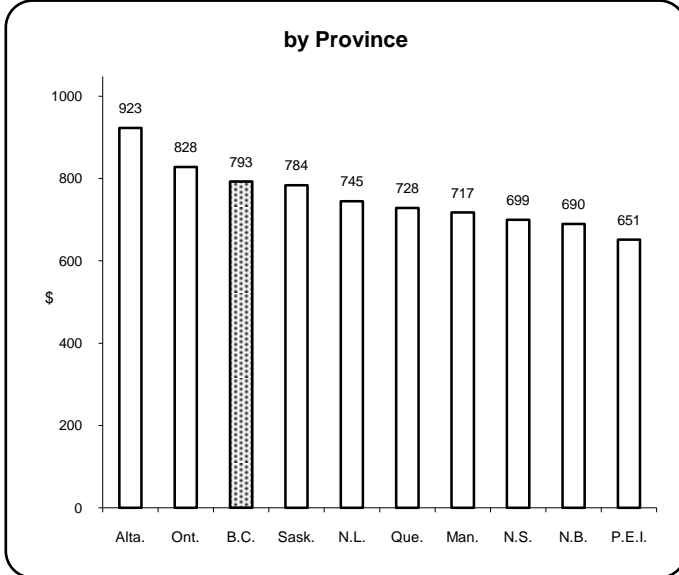
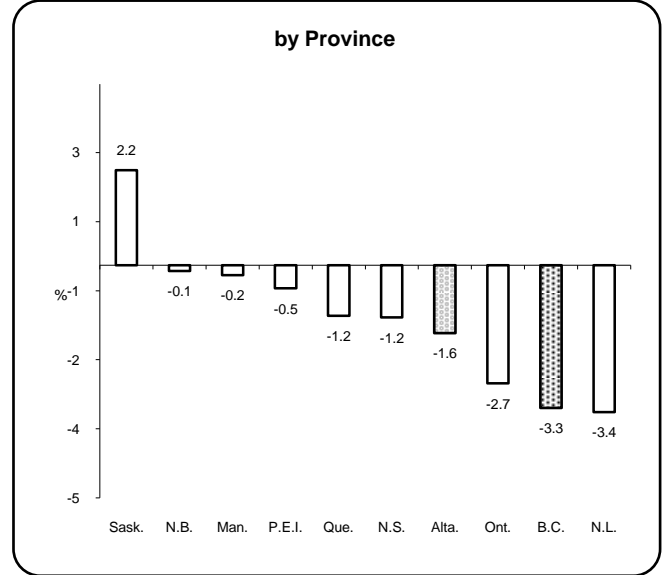


