

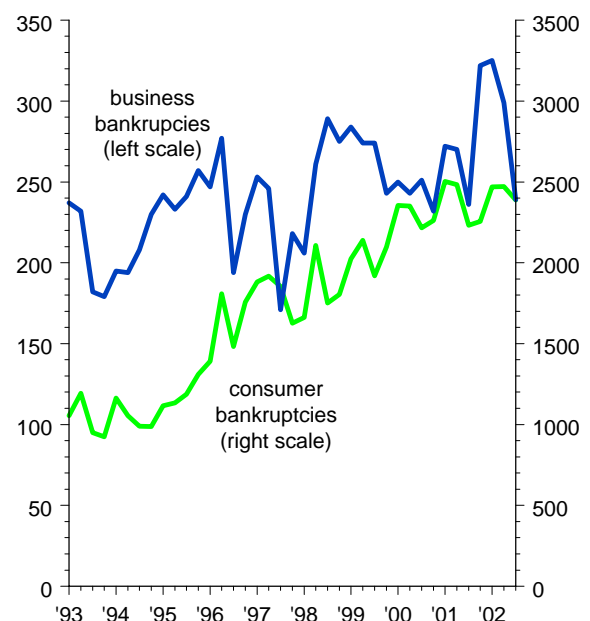
Small Business Quarterly ♦ 3rd Quarter 2002

- The number of people in British Columbia employed by small business rose 1.1% in the third quarter of 2002 compared to the same period a year earlier. A 3.5% increase in the number of employees in businesses employing between 20 and 49 people was responsible for the entire increase as those businesses employing between 1 and 19 people remained constant.
- The number of small businesses in British Columbia (excluding self-employed persons) in the third quarter of 2002 was unchanged from a year earlier at 149,700. A 0.7% increase in businesses with 5-9 employees offset declines of 0.4% and 0.7% for businesses with 1-4 and 10-19 employees respectively.
- The number of self-employed in British Columbia in the third quarter of 2002 was up 1.7% over the third quarter last year marking the fifth consecutive quarter that there has been an increase. Self-employed with paid help were responsible for the entire increase (+1.7%) as the number without paid help fell 2.5%.
- New business incorporations jumped 18.0% from the level recorded in the third quarter of 2001. This was the largest year-over-year increase since the first quarter of 1994.
- Both consumer and business bankruptcies were up in the third quarter compared to the same period a year earlier. Business bankruptcies rose 1.3% while consumer bankruptcies increased 7.0%. The 2,388 consumer bankruptcies were the most re-

corded in the third quarter in at least a decade.

- The number of commercial building permits issued in BC continued to experience a year-over-year decline in the third quarter, falling 5.4%. At the same time, the number of industrial building permits increased substantially, up 39.0% over the same quarter in 2001.
- Despite a prime rate 1.17 points lower than a year earlier, chartered bank business loans in the third quarter were down 4.1%. The largest drop (-9.1%) was for smaller loans under \$200,000. However, even loans between \$200,000 and \$500,000 (-6.8%) and loans over \$500,000 (-2.7%) experienced a decline in the third quarter.

Consumer bankruptcies continue to trend up



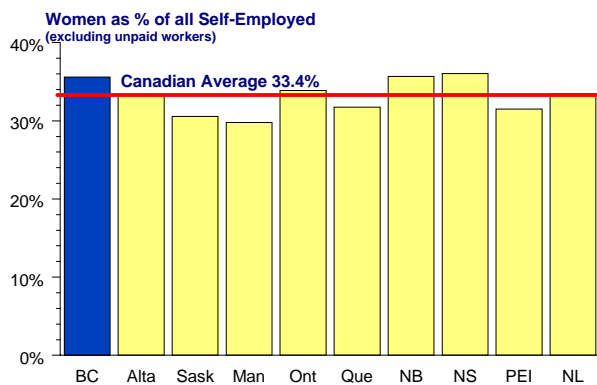
Profile of Women Entrepreneurs

In November 2002, Prime Minister Chrétien announced the creation of the Prime Minister’s Task Force on Women Entrepreneurs. The task force was initiated as part of the government’s goal to make Canada one of the most innovative countries in the world by 2010. The Prime Minister feels that women entrepreneurs can make an important contribution toward achieving that goal.

