



Labour Market Bulletin

Alberta

December 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

Labour market conditions in Alberta were quite robust for the three months October to December 2018. Employment growth came in at +0.5%, up from +0.4% during Q3-2018. The results are somewhat surprising as the oil and gas sector struggled mightily, and business confidence waned during the period.¹

At 2.35 million, employment is now 90,000 above Q2-2016, the low point for employment during the 2015 to 2016 provincial recession. In Q4-2018, full-time employment advanced by almost 47,000 on the year, while the number of people working part-time hours retreated by about 6,000.

Average weekly hours (for hourly employees) were up 1.3% in October 2018 compared to the same month the previous year (October the most recent data available). At 31.7 hours, working hours in Alberta remain well above the current national average (30.0).² Meanwhile, at \$1,144 per week, average earnings in Alberta are still the highest among provinces.³

Turning to category of worker, private-sector employment was up 1.6% (+23,600) compared to Q4-2017. Public-sector employment also increased on the year, up 5,700 (+1.3%). On a percentage basis it was the self-employed who saw the largest increase, as their ranks swelled by 3.1% (+11,700).⁴

At about 167,000, unemployment is down by almost 50,000 from Q4-2016, the all-time high point for unemployment in Alberta. Accordingly, the provincial unemployment rate is much lower at 6.7%, down 0.1 percentage points on the year.

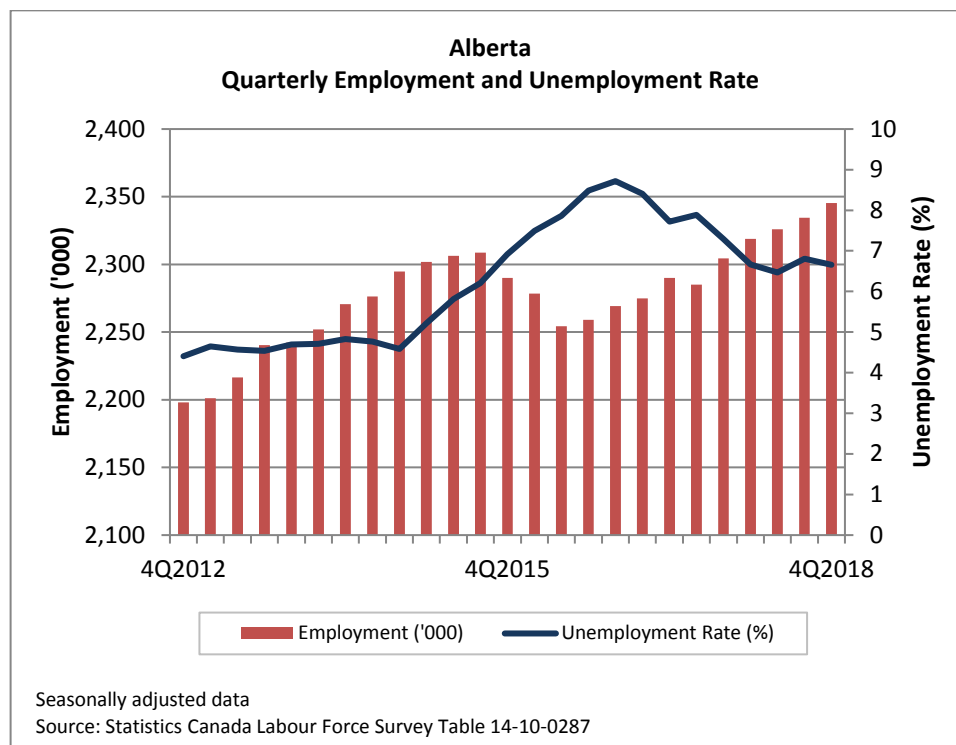
In the 12 months to October, the number of regular EI recipients in Alberta fell by 24% compared to a decline of 14% nationwide.⁵

