

STRENGTHENING  
RURAL  
CANADA



RENFORCER LES  
COMMUNAUTÉS  
RURALES DU CANADA

*Our people. Our communities. Our future.*

# **STRENGTHENING RURAL CANADA:** **Fewer & Older: The Population and Demographic** **Dilemma in Rural British Columbia**

*An Executive Summary*



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IMMIGRATION  
COMMUNITIES

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# INTRODUCTION

Many rural communities in British Columbia are in trouble. Data derived and analyzed from both the 2001 Census and the 2011 National Household Survey (NHS) contained in this study paint a picture of rural British Columbia at a crossroad. The migration of youth, low fertility rates, aging populations, lower educational attainment levels and significant long-term population decline in rural areas do not bode well for rural British Columbia's future economic health. For some rural, remote and small town communities, the slow slide to no longer being viable is clearly in sight.

This is not good news for either rural or urban British Columbia. Rural, remote and small towns play an integral role in the province's future economic growth, whether it is forestry, mining, fishing & aquaculture, tourism or high technology. Aside from the economic arguments, rural British Columbia is an essential part of the cultural and political fabric of the province. Some of the key findings include:

- Only 12% of the province's population lives in rural areas.
- While British Columbia's urban population grew by 16.9% over 2001-2011, rural and small town population declined by 2.9%.
- Population projections for 2011-2025 indicate that British Columbia's rural population will continue to decline – from 545,894 to 479,466 or by 12.2%.
- Younger working age adults are leaving and most are not returning. The prime working age populations, those aged 20-44 and 45-64, are expected to decline by 23.9% and 30.7% respectively, from 2011-2015. It is expected that many of these younger working age adults left to pursue post secondary and employment opportunities in urban areas.
- Skill levels and educational attainment rates in rural communities are significantly lower than the provincial skill requirements in 2011; continuation will result in people without jobs and jobs with people in rural British Columbia.
- Rural British Columbia is not attracting immigrants: The province as a whole attracts many immigrants from other provinces and internationally, in fact immigration is the main factor driving population growth now and historically, but immigrants prefer to live in the cities.
- With trends of lower fertility rates, fewer youth and more seniors than in Canada as a whole, the demographic shift in rural British Columbia is becoming increasingly worrisome.

This study, ***Fewer & Older: The Population and Demographic Dilemma in Rural British Columbia***, is the fourth and last in a series of research reports related to the Strengthening Rural Canada initiative, a multi-year project funded by the Government of Canada's Adult Learning, Literacy and Essential Skills Program, as well as in part by the Roadmap for Canada's Official Languages 2013-18: Education, Immigration and Communities. This project is providing a comprehensive understanding of the relationship of human capital on both population and economic growth in rural, small town and remote communities in Canada. Working in twenty-eight rural communities in four

provinces across Canada (British Columbia, Ontario, Newfoundland & Labrador, and Saskatchewan), the project will purposefully explore approaches and frameworks to support rural communities across Canada in building their own place-based strategic plans towards addressing the issues of human capital and economic growth.

The main objective of the present report is to analyze past, present and future demographic changes in the province of British Columbia which is one of the fastest growing provinces of Canada. With a population of 4,400,057 in 2011, BC is the third largest province in Canada behind Ontario and Quebec. The province's population density equals 4.77 persons per square kilometre compared to a population density of 3.73 in Canada. However, population density varies significantly across the province. It reaches as high as 5,249 persons per square kilometre in the city of Vancouver, which is the highest population density in Canada.

The study focuses mainly on rural-urban demographics and examines how demographic changes have impacted four population groups, namely total provincial population, Francophone, Aboriginal and immigrant population. The study is organized into three parts.

**Part I** examines demographic change in British Columbia. This part aims at analyzing past, present and future demographic trends in the province. Part I also examines population trends in rural and urban BC and pays special attention to the degree of rurality.

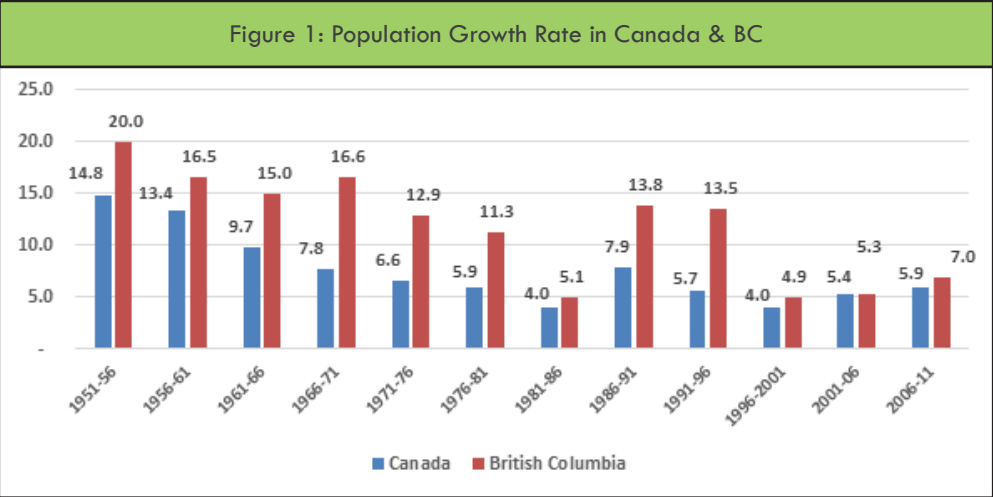
**Part II** examines demographic and socio-economic trends in rural and urban areas. This part also studies rural-urban earnings differential and investigates factors explaining the existing earnings gap between rural and urban regions. The report constructs a human capital index for rural and urban areas of the province and finds that a significant part of the earnings gap between rural and urban regions is explained by differences in the human capital composition of their employed workforce. This part also examines trends in the human capital composition in rural and urban as well as among different population groups during 2001-2011 and compares them with the national average.

**Part III** makes projections of future rural and urban population trends in BC. Using a demographic forecasting model, the report not only estimates future rural and urban population trends but also provides an age profile of those who have migrated to and from rural and urban areas.

The findings reveal that the population in rural British Columbia is declining in both absolute and relative terms. The rural population is aging rapidly, fertility rates are low and a large proportion of the working age population (aged 20-64) are moving to cities for education and employment opportunities. This trend is problematic because, unlike the urban areas of the province which are and have always experienced high immigration, rural British Columbia experiences very little immigration. If this trend continues unabated, the rural population will decline even further, going from its current population of 545,894 to 479,466 by 2025. The study also suggests that the significant gap between skill requirements and skill levels in rural British Columbia should be mitigated with interventions aimed at increasing human capital in rural areas.

# PART I: POPULATION TRENDS IN BRITISH COLUMBIA

With the exception of the 2001-2006 period, British Columbia has consistently experienced an above national population growth rate since 1881 (Figure 1). However, given a relatively low fertility rate and aging population, the majority of the population growth has been due to international and interprovincial migration. In fact, throughout the province's history the proportion of the population born outside BC has exceeded the proportion born within. The province has attracted immigrants more consistently since confederation in 1867 than any other Canadian province.<sup>1</sup>



The federal government sets the target levels of immigration in Canada. For example, the target level is set at 240,000 to 265,000 during 2013-2015. The target range has increased over the past 20 years and is presently about 0.75 percent of population each year.<sup>2</sup> According to Census data, about 1.4 million immigrants came to Canada during 2001-2011. About 43.8 percent of the new immigrants chose Ontario as their place of residence.<sup>3</sup> About 13.7 percent selected BC as their place of residence. Historically, BC has attracted more immigrants than any other province except Ontario.

