

LIVE
WORK
INVEST
IN BC



Vancouver Island/Coast Development Region

Capital • Cowichan Valley • Nanaimo • Alberni-Clayoquot • Comox-Strathcona • Mount Waddington • Powell River • Central Coast



The Vancouver Island/Coast Development Region (VICDR) comprises eight regional districts Capital, Cowichan Valley, Nanaimo, Alberni-Clayoquot, Comox-Strathcona, Mount Waddington, Powell River, and Central Coast, and has a total land area of 84,435 km². In 2005, the VICDR was home to an estimated 747,626 people,¹ representing 17.6% of BC's total population, and making it the second-most populous development region within the province. The vast majority of the VICDR's population is concentrated on the southern tip and east coast of Vancouver Island from Comox south, whereas large portions of the north and west coast of Vancouver Island and the mainland portion of the development region remain largely unpopulated.

The VICDR's economy varies from diversified urban to resource-based with the degree of diversity in the eight regional districts both contributing to and reflecting their population density. The most populated region, the Capital Regional District, has a highly diversified economy, with public administration, post-secondary education, trade/services and tourism as its mainstays due to the presence of the provincial government, two universities and strong retirement and tourism demand. By contrast, the economies of the other regional districts rely principally on resource industries, particularly logging and forest products manufacturing, which, although having diminished importance as a result of job reductions and plant closures, remain the primary economic driver of these sub-regions.



¹ BC Statistics.

live indicators

Commercial fishing and fish processing are of secondary importance to the economies of all except the Capital and Cowichan Valley Regional Districts, and, while employment in this sector has been declining, expansion of shell fish and fish farming, albeit less labour-intensive, holds promise for the future. Agriculture represents a small but significant part of the local economy from Campbell River south along Vancouver Island's east coast. Mining also contributes economic activity to Comox-Strathcona, Powell River, and Alberni-Clayoquot Regional Districts

Tourism is an important economic contributor throughout the VICDR but especially so in the Capital, Alberni-Clayoquot, and Comox-Strathcona Regional Districts. In addition, the attractiveness of Vancouver Island's east coast from Comox south to Victoria for retirees has stimulated not only construction but demand for health, trade and other services.² Nanaimo, in particular, has benefited from this population influx with a resultant expansion in trade and services.

From 2000 to 2005, the population in the VICDR grew by 4.8%.³ The Capital and Nanaimo Regional Districts accounted for two-thirds of this growth, Comox-Strathcona and Cowichan Valley Regional Districts another 30%, and Powell River and Alberni-Clayoquot Regional Districts the remaining 5%. In contrast, both Mount Waddington and the Central Coast Regional Districts lost population. Last year, the VICDR's population increased by 1.5%, tying the Northeast Development Region for the second-highest growth rate within the province, after the Thompson-Okanagan Development Region (2%). Population increased throughout the region last year, with the Nanaimo and Comox-Strathcona Regional Districts having the highest growth (2.3% and 2% respectively) and the others seeing increases between 1% and 1.6%.

Population growth of the VICDR since 2000 is attributed to in-migration, which has been negative for the past few years, and reflects the region's strong attraction for retirees. In-migration is expected to continue but slow slightly from current levels,⁴ fueling population growth in the VICDR of 21% from now to 2031 to reach 905,661⁵ or an average annual growth rate of 0.8%.

income

Real income and its growth provide a very tangible measure of how well-off people living in each development region are relative to other parts of the province. From 2000 to 2003, total real pre-tax income⁶ per capita⁷ in the VICDR increased 1.1% from \$21,582 to \$21,811⁸. This gain contrasted the negative performance of all other development regions but two, the Northeast Development Region (8.2%), which is benefiting from oil and gas development, and the Thompson Okanagan Development Region (2.3%), that is experiencing rapid growth and a construction boom.

This growth, however, was not universal or equal throughout the region. The heavily resource-dependent regional districts (Alberni-Clayoquot, Powell River, Central Coast and especially Mount Waddington) all experienced negative growth, ranging from -3.1% to -11.7%, whereas the more economically diversified regional district (Comox-Strathcona, Nanaimo, Cowichan and Capital) posted gains of between 1% and 3.7%.



