

- BC's unemployment rate climbs as the labour force grows faster than the number of jobs
- Building permits edge up in June, but show strong year-to-date gains
- Corporate failures—young firms may lack managerial or financial expertise

## Labour Force

- **British Columbia's unemployment rate rose 0.3 percentage points in July, climbing to 8.6% (seasonally adjusted).** The increase in the jobless rate occurred despite relatively strong employment growth (+0.5%), as the size of the labour force expanded 0.8%. BC and New Brunswick (where employment was also up 0.5%) were the only regions to post significant gains in the number of people employed. Most other regions faced job losses, and overall employment was down 0.1% at the national level. The province also bucked the national trend in terms of its labour force, seeing solid growth at a time when the number of people either working or looking for work in the rest of the country was stagnant (Canada's labour force was unchanged from June).

Canada's jobless rate inched up from 7.7% in June to 7.8% last month. Alberta (4.9%) and Manitoba (5.1%) continued to enjoy the lowest unemployment rates in the country

*Source: Statistics Canada*

- **Both goods (+0.4%) and service (+0.5%) industries took on more workers in July.** On the goods side, the increase was localized in the manufacturing (+1.4%) and primary (+1.4%) industries. Other industries within the sector downsized their workforce, with utilities (-5.0%) making the biggest cutbacks. In the service sector, job growth was limited to retail and wholesale trade (+1.5%), public administration (+2.7%), and professional, scientific & technical services (+5.8%). Employment declined in the other service industries, including transportation and warehousing (-1.5%), an industry that has been struggling in recent months. Uncertainties surrounding

the fate of Air Canada, the SARS scare, and post-war jitters have all played a role in dampening the demand for air transportation.

*Source: Statistics Canada*

- **Unemployment rates remained in the double-digits in Cariboo (12.1%, 3-month moving average), North Coast/Nechako (11.6%) and Kootenay (11.1%).** In the rest of the province they ranged from 7.2% in Northeast to 8.8% in Thompson/Okanagan. Vancouver (7.7%) and Victoria (7.2%) continued to have relatively low unemployment rates. Compared to July 2002, the number of people with jobs was up in most parts of the province. Vancouver Island/Coast (-0.4%) and Northeast (where employment was unchanged from a year ago) were the only exceptions.

*Source: Statistics Canada*

- **Part-time workers in BC made solid gains (+4.8%), but there were fewer people (-0.7%) with full-time jobs.** Women (+1.3%) were more likely than men (-0.2%) to find new jobs in July. The number of self-employed workers (+3.4%) was up significantly, but the job market was less rosy for employees (-0.2%), particularly those in the public sector (-2.3%), where employment in health care and education declined. Private sector employment rose 0.4% in July.

*Source: Statistics Canada*

## The Economy

- **The value of building permits issued by BC municipalities edged up 0.2% (seasonally adjusted) in June, as a drop in residential permits (-2.3%) was offset by a 6.9% increase in the value of permits issued for industrial, commercial and institutional projects.** Permits for industrial (+22.4%) and institutional (+37.1%) projects bounced back

### Did you know...

One in four (26%) BC adults surveyed by Ipsos-Reid said they had cut their lawn while wearing open-toed sandals. That compares to one in five nationally.

from a slump in May. The opposite was true for commercial building ventures: permits dropped (-4.9%) in June, after soaring in the previous month. Planned construction activity in Abbotsford (+1.8%) and Vancouver (+1.1%) increased, but permits were down 2.9% in the Victoria area. Nationally, the value of building permits rose 4.3%, boosted by strong increases in Alberta (+30.6%) and Quebec (+6.0%), and a more modest gain in Ontario (+2.0%).

*Source: Statistics Canada*

- **Year-to-date, the value of building permits issued in British Columbia was 10.9% higher than in the first six months of 2002, largely due to bustling activity in the residential construction sector.** BC's increase was above the national average (+8.0%), but fell short of the very strong gains seen in five other provinces, led by PEI (+37.3%) and Manitoba (+32.7%).

