



## Cariboo Development Region



The Cariboo Development Region (CDR) spans an area of approximately 131,286 km<sup>2</sup> in central BC,<sup>1</sup> between the Alberta border in the east and the Coast Mountains in the west. In 2013, 156,627 residents, or 3.4% of BC's population, inhabited the region.<sup>2</sup> Last year, population growth was a modest 0.1%, following four successive years of net outmigration. This growth rate was slightly less than the provincial average (0.9%) and ranked fourth after the Northeast (1.9%), Mainland/Southwest (1.3%), and Vancouver Island/Coast (0.4%) Development Regions.

BC's economic performance was restrained for the second consecutive year in 2013, as GDP growth slowed and employment contracted. A mounting outflow of migrants to Alberta and other provinces reduced labour market participation. In the CDR, the rate of job loss was extensive, spurring an exodus of job seekers to more lucrative jurisdictions. Some migrant workers, however, have maintained their permanent residence in the CDR and return to their families between shift rotations, continuing to spend their wages locally. The wrap up of construction at two substantial mining projects, the Mount Milligan Copper-Gold mine north of Prince George and the expanded Gibraltar Copper Mine near Williams Lake, and substantial employment opportunities in Northwest BC and Alberta contributed to these labour force dynamics. Regardless, the development of the two mines has resulted in full-time permanent work for locals and demand for additional services.

<sup>1</sup> Stats Canada, *Census 2011*.

<sup>2</sup> Stats Canada, *Population Estimates as of July 1<sup>st</sup>*, CANSIM Table 051-0059.

<sup>3</sup> Ministry of Energy and Mines, *Exploration and Mining in British Columbia 2013*, Omineca Region.

Commissioning of the mine projects coincided with an uncertain time in BC's mining sector. Last year, gold and copper prices plummeted as much as 28% and 13% respectively,<sup>3</sup> resulting in cutbacks and deferrals on some capital projects. Lower prices for some metals also put a damper on mining and exploration activity province-wide. In the CDR, there was a significant annual drop in mineral exploration.

An improved US economy and increased demand from China for BC's resources injected strength into some export sectors last year. Despite a drop in price, the value of copper exports increased by 18%. The Gibraltar Mine's newly expanded capacity was well-utilized with copper production increasing by 35% over 2012.<sup>4</sup> At the provincial level, wood products exports rose by \$1.6 billion, an increase of 26%, as shipments of lumber and logs led the growth.<sup>5</sup> The CDR is one of the most forest-dependent regions in the province. Historically, Interior mills have contributed to about 40% of Canada's overall lumber production. However an ever tightening regional timber supply due to the mountain pine beetle devastation is making it difficult for some mills to take advantage of the renewed demand.

Capital investment proposed for the CDR promises to strengthen the resource sector and diversify into new areas. Planned investments comprise an estimated \$2.5 billion in mine development, primarily copper and gold; energy projects to the tune of \$913 million, including biomass proposals that will use residual fibre supply from forest operations as well as several run-of-river projects; a portion of Kinder Morgan's \$5.4 billion pipeline that is proposed to traverse a portion of the CDR; and a handful of commercial and industrial developments.

## WORK Indicators

### Job Creation

Job creation is a primary indicator of labour market and economic health. After three years of solid employment gains, the CDR's job market lost ground in 2013, as overall employment dropped by 3,900 (-4.6%). This is the first time since the 2008/2009 financial crisis that the regional economy has experienced job loss. Both the goods-producing sector (-2,800 jobs), and the service sector (-1,000 jobs) contributed to the decline. Statistics Canada estimates one third of job losses were full-time positions.

In the CDR's goods-producing sector, manufacturing (-1,300 jobs) and the primary industries, forestry and mining (-900 jobs), incurred the brunt of the decline. The manufacturing industry began shedding workers during the last quarter of 2013.<sup>6</sup> Detailed statistics indicate in 2013, employment in wood products manufacturing grew substantially in response to increased global demand for lumber while employment in paper manufacturing operations fell. Exports of pulp and paper products have been declining for the past two years because of stagnant or declining demand for paper worldwide. The growing popularity of advertising on electronic platforms instead of print media was partly responsible for this trend.

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<sup>4</sup> Battison, Brian. "Taseko Renews Commitment to Gibraltar Success." *The Williams Lake Tribune*, March 26, 2014.