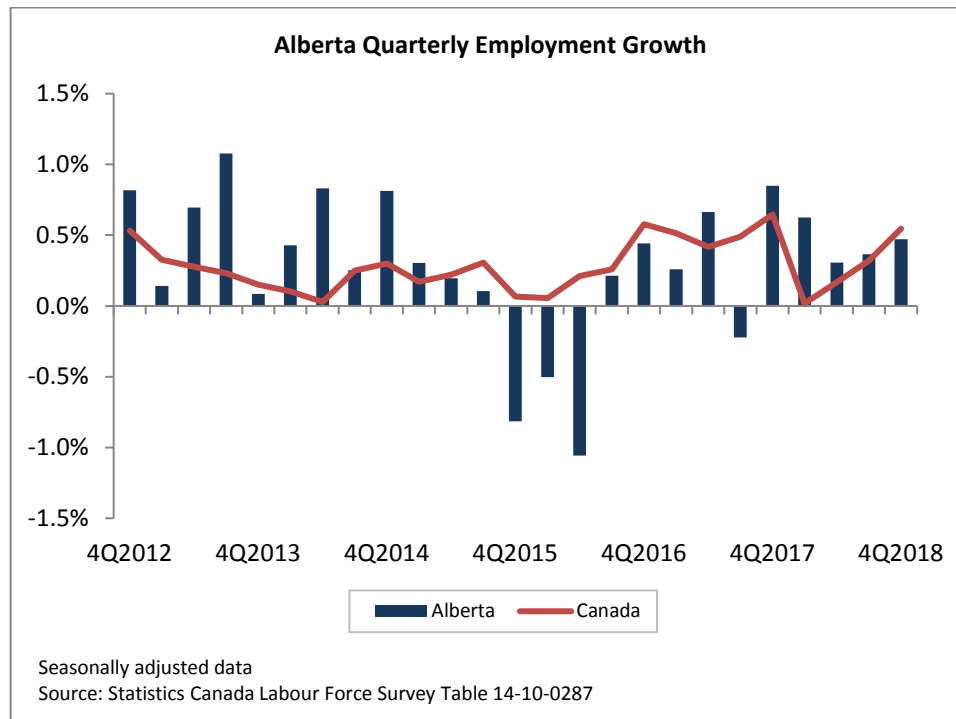
Alberta Quarterly Labour Force Statistics

Seasonally adjusted data	4th Quarter 2018	3rd Quarter 2018	4th Quarter 2017	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,490.1	3,477.6	3,441.4	12.5	0.4	48.7	1.4
Labour Force ('000)	2,512.7	2,504.8	2,485.8	7.9	0.3	26.9	1.1
Employment ('000)	2,345.4	2,334.4	2,304.4	11.0	0.5	41.0	1.8
Full-Time ('000)	1,932.0	1,904.9	1,885.2	27.1	1.4	46.8	2.5
Part-Time ('000)	413.4	429.6	419.2	-16.2	-3.8	-5.8	-1.4
Unemployment ('000)	167.3	170.4	181.4	-3.1	-1.8	-14.1	-7.8
Unemployment Rate (%)	6.7	6.8	7.3	-0.1	-	-0.6	-
Participation Rate (%)	72.0	72.0	72.2	0.0	-	-0.2	-
Employment Rate (%)	67.2	67.1	67.0	0.1	-	0.2	-

Note: Totals may not add due to rounding

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





Unemployment by major demographic groupings

Alberta Quarterly Unemployment Rates, by Gender and Age

Seasonally adjusted data	4th Quarter 2018 (%)	3rd Quarter 2018 (%)	4th Quarter 2017 (%)	Quarterly Variation (% points)	Yearly Variation (% points)
Total	6.7	6.8	7.3	-0.1	-0.6
25 years and over	6.0	6.0	6.5	0.0	-0.5
Men - 25 years and over	6.4	6.1	6.4	0.3	0.0
Women - 25 years and over	5.5	5.8	6.5	-0.3	-1.0
15 to 24 years	11.4	12.3	12.8	-0.9	-1.4
Men - 15 to 24 years	13.6	14.0	14.9	-0.4	-1.3
Women - 15 to 24 years	8.7	10.4	10.5	-1.7	-1.8

Note: Totals may not add due to rounding

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

Looking at unemployment rates for youth (15 to 24 years of age) and for workers in the 25 years and over age range, both men and women saw decreased or unchanged unemployment rates compared to Q4-2017. This comes as youth employment gains remain elusive across much of the country. In Alberta the number of young adults either working or looking for work declined by 8,700 compared to the same period last year.

Labour Market Indicators for Indigenous People

Over 170,000 Métis and First Nations adults aged 15 years and over lived off reserve in Alberta during Q4-2018, representing roughly 5% of provincial adult population. Employment among that group stood at 100,700, down 10.7% from a year earlier (Q4 2017). The decrease was mostly in full-time positions (-7,900), while part-time employment declined by 2,800.

