

# 2013 Regional Check-Up

LIVE  
WORK  
INVEST  
IN BC

## Kootenay Development Region



Stretching over four mountain ranges,<sup>1</sup> the Kootenay Development Region (KDR) comprises 57,720 square kilometres<sup>2</sup> in the southeast corner of BC. The KDR is predominantly rural and is comprised of the Regional Districts of Kootenay-Boundary, Central Kootenay, and East Kootenay.

In 2012, population growth in the KDR (0.2%) was modest, increasing by 299 persons to reach 150,286.<sup>3</sup> In contrast, British Columbia's population expanded by 1%. The Central Kootenay and East Kootenay Regional District attracted the majority of the region's new residents last year.

With its wealth of natural resources, the economy of the KDR derives a large share of its income from the mining and forestry industries. However, this resource dependence leaves the region vulnerable to shifts in both the global economy and commodity price cycles. For instance, last year, muted demand in Europe, Japan, the US, and China for BC exports translated into unstable commodity prices.

However, on the whole the KDR performed well in 2012: following a strong showing in 2011, annual employment grew by 3.7%. The mining industry was a key contributor to this improvement, as both exploration and mine development ramped up in anticipation of increased global demand for these resources. Much of this activity took place in the East Kootenay coalfields. This area houses Teck's five large open-pit coal mines, and is where nearly one-fifth of employees of the KDR's good-producing sector are employed. Coal production increased in the region's mines, despite a decrease in the overall price of coal.<sup>4</sup>

<sup>1</sup> Rocky, Purcell, Selkirk, and Monashee mountains.

<sup>2</sup> Statistics Canada, *Census of Population*, 2011.

<sup>3</sup> Statistics Canada, *Population Estimates as of July 1<sup>st</sup>*, CANSIM Table 051-0049. *Note:* Population numbers are based on preliminary data; these estimates are revised each year as more accurate data becomes available.

<sup>4</sup> Coal production increased by 8%. Source: Teck, *2012 Annual Report*.

In 2012, a resurgence of US demand for BC softwood, strong lumber exports to China, and tighter timber supplies pushed up the price of lumber to its highest point since the recession of 2009, and improved the prospects for BC's forest industry. These developments, in conjunction with an increased focus on industry efficiencies, have prompted upgrades and expansions at some Kootenay sawmills. Canfor's newly upgraded Radium Hot Springs mill re-opened in late 2012, and the company has further plans to upgrade the mill at Elko. Interfor invested in upgrades at both its Castlegar and Grand Forks mills, and began negotiations to purchase Springer Creek's idle wood licenses. While improved market activity late in the year did not translate into notable job creation, it is anticipated that the region's mills will be busy in 2013.

Major project development over the past decade has strengthened the KDR's economy and has generated many well-paying jobs. However, much of that development is winding down and is scheduled to be complete within the next few years. Already employment in the construction industry is slowing, and this may persist if new developments do not proceed as planned.

A distinctive characteristic of the KDR, in particular when compared to other regions of BC, is its large senior population, particularly in the Kootenay-Boundary and Central Kootenay Regional Districts. Over the next ten years, the share of seniors in the region is projected to comprise one-quarter of its population, compared to one-fifth at the provincial level.<sup>5</sup> As baby boomers retire, this trend will have a profound impact on the regional labour market supply. Already some industries in the KDR are experiencing a shortage of qualified and experienced workers.

## WORK Indicators

### Job Creation

In 2012, the KDR marked its second year of employment growth, a sign of overall improved economic health. Although annual employment is still shy of its pre-recession peak (2007), the addition of 2,700 new jobs resulted in the third highest rate of job creation (3.7%) in the province. Growth in the services-producing sector (2,300 new jobs) outpaced a slight gain in the KDR's goods-producing industries (300 new jobs). Additional signs of strength in the economy are the large number of workers (4,800) that moved into full-time employment.

