

BCPROGRESSBOARD

**TOWARD BRITISH COLUMBIA
NORTH STAR 2010**

Interim Benchmarking Report 2003

July 18, 2003

BC Progress Board

730 – 999 Canada Place

Vancouver BC V6C 3E1

P. 604-775-1664 / F. 604-844-1820

E. ideas@bcprogressboard.com

Table of Contents

I.	ABOUT THE BOARD	1
II.	INTRODUCTION	1
III.	INTERIM REPORT ON BC'S ECONOMIC PERFORMANCE	2
	British Columbia's Interprovincial Economic Performance	3
	Special Topic: British Columbia on the International Stage - Economic Growth and the Employment Rate	6
	Interprovincial and International Comparisons: Detailed Descriptions	7
	<i>Interim Core Target 1: Economic Growth</i>	<i>8</i>
	<i>Interim Core Target 1 Supplemental Information: International Comparison</i>	<i>9</i>
	<i>Interim Core Target 2: Standard of Living</i>	<i>11</i>
	<i>Interim Core Target 3: Jobs</i>	<i>12</i>
	<i>Interim Core Target 3 Supplemental Information: International Comparison</i>	<i>13</i>
	<i>Interim Indicator 1: Real Average Hourly Wage</i>	<i>15</i>
	<i>Interim Indicator 2: Productivity</i>	<i>16</i>
	<i>Interim Indicator 3: Exports</i>	<i>17</i>
	<i>Interim Indicator 4: Tax Rate</i>	<i>18</i>
	<i>Interim Indicator 5: Business Investment</i>	<i>19</i>
	<i>Interim Indicator 6: R & D</i>	<i>20</i>
IV.	PREVIEW OF THIRD ANNUAL BENCHMARKING REPORT	21
	APPENDICES	23
	A. Board Members, Staff and Advisory Group Members	25
	B. Methodology	26
	C. Glossary of Terms	29
	D. Data Tables	33

This page left blank intentionally.

I. About the Board

The BC Progress Board is an Independent Panel of 15 senior business and academic leaders established by Premier Gordon Campbell in July 2001. The Progress Board has two mandates:

- To provide advice on whether and to what extent the province is improving its competitive position and quality of life by establishing means to measure and benchmark British Columbia's performance over time and relative to other jurisdictions; and,
- To identify issues of importance to the province's future economic prosperity and advise the Premier on strategies, policies and actions necessary to increase the economic and social well-being of British Columbians.

To date the Board has issued Annual Benchmarking Reports in 2001 and 2002. The Board's 2002 report, *Toward British Columbia North Star 2010*, was supplemented by two advisory reports – one on BC's regional economies and one on education, skills, training and technology transfer.

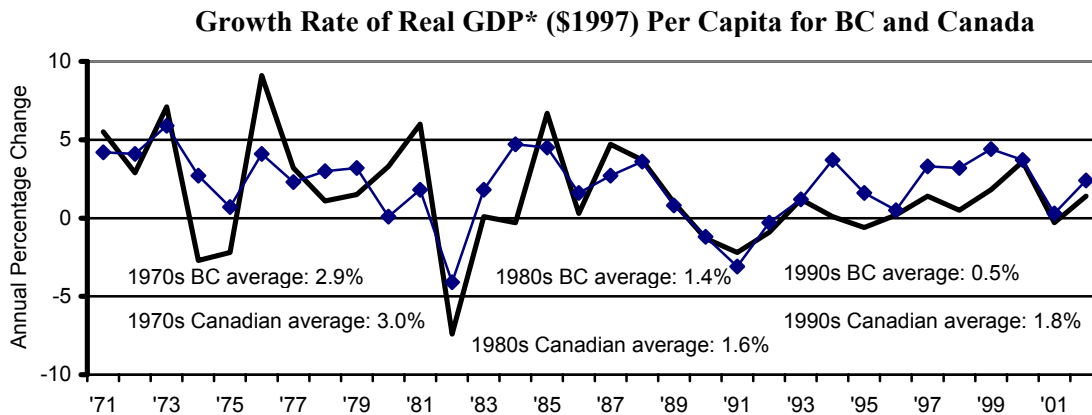
II. Introduction

The Progress Board relies heavily on Statistics Canada economic data for much of its benchmarking work. Although final data for the Board's 2003 report will not become available until late October of this year, the decision by Statistics Canada to reinstate its preliminary release of provincial economic accounts has made this *Interim Benchmarking Report* possible. This *Interim Report* includes mainly economic data, only a portion of those indicators included within the Progress Board's overall reporting framework. As further data becomes available over the course of the year it will be included in our third annual benchmarking report, scheduled for release this December.

The Progress Board's *Interim Report* is intended to provide policy makers and the public with an advance snapshot of how British Columbia is performing in relation to the 2010 economic benchmarks established by the Board. The Progress Board believes that regular reporting on its "North Star" benchmarks will keep the public and government focused on performance improvement. Also included, as a special topic, is a brief assessment of BC's performance relative to OECD countries. Particular attention is given to assessing BC's performance relative to "turnaround" jurisdictions that have successfully made the transition from "laggard" to "leader" in economic growth and the employment rate.

III. Interim Report on BC's Economic Performance

The BC Progress Board believes that a healthy and prosperous society requires a vibrant economy. Unfortunately, BC's economic performance has languished during much of the past 20 years as demonstrated in the chart below.



Sources: BC Progress Board; BC Stats; Statistics Canada.

Notes: *Does not match the data presented in the 2002 Benchmarking Report due to data revisions. The data in this figure are Laspeyres based; historical data on the Fisher base will be presented in the 2003 Benchmarking Report.

In fully 15 of the past 20 years, BC has trailed the national average annual growth rate of real GDP per capita; that is, the total amount of goods and service produced expressed on a per person basis. The implication here is that BC has experienced a long-term structural decline in its economic performance – it will take time to turn this around.

Despite these challenges the Progress Board continues to believe that British Columbia possesses all the inherent attributes to become a national – and eventually global – leader. These include:

- Abundant resources and a natural beauty renowned around the world;
- Uniquely situated between Europe and Asia;
- High quality infrastructure to transport goods, services and people;
- A diverse, multicultural society and increasingly well-educated workforce; and,
- Stable institutions and the rule of law.

Mindful of those attributes the Progress Board set two overarching goals for British Columbia:

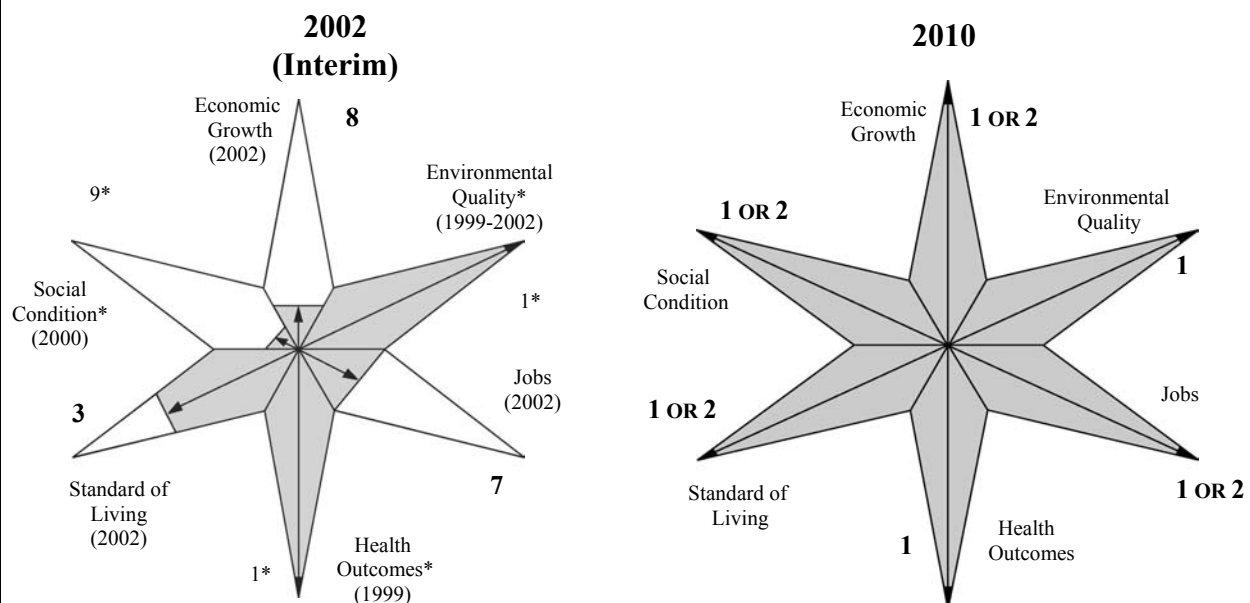
- Make BC an economic leader in Canada by 2010; and,
- Make BC a leader in Canada on environmental quality, health outcomes and social condition by 2010.

Attendant to these two over-arching goals, the BC Progress Board has established six leadership benchmarks or "core targets" for restoring the province to a leadership position by 2010. We have expressed these targets in terms of BC "navigating" towards its own North Star by 2010. This is portrayed graphically in the box on the following page.

British Columbia's Interprovincial Economic Performance

Overall, BC improved its economic growth performance between 2001 and 2002 by moving from 10th to 8th rank in the annual growth rate of real GDP per capita, a common measure of economic vitality. The province also maintained its 3rd place ranking for the overall level of real personal disposable income per capita, the Board's key measure of standard of living. However, BC slipped to 7th place on the employment to population ratio for those aged 15-64. Later this year, the BC Progress Board will report on BC's overall performance on environment, health and society indicators. The table on page 4 summarizes BC's performance relative to other provinces on economic indicators currently available on a preliminary basis for 2002.

North Star – BC in 2002 and 2010



Notes: The Progress Board's benchmarking framework – by mandate and design – robustly compares BC's performance relative to other jurisdictions. Not all data are available on an inter-jurisdictional basis in time for this *Interim Report*. The full array of economy, innovation, and education indicators along with environment, health and society measures will be included within the Third Annual Benchmarking Report of the BC Progress Board, scheduled for release in December 2003.

*Not updated in this report. The Board is awaiting updates for Environmental Quality and Health Outcomes. We are also reviewing the new market basket measure of low-income incidence recently prepared by Human Resources Development Canada as a possible substitute for the Statistics Canada LICO social condition measure currently used by the Progress Board.

The most recent year of data available is indicated in brackets.

2002 Interim Performance Rank (and rank for 2 previous years)						
Interim Indicator		Most Recent	Strong (1-3/10)	Middling (4-7/10)	Weak (8-10/10)	Rank relative to 2002 Benchmarking Report Rank
ICT1	Economic Growth	2002			8 (10, 5)	Improvement ↑
ICT2	Standard of Living	2002	3 (3, 3)			No Change –
ICT3	Jobs	2002		7 (6, 5)		Deterioration ↓
II1	Real Average Hourly Wage	2002	2 (1, 2)			Deterioration ↓
II2	Productivity	2002		4 (5, 5)		Improvement ↑
II3	Exports	2002			8 (7, 7)	Deterioration ↓
II4	Tax Rate	2003	2 (2, 3)			No Change –
II5	Business Investment	2002		6 (5, 6)		Deterioration ↓
II6	R&D	2000		5 (6*, 7)		Improvement ↑
<i>Sub-Total</i>			3	4	2	
*1999 rank changed due to data revisions						
ICT = Interim Core Target						
II = Interim Indicator						

ICT 1: Economic Growth - Real GDP Per Capita

Among the provinces, British Columbia ranked 8th for growth in real GDP per capita between 2001 and 2002. From 1993 to 2002, BC experienced average annual growth of 0.7%, compared to 2.4% in Alberta, 2.5% in Ontario and 4.5% in Newfoundland and Labrador. In 2002, BC's level of real GDP per capita was 4th among provinces at \$30,459, versus the Canadian average of \$33,811. In comparison, real GDP per capita stood at \$40,156 in Alberta, \$37,049 in Ontario, and \$30,484 in Quebec.

ICT 2: Standard of Living - Real Personal Disposable Income Per Capita

In 2002, British Columbia had the 3rd highest real personal disposable income (PDI) per capita in Canada at \$19,445 although BC was one of only two provinces to see a decline in this measure between 2001 and 2002. Real PDI per capita fell by 0.2% in BC and by 2.1% in Saskatchewan. Growth for Canada as a whole was 1.5%.

ICT 3: Jobs - Employment Rate (age 15 to 64)

In 2002, BC lagged behind the leading provinces with an employment rate of 69.1%, placing it 7th overall in Canada. The Canadian average in 2002 was 71.5%, compared to 77.4% in Alberta and 72.8% in Ontario. British Columbia saw no improvement in its employment rate between 2001 and 2002. The rate fell in Ontario but increased in the other provinces by between 0.3% in Alberta to 2.9% in New Brunswick.

