



Business Council of
British Columbia
Est. 1966

B.C.'s Economy: Overview and Update

ConcreteBC AGM

October 4, 2024

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OUTLINE

- Overview
- Outlook
- Challenges

HIGHLIGHTS

- Diversified industrial base due to Asia-Pacific gateway
- Growth opportunities in energy, mining & technology

- Canada 2nd weakest economy in OECD, adjusted for population
 - B.C. outperformed other provinces due to mega capital projects

- Challenges ahead
 - Mega projects are completed
 - Per capita GDP declining since 2022 & no recovery expected
 - Fiscal trajectory unsustainable
 - Net outflow of current residents



OVERVIEW OF B.C.'S ECONOMY

B.C.'S UNIQUE FEATURES

Demographic

- 5.6m population (2.7m Metro Vancouver)
- 42% foreign-born, 5% temporary residents
- 202/634 of Canada's FNs, majority not under treaty

Geographic

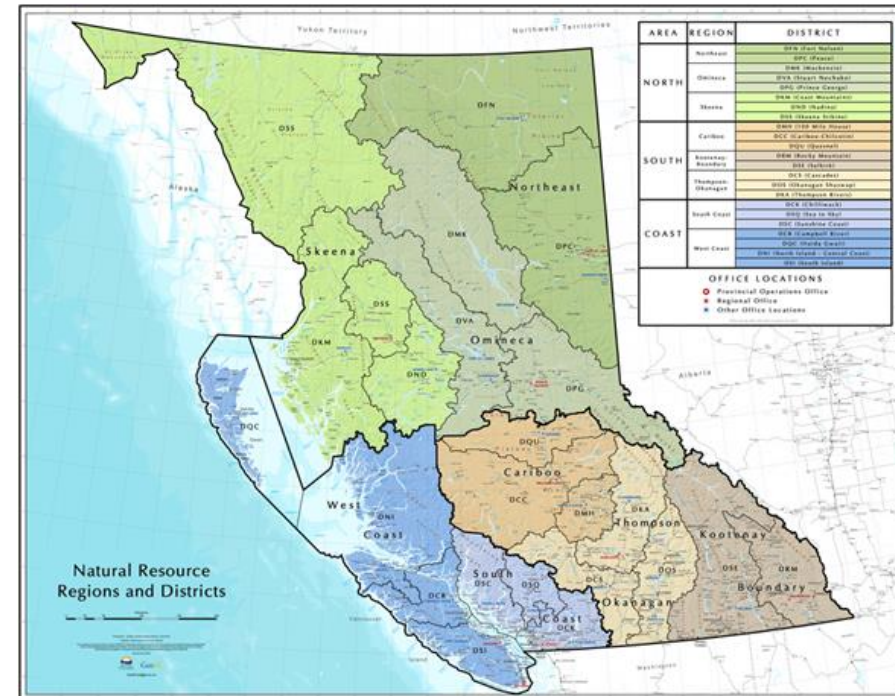
- Larger than UK & Ireland, Japan, California
- 25,700km coastline, 40,000 islands
- 75% mountains, 64% forests, 5% arable
- 95% Crown land, 5% private land

Ecological

- 50,000 distinct species
- 1,037 provincial parks, 7 national parks

Economic

- Natural resources
- Asia Pacific gateway
- Industrially diversified
- Educated workforce
- Stable institutions

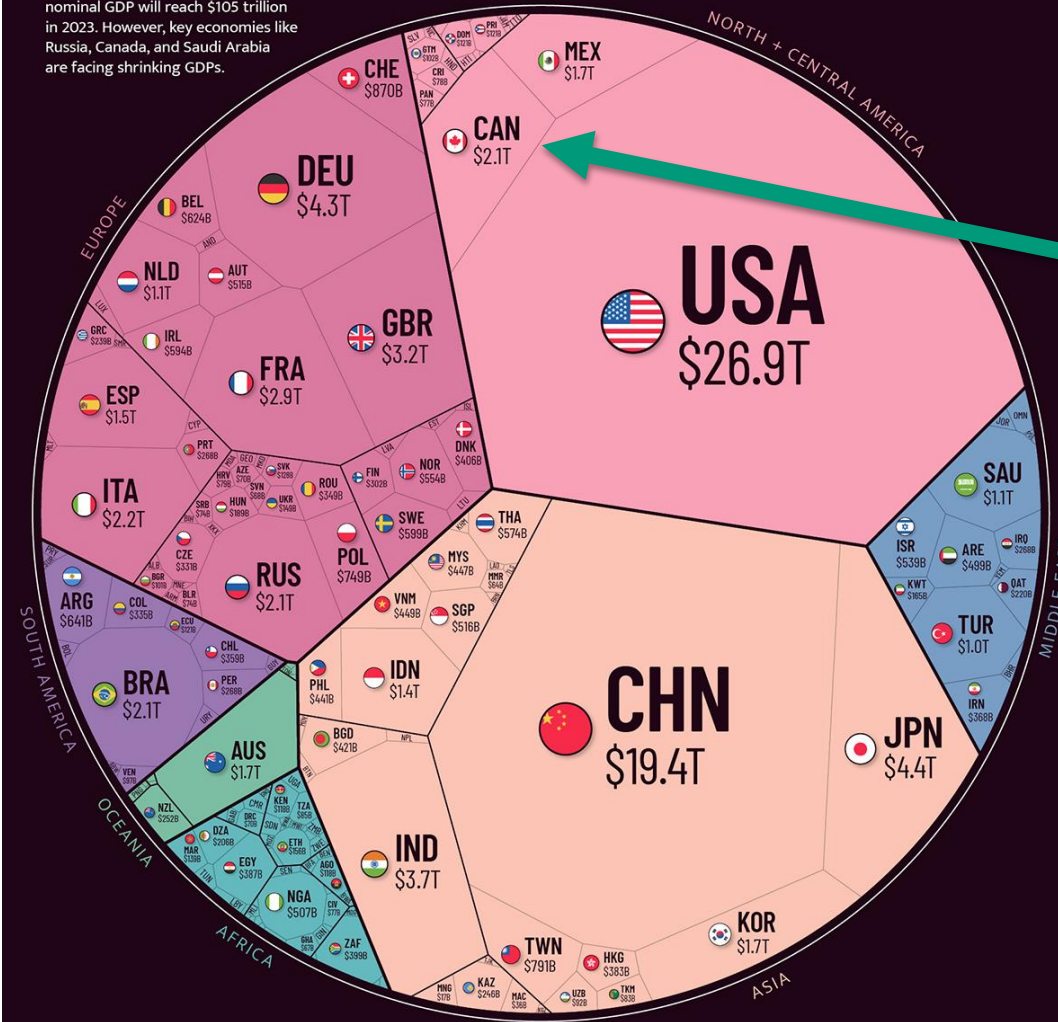


VISUALISING THE \$US 105 TRILLION WORLD ECONOMY IN ONE CHART

THE \$105 TRILLION WORLD ECONOMY

2023 GLOBAL GDP

According to IMF projections, global nominal GDP will reach \$105 trillion in 2023. However, key economies like Russia, Canada, and Saudi Arabia are facing shrinking GDPs.



Canada is 2.0% of the world GDP

B.C. is 14% of Canada, so 0.3% of world GDP

The IMF sees the world economy growing 5.3%, or when adjusted for inflation, 2.8%.

Russia's projected \$150B GDP drop is more than Ukraine's total \$149B GDP.

India dethrones the UK as the 5th largest economy in the world.

China's GDP is expected to grow 7.1% in 2023, ahead of U.S. growth of 5.5%.

B.C. RANKS 48TH/60 CANADIAN PROVINCES & U.S. STATES

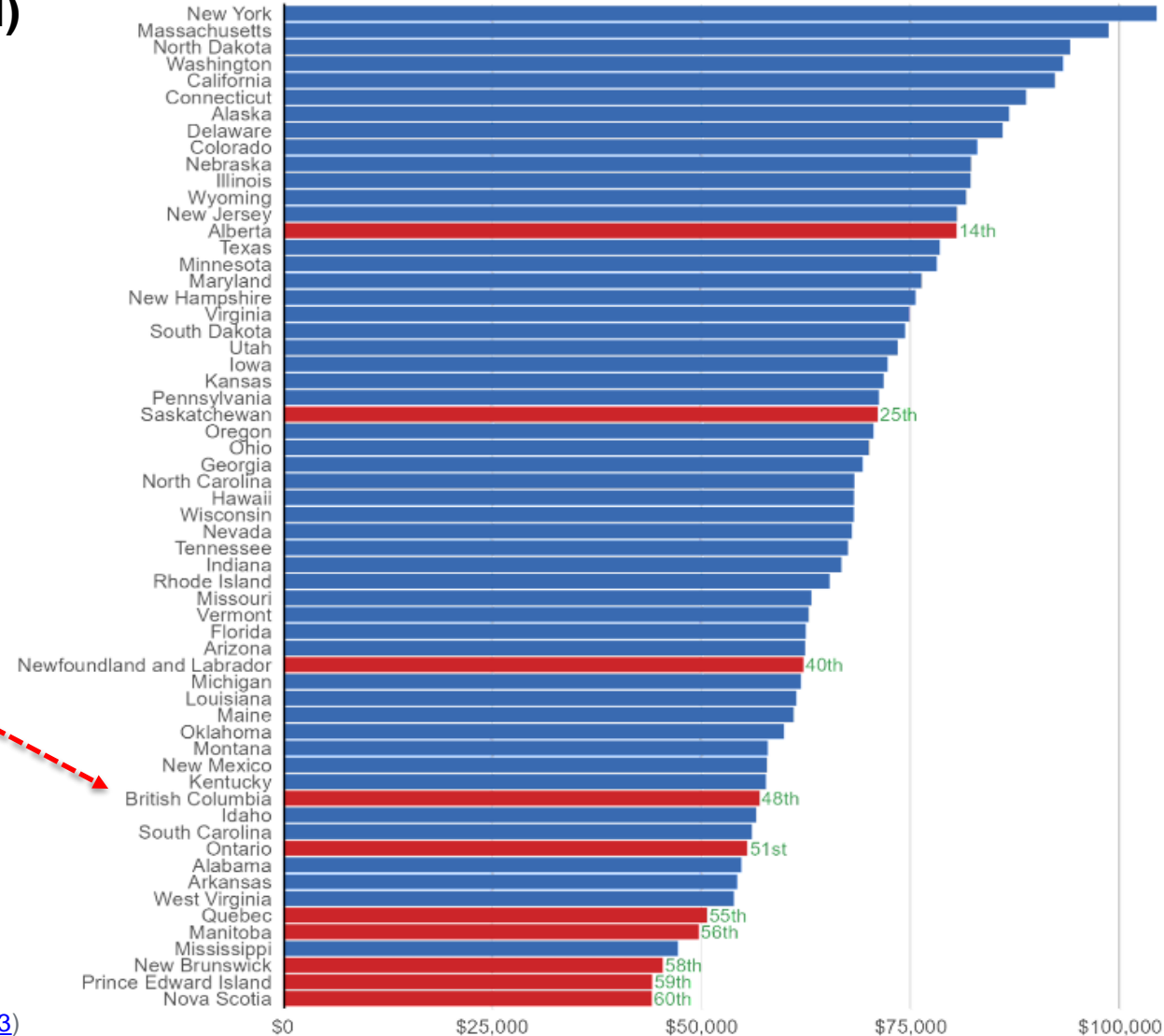
GDP per capita in 2022 (\$'000s, USD PPP-adjusted)

Note: Own calculations using data from Statistics Canada data table 36-10-0222, RBC June 2023 forecast, and the US E All values are in real PPP-adjusted US dollars using OECD PPPs (doi: 10.1787/1290ee5a-en). Graph by @trevortombe



GDP per Capita in 2022 (000s USD, Purchasing Power Adj.)

