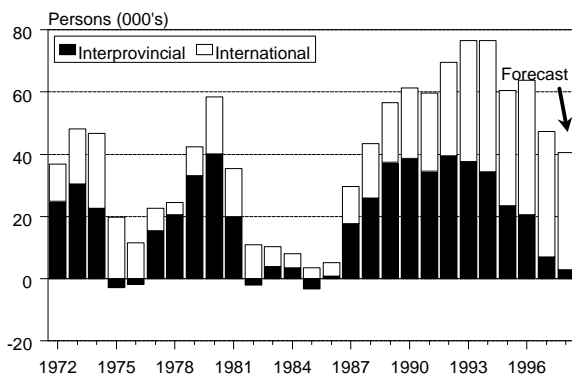

Feature Article: B.C. Migration - Outlook for 1998

Summary

During 1998, the population of British Columbia is expected to increase by 40,500 persons due to migration from other provinces and other countries. This is down from 47,300 registered last year, and is a continuation of a downward trend since 1994. A decline in interprovincial migration of 4,100 people is the major factor in the lower 1998 forecast level.

Slower net migration to B.C. is expected in 1998.

Net Migration



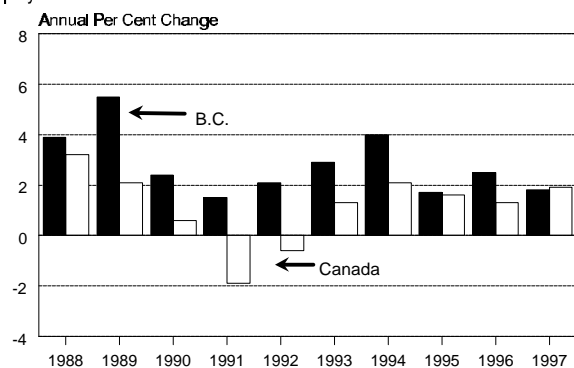
BC STATS

Some observers attributed the relatively good economic performance of British Columbia in the early 1990's 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. strengthened consumer spending and residential investment. This increase in economic activity, in turn, created 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 two of the last three years (1995 and 1997) B.C.'s employment growth was similar to the national average. In 1997 employment growth was 1.8 per cent, slightly below the average for Canada. The relatively strong

employment growth over the past few years has produced only a small drop in the unemployment rate (one percentage point from 1993 to 1997), because the labour force (those employed and un-employed) has expanded equally quickly.

In 1997 job creation in B.C. was similar to the country as a whole.

Employment



BC STATS

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 1998. Net migration to B.C. has been quite volatile over time. The record high net inflow during 1993 of 76,500 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 or fall short of the planning level. In October 1997 the planning level was established for 1998 at 200,000 - 225,000 persons, up slightly from the previous year.

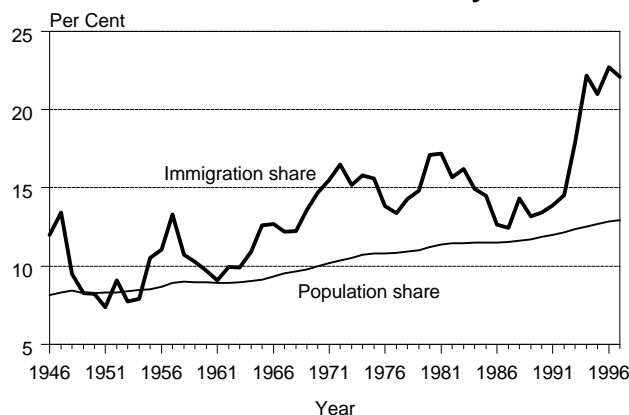
Canadian Immigration

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	224	22.0
1995	190-215	212	21.0
1996	195-220	224	22.6
1997	195-220	216	22.1
1998	200-225		

The planned immigration intake since 1984 is given in the preceding table 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 1998 is expected to be in the same range as in the last four years.

B.C.'s share of immigrants to Canada has been above 20% for the last four years.



BC STATS

Starting in 1994, British Columbia has experienced a significant increase in its share of immigrants coming to Canada. In 1997, immigration to B.C. was down slightly from the 1996 record high intake in terms of both numbers and share. The 1993, 1994 dramatic increase in share cannot be attributed to any one country, but rather appeared to be a general increase from all world areas. In effect, it would appear that since 1993, 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 since 1993 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

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appears that B.C.'s higher share of immigration in the past four years is also 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 over the last four years. Since Quebec is only planning a small increase in its immigration intake in 1998, it is likely that B.C.'s share of Canadian immigration in 1998 will remain relatively high at around 21 per cent.

As a result, the 1998 forecast of net international migration to British Columbia is 37,500 persons .