II 1: Real Average Hourly Wage

In 2002, British Columbia ranked 2nd with a real average hourly wage of \$16.02, behind Ontario at \$16.15 and ahead of Alberta at \$15.40. The real average hourly wage in BC fell by 0.4% between 1993 and 2002, which earned it a 6th place rank among the provinces. Newfoundland and Labrador and Prince Edward Island had growth of more than 8.0%, Alberta saw a decline of 1.3%, and Ontario's hourly wage grew by 0.5%.

II 2: Productivity - Real GDP Per Hour Worked in the Business Sector

In 2002, British Columbia ranked 4th in Canada on this measure of productivity, an improvement on its 5th place position the previous two years. Alberta and Ontario held the number one and two ranks in 2002. Productivity in BC increased by 2.0% between 2001 and 2002; this compares favourably with Alberta (1.8%) and Quebec (1.6%) but not Ontario (3.5%), Prince Edward Island (6.4%) and Newfoundland and Labrador (16.2%).

II 3: Exports - Total Exports of Goods and Services (1997\$) Per Capita

In 2002, BC's exports per capita were \$13,385, giving it an 8th place rank among Canadian provinces ahead of Prince Edward Island at \$12,837 and Nova Scotia at \$12,679. In 2002, Ontario had the highest per capita exports in Canada at \$25,108. Newfoundland and Labrador's per capita exports grew by an average of 10.6% per year between 1993 and 2002 and exceeded BC's by \$1,870 in 2002.

II 4: Tax Rate - Top Marginal Personal Income Tax Rate

British Columbia maintained its 2nd place ranking on the top marginal personal income tax rate, a dramatic improvement from its last place position from 1994 to 1998. In 2003, BC's top marginal personal tax rate stands at 43.7%, 2nd lowest in the country behind Alberta at a rate of 39.0%. The province of Newfoundland and Labrador had the highest 2003 rate at 48.6%. Saskatchewan is the only province which reduced its top marginal personal income tax rate for 2003.

II 5: Business Investment - Business Gross Fixed Capital Formation as a Percent of GDP

In 2002, business gross fixed capital formation was equal to 17.0% of BC's GDP, just below the Canadian average of 17.5%. Alberta led the pack with investment equal to 30.7% of GDP. BC was among six provinces that saw a decrease in this important measure between 2001 and 2002 (Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland & Labrador were the others). BC's decrease was 3.7%; the national average was a 1.7% decrease. Prince Edward Island recorded the strongest growth with an 8.6% increase over the previous year.

II 6: R&D - Research and Development Spending as a Percent of GDP

In 2000, spending on research and development as a percent of GDP in BC (1.16%) trailed Ontario (2.34%), Quebec (2.31%), Nova Scotia (1.49%) and Manitoba (1.21%). The relative gap between R&D spending in BC and the Canadian average has decreased from 64.6% in 1991 to 58.6% in 2000. However, the gap has increased in absolute terms. In 2000, \$5.2 billion was expended on R&D in Quebec, compared to \$1.5 billion in BC and \$1.3 billion in Alberta. Ontario led the way with \$10.2 billion in that year.

Special Topic: British Columbia on the International Stage - Economic Growth and the Employment Rate

The BC Progress Board has focused its benchmarking efforts to date on British Columbia's performance relative to other provinces and key competing U.S. states, Washington, Oregon and California. This year the Board will extend its focus to include an examination of BC's performance internationally on a selection of performance indicators where cross-jurisdictional comparison is possible. In this *Interim Report*, we focus on BC's relative international performance on economic growth and the employment rate, two key indicators of overall economic vitality and success.

The Organization for Economic Co-operation and Development (OECD) consists of 30 member countries sharing a commitment to democratic government and the market economy. The OECD produces internationally agreed instruments, decisions and recommendations to promote 'rules of the game' in areas where multilateral agreement is necessary for individual countries to make progress in a globalized economy. Sharing the benefits of growth is also crucial as shown in activities such as support for emerging economies, sustainable development and aid. Among the OECD membership are Ireland, Norway, Finland and the Netherlands, countries that have brought about economic turnarounds. All of these countries had real GDP per capita well below BC's in 1981 but have managed to grow their economies such that only Finland ranks behind BC in 2001. Between 1981 and 2001, BC's real per capita GDP grew by 13.5%, Canada's grew by 36.6% while the Netherlands, Finland and Norway all had growth over 50.0%; Ireland's economy expanded by an astonishing 161.5%.

ICT 1 - SI: International Comparison of Growth in Real GDP Per Capita

British Columbia does not perform well on real GDP per capita growth in comparison to OECD countries. BC ranked 27th out of 31 jurisdictions for average annual growth between 1992 and 2001. Average annual per capita growth in BC's real GDP was 1.24% between 1992 and 2001 compared to 6.68% for number one ranked Ireland, 0.42% for last place Switzerland and 1.74% for the OECD as a whole. On a positive note for British Columbians, in 2001, we ranked 15th on the level of real per capita GDP among OECD countries.

ICT 3 - SI: International Comparison of Employment Rate (age 15 to 64)

British Columbia has relatively high employment when compared to OECD countries. In 2001, BC ranked 11th out of 31 jurisdictions with an employment to population ratio (ages 15-64) of 69.1%. For some perspective, top ranked Iceland had a ratio of 84.6% and bottom ranked Turkey had a ratio of 45.1%. British Columbia ranked 8th on the average ratio over the period 1992 through 2001. BC's ratio fell by 1.5% between 2000 and 2001 placing it near the bottom with a 27th place rank. Average annual growth in the employment to population ratio between 1992 and 2001 in BC was negative 0.1%, earning a 24th place rank.

Interprovincial and International Comparisons: Detailed Descriptions

Goal

Make BC an economic leader in Canada by 2010.

Targets



1. **Economic Growth:** Target 1st or 2nd among the provinces in the growth of real GDP per capita by 2010.
2. **Standard of Living:** Target 1st or 2nd in Canada for the level of real personal disposable income per capita by 2010.
3. **Jobs:** Target 1st or 2nd in Canada for the employment rate among those aged 15 to 64 by 2010.

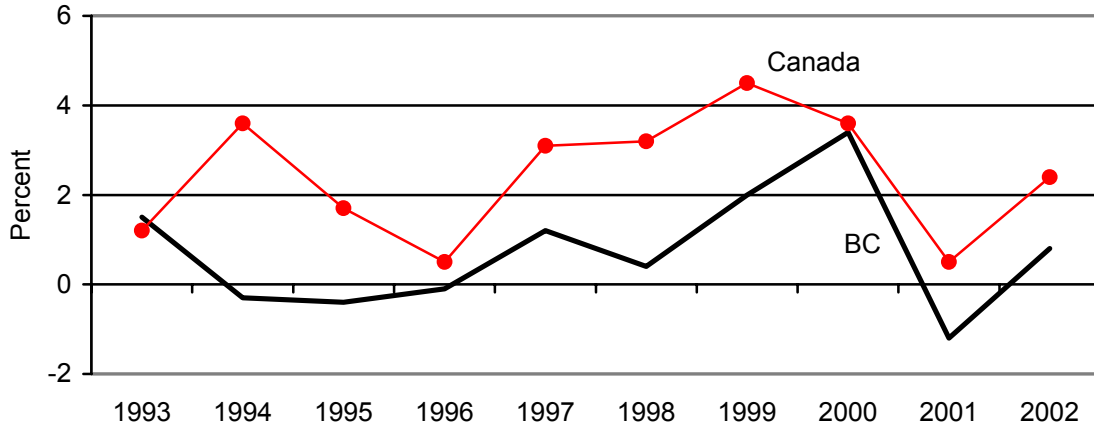
Concordance of Interim Indicators With 2002 Report

<u>2003 Interim Benchmarking Report</u>		<u>2002 Main Benchmarking Report</u>	
	Interim Core Target 1		Core Target 1
	Interim Core Target 2		Core Target 2
	Interim Core Target 3		Core Target 3
	Interim Indicator 1		Performance Indicator 1
	Interim Indicator 2		Performance Indicator 2
	Interim Indicator 3		Performance Indicator 3
	Interim Indicator 4		Performance Indicator 6
	Interim Indicator 5		Performance Indicator 9
	Interim Indicator 6		Performance Indicator 12

Note: The indicators included in this report are taken from the Economy, Innovation and Education section of the Progress Board's main set of indicators. These indicators are renumbered in this report for clarity. The concordance table matches the *Interim Indicators* in this report with the Performance Indicators found in "Toward British Columbia North Star 2010: Second Annual Benchmarking Report of the BC Progress Board".



Growth Rate of Real GDP Per Capita, BC and Canada, Annual Percentage Change



Sources: BC Progress Board; BC Stats; Statistics Canada.

Description

Economic growth (i.e., the change of real GDP per capita) is a key measure of economic prosperity, expressed in terms of the value of output (goods and services produced) per person.

Gross Domestic Product is the value added to the economy by current productive activities of individuals, businesses, governments and non-residents (who may purchase and sell goods and services to British Columbians).

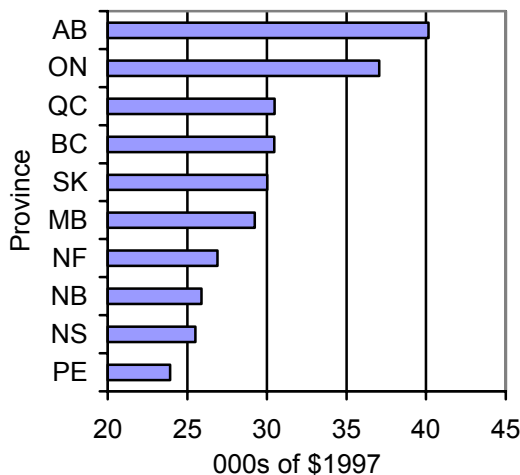
Why it's Important

The growth rate of real GDP per capita is an effective measure of changes in the prosperity of a jurisdiction and its population. Slower growth in real GDP per capita results in lower levels of purchasing power, real personal income, and real wages and salaries. If real GDP per capita increases faster than the population, then the size of the "economic pie" is growing on a per person basis.

Where BC Ranks

By Province	2002 8th	2001 10th	2000 5th
Period Progress Rank	'93-'02 10th	'92-'01 10th	'91-'00 10th

Level of Real GDP Per Capita, 2002



How Does BC Compare?

British Columbia posted the smallest gains in real GDP per capita between 1993 and 2002 and recorded the third lowest growth between 2001 and 2002 among the provinces. From 1993 to 2002, BC experienced average annual growth of 0.7%, compared to 2.4% in Alberta, 2.5% in Ontario and 4.5% in Newfoundland and Labrador.

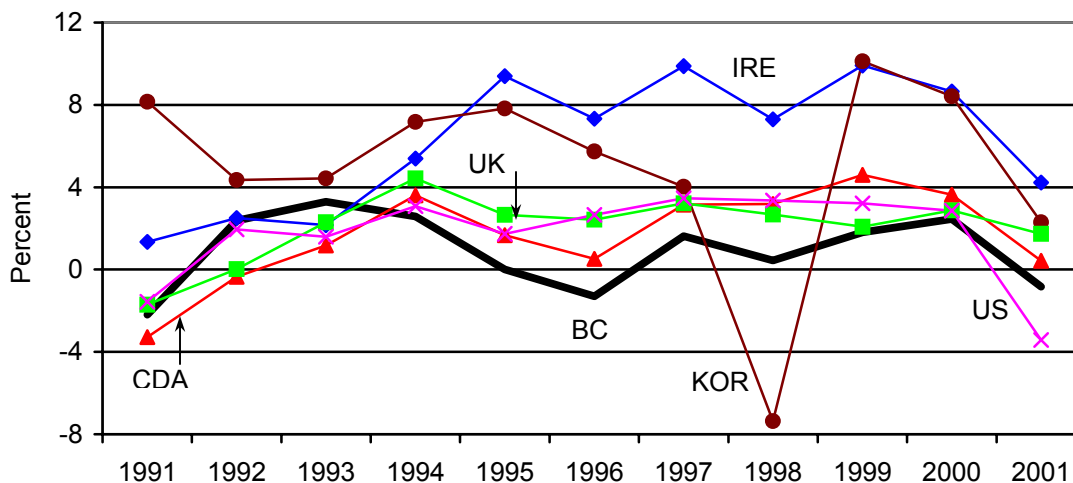
In 2002, BC's level of real GDP per capita was 4th among provinces at \$30,459, versus the Canadian average of \$33,811. In comparison, real GDP per capita stood at \$40,156 in Alberta, \$37,049 in Ontario, and \$30,484 in Quebec.

