



Kootenay Development Region



The Kootenay Development Region (KDR) encompasses 57,720 km² of land in the southeast corner of BC. In 2013, it was home to 147,046 residents, or 3.2% of BC's population.¹ The KDR's population has been shrinking since 2011, and last year saw the loss of more than 1,200 residents (-0.8%). All three of the KDR's Regional Districts, the East Kootenay, Central Kootenay, and Kootenay-Boundary, contributed to last year's decline. In comparison, population at the provincial level has been growing steadily. Last year's population increase in BC (0.9%) was driven primarily by growth in the Northeast (1.9%), Mainland/Southwest (1.3%), and Vancouver Island/Coast (0.4%) Development Regions.

In 2013, BC's economic performance was subdued for the second consecutive year, as GDP growth slowed and employment contracted. Labour market participation diminished due to the rising outflow of migrants to Alberta and other provinces. Consumer spending was flat, rising just 1.8% last year and construction activity softened.² Lower prices for some metals put a damper on mining and exploration activity.

An improved US economy and continuing Chinese demand for BC's resources, however, injected strength into some export sectors. Last year, the value of BC exports rose by \$1.8 billion (+6%), with shipments of lumber, logs, natural gas, and copper contributing to growth.³ The deterioration in the value of the loonie last year also helped to improve the competitiveness of BC exporters.

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

² BC Stats, *Business Indicators*, Issue #14-02, February 2014.

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

In the KDR, the resource industries remained buoyant and solid contributors to the regional economy in 2013.⁴ Teck Coal's five large open-pit coal mines in the Elk Valley area produce approximately 70% of Canada's total annual coal exports and directly employ over 4,500 people full-time, contributing to both the local and provincial economies. Despite a decline in coal prices, production increased by 4% from 2012 to 2013. In anticipation of growing demand from Asia, coal exploration and mine development plans moved forward in the East Kootenay Regional District last year. However, a tightening of capital budgets resulted in a substantial decline (-36%) in the value of mineral exploration activities for precious and base metals.⁵

Lumber production at the KDR's mills increased last year in response to rising demand from the US and China, however recent upgrades to improve efficiency, utilize more fibre, and expand capacity at some facilities meant not all of the increased production translated into new jobs. The region's forests play an important role in BC's forest industry and produce a wide range of value-added products.

KDR's construction industry showed signs of weakening in response to a dip in value of building permits (-12.2%) and the slowing of major project development activity.⁶ Much of the major project development that fuelled regional employment growth and generated many high-paying jobs over the past decade has been flat in the past few years and is anticipated to wrap up soon. Several new projects are scheduled to proceed in the East Kootenays in 2014, and they may provide welcome job prospects for some construction workers.

WORK Indicators

Job Creation

Job creation is a key indicator of labour market and economic health. In 2013, the KDR experienced a third successive year of employment growth with the addition of 3,100 new jobs. Regional employment swelled to 77,900, up by 4.1%, surpassing the pre-recession high of 76,700 set in 2007. Last year's employment gains were primarily driven by the KDR's services-producing industries, adding 3,100 jobs, while job creation in the goods-producing sector was relatively static (+200 jobs).⁷ Although a gradual shift away from higher-paying goods-producing sector employment to service-sector jobs has likely reduced average incomes, the continued trend towards full-time employment is positive.⁸

In KDR's services-producing sector, six out of 11 industries reported employment growth in 2013. The trade industry added 1,800 jobs, while transportation and warehousing, and accommodation and food services industries added 1,000 new jobs each. Sales clerk and cashier positions generated most of the new jobs in the trade industry, with the majority of gains occurring during the second half of year.⁹ This corresponds with the provincial trend which saw retail sales pick up after a lull in the early part of the year. Despite the shortage of professional drivers provincially and nationally, employment expanded at a constant rate in the KDR last year. Detailed statistics show that job creation in truck transportation was responsible for the bulk of the improvement in the transportation and warehousing industry's employment.

⁴ Teck website: <http://www.teck.com>.

⁵ Ministry of Energy and Mines, *Exploration and Mining in British Columbia 2013*, Kootenay Region.

