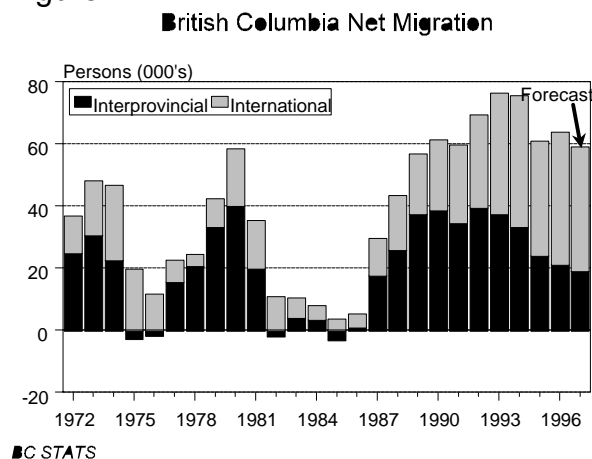


## Feature Article: B.C. Migration - Outlook for 1997

### Summary

During 1997, the population of British Columbia is expected to increase by 59,100 persons due to migration from other provinces and other countries. This is down from the 61,000 - 64,000 levels registered in the last two years and well below the record levels posted in 1993 (76,400) and 1994 (75,500). Both international and inter-provincial migration are expected to be down 5 - 10% from their 1996 levels.

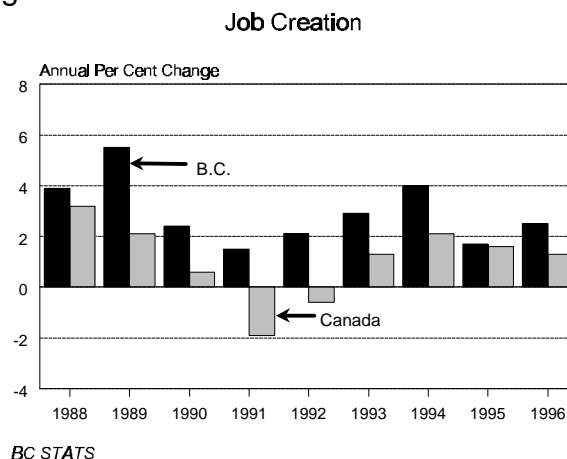
Figure 1



Some observers attributed the relatively good economic performance of British Columbia in last few 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. In 1996 employment growth was again well above the average for Canada. However, job growth for part-time work was stronger than

for full-time work and the growth has been concentrated in industries which tend to have lower wages, instead of in the high-wage primary industries. The relatively strong employment growth has produced only a small drop in the unemployment rate (less than one percentage point in the last three years), because the labour force (those employed and unemployed) has expanded equally quickly.

Figure 2



Given the impact of strong population growth on labour markets and overall economic performance, it becomes important to examine what is in store for migration to this province in 1997. As can be seen from Figure 1, net migration to British Columbia has been quite volatile over time. The record high net inflow during 1993 of 76,400 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 1996 the planning level was established for 1997 at 195,000 - 220,000 persons, the same as in the previous year. Starting with 1996, the balance between the economic, family and other immigrant components has shifted 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.<sup>1</sup>

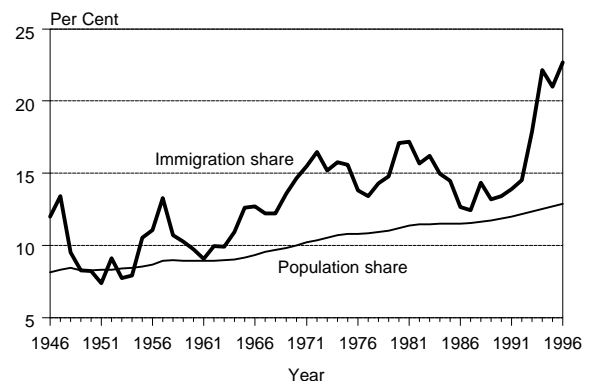
The planned immigration intake since 1984 is given in Table 1 along with the actual immigration. As can be seen from the table, the actual immigration intake for 1994 was well below the planning level and subsequent planning levels have been lower. The steady increase in immigration to Canada experienced since the mid 1980's has levelled off over the last few years, and immigration to Canada in 1997 is expected to be in the same range as in the last three years.

<sup>1</sup> 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	212	21.0
1996	195-220	221	22.7
1997	195-220		

**Figure 3  
B.C. Share of Immigrants to Canada**



BC STATS

Starting in 1994, British Columbia has experienced a significant increase in its share of immigrants coming to Canada. In 1996, the 1994 record high intake for B.C., both in terms of numbers and share, has been matched. The only other period where B.C. experienced an immigration intake share in excess of 17 per cent was during

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1980 to 1981, which was 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 since 1994, B.C. has become 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 have been 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. It appears that B.C.'s higher share of immigration in the past three 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 around 13 per cent in the last three years. Since Quebec does not plan any increase in its immigration intake in 1997, it is likely that B.C.'s share of Canadian immigration in 1997 will remain high at around 22 per cent.

