

highlights

a weekly digest of recently released British Columbia statistics

Labour Force

- **British Columbia's unemployment rate dropped back to 8.7% (seasonally adjusted) in June, after peaking at 9.5% in the previous month.** Employment growth of 1.4% in June was the main reason for the improvement in the jobless rate. At the same time, the labour force continued to expand, with a net addition of 12,500 (+0.6%) people who were either working or looking for work.

Employment growth last month was widespread throughout the economy, with job gains made in both the goods (+1.5%) and service (+1.4%) sectors. On the goods side, the new jobs were concentrated in agriculture (+7.1%) and manufacturing (+2.9%). Forestry, fishing & mining (-3.4%) continued to pare down its workforce, and there were also job losses in the utilities (-2.8%) and construction (-0.2%) industries.

In the service sector, the trend was generally up, but the number of people with jobs in wholesale & retail trade (-0.3%), management & administrative services (-0.4%), and accommodation & food services (-0.8%) shrank. However, this was offset by strong gains in finance, insurance and real estate (+6.6%) and in the information, culture & recreational services (+6.1%) industries. Other industries posted more modest gains.

Part-time employment (+3.1%) increased substantially more than the number of full-time jobs (+0.9%). Employment growth was largely concentrated in the private sector (+1.9%). The number of public sector jobs rose 0.8%.

Source: Statistics Canada

- **Canada's unemployment rate edged down 0.2 percentage points, falling to 7.5% in June, as employment growth (+0.4%) outpaced an**

increase in the size of the labour force (+0.2%). Manitoba (4.9%) again had the lowest unemployment rate in the country, with rates only marginally higher in Saskatchewan (5.3%) and Alberta (5.6%). Ontario (7.1%) was the only other province where the jobless rate was below the national average.

Source: Statistics Canada

- **BC's job market was somewhat polarized, with unemployment rates being substantially higher in the more rural areas of the province than in Mainland/Southwest (8.0%, 3-month moving average) and Vancouver Island/Coast (8.4%).** Five of the seven regions for which unemployment rates in the province are calculated had jobless rates at or above ten percent in June. Unemployment rates in these regions ranged from 9.9% in Kootenay to 15.0% in North Coast/Nechako. In every region except Vancouver Island/Coast, the jobless rate was higher than in the same month last year.

Source: Statistics Canada

The Economy

- **The number of consumer bankruptcies recorded in the province is starting to level off, after trending upward during the last few years.** In May, 817 individuals filed bankruptcy papers, 8.4% less than in the same month of last year. Canadian consumer bankruptcies were down 3.0%.

There were 97 business bankruptcies, 7.8% more than in May 2001. The relatively modest increase in business bankruptcies ended a seven-month-long period during which they were rising at double-digit rates. BC and Alberta, which has been experiencing a similar upward trend in business failures, were the only provinces where bankruptcies increased in May. The

Did you know...

The average mosquito weighs 2.5 milligrams, meaning that 20,000 of them would only weigh a pound. And, there's no place to hide from them. The critters live everywhere from the Arctic to the Antarctic.

Canadian total was 872, down 7.4% from a year earlier.

Source: Industry Canada

- **Insolvent firms in the province had total liabilities of \$63.4 million in May, with most (\$32.8 million) of those originating in the manufacturing sector, where 10 firms filed for bankruptcy.** The remaining firms were primarily in the construction (17), retail trade (10), accommodation and food & beverage services (12) and other service (22) industries. Year to date, there have been 542 bankruptcies recorded in BC, with total liabilities of \$1.5 billion. Logging and forestry companies accounted for \$1.3 billion of the total owed by bankrupt firms in the province.
Source: Industry Canada
- **The value of building permits issued by BC municipalities dropped 24.2% (seasonally adjusted) in May as planned spending on both residential (-27.5%) and non-residential (-16.3%) projects levelled off.** Permits for most types of projects were down in May. Despite the province-wide downturn, building plans in the capital city were booming. Permits in Victoria increased 43.8%, partly offsetting a 38.5% decline in Vancouver. The value of permits issued in Abbotsford, the only other BC city for which seasonally adjusted data are reported, was marginally higher (+0.4%) than in the previous month.
Source: Statistics Canada
- **During the first five months of the year, permits for planned construction projects in the province have increased 2.8% over the same period of 2001.** The overall increase masks considerable variability among the regions, with Nechako (+87.8%), North Coast (+85.7%) and Vancouver Island/Coast (+30.0%) showing very strong gains, while other areas have seen little or no growth. Permits in Mainland/Southwest (+0.9%) were only marginally higher than in the first five months of last year. They were up 4.7% in Northeast, but fell in Thompson/Okanagan (-5.3%), Kootenay (-5.2%) and Cariboo (-50.7%). The big increase in Nechako and North Coast was due to planned spending on non-residential projects, which was more than double the 2001 level. In every other part of the province except Vancouver Island/Coast (+0.6%) permits for non-residential projects were

