



# Labour Market Bulletin

## British Columbia

October 2017



This Labour Market Bulletin provides an analysis of Labour Force Survey results for the province of British Columbia (BC), including the regions of Northern BC, Vancouver Island and Coast, Lower Mainland, Thompson–Okanagan and the Kootenays.

### OVERVIEW

Employment in BC was relatively unchanged in October (-0.2%). Compared to September 2017, full-time employment increased by 11,000, while part-time employment decreased by 17,200. Although there was minimal change this month, year over year BC's employment grew 2.7% due to strong gains in full-time employment (+73,200).

The province's public sector shed 1,600 positions in October, however, year over year these employment numbers were up by 14,100 (+3.3%). Both the number of private sector (+5,200) and self-employed workers (+700) increased this month reflecting annual gains for both these classes of workers. Year over year, the private sector gained 32,700 (+2.2%), while self-employment increased by 16,700 (+3.8%).<sup>1</sup>

BC's unemployment rate was unchanged this month at 4.9%, remaining consistently well below the national average (6.3% for October). Indeed, BC boasted the lowest unemployment rate in Canada in October, followed by Manitoba (5.2%). The two provinces have been exchanging positions for the top two lowest unemployment rates in Canada since November 2016.

Looking at demographic groups, the unemployment rate for men aged 25 and over decreased this month to 4.4%, down 1.4 percentage points year over year. Aside from a small uptick between March and May, the unemployment rate in men aged 25 and older has been trending down this year.

The unemployment rate for young men (aged 15 to 24) edged up to 9.7% in October — 0.4 percentage points higher than in October 2016. Indeed, this group has the highest unemployment rate of all demographic groups in BC for the twelfth consecutive month. Despite this trend, the unemployment rate for young men in BC has

consistently remained well below the national average throughout the year ranging from a 1.5 to a 4.5 percentage point gap.

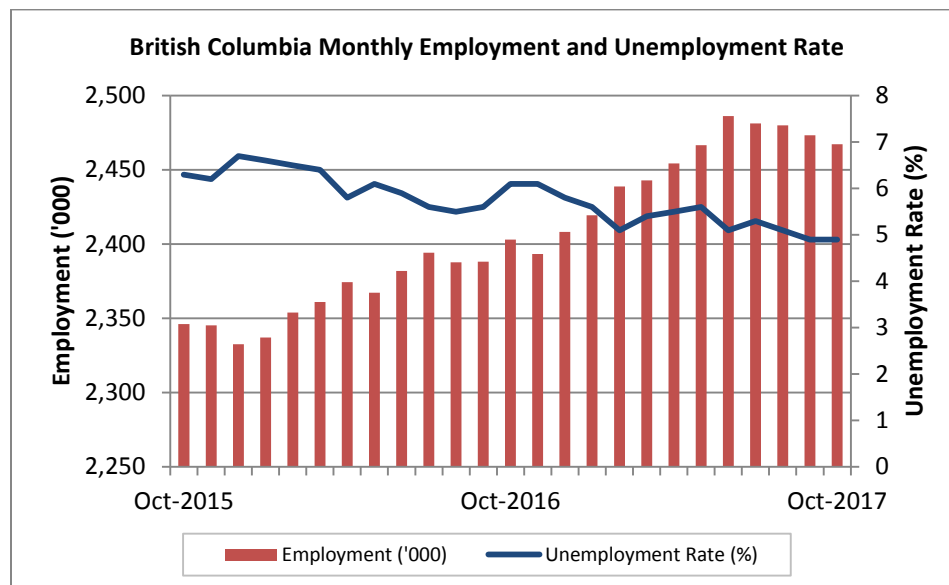
Year over year, young women between the age of 15 and 24 had a substantially lower rate of unemployment in October 2017 (6.3%) compared to 2016 (10.9%). Women over the age of 25 have the lowest unemployment rate of all demographic groups in BC (4.3%) — 0.8 percentage points lower than the national average.