⁶ BC Stats, *British Columbia Building Permits for Development Regions and Regional Districts*, by Type 2005 – 2013, (2014 year-to-date), April 9, 2014.

⁷ Employment numbers may not add up due rounding.

⁸ The goods-producing sector provided 34% of employment in 2007 compared to 28% in 2013. Source: Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Annual, Table 282-0061.

⁹ Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Monthly, Table 282-0060.

In accommodation and food services, much of the employment gains were driven by the food and beverage sub-industry, which ramped up during the summer months in response to seasonal tourist traffic. Employment in food services and drinking places expanded (+1,700 jobs) while accommodation services shrank (-700 jobs). A substantial share of employees in the accommodation and food services industry are part-time workers.

Other significant service sector job gains were reported in finance, insurance, real estate and leasing, health care and social assistance (+900 jobs each), and information, culture and recreation (+700 jobs) industries. The health care and social assistance industry has grown substantially in the past five years, and has fuelled two thirds of the growth in KDR service sector employment during this time. This trend is a symptom of both the growing need for health support by the region's aging population and popular alternative therapies that are becoming more mainstream.

Job losses in "other services" (-1,700 jobs) and educational services (-1,300 jobs) is difficult to explain. Other services include a range of sub-industries, such as repair and maintenance of automobiles, equipment and other goods, laundry, funeral, and personal or private household services. This sector often contracts during economic downturns and population loss. Statistics Canada reports that repair and maintenance service employment shrank considerably (- 2,300 jobs), while personal and laundry services increased by 1,500 jobs. The steep decline in educational services follows on the heels of a substantial increase (+2,400 workers) in 2012. As neither fluctuation can be justified, they may be a result of sampling error.¹⁰

Employment gains in the goods-producing sector in 2013 were driven by manufacturing (+800 jobs), the only goods-producing industry to report an improvement. Metal and other manufacturers added workers, but there was a slight decrease in annual wood product manufacturing employment (-200 jobs) which may reflect recent upgrades at some of the region's mills that have improved labour productivity.

The KDR's primary sector, forestry and mining, was robust for most of 2013, but ended the year on a sour note as employment dipped to 5,700, resulting in a net loss of 800 workers.¹¹ The mining sub-industry sustained most of the job loss, a consequence of falling prices for some metals and the subsequent decline in mineral exploration.¹² Construction posted a comparatively minor decline (-100 jobs), as major projects under construction levelled off and general construction activity diminished.¹³

In other Development Regions, job creation was mixed in 2013. The Kootenays led the rest of the province by a substantial margin (+4.1%), while Northwest BC (+1.5%), Vancouver Island/Coast (+0.5%), and the Mainland/Southwest (+0.1%) posted smaller gains. In contrast, the Cariboo (-4.6%), Thompson-Okanagan (-2.9%), and Northeast BC (-2.0%) reported overall job losses.

¹⁰ Statistics Canada's estimates of employment by industry are derived from sample surveys and users are cautioned that while the reliability of the survey is adequate at the provincial level, the margin of error increases in smaller sub-groups.

¹¹ Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Monthly, Table 282-0060.

¹² BC Stats, *Employment and Unemployment Rate by Detailed Industry*, April 2014.

¹³ BC Stats, *British Columbia Building Permits for Development Regions and Regional Districts*, by Type 2005 – 2013, (2014 year-to-date), April 9, 2014.

