

Income and labour in B.C.'s coastal regions

AUTHORS

Raissa Philibert and Karin Bodtker, Coastal Ocean Research Institute, an Ocean Wise initiative

REVIEWER

Kevin Milligan, Professor of Economics, University of British Columbia

What's happening?

Livelihoods, income and employment are important aspects of economic wellbeing. While household income and employment do not provide a full picture of how livelihoods are related to health and overall wellbeing, they are nevertheless useful to evaluate the relative economic wellbeing of a region.

Among the coastal regions of B.C., the highest income census divisions, as measured by median household income (Figure 1)¹ are Greater Vancouver and Kitimat-Stikine. These two areas have median household incomes that are as high or higher than the B.C. average. All other coastal areas have median household incomes that are below the provincial average. Furthermore, most coastal divisions have a higher prevalence of low-income households, lower rates of participation in the labour force, and higher unemployment rates than the B.C. average for each of these indicators.



Photo: Karin Bodtker

Why is it important?

Assessing the health of coastal communities and regions involves many factors, but economic wellbeing in terms of livelihoods certainly plays a role. Economic wellbeing means having enough resources to face life's challenges.² Obvious factors include income and employment³ (see also our discussion of income disparity in the Wellbeing theme). The relationship between happiness and income and unemployment has been the subject of many studies. Given their importance, these factors have been included in several indices of wellbeing such as the Canadian Index of Wellbeing⁴ or the OECD Better Life index,⁵ alongside other equally important indicators. It is important to remember that economics are just part of the overall picture.

At an individual level, people with higher incomes report higher levels of life satisfaction.⁶ A sufficient income allows for a family or household to meet their basic needs such as food, shelter and clothing. Higher income also helps to provide better access to education, extended health care as well as leisure activities. On the other hand, lower incomes may lead to a num-

ber of obstacles to wellbeing including social exclusion and marginalization.⁷

The links between employment and wellbeing seem clear cut. In Canadian as well as European studies, people who are employed report being happier than unemployed people, even if they are receiving the same income through other sources.⁸ Employment often provides a sense of purpose as well as a source of income. Similarly, high rates of unemployment are associated with a number of negative impacts in addition to a loss of income. For example, a Canada-wide study has found that communities with higher unemployment rates have poorer health and higher mortality rates.⁹ Unemployment has repercussions for the economy and society as a whole, even for those who are employed.^{10,11} In general, the unemployed in these studies and as defined by Statistics Canada are those who are actively looking for work. Those who are not working by choice are categorized by Statistics Canada as "not in the labour force" rather than unemployed.

Is there a particular importance or connection to First Nations?

Although the majority of the population in some of the coastal areas we report on is Indigenous, we did not

differentiate Indigenous peoples or look at First Nation communities in particular.

What is the current status?

The median after-tax household income, representative of the resources available to a household, is less than the provincial average in all coastal census divisions, except two (Figure 1). People living in the same household and sharing resources are better off than those living on their own.¹² The median after-tax household income in 2015 for B.C. overall was \$61,280 and ranged from \$45,824 to \$63,365 in the coastal regions (Figure 1). The median after-tax household income in B.C overall increased by one percent per year between 2005 and 2015.¹³ Even in coastal areas with

low employment, there has been no decrease in median household income between 2005 and 2015.

The prevalence of low-income status, based on a Statistics Canada indicator,¹⁴ is higher than the provincial rate in most coastal regions (Figure 2). In 2015, if the income available per individual in a household was less than \$22,133, all members of that household had a “low-income” status. About five million Canadians or 14.2 percent of the population lived on a low income in 2015.¹⁵ B.C. had the fourth highest prevalence

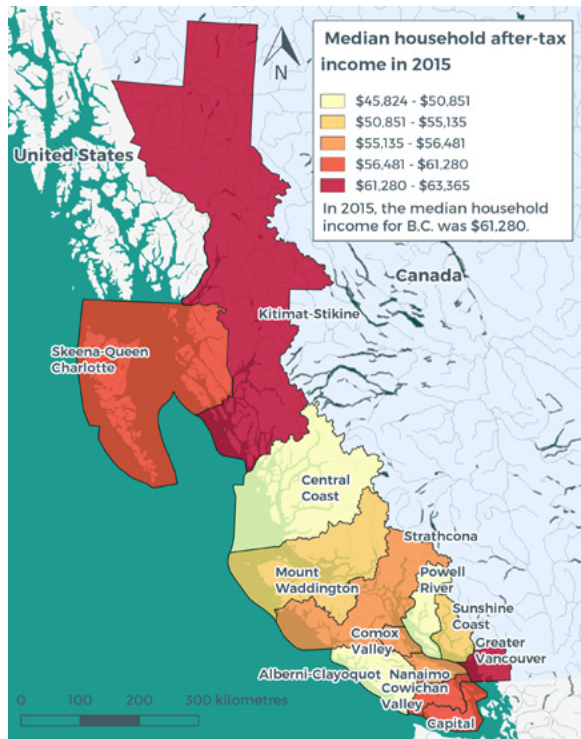


Figure 1: Median after-tax household income in 2015 for B.C. coastal census divisions. Data source: Statistics Canada

