



Labour Market Bulletin

Alberta

July 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

Employment in Alberta decreased 14,300 in July (-0.6%) but was up 19,200 (+0.8%) year over year. The July employment losses were concentrated in full-time employment (-30,200), partially offset by gains in part-time employment (+16,000).

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	July 2019	June 2019	July 2018	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,528.8	3,521.8	3,473.0	7.0	0.2	55.8	1.6
Labour Force ('000)	2,521.3	2,523.3	2,492.4	-2.0	-0.1	28.9	1.2
Employment ('000)	2,343.7	2,358.0	2,324.5	-14.3	-0.6	19.2	0.8
Full-Time ('000)	1,918.5	1,948.7	1,896.2	-30.2	-1.5	22.3	1.2
Part-Time ('000)	425.2	409.2	428.3	16.0	3.9	-3.1	-0.7
Unemployment ('000)	177.6	165.3	167.9	12.3	7.4	9.7	5.8
Unemployment Rate (%)	7.0	6.6	6.7	0.4	-	0.3	-
Participation Rate (%)	71.4	71.6	71.8	-0.2	-	-0.4	-
Employment Rate (%)	66.4	67.0	66.9	-0.6	-	-0.5	-

Note: Totals may not add due to rounding

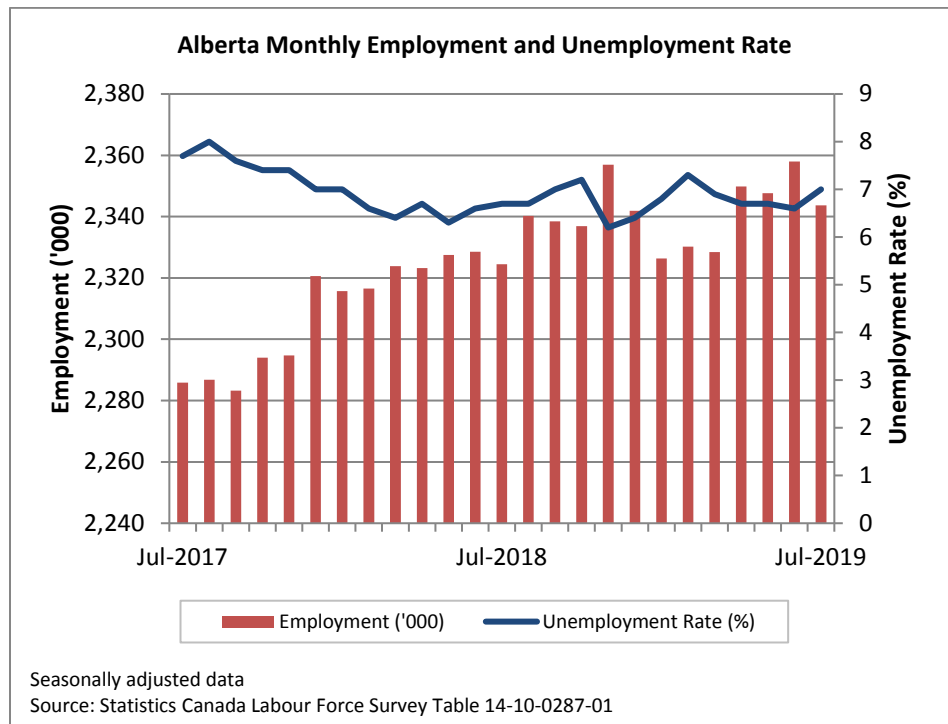
Source: Statistics Canada Labour Force Survey – Table 14-10-0287, formerly CANSIM 282-0087

Taking a longer view, a breakdown of workers by category from July of last year revealed a shift in the labour market behind the moderate growth in overall employment. Individuals entering the private sector workforce increased 71,700 and they were joined by 11,600 new public sector employees. In contrast, the number of self-employed workers fell 64,000 over the same period.¹

Hourly paid Albertans worked 31.3 hours on average in May (the most recent data available). This was the third among provinces and higher than the corresponding figure nationwide (29.9 hours). Meanwhile average earnings in Alberta reached their highest over the past year in May and at \$1,182.54 per week remain the highest among provinces.²

