BRITISH COLUMBIA

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highlights

a weekly digest of recently released British Columbia statistics

Consumer Prices

The province recorded its lowest-ever annual inflation rate (0.8%) in 1997, and average prices rose less than one percent for the second straight year (the inflation rate in 1996 was 0.9%). BC's inflation rate was the lowest in the country. The Canadian inflation rate was 1.6%, with the largest annual price increases occurring in Manitoba (2.2%), Alberta and Nova Scotia (both at 2.1%). Yellowknife (0.1%), Vancouver (0.6%) and Victoria (0.9%) were the only Canadian cities with an inflation rate of less than one percent.

Declining shelter costs were the major factor keeping price increases in the province under one percent last year. Shelter costs fell for the third straight year, decreasing 1.5% in 1997. The cost of transportation in the province was up 0.9%, but prices in all other expenditure categories rose by amounts ranging from 1.2% for recreation, education and reading materials to 2.5% for food. Food prices in the province increased more than the national average (1.5%).

Source: Statistics Canada

- **British Columbia's consumer price index (CPI) was 0.4% higher in December than in the same month of 1996, giving BC the second-lowest year-over-year increase in the country.** Saskatchewan (0.1%) had Canada's lowest inflation rate in December. The Canadian inflation rate was 0.7%, with increases in the CPI kept to one percent or lower in all provinces except Alberta (+1.4%).

Average prices in Vancouver edged ahead only 0.2% during the twelve-month period ending in December. Saskatoon (0.1%) was the only major centre with a lower inflation rate. In Victoria, average prices increased 0.5%. Yellowknife was the only Canadian city where average prices fell. Its CPI was 0.7% lower than in December 1996.

Source: Statistics Canada

The Economy

- **The value of BC product exports rose for the first time in five months in November.** Exports were up 1.9% over the same month of 1996. The increase occurred despite a 4.5% drop in the value of forest products exported from the province. BC exported more automotive (+95.9%) and energy (+17.8%) products, and sales of machinery and equipment were 9.2% higher than in November 1996. Exports were up 5.9% nationally, and rose in six of the ten provinces. PEI (+33.3%) posted the largest gain.

November marked the beginning of the latest slide in the value of the Canadian dollar. A lower Canadian dollar may have helped boost the demand for some exports. However, it should be noted that prices for some commodities are set in international markets and are often denominated in US funds. In these cases, a devaluation of the Canadian dollar would mean that producers would be paid more (in Canadian funds) for their exports. How much of the increase in the value of exports was due to exchange rate driven price increases as opposed to higher volumes is difficult to say at this time.

Source: Statistics Canada, BC STATS

- **The impact of the Asian "flu" is evident in the November export data.** BC's exports to Japan reached their lowest level in almost two years, dropping 24.2% to $355 million, and exports to Asian APEC countries fell 13.6%. However, exports to the European Union rose 42.3% to $202 million, and US exports increased 4.2%.

Source: BC STATS

Report BC's Labour Market–the New Reality

Did you know...?
British Columbians spent an estimated $650 million on charitable gaming in 1996/97.

- **British Columbia produced an estimated 27.9 million metric tonnes of coal in 1997.** This was 9.7% more than in the previous year. However, as a result of lower prices in international markets, the value of the province's coal production increased at a slightly lower rate of 9.0%, to $1.1 billion. BC produced just over a third of all the coal in Canada last year. Nationally, coal production was up 3.4% to 78.5 million metric tonnes, but the value of coal production fell 0.3% to $1.9 billion.

  Source: Statistics Canada

- **Shipments by British Columbia manufacturers were up 0.4% (seasonally adjusted) in November.** The increase was the first since July. Non-durable goods shipments were 0.8% higher than in October, largely due to strong growth in the plastics (+12.7%), beverage (+5.5%) and refined petroleum and coal products (+4.4%) sectors. Paper and allied shipments were unchanged from the previous month. In the durables sector, shipments were flat (+0.1%). A 0.7% increase in wood shipments was offset by declines in the machinery and equipment (-6.9%), transportation equipment (-6.4%) and primary metals (-6.7%) sectors.

