BRITISH COLUMBIA

BC STATS
Ministry of
Management Services

Infoline

Contact: bcstats.infoline@gems6.gov.bc.ca

Issue: 04-12 March 26, 2004

- **For the first time since 1997, BC sees a net inflow of migrants from other provinces in 2003**
- **Retail sales pick up in January**
- **Proportionally fewer low wage earners in BC**

Population

- **During the fourth quarter of 2003, BC gained a total of 7,568 persons as a result of net migration from all sources, a four-fold increase over the same quarter of 2002.** Net international migration boosted the province's population by 5,968 people in the fourth quarter (up from 2,637 in the same period of 2002). At the same time, BC had a net gain of 1,600 people from other provinces (compared to a loss of 862 in the fourth quarter of 2002). Ontario (1,151) was the primary source of new residents, followed by Manitoba (302), Alberta (199) and Quebec (95). However, there was a net outflow to both Saskatchewan (-85) and Atlantic Canada (-72) in the fourth quarter. *Data Source: BC Stats*

- **Last year, net migration from all sources boosted the province's population by 29,345 people.** Net interprovincial migration was positive for the first time since 1997, with a net gain of 2,094 people throughout the year. Ontario (+2,974) and Manitoba (+850) were the biggest donors. The province also saw a net population increase of 27,251 people as a result of international migration. BC's population was 4,168,123 on January 1st. *Data Source: BC Stats*

The Economy

- **BC retailers had a better month in January, with sales rising 0.6% (seasonally adjusted) after slipping in December (-0.3%).** The improvement in sales was widespread throughout the economy, with retailers of clothing and general merchandise products seeing particularly strong sales growth after a dismal showing in the pre-Christmas rush.

  Canadian sales increased a brisk 1.6%, as cash registers were kept busy in most provinces. Retailers in Quebec (+2.4%) and Ontario (+1.9%) fared particularly well, while sales in Alberta rose more moderately (+1.4%).

  Data Source: Statistics Canada & BC Stats

- **Wholesale sales in the province slumped in January, dropping to 5.3% below the December level (seasonally adjusted).** Wholesalers of motor vehicles and "other products" (paper and paper products, agricultural supplies, industrial and household chemicals, and so on) saw sales fall off substantially. Wholesalers of computers and farm machinery also did not have a particularly good month.

  Nationally, wholesale sales sagged 3.2%, largely due to a downturn in sales of motor vehicles and accessories. Sales in BC fell more than in any other province. Wholesalers in Ontario (-4.0%) also saw particularly large declines, but sales were off in most parts of the country. *Data Source: Statistics Canada*

Minimum Wage Workers

- **One in 25 employees in Canada worked at or below the minimum wage set by their province in 2003, but the incidence varied widely from province to province, ranging from 1.1% in Alberta to 8.5% in Newfoundland.** In British Columbia, 5.6% of the workforce earned minimum wage or less. Alberta had the lowest minimum wage in the country ($5.90 per hour) while British Columbia's minimum wage ($8.00 per hour) was the highest in Canada.

  Nationally, about 12% of employees earned $8.00 an hour or less in 2003. BC was the only province where a relatively small percentage of the workforce was in this wage bracket. In the rest of the country, the percentage ranged from 11% in Ontario to 25% in Newfoundland. People working at or below the minimum wages are most likely to be women, young people, students and part-time workers.

  Data Source: SC, Catalogue 75-001-XIE

Report | BC's tourism sector limps through 2002

Did you know...

Seven in ten British Columbians think that brides wield the most influence when selecting a gift registry, while 21% say both parties are equally involved. The bride's mother (7%), store staff (2%), other family and friends (2%) are all thought to be more likely to influence this choice than the groom.

