



Labour Market Bulletin

British Columbia

December 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

There were approximately 2.5 million people employed in British Columbia (BC) in the fourth quarter of 2017, up 3.3% from the fourth quarter of 2016. All employment gains in the fourth quarter were in full-time employment (+5,500), while part-time employment fell 2,400. On an annual basis, the majority of BC's new positions were in full-time employment.

Both public sector employment and self-employment increased in the fourth quarter, while the number of people employed in the private sector contracted. Self-employment in BC has trended upward since the first quarter of 2017, accounting for 18.2% of total provincial employment in the fourth quarter of 2017. All told, the number of self-employed in the province is up by just over 30,000 over the past year.¹

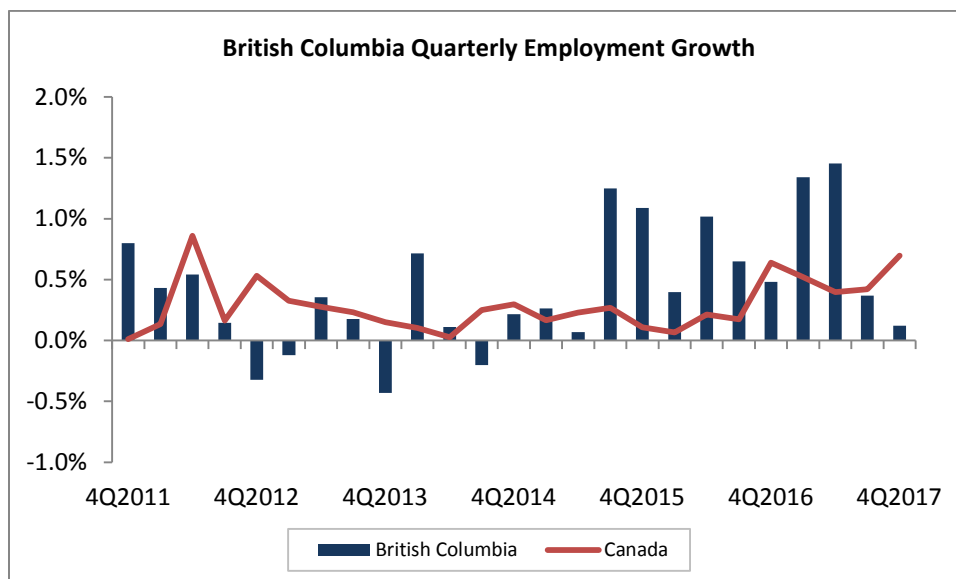
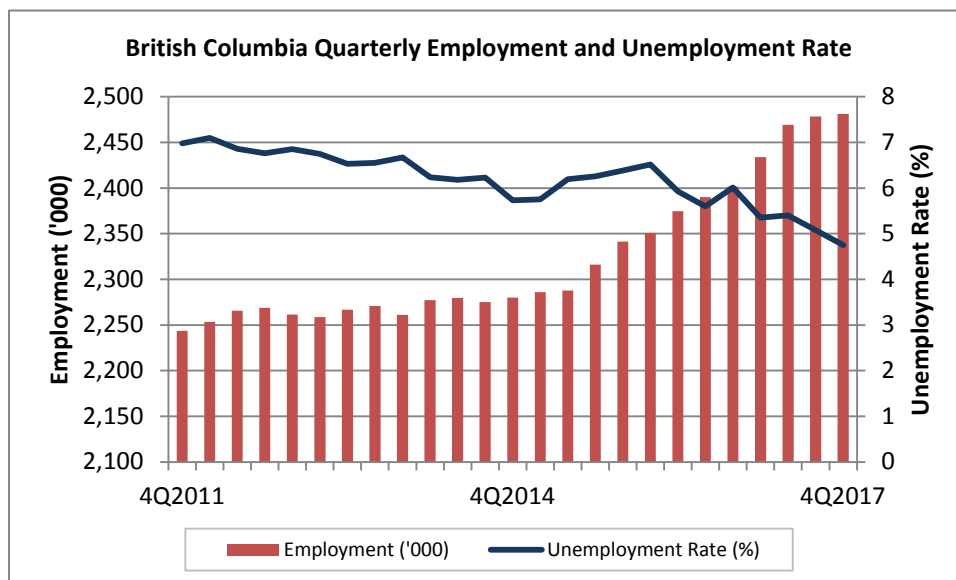
According to the most recent data available, the number of Employment Insurance (EI) beneficiaries in BC decreased 1.2% between September and October 2017. Almost 60% of the 46,300 BC EI beneficiaries in October were male. The number of EI beneficiaries in the province has steadily declined since October 2016, other than an uptick in July 2017 during the wildfires.²

