

highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **Exports of BC products continued to sag in November, dropping to 24.8% below the November 2000 level.** The weakness was widespread across sectors, with particularly large declines seen in international shipments of energy (-54.3%), industrial (-25.9%) and forest (-20.6%) products. Energy exports had boosted the provincial total in late 2000, when sales of electricity and gas to power-starved states such as California soared. Exports of these products have since returned to more normal levels as both prices and volumes have declined, depressing the year-over-year figures.

The energy sector was only one of many factors in November's decline. Forest products are the province's dominant export commodity, and the 20.6% drop in wood and paper shipments contributed significantly to the overall weakness. Agriculture and fish (+14.7%) and automotive (+1.0%) products were the only commodities to show an increase in November. BC exporters of these products have had a reasonably strong year, with the value of international shipments up 10.8% during the first eleven months of 2001.

Exports were down in every province, declining 12.0% at the national level. Alberta's exports plummeted (-26.9%) in November, as did those of her energy-producing provinces such as Newfoundland (-32.7%) and Saskatchewan (-12.3%). PEI (-20.4%) also posted a significant decline, largely due to a drop in agriculture/fish exports. Manitoba (-0.5%) fared relatively well compared to the rest of the country.

Source: Statistics Canada

- **Wholesale sales in the province continued to seesaw, dropping 1.8% (seasonally adjusted)**

in November after posting a 1.4% increase in the previous month. Canadian sales were up 0.4% as weakness in western Canada and Quebec was offset by stronger performances in Ontario (+1.4%) and most of Atlantic Canada. Nationally, sales of motor vehicles and parts (+0.9%), computers (+0.7%) and other products (+3.7%) boosted the overall total.

Source: Statistics Canada

- **New motor vehicle sales in the province recovered in November, increasing 9.8% (seasonally adjusted), to their highest level in four years.** Sales were up across the country, rising 8.5% nationally as consumers in all parts of Canada responded to incentives offered by manufacturers. The strongest gains were made in Saskatchewan (+14.1%) and Nova Scotia (+11.1%).

After dominating the new motor vehicle market since the early 1990s, sales of new trucks and vans have been slipping. In November, BC consumers bought nearly as many new cars (7,223) as trucks and vans (7,333).

New vehicle prices have been trending down since late 2000. The average cost of a new vehicle was down 1.3% in November (relative to the same month last year). Nationally, the average price was marginally lower (-0.2%) than in November 2000. Lower average prices can be the result of falling sticker prices at car lots as well as differences in the type and size of new vehicles purchased by consumers.

Source: Statistics Canada

- **Restaurant, caterer and tavern receipts in the province increased 0.6% (seasonally adjusted) between October and November.** The relatively strong gain occurred mainly because spending at taverns and drinking places was up substantially (+2.3%) for the second month in a

Did you know...

Canadian farmers planted 411,600 acres of potatoes last year. That's 643 square miles—or 167,000 hectares—of farmland that are used to grow the lowly spud.

row. Restaurants and food service establishments posted a more modest overall increase (+0.5%). Canadian receipts rose 1.0%, also due to an upsurge in spending at watering holes (+3.5%). Food service receipts were 0.8% higher than in October.

Source: Statistics Canada & BC STATS

Financing for Small & Mid-size Businesses

- **Eight out of ten (82%) Canadian small and mid-size businesses that sought loan financing during 2000 were able to obtain funding.** The biggest firms were the most likely to be successful. Ninety-four percent of firms with 100-499 employees were able to obtain credit. By comparison, 79% of firms with 1-4, 85% of those with 5-19, and 87% of firms with 20-99 employees obtained funding. Businesses in knowledge-based industries (such as telecommunications and computer services) had a 70% authorization rate for debt financing. This compares to 93% for companies in agriculture and 88% for firms in the primary sector. Firms that were seeking funding were most likely to be asking for operating credit (43%), or loans with a term of more than a year (32%). Twelve percent wanted a demand loan (to be paid back within the year), 10% asked for a mortgage, and 7% sought a credit card. Two-thirds of the requests were made to banks.

BC/Yukon firms were less successful in obtaining funding than those in other regions of the country. The authorization rate in this region (77%) was the lowest in the country. Manitoba/Saskatchewan/Nunavut was the region with the highest authorization rate (87%).

