

- Private and public sector investment expected to increase 3.1% in 2007
- Labour income rises 8.3% during 2006
- Farm cash receipts down 2.5% in 2006

Private & Public Investment

- **Private and public sector investment in the province is expected to increase 3.1% this year, as public sector spending continues to grow at double-digit rates.** Public sector establishments expect their spending on construction and machinery & equipment to jump 16.0% in 2007, after expanding at similar rates in each of the past three years. Private sector investment growth, however, is forecast to stall, rising just 0.1%—the lowest rate since 1999.

In the private sector, planned spending on machinery & equipment is anticipated to increase 0.9% this year, well below the 6.5% growth in 2006. Construction spending is forecast to inch down -0.2%, also a significant drop from last year (+15.0%) and ending a four-year streak of double digit increases resulting from the province's frenetic pace of housing construction. It is expected that new housing construction will rise 2.9% in 2007, significantly less than last year's 18.0% increase.

In the public sector, spending on construction (+15.2%) and machinery & equipment (+18.1%) is forecast to continue to grow at double-digit rates.

Investment is expected to decline in the wood (-28.0%) and paper (-9.3%) industries, but it is anticipated that increased demand in other manufacturing industries such as primary metal will boost overall spending, which is forecast to rise 22.6%. Big spending increases are also expected in the construction (+9.2%) and communication & utilities (+15.7%) industries.

Federal, provincial and local governments plan to spend 1.7% less in 2007. Government investment had increased 8.9% in 2006, when spend-

ing on structures (+15.0%) surged for the third straight year. Some of the building boom was likely related to activities getting underway in preparation for the 2010 Olympics. This year, government spending on structures is expected to decline 3.6%.
Data Source: Statistics Canada

- **Canada-wide, investment is forecast to rise 4.6%, moderately more than in BC.** New Brunswick (+12.7%) and Manitoba (+11.3%) are expected to lead the provinces in terms of investment spending this year. BC will be near the bottom of the pack as the province's housing boom moderates. Newfoundland & Labrador (-7.6%) is the only province where investment is expected to decline during 2007.

Data Source: Statistics Canada

The Economy

- **Wages, salaries and benefits earned by workers in the province rose 1.0% (seasonally adjusted) in the fourth quarter of 2006.** Canadian labour income advanced 1.5%, with particularly strong growth seen in Alberta (+2.6%) and Saskatchewan (+2.5%).
Data Source: Statistics Canada

- **Restaurant, caterer and tavern receipts in BC were up 0.9% (seasonally adjusted) in December.** Drinking places took in substantially more revenues (+19.2%), marking the most significant increase of 2006. On the other hand, sales in food service establishments were off (-0.3%). Canadian establishments saw receipts climb (+2.3%) for the fifth consecutive month as revenues were up at both food services (+2.0%) and drinking places (+7.4%).
Data Source: Statistics Canada & BC Stats

- **The number of British Columbians receiving regular employment insurance (EI) benefits**

Did you know...

57% of adult British Columbians say they eat vegetables at least every day, compared to 55% of the province's children *Source: Ipsos Reid*

jumped 5.1% (seasonally adjusted) in December, to 40,430.

Data Source: Statistics Canada

- **Farm cash receipts in the province were 4.4% lower (unadjusted) in the fourth quarter of 2006 than in the same period of 2005.** Both crop (-2.8%) and livestock (-7.7%) receipts were down, but government payments to farmers climbed 30.5%. Nationally, cash receipts rose 4.3% as a decline in livestock revenues (-2.5%) was more than offset by a big gain (+15.4%) in the crop industry.

Data Source: Statistics Canada

2006: The Year in Review

- **Wages, salaries and benefits earned by BC workers increased 8.3% in 2006, more than in any other province except Alberta, which posted a 12.5% increase, and Newfoundland, where labour income was up 29.1%.** The increase in Newfoundland was largely due to a one time adjustment to the value of benefits. Excluding this effect, wages in Newfoundland would have risen less than the national average of 6.1%.
- **Restaurant, caterer and tavern receipts in the province rose 6.7% during 2006, the biggest annual increase since 1998.** Receipts at food service establishments increased 9.4% but drinking places (-21.2%) did not fare well, recording their largest year-over-year decline on record. Canadian receipts were up 5.4% last year.
- **Farm cash receipts in BC fell 2.5% in 2006, the sharpest decline in the country.** Crop sales slipped (-2.0%) as did revenues from livestock (-2.0%), while subsidies and other payments to farmers were significantly lower (-12.6%) than in 2005, as payment compensation related to the avian flu scare continued to be phased out. Payments to farmers accounted for about four and a half percent of total cash receipts last year, down from over five percent in 2005 and substantially less than in 2004 (over 8%).

