

## highlights

a weekly digest of recently released British Columbia statistics

### Prices

- **British Columbia's consumer price index (CPI) was 1.1% higher this October than in the same month last year.** The increase in the overall price level was the smallest since last March. Energy prices have begun to moderate, and this was a major factor in the drop in the inflation rate. Overall, the cost of fuel and electricity was down 1.1% from October 2000, largely due to lower prices for fuel oil (-8.5%) and gasoline (-5.2%). Natural gas prices were up 10.1%, well below the 20-54% increases seen during the last two years.

Food prices continued to climb, rising 4.7% in October as the cost of most food items increased. Fresh fruit prices were 18.9% higher than in October 2000, while consumers forked over an average 11.1% more for non-alcoholic beverages. However, coffee and tea drinkers (-0.8%) saw prices decline for the fourth month in a row. Restaurants (+3.9%) continued to pass higher food costs on to consumers.

Excluding food and energy costs, BC's consumer price index rose a modest 0.6%. Shelter prices were up just 1.0%, largely due to the effect of property taxes, which rose 1.8% this year. Last year, property taxes increased 2.4%. This component of the index is adjusted every October, so property taxes will have less of an inflationary effect on BC's CPI during the next 11 months than they did during the last year. Prices for clothing (-0.4%) and recreation, education and reading (-0.4%) were down in October. Operating a household (+1.3%), health and personal care (+2.2%) and alcohol and tobacco products (+2.3%) cost consumers more than in October 2000. *Source: Statistics Canada and BC STATS*

- **The cost of traveller accommodation, which has been falling since April, plunged in October, dropping to 14.6% below the October 2000 level.** The accommodation industry, which was already weathering a downturn due to slower economic growth in North America, is expected to see lower volumes as a result of the September terrorist attacks. Lower prices may be one way of wooing otherwise wary travellers.

*Source: Statistics Canada and BC STATS*

- **Canada's CPI was up 1.9% in October.** Among the provinces, Saskatchewan (+3.1%) and Ontario (+2.5%) had the highest inflation rates, while Newfoundland (+0.1%) had the lowest. Victoria's inflation rate in October was 1.1%, just slightly below the 1.2% increase in Vancouver.

*Source: Statistics Canada*

### The Economy

- **The value of goods shipped by BC manufacturers fell 2.7% (seasonally adjusted) between August and September.** The drop in shipments was the fourth in as many months, and reflected weakness in both the durable (-3.8%) and non-durable (-1.3%) sectors. Shipments were flat or down in 13 of the 18 manufacturing industries for which data is published. The biggest decline (-28.9%) was in the electrical appliance, equipment and component industry. The forest sector remained weak. Shipments of wood fell 3.5% while the value of paper shipped by BC producers was down 3.1%. Food shipments, however, were virtually unchanged (+0.2%) from the previous month. Lower volumes accounted for much of the decline in the forest sector, as producers cut back on their output of lumber destined for the US in the wake of the softwood lumber ruling. At the

**Did you know...**

**Canadian beekeepers harvested about 70 million pounds of honey this year. The average bee colony produced 116 pounds of the sweet stuff. BC bees weren't as busy as the others; average production here was 77 pounds per colony—still enough to satisfy anyone's sweet tooth.**

same time, post-September 11 slowdowns at the Canada-US border hindered the flow of all goods going to and from and US, the market for many of BC's manufactured products. Even without the effect of the terrorist attacks, the manufacturing sector (at both the national and provincial levels) had begun to falter as the overall economy showed signs that it was headed for a downturn. BC shipments have fallen in all but one month so far this year, and September's decline brought them down to their lowest level in more than two years.

Canadian shipments, also at their lowest level in two years, fell (-2.5%) for the fifth time since the beginning of 2001. Shipments were down in most parts of the country. The biggest declines were in Manitoba (-5.4%), PEI (-4.8%) and Quebec (-4.4%), but almost every province saw the value of its shipments drop between August and September. Newfoundland (+1.3%), Nova Scotia (+1.5%) and Saskatchewan (-0.1%) were the only regions to escape the general downturn.

