



## Projections Point to Balanced Labour Market Conditions in BC

### Highlights

- The new British Columbia 2014-2024 Labour Market Outlook report projects a cumulative 935,000 job openings in the province over the next decade.
- Over two-thirds (68%) of these job openings will be “replacement” positions (mostly due to retirements among the current workforce).
- Overall, the projections suggest BC’s labour market will be in rough balance over the coming decade. Circumstances have shifted since the previous 2012-2022 Labour Market Outlook was produced. It foresaw aggregate labour shortages emerging by 2019.
- Most of the relevant variables, such as economic growth, retirements, and migration numbers, that enter into the forecasting process signal somewhat weaker demand and a greater supply of workers than was expected when the 2012 Labour Market report was developed.
- Tighter labour market conditions and moderate shortages of skilled workers are still expected in certain regions of the province by the 2020s.
- Consistent with increasing urbanization, a surplus of labour is anticipated in the Lower Mainland area.
- The 2014-2024 Labour Market Report includes detailed projections for 500 distinct occupations. Anyone interested in BC’s labour market or future job opportunities is encouraged to read the report.

The BC Ministry of Jobs, Tourism and Skills Training recently released its updated labour market projections. The *British Columbia 2024 Labour Market Outlook* provides in-depth forecasts for the province’s labour market over the next decade. It includes a high-level overview of labour market trends as well as some regional supply and demand detail. The report also provides a useful analysis of job openings by occupation.

The analytical work underpinning the new report will help policymakers better align government spending to meet emerging labour market needs. It is also an excellent source of information for individuals transitioning from high school into post-

secondary education and looking to chart a career path.

Forecasting the supply of workers and employers’ demands for hundreds of different occupations at both the provincial and sub-provincial levels is a complicated task. Economic circumstances can change quickly, as was the case between the previous *BC 2022 Labour Market Outlook* publication and the latest report. Having said that, the new report does a good job of identifying occupations that have consistently been “high opportunity” across past iterations of the forecasting process. It also establishes a solid foundation for planning in the provincial post-secondary system.

What follows is a high-level review of some of the report's key results interspersed with a bit of supplemental commentary. The Ministry's report is rich in detail and contains far more information that we can cover in this short newsletter. Anyone interested in BC's labour market outlook over the medium-term can consult the original document, which is available at:

<https://www.workbc.ca/Labour-Market-Information/B-C-s-Economy/Reports.aspx>.

### **Overview and Main Results**

As with prior reports, the most recent edition covers a ten-year period. The government's revised forecast points to a cumulative 935,000 job openings in the province between 2014 and 2024. Of these, 640,000 (68%) are "replacement positions,"<sup>1</sup> while 295,000 are expected to come about thanks to future economic growth. It should be noted that the new projections do not include any jobs related to constructing or operating LNG facilities in the province. Only large projects that are certain to proceed are incorporated into the modelling and forecasts.

Averaging the above figures over the full ten year period results in roughly 27,000 job openings per year arising from future economic growth and another 58,000 from replacements. The total number of job openings, however, is not evenly distributed over the decade. Job openings due to economic growth are expected to accelerate over time, nearly doubling from around 20,000 currently to almost 40,000 by 2021. After that, new job openings from economic

growth drop back to ~25,000 per year. The number of replacement job openings is more stable and is expected to remain close to the 58,000 annual average over the decade, although there is a modest rise moving to 2021. Combined, the total number of job openings is projected to climb from 80,000 to a peak of approximately 105,000 in 2021.

Regular updates to the labour market report are necessary because economic circumstances change. Reflecting this reality, many of the background assumptions that feed into the government's modelling and forecasting process were recently adjusted. Most of the alterations speak to a labour market that is not as tight as analysts anticipated a few years ago. Most significantly, the projections for economic growth have been trimmed: real GDP growth is now forecast to average 2.2% rather than 2.5% over the decade. Lower non-residential investment spending on equipment and structures will somewhat dampen the demand for skilled trades workers, as will a reduction in the anticipated number of major projects. The updated retirement rate, measured as the percentage of the labour force retiring each year, is now slightly lower, which will also help to alleviate future labour shortfalls as it implies there will be fewer replacement job openings than previously projected. Furthermore, the assumptions about immigration have been bumped up, resulting in an increase in the projected labour supply.

---

<sup>1</sup> Based on current workers retiring, leaving the workforce for other reasons, dying, or re-locating to other jurisdictions.