<sup>5</sup> BC Stats, *Exports (BC Origin) 2004-2013*, March 2014.

<sup>6</sup> Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Monthly, Table 282-0060.

The completion of the three-year Mount Milligan Mine project and the expansion and modernization of the Gibraltar Mine in 2013, which meant the end of work contracts for those hired for the construction had a significant impact on employment in the primary industries and other sectors that reaped spin-offs from the developments. The Mount Milligan Mine alone employed approximately 1,000 workers during construction and now has a permanent estimated workforce of approximately 450 workers. Employment in the CDR's construction industry picked up during the last quarter of 2013, resulting in an annual gain of 200 jobs.<sup>7</sup> Although general building activity was down in most of the region,<sup>8</sup> there were two major projects that began construction last year.

Job losses in the CDR's services-producing sector were extensive, with eight of eleven industries posting moderate to substantial employment declines. Industries that incurred the greatest losses were transportation and warehousing (-1,000 jobs), health care and social assistance (-800 jobs), and professional, scientific and technical services (- 700 jobs). Transportation and warehousing has shed workers for the past two years, a consequence of intense competition in other industries and jurisdictions for drivers. Nevertheless, employment in the industry began to improve during the last quarter of 2013, and rebounded to 5,600 by December.<sup>9</sup>

The health care and social assistance industry is sensitive to changes in both temporary and permanent populations. Job losses in this sector may be linked to the outmigration of workers as construction at the Mount Milligan Mine wrapped up; employment in health care and social assistance began to fall off in the latter half of 2013, coinciding with the mine's completion.

The number of jobs in professional, scientific and technical services has declined steadily since 2012. The reduction in mineral exploration and development activity has impacted employment in this industry last year. Fortunately, several mid- to late-year exploration programs commenced once funding requirements were met,<sup>10</sup> stimulating employment in the industry during the latter half of 2013. Other service sector job losses were reported in the trade and information, culture and recreation industries, which lost 500 jobs apiece.

Substantial job creation in public administration (+1,800 jobs) and the accommodation and food services industry (+1,100 jobs) moderated overall service sector job loss. Employment in public administration reached its highest point in at least a decade, reflecting the need for services like infrastructure development and maintenance, administration of health care, education, natural resources, the social safety net, and policing. The industry added the majority of new workers during the latter half of 2013.<sup>11</sup>

Statistics Canada reports employment in both accommodation services and food services and drinking establishments increased 700 and 400 jobs respectively.<sup>12</sup> Accommodation and food services is a fairly volatile industry, shrinking and expanding in response to changes in temporary population and tourism traffic. As much of the work in the industry is part time, these numbers don't necessarily reflect the actual hours worked in the industry.

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<sup>7</sup> Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Monthly, Table 282-0060.

<sup>8</sup> BC Stats, *British Columbia Building Permits for Development Regions and Regional Districts, by Type 2005 – 2013, (2014 year-to-date)*, April 9, 2014.

<sup>9</sup> Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Monthly, Table 282-0060.

<sup>10</sup> Ministry of Energy and Mines, *Exploration and Mining in British Columbia 2013*, Omineca Region.

<sup>11</sup> Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Monthly, Table 282-0060.

<sup>12</sup> BC Stats, *Employment and Unemployment Rate by Detailed Industry*, April 2014

The CDR incurred the highest overall rate of job loss in the province last year (-4.6%). In other Development Regions, labour market conditions were mixed. Kootenay (+4.1%), Northwest BC (+1.5%), Vancouver Island/Coast (+0.5%), and Mainland/Southwest (+0.1%) were the top performers. Thompson-Okanagan (-2.9%) and Northeast (-2.0%) reported overall job loss.

