

highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **BC manufacturers surveyed in January remained relatively pessimistic about their prospects in the first quarter of 2001.** Twenty-seven percent expected production to fall, compared to just 9% who anticipated increases, for a balance of opinion of -18 percentage points. Similarly, the number expecting new orders to decline (36%) was much higher than the number who anticipated that they would increase (9%). The outlook has worsened since the fourth quarter of last year, when the balance of opinion on production was -8, and on new orders, -7. A third (33%) of manufacturers surveyed in January thought their inventory of finished product would be too high, while 5% expected it to be too low.

Shortages of working capital (4%), skilled labour (5%) and raw materials (4%) are not expected to pose problems for most manufacturers. However, 25% indicated that they anticipate other difficulties during the first quarter. The outlook of BC manufacturers has not been this pessimistic since early 1998.

Similarly, Canadian manufacturers reported the gloomiest outlook that they have had since the early 1990s. The balance of opinion on production was -28, with 44% of manufacturers expecting production to fall in the first quarter. Nearly half (49%) of manufacturers expected their new orders to decline, compared to just 12% who anticipated increases. Similarly, just under a third (31%) thought their inventories would be too high.

Source: Statistics Canada

Oil and Gas Production

- **Preliminary estimates show that the value of BC's oil and gas production reached \$4.5 billion in 2000, more than double the \$2.1 billion produced in the previous year.** Natural gas pro-

duction rose from \$1.6 billion to \$3.3 billion during this period. BC's production of crude oil increased from \$0.4 billion to \$0.7 billion, while the value of natural gas by-products grew from \$0.1 billion to \$0.4 billion between 1999 and 2000.

Canada's oil and gas producing provinces have benefitted from the sharp jump in prices during the last year. The rise in the value of BC's oil and gas production in 2000 was almost entirely price-driven, although the volume of oil (+9.4%) and gas (+2.6%) extracted in the province also increased. Total Canadian production of oil and gas was valued at \$64.4 billion last year, up from \$35.4 billion in 1999. Nationwide, the volume of oil (+8.2%) and gas (+2.4%) produced rose only modestly.

By volume, just over two-thirds (69%) of the crude oil, and 81% of the natural gas, produced in Canada last year was pumped out of the ground in Alberta. BC is Canada's second biggest producer of natural gas, with 13% of total production. Other gas-producing provinces include Saskatchewan (4%) and Nova Scotia (2%). After Alberta, Saskatchewan (20%), Newfoundland (7%) and BC (2%) are the main Canadian crude oil producers.

Source: Statistics Canada

Computer Services

- **In 1998, there were 3,580 firms producing custom software products and computer systems in BC, and providing other types of professional systems design services.** These firms earned revenues totalling \$1.1 billion. Professional services (81%), data processing (5%) and hardware sales (3%) were the major sources of revenue for these firms. Eleven percent of their revenues were from foreign sources.

Another 293 firms located in BC were in the software publishing business. Most of their \$622 million in revenues came from software design (65%) or

Did you know...

Americans spend more money travelling outside their country than people from other parts of the world. Among Canadian cities, Vancouver benefitted the most from their footloose habits in 1999. The largest flow of visitors from a state to a Canadian city was from Washington to Vancouver.

professional (29%) services. BC's software publishing firms are more export-oriented than their counterparts in other provinces. Over half (\$332 million) of total revenues in 1998 came from foreign sources. By comparison, exports accounted for about a quarter (\$1.2 billion) of the \$4.2 billion of revenues earned by Canadian software publishers. A small number (37) of data processing firms, with total revenues of \$94 million, were also doing business in BC in 1998. *Source: SC, Catalogue 63-222-XPB*

- **Average wages in BC's computer services industry during 1998 ranged from \$45,000 for those working in data processing firms to \$57,000 in computer systems design companies.** Wages in the data processing and computer systems design industries were higher than the Canadian averages of \$41,000 and \$54,000, respectively. However, British Columbians working in software publishing earned significantly less (\$54,000) than their counterparts in Ontario (\$62,000) and Alberta (\$62,000). The national average (\$58,000) was boosted by the high wages in these two provinces.

