

highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **Retail sales in British Columbia slipped (-0.6%, seasonally adjusted) in March, falling to \$3.1 billion.** The decline was the second since the beginning of the year, as retail sales continued to seesaw.

Among the regions, Nova Scotia and Northwest Territories were the top performers in March, both achieving gains of 4.1%. Newfoundland saw a healthy 3.1% increase, while Alberta (+1.8%) and PEI (+1.3%) posted smaller gains. Sales were flat or fell in the rest of the county.

Canadian sales rose marginally, increasing 0.3% to \$23.7 billion in March. Furniture retailers led the way, with sales climbing 1.9%. Food store sales lost the most ground (-0.3%).

Source: Statistics Canada

- **First quarter retail sales in British Columbia rose 5.0% (unadjusted) as all sectors made gains.** Drug and patent medicine (+7.3%) and furniture (+7.1%) retailers saw the largest growth. Sales by other retailers increased at rates ranging from 2.3% for general merchandise retailers to 6.7% for clothing stores.

Canada-wide, first quarter retail sales were 4.0% above first quarter of 2000 levels. Furniture stores were the top performers (+9.3%). All other sectors also rose, with food, clothing, and general merchandise retailer sales all growing by more than 4%. Retailers in the automotive sector had the smallest sales growth (+2.9%)

Source: Statistics Canada

- **The number of British Columbians receiving employment insurance benefits fell (-4.8%) in March, compared to the same period last year.** It is estimated that 64,350 people in BC received regular employment insurance benefits in that month.

There was virtually no change in the number of Canadians who received regular benefits in March, as 643,530 Canadians took home EI cheques. So far this year over \$3.5 billion worth of payments have been made to unemployed Canadians, 4.1% more than in the same period of 2000. *Source: Statistics Canada*

- **Housing starts in British Columbia were up 19.0% (seasonally adjusted) in April, ending 2 months of decline.** Starts in urban areas of the province rose 21.0%, reflecting high levels of activity in multiple unit construction.

Canadian housing starts were up 2.9% in April after falling for two months. Starts were down 7.1% in Ontario, but this was offset by a 4.7% increase in Quebec, and more moderate gains in other parts of the country. Housing starts rose sharply in Newfoundland (+140.0%) and Nova Scotia (+104.0%), but were down in Prince Edward Island (-44.4%), Saskatchewan (-26.1%) and New Brunswick (-25.0).

Source: Canada Mortgage and housing Corporation

Life Expectancy

- **Canadians can expect to live longer than ever before.** Life expectancy at birth reached record highs in 1998. For women, life expectancy at birth was 81.5 years, and for men it was 76.1 years.
- **British Columbia boasted the highest life expectancy at birth for both men and women in 1998.** Males had a life expectancy of 77.0 years and females, 82.1 years. Those who live in the Northwest Territories (including Nunavut) had the shortest life expectancy, 70.3 years for males, and 75.9 years for females.

Source: Statistics Canada

Source: Statistics Canada

Did you know...
**British Columbians purchased 16,884,923 litres of wine during the
twelve month period ending in March.**

- **The number of Canadians who died in 1998 rose 1.1% from 1997 levels.** 218,091 people, including 113,007 males and 105,084 females passed away in 1998. Despite the rise in deaths, the mortality rate remained unchanged at 7.2 deaths per 1000 people. Infant mortality rates dropped to 5.3 deaths per 1000 live births (down from 5.5 in 1997).
Source: Statistics Canada

Education

- **In 1998/1999 there were over 675, 000 fulltime students enrolled in elementary or secondary schools in BC.** Grade 11 had the highest enrolment of all grades (57,863). There were 1,626 elementary institutions and 454 secondary institutions welcoming these students.

39,331 students graduated from secondary school in 1999, up 4.2% from 1998. The secondary school graduation rate in BC (graduates as a percent of the population in that age group) continues to increase. The rate for 1999 was 73.4%, a 2.0 percentage point increase.

Source: SC 81-229-XPB

- **Over 91,000 people were attending a post-secondary institution full-time in 1998/1999 in British Columbia.** There were 24 community colleges and 8 universities or other degree granting institutions offering their services to these students. One in four (24.0%) 19 year-olds in BC currently attend a post-secondary institution.

