

# work

BC was a good place to work in 2006. The province's unemployment rate dropped to just 4.8%—a 30-year low—thanks to the creation of 65,000 new jobs. BC's real hourly wage rate increased to \$21.73, exceeding the national average and growing at a faster pace than in either Alberta or Ontario. BC also saw an improvement in the percentage of the workforce achieving post-secondary education, reaching 61% in 2006; however, this level still lagged behind the national average.

One area where BC saw a decrease relative to the comparison jurisdictions is the female/male wage ratio. Women in BC earned 83.5% of what men did in 2006, a level below that of Ontario and the national average. Both BC and Alberta saw the wage gap increase between men and women last year. This wage gap increase correlated with increases in male-dominated resource sector jobs, which tend to pay above-average wage levels.

The table below shows how BC compares to Alberta, Ontario, and the national average on our five key indicators over one and five-year periods.

## Summary of WORK Key Indicators

	BC	AB	ON	CAN
Educational Attainment	61.0%	60.7%	65.2%	63.9%
Unemployment Rate	4.8%	3.4%	6.3%	6.3%
Real Wage Rate	\$21.73	\$23.15	\$22.29	\$21.60
Female/Male Wage Ratio	0.835	0.785	0.865	0.856
Job Creation	65,000	86,300	95,000	314,600

2006 Value

Educational Attainment	1.2 ppt	-0.3 ppt	1.1 ppt	0.8 ppt
Unemployment Rate	-1.1 ppt	-0.5 ppt	-0.3 ppt	-0.5 ppt
Real Wage Rate	1.8%	0.4%	0.5%	0.8%
Female/Male Wage Ratio	-1.2%	-2.0%	0.6%	0.0%
Job Creation	3.1%	4.8%	1.5%	1.9%

2005-06 % Change

Educational Attainment	3.6 ppt	1.2 ppt	4.8 ppt	4.4 ppt
Unemployment Rate	-2.9 ppt	-1.2 ppt	0.0 ppt	-0.9 ppt
Real Wage Rate	1.3%	0.2%	-1.4%	0.1%
Female/Male Wage Ratio	0.1%	0.1%	5.7%	4.3%
Job Creation	14.3%	14.7%	9.6%	10.3%

2001-06 % Change

### Educational Attainment

Educational attainment measures the percentage of the population aged 25-54 who have received some level of post-secondary certification.<sup>26</sup>

Last year, BC recorded the largest increase (1.2 ppt) in educational attainment of all the comparison regions. (Ontario increased by 1.1 ppt, Alberta decreased by 0.3 ppt, and the national average increased by only 0.8 ppt.) This means that 61% of BC's labour force has some level of post-secondary education—a significant increase over the 57.4% level recorded in 2001. That said, BC still ranks below Ontario (65.2%) and the national average (63.9%). It is, however, ahead of Alberta (60.7%).<sup>27</sup>

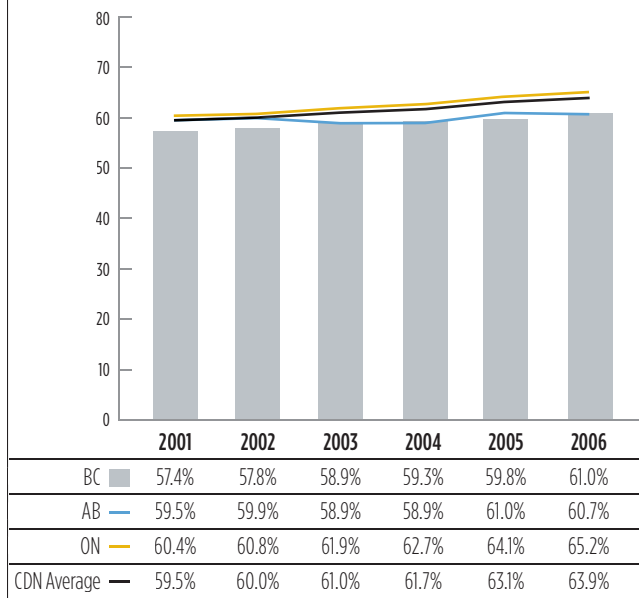
### Unemployment Rate

The unemployment rate represents the number of unemployed persons as a percentage of the labour force (people aged 15 and older who are employed or actively looking for work).