The unemployment rate for Indigenous people living off reserve was 11.4% in Q4 2018, up 2.7 percentage points (pp) from the previous year. The participation rate slipped to 66.3%, 5.2 pp below that of the province's non-Indigenous population. The employment rate decreased to 58.8% (-6.9pp), while the non-Indigenous population saw an increase of 0.5pp.

In development news, the Bearspaw-Kananaskis Travel Centre located next to the Stoney Nakoda Casino and Resort is now expected to open in January 2019. Opening of the \$5 million travel hub, situated about 75 kms west of Calgary, has been delayed several times. The travel centre is expected to create at least 35 new jobs and generate \$65,000 per year in revenue for the Stoney Nakoda First Nation.

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 2018	Q4 2017	number	%	Q4 2018	Q4 2017	number	%
Population 15 + ('000)	171.4	169.5	1.9	1.1%	3,318.7	3,271.9	46.8	1.4%
Labour Force ('000)	113.6	122.0	-8.4	-6.9%	2,374.4	2,340.5	33.9	1.4%
Employment ('000)	100.7	111.4	-10.7	-9.6%	2,234.7	2,185.5	49.2	2.3%
Full-Time ('000)	82.8	90.7	-7.9	-8.7%	1,831.9	1,778.9	53.0	3.0%
Part-Time ('000)	17.9	20.7	-2.8	-13.5%	402.7	406.7	-4.0	-1.0%
Unemployment ('000)	12.9	10.7	2.2	20.6%	139.7	155.0	-15.3	-9.9%
Unemployment Rate (%)	11.4	8.7	2.7	-	5.9	6.6	-0.7	-
Participation Rate (%)	66.3	72.0	-5.7	-	71.5	71.5	0.0	-
Employment Rate (%)	58.8	65.7	-6.9	-	67.3	66.8	0.5	-

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 Q4-2018 employment in Alberta's goods-producing sector was up 1.7% compared to the October to December period one year earlier. Employment in the services-producing sector increased at essentially the same rate (+1.8%).

Alberta Quarterly Labour Force Statistics, by Industry

Seasonally adjusted data ('000)	4th Quarter 2018	3rd Quarter 2018	4th Quarter 2017	Quarterly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,345.4	2,334.4	2,304.4	11.0	0.5	41.0	1.8
Goods-producing sector	601.5	603.0	591.4	-1.5	-0.2	10.1	1.7
Agriculture	47.4	48.2	51.8	-0.8	-1.7	-4.4	-8.5
Forestry, fishing, mining, quarrying, oil and gas	152.4	155.3	149.5	-2.9	-1.9	2.9	1.9
Utilities	24.3	23.9	20.2	0.4	1.7	4.1	20.3
Construction	246.5	246.3	245.7	0.2	0.1	0.8	0.3
Manufacturing	130.8	129.3	124.2	1.5	1.2	6.6	5.3
Services-producing sector	1,743.9	1,731.5	1,713.1	12.4	0.7	30.8	1.8
Trade	329.0	336.1	338.7	-7.1	-2.1	-9.7	-2.9
Transportation and warehousing	139.5	138.8	143.1	0.7	0.5	-3.6	-2.5
Finance, insurance, real estate and leasing	105.7	103.3	110.9	2.4	2.3	-5.2	-4.7
Professional, scientific and technical services	181.5	180.7	180.7	0.8	0.4	0.8	0.4
Business, building and other support services	90.6	85.5	81.5	5.1	6.0	9.1	11.2
Educational services	153.8	158.5	153.6	-4.7	-3.0	0.2	0.1
Health care and social assistance	285.7	277.6	267.5	8.1	2.9	18.2	6.8
Information, culture and recreation	77.8	79.0	73.3	-1.2	-1.5	4.5	6.1
Accommodation and food services	149.3	146.6	144.9	2.7	1.8	4.4	3.0
Other services	116.6	115.5	112.3	1.1	1.0	4.3	3.8
Public administration	114.5	109.9	106.5	4.6	4.2	8.0	7.5

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – Table T14-10-0355, formerly CANSIM 282-0088

Alberta's resource extraction industry (forestry, fishing, mining, quarrying, oil and gas) gained an estimated 2,900 positions year over year, with most increases occurring in the oil and gas sub-sector. Employment in the overall industry, which peaked at 182,000 in Q3-2014, remains about 20% below that level.