Table 1-1: Employment, Kootenay Development Region, 2008 to 2013¹⁴

							Job Creation (000)	
	2008	2009	2010	2011	2012	2013	5-Year 2008-13	1-Year 2012-13
TOTAL EMPLOYMENT (000)	71.6	71.0	69.4	72.1	74.8	77.9	+6.3	+3.1
Goods-Producing Sector (000)	22.0	20.8	22.5	21.2	21.5	21.7	-0.3	+0.2
Agriculture	2.4	2.3	1.7	x	x	1.6	-0.8	n/a
Forestry, fishing, mining, oil and gas	6.9	4.8	5.0	5.3	7.0	6.2	-0.7	-0.8
Utilities	x	x	x	x	x	x	n/a	n/a
Construction	8.0	8.5	7.4	8.2	7.7	7.6	-0.4	-0.1
Manufacturing	4.7	4.6	7.7	6.1	4.9	5.7	+1.0	+0.8
Services-Producing Sector (000)	49.5	50.2	46.9	50.9	53.2	56.3	+6.8	+3.1
Trade	12.7	14.0	11.8	10.1	10.8	12.6	-0.1	+1.8
Transportation & warehousing	3.3	3.0	2.4	3.3	2.6	3.6	+0.3	+1.0
Finance, insurance, real estate & leasing	2.3	2.7	2.3	2.8	1.8	2.7	+0.4	+0.9
Professional, scientific & technical services	3.5	2.3	2.3	2.7	4.0	3.9	+0.4	-0.1
Business, building & other support services	1.6	2.7	3.2	3.2	2.1	2.1	+0.5	0.0
Educational services	4.9	3.4	2.9	3.5	5.9	4.6	-0.3	-1.3
Health care & social assistance	6.1	9.5	8.2	9.2	9.8	10.7	+4.6	+0.9
Information, culture & recreation	3.1	1.9	2.7	2.4	2.6	3.3	+0.2	+0.7
Accommodation & food services	7.4	5.6	5.7	6.9	6.4	7.4	0.0	+1.0
Other services	2.8	3.1	2.9	4.0	4.5	2.8	0.0	-1.7
Public administration	1.8	1.9	2.6	2.8	2.7	2.6	+0.8	-0.1

Source: Statistics Canada, Labour Force Survey Historical Review

Unemployment Rate

The unemployment rate measures the number of unemployed individuals as a share of the labour force and reflects demand and supply conditions in the labour market. In 2013, the KDR's unemployment rate fell for the third consecutive year to reach 5.2%. The creation of new employment opportunities (+3,100 jobs) exceeded the expansion of the regional labour force (+ 1,600 workers), thus lowering the jobless rate by 2.1 percentage points (ppt).

The KDR's unemployment rate was the second lowest in the province in 2013, after that of the Northeast Development Region (4.9%). This was well below the BC average and marked the first time in nearly two decades that the KDR unemployment rate slipped under this benchmark.¹⁵ The highest unemployment rates were recorded in the Thompson-Okanagan (7.1%), Mainland/Southwest (6.7%), and Northwest BC (6.6%).

¹⁴ Industries with "x" are estimated to have less than 1,500 employed at that particular point in time, thus the numbers presented in the table may not add up to total sector figures, and job creation statistics cannot be calculated.

Table 1-2: Unemployment Rate, Kootenay Development Region, 2008 to 2013

Region	2008	2009	2010	2011	2012	2013	Percentage Point (ppt) Change	
							5-Year 2008-13	1-Year 2012-13
Kootenay	4.9%	8.7%	9.3%	8.2%	7.3%	5.2%	+0.3 ppt	-2.1 ppt
British Columbia	4.6%	7.7%	7.6%	7.5%	6.7%	6.6%	+2.0 ppt	-0.1 ppt

Source: Statistics Canada

Due to a recent surge in major project development, Northwest BC reported the greatest improvement in the unemployment rate in 2013 (-4.1 ppt), followed by the Kootenay (-2.1 ppt) and Cariboo (-1.3 ppt) Development Regions. The Northeast (+0.8 ppt), Thompson-Okanagan, and Vancouver Island/Coast (+0.2 ppt each) posted gains.

The KDR's youth unemployment rate increased to 12.2% in 2013 (+1.8 ppt), and was more than double the Development Region's general unemployment rate. This deterioration is somewhat deceiving as Statistics Canada reports that regional employment opportunities for youth expanded by 1,200 jobs between 2012 and 2013. An increase of 1,500 youth into the labour force during the same period, however, propelled the jobless rate upwards and reduced employment prospects for young people.

