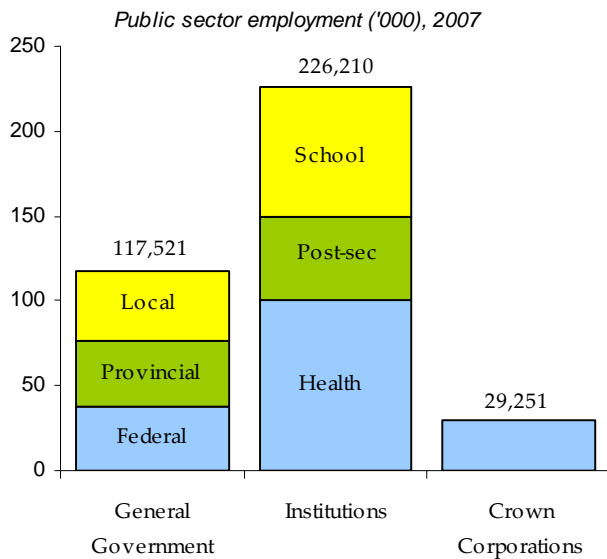


Business Indicators ♦ January 2009

British Columbia's Public Sector Employment

British Columbia's public sector¹ is a significant employer in the province, providing 372,982 jobs in 2007. The public sector includes federal, provincial, and local general government ministries and agencies, public institutions, as well as crown corporations.

About one-quarter of public sector employees work in health and social services



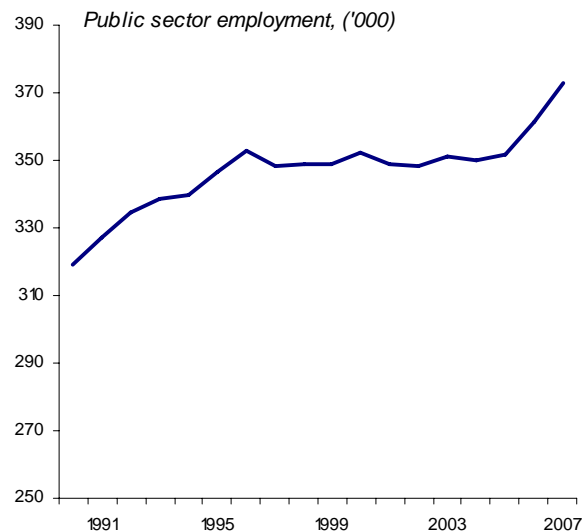
Data Source: Statistics Canada

One in six workers in British Columbia is employed within the public sector. In 2007, most (61%) public employees worked in public institutions,

which include local school boards, post-secondary institutions, and health and social services. General governments², which are divided federally, provincially, and locally, employed 31%, while 8% worked at crown corporations.

Continuing on an upward trend that began in 2005, the number of public sector employees expanded 3.2% in 2007, the largest annual increase since 1990. Following years of slow and stable growth throughout the late 1990s and into the new millennium, nearly 21,500 jobs have been added to the public sector since 2005.

The size of BC's public sector continued to increase in 2007



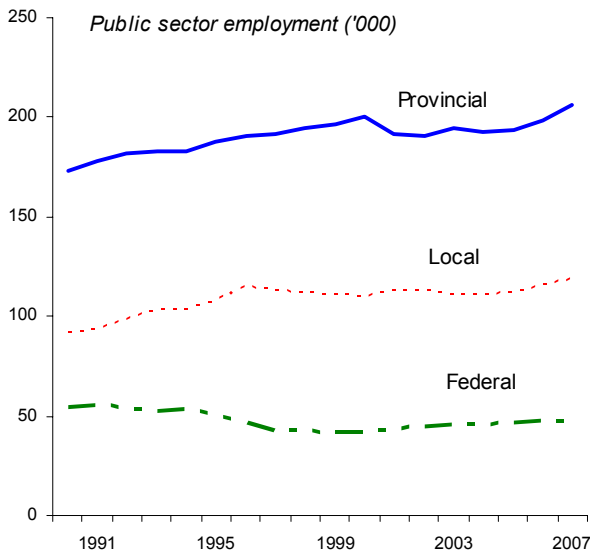
Data Source: Statistics Canada

¹ Except for total employment, which is based on Labour Force Survey statistics, the employment figures quoted in this article come from the Public Institutions Division of Statistics Canada and are based on payroll information provided by government departments and other public sector organizations.

