



Labour Market Bulletin

Alberta

2016



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

Alberta's economy contracted for a second year in 2016, as low energy prices and the Fort McMurray wildfire curtailed economic activity and trimmed export revenues. The province's labour market suffered more than in 2015, as employment declined 1.6% on an annual basis. Average weekly earnings fell 2.4%, driven by reduced employment, a shorter work week, and a decline in the number of high-wage earners.¹

Nonetheless, years of rapid growth prior to mid-2014 mean that Alberta remains a wealthy province. For example, despite shrinking in 2015 and again in 2016, total capital investment in Alberta ranks second among provinces, and number one on a per person basis. In 2016, industrial spending on tangible assets was about 60% higher than in Quebec and over twice as high as in British Columbia.² Moreover, from a worker's point of view, the average take home pay in Alberta remained the highest among provinces – despite the 2.4% decline noted earlier.

Turning back to the labour market, in 2016 full-time employment in Alberta fell by almost 70,000, while part-time employment increased by about half that. Looking at classes of workers, private-sector workers in an employer-employee relationship declined 3.1% (-46,000). Meanwhile, the public-sector added 11,100 employees, while the ranks of the self-employed shrank by 2,400.³

Alberta's provincial unemployment rate was 8.1% in 2016, up dramatically from 6.0% the previous year. This marks the first time the provincial rate has exceeded the national unemployment rate since 1988. In 2016, about 200,000 Albertans were unemployed, amounting to roughly 15% of the national total. Additionally, the number of people receiving regular Employment Insurance benefits sky-rocketed, up 69% compared to 2015, more than accounting for total annual gains nationwide.⁴

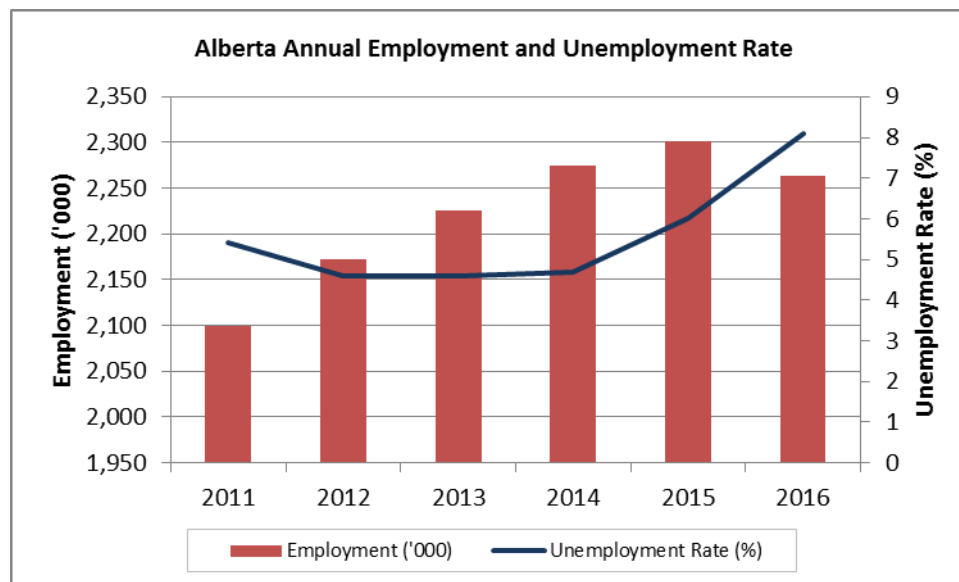
Looking ahead, forecasters expect that Alberta's economic challenges will moderate in 2017, with GDP increasing by 2.0% or more. Instead of 2016's outright decline, employment in the province is expected to increase by 0.8%. This tepid job growth, however, is unlikely to keep up with population and labour force growth, meaning that unemployment will almost certainly rise further still. For 2017 Alberta's annual unemployment rate is predicted to be 8.4%, exceeding the projected national rate for a second consecutive year.⁵

Alberta Annual Labour Force Statistics

Labour Force Survey Estimates	2016	2015	2014	2015 to 2016		2014 to 2015	
				Number	%	Number	%
Population 15 + ('000)	3,398.8	3,353.8	3,281.8	45.0	1.3	72.0	2.2
Labour Force ('000)	2,464.6	2,449.2	2,386.2	15.4	0.6	63.0	2.6
Employment ('000)	2,263.8	2,301.1	2,274.6	-37.3	-1.6	26.5	1.2
Full-Time ('000)	1,842.0	1,910.8	1,898.5	-68.8	-3.6	12.3	0.6
Part-Time ('000)	421.8	390.3	376.1	31.5	8.1	14.2	3.8
Unemployment ('000)	200.8	148.0	111.7	52.8	35.7	36.3	32.5
Unemployment Rate (%)	8.1	6.0	4.7	2.1	-	1.3	-
Participation Rate (%)	72.5	73.0	72.7	-0.5	-	0.3	-
Employment Rate (%)	66.6	68.6	69.3	-2.0	-	-0.7	-

