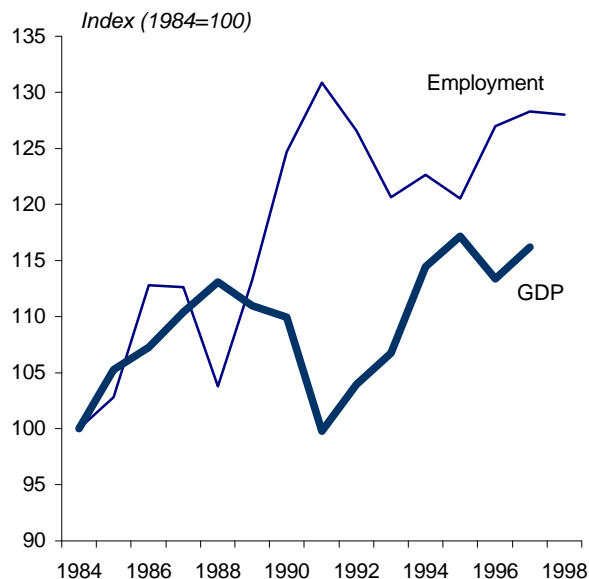


Business Indicators ♦ September 1999

BC's Transportation Industry – Moving Right Along



British Columbia's transportation infrastructure provides a vital link for businesses shipping their goods and receiving supplies both within and outside the province. It also supports the movement of goods to and from other parts of Canada, including goods exported or imported through British Columbia's port system.

The province's network of highways—23,710 paved kilometres of provincial highways, 18,730 unpaved kilometres and 2,691 bridges—provide all-weather access to most parts of British Columbia, allowing for the efficient movement of goods and opening the province up to residents and tourists. British Columbians and non-residents make considerable use of the highway system. Coquihalla highway statistics indicate that 2.8 million vehicles travelled on that route in 1998, most (2.4 million) of which were passenger vehicles.

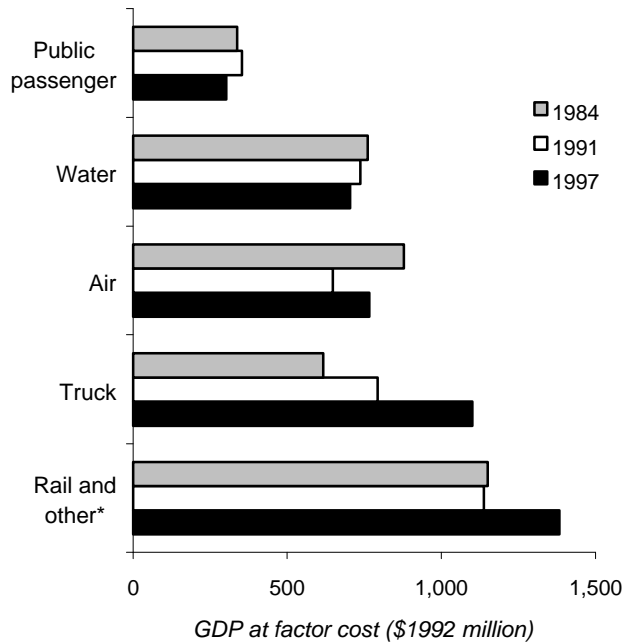
The transportation industry employed 86,000 British Columbians—just under 5 per cent of the workforce—in 1998. Five per cent of the province's total gross domestic product also originated in this sector.

The transportation industry is divided into air, rail, water, truck, bus and other transportation services. Truck and rail transportation are the largest of the transportation industries. Both of these industries have grown significantly during the period since 1984. However, the air, water and public passenger transportation systems have decreased in size during the last thirteen years.

Truck Transportation

Truck transportation generated \$1,100 million of British Columbia's GDP in 1997, making it the largest industry within this group. It has expanded 78 per cent during the period since 1984, outperforming all other components of the transportation industry. About a fifth of the workers in British Columbia's transportation, storage and communications sector are employed by the trucking industry, which has seen a fifty per cent increase in its workforce since 1984. The relatively rapid growth of this sector is part of a nation-wide trend, which has seen GDP in the Canadian trucking industry increased significantly since the early 1980s.

Truck transportation has grown steadily since 1984¹



*includes: taxis, other transportation, and related services such as freight forwarding

Rail Transportation

The province's location as Canada's Pacific Gateway has benefited both the trucking and rail transportation industries, as most of the goods being trans-shipped through the province to or from the rest of Canada are carried on trucks or by train. Many goods exported from other provinces are shipped out of British Columbia ports. In particular, Prince Rupert and the Port of Vancouver are common destinations for prairie grains, as well as coal and other minerals produced in British Columbia and other provinces. Statistics Canada estimates that transportation services account for about 9 per cent of British Columbia's exports to the rest of Canada.