  Canadian shipments were down 0.3% in November, as shipments fell in six of the ten provinces. Manitoba (+2.5%), Alberta (+1.5%), Nova Scotia (+0.8%) and BC were the only provinces where shipments increased.

  Source: Statistics Canada

- **Retail sales fell 1.1% (seasonally adjusted) between October and November.** The decline in sales was part of a nation-wide trend, with sales falling in all regions of the country except Yukon, where they were up 2.6%. Nationally, sales were down 1.2% in November. Declines in other provinces ranged from 0.1% in Newfoundland to 3.1% in PEI.

  Source: Statistics Canada

- **Wholesalers in the province also sold less in November than in the previous month.** The value of wholesale sales in British Columbia fell 1.2% (seasonally adjusted) in November. Wholesale sales decreased 0.8% nationally, and were down in all provinces except Manitoba (+6.0%). The largest declines were in PEI (-15.3%) and Saskatchewan (-7.8%).

  Source: Statistics Canada

Teenage Pregnancies

- **In 1994, teenagers (aged 15–19) in Canada gave birth to 24,700 babies.** These births represented only about half of the 47,800 teenage pregnancies that year. An estimated 21,000 women in this age group had abortions, while another 2,000 had a stillbirth or miscarriage that required hospitalization.

  The incidence of teenage pregnancy has declined during the twenty-year period ending in 1994. There were 48.8 teen pregnancies per 1,000 women aged 15–19 in 1994, compared to 53.7 per 1,000 (or a total of 61,242 pregnancies) in 1974. However, despite the long-term decline, the teen pregnancy rate has been increasing since 1987, when it was 41.1. BC's teen pregnancy rate was 40.7 in 1994, down from 70.3 in 1974. *Source: SC, catalogue 82-003-XPB*

- **The outcome of teen pregnancies has changed significantly since 1974, when 66% ended in a live birth, and 26% were terminated by abortion.** In 1994, just over half (51%) of all teen pregnancies resulted in a live birth, but almost as many (45%) ended in abortion. The teenage hospital abortion rate in BC was 16.6 per 1,000 women (compared to 26.7 in 1974), while the live birth rate was 22.2 (down from 38.8 twenty years earlier). *Source: SC, catalogue 82-003-XPB*

Diabetes

- **One in ten Canadian seniors is diabetic**. This compares to just over 4% of those in the 45 to 64 age group and about 1% of those aged 25–44. Data from the 1994/95 National Population Health Survey suggest that diabetes is more prevalent in low income families than in families with higher incomes. About 6% of 45–64-year-olds with incomes between $10,000 and $29,000 reported having diabetes, compared to 3% of individuals in the same age group with household incomes over $60,000.

  Source: SC, catalogue 82-003-XPB

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Infoline Report:
January 23, 1998

BC's Labour Market – The New Reality

Originally published in December 1997 issue of *Business Indicators.* An annual subscription is $60 + GST

Overview

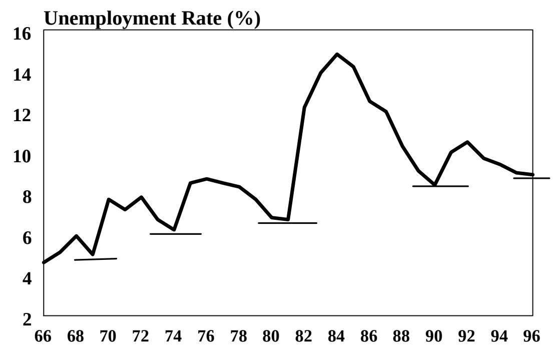
- The high growth in employment of the latter part of the 1980s has moderated. In recent years, net new jobs have just managed to keep pace with population growth; however, the proportion of the population with jobs today is close to an historical high.
- The 1990s have seen major growth in the high-skilled occupations that require workers with post secondary certificates or degrees.
- In the five year period between 1989 and 1994, the real earnings of those without a post secondary credential decreased. Only university and college graduates were able to earn enough to keep up with the increased cost of living.
- Youth, who have always had significantly higher unemployment rates than the rest of the population, have suffered further major setbacks in the 1990s.

