

A Tale of Two Provinces

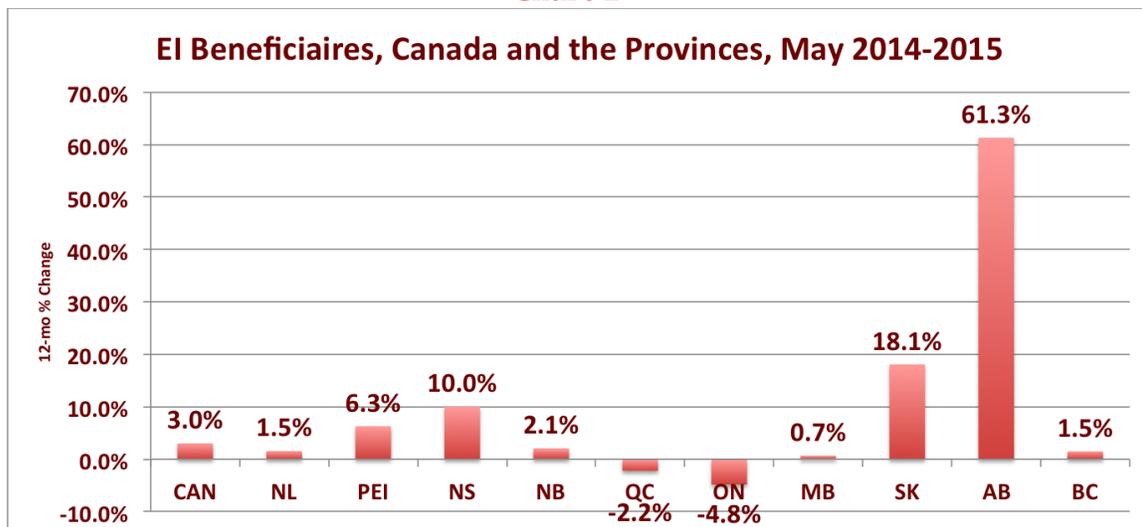
Commentary on Labour Market Performance in Newfoundland and Labrador, and Alberta Using an EI Lens

By: Kerri Neil

Canada's vast territory encompasses a wide range of natural resources and related activities, as well as other goods and services producing industries. This dispersion of production activity works to help protect our national economy from changes in any one province. When "Oil Was King" and prices hovered at over \$100 USD/bbl, resource rich provinces drove the national economy. The decline of oil prices in the Fall 2014, accompanied by a lower Canadian dollar, potentially helps the manufacturing provinces to reverse previous declines through improved export markets, thus mitigating the earlier damage.

This narrative is evident in the change of Employment Insurance (EI) beneficiaries from May 2014 to 2015 as shown in Chart 1. **Nationally, the number of people claiming EI each month grew by 15,400 (+3.0) with Alberta seeing a substantial rise of 18,560 (+61.3%) beneficiaries.** Most of the gains of EI beneficiaries were in the more resource-dependent provinces such as the Prairies and the Maritimes. In Nova Scotia, the number of EI beneficiaries grew over the same period by 2,600 (10.0%) and in Saskatchewan by 1,900 (18.1%). The number of EI beneficiaries fell in only two provinces, Ontario (-7,400) and Quebec (-3,400).

Chart 1



Source(s): Statistics Canada, Cansim Table 276-0022.

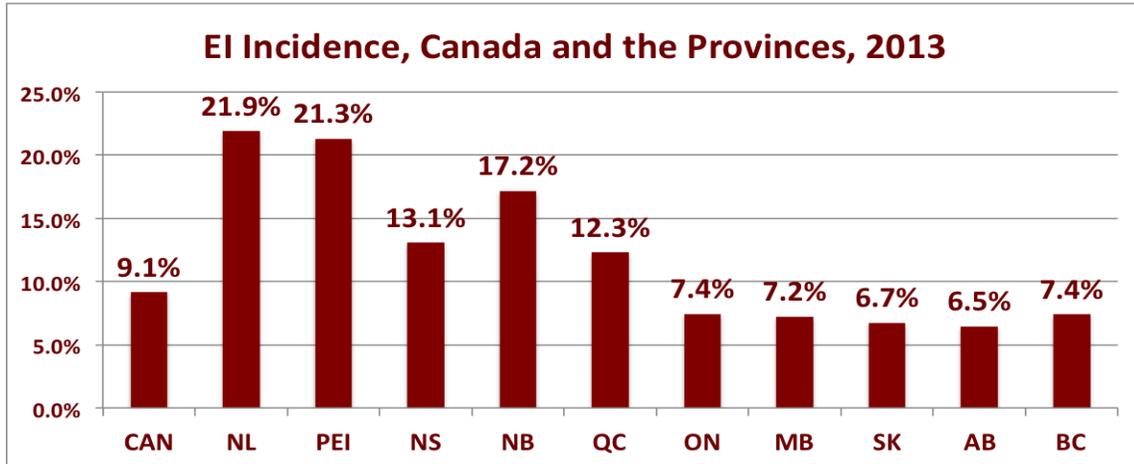
Table 276-0222 uses **monthly** data that are affected by seasonal employment patterns such as occur in accommodations and food services, trades, construction, and fish processing. To best compare these results, monthly data are compared year-over-year.

