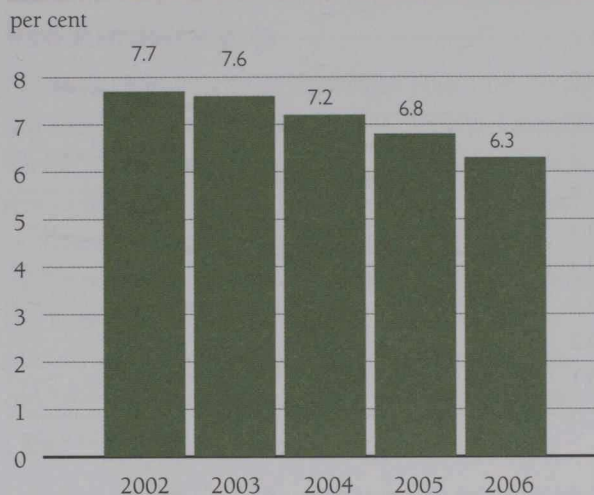


Although the participation rate remained the same as in 2005, the employment rate increased slightly as the unemployment rate in Canada reached historic lows, reaching an average of 6.3 per cent in 2006, down from 6.8 per cent in 2005. And the unemployment rate closed the year at 6.1 per cent in December 2006.

The unemployment rate decreased in all provinces, with the exception of Prince Edward Island. However, there was a great deal of variation in performance. All provinces east of Ontario experienced higher unemployment rates relative to the national average while those west were lower. Alberta, Manitoba and British Columbia registered the lowest unemployment rates in 2006, at 3.4 per cent, 4.3 per cent and 4.8 per cent, respectively. The case of British Columbia is even more revealing. Employment in British Columbia grew 3.1 per cent in 2006, after posting a 3.3 per cent gain in 2005. This employment gain over the two-year period matched Alberta's growth over the same period, and has been exceeded by only one other major province in the past decade- Ontario's 6.6 per cent

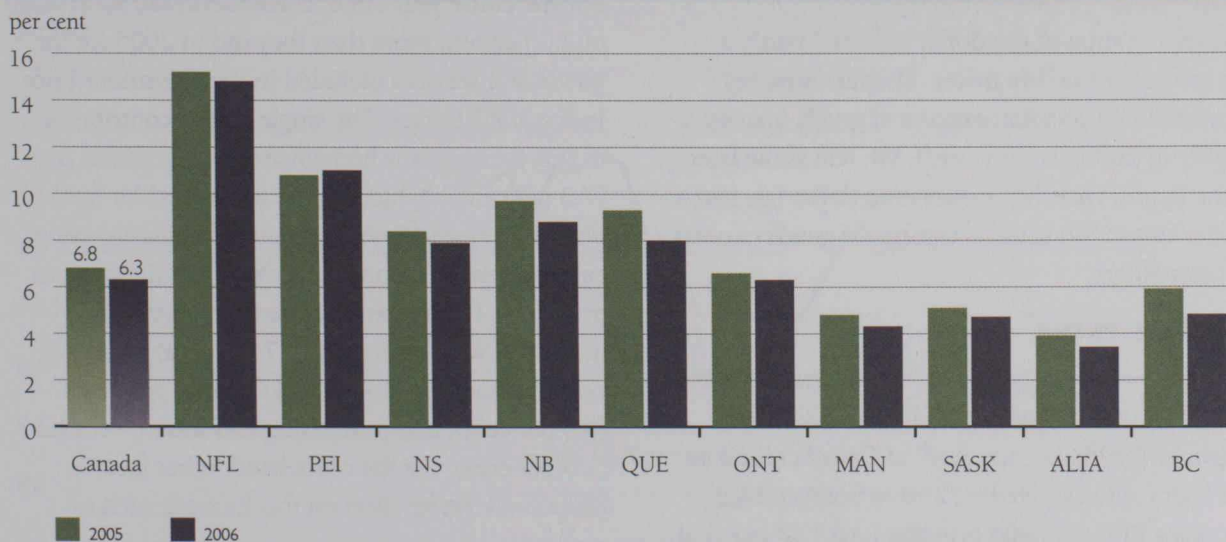
FIGURE 3-4
Unemployment Rate in Canada, 2002-2006



Source: Statistics Canada

gain over the period 1999-2000 at the peak of the ICT boom. By early 2007, unemployment in British Columbia had fallen below 4.0 per cent, a level that only Alberta and Saskatchewan have successfully broken through.¹

FIGURE 3-5
Unemployment Rates in Canada Provinces, 2005-2006



Source: Statistics Canada

¹ Cross, Philip (2007). Year End Review: Westward Ho! Canadian Economic Observer, April 2007.