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ANNUAL REVIEW OF BUSINESS CONDITIONS

A L B E R T A

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Prepared by Alberta Bureau of Statistics,
Department of Industries and Labour
Edmonton, Alberta.
January 16, 1958.

REVIEW OF BUSINESS CONDITIONS - 1958

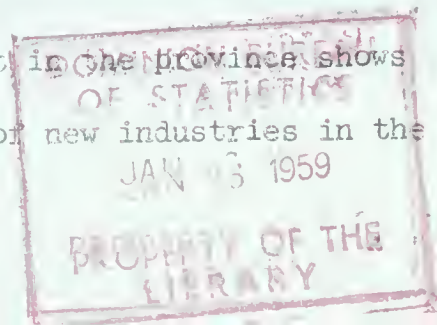
By year end it was apparent that business activity in the province was well past the low point of the "recession". The late months of 1957 and the early months of 1958 had shown a slackening of business volume: since mid summer 1958 the recovery has been gaining increasing momentum.

Farmers cash income rose by over \$44 million due largely to increased livestock marketings and higher prices. Construction activity in the province was at an all time high with building permits issued by the ten cities close to the \$200 million mark and permits issued in rural areas over 70% higher than in 1957. The value of manufacturing exceeded the \$800 million mark as compared with \$763 million in 1957. Most industries, (the exception being iron and steel) report increased production in volume and in value over 1957; and new plants coming into production on a 12 month basis for the first time helped swell the total. Forestry production which had slackened considerably early in the year was rapidly increasing at year end. Electric generation increased at a rate of more than 10% per annum.

The value of mineral production fell by 17%. The decline was due to the decrease in crude oil shipments to the U.S.A. and to the continuing decline in coal mining. Production of all other minerals was substantially higher.

Retail and wholesale trade increased by about 3% with total retail trade approaching \$1,250 million in volume. Part of the increase is in price only; physical volume has changed little.

Employment in the construction industry was considerably higher than in 1957; and the industry was much better placed to provide continuous work over the 1958/59 winter months. Total non-agricultural employment in the province shows little change from 1957 levels, but the wider diffusion of new industries in the



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province gives protection from over-congestion of unemployed in the main cities. Personal income was substantially higher with the average of weekly wages and salaries at \$73.77 as compared with \$70.48 (1 October 1958 cf 1957).

With farm cash income holding at present levels; with the construction industry engaged at near capacity, particularly in residential construction; with the increases to be expected in sales of all types as these new houses are occupied; with several new manufacturing plants coming into operation in 1959; with mineral production (particularly crude oil) once more increasing substantially; and particularly with an upturn in business reported in all other parts of North America it seems obvious that 1959 will be a particularly prosperous year for all sectors of the economy of the province.

AGRICULTURE:

Farm cash income from major products was higher than in 1957.

FARM CASH INCOME - MAJOR SOURCES - ALBERTA, 1957 - 1958

	<u>1 9 5 7</u>	<u>1 9 5 8</u>
	\$	\$
Grains Jan. - Nov.	153,951,000	149,985,000
Livestock Jan. - Nov.	156,988,000	201,872,000
Dairy ProductsJan. - Oct.	29,089,000	31,872,000
Poultry Products.....Jan. - Nov.	8,176,000	8,277,000
T O T A L	<u>\$ 348,204,000</u>	<u>\$ 392,006,000</u>

Although receipts from grain sales were slightly below those of 1957 livestock were moved in an increasing volume. Hog prices dipped somewhat but were more than offset by higher cattle and sheep quotations. Income from sugar beets and from other specialty crops is also in excess of 1957. Figures in the table above are for 11 months: 12 month figures should be in the neighbourhood of \$430 million as compared with \$388 million in 1957.

MINERALS:

Preliminary mineral production figures for Alberta, compiled by the Dominion Bureau of Statistics indicate a substantial 17.4% decline in value.