British Columbia Quarterly Labour Force Statistics

| Seasonally Adjusted Data | 4th Quarter 2017 | 3rd Quarter 2017 | 4th Quarter 2016 | Quarterly Variation | | Yearly Variation | |
|-------------------------------|------------------|------------------|------------------|---------------------|------|------------------|-------|
| | | | | Number | % | Number | % |
| Population 15 + ('000) | 3,997.7 | 3,987.9 | 3,950.0 | 9.8 | 0.2 | 47.7 | 1.2 |
| Labour Force ('000) | 2,604.9 | 2,610.8 | 2,555.1 | -5.9 | -0.2 | 49.8 | 1.9 |
| Employment ('000) | 2,481.2 | 2,478.2 | 2,401.5 | 3.0 | 0.1 | 79.7 | 3.3 |
| Full-Time ('000) | 1,946.7 | 1,941.2 | 1,869.5 | 5.5 | 0.3 | 77.2 | 4.1 |
| Part-Time ('000) | 534.6 | 537.0 | 532.1 | -2.4 | -0.4 | 2.5 | 0.5 |
| Unemployment ('000) | 123.7 | 132.6 | 153.6 | -8.9 | -6.7 | -29.9 | -19.5 |
| Unemployment Rate (%) | 4.7 | 5.1 | 6.0 | -0.4 | - | -1.3 | - |
| Participation Rate (%) | 65.2 | 65.5 | 64.7 | -0.3 | - | 0.5 | - |
| Employment Rate (%) | 62.1 | 62.1 | 60.8 | 0.0 | - | 1.3 | - |

Note: Totals may not add due to rounding

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



BC's unemployment rate fell for the second consecutive quarter reaching 4.7%, which is the lowest rate among all provinces. BC's unemployment rate has not been this low since the third quarter of 2008; before the effects of the global financial crisis began to take hold.

The unemployment rate is down across all demographic groups year over year, with young women (15 to 24 years) seeing the most significant decline (-4.1 percentage point). Young men (15 to 24 years) continue to have the highest unemployment rate among demographic groups in BC; however, their rate is still over two full percentage points below the national average for their age group.

British Columbia Quarterly Unemployment Rates, by Gender and Age

| Seasonally Adjusted Data | 4th Quarter 2017 (%) | 3rd Quarter 2017 (%) | 4th Quarter 2016 (%) | Quarterly Variation | Yearly Variation |
|---------------------------|-------------------------|-------------------------|-------------------------|------------------------|---------------------|
| | | | | (% points) | (% points) |
| Total | 4.7 | 5.1 | 6.0 | -0.4 | -1.3 |
| 25 years and over | 4.3 | 4.5 | 5.4 | -0.2 | -1.1 |
| Men - 25 years and over | 4.4 | 4.4 | 5.6 | 0.0 | -1.2 |
| Women - 25 years and over | 4.1 | 4.6 | 5.1 | -0.5 | -1.0 |
| 15 to 24 years | 7.6 | 8.4 | 9.8 | -0.8 | -2.2 |
| Men - 15 to 24 years | 9.3 | 9.9 | 9.6 | -0.6 | -0.3 |
| Women - 15 to 24 years | 5.8 | 6.8 | 9.9 | -1.0 | -4.1 |

Note: Totals may not add due to rounding

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

Labour market indicators for Indigenous people

In the fourth quarter of 2017, the total population aged 15 and over in BC was around 4 million. The Indigenous population living off-reserve accounted for 4.2% of that, or 167,000 people. Employment among the Indigenous population in BC stood at 102,800 representing an increase of 6,900 (+7.2%) from a year earlier (Q4 2016). A significant increase in full-time positions (+8,900 or +12.4%) was partially offset by a decrease in part-time positions (-2,100 or -8.7%).

