

Major Industrial Projects

Prepared for the
Northern Labour Market Information Clearinghouse

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Introduction

This report is a follow-up to the November, 1995 report, "Major Industrial Projects In Northern Alberta." These reports look at both the magnitude of major industrial investment and the state of the construction industry in northern Alberta to gauge the performance of the northern economy.

Information on the state of the construction industry comes from a number of interviews with municipal officials and industry representatives from across northern Alberta. The major industrial investment portion of the report is based primarily on the "Inventory of Major Industrial Projects" produced by Alberta Economic Development and Tourism (ED&T), with additional information from a National Oil sands Task Force news release of June 3, 1996.

The overall outlook, from this information, is positive. Construction industry representatives look forward to steady, if not spectacular, growth over the next few years. This optimism is borne out by the level of investment planned for the rest of the decade.

Construction Industry

General Trends

- The provincial outlook remains positive, according to the Alberta Construction Association (ACA). Their prediction of 5.5 to 6% growth in the construction industry for 1995 proved reasonably close and they continue to look for about 2% growth for each of the next four years.
- Throughout the province, residential construction leads the industry. In the North, industrial developments are also making a strong impact.
- The large amount of new investment indicated does not signify a building boom in northern Alberta but rather several years of steady growth. Many of the projects listed are in the planning stages and will not begin construction for two or three years.

Construction Outlook by Area

Grande Prairie

Residential construction continues to be the busiest segment of the industry in this area. Housing has been a steady market for the past several years. Many in the industrial construction sector have hopes for the Grande Alberta Paper (GAP) project, but construction on that will not begin for another two years, pending an environmental review.

Commercial construction is a point of frustration for local contractors. Several "big box" retail chains have built, or are building, stores in Grande Prairie. According to the Grande Prairie Construction Association however, 95% of the construction of those stores is going to Edmonton-based contractors.

Peace River

Construction activity in this area has fallen off slightly in recent years, with no strong economic driver. The low price of pulp has resulted in a delay in the planned expansion of Daishowa-Marubeni International's Peace River Pulp plant. Nonetheless, housing starts have remained stable.

As in Grande Prairie, Peace River area contractors see jobs going to outsiders. In this case, a wastewater treatment plant is being built by an Edmonton contractor.

Slave Lake

Residential construction has dominated the construction industry in and around Slave Lake recently, peaking in 1994. While housing remains strong in Municipal District 124, it is tailing off in town, with commercial building looking stronger for the next two years. Institutional construction fluctuates widely but has often been a major part of the construction business in Slave Lake.

Lloydminster

Lloydminster is a hub for the oil and gas service industry and, as such, has benefitted significantly from oil patch expansion. While there is little direct industrial construction in the town; residential building, and commercial building and renovations are increasing. The Lloydminster Construction Association looks forward to at least two more years of steady growth in the industry.

Fort McMurray

The construction industry in the Fort McMurray area is very strong and is hopeful for the future, thanks largely to the activity in the Oil sands. More than \$3 billion in investments over the next ten years will provide steady employment in industrial construction rather than a short "boom". Residential construction in Fort McMurray is particularly strong and should remain so for the next two years. Housing starts have risen from 22 in 1995 to 100 in 1996 with 120 - 160 predicted for 1997 and similar numbers for 1998. In addition, a 100-unit apartment building is under development; the first rental project in 10 years in the city. An important factor in the growing residential market is the plan by Suncor and Syncrude to scale down their on-site work camps. These camps now house close to 2,000 workers and are being reduced to about 300, creating a demand for housing in Fort McMurray.

Commercial construction in Fort McMurray is likely to tail off slightly following the recent completion of several major retail stores. The largest developments being considered currently are two or three possible hotels, with 50 to 100 units each.

Workforce Concerns

- Contacts in many areas reported frequent shortages of qualified tradespeople. For example, sheet metal workers and plumbers were noted as being in short supply in the Grande Prairie area.
- While brief, seasonal shortages of tradespeople are common, the predicted growth in

