



# Labour Market Bulletin

## Alberta

### October 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 2.29 million, employment in Alberta increased by almost 12,000 in October (+0.5%), welcome news after several months of weak or non-existent growth. All the gains came in full-time employment (+18,900) as the number of people working part-time hours in the province declined on the month. Compared to October 2016, employment was up modestly (+0.7%), while remaining well below the all-time high of 2.31 million posted in April 2015.

### Alberta Monthly Labour Force Statistics

| Seasonally Adjusted<br>Monthly Data | October<br>2017 | September<br>2017 | October<br>2016 | Monthly Variation |      | Yearly Variation |      |
|-------------------------------------|-----------------|-------------------|-----------------|-------------------|------|------------------|------|
|                                     |                 |                   |                 | Number            | %    | Number           | %    |
| <b>Population 15 + ('000)</b>       | 3,439.1         | 3,436.7           | 3,408.1         | 2.4               | 0.1  | 31.0             | 0.9  |
| <b>Labour Force ('000)</b>          | 2,483.2         | 2,473.1           | 2,488.7         | 10.1              | 0.4  | -5.5             | -0.2 |
| <b>Employment ('000)</b>            | 2,290.6         | 2,278.7           | 2,274.1         | 11.9              | 0.5  | 16.5             | 0.7  |
| Full-Time ('000)                    | 1,888.8         | 1,869.9           | 1,837.6         | 18.9              | 1.0  | 51.2             | 2.8  |
| Part-Time ('000)                    | 401.8           | 408.9             | 436.5           | -7.1              | -1.7 | -34.7            | -7.9 |
| <b>Unemployment ('000)</b>          | 192.6           | 194.4             | 214.6           | -1.8              | -0.9 | -22.0            | -    |
|                                     |                 |                   |                 |                   |      | 10.3             |      |
| <b>Unemployment Rate (%)</b>        | 7.8             | 7.9               | 8.6             | -0.1              | -    | -0.8             | -    |
| <b>Participation Rate (%)</b>       | 72.2            | 72.0              | 73.0            | 0.2               | -    | -0.8             | -    |
| <b>Employment Rate (%)</b>          | 66.6            | 66.3              | 66.7            | 0.3               | -    | -0.1             | -    |

Note: Totals may not add due to rounding

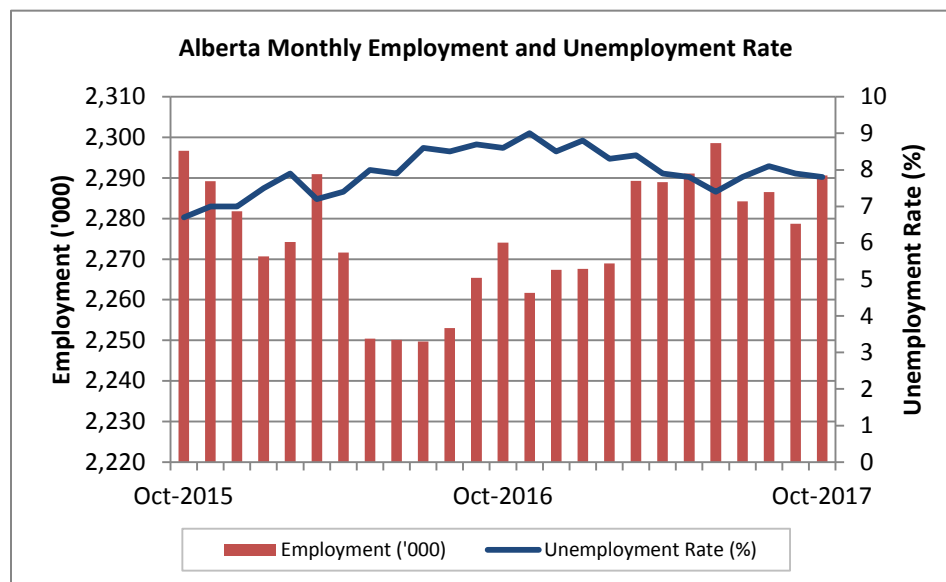
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

Alberta's unemployment rate eased to 7.8% in October, the highest among western provinces. In October, Canada's national unemployment rate was 6.3%.