Source: SC, The Daily

Ports

- **Vancouver was Canada's busiest port in 2000, handling 75.2 million of the 402.6 million tonnes of cargo loaded onto or off vessels docked at Canadian harbours.** Traffic through the Port of Vancouver was up 6.9% from 1999, while Canadian traffic increased 4.4%. Crude petroleum shipments rose 16.7% to 50.8 million tonnes. 2000 was the first full year of production from the Hibernia oil fields. Most of the crude petroleum from that source is shipped to a terminal at Come-By-Chance,

where it is loaded onto bulk tankers headed to international destinations. *Source: SC, The Daily*

Tourism

- **Visitor entries to Canada through BC border crossings rebounded in November, rising 5.5% (seasonally adjusted).** The increase in entries, which was the strongest so far in 2001, was largely due to visits from the US. The number of Americans crossing into BC was up 7.0%, boosted by a strong gain (+12.9%) in same-day travel. Overnight visits from the US were 6.3% higher than in October.

Fewer overseas visitors (-1.5%) entered Canada via BC, despite a surge (+12.4%) in the number of entries from Europe. Asian entries were down 5.8%, while the number of travellers coming from the South Pacific declined 10.4%.

The number of Canadians making same-day trips from BC to the US increased 8.8%. However, the number of Canadians returning from trips overseas was down 0.2%. Overall, there were 4.5% more Canadians coming home via BC in November than in the previous month.

Source: Statistics Canada & BC STATS

- **Tourist expenditures in Canada dropped 1.8% (seasonally adjusted, constant 1992 dollars) between the second and third quarters of last year.** Travel ground to a halt in mid-September as the effect of the terrorist attacks weakened an already struggling industry. Not surprisingly, the decline in the third quarter was largely due to the non-resident sector, where spending was down 4.5%. Outlays made by Canadians travelling within the country fell a much more modest 0.7%. Total spending on accommodation (-4.3%) and transportation (-2.5%) was down significantly, largely due to the non-resident sector. Non-residents spent 7.2% less on accommodation, and 6.6% less on transportation in the third quarter than they had in the second quarter of last year. Producers of food and beverage services (-0.6%), tourism (-0.6%) and other (-0.8%) commodities purchased by tourists (-0.8%) saw sales drop less.

Source: SC, The Daily

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Minimum Wage and Economic Hardship

The minimum wage in British Columbia was increased from \$7.60 to 8.00 per hour in November, 2001¹. There had been a previous increase back in November 2000 from \$7.15 to \$7.60. Therefore, altogether, the minimum wage has increased by \$0.85 in the past year, which represents a 12 per cent annual raise. Below we will examine the extent to which this significant wage increase could impact the standard of living of low wage earners.

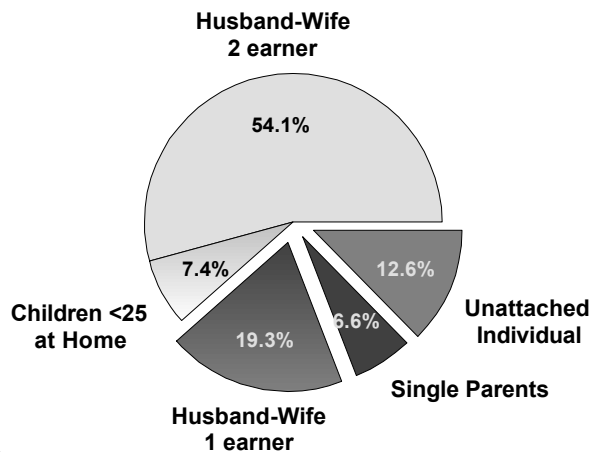
Low wage earners are not necessarily living in financial circumstances that mirror their earning capacity. Poverty and standard of living are gauged by the total income of the family. Thus a teenager living at home and earning minimum wage would most likely not be living in poverty as he/she would be sharing in the household income. The same holds true for a minimum wage earner with a working spouse.

The distribution of the 72,600 minimum wage earners in BC shows that the majority had this status, that is, they were either adults living in households where both husband and wife were working (54%), or were children living with their parents (7%).

This leaves 27,000 minimum wage workers who are likely supporting either themselves or a whole family unit on a minimum wage salary. They are comprised of unattached individuals; single parents; or husband-wife single earner families. For this group, a raise of \$0.85 per hour would represent a significant improvement in their standard of living.

An individual who earns the minimum wage of \$8.00 per hour and works a 40 hour week, for 50 weeks of the year (2,080 hours per year) is now able to earn \$16,640 per year. Does an income of \$16,640 per year provide an adequate income?

Distribution of Minimum Wage Earners British Columbia -- 2000



BC Stats

¹ At that time, a "training wage" was also introduced for employees in their first 500 hours of work experience that was set at a minimum of \$6.00.

To answer this, we will compare this \$16,640 minimum wage standard to Statistics Canada measure of the "Low Income Cut-Off" (LICO). The LICO provides a guideline to the income level below which an unattached individual or a family would be living in "relative poverty".²

Currently, for an unattached individual living in a moderate sized city in Canada, the current LICO is approximately \$16,228. In 2001, an unattached individual earning minimum wage could receive a GST refund of \$316, bringing their total income to \$16,956 which exceeds the LICO. Thus, for an unattached individual, the minimum wage of \$7.65 for the 1st ten months of the year would have resulted in an income of slightly above the LICO, but now the \$8.00 minimum wage boosts them above that level.

