

- BC's unemployment rate at its lowest level in at least 30 years
- British Columbians contributed over \$973 million to charities in 2004
- The nation's Gross Domestic Product picks up steam, rising 0.5% in August

Labour Force

- **British Columbia's unemployment rate fell 0.6 percentage points to 5.1% (seasonally adjusted) in October, its lowest level in at least 30 years.** A significant jump in employment (+0.7%) pushed the unemployment rate down despite a slight boost in the labour force (+0.1%).

The service sector continues to drive the expansion in jobs. While the goods sector experienced a 0.4% drop in employment between September and October, service jobs climbed 1.0%. Strong growth in the workforce of wholesale & retail trade (+5.9%) and information, culture & recreation (+3.3%) industries helped offset significant declines in employment in educational services (-7.2%) and public administration (-4.3%).

BC's manufacturing sector shed about 3,200 jobs in October, a drop of 1.6%. A slump in construction employment (-1.2%) also contributed to the decline in jobs in the goods sector. Strong employment growth in the primary industries such as forestry, fishing & mining (+5.9%) and agriculture (+2.8%) were not enough to offset the losses in manufacturing and construction.

Data Source: Statistics Canada

- **Women benefited the most from the increase in employment as the female workforce in BC expanded 1.1% (seasonally adjusted) in October, more than recovering from a 0.7% drop a month earlier.** The unemployment rate for women in BC dropped to 4.6%, the lowest rate in at least three decades and a full percentage point lower than a month earlier. The number of men employed in BC also climbed, edging up 0.3%, with male unemployment in the province dropping to 5.6%.

The overall employment increase was a combination of a 0.5% rise in full-time employment (+8,900 jobs) and a 1.2% increase in part-time jobs (+5,400).

The number of self-employed in the province grew to an all-time high in October, rising 1.9% to 431,500.

Data Source: Statistics Canada

- **Unemployment rates dropped in most regions of the province, with the exception of North Coast/Nechako, where the jobless rate climbed to 6.0% (3-month-moving average, unadjusted) and Northeast, where it was unchanged.** The 4.4% rate recorded in Northeast was the lowest in the province, while North/Coast Nechako's 6.0% was the highest. October was the sixth consecutive month where all regions of the province had single-digit unemployment rates.
- **Canada's unemployment rate improved to 6.6% (seasonally adjusted) in October, but was still a full one-and-a-half percentage points higher than BC's rate.** A 0.4% increase in employment outpaced 0.3% growth in the labour force to drive down the unemployment rate. The four western provinces had the lowest unemployment rates in the country, ranging from 4.0% in Alberta to 5.2% in Saskatchewan, while Newfoundland and Labrador's 15.2% was the highest rate of joblessness in Canada.

Data Source: Statistics Canada

Culture

- **Federal, provincial and local governments spent \$777 million (an average of \$188 per capita) in BC in support of cultural activities in 2003/04.** On a per capita basis, BC received less federal government funding (averaging \$49 per capita) than most other provinces, about 45% of the Canadian average (\$111/per capita). Nature parks were the biggest benefi-

Did you know...

In 2003, BC residents spent 67% more on live cultural & performing arts (\$120 million) than on live sports events (\$75 million) *Source: BC Arts Council Annual Report 2004-05*

aries in the province, with federal spending up 11.2% from the previous year. Per capita spending on culture by the provincial government (\$64) was also below the national average (\$69); however, municipal governments in the province spent more per capita (\$75) than in any other province, well above the Canadian average of \$63.

Quebec (\$156) and PEI (\$139) were the provinces where the federal government spent the most on a per capita basis. Nationally, total government spending on culture grew to \$7.3 billion in 2003/04, up 4.1% from the previous year. Federal government expenditure expanded 2.2% to \$3.5 billion while the provinces and territories spent \$2.2 billion, up 4.3%. Municipal expenditures showed the most significant increase (+7.1%), bringing spending up to \$2.0 billion. *Data Source: SC catalogue no. 87F0001XIE*

Charitable Donations

- **British Columbians reported over \$973 million in charitable donations in 2004, an increase of 12.5% over 2003.** The number of donors in BC also increased, rising 6.2% to over 705,000. The percentage of total tax filers in BC that claimed a donation was 24%, which is slightly below the national average of 25%; however, the median amount donated per person in BC (\$290) was well above the national median (\$230). With almost 29% of tax filers claiming donations, Manitoba led the country, while at just 11%, Nunavut had the smallest percentage of tax filers that gave to charities in 2004. However, those that did give to charities in Nunavut were some of the most generous in the country with a median donation of \$390, well above PEI (\$340) and Newfoundland & Labrador (\$310), which were the only others among the provinces and territories with median donations exceeding \$300.

