BRITISH COLUMBIA

BC STATS Infoline

Issue: **00-23** **7** Pages
June 9, 2000

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highlights

a weekly digest of recently released British Columbia statistics

Labour Force

- **BC's unemployment rate fell to a 20-year low in May, dropping to 6.8% (seasonally adjusted).** Other than April, when it stood at 6.9%, the last time BC's jobless rate was below seven percent was in August of 1981, when it was 6.4%. The province's unemployment rate has been trending down during the last year and a half, largely due to job growth that has exceeded the increase in the labour force. However, monthly fluctuations in the jobless rate do not always reflect this overall trend. In March and April, for example, both the number of jobs and the size of the labour force fell, pulling down the jobless rate. In contrast, last month's 0.1 percentage point drop was due to an increase in the number of jobs (+0.8%) that was a little higher than the growth in the labour force (+0.7%). Despite the recent improvement, BC continues to have the highest unemployment rate west of Quebec. Canada's jobless rate was 6.6% in May, the lowest it has been since March of 1976. *Source: Statistics Canada*
- **Both full-time (+0.6%, seasonally adjusted) and part-time (+1.8%) employment in the province increased between April and May.** More men (+1.1%) found jobs in May than women (+0.5%), largely because part-time employment among males rose significantly (+5.3%). The number of women with part-time jobs increased only modestly (+0.4%). *Source: Statistics Canada*
- **Among BC's regions, unemployment rates ranged from a low of 5.4% (3-month moving average) in Northeast to 11.2% in Cariboo.** Thompson/Okanagan (10.9%) and Kootenay (10.8%) also had double-digit unemployment rates. The jobless rate was much lower in Mainland/Southwest (6.1%), Vancouver Island/Coast (6.6%) and North Coast/Nechako (7.5%). Compared to May of 1999, employment increased in every region except Cariboo (-1.7%). North Coast/Nechako (+5.4%) posted the strongest gain. *Source: Statistics Canada*

The Economy

- **In 1998, two of BC's top five international exports were services.** Transportation and storage services accounted for $3.6 billion of the $32.1 billion of goods and services exported by BC to other countries, more than any other commodity except lumber and wood ($7.6 billion) or pulp and paper ($4.4 billion). Mineral fuels ($1.5 billion) were the fourth most important export commodity, while accommodation services and meals purchased by foreigners pumped $1.4 billion into the province's economy. Together, these five commodities accounted for 57% of BC's total international exports in 1998.

  BC also does a brisk trade in service exports to other provinces, largely by virtue of its location as the main port of entry and exit for goods being shipped between Canada and the Pacific Rim. Transportation and storage ($2.2 billion) was BC's most important interprovincial export, followed by wholesaling ($1.5 billion), business/computer services, communications ($1.0 billion) and financial services ($0.9 billion). Together, they accounted for about half of the province's $13.8 billion in interprovincial exports during 1998. *Source: SC, Catalogue 15-546-XPE*
- **Department store sales in British Columbia and the territories were down 0.5% in April, compared to the same month last year.** The drop in sales, the sixth in as many months, marked the longest downturn for department stores since 1993. Nationally, department stores

Report **Eat, drink and be merry…**

Did you know...
"Software" and "hardware" haven't always had the same meaning that they do today. In 1850, they were terms used by garbage pickers to distinguish compost (software) from non-biodegradable matter (hardware). Perhaps there's more to the term "garbage in, garbage out" than we thought.

sales were up 3.9% from April 1999, as sales advanced in all but two regions. *Source: Statistics Canada*

- **The value of building permits issued by BC municipalities fell 10.7% (seasonally adjusted) between March and April.** Builder's plans for both residential (-12.7%) and non-residential (-8.2%) projects were more modest than in the previous month. Nationally, the value of building permits fell 8.9%, due almost entirely to a downturn in the residential sector (-15.2%). Non-residential permits edged down 0.7%. *Source: Statistics Canada*

