its Kenora Uranium Project located 30 km east of the city.

Rubicon Minerals Corporation announced a "bonanza-grade" gold discovery at its Phoenix Gold Project in the Red Lake mining district.

Houston Lake Mining continues work at its West Cedartree gold project near Sioux Narrows.

Treasury Metals Incorporated continues to explore for gold in the Dryden area.

Champion Bear Resources announced plans for mineral exploration at its Eagle Rock property located 80 kilometres south of Dryden.

Utilities

Ontario Power Generation (OPG) continues to test biomass as an energy option at its two Northwestern Ontario coal-generating plants. Test burns of wood pellets and pelletized grain screenings are being conducted at the Atikokan Generating Station and the Thunder Bay Generating Station respectively. Atikokan also plans to test peat in 2009. In 2005, the Ontario government announced it would close all coal-powered generating plants in the province in favour of creating cleaner sources of energy. OPG employs about 90 people in Atikokan and 150 in Thunder Bay.

Construction

Two **youth detention centres** are currently under construction in Northwestern Ontario. The Thunder Bay facility will accommodate 16 young offenders, while the Fort Frances facility will accommodate 12. The projects are part of the Ministry of Children and Youth Services plan to have a separate youth justice system in Ontario. The Fort Frances facility will be dedicated solely to rehabilitating Aboriginal offenders and will be operated by a regional Aboriginal organization. The two facilities will cost an estimated $28.4 million. Construction is expected to be completed by the spring of 2009.

The provincial government announced $546 million in funding for several **highway infrastructure projects** in Northwestern Ontario. Projects include safety enhancements along the Thunder Bay expressway, improvements to Highway 17 east and west of Thunder Bay, a major five-year rehabilitation of the Noden Causeway on Highway 11 near Fort Frances, detailed engineering work on the Highway 11/17 corridor from Thunder Bay to Nipigon and route planning studies for future four-laning on several sections of Highway 17 to the Manitoba border.

The **City of Kenora** announced plans to construct a new fire hall. Tenders for the emergency services building are expected to be released in early 2009.

Gateway Construction of Thunder Bay was awarded the contract to construct a **new town hall in Atikokan**. The project will cost about $2.6 million. Construction is expected to be completed by the fall of 2009.

Construction of the new **Sling Choker Manufacturing** building in Balmertown is expected to be completed by the end of 2008. The building will also provide space for additional tenants. Sling Choker Manufacturing is a manufacturer/supplier of a wide range of industrial and maintenance products for the mining, forestry, construction and other industrial sectors.

Construction of a second **Tim Hortons** in Kenora began in July 2008. The restaurant is expected to open in November 2008. It will employ between 25 to 40 people.

Qualico Developments announced a $40 million **condominium project** in Kenora. The project will be known as The Headwaters. The 80-unit condominium development will be located within city limits on Lake of the Woods.

A senior's housing project is planned for Dryden. The Pine Ridge Terrace project will include 37 units. Construction is scheduled to begin in the spring of 2009.

Manufacturing

The receiver for **Fibratech Manufacturing** in Atikokan has closed the bidding process for the company and its assets. KPMG Incorporated stated all bids received have indicated an interest in reopening the plant. Fibratech went into receivership in November 2007. The particleboard plant employed 140 people. A flat housing market in the United States and a high Canadian dollar were cited as reasons for the plant's closure.

AbitibiBowater reported some hiring activity at its Fort Frances pulp and paper mill over the last year. In addition to hiring 25 new employees to replace retiring workers, the company began recruiting experienced trades people such as electricians, pipe fitters and millwrights. The mill's new bio-mass fuel generator is also expected to create an additional six jobs for stationery engineers.

AbitibiBowater Incorporated reported a net loss of $251 million during the second quarter of 2008. These results compare with a net loss of $248 million for the first quarter of 2008. Recognizing continued market and economic

challenges, the company began actions to reduce costs including the elimination of unprofitable production. In September 2008 the company idled four sawmills in Quebec and announced a shift reduction at its sawmill in Thunder Bay.