Among census metropolitan areas (CMAs), tax filers in Abbotsford reported the highest median donation (\$540) in the country. Toronto was a distant second with a median of \$320.

Data Source: Statistics Canada

Investment Income

- **The number of taxfilers in BC reporting in-**

vestment income jumped 3.3% in 2004 as investment income climbed (+3.4%) to nearly \$4.9 billion. The 37% of tax filers in BC reporting investment income was the highest ratio in the country. Among census metropolitan areas, Victoria (\$780) recorded by far the highest median investment income, followed by Vancouver (\$580) and St. Catharine's-Niagara (\$510). Nationally, 33% of tax filers had investment income in 2004 and the number of those investors rose (+2.0%) along with income invested (+1.8%). Newfoundland and Labrador tied with BC for the biggest increase in investors (+3.3%), while Alberta saw the most prominent increase in investment income (+6.2%).

Data Source: Statistics Canada

The Nation

- **The Canadian economy advanced in August, with real GDP at basic prices increasing 0.5% (seasonally adjusted) from the July level.** Both the goods (+1.0%) and service (+0.2%) sectors were up. There was an upturn in utilities (+0.4%), the mining, oil & gas industry (+0.7%), agriculture, fishing & forestry (+1.3%) and, most significantly, in manufacturing (+1.7%). Construction (-0.8%) was the only industry in the goods sector to record a decrease. Among service-producing industries, wholesale trade (+1.4%) had the highest growth rate, followed by transportation & warehousing (+1.0%). Finance, insurance & real estate edged up 0.3%.

Water transportation rebounded (+8.0%) following the end of strike activities on BC's west coast. Retail trade (-1.0%) recorded a decrease, due mostly to a retraction in sales of new motor vehicles. As the value of the Canadian dollar continued to increase in August, air transportation, (-0.3%) and accommodation & food services (-0.9%) recorded drops, reflecting the reduced number of international tourists entering the country. Health care & social assistance and education services in the nation remained unchanged in August.

GDP rose 1.4% in the energy sector, reflecting higher extraction of and exploration for both oil and gas.

Data Source: Statistics Canada

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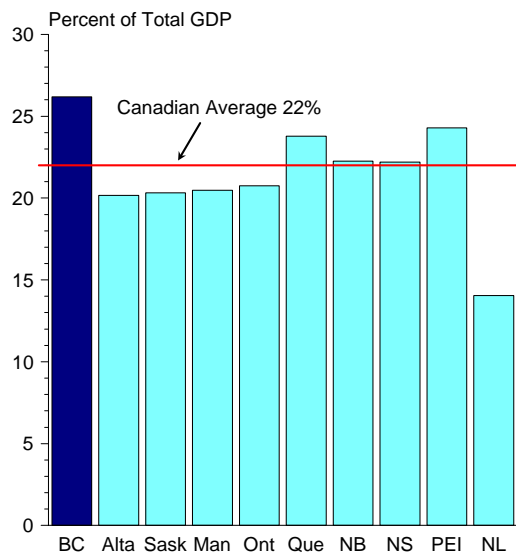
Originally published in *Business Indicators* Issue 05-10. Annual Subscription \$60 +GST

Small Business Plays a Large Role in BC's Economy¹

The small business sector is a key instrument of job creation and economic growth in British Columbia. It is the primary source of private sector jobs in the province, reflecting an ongoing trend toward economic diversification. It is also a vital source of innovation: approximately 95% of high technology businesses in BC are small businesses.

Among the provinces, the importance of small business is most acute in British Columbia. In 2004, approximately 26% of the province's GDP was generated by the small business sector. This was the highest rate of contribution of any province and well above the national rate of 22%.

