

2013 Regional Check-Up

LIVE
WORK
INVEST
IN BC

North Coast Development Region



The North Coast Development Region (NCDR) is a sparsely-populated area in Northwest BC, bordering the Pacific Ocean and the Alaska Panhandle, and encompassing the Queen Charlotte Islands. The Development Region includes the Skeena-Queen Charlotte and Kitimat-Stikine Regional Districts, and comprises a total land area of 124,243 km². The largest population centres are Prince Rupert (population 12,913), Terrace (12,182), and Kitimat (9,009).¹

The North Coast and neighbouring Nechako were the only Development Regions in the province to record a population decline in 2012. While British Columbia saw an average gain of 1% between 2011 and 2012, population in the NCDR shrank by 0.2%, falling to 58,068, or 1.3% of the provincial population. The region has steadily lost residents since its peak of nearly 71,000 inhabitants in 1996. A series of economic blows since then—reductions in fish stocks, a slowdown in the forest sector, and declining metal prices—has contributed to the outflow of people.

Economic prospects for the NCDR have improved dramatically in recent years thanks to major project development in infrastructure and transportation, power generation and transmission, and mining. Despite a slowing of the provincial economy in the latter part of 2012, exacerbated by weaker demand for exports and volatile commodity prices, investor interest in the NCDR remained strong. Last year, investment spending and mining exploration in the region reached record levels, generating employment opportunities for both North Coast residents and workers from other parts of BC.

¹ BC Stats, *British Columbia Regional District and Municipal Population Estimates*, December 2012.

Already, Kitimat has transformed from a city that was reeling from the closure of two key manufacturers, to a bustling hive of economic activity. Rio Tinto's \$3.3 billion modernization of the aluminum smelter that began in 2011 has played a large part in this change. Looking ahead to 2013, there are potential multi-billion-dollar industrial investments related to liquefied natural gas and pipeline projects, valued at \$10.8 billion, slated to break ground.² New businesses are opening to support the growing demand for goods and services, and others are positioning themselves to take advantage of future opportunities. Kitimat's housing prices are on the rise and several commercial projects in the planning phase are intended to support future economic development.

The Northwest Transmission Line and Forest Kerr Hydroelectric projects will be complete by 2014, setting the stage for other major project investments such as hydro generation projects and mine development in remote areas of the NCDR. The Northwest Transmission Line, which will run along Highway 37 between Terrace and Bob Quinn Lake, will supply power to future industrial and mining developments, and provide an interconnection point for clean-energy projects. Several other energy projects are currently under construction and more are proposed to move forward in 2013. In anticipation of a ready power supply, construction at the Red Chris mine began last year and another three mining projects valued at \$4 billion are set to go ahead in 2013.

The City of Prince Rupert has also benefited from major project development in recent years, mainly related to the expansion of its Port. Ongoing activity since 2006 has increased the volume of its cargo capacity threefold³; it has also expanded the Port to include five-world class terminals that are uniquely positioned on the shortest trade route to Asia. A recent study prepared by the Prince Rupert Port Authority estimates that the Port generates over 4,700 jobs,⁴ which account for the majority of the local labour force.⁵ Further expansion on the Port is currently underway, and looking forward, Prince Rupert may also see substantial natural gas pipeline construction, and major project development related to wind generation.

WORK Indicators

Statistics Canada aggregates WORK indicator data for the Nechako and the North Coast. Together, these two regions comprise Northwest BC (NWBC).

Job Creation

Job creation is a primary indicator of a region's labour market trends and economic health. Despite a flurry of economic activity in NWBC last year, labour market statistics indicate an overall loss of 4,000 jobs (-9.2%). The creation of about 900 new positions in the goods-producing sector was overshadowed by the loss of 5,000 jobs (-15.6%) in the Northwest's services-producing industries. Statistics Canada reports that the majority of job losses were full-time positions.

Given the magnitude of major project development underway in 2012, it is no surprise that Northwest BC's construction industry had another good year. The addition of 1,200 new jobs drove annual employment in the industry to a high of 4,600. According to the *BC Major Projects Inventory*, as of December 2012, \$69 billion worth of major projects were at the proposal stage, and about \$16 billion were ready to break ground in 2013.

² BC Ministry of Finance, *BC Major Projects Inventory*, December 2012.

³ From 7,571,167 tonnes in 2006 to 22,247,046 tonnes in 2012. Source: Prince Rupert Port Authority, *Performance Snapshots*—<http://www.rupertport.com/trade/performance>.

⁴ Direct, indirect and induced.

