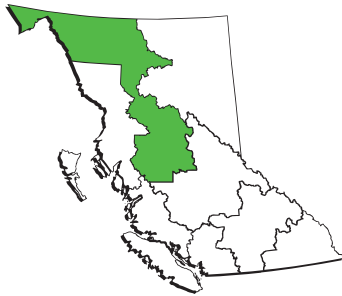




Nechako Development Region



The Nechako Development Region (NDR) encompasses approximately 192,024 km² between central BC and the border of the Yukon Territory. It is the second largest Development Region in the province.¹ In 2013, about one percent of BC's population (40,249 people) resided in the NDR.² Most of the population (98%) and economic activity is in the Bulkley-Nechako Regional District, which is located in the southern portion of the Development Region. The economy of the sparsely-populated Stikine Regional District to the north is centred around the tiny remote community of Atlin, which can only be accessed from the Yukon territory via Highway #7.

2013 marked the NDR's third successive year of population decline (-0.2%); in contrast, population at the provincial level has expanded at a steady rate over the same period. Last year's population increase in BC (0.9%) was driven primarily by growth in the Northeast (1.9%), Mainland/Southwest (1.3%), and Vancouver Island/Coast (0.4%) Development Regions.

With mountains of forests and untapped mineral resources it is evident the key economic generators in the NDR are forestry and mining. In 2013, the resource industries continued to contribute to the regional economy despite a second year of subdued economic performance in BC, as GDP growth slowed and employment contracted.

¹ Stats Canada, *Census 2011*.

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

Increased demand for BC's resources from China, and improved economic conditions in the US led to substantial growth in wood products exports (+26%),³ and the price of lumber rallied to its highest level in seven years.⁴ Several factors, however, made it difficult for some NDR mills to take advantage of the renewed demand—a tight labour supply due to a loss of previously displaced forest workers and a reduced timber supply in some communities from the mountain pine beetle devastation meant not all producers were able to ramp up production.

In the mining industry, lower prices for some metals resulted in cutbacks and deferrals on a number of major projects, and a substantial decline (-32%)⁵ in the value of mineral exploration activities for precious and base metals in Northwestern BC. Output at the NDR's working mines, however, was not impacted and the industry remained a solid contributor to the economy last year.

The Endako Mine, which completed an extensive expansion and modernization program in 2012, reported an increase in production (+47%)⁶ despite declining prices for molybdenum. South of Houston, production at Huckleberry Mines increased marginally by 0.3%.⁷ However, it has been reported that the Huckleberry Mine as recently shutdown due to a maintenance issue. A highlight in Northern BC's mining industry was the completion of construction at the \$1.6 billion Mount Milligan Copper-Gold mine north of Fort St. James last fall.⁸ The opening of the mine, whose permanent workforce is about 450, has resulted in full-time permanent work for some locals, along with demand for additional services.

WORK Indicators

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

Job Creation

Job creation is an indicator of labour market trends and economic health. In 2013, Northwest BC's labour market expanded by 600 new jobs (+1.5%), recovering a small portion of the positions shed in the previous year (-4,000 jobs). An overall service sector employment gain of 1,800 jobs was partially offset by the loss of 1,100 jobs in the goods-producing industries. The creation of approximately 1,000 full-time positions could partially be attributed to a conversion from part-time to full-time work due to labour shortages in some industries.

Not captured in these labour market statistics is the large temporary non-local workforce that lives in rental accommodations, work camps, hotels, or motels, primarily in the North Coast. Despite overall job creation in NWBC's services-producing sector in 2013, only four out of 11 industries expanded. The largest employment gains occurred in public administration (+1,800 jobs), educational services (+700 jobs), and trade (+400 jobs). Employment in public administration has grown steadily since early 2012; in the past year, the number of jobs swelled by 75%. In response to increased traffic and economic activity, many communities in the North Coast and Nechako are scrambling to keep up with the demand for infrastructure development and maintenance, and the administration of health care, education, natural resources, social safety net, and policing provided by this industry.

³ BC Stats, *Exports (BC Origin) 2004-2013*, March 2014.

⁴ Random Lengths, website: <http://www.randomlengths.com/In-Depth/Monthly-Composite-Prices/>.

