

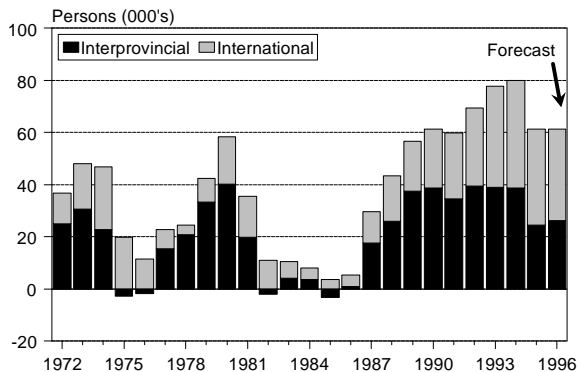
Feature Article: B.C. Migration - Outlook for 1996

Summary

During 1996, the population of British Columbia is expected to increase by 61,200 persons due to migration from other provinces and other countries. This is down from the record levels of 1993 (76,400) and 1994 (79,500), but virtually the same as the 1995 level (61,300). Interprovincial migration is expected to increase slightly from 1995, while international migration should be somewhat lower than in 1995.

Figure 1

British Columbia Net Migration



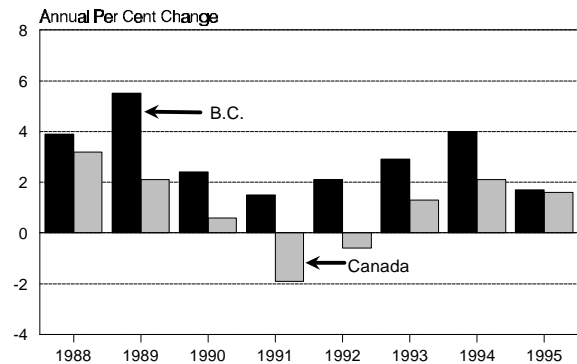
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Some observers attribute the relatively good economic performance of British Columbia in recent years to the strong population growth resulting from high levels of migration from the rest of Canada and the rest of the world. Net inflows of population to B.C. strengthen consumer spending and residential investment. This increase in economic activity, in turn, creates jobs and income within the province. From 1989 to 1994, B.C. had the highest rate of job creation of any province in Canada, but in 1995 B.C.'s employment growth was only slightly above the national average. This strong employment growth has not produced a significant drop in the unemployment rate, simply because the

labour force (those employed and unemployed) has expanded equally fast.

Figure 2

Job Creation



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Given that it is generally accepted that the recent large population inflows have played a significant role in sheltering the British Columbia economy from the adverse economic conditions in the rest of Canada, it becomes important to examine what is in store for migration to this province in 1996.

As can be seen from Figure 1, net migration to British Columbia has been quite volatile over time. The record high net inflow during 1994 of 79,500 persons is in sharp contrast to the low of 500 experienced during 1985. 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 separating migration into the international and interprovincial components.

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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 the planning level. In 1990, the federal government released a policy document that set out immigration planning levels for the 1991 to 1995 period. In November 1995 the planning level was established for 1996 at 195,000 - 220,000 persons. Starting with 1996, the balance between the economic, family and other immigrant components will shift with more emphasis being placed on the economic group. The long term goal of immigration policy, as stated by Citizenship and Immigration Canada, is to set immigration levels at approximately one per cent of Canada's population.¹