Earnings & Employment Trends ♦ July 2009

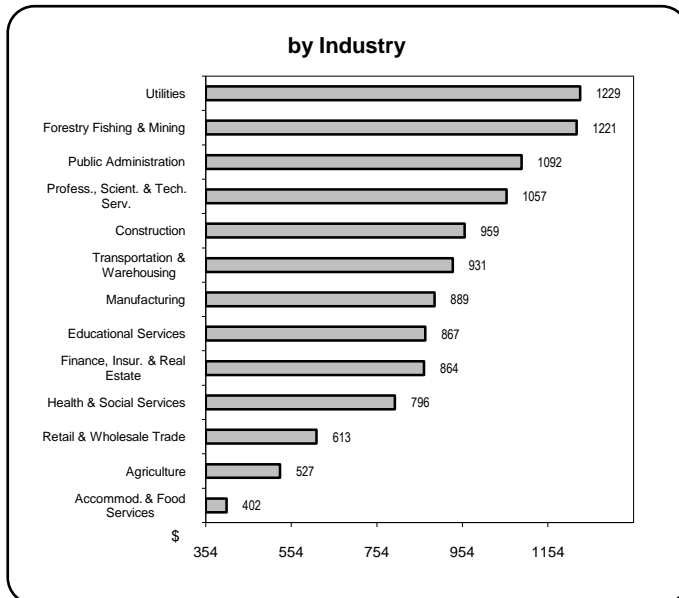
Average Weekly Wage Rate* - July 2009



Employment Growth* - July 2009

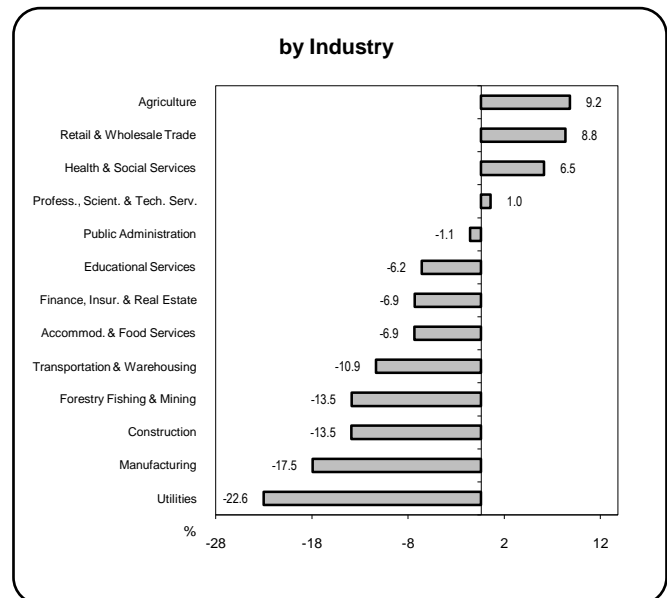


by Industry



* Latest 12 month average

by Industry



* Month over same month previous year (unadjusted)

Prepared by: BC Stats

Source: Statistics Canada Labour Force Survey

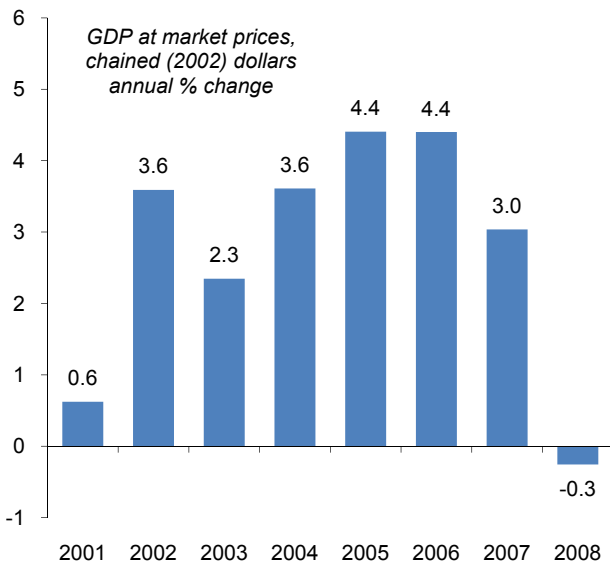
Feature Article: Labour Market Reacts to Slowing Economy

Labour Market Reacts to Slowing Economy

Unemployment Rate Rises as Economic Conditions Change

British Columbia’s economy shrank slightly in 2008, marking the first annual decline in the province’s gross domestic product (GDP) since 1982.¹

Economy Shrinks Slightly in 2008



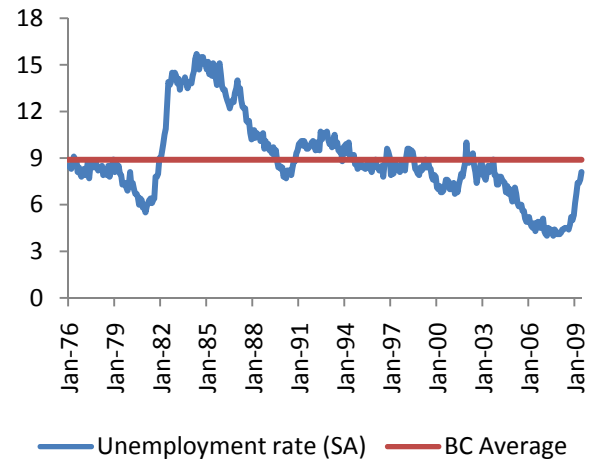
Source: Statistics Canada

Before B.C.’s economy began contracting in the latter part of 2008, B.C.’s unemployment rate was remarkably low, hovering between 4.0 and 4.5 percent during all of 2007 and early 2008.²

However, in September 2008, B.C.’s labour market began feeling the effects of the slowing

economy, and the unemployment rate began edging upward. As of June 2009, B.C.’s unemployment rate was 8.1 percent. Even though B.C.’s unemployment rate has practically doubled over the past several months, by historical standards, the unemployment rate is modest and is still below the national average of 8.6 percent.

B.C.’s Unemployment Rate Rises, but is Still Below Long-Run Average



Source: Statistics Canada, Labour Force Survey

Job Losses Affect Both Goods and Services Sectors

Between August 2008 and June 2009, employment in British Columbia decreased by 68,000, with the majority of job losses concentrated in the goods-producing sector.

