

## highlights

a weekly digest of recently released British Columbia statistics

### Population

- **According to the Census, British Columbia's population on May 15, 2001 was 3,907,738, an increase of 4.9% from the population measured by the 1996 Census.** BC was one of only three provinces and one territory to grow faster than the national rate. Alberta (+10.3%), Ontario (+6.1%) and Nunavut (+8.1%) were all above the 4.0% growth rate for Canada as a whole. Canada's population eclipsed the 30 million mark, increasing to 30,007,094. It should be noted that these Census figures exclude a number of people who were missed on Census Day. An estimate of the net census undercount will not be available until 2003. In the 1996 Census the national net census undercount was 2.61% of the population, while the equivalent BC figure was 3.76%. *Source: Statistics Canada, 2001 Census of Canada*
- **Within British Columbia, growth was concentrated in the Southwest, East Vancouver Island and the Okanagan.** Regions in the Southeast, North Vancouver Island and the North all experienced declines in population. The region with the largest rate of growth was Squamish-Lillooet Regional District (+12.3%), which includes Whistler, the fastest growing municipality (with more than 5,000 people) in the province (+24.0%). Greater Vancouver (+8.5%), Central Okanagan (+8.2%) and Fraser Valley (+6.8%) were the next fastest growing regions.

The trend toward urbanisation continued in BC as the percentage of people living in urban areas increased to 85%, compared to 82% in 1996 and 80% in 1991. The comparable figure for Canada in 2001 is 80%.

*Source: Statistics Canada, 2001 Census of Canada*

- **Two-thirds of population growth in BC between 1996 and 2001 was due to migration.** The net migration growth was due entirely to international immigration as interprovincially 40,000 more people moved out of BC to other provinces than came here. Approximately 77% of international immigrants came to BC from Asian countries and a further 12% from European origins. *Source: Statistics Canada, 2001 Census of Canada*

### The Economy

- **The number of new motor vehicles sold in the province (including the territories) rebounded with an 8.2% increase (seasonally adjusted) in January after falling 6.8% the previous month.** This was the largest increase in the country. Canada-wide, sales were virtually unchanged from December. Sales of North American passenger cars fell 1.5%, but overseas cars were up 5.2%. Trucks, vans and buses dropped slightly (-0.4%). In addition to BC, strong growth in Alberta (+6.2%) helped to mitigate declines in Ontario (-3.2%) and Quebec (-1.5%).

*Source: Statistics Canada*

- **British Columbia's forest industry barely made a profit in 2001.** According to preliminary results, the industry netted \$200 million in 2001, significantly less than the \$1.5 billion profit earned in 2000. Low prices for lumber and particularly pulp contributed to the shrinking profit margin, but perhaps the most significant reason for the decline was the softwood lumber dispute and the punishing duties imposed on lumber shipments to the United States. In addition to the problems with the US, continuing weakness in the economy of Japan has kept its demand for BC forest products low, affecting the profitability

### *Did you know...*

***British Columbia is the only province that has experienced population growth greater than the national average in every census period since it joined Confederation in 1871.***

of coastal forest companies in particular.

*Source: PricewaterhouseCoopers*

### ***Travel***

- **Traffic at Vancouver International Airport was down 7.1% in 2001, while Victoria International Airport experienced an increase of 3.3%.** Nationally, traffic was down 1.0% for Canadian airports as a whole. It is likely that the events of September 11<sup>th</sup> have adversely affected the airline industry, but data for December shows that the number of aircraft movements is up 3.1% from the same month in 2000. The exceptions are Canada's larger airports as Toronto's Pearson International (-11.3%) and Vancouver International (-11.6%) had significantly fewer flights in December 2001 compared to the same month a year earlier. This is probably due to the fact that many people are choosing to travel shorter distances, rather than taking long international flights. This is borne out by the fact that local movements were up 3.0% across Canada in 2001, while itinerant movements fell 2.9%. Despite the declines for the larger airports, Pearson International and Vancouver International still rank one and two in aircraft movement at Canadian airports.