Provincial comparison

The objectives of the task force include finding ways to encourage women’s entrepreneurship. In British Columbia, approximately 35.6% of all business owners were women in 2001. This was the third highest rate among the provinces behind only Nova Scotia (36.0%) and New Brunswick (35.7%) and significantly higher than the national average of 33.4%.

Of all provinces, British Columbia had the third highest proportion of businesses owned by women in 2001

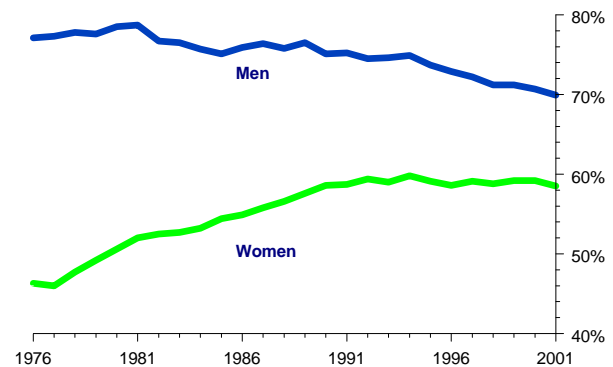


Source: Labour Force Survey

The proportion of British Columbia business owners that are women has increased by over 11 percentage points in the last 25 years, from 24.4% in 1976. This is likely a direct result of increasing participation by women in the labour force. Labour force participation by

women in British Columbia has increased from about 46% in 1976 to around 59% in 2001. Over the same period, the participation rate of men dropped from 77% to 70%.

The gap between men and women in terms of labour force participation rates has narrowed over the last 25 years in BC, but is still significant



Source: Labour Force Survey

The gap between male and female labour force participation has narrowed, which partially explains why there are proportionately more women business owners compared to 25 years ago, but the remaining differential is still significant. It does not seem likely that this gap will shrink much further. As the population ages, participation rates for both men and women will fall and the gap will likely remain fairly stable.¹ As such, attempts to encourage an increase in women’s entrepreneurship could prove a difficult challenge.

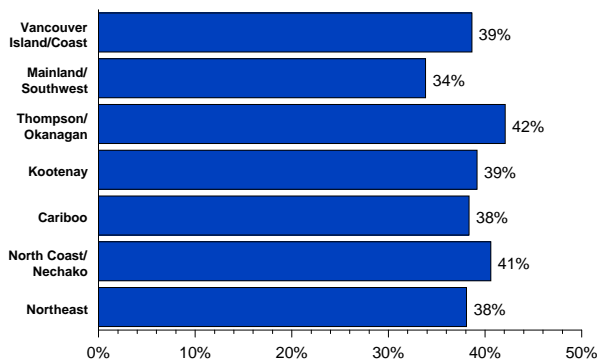
Regional differences

In 2001, approximately 14% of working women in BC were self-employed, compared to 22% of working men. The Thompson/Okanagan Region had the

¹ The participation rate is based on the population 15 and over, which means as a greater proportion of the population reaches retirement age, participation in the labour force will decline.

highest percentage of self-employed who were women, at 42%. The Mainland/Southwest had the lowest percentage, with women comprising only 34% of the self-employed in that region. This seems counterintuitive, since women are more likely to work in the service professions compared to men and the Lower Mainland is more service-oriented than the remainder of the province. However, it may be that there are fewer opportunities for paid employment for women outside the Lower Mainland forcing them to create their own opportunities.

The Mainland/Southwest region had the lowest proportion of self-employed that were women in 2001

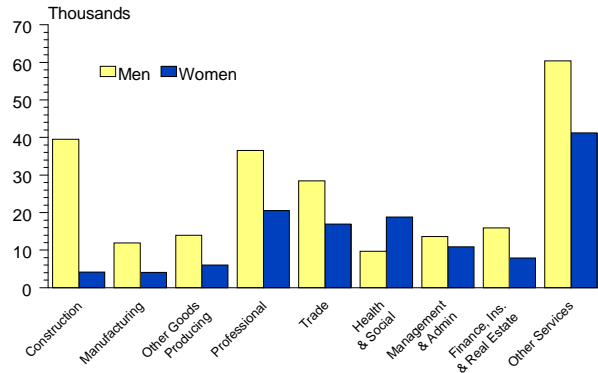


Source: Statistics Canada

Industry breakdown

Not only are women in general more likely to work in a service-related industry (92% of women compared to 69% of men), but this is also true of self-employed women (89% versus 72% of men). The one industry sector where self-employed women outnumber men is health and social services. In all other industry aggregations, men outnumber women, particularly in the goods producing industries.