⁵ Prince Rupert Port Authority, *Port of Prince Rupert: Economic Impact Study Update*, March 2012.

The demand for construction workers in the Northwest is projected to continue to increase over the coming years.⁶ On the ground, employment in the industry is likely higher than regional employment numbers indicate, because temporary and camp-based workers are not reflected in the local Labour Force Survey numbers.⁷

The forestry, fishing, mining, oil and gas industry in NWBC expanded slightly in 2012 (200 new jobs), a reflection of renewed forestry and logging activity.⁸ The manufacturing industry, which has been in a steady slide since the recession, recorded a loss of 200 workers. Contributing to this was the Babine Forest Products fire in the Nechako that destroyed the mill early in the year, putting 250 employees out of work. Nevertheless, activity in the region's mills picked up in response to rising softwood lumber demand, pushing employment in the industry upwards by year end.

Table 1-1: Employment, Northwest BC, 2007 to 2012⁹

							Job Creation (000)	
	2007	2008	2009	2010	2011	2012	5-Year 2007-12	1-Year 2011-12
TOTAL EMPLOYMENT (000)	42.0	44.8	41.5	40.4	43.3	39.3	-2.7	-4.0
Goods-Producing Sector (000)	13.6	13.6	12.4	11.4	11.3	12.2	-1.4	0.9
Agriculture	-	-	-	-	-	-	n/a	n/a
Forestry, fishing, mining, oil and gas	2.8	3.5	2.5	3.3	2.4	2.6	-0.2	0.2
Utilities	-	-	-	-	-	-	n/a	n/a
Construction	2.3	2.6	2.9	2.1	3.4	4.6	2.3	1.2
Manufacturing	7.1	7.0	6.3	5.5	4.8	4.6	-2.5	-0.2
Services-Producing Sector (000)	28.4	31.2	29.1	29.0	32.0	27.0	-1.4	-5.0
Trade	7.1	7.2	6.7	6.9	5.5	5.2	-1.9	-0.3
Transportation & warehousing	3.1	3.2	2.8	3.0	3.7	2.5	-0.6	-1.2
Finance, insurance, real estate & leasing	-	1.6	-	-	-	-	n/a	n/a
Professional, scientific & technical services	1.5	-	1.5	2.6	1.9	1.5	0.0	-0.4
Business, building & other support services	1.8	-	-	-	-	-	n/a	n/a
Educational services	2.7	2.6	3.0	2.6	4.7	3.4	0.7	-1.3
Health care & social assistance	3.8	4.8	4.9	5.1	5.2	4.2	0.4	-1.0
Information, culture & recreation	-	-	-	-	-	-	n/a	n/a
Accommodation & food services	3.1	3.6	3.1	2.4	3.0	2.4	-0.7	-0.6
Other services	-	-	1.9	-	2.6	1.9	n/a	-0.7
Public administration	2.1	2.9	2.2	2.0	1.9	2.4	0.3	0.5

Source: Statistics Canada, Labour Force Survey Historical Review

⁶ North Coast and Nechako Development Regions combined. Source: BC Ministry of Finance, *BC Major Projects Inventory*, December 2012.

⁷ Source: Statistics Canada.

⁸ BC Stats, *Employment and Unemployment Rate by Detailed Industry*, April 2013.

⁹ Industries with "-" 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 cannot be calculated.

Northwest BC's services-producing sector experienced job losses in 7 out of 8 industries in 2012. Educational services (-1,300 jobs), transportation and warehousing (-1,200 jobs), and health care and social assistance (-1,000 jobs) sustained the largest losses. Detailed statistics reveal that the dip in educational employment is primarily due to a reduction in workers at primary and secondary institutions in the region. A loss of this magnitude seems odd, particularly as overall educator employment within NWBC's school districts did not change in 2011/12.¹⁰ This swing also comes on the heels of an impressive gain (2,100 jobs) in 2011 that was also difficult to explain. Statistics Canada's estimates of employment by industry are derived from sample surveys, and users are cautioned that while the reliability of the survey is adequate at the provincial level, the margin of error increases in smaller sub-groups, such as that for NWBC.

Across the province, the transportation industry has been weighed down by a shortage of drivers, mechanics, dispatchers and operations staff.¹¹ In the Nechako, the logging industry has lost truck drivers to major projects and the mining industry. Northern BC has also been struggling to attract both nurses and physicians to rural areas. In some communities, this shortage has been exacerbated by nearby construction, mining, or exploration work camps that are not equipped to deal with employees' healthcare.