Employment in the KDR's services-producing sector surged in 2012, reaching its highest level in more than a decade. Industries that contributed to this gain were educational services (2,400 new jobs), and professional, scientific and technical services (1,300 new jobs). Detailed statistics reveal that growth in educational employment is primarily due to the addition of workers at primary and secondary institutions.<sup>6</sup> While employment within KDR's school districts did increase modestly between 2011 and 2012,<sup>7</sup> it was not to the magnitude suggested by Labour Force Survey data.<sup>8</sup> Employment in the professional, scientific and technical services intensified during the summer months; this was largely due to the substantial mineral exploration activity that took place and the seasonal demand for post-secondary students in computer-related, engineering and technical fields. Other noteworthy service sector employment gains were in trade (700 new jobs), health care and social assistance (600 new jobs), and other services (500 new jobs).

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<sup>5</sup> BC Stats, *Sub-Provincial Population Projections - P.E.O.P.L.E. 2012*, September 2012.

<sup>6</sup> BC Stats, *Employment and Unemployment Rate by Detailed Industry*, April 2013.

<sup>7</sup> BC Ministry of Education, *Teacher Statistics*, January 2013.

<sup>8</sup> 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, margin of error increases in smaller sub-groups.

<sup>9</sup> Ministry of Advanced Education and Labour Market Development and BC Stats, *A Guide to the BC Economy, 2010 Edition*.

The largest service sector job losses were reported in business, building and other support services (-1,100); these are sectors where many workers are either self-employed or hired on a temporary seasonal basis.<sup>9</sup> Employment in finance, insurance, real estate and leasing also dropped (-1,000). This sector has been losing workers since mid-2011. Other service-sector industries that reported substantial job losses were transportation and warehousing (-700), and accommodation and food services (-500). Province-wide, the trucking industry has been plagued with a shortage of drivers, mechanics, dispatchers, and operations staff. In the KDR, the shortage of truck drivers is so extreme that some companies are looking overseas for new hires.<sup>10</sup>

The reported job losses in some sectors can be partially explained by the amalgamation of part-time jobs into full-time positions, and labour movement between industries, as regional work opportunities expand. The consolidation, purchasing, and selling of businesses, in a number of industries, also resulted in job loss. Employers are also grappling with worker shortages due to both retirements and a difficulty in matching worker skill sets.

**Table 1-1: Employment, Kootenay Development Region, 2007 to 2012<sup>11</sup>**

							Job Creation (000)	
	2007	2008	2009	2010	2011	2012	5-Year 2007-12	1-Year 2011-12
<b>TOTAL EMPLOYMENT (000)</b>	<b>76.7</b>	<b>71.6</b>	<b>71.0</b>	<b>69.4</b>	<b>72.1</b>	<b>74.8</b>	<b>-1.9</b>	<b>2.7</b>
<b>Goods-Producing Sector (000)</b>	<b>26.0</b>	<b>22.0</b>	<b>20.8</b>	<b>22.5</b>	<b>21.2</b>	<b>21.5</b>	<b>-4.5</b>	<b>0.3</b>
Agriculture	2.5	2.4	2.3	1.7	-	-	n/a	n/a
Forestry, fishing, mining, oil and gas	5.4	6.9	4.8	5.0	5.3	7.0	1.6	1.7
Utilities	-	-	-	-	-	-	n/a	n/a
Construction	9.1	8.0	8.5	7.4	8.2	7.7	-1.4	-0.5
Manufacturing	8.3	4.7	4.6	7.7	6.1	4.9	-3.4	-1.2
<b>Services-Producing Sector (000)</b>	<b>50.7</b>	<b>49.5</b>	<b>50.2</b>	<b>46.9</b>	<b>50.9</b>	<b>53.2</b>	<b>2.5</b>	<b>2.3</b>
Trade	11.3	12.7	14.0	11.8	10.1	10.8	-0.5	0.7
Transportation & warehousing	3.3	3.3	3.0	2.4	3.3	2.6	-0.7	-0.7
Finance, insurance, real estate & leasing	3.2	2.3	2.7	2.3	2.8	1.8	-1.4	-1.0
Professional, scientific & technical services	3.3	3.5	2.3	2.3	2.7	4.0	0.7	1.3
Business, building & other support services	2.4	1.6	2.7	3.2	3.2	2.1	-0.3	-1.1
Educational services	4.9	4.9	3.4	2.9	3.5	5.9	1.0	2.4
Health care & social assistance	8.3	6.1	9.5	8.2	9.2	9.8	1.5	0.6
Information, culture & recreation	3.4	3.1	1.9	2.7	2.4	2.6	-0.8	0.2
Accommodation & food services	6.0	7.4	5.6	5.7	6.9	6.4	0.4	-0.5
Other services	3.1	2.8	3.1	2.9	4.0	4.5	1.4	0.5
Public administration	1.8	1.8	1.9	2.6	2.8	2.7	0.9	-0.1