² General government includes government ministries and departments, as well as agencies such as Worker's Compensation Board, which are funded, but not necessarily controlled, by government.

Recent job growth in the public sector has been concentrated mostly within the provincial and local public sectors. Since 2005, the provincial public sector has expanded 6.8%, adding over 13,100 jobs at post-secondary institutions, health and social service institutions, provincial general government, and provincial crown corporations. Similarly, the local public sector has taken on an additional 7,000 (+6.3%) employees, who have filled positions at school boards, local general government, and local crown corporations. At the same time, employment within the federal public sector, which includes federal general government and federal crown corporations, has risen at a slower pace following substantial cutbacks in the 1990s.

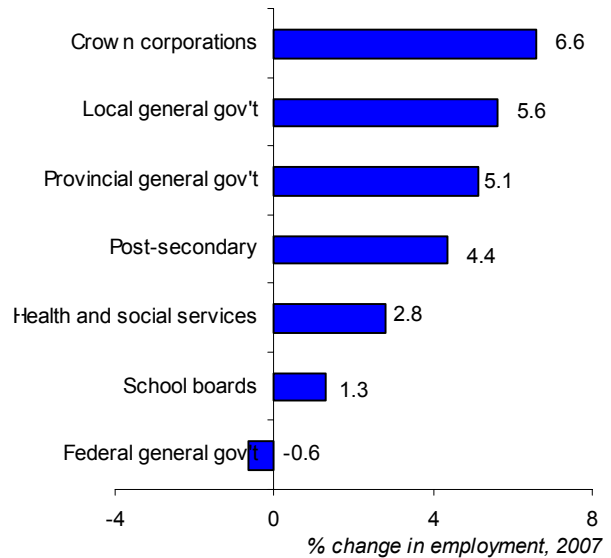
Provincial and local public sector employment has been on the rise since 2005



Data Source: Statistics Canada

In 2007, growth within the public sector was widespread, with all components increasing in size, with the exception of federal general government. In particular, crown corporations (+6.6%) along with local (+5.6%) and provincial (5.1%) general government added significantly to their payrolls.

Employment growth occurred in almost all components of the public sector in 2007



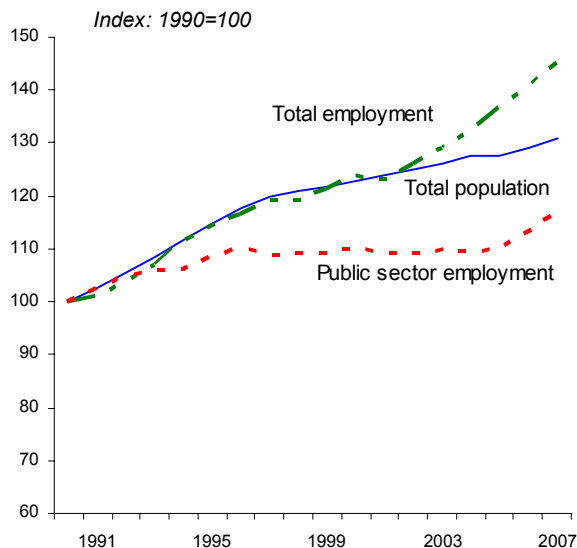
Data Source: Statistics Canada

How have changes in the public sector compared to changes in total population and total employment?

Between 1990 and 2005, both total employment (+37%) and total population (+27%) significantly outpaced the rate at which BC's public sector expanded (+10%), driving the rate of employment (the number employed per 1,000 population) within the public sector down to a low of 83.7 in 2005.

However, since 2005, public sector employment (+6.1%) has shot up at a faster rate than both total population (+3.7%) and as a result, the public sector employment rate has risen to 86.5, which is the highest it has been since 2001. Furthermore, public sector employment grew almost as quickly as total employment (+6.4%), after lagging behind for years.

