

HD
9985
.C33
A5
07

OVERVIEW OF THE
SERVICE SECTOR IN
ALBERTA

OVERVIEW OF THE
SERVICE SECTOR
IN
ALBERTA

DEPARTMENT OF REGIONAL
INDUSTRIAL EXPANSION
LIBRARY

FEB 5 1988

BIBLIOTHEQUE
MINISTERE DE L'EXPANSION
INDUSTRIELLE REGIONALE

Regional Industrial Expansion
Alberta Office
Economic Analysis
Planning and Evaluation
September, 1986.

TABLE OF CONTENTS

	Page No.
EXECUTIVE SUMMARY.....	i
I. INTRODUCTION.....	1
II. EMPLOYMENT IN THE SERVICE SECTOR.....	4
III. SERVICE SECTOR PRODUCTION.....	17
IV. SERVICE SECTOR INVESTMENT.....	27
V. INCOME AND WAGES IN THE SERVICE SECTOR.....	34
VI. BANKRUPTCIES IN THE SERVICE SECTOR.....	40
VII. FUTURE TRENDS.....	46
VIII. CONCLUSIONS.....	48
BIBLIOGRAPHY.....	50

EXECUTIVE SUMMARY

The service sector was responsible for approximately 69.5% of Alberta's Gross Domestic Product and 72.3% of Alberta's total employment in 1985. As defined here, the service sector comprises the following five major service industries: 1) Transportation, Communication and Other Utilities 2) Trade 3) Finance, Insurance and Real Estate 4) Community, Business, and Personal Services and 5) Public Administration. The service sector's importance in Alberta has been increasing steadily since the 1950's and it is expected to continue to be a major source of employment and output growth in the province in the years ahead.

The percentage of the labour force employed in the service sector and in the four goods-producing industries is shown in Graph 1. In 1951, the service sector accounted for just over 40% of provincial employment; by 1985, it had increased its employment share substantially to over 72%.

The percentage of service sector employment accounted for by each of the five major service industries in 1951 and in 1985 is shown in Graphs 2 and 3 respectively. The most notable change in the composition of service sector employment has been the increase in community, business and personal services share of service employment, rising from 31.8% to in 1951 to 45.2% in 1985. Significant employment growth in the accommodation and food services, health and welfare services, and services to business sectors was the main reason for this increased share. Also increasing its employment share over the time period was the finance, insurance and real estate industry. The shares of the other three service industries all decreased slightly.

Service sector employment in Alberta has grown significantly over the last ten years from 515,000 employees in 1975 to 812,000 employees in 1985, as is evident in Graph 4. The proportion of females working in the service sector has also been increasing slowly over the years, to where they now account for about one-half of the service sector employment in Alberta.

The unemployment rate for the Alberta service sector and for the four goods-producing industries between 1975 and 1985 is shown in Graph 5. In most years the service sector unemployment rate was lower than the construction, manufacturing and other primary unemployment rates. The service sector unemployment rate was about 4% in 1975 and after rising substantially to over 9% during the recession, it declined slightly in 1985 to 8.5%. Despite the large increase in its unemployment rate during

the recession, the service sector was not as adversely affected as the other primary, manufacturing and construction industries were during that period.

The percentage of provincial output accounted for by services and by the various goods-producing industries in constant \$1971 is shown in Graph 6. The service sector accounted for a substantial share (61.9%) of real G.D.P. in 1961, and by 1985 it had increased its relative share to just under 70%.

Graph 7 shows total service sector production in constant \$1971 for the period between 1961 and 1985. The two largest service-producing industries are community, business and personal services and transportation, communication and other utilities. Together they account for about one-half of the provincial service sector output. Overall, the service sector has seen its output more than triple from \$2.6 billion in 1961 to \$10.1 billion in 1985.

The percentage of Canadian production accounted for by the Alberta service sector and the various goods-producing industries between 1961 and 1985 is shown in Graph 8. In all years Alberta accounted for about 10% of Canadian service sector production. This percentage was quite a bit lower than the percentage of Canadian production accounted for by the other primary, agriculture, and construction industries. The large size of the service sector in Central Canada is the major reason for this.

The percentage of total provincial investment in services and in the various goods-producing industries is shown in Graph 9. In all years between 1976 and 1986 the vast majority of provincial investment was in services and in primary industries and construction. Investment in services remained very steady over the time period, ranging between 33% and 38% of the total investment in the province.

Graph 10 shows the current dollar value of investment in the Alberta service sector for the 1976 to 1986 time period. Annual service sector investment grew dramatically between 1976 and 1981, before declining substantially between 1982 and 1984 during the recession. In 1985, investment in services increased slightly, with further investment increases expected for 1986. As is evident, most of the service sector investment has been in the transportation, communication and other utilities and the public administration industries.

The Alberta percentage of Canadian investment in services and in the various goods-producing industries is revealed in Graph 11. The Alberta share remained fairly stable between 1976 and 1986, ranging between 12% and 19%. In most years, the primary industries and construction and institutions sectors had substantially larger percentages of Canadian investment than did services, while manufacturing and housing had smaller percentages.

The percentage of Alberta labour income accounted for by services and the various goods-producing industries in 1976 and in 1985 is shown in Graphs 12 and 13 respectively. Between 1976 and in 1985, the percentage of total labour income accounted for by the service sector increased slightly, serving to strengthen its position as the major source of labour income in Alberta. The various goods-producing industries all had their percentages either rise or fall slightly at the expense of one another over the time period.

Graph 14 gives an indication of the weekly earnings in the service sector and in the various goods-producing industries. Weekly earnings in the service sector were substantially below those in all of the goods-producing industries. In fact, average earnings in services were over \$300/week less than in mining and oil wells. There are, however, large differences in pay among the various service sector jobs; transportation, communication and other utilities and public administration tend to be high pay service industries, while trade and community, business and personal services tend to be low pay ones.

The number of bankruptcies in the service sector and in the various goods-producing industries is shown in Graph 15. In all years, the service sector by far and away has the largest number of bankruptcies among the various sectors. There were over two and one-half times more service sector bankruptcies in 1985 than there were in 1980. Most of the bankruptcies have occurred in the community, business and personal services and trade industries.

GRAPH DEFINITIONS

SERV = Services, which is comprised of the following five major service industries:

- 1) Transportation, Communication and Other Utilities (T/C/OU)
- 2) Trade (TRADE)
- 3) Finance, Insurance and Real Estate (F/I/RE)
- 4) Community, Business and Personal Services (C/B/PS)
- 5) Public Administration (PUBLIC ADMIN.)

AGR = Agriculture

OTH PM = Other Primary Industries

MFG = Manufacturing

CON = Construction

PM/CON = Primary Industries and Construction

INST = Institutions

HOU = Housing

SUPP INCOME = Supplementary Income

MINING/OIL WELLS = Mining and Oil Wells

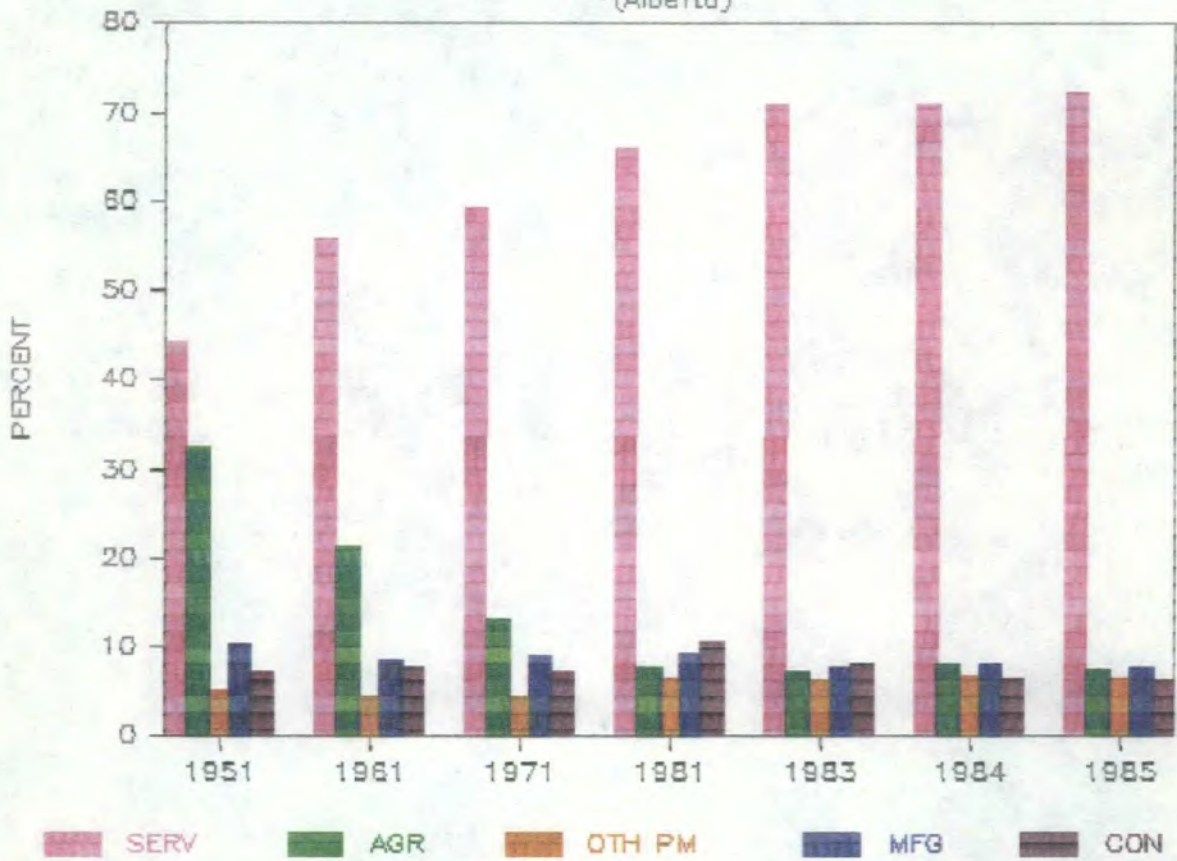
AGR/FISH/TRAP/FOR = Agriculture, Fishing, Trapping and Forestry

FOR = Forestry

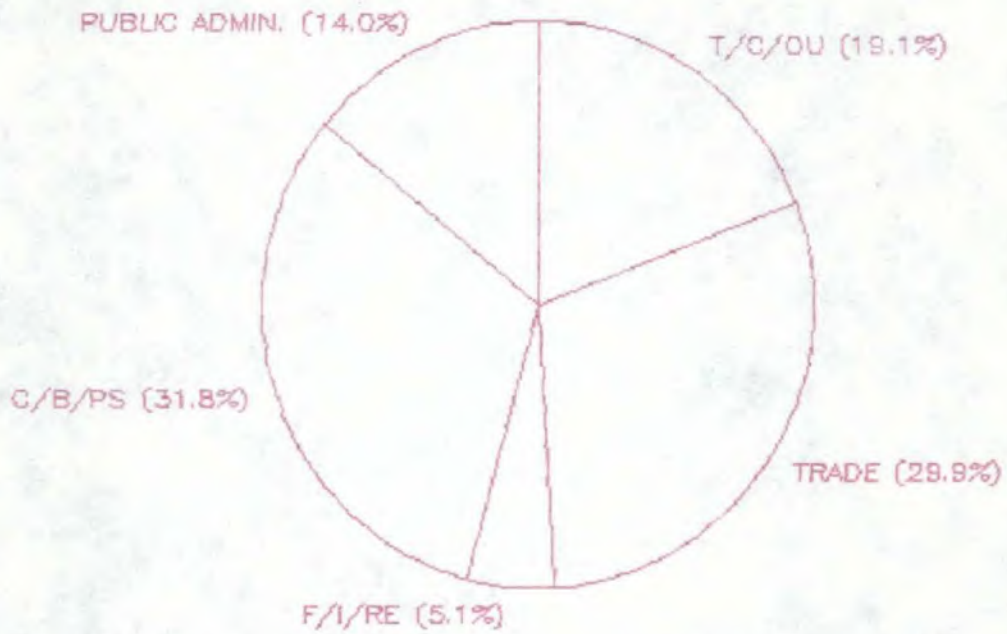
MIN/OIL = Mining and Oil

PRIM IND = All Primary Industries

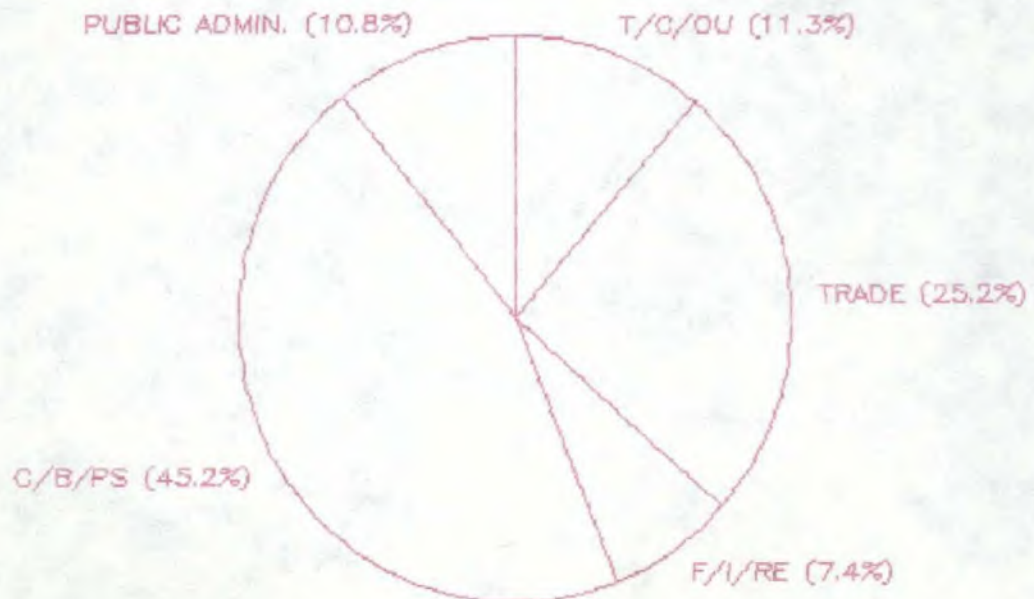
GRAPH 1 — PCT. OF EMPL. BY INDUSTRY
(Alberta)



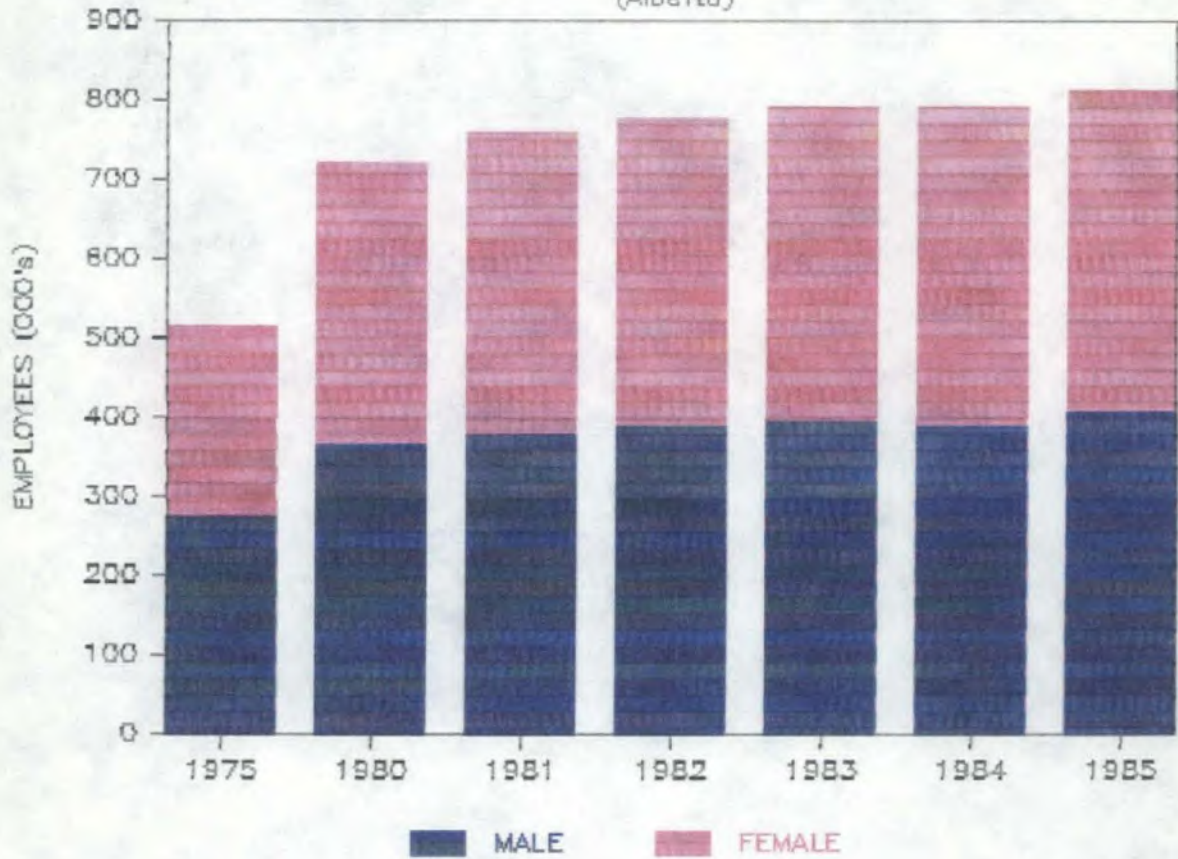
GRAPH 2 — PCT. OF EMPL. BY SERVICE IND.
(Alberta — 1951)



