

INDICATORS

CPABC's *BC Check-Up* uses the selected economic indicators to evaluate BC as a place to **WORK**.



Employment

Did BC's labour market expand or shrink?



Unemployment Rate

What is the share of unemployed workers in BC's labour force?



Youth Unemployment

What is the share of unemployed workers in BC's labour force between the ages 15 and 24?



Labour Compensation

How much does the average BC worker make?



Industry Disruption

Which industries have seen the biggest job fluctuations?

PROVINCIAL SUMMARY

After years of tight labour market conditions, the trend reversed in BC as a result of the COVID-19 pandemic. While there has been a recovery from April lows as businesses began to reopen and government support came into place, many formerly employed individuals have struggled to return to their position, and new entrants have found few opportunities.

As of August 2020, BC's **unemployment rate** stood at 10.7%, more than double the rate from August 2019. In total, nearly **170,000 fewer people were employed** in the province compared to last August, a decline of nearly 7%. The impact has been unevenly distributed, with it being significantly worse for more vulnerable groups.

The number of **women employed in full-time positions** declined by 9.4%, close to two times more than the decline for men. Young workers, those between the ages 15 and 24, also saw historically high unemployment rates. Nearly **one in every four young workers** in August were unable to secure employment. In addition, jobs with full work weeks are increasingly difficult to find, with the loss in full-time positions making up 88% of total job losses.

The COVID-19 pandemic has devastated industries that require high density and close interaction — a prerequisite for much of the service sector. While innovative changes to business models such as increased digital offerings and alterations of physical space have helped, the situation remains dire for some industries. **The three hardest hit service industries** in August were 1) information, culture and recreation which includes media production and entertainment businesses (-31.6%); 2) business services which encompasses building maintenance and administration (-18.0%); and 3) other services, such as household and personal services (-13.3%). Meanwhile, employment in the hospitality sector — originally the hardest hit by the pandemic — has largely recovered.

The pandemic has also put pressure on major capital investments and reduced global demand for commodities, affecting employment in the **goods sector**. Employment for construction was down 8.3% year-over-year, down 7.6% for natural resources, and down 1.4% for manufacturing.

Many lost positions may take years to return, or may disappear entirely. It will be critical for governments of all levels to isolate those most affected and find solutions to support them such as through skills training. Looking forward, BC's unemployment rate is forecast to gradually decrease but remain higher than our historic average. Based on the BC government's September fiscal update, it is expected that **BC's unemployment rate will be 10.4% in 2020 on an annual basis**, before declining to 8.8% in 2021. While an improvement, this remains close to double pre-pandemic figures, and indicates that it could take several years for the province to recover from the COVID-19 pandemic.

To better understand the economic landscape, CPABC surveyed its members for their views. CPAs, who are on the front lines of business in BC and see firsthand their challenges, are raising warning flags about the state of BC's economy in the age of COVID-19. When asked about the overall state of the provincial economy, **over a third thought it was in poor shape** compared to just 10% who believed it was in good shape. This extended to their organization's prospects, **where nearly half (45%) thought their outlook had worsened** compared to last year. Going forward, the top business challenges raised were around consumer debt, consumer confidence, and labour compensation.

PROVINCIAL SUMMARY



EMPLOYMENT

BC workers have struggled due to the COVID-19 pandemic. Employment across the province was down nearly 170,000 jobs in August 2020. The decline was more than twice as high among full-time workers (-7.4%) than part-time (-3.4%). For women, the impact of COVID-19 was even more challenging, with 9.4% losing their full-time positions.