Ear Falls Contracting permanently laid off 30 employees in August 2008. The company is involved in logging and logging contract services, as well as equipment rental and leasing.

McKenzie Forest Products in Hudson laid off 250 workers in September 2008. The workers were on a temporary three month recall. The mill had originally shut down in November 2007 due to poor market conditions.

iLevel by Weyerhaeuser in Kenora announced it will hire eight production workers to replace workers who have left. Earlier this year iLevel placed its employees on lay off notice due to fibre supply and market issues. About 40% of iLevel's wood supply is obtained from the Whiskey Jack Forest through AbitibiBowater. AbitibiBowater gave up its license to operate in the Whiskey Jack Forest area in the spring of 2008. iLevel has since managed to acquire high cost fibre in small volumes from an alternate source. About 150 people are employed at iLevel.

Trade

A new **floating restaurant** is planned for Kenora's waterfront. The restaurant is scheduled to open in June 2009. It will be accessible by land and water.

The **Bargain Shop** has entered into an agreement with the receiver of SAAN Stores Limited to acquire as many as 93 of the former SAAN locations. SAAN stores throughout Canada closed in August 2008. Northwestern Ontario SAAN stores were located in Thunder Bay, Marathon, Geraldton, Manitouwadge, Red Lake, Sioux Lookout, Fort Frances and Atikokan. Final approval is pending. The new owner has expressed an interest in hiring previous SAAN employees.

Transportation

The **Caribou Coach Transportation Company** received approval from the Ontario Highway Transport Board to provide bus services between Fort Frances, Atikokan and Thunder Bay. The Thunder Bay-based company will replace Greyhound Canada, which discontinued service in August 2008.

The Northern Ontario Heritage Fund Corporation announced $983,000 in funding to assist **Lac Seul First Nation** to build a new all-season road. The road will link the two Lac Seul communities of Whitefish Bay and Kejick Bay, which are only accessible by boat in the summer and ice road in the winter. The road will provide the community with year-round access to services. Lac Seul First Nation is located 38 kilometres northwest of Sioux Lookout.

The **Municipality of Red Lake** announced plans to construct a new airport terminal at the Cochenour airport.

Finance, insurance and real estate

Kenora District Credit Union and Lakewood Credit Union announced plans to amalgamate under the name of **Copperfin Credit Union**. The Kenora District Credit Union has three locations in Kenora. Lakewood Credit Union has branches in Kenora, Sioux Narrows, Ear Falls, Nestor Falls and Balmertown. The official name change will take place in November 2008.

Bearskin Lake will celebrate the opening of the first branch of the Anishinabe Shooniyyaawakamik or **People's Money Place** on October 1, 2008. The new credit union is a joint venture between the Northern Lights Credit Union, Wasaya Group Incorporated and Wasaya Wee Chee Way Win Incorporated. The Ontario Trillium Foundation will provide $345,000 in funding over the next three years.

Health care and social assistance

The **LaVerendrye Hospital** in Fort Frances plans to have its new CT (computed tomography) scanner installed and operational during the summer of 2008. Currently, local residents travel to Kenora, Thunder Bay or Winnipeg for these services.

The **Kenora District Services Board** has committed to the construction of a new land ambulance base in Kenora. The board recently approved a "letter of intent" supporting the contracting and tendering stage. The new base will be attached to the Kenora Medical Clinic.

Public administration

The **City of Dryden** released a draft of its economic development strategy. The long-term plan focuses on education, labour force development, agriculture, renewable energy, mining and business development.

The **City of Dryden** is considering a re-zoning application to accommodate the development of a motocross track in the Thunder Lake Road area. If approved, the site would be sanctioned by the Canadian Moto-Sport Racing Club. The track could draw riders from around the region for three to four races per year. Development is subject to site plan control which governs parking, hours of operation and number of events.