MINERAL PRODUCTION - ALBERTA, 1957 - 1958*

		<u>1 9 5 7</u>	<u>1 9 5 8</u>
		Final	Preliminary
Gold	oz.	416	282
	\$.	13,957	9,582
Silver	oz.	39	28
	\$.	34	24
Salt	ton	46,935	54,200
	\$.	1,038,346	979,000
Sulphur	ton	100,705**	120,000**
	\$.		1,924,836
Coal	ton	3,156,546	2,460,296
	\$.	17,383,547	12,519,804
Natural Gas	mcf.	183,140,820	245,500,000
	\$.	13,735,562	18,412,500
Petroleum, crude	bb1.	137,492,316	112,300,000
	\$.	355,555,140	281,536,100
Clay Products	\$.	2,628,187	2,682,748
Cement	ton	556,962	631,400
	\$.	8,802,914	10,378,200
Lime	ton	42,223	45,982
	\$.	678,237	589,841
Sand and Gravel	ton	11,801,422	12,061,202
	\$.	9,981,716	9,226,424
Stone	ton	80,565	89,540
	\$.	394,123	531,133
TOTAL VALUE	\$.	410,211,763	338,790,192

* Dominion Bureau of Statistics Estimate.

** Alberta Bureau of Statistics Estimate.

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It is noteworthy that this reduction is largely due to the curtailment of crude oil shipments from the province. Not unexpectedly, coal production also declined by 25%. Higher production was recorded for all other minerals although the D.B.S. reports a reduction in unit prices. Natural gas production increased substantially particularly after the Trans-Canada pipeline was completed to serve central Canadian market areas.

Despite the decreased crude oil sales oilwell drilling activity was higher than in 1957 and may well exceed 9 million feet as compared with 7.5 million feet in 1957; to the end of October there were 1,404 well completions compared with 1,227; 8,424 wells were capable of crude oil production as compared with 7,964; and 672 gas wells were capable of production as compared with 576.

Propane and butane production to the end of November were lower than in 1957 by 12% and 19% respectively although November figures were 31% and 62% higher largely because of the new gas absorption plants at Pincher Creek and Pembina coming into production. Sulphur production rose to 120,000 tons for a 20% increase.

NEW INDUSTRIES:

1958 was marked by the completion of several major industrial projects, and the commencement of construction of a number of other plants. Many of the projects undertaken in 1958 remain to be completed in 1959.

A large portion of the major plants either completed or under construction are directly connected with the oil and gas industry or with petrochemicals. The "tap turning" ceremonies which started the flow of Alberta gas eastward through the Trans Canada gas pipeline were followed by the official opening of the \$25 million sulphur plant at Pincher Creek. Two more gas processing plants went on stream during 1958. These plants serve the Cessford gas field and

the Pembina oil-field and are valued at over \$8.5 million. Work is progressing on the \$9.0 million sulphur plant at Okotoks and the \$17.3 million refinery expansion programme at Calgary. 1959 should witness the completion of a new \$1.4 million asphalt plant in the Edmonton area and the completion of the expansion programme to double productive capacity of the polyethylene plant. A considerable amount of work remains to be done on the addition to the nickle refinery at Fort Saskatchewan. This addition is to cost approximately \$1.5 million, and will increase the output of ammonia. Farther north in the Whitecourt area a \$15 million gas cycling plant is under construction.

A new \$2 million cast iron soil pipe plant at Calgary went into production in the fall of 1958. During the year construction commenced on the vegetable oil plant at Lethbridge. Prospects are that this \$2.7 million project will be in operation by July 1959.

Mentioned above are some of the larger industrial projects which highlighted the industrial scene in the province in 1958. In the neighborhood of 50 projects varying in size from \$25,000 to \$250,000 or more were either completed or under construction during 1958. These projects are particularly important both in terms of employment provided during their construction and employment provided when they go into operation.

The surging construction industry revival had much to do with the clay products, cement, and lime firms bettering of 1957 figures; there had been a pronounced slackening in the early months of the year.

It is to be noted that prospects for increased crude oil production appeared brighter at the beginning of 1959.

