

Industry Outlook 2006-2011

A major driver in the outlook for the British Columbia (B.C.) economy is the projected growth of industries that make up the economic structure of the province. Industry employment growth and trends are influenced by overall economic growth, changes in the economy, shifting demographics, new technology, as well as industry specific events (such as the impact of the mountain pine beetle infestation on Forestry and Logging activity).

British Columbia's rapid economic growth has created over one-quarter million new jobs since 2001. This strong provincial employment growth is expected to continue over the next five years. Employment demand across all industries is expected to result in over 550,000 job openings over the 2006 to 2011 outlook period. More than 220,000 new job opportunities will be created as a result of economic growth, while approximately 330,000 job openings will arise from permanent attrition (deaths and retirements) or replacement demand. The average annual growth rate for the projection period is 2 per cent.

Job Openings due to Economic Growth

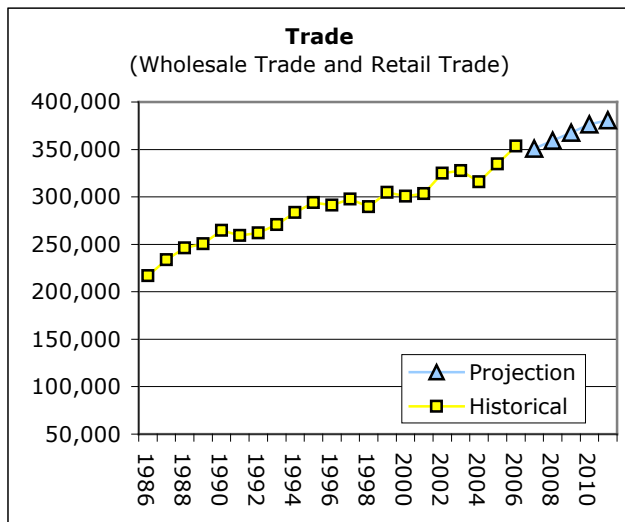
Service Industries Continue to Offer Opportunities

Steady growth is projected for B.C.'s service industries. Table 1 demonstrates that over 80 per cent of the total job opportunities will be seen in the service producing industries. The top three service producing industries are:

- Retail and Wholesale Trade;
- Health Care and Social Assistance; and
- Professional, Scientific and Technical Services.

Table 1: Projected Growth and Employment Demand by Major Industrial Group (2006 to 2011)

| | Growth Rates 2006-2011 | Total Openings 2006-2011 |
|--|---------------------------|-----------------------------|
| Service Industries | | |
| Trade | 2.1% | 81,880 |
| Health Care and Social Assistance | 3.3% | 78,060 |
| Professional, Scientific and Technical Services | 2.7% | 48,950 |
| Educational Services | 1.9% | 45,710 |
| Accommodation and food services | 2.4% | 40,090 |
| Transportation and Warehousing | 2.3% | 35,250 |
| Finance, Insurance, Real Estate and Leasing | 1.5% | 33,010 |
| Management, Administrative and Other Support | 2.6% | 27,410 |
| Information, culture and recreation | 1.9% | 26,830 |
| Public administration | 0.7% | 20,350 |
| Other services | 1.0% | 19,940 |
| Goods Industries | | |
| Construction | 2.3% | 47,380 |
| Manufacturing | 0.4% | 32,200 |
| Agriculture | 0.3% | 7,120 |
| Mining, Oil and Gas, and Support Activities | 2.3% | 3,910 |
| Forestry and Logging with support activities | 0.2% | 3,890 |
| Utilities | 0.3% | 1,880 |
| Fishing, Hunting and Trapping | -0.1% | 240 |
| NOTE: Estimates have been rounded and will not add to totals | | |



Retail and Wholesale Trade was the province's biggest employer in 2006, with a total of 353,700 people working in the industry. The industry has consistently generated job openings, growing at 2.5 per cent per year over the long term (20 year annual average). This employment growth is expected to continue over the projection period, albeit at a slower pace, with a projected total employment level of over 380,000 in 2011. According to the Conference Board of Canada, retail sales growth will continue to post strong gains in the short term due to strong personal income gains and employment growth.¹

A large number of employment openings are also expected in Health care and Social Assistance industry during the next five years. The industry is also projected to increase at a faster than average pace

compared to other industries during this period. Population ageing and community demands for higher levels of health care will continue to create demand for health care and social assistance services. By 2011, the Health Care and Social Assistance industry is expected to employ over 260,000 people in B.C.