The unemployment rate among Indigenous people was 10.8% in the fourth quarter of 2017, having decreased by 2.4 percentage points from the previous year. The unemployment rate among the non-Indigenous population was 4.3% (-1.1 percentage point). In the fourth quarter of 2017, the participation rate of Indigenous people remained steady at 69.0% (+0.1 percentage point from Q4 2016) while among non-Indigenous population, it was 64.8% (+0.5 percentage point). The employment rate for Indigenous people increased year-over-year to 61.5% (+1.7 percentage points) and the non-Indigenous population also saw an increase to 62.0% (+1.2 percentage point).

British Columbia - Labour Market Indicators for Indigenous People

| 3-month moving averages Seasonally unadjusted data | Indigenous | | Yearly variation (Indigenous) | | Non-Indigenous | | Yearly variation (non-Indigenous) | |
|---|------------|------------|----------------------------------|-------|----------------|------------|--------------------------------------|-------|
| | Q4 2017 | Q4 2016 | number | % | Q4 2017 | Q4 2016 | number | % |
| Population 15 + ('000) | 167.0 | 160.5 | 6.5 | 4.0 | 3,830.7 | 3,789.6 | 41.1 | 1.1 |
| Labour Force ('000) | 115.2 | 110.5 | 4.7 | 4.3 | 2,480.8 | 2,436.6 | 44.2 | 1.8 |
| Employment ('000) | 102.8 | 95.9 | 6.9 | 7.2 | 2,373.7 | 2,305.1 | 68.6 | 3.0 |
| Full-Time ('000) | 80.6 | 71.7 | 8.9 | 12.4 | 1,851.3 | 1,790.5 | 60.8 | 3.4 |
| Part-Time ('000) | 22.1 | 24.2 | -2.1 | -8.7 | 522.4 | 514.6 | 7.8 | 1.5 |
| Unemployment ('000) | 12.5 | 14.6 | -2.1 | -14.4 | 107.1 | 131.6 | -24.5 | -18.6 |
| Unemployment Rate (%) | 10.8 | 13.2 | -2.4 | - | 4.3 | 5.4 | -1.1 | - |
| Participation Rate (%) | 69.0 | 68.9 | 0.1 | - | 64.8 | 64.3 | 0.5 | - |
| Employment Rate (%) | 61.5 | 59.8 | 1.7 | - | 62.0 | 60.8 | 1.2 | - |

Notes: The Labour Force Survey excludes those living on-reserve.

Estimates are based on three-month moving averages.

Totals may not add due to rounding.

Totals may be different from other tables due to adjustments done to indigenous statistics in the Labour Force Survey.

Source: Statistics Canada Labour Force Survey – ESDC custom table

EMPLOYMENT BY INDUSTRY

There were strong employment gains in BC's goods-producing sector in the fourth quarter of 2017, while employment in the services-producing sector was relatively unchanged. Year over year, employment in the goods-producing sector increased 5.1%, with construction industry employment accounting for 79% of these annual gains.

According to a report by BuildForce Canada, a shift in emphasis from residential to non-residential employment requirements in BC's construction industry is anticipated to add approximately 11,500 construction jobs in the province by 2021. Infrastructure projects funded by all levels of government will undoubtedly continue to fuel employment growth in construction over the near-term.³ However, the report notes that the strongest non-residential gains are anticipated to coincide with the start of a diverse group of proposed mining, liquefied natural gas (LNG) and pipeline projects. Although many of these projects have encountered delays and some have been cancelled altogether.⁴

In 2017, several proposed LNG infrastructure projects were cancelled or postponed in BC. In July, Malaysia's Petronas cancelled its proposed LNG export facility planned for Lelu Island near Prince Rupert.⁵ Aurora LNG and its partners, Nexen Energy and INPEX Gas British Columbia, later cancelled plans for the proposed Digby Island site.⁶ Construction for the Woodfibre LNG facility southwest of Squamish was postponed until 2018 due to low commodity prices. Finally, in December, BC's LNG industry received an additional set-back when Steelhead LNG announced it is no longer exploring a proposal for an LNG terminal north of Victoria.⁷