French Immersion

- **Reading achievement tests administered in 2000 suggest that students who were enrolled in French Immersion programs scored better than their counterparts in regular school programs.** In BC, the reading score was substantially higher (610, compared to 537) for students in immersion programs. Similar differences were observed in most provinces. The higher performance of students in these programs may be related a number of factors, including socio-economic status and pre-screening of students before they are admitted to immersion programs. In contrast, students attending French schools (other than those in immersion programs) in Manitoba and eastern Canada typically did worse than those enrolled in schools where English was the language of instruction. *Data Source: SC, The Daily*

The Nation

- **The per capita net worth of Canadians increased by $1,700 during the fourth quarter of 2003, rising to $124,700 as the national net worth reached $4.0 trillion.** A decline in net foreign debt (which fell to $206 billion) was a major factor, as the amount owed by non-residents to Canadians rose at a faster pace than the overall indebtedness of Canadians to foreigners. There was a sharp increase in Canadian direct investment assets abroad in the fourth quarter.

  Household net worth advanced 1.1%, but Canadians continued to be hampered by a heavy, and rising, debt load. Households had $103 of debt (consumer credit and mortgages) for every $100 of disposable income. *Data Source: Statistics Canada*

- **Canadian direct investment abroad reached $398.2 billion in the fourth quarter, up 2.8% from the end of September.** Foreign direct investment in Canada decreased, falling to $357.7 billion. The decline in foreign investment ended a 25-quarter-long upturn. *Data Source: Statistics Canada*

- **The Canadian dollar increased nearly 20% during the 12-month period ending in December 2003.** The effect of this appreciation was felt almost immediately, as the terms of trade (the ratio of export prices to import prices) shifted in favour of importers. Employment at factories producing goods destined for use outside the country, and investment income from abroad (denominated in Canadian dollars) contracted. At the same time, a stronger dollar reduced the cost of investing in new machinery and equipment, much of which is imported.

  The rise in the dollar caused import prices to drop 12%, much more than the associated 7% decline in export prices. As a result, our purchasing power in international markets was increased. Relative to 2001, Canadians needed to export 9.6% less in goods or services to pay for every $100 of imports. *Data Source: Statistics Canada*

- **Canada's composite leading indicator advanced 0.4% in February, with six of the index's 10 components increasing.** Manufacturing led the gains, after lagging behind most of last year. Household demand was mixed. *Data Source: Statistics Canada*

The World

- **The US economy grew at an average annual rate of 4.1% in the fourth quarter of 2003, after surging ahead 8.2% in the third quarter.** Exports (+20.5%), private sector investment (+14.9%) and consumer spending (+3.2%) all contributed to continued strength in the US economy. *Data source: US Bureau of Economic Analysis*

- **During 2003, the US economy expanded 3.1%, nearly a full percentage point higher than the 2.2% increase recorded in the previous year.** This was almost double the Canadian growth rate of 1.7%. A rebound in investment (+4.2%) and exports (+2.0%), together with robust consumer spending (+3.1%) helped boost the US economy. At the same time, government spending rose 3.3%, partly due to a 10.6% increase in defense expenditures. The value of imports (a negative entry in GDP) rose 4.0%. *Data source: US Bureau of Economic Analysis & Statistics Canada*

Infoline *Issue: 04-12*
March 26, 2004

Infoline Report

Issue: 04-12
March 26, 2004

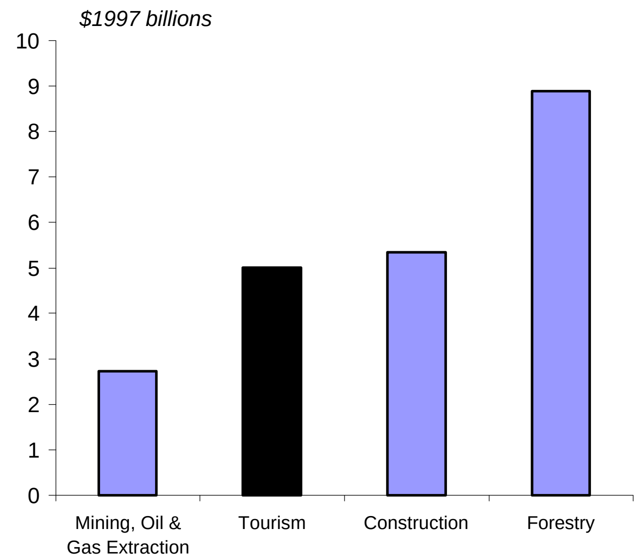
Contact: Lillian Hallin (250) 387-0366
Originally published in *Tourism Sector Monitor,* Issue 04-02. Annual Subscription$60 +GST