Other noteworthy service sector job losses occurred in other services (-700 jobs), and in accommodation and food services (-600 jobs). Some hotel and food service operators are finding it difficult to secure staff, as many unskilled workers have been seconded by work camps that can offer higher wages.

The only industry in the service sector that posted a gain in 2012 was public administration (500 new jobs). The demand for many of the services provided by this industry, including infrastructure maintenance, administration of health care, education, natural resources, social safety net, and policing, is related to the small size of the region's population. Northwest BC's boom in economic activity and swelling temporary resident population has no doubt prompted additional demand for public services.

Northwest BC was the only region to record a decline in employment last year (-9.2%). The Northeast reported the highest rate of job creation (6.7%), while the Cariboo (4.9%) and Kootenay (3.7%) ranked second and third.

Unemployment Rate

The unemployment rate measures the number of unemployed individuals as a proportion of the labour force. In 2012, the balance between labour supply and demand deteriorated in Northwest BC, as the region's unemployment rate rose by 2.1 percentage points (ppt) to reach 10.7%. With the loss of 4,000 jobs, there was an increase in the number of workers that left the labour force, and a decline in the participation rate; the net effect of this combination was an increase in the region's unemployment rate. While some locals have secured employment in other geographic areas, others may be upgrading their skills to take advantage of both current and anticipated work opportunities. A substantial skills mismatch between employer demand and the local supply of labour is also contributing to the high unemployment rate.



¹⁰ BC Ministry of Education, *Teacher Statistics*, January 2013.

¹¹ *Castlegar News*, "Plenty of Job Opportunities in Trucking Industry", November 2012.

Table 1-2: Unemployment Rate, Northwest BC, 2007 to 2012

Region	2007	2008	2009	2010	2011	2012	Percentage Point (ppt) Change	
							5-Year 2007-12	1-Year 2011-12
Northwest BC	8.1%	7.8%	10.6%	10.2%	8.6%	10.7%	2.6 ppt	2.1 ppt
British Columbia	4.3%	4.6%	7.7%	7.6%	7.5%	6.7%	2.4 ppt	-0.8 ppt

Source: Statistics Canada

Northwest BC had the highest unemployment rate in BC in 2012, and was also the only region to report an increase in this indicator. In contrast, the lowest unemployment rates were recorded in the Northeast (4.1%), followed by the Vancouver Island/Coast (6%), and the Mainland/Southwest (6.8%).

Labour force dynamics for youth followed the same pattern as the general unemployment rate, with both the labour force of youth available for work, and the number of employed young workers shrinking. Accordingly, the youth unemployment rate rose by 2.8 ppt to reach 11.1%. Labour Force Survey statistics indicate the majority of labour force losses took place in the Nechako. The increase in minimum wage last year may have posed a barrier to hiring youth for some employers.

Table 1-3: Youth (age 19 to 24 years) Unemployment Rate, Northwest BC, 2007 to 2012

Region	2007	2008	2009	2010	2011	2012	Percentage Point (ppt) Change	
							5-Year 2007-12	1-Year 2011-12
Northwest BC*	12.8%	12.1%	15.1%	23.8%	8.3%	11.1%	-1.7 ppt	2.8 ppt
British Columbia	6.1%	6.8%	11.1%	11.3%	11.5%	10.9%	4.8 ppt	-0.6 ppt

Source: Statistics Canada, Labour Force Survey, Custom Table

*Unemployment rate calculated by author

Although Northwest BC posted the second highest youth unemployment rate in BC in 2012, after the Cariboo (14%), it was only 2 ppt above the provincial average. Development Region's in BC that experienced a reduction in their youth unemployment rate included the Vancouver Island/Coast (-2.3 ppt), Mainland/Southwest (-0.5 ppt), and Thompson-Okanagan (-1.3 ppt).



INVEST Indicators

Business and Investment Activity

Investment in infrastructure improvements such as non-residential structures, and machinery and equipment, creates jobs, boosts productivity, and increases BC's economic competitiveness. In recent years, the private sector has accounted for approximately 90% of BC's capital investment, with the public sector comprising the rest.

In 2012, capital investment activity in BC fell short of what had been initially predicted. Slower economic growth in late 2012, a decline in provincial exports, and the prospect of a "fiscal cliff" in the US dampened investor confidence. Preliminary estimates show that non-residential investment grew by 6.8% between 2011 and 2012, to reach \$20 billion - less than half the predicted growth rate of 14.8%.¹² The value of new project investment proposed for BC last year, however, grew by 34%, to reach \$156 billion.¹³ Much of this improvement was due to roughly \$30 billion worth of new developments planned for the NCDR.