*Source: Statistics Canada*

- **In June there were 118,721 income assistance cases in the province (including singles, couples and families).** This was down significantly from the caseload in June 2002 (138,883). About half (55,126) of the cases were temporary assistance. Another 59,266 cases involved people with disabilities or persistent multiple barriers to employment.

*Source: Ministry of Human Resources data*

### Newspaper publishers

- **Operating revenues for the Canadian newspaper publishing industry were \$4.56 billion in 2001, down 2.4% from the previous year.** Advertising revenues, the main source (71%) of income for newspapers, decreased 2.6%. Circulation revenues also dipped (-2.0%). At the same time, expenses rose (+1.4%) from \$3.98 billion to \$4.03 billion. Wages and salaries, which account for about 40% of total operating expenses, fell 2.3% as publishers trimmed their workforces.

In 2001, the five largest newspaper owners generated 73% of total operating revenues for the industry, down from their 82% share in 1999. However, in 8 of the 10 provinces, three or fewer newspaper owners earned more

than 80% of total revenues; in the other two, their share was 70%.

*Source: Statistics Canada*

### Corporate failures

- **While the age of a firm is strongly correlated with the likelihood of its survival or failure, the underlying process at work differs over time.** Younger companies are more likely to go bankrupt because of shortcomings in managerial knowledge and financial management. Older firms that go belly-up tend to fail because of an inability to adapt to changes in the competitive environment. About 29% of the firms studied by Statistics Canada were one or two years old at the time of bankruptcy. Forty percent were between 3 and 9 years old, and 30% were at least 10 years old. The median age of firms in the sample was 5 years.

*Source: SC, Catalogue 11F0019MIE No 202*

### Government Debt

- **Per capita net debt of the provincial general government sector increased from \$3,779 to \$4,007 in the fiscal year ending March 31, 2002.** Despite the increase, BC continues to have the lowest per capita net debt of any province except Alberta, where the surplus was \$2,942 per person in 2001/02. The governments of Yukon (\$9,067) and NWT (\$6,902) were also in a surplus position. Nationally, provincial and territorial general governments had an average per capita net debt of \$7,966, up from \$7,799 in the 2000/01 fiscal year. Residents of Newfoundland (\$17,071), Quebec (\$12,321) and Nova Scotia (\$11,956) carried the largest per capita debt load.

#### Note to Readers:

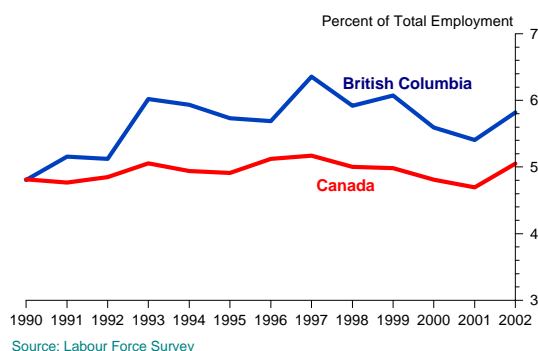
While Statistics Canada's net debt figures are based on information from the Public Accounts, the numbers have been adjusted to conform with definitions used in the FMS system so that valid interprovincial comparisons can be made. For example, general government includes various agencies under the control of government, such as the Workers Compensation Board, as well as other special funds which are not included in the Public Accounts. Assets and liabilities of crown corporations which operate on a for-profit basis are excluded from these debt figures.

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## Moonlighting in British Columbia

After a rapid rise through the eighties and early nineties, it appears that the rate of *moonlighting*<sup>1</sup> has levelled off in British Columbia. Over the last decade, for the most part, the percentage of total employed (including self-employed) in BC that were multiple job holders has remained steady between 5.5% and 6.0%. For Canada as a whole, the rate has been even more stable, deviating only slightly from the five percent mark.

Moonlighting rates have been relatively stable over the last decade



### Moonlighting and self-employment

People take a second job for different reasons. While financial reasons are generally what first come to mind, they are not the only explanation. There is evidence to suggest that many multiple jobholders are self-employed in their second job. These people may have entrepreneurial ambitions and perhaps wish to move away from paid employment into self-employment altogether. Others may simply want to pursue another area of employment out of personal interest and have no intention of ever quitting their day job, so to speak.

