



Labour Market Bulletin

Alberta

2015 (Annual Edition)



This Labour Market Bulletin provides an analysis of Labour Force Survey results for the province of Alberta, including the regions of Calgary, Edmonton, Central Alberta and Mountain Parks, Southern Alberta, and Northern Alberta.

OVERVIEW

Following five consecutive years of strong growth, Alberta's economy slipped into recession in 2015, as low energy prices dramatically cut oil and gas investments and export revenues by billions of dollars.¹ The province's labour market was adversely impacted, with high-profile layoffs occurring in the energy sector and closely-related industries. Average weekly earnings in Alberta also edged downwards in the second half of the year, driven by lower wages and less overtime in the resource extraction and construction industries.²

Nonetheless, a strong start to the year meant that Alberta's average annual employment advanced for a fourth year in a row, with 26,500 more people working in 2015 than 2014. The province's 1.2% annual employment growth continued to be higher than the national average of 0.8%. However, in the second half of the year, Alberta's employment was in decline—and as of December 2015, there were 19,600 (-0.9%) fewer individuals employed than one year earlier.

On an annual basis, Alberta's part-time employment grew at 3.8%, while full-time employment increased by only 0.6%. Meanwhile, rising public sector employment (+39,900) outweighed fewer people working in the private sector (-4,500) or identifying as self-employed (-8,900).

Alberta's average unemployment rate in 2015 was 6.0%, up from 4.7% in 2014. On a monthly basis, the province's unemployment rate rose steadily over the course of the year, hitting 7.0% in December 2015—higher than rates in the other western provinces and only slightly below the national average of 7.1%.

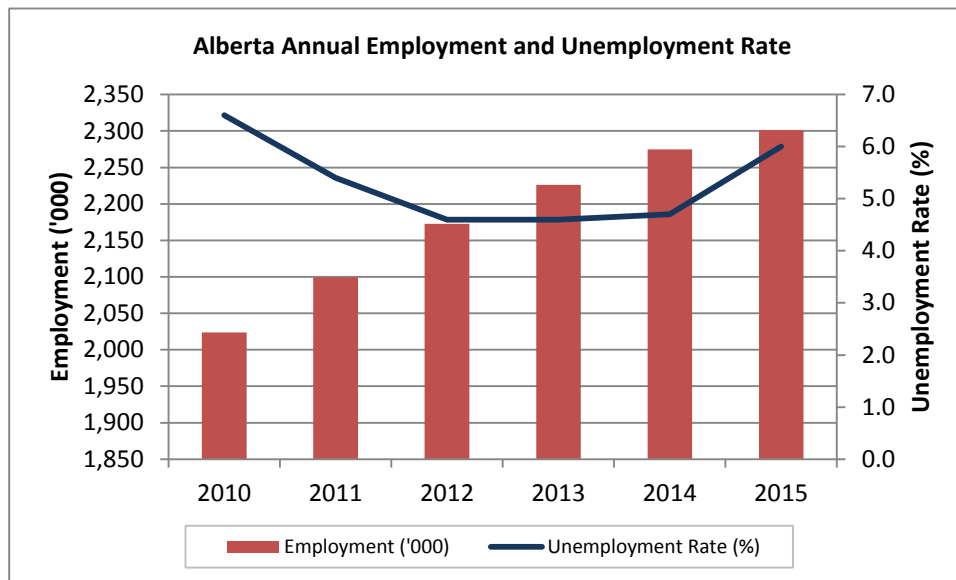
Looking forward, the Conference Board of Canada expects that Alberta's economic challenges will continue in 2016, with overall employment forecast to decrease by 1.2%—essentially reversing employment gains from 2015. Meanwhile, the province's unemployment rate is predicted to rise to 7.4%, exceeding the projected national rate (7.0%) for the first time since 1988.³