### British Columbia Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	October 2017	September 2017	October 2016	Monthly Variation		Yearly Variation	
				Number	%	Number	%
<b>Population 15 + ('000)</b>	3,994.8	3,991.7	3,947.3	3.1	0.1	47.5	1.2
<b>Labour Force ('000)</b>	2,594.2	2,599.7	2,559.8	-5.5	-0.2	34.4	1.3
<b>Employment ('000)</b>	2,467.2	2,473.3	2,403.0	-6.1	-0.2	64.2	2.7
Full-Time ('000)	1,946.0	1,935.0	1,872.8	11.0	0.6	73.2	3.9
Part-Time ('000)	521.2	538.4	530.2	-17.2	-3.2	-9.0	-1.7
<b>Unemployment ('000)</b>	127.0	126.3	156.8	0.7	0.6	-29.8	-19.0
<b>Unemployment Rate (%)</b>	4.9	4.9	6.1	0.0	-	-1.2	-
<b>Participation Rate (%)</b>	64.9	65.1	64.8	-0.2	-	0.1	-
<b>Employment Rate (%)</b>	61.8	62.0	60.9	-0.2	-	0.9	-

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087



## British Columbia Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	October 2017	September 2017	October 2016	Monthly Variation	Yearly Variation
	(%)	(%)	(%)	(% points)	(% points)
<b>Total</b>	4.9	4.9	6.1	0.0	-1.2
<b>25 years and over</b>	4.4	4.5	5.4	-0.1	-1.0
Men - 25 years and over	4.4	4.6	5.8	-0.2	-1.4
Women - 25 years and over	4.3	4.4	5.1	-0.1	-0.8
<b>15 to 24 years</b>	8.0	7.1	10.0	0.9	-2.0
Men - 15 to 24 years	9.7	8.1	9.3	1.6	0.4
Women - 15 to 24 years	6.3	6.2	10.9	0.1	-4.6

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

## EMPLOYMENT BY INDUSTRY

Employment in BC's goods-producing sector increased by 6,600 in October. The majority of these employment gains occurred in construction (+5,800). Meanwhile, the province's services-producing sector employed 12,800 fewer people in October. Employment losses were distributed fairly evenly among services-producing industries with the exception of finance, insurance, real estate and leasing (+2,400) and business, building and other support services (+500). On an annual basis, BC's employment numbers grew substantially in both the goods-producing (+24,400) and services-producing (+39,900) sectors.

Within the goods-producing sector, the resource extraction industry (forestry, fishing, mining, quarrying, oil and gas) had a 2.1% reduction in employment year over year. The forestry industry in particular has had many challenges. Year over year there has been a notable decline in lumber exports in BC, with the biggest drop occurring at the same time as the BC wildfires between May and August. The greatest decrease for the period of January to August 2017 was in lumber exports to the United States (US), which dropped 20% compared to the same period the previous year. In addition to the forest fires, export duties imposed by the United States Department of Commerce (USDC) as well as decreased construction in the US due to hurricanes and floods all contributed to diminished lumber exports.<sup>2</sup>

According to Export Development Canada's chief economist, this is a temporary set-back, and exports are expected to recover in step with increasing housing starts in the US.<sup>3</sup> However, the USDC recently announced its final determination, stating that it had failed to reach an agreement with Canada regarding softwood lumber.<sup>4</sup> This decision will force most Canadian lumber producers to pay a combined countervailing and anti-dumping rate of 20.83%, down from the preliminary determination of 26.75% from earlier this year.<sup>5</sup> BC is responsible for approximately 50% of Canada's softwood lumber exports to the US, and the US is BC's largest market for softwood lumber products. According to the Province, the BC forest industry supported 60,000 direct jobs and one in four manufacturing jobs in 2016.<sup>6</sup>

BC's oil and gas industry is also facing set-backs this year. Kinder Morgan's Trans Mountain pipeline expansion project continues to face opposition in BC despite having gained federal approval in November 2016. The City

of Vancouver has now joined others in the B.C. Supreme Court to challenge the project approval by the National Energy Board. On the other hand, Kinder Morgan is appealing to the National Energy Board for construction approval after they were unable to obtain necessary permits from the City of Burnaby.<sup>7</sup> Construction for the project has not yet begun in BC, although it has already started in Alberta.<sup>8</sup>

