

- BC's unemployment rate inches up to 8.7%, despite employment gains
- BC taxfiler income rises to \$89.1 billion in 2001
- One in ten Canadians report mental health or substance abuse problems

Labour Force

• **British Columbia's unemployment rate inched up again in August, rising to 8.7% (seasonally adjusted).** The advance in the jobless rate occurred as an increase in the number of people with jobs (+0.3%) was not enough to match a 0.5% expansion in the labour force. Canada's unemployment rate also rose in August (to 8.0%), but for different reasons. Fewer Canadians (-0.1%) had jobs, and the number of people who were either working or looking for work rose 0.1%. All four Atlantic provinces, plus Quebec experienced double-digit unemployment rates. In the rest of Canada, jobless rates ranged from a low of 4.9% in Manitoba to 8.7% in BC. *Source: Statistics Canada*

• **The sources of job growth paint a somewhat less rosy picture of the BC labour market.** Part-time (+3.5%) and self-employment (+2.4%) increased substantially, but there were fewer people with full-time (-0.6%) jobs, and the number of employees dipped 0.1%. Public sector (-0.6%) work was harder to find and the number of private sector employees was unchanged from July. Fewer men (-0.9%), but more women (+1.8%), had work in August. The male unemployment rate was 9.2%, a full percentage point higher than for women (8.1%).

BC's goods producing industries cut back on the size of their workforce (-1.4%) in August, but the decline was localized in forestry, fishing and mining (-16.7%). The forest fire situation in the Interior of BC may well have played a role in the job losses in this sector. With the exception of construction (+0.1%) all other goods industries posted healthy gains. On the service side, employment rose 0.8%. Accommodation and food services (+5.5%) and transportation and warehousing (+3.9%) posted strong gains.

However, there were fewer jobs in retail and wholesale trade (-1.6%), health care (-1.5%) and public administration (-2.2%). *Source: Statistics Canada*

• **Cariboo (10.8%, 3-month moving average), Kootenay (11.2%) and North Coast/Nechako (12.1%) continued to experience double-digit unemployment rates.** Northeast (7.7%) and Mainland/Southwest (7.9%) had the lowest unemployment rates in the province.

Source: Statistics Canada

Income of Families & Individuals

• **The median total income of BC families increased (+5.3%) to \$51,700 in 2001.** Lone-parent families (+9.4%, to \$25,700) made the biggest advance. Couples (+5.3%, to \$57,600) and non-family persons (+6.2%, to \$20,700) saw smaller increases in median income.

Median family income in BC remained below the national level (\$53,500) in 2001. Families in Alberta (\$59,900), Ontario (\$58,400), Yukon (\$61,000) and NWT (\$70,300) had the highest median incomes. Once again, Newfoundland&Labrador (\$41,400) was the province with the lowest median family income. (The median income is the income level which is exceeded by half of all families). *Source: Statistics Canada*

• **Compared to other Canadians, non-family persons in this province fared better than families and couples.** The median income for unattached individuals in BC (\$20,700) was higher than the Canadian median (\$20,100). However, it was still lower than in Alberta (\$23,000), Ontario (\$22,300) and the north. Median incomes for lone-parent families and couples in BC were both below the Canadian level in 2001. *Source: Statistics Canada*

• **BC taxfilers reported a total income of \$89.1 billion in 2001, 5.0% more than in the previous**

Did you know...

Health Canada estimates that in 1998, mental disorders were the third highest source of direct health care costs, at \$4.7 billion.

year. Wages, salaries and commissions (68%) were the biggest source of income in BC, followed by government transfers (12%), investment (6%) and private pension (6%) income. Five percent of the income reported by British Columbians came from self-employment and 3%, from other sources. Reliance on government transfers as a source of income varies widely within Canada. In Atlantic Canada, government transfers provided between 16% (Nova Scotia) and 22% (Newfoundland) of the total income reported. Overall, the average dependence on transfer income was 12%. Alberta (8%) was the only province where less than ten percent of reported income came from government transfers.

