

The wealth of oil and gas workers: Interprovincial employees in Alberta's oil and gas industry and their contribution to the Canadian economy

Canadian Energy Centre

Overview: Interprovincial employees and their home-province benefits

The expansion of Canada's oil and gas sector over the past two decades and the spin-off effects it has on broader economic activity have made Alberta a magnet for job seekers across Canada. The result is increased labour income for many Canadians. This is meaningful because such job seekers earn income in Alberta but send and bring money back to their home provinces, where they also pay income and other taxes. This has been the case even during downturns in the Alberta economy.

Understanding IPEs

The oil and gas sector employs Canadians from across the country, many who use their income to benefit the economies of the provinces in which they permanently reside. One such group of employees are Canadians who commute to work in Alberta but maintain their primary residence elsewhere, known as interprovincial employees (IPEs). Individuals are identified as IPEs if they receive T4 earnings or income in a province (such as Alberta) during a given year, but report that they reside in another province on their T1 tax returns.

This Fact Sheet examines the contribution of IPEs in Alberta's oil and gas sector to other provinces. To do so, we examine IPE trends between 2002 and 2016 (the earliest and latest years for which data is available) using time series data from the Statistics Canada Canadian Employer-Employee Dynamics Database (CEEDD). The time lag is due to the multiple years of historical tax filer data required to accurately identify IPEs.

Alberta is a prime destination for IPEs

The total number of IPEs in Alberta increased from 61,395 in 2002 to 146,530 in 2014, before falling back to 96,215 in 2016, likely the result of the decline in energy prices and activity.

However, even with the energy price decline, the number of IPEs working in Alberta still grew by nearly 57% between 2002 and 2016. In contrast, the growth in IPEs in Ontario was 18%. Of note, the growth of IPEs in two other major oil and gas provinces, Saskatchewan and Newfoundland & Labrador, amounted to 54% and 85% respectively.

Over the period surveyed, Ontario has consistently had the most inter-provincial employees residing in-province (see Figure 1a), with 124,130 in 2002 and 147,090 in 2016. The large absolute numbers are to be expected given Ontario has the largest population among the provinces.

IPEs as a percentage of the total population

To gain a clearer understanding of how critical IPEs are to provinces outside Alberta, we have calculated IPEs as a percentage of each province's population. In most years, IPEs in Alberta constituted a higher proportion of the total population than IPEs in other provinces.

- In 2014, the percentage of the Alberta workforce that declared another province as home was 3.6%, compared with 1.1% in British Columbia, 1% in Ontario and 0.6% in Quebec.
- In 2016, the proportion of Alberta employees who declared another province as their home declined to 2.3%, but that was still significantly higher than other highly populated provinces such as British Columbia (1.1%), Ontario (1.1%) and Quebec (0.7%) and also higher than all other provinces.

Figure 1a

Inter-jurisdictional employees incoming, by year

2002 to 2016

	BC	AB	SK	MB	ON	QU	NB	NS	PE	NF
2002	38,650	61,395	15,995	11,005	124,130	49,840	11,895	17,925	3,095	4,310
2003	38,000	59,030	15,075	11,620	124,355	47,235	12,550	17,895	3,375	4,300
2004	41,510	63,715	14,660	11,345	126,380	46,335	12,255	17,930	3,290	4,105
2005	45,665	75,130	16,000	11,925	136,115	48,150	13,355	17,275	3,090	4,960
2006	49,845	99,565	16,905	12,170	137,670	51,245	14,495	18,615	3,745	5,460
2007	50,220	112,925	17,265	13,145	138,840	51,445	14,980	18,745	3,640	5,500
2008	50,135	123,185	19,760	13,980	141,525	50,015	15,575	17,880	3,430	6,075
2009	43,160	96,680	20,295	14,245	133,745	49,285	14,400	16,500	3,300	5,345
2010	44,265	92,530	22,880	13,615	133,840	47,710	14,030	16,330	3,160	5,730
2011	44,300	102,690	28,290	12,805	137,040	49,230	13,420	16,465	3,220	6,260
2012	45,755	121,340	31,075	12,545	139,805	48,780	12,975	16,440	3,260	7,765
2013	48,720	137,820	32,290	12,840	138,155	49,330	11,220	16,490	3,160	9,145
2014	50,520	146,530	31,900	12,945	141,675	50,410	11,500	16,710	3,125	8,150
2015	50,155	124,515	29,215	12,885	145,860	52,135	11,330	16,305	2,950	8,310
2016	52,135	96,215	24,690	13,815	147,090	54,340	11,710	16,290	2,995	7,965
Change (2016 vs. 2002)	35%	57%	54%	26%	18%	9%	-2%	-9%	-3%	85%