2.39 M TOTAL JOBS **↓ -6.6%**

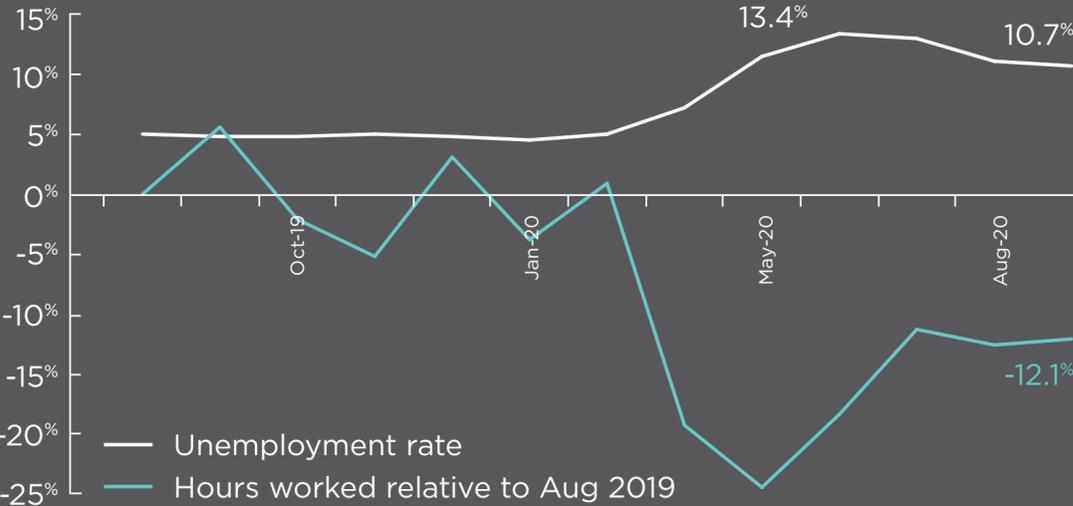
↓ 20,900 PART-TIME
↓ 148,700 FULL-TIME

60.8% ♂ AND 53.6% ♀
ARE CURRENTLY WORKING



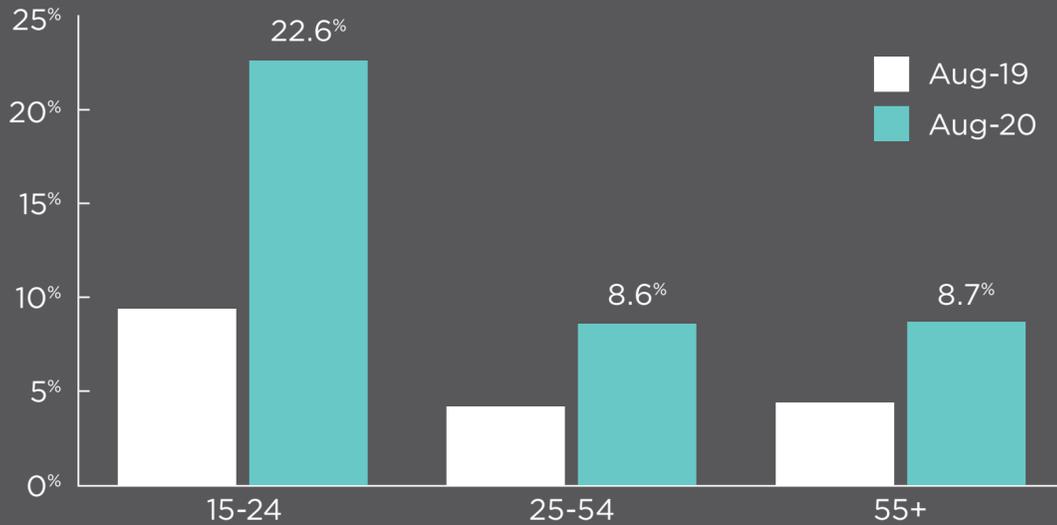
UNEMPLOYMENT

BC's unemployment rate hit record levels not seen since the 1990s in May. Although it has been improving since, BC's unemployment rate remains well above previous years, and the total number of hours worked remains down 12.1% compared to last August.



YOUTH UNEMPLOYMENT

With widespread job cuts across industries throughout the province, BC's young workers, who usually hold low wage part-time positions, were the most affected by the COVID-19 pandemic. Nearly one-in-four young workers were unable to find work.



Note: All numbers based on August 2020 data. Changes compared to August 2019 data.

PROVINCIAL SUMMARY



INDUSTRY DISRUPTION

The COVID-19 pandemic affected all industries across BC. However, low wage jobs in the service sector were the hardest hit, which helps explain the spike in youth unemployment.

Goods Sector

For the first time in 10 years, BC's construction industry experienced a protracted decline in employment as housing starts/upgrades slowed. Employment in natural resources was also down considerably as commodity prices and global demand weakened.

↓2.6% TO 469,300 jobs

	TOTAL JOBS (% CHANGED)
CONSTRUCTION	215,500 (↓8.3%)
NATURAL RESOURCES	40,000 (↓7.6%)
MANUFACTURING	161,200 (↓1.4%)

Service Sector

At the lowest point, one in every two hospitality jobs were displaced due to the pandemic. While it has rebounded, some industries continue to struggle, especially those that require close human interaction or working in physical spaces.

↓7.6% TO 1.92 million jobs

	TOTAL JOBS (% CHANGED)
INFORMATION, CULTURE & RECREATION	93,000 (↓31.6%)
BUSINESS & BUILDING SUPPORT*	89,100 (↓18.0%)
OTHER SERVICES*	104,500 (↓13.3%)



LABOUR COMPENSATION

Workers in BC's goods sector still make more than those working in the service sector, but the wage gap narrowed as many low-wage service sector positions were displaced during the pandemic which caused the average weekly wage rate to increase.

AVERAGE WEEKLY WAGE



GOODS SECTOR
\$1,220 (↑0.9%)



SERVICE SECTOR
\$1,052 (↑8.8%)

Note: All numbers based on August 2020 data. Changes compared to August 2019 data.
 *Business & building services includes supporting the day-to-day operations of other organizations (such as cleaning, security and administration) and waste management.
 *Other services include personal and household services.



CARIBOO



EMPLOYMENT

Over the summer, one in every 13 jobs were displaced in the Cariboo compared to the same time last year. The losses were entirely full-time positions, while part-time positions exceeded pre-crisis levels.

