Environmental Scan

Alberta

2017

Once a year, Service Canada develops Economic/Environmental Scans (E-Scan) that provide a general overview of demographic, economic and labour market conditions and trends. E-scans will be of interest to those who seek to know more about the state of a provincial or regional economy and labour market. Facts and statistics presented in this document reflect information available as of April 2017.

KEY HIGHLIGHTS

- Alberta's economy contracted for a second consecutive year in 2016, down a further 3.8% from 2015. During the recession, the collapse of international oil prices dramatically reduced capital spending, exports, and employment in the province. In 2017, Alberta is expected to return to a positive GDP growth of 2.8%.

- Early results from the 2016 Census confirm that Alberta's population is not only the fastest growing, but also the youngest among all provinces. Three of Canada's five fastest growing cities – Calgary, Edmonton, and Lethbridge – are situated in Alberta.

- While the province exported goods to 190 different countries, 85% of total exports were transported to just one country – the United States. Bituminous oil and related energy products accounted for two-thirds of Alberta's exports by value, all of which were bound for the U.S.

- Alberta's labour market struggled in 2016. On an annual basis employment declined by 1.6%, while the number of unemployed rose by a third to 200,000. At 8.1% for the year, Alberta's unemployment rate exceeded the national average for the first time since 1988.

- In place of 2016's outright decline, employment in the province is forecast to increase by 0.6% in 2017, and the provincial unemployment rate to rise to 8.4% for the year. However, Labour Force Survey results through the first four months of 2017 suggest that Alberta's job market may fare somewhat better than predicted.

- Year over year job losses were at their worst in May and June of 2016 (-56,100). These losses have consistently narrowed since then, with April 2017 marking the first year-over-year employment gain in 19 months.

ECONOMIC CONTEXT

Global outlook: A strengthening recovery

The global economy faced significant headwinds in 2016, as geo-political events around the world continued to fuel economic uncertainty. A litany of global risks –the Brexit referendum, a slowing China and a rise in trade protectionism – contributed to subdued growth in the first half of the year. Following a shaky start, trade picked up in the final quarter of 2016, as the long slump in trade appeared to be easing. According to the International Monetary Fund, global growth is expected to rise to 3.4 percent in 2017, and 3.6 percent in 2018.[1] A healthy labour market, tax reforms and fiscal easing in the US will offset the Eurozone's slower growth pace. Meanwhile, a modest recovery in commodity prices and stronger manufacturing activity will support gains in a number of emerging economies.

Much of the lingering global uncertainty stems from increased potential for shifts in US trade policy and from mixed reaction to Brexit. The British pound fell to 186-year-lows following the referendum last June. However, initial fears in the financial markets appear to have been allayed, if only temporarily.[2] In Europe, withdrawal negotiations between the United Kingdom and the European Union (EU) have started and will likely remain on the Eurozone's agenda for the next few years. Elsewhere in Europe, national elections are scheduled in a number of key member countries, where anti-EU parties are growing in popularity. Despite that, economic growth has surpassed expectations. Most currencies - including the Euro, Japanese Yen and Chinese Renminbi - have recovered from their recent lows, helping uplift exports and manufacturing activity. This in turn, has strengthened demand and prices for base metals.[3] Oil prices have also firmed up, reflecting reduced US production and an agreement among OPEC producers to trim supply. Downside risks to an improving outlook for crude include OPEC's inability to adhere to production cuts and rising shale oil production in the US.

In China, an attempt to avoid a deeper economic slowdown has driven policy makers to institute credit controls that discourage the outflow of capital from the country.[4] So far, these policies have supported consumer confidence and demand, resulting in a stabilizing effect on the economy. However, China's structural imbalances, stemming from a rapid pace of debt growth, continue to put downward pressure on long-term economic growth. That said, the Chinese economy remains the single largest contributor to world GDP growth.[5] Meanwhile in India, the sudden demonetisation of 86 percent of the country's bank notes in November 2016 rattled the economy. Since then, new legislation involving labour market, bankruptcy and tax reforms has succeeded in supporting growth.[6] India's economy is expected to be one of the most resilient among BRIC countries (Brazil, Russia, India and China) in 2017.

GDP share of world total (PPP), 1980 to 2015

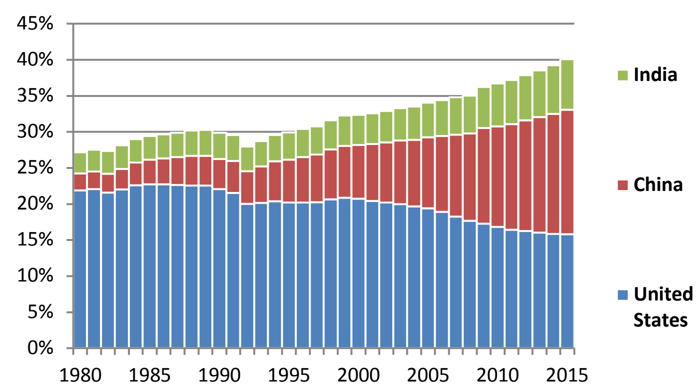


Figure 1
Source: International Monetary Fund (IMF), April 2017
Gross domestic product based on purchasing-power-parity (PPP)

Other emerging markets are also on more solid footing. Brazil and Russia, the third and fourth largest emerging economies, are stabilizing after being mired in recession for a number of years.[7] In Russia, a stable Ruble, firmer oil prices and easing monetary policies are steadying factors. Downside risks in the form of continued Western sanctions, weak foreign investment and little income growth and consumer spending are likely to have a chilling effect on the economy. In Brazil, hosting of the 2016 summer Olympic Games stimulated the country's economic recovery; if fiscal mismanagement is kept in check, Brazil's economy could be on the right path.