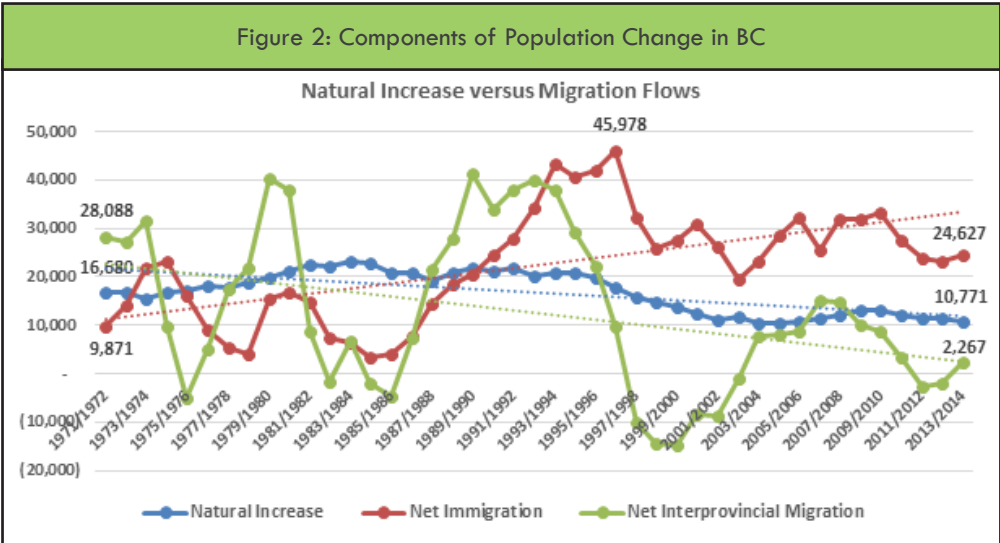


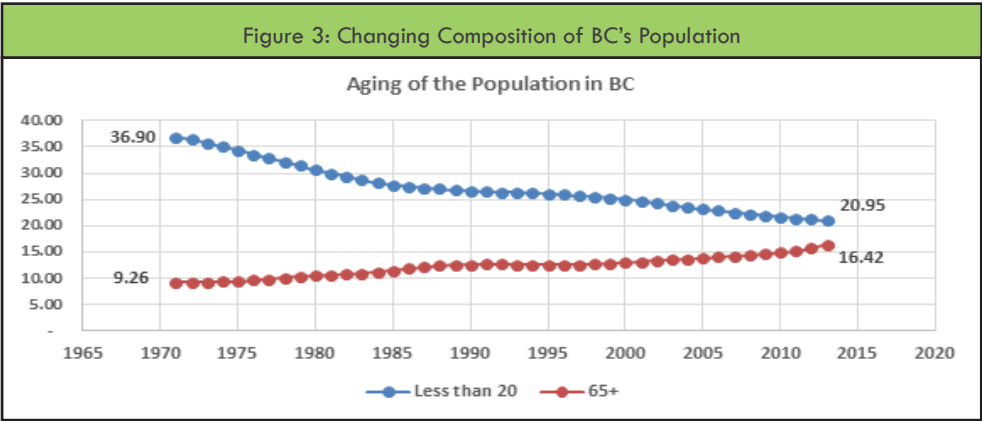
Figure 2 shows various components of population change in BC. It shows that the natural increase (births - deaths) has been declining over time. It contains a negative time trend reflecting the aging of the population. However, the net inflow of immigrants has always been positive and contains a positive time trend. During 1971-2014, an average of about 22,323 immigrants came to BC every year. Also, inter-provincial migration has been cyclical but mostly positive. On average, about 12,746 people came to BC from other provinces every year during 1971-2014. A low fertility rate along with rising life expectancy have resulted in aging of BC's population. The baby boomers were followed by much smaller generations primarily due to a declining fertility rate. During the same period, average life expectancy at birth increased from 71.13 years in 1960 to 81.24 years in 2012.

As a result, as is shown in Figure 3, the share of individuals below the age of 20 has declined from 36.9 percent in 1971 to 20.9 percent in 2011 while the share of seniors rose from 9.3 percent in 1971 to 16.4 percent in 2011.

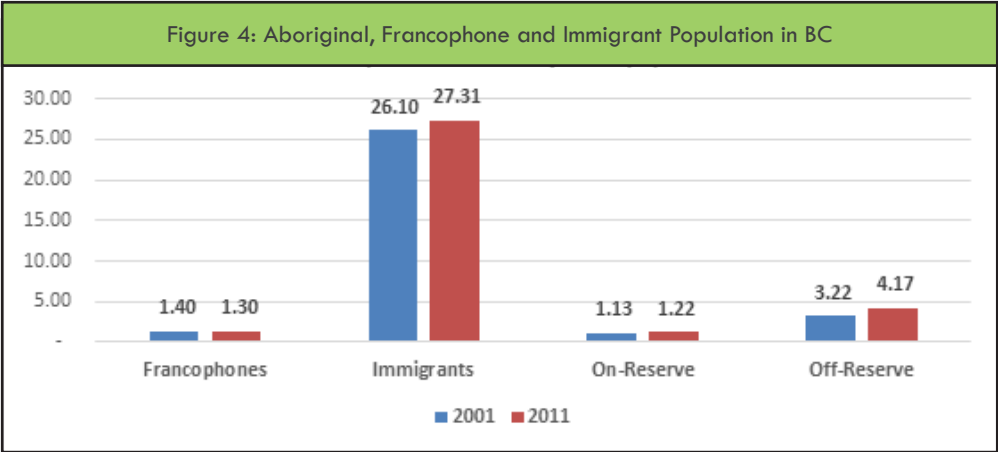
Aging of the population is also reflected in rising median age in British Columbia from 27.8 in 1971 to 41.1 years in 2011. During the same period, the median age in Canada rose from 26.2 to 40.6 years. The median age is the age that divides a population into two numerically equal groups whereby half the people are younger than the median age and half are older.

An important aspect of demographic change in British Columbia relates to the diversity of the population (Figure 4). The share of the Francophone population declined from 1.4 percent in 2001 to 1.3 percent in 2011. The share of the Aboriginal population increased from 4.3 percent to 5.4 percent during 2001-2011.

Similarly, immigrants comprised 26.1 percent of the provincial population in 2001. Their share increased to 27.3 percent in 2011.



The share of the Aboriginal population living on reserves rose from 1.1 percent in 2001 to 1.2 percent in 2011. During the same period, the share of the Aboriginal population living off reserve increased from 3.2 percent in 2001 to 4.2 percent in 2011. The Aboriginal population is younger and has a higher fertility rate than the rest of the population. In addition, as we will see later, a higher percentage of them live in rural areas compared to other visible minorities.