² Horne and Robson, *British Columbia Community Economic Dependencies*, BC Round Table on the Environment & the Economy, (1993).

³ BC Statistics, BC Ministry of Labour and Citizen's Services, BC Regional District and Municipal Population Estimates, 1996-2005, March 2006.

⁴ BC Statistics, BC Ministry of Labour and Citizen's Services, P.E.O.P.L.E. 30 *Migration Assumptions Underlying the Regional Projection*.

⁵ BC Statistics, Ministry of Labour and Citizen's Services, *Population Projections (2005-2031)*, May 2005.

⁶ 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.

⁷ Real pre-tax income per capita refers to total pre-tax income adjusted for inflation, divided by the total population.

⁸ BC Statistics, *British Columbia Neighbourhood Income Demographics, 2000 -2003*. 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.

⁹ Real employment income per taxfiler refers to total employment income (including wages and salaries, commissions from employment, training allowances, tips and gratuities and all income from self-employment (business, professional, farming, fishing income and commissions) adjusted for inflation, divided by the total number of people who filed a personal tax return.

¹⁰ BC Statistics, *British Columbia Neighbourhood Income Demographics, 2000 to 2003* adjusted for inflation.

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

Region	2000	2001	2002	2003	Percentage Change	
					3-Year 2000-03	1-Year 2002-03
Vancouver Island/Coast DR	21,582	21,474	21,707	21,811	1.1%	0.5%
British Columbia	21,686	21,373	21,378	21,541	-0.7%	+0.8%

Source: British Columbia Neighbourhood Income Demographics, BC Statistics.

What explains overall income growth in the VICDR? Real employment income per taxfiler⁹ in the VICDR grew by 2.7% between 2000 and 2003, more than double the provincial growth rate of 1.3% and raised its proportion of total income from 64% to 66%.¹⁰ However, the increase in real pre-tax income per capita cannot be tied to job creation as 5,200 goods-producing and 3,100 service-producing jobs were lost in the VICDR between 2000 and 2003. Nor can it be attributed to lower population or higher labour participation, as the opposite was true during this time period. As a result, the only conclusion that can be drawn is that while the jobs gained and retained were not able to offset job losses, either they tended to be higher-paying jobs or earnings increased. This conclusion appears to be supported by the fact that real employment income per taxfiler only declined marginally (-0.9%) between 2000 and 2003, whereas the reduction in total employment (-7.7%) over this period was considerably was much greater.

Although available pre-tax income figures are two years out-of-date, the VICDR has experienced strong employment growth since 2003 that remains ahead of its population growth and provincial job growth over the same timeframe. These facts suggest that the VICDR continues to make positive gains in pre-tax income.

educational achievement

The increasing need for a more-highly educated work force and link between educational attainment and earning power have been well-documented.¹¹ As a result, basic educational attainment is important not only to ensure the economic well-being of individuals but economic growth and progress throughout our province.

According to BC Statistics, 24.4% of 18 year olds in BC did not graduate from high school between 2002/03 and 2004/05. Comparing the various regional districts within the VICDR to the provincial average, only the Cowichan Valley (24.3%) came close to matching the provincial average last year. In the other regional districts, non-graduates between 2002/03 and 2004/05 ranged from 28.2% in the Capital Regional District to 40.2% in the Alberni-Clayquot Regional District, thus exceeding the provincial average by a fair margin. Only the Cowichan Valley, Capital, and Mount Waddington Regional Districts showed an improvement in 2002/03 to 2004/05 period over the previous reporting period.



¹¹ Human Resources and Skills Development Canada, *Youth in Transition Survey*, 2002.

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

Regional District	Average 2001/02-2003/04	Average 2002/03-2004/05
Capital	29.0	28.2
Cowichan Valley	26.8	24.3
Nanaimo	31.8	32.3
Alberni-Clayoquot	35.5	40.2
Comox-Strathcona	28.2	29.7
Powell River	25.4	28.3
Mount Waddington	37.1	36.7
Central Coast*	n/a	n/a
British Columbia	24.9	24.4

Source: BC Statistics.