Moving forward, the global economic recovery appears to be gathering pace. Deflationary pressures are subsiding despite inflation rates largely remaining below target. The US Federal Reserve is expected to continue to hike inflation rates this year, which will provide a positive impulse to economic growth.[8] In the medium term, a looser fiscal policy will outweigh more modest growth in China. The predominant risk threatening to impede global economic growth appears to be political volatility.[9]

National Overview

Canada experienced a sluggish economic year in 2016. Estimated real Gross Domestic Product growth hovered just above 1%.[10] It also followed a subpar 2015, when real GDP grew by less than a percent in Canada.[11] Weak private sector investments are the main reason for this lack of growth. It is particularly visible in the oil and gas sectors, where continued low oil prices led to a decrease in investment of almost $13 billion last year.[12] In the meantime, investments in other sectors of the economy have dropped for a third year in a row.[13]

This reality has also been visible at the provincial level. Saskatchewan and Alberta experienced very weak growth in 2016 due to their reliance on the oil and gas sector. TD Economics forecasts that a recovery in Alberta and Saskatchewan would return both provinces to their usual "top of the class" position among provinces by 2018.[14] TD Economics also forecasts a deceleration of the Ontario and British Columbia economies over that same time period. Both provinces have been experiencing above-trend growth.[15]

This reversal of provincial fortunes would be linked to, on one hand, an improvement in oil prices and, on the other hand, a slowdown in the real-estate market. Oil prices are expected to grow from US$50 to about US$60 by 2018.[16] Real estate markets could slow down due to increased real estate prices and higher interest rates.[17]

Additionally, the current lumber dispute with the United States could negatively impact British Columbia's economy. The industry accounts for three per cent of the province GDP, but there could be up to 140 communities that are dependent on the forestry sector within the province.[18]

Higher interest rates could also affect household consumption in the medium term. In the past year, real consumer spending grew at a rate above 2% and represented a bright spot in Canada's economy.[19] At the same time, employment grew just 0.7%, and wage growth was slow.[20] Part-time employment did trend up throughout 2016, rising by 154,000 or 4.5%, while full-time employment was little changed (+0.4%). During the same period, the number of hours worked was also virtually unchanged.[21] Almost all of the employment growth in 2016 occurred in the second half of the year - +0.9% from June 2016 to December 2016 compared to +0.3% from December 2015 to May 2016.[22] [23]

As a consequence household debt rose quickly in 2016 reaching more than 160% of average household disposable income.[24] Put together, the Conference Board of Canada expects consumer spending to slow down slightly in 2017 due to low wage growth and employment gains.[25]

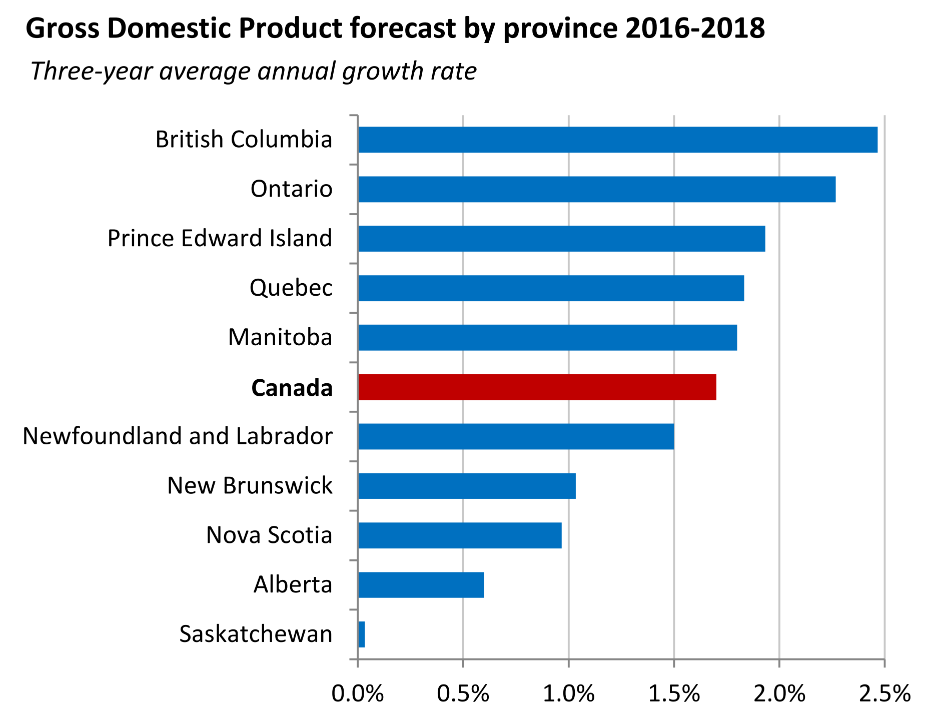


Figure 2
Source: Conference Board of Canada ,Provincial Outlook Executive Summary ,Winter 2017

Provincial overview

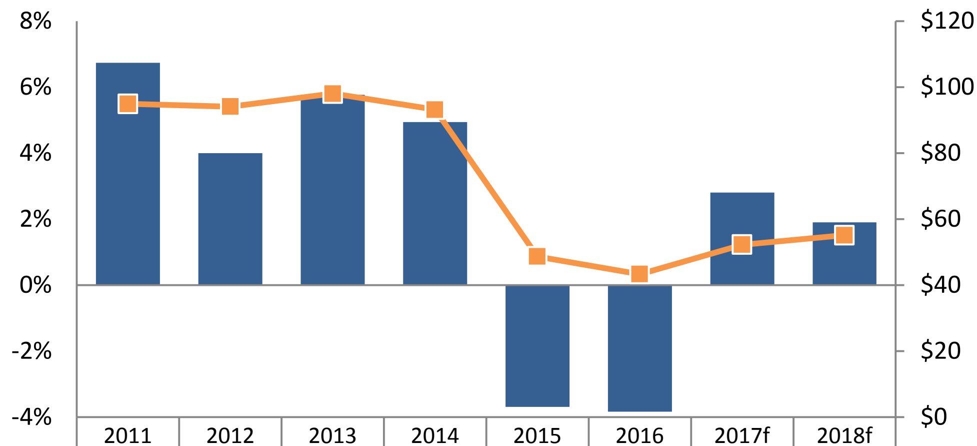
Alberta's economy appears to be turning a corner following one of the worst downturns in recent memory. For two years, collapsing oil prices reverberated throughout the provincial economy, threatening the financial stability of businesses and households alike.[26] Job losses appeared in a broad range of industries, as rising unemployment gave way to an increase in consumer insolvencies. And just when the global oil market began to catch a break, the northern part of the province was hit by wildfires. This resulted in widespread production shut downs in Alberta's oil sands and a cut back in investment spending.