*Source: Statistics Canada*

- **BC product exports fell sharply (-19.4%) in September, relative to the same month last year, as exports continued a slide that began in June.** International shipments were down virtually across the board. Agriculture and fish products (+28.7%) were the only exception, although the decline in the value of consumer goods (-0.6%) exported from British Columbia was relatively modest. The forest sector (-20.2%) remained weak, while exports of most other types of goods fell at double-digit rates.

Agriculture and fish product exports were up in most parts of the country, rising 19.3% at the national level. This helped mitigate the effect of generally weaker exports of most other commodities. Canadian energy exports plunged 25.2% as all of the major producing provinces posted declines.

BC, Alberta (-20.3%). Ontario (-7.1%) and Quebec (-17.6%), which together account for about 90% of the total value of Canadian exports saw exports slump in September. In Ontario, the decline was widespread for manufactured goods, but resource-based commodities such as agri-

culture, fishing and energy fared better, posting gains in excess of 25%. Alberta saw a large drop in the value of energy products exported (-27.6%). The downturn was compounded by more modest declines in a number of other commodity groups.

*Source: Statistics Canada*

- **Retail sales in the province fell 0.3% (seasonally adjusted) in September.** The drop in sales was modest compared to other parts of the country. Sales were down 1.7% at the national level, and fell substantially in five provinces. Saskatchewan (+0.9%), Manitoba (+0.3%) and Nova Scotia (+0.3%) posted modest gains.

*Source: Statistics Canada*

- **During the third quarter, retail sales in the province were up 5.0% (unadjusted) from the same period last year.** Sales rose across the board, with furniture stores (+9.3%) posting the strongest gain. Food (+6.6%) and drug (+7.4%) store sales were booming, although some of the increase was price-related. Sales by clothing (+3.5%) and automotive (+4.3%) retailers rose more moderately. General merchandise store sales rose 4.8%, but other retailers saw their business increase only 1.5%. Nationally, the value of sales was up 1.9% in the third quarter, with most retailers showing weaker growth than in BC.

*Source: Statistics Canada*

- **Wholesale sales in the province were down 2.2% (seasonally adjusted) in September.** Sales were generally weak in most parts of the country, falling 0.9% at the national level. Wholesalers of farm machinery (-3.1%) and metals, hardware and other building supplies (-2.9%) were particularly hard hit.

*Source: Statistics Canada*

- **The number of employment insurance (EI) beneficiaries in the province increased 0.8% to a seasonally adjusted total of 60,530 in September.** Ontario (+6.3%) and Newfoundland (+6.1%) were the only other provinces where the number was up. Nationally, there were 531,230 EI recipients in September, 0.7% less than in the previous month.

*Source: Statistics Canada*

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November 23, 2001

## Regional Migration Outlook

### Summary

BC Stats prepares population projections for the province as a whole, as well as for various areas within the province, such as development regions (8), regional districts (28) and local health areas (88). The projections are updated annually to reflect the most recent information on regional trends in fertility, mortality and migration, as well as specific events that could affect population growth. This article presents the major migration assumptions underlying the latest update (P.E.O.P.L.E. 26) to the sub-provincial projections.

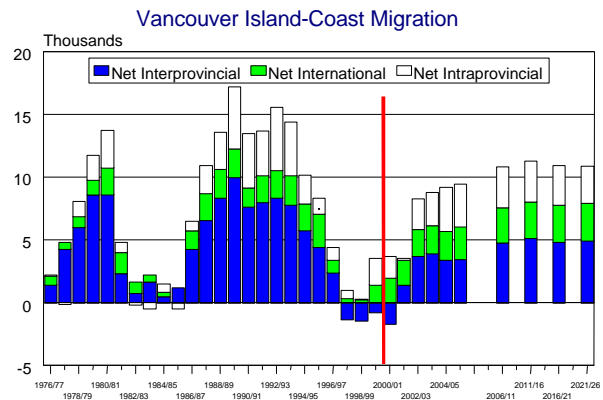
The short-term outlook for this projection is for an improving provincial economy, which in turn will result in a return to positive net interprovincial migration flows to British Columbia. The resource sectors are showing signs of recovery, but are still experiencing some difficulties. There is likely to be below average net migration to communities that are resource-dependent for at least a few years. Over the longer-term, it is expected that the resource sectors will recover and that people will return to these communities.<sup>1</sup>