Data Source: Statistics Canada

Data Source: Statistics Canada

Cattle (+9.3%) and egg (+18.8%) producers recorded significant growth in 2006, while farmers of turkeys (-5.3%) and hens & chickens (-4.9%) both received less from sales. Producers of strawberries (-38.6%) and ginseng (-8.4%) ac-

counted for much of the decline in crop receipts. Nationally, farm cash receipts inched up (+0.5%) to \$37.0 billion last year, as strong gains in receipts for crops (+15.4%) were enough to offset a decline in livestock receipts (-2.5%). Overall, Canadian farmers received 4.0% less in government payments as BSE-related programs wound down.

Data Source: Statistics Canada

The Nation

- **Canada's economy expanded 2.7% during 2006, marking the third straight year of solid growth.** Consumer, business and government demand for goods and services remained an important source of growth, increasing 4.5% during the year. Consumer spending was up 4.1%, while business (+6.7%) and government (+6.6%) investment increased substantially. Although export growth was relatively modest (+1.3%), imports of goods and services were 5.2% higher than in 2005.
- **Prices for Canadian manufactured goods were 2.8% higher in January compared to the same month of 2006.** Primary metal (+22.2%) and pulp & paper (+6.3%) products were the main causes of the overall inflation. Prices for BC softwood lumber continued to drop, falling to 6.7% below the January 2006 level.
- **A record 1.6 million Canadians travelled to nations other than the US between July and September of last year, up 9.0% from the previous high in the third quarter of 2005.** Of the top 10 overseas countries visited, 5 were in Europe. Travel to China soared (+37.0%) while the number of Canadians visiting Japan eased (-9.8%).

Data Source: Statistics Canada

Data Source: Statistics Canada

Overnight travel to the US rose 7.9%. For Canadians visiting the US, New York and Washington were the most common destinations.

Data Source: Statistics Canada

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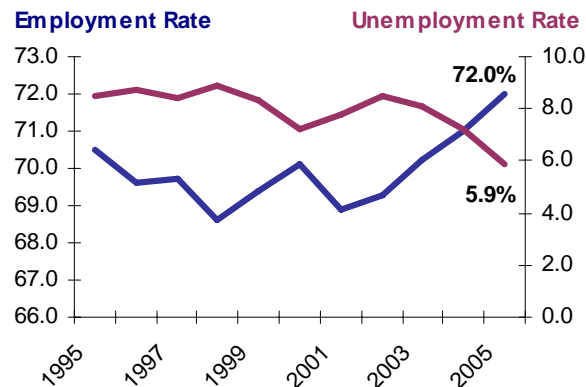
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Recent Trends in Off-Reserve Aboriginal Labour Force Participation

Over the past five years British Columbia's employment rate¹ has shown steady growth while at the same time unemployment² rates have shown a general decline. In 2005, British Columbia experienced the highest employment rate since comparable data have been collected³ (1976).

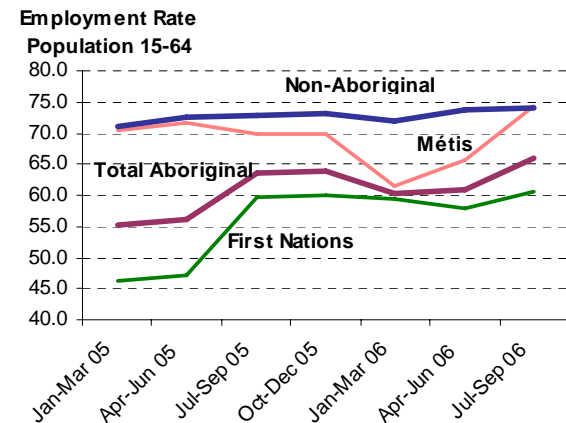
Labour market conditions continue to improve: in the first 10 months of 2006, the employment rate has averaged 73% and the unemployment rate has fallen below 5% for the 15 to 64 year olds



In a period when the BC labour market has been performing extremely well, to what extent has BC's off-reserve Aboriginal population participated in this labour market improvement?