At 31.1 hours, the average work week for hourly-paid Albertans held steady in August (the most recent data available).<sup>1</sup> This was third among provinces and higher than the corresponding figure nationwide (30.2 hours). Meanwhile, at \$1,134 per week, average earnings in Alberta remained the highest among provinces.<sup>2</sup>

As Alberta transitions out of recession, support for the unemployed remains an issue. Employment Insurance (EI) beneficiaries in Alberta eased by 0.4% in August compared to July. The number of regular beneficiaries in the province was down by a quarter compared to the same month last year. Women comprised 36% of regular EI beneficiaries in August, a relatively low figure, given that women currently make up 45% of the provincial labour force and represent 44% of provincial unemployment.<sup>3</sup>

The number of private sector employees in Alberta increased on the month (+1.0%) while still down compared to October 2016 (-0.2%). Over the same period, public sector employment and self-employment increased 0.6% and 4.7%, respectively.<sup>4</sup>



Looking at the results by major demographic grouping, most unemployment rates were lower in October than they were one year ago. Only adult women aged 25 years and over and younger men aged 15 to 24 saw increases in their unemployment rates. The increase for young men was quite stark, up 3.7 percentage points. As Alberta fell into recession in 2015, job cuts were deepest among men in the goods-producing sector. Now, as the province slowly recovers, unemployment rates for adult men and women are about the same.

### Alberta Monthly Unemployment Rates, by Gender and Age

| Seasonally Adjusted Data  | October 2017 (%) | September 2017 (%) | October 2016 (%) | Monthly Variation (% points) | Yearly Variation (% points) |
|---------------------------|------------------|--------------------|------------------|------------------------------|-----------------------------|
|                           | <b>Total</b>     | 7.8                | 7.9              | 8.6                          | -0.1                        |
| <b>25 years and over</b>  | 7.0              | 7.3                | 7.9              | -0.3                         | -0.9                        |
| Men - 25 years and over   | 7.1              | 7.2                | 9.1              | -0.1                         | -2.0                        |
| Women - 25 years and over | 6.9              | 7.3                | 6.4              | -0.4                         | 0.5                         |
| <b>15 to 24 years</b>     | 12.5             | 11.9               | 12.9             | 0.6                          | -0.4                        |
| Men - 15 to 24 years      | 15.8             | 13.4               | 12.1             | 2.4                          | 3.7                         |
| Women - 15 to 24 years    | 8.8              | 10.1               | 13.8             | -1.3                         | -5.0                        |

Note: Totals may not add due to rounding

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

## EMPLOYMENT BY INDUSTRY

In October, employment in Alberta's goods-producing sector ticked up 0.8% compared to the previous month, while also increasing on an annual basis (+1.7%). In contrast, employment in the services-producing sector increased more modestly: up 0.4% on both a monthly and annual basis.