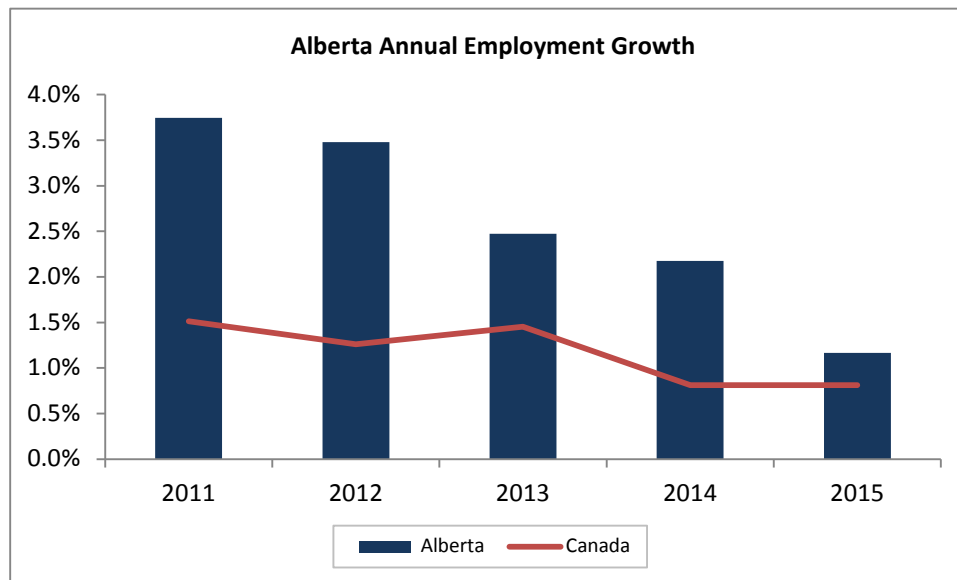
Alberta Annual Labour Force Statistics

Labour Force Survey Estimates	2015	2014	2013	2014 to 2015		2013 to 2014	
				Number	%	Number	%
Population 15 + ('000)	3,353.8	3,281.8	3,189.9	72.0	2.2	91.9	2.9
Labour Force ('000)	2,449.2	2,386.2	2,333.1	63.0	2.6	53.1	2.3
Employment ('000)	2,301.1	2,274.6	2,226.2	26.5	1.2	48.4	2.2
Full-Time ('000)	1,910.8	1,898.5	1,871.6	12.3	0.6	26.9	1.4
Part-Time ('000)	390.3	376.1	354.6	14.2	3.8	21.5	6.1
Unemployment ('000)	148.0	111.7	106.9	36.3	32.5	4.8	4.5
Unemployment Rate (%)	6.0	4.7	4.6	1.3	-	0.1	-
Participation Rate (%)	73.0	72.7	73.1	0.3	-	-0.4	-
Employment Rate (%)	68.6	69.3	69.8	-0.7	-	-0.5	-

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey Estimates – CANSIM Table 282-0002





Looking at major demographic groupings, unemployment rates for men accelerated more quickly than those of women. For example, the unemployment rate for adult men rose more than twice as fast as that of adult women (following a similar pattern from the 2008-09 recession). Meanwhile, unemployment rates for young men increased from 9.9% to 12.0%, while rates for young women were unchanged at 9.2%. These trends reflect the fact that job losses occurred primarily in industries that have traditionally employed more males, such as resource extraction and manufacturing.

There was an average of 148,000 unemployed individuals actively seeking work in 2015, up nearly a third from the previous year. Most of this increase was the result of permanent layoffs⁴, explaining the spike in individuals receiving Employment Insurance benefits.⁵

Alberta Annual Unemployment Rates, by Gender and Age

Labour Force Survey Estimates	2015	2014	2013	2014 to 2015	2013 to 2014
				(% points)	(% points)
Total	6.0	4.7	4.6	1.3	0.1
25 years and over	5.2	3.8	3.9	1.4	-0.1
Men - 25 years and over	5.5	3.6	3.9	1.9	-0.3
Women - 25 years and over	4.9	4.1	3.8	0.8	0.3
15 to 24 years	10.7	9.5	8.5	1.2	1.0
Men - 15 to 24 years	12.0	9.9	8.4	2.1	1.5
Women - 15 to 24 years	9.2	9.2	8.6	0.0	0.6

Source: Statistics Canada Labour Force Survey Estimates – CANSIM Table 282-0002

EMPLOYMENT BY INDUSTRY

In 2015, employment in Alberta's goods-producing sector dropped considerably (-16,500), while the number of people working in the province's services-producing sector continued to climb (+43,000).