**Table 1-1: Employment, Cariboo Development Region, 2008 to 2013<sup>13</sup>**

							Job Creation (000)	
	2008	2009	2010	2011	2012	2013	5-Year 2008-13	1-Year 2012-13
<b>TOTAL EMPLOYMENT (000)</b>	<b>83.5</b>	<b>75.5</b>	<b>80.3</b>	<b>81.2</b>	<b>85.2</b>	<b>81.3</b>	<b>-2.2</b>	<b>-3.9</b>
<b>Goods-Producing Sector (000)</b>	<b>23.3</b>	<b>21.0</b>	<b>22.3</b>	<b>21.1</b>	<b>27.4</b>	<b>24.6</b>	<b>+1.3</b>	<b>-2.8</b>
Agriculture	2.0	x	2.0	x	x	X	n/a	n/a
Forestry, fishing, mining, oil and gas	4.9	5.6	5.2	4.2	7.4	6.5	+1.6	-0.9
Utilities	x	x	x	x	x	X	n/a	n/a
Construction	5.4	6.4	6.1	6.6	7.0	7.2	+1.8	+0.2
Manufacturing	10.2	8.1	8.4	8.8	11.3	10.0	-0.2	-1.3
<b>Services-Producing Sector (000)</b>	<b>60.2</b>	<b>54.5</b>	<b>57.9</b>	<b>60.1</b>	<b>57.7</b>	<b>56.7</b>	<b>-3.5</b>	<b>-1.0</b>
Trade	13.5	10.7	13.8	12.5	13.4	12.9	-0.6	-0.5
Transportation & warehousing	4.3	3.8	5.6	6.5	5.4	4.4	+0.1	-1.0
Finance, insurance, real estate & leasing	3.2	2.8	3.0	3.4	2.5	2.8	-0.4	+0.3
Professional, scientific & technical services	3.3	2.9	3.1	4.1	3.5	2.8	-0.5	-0.7
Business, building & other support services	3.1	2.3	2.3	2.4	2.1	1.9	-1.2	-0.2
Educational services	5.2	4.8	5.8	5.9	6.1	5.8	+0.6	-0.3
Health care & social assistance	11.4	10.6	9.0	10.3	10.7	9.9	-1.5	-0.8
Information, culture & recreation	2.6	3.6	2.2	2.6	2.4	1.9	-0.7	-0.5
Accommodation & food services	6.3	6.3	5.2	5.9	5.8	6.9	+0.6	+1.1
Other services	3.6	3.7	4.4	3.1	3.2	3.1	-0.5	-0.1
Public administration	3.7	2.8	3.4	3.5	2.6	4.4	+0.7	+1.8

Source: Statistics Canada, Labour Force Survey Historical Review

<sup>13</sup> Industries with "x" 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.

## Unemployment Rate

The unemployment rate captures the balance of labour force supply and demand, and is a key economic indicator in all countries. In 2013, the CDR's unemployment rate decreased by 1.3 percentage points (ppt) to 5.7%, the third largest one-year decline among the Development Regions. This improvement seems counterintuitive given the region's substantial job losses (-3,900 jobs). However, the reduction in job seekers (-5,400 people) exceeded job loss, and propelled the unemployment rate downwards.

**Table 1-2: Unemployment Rate, Cariboo Development Region, 2008 to 2013**

Region	2008	2009	2010	2011	2012	2013	Percentage Point (ppt) Change	
							5-Year 2008-13	1-Year 2012-13
Cariboo	6.7%	12.1%	8.1%	7.6%	7.0%	5.7%	-1.0 ppt	-1.3 ppt
<b>British Columbia</b>	<b>4.6%</b>	<b>7.7%</b>	<b>7.6%</b>	<b>7.5%</b>	<b>6.7%</b>	<b>6.6%</b>	<b>+2.0 ppt</b>	<b>-0.1 ppt</b>

Source: Statistics Canada

With these labour force dynamics at play, the CDR's unemployment rate slipped below the BC average (6.6%) for the first time since 1996.<sup>14</sup> Among the Development Regions, Northeast BC enjoyed the lowest unemployment rate (4.9%), followed by Kootenay (5.2%) and Cariboo. In contrast, Northwest BC (6.6%), Mainland/Southwest (6.7%), and Thompson-Okanagan (7.1%) recorded the highest rates.

Job opportunities for young CDR workers appeared to improve last year. The unemployment rate for youth dropped 2.7 ppt to 11.3%, marking the largest decline in youth unemployment in the province. The creation of 600 new jobs surpassed the growth in the labour force (+400 youth), driving the jobless rate down.