In the goods-producing sector, construction and manufacturing experienced the largest employment declines. Although accounting for a smaller number of job losses, employment in

¹ Figures are based on chained 2002 dollars. Data for 2008 is preliminary and will be revised in the fall when more information is available.

² Unless otherwise noted, all data presented in this article are seasonally adjusted.

utilities (-14%) and forestry fishing, mining, oil and gas (-11%) has also declined rapidly.

Employment Declines in Most B.C. Industries

Industry	Aug 08- June 09
Goods-producing sector	-58,000
Agriculture	2,700
Forestry, fishing, mining, oil & gas	-4,500
Utilities	-2,200
Construction	-29,700
Manufacturing	-24,200
Services-producing sector	-10,000
Trade	8,700
Transportation & warehousing	-21,200
Finance, insurance, real estate & leasing	-7,800
Professional, scientific & technical services	-1,400
Business, building & other support services	-7,300
Educational services	0
Health care & social assistance	14,700
Information, culture & recreation	7,600
Accommodation & food services	-3,400
Other services	-2,400
Public administration	2,400

Source: Statistics Canada, Labour Force Survey

Although the majority of job losses over the past ten months have been concentrated in the goods sector, the services sector in B.C. has also experienced a decline in employment. Within the services-producing sector, transportation and warehousing has been hardest hit, but finance, real estate and leasing and business, building and other support services also had significant job losses.

Despite the economic slowdown, some service industries are still growing. For example, health care and social assistance and information, culture and recreation have both grown by 6% since August 2008. Gains in the trade industry (2%) have also helped offset losses in other industries.

Comparison: Alberta's Service Sector Still Thriving Despite Global Conditions

Alberta's labour market is also being affected by the slowing global economy; the unemployment rate in Alberta has risen from 3.5 percent in August 2008 to 6.8 percent in June 2009.

Like B.C., Alberta has incurred substantial job losses in construction and manufacturing over the past 10 months. However, unlike B.C., Alberta's service sector is still growing. With the exception of trade (-7%) and professional, scientific and technical services (-10%), every other service industry in Alberta has grown since August 2008. The ability of Alberta's service sector to absorb job losses in other industries may be a product of that sector's resiliency, or simply an easing of the incredibly tight labour market conditions Alberta faced at the time the global economy started slowing.

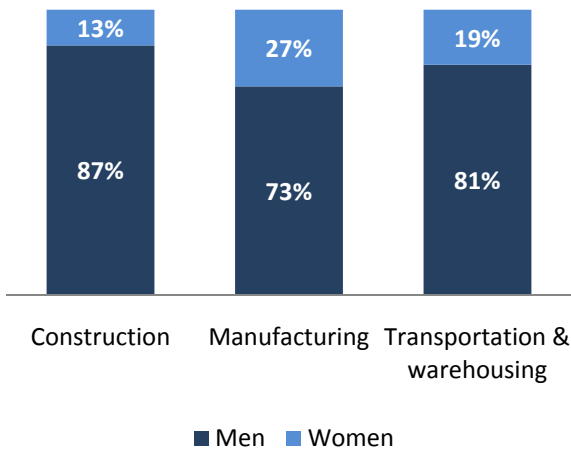
Service Sector Employment Grows in Alberta

Industry	Aug 08- June 09
Goods-producing sector	-58,700
Agriculture	-6,500
Forestry, fishing, mining, oil & gas	-4,000
Utilities	2,400
Construction	-22,300
Manufacturing	-28,100
Services-producing sector	41,200
Trade	-23,600
Transportation & warehousing	8,300
Finance, insurance, real estate & leasing	7,000
Professional, scientific & technical services	-16,200
Business, building & other support services	6,500
Educational services	10,500
Health care & social assistance	8,000
Information, culture & recreation	9,900
Accommodation & food services	14,900
Other services	5,600
Public administration	10,400

As Majority of Job Losses Absorbed by Men, Young Men Crowded out of Labour Market

Of the 68,000 jobs lost between August 2008 and June 2009, 96 percent were lost by men. This is primarily because men are overrepresented in the industries that have been facing the greatest challenges. At the time just before B.C.'s unemployment rate began climbing, approximately 4 out of every 5 jobs in B.C.'s construction, manufacturing, and transportation and warehousing industries were held by men.³

