

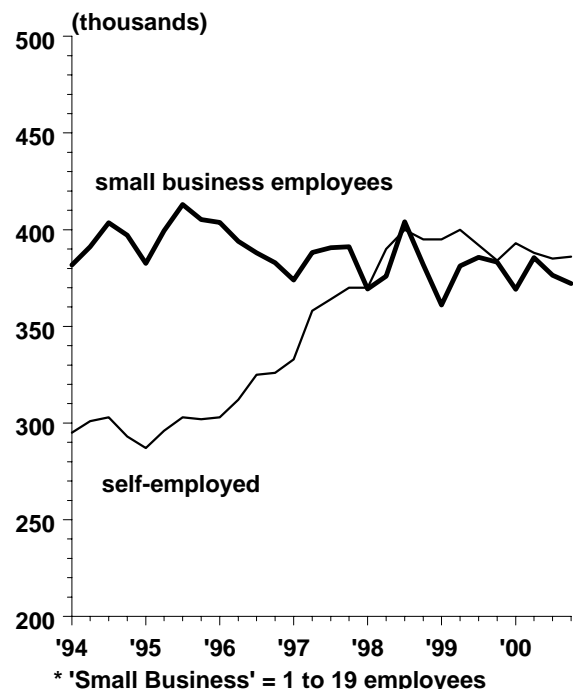
Small Business Quarterly ♦ Fourth Quarter 2000

- The number of self-employed in British Columbia fell 1.1 percent in 2000 compared to 1999. The largest component of the decline was the number of self-employed persons with employees of their own, which dropped 2.7 percent. Self-employed persons without paid help were also fewer in number, falling 0.7 percent.
- The number of small businesses in British Columbia (excluding self-employed persons) increased overall in 2000 despite a 1.6 percent drop in businesses with 1 to 4 employees. Businesses with 5 to 9 employees were up 2.9 percent and the number of businesses with 10 to 19 employees rose 5.7 percent. However, despite the increase in the number of small businesses, employment in those businesses showed a slight decline. Total employment grew by 1.1 percent driven entirely by those businesses employing 50 or more people (+2.1 percent).
- There was a 2.9 percent drop in the number of new business incorporations in the fourth quarter of 2000 compared to the same quarter in 1999, but over the entire year, there were 506 (+2.4 percent) more businesses incorporated than in 1999.
- The number of business bankruptcies in the province continued to drop (-4.5 percent) compared to the fourth quarter of 1999. From 1999 to 2000 there was a 9.2 percent decline in business bankruptcies. However, consumer bankruptcies continue to rise, jumping 7.8 percent year-over-year in the fourth quarter, and

up 12.3 percent for 2000. Consequently there is no clear indication from bankruptcy information of the climate that may be facing small businesses in the immediate future.

- The value of commercial building permits issued in British Columbia rose 13.6 percent in 2000; however, urban housing starts dropped 12.9 percent. The drop in construction activity is bad news for the small business sector since many construction firms and contractors are either small businesses or self-employed. However, the increase in the value of building permits may indicate that construction activity will be on the rise soon.

**Employees in B.C. Small Businesses, *
and Numbers of Self-Employed**



Co-operatives Grew Steadily Throughout the 1990s

There was steady growth throughout the last decade in the number of co-operatives registered in British Columbia. The number of non-financial co-operatives has risen 42 percent from 503 in 1990 to 716 in 1999.

A co-operative is an independent organisation of which the members share joint ownership. There are many kinds of co-operatives providing services ranging from housing, to financial services (through credit unions), to food retailing, to product marketing.

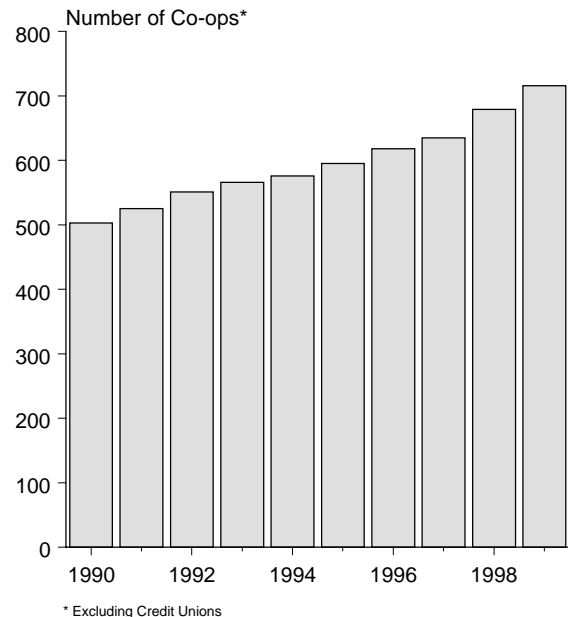
In 1995, seven principles were adopted to provide guidelines for co-operatives:¹

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation among co-operatives
- Concern for community

The application of these principles is apparent when one examines existing co-operatives. Whether they are marketing co-ops designed to help small operators compete with the larger enterprises, or housing-co-ops organised to assist people by providing affordable housing, the principles of co-operation and community participation stand out. Many co-ops are involved in promoting environmental initiatives and ensuring their operations are environmentally sound. The Mountain Equipment Co-op, for example, contributes 0.4 percent of the previous year's gross sales to environmental preservation projects.

¹ Source: *Canadian Co-operatives Resource File 2000*, Co-operatives Secretariat, Government of Canada.

The Number of Co-operatives in BC
Continues to Expand



Types of Co-operatives

Although co-operatives can be established to operate virtually any type of business, in practise they are most often found where either the desired products are not available through private sector sources (for example, in remote rural areas), or where consumers feel there is insufficient market competition. An example of this kind of situation is where people living in a remote community set up their own general store as a co-operative.