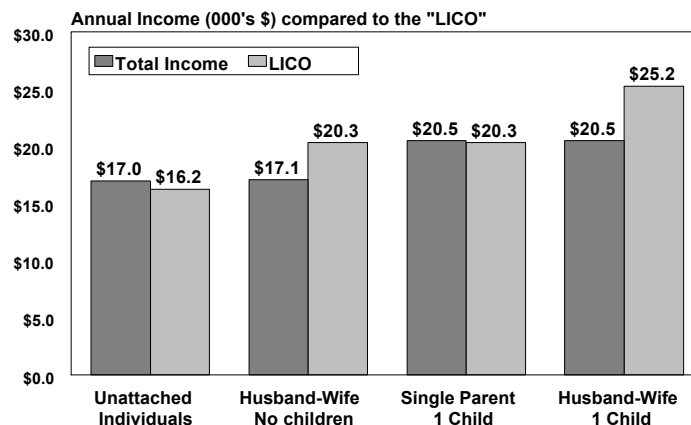
For a family of 2 persons the LICO is currently running at about \$20,285 in medium sized cities. If the family of 2 is a working single parent with one child under 7, their transfer payments (GST Credit, Child Tax Credit, and BC Family Bonus) could be as much as \$3,844. Add that to the \$16,640 earned from a \$8.00 wage rate for the whole year, brings the family income up to \$20,484, also above the LICO.

However, if the family of two is a childless husband-wife family with only one person working and that person earns minimum wage, their transfer payments would only be the GST credit of \$414. If the earner worked full-year/full-time, the family income would equal \$17,054 (\$16,640 + \$414). Thus their standard of living still remains below the LICO of \$20,285.


According to Statistics Canada, for family sizes larger than two people, income would have to increase by approximately \$5,000 for every additional child to remain above the LICO. Transfer payments for each additional child amount to about \$3,000. Therefore, any family with more than one child and only one person in the family working at minimum wage would be considered "relatively poor" by LICO standards.

So while many of the 27,000 single minimum wage earner families will still be living in relative poverty, there is now a subset of that group who can earn enough on minimum wage, in combination with transfer payments, to maintain a standard of living above the LICO.

Income Potential of Families with 1 Earner who Earns Minimum Wage -- Comparison with the "Low Income Cut-off"



² The definition of income for the LICO referred to in this article is pre-tax income including transfer payments such as Child Tax Benefits and GST Credits.

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

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 also on the **Internet** at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Oct 1/01	% change on one year ago
BC	4,102.8	0.9
Canada	31,156.4	1.0
GDP and INCOME		% 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)	19,029	3.1
TRADE (\$ millions)		
Manufacturing Shipments (seas. adj.) Oct	2,711	-11.8
Merchandise Exports (raw) Nov	2,158	-24.8
Retail Sales (seasonally adjusted) Oct	3,179	5.6
CONSUMER PRICE INDEX		% change on one year ago
<i>(all items - 1992=100)</i>	Nov '01	
BC	114.9	0.3
Canada	115.8	0.7
LABOUR FORCE (thousands)		% change on one year ago
<i>(seasonally adjusted)</i>	Dec '01	
Labour Force - BC	2,118	-0.2
Employed - BC	1,913	-3.0
Unemployed - BC	205	36.6
		Dec '00
Unemployment Rate - BC (percent)	9.7	7.1
Unemployment Rate - Canada (percent)	8.0	6.8
INTEREST RATES (percent)	Jan 16/02	Jan 17/01
Prime Business Rate	3.75	7.50
Conventional Mortgages - 1 year	4.35	7.40
- 5 year	6.85	7.75
US/CANADA EXCHANGE RATE	Jan 16/02	Jan 17/01
<i>(avg. noon spot rate)</i> Cdn \$	1.5947	1.5121
US \$ <i>(reciprocal of the closing rate)</i>	0.6253	0.6617
AVERAGE WEEKLY WAGE RATE		% change on one year ago
<i>(industrial aggregate - dollars)</i>	Dec '01	
BC	643.66	0.9
Canada	641.35	3.2
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.bankofcanada.ca		

Released this week by BC STATS

- Small Business Quarterly, Third Quarter 2001
- Labour Force Statistics, December 2001

Next week

- Earnings & Employment Trends, Dec. 2001
 - Consumer Price Index, December 2001
- Annual data for 2001 will be available with this release. We intend to update the tables on our site on Tuesday:

<http://www.bcstats.gov.bc.ca/data/dd/prices.htm>