Environmental Scan

Alberta

2018

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 2018.

HIGHLIGHTS

- In 2017, Alberta's economy bounced back after two years of its worst recession in modern history. GDP, which grew 4.9% in 2017, is expected to expand by about 2.5% this year.

- Provincial oil production increased by over 10% in 2017, as oil sands output jumped sharply in the year following 2016's Fort McMurray wildfire. The output of conventional oil also increased, as drillers responded to rising crude prices by doubling the number of active rigs. Oil price and output gains are expected to moderate this year, although oil sands volumes may surprise to the upside.

- While economic activity was on the rebound, labour market improvement was more subdued. Employment increased by just 1.0% in 2017, with job gains seen only in the public sector and among the self-employed. Although unemployment did ease somewhat, labour force growth was practically non-existent. Looking forward, employment growth is expected be in the 1.2% to 1.5% range in 2018, with the provincial unemployment rate still likely to exceed the national average for a third consecutive year.

ECONOMIC CONTEXT

Global Outlook: Good Times for Now

The International Monetary Fund (2018) predicts continued global economic growth (3.9%) over the next two years.[1] Though advanced economies are better positioned to capitalize on the rising tide of global investment and trade, developing countries are expected to grow at an even faster pace (5.0%) this year.[2] The European Union appears to be avoiding the negative economic consequences of the United Kingdom's exit. Nonetheless, high levels of personal and corporate debt, coupled with growing trade protectionism, have reduced prospects for growth across much of Europe.

Despite a slow start in 2018, the US economy is expected to grow with increased consumer spending and reductions to personal and corporate taxes. The Bank of Canada's most recent Monetary Report pegs growth in real GDP in the US to average 2.5% over the 2017-2019 forecast period. However, the current U.S. administration's willingness to explore protectionist trade policies introduces a new level of market uncertainty.