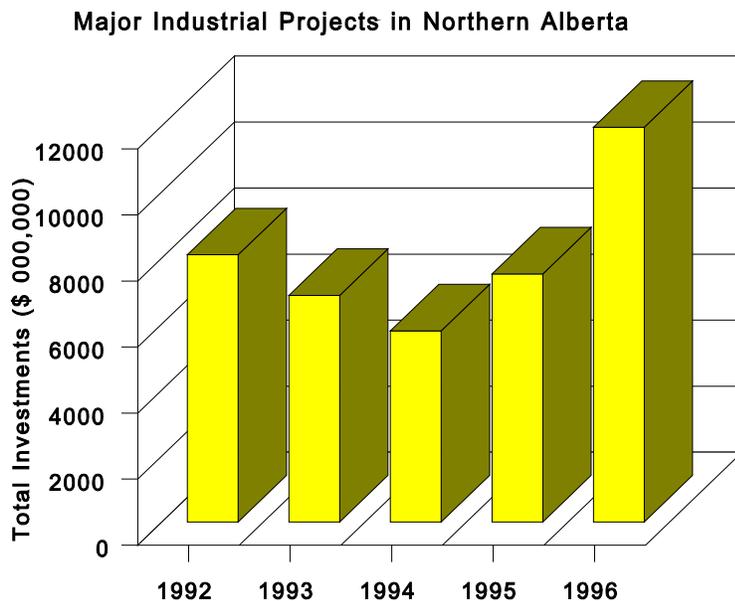
large industrial projects will likely compound the problem. Even so, the Alberta Construction Association expects that the shortages will only last as long as it takes tradespeople from across Canada to move to Alberta.

- Recent changes in apprenticeship funding may be creating trades shortages. In the past, Unemployment Insurance funds paid apprentices while they were away from their jobs to complete the course portions of their training. That funding is no longer available, making it difficult for apprentices to complete their training.

These concerns suggest that it may be helpful for colleges and industry to cooperate in order to ensure that there are both a supply of qualified tradespeople for industry, and jobs for Alberta workers.

Major Industrial Projects.

The following information is based on the Inventory of Major Alberta Projects produced by Alberta Economic Development and Tourism. Up to July 1995, these reports included projects with a capital cost of \$20 million or more. For the August, 1996 report, the list was expanded to include those valued at \$2 million or more.



Annual investment totals include all projects listed in the ED&T inventories and located at least partially in the NADC area. The 1996 figure includes \$126.4 million worth of projects valued between \$2 million and \$20 million, and \$2.7 billion worth of new or expanded Oil sands investments.

The following table does not include recently completed projects such as the Tolko Industries OSB plant in High Prairie, which do appear on the ED&T inventory.

Major Industrial Projects in Northern Alberta (> \$2 million)

Company	Project Description	Location	Cost (\$ millions)	Construction Schedule	Remarks
<i>Agriculture and Related</i>					
Agra-Fibre Industries	Fibreboard plant	Wanham	20.0		Proposed
<i>Commercial</i>					
Gateway Regional Centre	Commercial/residential development	Grande Prairie	50.0	1995-96	
Westfair Properties	Retail food & gas bar	Fort McMurray	5.2	1996	
<i>Forestry</i>					
Ainsworth Lumber Co. Ltd.	I-Beam and finger-joint lumber plant	Grande Prairie	8.5	1996-97	Proposed
Alberta Newsprint Company	Expansion	Whitecourt	500.0		Proposed
Alberta Pacific Forest Industries	Paper mill	Athabasca	700.0		Proposed
Daishowa-Marubeni International Ltd.	Expansion	Peace River	1,500.0		Proposed

Company	Project Description	Location	Cost (\$ millions)	Construction Schedule	Remarks
Grande Alberta Paper	Pulp and light weight coated paper mill	Grande Prairie area	1,000.0		Approved, pending environmental review
Millar Western Pulp	Bleaching plant	Whitecourt	15.0		
Slave Lake Pulp Corporation (West Fraser Timber)	Expansion	Slave Lake	200.0	1996	
West Fraser Timber Co. Ltd.	Upgrades to Alberta assets	Blue Ridge, Slave Lake, Whitecourt	30.0	1996	
Weyerhaeuser Canada Ltd.	Mill upgrades	Slave Lake (+Edson, Drayton Valley)	88.0	1995-96	
<i>Infrastructure</i>					
Alberta Transportation and Utilities	Highway 49 upgrade	Girouxville to Falher	6.0	1996	
Alberta Transportation and Utilities	Highway 43 upgrade	Little Smoky River to Fox Creek	3.0	1996	
Alberta Transportation and Utilities	Highway 43 upgrade	Two Creeks to Whitecourt	2.5	1996	