Several Northwestern Ontario communities will receive provincial funding for **infrastructure projects**. Red Lake will receive $430,000, Ear Falls $110,000, Dryden $779,000, Sioux Lookout $493,000, Atikokan $313,000, Ignace $136,000, Machin $93,000, Oliver-Paipoonge $547,769, Neebing $207,804 and Thunder Bay $10 million. The Ontario government is investing $1.1 billion in infrastructure projects across the province. Projects include drinking and wastewater systems, public transit, green energy, waste management, roads and highways and tourism.

Tourism

The **Municipality of Sioux Lookout** will receive $500,000 from the Ministry of Agriculture, Food and Rural Affairs for renovations to the Heritage Train Station and Centennial Park. The project is expected to increase tourism opportunities in the downtown area. More than 60,000 regional day-trippers and Via Rail passengers pass through Sioux Lookout annually. The **Atikokan Charleson Recreation Area** and the **Atikokan Bass Classic** will receive a total of $737,000 in funding from the Northern Ontario Heritage Fund Corporation. Funding will be used to improve amenities at the recreation centre and expand the capacity of the fishing tournament. The enhancements are aimed at increasing the number of visitors to the area.

The **City of Dryden** will receive $107,000 from the Ministry of Agriculture, Food and Rural Affairs to develop a marketing strategy. The strategy will focus on making Dryden a tourist destination. Projects include the creation of a sustainable waterfront and the development of a new website.

The **Canada Border Services Agency** reported that the number of American tourists crossing into Canada at the Pigeon River and Fort Frances border crossings decreased 16% and 27% respectively during June and July 2008. Tourist outfitters are attributing the decrease in American traffic to high gas prices and the state of the American economy.

The Ontario government announced that it will hold consultations in 10 cities across the province to help raise the profile of the tourism industry. The consultations are part of the **Ontario Tourism Competitiveness Study**. Kenora is the only Northwestern Ontario city to be visited. Other locations include Windsor, London, Orillia, Sudbury, Niagara Falls, Kingston, Ottawa, Hamilton and Toronto.

LABOUR FORCE TRENDS

Northwest conditions grow in third quarter - Labour force expands due to surge in full time employment

The labour market of Northwestern Ontario strengthened in the third quarter compared to the second quarter of 2008. The labour force expanded almost 2% (2,100) as individuals entered the labour market. Full-time employment increased 5.8% (4,500) and was partially offset by a decrease in part-time employment. As a result, total employment rose almost 4% (3,900). The number of unemployed declined significantly by more than 18% (-1,800). Consequently, Northwestern Ontario's unemployment rate decreased almost two full percentage points from 8.9% in the second quarter to the current 7.2%. Northwestern Ontario recorded the third highest unemployment rate among Ontario's 11 economic regions in the third quarter. Windsor-Sarnia posted the highest rate (8.7%), while the lowest rate (4.1%) was recorded in Stratford – Bruce Peninsula.

Northwest contracts year-over-year - Labour force shrinks as population falls

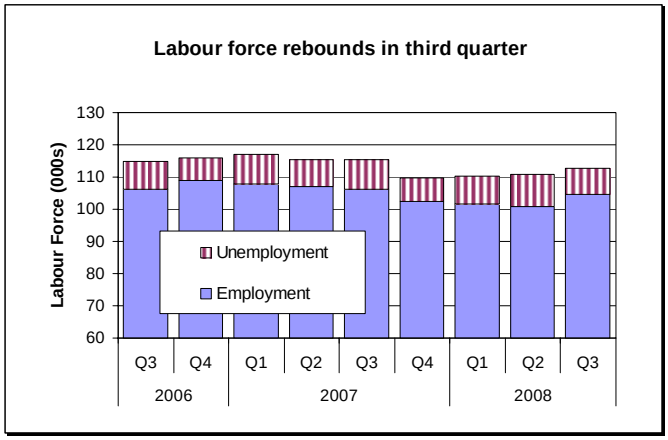
Northwestern Ontario's labour market contracted on a year-over-year basis. The labour force decreased more than 2% (-2,500) as both employment and unemployment fell. Employment declined almost 2% (-1,500). The number of unemployed fell by 11% (-1,000). Declining population and falling participation and employment rates contributed to the decrease in the unemployment rate from 7.9% to the current 7.2%.