British Columbia has about 6,800 kilometres of mainline track operated by various rail companies, which have extensive freight

hauling operations. Coal from southeastern British Columbia is transported by rail to a deep-sea, bulk-loading facility at Roberts Bank. The provincial rail company, British Columbia Rail, carries commodities such as forest products, coal, minerals and metal concentrates to domestic, trans-border and overseas connecting points. The railway also provides intermodal services, operating a fleet of piggyback equipment, road vehicles, warehouses, and reload facilities. CP and CN Rail are the two east-west national system carriers from eastern Canada to British Columbia's west coast export gateways of Vancouver and Prince Rupert.

Amtrak, British Columbia Rail, Rocky Mountain Railtours and VIA Rail provide scheduled passenger service within the province. Amtrak operates a daily service from Vancouver to Seattle. Rocky Mountain Railtours is a seasonal passenger service which caters to tourists, running during daylight hours between Vancouver and Banff/Calgary or Jasper, with an overnight stop in Kamloops. VIA rail operates three lines in British Columbia: from Vancouver via Jasper to Edmonton and points east; from Jasper to Prince Rupert via Prince George; and between Victoria and Courtenay on Vancouver Island. British Columbia Rail also operates a scheduled passenger service, which runs between North Vancouver and Prince George.

Air Transportation

Local, regional and national air carriers operating throughout British Columbia provide scheduled and chartered services to domestic and foreign destinations using a network of more than 150 land-based airports, water-based facilities, and heliports. Canadian Airlines International and Air Canada, along with their respective partners, are the main providers of domestic and international air services. In 1996, WestJet and Greyhound Air, new discount air carriers, commenced operations between major centres in western Canada. Greyhound Air ceased operations in the fall of 1997. Within the province, a number of smaller carriers operate scheduled and char-

¹ 1997 is the last year for which GDP data is available for the industries within transportation, storage and communication.

tered plane and floatplane services to remote and lightly populated areas.

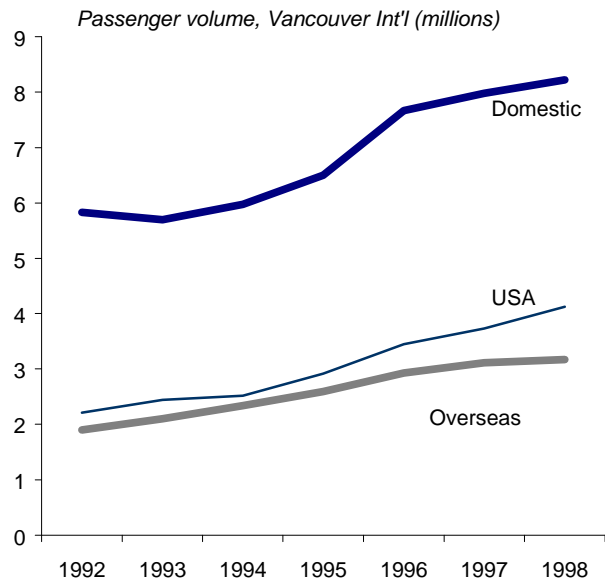
Air transportation services in British Columbia contributed \$766 million to the province's gross domestic product in 1997. The industry has been undergoing a restructuring during the 1990s, as increased competition from discount air carriers has forced airlines to compete aggressively for passengers. This affected the profitability of the industry throughout in the early 1990s where GDP declined to 74 per cent of its 1984 value by 1991. Since 1994, the air transportation industry has been growing, but still remains at 87 per cent of the 1984 level. The difficulties facing the air transportation industry were not unique to British Columbia, as the affected air carriers operate in all parts of the country. Nationally, the GDP of the air transportation industry just returned to its 1984 level in 1997.

Vancouver International Airport handles more than 80 per cent of the passengers travelling on scheduled services through British Columbia airports. Victoria, the second largest airport, accounts for about 6 per cent of the total, with the remaining passengers enplaning or deplaning at airports in smaller centres. Kelowna and Prince George are the busiest of the smaller airports providing regularly scheduled services.

The international airports in Vancouver and Victoria have seen significant growth in usage during the 1990s. Vancouver's airport is the second-busiest in Canada, with 15.5 million people travelling through it in 1998, setting a record for the sixth straight year. More than half (8.2 million) of the people using the airport were travelling on domestic flights. Another 4.1 million travellers were going to or coming from the US, while 3.2 million were travelling between Vancouver and other countries. Transborder flights to and from the United States have soared since the implementation of the 1995 Open Skies Agreement between Canada and the United States. There has been a 64 per cent increase in the number of passengers travelling through the airport on transborder flights since 1994. The

airport also handled 255,000 tonnes of cargo in 1998, down 2.1 per cent from the record high of 261,000 tonnes set in 1997.