Initial indications are that labour market conditions have improved for not only the overall population, but also for BC's off-reserve Aboriginal population.⁴ The Aboriginal employment rate has increased by more than 10 percentage points from 55.2% in the first quarter of 2005 to 66.0% by the third quarter of 2006. This change is largely driven by an increase in employment among First Nations⁵.

Just over half of employed off-reserve Aboriginal persons are First Nations; the largest gains have been among this group.



¹ The employment rate is the ratio of employment to population. This is limited to the population 15 to 64 as the employment rates drops dramatically after age 64.

² The unemployment rate is the percentage of the unemployed over the labour force i.e. employed plus unemployed.

³ Source: Statistics Canada, Labour Force Survey

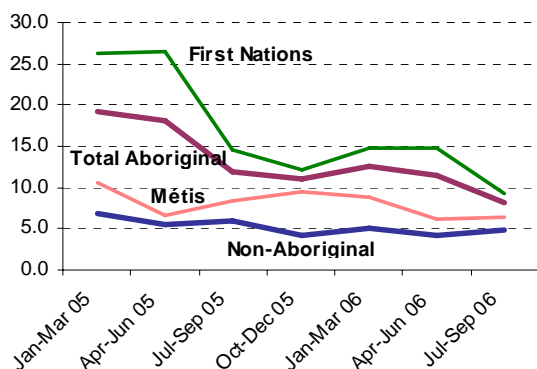
⁴ An increased sample in the Labour Force Survey since the beginning of 2005 has provided reliable quarterly estimates for this population

⁵ First Nations as used here is synonymous with North American Indian.

An increasing share of the Aboriginal population has found work, while the number of people who are unemployed i.e. available for work and seeking work, has declined. The labour force in total has remained fairly constant over this two-year period.

Less than half the number of unemployed off-reserve Aboriginal people were looking for work in the third quarter 2006 than in the first quarter of 2005

Unemployment Rate 15-64



First Nations unemployment rates fell from 26.2% at the beginning of 2005 to 9.3% by the third quarter of 2006, while rates for Métis fell from 10.5% to 6.3%.

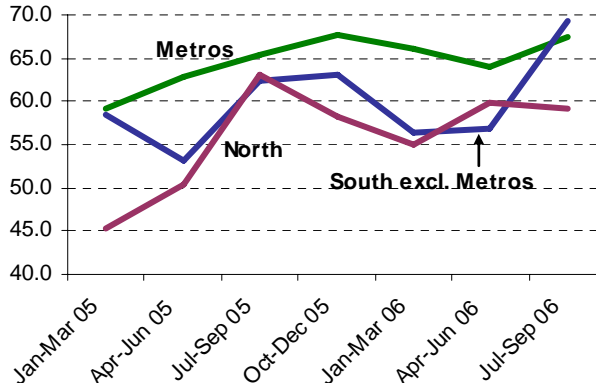
Regional Differences

The off-reserve Aboriginal population is more highly concentrated in the rural areas of the province. Approximately 70% of the adult (15+) non-Aboriginal population of BC lives in the metropolitan areas of Vancouver, Victoria, Abbotsford and Kelowna, while only 40% of the off-reserve Aboriginal population live in these areas. And, while less than 7% of the non-Aboriginal population lives in the North, the North is home to a quarter of BC's Aboriginal off-reserve population.

Employment rates are highest for Aboriginal persons living in the metropolitan areas, but Aboriginal people living in the North have seen the greatest employment gains. The employment rate is up by 13.8 percent-

The Northern off-reserve Aboriginal employment rate has increased 14 percentage points but the non-Aboriginal rate was still 16 percentage points higher in the 3rd Quarter 2006

Employment Rate 15-64

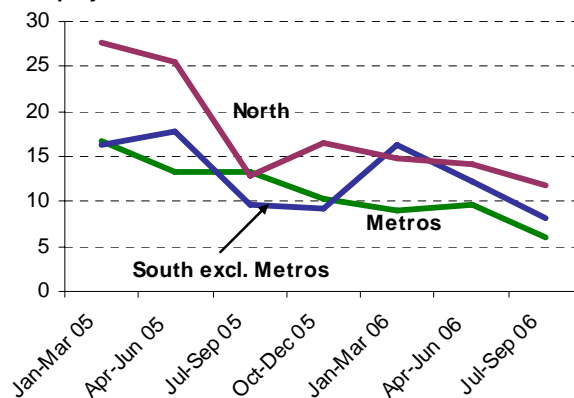


age points from 45.3% in the first quarter of 2005 to 59.1% in the third quarter of 2006.