BC ranked first among the provinces in terms of proportion of GDP generated by small business



A business is defined as a small business if it is either:

- A business with fewer than 50 employees
- A business operated by a self-employed person with no paid help

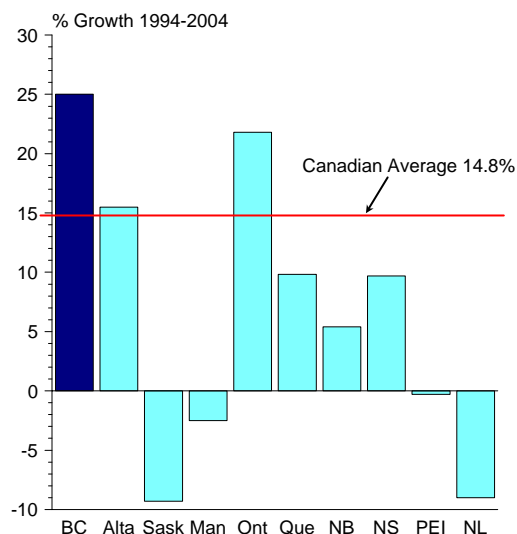
Small business keeps growing in BC

There were a total of 363,000 businesses operating in British Columbia in 2004, of which 98% (355,600) were small businesses. Of these, well over half (56%) were operated by self-employed individuals with no paid employees. The total number of small businesses operating in the province increased for the third consecutive year in 2004, edging up 0.5% from 2003. A boost in the number of self-employed entrepreneurs working alone (+1.1%) was responsible for the increase as the number of businesses with employees actually dipped 0.2%, marking the first time in at least 15 years that there has been a drop in the number of small businesses with employees.

Over the last decade, BC has led the country in terms of growth in the number of small businesses. Between 1994 and 2004, the count of small businesses in the province climbed 25.0%, well above the national average of 14.8% growth. The only other provinces to exceed the Canadian average were Ontario, with a 21.8% rise in the number of small businesses and Alberta, where the small business count jumped 15.5%.

¹ This article is a summary of a larger publication entitled "Small Business Profile 2005," which is available online at http://www.bcstats.gov.bc.ca/data/bus_stat/busind/sm_bus/SBP2005.pdf

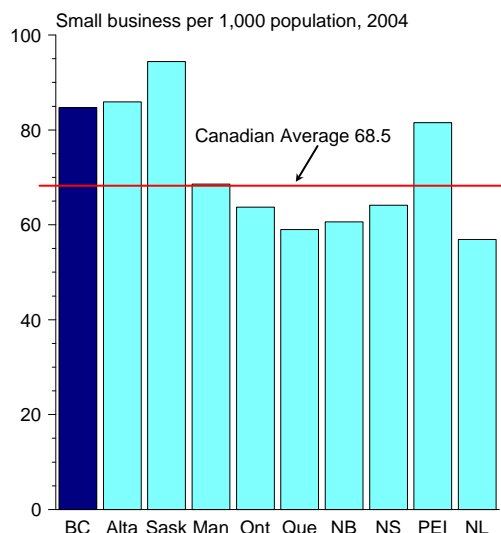
BC led the country in growth in the number of small businesses between 1994 and 2004



Small business bigger in the West

There is a much higher prevalence of small businesses in Western Canada compared to the rest of the country, at least in terms of businesses per capita. In 2004, BC ranked third among the provinces with 84.7 small businesses per 1,000 people.

Western Canada generally has more small businesses per capita



Only Saskatchewan (94.4) and Alberta (85.9) had more small businesses relative to their populations. The only other provinces exceeding the Canadian average of 68.5 small businesses per 1,000 people were PEI (81.5) and, marginally, Manitoba (68.6).

