BRITISH COLUMBIA

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highlights

a weekly digest of recently released British Columbia statistics

Prices

- **British Columbia's year-over-year inflation rate, as measured by the change in the consumer price index (CPI), decreased 0.2 percentage points to 0.9% in September.** The province's inflation rate was the third-lowest in the country, after PEI (0.7%) and Saskatchewan (0.8%). Nationally, the inflation rate stood at 1.6%, with provincial rates ranging from 0.7% in PEI to 2.2% in New Brunswick. BC's inflation rate has stayed below the national average since mid-1995, and has been the lowest in the country in 14 of the last 17 months.

  Last month, price changes in six of eight major categories were lower than the national average. The cost of transportation increased 1.8%, compared to 4.1% nationally. Shelter costs continued to fall, declining 2.0%. This helped offset higher-than-average increases in the cost of food (+3.6%, compared to +1.3%).
  Source: Statistics Canada

- **The average cost of a basket of goods and services increased 0.9% in both Vancouver and Victoria during the twelve-month period ending in September.** Yellowknife (0.2%), and Saskatoon and Charlottetown (both at 0.8%) were the only regional cities where prices increased less. At the high end of the scale were Whitehorse (2.3%), Thunder Bay (2.2%), St. John's and Saint John (both at 2.0%).
  Source: Statistics Canada

Labour Market

- **Workers in British Columbia earned an average $616 per week (seasonally adjusted) in August.** This was 0.4% more than in the previous month. Nationally, average weekly earnings declined 0.2% to $599 in August. Average earnings fell or were flat in eight of the twelve regions. Yukon (+1.2%), BC and PEI (both at +0.4%) and Manitoba (+0.1%) were the only regions where average weekly earnings were higher than in the previous month. *Source: Statistics Canada*

- **Self-employment was responsible for 39% (111,000) of the 282,000 new jobs created in British Columbia between 1989 and 1996.** During this period, the number of people who were self-employed increased 50%, rising from 223,000 to 334,000. At the same time, the number of people with jobs rose 19%, from 1.5 to 1.8 million. Nationally, the increase in self-employment was lower (25%), but self-employed workers accounted for more than three-quarters of total job growth during the decade. *Source: Statistics Canada*

- **There has been a shift in the nature of self-employment since the 1980s, when most of the growth was among business owners with paid employees.** During the 1990s, almost all growth in self-employment has been among entrepreneurs working by themselves. Forty-five percent of self-employed Canadians had employees in 1989, compared to just 38% last year.
  Source: Statistics Canada

The Economy

- **Retail sales were up 1.0% (seasonally adjusted) in August.** BC was one of only four regions where sales rose between July and August. Sales also increased in NWT (+1.2%), New Brunswick (+1.0%) and Ontario (+0.7%). Nationally, retail sales fell 0.1% in August.

Report **BC's gas industry**

Did you know...?
Twenty-nine percent of Fort Nelson-Liard's population is under the age of 15–more than in any other regional district. The average for BC is 20%. The Capital region (17%) has proportionally fewer children than any other region of the province.

Year-to-date, retail sales were 4.9% higher than in 1996. The increase in BC was below the national average (+7.5%), and New Brunswick (+0.8%) was the only region with lower sales growth. BC's slower-than-average growth is a reflection of the volatility that has characterized retailing in the province during 1997, with month-to-month growth rates ranging from a low of -6.0% to a high of +10.0%. *Source: Statistics Canada*

- **Wholesale sales in British Columbia inched down in August, falling 0.2% (seasonally adjusted).** The decline was part of a nation-wide trend which saw wholesale sales decrease 0.6% overall. Canadian sales of metals, hardware, plumbing and heating equipment were down 4.2%, and lumber and building materials wholesalers sold 3.1% less in August than in July. Sales were down in all provinces except Manitoba (+1.0%) and Ontario (+0.5%).

  Year-to-date, wholesale sales in the province were 7.0% higher than in 1996. This compares to a 12.1% increase at the national level, where sales have been boosted by double-digit gains in all three prairie provinces and Ontario.
  Source: Statistics Canada

- **Exports of BC products declined for the second straight month in August, falling 4.8%.** The decrease was due to lower international sales of forestry (-11.0%), energy (-8.3%), and agriculture and fish (-6.1%) products. However, exports of consumer goods were up sharply (+20.8%), and other value-added exports such as industrial goods (+9.8%), machinery and equipment (+9.5%) and automotive products (+8.5%) were also higher than in August 1996.