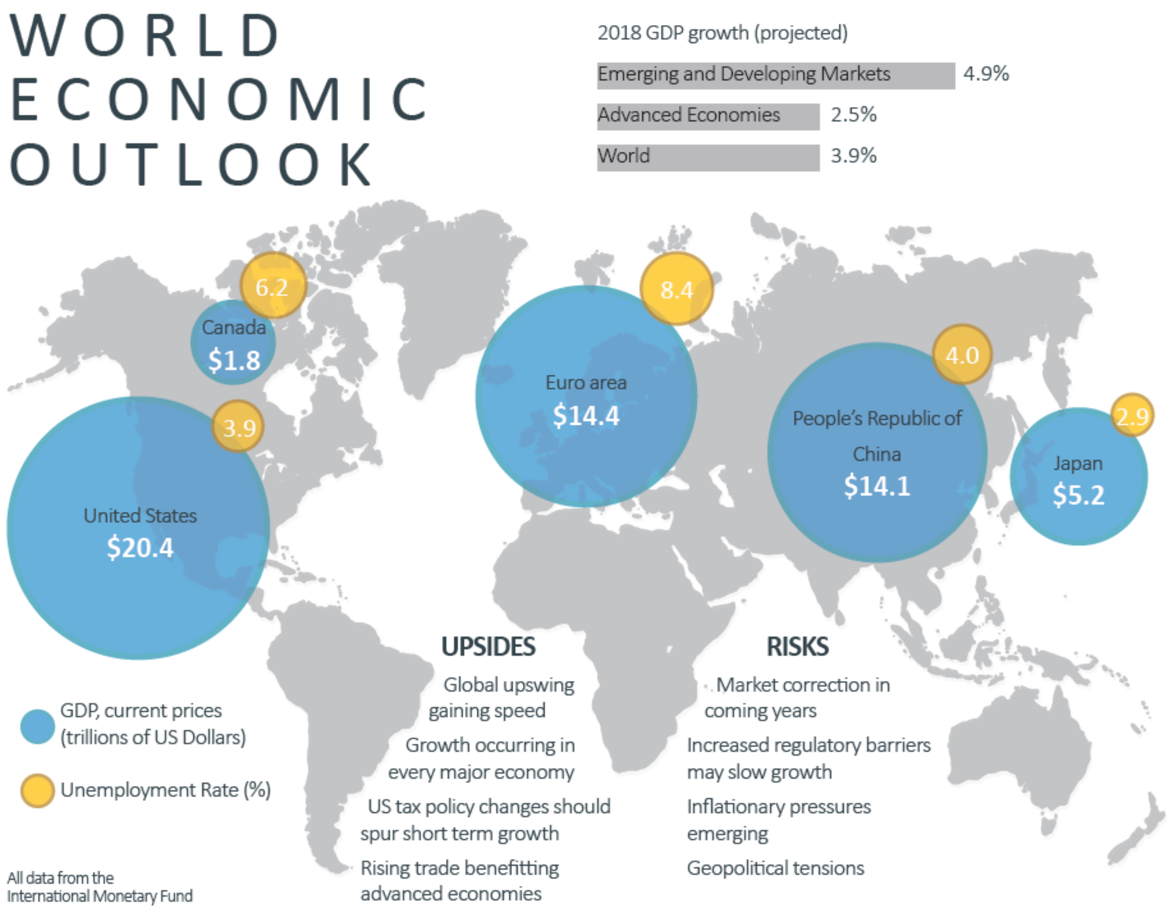

Figure 1
Source: International Monetary Fund, World Economic Outlook Update, April 2018

Canada Struggling to Keep Pace with Strengthening World Economy

Despite challenges in previous years, the economies of the European Union and Latin America are expanding. Further, post-2018, economic growth in Canada is expected to be more moderate. According to the Bank of Canada, Canada's overall GDP growth should decline from 3.0% in 2017 to 2.2% in 2018 and weaken further to 1.6% growth next year.[3]

Consumer spending will continue to act as the primary driver of growth in 2018, though at a slower pace compared to the previous year. Job growth will ease as baby boomers continue exiting the workforce, creating a tighter labour market. That tightness will likely drive wages upwards as employers compete for labour; however, increases will not be enough to offset a reduction in spending caused by record high debt levels among Canadian households. Borrowing costs are also expected to increase in the spring of 2018 as the Bank of Canada signals an interest rate increase to keep inflation in check. All told, disposable income growth is expected to drop to 2.4% this year, down from 3.7% in 2017.[4]

GDP forecast for provinces and territories, 2018-2020

Three-year average annual growth rates

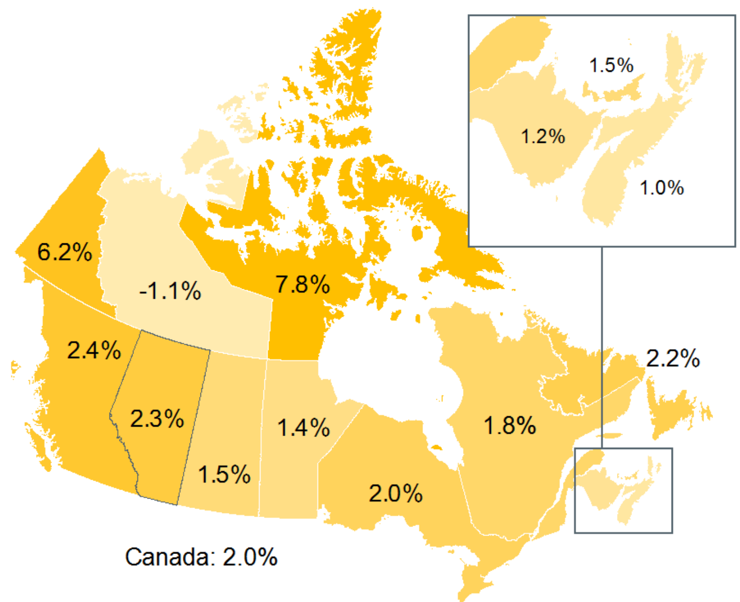

Figure 2
Source: Conference Board of Canada, Provincial Outlook Economic Forecast: Winter 2018

Canadian businesses have so far sent mixed signals about their investment intentions in 2018. The Bank of Canada's business outlook survey shows a significant portion of companies (+24%) planning to expand and update facilities and equipment this year.[5] The Conference Board of Canada's has a more conservative view. Specifically, the Board notes that Canada will find economic growth more challenging in the future because of trade uncertainty, U.S. corporate tax cuts, and capacity issues within the Canadian economy. Regardless, business investment is unlikely to return to pre-2014 levels in the near term. [6]

Canadian exports continue to underperform in spite of strong demand from the US and a low Canadian dollar. The Conference Board of Canada predicts non-energy exports will remain stagnant over the next two years. Meanwhile, oil exports are hitting a transportation bottleneck as production exceeds current pipeline capacity. Relying on more expensive rail transport to ship excess product has increased costs and negatively impacted producers' bottom line. And the export outlook could become worse depending on the outcome of NAFTA renegotiations. Though these negotiations appear to be heading in a positive direction for Canada with a resolution expected this summer, the US has signalled its willingness to enact tariffs that may result in trade wars elsewhere. Canada could experience collateral damage from the resulting fallout.

