



# Labour Market Bulletin

## Alberta

### November 2018



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 2.36 million, employment in Alberta was up sharply in November (+23,700), a stunning improvement after two months of declines. Compared to October, full-time employment increased by 36,500, while the number of Albertans working part-time hours declined by 12,800. Employment in the province was almost 60,000 higher than it was in November 2017.

### Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	November 2018	October 2018	November 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
<b>Population 15 + ('000)</b>	3,490.2	3,486.3	3,441.4	3.9	0.1	48.8	1.4
<b>Labour Force ('000)</b>	2,516.9	2,519.4	2,480.7	-2.5	-0.1	36.2	1.5
<b>Employment ('000)</b>	2,358.9	2,335.2	2,300.0	23.7	1.0	58.9	2.6
Full-Time ('000)	1,956.2	1,919.7	1,876.7	36.5	1.9	79.5	4.2
Part-Time ('000)	402.7	415.5	423.3	-12.8	-3.1	-20.6	-4.9
<b>Unemployment ('000)</b>	158.0	184.2	180.6	-26.2	-14.2	-22.6	-12.5
<b>Unemployment Rate (%)</b>	6.3	7.3	7.3	-1.0	-	-1.0	-
<b>Participation Rate (%)</b>	72.1	72.3	72.1	-0.2	-	0.0	-
<b>Employment Rate (%)</b>	67.6	67.0	66.8	0.6	-	0.8	-

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

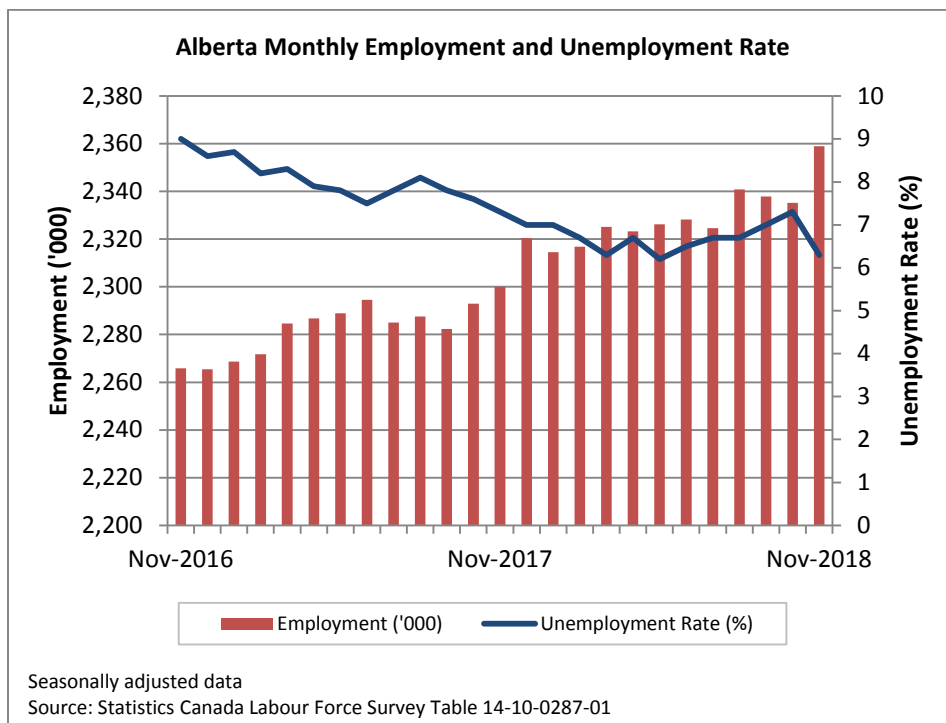
Hourly-paid Albertans worked 31.3 hours on average in September (the most recent data available). This was second among provinces and higher than the corresponding figure nationwide (29.9 hours). Meanwhile, at \$1,145 per week, average earnings in Alberta remain the highest among provinces, despite having fallen five times in the 12 months to September.<sup>1</sup>

In September, the number of regular Employment Insurance (EI) beneficiaries edged downward to 46,750, the lowest level since May 2015. In the 12 months to September, the number of regular EI recipients in Alberta fell by 27% compared to a decline of 13% nationwide.<sup>2</sup>

Turning to category of worker, private-sector employment was up 2.5% (+37,600) compared to November of last year. At 1.526 million, private-sector employment is the highest since June 2015. Public-sector employment also increased year over year, up 6,800. At the same time, the number of self-employed increased by 14,500.<sup>3</sup>

Alberta’s unemployment rate fell by a full percentage point to 6.3% in November. Nevertheless, the rate remains the highest among western provinces and exceeds the national average of 5.6%. While employment gains were primarily responsible for the lower unemployment rate, a net 2,500 people exited the labour force in November, which also contributed to the decline.