Table 1-3: Youth (age 19 to 24 years) Unemployment Rate, Kootenay Development Region, 2008 to 2013

Region	2008	2009	2010	2011	2012	2013	Percentage Point (ppt) Change	
							5-Year 2008-13	1-Year 2012-13
Kootenay*	15.9%	8.6%	9.6%	6.8%	10.4%	12.2%	-3.7 ppt	+1.8 ppt
British Columbia	6.8%	11.1%	11.3%	11.5%	10.9%	10.5%	+3.7 ppt	-0.4 ppt

Source: Statistics Canada, Labour Force Survey, Custom Table

*Unemployment rate calculated by author.

The unemployment rate for youth in the KDR was the highest in the province in 2013, tumbling from its third place ranking in 2012. The Northeast Development Region remains in first place with the lowest youth unemployment rate (6.3%), trailed by the Thompson-Okanagan (9.9%), and Vancouver Island/Coast (10.1%).

¹⁵ Stats Canada, *Labour Force Survey Estimates, by Provinces, Territories and Economic Regions Based on 2006 Census Boundaries*, Annual, Table 282-0055.

INVEST Indicators

Business and Investment Activity

Capital investment in non-residential structures, machinery, and equipment is important for current and future economic growth. Investment adds to a region's stock of infrastructure and boosts job creation, productivity, and competitive advantage.

In BC, the private sector accounts for approximately 90% of total capital investment, while the public sector makes up the rest. Preliminary estimates show that non-residential investment reached \$21.6 billion (+2.6%) in 2013, however a decline in machinery and equipment investment (-5.5%) minimized this improvement.¹⁶ A second year of sluggish economic growth and consumer demand, a deterioration in the price of some minerals and energy, and uncertainty about the world financial markets dampened investor confidence. Nonetheless, the value of new project investment proposed for BC last year expanded significantly (+31%) to reach \$204 billion. The majority of new proposals are for LNG-related projects planned for the North Coast.¹⁷

In the KDR, overall capital investment grew by 6% in 2013, with the value of major projects—either proposed, underway, completed, or on hold—rising to \$8 billion. By the end of 2013, there were 28 major projects in the KDR—12 under construction (valued at \$3.8 billion), 11 in the proposal stage (\$2.6 billion), and five (\$1.5 billion) on hold.¹⁸

The value of major projects under construction in the KDR has remained relatively flat for the past three years. In 2013, no new projects were added. Many projects under construction have been long term, such as a ski resort development (valued at \$1.6 billion), and are in the late development stage. The largest and most recent project commenced in 2011. The design and construction of a second powerhouse at the Waneta Hydroelectric Expansion Project (valued at \$900 million) is well underway and on track to wrap up in 2015. To date, the project has generated \$177 million in expenditures to local businesses.¹⁹

Several small projects were completed last year. Improvements at two Interfor sawmills (\$19 million) were designed to increase productivity.²⁰ The Grand Forks mill received a log line replacement, and the Castlegar location acquired an automated lumber grading system. Near Sparwood, Mistral Power's 7.1 megawatt waste heat recovery facility (\$30 million) is now operational, converting heat recovered from a natural gas pipeline compressor station to energy.

Two new developments, both in the East Kootenay Regional District, were added to the inventory of projects in the proposal phase last year. In Sparwood, Teck plans to construct six water treatment facilities at a cost of \$600 million to reduce the level of selenium in the Elk Valley watershed. The East Kootenay Regional Hospital in Cranbrook is scheduled to receive approximately \$20 million worth of upgrades that include an intensive care unit and electrical improvements. Both projects are slated to proceed in 2014.

¹⁶ This is non-residential construction and machinery and equipment. Statistics Canada, 2014: *Public and Private Intentions in Canada—2014 (intentions)*, Table 2 Capital spending, non residential construction and machinery and equipment, provinces and territories, Statistics, Catalogue no. 61-205-X <http://www.statcan.gc.ca/daily-quotidien/140226/t140226a002-eng.htm> Reviewed March 2014.

¹⁷ BC Ministry of Finance, *BC Major Projects Inventory*, December 2013. Note: Period of reference is fourth quarter 2012 and fourth quarter 2013.

¹⁸ Ibid.