Alberta's resource extraction industries experienced the highest annual employment losses (-19,600), with most of this drop occurring in energy and mining support services. Crude oil and other commodity prices declined over the course of 2015, continuing a downward trend that began in mid-2014.⁶ In the oil and gas industry, this led to a significant decrease in conventional drilling activity, slashed capital spending, and several waves of layoffs. Even with these challenges, Alberta's crude oil production still increased by 5.5% in 2015, as new oil sands capacity continued to come online.⁷ However, the longer term outlook for Alberta's oil sands moderated, with industry groups downgrading bullish production forecasts as major projects were delayed or cancelled.⁸

Falling employment in several other industries can partly be attributed to difficulties in the energy sector. For example, there were 11,100 fewer individuals working in professional, scientific, and technical services; and employment declined in sub-industries such as legal, management, scientific, and technical services—all areas in which spending by oil and gas industry clients has previously driven growth. Employment in Alberta's manufacturing industry also decreased significantly (-4,600), as the province's manufacturing sales declined by 13.7% from the previous year.⁹

Alberta Annual Labour Force Statistics, by Industry

Labour Force Survey Employment Estimates ('000)	2015	2014	2013	2014 to 2015		2013 to 2014	
				Number	%	Number	%
Total employment, all industries	2,301.1	2,274.6	2,226.2	26.5	1.2	48.4	2.2
Goods-producing sector	641.7	658.2	642.1	-16.5	-2.5	16.1	2.5
Agriculture	62.8	60.6	63.4	2.2	3.6	-2.8	-4.4
Forestry, fishing, mining, quarrying, oil and gas	158.9	178.5	173.3	-19.6	-11.0	5.2	3.0
Utilities	20.2	18.3	18.7	1.9	10.4	-0.4	-2.1
Construction	259.9	256.4	244.0	3.5	1.4	12.4	5.1
Manufacturing	139.9	144.5	142.7	-4.6	-3.2	1.8	1.3
Services-producing sector	1,659.4	1,616.4	1,584.1	43.0	2.7	32.3	2.0
Wholesale and retail trade	318.8	320.6	326.0	-1.8	-0.6	-5.4	-1.7
Transportation and warehousing	139.3	129.9	119.8	9.4	7.2	10.1	8.4
Finance, insurance, real estate, rental and leasing	103.5	104.7	104.2	-1.2	-1.1	0.5	0.5
Professional, scientific and technical services	173.2	184.3	176.1	-11.1	-6.0	8.2	4.7
Business, building and other support services	82.3	79.1	78.2	3.2	4.0	0.9	1.2
Educational services	138.0	124.7	124.9	13.3	10.7	-0.2	-0.2
Health care and social assistance	264.1	240.6	233.2	23.5	9.8	7.4	3.2
Information, culture and recreation	74.9	72.5	74.8	2.4	3.3	-2.3	-3.1
Accommodation and food services	153.5	150.0	142.7	3.5	2.3	7.3	5.1
Other services (except public administration)	117.5	122.1	114.5	-4.6	-3.8	7.6	6.6
Public administration	94.4	88.1	89.7	6.3	7.2	-1.6	-1.8

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey Estimates – CANSIM Table 282-0008

While employment increased in most of Alberta's other industries on an annual basis, the number of people working in some areas eased considerably over the course of the year. For example, as of the fourth quarter, employment in the province's transportation and warehousing industry was down by approximately 10,000 positions compared to the same period in 2014, and employment in Alberta's large construction industry also declined in the last three quarters of the year.