The average length of time an unemployed person remains without work is a concern in Alberta. In November, the average duration of unemployment was 23.5 weeks, second only to Saskatchewan among provinces.<sup>4</sup>



**Unemployment by major demographic groupings**

In November, the unemployment rates for youth aged 15 to 24 years and adults 25 years and over were all lower or unchanged compared to the same month last year. However, the survey results did show notable variation along gender lines. In the 25 years and over age group the unemployment rate for men was 1.1 percentage points higher than for women, while the unemployment rate for young men was almost twice that of young women.

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

Seasonally Adjusted Data	November 2018 (%)	October 2018 (%)	November 2017 (%)	Monthly Variation (% points)	Yearly Variation (% points)
<b>Total</b>	6.3	7.3	7.3	-1.0	-1.0
<b>25 years and over</b>	5.7	6.5	6.5	-0.8	-0.8
Men - 25 years and over	6.2	6.8	6.4	-0.6	-0.2
Women - 25 years and over	5.1	6.0	6.7	-0.9	-1.6
<b>15 to 24 years</b>	10.4	12.9	12.3	-2.5	-1.9
Men - 15 to 24 years	13.2	15.0	13.2	-1.8	0.0
Women - 15 to 24 years	7.2	10.5	11.3	-3.3	-4.1

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

## EMPLOYMENT BY INDUSTRY

In November, Alberta's goods-producing sector accounted for more than one-quarter of total employment in the province, almost 5 percentage points above the national average. Employment in the goods-producing sector increased 3.0% year over year, compared to a gain of 2.4% for services-producing industries.

### Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	November 2018	October 2018	November 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
<b>Total employed, all industries</b>	2,358.9	2,335.2	2,300.0	23.7	1.0	58.9	2.6
<b>Goods-producing sector</b>	606.8	596.3	589.1	10.5	1.8	17.7	3.0
Agriculture	48.1	45.8	50.8	2.3	5.0	-2.7	-5.3
Forestry, fishing, mining, quarrying, oil and gas	153.2	152.3	148.4	0.9	0.6	4.8	3.2
Utilities	25.5	23.7	19.9	1.8	7.6	5.6	28.1
Construction	249.8	248.5	245.3	1.3	0.5	4.5	1.8
Manufacturing	130.2	125.9	124.6	4.3	3.4	5.6	4.5
<b>Services-producing sector</b>	1,752.1	1,738.9	1,710.9	13.2	0.8	41.2	2.4
Trade	328.9	333.0	338.9	-4.1	-1.2	-10.0	-3.0
Transportation and warehousing	139.6	139.1	142.7	0.5	0.4	-3.1	-2.2
Finance, insurance, real estate and leasing	108.0	106.1	110.3	1.9	1.8	-2.3	-2.1
Professional, scientific and technical services	182.1	181.1	182.3	1.0	0.6	-0.2	-0.1
Business, building and other support services	91.0	88.3	81.1	2.7	3.1	9.9	12.2
Educational services	152.9	154.2	154.3	-1.3	-0.8	-1.4	-0.9
Health care and social assistance	287.8	279.6	267.5	8.2	2.9	20.3	7.6
Information, culture and recreation	78.4	77.8	74.1	0.6	0.8	4.3	5.8
Accommodation and food services	150.8	147.7	141.4	3.1	2.1	9.4	6.6
Other services	116.4	115.5	110.5	0.9	0.8	5.9	5.3
Public administration	116.3	116.6	107.8	-0.3	-0.3	8.5	7.9

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0355, formerly CANSIM 282-0088

Alberta's resource extraction industries (forestry, fishing, mining, quarrying, and oil and gas) added 4,800 positions over the past year. At 153,200, the combined employment in these industries remains well below the 183,000 posted in September 2014. As Alberta's oil and gas firms struggle to remain competitive with their U.S. counterparts, some of those lost jobs may never return.

