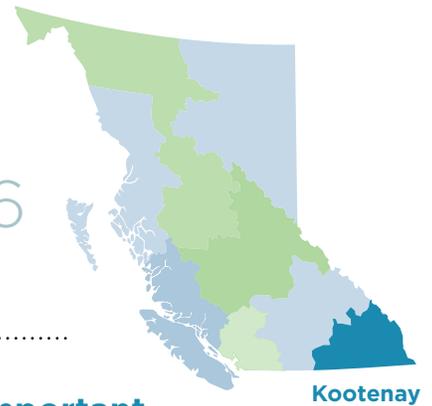


REGIONAL CHECK-UP 2016

Kootenay Development Region





CPABC Regional Check-Up 2016

Kootenay Development Region (KDR)

HIGHLIGHTS

Population:
148,354 residents (-0.1%)

Most Important Industries:

- Mining
- Forestry
- Tourism

Unemployment rates highest in BC

Unemployment:
7.4% > **6.2%**
KDR BC

Youth Unemployment:
14.5% > **9.9%**
KDR BC

Coking coal prices declined **19%** in 2015

WORK

New Jobs: +1,500
But job growth < the 9,000 jobs lost in 2014

Industries with the Most Job Gains:

- #1** Construction (+3,800)
- #2** Professional, Scientific Technical Services (+600)
- #3** Manufacturing (+600)

Loss of **2,500** workers reduced total service sector employment to **46,800** workers, the lowest level in the past five years.

INVEST

Capital Investment:
-6.7% to **\$9.6 billion**

Business Bankruptcies:
-3 reports to **0 reports**

30 major projects, over **1/2** under construction

Major projects data based on Q3 2015. Increases/decreases are in comparison to Q3 2014 data.

LIVE

Educational Attainment:

69.1% of labour force has at least a post-secondary certificate/diploma (+0.1 ppt)

Over the past 5 years... **+14.0ppt** or **2x** BC's average increase

Consumer Insolvencies:

Personal Bankruptcies:
1.8 per 1,000 adults or **-5.3%**

Consumer Proposals:
1.3 per 1,000 adults or **+30.0%**

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Executive Summary

Overall, 2015 was a mixed year for the Kootenay Development Region's (Kootenays) economy. Some of our indicators were positive, but most were negative, and there were some areas of weakness that began to emerge.

The creation of many full-time job opportunities for workers in the region's goods industries drove employment in that sector to its highest level since the 2009 global recession. However, overall job loss in the service sector moderated these gains, and the number of people seeking work exceeded the pace of job creation. As a result, the Kootenays' general and youth unemployment rates increased and were the highest in BC last year.

The mounting strain on the social safety net is evidenced by increases in the number of employment insurance beneficiaries and the consumer insolvency rate. Clearly, not all residents prospered in 2015. On the positive side, the region has maintained its relatively high level of educational attainment for its labour force compared to other development regions.

The Kootenays' business climate appears healthy, but declines in major project construction activity is concerning. Nearly 90% of the region's proposed developments are related to coal, making it unlikely for there to be any significant new major project construction in 2016.

Looking ahead, a recovery in resource prices is not immediate, lending to reduced mineral exploration, mining activity, and related investment in the Kootenays. The US economy, however, remains on solid footing, and homebuilding is projected to be moderate, and together with the low Canadian dollar, should benefit the region's wood products manufacturers.^{1,2} Given the region's proximity to the US and favourable exchange rate, the region may see an influx of US visitors and cross border shoppers in 2016, stimulating job creation in the service sector.

Recent Statistics Canada labour market indicators for the region reveal overall contraction in employment during the first quarter of (Q1) 2016, primarily due to fewer workers in the trade and construction industries.

