



Labour Market Bulletin

British Columbia

May 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

In May 2017, almost two and a half million people were employed in British Columbia (BC) — over 99,000 more than a year ago. Employment edged up for the sixth consecutive month with gains both in full-time (+6,400) and in part-time employment (+5,900).

The province's unemployment rate increased for a second month in a row to 5.6% with approximately 3,900 more unemployed individuals compared to April. Despite this recent uptick in unemployment, there are still 7,100 fewer unemployed workers in BC compared to a year ago.

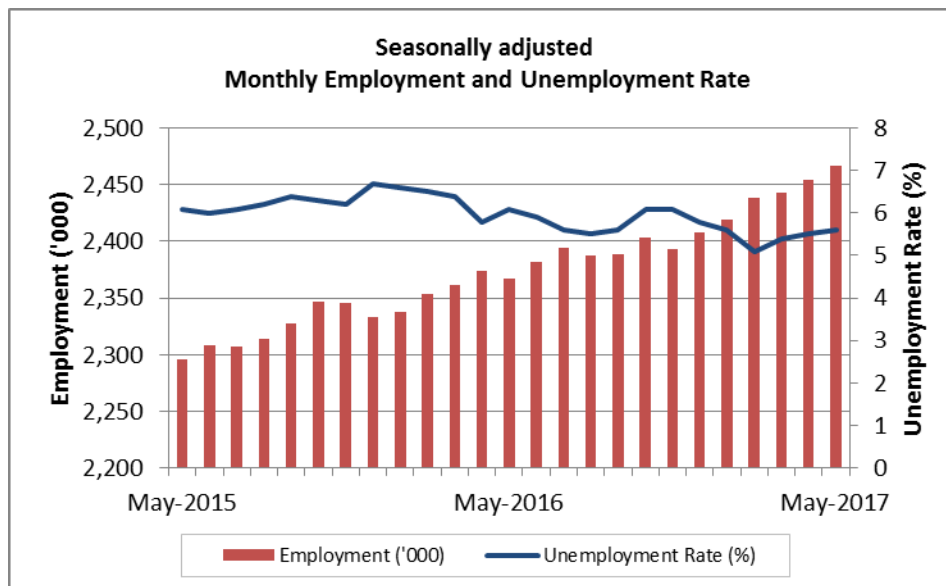
Looking at classes of workers, both public- and private- sector employment declined in May, by 1,000 and 2,900 respectively. Employment gains in May were generated exclusively by an increase in the number of self-employed workers (+16,100) in the province.

Seasonally adjusted Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	May 2017	April 2017	May 2016	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,973.9	3,968.3	3,923.6	5.6	0.1	50.3	1.3
Labour Force ('000)	2,612.9	2,596.7	2,520.8	16.2	0.6	92.1	3.7
Employment ('000)	2,466.6	2,454.3	2,367.4	12.3	0.5	99.2	4.2
Full-Time ('000)	1,931.6	1,925.2	1,865.5	6.4	0.3	66.1	3.5
Part-Time ('000)	535.0	529.1	501.9	5.9	1.1	33.1	6.6
Unemployment ('000)	146.3	142.4	153.4	3.9	2.7	-7.1	-4.6
Unemployment Rate (%)	5.6	5.5	6.1	0.1	-	-0.5	-
Participation Rate (%)	65.8	65.4	64.2	0.4	-	1.6	-
Employment Rate (%)	62.1	61.8	60.3	0.3	-	1.8	-

Note: Totals may not add due to rounding

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



Turning to monthly labour force results for demographic groupings, the unemployment rate for youth (aged 15 to 24) remained constant at 9.7% — almost twice the rate for adults aged 25 years and over (4.9%). Unemployment among young men (15 to 24 years) has trended upward since the beginning of the year, while unemployment among young women has declined. Overall, women (aged 25 and over) continue to have the lowest unemployment rate (4.1%) among demographic groupings.

Seasonally adjusted Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	May 2017 (%)	April 2017 (%)	May 2016 (%)	Monthly Variation	Yearly Variation
				(% points)	(% points)
Total	5.6	5.5	6.1	0.1	-0.5
25 years and over	4.9	4.7	5.3	0.2	-0.4
Men - 25 years and over	5.6	5.1	5.5	0.5	0.1
Women - 25 years and over	4.1	4.3	5.2	-0.2	-1.1
15 to 24 years	9.7	9.7	10.5	0.0	-0.8
Men - 15 to 24 years	11.8	12.0	12.4	-0.2	-0.6
Women - 15 to 24 years	7.5	7.4	8.4	0.1	-0.9

Note: Totals may not add due to rounding

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

EMPLOYMENT BY INDUSTRY

Employment advanced in BC's goods-producing sector (+3,200) and services-producing sector (+9,100) during the month of May. At the industry level, the largest employment increase among goods-producing industries over the past month was in resource extraction (forestry, fishing, mining, quarrying and oil and gas), with employment in this industry advancing 1,700.

