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WORK
INVEST IN BC



Cariboo Development Region

Cariboo • Fraser-Fort George



The Cariboo Development Region (CDR) is the third largest development region in BC. It has a total land area of 131,710 km² and encompasses the Cariboo and Fraser-Fort George Regional Districts. This development region accounts for about 4% of the provincial population.

Population grew in the CDR by 0.8% between 2000 and 2005 to reach 171,930.¹ With the exception of the North Coast, which experienced a loss of population, this was the lowest growth rate in the province. Population gains in 2003 and 2004 were barely enough to offset the losses in 2001, 2002, and 2005. In contrast, BC's population grew by 5.3% during the same period.² BC Statistics forecasts that population in the CDR will increase at a slower annual rate of 0.6% in the long term, reaching 196,911 by 2031.³

live indicators

Forestry, tourism, mining and agriculture are the main economic activities in the CDR. With its abundance of forest resources, manufacturing of wood products is a key industry. Almost every community derives at least part of its income from forest-related activities. Prince George produces the majority of the manufacturing output, followed by Mackenzie, Williams



¹ BC Statistics, Ministry of Labour and Citizen's Services, *BC Regional District and Municipal Population Estimates - 1996-2005*, March 2006.

² Ibid.

³ BC Statistics, Ministry of Labour and Citizens' Services, *Population Projections (2005-2031)*, May 2005.

Lake and Quesnel. While Prince George sees the majority of the benefits from the accommodation and food services industry, rapid growth in the number of people in transit on Highway 97 in the Cariboo Regional District has boosted economic activity in that region, particularly in Williams Lake and 100 Mile House. Trade, another important industry, is fuelled by forest sector and mining activity, both regionally and in the Northeast.⁴ Prince George, with its location at the junction of the two major highway routes in north-central BC, has the majority of this activity. Many of the surrounding communities look to this city as a transportation, distribution, trade, service and manufacturing centre.

income

Evaluating income growth provides a general sense of regional economic activity, and allows some simple comparisons with the progress of other regions. The only consistent regional income indicator available for BC is pre-tax income, with the most current data being 2003.⁵ Regional income per capita⁶ for each development region has been deflated with the Consumer Price Index to net out inflation effects and to allow a comparison of *real* changes with other regions. As Table 1 indicates, real per capita income for the province as a whole declined by 0.7% between 2000 and 2003.⁷ These results reflect the fact that the provincial average captures real per capita losses in the Mainland/Southwest, Kootenay, and North Coast Development Regions.

On a per capita basis, real pre-tax income in the CDR remained unchanged over the same period. While income rose slightly in 2001, it returned to its former level by 2003. In general, residents of the region realized lower per capita incomes than the average British Columbian between 2000 and 2003, with the gap closing slightly to \$2,217 by 2003.

Table 1: Real Pre-Tax Income per Capita (2000\$), Cariboo Development Region, 2000 to 2003

Region	2000	2001	2002	2003	Percentage Change	
					3-Year 2000-03	1-Year 2002-03
Cariboo DR	\$19,324	\$19,444	\$19,420	\$19,324	0.0%	-0.5%
British Columbia	\$21,686	\$21,373	\$21,378	\$21,541	-0.7%	+0.8%

Source: British Columbia Neighbourhood Income Demographics, BC Statistics.

Why has real per capita income remained virtually unchanged between 2000 and 2003? First it appears that total pre-tax income for the region as a whole and population declined at the same rate between 2000 and 2003. Both employment opportunities and the labour force shrunk in the CDR, and the unemployment rate increased from 9.9% to 11.1%.⁸ Job creation in manufacturing and construction⁹ was more than offset by losses in the services-producing sector. The end result was a net loss of 900 jobs.¹⁰ Those that remained employed were able to maintain their existing wage level. Real average employment income¹¹ per taxfiler in the CDR increased from \$30,588 to \$30,714, or by 0.4%.¹² This is in comparison to a



⁴ Statistics Canada, *Historical Labour Force Survey*, 2006 Edition, CD1, Table 33AN.

