

Calgary Economic Development

INDUSTRY REPORT: FINANCE AND INSURANCE

January 2008

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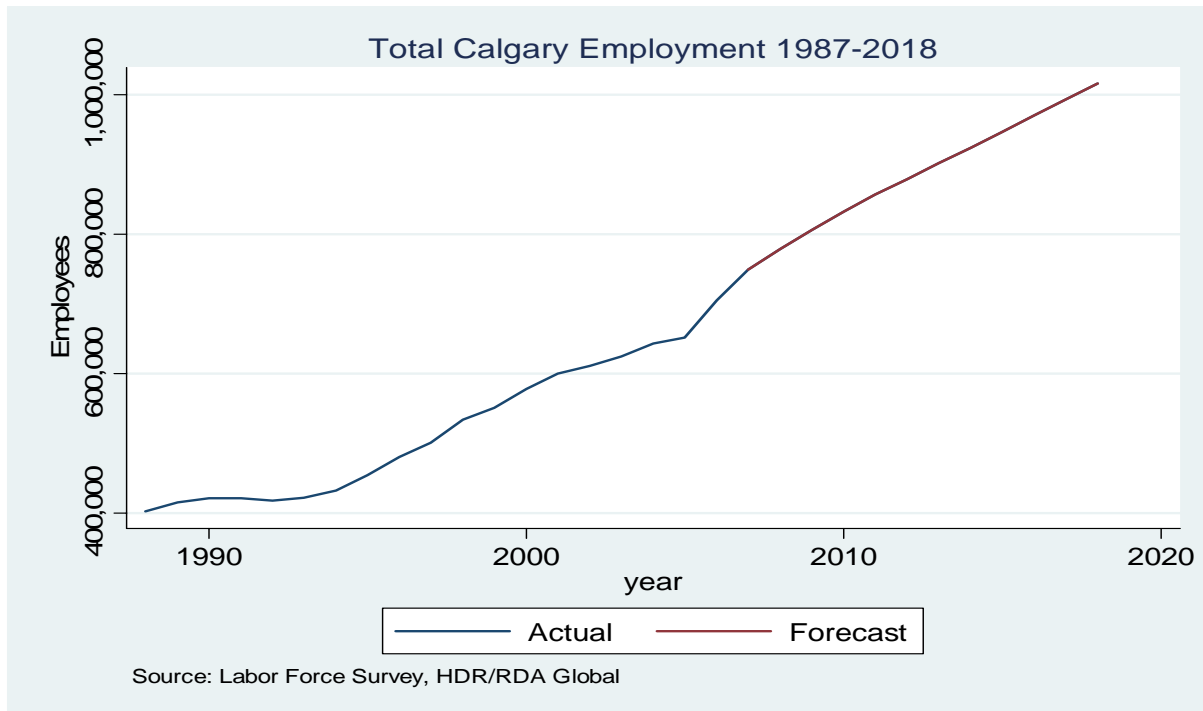
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Figure 1: Total Calgary Employment Forecast (All Industries)



The Calgary economy has seen tremendous growth in labour demand over the previous decade with employment growth reaching an all-time high of 8.1%¹ in 2006. The recent strong growth in the Calgary economy has been driven by a combination of economic factors spurring growth in specific industries and generally throughout the Calgary economy. Energy prices are a significant driver with West Texas Intermediate oil price rising 17%² in 2006. Investment levels in major construction projects have risen significantly compared to historical levels. Housing starts have risen from 13,700³ starts in 2005 to 17,000 starts in 2006, an increase of 25%. Calgary GDP grew at 7.7% in 2006.

Recent increases in employment levels have been highest in industries of the Calgary economy which are related to energy, in particular in the professional services sector. However, overall growth has been relatively balanced among industries with significant growth in most industries of the economy.

As Figure 1 shows, labour demand in the Calgary Economic Region is expected to continue to grow at a healthy rate throughout the forecast, albeit at a lower, more sustainable level. The overall growth in employment in Calgary is expected to decline over the next several years settling at a more sustainable long-term employment growth rate of 2.4%, in line with historical average growth. However, this lower growth rate will continue to result in strong job creation. Over the previous ten years (1996-2006) Calgary employment increased adding 224,000 new jobs. Over the ten year forecast period (2007-2017) Calgary employment growth will result in

¹ Source: Labor Force Survey

² Source: US Energy Information Administration

³ Source for housing starts statistics and Metro GDP at basic prices was the Conference Board of Canada

the creation of an additional 244,000 new jobs. This growth in the Calgary economy will be driven by a number of factors including expectations that oil prices will remain at or near historically high levels. Energy prices are expected to be volatile in the near term, with possible spikes in prices, partially due to the declining value of the US dollar. However, for the long-term forecast, an average annual 1.7% growth rate in oil prices has been forecasted, which is consistent with conservative expectations of energy analysts⁴. Calgary GDP growth will moderate to a strong long term compound annual real growth rate of 3.8%.