Interprovincial Migration

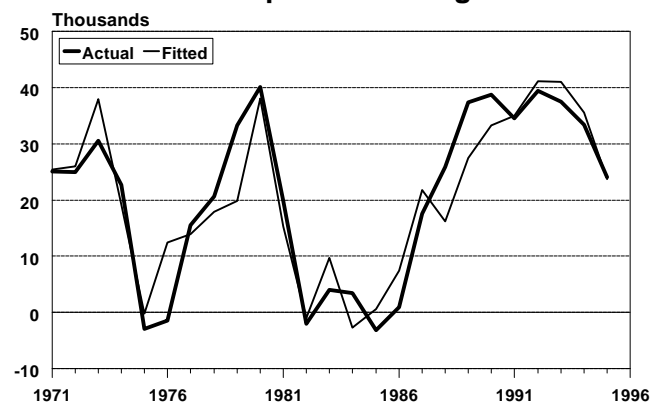
Unlike international migration, interprovincial migration is not governed directly by government policy, but rather is influenced by a wide variety of economic, demographic, social and political factors. Many view interprovincial migration as a combination of "push" factors that pressure a migrant to 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.

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 Product¹. The following chart shows that, these variables, when combined in a regression equation, can predict with reasonable accuracy the actual net interprovincial migration for B.C.

Model of net interprovincial migration



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,

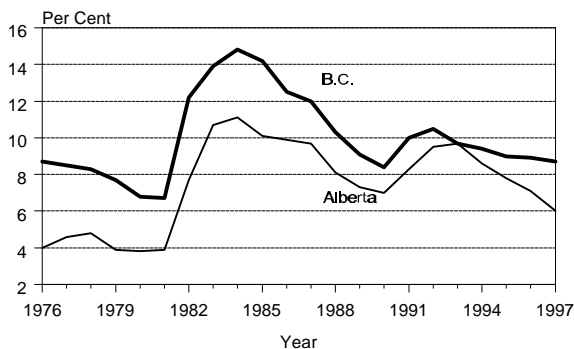
¹ See "An Econometric Model Describing the Movement of the Population Between British Columbia and the Rest of Canada", McRae and Schrier, Population Section, BC STATS, Province of British Columbia, October 1996.

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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 the last four years unemployment rates in B.C. have been higher than in Alberta.....

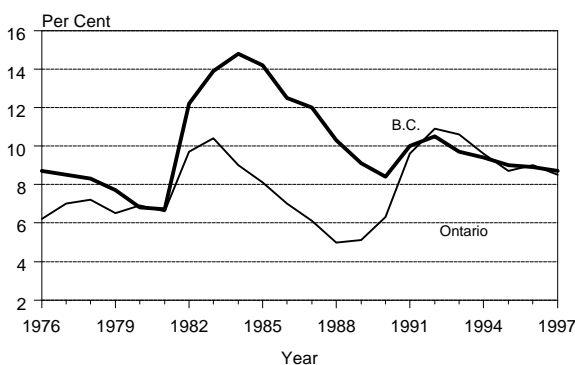
Unemployment Rates



BC STATS

but similar to those in Ontario.

Unemployment Rates



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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, and last year. During 1997, the difference between Alberta and B.C. increased to 2.6 percentage points. As a result, the migration flow reversed, becoming a net outflow of 7,600 from B.C. to Alberta. This was the largest net outflow to Alberta in 20 years.

Similar to Alberta, over the last twenty years, B.C. has generally had a higher unemployment rate than Ontario (2.1 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. In the last four years the unemployment rates in B.C. and Ontario have been quite similar with B.C.'s rate being slightly lower in 1994 and 1996 and Ontario's rate slightly lower in 1995 and 1997. However, in the second half of 1997 the spread between the two provinces widened as the Ontario rate fell, while the B.C. rate continued at high levels. Net migration from Ontario to B.C. dropped to 7,100, its lowest level since 1988. Looking ahead to 1998, it is unlikely that

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there will be any significant increase in migration from Ontario.

In the last three 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 1997 the Canadian economy grew by 3.9 per cent, while economic indicators suggest that growth in this province was much less. Forecasts of the B.C. economy indicate that B.C.'s growth is likely to remain well below the national growth rate in 1998 and as a result migration to B.C. from other parts of the country is expected to be very low.

Given the above considerations, net interprovincial migration to British Columbia during 1998 is expected to decrease to 3,000 persons from the 1997 level of 7,100 persons.

Risks to the Forecast

The main risk to the 1998 migration forecast is the interprovincial component. In-migration from other provinces, in particular Alberta, fell more than expected in 1997. It is possible that economic conditions could improve in Ontario relative to B.C. more quickly than anticipated, reducing the net inflow of population even further than predicted.

Another uncertainty is the effect that the Asian financial crisis might have on immigration to Canada and in particular to B.C. Since 1994 Asian countries have been the source of 60–65 per cent of the immigrants entering Canada and 80 per cent of those coming to B.C. The economic situation in Asia could potentially have an impact on the timing of immigration to B.C.

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