The British Columbia-level population projection 01/04 forms the control total population for P.E.O.P.L.E. 26 to which all regions must sum.<sup>1</sup> Regional migration is projected using a combination of historical trends and information on future major projects that are certain to have an impact on population. In general, the long-term (beyond five years) forecasts are based on historical trends with some very broad assumptions used to modify these trends. In the short-term, consideration is given to more specific events that will drive migration patterns. Examples are mine openings and closures, changes to the Allowable Annual Cut for various Timber Supply Areas and Tree Farm Licenses, major construction activity, or other major projects.

<sup>1</sup> See "Population Forecast 01/04 Technical Appendix: Forecast Assumptions," Population Section, BC Stats, Ministry of Management Services, Government of British Columbia, April 2001.

### Vancouver Island-Coast Region

This region has most of the population concentrated in its south-east corner, particularly within the Capital and Nanaimo regional districts. Most of the smaller communities in the northern portion of the region, and many in the more southerly areas as well, are heavily dependent on the forest sector. Consequently, migration patterns to these areas tend to fluctuate with trends in this sector. Accordingly, the short-term outlook for this region is for lower than normal net migration as the forest sector continues to work through a slump, rising as export markets recover and prices for forest products rise.



<sup>1</sup> PEOPLE 26 projections are based on information available up to May 31, 2001 and do not consider any effects of the softwood lumber countervailing duty or the effects of September 11, 2001.

Over the longer-term, it is expected that the onset of retirement for the baby boom generation will lead to somewhat larger net inflows of migrants to areas such as the Capital and Nanaimo regional districts (as well as other retirement centres such as the Okanagan). The increase in migration to these areas will likely be modest, since the elderly tend to move less than younger people. However, of those that do move, proportionately more will choose these established retirement centres and this should result in an increase in the amount of migration. Within the most heavily populated areas, there will likely be some spread outward to nearby communities, particularly as housing prices escalate in the core areas. For example, in the Capital region, there will be increased growth in the Western Communities relative to the core and peninsula municipalities.

**Mainland-Southwest Region**

This is the most populous region in the province and receives the bulk of immigrants and inter-provincial migrants. Over half of net inter-provincial migrants to British Columbia and almost 90 percent of net international migrants to the province choose to settle in the Mainland-Southwest region. Conversely, in terms of intraprovincial migration, or migration within the province, there are generally more people moving out of the area than are moving in. In the past, when the resource sectors were in a downturn, intraprovincial outflows from the Lower Mainland have tended to decline as a result of weaker economic opportunity in the rest of the province. The short-term outlook is that current tightening in the resource sectors will lead to intraprovincial outflows from resource-

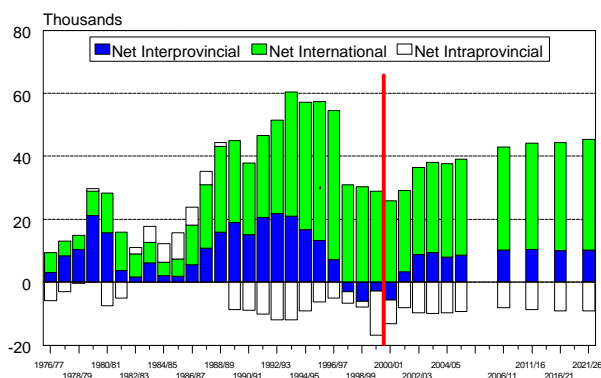
dependent communities and into the Lower Mainland similar to what happened in the mid-eighties, but likely not with the same severity. This will ensure that net migration levels to this region will remain high despite significantly lower net interprovincial migration to the province.

Over the longer-term, the distribution of growth in the Mainland-Southwest region will be influenced by the implementation of the Livable Region Strategic Plan for the Greater Vancouver Regional District. This plan proposes a "growth concentration area" comprised of Burnaby, Coquitlam, Port Moody, Port Coquitlam, New Westminster, Vancouver, North Surrey, and North Delta. The plan is to concentrate growth in these areas and to reduce traffic congestion by locating jobs near where people live. The patterns of growth will depend largely on the timing of transportation projects such as the proposed Skytrain lines. The longer-term outlook is for reduced growth rates for areas outside the growth concentration area, but as long as migration to the province continues to be strong, all areas within this region will continue to experience growth.