The oil industry

World oil prices rose steadily through the first nine months of 2018, with benchmark North American crude (WTI) reaching \$76 U.S. per barrel as of early October.⁶ However, fears of both overproduction and slower world demand growth pushed the price down by almost 40% during Q4-2018. At the time of writing, WTI was still trading below \$50 U.S. 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 specifically designed for heavy oil. Moreover, it takes more energy to produce refined products (e.g. gasoline) from heavy crudes compared to lighter ones. 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.⁷ 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.⁸ However, in the face of imminent job losses and likely bankruptcies, the Government of Alberta took even more drastic action.

On December 2nd 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 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.⁹

Other goods-producing industries

Looking at Alberta's other goods-producing industries, year over year employment gains were seen across the board, except in agriculture, where on-going efficiency gains tend to dampen hiring.¹⁰ Construction employment was little changed on the year. In October, municipalities in Alberta issued just under \$1.0 billion worth of building permits, the lowest 2018 figure to date. Both residential and non-residential permit values were down compared to the previous month, with residential intentions down sharply year over year.¹¹

Services-producing industries

Turning to the services-producing sector, notable year over year employment gains were seen in health care and social assistance and in business, building and other support services. Firms in this latter industry appear to be

thriving – particularly those engaged in employment and security services. Alberta’s information, culture, and recreation industry also posted year over year employment increases, as did accommodation and food services.

REGIONAL ANALYSIS

Over the past year, employment increased in four of seven Economic Regions (ERs) in Alberta. On a percentage basis, Red Deer led the province in job growth (+4.6%), followed by Edmonton, and then Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River.

Alberta Quarterly Labour Force Statistics, by Economic Region

Seasonally unadjusted data	Employment			Unemployment Rate		
	4th Quarter 2018 ('000)	4th Quarter 2017 ('000)	Yearly Variation (%)	4th Quarter 2018 (%)	4th Quarter 2017 (%)	Yearly Variation (% points)
Alberta	2,340.8	2,299.4	1.8	6.1	6.7	-0.6
Economic Regions						
Lethbridge - Medicine Hat	141.2	144.4	-2.2	4.5	5.9	-1.4
Camrose - Drumheller	95.4	98.1	-2.8	7.0	6.0	1.0
Calgary	895.2	886.6	1.0	7.0	7.2	-0.2
Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie-Peace River	185.4	182.7	1.5	5.2	6.0	-0.8
Red Deer	123.1	117.7	4.6	4.4	5.5	-1.1
Edmonton	819.0	785.9	4.2	5.8	6.7	-0.9
Wood Buffalo - Cold Lake	81.6	84.0	-2.9	5.1	6.2	-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 decreased 2.2% compared to Q4-2017. At the same time, the unemployment rate declined by 1.4 percentage points and at 4.5% is now the second lowest in the province. Of note, employment in oil and gas extraction edged up on the year. In recent developments, Cancarb, a manufacturer of carbon black used in tire and gasket production, is set to add another manufacturing unit and to expand the warehouse component at its Medicine Hat facility. The upgrades will cost \$40 million spread over 18 months.

Coaldale, 10 kms east of Lethbridge is home to Whole Leaf’s lettuce greenhouse operation – already believed to be the largest such operation in North America – is set to double in size when Phase Two opens in March 2019 at a cost of \$30 million.

Employment fell by 2.8% in **Camrose-Drumheller** year over year, as job losses were seen in both the goods-producing and services-producing sectors. At 7.0%, the area unemployment rate is tied with Calgary for the highest in the province. In a boost to agribusiness, the InnoTech Alberta-run Vegreville Decortication Facility has received an \$800,000 investment from the Government of Alberta for equipment to further improve the quality of the hemp and flax fibres produced.¹²

Responding to the province-wide glut 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.

Overall employment increased in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River** (+1.5%). However, the area saw a downturn in oil and gas extraction jobs, an unwelcome turn of events as the Grande Prairie/Fox Creek area has been one of the few bright spots for conventional oil extraction. 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 2019.¹³ 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.