Continued low commodity prices do not bode well for BC's LNG industry. LNG Canada, the joint venture led by Royal Dutch Shell Plc, plans to make a final investment decision on their proposed \$40 billion Kitimat project

sometime in 2018. Construction costs will also play a determining factor in their decision. Earlier in 2017, the Canadian International Trade Tribunal issued a ruling imposing punitive duties on certain imported fabricated industrial steel components. The ruling includes imports of large, complex, steel modular components which are needed for the construction of LNG facilities in BC.⁸ Since there is currently no company in Canada equipped to build these components, the federal anti-dumping duties of up to 45.8% on these steel imports will increase the price of building LNG facilities and may negatively impact major LNG investments such as the proposed Kitimat LNG project.⁹

British Columbia Quarterly Labour Force Statistics, by Industry

| Seasonally Adjusted Data ('000) | 4th Quarter 2017 | 3rd Quarter 2017 | 4th Quarter 2016 | Quarterly Variation | | Yearly Variation | |
|---|------------------|------------------|------------------|---------------------|------|------------------|------|
| | | | | Number | % | Number | % |
| Total employed, all industries | 2,481.2 | 2,478.2 | 2,401.5 | 3.0 | 0.1 | 79.7 | 3.3 |
| Goods-producing sector | 499.0 | 495.4 | 474.7 | 3.6 | 0.7 | 24.3 | 5.1 |
| Agriculture | 26.0 | 25.3 | 27.5 | 0.7 | 2.8 | -1.5 | -5.5 |
| Forestry, fishing, mining, quarrying, oil and gas | 48.5 | 50.2 | 48.6 | -1.7 | -3.4 | -0.1 | -0.2 |
| Utilities | 13.1 | 12.7 | 13.4 | 0.4 | 3.1 | -0.3 | -2.2 |
| Construction | 235.4 | 229.7 | 216.2 | 5.7 | 2.5 | 19.2 | 8.9 |
| Manufacturing | 176.1 | 177.4 | 169.1 | -1.3 | -0.7 | 7.0 | 4.1 |
| Services-producing sector | 1,982.2 | 1,982.8 | 1,926.8 | -0.6 | 0.0 | 55.4 | 2.9 |
| Trade | 378.6 | 377.4 | 370.2 | 1.2 | 0.3 | 8.4 | 2.3 |
| Transportation and warehousing | 135.6 | 140.0 | 142.0 | -4.4 | -3.1 | -6.4 | -4.5 |
| Finance, insurance, real estate and leasing | 161.8 | 157.0 | 143.9 | 4.8 | 3.1 | 17.9 | 12.4 |
| Professional, scientific and technical services | 199.6 | 202.3 | 195.1 | -2.7 | -1.3 | 4.5 | 2.3 |
| Business, building and other support services | 98.5 | 100.5 | 103.8 | -2.0 | -2.0 | -5.3 | -5.1 |
| Educational services | 167.1 | 164.1 | 159.6 | 3.0 | 1.8 | 7.5 | 4.7 |
| Health care and social assistance | 314.6 | 307.4 | 292.9 | 7.2 | 2.3 | 21.7 | 7.4 |
| Information, culture and recreation | 133.7 | 138.2 | 127.4 | -4.5 | -3.3 | 6.3 | 4.9 |
| Accommodation and food services | 180.0 | 183.0 | 179.1 | -3.0 | -1.6 | 0.9 | 0.5 |
| Other services | 114.0 | 113.4 | 108.6 | 0.6 | 0.5 | 5.4 | 5.0 |
| Public administration | 98.8 | 99.5 | 104.1 | -0.7 | -0.7 | -5.3 | -5.1 |

