

## highlights

a weekly digest of recently released British Columbia statistics

### ***New Motor Vehicle Sales***

- **In September, new motor vehicle sales (seasonally adjusted) dropped 9.8% in British Columbia and the territories.** In September, 13,459 new vehicles were purchased, down from 14,928 in August.

Across Canada, new motor vehicle sales decreased 5.3% as sales were down in all provinces. The largest fall was in Nova Scotia (-10.5%), followed by British Columbia and the territories (-9.8%). Car sales dropped 3.4% Canada-wide with purchases of North American cars down 4.6%. Foreign-built cars were not hit as hard (-0.8%). Canadians bought 56,424 trucks, vans or buses in September down 7.6% from August. *Source: Statistics Canada*

### ***Marriages***

- **In 1998, 21,749 couples were married in BC, down 0.4% from 1997.** The crude marriage rate was 5.4 marriages per 1000 people, higher than the Canadian average of 5.1.

In Canada, 152,821 marriages occurred in 1998, down 0.3% from the previous year. Brides and grooms in these ceremonies were older than those who married ten years earlier. The average age of a bride was 31.1 in 1998 compared to 28.6 in 1988. The average groom's age was 33.7 up from 31.2 ten years earlier. While the average age of both grooms and brides was up, 75% of both brides and grooms were married for the first time. 22% were remarried after a divorce.

Prince Edward Island had the highest concentration of marriages with 6.4 marriages for every 1000 people. The smallest marriage rate was in Quebec where 3.1 marriages were

performed for every 1000 people.

*Source: Statistics Canada*

### ***Family Income***

- **In BC, average after-tax family income was \$51,773 in 1999, down from \$52,346 (1999 constant dollar) in the previous year.** Lone-parent families had the lowest after-tax family income (\$25,916). However, those headed by a female received only \$23,391 in income after taxes. Unattached individuals averaged \$24,345 in after-tax income.

Despite higher than average after-tax family income, BC has a higher than average prevalence of low-income persons. In 1999, 13.1% of British Columbians were living in low-income families, compared to only 11.8% Canada-wide.

*Source: SC 75-202-XIE*

- **In 1999, Canadian average after-tax family income reached \$51,473, up 1.9% from \$50,539 (1999 constant dollar) in 1998.** One reason for the increase in incomes was lower income taxes. The average family paid 2.8% less income tax in 1999 which equates to about \$1,000 more income.

The highest average after tax family income was seen in Ontario (\$58,517) followed by Alberta (\$53,144) and BC (\$51,773). The Atlantic provinces were all at the bottom of the scale with Newfoundland averaging the lowest after-tax family income (\$40,105).

The number of Canadian families with low income dropped to 723,000 from 737,000 in 1998. A total of 8.6% of families fell below the low-income cutoffs (LICOs), the lowest rate since 1990. Lone-parent families with a woman as the head of the household were among the largest group of low-income earnings.

### ***Did you know...***

***Almost one-quarter of Canadians were under the low income cutoff for at least one year between 1993 and 1998.***

In 1999, the top 20% of families captured 44.4% of total market income, up from 42.2% in 1990.

*Source: SC 75-202-XIE*

#### ***Schooling***

- **According to a Statistics Canada study, children of immigrant parents begin elementary school behind other children in reading, writing and mathematics skills.** However, these children make up for this difference by the end of elementary school. The study found that, although children of immigrant parents lagged behind initially, by the time they reached the end of elementary school they performed as well or better than children of Canadian-born parents. Education of parents was also found to be an important indicator in the performance of children. Those children with a parent with a university degree had 20% higher performance in reading, 17% in writing and 21% in mathematics, than those without a university-educated parent.

According to elementary school teachers, girls out-performed boys. On average, girls were just as likely as boys to be above the middle of the class in mathematics, 11% more likely to be above the middle in reading and 17% more likely in writing.

