

Labour Market Review

Patrick Walters, City Economist | Ivy Zhang, Senior Corporate Economist

February 8, 2013

Skill Shortages in Calgary's Labour Market

The Canadian labour market lost 22,000 jobs in January 2013, on a month-over-month basis, following two months of gains:

- Total employment increased in the Calgary Economic Region (CER) (+1,900) and Alberta (+9,700) but decreased in Canada (-22,000).
- In Canada, job losses in employees (-45,800) were partially offset by gains in self-employed (+23,900). Total labour force shrank by 57,500 as more people stopped looking for jobs; the participation rate declined to 66.6 per cent.
- In Alberta, most new jobs were full-time positions (+8,600) and in the service sector (+7,400). The province had the highest participation rate (72.9 per cent) and the second lowest unemployment rate (4.5 per cent) in Canada.

According to the unadjusted 3-month-moving-average data, the following were the year-over-year changes in the CER in January 2013:

- Total employment increased by 18,000. Job creations were mainly in the finance, insurance, real estate and leasing (+13,300), accommodation and food services (+11,100), and educational services (+9,700) industries. Job losses were mostly in the trade (-14,200) and construction (-9,500) industries.
- The unemployment rate was 4.6 per cent, compared to 4.9 per cent a year ago.

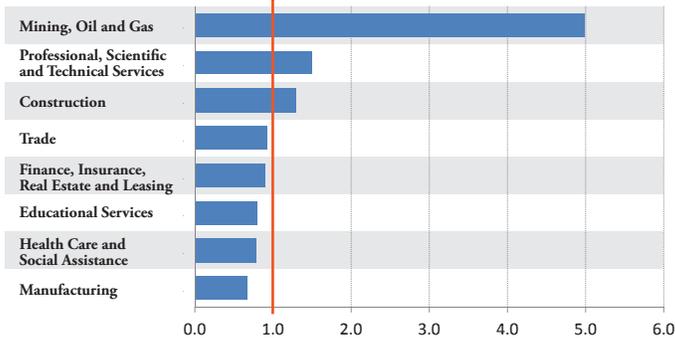
- The average hourly wage rate was \$28.91, up by 5.5 per cent from \$27.39 in January 2012.
- There were 6,760 people in the Calgary Metropolitan Area (CMA) receiving regular employment insurance benefits in November 2012, down by 350 persons from a year ago.

Skills shortages in Calgary's major industries are increasingly becoming a problem for employers looking for qualified workers. According to the latest update of the location quotient¹ data, Calgary is specialized in industries such as mining and oil and gas extraction, construction, professional, scientific and technical services (mainly architectural, engineering and design services), accommodation and food services, and construction and other services (Chart 1). These industries directly contributed to the region's prosperity in the past and will continue do so in the future. However, extremely low unemployment rates in these industries nationwide, especially in the CER, indicate skill shortages in many occupations (Chart 2). As a result, wage and production costs would grow faster in these industries. More importantly, the skill shortages may hinder further economic expansions in the region.

¹ Location quotient is the comparison between the CER and Canada's employment distributions. It is the division of one industry's distribution in the CER and the same industry's distribution in Canada. If the result is larger than 1, the industry is the basic or major industry in the local economy. If the ratio is less than 1, the industry is a non-basic industry.

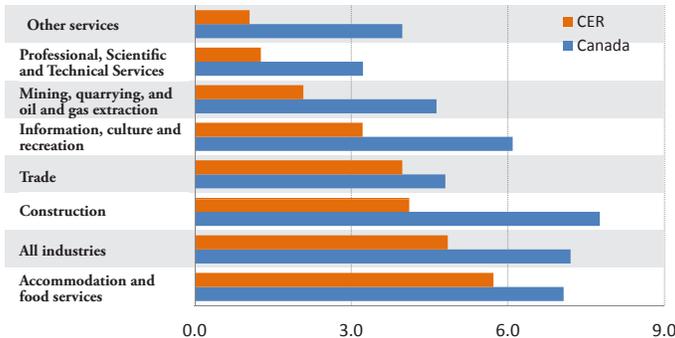
Next update: March 8, 2013

Chart 1. Industry Concentrations in Calgary (2012, Location quotient)