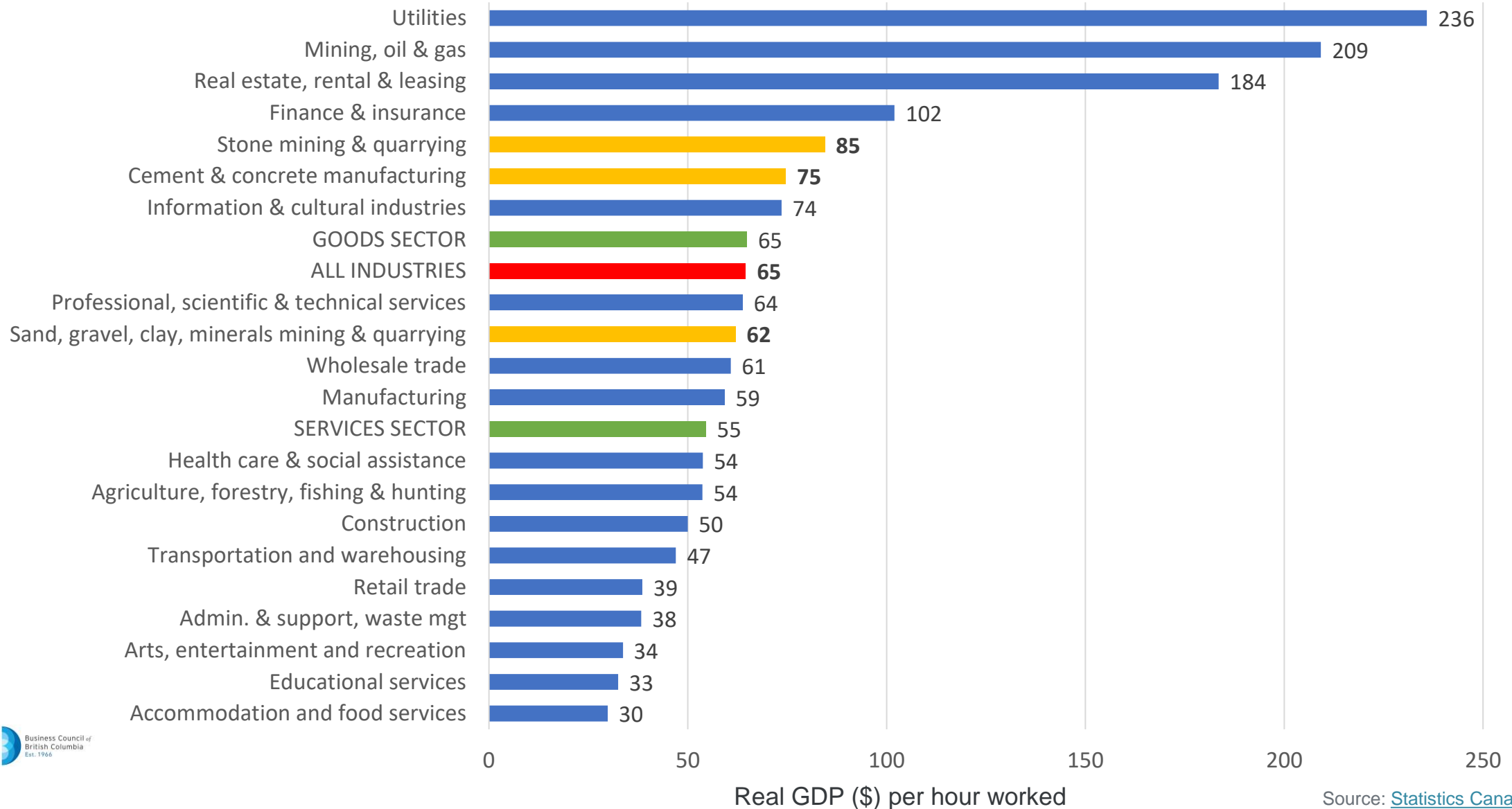
Note: Own calculations using data from Statistics Canada data table 36-10-0222, RBC June 2023 forecast and the US BEA. All values are in real PPP-adjusted USD using OECD PPPs (doi: 10.1787/1290ee5a-en).



Source: [Trevor Tombe \(2023\)](#)

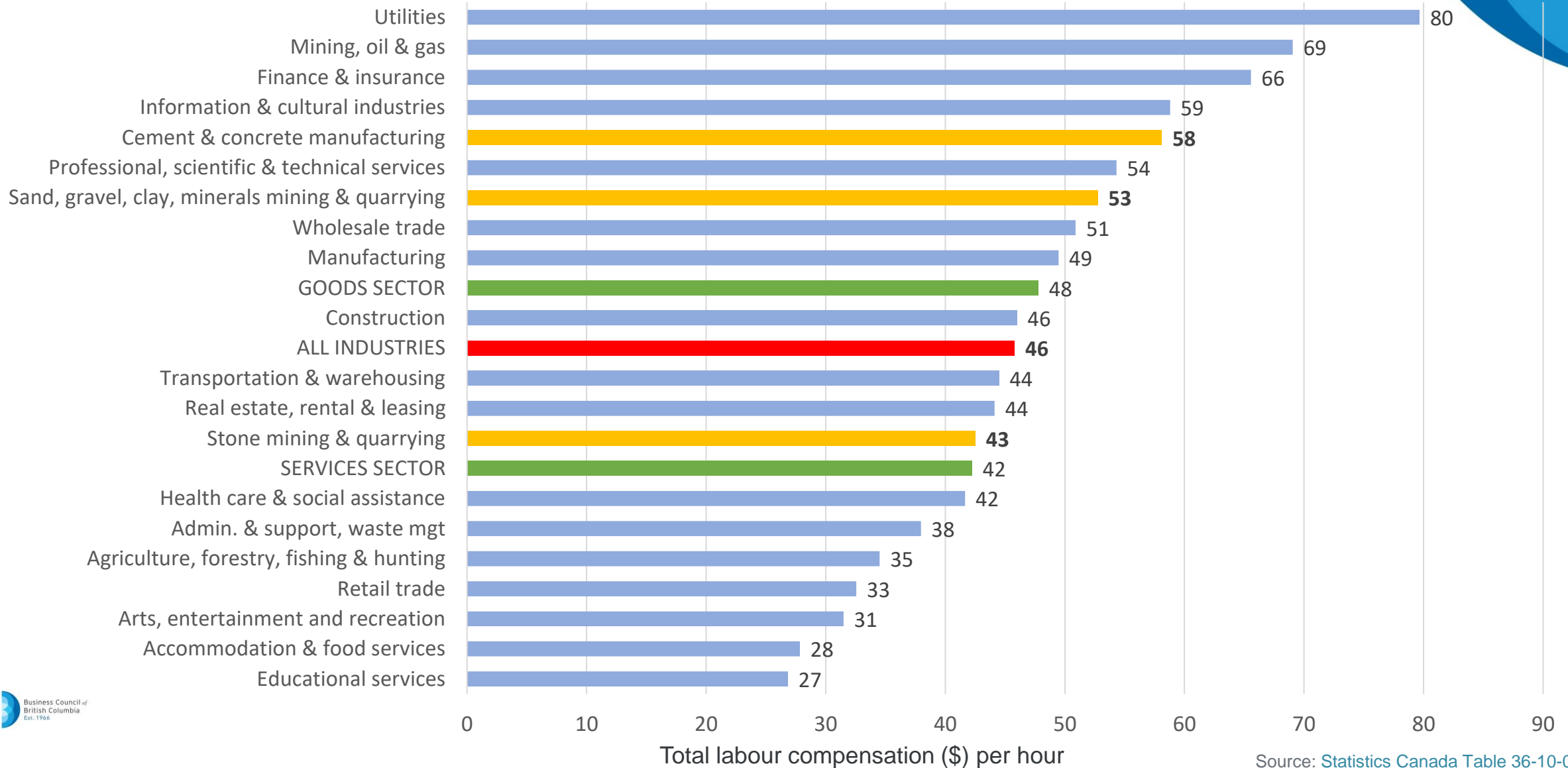
WHICH INDUSTRIES “PAY THE BILLS” FOR B.C.?

Labour productivity, business sector, by industry, 2023, B.C.



WHICH INDUSTRIES PAY THE HIGHEST SALARIES?

Total labour compensation per hour worked, business sector, by industry, 2023, B.C.



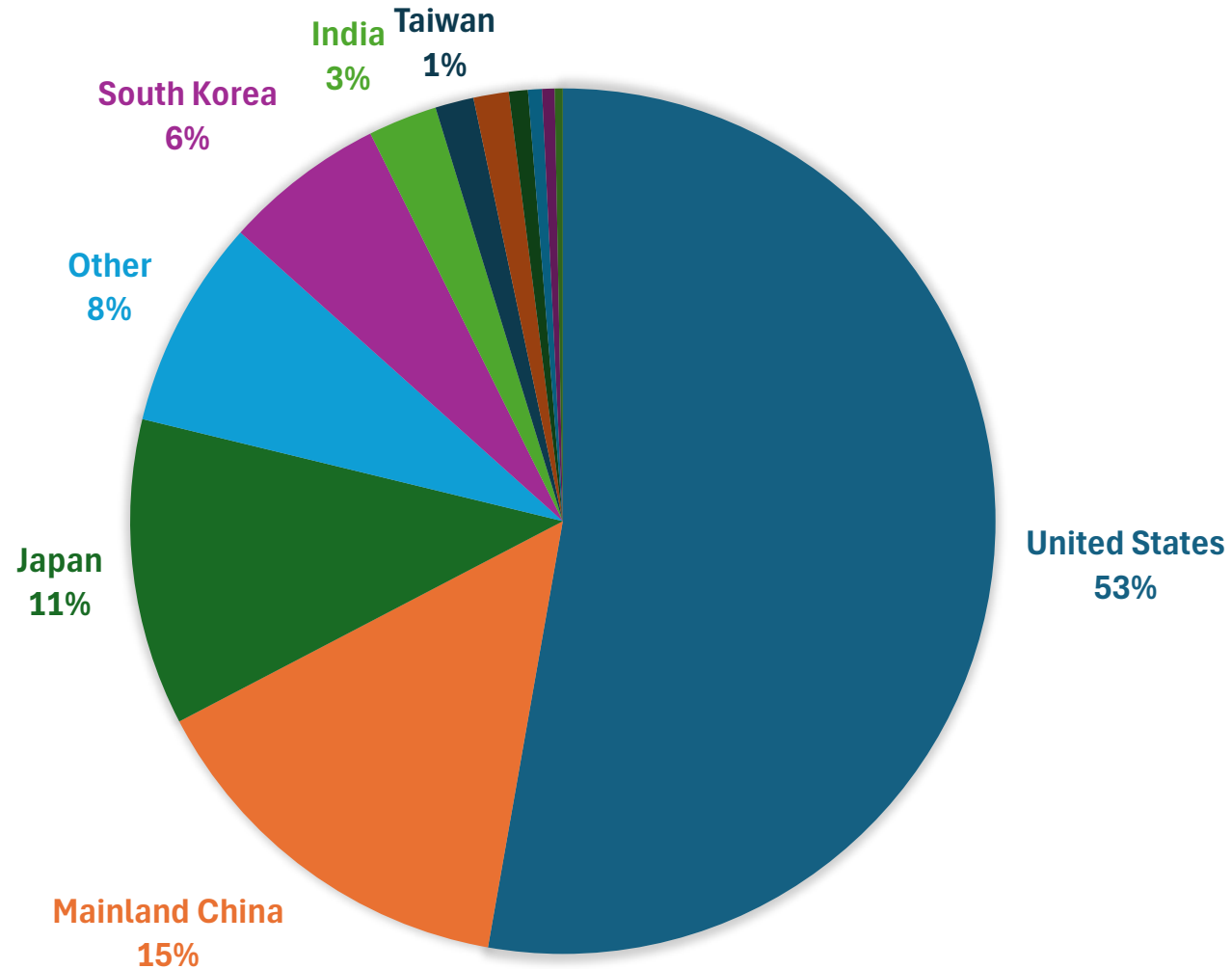
B.C. international goods & services exports, 2019 \$ millions (share of total exports %)

Resources and related processing (45%)										Non-resource mfg. (10%)										Professional and other services (8.8%)									
Forestry (16%)					Energy (15%)					Measuring, control and sci. inst., 549.8					Other miscell... genera...					Office administrative services, 1,599.2					Management, scientific & tech. consulting services, 1,157.4				
Softwood lumber, 5,373.5					Coal, 5,385.7					Aircraft parts and... Pumps and compr... 261.4 Other comm... equip., 246.6 Pharmace... & medicinal prods., 343.8					Heating and coolin... Materi... handl... equip... Other... Other... Other... Other...					Management, scientific & tech. consulting services, 1,157.4 Deposit interme... services, 438.9 Rental and... Other loa... Sp... Rental of residential real estate, 338.2 Bus... sup... ser... [M... Insur... brok... and other servi... Contr... Accou... Adve... publi...					Research & development services, 569.1 Architectur... engineering and related services, 485.1 Legal services, 467.1 Secur... broke... and secur... deali... Portfol... mana... R... H... L... N...				
Wood pulp, 3,175.9					Natural gas, 2,131.9					Tourism (9%)					Gateway services (9%)					Wholesale margins (5.3%)					Technology services (3.7%)				
Logs and bolts, 588.9 Paper (except newsprint), 562.6 Reconstit... wood products, 421.6 Veneer and plywood, 420.5 Other sawmill prod., 279.6 W... pr... n.e.c., 17... Ne... 12... ... t... R...					Conventional crude oil, 714.5 Electricity, 565.3 Transport. of natural gas by pipeline,... Solid fuel produc... n.e.c., 367.7 Tran... of crude oil by pipe... Motor gasoline, 377.0 Avi... fue... ... g... Di... H...					Prepared meals (restaurants etc.), 2,294.4					Road transport. services for specialized freight, 1,697.6 Rail freight transport. services, 1,553.6 Water transportation support, maintenance and repair services, 1,017.9 Water freight transport. services, 828.9					Wholesale margins - mach., equip. and supplies, 904.7 Wholesale margins - building materials and supplies, 859.0 Wholes... margins - miscella... products, 525.9 Wholes... margins - food, bevera... 507.7 Whole... margins - person... W... tr... co... 16... Wh... Wh... Wh...					Custom software design and development services, 1,232.9 Computer systems design and related services (except software), 827.7 General purpose software, 292.6 Data processin... M... Fi...				
Mining (8%)					Agriculture (6%)					Air passenger transportation services, 1,454.6					Accommodation services for travellers, 1,400.5					Film/TV (3.2%)					Education (2.5%)				
Copper ores and concentrates, 2,661.6					Fish, shellfish and other fishery prod., 919.7 Cannabis plants, seeds and flowering tops, 843.8 Fresh vegetables, 401.9 Prepared and packaged seafood, 364.7 Preserved fruit and vegetables, 325.3 Fresh fruit and nuts, 276.4 Other food produc... n.e.c.... Co... cra... and... Al... be... Conf... C... F... Pr... m... Flori... Unwrought precious... Other met... Gold and... N... L...					Amusement and rec. services, 505.7 Recrea... vehicle park an... Scenic and... Admis... to live... A... to... Freight transp... arrang... and customs broker... service... Tra... Wa... Recrea... and stora... servi... (exc... grain stora... Aircraft mainte... and... Road transp... service... Air tran... R... t...					Movie, TV program & video production, post-production and editing, 2,119.9 Licensing of rights for... A... Tuition fees for universi... 832.5 Rooming and boarding services, 392.1 Tuition fees eleme... & secon... 375.7 Tuition fees colleges,... Used motor vehicles, 434.4 Sc... w... iro... S...														

average of exports 2017-2019. Source: Statistics Canada Table 12-10-0101-01, BCBC for export sector classifications.