Table 111-0024 uses annual tax filer data and determines the number of people who had some EI income during that year.

All data is for both sexes aged 15+ unless otherwise specified.

Across Canada, EI beneficiaries make up 9.1% of the total labour force.ⁱⁱ Ruled by the fisheries and seasonal work, the Atlantic Provinces expectedly have higher rates of EI incidence, defined as the number of beneficiaries as a percentage of the labour force in a year ascertained by tax filer data from Statistics Canada. As seen in Chart 2, Newfoundland and Labrador has the highest EI incidence at 21.9% of labour force, with PEI a close second at 21.3%. Alberta has the lowest, with just 6.5% receiving EI sometime during the year.

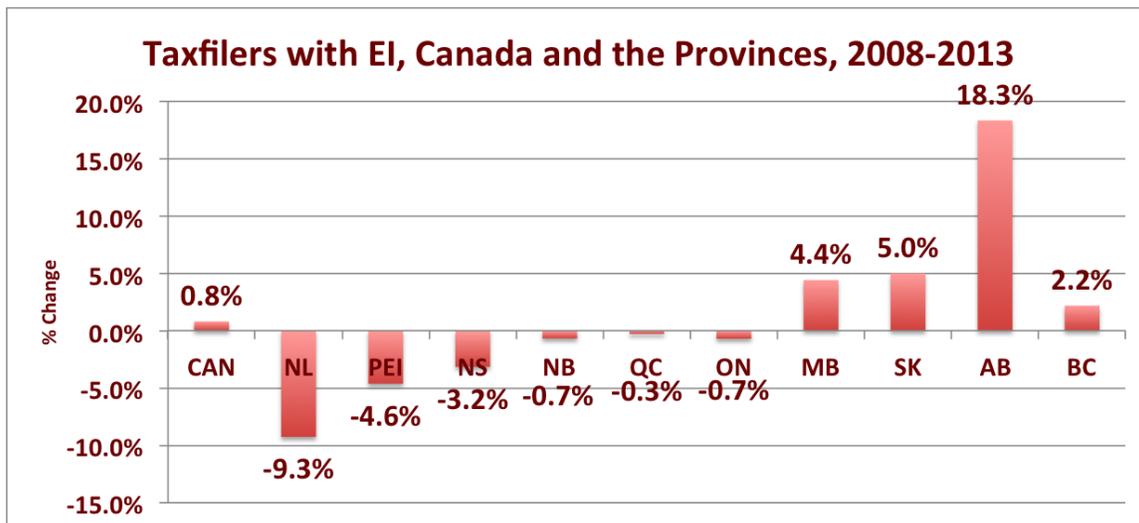
Chart 2



Source(s): Statistics Canada, Cansim Table 111-0024.

While these data end in 2013 and do not incorporate the recent decline in oil prices, we can examine how provincial labour markets have fared since the 2008/09 recession. Chart 3 highlights how the number of tax filers with employment insurance income has risen across the country by 19,000 (+0.8%) largely due to the western provinces.ⁱⁱⁱ The number of tax filers with some EI income rose by 29,000 (+18.3%) in Alberta and 5,500 (+2.2%) in British Columbia. **Atlantic Canada had the largest negative percentage change, with Newfoundland and Labrador leading at -9,300, or -9.3%.**