BC's tourism sector limps through 2002

Gross Domestic Product (GDP) in BC's tourism sector amounted to roughly five billion dollars in 2002, making up over four percent of the provincial economy. There were some 18,000 companies related to tourism in BC, and over 115,000 workers in the sector. Growth, however, was minimal in the tourism sector, and its size as a share of the BC economy is slowly declining.

This report examines the latest GDP figures for BC's tourism economy, and also takes the opportunity to review the performance of the tourism sector over the past two decades, highlighting its strengths and weaknesses.

Tourism generates about 4% of BC's GDP



An important player in BC's economy

Tourism plays an important role in British Columbia's economy. The sector contributed $5.0 billion (constant 1997 dollars) to the British Columbia economy-4.2% of the province's gross domestic product (GDP). By comparison, tourism's contribution is significantly larger than mining and oil & gas extraction ($2.7 billion), and similar in size to the construction industry ($5.3 billion). It is a bit more than half the size of the forestry sector ($8.9 billion).[1]

Hotels, motels, restaurants and related establishments produce 38.1% of the tourism sector's GDP. Airlines and other transportation (27.5%) industries and retailers (12.9%) are also key players. Other industries make up the remaining 21.4% of total tourism GDP.

A note on GDP

GDP is a measure of the value added to the economy by a particular activity. It is calculated by subtracting the cost of supplies used to produce a good or service from total sales. For example, the price of a restaurant meal covers the cost of food purchased to make the meal, the energy used to cook it, rent and other building expenses, cleaning supplies, accountants fees, and so on. It also includes a markup intended to cover items such as wages, profits and depreciation. The restaurant didn't produce the food or energy it used. Its contribution to GDP is only the value of the service it provided-the difference between the price paid by the consumer and the inputs (such as food and energy) used by the restaurant.

The GDP figures reported in this article are in constant (1997) dollars. This means that they have been adjusted to eliminate the effects of price changes over time.

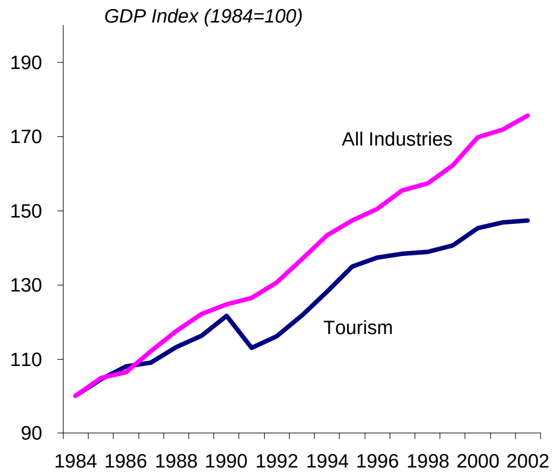
[1] This includes not only logging but related industries such as pulp and paper manufacturing.

The tourism sector has not fared well in recent years

The tourism sector was sluggish in 2002, expanding by a meagre 0.4%. This is well below provincial GDP growth of 2.2%.

Below-average growth is a long-term pattern in BC tourism. In only five of the last 17 years did the tourism sector outpace the provincial economy. Since 1984, tourism GDP has increased 47%, compared with 76% growth in all industries combined. Its share of provincial GDP has fallen from 5.1% in 1984 to 4.2% in 2002.

GDP in the tourism sector has lagged behind the rest of the economy



Since 1984, the retail component of tourism has shown the strongest performance, increasing 70% over the period. Accommodation and food service, the largest element of the tourism economy, has closely matched the performance of total tourism GDP (+45%).

The dismal performance of the transportation sub-sector has been a long-term problem for tourism in BC. Over the last 17 years, tourism-related transportation grew by a total of 8%. The 1991 recession battered the transportation sub-sector, and its GDP plummeted 24% in that year. It took 8 years for the sector to recover, and it is once again in trouble. In 2001, tourism-related transportation GDP fell 3% and showed no growth in 2002.

