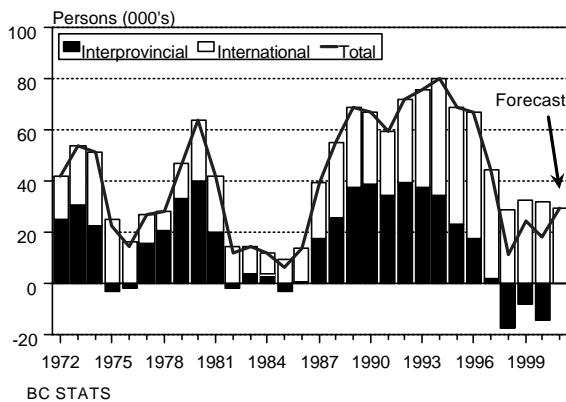

Feature Article: B.C. Migration - Outlook for 2001

Summary

During 2001, the population of British Columbia is expected to increase by 29,600 persons due to migration from other provinces and other countries. This is stronger than the net inflows of the previous three years as a result of an improving outlook for interprovincial migration. During the course of 2001, the net outflows to other provinces are expected to shift to net inflows.

Net migration to B.C. is expected to recover partially in 2001.

Net Migration

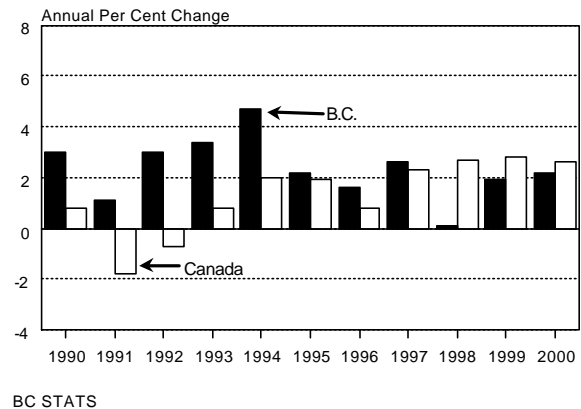


During the late 1980s and early 1990s, migration to British Columbia from the rest of Canada and the rest of the world exhibited large increases reaching a peak of 80,000 persons in 1994. The large inflows of population to B.C. strengthened total consumer spending and residential investment. This increase in economic activity, in turn, created jobs and income within the province. From 1990 to 1994, B.C. had the highest rate of job creation of any province in Canada, and from 1995 to 1997 B.C.'s employment growth continued to be above the national average. However, in 1998, annual average employment growth was only 0.1 per cent in B.C., whereas the annual average growth for Canada was 2.7

per cent. In the last two years employment growth in B.C. has picked up, increasing by 2.2 per cent in 2000, while the growth in Canadian employment has remained fairly stable (up 2.6 per cent in 2000). As well as general improvement in the provincial labour market, there was also strong growth in full-time jobs and shifts from self-employment to paid private sector jobs. The average 2000 B.C. unemployment rate dropped by more than a percentage point to 7.2 per cent, while the Canadian rate fell by 0.8 to 6.8 per cent.

Although job creation in B.C. strengthened in 2000, it was still below the national average.

Employment



Given the impact of population growth on labour markets and overall economic performance, it is important to examine what is in store for migration to British Columbia in 2001. Net migration to B.C. has been quite volatile over time. The record high net inflow during 1994 of 80,000 persons is in sharp contrast to the lows of 6,200 in 1985 and 11,200 in 1998. This volatility is one of the reasons why it is difficult to accurately predict migration. Most researchers would agree that the first step to forecasting migration is to isolate the factors that influence migration, then attempt to predict those factors. The task of isolating these factors is simplified by

Feature Article: B.C. Migration - Outlook for 2001

separating migration into the international and interprovincial components.

will be near the high end of the 2001 planning range.