*Source: Statistics Canada*

#### ***Environmental Protection***

- **In 1998, BC's expenditures on environmental protection in the business sector reached \$560.6 million.** Of this, \$366.1 million was spent on operating expenditures including \$200.5 million on pollution prevention, abatement and control expenditures and \$194.5 million was contributed to capital expenditures.

Canada-wide, environmental protection expenditures were \$4,724.4 million down slightly from 1997. Of these, 63.3% was spent on operating expenditures and 36.7% on capital expenditures. The largest expenditures by industry were made in the pulp, paper and paperboard mills (\$675.2 million), followed by primary metals (\$603.2 million).

Ontario businesses contributed 38% of total Canadian environmental protection expendi-

tures. Alberta made up 18%, Quebec's share was 17% and BC's expenditures reached 12% of the Canadian total.

*Source: SC 16F0006-XIE*

#### ***The Nation***

- **The federal budgetary surplus was estimated at \$13.6 billion for the April to September 2001 period, down \$1.2 billion from the same period last year.** Program spending was \$3.5 billion higher than in the first half of last fiscal year. Transfer payments to persons increased 8.2% and transfers to other levels of government were up 20.6%, while direct program spending decreased 0.9%. The increase in expenditures was partially offset by an increase in budgetary revenues of \$1.4 billion and a decrease in public debt charges of \$0.9 billion. The national debt stood at \$533.8 billion at the end of September, down 2.5% from the beginning of the fiscal year.

*Source: Department of Finance, Canada*

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## Internet Use Among SMEs

The Internet has come a long way from its origins as a mainly research-oriented system to its current configuration incorporating the World Wide Web (WWW). Global use of the Internet has exploded over the last several years and Canadians are one of the largest groups of users.

### Who is using the Internet, and for what?

In 2000, 52.8% of Canadians aged 15 and over claimed to have used the Internet within the last year.<sup>1</sup> In British Columbia, the percentage was even greater, with 61.2% claiming to have been on-line. That was the highest rate in the country. The only other province with over 60% of its population connected to the Internet was Alberta (60.3%).

Within British Columbia, there was a far better chance of finding someone who had used the Internet in an urban location (62.7%) compared to a rural area (53.3%). This was the case for Canada as a whole as well (55.0% urban, 44.9% rural). One reason for this is likely that many rural areas simply do not have the same access to the Internet compared to urban centres.

Users of the Internet in British Columbia were more likely to be young, educated males. In 2000, 65.7% of males in BC used the Internet compared to only 56.8% of BC females. Almost 92% of those aged 15 to 24 had used the Internet, with use declining with age and only 27.5% of people aged 55 and over having been on-line. Those with a university degree (81.9%) were far more likely to have used the Internet than those who had only a high school diploma (47.3%).

Electronic mail is the most popular use of the Internet, with 87.8% of users in British Columbia having used e-mail. Obtaining information about goods and services (76.2%) is the next most

popular use. Only about a quarter of users in BC had ever used the Internet to purchase goods and services. Although this figure has been rising over the last few years, there still appears to be resistance to buying goods on-line. Some of the hesitance is likely related to security concerns, particularly regarding credit card transactions. Another factor may be the desire of many consumers to see the goods first hand before they buy them.

According to Statistics Canada's Household Internet Use Survey, 1.8 million Canadians shopped on the Internet from home in 1999, but a million of those people were only window shopping. This is consistent with the fact that over three-quarters of Internet users in BC used the Internet to obtain information about goods and services. Many people find the Internet to be a useful tool to comparison shop, but do not trust it enough to actually make a purchase on-line.

Of those that did make purchases, the most popular acquisitions were books (48%), software (36%), music (30%) and travel services (29%). For the most part, these items do not vary from seller to seller, so there is little risk of getting something the buyer did not expect. Buying clothing or big-ticket items such as electronic equipment or automobiles carries more of this type of risk and consequently these items are not purchased in substantial numbers over the Internet. One other possibility is that other consumer items that might be bought on-line are simply not available.

