

# Hardship grows in Alberta as oil industry contracts

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A sharp decline in oil industry activity since the summer of 2014 has led to rising unemployment and poverty in Alberta, a province that until recently was called “the economic engine” of Canada.

During 2015, Alberta’s unemployment rate grew from 4.7 percent to 7.0 and now sits at 7.8 percent, significantly higher than the seasonally adjusted Canadian average of 6.9 percent. This is the first time in over two decades that Alberta’s jobless rate has been above the Canadian average.

In 2015, the Alberta Government received notice of 116 group terminations from employers planning to lay off 50 or more workers at a single location. A total of 17,579 workers were let go, about 78 percent of them in the oil and gas sector. Nearly 52,000 people in Edmonton and 60,000 in Calgary were looking for work in December 2015. This is in a province with a population of just 4 million.

Todd Hirsch, chief economist at ATB Financial, a local bank owned by the province, noted in his quarterly newsletter, *The Owl*, that Alberta’s resource sector lost nearly 21,000 highly paid positions in 2015. Manufacturing jobs were also down 5.3 percent, while construction employment fell 2.7 percent. Just in December, the accommodation and food sector lost 11,500 jobs, as the economic slump led broad sections of the population to curtail their spending.

From 1996 to 2014, Alberta was the go-to destination for Canadians seeking employment. Many Atlantic Canadians worked part of the year on oil-industry extraction and construction projects and this went a long way toward sustaining their families down East throughout the year. Now, this income is gone, causing many laid-off workers to leave the province. According to the Bank of Canada’s Monetary Policy Report, net inter-provincial migration to Alberta in the third quarter

of 2015 was at its lowest since 2010.

The recent federal budget included C\$405 million this fiscal year for an “enhanced” Employment Insurance (EI) Benefit Program for 12 hard-hit areas across Canada. This means laid-off workers in parts of northern and southern Alberta can draw extended EI benefits. But Liberal prime minister Justin Trudeau did not see fit to include Edmonton, where EI claims have risen by 91 percent since January 2015 and the New Democratic Party (NDP) provincial government gets much of its support. Excluding Edmonton-area workers from this relief has caused many of them to return to the long-depressed Maritime Provinces, where they are at least eligible for extended benefits.

The job losses are contributing to rising poverty and food insecurity. Mike Kluttig of the United Way charity noted, “Food bank use is up 60 per cent. We know that there has been a spike in distress line calls, a spike in the suicide rate.”

Bankruptcy filings are up across Alberta as laid-off workers exhaust severance packages. Freida Richer, a licensed insolvency trustee with Grant Thornton Accountant’s Edmonton office told the *Metro* in January, “Last year we started to see that uptick in the number of filings and certainly in the number of phone calls we have been getting. The tone of my discussions with people now, certainly, year to date, is that there’s a little bit more desperation in the air and frustration because they are running out of money and they are ending up having to default on payments.”

Statistics Canada reported in March that Canadians ended 2015 with a record-high debt burden, with the ratio of household credit-market debt to disposable income, the key measure of the debt load, rising to 165.4 percent in the final quarter. In 2015, Canadian household debt rose 4.9 percent, the fastest pace in four

years, to a record of C\$1.92 trillion, including a 6.3 percent surge in mortgage debt. Disposable income, meanwhile, grew by a modest 3.0 percent.

As a result of the contraction in the oil industry and attendant job losses, housing prices in Fort McMurray and Grand Prairie dropped by 20 percent in the months preceding last May's wildfire disaster.

Canada Mortgage and Housing Corporation (CMHC) reports that mortgage arrears of three months or more reached 0.34 percent in Alberta in 2015, higher than the Canadian average of 0.28 percent. It also found that in Edmonton, unsold new homes rose by 70 percent in 2015 and that housing starts are down by 50 percent this year.

Hardest hit have been working class families who have they lost their homes. Over the past year, Alberta's emergency shelters have had to turn 16,000 homeless away. Between April 2015 and 2016, 11,000 people were housed in 36 emergency shelters, 13 second-stage, and two seniors' shelters operated by the Alberta Council of Womens' Shelters.

While there are few reliable figures available on the numbers of homeless people sleeping "rough," other related indicators of worsening social conditions are truly shocking.

There has been a staggering rise in suicide deaths, and this under conditions where even before the economic downturn, Alberta had among the highest suicide rates in Canada, with more Albertans dying from suicide than car crashes. In the first 6 months of 2015, the most recent period for which figures are available, suicides were up by 30 percent. There were an average of 500 to 550 deaths per year in the past, but in 2015 there were 327 suicide deaths in the first 6 months.

With mental health facilities overburdened and facing further budget squeezes, Alberta Health Services has installed emergency public call boxes on the Edmonton High Level Bridge as a stop gap measure. The City, for its part, has just finished installation of a suicide barrier.

The City of Edmonton's response to more homelessness in the downtown core has been to hire more police officers. For example, the City recently announced it had hired 40 more officers to patrol the Central McDougall and McCauley neighborhoods, which host numerous homeless shelters and are within

a five-minute walk of the posh new Ice District being constructed around a new arena for the privately owned Edmonton Oilers Hockey Team.

There is no long-term plan to build affordable social housing, which would reduce the increasing number of homeless resulting from the gentrification of the Ice District, let alone any concrete plan to end homelessness. The Edmonton City Council constantly pleads lack of funds, saying it cannot afford to build affordable housing on its own. Yet the City is largely financing the building of the C\$500 million Rogers Arena for the Oilers hockey team, which is owned by Daryl Katz, Canada's 12th richest billionaire and the proprietor of the Rexall drug-store chain.

Police and peace officers in Alberta harass the homeless, issuing thousands of tickets for petty offenses such as jaywalking, trespassing, drinking open liquor in public, public intoxication, having an unlicensed dog, and fare-jumping on public transit. Frequently, they are jailed for such minor offenses, ending up with arrest records that impede their chances of finding jobs. In some cases, this can be a factor in causing their lives to spiral to the point where suicide looks like the only option. According to Alberta Justice, in 2014-2015, about 2,000 people were incarcerated for non-payment of fines for such offenses, for an average of 2.8 days each.

The NDP government of Rachel Notley has broken its election promise to implement a \$15-per-hour minimum wage. In March, it froze the pay of all provincial government workers, even as they are being forced to do more work due to cuts in staffing levels. Alberta Union of Public Employees (AUPE) figures indicate that the average annual salary for its members was C\$56,750 in 2015 for direct government employees, C\$42,275 for employees of boards and commissions, C\$41,853 for those in the education sector, and just C\$30,877 for Alberta Health Services unionized staff.



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