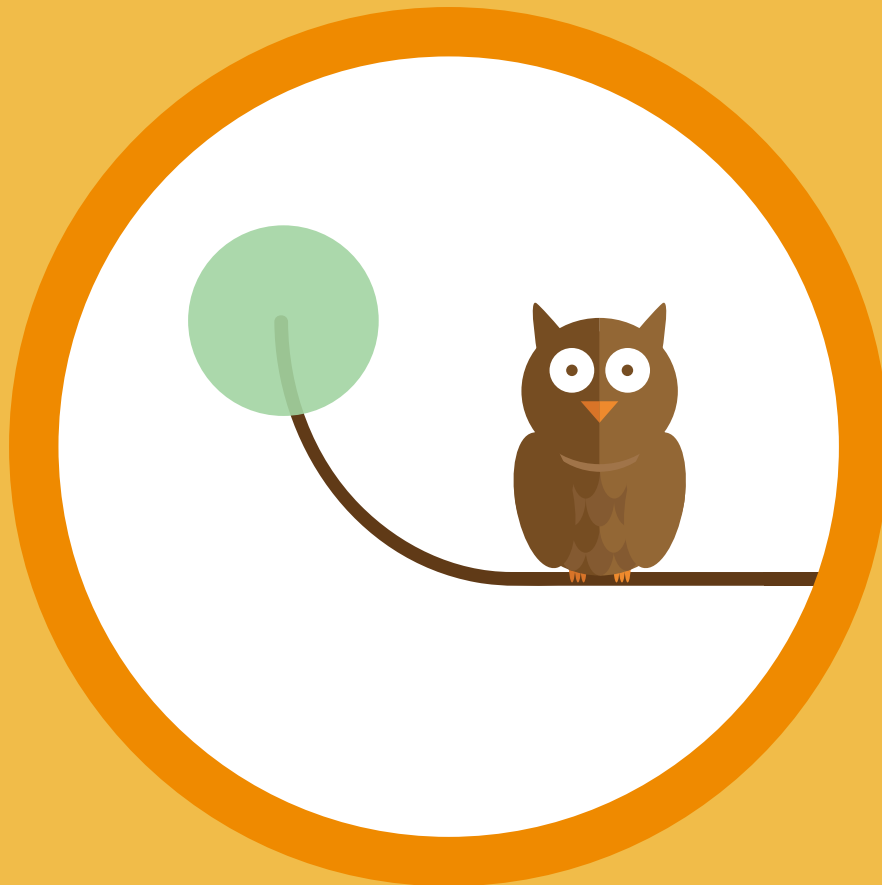


Perch



It's off to work we go
An overview of Alberta's labour force

May 2018

ATB

Human capital is key

“It was not by gold or by silver, but by labour, that all the wealth of the world was originally purchased.” – Adam Smith, economist

The Alberta economy has a lot going for it. We have, for example, the highest GDP per capita among the provinces and the highest average wages in the country. We have an abundance of natural resources and strong ties to the world’s largest economy.

But the best thing we have going for our economy is our people. Millions of Albertans make up our labour force. From teachers and machinists to restaurant managers and ranchers, Alberta has a rich supply of talented people and—although not as many as we would like—lots of jobs for them to hold. Even during the recent provincial recession, we had the highest employment rate (i.e., the percentage of Albertans age 15 and over with a job) in Canada.

Given the importance of workers to employers and job opportunities to job-seekers, it makes sense to keep an eye on the main features of Alberta’s labour force and the effects of shifting economic, demographic and social factors. How are we doing regarding job creation and unemployment rates? What does our labour force look like and how has it been evolving? How do we compare to other parts of Canada? How are we doing in the wake of the recent recession?

This edition of **Perch** provides answers to these questions to give context to the broader effort of ensuring that Albertans can find good jobs and Alberta employers can find good employees. After all, putting our human capital to work is the key to a

strong economy and to ensuring Alberta remains a great place to live.

For a more in-depth examination of Alberta’s labour force, see the extended version of **Perch: It’s off to work we go** at atb.com/economics

“Mr. McGuire: I just want to say one word to you. Just one word.

Benjamin: Yes, sir.

Mr. McGuire: Are you listening?