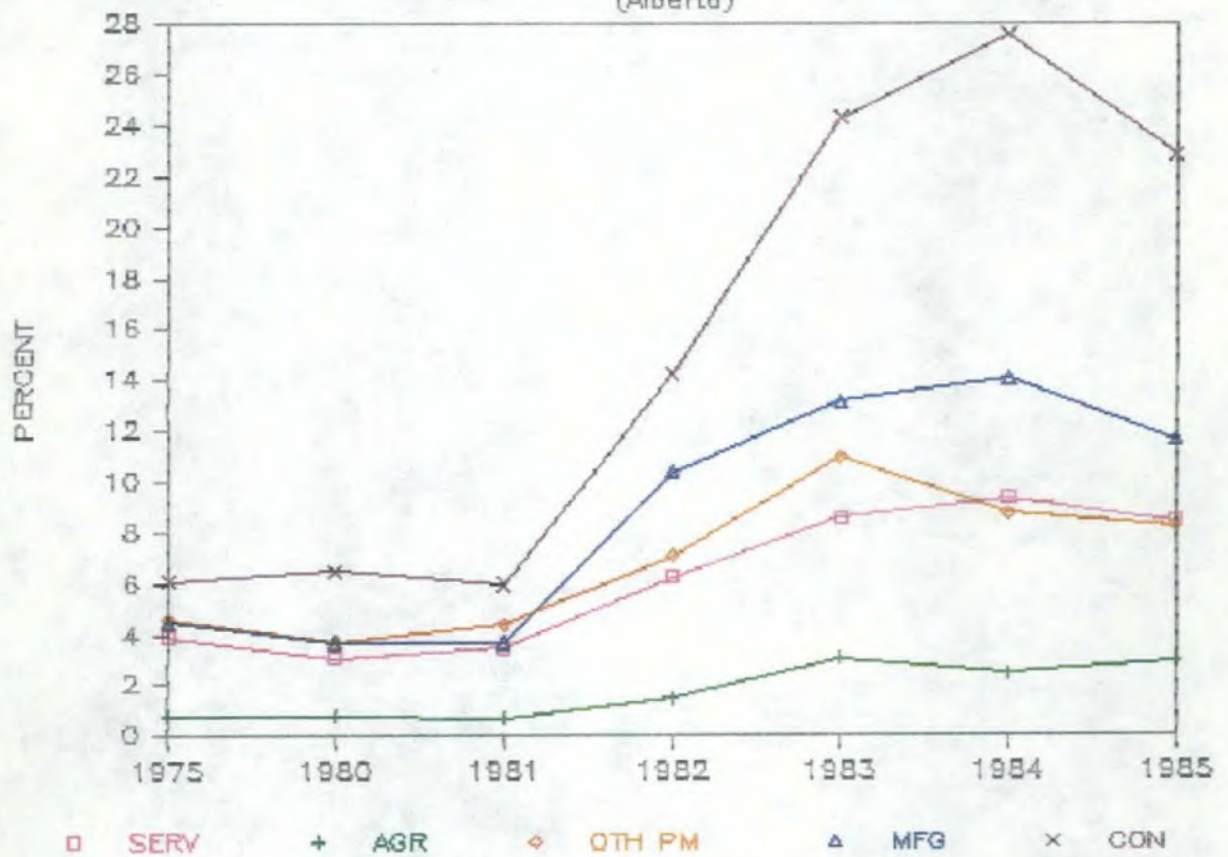
GRAPH 3 — PCT. OF EMPL. BY SERVICE IND.
(Alberta — 1985)



GRAPH 4 — SERVICE EMPL. BY SEX
(Alberta)

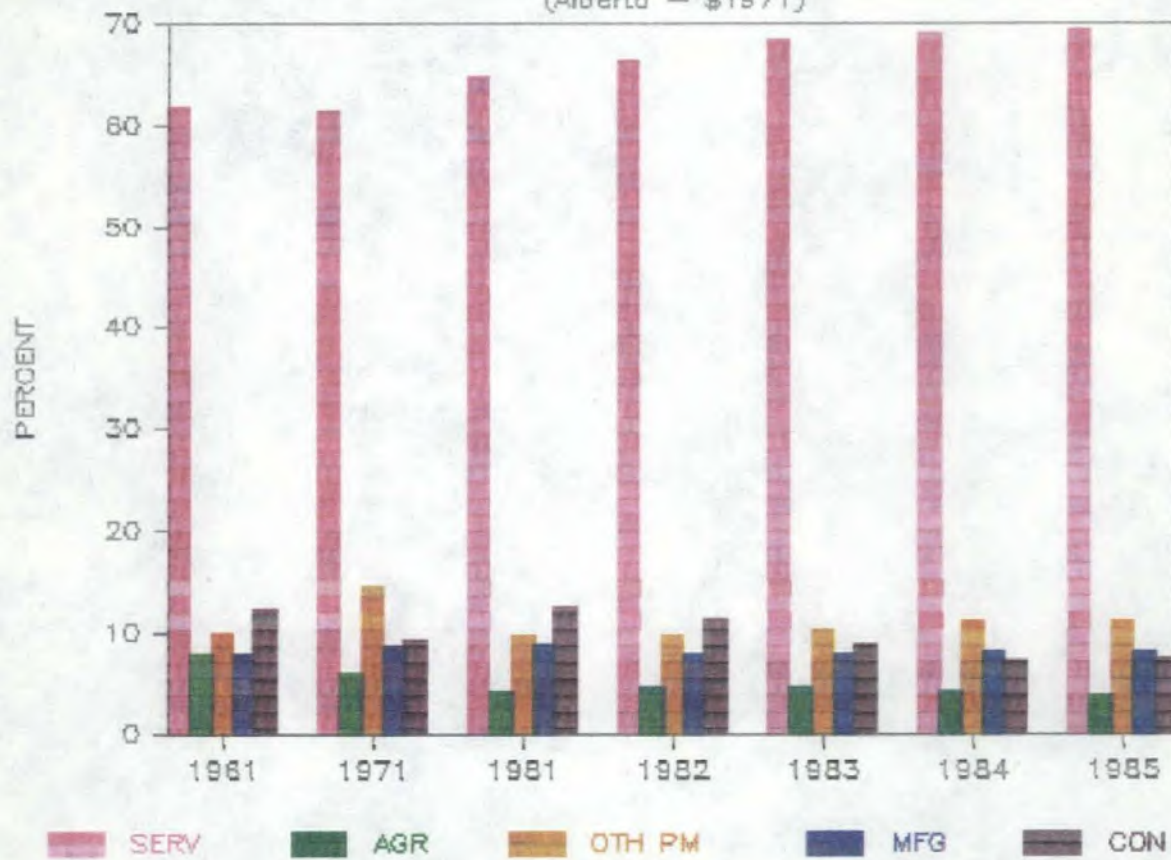


GRAPH 5 - UNEMPLOYMENT RATE BY IND
(Alberta)

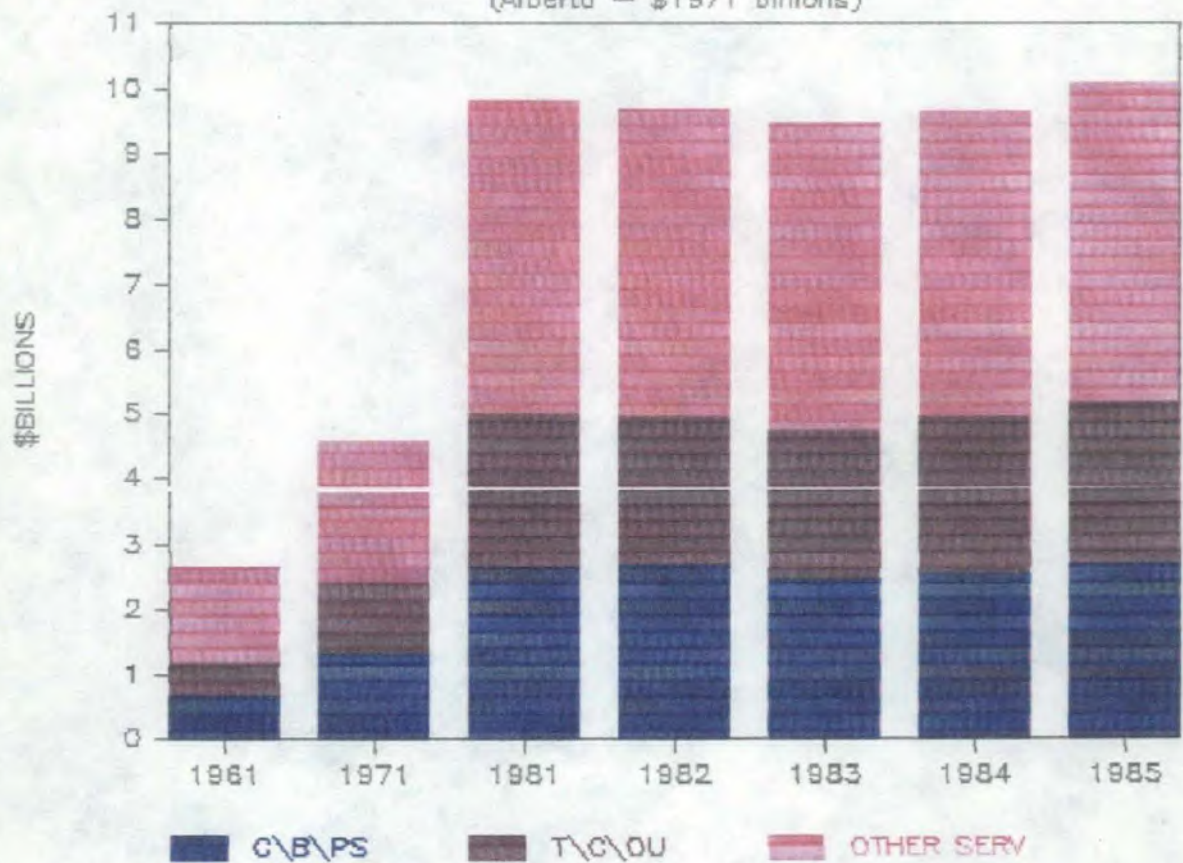


GRAPH 6 - PCT. OF PROD. BY INDUSTRY

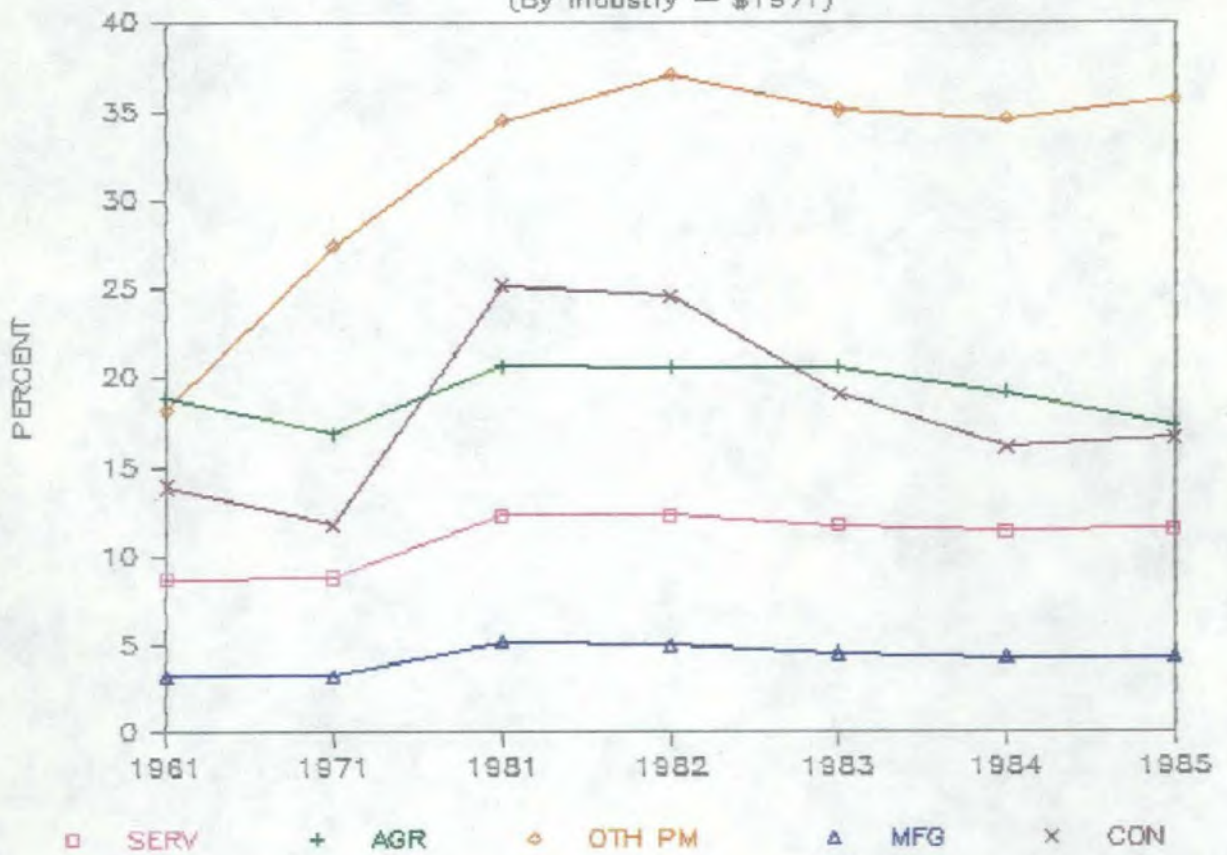
(Alberta - \$1971)



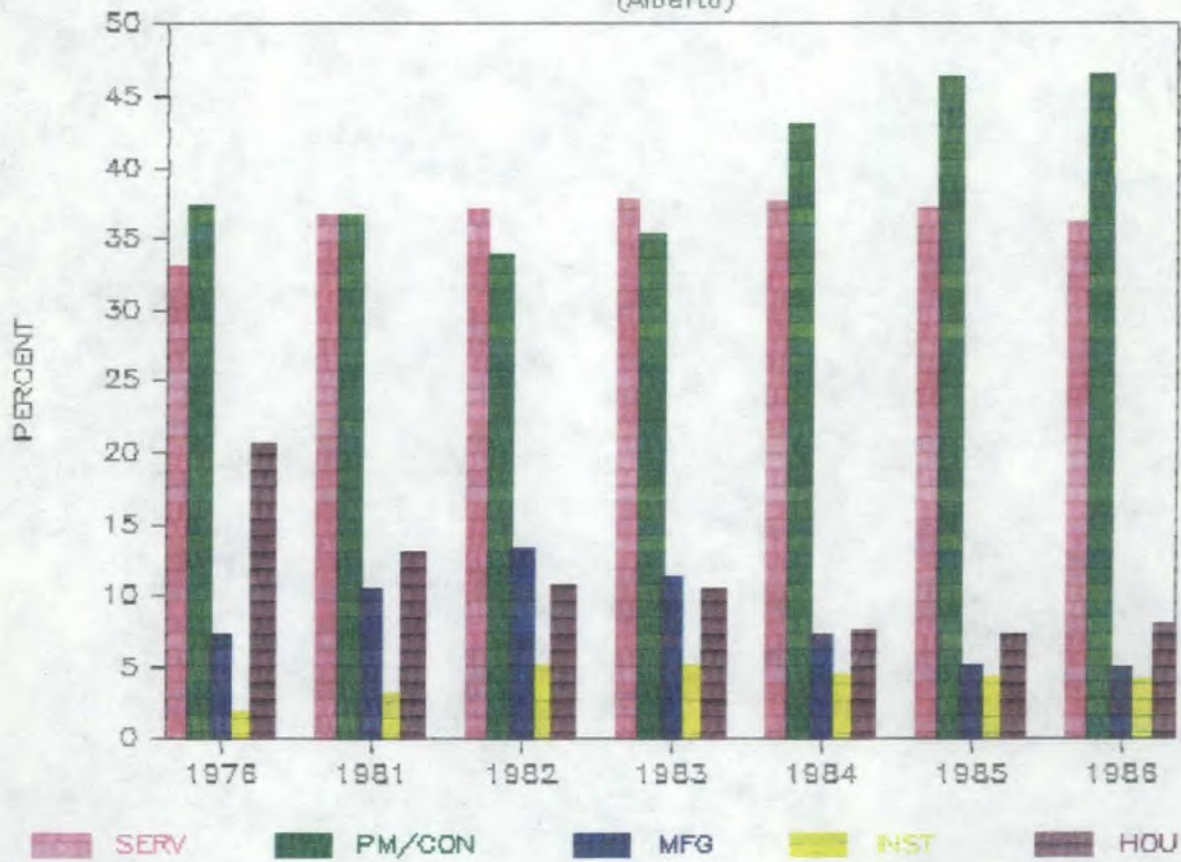
GRAPH 7 — SERVICE IND. PRODUCTION
 (Alberta — \$1971 billions)



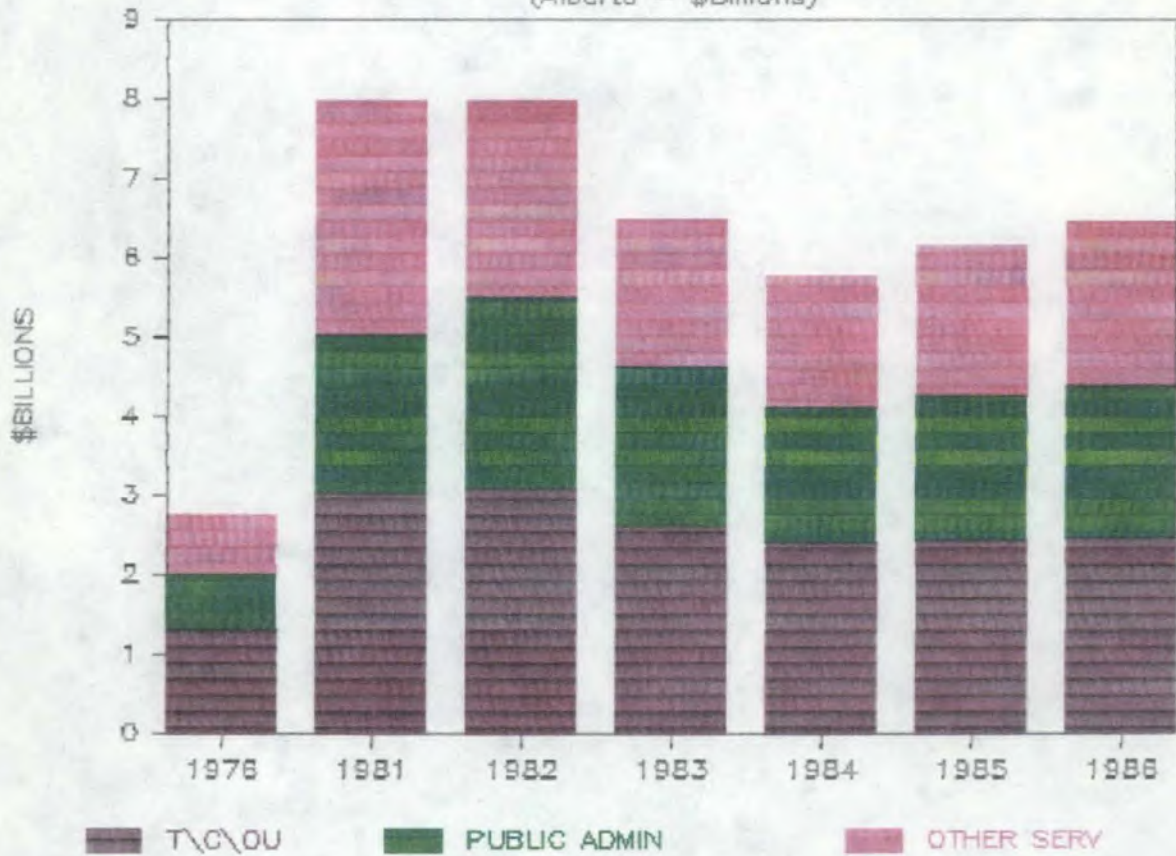
GRAPH 8 - ALTA % OF CDN PRODUCTION
 (By Industry - \$1971)