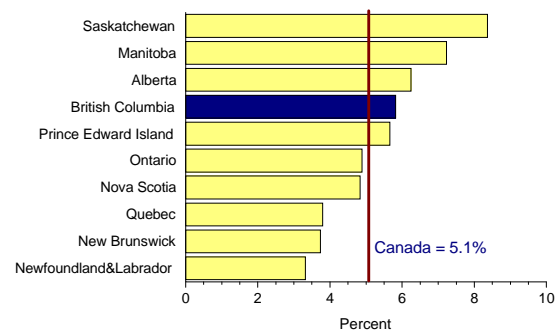
<sup>1</sup> A *moonlighter* is defined as a person, including someone who is self-employed, who has two or more jobs, or who owns or operates two or more businesses at the same time.

One factor contributing to the significant increase in moonlighters could be the corresponding rise in self-employment. Self-employed in BC as a percent of all employed experienced a strong increase through the eighties, rising from 12% in 1980 to 17% by the early nineties. The greater incidence of part-time employment may also be partially responsible. In BC, the percentage of people working part-time increased from around 15% in the late seventies to 20% in the early nineties and has remained fairly steady at or around that mark since that time (although there was a significant increase in 2002 to almost 23%). It is possible that people who could find only part-time work needed to supplement their income with a second part-time job.

### Provincial distribution

Although British Columbia has a higher percentage of moonlighters than the Canadian average, it ranked only fourth in the country in 2002. The Prairie Provinces ranked as the top three, with Saskatchewan leading the way, followed by Manitoba.

BC ranks fourth among the provinces in terms of moonlighters as a percent of all workers



Those provinces with the smallest percentage of moonlighters also tend to have higher unemployment rates. It makes sense that in a province where it is difficult to find a first job, it is also less likely that someone will hold more than one job. The one exception is Prince Edward Island, which is among the leaders in rate of unemployment, but is also above the Canadian average in percentage of multiple jobholders.

The industrial composition of the provinces is probably one of the main reasons for the difference in rates of moonlighting. The industries with the highest incidence of moonlighting<sup>2</sup> are health care and social assistance, agriculture, and educational services. The Prairie Provinces and Prince Edward Island have the largest agricultural sectors in the country, which likely explains why they have above average rates of moonlighting. For P.E.I., although it has a comparable percentage of agricultural workers to Manitoba, its significantly higher rate of unemployment has likely suppressed the number of multiple jobholders to some extent.

Since agriculture is not a large industry in British Columbia, there must be other reasons explaining the higher than average incidence of moonlighting in this province. The demographic make-up of the province is one likely explanation. BC has a higher percentage of people over the age of 65 compared to the Canadian average, which likely translates to a greater need for health care services. As noted above, workers in the health care industry are more likely to have more than one job than those in other industries. Also, BC has a much higher percentage of immigrants compared to other provinces. Studies have shown that more recent immigrants are more likely to become self-employed than people born in Canada. It

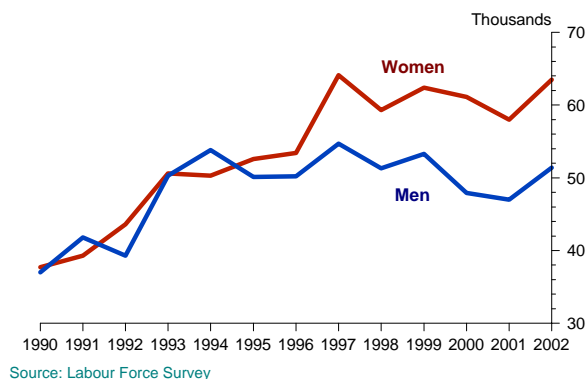
is possible, since many multiple jobholders are self-employed in at least one of their jobs, that this is part of the reason for BC's greater incidence of moonlighters. The higher cost of living in BC, particularly in the Greater Vancouver and Victoria areas, may also contribute to a higher rate of multiple jobholding, as more people may need to take a second job for financial reasons.