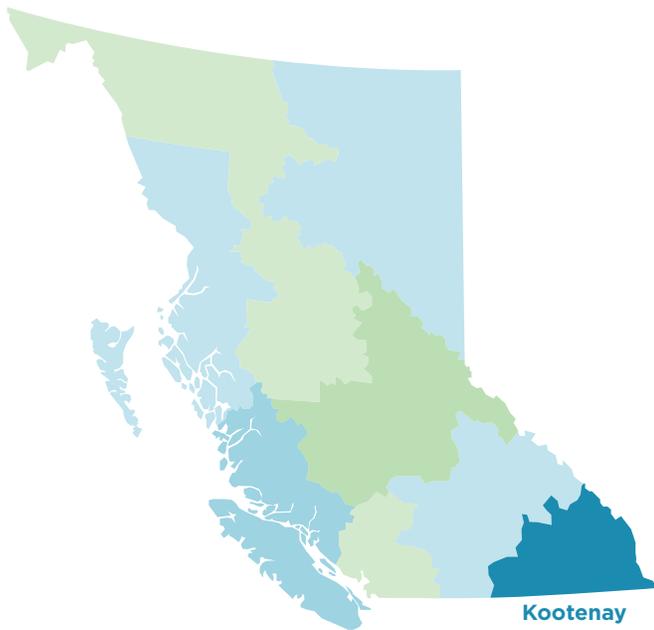
However, the region's unemployment rate declined by 0.1 percentage points (ppt) from the 2015 annual average to 7.3% by the end of the Q1 2016. This was because the contraction of the regional labour force during the first three months of 2016 was greater than overall job loss.²

¹ TD Economics, "Housing Starts Make a Comeback in February," US Housing Starts and Permits, March 16, 2016.

² Statistics Canada, Labour Force Survey Estimates by Provinces and Economic Regions based on 2011 Census Boundaries, 3-Month Moving Average, Unadjusted, CANSIM Table 282-0122.

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Located in the southeast corner of BC, the Kootenay Development Region (Kootenays) is the second smallest region in BC, encompassing 57,720 km² of land, or 6.3% of the province.³ Rugged and largely rural in nature, the region extends from Radium Hot Springs in the north, to the US border in the south, and from the City of Greenwood in the west across the Monashee, Selkirk, and Purcell Mountains to the Municipality of Sparwood in the Rocky Mountains to the east.⁴

The Kootenays' economy is predominantly driven by the mining, forestry, and tourism industries. Within the development region, the East Kootenay regional district is home to the largest coalfields in the province, while the forestry industry also plays a key role through the production of lumber and pulp.

In the Central Kootenay regional district, pulp and lumber manufacturing are the key economic activities, while in the Kootenay-Boundary regional district, zinc and lead smelting and refining, and wood products manufacturing dominate. A myriad of all-season recreation activities and amenities throughout the region make tourism a year-round income generator.

An estimated 148,354 residents, or 3.2% of the provincial population, resided in the Kootenays in 2015.⁵ This was down by 0.1% from 2014. While the Central and East Kootenay regional districts grew by 476 and 118 new residents respectively in 2015, the Kootenay-Boundary reported 714 fewer inhabitants. In contrast, BC as a whole saw a 1% increase in population last year.

Overall, the provincial economy fared reasonably well in 2015, despite ongoing commodity price weakness and turmoil in the global oil market. GDP grew by 2.2%, consumer spending rose by a solid 6.9%, and housing sales climbed dramatically.^{6,7,8} There was little growth in the value of BC's exports, however, with just a 0.5% increase over 2014.⁹ Increased housing starts in the US combined with a low Canadian dollar, boosted the value of wood products exports by 4.7% in 2016.¹⁰

³ Statistics Canada, Census 2011.

⁴ Columbia Basin Trust, "Mountains," www.cbt.org/BasinHistory/Mountains.html.

⁵ Statistics Canada, Estimates of Population by Economic Region, Sex and Age Group for July 1, based on the Standard Geographical Classification (SGC) 2011, CANSIM Table 051-0059.

⁶ TD Economics, Provincial Economic Forecast Update, January 26, 2015.

⁷ Statistics Canada, Retail Trade, Sales by the North American Industry Classification System, CANSIM Table 080-0020.

⁸ BC Real Estate Association, "December Smashes Home Sales Record and 2015 Enters Record Book," Press Release, January 15, 2016.

⁹ BC Stats, Exports (BC Origin) 2006-2015, April 2016.

¹⁰ BMO Capital Markets, Provincial Monitor, November 2015.

China's weakening economy impacted global demand for metals, and depressed some commodity prices. The value of BC's coal shipments plunged by 15.6%, and was partially responsible for constrained growth in coal exports.

Not surprisingly, 2015 was a challenging year for the region's mining industry, as coking coal prices plunged by 19%.¹¹ As part of its efforts to manage costs due to depressed coal prices, Teck abandoned its \$369 million Coal Mountain expansion project in the Elk Valley in late 2015.