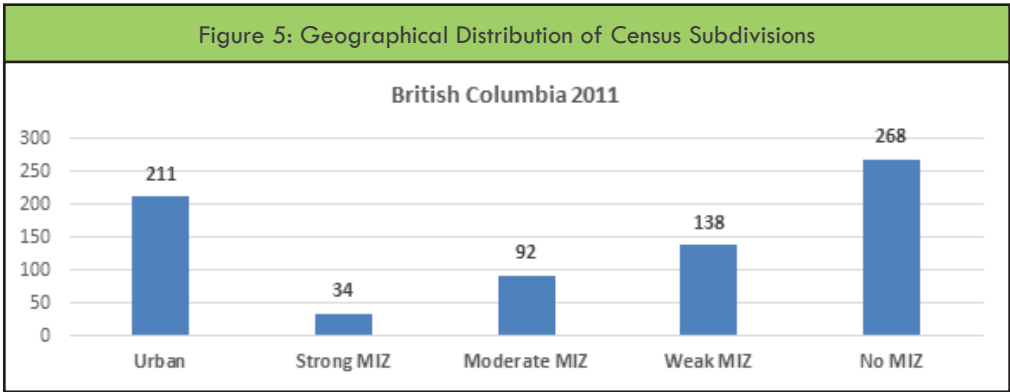


# PART II: DEMOGRAPHIC + SOCIO-ECONOMIC TRENDS IN RURAL + URBAN BRITISH COLUMBIA

Part II of the study focuses on rural-urban demographics and examines how demographic changes have impacted four population groups, namely total provincial population, Francophone, Aboriginal and immigrant population.

The study uses detailed socio-economic information on all census sub-divisions (CSDs) in BC obtained from 2001 and 2011 census custom tabulations . Using Statistics Canada’s Statistical Area Classification (SAC) system, one can classify all 743 CSDs in the province of British Columbia into 74 within Census Metropolitan Areas (CMAs) and 137

within Census Agglomerations (CAs) which are considered as urban areas. The other 532 CSDs are classified as rural and small towns with different degrees of rurality. Figure 5 shows the geographical distribution of 743 CSDs in BC in 2011 into urban and rural and small towns with different degrees of rurality.



The population size of CSDs in BC varies significantly from less than a hundred to 223,218 in Burnaby, 468,251 in Surrey and 603,502 in Vancouver. Figure 6 shows the average population size of various CSDs in BC. We have excluded Vancouver, Surrey and Burnaby from calculating the average population sizes to prevent biasing the results due to a relatively large number of residents in those three CSDs. We have also excluded smaller CSDs for which population data were not available.

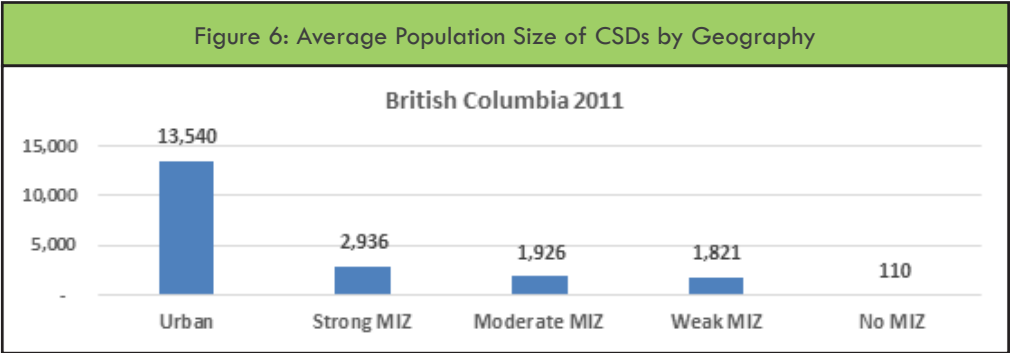


Figure 6 shows that, excluding the three major urban centers, the average number of residents in the remaining CSDs in urban regions are about 13,540 people. The average number of people living in CSDs declines considerably when we move to rural and small towns. Areas designated as having a stronger link with urban centres appear to have a relatively larger population base. Conversely the remote regions have the lowest average number of residents.

Using the above urban and rural and small town classification, Table 1 shows the population change in rural and urban BC during 2001-2011.

Table 1 shows that BC's population increased by 14.0 percent during 2001-2011. The urban population grew by 16.9 percent or 1.7 percent per year while the rural and small town population declined by 2.9 percent during 2001-2011. In other words, all the provincial population growth occurred in urban areas. Some of the above rural and urban population changes may be due to the reclassification of boundaries.<sup>4</sup> In their analysis of rural and small town Canada, Mendelson and Bollman also found that when the reclassification of boundaries is taken into account, Canada's RST population was 18.0 percent smaller in 1996 compared with 1976.<sup>5</sup>

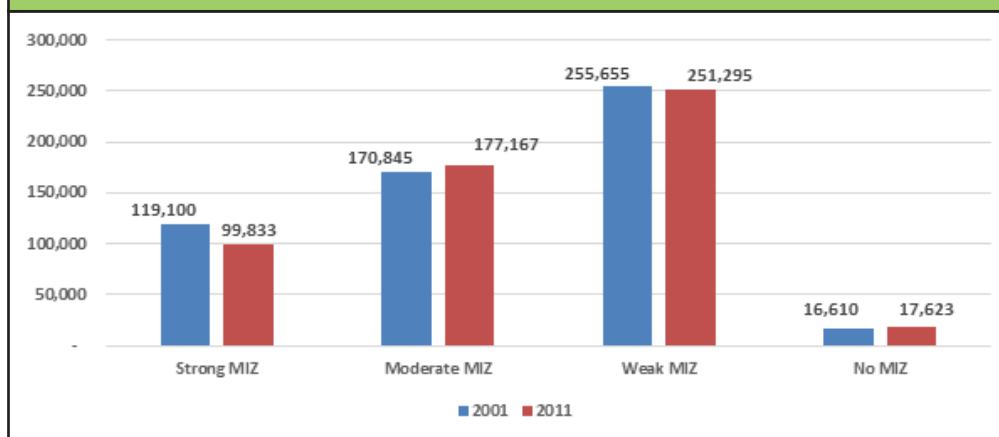
Table 1 also shows that BC's population living in rural and small towns has not only declined in absolute terms but also has dropped in relative terms. The share of BC's population living in RST areas declined from 14.6 percent in 2001 to 12.4 percent in 2011. Mendelson and Bollman also found that the share of Canada's population living in RST areas declined from 34.0 percent in 1976 to 22.0 percent in 1996.<sup>6</sup> Mitchell also reports that between 1971 and 2001, the percentage of the population residing in rural and small towns declined by about one fifth, to only 20.3 percent.<sup>7</sup> She also finds that during the last census period of the millennium (1996-2001), more than 50 percent of the country's smallest settlements lost residents.<sup>8</sup>

Table 1: Urban and Rural Population in BC					
BC	2001	%	2011	%	Percentage Change 2001-2011
Urban	3,297,135	85.43	3,854,139	87.59	16.89
Rural	562,210	14.57	545,918	12.41	-2.90
Total	3,859,345	100.00	4,400,057	100.00	14.01

Using 2001 and 2011 census custom tabulations, Figure 7 shows the distribution of the rural and small town population in BC by degree of rurality. It shows that the rural population living in areas designated as strong or weak MIZ declined while those in moderate

and no MIZ areas increased during 2001-2011. As mentioned above, a part of this change can be due to reclassification of boundaries especially in areas having strong urban influence. It appears that all the gain in rural areas designated as moderate and no link to urban centres are offset by a greater population loss in the areas designated as strong and weak link to urban centers.