### **The oil industry**

World oil prices rose smartly through the first nine months of 2018, with benchmark North American crude (WTI) reaching \$76 U.S. per barrel as of early October.<sup>5</sup> However, fears of overproduction have since pushed the price down by one-third, with WTI trading at \$53 U.S. at the time of writing. While the plunge was bad for WTI, it was even worse for Alberta's benchmark Western Canada Select (WCS), which dropped below the cost of production.

In fact, WCS, an oilsands-bitumen blend, regularly sells at a discount to WTI simply because the bitumen it contains can only be processed at complex refineries that are specifically designed for heavy oil. The WCS price is also vulnerable to transportation bottlenecks that frequently arise given the thousands of kilometres that the oil typically travels to refineries in the U.S.

Through on-going additions to oilsands capacity, oil companies in Alberta now produce more oil than today's infrastructure can handle. Pipelines out of the province, are over-subscribed. Storage sites in Alberta – estimated at 35 million barrels in all – are also full. With pipeline transport, the safest and cheapest way of moving oil, more than spoken for, producers turn to shipments of oil by rail. Despite railcar loadings of oil setting new records each month, oil by rail cannot meaningfully ramp up further without a lead time of nine or ten-months. Worse still, pipeline relief, namely Enbridge's Line 3 replacement project, will not be in service until late 2019 at the earliest.

In a bid to get ahead of the rail issue, the Government of Alberta placed a massive order for railcars and locomotives in late November, even as one-half dozen producers announced voluntary cutbacks in production.<sup>6</sup> However, in the face of imminent job losses and likely bankruptcies, the Government of Alberta took even more drastic action.

On December 2<sup>nd</sup> the Government of Alberta announced mandatory production cuts of 8.7% for oil producers in the province, effective January 2019. The curtailments will be calculated at the company-level, with the first 10,000 barrels per day for all firms to be excluded from the cuts. The exemption limits the impact on smaller producers while leaving larger firms free to choose which barrels they wish to forgo. The share prices of Athabasca Oil Corp, Cenovus, Crescent Point, and Baytex immediately rose – as did the price of WCS. The aim is first to reduce the storage glut in the province, then to narrow the cuts to ensure that production does not exceed existing take away capacity.

Canadian export pipeline aspirations now rest on Enbridge's Line 3, TransCanada's Keystone XL, and the Trans Mountain expansion project, bought by the Federal government at the end of May. Indeed, China has already imported two shipments of Canadian oil from the Trans Mountain terminal in Burnaby this year – at the discounted WCS spot prices available in the U.S.<sup>7</sup>

Regardless, oil production continued apace in the province. Compared to October 2017, oil production in Alberta was up 17.8% in October. Non-conventional (i.e. oil sands) output accounted for 83% of the 3.65 million barrels per day produced that month. Oil sands output increased by 18% year over year, while conventional production increased by 15%.<sup>8</sup>

### **Other goods-producing industries**

Looking at Alberta's other goods-producing industries, year over year employment gains were seen across the board in November, except in agriculture, where the Government of Alberta is increasing loan limits from \$1M to \$2M under the Feeder Association Loan Guarantee Program. The program supports favourable lending rates for producers to buy, feed and sell their livestock.

Construction employment continues to hold up, even as inventories of unsold new condominiums in Calgary and Edmonton continue to accumulate. In September, completed but unsold (unabsorbed) new housing units in Alberta's two major centres accounted for over one-third of all large-city unabsorbed units Canada-wide. In the semi-detached category, unabsorbed units represented 50% of the national Census Metropolitan Area (CMA) inventory.<sup>9</sup>

Petrochemical manufacturing in the province received a big boost in November as the Government of Alberta added \$600 million in royalty credits to an existing diversification program. To date the province has received 23 applications for proposed projects, including Inter Pipeline's \$3.5 billion petrochemical complex currently under construction northeast of Edmonton and the nearby \$4.2 billion Canada Kuwait Petrochemical Company facility, for which a final investment decision is still pending.

### **Services-producing industries**

Turning to the services-producing sector, employment growth in public administration (+8,500) and in health care and social assistance (+20,300) accounted for a substantial part of net job gains sector-wide. Notable increases were also seen in business, building and other support services (+9,900) and accommodation and food services (+9,400). Employment in accommodation and food services peaked at about 158,000 in February 2015 but has yet to return to that level.