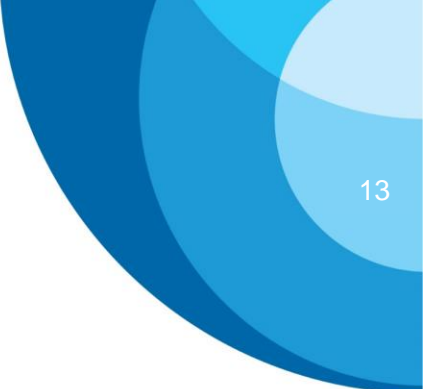
B.C. GOODS EXPORTS ARE DIVERSIFIED BY COUNTRY

Merchandise exports, by destination, 2023, B.C.



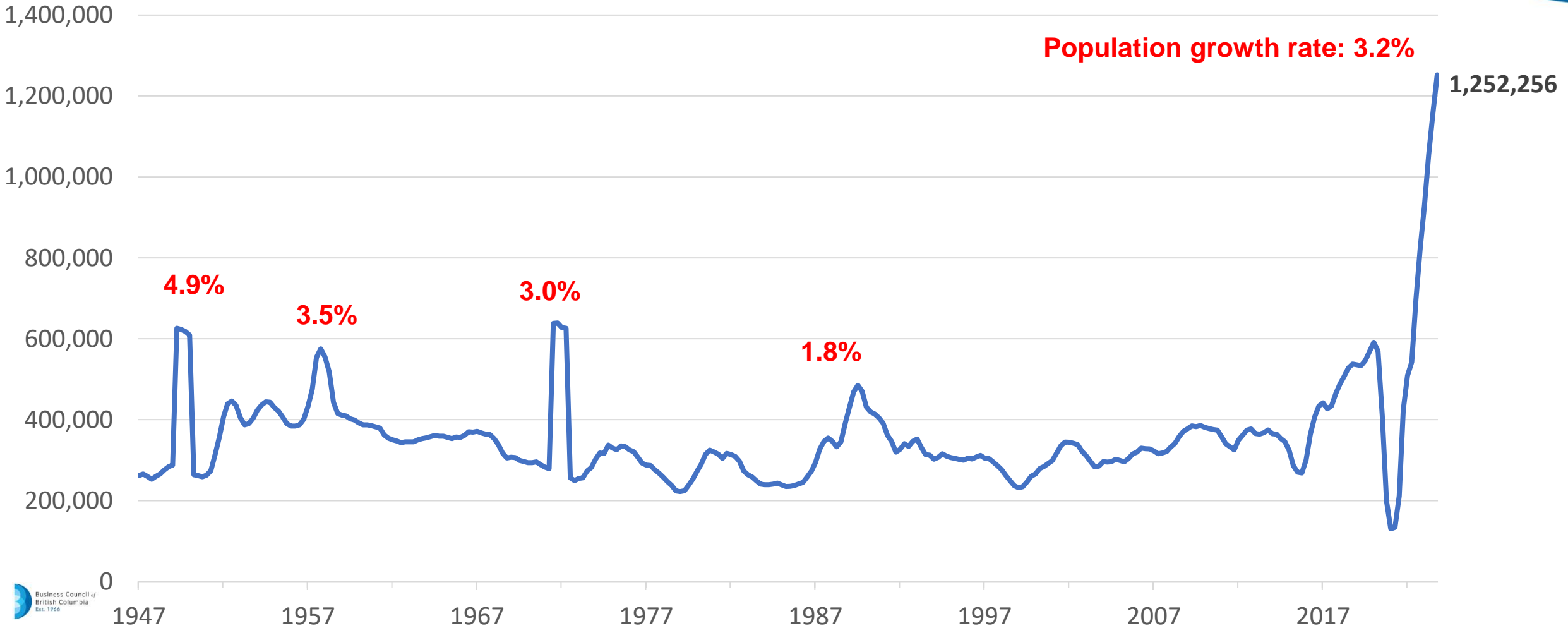
B.C. OUTLOOK

HIGHEST POPULATION GROWTH RATE SINCE 1957-58



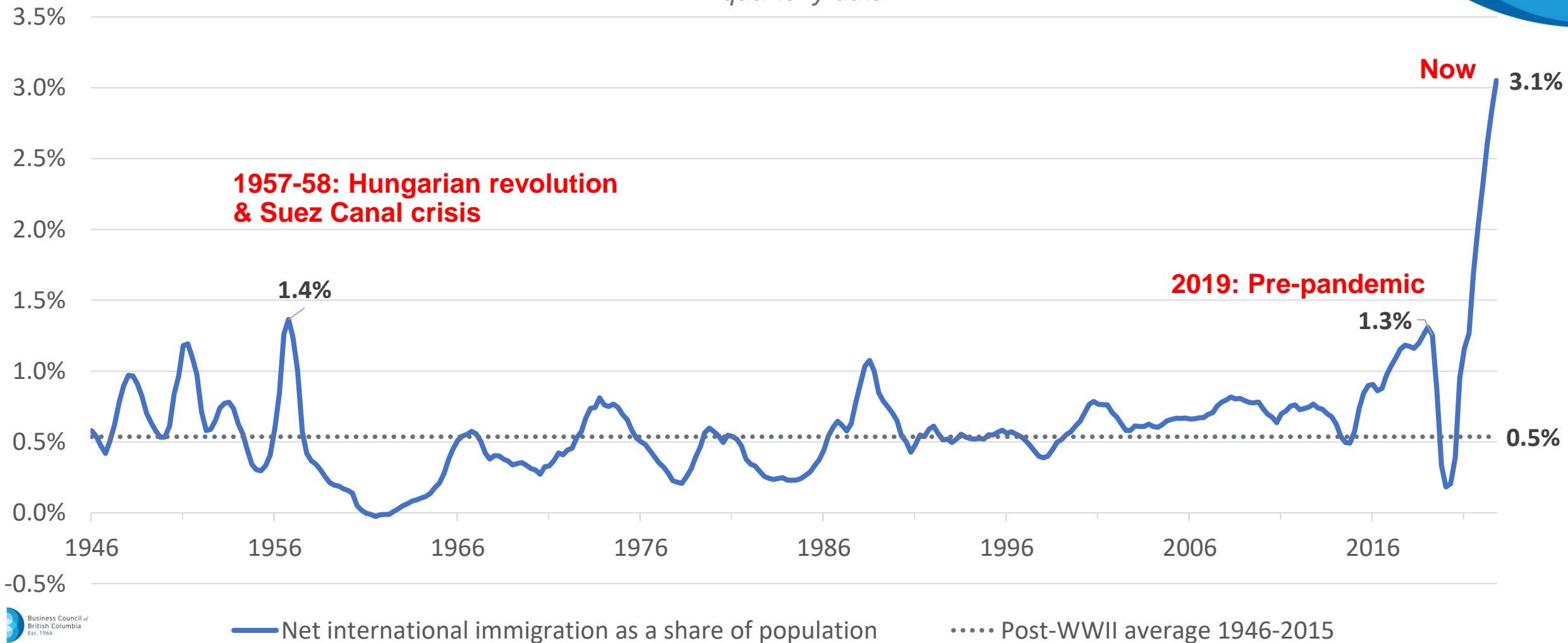
Persons

Change in annual population, Canada



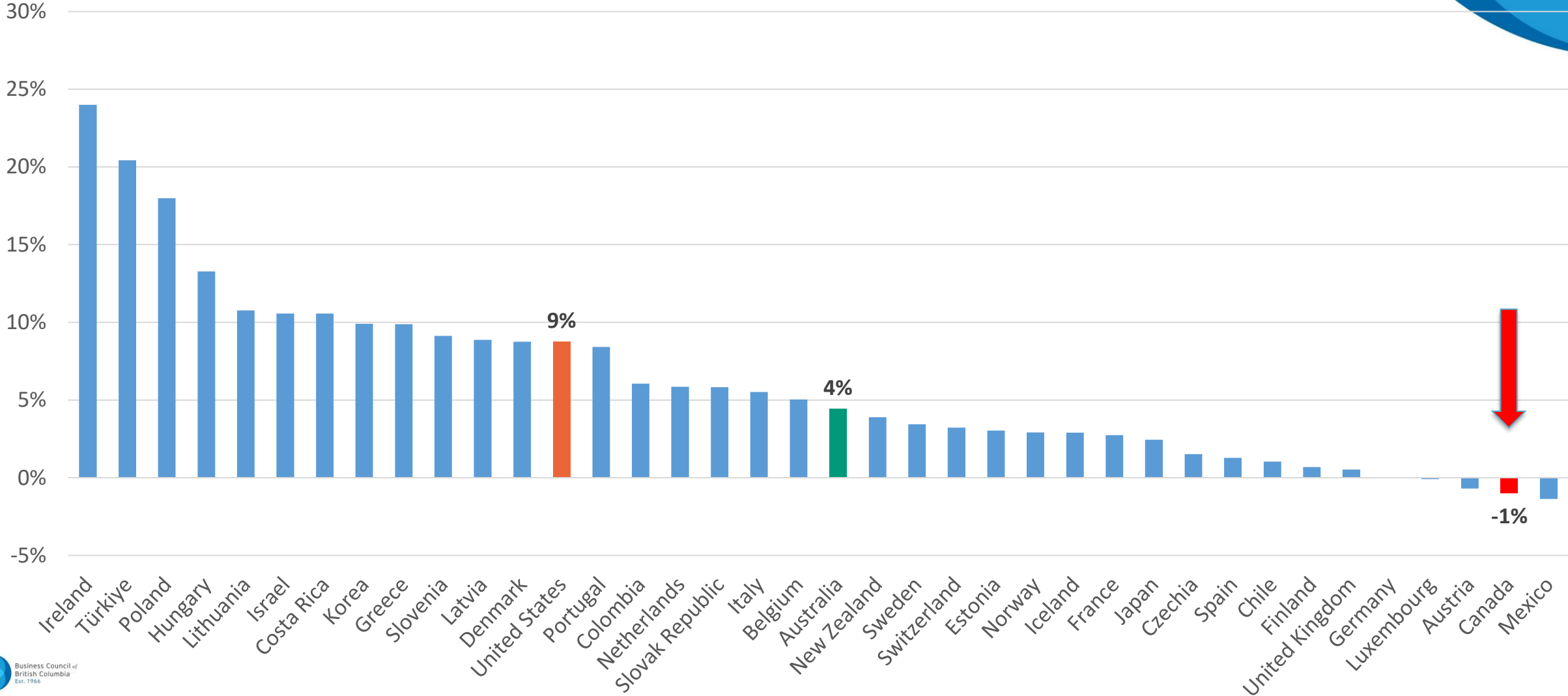
NET INTERNATIONAL MIGRATION AS A SHARE OF POPULATION IS 6X POST-WW2 AVERAGE

Net international migration as a share of Canadian population, quarterly data



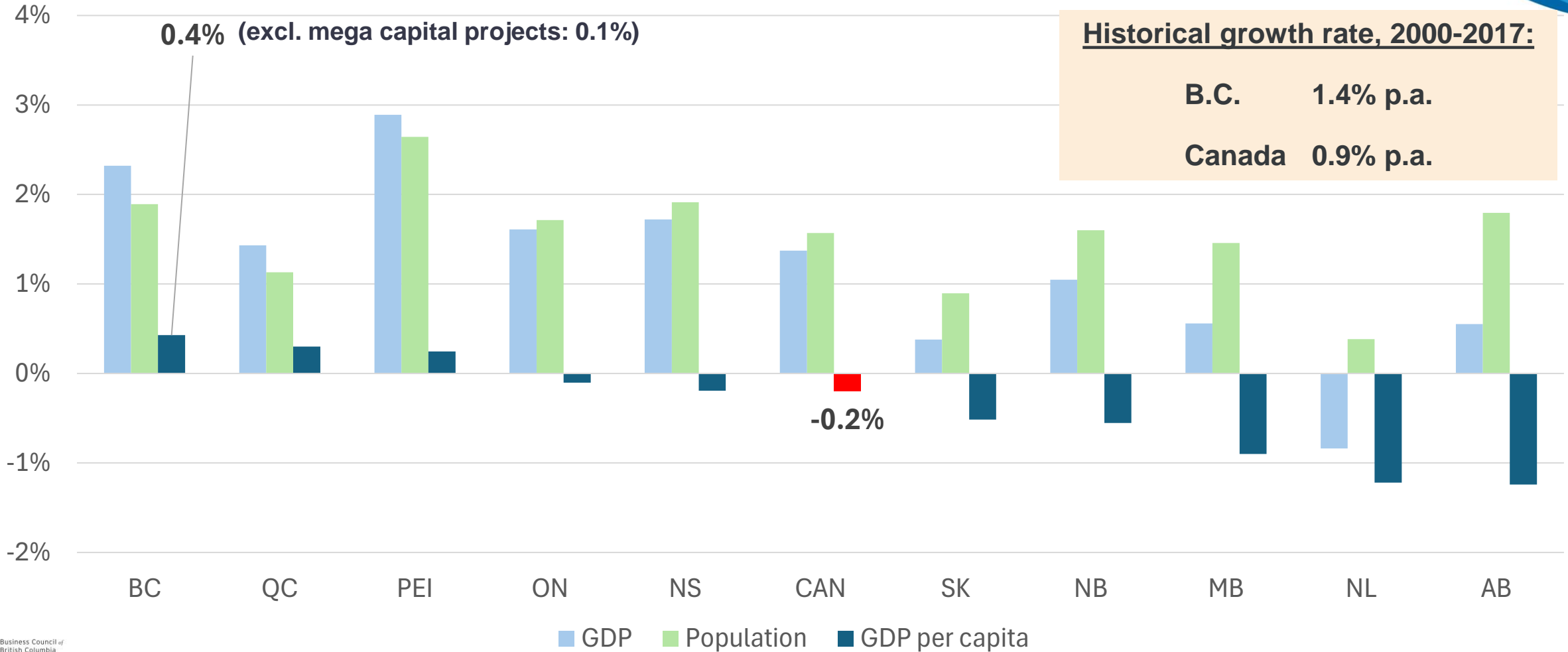
CANADA IS SECOND WEAKEST ECONOMY IN OECD