**Who is moonlighting?**

In BC, the highest rate of moonlighting is in the 15 to 24 age range (7.4% in 2002), while older workers, 55 and over, are the least likeliest (4.2%). The higher rates among young people may be due to difficulty in finding full-time, well-paid employment.

In terms of gender differences, women in BC were far more likely to be holding more than one job than men. In 2002, 6.8% of working women held two jobs or more, compared to 4.9% of men. These percentages translated into larger absolute numbers as well, as female moonlighters outnumbered those that were men by over 12,000 in 2002.

**There are more women than men moonlighting in BC**

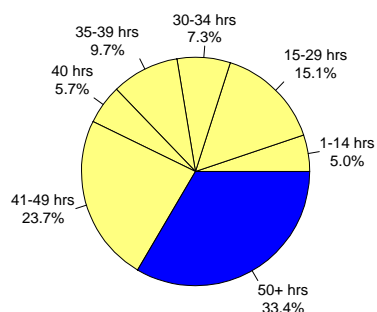


<sup>2</sup> Where the specified industry is wherein the main job is situated.

## Hours worked

It is not all that surprising that, on average, having more than one job leads to more hours worked. In 2002, a third of moonlighters in BC worked more than 50 hours in a week. This compares to only 9% for those working only one job. However, as is the case for workers as a whole, hours worked by moonlighters has been declining. In the early nineties over 40% of multiple jobholders were working 50 hours or more a week.

A third of moonlighters in BC work 50 hours or more per week



Source: Labour Force Survey

## Conclusion

The growth in the number of moonlighters has levelled off in recent years, but there is no sign that multiple jobholding will decline any time soon. Economic conditions, cost of living, entrepreneurial aspirations and opportunities for training are all possible factors in the decision to work in more than one job. For those who want to pursue their own small business interests, moon-lighting can provide a bridge between being a paid employee and becoming totally self-employed

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<b>BC at a glance . . .</b>		
<b>POPULATION (thousands)</b>	Apr 1/03	% change on one year ago
BC	4,162.5	0.8
Canada	31,559.2	0.8
<b>GDP and INCOME</b>	2002 Prelim.	% change on one year ago
<i>(BC - at market prices)</i>		
Gross Domestic Product (GDP) (\$ millions)	134,365	2.7
GDP (\$ 1997 millions)	126,141	1.8
GDP (\$ 1997 per Capita)	30,459	0.8
Personal Disposable Income (\$ 1997 per Capita)	19,445	-0.2
<b>TRADE (\$ millions, seasonally adjusted)</b>		% change on prev. month
Manufacturing Shipments - May	2,760	-0.8
Merchandise Exports - May	2,494	2.5
Retail Sales - May	3,389	-0.5
<b>CONSUMER PRICE INDEX</b>	12-month avg	% change
<i>(all items - 1992=100)</i>	Jun '03	
BC	120.2	2.6
Canada	122.1	3.3
<b>LABOUR FORCE (thousands)</b>	Jul '03	% change on prev. month
<i>(seasonally adjusted)</i>		
Labour Force - BC	2,206	0.8
Employed - BC	2,016	0.5
Unemployed - BC	190	4.8
		Jun '03
Unemployment Rate - BC (percent)	8.6	8.3
Unemployment Rate - Canada (percent)	7.8	7.7
<b>INTEREST RATES (percent)</b>	Aug 6/03	Aug 7/02
Prime Business Rate	4.75	4.50
Conventional Mortgages - 1 year	4.55	5.35
- 5 year	6.35	6.80
<b>US/CANADA EXCHANGE RATE</b>	Aug 6/03	Aug 7/02
<i>(avg. noon spot rate) Cdn \$</i>	1.4058	1.5808
<i>US \$ (reciprocal of the closing rate)</i>	0.6600	0.4500
<b>AVERAGE WEEKLY WAGE RATE</b>	Jul '03	% change on one year ago
<i>(industrial aggregate - dollars)</i>		
BC	687.34	3.6
Canada	662.42	2.1
<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>		

## British Columbia Provincial Economic Multipliers and How to Use Them

Author: Garry Horne, April 2003

37 pages

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