¹⁹ Columbia Power Corporation Website: <http://columbiapower.org/2014/03/waneta-expansion-project-benefits-region-2013-socio-economic-monitoring-report-released>.

²⁰ Estimated cost as of December 2012. Source: BC Ministry of Finance, *BC Major Projects Inventory*, December 2013.

Other projects that may go ahead in 2014 in the East Kootenay, include:

- Phase Two of Teck Coal's Line Creek Mine (\$140 million) near Sparwood. The project will expand existing operations by developing two new mines that are projected to produce 3.5 million tonnes of clean coal per year. Mine life is forecast to be extended by 18 years.
- The proposed Bingay Main Coal Project (\$480 million) north of Elkford will include the development of an open pit and underground mine, and the construction of a coal processing facility and rail line. Mine capacity is estimated at 2 million tonnes per year over a 20 year life.
- The Jumbo Glacier Resort (\$900 million) development near Invermere is a proposed recreation area on four glaciers in the Jumbo Valley that has been in the works for nearly 20 years. It is a substantial project that will include ski lifts, a lodge, resort facilities, hotels, shops, restaurants, and single-family residences. A recent BC Supreme Court ruling against the Ktunaxa Nation's legal challenge to stop the development has provided the developer, Glacier Resorts Ltd., the final approval needed to proceed.²¹ Glacier Resorts is under pressure, however, to demonstrate substantial progress on construction by October or their provincial environmental approval may expire.²²
- Two commercial developments moved into hold status during 2013: the Kutenai Landing Village Development in Nelson (\$15 million) and the Eagle Ranch Golf Resort near Windermere (\$20 million). Kutenai Landing will proceed when the market improves. The lodge, pool, fitness facility, and condo suites at the Eagle Ranch Golf Resort are already complete, but the development of a recreational condominium has been put on hold.
- Cline Mining Corporation's \$150 million proposed Lodgepole Coal Mine project near Fernie was removed from the major project inventory last year after the site where it was to be located became a designated conservation area.²³

Bankruptcies

Business bankruptcies are a key indicator of business health, reflecting the regional investment climate and the outcome of economic change.²⁴ After a spike in 2012, business bankruptcies in the KDR declined by 54.5% to reach five, the lowest level in more than 10 years. This is a substantial improvement over the previous decade, which saw double digit bankruptcies in most years after a high of 62 was reached in 2003. The recent results point to a resilient business climate in the KDR.

The KDR recorded the second best performance in the province last year, behind that of the North Coast Development Region (-100%), which saw bankruptcies drop from two to zero. Other Development Regions that reported improvements in business bankruptcies were the Cariboo (-50%) and Mainland/Southwest (-20.4%). In contrast, bankruptcies in the Thompson-Okanagan and Vancouver Island/Coast Development Regions increased by 25.6% and 73.9% respectively.

²¹ "Proposed Jumbo Glacier Ski Resort Doesn't Violate Grizzly Bear Spirit Rights, Judge Rules," *The Canadian Press*, April 4, 2014.

²² Justine Hunter, "Time is running out for Jumbo Glacier Resort," *The Globe and Mail*, February 2, 2014.

²³ Canadian Environmental Assessment Agency website: <http://www.ceaa-acee.gc.ca/default.asp?lang=En&xml=BE7EEC55-B283-4A9C-AC38-DE4602CBEF04>.

²⁴ In previous years, we have also included an indicator of business incorporations, but this data is no longer provided by BC Stats.

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

	2008	2009	2010	2011	2012	2013	Percentage Change	
							5-Year 2008-13	1-Year 2012-13
Business Bankruptcies	16	9	7	7	11	5	-68.8%	-54.5%

Source: Office of the Superintendent of Bankruptcy Canada

LIVE Indicators

Educational Attainment

Productivity and long term prosperity are tied to the educational attainment of the labour force. In 2013, the share of KDR's labour force between the ages 25 and 54 with a post-secondary certificate or higher, increased by 0.4 ppt to 58.1%. Although this is a positive trend, improvements in educational attainment in the KDR have not kept pace with the rest of BC. In 2013, attainment in the KDR slipped to 10ppt below the provincial average.

