



# ECONOMIC & LABOUR MARKET RESEARCH AND ANALYSIS PROJECT

**CANADA** ○ **ALBERTA** ○ **MEDICINE HAT & AREA**

Report No. 10  
July 2011

This report provides labour market and economic information prepared for use by the Economic Development Alliance of Southeast Alberta, Alberta Employment and Immigration, City of Medicine Hat, The Community Foundation of Medicine Hat & South-eastern Alberta, and Medicine Hat and District Chamber of Commerce. The report aims to provide economic and labour market information pertaining to Medicine Hat and area in specific, as well as provincial and national information, relevant to the area.

In addition to the economic overview and labour market trends, the Quarterly report also includes a survey of local employers to cast light on their recruitment and retention practices, together with the documentation of other economic or labour market concerns they may have.

The current report contains expert opinion on an additional section – Sector in Focus: Manufacturing.

This final publication has also been commented on by economists at the ATB.

The information herein covers trends of data available for the month of July 2011.

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This quarterly report has a few individuals and organizations to thank, whose input and insights have undoubtedly added value to the content of this report.

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The professional experts at Alberta Finance and Enterprise are thanked profusely for graciously sharing their insights to be included in this report.

Economists at ATB are deeply thanked for providing a foreword for this final publication.

## FOREWORD

As we move into autumn of 2011, global economic conditions have definitely taken a turn for the worse. Fears surrounding the US economy and a potential for a double-dip recession have resurfaced and debt concerns in Europe remain unresolved, both of which have caused financial market volatility.

Canada's situation has been better, although its economy experienced a small contraction in Q2 (-0.1%). With Canadian domestic economic activity running out of steam—and the US economy continuing to stumble—growth in Canada will probably remain tepid in the second half of the year.

The Alberta economy has also taken breather in Q2 of this year with many economic indicators pulling back during the April-June period. However, compared to central Canada, the western Canadian economies continue to outperform thanks to fairly strong prices for oil, agriculture products, and other commodities. Despite this outperformance, the Alberta residential construction sector remains weak and resale housing markets are also relatively slow. The energy sector, a fundamental driver of Alberta's economy, remains on a solid footing even though oil prices have retreated from above \$US 100/barrel to the \$US 80-85/barrel range. This will continue to underpin economic growth in Alberta, despite the general slowdown in Canada and globally.

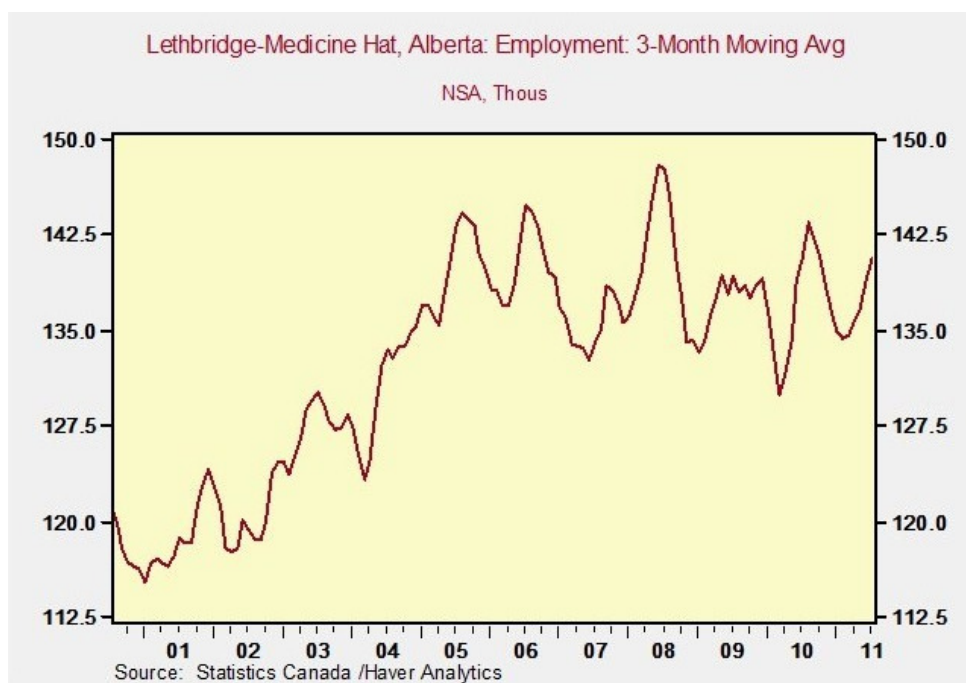
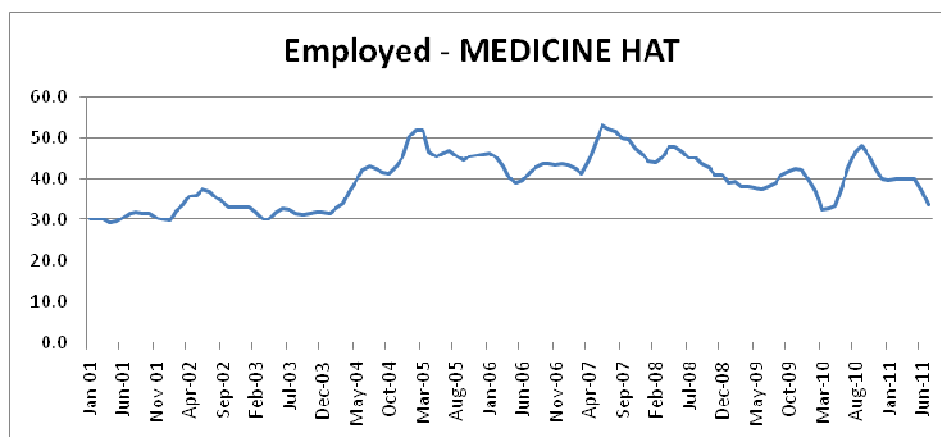
In contrast to Alberta's broader economy, the situation in and around Medicine Hat has not been as positive. Activity in the oilsands, one of the principle drivers behind the recovery in the provincial economy over the past year, only marginally impacts the Medicine Hat region. Furthermore, natural gas extraction activity, the main driver of the regional economy, remains very subdued. This is particularly true of the conventional dry, shallow gas wells that exist in the area. Considering this, while the Medicine Hat economy has not deteriorated recently, overall levels of economy activity appear largely unchanged over the past four or five years and growth has been among the weakest in the province.

## A N A L Y S I S

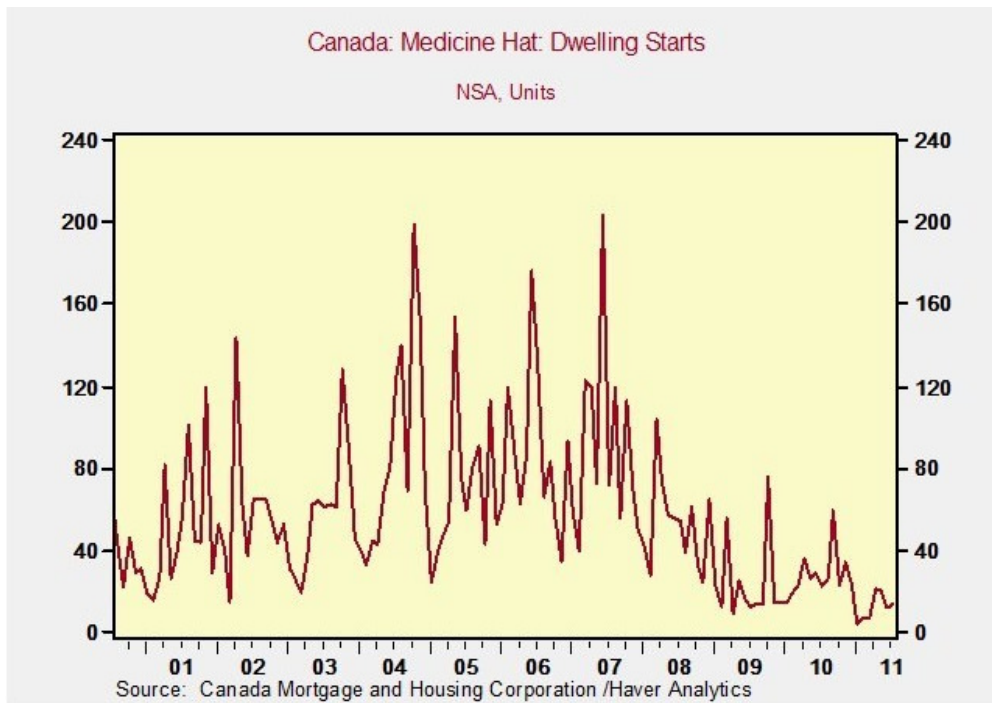
Employment in the Lethbridge-Medicine Hat (LMH) region has been largely unchanged for five years, indicating that the broader economy in the region has been flat over this period. Honing in specifically on employment in Medicine Hat, the situation is even more negative. The total number of jobs in the city has fallen steadily since the boom ended in late 2007 and employment is trending back towards levels that persisted prior to the mid-decade boom.

Examining broader labour market indicators for the LMH region, the same situation is also evident. The size of the labour force has been unchanged during the period, the unemployment rate has been trending around 6% since the recession (no improvement such as in other areas of the province), and the participation rate has fallen as job prospects have diminished. This flatness in the LMH labour market implies that the regional economy has been flat since the end

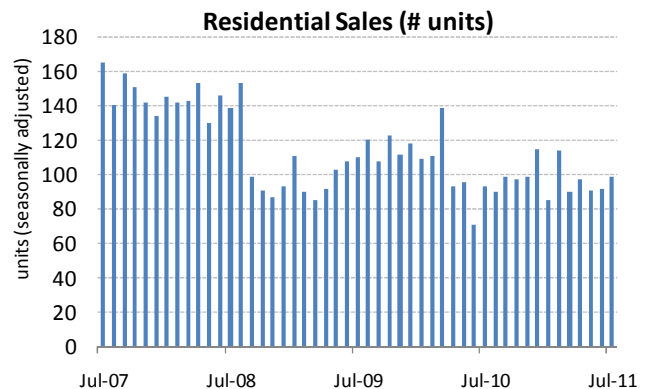
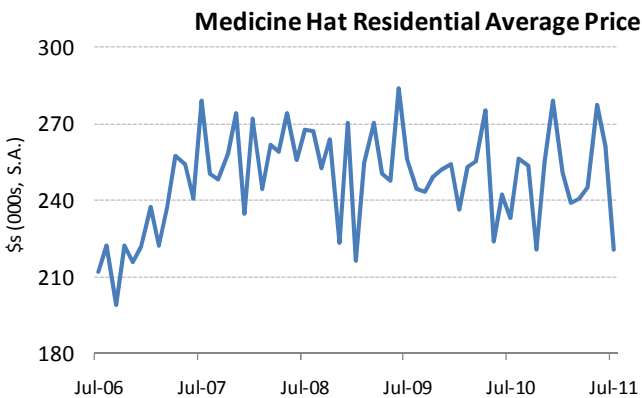
of the boom and the negative trend in Medicine Hat employment implies that city's economy has actually shrunk since 2007.



Construction activity in and around Medicine Hat has also been somewhat subdued and has failed to bounce back since the recession. Housing starts remain very low compared to during the mid-decade (see graph) and although starts have been weak across Alberta since the mid-decade, the trend has been even more pronounced in Medicine Hat. In addition to housing start activity, construction activity authorized by permits indicates that non-residential construction activity has also declined, although to a lesser extent than residential construction. Building permits issued in all three non-residential categories (industrial, commercial and institutional) have declined over the past couple years. In all three categories permits issued in the region during 2010 were the lowest since at least 2006, and thus far into 2011 permit issuance is on pace to decline again in the industrial and institutional categories.



Turning to the housing market in Medicine Hat, the story is similar to other sectors. The average housing resale price in the city has been flat since 2007 and if anything has trended slightly downwards over the past two years (see graph). Sales volumes have followed a similar trend and remain at the low end of their recent range (see graph). Moving forward housing market conditions are unlikely to break out of their current funk without some sort of positive shock, such as a sharp rise in natural gas prices. Low mortgage rates, which are expected to persist well into 2012, will provide some downside protection to housing prices in the Medicine Hat region; however, on the flipside if there is a sharp increase in mortgage rates over the next couple years without a corresponding pickup in the economy or natural gas prices, housing prices may decline.





In addition to a somewhat weak housing resale market, the rental market in and around Medicine Hat remains soft. According to the Canada Mortgage and Housing Corporation, at 9.4% Medicine Hat has the highest rental vacancy rate of all the cities in Alberta included in its survey. Previously, vacancy rates were even more elevated in Grande Prairie and the Wood Buffalo regions, although both of those centers saw large declines in their rental vacancy rates during the past year. Although the vacancy rate in Medicine Hat is the highest in the province, it has declined from a nearly 11% one year ago. In addition to the high vacancy rate the average rental rate in Medicine Hat is the lowest in Alberta. Although in some ways this is not a negative statistic (low rental rates encourage people to live in the city etc.) it is testament to the weak levels of demand persisting in Medicine Hat currently.

One other principle sector in Medicine Hat is the agriculture sector. This is actually one of the good news sectors for the city as both crop and livestock prices are at fairly healthy levels (particularly crop prices). Also, reasonably good growing conditions this summer should lead to stronger cash receipts for farmers compared to the previous couple years. This will lead to an influx of cash for the regional economy, which will help to buoy activity in other sectors and may prevent the economy from deteriorating further.

## C O N C L U S I O N

Overall the Medicine Hat region economy is characteristic of an economy that was overheated, and is now going through a long phase of consolidation. Since the recession Medicine Hat has been one of the (if not the) weakest of the larger cities in Alberta in terms of growth. This owes largely to the fact that a recovery in oil extraction has led the recovery in Alberta, but the Medicine Hat region doesn't benefit as significantly from oil activity as other areas. By contrast natural gas extraction in the southeast, the primary driver of the Medicine Hat economy, has remained very slow. Without a recovery in gas extraction in the region, the Medicine Hat economy is likely to remain somewhat subdued.

One upside in 2011 is the agriculture sector. Livestock prices are up compared to a year ago, although a strong Canadian dollar and export restrictions are offsetting the rise in prices. Crop prices for the main crops produced in the Medicine Hat region are fairly robust and growing conditions are also quite positive. This will lead to influx of cash for farmers, which will have some positive trickle down effects on the broader economy.