Source: SC, Catalogue 63-222-XPB

- **Ontario-based firms accounted for more than half (54%) of the \$12.0 billion in revenues earned by Canadian computer systems design firms in 1998.** Quebec (20%) was a distant second, in terms of size, followed by Alberta (11%) and BC (9%). Ontario (55%) also dominated Canada's software publishing industry, which took in \$4.2 billion in revenues in that year. The industry in Quebec (18%) was only a little bigger than in BC (15%), but nearly twice as large as in Alberta (10%). *Source: SC, Catalogue 63-222-XPB*

Engineering

- **Engineering firms in the province generated revenues of \$1.2 billion in 1998, 0.2 billion of which came from foreign sources.** Design (49%) and advisory (26%) services, as well as project management (8%) are the main sources of revenue for firms in this industry.

Source: SC, Annual Survey of Engineering Services

The Nation

- **Large firms (those with annual revenues in excess of \$75 million) were the most profitable Canadian businesses in 1999, showing an average return of 7.3% on their assets.** This compares to 6.6% in 1998. Medium-sized firms (with revenues between \$5 million and \$75 million) saw their rate of return rise from 4.0% to 5.6% during the same period. For small companies with revenues of at least \$50,000 (but less than \$5 million), the return increased from 5.0% to 5.6% between 1998 and 1999. While profit ratios for all sizes of firms rose during the 1990s, large firms have made the biggest gains. In 1992, the spread between the rate of return for large firms (about 3%) and small and mid-size organizations was less than half a percent. By the end of the decade, the size of the gap had grown to 1.7 percentage points. *Source: SC, The Daily*
- **The most profitable goods-producing industries (large and mid-sized firms) in 1999 were manufacturers of rubber products (16.7%), household appliances (15.0%), and motor vehicles, parts and accessories (13.5%).** Within the service sector, mid-to-large size firms in travel services (19.3%), computer and related equipment (12.7%), and other general merchandising (12.7%) fared the best. Among small firms, the health and social services industry continued to top the list. *Source: Statistics Canada*
- **Canada's economy stalled in November, with GDP increasing just 0.1% as North American demand for auto products slowed.** Output in the goods sector was flat (+0.0%). Declines in the manufacturing (-0.5%), fishing (-1.8%) and logging (-3.0%) industries were offset by stronger performances in mining (+0.6%), construction (+0.7%) and utilities (+1.1%). Growth in the service sector weakened, falling to +0.1% as most industries showed little or no growth. Communications (+1.0%) and accommodation and food services (+0.9%) were the only ones to post significant gains. *Source: Statistics Canada*

highlights, Issue 01-05
February 2, 2001

Infoline Report: The B.C. labour market in 2000

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Research, Evaluation & Accountability

Min. of Advanced Education, Training & Technology

Originally published in the December 2000 issue, *Labour Force Statistics*. Annual subscription: \$60 + GST

Employment Gains . . . The B.C. goods sector saw faster employment growth than services, contributing to about 40 per cent of the net employment gains seen in 2000. Goods sector employment was led by growth in other primary goods (logging, mining and oil & gas), due mainly to the weakness in this sector in the first half of 1999. Manufacturing was also up strongly in 2000, while construction employment was down slightly compared to 1999's level. In services, most subsectors saw little change, with most of the growth coming from management, administration and business support services, education services, and accommodation and food services.