**Table 1-3: Youth (age 19 to 24 years) Unemployment Rate, Cariboo Development Region, 2008 to 2013**

Region	2008	2009	2010	2011	2012	2013	Percentage Point (ppt) Change	
							5-Year 2008-13	1-Year 2012-13
Cariboo	9.4%	18.7%	13.5%	12.3%	14.0%	11.3%	+1.9 ppt	-2.7 ppt
<b>British Columbia</b>	<b>6.8%</b>	<b>11.1%</b>	<b>11.3%</b>	<b>11.5%</b>	<b>10.9%</b>	<b>10.5%</b>	<b>+3.7 ppt</b>	<b>-0.4 ppt</b>

Source: Statistics Canada, Labour Force Survey, Custom Table

\*Unemployment rate calculated by author.

Despite last year's improvement, the CDR's youth unemployment rate remained above the provincial average and placed sixth among the Development Regions, ahead of Kootenay (12.2%). Youth unemployment was the lowest in the Northeast (6.3%), Thompson-Okanagan (9.9%), and Vancouver Island/Coast (10.1%) in 2013.

<sup>14</sup> Stats Canada, *Labour Force Survey Estimates, by Provinces, Territories and Economic Regions Based on 2006 Census Boundaries*, Annual, Table 282-0055.

# INVEST Indicators

## Business and Investment Activity

Capital investment in non-residential structures, machinery, and equipment contributes to job creation, increased productivity, and economic growth. The private sector finances approximately 90% of total capital investment in BC and the public sector funds the rest. Preliminary estimates show non-residential investment reached \$21.6 billion in 2013, an increase of 2.6%, but a decline in machinery and equipment (-5.5%) minimised this improvement.<sup>15</sup>

A second year of restrained economic growth and consumer demand, deteriorating prices for some minerals and energy, and uncertainty in global financial markets reduced investor confidence. Nonetheless, the value of new project investment proposed for BC last year expanded significantly (+31%) to reach \$204 billion. Most new proposals are for LNG-related projects planned for BC's North Coast Development Region.<sup>16</sup>

In the CDR, overall capital investment dipped by 1% in 2013, with the value of major projects either proposed, underway, completed, or on hold, declining to \$10.3 billion. By the end of 2013, there were 38 major projects in the CDR—nine under construction (valued at \$962 million), 25 in the proposal stage (\$9.1 billion), two completed (\$67 million), and two on hold (\$143 million).<sup>17</sup>

The value of major projects under construction dropped dramatically (-64%) last year, largely due to the completion of two substantial mining developments. The Mount Milligan Mine (\$1.6 billion) near Mackenzie stayed on schedule despite the high turnover of skilled labour and escalating costs. Over the three-year construction period, an average of 950 personnel logged 77,000 hours per week. In addition, many spin-off jobs and substantial economic benefits were generated for locals.<sup>18</sup> The permanent workforce is estimated at 450 people, with about half anticipated to live on-site. Once the mine reaches full operational capacity, it is expected to yield approximately 60,000 metric tonnes of copper-gold concentrate per day over a 22-year mine life.

Near Williams Lake, the third phase of an expansion and modernization of the Gibraltar Mine (\$325 million) was completed in the spring of 2013. The mine is the second largest open pit copper mine in Canada and the largest employer in the Cariboo. The most recent phase included a new 30,000 tonne per day mill, a molybdenum recovery facility and additions to the mining fleet. Processing capacity has increased to 85,000 tons per day over a 25 year mine life.<sup>19</sup>

Smaller projects that wrapped up include upgrades at the Cariboo Pulp and Paper Company in Quesnel (\$42 million), and two developments in Prince George—a new RCMP detachment (\$39 million) and a municipal road connecting Highway 97 and 16 (\$28 million).

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<sup>15</sup> This is non-residential construction and machinery and equipment. Statistics Canada, *2014: Public and Private Intentions in Canada – 2014 (intentions)*, Table 2 Capital spending, non residential construction and machinery and equipment, provinces and territories, Statistics, Catalogue no. 61-205-X <http://www.statcan.gc.ca/daily-quotidien/140226/t140226a002-eng.htm> Reviewed March 2014.

<sup>16</sup> BC Ministry of Finance, *BC Major Projects Inventory, December 2013*. Note: Period of reference is fourth quarter 2012 and fourth quarter 2013.

<sup>17</sup> BC Ministry of Finance, *BC Major Projects Inventory, December 2013*. Note: Period of reference is fourth quarter 2012 and fourth quarter 2013.

<sup>18</sup> Ministry of Energy and Mines, *Exploration and Mining in British Columbia 2013*, Omineca Region.