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MANUFACTURING:

GROSS VALUE OF MANUFACTURING - ALBERTA - 1956-1958

	<u>1 9 5 6⁽¹⁾</u>	<u>1 9 5 7⁽²⁾</u>	<u>1 9 5 8⁽³⁾</u>
	\$	\$	\$
Foods and Beverages	287,686,000	308,261,000	330,000,000
Leather Products	234,000	239,000	500,000
Textiles	5,784,000	6,203,000	7,000,000
Knitting Mills	231,000	103,000	150,000
Clothing	8,398,000	8,308,000	8,900,000
Wood Products	54,654,000	58,208,000	58,000,000
Paper Products	12,376,000	12,748,000	26,000,000
Printing and Publishing	23,079,000	25,393,000	28,000,000
Iron and Steel Products	55,287,000	59,497,000	57,000,000
Transportation Equipment	24,344,000	28,187,000	27,500,000
Non Ferrous Metal Products	17,866,000	14,996,000	16,000,000
Electrical Apparatus Etc.	3,773,000	3,532,000	3,600,000
Non Metallic Mineral Products	37,637,000	38,939,000	41,500,000
Petroleum and Coal Products	132,700,000	150,999,000	151,000,000
Chemicals and Allied Products	35,356,000	41,658,000	48,000,000
Miscellaneous Manufacturing	3,779,000	5,085,000	5,500,000
<u>T O T A L</u>	<u>703,184,000</u>	<u>762,356,000</u>	<u>808,650,000</u>

- (1) Final - Dominion Bureau of Statistics
(2) Preliminary - Dominion Bureau of Statistics
(3) Estimate - Alberta Bureau of Statistics

The gross value of products manufactured in Alberta in 1958 is estimated at \$808.6 million, an increase of \$46 million (6.1%) above 1957 and \$105 million over 1956. The table above shows how the various industrial groups fared.

Particularly significant is the underlying stability evidenced in all industries in a so-called "recession" year. Even in the iron and steel industry, which reflected the late 1957 - early 1958 slackening of the construction industry, total value of production is practically on a par with 1957. New plants coming into production, and other plants branching successfully into new lines kept production levels high.

Major increases are shown in the "Foods and Beverages" industry (up \$22 million) due to increased production of packing plants, sugar refineries, bakeries and breweries; in the "Paper Products" industry (up \$13 million) due to the new pulp mill being in full production for a full year and to smaller increases being shown by most firms; in the "Non-Metallic Products" industry (up \$2 million) due to late year response to the booming construction trades; and in the "Chemicals and Chemical Products" industry (up \$6 million) in which new plants coming into full operation, and general strength among older plants, made for a successful year.

Some figures are available on specific industries. Flour milling production improved by 17%; dairy plant production by 12%; meat packing by 15%; clay products fractionally; cement plant production by 10% and cement products by 26%; lime production by 12%; refinery production by 3%.

Absorption plant production declined in line with decreased production of crude oil; and sawmilling had declined about 16% to the end of November.

CONSTRUCTION INDUSTRY:

The construction industry had a record year with a substantial programme carrying over the winter months.

Building permits issued by the ten cities exceeded \$196 million: those issued by other municipalities exceeded \$60 million. The construction boom was

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particularly evident in Calgary metropolitan area where permits were valued at \$110 million; and in the Edmonton metropolitan area where they were valued at nearly \$99 million. Encouraging was the 71% increase shown in the "rural" municipalities of the province.

Residential housing construction set new records for

CONSTRUCTION OF DWELLING UNITS - ALBERTA
1956, 1957, 10 Months 1958

	<u>Under Construction January 1</u>	<u>Jan. 1 to Dec. 31</u>		<u>Under Construction December 31</u>
		<u>Started</u>	<u>Completed</u>	
Dec. 31-1956	6,381	10,662	11,622	5,181
1957	5,181	11,182	9,948	5,985
		<u>Jan. 1 to Oct. 31</u>		<u>October 31</u>
Oct. 31-1956	6,381	9,778	9,320	6,602
1957	5,181	9,145	7,924	6,055
1958	5,985	13,969	10,775	9,425

number of starts and number under construction as the winter season approached.

It took some time for the construction programme to get into full swing. Not until May of 1958 did employment index figures equal those of 1957; since May they have been substantially higher. It is as yet early to assess the effect of the Federal-Provincial-Municipal winter construction programme on employment in the industry.