ATB  
August 2011

## ECONOMY

In a dynamic economy, actions and activities, nationally and provincially, have effects at local and regional levels. This section provides information for economic activity at the national, provincial and local levels, for the month of July 2011.

### C A N A D A

NATIONAL GROSS  
DOMESTIC  
PRODUCT  
DECREASES BY  
**0.3 % IN MAY 2011.**

2010 GDP  
GROWTH: 3.1%

OVERNIGHT  
INTEREST RATE:  
**1.00%.**

OUTPUT GAP TO  
CLOSE BY 2012 END  
(revised from end  
of 2011).

Real gross domestic product (GDP) declined 0.1% in the second quarter, following a 0.9% increase the previous quarter. Expressed at an annualized rate, real GDP in the second quarter declined 0.4%, after expanding 3.6% in the first quarter. On a monthly basis, real GDP by industry increased 0.2% in June.

Decline in the second quarter was largely a result of a 2.1% drop in exports. Other than exports, declines were experienced in lower energy exports (-6.7%), oil and gas extraction (-3.6%), goods production (-0.8%), and output in the manufacturing industry (-0.9%), as both non-durable and durable goods manufacturing fell.

#### **OVERNIGHT INTEREST RATE:**

The Bank of Canada kept the overnight rate unchanged at 1.00% at its July 19, 2011 meeting. The last hike of 25 basis points was introduced in September 2010. The rate still remains historically low and is seen to be conducive to provide stimulus to the economy. Although there are signs of prospering times, the Bank is cautious and will not likely be increasing the rate anytime before the manifestation of such a time. Economists expect that not to come before the third quarter of 2011.

The overnight rate, and any subsequent changes to it, affects interest rates for products such as variable rate mortgages. An increase in this rate, by extension, would translate into reduced

consumer spending, and business investment.

The Bank expects growth to reaccelerate in the later part of 2011 following the supply chain disruptions and the impact of higher energy prices of consumption.

Relative to April's projection, growth in household income is projected to be firmer. Net exports are projected to be slightly weaker. The Bank projects the economy will expand by 2.8 per cent in 2011, 2.6 per cent in 2012, and 2.1 per cent in 2013, returning to capacity in the middle of 2012.

NATIONAL INFLATION: 2.7%.

CORE RATE: 1.6%

Household debt has risen 147.3% of disposable income in the first quarter of 2011, due to low interest rates, encouraging households to indulge in acquiring luxuries on credit. The Bank of Canada calculates that the dollar amount represented by home-equity lines of credit and loans has risen by as much as 170 percent. If the interest rates go up, or employment goes down, Canadians will find themselves in a dire situation. The probability of an adverse labour market shock materializing is

assumed to have edged higher in recent months, largely due to the recent revisions to the outlook for the global and Canadian economy.

#### **CONSUMER PRICE INDEX:**

Consumer prices rose 2.7% in July 2011, following a 3.1% increase in June and a 3.7% advance in May. On a monthly basis, the consumer prices rose 0.1% in July 2011, following a decrease of 0.3% from May to June.

The rise in consumer prices is largely attributed to higher prices for gasoline and food purchases.

This is translated to the Canadian inflation being reported at 2.7 %. Inflation rate refers to a general rise in prices measured against a standard level of purchasing power. The most well known measures of Inflation are the CPI, which measures consumer prices, and the GDP deflator, which measures inflation in the whole of the domestic economy.

Energy prices rose 12.9% during the 12 months to July 2011, following a 15.7% increase in June 2011. Gasoline prices increased 23.5%. Excluding energy, the CPI rose 1.2% in the 12 months to July.

Prices for natural gas fell 3.3% in the 12 months to July 2011.

The core rate, which strips out volatile-priced items such as food and energy, and which the Bank of Canada uses to assess the impact of inflation on the economy rose 1.6% in the 12 months to July 2011, following a rise of 1.3% in June 2011. Although it is a decline from the previous month, the core rate remains higher than the Bank of Canada's schedule 1.4% average for second quarter of 2011 (expected to be 1.7% in third quarter). On a month-to-month basis, the seasonally adjusted monthly core index rose 0.3% in July 2011 matching a decline of 0.3% in March 2011.

The Bank of Canada projects headline inflation to remain above 3% in the near term on the back of rising commodity prices, although this jump is expected to be temporary. Core inflation is slightly firmer than anticipated. Core inflation is now expected to remain around 2 per cent over the Bank's projection horizon. The Bank expects the CPI inflation to return to the 2 per cent target by the middle of 2012.

*Inflation in Canada averaged 1.8% in 2010.*

#### **HOUSING:**

Canada Mortgage and Housing Corporation's *Preliminary Housing Start Data*, for July 2011, reports that Canadian housing starts in urban centers increased 3.1% over July 2010 to 205,100 annualized units. On a monthly basis, there too was an increase of 4.3%. Although single urban starts decreased by 4.7%, multiple urban starts increased by 13%, making overall urban starts rise by 4.7% to 185,200 units.

Rural starts were 19,900 units in July 2011.

ALBERTA CPI: 1.9%.

ALBERTA GDP  
2010: 3.8%

*New Housing Price Index*<sup>1</sup>: Statistics Canada's New Housing Price Index rose 0.3% in June 2011, following an increase of 0.4% in May 2011.

According to RBC's report on Housing Trends and Affordability, housing affordability, which quantifies the affordability of home ownership, has eroded for the second time in the second quarter of 2011, following two consecutive quarterly improvements. Mortgage rates, whose low levels largely contributed to the enhanced affordability, were slightly increased during this time and contributed in this deterioration. Furthermore, the Bank of Canada's campaign to normalize its interest rate policy this year would have the opposite effect and set affordability on a deteriorating track.

## A L B E R T A

This section provides information on the provincial economy.

#### **ECONOMY:**

Alberta's GDP increased 3.8% in 2010, following a contraction of 4.8% in 2009. However, the biggest contributing factor to the decline in the Canadian economy (for May 2011), has been the mining, oil and gas extraction sector, which contracted 5.3%. Although the decline may be reflective of factors such as the slow spring break up, GDP at the provincial level, released on an annual basis, may be negatively affected.

In Alberta, prices rose 1.9% in July 2011, following a 2.1% increase in June. Gasoline prices in Alberta rose by 23.0%. Prices rose by 0.3% from June 2011. This increase was mainly the result of higher gasoline prices (23%).

NATIONAL  
HOUSING STARTS:  
+ 3.1%.

<sup>1</sup> New Housing Price Index is designed to measure the changes in the selling prices of new houses where detailed specifications pertaining to each house remain the same between two consecutive periods. The prices collected from builders and included in the index are market selling prices less value added taxes, such as the Federal Goods and Services Tax or the Harmonized Sales Tax.

RBC, in its Provincial Outlook of March 2011, paints a promising picture for the Albertan economy, asserting that capital investments will flow towards the province's oilsands, fostering both central and peripheral economic activity. Furthermore, it forecasts the province to achieve real GDP growth of 4.3% in 2011, promoting Alberta to secure a spot among the top three provinces.

The average number of rigs drilling in Alberta was 240 in July 2011, up from 150 in June 2011. Drilling activity was 20.8% more than the numbers from July 2010.

Petroleum Services Association of Canada updated its 2011 drilling activity forecast for Canada in its third quarter update in July, reporting that Alberta would increase drilling by 29 additional wells – up to 8,761 wells. This higher revision is promising compared to the first quarter forecast of 8,390 wells. This accounts for 8% increase over 2010. The bulk of increase will be coming from surging crude prices. Association president for the Canadian Association of Oilwell Drilling Contractors reported that 530 rigs were in operation during the first three months of 2011, which, although 100 more than forecasted, could have been more, *if there was not a lack of skilled labour*.

The Conference Board states that the energy industry will keep the goods-producing sector growing at a quick enough pace to offset another year of modest performance among services industries. The province is anticipating a creation of some 60,000 jobs in 2011, and some 66,000 in 2012. *The positive forecasts may also translate into higher migration into the province*. Real GDP for 2012 is predicted to advance 3.3%, which is downwards revised from 4.1%, and is being attributed to a probable strong service sector and a growing goods producing sector, complemented by an energized energy sector.

Scotia-Bank forecasts the province to have the lowest unemployment rate in 2012. Alberta fared well on the Canadian Federation of Independent Business (CFIB)'s business barometer index, scoring 74.9, making it the most optimistic province. 29% of the 931 CFIB member respondents in July indicated intentions of additional hiring in the imminent 3-4 months, as compared to 9% anticipating a decrease.

Natural gas prices are not expected to rebound in the imminent future. Although energy industry province wide had a good recovery in 2011, it was the year where oil drilling had exceeded natural gas. For 2011, the Canadian Association of Oilwell Drilling Contractors anticipate an average of 356 drilling rigs, a utilization rate of 45 percent. Number of operating days is forecast to be 128,600 – an increase of 8 percent.

National beef market contemplates broadening its export markets. Although the US buys  $\frac{3}{4}$  of the Canadian beef exports, the sales are way off the 10-year peak of \$1.7billion. Fewer cattle are being raised as farmers see the feed costs increase, the high Loonie skimming industry profit margins, and the declining US dollar giving American exporters a price advantage.

## HOUSING:

Alberta's July 2011 housing starts in urban centers, reported by Canada Mortgage and Housing Corporation's *Preliminary Housing Start Data*, increased by 1.8% over the last month. Year over year, July's housing starts decreased 17.8% from July 2010. Starts have likely been held back by the massive amount of supply put up in the heated days of 2006 and 2007, when starts averaged about 50,000 units.

Alberta's affordability, as measured by the RBC affordability index, deteriorated in the second quarter. However, despite the deterioration, the measures for Alberta were still lowest among the provinces. Both sale of existing homes and construction of new ones, as well as home prices have been muted thus far in the year.

That being said, owning a home in Alberta is still very affordable in both absolute and relative terms. Such a degree of affordability bodes well for a strengthening in housing demand. Once the provincial job market sustains more substantial gains, and as the economy grows, resale activity will become stronger.

Sales of existing homes in Alberta were up 2.0% to 4,634 (seasonally adjusted) in July 2011, the second consecutive increase. Year over year, existing homes sales rose 26.2%.

The province's housing starts in urban centers, seasonally adjusted at annual rates<sup>2</sup>, stood at 22,200.

## BUILDING PERMITS

In June 2011, the value of Alberta's building permits decreased by 11% from the previous month to \$972.6 million. The decrease was in both residential and non-residential sector (-4.1% and -18.5% respectively).

Nationally, the value of building permits increased by 2.1% from the previous month, to just over \$6.5 billion.

**TABLE 1: VALUE OF BUILDING PERMITS - CANADA & ALBERTA**

	JUNE 2011	MAY 2011	JUNE- MAY	MAY - APRIL	APRIL- MARCH	MARCH -FEB	FEB- JAN	JAN- DEC
	thousands of dollars		percentage change					
<b>CANADA</b>								
Total	6,567,549	6,429,426	2.1	20.9	-21.5	16.8	9.8	-6.6
Residential	3,735,435	3,679,871	1.5	5.2	-12.1	33.6	-18.3	-2.5
Non – residential	2,832,114	2,749,555	3	51.1	-34.9	-1	72.7	-14.5
<b>ALBERTA</b>								
Total	972,616	1,093,050	-11	21.5	2.8	-41	112.7	-19.6

<sup>2</sup> Monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months

	JUNE 2011	MAY 2011	JUNE- MAY	MAY - APRIL	APRIL- MARCH	MARCH -FEB	FEB- JAN	JAN- DEC
	thousands of dollars		percentage change					
Residential	546,318	569,782	-4.1	-9.4	11.4	28.5	-4.1	-1.9
Non – residential	426,298	523,268	-18.5	93.5	-12.8	-70.3	337	-40.2

Source: Statistics Canada, Building Permits, July 2011. Tables 1,2,3.

**ABLE 2: BUILDING PERMITS FOR THE MONTH OF MARCH 2011 – CANADA AND ALBERTA**

	Number of dwelling units			Estimated value of construction		
	Singles	Multiple	Total dwellings	Residential	Non-residential	Total
	Units			thousands of dollars		
<b>CANADA</b>						
May	6,634	10,336	16,970	3,679,871	2,749,555	6,429,426
June	6,946	10,281	17,227	3,735,435	2,832,114	6,567,549
Cumulative Jan. to June 2010	41,478	56,698	98,176	21,521,594	14,650,891	36,172,485
Cumulative Jan. to June 2011	50,869	53,560	104,429	22,497,457	14,155,140	36,652,597
Monthly percentage change	4.70%	-0.53%	1.51%	1.51%	3.00%	2.15%
Yearly -Jan-June %age change	-18.46%	5.86%	-5.99%	-4.34%	3.50%	-1.31%
<b>ALBERTA</b>						
May	1,113	1,282	2,395	569,782	87,213	1,093,050
June	1,219	1,004	2,223	546,318	55,378	972,616
Cumulative Jan. to June. 2010	7,256	5,801	13,057	3,207,659	920,385	6,020,309
Cumulative Jan. to June. 2011	9,905	3,802	13,707	3,710,435	601,869	6,192,511
Monthly percentage change	9.52%	-21.68%	-7.18%	-4.12%	-36.50%	-11.02%
Yearly Jan-June %age change	-26.74%	52.58%	-4.74%	-13.55%	52.92%	-2.78%

Source: Statistics Canada, Building Permits, July 2011. Table 5.

Market rankings for trades and occupations in Alberta, published by the construction sector council's *Construction looking forward, Alberta (2009-2017)* indicate that there will be limited availability of workers for predominantly all construction related trades and occupations and the publication asserts that employers will need to compete to attract additional and appropriate labour.

#### **POPULATION:**

As of the fourth quarter of 2010, Alberta had a net interprovincial migration gain of 2,510 people. This was up from the gain of 1,155 in the third quarter. The province had lost 2,200 since 2009. Interprovincial migration occurs primarily due to economic and social conditions. In Canada, interprovincial migration principally occurs due to job prospects. Hence, an increase in this number may rightly so be interpreted as an improvement as well as the perception of improvement in the economic dimension of the destination province.

As of April 1, 2011, Alberta's population was estimated at 3,758,234, representing a growth of 0.4% from January 2011, and 1.5% from a year earlier. Alberta still remains above the national average of 1.1%.

A Pricewaterhouse-Coopers report, prepared for the government in June 2010, warned that Alberta lags other provinces in measurements of access to venture capital, innovation, productivity growth and university graduates.