Company	Project Description	Location	Cost (\$ millions)	Construction Schedule	Remarks
Alberta Transportation and Utilities	Highway 88 upgrade	S. Of Lafond Creek to N. Of Lafond Creek	3.0	1996	
City of Grande Prairie	Street and sewers	Grande Prairie	6.0	1996	Proposed
Town of Peace River	Wastewater treatment facility upgrade	Peace River	7.0	1996	Proposed
<i>Mining</i>					
Luscar Ltd.	Coal mine	Grande Cache	250.0		Proposed
<i>Oil & Gas</i>					
Alberta Energy Company	Oil sands plant	Cold Lake / Foster Creek	200.0	1997-98	Proposed
Alberta Energy Company	Oil sands pilot project	Cold Lake / Foster Creek	13.0	1996	Proposed
Alberta Energy Company	Drilling activities	Northern Alberta	400.0	1996	290 well sites expected to be drilled
Amoco	Property development	Wabasca	100.0	1996-2000	Horizontal Well Technologies
Amoco	Heavy oil development expansion	Wolf Lake	300.0	1996-2012	Approved, Staged development
BlackRock Ventures Inc.	Pilot oil sands plant	Cold Lake	6.0	1997	Announced

Company	Project Description	Location	Cost (\$ millions)	Construction Schedule	Remarks
CS Resources Ltd.	In situ oil sands development	Christina Lake	250.0	1997-2000	Announced
ELAN Energy Ltd.	Oil sands in situ production expansion	Lindbergh Area	225.0	1996-2000	Under Construction
Elk Point Resources	Sour gas plant and pipeline	Saddle Hills	6.0		Proposed
Gibson Petroleum Company Ltd.	Test SAGD bitumen from surface access	Athabasca	10.0	1996	
Gulf Canada Resources Ltd.	In situ oil sands pilot project	Cheecham	30.0	1996-97	Exploration and test drilling underway.
Gulf Canada Resources Ltd.	SAGD bitumen pilot project	Surmont	15.0	1996-97	
Imperial Oil Ltd.	Heavy oil plant expansion	Cold Lake	250.0	1995-96	
Imperial Oil Ltd.	Heavy oil plant expansion	Cold Lake	250.0		Proposed
Imperial Oil Ltd.	In situ development production	Leming Lake	40.0	1996-98	
Japan Canada Oil sands Ltd.	Experimental oil sands plant	Hangingstone	197.0	1997-2004	Restarting dormant facility
Koch Exploration Canada	Heavy oil expansion	Bonnyville area	200.0	1996-98	New wells and processing facility
Koch Exploration Canada	In situ oil sands	Reita Lake	250.0	1997-98	

Company	Project Description	Location	Cost (\$ millions)	Construction Schedule	Remarks
Pan Canadian Gas	In situ oil sands plant expansion	Elk Point	50.0	1996-97	
Shell Canada Ltd.	Pilot oil sands project	Fort McMurray	15.0	1996-98	Announced
Shell Canada Ltd.	Expansion	Peace River	43.0	1996-2000	
Solv-Ex Corp.	Oil sands plants, tailings mineral extraction	Fort McMurray	170.0	1996-98	Using tilings from Suncor
Suncor Inc.	Tailings research commercial trial	Fort McMurray	20.0	1990-96	underway
Suncor Inc.	Environmental measures	Fort McMurray	200.0	1996	Reduce plant-wide SO2 emissions by at least 75%
Suncor Inc.	Bridge between existing oil sands and Steepbank mine development	Fort McMurray	25.0	1997-98	
Suncor Inc.	Fixed plant expansion	Fort McMurray	320.0	1997-2001	Environmental impact assessment being prepared
Suncor Inc.	Steepbank mine project	Fort McMurray	360.0	1997-2001	As above
Suncor Inc.	Heavy oil plant	Primrose-Burnt Lake	122.0	1996-1999	
Syncrude Canada Ltd.	Northmine, debottlenecking	Fort McMurray	500.0	1998	

Company	Project Description	Location	Cost (\$ millions)	Construction Schedule	Remarks
Syncrude Canada Ltd.	Aurora mine, debottlenecking	Fort McMurray	1,500.0	2001-2006	
Texaco	In situ oil sands plant expansion	Frog Lake	35.0	1996-2000	Announced
<i>Pipelines</i>					
Nova Gas Transmission	Pipeline system expansion	Throughout Alberta	600.0	1996	

Sources

Alberta Economic Development and Tourism, Inventory of Major Alberta Projects, (August, 1992; August, 1993; December, 1994; June, 1995; August, 1996).

National Oil Sands Task Force, Alberta Oil Sands Projects. News Release, June 3, 1996.

Contacts

Stephen Clark, Regional Municipality of Wood Buffalo. 743-7872

Fran Commet, Grande Prairie Construction Association. 532-4548

Merv Ellis, Executive Director, Alberta Construction Association. 455-1122

Jean Anne Fraser, Town of Slave Lake. 849-8000

Bob Jack Jr., President, Lloydminster Construction Association. 875-5101

Darryl Joyce, MD 124. 849-7130

Maurice Rousseau, Labour Market Analyst, HRDC. 495-4544

Bob Shuly, Peace River Construction Association. 624-5351