Figure 2 Calgary Job Creation in Each Industry

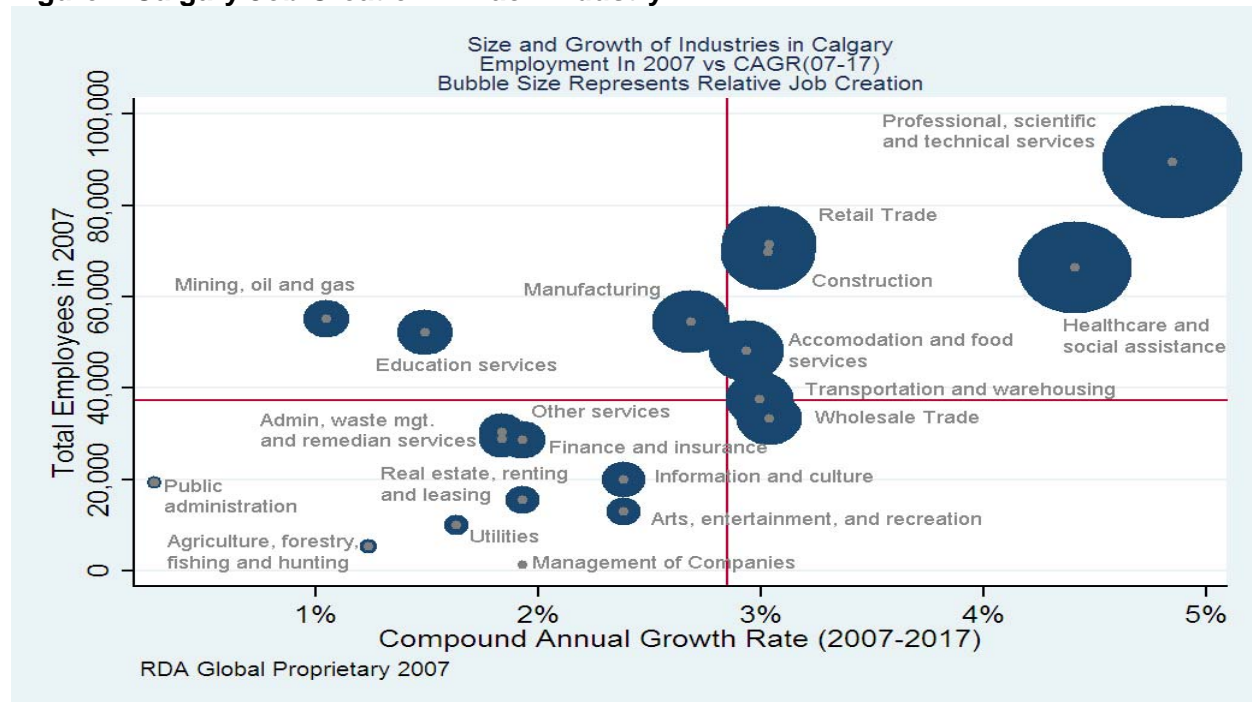


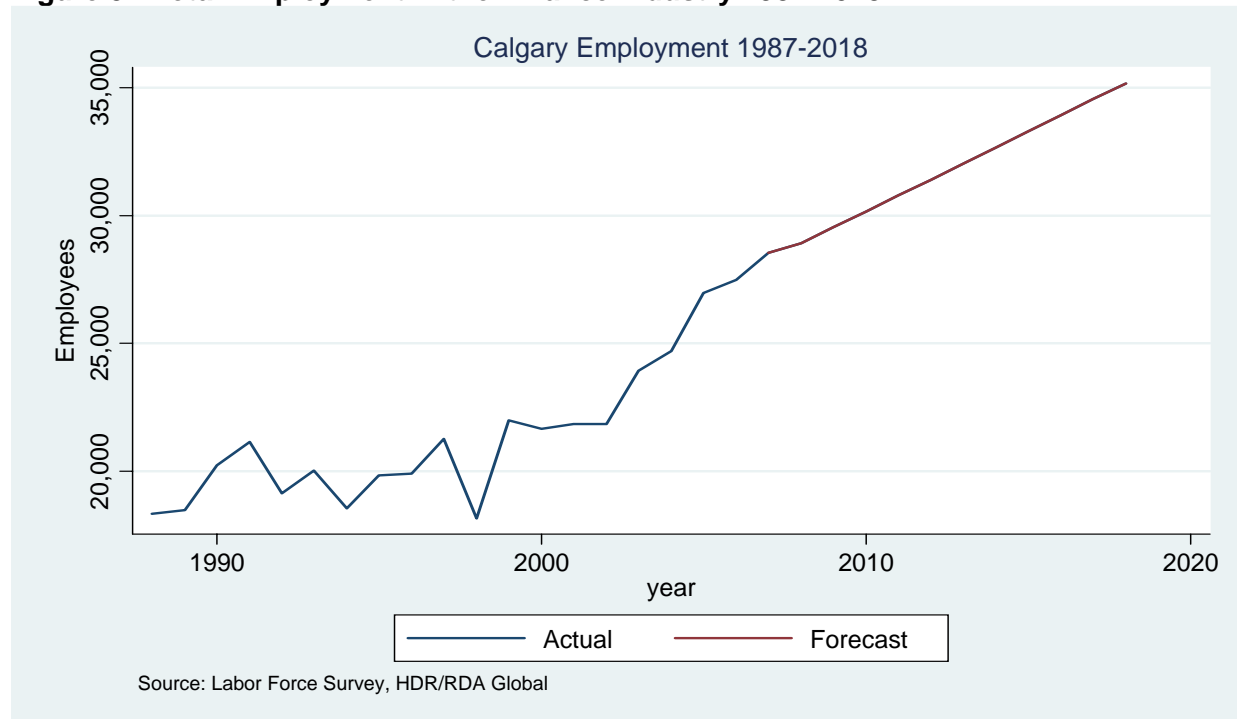
Figure 2 highlights the differences in job creation across industries in Calgary, with the larger circles representing industries with more job creations. Significant gains in employment will be somewhat distributed among economic industries. However, there will be particularly strong expansion in the professional services sector, which is tied to continued demand for technical and engineering services in the energy sector. There will also be strong job growth in healthcare, driven by overall population growth and growth in the older segments of the population. Job expansion will also continue to be robust in retail, construction, accommodation & food services, transportation, manufacturing, and wholesale. Population growth is expected to drive up demand for education services. Most segments of the economy are expected to continue to see positive growth with employment growth rates in the 1% to 2.5% long-term growth range. However, total job creation in niche industries will be constrained by the relatively smaller size of these segments.

⁴ In development of this forecast, oil price forecasts of the Energy Information Administration and Sproule and Associates were consulted, however, final assumptions in the forecast model were based on a nominal annual growth rate of 1.7%.

FINANCE & INSURANCE INDUSTRY

The Finance industry employs about 28,500 workers today and is expected to grow at a compound annual growth rate of 1.9% over the next ten years, falling below the overall employment growth in Calgary of 2.9%. Growth in the industry will result in an additional 6,000 jobs added to the industry over the forecast period.

Figure 3: Total Employment in the Finance Industry 1987-2018



The Finance industry ranks twelfth out of twenty industries for total employment. Historically, growth in this industry has been lower than that of the region and will continue to be lower than overall regional growth. In terms of jobs created, the industry ranked thirteenth over the 1997-2007 period, creating about 7,300 jobs. The industry will move up to become the twelfth largest contributor to job creation in the 2007-2017 forecast period, creating nearly 6,000 new jobs.

