

# Help Wanted

## Private sector job vacancies, Q3 2018

Ted Mallett, VP & Chief Economist

Canada's private sector job vacancy rate has once again set new highs. Third quarter 2018 estimates show 3.3 per cent of jobs had been sitting vacant for at least four months because employers were unable to find suitable candidates. This compares to 3.2 per cent in Q2 of this year and 2.9 per cent in Q3 2017. Similar estimates from Statistics Canada map quite closely to CFIB's; their latest Q2 reading of 3.4 per cent is slightly higher, but most likely due to seasonal influences at the start of the summer hiring period.

CFIB's latest count represents roughly 430,000 private sector openings—48,000 more than we had seen a year earlier. The pattern shows tighter labour markets now even compared to previous cyclical peaks in 2008 and 2014 brought on by oil and gas booms in the West.

The labour market in Quebec, by far, continues to be the tightest in the country with its vacancy rate rising another 0.1 point to 4.1 per cent. Conditions also tightened slightly in Ontario (3.3 per cent), Alberta, Manitoba and Nova Scotia (each 2.6 per cent). The vacancy rate in British Columbia continues to be well above the national average at 3.7 per cent, but that estimate has remained steady for three straight quarters. In contrast, vacancies dropped back to a weak 1.3 per cent in Newfoundland and Labrador and remained steady in Prince Edward Island (1.5 per cent), Saskatchewan (2.0 per cent) and New Brunswick (2.7 per cent).

Among broad industry groupings, the picture showed some divergence, with vacancy rates advancing in professional services, construction, agriculture and oil and gas. There was no change in other sectors. Vacancies also continued to put pressure on wages, with employers with at least one vacancy expecting to push average organization-wide wage levels up by 2.6 per cent—versus an average 1.7 per cent gain planned by businesses without any job openings.

Figure 1: **Vacancy rates**

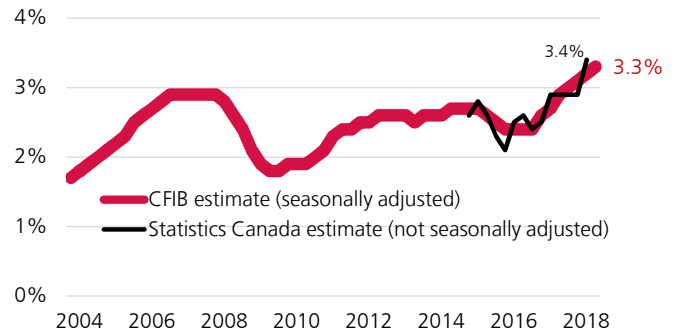


Figure 2: **Vacancy rates by size of business**

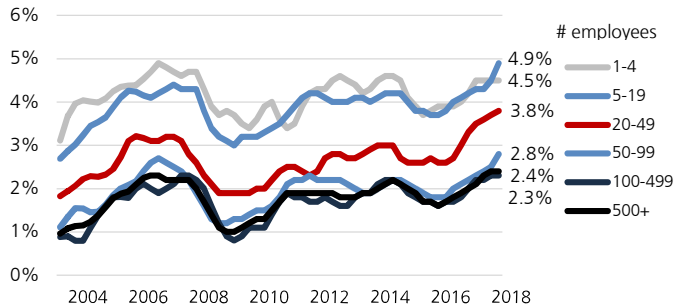


Table 1: **Private sector job vacancies by province, Q3 2018**

	Rate*	Change**	Number
Canada	3.3%	+0.1%	429,700
Newfoundland & Lab	1.3%	-0.1%	2,100
Prince Edward Island	1.5%		700
Nova Scotia	2.6%	+0.1%	7,900
New Brunswick	2.7%		6,300
Quebec	4.1%	+0.1%	117,700
Ontario	3.3%	+0.1%	167,900
Manitoba	2.6%		11,300
Saskatchewan	2.0%		6,900
Alberta	2.6%	+0.1%	41,800
British Columbia	3.7%		67,100

\* Vacancies as a percentage of filled and unfilled jobs

\*\* Change in rate from the revised previous quarter

Figure 3: **Average 12-month planned wage increases among businesses with and without job vacancies**