Passenger traffic through Vancouver International Airport has increased substantially during the 1990s



In Victoria, passenger traffic through the airport exceeded one million people for the first time in 1997, and grew to 1.2 million in 1998. Traffic through Victoria's airport has expanded nearly 70 per cent since 1993.

Water Transportation

The water transportation industry includes freight and passenger water transportation, ferries, marine cargo handling, and other related activities. Water transportation plays an important role in British Columbia's economy, which is Canada's gateway to the Pacific Rim. This industry's contribution to total GDP was \$705 million in 1997, down from \$718 million in the previous year.

The Port of Vancouver was again Canada's busiest port in 1998, handling 69.3 million tonnes of international cargo and 1.4 million tonnes of domestic cargo. The total tonnage

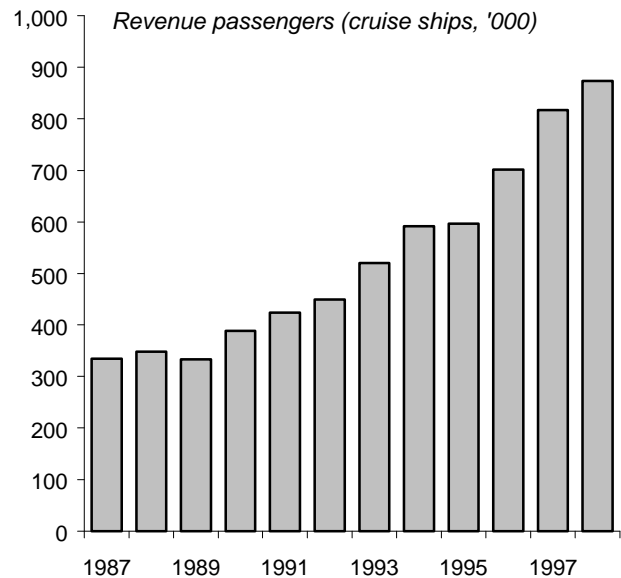
handled by the port decreased 1.5 per cent to 70.7 million.

Almost a fifth of the total tonnage handled by Canadian ports passed through Vancouver, which is the largest foreign tonnage port in Canada, and one of the top three in North America. Most of the cargo passing through Vancouver is bulk cargo such as coal, wheat, forest products, potash and sulphur. However, container traffic through the port has been increasing in recent years, and accounted for about a tenth of the total tonnage handled at the port in 1998.

Prince Rupert, which was hard hit by the Asian economic crisis, slipped from 10th to 13th place on the list of Canada's busiest ports in 1998. The port handled 56.0 million tonnes of cargo, 9.6 per cent less than in 1997. Coal exports through Prince Rupert—mostly destined for Japan—were down 27.8 per cent, while wheat shipments from the port fell 34.4 per cent.

Vancouver is also the home port of the Alaskan cruise industry. In 1998, cruise ships made 294 trips to Vancouver, carrying 873,102 passengers on Alaskan cruises, a 6.9 per cent increase over the previous year, when 816,537 passengers visited the city. A small number (2,836) of these passengers were in transit, but most either embarked or disembarked on their cruises at Vancouver.

Since the late 1980s, the number of cruise ship passengers visiting Vancouver has more than doubled



The British Columbia Ferry Corporation operates a fleet of vessels providing freight and passenger service on routes between the Lower Mainland, Vancouver Island, the Gulf Islands, Prince Rupert, and other coastal points. In 1998, British Columbia Ferries carried 21.4 million passengers and 7.8 million vehicles. Both passenger and vehicle traffic declined in 1998. Passenger traffic was down 2.9 per cent, while vehicle traffic fell 3.5 per cent. The Ministry of Transportation and Highways also operates ferry services on 17 inland routes. These ferries carried 5 million passengers and 3 million vehicles in 1998, slightly more than in the previous year.

Public Passenger Transportation

Public passenger transportation services (urban transit systems, as well as other passenger bus services providing school bus, intercity, charter, and sightseeing bus services) contributed \$302 million to British Columbia's GDP in 1997. About two-thirds of the industry's gross domestic product is generated by urban transit systems, with the remaining third coming from interurban and other passenger services. British Columbia Transit op-

erates bus services in Victoria and 50 other communities in the province, while Translink operates transit services in the Greater Vancouver region. In 1998, 154 million trips were made by people using city bus services in the province, an increase of 0.6 per cent over the previous year. British Columbia's inter-city transit industry has been contracting as the availability of inexpensive air fares has made inter-city bus travel less common.

Spurred on by a growing population and the export orientation of many of our manufactured goods, British Columbia's transportation industry has generally experienced strong growth over much of the past fifteen years. Continental and world free trade coupled with domestic regulatory changes to some components of the transportation industry have been important factors supporting this growth. Given the export orientation and Pacific Rim location of the Province, it seems likely that the transportation industry will continue to expand into the future.