Table 1: Finance Industry Compared with Other Industries

NAICS Industry	Total Employment				Compound Annual Growth			Jobs Added		
	1987	1997	2007	2017	1987-97	1997-07	2007-17	1987-97	1997-07	2007-17
11 Agriculture, forestry, fishing and hunting	10,357	8,230	5,262	5,951	-2.3%	-4.4%	1.2%	(2,127)	(2,968)	689
21 Mining and oil and gas extraction	34,043	32,970	55,092	61,154	-0.3%	5.3%	1.0%	(1,073)	22,122	6,062
22 Utilities	4,700	3,800	9,881	11,621	-2.1%	10.0%	1.6%	(900)	6,081	1,740
23 Construction	21,500	36,600	69,847	94,177	5.5%	6.7%	3.0%	15,100	33,247	24,331
31-33 Manufacturing	30,500	42,900	54,380	70,890	3.5%	2.4%	2.7%	12,400	11,480	16,510
41 Wholesale trade	21,375	22,041	33,228	44,815	0.3%	4.2%	3.0%	666	11,187	11,586
44-45 Retail trade	46,025	47,459	71,546	96,493	0.3%	4.2%	3.0%	1,434	24,087	24,948
48-49 Transportation and warehousing	21,300	30,400	37,452	50,295	3.6%	2.1%	3.0%	9,100	7,052	12,844
51 Information and cultural industries	11,317	16,489	19,961	25,271	3.8%	1.9%	2.4%	5,172	3,472	5,310
52 Finance and insurance	16,662	21,266	28,538	34,543	2.5%	3.0%	1.9%	4,603	7,272	6,006
53 Real estate and rental and leasing	9,038	11,534	15,479	18,736	2.5%	3.0%	1.9%	2,497	3,944	3,258
54 Professional, scientific and technical services	27,200	43,700	89,591	143,873	4.9%	7.4%	4.9%	16,500	45,891	54,282
55 Management of companies and enterprises	501	879	1,169	1,415	5.8%	2.9%	1.9%	378	289	246
56 Admin & support, waste mgmt & remediation svcs.	11,299	19,821	28,790	34,543	5.8%	3.8%	1.8%	8,522	8,969	5,753
61 Educational services	23,800	31,900	52,154	60,488	3.0%	5.0%	1.5%	8,100	20,254	8,334
62 Health care and social assistance	33,700	43,200	66,471	102,326	2.5%	4.4%	4.4%	9,500	23,271	35,855
71 Arts, entertainment and recreation	7,283	10,611	12,845	16,262	3.8%	1.9%	2.4%	3,328	2,234	3,417
72 Accommodation and food services	20,200	32,100	48,100	64,248	4.7%	4.1%	2.9%	11,900	16,000	16,148
81 Other services (except public administration)	17,800	21,900	30,408	36,484	2.1%	3.3%	1.8%	4,100	8,508	6,076
91 Public administration	21,200	22,900	19,176	19,712	0.8%	-1.8%	0.3%	1,700	(3,724)	536
Grand Total	389,800	500,700	749,368	993,298	2.5%	4.1%	2.9%	110,900	248,668	243,930