## REGIONAL ANALYSIS

Over the past year, employment increased in five of seven Alberta regions. On a percentage basis, Edmonton led the province in job growth (+4.1%), followed by Red Deer (+3.7%).

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

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	November 2018 ('000)	November 2017 ('000)	Yearly Variation (%)	November 2018 (%)	November 2017 (%)	Yearly Variation (% points)
<b>Alberta</b>	2,346.7	2,294.5	2.3	6.2	6.8	-0.6
<b>Economic Regions</b>						
Lethbridge - Medicine Hat	144.5	142.8	1.2	3.9	5.4	-1.5
Camrose - Drumheller	98.3	98.9	-0.6	6.9	7.0	-0.1
Calgary	893.9	879.7	1.6	7.5	7.4	0.1
Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River	185.9	182.3	2.0	4.6	5.6	-1.0
Red Deer	121.6	117.3	3.7	5.4	5.0	0.4
Edmonton	821.1	788.9	4.1	5.6	7.0	-1.4
Wood Buffalo - Cold Lake	81.4	84.6	-3.8	5.3	6.4	-1.1

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table 14-10-0293, formerly CANSIM 282-0122

In **Lethbridge-Medicine Hat**, employment was up 1.2% compared to November 2017, while the unemployment rate declined by 1.5 percentage points. At 3.9%, Lethbridge-Medicine Hat's unemployment rate was the lowest in the province. Of note, employment in oil and gas extraction edged up on the year. Coaldale, 10 kms east of Lethbridge is home to Whole Leaf's lettuce greenhouse operation – believed to be the largest such operation in North America. Production is set to double when Phase Two opens in March 2019. The Star Group will spend \$30 million on the expansion.

Greengate Power Corporation has invested \$185 million for two solar farm projects near Brooks. The projects, currently under review by the Alberta Electric System Operator, are expected to be in service in the fall or winter of 2019 and fully operational by early 2020.

Year over year, employment decreased by 0.6% in **Camrose-Drumheller** in November. At 6.9%, the region has an above-average unemployment rate for the province. On an industry basis, job gains in agriculture and in oil and gas extraction offset a decline in services-producing employment. In the services sector, hiring was seen in wholesale and retail trade, and in accommodation and food services. In a boost to agribusiness, a Vegreville fibre producer has received an \$800,000 investment from the Government of Alberta for equipment to improve the quality of the hemp and flax fibres produced at the facility.

Responding to the province-wide shortage of crude oil storage, Gibson Energy is building two new 500,000-barrel tanks at its Hardisty Terminal as part of a \$200-\$250 million capital program. The tanks are expected to be in service by the fourth quarter of 2019.

Employment increased in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River** (+2.0%), as the area saw an increase in oil and gas extraction jobs compared to November 2017. More broadly, employment gains in the services-producing sector offset job losses in agriculture and manufacturing. In green energy news, Turning Point Generation has received regulatory approval for a stored hydro project to be built near Hinton. Construction on the Canyon Creek Pumped Hydro Energy Storage Project is planned to start in spring 2019.<sup>10</sup> In conventional energy news, Cascade Power is planning to build a \$1.5 billion natural gas-fired electrical power plant southwest of Edson. The company expects to employ 700 people in the construction stage.

On a year over year basis, **Red Deer** enjoyed robust job growth in November (+3.7%). Unemployment did increase on the year, however, and the unemployment rate rose accordingly. Compared to November 2017, job gains in construction and in agriculture led the goods-producing sector. On the services-producing side, job growth was led by educational services and by accommodation and food services. Looking ahead, construction has started on the new \$24.5M Autumn Glen Lodge in Innisfail. The 90-unit seniors' independent living facility is expected to open in fall 2020.

To the northeast, **Wood Buffalo-Cold Lake's** Fort McMurray functions as the services centre for Alberta's oilsands operations. In October, employment in the Wood Buffalo-Cold Lake region stood at 81,400, down 3.8% on the year. Over the same period, the regional unemployment rate declined 1.1 percentage points to 5.3%. Acceleware Ltd. is planning to spend up to \$20M for a commercial-scale pilot of its proprietary generator technology at Prosper Petroleum Ltd.'s Rigel property. The firm anticipates the completion of the project within the first six months of 2019.<sup>11</sup>

Despite the current crisis in Alberta's oilpatch, Imperial Oil officially greenlit its \$2.6B Aspen oilsands project north of Fort McMurray. The project is expected to create about 700 jobs during peak construction, and more than 200 jobs during operations starting in 2022.