Housing

- **The cost of new housing in the province continued its long downward slide in April, falling to 5.2% below the April 1999 level in Victoria, and dropping 1.2% in Vancouver.** Sudbury/Thunder Bay (-1.1%) was again the only other metropolitan area in Canada where new house prices were lower than a year ago. Nationally, the New Housing Price Index was up 2.1%, reflecting strong gains in most parts of the country. *Source: Statistics Canada*

- **The number of housing starts in British Columbia fell 5.2% (seasonally adjusted) between April and May.** Starts were down 10.4% nationally, due in part to a cement truck drivers' strike in Toronto which resulted in starts falling 23.2% in Ontario. Starts were also down in Newfoundland (-17.6%), Manitoba (-17.2%), New Brunswick (-14.3%) and Quebec (-9.1%). *Source: Canada Mortgage & Housing Corporation*

Income Taxes in Canada and the US

- **Canadian families faced higher tax bills than their US counterparts with similar income levels in 1997.** The average Canadian family had an effective tax rate of 16.4%, compared to 13.8% in the US. All families earning incomes of at least $25,000 (Cdn) paid less tax in the US than they would have in Canada. Income levels in the US were slightly more polarized than in Canada, with more families earning either less than $10,000 a year (10.9%, versus 7.3%) or more than $100,000 (14.3%, versus 7.7%). *Source: Statistics Canada*

Health Professionals

- **There were 162 health care professionals for every 10,000 residents of the province in 1997, down 6.5% from 1988, when the number was 173.** BC had the lowest ratio of health care professionals per 10,000 population of any region except Yukon/NWT (150). The national average was 182, with rates in other parts of the country ranging from 169 in Saskatchewan to 216 in New Brunswick. BC, Ontario (-7.6%) and Alberta (-11.3%) were the only regions where the number of health care professionals did not grow at least as fast as the population during the period from 1988 to 1997. Six out of every ten Canadian health professionals are nurses, most (5) of them registered nurses. One in ten is a physician. *Source: Canadian Institute for Health Information*

Education

- **After the United States, Canada has the most highly educated workforce in the OECD.** In 1996, 17% of Canadians aged 25 to 64 had a university degree. This was well below the level in the US, where one in four adults of working age had a university degree, but well above the OECD average of one in nine. After Canada, Norway (16%), Australia (15%) and Denmark (15%) were the OECD countries with the highest percentage of university-educated adults. When other post-secondary education was included, Canada topped the list, with nearly half of its adult population having some form of post-secondary training. In the US, the ratio was one in three. *Source: SC, Catalouge 75-001-XPE*

Industrial Capacity Use

- **Canadian goods-producing industries operated at 87.6% of their full capacity in the first quarter of this year, surpassing the peak of 86.8% reached in the 1987/88 expansion**. The rate of capacity use increased for the sixth straight quarter, boosted by surging exports and robust domestic demand. This brought the capacity utilization rate to its highest level since the mid-1960s, when it reached 87.9%. *Source: Statistics Canada*

highlights, Issue 00-23
June 9, 2000

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Infoline Report: BC's food services and drinking places industry

Contact: Martin Monkman / (250) 387-0360

Originally published in the April 2000 issue, *Tourism Sector Monitor.* Annual subscription: $60 + GST

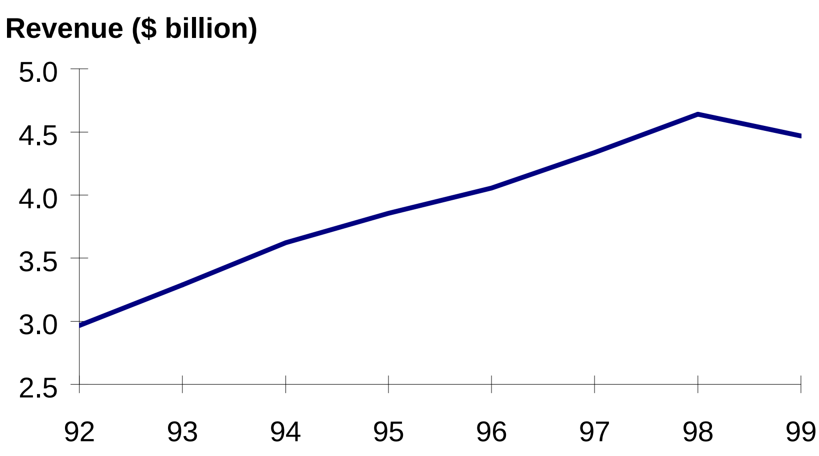
This document has been revised. The chart at the bottom-left of page 3 and the following paragraph, at the top-right of page 3 have been corrected. June 14, 2000