Source: Statistics Canada, Corporate Economics, February 2013

Chart 2. Unemployment Rate by industry: Calgary vs. Canada (2012, per cent)



Source: Statistics Canada, Corporate Economics, February 2013

Labour Force Statistics

Economic Regions (Seasonally Adjusted 3-Month-Moving-Average)

	Description	Jan-13	Dec-12	Jan-12	Annual Change
Calgary	Working Age Population ('000)	1,154.6	1,151.1	1,120.8	33.8
	Labour Force ('000)	858.8	855.4	842.2	16.6
	Labour Force Participation Rate (%)	74.1	74.2	75.0	(0.9)
	Employment ('000)	818.3	816.4	800.3	18.1
	Employment Rate (%)	70.9	70.9	71.4	(0.5)
	Unemployment ('000)	40.1	39.0	43.0	(2.9)
	Unemployment Rate (%)	4.7	4.6	5.0	(0.3)
	Edmonton	Working Age Population ('000)	1,042.5	1,039.1	1,009.2
Labour Force ('000)		765.9	763.8	741.6	24.3
Labour Force Participation Rate (%)		73.3	73.5	73.4	(0.1)
Employment ('000)		733.9	729.0	706.2	27.7
Employment Rate (%)		70.4	70.2	69.9	0.5
Unemployment ('000)		32.3	33.8	35.6	(3.3)
Alberta	Working Age Population ('000)	3,113.2	3,103.9	3,029.9	83.3
	Labour Force ('000)	2,270.6	2,265.3	2,244.0	26.5
	Labour Force Participation Rate (%)	72.9	73.0	74.0	(1.1)
	Employment ('000)	2,177.2	2,165.7	2,139.4	37.8
	Employment Rate (%)	70.0	69.8	70.6	(0.6)
	Unemployment ('000)	98.4	99.1	110.0	(11.6)
	Unemployment Rate (%)	4.4	4.5	5.0	(0.6)

Source: Statistics Canada, seasonally adjusted by Corporate Economics, February 2013



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Who We Are

Corporate Economics provides services in four areas: forecasting, information provision, policy analysis and consulting. We also monitor the current economic trends which allows us to develop unique insights on how external events are impacting the local economy and the Municipal government. We are experienced at researching different economic topics and developed reliable methods of forecasting and analysis.

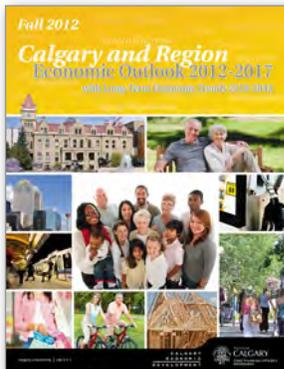
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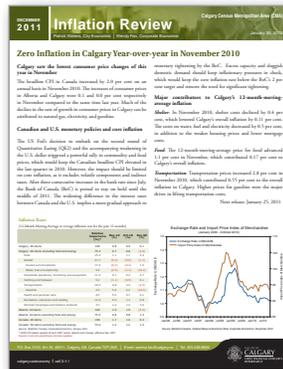
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- ▶ Calgary & Region Economic Outlook
- ▶ Energy Reports on Natural Gas and Crude Oil

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- ▶ Labour Market Review
- ▶ Inflation Review
- ▶ Current Economic Analysis
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- ▶ A Case of Fiscal Imbalance: The Calgary Experience
- ▶ Diesel Fuel Price Pass-Through in Calgary
- ▶ Calgary Residential and Commercial Real Estate Markets

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Source: Statistics Canada and Corporate Economics