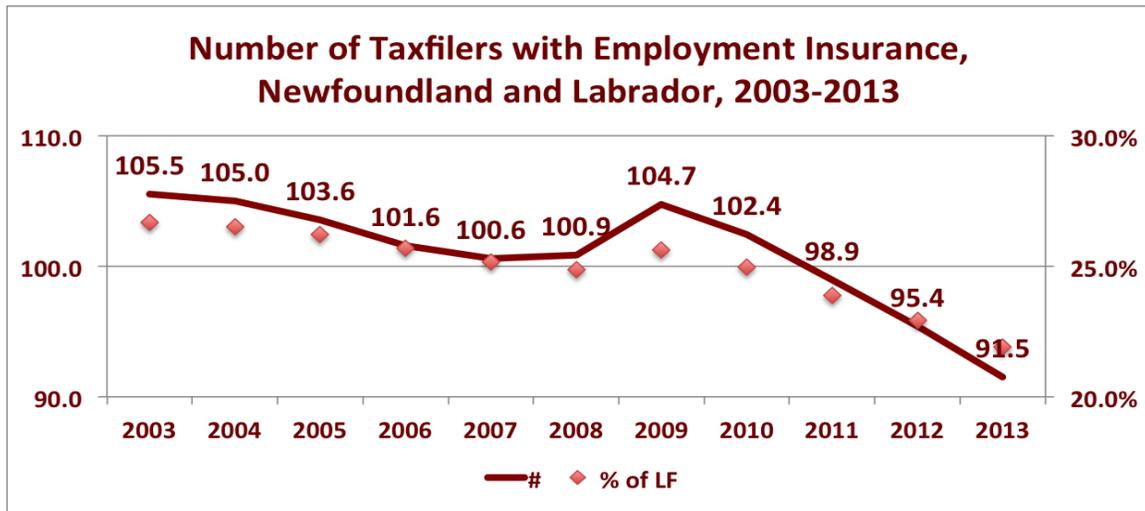
Chart 3



Source(s): Statistics Canada, Cansim Table 111-0024.

The number of people receiving EI in Newfoundland and Labrador has fallen -15.3% from 2003 to 2013.^{iv} In 2003, 105,540 people in Newfoundland and Labrador, or 26.7% of the labour force, were receiving some EI income, as seen in Chart 4. After trending downward for some years, the 2008/09 recession pushed the number of EI beneficiaries back up to a new peak of 104,740, or 25.6% of the labour force. From 2009 to 2013, the number of EI beneficiaries had fallen -14.4% to 91,510.

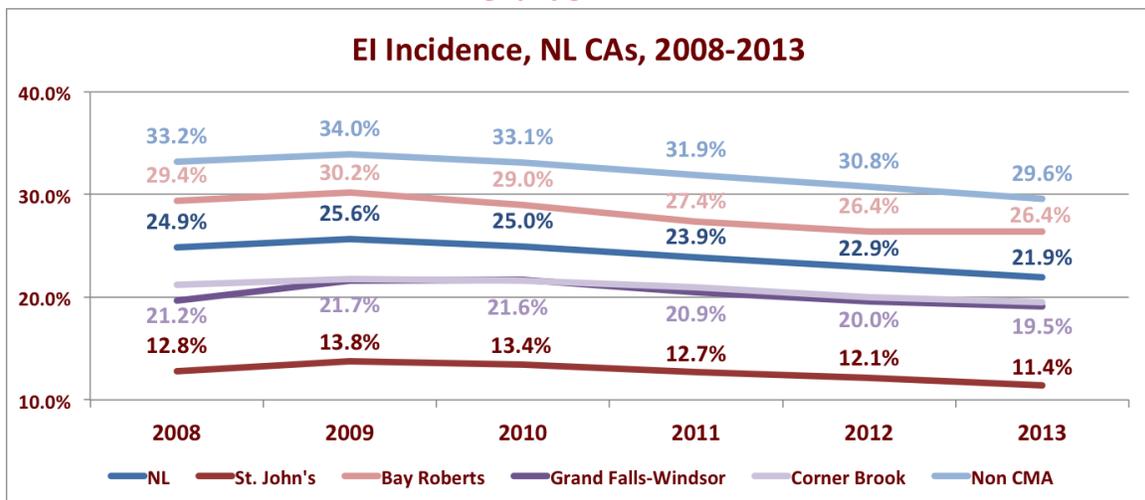
Chart 4



Source(s): Statistics Canada, Cansim Table 111-0024.