Source: Derived from Statistics Canada, Canadian Employer-Employee Dynamics Database.

Figure 1b

Inter-jurisdictional employees incoming, by year, as a percentage of the population

2002 to 2016

	BC	AB	SK	MB	ON	QU	NB	NS	PE	NF
2002	0.9%	2.0%	1.6%	1.0%	1.0%	0.7%	1.6%	1.9%	2.3%	0.8%
2003	0.9%	1.9%	1.5%	1.0%	1.0%	0.6%	1.7%	1.9%	2.5%	0.8%
2004	1.0%	2.0%	1.5%	1.0%	1.0%	0.6%	1.6%	1.9%	2.4%	0.8%
2005	1.1%	2.3%	1.6%	1.0%	1.1%	0.6%	1.8%	1.8%	2.2%	1.0%
2006	1.2%	2.9%	1.7%	1.0%	1.1%	0.7%	1.9%	2.0%	2.7%	1.1%
2007	1.2%	3.2%	1.7%	1.1%	1.1%	0.7%	2.0%	2.0%	2.6%	1.1%
2008	1.2%	3.4%	1.9%	1.2%	1.1%	0.6%	2.1%	1.9%	2.5%	1.2%
2009	1.0%	2.6%	2.0%	1.2%	1.0%	0.6%	1.9%	1.8%	2.4%	1.0%
2010	1.0%	2.5%	2.2%	1.1%	1.0%	0.6%	1.9%	1.7%	2.2%	1.1%
2011	1.0%	2.7%	2.7%	1.0%	1.0%	0.6%	1.8%	1.7%	2.2%	1.2%
2012	1.0%	3.1%	2.9%	1.0%	1.0%	0.6%	1.7%	1.7%	2.3%	1.5%
2013	1.1%	3.5%	2.9%	1.0%	1.0%	0.6%	1.5%	1.8%	2.2%	1.7%
2014	1.1%	3.6%	2.9%	1.0%	1.0%	0.6%	1.5%	1.8%	2.2%	1.5%
2015	1.1%	3.0%	2.6%	1.0%	1.1%	0.6%	1.5%	1.7%	2.0%	1.6%
2016	1.1%	2.3%	2.2%	1.1%	1.1%	0.7%	1.5%	1.7%	2.0%	1.5%

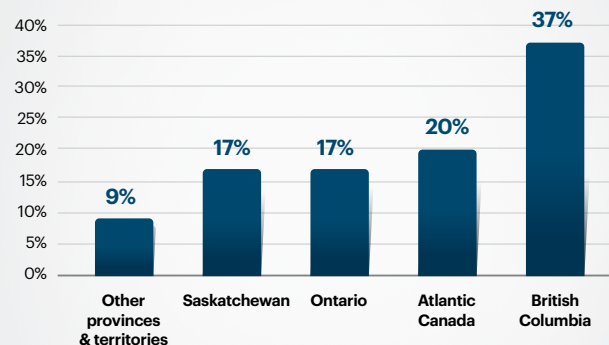
Source: Derived from Statistics Canada, Canadian Employer-Employee Dynamics Database.