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JOBS CREATED BY OCCUPATION – FINANCE INDUSTRY

Figure 4: Total Jobs by Occupation 2007 and 2017 – Finance Industry

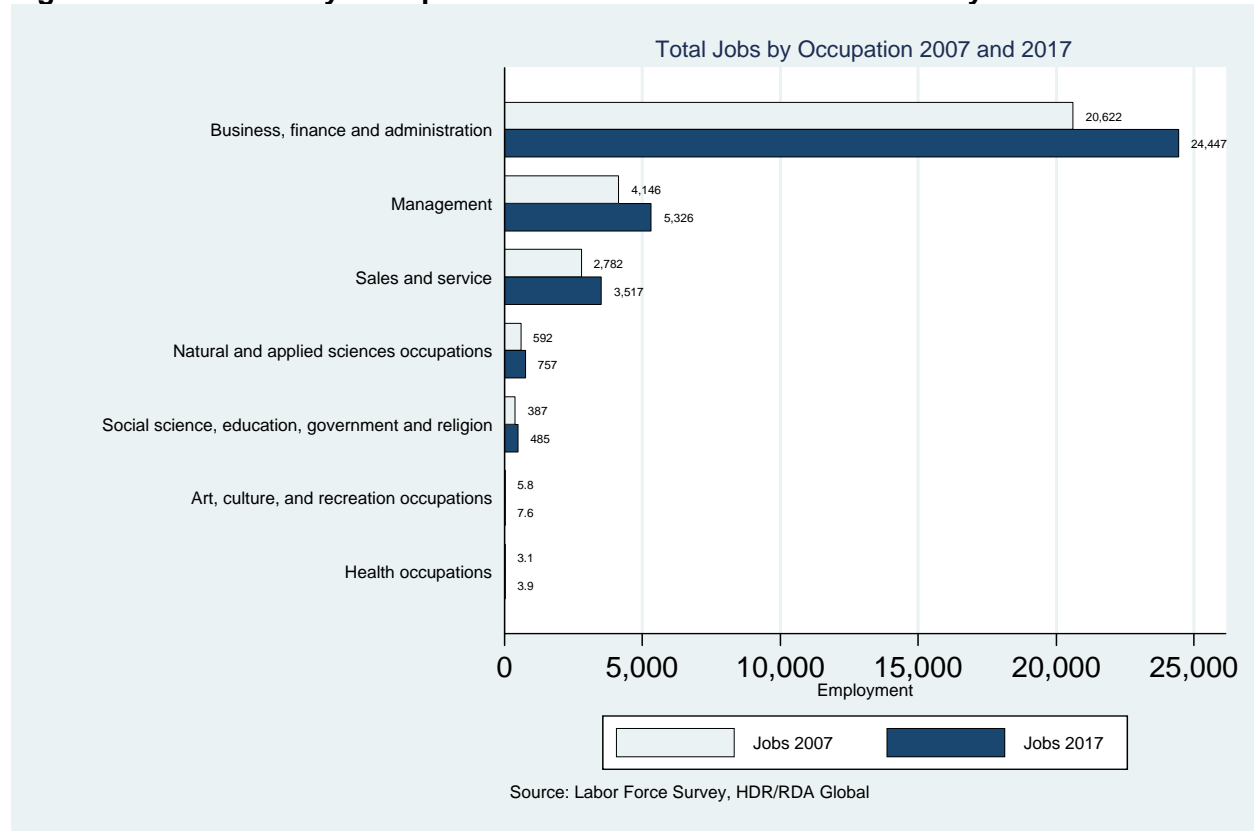


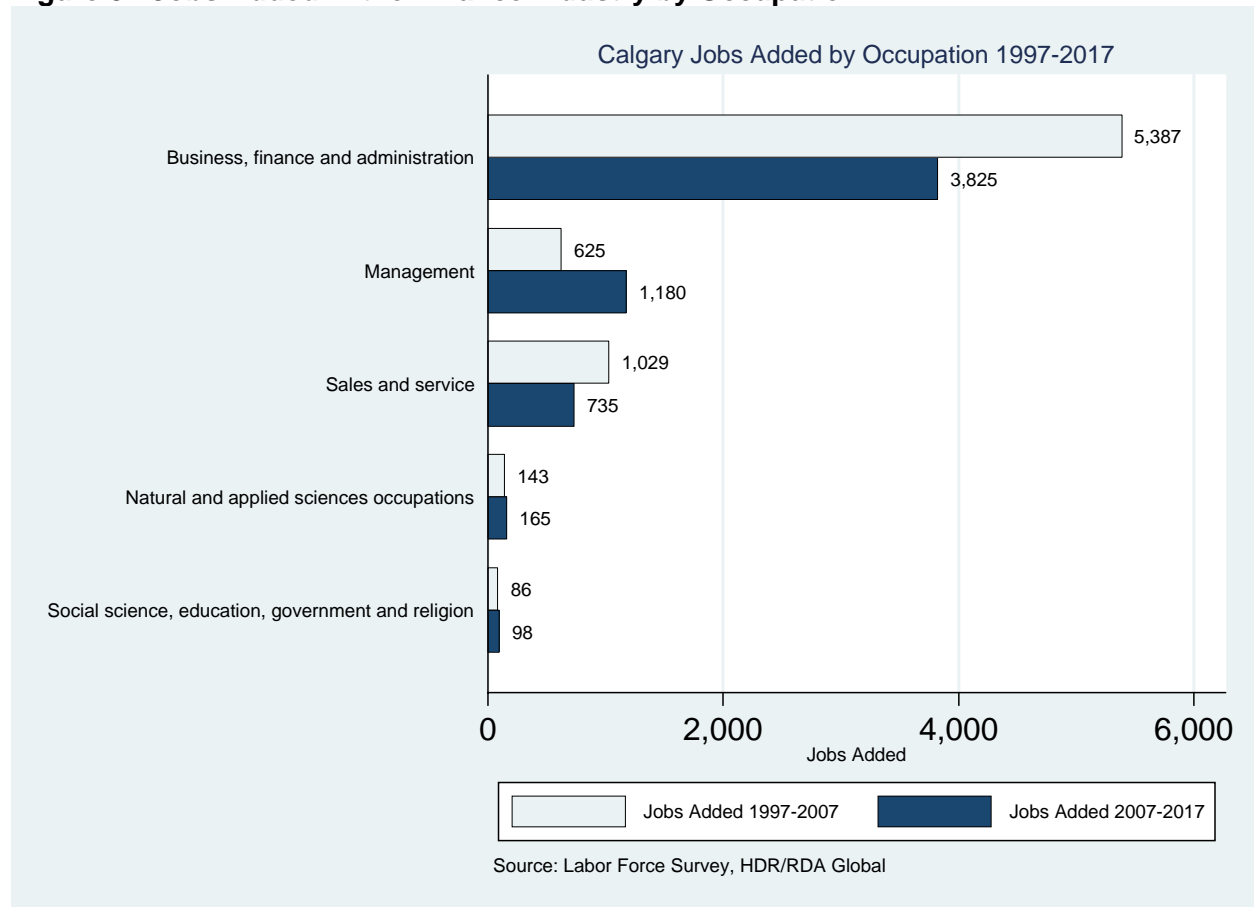
Table 2: 30-Year Occupational Growth for the Finance Industry