⁵ Pre-tax income is comprised of labour force income (employment income, wages and salaries, income from self-employment, employment insurance benefits), pension income, old age security, CPP/QPP, superannuation, family allowance income, interest & other investment income, limited partnership income, rental income, other income (e.g. alimony; income for non-filing spouses), RRSP income, non-taxable income, GST credit, child tax credit, workers' compensation payments, social assistance payments, and guaranteed income supplements. Monies not included in pre-tax income are: veterans' disability and dependent pensioners' payments, war veterans' allowances, lottery winnings and capital gains.

⁶ Per capita means per person. Total pre-tax income is divided by the population size to estimate this figure.

⁷ Our annual review of the economic and social climate of BC's Development Regions is based on the most up to date information available from Statistics Canada, BC Statistics, and other credible public sources of data. Nevertheless, delayed reporting by our statistical sources means that a few one or two-year lags exist for some of the regional indicators, such as pre-tax income. This presents a challenge in working with BC regional data, but does not take away from the veracity of the results.

⁸ BC Statistics, Ministry of Labour and Citizen's Services, *Labour Force Activity by B.C. Development Region - Annual Averages*, January 25, 2006.

⁹ Together these industries employed almost 25% of the workforce in 2003.

¹⁰ Statistics Canada, *Historical Labour Force Survey*, 2006 Edition, CD1, Table 30AN.

¹¹ Employment Income includes wages and salaries, commissions from employment, training allowances, tips and gratuities and all income from self-employment (business, professional, farming, fishing income and commissions).

¹² Real pre-tax income per capita is the sum of all income – labour force, pension, interest & other investment, limited partnership, rental, RRSP, and non-taxable income – divided by the population and adjusted for inflation. Real average employment income per taxfiler is the just the sum of wages and salaries, and self-employment income – divided by the number of individuals who filed a personal income tax return, and adjusted for inflation.

loss of 1.3% for the province as a whole between 2000 and 2003.¹³ Average weekly earnings in both manufacturing and construction are higher than the all industry average and substantially higher than in the service sector where the job loss occurred.¹⁴ On average, workers in the CDR earned almost as much as the average British Columbian in 2003. Those in the Fraser-Fort George Regional District were amongst the highest paid in the province.

While the region experienced net job creation between 2003 and 2005, it was primarily due to growth in health care, construction, and education. However, manufacturing, and transportation and warehousing were hit hard, with losses totaling close to 7% of the workforce. Given that wages in these industries are generally higher than the wages of those that flourished,¹⁵ and the population increased between 2003 and 2005, it is anticipated that real income per capita in the CDR either declined slightly or remained unchanged in 2005.

educational achievement

BC Statistics data shows that, between 2003/04 and 2004/05, 24.4% of 18 year olds in BC did not graduate from high school. Comparing this with the two regional districts within the CDR, it appears that both the Cariboo and Fraser-Fort George Regional Districts had considerably higher-than-average percentages of 18 year olds who did not finish high school during this time – 38.3% and 38.9% respectively. The region, in fact, has one of the highest non-graduation rates in the province.¹⁶

Table 2: Percentage of 18 Year Olds Who Did Not Graduate, Cariboo Development Region, Average 2001/02-03/04 and 2002/03 – 04/05

Regional District	Average 2001/02-2003/04	Average 2002/03-2004/05
Cariboo	37.4	38.3
Fraser-Fort George	37.1	38.9
British Columbia	24.9	24.4

Source: BC Statistics.

The existence and perception of education opportunities are a factor in graduation rates, as well as educational attainment of student's parents and parental involvement in education.¹⁷ Quality post-secondary education is accessible throughout the CDR, with the University of Northern BC serving Prince George and Quesnel, the Thompson Rivers University with a campus in Williams Lake, and the College of New Caledonia with campuses in locations across the region. A variety of educational options from certificate and diploma programs, trades and technology, and university and university transfer programs are available. So this does not appear to correlate to the low graduation rates. Census 2001 data, shows that the percentage of the population aged 25-54 years without high school completion follows a similar trend to the 18 year old non-graduation rate in the CDR. In the Cariboo and Fraser-Fort George Regional Districts, with the non-graduation rates of the 25-54 age group at 26.9% and 21.6% respectively, compared to the BC average of 17.2%.¹⁸

Statistics Canada's *Youth in Transition Survey* also identifies the past availability and present expectation of well-paying jobs that may not require high school completion as factors that may play a role in graduation rates.¹⁹ Since 2000,



¹³ BC Statistics, Ministry of Labour and Citizen's Services, *Labour Force Income Profile*, 2000 to 2003.