The current mine operations are now anticipated to wind down in 2017 instead of 2050.^{12,13} Teck also implemented temporary shutdowns at its five Elk Valley mines during the summer.¹⁴ Despite these cost-saving measures, annual steelmaking coal production for the company was down by only 5.2%.¹⁵

In addition, Canfor Corporation's Canal Flats sawmill officially closed on November 9, 2015, due to a lack of economically available fibre supply and depressed market conditions in the oil and gas and lumber markets.¹⁶ The mill closure meant the loss of approximately 70 jobs in the community of Canal Flats. Earlier in 2015, the company had reduced work at the mill from two shifts to one, which caused over 80

layoffs.

While the Kootenays' economy was faced with challenges, the region's labour market underwent a modest recovery in 2015 thanks to the creation of jobs in the goods sector. Job gains were counteracted by an expanded labour force, resulting in an increased unemployment rate. Some of the region's workers who commuted to Alberta for work were laid off due to reduced demand for oil. As a result, the region's unemployment rate increased and employment insurance counts were up by more than 16% compared to 2014.¹⁷

¹¹ US dollar terms. Source: Teck Resources Limited, "Teck Reports Unaudited Fourth Quarter Results for 2015," News Release, February 11, 2016.

¹² Teck Coal Ltd., Coal Mountain Phase 2 Project Description, September 2014.

¹³ Brent Jang, "Teck Resources Cuts 1,000 Jobs, Lowers Dividend," The Globe and Mail, November 17, 2015.

¹⁴ Government of Canada, Job Bank, Job Market Trends and News, British Columbia, June 1 to 5, 2015.

¹⁵ Teck Resources Limited, "Teck Reports Unaudited Fourth Quarter Results for 2015," News Release, February 11, 2016.

¹⁶ Kootenay News Advertiser, "Canfor to close Canal Flats mill," September 11, 2015.

¹⁷ Statistics Canada, Employment Insurance Program (EI), Beneficiaries by Province, Census Division, total and regular income benefits, declared earnings, sex and age, monthly (persons), CANSIM Table 276-0035.

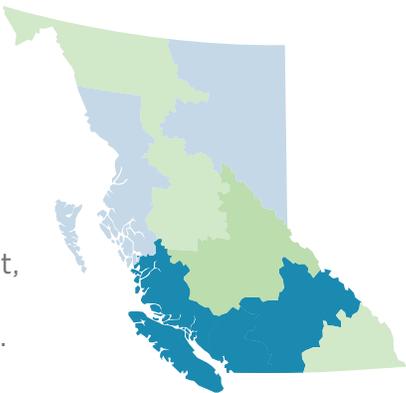
CPABC Regional Check-Up 2016

Comparison between Development Regions

DEMOGRAPHICS



Population in BC: 4,683,139 residents



90% of BC's residents live in Mainland/Southwest, Vancouver Island/Coast, and Thompson-Okanagan.

- ↑ Thompson-Okanagan (+1.5%)
- ↑ Mainland/Southwest (+1.2%)
- ↑ Vancouver Island/Coast (+0.9%)
- ↓ Kootenay (-0.1%)
- ↓ Northeast and Northwest BC* (-1.2%)
- ↓ Cariboo (-1.7%)

WORK



New Jobs in BC:
+27,800

Unemployment Rate in BC: **6.2%**

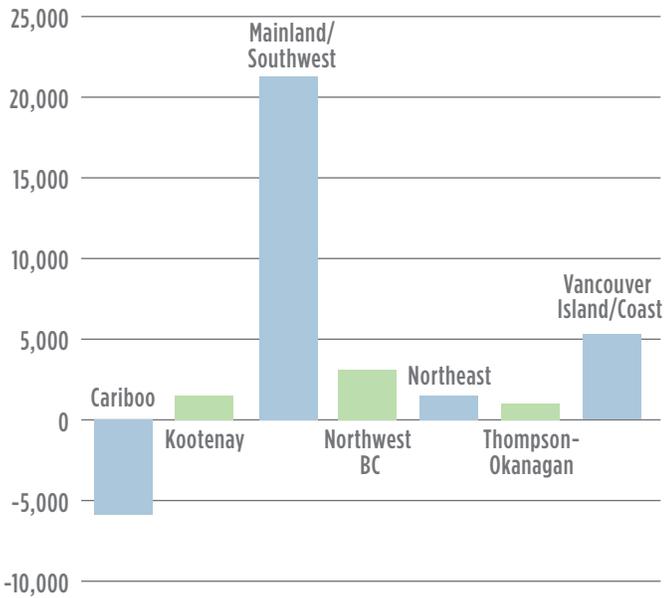
~2/3 of jobs created were in the service sector.