Since then, economic indicators have shown early signs of recovery. Certainly, the Conference Board of Canada projects positive GDP growth to return to the province in 2017 at a rate of 2.8 percent, the fastest in Canada.[27] Although this growth is only about half that experienced between 2010-2014, it represents a sharp turn for Alberta, after the province posted the nation's biggest drop in GDP in 2016 (-3.8%).

Recent global developments in oil and gas bode well for Alberta's economy. In late 2016, OPEC producers agreed to cut oil production by a million barrels a day. The reduced supply resulted in a notable recovery in oil prices. Over the first two months of 2017, the West Texas Intermediate (WTI) crude oil price averaged US$53 a barrel, more than double the depressed levels that prevailed in 2016.[28] Oil producers were also buoyed by federal approval of Kinder Morgan's Trans Mountain Pipeline and Enbridge's Line 3, two major pipelines that would move nearly a million more barrels of oil a day from Alberta's oil sands to market.[29]

The new US administration has also paved the way for the Keystone XL pipeline, which if built, would allow greater access for Albertan oil to the US gulf coast. These developments signal that the oil and gas industry will continue to be the backbone of Alberta's economy, although not the growth engine it once was. In the near-term, 2017 is expected to be an improvement over the last two years. Drilling activity is already on the rise and capital investment intentions are trending higher following two years of freefall.[30] Oil production will rise this year, as Suncor's $17 billion Fort Hill oil sands mine and Canadian Natural Resources' Horizon Phase 3 projects come on-line.[31]

Annual change in Alberta's Gross Domestic Product and WTI Crude Oil Prices, 2011 to 2018 (forecast)



	2011	2012	2013	2014	2015	2016	2017f	2018f
Alberta GDP	6.7%	4.0%	5.8%	4.9%	-3.7%	-3.8%	2.8%	1.9%
Canada GDP	3.3%	1.9%	2.5%	2.6%	0.9%	1.3%	2.0%	2.0%
WTI Crude Oil Price	$94.9	$94.1	$98.0	$93.2	$48.7	$43.3	$52.2	$55.1

Figure 3
Sources: Statistics Canada CANSIM Tables 379-0030, 379-0031; Conference Board of Canada (forecast); US Energy Information Administration, West Texas Intermediate Spot

The worst may be over for other sectors as well. In construction, housing starts ended 2016 on a strong note. In December, residential construction in the province proceeded at a pace that, over the course of a full year, would produce 27,000 new homes.[32] Rebuilding efforts in Fort McMurray are expected to provide a further boost, as more than 2,500 new dwellings are built over the next few years. Meanwhile in retail trade, sales reached $6.3 billion in December, the highest they had been all year.[33] The province leads the country in average household spending – 25 percent above the national average.[34]

Despite these early signs of improvement, labour market indicators have continued to lag. Over the last two years, the pullback in provincial employment was accompanied by expansion in the labour force; combined, these two factors helped push the unemployment rate over 8 percent for the first time in twenty years. Rising unemployment in the province led to a substantial spike in the number of Employment Insurance (EI) recipients – up 69 percent compared to 2015.[35] And given that most of the jobs lost since 2014 were in the high-paying oil and gas, construction and manufacturing industries, layoffs in these industries placed downward pressure on earnings. Nevertheless, as oil prices pick up, the province's business environment is expected to improve, providing a much-needed boost to employment.

Key global trading partners

In 2016, exports from Alberta travelled to 190 countries around the world. Regardless, over 85% of provincial exports were bound for a single country – the United States. Alberta's second and third largest export markets (China and Japan), accounted for just 5% of the total between them. As a point of reference, shipments to the U.S. represent about 75% of Canadian exports nationwide.[36]

Perhaps not surprisingly, crude oil, natural gas, and petroleum products account for roughly two-thirds of provincial exports by value. The destination for virtually all these energy products, worth over $50 billion in 2016, is the United Sates. This lack of market diversity for such a dominant product line has been a long-standing concern in Alberta, hence the on-going push for pipeline access to Canada's west and east coasts. In this regard, Kinder Morgan has announced that it will begin construction of its Trans Mountain pipeline expansion project in September 2017. The pipeline, which reaches tidewater in Burnaby B.C., may still face delays, despite repeated approvals by federal and provincial authorities.