¹⁴ Statistics Canada, *Historical Labour Force Survey*, 2006 Edition, CD3, Table 02AN.

¹⁵ The average hourly wage for jobs in the service-producing and goods-producing sectors respectively in 2005 was \$19.15 and \$20.20. Source: Statistics Canada, *Historical Labour Force Survey*, 2006 Edition, CD3, Table 02AN

¹⁶ BC Statistics, Ministry of Labour and Citizen's Services, *High School Indicators in BC*.

¹⁷ C. Anderson w/ C. Bruce, *Using Family Background to Predict Educational Attainment in Canada*. The Expert Witness Newsletter, Vol. 9, No. 3, Autumn 2004, Economica Ltd.

¹⁸ BC Statistics, Ministry of Labour and Citizen's Services, *Indicators of Education Concerns*.

¹⁹ Human Resources and Skills Development Canada and Statistics Canada, *Youth in Transition Survey*, 2002.

the youth unemployment rate in the CDR has fallen substantially, by just over 5%. In 2005, the rate stood at 10.9%, the lowest rate of youth unemployment the region has experienced in the past decade, but still one of the highest rates in the province. Recent job growth may have lured some youth out of school prematurely and explain why the non-graduation rate increased since 2001/02.

dependency on the social safety net

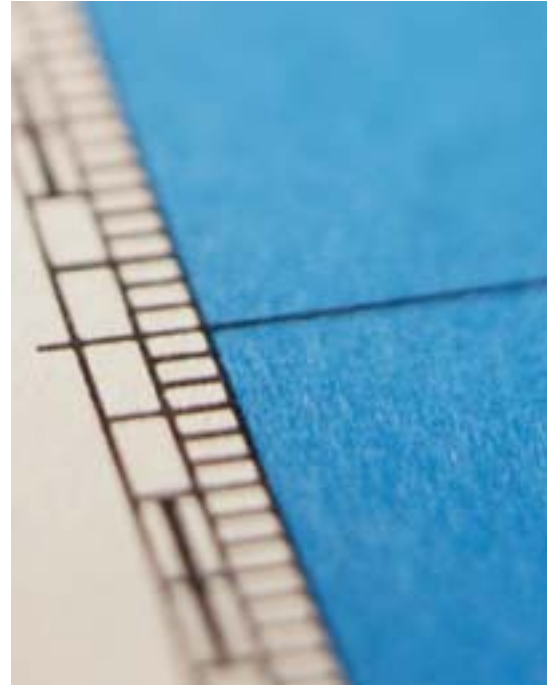
At times of strong economic growth and job creation, there are more opportunities for unemployed workers and those not currently participating in the labour force. This growth shifts individuals and their families away from government assistance and towards sustainable employment earnings. The share of the CDR's adult population dependent on Income Assistance and Employment Insurance was 5.4% in September 2005, compared with the provincial average of 3.7%. This means residents of the CDR relied more heavily on the social safety net than the average British Columbian. Other than the North Coast, this region had the highest share of the adults dependent on the social safety net in the province in 2005.²⁰ Those in the Fraser-Fort George Regional District were particularly dependent, despite the fact that workers in the region were among the highest paid in the province. Consistently higher-than-provincial average unemployment rates, as well as the seasonal nature of many jobs in the resource sector may explain this.

Table 3: Basic Income Assistance Recipients and EI Beneficiaries as a Percent of the Population Aged 19-64, Cariboo Development Region, 2001 to 2005²¹

Region	2001	2002	2003	2004	2005
Cariboo	9.7	7.9	6.5	5.8	4.9
Fraser-Fort George	10.5	9.1	7.5	6.0	5.7
Cariboo DR Total	10.2	8.6	7.1	5.9	5.4
British Columbia	7.0	6.1	5.1	4.2	3.7

Source: BC Statistics.

Due to a buoyant economy in recent years, the share of the adult population dependent on the social safety net has declined steadily throughout BC. Across the province, the ratio fell from 7.0% to 3.7% between 2001 and 2005, while the CDR ratio dropped from 10.2% to 5.4%.



²⁰ BC Statistics, Ministry of Labour and Citizen's Services, *Population 19-64 Receiving Basic Income Assistance of Employment Insurance*, February 2006.

