



The percentage change between bankruptcies and consumer proposals between 2011 and 2012

CONSUMER INSIGHT

The Indebted Strike Back

An exclusive *BCBusiness*/Sands analysis reveals that despite holding the most consumer debt in Canada, British Columbians are finally learning to deal with it *by Tom Gierasimczuk*

No one ever said paradise was cheap, but it's never been more taxing on those of us who live here. British Columbians are Canada's most indebted residents, with an average non-mortgage debt of \$37,879, according to Statistics Canada—a shocking 40 per cent higher than the national average. But as a recent study by E. Sands & Associates Inc. indicates, the

problem isn't so much financial, but psychological. "People just didn't ask for help with their consumer debt soon enough," says Blair Mantin, the company's senior vice-president. "Between 2008 and 2011, the number of annual B.C. bankruptcies increased by 10 per cent," he says. "This is the opposite trend to Canada as a whole—which saw a decline of 12 per cent—and Ontario in particular, a decline of 29

per cent." But over the same time, consumer proposals—negotiated arrangement with creditors whereby a person agrees to pay back just the portion of the debt they can afford to pay back (often 30 per cent) and avoids filing for bankruptcy altogether—exploded in B.C. Mantin says proposals spiked by 129 per cent between 2008 and 2011, by far the highest percentage in the country, although the

per capita uptake still lags behind the rest of Canada. The reason for Mantin's company's close analysis of the landscape is that consumer proposals are only available through a licensed trustee like Sands. To demonstrate B.C.'s recent appetite for financial housekeeping, Mantin analyzed the bankruptcy-to-consumer-proposal ratio and revealed a drastic preference to the latter, region by region. ■