An Historical Perspective

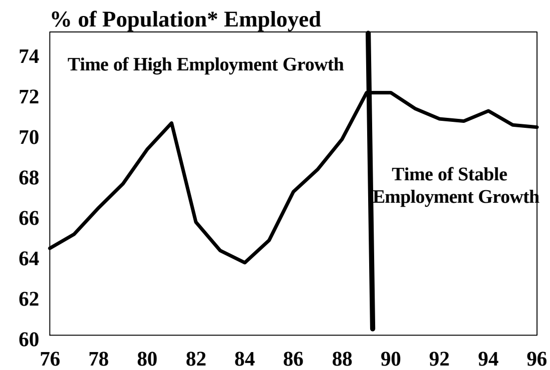
The common pictorial representation of the labour situation in western economies is the continued ratcheting-up of unemployment rates. BC's labour market has been no exception. While the extraordinarily high levels of unemployment experienced in the early 1980s have not been repeated, the low points in the unemployment rate (which represent the best of times in the economic cycle) continue to climb. From the chart below, it would appear that BC's labour market has been continuously deteriorating over the years.

However the unemployment rate shows only one aspect of the labour market. Job creation has been very strong in BC over the last decade, substantially outpacing population growth in the latter half of the 1980s. Over the last five years, although growth has moderated, it has kept up with the population increase. The 1990s have been a time of relatively stable employment rates at historically high levels.

The BC Unemployment Rate Has Been Ratcheting Up Over the Last 30 Years



The Rosy Side of the Picture is that a Growing Proportion of the Population have Jobs



*Population Age 15-64

The past twenty years can be divided into two distinct periods. Up until 1989, the overriding dominant dynamic of the labour market was the increase in the participation rate of women. The proportion of the population who wanted jobs and were able to find jobs was on a definite upward trend.

The British Columbia job market was able to accommodate this large growth in the demand for jobs primarily as a result of increased demand by families to purchase services normally provided by women in the home, such as child care, fast food services, house cleaning, etc. Also, demand for public services in the health, education, and social services sectors was on the upswing. Many of the new jobs required skills in which women were well trained. Between 1976 and 1989, the proportion of women with paid employment climbed from 48 per cent to 63 per cent.

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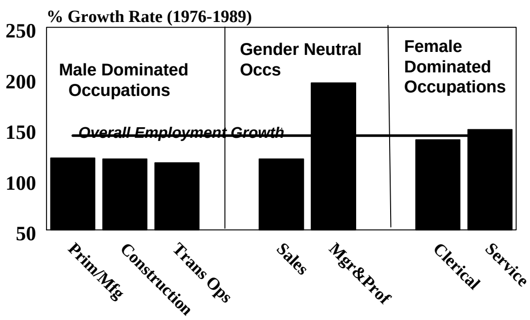
On the other side, the demand for the types of skills that men traditionally held, particularly in the manufacturing and natural resource extraction sectors, was declining in importance in the economy. This shift was essentially due to technological advances enhancing labour productivity and thus reducing labour demand for skills traditionally held by men.

The Male Dominated Occupations Fell Behind



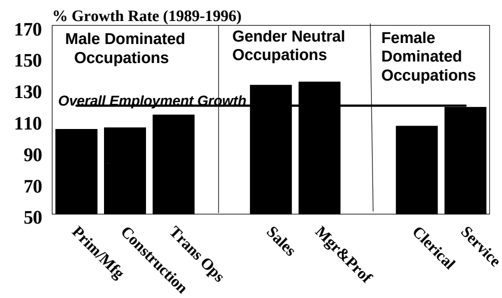
This is not to say that men fared poorly over the 1980s. In the late 1980s, the proportion of men aged 15 to 64 who had jobs was 80 per cent, a level comparable to that of the late 70's. In other words, employment growth for men kept up with their growth in population. Male jobs lost in the manufacturing and primary industries were offset by management and professional job growth. Women, as well as men, benefited from high growth in this area.