Benjamin: Yes, I am.

Mr. McGuire: Plastics.

Benjamin: Exactly how do you mean?

Mr. McGuire: There’s a great future in plastics. Think about it.”

–The Graduate (1967)

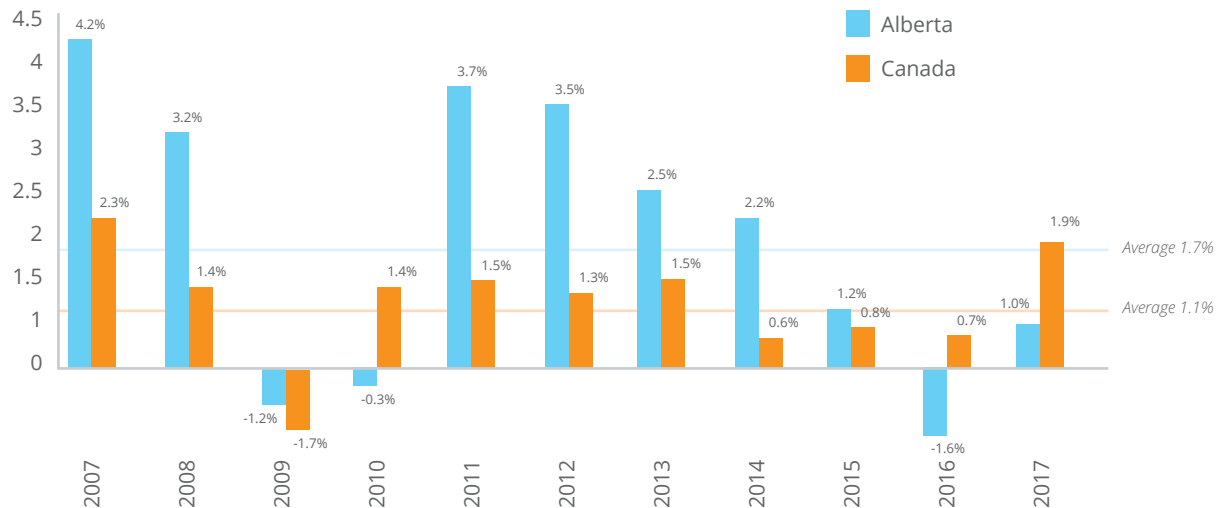


“The Alberta economy has a lot going for it. We have, for example, the highest GDP per capita among the provinces and the highest average wages in the country.”

Job creation

“Find out what you like doing best and get someone to pay you for doing it.” –Katherine Whitehorn, journalist

Figure 1. Annual per cent change in employment



Source: Statistics Canada, CANSIM table 282-0002

The main source of information about the labour force comes from Statistics Canada’s monthly Labour Force Survey (LFS). The LFS defines the labour force as people 15 years of age and over who are working (employed) or actively looking for work (unemployed). It does not include unpaid housework or volunteer work. Workers may be working for themselves (self-employed) or others (employees).

On average, there were 2.5 million people in the labour force in Alberta in 2017. This represents 12.6 per cent of the national labour force and is slightly higher than Alberta’s share of Canada’s working age population (11.5 per cent).

Employment growth is a key trend and tends to follow its own path in Alberta compared to the country as a whole. As Figure 1 shows, annual job creation in Alberta has often been well above the national level but is yet to recover from the provincial recession of 2015/16. Employment growth averaged 1.7 per cent over the 2007–2017 period in Alberta compared to 1.1 per cent nationally. The average number of jobs in Alberta grew over this period by a total of 14.9 per cent versus a jump of 9.8 per cent in the country as a whole.

There were almost 300,000 more jobs in Alberta in 2017 than in 2007 with the province accounting for 18 per cent of all jobs created in Canada over this period. More jobs were created in Alberta than in the Atlantic provinces and B.C. combined.

“On average, there were 2.5 million people in the labour force in Alberta in 2017. This represents 12.6 per cent of the national labour force and is slightly higher than Alberta’s share of Canada’s working age population.”

