



Labour Market Bulletin

Alberta

February 2019



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 2.33 million, employment in Alberta was little changed in February (+3,800), with the small increase split evenly between full-time and part-time work.

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	February 2019	January 2019	February 2018	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,501.6	3,498.9	3,450.5	2.7	0.1	51.1	1.5
Labour Force ('000)	2,512.6	2,495.7	2,480.8	16.9	0.7	31.8	1.3
Employment ('000)	2,330.2	2,326.4	2,316.5	3.8	0.2	13.7	0.6
Full-Time ('000)	1,906.3	1,904.4	1,907.2	1.9	0.1	-0.9	0.0
Part-Time ('000)	423.9	422.0	409.3	1.9	0.5	14.6	3.6
Unemployment ('000)	182.5	169.3	164.3	13.2	7.8	18.2	11.1
Unemployment Rate (%)	7.3	6.8	6.6	0.5	-	0.7	-
Participation Rate (%)	71.8	71.3	71.9	0.5	-	-0.1	-
Employment Rate (%)	66.5	66.5	67.1	0.0	-	-0.6	-

Note: Totals may not add due to rounding

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

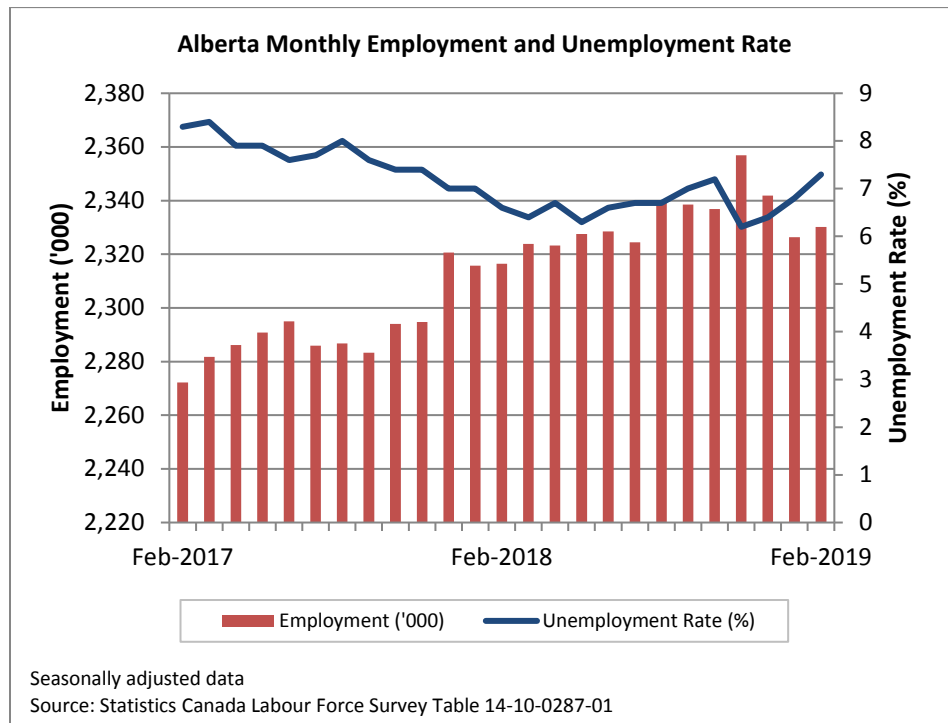
Taking a longer view, overall employment in the province was 0.6% higher than in February of last year (+13,700). Private-sector employment increased by 2.9% (+43,400) – largely offset by a huge tumble in self-employment (-37,700). At 1.516 million, private-sector employment remains close to the multi-year high set in November. Public-sector employment also increased year over year, up 7,800 (+1.8%).¹

Hourly-paid Albertans worked 31.1 hours on average in December (the most recent data available). This was second among provinces and higher than the corresponding figure nationwide (29.6 hours). Meanwhile, at

\$1,148 per week, average earnings in Alberta remain the highest among provinces, despite having fallen five times since December 2017.²

Also in December, the number of regular Employment Insurance (EI) beneficiaries (seasonally adjusted) edged upward to 47,790 on the month. Year over year, the number of regular EI recipients in Alberta was 24% lower than in December 2017, a much steeper decline than seen nationwide (-11%).³

Alberta’s unemployment rate rose for the third month in a row in February, as labour force growth outpaced employment gains. At 7.3%, the provincial rate was the highest west of New Brunswick, exceeding the national average by 1.5 percentage points. Unemployed in Alberta reached 182,500 in February, the highest level since November 2017. The average duration of unemployment was 22.4 weeks, the highest among all provinces.⁴



Unemployment by major demographic groupings

In February, unemployment rates for men and women aged 25 plus rose on both a monthly and an annual year basis. By contrast, unemployment rates for men and women aged 15 to 24 years declined in both time frames. In the 25 years and over age group the unemployment rate for men was 0.6 percentage points (pp) higher than for women. Among the younger cohort aged 15 to 24 years, the unemployment rate for men was 2.6 pp higher than for women.