*Source: Transport Canada*

### ***Housing***

- **The new housing price index increased in both Vancouver (+2.7%) and in Victoria (+1.0%) in January, compared to the same month of 2001.** Across Canada the index climbed 2.9% with the largest growth seen in Ottawa-Gatineau (+6.1%). In Montreal, prices rose 4.1% from January 2001 levels. Windsor was the only urban centre surveyed to see a decline (-0.1%).

*Source: Statistics Canada*

### ***Health Care***

- **One out of every 8 Canadians surveyed reported that their health care needs were not met in 2000/01.** Data from the Canadian Community Health Survey show that approximately 3.2 million Canadians (12.5%) had unmet health care needs. This is almost double the 6.3% response in the previous survey in 1998/99.

The increase was spread across both sex and age groups. Almost 11% of men reported unmet health care needs in 2000/01 compared to 5.2% in 1998/99. Similarly, the incidence for women was almost double, rising from 7.4% to 14.0%. Seniors (8.1%) were the least likely to report unmet needs, while about 13% of people aged 12 to 34 and 35 to 64 felt that their health care needs had not been met.

Most of the increase in reports of unmet health care needs was due to waiting times. About 30% reported waiting times as the reason for unmet needs in 2000/01 compared to 23% in 1998/99. Service availability was an issue for 14% of those with unmet health care needs, unchanged from 1998/99.

*Source: Statistics Canada*

### ***Labour Productivity***

- **Labour productivity in Canada rose 0.5% (seasonally adjusted) from the third to fourth quarter of 2001.** This was the fourth straight quarter that productivity has gone up. Annually, productivity increased 1.2% in 2001, falling short of the average annual growth of 1.7% from 1995 to 2000. The rise in productivity was due entirely to an increase in output, as labour input was unchanged from 2000. However the rate of compensation for labour increased three times faster than the rate of productivity growth, which resulted in a 2.7% hike in the unit labour cost.

Canada's labour productivity lagged behind the United States where productivity grew 1.9%. Since 1995, the average gap between Canada and the United States has been 0.9 percentage points per year. However, Canada's slower growth was mirrored by smaller jumps in compensation that more than offset the gap in productivity as Canada maintained its advantage with regard to unit labour costs.

*Source: Statistics Canada*

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### Business and Consumer Bankruptcies are on the rise in BC

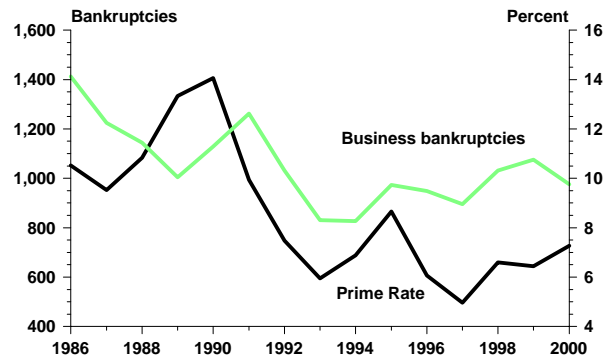
Business and consumer bankruptcies have been on divergent paths over the last decade. While business bankruptcies have fallen somewhat from the number experienced in the early nineties, consumer bankruptcies climbed throughout the decade and were still rising in 2001.

A bankruptcy is attributed to a business, rather than an individual, when over 50 percent of the liabilities incurred are related to a commercial venture or business. This includes corporations, but is more often an individual operating a business as an individual proprietorship or in partnership with other individuals. Business bankruptcies have fallen from 1,262 in 1991 to 976 in 2000, although it appears they will be significantly higher once the numbers for 2001 are in.