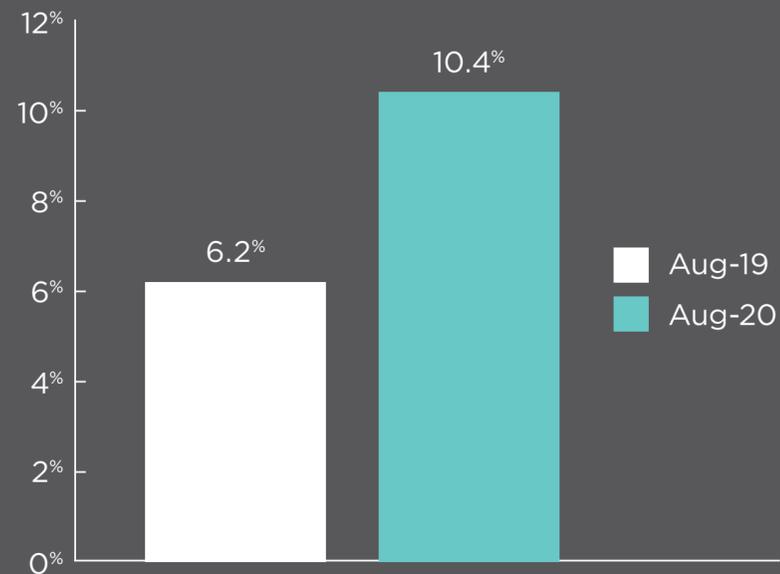
TOTAL EMPLOYMENT
↓7.6% to 76,600 jobs

EMPLOYMENT TYPE
↑2,100 PART-TIME
↓8,400 FULL-TIME



UNEMPLOYMENT RATE

At 10.4%, the Cariboo's summer unemployment rate was up 4.2 percentage points compared to last summer, but below the provincial average of 11.5%.

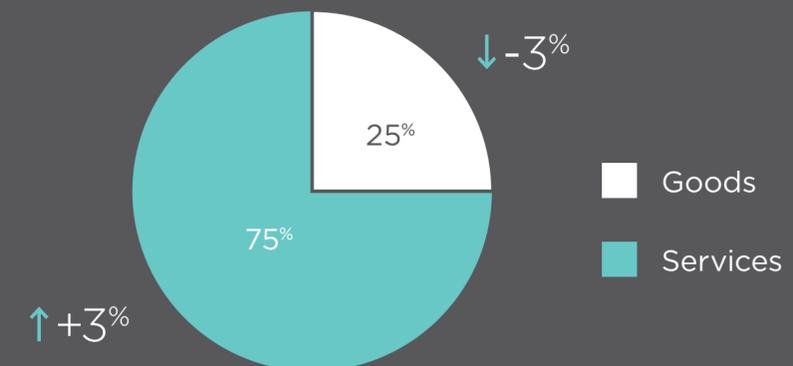


INDUSTRY DISRUPTION

A historically strong economic driver for the Cariboo, the region's forestry industry took a further tumble due to challenges from pine beetle infestation, forest fires, and the COVID-19 pandemic. With 4,300 workers, the natural resource sector now makes up just 5% of total employment, down from 9% last year.

TOTAL JOBS (% CHANGED)	
ACCOMMODATION & FOOD	3,400 (↓44.3%)
NATURAL RESOURCES*	4,200 (↓40.8%)
CONSTRUCTION	6,300 (↓12.5%)

SECTORAL EMPLOYMENT 25% goods vs 75% services



Note: All numbers based on August 2020 data, which reflects a three-month moving average (June-August). Changes are compared to the same period last year.
*Natural resources include forestry, fishing, mining, quarrying, oil and gas



KOOTENAY



EMPLOYMENT

The Kootenays was the only region to experience a summer employment gain, primarily because more people sought work compared to last year. Most gains were part-time positions.

TOTAL EMPLOYMENT
↑ 4.1% to 72,900 jobs

EMPLOYMENT TYPE
↑ 2,400 PART-TIME
↑ 400 FULL-TIME



INDUSTRY DISRUPTION

While Kootenays overall employment remained buoyant relative to other regions, some sectors such as construction and professional services saw a large amount of jobs displaced.

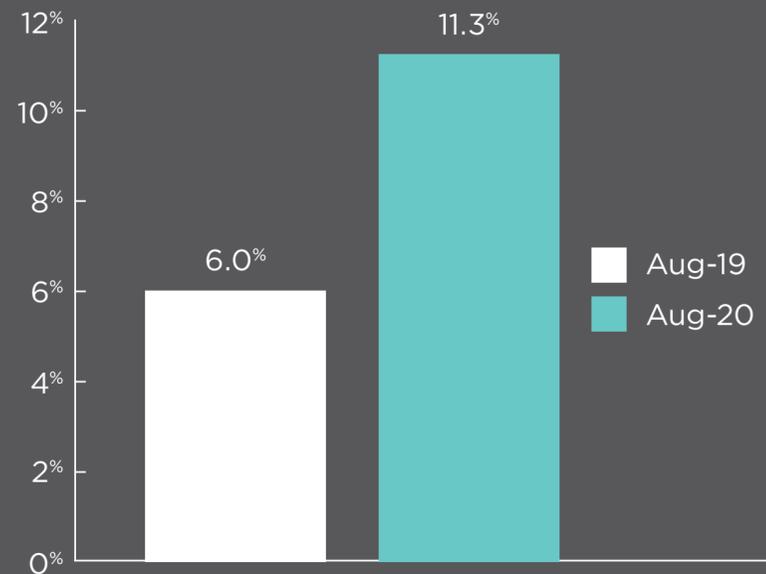
TOTAL JOBS (% CHANGED)