Occupation (1 Digit NOC)	Total Employees				Compound Annual Growth						
	1987	1997	2007	2017	1987-97	1997-07	2007-17				
A Management occupations	2,34	3,52	4,14	5,32	2.0%	3.1%	1.7%				
B Business, finance and administration occupations	12,4	15,2	20,6	24,4	2.0%	3.1%	1.7%				
C Natural and applied sciences and related occupations	89	34	22	47	2.0%	3.1%	1.7%				
D Health occupations	338	449	592	757	2.9%	2.8%	2.5%				
E Occupations in social science, education, government service and religion	1	2	3	4	3.9%	5.1%	2.4%				
F Occupations in art, culture, recreation and sport	203	300	387	485	4.0%	2.6%	2.3%				
G Sales and service occupations	4	5	6	8	2.4%	1.4%	2.8%				
	1,28	1,75	2,78	3,51	4	4	2	7	3.2%	4.7%	2.4%
Grand Total	16,6	21,2	28,5	34,5	2.5%	3.0%	1.9%				

	62	66	38	43	
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There are 28,500 employees in the Finance industry today. 20,600 of these workers have business, finance and administration occupations, representing the largest share of occupations. Demand for these jobs will rise to nearly 24,500 over the forecast period. The next largest occupational category is management jobs, which currently employ about 4,100 workers and will employ about 5,300 workers in 2017. Sales and Service occupations is the third largest category with nearly 2,800 employees today growing to 3,500 workers in 2017.

Figure 5: Jobs Added in the Finance Industry by Occupation



Almost 3/4 of all jobs created in this industry will be business and finance occupations, a total of about 3,800 new jobs by 2017. The industry will generate about 1,200 jobs for workers in management occupations and about 750 jobs for workers in sales and service occupations.

Table 3: Ten-Year Forecast of Jobs by Major Occupational Group – Finance Industry

Occupation (1 Digit NOC)	Annual Employment											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
A Management occupations	3,941	4,146	4,226	4,359	4,475	4,595	4,712	4,834	4,955	5,078	5,201	5,326
B Business, finance and administration occupations	19,898	20,622	20,876	21,330	21,739	22,132	22,530	22,928	23,314	23,695	24,072	24,447
C Natural and applied sciences and related occupations	604	592	601	622	629	637	656	677	695	713	735	757
D Health occupations	3	3	3	3	3	3	3	3	3	4	4	4
E Occupations in social science, education, government service and religion	384	387	383	391	397	406	417	430	443	456	470	485
F Occupations in art, culture, recreation and sport	6	6	5	6	6	6	6	6	7	7	7	8
G Sales and service occupations	2,654	2,782	2,818	2,826	2,911	2,996	3,077	3,150	3,241	3,333	3,425	3,517
Grand Total	27,490	28,538	28,912	29,536	30,159	30,775	31,401	32,029	32,658	33,286	33,915	34,543