⁵ Ministry of Energy and Mines, *Exploration and Mining in British Columbia 2013*, Skeena & Omineca Regions.

⁶ Ministry of Energy and Mines, *Exploration and Mining in British Columbia 2013*, Omineca Region.

⁷ Imperial Metals website: http://www.imperialmetals.com/s/News_2014.asp?ReportID=621043.

⁸ Although Mount Milligan is located in the Cariboo, both the Cariboo and Nechako Development Regions benefitted from direct and indirect employment generated by construction activities. Road access to Mount Milligan is via Mackenzie in the Cariboo and Vanderhoof and Fort St. James in the Nechako.

The substantial increase in educational services is difficult to justify. Detailed statistics indicate about 500 new positions were created at the primary and secondary level in NWBC last year,⁹ however, enrollment data shows student numbers remained flat and educator employment did not change.¹⁰ This increase follows a steep decline of 1,300 jobs in 2012, which may point to a possible sampling error in both years.¹¹ Short-term training solutions for industry, such as first aid, various safety and equipment operation courses, driver education, and other educational offerings to address skilled labour shortages, however, have increased.

It is no surprise that employment in wholesale trade expanded last year to meet the growing demand for goods and services created by the flurry of economic activity. In contrast, the number of jobs at the retail level contracted. A shortage of workers resulted in an amalgamation of some part-time jobs into full-time employment.

Job loss in health care and social assistance (-800 jobs), transportation and warehousing (-700 jobs), and accommodation and food services (-300 jobs) industries reduced overall service sector employment gains. In 2013, Statistics Canada reported a loss of health workers in the technical, assisting and related fields in NWBC,¹² which includes a large assortment of medical, dental, and laboratory occupations. Although employment fluctuations in the health care and social assistance industry generally correspond to changes in temporary and permanent populations, technological advances are making it possible to deliver some services more efficiently and with less labour.

There continues to be a shortage of truck drivers in most regions of Canada—a combination of retirements and intense competition for drivers. In Northern BC, mining, forestry, and oil and gas industries are competing with Northeastern BC and Alberta for a limited supply of drivers. Monthly statistics indicate employment in the industry was restrained for most of 2013, but began to rebound in the last quarter.¹³ Reported employment loss in the accommodation and food services industry is likely the result of a consolidation of part-time jobs into full-time positions as both eating establishments and accommodation providers in NWBC experienced an increase in demand last year.

NWBC's goods producing sector reported 1,000 fewer jobs in the construction industry and a loss of 800 jobs in manufacturing in 2013. Construction employment dipped in the latter half of 2013, despite the commencement of several major developments in both the North Coast and Nechako Development Regions and an increase in the value of building permits.¹⁴ A few of the projects scheduled to wrap up in 2014 required less construction workers through the winter months. Job losses in manufacturing occurred early in the year and were primarily due to a contraction in wood manufacturing employment.¹⁵ The industry rebounded in the latter part of 2013, however, in response to improved conditions in the forest industry.¹⁶ These annual goods-producing sector losses were partly offset by an increase of 500 workers in the forestry, fishing, mining, and oil and gas industry.

In 2013, labour market performance was mixed in BC's Development Regions. The Kootenay Development Region recorded the largest growth (+4.1%), Northwest BC ranked second (+1.5%), followed by Vancouver Island/Coast (+0.5%). The Cariboo (-4.6%) and Thompson-Okanagan (-2.9%) sustained the greatest job losses.

⁹ BC Stats, *Employment and Unemployment Rate by Detailed Industry*, April 2014.

¹⁰ BC Ministry of Education, District Reports, *Student and Teacher Statistics*.

¹¹ 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.

¹² Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and National Occupation Classification*, Annual, Table 282-0063.

¹³ Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Annual, Table 282-0061.

¹⁴ The value of commercial, institutional and residential building permits increased by 74% in the Nechako and North Coast combined. Source: BC Stats, *British Columbia Building Permits for Development Regions and Regional Districts*, by Type 2005 – 2013, (2014 year-to-date), April 9, 2014.

¹⁵ BC Stats, *Employment and Unemployment Rate by Detailed Industry*, April 2014.

¹⁶ Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Monthly, Table 282-0060.