Red Deer enjoyed healthy job growth in Q4-2018 (+4.6%), while unemployment declined (-1.1 percentage points). Compared to Q4-2017, employment was up sharply in the goods-producing sector, led by construction and agriculture. On the services-producing side, employment growth was strongest in accommodation and food services. Looking ahead, the City of Red Deer has approved a \$121M capital budget for 2019 that includes paving work, and water and wastewater infrastructure projects. The city also approved \$2.6M to plan an expansion and enhancement of the G.H. Dawe Community Centre.

To the northeast, **Wood Buffalo-Cold Lake**'s Fort McMurray functions as the services hub for Alberta's oil sands operations. In Q4-2018 employment in the Wood Buffalo-Cold Lake region stood at 81,600, down 2.9 percentage points on the year. Despite the crisis in Alberta's oilpatch, Imperial Oil officially greenlit its \$2.6B Aspen oilsands project north of Fort McMurray in November 2018. The project is expected to create about 700 jobs during peak construction, and more than 200 jobs during operations starting in 2022.

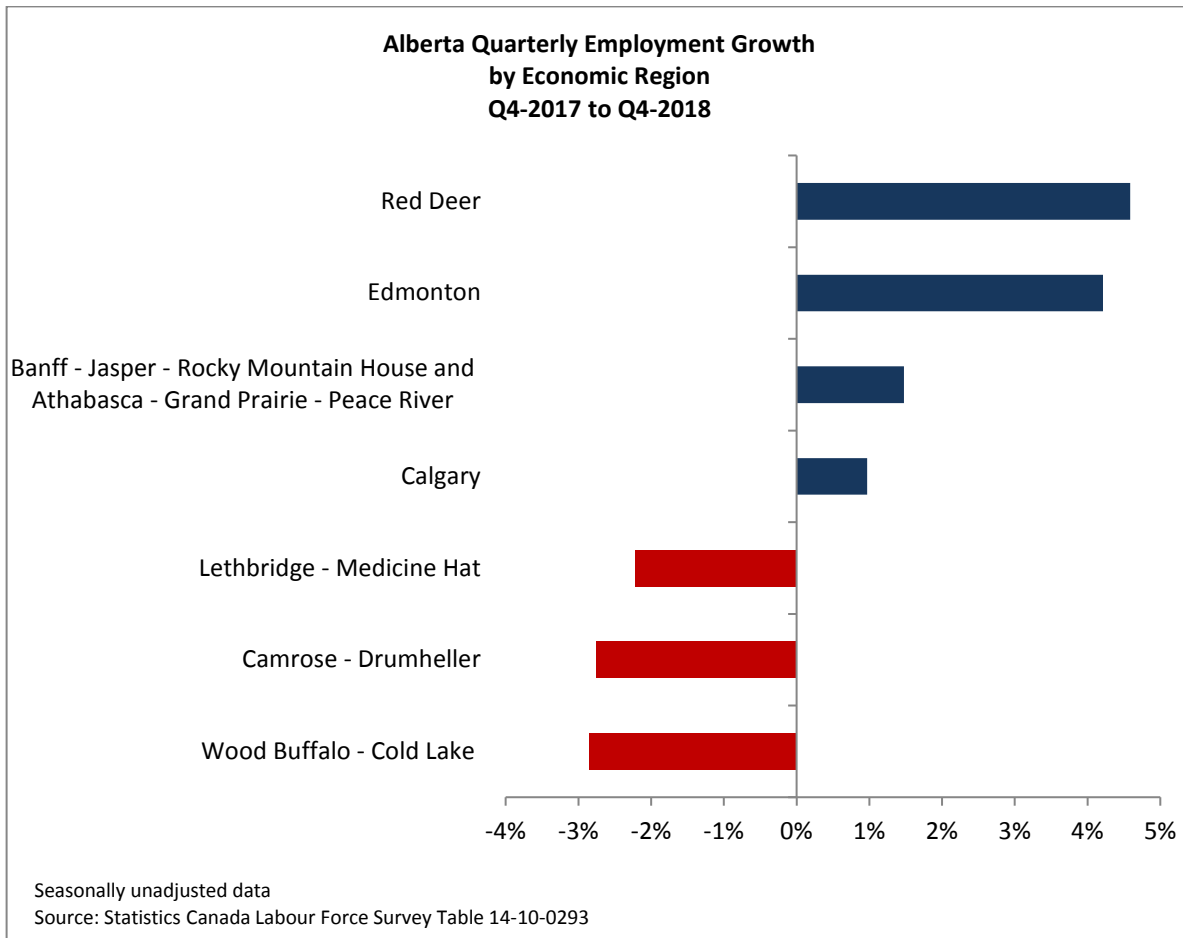
In Q4-2018 employment in the **Edmonton** region increased 4.2% year over year (+33,000) as job gains in the goods-producing sector were outpaced by hiring among services-producing industries. The regional labour market remains heavily dependent on the public sector service industries of health care, education, and public administration. Year over year job gains in the public sector were an estimated 24,200 in Q4-2018 – accounting for a substantial part of overall employment growth. In November, the City of Edmonton began rolling out 24-7 patrols by rotating private security guards at 25 transit centres and stations.