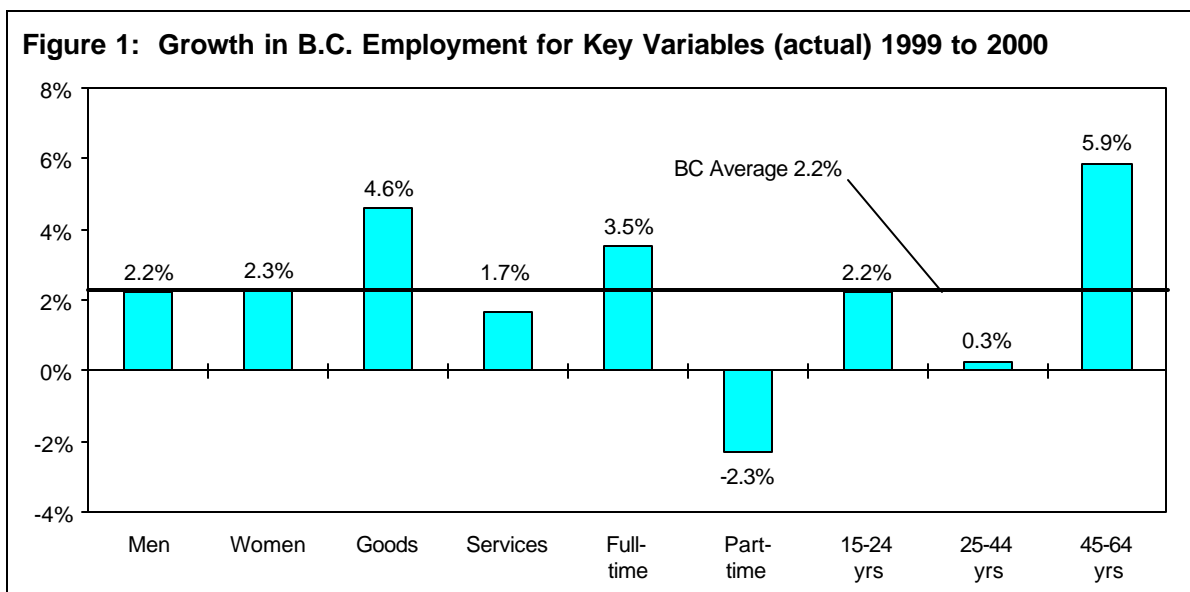
All of B.C.'s employment growth in 2000 was seen in full-time workers which expanded by 3.5 per cent (up 53,000), and this more than offset the 2.3 per cent decrease (down 9,500) in part-time employment. Within full-time employment

gains, men saw growth of 4.1 per cent, compared to 2.6 per cent growth for women.

The fastest employment growth by class of worker in 2000 was seen by private sector employees (up 4.8 per cent) which, when combined with more modest growth in public sector employment, more than offset a 6.6 per cent decrease in self-employment.

Employment growth of 5.9 per cent for persons aged 45 to 64 was bolstered in part by demographics, as the numbers of baby boomers entering this cohort strongly exceeds pre-baby boomers leaving the cohort, plus the fact those entering the cohort have a higher employment rate than those exiting. The 25 to 44 age group saw much more modest employment growth, while youth aged 15 to 24 saw employment growth matching the overall provincial average of 2.2%