### Alberta Monthly Labour Force Statistics, by Industry

| Seasonally Adjusted Data ('000)                   | October 2017 | September 2017 | October 2016 | Monthly Variation |      | Yearly Variation |       |
|---|--------------|----------------|--------------|-------------------|------|------------------|-------|
|   |              |                |              | Number            | %    | Number           | %     |
| <b>Total employed, all industries</b>             | 2,290.6      | 2,278.7        | 2,274.1      | 11.9              | 0.5  | 16.5             | 0.7   |
| <b>Goods-producing sector</b>                     | 589.2        | 584.3          | 579.5        | 4.9               | 0.8  | 9.7              | 1.7   |
| Agriculture                                       | 53.3         | 51.2           | 51.3         | 2.1               | 4.1  | 2.0              | 3.9   |
| Forestry, fishing, mining, quarrying, oil and gas | 148.5        | 147.2          | 145.9        | 1.3               | 0.9  | 2.6              | 1.8   |
| Utilities   | 21.1         | 21.7           | 19.0         | -0.6              | -2.8 | 2.1              | 11.1  |
| Construction                                      | 245.8        | 243.4          | 250.5        | 2.4               | 1.0  | -4.7             | -1.9  |
| Manufacturing                                     | 120.5        | 120.8          | 112.7        | -0.3              | -0.2 | 7.8              | 6.9   |
| <b>Services-producing sector</b>                  | 1,701.4      | 1,694.4        | 1,694.6      | 7.0               | 0.4  | 6.8              | 0.4   |
| Trade   | 332.7        | 334.5          | 332.6        | -1.8              | -0.5 | 0.1              | 0.0   |
| Transportation and warehousing                    | 143.1        | 144.1          | 134.8        | -1.0              | -0.7 | 8.3              | 6.2   |
| Finance, insurance, real estate and leasing       | 108.4        | 107.7          | 102.8        | 0.7               | 0.6  | 5.6              | 5.4   |
| Professional, scientific and technical services   | 183.8        | 174.3          | 178.8        | 9.5               | 5.5  | 5.0              | 2.8   |
| Business, building and other support services     | 83.0         | 83.3           | 78.9         | -0.3              | -0.4 | 4.1              | 5.2   |
| Educational services                              | 149.4        | 145.8          | 153.5        | 3.6               | 2.5  | -4.1             | -2.7  |
| Health care and social assistance                 | 269.7        | 272.9          | 267.3        | -3.2              | -1.2 | 2.4              | 0.9   |
| Information, culture and recreation               | 70.8         | 68.6           | 72.0         | 2.2               | 3.2  | -1.2             | -1.7  |
| Accommodation and food services                   | 145.0        | 150.3          | 149.2        | -5.3              | -3.5 | -4.2             | -2.8  |
| Other services                                    | 111.5        | 110.6          | 124.2        | 0.9               | 0.8  | -12.7            | -10.2 |
| Public administration                             | 104.0        | 102.3          | 100.5        | 1.7               | 1.7  | 3.5              | 3.5   |

Note: Totals may not add due to rounding

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

Alberta's resource extraction industry (forestry, fishing, mining, quarrying, and oil and gas) gained an estimated 2,600 positions year over year, with most increases occurring in the oil and gas sub-sector. Employment in the broad industry remains about 20% below the 183,000 posted in September 2014. The average price of benchmark North American crude oil (\$43.33 U.S. per barrel in 2016) is sitting at \$49 U.S. through the first nine months of 2017, up roughly 14% compared to last year. The increase comes as world-wide oil production has eased, lowering the oversupply that has squeezed prices for the past three years.<sup>5</sup>

Production has eased, primarily because OPEC (Organization of Petroleum Exporting Countries) and Russia have instituted voluntary production cuts currently scheduled through to March 2018. However, these efforts have been offset by increased production in the United States. U.S. extraction is forecast to average 9.9 million b/d in 2018, which would shatter the country's previous record (9.6 million b/d) set in 1970, prior to the advent of shale oil.<sup>6</sup>

While U.S. drillers are ramping up, there are some indications that Alberta's industry is also finding its footing. For example, provincial revenue from oil and gas land auctions, which peaked at \$3.5 billion in 2011, fell to just \$137 million in 2016, the lowest level on record. However, at \$414 million year to date (January through October), 2017 sales are on the rebound.<sup>7</sup>

Progress on export pipelines remains elusive. In October, TransCanada cancelled its proposed Energy East project, citing changed circumstances.<sup>8</sup> At the time of writing, TransCanada Corp.'s long dormant Keystone XL pipeline awaits approval from the State of Nebraska, with a decision slated for late November.<sup>9</sup> Similarly, Enbridge's Line 3 replacement project, which runs 1,650 kilometres from Hardisty, Alberta to Superior Wisconsin, awaits an April 2018 decision in Minnesota.<sup>10</sup> Meanwhile, Kinder Morgan's Trans Mountain project, running from Edmonton to tidewater in Burnaby B.C. is facing challenges in Canadian courts.<sup>11</sup>

Over the last year, Canadian firms such as Suncor and Cenovus have increased their stakes in Alberta's oil sands, buying out the holdings of foreign owners. Still, for the next several years, renewed employment growth in Alberta's oil and gas sector will likely be tied to shale and tight-oil plays within the Grande Prairie area.<sup>12</sup>

Looking at Alberta's other goods-producing industries, year over year employment losses were seen in construction (-4,700) as the downturn in large scale energy projects outweighs housing starts in Edmonton and Calgary. In October, ReidBuilt Homes, one of Alberta's largest homebuilders declared bankruptcy.<sup>13</sup> Meanwhile, the manufacturing industry (+7,800) saw job gains in fabricated metal products and in printing.