In May 2019, the number of regular Employment Insurance beneficiaries dropped for the third consecutive month to 49,090. Year over year, the number of regular EI recipients in Alberta was 7.7% lower than in May 2018, a much large decline than was seen nationwide (4.3%).³

The number of unemployed increased in July, up 12,300. At 177,600, unemployment in the province was up 9,700 over the same month last year. At 7.0%, the unemployment rate was the highest west of New Brunswick – exceeding the national average by 1.3 percentage points. In July, the average duration of unemployment in Alberta was 23.2 weeks, well above the national average of 15 weeks and the lengthiest amongst the provinces.⁴



Unemployment by major demographic grouping

At 7.0%, Alberta’s overall unemployment rate edged slightly upward in July and was up 0.3 percentage points (pp) on the year. Year over year, the combined male and female rates for both those aged 15 to 24 years and those 25 years and over increased. However, these combined rates overshadow the slight declines experienced by young men and by women over 25 years since July 2018.

Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	July 2019 (%)	June 2019 (%)	July 2018 (%)	Monthly Variation	Yearly Variation
				(% points)	(% points)
Total	7.0	6.6	6.7	0.4	0.3
25 years and over	6.2	5.9	5.9	0.3	0.3
Men - 25 years and over	6.9	6.1	5.9	0.8	1.0
Women - 25 years and over	5.3	5.7	5.9	-0.4	-0.6
15 to 24 years	12.9	10.8	12.3	2.1	0.6
Men - 15 to 24 years	13.3	12.0	13.8	1.3	-0.5
Women - 15 to 24 years	12.3	9.7	10.7	2.6	1.6

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 July, job losses on the month were seen in both the goods-producing sector (e.g. agriculture) and in the services-producing sector (e.g. accommodation and food services) in July. However, when compared to July of last year, employment in goods-production pulled back by roughly 6,000 (-0.9%), while expanding in services-production by almost 25,000 (+1.4%).

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	July 2019	June 2019	July 2018	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,343.7	2,358.0	2,324.5	-14.3	-0.6	19.2	0.8
Goods-producing sector	595.6	598.5	601.3	-2.9	-0.5	-5.7	-0.9
Agriculture	50.7	51.1	49.0	-0.4	-0.8	1.7	3.5
Forestry, fishing, mining, quarrying, oil and gas	144.3	151.5	156.1	-7.2	-4.8	-11.8	-7.6
Utilities	24.1	23.9	23.3	0.2	0.8	0.8	3.4
Construction	242.1	237.5	244.3	4.6	1.9	-2.2	-0.9
Manufacturing	134.5	134.6	128.6	-0.1	-0.1	5.9	4.6
Services-producing sector	1,748.1	1,759.4	1,723.2	-11.3	-0.6	24.9	1.4
Trade	340.0	342.5	335.9	-2.5	-0.7	4.1	1.2
Transportation and warehousing	140.0	141.8	138.6	-1.8	-1.3	1.4	1.0
Finance, insurance, real estate and leasing	107.2	105.8	102.1	1.4	1.3	5.1	5.0
Professional, scientific and technical services	185.4	181.3	177.1	4.1	2.3	8.3	4.7
Business, building and other support services	84.4	83.2	83.6	1.2	1.4	0.8	1.0
Educational services	157.7	157.4	159.1	0.3	0.2	-1.4	-0.9
Health care and social assistance	290.6	293.1	277.0	-2.5	-0.9	13.6	4.9
Information, culture and recreation	74.3	71.8	79.4	2.5	3.5	-5.1	-6.4
Accommodation and food services	136.7	147.7	146.3	-11.0	-7.4	-9.6	-6.6
Other services	118.2	118.9	114.7	-0.7	-0.6	3.5	3.1
Public administration	113.6	115.8	109.5	-2.2	-1.9	4.1	3.7

Note: Totals may not add due to rounding

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

Notably, Alberta's goods-producing sector represents a far larger share of the economy than it does in other provinces. Despite job losses on both the month and year, the outsized sector's share still accounted for more than one-quarter of total employment in the province, 4.6 percentage points above the national average.