Total growth in real GDP per capita, USD PPP-adjusted, 2018-2023



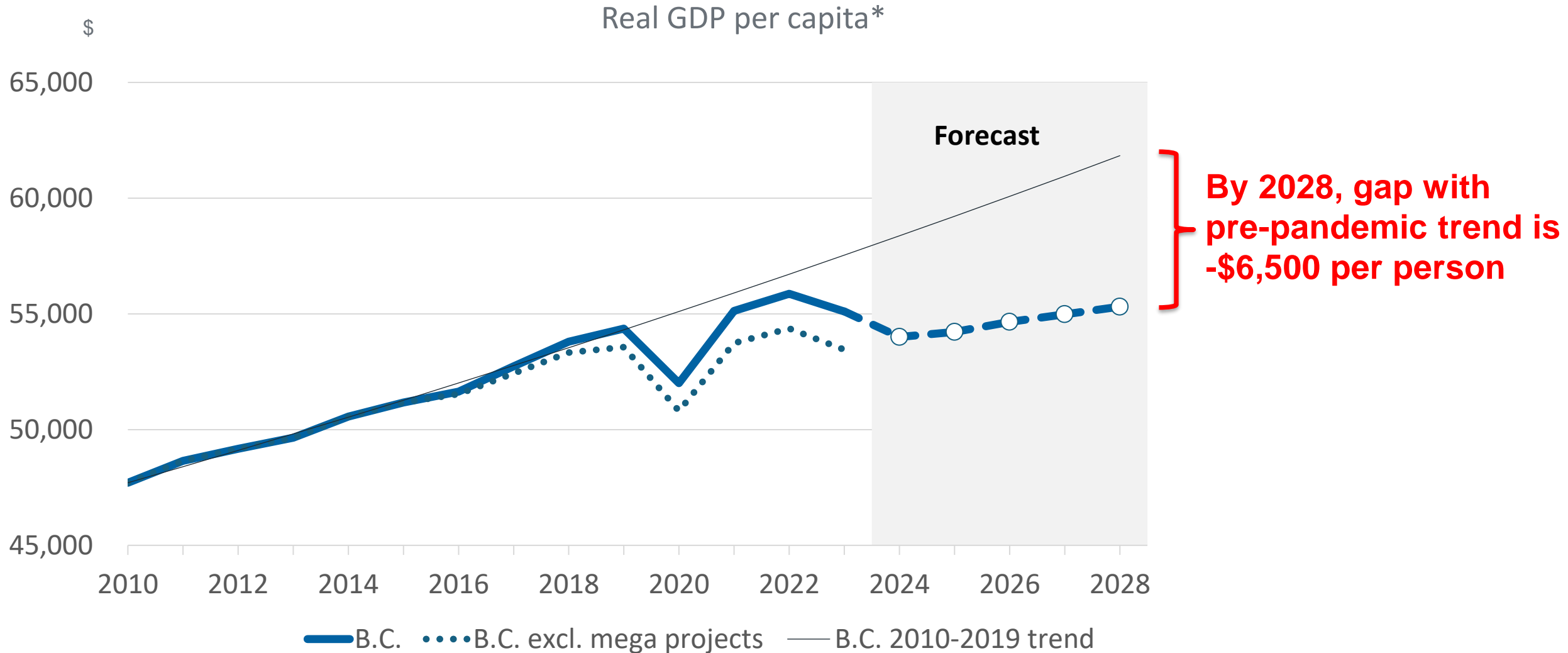
B.C.'S GROWTH HISTORICALLY WEAK, BUT BEST IN CANADA DUE TO MEGA PROJECTS

Real GDP per capita, CAGR, 2018-2023*



* Provincial growth rates for 2023 use GDP at basic prices. Mega projects include Trans Mountain, Site C, LNG Canada and Coastal Gas Link

B.C. INCOMES NOT EXPECTED TO RECOVER PRE-PANDEMIC TREND

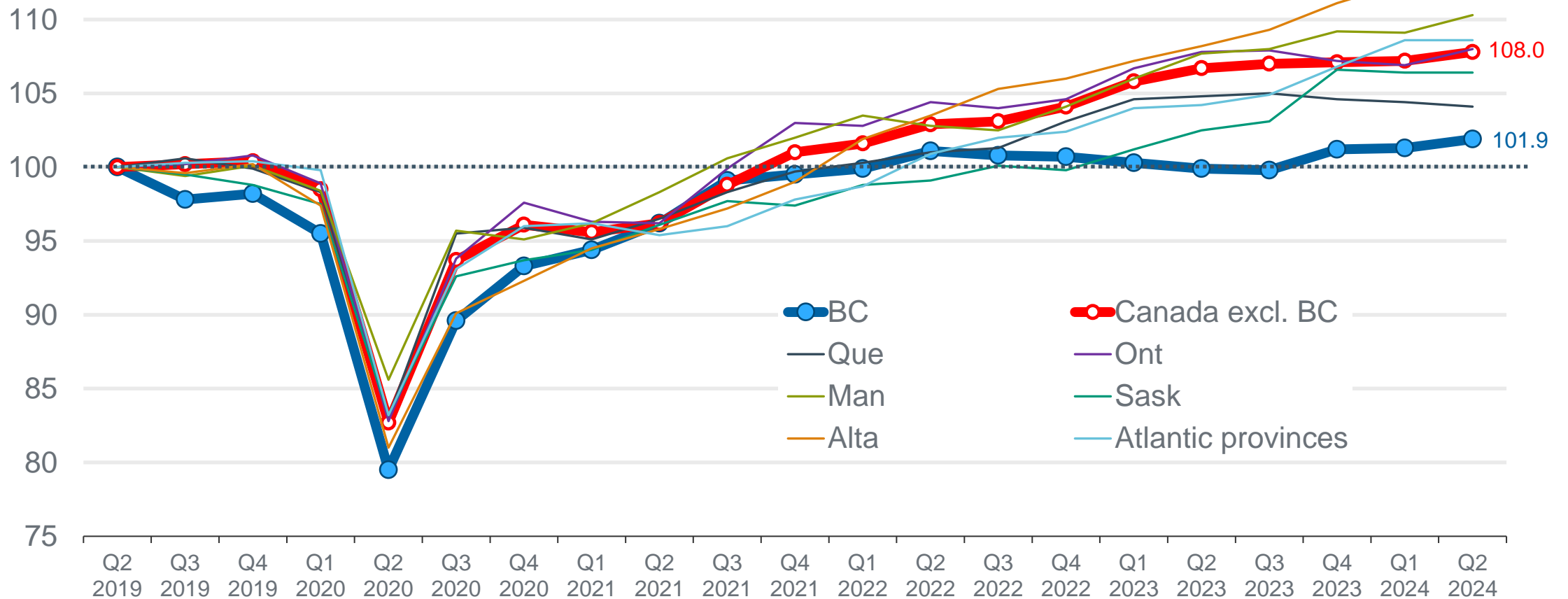


* Real per capita GDP at basic prices, 2017 chained dollars. Forecasts for 2024-28 apply the projected growth rates for GDP at market prices from the 2024 B.C. Budget (p99). Mega projects include Trans Mountain, Site C LNG Canada and Coastal Gas Link.

CHALLENGES

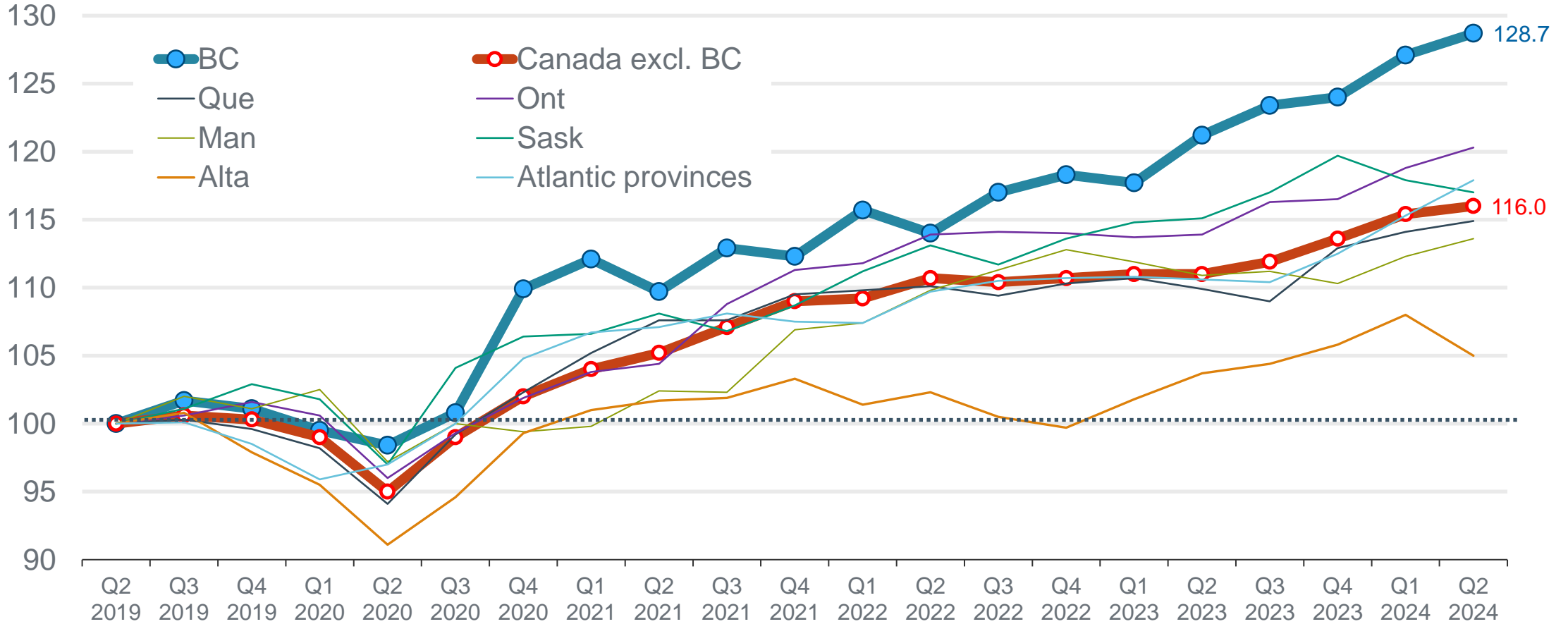
B.C.'S PRIVATE SECTOR JOB GROWTH LAGS REST OF CANADA