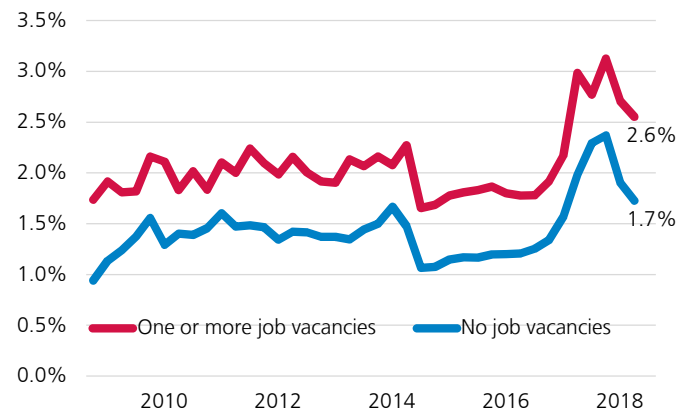


Figure 4: Vacancy rates by province

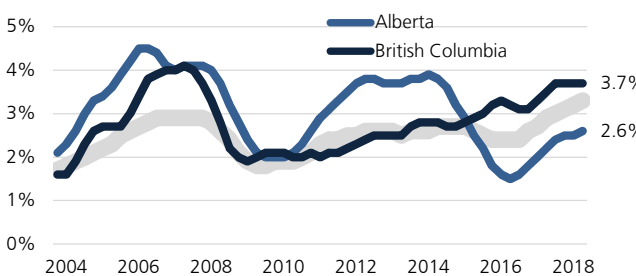
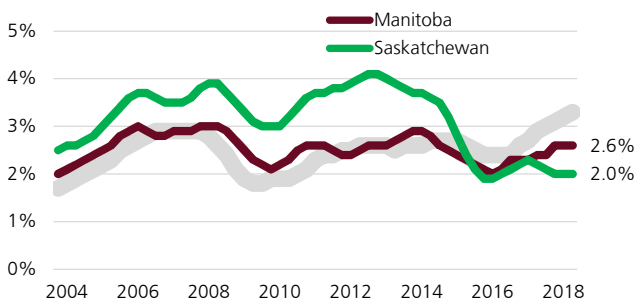
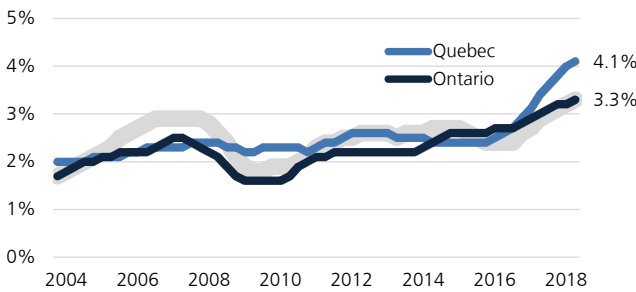
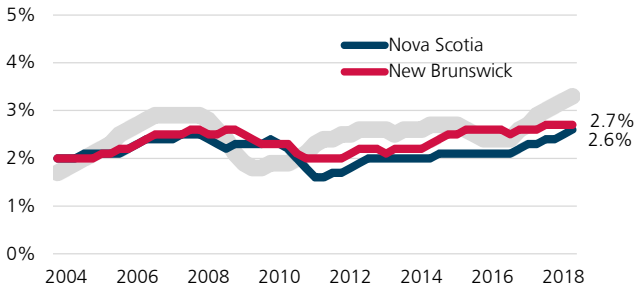
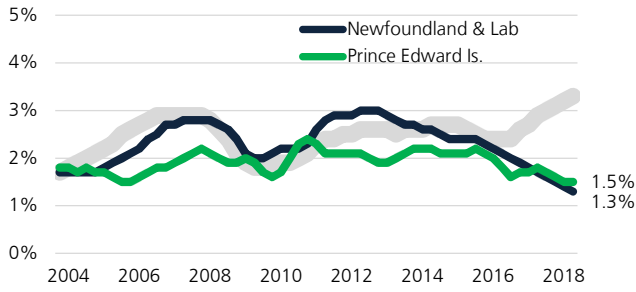
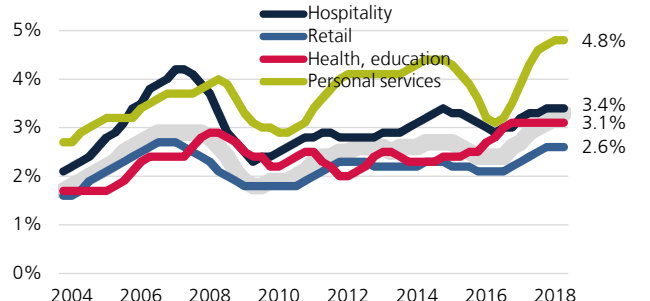
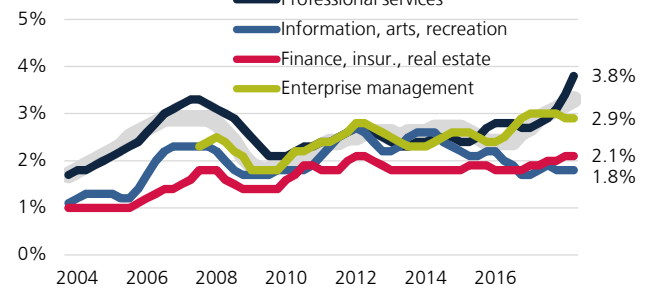
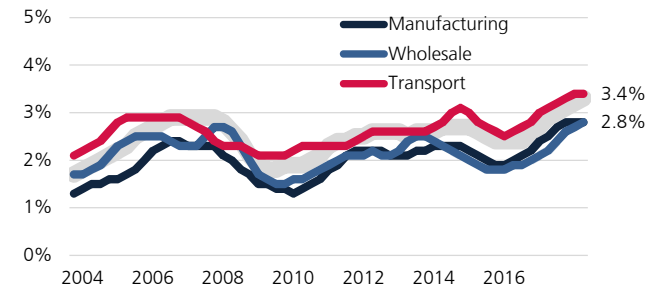
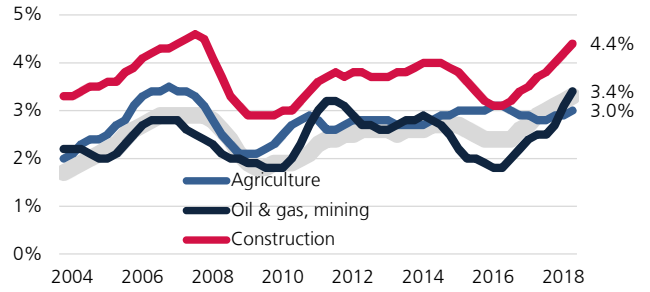