Source: Statistics Canada, Labour Force Survey Historical Review

<sup>10</sup> *Castlegar News*, "Plenty of Job Opportunities in Trucking Industry", November 16, 2012.

<sup>11</sup> Industries with "n/a" 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 can not be calculated.

Compared to most parts of BC, a high concentration of the KDR's labour force is employed in the goods-producing sector.<sup>12</sup> Employment in this sector dwindled through most of 2012, but a slight rally towards the end of the year pushed annual employment ahead of that recorded in 2011. Solid gains in the primary industries (1,700 new jobs), such as agriculture, oil and gas extraction, logging and forestry, and mining, offset losses suffered by other industries in the sector. Mining was responsible for all of last year's gain, thanks to a growth in exploration and extraction activity.<sup>13</sup> In contrast, the KDR's other primary industry, logging, lost workers last year.

The weakest link in the goods sector was the manufacturing industry, which lost 1,200 workers in 2012. The industry, which has seen its workforce reduced by 41% since 2007, has been unable to regain its footing since the recession. However, monthly job creation statistics show a slight positive trend, with the industry adding workers in the last quarter of 2012, as KDR mills geared up to meet rising lumber demand.

A substantial dip in construction employment towards the end of 2012 pushed the sector's annual total down by 500 jobs. Detailed data reveals that there were approximately 3,000 less workers<sup>14</sup> employed in construction during the last quarter of 2012 compared to the same period in 2011. The overall dollar value of building permits in the KDR has diminished in previous years, and this job loss is likely a reflection of some of the larger projects shedding workers as they wind down.

In 2012, all of BC's Development Regions reported job creation except for Northwest BC, which reported a 9.2% loss. The Northeast posted the largest growth (6.7%), followed by the Cariboo (4.9%), and the Kootenays (3.7%).

## Unemployment Rate

The unemployment rate captures the balance of labour force supply and demand. In 2012, approximately 2,100 KDR residents entered the labor market to take advantage of new job opportunities. Nevertheless, job creation (2,700) outpaced labour force expansion, driving the regional unemployment rate down by 0.9 percentage points (ppt) to 7.3%. This was the region's lowest rate of unemployment since 2008.

All of BC's Development Regions, except Northwest BC, saw a drop in the unemployment rate last year, with the largest declines occurring in the Vancouver Island/Coast (-1.7 ppt), the Thompson-Okanagan (-1 ppt) and the Kootenays (-0.9 ppt).

The KDR's unemployment rate remains one of the highest in the province, however, exceeded only by the Northwest BC (10.7%). The lowest rates were recorded in the Northeast (4.1%), Vancouver Island/Coast (6.%) and the Mainland/Southwest (6.8%).



<sup>12</sup> 29% KDR workers are employed in the goods-sector vs. 20% at provincial level. Source: Statistics Canada, *Labour Force Survey Historical Review*, 2013.