For 1959 prospects for the industry again appear bright. The provincial government has announced a major programme of institutional building; a substantial volume of industrial building has already been announced; there will be considerable pipeline building to link gas fields; and the federal government is expected to make further sums of mortgage money available in order to continue

the residential building programme.

TRADE AND COMMERCE:

Total retail trade is estimated at \$1,245 million, a 3% increase over 1957. Although part of this increase is undoubtedly due to higher prices, the percentage increases shown in the later months of the year (8.7% increase October 1958 over October 1957) indicate the increasing optimism of consumers.

Particular strength was shown in grocery store sales (up \$12 million); department store sales (up \$10 million); and by hardware, lumber and furniture dealers (up \$6 million) - all to the end of October 1958.

The major decline (\$23 million) was shown in sales of motor vehicle dealers; but it may be encouraging that latest figures (for October 1958) show a modest 3% increase over sales for October 1957.

Wholesale trade figures confirm these trends. To the end of November Calgary sales increased over 1957 by 8%; Edmonton by 1%; Lethbridge by 15%; Medicine Hat by 6%; and in Red Deer by 4%.

As will be seen later employment varied only fractionally from 1957 levels but the average of salaries and wages rose perceptibly. It is apparent that personal disposable income is at an all time high.

GENERAL:

Bank clearings were 4.8% higher than in 1957 rising from \$8.0 billion to \$8.4 billion. Calgary, major centre of clearing house activity, showed a 6.8% increase. Edmonton figures are practically on a par with those of 1957; at Lethbridge the increase was 2.7%; at Medicine Hat 8.5%; and at Red Deer 15.8%. Clearings at Grande Prairie dropped by 2.2%; but for the month of December were 19% higher than a year earlier.

Customs duty receipts were nearly 2% lower to the end of November.

Electricity generated increased by 11%.

TOURIST TRADE:

The number of visitors to National Parks rose by 13% to 1,753,298 persons. As usual most visitors were attracted to Banff (815,927); with Waterton Lakes (365,188); Jasper (352,777) and Elk Island (219,456) following in order.

FORESTRY:

Lumber production to the end of November was nearly 16% lower than in 1957. The heavy production months run December through March. Pulpwood production fell from 304,000 cords to 159,000 cords, with the pulp mill operating from stockpiled reserves.

FUR:

The value of fur production (wild life) rose by 26% to the end of November.

Fur Farm pelt production dropped from 156,910 to 132,028 pelts; and in value from \$2,436,366 to \$2,245,234.

PUBLIC & PRIVATE INVESTMENT 1958:

Figures issued by the Dominion Bureau of Statistics on "Public and Private Investment - Alberta", show that total public and private investment in the province was expected to reach \$1,144.2 million, exceeding the 1957 figure by \$100 million. Increases were expected in every major category with the exception of the "Trade, Finance, and Commercial Services" group.

In the Primary Industries and Construction sector, which is heavily influenced by expenditures on oil and gas exploration and development, anticipated investment spending totalled \$353.6 million, \$17.6 million higher than in 1957.

PUBLIC AND PRIVATE INVESTMENT - ALBERTA, 1954 - 1958

	1954 ⁽¹⁾ \$	1955 ⁽¹⁾ \$	1956 ⁽¹⁾ \$	1957 ⁽²⁾ \$	1958 ⁽³⁾ \$
	(Million Dollars)				
Primary Industries & Construction	238.0	308.2	380.2	336.0	353.6
Manufacturing	64.0	78.0	130.9	68.3	86.8
Foods and Beverages	9.6	8.0	10.3	7.4	7.6
Iron and Steel Products	1.9	3.3	10.9	6.2	2.9
Transportation Equipment	1.2	.9	1.4	1.6	4.4
Non-Metallic Mineral Products	4.5	12.9	16.1	4.7	5.1
Products of Petroleum and Coal	21.9	24.4	23.6	19.7	43.1
Other Manufacturing	24.9	28.5	68.6	28.7	23.7
Utilities	144.3	143.6	186.6	197.8	217.2
Trade, Finance & Commercial Services	60.9	59.9	54.4	65.1	58.7
Housing	140.2	140.1	155.6	143.8	162.4
Institution Services & Government Departments	159.7	188.3	207.9	236.5	265.5
T O T A L	807.1	918.1	1115.6	1047.5	1144.2

(1) Actual

(2) Preliminary Actual

(3) Intentions

The Manufacturing group expected a \$19 million increase, well distributed among the different industry groups. Investment in Utilities, and "Institution Services and Government Departments" has been climbing steadily since 1955.