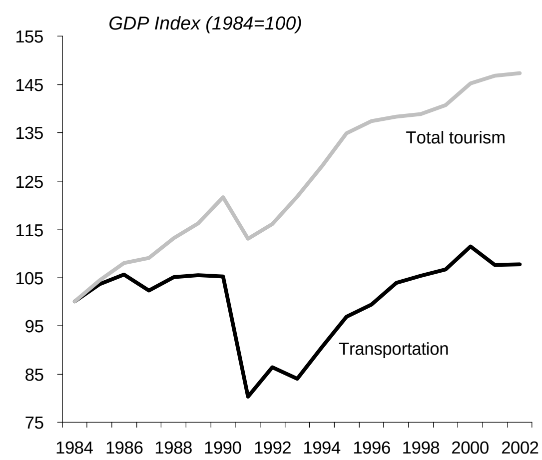
Canada's turbulent airline industry is the main source of the problems. A privatization and deregulation program began some 15 years ago, in a bid to make the industry more competitive. Many airlines have yet to effectively adapt to the new environment.

Canadian Airlines, on the verge of collapse, was absorbed by Air Canada in 2000. In the next year, Canada 3000-having become the nation's second-largest carrier-declared bankruptcy and its 5,000-strong workforce was dismissed.

Despite the dissolution of its main competitors, Air Canada itself filed for bankruptcy protection in early 2003. The airline continues to operate under a court-monitored restructuring program.

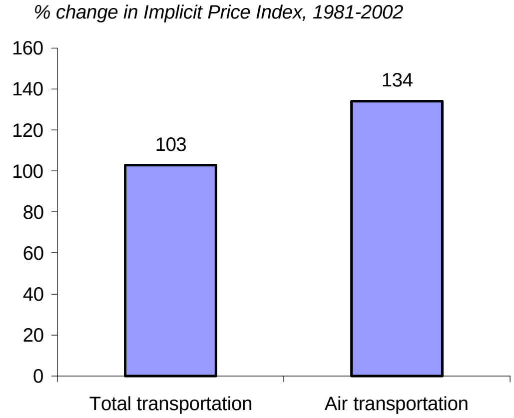
In BC, the air transportation industry shed almost 3,700 workers between 1998 and 2002-23% of its workforce.

Weakness in the transportation component of the tourism sector has hampered growth



The cost of air transportation, furthermore, has increased sharply over the last two decades. General transportation costs (car prices, gas, etc.) essentially doubled (+103%) between 1981 and 2002. However, prices for air transportation increased 134% over the same period.

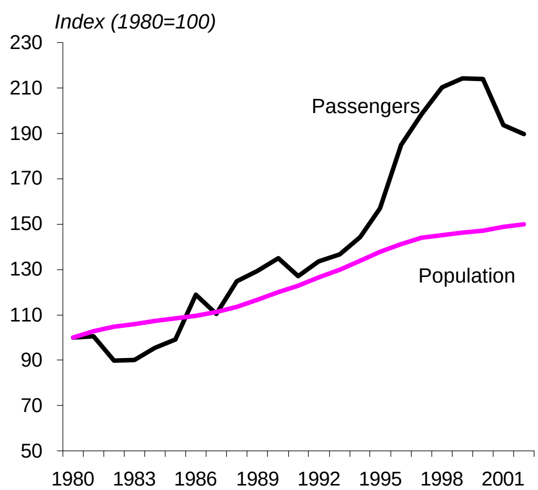
Higher inflation in air transportation



Thus, the long-term health of BC's tourism-related transportation sector hinges on a two-fold problem: maintaining a solvent airline industry while at the same time keeping air travel prices reasonable.

In spite of the troubles in the airline industry, passenger volumes have grown considerably since 1980 (+90%), well ahead of the rise in BC's population (+50%). Much of this growth occurred in the late 1990s in the wake of the open skies agreement, which opened up more direct routes between Canada and the US.

