

## **5. DESCRIPTION OF THE EXISTING ENVIRONMENT – ECONOMIC ENVIRONMENT**

This section discusses the existing environment with respect to one category under the Economic Environment including:

- Economic.

### **5.1. ECONOMIC**

Commerce Management Group of Timmins, Ontario was contracted by Bennett to conduct an economic impact assessment related to the development of the proposed facility. A summary of issues identified in the Approved Terms of Reference is presented here with regards to existing conditions. The entire report entitled “Economic Impact Assessment” can be found in Appendix 12.

The assessment was conducted and prepared in compliance with the Approved Terms of Reference for the Environmental Assessment. The current section describes:

- Land uses in the vicinity of the proposed facility,
- Recreation resources in the vicinity of the proposed facility,
- Approved designations as set out in municipally approved plans and zoning by-laws in the Town of Kirkland Lake,
- Value of properties in the vicinity of the proposed facility,
- Local employment and employment income in Kirkland Lake,
- Principal economic sectors within the community,
- Relevant trends in relation to employment and property values, and
- Municipal and provincial tax base in the Town of Kirkland Lake.

The existing conditions considered a baseline assessment of the existing socio-economic conditions in the Town of Kirkland Lake and immediate vicinity, based upon an analysis of the principal economic sectors. CMG used information provided by Bennett regarding financial, operating and public consultation data. CMG also contacted municipal leaders, development agencies, government ministries and members of the Citizen’s Advisory Committee

Information was gathered from industry sources such as the Canadian Environment Industry Association. As well, CMG collected statistical data for municipal finance, employment and employment income. For each of these factors, CMG collected data from previous years to evaluate local trends. CMG also analysed the baseline employment and employment income levels for Kirkland Lake and developed information regarding land use and property values for both the Town of Kirkland Lake and in the vicinity of the proposed development.

The assessment of potential impacts on the economic environment is presented in Section 8.1.

### ***5.1.1. Land uses in the vicinity of the proposed facility***

The proposed location of the Bennett facility, within the Archer Drive Industrial Park, is zoned for Heavy Industrial Use. The mineral rights for the lot are in Mining Claim L 16589.

Within a 1.5 kilometre radius of the proposed site, there are areas with residential, commercial and industrial land uses. However, the proposed site is located within an isolated area designated for industrial land use. The closest neighbours to the proposed site- Trans-Cycle Industries, Siemens-Westinghouse and Kirkland Lake Power Co-generation electrical power plant - are zoned as Heavy Industrial.

Immediately north of Archer Drive is a hydro transmission line and a thick mixed-wood forested area.

Parallel to the hydro transmission line is the Trans-Ontario Provincial (TOP) snowmobile feeder trail "A 108". This is the primary link between Kirkland Lake and the "A" Trunk Trail connecting all of the communities in the area.

There are a number of social facilities (schools and daycare) located beyond the study area. These facilities are described in greater detail in Section 6.1.1 of this EA.

### ***5.1.2. Recreation resources in the vicinity of the proposed facility***

This term applies to all forms of outdoor recreation activities being conducted on a fee-for-service basis.

This includes commercial mechanized ski guiding, commercial hunting and fishing, and commercial recreation activities that require the operator to construct or place improvements on a body of water.

Parallel to the hydro transmission line is the Trans-Ontario Provincial (TOP) snowmobile feeder trail "A 108". This is the primary link between Kirkland Lake and the "A" Trunk Trail connecting all of the communities in the area.

### ***5.1.3. Approved designations as set out in municipally approved plans and zoning by-laws in the Town of Kirkland Lake***

The proposed location of the Bennett facility, within the Archer Drive Industrial Park, is zoned for Heavy Industrial Use under By-Law No.99-086. This zoning is appropriate for the proposed facility.

The proposed location also contains Mining Claim L 16589 issued by the Ministry of Northern Development and Mines to Queenston Mining Inc., which provides specific rights to the sub-surface minerals.

### ***5.1.4. Value of properties in the vicinity of the proposed facility***

The Chaput Hughes neighbourhood is one of the older areas in Kirkland Lake. The houses tend to be older, smaller and built more closely together compared to other areas. According to Bill Hartford, Lana

Chalifoux Real Estate, houses for sale in this area are generally lower priced than other areas and that the listing periods are longer than average.

A sampling of 240 homes in the area by their current value assessment, prepared by the Ontario Property Assessment Board, has shown that assessed home values in the Chaput Hughes area have declined from an average of \$70,290 in 1996 to an average of \$52,433 in 1999, a decline of 25% over the three-year period. Overall, Kirkland Lake residential assessments declined an average of 14% over this same period.

### 5.1.5. Local employment and employment income in Kirkland Lake

The total number of employed people in Kirkland Lake in 1996 was 4,075, which represents a loss of 6.5%, or 275 positions, from 1991.

The 2000 employment, based upon a survey conducted by CMG, estimated a net loss of 195 jobs since the 1996 Census.