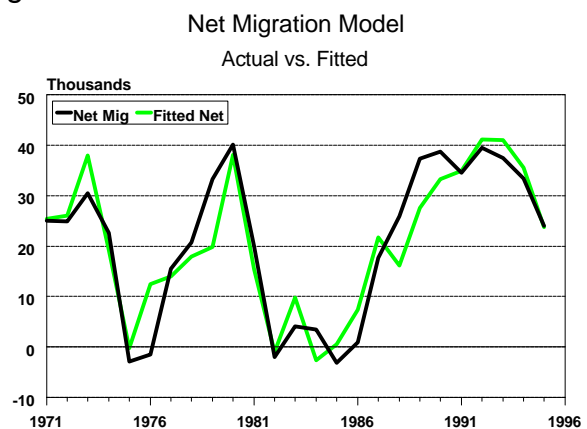
**As a result, the 1997 forecast of net international migration to British Columbia is 40,100 persons.**

### 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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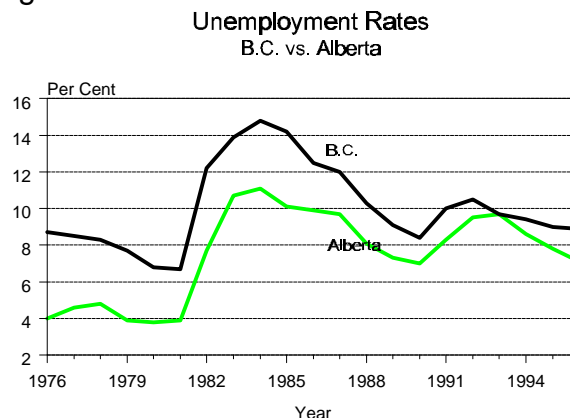
Statistical analysis indicates that over the past thirty years, fluctuations in British Columbia net interprovincial migration have been correlated to a significant degree with relative differences in the British Columbia/Alberta and British Columbia/Ontario unemployment rates, as well as with differences in the growth of the British Columbia economy relative to the rest of Canada, as measured by real Gross Domestic Product<sup>2</sup>. 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.

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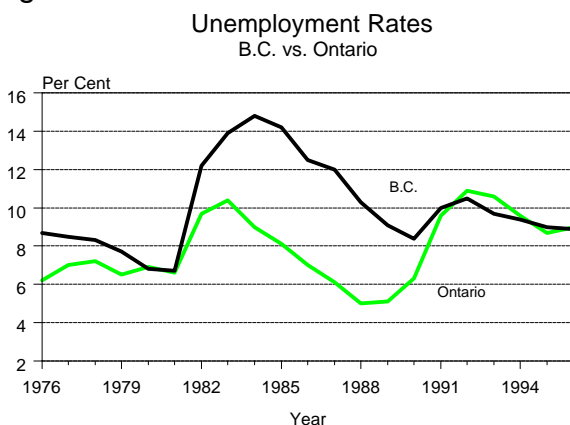
<sup>2</sup> See "An Econometric Model Describing the Movement of the Population Between British Columbia and the Rest of Canada", McRae and Schrier, Population Section, BC STATS, Province of British Columbia, October 1996.

Figure 5



BC STATS

Figure 6



BC STATS

As indicated by Figures 5 and 6, the recent 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 1996, the difference between Alberta and B.C. increased to 1.8 percentage points.

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As a result, the migration flow from Alberta to B.C. fell dramatically, from 9,100 in 1994 to 1,200 in 1996.

Similar to Alberta, over the last twenty years, B.C. has generally had a higher unemployment rate than Ontario (2.2 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. The decline in migration continued into 1995, as the Ontario unemployment rate was slightly below the B.C. rate. During the first part of 1996, the Ontario unemployment rate returned to levels above the B.C. rate and net migration from Ontario strengthened. However, by the end of the year Ontario's rate had fallen below B.C.'s and migration started to slow. Looking ahead to 1997, it is unlikely that there will be any significant increase in migration from Ontario.

**Given the above considerations, net interprovincial migration to British Columbia during 1997 is expected to decrease to 19,000 persons from the 1996 level of 21,150 persons.**

### Risks to the Forecast

The main risk to the 1997 migration forecast is the interprovincial component. Migration from other provinces, especially Alberta, fell more than expected in 1996. It does not appear likely that there will be a reversal of this trend in 1997, but many factors have an influence on decisions to migrate to another province.

Another uncertainty is the level of Canadian immigration and B.C.'s share of that immigration. Proposed changes to immigration programs, selection criteria and settlement services may have an impact on the share of some classes of immigrants, in particular investors and skilled workers, coming to this province.