Provincial overview

Alberta's economy expanded sharply in 2017 following one of its worst downturns in modern history. While certainly welcome, 2017's hefty rise in real GDP (+4.9%) had as much to do with 2016 being a weak base year, as it did with 2017 being a particularly strong one.[7] For example, oil sands production capacity increased in 2016 but annual *output* fell that year due to outages caused by the Fort McMurray wildfire. In 2017, however, capacity gains from both 2016 and 2017 came into play, and oil production increased by nearly 10%.[8] With higher volumes and firmer prices, the value of oil exports to the U.S. soared, pushing the total value of Alberta's merchandise exports up by 25%.[9] Looking forward, GDP growth is expected to moderate to about 2.5% this year.[10]

Arguably, global developments in oil and gas should bode well for Alberta. WTI, North America's benchmark crude which fetched $51 U.S. per barrel in 2017, is trading well above $60, year to date. Prices are being propped up by OPEC supply cuts, with OPEC members showing great discipline in sticking to their targets. Moreover, international tensions remain elevated, with oil prices set to rise under a wide range of geopolitical circumstances. In the U.S., crude output is at an all time high, and overseas oil exports – which were all but non-existent a few years ago – are booming.

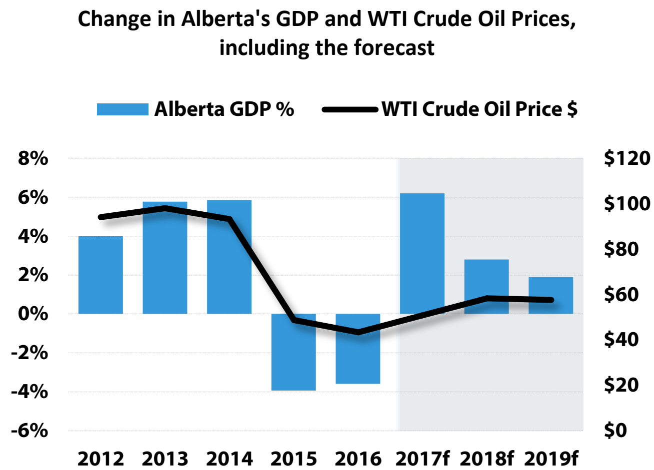

Figure 3
Sources: Statistics Canada CANSIM Tables 379-0030, 379-0031; Conference Board of Canada Economic Forecast; US Energy Information Administration, West Texas Intermediate Spot

However, the exuberance in Texas is not been mirrored in Alberta's oil patch. This is primarily because Canadian firms have been hard hit by pipeline constraints, which lower earnings when transportation costs rise. The issue worsened during the first months of 2018, as the Keystone line was forced to operate at reduced capacity following a spill last November.

In response, Cenovus for one, cut output, lowered exports, and increased temporary storage. Capital spending in Alberta is now expected to fall for the fourth year in a row. In this context, the Kinder Morgan Trans Mountain expansion project has taken on great symbolic importance for the industry.

Despite this gloomy backdrop, the Alberta oil industry's effect on provincial GDP may again surprise to the upside. At full design capacity (240,000 barrels per day) Suncor's new Fort Hills oil sands operation alone represents a 10% increase in potential oil sands growth province-wide. With actual prices received by Canadian producers now trending upward, and both CN and CP taking steps to increase shipments of oil by rail, it is possible that 2018 will again see a sharp jump in export earnings.

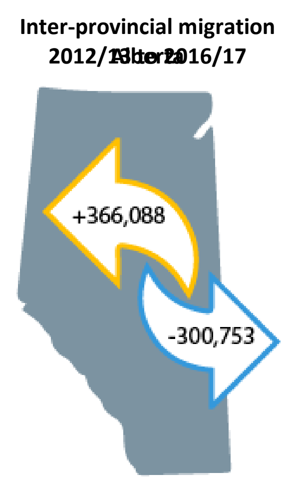

Figure 4
Source: Statistics Canada CANSIM Table 051-0019

While hardly stellar, the province's labour market improved somewhat in 2017, as employment increased by 1.0%, following 2016's outright decline. The number of people either working or looking for work (the labour force) also increased in 2017, although not by much. At +0.7%, labour force growth was well below the 10-year average (+1.9%). Weak labour force expansion in 2016 and 2017 went hand in hand with a period of net inter-provincial out-migration, meaning a time when more people left Alberta for another province or territory than moved to Alberta from elsewhere in Canada. Because the net outflow tapered off in mid-2017, it's almost certain that this year Alberta will once again see positive interprovincial in-migration and stronger population growth.[11]

Such conditions might normally support an increase in housing starts, but that is unlikely to happen this year. While home prices and sales held up remarkably well throughout the recession, there are signs of overbuilding province-wide, as inventories of new and unsold properties remain high.[12] Moreover, demand for new homes is now being held back by other factors, such as tighter mortgage rules, higher interest rates, and slimmer gains in employment income.