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	February 2019	January 2019	February 2018	Monthly Variation	Yearly Variation
	(%)	(%)	(%)	(% points)	(% points)
Total	7.3	6.8	6.6	0.5	0.7
25 years and over	6.6	6.1	5.6	0.5	1.0
Men - 25 years and over	6.9	6.7	5.7	0.2	1.2
Women - 25 years and over	6.3	5.3	5.5	1.0	0.8
15 to 24 years	11.6	11.8	13.1	-0.2	-1.5
Men - 15 to 24 years	12.9	13.1	15.3	-0.2	-2.4
Women - 15 to 24 years	10.3	10.4	10.6	-0.1	-0.3

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 February, Alberta's goods-producing sector accounted for more than one-quarter of total employment in the province, 4.7 percentage points above the national average. Employment in the goods-producing sector increased 0.7% on the month; across the services-producing sector, employment remained unchanged.

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	February 2019	January 2019	February 2018	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,330.2	2,326.4	2,316.5	3.8	0.2	13.7	0.6
Goods-producing sector	595.9	591.9	592.1	4.0	0.7	3.8	0.6
Agriculture	46.3	45.7	50.1	0.6	1.3	-3.8	-7.6
Forestry, fishing, mining, quarrying, oil and gas	152.1	149.5	153.2	2.6	1.7	-1.1	-0.7
Utilities	23.0	21.9	21.4	1.1	5.0	1.6	7.5
Construction	236.2	237.5	239.1	-1.3	-0.5	-2.9	-1.2
Manufacturing	138.2	137.4	128.3	0.8	0.6	9.9	7.7
Services-producing sector	1,734.2	1,734.5	1,724.5	-0.3	0.0	9.7	0.6
Trade	333.7	332.7	336.3	1.0	0.3	-2.6	-0.8
Transportation and warehousing	135.5	134.4	142.3	1.1	0.8	-6.8	-4.8
Finance, insurance, real estate and leasing	102.4	105.0	109.7	-2.6	-2.5	-7.3	-6.7
Professional, scientific and technical services	177.8	177.4	176.8	0.4	0.2	1.0	0.6
Business, building and other support services	90.3	92.2	84.4	-1.9	-2.1	5.9	7.0
Educational services	153.6	154.1	160.8	-0.5	-0.3	-7.2	-4.5
Health care and social assistance	285.1	285.3	274.9	-0.2	-0.1	10.2	3.7
Information, culture and recreation	74.8	77.1	73.4	-2.3	-3.0	1.4	1.9
Accommodation and food services	146.9	144.2	148.5	2.7	1.9	-1.6	-1.1
Other services	116.1	118.9	111.7	-2.8	-2.4	4.4	3.9
Public administration	118.0	113.1	105.7	4.9	4.3	12.3	11.6

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) lost 1,100 positions over the past year. At 152,100, the combined employment in these industries remains well below the 183,000 posted in September 2014. Increasingly, Alberta's oil and gas firms struggle to remain competitive with their U.S. counterparts, particularly with respect to attracting investment capital.⁵

The oil industry

World oil prices collapsed during the final three months of 2018, on fears of both overproduction and a slowing world economy. While Q4-2018 was bad for the price of U.S. benchmark crude oil (WTI), it was even worse for Alberta's benchmark Western Canada Select (WCS), which dropped below the cost of production.

WCS – which is essentially oilsands bitumen plus an ultra-thin diluent – regularly sells for at least \$12 U.S. less than WTI. That differential got completely out of hand during late 2018, ballooning to as much as \$52 U.S. per barrel. The massive differential largely stemmed from the fact that, due to on-going development of the oilsands, producers in Alberta can now churn out more oil than existing infrastructure can handle. Export pipelines were frequently over-subscribed last year, with in-province storage – an estimated 35 million barrels in total – eventually becoming chock full as well. With pipeline transport – the safest and cheapest way of moving oil – more than spoken for, producers increasingly turned to shipments of oil by rail.