Unemployment

“It’s a recession when your neighbour loses his job; it’s a depression when you lose yours.” –Harry S. Truman, 33rd President of the United States

Figure 2. Annual unemployment rate (per cent), 1976-2017



Source: Statistics Canada, CANSIM table 282-0002

Employment growth is important, but a key question is whether or not job creation is keeping up with the number of people looking for work. Alberta’s strong economy has generally kept the annual provincial unemployment rate below the national average, but the recent recession has pushed it above the national rate for the first time since 1988 (see Figure 2). Only the four Atlantic provinces posted a higher unemployment rate than Alberta in 2017.

The average annual unemployment rate in Alberta over the 2007–2017 period was 5.6 per cent compared to 7.0 per cent nationally. The monthly unemployment

rate in Alberta hit 9.0 per cent in November 2016. The last time it was that high was in January 1993. The provincial unemployment rate has been improving since the recession ended but remains high by Alberta standards.

As of February 2018, the unemployment rate in Alberta was down to 6.8 per cent. This translates into over 166,000 Albertans looking for a job but unable to find one. Alberta had the longest average length of unemployment in the country in 2017 at 23.1 weeks (up from 14.5 weeks in 2014) compared to 19.6 weeks nationally (see CANSIM table 282-0048).

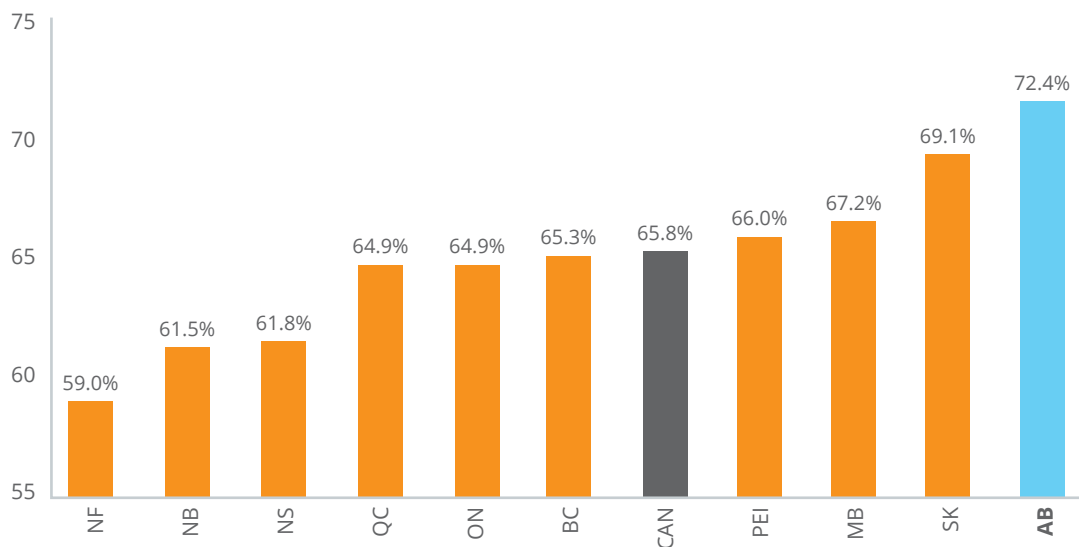
“As of February 2018, the unemployment rate in Alberta was down to 6.8 per cent. This translates into over 166,000 Albertans looking for a job but unable to find one.”

Participation

“If you don’t know why you’d hire you, neither will they.”

–Frank Sonnenberg, author

Figure 3. Participation rate (per cent), 2017



Source: Statistics Canada, CANSIM table 282-0002

The participation rate is the labour force (those working and looking for work) expressed as a percentage of the population aged 15 years and over. Alberta’s participation rate has barely moved over the last five years and was essentially the same in 2017 as it was just before the recession. While there would have been some workers who stopped looking for work, retired earlier than planned or left the province as a result of the recession, the outflow of these “discouraged” workers vis-à-vis new entrants into the labour force was not enough to push the participation rate down in a significant way.

Alberta has had the highest participation rate of any province every year since at least 1976 when the current data series begins. At 72.4 per cent, Alberta’s

participation rate was 6.6 percentage points higher than the national average in 2017 (see Figure 3).

There are two main reasons for this. First, Alberta has a relatively young population. Alberta has a smaller proportion of seniors and a larger proportion of people in their prime working years. As a result, Albertans are more likely to be working or looking for work than in provinces with older population profiles.