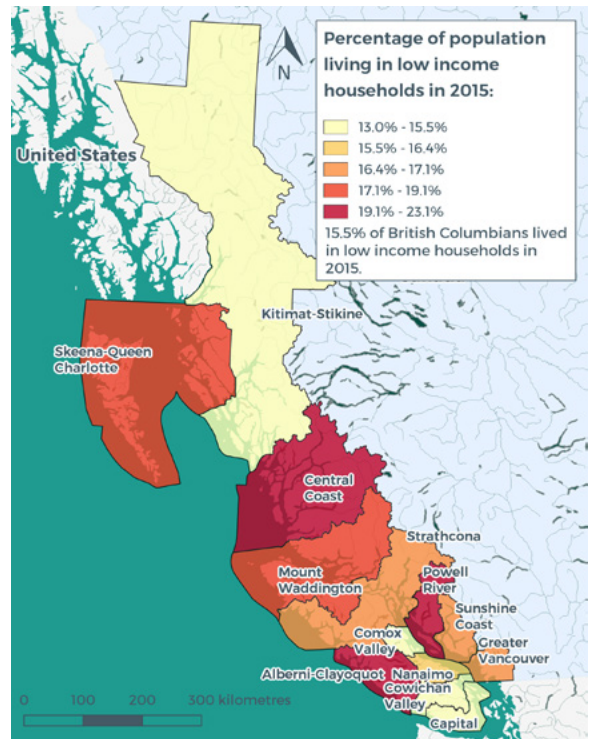


Figure 2: Percentage of population who lived in low-income households in B.C. coastal census divisions. Data source: Statistics Canada.

of low-income households among Canadian provinces, with 15.5 percent of its population considered low income. Coastal areas with a high prevalence of low income also reported a low median income (Figures 1 and 2).¹⁶ In the Central Coast, which had the lowest median after-tax household income in 2015, 23 percent of the population lived in low-income households.

The unemployment rate (the unemployed portion of the labour force, or those who are actively seeking work) in B.C. (6.5 percent) was lower than that of Canada (7 percent) and was the lowest among the provinces. However, even with significant differences

in unemployment rates among B.C. coastal areas, all but two census divisions recorded higher unemployment than the B.C. average (Figure 3).¹⁷ Along the coast, there was a clear north-south pattern, with much higher employment rates in the North than in the South.

High median income is paired with low unemployment in the Greater Vancouver area. In fact, the Greater Vancouver and Capital census divisions, where the major population centres in B.C. are located, both had high rates of participation in the labour force (Figure 4),¹⁸ low rates of unemployment (Figure 3), high-

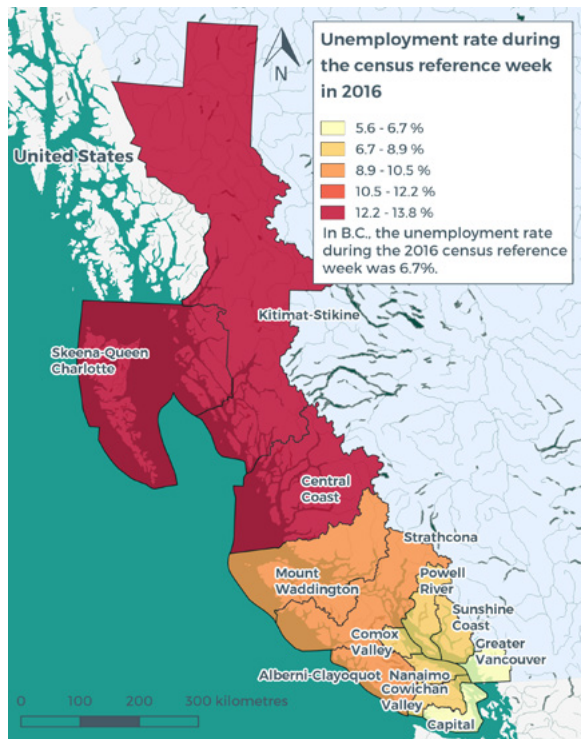


Figure 3: Unemployment rates for B.C. coastal census divisions during the week of Sunday, May 1 to Saturday, May 7, 2016. Data source: Statistics Canada