Figure 5: Vacancy rates by industry



**Notes: methodology and data quality**

The current results are based on 2,194 responses from the latest quarter. The series comes from CFIB's *Your Business Outlook Survey*, which is conducted monthly with a stratified random sampling of ID-validated business owner-operator members.

On the survey, respondents provide the total number of full-time and part-time people currently employed at their business. They are also asked "How many jobs in your firm currently have been vacant for at least 4 months because you have been unable to find suitable employees?" Non-responses are treated as zero vacancies. Vacancy rates are defined as total vacancies, divided by the sum of total employment and vacancies. Data outliers are identified using regression analysis, and then dealt with by capping those vacancies at the 90<sup>th</sup> percentile level in each business size class.

To account for small quarterly sample sizes, data for the 500+ employment size group are imputed by using the aggregate historical ratios relative to the other business size categories from 2004 to 2017. Aggregate employment and vacancies are then reweighted by province and by industry based on quarterly data from Statistics Canada's Survey of Employment, Payrolls and Hours (SEPH), subtracting out public sector employment based on custom tabulations from Statistics Canada's Labour Force Survey (LFS).

National quarterly data are seasonally adjusted and trended using x-11 methodology. To deal with occasional missing data points, provincial and industry sector data are further smoothed before seasonal adjustment, and then re-adjusted afterwards to ensure their totals add up to national figures.

Because of the use of centralized moving averages, new quarterly data may result in revisions of past estimates. For that reason, simple rule-of-thumb statistical margins of error usually reported on surveys do not apply.

**Comparison with Statistics Canada's job vacancy estimates.**

Beginning in Q1 2015, Statistics Canada's new Job Vacancy and Wage Survey<sup>1</sup> (JVWS) is producing vacancy rate estimates that are almost double the previous rates based on the Survey of Employment Payrolls and Hours (SEPH). The JVWS's initial data are now almost identical to CFIB's quarterly figures, largely because they now share closer survey methodologies. Most significantly, Statistics Canada is now surveying owners and business managers in branch locations who are responsible for hiring, rather than head office payroll departments. Key remaining differences are the larger sample size of the JVWS and the seasonally adjusted nature of the CFIB data.

<sup>1</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/181011/dq181011a-eng.htm>