**Table 5-1 Population over 15 years by Labour Force Activity**

	Kirkland Lake			Ontario	
	1996	1991	1986	1996	1991
Total	7,740	8,120	9,140		
In Labour Force	4,640	4,940	5,455		
Employed	4,075	4,350	4,835		
Unemployed	560	590	620		
Not in Labour Force	3,110	3,175	3,690		
Participation Rate	59.9%	60.8%	59.6%	66.3%	69.6%
Employment – population	52.6%			60.2%	
Unemployment Rate	12.1%	11.9%	11.3%	9.1%	8.5%

Average employment income is 10% lower than the Ontario average; income for people over 15 years of age and average family incomes are 14% lower than the provincial average. While each of the income categories had shown an increase between 1991 and 1996, the increases were half of the Ontario average increase.

### 5.1.6. Principal economic sectors within the community

Based upon the 1996 Census, the top three principal economic sectors in Kirkland Lake, based upon employment, are:

1. Government, Education, Health and Social Services (24%)
2. Retail and Wholesale Trade (16%)
3. Primary Industry (14%)

**Table 5-2 Kirkland Lake Economic Sector Employment – 1996**

	<b>Kirkland Lake</b>		<b>Ontario</b>
	<b>#</b>	<b>%</b>	<b>%</b>
Primary Industry	620	14	3
Manufacturing	270	6	17
Construction	155	3	5
Transportation, Utilities	310	7	7
Trade	740	16	18
Financial, Real Estate, Insurance	250	6	14
Government	370	8	6
Accommodation, Food, Beverage	375	8	7
Education, Health, Social Services	1,065	24	16
Other Industries	350	8	8
<b>TOTAL</b>	<b>4,505</b>	<b>100</b>	<b>100</b>

Overall, the Kirkland Lake economy has been more heavily dependant on government funded sectors (at 24% of all employment) than the provincial average (at 16% of all employment). There was also notably higher employment by the primary industries in Kirkland Lake than to the provincial average. Conversely, there was a lower proportion of local employment to provincial average in the Manufacturing sector, the Financial, Real Estate and Insurance sector.

### **5.1.7. Relevant trends in relation to employment and property values**

In the past four years, Kirkland Lake has experienced a net decline of 195 local jobs. The most significant losses were in June 1999 when the Kinross Macassa Mine closed and permanently laid-off over 160 high-wage mining employees.

While there have been over 70 new jobs created locally, these jobs have mostly been in the lower-paying service sector. A number of important variables, such as the number of people in the labour force and the participation rate, are not fully qualified; the employment losses suffered in the past five years are significant.

Another result of the changing demographics and local employment loss has been the erosion of local property values. In 1996, the average Kirkland Lake house value was only 40% of the Ontario average (\$68,798 versus \$177,410). In addition, almost 80% of Kirkland Lake homes were over 40 years old versus the Ontario average of 36%.

Between 1997 and 2000, average sale price of a home sold in Kirkland Lake declined from \$60,330 to \$55,497, a four-year decline of 8% in value. A 13% increase in 1998 sale prices interrupted the consistent downward trend. One local economic factor that may have contributed to this one-year increase in house sale prices was the start-up of Trans-Cycle Industries (TCI). TCI began operation in 1998 and hired 31 new employees. Unfortunately, less than one year later, in June 1999, the last major local mining operation- the Kinross Macassa Mine- announced its closure and laid off over 160 employees. This lay-off may have contributed to the 14% decline in house sale prices between 1999 and 2000.

### ***5.1.8. Municipal and provincial tax base in the Town of Kirkland Lake***

In 1998, the provincial government implemented its Local Service Restructuring, which reordered the services for which each level of government was responsible and how the services were financed. The single largest source of revenue for the Town of Kirkland Lake is from property tax.

The provincial government and the Town of Kirkland Lake generate revenue based upon the value of local property. There are seven categories of property. Ontario Property Assessment Board (OPAB) based upon Current Value Assessment estimates the value of property. The Town generates property tax for its operation and the province generates revenue, which is applied to the education system.

The OPAB has estimated that the value of all property in Kirkland Lake in 1999 was \$232.1 million. The Town generated \$6.1 million in tax for municipal services. There is some variance between projected revenue and actual revenue due to factors such as tax arrears and property assessment appeals. Provincial education tax revenue is estimated at \$2.2 million. The Industrial classification Current Value Assessment was the third highest category with a value of \$10.1 million and generated \$577,818 for Town services and \$297,123 for provincial education.

As demonstrated above the Economic Impact Assessment was completed pursuant to the approved Terms of Reference describing: land uses in the vicinity of the proposed facility; recreation resources in the vicinity of the proposed facility; value of properties in the vicinity of the proposed facility; local employment and employment income in Kirkland Lake; principal economic sectors within the community; relevant trends in relation to employment and property values; and municipal and provincial tax base in the Town of Kirkland Lake. For the further detail on the economic environment please see Appendix 12, Economic Impact Assessment. A discussion of potential effects on the economic environment can be found in Section 8.1.