The imposition of U.S. tariffs on Canadian softwood threatens about a dozen smaller communities across the province. In November, the U.S. Department levied final duties averaging 20.8%.<sup>14</sup> Overall, forestry and wood product manufacturing is a \$6 billion industry in Alberta. Employment in wood product manufacturing was sharply lower in October compared to the same month last year.

Turning to the services-producing sector, significant employment gains were seen in transportation and warehousing (+8,300), largely due to the upturn in the transit and sightseeing transportation sub-industry. At the same time, employment in accommodation and food services declined on the year (-4,200). Employment in this industry peaked at about 158,000 in February 2015, but has yet to return to that level. Although

international tourism has been an economic bright spot, booming activity in the premium resorts of Banff and Jasper has only partially offset the steep decline in business travel province-wide.

Hiring in the public sector has slowed in recent months, after a considerable buildup throughout the provincial recession. Employment in educational services was down 4,100 compared to October 2016, while employment in healthcare and social assistance showed only modest gains (+0.9%). Overall, the general weakness of the services-producing sector likely accounts for the sharp jump in the unemployment rate of adult women noted earlier.

## REGIONAL ANALYSIS

Over the past year, employment increased in three of seven Alberta regions. On a percentage basis, Wood Buffalo-Cold Lake led the province in job growth (+2.5%), followed by Edmonton and then Calgary.

### Alberta Monthly Labour Force Statistics, by Economic Region

| 3-Month Moving Averages<br>Seasonally Unadjusted Data                         | Employment            |                       |                            | Unemployment Rate  |                    |                                   |
|---|-----------------------|-----------------------|----------------------------|--------------------|--------------------|-----------------------------------|
|   | Oct<br>2017<br>('000) | Oct<br>2016<br>('000) | Yearly<br>Variation<br>(%) | Oct<br>2017<br>(%) | Oct<br>2016<br>(%) | Yearly<br>Variation<br>(% points) |
| <b>Alberta</b>  | 2,298.2               | 2,277.9               | 0.9                        | 7.5                | 8.0                | -0.5                              |
| <b>Economic Regions</b>   |                       |                       |                            |                    |                    |                                   |
| Lethbridge-Medicine Hat   | 143.5                 | 152.0                 | -5.6                       | 5.3                | 6.2                | -0.9                              |
| Camrose-Drumheller  | 99.1                  | 105.8                 | -6.3                       | 8.2                | 7.5                | 0.7                               |
| Calgary   | 882.6                 | 866.1                 | 1.9                        | 8.2                | 10.0               | -1.8                              |
| Banff-Jasper-Rocky Mountain House and<br>Athabasca-Grande Prairie-Peace River | 182.8                 | 183.9                 | -0.6                       | 5.8                | 5.6                | 0.2                               |
| Red Deer  | 115.3                 | 115.8                 | -0.4                       | 5.3                | 6.8                | -1.5                              |
| Edmonton  | 790.4                 | 771.8                 | 2.4                        | 7.8                | 6.9                | 0.9                               |
| Wood Buffalo-Cold Lake*   | 84.6                  | 82.5                  | 2.5                        | 6.9                | 9.1                | -2.2                              |

Note: Totals may not add due to rounding

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

In Lethbridge-Medicine Hat, employment fell 5.6% compared to October 2016. At the same time, the unemployment rate also declined, as the area's labour force shrank by 10,500. Despite the overall trend, employment in the oil and gas extraction industry jumped sharply compared to the same period last year. Due to the Kenow wildfire, Waterton Lakes National Park closed early for the season in October, with many staff having already moved on to other jobs. Looking ahead, CanPak Environmental will be hiring in the spring of 2018 when it starts picking up curbside recycling in Medicine Hat.

