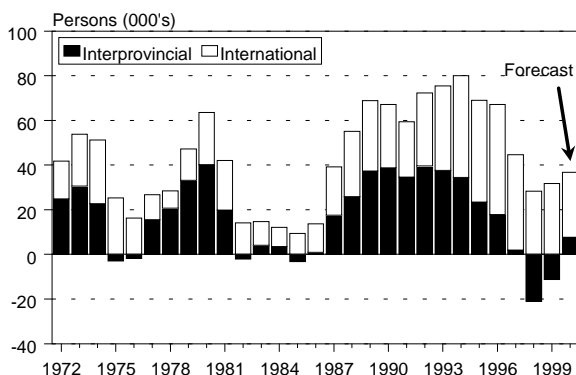

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Summary

During 2000, the population of British Columbia is expected to increase by 36,800 persons due to migration from other provinces and other countries. This is stronger than the net inflows of 7,400 in 1998 and 20,400 in 1999. A net inflow of interprovincial migrants this year, following two years of large outflows, is the main reason for the change in the migration picture.

Net migration to B.C. is expected to recover partially in 2000.

Net Migration



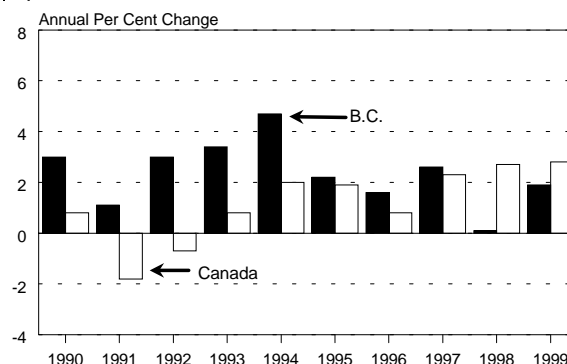
BC STATS

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 1999 employment growth in B.C. picked up, increasing by 1.9 per cent, while the growth in Canadian employment was similar to the previous year. The average 1999 B.C. unemployment rate dropped by half a percentage point to 8.3 per cent, while the Canadian rate fell by even more to 7.6 per cent. During the latter part of 1999 the provincial labour market continued to improve and by the end of the year the unemployment rate had dropped to 7.8 per cent.

In 1999, job creation in B.C. was weaker than in 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 2000. 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 7,400 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

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factors is simplified by separating migration into the international and interprovincial components.

International Migration

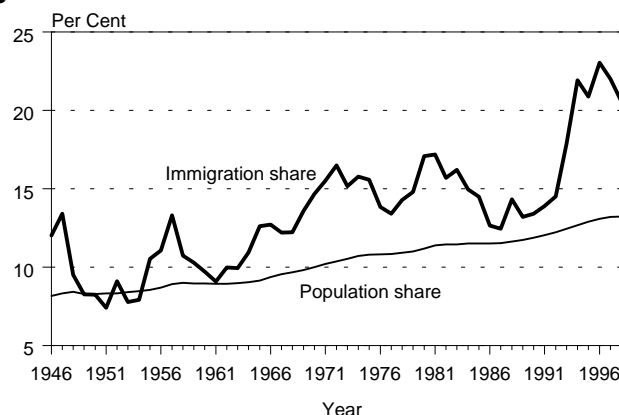
Net international migration to British Columbia is driven largely by federal government policy with respect to immigration. The federal government sets an overall annual immigration planning level for Canada. These planning levels are not intended to be rigid quotas and actual immigration may exceed or fall short of the planning level. In November 1999 the planning level was established for 2000 at 200,000 - 225,000 persons, the same as in the previous two years, despite the fact that actual immigration in both 1998 and 1999 was below the lower end of the range. This lower than expected intake of immigrants 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 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 and the first half of 1999 was quite weak as a result of events in Asia. Although immigration picked up in the second half of 1999, this forecast assumes that Canadian immigration will still be near the lower end of the 2000 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	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		

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



BC STATS

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 19 per cent in 1999.

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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 share has increased to 15 per cent in the last two years and is likely to grow slightly in 2000, as Quebec is planning a small increase in its immigration intake this year.

It is likely that B.C.'s share of Canadian immigration in 2000 will decrease to around 18 per cent. After accounting for the expected changes in the smaller components of international migration e.g. emigration, the 2000 forecast of net international migration to British Columbia is 29,100 persons.

Interprovincial Migration

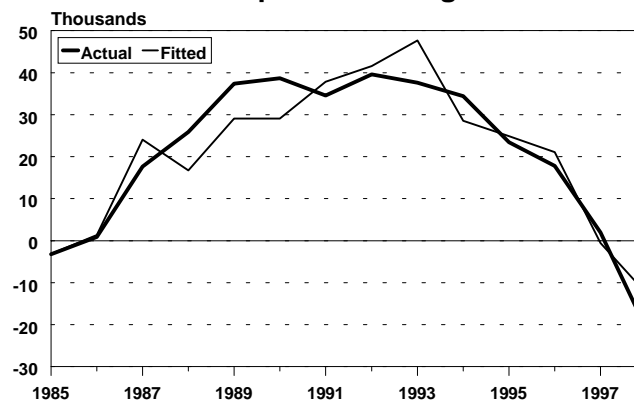
Unlike international migration, interprovincial migration is not governed directly by government policy, but rather is influenced by a wide variety of economic, demographic, social and political factors. Many view interprovincial migration as a combination of "push" factors that pressure a migrant to 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 other parts of the country that must be considered when predicting changes to 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 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

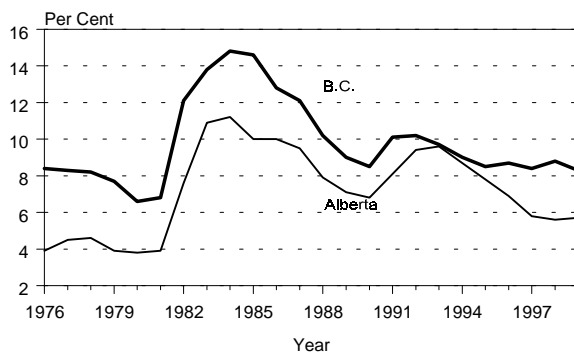
¹ See "An Econometric Model Describing the Movement of the Population Between British Columbia and the Rest of Canada", Schrier and McRae, Population Section, BC STATS, Province of British Columbia, February 2000.

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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.

In 1999 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 three years. During the 1997 to 1999 period, 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 8,100 in 1997, 20,200 in 1998 and 10,700 in 1999 from B.C. to Alberta. It is anticipated that the outflow to Alberta will slow in 2000, as labour market conditions improve in B.C.

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 1999 the Canadian economy grew by 4.0 per cent, while economic indicators suggest that real GDP in this province was much weaker. Forecasts of the B.C. economy indicate that B.C.'s growth is likely to remain below the national growth rate in 2000 and as a result the inflow of people from other parts of the country to B.C. is expected to be fairly modest.

Given the above considerations, the flow of interprovincial migrants to British Columbia is expected to return to a modest net inflow of 7,650 persons in 2000, following the large net outflows of the previous two years.

Risks to the Forecast

The main risk to the 2000 migration forecast is the interprovincial component. Although the large net outflows to other provinces that were registered in 1998 and the first half of 1999 have ceased, there has yet to be any significant net inflow to B.C. If the economic conditions in B.C. relative to the rest of Canada improve more slowly than anticipated, the net inflow of population could be smaller than predicted.

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Another uncertainty is the level of Canadian immigration. If immigration reaches the mid to high end of the planning range rather than the low end, as assumed in this forecast, there would likely be a corresponding impact in this province.

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