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Is An Employment Shortage Looming?

Will Alberta be short 77,000 workers by 2019 as a recent report by Alberta Employment and Immigration predicts? It's a headline figure that certainly attracts the attention of human resource departments, so it's worth examining in more detail.

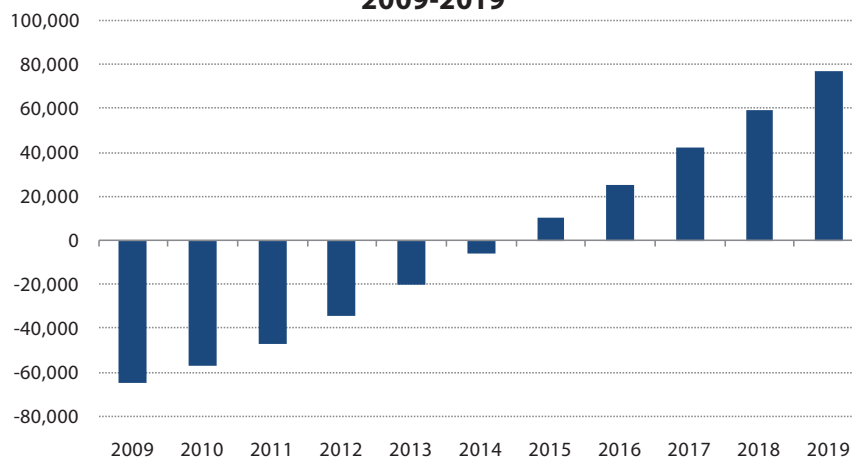
While the Fort McMurray labour market might be humming along, unemployment remains elevated in other areas of the province. In this vein, the same model that was used to forecast the 77,000 job deficit by 2019 also shows a current *surplus* of 47,000 workers. This prediction fits with Statistics Canada data, which shows there are around 130,000 people unemployed in Alberta—roughly 50,000 higher than just before the recession. The provincial labour market isn't predicted by the model to be in a labour-deficit position until 2015 (see graph).

How reliable is the forecast? The looming retirement of the baby boom generation on labour supply is a trend that can be forecasted over longer periods fairly accurately and is probably the dominant factor. Less stable factors are the impact of future technological change (replacing labour with machines) and wage dynamic effects (inducing people to work longer, migration flows etc.).

In short, forecasts are simply educated guesses as to how the future will unfold following current trends. It's a planning tool that warns if we are likely to face an issue and clearly it's pointed in that direction.

Apart from some specialized trades in the energy sector, Alberta is not on the cusp of a labour crunch today. But in the medium to longer term, labour supply will become an important issue, so preparing for it today would be prudent.

**Cummulative Forecasted Labour Shortage, Alberta,
2009-2019**



Source: Alberta Employment and Immigration

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