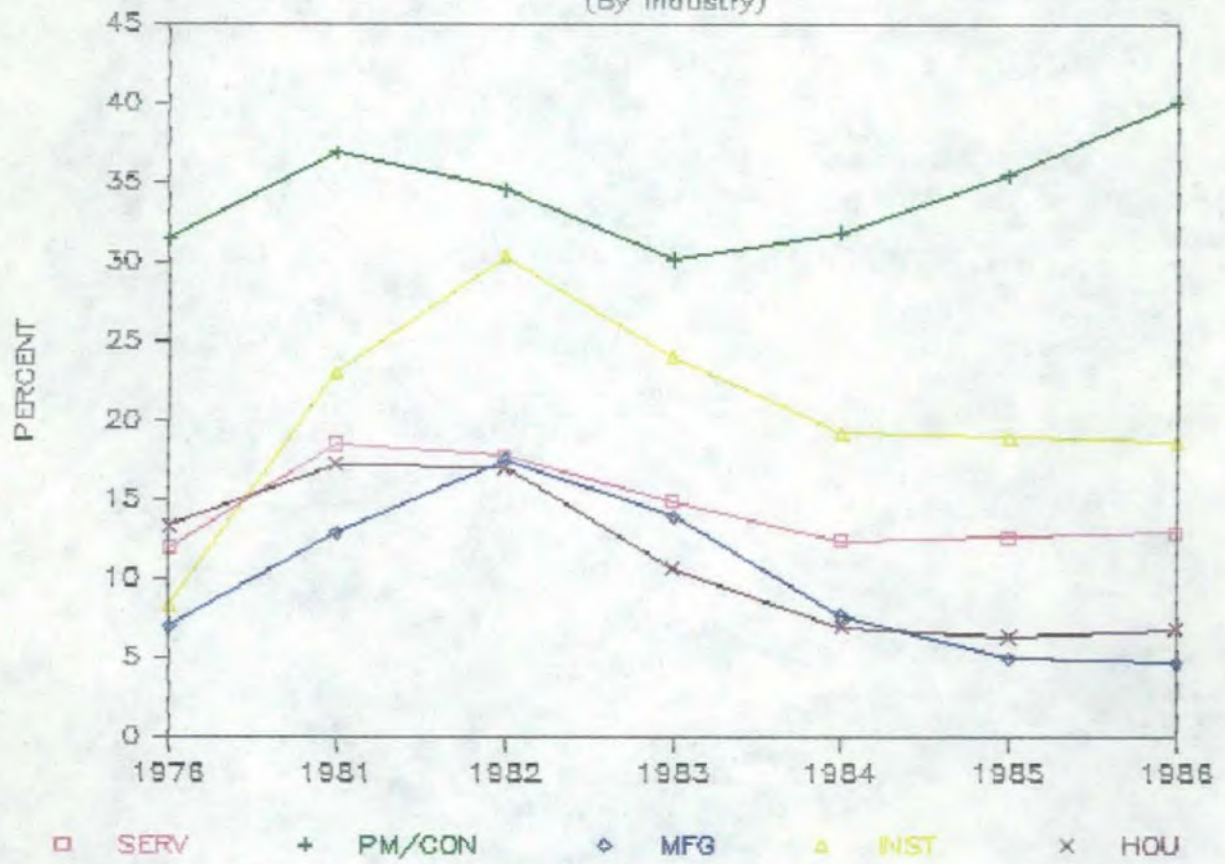
GRAPH 9 - PCT OF INVEST BY INDUSTRY
(Alberta)



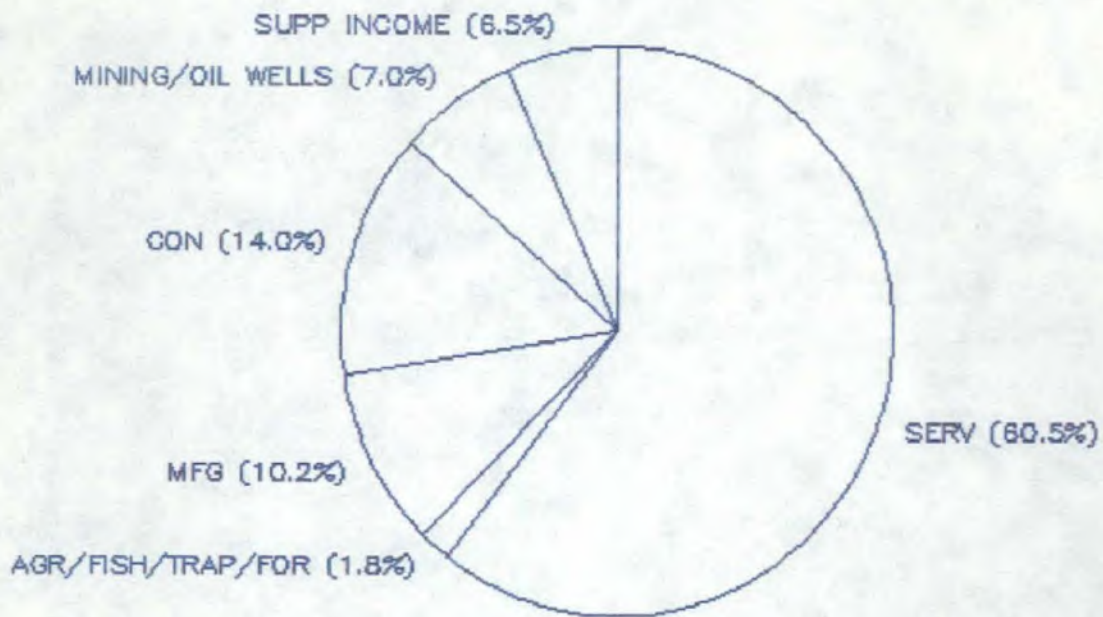
GRAPH 10 — INVESTMENT IN SERVICES
 (Alberta — \$Billions)



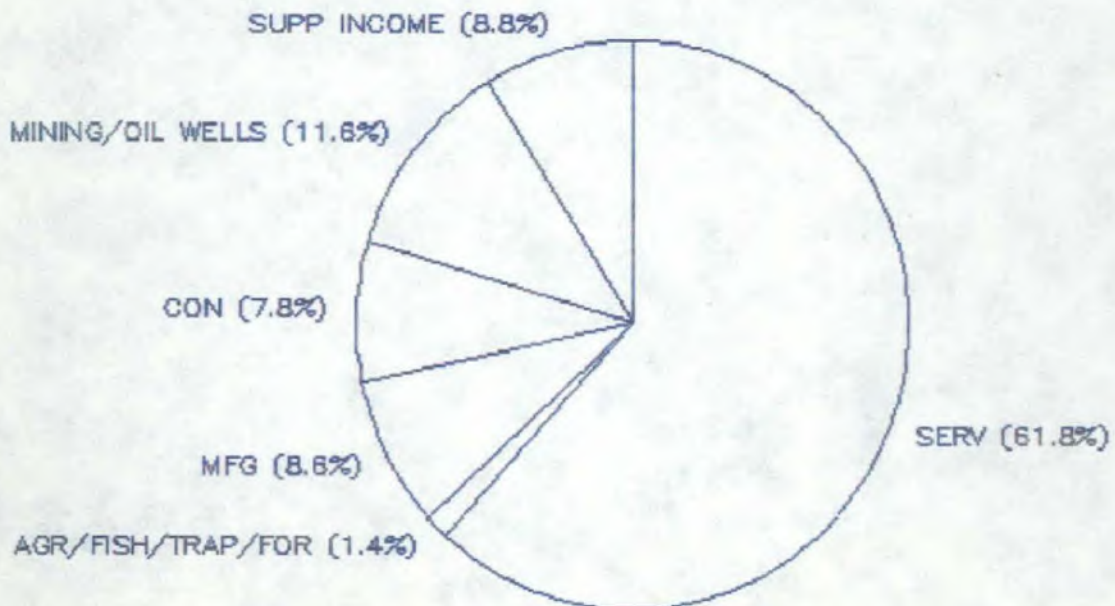
GRAPH 11 -ALTA % OF CDN INVESTMENT
(By Industry)



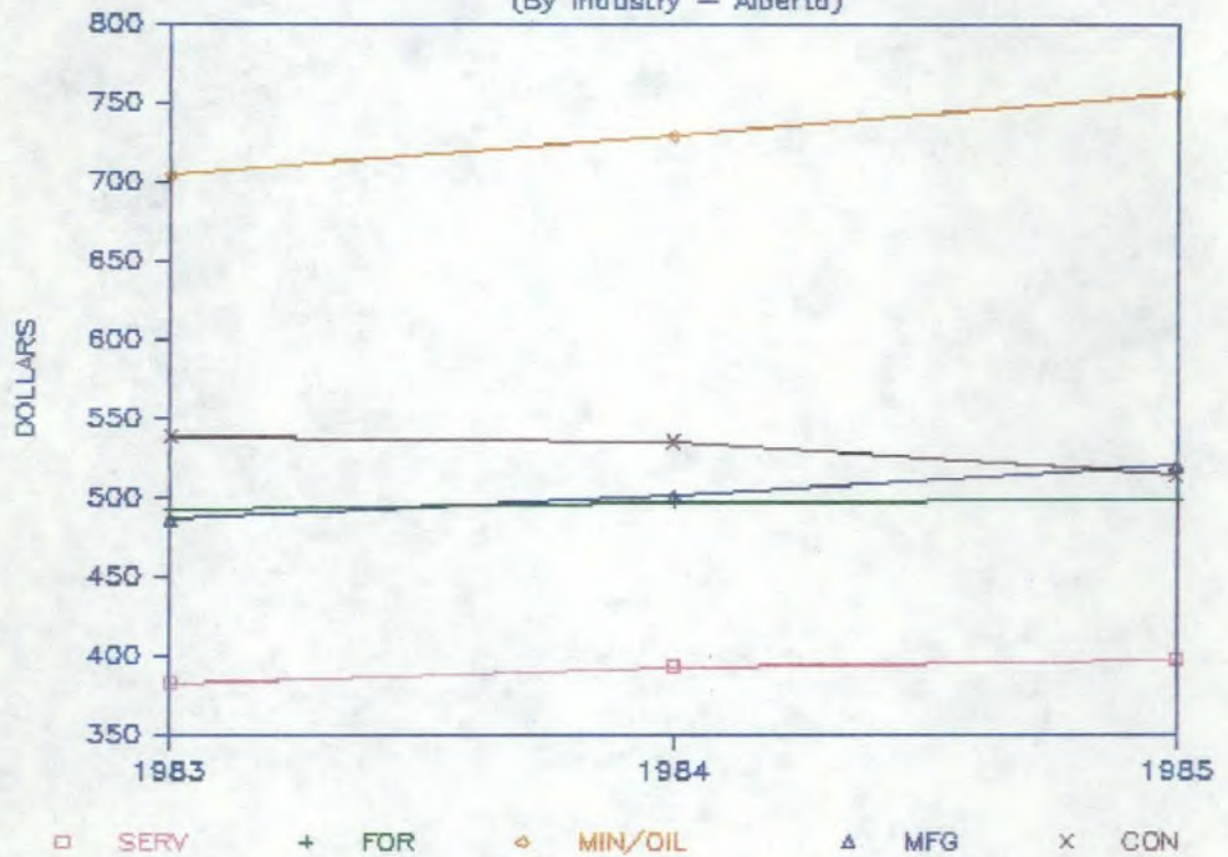
GRAPH 12 — PCT. OF LABOUR INCOME
(By Industry, 1976 — Alberta)



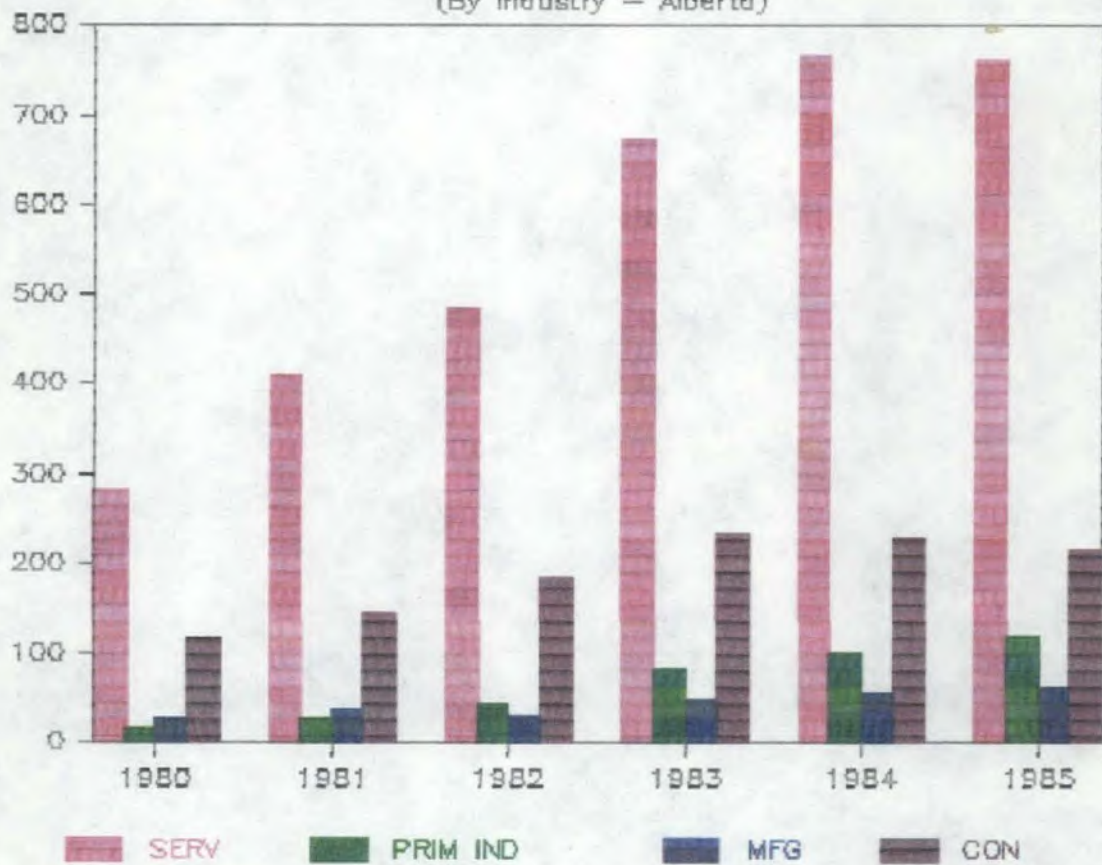
GRAPH 13 — PCT. OF LABOUR INCOME
(By Industry, 1985 — Alberta)



GRAPH 14 — AVG. WKLY. EARNINGS
(By Industry — Alberta)



GRAPH 15 - NUMBER OF BANKRUPTCIES
 (By Industry - Alberta)



The service sector plays a very important role in the Alberta economy. It presently accounts for 69.5% of the total real Gross Domestic Product (G.D.P.)¹ and for 72.3% of the total employment in the province.²

For the purposes of this paper, the service sector comprises all those industries not involved in the production of tangible goods. That is, whatever cannot be categorized as being part of the agriculture, other primary, manufacturing or construction industries is regarded as being a component of the service sector. Within the service sector there are five major industry groups as defined by Statistics Canada (based on their 1980 Standard Industrial Classification system). The five major service sector industries are:

1. Transportation, Communication and Other Utilities (referred to as T/C/OU in the tables and graphs)
 - Includes transportation and storage industries, communication industries and various utility industries.
2. Trade (referred to as TRADE in the tables and graphs)
 - Includes wholesale trade industries and retail trade industries.
3. Finance, Insurance and Real Estate (referred to as F/I/RE in the tables and graphs)
 - Includes finance industries, insurance carrier industries, and real estate operator and insurance agent industries.
4. Community, Business and Personal Services (referred to as C/B/PS in the tables and graphs)
 - Includes educational service industries, health and welfare service industries, religious organization industries, amusement and recreation industries, service to business management industries, personal service industries, accommodation and food service industries and other service industries.
5. Public Administration (referred to as PUBLIC ADMIN. in the tables and graphs)
 - Includes federal government service industries, provincial government service industries, and local government service industries.

¹Conference Board of Canada, Provincial Forecast, April 15th, 1986.

²Alberta Statistical Review, 4th Quarter, 1985.

All of the five major service industries are important to Alberta in terms of employment, production and income. However two - community, business and personal services and trade - stand out as being especially important. Together, they account for approximately 70% of the employment¹ and 45% of the production in the service sector².

Community, business and personal services alone accounts for approximately 33% of the employment³ and 18% of the production in Alberta⁴. It includes a range of establishments such as hospitals and social rehabilitation centres right to barber shops and amusement arcades. Due to the nature of this industry - providing essential personal and business services to the community - it tends to be affected somewhat less than the other industries during periods of slow economic growth. For instance, during the major recession in Alberta between 1982 and 1984, community, business and personal services' employment and production levels remained quite stable, while employment and production in most other industries decreased.

Trade is the second most important service industry in the province, accounting for approximately 18% of the employment⁵ and 13% of the production in Alberta.⁶ It includes a range of establishments such as wholesale food and clothes shops right to department stores and automobile dealers. This industry is not quite as stable, in terms of employment and production, as the community, business and personal services industry. However, because it is not directly linked to the resource industry and because many of the services provided by this industry cater to basic needs, trade has continued to remain a very important industry in Alberta.

The remaining three major service industries - transportation, communication and other utilities, finance, insurance and real estate, and public administration - also play significant roles in the Alberta economy. Together they account for approximately 21% of the employment⁷ and 38% of the production in the province.⁸ As Alberta has continued to expand its communication and financial links with the rest of Canada and the world, the importance of these industries to Alberta over the last few years has been increasing.

¹Alberta Statistical Review, 4th Quarter, 1985

²Conference Board of Canada, Provincial Forecast, April 15th, 1986.

³Alberta Statistical Review, 4th Quarter, 1985.

⁴Conference Board of Canada, Provincial Forecast, April 15th, 1986.

⁵Alberta Statistical Review, 4th Quarter, 1985.

⁶Conference Board of Canada, Provincial Forecast, April 15th, 1986.

⁷Alberta Statistical Review, 4th Quarter, 1985.

⁸Conference Board of Canada, Provincial Forecast, April 15th, 1986.

Overall, the service sector is a bit larger in Alberta relative to the rest of Canada. A slightly higher percentage of people are employed in services in Alberta (72.3%) relative to Canada (70.4%)¹; similarly, the service sector accounts for a slightly larger percentage of production in Alberta (69.5%) relative to Canada (67.8%).² Production from the Alberta service sector amounts to 11.5% of the total service sector production in Canada³, and Alberta service sector employment accounts for 10.2% of the total Canadian service sector employment.⁴ The increasing dominance of the service sector appears to be a trend that is here to stay in Alberta, as it is in the rest of Canada and other highly developed industrial countries.

¹Statistics Canada Catalogue No. 71-201, 1985.

²Conference Board of Canada, Provincial Forecast, April 15th, 1986.

³Conference Board of Canada, Provincial Forecast, April 15th, 1986.

⁴Statistics Canada Catalogue No. 71-201, 1985.

II.