<sup>13</sup> BC Stats, *Employment and Unemployment Rate by Detailed Industry*, April 2013.

<sup>14</sup> Given the considerable variance in monthly employment from 2011, there may be some error with this estimate due to sampling variability and the estimation process—regardless, the data does show a downward trend.

**Table 1-2: Unemployment Rate, Kootenay Development Region, 2007 to 2012**

Region	2007	2008	2009	2010	2011	2012	Percentage Point (ppt) Change	
							5-Year 2007-12	1-Year 2011-12
Kootenay	5.5%	4.9%	8.7%	9.3%	8.2%	7.3%	1.8 ppt	-0.9 ppt
<b>British Columbia</b>	<b>4.3%</b>	<b>4.6%</b>	<b>7.7%</b>	<b>7.6%</b>	<b>7.5%</b>	<b>6.7%</b>	<b>2.4 ppt</b>	<b>-0.8 ppt</b>

Source: Statistics Canada

In 2012, the unemployment rate for young workers grew by 3.6 ppt to reach 10.4%. This was the largest increase in youth unemployment in the province last year. While the increase in minimum wage may have posed a barrier to hiring youth for some employers, the KDR has seen a substantial decline in its youth population in the past two years (-23%),<sup>15</sup> due to changing demographics and an outflow of young people.

**Table 1-3: Youth (age 19 to 24 years) Unemployment Rate, Kootenay Development Region, 2007 to 2012**

Region	2007	2008	2009	2010	2011	2012	Percentage Point (ppt) Change	
							5-Year 2007-12	1-Year 2011-12
Kootenay	6.0%	15.9%	8.6%	9.6%	6.8%	10.4%	4.4 ppt	3.6 ppt
<b>British Columbia</b>	<b>6.1%</b>	<b>6.8%</b>	<b>11.1%</b>	<b>11.3%</b>	<b>11.5%</b>	<b>10.9%</b>	<b>4.8 ppt</b>	<b>-0.6 ppt</b>

Source: Statistics Canada, Labour Force Survey, Custom Table

\*Unemployment rate calculated by author.

Despite its poor performance last year, KDR's youth unemployment rate remained below the provincial average and placed third amongst the Development Regions, sitting behind the Northeast (7.3%) and the Vancouver Island/Coast (10.2%). In 2012, youth unemployment was the highest in the Cariboo (14%) and Northwest BC (11.1%).

## Invest Indicators

### Business and Investment Activity

Investment in non-residential structures, machinery, and equipment boosts productivity, creates jobs, and increases BC's economic competitiveness.

The private sector accounted for approximately 90% of BC's capital investment in recent years, with the public sector comprising the rest. In 2012, capital investment activity in BC did not meet initial predictions, as slower economic growth, a decline in provincial exports, and the prospect of a "fiscal cliff" in the US suppressed investor confidence. Preliminary estimates show that non-residential investment grew by only 6.8% between 2011 and 2012, reaching \$20 billion; this was less than half of the predicted growth rate of 14.8%.<sup>16</sup>

<sup>15</sup> Statistics Canada, *Labour Force Survey Custom Tabulation*.

<sup>16</sup> Statistics Canada, *Public and Private Investment in Canada, Intentions— 2013*, Catalogue No. 61-205-X, February 2013. Note: These are preliminary estimates for 2012, as of March 2013.

According to the *BC Major Projects Inventory*, there were thirteen major projects in the construction phase between the fourth quarters of 2011 and 2012 in the KDR. These developments were valued at \$3.8 billion, the majority of which were commercial in nature. Interfor's Sawmill Expansion (\$19 million) and Canfor's Radium Sawmill Upgrade (\$38.5 million)<sup>17</sup> were the only new projects to commence construction during the year. The Interfor expansion includes a new log line in Grand Forks and an automated lumber grading system in Castlegar. Radium's upgrades involved the installation of a new planer facility and biomass energy system, and modifications to the existing sawmill.<sup>18</sup> These projects will prepare facilities to meet the anticipated increase in lumber demand, and reflect the overall optimistic outlook for the future of the region's forest industry.