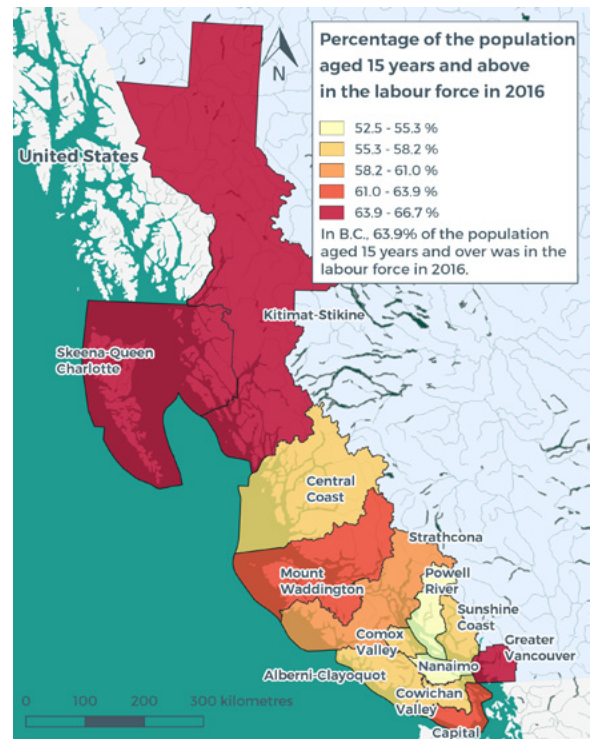


Figure 4: Labour force participation rates (i.e., percentage of the population aged 15 years and above who were either working or looking for work) during the census reference week. Data source: Statistics Canada

er median household incomes (Figure 1), and low to medium prevalence of low-income (Figure 2).

The mismatch in Kitimat-Stikine, where high median household income (\$62,936) was reported despite a high rate of unemployment (13.8 percent), could be due to income being based on 2015 data, whereas unemployment was specific to the week of Sunday, May 1 to Saturday, May 7, 2016.¹⁹ Significant job losses oc-

curred in oil-dependent regions such as northern B.C. in 2015 and 2016 as oil prices declined in 2015.²⁰ Unemployed people who may have lost their jobs before the census reference week would still report a high income for the previous year and would be considered part of the labour force, explaining the high participation rate of 64.4% in Kitimat-Stikine (Figure 4). Similar patterns were seen in other parts of Canada that are dependent on an oil economy.

What is being done?

Statistics Canada through the Census of Canada tracks the distribution of income across the country. This provides regular and comprehensive data, with a short gap in 2011 when the federal government replaced the long form census with a National Household Survey. The data collected in 2011 do not compare well statistically with census data before or since. Suppression of census data does occur occasionally, for reasons of confidentiality and accuracy. Statistics are not released for areas with small populations (less than 40 households), or for areas with a response rate of less than 50 percent.

Statistics Canada also conducts monthly labour market surveys collecting information about the unemployment and participation rates per industry and occupation. The labour market survey provides employment data for Canada, the provinces, and territories, as well as economic regions.²¹ Data from the labour market surveys are also combined with the annual Canadian Income Survey (CIS). The CIS includes information on sources of income, household expenses (such as

housing and childcare), and individual and household characteristics.

Work BC summarizes the labour market statistics from Statistics Canada to produce monthly highlights as well as labour market profiles highlighting employment statistics for B.C. and for economic regions. This includes information about employment per industry, although there is no clear differentiation of marine-related industries. Work BC also reports on the types of jobs and skills that will be in demand in B.C. between 2017 and 2027 in the B.C. Labour Market Outlook report.²²

Both the federal government and the B.C. government are developing poverty-reduction strategies,²³ which include a consultation component to obtain feedback from citizens.

What can you do?



Individual and Organization Actions:

- Be aware of unemployment and income inequality issues in your community and support government policy and action to address change and imbalance.



Government Actions and Policy:

- Provide a universal basic income as part of social assistance to reduce income inequality.²⁴
- Further extend health and social benefits to low and modest income Canadians, to reduce the impacts of low income.
- Improve the general skills level across all geographies through broader access to high-quality education and training programs.
- Remove obstacles to women's participation in the labour force.



Photo: Ocean Wise

Resources

Statistics Canada, 2016 Census topic: Income
<http://www12.statcan.gc.ca/census-recensement/index-eng.cfm>

Statistics Canada, 2016 Census topic: Labour
<http://www12.statcan.gc.ca/census-recensement/2016/rt-td/lab-tra-eng.cfm>

Canadian Index of Wellbeing
<https://uwaterloo.ca/canadian-index-wellbeing/what-we-do/domains-and-indicators/>

Information on poverty in Canada from Employment and Social Development Canada
<https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/background.html>

Footnotes

¹Data from Statistics Canada. 2017. "Income Highlight Tables, 2016 Census – Median Household Total Income and after-Tax Income by Household Type." Statistics Canada Catalogue No. 98-402-X2016006. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hlt-fst/inc-rev/Table.cfm?Lang=Eng&T=104&S=87&O=A>.