Unemployment Rate across BC:

	2014	2015	Change
Kootenay	6.9%	7.4%	+0.5%
Cariboo	6.0%	7.0%	+1.0%
Northwest BC	8.0%	7.0%	-1.0%
Thompson-Okanagan	6.3%	6.4%	+0.1%
Vancouver Island/Coast	6.1%	6.3%	+0.2%
Mainland/Southwest	6.0%	6.0%	+0.0%
Northeast	4.9%	5.9%	+1.0%
BC	6.1%	6.2%	+0.1%

Job Creation across BC:



Youth Unemployment Rate in BC:

+0.7% to 9.9%

Youth unemployment is highest in Kootenay, Cariboo, and Mainland/Southwest.

*Northwest BC is made up of the Nechako and North Coast development regions.
Source: CPABC Regional Check-Up 2016. All numbers are from 2015. Increases/decreases are in comparison to 2014 data.

WORK Indicators

Job Creation

Job creation is a key indicator of labour market activity and of general economic status.

In 2015, the creation of 1,500 new jobs edged the Kootenays' total employment up by 2.2% to 69,000 positions. Unfortunately, this improvement was not sufficient to compensate for the loss of 9,000 jobs in 2014. Regardless, job creation was positive due to an increase in full-time employment and an expansion of the region's higher-paying goods sector.^{18,19}



In 2015, employment in the goods sector reached its highest level since 2007, thanks to the creation of 4,000 new jobs. Statistics Canada reports gains in the construction and manufacturing industries of 3,800 and 600 jobs, respectively. Expansion in construction employment was due to an increase in demand for construction tradespeople, along with specialty workers, such as painters, masons, roofers, and electricians.²⁰ Much of this work may be temporary and may not result in permanent positions.

The Kootenays' manufacturing industry produces primarily wood products, paper, and base metals. Detailed statistics indicate that a slight increase in wood

products employment accounted for some of the new jobs created in the manufacturing industry, but there is no information pertaining to how the other sub-industries fared in 2015.²¹

Last year's employment gains in construction and manufacturing were offset by a loss of 500 jobs in the forestry, fishing, mining, oil and gas industry. Staff reductions in the forestry, and fishing & hunting sub-industries outstripped a slight increase in mining and quarrying employment.²²

In contrast, the region's service sector did not perform well in 2015. A loss of 2,500 workers reduced total employment to 46,800 workers, which is the lowest level the sector has seen in five years. The transportation & warehousing, educational services, trade, and finance, real estate & leasing industries suffered the greatest job losses.

There were 800 fewer workers reported in the transportation & warehousing industry in 2015. This is the second consecutive year that this industry experienced a loss of jobs, contrary to the provincial trend where employment jumped by 10% between 2013 and 2015.

¹⁸ Full-time employment increased by 2,400 while part-time employment declined by 800. Source: Statistics Canada, Labour Force Survey Estimates, by Provinces, Territories and Economic Regions Based on 2011 Census Boundaries, CANSIM Table 282-0123.

¹⁹ As of November 2015, average hourly wages in BC's goods sector were \$27.42 compared to \$24.40 in the services sector. Source: Statistics Canada, Labour Force Survey Estimates (LFS), wages of employees by type of work, North American Industry Classification System (NAICS), sex and age group, annual (current dollars), CANSIM Table 282-0072.

²⁰ Statistics Canada, Labour Force Survey Estimates, Custom Table.

²¹ Ibid.

²² Ibid.

The region's transportation industry has been afflicted by labour shortages in recent years, so the reported decline in employment could partially reflect a tight labour supply.

Last year's reported job loss of 700 workers in educational services at the elementary and secondary school level follows a gain of 1,000 jobs recorded in 2014.²³ Enrollment has been on a downward trend in the region's schools for many years, and in 2015, it declined marginally by 0.1%.²⁴ It is suspected that sampling error in both 2014 and 2015 may account for the large variations in reported job creation and job loss in the region's educational services industry.²⁵

The trade and finance, insurance, real estate & leasing industries reduced their workforces by 500 positions each in 2015. Employment in trade peaked in March 2015, but then declined for the remainder of the year.²⁶ Most of these job losses occurred in the wholesale sub-industry, while retail remained stable.²⁷ Employment in the finance, insurance, real estate & leasing industry began to pick up in the latter part of 2015, and ended the year on a positive note of 2,600 workers.²⁸

Gains of 600 workers in the Kootenays' professional, scientific & technical services industry helped offset losses in the service sector last year. Most of the establishments in this industry are small businesses selling expertise such as legal, accounting, architectural, engineering, specialized design, computer, scientific, and technical services.²⁹ At the provincial level, this industry has grown faster in absolute terms than any other in the goods or services sectors in the past five years, signifying the growing importance of knowledge-based workers in the labour force.³⁰

Last year's overall employment growth in the Kootenays was the third highest in the province, behind top-ranked Northwest BC (comprised of the North Coast and Nechako development regions) and Northeast Development Region.