Table 4: Top 50 Occupations Adding Jobs From 2007-2017⁵

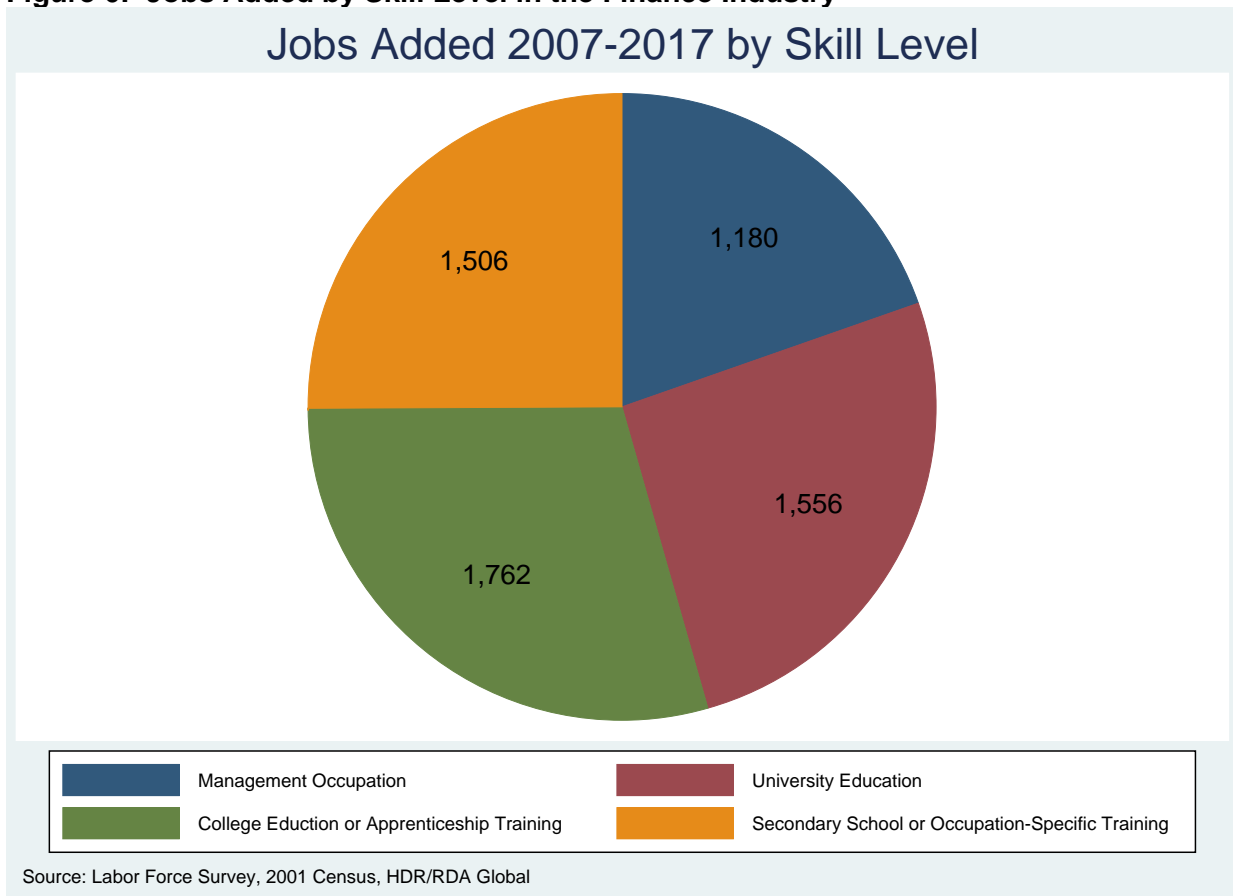
Rank	Occupation (4 Digit NOC)	Employees				Jobs Created
		1987	1997	2007	2017	2007-2017
1	A302 Banking, credit and other investment managers	1,261	1,932	2,291	3,009	718
2	G131 Insurance agents and brokers	1,089	1,513	2,434	3,104	670
3	B533 Customer service representatives - Financial services	1,756	2,021	2,964	3,596	632
4	B014 Other financial officers	1,509	2,292	3,188	3,804	616
5	B013 Securities agents, investment dealers and brokers	985	1,432	1,976	2,431	456
6	B534 Banking, insurance and other financial clerks	1,063	1,220	1,790	2,171	381
7	B113 Insurance adjusters and claims examiners	842	922	1,072	1,305	233
8	B112 Loan officers	889	929	1,090	1,317	227
9	B012 Financial and investment analysts	592	879	1,206	1,427	222
10	A301 Insurance, real estate and financial brokerage managers	348	537	634	836	202
11	B114 Insurance underwriters	705	773	895	1,081	186
12	B511 General office clerks	630	712	1,010	1,161	151
13	A111 Financial managers	342	506	588	733	145
14	B412 Supervisors, finance and insurance clerks	423	485	701	838	136
15	B011 Financial auditors and accountants	338	520	707	783	76
16	B553 Customer service, information and related clerks	273	316	455	520	65
17	E033 Business development officers and marketing researchers and consultants	118	168	219	283	64
18	B311 Administrative officers	454	463	524	584	61
19	B531 Accounting and related clerks	268	299	428	487	59
20	B522 Data entry clerks	263	304	444	503	59
21	B211 Secretaries (except legal and medical)	340	351	397	450	53
22	C181 Computer and network operators and web technicians	96	124	163	216	53
23	C182 User support technicians	65	90	118	154	36
24	A114 Other administrative services managers	80	122	141	176	35
25	C071 Information systems analysts and consultants	73	97	128	162	34
26	B541 Administrative clerks	171	191	274	307	33
27	B312 Executive assistants	167	163	184	215	31
28	G211 Retail salespersons and sales clerks	108	130	178	207	28
29	A131 Sales, marketing and advertising managers	71	106	123	147	25
30	C072 Database analysts and data administrators	61	78	104	127	23
31	B514 Receptionists and switchboard operators	173	194	275	295	20
32	B535 Collectors	54	63	90	109	19
33	B513 Records management and filing clerks	100	113	164	183	19
34	A013 Senior managers - Financial, communications and other business services	131	150	176	195	19
35	C074 Computer programmers and interactive media developers	43	59	76	93	17
36	B021 Specialists in human resources	46	75	103	119	16
37	E121 College and other vocational instructors	17	25	31	45	14
38	B411 Supervisors, general office and administrative support clerks	78	90	130	145	14
39	A211 Retail trade managers	37	57	66	79	13
40	B115 Assessors, valuers and appraisers	55	61	70	82	13
41	G132 Real estate agents and salespersons	19	27	43	54	11
42	A112 Human resources managers	28	42	50	60	11
43	G111 Sales representatives, wholesale trade (non-technical)	29	40	64	75	10
44	G625 Other protective service occupations	26	29	41	51	10
45	E012 Lawyers and Quebec notaries	36	57	73	82	10
46	B314 Property administrators	38	40	47	56	9
47	B111 Bookkeepers	81	79	89	98	9
48	B532 Payroll clerks	37	39	57	66	8
49	E211 Paralegal and related occupations	28	44	56	65	8
50	A303 Other business services managers	22	32	36	42	6
	Others	207	273	375	413	38
	Grand Total	16,662	21,266	28,538	34,543	6,006