### Small business is embracing the Internet

As more Canadians are going on-line, so too are many small and medium-sized enterprises (SMEs). Various studies of Internet use among SMEs in Canada have consistently shown strong growth in the last few years in the number of businesses going on-line. To be considered

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<sup>1</sup> Statistics Canada, Overview: Access to and Use of Information Communication Technology, March 2001, catalogue 56-505-XIE.

an e-business, a firm must have a web site, buy on-line, or sell on-line.

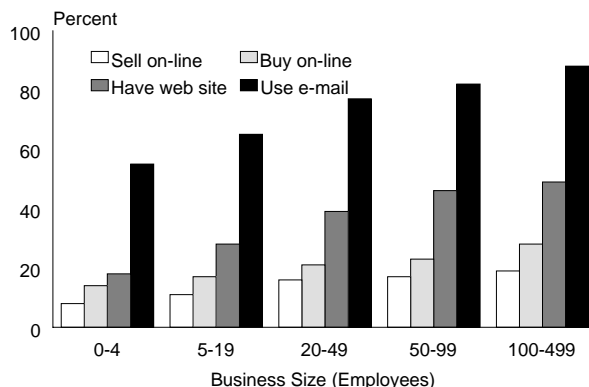
According to SES Research's SES Web Entrepreneurship Survey, 76% of SMEs in Canada were using the Internet by late 2000. The proportion that had bought or sold goods on-line was 40%. The value of sales was \$590 million and the value of purchases was \$720 million. The sales figure was more than double the amount from a year earlier (\$240 million in fall of 1999). Purchases were also substantially higher than the 1999 figure (\$430 million).

The Canadian Federation of Independent Businesses (CFIB) also reports strong growth in Internet use by SMEs.<sup>2</sup> The CFIB survey showed that 69% of business owners surveyed said they are actively using the Internet. Internet use increases with size as almost all business with more than 100 employees are on-line. More than 80% of businesses employing between 20 and 100 people, 71% of those with between 5 and 19 employees and almost 60% with less than 5 employees are connected to the Internet.

However, of the 69% of SMEs using the Internet, only about half can be considered e-businesses (i.e., they have a web site, or are buying or selling on-line). The other half are using the Internet only to browse or use e-mail.

E-mail use among SMEs is reasonably commonplace, ranging from 55% for businesses with fewer than 5 employees to 88% for businesses with between 100 and 499 employees. More SMEs are developing their own web sites, although even for those businesses with 100-499 employees, less than half have done so. The least common Internet application among SMEs is selling on-line, with less than 20% of small businesses in any size category participating.

Internet use increases with business size



Source: Canadian Federation of Independent Business

Part of the reason for slow movement toward on-line sales is likely hesitance on the part of consumers. About 50% of small businesses identified low consumer demand as a constraint to doing business on-line. Some businesses also had security concerns similar to that of consumers. This is clearly one hurdle that e-business must still overcome and although the development of new encryption software has erased the concern for some, there is still work to do to convince others that the Internet is a safe place to do business.

**Internet use varies by business type**

Not only is the size of the business a determinant of whether or not a firm will choose to sell on-line, but so too is the type of business. The business services industry is the leader in e-business, followed by the finance, insurance and real estate sector. In these sectors the product is mainly information and the Internet provides a fast, inexpensive method of distributing this information. Those businesses selling goods, rather than services, are slower to adopt the Internet as a marketing tool.

<sup>2</sup> CFIB, E-business Update: Internet Use Among Small and Medium-sized Firms - CFIB Mid-year Survey Results, August 2000.