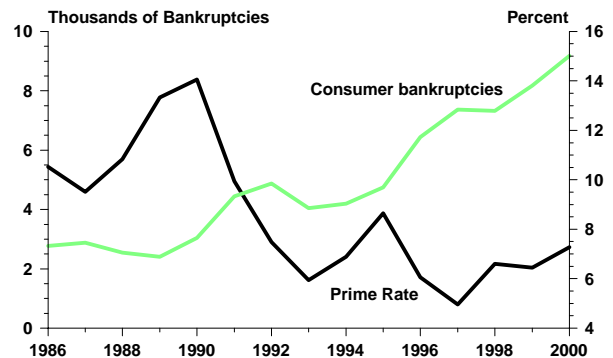
Generally, the number of business bankruptcies has trended fairly closely with the direction of the Prime Rate. In other words, when the Prime fell, the number of bankruptcies for businesses fell, and when the Prime went up, so too did business bankruptcies. This makes sense because with a lower Prime Rate the cost of borrowing for a business is less, which means the burden of interest payments is not as significant. With less of the revenue of a business going toward loan payments, there is more left for profit.

One might think this relationship would hold for consumer bankruptcies as well, but in fact, it appears that over the last several years the opposite has been true. The Prime Rate fell dramatically in the early nineties, spiked up briefly in 1995, then dropped again, settling between 6 and 7 1/2 percent. In 2001, the rate underwent a significant decline dropping 3.25 points from January to December and ending up at 4.0%. By contrast, the number of consumer bankruptcies has been steadily increasing since 1990.

The number of business bankruptcies tends to follow the Prime Rate...



...while consumer bankruptcies tend to trend opposite the Prime Rate



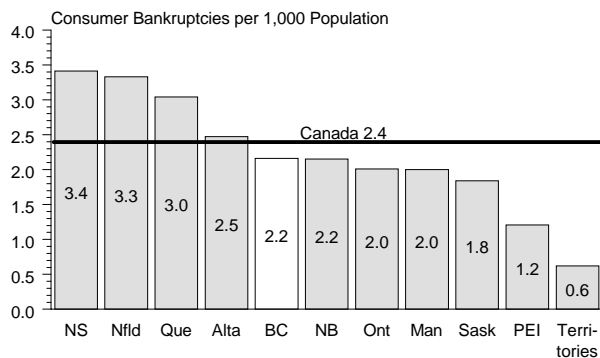
Even with the historically low Prime Rate, the number of consumer bankruptcies has been consistently higher year-over-year compared to 2000. One possible explanation for this is that the Prime Rate is usually lowered in response to a poor-performing economy. When the economy is struggling there is usually an increase in unemployment, which in turn could lead to rising personal debt. This eventually gives rise to increased consumer bankruptcy.

An alternative explanation is that the upward trend in consumer bankruptcies is due to factors unrelated to either interest rates or the economy, such as increased use of credit cards and the proliferation of "buy now, pay later" schemes.

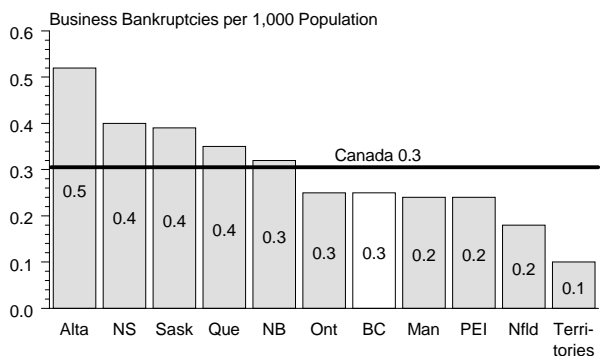
Since 1990, the number of consumer bankruptcies in British Columbia has tripled. During the same period, the number for Canada also increased significantly, rising 75% from 1990 to 2000.

Despite the rapid growth in consumer bankruptcies in BC, the province still has fewer per 1,000 population (2.2) than the Canadian average (2.4), ranking fifth in the country year-to-date to November 2001. British Columbia fares even better with business bankruptcies, ranking seventh at 0.3 bankruptcies per 1,000 people. It should be noted that some of the discrepancy between provinces might be due more to the regulations governing bankruptcy that may make it easier or more difficult to declare bankruptcy, rather than the relative strength of the provincial economies.

Year-to-date to November 2001, BC has fewer consumer bankruptcies per 1,000 population than the Canadian average...