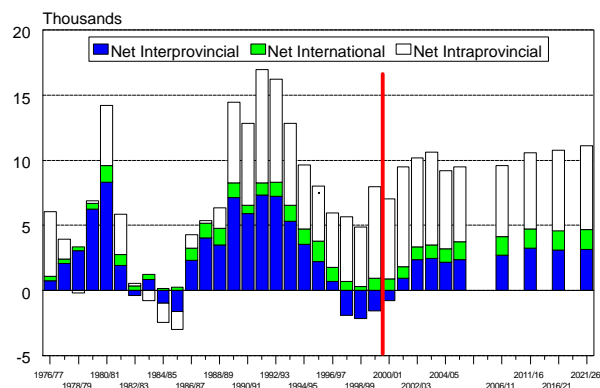
**Thompson-Okanagan Region**

This region is generally known for agriculture and tourism, but it also has a strong dependence on forestry, and activities in that sector will have an effect on migration flows to the area. Mining is also an important economic driver, and the closure of four mines in the last few years will contribute to a reduction in migration to this region in the short-term. When the Highland Valley mine closes some time after 2010, there could be a significant reduction in migration into

Mainland-Southwest Migration



Thompson-Okanagan Migration



this area. This mine is currently the largest in the province and employs over a thousand people. The sheer size of the mine will ensure that there will be an increase in movement from the area when the closure occurs. Movement into the region will probably still outnumber movement out, but the net migration level will be reduced.

Conversely, there could be an increase in migration around 2005 when baby boomers begin to retire. This area is a popular retirement centre, and the increase in the proportion of retirees in the population will benefit this region. Over the longer-term, this area can expect to receive strong migration growth, on average, with the economic cycle in the resource sectors exerting some influence on the magnitude of migration flows.

**Kootenay Region**

Mining, and coal mining in particular, is the main economic driver in this region. There are five large coal mines in the region, plus the Sullivan lead-zinc mine. The Sullivan mine at Kimberley is scheduled to close by the end of the year, and this will have a significant effect on the population of that community and the surrounding area. It is expected that net in-migration to this area will slow around that time. There are some major hydroelectric projects either underway or planned for the near future that could boost the population of this region, at least for the short-term.

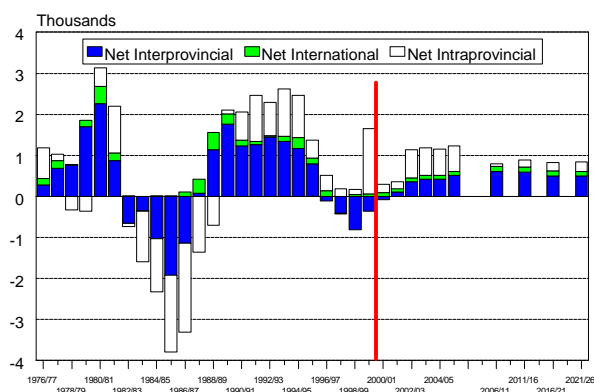
Over the longer-term, depletion of reserves at the coal mines may cause some outflows of population, but there are other deposits that could be developed and a lot will depend on whether or not the demand is there to justify the

investment in infrastructure. Overall, it is expected that this region will receive net inflows of migrants throughout most of the projection, possibly beginning to wane late in the projection as the coal mines begin to deplete their reserves.