In late November, the Government of Alberta announced a plan to mass order rolling stock and locomotives in a bid to increase provincial take away capacity.⁶ However, in the face of impending job losses and bankruptcies, the provincial government took even more drastic action.

In December, Alberta announced a mandatory 8.7% oil production cut (curtailment), to be borne by the province's 28 largest producers. Well received by the public, the government intervention bitterly divided industry players between the few deep-pocketed firms having both upstream (extraction) and downstream (refining) operations, versus the many firms with little or no downstream capacity. Regardless, the share prices of some firms rose immediately – as did the price of WCS. In late January, the province reduced the overall curtailment by 75,000 barrels per day (bpd), then by an additional 25,000 bpd in February, on the basis that the storage glut has been clearing more quickly than expected.⁷

With debate over the merits of the curtailment still ongoing, Alberta's struggling energy sector received yet more bad news when Enbridge announced that the in-service date of its Line 3 replacement project has been delayed until late 2020. The \$9-billion project would replace an aging pipeline from Alberta to Wisconsin, restoring the pipeline's capacity from 370,000 bpd to 760,000 bpd.⁸

According to the Government of Alberta, provincial oil production in December 2018 was up 5.5% compared to December 2017, with oilsands production accounting for roughly 85% of the total. Oil production in the province came to 1.274 billion barrels in 2018, up 9.7% compared to the previous year.⁹

Other goods-producing industries

Looking at Alberta's other goods-producing industries, the construction industry posted monthly job losses in February (-0.5%). In the most recent data available, spending on building construction in Alberta – including both new product and renovations – shrank by 6% in December 2018 compared to December of the previous year.¹⁰

There have also been troubling signs of residential overbuilding. In December, completed but unsold (unabsorbed) new housing units in Alberta's two major centres (Calgary and Edmonton) accounted for 37% of all large-city unabsorbed units nation-wide.¹¹

Alberta's agriculture industry has received two shocks in 2019. In January the first ever case of porcine epidemic diarrhea virus (PED) was confirmed in the province. While not communicable to humans, PED is usually fatal for young piglets and is potentially ruinous for affected producers.¹² In March, China revoked Winnipeg-based Richardson International's licence to ship Canadian canola into that country. Richardson is the largest exporter of the valuable Canadian crop.¹³

While low energy prices are a huge negative for resource extraction firms, they are a significant plus for the province's booming petrochemical manufacturing industry. Inter Pipeline is currently building a \$3.5 billion petrochemical complex in Alberta's Industrial Heartland, just outside the Edmonton Census Metropolitan Area (CMA) city limits. In early February, Calgary's Pembina Pipeline Corporation announced a positive final investment decision for its \$4.5 billion joint venture with Kuwait's national petrochemical company, to be built nearby.

Services-producing industries

Turning to the services-producing sector, at 1.734 million, overall employment was unchanged on the month in February (-300), with most industries seeing only minor adjustments in job numbers. The public administration industry saw the largest change in employment levels on both an absolute (+4,900) and percentage (+4.3%) basis.

REGIONAL ANALYSIS

Employment increased, or was little changed, in three of seven Alberta regions over the past year. On a percentage basis, Edmonton led the province in job growth (+4.2%), followed by Red Deer (+2.2%). Employment in Calgary was little changed compared to February 2018 (+0.2%).

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	February 2019 ('000)	February 2018 ('000)	Yearly Variation (%)	February 2019 (%)	February 2018 (%)	Yearly Variation (% points)
Alberta	2,311.4	2,297.4	0.6	6.9	6.8	0.1
Economic Regions						
Lethbridge - Medicine Hat	136.8	143.0	-4.3	5.8	6.9	-1.1
Camrose – Drumheller	87.3	101.8	-14.2	8.8	4.1	4.7
Calgary	895.7	894.1	0.2	7.4	7.7	-0.3
Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River	186.0	187.0	-0.5	5.1	5.3	-0.2
Red Deer	118.0	115.5	2.2	4.7	5.5	-0.8
Edmonton	805.3	772.5	4.2	7.0	6.7	0.3
Wood Buffalo - Cold Lake	82.1	83.4	-1.6	5.8	6.0	-0.2

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 dropped by 4.3% compared to February 2018, while the area's unemployment rate slipped 1.1 percentage points (pp). At 5.8%, the regional unemployment rate was tied for third-lowest in the province. Looking ahead, Prairie Hills Fruits Ltd. is planning to build a berry processing and storage facility in Lethbridge County. Construction is scheduled to start this spring pending a final development permit. In a related, but upstream development, Federated Co-op is building a \$42M fertilizer mixing facility in Grassy Lake, halfway between Lethbridge and Medicine Hat, in bid to service the Highway 3 and broader Alberta markets. Construction will begin this spring, with the rail-served location expected to be in full operation by summer 2020.