In the gas industry, Woodfibre Liquid Natural Gas (LNG) Ltd. recently announced it is postponing construction of their proposed LNG export terminal located southwest of Squamish until 2018 due to low commodity prices. Construction of the facility was originally scheduled to start in 2017.<sup>9</sup> Woodfibre was expected to be the first LNG export facility built on the West Coast since the Government of BC released its LNG Strategy in February 2012. Once in operation, Woodfibre will export approximately 2.1 million tonnes of LNG per year. The project will create 650 jobs during construction and 100 operational jobs over its 25-year lifespan.<sup>10</sup>

Natural gas prices hit a new low this summer— prices even temporarily falling below zero. According to industry experts, this unusual situation is the result of maintenance on pipelines which cut off some storage options and caused supply to back up.<sup>11</sup> With the supply of natural gas rising and outpacing the demand, BC's natural gas industry needs new markets and customers to remain viable.

Employment losses in BC's resource extraction industry were overshadowed by strong gains in the construction industry (+16,200). The construction industry grew 7.5% year over year and accounts for over 46% of all those employed in BC's goods-producing sector.

The number of people employed in the construction industry is growing, but according to the BC Construction Association (BCCA), the current construction worker shortfall in BC is worse than the 15,000 reported last year. Furthermore, BCCA estimates that 20% of BC's 231,100 construction industry workers could retire in the next ten years. The BCCA believes worker shortage is leading to project delays and could add to home ownership costs.<sup>12</sup>

Turning to the services-producing sector, the finance, insurance, real estate and leasing industry continues to grow, with a 12.7% (+18,200) increase in employment year over year. BC's robust housing market has bolstered this industry's employment in the last few years; however, the market is expected to cool in the near future. Canada Mortgage and Housing Corporation (CMHC) recently forecast housing starts and sales in BC will decrease in 2018 and 2019 while still remaining above historical levels. CMHC also predicts that real estate prices will continue to rise in BC but at a relatively slower pace with the rental market remaining tight and rents continuing to rise.<sup>13</sup>

Health care and social assistance is a second services-producing industry that saw substantial growth year over year (+5.5%). There were 16,200 more people working in health care and social assistance in BC in October 2017 compared to 2016. This growth is likely to continue since the Government of BC announced it is increasing health care spending in the province by 3.5% in the 2018-19 budget year. Over half of the \$603 million in new health care funding will be spent to address the fentanyl overdose crisis in the province.<sup>14</sup> The 2017 BC Budget Update allocated \$322 million over three years to address the crisis. Funds will be distributed to the Health Authorities, the new Ministry of Mental Health and Addictions as well as the Ministry of Public Safety and Solicitor General.<sup>15</sup>

## British Columbia Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	October 2017	September 2017	October 2016	Monthly Variation		Yearly Variation	
				Number	%	Number	%
<b>Total employed, all industries</b>	2,467.2	2,473.3	2,403.0	-6.1	-0.2	64.2	2.7
<b>Goods-producing sector</b>	495.5	488.9	471.1	6.6	1.3	24.4	5.2
Agriculture	26.4	24.0	26.1	2.4	10.0	0.3	1.1
Forestry, fishing, mining, quarrying, oil and gas	47.3	50.1	48.3	-2.8	-5.6	-1.0	-2.1
Utilities	13.1	13.1	13.5	0.0	0.0	-0.4	-3.0
Construction	231.1	225.3	214.9	5.8	2.6	16.2	7.5
Manufacturing	177.6	176.4	168.4	1.2	0.7	9.2	5.5
<b>Services-producing sector</b>	1,971.7	1,984.5	1,931.8	-12.8	-0.6	39.9	2.1
Trade	377.1	380.5	367.8	-3.4	-0.9	9.3	2.5
Transportation and warehousing	136.1	137.6	142.4	-1.5	-1.1	-6.3	-4.4
Finance, insurance, real estate and leasing	161.4	159.0	143.2	2.4	1.5	18.2	12.7
Professional, scientific and technical services	198.1	201.0	196.8	-2.9	-1.4	1.3	0.7
Business, building and other support services	99.6	99.1	108.0	0.5	0.5	-8.4	-7.8
Educational services	165.4	166.2	160.9	-0.8	-0.5	4.5	2.8
Health care and social assistance	309.9	311.5	293.7	-1.6	-0.5	16.2	5.5
Information, culture and recreation	134.0	134.8	129.5	-0.8	-0.6	4.5	3.5
Accommodation and food services	180.9	183.2	172.8	-2.3	-1.3	8.1	4.7
Other services	109.5	111.5	108.9	-2.0	-1.8	0.6	0.6
Public administration	99.7	100.0	108.0	-0.3	-0.3	-8.3	-7.7