Meanwhile, the province's strongest employment growth generally occurred in public sector industries. Alberta's health care and social assistance industry added a remarkable 23,500 new positions, while employment in educational services rose by 13,300. There were also 6,300 more people working in public administration, with gains occurring for all levels of government. Growth in these industries was fairly consistent throughout 2015, and outweighed losses in the industries highlighted above. However, continued growth in these areas is likely to prove challenging, as plummeting energy royalties constrain provincial government spending.

REGIONAL ANALYSIS

On an annual basis, employment declined in four of Alberta's economic regions, while growth continued in its two major cities and the south. At the same time, regional unemployment rates rose considerably across the province.

Alberta Annual Labour Force Statistics, by Economic Region

Labour Force Survey Estimates: Employment ('000)	2015	2014	2013	2014 to 2015		2013 to 2014	
				Number	%	Number	%
Alberta	2,301.1	2,274.6	2,226.2	26.5	1.2	48.4	2.2
Economic Regions							
Lethbridge-Medicine Hat	147.1	140.9	139.3	6.2	4.4	1.6	1.1
Camrose-Drumheller	103.5	107.3	108.6	-3.8	-3.5	-1.3	-1.2
Calgary	876.1	857.2	837.9	18.9	2.2	19.3	2.3
Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River	192.0	197.9	194.0	-5.9	-3.0	3.9	2.0
Red Deer	117.1	120.4	115.4	-3.3	-2.7	5.0	4.3
Edmonton	780.1	765.3	747.9	14.8	1.9	17.4	2.3
Wood Buffalo-Cold Lake	85.2	85.5	83.1	-0.3	-0.4	2.4	2.9

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Employment in Camrose-Drumheller decreased for a second year in a row, with 3,800 fewer people working than in 2014. Hubs for conventional oil production, such as Lloydminster and Hardisty, experienced energy-related layoffs, as well as broader economic impacts, including falling house prices.

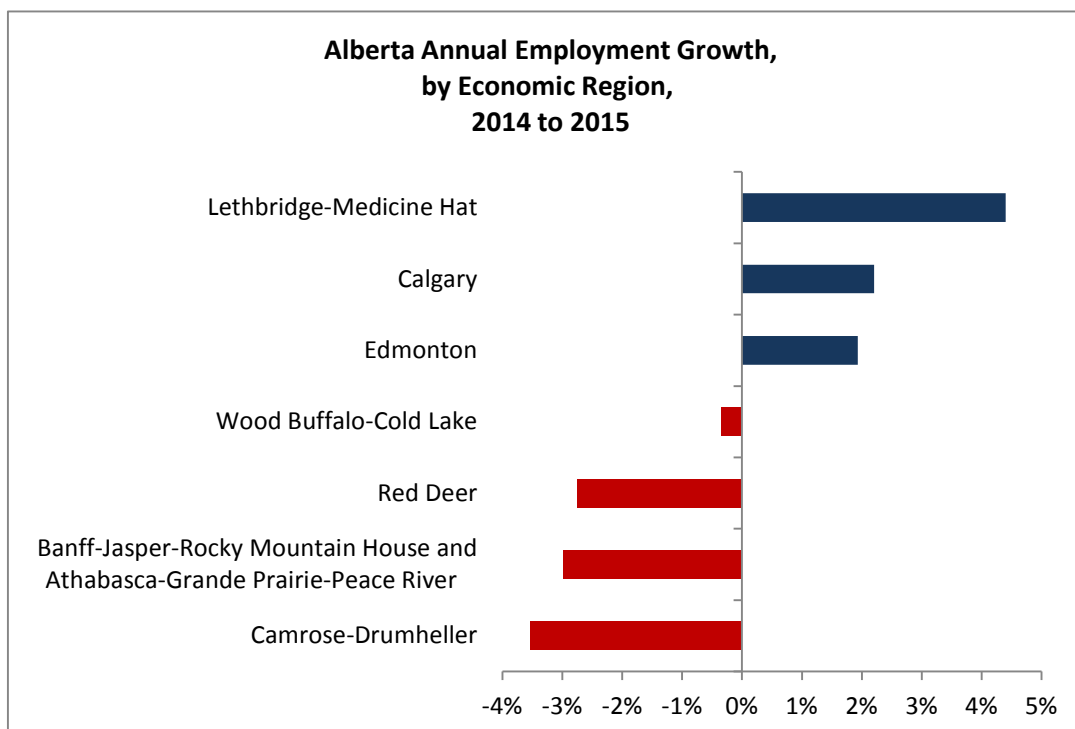
Red Deer's employment also declined (-3,300), after posting the highest rate of regional growth in 2014. The Conference Board of Canada predicts that Red Deer's economy contracted 1.2% in 2015, due to low oil prices and weaker construction activity.¹⁰