²Dodge, Rachel et al. 2012. "The Challenge of Defining Wellbeing." *International Journal of Wellbeing* 2, no. 3: 222–35. doi:10.5502/ijw.v2i3.4.

³Frey, Bruno S., and Alois Stutzer. 2002. "The Economics of Happiness." *World Economics* 3, no. 1: 1–17.

⁴"Domains and Indicators." *Canadian Index of Wellbeing*. Accessed January 3, 2018. <https://uwaterloo.ca/canadian-index-wellbeing/what-we-do/domains-and-indicators>.

⁵"OECD Better Life Index." Accessed January 2, 2018. <http://www.oecdbetterlifeindex.org/#/1111111111>.

⁶Frey and Stutzer, "The Economics of Happiness."

⁷"Domains and Indicators."

⁸Latif, Ehsan. 2010. "Crisis, Unemployment and Psychological Wellbeing in Canada." *Journal of Policy Modeling* 32, no. 4: 520–30. doi:10.1016/j.jpolmod.2010.05.010.

⁹Safaei, Jalil. 2008. "Long-Term Employment and Health Inequalities in Canadian Communities." *Canadian Journal of Public Health/Revue Canadienne de Santé Publique* 99, no. 3: 195–200.

¹⁰Di Tella, Rafael, Robert J. MacCulloch, and Andrew J. Oswald. 2001. "Preferences over Inflation and Unemployment: Evidence from Surveys of Happiness." *The American Economic Review* 91, no. 1: 335–41.

¹¹Helliwell, John F., and Haifang Huang. 2014. "New Measures of the Costs of Unemployment: Evidence from the Subjective Well-Being of 3.3 Million Americans." *Economic Inquiry* 52, no. 4: 1485–1502. doi:10.1111/ecin.12093.

¹²BC Stats. "About Income Data." *Province of British Columbia*. Accessed January 3, 2018. <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/income/about-income-data>.

¹³The annual change in median household income was calculated from data in Statistics Canada. 2017. "Income Highlight Tables, 2016 Census – Low-Income Statistics by Age Groups." *Statistics Canada Catalogue No. 98-402-X2016006*. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hlt-fst/inc-rev/Table.cfm?Lang=Eng&T=304&S=87&O=A>, according to methods by World Bank, "Population Growth (Annual %) | Data," accessed November 15, 2017, <https://data.worldbank.org/indicator/SP.POP.GROW>.

¹⁴Statistics Canada. 2017. "Dictionary, Census of Population, 2016 – Low-Income Measure, after Tax (LIM-AT)." <http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/fam021-eng.cfm>.

¹⁵Statistics Canada, "Income Highlight Tables, 2016 Census – Low-Income Statistics by Age Groups."

¹⁶Ibid.

¹⁷Data from Statistics Canada. 2017. "Census Profile, 2016 Census." *Statistics Canada Catalogue No. 98-316-X2016001*. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>.

¹⁸Ibid.

¹⁹Statistics Canada. 2017. "Labour Reference Guide, Census of Population, 2016." *Statistics Canada Catalogue No. 98-500-X2016012*. <http://www12.statcan.gc.ca/census-recensement/2016/ref/guides/012/98-500-x2016012-eng.cfm>.

²⁰Government of Canada, Statistics Canada. 2017. "The Daily – Household Income in Canada: Key Results from the 2016 Census." <https://www.statcan.gc.ca/daily-quotidien/170913/dq170913a-eng.htm>.

²¹An economic region is a group of census divisions used for analysis of regional economic activity.

²²WorkBC – Labour Market and Industry." Accessed January 3, 2018. <https://www.workbc.ca/Labour-Market-Information.aspx>.

²³Ministry of Social Development and Social Innovation. "Minister's Advisory Forum on Poverty Reduction – Province of British Columbia." Accessed January 3, 2018. <https://www2.gov.bc.ca/gov/content/governments/about-the-bc-government/poverty-reduction-strategy/advisoryforum>.

²⁴Canadian Index of Wellbeing. 2016. "How Are Canadians Really Doing? The 2016 CIW National Report." https://uwaterloo.ca/canadian-index-wellbeing/sites/ca.canadian-index-wellbeing/files/uploads/files/c011676-nationalreport-ciw_final-s.pdf.