Across Canada, 5.4 million students were enrolled fulltime in elementary or secondary schools and 984,000 students were attending a post-secondary institution. The secondary school graduation rate for Canada was 76.7% in 1999, increasing 0.8 percentage points, after a year of decline. *Source: SC 81-229-XPB*

The Nation

- **Canada's composite leading indicator was unchanged in April, marking the fifth straight month without growth as five of the ten components of the index fell.** The TSE stock price index had the largest decline, falling 2.0%. The housing index also weakened, dropping 0.8%. Counteracting this fall was an increase in furniture and appliance sales (+0.9%) and in new orders of durable goods (+1.4%) from the manufacturing sector.
Source: Statistics Canada

- **In March, the federal government had a budgetary deficit of \$0.5 billion.** In March 2000, there was a surplus of \$0.3 billion. From April 2000 to March 2001, a surplus of \$19.8 billion was generated, up \$4.7 billion from the April 1999 to March 2000 surplus.

Source: Department of Finance, Canada

- **Revised productivity measures released by Statistics Canada show that the average annual growth rate of labour productivity in the business sector for Canada was 1.3% during the period from 1988 to 2000.** This was 0.2 percentage points higher than the average for the period from 1979 to 1988.

Labour productivity in the service sector increased at an average annual rate of 1.2% between 1988 and 2000, less than the 1.7% average seen in the goods-producing industries, and well below the 2.1% per year gain in manufacturing.

Multifactor productivity grew at an average annual rate of 0.8% between 1988 and 2000, up from the 0.5% average annual increase seen in 1979 to 1988. As was the case for labour productivity, multifactor productivity growth was strongest in the manufacturing sector, averaging 1.7% per year. Goods industries as a whole saw multifactor productivity increase by 1.2% per year, while in the service industries, it grew 0.4% per year.

Labour productivity is a measure of the change in output per unit of labour input, as measured by hours worked. Multifactor productivity is a measure of productive efficiency which factors in changes in both labour and capital inputs.

Source: Statistics Canada

Highlights, Issue 01-21
May 25, 2001

The New Economy

What is the "new economy"?

Tourism, high-tech and the film industry are part of what's often called the new economy. Trends in these sectors are followed with great interest by the media and other observers of the economy. Many see them as future, or even current, growth engines in the economy. That view may be somewhat optimistic, as all three sectors remain relatively small compared to the rest of the economy. However, even though they're small, some of the fastest-growing industries in the economy are in this group. This article takes a look at what's happening in the tourism and high tech sectors.

Measuring GDP and employment in the tourism and high tech sectors

Firms in the tourism and high tech sectors don't belong to a single industry or group of industries. They produce many different types of goods and services. In the case of tourism, the element that ties them together is the clients that they serve. In the high tech sector, the common element is the degree to which the goods and services that they produce are viewed as high tech products.

GDP and employment data for these sectors aren't available from the usual sources, as they are non-standard industry groups. However, BC STATS has developed estimates for these sectors by attributing part of the output or employment of other (standard) industries to these special groupings. For example, it's estimated that about 25% of the activities of the food and beverage service industry are tourism related. Virtually all of the GDP and employment in accommodation services is also attributed to this sector. The proportions that are used are based on research that's been done by BC STATS.

How should you interpret and use this data?

Because both tourism and high tech are special groupings of industries (or parts of industries), the data for these sectors isn't independent of the GDP and employment figures published for other industries. This means that if you're comparing tourism or high tech with other industries, you need to be aware of what's been included in the definition of these special sectors. Otherwise you might end up double-counting some of the data.

Perhaps the best way to understand this is by looking at computer services, which is part of the business services industry, but is also included in the high tech sector. If you were to compare GDP in business services with high tech GDP, you'd have to keep that in mind, because both of these industry groupings contain the GDP that's attributable to computer services.

There are a couple of other factors you need to be aware of when you're using this data. BC STATS produces the tourism and high tech GDP estimates using information that's published by Statistics Canada in the fall of each year. The latest GDP estimates were released in October 2000, and include data up to the end of 1999. However, the tourism and high tech figures have not yet been updated. Thus, the GDP figures we're presenting in this report are based on data released in November of 1999. That's why they only go to 1998.

Employment data from different sources

There's one more twist, and it's related to the employment figures for tourism and high tech. For most "standard" industries, we used employment data that's derived from the Labour Force Survey (LFS), a monthly survey of households that's done by Statistics Canada. Another source of employment information (also from Statistics Canada) that's based on data supplied directly by employers is the Survey of Employers, Earnings and Hours, or SEPH. SEPH data is available at a greater level of industry detail than the LFS information is, so it was used to generate employment estimates for tourism and high tech.