CONSTRUCTION	3,800 (↓ 37.7%)
PROFESSIONAL, SCIENTIFIC & TECHNICAL	3,100 (↓ 24.4%)
MANUFACTURING	7,900 (↑ 17.9%)
ACCOMMODATION & FOOD	6,800 (↑ 38.8%)

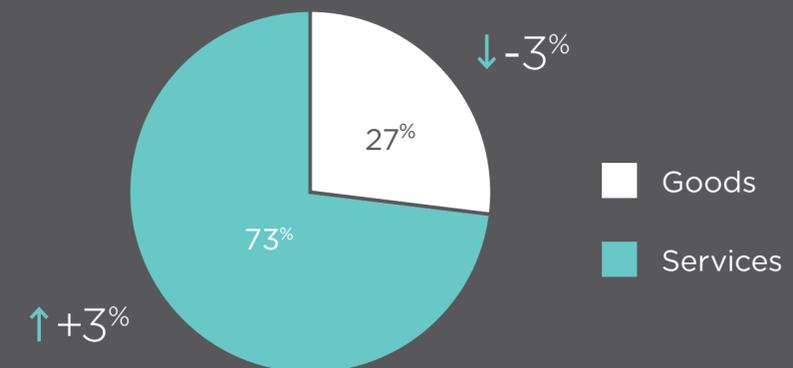


UNEMPLOYMENT RATE

The Kootenays' unemployment rate jumped to 11.3%. This was due to the 4,800 Kootenays residents who joined the labour force but couldn't find employment.



SECTORAL EMPLOYMENT 27% goods vs 73% services





NORTHEAST BC



EMPLOYMENT

Employment in Northeast BC was down 6.3%. Part-time gains helped offset a significant drop in full-time positions, masking the extent of the damage. The region's job losses were concentrated in the goods sector.

TOTAL EMPLOYMENT
↓ 6.3% to 37,100 jobs

EMPLOYMENT TYPE
↑ 1,300 PART-TIME
↓ 3,700 FULL-TIME



INDUSTRY DISRUPTION

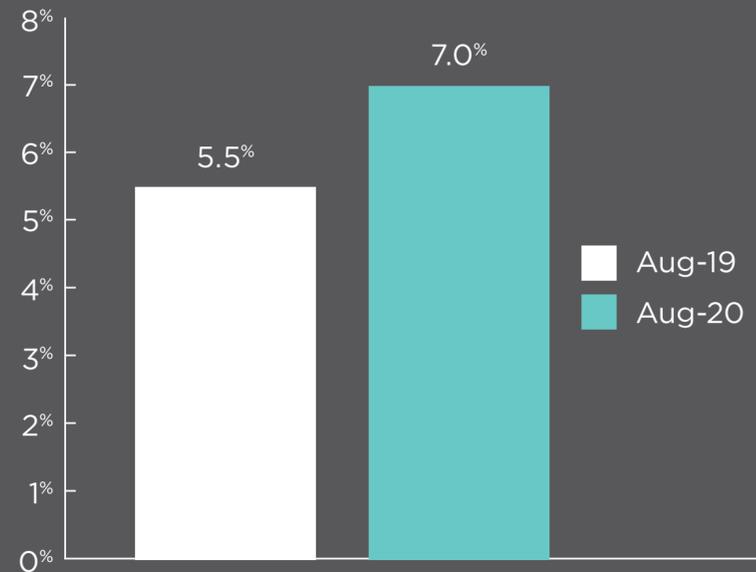
Northeast BC employment losses were entirely concentrated in the region's goods sector, a major economic engine for the region. Construction saw the largest decline, with over one in every two jobs displaced.

	TOTAL JOBS (% CHANGED)
CONSTRUCTION	2,400 (↓57.1%)
MANUFACTURING	1,700 (↓29.2%)
NATURAL RESOURCES*	3,900 (↓9.3%)

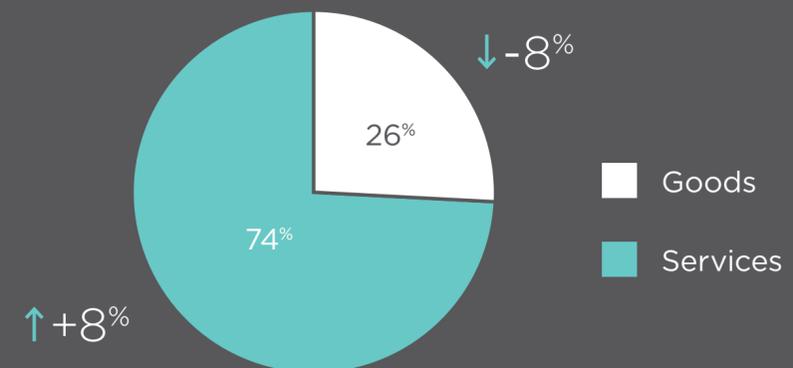


UNEMPLOYMENT RATE

Northeast BC's unemployment rate increased to 7.0%. While the rate is the lowest in the province, it is partly due to gains in part-time positions offsetting full-time losses.