Employment also decreased in Camrose-Drumheller (-6.3%), while the area's unemployment rate rose 0.7 percentage points. However, unlike in Lethbridge – Medicine Hat, job losses were concentrated in the goods producing sector, notably agriculture. Meanwhile, employment increased across the services-producing sector, led by job gains in educational services. Construction employment should receive a boost going forward as funding has been confirmed for several local major projects. Pegged at a cost of \$20.4 million, the Morrin Bridge replacement project in Starland County is set to be completed by the fall of 2020. Development of the

60-hectare Oyen Rail Yard & Logistics Park Project continues as well. The initial phase, projected at \$2.1M, includes construction of new rail lines.<sup>15</sup>

The Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River area continued to see good job growth in oil and gas extraction in October. Concentrated in the Grande Prairie portion, the increase in resource-based hiring offset a generalized weakness across many services-producing industries. Oil and liquid-rich natural gas drilling has been on a tear throughout much of 2017. Alberta's share of the Montenay shale formation is being aggressively targeted by oil and gas firms, as its geology is an excellent fit for modern drill rigs. The tourism centres of Banff and Jasper enjoyed another banner season in 2017, although housing for employees remains a problem. To this end the Town of Canmore has approved the construction of 238 units of rental apartment housing in the community, the first private sector apartments in Canmore in over 20 years.

Employment in the Red Deer area was little changed in October, as job gains in resource extraction largely cancelled out job losses in wholesale and retail trade. At 5.3%, the region's unemployment rate was well below the provincial average. While lower unemployment rates are a good thing, the decline in Red Deer's unemployment rate came about as 2,500 people opted out of the labour market. Looking forward, Sundial Growers expects to hire 200 people in total for its \$110M cannabis growing operation in Olds. The first phase, currently under construction, is expected to support 60 employees by early 2018.

To the northeast, Wood Buffalo-Cold Lake's Fort McMurray continues its recovery from the wildfire of May 2016. In October, employment in the Wood Buffalo-Cold Lake region stood at 84,600 and its unemployment rate at 7.0%. Suncor Energy has filed an application with the Alberta Energy Regulator to build an oil sands project, Meadow Creek West, to the south of Fort McMurray. Suncor estimates that construction could begin in 2023, with first oil by 2025.

Employment in the Edmonton area increased by 2.4% compared to October 2016, as job growth across the goods-producing sector generally outpaced that of services-producing industries. Alberta's Industrial Heartland (an area immediately to the northeast of the City of Edmonton) remains a hotbed of activity, particularly as the push is on to bring the Redwater Refinery online.<sup>16</sup> Meanwhile, unemployment in the Edmonton Economic Region continues to rise. At 7.8%, the region's unemployment rate has increased by almost a full percentage point since October 2016.

In Calgary, overall employment grew at a healthy clip (+2.7%), despite moderately heavy job losses in the goods-producing sector (-3.5%). Job growth among services-producing industries (+3.0%) was led by accommodation and food services (+14,000). While Calgary's unemployment rate dropped by almost two percentage points, in October it tied with Camrose-Drumheller as the highest in the province (8.2%).

The City of Calgary is spending an estimated \$90M to clean up two former industrial landfills along the proposed Green Line LRT route. The work could take up to three years to complete before actual construction starts in 2020.<sup>17</sup> In the private sector, Amazon announced that it will be building a distribution warehouse near Balzac, 25 kilometres north of Calgary, with construction starting in the fall of 2018. The project is expected to generate 150 construction jobs and 750 full-time positions on completion.