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 were significantly higher than those for women. For example, the unemployment rate for adult men rose to 8.0% in 2016, widening the gap between adult men and women to 1.5 percentage points. Meanwhile, the unemployment rate for young men increased to 14.2%, 2.4 percentage points higher than for young women. These trends reflect the fact that the steepest job losses occurred primarily in industries that have traditionally employed more males, such as resource extraction and manufacturing.

Alberta Annual Unemployment Rates, by Gender and Age

Labour Force Survey Estimates	2016	2015	2014	2015 to 2016	2014 to 2015
				(% points)	(% points)
Total	8.1	6.0	4.7	2.1	1.3
25 years and over	7.3	5.2	3.8	2.1	1.4
Men - 25 years and over	8.0	5.5	3.6	2.5	1.9
Women - 25 years and over	6.5	4.9	4.1	1.6	0.8
15 to 24 years	13.1	10.7	9.5	2.4	1.2
Men - 15 to 24 years	14.2	12.0	9.9	2.2	2.1
Women - 15 to 24 years	11.8	9.2	9.2	2.6	0.0

Note: Totals may not add due to rounding

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

EMPLOYMENT BY INDUSTRY

While overall employment edged down 1.6% in 2016, there was considerable difference between the principle categories of goods-producing and services-producing industries. In 2016, employment in Alberta's goods-producing sector dropped by almost 10%. By contrast, the number of people working in the province's services-producing sector edged up (+1.6%).

Among goods-producing industries, manufacturing was hardest hit (-24,400), as job losses occurred across a wide range of sub-industries. The largest manufacturing job losses occurred in fabricated metal manufacturing,

and machinery manufacturing, two sub-industries that in Alberta largely function as custom suppliers to oil and gas producers—combined they saw their employment decline by about 11,000.

Alberta's resource extraction industry itself experienced notable employment losses in 2016 (-19,000), roughly the same as during the previous year. However, conditions did improve for the beleaguered industry, as crude oil and other energy prices finally reversed the downward trend that began in mid-2014. Nevertheless, 2016 saw further declines in drilling in the province, with conventional output down an estimated 10% from 2015. At the same time, non-conventional (oil sands) capacity increased in 2016, but those increases went unrealized due to the massive disruptions of the Fort McMurray.⁶ Net, oil production fell 0.6% compared to 2015.⁷ Looking forward, there is waning interest in the oil sands, as large multinational producers seek out cheaper options elsewhere.⁸

The province's agriculture industry also saw employment declines in 2016. These occurred predominately among ranchers, as animal production faced numerous challenges throughout the year, including an outbreak of bovine tuberculosis in the province's southeast corner.⁹

After posting modest gains in 2015, construction employment took an unsurprising tumble in 2016. Major project construction declined once again during the year, while residential construction also eased. In general, housing markets across Alberta have been on hold, waiting for economy to strengthen.

Among services-producing industries, employment gains were largest in wholesale and retail trade, and in educational services. Employment losses were steepest in transportation and warehousing and in accommodation and food services.

Breaking down wholesale and retail trade, overall employment in wholesale trade declined in 2016, with most job losses occurring among distributors of machinery, equipment, and supplies. By contrast, solid growth in retail employment was widely distributed among store types, and was particularly strong at motor vehicle dealerships. Only furniture stores, building supply outlets, and non-store retailers posted job losses during the year.

Within transportation and warehousing, employment losses occurred in almost every mode of transportation, including air, rail, truck, transit, pipeline, postal, and courier. One exception was scenic and sightseeing transportation, which benefitted from a very strong tourism year.¹⁰

For accommodation and food services as a whole, increases in tourist traffic only partially offset losses in business travel and in the bunking of construction crews.

In 2016, job losses in the industry were about equally distributed between restaurants and drinking places on the one hand, and hotel and accommodation services on the other.

Public sector hiring played a prominent role in 2016, as the public sector industries of health care, educational services, and public administration accounted for employment gains of almost 20,000 between them. Most educational services employment growth occurred on university campuses.