Where Alberta's IPEs come from

While IPEs come to Alberta from across Canada, the primary sources in 2016 were B.C. (37%), Atlantic Canada (20%), Saskatchewan (17%) and Ontario (17%).

Figure 2

Interprovincial employees incoming to Alberta: Source province and territory



Source: Derived from Statistics Canada, Canadian Employer-Employee Dynamics Database.

The Alberta money flow in 2016: \$4.4 billion earned by IPEs

Income¹ earned by IPEs in Alberta increased from \$1.2 billion in 2002 to \$7.6 billion in 2014 before falling back to \$4.4 billion in 2016. Even with the energy price decline, income earned by IPEs in Alberta grew by nearly 267% between 2002 and 2016 (see figure 3).

Figure 3

T-4 earnings* inside Alberta of inter-jurisdictional employees

	In \$ billions
2002	1.25
2003	1.15
2004	1.34
2005	1.83
2006	2.57
2007	3.32
2008	4.33
2009	3.45
2010	3.69
2011	4.28
2012	5.43
2013	6.87
2014	7.59
2015	5.90
2016	4.35
Total	57.4

Source: Derived from Statistics Canada, Canadian Employer-Employee Dynamics Database.

*Aggregate

Some of the earnings from IPEs go back to the local economies in which these employees permanently reside in the form of consumption of goods and services, and ultimately federal and provincial taxes. Of the nearly \$4.4 billion earned by IPEs in Alberta during 2016:

- Nearly 41% was earned by B.C. residents;
- 22% by residents of the Atlantic provinces;
- 16% by residents of Saskatchewan;
- 15% by residents of Ontario; and
- 6% in the other provinces and the territories.

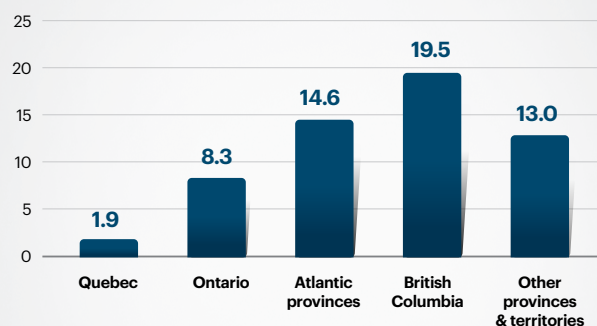
The Alberta money flow 2002 to 2016: Over \$57 billion to IPEs, with British Columbians being the biggest beneficiaries

In total, IPEs residing in Alberta earned \$57.4 billion between 2002 and 2016, an average of over \$3.8 billion per year. Of this total, \$19.5 billion or 34% was earned by B.C. residents, \$14.6 billion or 25% by Atlantic residents, \$8.3 billion or 15% by Ontario residents, and even \$1.9 billion or 3% by Quebec residents. Another \$13 billion or 23% flowed to IPEs who reside in the other provinces and the territories.

Figure 4a

Earnings* inside Alberta of inter-jurisdictional employees

2002 to 2016



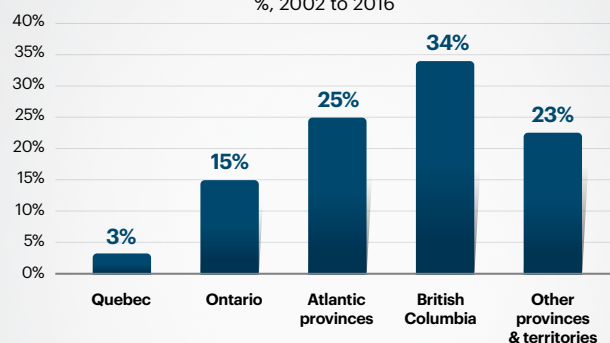
Source: Derived from Statistics Canada, Canadian Employer-Employee Dynamics Database.