See our summary infographic for regional comparisons.

²³ *Statistics Canada, Labour Force Survey Estimates, Custom Table.*

²⁴ *BC Ministry of Education, "Student Statistics—2015/16," District Reports, January 2016. School Districts #005, #006, #008, #010, #020, and #051.*

²⁵ *Sampling Error is the error caused by observing a sample instead of the whole population. It is the difference between a sample statistic used to estimate a population parameter and the actual but unknown value of the parameter.*

²⁶ *Statistics Canada, Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System (NAICS), Monthly, CANSIM Table 282-0124.*

²⁷ *Statistics Canada, Labour Force Survey Estimates, Custom Table.*

²⁸ *Statistics Canada, Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System (NAICS), Monthly, CANSIM Table 282-0124.*

²⁹ *Statistics Canada, North American Industry Classification System (NAICS) Canada 2012.*

³⁰ *Statistics Canada, Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System (NAICS), Annual, CANSIM Table 282-0125.*

Table 1-1: Employment, Kootenay Development Region, 2010 to 2015³¹

	2010	2011	2012	2013	2014	2015	Job Creation (000)	
							5-Year 2010-15	1-Year 2014-15
TOTAL EMPLOYMENT (000)	68.1	70.6	72.8	76.5	67.5	69.0	+0.9	+1.5
Goods-Producing Sector (000)	21.5	20.6	21.4	21.1	18.3	22.3	+0.8	+4.0
Agriculture	x	x	x	1.6	x	x	n/a	n/a
Forestry, fishing, mining, oil and gas	5.3	5.5	7.3	5.9	7.2	6.7	+1.4	-0.5
Utilities	x	x	x	x	x	x	n/a	n/a
Construction	7.5	8.2	7.8	7.8	4.6	8.4	+0.9	+3.8
Manufacturing	6.9	5.3	4.5	5.2	4.7	5.3	-1.6	+0.6
Services-Producing Sector (000)	46.7	50.0	51.4	55.4	49.3	46.8	+0.1	-2.5
Trade	11.5	10.4	10.6	11.9	11.8	11.3	-0.2	-0.5
Transportation & warehousing	2.5	3.2	2.6	3.8	3.3	2.5	0.0	-0.8
Finance, insurance, real estate & leasing	2.1	2.8	1.8	2.7	3.1	2.6	+0.5	-0.5
Professional, scientific & technical services	2.1	2.3	3.9	3.8	1.9	2.5	+0.4	+0.6
Business, building & other support services	3.7	3.3	2.3	2.1	1.7	1.7	-2.0	0.0
Educational services	2.7	3.8	5.5	4.0	5.0	4.3	+1.6	-0.7
Health care & social assistance	8.1	9.0	9.2	10.7	9.5	9.2	+1.1	-0.3
Information, culture & recreation	2.7	2.1	2.2	3.1	2.5	2.3	-0.4	-0.2
Accommodation & food services	6.1	6.7	6.9	7.9	5.2	5.3	-0.8	+0.1
Other services	2.5	3.8	4.1	2.9	3.3	3.2	+0.7	-0.1
Public administration	2.7	2.6	2.5	2.4	1.9	2.0	-0.7	+0.1

Source: Statistics Canada, *Labour Force Survey Historical Review*

³¹ Industries with “-” 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 is defined as the unemployed share of labour force that is actively seeking employment and willing to work. In 2015, the Kootenays' unemployment rate increased by 0.5 ppt to 7.4%, due to an expansion of the regional labour force that exceeded the number of new jobs created.³²

This is the second consecutive year the region's unemployment rate increased, widening the gap with the provincial average to 1.2 ppt. The Kootenays now have the highest rate of joblessness in BC. The unemployment rate rose in all of BC's development regions in 2015, with the exception of Northwest BC.

See our summary infographic for regional comparisons.