According to the *BC Major Projects Inventory*, major projects under construction in the North Coast reached an unprecedented level in 2012, with the value of major projects tripling from \$2.3 to \$7.1 billion by the fourth quarter. More than half of this development is taking place in Kitimat. Construction on the city's largest project, Rio Tinto Alcan's \$3.3 billion expansion of its 60-year old aluminum smelter, broke ground last year; with approximately 720 people worked on the project, and with most living in an on-site camp. Rio Tinto estimates the number of workers employed on the project in 2013 will grow to reach 2,000. The new smelter will increase output by 50%, to 420,000 tonnes annually, and will be complete in 2014.¹⁴ Construction on a complementary development, Rio Tinto's \$500 million Kemano Tunnel Project, also began in 2012. This project will connect a back-up tunnel to existing infrastructure, and carries water 16 kilometres through a mountain and over turbines to generate electricity for the Kitimat Aluminum Smelter.

Other large projects that went ahead in the NCDR last year include:

- Red Chris Porphyry Copper/Gold Project (\$444 million) near Iskut and Stewart — Red Chris is on schedule for start-up in 2014, and will be the first operating mine powered by the Northwest Transmission Line. Ore from the mine will be transported to the deep-sea port of Stewart about 200 km to the south. During operations, the project will employ approximately 300 personnel operating on a fly-in/fly-out basis over an anticipated 28-year mine life.¹⁵
- Alta Gas's McLymont Creek Hydroelectric Project (\$217 million) near Stewart — The project, which is expected to be operational by late 2015, will deliver power to BC Hydro via the Forrest Kerr transmission system for distribution through the provincial power grid.¹⁶
- Ridley Terminal Expansion (\$200 million) in Prince Rupert — Expansion will double shipping capacity of this bulk handling terminal to 24 million tonnes per year. The project is expected to be complete by late 2014.¹⁷

¹² Statistics Canada, *Public and Private Investment in Canada, Intentions—2013*, Catalogue No. 61-205-X, February 2013. Note: These are preliminary estimates for 2012, as of March 2013.

¹³ BC Ministry of Finance, *BC Major Projects Inventory, December 2012*. Note: Period of reference is fourth quarter 2011 to fourth quarter 2012.

¹⁴ Karen Kornelsen, *Mining and Exploration*, "Work on the Kitimat Modernization Project is Going Strong", December 2012.

¹⁵ Invest in Northwest BC, <http://investnorthwestbc.ca/major-projects-and-investment-opportunities/map-view/red-chris-mine/red-chris-mine-development>.

¹⁶ AltaGas website— http://www.altagas.ca/power/renewable/hydroelectric/mclymont_creek.

¹⁷ Ridley Terminals, *News Release*, "Stage Two Begins at Ridley Terminals", April 2012.

The value of NCDR projects in the proposal stage has increased 92% since 2011, and totals \$63.4 billion. This figure is almost double the value of proposed investments for the Mainland/Southwest (\$33.1 billion). Four new projects were added to the Major Projects Inventory last year, all related to oil and gas—the Kitimat Clean Oil Refinery (\$13 billion),¹⁸ the Shell LNG Facility in Kitimat (\$12 billion), and the Prince Rupert Gas (\$5 billion), and Spectra Energy gas pipeline projects (\$6 billion).

Eleven projects totaling \$15.2 billion are proposed to proceed in 2013, with the majority to take place in Kitimat. The biggest projects include:

- Kitimat—Kitimat LNG Terminal (\$4.7 billion), Northern Gateway Condensate Pipeline (\$2.5 billion), Northern Gateway Crude Oil Pipeline (\$1.9 billion), Kitimat-Summit Lake Natural Gas Pipeline (\$1.2 billion), and Douglas Channel LNG Liquifaction Plant (\$450 million).
- Iskut—Schaft Creek Porphyry Copper-Gold Mine (\$2.9 billion) and Brucejack Gold Project (\$282 million).
- Alice Arm—Kitsault Molybdenum Mine (\$794 million).
- Prince Rupert—Potash Terminal Expansion (\$400 million).

Incorporations

Business incorporations and bankruptcies are an important gauge of investor confidence and the business climate of a local economy. The number of new business incorporations in British Columbia increased marginally in 2012 (0.7%), marking a third year of improvement in this indicator. In the NCDR, annual incorporations remained flat at 94. While Kitimat and Terrace experienced growth in this indicator (at 175% and 19% respectively), most communities in the Skeena-Queen Charlotte Regional District reported a decline.