Figure 7: Rural & Small Town Population by Degree of Rurality

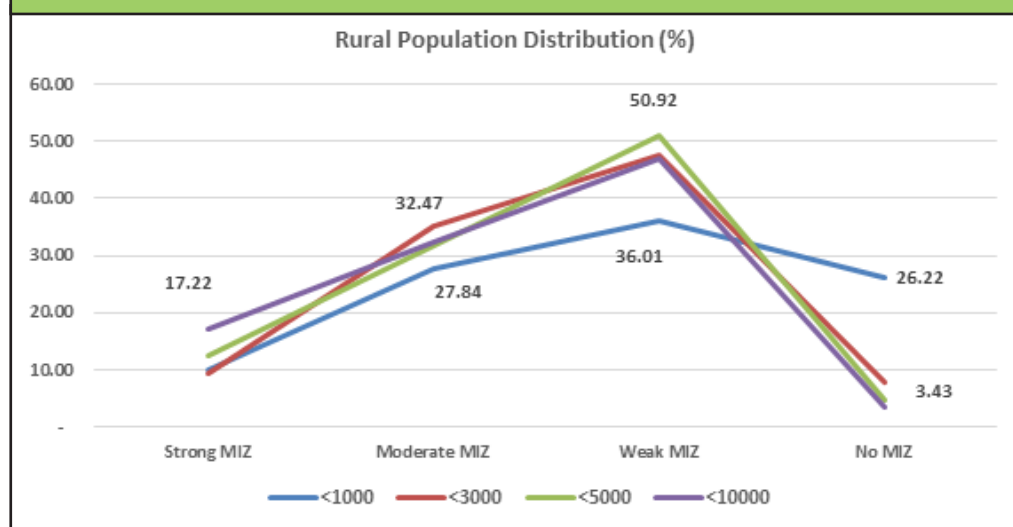


BC is unique in a sense that it consists of many remote municipalities with a few hundred residents. It includes about 419 Indian reserves, many of them in remote areas. Therefore, it is of interest to examine the geographical distribution of the population living in smaller communities. This is done in Figure 8.

Almost 50 percent of the rural population in areas with less than 10,000 population are located in weak MIZ areas with limited access to urban or population centres. The only exception are the rural areas with less than 1,000 population, where more than 26.2 percent live in remote rural regions while 36.0 percent live in weak MIZ areas.

Focusing on different population groups, the study finds that the Francophone population in BC rose by 0.9 percent during 2001-2011. Francophones appear to be much older than the provincial population in BC. Overall, the average age of the Francophone population was about 49.2 years in 2011 compared to the provincial average of about 40.2 years. Similarly, the median age in BC equaled 41.6 years compared to the median age of 51.7 for the Francophone population in 2011. The majority or 83.3 percent of Francophones live in urban areas. Only 16.7 percent live in rural areas. About 2.8 percent live in rural areas with a strong link to urban centres, 5.7 percent in rural regions with a moderate link, 8.0 percent in weak linked areas and less than 1.0 percent in remote communities.

Figure 8: Percentage Share of Rural Population by Geography



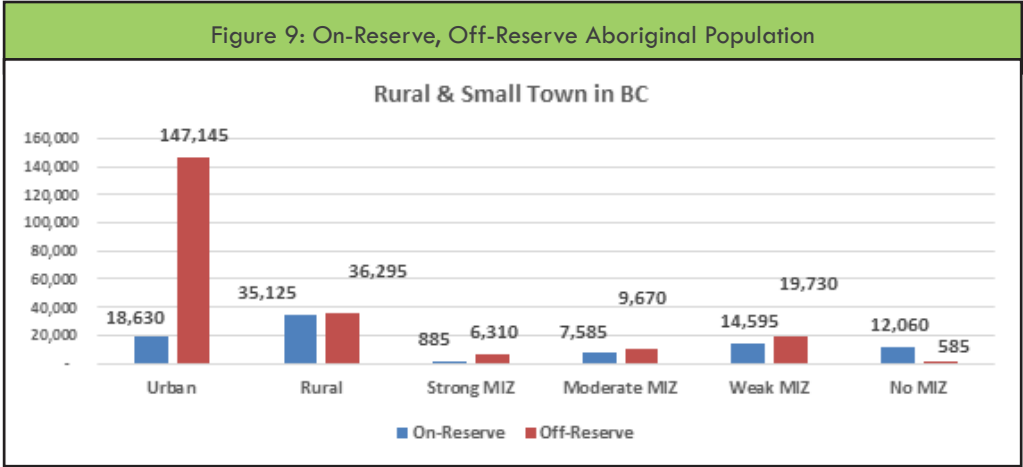
The on-reserve Aboriginal population has increased by 12.7 percent during 2001-2011. During the same period, the off-reserve Aboriginal population increased by about 46.0 percent. Overall, the Aboriginal population increased from 169,695 in 2001 to 232,290 in 2011, a growth rate of about 36.9 percent.

The majority or 80.2 percent of the off-reserve Aboriginal population live in urban centres (Figure 9). About 10.8 percent live in rural areas with a weak link to urban centres and 5.3 percent live in rural regions with a moderate link to urban centres. The majority or 65.3 percent of the on-reserve population live in rural areas. About 14.1 percent of them live in areas with a moderate link to urban centres. About 27.2 percent live in areas with a weak link to population centres. Finally, about 22.4 percent of the on-reserve Aboriginal population live in remote areas with no link to urban centres.

The immigrant population increased by about 18.2 percent during 2001-2011. This amounts to a growth rate of 1.8 percent per year. The average age of immigrants rose from 46.5 years in 2001 to 48.5 years in 2011 which is much greater than the provincial average of about 40.2 years. The median age of the immigrant population equaled 49.2 years compared to the provincial median of 41.6 years in 2011. Most or 94.9 percent of immigrants live in urban centres. Only 61,045 or about 5.1 percent of immigrants live in rural areas. About 20.0 percent of those living in rural areas are in strong MIZ regions. About 37.4 percent are in areas with a moderate link and 41.5 percent are in rural regions with a weak link to urban centres. Very few immigrants live in remote rural regions.

Part II of the study also examines various socio-economic characteristics of rural and urban British Columbia based on detailed 2011 census custom tabulations and pays special attention to the degree of rurality.

The unemployment rate among individuals aged 15 to 64 equaled 8.6 percent in BC compared to the national average of 8.2 percent in January of 2011. The unemployment rate among individuals aged 15 to 64 years in urban BC equaled 7.6 percent compared to 10.6 percent in rural and small town areas in 2011. The unemployment rate rises as the degree of rurality increases and reaches a high of 28.1 percent in remote rural areas.





The unemployment rate is higher in areas with less than 3,000 population irrespective of how far or close they are to urban centres. For example, the unemployment rate in CSDs with 3,000 population within commuting distance from urban regions equaled 12.6 percent compared to the average unemployment rate of 7.6 percent in urban centres.