Alberta Annual Labour Force Statistics, by Industry

Labour Force Survey Employment Estimates ('000)	2016	2015	2014	2015 to 2016		2014 to 2015	
				Number	%	Number	%
Total employment, all industries	2,263.8	2,301.1	2,274.6	-37.3	-1.6	26.5	1.2
Goods-producing sector	577.9	641.7	658.2	-63.8	-9.9	-16.5	-2.5
Agriculture	50.8	62.8	60.6	-12.0	-19.1	2.2	3.6
Forestry, fishing, mining, quarrying, oil and gas	139.9	158.9	178.5	-19.0	-12.0	-19.6	-11.0
Utilities	19.8	20.2	18.3	-0.4	-2.0	1.9	10.4
Construction	251.9	259.9	256.4	-8.0	-3.1	3.5	1.4
Manufacturing	115.5	139.9	144.5	-24.4	-17.4	-4.6	-3.2
Services-producing sector	1,685.9	1,659.4	1,616.4	26.5	1.6	43.0	2.7
Wholesale and retail trade	330.1	318.8	320.6	11.3	3.5	-1.8	-0.6
Transportation and warehousing	131.8	139.3	129.9	-7.5	-5.4	9.4	7.2
Finance, insurance, real estate, rental and leasing	106.1	103.5	104.7	2.6	2.5	-1.2	-1.1
Professional, scientific and technical services	179.3	173.2	184.3	6.1	3.5	-11.1	-6.0
Business, building and other support services	79.5	82.3	79.1	-2.8	-3.4	3.2	4.0
Educational services	149.5	138.0	124.7	11.5	8.3	13.3	10.7
Health care and social assistance	269.4	264.1	240.6	5.3	2.0	23.5	9.8
Information, culture and recreation	76.3	74.9	72.5	1.4	1.9	2.4	3.3
Accommodation and food services	144.4	153.5	150.0	-9.1	-5.9	3.5	2.3
Other services (except public administration)	122.4	117.5	122.1	4.9	4.2	-4.6	-3.8
Public administration	97.1	94.4	88.1	2.7	2.9	6.3	7.2

Note: Totals may not add due to rounding

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

REGIONAL ANALYSIS

In 2016, employment in Alberta declined across six of seven economic regions, with only Lethbridge-Medicine Hat showing job growth during the year (+1.2%). At the same time, unemployment rates rose in every region of the province by between 1.0 percentage point (Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River) and 3.3 percentage points (Camrose-Drumheller).

Alberta Annual Labour Force Statistics, by Economic Region

Labour Force Survey Estimates: Employment ('000)	2016	2015	2014	2015 to 2016		2014 to 2015	
				Number	%	Number	%
Alberta	2,263.8	2,301.1	2,274.6	-37.3	-1.6	26.5	1.2
Economic Regions							
Lethbridge-Medicine Hat	148.9	147.1	140.9	1.8	1.2	6.2	4.4
Camrose-Drumheller	100.0	103.5	107.3	-3.5	-3.4	-3.8	-3.5
Calgary	861.0	876.1	857.2	-15.1	-1.7	18.9	2.2
Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River	181.8	192.0	197.9	-10.2	-5.3	-5.9	-3.0
Red Deer	112.1	117.1	120.4	-5.0	-4.3	-3.3	-2.7
Edmonton	778.4	780.1	765.3	-1.7	-0.2	14.8	1.9
Wood Buffalo-Cold Lake	81.8	85.2	85.5	-3.4	-4.0	-0.3	-0.4

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 third year in a row, with job losses in 2016 about the same as the year before. Hubs for conventional oil production, such as Lloydminster and Hardisty, experienced energy-related layoffs, as well as broader economic impacts. In February, 2016, USD Group withdrew its application to the Canadian Environmental Assessment Agency for new rail tracks and loading buildings at its oil handling facility in Hardisty.¹¹

Red Deer's employment declined for a second consecutive year in 2016. Job losses occurred almost entirely in the goods-producing sector, particularly in manufacturing. Of positive note, employment increased significantly in health care and social services. In January, 2016, the Central Alberta Pregnancy Care Centre opened a Maternity Home in Red Deer for expecting mothers and those with newborns.¹² The same organization opened another facility in Sundre later in the year.¹³

Employment in the combined regions of Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River fell for the second straight year in 2016. In the Rocky Mountain House area, a major mine closure near Grande Cache in 2015 has threatened to undo the town itself. Down an estimated 750 jobs over the past several years, the town council has asked for a Government of Alberta viability review, hoping to see Grande Cache merged into its surrounding Municipal District.¹⁴ In contrast to Grande Cache, the resort communities of Banff and Jasper are prospering, having enjoyed another strong year of tourism activity in 2016.¹⁵ Looking forward, the Grand Prairie area is expected to see big increases in oil and gas activity, as its underlying geology is well-suited to modern shale and tight oil drilling techniques.¹⁶