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0088

## REGIONAL ANALYSIS

According to a study recently released by Statistics Canada, the Lower Mainland-Southwest and Vancouver Island and Coast economic regions both have a high job vacancy rate as well as a low unemployment rate, echoing the province's overall tight labour market conditions. According to the study, BC has the lowest unemployment-to-job vacancy ratio in Canada. There are 2.2 unemployed persons per job vacancy in BC compared to the national average of 3.4.<sup>16</sup>

Part of Vancouver's tight job market is due to its growing tech industry. An increasing number of major tech firms have moved to Vancouver or increased their presence in the city, including Facebook, Microsoft and social-media managing service Hootsuite.<sup>17</sup> In recent news, Amazon announced plans to double its professional workforce in BC to 2,000 employees. The Seattle based company plans to open a second office in Vancouver scheduled to open in 2020.<sup>18</sup>

Some other regions in BC are not currently experiencing such a tight labor market. Three economic regions in the province have both a high job vacancy rate and a high unemployment rate: Kootenay, North Coast and Nechako and Northeast. The job vacancy rate and unemployment rate in these regions falls above the national average. One possible explanation is that skills sought by employers do not necessarily match current supply in these regional labour markets.<sup>19</sup>

A positive development for BC's gas industry is occurring in the Northeast economic region. The North Pine natural gas liquids (NGL) facility near Fort St. John is nearing completion ahead of schedule. AltaGas expects the project to be up and running by early December 2017. The company had originally projected start-up in the second quarter of 2018.<sup>20</sup>

In other news for this region, approximately 2,000 people employed at the Site C project are having to wait until the end of the year to find out if construction of the hydroelectric dam will continue or cease. On November 1 the British Columbia Utilities Commission released the final report on the Site C review requested by the Province. Based on this review, the provincial government announced that a decision on the fate of the project will come by year's end. The government of BC has already spent approximately \$2 billion on the Site C project, which is now more than two years into construction.<sup>21</sup>

#### British Columbia Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	October 2017 ('000)	October 2016 ('000)	Yearly Variation (%)	October 2017 (%)	October 2016 (%)	Yearly Variation (% points)
<b>British Columbia</b>	2,486.2	2,408.5	3.2	4.9	5.8	-0.9
<b>Economic Regions</b>						
Vancouver Island and Coast	389.8	373.4	4.4	4.9	5.6	-0.7
Lower Mainland-Southwest	1,596.9	1,556.4	2.6	4.2	5.3	-1.1
Thompson-Okanagan	264.6	253.2	4.5	8.0	6.9	1.1
Kootenay	69.7	66.4	5.0	7.7	9.2	-1.5
Cariboo	83.1	79.4	4.7	5.9	7.1	-1.2
North Coast and Nechako	44.3	41.7	6.2	5.9	7.7	-1.8
Northeast	37.8	38.1	-0.8	6.0	9.7	-3.7

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0122

**Note:** In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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**For information on the Labour Force Survey,** please visit the Statistics Canada Web site at: [www.statcan.gc.ca](http://www.statcan.gc.ca)

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<sup>1</sup> Statistics Canada. CANSIM Table 282-0089 Labour Force Survey estimates (LFS), employment by class of worker and sex, seasonally adjusted and unadjusted monthly (persons x 1,000). Retrieved from: <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820089&pattern=&csid=>

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<sup>3</sup> Ibid.

<sup>4</sup> United States of America Department of Commerce (November 2, 2017). U.S. Department of Commerce Finds Dumping and Subsidization of Imports of Softwood Lumber from Canada. Retrieved from: <https://www.commerce.gov/news/press-releases/2017/11/us-department-commerce-finds-dumping-and-subsidization-imports-softwood>

<sup>5</sup> Global News (November 2, 2017). U.S. cuts softwood lumber duties on all Canadian producers – except for 2 companies. Retrieved from: <https://globalnews.ca/news/3839629/us-cuts-canada-softwood-duties/>

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