Note: This exposition is based on preliminary data, which will be revised for the December release of the 2003 Benchmarking Report.



Economic Growth (Growth Rate of Real GDP Per Capita)

At the price levels and PPPs of 1995 (US dollars)



Sources: BC Progress Board; BC Stats; Statistics Canada; OECD.

Description:

This indicator is a measure of the growth rate of goods and services produced per person in a jurisdiction. It is employed as a measure of the relative change in the “standard of living” across geographic areas.

Real GDP per capita (1995 price levels and PPPs - \$US)						
	Real GDP per capita, 2001	Rank for Real GDP per capita, 2001	Average Annual Growth, 1982 - 2001	Rank for Average Annual Growth, 1982 - 2001	Average Annual Growth, 1992 - 2001	Rank for Average Annual Growth, 1992 - 2001
British Columbia	24,187	15	0.68	29	1.24	27
Canada	26,786	7	1.60	24	2.16	14
Finland	24,036	16	2.23	11	2.63	9
Ireland	28,573	3	4.98	2	6.68	1
Japan	24,573	12	2.19	12	0.79	30
Korea (South)	14,256	25	6.21	1	4.70	2
Mexico	8,144	30	0.32	31	1.47	25
Netherlands	24,874	11	2.07	13	2.15	15
New Zealand	19,183	21	1.35	26	2.24	13
Norway	27,385	5	2.56	9	2.88	6
Switzerland	27,576	4	0.84	28	0.42	31
United Kingdom	22,002	20	2.47	10	2.44	10
United States	31,401	2	2.00	16	2.05	16
OECD Europe	19,892	n/a	1.85	n/a	1.58	n/a
OECD Total	22,471	n/a	1.94	n/a	1.74	n/a

Sources: BC Progress Board; BC Stats; Statistics Canada; OECD.



How Does BC Compare?

British Columbia does not perform well on real GDP per capita growth in comparison to OECD countries. BC ranked 29th out of 31 jurisdictions for average annual growth between 1982 and 2001 and 27th between 1992 and 2001. Average annual per capita growth in BC's real GDP was 0.68% between 1982 and 2001 compared to 6.21% for number one ranked South Korea, 0.32% for last place Mexico and 1.94% for the OECD as a whole. On a positive note for British Columbians, in 2001, we ranked 15th on the level of real per capita GDP among OECD countries.

Canada ranked higher than BC on the 2001 level of real GDP per capita as well as on average annual growth in real GDP per capita, especially for the 1992 to 2001 period. Canada ranked 24th for average annual growth between 1982 and 2001 and a much-improved 14th between 1992 and 2001. Average annual per capita growth in Canada's real GDP was 1.60% between 1982 and 2001 and 2.16% between 1992 and 2001. Canada's main trading partner, the **United States** had the 2nd highest level of real GDP per capita in 2001 behind Luxembourg* and ranked 16th for growth in real per capita GDP in both periods reviewed. Between 1982 and 2001, the US economy expanded at an annual average rate of 2.00%; the 1992 to 2001 rate was slightly higher at 2.05%.

The star performers, **Ireland** and **South Korea** both exhibited extremely strong growth rates although Ireland's 3rd ranked real GDP per capita was roughly double that of South Korea's in 2001; South Korea's real GDP per capita was ranked 25th in 2001. Ireland ranked 2nd for growth between 1982 and 2001 with average annual growth of 4.98% and 1st between 1992 and 2001 with average annual increases of 6.68%. South Korea had the top rank for GDP expansion between 1982 and 2001 with average annual growth of 6.21% and had the 2nd best rank between 1992 and 2001 with an average annual increase of 4.70%.

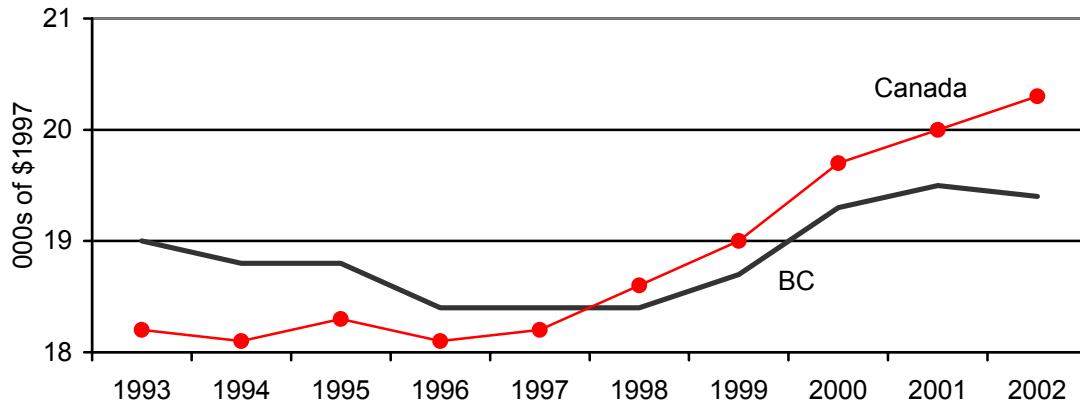
Similar to the star countries, the lagging countries, **Mexico** and **Switzerland**, have divergent levels of real per capita GDP. Mexico's real per capita GDP is \$8,144, ahead of only Turkey while Switzerland's real GDP per capita is the 4th highest among OECD countries at \$27,576. However, both countries have exhibited weak economic growth over the last two decades. Switzerland's economy grew by 0.84% on an annual average basis between 1982 and 2001 to earn it a 28th place rank. Switzerland's growth in real per capita GDP was the worst among OECD countries when one looks at the 1992 through 2001 period. While Mexico also had weak growth it at least performed better in the recent decade compared to the last two. Between 1982 and 2001, Mexico's real per capita GDP grew by 0.32% on an average annual basis but grew by 1.47% per year when the shorter time period is considered.

Notes: The data discussed in this international comparison differ from that presented in the Canada and Canada-US comparisons in other Progress Board reporting because a different currency and PPP exchange rate are used here. There is also a slight difference in the way the OECD and Statistics Canada report GDP; this difference amounts to 2.0% of BC's GDP, on average, between 1992 and 2001. See Appendix B for full details.

* Luxembourg is not highlighted as the number one jurisdiction because its per capita GDP is distorted by the fact that approximately 30% of its labour force lives outside the country.



Real Personal Disposable Income Per Capita, BC and Canada



Sources: BC Progress Board; BC Stats; Statistics Canada.

Description

Real personal disposable income per capita represents total income minus certain taxes paid to all levels of government (e.g., income taxes, contributions to social security, etc.) and various fees such as medical insurance premiums, measured in 1997 dollars and expressed on a per person basis. It includes income earned by all residents of the province, regardless of where it was earned.

Why it's Important

Real personal disposable income per capita provides an accurate indication of individuals' spending power and standard of living.

Where BC Ranks

By Province	2002	2001	2000
	3 rd	3 rd	3 rd
1-Year Progress Check	'01-'02 9 th	'00-'01 9 ^{th*}	'99-'00 5 th
Period Progress Rank	'93-'02 10 th	'92-'01 10 th	'91-'00 10 th

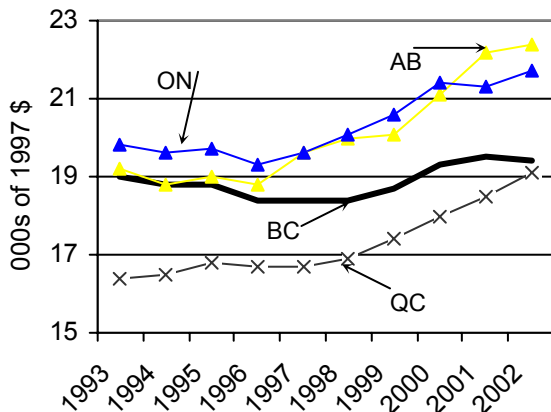
How Does BC Compare?

In 2002, British Columbia had the 3rd highest real personal disposable income per capita in Canada at \$19,445. Alberta was ahead of BC by only \$211 in 1993, but by 2002 it enjoyed a \$2,970 lead over BC. In 1993, BC's real personal disposable income per capita was \$771 above the Canadian average of \$18,228. BC remained above the national average until 1998, when it began to fall behind. In 1998, BC was \$154 below the average and by 2002 it was \$859 below the average.

BC had the smallest increase among the provinces in real personal disposable income per capita (2.3%) between 1993 and 2002. Four provinces (Alberta, Quebec, New Brunswick, and Newfoundland and Labrador) had growth above 14.0% over this time period.

BC's poor record on this key measure reflects its weak economic performance over the 1990s. Personal income tax cuts in 2001 at both the provincial and federal levels helped to improve BC's position.

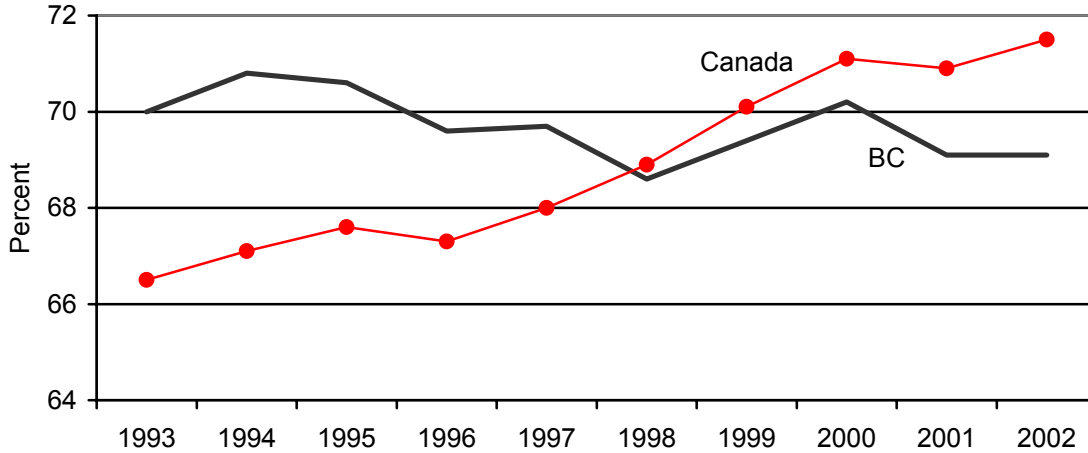
Provinces - Real Personal Disposable Income Per Capita



Notes: *Rank does not match that in the 2002 Report due to data revisions. This exposition is based on preliminary data, which will be revised for the December release of the 2003 Benchmarking Report.



Employment Rate (Ages 15 to 64), BC and Canada



Sources: BC Progress Board; BC Stats; Statistics Canada.

Description

This indicator shows, for the population aged 15 to 64 years, the number of employed persons (i.e. working for pay or profit, doing unpaid work contributing to the operation of a family farm or business) expressed as a percentage of the total.

Why it's Important

The employment rate is an effective measure of the rate of labour utilization. Higher labour utilization traditionally accompanies strong economic activity.

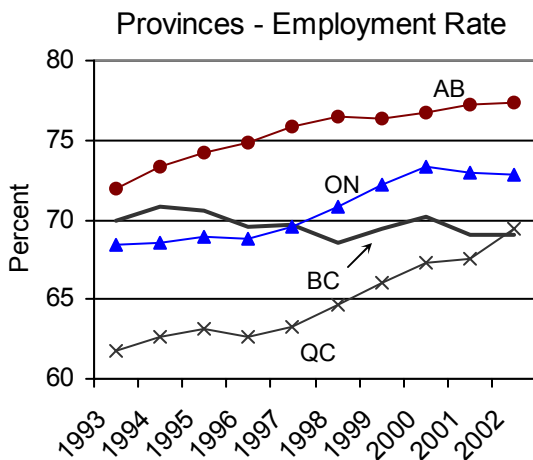
Where BC Ranks

By Province	2002	2001	2000
	7 th	6 th	5 th
1-Year Progress Check	'01-'02 9 th	'00-'01 9 th	'99-'00 6 th
Period Progress Rank	'93-'02 10 th	'92-'01 10 th	'91-'00 9 th

How Does BC Compare?

From 1993 to 2002, BC consistently stayed in the mid-range for the employment rate in Canada. In 1993, it ranked 4th overall in Canada with a rate of 70.0%, compared to 72.0% in Alberta and 68.4% in Ontario. The Canadian average in 2002 was 71.5%, compared to 77.4% in Alberta and 72.8% in Ontario. In 2002, BC lagged behind the leading provinces with an employment rate of 69.1%, placing it 7th overall in Canada.

