

# Major Industrial Projects Update - 1997

Prepared for the Northern Labour Market  
Information Clearinghouse

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**Northern Labour Market Information Clearinghouse**

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## **MAJOR INDUSTRIAL PROJECTS UPDATE - 1997**

### **Introduction**

The Northern Alberta Major Projects Inventory report lists the major capital projects planned for northern Alberta in the next few years.

This inventory list is based largely on the Alberta Economic Development Inventory of Major Alberta Projects, October 1997 with additional information from the Internet, press releases, and project managers. This report contains the most recent information available, however projects regularly come under review in response to market conditions.

The Alberta Economic Development inventory lists the total value of projects at over \$37 billion. The northern Alberta portion is slightly more than \$20 billion. Only projects greater than \$2 million are listed. These projects are either already underway, announced, or scheduled pending approvals.

This large capital investment in the Alberta economy will cause a rapid increase in construction activity. Industry representatives fear a shortage of qualified workers in some key construction-related occupations. Many believe we have begun a period of unprecedented economic growth in northern Alberta. Already, the north's two cities, Grande Prairie and Ft. McMurray, have begun to experience the effects of a vibrant growing economy.

### **Global Factors**

There are a number of global and domestic forces that will continue to support growth of the Alberta economy.

- strong markets for Alberta export products, particularly oil and gas
- low interest rates
- low inflation
- world economic growth
- government fiscal policies to reduce debt and deficits
- free trade agreements

### **Outlook by Industry**

This is a cursory review of key industries. It is opinion-based research and should be considered accordingly.

#### *Construction*

Alberta will experience high levels of investment over the coming decade and, as a result, there

will be high levels of construction activity. The major resource sectors of oil and gas, forestry and agriculture will lead to increased levels of construction employment in the north. There are some areas that will be noticeably busier because of the number and size of projects in a particular region or community. Residential construction is expected to be strong, particularly in the two northern cities.

### *Oil and Gas*

The oil and gas sector is expected to be the foundation of the Alberta economy in the next decade. Conventional oil production will stabilize, while heavy oil and oil sands will demonstrate strong growth. Fort McMurray area will account for nearly 1/3 of the total value of all projects in Alberta largely due to the massive investments in oil sands development. Natural gas sales look very optimistic as new markets continue to be found in the United States. The pipeline industry has a very ambitious construction program and even with deregulation and greater competition, the industry will create employment in the construction industry and new opportunities in related support services.

### *Forestry*

Alberta is near full allocation of its coniferous wood supply. There will be some industry growth as the unallocated deciduous wood supply is utilized for the manufacture of oriented strand board. Most new projects will concentrate on secondary manufacturing such as fine papers and finished wood products. There will be a demand for trained workers as the sector begins to focus more on the development of export markets for its finished value-added products. It is expected that there will continue to be strong market demand for dimensional lumber and a stabilization of pulp prices.

### *Agriculture*

There are two factors that will significantly impact this sector in the north. Firstly, is the end of the Western Grain Transportation Act, commonly referred to as the Crow Rate, which subsidized grain transportation costs. Secondly, is the closure or sale of unprofitable branch lines by both Canadian National and Canadian Pacific rail companies. There will be a consolidation of grain handling points by major grain companies. Agriculture will continue to diversify into more specialized crops and livestock. As a result there will be a need for skilled managers and entrepreneurs to take advantage of emerging export market opportunities. Overall, this sector is not expected to create large employment gains. Trucking services will increase rapidly in response to grain elevator consolidation and the north - south movement of product furthered by the North American Free Trade Agreement.

### *Professional Services*

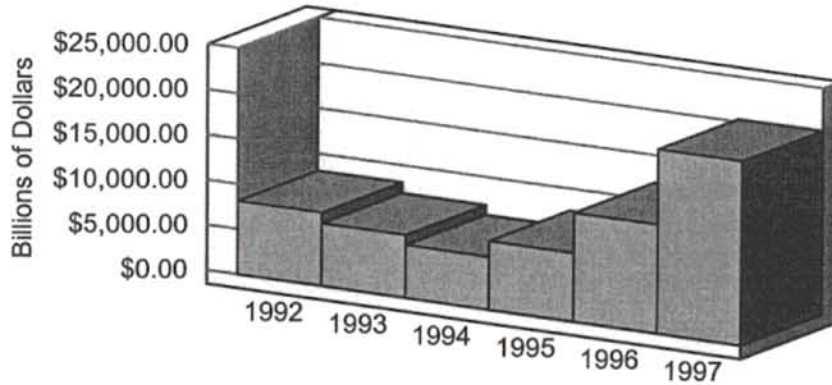
This sector includes a broad range of accounting, engineering, legal services, management, and computer services. Many of these business services will be in demand throughout the north. People with technical and business skills particularly engineering, computer services and management consulting are expected to be in high demand. Rapid advancements in computers and telecommunications will require specialized skills.

