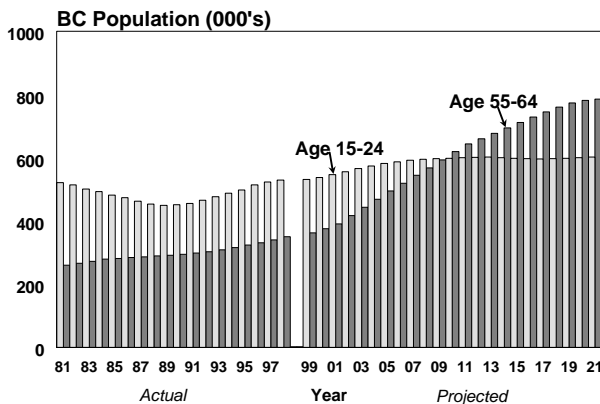


Earnings and Employment Trends ♦ April 1999

The Impending Labour Shortage in BC

As the result of the post-war baby boom and its associated ageing population, the BC labour market will be faced with large outflows of employees beginning in the next few years. The leading edge of the baby boomers (born in 1946) will be turning 55 in 2001. By then, many of them will be candidates for retirement, particularly those who are long-term employees in the unionized sector. After that, it will be a good 20 years before all the boomers have moved out of the workforce and into retirement.

The Potential Retiree Population is Quickly Overtaking the Potential Flow-in to the Workforce

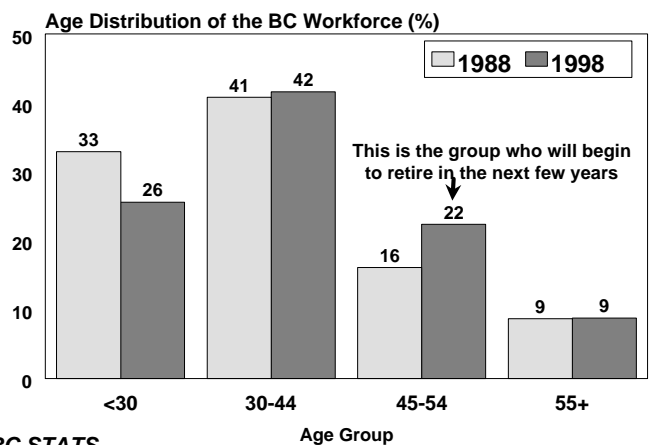


BC STATS

At the other end of the age spectrum, relatively low levels of inflows to the job market are anticipated. As shown in the above chart, historically, the potential new entrants to the workforce, that is the 15-24 year old population, has far exceeded the retiring population. This situation is soon to change -- the size of the young population is projected to level off at the same time the older

working aged population skyrockets setting the stage for severe labour shortages.

The BC Labour Market Will See Historically High Rates of Retirement in the Next 10 to 15 Years



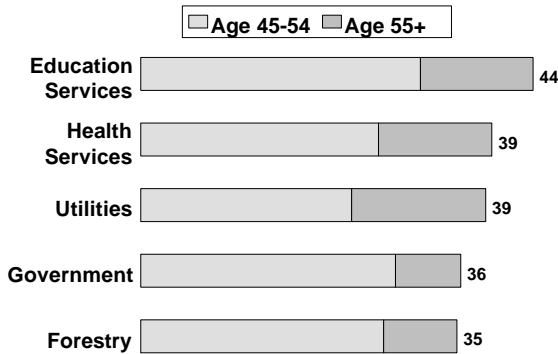
BC STATS

In the overall BC labour market, the numbers do not appear too ominous, at least not yet. Currently, 9 per cent of the employed are at the 55+ age mark, a level which is consistent with the experience of the last 25 years. Where the unusual bulge now sits (22%) is in the 45 to 54 year age group. This is the group who will begin retiring in droves as we enter the new millennium.

The age structure shown above is the average for the whole economy. However, there exists large differences in this age structure by sector. Companies in BC will face varying degrees of labour shortages depending on the sector's/company's historical pattern of growth and decline over the last 30 years as well as turnover levels.

The following chart shows the “oldest” sectors of the economy. These are the industries which are bound to first feel the crunch of labour shortages.

The 5 BC Industries Most Likely to Face Labour Shortages in the Next 10 Years



BC STATS

% of Employees Over the Age of 44

Industries in the public sector¹ stand out as having the oldest workforces. The discrepancy in the age profile of their employees probably reflects their less volatile employment levels over the past 30 years².

Of particular concern is the education sector, where in ten years time almost half the staff of today will have either retired or will be potential candidates for retirement. Similarly, hospitals will be scrambling for staff over the next ten years. As both these sectors rely on a highly skilled workforce, it will require several years of lead-time to train qualified personnel to fill the vacancies.

The forestry industry has the oldest employee profile in the private sector. While manufacturing shows 30 per cent

¹ BC Hydro, a crown corporation, is the largest component of the “Utilities” sector.

² The public sector did not experience the large layoffs that occurred in the private sector during the 1980’s recession. The private sector would have been forced to lay off at that time but when the economy picked up again they probably hired younger workers.

of employees over the age of 44, which is about the average, it is probable that the wood/pulp/paper manufacturing sub-industries would have an age structure more comparable to that of the forest sector.

Not surprisingly, the accommodation & food service sector is very young with only 13 per cent in the 45+ age range. High turnover and recent growth in that sector would be the explanation. Despite their young workforce, the anticipated fierce competition for skilled labour in other sectors is bound to spill over and affect the entire economy.

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