



Labour Market Bulletin

Alberta

December 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

During the three months October through December (Q4 2017), employment in Alberta averaged 2.3 million, up from Q3-2017 and well ahead of the same period last year (+35,300). Full-time employment expanded during the year (+48,000), while part-time jobs were unchanged on the quarter and declined on a year over year basis.

Alberta Quarterly Labour Force Statistics

Seasonally Adjusted Data	4th Quarter 2017	3rd Quarter 2017	4th Quarter 2016	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,441.4	3,434.1	3,408.7	7.3	0.2	32.7	1.0
Labour Force ('000)	2,484.7	2,479.7	2,484.3	5.0	0.2	0.4	0.0
Employment ('000)	2,303.0	2,283.1	2,267.7	19.9	0.9	35.3	1.6
Full-Time ('000)	1,885.7	1,865.8	1,837.7	19.9	1.1	48.0	2.6
Part-Time ('000)	417.3	417.3	430.0	0.0	0.0	-12.7	-3.0
Unemployment ('000)	181.7	196.6	216.6	-14.9	-7.6	-34.9	-16.1
Unemployment Rate (%)	7.3	7.9	8.7	-0.6	-	-1.4	-
Participation Rate (%)	72.2	72.2	72.9	0.0	-	-0.7	-
Employment Rate (%)	66.9	66.5	66.5	0.4	-	0.4	-

Note: Totals may not add due to rounding

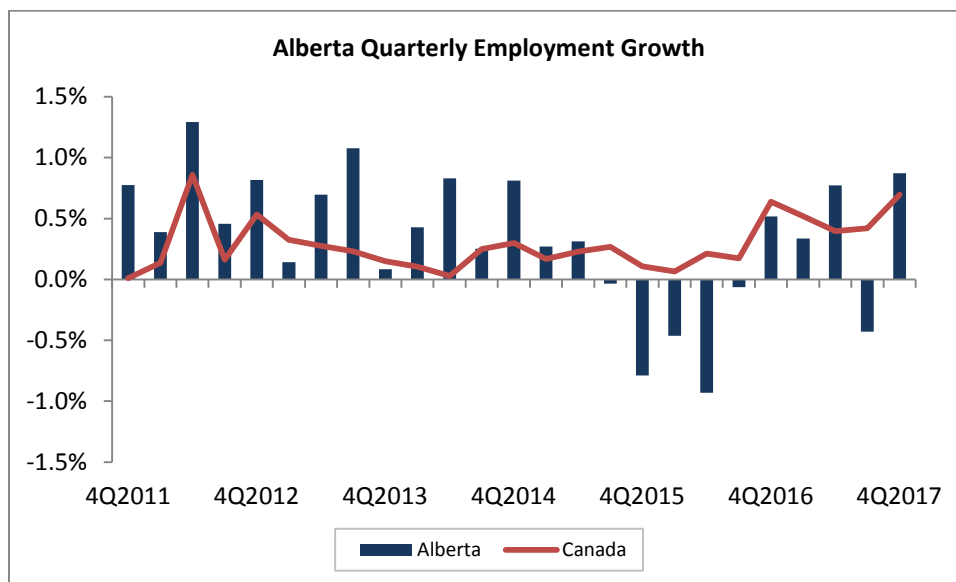
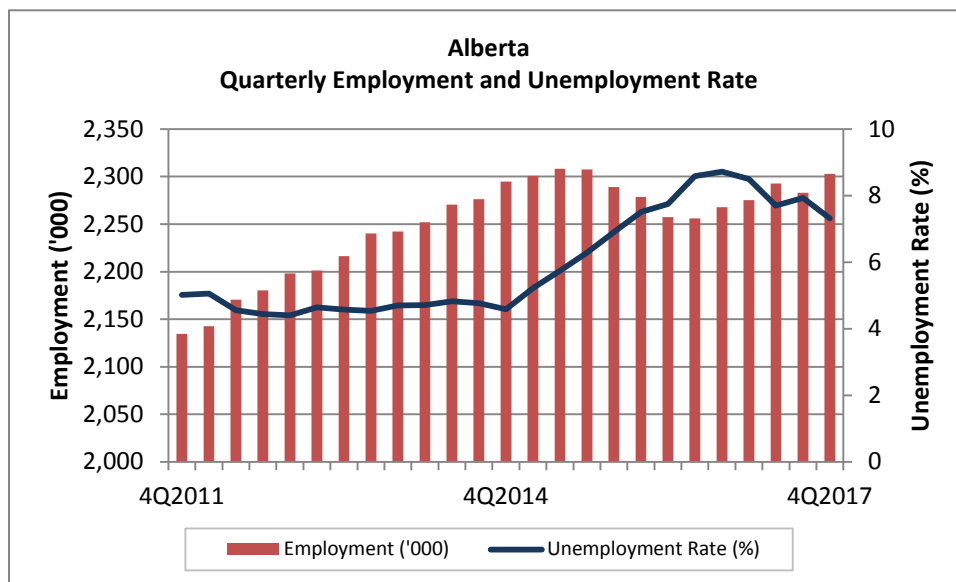
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