  British Columbia (-4.8%) and Newfoundland (-2.9%) were the only provinces where exports in August were lower than in the same month last year. Nationally, exports rose 3.3%, with the strongest gains occurring in Saskatchewan (+17.3%) and Manitoba (+9.2%). *Source: Statistics Canada*

- **Year-to-date, exports of BC products were 5.7% higher than in 1996.** The improvement was largely due to a 15.3% overall increase in exports of non-resource-based manufactured goods. This, together with 3.5% growth in forest exports, was enough to offset declines in energy (-4.2%), and agriculture and fish (-0.8%) products. Among provinces where exports increased, Quebec (+5.0%) and Saskatchewan (+1.2%) were the only provinces that recorded smaller gains than BC. Nationally, exports were up 6.1%, with the strongest increases occurring in Newfoundland (+18.3%) and PEI (+10.1%). Exports fell in Nova Scotia (-2.9%) and New Brunswick (-0.1%). *Source: Statistics Canada*

Travel and Tourism

- **Passenger vehicle traffic on the Coquihalla Highway was 3.0% lower in September than in the same month last year.** The number of passenger vehicles using the highway has been declining since 1995. However, commercial vehicle traffic has increased, and as a result toll revenues were slightly higher (+3.3%) than in September 1996.
  Source: Ministry of Transportation & Highways data

Income Assistance

- **The number of basic income assistance recipients in British Columbia continued to decline in August.** There were 257,773 British Columbians receiving income assistance in August, compared to 301,166 just a year earlier. The number of income assistance recipients has been declining since 1995, when 8.8% of the province's residents were receiving basic benefits. In August 1996, the comparable figure was 7.8%. It had fallen to 6.6% by August of this year.
  Source: Ministry of Human Resources Administrative Data

The Nation

- **Canada's composite leading indicator rose 0.8% in September.** Nine of the index's ten components increased, but the demand for housing continued to be weak, with the housing index falling for the fourth straight month.
  Source: Statistics Canada

Gas Industry at Fifteen Year High in Activity Level

1996–1997 has been an extremely active year for gas projects in British Columbia, with even more action expected in the coming months. The oil and gas industry in British Columbia makes a direct contribution of $1.3 billion per year in economic benefits to B.C. (an increase of 20% over the previous year); 60% of that comes from the natural gas industry, which directly and indirectly employs over 13,000 people in B.C. (Source: Ministry of Employment and Investment). Some of the activity in this industry is highlighted below.

Northeast Development Region

A review of the *Major Projects Inventory* shows that three gas processing plants were completed in northeastern B.C. since March 1997, with three more plants proposed for the Taylor area.

The two Novagas Canada Ltd. proposed plants (Taylor Straddle and West Stoddart) are competing against Solex Gas Liquids Ltd.'s Younger plant expansion, which has already received its regulatory approvals to proceed. The National Energy Board will be deciding, probably in the fall of 1997, whether gas shippers have the right to direct their supplies to the facility of their choice, or whether Westcoast Energy Inc. retains effective control of the gas stream.

Also in the background for this area is the proposed Alliance Pipeline project. Alliance Pipeline (a consortiumincluding Westcoast Energy Inc.) is proposing a 3,000 km pipeline to service the Chicago market. The expanding Chicago market, plus the advantage of a price differential between gas currently supplied to Chicago and Alberta/B.C. gas, make this project attractive. The National Energy Board commences hearings on this project on November 17, 1997, and a decision is expected early in 1998.

North Coast/Nechako Development Region

The PAC-RIM LNG (Liquefied Natural Gas) plant proposed for Kitimat or Prince Rupert and associated 500–600 km pipeline starting from near Prince George to the plant is intended to service export markets in the Pacific Rim, in particular, Korea. The company is currently negotiating with gas producers for gas supply. The $1.2 to $1.3 billion project would generate approximately 3,000 person years of employment in construction.

Southern B.C. (Mainland Southwest, Thompson/Okanagan, Kootenay Development Regions)

Activity is strongest in southwest B.C. because core market demand (e.g., population growth) is strong and there is the opportunity for third party revenue from other shippers. A 1994 Discussion Paper produced by the then-named Ministry of Energy, Mines and Petroleum Resources predicts some of the activity being seen today. What is unexpected is the variety of proponents seeking to supply the market. Since Westcoast Energy WEI) operates the main pipeline bringing gas from northeastern B.C. to southern markets, it was assumed that a third looping (paralleling) of the WEI pipeline would be almost inevitable. Further studies indicated that perhaps LNG facilities were more viable. Currently, four LNG proposals and three pipeline proposals are racing to wedge into the expansion market. Some of these projects are regulated under the National Energy Board, others through the B.C. Utilities Commission, and still others through the U.S Federal Energy Regulatory Commission.