## M E D I C I N E H A T A N D A R E A

### **ECONOMY:**

Business licenses issued in July 2011 dropped down for the second consecutive month to 37. Compared to last year, the business licences issued during the first seven months of 2011 have been lower than those issued during the same period last year.

It should be noted that these numbers are not reflective of 'active' business, but merely licences issued.

**TABLE 3: MEDICINE HAT BUSINESS LICENSES**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
January	34	36	53	34	49	33	46	44	54	47	34	33
February	32	26	34	30	36	31	41	38	38	31	34	25
March	45	34	32	45	45	44	60	46	45	72	52	41
April	37	25	45	45	54	52	57	48	64	64	45	42
May	40	29	37	44	35	55	87	67	49	55	56	61
June	34	32	31	48	42	56	54	64	54	45	41	50
July	40	33	35	30	36	49	27	34	40	42	34	37
August	40	45	31	39	36	57	46	61	29	35	47	...
September	27	20	45	40	45	43	35	41	46	44	30	...
October	42	40	43	29	39	39	31	39	63	34	39	...
November	25	38	31	25	45	30	59	35	38	27	39	...
December	16	18	37	34	34	22	23	27	18	32	42	...
Total	412	376	454	443	496	511	566	544	538	528	493	289

Source: Month end statistics, Business Support Office, City of Medicine Hat – for July 2011

### **HOUSING:**

The housing market, after proving to be a powerful economic driver in the previous years, will most likely not serve as strong a function as it had in the past. July 2011's numbers for both starts and completions are down year to year by double digits. Dwelling starts for the first 7 months has dropped by almost 50% from the same time last year. Alternatively, the figure for newly completed and unabsorbed units has dropped, signalling that compared to last year, more units are being occupied upon completion. However, its the multiple component that is doing relatively better than the singles component in terms of being completed and occupied.

This decreasing trend may largely be attributed to the gas sector's low activity and the sector being such an integral part of the local economy.

The average price for those newly completed, and yet unoccupied (single) dwellings had spiked in June and stayed pretty flat in July. On a year over year basis, the average price has gone up.



**TABLE 4: DWELLING START, COMPLETIONS AND NEWLY COMPLETED AND UNABSORBED UNITS, MEDICINE HAT**

			DWELLING STARTS	COMPLETIONS	NEWLY COMPLETED AND UNABSORBED UNITS
JULY	2010	Single detached / Semi	22	28	61
		Row. Apart and other		26	114
		TOTAL	22	54	175
	2011	Single detached / Semi	14	11	48
		Row. Apart and other		8	71
TOTAL		14	19	119	
	Annual change		-36.36%	-64.81%	-32.00%
JANUARY – JULY	2010	Single detached/Semi	157		
		Row. Apart and other	12		
		TOTAL	169		
	2011	Single detached/semi	81		
		Row. Apart and other	4		
		TOTAL	85		
	Year to date change		-49.70%		

Source: Canada Mortgage and Housing Corporation: Monthly Housing Statistics for July 2011

**TABLE 5: MARKET ABSORPTION SURVEY: AVERAGE UNIT SELLING PRICES OF ALL NEWLY COMPLETED AND UNABSORBED SINGLE DETACHED AND SEMI DETACHED DWELLINGS, MEDICINE HAT**

	MAY		JUNE		JULY	
	2010	2011	2010	2011	2010	2011
UNITS	68	58	65	51	61	48
AVERAGE PRICE (\$)	333,135	354,093	344,377	401,893	334,656	394,540

Source: Canada Mortgage and Housing Corporation: Monthly Housing Statistics for July 2011

Table 6 and 7 below state the 2011 *third* quarter forecast of the Canada Mortgage and Housing Corporation. The forecasts for both 2011 and 2012 housing starts have been further downwards revised since the two previous forecasts, for both the single detached and multiples component.

However, both the MLS sales for 2011 and the associate prices of homes have been upwards revised. Forecasts for 2012 have also been upwards revised since the second quarter.

**TABLE 6: MEDICINE HAT HOUSING FORECAST - NEW CONSTRUCTION**

Housing Starts	2010	2011(F*)	% chg 2010/2011	2012(F*)	% chg 2011/2012	YTD 2011	YTD 2010	% chg 2010/2011
Single-Detached	247	140	-43.3	180	28.6	61	127	-52.0
Multiple	87	60	-31.0	100	66.7	10	20	-50.0
Total	334	200	-40.1	280	40.0	71	147	-51.7

Source: Canada Mortgage and Housing Corporation Housing Market Outlook–Prairie Region Highlights, Third quarter 2011

**TABLE 7: MEDICINE HAT HOUSING FORECAST - RESALE MARKET**

	2010	2011(F*)	% chg '10/'11	2012(F*)	% chg '11/'12	YTD 2011	YTD 2010	% chg '10/'11
MLS sales	1,212	1,135	-6.4	1,170	3.1	597	646	-7.6
MLS ave. price	249,536	253,000	1.4	255,000	0.8	254,204	251,755	1.0

Source: Canada Mortgage and Housing Corporation: Housing Market Outlook – Prairie Region Highlights, Third quarter, 2011

The number of sales and the dollar value associated with those sales dropped from the previous year, as well as on a month over month basis (Table 8). There also was a decrease in the number of listings placed in July 2011 both on a month to month, and year to year basis.

**TABLE 8: MEDICINE HAT REAL ESTATE VOLUME**

	July -10	June-11	July -11	Monthly change	Annual change
<b>RESIDENTIAL</b>					
Single family house	18,645,600	26,899,502	18,921,487	-29.66%	1.48%
Single family other	3,690,103	3,275,300	2,357,800	-28.01%	-36.10%
Residential other	2,671,968	756,500	2,275,700	200.82%	-14.83%
<b>NON-RESIDENTIAL</b>					
Farms	0	0	0		
Vacant land	291,000	389,000	340,000		
Other	5,041,700	2,396,000	446,666		
<b>VOLUME - DOLLAR VALUE OF UNITS SOLD</b>	<b>30,340,371</b>	<b>33,716,302</b>	<b>24,341,653</b>	<b>-27.80%</b>	<b>-19.77%</b>
<b>RESIDENTIAL</b>					
Single family house	70	100	75		
Single family other	21	16	19		
Residential other	11	3	10		
<b>NON-RESIDENTIAL</b>					
Farms	0	0	0		
Vacant land	2	5	1		
Other	13	8	2		
<b>SALES - NO. OF UNITS SOLD</b>	<b>117</b>	<b>132</b>	<b>107</b>	<b>-18.94%</b>	<b>-8.55%</b>
listings placed	311	305	289	-5.25%	-7.07%
Active listings at month's end	1337	1223	1238		-7.40%
Year volume until	205,705,347	164,737,162	189,078,815		-8.08%
Year sales until	810	651	758		-6.42%
Year listings until	2348	1804	2093		-10.86%

Source: Medicine Hat Real Estate Board, Monthly Statistical report, July 2010, June 2011, July 2011

**TABLE 9: STARTS & COMPLETIONS BY DWELLING TYPE - MEDICINE HAT**

	STARTS					COMPLETIONS				
	SINGLES	SEMIS	ROW	APT & OTHER	TOTAL	SINGLES	SEMIS	ROW	APT & OTHER	TOTAL
Jul-09	9	0	4	0	13	13	2	0	0	15
Aug-09	12	2	0	0	14	18	2	0	0	20
Sep-09	14	0	0	0	14	20	6	0	0	26
Oct-09	22	0	54	0	76	13	2	0	0	15
Nov-09	15	0	0	0	15	7	0	0	0	7
Dec-09	13	2	0	0	15	19	2	4	0	25
Jan-10	11	0	4	0	15	14	0	0	0	14
Feb-10	16	2	0	0	18	8	0	0	0	8
Mar-10	21	2	0	0	23	14	0	0	0	14
Apr-10	34	2	0	0	36	19	2	0	0	21
May-10	20	2	4	0	26	20	0	0	0	20
Jun-10	25	0	4	0	29	15	0	0	28	43
Jul-10	22	0	0	0	22	24	4	12	14	54
Aug-10	23	0	3	0	26	33	2	0	20	55
Sep-10	19	0	0	40	59	9	0	0	0	9
Oct-10	23	0	0	0	23	33	2	4	0	39
Nov-10	12	0	8	14	34	9	0	0	0	9
Dec-10	21	2	0	0	23	38	0	0	0	38
Jan-11	4	0	0	0	4	17	0	0	0	17
Feb-11	5	2	0	0	7	12	0	0	47	59
Mar-11	3	0	4	0	7	18	2	3	0	23
Apr-11	19	2	0	0	21	17	0	0	0	17
May-11	18	2	0	0	20	8	0	0	0	8
Jun-11	12	0	0	0	12	10	0	4	0	14
	UNDER CONSTRUCTION									
	SINGLES	SEMIS	ROW	APT & OTHER	TOTAL					
Dec-10	95		2		11			101		209
Jan-11	82		2		11			101		196
Feb-11	75		4		11			54		144
Mar-11	60		2		12			54		128
Apr-11	62		4		12			54		132
May-11	72		6		12			54		144
Jun-11	74		6		8			54		142

Source: CMHC Housing Information monthly, Table A4-2, A5-2, for; July 2009-June 2011

**RENTAL:**

The latest numbers on Medicine Hat rental market from the Canadian Mortgage and Housing Corporation's Rental Market Report are those of Fall 2010 and state that the apartment vacancy

rate in Alberta's urban centres was 4.6 percent in October 2010, down from 5.5 percent in October 2009.

The total average rent in Alberta was \$943 in October 2010, down from \$949 reported in October 2009.

The lowest average two-bedroom rent was observed in the Medicine Hat CA. In October 2010, the average rent in Medicine Hat was \$691 per month, increasing from \$687 in October 2009.

**TABLE 10: MEDICINE HAT APARTMENT VACANCY RATE**

PRIVATE APARTMENT VACANCY RATE (%)										
	BACHELOR		1 BEDROOM		2 BEDROOM		3 BEDROOM +		TOTAL	
	Apr 09	Apr 10	Apr 09	Apr 10	Apr 09	Apr 10	Apr 09	Apr 10	Apr 09	Apr 10
Alberta	5.0	5.1	4.9	4.2	7.2	5.1	5.6	4.6	6.0	4.7
Medicine Hat	19.6	7.8	5.8	6.6	13.3	11.1	8.2	8.6	10.7	9.4

Source: Rental Market Report-Alberta Highlights, Spring 2011 – table 1.1.1.

**TABLE 11: MEDICINE HAT APARTMENT AVERAGE RENT**

PRIVATE APARTMENT AVERAGE RENT (\$)										
	BACHELOR		1 BEDROOM		2 BEDROOM		3 BEDROOM +		TOTAL	
	Apr 09	Apr 10	Apr 09	Apr 10	Apr 09	Apr 10	Apr 09	Apr 10	Apr 09	Apr 10
Alberta	694	714	856	862	1023	1029	1117	1167	937	941
Medicine Hat	544	540	571	591	682	692	791	780	649	659

Source: Rental Market Report-Alberta Highlights, Spring 2011 – table 1.1.2.

### **BUILDING PERMITS:**

Building permits issued in July 2011, on the whole, were higher than the previous month and year. However, the residential side did not do as well as the non-residential, and within the latter, it was the permits issued for commercial new building that tipped the net number for permits issued in favour of July 2011. Additionally, the building permits issued over the past 7 months of 2011 are substantially lower than the same time last year – by almost 40%.

*Permits issued now are indicative of activity in the future.*

**TABLE 12: MEDICINE HAT ISSUANCE OF BUILDING PERMITS**

	July -10		July -11		June -11		Current year to date		Previous year to date	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
RESIDENTIAL										
Houses	8	1,805,000	5	1,235,000	10	2,680,000	52	11,797,000	110	27,099,000
Duplexes					2	556,000	5	898,000	2	366,000
Tri & fourplexes	1	435,000	1	664,000			1	664,000	3	1,737,000
Apartments										1,153,000
Manufactured homes	4	376,000			4	318,000	7	780,000	12	
RESIDENTIAL ALTERATIONS										
Garages										

	July -10		July -11		June -11		Current year to date		Previous year to date	
RESIDENTIAL	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
	13	285,000	16	428,000	15	299,000	52	1,045,000	64	1,024,000
Alterations apartments	–		2	12,000	1	400,000	6	468,000	3	705,000
Alterations other	–		26	358,000	37	559,000	61	566,000	261	3,472,000
NON- RESIDENTIAL NEW BUILDINGS										
Commercial	1	32,000	3	4,376,000			7	6,018,000	6	7,736,000
Industrial										
Institutional			2	130,000			2	130,000	2	1,067,000
NON-RESIDENTIAL ALTERATIONS										
Commercial	13	5,008,000	10	1,448,000	11	2,948,000	54	6,924,000	66	8,967,000
Industrial							2	75,000	1	16,000
Institutional	2	146,000	3	116,000	3	191,000	15	2,403,000	8	2,800,000
MISCELLANEOUS										
TOTAL	68	8,445,000	79	8,968,000	107	7,958,000	464	34,674,000	592	56,860,000

Source: Month end statistics, Planning, building & development services department, City of Medicine Hat –July 2010, June 2011- July 2011

## LABOUR MARKET TRENDS, BASED ON LFS<sup>3</sup> AND STATISTICS CANADA DATA

*Statistics Canada has **re-benchmarked** the Labour Force Survey to reflect the 2006 census rather than the 2001 distribution that was previously used. The process has resulted in changes in the level of employment such that a total of 428,000 jobs were lost during the recession, and the number of jobs created, nationally, since the recovery began, as a result of the re-benchmarking stands at 398,000.*

### C A N A D A

**Employment** at the national level remained muted in July 2011, following three consecutive months of gains. Employment in July 2011 rose by 7,100, translating into a monthly increase of 0.04%. Overall, it had risen by **1.5%** (+252,100) in the 12 months to July 2011. The increase was primarily in fulltime employment among private sector employees, which increased by 0.2%, with a simultaneous decrease in part time, by 0.5%.

<sup>3</sup> The LFS is a household survey whose main objective is to divide the working-age population into three mutually exclusive classifications - the employed (including the self-employed), unemployed and not in the labour force. This survey is the official source for the unemployment rate and collects data on the socio-demographic characteristics of all those in the labour market.

The national **unemployment** rate nudged down 0.2 percentage points to 7.2%, as fewer people participated in the labour market.