Table 1-2: Unemployment Rate, Kootenay Development Region, 2010 to 2015

Region	2010	2011	2012	2013	2014	2015	Percentage Point (ppt) Change	
							5-Year 2010-15	1-Year 2014-15
Kootenay	9.4	8.0	7.0	5.9	6.9	7.4	-2.0 ppt	+0.5 ppt
British Columbia	7.6	7.5	6.8	6.6	6.1	6.2	-1.4 ppt	+0.1 ppt

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

Labour market conditions for the region's young workers deteriorated last year. A flood of young people entered the labour force in 2015, outpacing the rate of job creation. As a result, the number of unemployed young people between the ages of 19 to 24 years rose sharply, skyrocketing the youth unemployment rate by 7.8 ppt to 14.5%.

The Kootenays recorded both the highest rate of youth unemployment and the largest one-year increase in

this indicator in BC in 2015. This is in stark contrast to our previous year's ranking when the region's youth unemployment rate was the lowest in the province. Most of BC's other development regions saw modest increases in this indicator in 2015, except the Thompson-Okanagan Development Region.

See our summary infographic for regional comparisons.

Table 1-3: Youth (aged 19 to 24 years) Unemployment Rate, Kootenay Development Region, 2010 to 2015

Region	2010	2011	2012	2013	2014	2015	Percentage Point (ppt) Change	
							5-Year 2010-15	1-Year 2014-15
Kootenay	11.5	7.5	11.3	11.7	6.7	14.5	+3.0 ppt	+7.8 ppt
British Columbia	11.3	11.8	11.3	10.7	9.2	9.9	-1.4 ppt	+0.7 ppt

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

³² The number of people available for work expanded by 2,100 persons in 2015. Source: Statistics Canada, *Labour Force Survey* Estimates, by Provinces, Territories and Economic Regions Based on 2011 Census Boundaries, *CANSIM Table 282-0123*.

INVEST Indicators

Business and Investment Activity

Capital investment in infrastructure contributes to the economy through the creation of jobs, and by increasing long-term labour productivity and economic growth.



In BC, the value of capital projects, either proposed, underway, completed, or on hold, rose from \$377 to \$450 billion between Q3 2014 and Q3 2015.³³

Multi-billion dollar liquefied natural gas (LNG) projects proposed for the North Coast (see CPABC *Regional Check-Up - Northwest BC*) are responsible for most of this increase, along with several new large proposals. Investor uncertainty in response to the turmoil in world energy markets and depressed metal prices delayed several projects in 2015, which reduced the value of major developments under construction in the province by 2.6%.

In the Kootenays, overall capital investment shrank by 6.7% from \$10.2 to \$9.6 billion between Q3 2014 and 2015. As of September 2015, there were 30 capital projects listed in the region's major projects inventory—16 under construction valued at \$3.8 billion, eight in the proposal stage valued at \$2.8 billion, and six on hold valued at \$3.0 billion.

Since September 2014, the following major projects commenced construction in the region. These are:

- **Elk Valley Water Quality Plan**, near Sparwood, Teck Resources Limited (\$600 million) — start fall 2014, finish 2018;

- **Blackstone Resort Development**, near Fernie, Montane Developments Ltd. (\$200 million) — start fall 2014, no finish date specified;
- **East Kootenay Regional Hospital** intensive care unit and electrical upgrades, Cranbrook, East Kootenay Regional Hospital (\$20 million) — start spring 2014, finish summer 2016; and,
- **Winsor Substation Upgrade**, Elko, BC Hydro (\$16 million) — start early 2015, finish summer 2016.

The remaining projects under construction include:

- **Four long-term ski resort expansion projects** in Rossland, Fernie, Invermere, and Kimberley (\$1.6 billion total) — start dates range from 1997 to 2005, finish dates range from 2015 to unspecified;
- **Six residential and resort projects**, East and Central Kootenay Regional Districts (\$1.2 billion) — start dates range from 2003 to 2010, finish dates unknown;
- **Hugh Keenleyside Spillway Gate Reliability Upgrade**, Castlegar, BC Hydro (\$123 million) — start 2010, finish 2015; and,
- **Sawmill Upgrades**, Canfor Corporation, Elko (\$50 million) — start summer 2013, finish late 2015.³⁴

³³ BC Ministry of Finance, Major Projects Inventory, September 2015.