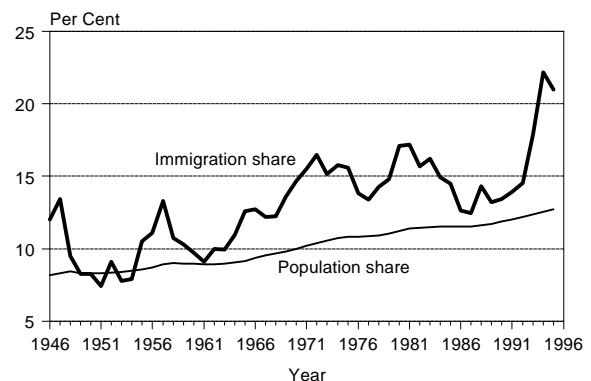
The planned immigration intake since 1984 is given in Table 1 along with the actual immigration. As can be seen from the table, the actual immigration intake for 1994 was below the planning level and the 1995 and 1996 planning levels are lower than in the previous three years. The steady increase in immigration to Canada experienced since the mid 1980's has leveled off over the last few years, and in 1996, immigration to Canada is expected to be 210,000 persons, only slightly above the 1995 level.

¹ Source: Plan 1995-2000, Annual Report to Parliament, Citizenship and Immigration Canada.

Table 1
Canadian Immigration

Year	Planning Level (000's)	Actual (000's)	B.C. Share (%)
1984	90-95	88	14.9
1985	85-90	84	14.5
1986	105-115	99	12.7
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	225	13.9
1992	250	253	14.3
1993	250	255	17.9
1994	250	223	22.0
1995	190-215	209	21.0
1996	195-220		

Figure 3
B.C. Share of Immigrants to Canada



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During 1994 and 1995, British Columbia experienced a significant increase in its share of immigrants coming to Canada. The 1994, 22 per cent share, represents a forty year record high intake for B.C., both in terms of numbers and share. The only other period where B.C. experienced an immigration intake share in excess of 17 per cent was during 1980 to 1981, which was

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due to a one time influx of refugees from Vietnam (the "Boat People" crisis). The current dramatic increase in share cannot be attributed to any one country, but rather appears to be a general increase from all world areas. In effect, it would appear that in 1994 and 1995, B.C. became a more attractive immigrant destination relative to central Canada.

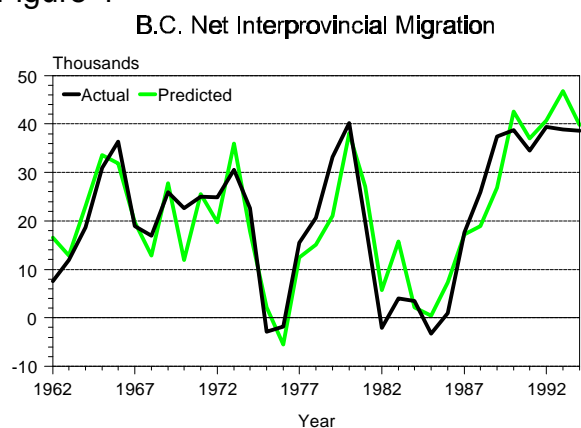
This increase in the proportion of immigrants choosing B.C. as a destination in 1994 may be due to the perception of a higher level of economic activity in B.C. relative to central Canada. The reverse situation occurred during the early 1980's when B.C.'s share of Canadian immigrants dropped to the 12 per cent range due to the relatively favourable economic conditions that existed in Ontario at that time. With the improving economic conditions in central Canada, the B.C. immigration share in 1995 dropped slightly to 21 per cent, which is still well above the levels experienced over the last ten years. In addition, it appears that B.C.'s higher share of immigration in the past two years is 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, has dropped its share of immigration from 17 per cent in 1993 to just over 12 per cent in the last two years. Since Quebec plans only a slight increase in its immigration intake in 1996, it is likely that B.C.'s share of Canadian immigration in 1996 will remain high at around 20 per cent. **As a result, the 1996 forecast of net international migration to British Columbia is 34,900 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.

As noted above, 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 the other provinces, in particular Alberta and Ontario, that must be considered when predicting changes to B.C. net interprovincial migration.