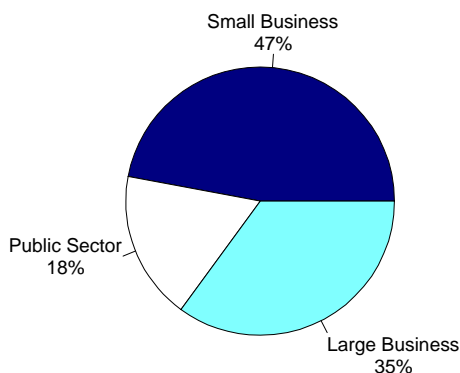
Almost half of working people in BC work in small business

Small businesses can be found in a wide spectrum of activities ranging from "mom and pop" corner stores to self-employed computer programmers to small lumber milling operations, just to name a few. Almost three-quarters of all businesses in the province are in the service sector, with small businesses only slightly more likely to be providing a service compared to large businesses.

This diverse small business sector employs almost half of all working British Columbians. In 2004, there were 971,000 people employed by the small business sector in BC, or 47% of total employment. Excluding the public sector from the calculation, small business accounted for 57% of all private sector jobs in the province, ranking BC second among the provinces, marginally behind Saskatchewan by one-tenth of a percentage point. By comparison, only 50% of private sector employment in Canada as a whole was supplied by small business. Ontario, with less than 46%, had the least dependence on small business for private sector employment.

Small business employment in BC climbed 3.3% in 2004, marking the third straight year of growth, following on the heels of two years of declines. Both employees of small businesses and self-employed individuals have contributed to the expansion in employment in the last few years. BC's small business employment growth was well above the national average of 1.9% and ranked second only to Newfoundland and Labrador, which saw 4.3% growth in small business employment.

Almost half of all jobs in BC were in small business in 2004



The Northeast region leads the province in small business growth

Within the province, the Northeast region has had the strongest economic growth in recent years, mainly as a result of activity in the oil and gas sector, and this has been reflected in rising numbers of small businesses and small business employment within the area. Between 1999 and 2004, the number of small businesses in the Northeast region grew at an average annual rate of 5.4%, by far the fastest increase in the province. In fact, Kootenay (+1.5%) and Mainland/Southwest (+0.6%) were the only other regions in the province to experience growth in the number of small businesses. Provincially, there was an average annual drop of 0.2% in the number of small businesses over this five-year period.

The Northeast was also among the top regions in terms of expansion in self-employment. The 16.7% jump in the number of self-employed from 1999 to 2004 in the Northeast region was second only to Thompson-Okanagan (+17.9%). On the opposite end of the scale, Vancouver Island/Coast saw a 19.2% fall in self-employment in the five-year period.

Cariboo (-13.3%) also had a double-digit decline in the number of self-employed. The provincial average was a 1.0% drop over the period.

Self-employment has grown

Although the number of self-employed dipped through the early part of the decade, a longer-term view shows that there has been a trend toward increasing self-employment, particularly self-employed without paid help. The number of self-employed without paid help was more than double that of self-employed with paid help in 2004, which is a substantial transformation from a decade earlier when the margin between the two groups was much smaller. The rapid growth in self-employed working alone is not a phenomenon unique to BC. The same pattern is evident throughout the country and even around the world.

Self-employed have a different profile compared to employees

The average self-employed person in British Columbia tends to be older than the average employee. Well over half (58%) of the self-employed are between the ages of 35 and 54, compared to only 48% of employees. While 40% of employees are under the age of 35, only 19% of self-employed business owners fit this description. At the other end of the scale, 24% of entrepreneurs are 55 and over compared to only 11% of employees.

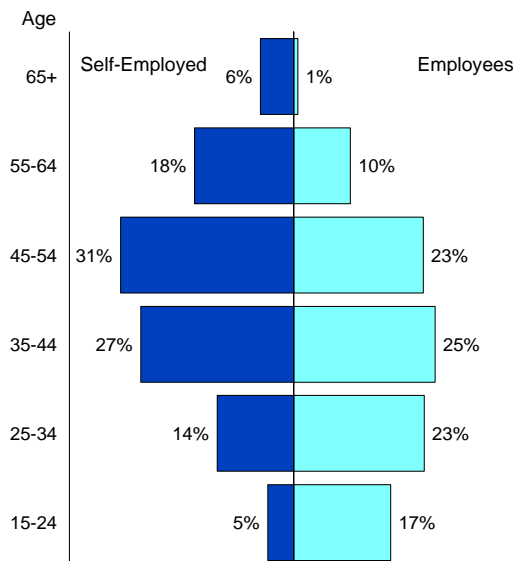
Almost two-thirds (65%) of the self-employed in BC in 2004 were men. By comparison, employees were equally likely to be men or women. Nevertheless, BC had a higher percentage of self-employed who were women (35%) compared to the national average (34%).

