



Labour Market Bulletin

Alberta

January 2017



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

At 2.27 million, overall employment in Alberta was unchanged on the month in January. Compared to December 2016, full-time employment in the province declined by about 25,000, while part-time employment increased by an equal amount. Little has changed on the year.

Total employment in Alberta peaked in April 2015 at 2.31 million and trended downward till mid 2016. While employment losses have narrowed, the provincial population and labour force continued to grow, outstripping the supply of available jobs. As a consequence, the ranks of the unemployed also increased. In January, unemployment stood at 220,100, very close to the all-time high of November 2016.

Alberta is now transitioning out of its two-year economic slump which strained the wellbeing of businesses and households alike. Average weekly earnings in the province peaked in January 2015 and fell 6.1% by May 2016. Earnings are now trending higher but remain 4.9% below their all-time high.¹ With lower earnings and higher unemployment, consumer insolvencies in Alberta have also been climbing. For the 12 months ending November 2016, consumer insolvencies were up 34.7% compared to the corresponding period one year prior.² On the mortgage front, CMHC reported that 1,685 mortgage loans were in arrears in Alberta as of the end of September, representing 20% of the national total.³

Looking forward for 2017, modest employment gains are unlikely to keep pace with on-going population and labour force growth.

Alberta Monthly Labour Force Statistics

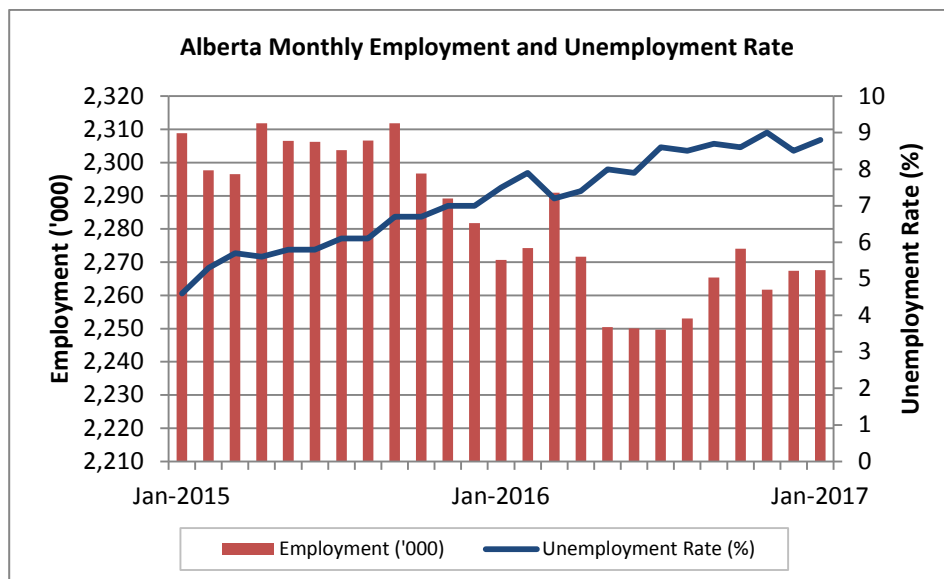
Seasonally Adjusted Monthly Data	January 2017	December 2016	January 2016	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,411.4	3,409.6	3,381.7	1.8	0.1	29.7	0.9
Labour Force ('000)	2,487.8	2,479.2	2,454.6	8.6	0.3	33.2	1.4
Employment ('000)	2,267.6	2,267.4	2,270.7	0.2	0.0	-3.1	-0.1
Full-Time ('000)	1,821.8	1,846.1	1,852.5	-24.3	-1.3	-30.7	-1.7
Part-Time ('000)	445.8	421.2	418.2	24.6	5.8	27.6	6.6
Unemployment ('000)	220.1	211.9	183.9	8.2	3.9	36.2	19.7
Unemployment Rate (%)	8.8	8.5	7.5	0.3	-	1.3	-
Participation Rate (%)	72.9	72.7	72.6	0.2	-	0.3	-
Employment Rate (%)	66.5	66.5	67.1	0.0	-	-0.6	-

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

In January, Alberta's part-time employment swelled to 445,800, an increase of 6.6% (+27,600) on the year.

The number of private sector workers in an employer–employee relationship decreased by 0.7% on the month in January, returning to the same level as of January, 2016. Public sector employment increased 2.1% on the year, while self-employment dropped by 3.0%.