Vancouver airport passenger volumes showed strong growth in the late 1990s

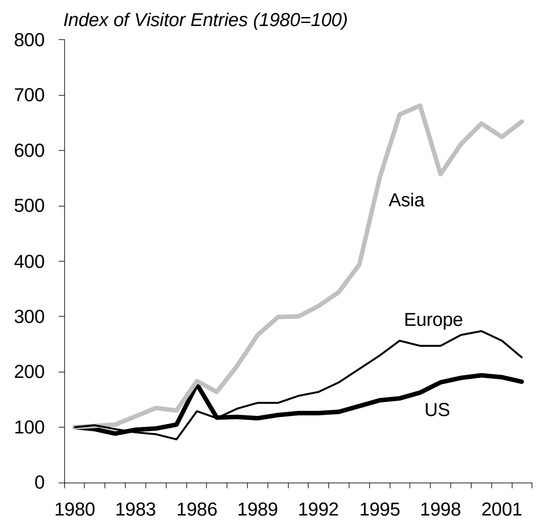


Traveller Volumes to BC

In 2002, the number of international visitors entering Canada through BC border points was down 4.1%. Same-day trips from the US into BC dropped 13.8%, though overnight trips actually increased (+4.2%). The number of overseas visitors edged down 3.0%.

BC has seen strong growth in visitor entries over the past two decades. Between 1980 and 2002, the number of visitors doubled. From the US, same-day visits rose 52%, while overnight trips jumped 114%. Entries from the US make up the vast majority (84%) of all travel to BC. However, the proportion of visitors from overseas has been growing. Visitor entries from Europe have grown 126% since 1980, while entries from Asia have exploded (+552%).

Visitor entries to BC from Asia have soared since the mid-1980s



It is important to remember, however, that visitor entries are only a rough indicator of tourist activity in the province. Some people who enter Canada via BC may be headed for other destinations. The province's location as a transit point for travellers from Asia means that many overseas visitors going to other parts of the country, or even south of the border, initially clear customs in Vancouver.

18,000 businesses offer tourism-related services

There were 17,996 businesses in the tourism sector in 2002. The majority of these firms (61%) were small businesses with fewer than 10 employees. Most (53%) were in the food and beverage industry. The number of firms in the tourism sector has been fairly stable in recent years, increasing 2.6% since 1998.

115,500 British Columbians work in the tourism sector

Employment in the tourism sector was virtually unchanged in 2002 (+0.4%). The sector employs 115,500 people, representing 7.2% of BC workers. The share of BC jobs in tourism since 1991 has been virtually constant.

Tourism employment includes workers in a variety of businesses, ranging from restaurants and hotels to travel agents and airline staff. Exactly half of the jobs are in the accommodation and food industry. Transportation (17%) and retailing (17%) are the other big employers in this sector. All of the tourism jobs are in the service industries.

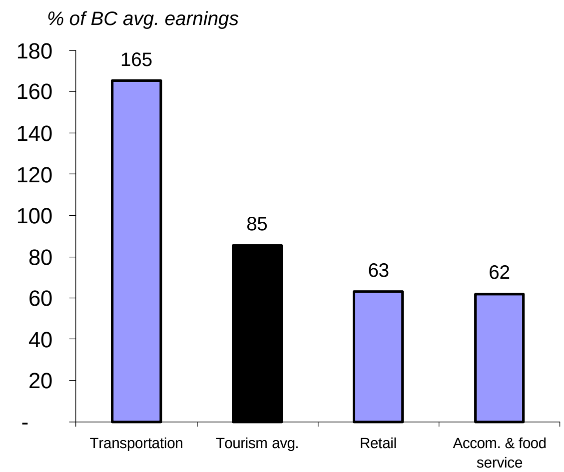
Over the past decade, the accommodation and food industry has been responsible for most of the new tourism jobs, up 32% since 1991. Employment in retail sales grew 16%, over the same period. The number of jobs in transportation rose 4% since 1991, despite significant decline over the last few years.

Are tourism employment estimates comparable to other employment figures?