Key global trading partners

In 2017, exports from Alberta travelled to 193 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 6% of the total between them. As a point of reference, shipments to the U.S. represent 76% of Canadian exports nationwide.[13]

Perhaps not surprisingly, crude oil, natural gas, and petroleum products accounted for 70% of Alberta's exports by value. The destination for virtually all these energy products, worth over $70 billion in 2017, is the United Sates. This lack of market diversity for such a dominant product has been a long-standing concern in Alberta, hence the on-going push for pipeline access to Canada's west coast. At the time of writing, the future of Kinder Morgan's Trans Mountain pipeline expansion project remains very much up in the air. The upsizing of the pipeline, which reaches tidewater in Burnaby B.C., may well go ahead, but is in fact unlikely to bring radical change to Alberta's pattern of exports, at least in the short-term. Trans Mountain has been shipping diluted bitumen to the U.S. west coast by tanker for 30 years.[14] So, it is highly probable that much of the increased throughput will be U.S. bound as well.

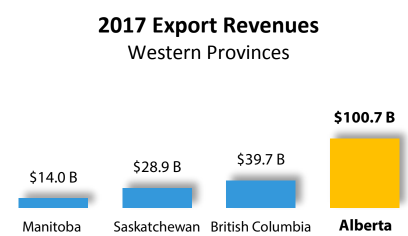

Figure 5
Source: Industry Canada, Trade Data Online, accessed March 2, 2018

Agricultural products and manufactured foodstuffs are also major Alberta exports. International shipments of canola and wheat, the province's most valuable crops, amounted to $4.1 billion in 2017, with China and Japan the destinations for about 40% of the total. Meat exports were valued at $2.3 billion on the year, with almost two-thirds heading south to the U.S.

Looking forward, as the global economy expands, and the Canadian dollar remains relatively weak, demand for Alberta's exports is expected to increase. Notwithstanding any changes to existing global trade policies, gains in oil production will help boost exports in 2018 and generate spillover effects on other industries.

POPULATION TRENDS

Despite the economic slowdown, the population of Alberta increased by about 1.2% during the year July 1, 2016 to June 30, 2017 – the same rate as the national average. In this respect, 2016-17 was atypical for the province, as above average population growth has been a long-term trend.

Alberta is the fourth most populous province in the country, after Ontario, Quebec, and B.C. Results from the 2016 Census show Alberta as being Canada's fastest growing province for the five-year period 2011 to 2016, with growth driven about equally by natural increase (births less deaths), net inflows from other provinces, and international immigration.

For the years 2012 to 2017, Alberta's population increased by just over 400,000, 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 65,000, while net international immigration (immigration less emigration) accounted for the balance (+180,000).

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.

In the wake of the recession, population growth will remain relatively subdued the next few years. Nonetheless, in 2018 Alberta's population growth will likely outpace the Canadian average.

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 52 and 71 years. Because of this, along with generally lower fertility rates, Alberta's median age has risen from just under 30 years in 1986 to about 36.7 years in 2017.

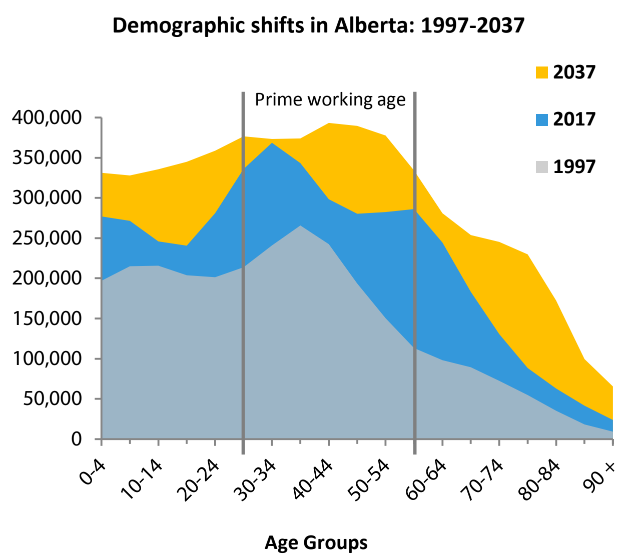

Figure 6
Sources: Statistics Canada
CANSIM Tables 051-0001, 052-0005 (projection scenario M5)

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. 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.