**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](http://www.statcan.gc.ca)

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<sup>1</sup> Statistics Canada, CANSIM Table 281-0049; Payroll employment, earnings and hours, August 2017; Accessed November 6, 2017 <http://www.statcan.gc.ca/daily-quotidien/171026/dq171026a-eng.htm>

<sup>2</sup> Ibid

<sup>3</sup> Statistics Canada, CANSIM Table 276-0022; Employment Insurance program (EI), beneficiaries receiving regular income benefits by province, declared earnings, sex and age, seasonally adjusted, August 2017. Accessed November 6, 2017 <http://www.statcan.gc.ca/daily-quotidien/171019/dq171019a-eng.htm>

<sup>4</sup> Statistics Canada, CANSIM Table 282-0089; Labour force survey estimates (LFS), employment by class of worker and sex, seasonally adjusted and unadjusted, October 2017; Accessed Nov 6, 2017 <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820089>

<sup>5</sup> Energy Information Agency (EIA) Short Term Energy Outlook (STEO) Data, September 12, 2017 forecast; Accessed October 10, 2017 <https://www.eia.gov/outlooks/steo/data.cfm?type=figures>

<sup>6</sup> Energy Information Agency (EIA) Short Term Energy Outlook (STEO), October 11, 2019 forecast; Accessed November 7, 2017 <https://www.eia.gov/outlooks/steo/report/>

<sup>7</sup> Alberta Energy, Petroleum and Natural Gas Sales Statistics; 2017 Calendar Year File; Accessed November 7, 2017 <http://www.energy.alberta.ca/Tenure/877.asp>

<sup>8</sup> The Globe and Mail, How Donald Trump killed the Energy East pipeline, October 10; Accessed October 10, 2017 <https://beta.theglobeandmail.com/report-on-business/rob-commentary/how-donald-trump-killed-the-energy-east-pipeline/article36527153>

<sup>9</sup> Nebraska.TV, BOLD makes one last attempt to stop Keystone XL Pipeline; November 5, 2017; Accessed November 6, 2017 <http://nebraska.tv/news/local/bold-makes-one-lst-attempt-to-stop-kxl-pipeline>

<sup>10</sup> MPR News, Enbridge argues Line 3 oil pipeline needed for Minnesota, region; October 11, 2017; Accessed November 6, 2017 <https://www.mprnews.org/story/2017/10/11/enbridge-argues-line-3-oil-pipeline-needed-for-minnesota-region>

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<sup>11</sup> CBC News, Squamish Nation challenging B.C.'s approval of Kinder Morgan project in court; November 6, 2017; Accessed November 7, 2017 <http://www.cbc.ca/news/canada/british-columbia/squamish-nation-taking-fight-against-kinder-morgan-to-court-1.4389746>

<sup>12</sup> The Financial Post, Deep in the Montney, Grande Prairie first to emerge from brutal recession; July 20, 2017; Accessed October 10, 2017 <http://business.financialpost.com/commodities/energy/deep-in-the-montney-grande-prairie-is-first-to-emerge-from-albertas-brutal-recession>

<sup>13</sup> The Canadian Press, Court appoints receiver for ReidBuilt Homes as Alberta faces housing glut; November 4, 2017; Accessed November 7, 2017 <http://calgaryherald.com/business/local-business/court-appoints-receiver-for-reidbuilt-homes-as-alberta-faces-housing-glut>

<sup>14</sup> CBC News, 'Unfair, unwarranted and deeply troubling': U.S. sets final import duties on Canadian softwood lumber; November 2, 2017; Accessed November 7, 2017 <http://www.cbc.ca/news/business/softwood-lumber-duties-1.4383955>

<sup>15</sup> Special Areas Board, Oyen Rail Yard & Logistics Park Project Steaming Ahead; October 11, 2017; Accessed November 5, 2017 <https://specialareas.ab.ca/2017/10/oyen-rail-yard-logistics-park-project-steaming-ahead/>

<sup>16</sup> Ottawa Citizen, 'Sport to make fun of': New refinery in Alberta eager to prove the doubters wrong; October 20, 2017; Accessed November 5, 2017 <http://www.ottawacitizen.com/sport+make+refinery+alberta+eager+prove+doubters+wrong/15252867/story.html>

<sup>17</sup> CBC News Calgary; Old landfills along Green Line LRT route to cost \$90M to clean up; August 4, 2017. Accessed October 12, 2017 <http://www.cbc.ca/news/canada/calgary/landfill-remediation-calgary-green-line-lrt-1.4235459>