Eating out

British Columbians and visitors to the province spend money—a lot of money—in businesses that provide food services. During 1998, the average BC household spent approximately $1,300 dollars on restaurant meals, more than 20% of the budget for all food and 2.5% of the total household budget[i]. And typically, tourists in BC spend roughly $20 per day on food and beverages, much of it in restaurants and taverns.[ii] While tourists are important clients of the industry, local residents have a bigger impact. Studies have shown that tourists contribute between 15 and 25 per cent[iii] of the food and beverage services industry's revenue.

This spending supports a thriving food services industry. There are just over 9,300 restaurant and food services establishments in BC[iv], which generated revenues of $4.5 billion in 1999. In total, over 100,000 people work in the food and beverage services industry in BC.

Revenues dip for the first time in 7 years



Revenues slip in 1999

1999 saw BC's restaurants and taverns earn revenues of $4.5 million, down 3.7% from the previous year. This decline marked the end of six years of industry growth. Limited service restaurants bucked the downward trend, earning 2.9% more in 1999 than in 1998.

The faltering BC economy is, at least in part, responsible for the downturn in food service industry revenue. Food service revenues are more sensitive to changes in overall economic performance than are revenues in other industries. In particular, spending on food services is tied to disposable income—discretionary purchases like restaurant meals are among the first things that consumers cut back on when the economy slumps.

What are Food Services & Drinking Places?

Full Service Restaurants *provide food services to patrons who order and are served while seated and pay after eating.*

Limited Service Eating Places *provide food services to patrons who order or select items at a counter, food bar or cafeteria line and pay before eating.*

Special Food Services *are establishments such as caterers who provide food services at the customer's residence, a location designated by the customer, or from a mobile vehicle.*

Drinking Places *includes establishments referred to as bars, taverns or drinking places where alcoholic beverages are prepared for consumption on site. A limited menu is often available.*

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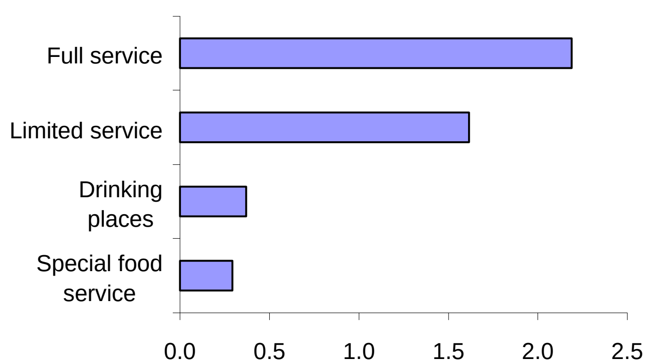
Table 1: Food & beverage services revenue

Revenue ($ millions)	1998	1999	% change
Total	*4,641*	*4,468*	*-3.7*
Full service	2,377	2,188	-7.9
Limited service	1,571	1,616	2.9
Special food services	294	293	-0.3
Drinking Places	399	370	-7.3

Full service restaurants: half the industry

During 1999, full service restaurants earned roughly half of the industry's revenues ($2.2 billion), and limited service restaurants another third ($1.6 billion). Drinking places accounted for less than 10% of the industry total ($370 million), while special food services ($293 million) made up the remainder.

Full service restaurants dominate



Employment down in 1999

Total employment in the food and beverages sector dropped in 1999 to 101,650 jobs, down 1.3 % from 1998[v]. By comparison, employment in all industries rose 1.9%.