SECTORAL EMPLOYMENT 26% goods vs 74% services



Note: All numbers based on August 2020 data, which reflects a three-month moving average (June-August). Changes are compared to the same period last year.
*Natural resources include forestry, fishing, mining, quarrying, oil and gas



NORTHWEST BC



EMPLOYMENT

Northwest BC, which encompasses Nechako and the North Coast, was one of BC's hardest hit regions. This summer, more than one in every 10 jobs were displaced compared to last year.

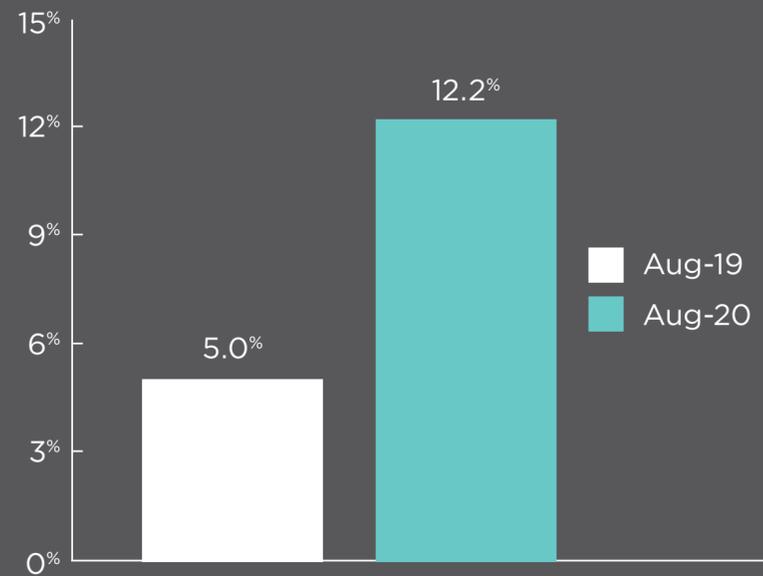
TOTAL EMPLOYMENT
↓12% to 38,300 jobs

EMPLOYMENT TYPE
↓ 1,200 PART-TIME
↓ 4,100 FULL-TIME



UNEMPLOYMENT RATE

In prior years, Northwest BC enjoyed relatively low unemployment rates. However, the COVID-19 pandemic more than doubled the unemployment rate to 12.2%, the second highest among all BC regions.

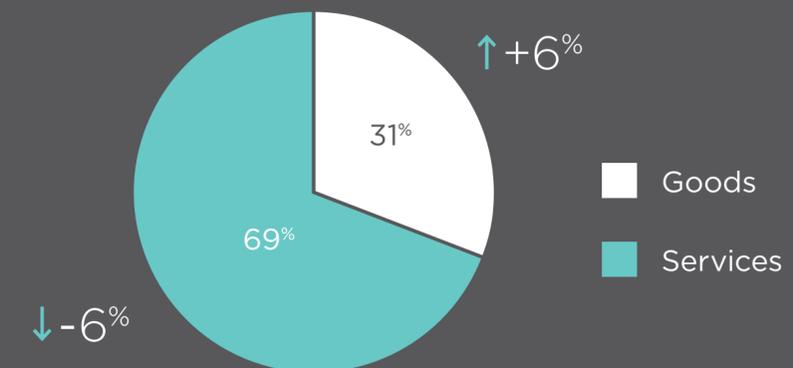


INDUSTRY DISRUPTION

Strong manufacturing and construction activity in the region, led by LNG development and port expansion, was not enough to offset steep declines in employment in some of the region's key services and goods industries.

	TOTAL JOBS (% CHANGED)
ACCOMMODATION & FOOD	1,900 (↓67.8%)
NATURAL RESOURCES*	2,000 (↓31.0%)
MANUFACTURING	4,500 (↑28.6%)
CONSTRUCTION	4,400 (↑25.7%)

SECTORAL EMPLOYMENT 31% goods vs 69% services



Note: All numbers based on August 2020 data, which reflects a three-month moving average (June-August). Changes are compared to the same period last year.
*Natural resources include forestry, fishing, mining, quarrying, oil and gas



SOUTHWEST BC



EMPLOYMENT

Despite adding 56,600 new residents to the region compared to last summer, employment was down nearly 170,000 jobs year-over-year.