In July, employment increased in construction, transportation and warehousing as well as retail and wholesale trade. At the same time, there were decreases in health care and social assistance; educational services; business, building and other support services; natural resources as well as agriculture.

Employment in manufacturing edged up in July. Over the past 12 months, the number of workers in this industry rose by 1.2% (+22,000).

The **labourforce** contracted by 28,600 from June 2011.

The number of employees rose for the fifth consecutive month in the private sector, up 95,000. In contrast, employment in the public sector fell by 72,000 in July, almost half of that being in the education industry.

**TABLE 13: LABOUR FORCE SURVEY STATISTICS – CANADA – SEASONALLY ADJUSTED**

CANADA	June 2011	July 2011	Monthly change	Annual change	Monthly percent change	Annual percent change
in thousands				In percentages		
<b>15 years and over, both sexes</b>						
Population	27,975.70	28,002.10	26.4	324.4	0.1	1.2
Labour force	18,724.70	18,696.10	-28.6	122.4	-0.2	0.7
Employment	17,337.10	17,344.20	7.1	252.1	0.04	1.5
Employment full-time	13,991.10	14,016.60	25.5	350.9	0.2	2.6
Employment part-time	3,346.00	3,327.60	-18.4	-98.8	-0.5	-2.9
Unemployment	1,387.60	1,351.90	-35.7	-129.7	-2.6	-8.8
Participation rate	66.9	66.8	-0.1	-0.3	...	...
Unemployment rate	7.4	7.2	-0.2	-0.8	...	...
Employment rate	62	61.9	-0.1	0.1	...	...
Part-time rate	19.3	19.2	-0.1	-0.9	...	...
<b>15 to 24, both sexes</b>						
Population	4,457.60	4,457.60	0	-3.8	0	-0.1
Labour force	2,892.20	2,890.60	-1.6	12	-0.1	0.4
Employment	2,479.40	2,481.70	2.3	12.6	0.1	0.5
Employment full-time	1,321.30	1,299.10	-22.2	35.4	-1.7	2.8
Employment part-time	1,158.10	1,182.70	24.6	-22.7	2.1	-1.9
Unemployment	412.8	408.9	-3.9	-0.6	-0.9	-0.1
Participation rate	64.9	64.8	-0.1	0.3	...	...
Unemployment rate	14.3	14.1	-0.2	-0.1	...	...
Employment rate	55.6	55.7	0.1	0.4	...	...
Part-time rate	46.7	47.7	0.9	-1.2	...	...
<b>25 to 54, both sexes</b>						
Population	14,535.20	14,539.10	3.9	50.4	0	0.3
Labour force	12,554.40	12,525.20	-29.2	-5.8	-0.2	0

CANADA	June 2011	July 2011	Monthly change	Annual change	Monthly percent change	Annual percent change
Employment	11,783.10	11,778.60	-4.5	106.8	0	0.9
Unemployment	771.3	746.6	-24.7	-112.6	-3.2	-13.1
Participation rate	86.4	86.1	-0.3	-0.4	...	...
Unemployment rate	6.1	6	-0.1	-0.9	...	...
Employment rate	81.1	81	-0.1	0.4	...	...
55 years and over, both sexes						
Population	8,982.90	9,005.30	22.4	277.6	0.2	3.2
Labour force	3,278.10	3,280.30	2.2	116.3	0.1	3.7
Employment	3,074.50	3,083.80	9.3	132.6	0.3	4.5
Unemployment	203.5	196.5	-7	-16.4	-3.4	-7.7
Participation rate	36.5	36.4	-0.1	0.1	...	...
Unemployment rate	6.2	6	-0.2	-0.7	...	...
Employment rate	34.2	34.2	0	0.4	...	...

Source: Statistics Canada, Labour Force Survey Estimates, Table 1, August 2011

Based on research conducted by the ManpowerGroup, the number of companies facing talent shortages in Canada has risen 8 percentage points to 29% since 2010. The country is bracing itself for the imminent retirement of baby boomers. However, Canada has made a concerted effort and continues to invest its energies in attracting foreign workers with desirable and transferable skills and experience. Nonetheless, the skills shortages that were in evidence prior to the global recession are beginning to resurface as the economy recovers.

## ALBERTA

Alberta's economy is one that is promising and has been showing signs of strength as it comes out of an economic downturn. July's employment gains have been the third consecutive monthly gains and the past three months have been the strongest period for Alberta's labour market since the recession, when 40,000 jobs were created in the province.

Alberta's **employment** increased 0.6% on a monthly basis in July 2011, gaining 12,400 jobs over the previous month. Alberta registered the highest growth rate of all provinces and higher than the national average of 1.5%. The **labour force** expanded by 0.5%, with 11,800 entering the workforce, and subsequently dropping the unemployment rate to 5.5%.

On a year basis, total gains over the previous 12 months stand at 3.8% with 76,700 jobs being created since July 2010.

TABLE 14: LABOUR FORCE SURVEY STATISTICS – ALBERTA- SEASONALLY ADJUSTED

ALBERTA	June 2011	July 2011	Monthly change	Annual change	Monthly percent change	Annual percent change
in thousands (except rates)					In percentages	
<b>15 years and over, both sexes</b>						
Population	3,005.10	3,009.80	4.7	45	0.2	1.5
Labour force	2,213.60	2,225.40	11.8	63.3	0.5	2.9
Employment	2,090.60	2,103.00	12.4	76.7	0.6	3.8

ALBERTA	June 2011	July 2011	Monthly change	Annual change	Monthly percent change	Annual percent change
Employment full-time	1,738.50	1,741.70	3.2	88.6	0.2	5.4
Employment part-time	352.1	361.3	9.2	-11.9	2.6	-3.2
Unemployment	123	122.4	-0.6	-13.4	-0.5	-9.9
Participation rate	73.7	73.9	0.2	1	...	...
Unemployment rate	5.6	5.5	-0.1	-0.8	...	...
Employment rate	69.6	69.9	0.3	1.6	...	...
Part-time rate	16.8	<b>17.2</b>	0.3	-1.2	...	...

Source: Statistics Canada, Labour Force Survey Estimates Table 3, 4-9, August 2011.

According to the quarterly Manpower Employment Outlook Survey, firms in the Western Canada were more **inclined towards additional hiring**, compared to Central and Atlantic. According to the survey, nationally, employers in all industries anticipate an increase in staffing levels, with the mining industry anticipating the biggest of the increases.

A report by the Petroleum Human Resources Council of Canada in June 2010 warned of an impending **labour shortage** manifesting as early as next year and said the industry could require 100,000 new workers by 2020. A combination of higher activity and demographic shifts will see thousands of skilled workers retiring over the next decade will contribute to the crunch, the report said.

A report released by the province, Aging Population Policy Framework, presages the social and economic impacts of a **retiring population**, where by 2031, one in five Albertans will be retired.

According to the Conference Board's projections, Alberta's labour force will expand by just 1.5 per cent a year between 2011 and 2015, and barely one per cent a year between 2016 and 2020. That compares with average growth of more than three per cent between 2006 and 2010.

As of June 2011, **Alberta has recaptured all of the jobs lost in the recession**. Alberta's emphasis on oil and oilsands will continue to create jobs in the north and central Alberta, whereas due to the slowdown in natural gas, the south will lag behind. However, research literature and policy makers presage that future labour supply shortages are likely to be concentrated in jobs that require education and specialized skills. For workers, especially young ones, who enter the labour market without appropriate training, finding a job will remain tough, probably indefinitely.

## M E D I C I N E H A T A N D A R E A

The natural gas sector is an integral part of the Medicine Hat economy. Gas prices are expected to remain around the \$4.10 per 1000 cubic feet in much of 2011, and a projected \$4.50 per 1000 cubic feet for 2012. Natural gas has been pushed out of its main market, the US, due to the high Canadian Dollar, coupled with a supply glut south of the border, as well as a consequence of some of the US economic recovery measures. Conventional gas producers need prices of \$6.50, which seems unlikely, at least for the near future. The situation is further going to deteriorate in the face of two new natural gas pipelines from Wyoming coming to service.

Energy budget revises its forecast revenue from an estimated 64.9 million to 1.69 million.



Council in January approved to ramp up the City's drilling program. The council approved \$102.3 million capital plan aimed at increasing reserves and ramping up production. It not only marks a significant increase from the originally budgeted \$77.2 million capital program for 2011, but also represents the most money the city has allotted for a single year. The city currently has \$185.5 million. The annual dividend paid out to the City depends on the profits the gas business makes. The current dividend policy requires the gas utility to pay out a dividend pegged at 6.25 percent of total equity. \$24.5 million goes towards keeping property taxes low. The remainder go into community capital fund, which would be utilized for future major capital projects.

The City of Medicine Hat has been, for the sixth consecutive year, chosen among the province's top 50 employers. The criteria for selection are: workplace, atmosphere, benefits, vacation time, communications, performance, training and community involvement. Of the top 50 employers, Medicine Hat was the sole municipality to make the list, and highlights the success of the city's corporate initiatives.

Medicine Hat's Cultural Center is set to undergo an expansion of its facilities to house the college's visual arts program at a cost of \$6.4 million. The construction is expected to commence in Fall of 2011, with completion anticipated by January 2013.

July 2011 brought the Southern Alberta Summer Games to Medicine Hat, bringing along 1,400 out of town athletes for its 42nd annual competition. The 2011 Stampede was regarded as a successful and eventful occasion.

The City of Medicine Hat got a good report from the City of Edmonton's 2010 Residential Property Taxes and Utility Charges Survey which ranked its property taxes among the lowest three in Canada.

A seismic exploration is to be conducted to determine the quality and grade of potash reserve believed to be around the Medicine Hat area. Quantifying the impact of the discovery for the Medicine Hat and area can only be made after test holes are drilled. Potash, used in the production of fertilizer, continues to increase in price, and is mined heavily in Saskatchewan.

The city is contemplating to incorporate natural gas powered vehicles into its fleet in the near future. Taking advantage of the natural gas reserves and its low price, the move is expected to gain acceptance on its economic sense.

A construction firm has been identified for the Medicine Hat Regional hospital expansion, with construction to begin in 2013, and completion anticipated for 2015.

Construction projects around the city are rebounding – however, numbers for those employed in the construction industry released by stats Canada report a drop in figures.

At the regular City Council meeting, a motion that the responsibility for the Event Centre Project be moved to the Public Services Committee and that the Event Centre Committee be dissolved was approved. A lower cost proposal for the project from the Public Services Committee is anticipated to be presented for approval.

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Medicine Hat and area continued to report monthly drops on multiple fronts: employment, unemployment, labour force and population. Drastic fluctuations were seen in both population and labour force, where both reduced, and the reduction of the latter was far more than the

former. Not only did the population decrease, bringing upon a natural reduction of the labour force, but the number of those not in the labour force also increased. Employment also decreased by almost 1,000.

Unemployment dropped by 35% compared to a year ago, and increased by 11.11% from the previous month.

**TABLE 15: LABOUR FORCE CHARACTERISTICS, UNADJUSTED, MEDICINE HAT AND AREA**

MEDICINE HAT*	July 2010	June 2011	July 2011	Monthly Change	Annual change	Monthly change	Annual change
in thousands (except rates)					In percentages		
Population	68.3	63.6	61.8	-1.8	-6.5	-2.83%	-10%
Labour force	45.8	38.7	35.7	-3	-10.1	-7.75%	-22%
Employment	42.7	36.9	33.7	-3.2	-9	-8.67%	-21%
Unemployment	3.1	1.8	2.0	0.2	-1.1	11.11%	-35%
Not in labour force	22.5	24.8	26.1	1.3	3.6	5.24%	16%
Participation rate	67.1	60.8	57.8	-3	-9.3	...	...
Unemployment rate	6.8	4.7	5.6	0.9	-1.2	...	...
Employment rate	62.5	58.0	54.5	-3.5	-8	...	...

\* Includes City of Medicine Hat, Cypress County Municipal District, and Town of Redcliff  
 Source: Statistics Canada, labour force survey, Table 20 August 2011

**Participation rate** is one of the main economic indicators, indicating the level of active labour force participants. That level has dropped, drastically, both on a month over month and year over year level.

To compare the characteristics of the economy from the federal to the local level, with provincial and regional in between, it is interesting to note how each respective tier of the economy is faring.

Table 16 and 17 give the numerical figures and the monthly and annual rate of change respectively.

- Medicine Hat and area's **participation rate** is well below the national average, provincial, and regional level.
- Month over month, Medicine Hat and area's **employment** has shown the greatest decrease. This is important when viewing the numbers at the composite regional level, where Lethbridge-Medicine Hat's employment has in fact grown.
- Medicine Hat's employment rate is among the lowest at 54.5, far below even the regional employment rate of 64.2, significantly below the provincial rate of 70.4.