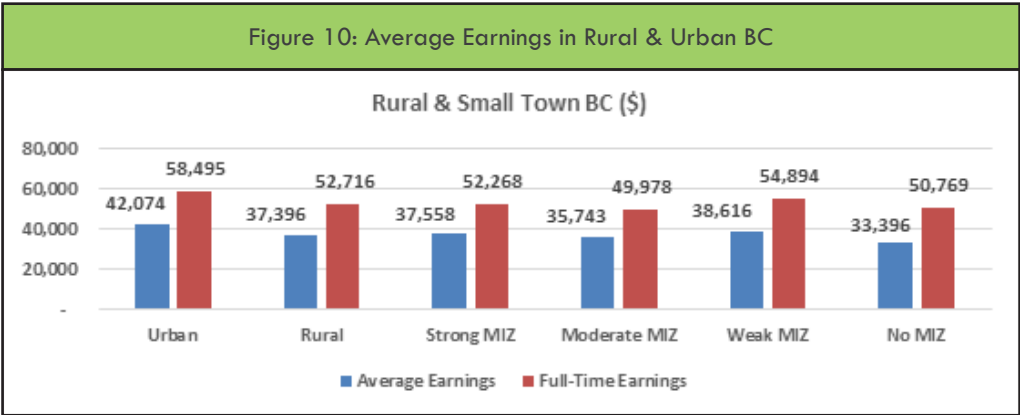
The labour force participation rate equaled 75.9 percent in BC compared to the national average of 76.8 percent in January 2011. The labour force participation rate declines from a high of 75.7 percent in urban regions to 63.6 percent in remote rural areas.

An average of 6.4 percent of individuals in BC's urban areas receive transfer payments. The dependency rate rises to 11.8 percent when we focus on areas with less than 1,000 population within a commuting distance from urban areas. In general, the dependency rate is higher in smaller areas irrespective of how close they are to population centres. The dependency rate rises to 15.4 percent in remote rural regions.

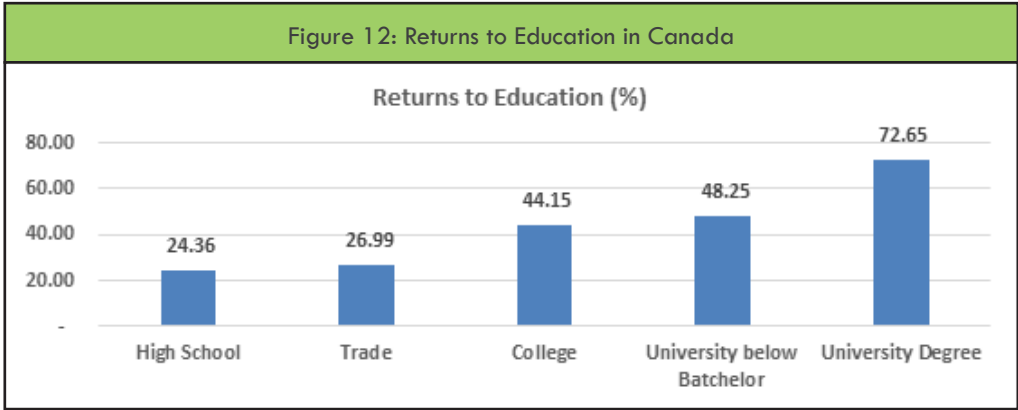
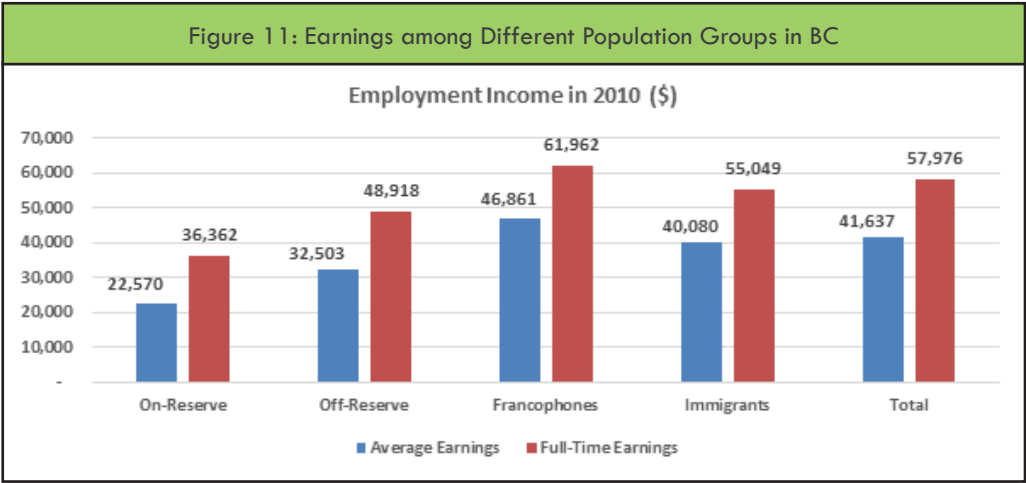
The level of educational achievement in urban areas is much higher than in rural regions. In general, the level of educational achievement appears to decline as the distance between rural areas and population centres increases. About 39.0 percent of the remote rural population does not have a high school diploma. Similarly, the percentage of individuals with a college diploma declined from 17.6 percent in urban areas to about 12.0 percent in remote rural regions respectively. The percentage of individuals with a university degree also declines as we move away from urban centres.

The average earnings in urban areas equaled \$42,074 compared to \$37,396 in rural areas (Figure 10). The average earnings declines as the degree of rurality rises. It equals \$33,396 in remote rural regions. This is about 79.0 percent of average earnings in urban centres. The same trend appears when we examine full-time and full-year earnings.

Irrespective of the distance from urban centres, the average earnings in areas with less than 3,000 population is generally lower than the average earnings in bigger centres.



In addition, employment earnings are different among different population groups (Figure 11). What factors influence earnings? There are at least two competing explanations for this observed earnings difference. One potential explanation emphasizes the importance of human capital in explaining the earnings gap among employed people in rural and urban regions. The rationale is that workers in larger urban areas have higher human capital and are therefore more productive, resulting in higher wages commensurate with the worker's human capital level. Those living in rural areas have lower human capital and therefore lower earnings. This explanation emphasizes the importance of human capital in explaining earnings potential. In general, workers with higher human capital are more productive and therefore receive greater compensation.