Table 1-1: Employment, Northwest BC, 2008 to 2013¹⁷

							Job Creation (000)	
	2008	2009	2010	2011	2012	2013	5-Year 2008-13	1-Year 2012-13
TOTAL EMPLOYMENT (000)	44.8	41.5	40.4	43.3	39.3	39.9	-4.9	+0.6
Goods-Producing Sector (000)	13.6	12.4	11.4	11.3	12.2	11.1	-2.5	-1.1
Agriculture	x	x	x	x	x	x	n/a	n/a
Forestry, fishing, mining, oil and gas	3.5	2.5	3.3	2.4	2.6	3.1	-0.4	+0.5
Utilities	x	x	x	x	x	x	n/a	n/a
Construction	2.6	2.9	2.1	3.4	4.6	3.6	+1.0	-1.0
Manufacturing	7.0	6.3	5.5	4.8	4.6	3.8	-3.2	-0.8
Services-Producing Sector (000)	31.2	29.1	29.0	32.0	27.0	28.8	-2.4	+1.8
Trade	7.2	6.7	6.9	5.5	5.2	5.6	-1.6	+0.4
Transportation & warehousing	3.2	2.8	3.0	3.7	2.5	1.8	-1.4	-0.7
Finance, insurance, real estate & leasing	1.6	x	x	x	x	1.6	0.0	n/a
Professional, scientific & technical services	x	1.5	2.6	1.9	1.5	1.6	n/a	+0.1
Business, building & other support services	x	x	x	x	x	x	n/a	n/a
Educational services	2.6	3.0	2.6	4.7	3.4	4.1	+1.5	+0.7
Health care & social assistance	4.8	4.9	5.1	5.2	4.2	3.4	-1.4	-0.8
Information, culture & recreation	x	x	x	x	x	x	n/a	n/a
Accommodation & food services	3.6	3.1	2.4	3.0	2.4	2.1	-1.5	-0.3
Other services	x	1.9	x	2.6	1.9	1.9	n/a	0.0
Public administration	2.9	2.2	2.0	1.9	2.4	4.2	+1.3	+1.8

Source: Statistics Canada, Labour Force Survey Historical Review

¹⁷ 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. In 2013, Northwest BC's unemployment rate plunged by 4.1 percentage points (ppt) to 6.6% as the labour force contracted and the number of employed workers expanded. These dynamics produced the largest decline in the unemployment rate in BC last year. Other Development Regions that registered an improvement in this indicator include the Kootenay (-2.1 ppt), Cariboo (-1.3 ppt), and Mainland Southwest (-0.1 ppt) Development Regions.

Table 1-2: Unemployment Rate, Northwest BC, 2008 to 2013

Region	2008	2009	2010	2011	2012	2013	Percentage Point (ppt) Change	
							5-Year 2008-13	1-Year 2012-13
Northwest BC	7.8%	10.6%	10.2%	8.6%	10.7%	6.6%	-1.2 ppt	-4.1ppt
British Columbia	4.6%	7.7%	7.6%	7.5%	6.7%	6.6%	+2.0 ppt	-0.1 ppt

Source: Statistics Canada

Despite the remarkable improvement last year, NWBC still has one of the highest unemployment rates in the province. The Thompson-Okanagan (7.1%) and Mainland/Southwest (6.7%) Development Regions reported slightly higher unemployment rates than the previous year. Conversely, unemployment was the lowest in the Northeast (4.9%), Kootenay (5.2%), and Cariboo (5.7%) Development Regions in 2013.

The youth unemployment rate remained constant at 11.1% between 2012 and 2013. There was no change in the size of the youth labour force or the number of employed young people last year. Like the general unemployment rate, NWBC's youth unemployment rate was the third highest in the province, behind the Kootenay (12.2%) and Cariboo (11.3%) Development Regions. The Northeast (6.3%), Thompson-Okanagan (9.9%), and Vancouver Island/Coast (10.1%) Development Regions reported the lowest rates.

Table 1-3: Youth (age 19 to 24 years) Unemployment Rate, Northwest BC, 2008 to 2013

Region	2008	2009	2010	2011	2012	2013	Percentage Point (ppt) Change	
							5-Year 2008-13	1-Year 2012-13
Northwest BC	12.1%	15.1%	23.8%	8.3%	11.1%	11.1%	-1.0 ppt	0.0 ppt
British Columbia	6.8%	11.1%	11.3%	11.5%	10.9%	10.5%	+3.7 ppt	-0.4 ppt

Source: Statistics Canada, Labour Force Survey, Custom Table

*Unemployment rate calculated by author.