However, there are some differences in the definitions that are used to produce the SEPH and LFS numbers. The most important ones are that the SEPH figures don't include workers who are:

- Self employed;
- Have jobs in agriculture and fishing; or
- Work in private households.

There are some other definitional differences between the two sets of data, but the three mentioned above are probably the most significant.

This means that the employment figures for tourism and high tech don't include any self-employed workers, so they are probably under-estimated. At the same time, when the data for tourism or high tech is compared to total (SEPH) employment, the all-industry total doesn't include agriculture, fishing or private households, in addition to excluding self-employed workers.

This means that the figures probably overstate the share of total employment that's attributable to tourism or high tech.

Despite these data issues, the information on tourism and high tech is useful for analyzing trends in these two high-profile sectors of the economy.

Tourism

BC has become a world-class tourist destination. Vancouver is consistently ranked among the top ten cities in the world in surveys done by travel magazines. The most recent example of this is a poll in the November 2000 issue of Condé Nast Traveler that placed Vancouver ninth among the world's best cities. The province's location, bordered by the Rocky Mountains on the east and the Pacific Ocean on the west makes it unique within Canada. Its magnificent mountain and coastal scenery, opportunities for summer sailing, winter skiing, and other activities such as fishing or sightseeing in coastal and inland waters, all help support its substantial tourism sector. Many of the people who visit and spend money in BC come from other parts of Canada or from the States. There are also a lot of tourists from Asia who spend time in the province.

What is a tourist?

We usually think of a tourist as someone who's vacationing somewhere that's far from home. But the technical definition of a tourist is a little different. It counts anyone who travels to a place outside his or her usual environment and stays away for no more than a year. The motivation for the trip is irrelevant: the person could be travelling for business reasons, to visit family and friends, or simply for pleasure.¹ It is also not necessary for a person to stay overnight in order to be considered a tourist. Day trips (also known as excursions) are an important type of tourism. However, to be considered a tourist, you do need to travel at least 60 kilometres away from your home.

What's included in the tourism sector?

Since tourism is an activity and not a specific good or service, strictly speaking there is no such thing as a "tourism industry." Tourists make purchases from a variety of businesses, most of which also provide the same services to local residents (for example, restaurants). This creates a challenge when attempting to measure the specific impact that tourists have on par-

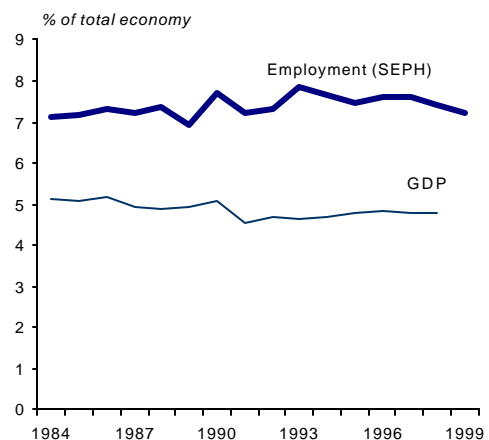
ticular industries. Fortunately, from studies of tourist behaviour, we have a reasonably good idea of what tourists are doing and what they are buying when they visit the province. From this information we can determine the effect that tourism has on various industries.

We've included a percentage (which varies by industry, ranging from less than 5% to nearly 100%) of the activities of the following industries in the tourism sector:

- Accommodation services
- Food and beverage services
- Transportation and storage
- Retail and wholesale trade
- Finance, insurance and real estate
- Various other service industries where there is a small tourist-related component. For example, museums are included in the education industry, so a small percentage of its activities are attributed to this sector.

What's happened in tourism since 1984?

Despite some ups and downs, the sector's share of GDP and employment has remained relatively stable



Source: BC STATS
Figure 1

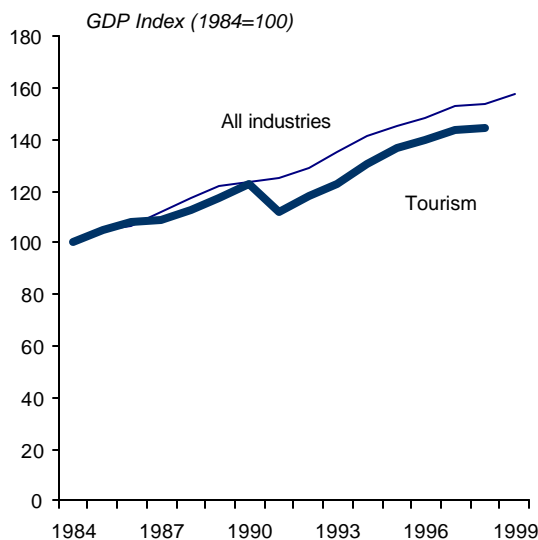
¹ The exception to this is migratory workers living away from home on a temporary basis in order to be at their place of work; they are not considered to be tourists.