Year over year, employment decreased by 14% in **Camrose-Drumheller**, leading to a sharp jump in the number of the local unemployed. At 8.8%, Camrose-Drumheller had the highest unemployment rate in the province in February. In what many will hope to be a sign of better things to come, TransCanada Pipeline began work on the North Spread of its Keystone XL Project over winter. The National Energy Board (NEB) approved the clearing of trees and shrubs along the pipeline route's north section, starting at Hardisty.

Gibson Energy has been expanding its oil storage tank farm located in Hardisty. Gibson recently approved the construction of an additional 500,000-barrel tank, to be located in the Top of the Hill portion of its Hardisty Terminal operations.¹⁴

Employment decreased slightly in **Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River** in February (-0.5%). Job losses throughout the goods-producing sector were only partially offset by services-producing employment gains. In more petrochemical news, Calgary-based Nautical Energy is planning to construct a \$2 billion methanol plant on a brownfield site just south of Grande Prairie. The project has been granted \$80 million in future royalty credits by the Government of Alberta. To the south, Pursuit, an adventure travel operator, is set to open a totally revamped Glacier Park Lodge in Jasper National Park this summer. The 32-guest room retreat is located on the Icefield's Parkway at the toe of the Athabasca Glacier that forms part of the Columbia Icefield.

Compared to February 2018, **Red Deer** enjoyed robust job growth in the second month of 2019 (+2.2%). Unemployment declined, and the unemployment rate fell accordingly (-0.8 pp). Job gains in construction led the goods-producing sector. On the services-producing side, employment gains were seen in health care and social assistance, and accommodation and food services. The discount retailer, Winners, is hiring staff for a new store located in Parkland Mall within Red Deer city limits. The store is set to open in late March, using about half the space occupied by the former Safeway. Parkland Mall has signed a long term lease with the firm.

To the northeast, **Wood Buffalo-Cold Lake's** Fort McMurray functions as the services centre for Alberta's oilsands operations. In February, employment in the Wood Buffalo-Cold Lake region stood at 82,100, down 1.6% on the year. Over the same period, the regional unemployment rate declined by 0.2 pp to 5.8%.

In a surprising turn of events, Fort McMurray's governing council is considering banning the remote 'man camps' that have long been a feature of the region. Hoping to kick start the city's struggling economy, the proposal would place a moratorium on any new large scale temporary housing of workers within 75 km of the city. Less surprisingly, industry representatives have been scathing in their assessment of the plan.¹⁵

The **Edmonton** area labour market posted strong results in February. Year over year, employment grew by 32,800, with robust job growth seen in both the goods-producing and services-producing sectors. Combined-hiring in the public sector industries of education, health care and public administration totalled 27,400. The region's unemployment rate rose 0.3 pp, as employment gains (+4.2%) lagged labour force growth (+4.5%).

As mentioned in the Industry section above, the Canada Kuwait Petrochemical Corporation, a joint venture between Calgary-based Pembina Pipeline Corporation and the Kuwaiti firm, Petrochemical Industries Company K.S.C., is moving ahead with its \$4.5 billion plastic pellet manufacturing facility, located in Alberta's Industrial Heartland, just north of the Edmonton city limits. The project is expected to require roughly 3,000 jobs during the construction phase, followed by over 200 full-time jobs upon completion in 2023.

Edmonton's Northern Alberta Institute of Technology (NAIT) is set to double in size as it expands its main campus onto adjacent Blatchford (formerly the municipal airport) land. NAIT plans to consolidate several satellite campuses onto the site, while also building three or four student residence towers.

Unemployment in the **Calgary** labour market eased somewhat in February, with the area's unemployment rate dropping 0.3 pp on the year, as population growth far outstripped employment gains. The unemployment rate in the region now stands at 7.4%, the second highest rate province-wide. Employment growth was largely confined to health care and social assistance, and to forestry, fishing, mining, oil and gas. Combined-hiring in the public sector industries of education, health care and public administration totalled 4,900.

In February, KGL Constructors was looking for hundreds of workers — including skilled tradespeople, truck drivers, engineers and administrative workers – for the Calgary southwest ring road project. The \$4.5B project is expected to be complete in fall 2021. In other infrastructure news, the Government of Alberta has officially signed the contract to fund the first 20-kilometre segment of the \$4.65 billion Green Line LRT in Calgary. Construction of the Green Line could begin as early as 2020.

***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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