³⁴ *Ibid.*

The \$900 million Waneta Hydroelectric Expansion Project near Trail was the only project to wrap up in the Kootenays in 2015. The new 335 megawatt powerhouse, located downstream from the existing Waneta Dam on the Pend d'Oreille River now generates enough power for 60,000 homes per year.³⁵

Of the eight projects that are proposed for the region, half are coal mining developments (valued at \$2.5 billion), three are related to hydroelectric or wind power generation (valued at \$246 million), and one is a proposed all season resort development in Nakusp. There is no clear indication if any of the proposed projects will proceed in 2016.

As part of its efforts to manage costs due to depressed coal prices, Teck abandoned its \$369 million Coal Mountain expansion project in the Elk Valley in late 2015. The current mine operations are now anticipated to wind down in 2017 instead of 2050.^{36,37}

The estimated cost for the proposed Jumbo Glacier Resort project was increased from \$900 million to \$1 billion, last year and was put on hold due to the expiration of its environmental assessment certificate in October 2014.³⁸

³⁵ Columbia Power Corporation, "Waneta Expansion Project is Now Generating Clean, Renewable, Cost Effective Power," Press Release, April 2, 2015.

³⁶ Teck Coal Ltd., Coal Mountain Phase 2 Project Description, September 2014.

³⁷ Brent Jang, "Teck Resources Cuts 1,000 Jobs, Lowers Dividend," The Globe and Mail, November 17, 2015.

³⁸ BC Ministry of Finance, Major Projects Inventory, September 2015.

Bankruptcies

Business bankruptcies occur due to a combination of events and circumstances, some of which are directly related to economic conditions. During economic slowdowns, poor profitability can bring about business failure. Conversely, bankruptcies often decline when the economy improves.

The number of businesses declaring bankruptcy in the Kootenays has dropped dramatically in the past decade. At its peak in 2003, 62 annual bankruptcies were reported. Since then, annual bankruptcies have trended downwards from double to single digits.

In 2015, for the first time, the region declared no business failures. This reduction suggests that weaker businesses may have shut down and remaining

entrepreneurs may have adapted their business practices and become more resilient since the recent recession. Moreover, unique programming in the region, such as the Business Retention and Expansion initiative and Basin Business Advisors program may have been instrumental in keeping some businesses afloat last year.^{39,40}

At the provincial level, there were 23.5% fewer business bankruptcies in 2015, with most development regions reporting a decline in bankruptcies. The exceptions were the Cariboo and Northwest BC.

See our summary infographic for regional comparisons.

Table 1-4: Business Bankruptcies, Kootenay Development Region, 2010 to 2015

	2010	2011	2012	2013	2014	2015	Percentage Change	
							5-Year 2010-15	1-Year 2014-15
Business Bankruptcies	7	7	11	6	3	0	-7	-3

Source: Office of the Superintendent of Bankruptcy Canada

³⁹ Columbia Basin RDI, "Report on Basin-Boundary Businesses," Columbia Basin Business Retention and Expansion Project, Winter 2016.

⁴⁰ Columbia Basin Trust, Basin Business Advisors Program.

CPABC Regional Check-Up 2016

Comparison between Development Regions



Major Projects in BC:

352 major projects are currently under construction. Over half are in Mainland/Southwest.



Value of Major Projects Under Construction:

-5.3% to **\$75.4 billion**

Business Bankruptcies in BC:

-23.5% to **153 reports**

Only Cariboo and North Coast saw an increase in the number of reported business bankruptcies.



Educational Attainment in BC:



70.2% of BC's labour force has a post-secondary degree or higher.

- #1 Mainland/Southwest (72.4%)
- #2 Vancouver Island/Coast (69.9%)
- #3 Kootenay (69.1%)
- #4 Thompson-Okanagan (66.3%)
- #5 Northwest BC (58.7%)
- #6 Cariboo (56.2%)
- #7 Northeast (53.8%)

Consumer Insolvencies in BC:



Personal Bankruptcies:

1.5 per 1,000 adults or **-11.8%**

Consumer Proposals:

1.5 per 1,000 adults or **+15.4%**

Increases in the number of consumer proposals drove up the insolvency rate in Cariboo, Kootenay, and Northwest BC.

*Northwest BC is made up of the Nechako and North Coast development regions.

Source: CPABC Regional Check-Up 2016. All numbers are from 2015. Increases/decreases are in comparison to 2014 data.

LIVE Indicators

Educational Attainment

A labour force's educational attainment is profoundly linked to its productivity and the long term income generation potential of the economy.



The Kootenays has made outstanding progress in educational attainment during the past five years, boasting a 14.0 ppt gain in this indicator, which is more than double BC's average increase of 5.9 ppt over the same period.