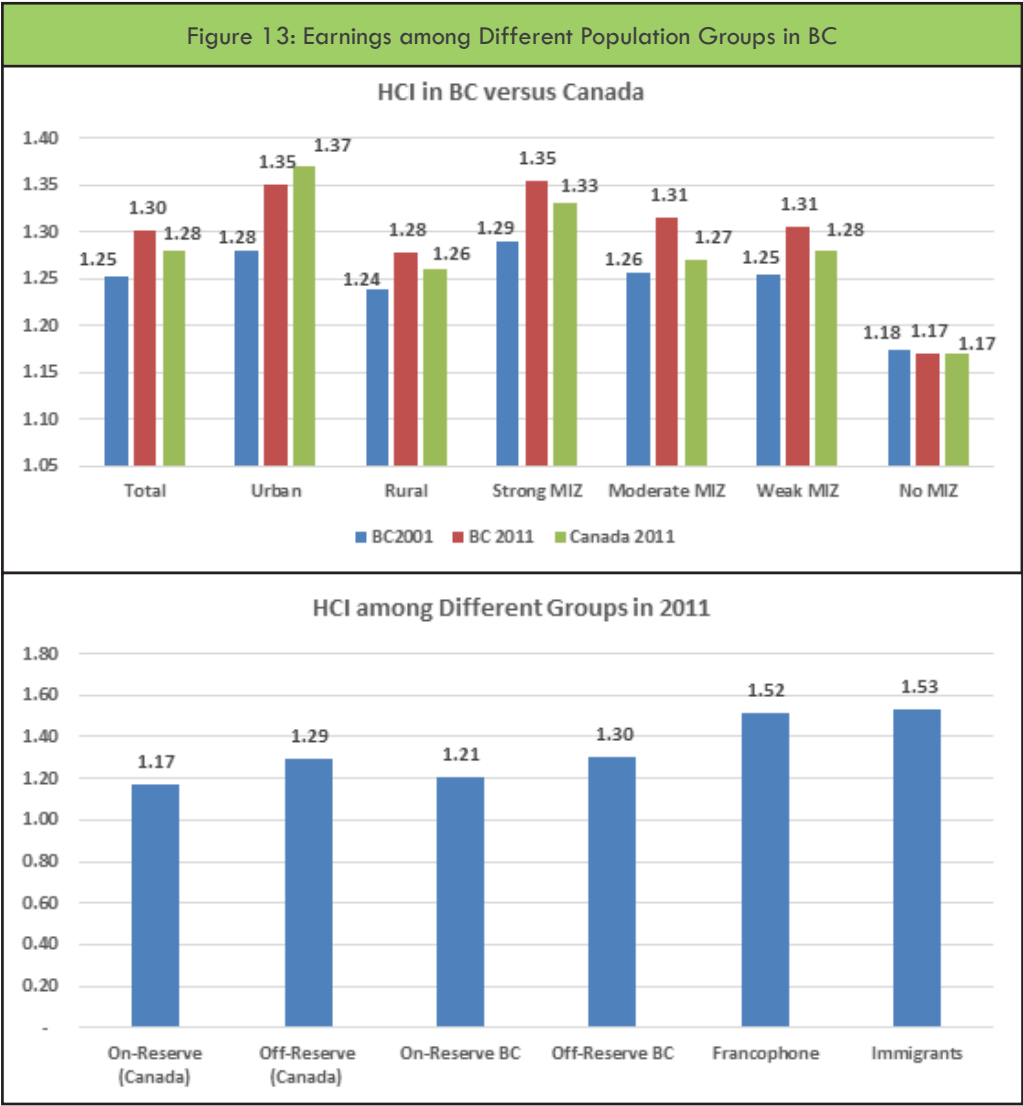
Another potential explanation is the presence of agglomeration economies which refers to the idea that larger urban centres provide firms with a productive advantage that is not usually available to firms in rural areas. The productive advantage relates to the benefits firms obtain from locating near each other. Therefore, workers in urban

centres have higher productivity that leads to higher earnings. Agglomeration economies relate to the concept of economies of scale and network effects. The cost per unit of output is expected to decline as close proximity results in greater specialization and division of labour, access to shared infrastructure as well as lower input costs. This is due to competing multiple suppliers and availability as well as diversity of labour and market size. In order to examine the influence of human capital on earnings, we need to specify and measure a proxy for human capital for each of the CSDs (Census Sub-Divisions) in British Columbia. To obtain a human capital index, we first estimate returns to different levels of schooling in BC (Figure 12).

The estimated returns to schooling rise as the level of educational attainment increases reflecting higher productivity of individuals with advanced level of education. Then, we use the estimated returns to schooling or productivity coefficients as weights to calculate a weighted average index of the share of individuals with different levels of schooling for each of the CSDs in the province of British Columbia. The estimated human capital indexes for urban and rural areas as well as those for various population groups are shown in Figure 13. The estimated index ranges from 1, if none of the area's residents have completed high school, to about 2 if all residents have obtained a university degree.

The study finds that about 85.6 percent of the earnings gap between rural areas with a strong link to population centres and urban regions are

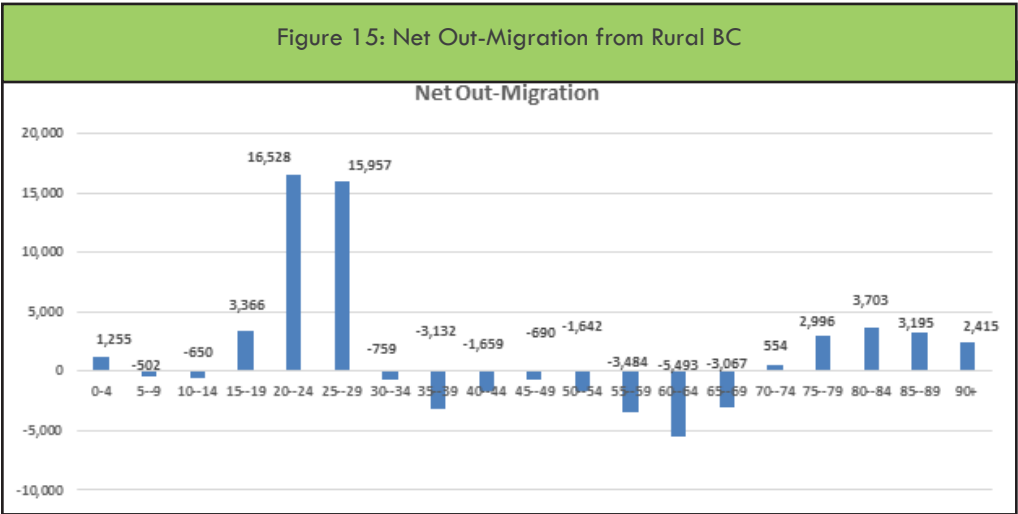
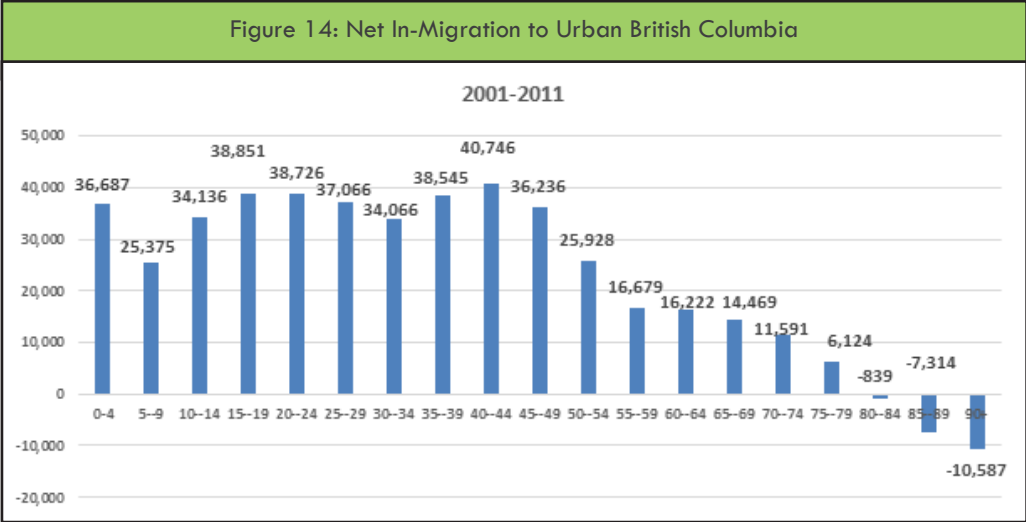
accounted for by differences in the human capital composition of their employed workforce. Also about 49.1 percent of the earnings gap is attributed to the differences in the human capital composition of the employed people in areas with moderate link to population centres and urban regions. Similarly, 50.8 percent of the earnings gap between urban and rural areas with a weak link to population centres is accounted for by differences in their human capital composition. Finally, about 100.0 percent of the earnings gap between remote areas with no link to population centres and urban areas is explained by differences in their human capital composition.