BC's tourism sector has maintained its share of GDP and employment at about the same level since 1984, although there have been some ups and downs during this period. It currently accounts for 4.8% of total GDP, a share that has remained constant since 1995. The sector's contribution to BC's total GDP was \$4.3 billion in 1998.

About 7% of total employment (based on SEPH data) in the province is generated by tourism activities. The sector's share of all jobs peaked at just under 8% in 1993, but has declined since then.

Tourism activities are very susceptible to changes in economic conditions. When the economy is weak, and people feel uncertain about their jobs, they're not as likely to spend money travelling. If they do go on trips, they usually travel shorter distances, and may not spend as much money in hotels, at restaurants, or on various types of amusements.

Tourism is more volatile than other industries. The sector still hasn't regained all the ground it lost in the economic slow-down of the early 1990s.



Source: BC STATS

Figure 2

You can see the effect that overall economic conditions have on the tourism sector in Figure 2. There was a North American wide recession at the beginning of the 1990s. Even though BC's economy didn't feel the effects of this as much as other parts of Canada and the US did, the province's tourism sector was greatly affected by the slowdown. The tourism sector's GDP fell

sharply in 1991, and the sector still hasn't caught up to the rest of the economy in terms of its overall growth since 1984. The drop was largely due to the tourist-related component of the transportation industry, which was particularly hard hit in the slowdown of 1991.

More recently, GDP growth in the tourism sector has been slowing, and employment in the sector has also begun to level off. This is probably due, at least in part, to the effects of the so-called "Asian flu" (the recession in Japan and other parts of Asia that began in 1997), which led to a decline in the number of tourists coming to BC from Asia. The effect wasn't as big as it might have been, as the low value of the Canadian dollar resulted in a larger influx of Americans travelling in BC. However, slower GDP growth in the province as a whole during the last two years may have curtailed some tourist activities by BC residents travelling within the province.

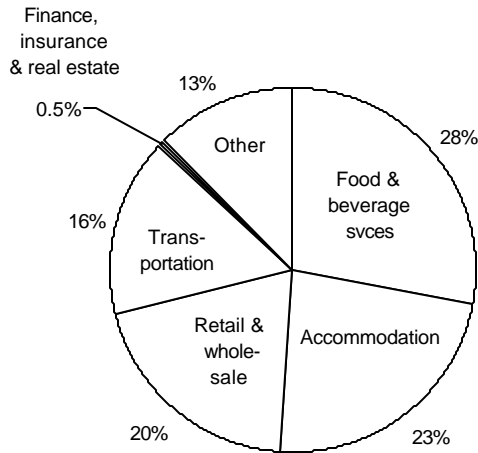
How many people work in tourism?

In 1999, there were 106,800 people working in British Columbia's tourism sector.

Approximately one in every 14 jobs in British Columbia is a result of tourist activity, making the tourism industry one of the largest employers in the province. Within the tourism sector, the food and beverage service and accommodation industries account for just over half of all jobs. Wholesale and retail trade is the third largest employer, followed by the transportation and communication industries.

Some industries are more dependent on tourism than others. Employment in the accommodation industry is almost completely driven by tourism activity and over a quarter of the jobs in the food and beverage services industries are due to tourism. Transportation, storage and communication has a significant tourism component as well (17%), while tourist-related jobs in retail and wholesale trade account for less than 8% of the total, even though retail and wholesale trade industries make up almost 20% of all direct tourism jobs.

Food & beverage and accommodation services are the biggest employers in the sector



Employment in 1999: 106,800

Source: BC STATS

Figure 3

What's the outlook for tourism?

Tourism will likely continue to grow, but will show more volatility than other industries do

Tourism is already an important sector within British Columbia's economy and this will likely continue to be the case in the future. However, more than in some industries, tourism activity is susceptible to changes in the economic climate both within and outside British Columbia. There is no doubt that the so-called "Asian flu" had a negative effect on the province's tourism sector, as did the recent slowdown in the provincial economy. If the economy here and abroad picks up speed, the performance of industries within the sector should improve, which will help ensure future growth in British Columbia's tourism sector.