Public sector employment growth is catching up to that of total employment



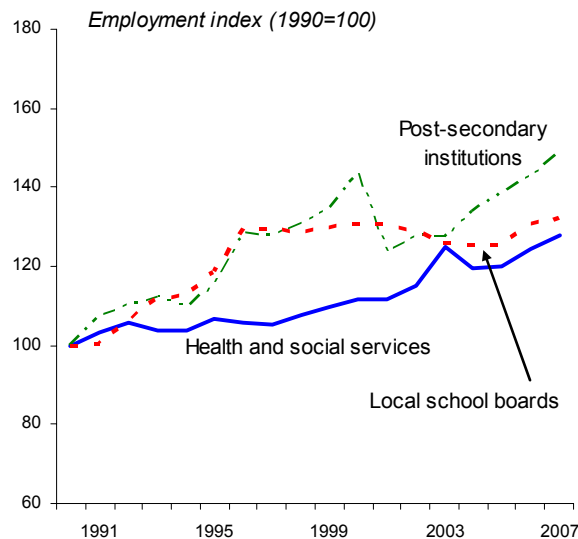
Data Source: Statistics Canada

Public institutions are employing more British Columbians

Providing by far the most jobs in the public sector, public institutions employed 226,210 British Columbians in 2007, up 2.6% from 2006. Most (45%) worked in health and social services, while local school boards (34%) and post secondary institutions (21%) employed the remainder.

Post-secondary institutions (+4.4%), health and social service institutions (+2.8%) and local school boards (+1.3%) all had additional employees in 2007. Following cutbacks in the late 1990s, employment at post-secondary institutions, in particular, has risen recently, with over 8,300 new jobs since 2001.

Post-secondary institutions are taking on more workers



Data Source: Statistics Canada

General government and crown corporations increased their payrolls substantially

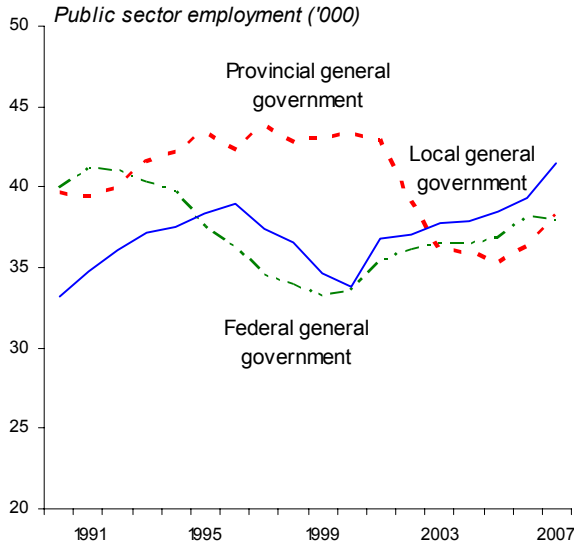
Employment within BC's general government is divided approximately equally between federal, provincial, and local ministries and agencies, with local government (35%) employing a slightly larger share. After contracting significantly throughout the 1990s and well into the 2000s, the number of general government workers increased in 2007, particularly at the local level, where employment continued to climb (+5.6%). Since 2000, more than 7,700 positions have been created in local general government.

Provincial general government employment also shot up (+5.1%) in 2007, while there were slightly fewer (-0.6%) British Columbians working in federal general government.

Accounting for about 8% of public sector employment, crown corporations expanded the most (+6.6%) in 2007, adding over 1,800 jobs. However, the number of crown corporation

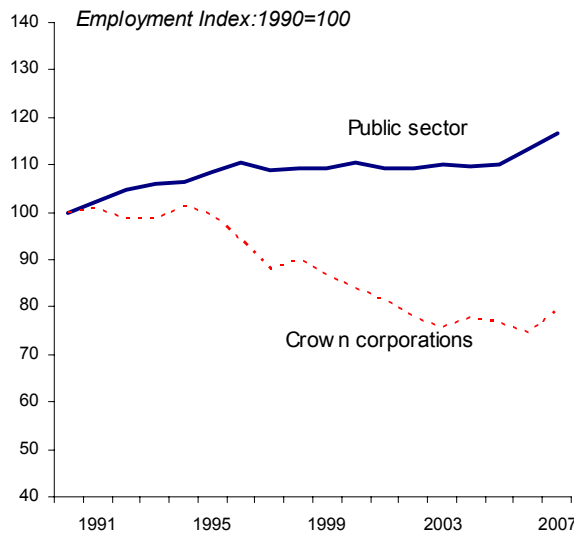
employees has actually *declined* 21% (about 7,700 jobs) since 1990.