### Major Industrial Projects.

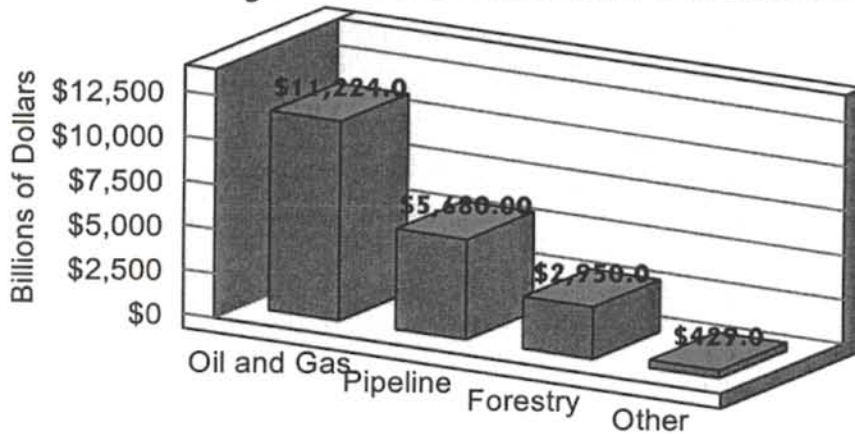
Much of the following information is based on the Inventory of Major Alberta Projects produced by Alberta Economic Development. Until July 1995, these reports included projects with a capital cost of \$20 million or more. The 1996 and 1997 reports have been expanded to include projects valued at \$2 million or more.

Dollar investment figures have been adjusted to align with the NADC area.

## Annual Value of Major Projects in Northern Alberta



## 1997 Major Investment Classes



This chart shows the value of northern investments by class. For illustration purposes the other class includes the commercial / retail, infrastructure, agriculture, institutional, and mining.

Alberta growth is forecasted at more than \$37 billion. The NADC portion of that total is more than \$20 billion.



Company	Project Description	Location	Cost in Millions	Construction Schedule	Remarks
<b>Agriculture</b>					
Alberta Wheat Pool	Inland Grain Terminal	Rycroft	\$10.0	1997-1998	Under construction open August 1998
Cargill Ltd.	Inland Grain Terminal	Rycroft	\$11.0	1997-1999	Under construction open January 1999
Canadian Agra Foods	Canola Crushing Plant Upgrade	Sexsmith	\$10.0	1997	Under construction Fall 97
Sub Total Agriculture			\$31.0		
<b>Forestry &amp; Related</b>					
Agra-Fibre Industries	Fibreboard Plant	Wanham	\$40.0	1997-1998	Planned operations by December 1998
Ainsworth	I-Beam Project	Grande Prairie	\$8.5	1997	Under construction - December 1997
Alberta Newsprint Company	Deciduous Timber Project	Whitecourt			Proposed - two year extension provided
Alberta Pacific Forest Industries	Paper Mill	Athabasca	\$700.0		Proposed - subject to wood supply
Daishowa-Marubeni	Light Weight Coated & Paper Mill	Peace River	\$900.0	2001	Announced - begin operations October 2001
Footner Forest Products Ltd.	OSB Plant	High Level	\$150.0	1998	Announced - construction schedule 1998-2000
Grande Alberta Paper	Pulp & Light Weight Coated Paper Mill	Grande Prairie	\$900.0	1998-2001	Two year construction period & approvals
La Crete Sawmills Ltd.	Sawmill Expansion	La Crete	\$4.0	1998-1999	
Slave Lake Pulp/West Fraser	Chemi-Thermo Mechanical Pulp Mill	Slave Lake	\$200.0	1996-1998	Phase 1 nearing completion, phase 2 1998
Tolko Industries Ltd.	Hardwood Veneer Line & Plywood Mill	High Prairie	\$48.0	1998	Veneer plant & hardwood /plywood plant
Sub Total Forestry			\$2,950.5		
<b>Other Industrial</b>					
Anadime	Oilfield processing and disposal plant	Fox Creek	\$5.5	1996-1997	Fox Creek and Provost - Provost complete
Newalta Corporation	Oilfield waste processing plant	Elk Point	\$5.0	1997	
Ultrasonic Industrial Services	Silica Sand Processing plant	Peace River	\$6.5		Proposed
Alberta Power	Transmission Facilities	Fl. McMurray	\$6.0	1997-1998	Supply lines for Suncor's Steepbank Mine
Sub Total Industrial			\$23.0		