Employment in the combined regions of Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River fell significantly (-5,900). The development of several resource projects in this region stalled, while low coal prices also lead to the closure of a mine near Grande Cache.¹¹ On a more positive note, communities like Banff and Jasper had strong tourism activity in 2015, with international visitors benefitting from the lower Canadian dollar.¹²

The number of residents working in Wood Buffalo-Cold Lake was largely unchanged from the previous year (-300). However, this estimate does not account for the slowing stream of non-resident workers commuting into Fort McMurray and nearby oil sands developments.¹³ Regardless, between 2014 and 2015, the region's unemployment rate increased from 4.7% to 7.9%—becoming the highest rate in Alberta.

Meanwhile, Lethbridge-Medicine Hat was the only region in the province where employment growth accelerated significantly in 2015. There were 6,200 more people working in the southern part of the province, thanks to gains both in the goods and services sectors. Nonetheless, low oil prices resulted in downsizings or office closures for numerous energy service companies with operations in the region.

Turning to Alberta's larger centres, annual employment growth remained positive both in Edmonton (+14,800) and Calgary (+18,900). In Calgary, job losses in resource extraction, construction, manufacturing, and professional services were offset by strong growth in most service industries. While in Edmonton, overall growth was led by surging construction and public sector employment. Nonetheless, the near-term outlook for both regions' labour markets appears challenging, with forecasters expecting overall employment to decline in 2016.¹⁴



Note: In preparing this document, the authors have taken care to provide clients with labour market information 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 this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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For information on the Labour Force Survey, please visit the Statistics Canada Web site at: www.statcan.gc.ca

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¹ Although Statistics Canada has not yet released 2015 Real Gross Domestic Product (GDP) by province, the majority of forecasters expect that Alberta experienced a moderate recession in 2015. For example, Alberta Finance estimates that the province's economy contracted by 1.5% last year, while predicting a further decline for 1.1% in 2016.

Alberta Finance. (February 24, 2016). Provincial Budget: Economic Situation. Retrieved from: <http://finance.alberta.ca/publications/budget/budget2015-october/fiscal-plan-economic-outlook.pdf>

² Statistics Canada. (February 25, 2016). The Daily: Payroll employment, earnings and hours, December 2015. Retrieved from: <http://www.statcan.gc.ca/daily-quotidien/160225/dq160225b-eng.htm>

³ Conference Board of Canada. (March 8, 2016). Provincial Outlook Executive Summary: Winter 2016. Retrieved from: <http://www.conferenceboard.ca/e-library/abstract.aspx?did=7786> (subscription required)

⁴ Among Alberta's unemployed, an average of 53,300 were classed as permanently having lost their jobs in 2015, nearly double the number from 2014. Meanwhile, those reporting temporary layoffs also increased from 4,200 to 6,900 over this period.

Statistics Canada. (February 2016). CANSIM 282-0215: Labour force survey estimates (LFS), activity prior to unemployment, by sex and age group, annual. Retrieved from: <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820215>

⁵ As of December 2015, there were 62,480 individuals receiving regular benefits in Alberta, double the number from one year earlier. Trades, transport, and equipment operators continued to make up the largest group of regular beneficiaries. However, smaller occupational groupings associated with the energy sector grew at even faster rates. For example, the number of regular beneficiaries for natural and applied sciences, and processing, manufacturing, and utilities occupations almost tripled.