²¹ Rates are as of September for each year.

work indicators

job creation

The labour market in the CDR faltered slightly in 2005, in contrast to small gains posted in the previous two years. Approximately 600 jobs were lost, a decline of 1% from 2004.²² The goods-producing sector, which has been weakening since 2004, incurred a net loss of 2,800 jobs in 2005, or a 10.6% reduction. However, the number of services-producing jobs rose by 2,300, an annual rate of 4.3%.

Over the past five years, job creation in the **goods-producing sector** of the CDR economy has been sporadic, with a net loss of 1,200. While gains in 2002 and 2003 returned the sector to 1998 levels, declines in the following two years brought the sector to its lowest level of the decade. Overall employment gains of 1,700 jobs in construction between 2000 and 2005 were offset by losses of 2,100 jobs in forestry, fishing, mining, oil and gas; and 800 jobs in manufacturing.

Employment in construction has varied over the past five years, hovering between 3,700 and 4,900 workers. Gains of 2,100 workers in 2005 lifted the industry to its highest employment level since 1997. The value of building construction in the CDR was up over 6% from 2004, with institutional and governmental construction accounting for the majority of new projects.²³

While employment in forestry, fishing, mining, oil and gas has not changed in the past year, it is down significantly since the late 1990's and early 2000 – a boom time for the industry. Employment has been reduced by about one third since 2000.²⁴



²² Statistics Canada, *Historical Labour Force Survey*, 2006 Edition, CD1, Table 30AN.

²³ Building permit values jumped from \$121,161,000 to \$203,020,000 in 2005. Institutional and governmental construction contributed \$50,939,000 while industrial and residential contributed \$21,856,000 and \$11,063,000 respectively. Commercial construction declined by \$1,999,000.

²⁴ Statistics Canada, *Historical Labour Force Survey*, 2005 Edition, CD1, Table 33AN

Table 4: Employment in the Cariboo Development Region, 2000-2005²⁵

	2000	2001	2002	2003	2004	2005	Job Creation (000)	
							5-Year 2000-05	1-Year 2004-05
TOTAL EMPLOYMENT (000)	79.1	79.4	78.0	78.2	80.7	80.1	1.0	-0.6
Goods-Producing Sector (000)	24.9	24.1	25.4	26.8	26.5	23.7	-1.2	-2.8
Agriculture	1.9	-	-	-	1.5	1.7	-0.2	0.2
Forestry, fishing, mining, oil and gas	7.2	6.5	5.3	6.1	5.1	5.1	-2.1	0.0
Utilities	-	-	-	-	-	-	-	-
Construction	4.5	3.7	4.9	4.9	4.1	6.2	1.7	2.1
Manufacturing	11.2	12.3	13.6	14.4	15.6	10.4	-0.8	-5.2
Services-Producing Sector (000)	54.1	55.2	52.6	51.4	54.1	56.4	2.3	2.3
Trade	12.7	11.6	12.3	11.4	12.5	10.7	-2.0	-1.8
Transportation & warehousing	5.0	4.8	4.9	5.2	5.8	3.7	-1.3	-2.1
Finance, insurance, real estate & leasing	3.5	3.8	1.9	2.2	2.9	3.8	0.3	0.9
Professional, scientific & technical services	2.8	2.4	2.7	2.5	2.8	3.0	0.2	0.2
Business, building & other support services	2.4	2.2	1.7	2.5	1.9	2.4	0.0	0.5
Educational services	6.5	6.1	5.2	4.9	4.3	5.6	-0.9	1.3
Health care & social assistance	5.9	8.0	8.6	7.1	6.3	10.0	4.1	3.7
Information, culture & recreation	2.5	2.5	2.5	2.9	3.0	2.8	0.3	-0.2
Accommodation & food services	6.9	7.0	6.0	5.8	7.5	6.8	-0.1	-0.7
Other services	3.0	3.6	3.6	3.0	3.4	4.6	1.6	1.2
Public administration	2.9	3.2	3.1	4.1	3.7	3.0	0.1	-0.7

Source: Statistics Canada, Labour Force Survey Historical Review.