BC's unemployment rate in 2006 was just 4.8%, the lowest rate recorded since the province began keeping records. The province compared favourably to the comparison jurisdictions, coming second after Alberta (3.4%), and ahead of Ontario and the national average (both at 6.3%).

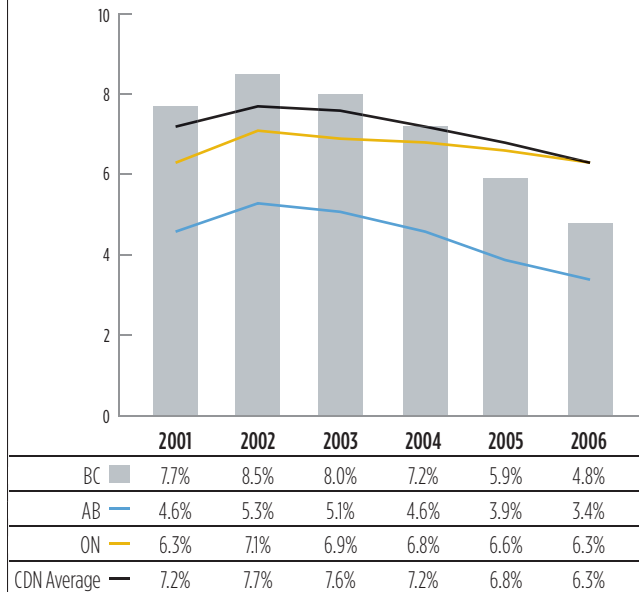
BC saw a one-year improvement of 1.1% in employment, the biggest improvement of any region in our comparison study. However, this rate is so low that it is causing some concern about labour force supply lagging behind economic growth, which could lead to a labour shortage.

**Percentage of Labour Force Aged 25-54 with a Post-Secondary Certificate/Diploma or Higher, Provinces and Canada, 2001 to 2006**



Source: Statistics Canada, *Labour Force Survey*

**Unemployment Rate (Population Aged 15+), Provinces and Canada, 2001 to 2006**



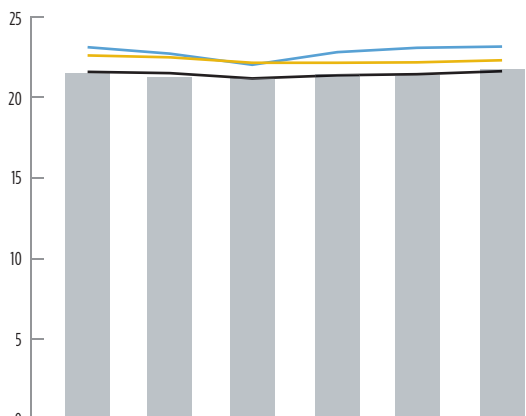
Source: Statistics Canada, *Labour Force Survey*



<sup>26</sup> Post-secondary certificate, diploma, or higher includes diploma programs at colleges as well as trades and technical-certification programs.

<sup>27</sup> Statistics Canada, *Labour Force Survey*.

### Real Average Hourly Wages (2005\$), Provinces and Canada, 2001 to 2006



Source: Statistics Canada, *Labour Force Survey*

### Real Wages

BC's hourly wage rate, adjusted for inflation, grew to an average of \$21.73 per hour in 2006.

This was an increase of 1.8%, twice the national growth rate of 0.8%, more than three times that of Ontario (0.5%), and over four times higher than that of Alberta (0.4%). This meant that BC's real hourly wage rate surpassed the national average last year by the largest margin in the past decade. Alberta continued to lead the other jurisdictions with a real hourly wage rate of \$23.15. Ontario was the only jurisdiction to show a decline between 2001 and 2006.