All levels of general government departments continue to expand in 2007



Data Source: Statistics Canada

After years of decline, employment growth at crown corporations rebounded in 2007



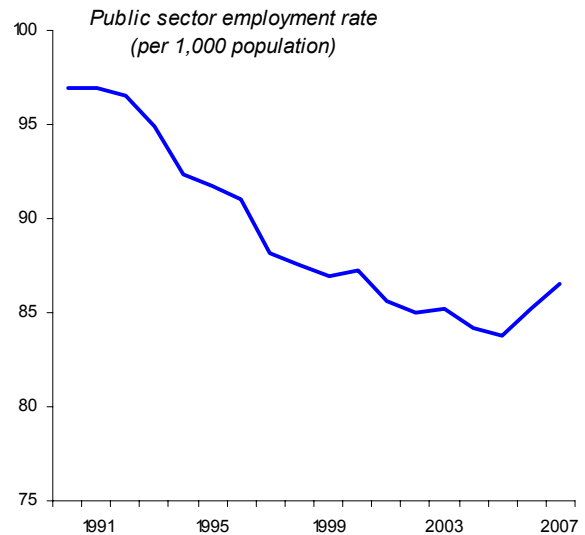
Data Source: Statistics Canada

Public sector employment rate

In order to determine whether an increase in the number of people on the public payroll implies that the impact of the public sector on the economy is increasing, one cannot look at employment figures alone. The demand for social services, such as health care and education, grows with the provincial population, so it is important to consider population growth when analyzing the impact of the public sector on the economy.

The public sector employment rate compares employment in the public sector with the size of the population. Although it is still much lower than it was in the early 1990s, BC's public sector employment rate continued to climb in 2007, as it has since 2005. The employment rate is currently 86.5 per 1,000 British Columbians, which is the highest it has been since 2001.

BC's public sector employment rate has begun to grow after declining for a decade and a half

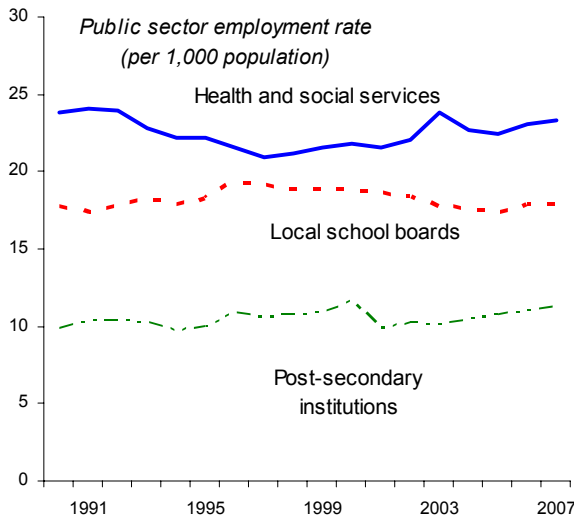


Data Source: Statistics Canada & BC Stats

In 2007, the employment rate at post-secondary institutions was 11.3, up from 9.9 in 1990. Although they have fluctuated throughout the years, the employment rates at health and social service institutions (23.3) and local school boards (17.7) have returned to similar levels as in 1990.

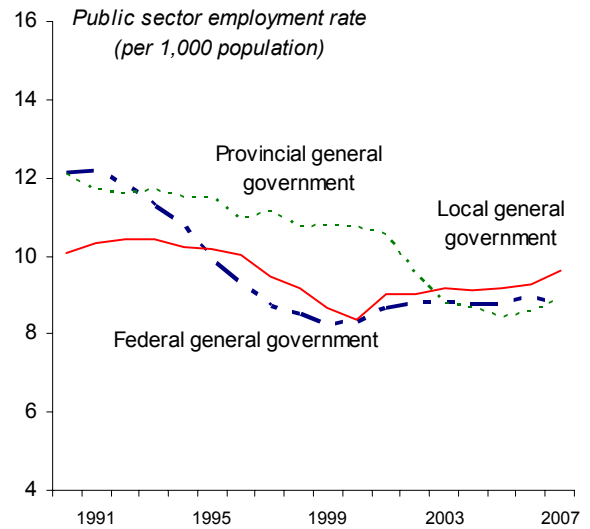
Although employment surged in 2007, the public sector employment rate in the local general government was 9.6 in 2007, slightly lower than it was in 1990 (10.1). Meanwhile, the employment rate in both federal and provincial general government has dropped from 12.1 in 1990 to 8.8 in 2007, although the provincial general government employment rate is on an upswing.