Co-operatives are not limited to rural areas, however. An example of an urban-based co-operative is Mountain Equipment Co-op, which operates out of Vancouver. It has large retail outfits in several major urban centres across the country, and also does significant mail-order business.

BC Registered Co-operatives by Type

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% Change 1990-1999
Housing	285	300	310	319	321	330	337	339	342	349	22.5
Other Service	81	82	85	87	93	101	110	116	137	152	87.7
Consumer	46	47	50	50	50	50	52	55	58	58	26.1
Supply	8	9	10	11	11	11	11	11	11	12	50.0
Production	47	51	56	59	61	62	64	65	73	82	74.5
Marketing	36	36	40	40	40	41	44	49	58	63	75.0
Total Non-Financial	503	525	551	566	576	595	618	635	679	716	42.3
Credit Unions	111	108	106	103	101	100	100	96	86	78	-29.7

Although retail co-operatives such as Mountain Equipment Co-op have some of the largest memberships, housing co-operatives are the most numerous. Almost half of all non-financial co-operatives in British Columbia in 1999 were those providing housing services to their members. Co-operatives providing services other than housing are the second most numerous, and posted the largest growth in number from 1990 to 1999, increasing 88 percent from 81 to 152. These co-ops provide services such as childcare, community development, medical care, and a variety of other activities.

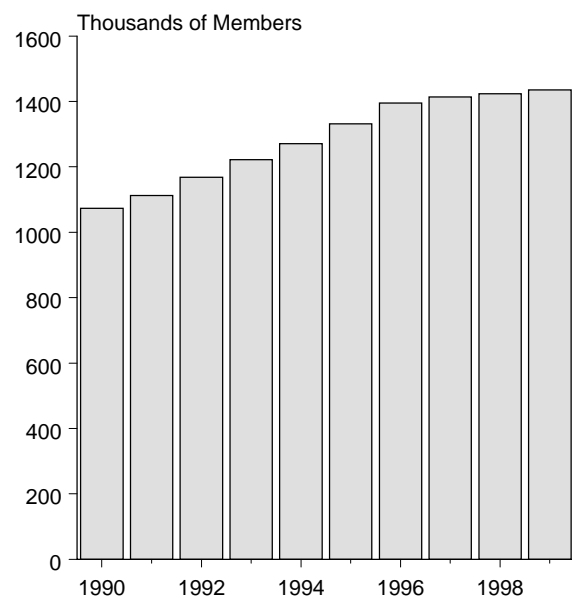
Marketing and Production co-operatives were the next fastest areas of growth. Marketing co-ops in British Columbia include dairy co-operatives like Island Farms in Victoria, fruit and vegetable co-ops like BC Fruit Packers in Kelowna as well as other agriculture-related ventures such as wholesale or retail operations selling livestock, grains and so on. Production co-ops are designed to carry out functions like agricultural feeder operations, handicraft production and wood processing.

Supply co-ops are responsible for distributing products ranging from agricultural supplies to petroleum products.

Financial co-operatives

The popularity of credit unions in British Columbia looks to have reached a plateau as membership as a percentage of population has levelled off at around 36 percent. The number of credit unions in the province has dropped 30 percent since 1990, but this is mainly due to mergers. Membership has continued to grow from 1.1 million members in 1990 to over 1.4 million in 1999.

Credit Union membership in BC has levelled off after rapid expansion earlier in the decade



Credit unions are particularly important for small communities that have no other financial outlets. In British Columbia, credit unions serve 125 communities, including 30 in which there are no other financial institutions. As the major banks continue to consider mergers, the number of communities served only by credit unions could increase. There could be another growth spurt in membership if the Canadian banking system becomes more streamlined than it is already. Consumer concern over "mega-banks" could help attract more people to credit unions.

Feature Articles Listed by Issue Number

00-3: *'Profile of Self-Employed in British Columbia'* (released Mar. 2001)

00-2: *'Latest Small Business Employment Numbers Show Three Year Changes'* (released Jan. 2001)

00-1: *'Some Distinctive Features of The Small Business Workplace'* (released Oct. 2000)

99-4: *'Transfers of Corporate Charters to Other Provinces Suggest Business Migration From British Columbia'* (released July 2000)

99-3: *'755 Thousand British Columbians Rely On Small Businesses For Jobs'* (released Mar 00)

99-2: *'A Quarter of All Employees In British Columbia Work For Small Employers'* (released Nov 99)

99-1: *'Self-Employment In British Columbia Takes On New Profile'* (released Sep 99)

98-4: *'Co-Operative Movement Grows Through the 1990s'* (released Apr 99)

98-3: *'The Long and the Short of Working Hours For Self-Employed'* (released Dec98)

98-2: *'People Trying Self-Employment As A Second Job'* (released Aug 98)

98-1: *'British Columbians Still Making Their Own Jobs'* (released May 98)

97-4: *'Business Bankruptcies Ease With Low Interest Rates, But Consumer Bankruptcies Continue to Climb'* (released Mar 98)

97-3: *'Co-operative Movement Grows Steadily In British Columbia'* (released Jan 98)

97-2: *'Doing Our Thing In Lotusland – The New Self-Employed In British Columbia'* (released Sep 97)

97-1: *'Immigrants Boost Self-Employment In British Columbia'* (released Aug 97)

96-3: *'Changes in Business Confidence Expressed In Numbers of New Incorporations'* (released Mar 97)

96-2: *'Bankruptcies Rise With Self-Employment and Mounting Consumer Debt Loads'* (released Oct 96)

96-1: *'Counting the Business Community in British Columbia'* (released Jul 96)