BC STATS
Province of British Columbia
Ministry of Finance and Corporate Relations

Infoline

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February 21, 1997

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http://www.bcstats.gov.bc.ca

Report

BC Economic Accounts, 1986-1995

BC at a glance . . .

POPULATION (thousands)	Oct 1/96	% change on year ago
BC	3,888.5	2.5
Canada	30,101.6	1.2
GROSS DOMESTIC PRODUCT		% change
(BC - at market prices - $ millions)	1995	on year ago
Current Dollars	103,273	4.6
Constant (1986) Dollars	74,107	1.9
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Dec	2,726	-0.6
Merchandise Exports (raw) Dec	2,031	-5.0
Retail Sales (seasonally adjusted) Dec	2,551	-1.0
CONSUMER PRICE INDEX		% change
(all items - 1986=100)	Jan '97	on year ago
BC	139.0	0.7
Canada	137.1	2.2
LABOUR FORCE (thousands)		% change
(seasonally adjusted)	Jan '97	on year ago
Labour Force - BC	2,002	2.0
Employed - BC	1,841	3.2
Unemployed - BC	161	-9.7
		Jan '96
Unemployment Rate - BC *(percent)*	8.0	9.1
Unemployment Rate - Canada *(percent)*	9.7	9.6
INTEREST RATES (percent)	Feb 19/97	Feb 21/96
Prime Business Rate	4.75	7.00
Conventional Mortgages - 1 year	5.05	6.50
- 5 year	7.00	7.80
US/CANADA EXCHANGE RATE	Feb 19/97	Feb 21/96
(avg. noon spot rate) Cdn $	1.3595	1.3785
US $ *(reciprocal of above rate)*	0.7356	0.7254
AVERAGE WEEKLY EARNINGS		% change
(industrial aggregate - dollars)	Nov '96	on year ago
BC	617.74	3.2
Canada	595.39	3.3

SOURCES:
Gross Domestic Product: Statistics Canada, revised by BC STATS
Population, Trade, Prices, Labour Force, Earnings: Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Review

Two new publications

British Columbia Economic Accounts, 1986-1995, is a major publication of BC STATS. This 170-page book provides a detailed look at the composition of BC's economy, the contribution of industrial sectors and their change over time. Tables include income and expenditure accounts, current and constant dollar estimates, and price deflators. The book includes a 30-page writeup offering our insights on long-term and emerging trends in the economy... **$20** (plus GST)
The data tables, a gold mine for those doing research, are available electronically...... **$75** (plus GST)

1996 British Columbia Financial & Economic Review is now available. A unique source of information on the province—its regions, provincial government programs and finances, economic growth and development, and demographic trends. Approximately 300 pages................................ **$25** plus GST

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Change of Address

Please note that our *mailing address* has changed to that provided at the bottom of this page. If you plan to drop in, our location has not changed from 553 Superior Street, Victoria.

Released this week by BC STATS

- Exports (BC Origin), November 1996
- Earnings and Employment Trends, November 1996
- Consumer Price Index, January 1997

Next week

- Business Indicators, February 1997
- Current Statistics, February 1997

Infoline Report : February 21, 1997

Highlights from *British Columbia Economic Accounts, 1986-1995*

To be released end of February, 1997. Approximately 170 pages, $20 + GST.

British Columbia's economy grew 1.9% in 1995, as measured by real GDP at market prices. The province's growth rate slipped below the Canadian average (2.2%) for the first time since 1986. Three other provinces, and both territories, recorded stronger economic growth than British Columbia in 1995. Yukon (10.8%) led the country, as the reopening of the Faro mine injected new life into the territory's economy. Prince Edward Island, where construction of a fixed link bridge has boosted economic growth, saw a 5.0% increase in real GDP. Ontario (3.1%), the Northwest Territories (2.8%) and Manitoba (2.5%) also grew faster than British Columbia in 1995. Newfoundland (-0.1%) was the only region where the economy shrank.

British Columbia's slower economic growth was largely due to weak domestic demand, as real final domestic demand in the province was virtually unchanged (-0.1%) from the previous year. Quebec (+0.1%) also recorded almost no change in domestic demand, and Nova Scotia (-1.2%) and Alberta (-1.7%) were the only other regions of Canada where final domestic demand dropped below the 1994 level. Nationally, final domestic demand increased 0.7% in 1995, as stronger growth in Ontario (+1.6%) counteracted the relatively weak domestic demand in Quebec and British Columbia.

On a per capita basis, real GDP in the province dropped from $19,852 in 1994 to $19,726 in 1995, a 0.6% decline. British Columbia was the only province where real per capita GDP fell below the 1994 level. Canada's real GDP per capita increased 1.0% to $20,641. The Northwest Territories ($27,438), Alberta ($26,664), Yukon ($24,625) and Ontario ($22,256) were all above the national average. British Columbia was ranked fifth among the provinces and territories. Newfoundland ($14,113) had the lowest real GDP per capita in the country. Real per capita GDP is often used as an indicator of a region's standard of living.