After four years of solid growth, the manufacturing industry faltered with an astounding loss of 5,200 jobs in 2005, or one third of its workforce. Job losses in the industry are particularly devastating as the CDR is highly dependent upon manufacturing. In 2004, manufacturing provided over 19% of the region's employment.²⁶ There were a number of factors impacting the industry in 2005. First, the closing of inefficient mills and the creation of "super mills" resulted in some employment losses. Secondly, some mills shut down or cut back temporarily as softwood lumber prices plunged 12.4% and plywood prices fell even more.²⁷

Prices dropped as a result of excess supply, falling demand, and lower-cost competitors. High energy costs and a strong Canadian dollar eroded manufacturing profits further.²⁸ On a positive note, the recent Canada-USA softwood lumber agreement, which will see the USA return about 80% of the more than \$5 billion in duties and a removal of tariffs on lumber,²⁹ is expected to provide the region's lumber manufacturers with certainty and stability in the future.



²⁵ Industries with 0.0 are estimated to have less than 1,500 employed at that particular point in time, thus the numbers presented in the table may not add up to total sector figures, and job creation statistics can not be calculated.

²⁶ Ibid.

²⁷ BC Statistics, Ministry of Labour and Citizen's Services, *Current Statistics*, February 2006.

²⁸ BC Statistics, Ministry of Labour and Citizen's Services, *Pulp Friction: Challenging Times for BC's Pulp Industry*, November 2005.

²⁹ Export taxes will kick in when the price of lumber drops – producers will have to pay an export tax of 5% if there's a small drop in price; if the reduction is greater, they will have to pay as much as 15%. The agreement remains in effect for seven years, with the possibility of renewal. Source: Canadian Broadcasting Corporation, *Softwood Lumber Dispute*, April 28, 2006.

The CDR's **services-producing sector** experienced erratic growth over the past five years, with a total of 2,300 jobs being created in the sector since 2000. Employment gains were distributed across several industries, with the biggest gains seen in health care and social assistance (4,100 new jobs since 2000) and other services (+1,600 jobs). The largest losses were seen in trade (-2,000 jobs) and transportation and warehousing (-1,300 jobs).

After two years of negative growth, the creation of 3,700 jobs in health care and social assistance in 2005 brought the industry to its highest employment levels of the past decade. With shortages of health professionals across Canada and North America, the Northern Health Authority has difficulty retaining and attracting staff, however, a range of employment initiatives and programs have seen positive results, with increases in physician numbers and stabilization of nursing and other health practitioner levels.³⁰

Growth in "other services", which comprises repair and maintenance of automobiles, electronics, machinery, and personal goods; personal services such as laundry, funeral, and religious; grant-making, civic and professional organizations; has been erratic since 2000. In 2005, the industry showed a strong upturn of 35.3%, or 1,200 jobs taking the industry to employment levels that have not been seen since the late 1990's.

The trade industry – which encompasses distributors, wholesalers, agents and brokers for a wide variety of products – has reached its lowest level of employment in the past decade. While the industry has been unstable over the past five years, it was hardest hit in 2005 with a loss of 1,800 jobs, a 14% decline.

After three years of growth, the transportation and warehousing industry took a dramatic downturn in 2005, when 2,100 jobs were cut – a loss of over a third of its workforce. This reversal brought the total number of jobs in this industry to its lowest level in the past ten years. The manufacturing industry, which generates economic spin-offs to the services-producing sector, can be partially blamed for the downturn in both trade, and transportation and warehousing.

unemployment rate

Despite overall job loss in the CDR, the unemployment rate fell by 1.7% in 2005 to 7.4%. While this is one of the highest unemployment rates in the province, it is the lowest rate this region has seen in the past decade.³¹ In 2005, the labour force in the CDR shrank, resulting in declines in both the number of employed and unemployed individuals.³² The end result was a drop in the unemployment rate.³³



³⁰ Northern Health Authority, <http://www.northernhealth.ca/>

³¹ Northwest British Columbia, which comprises the North Coast and Nechako Development Regions, had the highest unemployment rate in BC in 2005 at 8.1%.

³² The number of unemployed individuals *fell by more* than the number of employed individuals.