Did you know? Alberta and Saskatchewan are the only provinces with a larger population of men than women.

LABOUR MARKET CONDITIONS

Alberta's labour market improved in 2017, after a very bleak 2016. On an annual basis employment increased by 1.0%, while the number of unemployed stayed stubbornly high at 195,000. At 7.8% for the year, Alberta's unemployment rate exceeded the national average for only the second time since 1988.

On the income front, average weekly earnings increased 1.0% in 2017, a mild improvement after shrinking 2.4% the previous year. The uptick in 2017 was just half the increase seen Canada-wide, however, and roughly half the rate of provincial inflation.[15] Still, at $1,130 per week, average earnings in Alberta remain the highest among provinces.[16]

Alberta

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate	Average weekly earnings
2017	**3,428,800**	**2,481,700**	**66.7%**	**7.8%**	**72.4%**	**$1,130**
Change over 2016	**0.9%** ▲	**0.7%** ▲	**0.1** ▪	**-0.3** ▼	**-0.1** ▪	**1.0%** ▲

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

Despite the recession and its aftermath, years of rapid growth prior to mid-2014 mean that Alberta remains a wealthy province. For example, despite shrinking three straight years, total capital investment in Alberta ranked second among all provinces in 2017 and led the country on a per capita basis.[17]

Full-time employment was up 23,500 in 2017, accounting for all job gains on the year. Accordingly, the number of people working part-time was little changed (-0.1%). Turning to category of worker, job growth was seen in the public sector (+14,800) and among the self-employed (+9,700). However, no employment gains were seen in the private sector.[18]

The number of unemployed Albertans, which shot up by over 35% in 2016, retreated slightly during 2017, down 3.0%. The province's unemployment rate also improved in 2017, although, at 7.8%, it remained the highest among western provinces. Particularly troubling is the length of time that people are going without work. In 2017 the average duration of unemployment in Alberta was 23.1 weeks, the highest among provinces, and two weeks longer than the previous year.[19] The annual unemployment rate in 2018 is forecast to be 6.6% or above, exceeding the national average for a third consecutive year.[20]

Employment growth forecasts for 2018 vary, with most being in the 1.2% to 1.5% range.

Employment by Sector

While overall employment edged up in 2017, there were considerable differences between goods-producing and services-producing industries. Employment in Alberta's goods-producing sector was unchanged in 2017, following horrendous losses the previous year (-64,000). By contrast, employment gains in the services-producing sector were modest, up +1.6% in 2016 and up 1.4% in 2017 as well.

Alberta's resource extraction industry (forestry, fishing, mining, quarrying, and oil and gas) gained about 5,000 positions in 2017, with most increases occurring in the oil and gas sub-sector. Nevertheless, at 145,000, employment in the broad industry remains well below the 178,000 posted in 2014. Some economists now believe that at least some of those lost jobs may never return.[21]

Looking at Alberta's other goods-producing industries, employment gains were seen in all sectors in 2017 except construction (-4.3%). Construction employment could take a further hit in 2018 as major project work continues to scale back and housing starts are expected to fall.[22] The inventory of unsold new condominiums in Calgary and Edmonton remains high.[23]

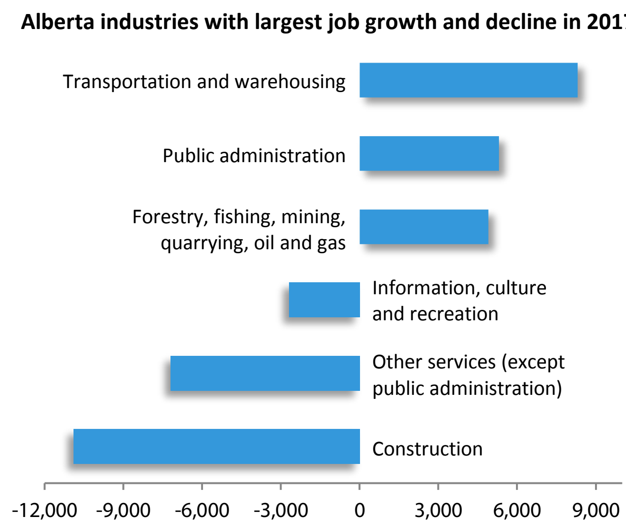

Figure 8
Source: Statistics Canada Labour Force Survey, CANSIM Table 282-0008

Agricultural employment increased 2.6% in 2017 as crop production was above average – although delivery to export markets was hampered by slowdowns in rail transport. Cattle producers had another uneasy year, plagued by high costs, and concerns about tuberculosis in the herd.[24] In August, the beef industry was hit with an increase in tariffs from Japan. Temporary tariffs of 50%, up from 38.5%, were imposed on frozen beef from Canada and competing countries.