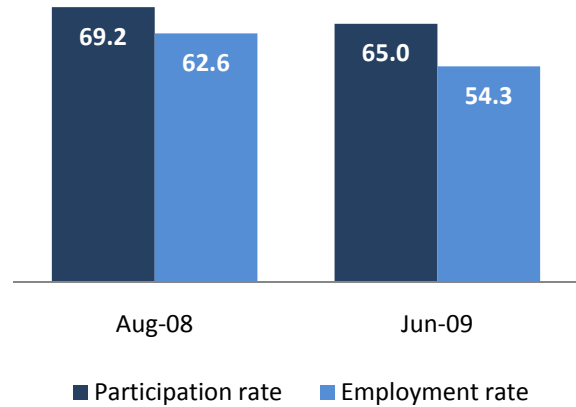
In August 2008, Men Held almost all of B.C.'s Construction Jobs



Source: Statistics Canada, Labour Force Survey

Declines in employment have affected young men (aged 15-24) disproportionately more than men aged 25+. While employment among men aged 25+ declined by 4 percent between August 2008 and June 2009, employment among young men declined by 13 percent.

Employment and Labour Force Participation Rates among Young Men (15-24) Have Fallen



Source: Statistics Canada, Labour Force Survey

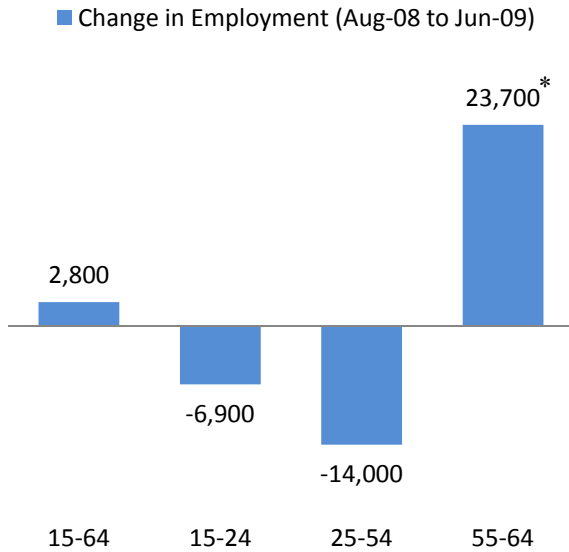
In response to deteriorating employment opportunities, young men are exiting the labour market. This crowding out is referred to as the *discouraged worker* effect. The participation rate of male youth has fallen by 4.2 percentage points, from 69.2 in August 2008, to 65.0 in June 2009.

Older Women (Age 55-64) More Attached to Labour Force

Overall, employment among women has declined slightly (-2,400 jobs). However, taking a closer look at employment by age group reveals that the losses among women aged 15-25 (-6,900) and women aged 25-54 (-14,000) are more substantial. Together, these figures suggest that employment has actually been *increasing* among older women.

³ Industry data for August 2008 is unadjusted.

Employment has Increased among Older Women



Source: Statistics Canada, Labour Force Survey (*55-64 is derived)

Although Statistics Canada does not provide seasonally adjusted data for the 55-64 and 65+ age groups, data from other age groups suggests that for women aged 55-64, employment actually increased by approximately 23,700 jobs between August 2008 and June 2009.⁴

All of these employment gains were attributable to an increase in the size of the labour force: the female labour force age 55-64 also grew by 23,700 during this period. Only part of this labour force growth can be explained by population growth (as the baby boom cohort ages); the remainder of the growth is due to increased labour force participation.

There are a couple of reasons why the slowing economy might be causing increased labour force participation among older women. First, women may be entering the labour force or delaying retirement when their partners

⁴ Figures are derived using seasonally adjusted data for age groups 15-64, 15-24, and 25-54.

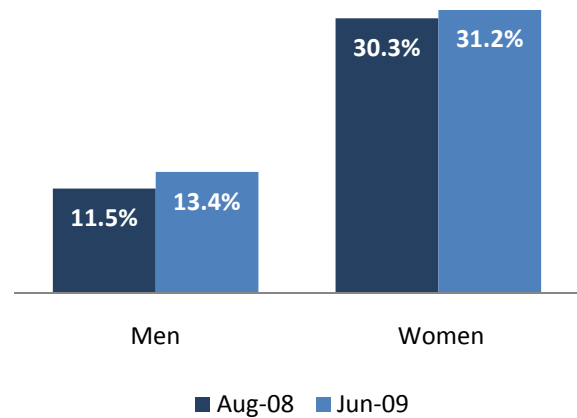
become unemployed. Second, the recent declines and overall volatility of stock market prices may also be impacting older women’s labour force participation decisions.