Figure 4



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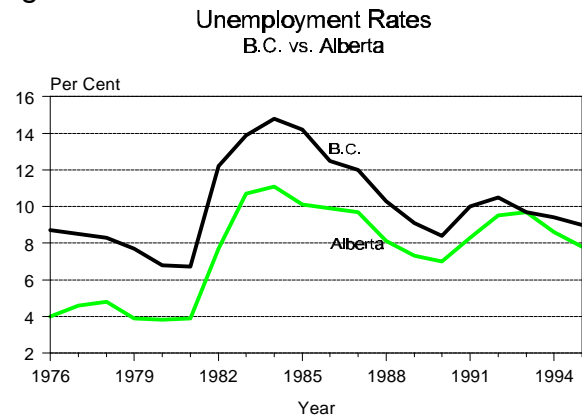
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Statistical analysis indicates that over the past thirty years, fluctuations in British Columbia net interprovincial migration have been correlated to a significant degree with relative differences in the British Columbia/Alberta and British Columbia/Ontario unemployment rates, as well as differences in the average real wage rates in British Columbia relative to Canada². As can be seen from Figure 4, these variables, when combined in a regression equation, can predict with 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 interprovincial 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.

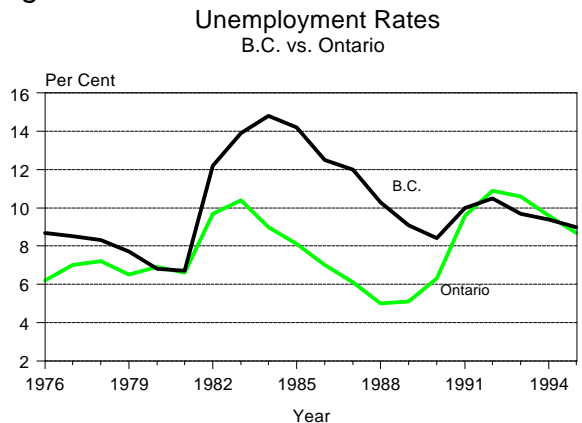
² See "An Econometric Model Describing the Movement of the Population Between British Columbia and the Rest of Canada", McRae and Schrier, Population Section, BC STATS, Province of British Columbia, July 1995. In addition, other economic factors which seem to play a role in explaining the fluctuations in net migration to British Columbia are real per capita gross domestic product and changes in the Consumer Price Index.

Figure 5



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Figure 6



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As indicated by Figures 5 and 6, the recent high levels of interprovincial in-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. During 1995, the difference between Alberta and B.C. increased to 1.2 percentage points.

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As a result, the migration flow from Alberta to B.C. fell dramatically, from 11,600 in 1994 to 5,700 in 1995.

Similar to Alberta, over the last twenty years, B.C. has generally had a higher unemployment rate than Ontario (2.3 percentage points on average), but for most of that period, B.C. has also received population from Ontario, with the exception of the mid eighties when the unemployment rate spread reached 6 percentage points. For most of 1992, 1993 and 1994, this differential reversed with B.C. recording a lower unemployment rate (0.9 percentage points in 1993), which contributed to the unusually high net inflow of population to B.C. from Ontario in 1992 and 1993. By the end of 1994 the Ontario unemployment rate had fallen slightly below the B.C. rate and migration from Ontario dropped off considerably. For most of 1995 the unemployment rates in the two provinces were similar and net migration from Ontario dropped from 12,500 in 1994 to 10,700 in 1995. Looking ahead to 1996, the restraint in public sector spending on the part of the government is expected to temporarily slow the pace of recovery in Ontario. As a result, a slight increase in the migration outflow to B.C. is expected during 1996.

Given the above considerations, net interprovincial migration to British Columbia during 1996 is expected to increase slightly to 26,300 persons from the 1995 level of 24,400 persons.

Risks to the Forecast

The main risk to the 1996 migration forecast is the interprovincial component. Migration from other provinces, especially Alberta, fell more than expected in 1995. There is a possibility that the downward trend might continue into 1996.

Another uncertainty is the level of Canadian immigration and B.C.'s share of that immigration. The proposed changes to selection criteria for some of the immigration classes e.g. skilled workers and investors may have an impact on the share of immigrants coming to this province.