When dividing Newfoundland and Labrador by census agglomerations (CAs)[large towns and cities] large variations emerge. Across all regions, the percentage of EI beneficiaries has trended downwards from 2009 to 2013 as seen in Chart 5. In St. John's, the capital city, EI incidence averages at 12.7%.^v Corner Brook and Grand Falls-Windsor host very similar rates of EI incidence, averaging at about 20%. The Bay Roberts area's income receiving population consists of about 28% of EI beneficiaries. As most of rural Newfoundland and Labrador rely on seasonal work, it is unsurprising that the non-CA population would hold the largest percentage of EI beneficiaries, at about 32% of the population.

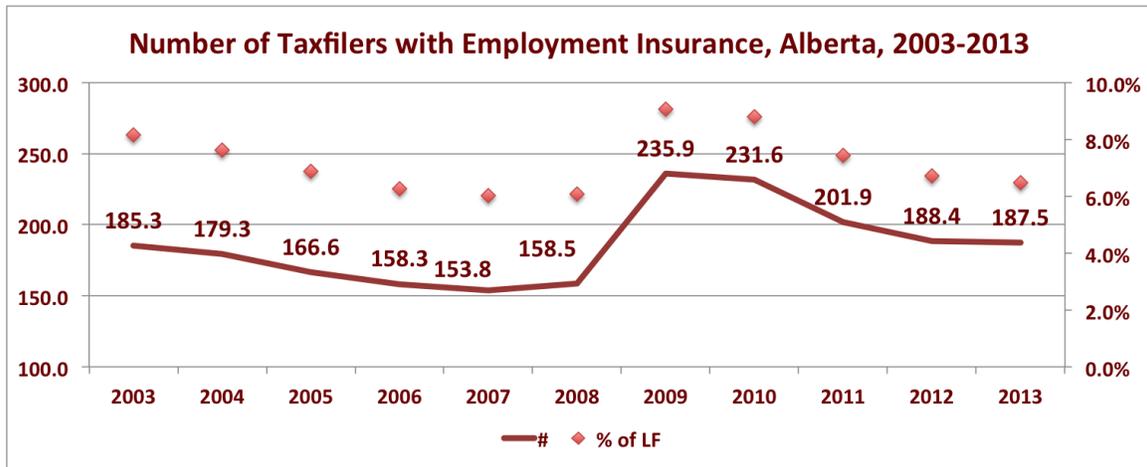
Chart 5



Source(s): Statistics Canada, Cansim Table 111-0024.

Averaging at 7% of the labour force, the EI incidence rate in Alberta is much lower than in Newfoundland and Labrador.^{vi} While the absolute numbers are much higher in Alberta, this is more so a reflection of Alberta's larger labour force. After peaking to a high of 235,900 EI beneficiaries in 2009, the number of beneficiaries has trended downward year-over-year. However, in 2013 the number of beneficiaries did increase slightly, and is still higher than pre-recession levels, with 187,500 people receiving some income from EI in 2013, compared to 153,800 in 2008.

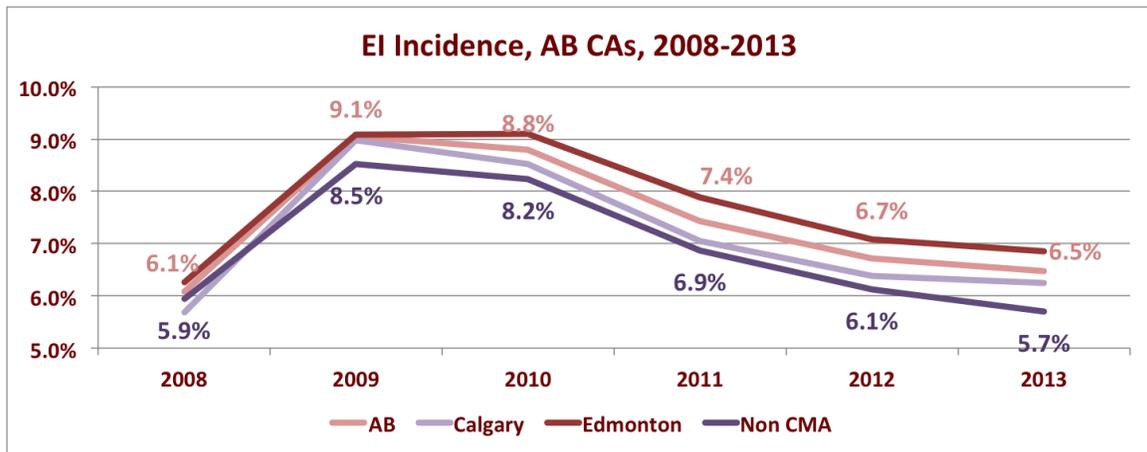
Chart 6



Source(s): Statistics Canada, Cansim Table 111-0024.