Involuntary Part Time Work Rises

Although total employment has fallen in recent months, part-time employment has been rising.⁵ Sometimes it can be more beneficial for employers to cut hours instead of laying off workers, because then if business conditions improve, they do not have to incur the expense of hiring and training new employees. Furthermore, employers may be reluctant to offer full-time positions in times of economic uncertainty.

Since August 2008, the incidence of part-time employment has risen among both men and women in B.C., although the rise has been slightly more pronounced for men.

Proportion of Part-time Employment Rises among Men and Women



Source: Statistics Canada, Labour Force Survey

⁵ Part-time employment is defined as persons usually working less than 30 hours per week at their main or only job.

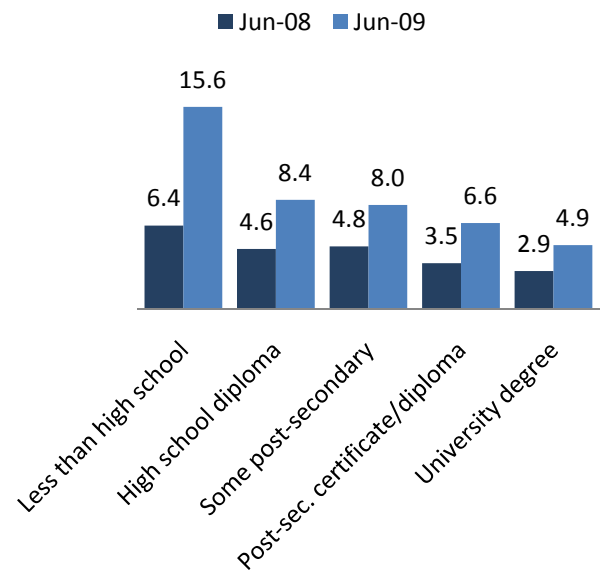
When workers who want to work full-time can only get part-time work, this is referred to as *underemployment*. The Labour Force Survey asks part-time workers to provide the reason they are working part-time, whether it be voluntary (e.g. due to personal preference, family responsibilities, attending school, etc.) or involuntary (i.e. due to business conditions or could not find full-time work). In June 2008, 20 percent of all part-time employment in B.C. was involuntary, but by June 2009, this figure had jumped to 31 percent.⁶

Higher Educational Attainment does not Fully Protect against Rising Unemployment

The slowing economy has negatively impacted labour market outcomes for all British Columbians, regardless of educational attainment. Comparing data from June 2009 to June 2008 reveals that employment rates have declined and unemployment rates have risen in every educational group.⁷

Although all educational groups have been affected by the slowing economy, some groups have been affected more than others. Not surprisingly, the unemployment rate has risen the most for those with less than a high school education. Even if youth (aged 15-24) are excluded from the analysis, the results are similar.

A High School Diploma Helps Protect Against Rising Unemployment Rate (Age 15+)



Source: Statistics Canada, Labour Force Survey

Even though British Columbians from all educational levels are facing more difficult labour market conditions, overall employment has risen among those with some post-secondary education (but no credential), and among university graduates. However, because employment growth within these groups has failed to keep pace with population growth, these groups are still facing falling employment rates and rising unemployment rates.

Aboriginal Population Struggles with Declining Employment

The employment rate among B.C.'s off-reserve Aboriginal population dropped significantly between the second quarter of 2008 and the second quarter of 2009 (from 63 percent to 56 percent).⁸ However, this may be partly

⁶ Comparison is made to the same time period in prior year because data are not seasonally adjusted.

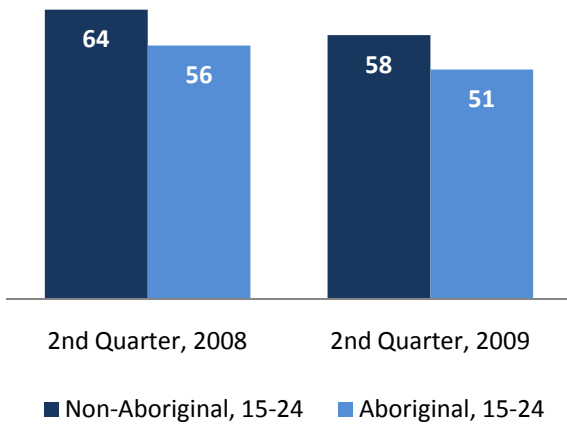
⁷ See note 5.