⁵ Note that these job creations in Figure 6 capture only jobs created in the Finance industry and do not represent total job creations for all of Calgary. Jobs with these occupations will also be created in other industries.

EMPLOYMENT GROWTH BY SKILL LEVEL – FINANCE INDUSTRY

From a skill level perspective, there will be about 1,200 new management occupations, 1,800 jobs requiring some college education or apprenticeship training, 1,500 jobs which require secondary school or occupation-specific training, and nearly 1,600 that require university training.

Figure 6: Jobs Added by Skill Level in the Finance Industry



APPENDIX 1: INDUSTRY DEFINITION – FINANCE

This industry comprises establishments primarily engaged in financial transactions (that is, transactions involving the creation, liquidation, or change in ownership of financial assets) or in facilitating financial transactions. Included are:

- establishments that are primarily engaged in financial intermediation. They raise funds by taking deposits and/or issuing securities, and, in the process, incur liabilities, which they use to acquire financial assets by making loans and/or purchasing securities. Putting themselves at risk, they channel funds from lenders to borrowers and transform or repackage the funds with respect to maturity, scale and risk.
- establishments that are primarily engaged in the pooling of risk by underwriting annuities and insurance. They collect fees (insurance premiums or annuity considerations), build up reserves, invest those reserves and make contractual payments. Fees are based on the expected incidence of the insured risk and the expected return on investment.
- establishments that are primarily engaged in providing specialized services that facilitate or support financial intermediation, insurance and employee benefit programs.

In addition, establishments charged with monetary control - the monetary authorities - are included in this industry.