Alberta's top five export countries in 2016

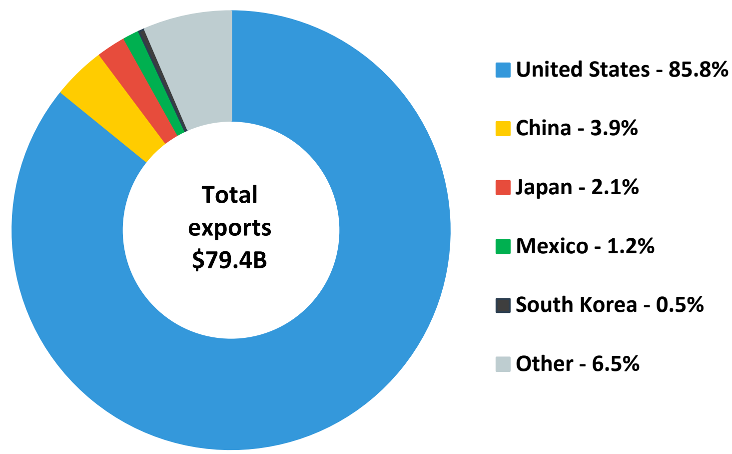


Figure 4
Source: Industry Canada, Trade Data Online as of April 21, 2017

Agricultural products and manufactured foodstuffs are also key Alberta exports. International shipments of canola and wheat, the province's two most valuable crops, amounted to $3.7 billion in 2016, with China and Japan the destinations for 40% of the total. Meat exports were valued at $2.6 billion on the year, with over half heading south to the U.S.

Looking forward, as the global economy picks up speed and the Canadian dollar remains weak, demand for Alberta's exports is expected to increase. Notwithstanding any changes to existing global trade policies, strong gains in oil production will help boost exports by 2.3 percent in 2017[37] and generate spillover effects on other industries.

POPULATION AND AGE

Population

Despite the economic slowdown in the province, the population of Alberta increased by an estimated 1.8% during the year July 1, 2015 to June 30, 2016, the fastest rate in the country. Rapid population growth has been a long-term trend in the province, driven about equally by natural increase (births less deaths), net inflows from other provinces, and international immigration. Alberta is the fourth most populous province in the country, after Ontario, Quebec, and B.C. Early results from the 2016 Census confirm that Alberta is Canada's fastest growing province.[38]

For the years 2011 to 2016, Alberta's population increased by an estimated 460,000, second only to Ontario in terms of absolute numbers. During that time, births exceeded deaths by 160,000, net inflows from other provinces and territories amounted to 120,000, while net international immigration (immigration less emigration) accounted for the balance (+180,000).

For the most part, Alberta's rapid population growth stems from the province's outsized role in the Canadian economy. People go to where the jobs are – especially young adults as they form households and start families. Moreover, in a positive feedback loop, population growth, in and of itself, tends to support economic expansion and the creation of jobs.

However, in the wake of the recession, population growth will ease over the next few years. In 2016, the province saw a small net outflow of Albertans to other parts of Canada (-3,000). The outflow, only the third in Alberta since 1995, is expected to continue this year and possibly next. International immigration will likely slow as well. Nevertheless, even over the short term, Alberta's population growth will continue to outpace the Canadian average.

Alberta inter-provincial migration, 2011/12 to 2015/2016

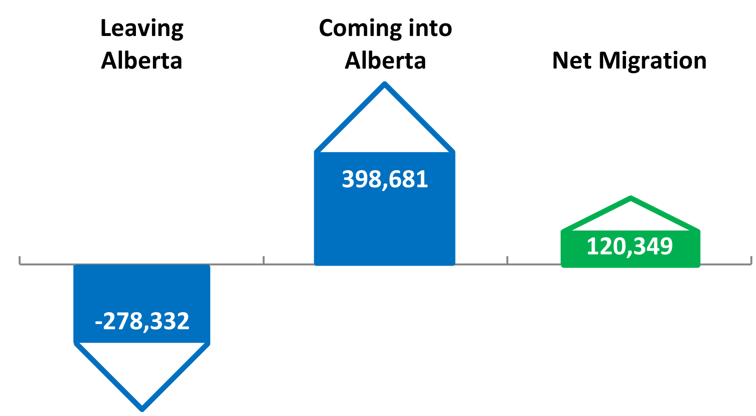


Figure 5
Source: Statistics Canada - CANSIM Table 051-0019

Alberta net inter-provincial migration detail, 2011/12 to 2015/16

Region of Origin	Outgoing	Incoming	Net Migration
Atlantic Provinces	-35,170	58,360	23,190
Quebec	-10,194	28,040	17,846
Ontario	-65,476	121,288	55,812
Manitoba	-12,150	24,768	12,618
Saskatchewan	-34,106	45,485	11,379
British Columbia	-117,393	113,903	-3,490
Territories	-3,843	6,837	2,994
Total	**-278,332**	**398,681**	**120,349**

Notes: Annual period from July 1 to June 30; Data for 2015/16 is preliminary
Source: Statistics Canada - CANSIM Table 051-0019

Age structure

Alberta's population has changed considerably over the past 30 years, increasing by 75% during that time. This increase has been coupled with a cumulative aging as the baby-boomer cohort (those born between 1946 and 1965) moved through the population. In 1986, baby boomers were young adults between 21 and 40 years of age. Today, they are between the ages of 51 and 70 years. Because of this, along with generally lower fertility rates, Alberta's median age has risen from just under 30 years in 1986 to 36.3 years in 2016.

Despite the evident aging, Alberta has the youngest population of all provinces. To illustrate this: in Alberta, the single largest 5-year age group is aged 30 to 34 years. By contrast, in B.C., for example, it is 50 to 54 years. Canada's aging population has been identified as a high priority issue by Statistics Canada.[39]