High tech

High technology is seen by many as the future engine of economic growth in the province. That's hardly surprising given the tremendous advances that have occurred in this sector during the last two decades, not just in BC, but throughout the world. In the early 1980s, the sector was small, and some industries, such as computer services, were virtually non-existent. But with the advent of the PC, rapid improvements in microchip technology, and the introduction of a growing number

of consumer and business goods and services that depend on microchips and other high-tech inputs, it's not hard to see why the industry has taken off.

BC isn't Silicon Valley North yet, but the high tech sector is making a growing contribution to GDP and employment in the province. What's more, the expansion of the sector has been an important factor in the continued diversification of BC's economy away from its dependence on resource extraction and processing towards other types of manufacturing activities.

What's included in the high tech sector?

The sector includes a number of industries that produce goods or services with a significant high tech component. These industries include activities ranging from the manufacture of batteries and aircraft parts, to the work that's done in medical and research laboratories.

On the manufacturing (goods-producing) side, the following industries have been identified as having a significant high tech component:

- Manufacturing of turbines & mechanical power equipment, other specialized machinery;
- Aircraft & parts, shipbuilding;
- Telecommunications equipment, computers & parts, business machines, electrical industrial equipment, and a variety of other types of related electronic products;
- Pharmaceuticals and inorganic chemicals;
- Scientific instruments, musical instruments, sound recordings etc.

As was the case in the tourism sector, only the portion of the GDP and employment in these industries that is high-tech related has been included.

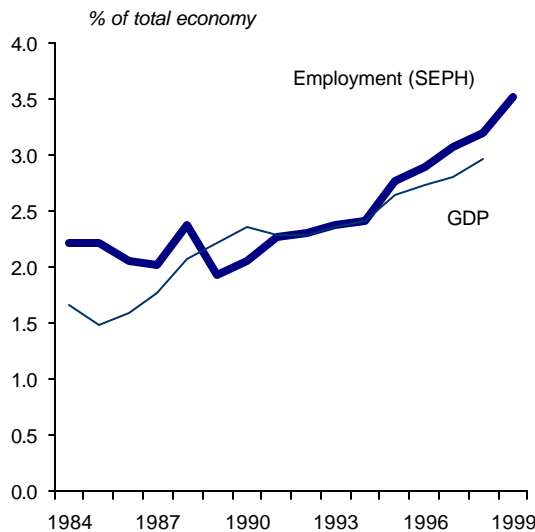
On the service side, the high tech sector includes:

- Computer and related services
- Offices of engineers
- Other scientific and technical services
- Medical and health labs²

² More information on the methods used to derive estimates for this sector is available at www.bcstats.gov.bc.ca.

What's happened in high tech since 1984?

It still isn't a big player in the economy, but the high tech sector is growing fast



Source: BC STATS

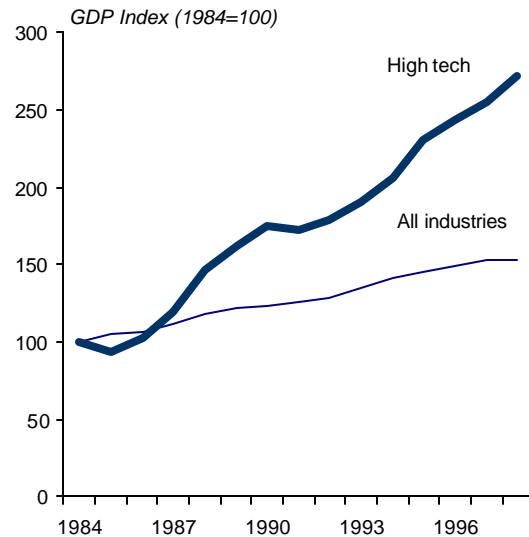
Figure 4

The high tech sector's share of total GDP has increased from 1.7% to 3.0% between 1984 and 1998. Its share of total employment jumped from 2.2% to 3.5% between 1984 and 1999.

High tech is still one of the smallest industry groups in BC, comparable in size to the utilities and communications industries. It's about 60% as big as tourism.

Figure 5 compares GDP growth in the high tech sector with the overall performance of the economy during the period from 1984 to 1998. As you can see, the sector's GDP nearly tripled during this period, while the economy as a whole grew by slightly less than 50%. Employment growth in the high tech sector hasn't been quite as strong, but it has also increased much faster than in the rest of the economy.