In 2015, the percentage of the region's labour force aged 25 to 54 with a post-secondary certificate/diploma or higher improved slightly, by 0.1 ppt to 69.1%. The size of the labour force of this demographic group shrank by about 4%, resulting in fewer workers at most educational levels. However, the share of individuals without post-secondary certification exited the labour force at a

greater rate, which produced the marginal increase in educational attainment.

Last year marks the second consecutive year that the region's labour force contracted. The reduction in the prime working age population is, in part, a symptom of the region's aging population and population outflow, and may signal a diminishing stock of human capital, which could negatively affect economic growth in the long run.⁴¹ This may not be an immediate concern as the general labour force expanded in 2015, with many new workers in the 19 to 24 age group (see WORK section).

In 2015, the Kootenays slipped one place ranking in educational attainment to third spot, compared to BC's other development regions.

See our summary infographic for regional comparisons.

Table 1-5: Percent of Labour Force Aged 25 to 54 with a Post-Secondary Certificate/Diploma or Higher, Kootenay Development Region, 2010 to 2015

Region	2010	2011	2012	2013	2014	2015	Percentage Point (ppt) Change	
							5-Year 2010-15	1-Year 2014-15
Kootenay	55.1%	63.5%	57.3%	57.6%	69.0%	69.1%	+14.0 ppt	+0.1 ppt
British Columbia	64.3%	65.9%	66.5%	67.9%	68.1%	70.2%	+5.9 ppt	+2.1 ppt

Source: Statistics Canada, Labour Force Survey, Custom Table

⁴¹ Statistics Canada estimates that the share of population aged 55 and older in the KDR comprised 39% vs. 31% at the provincial level in 2015. Source: Statistics Canada, Estimates of Population by Economic Region, Sex and Age Group for July 1, based on the Standard Geographical Classification (SGC) 2011, CANSIM Table 051-0059.

Consumer Insolvencies

The consumer insolvency rate is an indicator of the number of households experiencing severe financial stress. The most common causes of insolvency are, but not limited to, job loss, reduced income, debt burden, money mismanagement, relationship breakdown, or medical problems.

Between 2014 and 2015, the Kootenays' consumer insolvency rate increased by 3.3% to 3.1 per 1,000 adults (aged 18 and older). Job cuts that spanned many service sector industries, along with layoffs in the oil patch, reduced incomes for many individuals and families.

The number of proposals rose by 30% last year, while personal bankruptcies declined by 5.3%. Proposals have grown in popularity in recent years because they allow indebted consumers to negotiate to repay a portion of their debt, permitting them to keep their assets as long as they continue to make payments.⁴² It is regarded as a less drastic solution to over-indebtedness.

In most of BC's development regions, the consumer insolvency rate increased or remained unchanged last year. The region's insolvency rate remained the fourth highest in BC.

See our summary infographic for regional comparisons.

Table 1-6: Annual Consumer Insolvency Rate per 1,000 Adults (Aged 18 Years and Older), Kootenay Development Region, 2010 to 2015

	Rate	2010	2011	2012	2013	2014	2015	Percentage Point (ppt) Change	
								5-Year 2010-15	1-Year 2014-15
Kootenay	Insolvency	3.5	2.9	3.3	3.3	3.0	3.1	-11.4%	+3.3%
	Bankruptcy	2.5	2.0	2.4	2.1	1.9	1.8	-28.0%	-5.3%
	Proposal	0.9	0.9	0.9	1.2	1.0	1.3	+44.4%	+30.0%
BC	Insolvency	3.5	3.2	3.2	3.2	3.0	3.0	-14.3%	0.0%

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

⁴² In 2008, the limit on the size of non-mortgage debt qualifying for a proposal was increased from \$75,000 to \$250,000 to encourage proposals rather than bankruptcy declarations. Source: Benjamin Tal, CIBC Economics, "The Changing Composition of Insolvencies," The Bankruptcy Report, August 12, 2013.

CPABC *Regional Check-Up* – Kootenay

As leaders in analyzing and validating information, CPAs are often called upon to provide independent, fair, and objective information to assist in decision-making. It's with this goal in mind that the Chartered Professional Accountants of British Columbia prepares the CPABC *Regional Check-Up* and *BC Check-Up* reports each year. It is our hope that the reports will make a positive public policy contribution to the province by stimulating debate and discussion about how to make BC a better place in which to live, work, and invest.

The CPABC *Regional Check-Up* and *BC Check-Up* reports, as well as related information, are available online at www.bccheckup.com.

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