

Feature Article: B.C. Migration - Outlook for 1999

International Migration

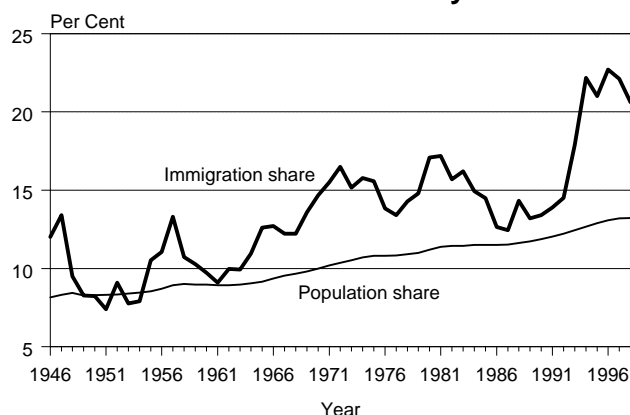
Net international migration to British Columbia is driven largely by federal government policy with respect to immigration. The federal government sets an overall annual immigration planning level for Canada. These planning levels are not intended to be rigid quotas and actual immigration may exceed or fall short of the planning level. In October 1998 the planning level was established for 1999 at 200,000 - 225,000 persons, the same as in the previous year, despite the fact that actual immigration in 1998 was well below the planning level. This lower than expected intake of immigrants during 1998 was mainly due to lower immigration from Asia, resulting from weak economic conditions. Lower immigration from Hong Kong had been anticipated following its hand-over to China in mid-1997.

The planned immigration intake since 1987 is given in the preceding table along with the actual immigration. The steady increase in immigration to Canada experienced since the mid 1980's has levelled off to between 210,000 – 225,000 over the 1993-1997 period. Immigration to Canada in 1998 was much lower than planned as a result of events in Asia. Although the 1999 planning range is the same as the 1998 level, this forecast assumes that Canadian immigration will be near the lower end of the planning range.

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	225	13.9
1992	250	253	14.3
1993	250	256	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	174	20.6
1999	200-225		

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



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Starting in 1993, British Columbia experienced a significant increase in its share of immigrants coming to Canada. In 1998, B.C.'s immigration share was down slightly from the above 22 per cent levels of 1996 and 1997. The 1993 and 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, since 1993 B.C. has become a more attractive immigrant destination relative to central Canada.

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It appears that B.C.'s higher share of immigration in the past five 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 18 per cent in 1993 to around 13 per cent over the 1994 to 1997 period and 15 per cent in 1998. Since Quebec is only planning a small increase in its immigration intake in 1999, it is likely that B.C.'s share of Canadian immigration in 1999 will remain relatively high at around 20 per cent.

As a result, the 1999 forecast of net international migration to British Columbia is 33,300 persons.

Interprovincial Migration

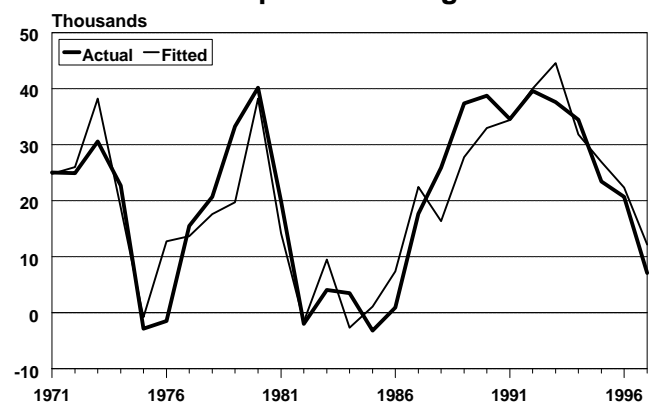
Unlike international migration, interprovincial migration is not governed directly by government policy, but rather is influenced by a wide variety of economic, demographic, social and political factors. Many view interprovincial migration as a combination of "push" factors that pressure a migrant to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

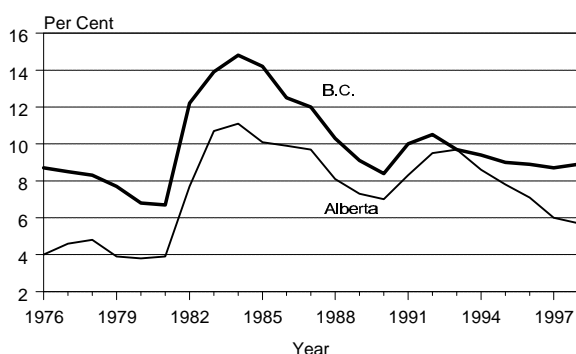
¹ See "An Econometric Model Describing the Movement of the Population Between British Columbia and the Rest of Canada", McRae and Schrier, Population Section, BC STATS, Province of British Columbia, July 1998.

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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.

In 1998 the gap between unemployment rates in B.C. and Alberta continued to widen.....

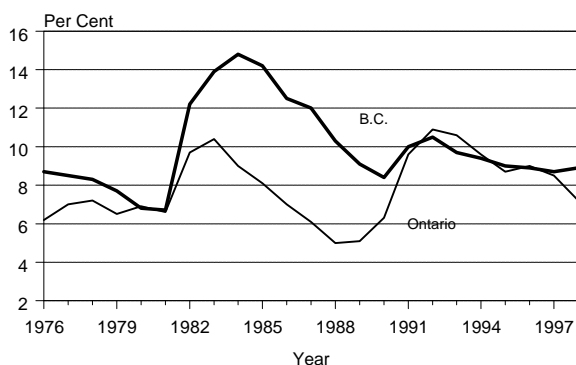
Unemployment Rates



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and the gap reappeared between the B.C. and Ontario rates.

Unemployment Rates



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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 two years. During 1997 and 1998, the difference between the Alberta and B.C. unemployment rates increased to around 3 percentage points. As a result, the migration flow reversed, becoming a net outflow of 7,900 in 1997 and 20,550 in 1998 from B.C. to Alberta. This was the largest net outflow to Alberta in 20 years. In 1999, it is anticipated that the outflow to Alberta will slow as labour market conditions in that province weaken due to soft oil prices.

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. From 1994 to 1997 the unemployment rates in B.C. and Ontario were 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 1998 the spread between the two provinces widened to 1.7 percentage points as the Ontario rate fell, while the B.C. rate edged up. Net

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migration from Ontario to B.C. dropped to 1,200, its lowest level since 1988. Looking ahead to 1999, it is unlikely that there will be any significant increase in migration from Ontario to B.C.

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 1998 the Canadian economy grew by 3.0 per cent, while economic indicators suggest that real GDP in this province declined slightly. Forecasts of the B.C. economy indicate that B.C.'s growth is likely to remain well below the national growth rate in 1999 and as a result the outflow of people from B.C. to other parts of the country is expected to continue but at a diminished rate.

Given the above considerations, the net flow of interprovincial migrants from British Columbia is expected to slow from -18,750 in 1998 to -7,400 in 1999.

Risks to the Forecast

The main risk to the 1999 migration forecast is the interprovincial component. Net migration from other provinces, in particular Alberta, fell more than expected in 1998. If the economic conditions in B.C. relative to the rest of Canada improve more slowly than anticipated, the net outflow of population could be larger than predicted.

Another uncertainty is the duration of the effect of the Asian economic crisis 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 timing and strength of improvements to Asian economies will have an impact on immigration to B.C. in 1999.

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