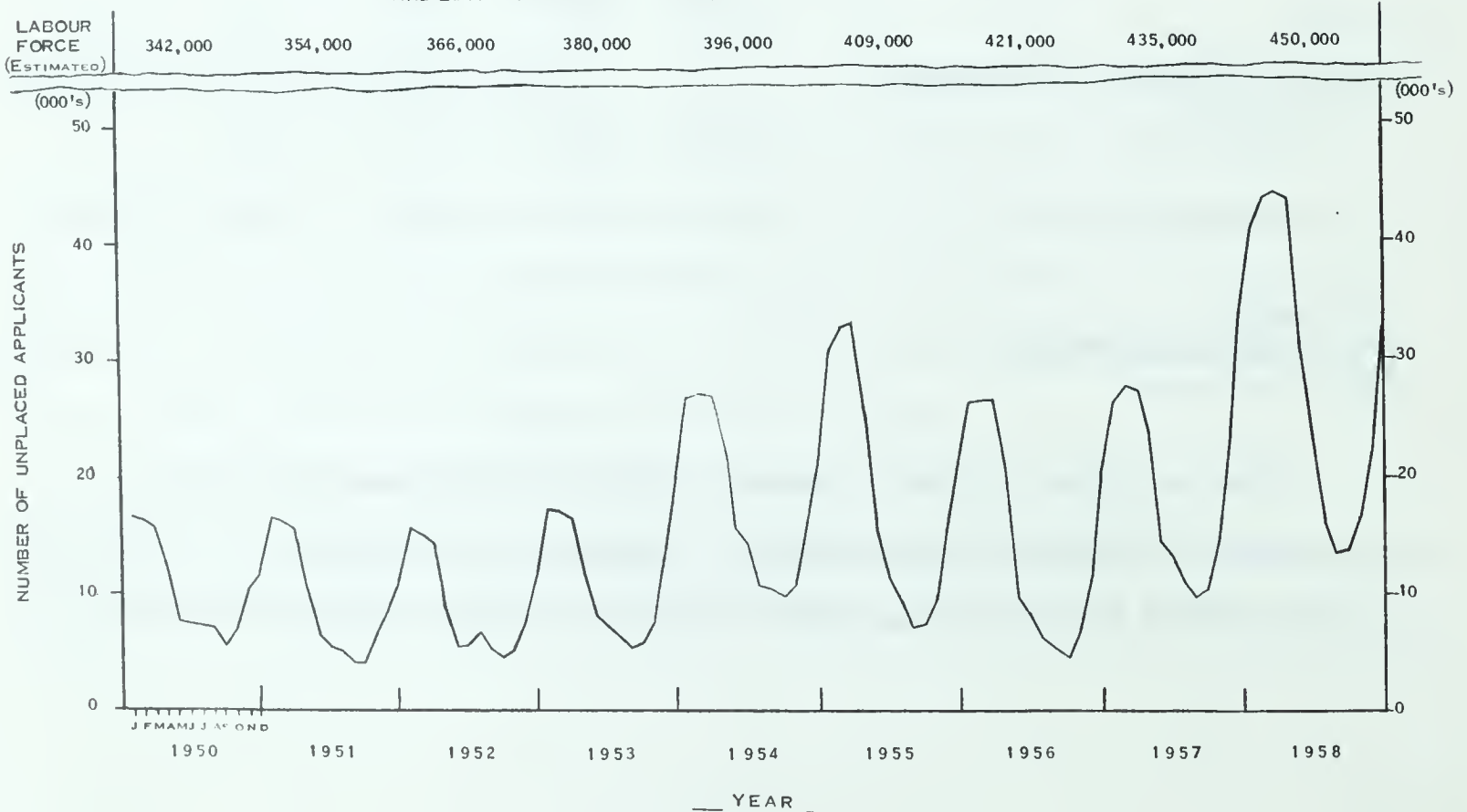
Expected housing expenditures reached record levels during 1958, totalling \$162.4 million.