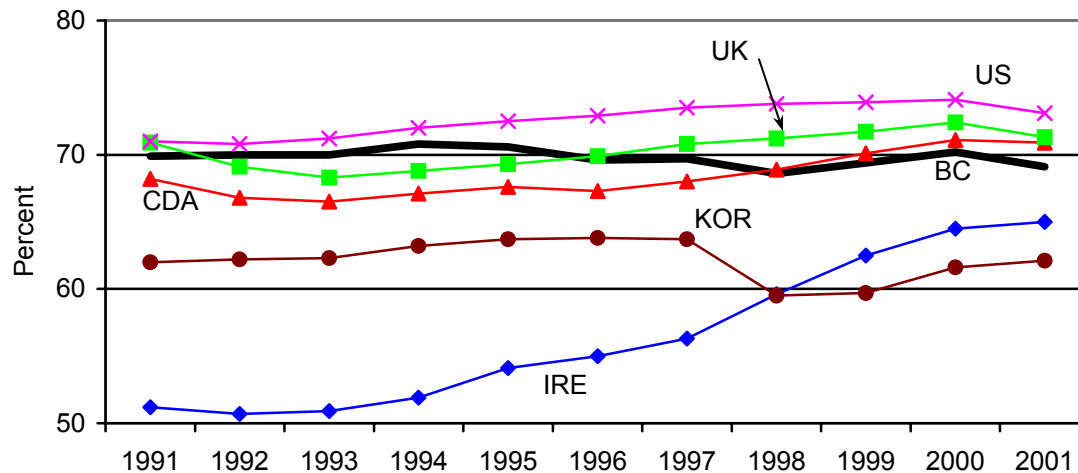
Until 1998, BC had an above average employment rate within Canada, but it has lagged since. The cumulative effect of strong economic performance elsewhere in Canada (especially in Ontario and Alberta) and sub-par growth in BC, continues as the primary reason for this result.



Note: This exposition is based on preliminary data, which will be revised for the December release of the 2003 Benchmarking Report.



Jobs (Employment Rate - for those aged 15-64)



Sources: BC Progress Board; BC Stats; Statistics Canada; OECD.

Description:

This indicator shows, for the population aged 15 to 64 years, the number of employed persons (i.e. working for pay or profit, doing unpaid work contributing to the operation of a family farm or business) expressed as a percentage of the total.

Employment to Population Ratio (for those aged 15-64)						
	Employment to Population, 2001, percent	Rank for Employment to Population	2000-2001 Change in Employment to Population, percent	Rank for 2000-2001 Change in Employment to Population	Average Annual Growth, 1992-2001, percent	Rank for Average Annual Growth
British Columbia	69.1	11	(1.5)	27	(0.1)	24
Canada	70.9	10	(0.3)	19	0.4	12
Finland	67.7	16	1.0	7	(0.3)	26
Ireland	65.0	19	0.8	11	2.4	1
Japan	68.8	13	(0.1)	17	(0.1)	21
Korea (South)	62.1	21	0.8	10	0.0	19
Mexico	60.1	23	(1.3)	25	0.4	14
Netherlands	74.1	6	1.6	3	1.8	2
New Zealand	71.8	8	1.6	4	0.9	5
Norway	77.5	3	(0.5)	21	0.8	6
Switzerland	79.1	2	1.0	8	(0.1)	22
United Kingdom	71.3	9	(1.5)	28	0.1	18
United States	73.1	7	(1.3)	26	0.3	16
OECD Europe	n/a	n/a	n/a	n/a	n/a	n/a
OECD Total	n/a	n/a	n/a	n/a	n/a	n/a

Sources: BC Progress Board; BC Stats; Statistics Canada; OECD.



How Does BC Compare?

British Columbia has relatively high employment when compared to OECD countries. In 2001, BC ranked 11th out of 31 jurisdictions with an employment to population ratio (ages 15-64) of 69.1%. British Columbia's ratio was below top ranked **Iceland** (84.6%) and well above bottom ranked **Turkey** (45.1%). British Columbia ranked 8th for the average ratio over the period 1992 through 2001.

BC's ratio fell by 1.5% between 2000 and 2001 placing it near the bottom with a 27th place rank. Average annual growth in the employment to population ratio between 1992 and 2001 in BC was negative 0.1%, earning a 24th place rank.

Canada ranked 10th in 2001 with an employment to population ratio of 70.9%; its 1992-2001 average of 68.4% earned it an 11th place rank. Canada's employment to population ratio fell by 0.3% between 2000 and 2001 for a 19th place rank. Canada had 0.4% growth, on average, between 1992 and 2001 and earned an 12th place rank.

The employment to population ratio in the **United States** was 73.1% in 2001 earning it a 7th place rank. The 1992-2001 average ratio of 72.8% in the US placed it 6th overall. The employment to population ratio fell by 1.3% in the US between 2000 and 2001 for a 26th rank. On average, the US ratio increased by 0.3% each year between 1992 and 2001, which placed it 16th.

Iceland's 84.6% was the highest 2001 employment to population ratio, followed by **Switzerland** at 79.1% and **Norway** at 77.5%. Iceland, Switzerland and Norway also had the highest 1992-2001 average ratios at 81.2%, 78.2% and 75.3%, respectively. Iceland experienced no change in its ratio between 2000 and 2001 (16th rank) while Switzerland's ratio increased by 1.0% (8th rank) and Norway's decreased by 0.5% (21st rank). Iceland had 0.6% annual average growth in the employment to population ratio over 1992 through 2001 (8th rank); Switzerland had a 0.1% decline, on average (22nd rank); Norway had 0.8% average annual growth (6th rank).

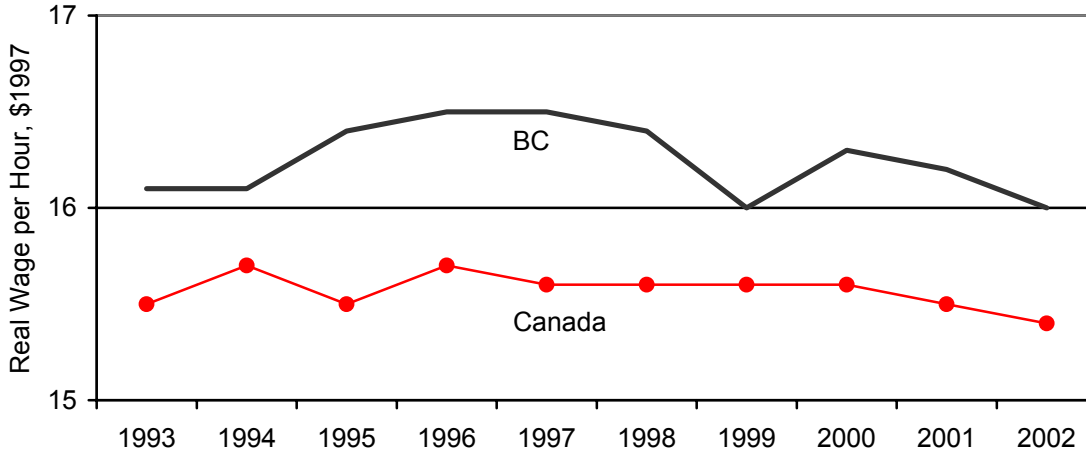
South Korea's employment to population ratio was relatively low in 2001 at 62.1%, which earned it the 21st rank; South Korea's 1992-2001 average ratio was a 19th ranked 62.2%. **Mexico's** 2001 ratio of 60.1% was also relatively low and earned a 23rd place rank; Mexico's 1992-2001 average ratio was a 21st ranked 59.9%.

While **Ireland** had the 19th ranked employment to population ratio in 2001 of only 65.0% it has had strong growth in recent years. Ireland's ratio increased by 0.8% between 2000 and 2001 (11th rank) and increased by 2.4% each year, on average, between 1992 and 2001. This average annual growth was the best in the OCED and 33.8% higher than the 2nd ranked Netherlands.

Note: The population group surveyed for this indicator varies slightly among OECD countries. Canada's definition matches the OECD standard of 15 to 64 years old but several countries report data based on the 16 to 64 year old age group. These countries are: Iceland, Norway, Spain, Sweden, the United Kingdom and the United States. These differences likely have a minimal effect on the above exposition and ranks.



Real Average Hourly Wage in BC and Canada, \$1997



Sources: BC Progress Board; BC Stats; Statistics Canada.

Description

This indicator measures inflation-adjusted average hourly wages earned by workers and is calculated and ranked from the worker's point of view.

Why it's Important

Real average hourly wages are a useful measure of individual prosperity. Flat real wages indicate that wage earners are simply keeping up with increases in living expenses.

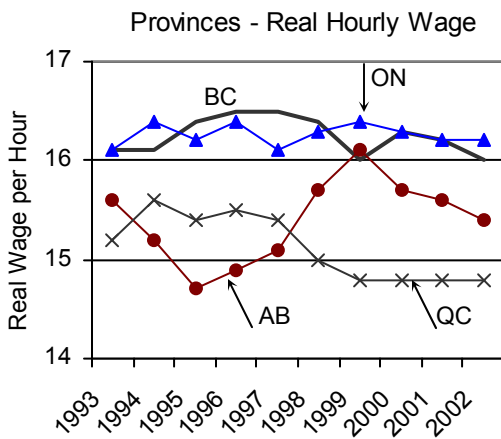
Where BC Ranks

By Province	2002	2001	2000
By Province	2 nd	1 st	2 nd
1-Year Progress	'01-'02 9 th	'00-'01 3 rd *	'99-'00 1 st
Period Progress	'93-'02 7 th	'92-'01 8 th	'91-'00 7 th

How Does BC Compare?

In 1993, British Columbia was tied with Ontario for 1st rank in Canada with a real average hourly wage of \$16.08. In 2002, British Columbia ranked 2nd with a real average hourly wage of \$16.02, behind Ontario at \$16.15 and ahead of Alberta at \$15.40.

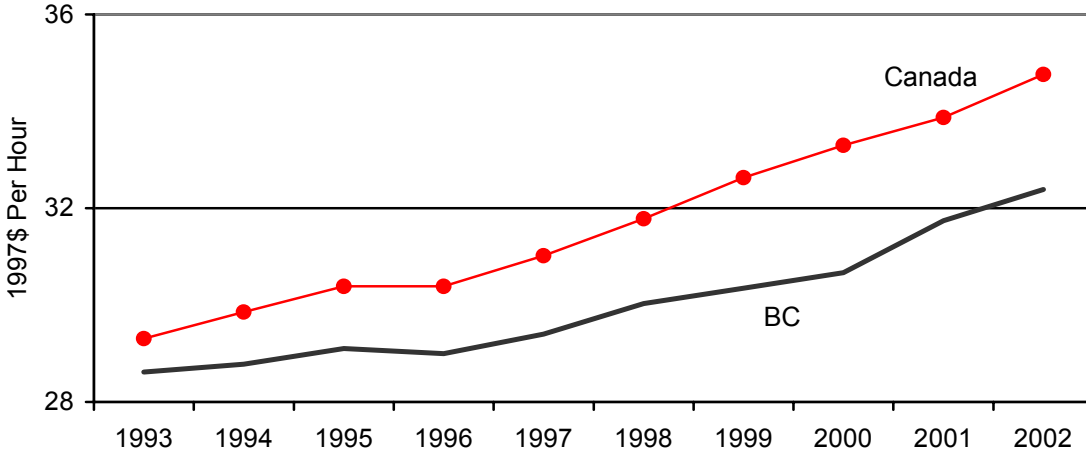
The real average hourly wage in BC fell by 0.4% between 1993 and 2002, which earned it a 6th place rank among the provinces. Newfoundland and Labrador and Prince Edward Island had growth of more than 8.0%, Alberta saw a decline of 1.3%, and Ontario's hourly wage grew by 0.5%.



Notes: *Rank does not match that in the 2002 Report due to data revisions. This exposition is based on preliminary data which will be revised for the December release of the 2003 Benchmarking Report.



Real GDP per Hour Worked (Business Sector), BC and Canada



Sources: BC Progress Board; BC Stats; Statistics Canada.

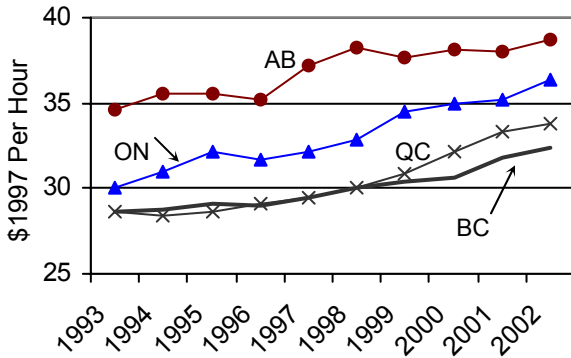
Description

There are many different measures of productivity, but perhaps the best is real GDP per hour worked in the business sector. This is a good measure of the overall efficiency of the economy. Thus for every hour of labour in BC, workers produce a given amount of GDP.