EMPLOYMENT IN THE SERVICE SECTOR

The percentage of workers employed in the service sector industries and in other industries in Alberta from 1951 to 1985 is shown in Table II-A. From 1951 to 1981, the service sector's percentage of total Alberta employment increased significantly, while during the same period the percentage of Alberta employment in manufacturing and in agriculture decreased. The construction and other primary industries had a slightly higher percentage of Alberta employment in 1983 than they had in 1951¹. In recent years, from 1981 to 1985, employment in services has continued to increase at a fairly substantial rate to where it now accounts for almost three-quarters of the total employment in Alberta. Overall, since 1951, services has seen its share of total employment increase by almost thirty percentage points. The increasing mechanization of the agriculture industry has resulted in a lower demand for farm labour, and, at least up till now, services appears to be the industry which has absorbed most of this excess agricultural labour. Employment in services was not affected as much by the recession as was employment in the other major Alberta industries, further evidence of the strong stabilizing position services holds in the economy.

Table II-B shows the percentage of workers employed in the various industries in Canada. Comparing Table II-A with Table II-B shows that services presently accounts for a slightly larger percentage of employment in Alberta than in Canada. Since 1951, the percentage of employment in services in Canada has been very similar to that in Alberta. In both Alberta and Canada, services' percentage of total employment has increased significantly since 1951. The increasing importance of service sector employment to both Alberta and Canada is evidence of the general growing importance of services to Canada's and especially Alberta's economy.

The number of employees in the five major service industries indicates the significance of these industries in Alberta as direct sources of employment. Table II-C includes data on the number of people employed in each service industry in the province from 1951 to 1985. In 1985, the community, business and personal service industry employed the most workers of any of the five service industries; it was followed by trade, transportation, communication and other utilities, public administration, and finance, insurance and real estate. This same pattern of relative employment in the service sector has been evident from 1951 right to the present. In every year since 1951, community, business and personal services has been the largest employer in the service sector, and it has shown a steady increase in employment since 1951.

¹The unspecified category in Tables II-A and II-B refers to Census data in which the individual did not indicate occupation, but was in the labour force.

Table II-D shows the number of employees in each service industry in Canada from 1951 to 1985. As was the case in Alberta, the community, business and personal services industry had the highest level of employment among the five major service industries in Canada in all years between 1951 and 1985. In each year it was followed in numbers employed by trade, transportation, communication and other utilities, public administration, and finance, insurance and real estate. Community, business and personal services also experienced the greatest absolute increase in employment among the various major service industries in Canada over the time period.

Table II-E shows annual growth in numbers employed in each service industry in Alberta from 1981 to 1985. In every year community, business and personal services had a growth rate as large or larger than the average for the service sector. Most of the increases in employment since 1951 in this industry have been in the health and welfare services and services to business management areas. However, due to a combination of factors - new emphasis on promoting tourism in the province, trend towards more eating out, etc. - most of the recent employment increases in this industry have been centred in the accommodation and food services sector. Public administration also recorded fairly large annual increases in employment growth in every year except 1983, when its growth was zero. The trade and finance, insurance and real estate industries recorded fairly significant levels of employment growth from 1951 to 1981, but growth in both industries slowed down in 1983 and 1984 as the recession took hold in Alberta. In fact, in 1983, the finance, insurance and real estate industry recorded the largest employment decrease of any service industry over the time period; the decrease was due almost entirely to a drop in employment in the insurance and real estate sectors. The transportation, communication and other utilities industry grew slowly but steadily up to 1980, but since then its annual employment growth has either declined or remained the same. In 1985, all of the service industries in Alberta recorded positive employment growth of over 2.5% except for transportation, communication and other utilities, which, mainly because of an employment drop in the transportation sector, experienced a 3.2% decrease in growth.

Table II-F includes data on annual employment growth in each service industry in Canada from 1951 to 1985. Comparing Table II-E with Table II-F shows a fairly similar pattern of employment growth in Alberta and Canada. The annual increases, and/or decreases, were not as dramatic in Canada as they were in Alberta. Generally, as was the case in Alberta, community, business and personal services and public administration led the way with steady employment growth levels near or above the total service sector average during the 1951 to 1985 period. As was also the case in Alberta, the finance, insurance and real estate and transportation, communication and other utilities industries grew slowly but steadily in Canada till 1980, but since then they have recorded negligible or even negative employment growth. In 1985, all of the service industries recorded employment increases of over 1.4% except for the finance, insurance and real estate industry, which registered a decrease of 0.3%.

The relative size of the five major Alberta service industries in terms of employment from 1951 to 1985 can be seen in Table II-G. Throughout the time period, the largest service employer was the community, business and personal services industry. It employed just under one-third of the service labour force in 1951, and its relative percentage of employment has steadily been increasing since then. In 1985, it accounted for over 45% of the total service employment; the health and welfare services and education sectors have been the two largest employers in this industry. The trade industry has had the second largest relative share of employment in all years, however its relative share has been decreasing fairly steadily since 1951. By 1985, its relative percentage was 25.2%, a drop of over four percentage points from its 1951 share. Slow growth in the wholesale trade sector has been the chief reason for the relative employment decline in the trade industry over the last thirty-five years. Transportation, communication and other utilities has been the third largest service employer in all years from 1951 to 1985, however its relative share has dropped significantly over the time period. It accounted for almost one-fifth of the service employment in 1951, but in 1985 it only accounted for a little over one-tenth of service employment. Very slow growth in the transportation sector, especially in recent years, has been the main reason for the relative employment decrease. Public administration had the fourth largest share of service employment in every year from 1951 to 1985, and, like trade and transportation, communication and other utilities, it has seen its relative share drop over the years as well. Little or no federal administration employment growth was the main reason for the relative decrease from 14% in 1951 to 10.8% in 1985. The finance, insurance and real estate industry only accounted for about 5% of the service sector employment in 1951. Between 1951 and 1981 its relative share of service employment increased marginally, peaking at 7.9% in 1981. However, with the recent downturn in real estate activity due to high interest rates and the recession, its relative share of employment has started to decline.

Table II-H gives comparable data on the relative employment shares of the five major service industries in Canada from 1951 to 1985. The relative employment shares in Canada in 1951 were very similar to those in Alberta, and they remained so throughout the entire time period. Community, business and personal services had the largest percentage of service employment in all years and, as in Alberta, its share increased over the period as well. It was followed in importance by trade, transportation, communication and other utilities, public administration and finance, insurance and real estate.

Female employment in the Alberta service sector and in the four-goods producing industries from 1975 to 1985 is shown in Table II-I. In 1985, female employment in services was substantially higher than that in the four goods-producing industries. In 1975, employment in services accounted for over 82% of the total female employment in the province; by 1985, this percentage had risen to over 85%. In every year from 1975 to 1985, female employment growth occurred in the service sector. Three goods-producing industries - other primary, manufacturing, and construction - employed more females in 1985 than they did in 1975, but they did not experience employment growth every year and their overall absolute employment growth over the time period was small. Agriculture,

the other goods-producing industry, actually had fewer female employees in 1985 than it had in 1975. Most of the dramatic female employment growth in the service sector between 1975 and 1985 occurred in community, business and personal services. In fact, the community, business and personal services industry accounted for just under one-half of the total female employment in Alberta in 1985. This growth was in part due to high female employment growth in the health and welfare services, and accommodation and food sectors. The trade industry was the second largest female service employer throughout the time period. The three remaining service industries - public administration, finance, insurance and real estate, and transportation, communication and other utilities - together only accounted for about 23% of the female service sector employment in 1985. All three service industries experienced only small absolute female employment increases over the ten year period.

Table II-J shows female employment in the service sector and in the four goods-producing industries as a percentage of total Alberta employment in those industries from 1975 to 1985. In 1985, one-half of the employees in the service sector were females. This was a substantially higher percentage than that which was recorded for the four goods-producing industries in 1985. In fact, none of the goods-producing industries had female employment account for more than 28% of their total employment in 1985. Of the goods-producing industries, agriculture had the highest percentage of female employment (27.4%), while construction had the lowest (11.8%). The percentage of female employment in services was also higher than the percentage of total female employment in Alberta. Since 1975, female employment as a percentage of total employment in services and in other industries in Alberta has been increasing at a steady rate. Of the five service industries, community, business and personal services had the largest percentage of female employment, followed closely by finance, insurance, and real estate. Both industries had over 60% of their employment accounted for by females in 1985; this was about the same percentage of females they had employed in 1975. It appears that female employment growth in both these industries since 1975 has been matched by equivalent male employment growth. Females also accounted for a fairly large percentage of the total employment in trade (42.4%) and public administration (42.0%), with the female percentage increase in the latter since 1975 being the largest (6.2 percentage points) of all industries. In 1985, only 22.8% of the employees in transportation, communication and other utilities were female; this was only a very small percentage increase over that recorded for the industry in 1975. Overall, it appears that as females continue to enter the Alberta labour force, a fairly significant portion of them will continue to find employment in the service sector.

Table 11-K shows the percentage of part-time employment in the service sector and in the four goods-producing industries for Canada from 1975 to 1985. Data was not available on part-time employment in Alberta at the industry level, however it is likely that part-time employment patterns in Alberta are similar to those in the rest of Canada. Therefore, the Canadian figures can be used as a fairly good approximation of the part-time employment patterns in Alberta. Since 1975, part-time employment as a percentage of total employment has been increasing in all industries. This, in large part, is due to the increasing number of females entering the labour force who are willing to take part-time work in order to supplement household income and satisfy their ambitions. The most dramatic increase in part-time employment over the time period has been in the service sector. In 1975, agriculture had a slightly higher percentage of part-time employment than the service sector had, but, by 1985, services has taken over as the sector having the largest percentage of part-time employees (19.5%). Agriculture had the second largest percentage of part-time employment in 1985 (15.8%), followed by construction (7.7%), manufacturing (3.7%), and other primary (1.7%).

Of the five major service industries, community, business and personal services had the largest percentage of part-time employment in 1985 with 24.6%, followed closely by trade at 23.6%. Community, business and personal services also recorded the largest increase in percentage of part-time employment of any industry, service or goods-producing, over the time period. Most of the part-time growth in this industry over the past 10 years has been due to employment growth in the accommodation and food and personal services sectors. Due to the nature of jobs in these sectors - low pay, little chance of significant career advancement - they have tended to employ, and will likely continue to employ, large numbers of part-time workers. It appears that as females continue to enter the labour force, part-time employment in all industries will continue to increase slowly; however, due to the nature of work involved in the community, business and personal service industry, it seems that this will be the industry that will continue to show the largest increase in part-time employment.

The unemployment rates for services and for other industries in Alberta are included in Table II-L. In 1985, the service sector had the third lowest unemployment rate (8.5%), after agriculture (3.0%) and other primary (8.3%). The service sector, like the four goods-producing industries, experienced fairly low unemployment during the 1970's and through to 1981. With the onset of the recession in Alberta, the service sector, along with all the goods-producing industries, registered a large increase in its unemployment rate in 1982, with further increases in 1983 and 1984; in each of the three years, however, the service sector still had a lower unemployment rate than that recorded for the province as a whole. In 1985, all of the industries, except agriculture, recorded a small decrease in their unemployment rate. While the service sector did experience a significant increase in its unemployment rate during the Alberta recession, it still remained a fairly stable employer during the period.

Of the five major service industries in 1985, the finance, insurance and real estate industry had the lowest unemployment rate at

5.9%; community business and personal services meanwhile had the highest rate of any service industry in 1985 at 9.9%. Since 1975, community, business and personal services has seen its unemployment rate grow the most of any service industry; a loss of jobs between 1982 and 1984 in the sector most susceptible to layoffs during a recession, the accommodation and food sector, was the main reason for the unemployment rate increase.

The unemployment rates for the service sector and for the goods-producing industries in Canada are included in Table II-M, as a comparison for the Alberta industries. In general, the unemployment rates during the 1970's were higher in Canada than in Alberta. This gives some indication of the condition of the two economies during that time frame. Canada's economy was not growing as quickly as the Alberta economy was, a result mainly due to the rapidly expanding oil and gas industry in Alberta. In every year from 1975 to 1985, the unemployment rate in the Canadian service sector was lower than the total industry unemployment rate. There was a fairly large unemployment rate increase in 1982 in the Canadian service sector; it was followed by another, smaller, increase in 1983. The service sector had started to recover from the recession in Canada in 1984, although there was no indication of this in Alberta in the same year; as well in that year, for the first time since 1975, the Alberta rate was higher than the Canadian rate. While the economic recovery was fully underway in most parts of Canada by 1984, it was only just beginning to take place in Alberta in that year. In 1985, both Canada and Alberta experienced a drop in their service unemployment rate; however, Alberta's rate decreased a bit more than the Canadian rate did, falling below the Canadian rate once again in 1985. As was the case in Alberta, finance, insurance and real estate had the lowest service unemployment rate in Canada in 1985 at 6.2%, while community, business and personal services had the highest rate at 9.6%. In both Alberta and Canada the service sector continues to remain a very stable employer, being affected significantly less than most other industries in times of economic downturn.

TABLE II-A. Percentage of Employees in Services and Other Industries, Alberta, 1951-1985.

	1951 ^a	1961 ^b	1971	1981 (%)	1983	1984	1985
SERVICES	44.4	55.9	59.3	66.1	71.0	71.1	72.3
Agriculture	32.5	21.2	13.2	7.6	7.2	7.9	7.5
Other Primary	5.1	4.3	4.2	6.4	6.1	6.6	6.4
Manufacturing	10.2	8.6	8.9	9.2	7.7	7.9	7.7
Construction	7.3	7.6	7.2	10.6	7.9	6.4	6.1
Unspecified	0.6	2.2	7.2	0.0	0.0	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: 1951 Census of Canada, Volume IV Labour Force, Table 16.
 1961 Census of Canada, Volume III Labour Force, Catalogue 94-518, Table 1.
 1971 Census of Canada, Volume III Labour Force, Catalogue 94-740, Table 1;
 Catalogue 94-780, Table 25. Alberta Statistical Review, 4th Quarter, 1985,
 p. 33. DRIE calculations.

Note: ^a Based on labour force 1951 figure (employment figure not available).
^b Based on labour force 1961 figure (employment figure not available).

TABLE II-B. Percentage of Employees in Services and Other Industries, Canada, 1951-1985.

	1951 ^a	1961 ^b	1971	1981 (%)	1983	1984	1985
SERVICES	45.3	55.1	63.1	67.5	70.1	69.9	70.4
Agriculture	15.6	9.9	6.3	4.4	4.4	4.3	4.3
Other Primary	5.4	4.1	2.7	2.9	2.6	2.7	2.6
Manufacturing	25.7	21.7	21.8	19.3	17.6	17.9	17.5
Construction	6.6	6.7	6.0	5.9	5.3	5.2	5.2
Unspecified	1.3	2.5	0.0	0.0	0.0	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: 1951 Census of Canada, Volume IV Labour Force, Table 16.
 1961 Census of Canada, Volume III Labour Force, Catalogue 94-518, Table 1.
 Statistics Canada Catalogue No. 71-201, 1985, pp. 145-150. DRIE
 calculations.

Note: ^a Based on labour force 1951 figure (employment figure not available).
^b Based on labour force 1961 figure (employment figure not available).

TABLE II-C. Number of Employees in Services, Alberta, 1951 - 1985.

	1951 ^a	1961 ^b	1971	1981 (000's)	1983	1984	1985
T/C/OU	30	47	53	96	95	95	92
Trade	47	80	99	203	201	196	205
F/I/RE	8	15	24	60	61	58	60
C/B/PS	50	93	159	323	351	358	367
Public Admin.	22	39	53	80	84	85	88
TOTAL SERVICES	157	274	388	762	792	792	812

Sources: 1951 Census of Canada, Volume IV Labour Force, Table 16.
 1961 Census of Canada, Volume III Labour Force, Catalogue 94-518, Table 1.
 1971 Census of Canada, Volume III Labour Force, Catalogue 94-740, Table 1;
 Catalogue 94-780, Table 25. Alberta Statistical Review, 4th Quarter, 1985,
 p. 33. DRIE calculations.

Note: ^a Based on labour force 1951 figure (employment figure not available).
^b Based on labour force 1961 figure (employment figure not available).

TABLE II-D. Number of Employees in Services, Canada, 1951 - 1985.

	1951 ^a	1961 ^b	1971	1981 (000's)	1983	1984	1985
T/C/OU	464	603	707	912	870	858	884
Trade	710	991	1,335	1,884	1,850	1,929	2,001
F/I/RE	144	229	399	594	602	631	629
C/B/PS	773	1,263	2,128	3,267	3,421	3,483	3,648
Public Admin.	304	483	545	768	782	791	802
TOTAL SERVICES	2,395	3,569	5,114	7,425	7,525	7,692	7,964

Sources: 1951 Census of Canada, Volume IV Labour Force, Table 16.
 1961 Census of Canada, Volume III Labour Force, Catalogue 94-518, Table 1.
 Statistics Canada Catalogue No. 71-201, 1985, pp. 148-150. DRIE
 calculations.

Note: ^a Based on labour force 1951 figure (employment figure not available).
^b Based on labour force 1961 figure (employment figure not available).

TABLE II-E. Annual Growth in Number of Employees in Services, Alberta, 1951-1985.

	1951	1961 ^a	1971 ^b	1981 ^c	1983	1984	1985
	(%)						
T/C/OU	N.A.	5.7	1.7	7.1	0.0	0.0	-3.2
Trade	N.A.	7.0	3.0	9.1	0.5	-2.5	4.6
F/I/RE	N.A.	8.8	6.7	13.6	-10.3	-4.9	3.4
C/B/PS	N.A.	8.6	8.1	8.9	5.7	2.0	2.5
Public Admin.	N.A.	7.7	3.9	4.3	0.0	1.2	3.5
TOTAL SERVICES	N.A.	7.5	4.8	8.4	1.7	0.0	2.5

Sources: 1951 Census of Canada, Volume IV Labour Force, Table 16.
 1961 Census of Canada, Volume III Labour Force, Catalogue 94-518, Table 1.
 1971 Census of Canada, Volume III Labour Force, Catalogue 94-740, Table 1;
 Catalogue 94-780, Table 25. Alberta Statistical Review, 4th Quarter, 1985,
 p. 33. DRIE calculations.

Note: ^a 1961 figure based on 10 year avg. labour force growth between 1951 and
 1961 census years.
^b 1971 figure based on 10 year avg. labour force growth between 1961 and
 1971 census years.
^c 1981 figure based on 10 year avg. labour force growth between 1971 and
 1981 census years.

TABLE II-F. Annual Growth in Number of Employees in Services, Canada, 1951-1985.

	1951	1961 ^a	1971 ^b	1981 ^c	1983	1984	1985
	(%)						
T/C/OU	N.A.	3.0	1.1	4.3	-1.7	-1.4	3.0
Trade	N.A.	4.0	2.8	5.9	0.1	4.3	3.7
F/I/RE	N.A.	5.9	5.6	7.3	0.2	4.8	-0.3
C/B/PS	N.A.	6.3	6.2	7.2	4.2	1.8	4.7
Public Admin.	N.A.	5.9	3.3	2.7	2.0	1.2	1.4
TOTAL SERVICES	N.A.	4.9	4.0	5.9	1.9	2.2	3.5

Sources: 1951 Census of Canada, Volume IV Labour Force, Table 16.
 1961 Census of Canada, Volume III Labour Force, Catalogue 94-518, Table 1.
 Statistics Canada Catalogue No. 71-201, 1985, pp. 146-150. DRIE
 calculations.