*T-4 Aggregate

Figure 4b

Earnings* inside Alberta of inter-jurisdictional employees

%, 2002 to 2016



Source: Derived from Statistics Canada, Canadian Employer-Employee Dynamics Database.

*T-4 Aggregate

¹ In constant 2016 dollars.

Oil and gas sector employment income for IPEs: Over \$12 billion

IPE employment in the oil and gas extraction and support activities sector in Alberta grew from 4,935 in 2002 to 19,980 in 2014, before falling back to 12,645 in 2016. Even so, the number of IPEs working in Alberta's oil and gas sector increased by over 156% between 2002 and 2016.

As the number of IPEs employed in Alberta's oil and gas sector has grown, so has the total income earned by those employed in the sector in Alberta.

- Between 2002 and 2016, income grew from \$175.8 million to over \$1.5 billion in 2014, before falling back to \$975 million in 2016.
- Even so, the income earned by oil and gas sector IPEs grew by nearly 455% between 2002 and 2016.
- In fact, between 2002 to 2016 inclusive, IPEs in Alberta employed in oil and gas earned over \$12.1 billion in cumulative income.

The importance of the oil and gas sector to the income earned by IPEs cannot be overstated. Employment in the oil and gas sector for IPEs in Alberta is financially rewarding. In 2016, IPEs employed in the oil and gas sector in Alberta earned an average income of \$77,091. This is among the highest of all industries in which IPEs are employed in the province including professional, scientific and technical services (\$50,176) and utilities (\$76,970).

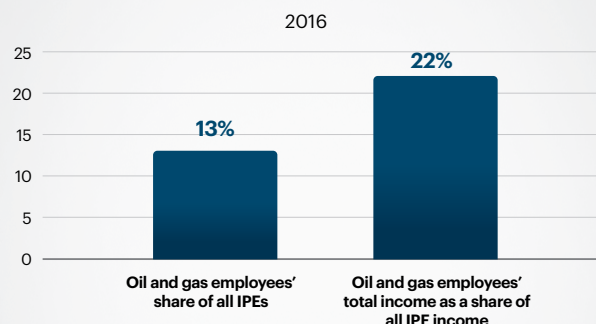
While IPEs working in the oil and gas sector comprised about 13% of total IPEs in Alberta, their income comprised over 22%

of total income earned by IPEs in the province during 2016 (see figure 5).

This further reflects the fact that oil and gas is a high-paying industry for all Canadians, including IPEs. It is important to note that the average earnings reported are not the total individual annual income earned by IPEs, just the amount that was earned while working in Alberta.

Figure 5

Interprovincial oil and gas employees in Alberta: Share of all IPEs vs. share of all IPE income



Source: Derived from Statistics Canada, Canadian Employer-Employee Dynamics Database.

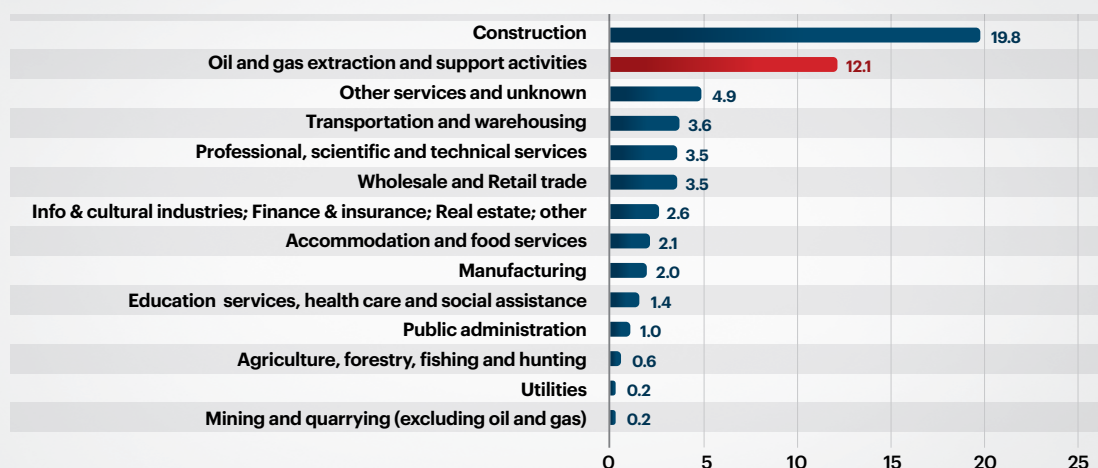
Oil and gas sector income for Alberta's interprovincial employees: Second only to construction sector