**TABLE 16: LABOUR FORCE CHARACTERISTICS – A COMPARISON - UNADJUSTED, 3 MONTH MOVING AVERAGE**

	Population	Labour force			P rate*	U rate*	E rate*
		Labour force	Employment	Unemployment			
in thousands (except rates)							
<b>CANADA</b>							
July-10	27,644.40	18,845.70	17,332.80	1,512.90	68.2	8	62.7
June-11	27,946.50	18,822.70	17,420.30	1,402.40	67.4	7.5	62.3
<b>July-11</b>	<b>27,975.60</b>	<b>18,995.30</b>	<b>17,601.40</b>	<b>1,393.90</b>	<b>67.9</b>	<b>7.3</b>	<b>62.9</b>
<b>ALBERTA</b>							
July-10	2,960.80	2,189.10	2,045.00	144.1	73.9	6.6	69.1
June-11	2,999.70	2,205.10	2,083.60	121.5	73.5	5.5	69.5
<b>July-11</b>	<b>3,005.00</b>	<b>2,235.50</b>	<b>2,114.20</b>	<b>121.3</b>	<b>74.4</b>	<b>5.4</b>	<b>70.4</b>
<b>LETHBRIDGE-MEDICINE HAT (CD1,2,3)</b>							
July-10	217.3	151.7	140.8	10.9	69.8	7.2	64.8
June-11	218.9	148	138.9	9.2	67.6	6.2	63.5
<b>July-11</b>	<b>219.2</b>	<b>149</b>	<b>140.7</b>	<b>8.3</b>	<b>68</b>	<b>5.6</b>	<b>64.2</b>
<b>MEDICINE HAT</b>							
July-10	68.3	45.8	42.7	3.1	67.1	6.8	62.5
June-11	63.6	38.7	36.9	1.8	60.8	4.7	58.0
<b>July-11</b>	<b>61.8</b>	<b>35.7</b>	<b>33.7</b>	<b>2.0</b>	<b>57.8</b>	<b>5.6</b>	<b>54.5</b>

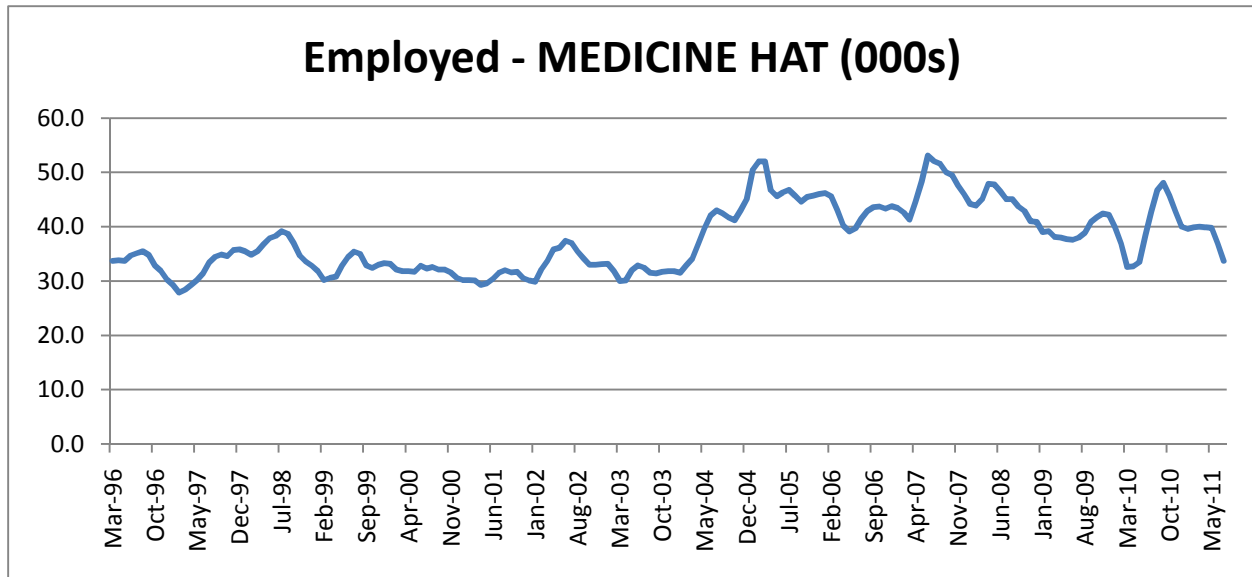
• P rate: Participation rate | U rate: Unemployment rate | E rate: Employment rate

Source: Statistics Canada, labour force survey, Table 6-1, Table 20, August 2011

**TABLE 17: LABOUR FORCE CHARACTERISTICS – A COMPARISON - RATE OF CHANGE**

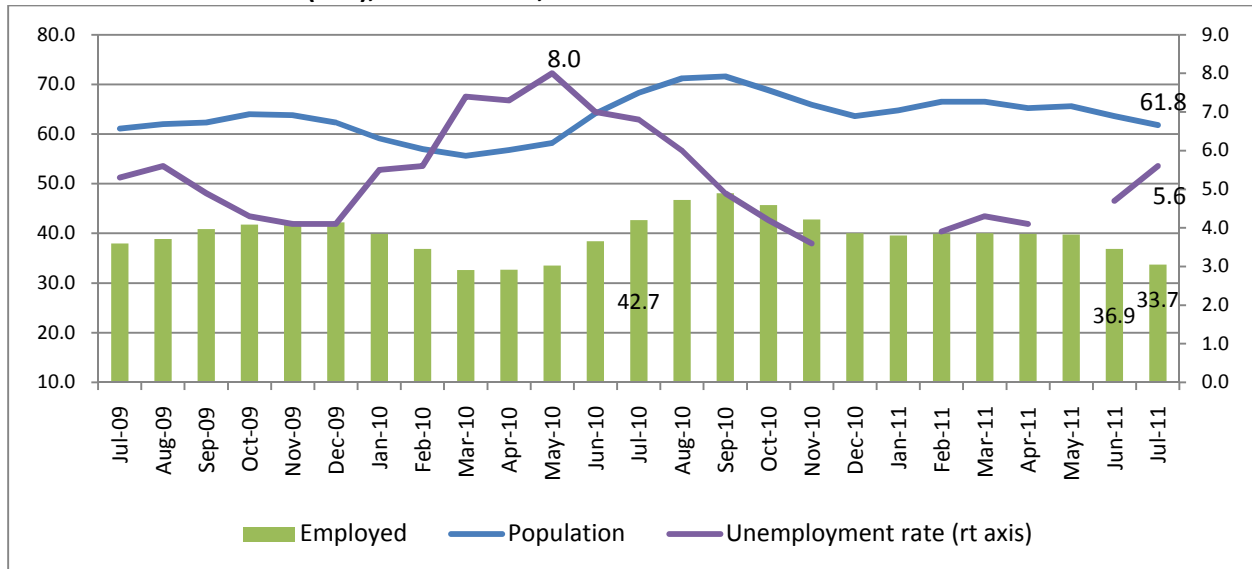
	Population	Labour force		
		Labour force	Employment	Unemployment
percentages				
<b>CANADA</b>				
Monthly (June-July 2011)	0.10%	0.92%	1.04%	-0.61%
Annual (July 2010-July 2011)	1.20%	0.79%	1.55%	-7.87%
<b>ALBERTA</b>				
Monthly (June-July 2011)	0.18%	1.38%	1.47%	-0.16%
Annual (July 2010-July 2011)	1.49%	2.12%	3.38%	-15.82%
<b>LETHBRIDGE-MEDICINE HAT (CD1,2,3)</b>				
Monthly (June-July 2011)	0.07%	0.14%	0.68%	1.30%
Annual (July 2010-July 2011)	0.87%	-1.78%	-0.07%	-23.85%
<b>MEDICINE HAT</b>				
Monthly (June-July 2011)	-2.83%	-7.75%	-8.67%	11.11%
Annual (July 2010-July 2011)	-9.52%	-22.05%	-21.08%	-35.48%

**FIGURE 1: MEDICINE HAT EMPLOYMENT - 1996-2011**



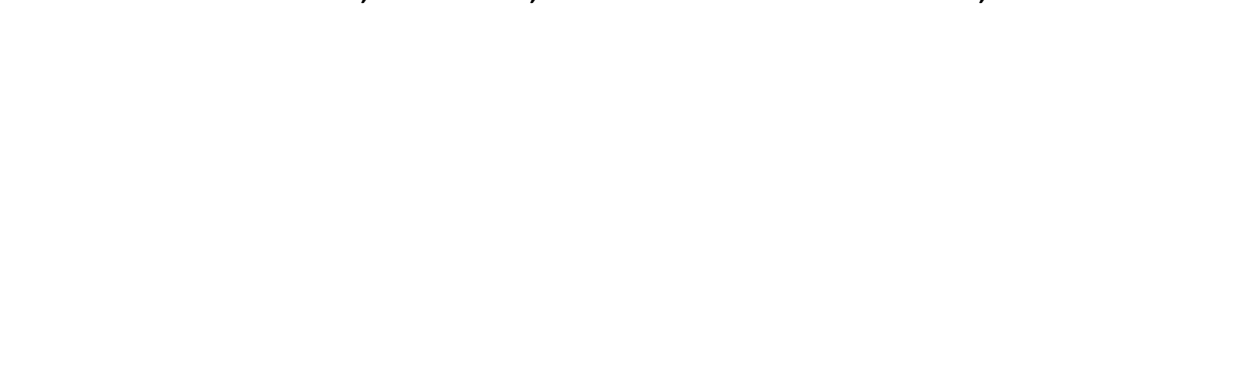
Source: Statistics Canada, Labour Force Survey, Custom tabulation, Historical

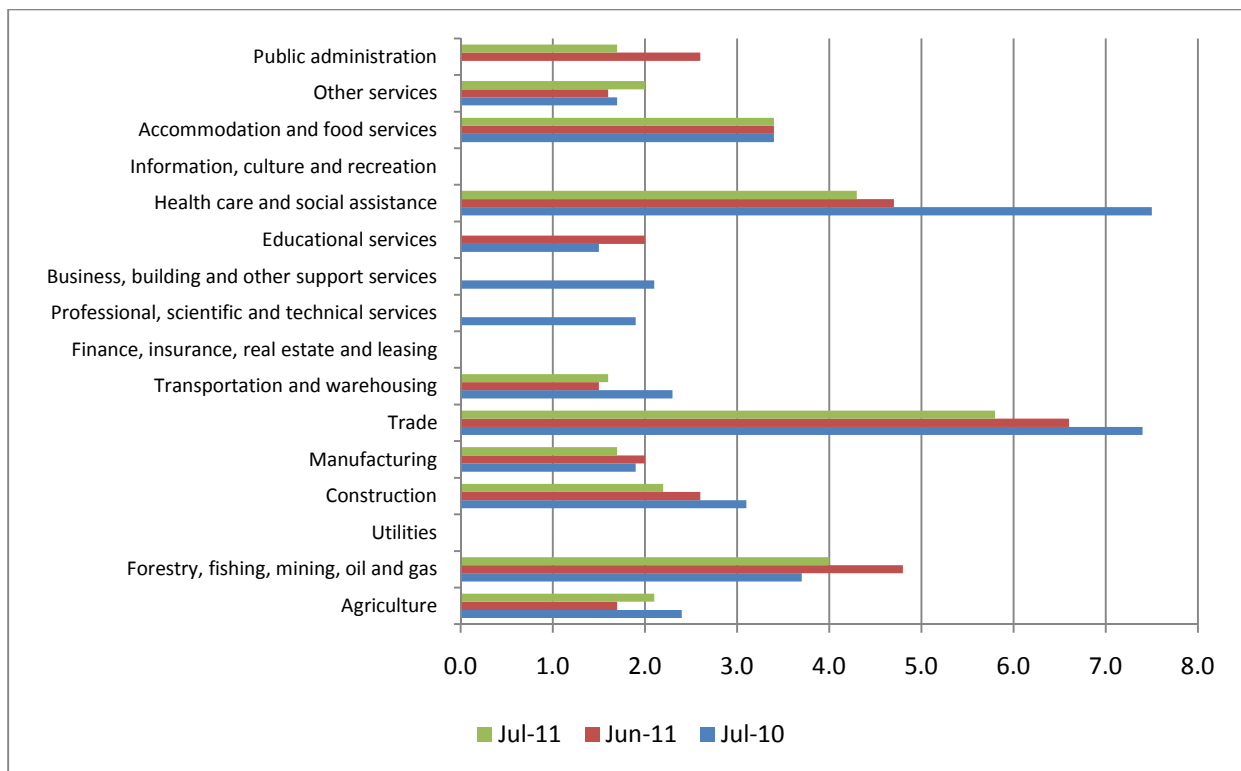
**FIGURE 2: TOTAL EMPLOYED (000), MEDICINE HAT, UNADJUSTED 3-MONTH MOVING AVERAGE**



Source: Statistics Canada, Labour Force Survey, Custom tabulation, August 2011

**FIGURE 3: EMPLOYED BY INDUSTRY, MEDICINE HAT, UNADJUSTED 3 MONTH MOVING AVERAGE, JULY 2011**





[Note: data absent for values below 1500]

Source: Statistics Canada, Labour Force Survey, Custom tabulation, August 2011

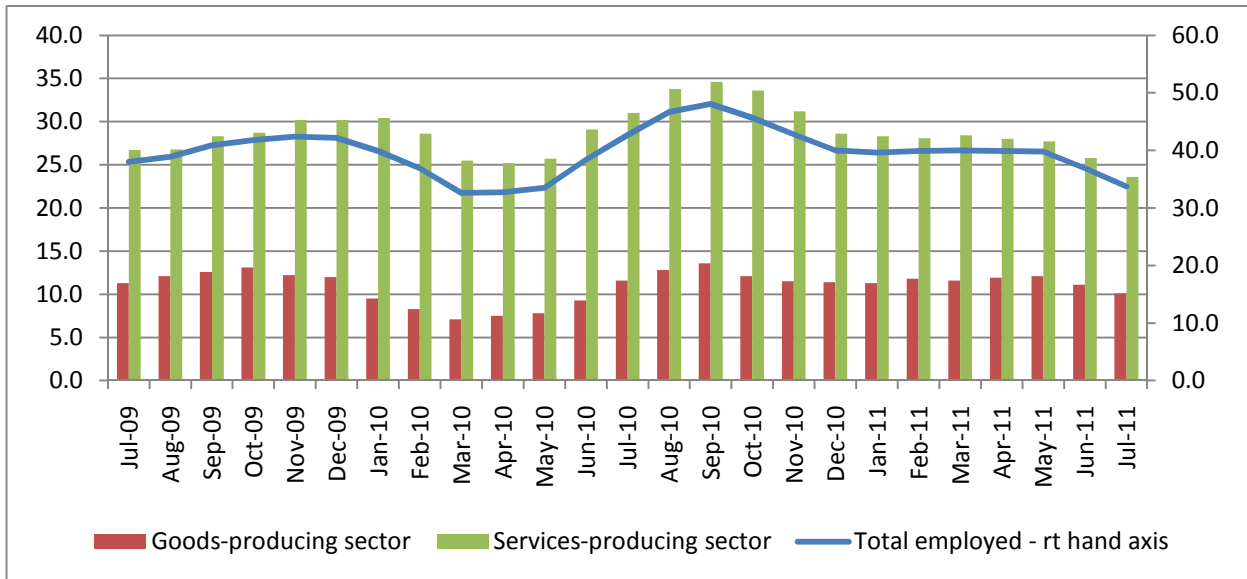
July 2011 saw a drop in Medicine Hat and area's **service producing sector**, as well as its **goods producing sector**, and both on a month over month and year over year basis.