Increased drilling activity is forecast for the BC oil and gas industry. The Petroleum Services Association of Canada (PSAC) recently upped its forecast for the projected number of wells to be drilled in BC in 2017. PSAC originally estimated 280 wells would be drilled in the province this year, but has revised this forecast to 449 wells — a 60% increase in their projection.¹ Earlier this year, Calgary-based Encana indicated that they want to nearly double their gas output from the Montney formation to 1.2 billion cubic feet per day by 2019.² More recently, Enbridge Inc. announced plans for a \$1 billion expansion of its BC natural gas pipeline system as a result of surging gas production from the Montney.³

Meanwhile, Kinder Morgan recently confirmed that they are proceeding with the \$7.4 billion Trans Mountain pipeline expansion. The company is ready to begin construction this fall with a completion date set for December 2019. The company plans to secure financing through an initial public offering that was set to close May 31, 2017.⁴ The federal government approved the project last year and the provincial government signed a final benefits agreement with Kinder Morgan in April. The agreement includes a "British Columbians First" hiring and contracting policy for project work within BC Trans Mountain, as well as a 20-year revenue-sharing agreement with the Province worth about \$1 billion. The expansion is expected to create 15,000 jobs a year during construction and an estimated 37,000 direct and indirect jobs for every year of operation. Upon completion, the expanded pipeline will provide western Canadian oil producers improved tidewater access to the United States and global markets.⁵

There is also a positive outlook for BC's mining industry. PricewaterhouseCoopers LLP (PwC) recently released their 2016 annual British Columbia mining report. The report notes that commodity prices are stabilizing, mines are advancing and reopening, and investment is returning to the sector. The survey gathered its findings from 28 mining companies operating in BC. According to the report, net mining revenues came in at \$7.3 billion in 2016

— up from \$6.3 billion in 2015 — driven by an increase in gross mining revenue and a decrease in costs for smelting, refining charges, and freight costs.⁶

While activity appears to be picking up in BC's mining industry, the outlook is not nearly as favorable for the province's wood producing industry. According to a report by the Conference Board of Canada, there will be 2,200 fewer jobs in the wood products industry by 2018. The report estimates incoming US trade restrictions on softwood lumber will reduce industry pre-tax profits from \$1.8 billion in 2016 to \$1.4 billion this year and \$1.1 billion in 2018. The US introduced countervailing duties on softwood lumber April 28, 2017 following an investigation by the Department of Commerce. Additional antidumping duties are expected to be announced on June 23, 2017.⁷

On June 1, the Canadian government responded to these American duties by committing \$867 million to support forest industry workers and communities affected by trade actions.⁸ BC is Canada's largest lumber exporter to the US — sending \$4.6 billion worth of product in 2016. Forestry is also a key employer in BC, providing more than 60,000 direct jobs.⁹ Fortunately, a low Canadian dollar, strong markets in Asia and healthy lumber prices are currently mitigating the impact of the trade dispute.¹⁰

Turning to the services-producing sector, employment in finance, insurance, real estate and leasing continued to increase this month (+4,700). Overall, employment in this industry is up significantly (+28,500 or 21.6%) year over year. Indeed, the real estate industry has been the engine behind BC's robust economic growth over the last few years. According to the Conference Board of Canada, BC's housing market has lost some steam following federal and provincial government measures to cool it down. The provincial government imposed a 15% foreign buyers tax in August 2016. In October 2016, the federal government announced new restrictions on when the government will provide insurance for low-ratio mortgages, and new reporting rules for primary residence capital gains exemptions.¹¹ Home prices have started to rise again and this is a challenge for the Greater Vancouver region, where affordability remains a barrier for companies attempting to attract workers from other cities or countries.¹²