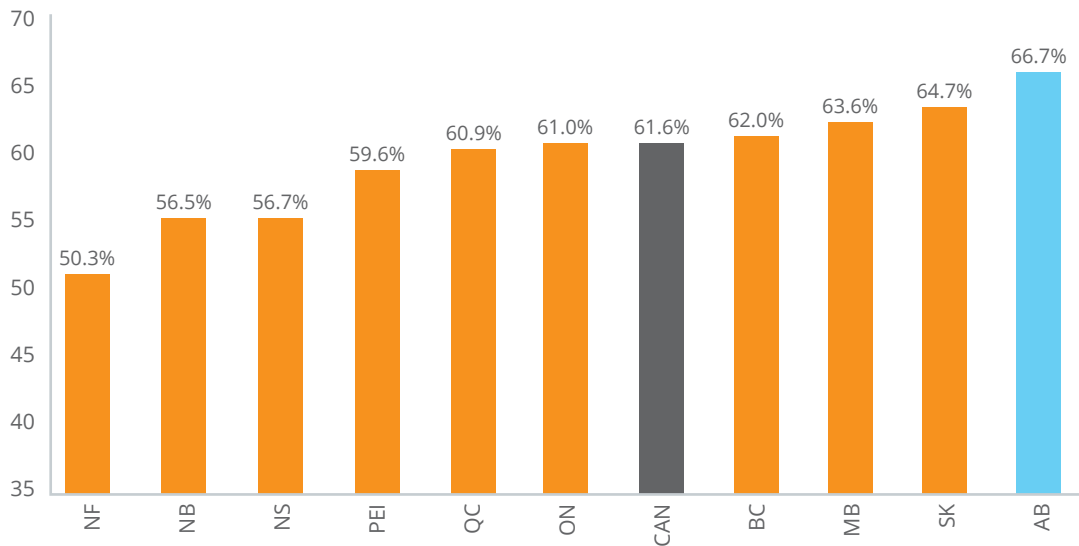
The second reason is Alberta’s strong economic base. Employment opportunities in Alberta—even during downturns—draw more people into the labour force and keep them there. It’s one thing to have a relatively young population, but you also need jobs for potential workers to fill.

“Alberta has had the highest participation rate of any province every year since at least 1976 when the current data series begins.”

Employment

“Capital is a result of labour, and is used by labour to assist it in further production. Labour is the active and initial force, and labour is therefore the employer of capital.” –Henry George, economist

Figure 4. Employment rate (per cent), 2017



Source: Statistics Canada, CANSIM table 282-0002

The relative abundance of jobs available in Alberta is demonstrated by its high employment rate (i.e., the number of people with jobs expressed as a percentage of the working age population). As noted above, a higher participation rate does not translate into a higher employment rate unless jobs are available to absorb the job seekers.

Alberta leads the country with an employment rate of 66.7 per cent compared to a national average of 61.6 per cent (see Figure 4). As is the case for the participation rate, Alberta has had the highest employment rate of any province every year since at least 1976. This is a remarkable record and points to the ability of the Alberta economy to supply not just Albertans—but Canadians and international

immigrants who migrate to the province—with jobs.

Part-time employment among workers in Alberta age 25 and up is much less prevalent than among workers age 15 to 24. As of 2017, 14.8 per cent of workers age 25 and over were working at part-time jobs compared to 42.9 per cent of workers age 15 to 24.

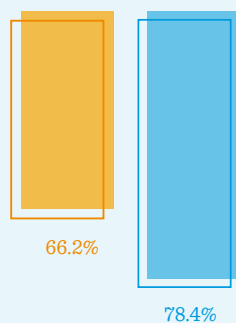
The proportion of workers age 25 and over with part-time jobs has remained roughly the same, averaging 13.7 per cent over the last 10 years. The proportion of young workers with part-time jobs has been above the 10-year average of 37.4 per cent since 2015 and suggests that the recession and its lingering effects have cut into the availability of full-time work for Albertans under age 25.

“Alberta leads the country with an employment rate of 66.7 per cent compared to a national average of 61.6 per cent.”