Statistics Canada. (February 2016). Employment Insurance program (EI), beneficiaries receiving regular income benefits by province and National Occupational Classification for Statistics (NOC-S), seasonally adjusted. Retrieved from: <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2760041>

⁶ North American benchmark oil prices began 2015 under \$50 US per barrel, having already fallen from over \$100 US since the previous summer. By the end of December 2015, oil prices approached \$36 US. Meanwhile, Albertan producers continued to receive even lower prices, with the Western Canada Select benchmark ending the year close to \$23 US.

Nasdaq. (March 2016). Crude Oil: WTI (NYMEX). Retrieved from: <http://www.nasdaq.com/markets/crude-oil.aspx>

Alberta Oil Magazine (March 2016). Energy Dashboard: Daily Closing Prices. Retrieved from: <http://www.oilsandsmagazine.com/crude-oil-price-charts-western-canadian-select-wti-brent>

⁷ Government of Alberta. (March 1, 2016). Alberta Economic Dashboard: Energy Production. Retrieved from: <http://economicdashboard.albertacanada.com/EnergyProduction>

⁸ For example, the Canadian Association of Petroleum Producers reports that approximately 20 oil sands developments or expansions have been delayed or cancelled.

Johnson, Tracy. (November 11, 2015). Keystone XL may be dead. The oilsands probably aren't. CBC News. Retrieved from: <http://www.cbc.ca/news/business/oilsands-keystonexl-dead-low-oil-1.3312494>

⁹ Sales for petroleum products were responsible for much of the provinces overall decline, as slumping crude oil prices led to far lower values for refined products like gasoline. However, sales for machinery and fabricated metal products also dropped considerably, as demand from clients in the oil-patch eased. This led to numerous machining shops and related manufacturers cutting staff, hours, and wages.

Statistics Canada. (February 2016). CANSIM 304-0015: Manufacturing sales, by North American Industry Classification System (NAICS) and province. Retrieved from: www5.statcan.gc.ca/cansim/a26?lang=eng&id=3040015

¹⁰ Conference Board of Canada (June 2015). Mid-Sized Cities Outlook 2015. Retrieved from: <http://www.conferenceboard.ca/e-library/abstract.aspx?did=7122> (subscription required)

¹¹ CBC News Edmonton. (November 3, 2015). Grande Cache Coal closes mine, lays off 220 employees. Retrieved from: <http://www.cbc.ca/news/canada/edmonton/grande-cache-coal-closes-mine-lays-off-220-employees-1.3301619>

¹² Alberta Culture and Tourism. (February 2016). Alberta Tourism Market Monitor (February 2016 Edition). Retrieved from: <http://culture.alberta.ca/tourism/research-and-statistics/statistics/alberta-tourism-market-monitor/pdf/2016/feb-market-monitor.pdf>

¹³ Fly-in, fly-out programs were eliminated by several energy firms operating in the region. In addition, Wood Buffalo's municipal census from earlier in the 2015 suggested that fewer people were being housed in temporary project accommodations. Local officials also expect that energy sector's downturn caused workers and residents to leave the area, since the census was conducted in April 2015.

Bird, Cullen. (February 23, 2016). Fort McMurray maturing, 2015 census says. Fort McMurray Today. Retrieved from: <http://www.fortmcmurraytoday.com/2016/02/23/fort-mcmurray-maturing-2015-census-says>

¹⁴ For example, the Conference Board of Canada's latest forecast shows Calgary Census Metropolitan Area's (CMA) employment declining by 2.1% in 2016, with approximately 17,000 fewer people employed year-over-year. Meanwhile, employment losses are expected to be more moderate in Edmonton CMA (-0.4%, -2,000 positions).

Conference Board of Canada (March 4, 2016). Calgary: Metropolitan Outlook 1, Winter 2016. Retrieved from: <http://www.conferenceboard.ca/e-library/abstract.aspx?did=7799> (subscription required)

Conference Board of Canada (March 4, 2016). Edmonton: Metropolitan Outlook 1, Winter 2016. Retrieved from: <http://www.conferenceboard.ca/e-library/abstract.aspx?did=7800> (subscription required)