Where BC Ranks

By Province	2002 4 th	2001 5 th	2000 5 th
1-Year Progress Check	'01-'02 6 th	'00-'01 2 nd	'99-'00 8 th
Period Progress Rank	'93-'02 8 th	'92-'01 8 th	'91-'00 9 th

Provinces - Productivity



Why it's Important

Growth in productivity is essential to improving income levels, public services and, ultimately, the standard of living. If productivity fails to increase, a jurisdiction's living standards will eventually decline.

How Does BC Compare?

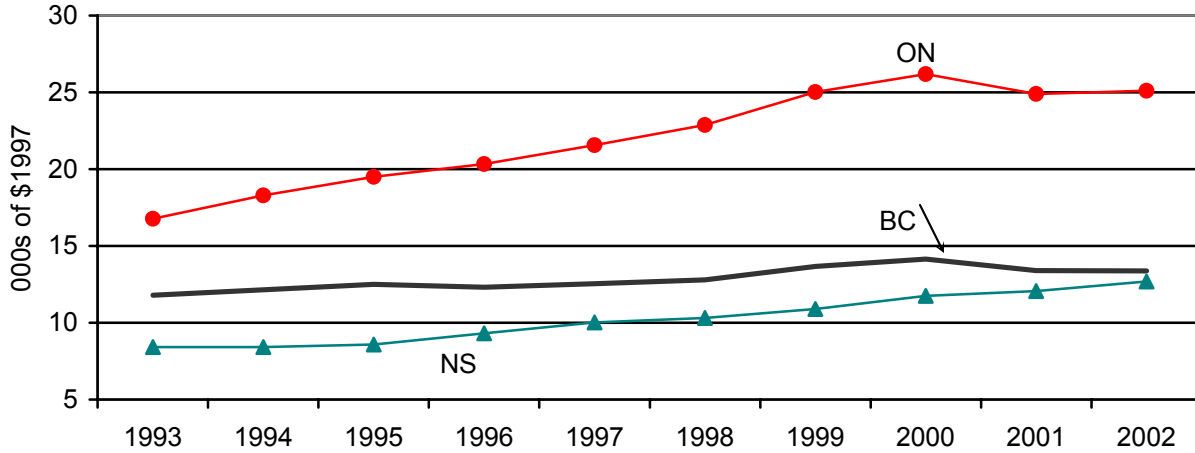
In 2002, British Columbia ranked 4th in Canada on this measure of productivity, the same position it held in 1993. Alberta and Ontario held the number one and two ranks in 1993 and in 2002. Ontario (21.3%) and Newfoundland and Labrador (36.9%) saw the largest percentage increases in productivity between 1993 and 2002; BC's increase for this time period was 13.2%.

The gap between Alberta and BC widened between 1993 and 2002. In 1993, Alberta led BC in real GDP per hour (business sector) by \$5.97 (20.9%); by 1998 the gap had increased to \$8.21 (27.3%) and has since fallen to \$6.33 (19.5%). Six provinces made gains on BC of between \$0.36 and \$4.86 in real GDP per hour between 1993 and 2002. Three provinces had losses compared to BC, of between \$0.44 and \$1.62 over the same period.

Notes: Data excludes government services and health and education, even though some are provided by the private sector. This exposition is based on preliminary data, which will be revised for the December release of the 2003 Benchmarking Report.



Total Exports of Goods and Services (\$1997) Per Capita, BC and Highest and Lowest in Canada*



Sources: BC Progress Board; BC Stats; Statistics Canada.

Description

This indicator measures the total amount of goods and services exported to international and inter-provincial jurisdictions from Canadian provinces, on a per capita basis.

Why it's Important

Strong exports tend to increase productivity and income levels in a jurisdiction due to additional markets available beyond the domestic market.

Where BC Ranks

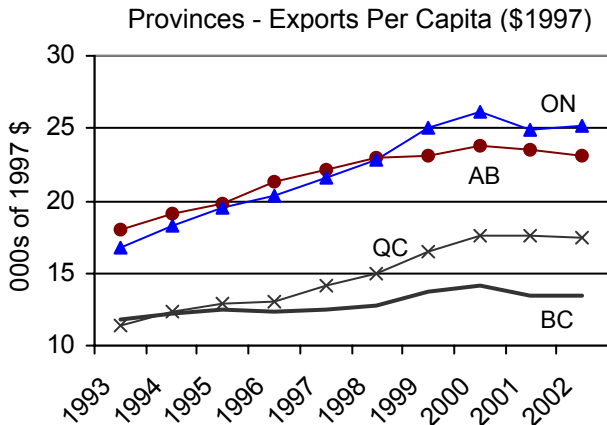
By Province	2002	2001	2000
By Province	8 th	7 th	7 th
1-Year Progress Check	'01-'02 7 th	'00-'01 10 th	'99-'00 5 th
Period Progress Rank	'93-'02 10 th	'92-'01 10 th	'91-'00 10 th

How Does BC Compare?

In 1993, BC posted total exports per capita of \$11,801. By 2002, BC's exports per capita had climbed to \$13,385, giving it an 8th place rank among Canadian provinces. Between 1993 and 2002, BC's per capita exports increased by an annual average rate of 1.4%. This rate of growth was the lowest in Canada.

In comparison, Alberta increased its exports at an average annual rate of 3.0% over the period. This was the second smallest growth in Canada, but Alberta's exports in 2002 stood at \$23,053 per capita, the second highest in the country.

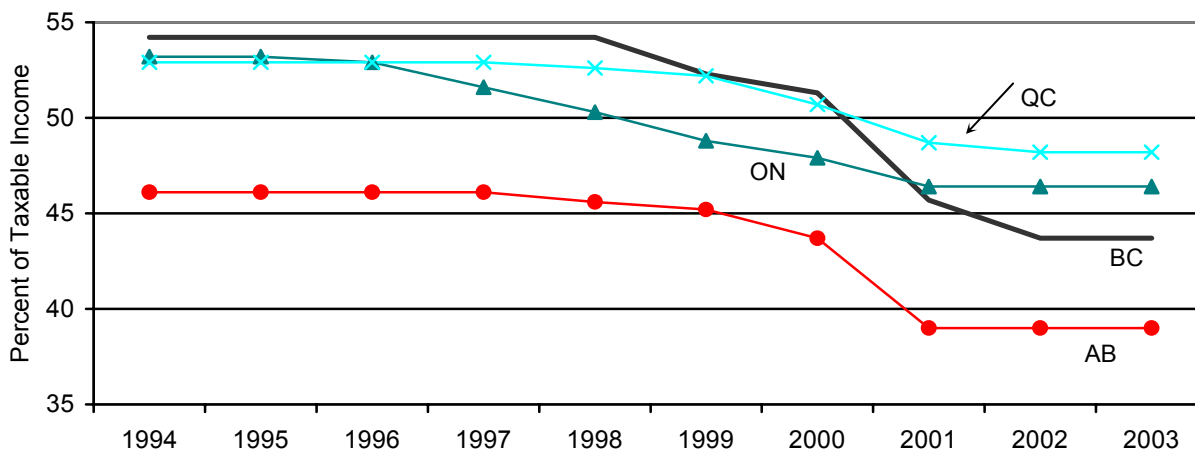
Ontario's per capita exports rose at an annual average rate of 4.9% between 1993 and 2002. In 2002, Ontario had the highest per capita exports in Canada at \$25,108. Newfoundland and Labrador's per capita exports grew by an average of 10.6% per year between 1993 and 2002 and exceeded BC's by \$1,870 in 2002.



Notes: *A Canadian average is not available for this indicator because of Statistics Canada's switch to the Fisher index formula. This exposition is based on preliminary data, which will be revised for the December release of the 2003 Benchmarking Report.



Top Marginal Personal Income Tax Rate for British Columbia, Alberta, Ontario, and Quebec



Sources: BC Progress Board; BC Ministry of Finance; KPMG.

Description

The top marginal personal income tax rate is the combined federal-provincial income tax rate levied on the highest income bracket. The top rate takes effect at various income thresholds as noted in the box below.

Why it's Important

The top marginal (combined federal and provincial) income tax rate is a key factor in a jurisdiction's ability to attract and retain highly skilled workers and leading innovators. High marginal tax rates tend to discourage additional work effort and lessen the growth of real GDP.

Where BC Ranks

By Province	2003 2 nd	2002 2 nd	2001 3 rd
1-Year Progress Check	'02-'03 2 nd	'01-'02 1 st	'00-'01 1 st
Period Progress Rank	'94-'03 3 rd	'93-'02 3 rd	'92-'01 9 th

How Does BC Compare?

From 1994 to 1998, BC had the highest top marginal personal income tax rate in Canada at 54.2%. Newfoundland was the closest province to BC with a rate of 53.3% between 1996 and 1998.

Alberta has had the lowest top marginal tax rate throughout the entire 1994 to 2003 period. Alberta's highest rate over this period was at 46.1%, in place from 1994 through 1997. The gap between BC's and Alberta's rates has narrowed from 8.1 percentage points in 1994 to 4.7 percentage points in 2003.

In 2003, BC's top marginal personal tax rate stands at 43.7%, 2nd lowest in the country behind Alberta at a rate of 39.0%. The province of Newfoundland and Labrador had the highest 2003 rate at 48.6%. Saskatchewan is the only province which reduced its top marginal personal income tax rate for 2003.

Federal and Provincial Top Marginal Tax Rates and Income Thresholds for Individuals - 2003

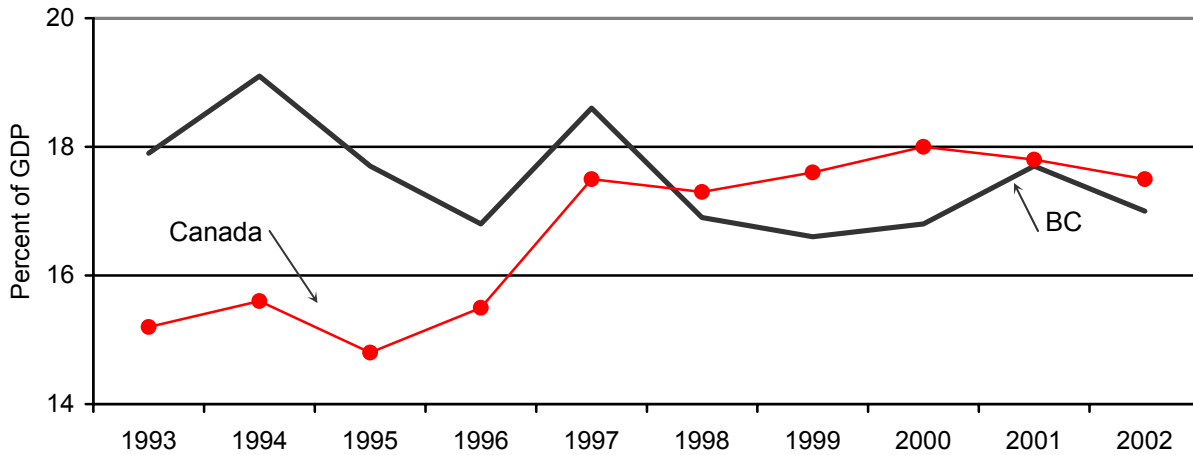
	BC	AB	SK	MB	ON	QC	NB	NS	PE	NF	Federal
Tax Rate	14.70%	10.00%	15.00%	17.40%	11.16%	24.00%	17.84%	16.67%	16.70%	18.02%	29.00%
Income Bracket	\$86,786 and over	All income	\$100,001 and over	\$65,001 and over	\$63,787 and over	\$53,406 and over	\$103,001 and over	\$59,181 and over	\$61,510 and over	\$59,181 and over	\$103,001 and over

Source: KPMG, Combined Federal and Provincial Top Marginal Tax Rates for Individuals and Federal and Provincial Tax Rates, Brackets and Surtaxes, Current as of June 20, 2002.

Note: This exposition is based on preliminary data which will be revised to reflect the new income thresholds.



Business Gross Fixed Capital Formation, BC and Canada



Sources: BC Progress Board; BC Stats; Statistics Canada.

Description

This indicator measures the total amount of gross fixed business investment as a percent of GDP.