Despite this considerable gap, the KDR still ranked fourth among the Development Regions in educational attainment last year. The Mainland/Southwest (71.1%) was the clear leader in 2013, followed by the Vancouver Island/Coast (65.7%), and Thompson-Okanagan (63.9%).

Last year's improvement in educational attainment of those aged 25 to 54 in the KDR is attributed to an increase in the labour force with a post-secondary certificate or diploma (+1,500 workers). Recent demand for workers such as professional truck drivers, chefs and cooks, health support workers, and tradespeople may have prompted the expansion of this segment of the labour force. The share of the labour force with a university degree has contracted by 400 individuals.

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

Region	2008	2009	2010	2011	2012	2013	Percentage Point Change	
							5-Year 2008-13	1-Year 2012-13
Kootenay	53.2%	56.8%	55.1%	63.2%	57.7%	58.1%	+4.9 ppt	+0.4 ppt
British Columbia	62.6%	63.0%	64.4%	65.9%	66.6%	68.1%	+5.5 ppt	+1.5 ppt

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

Consumer Insolvencies

The consumer insolvency rate is an indicator of the number of households experiencing severe financial stress. It is an outcome of many factors such as job loss, reduced income, money mismanagement, relationship breakdown, or medical problems. In recent years, the number of consumer proposals²⁵ in Canada and BC has grown to comprise a substantial share of insolvencies, representing a shift in how consumers cope with their indebtedness.²⁶ This year, we have expanded our discussion of consumer bankruptcy to capture the trend in consumer proposals.

The five year trend in consumer insolvencies indicates that the KDR has not rebounded from the recession to the same degree as the rest of the province. In 2013, the consumer insolvency rate was 3.3 per 1,000 population for those aged 18 years and older, which is nearly double the prerecession value of 1.7 in 2008 (the lowest rate in BC). The rate of consumer insolvency in the KDR is now the third highest in the province. Much of the growth in insolvencies has been due to a substantial increase in proposals (+500%), which is considerably higher than the provincial average over the same period (+140%). Reduced employment in the forest sector during the past five years has impacted many families and is likely a contributing factor.

Between 2012 and 2013, annual consumer insolvencies per 1,000 population in the KDR was unchanged at 3.3 per 1,000 population aged 18 and older, mirroring the provincial trend. At the same time, the KDR consumer bankruptcy rate declined by 12.5% to reach 2.1. The rate of proposals per 1,000 population, on the other hand, increased by 33.3% to 1.2.

Comparing among the Development Regions, the North Coast was the best performer last year with a 40.9% decline in insolvencies. The Northeast (-29.2%), Thompson-Okanagan (-5.0%), and Cariboo (-2.5%) ranked second, third, and fourth, followed by the KDR.

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

Rate		2008	2009	2010	2011	2012	2013	Percentage Change	
								5-Year 2008-13	1-Year 2012-13
Kootenay	Insolvency	1.7	3.4	3.5	2.9	3.3	3.3	+94.1%	0.0%
	Bankruptcy	1.5	2.8	2.5	2.0	2.4	2.1	+40.0%	-12.5%
	Proposal	0.2	0.6	0.9	0.9	0.9	1.2	+500.0%	+33.3%
BC	Insolvency	2.5	3.7	3.5	3.2	3.2	3.2	+28.0%	0.0%

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

²⁵ A consumer proposal is an alternative to bankruptcy whereby the indebted consumer negotiates to repay only a part of their debt. This allows the debtor to keep their assets as long as they continue to make payments on any loans secured by those assets, such as a home mortgage.

²⁶ This trend was spurred largely by changes in the Bankruptcy Insolvency Act (BIA) in 2008, when the limit of the size of non-mortgage debt qualifying for a proposal was hiked from \$75,000 to \$250,000, an incentive to choose proposals as an alternative to bankruptcy. Source: Tal, Benjamin, "The Changing Composition of Insolvencies," *The Bankruptcy Report*, CIBC, August 12, 2013.