Construction on most of the larger projects, including \$1.6 billion in ski resort development has been on-going over the long term, and has supplied construction workers with steady employment for a number of years. Many of these projects, along with several newer ones, are scheduled to wrap up within the next few years—in total nine projects valued \$2.7 billion are slated for completion by 2015.

Twelve projects valued at \$2.1 billion were in the proposal phase during the last quarter of 2012 in the KDR, with the majority planned for the East Kootenay Regional District. This is a 17% increase from the fourth quarter of 2011. One of the largest projects scheduled to proceed is Phase Two of Teck Coal's Line Creek Mine (\$140 million), which includes the development of two new mine sites near the company's existing operations. It is anticipated that the new mines will produce 52 million tonnes of coal over an 18 year lifespan. In the rest of the KDR, three projects worth \$89 million are in the proposal phase, with no start date indicated.

Four projects (\$1.7 billion) were on hold during the last quarter of 2012 for a variety of reasons including uncertain global economic conditions, difficulties with the Environmental Assessment process, and permitting issues. The \$1 billion Fairmont Hot Springs and Golf Course Resort expansion remains on hold until market conditions improve.

## Incorporations

Annual business incorporations in most parts of BC have not yet recovered to pre-recession levels. In the KDR, incorporations have dropped fairly steadily since 2007, and last year's decline (-3.0%) was the largest drop in the province. In contrast, gains posted in other regions such as the Nechako (32.3%), the Cariboo (8.6%) and the Thompson-Okanagan (6.4%) reflect investor confidence.

**Table 1-4: Business Incorporations and Bankruptcies, Kootenay Development Region, 2007 to 2012**

	2007	2008	2009	2010	2011	2012	Percentage Change	
							5-Year 2007-12	1-Year 2011-12
Business Incorporations	730	644	490	504	494	479	-34.4%	-3.0%
Business Bankruptcies	14	16	9	7	7	11	-21.4%	57.1%

Source: BC Stats and Office of the Superintendent of Bankruptcy Canada



<sup>17</sup> Not reported in the Major Projects Inventory.

<sup>18</sup> *ForestTalk.com*, "Canfor to Restart Radium Sawmill this Fall", October 2012.

In 2012, there were 11 business bankruptcies in the Kootenays, an increase of 4 (57.1%) over 2011 numbers. This was the largest increase reported among BC's Development Regions. Although this suggests that the resilience of entrepreneurs has deteriorated, it is still a vast improvement from the early part of the past decade when annual bankruptcies consistently numbered above 20.

The Thompson-Okanagan was the only other region to report a rise in business bankruptcies (27.3%). The Nechako saw bankruptcies decline from 1 to 0, while the Cariboo ranked second with 33.3% less bankruptcies (a drop of 3 to 2).

## LIVE Indicators

### Educational Attainment

The education level of the labour force affects a region's productivity and capacity for future wealth creation. In 2012, the educational attainment level of KDR workers dropped 5.5 ppt, falling to 57.7%. This was 8.9 ppt below the provincial average. Among BC's Development Regions, the Mainland/Southwest ranked first in educational attainment (69.0%), followed by Vancouver Island/Coast (65.6%) and the Thompson-Okanagan (62.2%); the KDR placed fifth.