At 144,300, the combined employment in forestry, fishing, mining, quarrying, oil and gas remains roughly 20% below the 183,000 posted in September 2014.

Oil and gas

Oil production in the province expanded sharply last year, due in large part to the completion of Suncor Energy's huge new Fort Hills oilsands mine. As a result, 2018 was officially the year in which oil production in Alberta

exceeded pipeline take away capacity. While oil is extracted in every corner of the province, the oilsands region produces by far the largest share, 84% in June 2019.⁵

Alberta's oil and gas firms have struggled to remain competitive with their U.S. counterparts in recent years, particularly with respect to attracting investment capital.⁶ In late 2018, a perfect storm of pipeline constraints, refinery closures, and falling international oil prices threatened the viability of the provincial energy sector. In November, the price of Western Canada Select (WCS), Alberta's benchmark bitumen crude, averaged just \$18 USD per barrel for the entire month.

Attempting to limit job losses and bankruptcies, the Government of Alberta placed an overall cap (curtailment) on oil production in the province, effective January 2019. The curtailment has been wildly successful in raising the price of WCS, which touched \$55 USD per barrel in April. The price of WCS has since fallen along with oil prices worldwide, as trade disruptions limit global demand growth.

Despite the WCS price hike, the curtailment policy remains unpopular with most of the province's largest oil producers. Because integrated firms with their own refineries can still make money when crude prices are low, these firms tend to be opposed to government intervention to various degrees.

Ending curtailment may be easier said than done, however. While oil by rail is ramping up, industry is still pinning its hopes on the completion of any two of the three export pipeline projects currently in advanced stages: Trans Mountain Expansion (TMX); Keystone XL; and the Line 3 replacement project. Of these, Line 3 is still the most likely to first come on stream – although it may again be delayed due to court challenges in Minnesota. In June, the federal government reapproved TMX. The project would twin an aging pipeline from Alberta to tidewater in Burnaby B.C., almost tripling capacity from 300,000 barrels per day (bpd) to 890,000 bpd.⁷

Other goods-producing industries

Looking at Alberta's other goods-producing industries, **construction** posted a small year over year job loss in July (-0.9%). In June (the most recent data available), the total value of building permits issued in the province – including both new product and renovations – shrank by one-third compared to June 2018.⁸ The April to June period (Q2-2019), marked the fifth consecutive quarter where the value of permits in Alberta declined on a year-over-year basis.⁹ There have also been troubling signs of residential overbuilding. In June, completed and sold – absorbed – new housing units in Alberta's two major centres of Calgary and Edmonton accounted for 25% of all large-city units absorbed nation-wide. At the same time, however, the two cities accounted for three-quarters (76%) of all large-city *unabsorbed* (completed and unsold) units.¹⁰

After a poor 2018, Alberta's **agriculture** industry had hoped for a bounce-back year in 2019. However, starting in March, China systematically revoked all licences to import Canadian canola.¹¹ More recently, China halted the importation of all Canadian meat products, following the discovery of counterfeit Canadian veterinary certificates.¹² It now seems probable that all Canadian agricultural exports to China will remain at risk until political tensions between the two countries subside.

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 Edmonton's city limits. The project is a major undertaking for Inter. In August an undisclosed suitor contacted the firm with a takeover offer which Inter turned down. Calgary-based Pembina Pipeline Corporation's \$4.5 billion joint venture with Kuwait's national petrochemical company is also being built in the Industrial Heartland.

Services-producing industries

Turning to the services-producing sector, at 1.748 million, overall employment fell in July, led by a steep drop in **accommodation and food services** jobs. **Wholesale and retail trade**, Alberta's largest industry by employment, also saw job losses on the month – while still enjoying job growth year over year (+1.2%). In May, total retail sales declined by 1.7% in the province.¹³

Wholesale and retail trade has been one of the service industries deeply hurt by the prolonged slump in the provincial energy sector. For example, over the five-year period from May 2014 to May 2019, the total value of retail sales in Alberta increased by just 6% – compared to 22% Canada-wide.¹⁴ Wholesale trade fared even worse, as total sales in May 2019 were 3.8% **below** the level of May 2014.¹⁵

In July, **Health care and social assistance**, Alberta's second largest industry by employee count, also posted job losses on the month (-0.9%) amid job gains on the year (+4.9%). Health care, along with educational services, and public administration are **public sector** industries. In general, public sector job growth tends to be driven by population increase, somewhat independent of economic conditions. As such, these industries have been less affected by the oil and gas downturn than have private sector industries such as trade.