Little variance of EI incidence in Alberta. While Edmonton has a slightly higher percentage of EI beneficiaries, it is usually less than a 0.5% difference from the Albertan average.^{vii} Comparing the larger urban centres to rural areas, the EI incidence rate of non-CMAs is almost exactly the same as that of Calgary. Following the provincial trend, EI beneficiaries as a percentage of the labour force rose dramatically in all regions in 2009 and has steadily declined since.

Chart 7

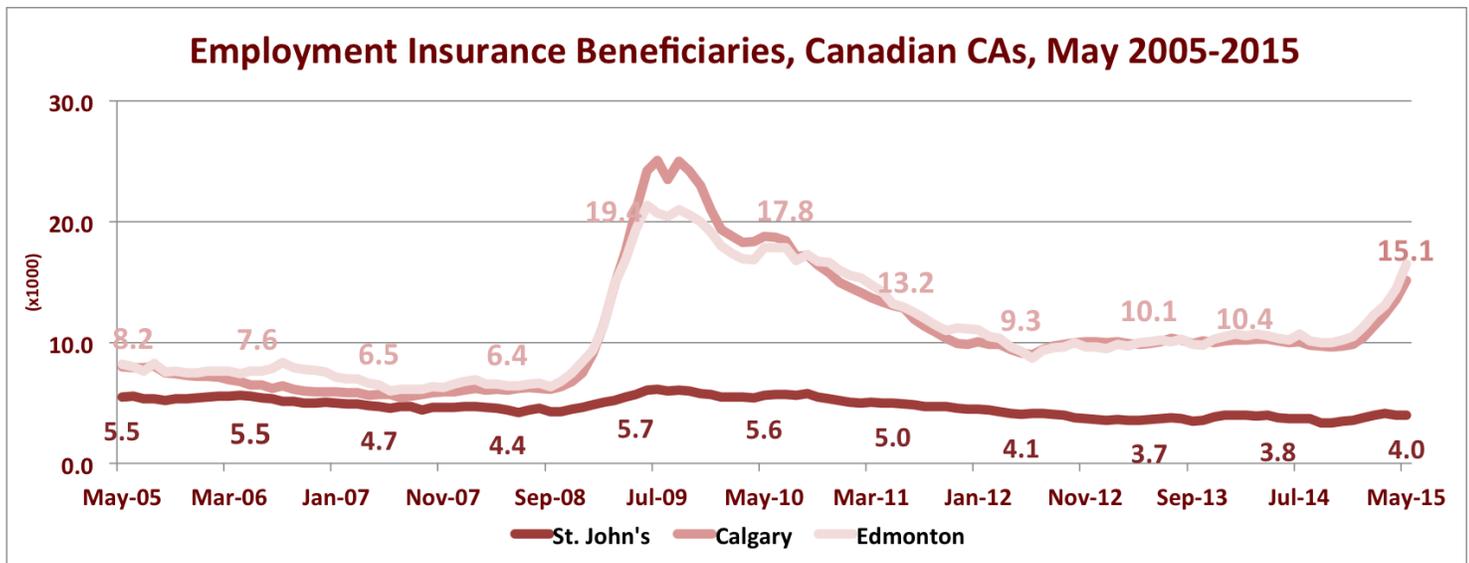


Source(s): Statistics Canada, Cansim Table 111-0024.

Comparing Census Agglomeration areas (CAs) for Newfoundland and Labrador, and Alberta, EI beneficiaries make up a larger portion of the St. John's population (2.9%)^{viii} than in Calgary (1.0%) or Edmonton (1.1%). Workers in St. John's, however, seem less subject to market volatilities than their Western cousins, as the number of people claiming EI each year has been steadily declining over the past decade, decreasing 27.3% from 5,500 claims in May 2005 to 4,000 in May 2015.^{ix} **Over the past year, the number of EI beneficiaries in St. John's on a monthly basis has stayed steady at around 4,000 recipients.**