BC Gas' Southern Crossing Pipeline project, soon to undergo hearings at the B.C. Utilities Commission, proposes to reduce the dependency of B.C. markets on any one pipeline, citing significant outages in the winter months of 1996/97 at WEI's gas processing plants supplying the pipeline. The Southern Crossing project would mostly parallel the existing BC

Gas pipeline from Alberta Natural Gas's pipeline near the Alberta border, to have capability to flow in either direction, and in later stages would link to the WEI pipeline. BC Gas is also proposing an LNG facility of 2–3 Bcf (billion cubic feet) costing between $90 and $117 million; the in-service date would be approximately three years after the pipeline's in-service date of November 1999. WEI's response has been to propose a 3 Bcf LNG plant at McNab Creek near Squamish ($120 million capital cost), with an in-service date of early 1999, and other pipeline improvements in stages by Northwest Pipeline Corporation. WEI's subsidiary, Westcoast Gas Services Inc., has already submitted an application for the LNG plant environmental approval under the BC Environmental Assessment Act.

Several other players have jumped in to challenge BC Gas' projects. Two U.S. companies are proposing LNG facilities just south of the border into Washington State. Williams International Pipeline Company is proposing to construct and operate, at Sumas, a three Bcf LNG plant at a cost of $89 million as a viable alternative to the Southern Crossing Project. Pacific Gas Transmission Company is proposing a two or three Bcf LNG storage facility at Cherry Point, Washington at a cost of $89–$118 million.

Alberta Natural Gas Co. Ltd. is proposing the 560 km. Kootenay Pacific Pipeline Proposal which would substantially follow BC Gas' current pipeline route, as in the Southern Crossing Project, at a cost of $300 million. Northwest Pipeline Corporation (a subsidiary of The Williams Companies which also owns Williams International Pipeline) is proposing to construct a pipeline called the Columbia Gorge Expansion project to bring gas to B.C. The estimated cost is up to $132 million.

The B.C. Utilities Commission will review BC Gas' proposals at hearings starting on October 14, 1997, and direct them to the most viable option whether it is BC Gas' proposals or another company's, with whom BC Gas could be directed to enter into a contract. A decision is likely by early 1998.

Vancouver Island/Coast Development Region

Adding to the need to build capacity to meet gas demand are two gas cogeneration plants announced over the past year for Vancouver Island. The Island Cogeneration Project (Fletcher Challenge Energy Ltd. and Westcoast Power Inc.) near Campbell River is proposed for a 1999 in-service date, to generate 240 MW of electricity and is currently submitting an application for a project approval certificate under the B.C. Environmental Assessment Act. CU Power Ltd. (an Atco company) has more recently been announced as a potential cogeneraton project for the Port Alberni area, to generate 240 MW of power with an in-service date in the year 2000. Gas pipeline additions to serve the Vancouver Island market, through additional compressor stations or new pipelines, are being actively considered by several proponents.

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Note: the views expressed in this article are those of the author alone and should not be construed as having any link to the position of any B.C. government agency or person.

Infoline

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BC at a glance . . .

POPULATION (thousands)	Jul 1/97	% change on year ago
BC	3,933.3	2.0
Canada	30,286.6	1.1
GROSS DOMESTIC PRODUCT		% change
(BC - at market prices - $ millions)	1996	on year ago
Current Dollars	103,631	1.7
Constant (1986) Dollars	74,001	1.0
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Aug	2,864	-1.5
Merchandise Exports (raw) Aug	2,047	-4.8
Retail Sales (seasonally adjusted) Aug	2,756	5.9
CONSUMER PRICE INDEX		% change
(all items - 1986=100)	Sep '97	on year ago
BC	139.9	0.9
Canada	138.1	1.6
LABOUR FORCE (thousands)		% change
(seasonally adjusted)	Sep '97	on year ago
Labour Force - BC	2,032	2.4
Employed - BC	1,851	2.9
Unemployed - BC	181	-2.2
		Sep '96
Unemployment Rate - BC *(percent)*	8.9	9.3
Unemployment Rate - Canada *(percent)*	9.0	10.0
INTEREST RATES (percent)	Oct 22/97	Oct 23/96
Prime Business Rate	5.25	5.25
Conventional Mortgages - 1 year	5.65	5.60
- 5 year	6.70	7.40
US/CANADA EXCHANGE RATE	Oct 22/97	Oct 23/96
(avg. noon spot rate) Cdn $	1.3911	1.3438
US $ *(reciprocal of above rate)*	0.7189	0.7442
AVERAGE WEEKLY EARNINGS		% change
(industrial aggregate - dollars)	Aug '97	on year ago
BC	619.00	0.9
Canada	598.58	1.5

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 Financial Statistics

New Census Series Launched on BC STATS' Web Site

Our popular ***Census Fast Fact*** series is being updated as data from the 1996 Census becomes available. The first two issues, *Where do the young and old live?* and *Population Living on Indian Reserves*, are now on our Internet site, as are the complete set from the 1991 Census. Look for issues on the family and marital status to be released soon.

Released this week by BC STATS

- Consumer Price Index, September 1997

Next week

- Exports, July 1997
- Earnings and Employment Trends, July 1997
- Business Indicators, October 1997
- Current Statistics, October 1997

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