<sup>19</sup> Taseko website: <http://www.tasekomines.com/gibraltar/ID540166>.

Two new developments commenced construction in the CDR last year, both in Prince George. Lakeland Mills is replacing the sawmill that was destroyed by fire in 2012.<sup>20</sup> The new sawmill will tie in to the existing planer mill and energy system which are still operational. Once operational, the mill will employ about 100 workers.<sup>21</sup> The \$25 million Wood Innovation and Design Centre will be a research and academic centre for the technological advancement of wood products and building techniques. Educational programming will allow students to pursue research on wood and other forest products related to wood structures.<sup>22</sup> Both projects are expected to be completed in 2014.

In 2013, one development was added to the inventory of projects proposed for the CDR. Imperial Metals began exploration and drilling work at its Mount Polley Copper/Gold Mine southeast of Prince George to further expand its pit and extend mine life by two years to 2025.<sup>23</sup> There is no capital cost estimate available for the mine’s development at this time.

Projects scheduled to proceed in 2014 have a total estimated value of \$1.1 billion. The largest is Spanish Mountain Gold Limited’s proposed open pit mine near Williams Lake, whose capital cost estimate has been revised upwards from \$463 to \$756 million in the past year. Once in operation, the mine is forecast to produce 14.6 million tonnes per year over a 10-year life. The project is currently undergoing the environmental assessment process. The Spanish Mountain project, along with several others that are scheduled to move forward this year, such as a Biomass Project in McBride (\$140 million), the Hills Health Ranch Expansion (\$40 million), and a hotel and condominium development in Prince George (\$40 million) were also scheduled to commence in 2013.

## Bankruptcies

Business bankruptcies are a key indicator of business success and are linked to both the investment climate and economic health of a region. In 2013, business bankruptcies in the CDR declined by 50% as compared to 2012, to one, the lowest level in more than a decade. This was the third best performance in BC, behind the North Coast (-100%) and Kootenay (-54.5%) Development Regions. In comparison, bankruptcies in the Thompson-Okanagan and Vancouver Island/Coast increased by 25.6% and 73.9% respectively.

The CDR’s recent business bankruptcy numbers are a considerable improvement over those reported during the past decade—after a high of 82 bankruptcies in 2003, double digit bankruptcies were reported in most of the successive years. The CDR’s neighbours, the North Coast and Nechako Development Regions, also showed excellent results in 2013 with both reporting zero bankruptcies.

**Table 1-4: Business Bankruptcies, Cariboo Development Region, 2008 to 2013**

	2008	2009	2010	2011	2012	2013	Percentage Change	
							5-Year 2008-13	1-Year 2012-13
<b>Business Bankruptcies</b>	<b>42</b>	<b>36</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>-97.6%</b>	<b>-50.0%</b>

Source: Office of the Superintendent of Bankruptcy Canada

<sup>20</sup> This project does not have an estimated capital value.

<sup>21</sup> *Facts Fax*, Issue 698, March 22, 2013.

<sup>22</sup> UNBC website: <http://www.unbc.ca/engineering/watch-construction-future-home-engineering-live>.

<sup>23</sup> Ministry of Energy and Mines, *Exploration and Mining in British Columbia 2013*, Thompson-Okanagan-Cariboo Region.

# LIVE Indicators

## Educational Attainment

The productivity and wealth generation potential of an economy can be influenced by the education level of the labour force. In 2013, the percent of the CDR’s labour force aged 25 to 54 with a post-secondary certificate/diploma or higher declined by 3.1 percentage points (ppt) to 57.2%. This was the only decline in educational attainment in BC last year. Among the Development Regions, improvements in the range of 0.1 ppt (Vancouver Island/Coast) and 2.1 ppt in (Mainland/Southwest and the Northeast) were reported.

Some interesting dynamics produced last year’s educational attainment results in the CDR. About 15% of the labour force aged 25 to 54, or 5,800 people, with higher education exited the regional labour market— 4,100 had a post-secondary certificate or diploma, and 1,700 had a university degree. At the same time, the labour force at the high school diploma level expanded by 2,400 new workers. As mentioned in the WORK section, winding down of construction on both the Mount Milligan and Gibraltar mine, and reduced mineral exploration activity displaced many workers at the post-secondary and university level. However, the workforce is clearly quite mobile and it is likely that many individuals secured work in Alberta, or in Northern BC where unprecedented major project construction is taking place.

