

Economic Profile Series: West Kootenay, British Columbia

Winter 2020

This series looks at communities across Canada and highlights key labour market statistics and the role that immigration has played or could play to help these communities flourish. It is important to note that predicting labour market demand can be challenging, as economies are always evolving. This profile uses current population and labour market trends to give a profile of how immigration might play a role in this community.

Ensuring West Kootenay remains a strong regional economy in southern British Columbia: the role of immigration

The looming workforce challenge

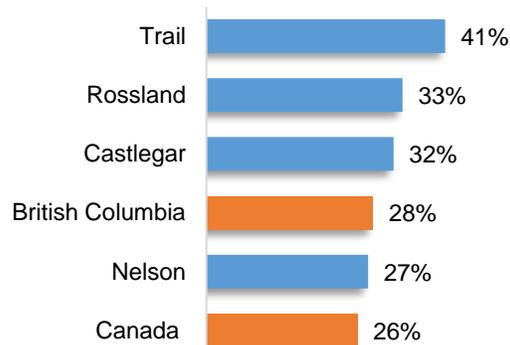
The cities of Trail, Rossland, Castlegar and Nelson are located in the West Kootenay region of British Columbia¹. All 4 communities are facing a significant workforce challenge in the coming years.

At the time of the 2016 Census, 41% of the workforce living in Trail was over the age of 55. Well over 30% of the workforce in Rossland and Castlegar was over 55. In Nelson, the rate was a little lower, but still 27% (Figure 1).

In 2016, the median age of the population in Trail was 50.6 years; it was 46.7 in Castlegar, 41.1 in Rossland and 42.3 in Nelson. All but Rossland had a higher median age than the country as a whole.

There are not enough young people joining the labour market to offset those who are leaving. In Trail, at the time of the 2016 Census there were 190 people over the age of 60 for every 100 under the age of 20.

Figure 1: Share of the workforce over the age of 55*



*Persons with employment income in 2015 by age group.
Source: Statistics Canada, 2016 Census.

Castlegar and Nelson face a similar population dynamic, with 157 and 123, respectively, over 60 for every 100 under 20 year of age. Rossland faces a better demographic situation, with only 88 people over the age of 60 for every 100 under 20. For Canada as a whole, the ratio is 105 over 60 for every 100 under 20.

West Kootenay fills an important economic role

The West Kootenay region is located in British Columbia, southwest of Kelowna and west of Cranbrook. The region also borders the United States. West Kootenay is home to one of the most important forest-industry products clusters in Canada. There are around 3,000 people working in forestry and logging, as

¹ In this report, West Kootenay includes the Kootenay Boundary regional district [Census division] and the Central Kootenay regional district [Census division]. In 2018, this area was home to a combined population of 96,000.

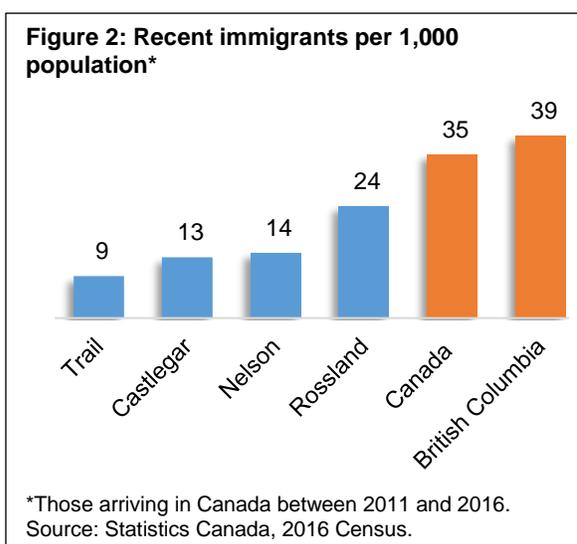
well as wood- and paper-product manufacturing. Tourism is another strategic industry for the regional economy.

Within West Kootenay, Trail had a population of 7,700 in 2016, which was similar to the city's population back in 2011. Castlegar witnessed population growth of 2.9% between 2011 and 2016, and now has more than 8,000 residents. With a population of 3,800, Rossland was the fastest-growing among the 4 cities, expanding by 4.9% between 2011 and 2016. Nelson, which had a population of 18,300 in 2016, is home to nearly 11,000 people and is the hub of the Nelson Census Agglomeration area.

There hasn't been much immigration into the region

Unlike many regions of British Columbia, West Kootenay has not attracted many immigrants. In the past 5 years (2014 to 2018), the annual average number of immigrants was 173, or an average of 18 per 1,000 population.

From the 2016 Census, we know how many immigrants living in the 4 communities settled in Canada between 2011 and 2016. In Trail, there were 70 immigrants (or 9 per 1,000 population). Castlegar attracted 100 immigrants (or 13 per 1,000 population) and Nelson had 145 (or 14 per 1,000 population). For Rossland, the number was 90 immigrants (or 24 per 1,000 population). As shown in Figure 2, the immigration rate into the 4 communities is well below the provincial and national average.