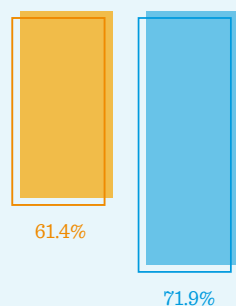
Women and men in the Alberta labour force



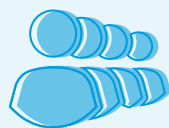
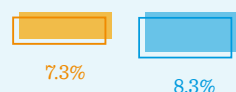
Participation Rate



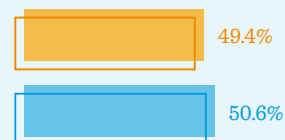
Employment Rate



Unemployment Rate



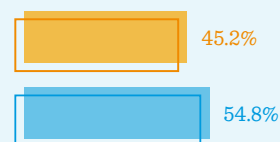
Working Age Population



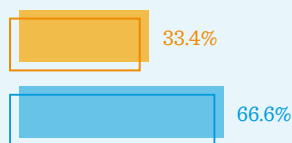
Women 
Men 



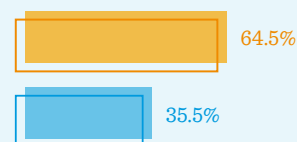
Labour Force



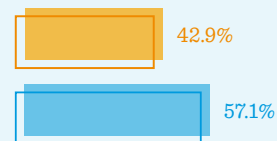
Self Employed



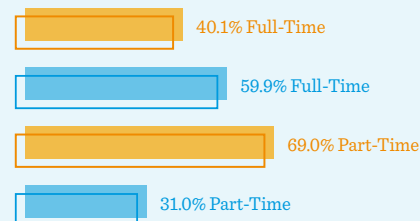
Public Sector Employees



Private Sector Employees



Full-Time & Part-Time Jobs

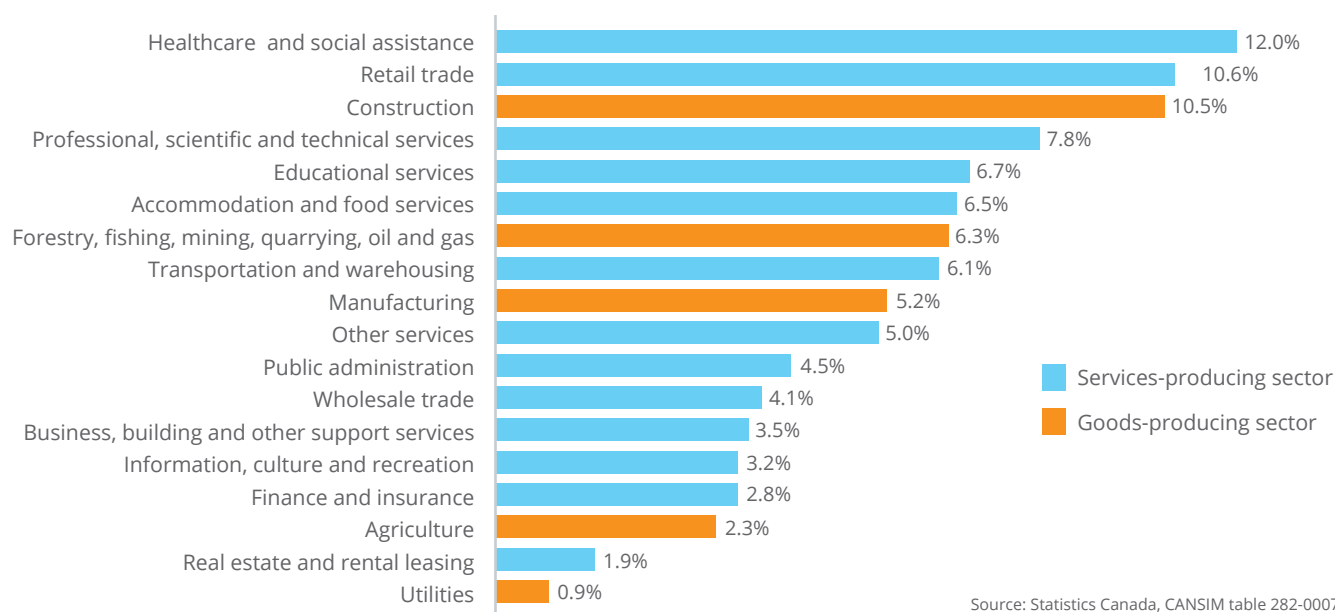


Employment by industry

“Economics is extremely useful as a form of employment for economists.”