Alberta population by age group, then and now

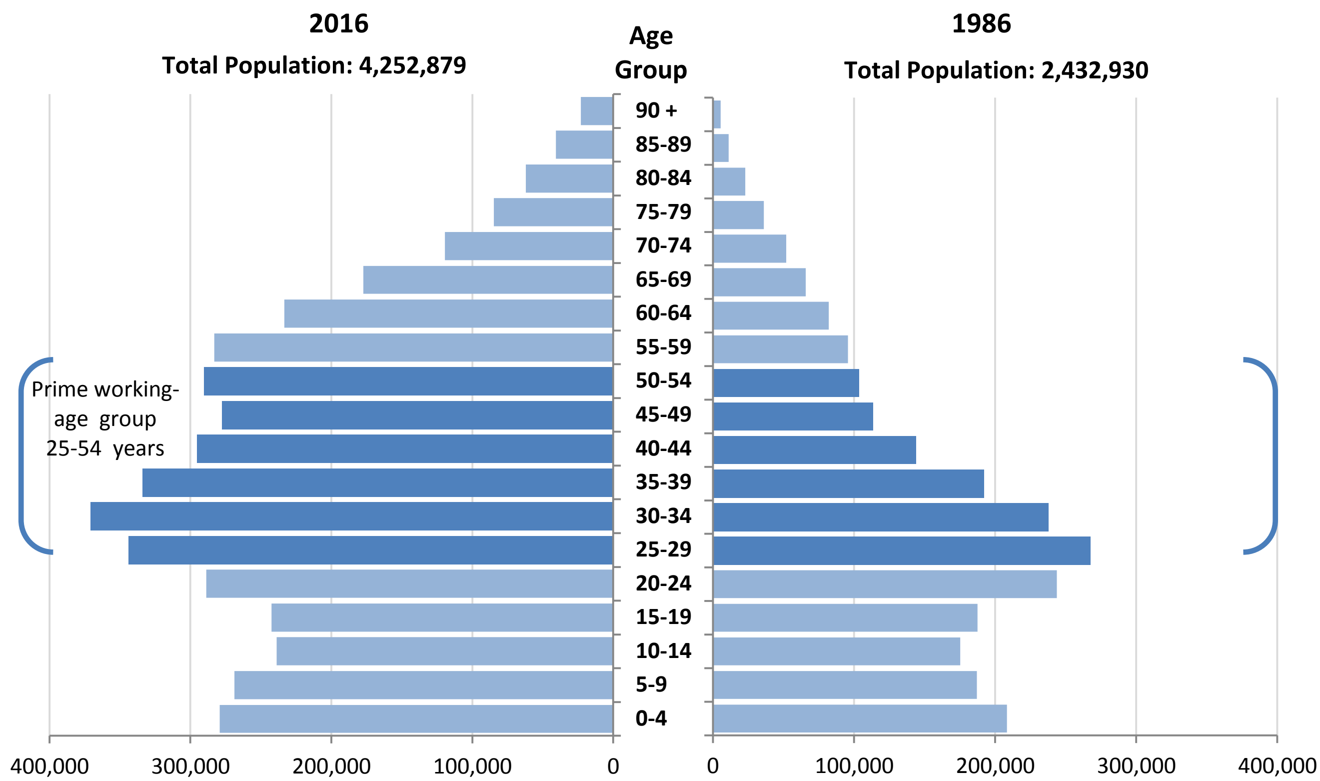


Figure 6
Source: Statistics Canada CANSIM Table 051-0001

LABOUR MARKET CONDITIONS

Alberta's labour market struggled in 2016, as the province suffered through its second year of recession. On an annual basis employment declined by 1.6%, while the number of unemployed rose by a third to 200,000. At 8.1% for the year, Alberta's unemployment rate exceeded the national average for the first time since 1988. Average weekly earnings fell 2.4%, driven by shorter work weeks, and a decline in the number of high-wage earners.[40]

Alberta

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate	Average Weekly Earnings
2016	**3,398,800**	**2,464,600**	**66.6%**	**8.1%**	**72.5%**	**$1,118.57**
Annual Change	1.3% ▲	0.6% ▲	-2.0 ▼	2.1 ▲	-0.5 ▼	-2.4 ▼
2015	3,353,800	2,449,200	68.6%	6.0%	73.0%	$1,146.07

Figure 7
Source: Statistics Canada Labour Force Survey – CANSIM Tables 282-0002, 281-0027

Nonetheless, years of rapid growth prior to mid-2014, means that Alberta remains a wealthy province. For example, despite shrinking in 2015 and again in 2016, total capital investment in Alberta ranked second among all provinces, and led the country on a per capita basis.[41] Moreover, from a worker's point of view, the average take home pay in Alberta remains the highest among provinces – despite the 2.4% decline noted above.

In 2016, full-time employment in Alberta fell by almost 70,000, while part-time employment increased by about half that. Looking at category of workers, private-sector workers in an employer-employee relationship declined by 3.1% (-46,000). During the same period, the public-sector added 11,100 employees, while the ranks of the self-employed thinned by 2,400.[42]

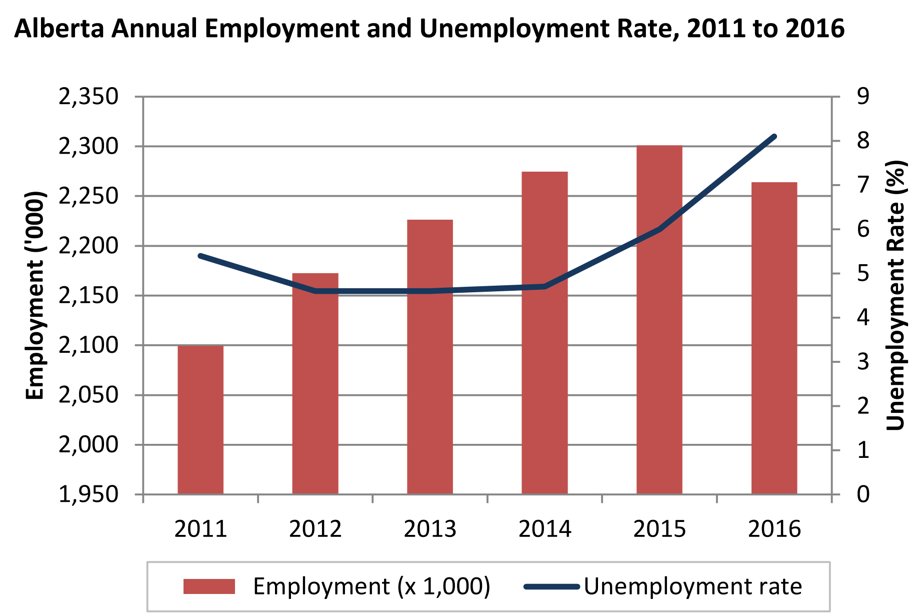


Figure 8
Source: Statistics Canada - CANSIM Table 282-0002

Looking ahead, Alberta's economic challenges will likely moderate this year. Instead of 2016's outright decline, employment in the province is expected to increase by 0.6%. For 2017, the Conference Board is forecasting that Alberta's unemployment rate will rise an additional 0.3 percentage points to 8.4%.[43]