The **Edmonton** region's labour market positively shone in October. Year over year, employment across the region grew by 32,000 to roughly 820,000, with job gains seen in both the goods-producing and the services-producing sectors. Combined-hiring in the public sector industries of education, health care, and public administration totalled 21,500. The region's unemployment rate fell 1.4 percentage points as employment gains (+4.0%) outpaced labour force growth (+3.0%).

In Fort Saskatchewan, Sherritt International Corporation is designing a 1,000 barrel per day (bpd) demonstration plant for a new bitumen upgrading technology that proved successful in a 3-bpd pilot project. The design of the demonstration plant will continue throughout 2019, with construction expected to begin in 2020-21. The demonstration plant will employ 14 technologists.<sup>12</sup>

The Government of Alberta is providing \$1.04B for Edmonton's Valley Line West LRT expansion project. Construction of the \$2.6B line, to be complete in 2027-28, is expected to support 20,000 direct and indirect jobs in Alberta and 5,300 in the rest of Canada during the construction, operations and maintenance phases.<sup>13</sup>

Unemployment in the **Calgary** area labour market remained elevated in November despite employment growth of 1.6% on the year. The unemployment rate in the region stands at 7.5% by far the highest rate province-wide. Significant employment gains were seen in manufacturing and in health care and social assistance.

iFLY, a U.S.-based company, is opening an indoor skydiving centre in Calgary in 2019. The vertical wind tunnel is one of several projects under construction by Scott Builders.

Calgary-based ENMAX Corporation has been busy in its hometown area. The Government of Canada has committed \$1.4M to an ENMAX project that will make Calgary's power grid more resilient and efficient by enabling power to flow both ways throughout the downtown core. ENMAX is also behind a green energy project at Genesis Place, a multi-purpose recreational facility in Airdrie. The facility is set to have the largest solar-panelled rooftop in the country, with the City of Airdrie purchasing the system at a cost of about \$2.1 million on a deferred payment plan.

**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, Table 14-10-0222-01 Employment, average hourly and weekly earnings (including overtime), and average weekly hours for the industrial aggregate excluding unclassified businesses, monthly, seasonally adjusted. Accessed December 10, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410022201>
- <sup>2</sup> Statistics Canada, Table 14-10-0011-01 Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted; Accessed December 2, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410001101>
- <sup>3</sup> Statistics Canada, Table 14-10-0288-01 Employment by class of worker, monthly, seasonally adjusted and unadjusted; Accessed December 10, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028801>
- <sup>4</sup> Statistics Canada, Table 14-10-0056-01 Duration of unemployment, monthly, unadjusted for seasonality (no top-code); Accessed December 7, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410005601>
- <sup>5</sup> Nasdaq (December 10, 2018). Crude Oil: WTI (NYMEX). <http://www.nasdaq.com/markets/crude-oil.aspx?timeframe=6m>
- <sup>6</sup> The Globe and Mail, CNRL joins producers cutting oil output amid crude price slump; November 2, 2018. Accessed November 2, 2018 <http://www.globeinvestor.com/servlet/ArticleNews/story/GAM/20181102/RBCDENCANANEWFIELDFINAL>
- <sup>7</sup> Financial Post, China snapping up cheap Canadian oil, lured by \$50 discount over U.S. crude; October 11, 2018. Accessed November 2, 2018 <https://business.financialpost.com/commodities/energy/china-swoops-in-on-canada-oil-thats-50-cheaper-than-u-s-crude>
- <sup>8</sup> Government of Alberta, Economic Dashboard; as of December 7, 2018. Accessed December 10, 2018 <http://economicdashboard.alberta.ca/OilProduction>
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- <sup>12</sup> The Fort Saskatchewan Record, Sherritt developing multi-million upgrading demonstration plant; November 8, 2018. <https://www.fortsaskatchewanrecord.com/news/local-news/sherritt-bringing-multi-million-upgrading-demonstration-plant-to-heartland>
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