The aging workforce: a risk for the economy

What would happen if the community is unable to attract and retain the people it needs to support the needs of the workforce? Predicting labour market demand is not easy, but the 4 communities clearly understand the need to attract workers. They are all partners in the [Imagine Kootenay](#) initiative, set up to help attract workers to the region. The initiative includes social media and online promotion, as well as sector-specific workforce attraction projects.

What industries could be at risk if labour market needs can't be addressed? Table 1 shows several industries for which West Kootenay has a much higher concentration of workers compared to the rest of the country. Adjusted for size, there are substantially more people working in forestry and logging compared to the country overall. Wood-product manufacturing and paper manufacturing also have a high concentration of workers. The tourism industry's importance is represented by the more than double the number of people working in accommodation services, as a share of the workforce, compared to the country overall.

Table 1: West Kootenay’s dominant industries: employment share compared to the national economy*

 Non-ferrous metal production and processing—67 times the national figure	 Accommodation services—more than double
 Forestry and logging—nearly 7 times more	 Electric power generation, transmission and distribution—65% more
 Wood product manufacturing—4 times more	 Agriculture—61% more
 Paper manufacturing—2.4 times more	 Heavy and civil engineering construction—51% more

*For example, adjusted for size, West Kootenay has 65% more people employed in electric power generation, transmission and distribution compared to the national economy. Source: Statistics Canada, 2016 Census.

Table 2 lists the dominant industries in each of the 4 cities. The table is based on the concentration of workers living in the cities in 2016 compared to the national workforce.

Trail has a higher concentration of workers in mining, utilities and manufacturing, and also has above-average employment in retail, health care and personal services. Castlegar is both a goods production and services hub. Rossland’s workforce also has a mix of goods production and services. The Nelson economy is biased towards services, with an above-average concentration of employment education, health care, arts and entertainment, accommodation and food services, as well as personal services.

Table 2: West Kootenay cities: dominant industries*

Industry group:	Trail	Castlegar	Rossland	Nelson
Mining; quarrying; and oil and gas extraction	✓			
Utilities	✓	✓	✓	
Construction			✓	
Manufacturing	✓	✓	✓	
Retail trade	✓	✓		✓
Transportation and warehousing		✓		
Professional, scientific and technical services			✓	✓
Administrative and support**	✓			
Educational services			✓	✓
Health care and social assistance	✓	✓	✓	✓
Arts, entertainment and recreation			✓	✓
Accommodation and food services		✓		✓
Personal services	✓	✓		✓

*industries for which the community has a much higher share of workers compared to the country overall.

**includes waste management and remediation services. Source: Statistics Canada, 2016 Census.

If the workforce continues to tighten in these cities, many of the strategically important industries could struggle to find workers, and some of this economic activity could move to other communities with a stronger talent pipeline.

West Kootenay's aging entrepreneurs

Many of the region's entrepreneurs and small business owners are getting closer to retirement, which is an additional challenge for the local economy. There are nearly 7,900 self-employed people in West Kootenay, and 41% of them are over the age of 55. In Nelson and Rossland, around 20% of all workers were self-employed in 2016 (in Castlegar it was 11% and in Trail only 7%). West Kootenay could benefit from the attraction of a new generation of entrepreneurs to replace those who retire and to help drive growth in important industries such as trade, transportation and tourism.

Critical to sustained economic growth: ensuring there is a talent pipeline

There are a number of ways West Kootenay can ensure that there will be enough workers in the years ahead:

- **Boost enrolment in the school system: primary, secondary and post-secondary**

The good news is that across West Kootenay, the population under the age of 25 has started to increase in recent years. Attracting young people and their families to the region provides workers for labour market needs and increases the student population bolstering the future workforce. The region is also working to attract people from outside the region to study. The [Study in the Nelson and Kootenay Lake](#) initiative focuses on attracting students to the local University of British Columbia campus, Selkirk College and several other training institutions. These students could be a good source of workers for future local employment opportunities.

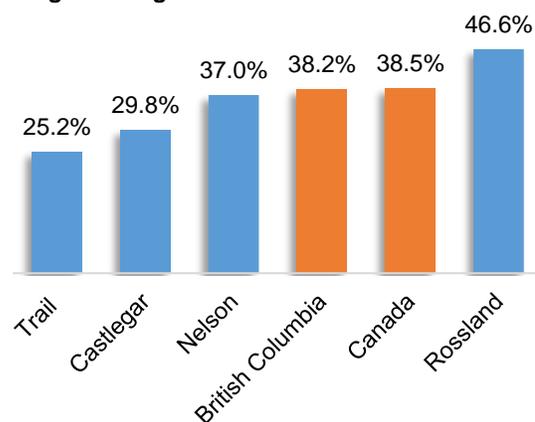
- **Encourage more people to join the workforce**

The tightening labour market creates employment opportunities for people who previously struggled to participate in the labour market, such as women re-entering the workforce or those with disabilities. The labour market participation rate among women varies widely by city across the region. At the time of the 2016 Census, the labour market participation rate for women in Trail was only 49.2% (meaning that less than half of women aged 15 and older were active in the workforce). This compares to 59.7% across the province and 61% across Canada. Castlegar also had a below-average labour market participation rate among women (56.6%) while Nelson (63.9%) and Rossland (64.2%) had above-average rates.