Alberta's unemployment rate eased to 7.3% in the fourth quarter, the highest rate among western provinces, and well above the quarterly national figure of 5.9%.

At 31.2 hours, Alberta’s average work week for non-salaried workers declined in October (the most recent data available). Still, this was well ahead of the corresponding figure nationwide (30.1 hours).¹ Meanwhile, at \$1,143 per week, average earnings in Alberta remained the highest among provinces.²

According to the most recent data, Employment Insurance (EI) beneficiaries in Alberta dipped 2.3% in October compared to the previous month. On a year over year basis the number of regular beneficiaries declined by almost 40% compared to October 2016’s elevated level. Women comprised 34% of regular EI beneficiaries in October, a relatively low figure, given that women currently make up 45% of the provincial labour force and 45% of provincial unemployment.³

The number of private sector employees in Alberta increased in Q4-2017 compared to one year earlier (+1.0%), while public sector employment and self-employment increased 0.7% and 4.6%, respectively.⁴



Looking at the Q4-2017 survey results by major demographic grouping, unemployment rates were generally lower on both a quarterly and an annual basis. Only youth aged 15 to 24 years showed any variation on this, with women aged 15-24 showing no change on a quarterly basis, and men aged 15 to 24 posting a higher unemployment rate than they did one year earlier.

As Alberta fell into recession in 2015, job cuts were deepest among men in the goods-producing sector. Now, in Q4-2017 with the recession squarely in the past, the unemployment rate for adult women exceeds that of adult men for just the second time since Q4-2014.

Alberta Quarterly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	4th Quarter 2017 (%)	3rd Quarter 2017 (%)	4th Quarter 2016 (%)	Quarterly Variation (% points)	Yearly Variation (% points)
	Total	7.3	7.9	8.7	-0.6
25 years and over	6.5	7.2	8.0	-0.7	-1.5
Men - 25 years and over	6.4	6.8	9.0	-0.4	-2.6
Women - 25 years and over	6.6	7.6	6.7	-1.0	-0.1
15 to 24 years	12.7	12.9	13.0	-0.2	-0.3
Men - 15 to 24 years	14.4	14.9	14.1	-0.5	0.3
Women - 15 to 24 years	10.7	10.7	11.8	0.0	-1.1

Note: Totals may not add due to rounding

Labour market indicators for Indigenous people

In the fourth quarter (Q4) of 2017, the total population aged 15+ in Alberta was about 3.4 million. The Indigenous population living off-reserve accounted for 4.9% of that, or 169,500 people. Employment among Indigenous people in Alberta stood at 111,400, increasing significantly (+10,400 or +10.3%) from a year earlier (Q4 2016). There were increases in both full-time positions (+9,400 or +11.6%) and part-time positions (+900 or +4.5%).

The unemployment rate among the Indigenous population was 8.7% in Q4 2017, representing a decrease of -3.3 percentage points (pp) from the previous year. The unemployment rate for the non-Indigenous population was 6.6% (-1.3pp). In Q4 2017, the participation rate of Indigenous people increased to 72.0% (+2.1pp from Q4 2016) while among the non-Indigenous population, it stood at 71.5% (-0.8pp). The employment rate of Indigenous people also increased year-over-year to 65.7% (+4.1pp) and the non-Indigenous population saw a slight increase to 66.8% (+0.2pp).