*BC Statistics did not report on the Central Coast as the absolute number was judged to be too small to be statistically significant.

The reasons for not completing high school are complex and numerous, including school-related reasons such as poor grades and low interest in school, personal or family-related reasons such as health, pregnancy, caring for a child or family problems and work-related reasons such wanting or having to work.¹² However, studies suggest that the educational attainment of students' parents is one of, if not the most important contributing factors.¹³ Statistics Canada's *Youth in Transition Survey* also identifies the nature of parents' employment as a factor, thus suggesting that this precedent and the past availability and present expectation of well-paying jobs that do not require high school completion, such as those in the resource sector, play a role.

These findings are partly borne out in the VICDR. The Cowichan Valley Regional District, which had the lowest percentage of non-graduates between 2002/03 and 2004/05, also had the third-lowest percentage of labour force age 25 to 54 without high school completion (19.9%) after the Capital and Nanaimo Regional Districts (12.3% and 18%).¹⁴ While the Capital and Nanaimo Regional Districts show results contrary to this correlation,¹⁵ this anomaly may be explained by the greater availability of jobs in both areas, particularly in construction or food and accommodation services that do not require high school completion. In fact, the Capital Regional District had the lowest rate of youth receiving employment insurance and income assistance within the VICDR and Nanaimo Regional District the third-lowest rate after the Capital and Cowichan Valley Regional Districts in 2005.¹⁶



¹² Human Resources and Skills Development Canada and Statistics Canada, *Youth in Transition Survey*, 2002.

¹³ Anderson with Bruce, *Using Family Background to Predict Educational Attainment in Canada*, The Expert Witness Newsletter, Vol 9, No. 3, Economica Ltd., Autumn 2004.

¹⁴ Statistics Canada, 2001 *Census*.

¹⁵ The Capital and Nanaimo Regional Districts had the lowest percentage of labour force age 25 to 54 without high school completion according to the 2001 census (12.3% and 18.0% respectively).

¹⁶ BC Statistics.

live indicators

Conversely, the Alberni-Clayoquot Regional District, which had the highest percentage of non-graduates in the most recent reporting period, also had the highest percentage of the labour force with less than high school completion (33.7%). The high percentage of non-graduates in both Mount Waddington and Alberni-Clayoquot may also reflect a higher number of students taking more than four years after grade 8 to complete high school¹⁷ due to economic duress and students leaving the Regional District prior to graduation.¹⁸

dependency on the social safety net

Between 2001 and 2005, all regional districts within the VICDR, with the exception of Mount Waddington, saw a steady decline in the proportion of the population dependent on Income Assistance and receiving Employment Insurance benefits.¹⁹ However, only the Capital Regional District has recorded a dependency rate below the provincial average throughout this period. Mount Waddington, which had seen a decline in its dependency rate between 2001 and 2004, experienced a sharp rise in this rate last year.

Reasons for VICDR's overall reduction in its dependency rate include job growth, reduced unemployment and personal income growth. Authorities in Mount Waddington Regional District also pointed out that their sharp dependency drop in 2004 was due to people leaving the area when work was not available, which is supported by the regional district's population loss.²⁰ Restructuring in the forest industry and mill shut downs are the reasons they cite for the 2005 increase in the Regional District's dependency rate.

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

Region	2001	2002	2003	2004	2005
Capital	6.1	5.0	4.0	3.6	3.0
Cowichan Valley	9.1	7.7	5.7	4.8	4.6
Nanaimo	10.7	8.8	6.5	5.5	4.8
Alberni-Clayoquot	10.9	8.8	8.0	6.3	5.7
Comox-Strathcona	9.9	8.4	6.6	5.8	5.0
Powell River	9.7	8.9	7.1	5.8	4.7
Mount Waddington	8.3	8.2	7.6	4.2	8.1
Central Coast *	10.9	9.2	9.2	-	5.0
Development Region Total	8.1	6.8	5.3	4.4	4.0
British Columbia	7.0	6.1	5.1	4.2	3.7

Source: BC Statistics.