It reflects the expenditure by businesses on durable assets and on building and engineering construction. Also included is residential construction by individuals, alterations and improvements made to buildings, and transfer costs on the sale of existing assets.

Factors such as input costs, market conditions, expected rates of return, and government fiscal policy determine a jurisdiction's attractiveness for fixed business investment.

Why it's Important

Business investment is perhaps the most important factor contributing to long-term economic growth and higher productivity. Without solid business investment, significant or sustained employment growth is unlikely. Periods of strong business investment are generally followed by faster economic growth and rising incomes.

Where BC Ranks

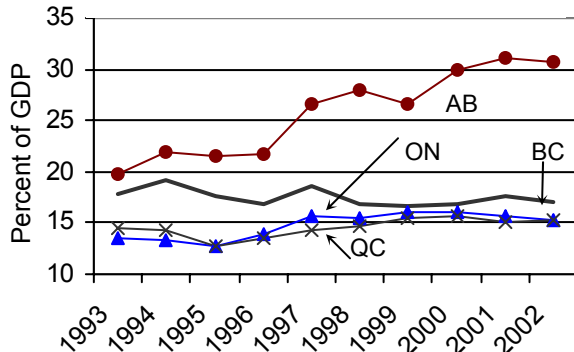
By Province	2002	2001	2000
By Province	6 th	5 th	6 th
1-Year Progress Check	'01-'02 9 th	'00-'01 1 st	'99-'00 5 th
Period Progress Rank	'93-'02 10 th	'92-'01 9 th	'91-'00 10 th

How Does BC Compare?

In 2002, business gross fixed capital formation was equal to 17.0% of BC's GDP, just below the Canadian average of 17.5%. Alberta led the pack with investment equal to 30.7% of GDP.

BC was among six provinces that saw a decrease in this important measure between 2001 and 2002 (Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador were the others). BC's decrease was 3.7%; the national average was a 1.7% decrease. Prince Edward Island recorded the strongest growth with an 8.6% increase over the previous year.

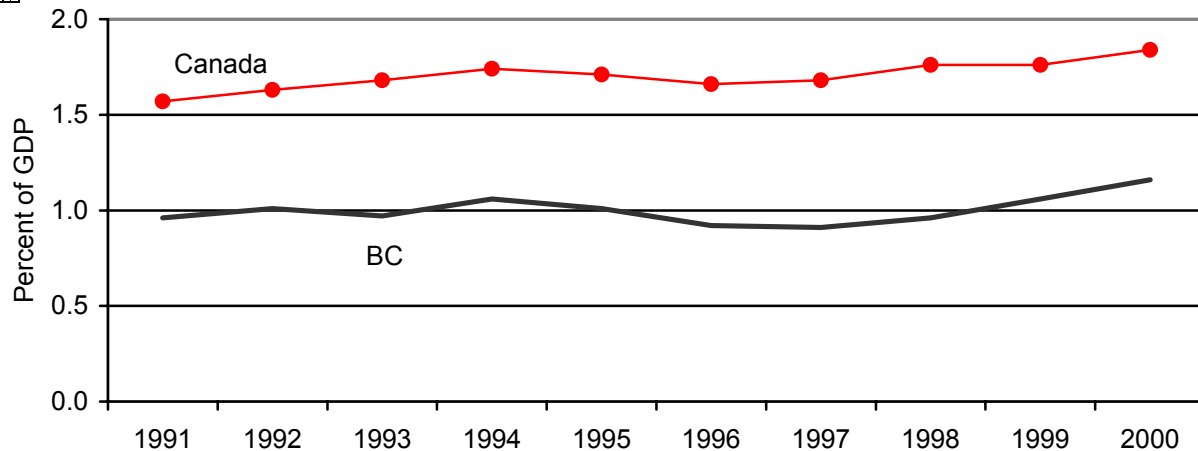
Provinces - Business Investment



Note: This exposition is based on preliminary data, which will be revised for the December release of the 2003 Benchmarking Report.



R & D Spending as a Percent of GDP, BC and Canada



Sources: BC Progress Board; BC Stats; Statistics Canada.

Description

This indicator measures how much is spent on research and development in relation to GDP. It includes the sum of expenditures reported by (or estimated for) the various sectors involved in research and development – government, business, higher education and not-for-profit organizations.

Why it's Important

Spending on research and development (R&D) is a key factor in innovation and the creation of new wealth.

Where BC Ranks

By Province	2000 5 th	1999 6 th *	1998 7 th
1-Year Progress Check	'99-'00 3 rd	'98-'99 3 rd *	'97-'98 7 th
Period Progress Rank	'91-'00 5 th	'91-'99 6 th *	'91-'98 7 th

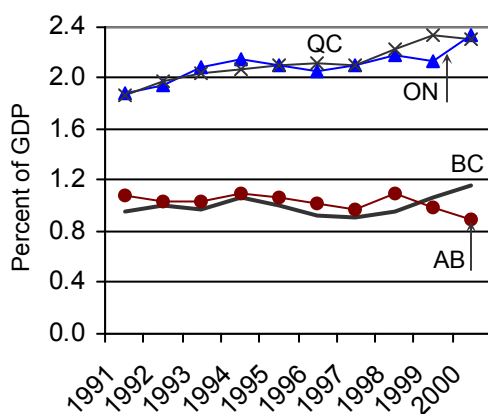
How Does BC Compare?

In 2000, spending on research and development as a percent of GDP in BC (1.16%) trailed Ontario (2.34%), Quebec (2.31%), Nova Scotia (1.49%) and Manitoba (1.21%). The relative gap between R&D spending in BC and the Canadian average has decreased from 64.6% in 1991 to 58.6% in 2000. However, the gap has increased in absolute terms.

Over the period 1991 to 2000, seven provinces saw their ratio of R&D spending to GDP increase. The largest increases were in Prince Edward Island (49.5%), Ontario (24.4%) and Quebec (24.3%); BC's ratio increased by 21.4%.

In 2000, \$5.2 billion was expended on R&D in Quebec, compared to \$1.5 billion in BC and \$1.3 billion in Alberta. Ontario led the way with \$10.2 billion in that year.

Provinces - R&D Spending



Notes: *Does not match the rank in the 2002 Report because of data revisions. This exposition is based on preliminary data, which will be revised for the December release of the 2003 Benchmarking Report.

IV. Preview of Third Annual Benchmarking Report - December 2003

The findings presented in this *Interim Report* relate to economic and innovation performance. Measuring progress on social indicators is important in providing a comprehensive picture of BC's current situation. However, environment, health and society indicators have not been updated in this *Interim Report*. Most of the interprovincially comparable social and environmental indicators we use in our benchmarking work are updated in the latter part of the year.

The Third Annual Benchmarking report of the BC Progress Board will include full reporting on measures of economy, innovation, education, environment, health and social condition. Due to data availability, the report will be released in December 2003, shortly following Statistics Canada's release of its finalized 2002 provincial economic accounts. As with the Board's previous two annual benchmarking reports, the December 2003 report will include benchmarking of BC's performance against the Board's North Star 2010 leadership benchmarks, supplemental US comparisons (where comparable data is available), and a variety of special topics and expositions related to our core benchmarking work.

This year's report will also include a more comprehensive intra-provincial examination and comparison of regional performance within BC utilizing information from the 2001 census and other sources. The Progress Board will also continue efforts to benchmark BC's performance in a global context, a special topic that was briefly touched upon in this *Interim Report*.

If you have any questions or comments on this *Interim Report* or the work of the BC Progress Board, please contact us through our website: www.bcprogressboard.com

This page left blank intentionally.

Appendices

This page left blank intentionally.

A. Board Members, Staff, and Advisory Group Members

Board Members and Staff

Chair:

Mr. David Emerson
President & CEO
Canfor Corporation

Members:

Mr. Lawrence Bates
President & CEO
Sun-Rype Products Ltd.

Mr. Jim Pattison
Chair, President & CEO
The Jim Pattison Group

Mr. Alex A. Campbell
President
Thrifty Foods

Mr. Michael Phelps
Chairman of Advisory Board
Duke Energy Gas Transmission - Canada

Mr. Pat Corbett
Owner/ President
The Hills Health Ranch

Dr. Martha Piper
President & Vice-Chancellor
University of British Columbia

Mr. Herman Driediger
CEO
Eze Rent-it Centre Ltd.

Ms. Stephanie Sharp
President
Ferax Capital Corporation

Mr. Don Gould (Retired)
Former President & Chief Operating Officer
The Pas Lumber Company Ltd.

Mr. Ken Shields
President & CEO
Raymond James Ltd.

Dr. Norman B. Keevil
Chairman
Teck Cominco Ltd.

Mr. Mark Shuparski
Executive Vice President
Bentall Capital

Mr. Derek Lee
President
Prospero Int'l Realty Inc.

Dr. Gerri Sinclair
General Manager
MSN.ca

Staff:

Mr. Tim McEwan
Executive Director

Mr. Joel Emes
Senior Analyst

**Ms. Wren
Montgomery**
Policy Analyst
(contract)

**Ms. Pratibha
Sharma**
Administrative
Coordinator
(part-time)

Advisory Group Members

Mr. Jock Finlayson
Executive Vice President - Policy
Business Council of British Columbia

Dr. Maurice Levi
Bank of Montreal Professor of International
Finance
University of British Columbia

Dr. Rick Harris
Telus Professor of Economics
Simon Fraser University

Mr. Helmut Pastrick
Chief Economist
Credit Union Central of British Columbia

B. Methodology

Core Targets and Performance Indicators: Benchmarking Framework

To implement the benchmarking framework that forms the core of the Board's reporting it is necessary to create statistical measures of the goals and their determinants. The goals are defined in terms of **core target indicators**, and the determinants of these core targets are termed **performance indicators**. As the data in this report is preliminary these goals are defined as **interim core targets** and **interim indicators**. To avoid confusion, the remainder of this discussion uses the original terminology, namely core targets and performance indicators.

Over the course of the fall of 2001, BC Progress Board staff engaged in an iterative process with the Board itself and its Economic Advisory Group to arrive at an array of suitable core target and performance indicators. For measures of environment, health and society, staff consulted with knowledgeable government officials. Following feedback on the 2001 report, the Progress Board made a few adjustments. To the extent possible, the selection of core target and performance indicators was conducted in accordance with the following criteria:

- The measures must provide timely cross-jurisdictional comparisons;
- The measures must represent an unbiased reporting of the condition (that is, they should be based on neutral and credible third party information);
- The measures should be consistent through time and across jurisdictions; and,
- Generally, the measures must not be collinear with other variables (that is, they should not simply replicate information presented in another measure).

An additional consideration governing the selection of measures for inclusion in the benchmarking exercise continues to be the Board's desire to keep the number of indicators small enough to make the exercise manageable and relatively easy to understand. The set of measures comprised of "*core targets*" and "*performance indicators*" that formed the body of the initial benchmarking report will be tracked from year to year.

To provide an indication of how BC compares with other jurisdictions as well as vis-à-vis its own past performance, we have organized the indicators in this report into three “*Progress Measures*”:

- ***Rank by Province*** – assesses BC's standing or performance relative to other jurisdictions in the most recent year for which data is available for the indicator. Each jurisdiction is given an ordinal ranking from “best” to “worst” with 1 signifying the best;
- ***One Year Progress Check*** – provides a rank based on progress (or rate of change) recorded during the most recent year for which data is available relative to the previous year. Each jurisdiction is again given an ordinal ranking from “best” to “worst”; and,
- ***Period Progress Rank*** – provides a rank based on progress experienced in each jurisdiction over a longer time period (the average annual rate of progress over the period). Each jurisdiction is again ranked from “best” to “worst” using an ordinal rank with 1 for the best progress.

International Performance Indicators

As Canada is a member of the Organization for Economic Co-operation and Development (OECD) it is relatively easy to get consistent data for Canada; comparing British Columbia's performance introduces some challenges, but none that cannot be overcome.

The basic approach for data in this section is to start with the OECD data and adjust the BC data to match it. This produces data that does not match that reported in the main benchmarking section because of differences in base years (usually 1995 for international data vs. 1997 for BC data) and base currencies (US dollars is the standard for international comparisons while Canadian dollars are used elsewhere in this report). We convert to the OECD standard so that we only need to make adjustments to the BC and Canadian data rather than to the entire OECD dataset. The differences between Canadian (and therefore BC) data as reported by Statistics Canada and Canadian data as reported by the OECD are small once base year and currency differences have been factored out.

