



Talk of the Town

Southwire Closure Leads To 150 Job Losses

Town finances and local businesses will feel the pinch

By Ben Embiticos

The announcement by wire and cable provider Southwire that they are to close their Stouffville factory later this year would have come as a huge blow to the 150 staff who lost their jobs. Many had worked there for decades and for some in the latter stages of their working life, it will feel especially hard. The plant opened in 1968 and was acquired by Georgia based Southwire in 2006.

The closure is a reminder (if it were needed) that national and international economic forces often take matters out of the hands of municipal government. Reflecting on the fate of Ontario manufacturing jobs in general, Mayor Wayne Emmerson said, "It's really tough, there are a lot of empty factories right across the GTA."

The company's press release stated that "the need to remain competitive in the face of market declines" meant they had to "increase production efficiency." This would be done in part, they noted, by reducing "excess capacity" and moving production to plants "closer to raw materials."

It is not known where production will be moved. The company website shows that in addition to the Stouffville operation, Southwire has thirteen plants in North America (mostly in Georgia and the Southern US) although Stouffville was their only Canadian plant.

It is not known how many of the staff are town residents, but regardless, the loss will have a significant knock-on effect on local businesses who service the factory and its employees. Town councillor Phil Bannon said, "Southwire has been a strong corporate and community partner and has worked well with the town over the years." In 2010, Southwire Canada was named business of the year by the Chamber of Commerce.

The closure will also likely put some pressure on municipal

finances which have long benefited from a good sized property tax contribution from the owners. Mr. Bannon said that at the moment, 89 per cent of the town's taxes are collected from residents. Given the rate that the population has grown in the last decade it is inevitable that the growth of the business tax base has not kept pace. But the loss of large businesses like Southwire serves to further place the tax burden on residents whilst making the expansion of municipal services more difficult.

While he was very disappointed at the closure, Mayor Emmerson said he took some comfort in the fact that Southwire is not immediately placing the property on the market. Looking at the business scene in general there are plenty of grounds for optimism, he said. "We are always working hard to retain existing businesses and we are also periodically meeting with others looking to move into town."

More auto retailers are expected to move in soon to the Ringwood-Hwy 48 area. There are also commercial developments in the pipeline, for example for the flea market site and the large tract of land West of Tim Hortons on Main Street.

Both the mayor and Councillor Bannon see the Gormley/Hwy 404 corridor as a crucial area for business growth in the future. At the moment the cost of commercial development is greatly increased due to the necessity to construct private drainage and well systems.

Paying for the new facilities and services demanded by a growing population, without major tax hikes, may depend on whether council can get support from York Region and the province in bringing water and sewer services into the Hwy 404 area of the municipality. International market forces may be outside council's control, but more jobs and taxes will follow if water and sewage services can be brought into this area.



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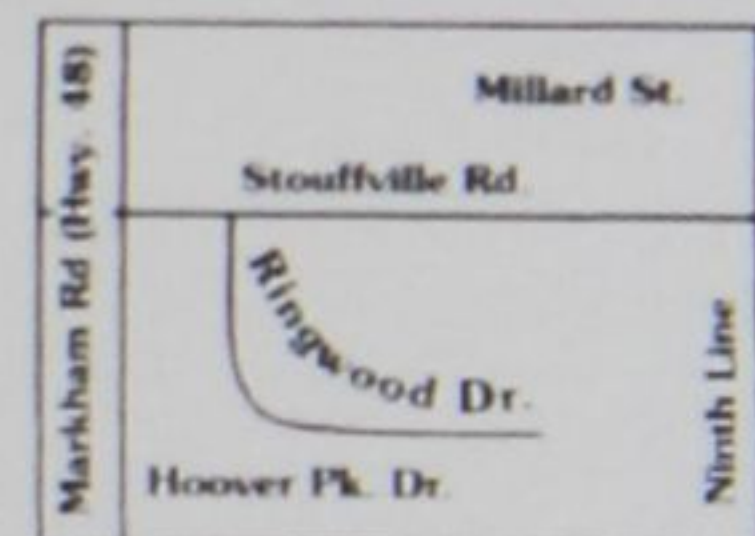
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