*BC Statistics did not report in Sept 2004 on the Central Coast as the absolute number was judged to be too small to be statistically significant.



¹⁷ The basis of the graduation statistics.

¹⁸ Interview with Dan Boudreault, Superintendent of Schools CEO, School District #85.

¹⁹ BC Statistics.

²⁰ Interview with Kathy Denham, Community Futures, Mount Waddington Regional District.

²¹ Rates are as of September for each year.

job creation

2005 marked the second year of strong job growth in the VICDR and the fourth year in a row of job gains. Total employment in 2005 was up 22,600 jobs or 6.9% from 2000 and 42,700 jobs from the five year low in 2001. Almost three-quarters of this job growth occurred in the last year two years (15,800 jobs in 2005 and 15,100 in 2004). In addition, the rate of increase for both goods and services-producing jobs in the VICDR (8.5% and 3.8%) ranked third-highest in the province last year.

Job growth, however, has by no means been universal throughout the VICDR or on a sectoral basis. The Victoria Census Metropolitan Area (CMA),²² was responsible for 60% of the job gains since 2000 and has seen four years of steady growth.²³ Job growth in the rest of the VICDR has been more uneven, and only in the last year were gains sufficient to surpass job losses since 2000. However, job creation outside the Victoria CMA bounced back in 2004 adding 78% of the VICDR's job gain that year and over half (54%) of the VICDR's job gain in 2005. In addition, job gains in the service-producing sector are entirely responsible for employment growth in the VICDR over the last five years, offsetting losses in the goods-producing sector.

Table 4: Employment in the Vancouver Island/Coast Development Region, 1999 to 2004²⁴

	2000	2001	2002	2003	2004	2005	Job Creation (000)	
							5-Year 2000-05	1-Year 2004-05
TOTAL EMPLOYMENT (000)	327.4	307.3	317.4	319.1	334.2	350.0	22.6	15.8
Goods-Producing Sector (000)	67.4	55.8	55.8	62.2	61.1	66.3	-1.1	5.2
Agriculture	5.2	4.5	4.3	4.8	5.5	5.0	-0.2	-0.5
Forestry, fishing, mining, oil and gas	14.9	10.3	10.4	12.9	9.2	8.7	-6.2	-0.5
Utilities	1.6	1.6	0.0	0.0	0.0	1.7	0.1	0.0
Construction	22.4	18.5	17.1	20.9	23.0	30.3	7.9	7.3
Manufacturing	23.3	20.9	22.7	22.5	22.3	20.6	-2.7	-1.7
Services-Producing Sector (000)	260.0	251.6	261.6	256.9	273.1	283.6	23.6	10.5
Trade	52.8	45.0	54.7	49.7	52.4	55.5	2.7	3.1
Transportation & warehousing	13.9	13.9	13.3	13.6	15.3	14.5	0.6	-0.8
Finance, insurance, real estate & leasing	15.5	14.3	16.7	16.3	16.7	21.1	5.6	4.4
Professional, scientific & technical services	18.2	18.7	16.7	16.0	18.0	20.6	2.4	2.6
Business, building & other support services	12.9	11.8	12.7	14.5	13.5	14.5	1.6	1.0
Educational services	24.4	23.8	24.4	22.9	19.7	22.1	-2.3	2.4
Health care & social assistance	39.9	38.8	39.2	43.9	43.3	39.9	0.0	-3.4
Information, culture & recreation	14.0	17.5	15.2	15.2	16.8	16.2	2.2	-0.6
Accommodation & food services	27.0	28.0	30.9	27.8	36.1	37.2	10.2	1.1
Other services	15.2	16.1	15.4	15.7	15.1	14.3	-0.9	-0.8
Public administration	26.1	23.7	22.5	21.3	26.2	27.8	1.7	1.6

Source: Statistics Canada, Labour Force Survey Historical Review.