Another difference between the self-employed and employees is in terms of hours worked. The average work week for a self-employed person in BC was 40.1 hours in 2004, compared to 34.9 hours for all employees.

In British Columbia, the self-employed comprised just under 19% of total employment. Only Saskatchewan (20%) had a higher proportion of self-employed workers than BC in 2004. The lowest proportion of self-employed was in New Brunswick, at 12%, while the Canadian average was just over 15%.

With BC at or near the top rank among the provinces in categories such as small business employment (including self-employment), growth of small businesses and output generated by the small business sector (GDP), it is clear that small businesses are a vital component of the province's economy.

Self-employed workers in BC tend to be older on average



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BC at a glance . . .

POPULATION (thousands)	Jul 1/05	% change on one year ago
BC	4,254.5	1.3
Canada	32,270.5	0.9
GDP and INCOME		% change on one year ago
<i>(BC - at market prices)</i>	2004	
Gross Domestic Product (GDP) (\$ millions)	156,481	7.5
GDP (\$ 1997 millions)	138,783	3.9
GDP (\$ 1997 per Capita)	33,072	2.8
Personal Disposable Income (\$ 1997 per Capita)	20,002	1.2
TRADE (\$ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Aug	3,613	5.9
Merchandise Exports - Aug	2,922	10.2
Retail Sales - Aug	4,302	2.3
CONSUMER PRICE INDEX		12-month avg % change
<i>(all items - 1992=100)</i>	Sep '05	
BC	126.5	2.1
Canada	129.1	2.2
LABOUR FORCE (thousands)		% change on prev. month
<i>(seasonally adjusted)</i>	Oct '05	
Labour Force - BC	2,265	0.1
Employed - BC	2,149	0.7
Unemployed - BC	116	-9.5
		Sep '05
Unemployment Rate - BC (percent)	5.1	5.7
Unemployment Rate - Canada (percent)	6.6	6.7
INTEREST RATES (percent)	Nov 2/05	Nov 3/04
Prime Business Rate	4.75	4.25
Conventional Mortgages - 1 year	5.40	4.90
- 5 year	6.15	6.30
US/CANADA EXCHANGE RATE	Nov 2/05	Nov 3/04
<i>(avg. noon spot rate) Cdn \$</i>	1.1802	1.2117
<i>US \$ (reciprocal of the closing rate)</i>	0.8484	0.8271
AVERAGE WEEKLY WAGE RATE		% change on one year ago
<i>(industrial aggregate - dollars)</i>	Oct '05	
BC	705.83	0.2
Canada	711.14	4.1

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

Correction

Probing the Productivity Puzzle, article released in *Business Indicators*, September 2005 and subsequently as the *Infoline Report*, Issue 05-41, October 14, 2005, contained errors in two charts:

- In the second bar chart, **GDP per hour worked . . .**, the data for Construction has been corrected.
- In the final chart, **Strong growth in the manufacturing sector**: the labels for BC and Canada were reversed.

Corrected articles are posted on our site.

<http://www.bcstats.gov.bc.ca/pubs/bcbi/bcbi0509.pdf>

or

<http://www.bcstats.gov.bc.ca/releases/info2005/in0541.pdf>

New on our site

Small Business Profile

The 2005 edition of the Small Business Profile is now available. This annual publication provides a profile of BC's small businesses, including number of businesses, employment and GDP.

Small Business Profile 2005

[http://www.bcstats.gov.bc.ca/ \[continued\] data/bus_stat/busind/sm_bus/SBP2005.pdf](http://www.bcstats.gov.bc.ca/data/bus_stat/busind/sm_bus/SBP2005.pdf)

Released this week by BC STATS

- Quarterly Regional Statistics, 3rd Quarter 2005

Next week

- Labour Force Statistics, October 2005
- Earnings & Employment Trends, October 2005
- Tourism Sector Monitor, October 2005