## Labour Market InSight

## Alberta's participation rate remains subdued

Alberta's labour force participation rate (part-rate) has failed to rebound this year despite solid economic conditions and a strong labour market. While the part-rate has been on a long-term decline since 2008, it saw renewed weakness this year after improving in 2021 and 2022. The part-rate has averaged 69.6\% year-to-date (YTD) through November, lower than in the same period last year. This Labour Market InSight examines the major reasons behind the weakness in the part-rate.

## Population ageing driving long-term decline

Alberta's part-rate was declining even before the pandemic, largely driven by demographic trends. Alberta's population, like the rest of country, is ageing. The share of older workers (aged 55 and older) relative to the working-age population climbed from $25 \%$ in 2008 to $32 \%$ in November 2023, while over the same period the share of working-age population older than 65 grew from 12\% to 18\% (Chart 1). Since older individuals are less likely to participate in the labour market, an increasing share of mature and retirement age workers has been a key driver in the long-term decline of Alberta's overall part-rate. This declining trend in the part-rate accelerated during the COVID pandemic and has not since turned around.

CHART 1: PART-RATE FALLING WITH AGEING POPULATION
Participation rate and share of working-age population (15+)


Sources: Statistics Canada and Haver Analytics

## Structural changes also a drag

The structural shift in Alberta's economy is also another key factor behind the long-term downward trend in the part-rate. Lower oil prices and market access issues in 2018 and 2019 kept business investment muted prior to the pandemic. This resulted in a lagging recovery in goods sector employment since 2015, particularly in the oil \& gas and construction sectors. The impact was disproportionately felt among males,
particularly youth (aged 15-24). Historically, the construction and oil \& gas industries offered significantly well-paying employment opportunities for young males straight out of high school. During the height of the oil sands boom, over $19 \%$ of all young males were employed in construction and oil \& gas. This has declined to less than 10\% this year (Chart 2).

CHART 2: MALE YOUTH PART-RATE FALLS WITH EMPLOYMENT IN CONSTRUCTION AND NATURAL RESOURCE EXTRACTION
Share of male youth population employed in construction and oil \& gas, and the part-rate, 12-mo MA


Sources: Statistics Canada and Haver Analytics

## More youth attending school

Higher school enrollment has also contributed to the weakness in the youth part-rate. While this trend has been ongoing since 2008, it has accelerated since the pandemic. The shift in preference between school and work was amplified by the economic shock of COVID. The youth part-rate cratered during COVID as more young Albertans chose to go to school given the grim employment prospects. There was a big spike in school enrollment during COVID, and while this has subsided, $58 \%$ of youth were in school this November, two percentage points higher than in November 2019.

## Growing disengagement among youth

Regardless of school attendance, more youth are choosing not to participate in the labour market. The student part-rate averaged 42\% in the 2022-23 school year, significantly lower than pre-2018 levels. Meanwhile, the part-rate among young Albertans not attending school has plunged from around $90 \%$ prior to COVID to below 85\%. The part-rate for this cohort has been dragged down almost exclusively by male participation, particularly those who are 20-24 years old.

With the structural changes to the economy and growing importance of higher education, the disengagement among youth has been more pronounced in males. After gaining some ground in 2021 and 2022, the participation for young males in Alberta has fallen back to average 63.1\% this year, just above the COVID 2020 low. In contrast, female youth participation in Alberta saw a stronger recovery and now exceeds that of young males for the first time ever. With the lagging recovery in males, Alberta's youth part-rate has converged to the national average since 2019 (Chart 3).

CHART 3: YOUTH PART-RATE CONVERGES TO NATIONAL AVG Part-rate by gender, 12-mo MA, Alberta and Canada


Sources: Statistics Canada and Haver Analytics

## Females driving strength in core-age cohort

In contrast to youth, core-aged (25-54) labour force participation has been strong in Alberta. The core part-rate has averaged 88.8\% YTD through November, just down from 2022's YTD all-time high (88.9\%). The increase has been driven by exceptionally strong female participation. Participation among core-aged female started to accelerate in early 2022 following the introduction of the Canada-Alberta Early Learning and Child Care Agreement and is at record levels (Chart 4). The surge is particularly strong in females aged 30-40, the prime child-bearing cohort, which jumped from $80 \%$ at the end of 2021 to $85 \%$ by mid-2023 (on a 12-month moving average basis). In contrast, the part-rate for core-aged males has been trending down, influenced by the same industry trends that are weighing on the youth participation. Despite the massive improvement in core-aged female participation, it has failed to offset the impacts of demographic ageing and trends in youth participation.

CHART 4: PARTICIPATION FOR FEMALES SURGES AFTER CHILDCARE AGREEMENT
Alberta part-rate, 12-mo MA


Sources: Statistics Canada and Haver Analytics

## Immigrants propping up part-rate

Immigration is helping to partially offset the downward impact of population ageing on the part-rate. Immigrants coming into the province are much younger compared with the rest of the population and are a significant driver of growth in Alberta's core-aged working population. The core-aged working population grew nearly 130,000 over the last two years, with landed immigrants accounting for almost three-quarters of the increase. As a result, the share of landed immigrants in the core-aged population rose from an average of around $26 \%$ in 2017-2019 to $31 \%$ so far in 2023. While immigrants face more barriers in joining the workforce and tend to participate less than their Canadian born counterparts, this cohort is most likely to participate compared to young and older workers and boost the overall part-rate.

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[^0]:    Contact Ceilidh Ballantyne at TBF.ERFPublications@gov.ab.ca For current snapshot of Alberta indicators Allberta Economy Indicators at a Glance