In BC, the youth unemployment rate has climbed over the past five years (+3.7 ppt), and tighter job markets for young workers are a reality in most Development Regions. Improvements in the Northeast (-4.3 ppt) and Kootenay (-3.7 ppt) Development Regions between 2008 and 2013, correlate to substantial service sector growth in those regions. In Northwest BC, the five-year improvement in the youth unemployment rate (-1.0 ppt) is due to a considerable reduction in the youth labour force, however recent economic activity appears to have capped the outflow.

INVEST Indicators

Business and Investment Activity

Capital investment in non-residential structures, machinery, and equipment promotes job creation, productivity, and economic growth. In BC, the private sector finances about 90% of capital investment, and the public sector funds the rest. According to initial estimates, non-residential investment in BC reached \$21.6 billion (+2.6%) in 2013, but a decline in machinery and equipment purchases (-5.5%) offset this improvement.¹⁸

A second year of tepid economic growth and consumer demand, stagnant prices for minerals and energy, and uncertainty in world financial markets dampened investor confidence. Nevertheless, the value of new project investment proposed for BC last year swelled to \$204 billion (+31%).¹⁹ The majority of new proposals reflect developments related to LNG planned for the North Coast. The development region is benefitting from the significant planning work being undertaken by the various LNG pipeline proponents.

In the NDR, capital investment grew by 6% in 2013, with the value of major projects, either proposed, underway, completed, or on hold, rising to \$6.7 billion. Although no new projects were added to the region's major project inventory in 2013, capital cost estimates of several projects were adjusted upward. By the end of the year, there were 20 major projects on the books—12 in the proposal stage (valued at \$2.8 billion), three under construction (valued at \$356 million),²⁰ and five on hold (valued at \$3.6 billion).²¹

The value of major projects in the proposal stage or on hold in the fourth quarter of 2013 accounted for 95% of the NDR's capital investment. The majority of these projects are for mining developments that are working their way through extensive feasibility and environmental assessment processes. There are also plans to develop several biomass facilities that will convert sawmill wood residue into electricity to power industry and homes via the BC Hydro grid.

The main proposed project likely to proceed in 2014 is in Fort St. James, Western Bioenergy plans to construct a \$235 million 40 megawatts biomass project. The facility will be state-of-the-art; converting road side debris and local saw mill waste into electricity to power more than 40,000 homes per year. Approximately 250 workers are expected to be needed at peak, and operations will require 22 full-time staff.²² Fuel sourcing operations will generate additional employment.

Between the fourth quarters of 2012 and 2013, the value of major projects under construction in the NDR nearly doubled as two new developments moved forward. The Babine Forest Products sawmill that was destroyed by fire in Burns Lake in 2012 is being replaced at a cost of \$100 million. The new sawmill will have the latest design and machine technologies, and the ability to process small diameter and beetle-killed wood. Estimated annual production will be around 200 million board feet, down from the original 340 million,²³ reducing the workforce to about 100-130 employees.²⁴ Training to familiarize staff with the new equipment began in February 2014.

Also in Burns Lake, the Northern Health Authority \$55 million Hospital Replacement will leave the community with a new facility that includes acute care and emergency services, diagnostic imaging equipment, a laboratory, and a pharmacy. The project will create 200 direct jobs during the construction phase and is expected to be completed by summer 2015.²⁵

¹⁸ 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, Stats Canada, Catalogue no. 61-205-X <http://www.statcan.gc.ca/daily-quotidien/140226/t140226a002-eng.htm> Reviewed March 2014.

¹⁹ BC Ministry of Finance, *BC Major Projects Inventory, December 2013*. Note: Period of reference is fourth quarter 2012 and fourth quarter 2013.

²⁰ The Major Projects Inventory reports a value of \$406 million for projects under construction, however, the \$50 million Haida Gwaii Hospital Replacement listed under Nechako projects is in Queen Charlotte City (North Coast).

²¹ BC Ministry of Finance, *BC Major Projects Inventory, December 2013*. Note: Period of reference is fourth quarter 2012 and fourth quarter 2013.