Employment in public administration pulled back on the month (-2,200), while still up (+4,100) compared to July of last year.

REGIONAL ANALYSIS

Over the past year, employment decreased in four of the province's seven economic regions. On a percentage basis, Calgary led the province in job growth (+5.2%), followed by Wood Buffalo-Cold Lake (+1.6%).

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	July 2019 ('000)	July 2018 ('000)	Yearly Variation (%)	July 2019 (%)	July 2018 (%)	Yearly Variation (% points)
Alberta	2,370.5	2,347.8	1.0	6.8	6.6	0.2
Economic Regions						
Lethbridge - Medicine Hat	146.0	148.0	-1.4	6.4	4.7	1.7
Camrose - Drumheller	94.1	107.1	-12.1	6.4	4.5	1.9
Calgary	938.2	891.5	5.2	6.5	7.5	-1.0
Banff - Jasper - Rocky Mountain House and Athabasca - Grand Prairie - Peace River	191.1	193.3	-1.1	5.2	6.0	-0.8
Red Deer	111.3	120.3	-7.5	7.4	5.6	1.8
Edmonton	804.7	803.8	0.1	7.7	6.5	1.2
Wood Buffalo - Cold Lake	85.1	83.8	1.6	5.9	6.3	-0.4

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 1.4% compared to July 2018. At the same time, the unemployment rate declined by 0.2 percentage points to 6.4%, retaining its position as the third lowest in the province. Looking ahead, losses in the goods-producing sector may be stemmed as a number of advancing projects raise the prospect of construction jobs. Four wind energy projects, TransAlta's Windrise project in Fort Macleod, Suncor Energy's Forty Mile Granlea Wind Project near Bow Island, EDF Renewables' Cypress Wind project southeast of Dunmore and Elemental Energy Renewables Inc.'s Brooks Solar II Power plant, will begin construction in 2020. In the short term, the municipalities of Medicine Hat and Lethbridge have approved several local infrastructure and housing initiatives.

Year over year, employment plummeted by 12.1% in **Camrose-Drumheller**. The region's unemployment rate at 6.4% recorded the largest yearly percentage point increase of all regions. More recently, job growth in the services-producing sector was greatest in the professional, scientific and technical services field as three large technical projects got underway. Mechanical construction is underway on Pembina Pipeline's \$120 million Natural Gas Liquids Extraction facility near Empress as is work on a new \$81.4 million wastewater treatment facility in Lloydminster. Nearby in Provost, AltaLink is proceeding on upgrading its electrical substation and transmission lines.

Overall employment decreased in **Banff-Jasper-Rocky Mountain House** and **Athabasca-Grande Prairie-Peace River** in comparison to July 2018 (-1.1%). The region's unemployment rate dropped slightly from the previous month and continues to be the province's lowest rate at 5.2%.

Major project announcements are influencing the region's goods-producing sectors, with new initiatives balancing out closures and curtailments. On the positive side, Tolko Industries Ltd. is diversifying its business

through a partnership with Pinnacle Renewable Energy to build a \$53 million pellet plant and \$33 million thermal energy plant in High Level. Construction is expected to begin this month and be completed towards the end of 2020. Razor Energy is proceeding with its \$15-\$20 million geothermal energy project in the Swan Hills area near Slave Lake. To the south, the Town of Banff is hoping a \$8.5 million affordable housing development will alleviate accommodation concerns of its local workforce. On the negative side, Teck Coal Ltd. announced the upcoming closure of its Cardinal River mine near Hinton in late 2020. Elsewhere, West Fraser Timber suspended production at its Slave Lake veneer mill due to ongoing wildfire, low supply and slumping stumpage fees concerns.