In 2012, three of the eight Development Regions saw an increase in the number of business incorporations—the Nechako (32.3%), Cariboo (8.6%), and Thompson-Okanagan (6.4%).

Table 1-4: Business Incorporations and Bankruptcies, North Coast Development Region, 2007 to 2012

	2007	2008	2009	2010	2011	2012	Percentage Change	
							5-Year 2007-12	1-Year 2011-12
Business Incorporations	106	108	85	76	94	94	-11.3%	0.0%
Business Bankruptcies	5	5	6	0	2	2	-60.0%	0.0%

Source: BC Stats and Office of the Superintendent of Bankruptcy Canada



¹⁸This price has now risen by \$3 billion to \$16 billion from the original proposal with the choice to implement new technologies to reduce greenhouse gases. Source: Jeff Lee, *Vancouver Sun*, "David Black Says He's Close to Signing \$25-billion Kitimat Oil Refinery Deal" (updated), March 6, 2013.

The number of businesses declaring bankruptcy in the NCDR has diminished during the past decade, corresponding with the provincial trend. Business bankruptcies in the NCDR reached a high of 23 in 2003, but this number has since dropped: in 2012 there were 2 reported business bankruptcies.

In other Development Regions, the Nechako saw a decline in bankruptcies from 1 to 0, while the Cariboo ranked second with a 33.3% drop (from 3 to 2). In contrast, the Kootenay (57.1%) and the Thompson-Okanagan (30.3%) reported the largest increases last year.

LIVE Indicators

Educational Attainment

Statistics Canada aggregates labour force educational attainment data for the North Coast and Nechako Development Regions into Northwest BC (NWBC).

Educational achievement is an integral element of labour force productivity. In 2012, the share of Northwest BC's labour force with a post-secondary certificate/diploma or higher declined by 3.7 ppt, falling to 55.6%; this was 11% below the provincial average and was the second lowest level of attainment among Development Regions last year, after the Northeast (52.8%). The Mainland/Southwest recorded the highest rate (69%), followed by the Vancouver Island/Coast (65.6%), and the Thompson-Okanagan (62.2%).

Table 1-5: Percent of Labour Force Age 25 to 54 With a Post-Secondary Certificate/ Diploma or Higher, Northwest BC, 2007 to 2012

Region	2007	2008	2009	2010	2011	2012	Percentage Point Change	
							5-Year 2007-12	1-Year 2011-12
Northwest BC	44.7%	47.7%	50.8%	54.0%	59.3%	55.6%	10.9 ppt	-3.7 ppt
British Columbia	61.7%	62.6%	63.0%	64.4%	65.9%	66.6%	4.9 ppt	0.7 ppt

Source: Statistics Canada, Labour Force Survey, Custom Table.

Last year's decline in overall educational attainment was mainly due to the loss of 1,300 individuals at the post-secondary certificate or diploma level. Likewise, the number of individuals with a university level education declined by 600. While there is a shortage of skilled labour in Northwest BC, some workers have relocated to other parts of Northern BC or Alberta where their skills are better matched to employer demand.



Dependency on the Social Safety Net

Social safety net dependency is defined as the share of population aged 19 to 64 that requires basic income assistance because they are unable to work. Although there is a constant share of the population that is dependent upon income assistance for reasons of health or inability to work, this indicator tends to move with the unemployment rate.

Despite an increase in the unemployment rate, dependency on the social safety net in the NCDR declined last year. Between 2011 and 2012, the share of the working age population in receipt of income assistance benefits fell from 4.9% to 4.3% (-0.6 ppt). Although this is an improvement, dependency in the NCDR remains the highest in BC, at two and a half times the provincial average (1.7%). The share of population dependent on basic income assistance was lowest in the Northeast (1.1%), Mainland/Southwest (1.5%), and Kootenay (1.8%) Development Regions.

Table 1-6: Basic Income Assistance Recipients as a Percent of the Population, Age 19 to 64, North Coast Development Region, 2007 to 2012¹⁹

Region	2007	2008	2009	2010	2011	2012	Percentage Point (ppt) Change	
							5-Year 2007-12	1-Year 2011-12
Skeena-Queen Charlotte	4.5	5.0	5.3	6.2	6.3	5.7	1.2 ppt	-0.6 ppt
Kitimat-Stikine	3.3	3.4	4.2	4.7	4.1	3.5	0.2 ppt	-0.6 ppt
Development Region Total	3.8	4.0	4.6	5.2	4.9	4.3	0.5 ppt	-0.6 ppt
British Columbia	1.4	1.5	1.9	2.0	2.0	1.7	0.3 ppt	-0.3 ppt

Source: BC Stats.

