

Labour Force Statistics ♦ February 2006

HIGHLIGHTS

All labour force statistics are seasonally adjusted, unless otherwise indicated

Jobless rate reaches a new thirty-year low...

British Columbia's unemployment rate fell to a new low of 4.8% (*seasonally adjusted*) in February, with 9,000 net new jobs added to the economy, an increase of 0.4%. The labour force, which measures the number of people either working or looking for work, was virtually unchanged (+600 people) from January.

During the last twelve months, BC has shaved 2.2 percentage points off its unemployment rate. Nova Scotia (-1.4 percentage points) was the only other region to see its jobless rate fall more than one percent during the twelve month period ending in February.

At 4.8%, BC's unemployment rate was at a thirty year low in February. This was also the case in Alberta, where the rate fell to 3.1%, less than half the national average of 6.4%. Even though the incidence of joblessness in the country as a whole was higher than in the west, the Canadian unemployment rate was also the lowest it has been since 1976, the first year for which Labour Force Survey data is published.

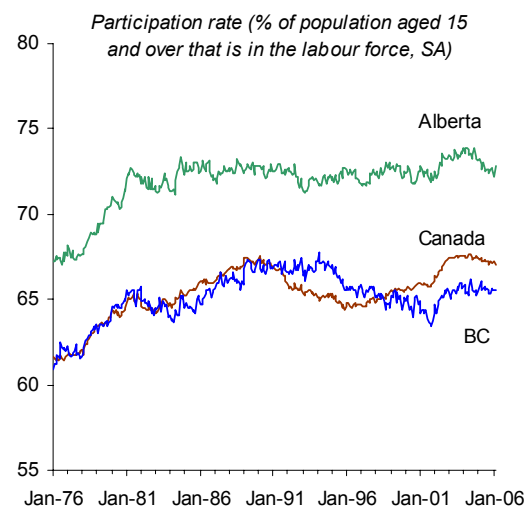
...approaching the natural rate of unemployment

In the west, where rates range from 3.1% in Alberta to 5.3% in Saskatchewan, the jobless rate is approaching the natural rate of unemployment, which has traditionally been pegged at about four percent. The natural rate of unemployment is the rate that would prevail in an economy where the labour market is in balance: not facing any pressures either from a lack of workers or from an excess sup-

ply of people looking for work. There will always be some people who are looking for work either because they are temporarily between jobs or because the work that they have been doing is no longer in demand (for example, if there has been a change in technology, consumer preferences and tastes or barriers to trade), and the four percent figure reflects this.

When the unemployment rate falls below the natural rate, employers may face cost pressures as they compete for scarce workers by offering them higher wages, which can create inflationary pressures in the economy. This is almost certainly happening in Alberta, where the jobless rate has been at or below four percent for about a year. If BC's unemployment rate continues to fall, employers in this province may find themselves in a similar position as the supply of available workers declines.

Participation rate still lower than Canadian average



Selected Statistics	Feb-06	Jan-06	Feb-05
BC Unemployment Rate (%)	4.8	5.1	7.0
Canadian Unemployment Rate (%)	6.4	6.6	7.0
BC Employment ('000)	2,176	2,167	2,103
BC Labour Force Participation Rate (%)	65.5	65.6	66.1
February % change in employment relative to:	-	0.4	3.5
February % change in labour force relative to:	-	0.0	1.0

BC's participation rate, which fell below the national average in 1998, edged down in February. Although the long-run decline in participation rates which began in the 1990s has been reversed, the gap between the Canadian (67.0%) and BC (65.5%) rates does not appear to be closing. BC currently has the fourth-lowest participation rate in the country, while Alberta remains the province with the biggest share of its population (72.8%) in the work force.

Employment growth concentrated in goods sector

Goods producing industries hired more workers in February, with employment climbing 4.0%. The manufacturing sector, which had shed workers in the previous two months, hired 6.7% more people. Construction companies (+3.0%) also took on more workers. However, there were fewer jobs in forestry, fishing & mining (-3.4%) and in the utilities (-7.0%) industry. Employment also edged down (-0.5%) in the service sector, where six industries trimmed their payroll lists. Information, culture & recreation (-9.2%) and miscellaneous services (-5.8%) posted particularly large declines.

There were fewer full-time (-1.3%), but more part-time (+7.5%) jobs in February. Self-employment slipped 0.4%, and the number of public sector workers contracted 2.5%. However, there were 1.5% more jobs in the private sector.

The unemployment rate for young people (aged 15-24) remained stable at 7.6%. The youth unemployment rate has improved remarkably during the last three years: it peaked at 17.2% in November 2002, but has been falling since the summer of 2003.

Mixed conditions in the regions

Unemployment rates were below February 2005 levels in all regions of the province. North Coast/Nechako (9.7%, *three-month moving average, unadjusted*) posted the biggest 12-month decline (-6.6 percentage points). In the rest of the province, rates ranged from a low of 3.1% in Northeast¹ to 7.2% in Kootenay.

However, labour market conditions in the regions were mixed. There were fewer jobs in North Coast/Nechako (-4.8%) and Kootenay (-4.4%), but the labour force in both of these regions shrank even more (-5.1% and -6.0%, respectively), so the unemployment rate fell despite the job losses. Vancouver Island/Coast (+7.8%) and Thompson/Okanagan (+7.1%) saw substantial job growth during this period, more than enough to absorb similarly strong increases (+5.0% and +5.2%, respectively) in the size of the labour force.

Victoria's unemployment rate (3.8%, *seasonally adjusted*) was well below the provincial average, as was Abbotsford's (3.1%). In the Vancouver CMA, the jobless rate was 4.5%.

The National Scene

Canada's unemployment rate edged down to 6.4% as employment increased slightly (+0.2%) while the number of people in the labour force inched down 0.1%. Job gains were concentrated in BC (+0.4%) and Alberta (+1.4%).

¹ BC Stats estimate, calculated using data supplied by Statistics Canada