Yes, as long as care is taken to ensure that jobs are not double counted. Since the tourism employment figures are calculated by apportioning a share of total employment in each industry to the tourism sector, those jobs must be subtracted from total employment in the relevant industries.

Tourism workers earned an average of $577 per week in 2002, noticeably below the total BC average ($675). Workers in transportation had very high weekly earnings ($1116), while those employed in retail ($426) and accommodation and food service ($418) had weekly earnings well below the BC average. This is partly due to the tendency for tourism jobs to be part-time, often held by young people and students. [2]

Most tourism jobs offer below-average weekly earnings



Average weekly earnings in the tourism sector inched up 1.1% in 2002. Since 1991, earnings have risen 17%.

Tourism GDP in 2003?

Tourism sector GDP figures for 2003 will not be available for some time. However, there are a variety of indicators that provide an idea of what to expect from the next annual GDP release.

A review of the available data for 2003 points to a challenging year for tourism. Visitor entries to Canada via BC border crossings were down 8%

[2] For more detail on tourism-related jobs, see the article "The Tourism Labour Market," published in issue 03-07 of the Tourism Sector Monitor. Note that in this report, we have revised the methodology for calculating average earnings in tourism.

in 2003. Entries from both the US (-7%) and overseas (-13%) dropped significantly. Most worrisome was the massive decline in visitor entries from Asia (-24%), which fell to their lowest level in years.

However, as noted earlier, there has been an impressive recovery in the Asian market over the later half of 2003. Indeed, by November, visitor entries from Asia were 9.7% higher than in February 2003 (seasonally adjusted), the month before the SARS outbreak.

Thus, the steep drop in visitor entries suggests that 2003 was a difficult year, but there does not seem to have been any longer-term damage as a result of the SARS scare.

Other tourism indicators tell a similar story. Passenger volumes at Vancouver airport were down 3.7% in 2003, and the number of overseas travellers was down %10.0.

Hotel occupancy rates (58.3%) hit their lowest level in at least a decade. Hotel room rates dipped 1.7%, and the overall consumer price index for traveller accommodation sunk 9.9%, nearly wiping out 8 years of inflation.

Preliminary room revenue data indicates that room revenues in BC edged down 1.4% in 2003, the first decline since 1991.

There was some positive economic news last year. Employment in some key tourism-related industries expanded slightly in 2003. Most notable, employment in air transportation-riding gains made in the first half of the year-was up 4.4%. As well, restaurant and tavern revenues rose a solid 5.7%.

Nevertheless, the overall indication is that 2003 was a particularly difficult year for the tourism sector in BC. A major factor in this was the SARS panic-which should not carry any effects into 2004. At this time, ongoing trouble in the transportation sector seems to be the main weak point for tourism in the province.

Tourism GDP and Employment

2002 data ($1997 million)	Tourism-related activities	Other activities	Tourism as % of industry GDP	% of tourism GDP
Tourism sector GDP	***5,012***			
Accommodation & food services	1,911	1,767	52.0	38.1
Retail	645	6,980	8.5	12.9
Transportation & warehousing	1,380	5,859	21.9	27.5
Other with tourism component	1,075	68,888	1.5	21.4
Goods industries		28,687		
Service industries	5,012	84,540	5.9	100
Total GDP for BC: 118,240			***4.2***	100

2002 data	Tourism-related activities	Other activities	Tourism as % of industry employment	% of tourism employment
Tourism sector employment ('000)	***115.5***			
Accommodation & food services	58.2	89.1	39.5	50.4
Retail	19.3	190.1	9.2	16.7
Transportation & warehousing	20.0	82.9	19.4	17.3
Other with tourism component	18.0	749.5	2.3	15.6
Goods industries		291.9		
Service industries	115.5	1,196.5	9.7	100
Total employment in BC: 1,612,737			***7.2***	100

2003 Year-to-Date (Jan - Nov)	Tourism-related
Tourism sector employment ('000)	***117.5***
Accommodation & food services	58.0
Retail	20.2
Transportation & warehousing	20.5
Other with tourism component	18.8