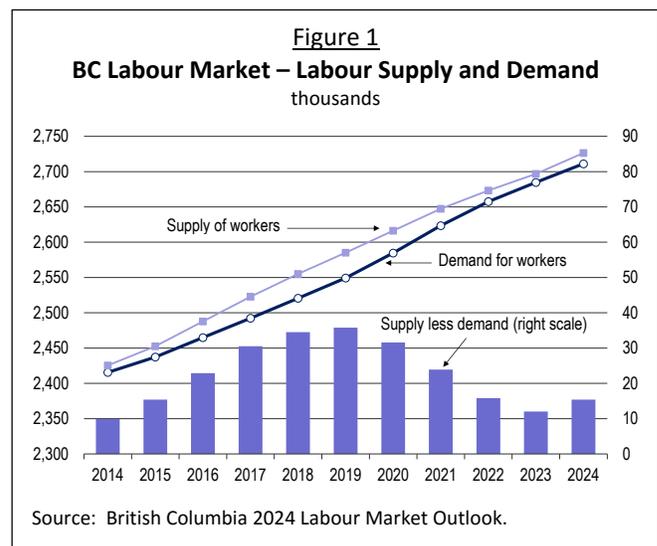
Despite the modest delay in retirement, the model assumes that the average labour force participation rate over the ten-year period will be slightly lower (63.1%) than analysts expected a couple years ago (64.7%). This is the only change in the new outlook that works to tighten labour market conditions.

The net result of the updated assumptions is fewer overall projected job openings over the ten-year period. As noted, a cumulative 935,000 openings are now expected between 2014 and 2024. The previous outlook report, spanning the decade 2012 to 2022, foresaw 985,000 openings.

One of the most important messages from the new Labour Market Outlook is that labour market conditions in BC are expected to remain fairly balanced right through to 2024. More specifically, a small overall excess supply of labour is projected, with the surplus expected to more than double over the next four years (from ~15,000 individuals in 2015 to ~36,000 in 2019). In the 2012 projections, outright labour shortages were expected to emerge at the provincial level by 2019. That is no longer the case in the new report.

Of interest, in the previous 2012-2022 Labour Market Outlook the demand for workers arising from possible LNG projects was included in the analysis. Potentially up to 100,000 additional job openings related to LNG were projected, on top of the baseline forecast of 985,000 cumulative openings. In the most recent report, jobs arising from LNG are no longer counted in any way. Now, only projects that are certain to proceed are included in the projections.

We believe that shifting economic circumstances in the short period since the 2014-2024 Labour Market projections were developed will work to further augment labour supply and potentially dampen demand for workers in the next few years. In particular, the decline in oil prices in the past 18 months has been steeper and more sustained than almost anyone expected. The resulting economic downturn in Alberta will boost net interprovincial migration and should add more workers to BC's labour force, beyond the number assumed in the government's new projections.



### **Some Regional Shortages Expected**

Another important result from the report is that even though labour shortages are not expected at the provincial level, moderate regional shortfalls are likely to materialize in the years ahead.

For the current report, the province's seven labour market regions have been aggregated into four regions. The Cariboo, North Coast and Northeast regions are collectively referred to as the "North." This

geographically vast region is estimated to already have a shortage of ~1,800 workers, amounting to about 1% of the workforce in the area. At the risk of being repetitive, economic conditions have changed materially even within the short time span since the new report was completed. Mounting layoffs have been announced in Alberta as the energy industry and other industries that supply the oil patch contract, and some of these jobless individuals are reportedly searching for employment in the BC “North”. In addition, economic conditions in BC’s own natural resource industries have generally deteriorated over the past several months. While skill shortages are still an issue in some areas and sectors, they are likely to be less pronounced over the next few years than the Ministry’s new projections suggest.

The Southeast (which combines the Thompson-Okanagan and Kootenay regions) is also estimated to have a slight shortfall of workers. In this case, however, the gap is forecast to essentially close this year. The Vancouver Island–Coast region is expected to have a sufficient supply of workers (at least until 2022), after which a very small shortfall is predicted. The heavily populated Mainland–Southwest region is pegged to see an overall surplus of labour over the entire period.

### **Focus on Occupations in High Demand**

One of the advantages of the new Labour Market Outlook is the rich occupational detail. The report includes projections for 500 occupations at the 4-digit National Occupation Classification (NOC) level.

At a high level, the largest numbers of job openings to 2024 are expected to occur in:

- Sales and Service Occupations;
- Business, Finance and Administration Occupations;
- Management Occupations.

These three broad categories alone account for more than half of all job openings in the province over the next decade. Significant demand is also anticipated for occupations in the Trades and Transportation sectors, representing 14% of total projected job openings.

These are very broad categories that encompass a large number of individual sub-occupations. To help provide more precise information about where openings will be more plentiful, the report includes a newly developed “Opportunity Indicator Ranking.” It is a composite index of a number of variables related to future job opportunities. Based on the Indicator, a ranking of the 100 occupations with the greatest “opportunity” is produced in the report.

The list includes occupations that were on a “top 60” list in the previous report, but are now starting to see conditions which signal somewhat fewer opportunities for prospective job seekers. In some cases, these changes are the result of successful initiatives to expand labour supply in BC through new education and training programs. The occupations are retained on the list because the Ministry analysts believe it would be premature to remove them after just one year.