Alberta's unemployment rate increased to 8.8% in January, 1.3 percentage points higher than in January one year prior.

Looking at major demographic groups, the unemployment rate for men aged 25 and over increased to 8.9% in January, up 1.4 percentage points on the year. The rate for younger men (aged 15 to 24) increased to 16.4%, even as 4,000 young men opted out of the labour market. By contrast, the number of young women in the labour force increased by almost 10,000 on the year. The unemployment rate for women aged 15 to 24 rose to 10.5%, up 1.0 percentage points on the year.

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	January 2017 (%)	December 2016 (%)	January 2016 (%)	Monthly Variation		Yearly Variation	
				(% points)	(% points)	(% points)	(% points)
Total	8.8	8.5	7.5	0.3		1.3	
25 years and over	8.1	7.9	6.7	0.2		1.4	
Men - 25 years and over	8.9	8.6	7.5	0.3		1.4	
Women - 25 years and over	7.0	7.0	5.7	0.0		1.3	
15 to 24 years	13.5	12.6	12.3	0.9		1.2	
Men - 15 to 24 years	16.4	15.2	14.8	1.2		1.6	
Women - 15 to 24 years	10.5	9.6	9.5	0.9		1.0	

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

EMPLOYMENT BY INDUSTRY

In January, employment in the services-producing sector expanded by 11,600, while contracting an equal amount in the goods-producing sector (-11,300). Year over year, employment in the goods-producing sector dropped significantly, more than offsetting gains among services-producing industries.

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	January 2017	December 2016	January 2016	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,267.6	2,267.4	2,270.7	0.2	0.0	-3.1	-0.1
Goods-producing sector	559.0	570.3	606.4	-11.3	-2.0	-47.4	-7.8
Agriculture	50.5	51.4	50.3	-0.9	-1.8	0.2	0.4
Forestry, fishing, mining, quarrying, oil and gas	141.0	140.6	154.4	0.4	0.3	-13.4	-8.7
Utilities	19.7	21.1	20.4	-1.4	-6.6	-0.7	-3.4
Construction	242.1	247.5	255.0	-5.4	-2.2	-12.9	-5.1
Manufacturing	105.7	109.6	126.3	-3.9	-3.6	-20.6	-16.3
Services-producing sector	1,708.7	1,697.1	1,664.4	11.6	0.7	44.3	2.7
Trade	331.3	325.3	324.1	6.0	1.8	7.2	2.2
Transportation and warehousing	138.4	134.0	129.5	4.4	3.3	8.9	6.9
Finance, insurance, real estate and leasing	100.7	101.8	103.9	-1.1	-1.1	-3.2	-3.1
Professional, scientific and technical services	183.2	182.0	174.5	1.2	0.7	8.7	5.0
Business, building and other support services	80.2	77.7	78.5	2.5	3.2	1.7	2.2
Educational services	155.3	152.4	148.0	2.9	1.9	7.3	4.9
Health care and social assistance	278.2	276.7	271.3	1.5	0.5	6.9	2.5
Information, culture and recreation	72.1	72.9	79.7	-0.8	-1.1	-7.6	-9.5
Accommodation and food services	143.8	147.0	137.8	-3.2	-2.2	6.0	4.4
Other services	123.6	124.9	120.3	-1.3	-1.0	3.3	2.7
Public administration	101.9	102.5	96.8	-0.6	-0.6	5.1	5.3

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0088

Employment in Alberta's key resource extraction industry (forestry, fishing, mining, quarrying, and oil and gas) was unchanged in January, up a nominal 400 on the month. At 141,000, employment remains 13,400 below the level of January 2016. In May 2016, oil and gas employment dropped precipitously for a few months, due to the Fort McMurray wildfire. Resource extraction employment has picked up by 10% since July, when reports of drilling firms starting to re-hire began to emerge.

With OPEC (The Organization of Petroleum Exporting Countries) helping to prop up prices, crude oil has been trading at \$52 US per barrel or higher since December 2016. This price is high enough to spur new drilling in the most favourable of locations, but too low to encourage new investment in the oil sands.^{4, 5}

The big news in the oil sands is the upcoming completion of Suncor's Fort Hills oil sands mine. This huge project is now pegged at a total cost of just under \$17 billion, and is on track to begin initial oil production by year's end. The project's main proponent, Suncor, has been by far the most enthusiastic oil sands operator over the past two years, gaining controlling interest in the long-standing Syncrude operation, among other investments. However, even the CEO of Suncor is acknowledging that Fort Hills is the last of its kind for the foreseeable future.⁶ Notwithstanding, the project is built to produce 190,000 barrels of bitumen per day for the next 50 years.