Seasonally adjusted Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	May 2017	April 2017	May 2016	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,466.6	2,454.3	2,367.4	12.3	0.5	99.2	4.2
Goods-producing sector	486.5	483.3	469.0	3.2	0.7	17.5	3.7
Agriculture	27.3	27.3	24.2	0.0	0.0	3.1	12.8
Forestry, fishing, mining, quarrying, oil and gas	51.5	49.8	52.2	1.7	3.4	-0.7	-1.3
Utilities	12.2	13.1	13.3	-0.9	-6.9	-1.1	-8.3
Construction	225.2	224.6	213.8	0.6	0.3	11.4	5.3
Manufacturing	170.4	168.7	165.5	1.7	1.0	4.9	3.0
Services-producing sector	1,980.1	1,971.0	1,898.4	9.1	0.5	81.7	4.3
Trade	366.4	366.3	368.7	0.1	0.0	-2.3	-0.6
Transportation and warehousing	141.3	142.4	137.2	-1.1	-0.8	4.1	3.0
Finance, insurance, real estate and leasing	160.6	155.9	132.1	4.7	3.0	28.5	21.6
Professional, scientific and technical services	190.3	190.6	195.4	-0.3	-0.2	-5.1	-2.6
Business, building and other support services	111.0	103.0	104.0	8.0	7.8	7.0	6.7
Educational services	164.7	166.9	168.0	-2.2	-1.3	-3.3	-2.0
Health care and social assistance	306.0	301.5	289.7	4.5	1.5	16.3	5.6
Information, culture and recreation	138.3	139.3	124.0	-1.0	-0.7	14.3	11.5
Accommodation and food services	181.6	179.6	169.8	2.0	1.1	11.8	6.9
Other services	116.4	119.0	103.8	-2.6	-2.2	12.6	12.1
Public administration	103.4	106.5	105.8	-3.1	-2.9	-2.4	-2.3

Note: Totals may not add due to rounding

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

REGIONAL ANALYSIS

Year over year, there are 45,900 more people working in BC's Lower Mainland-Southwest. Over half of these positions (23,100) are in the finance, insurance, real estate, rental and leasing industry. The booming housing market has been one of the key drivers of growth for Vancouver's economy the past few years, particularly in 2015 and 2016 when total real GDP gains averaged 4.1% per year. According to the Conference Board of Canada, employment growth in Vancouver is anticipated to slow to 0.9 % this year, following record job creation in 2016.¹³

Construction industry employment in the Lower Mainland-Southwest is also up substantially compared to a year ago (+6,700). Provincial infrastructure spending, which includes the Surrey LRT and Broadway subways, as well as the George Massey Tunnel replacement project, is surely contributing to this industry's employment growth.¹⁴

Turning to northern BC, the Brucejack Gold Mine – located in the North Coast and Nechako region – powered up on March 31, 2017. The mine will employ approximately 500 workers over its estimated lifespan of 18 years, bringing economic activity to the region.¹⁵ Year over year, the unemployment rate in this region is down 2.0 full percentage points to 6.5%.

Meanwhile, the unemployment rate in the Northeast region also fell significantly over the past year, down 2.6 percentage points to 7.0%. This region has seen job creation from activities on Site C and the Montney Formation projects, as well as construction on a number of smaller infrastructure investments.¹⁶ The Site C Dam is an \$8.8 billion early-stage BC Hydro project for a large-scale hydroelectric dam on the Peace River. Approximately 2,200 workers are currently employed in the construction of this project. However, Site C now faces some uncertainty following a recent request for an independent review to be performed by the BC Utilities Commission.¹⁷

In addition to these projects in the Northeast region, Conuma Coal Resources Ltd. reopened their Brule and Wolverine steelmaking coal mines in 2016 bringing new hope to a region that had been hard hit by the downturn in commodity prices. Conuma is also expected to reopen their Willow Creek mine this summer. When in full operation, the three mines would employ a total of 660 people.¹⁸

British Columbia Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	May 2017 ('000)	May 2016 ('000)	Yearly Variation (%)	May 2017 (%)	May 2016 (%)	Yearly Variation (% points)
British Columbia	2,451.2	2,359.9	3.9	5.5	6.1	-0.6
Economic Regions						
Vancouver Island and Coast	384.1	358.6	7.1	4.8	5.8	-1.0
Lower Mainland-Southwest	1,575.6	1,529.7	3.0	5.2	5.7	-0.5
Thompson-Okanagan	258.1	245.1	5.3	6.5	7.8	-1.3
Kootenay	72.3	67.6	7.0	7.7	7.5	0.2
Cariboo	81.0	77.6	4.4	7.5	7.0	0.5
North Coast and Nechako	41.5	41.8	-0.7	6.5	8.5	-2.0
Northeast	38.6	39.4	-2.0	7.0	9.6	-2.6

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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