Alberta with 7% of the nation's population, again received over 10% of Canada's public and private investment in 1958.

LABOUR:

The total labour force of the province is estimated to be nearly 450,000 in 1958 as compared with 354,000 in 1951. The peak period of unemployment in the province is usually in the first three months of the year. From 1950 to 1953 the peak of unemployment (as measured by the number of unplaced applicants at National Employment Service Offices) fluctuated between 17,000 and 19,000. From 1954 to 1957 the range rose to around 27,000; and in 1958 and 1959 will apparently be around 35,000 to 45,000. Peak unemployment in 1951 was around 5% of total labour force and in view of conditions obtaining at that period this can probably be considered as a "hard core" which it will be very difficult to reduce. The measure of the seriousness of the unemployment situation should probably be

UNPLACED APPLICANTS AT NATIONAL EMPLOYMENT SERVICE OFFICES, BY MONTHS, AND ESTIMATED LABOUR FORCE, BY YEARS — 1950-1958, ALBERTA



measured not by the absolute numbers of unplaced applicants, but rather by the percentage of the labour force seeking work.

"The total number of unplaced applicants, according to N.E.S. offices throughout the Province, stood at 32,600 on January 2nd. At that date one year ago the figure was 32,100. Male unplaced applicants totalled 26,000; unplaced applicants one year ago totalled 26,900. These figures indicate a decline in male unplaced applicants of nearly 900 but this figure is offset by an increase in female applicants numbering 1,300. This years figures in comparison with the figures registered a year ago show no significant improvement in the situation. At the same time, since the total labour force has increased, the percentage unemployed may be considered less than at this time last year.

The Federal-Provincial-Municipal program is not yet in full operation and its influence on employment is still an unknown factor. The response by municipalities has been very good with the number of man-days to be spread, over the period January-April, now estimated at 116,000 on projects which have received the approval of both the Provincial and Federal Governments. When figures are released during the first week in February some indication will be observed as to the actual effect of this program.

Despite the high figures of unemployment there is evidence of optimism in the outlook for employment especially in the field of construction and in the gas and oil industry. Recovery will not occur quickly but there will be a gradual improvement extending over the best part of 1959."

Report: Employment Liaison Office, Dept. of Industries and Labour.

Labour indices by types of industrial employment have presented a varying picture throughout the year. It would appear that total employment in all non-agricultural industries was 1.5% lower over the period November 1957 - October 1958 as compared with the previous comparable 12 month period.

EMPLOYMENT INDICES* (1949 = 100) - ALBERTA
12 Months Ending 1 October 1957 and 1 October 1958

Industry	Index of Employment 12 Mo. Ending 1 Oct.		Percent- age Charge %	Index of Employment 1 October	* Employees Reported
	1957	1958			
Mining	140.7	133.6	- 5	125.5	19,217
Manufacturing	155.9	150.2	- 3.7	157.2	31,825
Construction	197.4	187.1	- 5.2	234.2	26,294
Transportation, Stor- age & Com unication	134.7	124.8	- 7.3	130.6	27,288
Trade	156.3	160.3	2.6	166.4	33,907
Service	162.9	167.6	2.9	183.9	10,822
Industrial Composite- Alberta	152.7	150.4	- 1.5	159.6	162,437
Industrial Composite- Calgary	159.2	157.4	- 1.1	165.4	40,545
Industrial Composite- Edmonton	180.1	179.0	- .6	187.1	47,999

* In establishments having 15 or more employees.

The average of weekly wages and salaries rose from \$70.48 to \$73.77 during the period 1 October 1957 to 1 October 1958. In Calgary the increase was from \$66.52 to \$68.90; and in Edmonton from \$67.37 to \$70.29.

The following is a brief resume of reports received outlining conditions in various parts of the province.

CALGARY:

The Calgary area experienced a banner year in construction activity. Building permits to a value of \$110 million were issued, the highest in provincial history.