–John Kenneth Galbraith, economist

Figure 5. Employment by industry in Alberta, 2017 (per cent of all jobs)



Three-quarters of jobs in Alberta are in the services-producing sector. This is about 10 percentage points higher than it was in 1976 (64.2 per cent). The recent recession saw Alberta's goods-producing sector shed jobs (particularly in oil and gas extraction and manufacturing) while the services-producing sector continued to grow. The goods-producing sector shrank by 12.2 per cent between 2014 and 2017 while the services-producing sector grew by 5.7 per cent.

The three largest employers in Alberta are healthcare and social assistance, retail and construction (see Figure 5). Together, these three sectors account for 33.1 per cent of all jobs in the province. While the composition of the national labour force by industry is roughly the same as it is in Alberta, there are some notable exceptions:

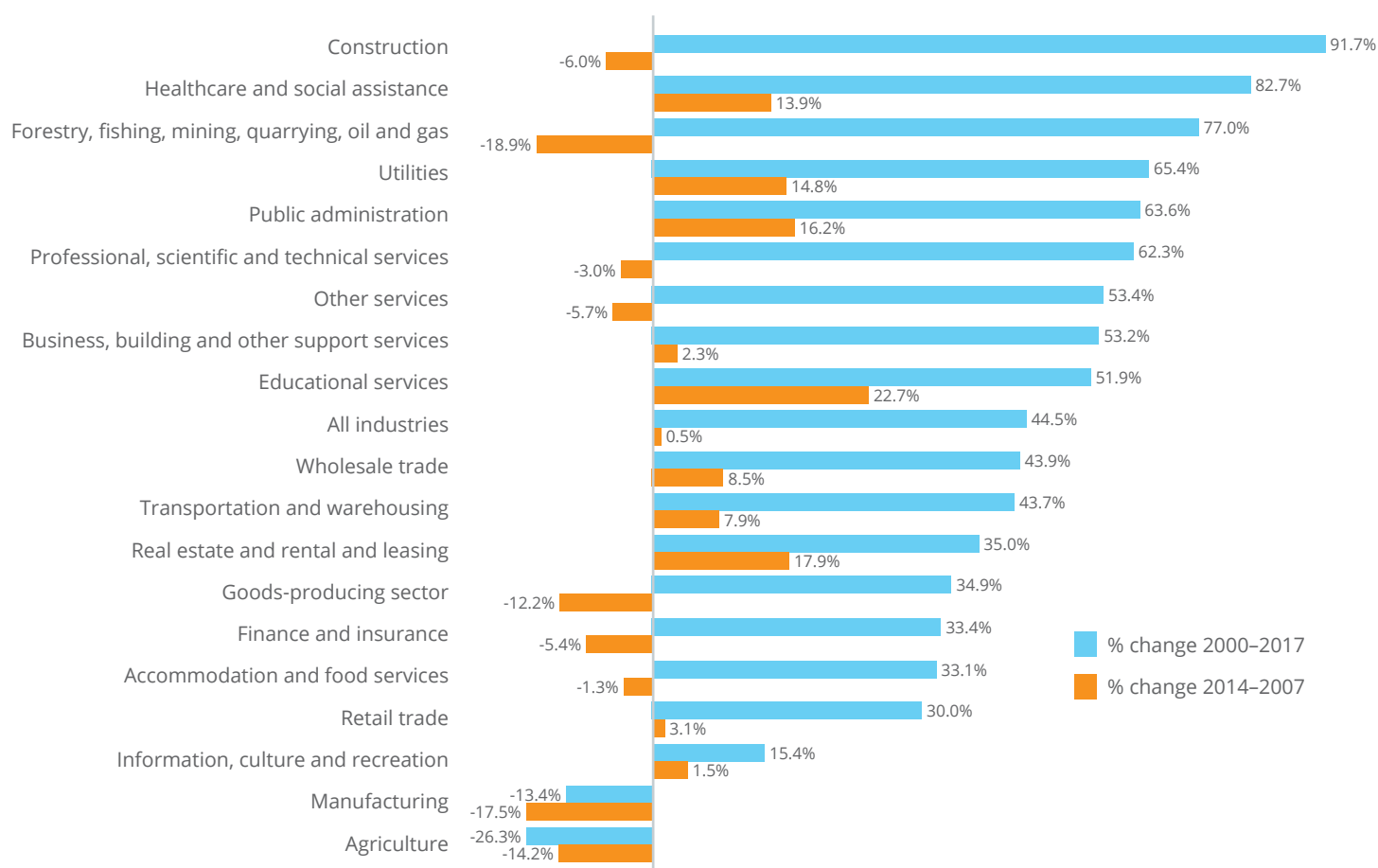
- *manufacturing looms larger in Canada as a whole at 9.4 per cent of jobs in 2017 compared to 5.2 per cent in Alberta;*
- *the finance and insurance sector is somewhat more prevalent nationally at 4.5 per cent of jobs in Canada in 2017 compared to 2.8 per cent in Alberta;*
- *the forestry, fishing, mining, quarrying and oil and gas sector is a more significant segment of the job market in Alberta than it is in Canada as a whole (6.3 per cent of jobs in Alberta in 2017 versus 1.8 per cent nationally); and*
- *construction is a somewhat larger sector in Alberta at 10.5 per cent of jobs in 2017 compared to 7.7 per cent nationwide.*