**TABLE 18: EMPLOYED BY SECTOR - GOODS AND SERVICES - MEDICINE HAT, UNADJUSTED 3 MONTH MOVING AVERAGE**

Month	Total Employed	Goods producing sector	Services producing sector
July 2010	42.7	11.6	31.0
June 2011	36.9	11.1	25.8
July 2011	33.7	10.1	23.6
Change from previous month	-8.67%	-9.01%	-8.53%
Change from previous year	-21.08%	-12.93%	-23.87%

Source: Statistics Canada, Labour Force Survey, Custom tabulation, August 2011

**FIGURE 4: EMPLOYED BY SECTOR - GOODS AND SERVICES - MEDICINE HAT, UNADJUSTED 3 MONTH MOVING AVERAGE**



[Goods-producing industries – LEFT SIDE SCALE: Agriculture, Forestry, Fishing and Hunting, Mining and Oil and Gas Extraction, Utilities, Construction, Manufacturing, Services-producing Industries.

Services-producing Industries – LEFT SIDE SCALE: Wholesale Trade, Retail Trade, Transportation and Warehousing, Information and Cultural Industries, Finance and Insurance, Real Estate and Rental and Leasing, Professional, Scientific and Technical Services, Management of Companies and Enterprises, Administrative and Support, Waste Management and Remediation Services, Educational Services, Health Care and Social Assistance, Arts, Entertainment and Recreation, Accommodation and Food Services, Other Services - except Public Administration, Public Administration].

Total employed – RIGHT SIDE SCALE

Source: Statistics Canada, Labour Force Survey August 2011, custom tabulation

## MEDICINE HAT AND AREA: EMPLOYER SURVEY

For each quarter of 2010, and until July 2011, a survey will be conducted of organizations in Medicine Hat and area. The purpose of the survey is two-fold: to gather information from employers on their human resources issues, so as to better understand the local recruitment and retention practices, in addition to other employment issues, and to understand how local companies are faring under the current economic environment, and whether they have issues at the local economic platform.

Disclaimer: Over 50 local companies from the following six sectors were contacted: construction, energy, manufacturing, non-profit and voluntary, retail, and tourism and hospitality. However, only 14 participated. Hence, this section only reports on findings from those 14 respondents, and acknowledges that it's much too small a sample to reflect the trends, or bigger concerns of the community.

### PROFILE OF COMPANIES

Fourteen (14) organizations (28% response rate), representing a total of 1398 employees were surveyed for the fourth and final quarterly report. The following table summarizes the profile of the organizations that were surveyed. The breakdown is by industry and by the number of employees the particular industry represented, as well as the number of organizations falling in specific employment brackets.

**TABLE 19: EMPLOYER SURVEY - PROFILE ORGANIZATIONS SURVEYED**

INDUSTRY	No. of organizations surveyed	Total employees represented by the industry
Construction	2	10
Retail	2	630
Manufacturing	5	434
Non -profit	2	98
Tourism and hospitality	3	226
Total	14	1398

**TABLE 20: EMPLOYER SURVEY - ORGANIZATIONS SURVEYED: BRACKETS OF EMPLOYEES AND NO. OF ORGANIZATIONS**

Number of Employees	No. of organizations
0-49	7
50-99	3
100-149	
150-199	1
200-500	3

## BUSINESS ACTIVITY

Of the 14 organizations:

- 7 reported an *increase* in business activity in the previous 12 months;
- 4 reported a *decrease* in business activity in the previous 12 months;
- Both the retail organizations, reported an increase in activity,

All reported to have had no shift in the scope of operations in the previous 12 months.

**TABLE 21: EMPLOYER SURVEY - DIRECTION OF ACTIVITY IN THE PAST 12 MONTHS**

INDUSTRY	No. of organizations surveyed	Activity increased	Activity decreased	Activity remained same
Construction	2	1		1
Retail	2	2		
Manufacturing	5	2	3	
Non -profit	2			2
Tourism and hospitality	3	2	1	
Total	14	7	4	3

## EMPLOYMENT: TRENDS AND FORECASTS,

The organizations were asked to comment on the hiring, termination, turnover trends and retention practices observed in the previous 3 months.

### **HIRING, TERMINATION, AND TURNOVER:**

- 2 organizations, both in the manufacturing industry, had to lay-off a combined total of 6 employees.
- 10 reported having to hire a combined total of 176 new employees;
- Of the 176 new hires, 22 were new positions
- 10 reported voluntary turnover – primarily attributing it to the availability of better opportunities. A combined total of 145 employees left as consequence of voluntary turnover.

The following positions were identified to have a particularly high turnover rate:

**TABLE 22: EMPLOYER SURVEY - OCCUPATIONS IDENTIFIED TO HAVE A HIGH TURNOVER**

INDUSTRY	Occupations identified with high turnover
Construction	
Retail	Cashier, stocker, sales floor
Manufacturing	Operations and maintenance, and technologist
Non -profit	Casual housekeepers, casual licensed practical nurses , manager, job developer and facilitator
Tourism and hospitality	Housekeeping, food and beverages, front office, construction worker, administrative assistant



**TABLE 23: EMPLOYER SURVEY - NATURE OF EMPLOYMENT IN THE PAST 3 MONTHS**

INDUSTRY	No. of organizations surveyed	Layoff	Hires	New positions	Turnover	Vacant positions
Construction	2					
Retail	2		112	16	74	5
Manufacturing	5	7	15	2	22	8
Non -profit	2		7		7	7
Tourism and hospitality	3		42	4	42	6
Total	14	7	176	22	145	26

**RETENTION:**

When questioned on the retention programs in place for current employees:

- 9 of the 14 organizations surveyed reported to have such programs in place, acknowledging the need to do so as well.

Various aspects<sup>4</sup> of retention programs were identified and asked to comment on. Whereas bonuses and delegation of responsibility was used by less than half of the organizations, salary and benefits were rated as the highest instrument of retention and motivation. Table 14 summarizes the results.

**TABLE 24: EMPLOYER SURVEY - UTILIZATION OF RETENTION MECHANISM**

	Positive work environment	Salary and benefits	Training	Delegation	Flexible work arrangements	Bonuses	Recognition
Construction (2)	2	2	2	1	2	1	2
Retail (2)	2	1	2		2	1	2
Manufacturing (5)	2	1	2	1	1		1
Non -profit (2)			1	1	1		1
Tourism and hospitality (3)	3	3	2	3	2	1	2
Total	9	7	9	6	8	3	8

**VACANCIES:**

7 of the organizations surveyed reported to have current vacancies that need to be filled at the time of the survey being conducted. The following positions were reported to be vacant at the time of the survey remain vacant:

<sup>4</sup> Instruments of retention were identified as: Positive work environment, salary and benefits, training, delegation, flexible work arrangements, bonuses, and recognition.

**TABLE 25: EMPLOYER SURVEY - CURRENT VACANT POSITIONS**

INDUSTRY	Vacant positions
Construction	
Retail	Cashiers and clerks
Manufacturing	Engineers, millwright, maintenance clerk, buyer, operators , electrical software engineers
Non -profit	Casual housekeepers, licensed practical nurses, laundry and kitchen, manager
Tourism and hospitality	Golf professionals, assistant golf professional

## WORKFORCE CHALLENGES, STRATEGIES AND STAFFING NEEDS

Respondents were questioned on the current workforce challenges being faced by the respective organizations. Various aspects<sup>5</sup> of such challenges were identified and put forth for comment.

- 64% of the respondents identified struggling with finding relevant skilled employees, and it was a popular opinion that the issue wasn't with not being able to find the right skill set, but that there genuinely was a shortage of the required skills.
- High skilled labour is getting scarce – it was feared that those who leave the area to acquire the skills don't come back, or move to bigger cities.
- Almost 50% are struggling to hire the right set of people.
- About 40% identified turnover as an issue.
- Surprisingly, none of the respondents identified a retiring workforce much of a concern.
- There was a desire to have a reliable workforce that stayed for a solid length of time.
- The need to properly train employees was a concern for the construction industry.

The surveyed participants on the whole take steps to avoid discharging employees. There is optimism towards their business activities, with 5 organizations anticipating an increase in business activity, and 5 expecting activity to remain the same as the previous year. Of the 4 that expected a decrease in activity, 3 attributed it the seasonal nature of operations.

Those who anticipated an increase in activities also reported imminent hiring.

From those surveys, the representatives of all sectors acknowledged a shortage of relevant skills, and the absence to compensate them adequately.

The surveyed respondents were optimistic about the recovering economy, yet wary at the same time, indicating that the recovery will open up competition on two fronts: business and workforce. One retailer acknowledged that there is fear that the recovery will create jobs that will be far more attractive and consequently, a loss in its workforce is a certainty. With the energy sector recovering, there is fear that jobs will be lost to that industry due to the attraction of its higher wages.

<sup>5</sup> Aspects of workforce challenges were identified as: hiring, attraction, appropriate experience, skills, retiring workforce, turnover, retention, productivity, training, and compensation.

**TABLE 26: EMPLOYER SURVEY: WORKFORCE ISSUES**

	Hiring	Attraction	Training	Skill shortage	turnover	Compensation	productivity
Construction (2)			1	1			1
Retail (2)	1	1		1	2		2
Manufacturing (5)	2	2		4	2		1
Non -profit (2)	1	1		1	2	1	
Tourism and hospitality (3)		1		3		2	1

Additional comments on other workforce issues:

- **Hospitality:** The inability to match not-for-profit wages and salaries with municipal government wages is a serious issue. The lack of adequate pension and benefit plans for this sector is also of great concern.
- **Non-profit:** It's hard to find people that want to work starting out on a casual basis. It is frustrating to lose trained employees to better permanent positions elsewhere.
- **Non-profit:** a decrease in government funding decreases the ability to service clients.
- **Construction:** a shortage of skilled workers, as the oil industry picks up more people will move into positions in the oil industry.
- **Manufacturing:** there is a lack of skilled and adequately trained labour. There are little training facilities locally, for which the youth have to leave the area, and the incidence of them returning is low.
- **Manufacturing:** Lack of available contractors and safety programmes in the region.

**ECONOMY: IMPACT AND CONCERNS**

As a final note to the survey, it was asked of the respondents to comment on their respective organization's performance in, and perception of the current economic conditions. When asked about how they would comment on faring in the current economic conditions, all were cautiously positive by stating that although operations and activities weren't at a level they would like, they were faring *satisfactorily* well, while still on shaky ground. One respondent in the construction industry voiced deep concern over the soft economy and portended that should the economy not improve, it may have to close its operations.

More than 50% aired their concerns about the local economy, particularly the low prices of natural gas. The construction industry voiced concern over weather and government red tapes. The only exception was the non-profit organization dealing with unemployed Albertans, which stated that the organization has been relatively busy.

Almost all hoped for a bullish economy, higher levels of entrepreneurship and more active local government facilitating whatever it may for businesses.

## IN FOCUS: SOUTHEAST ALBERTA'S MANUFACTURING INDUSTRY

Manufacturing, a value added sector, is the fourth largest industry in Alberta's economy in terms of total GDP contribution, and the fifth largest in terms of employment. Not only is a significant portion of the products manufactured in the province exported internationally, but the industry's influence extends to other strata of the economy as well.

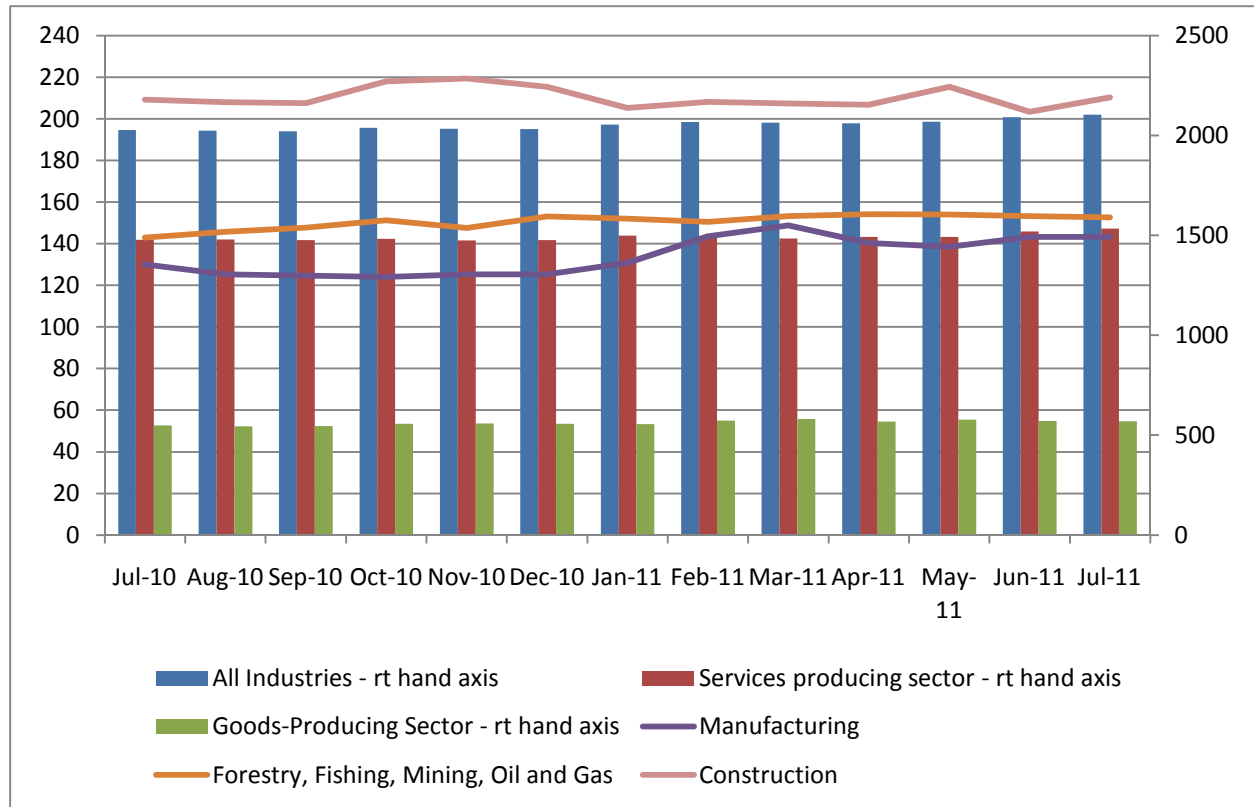
Alberta's manufacturing industry comprises of:

- Chemicals and petrochemicals – the largest and fastest growing manufacturing industries in Alberta,
- Industrial machinery and equipment which has grown impressively in recent years due in part by the high levels of activity in the province's oil and gas sector and consists of many small firms,
- Food and beverage manufacturing, where Alberta is the largest processor of beef products in Canada.
- Forest, wood and building products, which is the third largest manufacturing subsector in Alberta; and
- Emerging industries, comprising of knowledge industries, composed of small and medium sized businesses.