²² "Financing Closes on Fort St. James Green Energy Project in British Columbia," *CNW*, November 2013.

²³ Stirling, Jim, "Burns Lake Sawmill to be Rebuilt," *Logging & Sawmilling Journal*, May 2013,

²⁴ "Burns Lake Sawmill to be Rebuilt with Conditions," *CBC News*, September 17, 2012.

²⁵ Village of Burns Lake Economic Development website: <http://ecdev.burnslake.ca/projects>.

Three mining projects, the Morrison Copper-Gold Mine (\$517 million), the Blackwater Gold Project (\$1.8 billion), and the Chu Molybdenum Mine (\$1 billion) moved from proposed to hold status in 2013. An Environmental Assessment Certificate was initially refused for the Morrison project, but after a Supreme Court of BC challenge, the company can resubmit their application. The Blackwater and Chu projects are on hold until market conditions improve.

In addition to these projects the Chieftain Metals \$450 million redevelopment of the Tulsequah Chief Mine in Northwest BC, south of Atlin in the Stikine Regional District is proposed to proceed in 2014. The project is a revival of two previously producing mines formerly operated by Teck Resources that will see copper, lead, and zinc concentrate, and gold doré produced on site. Capacity of the proposed underground mining operation is estimated at 2,000 tonnes per day over a nine-and-a-half year life.²⁶ Although the project is fully permitted, the project must ensure that all financing is in place before it can proceed.

Bankruptcies

Business bankruptcies are a key indicator of business vitality and are linked to changes in the economy and the regional investment climate. For the second consecutive year, the NDR did not have any reported business failures, signifying a very healthy regional business climate. The NDR's northern neighbours, the North Coast and Cariboo Development Regions, also showed excellent results in 2013, reporting zero and one bankruptcy respectively.

Province-wide, bankruptcies declined by 5.1% last year, which is a reflection of improved business conditions in most regions. The North Coast Development Region (-100%) recorded the best performance, followed by the Kootenay (-54.5%) and Cariboo (-50%). The NDR tied for fifth place with the Northeast. In contrast, bankruptcies in the Thompson-Okanagan and Vancouver Island/Coast increased by 25.6% and 73.9% respectively.

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

	2008	2009	2010	2011	2012	2013	Percentage Change	
							5-Year 2008-13	1-Year 2012-13
Business Bankruptcies	8	4	4	1	0	0	-100.0%	0.0%

Source: Office of the Superintendent of Bankruptcy Canada

²⁶ Ministry of Energy and Mines, *Exploration and Mining in British Columbia 2013*, Skeena Region.

LIVE Indicators

Educational Attainment

The productivity and wealth generation potential of an economy are linked to the education level of the labour force. In 2013, the share of Northwest BC’s labour force, aged 25 to 54, with a post-secondary certificate/diploma or higher grew by 0.4 ppt to reach 56%. Overall, the level of educational attainment in NWBC has improved since 2008 (+8.3 ppt), surpassing gains in this indicator at the provincial level (+5.5 ppt).

Despite this promising trend, Northwest BC placed sixth in educational attainment in 2013 among the Development Regions, ahead of the Northeast (54.9%). The top ranked regions, Mainland/Southwest (71.1%), Vancouver Island/Coast (65.7%), and Thompson-Okanagan (63.9%), have maintained their standings since 2012.

Last year’s improvement in Northwest BC’s educational attainment is deceiving as detailed data suggests the region lost highly educated human capital—200 individuals at the post-secondary certificate or diploma level and 300 with a university degree. A contraction of the overall labour force aged 25-54, however, exceeded the decline in individuals with a post-secondary education or higher, and edged the attainment level up.

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

Region	2008	2009	2010	2011	2012	2013	Percentage Point Change	
							5-Year 2008-13	1-Year 2012-13
Northwest BC	47.7%	50.8%	54.0%	59.3%	55.6%	56.0%	+8.3 ppt	+0.4 ppt
British Columbia	62.6%	63.0%	64.4%	65.9%	66.6%	68.1%	+5.5 ppt	+1.5 ppt

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

Consumer Insolvencies

The consumer insolvency rate is an indicator of the number of households experiencing severe financial stress. The most common causes of insolvency include job loss, reduced income, money mismanagement, relationship breakdown, or medical problems. Over the past five years, the number of consumer proposals²⁷ provincially and nationally has grown to comprise a considerable share of insolvencies as more consumers choose this option to manage their debt.²⁸ This year, we have expanded our discussion to include consumer proposals.