Source: Statistics Canada

Retirement Plans

- **One in five (22%) Canadians aged 45 to 59 surveyed in 2002 said they plan to retire before they are 60, while a similar number (22%) expect to leave the workforce between the ages of 60 and 64 or when they turn 65 (23%).** Only 3% said they plan on retiring after 65. The remaining 31% either don't know when they will, or do not intend to, retire. *Source: Statistics Canada*

The Economy

- **Production at BC sawmills and planing mills was 5.1% higher in the first six months of this year than in the same period of 2002.** Coastal mills (+22.0%) boosted their output substantially but mills in the Interior, which account for about three-quarters of the total, increased production only marginally (+1.2%). Canadian sawmill production was 1.8% higher than in the first six months of 2002. *Source: Statistics Canada*

- **BC investment in residential construction continued to boom in the second quarter, increasing 26.7% relative to the same period of 2002.** Spending on both new housing (+29.0%) and alterations and improvements to existing dwellings (+22.7%) rose substantially. Nationally, investment in residential construction expanded 10.6%, with increases recorded in all provinces except PEI (-4.1%). BC posted the strongest increase in the country.

Source: Statistics Canada

Education

- **The cost of goods and services at BC elementary and secondary schools rose (+2.2%) for the fourth year in a row in 2001.** The increase in the education price index (EPI) was higher than the province's overall inflation rate (1.7%). Higher wage (+2.1%) and non-wage (+2.7%) expenditures both pushed up the EPI. Teachers' salaries rose a relatively modest 1.8%, but non-teaching salaries were 3.8% higher than in 2000. Non-wage-expenditures were driven up by higher facilities costs (+5.0%, including fuel, supplies and services) and fees for contractual services such as bus transportation (+4.6%). The cost of educating children did not increase as much in BC as in the rest of the country. Canada's EPI advanced 3.0% in 2001, exceeding the overall inflation rate for the third year in a row.

Source: Statistics Canada

Immigrants

- **Between October 2000 and September 2001, an estimated 164,200 immigrants aged 15 and older arrived in Canada.** Toronto, Vancouver and Montreal attracted three quarters of the new immigrants. In Vancouver, 41% of immigrants who came to Canada for economic reasons cited joining family and friends as the most important reason for settling there. Climate (20%) and lifestyle (12%) were also important considerations. Only a few chose Vancouver because of education (7%) or job (6%) prospects.

Source: Statistics Canada

Mental Health

- **One in ten Canadians aged 15 and over reported symptoms consistent with alcohol or drug dependence, or a mental health disorder in 2002.** Women (11%) were slightly more likely than men (10%) to report these conditions. Mood and anxiety disorders were the most common problems identified by women, while men were more likely to be dependent on alcohol and illicit drugs. Youth (aged 18 to 24) were the most likely to have symptoms, with 18% reporting having one of the conditions studied. Almost 8% had substance dependencies.

Source: Statistics Canada

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Author: Dan Schrier, (250) 387-0376

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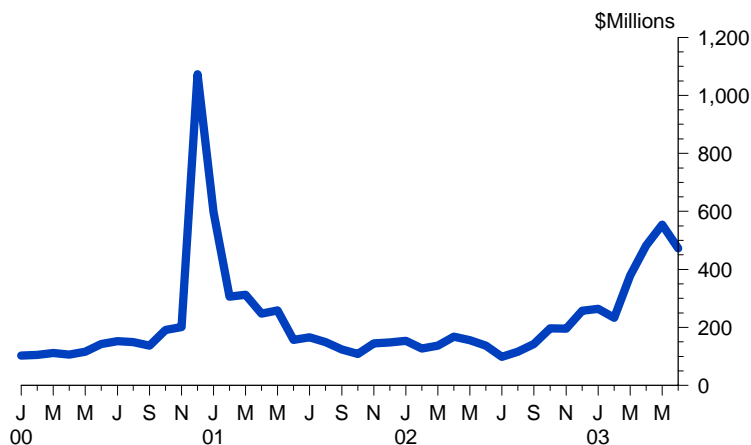
Natural Gas Heats Up British Columbia's Exports

High demand combined with a tight supply has sent the price of natural gas soaring, which is good news for British Columbia's natural gas producers. Corresponding to the price jump, the value of natural gas exports from BC has rocketed up as well, such that in the first half of 2003, the value of international shipments of natural gas was more than two and a half times that of the same period in 2002. While this most recent price inflation has a way to go before reaching the peak set in late 2000—early 2001, it appears that the higher prices may be sustained for a much longer period of time.