GDP in the high tech sector has nearly tripled since 1984



Source: BC STATS & Statistics Canada

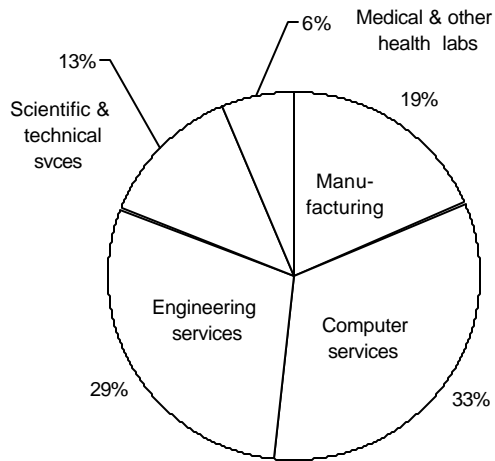
Figure 5

How many people work the high tech sector?

In 1999, there were 52,100 British Columbians who had jobs in high tech industries. Computer services is the biggest employer, with about a third of the work force. Engineering (29%) and technical (13%) services also account for a significant part of total employment in the sector. Of the remaining 25% of jobs, 6% are in medical and health labs and 19% are in various manufacturing industries.

The high tech sector's contribution to BC's total GDP was \$2.6 billion in 1998. Within the sector, the industrial distribution of GDP was very similar to that of employment, except that a slightly higher share (25%) of the total was attributable to manufacturing activities. The share of GDP originating in medical and other health labs (3%) was about half as big as its share of total employment (6%)

Nearly two thirds of the jobs in high tech are in computer and engineering services.



Total Employment in 1999: 52,100

Source: BC STATS

Figure 6

What's the outlook for the high tech sector?

It's unlikely that the rapid growth rates that have been observed in high tech industries can continue indefinitely, but to this point, the sector's rapid growth shows no sign of abating. It's reasonable to expect that the role that high tech plays in BC's economy will continue to expand over the next few years.

 fax transmission information service from **BC STATS**

 also on the Internet at <http://www.bcstats.gov.bc.ca>



BC at a glance . . .		
POPULATION (thousands)		% change on one year ago
	Jan 1/01	
BC	4,077.4	0.7
Canada	30,714.7	0.9
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.) Dec	3,155	-4.9
Merchandise Exports (raw) Mar	2,973	9.5
Retail Sales (seasonally adjusted) Mar	3,099	5.8
CONSUMER PRICE INDEX		% change on one year ago
<i>(all items - 1992=100)</i>	Apr '01	
BC	115.0	2.3
Canada	116.4	3.6
LABOUR FORCE (thousands)		% change on one year ago
<i>(seasonally adjusted)</i>	Apr '01	
Labour Force - BC	2,107	1.2
Employed - BC	1,961	1.2
Unemployed - BC	145	0.5
	Apr '00	
Unemployment Rate - BC (percent)	6.9	6.9
Unemployment Rate - Canada (percent)	7.0	6.8
INTEREST RATES (percent)	May 23/01	May 24/00
Prime Business Rate	6.50	7.50
Conventional Mortgages - 1 year	6.70	8.30
- 5 year	7.75	8.75
US/CANADA EXCHANGE RATE	May 23/01	May 24/00
<i>(avg. noon spot rate)</i> Cdn \$	1.5458	1.5081
US \$ <i>(reciprocal of the closing rate)</i>	0.6447	0.6619
AVERAGE WEEKLY WAGE RATE		% change on one year ago
<i>(industrial aggregate - dollars)</i>	Apr '01	
BC	650.42	2.3
Canada	634.96	3.7
SOURCES:		
Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate	} Statistics Canada	
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics		
For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm		

BC Manufacturers' Directory – On Line

www.made-in-bc.ca

Sources, leads, opportunity – whatever you make of it – the Directory is packed full of current information on almost 5000 firms operating in BC. Look for local suppliers, find your next employer – the possibilities are endless. And now you can do it all on line.

Many users will continue to find the benefits of the book or electronic file warrant keeping these items in their arsenal. The 2001 book is completely updated, and the electronic file – extracted from the database at time of purchase – can be used to populate contact management software or generate a data file to be merged with your message.

Please use the order form, or for more ordering information, contact:

Kris Ovens (250) 387-0359
Kris.Ovens@gems7.gov.bc.ca

Released this week by BC STATS

- Exports, March 2001

Next week

- Earnings and Employment Trends, April 2001
- Business Indicators, May 2001
- Current Statistics, May 2001