International Migration

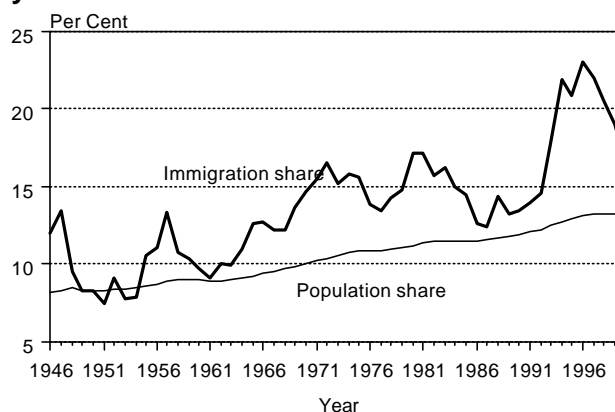
Net international migration to British Columbia is driven largely by federal government policy with respect to immigration. The federal government sets an overall annual immigration planning level for Canada. These planning levels are not intended to be rigid quotas and actual immigration may exceed or fall short of the planning level. In February 2001 the planning level was established for 2001 at 200,000 - 225,000 persons, the same as in the previous three years. Last year actual immigration surpassed the upper end of the range whereas in both 1998 and 1999 it was below the lower end. The lower than expected intake of immigrants in 1998 and 1999 was mainly due to lower immigration from Asia, resulting from weak economic conditions there and the anticipated drop in immigration from Hong Kong following the hand-over to China in mid-1997. The higher intake of immigrants in 2000 was partly a result of improved operational procedures for processing applications. The immigration levels report to Parliament in February also contained a planning estimate of 210,000 - 235,000 immigrants for 2002.

The planned immigration intake since 1987 is shown in the following table along with actual immigration to Canada and the B.C. share. The steady increase in immigration to Canada experienced since the mid-1980s levelled off to between 212,000-226,000 persons annually over the 1994-1997 period. Immigration to Canada in 1998 weakened as a result of events in Asia, and has picked up again in the last two years. The current forecast assumes that Canadian immigration

Canadian Immigration

Year	Planning Level (000's)	Actual (000's)	B.C. Share (%)
1987	115-125	152	12.4
1988	125-135	162	14.3
1989	150-160	192	13.2
1990	200	214	13.4
1991	220	231	13.9
1992	250	253	14.5
1993	250	256	17.9
1994	250	224	21.9
1995	190-215	212	20.9
1996	195-220	226	23.0
1997	195-220	216	22.0
1998	200-225	174	20.6
1999	200-225	190	19.0
2000	200-225	226	16.4
2001	200-225		
2002	210-235		

B.C.'s share of immigrants to Canada has been on a downward trend in the last four years.



BC STATS

Feature Article: B.C. Migration - Outlook for 2001

Starting in 1993, British Columbia experienced a significant increase in its share of immigrants coming to Canada. B.C.'s immigration share peaked in 1996 at 23 per cent and has been trending down since, reaching 16.4 per cent in 2000.

It appears that B.C.'s higher share of immigration in the 1994 to 1997 period was partly a result of lower immigration to Quebec. Quebec, which is the only province to have responsibility for the selection of some classes of immigrants, dropped its share of immigration from 18 per cent in 1993 to around 13 per cent over the 1994 to 1997 period. The Quebec share has increased by one to two percentage points in the last three years. However, it was Ontario's share that changed dramatically in 2000, increasing from 55 per cent in 1999 to 59 per cent in 2000.

It is likely that B.C.'s share of Canadian immigration in 2001 will stay around the 16 per cent mark. After accounting for the expected changes in the smaller components of international migration such as emigration, the 2001 forecast of net international migration to British Columbia is 29,600 persons.

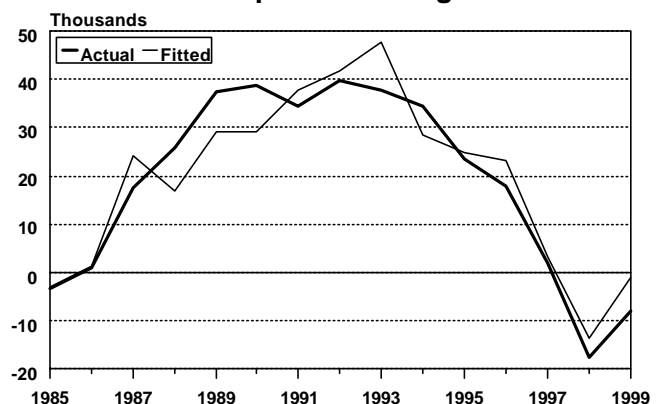
Interprovincial Migration

Unlike international migration, interprovincial migration is not governed directly by government policy, but rather is influenced by a wide variety of economic, demographic, social and political factors. Many view interprovincial migration as a combination of "push" factors that pressure a migrant to seek better opportunities, and "pull" factors that attract a migrant to a particular location. Consequently, movement between provinces under this Push-Pull hypothesis results from

differences in economic and non-economic conditions in respective regions.

The factors that draw Canadians to British Columbia are both economic and non-economic in nature. Non-economic factors such as climate or life-style are slow to change. Hence, it is the economic factors, or more specifically, the relative economic conditions between British Columbia and other parts of the country that must be considered when predicting changes to net interprovincial migration.