Very few self-employed women worked in goods producing industries in BC in 2001

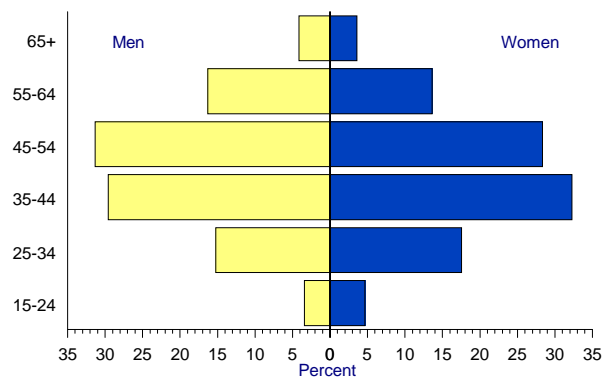


Source: Labour Force Survey

Age distribution

Another way that self-employed women differ from self-employed men is in the age distribution. Self-employed women generally have a younger age structure compared to their male counterparts.

The age distribution of self-employed in BC was somewhat younger for women compared to men in 2001



Source: Statistics Canada

Class of self-employment

A far smaller percentage of businesses owned by women were incorporated (25%) compared to those owned by men (43%). Women were also less likely to have paid employees (27%) than were men (39%).

Feature Articles Listed by Issue Number

02-3: 'Profile of Women Entrepreneurs'
(released Jan 2002)

02-2: 'A Comparison of Small Business Size, 1993 and 2001' (released Sep 2002)

02-1: 'Will Retiring Boomers Lead to Labour Bust?' (released Jun 2002)

01-4: 'Expectations of Manufacturers Showing Signs of Improvement' (released Mar 2002)

01-3: 'Business and Consumer Bankruptcies are on the Rise in BC' (released Jan 2002)

01-2: 'The Benefits and Costs of a Higher Minimum Wage' (released Nov 2001)

01-1: 'Small Business On-Line: Internet Use Among SMEs' (released Sep 2001)

00-4: 'Co-operatives Grew Steadily Throughout the 1990s' (released May 2001)

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 Jul 2000)

99-3: '755 Thousand British Columbians Rely On Small Businesses For Jobs' (released Mar 2000)

99-2: 'A Quarter of All Employees In British Columbia Work For Small Employers' (released Nov 1999)

99-1: 'Self-Employment In British Columbia Takes On New Profile' (released Sep 1999)

98-4: 'Co-Operative Movement Grows Through the 1990s' (released Apr 1999)

98-3: 'The Long and the Short of Working Hours For Self-Employed' (released Dec 1998)

98-2: 'People Trying Self-Employment As A Second Job' (released Aug 1998)

98-1: 'British Columbians Still Making Their Own Jobs' (released May 1998)

97-4: 'Business Bankruptcies Ease With Low Interest Rates, But Consumer Bankruptcies Continue to Climb' (released Mar 1998)

97-3: 'Co-operative Movement Grows Steadily In British Columbia' (released Jan 1998)

97-2: 'Doing Our Thing In Lotusland – The New Self-Employed In British Columbia' (released Sep 1997)

97-1: 'Immigrants Boost Self-Employment In British Columbia' (released Aug 1997)

96-4: 'More British Columbia Companies Shift Corporate Charters to Alberta and Ontario' (released Apr 1997)

96-3: 'Changes in Business Confidence Expressed In Numbers of New Incorporations' (released Mar 1997)

96-2: 'Bankruptcies Rise With Self-Employment and Mounting Consumer Debt Loads' (released Oct 1996)

96-1: 'Counting the Business Community in British Columbia' (released Jul 1996)