Alberta - Labour Market Indicators for Indigenous People

3-month moving averages Seasonally unadjusted data	Indigenous		Yearly variation (Indigenous)		Non-Indigenous		Yearly variation (non-Indigenous)	
	Q4 2017	Q4 2016	number	%	Q4 2017	Q4 2016	number	%
Population 15 + ('000)	169.5	164.1	5.4	0.0	3,271.9	3,244.6	27.3	0.0
Labour Force ('000)	122.0	114.8	7.2	0.1	2,340.5	2,346.8	-6.3	0.0
Employment ('000)	111.4	101.0	10.4	0.1	2,185.5	2,160.7	24.8	0.0
Full-Time ('000)	90.7	81.3	9.4	0.1	1,778.9	1,741.4	37.5	0.0
Part-Time ('000)	20.7	19.8	0.9	0.0	406.7	419.4	-12.7	0.0
Unemployment ('000)	10.7	13.8	-3.1	-0.2	155.0	186.1	-31.1	-0.2
Unemployment Rate (%)	8.7	12.0	-3.3	-	6.6	7.9	-1.3	-
Participation Rate (%)	72.0	69.9	2.1	-	71.5	72.3	-0.8	-
Employment Rate (%)	65.7	61.6	4.1	-	66.8	66.6	0.2	-

Notes: The Labour Force Survey excludes those living on-reserve.

Estimates are based on three-month moving averages.

Totals may not add due to rounding.

Totals may be different from other tables due to adjustments done to indigenous statistics in the Labour Force Survey.

Source: Statistics Canada Labour Force Survey – ESDC custom table

EMPLOYMENT BY INDUSTRY

In Q4-2017 employment in Alberta's goods-producing sector ticked up 1.8% compared to the previous quarter, while also increasing on an annual basis (+3.5%). In contrast, employment gains in the services-producing sector were more modest – up 0.5% on a quarterly basis and up 0.9% year over year.

Alberta Quarterly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	4th Quarter 2017	3rd Quarter 2017	4th Quarter 2016	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,303.0	2,283.1	2,267.7	19.9	0.9	35.3	1.6
Goods-producing sector	591.1	580.5	571.3	10.6	1.8	19.8	3.5
Agriculture	51.9	51.2	51.5	0.7	1.4	0.4	0.8
Forestry, fishing, mining, quarrying, oil and gas	149.4	146.4	142.8	3.0	2.0	6.6	4.6
Utilities	20.5	22.2	19.6	-1.7	-7.7	0.9	4.6
Construction	245.2	239.2	246.0	6.0	2.5	-0.8	-0.3
Manufacturing	124.1	121.7	111.4	2.4	2.0	12.7	11.4
Services-producing sector	1,711.9	1,702.6	1,696.4	9.3	0.5	15.5	0.9
Trade	338.0	336.1	332.6	1.9	0.6	5.4	1.6
Transportation and warehousing	143.1	141.6	133.7	1.5	1.1	9.4	7.0
Finance, insurance, real estate and leasing	110.4	107.3	102.5	3.1	2.9	7.9	7.7
Professional, scientific and technical services	181.4	176.3	180.0	5.1	2.9	1.4	0.8
Business, building and other support services	81.7	84.5	77.5	-2.8	-3.3	4.2	5.4
Educational services	153.7	143.7	153.1	10.0	7.0	0.6	0.4
Health care and social assistance	268.1	273.5	271.0	-5.4	-2.0	-2.9	-1.1
Information, culture and recreation	72.7	71.3	72.5	1.4	2.0	0.2	0.3
Accommodation and food services	144.4	154.3	148.2	-9.9	-6.4	-3.8	-2.6
Other services	112.2	111.2	124.4	1.0	0.9	-12.2	-9.8
Public administration	106.3	102.7	100.9	3.6	3.5	5.4	5.4