Private sector employees, indexed Q2 2019=100



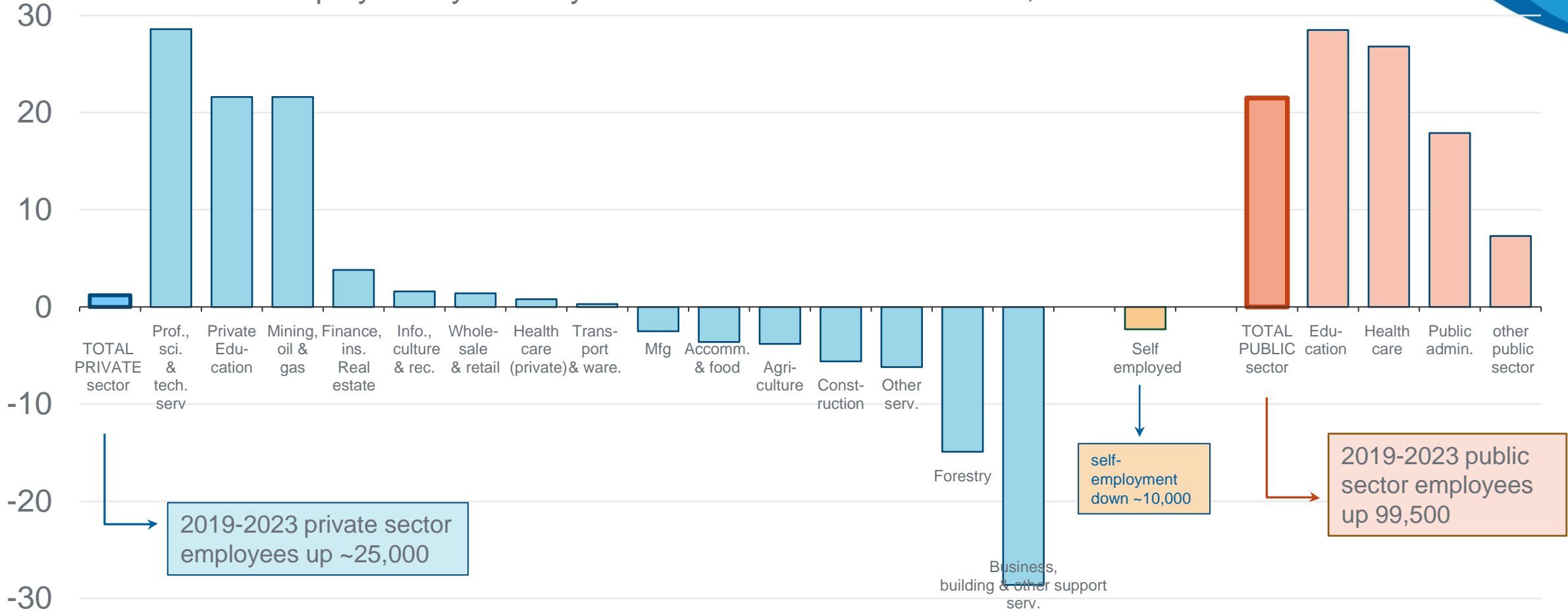
B.C.'S PUBLIC SECTOR JOB GROWTH LEADS REST OF CANADA

Public sector employees, indexed Q2 2019=100



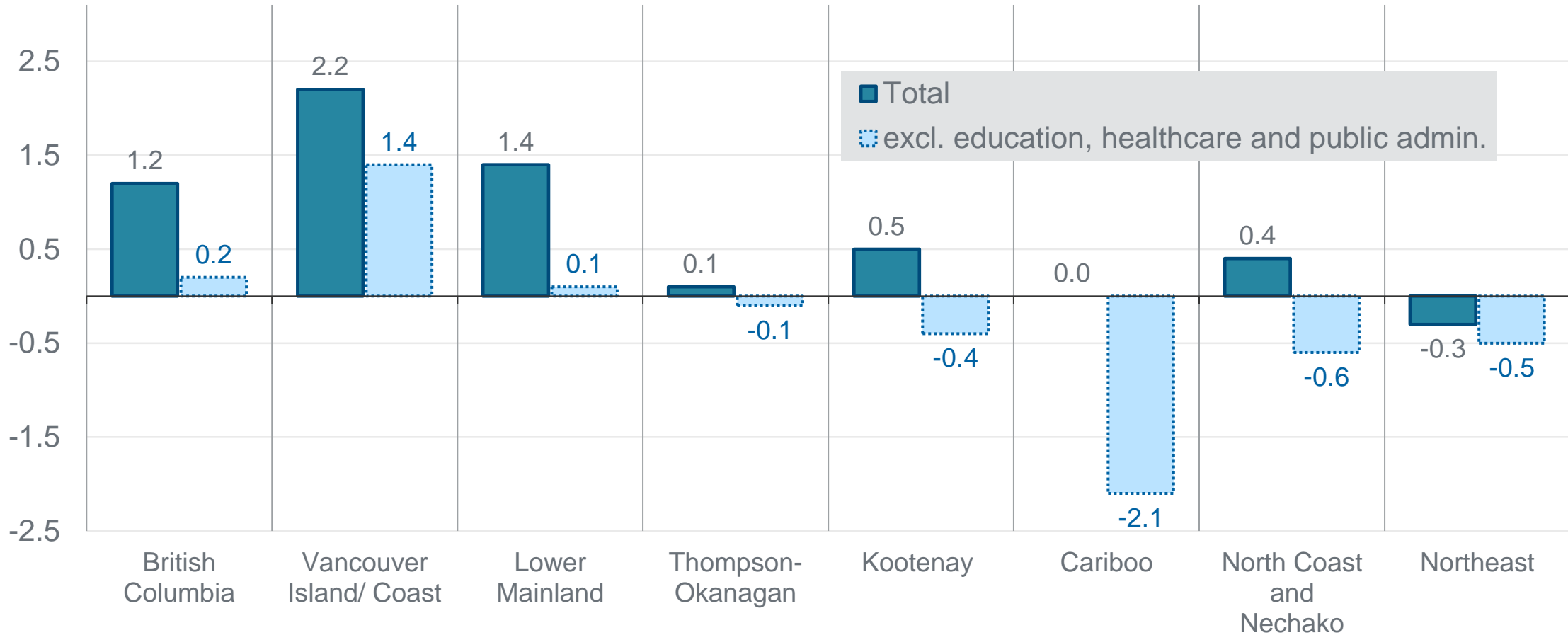
FEW SECTORS HAVE SEEN PRIVATE SECTOR JOB GROWTH SINCE 2019

Growth B.C. employees by industry and class of worker 2019-2023, %



B.C. JOB GROWTH WEAK EXCEPT VANCOUVER ISLAND AND PUBLIC SECTOR

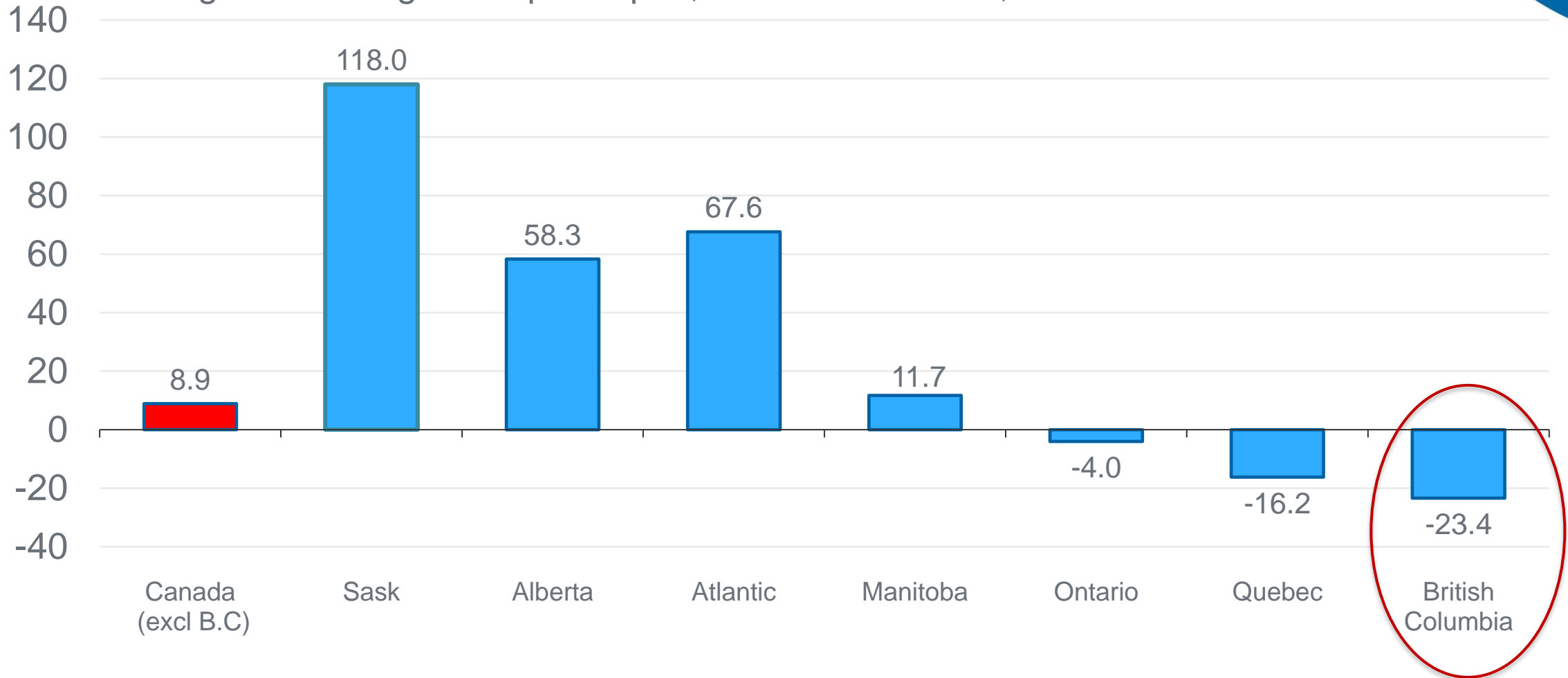
Average annual employment growth 2019-2024*, %



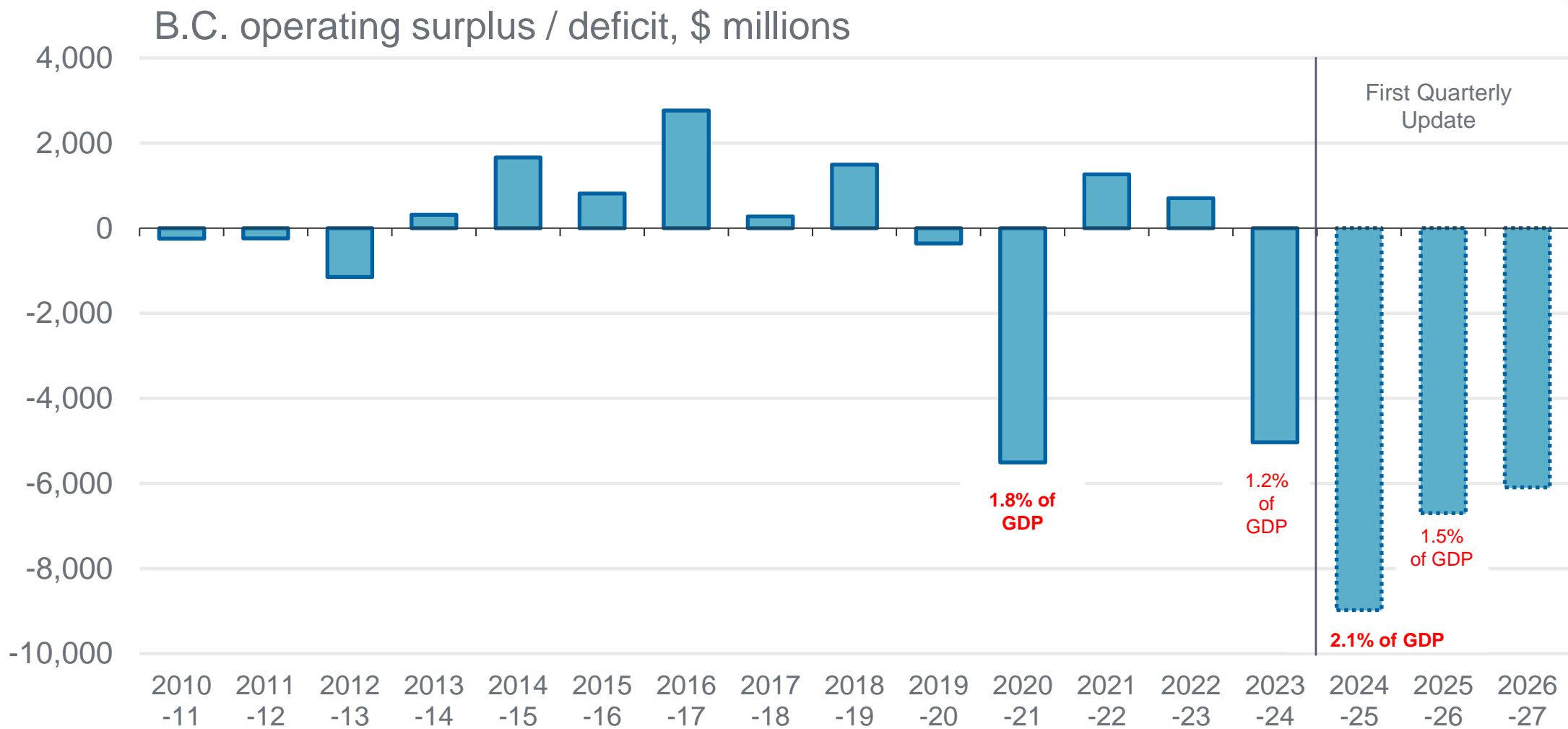
*growth based on year-to date averages January to August. Source: Statistics Canada, Tables: 14-10-0387-01 and 14-10-0388-01.