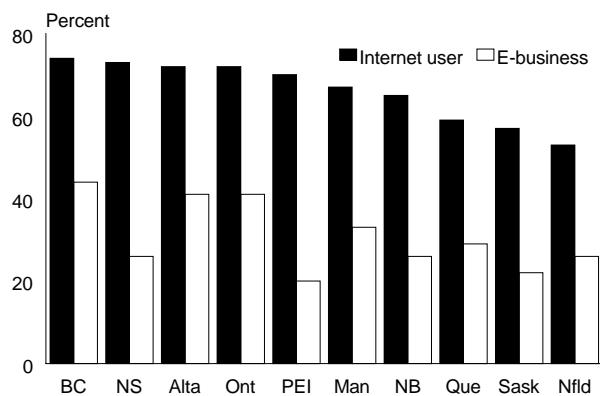
**British Columbia the leader in e-business**

British Columbia leads all other provinces in both Internet use among SMEs as well as e-businesses according to CFIB. Almost three-quarters of SMEs in BC are using the Internet, and 44% have a web site, or are buying or selling on-line. This may be a reflection of the fact that BC also leads the country in personal Internet use.

**The future of e-business**

According to Statistics Canada, Canadians are forsaking other activities in order to use the Internet. Approximately 15% of Canadian Internet users were spending less time reading books, newspapers and magazines, and 25% were watching less television. This has some important implications for advertisers and indicates that if businesses want to prosper, the Internet may be the place to do it.

BC leads the country in Internet use among SMEs



Source: Canadian Federation of Independent Business

A worldwide survey done by the Angus Reid Group in March 2000 suggests that Canada has embraced the Internet to almost the same extent as the United States. This means that Canadians have access to a growing consumer marketplace and Canadian firms must compete with their American counterparts. If Canadian businesses want to compete in the expanding global market, they will have to adapt to the new Internet technology.

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## BC at a glance . . .

<b>POPULATION (thousands)</b>		
	Jul 1/01	% change on one year ago
BC	4,095.9	0.9
Canada	31,081.9	1.0
<b>GDP and INCOME</b>		
	2000	% change on one year ago
<i>(BC - at market prices)</i>		
Gross Domestic Product (GDP) (\$ millions)	127,564	5.0
GDP (\$ 1997 millions)	124,464	3.1
GDP (\$ 1997 per Capita)	30,664	3.1
Personal Disposable Income (\$ 1997 per Capita)	25,195	2.8
<b>TRADE (\$ millions)</b>		
Manufacturing Shipments (seas. adj.) Aug	2,833	-7.5
Merchandise Exports (raw) Aug	2,532	-10.6
Retail Sales (seasonally adjusted) Aug	3,182	5.5
<b>CONSUMER PRICE INDEX</b>		
	Sep '01	% change on one year ago
<i>(all items - 1992=100)</i>		
BC	116.7	2.1
Canada	117.4	2.6
<b>LABOUR FORCE (thousands)</b>		
	Oct '01	% change on one year ago
<i>(seasonally adjusted)</i>		
Labour Force - BC	2,093	-1.3
Employed - BC	1,921	-2.0
Unemployed - BC	172	7.1
		Oct '00
Unemployment Rate - BC (percent)	8.2	7.6
Unemployment Rate - Canada (percent)	7.3	6.9
<b>INTEREST RATES (percent)</b>		
	Nov 14/01	Nov 15/00
Prime Business Rate	4.50	7.50
Conventional Mortgages - 1 year	4.50	7.90
- 5 year	6.45	8.25
<b>US/CANADA EXCHANGE RATE</b>		
	Nov 14/01	Nov 15/00
<i>(avg. noon spot rate) Cdn \$</i>	1.5916	1.5466
<i>US \$ (reciprocal of the closing rate)</i>	0.6280	0.6436
<b>AVERAGE WEEKLY WAGE RATE</b>		
	Oct '01	% change on one year ago
<i>(industrial aggregate - dollars)</i>		
BC	643.68	-0.7
Canada	637.02	2.3
<b>SOURCES:</b>		
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 <a href="http://www.bankofcanada.ca">www.bankofcanada.ca</a>		

### Released this week by BC STATS

- No subscription releases

### Next week

- Consumer Price Index, October 2001
- BC Origin Exports, September 2001