### Pay Equality

BC's pay equality gap, as measured by the ratio of female/male wages for full-time workers, widened for the second year in a row.

In 2006, women earned 83.5% of the wages earned by their male counterparts, down from 84.5% in 2005. This drop occurred despite an increase in the number of women employed in management positions, which rose 12% to 77,400 positions.

One reason women's earnings have not kept pace with men's is the type of industries in which they've made their employment gains. Last year, 83% of all job growth for women occurred in sectors with salaries in the medium-to-low bracket—sectors that did not experience the large-scale wage increases seen in resource sectors such as mining and oil and gas. On the positive side, wages for women increased from \$18.58 to \$18.95 per hour in 2006.

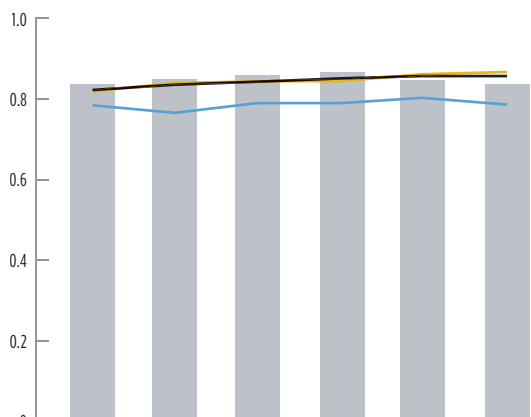
### Job Creation

Job creation or loss measures the change in the number of employed workers in the province.

BC's growth rate of 3.1% was 1½ times the national level (1.9%) in 2006.<sup>28</sup> While BC's job creation rate was less than Alberta's last year (4.8%), BC has seen solid growth over the past five years, and we are now the second strongest labour market in the country.

In 2006, BC recorded a net gain of 65,000 workers, accounting for 21% of all new jobs created in Canada.<sup>29</sup> Four industry sectors accounted for 80% of this new job growth: retail trade (16,200 new jobs<sup>30</sup>), health care and social assistance (14,800<sup>31</sup>), construction (11,300), and education (9,900<sup>32</sup>).

### Female-to-Male Earnings Ratio (Ages 15+), Provinces and Canada, 2001 to 2006



Source: Statistics Canada, *Labour Force Survey*

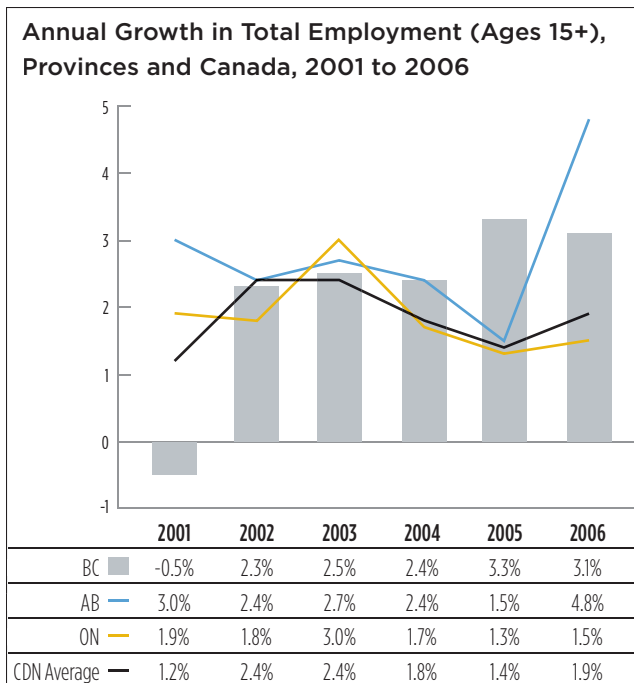
<sup>28</sup> Statistics Canada, *Labour Force Survey*.