However, Labour Force Survey results through the first four months of 2017 suggest that Alberta's job market may fare somewhat better than forecast. For example, the province's monthly unemployment rate appears to have peaked at 9.0% in November 2016 as it has trended downward ever since. Year-to-date, the province's unemployment rate is already at the predicted 8.4%, with every indication that it will continue to inch down during the final two-thirds of the year. On the employment front, year over year job losses were at their worst in May and June of 2016 (-56,100). These losses have consistently narrowed ever since, with April 2017 marking the first year-over-year employment gain in 19 months.

Employment by Sector

While overall employment edged down in 2016, there were considerable differences between goods-producing and services-producing industries. In 2016, employment in Alberta's goods-producing sector dropped by almost 10% (-63,800). In contrast, the number of people working in the province's services-producing sector increased by 1.6%.

Among goods-producing industries, manufacturing was hardest hit (-24,400). Job losses occurred across a wide range of sub-industries. The largest losses, however, occurred in fabricated metal manufacturing, and in machinery manufacturing, two sub-industries that in Alberta are closely tied to oil and gas production. Between them, the two sub-industries recorded employment declines of about 11,000 in 2016. Exports of their products also declined on the year.[44]

Alberta industries with the largest employment growth and decline in 2016 (over 2015)

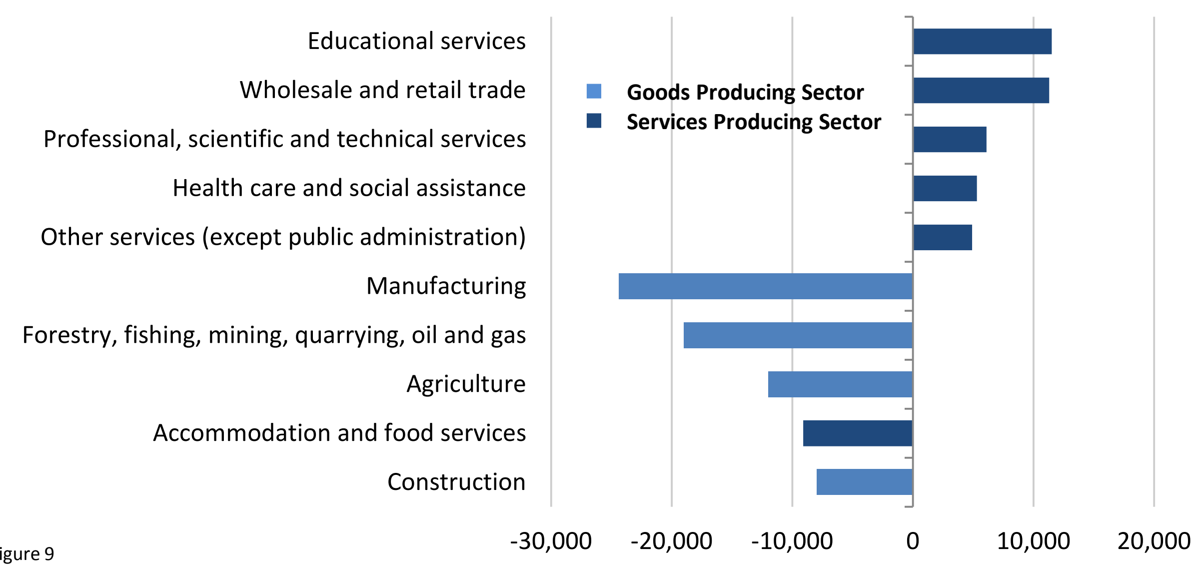


Figure 9
Source: Statistics Canada Labour Force Survey - CANSIM Table 282-0008

Alberta's resource extraction industry itself experienced notable employment losses (-19,000) in 2016, roughly the same as the previous year. Overall conditions did improve for the oil and gas industry, however. Crude oil and other energy prices firmed up over the course of 2016, finally reversing the downward trend that began in mid-2014. Nevertheless, the year saw further declines in conventional drilling in the province, along with waning interest in the oil sands, as multinational producers sought out cheaper options elsewhere. Oil production fell 0.6% by volume on the year, a very modest decline given the massive disruption caused by the Fort McMurray wildfire.[45, 46] Going forward, renewed growth in Alberta's oil and gas sector may largely bypass the oil sands and refocus on shale and tight-oil plays within the Grande Prairie area.[47]

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 southeast corner of the province. This year, crop producers are off to a bad start, as early snows in the fall of 2016 and late snows in the spring of 2017 prevented the harvest of some 800,000 hectares of crops, by far the largest number on record.[48]

After posting modest gains in 2015, construction employment stumbled badly 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 the 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.

Looking at 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.

Turning to 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.

For the accommodation and food services industry, a strong tourism year was not enough to replace foregone business travel and the temporary housing 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 three 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.