²² Statistics Canada only provides a sub-regional labour market breakdown for the Victoria CMA and the Vancouver Island Coast Development Region as a whole. No data is available on a regional district basis.

²³ Statistics Canada, *Historical Labour Force Survey*, 2006

²⁴ 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.

work indicators

The **goods-producing sector** had 1,100 fewer jobs last year compared to five years ago despite the addition of 5,200 jobs in 2005. Last year's job gains were due to growth in the construction industry both within and outside the Victoria CMA that offset job losses in every other industry group within this sector. Low interest rates combined with the VICDR's high population growth explain brisk construction activity (see INVEST) and increased employment.

Although 1,500 manufacturing jobs have been added in the Victoria CMA since 2000, this was not enough to offset significant job losses outside Victoria (-4,200 jobs), including 1,500 jobs lost last year. The forestry, fishery and mining industries have also lost 6,200 jobs since 2000. These job losses reflect the restructuring of the forest industry and mill shut downs as well as downsizing of employment in fisheries as the industry shifts from wild to farmed fish.²⁵

Employment in the **service-producing sector** increased by 23,600 jobs over the last five years, of which 9,200 were created within the Victoria CMA and 14,400 in the rest of the VICDR. Since 2000, employment in all but three industry groups (education, other services, and health care) has increased. However, two-thirds of service-sector job growth was due to job gains in accommodation and food services (10,500 jobs) and finance, insurance, real estate and leasing (5,600 jobs). These industries were equally important within and outside the Victoria CMA, accounting for 70% and 65% respectively of service-sector job gains in these areas since 2000. The only significant reduction of employment since 2000 was in education, which now has 2,800 fewer jobs, entirely as a result of job losses outside Victoria CMA.

In 2005, service-sector job gains were evenly split between the Victoria CMA (5,200 jobs) and the rest of the VICDR (5,300 jobs). The industry with the largest overall employment increase was finance, insurance, real estate and leasing, with 1,800 jobs added in the Victoria CMA and another 2,600 jobs added elsewhere in the VICDR. In addition, significant job gains were made in trade and professional, scientific and technical services outside the Victoria CMA last year (3,700 jobs), while the largest service industry job gain within Victoria CMA was in education (2,700 jobs). The only industry to experience significant job losses in 2005 was health care (-1,800 jobs in Victoria CMA and -1,600 jobs elsewhere in the VICDR).



²⁵ BC Statistics, *Quarterly Regional Statistics*, Interim Report, First Quarter 2006.

work indicators

Job gains in the VICDR's accommodation and food service industries are easily explained by increased tourism demand, illustrated by last year's 8.2% rise in tourism room revenues (20.4% since 2000), which was the second-highest within the province. Increased construction activity and population growth also explain job gains made in finance, insurance and real estate as well as trade. On the other hand, job losses were recorded in both education²⁶ and health care/social assistance.

unemployment rate

The unemployment rate in the VICDR has dropped steadily from a high of 9.2% in 2001 to 6.3% in 2005, but remains higher than the provincial average of 5.9% as it has every year since 2001.²⁷ However, variations exist throughout the VICDR. The unemployment rate in the Victoria CMA has consistently been lower than the rest of the VICDR.²⁸ This difference has ranged from a low of 1.1 percentage points in 2000 to a high of 6.4 percentage points in 2001. In 2005, the unemployment rate in the Victoria CMA was 4.5% compared to 7.0% in Nanaimo and 6.3% in the rest of the VICDR.

Table 5: Unemployment Rate in the Vancouver Island/Coast Development Region, 2000 to 2005

	2000	2001	2002	2003	2004	2005	Percentage Point (ppt) Change	
							5-Year 2000-05	1-Year 2004-05
Vancouver Island/Coast DR	7.8	9.2	8.7	8.6	7.9	6.3	-1.5 ppt	-1.6 ppt
British Columbia	7.1%	7.7%	8.5%	8.0%	7.2%	5.9%	-1.2 ppt	1.3 ppt

Source: Statistics Canada.

invest indicators

business and investment activity

The BC economy as a whole has exhibited impressive growth over the past two years, buoyed by extensive construction activity, high commodity and energy prices benefiting mining, high demand for lumber combined with increased cutting to salvage pine beetle affected timber, Asian trade flows and Olympic preparations.²⁹ The VICDR has been part of this good news story, especially in construction.