The Professional, Scientific and Technical Services industry includes professional business services, computer system design services and other professional services. Demand is projected to remain strong for this industry, with an annual average growth rate of 2.7 per cent. By 2011, the industry is expected to employ over 190,000 people in B.C.

Goods Industries Still Strong

The Construction industry continues to have a strong presence in B.C. Employment growth is expected to remain consistent leading up to the 2010 Olympics, where a number of new developments and upgrades are required for this international event. Other non-residential developments as well as residential construction projects will also contribute to increased activity in the construction industry. Over the outlook period, employment is projected to continue to grow at an above average annual rate of 2.3 per cent. There will be over 21,000 net new job openings created.

The Mining, Oil and Gas, and Support Activity industry is also projected to have above average annual growth. In part, employment demand will be driven by growth in oil and gas extraction activity. Mining is also expected to increase in response to rising global commodity prices, which will lead to an expansion in exploration spending. By 2011, the industry is expected to employ close to 16,000 people in B.C.

Job Openings Due to Replacement Demand

One of the most important demographic trends in B.C today is the aging of the population, which in turn will have significant impacts on the labour market. A key implication is that the number of workers exiting the workforce will soon begin to exceed the number of young workers entering the workforce.

As the composition of the workforce changes, the number of opportunities available in the labour market will expand. As illustrated in Figure 1, although employment growth is expected to generate over 220,000 new jobs over the outlook period, over half of the total job openings can be attributed to the need to replace workers who will permanently leave their occupation (due to either retirement or death) over the next five years.

¹ Canadian and Provincial Economic Outlook, June 2006: The Conference Board of Canada.

Figure 1: Projected Employment for 2006 to 2011

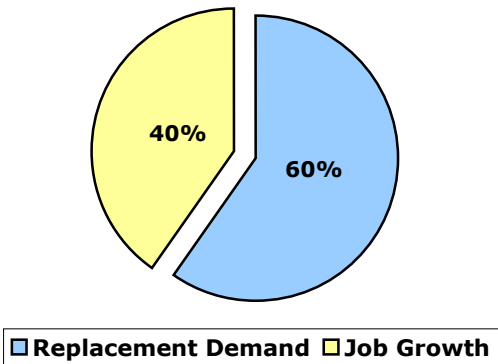
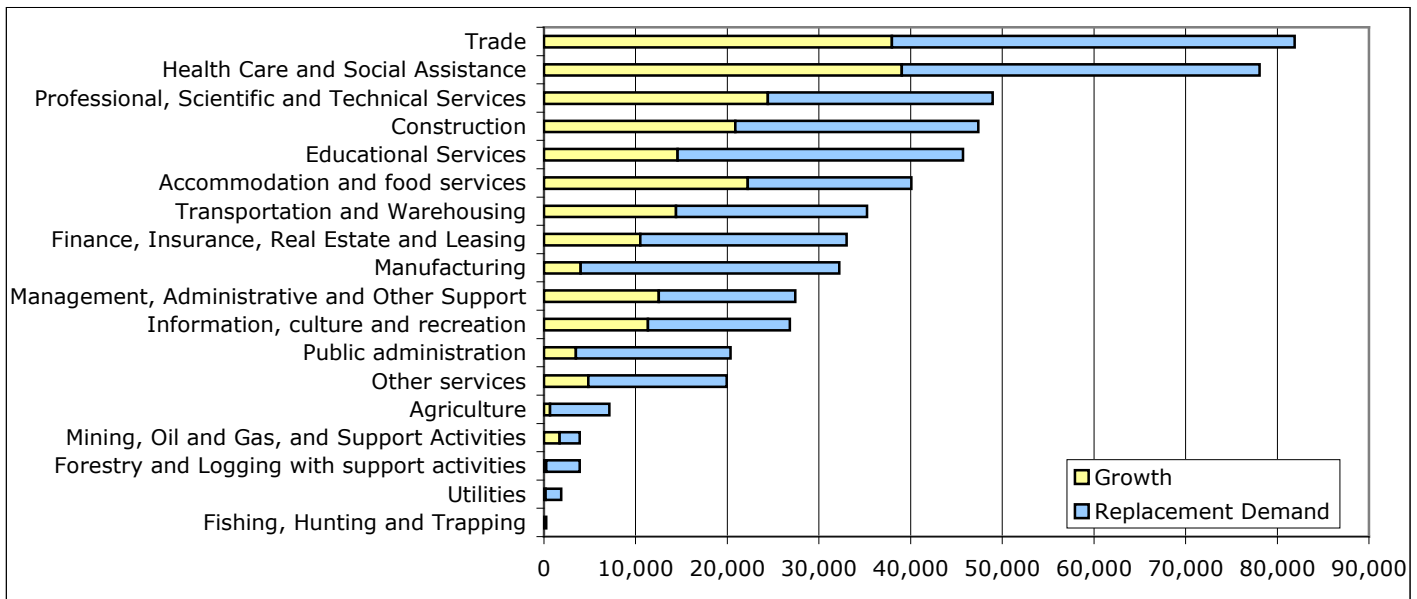