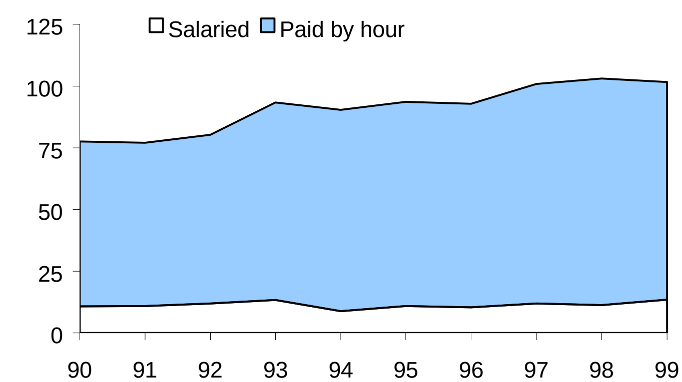
The decline in food and beverage service employment came in spite of a jump of 2,187 in the number of salaried workers (+19.4% to 13,462). The number of jobs paid by the hour fell 3,564 to 88,188, a drop of 3.9%.

Table 2: Food & beverage employment

Workers	1998	1999	% change
Total	103,027	101,650	-1.3
Salaried	11,275	13,462	19.4
Paid by the hour	91,752	88,188	-3.9

Over the long term, however, growth in the number of waged workers in the industry has boomed while the number of salaried positions has declined slightly. Since 1983, the number of workers paid by the hour in food and beverage services has more than doubled (+110.2%) while salaried positions have decreased slightly (-6.4%).

Long-term growth due to more waged workers



Wages & salaries

The average earnings of workers in the food and beverage service industry during 1999 were $11,460, a drop of 3.9% from the previous year. By comparison, the average service sector worker in BC earned $30,310 (up 1.7% over 1998).

Salaried employees in the food service industry earned marginally more (+0.7%) in 1999 than in 1998, while food and beverage workers paid by the hour saw their annual earnings drop by 9.0%.

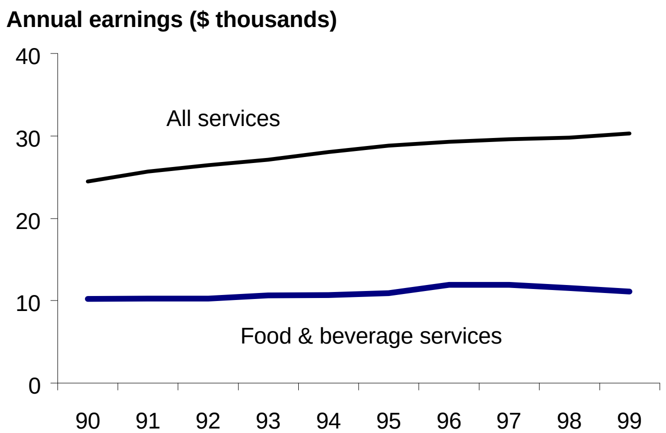
Table 3: Food & beverage earnings

Annual earnings ($)	1998	1999	% change
Total	11,537	11,110	-3.7
Salaried	24,280	24,449	0.7
Paid by the hour	9,972	9,074	-9.0

The low earnings in the food and beverage services are directly related to the high proportion of waged workers, and to a relatively short work week. In 1999, nearly nine of every ten workers in the industry were paid by the hour, compared to just over half for the service industries as a whole.

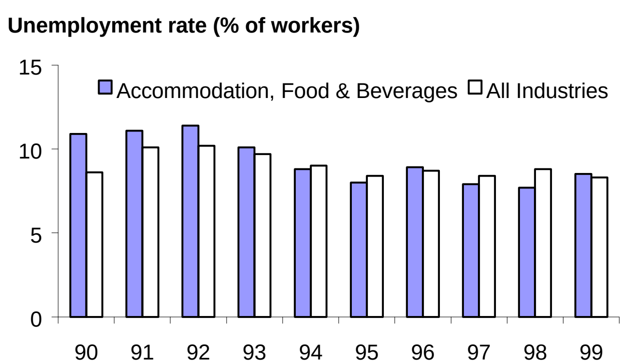
The waged workers in the industry had an average work week of only 22.8 hours during 1999, and in the period 1983-1999, the work week averaged 22.4 hours. By comparison, the average waged worker in the BC economy worked 31.2 hours per week in 1999.