Calgary and Edmonton are both home to more than 1.1 million people^x and host similar numbers of EI beneficiaries. Chart 8 illustrates that workers in these cities seem more affected by changes to the economy relative to St. John's. We can easily observe the huge spike of EI claimants during The Great Recession of 2008-09, where the number of beneficiaries peaked at 25,100 in Calgary in July 2009 and 21,400 in Edmonton in June 2009.^{xi} Following the recession, the labour market did not fully recover, as 10,100 people were still claiming EI in May 2013, 57.8% more than the 6,400 EI claimants in April 2007. The past six months, overshadowed by \$60 USD/bbl oil, has produced growth in EI claimants in Alberta once again. **Since November 2014, the number of EI beneficiaries has risen 55.7% in Calgary from 9,700 to 15,100 and 61.8% in Edmonton from 10,200 to 16,500.**

Chart 8

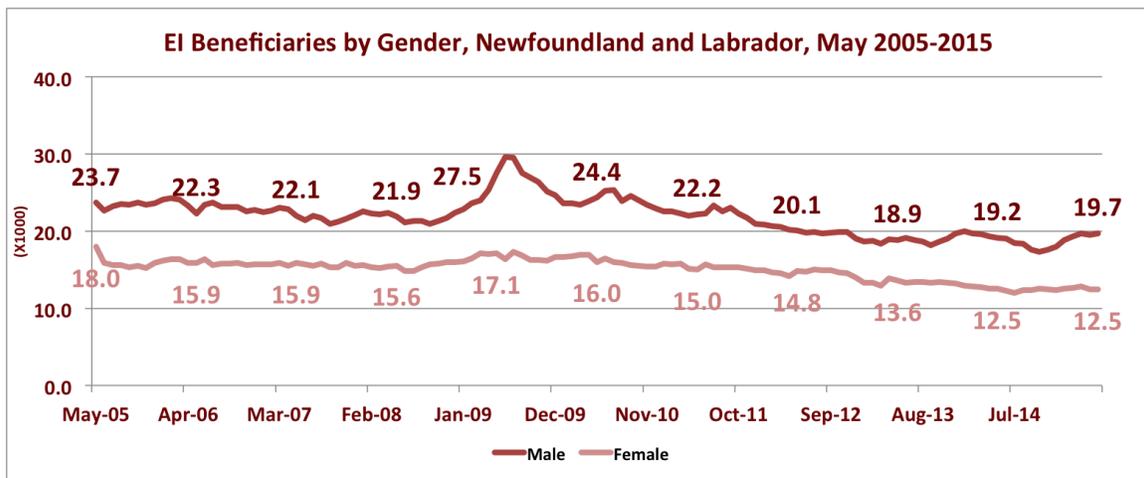


Source(s): Statistics Canada, Cansim Table 276-0034

Dividing EI beneficiaries by gender, Chart 9 shows that there has been an overall decline of EI beneficiaries in Newfoundland and Labrador over the past decade for both genders with women performing better than men in the labour market. From May 2005 to May 2015 the number of men claiming EI fell -16.9% from 23,700 to 19,700, while the number of women claiming EI fell -30.6% from 18,000 to 12,500.^{xii} Here the gap between the genders is not as large as in Alberta but men still make up a larger portion of EI claimants.

Over the past year, there has been some growth in EI claims for men by 2.6% for men while the number of claims for women has remained steady.