<sup>29</sup> *Ibid.*

<sup>30</sup> *Ibid.*

<sup>31</sup> *Ibid.*

<sup>32</sup> Ministry of Education, *Summary of Key Information, 2006/07*.



Source: Statistics Canada, *Labour Force Survey*

### Taking a Closer Look at Labour and Skills Shortages

Current labour shortages in BC stem from a combination of strong economic growth and the retirement of existing workers. Companies in many sectors and regions are experiencing shortages of workers with specific skills, and some cannot find workers at all.

Several indicators in BC's labour market suggest that we are beginning to experience a general labour shortage. For example, the province is experiencing the lowest provincial unemployment rate in three decades, and average wage increases are running at more than twice the rate of inflation.<sup>33</sup>

Looking ahead, more than 70% of the projected employment openings in the coming decade are expected to require some form of post-secondary education, with the highest demand being for university degrees or higher educational levels.<sup>34</sup>

By 2010, there will be more British Columbians exiting the labour force than entering it.<sup>35</sup> Upcoming retirements will mostly affect management occupations, which include senior people across all industries. Almost 40% of the managers and supervisors employed in 2005 will not be working in 2015. Moreover, by 2015, an estimated 30% of the province's population will be 55 or older.<sup>36</sup>

Over the next decade, BC will need 1.1 million new workers. There are approximately 650,000 young people currently enrolled in our school system, and even if every one of these students were to stay in the province and enter the workforce, we would still be short 400,000 workers.<sup>37</sup>

Many look to in-migration as the solution to addressing labour shortages. In 2005, 8,200 people came to BC from other provinces<sup>38</sup>; however, even if this figure could be maintained for the next ten years it would still only resolve 20% of the projected labour shortage. International in-migration, currently running at roughly 35,000 people per year, will be a critical component of the labour supply solution.

In addition to recruiting foreign workers, employers are already using several strategies to attract and retain the existing labour pool; these include increasing wages for workers in high demand<sup>39</sup> and hiring people from a wider age range. Some companies have incorporated new technologies to reduce the number of workers required, as evidenced by the self-checkouts at some retail outlets. BC's businesses are also taking advantage of the higher Canadian dollar, investing in machinery and equipment to boost overall productivity, and mitigate some of the effects of the projected labour shortage.

For its part, the provincial government is promoting careers in high-need occupations and skilled trades, and increasing post-secondary training spaces. It has also removed the mandatory retirement age and taken steps to increase inter-provincial mobility for workers.<sup>40</sup> Other programs are engaging under-represented groups. More resources are also being directed into programs that will attract and retain foreign workers.

Of course, there is global competition for skilled workers, and governments and employers will have to continue working hard to attract foreign workers to BC. Failure to succeed in the competition for international workers would create a large hole in the province's labour market by the end of the decade.

At the same time, efforts to ensure that our existing workers are as engaged as possible in their work, and working to their full potential, will also be critical in maximizing the efficiency of our workforce and minimizing the number of workers we need to draw from outside the province.

<sup>33</sup> Statistics Canada, *Survey of Employment, Payrolls and Hours/Consumer Price Index*.

<sup>34</sup> Ministry of Advanced Education, *Employment Outlook for British Columbia*, February 2007.

<sup>35</sup> Canadian Occupational Projection System.

<sup>36</sup> Ministry of Advanced Education, *Employment Outlook for British Columbia*, February 2007.

<sup>37</sup> Ministry of Economic Development, *Work BC: An action plan to address skill shortages in BC*.

<sup>38</sup> Statistics Canada, *CANSIM*.

<sup>39</sup> For example, mining and oil and gas extraction workers have seen the biggest pay increases, with wages jumping by 11% in 2005, and by another 12.9% in 2006.

<sup>40</sup> On April 1, 2007, the Trade, Investment and Labour Mobility Agreement between BC and Alberta came into effect. The agreement aims to harmonize regulatory rules between the two provinces for professions and trades.