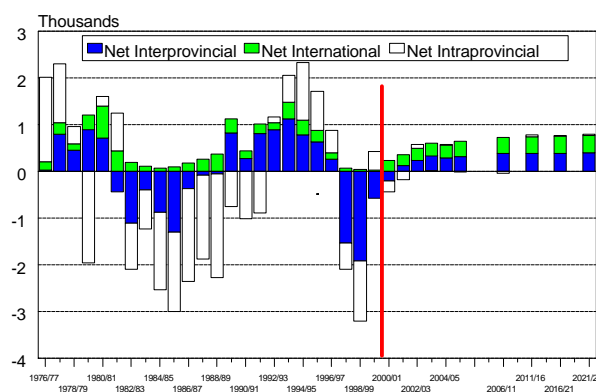
**Cariboo Region**

This region experienced strong population growth through much of the nineties, but with the downturn in the resource sectors, there was significant net out-migration in the last few years. The Cariboo is home to a large number of sawmills and pulp mills and as such, is highly dependent on the fortunes of the forest industry. It is expected that migration to this area will slow considerably over the short-term until the resource sectors begin to recover, with some net migration outflows for at least the next year. There are some significant mineral deposits that will bring people into the area once they are developed, but until metal prices improve, it is unlikely that any new mines will be constructed. Over the longer-term, the outlook is for relatively strong positive net inflows, on average.

Kootenay Migration



Cariboo Migration



**North Coast Region**

This region has traditionally experienced net outflows of migrants, but with the major projects planned for the region, it is expected that there will be small net inflows of migrants over the longer-term. The Kitimat-Terrace area, in particular, should gain from one of the planned projects. The agreement between Alcan and the provincial government concerning compensation for the cancellation of the Kemano Completion project should result in the expansion of the aluminum smelter at Kitimat. This project should result in net inflows of people to the region as the employment base is expanded. In addition to direct employment at the smelter, there will be significant indirect and induced employment as well, which should benefit Terrace as well as Kitimat. There are also several mineral deposits in this region that will likely be future mine sites, and this will create employment and bring people into the area as well.

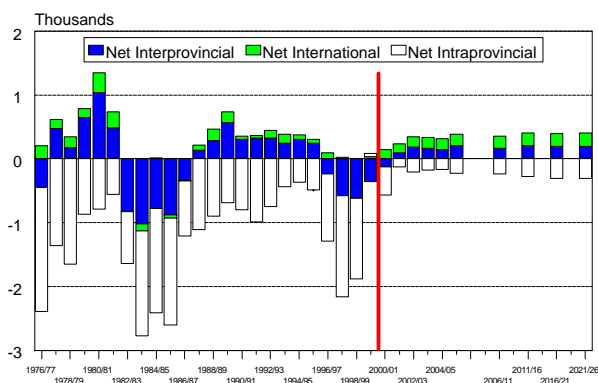
On the negative side, there will also be some mine closures during the projection period, and this could result in some net outflows of population, at least for the areas most directly affected. In the short-term, the downturn in the resource sectors will hurt this area and cause net outflows of population. The downturn in the forest sector, combined with declining fish stocks and poor metal prices will likely contribute to net population outflows in the short-term. Over the longer-term, however, the expectation is for net inflows of people due to the major projects that are planned for the area.

**Nechako Region**

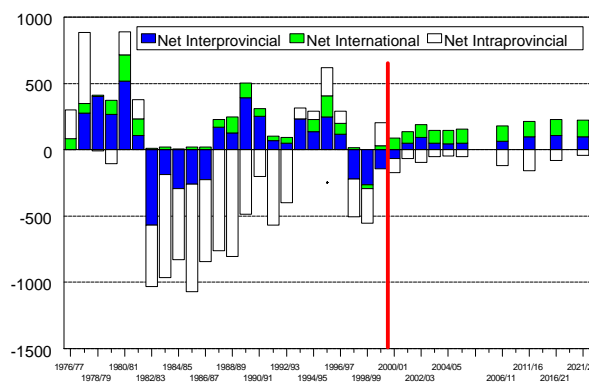
Most of the population lies in the Bulkley Valley, in the southern portion of this region. Mining plays an important role in migration patterns to the area. Not only is the region mineral rich, but Smithers is also one of the main supply and service points for mineral exploration and development in northern British Columbia, which means many of the benefits from mines in remote northern areas accrue to Smithers and the surrounding area. Currently metal prices are low, and this will likely hamper the development of new mines, which means it may be a couple of years before this area will see the benefits of new mine employment. However, over the longer-term it is likely that developments in the mining industry will be a significant driver of immigration.