Note: ^a 1961 figure based on 10 year avg. labour force growth between 1951 and
 1961 census years.
^b 1971 figure based on 10 year avg. labour force growth between 1961 and
 1971 census years.
^c 1981 figure based on 10 year avg. labour force growth between 1971 and
 1981 census years.

TABLE II-G. Percent of Total Number of Employees, by Service Industry, Alberta, 1951-1985.

	1951 ^a	1961 ^b	1971	1981 (%)	1983	1984	1985
T/C/OU	19.1	17.2	13.7	12.6	12.0	12.0	11.3
Trade	29.9	29.2	25.5	26.6	25.4	24.7	25.2
F/I/RE	5.1	5.5	6.2	7.9	7.7	7.3	7.4
C/B/PS	31.8	33.9	41.0	42.4	44.3	45.2	45.2
Public Admin.	14.0	14.2	13.7	10.5	10.6	10.7	10.8
TOTAL SERVICES	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Table II-C. DRIE calculations.

Note: ^a Based on labour force 1951 figure (employment figure not available).
^b Based on labour force 1961 figure (employment figure not available).

TABLE II-H. Percent of Total Number of Employees, by Service Industry, Canada, 1951-1985.

	1951 ^a	1961 ^b	1971	1981 (%)	1983	1984	1985
T/C/OU	19.4	16.9	13.8	12.3	11.6	11.2	11.1
Trade	29.6	27.8	26.1	25.4	24.6	25.1	25.1
F/I/RE	6.0	6.4	7.8	8.0	8.0	8.2	7.9
C/B/PS	32.3	35.4	41.6	44.0	45.5	45.3	45.8
Public Admin.	12.7	13.5	10.7	10.3	10.4	10.3	10.1
TOTAL SERVICES	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Table II-D. DRIE calculations.

Note: ^a Based on labour force 1951 figure (employment figure not available).
^b Based on labour force 1961 figure (employment figure not available).

TABLE II-1. Female Employment in Services and Other Industries, Alberta, 1975-1985.

	1975	1980	1981	1982 (000's)	1983	1984	1985
T/C/OU	15	21	25	24	23	25	21
Trade	57	86	88	90	87	84	87
F/I/RE	21	36	37	41	38	35	36
C/B/PS	126	185	201	198	214	221	225
Public Admin.	20	27	32	35	35	36	37
TOTAL SERVICES	239	355	383	388	397	401	406
Agriculture	26	22	23	22	23	25	23
Other Primary	5	13	15	14	14	17	16
Manufacturing	15	24	26	24	21	20	21
Construction	4	10	12	11	9	7	8
TOTAL OVERALL	290	424	459	459	462	469	474

Sources: Statistics Canada Catalogue No. 71-529, 1975-1983, pp. 225-233.
 Statistics Canada Catalogue No. 71-001, Dec. 1984, p. 112.
 Statistics Canada Catalogue No. 71-001, Dec. 1985, p. 106. DRIE calculations.

TABLE II-J. Female Employment as a Percentage of Employment in Services and Other Industries, Alberta, 1975-1985.

	1975	1980	1981	1982 (%)	1983	1984	1985
T/C/OU	21.7	21.6	26.0	25.3	24.2	26.3	22.8
Trade	38.8	44.1	43.3	45.0	43.3	42.9	42.4
F/I/RE	58.3	61.0	61.7	60.3	62.3	60.3	60.0
C/B/PS	61.2	61.5	62.2	59.6	61.0	61.7	61.3
Public Admin.	35.8	38.6	40.0	41.7	41.7	42.4	42.0
TOTAL SERVICES	46.4	49.2	50.3	49.8	50.1	50.6	50.0
Agriculture	23.4	25.9	26.1	28.6	28.8	28.4	27.4
Other Primary	17.9	19.7	20.3	20.3	20.6	23.0	22.2
Manufacturing	21.1	23.5	24.5	25.3	24.4	22.7	24.1
Construction	6.3	9.6	9.8	9.8	10.2	9.9	11.8
TOTAL OVERALL	36.8	39.3	39.8	40.5	41.4	42.1	42.2

Sources: Statistics Canada Catalogue No. 71-529, 1975-1983, pp. 225-233.
 Statistics Canada Catalogue No. 71-001, Dec. 1984, p. 112.
 Statistics Canada Catalogue No. 71-001, Dec. 1985, p. 106. DRIE calculations.

TABLE 11-K. Percentage of Part-Time Employment in Services and Other Industries, Canada, 1975-1985.

	1975	1980	1981	1982 (%)	1983	1984	1985
T/C/OU	4.2	5.1	5.2	5.5	6.6	5.9	6.0
Trade	19.5	21.8	22.2	23.5	24.9	24.3	23.6
F/I/RE	7.2	8.5	9.4	9.5	10.8	11.3	11.6
C/B/PS	17.1	21.4	21.9	22.8	23.5	24.1	24.6
Public Admin.	4.2	5.4	5.6	5.6	6.3	6.7	7.0
TOTAL SERVICES	13.9	16.7	17.3	8.1	19.1	19.3	19.5
Agriculture	14.1	18.2	18.1	17.5	18.9	18.1	15.8
Other Primary	1.4	2.0	1.9	2.6	2.5	1.7	1.7
Manufacturing	2.6	3.1	3.4	3.7	3.8	3.5	3.7
Construction	3.6	5.6	6.0	6.9	8.3	7.5	7.7
TOTAL OVERALL	10.6	13.0	13.5	14.4	15.4	15.4	15.5

Sources: Statistics Canada Catalogue No. 71-529, 1975-1983, pp. 315-323.
 Statistics Canada Catalogue No. 71-001, Dec. 1984, p. 122.
 Statistics Canada Catalogue No. 71-001, Dec. 1985, p. 116. DRIE calculations.

TABLE II-L. Unemployment Rate, Services and Other Industries, Alberta, 1975-1985.

	1975	1980	1981	1982 (%)	1983	1984	1985
T/C/OU	4.4	2.6	3.1	5.6	7.2	7.7	6.2
Trade	3.3	3.3	2.9	6.5	9.4	9.7	8.8
F/I/RE	2.5	2.2	2.7	4.2	6.1	6.6	5.9
C/B/PS	4.7	3.8	3.9	7.4	9.5	10.5	9.9
Public Admin.	2.6	2.9	2.9	5.0	5.4	7.9	6.2
TOTAL SERVICES	3.9	3.1	3.5	6.3	8.6	9.4	8.5
Agriculture	0.8	0.8	0.7	1.5	3.1	2.5	3.0
Other Primary	4.6	3.7	4.4	7.1	11.0	8.8	8.3
Manufacturing	4.5	3.7	3.7	10.4	13.2	14.1	11.7
Construction	6.1	6.5	6.0	14.3	24.3	27.6	22.9
TOTAL OVERALL	4.1	3.7	3.8	7.5	10.5	11.2	10.1

Sources: Alberta Manpower, Alberta Labour Force Statistics by Industry, Annual Averages 1975-1984. Statistics Canada, Labour Force Survey, Jan. 1985-Dec. 1985. DRIE calculations.

TABLE II-M. Unemployment Rate, Services and Other Industries, Canada, 1975-1985.

	1975	1980	1981	1982 (%)	1983	1984	1985
T/C/OU	4.9	5.0	5.1	7.5	8.3	7.9	7.2
Trade	5.6	6.7	6.5	9.6	10.5	9.9	8.9
F/I/RE	2.9	3.4	3.9	5.3	6.0	5.8	6.2
C/B/PS	5.4	6.6	6.8	9.2	10.2	10.1	9.6
Public Admin.	4.2	5.7	5.4	7.0	7.8	8.9	8.3
TOTAL SERVICES	5.1	6.1	6.1	8.6	9.5	9.3	8.7
Agriculture	2.8	4.2	4.5	6.4	7.2	6.9	7.1
Other Primary	10.6	9.1	10.4	16.9	17.1	15.4	14.1
Manufacturing	7.4	7.9	7.9	13.4	13.0	11.0	10.1
Construction	11.8	13.8	12.7	20.5	23.9	22.7	20.0
TOTAL OVERALL	6.9	7.5	7.5	11.0	11.9	11.3	10.5

Sources: Statistics Canada Catalogue No. 71-201, 1985, pp. 205, 235-239. DRIE calculations.

III.

SERVICE SECTOR PRODUCTION

Economic growth in services and in other industries in Alberta can be measured by gross domestic product (GDP), which indicates the value of total production, or the total income accruing to the factors of production, in the various industries within the geographical boundaries of the province. For this reason, GDP is used in this chapter to indicate production for services and other industries in Alberta from 1961 to 1985.

Table III-A includes data on real GDP (constant \$1971) for services and other industries in Alberta from 1961 to 1985. In 1961, services had a higher value of real production than the four-goods producing industries by a wide margin. It was followed in value by construction, other primary, manufacturing and agriculture. Of the major service industries in 1961, community, business and personal services had the highest real production, followed closely by finance, insurance and real estate, and then by transportation, communication and other utilities, trade, and public administration. By 1971, some significant changes in the absolute real production levels among the industries had taken place. The service sector still had the highest value of real production, but this time it was followed by other primary, and then by construction, manufacturing and agriculture. Of the major service industries in 1971, community, business and personal services again had the highest production, but this time it was followed closely by transportation, communication and other utilities and then by finance, insurance and real estate, trade and public administration. This same pattern of relative real production among the five major service industries remained the same from 1971 through to 1985.

Between 1971 and 1981 real production in the service sector and in Alberta as a whole more than doubled. In 1981, the service sector again led the four goods-producing industries in real production by a wide margin, as all of the five major service industries recorded large real production increases over the ten year period. This time the service sector was followed by construction, other primary, manufacturing and agriculture. Real production in the service sector and in the four goods-producing industries dropped in 1982 as the recession took hold in Alberta. In 1983, the service sector and the agriculture, manufacturing and construction industries recorded further real production decreases, while the other primary industry recorded a very small increase.

In 1984, most of the industries started to show signs of recovering from the long recession as real production started to rise again. The service sector, along with other primary and manufacturing increased real production, while agriculture and construction continued to see their real production decline. Continuing low grain prices due to a lack of demand for grain and a slowdown in industrial construction activity were the main reasons for the drop in real production in agriculture and construction respectively in 1984.

In 1985, all industries, except agriculture, recorded real production increases. The service sector recorded the largest absolute real production increase, as each of the five major service industries

recorded increases for the first time since 1981. Real production reached a peak in 1985 in the service sector and in the other primary industry. However, real production in agriculture, manufacturing, and construction was still below the peak levels recorded in 1981, at the height of the oil boom. In absolute terms, real production in the service sector was \$7.5 billion higher in 1985 than it was in 1961. When compared to the absolute production increases recorded by the four goods-producing industries over the 25-year period - agriculture \$0.2 billion, other primary \$1.4 billion, manufacturing \$0.8 billion, and construction \$0.5 billion - the service sector increase was very substantial. The two major service industries responsible for most of the increase in production were the transportation, communication and other utilities and the community, business and personal service industries. Both of these industries grew especially fast in the 1970's in conjunction with the rapid expansion of the resource industry in Alberta during that period. Despite the somewhat gloomy outlook for Alberta in the next year or two due to falling oil prices, it is expected that if any sector is to experience an increase in real production in 1986 it will be the service sector.

Data on annual real GDP growth in the service sector and in other industries in Alberta from 1971 to 1985 is included in Table III-B. The service sector recorded positive real production growth in all years, except 1982 and 1983, and in general it fared better than the four goods-producing industries in Alberta over the time period.

In both 1971 and 1981 real GDP growth occurred in every industry, except other primary in 1981, as a result of the oil boom in the 1970's and early 1980's. In 1971, services recorded the second largest real production growth rate (7.0%); only the other primary industry recorded a larger increase in that year (9.4%). In 1981, the service sector had the third largest real production growth rate (6.9%); both construction (13.7%) and manufacturing (12.9%) were higher in that year as petrochemical plant construction and oil and gas processing activity remained high. Of the five major service industries, transportation, communication and other utilities recorded the largest real production growth increase in 1971 at 11.0%, while in 1981 that honour went to public administration at 8.3%.

In 1982 and in 1983 real production growth decreased in the province, as most of the industries recorded real growth decreases in those two years due to the recession. In 1982, only agriculture recorded positive real production growth (2.4%), while the service sector did better than the remaining three goods-producing industries registering only a 1.4% growth decrease. In 1983, other primary was the only industry to record positive real production growth (0.9%), while services again registered the smallest growth decrease (-2.2%). All of the five major service industries, except public administration, recorded a growth decrease in either 1982 or 1983. Public administration actually recorded fairly impressive real growth increases in 1982 (5.7%) and 1983 (4.1%); the increases were in large part due to an increase in provincial administration activity in those years.

In 1984, the service sector registered a small growth increase (1.9%) that was surpassed only by other primary (9.6%) and manufacturing (4.6%). Transportation, communication and other utilities recorded the

highest individual service sector increase (4.3%) in 1984; the increase was largely due to the start up of the provincial government's highway improvement program, in which several major highways in the province were either upgraded or partially twinned. The service sector recorded the second highest real production increase in 1985 (4.8%); only construction (9.1%) was higher in that year. All of the five major service industries recorded positive growth in 1985 for the first time in four years. Trade recorded the largest growth rate (8.7%) in 1985 as retail trade activity improved, while community, business and personal services was second at 5.2%. While the service sector did experience some tough times in 1982 and 1983 like the goods-producing industries because of the recession, it has been the most stable sector in Alberta, in terms of real production growth, over the last fifteen years.

Table III-C provides comparable data on annual real GDP growth in services and in other industries in Canada from 1971 to 1985. An overall pattern of real GDP growth similar to that in Alberta can be seen for the various industries in Canada over the time period. In all years, except 1982, the service sector recorded positive real production growth and, as in Alberta, it had a more consistent growth rate than the goods-producing industries over the time period. The service sector registered real production growth similar to that for Canada as a whole in most years. However, real GDP growth in the Canadian service sector was lower than the Alberta service sector growth in all years except 1983 and 1984, a sign that the service sector has been growing somewhat faster in Alberta relative to the rest of Canada. In most years, the Canadian service sector had the third highest real GDP growth, often behind that of manufacturing and either construction or agriculture in a given year. Of the five major service industries in Canada, trade and transportation, communication and other utilities were most often the industries that registered the largest real production increases in a single year. Overall, however, the finance, insurance and real estate industry had the most consistent growth of any service industry, as it recorded positive production growth in every year between 1971 and 1985. As it has in Alberta, the service sector in Canada has had a strong stabilizing influence on the country's production levels, and it is expected to continue its consistent performance for the next few years at least.

Table III-D shows real production for the service sector and for the goods-producing industries as a percentage of Alberta's total production for the 1961 to 1985 time period. A definite trend can be seen for the service sector over the time period. From 1961 to 1971 the service sector's percentage of total real production stayed about the same (61% - 62%). Since 1971, however, the service sector's percentage has increased steadily to where it now accounts for about 70% of the total real production in the province. Following behind services in 1985 in order of percentage of total production were other primary (11.1%), manufacturing (8.2%), construction (7.5%), and agriculture (3.8%). The service sector's percentage of total real production has risen more than 7.5 percentage points since 1961. Meanwhile, the four goods-producing

industries have either seen their percentage drop, or increase only marginally. Both construction (4.7 percentage point decrease) and agriculture (4.2 percentage point decrease) have had their percentage of total real production drop substantially between 1981 and 1985. Agriculture's decline has been rather steady since 1961; low prices and little or no growth in demand for Canadian grain have served to keep its growth far below that of the service sector. Construction's decline has only come about in the last four years in conjunction with the province's economic downturn. Manufacturing has seen its percentage remain very close to the 8.0% mark all throughout the time period, while the other primary industry managed to increase its percentage of total real production by just over one percentage point in the twenty-five year period.

Three of the major service industries - transportation, communication and other utilities, community, business and personal services, and trade - increased their percentage of total real production over the time period, while finance, insurance and real estate and public administration had their percentages drop slightly. Of the three to register increases, transportation, communication and other utilities increased its share the most (5.7 percentage points), followed by community, business and personal services (2.4 percentage points) and trade (1.9 percentage points). The relative increase in transportation, communication and other utilities was mainly due to the increase in trucking activity, the expansion of public transport systems in Edmonton and Calgary (i.e. the LRT), and the large amount of work done on highway, street and bridge maintenance in the province. While transportation, communication and other utilities did increase its share the most, its percentage of total real production in 1985 was still not as large as that of community, business and personal services. In fact, the community, business and personal services industry had the highest percentage share of real production of all industries in the province in every year between 1961 and 1985. The continuing expansion of the health and welfare service and service to business management sectors have helped to keep community, business and personal services' share of total real production quite large. It is expected that the service sector will continue to constitute a larger and larger share of real production in the province in the next while, as opportunities for growth in services remain higher than that for the other industries.

Comparable data on the percentage of the total real production for the service sector and for the goods-producing industries in Canada from 1961 to 1985 is shown in Table III-E. While the service sector's percentage share increased in Canada over the 1961 to 1985 period, it did not increase as much as it did in Alberta. In 1961, the service sector accounted for a slightly higher percentage of total real production in Canada than it did in Alberta. But, by 1983, the service sector's share in Alberta was larger than its share in Canada, and since then its share in Alberta has continued to grow while in Canada it has stayed about the same. Overall between 1961 and 1985, the service sector's percentage share in Canada increased by 5.5 percentage points as compared to 7.6 percentage points in Alberta. Services' percentage of 1985 total real production in Canada (67.8%) was still very large relative to the goods-producing industries production share in Canada - manufacturing (21.2%), construction (5.0%), other primary (3.5%), and agriculture (2.4%).

Of the five major service industries in Canada, four had their share of total real production increase - transportation, communication

and other utilities, community business and personal services, trade, and finance, insurance and real estate - while public administration had its share decrease. As it did in Alberta, transportation, communication and other utilities registered the largest share increase (3.6%) over the twenty-five year period. However, community, business and personal services still had the largest service industry share in Canada in every year between 1961 and 1985; it did not, however, have the largest share of all industries as it did in Alberta, as in 1985 manufacturing's share (21.2%) was larger.

Alberta's real production as a percentage of total Canadian real production for services and other industries between 1961 and 1985 is included in Table III-F. In all years the service sector's percentage of total Canadian production was very close to that registered by Alberta as a whole. The Alberta service sector, like the goods-producing industries except agriculture, constituted a larger share of Canadian production in 1985 than it did in 1961. The Alberta service sector's share of national production rose by 2.8 percentage points over the time period; only the other primary industry, whose output has grown enormously as a result of the success of the provincial oil and gas sector, has had its share of real Canadian production increase by more (17.5 percentage points). In 1961, the provincial service sector's share of national production (8.7%) was lower than agriculture's (18.9%), other primary's (18.2%), and construction's (13.9%). In 1985, services again had a lower percentage of real Canadian production than other primary (35.7%), agriculture (17.3%), and construction (16.6%). The Alberta service sector actually recorded its highest share of Canadian production in 1981 and 1982 (12.3%); since then its share has declined slightly and now rests at about 11.5%.