Meanwhile, 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.¹⁴

In **Calgary**, employment edged up in Q4-2018 compared to the same period last year (+1.0%). By major sector, job growth in services (+8,500) outpaced that in goods-production, which was little changed. Unemployment remains stubbornly high in the area, with the unemployment rate down just 0.2 percentage points on the year. During Q4-2018, Calgary CMA had the highest unemployment rate among Canada's 35 largest municipalities.

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.

In a sign of the times, Athabasca Oil Corp. is cutting 25 per cent of head office staff in Calgary - about 30 positions - while company executives will take a 10 per cent salary cut throughout 2019. Athabasca has a preliminary capital plan of between \$95M and \$110M for 2019, much lower than the \$190M for 2018.



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.

Prepared by: Labour Market Information (LMI) Directorate, Service Canada, Alberta

For further information, please contact the LMI team at: NC-LMI-IMT-GD@hrsdc-rhdcc.gc.ca

For information on the Labour Force Survey, please visit the Statistics Canada Web site at: www.statcan.gc.ca

© Her Majesty the Queen in Right of Canada as represented by Employment and Social Development Canada, 2018, all rights reserved

-
- ¹ TroyMedia, Alberta small business confidence plunges; December 27, 2018. Accessed January 7, 2019 <https://troymedia.com/2018/12/27/alberta-small-business-confidence-plunges/>
- ² 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 January 4, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410022201>
- ³ Ibid
- ⁴ Statistics Canada, Table 14-10-0288-01 Employment by class of worker, monthly, seasonally adjusted and unadjusted, last 5 months (x 1,000); Accessed Jan 4, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028801>
- ⁵ Statistics Canada, Table 14-10-0011-01 Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted; Accessed Jan 4, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410001101>
- ⁶ Nasdaq (December 10, 2018). Crude Oil: WTI (NYMEX). <http://www.nasdaq.com/markets/crude-oil.aspx?timeframe=6m>
- ⁷ Statistics Canada, Table 23-10-0216-01, Railway carloadings statistics, by commodity, by region, monthly. Accessed October 9, 2018 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2310021601&pickMembers%5B0%5D=1.3>
- ⁸ The Globe and Mail, CNRL joins producers cutting oil output amid crude price slump; November 2, 2018. Accessed Nov 2, 2018 <http://www.globeinvestor.com/servlet/ArticleNews/story/GAM/20181102/RBCDENCANANEWFIELDFINAL>
- ⁹ 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>
- ¹⁰ Statistics Caanada, 2016 Census of Agriculture: “Growth has been possible due to the ongoing shift towards increasing industrialization, mechanization and specialization in the agriculture sector. The use of technology and equipment has allowed farms to be more efficient, with increased precision and automation.” Released May 5, 2017; accessed January 9, 2019. <https://www150.statcan.gc.ca/n1/daily-quotidien/170510/dq170510a-eng.htm>
- ¹¹ Statistics Canada, Table 34-10-0066-01 Building permits, by type of structure and type of work; Accessed January 7, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410006601>
- ¹² Alberta.ca, Alberta leads the way with hemp processor upgrade; October 11, 2018. <https://www.alberta.ca/release.cfm?xID=60796EFF47C4C-C34A-9BEA-A6FCB43C7CEDBA2A>
- ¹³ The Canadian Press, Alberta's first large-scale project to be built near retired open-pit coal mine at Obed; August 14, 2018. Accessed November 3, 2018 <https://www.cbc.ca/news/canada/edmonton/hydro-power-storage-project-near-jasper-approved-1.4784963>
- ¹⁴ 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>