Meanwhile, the manufacturing industry (+3,700 on the year) saw job gains in fabricated metal products due in part to strong demand for custom drilling equipment.

Turning to the services-producing sector, significant employment gains were seen in transportation and warehousing (+8,300). Gains were stronger on the transportation side, particularly in transit operations and the pipeline sector. Job gains were also seen in wholesale and retail trade (+4,900) thanks in large part to hiring by food and beverage wholesalers. By contrast, most types of retail outlets shed workers in 2017, despite overall retail sales rising by 7.5%. Car dealerships did particularly well, with sales up 15% by value. Even this did not translate into job growth, however.

Meanwhile, employment in the accommodation and food services industry rose 3,700, with all job gains coming in restaurants and bars. Employment in the broader industry peaked at about 158,000 in February 2015 but has yet to return to that level. Although international tourism has picked up in Calgary and the resort communities of Jasper and Banff, the steep drop in business travel province-wide continues to weigh on Alberta's accommodation industry.

After a considerable buildup throughout the provincial recession, hiring in the public sector continued apace in 2017. Educational services saw employment gains of 3,600, led by increased staffing at primary and secondary schools. Jobs in health care and social assistance were up notably (+4,700), with many on the social assistance side. Public administration itself also saw job gains on the year. Between them, the three public sector industries, accounted for 60% of all new hiring province-wide.

Labour Market Conditions by Economic Region

Employment in Alberta increased in five of seven economic regions in 2017, with only Lethbridge-Medicine Hat and Camrose-Drumheller showing job losses on the year. On a percentage basis, Calgary led the province in job growth (+2.7%), followed by Wood Buffalo-Cold Lake, and then Red Deer.

Lethbridge-Medicine Hat

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2017	**229,800**	**152,800**	**62.7%**	**5.7%**	**66.5%**
Change over 2016	**-0.2%** ▪	**-4.4%** ▼	**-2.0** ▼	**-1.2** ▼	**-3.0** ▼

Figure 9.1
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

In Lethbridge-Medicine Hat, employment fell 3.3% in 2017, as the labour force contracted on an annual basis. At 5.7%, the area's unemployment rate was the lowest in the province, although not necessarily a sign of job market strength. In a major development for the City of Lethbridge, Cavendish Farms began construction on their new $360 million potato processing plant, scheduled for completion in 2019. Also looking ahead, International Petroleum Corporation is investing $10.8 million in this year on six wells in the Suffield block near Medicine Hat. In a setback for cattle ranchers, JBS, the Brazil-based meat packer, is divesting its Five Rivers Cattle Feeding operation which operates the 75,000-head Lakeside feedlot in Brooks. Results from the 2016 Census show Lethbridge is now large enough to be a CMA (Census Metropolitan Area), along with Calgary and Edmonton.

Camrose-Drumheller

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2017	**160,100**	**107,800**	**62.0%**	**8.0%**	**67.3%**
Change over 2016	**-0.8%** ▼	**-0.6%** ▼	**0.0** ▪	**0.2** ▲	**0.1** ▪

Figure 9.2
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Employment dipped slightly in Camrose-Drumheller in 2017 (-0.7%) as the area saw both its adult population and labour force contract. At the same time, the unemployment rate ticked up to 8.0%, the highest level in the province outside the major centres of Calgary and Edmonton. Job losses in 2017 were concentrated in the goods-producing sector, notably in agriculture. In major project news, the Special Areas Board, the Town of Oyen and the Palliser Economic Partnership are working together to develop the 155-acre Oyen Rail Yard & Logistics Park Project. The initial phase, projected at $2.1M, includes construction of new rail lines. Meanwhile, WestJet Link, a new feeder service connecting smaller communities to WestJet's Calgary hub, will begin flights to and from Lloydminster as of June 2018.

Calgary

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2017	**1,308,000**	**965,000**	**67.6%**	**8.4%**	**73.8%**
Change over 2016	**1.4%** ▲	**1.8%** ▲	**0.9** ▲	**-0.8** ▼	**0.3** ▲

Figure 9.3
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

In the Calgary region, overall employment growth far outpaced the rest of the province, as the region added more jobs than did Alberta as a whole. Population and labour force growth were also strong, while unemployment eased slightly. Although the regional unemployment rate declined 0.8 percentage points, at 8.4%, it remained the highest in the province. Employment in the goods-producing sector was weak in 2017, as Calgary-based oil firms continued to shed head office jobs. The region also lost construction work as major projects wrapped up and fewer new ones began. Employment gains were largest in two services-producing industries: accommodation and food services; and transportation and warehousing.