Aside from the dramatic gender differences in this era, there was also a skill mix shift. High growth in the lower skilled/lower wage service sector and high growth in the higher skilled/higher wage managerial and professional occupations, was polarizing the BC labour market into so called "good jobs/bad jobs". Another term used to describe this trend was "the declining middle class".

The 1990s: A Time of Stability?

Since 1989, there has been relative stability in the proportion of the population who have jobs. (The average hours worked per employed person have also not changed although there have been shifts in the distribution of hours, to more people working part-time countered by more working over 40 hours per week.) However, there have been dramatic shifts in the types of jobs available in the 1990s. Below we will look at what these shifts have been and how they have impacted different groups in society.

In the 90's, the Gender Neutral Occupations Have Been the High Growth Areas

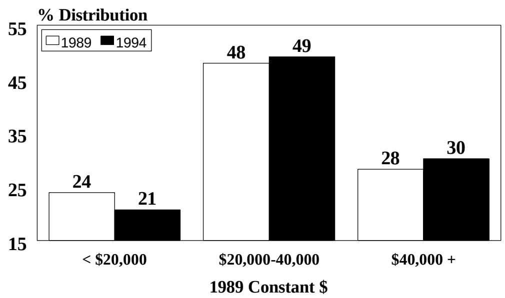


In the first half of the 1990s, there have been further shifts in the employment mix favouring women. However, the higher growth in the gender neutral occupations has meant less dramatic shifts compared to the 1980s in the male/female status quo. The employment rate for women has nudged up from 63 per cent of the population to the current level of 64 per cent. The employment rate for men has fallen from 80 to 77 per cent. Most of this decline has impacted younger men.

The major issue to note in the above graph is the continuing high growth in the managerial/professional group. The theme for the 1990s is that more than half all jobs created have been in this high-skilled group. The educational attainment of the workforce further emphasizes this change. In 1990, 40 per cent of the employed had completed either a college certificate/diploma or a university degree. As the lesser-educated portion of the workforce retires and the well-educated young find jobs, that proportion has climbed dramatically. In just six years, there has been a 10 percentage point increase to 50 per cent of the employed workforce now holding a post-secondary credential.

In terms of skills demanded by employers, the pay structure reflects the increase in demand for higher skilled employees. Contrary to what occurred in the 1980s with the low and the high paid jobs increasing while the mid-range jobs declined in importance, the first half of the 1990s saw the low paid/unskilled jobs decline significantly in importance in favour of the middle and higher paid jobs.

Distribution of Full-time/Full-year Earners
Low Pay Jobs Are Declining in Importance



The shift from low to higher paid jobs has benefited only post secondary graduates. When the inflation rate of 20 per cent is taken into account, the lesser-educated saw a real decline in earnings between 1989 and 1994.

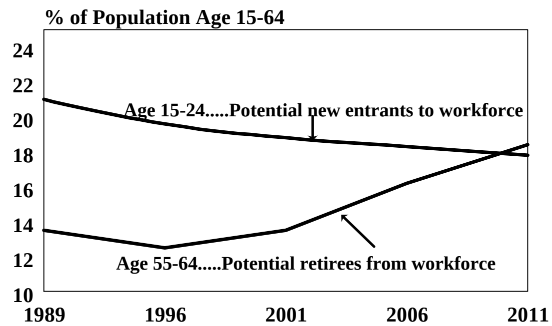
Youth Have Been the Real Losers in the 1990s.

Between 1989 and 1996, the proportion of the young, age 15 - 24, who had jobs declined from 65 per cent to 53 per cent. This represents close to a 2 percentage point decrease annually over the 7 year period. On the positive side, the young have not been idle as their school participation has increased to a level that almost offsets their lack of job opportunities. Currently, 51 per cent attend school full-time compared to 43 per cent in 1989. But unemployment remains high and the gap between the unemployment rates for the young and the rest of the workforce continues to widen.