# PART III: POPULATION PROJECTION FOR RURAL + URBAN BRITISH COLUMBIA

Part III of the report makes projections of the rural and urban population from the base year of 2011 to 2025. The study shows that the total fertility rates in urban and rural BC equal 1.42 and 1.76 compared to 1.54 and 2.11 for Canada, respectively. These rates are significantly below the generational replacement rate of 2.1.

Assuming that the 2001-2011 trend will continue into the future, the study projects the population in urban BC to grow from 3,854,139 in 2011 to 4,393,325 in 2025, a growth rate of 14.0 percent. The share of individuals under the age of 20 is expected to decline from 21.9 percent in 2011 to 19.3 percent in 2025. On the other hand, the share of seniors is expected to rise from 14.8 percent in 2011 to 18.6 percent in 2025, an increase of about 3.8 percent.



The growing population in BC is primarily due to a significant in-migration (provincial and international) that urban areas have been experiencing in the past. Net in-migration to the province during 2001-2011 is shown in Figure 14. It shows that urban BC experienced significant inflow of people in all age categories during 2001-2011. Overall, about 432,706 people appear to have migrated to BC during 2001-2011. Most of the newcomers are young.

They come from other provinces, rural areas and other countries. The out-migration of those aged 80 and over is either due to the out-migration of those individuals from the province or is related to factors not explained by the average provincial mortality rates.



BC's rural and small town population declined from 562,210 in 2001 to 545,918 in 2011, a decline of about 2.9 percent during 2001-2011 or 0.3 percent per year. This is in contrast to the total urban population that grew about 16.9 percent and the provincial population that grew about 14.0 percent during the same period.

The decline of BC's rural population is partly due to low fertility rates. As mentioned above, the total fertility rate in rural BC equals 1.76 which is below the generational replacement rate of 2.1. Assuming that the 2001-2011 trend will continue into the future, BC's rural population is expected to decline from 545,894 in 2011 to 479,466 in 2025, a decline of about 12.2 percent or 0.9 percent per year. All age categories except for seniors will experience decline during the forecast period. The share of the population under 19 years of age will decline from 21.6 percent in 2011 to 19.3 percent in 2025. Similarly, the share of those in prime working age of 20 to 44 and between 45 and 64 years of age will decline from 26.2 and 34.3 percent in 2011 to 23.9 and 30.7 percent respectively in 2025. The share of seniors is expected to rise from 17.9 percent in 2011 to 28.6 percent in 2025, a rise of 10.7 percent.

To examine the potential factor explaining the declining rural population in BC, we used the 2001 population to forecast its 2011 level assuming zero net migration flows. Comparing the actual 2011 population with the expected 2011 population in the absence of migration provides us with information regarding the level of migration by age during 2001-2011. Results shown in Figure 15 reveals that rural BC experienced both in-migration as well as out-migration during 2001-2011.

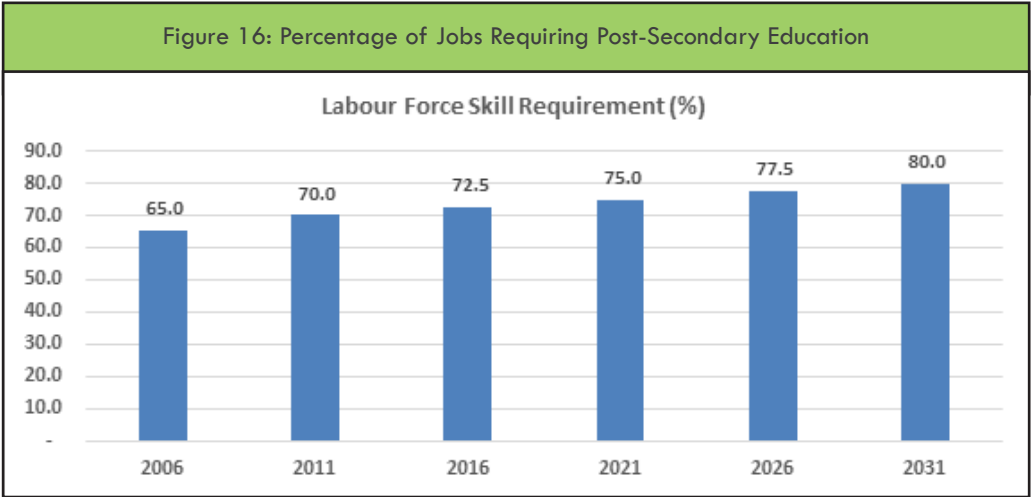
# CONCLUSION

The study finds that the urban population in BC has been rising due to high levels of immigration combined with in-migration that the province has been experiencing. At the same time, the rural population has been declining in relative and absolute terms due to a low fertility rate as well as out-migration of youth.

The study shows that the provincial population is aging. The share of individuals below the age of 20 has declined from 36.9 percent in 1971 to 20.9 percent in 2011 while the share of seniors rose from 9.3 percent in 1971 to 16.4 percent in 2011. Aging of the population is also reflected in the rising median age in British Columbia from 27.8 in 1971 to 41.1 years in 2011. During the same period, the median age in Canada rose from 26.2 to 40.6 years. The median age is the age that divides a population into two numerically equal groups whereby half the people are younger than the median age and half are older.

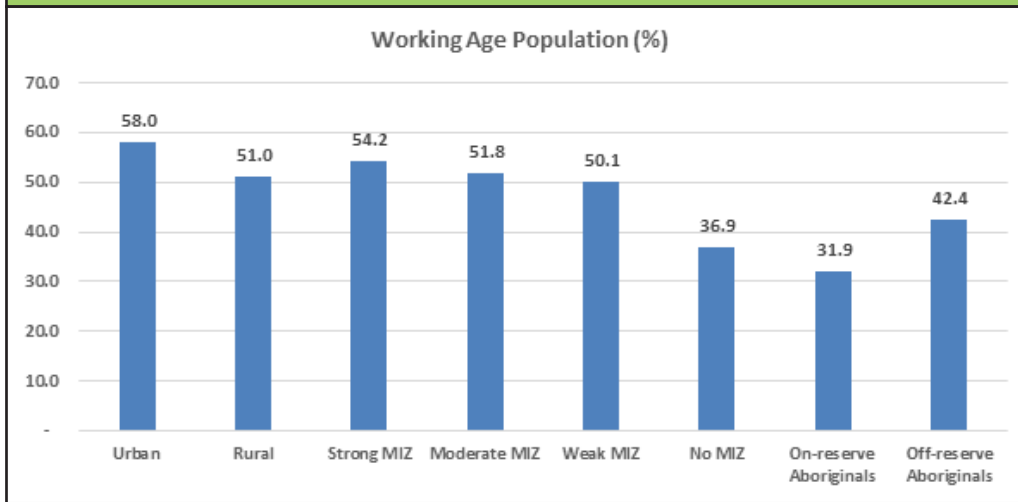
The study attempts to explain the existing earnings gap between rural and urban regions. For this, the report develops a human capital index for various population groups as well as for different rural and urban regions. The human capital index developed in this study reflects productivity levels associated with different levels of educational attainment. It is found that a significant share of the earnings gap is explained by differences in the human capital composition of the workers in different areas.