“The three largest employers in Alberta are health care and social assistance, retail, and construction.”

Employment by industry (continued)

“Take our 20 best people away, and I will tell you that Microsoft would become an unimportant company.” –Bill Gates, principal founder of Microsoft

Figure 6. Employment by industry in Alberta (per cent change)



Source: Statistics Canada, CANSIM table 282-0007

Looking at job growth by sector since 2000, the construction; healthcare and social assistance; and forestry, fishing, mining, quarrying and oil and gas sectors were the top three performers (see Figure 6). Only manufacturing (-13.4 per cent) and agriculture (-26.3 per cent) saw the number of jobs contract over this period.

Zeroing in on the impact of the 2015-16 recession, the oil and gas sector (-18.9 per cent), manufacturing (-17.5 per cent) and agriculture (-14.2 per cent sectors) shrank by over 10 per cent.

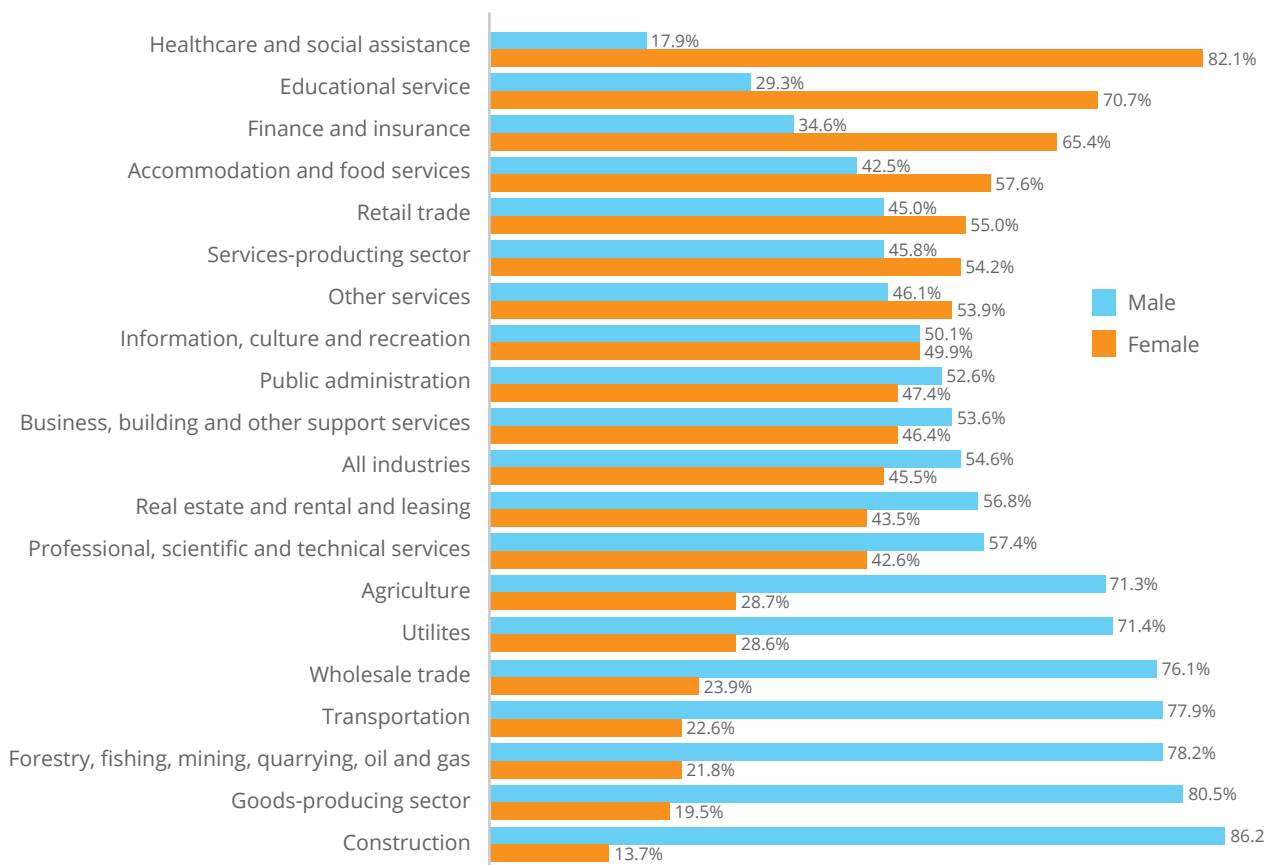
The drop in the number of agricultural jobs is likely due to the ongoing restructuring of primary agriculture (larger operations, fewer workers) than the drop in oil prices that walloped both the oil and gas extraction and manufacturing sectors (about 40 per cent of manufacturing in Alberta is tied to the oil and gas extraction sector).

Employment by industry and gender

“If they don’t give you a seat at the table, bring a folding chair.”

–Shirley Chisholm, first African-American congresswoman

Figure 7. Employment by industry and gender in Alberta, 2017
(per cent of sector total)



Source: Statistics Canada, CANSIM table 282-0007

As of last year, there were 1,039,400 jobs held by women in Alberta compared to 1,247,600 jobs held by men. At 45.5 per cent, the proportion of jobs held by women is about four percentage points below the proportion of women in Alberta’s working age population.