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 6,600 positions since Q4-2016, with most increases occurring in the oil and gas sub-sector. Employment in the broader industry, which peaked at 182,000 during Q3-2014, remains 18% below that level. The price of benchmark North American crude oil (WTI), which averaged a price of \$43.33 U.S. per barrel in 2016, closed 2017 above \$60 U.S. The increase comes as global oil production has eased, lowering the oversupply that has gutted prices for the past three years.⁵

World-wide, oil production has eased because of the voluntary cuts made by the Organization of Petroleum Exporting Countries (OPEC) and by Russia, which cuts are currently scheduled to continue through to March 2018. At the same time, these efforts risk being undermined by increased oil extraction in other countries, especially the United States. U.S. crude oil production averaged about 9.25 million barrels per day (b/d) in 2017

and is expected to increase again in 2018. The 2018 forecast of 9.9 million b/d exceeds the previous U.S. record set in 1970, prior to the advent of shale oil.⁶

While the number of active U.S. oil rigs increased sharply (+42%) during the final weeks of 2017 compared to the same period 12 months earlier, similar gains were not seen in Alberta or Canada. In fact, drill counts were up about 6% in Alberta and 2.5% Canada-wide.⁷

Nevertheless, there are reasons for optimism concerning Alberta's energy sector. For example, provincial revenue from oil and gas land auctions fell to just \$137 million in 2016, the lowest level on record. However, during 2017 sales tripled to \$505 million – a strong expression of investor interest.⁸

Progress on export pipelines is slow in coming. In November, a month after TransCanada Corp. cancelled its proposed Energy East project to Atlantic Canada, the firm's long dormant Keystone XL pipeline received approval from the State of Nebraska – albeit for a slightly altered route that could still lead to further delays.⁹ Similarly, Enbridge's Line 3 replacement project, which runs from Hardisty, Alberta to Superior Wisconsin, awaits an April 2018 decision in Minnesota.¹⁰ Kinder Morgan's Trans Mountain project, running from Edmonton to tidewater in Burnaby B.C. continues to be challenged in Canadian courts.¹¹ Perhaps not surprisingly, shipments of oil by rail increased during 2017, up 15% on an annual basis.¹²

Looking at Alberta's other goods-producing industries, construction employment increased sharply on the quarter (+6,000) as large-scale energy projects including the Redwater Refinery and the Fort Hills oil sands mine made a final push towards completion. Compared to Q4-2016, the manufacturing industry (+12,700) 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 June, the U.S. added anti-dumping duties such that total penalties for most producers are close to 30%.¹³ Overall, forestry and wood product manufacturing is a \$6 billion industry in Alberta. Employment in wood product manufacturing declined during Q4-2017 compared to the same period last year.

Turning to the services-producing sector, significant year over year employment gains were seen in transportation and warehousing (+9,400), reflecting incremental hiring in air transportation and in transit and sightseeing transport. Employment in accommodation and food services decreased on the year (-3,800). Employment in this industry peaked at about 158,000 in Q1-2015, but remains well below that level today. Although international tourism has been an economic bright spot, booming activity in the premium resorts of Banff and Jasper has not come close to offsetting wide cutbacks in business travel and hospitality spending province-wide.

In Q4-2017, hiring in the public sector continued to ease. Compared to Q4-2016, combined employment levels across educational services, healthcare and social assistance, and public administration increased by 0.6% (+3,100).

REGIONAL ANALYSIS

Over the past year, employment increased in five of seven Alberta regions. On a percentage basis, Red Deer led the province in job growth (+4.1%), followed by Edmonton and then Wood Buffalo-Cold Lake.