²⁶ According to the BC Ministry of Education K to 12 reporting statistics, the number of full-time equivalent (FTE) educator staff is down -10.7% and FTE support staff by -0.8%. It should be noted, however, that enrolment is down -8.1%.

²⁷ Statistics Canada.

²⁸ BC Statistics, *Annual Unemployment Rate by Development Regions, 2000-2005*.

²⁹ Scotiabank Group, *Provincial Pulse, British Columbia*, December 2005.

invest indicators

At the end of September 2005, 51 projects³⁰ valued at just under \$3.3 billion were under construction in the VICDR, which is more than double the construction in progress reported at the end of 2004.³¹ 38 projects totaling \$2.8 billion were underway in the Victoria CMA and 15 projects totaling \$600 million elsewhere in the VICDR. The vast majority of this investment (\$2.9 billion or 89 percent) is residential and commercial development, much of which is oriented toward the retirement market as well as tourism/resort development. The largest of these developments are the \$150 million Royal Bay housing development in Colwood, \$100 million multi-use Marine Drive development in Ucluelet, and the \$100 million Railyards residential/commercial development and \$100 million Selkirk Waterfront mixed use project in Victoria. New tourism facilities, ranging from the \$1.2 billion golf, hotel and residential development at Bear Mountain in Langford to a \$100 million dollar expansion at the Mount Washington ski resort projects with residential components, account for over \$1.8 billion or half of the total construction in progress.

Other investments under-construction include public works in the form of expansions to the University of Victoria (\$25 million), Malaspina College (\$21 million), Road Roads University (\$62 million), the Nanaimo Regional Hospital (\$29 million), Victoria Airport (\$30 million) and CFB Esquimalt (\$170 million) as well as Ecole Victor Brodeur, a new francophone school (\$20 million), and new Sooke sewage treatment plant (\$100 million). In addition, there are private investments in an office development and private care facility. All together, these non-residential investments total \$575 million.³²

Another 68 projects valued at almost \$7 billion were also proposed in the VICDR (35 projects totaling \$1.9 billion in the Victoria CMA and 33 projects totaling \$5 billion elsewhere in the VICDR). About half of all proposed development is residential/commercial (\$3.6 billion), of which \$1.8 billion is tourism/resort oriented. Proposed developments in other sectors total \$3.3 billion and include five new mine or quarry developments; eight power generating projects, including two wind farm proposals; eight educational facility developments, including the VENUS and NEPTUNE research projects; two ship terminal improvements; two conference centre developments; a building addition at CFB Comox; and sewage treatment plant and gas transmission line upgrades.³³

The value of development in the VICDR, both proposed and under construction, ranks third-highest within the province after the Mainland/Southwest and slightly below the Thompson-Okanagan Development Regions. This variety speaks not only of a response to population growth but strengthening and diversification of the local economy by public and private investments in infrastructure that serve to enhance the economic competitiveness and efficiency of the VICDR.

incorporations and bankruptcies

2005 marked the fourth year in a row that the number of business incorporations increased in the VICDR. Between 2004 and 2005, the number of incorporations increased sharply (21.3%), surpassing the robust 17.5% increase in the prior year. The number of business bankruptcies also decreased for the third year in a row, dropping by 8.8% and setting a five year low. Both of these facts point to a strengthening economy that is attractive to investment.



³⁰ BC Ministry of Economic Development, *Major Projects Inventory*, September 2005.

³¹ BC Ministry of Economic Development, *Major Projects Inventory*, December 2004.

³² Ibid.

³³ Ibid.