⁸ Comparison is made (using 3 month-moving average data) to the same time period in prior year because data are not seasonally adjusted.

attributed to the fact that B.C.'s Aboriginal population is younger, on average, than B.C.'s non-Aboriginal population. For example, in 2008, 24 percent of the Aboriginal population in B.C. was between the ages of 15 and 24, compared to just 16 percent of the non-Aboriginal population.

Before the economic slowdown began, there was an employment rate gap between B.C.'s Aboriginal youth (15-24) and non-Aboriginal youth. Although the economic slowdown has adversely affected both groups, the employment rate gap between Aboriginal youth and non-Aboriginal youth has not widened.

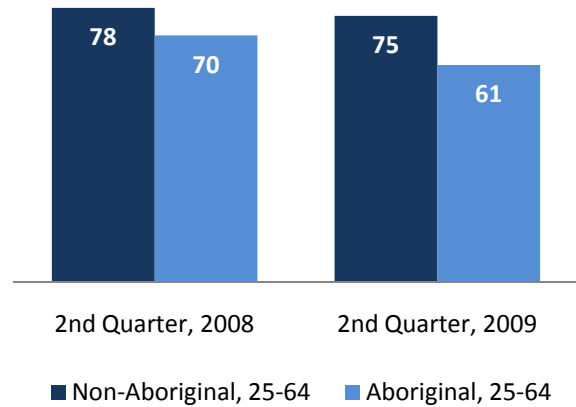
The Employment Rate Gap between Aboriginal and Non-Aboriginal Youth has Remained Stable



Source: Statistics Canada, Labour Force Survey

Among the adult working age population (25-64), the economic slowdown has caused the employment rate gap between B.C.'s Aboriginal population and non-Aboriginal population to increase.

The Employment Rate Gap between Aboriginal and Non-Aboriginal Adults (25-64) has Increased



Source: Statistics Canada, Labour Force Survey

One factor that may help explain the widening of this employment gap is differences in educational attainment. For example, in 2008, only 8 percent of the Aboriginal population aged 25-64 had a university degree, compared with 27 percent of the non-Aboriginal population. However, small sample sizes make it difficult to control for educational attainment or measure the size of its possible impact.

Education Helps Protect Immigrants from Economic Downturn

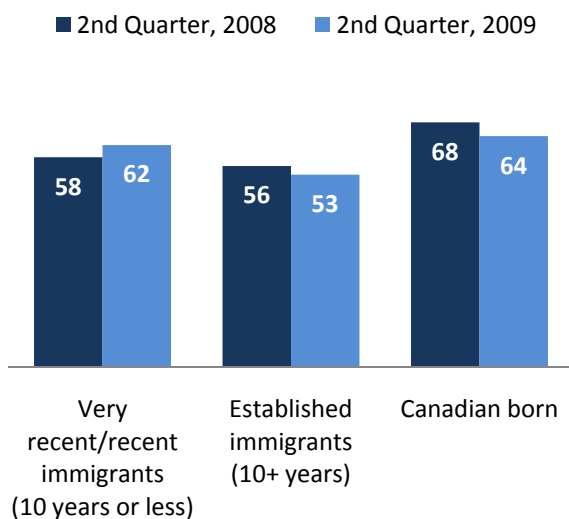
Following the overall trend, B.C.'s immigrant population experienced an increase in their overall unemployment rate between the second quarter of 2008 and the second quarter of 2009 (from 4.8 percent to 8.0 percent).⁹ However, unlike other demographic groups, some B.C. immigrants have actually experienced an increase in their employment rate in the past year.

Despite the influx of additional immigrants, substantial employment increases caused the

⁹ See note 7.

employment rate of very recent and recent immigrants (less than 10 years) to increase from 58 percent in the second quarter of 2008 to 62 percent in the second quarter of 2009. Established immigrants (10 years or more), however, found their employment rate dropping along with their Canadian-born counterparts.

Employment Rate Rises among B.C.'s Very Recent and Recent Immigrants



Source: Statistics Canada, Labour Force Survey

The most likely reason that B.C.'s very recent and recent immigrants have fared so well is because they are, in general, highly educated. For example, in 2008, 51 percent of the very recent/recent immigrants aged 25-54 in B.C. had a university degree, compared with just 21 percent of their Canadian-born counterparts. Furthermore, within this age group, 20 percent of very recent/recent immigrants had a university degree above the baccalaureate level. Although the established immigrant population also has higher education levels than the Canadian born population, the differences are not as pronounced.