In terms of absolute standings, the Mainland/Southwest (71.1%) ranked first in 2013, followed by the Vancouver Island/Coast (65.7%), and Thompson-Okanagan (63.9%). The CDR’s deterioration in educational attainment last year moved it down one place to fifth, ahead of Northwest BC (56%) and the Northeast Development Region (54.9%).

**Table 1-5: Percent of Labour Force Age 25 to 54 with a Post-Secondary Certificate/Diploma or Higher, Cariboo Development Region, 2008 to 2013**

Region	2008	2009	2010	2011	2012	2013	Percentage Point Change	
							5-Year 2008-13	1-Year 2012-13
Cariboo	56.2%	55.7%	53.1%	55.8%	60.3%	57.2%	+1.0 ppt	-3.1 ppt
<b>British Columbia</b>	<b>62.6%</b>	<b>63.0%</b>	<b>64.4%</b>	<b>65.9%</b>	<b>66.6%</b>	<b>68.1%</b>	<b>+5.5 ppt</b>	<b>+1.5 ppt</b>

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

## Consumer Insolvencies

The consumer insolvency rate, defined as the number of personal insolvencies per 1,000 adult population, is an indicator that reflects the collective outcome of changes in the labour market, consumer behaviour, or credit market developments. There are many factors that cause insolvency: job loss, reduced income, money mismanagement, relationship breakdown, and medical problems are the most common factors. The number of consumer proposals<sup>24</sup> in Canada and BC has grown in the past five years to comprise a substantial share of insolvencies, signifying a shift in how consumers manage their indebtedness.<sup>25</sup> Consequently, this year we have expanded our discussion of consumer bankruptcy to capture consumer proposals.

<sup>24</sup> A consumer proposal is an alternative to bankruptcy whereby the indebted consumer negotiates to repay only a part of his/her debt. This allows the debtor to keep his/her assets as long as s/he continues to make payments on any loans secured by those assets, such as a home mortgage.

<sup>25</sup> This trend was spurred largely by changes in the Bankruptcy Insolvency Act (BIA) in 2008, when the limit of the size of non-mortgage debt qualifying for a proposal was hiked from \$75,000 to \$250,000, an incentive to choose proposals as an alternative to bankruptcy. Source: Tal, Benjamin, “The Changing Composition of Insolvencies,” *The Bankruptcy Report*, CIBC, August 12, 2013.



Between 2012 and 2013, the CDR's consumer insolvency rate declined by 2.5% to reach to 3.9 per 1,000 population aged 18 and older. Looking at the five-year trend in consumer insolvencies, it is evident the CDR suffered more than the rest of BC through the recession. Between 2008 and 2010, insolvencies in the CDR were 1.2 to 1.6 ppt above the provincial average. The CDR's improvement in consumer insolvencies since 2008 can be attributed to a 16.1% decline in bankruptcies, which outstrips performance at the provincial level during the same period (-9.5%).

Although it is nearly on par with its pre-recession rate, the CDR's consumer insolvency rate was still the highest in BC last year, tied with Vancouver Island/Coast. In contrast, all of the CDR's northern neighbours, North Coast (1.3), Northeast (1.7), and Nechako (2.0), registered the lowest personal insolvency rates in the province.

Comparing the 2012-13 one year decline among the Development Regions, North Coast (-40.9%), Northeast (-29.2%), and Thompson-Okanagan (-5.0%) were the top performers. The CDR ranked fourth.

**Table 1-6: Annual Consumer Insolvency Rate per 1,000 Population Aged 18 Years and Older, Cariboo Development Region, 2008 to 2013**

Rate		2008	2009	2010	2011	2012	2013	Percentage Change	
								5-Year 2008-13	1-Year 2012-13
Cariboo	Insolvency	3.7	5.3	4.7	4.0	4.0	3.9	+5.4%	-2.5%
	Bankruptcy	3.1	4.6	3.7	3.0	2.7	2.6	-16.1%	-3.7%
	Proposal	0.5	0.6	1.1	1.0	1.3	1.3	+160.0%	0.0%
<b>BC</b>	<b>Insolvency</b>	<b>2.5</b>	<b>3.7</b>	<b>3.5</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>	<b>+28.0%</b>	<b>0.0%</b>