**Table 1-5: Percent of Labour Force Age 25 to 54 With a Post-Secondary Certificate/ Diploma or Higher, Kootenay Development Region, 2007 to 2012**

Region	2007	2008	2009	2010	2011	2012	Percentage Point Change	
							5-Year 2007-12	1-Year 2011-12
Kootenay	53.3%	53.2%	56.8%	55.1%	63.2%	57.7%	4.4 ppt	-5.5 ppt
<b>British Columbia</b>	<b>61.7%</b>	<b>62.6%</b>	<b>63.0%</b>	<b>64.4%</b>	<b>65.9%</b>	<b>66.6%</b>	<b>4.9 ppt</b>	<b>0.7 ppt</b>

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

Last year's educational attainment decline followed a substantial gain in 2011—a shift that highlights the volatility and mobility of the KDR's labour market. As noted in the Work Section, the region's improving labour market conditions drew a substantial share of individuals into the labour force—however, most were unskilled labour, with high school or some post-secondary education. At the same time, there was a sizable loss of the labour force with a post-secondary certificate or diploma (-1,700). It is anticipated that many workers were enticed by lucrative job opportunities in parts of Alberta or Northern BC, where skilled workers are in high demand.

### Dependency on the Social Safety Net

Social safety net dependency is defined as the share of population age 19 to 64 that requires basic income assistance due to the inability to work. Although there is a fairly consistent share of the population who are dependent upon income assistance for reasons of health or disability, this indicator correlates to labour market activity, and is an important gauge of the economic health of a region.

Continued strength in the KDR's labour market last year translated into a reduction in social assistance dependency. In 2012, the share of the working age population dependent on income assistance dropped to 1.8%, down 0.3 ppt from the previous year. This rate is nearly on par with the provincial average (1.7%).

Despite a healthy improvement in all three of the KDR's Regional Districts, dependency rates remained considerably higher in the Central Kootenay and Kootenay-Boundary (2.2%) compared to the East Kootenay Regional District (1.2%). The East Kootenay, in fact, recorded the second lowest dependency rate in BC last year, trailing only the Northeast. The disparity within the KDR in social safety net dependency highlights regional economic inequalities.

**Table 1-6: Basic Income Assistance Recipients as a Percent of the Population, Age 19 to 64, Kootenay Development Region, 2007 to 2012<sup>19</sup>**

Region	2007	2008	2009	2010	2011	2012	Percentage Point (ppt) Change	
							5-Year 2007-12	1-Year 2011-12
East Kootenay	0.9	1.0	1.6	1.5	1.5	1.2	0.3 ppt	-0.3 ppt
Central Kootenay	1.8	1.8	2.5	2.6	2.7	2.2	0.3 ppt	-0.5 ppt
Kootenay-Boundary	1.5	1.7	2.4	2.5	2.5	2.2	0.7 ppt	-0.3 ppt
<b>Development Region Total</b>	<b>1.4</b>	<b>1.5</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>1.8</b>	<b>0.4 ppt</b>	<b>-0.3 ppt</b>
<b>British Columbia</b>	<b>1.4</b>	<b>1.5</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>1.7</b>	<b>0.3 ppt</b>	<b>-0.3 ppt</b>

Source: BC Stats.

In 2012, the KDR's dependency rate was third-lowest in BC, behind that of the Northeast (1.1%) and the Mainland/Southwest (1.5%). At the other end of the spectrum, the North Coast and Cariboo reported dependency rates of 4.3% and 2.7% respectively. Although dependency rates fell in all of BC's Development Regions last year, the need for income support in all jurisdictions is still higher than prior to the recession.

## Consumer Bankruptcies

Although debt loads eased slightly in BC last year, the province still recorded the highest average household debt in Canada.<sup>20</sup> Regardless, personal bankruptcy rates have fallen steadily in BC since 2009, and now sit just above pre-recession levels, at 2 per 1,000 population.<sup>21</sup>

**Table 1-7: Annual Consumer Bankruptcy Rates per 1,000 Population Aged 18 Years and Older, Kootenay Development Region, 2007 to 2012**

Region	2007	2008	2009	2010	2011	2012	Percentage Change	
							5-Year 2007-12	1-Year 2011-12
Kootenay	1.7	1.5	2.8	2.5	2.0	2.4	42.5%	18.9%
<b>British Columbia</b>	<b>1.9</b>	<b>2.1</b>	<b>2.9</b>	<b>2.6</b>	<b>2.2</b>	<b>2.0</b>	<b>3.9%</b>	<b>-7.2%</b>