Compared to July 2018, **Red Deer** saw employment pull back 7.5%. The number of unemployed also rose, as did the unemployment rate, which jumped 1.8 percentage points to 7.4%. Employment was down sharply in most services-producing industries despite a strong showing in the professional, scientific and technical services industries that saw 4,300 positions added over the past year. In the goods-producing sector, agriculture continued to suffer drastic job losses (-5,200). Challenges for the industry include ongoing trade uncertainties – particularly China’s bans of Canadian meat and canola seed, an overall increase in the use of non-tariff barriers worldwide, and unfavourable weather events. On a positive note, Athabasca Minerals Inc. has signed a 10-year agreement with Montana First Nation to process and sell sand and gravel materials from MFN's Colchester property near Ponoka. The company is committed to providing meaningful employment to members of the First Nation.

Employment increased by 1.6% in **Wood Buffalo-Cold Lake**, with job gains evenly split between the goods-producing and services-producing sectors. The region enjoyed the second lowest unemployment rate in the province (5.9%), almost a full percentage point below the provincial average.

The Wood Buffalo-Cold Lake region is home to over 80% of all oil production in Alberta, making it susceptible to any significant investments or curtailments in oil sands operations. After months of economic angst, the region’s oil industry recently received positive news. In June, the federal government re-approved the Trans Mountain Pipeline expansion, prompting a resumption of idled construction activities. Then in late July, a joint review panel of the Alberta Energy Regulator and the Canadian Environmental Assessment Agency recommended approval of Teck Resources’ \$20.6 billion Frontier Oil Sands Mine. The project now requires approval of the federal government, whose decision is expected by February 2020. Teck has suggested the mine could be operational by 2026 and have the capacity to produce up to 260,000 barrels per day by 2037. The company estimates the project will employ up to 7,000 workers during peak construction and up to 2,500 during operation.

The labour market in **Edmonton** slowed in July, registering an increase of only 900 positions (0.1%). The region reported the highest unemployment rate in the province at 7.7% for the month. Modest growth in the goods-producing sector was unable to offset the losses across most services-producing industries, particularly in the public sector educational services (-11,800) and public administration (-8,800) fields. Noteworthy in a region dominated by public sector industries, robust growth did occur in the wholesale and retail trade sector, which added 16,600 positions since July 2018. The range of retail opportunities encompasses both new entrants like Westlock’s three new cannabis stores to established retailers like Sleep Country Canada’s new Leduc location.

Calgary’s labour market posted strong results in July. The region led the province in employment growth, adding 46,700 jobs year over year. Job gains in the services-producing sector vastly outpaced hirings in the goods-producing sector. Meanwhile the unemployment rate dipped slightly, falling one percentage point to 6.5%.

Two significant decisions by the Calgary city council in July dominated the regional labour landscape. In the past month, the City of Calgary reached an agreement with the Calgary Flames to build a new \$550 million, 19,000 seat arena to replace the aging Saddledome. Construction is anticipated to begin in 2021 and take at least three years to complete. In contrast, the council announced it would be cutting 115 positions across 48 different service lines due to a \$60 million budget shortfall. The cuts will affect services ranging from public transit to fire hall staffing.¹⁶

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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

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¹ Statistics Canada, Table 14-10-0288-01 Employment by class of worker, monthly, seasonally adjusted and unadjusted, last 5 months (x1000); Accessed on August 9, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410028801>

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 on August 9, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410022201>

³ Statistics Canada, Table 14-10-0011-01 Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted; Accessed on August 12, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410001101>

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⁶ Arc Energy Research Institute, Issues That Are Weighing on Oil and Gas Investment; March 5, 2019. Accessed June 11, 2019 <https://www.arcenergyinstitute.com/issues-that-are-weighing-on-oil-and-gas-investment/>

⁷ Edmonton Journal, Delay to Line 3 will keep oilpatch spending stagnant; March 7, 2019. Accessed March 8, 2019 <https://edmontonjournal.com/business/energy/varcoe-line-3-delay-will-keep-oilpatch-spending-stagnant/wcm/15bcf3b3-0feb-4194-a156-f205abbdec6d>

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- ⁸ Statistics Canada, Table 34-10-0066-01 Building permits, by type of structure and type of work (x 1,000) – June 2019. Accessed August 9, 2019 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410006601>
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