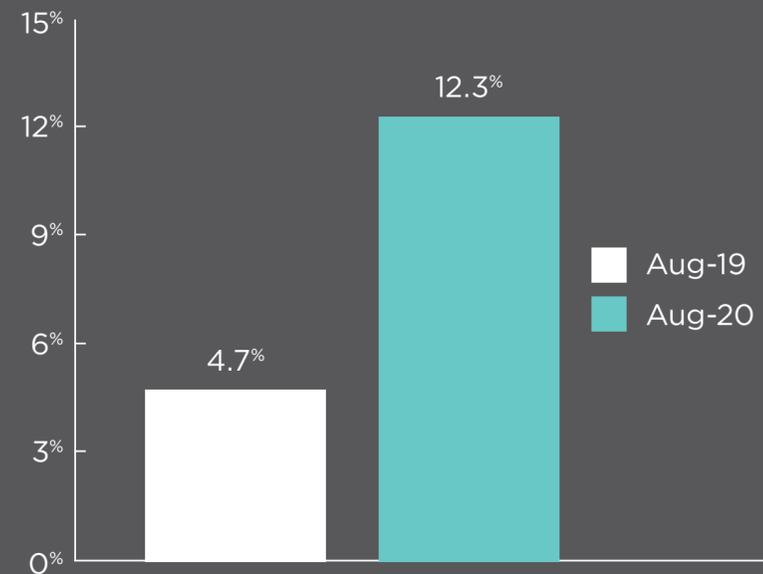
TOTAL EMPLOYMENT
↓10.1% to 1.51 M jobs

EMPLOYMENT TYPE
↓ 33,300 PART-TIME
↓136,000 FULL-TIME



UNEMPLOYMENT RATE

Southwest BC's consistently low unemployment rate took a sharp reversal due to the COVID-19, up nearly 8 percentage points to reach 12.3% — the highest of any region.

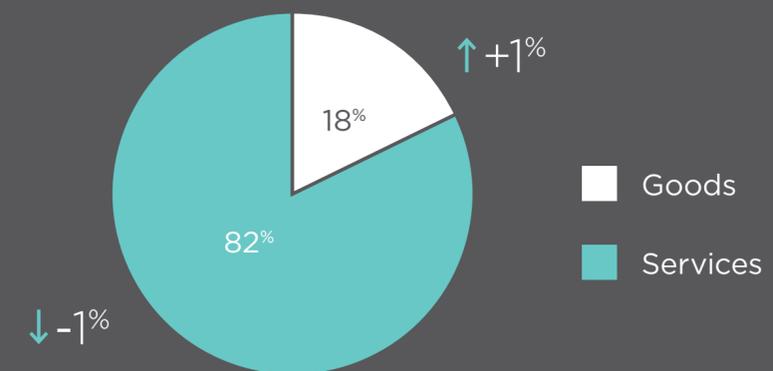


INDUSTRY DISRUPTION

Southwest BC experienced declines in employment in parts of the goods sector, including the region's important construction sector (-7.1%). However, service industries were hardest hit. Building services employment sharply decreased as many shifted to remote work and reduced demand for non-essential services like entertainment or personal services.

	TOTAL JOBS (% CHANGED)
BUSINESS & BUILDING*	53,800 (↓35.3%)
INFORMATION, CULTURE & RECREATION	68,700 (↓33.6%)
OTHER SERVICES*	55,600 (↓31.9%)

SECTORAL EMPLOYMENT
18% goods vs 82% services



Note: All numbers based on August 2020 data, which reflects a three-month moving average (June-August). Changes are compared to the same period last year.
*Business & building services includes supporting the day-to-day operations of other organizations (such as cleaning, security and administration) and waste management.
*Other services include personal and household services.



THOMPSON-OKANAGAN



EMPLOYMENT

The region's employment declined by 14,700 jobs in summer 2020. This was the only region where part-time losses outnumbered full-time, signalling greater employment stability.

TOTAL EMPLOYMENT

↓ 5.2% to 267,600 jobs

EMPLOYMENT TYPE

↓ 7,400 PART-TIME

↓ 7,200 FULL-TIME



INDUSTRY DISRUPTION

Service sector employment faced steep declines early in the pandemic but has since seen a rebound that is likely to continue to improve as domestic tourism boosts the region. Despite the gains, employment in some key service industries remains depressed compared to last summer.

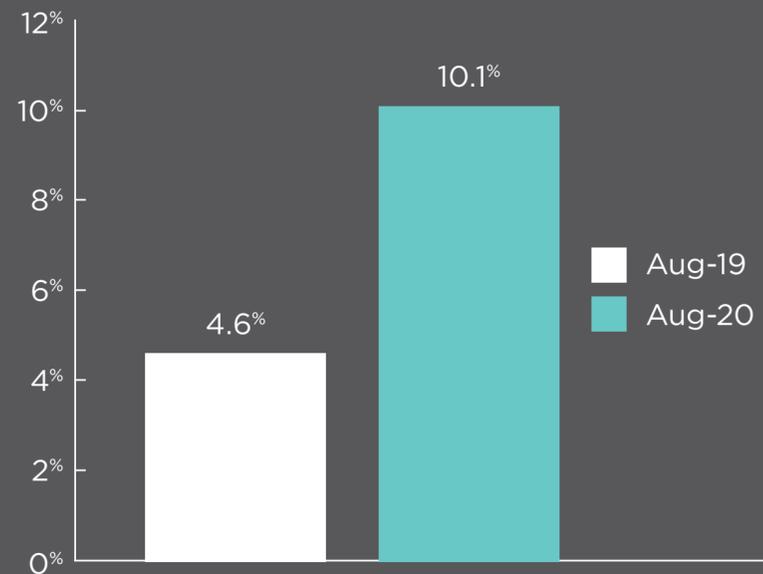
TOTAL JOBS (% CHANGED)