Earnings haven't kept pace with other service industries



Wages and salaries in the food and beverage service industries have not kept pace with other service industries over the long haul. Since 1990, average annual earnings in all services rose 23.9% while the average in food and beverage services increased by only 8.7%.

Unemployment in hospitality industries higher than provincial rate



The drop in the number of workers in the industry is mirrored in the industry's unemployment rate. During 1999, the unemployment rate in the accommodation, food and beverage service industries[vi] rose to 0.8 percentage points 8.5%, its highest level since 1996 (when the unemployment rate was 8.9%). In sharp contrast, the unemployment rate in all industries dropped to 8.3%, the lowest level this decade.

Food and beverage GDP (1998)

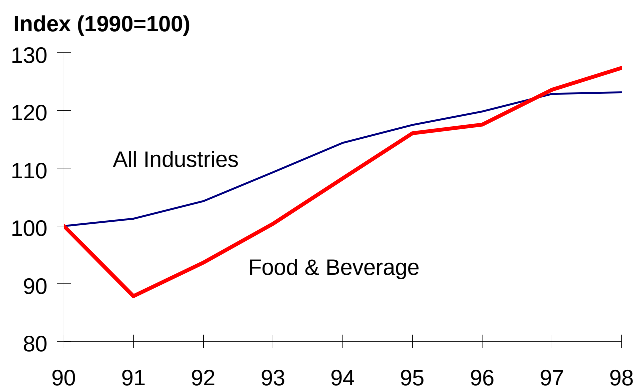
The food and beverage industries contributed $2.2 billion (1992 constant dollars) of BC's GDP in 1998, constituting 2.5% of the provincial total. This was an increase of 3.0% from 1997, a year when the total provincial economy edged up 0.3%, and service industries overall produced 1.2% more GDP than in 1997.

Table 4: Food and beverage GDP

GDP (1992$ at factor cost)	**1997**	**1998**	% change
Total BC economy	86,546	88,951	0.3
Service industries	62,279	66,614	1.2
Food & beverage services	2,045	2,245	3.0

Food and beverage service industry GDP slumped in 1991, likely the result of an economic recession throughout North America and other parts of the world that slowed tourism. In every year since, the industry's GDP has increased steadily. During that period, food and beverage service GDP has grown more rapidly than the industrial aggregate.

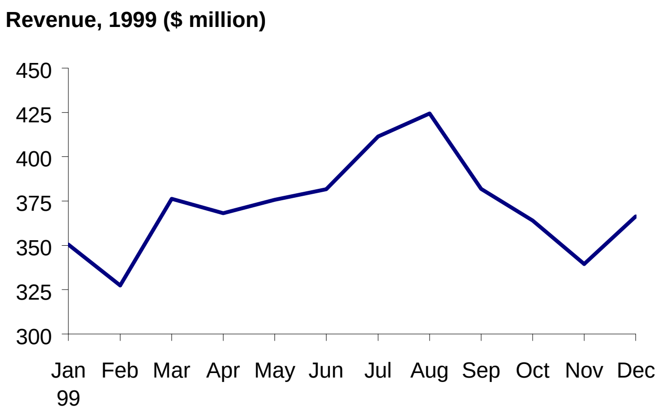
Food and beverage GDP outpaces the BC economy



Seasonality in the industry

A couple of data series point out the seasonal nature of the food and beverage service industries. The first is employment, particularly the number of workers paid by the hour. While the average number of waged workers through 1999 was 88,200, the monthly figures ranged from a low of just under 83,000 in February to a summer peak in excess of 92,000 in July and August.

Food and beverage industries have summer peak season



Revenue also follows a similar pattern, with restaurant and tavern receipts at their lowest point in February ($327.4 million in 1999). Correspondingly, the month of August had the highest revenue, at $424.4 million.