In major project news, the New Horizon Mall, a $200M shopping centre with 500 stores, is set to open this summer. The mall includes a modern food court with 26 restaurants, and a main stage that will feature multicultural entertainment. Meanwhile, work is ongoing at the new Calgary Cancer Centre. The $1.4B facility is set to open in 2023 and will support 1,500 construction jobs over the next five years. In Balzac, 25 kms north of the City of Calgary, Amazon is building a distribution warehouse with construction starting this fall. The project is expected to generate 150 construction jobs and 750 full-time positions upon completion.

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

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2017	**275,600**	**195,400**	**66.3%**	**6.4%**	**70.9%**
Change over 2016	**-0.5%** ▼	**0.1%** ▪	**0.7** ▲	**-0.5** ▼	**0.4** ▲

Figure 9.4
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Overall employment was little changed in the Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River area in 2017, as strong job gains in oil and gas extraction offset a generally weaker services-producing sector. Concentrated in the Grande Prairie/Fox Creek area, oil and liquid-rich gas drilling has been on a tear, despite low prices for the natural gas portion. To the south, the tourism centres of Banff and Jasper enjoyed another banner season last year, although housing for employees remains an on-going issue. The Town of Banff has approved $4.2M for the construction of a pedestrian-friendly streetscape in 2019. The Bear

Street streetscape, or woonerf, is of Dutch design, such that pedestrians and cyclists get priority, but vehicles still have access to the roadway.[25]

Red Deer

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2017	173,200	122,500	65.8%	6.9%	70.7%
Change over 2016	0.5% ▲	-0.1% ▪	0.7 ▲	-1.7 ▼	-0.5 ▼

Figure 9.4
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Red Deer saw better-than-average job growth in 2017 (+1.7%). Moreover, at 5.5%, Red Deer's unemployment rate was third lowest province-wide. Employment increased by about 3.5% across goods-producing industries led by manufacturing, while a mild pullback was seen across the services-producing sector. Looking ahead, Gen III Oil Corporation is hoping to build Alberta's first full-scale "re-refinery" of used motor oil in conjunction with a subsidiary of Red Deer-based Parkland Fuels. The project is to be located on a brownfield site in Bowden, with good access to rail services.

Edmonton

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2017	1,164,500	848,000	66.9%	8.1%	72.8%
Change over 2016	1.3% ▲	0.9% ▲	-0.8 ▼	0.7 ▲	-0.3 ▼

Figure 9.5
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

Employment in the Edmonton area was essentially unchanged in 2017 (+0.1%) with what little job growth there was occurring in the goods-producing sector. Although labour force growth outpaced the provincial average, other job market statistics were less buoyant. Unemployment in the region increased, while both the employment and participation rate declined. At 8.1%, the region's unemployment rate was second only to Calgary's, as people moved to the largest centres within the province in search of work.

Alberta's Industrial Heartland is located within the Edmonton Economic Region, just north of the City of Edmonton. With the Redwater Sturgeon refinery – Canada's first new refinery in 30 years – now up and running, the area is looking at still more major project development going forward.[26] For example, Calgary-based Inter Pipeline will begin work on its $3.5 billion Heartland Petrochemical Complex later this year. The project, which is expected to create 13,000 direct and indirect jobs over four years, typifies current efforts to diversify Alberta's economy.

Wood Buffalo-Cold Lake

	Population growth	Labour Force growth	Employment rate	Unemployment rate	Participation rate
2017	117,500	90,100	70.9%	7.7%	76.7%
Change over 2016	-0.8% ▼	0.0% ▪	1.8 ▲	-1.6 ▼	0.6 ▲

Figure 9.6
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0123

To the northeast, Wood Buffalo–Cold Lake's Fort McMurray has resumed its role as the services centre for Alberta's oil sands. Employment in the Wood Buffalo–Cold Lake region stood at 83,300 in 2017, up 1.8% from the previous year. Over the same period, the regional unemployment rate declined 1.6 percentage points to 7.7%. In Fort McMurray, construction is set to begin on the $110 million Willow Square Continuing Care Centre. The work is expected to support about 240 jobs through to the centre's opening in spring 2020. Recently, the Mikisew Cree First Nation and Fort McKay First Nation invested a combined $500 million to secure a 49-per-cent share of the Suncor East Tank Farm storage terminal north of Fort McMurray. The deal will deliver revenue streams to the participating First Nations for 25 years.