INFORMATION, CULTURE & RECREATION	9,000 (↓ 37.5%)
TRADE	37,500 (↓ 30.8%)
ACCOMMODATION & FOOD	20,700 (↓ 20.4%)



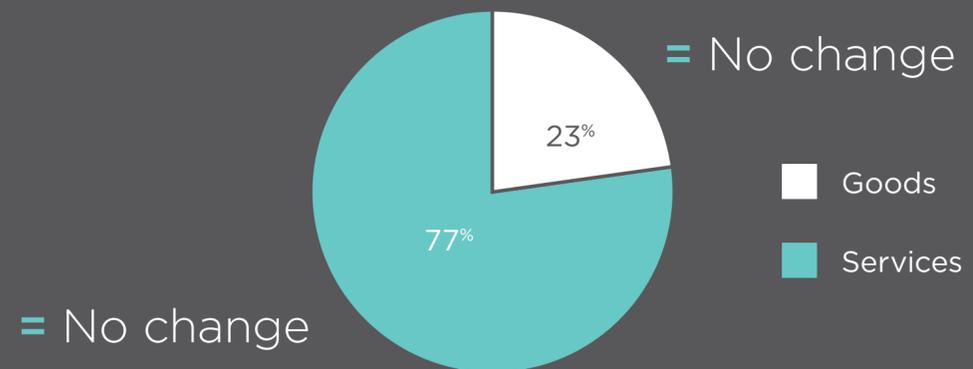
UNEMPLOYMENT RATE

The Thompson-Okanagan's unemployment rate jumped by nearly 6 percentage points to 10.1%. Despite the increase, it is the second lowest rate across the province.



SECTORAL EMPLOYMENT

23% goods vs 77% services





VANCOUVER ISLAND/COAST



EMPLOYMENT

The Vancouver Island/Coast saw its total employment fall by 16,600 jobs in Summer 2020. The decline was the same in Greater Victoria and the rest of the Island, but concentrated in different industries.

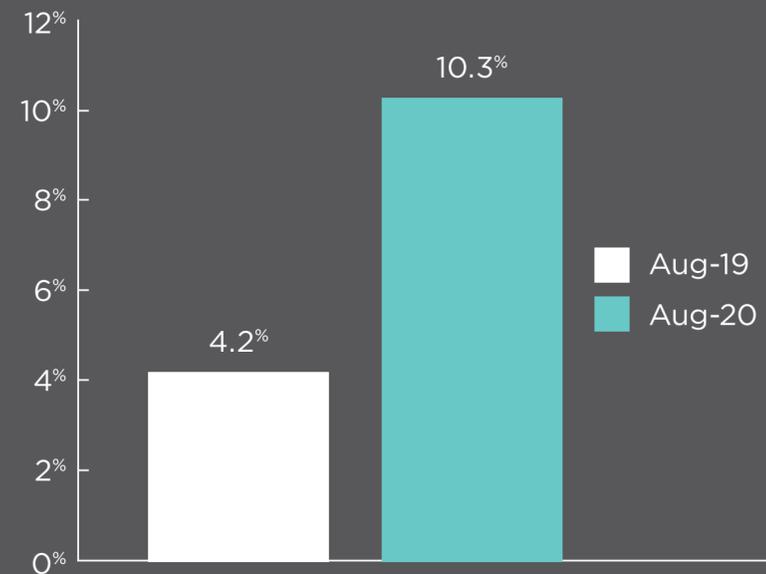
TOTAL EMPLOYMENT
↓4.1% to 383,600 jobs

EMPLOYMENT TYPE
↓ 3,700 PART-TIME
↓ 12,900 FULL-TIME



UNEMPLOYMENT RATE

The COVID-19 pandemic pushed the region's unemployment rate up 6.1 percentage points to 10.3%. However, with the region's overall stable economy, the rate remains one of BC's lowest unemployment rates.