Note: Totals may not add due to rounding

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

Meanwhile, in the resource extraction industry (forestry, fishing, mining quarrying, oil and gas), employment was down 3.4% in the fourth quarter of 2017. The forestry industry continues to be affected by the ravages of the mountain pine beetle, American duties on Canadian softwood lumber imports and last summer's wildfires. Between January and August 2017, BC lumber exports to the U.S. dropped 20% compared to the same period in 2016. Approximately half of Canada's softwood lumber exports to the US originate from BC, and the U.S. is BC's largest market for softwood lumber products.¹⁰ So far, damage to Canada's industry has been mitigated by the low Canadian dollar and high demand for softwood in the U.S. with lumber prices remaining relatively high.¹¹

The forestry industry is now waiting for the United States Department of Commerce (USDC) to determine if they will be imposing punitive duties on imported Canadian uncoated groundwood paper or newsprint. The USDC has been investigating this issue since August 2017. A decision was initially due in January, but it has now

been postponed until March 2018.¹² Most of the lumber mills that would be hurt by these duties are in Ontario and Quebec; however, Catalyst Paper Corporation has three mills in BC located in Crofton, Powell River and Port Alberni. The company also has a distribution centre in Surrey and their head office is in Richmond. Catalyst employs over 1,500 people in BC and has an estimated \$2 billion economic impact on the provincial economy each year.¹³

Turning to industries in the services-producing sector, the strongest gains in employment were in the health care and social assistance industry. Indeed, nearly 40% of year over year employment gains in BC's services-producing sector were in healthcare and social assistance. Employment growth in this industry has been driven by new provincial funding for health care included in the 2017 Budget Update. The Province allocated \$322 million to improve mental health and addiction services and \$189 million over three years through a partnership with the federal government to improve home and residential care for seniors.¹⁴

REGIONAL ANALYSIS

The Lower Mainland-Southwest economic region had the strongest employment gains and the lowest unemployment rate in the province in the fourth quarter of 2017. Indeed, 85% of BC's employment gains between the fourth quarter of 2016 and 2017 were in this region. Despite the high cost of housing, the region has had a steady population inflow since 1987. According to the Conference Board of Canada, net in-migration to Vancouver CMA is forecast to hit an eight year high in 2018.¹⁵

In sharp contrast to the Lower Mainland, employment in BC's Northeast economic region is down 5.6% on an annual basis. However, recent developments in the region may lead to employment growth in the near-term. For example, several jobs have been safeguarded as the Government of BC recently announced it will go ahead with plans to complete the construction of the controversial Site C hydroelectric dam located near Fort St-John. Since construction began in 2015, BC Hydro has spent approximately \$2 billion of the budgeted \$8.3 billion on the project. Going forward, the Province plans to create a new Project Assurance Board in an effort to contain project costs that are now expected to reach \$10.7 billion.¹⁶

The latest numbers published by BC Hydro indicate there were 1,974 people employed at the Site C project in October 2017. Over 80% of workers on the project are from BC and 34% of the construction and non-construction contractors are from the Peace River Regional District.¹⁷

With the project moving ahead, BC Hydro recently selected the Aecon-Flatiron-Dragados-EBC Partnership (AFDE Partnership) as the preferred proponent for the Site C generating station and spillways (GSS) civil works contract. Approximately 1,600 people will be working on the GSS civil works contract at the peak of construction in 2021. The AFDE Partnership has signed a Project Labour Agreement for the GSS civil work, making hiring locally and within BC a priority.¹⁸

Meanwhile, a second major project in the region has been given government approval. The Government of Canada recently approved HD Mining International's proposed underground metallurgical or coking coal mine located southwest of Tumbler Ridge. The Murray River Mining Project would produce an estimated six million tonnes of metallurgical coal per year for approximately 31 years. If HD Mining International decides to go

forward with the project, the company estimates that the mine would create 600 direct jobs and 700 indirect jobs through the construction and operating phases.¹⁹