Chart 9

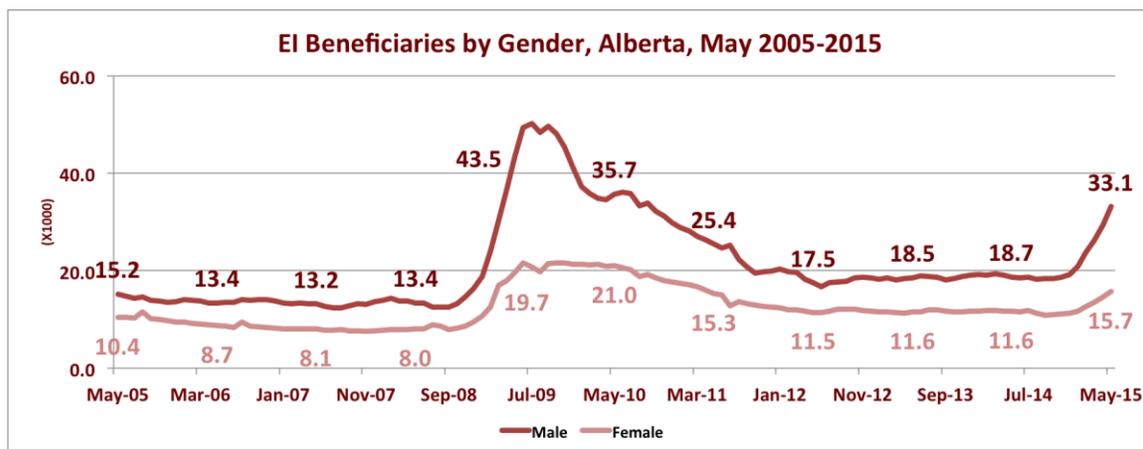


Source(s): Statistics Canada, Cansim Table 276-0022.

Male EI beneficiaries in Alberta have seen a significant rise in claims with 117.8% growth from 15,200 in May 2005 to 33,100 in May 2015 as is seen in Chart 10.^{xiii} This is more than double the 51.0% growth of female beneficiaries in Alberta from 10,400 in May 2005 to 15,700 in May 2015. This variance in growth has resulted in twice as many men claiming EI in May 2015 than women.

Over the past year, there has been a stark increase in EI claims for men, jumping 14,400, or 77.0%, from 18,700 in May 2014 to 33,100 in May 2015. This is three times greater than the 4,100, or 35.3%, rise of female EI beneficiaries from 11,600 in May 2014 to 15,700 in May 2015.

Chart 10

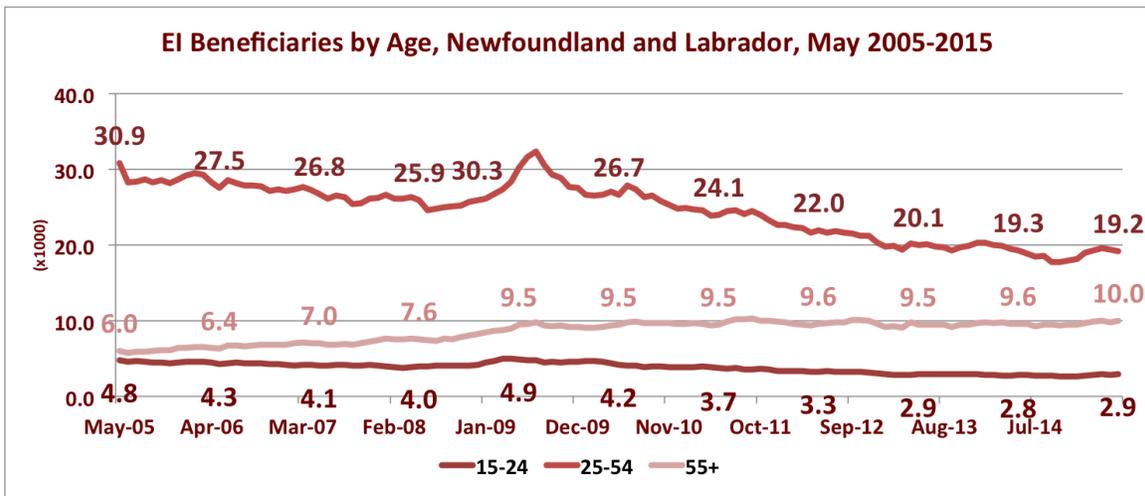


Source(s): Statistics Canada, Cansim Table 276-0022.

Comparing different age groups, older workers have been more affected by market changes in Newfoundland and Labrador than younger ones as viewed in Chart 7. Those aged 55+ have seen the largest increase of EI beneficiaries from May 2005 to May 2015 with 66.7% growth from 6,000 to 10,000. This is the only age cohort in the province that has seen an increase in EI claims in the Province, as EI beneficiaries fell -39.6% for those aged 15-24 and -37.9% for those aged 25-54.^{xiv}

Over the past year, there was a slight gain of EI claims by those aged 15-24 (3.6%) and those aged 55+ (4.2%). The downward trend of EI beneficiaries, aged 25-54 has continued, with numbers falling (-0.5%) since May 2014

