

# Rethinking the Boundaries: Capturing Data That Reflect a More Accurate Picture of Alberta's Diverse Economies

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## Issue

In 2015, Statistics Canada combined two Alberta economic regions (ER): Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River to make improvements to Labour Force

Survey data. The new economic region, however, encompasses nearly all of the western half of Alberta and links together economies that are vastly different. This has resulted in data that are neither useful nor reliable. The data neither reflect the realities of the vastly different economies within the combined ER, nor highlight the dynamics within Alberta's economy. In the absence of data that do not identify the real strengths and challenges of these varied economies, communities/regions within this combined ER face an economic disadvantage, and policymakers/decision-makers are unable to take meaningful actions to foster growth and address challenges. This has implications for Alberta and Canada as the economies in this region are a vital source of economic activity provincially and nationally.

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## Background Economic Regions: Their Purpose

In Canada, an economic region (ER) is a grouping of complete census divisions (CDs) created for the analysis of regional economic activity. According to Statistics Canada, "such a unit is small enough to permit regional analysis, yet large enough to include enough respondents that, after data are screened for confidentiality, a broad range of statistics can still be released."<sup>59</sup>

Over the years, the boundaries of the regions have been redrawn, most recently "adjusted to accommodate changes in census division boundaries and to satisfy provincial needs."<sup>60</sup> In 2015, ER 4840 (Banff-Jasper-Rocky Mountain House) was combined with ER 4870 (Athabasca-Grande Prairie-Peace River) for the purpose of obtaining better data.<sup>61</sup> ER 4840 was identified as small by population,<sup>62</sup> making it difficult to achieve variance (quality) targets. Statistics Canada (in consultation with the Alberta Government) made the decision to combine ER 4840 with 4870 "because both [ERs] are rural and have similar economies."<sup>63</sup>

## Labour Force Survey (LFS): Measuring Economic Performance

The LFS is a household survey carried out monthly by Statistics Canada and "is among the most timely and important measures of the overall performance of the Canadian economy... It is the only source of monthly estimates of total employment, including self-employment, full- and part-time

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<sup>59</sup> <https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/introduction#a5.3> The regions are based upon the 1950s work of Camu, Weeks and Samtz.

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<sup>61</sup> [http://publications.gc.ca/collections/collection\\_2015/statcan/71f0031x/71f0031x2015001-eng.pdf](http://publications.gc.ca/collections/collection_2015/statcan/71f0031x/71f0031x2015001-eng.pdf)

<sup>62</sup> LFS uses 35,000 dwellings as a quality threshold. ER 4840 had <35 000 occupied dwellings

<sup>63</sup> Statistics Canada email to Grande Prairie & District Chamber of Commerce January 9, 2019 employment, and unemployment. It publishes monthly standard labour market indicators such as the unemployment rate, employment rate and participation rate. In addition, the LFS provides information on the personal characteristics of the working-age population including age, sex, marital status, educational attainment, and family characteristics. Employment estimates include detailed breakdowns by demographic characteristics, industry and occupation, job tenure, and usual and actual hours worked.”<sup>1</sup> LFS data estimates are produced for Canada, the provinces, the territories and a large number of sub-provincial regions.<sup>2</sup>

### **Data drive decisions**

LFS data are a crucial tool. Data inform local and global investors and entrepreneurs considering businesses opportunities in communities and regions; can create incentive or hindrance that impact behaviour (i.e., investment) and decision-making; and help inform governments (federal, provincial, local) so they are able to develop meaningful policies and strategies to foster growth where it is flourishing, and help ignite it where it is languishing.

### **One data set, vastly different economies**

While LFS data are designed to provide key labour market estimates for ERs and must be sufficiently reliable to support the various uses of the data,<sup>3</sup> some data for this newly combined ER region (4840 and 4870) present an inaccurate picture of this ER's economies. Not only does the ER encompass almost all of the western half of Alberta, but there are significant differences in the economies and labour forces between some areas in ER 4840 (which includes two national parks and is tourism-based) and ER 4870 (which includes economies based on a foundation of world-class natural resources including oil, natural gas, forestry and agriculture). Building in other factors has in some cases resulted in an economic analysis that is not representative of the true nature of the different economies and labour forces within the combined ER; as such, some data is neither reliable nor useful, and in some cases, is detrimental to economic development.

In the Grande Prairie region, for example, the ER's unemployment rate (derived from the LFS) is typically 1-2 percent higher than the reality in the region's economic landscape (estimates based on previous years' data when labour force data for Grande Prairie (CA) were available, combined with current data on local spending figures, hotel stays, rental vacancies, etc.). Economic Development Officers in the region report that this elevated Statistics Canada unemployment rate is deterring potential investors from investing in the region<sup>4</sup>, as unemployment data is an important indicator of the economic potential of an area. In turn, this presents barriers and additional challenges for northwestern Alberta and its ability to compete on a provincial, national and global scale. This also has implications beyond regional borders, as the Grande Prairie region is noted for its economic contributions to the provincial and national economies due to its proximity to the prolific world-class Montney-Duvernay shale gas play, its global reputation for agricultural and forest products, and its trade area of over 280,000 people.

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<sup>1</sup> <https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm>

<sup>2</sup> [www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3701#a1](https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3701#a1)

<sup>3</sup> <https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2018001-eng.htm>

<sup>4</sup> Economic Development Department, City of Grande Prairie

To the south of the combined ER, the Towns of Jasper and Banff, located in the Canadian Rockies and in national parks, as well as Canmore, have an economic landscape, and unique labour force and labour force challenges distinctly different from the Grande Prairie region *and* the rest of Alberta.

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Recent research<sup>68</sup> has highlighted that these municipalities, which rely on tourism, face unique pressures in their efforts to provide effective and sustainable service delivery and quality infrastructure to large numbers of domestic and international visitors. Combining economic data for this region with areas that have distinctly different economic drivers does not reflect the economic realities in these mountain park communities, and as such, is not an effective tool for understanding and addressing the challenges associated with being major international tourist destinations. This, too, has important implications beyond this region, as the ability of these communities to attract and serve visitors benefits Alberta as a whole, other Alberta communities, and Canada.

### **Reliable data to effectively inform**

While the economic regions (4840 & 4870) were combined to capture a more reliable figure about its labour markets, this change has produced LFS data that, in some cases, are neither useful nor reliable, and have even been detrimental to economic development. Ensuring the boundaries of Alberta's economic regions allow for reliable LFS results that reflect the dynamics and differences in the economic landscape is necessary to foster resilient communities and robust local economies, and drive vitality and competitiveness within Alberta's economy.

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### **The Alberta Chambers of Commerce recommends the Government of Alberta:**

1. Through the Alberta Office of Statistical Information, work with Statistics Canada to develop a model of decision-making to define the boundaries of Alberta's economic regions (ERs) that ensure ERs produce robust and reliable Labour Force Survey data that best reflect the economic landscapes and labour forces across Alberta.

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<sup>68</sup> 2016 Banff, Jasper, Canmore Tourism Economic Impact Study <http://banff.ca/DocumentCenter/View/5550> and economic development data