...and the same can be said for business bankruptcies



In the last quarter of 2001 business bankruptcies in BC and across the country have undergone a significant hike. In October and November 2001 there were a total of 226 business bankruptcies

in BC, compared to 232 for the entire fourth quarter 2000. There were similar increases in the numbers across the country, likely reflecting the slide of the Canadian economy into recession. The terrorist attacks of September 11th and the softwood lumber trade dispute with the United States may also be partially responsible for the sudden jump in bankruptcies.

The largest increase in the number of business bankruptcies from September to October 2001 was in "other service industries," which includes travel services. In the wake of the terrorist hijackings, there has been a reluctance to fly on the part of many travellers. This has taken its toll not only on the airlines, but also travel agents and other industries serving tourists.

Another industry group with a large increase in bankruptcies in BC was manufacturing. Quebec also had a major rise in bankruptcies in manufacturing industries, which lends support to the idea that the softwood lumber dispute may also be having an effect, since Quebec and BC are the provinces affected the most by the duties that have been imposed on softwood lumber. It is likely that smaller sawmills could not keep running under the financial burden of the punishing duties.

In general, the industries that are most prone to bankruptcy in British Columbia are those in construction, retail trade, other services and accommodation, food and beverage. One of the reasons for this is simply due to numbers-there tend to be more of these types of industries, and therefore, there are naturally more that will fail. Another reason is that these kinds of industries are often small operations with a small margin for success or failure.

As Canada attempts to shake itself out of the economic doldrums, it is likely that the Prime Rate will remain at historically low levels and may drop even further. This should help stem the rise in business bankruptcies and, through an improvement in the economy, may even halt the disturbing rising trend in consumer bankruptcies.

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## BC at a glance . . .

<b>POPULATION (thousands)</b>	Oct 1/01	% change on one year ago
BC	4,102.8	0.9
Canada	31,156.4	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	5.8
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
<b>TRADE (\$ millions)</b>		
Manufacturing Shipments (seas. adj.) Dec	2,635	-15.9
Merchandise Exports (raw) Dec	1,971	-46.4
Retail Sales (seasonally adjusted) Dec	3,284	5.9
<b>CONSUMER PRICE INDEX</b>	Jan '02	% change on one year ago
<i>(all items - 1992=100)</i>		
BC	115.4	0.8
Canada	116.2	1.3
<b>LABOUR FORCE (thousands)</b>	Feb '02	% change on one year ago
<i>(seasonally adjusted)</i>		
Labour Force - BC	2,114	0.6
Employed - BC	1,929	-1.1
Unemployed - BC	185	22.1
		Feb '01
Unemployment Rate - BC (percent)	8.8	7.2
Unemployment Rate - Canada (percent)	7.9	6.9
<b>INTEREST RATES (percent)</b>	Mar 13/02	Mar 14/01
Prime Business Rate	3.75	6.75
Conventional Mortgages - 1 year	5.00	6.95
- 5 year	7.15	7.50
<b>US/CANADA EXCHANGE RATE</b>	Mar 13/02	Mar 14/01
<i>(avg. noon spot rate) Cdn \$</i>	1.5932	1.5533
<i>US \$ (reciprocal of the closing rate)</i>	0.6263	0.6422
<b>AVERAGE WEEKLY WAGE RATE</b>	Feb '02	% change on one year ago
<i>(industrial aggregate - dollars)</i>		
BC	656.21	2.0
Canada	645.24	2.8

### SOURCES:

Population, Gross Domestic Product, Trade, } Statistics  
 Prices, Labour Force, Wage Rate } Canada  
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics  
 For latest Weekly Financial Statistics see [www.bankofcanada.ca](http://www.bankofcanada.ca)

## 2001 Census results

Population and dwelling counts from the 2001 Census were released on March 12<sup>th</sup>. Data is posted to our site. Follow the link at the centre of our home page.



[www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca)

### Released this week by BC STATS

- Labour Force Statistics, February 2002
- Immigration Highlights, 4<sup>th</sup> Quarter 2001

### Next week

- Consumer Price Index, February 2002
- Exports, January 2002