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

<sup>19</sup> Rates are as of September for each year. A recipient is defined as "each person living in a family or living alone that is receiving basic Income Assistance". These figures include those on Temporary Assistance (Expected to Work, Expected to Work - Medical Condition, Temporarily Excused, Persistent Multiple Barriers). Excluded are those on Continuous Assistance (Persons with Disabilities), Children in the Home of a Relative, OAS/Seniors and aboriginals living on reserve.

<sup>20</sup> TransUnion, *News Release*, "Personal Debt Levels Continue to Soar to Record High Level", February 5, 2013.

<sup>21</sup> Office of the Superintendent of Bankruptcy, Canada *Insolvency Statistics in Canada*, 2013 and Statistics Canada, *Estimates of Population Aged 18 Years and Older by Economic Region*, CANSIM Table 051-0049.



Bankruptcies in the KDR reached 2.4 per 1,000 population (18.9%) between 2011 and 2012, signaling that a growing share of KDR residents are struggling financially. This was the largest increase in BC last year. Development Regions that recorded the greatest improvement in this indicator include the Nechako (-30.8%), the Cariboo (-11%), and the Vancouver Island/Coast (-7.2%).

Although the KDR's bankruptcy rate was nearly double that of Nechako (1.3 per 1,000 population), it was below other regions such as the Vancouver Island/Coast (2.5), Thompson-Okanagan (2.6), and the Cariboo (2.7).

## Conclusions

2012 was a mixed year for the KDR. The region experienced its second year of economic recovery. The labour market continued to expand, led by growth in mining and some service sector industries. The significant shift into full-time employment has increased purchasing power for some residents, and bodes well for the overall regional economy. However, although employment gains translated into a reduction in the KDR's unemployment rate, it remains one of the highest rates in the province. Further, well-paying mining jobs, sizeable exploration activity, and proposed major project development in the East Kootenay may exacerbate existing disparities between the regional districts.

Other concerns include the region's shrinking youth population, an important cohort that could potentially fill in gaps left by an aging workforce, and the deterioration in business and consumer bankruptcies, a signal that some pockets of the economy are experiencing difficulty. This may worsen if major project development does not move ahead as anticipated. As well, last year's decline in the educational attainment level of the labour force may translate into reduced productivity and earnings, and aggravate an already existing shortage of skilled workers. The ongoing reduction in the number of business incorporations and the increase in bankruptcies suggest that the overall investment climate is not on solid footing.

Looking ahead to 2013, the forest sector is predicted to strengthen, and lumber companies that endured the downturn are well-positioned to take advantage of this recovery. However, the shortage of skilled trades in the KDR and other parts of the province may adversely impact the capacity of some mills. While coal saw modest price gains in early 2013, the outlook for the rest of the year is uncertain and it is not clear how pricing dynamics will play out in Elk Valley's coal fields.

The latest seasonally adjusted, short-term labour market indicators, however, show a positive trend at the end of the first quarter of 2013. Employment in the KDR rose by 2,200 persons (2.8%) from December 2012, pushing the unemployment rate down by 1.5 percentage points, to 5.5%.<sup>22</sup>



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<sup>22</sup> Statistics Canada, *Labour Force Survey Estimates by Provinces and Economic Regions*, CANSIM Table 282-0054.

# Glossary of Definitions

- **Business establishments:** Production entity or group of entities that produces goods or services, does not cross provincial boundaries, and provides data on value of output and input costs to the government.
- **Job creation:** Change in number of employed individuals between two given years.
- **Social safety net:** Transfers to unemployed individuals and families from the federal and provincial governments under the auspices of the Income Assistance and Employment Insurance programs.
- **Unemployment rate:** Share of employable labour force looking for work but unable to find it.