PER CAPITA HOUSING STARTS HAVE FALLEN OVER PAST FIVE YEARS – AND B.C STANDS APART IN THIS REGARD

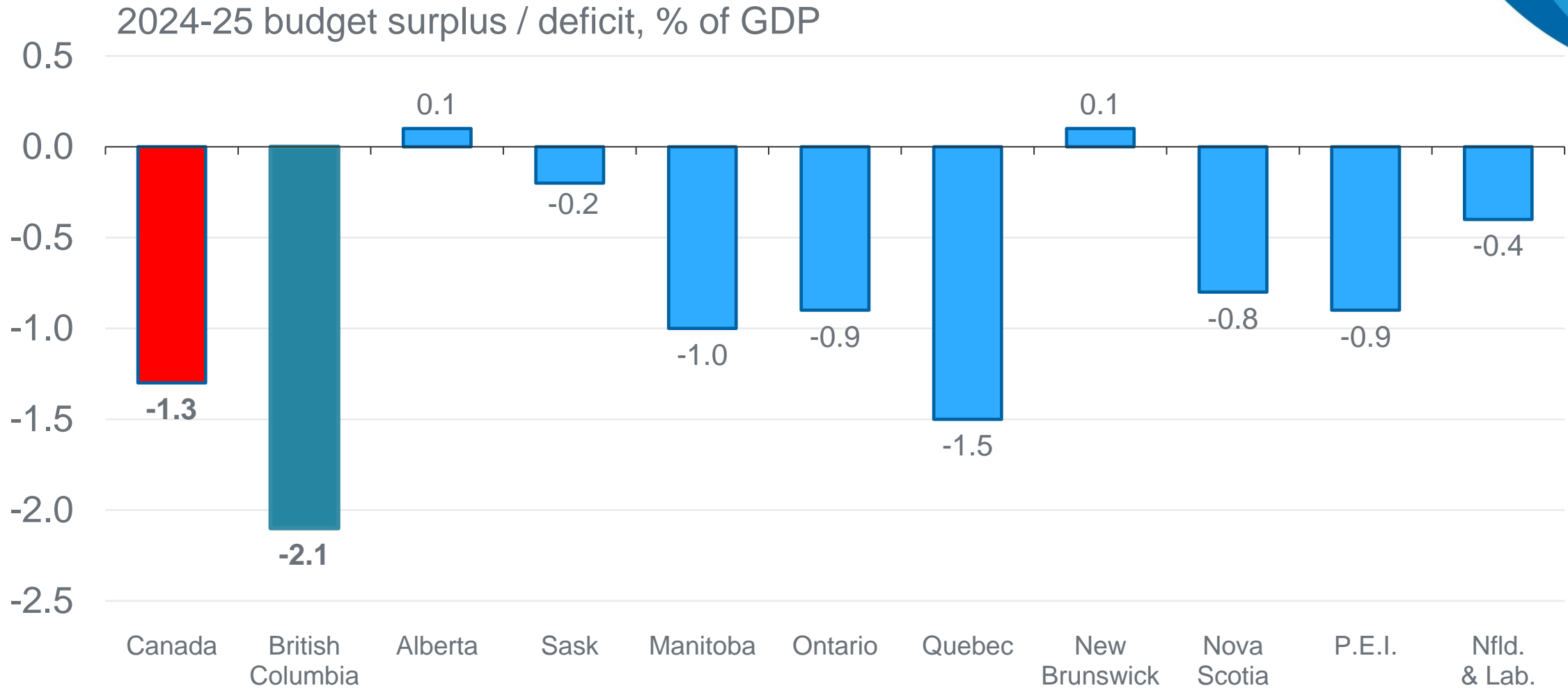
Change in housing starts per capita, 2019 to 2024 Q3*, %



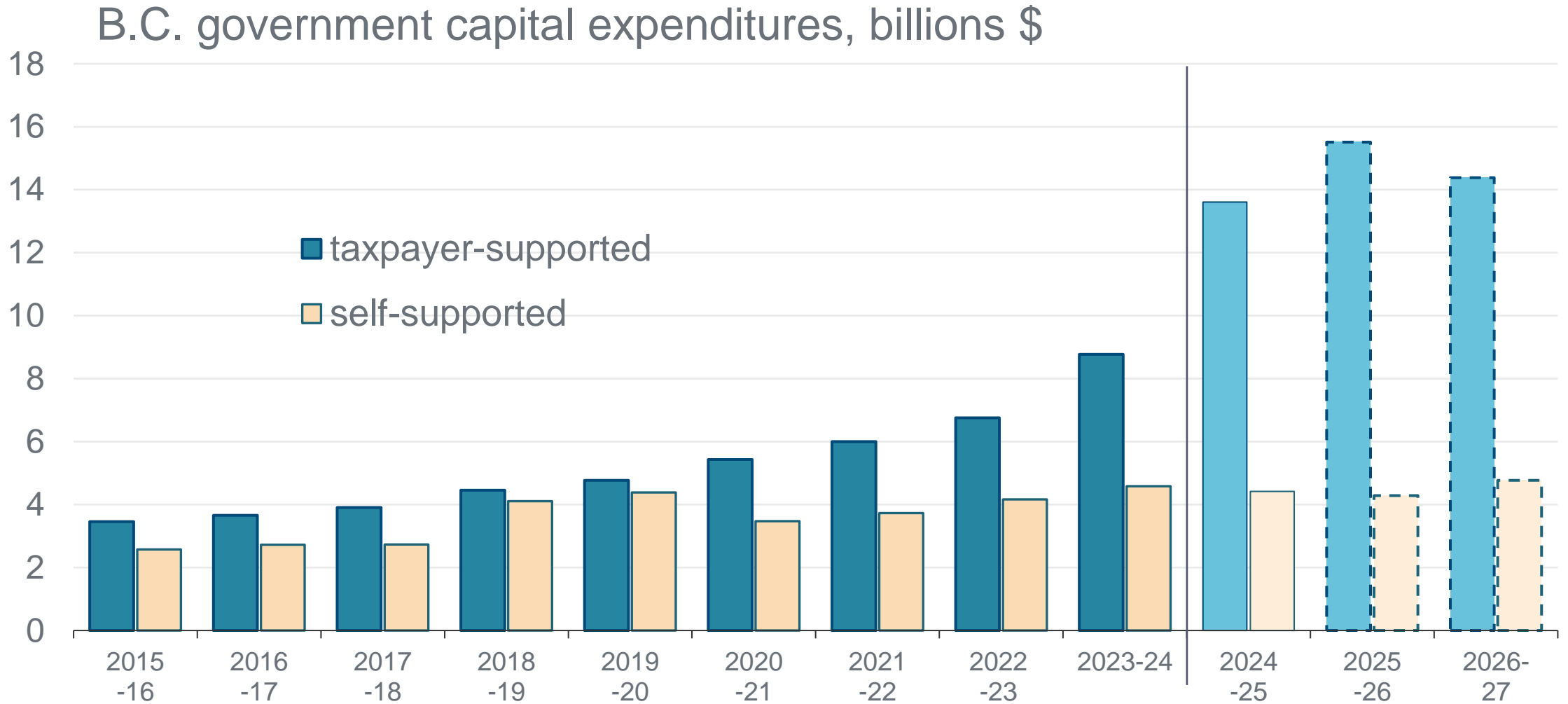
FISCAL TRAJECTORY NOT SUSTAINABLE



B.C. RUNNING CANADA'S LARGEST OPERATING DEFICIT

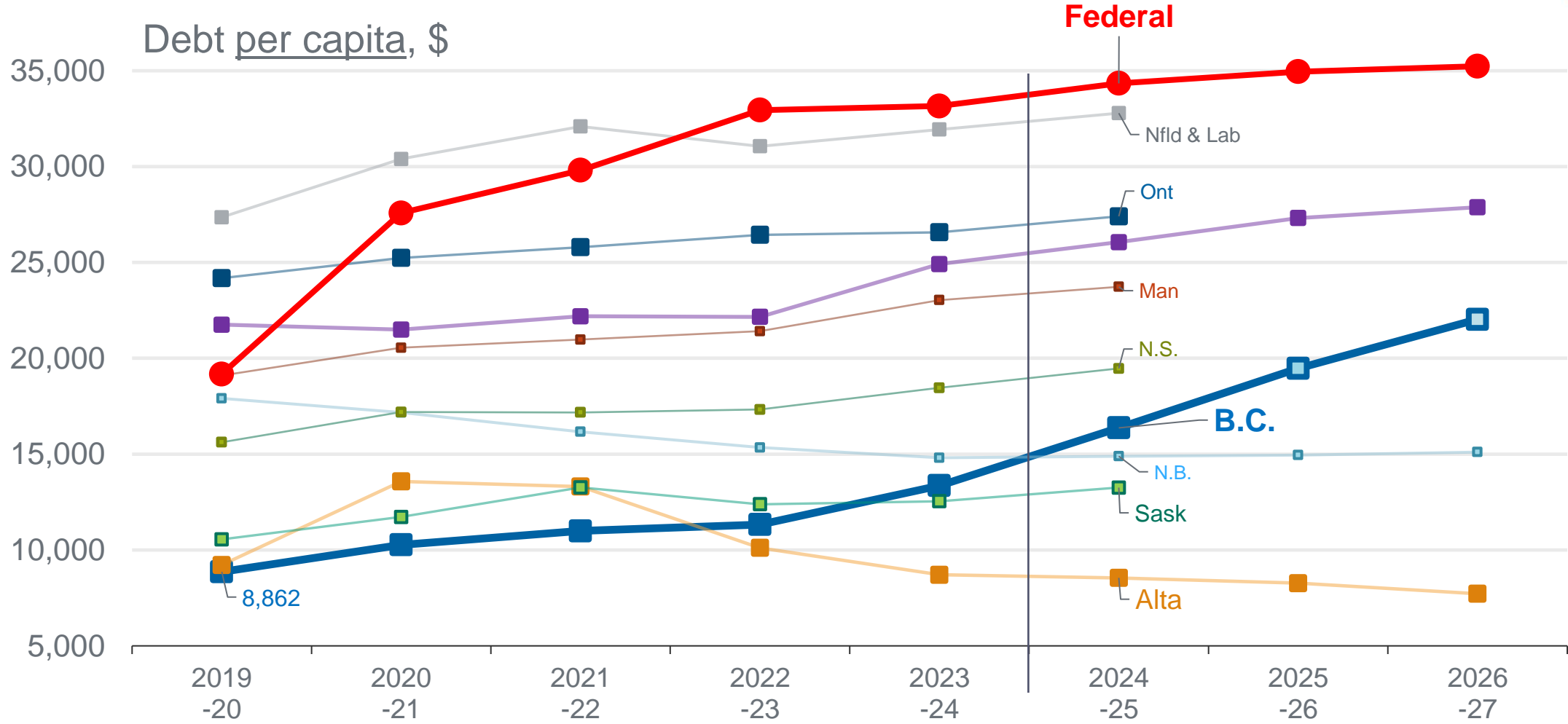


TAXPAYER-SUPPORTED CAPITAL SPENDING RISES TO \$14B



Source: BC Financial and Economic Review (September 2022) and BC First Quarterly Update and Budget 2024.

B.C.'S INDEBTEDNESS GOES FROM CANADA'S LOWEST TO MIDDLING IN A FEW YEARS



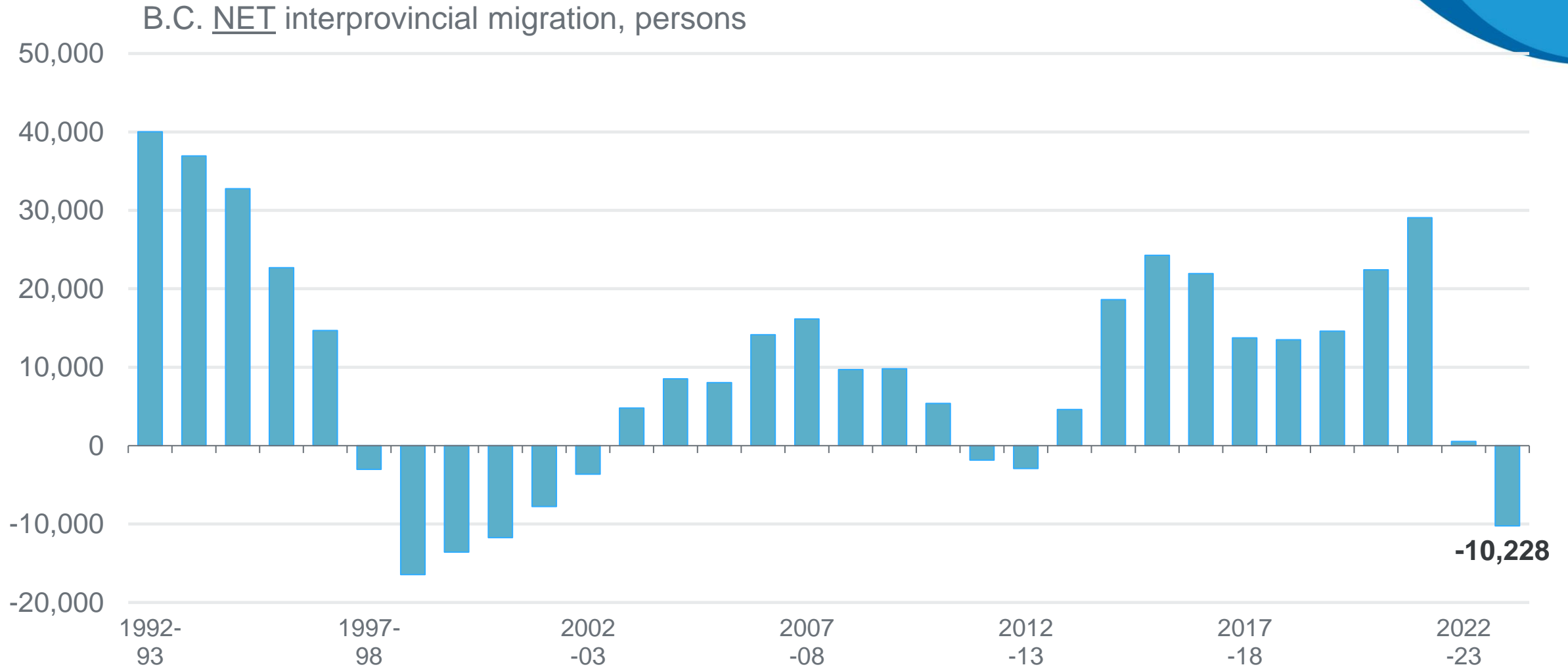
THREE B.C. CREDIT RATING DOWNGRADES IN THREE YEARS