Model of net interprovincial migration



Statistical analysis indicates that over the past fifteen years, fluctuations in British Columbia net interprovincial migration have been correlated to a significant degree with relative differences in the British Columbia/Alberta unemployment rates, as well as with differences in the growth of the British Columbia economy relative to the rest of Canada, as measured by real Gross Domestic Product¹. The following chart shows that, these variables, when combined in a regression equation, can predict with

¹ See "An Econometric Model Describing the Movement of the Population Between British Columbia and the Rest of Canada", Schrier and McRae, Population Section, BC STATS, Province of British Columbia, February 2000.

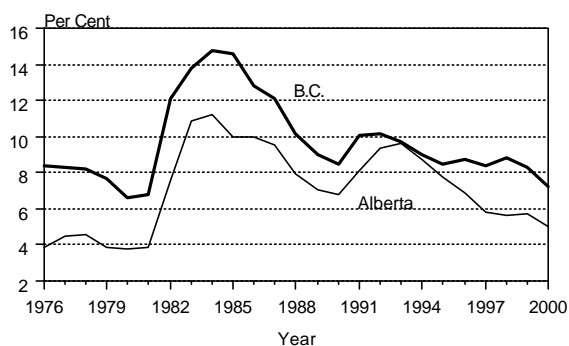
Feature Article: B.C. Migration - Outlook for 2001

reasonable accuracy the actual net interprovincial migration for B.C.

Many other economic factors likely play a role in influencing population movement (e.g. housing prices); however, in many instances empirical data on these factors are not available for a sufficient historical period to conduct statistical analysis. In addition, in order to forecast migration, consideration must be given to the practicality of forecasting the theorised determinants of migration. Both these constraints put limits on the number and type of variables considered as drivers of interprovincial migration. Consequently, the factors noted above do not uniquely describe inter-provincial migration flows, but rather are the ones that fit the criterion of statistically significant correlation with past migration flows, and have the potential to be forecast themselves.

In 2000 the gap between unemployment rates in B.C. and Alberta narrowed slightly.

Unemployment Rates



BC STATS

The levels of interprovincial migration from Alberta, Ontario and the rest of Canada are largely a reflection of the relative unemployment rates. Over the last twenty years with the exception of 1993, B.C. has always had a higher unemployment rate than Alberta (2.6 percentage points on average), but for most of that period, B.C. has received population from Alberta, the exceptions being

the mid-seventies and early eighties, when the differential reached the 4 to 5 percentage point mark, and the last four years. During the 1997 to 2000 period, the difference between the Alberta and B.C. unemployment rates increased to 2-3 percentage points. As a result, the migration flow reversed, becoming large net outflows totalling 46,400 people over the four-year period and 11,900 people in 2000. It is anticipated that the outflow to Alberta will remain relatively unchanged during 2001.

In the last four years overall economic growth in B.C., as measured by real GDP at factor cost, has been much weaker than for the country as a whole. In 2000 the Canadian economy grew by 4.7 per cent, while economic indicators suggest that real GDP growth in this province was around 3.4 per cent. Although growth forecasts for both Canada and B.C. are generally being lowered in response to economic conditions in the United States, B.C.'s growth is likely to be slightly above the national growth rate in 2001. As a result, the inflow of people to B.C. from parts of the country other than Alberta is expected to be slightly improved relative to 2000.

Given the above considerations, the net outflow of British Columbians to Alberta is expected to be offset by net inflows from the rest of the country, resulting in a zero forecast for net interprovincial migration in 2001.

Feature Article: B.C. Migration - Outlook for 2001

Risks to the Forecast

The main risk to the 2001 migration forecast is the interprovincial component. If the economic conditions in B.C. relative to the rest of Canada improve more slowly than anticipated, the net outflow of population could continue for 2001.

Another uncertainty is the forecast of B.C.'s share of Canadian immigration. If the share falls more than expected then the forecast of international migration could be too optimistic.

Recent Feature Articles

Jun	1998	Mobility and Migration between 1991 and 1996
Sep	1998	How many people were missed in the Census?
Dec	1998	Where We Work and How We Get There.
Apr	1999	B.C. Migration – Outlook for 1999
Jun	1999	Regional Migration Outlook
Sep	1999	Does moving to another province increase your income?
Dec	1999	New Measures of International Migration
Apr	2000	B.C. Migration – Outlook for 2000
Jun	2000	Migration and Housing Demand
Sep	2000	Migration of Rural Youth
Dec	2000	Regional Migration