Wholesale trade was over 8% higher than in 1957 with increases being shown in all lines of sales. Particular strength was shown by the lumber, hardware, furniture and electrical appliance firms, as might be expected from the volume of construction.

Bank clearings rose by 6.8% to nearly \$5.6 billion.

Some twenty manufacturing firms began operations or were expanding capacity during the year. These range from the \$17.3 million refinery expansion to a small establishment manufacturing men's sport shoes.

Employment in the construction industry in Calgary was 13% higher as of 1 October 1958 than at the same date in 1957. There should be a good winter carryover of work for the industry.

EDMONTON:

Retail and wholesale trade has generally been slightly above 1957 levels. Wholesale trade to November was nearly 1% higher than last year.

Building permits issued in the Edmonton metropolitan area were just slightly below the \$100 million mark. Employment in the construction industry was 2.5% higher as of 1 October 1958 than a year earlier.

Manufacturing activity, which was lower than in 1957 in the early months of the year recovered strongly in the latter months and total production was above the records established in 1957.

With the exception of a new diesel repair shop being built by the C.N.R., the emphasis has been on expansion of existing plant capacity and on diversification of products.

LETHBRIDGE:

The crop year 1958 has proven to be the second best in Southern Alberta's history. The increases in acreages sown to such specialty crops as mustard, safflower, rapeseed and sunflower is encouraging.

The livestock picture is bright with prices remaining firm and indications are that record production from livestock will continue into 1959.

Retail trade in the district is holding up well with sales figures showing an increase over previous years. Wholesale Trade has been showing increases all year and the rate of increase shows no sign of slackening.

In manufacturing operations the flour mills, the sugar factories and the vegetable canning plants all report highly successful operations in 1958. Contributing factors were the high protein content of wheat which was greater than for any year since 1952, a record yield of sugar beets which averaged 16 tons per acre, and an abundant crop of vegetables of exceptional quality.

Construction of the vegetable oils plant is proceeding satisfactorily, and the plant is expected to be in operation by July 1959. Plants to produce specialized lighting and lighting control products, and to manufacture concrete form-ties were completed. During 1959 construction of a plant to produce carbonated beverages, and expansion of a poultry eviscerating plant is expected.

Production of Southern Alberta's three coal fields declined by 287,500 tons. The largest decrease was in the Crows Nest Pass where production fell by 40%.

LLOYDMINSTER AREA:

Agricultural conditions in this area have improved considerably due mostly to the good prices for livestock, particularly beef cattle. The wheat crop was somewhat smaller but of better grade. Coarse grain crops were generally poor.

There are few if any changes in the wholesale trade, but retail trade increased considerably due mainly to improved retail outlets, and average to good farm income.

Manufacturing remained about the same with a slight improvement in some lines over 1957.

The Labour situation throughout the year was very good. This is a "black oil" centre and considerably more labour is required in producing the oil wells, hauling to the refinery, and in refining.

1958 will be one of the best building years on record with the bulk of the construction being commercial buildings.

The oil industry, being of "black oil" type probably was not affected as seriously as in other areas. The main product is asphalt, and the fact that the west experienced a warm dry summer made the demand for asphalt stronger than in some previous years.

MEDICINE HAT:

Grain crops in the area were from 15/20% below normal in yield although the quality remained good. Sub-optimal moisture conditions are not good and next year's crop outcome will more than ever depend upon sufficient precipitation during the growing season.

Cattle holdings in the district are roughly the same as last year but sales of feeder and finished cattle show a moderate increase over the same period

ing the year, and sales increases are anticipated. Greenhouse sales of flowers and vegetables have been maintained slightly in excess of those of the previous year.

By and large skilled workers are fully employed. Reduced activity in construction and reduced crews on the C.P.R. have had some effect on employment.

While agricultural buying power has been affected by restrictive grain delivery quotas the situation has been to a certain extent alleviated by the fact that increased livestock marketings have helped maintain the cash position of local farmers.

Prospects at present are for the continued maintenance of the steady business trend. Aside from the 1959 crop prospect, which presently is an unknown quantity, the future remains bright.