Labour Market Conditions by Economic Region

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

Lethbridge-Medicine Hat

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2016	**230,200**	**159,900**	**64.7%**	**6.9%**	**69.5%**
Annual Change	**0.0%** ▪	**3.4%** ▲	**0.8** ▲	**1.9** ▲	**2.3** ▲
2015	230,200	154,700	63.9%	5.0%	67.2%

Figure 10.1
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Lethbridge-Medicine Hat was the only region in Alberta to show employment growth on the year, as job gains in services-producing industries such as wholesale and retail trade offset job losses in agriculture and manufacturing. In a major development, Statistics Canada identified the City of Lethbridge as one of Canada's two new Census Metropolitan Areas, as early Census 2016 results showed Lethbridge to be the fifth fastest growing city Canada-wide. Construction of Cavendish Farm's new $350 million potato processing facility in Lethbridge's Sherring Industrial Park is scheduled to begin this year, and be completed in 2019. As of April 2017, a long-awaited expansion of a methanol-producing facility in Medicine Hat will be on hold for at least another 18 months.

Camrose-Drumheller

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2016	**161,400**	**108,400**	**62.0%**	**7.8%**	**67.2%**
Annual Change	**-0.3%** ▼	**-0.1%** ▪	**-1.9** ▼	**3.3** ▲	**0.2** ▲
2015	161,900	108,500	63.9%	4.5%	67.0%

Figure 10.2
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Employment in Camrose-Drumheller declined by 3.4% in 2016. Job losses were relatively steep in most goods-producing industries, and in such services-producing industries as transportation and warehousing. Meanwhile, the construction industry posted surprising job gains on the year. Midway through 2016, Husky Energy sold $1.7 billion worth of assets, including energy infrastructure in the Lloydminster area leaving Husky with a 35% share of the assets. Looking forward, GrainsConnect Canada is planning to build a $30M grain terminal near Vegreville to be completed in 2018. Meanwhile, Drumheller's Royal Tyrrell Museum is set for a $9.3 million expansion project with construction scheduled to start during the summer of 2017. In Wainwright, a $15 million storm water management project will continue construction this year and next.

Calgary

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2016	**1,290,300**	**947,800**	**66.7%**	**9.2%**	**73.5%**
Annual Change	1.9% ▲	1.3% ▲	-2.5 ▼	2.9 ▲	-0.3 ▼
2015	1,266,600	935,300	69.2%	6.3%	73.8%

Figure 10.3
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

The Calgary region suffered significant job loss in 2016 (-1.7%), as employment declined in both the goods-producing, and the services-producing sectors. Full-time employment was particularly hard hit, down 25,000 on the year. Unemployment increased by almost half in 2016, with the region's annual unemployment rate standing at 9.2%, the second highest rate province-wide. Even employment in health care and social assistance fell, down 7.0%, as health businesses offering services covered by workplace insurance plans (e.g. dentists and optometrists) were themselves forced to cut staff as their client base dwindled.[49] In something of an anomaly, employment in professional, scientific, and technical services increased in 2016, as the industry returned to 2014 staffing levels. Tourism Calgary reports that visitors to the city declined by 800,000 in 2016 compared to the previous year. The agency attributes the drop to markedly lower business travel.

Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2016	**277,000**	**195,300**	**65.6%**	**6.9%**	**70.5%**
Annual Change	0.0% ▪	-4.2% ▼	-3.7 ▼	1.0 ▲	-3.1 ▼
2015	277,000	203,900	69.3%	5.9%	73.6%

Figure 10.4
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Employment in the Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River region fell 5.3% in 2016, as an increase in part-time work only partially offset a larger drop in full-time jobs. A sharp dip in resource extraction employment was largely responsible for the region's overall employment decline. While parts of this large combined economic region are off limits to oil extraction, its northwest portion includes Alberta's share of the Montenay shale formation. The Montenay is the target of renewed oil and gas activity in the province, as its geology is a good fit for the advanced drilling techniques that have been so successful in the United States. The upswing in drilling activity comes as forestry-dependent communities in the region brace themselves for the effects of new US softwood lumber tariffs. Tourism-related businesses in the Banff-Jasper area enjoyed a banner year in 2016, with every indication they will see more of the same this year and next.

Red Deer

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2016	**172,300**	**122,600**	**65.1%**	**8.6%**	**71.2%**
Annual Change	1.2% ▲	-1.8% ▼	-3.7 ▼	2.4 ▲	-2.2 ▼
2015	170,200	124,900	68.8%	6.2%	73.4%

Figure 10.5
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Like elsewhere in Alberta, 2016 was a bad year for Red Deer's job market. Employment declined by 4.3%, while unemployment increased by a third. The region's unemployment rate ticked up to 8.6%, even as 2,300 people withdrew from the labour force. While 2016 was bad, 2017 has started off on a better footing. At 3.5% year over year, Red Deer's employment growth rate was the highest in the province through the first three months of 2017. Overall employment growth was due in large part to employment gains in services-producing industries, such as business, building, and other support services. Going forward, the City of Red Deer's municipal government intends to balance its budget by trimming staff. At the same time, the Government of Alberta is providing $4.8M to Red Deer College for a new Alternative Energy Innovation Lab and for energy-related improvements on campus.

Edmonton

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2016	**1,149,300**	**840,400**	**67.7%**	**7.4%**	**73.1%**
Annual Change	1.7% ▲	1.3% ▲	-1.3 ▼	1.5 ▲	-0.3 ▼
2015	1,130,600	829,400	69.0%	5.9%	73.4%

Figure 10.6
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Employment in the Edmonton region edged down 0.2% in 2016, hardly ideal, but markedly better than the provincial average. That may not necessarily be the case going forward, however. While Edmonton generally outperformed provincial results during the depth of the recession, this is no longer the case. Through the first three months of 2017, employment in the Edmonton area dropped by 21,000 compared to the same period the previous year. Moreover, at 8.8%, the region's quarterly unemployment rate is now above the provincial average and approaching that of Calgary. Looking forward, RBC is opening a banking centre in the Edmonton Tower in the fall of 2017.