Within the NCDR, residents of the Skeena-Queen Charlotte Regional District (5.7%) have a greater need for the social safety net than those in the Kitimat-Stikine Regional District (3.5%), which may point to some regional disparities. However both rates are among the highest in BC.

Consumer Bankruptcies

Although debt loads in the province eased last year, BC residents still hold the highest average debt levels in Canada.²⁰ Regardless, personal bankruptcy rates have steadily improved since 2009, and now sit just above pre-recession levels at 2 per 1,000 population.



¹⁹ Rates are as of September for each year. A recipient is defined as "each person living in a family or living alone that is receiving basic Income Assistance". These figures include those on Temporary Assistance (Expected to Work, Expected to Work - Medical Condition, Temporarily Excused, Persistent Multiple Barriers). Excluded are those on Continuous Assistance (Persons with Disabilities), Children in the Home of a Relative, OAS/Seniors and aboriginals living on reserve.

²⁰ TransUnion, *News Release*, "Personal Debt Levels Continue to Soar to Record High Level", February 5, 2013.

Table 1-7: Annual Consumer Bankruptcy Rates per 1,000 Population Aged 18 Years and Older, North Coast Development Region, 2007 to 2012

Region	2007	2008	2009	2010	2011	2012	Percentage Change	
							5-Year 2007-12	1-Year 2011-12
North Coast	1.8	1.6	2.7	3.0	1.4	1.6	-14.6%	7.6%
British Columbia	1.9	2.1	2.9	2.6	2.2	2.0	3.9%	-7.2%

Source: Office of the Superintendent of Bankruptcy Canada and Statistics Canada

In the NCDR, personal bankruptcies rose by 7.6%, to reach 1.6 per 1,000 population in 2012. Despite this increase, this is the second lowest bankruptcy rate in the province after the Nechako (1.3 per 1,000 population) and remains below the provincial average. In contrast, the Cariboo (2.7) and Thompson-Okanagan (2.6) reported the highest rates in consumer bankruptcy. Development Regions that recorded the greatest improvement in this indicator last year include the Nechako (-30.8%), the Cariboo (-11%), and the Vancouver Island/Coast (-7.2%).

Conclusions

Job creation, generated by burgeoning major project investment activity, has created interesting dynamics in the North Coast's labour market. The movement of labour between sectors, as locals capitalize on new job opportunities, has produced worker shortages in some industries. Other skilled workers have left the NCDR to secure employment that better matches their qualifications, leaving a lower-skilled labour supply to meet local demand. Due to a growing need for the specialized skills required by many new jobs, major project employers have had to recruit temporary out-of-region workers to fill these gaps. Although these factors have contributed to the overall reported job loss and deterioration in the region's unemployment rate, the substantial drop in the NCDR's social safety net indicator indicates that some locals have secured work. Also of concern is the outmigration of youth to urban areas of the province, a trend that is occurring in many of BC's rural areas.

On the positive side, the business climate appears to be healthy, with both the number of annual incorporations and business bankruptcies stabilizing. Despite a slight increase last year, consumer bankruptcies in the NCDR are second lowest in BC, indicating that a smaller share of the region's population is struggling with their debt load compared to other Development Regions.

Given the magnitude of major project investment expected to proceed in 2013, the outlook for the NCDR appears positive. However, challenges relating to the recruitment and retention of workers, rising housing prices, and the ability of the North Coast's infrastructure to support the immensity of proposed development may affect business viability and constrain development. As more projects enter construction phase, the NCDR will face mounting skills shortages, which may promote wage inflation and draw more permanent and temporary workers into the region.

Looking ahead to 2013, news out of Northwest BC's labour market has been positive. Employment has risen slightly since December 2012, and the unemployment rate has dropped to 8.2%.²¹ This is a considerable improvement from the same period in 2011.

²¹ Statistics Canada, *Labour Force Survey Estimates by Provinces and Economic Regions*, CANSIM Table 282-0054.

Glossary of Definitions

- **Job creation:** Change in number of employed individuals between two given years.
- **Social safety net:** Transfers to unemployed individuals and families from the federal and provincial governments under the auspices of the Income Assistance and Employment Insurance programs.
- **Unemployment rate:** Share of employable labour force looking for work but unable to find it.