The employment rate at post-secondary institutions is higher than it was in 1990



Data Source: Statistics Canada

Public sector employment rates in local and provincial general government are rising



Data Source: Statistics Canada

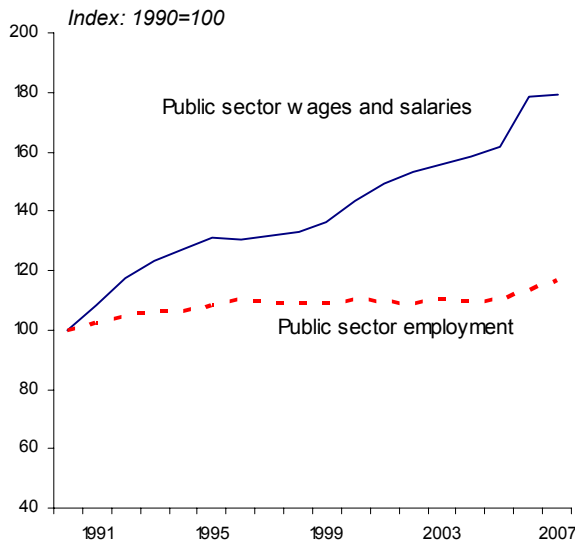
The public sector employment rate within crown corporations is currently 7.4. Although this is the highest it has been since 2000, it has dropped from 11.2 in 1990.

What are average wages and salaries in the public sector?

Public sector wages and salaries have grown at a much faster pace than public sector employment since 1990, shooting up 79%. As a result, wages and salaries per public sector employee have risen from \$31,245 to \$47,886 between 1990 and 2007.

Wages and salaries vary substantially within the public sector, with health and social service (\$36,028) and local school board (\$44,498) employees earning the least and those working at federal (\$67,847) and provincial (\$59,113) general government departments earning significantly more than average.

Public sector wages and salaries per public sector employee have grown 50% since 1990



Data Source: Statistics Canada

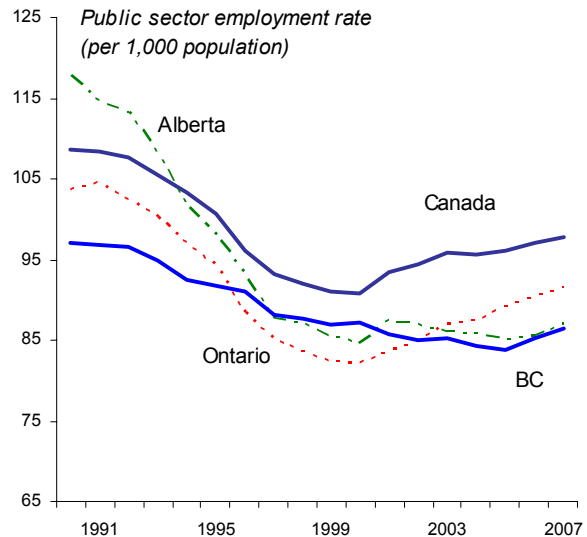
How does BC compare to the rest of Canada?

In 2007, the public sector employed 3.2 million Canadians, or about 10% of the population. On average, public sector employment growth contracted substantially throughout the 1990s in Canada, but has picked up steam since 2000. This was particularly the case in Ontario and Alberta. In BC, however, employment remained relatively flat throughout the late 1990s and into the 2000s, and has only started to grow significantly in recent years. In 2007, BC's public sector employment (+3.2%) outpaced the national average (+1.9%), although Alberta (+4.4%) experienced more rapid growth, as it has for about a decade. Although Alberta's employment growth has been strong, its public sector employment rate remains low as the increase in public sector jobs has not keep pace with its booming population.

British Columbia's current public sector employment rate (86.5) is the lowest in the country, followed closely by Alberta (87.0) and Ontario (91.6). On the other end of the scale, Sas-

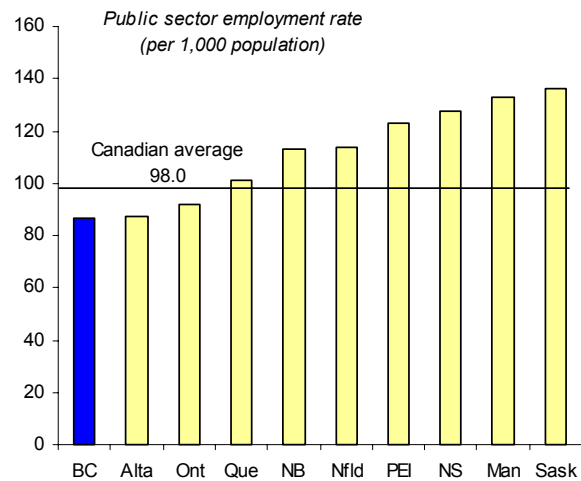
katchewan (136.0) and Manitoba (132.6) experienced public sector employment rates much higher than the national average (98.0) in 2007.