³³ The number of individuals in the labour force declined by 2,300 between 2004 and 2005 – the number of employed individuals dropped by 600 while the number of unemployed individuals dropped by 1,700.

work indicators

Table 5: Unemployment Rate in the Cariboo Development Region, 2000 to 2005

	2000	2001	2002	2003	2004	2005	Percentage Point (ppt) Change	
							5-Year 2000-05	1-Year 2004-05
Cariboo DR	9.9	9.7	12.7	11.1	9.1	7.4	-2.5%	-1.7%
British Columbia	7.1	7.7	8.5	8.0	7.2	5.9	-1.2%	-1.3%

Source: Statistics Canada

invest indicators

business and investment activity

The province did well in 2005, with improvements in a number of areas of the economy occurring simultaneously – high commodity prices, a strong high-tech sector, gas in the northeast, a turnaround in the fiscal position of the provincial government, and a shifting of trade patterns toward booming opportunities with China.³⁴ Mineral exploration hit \$220 million in 2005; the best year for the province's mining industry in more than a decade, with 650 projects underway.³⁵ The central region of the province, which includes the CDR, saw approximately \$30 million in exploration expenditures.

The only negative development in the past year was the strong Canadian dollar, which negatively impacted some parts of the economy. The pulp and paper industry was the hardest hit.³⁶ Many forest-manufacturing companies generated lower than expected earnings because of this and falling prices, and higher manufacturing and distribution costs.³⁷ At the same time, however, some forestry-based companies increased their milling capacity to take advantage of increasing harvest levels for beetle-killed lumber.

Both the private and public sectors are making significant capital investment in the CDR and throughout the province. The greatest share of private sector investment in the CDR is manufacturing developments related to wood and fuel. In the third quarter of 2005, there were five manufacturing projects proposed or underway.³⁸ This comprises almost one third of all projects in the CDR. Other private sector investments include three mining developments and two residential/commercial developments. Public services, which are primarily government-funded, account for another three projects, all related to education. Three projects in the transportation and warehousing sector – both government and private sector funded – include road improvements, railway access through BC from Alaska to the continental US, and a gas pipeline.

The BC Major Projects Inventory estimates that, as of the third quarter of 2005, construction had started on \$470 million worth of projects in the CDR, with another \$5.07 billion proposed.³⁹ Projects under construction in third quarter of 2005 included the \$105 million West Fraser Sawmill Replacement Project in Quesnel, the Dunkley Sawmill Expansion south of Prince George (\$60 million), Cariboo Connector improvements along Highway 97 (\$200 million), the Husky Refinery upgrade in Prince George (\$73 million) and the UNBC Teaching and Learning Centre Development in Prince George



³⁴ The Vancouver Sun, *Everything Right for the BC Economy in '05*, December 21, 2005.

³⁵ The Vancouver Sun, *BC Mining Exploration Totaled \$220 Million in 2005*, January 19, 2006.

³⁶ The Vancouver Sun, *Everything Right for the BC Economy in '05*, December 21, 2005.

³⁷ Human Resources Development Canada, *HRCC Prince George/North Central - Labour Market Bulletin*, 3Q05.

³⁸ Ministry of Small Business and Economic Development (September 2005). *BC Major Projects Inventory*. http://www.gov.bc.ca/ecdev/down/mpiu_update_sept_05.pdf.

³⁹ Ibid.

(\$32 million). Other major investments in the region proposed to proceed in 2006 include the Trans Mountain Pipeline (\$1.6 billion), the Canoe Mountain Resort Development in Valemount (\$100 million), the Cariboo Gold Project east of Quesnel (\$60 million), and a sports centre at UNBC (\$32 million).

incorporations and bankruptcies

The CDR recorded its second consecutive year of positive growth in the number of business incorporations in 2005 – this follows a six year slump that saw a substantial reduction in the number of annual incorporations.⁴⁰ Between 2004 and 2005, business incorporations in the region grew by 19.4% to 511, slightly below the provincial growth rate of 25.2%.⁴¹

Table 6: Business Incorporations and Bankruptcies in the Cariboo Development Region, 2000 to 2005

	2000	2001	2002	2003	2004	2005	Percentage Change	
							5-Year 2000-05	1-Year 2004-05
Business Incorporations	481	431	404	344	428	511	6.2%	19.4%
Business Bankruptcies ⁴²	53	61	56	88	56	51	-3.8%	-8.9%

Source: BC Statistics.