LABOUR MARKET OUTCOMES FOR CLIENT SEGMENTS

Indigenous People

According to the 2016 Census, there are about 260,000 Indigenous people living in Alberta, representing 6.5% of the provincial total. First Nations people make up just over half (54%) of the Indigenous total, followed by Métis (45%), and Inuit (1%). Alberta's Indigenous population is young and rapidly growing, with one out of ten children (aged 0 to 14 years) in the province being of Indigenous identity.[27]

The labour market outcomes of Indigenous peoples lag those of the non-Indigenous population. For example, the Census unemployment rate for Alberta's Indigenous population in 2016 was 16.4% versus 8.6% for non-Indigenous Albertans.

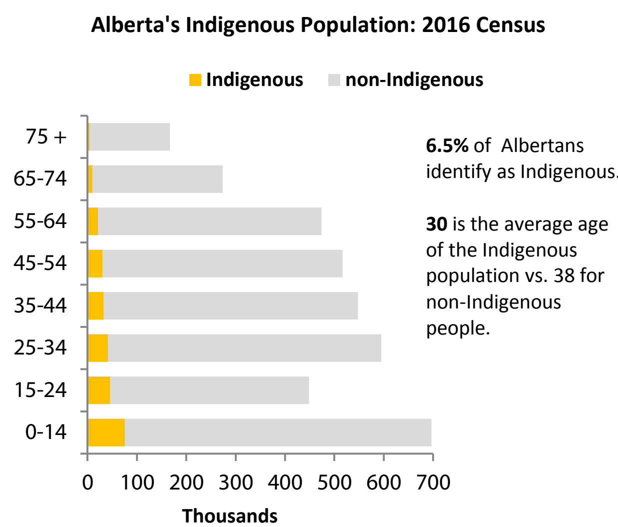

Figure 10
Source: Statistics Canada, 2016 Census

In 2016, approximately 20% of Alberta's Indigenous people lived on reserve, accounting for one-third of all First Nations people. Limited economic activity on many reserves – as well as other factors – has meant that only one in three on-reserve Indigenous adults is employed. In 2016, the unemployment rate for the Indigenous on-reserve population was 28.4%, twice that of Indigenous people living off-reserve.

Between Censuses, labour market information is only available for Indigenous people living off-reserve. In 2017, the unemployment rate for the off-reserve Indigenous population was 12.0% versus 7.7% for the non-

Indigenous population. Indigenous people living in Alberta are more involved in the job market than is normally the case across Canada. The participation rate for Indigenous people living off-reserve in Alberta was 68.7% in 2017, compared to 64.4% nationwide.[28]

Immigrants/Newcomers

In 2017, landed immigrants accounted for 23.1% of Alberta's labour force, unchanged from the previous year. This segment of the provincial population has grown an average of 7.5% per year since 2013. This compared to the 0.6% labour force growth rate of the Canadian-born. 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.[29]

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 6.5% 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 entirely visible in either 2016 or 2017, perhaps because of the province's unusually challenging labour market.

Youth

The unemployment rate for Alberta youth (aged 15 to 24 years) has been above the ten-year average (10.3%) for the last three years. At 13.2%, Alberta's youth unemployment rate was double the rate of those in the prime age-group of 25 to 54 years (6.6%).[30]

Between 2016 and 2017, the unemployment rate for young men increased from 14.2% to 16.1%, while the rate for young women fell 1.8 percentage points to 10.0%. These gender-based differences reflect the fact that 2017'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.

Nevertheless, for young women, 2017's lower unemployment rate came as employment dipped and about 4,000 exited the labour market.

Older Workers

In 2017, 72.5% 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 72.4%, meaning that in terms of this basic measure at least, there is no real difference between older workers and the general workforce.[31]

Between 2013 and 2017, the number of employed older workers in the province increased by 8.8%. This was over three times the increase of the general adult population (+2.7%). 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. This appears to be true through both good times and bad.

Seniors

The proportion of Alberta's population aged 65 and over rose from 11.2% in 2013 to 12.4% in 2017. Nonetheless, the province's share of seniors remains significantly lower than the national average (16.9%). In fact, Alberta consistently has the lowest proportion of seniors among all provinces.[32]

Regardless, the share of Albertan seniors who remain active in the labour market is high by Canadian standards. At 19.6%, the participation rate of seniors in Alberta was second only to Saskatchewan among all provinces in 2017.[33]

The labour market participation of Albertan seniors varies greatly by sex. In 2017, almost 27% of male seniors either worked or looked for work. The same was true for only 13.6% of female seniors.

In 2016 (the most recent data available) seniors living in Alberta had the highest average income among provinces. This was true for men as well as women.[34]

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.[35]

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. 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.

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