Persons aged 55 and older who are not in the labour market could also be enticed back in by being offered flexible work and other benefits. As shown in Figure 3, the labour market participation rate among those aged 55 and older in Trail and Castlegar was well below average in 2016, while Nelson had a similar participation rate and Rossland had a well above-average rate (46.6%).

In fact, Rossland had both high rates of labour market participation among women and the population over the age of 55.

Figure 3: Labour market participation rate among those aged 55 and older



Source: Statistics Canada 2016 Census.

- **Attract people from outside the region**

There is no doubt that one of the greatest opportunities involves the attraction of young people and families to the region. Since 2013, across Canada, all net growth in the labour market has come from immigrants². There is a direct correlation between immigrant attraction and workforce growth. The communities with the highest immigration rates have, by far, the fastest labour market growth. In 2016, there were 820 people in the West Kootenay workforce who did not live in Canada 5 years prior, or 1.9% of the total workforce. While this was better than many rural regions across the country, it was 62% lower than the British Columbia rate overall. A focused effort to attract more immigrants and retain them in the community may serve to ensure economic growth in the years ahead.

Immigration: boosting the West Kootenay talent pipeline

Along with other efforts to boost the workforce, increasing the number of immigrants settling in West Kootenay would be a strategic move to ensure that the talent pipeline is large and strong enough to meet local industry demands and provide a source of new entrepreneurs. These immigrants could come as students, workers and business owners filling important roles in the economy and boosting demand for local goods and services.

The 4 cities—Trail, Castlegar, Rossland and Nelson—are part of the new [Rural and Northern Immigration Pilot](#) established to help smaller rural and northern communities attract and retain foreign skilled workers to meet their economic development and labour market needs.

Helping to grow the local economy

Attracting more immigrants in the coming years would create new demand for local products and services. Every 100 new immigrant families with an average household income directly generate over \$8 million worth of new household expenditures, much of this spending in the local community³.

Statistics show that these 100 immigrant families would spend:

- \$1.5 million per year on housing costs such as mortgage payments, electricity and property taxes,
- \$1.3 million each year on transportation costs such as vehicle purchases and maintenance, and

² The number of Canadian-born workers exiting the workforce is greater than the number of Canadian-born workers joining the workforce each year.

³ Assumes the new household spending conforms to the current spending pattern in British Columbia.

- \$800,000 on food expenditures at local grocery stores and restaurants.

These 100 new families would also generate around \$2.2 million worth of taxes per year for local, provincial and federal governments.

Other positive effects

Attracting more immigrants to West Kootenay would help support a vibrant economic and social life in many other ways. Civic and business groups would have a growing pool from which to draw members. Youth sports clubs and leagues around the region would benefit from an increasing population of young residents.

Retaining and integrating newcomers

Retention will be critical to long-term population growth. In order to ensure the successful integration and retention of immigrants to West Kootenay, it is important that newcomers are welcomed into social life and quickly develop a strong sense of Canadian identity and social cohesion.

Helping to sustain high quality public services

There is a direct relationship between economic growth and provincial and local government capacity to provide high quality public services and public infrastructure such as roads, schools and hospitals. A growing economy and population in West Kootenay could lead to a greater public investment in services and infrastructure.

Older residents play an important role in the community

Residents of all ages contribute to the well-being of their communities and their province by working, paying taxes and giving back through volunteer and charitable activities. As residents of West Kootenay retire and move into a new stage in their lives, it creates new economic opportunities in health care, personal services, and recreation industries.

But these industries should not be considered a replacement for the region's important export-oriented industries, such as manufacturing and accommodation and food services. In the years ahead, the community can benefit from the economic opportunities arising from more retirees and from attracting and growing the younger workforce.

West Kootenay in 2035

What will West Kootenay look like in 2035? Will it continue to be one of the most important forest products clusters in Canada? Will it still be a top tourist destination? Will the 4 cities have the workforce to provide the services to support the local population?

In the years ahead, West Kootenay faces many opportunities to grow its local economy and build on existing successes. Increasing immigration may be a critical piece that will help to secure a strong and vibrant economy in the region—and drive innovation and growth for years to come.

For more information on how immigration matters across Canada, visit canada.ca/immigration-matters.