The news about business bankruptcies was also good. The number of bankruptcies in the CDR declined by 8.9% in 2005 to 51, bringing the annual level down to its lowest since 1997. Both results underscore the strong investment climate in the CDR and BC during 2005.

business establishments

The flurry of investment activity in BC during the past few years created a myriad of related business opportunities. Table 7 shows that province-wide, the number of business establishments increased by over 55,000 between 2000 and 2005.⁴³ Small business establishments⁴⁴ were responsible for 99% of this growth.⁴⁵

Table 7: Number of Business Establishments in the Cariboo Development Region – All Sizes, 2000 to 2005

	2000	2001	2002	2003	2004	2005	Percentage Change	
							5-Year 2000-05	1-Year 2004-05
Cariboo DR	12,113	12,946	12,539	12,654	12,767	12,364	2.1%	-3.2%
British Columbia	289,832	315,738	315,277	332,418	346,316	345,227	19.1%	-0.3%

Source: BC Statistics and Statistics Canada

The CDR accounts for 3.6% of BC's business establishments. Business formation in the CDR was well below the provincial pace, with the region seeing a net increase of just 251 business establishments between 2000 and 2005. While there was tremendous growth in the number of businesses with no employees until 2004, the number of establishments with 1-19



⁴⁰ From a high of 607 in 1997, the number of business incorporations declined annually until reaching a low of 344 in 2003.

⁴¹ BC Statistics, Ministry of Labour and Citizen's Services, *British Columbia Incorporations by Development Region, Regional District and Municipality*, January 2006.

⁴² Business bankruptcy data represents the cities of Prince George, Quesnel, and Williams Lake.

⁴³ BC Statistics, Ministry of Labour and Citizen's Services, *Establishment Counts by Employee Size, 1995 – 2004, May 2005* and Statistics Canada, Business Register, *December 2005 Establishment Counts*.

⁴⁴ For the purpose of this report, "small business" refers to those business establishments with less than 50 employees.

⁴⁵ BC Statistics, Ministry of Labour and Citizen's Services, *Establishment Counts by Employee Size, 1995 – 2004, May 2005* and Statistics Canada, Business Register, *December 2005 Establishment Counts*.



employees declined throughout the period.⁴⁶ In 2005, the region lost over 400 businesses, the majority being small business establishments with no employees. Recent struggles in the manufacturing, trade and transportation and warehousing industries may have had a negative impact on these businesses.

conclusions

In 2005, the CDR economy experienced declines in a number of areas – a net population outflow, a shrinking labour force and a loss of jobs – at a time when the population, labour force and employment was growing in the rest of the province. With its abundance of forest resources, established sawmills and wood products facilities, the region has one of the highest dependencies on the forestry industry in the province.⁴⁷ This strong reliance was confirmed when, after four years of impressive job creation, the manufacturing industry, which employed almost one fifth of the region's workers in 2004, experienced a considerable downturn in response to market conditions and external factors. Resulting spin-off effects to other sectors were equally damaging.

There were a number of other areas of concern. First, the CDR has the highest dependency on the social safety net in the province (aside from the Northcoast). This is in contrast to high incomes in the Fraser-Fort George Regional District, where people have some of the highest incomes in the province. This points to a disparity in income levels in the CDR. Second, the high school graduation rate, which is one of the lowest in the province, has declined since 2001/02. While there is ample access to post-secondary education in the region, not all youth are staying in school. This suggests that young people still have strong dependency on resource-based employment for good-paying jobs and may leave school prematurely to take advantage of these opportunities.

On the positive side, future investment in the CDR appears very encouraging, with an estimated \$5 billion in new projects proposed – just over 11% of all planned investment in BC.⁴⁸ This is a significant improvement over present levels. As well, there has been a shift in the range of employment opportunities available in the region. Job creation in both the health care and educational services industries was up appreciably in 2005, with both industries earning higher than average wages.⁴⁹



⁴⁶ The CDR saw net gain of 1,255 small business establishments between 2000 and 2004, followed by a net loss of 372 in 2005, and a net loss of 612 business establishments with 1-19 employees between 2000 and 2005.

⁴⁷ BC Statistics, Ministry of Labour and Citizen's Services, *Income Dependency* (2001 Census).

⁴⁸ Ministry of Small Business and Economic Development (September 2005). *BC Major Projects Inventory*. http://www.gov.bc.ca/ecdev/down/mpiu_update_sept_05.pdf

⁴⁹ Statistics Canada, *Historical Labour Force Survey*, 2006 Edition, CD3, Table 02AN.