The NDR’s consumer insolvency rate per 1,000 population aged 18 and older rose to 2.0 (+11.1%) between 2012 and 2013. Although this is not an encouraging trend, personal insolvency in the region remains well below the provincial average rate of 3.2, and is less than half the region’s peak rate of 4.3 in 2010. An increase in the rate of the NDR’s consumer proposals (+40%) was the largest in BC last year, and contributed to the recent change in the insolvency rate.

²⁷ A consumer proposal is an alternative to bankruptcy whereby the indebted consumer negotiates to repay only a part of their debt. This allows the debtor to keep their assets as long as they continue to make payments on any loans secured by those assets, such as a home mortgage.

²⁸ 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.

Four of eight Development Regions reported a decline in the consumer insolvency rate last year. The North Coast (-40.9%) was the top performer, while the Northeast (-29.2%) and Thompson-Okanagan (-5.0%) placed second and third respectively. The North Coast (1.2), Northeast (1.7) and Nechako (2.0) posted the lowest consumer insolvency rates in BC last year.

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

								Percentage Change	
Rate		2008	2009	2010	2011	2012	2013	5-Year 2008-13	1-Year 2012-13
Nechako	Insolvency	2.5	3.2	4.3	2.3	1.8	2.0	-20.0%	+11.1%
	Bankruptcy	2.3	3.0	3.6	1.8	1.3	1.3	-43.5%	0.0%
	Proposal	0.2	0.2	0.8	0.6	0.5	0.7	+250.0%	+40.0%
BC	Insolvency	2.5	3.7	3.5	3.2	3.2	3.2	+28.0%	0.0%

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

Conclusions

Overall, NDR's economy performed well in 2013 thanks to its solid mining base, a recovery in the forest sector, and spin-offs created by major construction activity in northern BC. Employment in Northwest BC (Nechako and North Coast combined) expanded, and the creation of many full-time positions means purchasing power has increased for some.

Furthermore, a substantial improvement in the unemployment rate last year means there is less competition for jobs in some communities. However, not all individuals are able to find work that matches their skills as evidenced by the ongoing contraction of the regional labour force. This is confirmed by the slight deterioration in the consumer insolvency rate last year. Although youth in the NDR have a more challenging time securing employment than their counterparts in other Development Regions, it appears fewer young people are leaving the North, perhaps in hopes of capitalizing on forthcoming developments planned for the region.

On the INVEST side, the value of major project construction underway in the NDR increased moderately last year and the business climate remained very healthy. However, poorer market conditions for some minerals and metals industries put a damper on mineral exploration, and several mining developments were deferred.

Looking ahead to 2014, continued expenditure on LNG pipeline planning activities will benefit the development region. The Western Bioenergy's biomass project promises to create jobs and economic spin-offs during construction and once in operation. The recent shutdown of the Huckelberry Mine and the timing of its resolution will have a significant impact on 2014 production. Another good year is forecast for the BC forest industry, with housing starts on the rise in the US and demand for BC's wood products from China predicted to continue. However, the impact of the mountain pine beetle infestation on timber supply is now becoming a reality for some communities.²⁹

²⁹ 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.

West Fraser has already announced plans to close its Houston sawmill in the spring of 2014, putting about 225 workers out of work, plus an equal number of individuals who work in support and spin-off industries.³⁰ The timber tenure for Houston's West Fraser mill was transferred to Canfor, who will be able to keep its Houston mill running in exchange for Canfor's tenure in Quesnel in the Cariboo Development Region.

Although the NDR has not been hit by the epidemic as hard as some regions like the Cariboo, lumber production is anticipated to slow over the coming years as mills scale back or close down. In addition to the loss of direct and indirect jobs, small forest-dependent communities will feel the pinch of a reduced industrial tax base. Regardless, mills that remain in operation may benefit from soaring prices that are forecasted as overall production in BC declines.

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.

³⁰ District of Houston, Houston Transition Plan, December 7, 2013.