Continued strong population growth was partly responsible for the decline in real GDP per capita. GDP growth in the province has not kept pace with the increase in population—British Columbia's population has grown faster than its gdp in five of the last six years. Nationally, GDP has outpaced population growth since 1993.

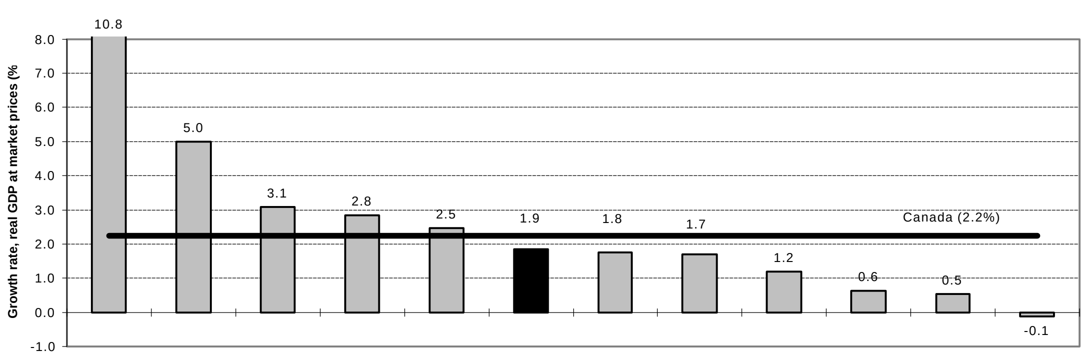
Population growth in the province has exceeded the national average in every year since 1987. In 1995, the province's population grew 2.5%, to 3.8 million. This was double the national growth rate (1.2%). Canada's population reached 29.6 million in July 1995.

Employment gains in British Columbia since the mid-1980s have exceeded those at the national level. Employment in the province has increased in every year since 1984, and the total number of jobs in British Columbia has grown 32% since 1981.

The index of aggregate economic activity, an alternative measure of economic growth which takes into account GDP growth, population gains, and employment, has increased by about 5% since 1990. Real GDP per capita in the province has remained virtually unchanged since the beginning of the decade.

Prices in the province continued to increase at above-average rates in 1995. The GDP implicit price index (IPI) rose 2.7% in 1995, compared to a 1.8% increase at the national level. Since 1986, the IPI has risen 39.3%, compared to a total increase of 27.6% for all of Canada. British Columbia's total increase since 1986 was the highest in the country. In other

BC's economic growth was below the national average in 1995. Real GDP at market prices increased 1.9%, while Canada's economy grew 2.2%



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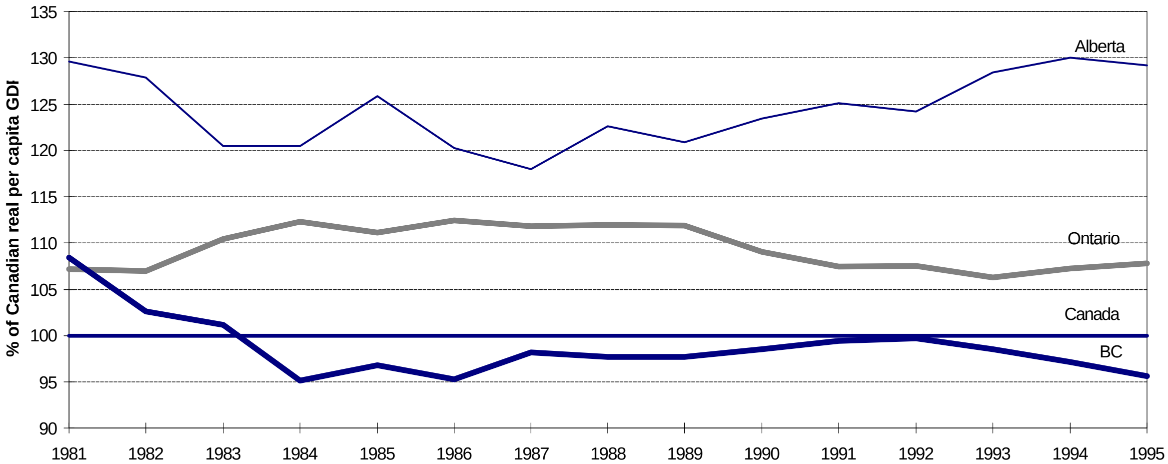
Real per capita GDP in British Columbia has remained slightly below the Canadian average since 1984



provinces, price increases have been more moderate, and the implicit GDP price index for other regions is closer to the Canadian average. Alberta (16.4%) has had a lower-than-average price level increase. The IPI is a weighted average of prices of consumer goods and services, machinery and equipment, construction, and the costs of exports and imports to and from the province. British Columbia's overall IPI has been influenced by price changes for some of the province's major export and import commodities, which have risen significantly during the last five years. However, these commodity price increases are responsible for only part of the difference in relative price changes over time.