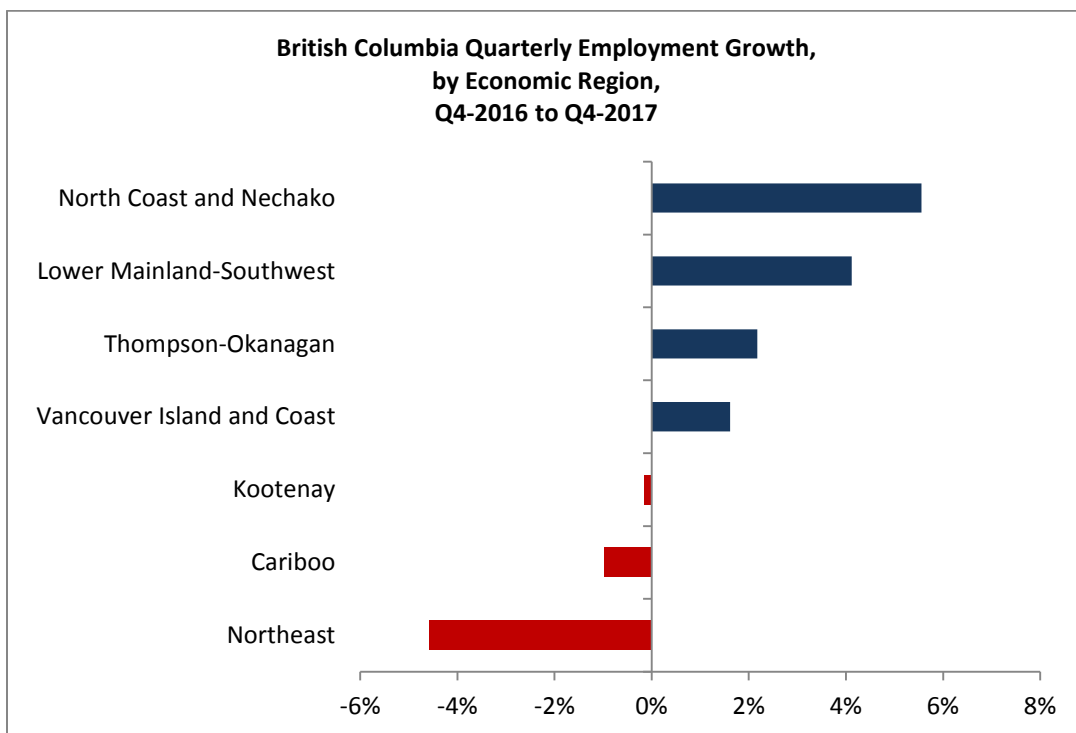
In 2014, every coal mine near Tumbler Ridge was shut down due to low prices, putting hundreds of people out of work. Since then, Conuma Coal Resources Ltd. re-opened the Brule and Wolverine mine in 2016 as metallurgical coal prices began to surge.²⁰ Prices for coking coal rose even more significantly in 2017; long term forecasts predict prices will contract again over the next four years, but still remain above 2016 levels.²¹

British Columbia Quarterly Labour Force Statistics, by Economic Region

| Not Seasonally Adjusted Data | Employment | | | Unemployment Rate | | |
|------------------------------|-------------------------|-------------------------|----------------------|----------------------|----------------------|-----------------------------|
| | 4th Quarter 2017 ('000) | 4th Quarter 2016 ('000) | Yearly Variation (%) | 4th Quarter 2017 (%) | 4th Quarter 2016 (%) | Yearly Variation (% points) |
| British Columbia | 2,477.3 | 2,402.6 | 3.1 | 4.6 | 5.7 | -1.1 |
| Economic Regions | | | | | | |
| Vancouver Island and Coast | 384.6 | 378.5 | 1.6 | 4.8 | 5.4 | -0.6 |
| Lower Mainland-Southwest | 1,602.9 | 1,539.5 | 4.1 | 3.8 | 5.0 | -1.2 |
| Thompson-Okanagan | 258.3 | 252.8 | 2.2 | 7.3 | 8.2 | -0.9 |
| Kootenay | 70.1 | 70.2 | -0.1 | 7.5 | 8.8 | -1.3 |
| Cariboo | 80.2 | 81.0 | -1.0 | 6.3 | 7.4 | -1.1 |
| North Coast and Nechako | 43.7 | 41.4 | 5.6 | 5.2 | 7.6 | -2.4 |
| Northeast | 37.5 | 39.3 | -4.6 | 4.6 | 10.5 | -5.9 |

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

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