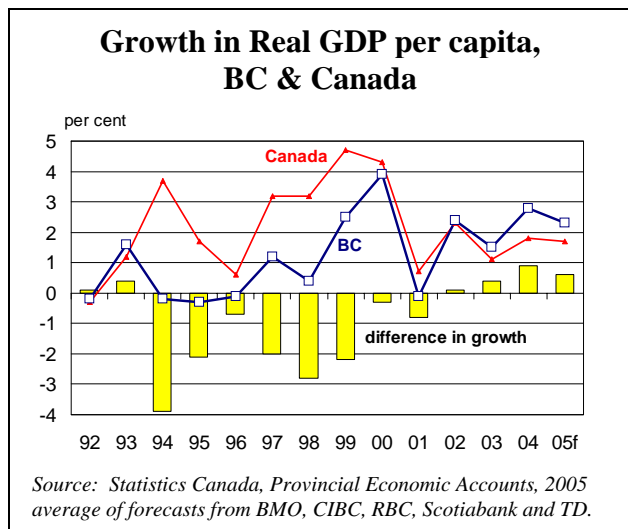


**BC TOPS THE CANADIAN ECONOMIC GROWTH CHARTS IN 2004**

According to the latest estimates from Statistics Canada, British Columbia had the fastest-growing economy among the ten provinces in 2004. This comes on the heels of a solid showing in 2003, when BC's economic growth rate (2.5%) also eclipsed the Canadian average (2.0%).<sup>1</sup>

Adjusted for inflation, the value of economic output (real GDP) in BC grew by 3.9% last year, substantially higher than the 2.8% national growth rate. Two other western provinces, Alberta (3.7%) and Saskatchewan (3.5%) were second and third in GDP growth in 2004.



Real GDP (annual % change)				
	2001	2002	2003	2004
<b>Canada</b>	<b>1.8</b>	<b>3.4</b>	<b>2.0</b>	<b>2.8</b>
Newfoundland	1.3	16.7	6.8	-0.7
P.E.I.	-0.3	6.1	1.9	1.7
Nova Scotia	2.9	5.2	1.2	1.3
New Brunswick	1.3	4.8	2.5	2.6
Quebec	1.1	4.1	1.9	2.2
Ontario	2.0	3.4	1.6	2.6
Manitoba	0.8	2.2	1.5	2.3
Saskatchewan	-1.8	-0.3	4.5	3.5
Alberta	1.6	2.4	2.7	3.7
<b>British Columbia</b>	<b>0.9</b>	<b>3.3</b>	<b>2.5</b>	<b>3.9</b>

BC consumers also did their part, with real consumer spending on goods and services climbing by a solid 4.1%. The housing sector also made an appreciable contribution to overall economic growth, as real residential investment rose by 15% -- the third consecutive year of double-digit growth.

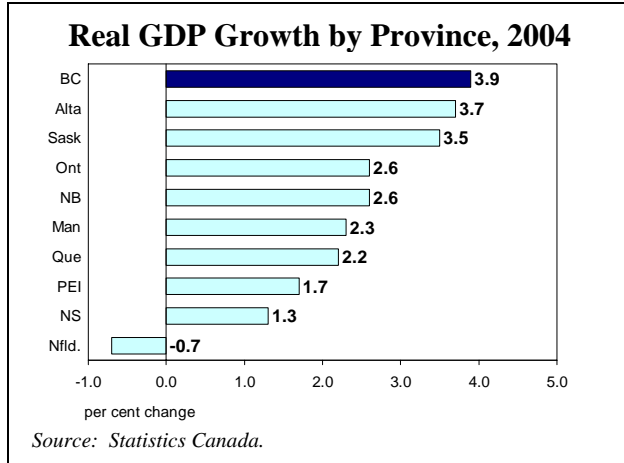
Business investment in machinery and equipment (M&E) soared an impressive 20% in 2004, reflecting both the reduced tax burden on business acquisitions of M&E and the impact of the stronger Canadian dollar (which lowers the cost of machinery and other capital goods imported from the United States).

Last year saw a substantial increase in global demand for BC resource products, which fuelled a 6.1% jump in output from the province's goods-producing industries. Within the broad goods-producing sector, forestry and mining (including oil and gas) were particular bright spots.

**Measured on a per person basis, British Columbia has now outperformed Canada in real economic growth for the past three years (2002-2004).** And current published economic forecasts point to another strong year in 2005, with BC again expected to outdistance Canada on both aggregate and

<sup>1</sup> Statistics Canada, Provincial and Territorial Economic Accounts Review: Preliminary Estimates, 2004, catalogue 13-016-XIE (April 2005)

per person economic growth. This represents a marked turnaround from the pattern seen over most of the 1990s and through 2000-2001, when BC lagged Canada in boosting GDP on a per person basis.



By any standard, British Columbia is enjoying an impressive upswing in economic activity. And in contrast to the 1994-2001 period, our province is posting significantly better economic results than Canada as a whole, as illustrated in the chart on the preceding page.

The reasons for British Columbia's economic revival include both favourable external conditions (particularly high commodity prices and low interest rates) and the positive impact of the provincial government's economic and fiscal policy record on business investment and confidence.

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