lower than in 2001. On the other hand, every region except North Coast (-41.0%) has seen double-digits gains in planned residential projects. Overall, the value of residential permits was up 33.3%.
Source: Statistics Canada

- **Department store sales in BC and the territories rose 2.1% (seasonally adjusted) in May, after stalling in the previous month.** BC, Alberta (+2.2%), and parts of Atlantic Canada, were the only regions to see an increase. Canadian sales were down 2.5%, as sales fell sharply in both Ontario (-5.8%) and Quebec (-4.0%).
Source: Statistics Canada & BC STATS
- **BC sawmills produced 3.1 million cubic metres of lumber and ties in April, an increase of 13.2% over the same month last year.** The volume of lumber shipped was up 6.0%. Nationally, lumber production increased 11.0% in April, while shipments rose 7.9%. Production rose in every province, largely in response to continued strong demand from new-home builders. In addition, some mills upped their production in order to take advantage of a temporary respite from US countervailing duties on softwood lumber.
Source: Statistics Canada

Agriculture

- **Last year, the combined value of farm capital in BC—land, buildings, livestock and machinery—was \$15.4 billion, virtually unchanged from the value in 2000.** Farm land and buildings (\$13.1 billion) accounted for the bulk of the total. Nationally, the value of farm capital on July 1, 2001 was \$188.5 billion, with Alberta (\$50.3 billion), Ontario (\$48.3 billion) and Saskatchewan (\$33.9 billion) comprising the biggest shares. Farm land and buildings in BC had an average value of \$1,864 per acre in 2001, more than double the national average (\$775 per acre). Ontario (\$2,746) was the only province where farm land was more expensive. The total debt of BC farmers was \$2.2 billion at the end of last year, with most of that money owed to chartered banks (\$1.5 billion) or federal government agencies (\$0.4 billion). Total Canadian farm debt was \$40.8 billion.
Source: SC, Catalogue 21-603-UPE

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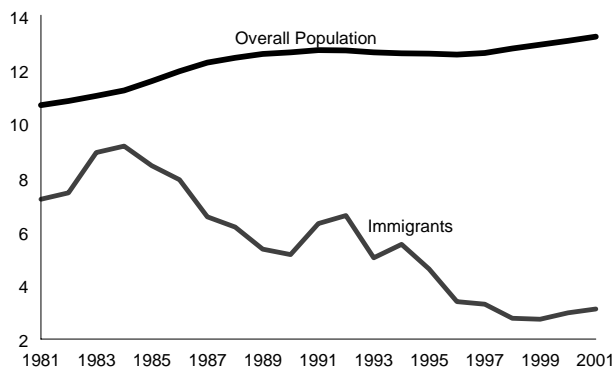
Immigrants as a Source of Labour Supply

"Immigrants now account for more than 70 per cent of all labour force growth" said the Honourable Elinor Caplan, Ex-Minister of Citizenship and Immigration, in the report "The Immigration Plan for 2002".

One of the major themes in Canada's immigration policy has been bringing in people with skills and ideas to promote economic growth and productivity. With the Canadian population continuing to age and fertility remaining low, immigrants not only make up for short term domestic skill shortages but also help maintain labour force expansion in the country. Relative to the overall Canadian population, immigrants tend to be younger. A majority of immigrants who arrived each year were of working age.