Alberta's troubled energy sector received a boost in October when Canadian Natural Resources (CNRL) announced that it will spend \$28 million on its Kirby North oil sands project in 2017. More good news came in November, when the Federal Cabinet approved Enbridge's Line 3 pipeline expansion into the US as well as the controversial Kinder Morgan Trans Mountain running from Edmonton to Burnaby BC.⁷ More recently still, TransCanada refiled its application for the Keystone XL project, designed to transport Canadian light and heavy oil to the southern US.⁸

Beyond resource extraction, several other industries also showed large annual employment declines. Manufacturing employment decreased by 20,600, due in part to weak demand for energy-related metal fabrication. There were also 12,900 fewer people working in construction, as weaker population growth took its toll on housing starts.

While employment in agriculture is stable, conditions are challenging for the industry. In the fall of 2016 Bovine Tuberculosis was found in a southeastern cattle herd. To limit transmission of the disease, over 30,000 cattle have been quarantined, with 10,000 to be pre-emptively slaughtered. In December, the Alberta government officially declared the situation a disaster, thereby freeing up additional aid.⁹

Year-over-year, employment gains by private sector services-producing industries were concentrated in wholesale and retail trade (+7,200), transportation and warehousing (+8,900), and professional, scientific, and technical services (+8,700). Consumer confidence may be starting to return to the province; in November, year-over-year car sales increased for the first time in 23 months.

Alberta's public sector has been a key source of employment growth throughout the now ebbing downturn. On the year, employment gains in educational services (+7,300) were bolstered by gains in health care and social assistance (+6,900) and public administration (+5,100).

REGIONAL ANALYSIS

Over the past year, employment in Alberta declined in five of seven economic regions: Edmonton (-30,900), Lethbridge-Medicine Hat (-3,400), Camrose-Drumheller (-2,400), Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River (-1,500), and Wood Buffalo – Cold Lake (-1,500). Sub-regional unemployment rates have increased in all but one area of the province.

3-Month Moving Averages (‘000)	Employment			Unemployment Rate		
	January 2017 (‘000)	January 2016 (‘000)	Yearly Variation (%)	January 2017 (%)	January 2016 (%)	Yearly Variation (% pts)
Alberta	2,251.5	2,269.8	-0.8	8.5	7.0	1.5
Economic Regions						
Lethbridge-Medicine Hat	145.4	148.8	-2.3	6.8	5.8	1.0
Camrose-Drumheller	99.5	101.9	-2.4	8.9	6.2	2.7
Calgary	871.8	851.7	2.4	9.5	7.6	1.9
Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River	180.8	182.3	-0.8	7.1	7.9	-0.8
Red Deer	112.0	110.7	1.2	9.2	6.7	2.5
Edmonton	760.5	791.4	-3.9	7.8	6.2	1.6
Wood Buffalo-Cold Lake	81.5	83.0	-1.8	9.1	9.0	0.1

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0122

In Lethbridge-Medicine Hat, job losses across a large number of industries were partially offset by sharp gains in accommodation, food services, and in construction. In December, Cavendish Farms announced a new \$350 million frozen potato processing plant in the area, reportedly the largest development ever made in the City of Lethbridge.¹⁰ In January, Lethbridge College announced that it is opening a regional campus in nearby Pincher Creek.¹¹

While overall employment declined in Camrose Drumheller, job gains were seen in both wholesale and retail trade, and in accommodation and food services. Both Wetaskiwin and Strathmore have seen a new restaurant open recently.

The Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River area saw a substantial increase in resource extraction employment in January. This comes as no surprise as the Grand Prairie area is ground zero for new oil and gas drilling in the province. Meanwhile, premium resort locations in the Banff-Jasper area continue doing booming business. The retention of employees in and around Banff-Jasper can be so challenging that town staff may be eligible for interest-free loans as an encouragement to put down roots.¹²

Red Deer was one of only two economic regions to see net job growth in January, as employment losses in the goods producing sector were more than offset by services-producing gains.