Prospects for the Youth of Today and the Youth of Tomorrow

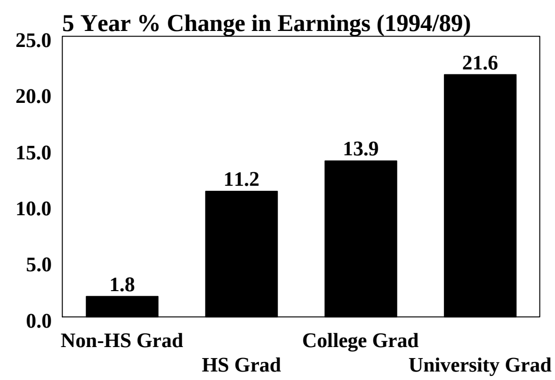
One reason why this generation of young are finding it so difficult to obtain work is demographics. They are the “echo” (children) of the baby boomers and constitute a bulge flowing into the labour market that far exceeds the outflow of retirees. This coupled with downsizing in the public sector, which had traditionally been an important source of employment for the well-educated young, has resulted in a lack of job opportunities for youth. Most likely, over the next 10 to 15 years their plight will be reversed as the baby boomers themselves reach retirement age and labour shortages occur. While the age structure works against them at the beginning of their careers, the signs are that the age structure will work to their advantage in the latter part of their working lives. (This is the opposite of their parents’ working life profile.) But until then, this is the group that is most at risk.

In the 90's, Not Enough Jobs
Are Opening Up for the Young



Education seems to be the key to ensure the young are ready for the job market of the 21st century, even though they may not be able to find jobs immediately that match their skills.

The chart below shows the increasing importance of education for new entrants to the labour market. In the 1990s, recent University Graduates are already earning more than twice ($32,000) that of high-school drop-outs ($15,000) of the same age. There are strong indicators that this gap in earning power by education level will increase throughout their working lives.



***Includes only those age 25 - 34**

Source: Statistics Canada SCF

More than ever before, providing education and training opportunities for the young will be a critical factor in ensuring their futures.

Infoline

January 23, 1998

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BC at a glance . . .

POPULATION (thousands)	Jul 1/97	% change on one year ago
BC	3,933.3	2.0
Canada	30,286.6	1.1
GROSS DOMESTIC PRODUCT		% change on
(BC - at market prices - $ millions)	1996	one year ago
Current Dollars	103,631	1.7
Constant (1986) Dollars	74,001	1.0
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Nov	2,816	-2.6
Merchandise Exports (raw) Oct	2,014	-14.2
Retail Sales (seasonally adjusted) Nov	2,731	0.2
CONSUMER PRICE INDEX		% change on
(all items - 1986=100)	Dec '97	one year ago
BC	139.2	0.4
Canada	137.8	0.7
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Dec '97	one year ago
Labour Force - BC	2,011	-0.4
Employed - BC	1,838	-0.3
Unemployed - BC	172	-2.2
		Dec '96
Unemployment Rate - BC *(percent)*	8.6	8.7
Unemployment Rate - Canada *(percent)*	8.6	9.7
INTEREST RATES (percent)	Jan 21/98	Jan 22/97
Prime Business Rate	6.00	4.75
Conventional Mortgages - 1 year	6.40	5.20
- 5 year	6.85	7.25
US/CANADA EXCHANGE RATE	Jan 21/98	Jan 22/97
(avg. noon spot rate) Cdn $	1.4438	1.3353
US $ *(reciprocal of above rate)*	0.6926	0.7489
AVERAGE WEEKLY EARNINGS		% change on
(industrial aggregate - dollars)	Oct '97	one year ago
BC	615.79	0.2
Canada	597.26	0.3

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 Financial Statistics

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Released this week by BC STATS
- Consumer Price Index, December 1997
- Small Business Quarterly, Third Quarter 1997

Next week
- Business Indicators, January 1998
- Current Statistics, January, 1998
- Migration Highlights, Third Quarter 1997
- Exports, November 1997

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