Given the increase in employment opportunities experienced by Aboriginal peoples in the North, it's not surprising to see that unemployment rates for Northern off-reserve Aboriginal people have dropped significantly.

Unemployment rates are highest in the North but are converging for the off-reserve Aboriginal population

Unemployment Rate 15-64



Education Differences⁶

Participation and success in the labour market tends to be correlated with the level of education. Therefore, It's not surprising that people without any educational credentials have the lowest employment rates and the highest unemployment rates. However, with improving labour market conditions, non-Aboriginal persons in this group increased their participation in the labour force by 7 percentage points from the first quarter of 2005 to the third quarter of 2006.

Among the off-reserve Aboriginal population, the number of persons with no credentials who were employed did not increase, and, although unemployment rates declined for this group, it was due to people dropping out of the labour force as opposed to an expansion in jobs.

The greatest gains in the employment rate were made by the Aboriginal population with high school graduation. The employment rate for this group went from 56% to 73% over the period from the first quarter of 2005 to the third quarter of 2006, and the unemployment rate fell from 25% to 10% during the same period. At the same time, there was no real change in the employment rate (74% to 75%) of the non-Aboriginal population with high school graduation. As a result, the gap between the rates for Aboriginal and non-Aboriginal populations for these more highly educated groups has narrowed to 2 percentage points.

Among the well educated segment of the population (those who had completed post-secondary education) employment rates were high—about 80% for the non-Aboriginal population and ranging from 72% to 80% for the Aboriginal population. Unemployment rates were correspondingly

low. Within the non-Aboriginal population, the unemployment rate was one percentage point lower in the third quarter compared the third quarter of 2005 with a year ago (3.7% versus 4.7%). Within the Aboriginal population, unemployment rates dropped by 5 percentage points from 9% to 4%.

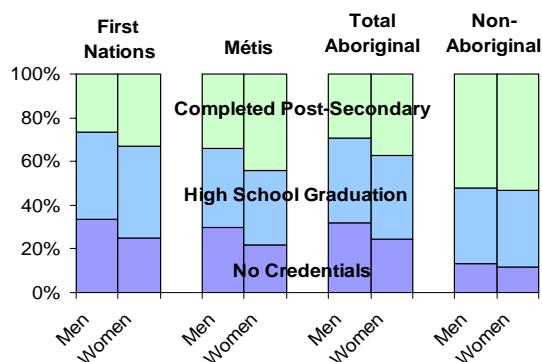
Gender Differences

Across the population groups, a greater proportion of women have higher levels of education, either high school graduation, completed post-secondary, or both, than do men. Among Aboriginal persons, 3 in 4 women have achieved these levels while only 2 in 3 men are similarly qualified. Proportions are slightly higher for Métis than First Nations. Despite the higher education level of Aboriginal women, the gap is still considerable when compared with the non-Aboriginal population.

The employment rate for Aboriginal women, while 15 percentage points less than that of Aboriginal men in the first quarter of 2005 (52% and 68% respectively), had reached the men's level by the third quarter of 2006 with some seasonal fluctuation.

Comparing the third quarter of 2005 with that of 2006, the unemployment rate for off-reserve Aboriginal women fell from 10% to below 6%, while for men it moved from 10% to 12%.

Women 25-64 have higher levels of education than men



⁶ Figures quoted in this section are based on the population aged 25-64; previous data covered the population aged 15-64

With the strong labour market, the gap between the off-reserve Aboriginal and non-Aboriginal populations has narrowed, and for some segments of the Aboriginal population such as those that are well educated, the gap in labour market outcomes are almost non-existent. If the improvements that are evident during relatively strong economic times are to hold during the weak times, the level of education among the non-Aboriginal populations must continue to improve. The challenge will be to persuade youth to remain in school to reap the labour market benefits of a higher education.

Employment rates for off-reserve Aboriginal women have shown significant increase, perhaps as a consequence of the improved labour market and higher educational skills