The income earned by IPEs in Alberta in the oil and gas sector was \$12.1 billion, second only to construction at \$19.8 billion, between 2002 and 2016 in total. Of note, the oil and gas sector in Alberta has significant spin-off effects on the construction sector, particularly as it relates to construction of oil sands projects.

Figure 6

Earnings* of interprovincial employees in Alberta

2002 to 2016, by industry, \$ billions



Source: Derived from Statistics Canada, Canadian Employer-Employee Dynamics Database.

*T-4 aggregate

Takeaway

Clearly, IPEs from across Canada have been attracted to Alberta due to the prospects for high-paying jobs in the oil and gas sector.

- The number of IPEs in Alberta increased by nearly 57% between 2002 and 2016, while the growth in IPEs in Ontario was just 18% in comparison.
- In 2016, the proportion of Alberta employees classified as IPEs was 2.3%, significantly higher than other highly populated provinces such as British Columbia (1.1%), Ontario (1.1%) and Quebec (0.7%), and higher than all other provinces.
- IPE employment in the oil and gas extraction and support activities sector in Alberta increased by over 156% between 2002 and 2016.
- As the number of IPEs employed in Alberta's oil and gas sector has grown, so has their total income earned. Income earned by oil and gas sector IPEs in Alberta grew by nearly 455% between 2002 and 2016.
- Overall, from 2002 to 2016, IPEs in Alberta employed in oil and gas earned over \$12.1 billion in cumulative income.

The decision by IPEs to travel to Alberta for work in the oil and gas sector is another example of the economic benefits that Canada's oil and gas sector brings to all Canadians, regardless of province of residence.

Notes:

Terms and definitions used in this report related to employment and incomes can be accessed through [Statistics Canada](https://www150.statcan.gc.ca/n1/pub/92-626-x/2019001/article/00001-eng.htm). This CEC Fact Sheet was compiled by Lennie Kaplan and Mark Milke at the Canadian Energy Centre: www.canadianenergycentre.ca. The authors and the Canadian Energy Centre would like to thank and acknowledge the assistance of Philip Cross in reviewing the data and research for this Fact Sheet. Image credits: "Workers sitting in locker room" by Hybrid Images on Getty Images.

Sources: (All links live as of August 11, 2020)

Government of Alberta (2017), Demographic Spotlight Interprovincial Employees in Alberta: Industrial Profile by Major Region of Origin <<https://bit.ly/33OJE5Z>>; Government of Canada (2015), Interprovincial Employment in Canada, 2002 to 2011 <<https://bit.ly/3ioW8Fs>>; MDPI (2020), Dependence on Interprovincial Migrant Labour in Atlantic Canadian Communities: The Role of the Alberta Economy <<https://bit.ly/33PnmRv>>; Statistics Canada (2020), Canadian Employer-Employee Dynamics Database <<https://bit.ly/2DC8kUG>>.

Creative Commons Copyright

Research and data from the Canadian Energy Centre (CEC) is available for public usage under creative commons copyright terms with attribution to the CEC. Attribution and specific restrictions on usage including non-commercial use only and no changes to material should follow guidelines enunciated by Creative Commons here: [Attribution-NonCommercial-NoDerivs CC BY-NC-ND](https://creativecommons.org/licenses/by-nc-nd/4.0/).