The differences are more pronounced when the numbers are broken down by sector (see Figure 7). Women hold the majority of jobs in seven sectors with the largest proportion of jobs held by women found in healthcare and social assistance (82.1 per cent), educational services (70.7 per cent), and finance and

insurance (65.4 per cent).

The sectors with the smallest proportion of female workers are construction (13.7 per cent), oil and gas extraction (21.8 per cent), transportation and warehousing (22.1 per cent) and manufacturing (22.6 per cent).

The numbers show that women work in all areas of the Alberta economy but are more likely to be working in the services-producing sector than the goods-producing sector.

Subscribe to The Owl and Perch

Subscribe to Perch

Did you enjoy the read? Subscribe to future editions of *Perch* where we'll continue exploring ideas about Alberta at atb.com/economics

Read The Owl

Written by ATB's economists, *The Owl* focuses on the day's top economic news. Keep a close eye on Alberta's economy by subscribing at atb.com/economics

Todd Talks

ATB's Chief Economist Todd Hirsch is one of our country's most sought-after speakers on the economy. In bright and energetic talks, Todd breaks down what is happening in Alberta's economy. Request Todd to speak at your event at toddhirsch.com

Perch Talks

Did you like this edition of *Perch*? Invite ATB's Director of Insight Rob Roach to present on it at your next event. Contact him directly at rroach@atb.com

Who are we?

We are ATB's Economics & Research team. We work to share our province's economic story and to connect Albertans to the economic news and ideas they need to know about. Head on over to atb.com/economics to get a look at what we do.

Questions or comments about this Perch?

Contact ATB's Director of Insight Rob Roach at rroach@atb.com