The report also adds occupations that were not on the top 60 list in the prior report, but are now identified as “high opportunity” because of a higher Opportunity Indicator Ranking. Some key trades occupations are included here because of future potential major projects. Health-care professions, because of their highly-specialized nature, are presented separately in the results, with this part of the analysis based on expert input from the BC Ministry of Health.

In the Management Occupations segment (one of the top three general high level occupational categories), Retail and Wholesale Management positions top the more detailed list, with more than 27,000 job openings by 2024. Next in the Management Occupation category is Insurance, Real Estate and Financial Brokerage Managers, with 9,400 job openings. Restaurant and Food Service Managers come third with 7,900 job vacancies, followed closely by Construction Managers.

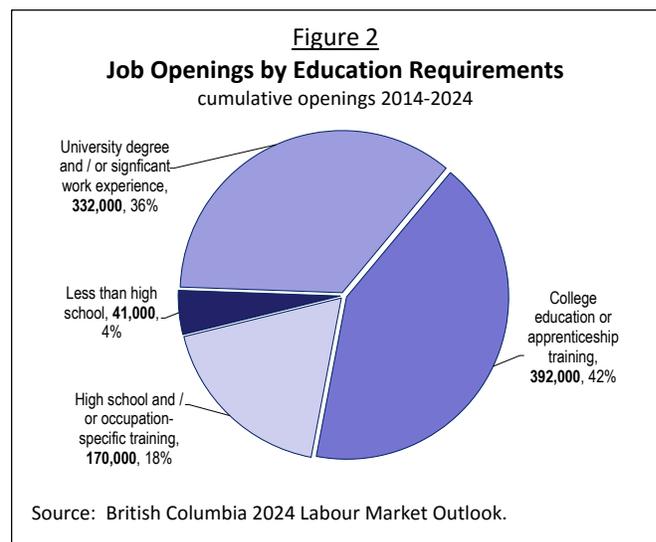
Other occupations that are near the top of the Opportunity Indicator Ranking include: Financial auditors and accountants (11,700 cumulative openings), Information systems analysts (7,600), College and vocational instructors (7,200), University professors (6,600), and Computer programmers and interactive media developers (6,200).

Administrative officers (19,600) and Administrative assistants (16,400) are also expected to be in relatively high demand, along with Carpenters (11,200). Over the coming decade the projections also point to a need for 10,700 Cooks and 4,300 Chefs.

The 4-digit occupation with the largest absolute number of projected openings is Retail Sales Persons (33,000 openings). This reflects that retail is a large industry with a huge workforce. Transport truck drivers will also be in high demand, with an expected 15,500 openings through 2024.

The report also draws attention to some other sectors. Technology and Science occupations are projected to see 70,000 openings. The Natural Resource sector (mostly replacements) is also covered and is expected to have 23,500 openings in an array of different occupations.

Manufacturing, which includes downstream manufacturing of resource products, is projected to have 57,000 job openings in the coming decade. This is one finding that people looking to future career paths should pay attention to – although most natural resource-based industries in BC will not experience strong growth in overall employment, there will still be a sizable number of job openings as the existing workforce moves into retirement.



---

### **Education and Training**

Education and training requirements are the other important feature of the analysis. More than three-quarters of all job openings to 2024 will require some post-secondary education and training. Occupations requiring a college education or apprenticeship qualification will account for 42% of future openings. The second largest share (36%) is in occupations that need a university degree and/or significant work experience. Overall, the report estimates that close to four-fifths of future job openings will require some kind of post-secondary education/training.

### **Concluding Thoughts**

The high level results of the 2024 Labour Market Outlook indicate that BC's labour market will be in approximate balance over the coming decade. Rather than mounting worker shortages, as some analysts were forecasting a couple of years ago, the current outlook points to small and gradually increasing surpluses. The new projections, however, also suggest that policymakers, educational institutions and job seekers should be aware of regional and occupation-specific trends, as labour shortages are likely to occur in some parts of the province and in certain occupational categories.

The 2014-2024 labour demand-supply projections are a valuable source of information for anyone interested in the outlook for labour and skills in the province. Readers of the report should keep in mind that economic circumstances can change quite quickly and that making medium-term projections for a large number of specific occupations is a complex task fraught with a good deal of uncertainty. This is in the nature of economic projections and in no way diminishes the utility of the Labour Market Report. These kinds of labour market forecasts should supplement decision-making processes rather than being treated as the sole basis for making career and other planning decisions.

\*\*\*\*\*

Ken Peacock  
Chief Economist  
and Vice President  
[ken.peacock@bccbc.com](mailto:ken.peacock@bccbc.com)

Jock Finlayson  
Executive Vice President  
and Chief Policy Officer  
[jock.finlayson@bccbc.com](mailto:jock.finlayson@bccbc.com)