Chart 11

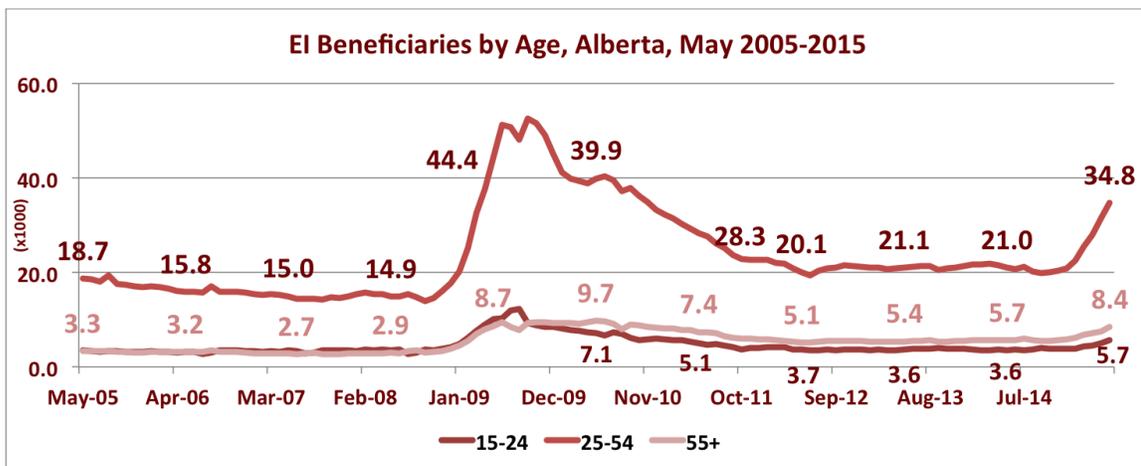


Source(s): Statistics Canada, Cansim Table 276-0022.

Chart 12 shows that Alberta, in contrast, has seen positive, upward growth of EI beneficiaries of all ages. Over the past decade those aged 25-54 have seen the most growth with a 16,100, or 86.1% rise from 18,700 in May 2005 to 34,800 in May 2015.^{xv} The number of EI beneficiaries, aged 55+ more than doubled over this period, while those aged 15-24 saw 72.7% growth.

The past year has seen significant gains for all age groups. EI beneficiaries, aged 25-54 experienced a stark increase of more than 13,000, or 65.7%. Claims by those aged 55+ rose 2,700, or 47.4%, and claims by those aged 15-24 rose 2,100, or 58.3%.

Chart 12



Source(s): Statistics Canada, Cansim Table 276-0022.

Employment insurance is an important safety net in our society as a Band-Aid for short-term cyclical unemployment that is typical of market economies.^{xvi} While we may celebrate the negative trends of EI beneficiaries in Newfoundland and Labrador, this is but a snapshot into the province's unemployed labour market. EI beneficiaries do not generally include those unemployed for more than a year, the people who have given up on the labour market, including those who are living on government assistance.

Therefore, further questions still remain

- How long are people on EI?
- Are beneficiaries' skills still relevant or do they need retraining?
- Are EI beneficiaries returning to the labour market, or slipping out?
- What are their occupations and what industries do they work in?
- What are their family incomes?

The main insights that our discussion here provides is that, as seen through the EI lens, we note that the current decrease in economic activity has been focused on those western provinces whose economy is related to oil extraction based on land. Surprisingly and pleasantly, Newfoundland and Labrador workers have not been affected to the same extent by falling world oil prices as the workers in Alberta have. The lesson to be learned is that we should examine the details before making generalized pronouncements.

ⁱ Table 2760022 - Employment Insurance program (EI), beneficiaries receiving regular income benefits by province, declared earnings, sex and age, seasonally adjusted, monthly (Persons)

ⁱⁱ Table 1110024 - Labour income profile of taxfilers, by sex, annually (Dollars unless specified)

ⁱⁱⁱ Source(s): Ibid.

^{iv} Source(s): Ibid.

^v Source(s): Ibid.

^{vi} Source(s): Ibid.

^{vii} Source(s): Ibid.

^{viii} Table 510056 - Estimates of population by census metropolitan area, sex and age group for July 1, based on the Standard Geographical Classification (SGC) 2011, annually (Persons)

^{ix} Table 2760034 - Employment Insurance program (EI), beneficiaries receiving regular income benefits by province and census metropolitan category, seasonally adjusted, monthly (Persons)

^x Table 510056

^{xi} Table 2760034

^{xii} Table 2760022

^{xiii} Source(s): Ibid.

^{xiv} Source(s): Ibid.

^{xv} Source(s): Ibid.

^{xvi} Cyclical unemployment is less than one year.