In 2001, 13.2 per cent of the population of British Columbia was aged 65 and over, making B.C. the province that had the fifth highest proportion of seniors (defined as people aged 65+). Also, B.C.'s population has a median age of 37.9 years. Two decades ago the B.C. population was younger, having only 10.7 per cent over the age of 65 and a median age of 30.6 years.

Per cent Population Aged 65+ in British Columbia

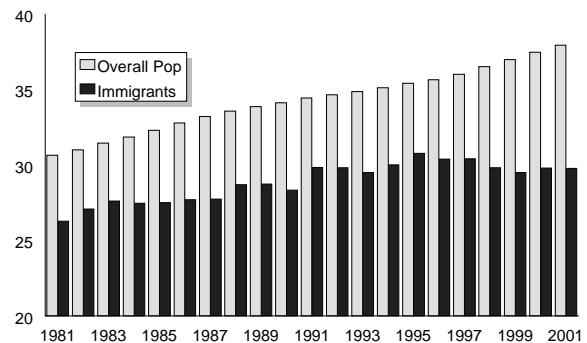


On the other hand, fewer immigrants who arrived in the province were seniors. Historically, the median age of immigrants at time of landing has always been younger than the overall

population. In 2001, the median age of immigrants arriving in B.C. was 29.8 years, approximately 8.2 years younger than the overall population.

Median Age

Overall B.C. Population vs. immigrants



One economic implication of an aging population is the shrinking labour force as more and more people retire. A reduced labour force may lower total output and create higher elderly dependency, a measure of the ratio of seniors to the population of working age between 18 and 64. Elderly are generally dependent on contributions from the work force for maintaining various services and support including income assistance, pension plans, and health care, etc.

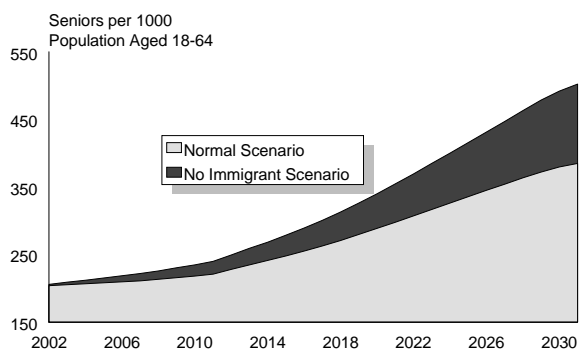
The younger age profile of immigrants helps to lower the elderly dependency ratio in the province. By having a supply of younger population through immigration, the ratio of seniors population to the population in the work force would be lower. Currently, the elderly dependency ratio in B.C. is about 0.203, which could be interpreted as 203 seniors for every 1,000 people of working age.

A study of the population projections of B.C. indicates that elderly dependency will continue to go up from 0.203 in 2001 to about 0.385 in 2031. In other words, there will be close to a 90 per cent increase in the number of seniors relative to those of working age. The population projections in this study assumed conservative

levels of immigration to the province each year. These immigration levels were projected based on the assumptions that the federal government will adhere to its announced immigration policy of maintaining annual immigration at approximately one per cent of Canada's population, and that B.C. will continue to receive a similar share of immigrants as observed in the past.

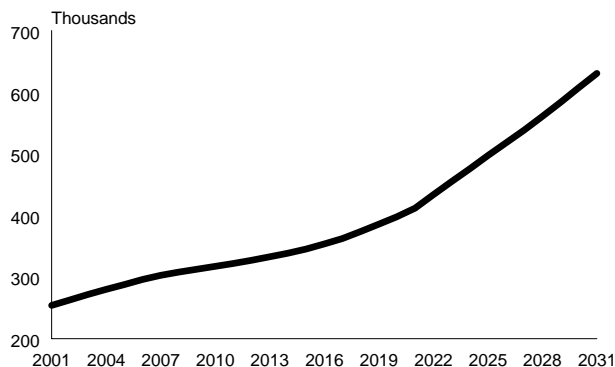
Based on this forecast, a simulation could also be used to estimate, other things being equal, the effect on future elderly dependency if there were no immigrants coming to B.C. If between 2001 and 2031 there were no new immigrants then future elderly dependency would be much higher due to the reduction of working age. Under this "no immigrant" scenario, elderly dependency would reach 0.502 in year 2031, as opposed to 0.385 if immigrants continue to settle in B.C. This simulation estimates an extra 117 seniors (or 30 per cent more) to be supported by every 1,000 persons of working age in the year 2031.