Table 6: Business Incorporations and Bankruptcies in the Vancouver Island/ Coast Development Region, 2000 to 2005

	2000	2001	2002	2003	2004	2005	Percentage Change	
							5-Year 2000-05	1-Year 2004-05
Business Incorporations	2,523	2,401	2,512	2,605	3,062	3,715	47.2%	21.3%
Business Bankruptcies ³⁴	188	151	160	135	113	103	-45.2%	-8.8%

Source: BC Statistics.

business establishments

Province-wide, the number of business establishments increased by over 55,000 between 2000 and 2005, with small businesses (0 to 49 employees) accounting for 90% of this growth.³⁵ Despite a small reduction (-0.3%) in the number of business establishments in the VICDR last year, it still ranks second within the province after the Mainland/Southwest Development Region. In addition, growth in the number of business establishments since 2000 was the second highest within the province and exceeded the provincial average. These facts together with the rise in business incorporations and decline in business bankruptcies confirm the VICDR's attractiveness as a place to invest.

Table 7: Number of Business Establishments in the Vancouver Island/Coast Development Region – All Sizes, 2000 to 2005

	2000	2001	2002	2003	2004	2005	Percentage Change	
							5-Year 2000-05	1-Year 2004-05
Vancouver Island/Coast DR	49,955	50,172	50,401	53,039	55,400	55,267	20.3%	-0.3%
British Columbia	289,832	315,738	315,277	332,418	346,316	345,227	19.1%	-0.3%

Source: BC Statistics and Statistics Canada



³⁴ Business bankruptcy data represents the cities of Campbell River, Courtney, Duncan, Nanaimo, Port Alberni, Powell River, and Victoria.

³⁵ BC Statistics and Statistics Canada.



conclusions

2005 proved, on the whole, to be an excellent for the VICDR. The region continued to attract both tourists and new residents, who are drawn by its favourable climate, natural beauty and relative affordability especially in areas outside Victoria. Even Mount Waddington Regional District, where the local economy has been challenged, reports rising house prices, particularly for waterfront properties, due to the in-migration of retirees and recreational property buyers.³⁶ This influx fueled brisk construction activity and job growth, particularly in construction, accommodation and food services, and finance, insurance, real estate and leasing. As a result, pre-tax income per capita appears to be on the rise and unemployment and dependence on social assistance is down throughout the VICDR with the exception of Mount Waddington Regional District, the area most hard hit by resource sector job losses. The only other grey spot is the high school graduation rate, which remains below the provincial average in all but one regional district (Cowichan Valley), potentially compromising the region's future economic progress in an increasingly knowledge based and competitive global economy.

Looking forward at the end of the first quarter of 2006, the VICDR appears to be continuing in a very positive direction and heading for another very good year. Although there is some concern about the high Canadian dollar and its effect on tourism as well as lumber exports, construction activity remains brisk; base metal prices have reached all time highs encouraging new mine developments; job growth is strong; and unemployment has reached a 30-year low. Substantial public investments are underway to serve the expanding population, including transportation and sewage treatment upgrades and school and hospital additions. In addition, several public works are in progress to stimulate economic diversification and growth by expanding the capacity of post-secondary facilities (i.e. Malaspina College, Royal Roads University and University of Victoria) and funding scientific research projects (i.e. NEPTUNE and VENUS projects).

In the resource sector, recent mining investments, stimulated by higher commodity prices, are welcome additions to the resource-based economies of the north island and mainland coast. Other positive contributions include the re-opening of the Port Alice mill and possible re-opening of the Powell River kraft pulp mill and various proposed power generating projects. Unfortunately, diminished timber supply and forest industry restructuring combined with low capital investment suggest that the forest industry will continue to face challenges in the near term.³⁷ Similarly, the shift from wild to farmed shell fish and fin fish together with aquaculture's lengthy approval process are likely to result in fewer jobs in fishery industry.³⁸



³⁶ Interview with Kathy Denham, Community Futures, Mount Waddington Regional District.

³⁷ BC Statistics, *Quarterly Regional Statistics*, Interim Report First Quarter 2006.

³⁸ Ibid.