Figure 1: Growth in B.C. Employment for Key Variables (actual) 1999 to 2000

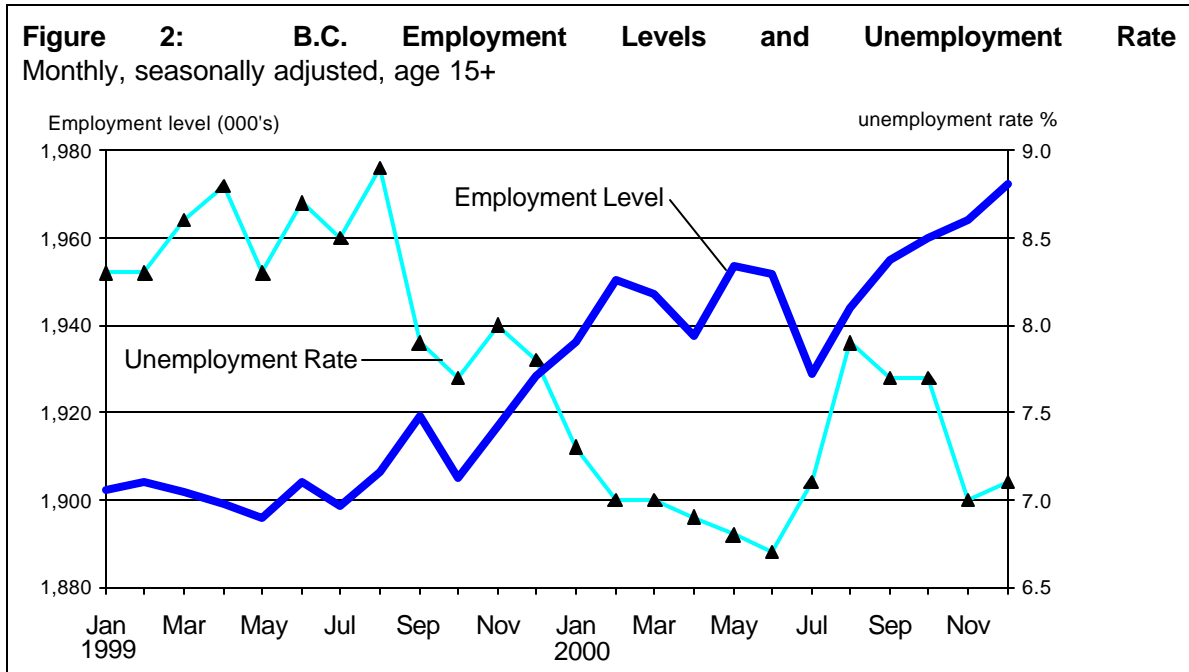


Employment and Unemployment Rates During 2000 . . . As noted in Figure 2, employment levels have generally been increasing and unemployment rates have been falling over the

past two years. Following a pause in employment levels in the first seven months of 2000, employment in B.C. has been growing steadily since July 2000. The B.C. unemployment rate,

which saw some increase in August though September as labour force participation rose,

has fallen back to near the 7 per cent level in November and December.



Unemployment Changes in 2000 . . . The provincial annual average unemployment rate for 2000 fell to 7.2 per cent, down from 8.3 per cent in 1999. The estimated number of unemployed persons fell by 22,100 to stand at 150,600 in 2000. The decrease in numbers of unemployed persons was seen in all three core working age groups for both women and men.

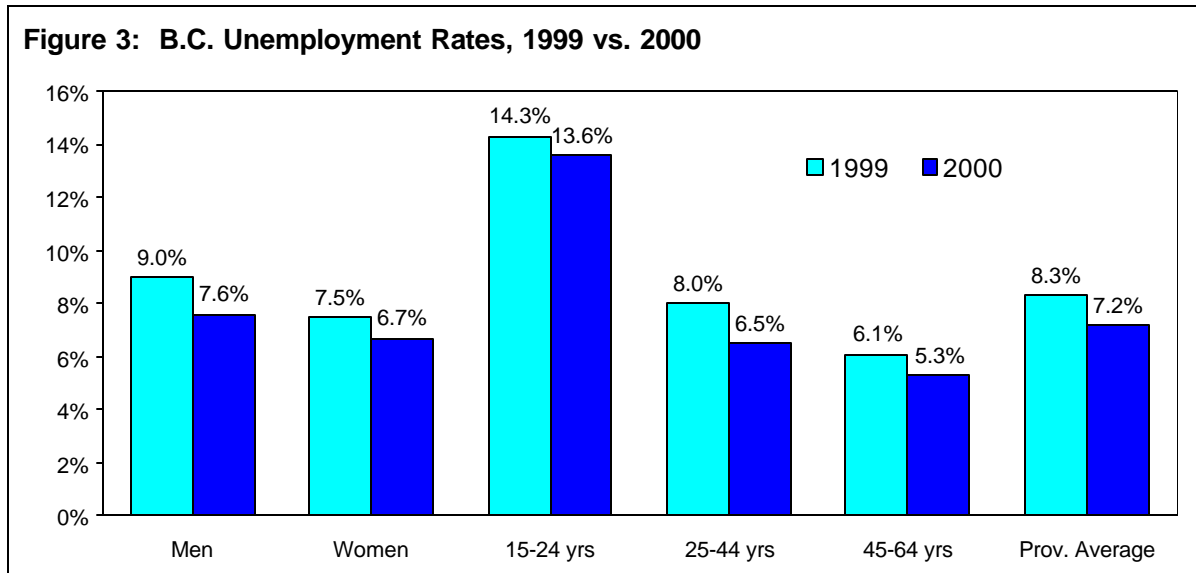
Unemployment rates fell for both men and women overall, and all three core working age groups noted below in Figure 3. The unemployment rate for men declined by 1.4 percentage points to stand at 7.6 per cent, down from 9.0 per cent in 1999. B.C. youth saw a fall in the unemployment rate to 13.6 per cent from 14.3

per cent in 1999, continuing the decrease from 17.3 per cent in 1998.

The strongest decrease in unemployment rates was seen among persons aged 25 to 44, dropping to 6.5 per cent in 2000, from 8.0 per cent in 1999. This is well below the lowest annual average unemployment rate seen by persons aged 25 to 44 for any year during the 1990's (the next lowest being 7.7 per cent in 1997).