“Province is at a turning point with respect to the management of its finances”

“B.C.’s budgetary performance will be the weakest of its peers, both domestically and internationally”

- S&P Global
April 8, 2024

LOSS OF CURRENT B.C. RESIDENTS TO OTHER PROVINCES



CONCLUSION

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- Diversified industrial base due to Asia-Pacific gateway
- Growth opportunities in energy, mining & technology

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 - B.C. outperformed other provinces due to mega capital projects

- Challenges ahead
 - Mega projects are completed – what will take their place?
 - Per capita GDP declining since 2022 & no recovery expected
 - Fiscal trajectory unsustainable
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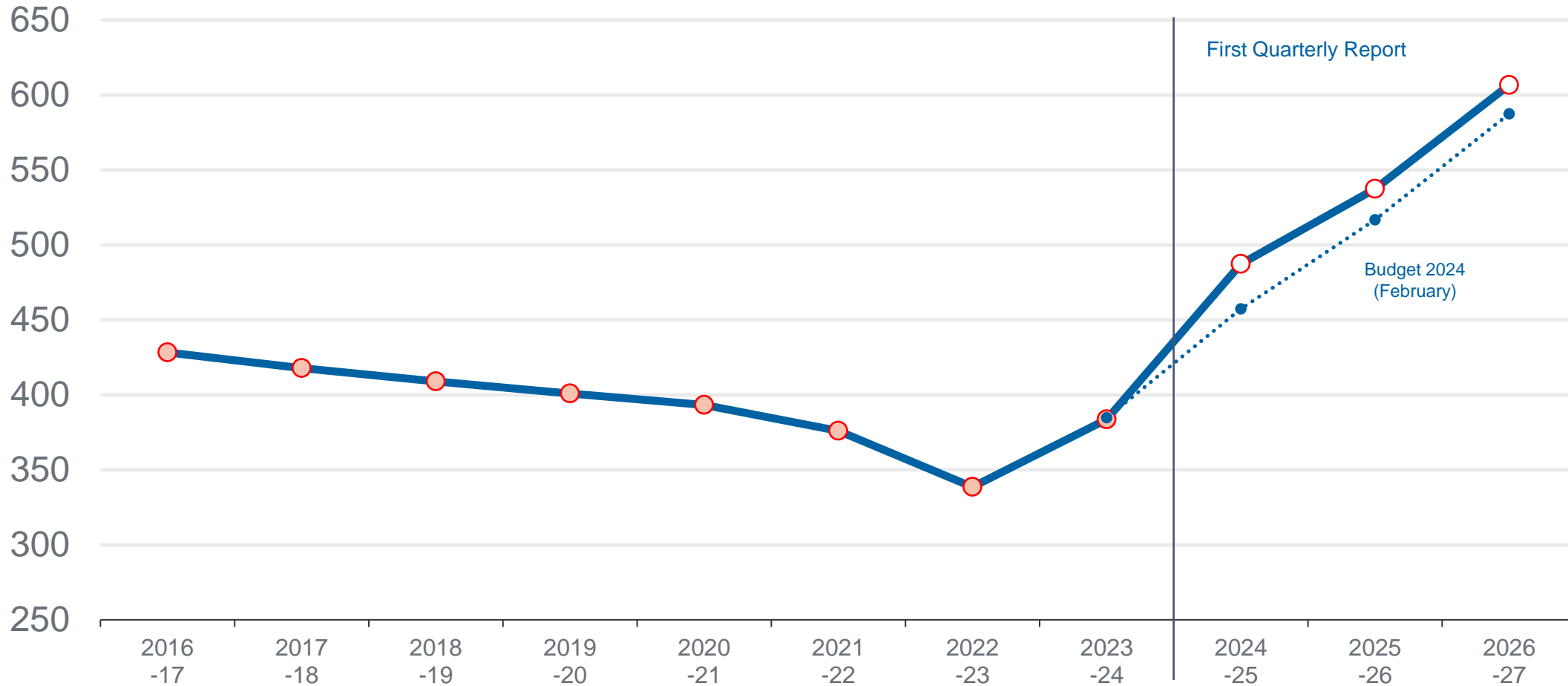
david.williams@bcbc.com