INDUSTRY DISRUPTION

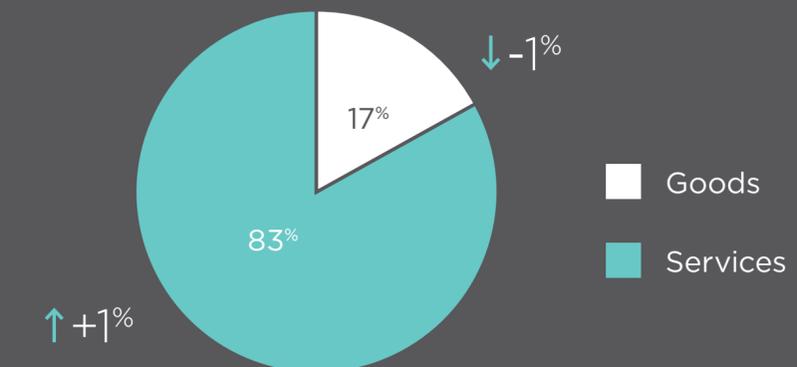
The Vancouver Island/Coast as a whole has seen some service industries continue to struggle, in particular those related to tourism. Greater Victoria's job losses were entirely concentrated in the service sector, while the rest of the region saw weakness in goods sector employment. The decline was the same in Greater Victoria and the rest of the Island, but concentrated in different industries.

TOTAL JOBS (% CHANGED)

OTHER SERVICES*	14,100 (↓33.2%)
ACCOMMODATION & FOOD	24,800 (↓22.0%)
INFORMATION, CULTURE & RECREATION	14,200 (↓21.1%)

SECTORAL EMPLOYMENT

17% goods vs 83% services



Note: All numbers based on August 2020 data, which reflects a three-month moving average (June-August). Changes are compared to the same period last year.
*Other services include personal and household services.

SURVEY RESULTS

On BC's Economic Outlook

Based on results from the *BC Check-Up: Work survey*, BC CPAs indicate that...



38% think BC's economy is doing poorly.



41% of businesses owned by or employing CPAs say COVID-19 has led to a decrease in sales.

- 82% introduced physical distancing
- 52% introduced/increased online operations
- 32% saw increased operating costs



45% of CPAs are less confident about their organization's prospects compared to 2019. Just 8% are more confident.



Economic concerns have shifted, with CPAs saying that **consumer debt** is now the top challenge for BC businesses.

Top three concerns for business success:

- 1 Consumer debt
- 2 Consumer confidence
- 3 Labour compensation

SURVEY RESULTS

On the Future of Work

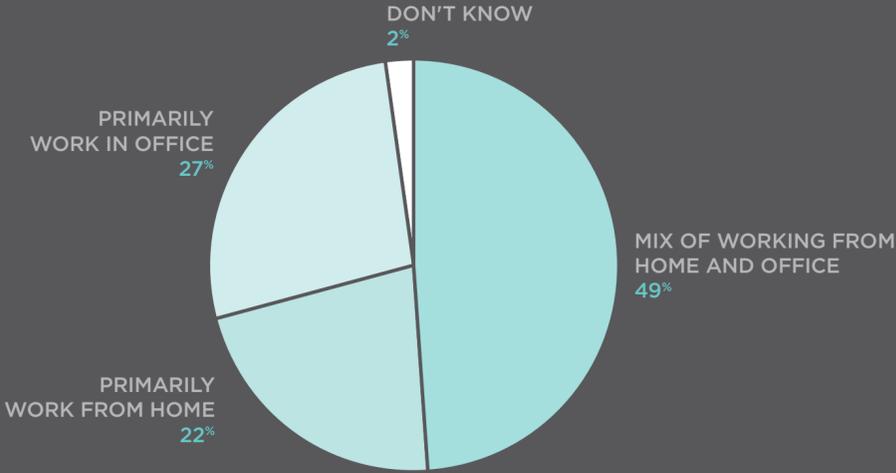
Based on results from the *BC Check-Up: Work survey*, BC CPAs indicate that...



46% of CPAs are primarily **working from home**, while 26% are primarily working at the office.



In the future, 71% of CPAs want to have the option of working from home.



According to CPAs in managerial and leadership positions, organizations are prioritizing investments in **technology** and **modernizing the workplace**.

- 1 Invest in technologies
- 2 Establish a flexible work program
- 3 Move services online
- 4 Increase technology training for staff
- 5 Reduce office space requirements



The average CPA is able to do about **three-quarters** of their work remotely.



BC CHECK-UP 2020 **WORK**

As leaders in analyzing and validating information, CPAs are often called upon to provide independent, fair, and objective information to assist in decision-making. It is our hope that *BC Check-Up* will make a positive public policy contribution to the province by stimulating discussion about how to make BC a better place in which to **WORK**, **INVEST**, and **LIVE**.

BC Check-Up is available online at bccheckup.com.

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The report is prepared by the Chartered Professional Accountants of British Columbia. Opinions expressed in the report do not necessarily reflect those of individual chartered professional accountants. Data is derived from Statistics Canada's Labour Force Survey and CPABC calculations.

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SURVEY DEMOGRAPHICS Who are they? 563 CPABC members **Where are they from?** Mainland/Southwest BC 65%

Vancouver Island/Coast 19% Thompson-Okanagan 9% Rest of BC 0.6% Outside of BC 0.4%

CPABC commissioned Leger to conduct a web-based survey of CPA members regarding their impressions on the current and future of the economy and their current workplace environment. A total of 563 surveys were completed between July 8 and July 28, 2020, representing an overall response rate of 11%.