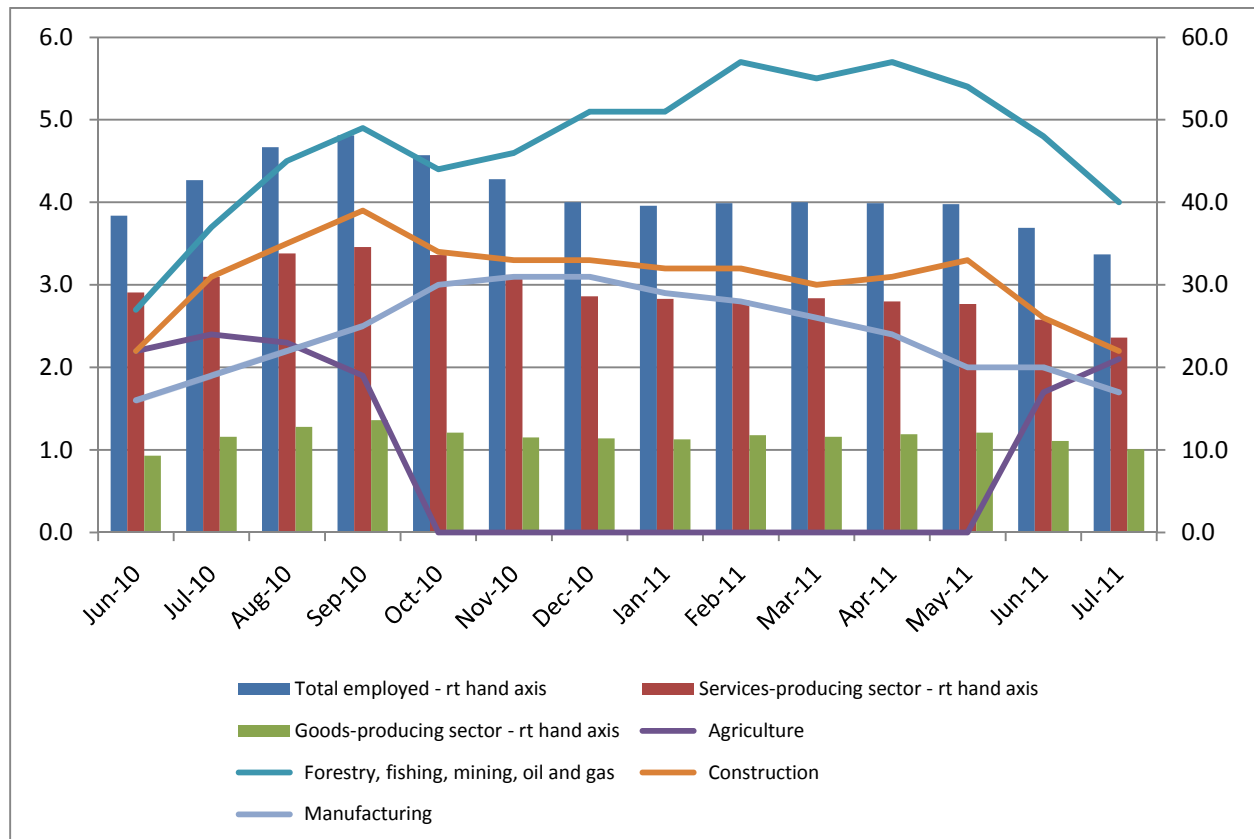
The Alberta Modified Canadian Occupational Projection System Outlook 2009-2013, Industry Employment Outlook projects the provincial manufacturing industry to grow incrementally over the next two years, and at a decreasing rate.

As of July 2011, 143,300 people in Alberta were employed in the manufacturing sector. This accounts for 6.8% of the total provincial labour force. The figures for Medicine Hat as of July 2011 were 1,700 people engaged in the manufacturing industry, accounting for 5.04% of the local labour force. Figure 4 and 5 below show employment levels and trends in Alberta and Medicine Hat and area respectively.

**FIGURE 5: EMPLOYMENT LEVELS IN VARIOUS INDUSTRY - ALBERTA**



**FIGURE 6: EMPLOYMENT LEVELS IN VARIOUS INDUSTRY - MEDICINE HAT AND AREA**



Additionally, employment in the local manufacturing industry has been dropping since January 2011 on a monthly basis, with a stagnant June 2011. Over the past ten years, whereas total employment in the Medicine Hat region has grown by approximately 35%, employment in the manufacturing has dropped by almost 20% during the same period. Over the last year, employment in manufacturing in the Medicine Hat and area has dropped by approximately 11%.

National manufacturing sales fell twice as hard as expected in June, slipping 1.5 per cent to \$45.3 billion, the poorest showing since November 2010. It was the third consecutive monthly drop, and represents a sharp turnaround from the 25 per cent gain posted between May 2009 and January 2011, where manufacturing sales have since slipped by 2.6 per cent.

According to RBC's purchasing manager index, which is a composite measure reflecting the health of the manufacturing industry and tracks changes in output, new orders, employment, inventories and prices and supplier delivery times, the manufacturing industry picked up in July 2011, after reporting three months of continuous decline. Additionally, the index indicates that employment in the sector also increased, albeit at a lower rate, and the slowest since November 2010.

The success of the manufacturing industry is determined by both labour and productivity. Alberta offers its manufacturing industry a number of advantages that are conducive to its operation. However, the industry is also faced with a number of human resource challenges. Alberta's oil and gas industry, whose presence and proximity has helped the manufacturing industry to an extent, is also competing for its workers. Hence, the manufacturing industry faces difficulty in both recruiting and retaining its workers. This situation is further exacerbated by periods of strong resource prices, when it further becomes challenging for manufacturers to keep and attract the workers they need. The laws of supply and demand kick in by raising the cost of labour for manufacturers.

To remain competitive, manufacturers also have to strive for enhanced productivity. Investments in process improvement, technology adoption and product development are among the few strategies that ought to be addressed. Statistics Canada data asserts that Alberta's manufacturers invest less on research and development when compared to their counterparts.

When manufacturers take steps to improve productivity by introducing technologies, they will undoubtedly require a labour force possessing higher skills, equipped to take upon the new technologies. Hence the labourforce challenges of the manufacturing industry are three fold:

- The sector competes for its low skilled workers with the oil and gas industry which requires a similar skill set;
- In the quest to enhance productivity, and counter the labour shortage and the resulting cost of labour, the industry has to invest in research and development and resultantly will require a higher skilled labour force;

- The shrinking labour force of the nation and the province is a reality that the manufacturing industry too will face and hence, has to rely on immigration and interprovincial migration to fuel its labour requirements; and
- Simultaneously, the province has to build its domestic labour force and prepare it to take the industry confidently into the future. Aligning education with workforce need and effective apprenticeships, together with continuing training may aid that process.

Other than human resource challenges, there are other economic factors impacting the profitable operations of the industry: the appreciated Loonie cutting into export sales, and the soaring energy prices eroding profit margins.

To further comment on the competitiveness of the industry and its human resource challenges, Alberta Finance and Enterprise's Economic Development Policy and Analysis Branch was contacted. Below is what the branch representatives had to say:

[Commenting on Alberta's manufacturing industry: its state, competitiveness and labour force dynamics:](#)

*There is no indication that the manufacturing sector in Alberta is degenerating. Between 2000 and 2010, the value of Alberta's manufacturing shipments increased by 35% to \$60.1 billion. Alberta's manufacturing sector is still strong. Among the Canadian provinces, Alberta has the highest growth in manufacturing shipments over the last year.*

*Alberta's manufacturing sector had a modest productivity growth of 1.9% per year from 1995-2010. High growth was registered in the globally competitive pulp and paper (5.5% growth per year), machinery (4.5%), wood products (3.6%) and food products (3.1%) industries.*

*On a regional basis, the Lethbridge-Medicine Hat region has one of the strongest growth rates in Alberta in manufacturing employment, in 2009. Over the last 10 years, manufacturing employment in the region grew by 25%, while other regions contracted. Total manufacturing employment in the Lethbridge-Medicine Hat region was 12, 000 in 2010.*

*Based on the Report on Competitiveness Alberta 2010, which measures Alberta's competitiveness by benchmarking its performance against similar jurisdiction, Alberta ranks at or above average for 45 of the 60 competitiveness indicators. There are certain provincial strengths, which include low debt, low tax rates, high levels of labour productivity and strong investment in machinery and equipment.*

*Areas where Alberta scored lower than other jurisdictions include innovation, productivity growth, access to venture capital, and university degree completion.*

*Steps are being taken by the Alberta Competitiveness Council to devise actions that make Alberta's economy more competitive and address the province's looming labour shortage.*

*The statistics show that the number of people employed in the manufacturing sector has decreased in Alberta, Ontario and in Canada over the last decade (from 2000 to 2010). However, over the past 12 months (July 2010 – July 2011) employment has sharply increased in the manufacturing sector in Alberta, increasing from 132.1 thousand in July 2010 to 146.1 thousand in July 2011.*

*In terms of weekly wages, among the provinces, Alberta has the highest average weekly wages. While Ontario used to have a higher average weekly wage than Alberta in the manufacturing sector, since 2005 the average weekly wage in Alberta has become higher.*

*Furthermore, the Lethbridge-Medicine Hat Economic Region paid the lowest manufacturing wages of all eight economic regions, at an average wage of \$21.62.*

#### [Commenting on labour shortages and its impact on the economy:](#)

*The aging of our population contributes to labour shortages as larger numbers of workers leave the workplace due to retirements. However Alberta's high level of labour productivity in manufacturing helps alleviate labour pressures. The strengthening Canadian dollar impacts manufacturing companies by making the products they export more expensive (however, imports from the United States would be less expensive). The recession and the current recovery also impact human resource needs. Currently, one would expect more demand for labour in the sub-sector of manufacturing that supplies the oil sector due to the return of investment and activity particularly in the oil sands. The emergence of new global supply chains, competition from lower-cost international markets, and trade agreements also impact the manufacturing sector and impact human resource needs.*

*Labour shortages would drive up wage rates and have a negative impact on the competitiveness of the sector. This impact applies regardless of location. On a provincial basis, labour costs in the manufacturing sector increased by 5.3% per year from 1997-2010, which is considered moderate compared to the 7.6% increase in labour costs in the mining and oil and gas industry. High growth was registered in a number of oil and gas related manufacturing sectors, such as fabricated metals (6.2%) and machinery (5.9%), both of which supply machinery and other equipment to the oil and gas sector, and chemicals (5.9%).*

*Measures being undertaken to combat labour shortages are reported in the Competitiveness Report and also in the Government of Alberta's labour force strategy Building and Educating Tomorrow's Workforce. This strategy, which is presently being updated, outlines priority actions that assist Alberta in informing, attracting, developing and retaining the labour and skills needed. In 2007, government and industry also collaborated on the development of a labour strategy specific to the Manufacturing Industry.*

*Productivity Alberta also assists manufacturing companies in improving their productivity to ensure that they are making the best use of the workers they have.*



*Efforts to maintain a competitive environment should assist, as a competitive environment serves to attract growth in a range of sectors and it also helps to attract and retain labour. Implementation, measurement and evaluation of productivity best practices will also help lessen the impact as manufacturing companies make the most of the workers that they do have.*

*Another intervention point would be ensuring that companies are aware of how to access the immigration and temporary foreign worker programs that are available to them, and that they work in partnership with government to find appropriate ways to continually improve these programs. (A report on the Impact of the Temporary Foreign Worker (TFW) Program on the Labour Market in Alberta is expected to be released next month by Alberta Employment and Immigration.) Finally, strengthening connections with the academic community and proactively marketing job opportunities to youth, and underutilized labour pools such as Aboriginals, women, persons with disabilities etc., can also help alleviate the shortages caused in part by competition from the resource sector.*

*As for Southeast Alberta in general, it may find it more challenging to compete due to the location factor - as often workers are attracted to large urban areas and tend to cluster along the Edmonton/Calgary corridor. Southeast Alberta will also need to do what it can to ensure it has welcoming/supporting communities for immigrants and that it markets the advantages of life in smaller urban centers*

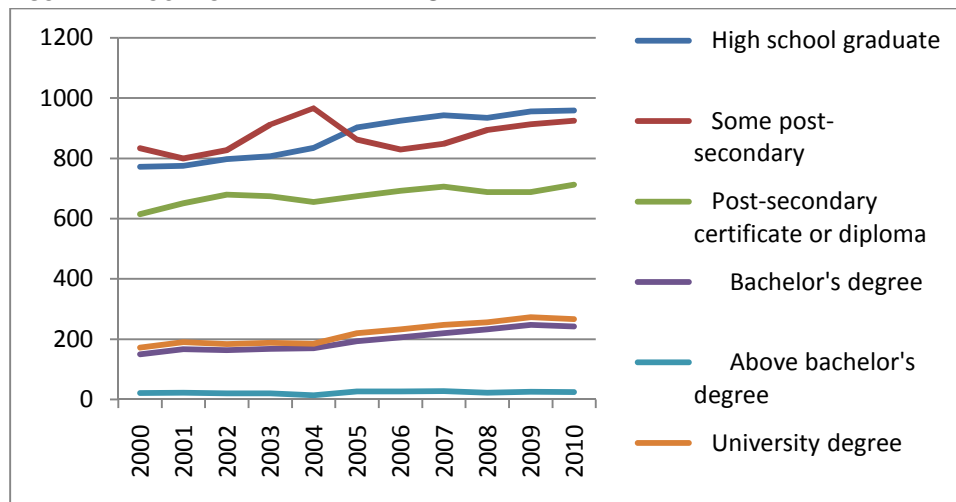
*Despite the overall trend of reduced employment numbers in manufacturing, certain geographical regions and/or sub-sectors of manufacturing can still experience labour shortages. Also, even when employment demand falls overall in manufacturing, if labour supply falls faster one then also can have labour shortages. As manufacturing tends to have long value-added chains that can be decomposed and moved around the globe it is likely that low value added activities will continue to move to the lowest cost jurisdictions. Regarding movement between sectors, workers will tend to choose sectors that are most closely aligned with their interests, which fit their lifestyle, that offer a competitive compensation package, and for youth in particular, sectors that demonstrate opportunities for career advancement.*

Ensuring that there is a sufficient quantity of workers with the appropriate skills demanded by the economy is fundamental to increasing productivity and innovation. Resource sector job opportunities are often believed to be the cause of young Albertans leaving school early. Palpably, the resource sector in Alberta does provide a strong incentive to follow a trades career path out of school.