Alberta Quarterly Labour Force Statistics, by Economic Region

Not Seasonally Adjusted Data	Employment			Unemployment Rate		
	4th Quarter 2017 ('000)	4th Quarter 2016 ('000)	Yearly Variation (%)	4th Quarter 2017 (%)	4th Quarter 2016 (%)	Yearly Variation (% points)
Alberta	2,299.4	2,264.9	1.5	6.7	8.1	-1.4
Economic Regions						
Lethbridge-Medicine Hat	144.4	147.6	-2.2	5.9	6.4	-0.5
Camrose-Drumheller	98.1	102.7	-4.5	6.0	7.6	-1.6
Calgary	886.6	873.1	1.5	7.2	9.6	-2.4
Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River	182.7	182.6	0.1	6.0	6.2	-0.2
Red Deer	117.7	113.1	4.1	5.5	8.0	-2.5
Edmonton	785.9	763.5	2.9	6.7	7.0	-0.3
Wood Buffalo-Cold Lake	84.0	82.2	2.2	6.2	8.9	-2.7

Note: Totals may not add due to rounding

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

In Lethbridge-Medicine Hat, employment fell 2.2% compared to Q4-2016. At the same time, the unemployment rate also declined, as the area's labour force shrank by 4,300. Despite these declines, employment in the oil and gas extraction industry jumped sharply compared to the same period one year prior. In a new development, Elemental Energy has gone live with its \$4.5M Brooks Solar Farm, the first utility scale solar project in Alberta to be connected to the grid. Of the 70 employees and subcontractors hired for the project, most were from the Brooks area and almost all were Albertans.

Somewhat similar labour force results were seen in Camrose-Drumheller, as employment contracted (-4.5%) and the unemployment rate declined (-0.5 percentage points). However, unlike in Lethbridge-Medicine Hat, job losses were concentrated in the goods producing sector, notably agriculture. Meanwhile, employment increased moderately across the services-producing sector, led by job gains in educational services. The accommodation and food services industry should receive a boost going forward, as Bagg Inn Burrows is planning to open a string of bed-and-breakfast cottages near Three Hills in spring 2018. The developers are using ATB Financial's BoostR program to help crowdfund the project, along with plans for a larger country inn.¹⁴

Employment in the Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River area was essentially unchanged during the October to December period (+0.1%). Nevertheless, the area continued to see job growth in oil and gas extraction, both in the Grande Prairie portion and in the Rocky Mountain House portion as well.¹⁵ These increases in resource-based hiring offset a generalized weakness across many services-producing industries. This large and combined region contains Alberta's most active share of the Duvernay formation, geology which is a good fit for the advanced drilling techniques that have revolutionized oil production south of the border. The tourism centres of Banff and Jasper enjoyed a successful summer season

in 2017, although the expected flood of visitors associated with Canada's 150th birthday never fully materialized.