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

## Conclusions

2013 was a mixed year for the CDR. Widespread job loss in a range of industries from manufacturing, forestry and mining, transportation and warehousing, health care and social assistance to professional, scientific and technical services prompted a mass outmigration of the labour force. Many individuals who left the region held a post-secondary certificate, diploma or higher—thus valuable human capital with the potential to increase productivity and regional prosperity were no longer contributing to the economy. However, the reduced labour force resulted in more job opportunities available to individuals that remained in the CDR. Indeed, the unemployment rate for both youth and the general population fell considerably last year. Regardless, the region's high rate of youth unemployment is worrisome as the tight job market makes it difficult for youth to remain in the region, or return to it if they are attending post-secondary education elsewhere.

Although the completion of construction at both the Mount Milligan and Gibraltar Mines resulted in the loss of many short-term jobs, a considerable number of permanent well-paying positions for locals have been created over long mine lives. Both operations will prove to be strong foundations for the local economy, helping businesses thrive and supporting a broader range of employment opportunities. Already, the region appears to be seeing the benefits as evidenced by the lowest level of business bankruptcies recorded in more than a decade. The continued high rate of consumer insolvencies, however, indicates that there are some residents still struggling financially.

Another good year is forecasted for the forest industry in 2014, with housing starts on the rise in the US and demand for BC's wood products from China predicted to continue. However, the mountain pine beetle epidemic that infested much of the wood in the BC interior is threatening the supply of harvestable timber—already production is slowing as mills scale back or close down.<sup>26</sup> In March 2014, Canfor closed its Quesnel sawmill in exchange for West Fraser's tenure in Houston in the Nechako Development Region. In return, West Fraser will keep its Quesnel mill running and will take over Canfor's tenure there. In Quesnel, 209 direct jobs were lost and an estimated 800 spin-off jobs affected.<sup>27</sup> More mill closures or scale backs are expected to occur over the next few years as timber supply continues to shrink. However, mills that remain in operation may benefit from soaring prices that are forecasted, as overall BC production declines. On the mining front, many residents were disappointed to learn this spring that the federal government had rejected Taseko Mines Ltd.'s \$1 billion proposal for an open pit gold-copper mine (New Prosperity) near Williams Lake due to adverse environmental effects. This may not be the final verdict, however, as the company has launched a judicial review on the ruling.<sup>28</sup>

The latest seasonally-adjusted short-term labour market statistics show that despite a reduction in jobs during the first quarter of 2014, overall employment levels are marginally higher than the same period last year. Statistics Canada reports 2,200 jobs were lost in the CDR (-2.6%) between December 2013 and March 2014, generating upward pressure on the unemployment rate, which climbed to 6.1%.<sup>29,30</sup>

## Glossary of Definitions

- **Consumer proposals:** A viable alternative to bankruptcy for those struggling with too much debt. In a consumer proposal, the debtor makes a legally binding debt settlement arrangement with their creditors to pay a portion of their outstanding debt over a period of up to five years. The greatest advantage of a proposal over a bankruptcy is the ability of the debtor to keep their assets as long as they are able to continue to make payments on any loans secured by those assets (like a house mortgage).
- **Job creation:** Change in number of employed individuals between two given years.
- **Unemployment rate:** Share of employable labour force looking for work but unable to find it.
- **Venture capital** is defined as financial capital provided to start-up companies (usually in the IT sector) in either the inception phase or a period of early growth, and is generally characterized by high risk.

<sup>26</sup> Jim Girvan, Murray Hall, Gerry Van Leeuwen, Alice Palmer and Russ Taylor, "BC Mountain Pine Beetle Epidemic: Big Industry Changes Expected by Mid-decade," *Wood Business*, Aug 2012.

<sup>27</sup> Peebles, Frank. "Mill Closure a Tough Blow to Quesnel," *The Prince George Citizen*, March 19, 2014.

<sup>28</sup> James, Peter. "Both Sides Look for Mine Reasons," *The Prince George Citizen*, March 28, 2014.

<sup>29</sup> Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Annual, Table 282-0061.

<sup>30</sup> Stats Canada, *Labour Force Survey Estimates, by Provinces, Territories and Economic Regions Based on 2006 Census Boundaries*, Monthly, Table 282-0054.