Workers aged 45 to 64 continued to enjoy the lowest unemployment rate of the three core working age groups, which fell to 5.3 per cent in 2000 from 6.1 per cent in 1999.

Figure 3: B.C. Unemployment Rates, 1999 vs. 2000



Employment by Industry. . . As noted in Figure 4, the B.C. goods-producing sector saw faster employment growth than services, contributing to about 40 per cent of the net employment gains seen in 2000. This is the first year since 1994 in B.C. where goods sector employment growth outpaced services employment growth.

Two major components of the goods sector (Forestry, Fishing, Mining and Oil & Gas and Manufacturing) accounted for the bulk of the net employment increases within goods in 2000. Construction continued to see some decreases, and is well below levels seen a decade ago in 1990.

In services, most of the growth in employment in 2000 came from management, administration & business support services; education services; information, culture & recreation; and accommodation & food services. Most other service sectors were little changed, though there were some notable changes for subsectors within the larger aggregates. For example, while the larger professional, scientific and technical services sector saw little change in employment overall in 2000, its computer system design services subsector saw a net rise of 4,600 in employment

from 1999. This adds to the net gain of 9,100 this subsector saw in 1999 from 1998.

In terms of aggregate service sectors which were down slightly in 2000, both other services (which includes repair, maintenance, personal and laundry services) and transportation & warehousing saw some declines. Most of the decrease in the latter sector was seen in air transportation.

The final column in Figure 3 provides a longer term perspective on industry employment changes by noting annual average percentage change between 1990 and 2000. This highlights the much stronger growth of services versus goods employment in the past decade. Within goods, only manufacturing has managed to average above 1 per cent annual employment growth since 1990. Within services, employment growth since 1990 is noted in a number of "new economy" and business service sectors such as *professional, scientific and technical services; management, administrative and other support; and information, culture and recreation*. By contrast, the large *retail and wholesale trade* sector has grown at only half the pace of services overall, and *public administration* employment in 2000 was virtually no different than in 1990.

Figure 4: Industry Employment Levels and Growth in B.C., Annual Averages

	1990	1998	1999	2000	% Change 1999- 2000	Average Annual % Change 1990- 2000
All Industries	1554.9	1870.2	1906.4	1949.1	2.2%	2.5%
Goods-Producing Sector	390.4	408.9	396.5	414.4	4.5%	0.6%
Agriculture	29.2	33.1	28.6	29.8	4.2%	0.2%
Forestry, Fishing, Mining, Oil and Gas	52.4	50.7	49.0	55.4	13.1%	0.6%
Utilities	13.0	11.4	11.5	11.3	-1.7%	-1.3%
Construction	119.6	117.7	115.3	112.5	-2.4%	-0.6%
Manufacturing	176.2	196.0	192.2	205.4	6.9%	1.7%
Services-Producing Sector	1164.5	1461.2	1509.8	1534.7	1.6%	3.2%
Retail and Wholesale Trade	263.4	294.3	308.5	303.2	-1.7%	1.5%
Transportation and Warehousing	90.8	106.2	117.9	114.4	-3.0%	2.6%
Finance, Insurance, Real Estate and Leasing	100.0	122.7	120.0	119.5	-0.4%	2.0%
Professional, Scientific and Technical Services	88.1	124.1	136.7	136.4	-0.2%	5.5%
Management, Administrative and Other Support	36.5	66.0	64.1	71.9	12.2%	9.7%
Educational Services	88.8	120.2	127.5	134.9	5.8%	5.2%
Health Care and Social Assistance	147.9	194.6	195.3	202.1	3.5%	3.7%
Information, culture and recreation	68.4	94.3	91.7	99.3	8.3%	4.5%
Accommodation and food services	115.6	151.9	152.7	164.0	7.4%	4.2%
Other services	75.9	94.0	105.2	99.3	-5.6%	3.1%
Public administration	89.0	93.1	90.4	89.7	-0.8%	0.1%

Regional Labour Markets . . . Strong labour market conditions were experienced in 2000 for the large and diversified Lower Mainland/Southwest region (up 38,000 or 3.3 per cent). Above-average employment growth was also seen in the Northeast (up 5.3 per cent) and Thompson/Okanagan (up 2.7 per cent) regions. Each of these three regions all exhibit an above-average degree of economic diversification, and all saw a drop in their unemployment rate and a rise in their employment-to-population ratios.