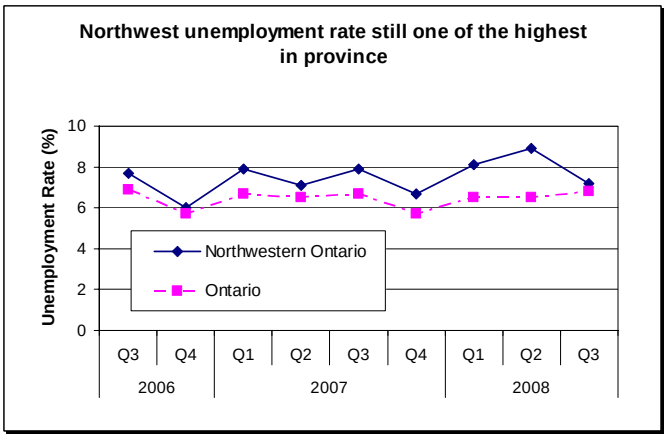
Northwestern Ontario Labour Force Trends

	Third Quarter 2008	Second Quarter 2008	Third Quarter 2007	Change Quarter/Quarter Absolute	Change Quarter/Quarter %	Change Year/Year Absolute	Change Year/Year %
Population 15 +	174,400	174,700	175,900	-300	-0.2	-1,500	-0.9
Labour force	112,800	110,700	115,300	2,100	1.9	-2,500	-2.2
Employed	104,700	100,800	106,200	3,900	3.9	-1,500	-1.4
Full-time	82,600	78,100	84,100	4,500	5.8	-1,500	-1.8
Part-time	22,100	22,700	22,000	-600	-2.6	100	0.5
Unemployed	8,100	9,900	9,100	-1,800	-18.2	-1,000	-11.0
Not in labour force	61,500	64,000	60,700	-2,500	-3.9	800	1.3
Participation rate	64.7%	63.4%	65.5%	1.3		-0.9	
Unemployment rate	7.2%	8.9%	7.9%	-1.8		-0.7	
Employment rate	60.0%	57.7%	60.4%	2.3		-0.3	

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

Northwestern Ontario (Economic Region 595) is comprised of three Census Divisions: the Districts of Thunder Bay, Rainy River and Kenora.





LABOUR SUPPLY AND DEMAND

Employment Insurance (EI) Claim load

For the third consecutive quarter EI claim levels in the Kenora/Dryden/Fort Frances area have dropped. Claimant numbers decreased by 20% compared to the previous quarter. A decrease at this time of year is not unusual. July and August normally represent peak periods for seasonal employment in the tourism, hospitality and construction sectors, while September marks the return to work for laid off school-related employees. While the number of male claimants fell by 35% this quarter, the number of female claimants rose by 20%.

Year-over-year totals experienced an 8% decrease. Although these numbers decreased, claim levels are still higher than those of previous years. Claim load numbers during the third quarter of 2008 are 13% and 14% higher than levels in 2005 and 2006 respectively. The increase can partially be attributed to layoffs in the forest products manufacturing sector.

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

	July to September 2008	April to June 2008	July to September 2007
Male	1,267	1,961	1,326
Female	923	772	1,049
Total	**2,190**	**2,733**	**2,374**

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

Employment Opportunities

Employment opportunities in the third quarter of 2008 decreased by 12% over the previous quarter. Despite the drop, vacancies advertised were reflective of seasonal trends. Over 46% of all job vacancies were in sales and service occupations. These numbers were followed by trades and transport which accounted for 17% of overall vacancies. There was very little activity in the primary and manufacturing sectors. This can be attributed to ongoing issues in the forestry industry. Year-over-year vacancies decreased by 10%. Though the actual numbers were not significant, occupations in sales and service accounted for almost half of the year-over-year decrease.