Food & beverage services tied to both the local economy and tourism

While the food and beverage service industries are subject in part to changes in tourist activity, the downturn experienced in 1999 is clearly a reflection of weakness in the provincial economy; recall that three-quarters of restaurant patrons are local residents. By any measure, the number of tourists from outside BC was up in 1999, but this growth was not enough to bolster the performance of the industry. With the provincial economy forecast to improve in the year ahead, we shall watch the performance of the food and beverage service industries closely.

[i] Source: Statistics Canada, *Household Expenditure Survey*, 1998.
[ii] Tourism BC, *British Columbia Visitor Study*, 1998.
[iii] Stephen L.J. Smith ("Defining tourism: a supply-side view", *Annals of Tourism Research*, Vol. 15 (1988), pp. 179-190) estimated 15%; the National Task Force on Tourism Data (Department of Supply and Services, March 1989) estimated a 17% proportion; and BC STATS estimate of tourism GDP (developed jointly with Tourism BC) results in a share of 25%.
[iv] 1998. Source: BC Stats, from Statistics Canada *Business Register*.
[v] Unless otherwise noted, all employment data are derived from Statistics Canada's Survey of Employment, Payroll and Hours (SEPH).
[vi] The lowest level of industry aggregation available for these data; based on the Survey of Employment, Payroll and Hours, food and beverage services account for roughly 80% of total employment in this group. Source: Labour Force Survey, Statistics Canada.

Infoline

June 9, 2000

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

BC at a glance . . .

POPULATION (thousands)	Jan 1/00	% change on one year ago
BC	4,043.7	0.9
Canada	30,606.7	0.9
GDP and INCOME		% change on
(BC - at market prices)	1998	one year ago
Gross Domestic Product (GDP) *($ millions)*	110,948	-0.2
GDP *($ 1992 millions)*	99,708	0.2
GDP *($ 1992 per Capita)*	24,908	-0.8
Personal Disposable Income *($ 1992 per Capita)*	15,969	-1.6
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Mar	3,472	15.6
Merchandise Exports (raw) Mar	2,619	9.3
Retail Sales (seasonally adjusted) Mar	2,915	5.6
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Apr '00	one year ago
BC	112.4	1.3
Canada	112.4	2.1
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	May '00	one year ago
Labour Force - BC	2,095	1.4
Employed - BC	1,954	3.0
Unemployed - BC	142	-17.3
		May '99
Unemployment Rate - BC *(percent)*	6.8	8.3
Unemployment Rate - Canada *(percent)*	6.6	7.9
INTEREST RATES (percent)	Jun 7/00	Jun 9/99
Prime Business Rate	7.50	6.25
Conventional Mortgages - 1 year	8.10	6.60
- 5 year	8.45	7.40
US/CANADA EXCHANGE RATE	Jun 7/00	Jun 9/99
(avg. noon spot rate) Cdn $	1.4784	1.4722
US $ *(reciprocal of the closing rate)*	0.6761	0.6789
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	May '00	one year ago
BC	635.75	2.7
Canada	611.63	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.bank-banque-canada.ca/english/wfsgen.htm

Population Projection

Each year BC STATS projects the population of the province and its regions based on demographic and economic trends, modified to take into consideration possible future changes. This cycle, just completed, is known as PEOPLE 25.

The projections are available for BC, the 8 development regions, the 28 regional districts, the 83 local health areas, 6 sub-Vancouver local health areas, the 20 health regions, the 59 school districts, and a number of "special areas" of local interest. The projections of total population for each area appear free on our web site.

Detailed age/gender projections are available in both electronic and printed form. The printed output for each area contains the following 11 pages: map, economic and demographic notes, 4 pages of population pyramids and charts, components of change and other summary statistics, special age groups, and 5-year age groups by gender.

Complete sets of the projections are available at the following prices:

By 28 Regional Districts	by 83 Local Health Areas
$80 (printed copy)	$150 (printed copy)
$400 (diskette)	$400 (diskette)
$200 (disk update)	$200 (disk update)

BC STATS will also service requests for individual areas at $5 per area with a minimum charge of $10 plus GST. VISA or Mastercard required on minimum orders.

Released this week by BC STATS

- Tourism Sector Monitor, May 2000

Next week

- Labour Force Statistics, May 2000

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