By contrast, employment was down by 1.7 per cent in the Cariboo region and decreased by 1.0 per cent for the Vancouver Island/Coast region. Most of the fall in employment for the latter region was seen outside of the Metro Victoria area where employment was little changed. The Cariboo region saw a fall in both their employment-to-population ratio and labour force participation rate in 2000, resulting in a decrease in their unemployment rate despite employment being down.

Both the Kootenay and North Coast/Nechako regions, which are more dependent on other primary sectors and resource manufacturing, saw a boost in their employment/population ratios in 2000. Both these regions experienced

employment gains in 2000 but these were exceeded by even stronger labour force growth, pushing up their unemployment rates from 1999 levels.

Figure 5: B.C. Regional Labour Market Changes, Annual Average 1999 and 2000

Development Region	Employment (000's)			Unempl. Rate (%)		Employment/Pop Ratio	
	1999	2000	% Chg.	1999	2000	1999	2000
Vancouver land/Coast	329.1	325.9	-1.0%	8.0%	7.8%	58.7%	57.9%
Lower Mainland/S.W.	1,140.1	1,177.9	3.3%	7.8%	6.2%	60.7%	61.5%
Thompson/Okanagan	207.1	212.7	2.7%	9.7%	9.2%	55.1%	55.9%
Kootenay	69.5	71.2	2.3%	9.0%	10.1%	56.7%	57.8%
Cariboo	82.9	81.5	-1.7%	11.6%	9.9%	62.2%	60.7%
North Coast/Nechako	46.7	47.6	1.8%	8.8%	10.2%	62.2%	63.8%
Northeast	30.8	32.5	5.3%	8.9%	6.1%	64.6%	67.8%
B.C.	1,906.4	1,949.1	2.2%	8.3%	7.2%	59.7%	60.2%

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<h2>BC at a glance . . .</h2>		
POPULATION (thousands)		% change on one year ago
	Oct 1/00	
BC	4,072.5	0.8
Canada	30,714.7	0.8
GDP and INCOME		% change on one year ago
<i>(BC - at market prices)</i>	1999	
Gross Domestic Product (GDP) (\$ millions)	118,783	4.2
GDP (\$ 1992 millions)	104,323	2.1
GDP (\$ 1992 per Capita)	25,899	1.3
Personal Disposable Income (\$ 1992 per Capita)	16,700	0.0
TRADE (\$ millions)		
Manufacturing Shipments (seas. adj.) Nov	3,193	0.0
Merchandise Exports (raw) Nov	2,755	16.6
Retail Sales (seasonally adjusted) Nov	3,050	8.1
CONSUMER PRICE INDEX		% change on one year ago
<i>(all items - 1992=100)</i>	Dec '00	
BC	114.3	2.4
Canada	115.1	3.2
LABOUR FORCE (thousands)		% change on one year ago
<i>(seasonally adjusted)</i>	Dec '00	
Labour Force - BC	2,123	1.5
Employed - BC	1,973	2.3
Unemployed - BC	150	-8.0
		Dec '99
Unemployment Rate - BC (percent)	7.1	7.8
Unemployment Rate - Canada (percent)	6.8	6.8
INTEREST RATES (percent)	Jan 31/01	Feb 2/00
Prime Business Rate	7.25	6.50
Conventional Mortgages - 1 year	7.40	7.60
- 5 year	7.75	8.55
US/CANADA EXCHANGE RATE	Jan 31/01	Feb 2/00
<i>(avg. noon spot rate) Cdn \$</i>	1.5000	1.4430
<i>US \$ (reciprocal of the closing rate)</i>	0.6672	0.6945
AVERAGE WEEKLY WAGE RATE		% change on one year ago
<i>(industrial aggregate - dollars)</i>	Dec '00	
BC	638.01	0.8
Canada	621.24	2.9
SOURCES:		
Population, Gross Domestic Product, Trade,	} Statistics } Canada	
Prices, Labour Force, Wage Rate		
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics		
For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm		

Released this week by BC STATS

- Exports, November 2000

Next week

- Quarterly Regional Statistics, 4th Quarter 2000