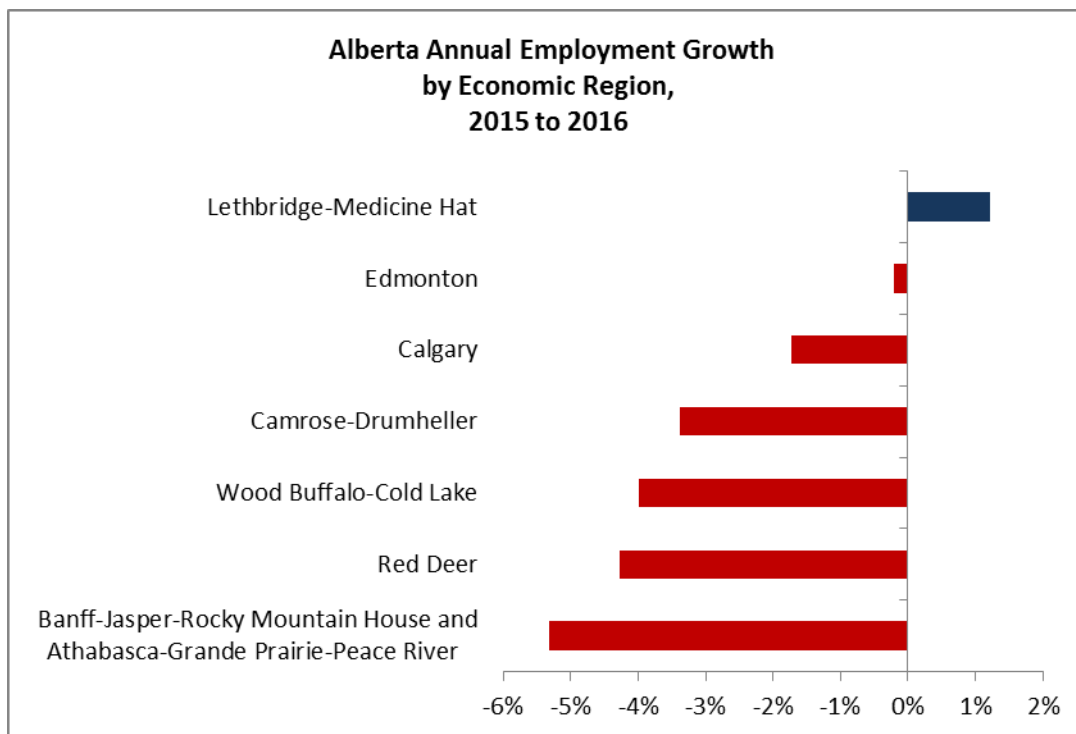
While the Fort McMurray wildfire (located in Wood Buffalo-Cold Lake) dominated headlines in 2016, the full economic impacts of the blaze continue to unfold. A January 2017 assessment puts total direct and indirect costs of the fire at almost \$10 billion dollars, including about \$1 billion in foregone oil production.¹⁷ Annual employment estimates for 2016 (which discount the months of May and June) show employment in Wood Buffalo-Cold Lake declined for a second consecutive year. Moreover, at 9.3%, the region's unemployment rate was again the highest in the province.

To date, the rebuilding of Fort McMurray has proceeded slowly. While construction will almost certainly pick up this spring, the Regional Municipality of Wood Buffalo is pre-emptively cutting 168 staff positions, citing slow oil sands growth and the disruptive effects of the blaze.¹⁸

Meanwhile, Lethbridge-Medicine Hat was the only region in the province to see employment rise during 2016. Job gains across the services-producing sector more than offset significant job losses in both agriculture and manufacturing. In 2016 the area also posted Alberta's lowest unemployment rate (6.9%). In June, the Chinook Regional Hospital in Lethbridge completed a \$135M project that added a new five-storey wing and expanded the facility's emergency ward. Looking forward, Cavendish Farms will begin construction of a new \$350M frozen potato processing plant in Lethbridge in spring 2017 that will double the firm's local capacity.

Turning to Alberta's major centres, 2016 employment levels fell by 1.2% in Calgary and were little changed in Edmonton (-0.2%). In Calgary, job losses were evenly split between goods-producing industries (notably oil and gas extraction, and manufacturing) and services-producing industries (health care, and accommodation and food services in particular). By contrast, employment in Edmonton's goods-producing industries fell precipitously (-14%), with job gains in public administration and other services-producing industries all but closing the gap.

Unemployment soared in both centres, as it has across the entire province. For 2016, Calgary and area's unemployment rate stood at 9.2%, Edmonton's at 7.4%. In response to Calgary's unemployment woes, the city's mayor and councillors are taking a 2.49% pay cut, effective January 1, 2017.¹⁹



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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