	1998	1999	2000	2001	2002
GDP at basic prices ($million)					
Tourism	***4,864***	***5,067***	***5,235***	***5,398***	***5,485***
Accommodation & food services	1,889	1,915	1,984	2,088	2,086
Retail	550	561	598	631	664
Transportation & warehousing	1,432	1,528	1,548	1,548	1,582
Other	994	1,063	1,106	1,132	1,154
GDP at basic prices ($1997 million)					
Tourism sector	***4,724***	***4,784***	***4,940***	***4,992***	***5,012***
Accommodation & food services	1,847	1,831	1,877	1,912	1,911
Retail	549	555	582	614	645
Transportation & warehousing	1,348	1,366	1,426	1,378	1,380
Other	979	1,030	1,055	1,090	1,075
Employment ('000)					
Tourism sector	***112.5***	***111.3***	***112.8***	***115.0***	***115.5***
Accommodation & food services	56.2	56.2	57.0	58.4	58.2
Retail	16.4	16.2	17.0	18.3	19.3
Transportation & warehousing	21.4	21.4	21.4	20.6	20.0
Other	18.5	17.5	17.3	17.7	18.0

Infoline

March 26, 2004

fax transmission information service from **BC STATS**

Email transmission information service from **BC STATS**

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

BC at a glance . . .

POPULATION (thousands)	Jan 1/04	% change on one year ago
BC	4,168.1	1.0
Canada	31,752.8	0.9
GDP and INCOME		
(BC - at market prices)	2002	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	135,552	2.7
GDP *($ 1997 millions)*	128,151	2.4
GDP *($ 1997 per Capita)*	31,143	1.5
Personal Disposable Income *($ 1997 per Capita)*	19,576	0.1
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jan	3,095	0.5
Merchandise Exports - Jan	2,209	-4.1
Retail Sales - Jan	3,429	0.6
CONSUMER PRICE INDEX		
(all items - 1992=100)	Feb '04	12-month avg % change
BC	121.3	1.9
Canada	123.2	2.2
LABOUR FORCE (thousands)		
(seasonally adjusted)	Feb '04	% change on prev. month
Labour Force - BC	2,211	-1.1
Employed - BC	2,036	-1.8
Unemployed - BC	174	6.8
		Jan '04
Unemployment Rate - BC *(percent)*	7.9	7.3
Unemployment Rate - Canada *(percent)*	7.4	7.4
INTEREST RATES (percent)	Mar 24/04	Mar 26/03
Prime Business Rate	4.00	4.75
Conventional Mortgages - 1 year	4.30	5.35
- 5 year	5.70	6.85
US/CANADA EXCHANGE RATE	Mar 24/04	Mar 26/03
(avg. noon spot rate) Cdn $	1.3387	1.4710
US $ *(reciprocal of the closing rate)*	0.7454	0.6806
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Feb '04	% change on one year ago
BC	684.78	0.8
Canada	678.61	3.0

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

Provincial Electoral District *Profiles*

We have just added additional area profiles based on the 2001 Census to our site. Each 18-page profile details the demographic and dwelling characteristics in a series of charts and tables. The comparative charts, sorted data, share calculations, 2001 election results, and links to maps provide a ready and comprehensive overview of each riding.

The PED profiles have been added to our general 2001 Census Profile page. Other new additions to this page are profiles for Vancouver Island and for each of the eight development regions. This completes our census profile development for the 2001 Census.

PED profiles:

www.bcstats.gov.bc.ca/data/cen01/profiles/csd_txt.htm#PED_mark

2001 Census profiles:

www.bcstats.gov.bc.ca/data/cen01/profiles/csd_txt.htm

Released this week by BC STATS

- Current Statistics, March 2004
- Migration Highlights, Fourth Quarter 2003

Next week

- Business Indicators, March 2004
- Immigration Highlights, Fourth Quarter 2003
- Earnings & Employment Trends, February 2004

BC STATS, Ministry of Management Services, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: www.bcstats.gov.bc.ca E-mail: BC.Stats@gems8.gov.bc.ca