Soaring natural gas exports are the main reason for growth in exports so far in 2003

When natural gas prices shot up two years ago, it was mainly in response to the California energy crisis. This time around the circumstances are much different. This last winter in North America was much colder than usual, which resulted in greater than normal depletion of stored natural gas. As a result, storage levels are lower than normal and it is taking much longer than usual for them to recover to preferred levels. In addition to this short-term challenge, there is also a growing long-term problem with supply. Demand has been expanding much faster than supply and there are indications that this may continue over the longer term. If this happens, higher prices may prevail for several years until pipelines connecting new sources in the Northwest Territories and Alaska to the rest of Canada and the United States come on-line.

The value of exports of natural gas from BC is climbing once again



Although well below the peak set in December 2000, high values of natural gas exports are being sustained for a much longer period this time around

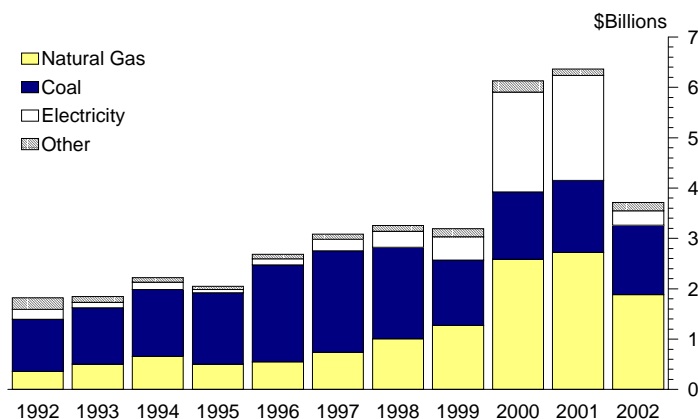
In British Columbia, virtually all natural gas production occurs in the northeast region of the province. According to the BC Ministry of Energy and Mines, 2002 was a record year for natural gas production in this

province and growth is expected to continue. Of total natural gas production in BC in 2002 (including field losses), about 64% was exported to the United States.¹ Natural gas exports have grown to such an extent recently that in the first half of 2003 the value of these international shipments from BC has rivalled that of softwood lumber exports, amounting to about 90% of the value of BC's largest export. If prices remain high throughout the year and the softwood lumber dispute continues to dampen the value of lumber exports, it is conceivable that natural gas will surpass softwood lumber as BC's most significant export in 2003. In terms of provincial government revenues from natural resources, natural gas together with oil revenues exceeded revenues from the forest sector for the first time in fiscal year 2000/01 and repeated that distinction in 2001/02.² The provincial government forecasts that in 2003/04, the revenue from natural gas alone will exceed that of the forest sector.

Year-to-date, the value of natural gas exports from BC has been about 90% that of international shipments of BC-produced softwood lumber

It is clear from these numbers that natural gas has evolved into an important export product for British Columbia. So far in 2003, the strong growth in the value of exports of natural gas has been responsible for most of the increase in total BC origin exports, more than compensating for the decline in solid wood exports. Over the last decade, natural gas has increased its share of total BC energy exports from 20% in 1992 to 51% in 2002. Electricity exports also experienced substantial growth in both value and share in 2000 and 2001, but more recently, low snow packs have reduced supply leaving very little excess power available for export.