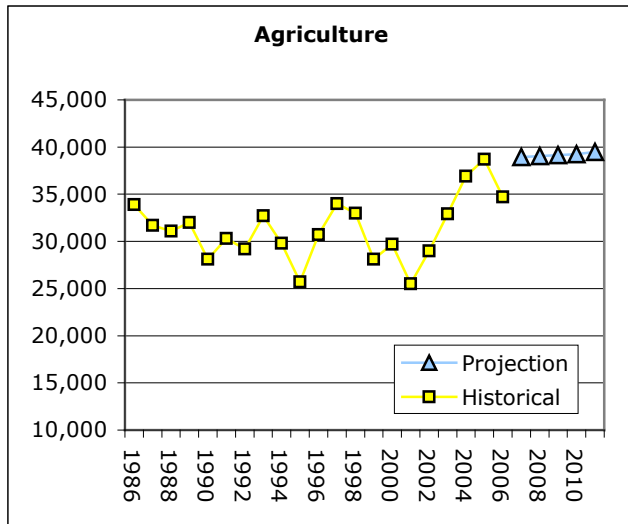
Figure 2 below displays that even in industries where there is little new job growth, replacement demand may generate significant numbers of job openings. The top four industries that will experience proportionally high levels of replacement demand are:

- Forestry and Logging;
- Utilities;
- Agriculture; and
- Manufacturing.

Figure 2: Projected Demand by Major Industrial Groups, by growth and replacement demand (2006 to 2011)



The Utilities industry includes establishments that operate electric power, gas and water utilities. Demand in this industry is currently being driven by construction, environmental conditions (e.g. winter storms), mining developments, and replacement of old infrastructure. In 2006, the industry employed approximately 8,600 workers in B.C. However, retirement of existing workers in the industry will account for over 90 per cent of the total job openings in upcoming years.



Agricultural activity occurs in many communities across B.C. In 2006, the industry employed approximately 34,700 workers - approximately 2 per cent of the total provincial workforce. Replacement demand will be high in this industry, providing approximately 6,450 (90 per cent) of projected job openings over the outlook period.

Within the Manufacturing industry, the variety of products developed means that its workers have a broad range of skills and experience. In B.C., the industry employed over 198,500 people in 2006. As replacement demand is projected to be high over the outlook period, a projected 28,000 job openings will be available by 2011.

Conclusion

The large number of projected employment openings over the 2006 to 2011 projection period indicates that there will be strong demand for workers across all industries in the province. High rates of job creation are projected for a number of industries, especially in the services sector of the economy. Another important aspect of the overall employment picture is projected replacement demand. A number of goods-producing industries are projected to generate proportionally high numbers of job openings to replace their retiring workers.

This bulletin is a product of the COPS BC Unique Scenario, 2005 to 2015. The COPS BC Unique Scenario is based upon a number of factors, including historical employment and labour force participation trends, macro-economic and employment forecasts from the B.C Ministry of Finance, and market intelligence from industry experts. The COPS BC Unique Scenario is prepared by the Ministry of Advanced Education and Service Canada BC/Yukon Region.

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