The study shows that the stock of human capital declines as one moves towards more rural areas. It is also found that the on-reserve and off-reserve Aboriginal people have the lowest human capital composition index indicating relatively low levels of educational achievement among various population groups. Recent studies have shown that the lack of human resources represent the greatest challenge to rural development in Canada. In fact, multinational and multi-locational firms in Canada have difficulty finding qualified workers in rural areas.<sup>9</sup>



Based on various studies by the Ontario Ministry of Education, Human Resources and Skills Development Canada and other government agencies, Miner Management Consultants provides estimates of the percentage of new jobs requiring post-secondary education in the coming years (Figure 16).

Figure 17: Percentage with Post-Secondary Credentials in 2011



What is the actual skill availability of the working age population in urban and rural BC at the present time? How does it compare with the skill requirements shown in Figure 16? Using the 2011 National Household Survey and focusing on the working-age population aged 15 to 64, Figure 17 shows the percentage of the working age population who have post-secondary credentials. The skill levels in urban BC are very similar to that in Canada (57%).

Comparing Figures 16 and 17 shows that the skill levels in rural areas of BC are significantly below the skill requirements in 2011. Continuation of this skill mismatch will result in what is referred to as people without jobs and jobs without people in rural BC in the coming years. This situation is especially critical when it comes to the Aboriginal people and those living in rural areas.

A recent survey of 150 chief executives of leading businesses in all sectors and regions in Canada reported that companies were unable to fill approximately 11,000 jobs during 2011-2013. BC ranked fifth in difficulty finding qualified workers after Alberta, Quebec, Ontario and Saskatchewan. Many of the respondents stated that they expect shortages to increase over the next five to 10 years as the population ages and the economy expands.<sup>10</sup>

Given that the stock of human capital affects productivity and earnings capacity of the rural as well as urban population, one approach to maintaining or even increasing earnings and production capacity is to enhance productivity by increasing investment in education in rural areas. In fact, apart from increasing productivity and earnings, investment in education has significant positive social and economic consequences as well. The goal should be to reduce the gap between the human capital level in rural and urban BC and the skills requirements of the future jobs as shown in Figure 16.

A companion study to the present report shows that a higher level of educational achievement in BC increases the likelihood of working full-time weeks as well as increasing the number of weeks worked per year; lowers the probability of dependency on government transfers and reduces the chance of falling below the poverty line; reduces the likelihood of being unemployed and increases the chance of participating in the labour force. Higher level of schooling is also associated with higher productivity and earnings.

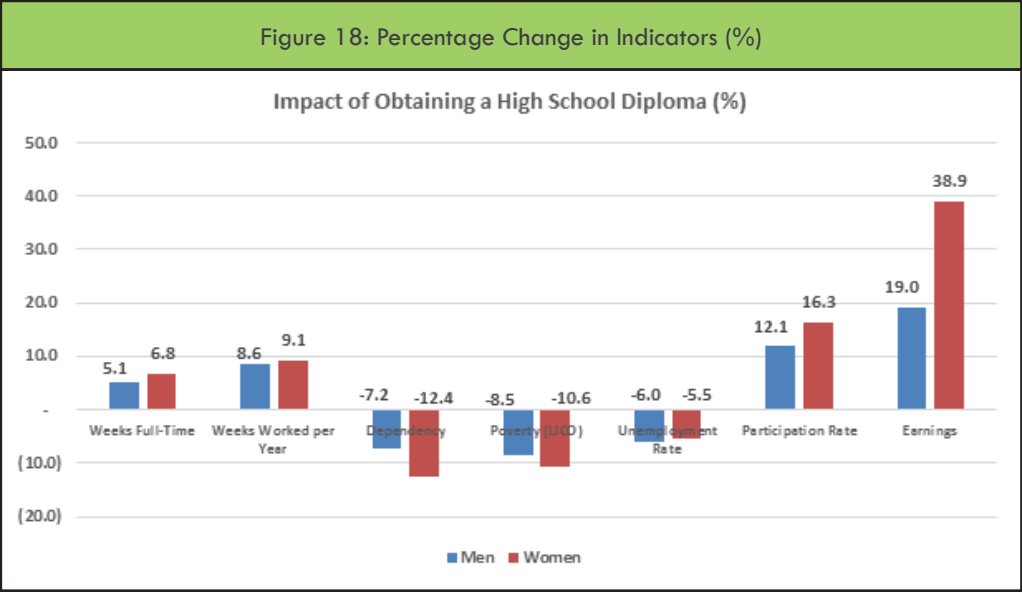


Figure 18 summarizes the impact of obtaining a high school diploma relative to those without a secondary certificate, on various socio-economic indicators for men and women in BC. Achieving post-secondary education also produced similar impacts.

Having found human capital as the main determinant of productivity, earnings and other socio-economic determining factors of well-being, a companion study to the present

report investigates returns to investment in education for men and women in BC. It finds that the rates of returns to investment in education are well above the returns for other forms of investment. This suggests that investment in secondary and post-secondary education yields relatively high ex-post rates of returns over and above the earnings foregone and length of time invested. The report finds that the rates of returns to investment in a high school diploma, trade and college certificate are higher for men. On the other hand, the returns to investment in a university education are greater for women.



## ENDNOTES

1 Since the early 20th century, BC has attracted more immigrants than any other province except Ontario.

2 Ministry of Finance, *Ontario Population Projections Update 2012-2036*, Spring 2013.

3 This is net of those who left the province.

4 The reclassification of boundaries from rural and small towns to urban areas are likely to affect CSDs that are in the commuting zone of CMAs and CAs and not those that are farther away from urban areas, i.e., those with zero, weak or moderate MIZ classification. Mitchell attributes the growth of rural areas close to metropolitan regions to the decision of urban residents to combine an urban workforce with the benefits of rural living. She states that as a greater number of ex-urbanites relocate to the countryside, “municipalities formerly classified as rural and small town soon became engulfed by the expanding sphere of urban influence.” See Mitchell Clare J.A., “Population Growth in Rural and Small Town Ontario: Metropolitan Decentralization or Deconcentration?” *Canadian Journal of Regional Science*, 2009, 377-392.

5 Mendelson Robert and Ray D. Bollman (1998), *Rural and Small Town Canada Analysis Bulletin*, Vol. 1, No. 1, Cat. No. 21-006-XIE.

6 Ibid, p. 7.

7 Mitchell Clare J.A., *Population Growth in Rural and Small Town Ontario: Metropolitan Decentralization or Deconcentration?*, *Canadian Journal of Regional Science*, 2009, 377-392.

8 Ibid, p. 377.

9 For example see B. Moazzami, *Multi-national and Multi-locational Enterprise Initiative: Survey of Northern Ontario Companies and Analysis of the Results*, prepared for Federal Economic Development Initiative for Northern Ontario (FedNor), March 2012.

10 The Canadian Council of Chief Executives, *Second Survey Report: Skills Shortages in Canada*, March 2014.



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