Within the basic approach there are two alternative methods that produce reasonable results. One, we determine the differences between Canadian data as reported by Statistics Canada and as reported by the OECD, then adjust the Statistics Canada data to match the OECD definition (to ensure comparability) and finally, adjust the BC data (in the same manner as the Canadian data was adjusted) to match the OECD definition. The example below employs this technique. Two, we determine the differences between Canadian data as reported by Statistics Canada and as reported by the OECD, then adjust the Statistics Canada data to match the OECD definition (to ensure comparability) and finally, estimate BC's international position based on its position within Canada. This method is used when adjustments to the BC data are not possible.

Detailed Example: The Road to Real GDP per capita (OECD method)*

Data

BC's 2001 population (SC): 4,096,000
Canada's 2001 population (SC): 31,082,000
Canada's 2001 population (OECD): 31,082,000
OECD price deflator for Canada (to convert different countries' nominal data to a real [1995] base): 1.09243
1995 OECD PPP rate for Canada (to convert from local to US dollars): 1.1826
BC's 2001 nominal GDP (SC): \$130,859 (millions)
Canada's 2001 nominal GDP (SC): \$1,092,246 (millions)
Canada's 2001 nominal GDP (OECD): \$1,075,576 (millions)
BC's 2001 nominal GDP less FISIM (SC): \$127,990 (millions)
Canada's 2001 nominal GDP less FISIM (SC): \$1,075,576 (millions)

Difference in Canadian GDP as reported by Statistics Canada and by the OECD

Difference: 16,670 (millions) - attributable to the fact that the OECD does not include "financial services indirectly measured (FISIM)". FISIM are imputations made for services provided by financial intermediaries for which they make no specific charge.

Calculations

Canada's 2001 real GDP per capita (OECD): \$26,786 (1995 prices and PPP - \$US)

Canada's 2001 real GDP per capita (estimated using OECD method): \$26,786 (1995 prices and PPP - \$US)

$$\$26,786 = \left[\frac{\$1,075,576,000,000}{1.1826} \right] \times \left[\frac{1}{1.09243 \times 31,082,000} \right]$$

BC's 2001 real GDP per capita (estimated using OECD method): \$24,187 (1995 prices and PPP - \$US)

$$\$24,187 = \left[\frac{\$127,990,000,000}{1.1826} \right] \times \left[\frac{1}{1.09243 \times 4,096,000} \right]$$

* Statistics Canada's population series have been updated since this example was created; the OECD has not made this update yet. All data will be updated in the main report.

C. Glossary of Terms

Real Gross Domestic Product (GDP) Per Capita (\$1997)

Real Gross Domestic Product (GDP) per capita is a measure of current economic output (as measured by Gross Domestic Product, or GDP) expressed on a per person basis. GDP is the value added to the economy by the current productive activities of individuals, businesses, governments and non-residents (who may purchase and sell goods and services to British Columbians). The provincial GDP includes all activities that take place within its borders. The “real” or constant dollar estimates are inflation adjusted and expressed in terms of a base year, in this case, 1997. Constant dollar estimates are calculated by dividing current dollar data by a price index that measures changes in the prices of specific goods and services relative to 1997. Thus “real” GDP measures real change in the size of the economy by excluding the change which is the result of inflation. The July 1 population estimate is used to calculate the per capita values.

Real Personal Disposable Income (PDI) Per Capita (\$1997)

Real Personal Disposable Income (PDI) per capita is the value, adjusted to remove the effects of inflation, of personal income left after the payment of income tax, contributions to social insurance plans (e.g., employment insurance premiums) and various other transfers to government such as medical insurance premiums, expressed on a per person basis. Personal income includes all income received by individuals (and societies of individuals such as trustee pension plans) who are resident in the province, whether earned at home or elsewhere. This includes both earnings and transfer income: wages and salaries; employer contributions to pensions, EI, CPP, WCB etc; net income of farm operators and unincorporated businesses; interest and miscellaneous investment income; government transfers such as welfare, OAS and EI benefits; and transfers from corporations (e.g., forgiveness of bad debts) and individuals. Constant (real) dollar estimates are calculated by dividing current dollar data by a price index that measures changes in the prices of consumer goods and services relative to 1997. The July 1 population estimate is used to calculate the per capita values.

Employment to Population Ratio (15 to 64)

The employment to population ratio (15 to 64) is the number of employed persons aged 15 to 64 (i.e. working for pay or profit, doing unpaid work contributing to the operation of a family farm or business or with a job but absent from work in the survey week) expressed as a percentage of the population aged 15 to 64. Excluded are persons in institutions, full-time members of the Armed Forces and persons living on Indian Reserves. Annual numbers are the average of the twelve monthly survey results.

Average Hourly Earnings

Average hourly earnings are based on payroll and hours worked data for employees whose basic wage is expressed as an hourly rate. (About half of employees fall into this category). Information is gathered from all employers in Canada for whom T-4 Supplementary Forms must be completed, except for those in agriculture, fishing and trapping, private household services, religious organizations and military personnel. Data is collected for the last pay week of each month and annual figures are the weighted averages of the twelve monthly surveys. Average hourly earnings are calculated by dividing the total weekly payroll (for employees paid by the hour) by the total weekly paid hours for those employees. Payroll is the gross amount before deductions for income tax, EI, CPP etc. and includes overtime pay, bonuses and other special payments. Excluded are taxable benefits and employer contributions to pension plans, EI, CPP etc. Employee numbers include both full and part-time/part-week.

Labour Productivity (Business Sector)

Labour productivity is a measure of the overall efficiency of the economy. It is calculated as the ratio of constant dollar GDP (or output) in the business sector to total worker-hours (a measure of the quantity of labour used in production). Worker-hours are equal to the number of people employed times average hours worked in a year. The labour productivity estimates are for the business sector, which includes all industries in the economy except for government, health care, education, and the imputed rental income component of GDP. These industries are excluded because their output (or much of their output) is not a service that is bought or sold so it has no market valuation. GDP measures for these industries are largely based on wage data so by definition, there can be little or no productivity growth. Imputed rental income is excluded because it is a measure of the potential rental income that is foregone by homeowners who choose to live in, rather than rent out, their property, and does not have any corresponding employment.

Total Exports per Capita (\$1997)

Total exports per capita is the ratio of the total value of exports in a given calendar year to the population as of July 1st in that year. Exports include all types of goods and services that are produced in a given province but consumed outside its boundaries. Service exports are primarily services such as transportation, storage and insurance, which are provided to non-residents who export or import goods that are transported through a province, or enter or leave the country through its customs ports. Provinces engage in trade with other regions of Canada, as well as with international trading partners, so both inter-provincial and international exports are included in the total.

Top Marginal Tax Rate

To arrive at the top marginal personal income tax rate, the peak marginal tax rate at the provincial level is added to the peak rate set by the federal government.

Business Gross Fixed Capital Formation (Business Investment)

Business Gross Fixed Capital Formation is a measure of business spending on machinery and equipment, building and engineering construction. Also included is the value of current residential construction, alterations and improvements to existing buildings and property transfer costs (such as real estate commissions and property transfer taxes). The constant dollar estimates are inflation adjusted and expressed in terms of a base year, in this case, 1997. Constant dollar estimates are calculated by dividing current dollar data by a price index that measures changes in the prices of these goods and services relative to 1997. Gross Fixed Capital Formation is a component of the Gross Domestic Product.

Research and Development as a Percent of GDP

Research and Development (R &D) as a percent of GDP is the sum of expenditures reported by (or estimated for) performing sectors - government, business, higher education and private non-profit organizations - for research and development activity in Canada expressed as a percentage of the Gross Domestic Product. The Gross Domestic Product is the value added to the economy by the current productive activities of individuals, businesses, governments and non-residents.

OECD Member Countries

As of the date of publication, the Organization for Economic Co-operation and Development (OECD) consisted of the following 30 member countries (the year the country joined the OECD is given in brackets; founding members are shown in bold font):

- Australia (1971)
- **Austria (1961)**
- **Belgium (1961)**
- **Canada (1961)**
- Czech Republic (1995)
- **Denmark (1961)**
- Finland (1969)
- **France (1961)**
- **Germany (1961)**
- **Greece (1961)**
- Hungary (1996)
- **Iceland (1961)**
- **Ireland (1961)**
- **Italy (1961)**
- Japan (1964)
- Korea (1996)
- **Luxembourg (1961)**
- Mexico (1994)
- **Netherlands (1961)**
- New Zealand (1973)
- **Norway (1961)**
- Poland (1996)
- **Portugal (1961)**
- Slovak Republic (2000)
- **Spain (1961)**
- **Sweden (1961)**
- **Switzerland (1961)**
- **Turkey (1961)**
- **United Kingdom (1961)**
- **United States (1961)**

This page left blank intentionally.

D. Data Tables

Canadian Data

ICT1: Real GDP per capita (\$1997)											
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank
BC	28,775	28,701	28,592	28,556	28,887	28,992	29,571	30,587	30,211	30,459	4
AB	33,585	35,224	35,866	36,058	37,730	38,763	38,400	39,914	40,176	40,156	1
SK	25,668	26,709	26,888	27,527	28,529	29,660	29,591	30,532	30,280	30,019	5
MB	23,884	24,695	24,632	25,286	26,176	27,255	27,658	28,260	28,587	29,231	6
ON	29,014	30,339	31,015	30,973	31,944	33,082	35,163	36,255	36,192	37,049	2
QC	23,762	24,667	24,965	25,098	25,802	26,546	28,003	29,193	29,380	30,484	3
NB	20,921	21,324	21,992	22,114	22,334	23,179	24,525	24,860	25,097	25,894	8
NS	20,581	20,608	20,922	20,971	21,795	22,570	23,637	24,044	24,640	25,517	9
PE	18,339	19,044	20,091	20,479	20,460	21,389	22,133	22,900	22,814	23,929	10
NF	17,634	18,566	19,215	18,565	19,010	20,369	21,723	23,128	23,609	26,893	7
Canada	26,949	27,920	28,393	28,544	29,437	30,379	31,743	32,878	33,028	33,811	n/a

Sources: BC Stats; Statistics Canada, Provincial Economic Accounts - Catalogue 13-213

ICT1: Growth Rate of Real GDP per capita (Percent)												
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank	Period Progress Rank
BC	1.5	(0.3)	(0.4)	(0.1)	1.2	0.4	2.0	3.4	(1.2)	0.8	8	10
AB	5.7	4.9	1.8	0.5	4.6	2.7	(0.9)	3.9	0.7	(0.0)	9	6
SK	6.3	4.1	0.7	2.4	3.6	4.0	(0.2)	3.2	(0.8)	(0.9)	10	8
MB	(0.1)	3.4	(0.3)	2.7	3.5	4.1	1.5	2.2	1.2	2.3	7	9
ON	(0.2)	4.6	2.2	(0.1)	3.1	3.6	6.3	3.1	(0.2)	2.4	6	4
QC	1.2	3.8	1.2	0.5	2.8	2.9	5.5	4.3	0.6	3.8	3	3
NB	2.7	1.9	3.1	0.6	1.0	3.8	5.8	1.4	1.0	3.2	5	5
NS	0.5	0.1	1.5	0.2	3.9	3.6	4.7	1.7	2.5	3.6	4	7
PE	0.0	3.8	5.5	1.9	(0.1)	4.5	3.5	3.5	(0.4)	4.9	2	2
NF	0.8	5.3	3.5	(3.4)	2.4	7.1	6.7	6.5	2.1	13.9	1	1
Canada	1.2	3.6	1.7	0.5	3.1	3.2	4.5	3.6	0.5	2.4	n/a	n/a

Sources: BC Stats; Statistics Canada, Provincial Economic Accounts - Catalogue 13-213

ICT2: Real Per Capita Personal Disposable Income (\$1997)													
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank	1-Year Progress Check	Period Progress Rank
BC	18,999	18,806	18,794	18,443	18,432	18,426	18,735	19,283	19,486	19,445	3	9	10
AB	19,211	18,778	19,008	18,828	19,562	20,041	20,138	21,106	22,155	22,415	1	6	1
SK	15,598	15,306	16,118	16,729	15,684	16,143	16,697	16,926	17,187	16,826	9	10	7
MB	17,198	17,184	17,358	17,553	17,187	17,827	17,990	18,510	18,766	19,074	4	4	8
ON	19,811	19,599	19,696	19,277	19,591	20,065	20,594	21,416	21,340	21,672	2	5	9
QC	16,392	16,512	16,783	16,746	16,705	16,931	17,359	18,012	18,512	19,066	5	3	2
NB	15,665	15,628	16,088	15,976	15,955	16,549	17,037	17,314	17,746	17,902	7	7	4
NS	16,500	16,303	16,521	16,213	16,443	16,988	17,419	17,787	18,107	18,155	6	8	6
PE	15,933	15,544	15,771	15,415	15,477	15,742	16,267	16,581	16,805	17,468	8	1	5
NF	14,428	14,485	14,733	14,494	14,346	14,775	15,180	15,626	16,163	16,725	10	2	3
Canada	18,228	18,073	18,267	18,077	18,213	18,580	19,005	19,705	20,005	20,304	n/a	n/a	n/a
Sources: BC Stats; Statistics Canada, Provincial Economic Accounts - Catalogue 13-213													