Finance, insurance and real estate had the highest share of Canadian production of the five major service industries in Alberta in 1961, followed closely by transportation, communication and other utilities. By 1985, their positions had reversed with transportation, communication and other utilities having a 13.5% share and finance, insurance and real estate a 11.8% share. The remaining three service industries all had just over a 10% share of Canadian production in 1985. While the provincial service sector does not constitute as large a part of Canadian production as do some of the goods-producing industries in the province, it has continued to keep pace with service sector production growth in other areas of Canada.

Table III-G shows real GDP per employee in services and in other industries in Alberta from 1961 to 1985. The table gives an indication of how productive workers are in the service sector as compared to in the goods-producing industries in the province. All industries have seen their real production/worker levels increase since 1961. Between 1961 and 1985, the annual amount produced by each worker in the service sector has been very similar to that recorded by all workers in the province. In 1961, the service sector had the third highest level of production/employee, behind other primary and construction; by 1985, it only had the fourth highest level of real production/employee, behind other primary, construction and manufacturing. However, two of the major service industries in 1985 had very high production/employee levels.

In fact, finance, insurance and real estate (\$35,100/worker) and transportation, communication and other utilities (\$27,500/worker) had the highest production/employee levels of all industries in 1985. Employees in each of these industries work with large amounts of money and capital stock, making their production levels very high. In the years ahead as new technology becomes available for use, in areas such as computers and telecommunications, the service sector should continue to see higher annual production from its employees.

TABLE III-A. Real GDP (constant \$1971), Services and Other Industries, Alberta, 1961-1985.

	1961	1971	1981	1982	1983	1984	1985
	(\$1971 millions)						
T/C/OU	492	1091	2382	2313	2332	2433	2528
Trade	462	757	1797	1666	1697	1719	1869
F/I/RE	638	929	2146	2126	2041	2029	2104
C/B/PS	678	1295	2628	2667	2448	2538	2670
Public Admin.	363	498	876	925	964	945	955
TOTAL SERVICES	2633	4570	9830	9697	9482	9664	10127
Agriculture	341	455	659	675	643	595	548
Other Primary	422	1087	1462	1403	1415	1551	1618
Manufacturing	341	636	1345	1152	1094	1144	1193
Construction	517	691	1880	1661	1215	997	1088
TOTAL OVERALL	4218	7440	15174	14588	13848	13951	14574

Sources: The Conference Board of Canada, Provincial Forecast, April 15/86, Tables 5.1, 5.4, 5.7, 5.8 and 15.1. DRIE calculations.

TABLE III-B. Annual Growth in Real GDP, Services and Other Industries, Alberta, 1961-1985.

	1961	1971	1981	1982	1983	1984	1985
	(%)						
T/C/OU	N.A.	11.0	7.4	-2.9	0.8	4.3	3.9
Trade	N.A.	5.6	3.6	-7.3	1.8	1.3	8.7
F/I/RE	N.A.	7.0	8.0	-0.9	-4.0	-0.6	3.7
C/B/PS	N.A.	5.0	7.3	1.5	-8.2	3.7	5.2
Public Admin.	N.A.	6.4	8.3	5.7	4.1	-2.0	1.1
TOTAL SERVICES	N.A.	7.0	6.9	-1.4	-2.2	1.9	4.8
Agriculture	N.A.	5.2	2.9	2.4	-4.8	-7.5	-7.9
Other Primary	N.A.	9.4	-5.4	-4.0	0.9	9.6	4.3
Manufacturing	N.A.	4.6	12.9	-14.4	-5.0	4.6	4.3
Construction	N.A.	0.2	13.7	-11.6	-26.9	-17.9	9.1
TOTAL OVERALL	N.A.	6.3	6.7	-3.9	-5.1	0.7	4.5

N.A. = information not available.

Sources: Table III-A. The Conference Board of Canada, Provincial Forecast, April 15/86, Tables 5.1, 5.4, 5.7, 5.8 and 15.1. DRIE calculations.

TABLE III-C. Annual Growth in Real GDP, Services and Other Industries, Canada, 1961-1985.

	1961	1971	1981	1982 (%)	1983	1984	1985
T/C/OU	N.A.	6.4	3.3	-4.4	4.3	7.1	3.9
Trade	N.A.	7.2	1.3	-6.8	8.4	6.2	6.8
F/I/RE	N.A.	5.7	4.0	0.7	2.2	2.4	5.3
C/B/PS	N.A.	4.7	4.9	1.1	-1.1	3.9	3.6
Public Admin.	N.A.	5.1	1.9	3.3	1.7	1.3	0.8
TOTAL SERVICES	N.A.	5.7	3.4	-1.4	2.7	4.4	4.3
Agriculture	N.A.	12.3	7.9	3.0	-4.9	-0.7	1.9
Other Primary	N.A.	0.1	-6.4	-10.7	6.6	11.2	1.0
Manufacturing	N.A.	5.8	1.1	-11.4	5.7	8.2	4.6
Construction	N.A.	9.8	5.6	-9.7	-5.7	-2.4	5.5
TOTAL OVERALL	N.A.	6.0	2.8	-4.3	2.7	4.9	4.2

N.A. = Information not available.

Sources: The Conference Board of Canada, Provincial Forecast, April 15/86, Tables 3.1, 3.2, 3.3 and 13.1. DRIE calculations.

TABLE III-D. Percentage of Total, Real GDP (\$1971), Services and Other Industries, Alberta, 1961-1985.

	1961	1971	1981	1982 (%)	1983	1984	1985
T/C/OU	11.6	14.7	15.7	15.9	16.8	17.4	17.3
Trade	10.9	10.2	11.8	11.4	12.3	12.3	12.8
F/I/RE	15.0	12.5	14.1	14.6	14.7	14.5	14.4
C/B/PS	15.9	17.4	17.3	18.3	17.7	18.2	18.3
Public Admin.	8.5	6.7	5.8	6.3	7.0	6.8	6.6
TOTAL SERVICES	61.9	61.4	64.8	66.5	68.5	69.3	69.5
Agriculture	8.0	6.1	4.3	4.6	4.6	4.3	3.8
Other Primary	9.9	14.6	9.6	9.6	10.2	11.1	11.1
Manufacturing	8.0	8.5	8.9	7.9	7.9	8.2	8.2
Construction	12.2	9.3	12.4	11.4	8.8	7.1	7.5
TOTAL OVERALL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Table III-A. DRIE calculations.

TABLE III-E. Percentage of Total, Real GDP (\$1971), Services and Other Industries, Canada, 1961-1985.

	1961	1971	1981	1982 (%)	1983	1984	1985
T/C/OU	10.8	12.1	13.9	13.9	14.1	14.4	14.4
Trade	11.8	11.8	12.6	12.2	12.9	13.1	13.4
F/I/RE	12.4	11.5	13.2	13.9	13.8	13.5	13.6
C/B/PS	17.8	19.3	19.7	20.8	20.1	19.9	19.7
Public Admin.	9.5	7.4	6.7	7.3	7.2	6.9	6.7
TOTAL SERVICES	62.3	62.1	66.2	68.1	68.1	67.8	67.8
Agriculture	3.7	3.2	2.6	2.8	2.6	2.5	2.4
Other Primary	4.8	4.8	3.5	3.3	3.4	3.6	3.5
Manufacturing	21.4	22.9	21.5	19.9	20.5	21.2	21.2
Construction	7.7	7.0	6.2	5.8	5.3	5.0	5.0
TOTAL OVERALL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: The Conference Board of Canada, Provincial Forecast, April 15/86, Tables 3.1, 3.2, 3.3 and 13.1. DRIE calculations.

TABLE III-F. Real GDP (\$1971) - Alberta as a Percent of the Canadian Total, Services and Other Industries, 1961-1985.

	1961	1971	1981	1982 (%)	1983	1984	1985
T/C/OU	9.4	10.8	14.1	14.3	13.9	13.5	13.5
Trade	8.1	7.7	11.8	11.8	11.0	10.5	10.7
F/I/RE	10.6	9.7	13.4	13.2	12.4	12.0	11.8
C/B/PS	7.9	8.1	11.0	11.1	10.3	10.2	10.4
Public Admin.	7.9	8.1	10.8	11.0	11.3	10.9	10.9
TOTAL SERVICES	8.7	8.8	12.3	12.3	11.7	11.4	11.5
Agriculture	18.9	16.9	20.7	20.6	20.6	19.2	17.3
Other Primary	18.2	27.4	34.5	37.1	35.1	34.6	35.7
Manufacturing	3.3	3.3	5.2	5.0	4.5	4.3	4.3
Construction	13.9	11.8	25.2	24.6	19.1	16.1	16.6
TOTAL OVERALL	8.8	8.9	12.5	12.6	11.6	11.2	11.2

Sources: Table III-A. The Conference Board of Canada, Provincial Forecast, April 15/86, Tables 3.1, 3.2, 3.3 and 13.1. DRIE calculations.

TABLE III-G. Real GDP (\$1971)/Employee, Services and Other Industries, Alberta, 1961-1985.

	1961 ^a	1971	1981	1982	1983	1984	1985
	(\$1971 000's/worker)						
T/C/OU	10.5	20.6	24.8	24.3	24.5	25.6	27.5
Trade	5.8	7.6	8.9	8.3	8.4	8.8	9.1
F/I/RE	42.5	38.7	35.8	31.3	33.5	35.0	35.1
C/B/PS	7.3	8.1	8.1	8.0	7.0	7.1	7.3
Public Admin.	9.3	9.4	11.0	11.0	11.5	11.1	10.9
TOTAL SERVICES	9.6	11.8	12.9	12.4	12.0	12.2	12.5
Agriculture	3.3	5.3	7.5	8.8	8.0	6.8	6.5
Other Primary	20.1	40.3	19.8	20.3	20.8	21.0	22.5
Manufacturing	8.1	11.0	12.7	12.1	12.7	13.0	13.7
Construction	14.0	14.7	15.4	14.8	13.8	14.0	16.0
TOTAL OVERALL	8.6	11.4	13.2	12.9	12.4	12.5	13.0

Sources: Table II-A. Table II-C. Table III-A. Alberta Statistical Review, 4th Quarter, 1985, p.33. DRIE calculations.

Note: ^aBased on labour force 1961 figure (employment figure not available).

IV.

SERVICE SECTOR INVESTMENT

Capital investment in services and in other industries in Alberta is given in Table IV-A. In every year between 1976 and 1985, the largest amount invested was either in services or in primary industries and construction. From 1976 to 1981, primary industries and construction had the highest level of investment as a result of heavy investment in oil and gas, while services was second. In 1982 and 1983 the roles were reversed, as services took over as the sector having the highest level of investment; this was mainly a result of the somewhat more delayed effect the recession had on the service sector as compared to on primary industries and construction. In 1984 and 1985 however, primary industries and construction again led the way in investment, as optimism once more prevailed in the provincial petroleum industry. In all years, the amount of money invested in services and in primary industries and construction was substantially more than that invested in the other industries - housing, manufacturing and institutions. All industries except housing had a higher level of investment in 1985 than they had in 1976; however, they all recorded their highest level of investment in either 1981 or 1982 at the height of the oil boom in Alberta. Investment in Alberta as a whole was also highest in 1981 and 1982.

Investment in the service sector grew dramatically between 1976 and 1981; in fact, it was over \$5 billion higher in 1981 as compared to in 1976. Investment in the service sector dropped slightly in 1982, before dropping quite substantially in 1983 and 1984. In 1985, with the province finally starting to recover from three years of economic stagnation, investment in services rose again. Investment in each of the five major service industries was more than twice as high in 1981 than it was in 1976. However, all of the service industries experienced investment declines in at least two of the years after 1981, and as a result they all had lower levels of investment in 1985 than they had in 1981. Still, investment was quite a bit higher in each service industry in 1985 than it was in 1976. The two service industries which by far had the highest level of investment in all years were transportation, communication and other utilities and public administration. Most of the investment in transportation, communication and other utilities over the last decade has been in the transportation sector in the area of urban transport and pipeline construction, and, there has also been a lot of investment in electric power generating plants (Sheerness, Genesee and Keepphills power plants) in the province. As for public administration, most of the investment has been in provincial government construction, especially in the Edmonton area. In the trade and community, business and personal services industries, most of the investment has been in the form of capital expenditures on machinery and equipment; in finance, insurance and real estate most of the investment has been in the form of expenditures by real estate companies engaged in developing, owning and leasing properties.

In 1986, investment in the service sector and in the goods-producing industries is expected to increase by a small, but significant, margin. Investment in most of the major service industries is expected to increase as well. However, if oil prices continue to remain low for the remainder of the year, it is possible that investment in most industries may not increase at all in 1986.

Annual investment growth in services and other industries in Alberta is given in Table IV-B. Almost all of the industries recorded investment growth increases in the years between 1976 and 1981. Most of the investment increases in those years were quite large as well. In 1976, services had the second lowest investment growth (17.8%) of the various sectors; only institutions (4.5% decrease) experienced lower growth. In that same year investment in housing grew enormously (100%), while modest investment growth was recorded for primary industries and construction, and manufacturing. In 1981, the service sector had the second largest growth increase (37.1%), behind only that of manufacturing (134.5%). The remaining industries all had modest investment growth rates in that year. In 1982, the majority of the industries recorded investment growth decreases, with services registering only a very slight decrease (0.2%); institutions (58.7%) and manufacturing (25.4%) actually had their investment levels increase quite substantially, a result of many firms in these industries being unable to opt out of investment commitments when the recession hit in mid-1982. All of the industries had their investment levels decrease quite substantially in 1983, with services recording the second smallest annual decrease (18.8%). The slow economic times continued for all of the industries, except primary industries and construction, in 1984. While investment in primary industries and construction grew by 8.8% in 1984, investment in the service sector decreased by 10.9%. Investment decreases in the other industries were quite a bit larger in that year. In 1985, services recorded the second highest level of investment growth (6.7%), behind only that of primary industries and construction (16.2%). Manufacturing was the only industry to see its level of investment decline again in 1985.

Investment growth in the service sector mirrored that of total provincial investment growth between 1976 and 1985. Investment growth was large during the boom years of 1976 to 1981, it decreased in 1982, 1983 and 1984 in response to the recession, and then it increased slightly in 1985 as the province started to recover. Most of the major service industries followed this same pattern as well. The finance, insurance and real estate industry had very high investment growth in the years between 1976 and 1981; the growth was due mainly to the large amount of commercial property that was bought and developed by real estate agencies during that period. All of the service industries, except trade, had their investment levels decline in at least two of the three years between 1982 and 1984. However, in 1985, trade was the only service industry to have negative investment growth (-20.4%). Community, business and personal services experienced the largest investment increase of all service industries in 1985 (40.8%); the increase was largely a result of investment in new machinery and equipment by stores, theatres and hotels.

In 1986, the service sector is expected to experience another small investment increase (4.8%). Of the five major service industries, trade is the only one which is expected to experience an investment decline in 1986. Community, business and personal services meanwhile, is again expected to experience fairly high investment growth. The 1986 figures are only preliminary intentions however, and external events may alter actual final investment levels.

Investment in services and other industries in Alberta as a percentage of total Canadian investment in those industries is included in Table IV-C. In all years between 1976 and 1985, services had the third highest percentage of Canadian investment of the various sectors in the province. Largely due to heavy investment in the provincial petroleum industry, primary industries and construction had the highest percentage of Canadian investment in all years. As well, in most years there was a higher percentage of Canadian investment in provincial institutions than there was in the service sector. Services, primary industries and construction, and institutions all had a higher percentage of Canadian investment in 1985 than they had in 1976, while manufacturing and housing actually had a lower percentage. Not surprisingly, however, all of the industries recorded their highest percentage of Canadian investment in either 1981 or 1982 at the height of the oil boom. The percentage of Canadian investment in all industries dropped in 1983 and, except for primary industries and construction, again in 1984. In 1985, further percentage decreases occurred for manufacturing, housing and institutions, while primary industries and construction and the service sector had their percentages increase slightly.

In all years, the service sector's percentage of Canadian investment was lower than the province's percentage of Canadian investment. Three of the major service industries - trade, community, business and personal services, and public administration - had a higher percentage of Canadian investment in 1985 than they had in 1976, while transportation, communication and other utilities and finance, insurance and real estate both had a slightly lower percentage. During the boom years of 1981 and 1982, however, finance, insurance and real estate had the highest percentage of Canadian investment of the major service industries by a wide margin. The large number of commercial property acquisitions by real estate firms, banks, and trust companies for speculative and developmental purposes resulted in the high percentage of Canadian investment in that industry during those years. All of the provincial service industries had around 10-15% of the Canadian investment in 1976, and, in 1985, they had about the same percentage again. Finance, insurance and real estate had the highest percentage of Canadian investment in 1976 (14.2%), while in 1985 that honour went to public administration (15.9%). Over the last ten years in Alberta, it appears that investors have generally felt that better investment opportunities were available in the primary industries, as opposed to in the service industries. Still, investment in the Alberta service sector has remained a very significant part of the total investment in services in Canada.

in 1986, all industries are expected to have about the same percentage of Canadian investment as they had in 1985. If oil prices remain low throughout the remainder of 1986 however, the percentage of Canadian investment in all Alberta industries may well decline.

Investment in services and in other industries as a percentage of total investment in Alberta is calculated in Table IV-D. Primary industries and construction and services had the largest percentages of total investment by a wide margin in all years from 1976 to 1985. In fact, in 1985, over 83% of the investment in Alberta was in the service sector and in primary industries and construction. From 1976 to 1981, and again in 1984 and 1985, primary industries and construction had the largest percentage of investment, while services was second; in 1982 and 1983, services had the largest percentage, while primary industries and construction was second. The percentage of total investment in the service sector increased steadily from 1976 to 1983, but since then it has decreased slightly. The percentage of total investment for services, primary industries and construction, and institutions was higher in 1985 than it was in 1976, while manufacturing and housing had their percentages drop over the time period.

All of the major service industries, except transportation, communication and other utilities, had larger percentages of total investment in 1985 than they had in 1976. Still, transportation, communication and other utilities had the largest percentage of total investment of the major service industries in every year between 1976 and 1985; public administration had the second largest percentage in all years. In 1986, housing and primary industries and construction are expected to see their percentages of total investment rise slightly, while the service sector, institutions and manufacturing are expected to have their percentages decline slightly.

The percentage of total investment for Canadian industries is given in Table IV-E as a comparison for Alberta. The service sector had a larger percentage of investment in Canada than it did in Alberta in all years between 1976 and 1985. The percentage of investment for services in Canada increased about the same amount as it did in Alberta between 1976 and 1985. Primary industries and construction had a much larger percentage of investment in Alberta than it had in Canada, while manufacturing and housing had larger percentages in Canada than in Alberta. All of the major service industries, except public administration, had higher percentages of investment in Canada than they had in Alberta.