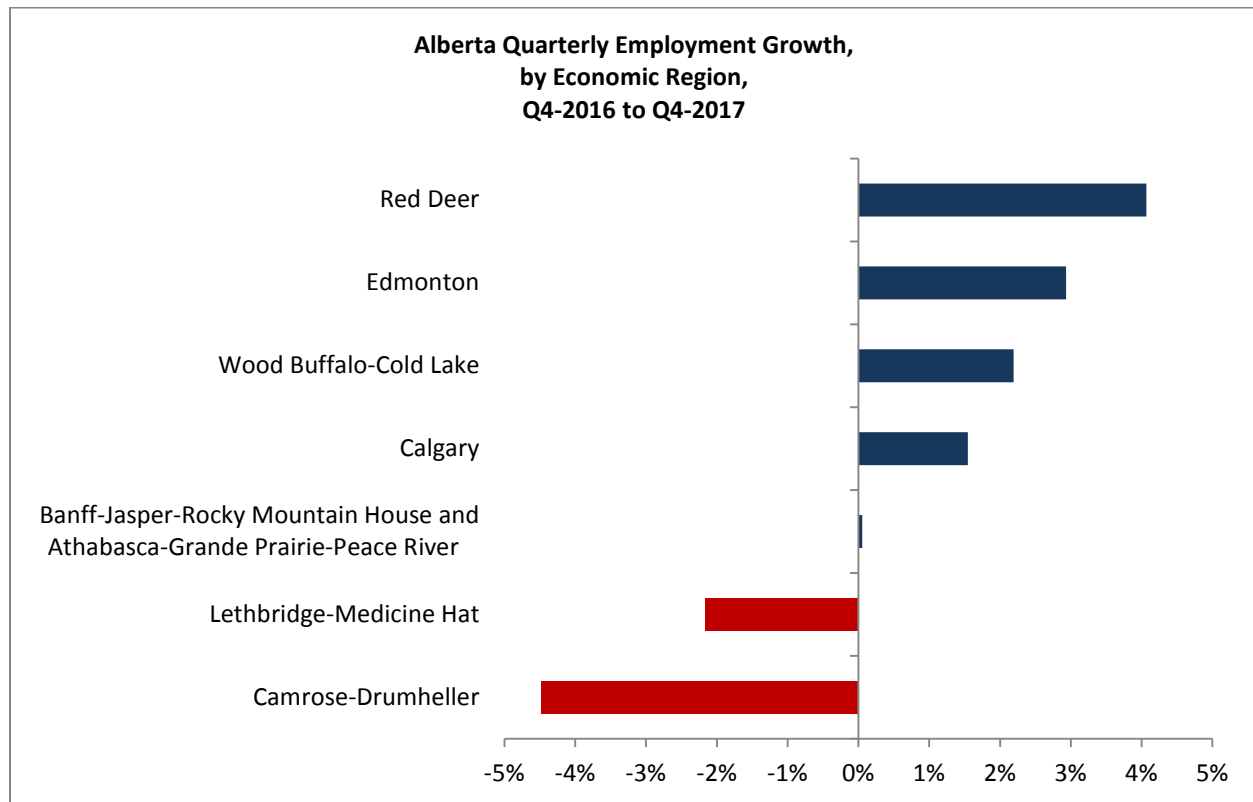
As mentioned, employment growth in Red Deer topped the leader board in Q4-2017, as job gains were spread roughly evenly across both goods-producing and services-producing sectors. Unemployment fell sharply during the year, with the region's fourth quarter unemployment rate the lowest province-wide. Looking forward, Central Alberta Co-op is spending \$2M to expand and replace its gas bar in Innisfail, while Agropur Processing Ltd is planning a significant expansion of its grain handling facility in the town.

To the northeast, Wood Buffalo-Cold Lake's Fort McMurray continues its recovery from the wildfire of May 2016. In Q4-2017, employment in Wood Buffalo-Cold Lake increased to 84,000, while its unemployment rate dropped to 6.2%. Through the first six months of 2017, housing starts in Fort McMurray were double the previous two years combined. 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. This continued recently, with Husky Energy and Suncor increasing their stakes in the giant Fort Hills oil sand mine, as France's Total continued to reduce its oil sands exposure.

Employment in the Edmonton area increased by 2.9% compared to Q4-2016, as job gains in the goods-producing sector (+7.4%) out-paced those among services-producing industries (+1.7%). Meanwhile, unemployment in the Edmonton Economic Region pulled back on the quarter. At 6.7%, the region's unemployment rate was 0.5 percentage points below that of Calgary. In December, Calgary-based, Inter Pipeline Ltd. gave final approval to move ahead with its \$3.5 billion Heartland Petrochemical Complex next to the City of Edmonton. Construction will ramp up in early 2018 and the project is expected to create 13,000 direct and indirect jobs over four years.

In Calgary, overall employment grew at a moderate clip during the fourth quarter (+1.5%), led by an uptick in the goods-producing sector (+3.6%). Job growth among services-producing industries relied heavily on accommodation and food services (+12,000). While Edmonton's unemployment rate exceeded Calgary's during Q3-2017, Calgary once again holds that dubious honour.

In construction news, work has begun on the new Calgary Cancer Centre. The \$1.4B facility is set to open in 2023 and will support 1,500 jobs over the next six years. Meanwhile, Amazon is building a distribution warehouse near Balzac, 25 kms north of Calgary, with construction starting in fall 2018. The project is expected to generate 150 construction jobs and 750 full-time positions upon completion. This comes as Bentall Kennedy and investment partners continue to develop a large industrial facility in Balzac, the first major speculative development since the early 2015 downturn.



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, July 2017; Accessed October 6, 2017 <http://www.statcan.gc.ca/daily-quotidien/170928/dq170928a-eng.htm>

² Ibid

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