In addition to mining, the forest sector will also be a main determinant of migration levels to the region. A few years ago the Allowable Annual Cut of the Cassiar Timber Supply Area was increased threefold. If this timber is harvested, it could mean a significant economic boost for the northern portion of the Nechako region. The improved access resulting from new logging roads could lead to further discoveries of mineral deposits and the development of new communities. This region has traditionally lost population due to migration, but with the potential of the resource sectors, it is expected that there will be net inflows of migrants over the long-term.

North Coast Migration



Nechako Migration



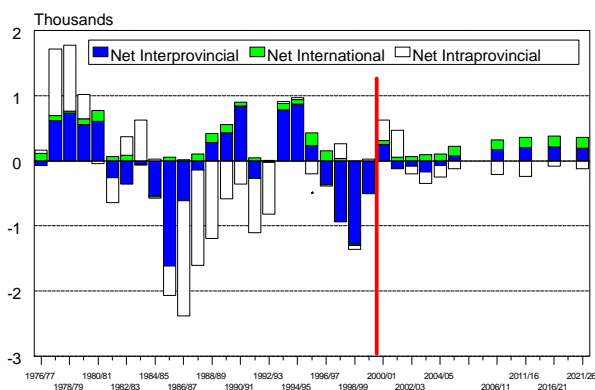
**Northeast Region**

The Northeast region has benefited from a booming oil and gas sector and this is expected to continue for some time. This region has traditionally had a net loss of migrants, but more recently, the activity in the resource sectors has brought more people into the area than have left the area. This trend of net in-migration to the area is expected to continue through the long-term as oil and gas exploration and other energy projects continue to provide employment in the region.

The projections for the total population of each region are available on the BC Stats' web site (<http://www.bcstats.gov.bc.ca>), while the detailed age/gender projections can be purchased from BC Stats in either printed or electronic form.

However, in the short-term, the developments with the two coal mines at Tumbler Ridge will lead to some significant net out-migration from the area, particularly since one mine closed in 1999 and the other is expected to shut permanently in 2003. Mitigating the employment losses from the coal mines is the occupation of houses purchased from the mine over the last year. Once the effects of the mine closures have worked their way through the system, the outlook is for net inflows of migrants over the remainder of the projection period.

Northeast Migration



 **fax** transmission information service from **BC STATS**

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 also on the **Internet** at [www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca)

## 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>		% change on one year ago
<i>(BC - at market prices)</i>	2000	
Gross Domestic Product (GDP) (\$ millions)	127,564	5.8
GDP (\$ 1997 millions)	124,464	3.9
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.) Sep	2,740	-12.9
Merchandise Exports (raw) Sep	2,221	-19.4
Retail Sales (seasonally adjusted) Sep	3,166	4.9
<b>CONSUMER PRICE INDEX</b>		% change on one year ago
<i>(all items - 1992=100)</i>	Oct '01	
BC	115.8	1.1
Canada	116.8	1.9
<b>LABOUR FORCE (thousands)</b>		% change on one year ago
<i>(seasonally adjusted)</i>	Oct '01	
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 21/01	Nov 22/00
Prime Business Rate	4.50	7.50
Conventional Mortgages - 1 year	4.60	7.90
- 5 year	6.85	8.25
<b>US/CANADA EXCHANGE RATE</b>	Nov 21/01	Nov 22/00
<i>(avg. noon spot rate)</i> Cdn \$	1.6014	1.5476
US \$ <i>(reciprocal of the closing rate)</i>	0.6247	0.6468
<b>AVERAGE WEEKLY WAGE RATE</b>		% change on one year ago
<i>(industrial aggregate - dollars)</i>	Oct '01	
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>		

### Oops!

Last issue we published erroneous data on this page for the per cent change on one year ago of

Gross Domestic Product (GDP) (\$ millions) and GDP (\$ 1997 millions).

Corrected information appears

← here, and  
← here

We apologize for any inconvenience.

### Released this week by BC STATS

- Consumer Price Index, October 2001
- BC Origin Exports, September 2001
- Small Business Quarterly, 2<sup>nd</sup> Quarter 2001

### Next week

- Quarterly Regional Statistics, 3<sup>rd</sup> Quarter 2001
- Business Indicators, November 2001
- Current Statistics, November 2001