Natural gas has grown to become BC's most important energy export



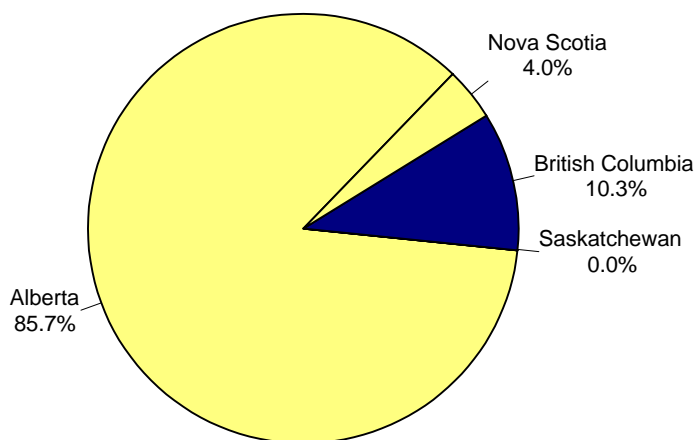
Natural gas comprised over half of BC's energy exports in 2002

¹ Source: BC Ministry of Energy and Mines, *Drilling and Production Statistics 1992-2002 (calendar years)*. The percentage is calculated by taking 20.8 billion m³ in gas exported and dividing by total BC gas production of 32.4 billion m³ (imports are excluded from the equation).

² Source: Government of British Columbia, *Budget 2003*, Table A8.

Despite the fact that production of natural gas in British Columbia has increased by about 85% in the last decade,³ BC origin exports of the commodity are still only a fraction of the value of natural gas exports from Alberta. In 2002, BC was the source of just over 10% of Canada's total natural gas exports, while Alberta was the origin of approximately 86%. Nova Scotia (4%) and Saskatchewan (0.01%) were the only other provinces to export natural gas. This compares to 1992, when Alberta was the source of 92% of Canada's natural gas exports and BC shipped the remainder.

The value of British Columbia's natural gas exports in 2002 is still dwarfed by exports from Alberta



BC's natural gas exports are still only a fraction of the value of Alberta's

While British Columbia will probably never become Canada's premier source of natural gas, it has certainly evolved into a significant supplier. As long as demand remains high, natural gas should continue to be a lucrative commodity for British Columbia. Prices of natural gas will probably remain inflated for some time until new pipelines are built, which implies that natural gas will be one of the most significant exports for BC for years to come.

³ Source: BC Ministry of Energy and Mines.

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BC at a glance . . .

POPULATION (thousands)		% change on one year ago
	Apr 1/03	
BC	4,162.5	0.8
Canada	31,559.2	0.8
GDP and INCOME		% change on one year ago
<i>(BC - at market prices)</i>	2002 Prelim.	
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
TRADE (\$ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jun	2,667	-1.5
Merchandise Exports - Jun	2,584	0.1
Retail Sales - Jun	3,399	0.2
CONSUMER PRICE INDEX		12-month avg % change
<i>(all items - 1992=100)</i>	Jul '03	
BC	120.5	2.6
Canada	122.2	3.3
LABOUR FORCE (thousands)		% change on prev. month
<i>(seasonally adjusted)</i>	Aug '03	
Labour Force - BC	2,216	0.5
Employed - BC	2,023	0.3
Unemployed - BC	193	1.7
	Jul '03	
Unemployment Rate - BC (percent)	8.7	8.6
Unemployment Rate - Canada (percent)	8.0	7.8
INTEREST RATES (percent)	Sep 3/03	Sep 4/02
Prime Business Rate	4.75	4.50
Conventional Mortgages - 1 year	4.55	5.35
- 5 year	6.35	6.95
US/CANADA EXCHANGE RATE	Sep 3/03	Sep 4/02
<i>(avg. noon spot rate) Cdn \$</i>	1.3812	1.5663
<i>US \$ (reciprocal of the closing rate)</i>	0.7246	0.6381
AVERAGE WEEKLY WAGE RATE		% change on one year ago
<i>(industrial aggregate - dollars)</i>	Aug '03	
BC	687.38	2.9
Canada	666.46	2.2

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

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Author: Garry Horne, April 2003

37 pages

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