In 1986, the service sector in Canada is expected to see its percentage of investment decline slightly, just as is expected in Alberta. While the percentage of total investment in services is very large in both Canada and Alberta, it appears that investors find slightly better investment opportunities for services in areas such as Ontario and Quebec, rather than Alberta.

TABLE IV-A. Investment in Services and Other Industries, Alberta, 1976-1986.

	1976	1981	1982	1983 (\$ millions)	1984	1985*	1986**
T/C/OU	1344.9	3035.8	3105.0	2633.9	2434.8	2452.0	2486.5
Trade	180.2	429.8	425.7	426.0	467.8	372.5	345.6
F/I/RE	305.4	1653.4	1332.2	876.0	520.8	733.2	874.9
C/B/PS	240.3	877.0	728.2	545.0	661.8	772.9	842.7
Public Admin.	660.6	2009.6	2398.0	2005.8	1696.6	1836.8	1912.6
TOTAL SERVICES	2731.4	8005.6	7989.1	6486.7	5781.7	6167.4	6462.3
Primary Ind./							
Construction	3084.1	8011.8	7340.9	6063.4	6598.3	7668.3	8296.4
Manufacturing	591.7	2297.0	2881.5	1938.1	1125.4	844.8	896.9
Institutions	147.0	701.7	1113.7	869.0	696.1	706.2	732.6
Housing	1699.8	2830.0	2319.4	1809.4	1159.9	1192.6	1452.5
TOTAL OVERALL	8254.0	21846.1	21644.6	17166.6	15361.4	16579.3	17840.7

* Preliminary expenditures 1985.

** Intentions 1986.

Sources: Statistics Canada Catalogue No. 61-205, 1978, p. 27; 1983, p.39; 1984, p. 37; 1985, p. 37; 1986, p. 37.

TABLE IV-B. Growth of Investment in Services and Other Industries, Alberta, 1976-1986.

	1976	1981	1982	1983 (%)	1984	1985*	1986**
T/C/OU	23.7	32.8	2.3	-15.2	-7.6	0.7	1.4
Trade	28.1	38.4	-1.0	0.1	9.8	-20.4	-7.2
F/I/RE	35.7	41.4	-19.4	-34.2	-40.5	40.8	19.3
C/B/PS	24.0	12.1	-17.0	-25.2	21.4	16.8	9.0
Public Admin.	-1.6	55.4	19.3	-16.4	-15.4	8.3	4.1
TOTAL SERVICES	17.8	37.1	-0.2	-18.8	-10.9	6.7	4.8
Primary Ind./							
Construction	34.6	12.0	-8.4	-17.4	8.8	16.2	8.2
Manufacturing	34.2	134.5	25.4	-32.7	-41.9	-24.9	6.2
Institutions	-4.5	27.5	58.7	-22.0	-19.9	1.5	3.7
Housing	100.1	14.1	-18.0	-22.0	-35.9	2.8	21.8
TOTAL OVERALL	36.4	28.5	-0.9	-20.7	-10.5	7.9	7.6

* Preliminary expenditures 1985.

** Intentions 1986.

Sources: Statistics Canada Catalogue No. 61-205, 1977, p. 31; 1982, p. 27.
Table IV-A. DRIE calculations.

TABLE IV-C. Investment in Services and Other Industries, Alberta as a Percentage of the Canadian Total, 1976-1986.

	1976	1981	1982	1983 (%)	1984	1985*	1986**
T/C/OU	12.4	14.2	13.3	12.3	11.7	12.0	12.1
Trade	12.7	17.6	17.1	16.4	15.1	12.9	11.5
F/I/RE	14.2	34.6	31.2	20.2	10.7	11.6	13.0
C/B/PS	9.9	17.3	15.9	12.2	11.0	10.6	10.9
Public Admin.	11.0	21.4	23.1	19.2	15.1	15.9	16.4
TOTAL SERVICES	12.0	18.6	17.8	15.0	12.5	12.7	13.0
Primary Ind./							
Construction	31.5	36.9	34.6	30.2	31.9	35.5	40.1
Manufacturing	7.1	13.0	17.6	14.0	7.7	5.0	4.7
Institutions	8.4	23.1	30.4	24.1	19.3	19.0	18.7
Housing	13.4	17.3	17.1	10.7	7.0	6.4	6.9
TOTAL OVERALL	14.9	21.5	21.7	17.6	15.1	15.1	15.6

* Preliminary expenditures 1985.

** Intentions 1986.

Sources: Statistics Canada Catalogue No. 61-205, 1978, p. 2; 1983, p. 12; 1984, p. 10; 1985, p. 10; 1986, p. 10. Table IV-A. DRIE calculations.

TABLE IV-D. Investment in Services and Other Industries, Percentage of Total Investment, Alberta, 1976-1986.

	1976	1981	1982	1983 (%)	1984	1985*	1986**
T/C/OU	16.3	13.9	14.3	15.3	15.8	14.8	13.9
Trade	2.2	2.0	2.0	2.5	3.0	2.2	1.9
F/I/RE	3.7	7.6	6.2	5.1	3.4	4.4	4.9
C/B/PS	2.9	4.0	3.4	3.2	4.3	4.7	4.7
Public Admin.	8.0	9.2	11.1	11.7	11.0	11.1	10.7
TOTAL SERVICES	33.1	36.7	37.0	37.8	37.6	37.2	36.2
Primary Ind./							
Construction	37.4	36.7	33.9	35.3	43.0	46.3	46.5
Manufacturing	7.2	10.5	13.3	11.3	7.3	5.1	5.0
Institutions	1.8	3.2	5.1	5.1	4.5	4.3	4.1
Housing	20.6	13.0	10.7	10.5	7.6	7.2	8.1
TOTAL OVERALL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Preliminary expenditures 1985.

** Intentions 1986.

Sources: Table IV-A. DRIE calculations.

TABLE IV-E. Investment in Services and Other Industries, Percentage of Total Investment, Canada, 1976-1986.

	1976	1981	1982	1983 (%)	1984	1985*	1986**
T/C/OU	19.6	20.9	23.3	21.9	20.5	18.7	17.9
Trade	2.6	2.4	2.5	2.7	3.0	2.6	2.6
F/I/KE	3.9	4.7	4.3	4.4	4.8	5.8	5.9
C/B/PS	4.4	5.0	4.6	4.6	5.9	6.6	6.8
Public Admin.	10.8	9.2	10.4	10.7	11.1	10.6	10.2
TOTAL SERVICES	41.2	42.2	45.1	44.3	45.4	44.3	43.3
Primary Ind./							
Construction	17.7	21.3	21.3	20.6	20.3	19.7	18.1
Manufacturing	15.1	17.4	16.4	14.2	14.4	15.5	16.7
Institutions	3.1	3.0	3.7	3.7	3.5	3.4	3.4
Housing	22.9	16.1	13.6	17.3	16.4	17.1	18.5
TOTAL OVERALL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Preliminary expenditures 1985.

** Intentions 1986.

Sources: Statistics Canada Catalogue No. 61-205, 1978, p. 2; 1983, p. 12, 1984, p. 10; 1985, p. 10; 1986, p. 10. DKIE calculations.

V. INCOME AND WAGES IN THE SERVICE SECTOR

The amount of income received by all employees in the form of wages and salaries in services and in other industries in Alberta is given in Table V-A. In all years between 1976 and 1985, services by far and away had the largest amount of labour income of the various sectors. Construction had the second largest amount from 1976 to 1982, while from 1983 to 1985 mining and oil wells had the second largest amount. The absolute dollar increase in labour income in the service sector between 1976 and 1985 was very large (\$9.95 billion), especially when compared to the increases in labour income in the goods-producing industries over the ten-year period -- Agriculture, Fishing, Trapping and Forestry \$.20 billion, Mining and Oil Wells \$2.3 billion, Manufacturing \$1.2 billion, Construction \$.70 billion. In percentage terms, the service sector's labour income grew by over 285% between 1976 and 1985; only the mining and oil well industry's increase over the period was larger (464%).

Most of the labour income increase in the service sector over the time period has been in the community, business and personal services industry (\$3.6 billion increase) and the transportation, communication and other utilities industry (\$1.9 billion increase). In fact, community, business and personal services experienced the largest absolute income growth of any industry, service or otherwise, between 1976 and 1985. Most of the labour income increase in community, business and personal services has been in the health and welfare services and service to business management sectors; each of these sectors have seen both their employment and wage levels rise substantially since 1976. Community, business and personal services also had the largest amount of labour income in 1985 of any industry (\$5.5 billion), while trade had the second largest level of labour income of any industry in 1985 (\$3.1 billion). The other three service industries also had fairly large amounts of labour income in 1985 - transportation, communication and other utilities \$2.9 billion, public administration \$2.1 billion, finance, insurance and real estate \$1.6 billion. Despite the great importance of resource-based industries to the Alberta economy, most of the income received by people in Alberta originates from employment in the service sector.

The percentage of total labour income accounted for by the services and by other industries in Alberta between 1976 and 1985 is given in Table V-B. In every year between 1976 and 1985, the service sector accounted for a very substantial part of the total labour income in Alberta. In 1985 it accounted for just under 62% of the labour income in the province, a rise of just over one percentage point from that recorded in 1976. The goods-producing industries percentages of total labour income in 1985 were all very small compared to that of the service sector - mining and oil wells 11.6%, manufacturing 8.6%, construction 7.8%, agriculture, fishing, trapping and forestry 1.4%. Services and mining and oil wells were the only two sectors to have their percentage of total labour income increase over the time period. Community, business and personal services accounted

for the largest percentage of labour income of the five major service industries in all years between 1976 and 1985. Trade had the second largest percentage in all years, while transportation, communication and other utilities was third in all years. All of the major service industries, except trade, had their percentages of total labour income increase over the time period. As the Alberta service sector continues to grow in the years ahead, it will likely account for an even larger percentage of total labour income in the province.

The percentage of total labour income for Canadian industries is given in Table V-C as a comparison for Alberta. The percentage of income for the service sector in Canada was very similar to that recorded by the service sector in Alberta in all years between 1976 and 1985. As in Alberta, the service sector by far and away accounted for the largest percentage of labour income in Canada. In 1985, the service sector accounted for 62% of the labour income in Canada, a rise of just over two percentage points from that recorded in 1976. In all years manufacturing accounted for the second largest percentage of labour income in Canada, while construction was third. As it did in Alberta, community, business and personal services accounted for the largest percentage of income of the major service industries in Canada in all years between 1976 and 1985; trade accounted for the second largest percentage in all years in both Canada and Alberta, while transportation, communication and other utilities had the third largest percentage in both areas. It appears that the service sector is just as important to Canada as it is to Alberta, in terms of being the major source of income for labour in both areas.

Table V-D includes data on average weekly earnings for services and for other industries in Alberta between 1983 and 1985. Average weekly earnings represent gross pay in current dollars before deductions for taxes, unemployment insurance contributions, etc. Due to changes in survey methodology, reliable data on weekly earnings is only available from 1983 onwards.

In all three years, the service sector industries had the lowest average weekly earnings among the various industries. The mining and oil wells industry had the highest average weekly earnings of all industries in each of the three years; this was partly due to very high wages in the mineral fuels and crude petroleum and natural gas sectors. The other three industries -- forestry, manufacturing, and construction -- all had fairly high weekly earnings that were above the industrial average.

Of the five major service industries, only transportation, communication and other utilities and public administration had average weekly earnings that were above the industrial average and were comparable to that of the earnings in the goods-producing industries. High wage levels in the electric power and pipeline transport sectors resulted in the high earnings in the transportation, communication and other utilities industry; fairly high wages in the federal government sector was the main reason for high earnings in public administration. Weekly earnings in the finance, insurance and real estate industry were just under the

industrial average in all years. Weekly earnings in community, business and personal services and in trade were very low relative to all the other industries. In fact, weekly earnings in trade were over \$100 less than the average for all industries and over \$400 less than weekly earnings in the mining and oil wells industry in 1985. The low earnings in the trade industry were due in part to very low wages in the apparel and shoe stores, retail trade, and food stores sectors; meanwhile, the low weekly earnings in community, business and personal services were due in part to very low wages in the restaurants, caterers and taverns and accommodation and food services sectors^a. The great differences in weekly earnings among the five major service industries shows just how varied the jobs are in the service sector; however, the majority of service sector jobs are of the low paying variety.

Data on average weekly earnings for Canadian industries is given in Table V-E as a comparison for Alberta. As in Alberta, the service sector industries in Canada had the lowest average weekly earnings among the various industries. As well, as was the case for all of the industries in Canada except forestry, average weekly earnings in the service sector industries were lower in Canada than they were in Alberta in all three years. Mining and oil wells had the highest average weekly earnings in Canada; in all years it was followed in earnings by forestry, construction, manufacturing, and services.

The five major service industries in Canada all had weekly earnings that were very similar to earnings in Alberta. Transportation, communication and other utilities and public administration again had weekly earnings that were higher than the industrial average. Weekly earnings in finance, insurance and real estate were just slightly above the industrial average, while trade and community, business and personal services again had the lowest weekly earnings of any industry. In general, weekly earnings in the service sector in both Alberta and Canada were quite low compared to the earnings in the goods-producing industries; while the differences in the nature of work may account for some of the wage discrepancy, low wages in services may be an indication that the service-producing industries are still not deemed to be as important to both the provincial and national economies as the goods-producing industries are thought to be.

^aNote that both of these industries employ a fair number of part-time workers who in general reside at the bottom end of the pay scale.

TABLE V-A. Labour Income by Wages and Salaries for Services and Other Industries, Alberta, 1976-1985.

	1976	1980	1981	1982	1983	1984	1985
	(\$ millions)						
T/C/OU	986	1816	2192	2546	2645	2731	2913
Trade	1270	2257	2693	2829	2741	2851	3151
F/I/RE	445	963	1224	1344	1417	1461	1581
C/B/PS	1956	3436	4155	4856	5068	5235	5558
Public Admin.	709	1249	1519	1785	2055	2091	2114
TOTAL SERVICES	5366	9721	11783	13360	13926	14369	15317
Agr/Fish/Trap/Forestry	155	251	275	298	319	332	351
Mining and Oil Wells	619	1689	2018	2307	2291	2430	2874
Manufacturing	906	1603	1924	1957	1910	1955	2142
Construction	1238	1865	2440	2590	2229	1859	1935
Supplementary Income	573	1130	1469	1736	1887	2001	2181
TOTAL OVERALL	8857	16259	19909	22248	22562	22946	24800

Sources: Alberta Economic Accounts 1984, pp.36-37. Alberta Statistical Review, 1st Quarter, 1986, p. 45. DRIE calculations.

TABLE V-B. Percentage of Total Labour Income for Services and Other Industries, Alberta, 1976-1985.

	1976	1980	1981	1982	1983	1984	1985
	(%)						
T/C/OU	11.1	11.2	11.0	11.4	11.7	11.9	11.7
Trade	14.3	13.9	13.5	12.7	12.1	12.4	12.7
F/I/RE	5.0	5.9	6.1	6.0	6.3	6.4	6.4
C/B/PS	22.1	21.1	20.9	21.8	22.5	22.8	22.4
Public Admin.	8.0	7.7	7.6	8.0	9.1	9.1	8.5
TOTAL SERVICES	60.5	59.8	59.2	60.1	61.7	62.6	61.8
Agr/Fish/Trap/Forestry	1.8	1.5	1.4	1.3	1.4	1.4	1.4
Mining and Oil Wells	7.0	10.4	10.1	10.4	10.2	10.6	11.6
Manufacturing	10.2	9.9	9.7	8.8	8.5	8.5	8.6
Construction	14.0	11.5	12.3	11.6	9.9	8.1	7.8
Supplementary Income	6.5	6.9	7.4	7.8	8.4	8.7	8.8
TOTAL OVERALL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Table V-A. DRIE calculations.

TABLE V-C. Percentage of Total Labour Income for Services and Other Industries, Canada, 1976-1985.

	1976	1980	1981	1982 (%)	1983	1984	1985
T/C/OU	9.7	10.0	9.8	10.3	10.2	10.3	10.1
Trade	12.6	11.9	11.6	11.2	11.0	11.1	11.2
F/I/RE	5.7	6.3	6.3	6.6	6.7	6.8	6.9
C/B/PS	23.2	23.7	23.8	25.0	24.9	25.0	25.1
Public Admin.	8.4	8.2	8.2	8.8	9.0	9.0	8.7
TOTAL SERVICES	59.7	60.2	59.9	61.8	61.8	62.1	62.0
Agr/Fish/Trap/Forestry	1.9	1.9	1.8	1.6	1.7	1.7	1.6
Mining and Oil Wells	2.4	2.8	2.9	2.8	2.6	2.6	2.7
Manufacturing	21.1	20.4	20.1	18.8	19.0	19.0	18.9
Construction	7.9	6.2	6.4	5.6	5.2	4.9	5.1
Supplementary Income	7.0	8.5	9.0	9.3	9.7	9.8	9.8
TOTAL OVERALL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Statistics Canada Catalogue No. 72-005, 4th Quarter, 1980; 4th Quarter 1985.

TABLE V-D. Average Weekly Earnings for Services and Other Industries, Alberta, 1983-1985.

	1983	1984	1985
	(dollars)		
T/C/OU	517	534	545
Trade	310	318	323
F/I/RE	408	428	434
C/B/PS	356	365	368
Public Admin.	503	513	517
SERVICES AVERAGE	383	394	398
Forestry	493	498	500
Mining and Oil Wells	705	730	756
Manufacturing	487	502	521
Construction	539	536	515
Industrial Average	429	439	445

Sources: Alberta Statistical Review, 1st Quarter, 1986, p. 42. DRIE calculations.

TABLE V-E. Average Weekly Earnings for Services and Other Industries, Canada, 1983-1985.

	1983	1984	1985
	(dollars)		
T/C/OU	512	524	548
Trade	289	296	309
F/I/RE	401	424	443
C/B/PS	341	354	365
Public Admin.	508	523	535
SERVICES AVERAGE	372	382	396
Forestry	510	520	561
Mining and Oil Wells	641	674	703
Manufacturing	446	469	495
Construction	474	490	503
Industrial Average	396	409	426

Sources: Statistics Canada Catalogue 72-002, December 1983, p.2; December 1984, p.2; December 1985, p.2.

VI.

BANKRUPTCIES IN THE SERVICE SECTOR

The number of bankruptcies which occurred in Alberta in services and in other industries between 1980 and 1985 is shown in Table VI-A. The service sector industries had the largest number of bankruptcies of the various industries in all years between 1980 and 1985. In all years, service sector bankruptcies accounted for approximately 64-65% of the total number of bankruptcies in the province. There were 170% more service sector bankruptcies in 1985 than there were in 1980; meanwhile, during the same period, construction bankruptcies were up by 85%, manufacturing bankruptcies were up by 130%, and primary industries bankruptcies were up by 630%. Bankruptcies in services actually peaked in 1984; manufacturing and primary industries bankruptcies peaked in 1985, while in construction they peaked in 1983.