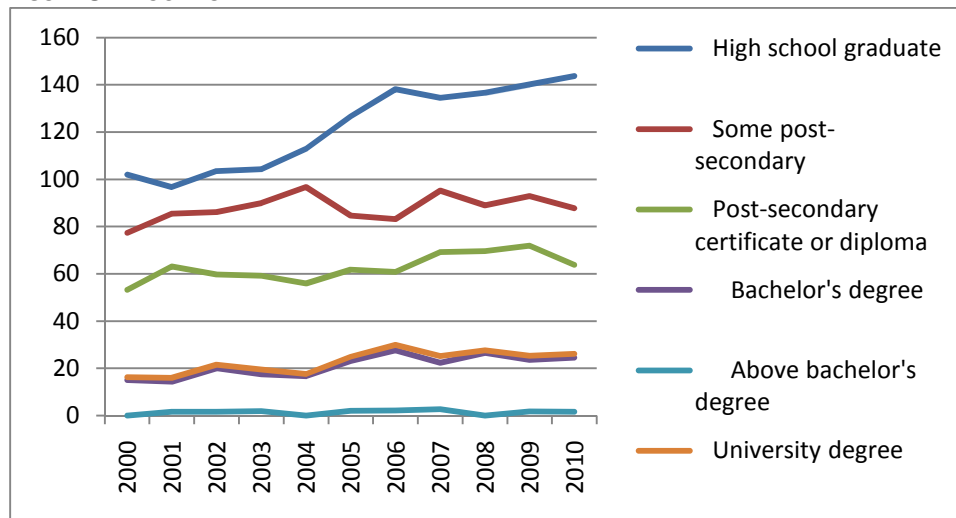
The shrinking labour force of Alberta's manufacturing will put the wheels of supply and demand into motion, where the opportunity cost for youth to invest in specialized education may be higher than entering the labour force at a younger age. This in turn will shrink the pool of higher skilled labour when investments to enhance productivity in the manufacturing industry will result in demand of higher skills. This may not only deplete the pool of higher skilled domestic labour for the manufacturing industry alone, but other sectors of the economy as well.

The graphs below represent the education attainment of Canadian and Albertan youths respectively. It is clear that the rate of high school completion in Alberta is much higher than attainment of a bachelor's or University degree.

**FIGURE 7: EDUCATIONAL ATTAINMENT - CANADA**



**FIGURE 8: EDUCATIONAL ATTAINMENT - ALBERTA**



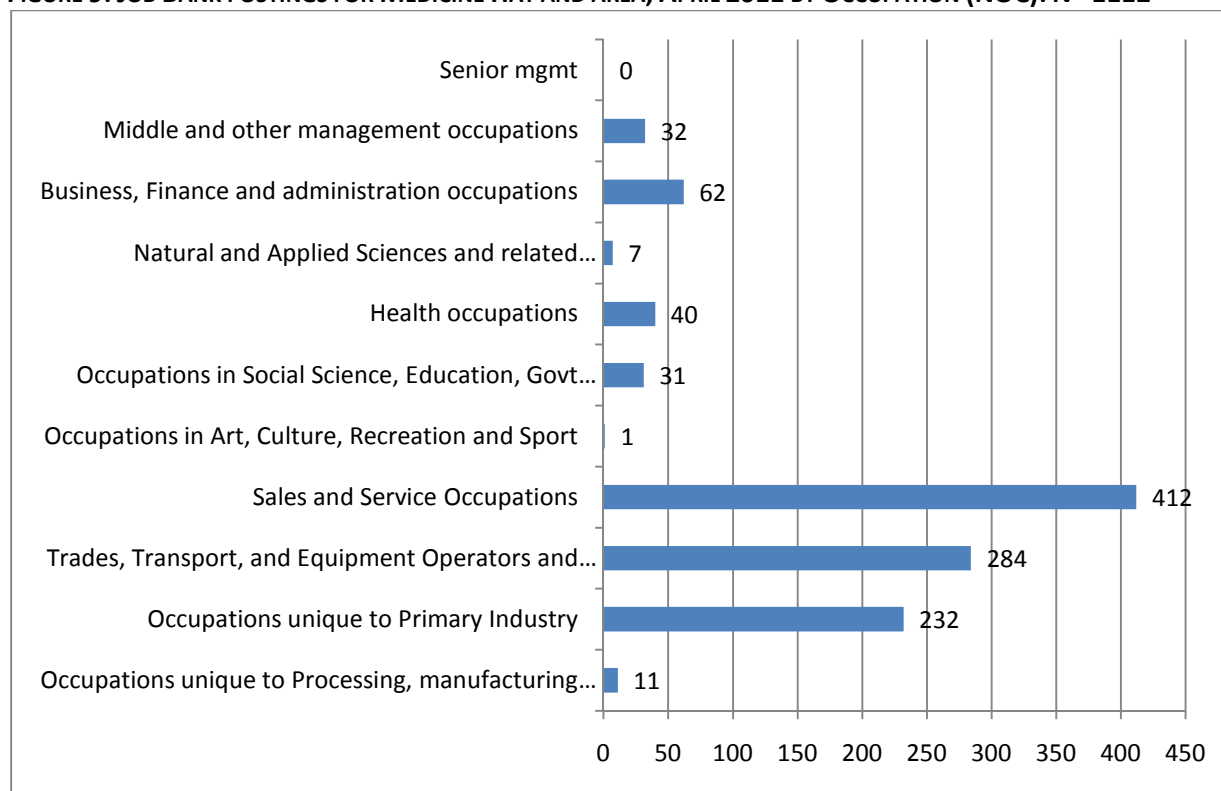
## JOB BANK ANALYSIS

For employment analysis, and for consistency in the analysis, Job Bank listings are used to get an estimate of the nature of labour demand in the Medicine Hat and area. It is appreciated that there are other media that advertise vacant positions and that not all vacancies see it to the job bank database. However, for consistency sake and for referencing with NOC coding, only data available through the Job Bank is utilized.

For Medicine Hat and area, there were a total of 1112 positions listed on the Job Bank in the month of July 2011, accounting for 402 job listings. 72% of the positions were among the top 20 advertisements. 56% of the jobs advertised were for the top 20 occupations listed in table 24.

Sales and services occupations (major group 62, NOC) dominated in the Job bank, accounting for 37% of the positions listed.

**FIGURE 9: JOB BANK POSTINGS FOR MEDICINE HAT AND AREA, APRIL 2011 BY OCCUPATION (NOC): N= 1112**



Source: Job Bank analysis, for July 2011

10.2% of the positions listed on the Job bank for July 2011 accounted for Food Counter Attendants, Kitchen Helpers and Related Occupations (NOC 6641). Retail Salespersons and sales clerks (NOC 6421), which usually is an occupation in demand in Job Bank analysis accounted for almost 8.3% of the positions advertised for July 2011.

**TABLE 27: JOB BANK TOP 20 POSITIONS FOR APRIL 2011. N=1112**

Occupation	NOC	POSITIONS
Food Counter Attendants, Kitchen Helpers and Related Occupations	6641	113
Retail Salespersons and Sales Clerks	6421	92
Construction Trades Helpers and Labourers	7611	66
Harvesting Labourers	8611	54
Oil and Gas Well Drilling Workers and Services Operators	8412	53
Truck Drivers	7411	47
Welders and Related Machine Operators	7265	47

Occupation	NOC	POSITIONS
Food Service Supervisors	6212	40
Sales Representatives - Wholesale Trade (Non-Technical)	6411	37
Oil and Gas Drilling, Servicing and Related Labourers	8615	36
Nursery and Greenhouse Workers	8432	34
General Farm Workers	8431	26
Cooks	6242	24
Oil and Gas Well Drillers, Servicers, Testers and Related Workers	8232	24
Community and Social Service Workers	4212	21
Pharmacists	3131	20
Heavy Equipment Operators (Except Crane)	7421	19
Customer Service, Information and Related Clerks	1453	17
Food and Beverage Servers	6453	14
Other Technical Occupations in Therapy and Assessment	3235	12

Source: Job Bank analysis, for July 2011.

The following occupations were listed most at job Bank for the month of July 2011.

**TABLE 28: JOB BANK 20 MOST ADVERTISED OCCUPATIONS FOR JANUARY 2011. N=402**

Occupation	NOC	FREQUENCY
Retail Salespersons and Sales Clerks	6421	43
Food Counter Attendants, Kitchen Helpers and Related Occupations	6641	22
Community and Social Service Workers	4212	16
Construction Trades Helpers and Labourers	7611	15
Truck Drivers	7411	14
Cooks	6242	13
Oil and Gas Well Drilling Workers and Services Operators	8412	12
Food and Beverage Servers	6453	10
Sales Representatives - Wholesale Trade (Non-Technical)	6411	9
Food Service Supervisors	6212	8
Welders and Related Machine Operators	7265	8
Receptionists and Switchboard Operators	1414	7
Customer Service, Information and Related Clerks	1453	7
Retail Trade Managers	621	6
Heavy-Duty Equipment Mechanics	7312	6
Automotive Service Technicians, Truck and Bus Mechanics and Mechanical Repairers	7321	6
Nursery and Greenhouse Workers	8432	6
Oil and Gas Drilling, Servicing and Related Labourers	8615	6
Light Duty Cleaners	6661	5
Carpenters	7271	5

Source: Job Bank analysis, for July 2011.

## APPENDIX A: INVENTORY OF MAJOR ALBERTA PROJECTS (for Medicine Hat and area)

PROJECT SECTOR/ COMPANY NAME	PROJECT DESCRIPTION	PROJECT LOCATION	COST IN MILLIONS	CONSTRUCTION SCHEDULE	REMARKS
<b>CHEMICALS AND PETROCHEMICALS</b>					
<b>INFRASTRUCTURE</b>					
Alberta Transportation	Highway Twinning Project (North South Trade Corridor)	across Alberta	\$1,900.0	1998-2012	Under construction. 500km across Alberta
Alberta Transportation	Highway 1 bridge (westbound lanes) over South Saskatchewan river	Medicine Hat	\$20.0		Proposed for 2011 - 2012.
Alberta transportation	Highway 61 grade, base and Pave	County of forty Mile	\$7.9	2011	Under construction. South rock ltd
City of Medicine Hat	Water treatment plant discharge treatment facility	Medicine Hat	\$30.0		Proposed, planned completion 2014
City of Medicine Hat	Alterations to Existing Building (future location of Environmental Utilities Dept)	Medicine Hat	\$6.0		Proposed for 2011-2012
City of Medicine Hat	Police station expansion	Medicine Hat	\$17.0		Proposed. Tender call expected fall 2011
City of Medicine Hat	Infrastructure upgrades / Replacement, Connaught Subdivision	Medicine Hat	\$11.0		Proposed.
City of Medicine Hat	Fire Station South ridge	Medicine Hat	\$7.5		Proposed, planned completion 2014
City of Medicine Hat	South ridge drive upgrade To four lanes from highway 1 (TCH) to Strachan road	Medicine Hat	\$11.7		Proposed
Cypress county	Eagle Butte Road grade, Base and Pave	Cypress County	\$6.0		Proposed for 2011
Defence Construction Canada	Fire Hall, CFB Suffield	Cypress County (Ralston)	\$6.2	2011-2012	Under construction. Wahl construction
<b>OTHER INDUSTRIAL</b>					
Defence	Range control facility, CFB Suffield	Cypress County	\$5.1	2011-2012	Proposed. Under

<b>PROJECT SECTOR/ COMPANY NAME</b>	<b>PROJECT DESCRIPTION</b>	<b>PROJECT LOCATION</b>	<b>COST IN MILLIONS</b>	<b>CONSTRUCTION SCHEDULE</b>	<b>REMARKS</b>
Construction Canada					construction. Wahl Construction
<b>PIPELINES</b>					
Highway 3 Water Committee	Regional Water System Bow Island/ Grassy Lake / Burdett	Cty of Forty Mile / MD of Taber	\$8.5		Proposed
<b>INSTITUTIONAL</b>					
Alberta Infrastructure / Alberta Health and Wellness	Medicine Hat Regional Hospital redevelopment	Medicine Hat	\$199.8	2011-2015	Announced. Site work in 2011.
Medican Developments / Haven of Rest Society	'South country village' seniors Complex expansion, Heritage heights	Medicine Hat	\$8.5	2010-2011	Nearing completion. Medican Construction
Alberta Infrastructure	Bow Island Health Centre redevelopment (Emergency Dept Addition / Renovation	Bow Island	\$5.3	2011-2012	Announced. Planned construction start July.
<b>POWER</b>					
City of Medicine Hat	Concentrating solar thermal energy demonstration project	Medicine Hat	\$9.0		Proposed for 2011-2012
NaturEner Energy Canada	East Palliser Transmission Line	Cypress County	\$100.0		Proposed
NaturEner Energy Canada	'Wild Rose' Wind Farm (200MW) Phase 1	Cypress County (S of Irvine)	\$400.0		Proposed. AUC approval October 2010. Dependent on approval of East Palliser Transmission Line.
Naturener Energy Canada	'Wild Rose' Wind Farm Phase 2 (162 MW)	Cypress County (S of Medicine Hat)	\$410.0		Proposed. Planned to be in service in 2012
<b>TOURISM / RECREATION</b>					
City of Medicine Hat	Regional Event Centre , Box Springs business park	Medicine Hat	\$89.8		On hold.

<b>PROJECT SECTOR/ COMPANY NAME</b>	<b>PROJECT DESCRIPTION</b>	<b>PROJECT LOCATION</b>	<b>COST IN MILLIONS</b>	<b>CONSTRUCTION SCHEDULE</b>	<b>REMARKS</b>
Mayfield Hospitality	Hotel and Convention centre	Medicine Hat	\$25.0		Proposed. Contingent on Regional Event Centre
The Friends of Medalta Society	Medalta site restoration, Historic Clay District	Medicine Hat	\$7.5	2009-2011	Under construction
Source: Inventory of Major Alberta Projects, Alberta Finance and Enterprise, July 2011					

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*Collection and research methodology: Information sources for this report has included data from Statistics Canada, business associations, industry associations, labour associations, government sources, national and provincial banking sectors, Industry Canada, national and local newspapers, Canada sector councils, Canada Mortgage and Housing Corporation (CMHC), Medicine Hat Real Estate Board and Job Bank.*

*RBC: housing trends and affordability, August 2011*

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