Provincial public sector employment rates are trending upwards



Data Source: Statistics Canada & BC Stats

BC has the lowest public sector employment rate in the country...

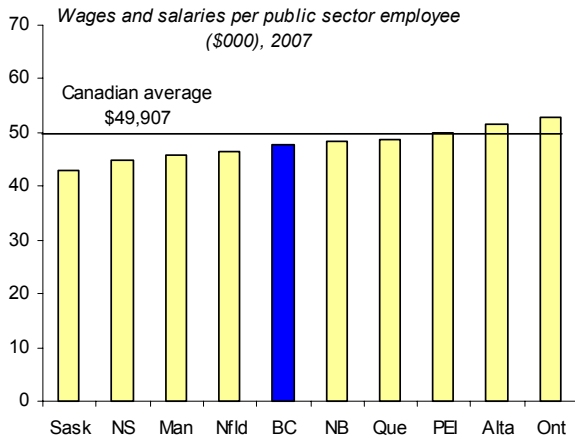


Data Source: Statistics Canada & BC Stats

British Columbian public employees earned less (\$47,886) than the average Canadian work-

ing in the public sector (\$49,907) in 2007, as did workers in Quebec (\$48,576). However, public workers in both Ontario (\$52,726) and Alberta (\$51,549) earned above average.

... and BC public employees also earn less than the Canadian average



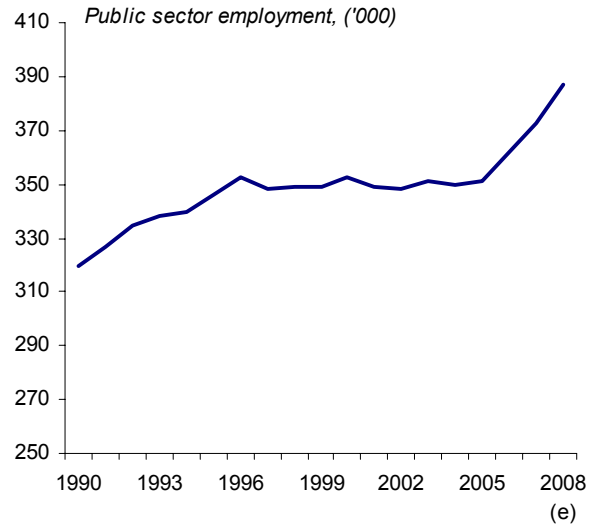
Data Source: Statistics Canada & BC Stats

How has the public sector changed in 2008?

Statistics Canada has released public sector employment and wages and salaries data for the period of January 2008 to September 2008. Based on this data, in addition to 2007 annual totals, BC Stats estimated annual figures for 2008. Actual 2008 data will be released by Statistics Canada and may differ from those indicated in this report, especially if there were substantial changes made to the public sector in the last three months of 2008.

According to estimates, BC public sector employment continued to climb significantly in 2008, up 3.7%. The provincial (+4.2%) public sector added to its payroll at a slightly faster rate than local (3.1%) and federal (+2.9%) public sectors.

The public sector continued to increase in size in 2008



Data Source: Statistics Canada & BC Stats estimate

Just as it was in 2007, job growth in 2008 was widespread, occurring in every public sector component. Crown corporations (+11.1%), local general government (+7.7%) and provincial general government (+5.8%) continued to expand rapidly, while health and social services (+2.7%), federal general government (+2.4%), post-secondary institutions (+2.0%), and local school boards (+0.1%) also took on more employees.

Strong growth across the board increased British Columbia's public sector employment rate to an estimated 88.3 in 2008. Although this is the highest it has been since 1996, it remains the lowest in the country.

Nationally, the size of the public sector grew at a slightly slower pace (+2.9%) than in BC in 2008. Employment in Ontario (+3.4%) and Quebec (1.6%) was up, while Alberta's public sector continued to boom (+5.0%).

Conclusion

After years of decline, the size of British Columbia's public sector has begun to increase, particularly at the provincial and local level. Additional workers at post-secondary institutions and in general government, along with an increase in crown corporation employees, have driven BC's public sector employment rate to its highest level since the beginning of the decade. Despite strong growth in 2007 and estimates for 2008, BC still has the lowest public sector employment rate in Canada.