All of the major service industries experienced a rather dramatic rise in bankruptcies over the time period. Community, business and personal services recorded the largest absolute increase in number of bankruptcies (+198) between 1980 and 1985, while finance, insurance and real estate recorded the largest percentage increase in bankruptcies over the period (525%). The two major service industries that had the largest number of bankruptcies in all years were the trade and community, business and personal service industries. In 1980 and 1981 trade had the largest number of bankruptcies, but from 1982 to 1985 community, business and personal services had the most bankruptcies. Bankruptcies tended to be high in these two service industries because of the nature of the firms operating in them - usually small, low asset firms facing high levels of competition.

Annual growth in the number of bankruptcies which occurred in services and in other industries in Alberta is included in Table VI-B. In all years, the growth in service sector bankruptcies was very similar to the growth in bankruptcies in the province as a whole. The number of bankruptcies in services increased each year from 1981 to 1984, with the largest increase being in 1981 (45.4%). The goods-producing industries -- primary industries, manufacturing, and construction -- all recorded their largest increase in bankruptcies in 1983, at the height of the recession in Alberta. In 1985, the service sector, along with construction, had its number of bankruptcies decrease slightly.

Each of the five major service industries recorded their largest increase in bankruptcies in either 1981 or 1983. Both transportation, communication and other utilities and community, business and personal services recorded very large increases in bankruptcies in 1981, while in 1983 finance, insurance and real estate and trade recorded the largest growth in bankruptcies. Most of the major service industries experienced fairly large increases in bankruptcies in each year between 1981 and 1984; but, in 1985 two of the service industries - transportation, communication and other utilities and finance, insurance and real estate -- had their number of bankruptcies decrease, while the other two service industries -- community, business and personal services and trade -- had their number of bankruptcies increase by only a very small margin.

Data on the number of bankruptcies in services and in other industries in Canada is included in Table VI-C. In all years the service sector industries in Canada had by far and away the largest number of bankruptcies of the various industries, just as they did in Alberta. In each year between 1980 and 1985, the service sector accounted for approximately 66-67% of the total number of bankruptcies in Canada; this was a slightly higher percentage than that accounted for by the service sector in Alberta over the same period. There were just over 27% more service sector bankruptcies in Canada in 1985 than there were in 1980. Only construction had a lower increase in bankruptcies over the time period (17%). This is slightly different from that which occurred in Alberta, where the service sector recorded the second largest bankruptcy increase of any sector between 1980 and 1985 (170%). As was the case for most of the goods-producing industries in Canada, the service sector recorded its highest number of bankruptcies in 1982. In Alberta, meanwhile, the service sector recorded its largest number of bankruptcies in 1984.

All of the major service industries in Canada experienced an increase in bankruptcies over the time period; however, the increases were not nearly as large as they were in Alberta. As was the case in Alberta, community, business and personal services recorded the largest absolute increase in number of bankruptcies (+609) between 1980 and 1985, while finance, insurance and real estate recorded the largest percentage increase in bankruptcies over the period (86%). Trade and community, business and personal services had the largest number of bankruptcies in all years, just as in Alberta.

Annual growth in the number of bankruptcies which occurred in services and in other industries in Canada is shown in Table VI-D. In all years, the growth in service sector bankruptcies was very similar to the growth in bankruptcies in Canada as a whole. Service sector bankruptcies increased moderately in 1981 and 1982, but in every year since then they have decreased by a small, but significant amount. This contrasts with the service sector in Alberta, which, like most of the goods-producing industries in the province, experienced increases in its number of bankruptcies up to and including 1984.

Three of the major service industries -- transportation, communication and other utilities, trade, and community, business and personal services -- had the same pattern of bankruptcy growth over the time period as the total service sector did. The finance, insurance and real estate industry experienced growth in the number of its bankruptcies right up to 1984, before recording the largest bankruptcy decrease of any industry in 1985. All of the major service industries in Canada fared better than their counterparts in Alberta; this was most likely a reflection of the more severe, longer lasting effect the recession had on Alberta as compared to on the rest of Canada.

Data on the percentage of Canadian bankruptcies which occurred in Alberta between 1980 and 1985 is included in Table VI-E. The percentage of Canadian bankruptcies in the provincial service sector increased steadily over the time period, just as it did in the goods-producing industries. The percentage of Canadian bankruptcies in services was over 7 percentage points higher in 1985 than it was in 1980. This was the second largest increase among the various sectors over the time period; the primary industries increase was larger (9.8 percentage points), while the construction (5.2 percentage points) and manufacturing (3.8 percentage points) increases were smaller. Between 1980 and 1983, the service sector had a lower percentage of Canadian bankruptcies than did the province as a whole. In 1984, it had the same percentage of Canadian bankruptcies as the province, and in 1985 it had a slightly higher percentage than the province. In 1980, 1981 and 1984 the service sector industries, as a group, had the second highest percentage of Canadian bankruptcies among the various industries; in 1982, 1983 and 1985 they had the third highest percentage among the various provincial industries.

Two of the major service industries in the province -- finance, insurance and real estate and transportation, communication and other utilities -- had fairly high percentages of Canadian bankruptcies in all years. In fact, in 1985, over 30% of all Canadian bankruptcies in the finance, insurance and real estate industry originated in Alberta. As well, the finance, insurance and real estate industry recorded the largest increase in percentage of Canadian bankruptcies of any industry over the time period (21.3 percentage points). Two of the other service industries -- trade and community, business and personal services -- had quite low percentages of Canadian bankruptcies in all years. In fact, in all years both service industries had a lower percentage of Canadian bankruptcies than both the total Alberta service sector and the province as a whole.

In general, there has been quite an increase in the number of service sector bankruptcies over the last five years; however, this is mainly a result of the fact that a large and growing majority of the firms in the province are service sector firms. As well, the number of new service sector firms beginning operations in the last few years has been increasing at a rate that has more than offset the number of service sector firms going bankrupt. This is not to say that there is no need or room for improvement; indeed, both the private and public sectors should be paying more attention to the problem of service sector bankruptcies and both should be looking for new and better ways to help out service sector firms.

TABLE VI-A. Number of Bankruptcies in Services and Other Industries, Alberta, 1980-1985.

	1980	1981	1982	1983	1984	1985
T/C/OU	45	90	112	119	109	99
Trade	134	169	162	220	240	241
F/I/RE	23	27	47	98	155	144
C/B/PS	80	124	165	237	264	278
Public Admin.	-	-	-	-	-	-
TOTAL SERVICES	282	410	486	674	768	762
Primary Industries	16	27	42	82	101	118
Manufacturing	27	37	31	48	56	62
Construction	116	144	183	234	229	215
TOTAL OVERALL	445	619	742	1038	1154	1157

Sources: Consumer and Corporate Affairs, Annual Statistical Summary, 1980 pp. 106-107; 1981 pp. 24-25; Dec. 1982; Dec. 1983; Dec 1984; Dec. 1985.

TABLE VI-B. Annual Growth in Number of Bankruptcies in Services and Other Industries, Alberta, 1981-1985.

	1981	1982	1983 (%)	1984	1985
T/C/OU	100.0	24.4	6.3	-8.4	-9.2
Trade	26.1	-4.1	35.8	9.1	0.4
F/I/RE	17.4	74.1	108.5	58.2	-7.1
C/B/PS	55.0	33.1	43.6	11.4	5.3
Public Admin.	-	-	-	-	-
TOTAL SERVICES	45.4	18.5	38.7	13.9	-0.8
Primary Industries	68.8	55.6	95.2	23.2	16.8
Manufacturing	37.0	-16.2	54.8	16.7	10.7
Construction	24.1	27.1	27.9	-2.1	-6.1
TOTAL OVERALL	39.1	19.9	39.9	11.2	0.3

Sources: Table VI-A. DRIE calculations.

TABLE VI-C. Number of Bankruptcies in Services and Other Industries, Canada, 1980-1985.

	1980	1981	1982	1983	1984	1985
T/C/OU	431	551	766	698	572	499
Trade	2120	2560	3283	3026	2669	2430
F/I/RE	254	262	533	574	622	473
C/B/PS	1637	2139	2879	2697	2516	2246
Public Admin.	-	-	-	-	-	-
TOTAL SERVICES	4442	5512	7461	6995	6379	5648
Primary Industries	311	419	636	754	856	793
Manufacturing	532	681	1007	946	797	694
Construction	1301	1404	1661	1565	1546	1528
TOTAL OVERALL	6595	8055	10765	10260	9578	8663

Sources: Consumer and Corporate Affairs, Annual Statistical Summary, 1980 pp. 88-89; 1981 pp. 6-7; Dec. 1982; Dec. 1983; Dec. 1984; Dec. 1985.

TABLE VI-D. Annual Growth in Number of Bankruptcies in Services and Other Industries, Canada, 1981-1985.

	1981	1982	1983	1984	1985
	(%)				
T/C/OU	27.8	39.0	-8.9	-18.1	-12.8
Trade	20.8	28.2	-7.8	-11.8	-9.0
F/I/RE	3.1	103.4	7.7	8.4	-24.0
C/B/PS	30.7	34.6	-6.3	-6.7	-10.7
Public Admin.	-	-	-	-	-
TOTAL SERVICES	24.1	35.4	-6.2	-8.8	-11.5
Primary Industries	34.7	51.8	18.6	13.5	-7.4
Manufacturing	28.0	47.9	-6.1	-15.8	-12.9
Construction	7.9	18.3	-5.8	-1.2	-1.2
TOTAL OVERALL	22.1	33.6	-4.7	-6.6	-9.6

Sources: Table VI-C. DRIE calculations.

TABLE VI-E. Number of Bankruptcies in Services and Other Industries, Alberta as a Percent of the Canadian Total, 1980-1985.

	1980	1981	1982	1983	1984	1985
	(%)					
T/C/OU	10.4	16.3	14.6	17.0	19.1	19.8
Trade	6.3	6.6	4.9	7.3	9.0	9.9
F/I/RE	9.1	10.3	8.8	17.1	24.9	30.4
G/B/PS	4.9	5.8	5.7	8.8	10.5	12.4
Public Admin.	-	-	-	-	-	-
TOTAL SERVICES	6.3	7.4	6.5	9.6	12.0	13.5
Primary Industries	5.1	6.4	6.6	10.9	11.8	14.9
Manufacturing	5.1	5.4	3.1	5.1	7.0	8.9
Construction	8.9	10.3	11.0	15.0	14.8	14.1
TOTAL OVERALL	6.7	7.7	6.9	10.1	12.0	13.4

Sources: Table VI-A. Table VI-C. DRLE calculations.

VII.

FUTURE TRENDS

With the service sector essentially providing a livelihood for approximately 72% of employed Albertans (812,000 workers), what lies ahead in the future for the service sector is of vital importance to all people in the province. The service sector is no longer seen as being solely dependent on the goods-producing industries for its well being; in fact, it is increasingly being looked upon as a major force in Alberta's, and indeed Canada's, post-industrial information society.

Given the rapid growth in service sector employment over the past thirty years, it is very likely that many more Albertans will find employment in the service sector in the next few years. By 1990 more than three-quarters of employed Albertans will likely be working in some area of the service sector. Employment growth is expected to be largest in the community, business and personal services industry, especially in the services to business management, health and welfare services and hospitality services sectors.

Service sector production has been increasing steadily over the last few decades as well, and it could also account for over 75% of total production in the province by 1995. Most of the output increase will likely come from the transportation, communication and other utilities and community, business and personal services industries. These two industries are already the largest service-producing industries in the province, and they are also growing the fastest. Transportation services have always been vital for Alberta's economic growth, given the great distances Alberta's goods and services have to be shipped in order to reach the more important markets such as Central Canada, the United States and the Pacific Rim countries. This fact alone should result in continued high levels of production from the transportation, communication and other utilities industry. Given the increasing importance of business management services both domestically and in export markets, and the heightened emphasis on the tourism/hospitality industry in Alberta, the community, business and personal services industry should continue to experience steady production growth as well.

Investment in the service sector has been very steady over the past decade. Even during periods of slow growth investment in services remained strong, an indication of the resilience of many service sector businesses. In the next few years, investment growth can be expected in the public administration, transportation, communication and other utilities, and community, business and personal services industries.

Presently, over 60% of the total labour income generated in the province originates from employment in the service sector; this percentage should continue to increase in future years. With service employment expected to increase, labour income generated by service sector employment will rise as well. The areas where labour income can be expected to grow fastest are in the services to business and health and welfare services sectors, as both employment and wages are expected to continue to rise in these sectors. While employment should continue to grow in the hospitality services sector, wages will most likely remain quite low

resulting in only small overall labour income gains for the sector. It is likely that large wage differences will continue to exist in the service sector, given that entry-level service jobs will continue to exist along side high-tech information/management jobs.

The number of service sector bankruptcies will probably remain high, especially in community, business and personal services. With the vast majority of small businesses in the province being service firms, the high bankruptcy rate is to be expected. New innovative programs such as the TIEM Enterprise Centre program could help to alleviate the high number of service industry bankruptcies. The TIEM Enterprise Centre is a joint private and public sector initiative designed to create new employment by developing successful small businesses through entrepreneur training and development programs at the local community level. Franchising, the taking on of a franchise operation, is another option open to small service firms wishing to start up operations but lacking business expertise. By buying into a proven and successful franchise - complete with reliable suppliers, pre-established internal operating and financial methods, and often backed by nation-wide advertising - an inexperienced entrepreneur can ride the coattails of another's success and thereby better avoid becoming a bankruptcy victim. Nothing, however, could help more to alleviate service sector bankruptcies than stable economic growth in the province over the next few years.

In general, growth is expected for all areas of the service sector in the next few years as Alberta, like Canada and other developed countries, moves towards becoming an information-service society. While Alberta's primary industries will continue to hold down an important position in the provincial economy, future growth will tend to come with increased service sector development. There is still a great need for the general public and business alike to obtain a more complete understanding of what the service sector actually entails and how important it is to Canada's and especially Alberta's economy. The first step to accomplishing this goal should include the forming of a better and more comprehensive data collection program for the service sector. If the importance of services is to be properly shown, then the latest up-to-date facts and figures must be made available to both business and the general public. With its high level of education and entrepreneurship, Alberta has the capability to become a leader in many areas of the service sector. If these areas of service are acknowledged and properly promoted, they could provide Alberta with tremendous benefits in the form of increased jobs and income for Albertans in the years ahead.

VIII.

CONCLUSIONS

The service sector presently contributes about 69.5% to provincial Gross Domestic Product and 72.3% to provincial employment. All five major service industries are important sources of job creation and income in Alberta. Moreover, their importance is likely to continue to grow in the foreseeable future.

Two particular service industries - community, business and personal services and trade - are responsible for a large portion of service sector employment and production in the province. Both of these industries provide mainly essential services (e.g. food and clothing) to the community, and so they tend to remain quite stable in rough economic times.

The other three major service industries - transportation, communication and other utilities, finance, insurance and real estate, and public administration - provide services that are linked to the level of general economic activity in the province such as in the oil and gas sector. The growth in these three industries therefore often tends to mirror the growth in the province as a whole because the services provided by them tend to be demanded more during periods of rapid growth.

Rapid population growth in Alberta between 1975 and 1981 resulted in increased demand for all types of services. This demand especially assisted firms operating in the areas of retail trade, business and personal services, hospitality services and real estate services.

Approximately 157,000 Albertans were employed in the service sector in 1951. The number more than doubled to 388,000 by 1971; by 1985, it doubled again as just over 812,000 Albertans were employed in some area of the service sector.

Real production (\$1971 GDP) in the service sector has also grown significantly. In 1961, real production for the Alberta service sector was \$2.6 billion; by 1985, the amount had more than tripled to \$10.1 billion.

Most of the services provided by the Alberta service sector are consumed within the province. However, a large and growing number of service sector firms are exporting their services to other parts of Canada and the world, especially in areas of primary resource services (e.g. oil and construction services) and services to business (e.g. consulting and engineering services). While at the present time it is very difficult to obtain reliable data on provincial trade in services due to differences in definition and accounting methods, it is estimated that provincial trade in services is growing at about the same rate as provincial trade in goods. The vast majority of service exports from Alberta go to other parts of Canada and the United States. However, new markets are also opening up in China and other parts of the world for Alberta exports of services as well as for the more traditional goods.

The majority of service sector establishments in the province are small businesses employing less than fifty people. Most are found in the community, business and personal services and trade industries.

Due to the diverse nature of services provided by the provincial service sector, large wage differences exist among the various service sector jobs. While many service industries provide mainly low wage - entry level jobs, many others provide high wage - high tech jobs. Given recent advances in technology and the high level of education in the province many exciting new service sector jobs requiring a high level of skill are being created in Alberta in the financial service, health and welfare services and services to business management areas.

The 1982-84 recession resulted in a significant increase in service sector bankruptcies in the province. Most of the bankruptcies occurred in the community, business and personal services industry. The total number of service sector bankruptcies may actually be higher than the statistics suggest however, since many business failures are never reported in the bankruptcy statistics.

Though the vast majority of service sector establishments are located in the Edmonton and Calgary metropolitan areas, service firms are located throughout the entire province. In fact, many small communities are simply service centres for the local population and resource industries.

BIBLIOGRAPHY

- Alberta Bureau of Statistics, Alberta Statistical Review; Fourth Quarter 1985, First Quarter 1986.
- Alberta Bureau of Statistics, Alberta Economic Accounts; 1984.
- Canadian Newspaper Company Ltd., The Globe and Mail; Various articles 1986.
- Canasus Communications Inc., Alberta Business; Various issues 1986.
- Census of Canada, Volume IV Labour Force; 1951.
- Census of Canada, Volume III Labour Force; 1961.
- Census of Canada, Volume III Labour Force; 1971.
- Communications Branch, Government of Alberta, Alberta Venture; Various issues 1985-1986.
- Conference Board of Canada, AERIC Provincial Forecast; April 1986.
- Consumer and Corporate Affairs, Bankruptcy Statistics; 1980-1985.
- Department of Manpower, Government of Alberta, Alberta Labour Force Statistics by Industry; Annual Averages 1975-1984.
- Department of Regional Industrial Expansion, Government of Canada, Service Industries in Western Canada (An Overview); May 26, 1986.
- Department of Tourism and Small Business, Government of Alberta, Small Business Quarterly; Summer 1986.
- McClean Hunter Ltd., Small Business; Various issues 1986.
- Ministry of Treasury and Economics, Background Notes on the Service Sector in Ontario; May 1986.
- Stanford Evans Communications Ltd., Trade and Commerce; November-December 1985.
- Statistics Canada, Catalogue No. 61-205; 1977-1986.
- Statistics Canada, Catalogue No. 71-001; December 1984, December 1985.
- Statistics Canada, Catalogue No. 71-201; 1985.
- Statistics Canada, Catalogue No. 71-529; 1975-1983.
- Statistics Canada, Catalogue No. 72-002; December 1983, December 1984, December 1985.
- Statistics Canada, Catalogue No. 72-005; Fourth Quarter 1980, Fourth Quarter 1985.
- Statistics Canada, Labour Force Survey; January 1985-December 1985.
- The Innovation and Entrepreneur Management Corporation, The TIEM Enterprise Centre Report; November 1984.