In the northeast, Fort McMurray continued its slow recovery from the 2016 wildfire. While many are hopeful that rebuilding will pick up come springtime, 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.¹³

Looking at the two major centres of Edmonton and Calgary, Edmonton appeared to be the harder hit, as employment dropped by almost 31,000. Still, due to its slower population and labour force growth, Edmonton did not see the same increase in unemployment experienced in Calgary. In January, unemployment in Edmonton and Calgary stood at 65,000 and 92,000 respectively. In response to Calgary's unemployment woes, the mayor and city councillors are taking a 2.49% pay cut, effective January 1, 2017.¹⁴

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 Statistics Canada, CANSIM Table 281-0049 | Payroll employment, earnings and hours, November 2016 | Accessed February 10, 2017 |

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2810049&pattern=&stByVal=1&p1=1&p2=-1&tabMode=dataTable&csid=>

² Office of the Superintendent of Bankruptcy Canada, Insolvency Statistics in Canada—November 2016 | Accessed February 10, 2017 | [https://www.ic.gc.ca/eic/site/bsf-osb.nsf/vwapj/Insolvency-Statistics-November-2016-EN.pdf/\\$file/Insolvency-Statistics-November-2016-EN.pdf](https://www.ic.gc.ca/eic/site/bsf-osb.nsf/vwapj/Insolvency-Statistics-November-2016-EN.pdf/$file/Insolvency-Statistics-November-2016-EN.pdf)

³ Canadian Mortgage and Housing Corporation (CMHC), Mortgage Loan Insurance Business Supplement Q2 2016, June 2016 | A mortgage is in arrears when payment is three or more months overdue | Accessed February 10, 2017 | <https://www.cmhc-schl.gc.ca/en/corp/about/core/upload/mortgage-loan-insurance-business-supplement-september-2016.pdf>

⁴ In January 2017, the number of oil and gas rigs drilling Canada-wide was up 45% compared to January one year ago, running slightly ahead of its November forecast. | CAODC, November 22, 2016 | Accessed December 5, 2016 | <http://www.caodc.ca/caodc-forecast-2017> ;

⁵ January drill rig actuals, CAODC | Accessed February 7, 2017 <http://www.caodc.ca/rig-counts-drilling-dr-week>

⁶ *Delays are behind mine's cost hikes: Suncor* | Globe & Mail, February 10, 2017 | Accessed February 10, 2017 | <http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/suncor-says-building-delays-are-behind-cost-hikes-at-fort-hills-oil-sands/article33971804>

⁷ *Trudeau cabinet approves Trans Mountain, Line 3 pipelines, rejects Northern Gateway* | CBC, November 29, 2016 | Accessed December 5, 2016 | <http://www.cbc.ca/news/politics/federal-cabinet-trudeau-pipeline-decisions-1.3872828>

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- ⁸ *TransCanada submits new application for Keystone XL pipeline* | CBC, January 26, 2017 | Accessed February 13, 2017 | <http://www.cbc.ca/news/business/transcanada-keystone-application-1.3954126>
- ⁹ *Bovine TB outbreak declared a disaster by Alberta government* | Global, December 15, 2016 | Accessed February 12, 2017 | <http://globalnews.ca/news/3130398/alberta-government-declares-bovine-tb-outbreak-a-disaster/>
- ¹⁰ *Cavendish Farms announces huge expansion in Lethbridge* | Global, December 12, 2016 | Accessed February 13, 2017 | <http://globalnews.ca/news/3122841/cavendish-farms-announces-huge-expansion-in-lethbridge/>
- ¹¹ *Lethbridge College opens new regional campus in Pincher Creek* | Lethbridge College, January 5, 2017 | Accessed February 13, 2017 | <http://www.lethbridgecollege.ca/news/all/lethbridge-college-opens-new-regional-campus-pincher-creek>
- ¹² *Town of Banff staff ask for interest-free loans to buy homes elsewhere* | CBC, December 4, 2016 | Accessed December 5, 2016 | <http://www.cbc.ca/news/canada/calgary/banff-town-home-loans-1.3879768>
- ¹³ *Municipality cuts jobs citing oil sector woes, wildfire recovery* | Fort McMurray Today, January 31, 2017 | Accessed February 13, 2017 | <http://www.fortmcmurraytoday.com/2017/01/31/wood-buffalo-municipality-chopping-jobs-citing-oil-sector-woes-wildfire-recovery>
- ¹⁴ *Pay cut coming for city council* | Calgary Sun, December 22, 2016 | Accessed February 13, 2017 | <http://www.calgarysun.com/2016/12/22/pay-cut-coming-for-city-council>