Q&A

EXTRA CHARTS

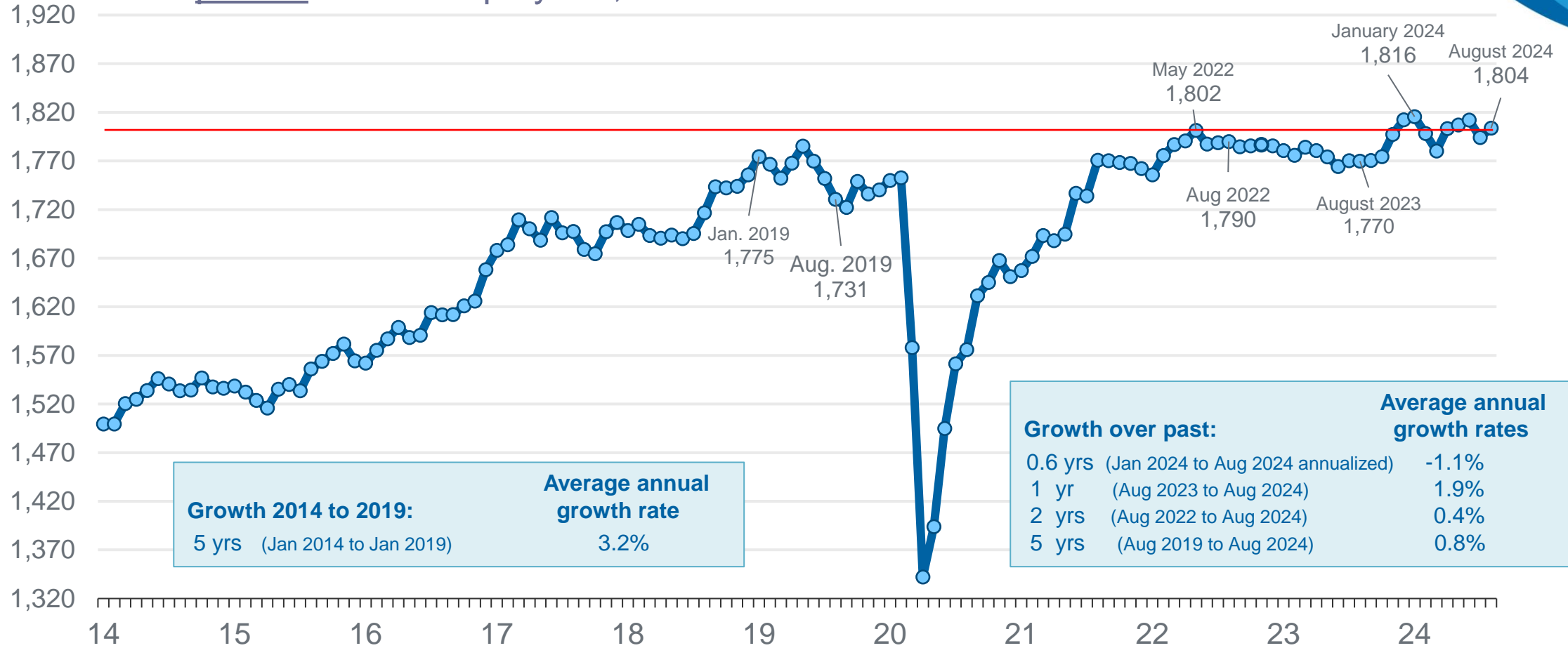
DEBT SERVICING SURGES UNDER B.C.'S FISCAL PLAN AND EVEN HIGHER AFTER Q1 UPDATE

B.C. government debt servicing expenditures per capita, constant \$



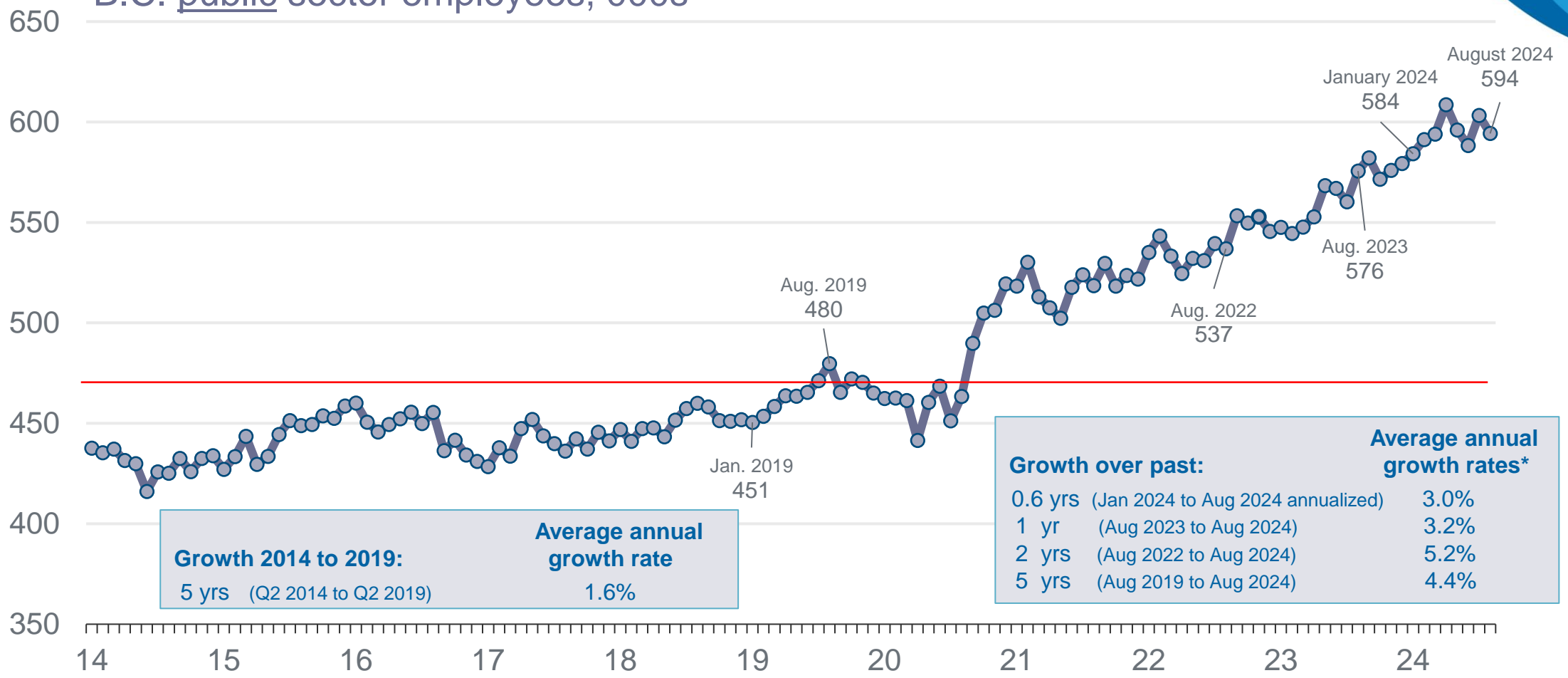
VERY LITTLE GROWTH IN NUMBER OF PRIVATE SECTOR EMPLOYEES

B.C. private sector employees, 000s



NUMBER OF PUBLIC SECTOR EMPLOYEES HAS SURGED 30% HIGHER SINCE 2019

B.C. public sector employees, 000s



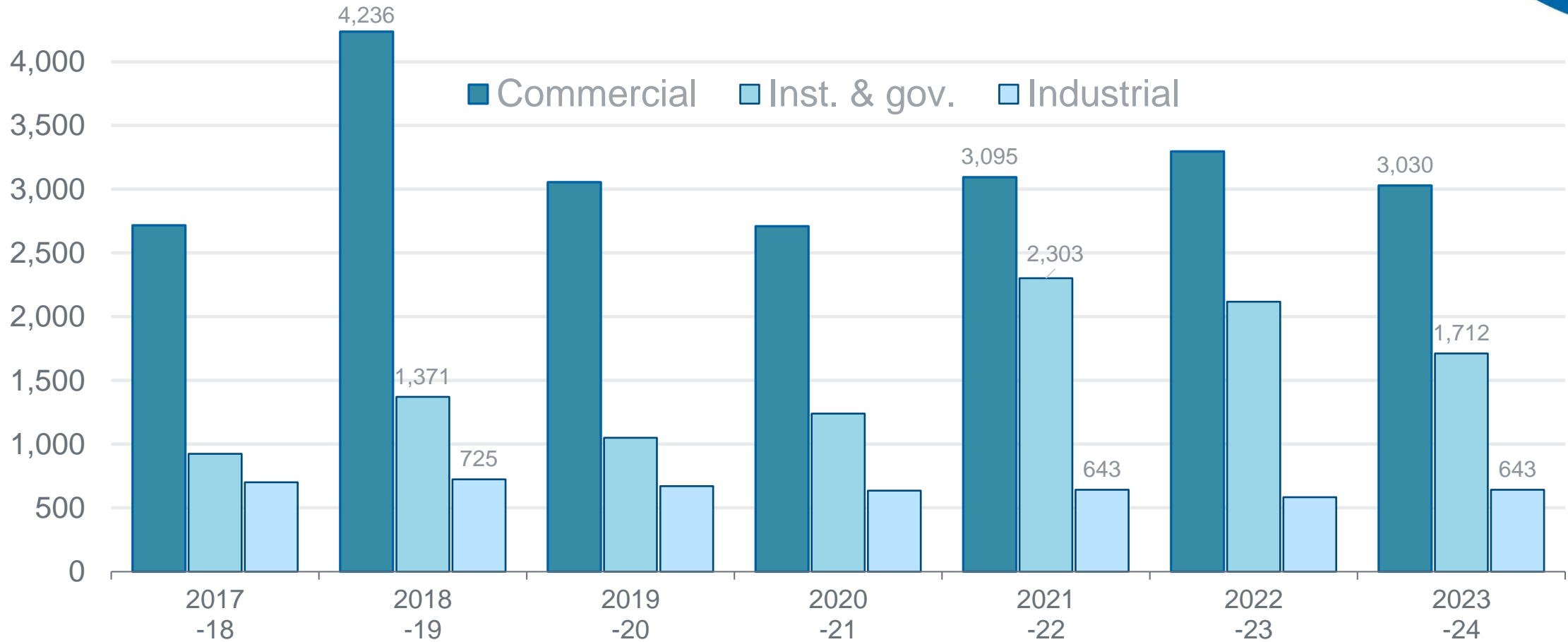
Growth 2014 to 2019:
5 yrs (Q2 2014 to Q2 2019)
Average annual growth rate
1.6%

Growth over past:

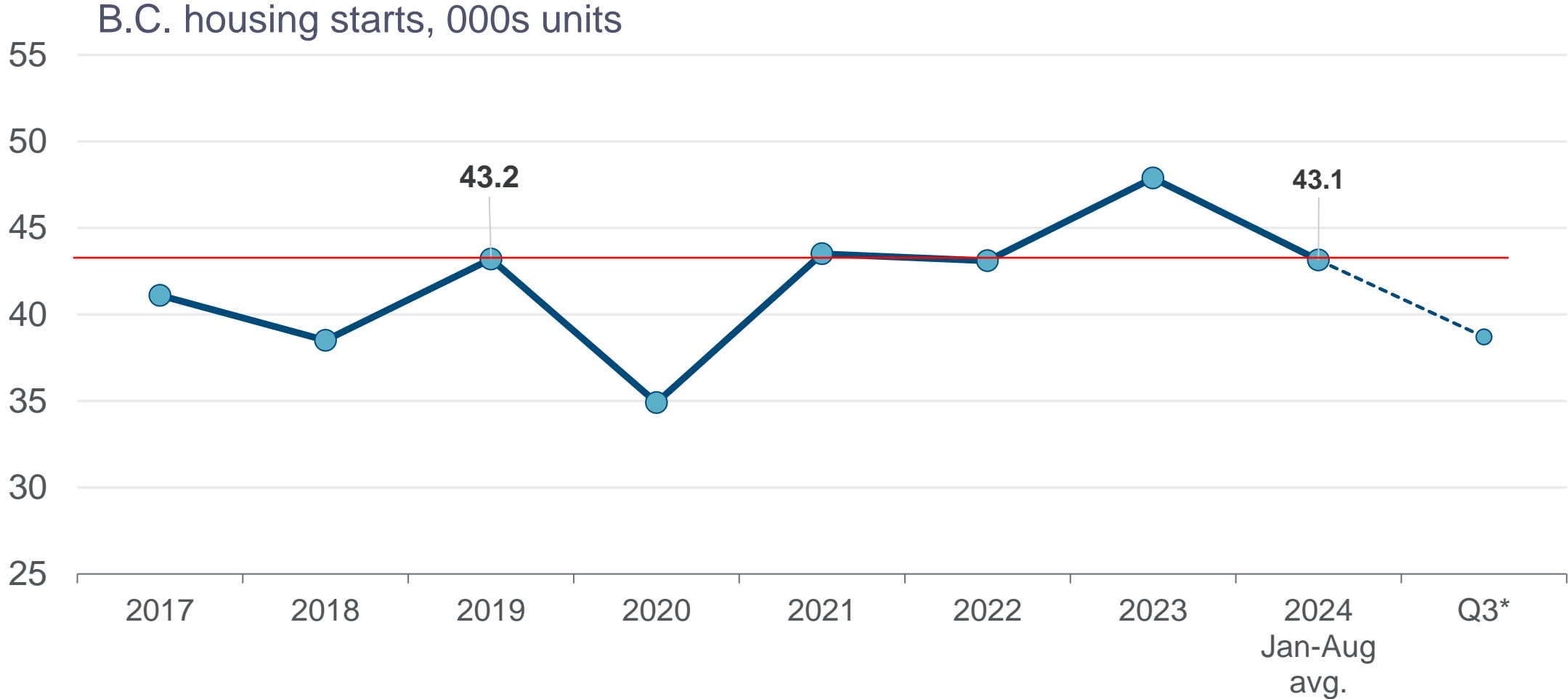
Period	Average annual growth rates*
0.6 yrs (Jan 2024 to Aug 2024 annualized)	3.0%
1 yr (Aug 2023 to Aug 2024)	3.2%
2 yrs (Aug 2022 to Aug 2024)	5.2%
5 yrs (Aug 2019 to Aug 2024)	4.4%

NON-RESIDENTIAL BUILDING PERMITS REFLECT DECLINING INVESTMENT AND POINT TO LESS CONSTRUCTION ACTIVITY

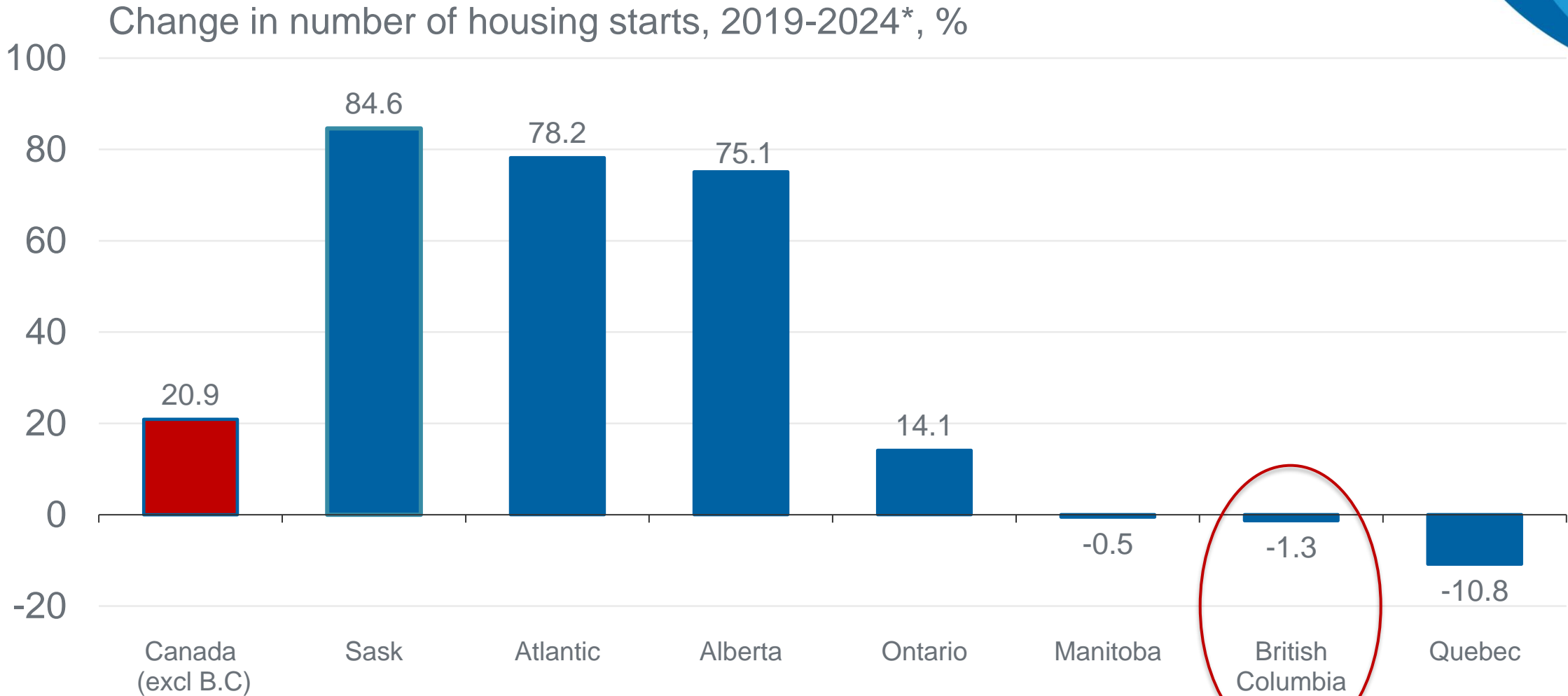
B.C. non-residential building permits, millions \$ constant



B.C. HOUSING STARTS SAME AS 2019 AND Q3 FIGURES POINT TO FURTHER DECLINES

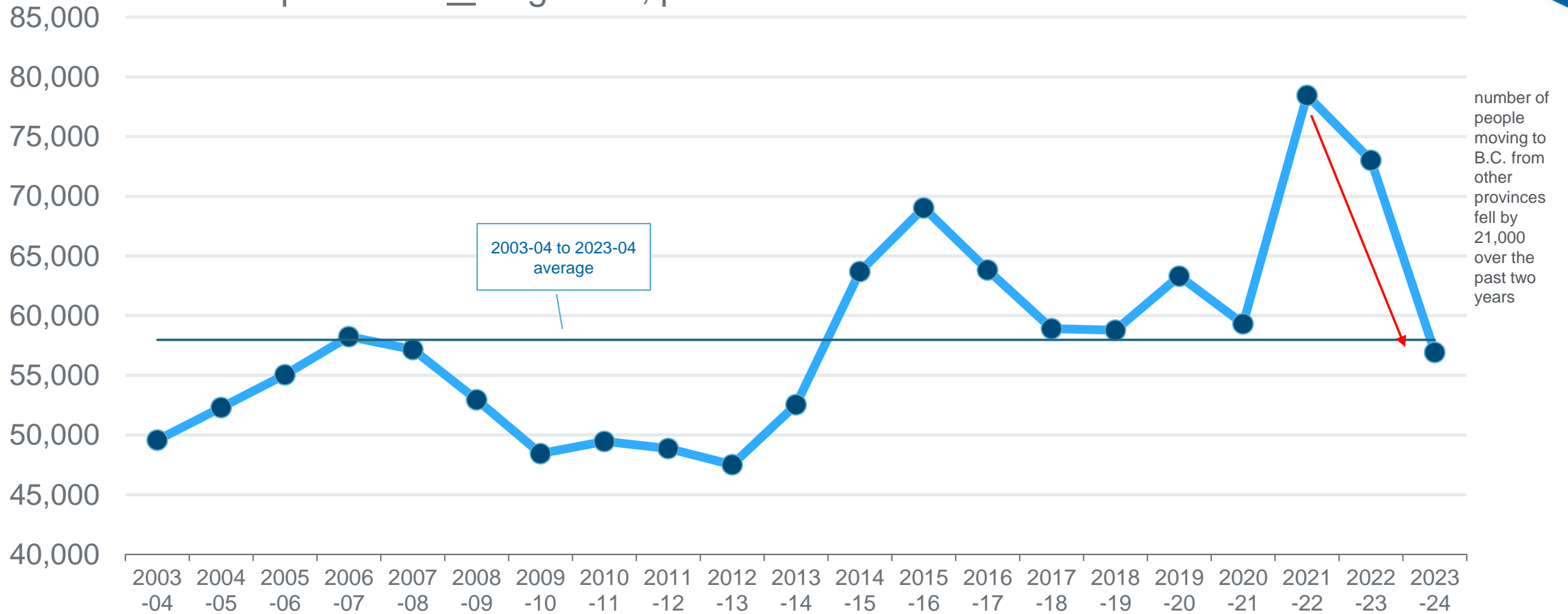


HOUSING STARTS ARE RUNNING BELOW 2019 LEVELS IN MB, BC AND QC



NUMBER OF PEOPLE MOVING TO B.C. DOWN 21,000 SINCE 2021/22

B.C. interprovincial in-migration, persons



NUMBER OF PEOPLE MOVING OUT OF B.C. HAS SURGED

B.C. interprovincial out-migration, persons