Real GDP at factor cost (as reported in the Industry Account) rose 1.7% in 1995. This was below the national average (2.0%), and only the sixth-highest growth rate in the country. Yukon (11.5%), Ontario (2.9%), PEIand the Northwest Territories (both at 2.6%), and Manitoba (2.0%) all grew faster than British Columbia in 1995. Newfoundland (-0.4%) was the only province where GDP at factor cost declined in 1995.

A weak goods sector was responsible for British Columbia's relatively slow growth rate in 1995. GDP originating in the goods-producing industries was virtually unchanged (+0.1%) from the previous year. Major factors in this sluggish performance were declines in the construction (-4.5%) and utilities (-5.5%) sectors. The fishing and trapping industry also had a bad year, as GDP fell 28.9% in 1995. The salmon run was down significantly in 1995, contributing to the weakness in this industry. However, the mining sector posted strong growth of 13.4%, and real GDP in the logging industry was 2.0% higher than in 1994.

Growth in the service industries also slowed, falling from 5.1% in 1994 to 2.3% in 1995. Most industries in this sector posted slower growth. The only exceptions were business services (5.9%, up from 2.9%) and non-profit health services (4.1%, compared to 1.9% in 1994). GDP in the wholesale trade (-3.7%) and government services (-1.6%) industries declined in 1995.

Personal income, which is equal to total labour income, unincorporated business income, and transfer payments received from individuals, businesses and governments, rose 5.1% in 1995. The increase was the second-highest in the country (after PEI, at 8.3%), and above the national average (3.3%).

Personal disposable income (personal income net of taxes and other transfers to government) rose 5.1%, compared to a 2.8% increase at the national level.

On a per capita basis, personal income in British Columbia was $23,991, the third highest in the country. Per capita personal income in the province was up 2.4% from the previous year. This compares to a 2.1% increase at the national level, where personal income rose to $22,585 in 1995. Yukon ($25,800) and Ontario ($24,011) had the highest per capita personal incomes in the country.

In terms of personal disposable income, British Columbians had the second-highest income, per capita, in the country ($18,579). Yukon ($20,233) was the only region with a higher per capita personal disposable income. The national average was $17,262.

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highlights

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a weekly digest of recently released British Columbia statistics

Prices

- **British Columbia had Canada's lowest inflation rate for the seventh straight month in January.** The year-over-year increase in the province's Consumer Price Index (CPI) was 0.7%, compared to a 2.2% rise in Canada's all-items CPI during the twelve-month period ending in January. In all other provinces, the annual inflation rate was at or above two percent, with growth in the CPI ranging from 2.0% in Quebec and PEI to 3.1% in Nova Scotia. The recent low inflation in the province is a reversal of a previous trend of higher-than average inflation rates in BC. Since 1986, British Columbia's CPI has increased 39.0%, while the Canadian CPI has risen by a total of 37.1%. *Source: Statistics Canada*
- **A 1.3% decline in the cost of shelter was a major factor in BC's continued low inflation rate.** Clothing and footwear prices fell 0.3% in January. Nationally, the cost of shelter rose 0.4%, while clothing and footwear prices increased by an average of 0.1%. In BC, price increases for all major commodity groups were below the national average. The strongest increase was a 2.5% rise in the CPI for alcohol and tobacco products. Canadian prices for these goods were up 3.0%. Food prices rose 1.5% (compared to 2.2% nationally), and the cost of transportation increased 1.4% in BC, and 5.4% at the national level. *Source: Statistics Canada*
- **Vancouver's CPI rose only 0.4% during the twelve months ending in January.** In Victoria, the inflation rate was double that in Vancouver, at 0.8%. Inflation rates in other cities ranged from a low of 1.0% in Yellowknife to 2.8% in Edmonton, Calgary, Winnipeg and Halifax. *Source: Statistics Canada*

Business and Economics

- **After three years of double-digit growth, the value of BC product exports declined 6.4% in 1996.** Forest product exports were down 11.9%, while exports of automotive products (-17.4%) and industrial goods (-7.0%) also dropped sharply. On the positive side, exports of machinery and equipment (+17.2%), energy (+10.7%) and consumer goods (+8.3%) increased.