Wood Buffalo-Cold Lake

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2016	**118,400**	**90,100**	**69.1%**	**9.3%**	**76.1%**
Annual Change	**0.9%** ▲	**-2.6%** ▼	**-3.5** ▼	**1.4** ▲	**-2.7** ▼
2015	117,400	92,500	72.6%	7.9%	78.8%

Figure 10.7
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

In May 2016, the Fort McMurray wildfire completely disrupted the economy of Wood Buffalo-Cold Lake. On an annual basis, employment for the region is now credited at roughly 82,000, down 4.0% from the previous year. Wood Buffalo-Cold Lake's unemployment rate reached 9.3% in 2016, the highest in the province. While production in the oil sands continues apace, uncertainties regarding future developments resonate acutely in Fort McMurray. To date, rebuilding efforts are proceeding more slowly than expected. When faced with the decision to rebuild or not, anecdotal evidence suggests that some owners are opting to walk away

LABOUR MARKET OUTCOMES FOR CLIENT SEGMENTS

Immigrants/Newcomers

In 2016, landed immigrants accounted for 21.3% of Alberta's labour force, unchanged from the previous year. This segment of the provincial population has grown an average of 8.0% per year since 2012. This compared to the 0.6% growth rate of the Canadian-born population. These stark differences may appear to contradict population growth statistics presented earlier, but it must be remembered that all labour force numbers automatically exclude those under the age of 15.

Over the past five years, the unemployment rate has consistently been higher for landed immigrants than for Canadian-born workers. These differences, however, usually decrease with longer periods of residence. For example, in 2015 immigrants who arrived within the previous five years had an unemployment rate of 10.0%, compared to 6.3% for those who arrived between five and ten years prior. By contrast, the 2015 unemployment rate for Albertans born in Canada was 5.8%. In fact, this general trend was not visible in 2016, perhaps because of the province's unusually challenging labour market.

Indigenous People

In 2011, Census counts showed 220,700 Indigenous people living in Alberta, which at that time represented 6.2% of the total provincial population. Looking at adults 15 years and over, labour market outcomes for Indigenous adults trailed those of non-Indigenous adults, by way of a significantly higher unemployment rate (14.2% versus 5.4%) and a far lower participation rate (64.0% versus 73.8%).[50]

In 2011, approximately 20% of Alberta's Indigenous people lived on reserve. Limited economic activity in many of these communities – as well as other factors – resulted in the employment of only one in three on-reserve Indigenous adults. The unemployment rate of this population was 23.4%. In contrast, the unemployment rate for Indigenous off-reserve adults was 10.9%. The participation rate for that same off-reserve population was relatively close to that of the overall adult population.[51]

Current labour market information is only available for Alberta's off-reserve Indigenous population. Between 2015 and 2016, this group's unemployment rate rose from 11.7% to 13.8%. By comparison, the unemployment rate for Alberta's non-Indigenous population rose 2.1 percentage points to 7.9%.

Youth

The unemployment rate for Alberta youth (aged 15 to 24 years) declined between 2010 and 2013 but has since trended upwards. In 2016, Alberta's youth unemployment rate averaged 13.1%, close to double the rate of adults aged 25 years and older (7.3%).

Between 2015 and 2016, the unemployment rate for young men increased from 12.0% to 14.2%, while the rate for young women rose 2.6 percentage points to 11.8%. These gender-based differences reflect the fact that 2016's job losses were most pronounced in Alberta's goods-producing industries – such as manufacturing – which have traditionally offered more entry-level opportunities to young men than to young women.

Older Workers

In 2016, 72.2% of Albertans aged 55 to 64 were either working or actively seeking employment. The equivalent rate for Alberta's population aged 15 years and over was 73.0%, meaning that in terms of this basic measure at least, there is no real difference between older workers and the general workforce.

Between 2012 and 2016, the number of employed older workers in the province increased by 10.7%. This was two and a half times the increase of the general adult population (+4.2%). For the most part, the difference reflects Alberta's aging demographics. But it may also reflect long-standing characteristics of the provincial labour market. Alberta's typical high wages and frequent need for experienced workers may induce older workers to extend their working lives. Oddly, while the province's current downturn does not support this conjecture, the financial insecurity the downturn engenders may achieve the same effect.

Seniors

The proportion of Alberta's population aged 65 and rose from 11.0% in 2012 to 11.9% in 2016. Nonetheless, the province's share of seniors remains significantly lower than the national average (16.5%). In fact, Alberta consistently has the lowest proportion of seniors among all provinces.

Regardless, the share of Alberta seniors who remain active in the labour market is high by Canadian standards. At 19.2%, the participation rate of seniors in Alberta was second only to Saskatchewan among all provinces in 2016.

The labour market participation of Alberta's seniors varies greatly by gender. In 2016, almost 25% of male seniors either worked or looked for work. The same was true for only 14.5% of female seniors.

According to somewhat dated statistics, employment income accounted for around 24% of Alberta seniors' total income in 2013—the highest percentage in all provinces and significantly above the 15% Canadian average.

People with Disabilities

In 2012, nearly 370,000 Albertans were estimated to have some form of disability, representing 12.5% of the population aged 15 years and over. This was the lowest prevalence of disability of any province, likely a result of Alberta's younger population.[52]

Narrowing the population **to** Albertans aged between 15 and 64 years, almost 60% of persons with a disability were also employed. By comparison, 78% of persons without a disability were employed.[53] Meanwhile, the unemployment rate for persons with a disability was 8.9%, versus an unemployment rate of 5.5% for persons without.

In 2012, the unemployment rate of Albertans with a disability was lower than the unemployment rate of persons with a disability nationwide. Similarly, the participation rate of Albertans with a disability was higher than the participation rate of persons with a disability nationwide.

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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