Employment Opportunities - Kenora, Dryden, Fort Frances And Surrounding Area

	July to September 2008	April to June 2008	July to September 2007
Occupations			
Total Vacancies	**264**	**299**	**293**
Management	16	28	25
Business/Administration	36	38	36
Natural & Applied Science	6	5	13
Health	17	23	30
Social Science and Education	12	15	18
Culture and Recreation	3	3	1
Sales and Service	122	132	135
Trades and Transport	44	49	32
Primary Industry	3	1	2
Manufacturing and Utilities	5	4	1

Source: Service Canada, National Job Bank

Note: The above analysis is based on job vacancy data obtained from the National Job Bank only. Data does not include vacancies from newspapers or other sources.

From the Author's Desk

Labour Market Information - Questionnaire

The Forum of Labour Market Ministers has formed an *Advisory Panel on Labour Market Information* to review Canada's labour market information system. Individuals who produce, disseminate and use labour market information (LMI) to guide their decisions are invited to participate by completing a short questionnaire or making a more formal submission. Details can be found at this website *www.lmi-imt.ca*. Responses can be submitted until December 20, 2008 via mail, fax 1-819-953-8479 or e-mail at info@lmi-imt.ca. This information will assist the panel to make recommendations on how to improve Canadian LMI which will in turn help the Canadian labour market function more efficiently.

Notes to Readers:

1. The **Kenora/Dryden/Fort Frances area labour market** is comprised of communities west and north of Thunder Bay extending to the Manitoba border and north of the Canada-United States border to Hudson's Bay.

2. For the purpose of this publication, the **Kenora/Dryden/Fort Frances area** includes all of the above communities, as well as, Minaki, Sioux Narrows, Ignace, Pickle Lake, Atikokan, Vermilion Bay, Ear Falls, Hudson, Nestor Falls, Emo, Devlin and numerous remote northern communities within the boundaries described above.

3. The information contained in the Labour Market News section is gathered using a variety of internal and external sources. The primary sources of information include **The Dryden Observer, Fort Frances Times and Rainy Lake Herald, Daily Miner and News, The Sioux Lookout Bulletin, Northern Ontario Business, Statistics Canada and Service Canada administrative data.**

4. **Definitions – Labour Force Survey data**
   Population 15+ (the working age population) consists of all persons 15 years of age and over residing in Canada with the exception of residents of the Territories, persons living on Indian Reserves, inmates of institutions and full-time members of the Canadian Armed Forces. The **Labour Force** consists of people employed or unemployed and searching for work. Those who are neither employed nor unemployed and are not willing or able to supply labour services are considered **Not in the Labour Force**. The **Participation Rate** is the percentage of the working age population (15+) who are seeking work or are employed. The **Unemployment Rate** is the number of people who are unemployed and looking for work as a percentage of the number of people in the Labour Force. The **Employment Rate** is the number of people employed as a percentage of the working age population.

5. **Definitions – Service Canada Centre Corporate Data**
   Employment Insurance claim load: The number of individuals with an active claim for regular Employment Insurance benefits. Data on Employment Insurance claimants is not an accurate measure of the absolute level of unemployment. The data does not include unemployed individuals who: 1/ have not met the program's eligibility requirements or 2/ have exhausted their benefit entitlement.
   Employment Opportunities: Advertised employment opportunities are comprised of vacancies notified to the SCC offices in our area and newspaper want ads. This data is not a count of all labour market activity; in practical terms, such a count is not feasible. This data is useful to track short and long-term changes in the demand for individual occupations. The total number of opportunities is equal to full-time plus part-time and casual.

6. This review uses data from **Statistics Canada's Labour Force Survey** (LFS). In any survey there is a chance of variation due to sampling size. **Three-month moving averages** are used for selected labour force characteristics in an attempt to improve the reliability of this data. For further information on the Labour Force Survey, visit Statistics Canada's Web site 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 Web site** at: http://www.statcan.ca/english/concepts/index.htm.