  BC's exports have been weak during 1996, largely as a result of slumping prices for forest products, which comprise the bulk of its exports. The decline in the province's exports during 1996 contrasts with the relatively strong growth in the value of exports at the national level. Canadian exports rose 4.0% (on a customs basis) in 1996. Exports of forest products were down 8.2%, but strength in other sectors more than compensated for the decline. Forest products make up only 14% of Canadian exports, but account for 58% of BC's total international sales. *Source: Statistics Canada*
- **Consumer spending in British Columbia increased 1.4% in 1996.** The growth in sales was considerably less than that experienced in recent years, and last year was the first time since 1985 that the increase in retail sales was below the national average (2.4%). BC's slower growth was due to a combination of factors, as lower volumes and below-average price increases both helped to pull growth in retail sales below the national average. Automotive dealers, service stations, and repair shops in the province posted a moderate 1.5% gain after two years of double-digit growth. Nationally, sales by automotive retailers were up 6.5% over 1995. Auto-motive products and services account for about a third of total retail sales. Sales by clothing retailers in BC were weak last year, declining 4.6% (compared to a 0.9% decline in Canada). However, food (+0.9%, compared to -1.8% nationally) and furniture (+2.4%, compared to -1.4%) retailers in the province had better-than-average growth in sales.

For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

Did you know...?
There are more pigs in eastern Canada than in the west. On January 1, there were an estimated 7.1 million hogs in Ontario, Quebec and the Maritimes, compared to 5.2 million hogs in the Prairies and BC. But we have more than twice as many cattle as eastern Canada.

British Columbia (+1.4%) had the third weakest sales in Canada (retail sales were unchanged in Ontario, and they declined 1.2% in Newfoundland). Saskatchewan (8.0%), Nova Scotia (6.9%) and Manitoba (6.1%) recorded the strongest gains in retail sales in 1996. BC (-1.0%) was the only province where seasonally adjusted retail sales declined between December 1995 and the same month last year. Canadian sales were up 4.3% in December, with the largest increase occurring in Saskatchewan (10.5%). *Source: Statistics Canada*

- **Wholesale sales in B.C. rose 3.4% in 1996.** The increase was below the national average (+4.3%), but higher than in Newfoundland (+0.4%), Saskatchewan (+1.0%), Quebec (+2.1%) and New Brunswick (+3.3%). Manitoba (+13.8%) recorded the strongest increase in wholesale sales in 1996. *Source: Statistics Canada*

- **BC manufacturer's shipments declined 3.7% during 1996.** Shipments by paper manufacturers were down sharply (-22.8%). In the wood products industry, shipments declined for the second consecutive year, falling 2.3% after decreasing 3.6% in 1995. Both the wood and paper industries had experienced strong growth in shipments since the beginning of the decade, fueled in part by large price increases for their products. Canadian manufacturers' shipments were up 2.9% in 1996. Shipments rose in all major sectors except the paper and allied products industry (-14.7%). Despite labour disruptions in the automotive sector last fall, the Canadian transportation products industry increased its shipments by 4.3% in 1996.

  BC was the only province where manufacturing shipments declined last year. Shipments were virtually unchanged in PEI (+0.2%), but in other provinces, increases ranged from 2.0% in Newfoundland to 10.0% in Saskatchewan. *Source: Statistics Canada*

Labour Market

- **Employees at small firms are two-and-a-half times more likely to be permanently laid off than those who work in larger firms.** In 1993, about 1 in 8 employees of small Canadian firms–and 1 in 35 employees of large firms–were permanently laid off. Compared to workers in large firms, the typical employee in smaller firms was younger, less educated, less experienced, and less likely to be a union member. These characteristics are all associated with a higher risk of permanent layoff. Increases in permanent layoffs are less sensitive to changes in the business cycle than other workforce adjustment mechanisms such as temporary layoffs, hirings and quits. *Source: SC, The Daily*

- **A survey of hiring intentions indicates that 36% of employers in Victoria and the Capital Region intend to hire more workers during the second quarter of 1997, while 6% foresee cuts.** Employers in Vancouver were less optimistic about job prospects, with 29% saying that they intended to hire more workers, and 8% indicating that they would be making cuts. Nationally, 25% of employers surveyed expected to hire more workers, and 9% anticipated a decrease in the number of jobs. *Source: Manpower Temporary Services*

Social Trends

- **Canadian governments spent $340 per capita on police, courts, corrections, legal aid and prosecutions in 1994/95.** Police costs comprised 58% of the total, with adult corrections (19%) making up the second-largest share. About a quarter of total justice service costs in Canada were funded by the federal government. *Source: SC, Juristat Vol 17, No.3*

- **In BC, justice expenditures (excluding federal spending) averaged $295 per capita in 1994/95.** This was slightly higher than the average for all regions of $286 per capita. Police services ($173) accounted for the largest share, followed by adult corrections ($38), courts ($36), legal aid ($28) and youth corrections ($20). On a per capita basis, legal aid spending in BC was the second highest in the country (after Ontario at $32). The provincial average was $22 per capita. *Source: SC, Juristat Vol 17, No.3*

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