B.C. Elderly Dependency Projections



Elderly dependency will become more of a challenging issue when the baby boomers enter the post 65 age groups. The number of people in the much older age groups will be increasing sharply over the next few decades. In thirty years, the number of people aged 75 and older is projected to be more than 630,000 compared to the current level of 250,000. The older seniors, such as those in the 75 plus age group, put a much heavier demand on health care and other specialized services, when compared to those in the 65–74 age group. Hence, a steadily growing labour force may be necessary in order to match these ever increasing demands.

B.C. Projected Population Aged 75+



It is evident that immigration plays a significant role in shaping the demographic structure of our population. Immigrants are likely to be an important source of labour force growth in the future. As a result, immigration policy and its implications will become an even important factor in program and policy planning at all levels of government.

It is important to note that the above discussions address only one of the many aspects of immigration. There are many studies that have examined immigration from a cost and benefit perspective considering many social, economic, environmental and demographic issues. This article only points out some possible implications on the elderly dependency rate as a result of immigration. There are other factors that may affect the economic benefits achieved through immigration. For example, while immigrants tend to help lower the overall elderly dependency they generally have a lower labour force participation rate. Studies have shown that, whereas settled immigrants have very similar labour force and income characteristics to the Canadian-born population, newly arrived immigrants usually exhibited a higher unemployment rate and earned lower incomes. These observations together with the costs associated with the immigrant settlement programs may act as discounting factors in the overall analyses of immigrants' contribution to the elderly dependency rate issue.

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BC at a glance . . .

POPULATION (thousands)	Apr 1/02	% change on one year ago
BC	4,118.1	0.9
Canada	31,260.4	0.9
GDP and INCOME	2001	% change on one year ago
<i>(BC - at market prices)</i>		
Gross Domestic Product (GDP) (\$ millions)	130,396	2.2
GDP (\$ 1997 millions)	125,534	0.9
GDP (\$ 1997 per Capita)	30,648	-0.1
Personal Disposable Income (\$ 1997 per Capita)	19,177	0.8
TRADE (\$ millions)		
Manufacturing Shipments (seas. adj.) Apr	2,873	-1.9
Merchandise Exports (raw) Apr	2,553	-17.9
Retail Sales (seasonally adjusted) Apr	3,325	7.0
CONSUMER PRICE INDEX	May '02	% change on one year ago
<i>(all items - 1992=100)</i>		
BC	118.1	2.2
Canada	118.6	1.0
LABOUR FORCE (thousands)	Jun '02	% change on one year ago
<i>(seasonally adjusted)</i>		
Labour Force - BC	2,158	2.7
Employed - BC	1,969	0.9
Unemployed - BC	189	25.0
		Jun '01
Unemployment Rate - BC (percent)	8.7	7.2
Unemployment Rate - Canada (percent)	7.5	7.1
INTEREST RATES (percent)	Jul 3/02	Jul 4/01
Prime Business Rate	4.25	6.25
Conventional Mortgages - 1 year	5.55	6.70
- 5 year	7.25	7.75
US/CANADA EXCHANGE RATE	Jul 3/02	Jul 4/01
<i>(avg. noon spot rate)</i> Cdn \$	1.5290	1.5110
US \$ <i>(reciprocal of the closing rate)</i>	0.6529	0.6616
AVERAGE WEEKLY WAGE RATE	May '02	% change on one year ago
<i>(industrial aggregate - dollars)</i>		
BC	670.27	3.2
Canada	650.33	2.4

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

2001 Provincial Economic Accounts

On our Internet Site

The Economic Accounts framework views the provincial economy through the lens of the rigorous methodology endorsed by international organizations and Statistics Canada. Though our analysis and preparation is not yet complete, over the next week interested readers will find a growing array of updates on this data at:

www.bcstats.gov.bc.ca/data/bus_stat/bcea/bcea.htm

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Next week

- Labour Force Statistics, June 2002