Conclusions

In its third year of recovery since the recession, the economy of the KDR appears to be gaining strength. The labour market continued to expand in 2013, and the overall employment level surpassed the prerecession high. The KDR achieved the highest rate of job creation in the province, led by service sector growth in trade, transportation and warehousing, and accommodation and food services employment. Likewise, the unemployment rate fell for the third straight year and is now the second lowest in BC. The continued shift towards full-time employment has improved purchasing power for some. Another positive development is the substantial drop in business bankruptcies.

There are, however, still some areas of apparent weakness in the KDR. Population loss over the past few years suggests that the region is not an opportune place for all. This outflow may, in part, reflect the shift in labour market demand from goods-producing sector jobs towards service sector employment as individuals relocate to areas where opportunities better match their skills. The KDR's high rate of consumer insolvencies confirms that not all residents have benefitted from labour market improvements. Also of concern is the Development Region's high rate of youth unemployment. The tight job market makes it challenging for young people to remain in the region, and increases the risk of permanent loss of valuable human capital. While it is preferable that educational attainment of the KDR's labour force advances at the same pace as the BC average, attainment levels generally correspond to regional job availability. The KDR labour market does not demand the same level of skills as some jurisdictions in the province.

Looking ahead to 2014, several large projects that have the potential to proceed—the Jumbo Glacier Resort, Teck's water treatment facilities in Sparwood, the Bingay Main Coal Project, and Phase Two of Teck Coal's Line Creek Mine—all promise to generate substantial employment and economic benefits in the East Kootenay Regional District. Rising housing starts in the US and demand from China means continued demand for BC lumber. On the supply side, the mountain pine beetle epidemic that has infested much of the wood in the BC interior is threatening the stock of harvestable timber. Interior mill production is slowing as mills scale back or close down.²⁷ The KDR, however, has ample timber supply for its mills and may benefit from soaring prices in the next few years as overall BC production declines. A surplus of coal in world markets combined with slowing growth in China has further reduced coal prices during the first quarter of 2014. Some North American producers have already cut back production and staff. Teck anticipates that production at its coal mines will remain on track this year, but some workforce reductions at its Elk Valley operations are expected as the company is planning to trim its global workforce by 5% to remain competitive.²⁸ It is anticipated that the five East Kootenay operations will remain busy throughout 2014.

However, the most recent seasonally adjusted, short-term trends in labour market indicators are not positive. Employment in the first quarter of 2014 pulled back sharply and is considerably lower than the same period last year. Stats Canada reports that 6,600 jobs were lost (-8.9%) in the KDR between December 2013 and March 2014, pushing the unemployment rate upwards to 7.8%.^{29,30} The biggest losses occurred in the construction and trade industries.

²⁷ Jim Girvan, Murray Hall, Gerry Van Leeuwen, Alice Palmer and Russ Taylor, "BC Mountain Pine Beetle Epidemic: Big Industry Changes Expected by Mid-decade," *Wood Business*, Aug 2012.

²⁸ Sygutek, Lisa, "Teck Announces the Layoff of 600 Workers", *Crowsnest Pass Herald*, April 23, 2014, Vol. 84 No. 16.

²⁹ Stats Canada, *Labour Force Survey Estimates, Employment by Economic Region and North American Industry Classification System*, Annual, Table 282-0061.

³⁰ Stats Canada, *Labour Force Survey Estimates, by Provinces, Territories and Economic Regions Based on 2006 Census Boundaries*, Monthly, Table 282-0054.

Glossary of Definitions

- **Consumer proposals:** A viable alternative to bankruptcy for those struggling with too much debt. In a consumer proposal, the debtor makes a legally binding debt settlement arrangement with their creditors to pay a portion of their outstanding debt over a period of up to five years. The greatest advantage of a proposal over a bankruptcy is the ability of the debtor to keep their assets as long as they are able to continue to make payments on any loans secured by those assets (like a house mortgage).
- **Job creation:** Change in number of employed individuals between two given years.
- **Unemployment rate:** Share of employable labour force looking for work but unable to find it.
- **Venture capital** is defined as financial capital provided to start-up companies (usually in the IT sector) in either the inception phase or a period of early growth, and is generally characterized by high risk.