ICT3: Employment rate (employment to population ratio, 15 to 64 year olds)													
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank	1-Year Progress Check	Period Progress Rank
BC	70.0	70.8	70.6	69.6	69.7	68.6	69.4	70.2	69.1	69.1	7	9	10
AB	72.0	73.3	74.2	74.9	75.8	76.5	76.3	76.7	77.2	77.4	1	8	7
SK	71.9	72.5	72.6	72.1	73.5	74.0	74.1	74.5	73.2	74.8	3	3	9
MB	71.5	71.8	73.2	72.9	73.6	74.7	75.1	76.0	76.1	77.1	2	4	6
ON	68.4	68.5	68.9	68.8	69.5	70.8	72.2	73.3	72.9	72.8	4	10	8
QC	61.7	62.6	63.2	62.7	63.3	64.7	66.0	67.3	67.6	69.4	6	2	3
NB	60.0	59.6	61.2	60.3	61.0	62.3	64.1	64.8	64.5	66.4	8	1	2
NS	60.4	61.0	61.4	61.1	61.7	63.8	64.8	65.8	66.1	66.4	8	7	5
PE	62.7	63.3	64.5	65.4	65.1	66.1	66.2	68.9	69.2	69.7	5	6	4
NF	48.2	48.4	49.4	47.8	48.8	50.5	53.6	53.3	55.5	56.2	10	5	1
Canada	66.5	67.1	67.6	67.3	68.0	68.9	70.1	71.1	70.9	71.5	n/a	n/a	n/a
Sources: BC Stats; Statistics Canada													

II1: Real Average Hourly Wage (\$1997)													
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank	1-Year Progress Check	Period Progress Rank
BC	16.08	16.14	16.44	16.50	16.52	16.38	15.99	16.28	16.24	16.02	2	9	7
AB	15.60	15.24	14.66	14.88	15.07	15.69	16.11	15.74	15.57	15.40	3	8	6
SK	14.51	14.63	14.32	14.04	14.36	14.40	14.38	14.34	14.06	13.95	6	7	10
MB	14.54	14.40	14.26	14.06	13.92	13.98	14.07	14.06	13.87	13.94	7	3	9
ON	16.08	16.38	16.19	16.43	16.09	16.26	16.37	16.33	16.19	16.15	1	6	5
QC	15.16	15.59	15.36	15.49	15.42	15.01	14.75	14.81	14.78	14.76	4	5	8
NB	13.55	13.32	13.25	13.57	13.54	13.88	13.85	13.96	13.76	13.75	9	4	3
NS	13.72	13.33	13.05	13.23	13.34	13.82	13.93	14.15	14.06	13.88	8	10	4
PE	11.31	11.27	11.76	12.34	12.08	12.42	12.57	12.17	12.06	12.26	10	1	1
NF	13.50	13.54	13.08	13.70	13.51	14.14	14.39	14.33	14.49	14.59	5	2	2
Canada	15.54	15.71	15.54	15.70	15.58	15.62	15.61	15.62	15.51	15.44	n/a	n/a	n/a
Sources: BC Stats; Statistics Canada													

PI2: Labour Productivity - Real GDP Per Hour Worked in the Business Sector (\$1997 Per Hour)													
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank	1-Year Progress Check	Period Progress Rank
BC	28.6	28.8	29.1	29.0	29.4	30.0	30.3	30.7	31.7	32.4	4	6	8
AB	34.6	35.6	35.5	35.2	37.2	38.2	37.7	38.1	38.0	38.7	1	7	5
SK	26.4	27.4	27.3	28.4	29.6	31.1	31.0	31.8	32.1	31.5	6	10	2
MB	25.1	25.3	25.0	26.0	26.5	27.6	28.0	28.3	28.9	30.0	7	4	7
ON	30.0	31.0	32.1	31.7	32.2	32.9	34.5	35.0	35.2	36.4	2	5	4
QC	28.6	28.4	28.6	29.1	29.5	30.0	30.8	32.2	33.3	33.8	3	8	3
NB	23.2	23.5	23.7	24.5	24.2	25.0	25.8	25.6	26.1	26.1	8	9	10
NS	22.2	22.1	22.3	22.1	22.8	22.9	23.5	23.9	24.4	25.5	9	3	6
PE	18.5	18.6	19.5	19.0	18.8	19.6	20.4	19.6	19.4	20.6	10	2	9
NF	23.4	25.3	25.7	25.0	24.9	26.4	26.6	28.2	27.6	32.0	5	1	1
Canada	29.3	29.9	30.4	30.4	31.0	31.8	32.6	33.3	33.9	34.8	n/a	n/a	n/a
Sources: BC Stats; Statistics Canada													

II3: Exports of Goods and Services (International & Interprovincial) Per Capita, \$1997													
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank	1-Year Progress Check	Period Progress Rank
BC	11,801	12,147	12,497	12,312	12,549	12,782	13,668	14,138	13,400	13,385	8	7	10
AB	18,045	19,151	19,805	21,321	22,192	23,021	23,061	23,741	23,560	23,053	2	9	9
SK	13,928	15,979	15,758	16,527	18,816	19,364	19,576	20,218	20,288	19,429	3	10	7
MB	11,510	12,698	13,156	13,872	15,589	16,804	17,121	17,299	17,847	18,051	5	5	5
ON	16,778	18,295	19,494	20,324	21,562	22,865	25,029	26,182	24,888	25,108	1	6	3
QC	11,338	12,335	12,849	13,076	14,122	14,979	16,546	17,635	17,536	17,467	6	8	2
NB	12,465	13,318	14,225	14,562	14,989	15,804	16,631	16,463	18,301	19,073	4	3	4
NS	8,422	8,409	8,579	9,312	10,027	10,322	10,904	11,750	12,061	12,679	10	2	6
PE	8,856	8,684	8,984	9,164	10,091	11,462	12,246	12,397	12,462	12,837	9	4	8
NF	6,000	6,484	7,479	7,480	8,075	9,543	10,660	11,988	11,944	15,254	7	1	1
Canada	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: BC Stats; Statistics Canada

II4: Top Marginal Personal Income Tax Rates (Percent)													
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 Rank	1-Year Progress Check	Period Progress Rank
BC	54.20	54.20	54.20	54.20	54.20	52.30	51.30	45.70	43.70	43.70	2	2	3
AB	46.10	46.10	46.10	46.10	45.60	45.20	43.70	39.00	39.00	39.00	1	2	2
SK	52.00	52.00	52.00	52.00	51.60	50.80	49.70	45.00	44.50	44.00	3	1	1
MB	50.40	50.40	50.40	50.40	50.10	49.00	48.10	46.40	46.40	46.40	4	2	5
ON	53.20	53.20	52.90	51.60	50.30	48.80	47.90	46.41	46.41	46.41	5	2	6
QC	52.90	52.90	52.90	52.90	52.60	52.20	50.70	48.72	48.22	48.22	9	2	4
NB	51.40	51.40	51.40	51.10	50.40	49.70	48.80	46.84	46.84	46.84	6	2	7
NS	53.80	50.30	50.30	50.00	49.70	49.20	48.80	47.34	47.34	47.34	7	2	9
PE	50.30	50.30	50.30	50.30	50.30	49.60	48.80	47.37	47.37	47.37	8	2	8
NF	51.30	51.30	53.30	53.30	53.30	52.90	51.30	48.64	48.64	48.64	10	2	10

Sources: BC Stats; Statistics Canada

II5: Business Gross Fixed Capital Formation as a Percent of GDP													
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank	1-Year Progress Check	Period Progress Rank
BC	17.9	19.1	17.7	16.8	18.6	16.9	16.6	16.8	17.7	17.0	6	9	10
AB	19.7	22.0	21.5	21.8	26.6	27.9	26.6	29.9	31.1	30.7	1	6	1
SK	15.2	16.2	17.4	19.1	24.9	20.6	21.1	20.7	18.7	18.7	3	5	6
MB	12.5	12.2	12.9	14.1	16.0	15.4	15.5	15.7	15.2	15.4	8	4	4
ON	13.5	13.3	12.8	13.9	15.7	15.5	16.0	16.0	15.6	15.3	9	7	8
QC	14.5	14.2	12.8	13.6	14.3	14.7	15.4	15.6	15.0	15.2	10	2	9
NB	12.2	11.7	12.3	13.3	12.9	14.8	18.4	19.0	15.5	15.7	7	3	5
NS	12.1	13.0	12.4	13.5	17.6	18.7	22.6	19.7	18.9	18.4	4	8	3
PE	12.6	16.1	17.5	18.0	13.3	13.3	14.9	16.0	16.1	17.4	5	1	2
NF	21.3	24.4	24.7	20.7	24.1	21.9	26.8	24.2	21.5	18.7	2	10	7
Canada	15.2	15.6	14.8	15.5	17.5	17.3	17.6	18.0	17.8	17.5	n/a	n/a	n/a

Sources: BC Stats; Statistics Canada

II6: Gross Expenditures on R&D as a Percent of GDP													
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2000 Rank	1-Year Progress Check	Period Progress Rank
BC	0.96	1.01	0.97	1.06	1.01	0.92	0.91	0.96	1.06	1.16	5	3	5
AB	1.08	1.04	1.03	1.10	1.06	1.02	0.98	1.10	0.99	0.89	9	10	9
SK	1.01	1.11	1.02	0.97	0.95	0.80	0.98	0.95	1.07	1.09	6	4	4
MB	1.18	1.15	1.20	1.20	1.11	1.03	0.90	0.97	1.20	1.21	4	5	6
ON	1.88	1.94	2.08	2.15	2.10	2.05	2.10	2.18	2.14	2.34	1	2	3
QC	1.86	1.98	2.04	2.07	2.10	2.12	2.10	2.22	2.33	2.31	2	7	2
NB	0.88	0.87	0.88	0.88	0.85	0.90	0.76	0.88	0.85	0.76	10	9	10
NS	1.36	1.29	1.34	1.42	1.37	1.32	1.26	1.46	1.49	1.49	3	6	7
PE	0.71	0.60	0.69	0.67	0.60	0.57	0.61	0.77	0.82	1.06	7	1	1
NF	1.11	1.15	1.14	1.06	0.95	1.00	0.98	1.06	1.03	0.99	8	8	8
Average	1.57	1.63	1.68	1.74	1.71	1.66	1.68	1.76	1.76	1.84	n/a	n/a	n/a

Sources: BC Stats; Statistics Canada

International Data

Gross Domestic Product, Per Head at the Price Levels and PPPs of 1995 (US dollars)											
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
British Columbia	(2.19)	2.37	3.30	2.57	0.00	(1.30)	1.62	0.44	1.81	2.45	(0.84)
Canada	(3.28)	(0.35)	1.18	3.61	1.67	0.52	3.15	3.18	4.60	3.64	0.43
Ireland	1.35	2.50	2.15	5.40	9.40	7.33	9.88	7.30	9.92	8.65	4.23
Korea	8.15	4.35	4.43	7.17	7.83	5.74	4.03	(7.36)	10.11	8.42	2.30
United Kingdom	(1.70)	0.02	2.30	4.43	2.66	2.42	3.21	2.67	2.08	2.87	1.73
United States	(1.56)	1.96	1.60	3.07	1.74	2.66	3.47	3.36	3.21	2.86	(3.42)
Sources: BC Progress Board, BC Stats, Statistics Canada, OECD.											

Employment to Population Ratio (% - for those aged 15-64)											
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
British Columbia	69.9	70.0	70.0	70.8	70.6	69.6	69.7	68.6	69.4	70.2	69.1
Canada	68.2	66.8	66.5	67.1	67.6	67.3	68.0	68.9	70.1	71.1	70.9
Ireland	51.2	50.7	50.9	51.9	54.1	55.0	56.3	59.6	62.5	64.5	65.0
Korea	62.0	62.2	62.3	63.2	63.7	63.8	63.7	59.5	59.7	61.6	62.1
United Kingdom	70.9	69.1	68.3	68.8	69.3	69.9	70.8	71.2	71.7	72.4	71.3
United States	71.0	70.8	71.2	72.0	72.5	72.9	73.5	73.8	73.9	74.1	73.1
Sources: BC Stats, Statistics Canada, OECD.											

© BC Progress Board

July 2003